

U.S. Census Bureau News

U.S. Department of Commerce • Washington, D.C. 20233

FOR RELEASE WEDNESDAY, JANUARY 9, 2008 AT 10 A.M.(EST)

CB08-04

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THIRD QUARTER 2007 DATA FROM THE QUARTERLY FINANCIAL REPORT LARGE U.S. RETAIL TRADE CORPORATIONS

After-Tax Profits and Sales, Third Quarter 2007 - Not Seasonally Adjusted

In the third quarter of 2007, **after-tax profits** of U.S. retail corporations with assets of \$50 million and over totaled \$12.9 billion. Third quarter 2007 after-tax profits were down \$4.7 (± 0.1) billion, or 26.5 percent ($\pm 0.3\%$), from the \$17.6 billion recorded in second quarter 2007, and down \$0.5 (± 0.1) billion, or 4.0 percent ($\pm 0.7\%$), from the \$13.5 billion recorded in the third quarter of 2006.

Sales in the third quarter of 2007, at \$498.8 billion, were down \$8.5 (± 3.0) billion, or 1.7 percent ($\pm 0.6\%$), from the \$507.3 billion recorded in the second quarter of 2007, but up \$14.0 (± 5.3) billion, or 2.9 percent ($\pm 1.1\%$), from the \$484.8 billion recorded in the third quarter of 2006.

After-tax profits for these corporations averaged 2.6 cents per dollar of sales for the third quarter of 2007, down 0.9 (± 0.1) cents from the 3.5 cents recorded in the second quarter of 2007, and down 0.2 (± 0.1) cents from the 2.8 cents recorded in the third quarter of 2006.

The annual rate of after-tax profits on stockholders' equity in the third quarter of 2007 was 12.9 percent, down 4.1 percent ($\pm 0.1\%$) from the 16.9 percent recorded in the second quarter of 2007, and down 1.2 percent ($\pm 0.1\%$) from the 14.0 percent recorded in the third quarter of 2006.

Retail Trade Corporations After-Tax Profits, 2003-2007 – Not Seasonally Adjusted

From 2004 to 2007, U.S. retail trade corporations' after-tax profits (not seasonally adjusted) have been lower in the third quarter than in the second quarter. The decline was larger in 2007 than in the three previous years.



ACCESS TO QFR DATA

This press release can be viewed today in portable document format (.pdf) at our QFR internet website http://www.census.gov/csd/qfr/view/qfr_rt.pdf. Data in the release are drawn from a more comprehensive data set published in the *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations – Fourth quarter 2007* (QFR-07-4). This quarterly publication will be available for downloading at our QFR internet website <http://www.census.gov/csd/qfr/pub.html> on March 31, 2008. The quarterly publication includes summary statements of income and retained earnings, balance sheets, and related financial and operating ratios for manufacturing, mining, and trade corporations. Data presented are classified by industry and asset size.

SAMPLING

Data in this press release are based on quarterly financial reports from approximately 600 U.S. corporations. The data 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 this release. A statement such as "up \$2.5 (± 0.2) billion," appearing in the text, indicates the range (+\$2.3 to +\$2.7 billion) in which the actual change is likely to have occurred. The range given for the change is a 90% 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 at the 90% confidence level. The quarterly publication, *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations - Fourth quarter 2007* (QFR-07-4), includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

Beginning with the publication in the third quarter of 2006, the methodology for calculating the sample variance has changed. See the Survey Methodology section of the Introduction in the quarterly publication for information on this change in methodology.

Schedule of Release Dates for Calendar Year 2008		
Reference Quarter	Manufacturing, Mining, and Wholesale Trade	Retail Trade
Fourth Quarter 2007	March 31, 2008	March 31, 2008
First Quarter 2008	June 16, 2008	July 9, 2008
Second Quarter 2008	September 8, 2008	October 8, 2008
Third Quarter 2008	December 8, 2008	

Table 1. Income Statement for U. S. Retail Trade Corporations - Assets \$50 Million and Over

Item	3Q	2Q	3Q
	2007	2007 ¹	2006 ¹
	(million dollars)		
Net sales, receipts, and operating revenues	498,808	507,269	484,789
Less: Depreciation, depletion, and amortization	9,730	9,653	9,120
Less: All other operating costs and expenses	468,862	472,423	454,111
Income (or loss) from operations	20,216	25,192	21,558
Interest expense	4,375	4,045	3,863
Net nonoperating income (expense)	6,415	5,601	2,865
Income (or loss) before income taxes	22,257	26,749	20,561
Less: Provision for current and deferred domestic income taxes	9,309	9,127	7,073
Income (or loss) after income taxes	12,947	17,621	13,487
Cash dividends charged to retained earnings in current quarter	2,325	8,769	2,268
Net income retained in business	10,623	8,852	11,219
Retained earnings at beginning of quarter	299,792	296,038	272,424
Other direct credits (or charges) to retained earnings (net)	(8,866)	(4,787)	(1,524)
Retained earnings at end of quarter	301,549	300,104	282,119

Table 2. Income Statement Ratios for U. S. Retail Trade Corporations - Assets \$50 Million and Over

Item	3Q	2Q	3Q
	2007	2007 ¹	2006 ¹
	(cents per dollar of sales)		
Net sales, receipts, and operating revenues	100.00	100.00	100.00
Less: Depreciation, depletion, and amortization	1.95	1.90	1.88
Less: All other operating costs and expenses	94.00	93.13	93.67
Income (or loss) from operations	4.05	4.97	4.45
Interest expense	0.88	0.80	0.80
Net nonoperating income (expense)	1.29	1.10	0.59
Income (or loss) before income taxes	4.46	5.27	4.24
Less: Provision for current and deferred domestic income taxes	1.87	1.80	1.46
Income (or loss) after income taxes	2.60	3.47	2.78

Table 3. Operating Ratios for U. S. Retail Trade Corporations - Assets \$50 Million and Over

Item	3Q	2Q	3Q
	2007	2007 ¹	2006 ¹
	(percent)		
Annual rate of profit on stockholders' equity at end of period:			
Before income taxes	22.11	25.70	21.35
After income taxes	12.86	16.93	14.01
Annual rate of profit on total assets:			
Before income taxes	8.96	10.96	8.87
After income taxes	5.21	7.22	5.82

¹Revised.