



Weekly Interest Rate & Economic Update

September 30, 2013

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Rate Update

September 30, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.586%
CA Municipal	2.00 years	0.701%
CA Municipal	3.00 years	1.022%
CA Municipal	5.00 years	1.287%
CA Municipal	7.00 years	1.863%
CA Municipal	10.00 years	3.100%
National Municipal	2.00 years	1.187%
National Municipal	5.00 years	1.502%
National Municipal	10.00 years	2.855%

Corporate Bond Income:

Corporate Income	5.00 years	1.863%
High-Yield Income	3.50 years	5.024%
High-Yield Income	8.00 years	7.005%

Equity Income:		3.630%
MLP Income:		6.030%

US Treasury Rates (09/30/13):

3 Month Treasury Bill:	0.01%	3 Year Treasury Note:	0.67%
6 Month Treasury Bill:	0.03%	5 Year Treasury Note:	1.42%
12 Month Treasury Note:	0.09%	7 Year Treasury Note:	1.90%
2 Year Treasury Note:	0.33%	10 Year Treasury Bond:	2.64%

Weekly Economic Update

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News

- If the U.S. Government does indeed “shut down” tonight, the following departments/services will be affected:

Not affected:

- U.S. mail delivery
- Social Security benefits
- Medicare benefits
- U.S. Military remains in full operation (their paychecks may be delayed)
- Federal Courts - continue to hear cases
- Federal Air Traffic Controllers – remain on the job
- State Department – continues to process passports and visas

Curtailed/Furloughed:

- National Parks
- Routine food and safety inspections
- Roughly 50% of the Defense Department’s civilian employees
- Board of Veterans Appeals

- The insider trading trial of Mark Cuban begins today in Dallas. The SEC accused Cuban of acting on confidential information when he sold 600,000 shares of Mamma.com in 2004 and avoided a loss of about \$750,000.
- The State of New York plans to sell \$1 billion in municipal bonds backed by sales tax revenue.
- Congressional Trivia:

Who was the first Speaker of the House?

Who is/was the longest serving Speaker of the House?

Who was the first former Representative to serve as President?

- Answer to last week’s question:

Do you know the current salary of:

Rank and file members of the U.S. Congress? [\(\\$174,000/year\)](#)

The Senate Majority Leader? [\(\\$193,400/year\)](#)

The Senate Minority Leader? [\(\\$193,400/year\)](#)

The Speaker of the House? [\(\\$223,500/year\)](#)

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%	09/30/13	
Gold (Spot)	\$1,335.90	09/30/13	
Silver (Spot)	\$22.02	09/30/13	
Crude Oil (NYMEX Crude Futures)	\$101.74	09/30/13	

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 5,257.50	\$ 8,088.46	\$ 9,559.09
Municipal Income - Mid-Term	25%	\$ 3,217.50	\$ 4,950.00	\$ 5,850.00
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 8,475.00	\$ 13,038.46	\$ 15,409.09
		0.85%	1.30%	1.54%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,505.00	\$ 5,392.31	\$ 6,372.73
Municipal Income - Mid-Term	25%	\$ 3,217.50	\$ 4,950.00	\$ 5,850.00
MLP Income	10%	\$ 6,030.00	\$ 7,885.38	\$ 9,319.09
Equity Income	5%	\$ 1,815.00	\$ 2,373.46	\$ 2,805.00
Corporate Income	10%	\$ 1,863.00	\$ 1,863.00	\$ 1,863.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,430.50	\$ 22,464.15	\$ 26,209.82
		1.64%	2.25%	2.62%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,752.50	\$ 2,696.15	\$ 3,186.36
Municipal Income - Mid-Term	25%	\$ 3,217.50	\$ 4,950.00	\$ 5,850.00
MLP Income	15%	\$ 9,045.00	\$ 11,828.08	\$ 13,978.64
Equity Income	15%	\$ 5,445.00	\$ 7,120.38	\$ 8,415.00
Corporate Income	15%	\$ 2,794.50	\$ 2,794.50	\$ 2,794.50
High-Yield Income	5%	\$ 3,502.50	\$ 3,502.50	\$ 3,502.50
	100%	\$ 25,757.00	\$ 32,891.62	\$ 37,727.00
		2.58%	3.29%	3.77%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 701.00	\$ 1,078.46	\$ 1,274.55
Municipal Income - Mid-Term	20%	\$ 2,574.00	\$ 3,960.00	\$ 4,680.00
MLP Income	25%	\$ 15,075.00	\$ 19,713.46	\$ 23,297.73
Equity Income	25%	\$ 9,075.00	\$ 11,867.31	\$ 14,025.00
Corporate Income	5%	\$ 931.50	\$ 931.50	\$ 931.50
High-Yield Income	15%	\$ 10,507.50	\$ 10,507.50	\$ 10,507.50
	100%	\$ 38,864.00	\$ 48,058.23	\$ 54,716.27
		3.89%	4.81%	5.47%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 350.50	\$ 539.23	\$ 637.27
Municipal Income - Mid-Term	5%	\$ 643.50	\$ 990.00	\$ 1,170.00
MLP Income	30%	\$ 18,090.00	\$ 23,656.15	\$ 27,957.27
Equity Income	25%	\$ 9,075.00	\$ 11,867.31	\$ 14,025.00
Corporate Income	10%	\$ 1,863.00	\$ 1,863.00	\$ 1,863.00
High-Yield Income	25%	\$ 17,512.50	\$ 17,512.50	\$ 17,512.50
	100%	\$ 47,534.50	\$ 56,428.19	\$ 63,165.05
		4.75%	5.64%	6.32%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.7010%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2870%	Tax Free (California Residents)	5.00/years
MLP Income	6.0300%	85% Tax Efficient	
Equity Income	3.6300%	Assume 15% Qualified Tax Rate	
Corporate Income	1.8630%	Fully Taxable	5.00/years
High-Yield Income	7.0050%	Fully Taxable	8.00/years

	10/27/10	01/03/11	10/03/11	01/03/12	10/01/12	01/02/13	09/16/13	09/23/13	09/30/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.571%	0.556%	0.442%	0.440%	0.600%	0.599%	0.586%
CA - 2 Years	0.947%	1.550%	0.804%	0.810%	0.505%	0.598%	0.716%	0.702%	0.701%
CA - 3 Years	1.317%	2.053%	0.906%	1.164%	0.852%	0.964%	1.064%	1.043%	1.022%
CA - 5 Years	1.889%	2.436%	1.498%	1.501%	1.014%	1.150%	1.386%	1.313%	1.287%
CA - 7 Years	2.465%	2.998%	2.207%	1.671%	1.301%	1.477%	1.862%	1.893%	1.863%
CA - 10 Years		3.842%	2.733%	2.396%	1.622%	1.901%	3.105%	3.145%	3.100%
NAT - 2 Years	1.102%	2.340%	0.489%	0.588%	0.687%	0.911%	1.201%	1.222%	1.187%
NAT - 5 Years		3.009%	1.185%	1.305%	1.198%	1.312%	1.647%	1.592%	1.502%
NAT - 10 years		3.783%	2.262%	2.315%	2.011%	2.185%	2.914%	2.865%	2.855%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	1.768%	1.599%	1.382%	1.534%	1.900%	1.821%	1.863%
HI-YIELD - 3.5 YEARS		5.220%	4.918%	5.199%	4.924%	4.799%	5.135%	5.003%	5.024%
HI-YIELD - 8 YEARS	7.503%	6.735%	7.662%	6.275%	6.314%	6.532%	7.199%	7.100%	7.005%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,017,481.79	\$ 1,132,073.80	\$ 1,197,157.89	\$ 1,161,516.36	\$ 1,288,824.65	\$ 1,286,866.75	\$ 1,270,912.90
MLP INCOME MODEL	6.220%	5.880%	7.540%	6.480%	6.090%	6.420%	6.170%	6.070%	6.030%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 930,966.12	\$ 1,170,773.07	\$ 1,224,660.89	\$ 1,193,866.24	\$ 1,349,801.75	\$ 1,382,352.61	\$ 1,382,297.97
US TREASURY									
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.090%	0.060%	0.010%	0.010%	0.010%
6 - MONTH	0.160%	0.180%	0.050%	0.060%	0.130%	0.120%	0.020%	0.060%	0.030%
12 - MONTH	0.210%	0.270%	0.100%	0.110%	0.160%	0.170%	0.100%	0.090%	0.090%
2 - YEAR	0.380%	0.600%	0.250%	0.250%	0.230%	0.270%	0.390%	0.340%	0.330%
3 - YEAR	0.570%	1.010%	0.400%	0.380%	0.310%	0.370%	0.770%	0.730%	0.670%
5 - YEAR	1.230%	2.020%	0.940%	0.880%	0.620%	0.780%	1.570%	1.470%	1.420%
7 - YEAR	1.930%	2.740%	1.410%	1.410%	1.040%	1.130%	2.020%	1.980%	1.900%
10 - YEAR	2.620%	3.340%	1.880%	1.950%	1.620%	1.830%	2.790%	2.720%	2.640%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	1.780%	1.790%	1.150%	1.340%	1.610%	1.550%	1.540%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.070%	2.870%	2.290%	2.520%	2.700%	2.630%	2.620%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.400%	3.970%	3.490%	3.780%	3.860%	3.780%	3.770%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.450%	5.660%	5.260%	5.630%	5.570%	5.490%	5.470%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	7.400%	6.390%	6.110%	6.490%	6.420%	6.340%	6.320%