

Quarterly financial statistics for enterprises, second quarter of 2021

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The third wave of the COVID-19 pandemic was experienced in Canada early during the second quarter of 2021. In April, the number of positive COVID-19 cases grew to its highest levels since January 2021. Consequently, provinces enacted public health measures in several regions across the country which directly affected the performance of businesses in Canada.

[Input costs for Canadian businesses](#) grew 6.1% on average over the second quarter, higher than the 5.7% increase seen in the first quarter. While an increase in the price of lumber drove the rise, input costs rose across most product lines, which drove up the costs of goods sold for Canadian producers. Consequently, net income before taxes in the non-financial sector declined by 2.0% in the quarter.

During the quarter, a worldwide shortage of semiconductor chips strongly contributed to the 1.0% decrease in net income before tax in the motor vehicles and trailer manufacturing industry. The shortage also caused a decline in exports of motor vehicles and parts due to partial shutdowns during the period.

Property and casualty insurers in Canada report an increase in claims over the quarter

The property and casualty insurance industry reported an increase in the number of claims compared with the previous period. Later in June, a number of weather-related events damaged crops. Moreover, dry conditions prompted wildfires which may negatively impact the earnings of property and casualty insurance carriers in the next quarter.

Life, health and medical insurers in Canada saw an increase of 15.0% in net income before tax, supported by favourable foreign exchange rates during the period. Over the second quarter, the Canadian dollar appreciated 181 basis points against the US dollar reaching its highest level since 2014. Life insurance reported a slight decrease in claims, further buoying results.

The net income before taxes for wood and paper manufacturing edged up over the quarter

In the wood product and paper industry, lumber prices continued to climb for the first half of the quarter. In May 2021, [lumber prices](#) were 123.3% higher year over year. However, prices for forestry products began to fall in the following month. Nonetheless, the industry saw an increase in net income before taxes by 1.5% over the quarter.

A dispute over the Line 5 pipeline prompted worries over crude supply

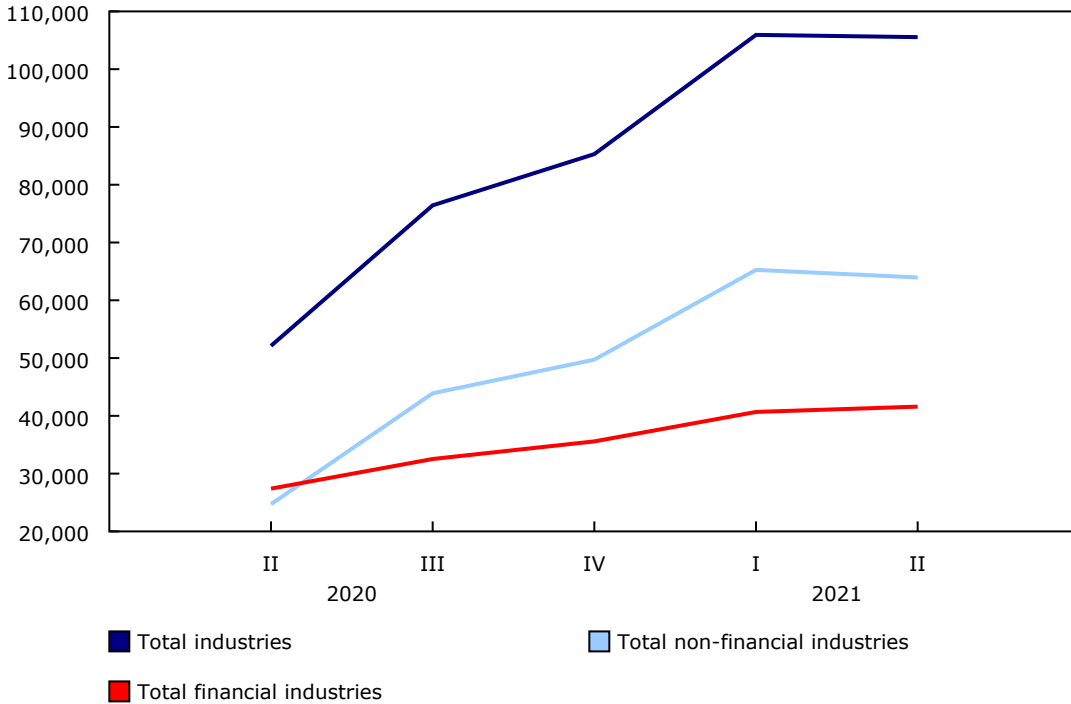
Over the quarter, oil and gas extraction and support services reported a net income before taxes of \$1.4 billion, driven by an increase in the price of crude oil.

Simultaneously, a dispute between the State of Michigan and Enbridge prompted fears over a major interruption in crude supply through the Line 5 pipeline, leading to a decline in oil prices, before quickly recovering. A shutdown of the pipeline would mean that crude oil would be transported via rail to eastern Canada or stored in available terminals. Furthermore, interrupted operation of Line 5 would mean that active crude refineries in eastern Canada would face supply shortages. The effects of these events may be reflected in future quarters as the dispute is resolved in the courts.



Chart 1
Corporate net income before taxes (seasonally adjusted)

millions of dollars



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

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, given lower response rates than historical averages, a 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 with 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 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 reduce the need for manual intervention.

Revisions, benchmarking and backcasting

The release of the QSFS in the second quarter of 2021 includes revised estimates for the first quarter of 2021.

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 new content is required before this exercise can begin, users are encouraged to use caution when making historical comparisons.

It is expected that backcasting will be completed and results 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 with a single point of access to a wide variety of information on business performance and ownership in Canada.

Next release

Financial statistics for enterprises for the third quarter of 2021 will be released on November 23, 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).