



# Weekly Interest Rate & Economic Update

June 3, 2013

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The information provided in this publication is for illustrative purposes only. Interest rates, prices, yields and ratings are subject to change without notice. Bond prices generally move inversely to the direction of interest rates in the overall market and may react to changes in economic conditions. All sources utilized are believed to be reliable by GSG Capital Advisors.

## Rate Update

June 3, 2013

### *Safe Sector Income:*

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.355%
CA Municipal	2.00 years	0.430%
CA Municipal	3.00 years	0.781%
CA Municipal	5.00 years	0.866%
CA Municipal	7.00 years	1.385%
CA Municipal	10.00 years	1.922%
National Municipal	2.00 years	0.815%
National Municipal	5.00 years	1.055%
National Municipal	10.00 years	2.088%

### *Corporate Bond Income:*

Corporate Income	5.00 years	1.544%
High-Yield Income	3.50 years	4.701%
High-Yield Income	8.00 years	6.573%

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Equity Income:		3.590%
MLP Income:		5.930%

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### US Treasury Rates (06/03/13):

3 Month Treasury Bill:	0.04%	3 Year Treasury Note:	0.50%
6 Month Treasury Bill:	0.07%	5 Year Treasury Note:	0.99%
12 Month Treasury Note:	0.12%	7 Year Treasury Note:	1.37%
2 Year Treasury Note:	0.30%	10 Year Treasury Bond:	2.07%

# Weekly Economic Update

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## News

- Federal Reserve Bank of San Francisco President John Williams said policy makers may start reducing the pace of (U.S. Treasury) bond purchases over the next three months and potentially end quantitative easing by the end of 2013.
- Niagara Falls, NY may run out of cash as early as November. The city is caught in the middle of a dispute between the state of New York and the Seneca Nation of Indians and approximately \$600 million owed to the state in slot machine revenue taxes. The city stands to receive approximately \$60 million from the amount owed to the state. Moody's Investors Services is expected to lower the city's credit rating to below investment grade if progress isn't made toward a settlement.
- Frank Lautenberg, the U.S. Senator from New Jersey died this morning at the age of 89. He was a co-founder of Automated Data Processing Inc. (ADP). Among the legislation he co-sponsored were bills that raised the legal drinking age to 21 and banned smoking on domestic airplane flights.
- Available on eBay: The City of New York Office of General Services is attempting to sell a four drawer steel morgue refrigerator currently located at a Manhattan psychiatric hospital. Bidding over the weekend was up to \$475. Sorry, delivery is not included.

## STATISTICS

National Unemployment Rate	7.5%	April 2013	
California Unemployment Rate	9.0%	April 2013	
Consumer Price Index (CPI)	1.1%	April 2013	Seasonally Unadjusted
Producer Price Index (PPI)	0.6%	April 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.4%	1st Quarter 2013	Annually Adjusted
Prime Rate	3.25%	06/03/13	
Gold (Spot)	\$1,405.26	06/03/13	
Silver (Spot)	\$22.59	06/03/13	
Crude Oil (NYMEX Crude Futures)	\$92.87	06/03/13	

	10/27/10	01/03/11	06/07/11	01/03/12	06/04/12	01/02/13	04/15/13	05/29/13	06/03/13
<b>MUNICIPAL BONDS</b>									
CA - 1 Year	0.509%	1.079%	0.392%	0.556%	0.477%	0.440%	0.388%	0.365%	0.355%
CA - 2 Years	0.947%	1.550%	0.775%	0.810%	0.501%	0.598%	0.500%	0.435%	0.430%
CA - 3 Years	1.317%	2.053%	1.299%	1.164%	0.744%	0.964%	0.962%	0.792%	0.781%
CA - 5 Years	1.889%	2.436%	1.824%	1.501%	1.111%	1.150%	1.190%	0.852%	0.866%
CA - 7 Years	2.465%	2.998%	2.434%	1.671%	1.242%	1.477%	1.422%	1.394%	1.385%
CA - 10 Years		3.842%	3.287%	2.396%	1.938%	1.901%	2.110%	1.936%	1.922%
NAT - 2 Years	1.102%	2.340%	0.998%	0.588%	0.702%	0.911%	0.976%	0.801%	0.815%
NAT - 5 Years		3.009%	1.397%	1.305%	0.956%	1.312%	1.244%	1.082%	1.055%
NAT - 10 years		3.783%	2.759%	2.315%	1.744%	2.185%	2.199%	2.104%	2.088%
<b>CORP. BONDS</b>									
INV. GRADE - 5 Years	1.459%	2.693%	1.998%	1.599%	1.311%	1.534%	1.833%	1.568%	1.544%
HI-YIELD - 3.5 YEARS		5.220%	4.090%	5.199%	4.337%	4.799%	4.980%	4.777%	4.701%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.945%	6.275%	6.055%	6.532%	6.685%	6.591%	6.573%
<b>EQUITY INCOME MODEL</b>									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,055,816.99	\$ 1,132,073.80	\$ 1,112,049.34	\$ 1,161,516.36	\$ 1,311,700.16	\$ 1,299,039.32	\$ 1,292,883.88
<b>MLP INCOME MODEL</b>									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 992,846.99	\$ 1,170,773.07	\$ 1,047,348.86	\$ 1,193,866.24	\$ 1,359,286.44	\$ 1,391,865.96	\$ 1,358,531.08
<b>US TREASURY</b>									
3 - MONTH	0.120%	0.120%	0.040%	0.010%	0.070%	0.060%	0.060%	0.050%	0.040%
6 - MONTH	0.160%	0.180%	0.100%	0.060%	0.120%	0.120%	0.090%	0.080%	0.070%
12 - MONTH	0.210%	0.270%	0.170%	0.110%	0.170%	0.170%	0.120%	0.130%	0.120%
2 - YEAR	0.380%	0.600%	0.430%	0.250%	0.250%	0.270%	0.230%	0.310%	0.300%
3 - YEAR	0.570%	1.010%	0.740%	0.380%	0.340%	0.370%	0.290%	0.510%	0.500%
5 - YEAR	1.230%	2.020%	1.620%	0.880%	0.670%	0.780%	0.680%	1.020%	0.990%
7 - YEAR	1.930%	2.740%	2.330%	1.410%	0.990%	1.130%	0.990%	1.390%	1.370%
10 - YEAR	2.620%	3.340%	3.040%	1.950%	1.510%	1.830%	1.700%	2.150%	2.070%
<b>BLENDED MODELS (45% Tax Bracket)</b>									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.890%	1.790%	1.190%	1.340%	1.220%	0.980%	0.980%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.090%	2.870%	2.460%	2.520%	2.360%	2.110%	2.130%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.260%	3.970%	3.750%	3.780%	3.550%	3.320%	3.360%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.940%	5.660%	5.660%	5.630%	5.250%	5.070%	5.130%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.590%	6.390%	6.510%	6.490%	6.090%	5.980%	6.050%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
<b>Ultra Income Strategy</b>				
Municipal Income - Short-Term	75%	\$ 3,225.00	\$ 4,961.54	\$ 5,863.64
Municipal Income - Mid-Term	25%	\$ 2,165.00	\$ 3,330.77	\$ 3,936.36
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 5,390.00	\$ 8,292.31	\$ 9,800.00
		<b>0.54%</b>	<b>0.83%</b>	<b>0.98%</b>
<b>Blended Income Strategy</b>				
Municipal Income - Short-Term	50%	\$ 2,150.00	\$ 3,307.69	\$ 3,909.09
Municipal Income - Mid-Term	25%	\$ 2,165.00	\$ 3,330.77	\$ 3,936.36
MLP Income	10%	\$ 5,930.00	\$ 7,754.62	\$ 9,164.55
Equity Income	5%	\$ 1,795.00	\$ 2,347.31	\$ 2,774.09
Corporate Income	10%	\$ 1,544.00	\$ 1,544.00	\$ 1,544.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 13,584.00	\$ 18,284.38	\$ 21,328.09
		<b>1.36%</b>	<b>1.83%</b>	<b>2.13%</b>
<b>Balanced Income Strategy</b>				
Municipal Income - Short-Term	25%	\$ 1,075.00	\$ 1,653.85	\$ 1,954.55
Municipal Income - Mid-Term	25%	\$ 2,165.00	\$ 3,330.77	\$ 3,936.36
MLP Income	15%	\$ 8,895.00	\$ 11,631.92	\$ 13,746.82
Equity Income	15%	\$ 5,385.00	\$ 7,041.92	\$ 8,322.27
Corporate Income	15%	\$ 2,316.00	\$ 2,316.00	\$ 2,316.00
High-Yield Income	5%	\$ 3,286.50	\$ 3,286.50	\$ 3,286.50
	100%	\$ 23,122.50	\$ 29,260.96	\$ 33,562.50
		<b>2.31%</b>	<b>2.93%</b>	<b>3.36%</b>
<b>Diversified Income Strategy</b>				
Municipal Income - Short-Term	10%	\$ 430.00	\$ 661.54	\$ 781.82
Municipal Income - Mid-Term	20%	\$ 1,732.00	\$ 2,664.62	\$ 3,149.09
MLP Income	25%	\$ 14,825.00	\$ 19,386.54	\$ 22,911.36
Equity Income	25%	\$ 8,975.00	\$ 11,736.54	\$ 13,870.45
Corporate Income	5%	\$ 772.00	\$ 772.00	\$ 772.00
High-Yield Income	15%	\$ 9,859.50	\$ 9,859.50	\$ 9,859.50
	100%	\$ 36,593.50	\$ 45,080.73	\$ 51,344.23
		<b>3.66%</b>	<b>4.51%</b>	<b>5.13%</b>
<b>Dynamic Income Strategy</b>				
Municipal Income - Short-Term	5%	\$ 215.00	\$ 330.77	\$ 390.91
Municipal Income - Mid-Term	5%	\$ 433.00	\$ 666.15	\$ 787.27
MLP Income	30%	\$ 17,790.00	\$ 23,263.85	\$ 27,493.64
Equity Income	25%	\$ 8,975.00	\$ 11,736.54	\$ 13,870.45
Corporate Income	10%	\$ 1,544.00	\$ 1,544.00	\$ 1,544.00
High-Yield Income	25%	\$ 16,432.50	\$ 16,432.50	\$ 16,432.50
	100%	\$ 45,389.50	\$ 53,973.81	\$ 60,518.77
		<b>4.54%</b>	<b>5.40%</b>	<b>6.05%</b>

**Assumptions:**

**Invested Amount:**     \$                    **1,000,000.00**

<b>Yields:</b>	<b>Yield</b>	<b>Notes:</b>	<b>Ave. Mat:</b>
Municipal Income - Short-Term	0.4300%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	0.8660%	Tax Free (California Residents)	5.00/years
MLP Income	5.9300%	85% Tax Efficient	
Equity Income	3.5900%	Assume 15% Qualified Tax Rate	
Corporate Income	1.5440%	Fully Taxable	5.00/years
High-Yield Income	6.5730%	Fully Taxable	8.00/years