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## Releases

Quarterly financial statistics for enterprises, fourth quarter 2005 and annual 20052Operating profits for Canadian corporations rose for the fourth consecutive year to another recordhigh in 2005, fuelled by a big gain in the booming oil and gas industry.International travel account, fourth quarter 2005 and annual 2005 ..... 6Higher spending abroad pushed Canada's international travel deficit to a 12-year high in 2005, asspending in the United States and overseas reached record levels.
Natural gas sales, December 2005 and annual 2005 ..... 8
Steel primary forms, weekly data, week ending February 18, 2006 ..... 8
Aircraft movement statistics: Major airports, December 2005 ..... 8
Computer and peripherals price indexes, December 2005 ..... 9
New products ..... 10
Release dates: February 27 to March 3 ..... 11

## Releases

## Quarterly financial statistics for enterprises <br> Fourth quarter 2005 and annual 2005 (preliminary)

Canadian corporations earned record high operating profits of $\$ 217.0$ billion in 2005, fuelled by a large increase in the oil and gas industry. Profits climbed $12.1 \%$ from the previous high in 2004 and have now risen for four consecutive years. However, the most recent rate of growth was down from the $20.3 \%$ annual increase in 2004.

## Another record year for profits



Of the 22 industry groups, 16 increased their profits this year, most notably the oil and gas industry where fuel prices rocketed to all-time highs. Steady employment growth and healthy consumer spending bolstered the retail sector, while profits of depository credit intermediaries (mainly chartered banks) continued to shine.

On the other hand, manufacturers suffered from the strong Canadian dollar's impact on export sales and rising input costs, their profits declining $6.9 \%$ in 2005. Employment in the manufacturing sector also declined as companies endeavoured to trim costs.

Operating profits increased to $\$ 57.5$ billion in the fourth quarter, up $4.4 \%$ from the third quarter.

## Note to readers

These quarterly financial statistics cover the activities of all corporations in Canada, except those that are government controlled or not-for-profit.

Operating profits represent the profits earned from normal business activities, excluding interest expense on borrowing and valuation adjustments. For non-financial industries, operating profits exclude interest and dividend revenue, and capital gains/losses. For financial industries, interest and dividend revenue, capital gains/losses and interest paid on deposits are included in the calculation of operating profits.

After-tax profits represent the bottom-line profits earned by corporations.

Quarterly profits have risen for five consecutive quarters, establishing record highs each quarter. Operating profits in the financial sector were up $8.5 \%$, as chartered bank profits reached all-time high levels. The non-financial sector turned in a more modest $3.2 \%$ profit growth, led by gains in retail, transportation and some manufacturing industries. However, these gains were tempered by lower profits for oil and gas companies, as crude oil prices eased in the fourth quarter.


## Soaring commodity prices boost oil and gas and mining profits in 2005

The year 2005 saw a spectacular rise in the price of crude oil and natural gas. Crude oil prices soared to over US $\$ 70$ per barrel in the late summer amid concerns over supply. Natural gas prices were jolted by the hurricanes that devastated the US Gulf Coast's production capabilities. Oil and gas extraction companies benefited from these lofty prices, their annual operating profits rising to $\$ 31.3$ billion in 2005, up $46.5 \%$ from 2004. The oil and gas industry alone accounted for half of the overall profit gain in the non-financial industries in 2005.

Metal mining companies also benefited from rising commodity prices in 2005; these were boosted by thriving North American and Asian demand for metals. In 2005, operating profits increased to $\$ 7.0$ billion, from $\$ 4.2$ billion in 2004. Before metal prices began to soar two years ago, annual operating profits had hovered around $\$ 1.6$ billion for three consecutive years.

## Challenging year for manufacturers

Manufacturing companies earned $\$ 42.0$ billion in operating profits in 2005, down $6.9 \%$ from 2004. Of the 13 manufacturing industries, 10 lost ground, with petroleum and coal producers reporting the only substantial gain. The strong Canadian dollar trimmed revenues for exporters of goods priced in US dollars. High fuel costs and an unstable demand further undermined manufacturing profits. The December release of the Monthly Survey of Manufacturing revealed that the upward trend for shipments persevered in 2005, but that the rate of growth was much slower than in the previous year.

Wood and paper manufacturers earned $\$ 4.1$ billion in operating profits in 2005, down from $\$ 6.5$ billion in 2004. Softening newsprint demand, high energy costs and the strong Canadian dollar all contributed to weakness in the paper sector. Newsprint consumption has been declining steadily in recent years due to the increased popularity of electronic media. Wood producers benefited from strong domestic construction demand, however, as the value of issued building permits reached record high levels in 2005. Lumber exports picked up in the latter months of the year, partly due to US rebuilding efforts in the aftermath of the hurricanes on the Gulf Coast. However, the average wood product price reaped by manufacturers was significantly down in 2005, compared to the previous year.

Motor vehicle and parts manufacturers earned $\$ 1.8$ billion in 2005, down 37.6\% from 2004. Operating revenues dropped 6.5\%, curtailed by lower
exports of passenger automobiles, despite some strength in the fourth quarter. The industry was extremely volatile throughout the year, affected by rising fuel prices, intense foreign competition and inconsistent consumer demand.

Petroleum and coal manufacturers' operating profits surged to $\$ 11.7$ billion in 2005, from $\$ 9.2$ billion in 2004. Record high crude and refined oil prices drove earnings to unprecedented levels for many companies. Refining margins surged, particularly in the autumn after the hurricanes battered the US Gulf Coast and commodity prices escalated.

Primary metal producers saw profits drop 17.4\% to $\$ 2.0$ billion in 2005, the result of higher energy costs and softening steel prices.

## Retail and wholesale both up in 2005

Consumers increased their spending in 2005, causing a $4.8 \%$ rise in operating revenues and a $16.4 \%$ jump in operating profits for all retailers. Employment gains and consumer confidence in the economy encouraged consumers to loosen their purse-strings.

Clothing and department stores earned $9.7 \%$ more in profits, as operating revenue advanced $4.4 \%$. Profits of motor vehicles and parts dealers rose $12.1 \%$. The December issue of New Motor Vehicle Sales indicated that the number of new vehicles sold in 2005 increased for the first time in three years, thanks to high profile incentive and rebate programs.

Wholesalers reported a $6.9 \%$ rise in annual operating profits, with wholesalers of food, beverages and tobacco showing the biggest gain ( $+27.0 \%$ ).

## Other non-financial industries

Transportation and warehousing company profits climbed to $\$ 11.2$ billion in 2005, from $\$ 7.7$ billion in 2004. Profits in the information and cultural industry increased $21.5 \%$ to $\$ 10.3$ billion. This substantial increase, however, can be explained by unusually low 2004 profits in the telecommunications sector arising from restructuring charges.

## Banks propel financial sector profits to record levels

The depository credit intermediaries posted operating profits of $\$ 23.2$ billion in 2005, up $10.4 \%$ from 2004. Chartered banks reported higher net interest income and increased gains related to securities held for trading.

Insurance carriers' operating profits rose 8.4\% to $\$ 12.9$ billion in 2005, while non-depository credit intermediaries reported a $10.1 \%$ annual profit rise to $\$ 7.7$ billion.

## Quarterly profits continue to rise

Corporations earned $\$ 57.5$ billion in the fourth quarter of 2005 , up $4.4 \%$ from the third quarter. Profits have risen in all but 2 of the past 16 quarters, nearly doubling over that period. Financial industries' operating profits swelled $8.5 \%$ to $\$ 14.1$ billion in the fourth quarter, while the non-financial industries reported profits of $\$ 43.4$ billion ( $+3.2 \%$ ).

Crude oil prices retreated from their third quarter record highs, pulling down fourth quarter operating profits in the oil and gas industry to $\$ 8.3$ billion ( $-5.5 \%$ ). The price decline was attributed to increased supplies, as normal oil and gas production resumed in the US Gulf Coast following the late summer hurricanes.

The manufacturing sector gained ground in the fourth quarter, their operating profits rising $5.1 \%$ to $\$ 10.6$ billion. Despite the improvement, profits remained well below the recent high of $\$ 12.5$ billion earned in the second quarter of 2004. Manufacturers of wood and paper ( $+23.9 \%$ ), computers and electronics ( $+34.2 \%$ ) and petroleum and coal ( $+25.2 \%$ ) all contributed to the fourth quarter increase. However, Manufacturers of motor vehicles and parts lost ground, as their profits lessened by more than two-thirds.

Retailers reported a $5.7 \%$ rise in fourth quarter operating profits, with retailers of clothing and department stores showing the biggest gain ( $+17.6 \%$ ). Wholesalers' operating profits edged up $3.2 \%$ in the same quarter.

In the financial sector, the depository credit intermediaries' operating profits were up sharply, rising $20.8 \%$ to $\$ 6.4$ billion. Higher dividend income, foreign exchange and trading gains, and lower provisions for litigation costs contributed to the fourth quarter improvement.

## Profitability ratios

The operating profit margin increased for a fourth consecutive year in 2005, expanding to $8.2 \%$, from $7.7 \%$ in 2004. The return on average shareholders' equity also improved, reaching $11.0 \%$ in 2005, compared to $10.6 \%$ in 2004. The return on equity has almost doubled since falling to $5.7 \%$ in 2002.

The operating profit margin edged up to $8.5 \%$ in the fourth quarter, from $8.3 \%$ in the third quarter. Similarly, the return on shareholders' equity showed a slight increase to $11.6 \%$, compared to $11.4 \%$ in the previous quarter.

## Available on CANSIM: tables 187-0001 and 187-0002.

Definitions, data sources and methods: survey number 2501.

The fourth quarter 2005 issue of the Quarterly Financial Statistics for Enterprises ( $61-008-X I E, \$ 28 / \$ 93$ ) will be available soon.

Financial statistics for enterprises for the first quarter of 2006 will be released on May 25.

For more information or to order data, contact Louise Noel at Client Services (1-888-811-6235; 613-951-2604; louise.noel@statcan.ca). To enquire about the concepts, methods, or data quality of this release, contact Bill Potter (613-951-2662; bill.potter@statcan.ca), Danielle Lafontaine-Sorgo (613-951-2634; danielle.lafontaine-sorgo @statcan.ca), or Haig McCarrell (613-951-5948; haig.mccarrell@statcan.ca), Industrial Organization and Finance Division.

The Daily, February 24, 2006

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| :--- | ---: | ---: | ---: | ---: | ---: | ---: |
| Quarterly financial statistics for enterprises |  |  |  |  |  |  |

$r$ Revised.
$p$ Preliminary.

## International travel account

Fourth quarter 2005 and annual 2005 (Preliminary)
Higher spending abroad pushed Canada's international travel deficit to a 12-year high in 2005, as Canadian spending in the United States and overseas reached record levels.

The deficit (the difference between spending by Canadians abroad and spending by foreigners in Canada) totalled an estimated $\$ 5.5$ billion in 2005, up $\$ 1.3$ billion from the previous year. The annual deficit was the fourth largest ever, with higher deficits in only 1991, 1992 and 1993.


The increase in the deficit was fuelled mostly by record spending abroad, which reached $\$ 21.9$ billion in 2005, up $5.3 \%$ from the previous year.

Despite a $1.3 \%$ drop, foreign spending in Canada hit $\$ 16.5$ billion, its third highest level ever. Prior to 2005, foreign spending in Canada had increased in every year since 1987, except for the SARS-induced decline in 2003.

## Travel deficit with the US highest since 1997

Canada's travel deficit with the United States reached $\$ 3.2$ billion in 2005, an eight-year high. The $\$ 1.4$-billion increase in the deficit was the third largest ever, 1990 and 1991 alone registering bigger gains. The soaring deficits had then been caused by

## Note to readers

This international travel account analysis is based on preliminary quarterly data, seasonally adjusted unless otherwise stated. Amounts are in Canadian dollars and are not adjusted for inflation.

Receipts represent spending by foreigners travelling in Canada, including education spending and medical spending. Payments represent spending by Canadian residents travelling abroad, including education spending and medical spending.

Overseas countries are those other than the United States.
higher spending in the US. In 2005, lower spending by American residents in Canada and increased spending by Canadian residents in the US were contributing factors.

Spending in the US topped the $\$ 12$-billion mark for the first time, reaching $\$ 12.3$ billion. The $\$ 615$-million increase over 2004 was fuelled by a $7.3 \%$ jump in overnight travel to the US. Canadians took almost 14.9 million overnight trips to the US in 2005, the highest level in eight years.

Meanwhile, American spending in Canada fell to $\$ 9.1$ billion, down $7.9 \%$ from 2004. A $4.6 \%$ decrease in overnight trips to Canada contributed to the drop, as only 14.4 million Americans took overnight trips to Canada.

The Canadian dollar averaged $0.83 \$$ US in 2005, up $7.4 \%$ from the previous year and the highest level since 1992.

## Travel deficit with overseas countries drops for first time since 2000

In 2005, Canada's travel deficit with overseas countries improved for the first time in five years, reaching $\$ 2.3$ billion. Although both reached record levels, the increase in spending by visitors from overseas countries in Canada outpaced the growth in spending by Canadian residents travelling overseas, causing the deficit to decline by $\$ 71$ million.

Canadians spent an estimated $\$ 9.7$ billion in overseas countries in 2005, up $5.3 \%$ from the previous year. The increase in spending was fuelled by a record high of 6.2 million overnight trips overseas, up $8.7 \%$ from 2004. Canadian spending overseas has increased each year since 1991.

Spending by overseas travellers in Canada climbed to $\$ 7.4$ billion in 2005 , an $8.1 \%$ increase from the previous year. The increase in spending was in line with a $7.9 \%$ increase in overnight travel from overseas countries, which reached 4.4 million trips, the third highest level on record.

The Canadian dollar gained in value against other major international currencies in 2005, including the euro, the British pound and the Japanese yen.

## Fourth quarter: Travel deficit lowest in a year

On a quarterly basis, the international travel deficit dropped to $\$ 1.3$ billion in the last three months of 2005, its lowest level in a year.

Overall, spending by Canadians abroad slipped to $\$ 5.4$ billion, edging down $0.8 \%$ from the third quarter. Meanwhile, foreign spending in Canada climbed to $\$ 4.1$ billion, its highest level since the first quarter of 2005. Foreign spending on travel in Canada has increased in 8 of the last 10 quarters.

The overall travel deficit fell as a result of a \$114-million drop in the deficit with the United States, which reached $\$ 737$ million in the fourth quarter. A combination of lower spending in the US and increased spending by Americans in Canada trimmed the deficit.

Canadian spending in the US slipped 1.2\% to $\$ 3.0$ billion in the fourth quarter, compared to the third quarter. A $1.1 \%$ drop in overnight travel, which reached 3.7 million trips, contributed to the decline.

Meanwhile, spending by Americans in Canada rose $3.5 \%$ to almost $\$ 2.3$, as overnight travel from the US increased $2.5 \%$ to 3.5 million overnight trips.

However, Canada's travel deficit with overseas countries increased slightly to $\$ 531$ million, as the decline in overseas travellers' spending in Canada outpaced the drop in Canadian spending overseas.

Canadian spending in overseas countries declined $0.3 \%$ to $\$ 2.4$ billion, as overnight travel remained stable at 1.5 million trips. Spending by overseas visitors in Canada declined to $\$ 1.9$ billion, down $0.7 \%$ from the third quarter. Overnight travel from overseas countries also remained unchanged at 1.1 million trips.

The Canadian dollar gained in value against most major international currencies in the fourth quarter of 2005, including the US dollar, the euro, the British pound and the Japanese yen.

The international travel account for the first quarter of 2006 will be released on May 29.

Definitions, data sources and methods: survey numbers, including related surveys, 3152 and 5005.

For more information, or to inquire about the concepts, methods and data quality of this release, contact Eric Desjardins (613-951-1781; eric.desjardins@statcan.ca) or Client services, Culture, Tourism and the Centre for Education Statistics (1-800-307-3382; 613-951-7608; fax: 613-951-2909; cult.tourstats@statcan.ca).

International travel account receipts and payments


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## Natural gas sales

December 2005 and annual 2005 (preliminary)
Volume sales of natural gas fell for the second consecutive year in 2005, with sales declining in all three main sectors for the first time since 2001.

Preliminary estimates for the last year show an overall decrease of $2.6 \%$ from 2004, twice the rate of decline of $1.2 \%$ reported the previous year. Companies sold just over 70.2 billion cubic metres of natural gas in 2005, compared to about 72.1 billion cubic metres the year before.

Overall higher temperatures in most regions of the country were partially responsible for a $0.4 \%$ decline in the residential sector, and a $1.2 \%$ drop in the commercial sector. In addition, use of natural gas by the industrial sector, including direct sales, fell $3.9 \%$ in 2005.

## Natural gas sales

|  | $\begin{array}{r} \hline \text { December } \\ 2005^{p} \end{array}$ | $\begin{array}{r} \hline \text { December } \\ 2004 \end{array}$ | December 2004 to December 2005 |
| :---: | :---: | :---: | :---: |
|  | thousands of cubic metres |  | \% change |
| Natural gas sales | 7893947 | 8247780 | -4.3 |
| Residential | 2507727 | 2423663 | 3.5 |
| Commercial | 1764600 | 1730477 | 2.0 |
| Industrial | 1731762 | 1921018 |  |
| Direct | 1889859 | 2172622 |  |
|  | year-to-date |  |  |
|  | $2005^{\text {p }}$ | 2004 | 2004 to 2005 |
|  | thousands of cubic metres |  | \% change |
| Natural gas sales | 70204662 | 72070490 | -2.6 |
| Residential | 17109104 | 17185612 | -0.4 |
| Commercial | 12607677 | 12764470 | -1.2 |
| Industrial | 19008532 | 19580425 |  |
| Direct | 21479350 | 22539983 |  |

## p Preliminary.

On a monthly basis, natural gas sales totalled 7894 million cubic metres in December 2005, down 4.3\% from December 2004

However, volume sales in the residential sector were up 3.5\% in December, while they increased 2.0\% in the commercial sector. This was partly due to lower temperatures in Ontario and British Columbia.

These gains were completely offset by an $11.5 \%$ drop in the industrial sector (including direct sales).

Definitions, data sources and methods: survey number 2149.

For more information, or to order data, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division

## Steel primary forms, weekly data

Week ending February 18, 2006 (preliminary)
Steel primary forms production for the week ending February 18 totaled 295837 metric tonnes, down 1.9\% from 301634 tonnes a week earlier and down 10.3\% from 329785 tonnes in the same week of 2005.

The year-to-date total as of February 18 was 2039714 tonnes, a $7.9 \%$ drop from 2213883 tonnes in the same period of 2005.

Definitions, data sources and methods: survey number 2131.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division.

## Aircraft movement statistics: Major airports <br> December 2005

The December 2005 monthly report, Vol. 1 (TP141, free) is available on Transport Canada's website at the following URL: (http://www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm).

Note: The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (i.e., those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (i.e., those without air traffic control towers). Both volumes are available free upon release on Transport Canada's website.

## Definitions, data sources and methods: survey number 2715.

For more information about this website, contact Michel Villeneuve at (613) 990-3825; ( villenm@tc.gc.ca).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson at (613) 951-0141; fax: (613) 951-0010; (aviationstatistics@statcan.ca) Transportation Division.

## Computer and peripherals price indexes

 December 2005The computer and peripherals price indexes (CPPI, 2001=100) are now available for December.

The index for commercial computers declined $1.0 \%$ from November to 38.0. The index for consumer computers fell $2.8 \%$ to 21.0 .

In the case of computer peripherals, monitor prices declined $1.4 \%$ to 65.6 and printer prices remained unchanged from November at 54.5.

These indexes are available at the Canada level only.
Available on CANSIM: tables 331-0001 and 331-0002.
Definitions, data sources and methods: survey number 5032.

For more information on these indexes, contact Client Services (1-866-230-2248; 613-951-9606; infounit@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Fred Barzyk (613-951-2493; fred.barzyk@statcan.ca), Prices Division.

## New products

Fruit and vegetable production, February 2006, Vol. 74, no. 02
Catalogue number 22-003-XIB (\$25/\$50).

Cereals and oilseeds review, December 2005, Vol. 28, no. 12
Catalogue number 22-007-XIB (\$12/\$120).

Financial and taxation statistics for enterprises, 2004
Catalogue number 61-219-XIE (\$49).

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

Catalogue numbers with an -XWE, -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette; -XCB or -XCE are electronic versions on compact disc and -XBB or -XBE a database.

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## Release dates: February 27 to March 3

(Release dates are subject to change.)

| Release <br> date | Title | Reference period |
| :--- | :--- | :--- |
| 27 | Farm cash receipts | Fourth quarter 2005 |
| 27 | Balance of international payments | Fourth quarter 2005 |
| 27 | Payroll employment, earnings and hours | December 2005 |
| 28 | Gross domestic product by industry | December 2005 |
| 28 | National economic and financial accounts | Fourth quarter 2005 |
| 1 | Industrial product and raw materials price indexes | January 2006 |
| 1 | Study: Immigrants who leave Canada | 1980 to 2000 |


[^0]:    Revised.
    $p$ Preliminary.

    1. Data may not add to totals due to rounding.
