



The Daily

Statistics Canada

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MAJOR RELEASES

- **Quarterly Financial Statistics for Enterprises, second quarter 2001** 2
Corporate operating profits edged up 0.6% in the second quarter of 2001, ending a string of three consecutive quarter-to-quarter declines.
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NEW PRODUCTS



MAJOR RELEASES

Quarterly Financial Statistics for Enterprises

Second quarter 2001 (preliminary)

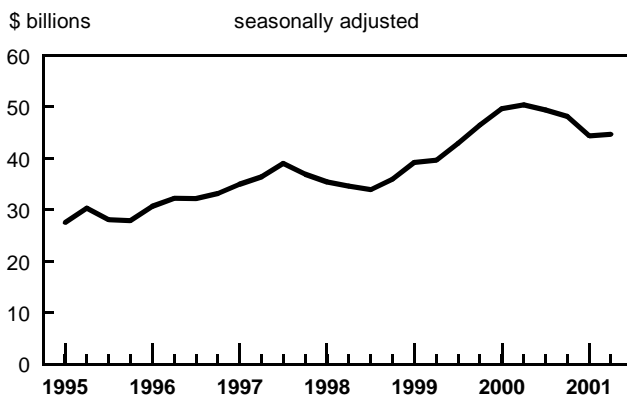
Corporate operating profits edged up 0.6% in the second quarter of 2001, ending a string of three consecutive quarter-to-quarter declines. Corporations earned \$44.7 billion in profits, up from \$44.4 billion in the first quarter but well below the peak of \$50.4 billion earned in the second quarter of 2000.

In total, 18 of the 24 broad industry groups reported higher second quarter profits, led by funds and other financial vehicles (+46.0%), depository credit intermediaries (+10.1%) and utilities (+69.9%).

Largely offsetting these gains was a 22.3% profit slide in the oil and gas extraction industry, as natural gas and crude oil prices moderated in the second quarter. The manufacturing sector saw profits sag 10.4%, pulled down by the continuing slump in the electronic and computer industry, where profits retreated from \$0.5 billion in the first quarter to a loss of \$0.2 billion in the second quarter.

Overall, the financial industries rebounded in the second quarter with a 18.9% surge in profits, following a 25.9% tumble in the first quarter. Meanwhile, non-financial industry profits fell 4.7% in the second quarter, their largest quarterly decline in over three years.

Operating profits Edged up Following Three Quarters of Decline



Note to readers:

These quarterly financial statistics cover the activities of non-government corporations in Canada.

Operating profits include estimates for funds (except pension funds) and some capital gains of the financial industries, both of which are excluded from corporate profits as reported through the National Economic and Financial Accounts.

Gains by investment funds led the financial industries

The financial group of industries had a resounding 18.9% quarter-to-quarter gain in operating profits, recovering much of the ground lost with last quarter's 25.9% profit slide. The profit rise was concentrated in the investment funds and the banks.

Operating profits of funds and other financial vehicles jumped from \$3.0 billion in the first quarter to \$4.3 billion in the second quarter. Gains on the sale of securities and other assets, usually a major component of operating profits, rebounded to \$1.4 billion from just \$0.1 billion in the previous quarter. These gains averaged \$4.4 billion per quarter last year, but fell steadily throughout the year.

Profits up for depository credit intermediaries

The depository credit intermediaries (banks and credit unions) earned \$4.3 billion in second quarter operating profits, a 10.1% increase over the first quarter.

The chartered banks led the way, as their profits rose to \$3.9 billion from \$3.4 billion in the previous quarter. The bulk of the gain was due to a \$0.3 billion decline in other operating expenses, which appeared to result from improved productivity and restructuring of operations. Meanwhile, the provision for credit losses increased by \$0.1 billion.

Net-interest income of the banks (interest revenue minus interest expense) edged ahead by \$0.1 billion, due in part to higher interest margins. This gain was offset by a slide in non-interest income, as the economic uncertainty and the sluggish market conditions dampened brokerage fees and trading commissions.

Operating profits of credit unions slipped 12.6% to \$0.4 billion, more in line with profit levels earned over the past year.

Oil and gas fueled downturn in non-financial sector

The non-financial group of industries suffered a 4.7% slide in second quarter operating profits, the third straight quarter of decline. Profits fell to \$32.9 billion from \$34.5 billion in the first quarter and a high of \$35.3 billion in the third quarter of last year.

The oil and natural gas producers were the hardest hit, as their profits fell 22.3% to \$6.2 billion in the second quarter from the record high profits earned in the first quarter. Operating revenue tumbled 16.3%, reflecting a retreat in prices from the strong first quarter levels. Natural gas prices peaked in March of this year at almost twice the levels seen a year earlier, but have been tailing off over the last three months.

Manufacturing profits down again

Manufacturers turned in \$9.7 billion in second quarter operating profits, a 10.4% slide from first quarter levels. This was the fifth consecutive decline in manufacturing profits, as the sector remained mired in a prolonged slump, particularly in the high-tech field. Operating revenue slipped 0.2% from the first quarter and has shown no growth over the first six months of 2001. The June release of the Monthly Survey of Manufacturing confirmed a declining trend in manufacturing shipments over the past several months, as manufacturers have been challenged by lower demand and rising inventory levels.

Electronic and computer manufacturing still in retreat

Manufacturers of computers and electronic products experienced five straight quarterly profit declines since the first quarter of 2000. Operating profits fell from \$0.5 billion in the first quarter of 2001 to a loss of \$0.2 billion in the second quarter, on a 12.5% drop in operating revenue. Global demand for telecommunication equipment, computers and other electronic products remained lacklustre, as manufacturers struggled with rising inventories and production cutbacks.

Low prices and profits for primary metal producers

Four straight declines trimmed quarterly operating profits in the primary metals industry to \$0.2 billion, 42.9% below first quarter levels and a fraction of the \$0.7 billion earned in the second quarter of last year. The steel industry has been hammered by high fuel costs and slow demand, particularly from the automotive sector. Producers have blamed low priced imports for softening steel prices over the past few quarters.

Wood and paper showed little change

Operating profits in the wood and paper manufacturing industry edged down to \$1.3 billion from \$1.4 billion in the first quarter. Operating revenue remained essentially flat at \$17.8 billion. Demand for lumber products remained firm with strong Canadian and U.S. housing activity. However, as reported in the May release of Gross Domestic Product, the expiration of the Canada-U.S. softwood lumber agreement at the end of March has left lumber exporters cautious about the possibility of retroactive countervailing duties. Meanwhile, there has been steady downward pressure on newsprint prices with reduced consumption due to lower advertising lineage.

Stable results for motor vehicles and parts manufacturers

Operating profits in the motor vehicles and parts manufacturing industry were unchanged from the first quarter at \$1.7 billion. Operating revenue totalled \$31.5 billion for the second straight quarter. Upbeat domestic and U.S. automotive demand, fueled by favourable financing rates and manufacturers' incentives, may have halted the downward trend in the automotive sector.

Strong consumer spending boosted retail profits

Retailers enjoyed a buoyant second quarter, as operating profits rose 4.9% to \$2.2 billion. Operating revenue increased 0.9% following a 1.8% gain in the first quarter. Five of the seven retail groups posted increases in revenue and profits. Notably, retailers of motor vehicles and parts saw operating revenue advance 2.7% and profits improve 33.1%.

General merchandise stores accumulated \$0.2 billion in second quarter profits, almost double those earned in the first quarter. Operating revenue remained at \$9.0 billion for the second straight quarter.

Utilities profits strengthened despite lower revenue

Operating profits of utility companies surged 69.9% to \$0.8 billion in the second quarter, despite lower operating revenue. The utilities industry encompasses utilities engaged in the generation and distribution of electric power as well as natural gas distributors. The natural gas component of the industry has been rapidly expanding over the past year. The result has been a more than doubling of quarterly operating revenue since the second quarter of last year and increased volatility in the quarterly results.

Profitability ratios improved (all industry)

The operating profit margin edged up to 8.4% in the second quarter from 8.3% in the first quarter. Nonetheless, margins remained well below the average of 9.5% earned throughout 2000.

The return on equity of corporations rose to 6.3% from 5.8% in the first quarter. This increase was attributable to the financial industries, where profit gains in the funds industry boosted the financial industry return on equity to 3.7% from only 1.7% in the first quarter. The after-tax profits (the numerator in the return on equity calculation) of financial industries more than doubled to \$6.3 billion in the second quarter, led by gains in the funds industry.

The non-financial industries' return on equity fell to 8.2% in the second quarter from 8.9% in the previous quarter.

Financial Statistics for Enterprises

	Second quarter 2000 ^r	First quarter 2001 ^r	Second quarter 2001 ^p	First quarter 2001 to second quarter 2001
Seasonally adjusted				
	\$ billions		% change	
All Industries				
Operating revenue	515.6	535.0	531.9	-0.6
Operating profit	50.4	44.4	44.7	0.6
After-tax profit	31.3	22.9	25.3	10.2
Non-Financial				
Operating revenue	455.3	478.2	474.5	-0.8
Operating profit	35.1	34.5	32.9	-4.7
After-tax profit	20.3	20.0	19.0	-4.9
Financial				
Operating revenue	60.3	56.8	57.4	1.1
Operating profit	15.3	9.9	11.8	18.9
After-tax profit	11.0	2.9	6.3	113.6

^r revised figures

^p preliminary figures

Available on CANSIM: tables 1870001 and 1870002 and matrices 8330-8383.

As of September 17, Daily releases will refer only to CANSIM II table numbers. CANSIM II contains more than 2 million data time series depicting economic and social conditions in Canada. Data are updated on the day that new values for these series are released. Real-time access to CANSIM II is available on Statistics Canada's Web site (www.statcan.ca) from the *Our products and services* page. For more information, contact Louis Boucher (613-951-8906; louis.boucher@statcan.ca).

Quarterly financial statistics for enterprises (61-008-XIE, \$26/\$86) will be available soon.

For data or general information, contact Jeannine D'Angelo (613-951-2604), Client Services Unit. For more information, or to enquire about the concepts, methods or data quality of this release, contact Bill Potter (613-951-2662; potbill@statcan.ca) or Jean-Pierre Simard (613-951-0741; jpsimard@statcan.ca), Industrial Organization and Finance Division. ■

OTHER RELEASES

Household Internet Use Survey 2000

The public-use microdata file for the 2000 Household Internet Use Survey (HIUS) conducted in January 2001 is now available. The survey provides information on the use of the Internet by Canadian households within the 10 provinces. This is the fourth cross-sectional microdata file to be released in the series beginning with the Household Internet Use Survey for 1997.

The Household Internet Use Survey public-use microdata file on CD-ROM (56M0002XCB, \$2,000) is now available. See *How to order products*.

For more information about the survey and related products and services, or to enquire about the concepts, methods or data quality of this release, contact Marc Nadeau (613-951-2183; fax: 613-951-9920; marc.nadeau@statcan.ca), Science, Innovation, Electronic Information Division. ■

Stocks of frozen and chilled meat products August 2001

Total frozen and chilled red meat in cold storage at the opening of the first business day of August amounted to 64 168 metric tonnes, compared with 61 729 tonnes in July and 57 682 tonnes in August 2000.

Available on CANSIM: tables 30005 and 30006 and matrices 87 and 9518-9525.

As of September 17, Daily releases will refer only to CANSIM II table numbers. CANSIM II contains more than 2 million data time series depicting economic and social conditions in Canada. Data are updated on the day that new values for these series are released. Real-time access to CANSIM II is available on Statistics Canada's Web site (www.statcan.ca) from the *Our products and services* page. For more information, contact Louis Boucher (613-951-8906; louis.boucher@statcan.ca).

Stocks of frozen meat products (23-009-XIE, free) is available on Statistics Canada's Web site (www.statcan.ca). From the *Our products and services* page, choose *Free publications*, then *Agriculture*.

For general information, call 1-800-216-2299. For information on the concepts, methods or data quality of this release, contact Barbara McLaughlin

(902-893-7251; barbara.mclaughlin@statcan.ca), Agriculture Division. ■

Canadian Vehicle Survey Annual 2000

The Canadian Vehicle Survey measures the activity of all on-road vehicles registered in Canada except some vehicles such as motorcycles, construction equipment and road maintenance equipment.

Vehicles covered in the survey travelled an estimated 310.5 billion kilometres. Among them, vehicles weighing less than 4 500 kilograms (and not used as a bus) travelled 282.0 billion kilometres, or 91% of the total during the year.

Estimates of total vehicle-kilometres are available by province and territory. Estimates of passenger-kilometres are available by province only.

The publication *The Canadian Vehicle Survey, Annual, 2000* (53-223-XIE, free) is now available on Statistics Canada's Web site (www.statcan.ca). From *Our products and services* page, choose *Free publications*, then *Transport and warehousing*.

To obtain data, contact Jean-Robert Laroque (613-951-2486; laroque@statcan.ca), Transportation Division. For more information, or to enquire about the concepts, methods or data quality of this release, contact Wendy Christoff (613-951-2498; chriwen@statcan.ca). ■

Steel primary forms

Week ending August 25, 2001 (preliminary)

Steel primary forms production for the week ending August 25, 2001 totalled 298 998 metric tonnes, up 2.7% from 291 088 tonnes a week earlier and down 9.7% from 331 118 tonnes a year earlier. The year-to-date total at the end of the reference week was 9 790 042 tonnes, a 12.3 % decrease compared with 11 158 650 for 2000.

To enquire about the concepts, methods, or data quality of this release, contact Dragos Ifrim (613-951-3527; dragos.ifrim@statcan.ca), Manufacturing, Construction and Energy Division. For general information or to order data, contact the Dissemination Officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

Women in Canada: Work chapter updates

The entry of large numbers of women into the paid workforce has been one of the dominant social trends in Canada over the last half century. That is one of the key findings in *Women in Canada 2000* (89-503-XPE), the latest edition of Statistics Canada's seminal series of reports on gender trends in Canada, which was released in October, 2000. This report attempts to complement the Women in Canada series, which is only published every five years, by providing updated information on women's participation in the labour market.

The publication *Women in Canada: Work chapter updates* (89F0133XIE, free) is now available.

This report is an adaption of the section in *Women in Canada 2000* entitled "Paid and Unpaid Work" by Nancy Zukewich. The data in this report were compiled by Marcia Almey. For more information on this report, contact Colin Lindsay (613-951-2603; fax: 613-951-0387; lindcol@statcan.ca), Housing, Family and Social Statistics Division. ■

NEW PRODUCTS

Canadian Vehicle Survey, 2000
Catalogue number 53-223-XIE
(free).

Household Internet Use Survey, 2000
Catalogue number 56M0002XCB (\$2000).

Women in Canada: Work chapter updates,
August 2001
Catalogue number 89F0133XIE
(free).

Stocks of frozen meat products, August 2001
Catalogue number 23-009-XIE
(free).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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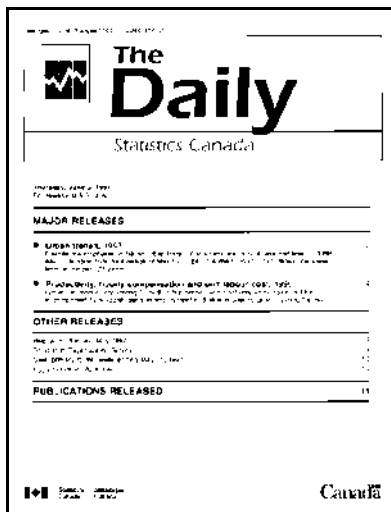
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Editor: Tom Vradenburg (613-951-1103, tom.vradenburg@statcan.ca)
Head of Official Release: Madeleine Simard (613-951-1088), madeleine.simard@statcan.ca

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