



Weekly Interest Rate & Economic Update

August 5, 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**

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

August 5, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.565%
CA Municipal	2.00 years	0.741%
CA Municipal	3.00 years	0.980%
CA Municipal	5.00 years	1.283%
CA Municipal	7.00 years	1.788%
CA Municipal	10.00 years	2.950%
National Municipal	2.00 years	1.154%
National Municipal	5.00 years	1.499%
National Municipal	10.00 years	2.700%

Corporate Bond Income:

Corporate Income	5.00 years	1.899%
High-Yield Income	3.50 years	5.152%
High-Yield Income	8.00 years	6.902%

Equity Income:		3.430%
MLP Income:		5.910%

US Treasury Rates (08/05/13):

3 Month Treasury Bill:	0.04%	3 Year Treasury Note:	0.75%
6 Month Treasury Bill:	0.07%	5 Year Treasury Note:	1.39%
12 Month Treasury Note:	0.10%	7 Year Treasury Note:	1.80%
2 Year Treasury Note:	0.31%	10 Year Treasury Bond:	2.65%

Weekly Economic Update

August 5, 2013

News

- The U.S. State Department extended the closure of at least 19 U.S. embassies and consulates through the end of this week following the issuance of a worldwide travel alert warning of planned attacks in the Middle East and beyond.
- The New York Times Company has agreed to sell The Boston Globe to John Henry, principal owner of the Boston Red Sox, for \$70 million. The Times purchased The Globe in 1993 for \$1.1 billion.
- According to a report from the Mortgage Bankers Association, the availability of credit to home buyers rose 2% in July and is up 3% from May. Total mortgage applications were down 47% last week from a year ago and refinance applications were down 59% from a year ago.
- A Netherlands based researcher revealed a “lab grown” hamburger derived from stem cells from cattle. The project cost \$325,000 and is being referred to as cruelty-free food. Ingrid Newkirk of the animal welfare organization PETA said she doesn’t intend to try it herself, but it does get rid of the “yuck” factor.

STATISTICS

National Unemployment Rate	7.4%	July 2013	
California Unemployment Rate	8.5%	June 2013	
Consumer Price Index (CPI)	1.8%	June 2013	Seasonally Unadjusted
Producer Price Index (PPI)	2.5%	June 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.7%	2nd Quarter 2013	Annually Adjusted
Prime Rate	3.25%	08/05/13	
Gold (Spot)	\$1,301.42	08/05/13	
Silver (Spot)	\$19.76	08/05/13	
Crude Oil (NYMEX Crude Futures)	\$106.85	08/05/13	

	10/27/10	01/03/11	08/01/11	01/03/12	08/07/12	01/02/13	07/22/13	07/30/13	08/05/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.459%	0.556%	0.488%	0.440%	0.555%	0.532%	0.565%
CA - 2 Years	0.947%	1.550%	0.647%	0.810%	0.519%	0.598%	0.736%	0.724%	0.741%
CA - 3 Years	1.317%	2.053%	0.978%	1.164%	0.820%	0.964%	0.904%	0.910%	0.980%
CA - 5 Years	1.889%	2.436%	1.494%	1.501%	1.020%	1.150%	1.200%	1.240%	1.283%
CA - 7 Years	2.465%	2.998%	2.546%	1.671%	1.321%	1.477%	1.738%	1.726%	1.788%
CA - 10 Years		3.842%	3.081%	2.396%	1.844%	1.901%	2.808%	2.800%	2.950%
NAT - 2 Years	1.102%	2.340%	0.629%	0.588%	0.699%	0.911%	1.107%	1.090%	1.154%
NAT - 5 Years		3.009%	1.283%	1.305%	1.111%	1.312%	1.406%	1.400%	1.499%
NAT - 10 years		3.783%	2.697%	2.315%	1.998%	2.185%	2.666%	2.627%	2.700%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.790%	1.599%	1.432%	1.534%	1.870%	1.833%	1.899%
HI-YIELD - 3.5 YEARS		5.220%	4.182%	5.199%	4.902%	4.799%	5.142%	5.199%	5.152%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.040%	6.275%	6.355%	6.532%	6.911%	6.865%	6.902%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,041,290.61	\$ 1,132,073.80	\$ 1,207,039.12	\$ 1,161,516.36	\$ 1,336,644.39	\$ 1,339,777.75	\$ 1,338,043.87
MLP INCOME MODEL									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,004,235.94	\$ 1,170,773.07	\$ 1,158,637.27	\$ 1,193,866.24	\$ 1,440,033.77	\$ 1,398,420.00	\$ 1,384,743.31
US TREASURY									
3 - MONTH	0.120%	0.120%	0.080%	0.010%	0.100%	0.060%	0.030%	0.030%	0.040%
6 - MONTH	0.160%	0.180%	0.140%	0.060%	0.140%	0.120%	0.070%	0.070%	0.070%
12 - MONTH	0.210%	0.270%	0.200%	0.110%	0.170%	0.170%	0.090%	0.090%	0.100%
2 - YEAR	0.380%	0.600%	0.350%	0.250%	0.270%	0.270%	0.300%	0.290%	0.310%
3 - YEAR	0.570%	1.010%	0.510%	0.380%	0.380%	0.370%	0.720%	0.720%	0.750%
5 - YEAR	1.230%	2.020%	1.290%	0.880%	0.710%	0.780%	1.300%	1.300%	1.390%
7 - YEAR	1.930%	2.740%	2.040%	1.410%	1.130%	1.130%	1.780%	1.770%	1.800%
10 - YEAR	2.620%	3.340%	2.740%	1.950%	1.630%	1.830%	2.480%	2.470%	2.650%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.560%	1.790%	1.170%	1.340%	1.550%	1.550%	1.590%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.820%	2.870%	2.320%	2.520%	2.550%	2.570%	2.630%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.070%	3.970%	3.520%	3.780%	3.620%	3.650%	3.720%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.860%	5.660%	5.300%	5.630%	5.230%	5.270%	5.340%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.620%	6.390%	6.160%	6.490%	6.060%	6.090%	6.160%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,557.50	\$ 8,550.00	\$ 10,104.55
Municipal Income - Mid-Term	25%	\$ 3,207.50	\$ 4,934.62	\$ 5,831.82
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,765.00	\$ 13,484.62	\$ 15,936.36
		0.88%	1.35%	1.59%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,705.00	\$ 5,700.00	\$ 6,736.36
Municipal Income - Mid-Term	25%	\$ 3,207.50	\$ 4,934.62	\$ 5,831.82
MLP Income	10%	\$ 5,910.00	\$ 7,728.46	\$ 9,133.64
Equity Income	5%	\$ 1,715.00	\$ 2,242.69	\$ 2,650.45
Corporate Income	10%	\$ 1,899.00	\$ 1,899.00	\$ 1,899.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,436.50	\$ 22,504.77	\$ 26,251.27
		1.64%	2.25%	2.63%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,852.50	\$ 2,850.00	\$ 3,368.18
Municipal Income - Mid-Term	25%	\$ 3,207.50	\$ 4,934.62	\$ 5,831.82
MLP Income	15%	\$ 8,865.00	\$ 11,592.69	\$ 13,700.45
Equity Income	15%	\$ 5,145.00	\$ 6,728.08	\$ 7,951.36
Corporate Income	15%	\$ 2,848.50	\$ 2,848.50	\$ 2,848.50
High-Yield Income	5%	\$ 3,451.00	\$ 3,451.00	\$ 3,451.00
	100%	\$ 25,369.50	\$ 32,404.88	\$ 37,151.32
		2.54%	3.24%	3.72%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 741.00	\$ 1,140.00	\$ 1,347.27
Municipal Income - Mid-Term	20%	\$ 2,566.00	\$ 3,947.69	\$ 4,665.45
MLP Income	25%	\$ 14,775.00	\$ 19,321.15	\$ 22,834.09
Equity Income	25%	\$ 8,575.00	\$ 11,213.46	\$ 13,252.27
Corporate Income	5%	\$ 949.50	\$ 949.50	\$ 949.50
High-Yield Income	15%	\$ 10,353.00	\$ 10,353.00	\$ 10,353.00
	100%	\$ 37,959.50	\$ 46,924.81	\$ 53,401.59
		3.80%	4.69%	5.34%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 370.50	\$ 570.00	\$ 673.64
Municipal Income - Mid-Term	5%	\$ 641.50	\$ 986.92	\$ 1,166.36
MLP Income	30%	\$ 17,730.00	\$ 23,185.38	\$ 27,400.91
Equity Income	25%	\$ 8,575.00	\$ 11,213.46	\$ 13,252.27
Corporate Income	10%	\$ 1,899.00	\$ 1,899.00	\$ 1,899.00
High-Yield Income	25%	\$ 17,255.00	\$ 17,255.00	\$ 17,255.00
	100%	\$ 46,471.00	\$ 55,109.77	\$ 61,647.18
		4.65%	5.51%	6.16%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7410%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2830%	Tax Free (California Residents)	5.00/years
MLP Income	5.9100%	85% Tax Efficient	
Equity Income	3.4300%	Assume 15% Qualified Tax Rate	
Corporate Income	1.8990%	Fully Taxable	5.00/years
High-Yield Income	6.9020%	Fully Taxable	8.00/years