

mid-month and federal restrictions on annual volume totals for each state that have encouraged issuance of these bonds before year-end.

STATE AND LOCAL GOVERNMENT SECURITY OFFERINGS
(Monthly totals or monthly averages, billions of dollars)

	1980 Year	H1	Q3	1981 Oct.	Nov. ^e	Dec. ^e
----- Seasonally adjusted -----						
Total	6.22	6.61	6.46	8.90	7.80	8.00
Long-term	4.03	3.79	3.69	3.30	4.80	3.90
Short-term	2.19	2.82	2.77	5.60	3.00	4.10
----- Not seasonally adjusted -----						
Total	6.22	6.50	6.11	7.30	7.80	6.30
Long-term	4.03	3.87	3.34	3.50	5.00	3.50
Housing revenue bonds	1.28	.38	.24	.10	.90	.25
Short-term	2.19	2.64	2.77	3.80	2.80	2.80

e--estimate.

Municipal bond yields have risen appreciably over the intermeeting period, both absolutely and relative to those on taxable obligations, as the long-term tax-exempt market continues to suffer from a lack of demand by major institutional investors. The ratio of tax-exempt to taxable yields rose to an average 87 percent in November, and by the end of the month it had reached a 9-year high of 90 percent.

Mortgage Markets

Residential mortgage formation has weakened in recent months. Growth in real estate loans at commercial banks slowed to a 6 percent annual rate during October and November, about 2 percentage points below the third quarter's reduced rate of expansion. October data for S&Ls (the latest available) indicate that these institutions reduced their holdings of mortgages by \$500 million (seasonally adjusted), one of the few declines recorded

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SUPPLEMENT
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By the Staff
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