

# Quarterly financial statistics for enterprises, second quarter 2022

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Rising commodity prices kept contributing to the high inflation level recorded in the second quarter, which led the Bank of Canada to increase its policy rate by 100 basis points to cool-off inflation. These macroeconomic events impacted the operations of the Canadian corporate sector during the second quarter.

Amid this backdrop, Canadian corporations reported a quarterly increase of 6.5% in net income before taxes (NIBT) in the second quarter. The non-financial sector drove the gain, recording a growth of 10.2% in NIBT.

Consult the "[Quarterly Survey of Financial Statistics: Visualization Tool](#)" for a comprehensive overview of the quarterly changes in the financial performance of enterprises.

## Net income before taxes of energy sector at record high as price of crude oil rallies

The oil and gas extraction industry recorded a notable increase of 57.8% in NIBT, which was attributable to a rally in the prices of crude oil in the second quarter. On an unadjusted basis, NIBT reached \$13.3 billion, which is the highest level recorded since the start of the series in 2010.

The ongoing global disruptions of crude supply caused by the conflict in Ukraine ramped up the prices of oil and gas during the quarter. The price of crude energy products was up 16.7% in the same quarter, according to the [Raw Materials Price Index](#). Likewise, [exports of crude oil and gas](#) increased 16.1%, as demand from US refineries remained strong during the second quarter. These exports of crude oil represented a share of 20.3% of total exports in the same period.

The petroleum and coal product manufacturing industry recorded a sharp increase of 65.0% in NIBT, mainly on higher prices and rising pre-tax profit margins. On an unadjusted basis, NIBT for the industry reached its highest level since the start of the series in 2010, at \$8.0 billion in the second quarter of 2022. Furthermore, the pre-tax margin of the petroleum and coal manufacturing industry also rose to its highest level, at 13.7%.

The demand for refined petroleum products went up as local and international travel saw higher activity during the second quarter. According to the [Monthly Survey of Manufacturing](#), sales in dollars increased 21.9% during the second quarter, while reaching record levels in May attributable to a rally in prices of oil and inelastic demand. Prices of refined petroleum products were up 30.6% for the second quarter, according to the [Industrial Product Price index](#). Exports of refined petroleum energy products increased 37.5% in the same period, attributable to a surge in the [export price index](#) of this commodity.

Overall, the oil and gas extraction and petroleum and coal manufacturing industries contributed to 80.9% of the change in NIBT of the non-financial sector in the second quarter.

## Net income before taxes for the transportation industry increases as travel restrictions ease

Transportation, postal and couriers' services, and transportation support activities recorded an increase in NIBT of 28.0% (+\$1.1 billion) during the second quarter.

As of June, fully vaccinated travellers no longer required pre-arrival COVID-19 test results to enter Canada at border crossings.

The increase in NIBT is largely attributable to the growth in commercial aviation, due to higher cargo activity and a rise in the number of passengers travelling. The number of passengers travelling by major Canadian air carriers returned to pre-pandemic levels, with [more than 5 million passengers](#) arriving in Canada during the second quarter. Non-resident passengers also signalled a return with [arrivals by air over 20 times](#) the number of arrivals observed in the second quarter of 2021.

Rail transportation also contributed to the gain in the transportation industry in the second quarter, driven primarily by higher rail movement of energy products, metals, and minerals. In May, [Canadian railways](#) recorded growth of 8.7% in total tonnage from May 2021, at 32.1 million tonnes of freight. This was the second highest overall volume of traffic since May 2021.

### **Financial sector records a decline in net income before taxes during the second quarter**

The Bank of Canada increased its policy rate by 100 basis points in the second quarter, as the inflation rate reached high of 7.5% during the same quarter compared with an average of 5.8% in the first quarter. This level of inflation has not been experienced since [the first quarter of 1983](#). Higher interest rates and growing fear of an economic slowdown led to a decline on the Toronto Stock Exchange of 13.8% during the second quarter of 2022.

Net income before taxes of financial corporations declined 1.6% to \$43.3 billion in the second quarter.

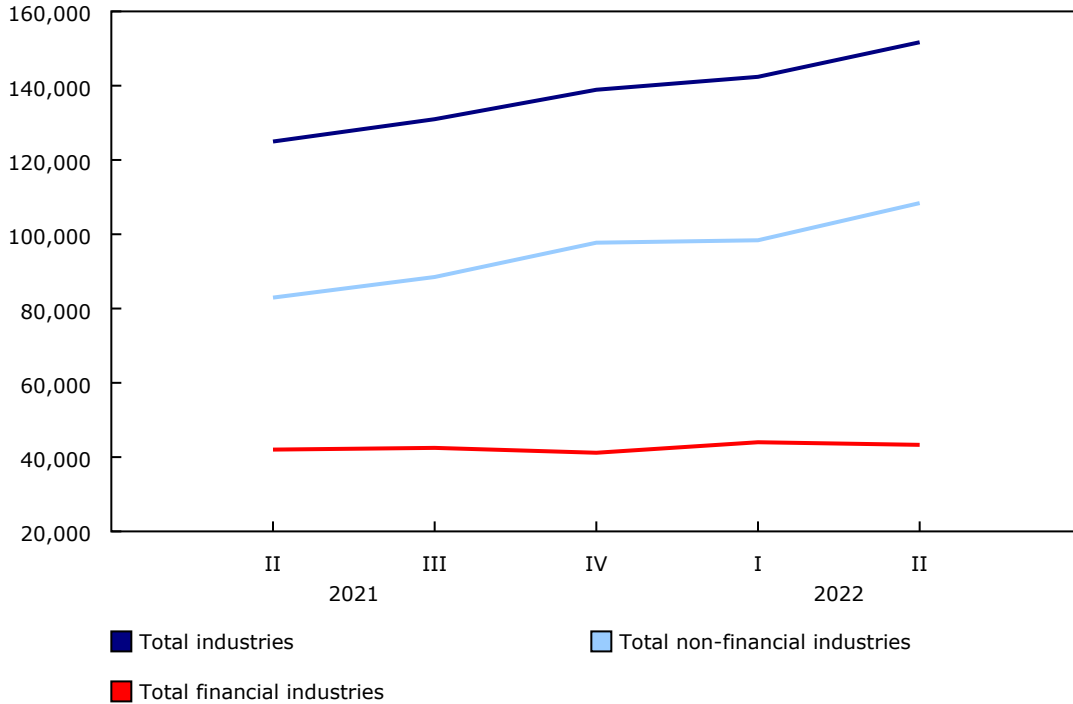
The life, health and medical insurance carriers industry led the decrease in NIBT for the financial sector, down \$794.0 million for the second quarter, in part due to the decline of the equity markets which affected asset valuations in the second quarter.

Expenses for the property and casualty insurance carriers' industry rose 8.1% during the second quarter, due to increased claims as [severe weather events](#) in Quebec and Ontario caused significant damages during the quarter. Higher revenues (+11.4%) coming partly from automobile premiums increased during the second quarter, reflecting an increase in driving activity. Overall, the industry saw a rise in NIBT of 7.1% (+\$200 million) for the second quarter.

NIBT for the depository credit intermediation industries, which includes banks and local credit unions, was up 1.0% (+\$167 million) in the second quarter. This rise was mainly attributable to an increase in net interest income, as mortgage loans were up 2.8% in the second quarter. Partially offsetting this increase was a decline in investment revenues.

**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

For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

### Revisions, benchmarking and backcasting

The release of the Quarterly Survey of Financial Statements (QSFS) for the first quarter of 2022 included revised estimates for all quarters of 2020 and 2021. The release for the first quarter of 2022 marked the first benchmarking exercise against the Annual Financial and Taxation Statistics for Enterprises since the introduction of several changes in the first quarter of 2020.

Previously, the release of the QSFS for the fourth quarter of 2021 included backcasted estimates for the reference periods starting from the first quarter of 2010, up to the fourth quarter of 2019. The backcast includes non-seasonally adjusted estimates for a selected number of variables for these reference periods.

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

1. New content was implemented in the first quarter of 2020 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.

### Backcasting

The backcasted estimates are derived from a process of reconciliation to ensure that the quarterly series are consistent with the levels of a set of information from surveyed and administrative sources, and by applying the quarter-to-quarter movement of historical QSFS estimates.

Changes in the data from previously released estimates may be because of a number of reasons, including survey population updates, industry reclassifications and revisions to the data.

While considerable effort is made to ensure high standards throughout the reconciliation process, the resulting estimates are inevitably subject to a certain degree of error. Users are therefore encouraged to use caution when making historical comparisons.

### Benchmarking

For the QSFS, the estimates for reference years starting with 2020 have been reconciled with the Annual Financial and Taxation Statistics for Enterprises program since the first quarter of 2022 to ensure that the quarterly series is consistent with the levels of the annual Financial and Taxation Statistics for Enterprises program. 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.

### Business performance and ownership statistics portal

The [Business performance and ownership statistics](#) portal, accessible from the Subjects module of the Statistics Canada 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 will be released on November 23.

**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; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).