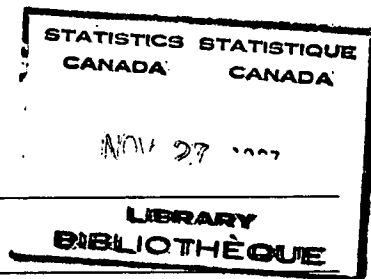


# The Daily

## Statistics Canada

Friday, November 27, 1987



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### Major Releases

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#### Industrial Corporations: Financial Statistics, Third Quarter 1987

2

- Seasonally adjusted operating profits increased 4.9%, compared to 11% average gains for the previous three quarters.

#### Net Farm Income, 1986 (Revised)

5

- Realized net farm income rose 27% from 1985 to \$4.9 billion.

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### Publications Released

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8

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### Major Release Dates, November 30-December 4

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9



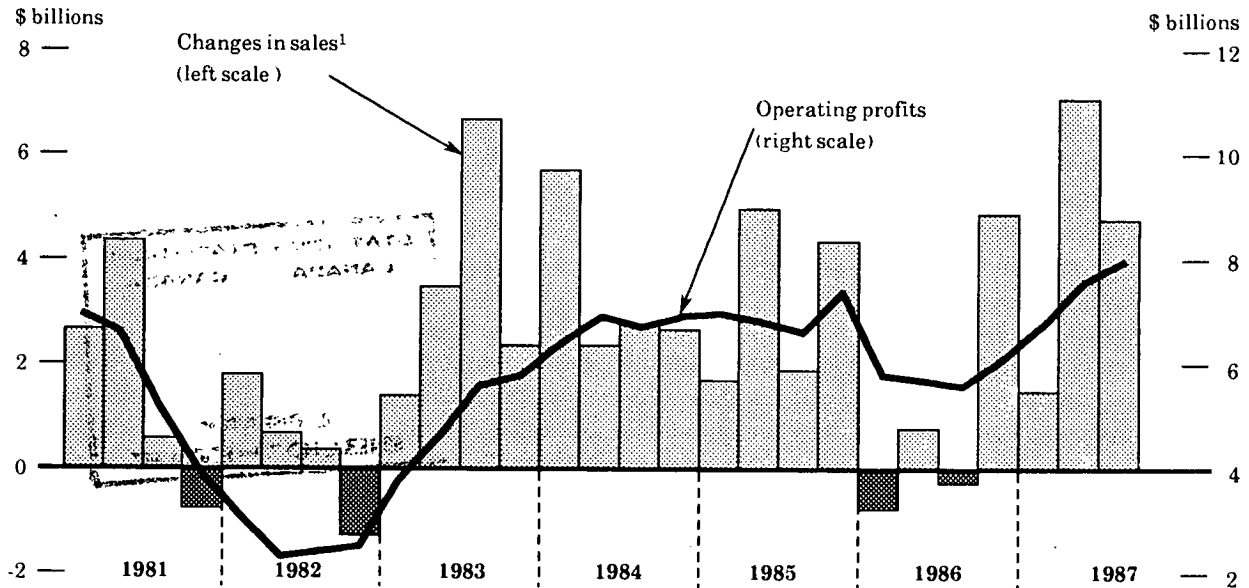
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## Major Releases

### All Industries (Seasonally Adjusted)



### Industrial Corporations: Financial Statistics

Third Quarter 1987 (Preliminary Data)

#### Seasonally Adjusted

Operating profits of Canadian industrial corporations increased 4.9% to a level of \$8.0 billion in the third quarter of 1987, a slower pace than in the previous three quarters. Profits had increased 12.2% in the second quarter and 11.4% in the first quarter of 1987 following an advance of 9.4% recorded in the fourth quarter of 1986. The overall increase in profits in the third quarter resulted from both increased sales (+2.4%) and improved profit margins. In the preceding three quarters increased profit margins were a more important factor than sales growth in the large profit rises.

Pre-tax profits (which unlike operating profits include investment income and other gains) were up 3.1% in the third quarter to

\$11.4 billion. The pattern of growth was the same as with operating profits: previous increases were 8.0% in the second quarter and 13.4% in the first quarter of 1987.

#### Industry Highlights

For the second consecutive quarter, the metal mining industry was a major factor in the overall profit increase, accounting for three-fifths of the third quarter advance. Other industries recording significant profit gains were wood, paper, chemicals, real estate developers, and primary metals.

The industries recording the largest profit decreases were wholesale machinery, transportation equipment and electrical products.

(continued on page 3)

- **Metal Mining:** Operating profits rose sharply to \$316 million in the third quarter from \$83 million in the second quarter and a loss of \$38 million in the first quarter. Improved metal prices were a major factor in the profit improvement in the latest two quarters. Depressed metal prices had contributed to the losses recorded in 17 of the 20 quarters preceding 1987.
- **Wood:** Operating profits for the wood industries increased 18.9% in the third quarter, spurred by continued strong housing activity in both Canada and the United States as sales increased 4.1%. The strong U.S. demand was reflected in an almost 20% increase in lumber exports in the third quarter.
- **Paper:** Operating profits of paper products manufacturers advanced by 9.5% in the third quarter, spurred by a 3.9% sales increase. A 6.6% advance in exports of newsprint contributed to the improved sales and profits.
- **Chemicals:** Operating profits increased \$56 million to \$534 million in the third quarter, the fourth consecutive quarterly increase. Improved operating margins were largely responsible for the gain.
- **Primary Metals:** Operating profits rose strongly for the third successive quarter to a level of \$296 million, about double the average level of 1986. Price increases for both steel and aluminium were a major factor in the improvement in profits.
- **Transportation Equipment:** Operating profits fell sharply to \$55 million in the third quarter, continuing a downward trend which started in the second quarter of 1984. Although a sales drop of 7% contributed to the profit decline, decreasing operating margins were the major factor in the decrease (as they have been since the 1984 peak).

(see table on page 4)

The data cover non-government owned corporations in Canada except those in the agriculture, fishing and finance industries. More detailed statistics for the 47 industry groups are now available on CANSIM: matrices 4780-4921 and 4928-4942.

Order *Industrial Corporations: Financial Statistics* (61-003P, \$15/\$60), available the second week of December. Contact Gail Campbell or Bill Potter (613-951-9843), Industrial Organization and Finance Division.

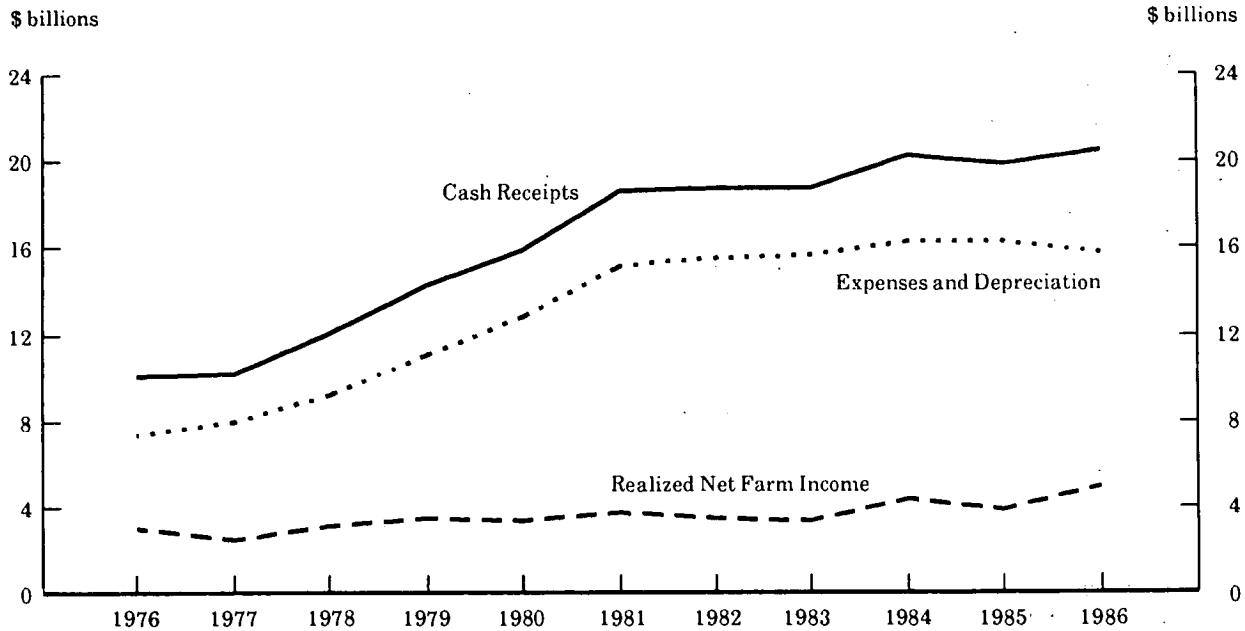
# Industrial Corporations: Financial Statistics

Third Quarter 1987

(Millions of dollars)

	Seasonally Adjusted			Unadjusted		
	1987	1987	1987	1985	1986	1987
	1st Quarter	2nd Quarter	3rd Quarter	3rd Quarter	3rd Quarter	3rd Quarter
<b>Sales:</b>						
All Industries	192,302	199,424	204,234	181,441	185,728	204,077
Mining	7,453	7,856	8,627	8,676	6,862	8,162
Manufacturing	71,130	73,120	74,152	66,467	66,768	72,568
Other	113,719	118,448	121,455	106,298	112,098	123,347
<b>Operating Profit:</b>						
All Industries	6,788	7,614	7,988	6,370	5,389	7,806
Mining	115	521	795	1,108	-183	722
Manufacturing	4,102	4,353	4,489	2,979	3,114	4,348
Other	2,571	2,740	2,704	2,283	2,458	2,736
<b>Profit before Taxes:</b>						
All Industries	10,274	11,094	11,439	10,134	9,043	11,358
Mining	700	1,078	1,268	1,522	185	1,180
Manufacturing	5,063	5,431	5,720	4,022	4,583	5,596
Other	4,511	4,585	4,451	4,590	4,275	4,582
<b>Net Profit after Taxes (excluding extra-ordinary items):</b>						
All Industries	6,470	6,836	7,056	6,255	5,794	7,085
Mining	505	622	775	519	25	708
Manufacturing	3,224	3,412	3,593	2,576	3,030	3,535
Other	2,741	2,802	2,688	3,160	2,739	2,842

## Cash Receipts, Expenses and Depreciation, Realized Net Farm Income, 1976-1986



### Net Farm Income

1986 (Revised)

Realized net farm income increased 27% in 1986 to \$4.9 billion, following an 11% decline in 1985. Higher farm cash receipts combined with reduced operating expenses and depreciation charges resulted in the increase. Total net farm income, which takes into account the value of inventory change, rose 26% to \$5.5 billion in 1986, following a 28% increase the year before.

- Farm cash receipts were up 3% in 1986, led by higher direct program payments and increased livestock and animal product receipts.
- Higher rebates on farm expenses combined with lower feed and fuel prices caused the first decrease in farm operating expenses and depreciation charges since 1957.

- The value of inventory change was +\$536 million due to higher farm inventories of cereal and oilseed crops.

### Total Farm Cash Receipts

Total farm cash receipts, including supplementary payments, were up 3% in 1986 to \$20.5 billion. The increase was entirely due to higher direct program payments and increased livestock and animal product receipts.

- Direct program payments made under various federal and provincial programs totalled \$2.3 billion in 1986, up 30% from the previous year. A large part of this increase resulted from a record \$859 million in Western Grain Stabilization Program (WGSP) payments and 1985 drought relief payments paid in 1986.

(continued on page 6)

- Livestock and animal product receipts rose 4% to \$10.1 billion. Hog receipts accounted for over 80% of the increase (hog prices averaged 20% above year-earlier levels). Receipts increased for all major livestock and animal product categories except cattle and eggs, each of which declined by 1%.
- Crop receipts totalled \$9.3 billion in 1986 compared to \$9.4 billion the previous year. However, crop receipts excluding WGSP and crop insurance payments dropped 5%. Higher marketings of all major cereal and oilseed crops did not offset lower prices (approximately 20% below year-earlier levels). The decrease in crop receipts occurred despite the fact that Ontario tobacco receipts increased \$310 million as all of the 1985 flue-cured tobacco crop was sold in 1986 in addition to the usual proportion of the 1986 crop.

#### **Farm Operating Expenses and Depreciation Charges**

Farm operating expenses and depreciation charges were \$15.8 billion in 1986, down 3% from 1985. The decrease was the first decline since 1957 and dropped expenses to a level close to that of 1983.

- Direct rebates to farmers on farm expenses through various federal and provincial programs increased 41% to \$501 million. Higher direct rebates were responsible for almost one-third of the decrease in overall farm expenses.
- Major expense categories which decreased in 1986 were commercial feed, machinery fuel, rent, fertilizer, pesticides and interest charges. Lower feed grain prices were responsible for the drop in feed expenses. Machinery fuel expenses were down 21% due mainly to lower prices for gasoline and diesel fuels.
- Major expense categories which increased were wages, machinery repairs, insurance expenses and property taxes. Wage expenses rose 4% as wage rates paid to

hired labour increased 3%. Machinery repair expenses were up, reflecting higher prices for repair parts and labour. Increases in both the area covered and the coverage per hectare under crop insurance resulted in an 18% increase in insurance expenses.

#### **Value of Inventory Change**

The value of inventory change was +\$536 million in 1986 compared to +\$446 million for the previous year.

- The value of inventory change for crops was +\$629 million, as stocks on farms increased for all major cereal and oilseed crops except corn and soybeans. A record cereal and oilseed crop was harvested in 1986 and despite higher marketings, year-end farm stocks were 26% higher than the previous year's level.
- The value of inventory change for livestock and poultry on farms was -\$92 million, compared to the 1985 estimate of -\$268 million. This was the sixth consecutive year the value of inventory change for livestock and poultry was negative.

#### **Note to Users**

Realized net farm income is equal to farm cash receipts (including supplementary payments) plus income-in-kind, less operating expenses and depreciation charges. A 1% change in either cash receipts or expenses results in a 4% to 5% change in realized net farm income.

(see table on page 7)

Revised 1986 and 1985 estimates are available on CANSIM: matrices 155, 159, 162-172, 208-217, 220, 225, 229-235, 238, 244 and 263-272.

Order Supplement III of *Agriculture Economic Statistics* (21-603, series 87-003, \$10), scheduled for release the week of January 18, 1988. Contact Jacqueline LeBlanc-Cooke or George Beelen (613-951-8706), Agriculture Division.

**Net Farm Income**  
1986 and 1985

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
(millions of dollars)											
<b>1986 (Revised)</b>											
Farm cash receipts	45.9	181.9	265.0	226.6	3,227.5	5,507.9	2,072.4	4,005.8	3,567.0	1,018.7	20,118.8
Income-in-kind	0.6	2.3	6.5	3.5	63.2	66.0	17.4	41.8	36.0	19.2	256.4
Supplementary payments	0.0	6.2	0.0	0.0	0.1	0.8	6.0	129.6	216.0	8.3	366.9
Realized gross income	46.5	190.5	271.5	230.1	3,290.8	5,574.7	2,095.8	4,177.1	3,819.0	1,046.1	20,742.1
Expenses and depreciation charges	33.4	146.0	195.1	167.6	2,252.0	4,147.9	1,590.7	3,396.9	3,062.0	803.1	15,794.7
Realized net income	13.1	44.5	76.4	62.5	1,038.7	1,426.8	505.1	780.3	757.0	243.1	4,947.4
Value of inventory change	0.3	-4.4	-1.7	-16.1	-38.0	-371.3	-96.4	608.1	450.4	5.4	536.3
<b>Total gross income</b>	<b>46.8</b>	<b>186.1</b>	<b>269.7</b>	<b>214.0</b>	<b>3,252.7</b>	<b>5,203.4</b>	<b>1,999.3</b>	<b>4,785.3</b>	<b>4,269.4</b>	<b>1,051.6</b>	<b>21,278.4</b>
<b>Total net income</b>	<b>13.4</b>	<b>40.1</b>	<b>74.7</b>	<b>46.4</b>	<b>1,000.7</b>	<b>1,055.5</b>	<b>408.6</b>	<b>1,388.4</b>	<b>1,207.4</b>	<b>248.5</b>	<b>5,483.7</b>
<b>1985 (Revised)</b>											
Farm cash receipts	43.0	177.8	258.6	225.4	3,078.4	5,146.1	1,992.8	4,050.0	3,782.2	1,021.8	19,776.0
Income-in-kind	0.6	2.7	6.1	3.8	59.7	65.6	16.6	40.5	35.5	19.9	251.0
Supplementary payments	0.0	0.6	0.0	0.1	31.3	0.6	4.3	45.1	67.7	4.0	153.6
Realized gross income	43.6	181.1	264.8	229.2	3,169.3	5,212.3	2,013.6	4,135.6	3,885.3	1,045.7	20,180.6
Expenses and depreciation charges	33.4	144.4	194.0	175.0	2,237.5	4,245.1	1,649.5	3,448.4	3,344.8	814.1	16,286.3
Realized net income	10.2	36.7	70.7	54.2	931.8	967.2	364.1	687.2	540.5	231.6	3,894.4
Value of inventory change	0.0	-3.2	-3.2	13.7	-15.2	108.7	289.8	175.6	-91.2	-28.8	446.3
<b>Total gross income</b>	<b>43.6</b>	<b>177.9</b>	<b>261.6</b>	<b>243.0</b>	<b>3,154.1</b>	<b>5,321.0</b>	<b>2,303.5</b>	<b>4,311.2</b>	<b>3,794.1</b>	<b>1,016.9</b>	<b>20,626.9</b>
<b>Total net income</b>	<b>10.2</b>	<b>33.5</b>	<b>67.5</b>	<b>67.9</b>	<b>916.6</b>	<b>1,075.9</b>	<b>654.0</b>	<b>862.9</b>	<b>449.3</b>	<b>202.8</b>	<b>4,340.6</b>

**Note:** Totals may not add due to rounding.

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## Publications Released

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**Standard Geographical Classification, 1986. Catalogue number 12-572**  
(Canada: \$35; Other Countries: \$55).

**Field Crop Reporting Series, No. 8, Estimate of Production of Principal Field Crops, Canada, November 1987. Catalogue number 22-002**  
(Canada: \$7/\$48; Other Countries: \$8/\$54).  
Available at 3:00 p.m. today.

**The Dairy Review, September 1987. Catalogue number 23-001**  
(Canada: \$10/\$100; Other Countries: \$11/\$110).

**Production and Value of Honey and Maple Products, 1986-87. Catalogue number 23-211**  
(Canada: \$11; Other Countries: \$12).

**Pulpwood and Wood Residue Statistics, September 1987. Catalogue number 25-001**  
(Canada: \$5/\$50; Other Countries: \$6/\$60).

**Capacity Utilization Rates in Canadian Manufacturing, Second Quarter 1987. Catalogue number 31-003**  
(Canada: \$20/\$80; Other Countries: \$21/\$84).

**Farm Input Price Index, Third Quarter 1987. Catalogue number 62-004**  
(Canada: \$10/\$40; Other Countries: \$11/\$44).

**Geographic Reference – Enumeration Area Reference Lists, Census Tracts, 1986 Census. Catalogue number 99-121**  
(Canada: \$32; Other Countries: \$33.50).

*Statistics Canada publications may be purchased by mail order from Publication Sales, Room 1710, Main Building, Statistics Canada, Ottawa K1A 0T6 or phone 613-951-7276.*

*Please enclose cheque or money order payable to the Receiver General for Canada/Publications and provide full information on publications required (catalogue number, title, issue).*

*Publications may also be ordered through Statistics Canada's offices in St. John's, Halifax, Montreal, Ottawa, Sturgeon Falls, Toronto, Winnipeg, Regina, Edmonton and Vancouver, or from authorized bookstore agents or other booksellers.*

*A national toll-free telephone order service is now in operation at Statistics Canada. The toll-free line (1-800-267-6677) can be used by Canadian customers for the ordering of Statistics Canada products and services.*



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## Major Release Dates: Week of November 30 – December 4

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(Release dates are subject to change)

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**Anticipated  
date of  
release**

**Title**

**Reference period**

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### November

30	Income and Expenditure Accounts	Third Quarter 1987
30	Gross Domestic Product at Factor Cost by Industry	September 1987
30	Quarterly Estimates of the Canadian Balance of International Payments	Third Quarter 1987
30	Security Transactions with Non-residents	September 1987
30	Industrial Product Price Index	October 1987
30	Raw Materials Price Index	October 1987

### December

4	Labour Force Survey	November 1987
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**The  
Daily**

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