

Bureau of the Census

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**ADVANCE DATA FROM THE QUARTERLY FINANCIAL REPORT FOR MANUFACTURING,  
MINING, AND TRADE CORPORATIONS--FIRST QUARTER 1998**

*(Except where noted, all figures in text and tables are not seasonally adjusted.)*

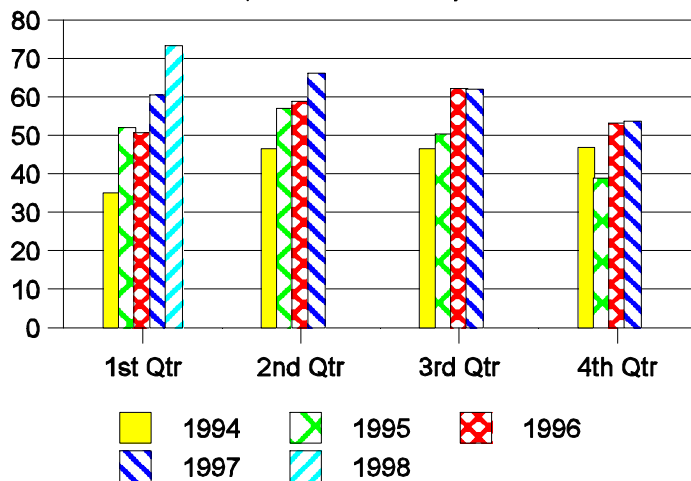
*Sales and after-tax profits data for all manufacturing are presented in Table 1 on both a seasonally adjusted and an unadjusted basis. Seasonally adjusted historical data for this series, as well as for total durable and total nondurable manufacturing, are presented in Table 3. Data for individual manufacturing industries are not seasonally adjusted.*

**SPECIAL NOTE**

Beginning with the first quarter of 1998, the reporting forms used by the Quarterly Financial Report Program were updated to conform with changes in accounting principles and to provide more meaningful data to users. As a result, net income before and after tax have been redefined to include minority stockholders' interest. Prior quarter data in the publication and the press release have been restated to reflect this change in definition.

**Manufacturers' After-Tax Profits**

(Billions of Dollars)



For the first quarter of 1998, manufacturers' seasonally adjusted after-tax profits were \$74.1 billion, up \$15.1 ( $\pm 1.4$ ) billion from last quarter. On an unadjusted basis, first quarter after-tax profits were \$73.2 billion, up \$19.6 ( $\pm 1.4$ ) billion from last quarter and up \$12.7 ( $\pm 1.4$ ) billion from the same quarter a year ago.

Unadjusted durable manufacturers' after-tax profits for the first quarter of 1998 were \$44.0 billion, up \$16.0 billion or 56.8 percent ( $\pm 6.1\%$ ) when compared to the fourth quarter of 1997, with the underlying industry categories showing mixed results. The sharp increase in motor vehicles of \$16.4 ( $\pm 0.1$ ) billion was due primarily to improved operating profits and significant gains from asset sales. Fabricated metals, nonferrous metals, and aircraft also reported statistically significant improvements. Declines in electrical machinery and stone, clay, and glass were due chiefly to lower operating profits.

Manufacturing corporations' seasonally adjusted after-tax profits averaged 7.5 cents per dollar of sales for the first quarter of 1998, up 1.6 ( $\pm 0.2$ ) cents from the fourth quarter of 1997. The Commerce Department's Bureau of the Census also reported that on an unadjusted basis, after-tax profits for the first quarter averaged 7.7 cents per dollar of sales, up 2.4 ( $\pm 0.2$ ) cents from the preceding quarter and up 1.2 ( $\pm 0.2$ ) cents from the same quarter in 1997.

When compared to the first quarter of 1997, unadjusted durable manufacturers' profits were up \$17.0 billion or 62.9 percent ( $\pm 4.7\%$ ). As with the quarter to quarter change, results were mixed. Motor vehicles' \$16.6 ( $\pm 0.1$ ) billion was due chiefly to significant gains from asset sales. Stone, clay, and glass's increase of \$1.3 ( $\pm 0.1$ ) billion was due mostly to the absence of significant nonrecurring charges reported in the first quarter of 1997.

Fabricated metals and furniture also reported statistically significant increases. Electrical machinery, lumber, and aircraft reported decreases. Electrical machinery's \$2.0 ( $\pm 0.4$ ) billion decline was due primarily to decreases in operating profits and foreign earnings .

Unadjusted nondurable manufacturers' after-tax profits for the first quarter of 1998 were \$29.2 billion, up \$3.6 billion or 14.1 percent ( $\pm 2.8\%$ ) when compared to the fourth quarter of 1997. Industrial chemicals' \$2.8 ( $\pm 0.1$ ) billion increase was due principally to improved operating profits and the absence of significant nonrecurring charges reported in the fourth quarter of 1997. Paper, food, residual chemicals, rubber, printing, apparel, and textiles also reported statistically significant increases. Petroleum and drugs reported declines. Petroleum's downturn of \$3.4 ( $\pm 0.1$ ) billion was due chiefly to lower operating profits and a decline in dividends from non-consolidated foreign subsidiaries.

When compared to the same quarter in 1997, unadjusted nondurable manufacturers' profits were down \$4.4 billion or 13.0 percent ( $\pm 2.7\%$ ). The underlying industry categories showed mixed results. Petroleum, residual chemicals, industrial chemicals, and drugs were down. Petroleum's \$4.0 ( $\pm 0.1$ ) billion decrease was due primarily to declines in operating profits and foreign equity earnings. Food, rubber, paper, and textiles reported increases.

Manufacturers' seasonally adjusted sales for the first quarter of 1998 were \$988.3 billion, showing no statistically significant change from last quarter. On an unadjusted basis, sales were \$956.0 billion, down \$54.3 billion or 5.4 percent ( $\pm 0.9\%$ ), but up \$20.8 billion or 2.2 percent ( $\pm 1.0\%$ ) from the first quarter of 1997.

Seasonally adjusted sales of nondurables were \$452.0 billion, down \$8.8 billion or 1.9 percent ( $\pm 1.2\%$ ) from last quarter. Seasonally adjusted durable manufacturers' sales were \$536.3 billion, showing no statistically significant change from last quarter. Unadjusted sales for nondurable manufacturing were \$437.7 billion, down \$31.3 billion or 6.7 percent ( $\pm 1.2\%$ ) from last quarter and down \$9.9 billion or 2.2 percent ( $\pm 1.3\%$ ) from the first quarter of 1997. Unadjusted durable manufacturers' sales were \$518.4 billion, down \$22.9 billion or 4.2 percent ( $\pm 1.3\%$ ) when compared to the fourth quarter of 1997. On a same quarter a year ago basis, durable manufacturers' sales were up \$30.7 billion or 6.3 percent ( $\pm 1.6\%$ ).

Also included in this release are first quarter 1998 data for large mining and wholesale trade corporations.

These advance data, based on quarterly financial reports from about 8,200 corporations, were released today from the Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations--First Quarter 1998 (QFR-98-1). The publication includes statements of income and retained earnings, balance sheets, and related financial and operating ratios. The aggregated data are classified by industry and asset size.

The publication becomes available for sale approximately two weeks from the date of this release from the Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954 (202-512-1800). The cost for an annual subscription is \$34 domestic and \$42.50 foreign. Remittances from foreign countries must be by international money order or by draft on a U.S. bank.

Files are also available on 3.5 inch flexible diskettes from U.S. Department of Commerce, Bureau of the Census (MS1921), P.O. Box 277943, Atlanta, GA 30384-7943 (301-457-4100). The annual subscription cost is \$84; \$66 for the first diskette and \$6 for each additional diskette. Second quarter 1998 advance data are scheduled for release on September 14, 1998.

#### EXPLANATORY NOTES:

This quarter's publication contains data revised due to the reclassification of corporations by industry, and revisions that reflect respondents' corrections of submitted data subsequent to original publication.

The data presented in this report are estimated from a sample survey and therefore are subject to sampling variability as well as nonsampling variability such as response error, nonreporting, and coverage errors. Estimates of sampling variability are presented in the publication. A statement such as "up 2.5 ( $\pm 0.15$ ) cents," appearing in the text, indicates the range (+2.35 to +2.65 cents) in which the actual change is likely to have occurred. The range given for the change is a 90 percent confidence interval that accounts only for sampling variability. If the range had contained zero (0), it would have been uncertain whether there was an increase or decrease; that is, the change would not have been statistically significant. For any comparison cited without a confidence interval, the change is statistically significant. The quarterly publication includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

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This press release is available on the day of issue through the Department of Commerce's on-line Economic Bulletin Board (202-482-1986) and on the Internet (<http://www.census.gov/agfs/www/qfr.html>).

TABLE 1. QUARTERLY FINANCIAL REPORT FOR MANUFACTURING CORPORATIONS

Item	Seasonally Adjusted			Unadjusted		
	1Q 1998	4Q 1997 <sup>1</sup>	1Q 1997 <sup>1</sup>	1Q 1998	4Q 1997 <sup>1</sup>	1Q 1997 <sup>1</sup>
Rate of return (after taxes):						
Cents per dollar of sales .....	7.5	5.9	6.3	7.7	5.3	6.5
Percent on equity (annual rate) .....	NA	NA	NA	19.6	14.5	17.0
	(million dollars)					
Sales .....	988,276	991,814	966,788	956,018	1,010,276	935,196
Income after income taxes .....	74,136	59,010	61,344	73,244	53,673	60,589
Dividends paid (cash) .....	NA	NA	NA	30,994	34,664	21,815

TABLE 2. SALES AND PROFITS OF CORPORATIONS ENGAGED IN MANUFACTURING, MINING, AND TRADE--NOT SEASONALLY ADJUSTED

Industry Group	Sales			Operating Profits*			After-Tax Profits		
	1Q 1998	4Q 1997 <sup>1</sup>	1Q 1997 <sup>1</sup>	1Q 1998	4Q 1997 <sup>1</sup>	1Q 1997 <sup>1</sup>	1Q 1998	4Q 1997 <sup>1</sup>	1Q 1997 <sup>1</sup>
	(million dollars)								
All manufacturing corporations .....	956,018	1,010,276	935,196	70,203	64,794	70,415	73,244	53,673	60,589
Nondurable goods .....	437,656	468,977	447,517	36,340	34,944	38,225	29,201	25,586	33,558
Food and tobacco .....	117,059	123,783	115,908	9,770	10,629	10,034	6,694	5,344	6,053
Textiles .....	17,099	16,833	16,945	1,198	1,400	1,059	597	321	418
Apparel <sup>2</sup> .....	17,560	19,912	16,685	1,241	1,064	1,232	797	309	870
Paper .....	41,234	41,605	39,633	3,036	2,229	2,697	1,322	(98)	1,102
Printing .....	46,191	50,623	44,456	4,024	5,443	3,723	3,033	2,455	2,980
Chemicals .....	104,392	107,387	103,573	11,533	7,212	11,518	11,278	9,073	12,998
Industrial chemicals and synthetics <sup>3</sup> ..	36,943	39,651	42,053	3,382	2,408	4,095	2,742	(83)	3,405
Drugs <sup>3</sup> .....	33,901	33,936	29,424	4,036	1,799	4,074	5,028	6,758	5,221
Residual of chemicals <sup>3</sup> .....	33,547	33,799	32,096	4,116	3,004	3,349	3,507	2,398	4,371
Petroleum .....	63,356	77,457	80,615	3,241	5,066	5,812	3,882	7,304	7,871
Rubber .....	30,766	31,377	29,701	2,296	1,900	2,149	1,598	876	1,266
Durable goods .....	518,361	541,298	487,679	33,863	29,850	32,190	44,043	28,087	27,031
Stone, clay, and glass .....	16,695	18,544	15,564	1,056	1,577	877	507	903	(818)
Primary metals .....	38,767	38,394	36,845	2,620	2,351	2,403	1,792	1,087	1,703
Iron and steel <sup>3</sup> .....	20,096	19,540	18,573	1,184	1,119	1,032	670	623	595
Nonferrous metals <sup>3</sup> .....	18,671	18,853	18,272	1,435	1,232	1,371	1,122	464	1,108
Fabricated metals .....	44,431	44,966	42,682	4,082	3,198	3,521	2,851	1,966	2,367
Machinery .....	107,977	115,035	102,158	4,971	5,836	4,846	5,893	6,563	5,475
Electrical machinery .....	107,999	116,102	100,133	8,318	11,162	9,711	6,294	7,918	8,303
Transportation equipment .....	132,363	136,031	122,795	7,407	430	6,366	23,343	6,202	6,885
Motor vehicles and equipment <sup>3</sup> .....	89,479	91,671	84,249	4,313	(1,015)	3,230	21,369	4,932	4,807
Aircraft, guided missiles, and parts <sup>3</sup> ..	35,687	36,610	31,695	2,437	986	2,591	1,619	1,014	1,792
Instruments .....	28,884	29,472	26,939	2,649	2,680	1,813	1,770	1,776	1,471
Other durable goods .....	41,245	42,753	40,562	2,759	2,616	2,653	1,592	1,672	1,644
Lumber and wood products <sup>3</sup> .....	16,370	16,558	17,829	1,020	927	1,193	625	683	883
Furniture and fixtures <sup>3</sup> .....	15,884	16,801	14,432	1,211	1,161	952	714	711	455
Miscellaneous manufacturing <sup>3</sup> .....	8,991	9,394	8,301	528	528	508	254	278	307
Mining <sup>4</sup> .....	15,238	16,836	16,069	1,984	2,290	2,452	779	56	2,082
Wholesale trade <sup>4</sup> .....	274,264	290,686	271,502	6,679	6,375	6,343	3,656	3,429	3,822
Retail trade <sup>4</sup> .....	NA	290,138	239,606	NA	16,853	8,589	NA	8,206	3,651

\*Operating profits are profits before nonoperating income and expense items and income taxes.

<sup>1</sup>Revised.

<sup>2</sup>Includes leather industry (previously titled "Other Nondurables").

<sup>3</sup>Included in major industry above.

<sup>4</sup>Mining and trade data are the quarterly results of companies in those divisions with assets over \$50 million; whereas, data for manufacturing corporations represent the quarterly results of companies with assets over \$250,000.

TABLE 3. QUARTERLY FINANCIAL REPORT FOR MANUFACTURING CORPORATIONS--SEASONALLY ADJUSTED

Industry Group and Year	Sales <sup>1</sup>				After-Tax Profits <sup>1</sup>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(million dollars)				(million dollars)			
All manufacturing:								
1993 .....	743,920	751,108	753,306	766,388	12,584	19,404	23,490	27,697
1994 .....	784,935	802,798	825,208	841,521	36,457	41,210	45,307	52,016
1995 .....	872,103	872,090	883,782	899,514	52,969	51,956	49,182	44,124
1996 .....	914,985	931,689	949,376	960,215	51,545	53,913	60,979	58,496
1997 .....	966,788	971,571	986,100	991,814	61,344	61,183	60,946	59,010
1998 .....	988,276				74,136			
All nondurable manufacturing:								
1993 .....	381,996	382,614	379,377	381,118	12,729	15,346	11,766	15,757
1994 .....	387,518	394,694	405,729	409,702	18,971	19,922	22,548	26,349
1995 .....	425,919	427,642	430,970	435,647	25,877	28,243	27,841	21,946
1996 .....	441,999	452,826	458,160	462,261	27,977	28,355	32,598	29,904
1997 .....	462,427	458,016	458,614	460,790	33,341	30,263	30,840	27,384
1998 .....	451,959				29,023			
All durable manufacturing:								
1993 .....	361,924	368,494	373,929	385,270	(145)	4,058	11,724	11,940
1994 .....	397,417	408,104	419,479	431,819	17,486	21,288	22,759	25,667
1995 .....	446,184	444,448	452,812	463,867	27,092	23,713	21,341	22,178
1996 .....	472,986	478,863	491,216	497,954	23,568	25,558	28,381	28,592
1997 .....	504,361	513,555	527,486	531,024	28,003	30,920	30,106	31,626
1998 .....	536,317				45,113			

<sup>1</sup>Revised.