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## SECOND QUARTER 2008 DATA FROM THE QUARTERLY FINANCIAL REPORT U.S. MANUFACTURING, MINING, AND TRADE CORPORATIONS

### After-Tax Profits and Sales, Second Quarter 2008 - Seasonally Adjusted<sup>1</sup>

#### Manufacturing Corporations

In the second quarter of 2008, seasonally adjusted **after-tax profits** of U.S. manufacturing corporations totaled \$102.6 billion. Second quarter 2008 after-tax profits were down \$14.1 ( $\pm 0.3$ ) billion from the \$116.7 billion recorded in the first quarter of 2008, and down \$25.7 ( $\pm 1.1$ ) from the \$128.3 billion recorded in the second quarter of 2007.

Second quarter 2008 seasonally adjusted **sales** for these manufacturers totaled \$1,680.6 billion, up \$62.5 ( $\pm 7.2$ ) billion from the \$1,618.1 billion recorded in the first quarter of 2008, and up \$186.4 ( $\pm 18.0$ ) billion from the \$1,494.1 billion recorded in the second quarter of 2007.

After-tax profits per dollar of sales averaged 6.1 cents for the quarter, compared with 7.2 cents from first quarter 2008, and 8.6 cents in the second quarter of 2007.

#### **Nondurable Goods Manufacturers**

Nondurable goods manufacturers' seasonally adjusted **after-tax profits** in the second quarter of 2008 totaled \$74.8 billion, up \$2.3 ( $\pm 0.2$ ) billion from the \$72.5 billion recorded in the first quarter of 2008, and up \$2.2 ( $\pm 0.4$ ) billion from the \$72.6 billion recorded in the second quarter of 2007.

Seasonally adjusted **sales** for the quarter totaled \$915.9 billion, up \$57.9 ( $\pm 6.4$ ) billion from the \$858.1 billion recorded in the first quarter of 2008, and up \$165.4 ( $\pm 7.4$ ) billion from the \$750.6 billion recorded in the second quarter of 2007.

After-tax profits per dollar of sales averaged 8.2 cents for the quarter, compared with 8.5 cents in the first quarter of 2008, and 9.7 cents in the second quarter of 2007.

#### **Durable Goods Manufacturers**

Second quarter 2008 seasonally adjusted **after-tax profits** for durable goods manufacturers totaled \$27.8 billion, down \$16.3 ( $\pm 0.3$ ) billion from the \$44.2 billion recorded in the first quarter of 2008, and down \$27.9 ( $\pm 1.0$ ) billion from the \$55.8 billion recorded in the second quarter of 2007.

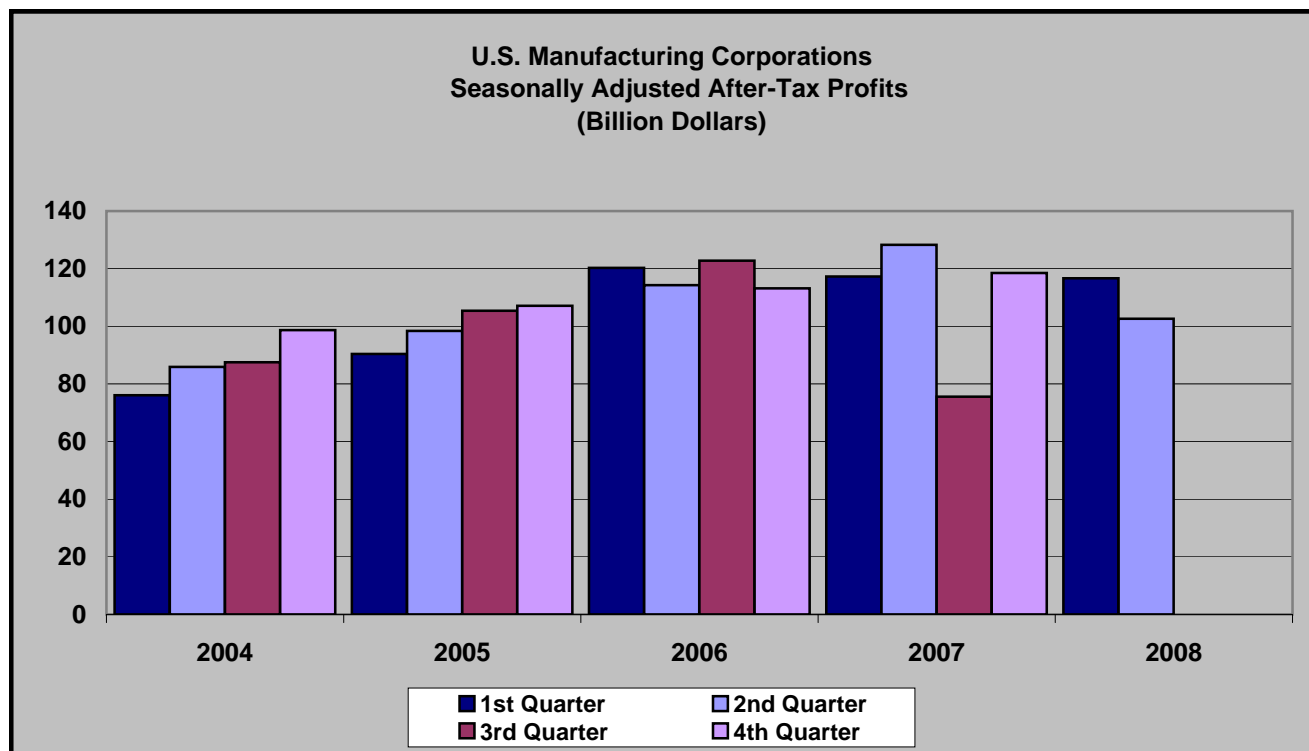
Seasonally adjusted **sales** for the quarter at \$764.6 billion, were not statistically different from the \$760.1 billion recorded in the first quarter of 2008, but were up \$21.1 ( $\pm 13.7$ ) billion from the \$743.6 billion recorded in the second quarter of 2007.

After-tax profits per dollar of sales averaged 3.6 cents for the quarter, compared with 5.8 cents from first quarter 2008, and 7.5 cents in the second quarter of 2007.

<sup>1</sup>Beginning with the 2007Q4 data release, updated RegARIMA models for seasonal adjustment were implemented to improve the identification of seasonal patterns in unadjusted net sales and net income after taxes for All Manufacturing, All Nondurable manufacturing, and All Durable manufacturing.

## Manufacturing Corporations' Quarterly After-Tax Profits, 2004-2008—Seasonally Adjusted

Second quarter seasonally-adjusted after-tax profits of U.S. manufacturing corporations fell sharply in 2008 compared with the second quarter of 2007, and were at their lowest second quarter level since the second quarter of 2005.



## After-Tax Profits and Sales, Second Quarter 2008 - Not Seasonally Adjusted

### Manufacturing Corporations

Second quarter 2008 unadjusted **after-tax profits** of U.S. manufacturing corporations totaled \$110.8 billion, down \$25.5 ( $\pm 1.1$ ) billion from the \$136.3 billion recorded in the second quarter of 2007. Compared with first quarter 2008 after-tax profits of \$116.8 billion, second quarter 2008 after-tax profits were down \$6.0 ( $\pm 0.3$ ) billion.

Manufacturers' unadjusted **sales** for the second quarter of 2008 totaled \$1,716.7 billion, up \$190.2 ( $\pm 18.0$ ) billion from the \$1,526.5 billion recorded in the second quarter of 2007, and up \$154.4 ( $\pm 7.2$ ) billion from first quarter 2008 sales of \$1,562.3 billion.

After-tax profits per dollar of sales averaged 6.5 cents in the second quarter of 2008, compared with 8.9 cents in the second quarter of 2007, and 7.5 cents in the first quarter of 2008.

### **Nondurable Goods Manufacturers**

Second quarter 2008 nondurable goods manufacturers' unadjusted **after-tax profits** totaled \$77.8 billion, up \$2.5 ( $\pm 0.4$ ) billion from the \$75.3 billion recorded in the second quarter of 2007. Within industry categories, year over year results were mostly up. Industries reporting increases included pharmaceuticals and medicines, up \$2.8 ( $\pm 0.1$ ) billion, petroleum and coal products, up \$2.7 ( $\pm 0.1$ ) billion, all other chemicals, up \$1.5 ( $\pm 0.2$ ) billion, and apparel and leather products, up \$0.7 ( $\pm 0.2$ ) billion. Industries reporting decreases included beverage and tobacco products, down \$5.2 ( $\pm 0.2$ ) billion, and plastics and rubber products, down \$0.4 ( $\pm 0.1$ ) billion.

Compared to first quarter 2008 after-tax profits of \$72.1 billion, second quarter 2008 after-tax profits, at \$77.8 billion, were up \$5.7 ( $\pm 0.2$ ) billion. Within industry categories, quarter over quarter results were mostly up. Industries reporting increases included petroleum and coal products, up \$4.8 ( $\pm 0.1$ ) billion, all other chemicals, up \$2.0 ( $\pm 0.1$ ) billion, pharmaceuticals and medicines, up \$1.0 ( $\pm 0.1$ ) billion, and plastics and rubber products, up \$0.8 ( $\pm 0.1$ ) billion. Industries reporting decreases included beverage and tobacco products, down \$3.7 ( $\pm 0.1$ ) billion, and basic chemicals, resins, and synthetics products, down \$0.3 ( $\pm 0.1$ ) billion.

Unadjusted **sales** for the second quarter 2008 totaled \$935.3 billion, up \$169.6 ( $\pm 7.4$ ) billion from the \$765.7 billion recorded in the second quarter of 2007, and up \$109.8 ( $\pm 6.4$ ) billion from first quarter 2008 sales of \$825.5 billion.

After-tax profits per dollar of sales averaged 8.3 cents in the second quarter 2008, compared with 9.8 cents in the second quarter of 2007, and 8.7 cents in the first quarter of 2008.

### **Durable Goods Manufacturers**

Second quarter 2008 durable goods manufacturers' unadjusted **after-tax profits** totaled \$33.0 billion, down \$28.0 ( $\pm 1.0$ ) billion from the \$61.0 billion recorded in the second quarter of 2007. Within industry categories, year over year results were mixed. Industries reporting decreases included motor vehicles and parts, down \$27.6 ( $\pm 0.1$ ) billion, all other electronic products, down \$1.8 ( $\pm 0.2$ ) billion, nonmetallic mineral products, down \$1.5 ( $\pm 0.1$ ) billion, and computer and peripheral equipment, down \$0.3 ( $\pm 0.1$ ) billion. Industries reporting increases included iron, steel, and ferroalloy products, up \$0.9 ( $\pm 0.2$ ) billion, fabricated metal products, up \$0.7 ( $\pm 0.6$ ) billion, and aerospace products, up \$0.7 ( $\pm 0.3$ ) billion.

Compared to first quarter 2008 after-tax profits of \$44.7 billion, second quarter 2008 after-tax profits, at \$33.0 billion, were down \$11.7 ( $\pm 0.3$ ) billion. Within the industry categories, quarter over quarter results were mostly up. Industries reporting increases included machinery products, up \$2.7 ( $\pm 0.2$ ) billion, nonmetallic mineral products, up \$1.6 ( $\pm 0.1$ ) billion, fabricated metal products, up \$1.4 ( $\pm 0.3$ ) billion, and electrical equipment, appliances, and components products, up \$1.3 ( $\pm 0.2$ ) billion. Industries reporting decreases included motor vehicles and parts products, down \$21.5 ( $\pm 0.1$ ) billion, all other electronic products, down \$0.6 ( $\pm 0.2$ ) billion, and computer and peripheral equipment, down \$0.4 ( $\pm 0.1$ ) billion.

Unadjusted **sales** for the second quarter of 2008 were \$781.4 billion, up \$20.6 ( $\pm 13.7$ ) billion from the \$760.8 billion recorded in the second quarter of 2007, and up \$44.6 ( $\pm 5.2$ ) billion from first quarter 2008 sales of \$736.8 billion.

After-tax profits per dollar of sales averaged 4.2 cents in the second quarter of 2008, compared with 8.0 cents in the second quarter of 2007, and 6.1 cents in the first quarter of 2008.

### **Mining Corporations**

Second quarter 2008 unadjusted **after-tax profits** for mining corporations with assets of \$50 million and over, totaled \$9.6 billion, down \$0.6 ( $\pm 0.1$ ) billion from the \$10.2 billion recorded in the second quarter of 2007. Compared with first quarter 2008 after-tax profits of \$11.5 billion, second quarter 2008 after-tax profits were down \$1.8 ( $\pm 0.1$ ) billion.

Unadjusted sales for the second quarter of 2008 totaled \$64.6 billion, up \$14.6 ( $\pm 0.4$ ) billion from the \$50.0 billion recorded in the second quarter of 2007, and up \$6.9 ( $\pm 0.4$ ) billion from first quarter 2008 sales of \$57.8 billion.

After-tax profits per dollar of sales averaged 14.9 cents in the second quarter of 2008, compared with 20.4 cents in the second quarter of 2007, and 19.9 cents in the first quarter of 2008.

### **Wholesale Trade Corporations**

Second quarter 2008 unadjusted **after-tax profits** for wholesale trade corporations with assets of \$50 million and over, totaled \$8.5 billion, down \$1.9 ( $\pm 0.3$ ) billion from the \$10.4 billion recorded in the second quarter of 2007. Compared with first quarter 2008 after-tax profits of \$5.5 billion, second quarter 2008 after-tax profits were up \$3.0 ( $\pm 0.1$ ) billion.

Unadjusted **sales** for the second quarter of 2008 totaled \$512.1 billion, up \$61.6 ( $\pm 9.0$ ) billion from the \$450.5 billion recorded in the second quarter of 2007, and up \$39.7 ( $\pm 4.8$ ) billion from first quarter 2008 sales of \$472.3 billion.

After-tax profits per dollar of sales averaged 1.7 cents in the second quarter of 2008, compared with 2.3 cents in the second quarter of 2007, and 1.2 cents in the first quarter of 2008.

### 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\\_mg.pdf](http://www.census.gov/csd/qfr/view/qfr_mg.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 - Second quarter 2008* (QFR-08-2). This quarterly publication is available for downloading at our QFR internet website <http://www.census.gov/csd/qfr/pub.html>. 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.

### RELIABILITY OF THE ESTIMATES

Data in this press release are based on quarterly financial reports from approximately 9,500 U.S. corporations. The data are estimated from a sample survey and are subject to sampling and nonsampling errors. Sampling error occurs because only a subset of the entire population is measured. Nonsampling error encompasses all other factors that contribute to the total error of a survey, including response errors, nonresponse, and coverage errors. Although no direct measures of nonsampling error are available, precautionary steps were taken in all phases of the collection, processing and tabulation of the data in an effort to minimize their influence.

Statements of change appearing in this report include 90% confidence intervals based on estimates of sampling variability. A statement such as “up \$2.5 (± 0.2) billion,” appearing in the text, indicates the range (+\$2.3 billion to +\$2.7 billion) in which the actual change is likely to have occurred. If the range contained zero (0), then it is uncertain whether there is an increase or decrease; that is, the change is not statistically different from zero (0). 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 – Second quarter 2008* (QFR-08-02), includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

<b>Schedule of Release Dates for Calendar Year 2008</b>		
Reference Quarter	Manufacturing, Mining, and Wholesale Trade	Retail Trade
Second Quarter 2008	September 8, 2008	October 8, 2008
Third Quarter 2008	December 8, 2008	

**Table 1. U.S. Manufacturing Corporations - Selected Financial Data<sup>1</sup>**

Item	Seasonally adjusted			Unadjusted		
	2Q 2008	1Q 2008 <sup>2</sup>	2Q 2007 <sup>2</sup>	2Q 2008	1Q 2008 <sup>2</sup>	2Q 2007 <sup>2</sup>
Rate of return (after taxes):						
Cents per dollar of sales .....	6.11	7.21	8.59	6.45	7.48	8.93
Percent on equity (annual rate) .....	N/A	N/A	N/A	14.39	15.26	18.80
	(million dollars)					
Sales .....	1,680,592	1,618,133	1,494,145	1,716,654	1,562,301	1,526,484
Income after income taxes .....	102,602	116,658	128,327	110,802	116,810	136,280
Dividends paid (cash) .....	N/A	N/A	N/A	50,031	42,560	43,072

<sup>1</sup>Beginning with the 2007Q4 data release, updated RegARIMA models for seasonal adjustment were implemented to improve the identification of seasonal patterns in unadjusted net sales and net income after taxes for All Manufacturing, All Nondurable manufacturing, and All Durable manufacturing.

<sup>2</sup>Revised.

**Table 2. U.S. Manufacturing Corporations - Seasonally Adjusted Sales and Net Income After-Tax<sup>1,2</sup>**

Industry group and year	Sales <sup>3</sup>				After-tax profits <sup>3</sup>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(million dollars)				(million dollars)			
<b>All Manufacturing:</b>								
1997 .....	965,350	970,708	986,146	998,174	60,323	61,047	60,005	63,500
1998 .....	989,073	980,234	985,314	996,102	74,415	48,067	58,725	53,696
1999 .....	1,002,475	1,025,736	1,046,918	1,073,839	59,630	62,168	64,016	72,363
2000 .....	1,119,586	1,127,800	1,144,034	1,122,654	77,149	69,498	71,063	52,665
2001 .....	1,114,697	1,093,678	1,058,809	1,029,025	(138)	14,645	8,229	13,196
2002 .....	1,024,221	1,048,851	1,064,611	1,077,593	25,288	36,487	38,637	39,552
2003 .....	1,101,662	1,073,586	1,104,060	1,114,298	58,899	48,535	50,738	78,649
2004 .....	1,182,514	1,222,407	1,243,242	1,284,022	76,070	85,875	87,453	98,745
2005 .....	1,299,897	1,322,968	1,373,370	1,412,499	90,396	98,368	105,432	107,098
2006 .....	1,444,909	1,454,217	1,453,617	1,428,975	120,264	114,339	122,870	113,153
2007 .....	1,455,044	1,494,145	1,523,899	1,580,295	117,346	128,327	75,622	118,456
2008 .....	1,618,133	1,680,592			116,658	102,602		
<b>All Nondurable manufacturing:</b>								
1997 .....	462,734	455,165	460,740	466,191	33,134	30,163	29,644	30,418
1998 .....	451,611	444,853	442,984	442,009	29,480	28,017	29,732	19,630
1999 .....	445,189	452,189	460,141	477,168	26,102	28,395	30,118	33,024
2000 .....	506,692	514,634	526,836	505,119	37,028	38,201	35,651	31,555
2001 .....	507,812	506,176	488,483	471,589	31,159	33,812	25,516	21,649
2002 .....	463,572	478,751	497,147	515,297	26,393	28,781	29,276	33,951
2003 .....	541,242	514,345	531,910	526,159	43,550	33,810	28,215	43,082
2004 .....	572,383	593,503	602,024	627,861	41,219	46,774	50,039	53,481
2005 .....	638,876	647,484	687,646	705,155	55,885	57,016	61,947	65,467
2006 .....	721,689	723,811	723,890	702,838	68,600	70,534	72,720	65,862
2007 .....	717,018	750,559	758,647	818,722	70,084	72,555	68,183	70,639
2008 .....	858,067	915,943			72,486	74,757		
<b>All Durable manufacturing:</b>								
1997 .....	502,616	515,543	525,406	531,983	27,189	30,884	30,361	33,082
1998 .....	537,462	535,381	542,330	554,093	44,935	20,050	28,993	34,066
1999 .....	557,286	573,547	586,777	596,671	33,528	33,773	33,898	39,339
2000 .....	612,894	613,166	617,198	617,535	40,121	31,297	35,412	21,110
2001 .....	606,885	587,502	570,326	557,436	(31,297)	(19,167)	(17,287)	(8,453)
2002 .....	560,649	570,100	567,464	562,296	(1,105)	7,706	9,361	5,601
2003 .....	560,420	559,241	572,150	588,139	15,349	14,725	22,523	35,567
2004 .....	610,131	628,904	641,218	656,161	34,851	39,101	37,414	45,264
2005 .....	661,021	675,484	685,724	707,344	34,511	41,352	43,485	41,631
2006 .....	723,220	730,406	729,727	726,137	51,664	43,805	50,150	47,291
2007 .....	738,026	743,586	765,252	761,573	47,262	55,772	7,439	47,817
2008 .....	760,066	764,649			44,172	27,845		

<sup>1</sup>The seasonally adjusted estimates provided in this table were derived using a combination of SIC-based and NAICS-based estimates.

<sup>2</sup>Beginning with the 2007Q4 data release, updated RegARIMA models for seasonal adjustment were implemented to improve the identification of seasonal patterns in unadjusted net sales and net income after taxes for All Manufacturing, All Nondurable manufacturing, and All Durable manufacturing.

<sup>3</sup>Revised.

**Table 3. U.S. Manufacturing, Mining, and Trade Corporations – Not Seasonally Adjusted Sales and Profits**

Industry group	Sales			Operating profits <sup>1</sup>			After-tax profits		
	2Q	1Q	2Q	2Q	1Q	2Q	2Q	1Q	2Q
	2008	2008 <sup>2</sup>	2007 <sup>2</sup>	2008	2008 <sup>2</sup>	2007 <sup>2</sup>	2008	2008 <sup>2</sup>	2007 <sup>2</sup>
	(million dollars)								
All manufacturing <sup>3</sup> .....	1,716,654	1,562,301	1,526,484	102,181	93,019	124,957	110,802	116,810	136,280
All nondurable manufacturing .....	935,266	825,506	765,699	64,476	55,586	74,064	77,809	72,090	75,325
Food .....	152,038	148,006	131,746	10,475	9,418	8,903	8,171	7,693	7,771
Beverage and tobacco products .....	34,321	30,768	32,982	5,954	5,032	5,619	1,747	5,451	6,988
Textile mills and textile product mills .....	10,871	10,709	11,166	496	367	534	279	99	146
Apparel and leather products .....	20,861	20,645	19,772	1,727	1,815	1,951	1,432	1,505	702
Paper .....	37,342	35,418	35,896	1,578	1,535	1,630	786	713	811
Printing and related support activities .....	20,231	20,367	19,660	1,478	1,476	1,263	715	313	833
Petroleum and coal products .....	409,800	327,131	281,168	14,941	12,844	26,664	32,314	27,486	29,654
Chemicals .....	206,750	192,693	189,369	25,286	21,400	24,145	30,681	27,918	26,292
Basic chemicals, resins, and synthetics <sup>4</sup> .....	74,409	67,787	62,808	3,035	2,996	3,922	3,084	3,396	3,051
Pharmaceuticals and medicines <sup>4</sup> .....	72,795	72,262	73,801	13,333	11,905	13,405	19,123	18,093	16,306
All other chemicals <sup>4</sup> .....	59,547	52,644	52,759	8,917	6,498	6,817	8,474	6,429	6,935
Plastics and rubber products .....	43,051	39,769	43,939	2,541	1,699	3,356	1,685	912	2,128
All durable manufacturing .....	781,388	736,796	760,785	37,705	37,434	50,892	32,992	44,720	60,956
Wood products .....	18,013	15,660	19,391	892	198	1,093	585	(82)	646
Nonmetallic mineral products .....	29,761	24,991	34,258	2,008	(188)	4,088	1,549	(8)	3,076
Primary metals .....	78,599	68,301	65,556	7,500	5,908	6,081	6,434	5,050	5,642
Iron, steel, and ferrous alloys <sup>4</sup> .....	43,951	37,224	31,720	4,440	2,910	3,054	3,285	2,215	2,360
Nonferrous metals <sup>4</sup> .....	28,217	25,419	27,253	2,366	2,388	2,250	2,657	2,378	2,762
Foundries <sup>4</sup> .....	6,431	5,658	6,583	694	611	778	491	457	520
Fabricated metal products .....	78,207	71,464	70,047	7,700	6,968	7,381	6,758	5,379	6,018
Machinery .....	103,998	94,443	99,102	10,079	7,932	10,130	9,530	6,869	9,058
Computer and electronic products .....	144,015	138,834	136,588	4,663	4,514	4,128	12,870	13,821	14,239
Computer and peripheral equipment <sup>4</sup> .....	38,255	37,757	36,872	(156)	(294)	866	4,742	5,099	5,008
Communications equipment <sup>4</sup> .....	32,728	32,734	29,291	142	207	(457)	3,199	3,177	2,476
All other electronic products <sup>4</sup> .....	73,032	68,343	70,424	4,677	4,601	3,720	4,930	5,545	6,755
Electrical equipment, appliances, and components .....	55,844	51,149	51,869	4,688	3,844	4,300	7,496	6,236	7,579
Transportation equipment .....	210,761	212,013	225,554	(5,468)	3,373	7,751	(17,935)	2,422	9,329
Motor vehicles and parts <sup>4</sup> .....	132,387	140,536	152,368	(13,759)	(3,938)	(199)	(24,624)	(3,153)	2,982
Aerospace products and parts <sup>4</sup> .....	63,597	57,360	58,369	6,736	6,097	6,047	5,585	4,843	4,860
Furniture and related products .....	18,711	18,016	20,332	1,075	904	1,710	820	559	1,080
Miscellaneous manufacturing .....	43,479	41,924	38,089	4,567	3,979	4,230	4,886	4,476	4,289
All mining <sup>3</sup> .....	64,646	57,790	50,015	19,400	16,052	13,355	9,633	11,475	10,207
All wholesale trade <sup>3</sup> .....	512,064	472,326	450,476	12,581	10,555	14,333	8,501	5,488	10,434
All retail trade <sup>3,5</sup> .....	N/A	511,561	510,044	N/A	19,762	25,210	N/A	11,306	17,521

<sup>1</sup>Operating profits are profits before nonoperating income and expense items and income taxes.

<sup>2</sup>Revised.

<sup>3</sup>Manufacturing data are the quarterly results of companies within that division with total assets of \$250 thousand and over at the time of sample selection; whereas, data for mining and trade corporations represent the quarterly results of companies with total assets of \$50 million and over at the time of sample selection.

<sup>4</sup>Included in major industry above.

<sup>5</sup>Second quarter estimates for Retail Trade will be available on October 8, 2008, and will be published in the third quarter publication, scheduled for release on December 8, 2008.