



Weekly Interest Rate & Economic Update

September 23, 2013

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Rate Update

September 23, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.599%
CA Municipal	2.00 years	0.702%
CA Municipal	3.00 years	1.043%
CA Municipal	5.00 years	1.313%
CA Municipal	7.00 years	1.893%
CA Municipal	10.00 years	3.145%
National Municipal	2.00 years	1.222%
National Municipal	5.00 years	1.592%
National Municipal	10.00 years	2.865%

Corporate Bond Income:

Corporate Income	5.00 years	1.821%
High-Yield Income	3.50 years	5.003%
High-Yield Income	8.00 years	7.100%

Equity Income:		3.580%
MLP Income:		6.070%

US Treasury Rates (09/23/13):

3 Month Treasury Bill:	0.01%	3 Year Treasury Note:	0.73%
6 Month Treasury Bill:	0.06%	5 Year Treasury Note:	1.47%
12 Month Treasury Note:	0.09%	7 Year Treasury Note:	1.98%
2 Year Treasury Note:	0.34%	10 Year Treasury Bond:	2.72%

Weekly Economic Update

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News

- The U.S. Treasury 10-year note yield dropped as Federal Reserve Bank of New York President William Dudley said the U.S. economy has yet to show “any meaningful pickup” in momentum.
- Angela Merkel’s Christian Democratic Party won re-election 41.5% to 25.7% for the Social Democratic Party. She will easily align a coalition partner to continue governing Europe’s biggest economy.
- China’s manufacturing index rose to a six month high.
- Harvard University has begun a \$6.5 billion capital campaign. The university has already received 16 separate gifts this year in excess of \$50 million each.
- Do you know the current salary of: (answer in our next edition)

Rank and file members of the U.S. Congress?

The Senate Majority Leader?

The Senate Minority Leader?

The Speaker of the House?

- Answer to last week’s question:
Can you name the 5 most populous cities in the world (including the recognized *metro* area of each city)?

1. Tokyo (37,126,000)
2. Jakarta (26,063,000)
3. Seoul (22,547,000)
4. Delhi (22,242,000)
5. Shanghai (20,860,000)

(According to Times Atlas of the World and International Government Web Sites)

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%	09/23/13	
Gold (Spot)	\$1,328.00	09/23/13	
Silver (Spot)	\$21.90	09/23/13	
Crude Oil (NYMEX Crude Futures)	\$103.34	09/23/13	

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,265.00	\$ 8,100.00	\$ 9,572.73
Municipal Income - Mid-Term	25%	\$ 3,282.50	\$ 5,050.00	\$ 5,968.18
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,547.50	\$ 13,150.00	\$ 15,540.91
		0.85%	1.32%	1.55%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,510.00	\$ 5,400.00	\$ 6,381.82
Municipal Income - Mid-Term	25%	\$ 3,282.50	\$ 5,050.00	\$ 5,968.18
MLP Income	10%	\$ 6,070.00	\$ 7,937.69	\$ 9,380.91
Equity Income	5%	\$ 1,790.00	\$ 2,340.77	\$ 2,766.36
Corporate Income	10%	\$ 1,821.00	\$ 1,821.00	\$ 1,821.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,473.50	\$ 22,549.46	\$ 26,318.27
		1.65%	2.25%	2.63%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,755.00	\$ 2,700.00	\$ 3,190.91
Municipal Income - Mid-Term	25%	\$ 3,282.50	\$ 5,050.00	\$ 5,968.18
MLP Income	15%	\$ 9,105.00	\$ 11,906.54	\$ 14,071.36
Equity Income	15%	\$ 5,370.00	\$ 7,022.31	\$ 8,299.09
Corporate Income	15%	\$ 2,731.50	\$ 2,731.50	\$ 2,731.50
High-Yield Income	5%	\$ 3,550.00	\$ 3,550.00	\$ 3,550.00
	100%	\$ 25,794.00	\$ 32,960.35	\$ 37,811.05
		2.58%	3.30%	3.78%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 702.00	\$ 1,080.00	\$ 1,276.36
Municipal Income - Mid-Term	20%	\$ 2,626.00	\$ 4,040.00	\$ 4,774.55
MLP Income	25%	\$ 15,175.00	\$ 19,844.23	\$ 23,452.27
Equity Income	25%	\$ 8,950.00	\$ 11,703.85	\$ 13,831.82
Corporate Income	5%	\$ 910.50	\$ 910.50	\$ 910.50
High-Yield Income	15%	\$ 10,650.00	\$ 10,650.00	\$ 10,650.00
	100%	\$ 39,013.50	\$ 48,228.58	\$ 54,895.50
		3.90%	4.82%	5.49%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 351.00	\$ 540.00	\$ 638.18
Municipal Income - Mid-Term	5%	\$ 656.50	\$ 1,010.00	\$ 1,193.64
MLP Income	30%	\$ 18,210.00	\$ 23,813.08	\$ 28,142.73
Equity Income	25%	\$ 8,950.00	\$ 11,703.85	\$ 13,831.82
Corporate Income	10%	\$ 1,821.00	\$ 1,821.00	\$ 1,821.00
High-Yield Income	25%	\$ 17,750.00	\$ 17,750.00	\$ 17,750.00
	100%	\$ 47,738.50	\$ 56,637.92	\$ 63,377.36
		4.77%	5.66%	6.34%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7020%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.3130%	Tax Free (California Residents)	5.00/years
MLP Income	6.0700%	85% Tax Efficient	
Equity Income	3.5800%	Assume 15% Qualified Tax Rate	
Corporate Income	1.8210%	Fully Taxable	5.00/years
High-Yield Income	7.1000%	Fully Taxable	8.00/years

	10/27/10	01/03/11	09/26/11	01/03/12	09/24/12	01/02/13	09/09/13	09/16/13	09/23/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.566%	0.556%	0.449%	0.440%	0.623%	0.600%	0.599%
CA - 2 Years	0.947%	1.550%	0.712%	0.810%	0.513%	0.598%	0.766%	0.716%	0.702%
CA - 3 Years	1.317%	2.053%	0.891%	1.164%	0.855%	0.964%	1.095%	1.064%	1.043%
CA - 5 Years	1.889%	2.436%	1.277%	1.501%	1.023%	1.150%	1.348%	1.386%	1.313%
CA - 7 Years	2.465%	2.998%	2.166%	1.671%	1.303%	1.477%	1.925%	1.862%	1.893%
CA - 10 Years		3.842%	2.587%	2.396%	1.695%	1.901%	3.199%	3.105%	3.145%
NAT - 2 Years	1.102%	2.340%	0.492%	0.588%	0.666%	0.911%	1.245%	1.201%	1.222%
NAT - 5 Years		3.009%	1.112%	1.305%	1.156%	1.312%	1.635%	1.647%	1.592%
NAT - 10 years		3.783%	2.412%	2.315%	2.032%	2.185%	2.962%	2.914%	2.865%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.591%	1.599%	1.402%	1.534%	1.983%	1.900%	1.821%
HI-YIELD - 3.5 YEARS		5.220%	4.789%	5.199%	4.900%	4.799%	5.185%	5.135%	5.003%
HI-YIELD - 8 YEARS	7.503%	6.735%	7.200%	6.275%	6.377%	6.532%	7.145%	7.199%	7.100%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,019,169.25	\$ 1,132,073.80	\$ 1,194,279.35	\$ 1,161,516.36	\$ 1,256,126.20	\$ 1,288,824.65	\$ 1,286,866.75
MLP INCOME MODEL									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 939,254.19	\$ 1,170,773.07	\$ 1,209,211.41	\$ 1,193,866.24	\$ 1,354,634.01	\$ 1,349,801.75	\$ 1,382,352.61
US TREASURY									
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.100%	0.060%	0.020%	0.010%	0.010%
6 - MONTH	0.160%	0.180%	0.020%	0.060%	0.140%	0.120%	0.050%	0.020%	0.060%
12 - MONTH	0.210%	0.270%	0.100%	0.110%	0.170%	0.170%	0.100%	0.100%	0.090%
2 - YEAR	0.380%	0.600%	0.220%	0.250%	0.250%	0.270%	0.430%	0.390%	0.340%
3 - YEAR	0.570%	1.010%	0.370%	0.380%	0.340%	0.370%	0.770%	0.770%	0.730%
5 - YEAR	1.230%	2.020%	0.880%	0.880%	0.650%	0.780%	1.700%	1.570%	1.470%
7 - YEAR	1.930%	2.740%	1.350%	1.410%	1.090%	1.130%	2.180%	2.020%	1.980%
10 - YEAR	2.620%	3.340%	1.900%	1.950%	1.710%	1.830%	2.900%	2.790%	2.720%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.550%	1.790%	1.160%	1.340%	1.660%	1.610%	1.550%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.860%	2.870%	2.310%	2.520%	2.740%	2.700%	2.630%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.190%	3.970%	3.510%	3.780%	3.880%	3.860%	3.780%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.240%	5.660%	5.290%	5.630%	5.580%	5.570%	5.490%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	7.200%	6.390%	6.150%	6.490%	6.430%	6.420%	6.340%