

FIXED Income

JUNE 29, 2011

Provided By:

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INDEPENDENT PLANNER LLC.

Securities and Advisory Services offered through First Allied Securities, Inc., A Registered Broker Dealer, Member FINRA/SIPC. An Advanced Equities Company.

Fixed Income Education

UNDERSTANDING ECONOMIC STATISTICS:

The condition and direction of the U.S. economy is a major driver of interest rates and bond prices. Even though no one knows for certain what the future holds, bond traders profit when their expectations for the economy are correct. Bond market participants follow economic indicators closely, looking for signs of change that might affect future supply and demand so they can position themselves accordingly. When economic indicators exceed or fall short of market expectations, bond prices can move quickly and sharply in response.

In the next few weeks we will look at the different indicators and why that indicator might be meaningful to market conditions:

GROSS DOMESTIC PRODUCT (GDP)

Source: Department of Commerce, Bureau of Economic Analysis

Frequency: Quarterly, revised monthly.

Timing: 8:30 a.m., about four weeks after month end. Advance GDP estimates are released late in the first month after the quarter ends; preliminary GDP is released a month later; revised GDP is reported late in the third month after the end of the quarter it refers to.

What it is: A measure of the total value of goods and services produced by people, businesses governments and property located in the United States. Nominal GDP shows current dollar value; real GDP is adjusted for inflation by reference to a 1996 base year. The indicator is typically reported as an annualized quarter-to-quarter percentage change.

Importance: GDP is the broadest available measure of U.S. economic activity. Rising GDP indicates economic growth. Falling GDP indicates retrenchment. Negative GDP growth for two or more consecutive quarters defines a recession.

Source > www.investinginbonds.com > What You Should Know

Current Market Rates

U.S. Treasury Yields						
3 mo.	6 mo.	1 yr.	2 yr.	5 yr.	10 yr.	30 yr.
0.01%	0.08%	0.14%	0.36%	1.41%	2.88%	4.22%

Inflation Index Treasury Yields			
5 yr.	10 yr.	20 yr.	30 yr.
-0.45%	0.58%	1.33%	1.67%

Corporate Bonds	
AAA 15 Years	5.00%
BAA 15 Years	5.74%

CD Rates				
3 mo.	6 mo.	1 yr.	2 yr.	5 yr.
0.15%	0.20%	0.35%	0.85%	2.15%

Bank Prime	3.25%
Crude Oil	900.34
3 mo. Libor	0.251
Gold	1491
Fed Funds	0.11%

Relative Value: High Grade Relative Value							
	1 yr.	3 yr.	5 yr.	7 yr.	10 yr.	15 yr.	15 yr. +
Municipals	0.37	0.91	1.50	2.12	2.86	3.65	4.70
Tax-Equiv. Municipals	0.57	1.40	2.31	3.26	4.40	5.62	7.23
Taxable Municipals							
Corporates	0.30	2.07	3.88	4.36	5.50	4.85	6.05
Agencies	-0.12	0.72	1.47	2.07	3.20	3.61	4.52
Treasuries	0.39	1.17	1.94	2.53	3.2	3.66	4.27
Medium Term Notes			2.61			4.50	5.25
CDs	1.00	1.70	2.25	2.75	3.15		3.30

Taxable equivalent based on a 35% tax bracket

Municipal Bonds

Municipal bonds are subject to interest rate risk. Investors should be aware that bond values may decline, if interest rates rise.

All offerings as of 6/27/11 and are subject to price change and availability.

YIELD TO MATURITY (YTM) – MSRB “The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield, presuming that the security remains outstanding until the maturity date. Yield to maturity takes into account the amount of the premium or discount at the time of purchase, if any, and the time value of the investment.”

YIELD TO CALL (YTC) – MSRB “The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield, presuming that the security is redeemed on a specified call date (if the security is redeemed at a premium call price, the amount of the premium is also reflected in the yield). Yield to call takes into account the amount of the premium or discount at the time of purchase, if any, and the time value of the investment.”

U.S. Treasuries are a full faith and credit obligation of the U.S. Government while AAA municipals are not. The AAA municipals are a random selection of current offerings in the open market as of the date of this publication.

National Municipal Bond Yields: Triple-A Rated, Tax-Exempt General Obligation Bonds							
	Current Yield	Previous Yield	Change in Yield	28% Eq Yield	1 Week Prior Yield	1 Month Prior Yield	6 Month Prior Yield
2-YEAR	0.222%	0.222%	-0.000%	0.308%	0.231%	0.213%	0.309%
5-YEAR	0.424%	0.424%	-0.000%	0.589%	0.417%	0.459%	0.527%
7-YEAR	1.212%	1.211%	0.001%	1.683%	1.259%	1.263%	1.599%
10-YEAR	1.888%	1.889%	-0.001%	2.622%	1.948%	1.983%	2.172%
15-YEAR	2.612%	2.613%	-0.000%	3.628%	2.637%	2.625%	3.117%
20-YEAR	3.384%	3.384%	-0.001%	4.699%	3.422%	3.366%	3.882%
30-YEAR	3.819%	3.808%	-0.001%	5.304%	3.830%	3.894%	4.410%

Source: Bloomberg, 6/27/11

SAMPLING OF MUNICIPAL OFFERINGS:

Rating	Security Description and Coupon Rate	Maturity Date
Aa2/---/---	Monroe Cnty Pa GO 610767RV9 2.125 Gen. Obligation, Callable	12/15/2017

100.433 = 2.053% YTM & YTC

Aa2/AA/---	Birmingham AL Wtrwks Brd Wtr 091096EN3 4.125 Revenue, Callable	01/01/2025
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99.773 = 4.147% YTM & YTC

Aa3/AA/---	Port Tacoma Wash Rev Bonds 735439MK4 4.125 Revenue, Callable	12/01/2028
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99.508 = 4.29% YTM & YTC

A1/AA-/AA-	Allen Cnty Ohio Hosp Facs Rev 01757LCU8 4.75 Revenue, Extraordinary Redemption, Cont Callable	10/01/2026
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101.414 = 4.65% YTM & 4.35% YTC

Source: www.knightbondpoint.com 6/27/11

The MSRB recommends that all Advisors who offer municipal bonds to their clients regularly review <http://emma.msrb.org/>, to ensure complete security & material event disclosure.

Corporate Bonds

Weekly Spreads a/o 06/27/11 (Source: www.themunicenter.com)

Maturity	U.S. Tsy	Agency	A Rated	BB Rated	A Rated	BB Rated	A Rated	BB Rated
Yield	Benchmark	Industrial	Industrial	Utility	Utility	Finance		Finance
1YR	0.14	3	49	288	196	196	78	268
2YR	0.35	18	56	315	107	221	127	268
3YR	0.58	24	73	331	111	247	133	320
4YR	1.01	27	90	345	106	272	146	317
5YR	1.39	32	91	364	103	279	140	333
7YR	2.14	27	93	376	106	269	152	324
8YR	2.11	23	93	375	111	270	138	308
9YR	2.65	22	95	383	109	268	145	307
10YR	2.87	27	100	378	105	260	137	312
15YR	3.21	46	107	342	133	222	98	309
20YR	3.55	47	111	348	129	230	103	309
30 YR	4.21	57	109	360		135		330

SOME HIGHLIGHTED CORPORATE BOND OFFERINGS FROM PERSHING:

HSBC Finc Corp 5.90% 6/19/2012 .90% ytm Approx \$104.81
A3/A 40429CFZ0

Toyota Mts Cr Corp 1.375% 08/12/2013 0.89%ytm Approx \$102.00
Aa3/AA- 89233P4H6

Morgan Stanley 4.75% 04/01/2014 2.99%ytm Approx \$104.60
A3/A- 61748AAE6

Royal Bank of Scotland Group P 5.00% 10/01/2014 5.04% ytm Approx \$99.875
Ba2/BBB 780097AL5

Dow Chemical Co. 4.25% 11/15/2020 4.63% ytm Approx \$99.132
Baa3/BBB 260543CC5

General Electric Cap Corp Mtn 6.15% 08/07/2037 5.84%ytm Approx \$104.00
Aa2/AA+ 36962g3A0

INTERNOTE OFFERINGS FOR THE WEEK OF JUNE 20:

InterNotes are new issue Corporate bonds – subject to both interest rate and credit risk. InterNotes are not insured by the FDIC or any Government agency. If sold prior to maturity, they may be worth more or less than their original cost. InterNotes are offered By Prospectus Only.

Ford Motor Credit Company Ford Credit Notes

Cusip	Maturity	Coupon	Payment	Callable	Yield*	Ratings**	Trade Date
<u>34540TA11</u>	07/20/13	3.000%	semi	NC	3.000%	Ba2/BB-/BB-	07/05/11
<u>34540TAK8</u>	07/20/21	5.750%	semi	07/20/12	5.750%	Ba2/BB-/BB-	07/05/11

Calvert Foundation Re-Offer

Due to Blue Sky regulations the current offering of the Calvert Community Investment notes cannot be issued in the following states: Colorado, Pennsylvania, South Carolina & Washington

Cusip	Maturity	Coupon	Payment	Callable	Yield*	Ratings**	Trade Date
<u>13161EJ99</u>	06/30/12	0.500%	annual	NC	0.499%	N/A	06/30/11
<u>13161EK22</u>	06/30/13	0.750%	annual	NC	0.749%	N/A	06/30/11
<u>13161EK30</u>	06/30/14	1.000%	annual	NC	0.998%	N/A	06/30/11
<u>13161EK48</u>	06/30/15	1.500%	annual	NC	1.494%	N/A	06/30/11
<u>13161EK55</u>	06/30/16	2.000%	annual	NC	1.990%	N/A	06/30/11

General Electric Capital Corporation InterNotes

Cusip	Maturity	Coupon	Payment	Callable	Yield*	Ratings**	Trade Date
<u>36966TCN0</u>	07/15/24	4.550%	semi	NC	4.550%	A2/AA+/NA	07/05/11
<u>36966TCP5</u>	07/15/34	5.250%	semi	NC	5.250%	Aa2/AA+/NA	07/05/11

HSBC Finance Corporation InterNotes

Cusip	Maturity	Coupon	Payment	Callable	Yield*	Ratings**	Trade Date
<u>40429XD60</u>	07/15/14	2.000%	semi	NC	2.000%	A3/A/AA-	07/05/11

Rabobank Corporates

Cusip	Maturity	Coupon	Payment	Callable	Yield*	Ratings**	Trade Date
<u>21685WCT2</u>	07/15/16	2.150%	monthly	NC	2.160%	Aaa/AAA/N/A	07/05/11

Please contact your advisor for pricing, supplement, term sheet and prospectus.

Corporate bonds are subject to interest rate risk. Investors should be aware that bond values may decline, if interest rates rise.

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STEP COUPON OFFERINGS:

JP Morgan Chase Bank CD > 15YR NON CALLABLE FOR 1 YR
 Semi-annual call thereafter
 Maturity date 7/13/26
 Cusip 48123YC95
 2.25% for 4 years
 3.00% for 2 years
 3.75% for 3 years
 5.00% for 3 year
 6.00% for 1 year
 8.00% for 1 year
 10.00% for 1 year
 Par to client = 4.01% ytm if never called

Harris Bank CD > 12 year Non callable for 1 yr
 Maturity date 6/27/23
 Cusip 41456TQJ1
 Semi annual Call
 2.5% For 2 years
 2.75% for 2 years
 3.00% for 3 years
 3.25% for 1 year
 4.50% for 1 year
 6.00% for 1 year
 8.00% for 1 year
 10.00% for 1 year
 Par to customer = 4% YTM if never called.

HSBC Bank USA, NA CD > 12YR NON CALLABLE FOR 1 YR
 Annual call until 2015, then non-callable until maturity
 Maturity date 7/18/23
 Cusip TBA
 2.00% for 1 years
 2.25% for 1 years
 2.50% for 1 years
 2.75% for 1 year
 4.375% for 8 years
 Par to client = 3.606% ytm if never called

Interest Rate Risk – Fixed Income securities may be secured or unsecured debt obligations of each respective issuer. In addition to issuer-specific risk, fixed income investment carries interest rate risk -- if sold prior to maturity. **Credit Risk** relies on the ability of an issuer of InterNotes to pay its debt—that is, make all interest and principal payments in full and on schedule—is a critical concern for investors. Most InterNotes are evaluated for credit quality by the major rating services, such as Standard & Poor's (S&P) and Moody's Investors Service (Moody's). Investors should note that time-lags may occur between when a rating agency adjusts a credit rating and when this information is disseminated. **Call Risk** - If a specific issue is callable, the issuer retains the right to retire—that is, redeem—the debt before the scheduled maturity date. A call feature creates uncertainty as to whether an investment in will remain outstanding until its maturity date. Investors risk losing an investment paying a higher rate of interest when rates have declined and an issuer decides to call their securities and investors may be faced with reinvesting in securities with lower yields. Calls also tend to limit the appreciation in price that could be expected when interest rates decline. Given these potential disadvantages, callable securities may carry higher yields than non-callable securities.

Government Bonds

All offerings as of 6/27/11 and are subject to price change and availability. Municipal bonds, Corporate bonds, U.S. Treasury Securities, Government Agency bonds, and CDs will fluctuate in value and if sold prior to maturity may be worth more or less than their original cost. Treasury Securities are subject to interest rate risk. Investors should be aware that bond values may decline, if interest rates rise.

	Coupon	Maturity Date	Current Price/Yield	Price/Yield Change	Time
3-MONTH	0.000	09/29/2011	0.03 / 0.03	0.005 / 0.005	14:20
6-MONTH	0.000	12/29/2011	0.10 / 0.10	0.005 / 0.005	14:20
12-MONTH	0.000	05/31/2012	0.18 / 0.18	0.025 / 0.025	14:21
2-YEAR	0.375	06/30/2013	99-24+ / 0.49	-0-04+ / 0.067	14:22
3-YEAR	0.750	06/15/2014	100-00+ / 0.74	-0-10+ / 0.109	14:22
5-YEAR	1.750	05/31/2016	100-24½ / 1.58	-0-21 / 0.138	14:22
7-YEAR	2.375	05/31/2018	100-14 / 2.31	-0-27½ / 0.134	14:22
10-YEAR	3.125	05/15/2021	100-24 / 3.03	-0-28+ / 0.102	14:23
30-YEAR	4.375	05/15/2041	100-27 / 4.32	-0-15 / 0.029	14:21

Source: Bloomberg, 6/27/11

ECONOMIC NEWS

Date	Time	Event
28 Jun	07:45	ICSC/GS Chain Store Sales Index (June 25 wk, +3.0%/y/y) (Prev +2.2%/y/y)
	08:55	Redbook Same Store Sales Index (June 25 wk, +2.5%/y/y) (Prev +4.2%/y/y)
	10:15	Fed Outright Treasury Coupon Purchase (08/15/2018-05/15/2021) (e: \$4-5 bln)
	11:30	Treasury auctions \$28 bln 4-week and \$24 bln 1-year bills
	13:00	Treasury auctions \$35 bln 5-year notes
	13:00	FRB Dallas's Fisher (voter) to speak on "A Report on the Economy"; Round Rock, TX
29 Jun	07:00	MBA Mortgage Purchase Applications Index (June 24 wk)
	10:00	Conference Board Help-Wanted OnLine Index (Jun) (Prev 148,800 advertised openings)
	10:15	Fed Outright Treasury Coupon Purchase (08/15/2028-05/15/2041) (e: \$2-3 bln)
	10:30	EIA Weekly Petroleum Inventories, Imports and Consumption
	12:00	FRB Governor Bloom-Raskin (voter) to speak on "Economic Inclusion"; Washington DC
	13:00	Treasury auctions \$29 bln 7-year notes
30 Jun	15:30	Federal Reserve Board Open Meeting on Rules Governing Debit Card Fees; Washington DC
	n/a	Freddie Mac Reference note announcement
	09:45	Chicago PMI (Jun) (Prev 56.5)
	10:00	ISM Milwaukee PMI (Jun)
	10:15	Fed Outright Treasury Coupon Purchase (12/31/2016-06/30/2018) (e: \$4-5 bln)
	11:00	Kansas City Fed Survey (Jun) (Prev 14, composite index)
	11:00	Treasury announces 3- and 6-month bills
	11:00	FRB St. Louis's Bullard (non-voter) to address a QE Conference; St. Louis
13:00	FRB Kansas City's Hoenig (non-voter) to speak; Des Moines	
17:30	Treasury Secretary Geithner and President Clinton to participate in Q&A at the Clinton Global Initiative Conference; Chicago	

Disclaimer: The documents contained herein are for informative purposes only, and should not be considered a recommendation to buy or sell securities. Bond prices, yields and availability are subject to change based upon market conditions. Yields represent yield to maturity. Please review the information carefully to assure it meets investment objectives. Certain early redemption features, such as a call at the issuer's option, provide the issuer an option to repay principal prior to maturity and may change the term of the investment. Also, please note a call feature is dependent upon market conditions & does not ensure that the bond will be called. If you sell securities prior to maturity, you will receive the current market price, which may be more or less than your initial investment. Please consult a tax advisor for tax implications on any fixed income product.

Bond Ratings			
Standard & Poor's Corp.		Moody's Investor's Services	
AAA	Highest Quality; principal & interest well protected.	Aaa	Highest Quality; principal is well protected and interest payments are virtually assured.
AA	High Quality; marginally higher long-term risk than AAA.	Aa	High Quality; marginally higher long-term risk than AAA.
A	Good Quality; somewhat more susceptible to adverse conditions over the long term.	A	Good quality; many favorable investment aspects. Suggestion credit risk could increase over long-term.
BBB	Adequate; adverse conditions could threaten principal or interest payments.	Baa	Medium grade; neither highly protected nor poorly secured, may be regarded as somewhat speculative.
BB	Questionable; faces major uncertainties. Adverse conditions could jeopardize prin/int payments.	Ba	Lack characteristics of desirable investment; protection of prin/int payments over long-term is small.
B	Speculative; adverse conditions would likely impair ability to pay interest or repay principal.	B	Speculative; with only moderate protection of principal and interest payments.
CCC	Risky; has been identified as being vulnerable to default.	Caa	Poor quality; may be in default and protection of principal is questionable.
D	In default.	Ca	Highly speculative; issues may be in default or have other large shortcomings.
	Sources: S&P / Moody's / Barron's Rating Definition source is Barron's	C	Lowest rated; extremely poor chances of ever attaining investment standing

Municipal bonds are subject to numerous risks, including higher interest rates, economic recession and deterioration of the municipal bond market, possible downgrades and defaults of interest and/or principal. Corporate bonds are subject to interest rate risk. Investors should be aware that bond values may decline, if interest rates rise. All bonds are subject to availability, prior sale and change in price. As with any investment, market value will fluctuate during the period held and if sold prior to maturity, the yield received may be more or less than the yield calculated at time of purchase.

All offerings are available as of 6/27/2011 and are subject to price change and availability. This information is obtained from internal and external sources which are believed to be reliable, however, no guarantee of its accuracy can be made. Neither the information nor any opinion that may be expressed constitutes a solicitation for the purchase or sale of any security referred to herein. This firm does not make a market in any of the securities listed throughout this report.

- For certain investors, the income from bonds designated "AMT" may be subject to the Alternative Minimum Tax.
- Discount bonds may be subject to capital gains tax.
- Minimum purchase amounts may apply.
- Not all municipal bonds are free from both state and federal taxes.
- If bonds are insured, no representation is made as to the insurer's ability to meet its commitments.
- Insurance does not remove market, credit, safety and/or interest rate risk.
- All bond ratings are from S&P or Moody and may be under review for possible downgrade.

Bond ratings relate to credit worthiness and are not indicative of market risk. Investors should note that time-lags may occur between when a rating agency adjusts a credit rating and when this information is disseminated.

Bond offering yields include calculations which are the lower of the yield to maturity or the yield to call.