



Weekly Interest Rate & Economic Update

July 8, 2013

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Rate Update

July 8, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.570%
CA Municipal	2.00 years	0.760%
CA Municipal	3.00 years	0.960%
CA Municipal	5.00 years	1.230%
CA Municipal	7.00 years	1.790%
CA Municipal	10.00 years	2.833%
National Municipal	2.00 years	1.142%
National Municipal	5.00 years	1.406%
National Municipal	10.00 years	2.733%

Corporate Bond Income:

Corporate Income	5.00 years	1.922%
High-Yield Income	3.50 years	5.111%
High-Yield Income	8.00 years	6.997%

Equity Income:	3.560%
MLP Income:	5.800%

US Treasury Rates (07/08/13):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.72%
6 Month Treasury Bill:	0.09%	5 Year Treasury Note:	1.51%
12 Month Treasury Note:	0.13%	7 Year Treasury Note:	1.87%
2 Year Treasury Note:	0.40%	10 Year Treasury Bond:	2.65%

Weekly Economic Update

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News

- Japanese companies made the fewest acquisitions since the first six months of 2004. The number of deals announced in the first half of 2013 was 997, with a total value of \$45.7 billion. Volatility in the yen is attributed to the cooled buying interest.
- Canadian building permits rose a fifth straight month in May, the longest sustained period in nearly a decade. Multi-unit housing projects in Toronto led the way and resulted in a warning from Canadian policy makers about overbuilding.
- Texas A&M University is expected to sell as much as \$320 million in 30-year TAXABLE municipal bonds to finance the most expensive sports stadium in the U.S. college system. The total project cost is estimated at \$450 million.
- Eliot Spitzer, the former New York governor and attorney general intends to run for New York City comptroller. The primary election will be held September 10.

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)	1.7%	May 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.8%	1st Quarter 2013	Annually Adjusted
Prime Rate	3.25%	07/08/13	
Gold (Spot)	\$1,234.60	07/08/13	
Silver (Spot)	\$19.10	07/08/13	
Crude Oil (NYMEX Crude Futures)	\$103.04	07/08/13	

	10/27/10	01/03/11	07/18/11	01/03/12	07/09/12	01/02/13	06/20/13	06/24/13	07/08/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.348%	0.556%	0.340%	0.440%	0.500%	0.530%	0.570%
CA - 2 Years	0.947%	1.550%	0.733%	0.810%	0.398%	0.598%	0.660%	0.720%	0.760%
CA - 3 Years	1.317%	2.053%	1.185%	1.164%	0.675%	0.964%	0.934%	0.990%	0.960%
CA - 5 Years	1.889%	2.436%	1.791%	1.501%	1.100%	1.150%	1.100%	1.260%	1.230%
CA - 7 Years	2.465%	2.998%	2.011%	1.671%	1.394%	1.477%	1.610%	1.820%	1.790%
CA - 10 Years		3.842%	3.008%	2.396%	1.923%	1.901%	2.373%	2.841%	2.833%
NAT - 2 Years	1.102%	2.340%	0.522%	0.588%	0.598%	0.911%	1.000%	1.100%	1.142%
NAT - 5 Years		3.009%	1.220%	1.305%	1.001%	1.312%	1.300%	1.450%	1.406%
NAT - 10 years		3.783%	2.605%	2.315%	1.968%	2.185%	2.451%	2.715%	2.733%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.929%	1.599%	1.395%	1.534%	1.720%	1.900%	1.922%
HI-YIELD - 3.5 YEARS		5.220%	3.796%	5.199%	4.841%	4.799%	4.966%	5.150%	5.111%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.802%	6.275%	6.387%	6.532%	6.801%	6.960%	6.997%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,056,193.64	\$ 1,132,073.80	\$ 1,177,625.79	\$ 1,161,516.36	\$ 1,273,822.68	\$ 1,266,076.18	\$ 1,303,912.34
MLP INCOME MODEL	6.220%	5.880%	6.770%	6.480%	6.380%	6.420%	6.100%	6.190%	5.800%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,014,502.95	\$ 1,170,773.07	\$ 1,130,161.78	\$ 1,193,866.24	\$ 1,352,333.00	\$ 1,331,253.25	\$ 1,422,814.72
US TREASURY									
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.080%	0.060%	0.050%	0.050%	0.050%
6 - MONTH	0.160%	0.180%	0.040%	0.060%	0.140%	0.120%	0.080%	0.090%	0.090%
12 - MONTH	0.210%	0.270%	0.140%	0.110%	0.180%	0.170%	0.120%	0.130%	0.130%
2 - YEAR	0.380%	0.600%	0.350%	0.250%	0.260%	0.270%	0.310%	0.420%	0.400%
3 - YEAR	0.570%	1.010%	0.610%	0.380%	0.350%	0.370%	0.620%	0.720%	0.720%
5 - YEAR	1.230%	2.020%	1.430%	0.880%	0.630%	0.780%	1.270%	1.540%	1.510%
7 - YEAR	1.930%	2.740%	2.170%	1.410%	0.990%	1.130%	1.700%	1.890%	1.870%
10 - YEAR	2.620%	3.340%	2.910%	1.950%	1.530%	1.830%	2.390%	2.630%	2.650%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.810%	1.790%	1.040%	1.340%	1.400%	1.550%	1.600%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.030%	2.870%	2.270%	2.520%	2.500%	2.660%	2.610%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.210%	3.970%	3.540%	3.780%	3.660%	3.820%	3.710%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.900%	5.660%	5.390%	5.630%	5.390%	5.530%	5.350%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.540%	6.390%	6.260%	6.490%	6.270%	6.390%	6.190%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,700.00	\$ 8,769.23	\$ 10,363.64
Municipal Income - Mid-Term	25%	\$ 3,075.00	\$ 4,730.77	\$ 5,590.91
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,775.00	\$ 13,500.00	\$ 15,954.55
		0.88%	1.35%	1.60%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,800.00	\$ 5,846.15	\$ 6,909.09
Municipal Income - Mid-Term	25%	\$ 3,075.00	\$ 4,730.77	\$ 5,590.91
MLP Income	10%	\$ 5,800.00	\$ 7,584.62	\$ 8,963.64
Equity Income	5%	\$ 1,780.00	\$ 2,327.69	\$ 2,750.91
Corporate Income	10%	\$ 1,922.00	\$ 1,922.00	\$ 1,922.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,377.00	\$ 22,411.23	\$ 26,136.55
		1.64%	2.24%	2.61%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,900.00	\$ 2,923.08	\$ 3,454.55
Municipal Income - Mid-Term	25%	\$ 3,075.00	\$ 4,730.77	\$ 5,590.91
MLP Income	15%	\$ 8,700.00	\$ 11,376.92	\$ 13,445.45
Equity Income	15%	\$ 5,340.00	\$ 6,983.08	\$ 8,252.73
Corporate Income	15%	\$ 2,883.00	\$ 2,883.00	\$ 2,883.00
High-Yield Income	5%	\$ 3,498.50	\$ 3,498.50	\$ 3,498.50
	100%	\$ 25,396.50	\$ 32,395.35	\$ 37,125.14
		2.54%	3.24%	3.71%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 760.00	\$ 1,169.23	\$ 1,381.82
Municipal Income - Mid-Term	20%	\$ 2,460.00	\$ 3,784.62	\$ 4,472.73
MLP Income	25%	\$ 14,500.00	\$ 18,961.54	\$ 22,409.09
Equity Income	25%	\$ 8,900.00	\$ 11,638.46	\$ 13,754.55
Corporate Income	5%	\$ 961.00	\$ 961.00	\$ 961.00
High-Yield Income	15%	\$ 10,495.50	\$ 10,495.50	\$ 10,495.50
	100%	\$ 38,076.50	\$ 47,010.35	\$ 53,474.68
		3.81%	4.70%	5.35%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 380.00	\$ 584.62	\$ 690.91
Municipal Income - Mid-Term	5%	\$ 615.00	\$ 946.15	\$ 1,118.18
MLP Income	30%	\$ 17,400.00	\$ 22,753.85	\$ 26,890.91
Equity Income	25%	\$ 8,900.00	\$ 11,638.46	\$ 13,754.55
Corporate Income	10%	\$ 1,922.00	\$ 1,922.00	\$ 1,922.00
High-Yield Income	25%	\$ 17,492.50	\$ 17,492.50	\$ 17,492.50
	100%	\$ 46,709.50	\$ 55,337.58	\$ 61,869.05
		4.67%	5.53%	6.19%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7600%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2300%	Tax Free (California Residents)	5.00/years
MLP Income	5.8000%	85% Tax Efficient	
Equity Income	3.5600%	Assume 15% Qualified Tax Rate	
Corporate Income	1.9220%	Fully Taxable	5.00/years
High-Yield Income	6.9970%	Fully Taxable	8.00/years