



The Daily

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NEW PRODUCTS



MAJOR RELEASES

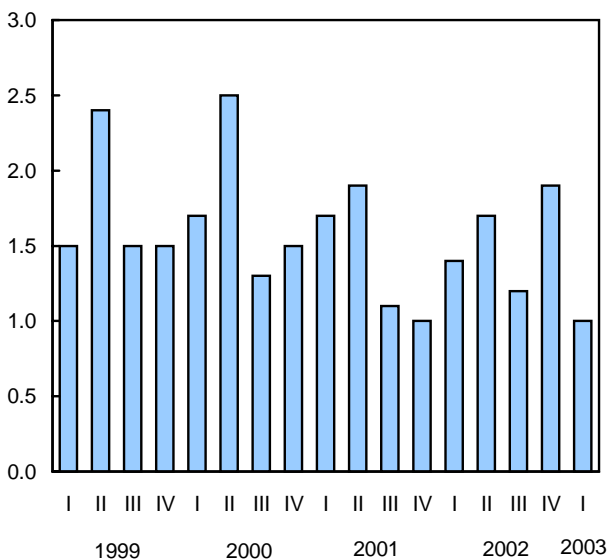
National balance sheet accounts

First quarter 2003

National net worth advanced 1.0% (seasonally adjusted) in the first quarter, compared with a 1.9% gain in the previous quarter. The slower growth in the first quarter was driven by a significant increase in the net foreign liability — what Canadians owe to non-residents less what non-residents owe to Canadians — which offset the increase in national wealth. The rise in net foreign debt was related to the appreciation of the Canadian dollar, which had a larger impact on Canada's foreign currency-denominated assets than on foreign currency-denominated liabilities. In the fourth quarter, strong growth in national net worth was also related to net foreign debt, which had declined sharply.

National net worth

% change



National net worth reached \$3.8 trillion or \$120,900 per capita by the end of the first quarter. Per capita worth was up 0.6% from the fourth quarter and 5.1% from the first quarter of 2002.

Advance in national wealth reflected strength in the housing market

National wealth (non-financial assets such as houses, automobiles, land, as well as business

Note to readers

The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. **National wealth** is the sum of non-financial assets — produced assets, land surrounding structures and agricultural land — in all sectors of the economy. **National net worth** is wealth less Canada's net international investment position (net foreign liability, or what is owed to non-residents less what non-residents owe to Canadians); alternatively, it is the sum of the net worth of persons, corporations and governments.

This release marks the launch of the quarterly national balance sheet accounts. Quarterly series run from the first quarter of 1990. At this point, only national net worth estimates are available on a seasonally adjusted basis. However additional seasonally adjusted data will be provided over the course of the year. Data used in the text are unadjusted for seasonal variation unless otherwise specified.

Revisions in this release cover the period from 1990 to 2002, but there are a few exceptions. Historical revisions cover capital stocks and land surrounding non-residential structures, resulting largely from the use of rebased price indices in the calculations as well as improved sectoring of these assets for the government sectors.

Data for Canadian foreign investment in marketable securities (foreign investment) for certain institutional investors' sectors, in particular in recent years, may differ from those reported in other Statistics Canada surveys. This difference is related to the increased gap between the book value of Canadian asset-holders marketable foreign equity securities at acquisition cost on the one hand, and the underlying book values of the foreign firms whose shares are being held and traded on the other. This situation will persist for the next few quarters, as the national balance sheet accounts will continue to follow the international investment position concept for valuation of Canadian foreign investment in equity securities. However, this issue will be resolved as both accounts move to a common market valuation for tradable securities in the first quarter of 2004.

A measure of national wealth that includes selected natural resources is also available (CANSIM table 378-0005).

The Canadian economic accounts quarterly review (13-010-XIE, free) now includes the national balance sheet accounts and the international investment position.

inventories and fixed capital) stood at \$4.0 trillion at the end of the first quarter, advancing at a somewhat faster pace (+1.5%) than in the fourth quarter. Growth arose principally from gains in the value of residential real estate, reflecting strong investment in new housing construction and the impact of substantial demand in the resale market. Strong non-farm inventory accumulation in the first quarter also contributed to growth in national wealth. The stock of consumer durable goods grew

at a much slower pace, in line with the decline in expenditures on certain big-ticket items in the quarter, in particular automobiles.

Debt growth dampened by stronger Canadian currency

Total credit market debt (short-term paper, loans, mortgages and bonds) was unchanged from the previous quarter. This was the result of typical lower seasonal demand for funds in the first quarter, but also of the impact of an appreciating Canadian dollar. Debt growth was constrained by lower values of liabilities denominated in foreign currencies in the corporate and government sectors.

Corporate balance sheets strengthened further

Significantly higher undistributed earnings, coupled with lower capital spending, pushed the corporate sector into a further huge surplus position in the first quarter, following 12 unprecedented quarters of surplus. This allowed firms to continue to restructure their balance sheets.

Among non-financial private corporations, the debt-to-equity ratio declined sharply for a fourth consecutive quarter, extending its long-term slide. Strong profits combined with a modest demand for funds and the reduction of foreign currency-denominated debt accounted for the decline in leverage in the first quarter. In addition, the ratio of short-term debt to long-term debt also declined further, as businesses took advantage of the low interest rates that prevailed over most of the quarter and continued to replace loan liabilities with bonds.

Household net worth advanced again

Household net worth advanced, but at a slower pace than in the fourth quarter. Net worth was led by gains in the value of household non-financial assets, in particular residential real estate in the first quarter. This was a continuation of the trend set in 2002, and reflected the boom in the housing market.

The housing boom also affected the demand for funds in the personal sector. The ratio of consumer

credit and mortgage debt to personal disposable income rose to a new high of 99.0% (seasonally adjusted).

Household financial asset growth was constrained by declines in pension and mutual fund assets, reflecting in part the decline in value of foreign currency-denominated assets of these institutional investors.

Government net debt edged up, but continued to decline relative to gross domestic product

Government net debt edged up in the quarter, reflecting the substantial narrowing of the combined surplus of the government sector, as well as other changes in assets and liabilities. Nevertheless, government sector net debt fell further relative to gross domestic product (seasonally adjusted), making for the fifth consecutive quarter of decline in this ratio. With the exception of two quarters of increases, this ratio has been on a steady decline since the second quarter of 1996.

Available on CANSIM: tables 378-0003 to 378-0007.

Definitions, data sources and methods: survey number 1806.

The first quarter 2003 issue of *National balance sheet accounts, quarterly estimates* (13-214-XIE, \$21/\$45) is now available. See *How to order products*.

At 8:30 a.m. on release day, the complete national balance sheet accounts can be obtained on computer diskette. The diskettes (13-214-DDB, \$300/\$1200) can also be purchased at a lower cost seven business days after the official release date (13-214-XDB, \$60/\$240). To purchase any of these products, contact Client Services (613-951-3810; iead-info-dcrd@statcan.ca), Income and Expenditure Accounts Division.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the information officer (613-951-3640), Income and Expenditure Accounts Division.

□

National balance sheet accounts¹

	Fourth quarter 2001	First quarter 2002	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	2001	2002
National net worth	Unadjusted							
National wealth	3,747	3,814	3,880	3,921	3,968	4,026	3,747	3,968
...	...	...	...	...	...	...	5.3	5.9
- Net foreign debt	-189	-212	-215	-204	-184	-210	-189	-184
...
= National net worth	3,558	3,602	3,665	3,717	3,784	3,816	3,558	3,784
...	...	...	...	...	...	...	5.9	6.4
National net worth per capita (dollars)	113,900	115,000	116,700	118,100	120,100	120,900	113,900	120,100
...	...	...	...	...	...	...	4.8	5.4
Net worth	Seasonally adjusted							
Personal sector	3,379	3,408	3,492	3,496	3,560	3,602	3,379	3,560
...	1.1	0.9	2.5	0.1	1.8	1.2	...	...
+ Corporate sector	408	430	400	429	431	428	408	431
...	1.5	5.4	-7.0	7.3	0.5	-0.7	...	...
+ Government sector	-229	-229	-222	-211	-207	-207	-229	-207
...
= National net worth	3,558	3,609	3,670	3,713	3,784	3,822	3,558	3,784
...	1.0	1.4	1.7	1.2	1.9	1.0	...	...

¹ The first line is the series itself expressed in billions of dollars. The second line is the period-to-period percentage change.
 ... Not applicable.



Annual wholesale trade

2001

Wholesale operating profits and gross margins fell in 2001, as the sector struggled with a generally weak economic environment both at home and abroad. Total operating revenues, which had been growing at near double-digit rates over the previous two years, edged up 1.6% to \$478.3 billion dollars.

After enjoying several years of robust growth, the Canadian economy cooled off in 2001. Gross domestic product rose 1.9%, its smallest gain since 1992. Lower business investment, falling corporate profits and weaker consumer spending all contributed to the slowdown. Wholesalers also had to contend with the weakening of their major external market, as the US economy was buffeted by the events of September 11, 2001.

Faced with lacklustre demand in Canada and abroad, wholesalers cut back on hiring. According to the Survey of Employment, Payroll and Hours, the sector shed 25,600 jobs in 2001, a 3.5% decrease. Wholesale employment's share of total Canadian employment fell from 5.8% in 2000 to 5.5% in 2001.

Operating profits slide, but bright spots remain

Operating profits across all trade groups slid 6.4% in 2001 to \$24.6 billion dollars.

Wholesalers of computers and electronic products bore the brunt of the downturn, as operating profits tumbled 29.7% to \$2.2 billion dollars in the wake of the high-tech collapse, reversing the gains made in 2000. Total operating revenues for the sector dropped 7.5% to \$31.1 billion dollars.

Some of the other sectors recording major declines in operating profits were farm products (-20.6%), motor vehicle parts and accessories (-20.5%) and building supplies (-18.0%).

On a more positive note, wholesalers of pharmaceutical products continued to flourish, as operating profits rose 21.6% on the back of a 16.2% increase in total operating revenue. This was the third year in a row that operating revenues in this sector have increased.

The food products sector also enjoyed another good year, as operating profits increased 11.3% to \$3.1 billion. Total operating revenues for the year increased 8.0%, similar to the 7.5% gain recorded in 2000.

Wholesalers of apparel recovered from a poor 2000 to record a 17.3% increase in operating profits. Total operating revenues recovered from their negative growth in 2000 to record a 10.6% increase.

Note to readers

The information in this report is based on the North American Industry Classification System (NAICS). The results may differ from those published elsewhere under the 1980 Standard Industrial Classification (SIC). NAICS excludes from the wholesale sector establishments that were classified in wholesale trade under the 1980 SIC, such as building material dealers, computer and software stores, and office supply and stationery stores. Under NAICS, these are moved to the retail sector.

Gross margin is obtained by subtracting cost of goods sold from total operating revenues. The ratio is expressed as a percentage of total operating revenues.

Operating profit is obtained by subtracting total operating expenses plus the cost of goods sold (opening inventory plus purchases and direct costs minus closing inventory) from total operating revenues. The ratio is expressed as a percentage of total operating revenues.

Gross margins down for the second year straight

Among all trade groups, gross margins as a percentage of total operating revenue declined from 19.6% in 2000 to 19.0% in 2001. This marked the second year in a row that gross margins fell, after holding relatively steady for the two previous years.

Once again the biggest drop came in the computer and electronics sector, where margins fell from 28.2% in 2000 to 24.3% in 2001. Other trade groups with appreciable drops included household and personal goods, office and professional equipment, farm products, and machinery and equipment.

Revenues in most trade groups up

Notwithstanding the weak economic environment, 13 of the 17 wholesale trade groups reported an increase in total operating revenues in 2001. In addition to wholesalers of pharmaceuticals, food products and apparel, sectors with significant revenue growth included office and professional equipment (+9.5%), alcohol and tobacco products (+7.3%) and machinery and equipment (+5.3%).

In addition to the computer and electronics sector, wholesalers of petroleum products (-7.4%), motor vehicles (-2.0%) and metal products (-1.1%) all posted declines in their total operating revenues.

Lower crude oil prices were the main reason for the decline in the petroleum sector, as prices dropped 11.6%. This was in contrast to 2000, when wholesalers in this sector recorded a 32.1% increase in total operating revenues on the back of a 62.2% rise in crude oil prices.

Wholesalers of motor vehicles were, in turn, hit by sluggish domestic sales, as well as falling exports to the

United States. According to the Survey of New Motor Vehicles Sales, total sales of new motor vehicles edged up 0.7% in 2001. Manufacturing shipments were also weak, as many auto assemblers idled capacity to reduce bloated inventories.

Total operating revenue by trade group

Four of the 17 wholesale trade groups accounted for close to 50% of total operating revenues and 33% of gross margins in 2001.

Food overtook motor vehicles to become the largest wholesale sector in 2001 with a 13.9% share of total operating revenues, slightly ahead of the latter's 13.5%. The two other sectors with significant shares were petroleum products (11.0%) and other products (9.8%).

Provincial dimension

Operating revenues advanced in 10 of the 13 provinces and territories in 2001.

The strongest growth came in the north, where combined total operating revenues for Yukon, the Northwest Territories and Nunavut rose 12.3% to \$412.9 million. Saskatchewan, Prince Edward Island, Quebec, New Brunswick and Ontario were the other provinces that recorded increases above the

national average of 1.6%. The biggest decline came in Alberta (-2.0%) where the decline in the petroleum sector was a major contributing factor.

The provincial distribution of wholesalers' operating revenue changed little in 2001, with three provinces accounting for almost 80% of both total operating revenues and gross margins. Ontario's wholesalers continued to account for the lion's share of operating revenues with 43.5%, followed by those in Quebec with 19.7% and Alberta with 16.0%. Although down from the previous year's 16.6%, Alberta's share of overall revenues has been generally rising in recent years.

Definitions, data sources and methods: survey number 2445.

Information on methods and data quality available in the Integrated Meta Data Base: survey numbers, including related surveys, 2447

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; wholesaleinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Catherine Mamay (613-951-9683; catherine.mamay@statcan.ca), Distributive Trades Division.

Wholesale trade by trade group

	Operating revenues 2001	Operating profit 2001	Gross margin 2001	Operating revenues 2000 to 2001	Operating profits 2000 to 2001
	\$ millions			% change	
Total	478,269.5	24,555.7	90,703.6	1.6	-6.4
Farm products	23,532.2	834.5	2,445.3	1.9	-20.6
Petroleum products	52,528.3	1,592.4	3,506.8	-7.4	-0.9
Food products	66,465.1	3,051.0	10,861.4	8.0	11.3
Alcohol and tobacco	7,976.5	952.0	1,710.1	7.3	8.0
Apparel	8,073.9	611.5	2,436.2	10.6	17.3
Household and personal products	24,452.5	1,715.5	6,947.3	4.6	-3.5
Pharmaceutical	17,299.9	614.0	3,516.2	16.2	21.6
Motor vehicles	64,459.9	1,248.3	4,995.1	-2.0	-2.2
Motor vehicle parts and accessories	19,933.8	1,129.6	4,491.1	2.2	-20.5
Building supplies	33,851.3	1,591.6	8,530.5	0.1	-18.0
Metal products	11,058.9	329.1	2,062.5	-1.1	-7.9
Lumber and millwork	12,300.5	1,667.6	2,740.4	0.7	4.9
Machinery and equipment	36,946.3	2,118.4	9,194.5	5.3	-14.8
Computers and other electronics	31,143.5	2,212.3	7,570.5	-7.5	-29.7
Office and professional equipment	17,168.4	1,270.4	5,202.1	9.5	-3.4
Other products	46,748.9	2,474.4	10,901.6	3.5	-0.7
Agents and brokers	4,329.6	1,142.9	3,591.9	4.7	0.8

NEW PRODUCTS

National balance sheet accounts, quarterly estimates, first quarter 2003
Catalogue number **13-214-XIE** (\$21/\$45).

National balance sheet accounts, quarterly estimates, first quarter 2003
Catalogue number **13-214-DDB** (\$300/\$1,200).

National balance sheet accounts, quarterly estimates, first quarter 2003
Catalogue number **13-214-XDB** (\$60/\$240).

Retail trade, April 2003, Vol. 75, no. 4
Catalogue number **63-005-XIB** (\$16/\$155).

2001 Census results teacher's kit, Lesson 12
Catalogue number **92F0192XIE**
(free).

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

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Statistics Canada

Thursday, June 5, 1997
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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 1996, each Canadian rode an average of about 40 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was initially weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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