



# Weekly Interest Rate & Economic Update

September 16, 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

September 16, 2013

### ***Safe Sector Income:***

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.600%
CA Municipal	2.00 years	0.716%
CA Municipal	3.00 years	1.064%
CA Municipal	5.00 years	1.386%
CA Municipal	7.00 years	1.862%
CA Municipal	10.00 years	3.105%
National Municipal	2.00 years	1.201%
National Municipal	5.00 years	1.647%
National Municipal	10.00 years	2.914%

### ***Corporate Bond Income:***

Corporate Income	5.00 years	1.900%
High-Yield Income	3.50 years	5.135%
High-Yield Income	8.00 years	7.199%

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Equity Income:		3.570%
MLP Income:		6.170%

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### US Treasury Rates (09/16/13):

3 Month Treasury Bill:	0.01%	3 Year Treasury Note:	0.77%
6 Month Treasury Bill:	0.02%	5 Year Treasury Note:	1.57%
12 Month Treasury Note:	0.10%	7 Year Treasury Note:	2.02%
2 Year Treasury Note:	0.39%	10 Year Treasury Bond:	2.79%

# Weekly Economic Update

September 16, 2013

## News

- Lawrence Summers withdrew his name from consideration as the next Federal Reserve chairman. Janet Yellen and former Fed vice chairman Donald Kohl are now considered to be the top two contenders.
- Bond prices around the globe rallied on the news of the withdrawal of Summers. The expectation of a different Fed chairman maintaining the asset purchase program is bullish for bonds.
- Retail sales in the U.S. rose less than forecast and consumer confidence fell to a five month low. Purchases climbed 0.2 % in August, the smallest gain in four months, after a revised 0.4 % gain in July. The Thomson Reuters/University of Michigan's preliminary September index of consumer confidence dropped from 82.1 to 76.8.
- Attention World Travelers (Part 2): Can you name the 5 most populous cities in the world (including the recognized *metro* area of each city)? (answer in our next edition)
- Answer to last week's question:  
Can you name the official currency of the following countries?

Bolivia ([boliviano](#))

Morocco ([dirham](#))

Maldives ([rufiyaa](#))

Thailand ([baht](#))

Mongolia ([tugrik](#))

Zambia ([kwacha](#))

## STATISTICS

National Unemployment Rate	7.3%	August 2013	
California Unemployment Rate	8.7%	July 2013	
Consumer Price Index (CPI)	2.0%	July 2013	Seasonally Unadjusted
Producer Price Index (PPI)	1.4%	August 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.5%	2nd Quarter 2013	Annually Adjusted
Prime Rate	3.25%	09/16/13	
Gold (Spot)	\$1,317.57	09/16/13	
Silver (Spot)	\$21.99	09/16/13	
Crude Oil (NYMEX Crude Futures)	\$107.05	09/16/13	

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
<b>Ultra Income Strategy</b>				
Municipal Income - Short-Term	75%	\$ 5,370.00	\$ 8,261.54	\$ 9,763.64
Municipal Income - Mid-Term	25%	\$ 3,465.00	\$ 5,330.77	\$ 6,300.00
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,835.00	\$ 13,592.31	\$ 16,063.64
		<b>0.88%</b>	<b>1.36%</b>	<b>1.61%</b>
<b>Blended Income Strategy</b>				
Municipal Income - Short-Term	50%	\$ 3,580.00	\$ 5,507.69	\$ 6,509.09
Municipal Income - Mid-Term	25%	\$ 3,465.00	\$ 5,330.77	\$ 6,300.00
MLP Income	10%	\$ 6,170.00	\$ 8,068.46	\$ 9,535.45
Equity Income	5%	\$ 1,785.00	\$ 2,334.23	\$ 2,758.64
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,900.00	\$ 23,141.15	\$ 27,003.18
		<b>1.69%</b>	<b>2.31%</b>	<b>2.70%</b>
<b>Balanced Income Strategy</b>				
Municipal Income - Short-Term	25%	\$ 1,790.00	\$ 2,753.85	\$ 3,254.55
Municipal Income - Mid-Term	25%	\$ 3,465.00	\$ 5,330.77	\$ 6,300.00
MLP Income	15%	\$ 9,255.00	\$ 12,102.69	\$ 14,303.18
Equity Income	15%	\$ 5,355.00	\$ 7,002.69	\$ 8,275.91
Corporate Income	15%	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00
High-Yield Income	5%	\$ 3,599.50	\$ 3,599.50	\$ 3,599.50
	100%	\$ 26,314.50	\$ 33,639.50	\$ 38,583.14
		<b>2.63%</b>	<b>3.36%</b>	<b>3.86%</b>
<b>Diversified Income Strategy</b>				
Municipal Income - Short-Term	10%	\$ 716.00	\$ 1,101.54	\$ 1,301.82
Municipal Income - Mid-Term	20%	\$ 2,772.00	\$ 4,264.62	\$ 5,040.00
MLP Income	25%	\$ 15,425.00	\$ 20,171.15	\$ 23,838.64
Equity Income	25%	\$ 8,925.00	\$ 11,671.15	\$ 13,793.18
Corporate Income	5%	\$ 950.00	\$ 950.00	\$ 950.00
High-Yield Income	15%	\$ 10,798.50	\$ 10,798.50	\$ 10,798.50
	100%	\$ 39,586.50	\$ 48,956.96	\$ 55,722.14
		<b>3.96%</b>	<b>4.90%</b>	<b>5.57%</b>
<b>Dynamic Income Strategy</b>				
Municipal Income - Short-Term	5%	\$ 358.00	\$ 550.77	\$ 650.91
Municipal Income - Mid-Term	5%	\$ 693.00	\$ 1,066.15	\$ 1,260.00
MLP Income	30%	\$ 18,510.00	\$ 24,205.38	\$ 28,606.36
Equity Income	25%	\$ 8,925.00	\$ 11,671.15	\$ 13,793.18
Corporate Income	10%	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
High-Yield Income	25%	\$ 17,997.50	\$ 17,997.50	\$ 17,997.50
	100%	\$ 48,383.50	\$ 57,390.96	\$ 64,207.95
		<b>4.84%</b>	<b>5.74%</b>	<b>6.42%</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	0.7160%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.3860%	Tax Free (California Residents)	5.00/years
MLP Income	6.1700%	85% Tax Efficient	
Equity Income	3.5700%	Assume 15% Qualified Tax Rate	
Corporate Income	1.9000%	Fully Taxable	5.00/years
High-Yield Income	7.1990%	Fully Taxable	8.00/years

	10/27/10	01/03/11	09/19/11	01/03/12	09/18/12	01/02/13	08/26/13	09/09/13	09/16/13
<b>MUNICIPAL BONDS</b>									
CA - 1 Year	0.509%	1.079%	0.544%	0.556%	0.451%	0.440%	0.598%	0.623%	0.600%
CA - 2 Years	0.947%	1.550%	0.698%	0.810%	0.522%	0.598%	0.743%	0.766%	0.716%
CA - 3 Years	1.317%	2.053%	0.915%	1.164%	0.842%	0.964%	1.032%	1.095%	1.064%
CA - 5 Years	1.889%	2.436%	1.330%	1.501%	1.094%	1.150%	1.314%	1.348%	1.386%
CA - 7 Years	2.465%	2.998%	2.149%	1.671%	1.398%	1.477%	1.879%	1.925%	1.862%
CA - 10 Years		3.842%	2.591%	2.396%	1.699%	1.901%	3.122%	3.199%	3.105%
NAT - 2 Years	1.102%	2.340%	0.440%	0.588%	0.675%	0.911%	1.199%	1.245%	1.201%
NAT - 5 Years		3.009%	1.054%	1.305%	1.166%	1.312%	1.589%	1.635%	1.647%
NAT - 10 years		3.783%	2.354%	2.315%	2.041%	2.185%	2.900%	2.962%	2.914%
<b>CORP. BONDS</b>									
INV. GRADE - 5 Years	1.459%	2.693%	1.640%	1.599%	1.444%	1.534%	1.911%	1.983%	1.900%
HI-YIELD - 3.5 YEARS		5.220%	4.880%	5.199%	4.901%	4.799%	5.099%	5.185%	5.135%
HI-YIELD - 8 YEARS	7.503%	6.735%	7.324%	6.275%	6.391%	6.532%	7.025%	7.145%	7.199%
<b>EQUITY INCOME MODEL</b>									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,029,858.12	\$ 1,132,073.80	\$ 1,179,098.47	\$ 1,161,516.36	\$ 1,279,968.27	\$ 1,256,126.20	\$ 1,288,824.65
MLP INCOME MODEL	6.220%	5.880%	7.270%	6.480%	6.190%	6.420%	6.000%	6.130%	6.170%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 961,008.44	\$ 1,170,773.07	\$ 1,207,423.41	\$ 1,193,866.24	\$ 1,382,610.29	\$ 1,354,634.01	\$ 1,349,801.75
<b>US TREASURY</b>									
3 - MONTH	0.120%	0.120%	0.000%	0.010%	0.100%	0.060%	0.050%	0.020%	0.010%
6 - MONTH	0.160%	0.180%	0.010%	0.060%	0.130%	0.120%	0.060%	0.050%	0.020%
12 - MONTH	0.210%	0.270%	0.070%	0.110%	0.160%	0.170%	0.110%	0.100%	0.100%
2 - YEAR	0.380%	0.600%	0.150%	0.250%	0.250%	0.270%	0.370%	0.430%	0.390%
3 - YEAR	0.570%	1.010%	0.290%	0.380%	0.340%	0.370%	0.740%	0.770%	0.770%
5 - YEAR	1.230%	2.020%	0.840%	0.880%	0.680%	0.780%	1.590%	1.700%	1.570%
7 - YEAR	1.930%	2.740%	1.390%	1.410%	1.160%	1.130%	2.100%	2.180%	2.020%
10 - YEAR	2.620%	3.340%	1.950%	1.950%	1.790%	1.830%	2.800%	2.900%	2.790%
<b>BLENDED MODELS (45% Tax Bracket)</b>									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.560%	1.790%	1.210%	1.340%	1.610%	1.660%	1.610%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.840%	2.870%	2.360%	2.520%	2.670%	2.740%	2.700%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.170%	3.970%	3.570%	3.780%	3.790%	3.880%	3.860%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.190%	5.660%	5.360%	5.630%	5.460%	5.580%	5.570%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	7.140%	6.390%	6.200%	6.490%	6.300%	6.430%	6.420%