

Bureau of the Census  
Contact: Ronald H. Lee (301) 457-3343  
Frank Hartman (301) 457-3379

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

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

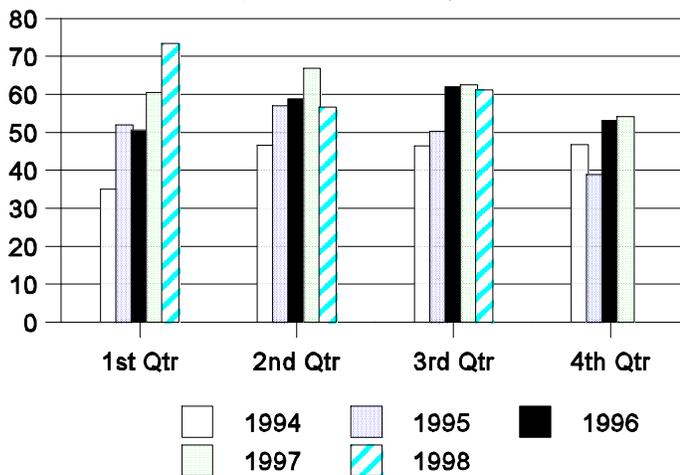
*Sales and after-tax profits data for all manufacturing are presented in Table 1 on both a seasonally adjusted and an unadjusted basis. Seasonally adjusted historical data for this series, as well as for total durable and total nondurable manufacturing, are presented in Table 3. Data for individual manufacturing 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 third quarter of 1998, manufacturers' seasonally adjusted after-tax profits were \$60.4 billion, up \$9.0 ( $\pm 1.2$ ) billion from last quarter. On an unadjusted basis, third quarter after-tax profits were \$61.2 billion, up \$4.6 ( $\pm 1.2$ ) billion from last quarter, but down \$1.3 ( $\pm 1.2$ ) billion from the same quarter a year ago.

Unadjusted durable manufacturers' after-tax profits for the third quarter of 1998 were \$28.2 billion, up \$2.8 billion or 11.1 percent ( $\pm 4.0\%$ ) compared to the second quarter of 1998, with the underlying industry categories showing mixed results. Electrical machinery, machinery, iron and steel, stone, clay, and glass, nonferrous metals, and miscellaneous manufacturing reported statistically significant increases. Electrical machinery's increase of \$4.2 ( $\pm 0.4$ ) billion was due primarily to gains from asset sales and the inclusion of significant nonrecurring charges against income last quarter. Machinery's \$2.2 ( $\pm 0.4$ ) billion improvement was due principally to the inclusion of significant nonrecurring charges against income last quarter. Motor vehicles, fabricated metals, and lumber reported statistically significant decreases. Motor vehicles' \$3.5 ( $\pm 0.1$ ) billion downturn was due chiefly to declines in operating profits and foreign earnings.

Manufacturing corporations' seasonally adjusted after-tax profits averaged 6.1 cents per dollar of sales for the third quarter of 1998, up 0.9 ( $\pm 0.1$ ) cents from the second quarter of 1998. The Commerce Department's Bureau of the Census also reported that on an unadjusted basis, after-tax profits for the third quarter averaged 6.2 cents per dollar of sales, up 0.5 ( $\pm 0.1$ ) cents from the preceding quarter, but down 0.1 ( $\pm 0.1$ ) cents from the same quarter in 1997.

When compared to the third quarter of 1997, unadjusted durable manufacturers' profits were down \$1.3 billion or 4.5 percent ( $\pm 3.5\%$ ). The underlying industry categories showed mixed results. Motor vehicles, instruments, lumber, and aircraft reported statistically significant decreases. Motor vehicles' \$1.6 ( $\pm 0.1$ ) billion decline was due chiefly to lower operating profits and foreign earnings. Machinery, stone, clay, and glass, iron and steel, and miscellaneous manufacturing reported statistically significant increases. Machinery's \$1.3 ( $\pm 0.3$ ) billion increase was principally a result of improved foreign earnings.

Unadjusted nondurable manufacturers' after-tax profits for the third quarter of 1998 were \$33.1 billion, up \$1.8 billion or 5.7 percent ( $\pm 2.3\%$ ) when compared to the second quarter of 1998, with the underlying industry categories showing mixed results. Food, drugs, apparel, printing, petroleum, and textiles reported statistically significant increases. Food's \$3.1 ( $\pm 0.3$ ) billion increase was due principally to improved operating profits and the absence of significant nonrecurring charges reported in the second quarter of 1998. Industrial chemicals, rubber, and residual of chemicals reported statistically significant decreases. Industrial chemical's decline of \$1.4 ( $\pm 0.1$ ) billion was primarily due to the inclusion of significant nonrecurring charges in the third quarter.

When compared to the same quarter in 1997, unadjusted nondurable manufacturers' after-tax profits showed no statistically significant change from last year, with the underlying industry categories showing mixed results. Printing, food, drugs, and textiles reported statistically significant increases. Printing's \$1.7 ( $\pm 0.3$ ) billion increase was primarily a result of improved operating profits and gains from asset sales. Food's improvement of \$1.3 ( $\pm 0.3$ ) billion was due chiefly to increased operating profits. Petroleum, residual of chemicals, industrial chemicals, and rubber reported statistically significant decreases. Petroleum's \$1.8 ( $\pm 0.1$ ) billion decrease was due chiefly to a decline in operating profits.

Manufacturers' seasonally adjusted sales for the third quarter of 1998 were \$989.7 billion, showing no statistically significant change from last quarter. On an unadjusted basis, sales were \$986.0 billion, down \$11.1 billion or 1.1 percent ( $\pm 1.0\%$ ) from last quarter, but showing no statistically significant change from the third quarter of 1997.

Seasonally adjusted sales of nondurables were \$449.1 billion, showing no statistically significant change from last quarter. Seasonally adjusted durable manufacturers' sales were \$540.6 up \$12.9 billion or 2.5 percent ( $\pm 1.3\%$ ) from last quarter.

Unadjusted sales for nondurable manufacturing were \$453.7 billion, showing no statistically significant change from last quarter, but down \$12.9 billion or 2.8 percent ( $\pm 1.3\%$ ) from the third quarter of 1997. Unadjusted durable manufacturers' sales were \$532.3 billion, down \$8.7 billion or 1.6 percent ( $\pm 1.3\%$ ) when compared to the second quarter of 1998. On a same quarter a year ago basis, unadjusted durable manufacturers' sales were up \$12.9 billion or 2.5 percent ( $\pm 1.5\%$ ).

Also included in this release are third 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--Third Quarter 1998 (QFR-98-3). 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. Fourth quarter 1998 advance data are scheduled for release on April 5, 1999.

#### 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/csd/www/qfr.html>).

**TABLE 1. QUARTERLY FINANCIAL REPORT FOR MANUFACTURING CORPORATIONS**

| Item                                  | Seasonally Adjusted |                         |                         | Unadjusted |                         |                         |
|---------------------------------------|---------------------|-------------------------|-------------------------|------------|-------------------------|-------------------------|
|                                       | 3Q<br>1998          | 2Q<br>1998 <sup>1</sup> | 3Q<br>1997 <sup>1</sup> | 3Q<br>1998 | 2Q<br>1998 <sup>1</sup> | 3Q<br>1997 <sup>1</sup> |
| Rate of return (after taxes):         |                     |                         |                         |            |                         |                         |
| Cents per dollar of sales .....       | 6.1                 | 5.2                     | 6.2                     | 6.2        | 5.7                     | 6.3                     |
| Percent on equity (annual rate) ..... | NA                  | NA                      | NA                      | 16.1       | 14.9                    | 16.8                    |
|                                       | (million dollars)   |                         |                         |            |                         |                         |
| Sales .....                           | 989,672             | 981,100                 | 989,282                 | 986,005    | 997,070                 | 986,008                 |
| Income after income taxes .....       | 60,399              | 51,381                  | 61,528                  | 61,237     | 56,624                  | 62,498                  |
| Dividends paid (cash) .....           | NA                  | NA                      | NA                      | 25,704     | 28,018                  | 25,586                  |

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

| Industry Group                                       | Sales             |                         |                         | Operating Profits* |                         |                         | After-Tax Profits |                         |                         |
|--|-------------------|-------------------------|-------------------------|--------------------|-------------------------|-------------------------|-------------------|-------------------------|-------------------------|
|  | 3Q<br>1998        | 2Q<br>1998 <sup>1</sup> | 3Q<br>1997 <sup>1</sup> | 3Q<br>1998         | 2Q<br>1998 <sup>1</sup> | 3Q<br>1997 <sup>1</sup> | 3Q<br>1998        | 2Q<br>1998 <sup>1</sup> | 3Q<br>1997 <sup>1</sup> |
|  | (million dollars) |                         |                         |                    |                         |                         |                   |                         |                         |
| All manufacturing corporations .....                 | 986,005           | 997,070                 | 986,008                 | 77,637             | 79,213                  | 80,436                  | 61,237            | 56,624                  | 62,498                  |
| Nondurable goods .....                               | 453,661           | 455,985                 | 466,553                 | 42,050             | 40,532                  | 43,769                  | 33,069            | 31,276                  | 33,017                  |
| Food and tobacco .....                               | 121,539           | 121,078                 | 122,245                 | 13,409             | 11,313                  | 11,518                  | 9,333             | 6,249                   | 8,067                   |
| Textiles .....                                       | 15,920            | 16,383                  | 16,686                  | 1,228              | 1,238                   | 1,156                   | 662               | 526                     | 506                     |
| Apparel <sup>2</sup> .....                           | 19,183            | 17,675                  | 18,794                  | 1,549              | 1,096                   | 1,624                   | 1,038             | 710                     | 1,164                   |
| Paper .....  | 41,813            | 41,651                  | 42,212                  | 3,326              | 3,323                   | 3,296                   | 1,426             | 1,596                   | 1,568                   |
| Printing .....                                       | 50,630            | 49,456                  | 47,054                  | 5,539              | 5,315                   | 4,686                   | 4,311             | 4,039                   | 2,611                   |
| Chemicals .....                                      | 107,530           | 109,100                 | 106,124                 | 11,076             | 10,533                  | 11,938                  | 10,321            | 11,600                  | 11,054                  |
| Industrial chemicals and synthetics <sup>3</sup> ..  | 36,764            | 38,135                  | 41,730                  | 3,382              | 3,620                   | 3,922                   | 1,388             | 2,800                   | 2,174                   |
| Drugs <sup>3</sup> .....                             | 34,766            | 34,213                  | 30,552                  | 3,637              | 2,873                   | 4,322                   | 5,386             | 5,020                   | 4,351                   |
| Residual of chemicals <sup>3</sup> .....             | 36,000            | 36,752                  | 33,843                  | 4,057              | 4,041                   | 3,695                   | 3,547             | 3,780                   | 4,530                   |
| Petroleum .....                                      | 65,280            | 68,380                  | 81,559                  | 3,548              | 4,900                   | 7,024                   | 4,839             | 4,661                   | 6,639                   |
| Rubber .....   | 31,767            | 32,262                  | 31,878                  | 2,374              | 2,813                   | 2,526                   | 1,139             | 1,894                   | 1,408                   |
| Durable goods .....                                  | 532,344           | 541,085                 | 519,455                 | 35,587             | 38,682                  | 36,667                  | 28,168            | 25,347                  | 29,481                  |
| Stone, clay, and glass .....                         | 20,803            | 19,718                  | 19,296                  | 3,055              | 2,663                   | 2,634                   | 2,009             | 1,770                   | 1,693                   |
| Primary metals .....                                 | 38,762            | 40,729                  | 39,209                  | 2,394              | 2,979                   | 2,601                   | 1,954             | 1,486                   | 1,640                   |
| Iron and steel <sup>3</sup> .....                    | 19,465            | 20,831                  | 19,158                  | 1,069              | 1,454                   | 1,066                   | 944               | 696                     | 637                     |
| Nonferrous metals <sup>3</sup> .....                 | 19,297            | 19,898                  | 20,052                  | 1,325              | 1,525                   | 1,535                   | 1,011             | 790                     | 1,003                   |
| Fabricated metals .....                              | 46,967            | 46,969                  | 44,713                  | 4,480              | 4,621                   | 4,176                   | 2,661             | 3,292                   | 2,909                   |
| Machinery .....                                      | 111,186           | 114,426                 | 108,117                 | 5,511              | 6,607                   | 5,739                   | 5,867             | 3,618                   | 4,567                   |
| Electrical machinery .....                           | 115,264           | 111,341                 | 110,708                 | 8,162              | 8,042                   | 10,494                  | 8,032             | 3,859                   | 8,363                   |
| Transportation equipment .....                       | 126,136           | 133,564                 | 124,966                 | 5,259              | 6,854                   | 5,468                   | 4,229             | 7,739                   | 5,820                   |
| Motor vehicles and equipment <sup>3</sup> .....      | 79,657            | 86,681                  | 82,182                  | 1,306              | 3,041                   | 1,829                   | 1,633             | 5,086                   | 3,257                   |
| Aircraft, guided missiles, and parts <sup>3</sup> .. | 37,353            | 38,345                  | 35,459                  | 3,088              | 2,899                   | 3,024                   | 2,105             | 2,109                   | 2,240                   |
| Instruments .....                                    | 29,315            | 29,968                  | 28,969                  | 3,145              | 3,518                   | 2,161                   | 1,438             | 1,263                   | 2,364                   |
| Other durable goods .....                            | 43,912            | 44,371                  | 43,475                  | 3,580              | 3,396                   | 3,394                   | 1,978             | 2,321                   | 2,125                   |
| Lumber and wood products <sup>3</sup> .....          | 18,058            | 17,883                  | 19,321                  | 1,363              | 1,301                   | 1,469                   | 598               | 1,015                   | 945                     |
| Furniture and fixtures <sup>3</sup> .....            | 16,081            | 16,675                  | 14,931                  | 1,328              | 1,374                   | 1,232                   | 796               | 910                     | 784                     |
| Miscellaneous manufacturing <sup>3</sup> .....       | 9,773             | 9,813                   | 9,224                   | 889                | 720                     | 694                     | 584               | 397                     | 395                     |
| Mining <sup>4</sup> .....                            | 15,200            | 15,817                  | 15,798                  | 1,344              | 1,895                   | 2,404                   | (68)              | 271                     | 1,697                   |
| Wholesale trade <sup>4</sup> .....                   | 280,899           | 278,596                 | 274,494                 | 7,139              | 7,274                   | 7,668                   | 4,327             | 4,054                   | 4,982                   |
| Retail trade <sup>4</sup> .....                      | NA                | 269,487                 | 254,259                 | NA                 | 12,210                  | 10,351                  | NA                | 6,119                   | 4,974                   |

\*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)              |        |        |        |
| <b>All manufacturing:</b>            |                    |         |         |         |                                |        |        |        |
| 1993 .....                           | 743,881            | 751,095 | 753,429 | 766,287 | 12,622                         | 19,416 | 23,498 | 27,627 |
| 1994 .....                           | 784,850            | 802,978 | 825,246 | 841,321 | 36,508                         | 41,219 | 45,338 | 51,895 |
| 1995 .....                           | 871,899            | 872,587 | 883,844 | 898,965 | 53,054                         | 51,962 | 49,233 | 43,954 |
| 1996 .....                           | 914,835            | 932,386 | 949,567 | 959,317 | 51,659                         | 53,924 | 61,050 | 58,282 |
| 1997 .....                           | 966,688            | 972,081 | 989,282 | 993,527 | 61,463                         | 61,863 | 61,528 | 59,246 |
| 1998 .....                           | 987,735            | 981,100 | 989,672 |         | 74,537                         | 51,381 | 60,399 |        |
| <b>All nondurable manufacturing:</b> |                    |         |         |         |                                |        |        |        |
| 1993 .....                           | 381,988            | 382,607 | 379,364 | 381,142 | 12,743                         | 15,338 | 11,755 | 15,752 |
| 1994 .....                           | 387,520            | 394,687 | 405,691 | 409,742 | 19,008                         | 19,897 | 22,536 | 26,329 |
| 1995 .....                           | 425,949            | 427,613 | 430,904 | 435,680 | 25,960                         | 28,198 | 27,806 | 21,920 |
| 1996 .....                           | 442,196            | 452,581 | 458,113 | 462,371 | 28,114                         | 28,295 | 32,524 | 29,884 |
| 1997 .....                           | 462,806            | 457,385 | 461,929 | 464,474 | 33,517                         | 30,751 | 31,074 | 27,558 |
| 1998 .....                           | 454,754            | 453,454 | 449,096 |         | 29,378                         | 31,287 | 31,267 |        |
| <b>All durable manufacturing:</b>    |                    |         |         |         |                                |        |        |        |
| 1993 .....                           | 361,893            | 368,488 | 374,065 | 385,145 | (121)                          | 4,078  | 11,743 | 11,875 |
| 1994 .....                           | 397,330            | 408,291 | 419,555 | 431,579 | 17,500                         | 21,322 | 22,802 | 25,566 |
| 1995 .....                           | 445,950            | 444,974 | 452,940 | 463,285 | 27,094                         | 23,764 | 21,427 | 22,034 |
| 1996 .....                           | 472,639            | 479,805 | 491,454 | 496,946 | 23,545                         | 25,629 | 28,526 | 28,398 |
| 1997 .....                           | 503,882            | 514,696 | 527,353 | 529,053 | 27,946                         | 31,112 | 30,454 | 31,688 |
| 1998 .....                           | 532,981            | 527,646 | 540,576 |         | 45,159                         | 20,094 | 29,132 |        |

<sup>1</sup>Revised.