



Weekly Interest Rate & Economic Update

July 15, 2013

**11150 Santa Monica Boulevard
Suite 850
Los Angeles, California 90025
310.268.2625**

**5650 El Camino Real
Suite 155
Carlsbad, California 92008
760.804.3814**

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Rate Update

July 15, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.567%
CA Municipal	2.00 years	0.780%
CA Municipal	3.00 years	0.932%
CA Municipal	5.00 years	1.212%
CA Municipal	7.00 years	1.766%
CA Municipal	10.00 years	2.829%
National Municipal	2.00 years	1.134%
National Municipal	5.00 years	1.422%
National Municipal	10.00 years	2.707%

Corporate Bond Income:

Corporate Income	5.00 years	1.900%
High-Yield Income	3.50 years	5.178%
High-Yield Income	8.00 years	6.966%

Equity Income:		3.470%
MLP Income:		5.620%

US Treasury Rates (07/15/13):

3 Month Treasury Bill:	0.04%	3 Year Treasury Note:	0.72%
6 Month Treasury Bill:	0.07%	5 Year Treasury Note:	1.39%
12 Month Treasury Note:	0.10%	7 Year Treasury Note:	1.82%
2 Year Treasury Note:	0.34%	10 Year Treasury Bond:	2.55%

Weekly Economic Update

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News

- Physical gold bullion delivered to Chinese buyers in the first six months of 2013 nearly matched the entire amount delivered in 2012. China is expected to pass India as the world's largest gold bullion consumer this year.
- A U.S. Bankruptcy judge in Alabama ruled the legal bills of Jefferson County, Alabama could have been paid from the cash designated to settle with bond and warrant holders of the municipality. This ruling could impact settlement negotiations currently underway between other municipalities currently under federal bankruptcy protection and their creditors.
- San Francisco International Airport plans to sell \$483 million of bonds to construct a new air traffic control tower and improve baggage inspection systems. Additionally, \$180 million in debt will be refinanced.
- LOCK YOUR PHONE: A 13 month old girl purchased a 1962 Austin Healey Sprite motorcar on eBay while playing with her father's smart phone. Her father honored the transaction and paid the seller \$202. The vehicle needs a new engine, transmission, brakes and roof. He hopes to have the car restored in time for his daughter's 16th birthday.

STATISTICS

National Unemployment Rate	7.6%	June 2013	
California Unemployment Rate	8.6%	May 2013	
Consumer Price Index (CPI)	1.4%	May 2013	Seasonally Unadjusted
Producer Price Index (PPI)	2.5%	June 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.8%	1st Quarter 2013	Annually Adjusted
Prime Rate	3.25%	07/15/13	
Gold (Spot)	\$1,284.32	07/15/13	
Silver (Spot)	\$19.87	07/15/13	
Crude Oil (NYMEX Crude Futures)	\$105.64	07/15/13	

	10/27/10	01/03/11	07/18/11	01/03/12	07/16/12	01/02/13	06/24/13	07/08/13	07/15/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.348%	0.556%	0.310%	0.440%	0.530%	0.570%	0.567%
CA - 2 Years	0.947%	1.550%	0.733%	0.810%	0.377%	0.598%	0.720%	0.760%	0.780%
CA - 3 Years	1.317%	2.053%	1.185%	1.164%	0.663%	0.964%	0.990%	0.960%	0.932%
CA - 5 Years	1.889%	2.436%	1.791%	1.501%	1.020%	1.150%	1.260%	1.230%	1.212%
CA - 7 Years	2.465%	2.998%	2.011%	1.671%	1.387%	1.477%	1.820%	1.790%	1.766%
CA - 10 Years		3.842%	3.008%	2.396%	1.883%	1.901%	2.841%	2.833%	2.829%
NAT - 2 Years	1.102%	2.340%	0.522%	0.588%	0.589%	0.911%	1.100%	1.142%	1.134%
NAT - 5 Years		3.009%	1.220%	1.305%	1.003%	1.312%	1.450%	1.406%	1.422%
NAT - 10 years		3.783%	2.605%	2.315%	1.954%	2.185%	2.715%	2.733%	2.707%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.929%	1.599%	1.392%	1.534%	1.900%	1.922%	1.900%
HI-YIELD - 3.5 YEARS		5.220%	3.796%	5.199%	4.807%	4.799%	5.150%	5.111%	5.178%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.802%	6.275%	6.366%	6.532%	6.960%	6.997%	6.966%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,056,193.64	\$ 1,132,073.80	\$ 1,191,969.91	\$ 1,161,516.36	\$ 1,266,076.18	\$ 1,303,912.34	\$ 1,333,782.51
MLP INCOME MODEL	6.220%	5.880%	6.770%	6.480%	6.280%	6.420%	6.190%	5.800%	5.620%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,014,502.95	\$ 1,170,773.07	\$ 1,153,250.79	\$ 1,193,866.24	\$ 1,331,253.25	\$ 1,422,814.72	\$ 1,467,649.26
US TREASURY									
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.090%	0.060%	0.050%	0.050%	0.040%
6 - MONTH	0.160%	0.180%	0.040%	0.060%	0.130%	0.120%	0.090%	0.090%	0.070%
12 - MONTH	0.210%	0.270%	0.140%	0.110%	0.160%	0.170%	0.130%	0.130%	0.100%
2 - YEAR	0.380%	0.600%	0.350%	0.250%	0.220%	0.270%	0.420%	0.400%	0.340%
3 - YEAR	0.570%	1.010%	0.610%	0.380%	0.310%	0.370%	0.720%	0.720%	0.720%
5 - YEAR	1.230%	2.020%	1.430%	0.880%	0.580%	0.780%	1.540%	1.510%	1.390%
7 - YEAR	1.930%	2.740%	2.170%	1.410%	0.930%	1.130%	1.890%	1.870%	1.820%
10 - YEAR	2.620%	3.340%	2.910%	1.950%	1.440%	1.830%	2.630%	2.650%	2.550%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.810%	1.790%	0.980%	1.340%	1.550%	1.600%	1.610%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.030%	2.870%	2.200%	2.520%	2.660%	2.610%	2.590%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.210%	3.970%	3.460%	3.780%	3.820%	3.710%	3.650%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.900%	5.660%	5.290%	5.630%	5.530%	5.350%	5.230%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.540%	6.390%	6.170%	6.490%	6.390%	6.190%	6.060%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,850.00	\$ 9,000.00	\$ 10,636.36
Municipal Income - Mid-Term	25%	\$ 3,030.00	\$ 4,661.54	\$ 5,509.09
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,880.00	\$ 13,661.54	\$ 16,145.45
		0.89%	1.37%	1.61%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,900.00	\$ 6,000.00	\$ 7,090.91
Municipal Income - Mid-Term	25%	\$ 3,030.00	\$ 4,661.54	\$ 5,509.09
MLP Income	10%	\$ 5,620.00	\$ 7,349.23	\$ 8,685.45
Equity Income	5%	\$ 1,735.00	\$ 2,268.85	\$ 2,681.36
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,185.00	\$ 22,179.62	\$ 25,866.82
		1.62%	2.22%	2.59%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,950.00	\$ 3,000.00	\$ 3,545.45
Municipal Income - Mid-Term	25%	\$ 3,030.00	\$ 4,661.54	\$ 5,509.09
MLP Income	15%	\$ 8,430.00	\$ 11,023.85	\$ 13,028.18
Equity Income	15%	\$ 5,205.00	\$ 6,806.54	\$ 8,044.09
Corporate Income	15%	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00
High-Yield Income	5%	\$ 3,483.00	\$ 3,483.00	\$ 3,483.00
	100%	\$ 24,948.00	\$ 31,824.92	\$ 36,459.82
		2.49%	3.18%	3.65%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 780.00	\$ 1,200.00	\$ 1,418.18
Municipal Income - Mid-Term	20%	\$ 2,424.00	\$ 3,729.23	\$ 4,407.27
MLP Income	25%	\$ 14,050.00	\$ 18,373.08	\$ 21,713.64
Equity Income	25%	\$ 8,675.00	\$ 11,344.23	\$ 13,406.82
Corporate Income	5%	\$ 950.00	\$ 950.00	\$ 950.00
High-Yield Income	15%	\$ 10,449.00	\$ 10,449.00	\$ 10,449.00
	100%	\$ 37,328.00	\$ 46,045.54	\$ 52,344.91
		3.73%	4.60%	5.23%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 390.00	\$ 600.00	\$ 709.09
Municipal Income - Mid-Term	5%	\$ 606.00	\$ 932.31	\$ 1,101.82
MLP Income	30%	\$ 16,860.00	\$ 22,047.69	\$ 26,056.36
Equity Income	25%	\$ 8,675.00	\$ 11,344.23	\$ 13,406.82
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	25%	\$ 17,415.00	\$ 17,415.00	\$ 17,415.00
	100%	\$ 45,846.00	\$ 54,239.23	\$ 60,589.09
		4.58%	5.42%	6.06%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7800%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2120%	Tax Free (California Residents)	5.00/years
MLP Income	5.6200%	85% Tax Efficient	
Equity Income	3.4700%	Assume 15% Qualified Tax Rate	
Corporate Income	1.9000%	Fully Taxable	5.00/years
High-Yield Income	6.9660%	Fully Taxable	8.00/years