



The Daily

Statistics Canada

Wednesday, July 8, 1998

For release at 8:30 a.m.

MAJOR RELEASES

- **Deposit-accepting institutions: activities and economic performance, 1996**

In 1996, the value of services produced by deposit-accepting institutions (chartered banks, trust companies and credit unions) was \$33 billion, or 2.5% of the value of goods and services produced by the business sector in Canada. The traditional core of their business, lending and deposit-accepting, accounted for 90% of their overall financial activities.

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- **Births, 1996**

Just under 366,200 babies were born in Canada in 1996 — the lowest number of births in 15 years. However, these newborns were healthier, as the proportion of low birthweight babies and the infant mortality rate declined.

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MAJOR RELEASES

Deposit-accepting institutions: activities and economic performance 1996

In 1996, the value of services produced by deposit-accepting institutions (chartered banks, trust companies and credit unions) was \$33 billion, or 2.5% of the value of goods and services produced by the business sector in Canada.

Financial reforms in 1987 allowed banks to purchase and create securities dealer subsidiaries. The 1992 *Bank Act* granted banks additional activities, such as the right to enter the trust business by creating or acquiring trust subsidiaries. Through their treasury and investment banking activities, banks have become increasingly active distributors and sponsors of mutual funds.

Even though these reforms allowed deposit-accepting institutions to widen their operations, the traditional core of their business (lending and deposit-accepting) still represented the largest share of their overall financial activities. Retail banking accounted for 80% of the value of services produced in 1996, while services to corporate and institutional customers accounted for a modest 10%. The remaining value of services produced came from relatively new areas, including treasury and investment banking (6.6% of the value of services produced) and electronic financial services (3.3%).

Broadly speaking, the treasury and investment banking activity manages the funds of a firm's consolidated operations, the securities' operations such as securities brokerage, mutual fund management and investment management. Although still in its infancy, electronic banking, which includes automated banking machines (ABMs), telephone and computer access to banks, generated almost \$1.1 billion in financial services, 3.3% of the total. With 18,426 ABMs, about six for every 10,000 people, Canada was second only to Japan in making the machines available to customers.

Net interest income is twice as great as the revenue derived from service fees

Two-thirds, or \$21.6 billion, of the total value of services provided by deposit-accepting institutions are in the form of net-interest income compared with \$11.1 billion in service fees. In other words, deposit-accepting

Note to readers

This release provides the 1996 estimates of the value of services produced by deposit-accepting institutions (chartered banks, trust companies and credit unions). The estimates are based on a new annual survey (Segmented Reporting of Banks and Trust Companies), supplemented by data from Statistics Canada's Financial Statistics for Enterprises Survey on credit unions and administrative sources (The Bank of International Settlements).

This new survey provides a breakdown of the consolidated operations of chartered banks and trust companies by activity in Canada. It reflects the broadening activities of deposit-accepting institutions as a result of the legislative reforms since 1987.

Definitions

Value of services produced: in current prices, the sum of net interest income and explicit service fees.

Labour compensation: the sum of wages and salaries, pension contributions by the employer and other paid benefits.

Non-interest expenses: include purchased goods and services, depreciation and amortization, provisions for credit losses.

Profit margin ratio: profit before income tax over the value of services produced.

The following size breakdown is defined in terms of the value of services produced: more than \$1 billion (large institutions), between \$50 million and \$1 billion (medium-sized institutions), and less than \$50 million (small institutions).

institutions generated almost \$2 in net income from interest for every \$1 generated from service fees in 1996. Retail banking still derives the bulk of the value of services produced from net interest income. Nevertheless, service fees are becoming an important source of the value of services produced. They are the main source of revenue from services produced by activities such as corporate and institutional finance, treasury and investment banking, and electronic financial services.

Labour compensation accounted for one-third of the value of services produced

Of the \$33 billion in financial services produced in 1996, the deposit-accepting institutions posted profits of \$9.5 billion and paid \$11.5 billion in labour compensation. At 35% of the value of services produced, the share of labour compensation was higher than that of profits (29%). The exception to this is corporate and institutional finance, electronic

financial services, and treasury and investment banking, due to their labour saving technology.

Small- and medium-sized institutions have found their niche

In Canada, deposit-accepting institutions consist of companies of various sizes that tend to specialise in certain activities. In 1996, the profit margin ratio was 29 cents per \$1 for all services produced. It increased with the deposit-accepting institutions' size, albeit not significantly. With more than 40 cents per \$1 of services produced, electronic financial services, treasury and investment banking and corporate institutional finance were the activities that posted the highest profit margin ratio in 1996 for all institutions.

The profit margin ratio of corporate and institutional finance significantly increases with the size of the institution, thus suggesting the existence of important cost savings in the case of this activity performed by large institutions. Medium-sized institutions seem to have a competitive advantage in the treasury and investment banking activity, where they posted the highest profit margin ratio in the industry (50 cents per \$1 of services produced).

For more information on this release, contact Tarek M. Harchaoui (613-951-9856; harctar@statcan.ca), Industrial Organization and Finance Division.

Activities of deposit-accepting institutions 1996

	Value of services produced		Components of the value of services produced			
	\$ million	%	Service fees		Net interest income	
			\$ million	%	\$ million	%
Retail banking	26,208	80.0	7,417	28.3	18,791	71.7
Corporate and institutional finance	3,285	10.0	1,760	53.6	1,525	46.4
Treasury and investment banking	2,176	6.6	1,325	60.9	851	39.1
Electronic financial services	1,075	3.3	621	57.8	454	42.2
All activities	32,744	100.0	11,123	34.0	21,621	66.0

Income distribution by activity 1996

	Value of services produced	Labour compensation		Non-interest expenses		Profit before income tax	
		\$ million	%	\$ million	%	\$ million	%
Retail banking	26,208	9,776	37.3	9,835	37.5	6,597	25.2
Corporate and institutional finance	3,285	751	22.9	1,104	33.6	1,430	43.5
Treasury and investment banking	2,176	667	30.6	563	25.9	946	43.5
Electronic financial services	1,075	263	24.5	311	29.0	501	46.6
All activities	32,744	11,457	35.0	11,813	36.1	9,474	28.9

Profit margin ratio by activity and size of deposit-accepting institution
1996

	Profit margin ratio			
	All deposit-accepting institutions	Small	Medium	Large
Retail banking	0.25	0.20	0.18	0.26
Treasury and investment banking	0.44	0.18	0.50	0.44
Electronic financial services	0.47	-	x	0.47
Corporate and institutional finance	0.44	0.31	0.35	0.45
All activities	0.29	0.23	0.24	0.29

- Nil or zero.

x Confidential to meet secrecy requirements of the Statistics Act.



Births

1996

Just under 366,200 babies were born in 1996, down 3.1% from 1995. This was the largest annual rate of decline since 1972. However, the babies born in 1996 were healthier than ever, as the proportion of low birthweight babies and the rate of infant mortality declined.

Fertility down

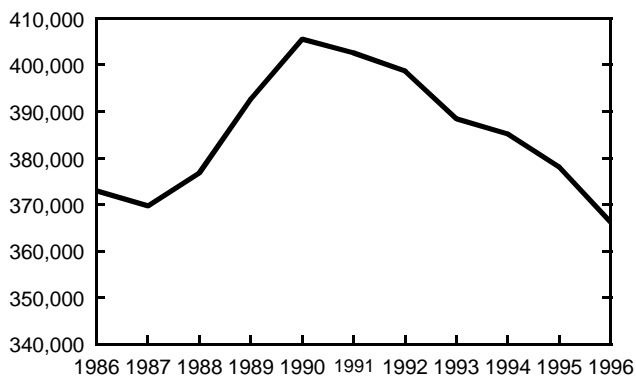
Fertility, which has been virtually stable for several years, declined significantly in 1996 to an almost historic low. The average number of live births per woman declined from 1.64 in 1995 to 1.59, which is only slightly above the 1987 record low of 1.58.

In 1987, the extremely low rate of 1.37 live births per woman in Quebec pulled down the Canadian average. A decade later, however, this was not the case. In 1996, the average number of live births per woman fell to historical lows in all provinces and territories except Quebec, Manitoba and the Northwest Territories.

The fertility rate fell below 1.6 births per woman in Quebec, Ontario and British Columbia, below 1.5 in Nova Scotia and New Brunswick, and below 1.3 in Newfoundland. The Prairie provinces and both the territories had higher rates than the rest of Canada.

The average number of live births per woman was lower in Canada in 1996 than in France, Australia, the United Kingdom and the United States. However, Canada's level was higher than in Germany, Spain and Japan.

Live births, Canada, 1986-1996



Babies born in 1996 were healthier

Babies born in 1996 were healthier than ever before despite a slight increase in the average age of mothers, and a higher proportion of births outside marriage. This occurred because of declines in the proportion of low birthweight babies and the rate of infant mortality.

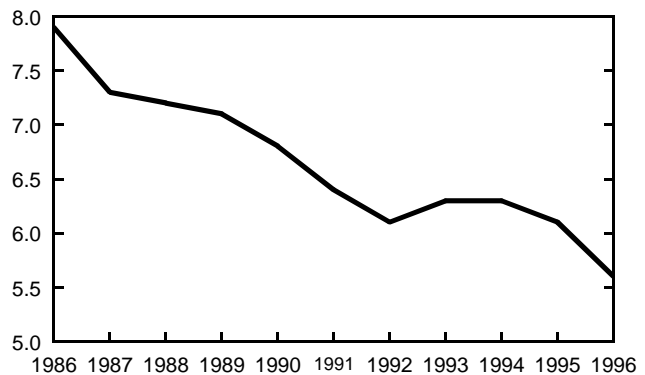
The average age of mothers increased to 29.0 years in 1996 from 28.8 in 1995. In Quebec, 53% of births occurred outside marriage in 1996, compared with 50% the year before. The proportion in the rest of Canada remained stable at about 24%.

The proportion of low birthweight babies (below 2,500 grams) declined after increasing for three consecutive years. In 1996, 5.8% of babies were under this weight threshold, down from 5.9% the year before.

More importantly, Canada's infant mortality rate dropped below the level of six infant deaths per 1,000 live births for the first time. In 1996, the infant mortality rate was 5.6 infant deaths per 1,000 live births, down from 6.1 in 1995.

Canada's infant mortality rate was lower in 1996 than in the United States, the United Kingdom, Australia, and Italy, but higher than in France, Germany, Sweden and Japan.

Infant mortality rate, Canada, 1986-1996



Quebec led with a remarkably low rate of 4.6 infant deaths per 1,000 live births (close to Japan's rate of 4.5). New Brunswick and Prince Edward Island also had infant mortality rates below five per 1,000, while British Columbia's rate was 5.1. The highest provincial rate was in Saskatchewan (8.4).

For further information on this release, contact François Nault (613-951-1764) or Heather Gilmour

(613-951-8388), Health Statistics Division. To order custom tabulations, contact Client Custom Services (613-951-1746).

**Selected birth statistics
1996**

	Births	Total fertility rate ¹	% of low birth weight babies	Infant mortality rate ²
Canada	366,189	1.59	5.8	5.6
Newfoundland	5,747	1.26	6.1	6.6
Prince Edward Island	1,694	1.67	5.3	4.7
Nova Scotia	10,562	1.49	5.4	5.6
New Brunswick	8,176	1.41	5.1	4.9
Quebec	85,226	1.56	5.9	4.6
Ontario	140,012	1.57	6.0	5.7
Manitoba	15,478	1.86	5.5	6.7
Saskatchewan	13,300	1.89	5.0	8.4
Alberta	37,851	1.72	6.1	6.2
British Columbia	46,138	1.54	5.2	5.1
Yukon	443	1.69	4.3	-
Northwest Territories	1,562	2.71	5.5	12.2

¹ Births per woman.

² Infant deaths per 1,000 live births.

— Amount small too small to be expressed.

Note: Figures for Prince Edward Island, the Yukon and the Northwest Territories should be interpreted with caution, given the small numbers involved.



OTHER RELEASES

Help-wanted Index

June 1998

The index that measures the number of help-wanted newspaper advertisements was unchanged between May and June 1998 at 143 (1996=100). Since the last trough in March 1996, the index has increased by nearly 46%. The Canada aggregate index remains at its highest level since October 1990. Recent movements observed in the number of help-wanted advertisements are in line with other economic indicators, especially employment growth.

Advances recorded by the indices in British Columbia (+1.7%) and Nova Scotia (+1.5%) were offset by declines in Prince Edward Island (-3.6%) and Newfoundland (-2.7%). All other provincial indices were little changed from May 1998.

Note: The Help-wanted Index is compiled from the number of help-wanted ads published in 22 newspapers in 20 major metropolitan areas. The index is a measure of companies' intentions to hire new workers. These indices have been seasonally adjusted and smoothed to ease month-to-month comparisons.

Help-wanted Index

(1996=100)

	June 1998	May 1998	June 1997	June 1997 to June 1998	May to June 1998
	seasonally adjusted				
	%				
	change				
Canada	143	143	123	16.3	0.0
Newfoundland	143	147	122	17.2	-2.7
Prince Edward Island	134	139	129	3.9	-3.6
Nova Scotia	138	136	121	14.0	1.5
New Brunswick	147	146	130	13.1	0.7
Quebec	142	141	111	27.9	0.7
Ontario	146	145	126	15.9	0.7
Manitoba	159	159	133	19.5	0.0
Saskatchewan	141	141	129	9.3	0.0
Alberta	153	154	147	4.1	-0.6
British Columbia	122	120	118	3.4	1.7

Available on CANSIM: matrix 105 (levels 8 to 10).

For analytical information, contact Gilles Groleau or Michael Scrim(613-951-4090; fax: 613-951-4087; labour@statcan.ca), Labour Division. ■

Short-term Expectations Survey

Every month, Statistics Canada canvasses a group of economic analysts for forecasts of key economic indicators. Participants in this survey forecast the year-over-year changes in the Consumer Price Index (CPI), the unemployment and participation rates of the labour force, the level of merchandise exports and imports, and the monthly change in gross domestic product (GDP).

Previously, forecasters were asked to provide estimates for only one month ahead. Starting with this release, they have been asked to provide estimates for three months ahead.

Almost no fluctuations in economic activity are forecast.

The GDP mean forecasts for the month-over-month change for May (+0.2%) and June (0.3%) are slightly higher compared with the April actual figure of no growth. The forecasts for May and June range from -0.2% to +0.6%. The revised mean forecast for April (+0.4%) overestimated the outcome.

The mean forecasts for exports in May (\$26.0 billion), June (\$25.9 billion) and July (\$26.0 billion) remained stable. The forecasts for these three months range from \$25.0 billion to \$26.9 billion. The mean forecast for exports in April (\$25.9 billion) slightly underestimated the actual outcome (\$26.0 billion). The mean forecasts for imports for May and June (\$25.0 billion), and July (\$25.1 billion) are slightly higher compared with the actual \$24.8 billion for April. The forecasts for May, June and July range from \$24.0 billion to \$26.7 billion. The \$24.4 billion mean April forecast for imports underestimated the actual figure of \$24.8 billion. A slight decrease in the forecasted resulting surplus ranges from \$0.9 billion to \$1.0 billion for May, June and July, compared with the actual surplus of \$1.2 billion.

The mean forecast for the annual change in the CPI is for little change. May's actual figure was 1.1%. The mean forecast for June was 1.1%, and for July and August it was 1.2%. The forecasts for June, July and August ranged from 0.8% to 1.6%. The mean forecast for May (+0.9%) slightly underestimated the actual figure of 1.1%.

The mean forecasts for the unemployment rate in June and July (8.4%) and August (8.3%), remain almost steady from the rate of 8.4% in May. The forecasts range from 8.0% to 8.8%. May's mean forecast (8.4%) correctly estimated the actual rate of 8.4%. The mean

forecasts of the labour force participation rate for June, July and August (65.1%), remains unchanged from May. The forecasts for participation rates range from 65.0% to 65.3%. The mean forecast of 65.2% for May slightly overestimated the actual rate of 65.1%.

The next release will be on August 5, 1998. For further information on this release or for a set of tables, contact Jenny Grenier, Small Business and Special Surveys Division, (613-951-1020; fax: 613-951-1572; grenjen@statcan.ca). ■

Industrial chemicals and synthetic resins May 1998

Chemical firms produced 199 629 metric tonnes of polyethylene synthetic resins in May, up 24.9% from 159 825 metric tonnes in May 1997.

For January to May 1998, production totalled 970 671 metric tonnes, up 8.6% from 894 119 metric tonnes a year earlier.

Data are also available on the production of 3 other types of synthetic resins and 24 industrial chemicals.

Available on CANSIM: matrix 951.

The May 1998 issue of *Industrial chemicals and synthetic resins* (46-002-XPB, \$7/62) will be available shortly. See *How to order publications*.

For further information on this release, contact Suzette DesRosiers (613-951-9836; desrosi@statcan.ca) Manufacturing, Construction and Energy Division. ■

Low income after tax 1996

On June 22, Statistics Canada released a report on 1996 family income after tax. It highlighted recent developments concerning government transfer payments received, income taxes paid, and after-tax income of families based on data from the 1997 Survey of Consumer Finances (SCF). After-tax low income statistics from the SCF, based on two alternative measures to the traditional pre-tax low income cut-offs (LICOs), are now available in *Low income after tax, 1996* (13-592-XPB, \$40), released today. Low income data for 1996 based on the traditional LICOs were previously released in *Income distributions by size in Canada* (13-207-XPB) and *Low income persons, 1980 to 1996* (13-569-XPB). ■


The first after-tax concept, called the "low income after tax cut-off" (LICO-IAT) is calculated using the same methodology as for LICOs, but on an after-tax rather than a pre-tax income basis. The second concept, called the "low income after tax measure" (LIM-IAT), is calculated on an after-tax basis using the same methodology as for the pre-tax LIMs. Low income data for 1996 based on the pre-tax LIMs were previously released in *Low income measures (LIMs) 1996* (13-582-XPB).

This new publication presents rates, estimated numbers and distributions of low income after tax persons and families for 1996 as well as selected historical tables.

The 1997 Survey of Consumer Finances was a supplement to the April 1997 Labour Force Survey (about 35,000 households). The sample excludes the institutional population and households in the Yukon and the Northwest Territories and on Indian reserves. In the near future, the Survey of Labour and Income Dynamics will produce the annual cross-sectional income estimates, in addition to longitudinal labour and income data. Integration of the cross-sectional and longitudinal income statistics programs will promote consistency among income estimates published by Statistics Canada.

The publication *Low income after tax, 1996* (13-592-XPB, \$40) is now available. For further information on this release, or to order this publication, contact Client Services Unit(613-951-7355 or 1 888 297-7355; fax: 613-951-3012), Income Statistics Division.

Note: There has been extensive and recurring media coverage of low-income cutoffs (LICOs) and their relationship to the measurement of poverty. At the heart of the debate is the use of the LICOs as poverty lines. Statistics Canada has emphasized, since their publication began more than 25 years ago, that the LICOs are quite different from measures of poverty and that this agency does not endorse their use as such. They reflect a consistent and well defined methodology, which identifies those who are substantially worse off than the average. In the absence of an accepted definition of poverty, these statistics have been used by many analysts who wanted to study the characteristics of the relatively worse off families in Canada. These measures have enabled Statistics Canada to report important trends such as the changing composition of this group over time. ■



The Daily

 Statistics Canada

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MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 60 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1996 accompanied by sluggish gains in employment and slow nominal growth during the year.

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