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

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

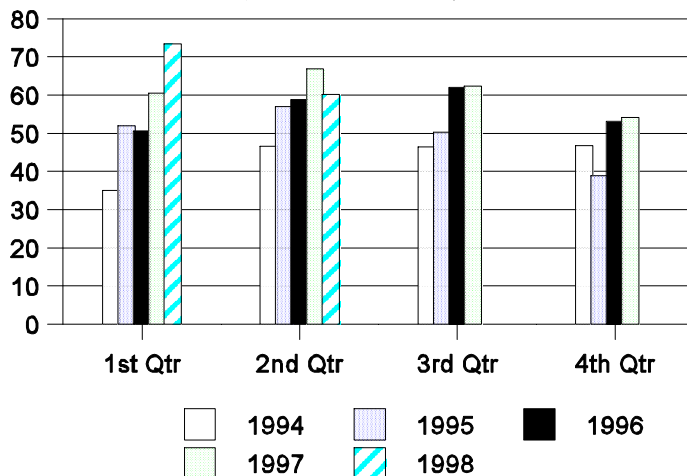
Sales and after-tax profits data for all manufacturing are presented in Table 1 on both a seasonally adjusted and an unadjusted basis. Seasonally adjusted historical data for this series, as well as for total durable and total nondurable manufacturing, are presented in Table 3. Data for individual manufacturing 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 second quarter of 1998, manufacturers' seasonally adjusted after-tax profits were \$55.6 billion, down \$18.9 (± 1.2) billion from last quarter. On an unadjusted basis, second quarter after-tax profits were \$60.2 billion, down \$13.2 (± 1.2) billion from last quarter and down \$6.7 (± 1.3) billion from the same quarter a year ago.

Unadjusted durable manufacturers' after-tax profits for the second quarter of 1998 were \$28.9 billion, down \$15.2 billion or 34.5 percent ($\pm 1.9\%$) compared to the first quarter of 1998, with the underlying industry categories showing mixed results. Motor vehicles, electrical machinery, instruments, and nonferrous metals reported statistically significant decreases. The sharp decline in motor vehicles of \$16.3 (± 0.1) billion was due primarily to the inclusion last quarter of significant gains from asset sales and decreased operating profits. Electrical machinery's \$2.5 (± 0.4) billion downturn was due chiefly to significant nonrecurring charges against income and reduced operating profits. Stone, clay, and glass, machinery, aircraft, fabricated metals, lumber, furniture, and miscellaneous manufacturing reported statistically significant increases. The increases in stone, clay, and glass and machinery of \$1.3 (± 0.2) and \$1.1 (± 0.5) billion, respectively, were due primarily to improved operating profits.

Manufacturing corporations' seasonally adjusted after-tax profits averaged 5.7 cents per dollar of sales for the second quarter of 1998, down 1.9 (± 0.1) cents from the first quarter of 1998. The Commerce Department's Bureau of the Census also reported that on an unadjusted basis, after-tax profits for the second quarter averaged 6.1 cents per dollar of sales, down 1.6 (± 0.1) cents from the preceding quarter and down 0.7 (± 0.1) cents from the same quarter in 1997.

When compared to the second quarter of 1997, unadjusted durable manufacturers' profits were down \$7.4 billion or 20.4 percent ($\pm 2.6\%$). Most industry categories were down with electrical machinery and motor vehicles reporting the largest declines. Electrical machinery's downturn of \$5.6 (± 0.5) billion was due chiefly to lower operating profits and significant nonrecurring charges against income. Motor vehicles' \$1.0 (± 0.1) billion decrease was due primarily to declines in operating profits and equity income from foreign subsidiaries. Instruments, nonferrous metals, and iron and steel also reported statistically significant decreases. Stone, clay, and glass's increase of \$0.5 (± 0.2) billion was the only durable industry category reporting a statistically significant increase.

Unadjusted nondurable manufacturers' after-tax profits for the second quarter of 1998 were \$31.3 billion, up \$2.0 billion or 6.9 percent ($\pm 2.4\%$) when compared to the first quarter of 1998, with most underlying industry categories showing improvement. Printing led the group with an increase of \$1.0 (± 0.3) billion due primarily to improved operating profits. Petroleum, rubber, paper, residual of chemicals, and industrial chemicals also reported statistically significant increases. Food's decline of \$0.5 (± 0.3) billion was the only statistically significant decrease reported for the group.

When compared to the same quarter in 1997, unadjusted nondurable manufacturers' profits were up \$0.7 billion or 2.4 percent ($\pm 1.9\%$). The underlying industry categories showed mixed results. Drugs, printing, paper, and residual of chemicals reported statistically significant increases. Drugs' \$3.8 (± 0.2) billion increase was primarily a result of improved operating profits and the absence of significant nonrecurring charges reported in the second quarter of 1997. Printing's improvement of \$1.2 (± 0.3) billion was due chiefly to the absence of significant nonrecurring charges reported in the second quarter of 1997. Petroleum, industrial chemicals, and food reported statistically significant decreases. Petroleum's \$2.8 (± 0.1) billion decrease was due chiefly to declines in operating profits and equity income from foreign subsidiaries. Industrial chemicals' \$1.0 (± 0.1) billion decline was due primarily to lower operating profits. Food's \$1.0 (± 0.3) billion downturn was due principally to the inclusion of significant nonrecurring charges against this quarter's income.

Manufacturers' seasonally adjusted sales for the second quarter of 1998 were \$978.7 billion, showing no statistically significant change from last quarter. On an unadjusted basis, sales were \$994.9 billion, up \$42.0 billion or 4.4 percent ($\pm 1.0\%$) from last quarter, but showing no statistically significant change from the second quarter of 1997.

Seasonally adjusted sales of nondurables were \$450.3 billion, showing no statistically significant change from last quarter. Seasonally adjusted durable manufacturers' sales were \$528.4, and also showing no statistically significant change from last quarter.

Unadjusted sales for nondurable manufacturing were \$452.1 billion, up \$15.0 billion or 3.4 percent ($\pm 1.4\%$) from last quarter, but down \$8.0 billion or 1.7 percent ($\pm 1.3\%$) from the second quarter of 1997. Unadjusted durable manufacturers' sales were \$542.8 billion, up \$27.0 billion or 5.2 percent ($\pm 1.4\%$) when compared to the first quarter of 1998. On a same quarter a year ago basis, durable manufacturers' sales were up \$15.1 billion or 2.9 percent ($\pm 1.5\%$).

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

These advance data, based on quarterly financial reports from about 8,300 corporations, were released today from the Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations--Second Quarter 1998 (QFR-98-2). 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. Third quarter 1998 advance data are scheduled for release on December 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 (± 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.

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		
	2Q 1998	1Q 1998 ¹	2Q 1997 ¹	2Q 1998	1Q 1998 ¹	2Q 1997 ¹
Rate of return (after taxes):						
Cents per dollar of sales	5.7	7.6	6.4	6.1	7.7	6.8
Percent on equity (annual rate)	NA	NA	NA	16.0	19.6	18.3
	(million dollars)					
Sales	978,724	984,180	971,801	994,915	952,923	987,828
Income after income taxes	55,564	74,463	62,324	60,208	73,411	66,877
Dividends paid (cash)	NA	NA	NA	28,057	31,099	25,734

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

Industry Group	Sales			Operating Profits*			After-Tax Profits		
	2Q 1998	1Q 1998 ¹	2Q 1997 ¹	2Q 1998	1Q 1998 ¹	2Q 1997 ¹	2Q 1998	1Q 1998 ¹	2Q 1997 ¹
	(million dollars)								
All manufacturing corporations	994,915	952,923	987,828	78,877	69,848	82,265	60,208	73,411	66,877
Nondurable goods	452,084	437,069	460,052	40,222	35,834	41,735	31,276	29,248	30,532
Food and tobacco	120,676	116,430	119,675	11,213	9,504	11,242	6,218	6,728	7,231
Textiles	16,121	17,079	17,350	1,251	1,188	1,194	545	591	650
Apparel ²	17,904	17,496	16,742	1,112	1,208	947	722	769	912
Paper	41,664	41,167	41,789	3,339	3,065	3,083	1,606	1,342	1,033
Printing	49,501	46,125	46,422	5,315	3,936	5,055	4,039	2,999	2,840
Chemicals	108,800	104,639	109,192	10,451	11,370	10,867	11,642	11,319	8,572
Industrial chemicals and synthetics ³ ..	38,086	36,901	43,536	3,606	3,375	4,921	2,830	2,737	3,853
Drugs ³	34,038	33,860	30,315	2,803	3,845	2,149	5,028	5,029	1,208
Residual of chemicals ³	36,676	33,878	35,341	4,041	4,149	3,797	3,785	3,553	3,512
Petroleum	65,064	63,294	77,057	4,715	3,235	6,505	4,596	3,901	7,353
Rubber	32,352	30,840	31,826	2,827	2,329	2,843	1,907	1,598	1,941
Durable goods	542,831	515,853	527,776	38,656	34,014	40,530	28,932	44,163	36,344
Stone, clay, and glass	19,715	16,726	18,541	2,642	1,029	2,129	1,761	488	1,277
Primary metals	40,565	38,858	39,936	2,958	2,625	2,886	1,481	1,797	2,130
Iron and steel ³	20,831	19,879	19,823	1,454	1,176	1,313	696	652	920
Nonferrous metals ³	19,734	18,979	20,113	1,504	1,449	1,572	785	1,145	1,210
Fabricated metals	47,016	44,002	45,521	4,627	4,053	4,117	3,297	2,828	2,898
Machinery	115,683	107,593	109,909	6,584	5,157	6,947	7,162	6,094	7,213
Electrical machinery	111,574	108,334	107,897	8,063	8,405	10,958	3,876	6,357	9,464
Transportation equipment	133,518	130,585	132,643	6,840	7,456	7,349	7,727	23,354	8,778
Motor vehicles and equipment ³	86,637	87,740	89,221	3,026	4,367	3,616	5,079	21,385	6,094
Aircraft, guided missiles, and parts ³ ..	38,343	35,696	35,523	2,900	2,435	2,963	2,104	1,617	2,175
Instruments	30,057	28,811	29,459	3,521	2,630	2,502	1,292	1,750	2,125
Other durable goods	44,704	40,943	43,869	3,420	2,660	3,641	2,335	1,496	2,459
Lumber and wood products ³	18,059	16,227	19,444	1,313	967	1,610	1,022	600	1,219
Furniture and fixtures ³	16,739	15,823	15,724	1,380	1,182	1,378	912	685	797
Miscellaneous manufacturing ³	9,906	8,843	8,702	727	511	653	401	210	442
Mining ⁴	15,809	15,349	15,418	1,897	1,986	2,341	270	708	1,432
Wholesale trade ⁴	281,337	273,436	276,238	7,389	6,633	7,035	4,129	3,598	4,568
Retail trade ⁴	NA	258,853	250,845	NA	11,096	9,846	NA	5,393	3,826

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

¹Revised.

²Includes leather industry (previously titled "Other Nondurables").

³Included in major industry above.

⁴Mining 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 ¹				After-Tax Profits ¹			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(million dollars)				(million dollars)			
All manufacturing:								
1993	743,862	751,136	753,359	766,370	12,617	19,449	23,487	27,587
1994	784,805	802,887	825,336	841,493	36,520	41,298	45,308	51,780
1995	871,726	872,341	884,033	899,428	53,086	52,138	49,190	43,716
1996	914,368	932,100	949,768	960,070	51,705	54,237	60,997	57,896
1997	965,949	971,801	986,287	991,488	61,517	62,324	61,376	58,678
1998	984,180	978,724			74,463	55,564		
All nondurable manufacturing:								
1993	381,989	382,613	379,379	381,123	12,740	15,333	11,758	15,768
1994	387,518	394,690	405,717	409,716	18,995	19,884	22,543	26,362
1995	425,940	427,639	430,893	435,681	25,942	28,148	27,850	21,960
1996	442,113	452,789	457,974	462,326	28,085	28,207	32,613	29,924
1997	462,686	457,848	458,336	461,197	33,483	30,627	31,117	27,564
1998	451,761	450,299			29,229	31,162		
All durable manufacturing:								
1993	361,873	368,523	373,980	385,247	(123)	4,116	11,729	11,819
1994	397,287	408,197	419,619	431,777	17,525	21,414	22,765	25,418
1995	445,786	444,702	453,140	463,747	27,144	23,990	21,340	21,756
1996	472,255	479,311	491,794	497,744	23,620	26,030	28,384	27,972
1997	503,263	513,953	527,951	530,291	28,034	31,697	30,259	31,114
1998	532,419	528,425			45,234	24,402		

¹Revised.