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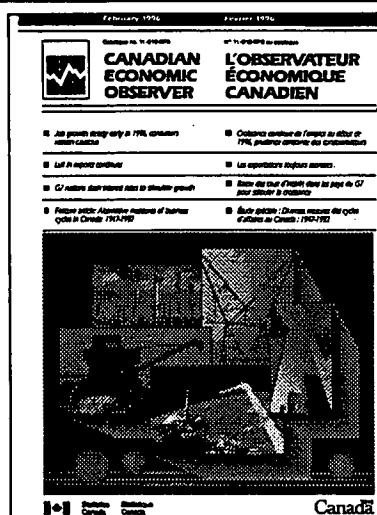
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- **Quarterly financial statistics for enterprises, fourth quarter 1995 and 1995 annual** 3

Operating profits of Canadian corporations edged up 0.5% to \$23.7 billion in the fourth quarter of 1995. Profits were little changed in each of the quarters in 1995 following four quarters of double-digit growth in 1994. Annually, 1995 profits soared 19% to an all-time high of \$95.2 billion.
- **Wholesale trade, December 1995 and 1995** 6

Throughout 1995, sales decreased substantially and inventories surged. December results suggest that wholesalers, along with manufacturers, are further trying to limit the growth of their inventories.

(continued on following page)



Canadian economic observer

February 1996

The February issue of *Canadian economic observer*, Statistics Canada's flagship publication for economic statistics, presents a monthly summary of the economy, the major current economic events in January, and a feature article on reference cycle dates for Canada from 1947 to 1992. A statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The February 1996 issue of *Canadian economic observer* (11-010, \$22/\$220) is now available. See "How to Order Publications". For more information, call Dominique Pérusse (613-951-1789), Current Analysis Group. Internet: ceo@statcan.ca.



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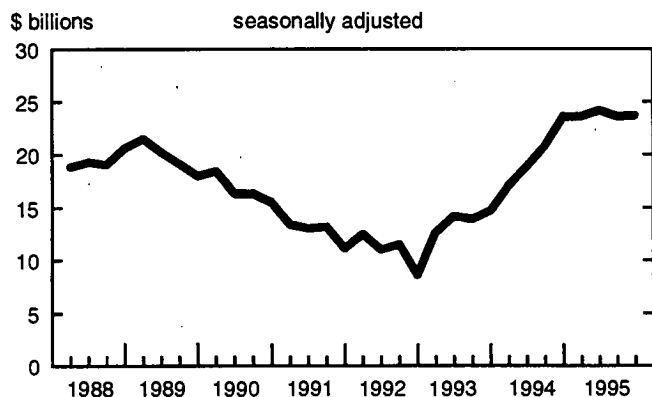
MAJOR RELEASES

Quarterly financial statistics for enterprises

Fourth quarter 1995 and 1995 annual

Following four quarters of double-digit growth throughout 1994, profit levels in 1995 have plateaued at historically high levels. After moderate increases in the first and second quarters and a slight drop in the third, operating profits of Canadian corporations were little changed in the fourth quarter of 1995, rising 0.5% over the third quarter. Current quarter results were mixed, as half of the industries posted increases while the other half suffered profit declines.

Quarterly operating profits little changed



Non-financial sector profits were virtually unchanged

Operating profits of the non-financial industries decreased less than 1% to \$18.8 billion in the fourth quarter. Significant profit declines were posted by wood and paper, and electronic and computer services. The motor vehicles industry registered the largest profit rise in the quarter.

The wood and paper industry's profits fell to \$2.7 billion from \$3.2 billion in the third quarter. Profits had been increasing steadily since the recession in the early 1990s. Domestic and foreign demand for most paper products softened in the quarter. As well, continuing weak housing starts across North America curtailed lumber demand and prices. Despite the diminished fourth quarter results, however, 1995 was a strong year for the wood and paper sector. Profits in the fourth quarter of 1995 were well ahead of those attained in

Note to readers

The quarterly financial statistics cover the domestic 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.

the final quarter of 1994; annual profits for 1995 were at record levels.

The electronic equipment and computer services industry posted a \$0.3 billion decline in profits in the fourth quarter, almost offsetting the gains achieved in the previous quarter. Extremely competitive market conditions reduced revenue and profit margins in the industry.

Profits in the non-ferrous metals industry dipped to \$0.4 billion in the fourth quarter from \$0.6 billion in the previous quarter. This was the third consecutive quarter of profit decline. Prices of most non-ferrous metal products peaked early in 1995, and then weakened throughout the year as demand tapered off.

Petroleum and natural gas producers saw their profits drop to \$2.1 billion from \$2.3 billion in the third quarter. Profits peaked in the second quarter of 1995 at \$3.2 billion. Natural gas prices have remained fairly stagnant throughout most of 1995. Oil prices peaked in the second quarter and fell back somewhat in the latter half of 1995.

Profits of the motor vehicles and accessories industry jumped 14% to \$1.9 billion in the fourth quarter. Coupled with a 12% profit increase in the third quarter, these corporations have recovered most of the profit declines suffered earlier in 1995. Motor vehicle unit sales were stalled throughout most of 1995, but increased prices and stronger profit margins elevated bottom line profits.

Trust companies boosted financial sector

Operating profits of the financial industries advanced 5.6% to \$5.0 billion. The trust companies led the way, as profits jumped almost \$0.5 billion. Excluding the trust companies' results, the financial sector's profits declined in the quarter.

Operating profits of the trust companies rebounded to \$0.3 billion from a loss of \$0.2 billion in the third quarter. In the third quarter of 1995, trust companies booked a provision for future loan losses of \$359

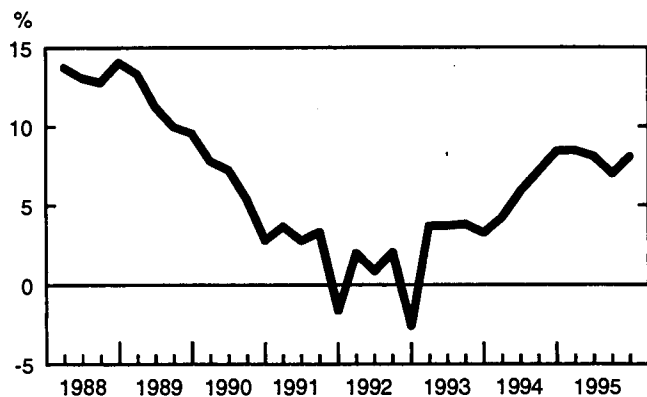
million, whereas only \$47 million was provided for in the fourth quarter.

Chartered bank profits dropped \$0.1 billion to \$2.0 billion in the fourth quarter. Bank profits had increased in five of the previous seven quarters.

Return on equity bounced back

The return on equity ratio for all corporations recovered to 8.1% in the fourth quarter, comparable with levels attained in the first two quarters of 1995. In the third quarter, the return on equity slid to 7.0%, as after-tax profits were pinched by large asset write-offs.

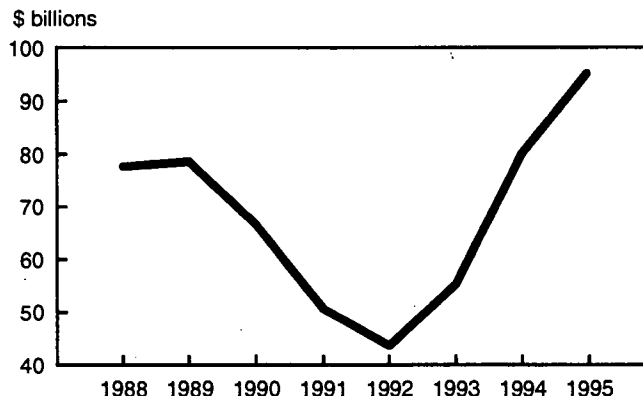
Return on equity on the upswing



Third straight annual increase for profits in 1995

For the 1995 year, Canadian corporate profits increased a robust 19% to \$95.2 billion. Profits were \$80.0 billion in 1994, \$55.4 billion in 1993, and \$43.6 billion in 1992, following the economic downturn.

Annual operating profits at record level



The biggest winner in 1995 was the wood and paper industry, where profits increased 82% to \$10.8 billion. Many wood and paper producers posted record 1995 results, benefitting from surging global demand and soaring prices.

Chemicals producers boosted their profits to \$6.7 billion in 1995 from \$4.9 billion in 1994. Stronger demand from the automotive, pulp and paper, plastics and other sectors firmed chemical prices and strengthened 1995 results.

The chartered banks enjoyed a profitable 1995 year, as operating profits climbed to \$7.8 billion from \$5.0 billion in 1994. Higher net interest income and reduced provisions for future loan losses contributed to the annual profit growth. Bank profits totalled \$3.1 billion in 1993 and \$1.5 billion in 1992.

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

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

For further information on this release, contact Gail Sharland (613-951-9843), Bill Potter (613-951-2662) or Bob Moreau (Financial Sector) (613-951-2512), Industrial Organization and Finance Division. □

Selected financial statistics

	Fourth quarter 1994	Third quarter 1995	Fourth quarter 1995	Third quarter 1995 to fourth quarter 1995	Annual	
					1994	1995
seasonally adjusted						
	\$ billions			% change	\$ billions	
Income statement						
All industries						
Operating revenue	352.7	358.3	356.6	-0.5	1361.8	1,430.7
Operating profit	23.6	23.6	23.7	0.5	80.0	95.2
Net profit	10.7	8.9	10.9	22.7	31.9	41.2
	Fourth quarter 1994	Third quarter 1995	Fourth quarter 1995			
Financial ratios						
All industries						
Profit margin (%)	6.68	6.60	6.66			
Return on equity (%)	8.40	6.95	8.07			
Debt-to-equity (ratio)	1.135	1.094	1.083			
Non-financial industries						
Working capital (ratio)	1.260	1.276	1.273			
Inventory turnover (ratio)	9.197	8.940	8.769			
Receivables turnover (ratio)	8.502	8.514	8.500			

Wholesale trade

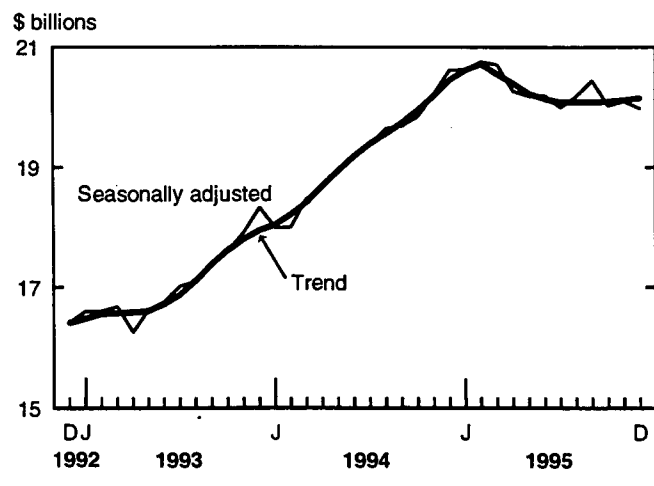
December 1995 (preliminary) and 1995 (annual)

After edging up in November, wholesale merchants' sales declined by 0.6% in December, thus prolonging the overall lack of growth in sales observed since mid-year. Seven of the eleven trade groups posted changes of less than 1% in December, confirming the lack of a clear trend in wholesalers' activity.

In this period of uncertainty, wholesalers were trying to further curtail the growth of their inventories. For the first time since February 1994, their inventories did not increase; they remained at the same level as in November. This, however, was not sufficient to prevent the inventories-to-sales ratio from rising from 1.59 to 1.60 in December.

Over time, the build-up of inventories has become increasingly onerous. The situation does not appear likely to improve significantly in the coming months, since domestic demand remains weak and various plant closures, especially in the pulp and paper industry, may adversely affect wholesalers' sales in the months ahead.

Wholesale merchants' sales almost flat in the second half of 1995.

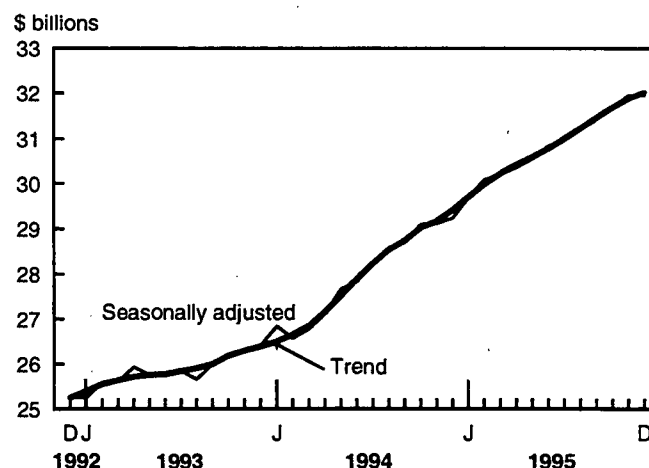


Annual 1995

In 1995, wholesalers' cumulative sales were up 5.5% over 1994. However, this good performance obscured another reality. Unlike 1993 and 1994, which saw strong growth, 1995 was characterized by an economic slowdown. Weakened demand for Canadian products by the United States, a stronger Canadian dollar, and a sluggish domestic market all had a major

impact on wholesalers' performance. After peaking in February, sales declined until mid-year, after which they edged up and down in a seesaw pattern. Throughout 1995, sales fluctuated within a narrow range of \$20.0 billion to \$20.7 billion.

Inventories still building steadily



Throughout 1995, inventories continued to accumulate as steadily as in 1994, despite efforts in some sectors to limit their growth. From January to December, they rose from \$29.7 billion to more than \$31.9 billion. This increase caused the inventories-to-sales ratio to jump to 1.60, a level not seen since early 1993.

Change in cumulative sales by wholesalers from 1994 to 1995

	\$ millions	% change
Other products	4,898	13.0
Computers and softwares	2,695	14.7
Indust. machinery	1,786	5.0
Metals and hardware	1,665	9.4
Beverage, drug and tobacco	1,011	7.7
Farm machinery	620	11.6
Lumber and building material	-343	-1.6
Household goods	262	3.5
Food products	255	0.6
Apparel and dry goods	-209	-3.8
Motor vehicles and accessories	117	0.4
Sales, all trade groups	12,757	5.5

Foreign markets buoyed wholesalers' activity in 1995

Even though wholesalers' performance slowed in 1995, foreign markets continued to be more favourable to wholesalers than the domestic market. Strong exports of pulp and paper, fertilizers and potash, combined with price increases, propelled wholesalers' sales of other products to a level 13.0% higher than in 1994. Wholesalers' sales in metals, hardware, and plumbing and heating equipment and supplies rose by 9.4%, largely because of the metals component.

Investment in machinery and equipment levelled off

After leading the pack in recent years, wholesalers in industrial machinery, equipment and supplies increased their sales by only 5.0% in 1995 compared with an increase of 18.2% in 1994. This slowdown, combined with recent decreases in manufacturers' machinery and equipment shipments seems to suggest that the bulk of investment in equipment for retooling in the industrial sector is behind us. Strong sales increases of computers and softwares (+14.7%) suggest that businesses are still seeking additional productivity gains.

A sluggish domestic market

Weak spending by Canadian households, owing to their limited incomes and high levels of indebtedness,

slowed wholesalers' sales of lumber and building materials (-1.6%), motor vehicles (+0.4%) and furniture (+3.5%). Even with interest rates trending downward throughout the year, it seems that Canadian workers did not feel secure enough about their jobs to purchase durable goods.

Growth in sales by region: A mixed picture

Saskatchewan wholesalers recorded a 14.1% increase in sales in 1995, due to the recovery in the agriculture sector.

Since the beginning of the year, Ontario wholesalers moved ahead at a faster pace than the Canadian average (+8.9% compared with +5.5%). Because wholesale trade sectors most favoured in 1995 are concentrated more in Ontario than in Quebec, sales by Quebec wholesalers increased at a slower pace (+3.8%).

Available on CANSIM: matrices 59, 61, 648 and 649.

The December issue of *Wholesale trade* (63-008, \$18/\$80) will be available shortly. See "How to order publications".

For further information, contact Gilles Simard (613-951-3541) or Catherine Mamay (613-951-9683), Industry Division. □

Wholesale merchants' sales and inventories

	Dec. 1994	Sept. 1995 ^r	Oct. 1995 ^r	Nov. 1995 ^r	Dec. 1995 ^p	Nov. 1995 to Dec. 1995	Dec. 1994 to Dec. 1995
seasonally adjusted							
	\$ millions					% change	
Sales, all trade groups	20,611	20,435	20,018	20,093	19,971	-0.6	-3.1
Food products	3,699	3,515	3,463	3,525	3,502	-0.7	-5.3
Beverage, drug and tobacco products	1,113	1,191	1,211	1,236	1,245	0.8	11.8
Apparel and dry goods	487	454	429	441	421	-4.4	-13.5
Household goods	655	655	602	613	626	2.0	-4.5
Motor vehicles, parts and accessories	2,520	2,191	2,070	2,141	2,160	0.9	-14.3
Metals, hardware, plumbing and heating equipment and supplies	1,607	1,612	1,599	1,617	1,615	-0.1	0.5
Lumber and building materials	1,911	1,694	1,659	1,631	1,640	0.6	-14.2
Farm machinery, equipment and supplies	495	510	530	453	510	12.6	3.0
Industrial and other machinery, equipment and supplies	3,147	3,061	3,075	3,062	3,083	0.7	-2.0
Computers and packaged software	1,598	1,840	1,792	1,862	1,864	0.1	16.6
Other products	3,379	3,712	3,588	3,514	3,306	-5.9	-2.2
Newfoundland	183	189	188	183	184	0.5	0.4
Prince Edward Island	45	46	46	49	47	-4.5	4.1
Nova Scotia	469	448	455	473	473	-0.1	0.8
New Brunswick	293	283	287	285	292	2.5	-0.4
Quebec	4,792	4,482	4,359	4,445	4,507	1.4	-5.9
Ontario	8,786	9,050	8,781	8,810	8,703	-1.2	-0.9
Manitoba	657	666	692	681	670	-1.7	1.9
Saskatchewan	673	647	674	656	663	1.1	-1.5
Alberta	1,921	1,927	1,992	1,870	1,858	-0.6	-3.3
British Columbia	2,766	2,671	2,522	2,616	2,550	-2.5	-7.8
Yukon	10	12	11	10	9	-4.9	-8.5
Northwest Territories	15	14	13	15	14	-1.8	-1.1
Inventories, all trade groups	29,244	31,450	31,682	31,949	31,949	0.0	9.3
Food products	2,318	2,271	2,295	2,348	2,320	-1.2	0.1
Beverage, drug and tobacco products	1,434	1,421	1,436	1,463	1,483	1.3	3.4
Apparel and dry goods	1,067	1,022	1,072	1,044	1,042	-0.2	-2.3
Household goods	1,445	1,551	1,538	1,510	1,489	-1.4	3.0
Motor vehicles, parts and accessories	3,776	4,175	4,214	4,300	4,369	1.6	15.7
Metals, hardware, plumbing and heating equipment and supplies	2,646	2,918	2,907	2,904	2,942	1.3	11.2
Lumber and building materials	2,956	3,197	3,229	3,201	3,171	-0.9	7.3
Farm machinery, equipment and supplies	1,571	1,523	1,547	1,601	1,575	-1.6	0.3
Industrial and other machinery, equipment and supplies	6,212	6,860	6,911	7,021	6,989	-0.5	12.5
Computers and packaged software	1,773	1,845	1,827	1,857	1,809	-2.6	2.0
Other products	4,046	4,666	4,707	4,698	4,761	1.3	17.7

^p Preliminary figures.

^r Revised figures.

OTHER RELEASES

Hospital statistics

1993-94 (preliminary annual report)

Canadians spent fewer days in hospital in 1993-94, continuing a trend to shorter hospital stays that began in 1988-89.

While the number of hospital beds in operation started to decline in 1987-88, hospital costs and workforce size did not start to decrease until the early 1990s.

The average stay in hospital lasted 13 days in 1993-94, down a full day from 14 days reported six years earlier. In acute care public general hospitals, which have no long-term beds, the average stay fell from 8 days to 7.

However, the number of hospital beds in operation fell even more sharply. In 1993-94, hospitals reported 140,887 beds in operation, down 18% from the peak in 1986-87.

Public hospitals reported total operating expenses of \$24.1 billion in 1993-94. Operating costs reached their peak in 1992-93 at \$24.4 billion. These costs covered hospital administration, education and research, as well as services to inpatients and outpatients.

Salaries and employee benefits continued to represent more than 70% of public hospital operating expenses. All hospitals covered by the survey recorded a full-time equivalent work force of 381,299 in 1993-94, down 8% from the peak in 1991-92.

These results are based on data reported by 89% of Canada's 998 public hospitals, representing 93% of 162,812 approved beds. Private and federal hospitals, which together comprise 14% of all hospitals, but only 4% of all beds, are not required to report financial information on this survey.

Preliminary hospital statistics for the fiscal year 1993-94 are now available in the publication *Hospital statistics: Preliminary annual report, 1993-94* (83-241, microfiche version \$25, paper \$30).

For further information on this release, contact Patricia Tully (613-951-8782) or the information requests unit (613-951-1746), Health Statistics Division. ■

Steel primary forms

Week ending February 17, 1996 (preliminary)

Steel primary forms production for the week ending February 17, 1996 totalled 273 679 tonnes, up 15.0% from the week-earlier 238 077 tonnes and down 1.9%

from the year-earlier 279 116 tonnes. The cumulative total at the end of the week was 1 836 815 tonnes, a 4.1% decrease from 1 914 706 tonnes for the same period in 1995.

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

Production and disposition of tobacco products

January 1996

Canadian manufacturers produced 3.76 billion cigarettes in January 1996, 3.8% more than the same month a year earlier. Shipments, which reached 3.58 billion cigarettes, were 8.9% above the January 1995 level. The increase was due entirely to a rise in domestic shipments as exports showed no change from year earlier levels. Inventories at the end of January, 1996 were well below (-15.7%) last year's level.

Compared with December 1995, both production and shipments decreased in January, while inventories increased.

Domestic shipments data are the aggregate of shipments reported by Canadian manufacturers. They are not retail level sales or final consumption.

Available on CANSIM: matrix 46.

The January 1996 issue of *Production and disposition of tobacco products* (2-022, \$6/\$60) will be available shortly. See: How to order publications.

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

Mineral wool including fibrous glass insulation

January 1996

Manufacturers shipped 1 706 808 square metres of R12 factor (RSI 2.1) mineral wool batts in January, down 12.4% from 1 948 705 square metres a year earlier, and down 11.9% from the 1 936 302 square metres a month earlier.

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

The January 1996 issue of *Mineral wool including fibrous glass insulation* (44-004,\$6.00/\$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

December 1995

Lumber production in sawmills east of the Rockies decreased 8.5% to 2 057 640 cubic metres in December 1995, from 2 247 998 cubic metres after revisions in December 1994.

Stocks on hand at the end of December 1995 totalled 3 632 756 cubic metres, down 18.0% from 3 077 372 cubic metres in December 1994.

At the end of December 1995, year-to-date production totalled 27 824 602 cubic metres, down 0.2% from 27 878 365 cubic metres after revisions for the same period in 1994.

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

The December 1995 issue of *Production, shipments and stocks on hand of sawmills east of*

the Rockies (35-002-XPB, \$11/\$110) will be available later.

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

Farm product prices

December 1995

Prices received by farmers for their products increased in November and December. On a year-over-year basis the total farm product price index has exceeded the year-earlier level in all but three months since August 1992. In December, the index for all agricultural products stood at 115.3. Crop prices rose in November and December, while livestock and animal product prices rose only in December.

Available on CANSIM: matrix 176.

The 1995 October-December issue of the *Farm cash receipts and farm product price index* (21-001, \$19/\$62) is being released today. See "How to order publications."

For further information on this release, contact Bernie Rosien (613-951-2441), Farm Income and Prices Section, Agriculture Division. ■

PUBLICATIONS RELEASED

Canadian economic observer, February 1996

Catalogue number 11-010-XPB

(Canada: \$22/\$220; United States: US\$27/US\$264;
other countries: US\$31/US\$308).

New motor vehicle sales, October 1995

Catalogue number 63-007-XPB

(Canada: \$16/\$160; United States: US\$20/US\$192;
other countries: US\$23/US\$224).

The labour force, January 1996

Catalogue number 71-001-XPB

(Canada: \$23/\$230; United States: US\$28/US\$276;
other countries: US\$33/US\$322).

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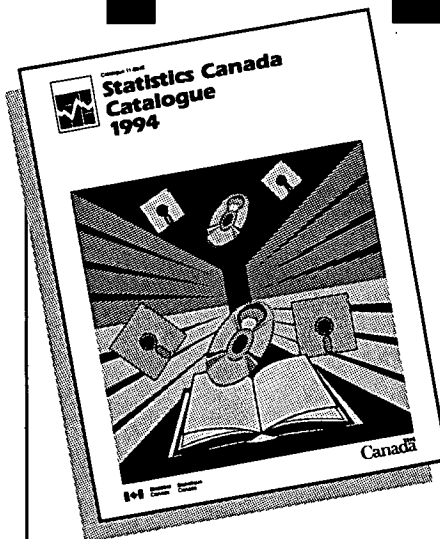
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