Quarterly financial statistics for enterprises, first quarter 2021

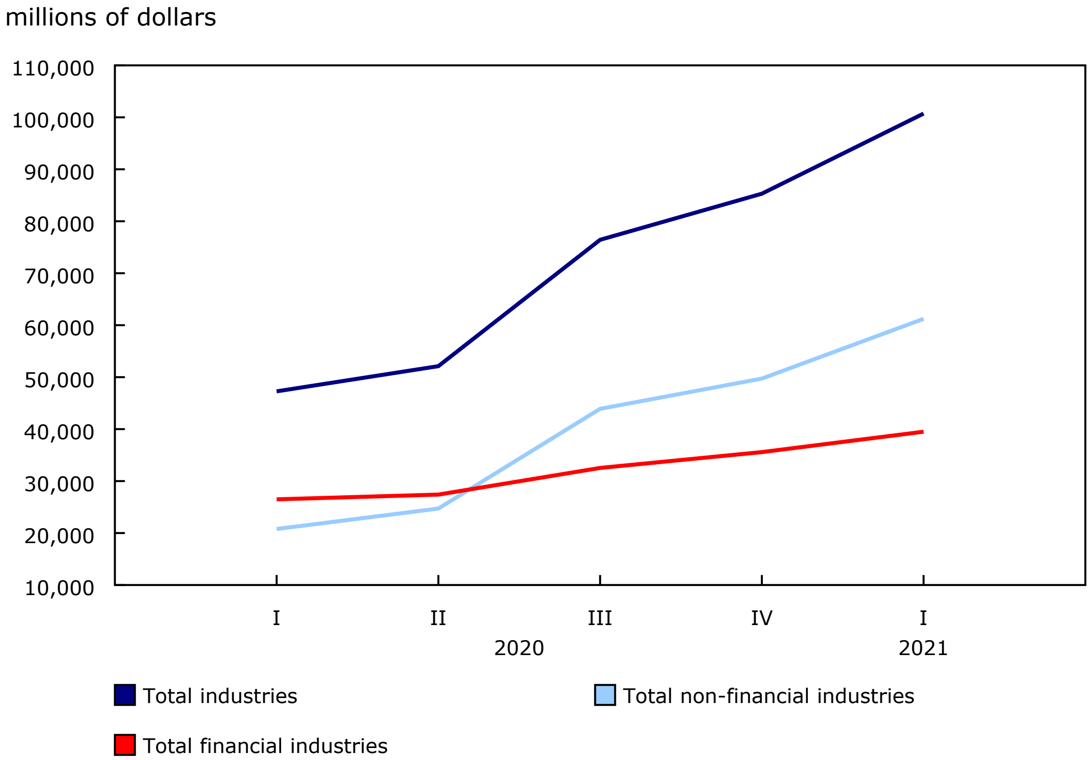
Released at 8:30 a.m. Eastern time in The Daily, Tuesday, May 25, 2021

In the first quarter of 2021, Canadian corporations reported an increase of 18.1% (+$15.4 billion) in net income before taxes, to $100.7 billion. Operating revenue edged up 0.6% (+$6.7 billion) to $1,103.7 billion during the quarter.

In the first quarter, the financial sector in Canada recorded an increase in net income before taxes of 11.0% (+$3.9 billion).

Net income before taxes in the non-financial sector increased by 23.1% (+$11.5 billion) to $61.2 billion in the first quarter.

Chart 1
Corporate net income before taxes (seasonally adjusted)



Source(s): Table 33-10-0226-01.

Net income before taxes increases for industries operating in the energy sector

Net income before taxes in the mining and quarrying and support activities industry recorded a $4.5 billion increase, reaching $3.3 billion. The increase was attributable in part to higher commodity prices. Additionally, expenses for the industry fell in the first quarter because of a decline in expenses associated with asset revaluations, as most of these expenses were booked in the fourth quarter of 2020.

Net income before taxes in the oil and gas extraction and support services industry increased by $2.4 billion (+53.8%) in the first quarter. This increase is mainly attributable to higher oil prices, reflecting continued growth in demand for crude from the lows of the second quarter of 2020 during the COVID-19 pandemic. Nonetheless, the industry continued to report losses for a fifth subsequent quarter, recording a loss of $2.1 billion. This was an improvement from the loss of $4.5 billion in the previous quarter.

Manufacturing net income before taxes increases

Net income before taxes in the manufacturing sector increased by $2.5 billion (+19.5%), reaching $15.3 billion in the first quarter, bolstered by growth in several industries.

Petroleum and coal product manufacturing led the increase in net income before taxes within the manufacturing sector, up $3.7 billion (+203.3%) as global demand continued to grow in the first quarter. Higher prices helped operating revenue in this industry reach its peak level since the first quarter of 2020.

Net income before taxes in the primary metal and fabricated metal product and machinery manufacturing industry increased $905 million (+68.3%), because of increased volumes and prices for outputs of steel mills and ferro-alloy manufacturing.

Net income before taxes in aerospace, rail and ship products and other transportation equipment manufacturing increased $413 million (+303.7%), as demand for large-cabin aircraft and private jets is benefitting from a rebound in air travel and higher aircraft utilization rates.

Partially offsetting these increases in net income before taxes for the manufacturing sector was the pharmaceutical and medicine manufacturing, and soap, agricultural chemicals, paint and other chemical product manufacturing industry, which decreased $1.6 billion (-76.0%), mainly because of a decline in revenue from investment activities.

Retail trade sector net income before taxes increases

Net income before taxes in the retail trade sector increased 7.3% (+$488 million) to $7.2 billion.

The largest contributor to the gain was food and beverages stores, which posted an increase of 48.7% (+$923 million). Retailers saw decreased foot traffic in their stores, but this was offset by customers buying a larger quantity of goods in each visit. Higher prices further buoyed the performance of the sector.

Motor vehicle and parts dealers' net income before taxes rose 40.7% (+$247 million), attributable to an increase in operating revenue as a result of higher sales at new car dealers and automotive parts, accessories and tire stores.

Clothing, sporting goods, and general merchandise stores recorded a decrease in net income before taxes, down $332 million (-21.4%), following the implementation of COVID-19-related restrictions for non-essential retailers.

Wholesale trade net income before taxes decreases

Net income before taxes in the wholesale trade sector decreased $337 million (-3.8%) in the first quarter, to $8.6 billion. Building material and supplies merchant wholesalers saw an increase in net income before taxes, up $1.8 billion (+182.1%), as demand for new homes and supplies for home improvement continued to surge.

Net income before taxes in the financial sector grows for a fourth consecutive quarter

Net income before taxes for financial corporations increased 11.0% (+$3.9 billion) to $39.5 billion in the first quarter.

The banking and other depository credit intermediation industry saw continued growth in net income before tax for a fourth quarter in a row, up 31.7% (+$3.4 billion). These gains are attributable to higher non-interest income. Decreased provisions for credit losses and higher loan volumes further buoyed the industry's performance in the first quarter.

Among insurance carriers, net income before taxes fell 10.8% (-$663 million). The decrease was led by life, health and medical insurance carriers, which saw their net income before taxes fall 22.0%, because of increased expenses arising from actuarial liabilities.

Partially offsetting these losses, property and casualty insurance carriers saw an increase of 17.6% (+$360 million) in net income before taxes.

Dashboard now available

The "Quarterly Survey of Financial Statistics: Visualization Tool" is a comprehensive analytical tool that presents quarterly changes in the financial performance of enterprises.

Note to readers

Data from the Quarterly Survey of Financial Statements (QSFS) include amounts from government programs that support businesses, such as the Canada Emergency Wage Subsidy. These amounts are considered to be revenue for these businesses.

However, with response rates lower than historical averages, the potential delay in the release of this information by businesses, and the methodology used to calculate QSFS estimates, use of these government support programs may be underestimated in the published data.

Data on quarterly net income before taxes in this release are seasonally adjusted and expressed in current dollars, unless otherwise stated.

For information on seasonal adjustment, see Seasonally adjusted data – Frequently asked questions.

Quarterly financial statistics for enterprises are based on a sample survey and represent the activities of all corporations in Canada, except those that are government-controlled or not-for-profit. The survey collects data on balance sheets, income statements and additional disclosures of enterprises.

An enterprise can be a single corporation or a family of corporations under common ownership or control, for which consolidated financial statements are produced.

Survey changes

The following changes were introduced to the survey starting with the first quarter of 2020:

1. *New content was implemented in the first quarter to align the survey to new accounting standards adopted by corporations starting in 2011.*
2. *New industrial breakdowns were implemented, allowing for more granularity in the dissemination of data. As a result, some industry groupings were merged, others were split and some remained the same.*
3. *The survey's sample was modified to support the new industrial breakdowns; however, a maximum sample overlap with the previous sample was adopted.*
4. *A more automated imputation strategy was implemented to streamline the process and to reduce the need for manual intervention.*

Revisions, benchmarking and backcasting

The release of the QSFS for the first quarter of 2021 includes revised estimates from all four quarters of 2020.

Efforts are being made to backcast these data to the first quarter of 2010 to allow for better historical comparisons. However, as more than one cycle of the new content is required before this exercise can begin, users are encouraged to be cautious when making historical comparisons.

It is expected that the backcasting work will be completed and results will be released at the end of 2021.

Larger-than-usual revisions may be anticipated in the future, as quarterly revisions, annual benchmarking, backcasting and new survey data received from respondents will be incorporated to improve data quality and include the most up-to-date data.

Business performance and ownership statistics portal

The Business performance and ownership statistics portal, accessible from the Subjects module of our website, provides users a single point of access to a wide variety of information related to business performance and ownership in Canada.

Next release

Financial statistics for enterprises for the second quarter of 2021 will be released on August 24, 2021.

Available tables: 33-10-0224-01 to 33-10-0227-01 .

Definitions, data sources and methods: survey number 2501.

Aggregate balance sheet and income statement data for Canadian corporations are now available.

Data from the Quarterly Survey of Financial Statements are also available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**) or Media Relations (613-951-4636; **STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca**).