



# The Daily

Statistics Canada

Thursday, August 27, 1992

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For release at 8:30 a.m.

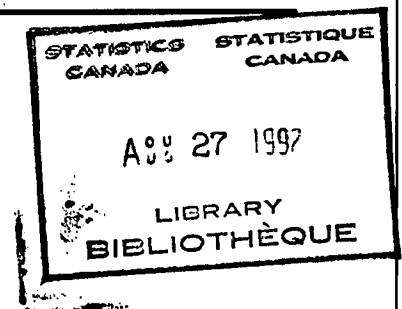
## MAJOR RELEASES

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In the second quarter of 1992, operating profits of incorporated Canadian enterprises decreased to \$9.7 billion from \$10.6 billion in the first quarter of 1992.
- **Industrial Product Price Index, July 1992** 5  
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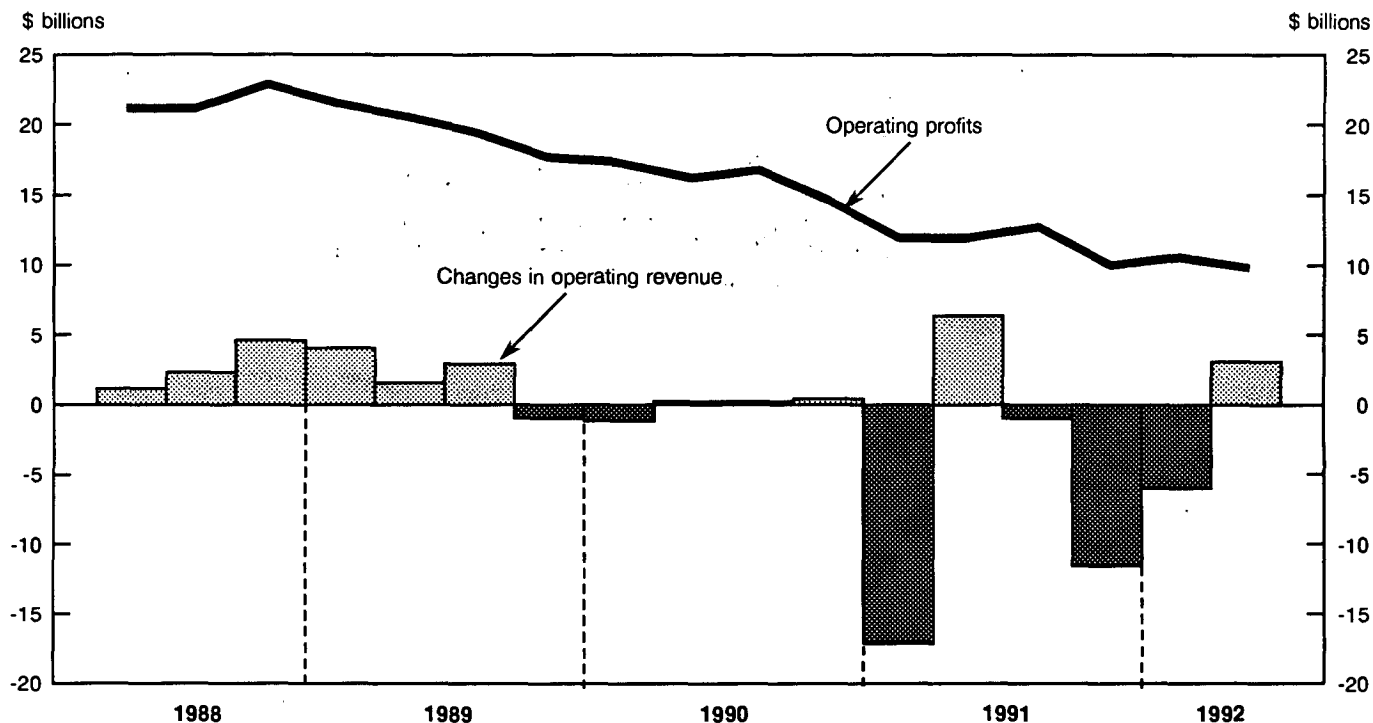


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## MAJOR RELEASES

### Financial and Non-financial Enterprises Quarterly Operating Profits and Changes in Operating Revenue (seasonally adjusted)



### Quarterly Financial Statistics for Enterprises

Second Quarter 1992

#### Profits Summary (Seasonally Adjusted)

In the second quarter of 1992, operating profits of incorporated Canadian enterprises decreased to \$9.7 billion from \$10.6 billion in the first quarter of 1992. This 8.5% decrease offset the 7.5% increase in the first quarter of 1992. In 1991, profits decreased 21% in the fourth quarter after a 6% increase in the third quarter. Profits are well below the peak of \$22.9 billion in the fourth quarter of 1988.

The overall decline in second quarter profits resulted from a fall of 50% in the financial industries – from \$3.2 billion in the first quarter to \$1.6 billion in the second quarter. Financial industry profits have now declined for two consecutive

quarters, and profit levels have been reduced to less than half of their 1991 average and less than one-third of the peak level in the fourth quarter of 1988. The chartered banks and other deposit-accepting intermediaries dominated the profit slide, falling \$1.5 billion in the quarter.

Operating profits of the non-financial industries rose \$680 million to \$8.2 billion in the second quarter of 1992, following a \$1.3 billion increase in the first quarter. Increases in operating profits have been registered in four of the last five quarters; the one decrease during the period was largely due to write-offs and restructuring of operations. Second quarter profits were 1.8% above the levels attained in the first quarter of 1991 but less than half of the peak recorded in the fourth quarter of 1988. In the second quarter of 1992 profits were up in 11 of the 22 industries, with the largest increases in petroleum and natural gas, and consumer goods and services. The largest decline was recorded in the beverages and tobacco industry.

## Industry Highlights

(Seasonally Adjusted)

### Non-financial Industries

**Petroleum and Natural Gas:** Operating profits increased to \$1.2 billion in the second quarter of 1992 from \$0.9 billion in the first quarter. In 1991, profits ranged from \$0.6 billion in the second quarter to \$1.3 billion in the third quarter. Higher crude oil prices contributed to the profit improvement in the current quarter.

**Consumer Goods and Services:** Operating profits recovered to \$160 million from a loss of \$205 million in the first quarter. However, in spite of the improvement, profits remained well below the recent peak of \$1.7 billion achieved in the first quarter of 1989.

**Beverages and Tobacco:** Operating profits fell to \$484 million in the second quarter of 1992 from \$660 million in the first quarter. Second quarter results were in line with the \$455 million average quarterly profits of 1991.

### Financial Industries

**Chartered Banks (Booked-in-Canada) and Other Deposit-accepting Intermediaries:** Operating profits declined by \$1.5 billion, from a \$1.0 billion profit in the first quarter of 1992 to an operating loss of \$0.5 billion. The decline was mainly due to large loan-loss provisions for non-performing loans. Throughout the 1988-1991 period, operating profits averaged \$1.2 billion.

**Property and Casualty Insurers:** Operating profits decreased \$14 million in the second quarter to \$377 million, following an increase of \$77 million in the previous quarter. Operating profits averaged \$311 million in 1991.

**Trust Companies:** Operating profits decreased to \$32 million in the second quarter of 1992 from \$114 million in the first quarter of 1992. The decrease reflected large loan-loss provisions for non-performing loans and impaired investments.

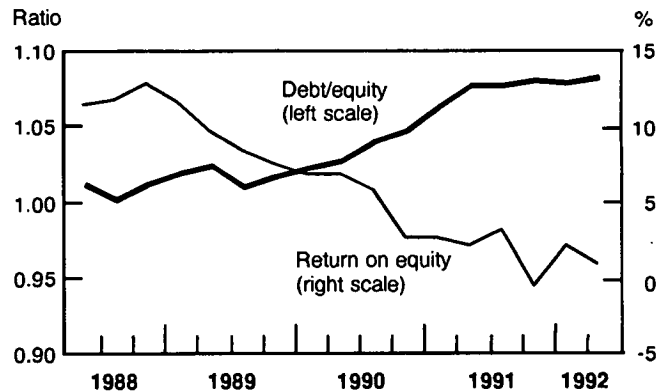
### Statement of Change in Financial Position

This statement provides information about the operating, financing and investing activities of enterprises and the effects of those activities on cash resources. Operating activities generated \$14.0 billion in cash in the second quarter compared to \$8.0 billion in the first quarter and \$24.0 billion in the final quarter of 1991. Financing activities generated \$11.3 billion in cash, compared to \$9.6 billion in the

previous quarter and \$10.6 billion in the fourth quarter of 1991. Increases in deposit levels of banks and other deposit-accepting institutions and in financing through bonds and debentures were partly offset by declines in financing through bank borrowing, equity, and other financing activities.

Cash applied to investment activities was \$9.9 billion in the second quarter compared to \$15.3 billion in the previous quarter. Cash applied to purchase fixed assets rose to \$8.3 billion in the second quarter, up from \$6.6 billion. Dividend payments totalled \$5.7 billion, up slightly from the previous quarter.

### Financial and Non-financial Enterprises - Financial Ratios



### Financial Ratios

**Return on Equity:** The rate of return on shareholders' equity, a measure of profitability, fell to 0.6% from 2.0% in the first quarter. This ratio peaked at over 12% in 1988 and deteriorated into a negative position by the final quarter of 1991.

**Debt to Equity:** This solvency indicator remained unchanged at 1.08 for the fifth consecutive quarter.

**Available on CANSIM:** matrices 3914-3971, 3974-3981.

The second quarter 1992 issue of *Quarterly Financial Statistics for Enterprises* (61-008, \$23/\$92) will be available in September. See "How to Order Publications".

For further information on this release, contact Gail Campbell or Bill Potter for non-financial industries data (613-951-9843), or Robert Moreau for financial industries data (613-951-2512), Industrial Organization and Finance Division. □

# **Selected Financial Statistics**

Second Quarter 1992

	2nd Quarter 1992	1st Quarter 1992	4th Quarter 1991	3rd Quarter 1991
(\$ billions)				
<b>Balance Sheet</b>				
Cash and Deposits	75.9	73.9	83.4	79.2
Accounts Receivable	129.4	124.3	127.9	134.1
Inventories	124.1	124.6	126.2	129.3
Investments	425.7	417.6	413.8	408.4
Loans	628.5	628.9	617.9	605.8
Capital Assets	445.4	447.5	443.7	451.1
All Other Assets	149.1	146.5	147.1	148.7
<b>Total Assets</b>	<b>1,978.1</b>	<b>1,963.3</b>	<b>1,960.0</b>	<b>1,956.6</b>
Deposits (Financial Institutions)	594.2	585.6	580.3	569.7
Accounts Payable	164.0	163.0	168.4	167.5
Borrowing	467.0	466.9	463.6	468.1
All Other Liabilities	321.4	314.6	318.7	316.5
<b>Total Liabilities</b>	<b>1,546.6</b>	<b>1,530.1</b>	<b>1,531.0</b>	<b>1,521.8</b>
Share Capital	227.9	225.2	219.7	213.4
Retained Earnings (Including Surplus)	203.6	208.0	209.3	221.4
<b>Total Equity</b>	<b>431.5</b>	<b>433.2</b>	<b>429.0</b>	<b>434.8</b>

## **Statement of Changes in Financial Position**

Cash from Operating Activities	14.0	8.0	24.0	-
Cash from Financing Activities	11.3	9.6	10.6	-
Cash Applied to Investment Activities	9.9	15.3	12.2	-
Cash Applied to Fixed Assets	8.3	6.6	10.0	-
Cash Applied to Dividends	5.7	5.6	7.0	-

Seasonally Adjusted

## **Income Statement**

Operating Revenue	263.9	260.8	266.8	278.3
Operating Profit	9.7	10.6	9.9	12.6
Profit before extraordinary gains	0.7	2.1	-0.8	3.3
<b>Net Profit</b>	<b>0.7</b>	<b>2.1</b>	<b>-1.0</b>	<b>3.3</b>

- Nil or zero.

## Industrial Product Price Index

July 1992

Preliminary data indicate that in July the Industrial Product Price Index (IPPI, 1986 = 100) increased 0.1% to 108.9 from a revised 108.8 in June 1992. Eight of the 21 major product groups posted index increases, six posted decreases, and seven were unchanged. The largest advances were noted in the indices for petroleum and coal products (1.2%), chemical products (0.8%), and primary metal products (0.5%). Declines were reported in knitted products and clothing (-0.9%) and lumber, sawmill and other wood products (-0.4%). The July 1992 IPPI excluding petroleum and coal products was up 0.1% from the previous month.

Between July 1991 and July 1992 the IPPI rose 0.6%. The highest index increases were recorded in autos, trucks and other transportation equipment (3.9%) and in fruit, vegetables and miscellaneous food products (1.9%). However, these increases were partly offset by the 3.8% decrease in the paper and paper products index. The IPPI excluding petroleum and coal products was 0.7% higher than in July 1991.

July marked the seventh consecutive monthly increase in the first-stage intermediate goods index (1.1%), but the second-stage intermediate goods index decreased 0.1%. The finished goods price index was 1.9% higher than a year earlier, while the intermediate products index was 0.3% lower.

### Highlights

- The chemical products price index for July was 0.8% higher than in June 1992, mainly because of the 4.8% increase in the prices of organic industrial chemicals. The chemical products price index advanced 0.1% from the July 1991 level, with price changes reported in this category including a 2.8% increase for pharmaceutical products and a 1.0% decrease for industrial chemicals.

- The petroleum and coal products index increased 1.2% in July, due primarily to the 1.7% rise in gasoline and fuel oil prices. However, since July 1991, lower gasoline prices pushed the petroleum and coal products index down 1.0%, but this decrease was almost totally offset by higher prices for fuel oil and other fuels.
- The upward movement of the primary metal products index that began in January 1992 continued in July with a 0.5% increase over the previous month. This increase was mainly attributable to the 7.4% rise in copper and copper alloy prices and the reversal of the price trend in the nickel market, which posted a 4.6% increase following five consecutive monthly declines. But despite this reversal, nickel prices were still 6.9% lower than in July 1991. The primary metal products index was down 0.6% from the previous year, partly because of lower nickel prices, but also because of the 6.5% drop in the iron and steel products index to 99.3, its lowest level since May 1986.
- A 1.2% decline from the previous month was reported in the clothing price index, and the knitted products and clothing group index was down 0.9%. The knitted products and clothing index posted a 0.4% decrease for the year ending July 1992, owing primarily to the 0.5% decrease in the clothing price index over that period.

**Available on CANSIM: matrices 2000-2008.**

The July 1992 issue of *Industry Price Indexes* (62-011, \$18.20/\$182) will be available at the end of September 1992. See "How to Order Publications".

For further information contact the Information and Current Analysis Unit (613-951-9607), Prices Division. □

**Industrial Product Price Indexes**  
(1986 = 100)

Index	Relative Importance <sup>1</sup>	Index July 1992 <sup>2</sup>	July 1992/ June 1992	July 1992/ July 1991
% change				
<b>Industrial Product Price Index - Total</b>	<b>100.0</b>	<b>108.9</b>	<b>0.1</b>	<b>0.6</b>
<b>Total IPPI excluding petroleum and coal products<sup>3</sup></b>	<b>93.6</b>	<b>110.2</b>	<b>0.1</b>	<b>0.7</b>
<b>Intermediate goods</b>	<b>60.4</b>	<b>107.2</b>	<b>0.2</b>	<b>-0.3</b>
First stage intermediate goods	13.4	105.5	1.1	-0.8
Second stage intermediate goods	47.0	107.7	-0.1	-0.2
<b>Finished goods</b>	<b>39.6</b>	<b>111.5</b>	<b>0.0</b>	<b>1.9</b>
Finished foods and feeds	9.9	116.4	0.0	1.0
Capital equipment	10.4	110.9	0.0	2.6
All other finished goods	19.3	109.3	0.0	2.1
<b>Aggregation by commodities:</b>				
Meat, fish and dairy products	7.4	111.2	-0.1	1.0
Fruit, vegetable, feed, miscellaneous food products	6.3	114.3	0.0	1.9
Beverages	2.0	122.5	0.2	1.2
Tobacco and tobacco products	0.7	148.1	0.0	9.4
Rubber, leather, plastic fabric products	3.1	113.5	-0.1	-0.8
Textile products	2.2	109.4	0.0	-0.5
Knitted products and clothing	2.3	113.0	-0.9	-0.4
Lumber, sawmill, other wood products	4.9	112.2	-0.4	0.9
Furniture and fixtures	1.7	118.6	0.1	0.0
Paper and paper products	8.1	105.1	0.1	-3.8
Printing and publishing	2.7	127.3	-0.1	1.8
Primary metal products	7.7	103.0	0.5	-0.6
Metal fabricated products	4.9	112.0	0.0	-0.3
Machinery and equipment	4.2	116.7	0.0	1.1
Autos, trucks, other transportation equipment	17.6	102.7	0.0	3.9
Electrical and communications products	5.1	111.1	0.1	0.8
Non-metallic mineral products	2.6	110.6	-0.1	-0.5
Petroleum and coal products <sup>3</sup>	6.4	91.1	1.2	-1.0
Chemical, chemical products	7.2	114.2	0.8	0.1
Miscellaneous manufactured products	2.5	111.8	0.1	-0.1
Miscellaneous non-manufactured commodities	0.4	70.4	0.0	-4.0

<sup>1</sup> Weights are derived from the "make" matrix of the 1986 Input-Output table.

<sup>2</sup> Indexes are preliminary.

<sup>3</sup> This index is estimated for the current month.

## Raw Materials Price Index

July 1992

The Raw Materials Price Index (RMPI, 1986 = 100) rose 1.8% in July 1992 to a preliminary level of 109.5, marking its sixth consecutive monthly increase. Major contributors to this advance were the price increases of 3.8% for mineral fuels, 2.8% for wood, and 3.1% for non-ferrous metals. Decreases were noted in vegetable products (-1.6%) and animal and animal products (-0.6%). The RMPI excluding mineral fuels was up 0.7% from the previous month, continuing the upward trend that began in November 1991.

In July 1992, the RMPI was 6.9% higher than in July 1991, owing mainly to increases in the mineral fuels (14.0%) and wood (11.6%) indexes. Declines were noted in the indexes for animal and animal products (-1.1%) and non-metallic minerals (-4.3%). The RMPI excluding mineral fuels rose 3.8% from July 1991 to July 1992. Since the trend reversal observed in November 1991, the RMPI excluding mineral fuels increased 8.7%.

### Highlights

- The mineral fuels index posted its sixth consecutive monthly increase in July 1992. The 3.8% rise was due mainly to a 4.1% advance in crude mineral oil prices. Prices for crude mineral oils have risen steadily since January 1992, advancing a total of 21.1% since that date. The mineral fuels index increased 14.0% since July 1991, due mainly to a 14.8% increase in crude mineral oil prices.
- Also advancing for the sixth month in a row was the wood price index, up 2.8% in July. This increase was mainly caused by a 3.9% rise in log and bolt prices. Owing to the upward trend in log and bolt prices over the last 12 months (17.9%), the wood index gained 11.6%. Lower pulpwood prices (-2.6%) had a moderating effect on the overall annual increase.
- The non-ferrous metals index recorded a 3.1% advance in July, mainly because of higher prices for copper concentrates (8.4%), lead concentrates (7.5%), and nickel concentrates (3.1%). The 10.9% drop in the zinc concentrate index counteracted the overall monthly increase. Compared with the July 1991 results, the non-ferrous metals index rose 6.2%, with increases in the copper concentrate (16.3%) and zinc concentrate (13.1%) prices, while declines were noted in radioactive concentrates (-12.7%) and nickel concentrates (-9.4%).
- The animal and animal products index edged down 0.6% in July, primarily as a result of lower prices for hogs for slaughter (-5.3%) and fish (-4.7%). This month-to-month decrease was offset by the 3.4% increase in the cattle for slaughter index. Over the past year the animal and animal products index fell 1.1%, with the largest declines reported in hogs for slaughter (-11.3%), poultry (-4.4%), and fish (-1.9%). Stronger prices for cattle for slaughter (2.9%), unprocessed milk (1.9%) and furs, hides and skins (8.3%) cushioned the overall annual decline.
- The vegetable products index fell 1.6% in July, mainly owing to price declines in grains (-4.4%), oilseeds (-1.4%), and cocoa, coffee and tea (-1.6%). The 2.3% rise in the unrefined sugar index offset these declines. As a result of rising prices for grains (18.6%) and oilseeds (11.7%), the vegetable products index increased 3.1% from the July 1991 level. Lower prices for potatoes (-20.7%), cocoa, coffee and tea (-18.5%), and vegetable textile fibres (-18.3%) partially offset the overall year-over-year increase.

**Available on CANSIM: matrix 2009.**

For further information, contact the Information and Current Analysis Unit (613-951-9607), Prices Division. □

**Raw Materials Price Index**  
(1986 = 100)

Index	Relative Importance	Index July 1992 <sup>1</sup>	July 1992/ June 1992	July 1992/ July 1991
% change				
<b>Raw Materials total</b>	<b>100</b>	<b>109.5</b>	<b>1.8</b>	<b>6.9</b>
Mineral fuels	32	113.0	3.8	14.0
Vegetable products	10	91.2	-1.6	3.1
Animal and animal products	25	104.7	-0.6	-1.1
Wood	13	139.7	2.8	11.6
Ferrous materials	4	93.6	-0.7	6.4
Non-ferrous metals	13	101.0	3.1	6.2
Non-metallic minerals	3	99.4	-0.3	-4.3
Total excluding mineral fuels	68	107.8	0.7	3.8

<sup>1</sup> These indexes are preliminary.



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## DATA AVAILABILITY ANNOUNCEMENTS

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### Electric Utilities Construction Price Indexes (1986 = 100)

1991 (Revised) and First Half of 1992 (Preliminary)

The indexes for 1992 are calculated from data representing the first six months of 1992. Some items within the series designate unique goods and are collected via an end of year mail survey. Their last registered index level was carried forward for the first six months of 1992.

Preliminary estimates for the first half of 1992 show only moderate changes from the revised 1991 estimates at the total model level. The transmission line index decreased by 1.2%; the other indexes increased by 0.3% to 0.8%.

The revised 1991 annual indexes for all models except the transformer station have remained virtually the same. Because of a revision to the power transformer index within the transformer station index, there was a more substantial decrease in the total index from 1990 to 1991 (-3.6%) than previously indicated.

The labour costs within the models showed increases from 2.5% to 3%. Many steel products required in the various structural components of the models showed price decreases in 1992, especially fabricated base plates (-15%). Wood pole indexes decreased in 1992 with transmission line pole prices showing the greatest reduction, by 12.2%, due to competition among manufacturers.

**Available on CANSIM: matrix 2022**

The second quarter 1992 issue of *Construction Price Statistics* (62-007, \$18/\$72) will be available in September 1992. See "How To Order Publications".

For further information on this release, contact the Information and Analysis Unit (613-951-9607), Prices Division. ■

### Railway Operating Statistics

April 1992

The seven major railways reported a combined net gain of \$22.2 million in April 1992. Operating revenues of \$599.5 million were down \$36.0 million or 5.7% from the April 1991 figure.

Revenue freight tonne-kilometres were down 3.5% from April 1991. Freight train-kilometres registered an increase of 1.7%, while freight car-kilometres decreased by 2.1%.

All 1991 figures have been revised.

**Available on CANSIM: matrix 142.**

The April 1992 issue of the *Railway Operating Statistics* (52-003, \$10.50/\$105) is to be released at a later date.

For more detailed information on this release, contact Angus MacLean (613-951-2484), Transportation Division. ■

### Stocks of Frozen Meat Products

August 1, 1992

Total frozen meat in cold storage as of August 1 amounted to 28 820 tonnes as compared with 28 990 tonnes last month and 24 150 tonnes a year ago.

**Available on CANSIM: matrices 87 and 9517-9525.**

To order the statistical bulletin *Stocks of Frozen Meat Products* (\$11.50/\$115) contact Guy Gervais (613-951-2453).

For more information on this release, contact Russell Kowaluk (613-951-2511), Agriculture Division. ■

### Tea, Coffee and Cocoa

June 1992

Data on tea, coffee and cocoa for the second quarter of 1992 are now available.

**Available on CANSIM: matrix 188 (series 1.7 and 1.8).**

The June issue of *Production and Stocks of Tea, Coffee and Cocoa* (32-025, \$6.75/\$27) will be released at a later date.

For further detailed information on this release, contact Peter Zylstra (613-951-3511), Industry Division. ■



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The Daily, August 27, 1992

## PUBLICATIONS RELEASED

**Refined Petroleum Products, May 1992.**

**Catalogue number 45-004**

(Canada: \$18.20/\$182; United States: US\$21.80/  
US\$218; Other Countries: US\$25.50/US\$255).

**Air Carrier Operations in Canada, October-  
December 1991.**

**Catalogue number 51-002**

(Canada: \$24.25/\$97; United States: US\$29/US\$116;  
Other Countries: US\$34/US\$136).

**Industry Price Indexes, June 1992.**

**Catalogue number 62-011**

(Canada: \$18.20/\$182; United States: US\$21.80/  
US\$218; Other Countries: US\$25.50/US\$255).

**Employment, Earnings and Hours, May 1992.**

**Catalogue number 72-002**

(Canada: \$28.50/\$285; United States: US\$34.20/  
US\$342; Other Countries: US\$39.90/US\$399).

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