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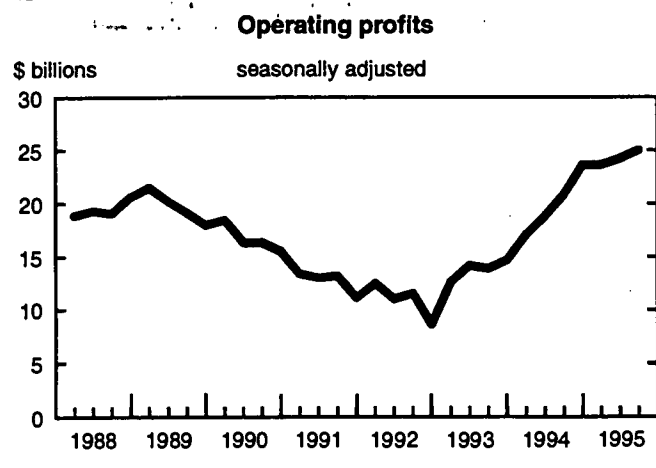
Canada

MAJOR RELEASES

Financial statistics for enterprises

Third quarter 1995

Canadian corporations posted a 3.2% increase in operating profits in the third quarter of 1995. After four quarters of double-digit growth in 1994, profits rose an average of 2% in each of the first three quarters of 1995. Twelve of the twenty-two non-financial industries and four of the eight financial industries improved their profits in the third quarter. Although profit growth has decelerated over the past three quarters, the most recent results were 20% above the levels of a year earlier.



Paper products boosted non-financial profits

Operating profits of non-financial corporations rose 3.5% in the third quarter, following no growth earlier in the year. The paper and allied products industry dominated the overall rise in non-financial profits. In fact, excluding results from the wood and paper industry, non-financial operating profits were unchanged. The electronic equipment and computer industry and the motor vehicles industry also registered healthy profit gains. On the down side, the petroleum and natural gas industry suffered a significant decline in the quarter.

The wood and paper industry continued to prosper, as profits surged 28% to \$3.3 billion. The paper and allied products sector benefited from thriving demand and prices to post healthy profit gains. Buoyed by persistently strong global demand, pulp and paper mills kept producing at or near capacity. Strengthening U.S.

Note to readers

The quarterly financial statistics cover the Canadian activities of non-government corporations.

Operating profits exclude capital gains or expense deductions for income taxes, interest on borrowing and asset write-offs. Investment income is excluded from the operating profits of non-financial industries, but is included in the operating profits of the financial industries.

construction activity has been a boost for Canada's lumber exporters, but the stronger Canadian dollar dampened bottom-line profits. Despite lower borrowing costs, construction activity in Canada remained lethargic, particularly in the residential sector.

Strong domestic and foreign demand for electronic products lifted profits in the electronic equipment and computer services industry to \$0.7 billion, up from \$0.2 billion in the second quarter. Sales rose 6.1% to a record \$12.5 billion.

Corporations involved in manufacturing and selling motor vehicles and accessories reversed their slump of the two previous quarters and boosted profits 18% to \$1.7 billion in the third quarter. The bulk of their gains were attained in the latter part of the quarter, as both retail sales and manufacturers' shipments picked up steam. Auto exports to the United States rebounded in the third quarter following a downward trend earlier in the year.

Profitability in the petroleum and natural gas sector generally hinges on fuel prices, and this was the case in the third quarter. Sluggish crude oil and natural gas prices cut third-quarter profits by 22% to \$2.5 billion. Sales slumped \$1.3 billion to \$24.7 billion, reflecting the lower prices.

Financial industries posted a modest profit rise

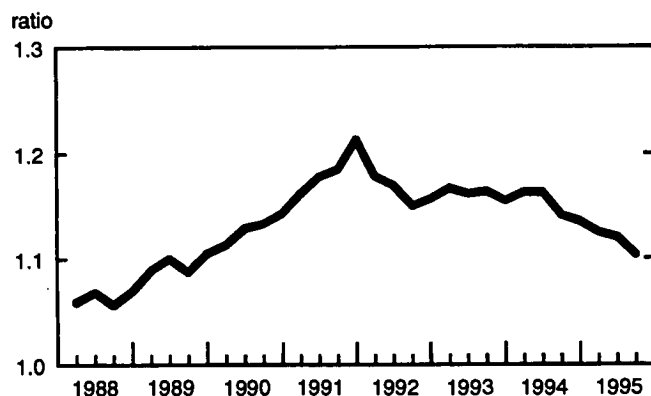
The financial industries achieved a 2.2% advance in operating profits in the third quarter. This slight rise came on the heels of an 18% jump in the second quarter. With these gains, profits in the financial sector surpassed their previous peaks.

The chartered banks' profits continued their upward trend of the past few years, rising to \$2.2 billion in the third quarter from \$2.0 billion previously. Bank profits have increased in five of the last seven quarters. Notably, their provision for future loan losses, at \$0.6 billion, was the lowest since the fourth quarter of 1991.

Debt-to-equity ratio continued to improve

For a fifth straight quarter, the solvency of corporations improved as their debt-to-equity ratio fell to 1.103, from 1.120 in the second quarter and 1.163 early in 1994. Total borrowing rose \$1.5 billion in the third quarter, while shareholder equity expanded by \$9.4 billion.

Debt-to-equity ratio



The return on equity increased to 8.17% in the quarter, following the second quarter's slide to 8.07%. In 1988, before the recession, corporations were reaping returns of over 14%.

Available on CANSIM: matrices 3914-3971 and 3974-3981.

The third quarter 1995 issue of *Quarterly financial statistics for enterprises* (61-008, \$23/\$92) will be available in December. See "How to order publications".

For further information on this release, contact Gail Sharland (613-951-9843), George Mitchell (613-951-9853) or Bill Potter (613-951-2662), Industrial Organization and Finance Division. □

Selected financial statistics

| | Third quarter 1994 | Second quarter 1995 | Third quarter 1995 | Second quarter 1995 to Third quarter 1995 |
|---|--------------------------|---------------------------|--------------------------|---|
| seasonally adjusted | | | | |
| | \$ billions | | | % change |
| Income statement, all industries | | | | |
| Operating revenue | 347.1 | 356.9 | 359.1 | 0.6 |
| Operating profit | 20.8 | 24.2 | 25.0 | 3.2 |
| Net profit | 8.9 | 10.5 | 10.5 | -0.5 |
| | Third quarter 1994 | Second quarter 1995 | Third quarter 1995 | |
| Financial ratios | | | | |
| All industries | | | | |
| Profit margin (%) | 5.98 | 6.78 | 6.95 | |
| Return on equity (%) | 7.11 | 8.07 | 8.17 | |
| Debt-to-equity (ratio) | 1.141 | 1.120 | 1.103 | |
| Non-financial industries | | | | |
| Working capital (ratio) | 1.265 | 1.272 | 1.271 | |
| Inventory turnover (ratio) | 9.226 | 8.896 | 9.026 | |
| Receivables turnover (ratio) | 8.686 | 8.411 | 8.533 | |

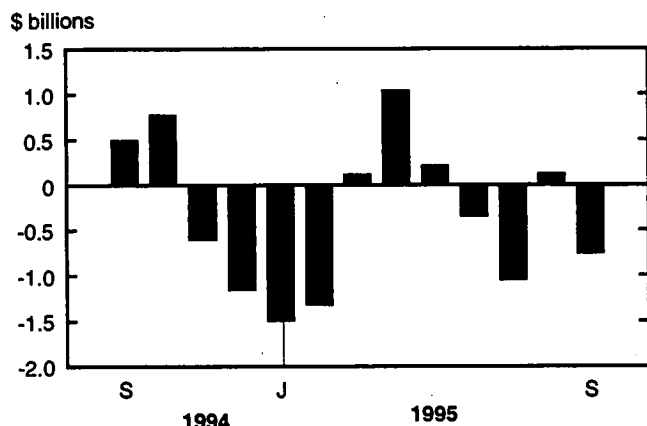
Canada's international transactions in securities

September 1995

In September, foreign investors channelled a small \$0.3 billion into Canadian securities as they continued to buy bonds and sell stocks. Their investment in Canadian bonds remained significant at \$1 billion, still it was much lower than the substantial \$5 billion they bought in each of the previous two months.

Meanwhile, Canadian investors purchased \$0.7 billion of foreign securities as they continued to purchase stocks and resumed their investment in bonds.

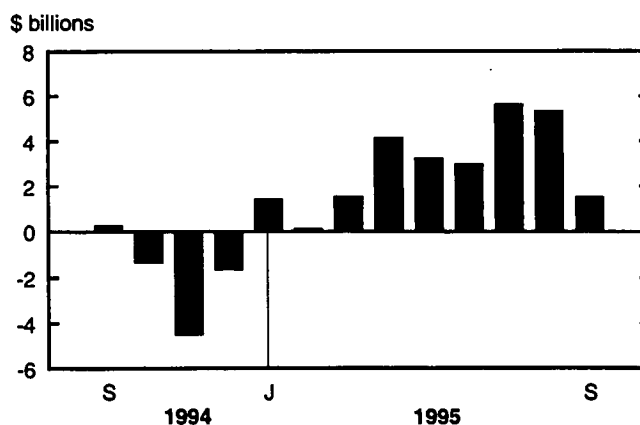
Canadians' investment in foreign securities



Foreign buyers stayed focussed on new Canadian bonds

Foreign investors kept channelling money into new issues of Canadian bonds in September. They purchased \$3.7 billion of new issues, redeemed \$2.1 billion of maturing bonds, and sold \$0.6 billion of outstanding bonds in the secondary market.

Foreign investment in Canadian bonds



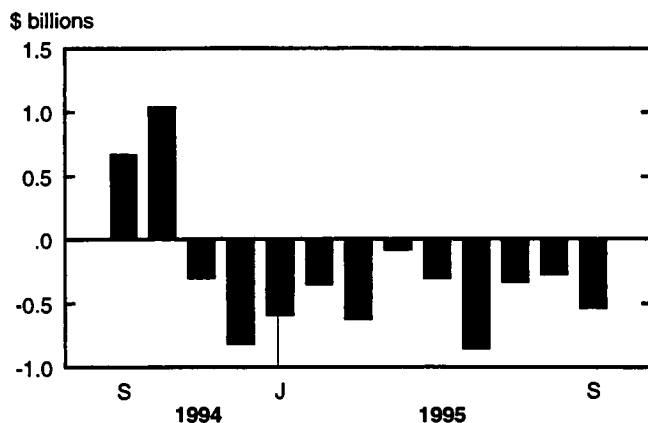
Non-residents' \$3.7 billion investment in new issues was spread evenly among federal, corporate and provincial issues. The currency of issue was likewise split between Canadian and U.S. dollars and a variety of other foreign currencies. This contrasted with recent months, when the bulk of new issues were denominated in U.S. dollars and Japanese yen.

Foreigners also sold a small amount (\$0.2 billion) of Canadian money market instruments in September, continuing the minor investment-disinvestment flow that has prevailed since June 1995. They purchased \$0.2 billion of Government of Canada treasury bills and sold \$0.4 billion of other money market paper.

Foreign selling of Canadian stocks continued

Foreign investors sold \$0.5 billion worth of Canadian stocks in September, bringing to \$5.0 billion their steady withdrawal from that market since November 1994. September's selling was split between U.S. and overseas investors. This differed from the previous two months, when the bulk of selling came from overseas investors. Trading activity with non-residents declined to \$6.4 billion, a third consecutive decline from the high of \$8.9 billion in June 1995. Canadian stock prices as measured by the TSE 300 index rose a small 0.3% in September, well below the strong 4.0% climb in U.S. stocks.

Foreign investment in Canadian stocks



Canadians bought both foreign bonds and stocks

Canadian residents invested \$0.7 billion in September in foreign securities: \$0.5 billion of foreign bonds (mainly U.S. treasuries) and \$0.2 billion in overseas (non.-U.S.) stocks. The investment in foreign stocks in recent years has followed a steady pattern, unlike the pattern for foreign bonds, which has been erratic.

Available on CANSIM: matrix 2330.

The September 1995 issue of *Canada's international transactions in securities* (67-002, \$17/\$170) will be available in December. See "How to order publications."

For further information on this release, contact Don Granger (613-951-1864), Balance of Payments Division. □

Canada's international transactions in securities

| | June 1995 | July 1995 | Aug. 1995 | Sept. 1995 | Jan.- Sept. 1994 | Jan.- Sept. 1995 |
|---|--------------|---------------|--------------|---------------|------------------------|------------------------|
| \$ millions | | | | | | |
| Foreign investment in Canadian securities, total | 1,682 | 4,685 | 5,662 | 312 | 26,621 | 22,894 |
| Bonds (net) | 2,993 | 5,599 | 5,304 | 1,031 | 22,566 | 25,339 |
| Outstanding | 1,504 | -265 | 1,434 | -606 | -7,037 | 1,363 |
| New issues | 3,835 | 6,966 | 4,965 | 3,695 | 44,070 | 36,601 |
| Retirements | -2,346 | -1,102 | -1,095 | -2,059 | -14,467 | -12,625 |
| Money market paper (net) | -460 | -583 | 629 | -187 | -2,079 | 1,474 |
| Government of Canada | -1,301 | 198 | 1,032 | 211 | 305 | 1,834 |
| Other paper | 841 | -781 | -403 | -398 | -2,384 | -361 |
| Stocks (net) | -851 | -331 | -271 | -532 | 6,134 | -3,919 |
| Outstanding (net) | -934 | -417 | -400 | -593 | 5,037 | -4,712 |
| New issues (net) | 83 | 87 | 129 | 61 | 1,097 | 794 |
| Canadian investment in foreign securities, total | -346 | -1,045 | 119 | -754 | -7,706 | -3,478 |
| Bonds (net) | -130 | -705 | 762 | -539 | 30 | -1,019 |
| Stocks (net) | -216 | -340 | -643 | -215 | -7,736 | -2,460 |

Note: Net is the "sales to" less the "purchase from" non-residents. A minus sign indicates an outflow of money from Canada.

OTHER RELEASES

North American Industry Classification System, agreements 4 to 10

Statistics Canada is seeking public comment on the proposed industry structures outlined in agreements 4 to 10 of the North American Industry Classification System (NAICS)—the industry classification system being developed to replace the current Standard Industrial Classification systems of Canada, the United States and Mexico. The new system's common industry definitions will facilitate economic analyses that cover the economies of the three countries. NAICS will also provide special national detail for areas of particular interest to any one country.

Collaboration by the three countries on a classification system for North America's industries was announced in *The Daily* on June 24, 1994, when public comment was also requested.

These agreements cover agriculture, apparel, food, fabricated metal product manufacturing, machinery, electrical equipment, and transportation equipment.

As part of the ongoing consultation process, comments received by Statistics Canada before December 29, 1995, will be discussed by representatives from the three countries before the NAICS structure is finalized.

To obtain the documentation, contact Mr. Kim Farrall (613-951-4245, fax: 613-951-8578, the Internet: standards@statcan.ca), Standards Division. It can also be downloaded from the Internet (<http://www.statcan.ca>, select "information by subject", then "Standards").

For further information on this release, contact Shaila Nijhowne (613-951-8577, fax: 613-951-8578), Director, Standards Division. ■

Steel primary forms

Week ending November 18, 1995 (preliminary)

Steel primary forms production for the week ending November 18, 1995, totalled 276 836 tonnes, up 3.2% from 268 177 tonnes a week earlier and up 2.1% from 271 185 tonnes a year earlier.

The year-to-date total at the end of the week was 12 739 099 tonnes, a 4.4% increase from 12 200 279 tonnes for the same period in 1994.

For further information on this release, contact Greg Milsom (613-951-9827), Industry Division. ■

Mineral wool including fibrous glass insulation

October 1995

Manufacturers shipped 2 877 663 square metres of R12 factor (RSI 2.1) mineral wool batts in October, down 5.9% from 3 057 755 square metres a year earlier, but up 9.2% from the 2 634 444 square metres a month earlier.

Year-to-date shipments to the end of October 1995 totalled 21 690 668 square metres, a 20.7% decrease from the same period in 1994.

Available on CANSIM: matrices 40 and 122 (series 32-33).

The October 1995 issue of *Mineral wool including fibrous glass insulation* (44-004, \$6/\$60) will be available shortly. See "How to order publications".

For further information on this release, contact Roland Joubert (613-951-3527), Industry Division. ■

Production, shipments and stocks of sawmills east of the Rockies

September 1995

Lumber production in sawmills east of the Rockies decreased 8.3% to 2 274 437 cubic metres in September, down from 2 481 280 cubic metres after revisions in September 1994.

Stocks on hand at the end of September 1995 totalled 3 285 837 cubic metres, up 13.0% from 2 906 897 cubic metres in September 1994.

At the end of September 1995, year-to-date production totalled 20 480 469 cubic metres, up 0.2% from 20 437 696 cubic metres after revisions for the same period in 1994.

Available on CANSIM: matrices 53 (except level 1.2, series 2.2 and 3.2) and 122 (series 2).

Data classified according to benchmarks from the 1993 Annual Survey of Manufactures appear in the August and September 1995 issues of *Production, shipments and stocks on hand of sawmills east of the Rockies* (35-002, \$11/\$110). The September issue will be available shortly. See "How to order publications".

For further information on this release, contact Bruno Pépin (613-951-3516), Industry Division. ■

Production, shipments and stocks on hand of sawmills in British Columbia

September 1995

Sawmills in British Columbia made 2 687 653 cubic metres of lumber and ties in September, a 3.0% decrease from 2 771 973 cubic metres in September 1994.

For January to September 1995, year-to-date production totalled 24 616 102 cubic metres, a 4.6% decrease from 25 816 242 cubic metres produced during the same period in 1994.

Available on CANSIM: matrix 53 (level 1.2, series 2.2 and 3.2).

The September 1995 issue of *Production, shipments and stocks on hand of sawmills in British Columbia* (35-003, \$8/\$80) will be available shortly. See "How to order publications".

For further information on this release, contact Ted Brown (604-666-3694), Pacific Region. ■



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PUBLICATIONS RELEASED

Refined petroleum products, August 1995

Catalogue number 45-004

(Canada: \$20/\$200; United States: US\$24/US\$240;
other countries: US\$28/US\$280).

Railway carloadings, September 1995, vol. 72, no. 9

Catalogue number 52-001

(Canada: \$10/\$100; United States: US\$12/US\$120;
other countries: US\$14/US\$140).

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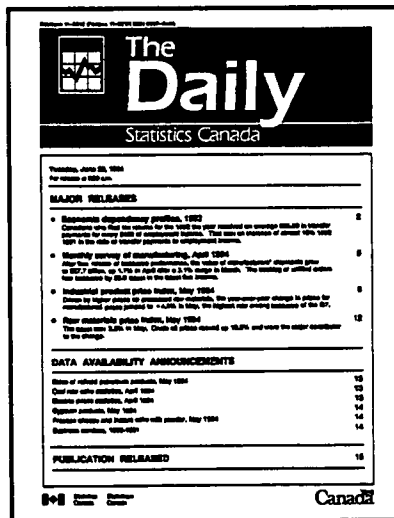
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