



Weekly Interest Rate & Economic Update

June 20, 2013

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Rate Update

June 20, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.500%
CA Municipal	2.00 years	0.660%
CA Municipal	3.00 years	0.934%
CA Municipal	5.00 years	1.100%
CA Municipal	7.00 years	1.610%
CA Municipal	10.00 years	2.373%
National Municipal	2.00 years	1.000%
National Municipal	5.00 years	1.300%
National Municipal	10.00 years	2.451%

Corporate Bond Income:

Corporate Income	5.00 years	1.720%
High-Yield Income	3.50 years	4.966%
High-Yield Income	8.00 years	6.801%

Equity Income:		3.640%
MLP Income:		6.100%

US Treasury Rates (06/20/13):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.62%
6 Month Treasury Bill:	0.08%	5 Year Treasury Note:	1.27%
12 Month Treasury Note:	0.12%	7 Year Treasury Note:	1.70%
2 Year Treasury Note:	0.31%	10 Year Treasury Bond:	2.39%

Weekly Economic Update

June 20, 2013

News

- Federal Reserve Chairman Ben Bernanke said the central bank is prepared to begin phasing out its quantitative easing policy later this year and halt purchases around mid-2014. The U.S. Treasury 10-year note yield rose to a 22 month high (2.39%) as prices tumbled in response to the change in policy. The spot price of gold traded below \$1,300.00 as bond prices fell and rates rose.
- Men’s Wearhouse Inc. (MW) fired George Zimmer who founded the company 40 years ago and had recently served as executive chairman. Zimmer reportedly clashed with his hand-picked successor, Douglas Ewert, the company CEO. No word on whether or not we have heard the last of “You’re going to like the way you look. I guarantee it.”
- The city of Detroit will suspend payments on \$2 billion of unsecured debt to begin restructuring and pay those creditors less than 10 cents on the dollar. The city has a budget deficit of approximately \$386 million and total long term liabilities of \$17 billion.
- Remember Mayor Stubbs of Talkeetna, Alaska (see May 29, 2013 issue of WIR&EU)? Well, there are two interesting candidates on Mexican ballots for July elections: Chon, a burro, is a candidate for mayor of Ciudad Juarez and Morris, a black and white kitten is running for mayor of Xalapa. Morris’ campaign slogan: “Tired of voting for all those rats? Vote for a cat!”

STATISTICS

National Unemployment Rate	7.6%		May 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%		06/20/13
Gold (Spot)	\$1,295.03	↔↔	06/20/13
Silver (Spot)	\$19.89		06/20/13
Crude Oil (NYMEX Crude Futures)	\$95.43		06/20/13

	10/27/10	01/03/11	06/20/11	01/03/12	06/20/12	01/02/13	06/03/13	06/12/13	06/20/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.362%	0.556%	0.322%	0.440%	0.355%	0.510%	0.500%
CA - 2 Years	0.947%	1.550%	0.741%	0.810%	0.405%	0.598%	0.430%	0.640%	0.660%
CA - 3 Years	1.317%	2.053%	1.200%	1.164%	0.756%	0.964%	0.781%	0.910%	0.934%
CA - 5 Years	1.889%	2.436%	1.811%	1.501%	1.199%	1.150%	0.866%	1.040%	1.100%
CA - 7 Years	2.465%	2.998%	2.065%	1.671%	1.479%	1.477%	1.385%	1.520%	1.610%
CA - 10 Years		3.842%	2.965%	2.396%	2.024%	1.901%	1.922%	2.110%	2.373%
NAT - 2 Years	1.102%	2.340%	0.545%	0.588%	0.742%	0.911%	0.815%	0.960%	1.000%
NAT - 5 Years		3.009%	1.330%	1.305%	1.028%	1.312%	1.055%	1.200%	1.300%
NAT - 10 years		3.783%	2.695%	2.315%	1.977%	2.185%	2.088%	2.240%	2.451%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.999%	1.599%	1.446%	1.534%	1.544%	1.610%	1.720%
HI-YIELD - 3.5 YEARS		5.220%	3.996%	5.199%	4.804%	4.799%	4.701%	4.820%	4.966%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.847%	6.275%	6.362%	6.532%	6.573%	6.690%	6.801%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,056,223.50	\$ 1,132,073.80	\$ 1,164,644.55	\$ 1,161,516.36	\$ 1,292,883.88	\$ 1,307,212.42	\$ 1,273,822.68
MLP INCOME MODEL									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 998,720.07	\$ 1,170,773.07	\$ 1,087,277.19	\$ 1,193,866.24	\$ 1,358,531.08	\$ 1,370,683.03	\$ 1,352,333.00
US TREASURY									
3 - MONTH	0.120%	0.120%	0.030%	0.010%	0.090%	0.060%	0.040%	0.050%	0.050%
6 - MONTH	0.160%	0.180%	0.090%	0.060%	0.140%	0.120%	0.070%	0.080%	0.080%
12 - MONTH	0.210%	0.270%	0.160%	0.110%	0.170%	0.170%	0.120%	0.150%	0.120%
2 - YEAR	0.380%	0.600%	0.380%	0.250%	0.290%	0.270%	0.300%	0.320%	0.310%
3 - YEAR	0.570%	1.010%	0.680%	0.380%	0.380%	0.370%	0.500%	0.590%	0.620%
5 - YEAR	1.230%	2.020%	1.530%	0.880%	0.700%	0.780%	0.990%	1.100%	1.270%
7 - YEAR	1.930%	2.740%	2.230%	1.410%	1.080%	1.130%	1.370%	1.600%	1.700%
10 - YEAR	2.620%	3.340%	2.950%	1.950%	1.620%	1.830%	2.070%	2.180%	2.390%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.830%	1.790%	1.100%	1.340%	0.980%	1.350%	1.400%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.050%	2.870%	2.370%	2.520%	2.130%	2.400%	2.500%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.230%	3.970%	3.670%	3.780%	3.360%	3.530%	3.660%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.900%	5.660%	5.540%	5.630%	5.130%	5.240%	5.390%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.550%	6.390%	6.400%	6.490%	6.050%	6.100%	6.270%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,950.00	\$ 7,615.38	\$ 9,000.00
Municipal Income - Mid-Term	25%	\$ 2,750.00	\$ 4,230.77	\$ 5,000.00
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,700.00	\$ 11,846.15	\$ 14,000.00
		0.77%	1.18%	1.40%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,300.00	\$ 5,076.92	\$ 6,000.00
Municipal Income - Mid-Term	25%	\$ 2,750.00	\$ 4,230.77	\$ 5,000.00
MLP Income	10%	\$ 6,100.00	\$ 7,976.92	\$ 9,427.27
Equity Income	5%	\$ 1,820.00	\$ 2,380.00	\$ 2,812.73
Corporate Income	10%	\$ 1,720.00	\$ 1,720.00	\$ 1,720.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,690.00	\$ 21,384.62	\$ 24,960.00
		1.57%	2.14%	2.50%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,650.00	\$ 2,538.46	\$ 3,000.00
Municipal Income - Mid-Term	25%	\$ 2,750.00	\$ 4,230.77	\$ 5,000.00
MLP Income	15%	\$ 9,150.00	\$ 11,965.38	\$ 14,140.91
Equity Income	15%	\$ 5,460.00	\$ 7,140.00	\$ 8,438.18
Corporate Income	15%	\$ 2,580.00	\$ 2,580.00	\$ 2,580.00
High-Yield Income	5%	\$ 3,400.50	\$ 3,400.50	\$ 3,400.50
	100%	\$ 24,990.50	\$ 31,855.12	\$ 36,559.59
		2.50%	3.19%	3.66%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 660.00	\$ 1,015.38	\$ 1,200.00
Municipal Income - Mid-Term	20%	\$ 2,200.00	\$ 3,384.62	\$ 4,000.00
MLP Income	25%	\$ 15,250.00	\$ 19,942.31	\$ 23,568.18
Equity Income	25%	\$ 9,100.00	\$ 11,900.00	\$ 14,063.64
Corporate Income	5%	\$ 860.00	\$ 860.00	\$ 860.00
High-Yield Income	15%	\$ 10,201.50	\$ 10,201.50	\$ 10,201.50
	100%	\$ 38,271.50	\$ 47,303.81	\$ 53,893.32
		3.83%	4.73%	5.39%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 330.00	\$ 507.69	\$ 600.00
Municipal Income - Mid-Term	5%	\$ 550.00	\$ 846.15	\$ 1,000.00
MLP Income	30%	\$ 18,300.00	\$ 23,930.77	\$ 28,281.82
Equity Income	25%	\$ 9,100.00	\$ 11,900.00	\$ 14,063.64
Corporate Income	10%	\$ 1,720.00	\$ 1,720.00	\$ 1,720.00
High-Yield Income	25%	\$ 17,002.50	\$ 17,002.50	\$ 17,002.50
	100%	\$ 47,002.50	\$ 55,907.12	\$ 62,667.95
		4.70%	5.59%	6.27%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.6600%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.1000%	Tax Free (California Residents)	5.00/years
MLP Income	6.1000%	85% Tax Efficient	
Equity Income	3.6400%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7200%	Fully Taxable	5.00/years
High-Yield Income	6.8010%	Fully Taxable	8.00/years