

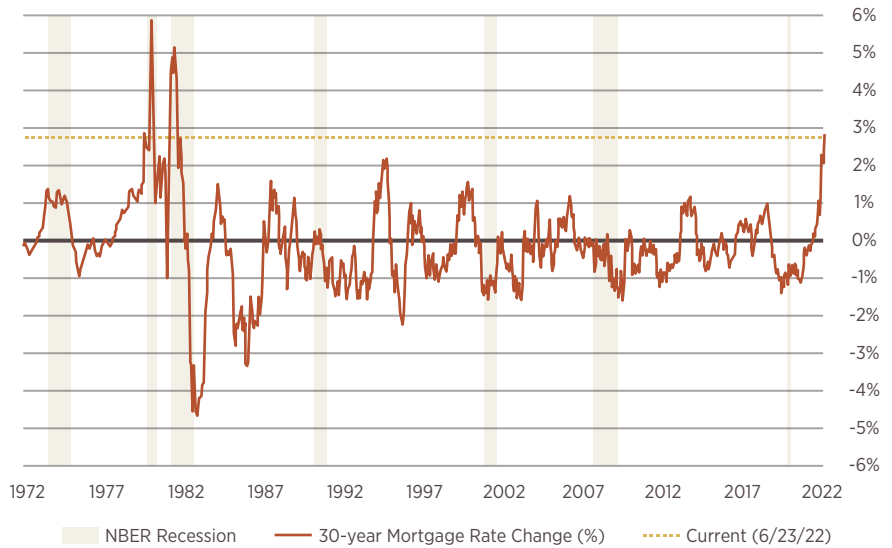
### Chart of the Month

We recently discussed **inflation and its driving forces**. Housing appreciation is providing tailwinds to the inflation narrative, but as the Fed has embarked on a fast rate hiking cycle, what is happening to the affordability of the housing sector? This month's chart shows that 30-year mortgage rates have nearly doubled to 5.8% compared to last year's rate of 3%. This rate of increase hasn't been seen since the early 1980s. What does this mean for a monthly payment?

The median home sale price in the US is \$410,000 with a median down payment of 12%. The monthly payment on a 30-year mortgage at 5.8% would be \$2,100. A year ago, that same house was likely only \$355,000 given the appreciation in home prices over the past 12 months of 15%.<sup>1</sup> Incorporating the lower sale price and the lower mortgage rates, the same house bought one year ago would have had a monthly payment of \$1,300 or \$800 less than today! This will likely begin to cool housing demand and allow the supply of homes to catch up. This is part of the Federal Reserve's playbook to slow the economy down so inflation starts to moderate.

1. National Association of Realtors (May 2022), Graph Source: Bloomberg

#### 12-Month Change in 30-Year Mortgage Rates



### 6 Meridian Strategies

#### 4 Strategies for Taking Advantage of Stressed Markets

Recent market volatility has been unsettling. Watching markets and account values fall can unnerve even the most sophisticated, professional investor. But with challenge comes opportunity. With a focus on the long term and with an opportunistic mindset, you can stay disciplined and focused on taking action in areas you can control. Here are a few examples of resulting strategies:

**Tax loss Harvesting** Now may be a good time to consider or accelerate plans to harvest losses — the practice of selling investments trading at a loss, replacing them with similar assets, and then offsetting gains with those losses. However, beware of the “wash sale” rule, which states that you can’t take the loss for any positions repurchased within 30 calendar days prior to or after the sale. Coordinate carefully with your advisors to identify replacement investments with similar risk characteristics that won’t run afoul of the wash sale rule.

**Investing cash reserves** If you currently have excess cash on your balance sheet, now may offer a good opportunity to put a portion of it to work. But keep in mind, there is no crystal ball in forecasting future market returns. Prices could fall further, which is one reason why taking a measured approach, deploying only a portion of your cash and keeping the rest, may be the more prudent approach.

**Converting to a Roth IRA** Owners of traditional IRAs may convert them into Roth IRAs. Roth IRAs are unique in that you may not deduct contributions made to them from income, but may take qualifying distributions free of federal income tax (assuming certain requirements are met). If you have been considering a Roth conversion, now may be an opportune time to act, because completing one at depressed market values lessens the tax liability from the conversion and effectively allows you to buy securities within the Roth IRA at much lower values, with the opportunity to capture subsequent appreciation. However, please note that the conversion could put you in a higher income tax bracket, so you will want to work closely with your advisors to understand the overall tax implications.

**Taking advantage of estate planning opportunities like grantor-retained annuity trusts (GRAT)** If you plan to transfer significant wealth to your family—and especially if you expect your taxable estate to be above federal and/or state estate tax exemption levels—you may consider estate planning opportunities that become more attractive during down markets.

The above strategies are simply examples and are certainly not appropriate for all investors. To assess whether they may be right for you, and to uncover more ideas for navigating the current market environment, please reach out to your advisor. Read more details about these strategies at [6meridian.com/category/resources](https://6meridian.com/category/resources).

	Source: Bloomberg 2022	June	YTD	2021	Benchmark
<b>Stocks</b>	United States	-8.3%	-20.0%	28.7%	S&P 500
	Intl Developed	-9.3%	-19.6%	11.3%	MSCI EAFE
	Emerging Markets	-6.6%	-17.6%	-2.5%	MSCI Emerging Markets
<b>Bonds</b>	US Investment Grade	-1.6%	-10.3%	-1.5%	Barclays US Aggregate
	US Municipals	-2.0%	-10.7%	1.9%	Barclays Municipal Bond 15y
	Intl Investment Grade	-4.5%	-16.5%	-7.0%	Barclays Global Aggregate xUSD
	Global High Yield	-7.5%	-16.9%	1.0%	Barclays Global High Yield
	Emerging Markets \$	-4.6%	-17.1%	-1.7%	Barclays Emerging Markets USD Aggregate
<b>Other</b>	Commodities	-10.8%	18.4%	27.1%	Bloomberg Commodity
	Gold	-1.6%	-1.2%	-3.6%	Gold New York Spot (\$/oz)
	Oil	-7.8%	40.6%	55.0%	Crude Oil WTI/Global Spot NYMEX

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