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PRODUCTIVITY AND COSTS

Third Quarter 2008, preliminary

The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data—as measured by output per hour of all persons—for the third quarter of 2008. The preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were:

1.3 percent in the business sector and
1.1 percent in the nonfarm business sector.

In both sectors, productivity gains were smaller than in the first two quarters of 2008, and were the result of hours at work falling faster than output. (See table A).

In manufacturing, productivity changes in the third quarter were:

-1.0 percent in manufacturing,
3.3 percent in durable goods manufacturing, and
-7.3 percent in nondurable goods manufacturing.

Manufacturing productivity fell for the second consecutive quarter; the third-quarter decline was concentrated in the nondurable goods sector, whereas the second-quarter decrease was due to a drop in durable goods productivity. Output and hours in manufacturing, which includes about 12 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors. Third-quarter measures are summarized in table A and appear in detail in tables 1 through 5.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources (page 6).

Table A. Productivity and costs: Preliminary third-quarter 2008 measures
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.3	-1.5	-2.8	4.7	-1.9	3.4
Nonfarm business	1.1	-1.7	-2.7	4.7	-1.9	3.6
Manufacturing	-1.0	-5.8	-4.9	5.0	-1.6	6.1
Durable	3.3	-4.7	-7.7	6.0	-0.7	2.6
Nondurable	-7.3	-7.0	0.4	3.7	-2.9	11.8
Percent change from same quarter a year ago						
Business	1.8	0.3	-1.5	4.1	-1.1	2.3
Nonfarm business	2.0	0.3	-1.7	4.3	-0.9	2.3
Manufacturing	1.1	-2.6	-3.7	5.1	-0.2	3.9
Durable	1.9	-2.6	-4.4	5.1	-0.2	3.1
Nondurable	-0.2	-2.7	-2.5	5.3	0.0	5.5

Business

Business sector output per hour grew 1.3 percent in the third quarter of 2008 as output decreased 1.5 percent and hours worked by all persons—employees, proprietors, and unpaid family workers—fell 2.8 percent (seasonally adjusted annual rates). The decline in output was the largest since the third quarter of 2001, when output fell 3.1 percent. Hours had not dropped as much in one quarter since the first quarter of 2002, (-3.1 percent). From the third quarter of 2007 to the third quarter of 2008, productivity increased 1.8 percent; output edged up 0.3 percent and hours decreased 1.5 percent in the business sector.

Hourly compensation in the business sector increased at an annual rate of 4.7 percent during the third quarter of 2008. This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, decreased by 1.9 percent in the third quarter of 2008.

Changes in unit labor costs approximate the change in hourly compensation less the change in productivity. In the third quarter of 2008, unit labor costs rose at a 3.4 percent annual rate. The implicit price deflator for business sector output, which reflects changes in both unit labor cost and unit nonlabor payments, rose 4.5 percent in the third quarter of 2008.

Nonfarm business

Productivity increased 1.1 percent in the nonfarm business sector in the third quarter of 2008; output and hours fell 1.7 percent and 2.7 percent, respectively. The decline in output was the largest since third-quarter 2001 (-2.9 percent), and the drop in hours was the largest since the first quarter of 2002 (-3.4 percent). Over the last four quarters, nonfarm business output per hour increased 2.0 percent; output rose 0.3 percent, and hours fell 1.7 percent (chart 1). From 2000 to 2007, nonfarm productivity increased at a 2.5 percent average annual rate, as output grew 2.5 percent and hours edged up 0.1 percent on average.

Nonfarm hourly compensation increased at a 4.7 percent annual rate in the third quarter of 2008. Real hourly compensation decreased 1.9 percent in the third quarter, as consumer prices increased 6.7 percent (seasonally adjusted annual rates).

Unit labor costs in the nonfarm business sector increased 3.6 percent during the third quarter of 2008 and 2.3 percent over the last four quarters (chart 2). The implicit price deflator for nonfarm business output increased 5.0 percent in the third quarter of 2008.

Chart 1. Output per Hour, Nonfarm Business, all persons, 2001:1-2008:3
Percent change

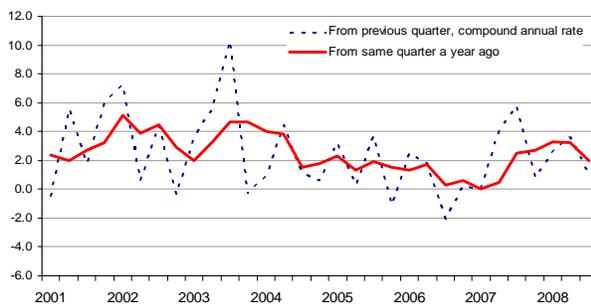
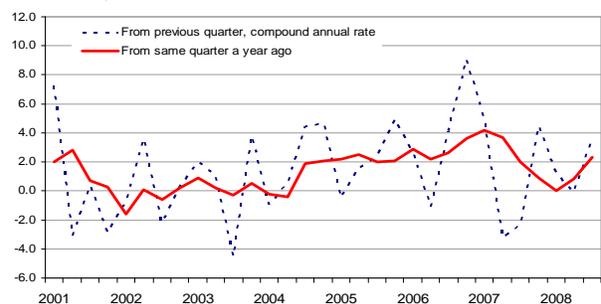


Chart 2. Unit Labor Costs, Nonfarm Business, all persons, 2001:1-2008:3
Percent change



Manufacturing

Manufacturing output per hour decreased 1.0 percent in the third quarter of 2008; output fell 5.8 percent and hours of all persons declined 4.9 percent (seasonally adjusted annual rates). Productivity increased 3.3 percent in durable goods industries as the 4.7 percent decline in output was outpaced by a 7.7 percent decline in hours. By contrast, productivity declined 7.3 percent in the nondurable goods sector in the third quarter as output fell 7.0 percent while hours increased 0.4 percent. Total manufacturing productivity grew 1.1 percent from the third quarter of 2007 to the third quarter of 2008, compared to a 3.7 percent average annual growth rate from 2000 to 2007 (chart 3).

Hourly compensation of manufacturing workers increased 5.0 percent during the third quarter of 2008, reflecting a 6.0 percent gain in the durable goods subsector and a 3.7 percent gain in nondurable goods industries. Real hourly compensation for total manufacturing decreased 1.6 percent in the third quarter.

Unit labor costs in manufacturing rose 6.1 percent in the third quarter of 2008, reflecting a 2.6 percent increase in durable goods industries and an 11.8 percent jump in nondurable goods industries. Total manufacturing sector unit labor costs have increased 3.9 percent since the third quarter of 2007 (chart 4).

Chart 3. Output per Hour, Manufacturing, all persons, 2001:1-2008:3
Percent change

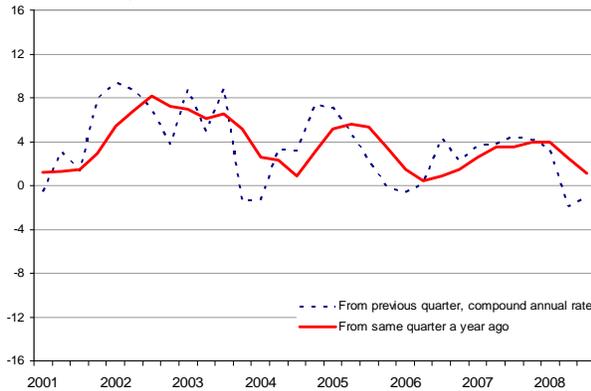
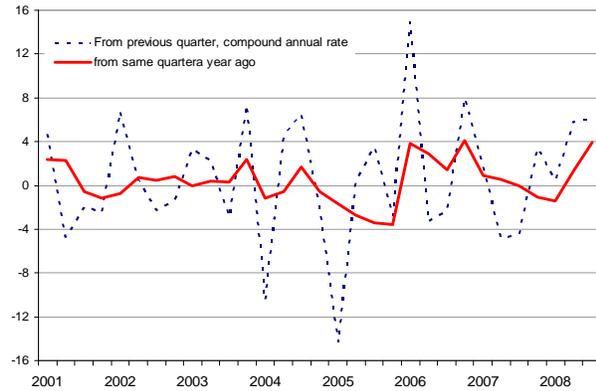


Chart 4. Unit Labor Costs, Manufacturing, all persons, 2001:1-2008:3
Percent change



Revised Measures

Revised and previous measures for the second quarter of 2008, for the business, nonfarm business, and manufacturing sectors are compared in table B. Hours declined at the same rates reported September 4 in all sectors. In the business and nonfarm business sectors output was revised downward, resulting in a corresponding downward revision to productivity. In the manufacturing sector productivity change, while negative, was revised up due to a small upward revision to output.

Table B. Previous and revised productivity and related measures
Quarterly percent change at seasonally adjusted annual rate

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Second quarter 2008						
Business:						
Previous	4.3	3.2	-1.0	4.0	-1.0	-0.4
Revised.....	3.7	2.6	-1.0	3.8	-1.2	0.1
Nonfarm business:						
Previous	4.3	3.4	-0.8	3.7	-1.3	-0.5
Revised.....	3.6	2.8	-0.8	3.5	-1.4	-0.1
Manufacturing:						
Previous	-2.2	-3.7	-1.5	3.9	-1.1	6.2
Revised.....	-1.9	-3.4	-1.5	3.8	-1.2	5.8

In all three sectors, hourly compensation was revised down slightly. In the business and nonfarm business sectors, unit labor costs were revised upwards—this was the result of productivity being revised down more than hourly compensation. In manufacturing both the upward revision to productivity and the downward revision to hourly compensation contributed to a downward revision to unit labor costs.

Revised measures: Nonfinancial Corporations

Productivity and cost measures for nonfinancial corporations for the second quarter of 2008 also were revised. Revised productivity growth was 8.6 percent due to an upward revision in output; hours were virtually unchanged (table C). Productivity grew 3.0 percent in the sector when measured over the four quarters ending with the second quarter (table 6).

Table C. Nonfinancial corporations: Previous and revised productivity and cost measures Quarterly percent changes at seasonally adjusted annual rates								
	Produc- tivity	Output	Hours	Hourly compen- sation	Real hourly compen- sation	Unit labor costs	Unit profits	Implicit price deflator
Second quarter 2008								
Previous	5.6	3.8	-1.7	3.7	-1.2	-1.8	-24.7	-3.6
Revised.....	8.6	6.9	-1.6	3.7	-1.3	-4.6	-8.4	-3.9

Unit labor costs were revised down from -1.8 percent to -4.6 percent—the result of productivity being revised up while hourly compensation remained unrevised.

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Wednesday, December 3, 2008**. It will present third-quarter measures for nonfinancial corporations and revised third-quarter measures for business, nonfarm business, and manufacturing.

TECHNICAL NOTES

Labor Hours: Hours data for the labor productivity and cost measures include hours for all persons working in the sector—wage and salary workers, the self-employed and unpaid family workers. The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on the number of jobs held by wage and salary workers in nonfarm establishments. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Weekly paid hours are adjusted to hours at work using data from the National Compensation Survey (NCS). The BLS Hours at Work survey, conducted for this purpose, was used for earlier years. The Office of Productivity and Technology estimates average weekly hours at work for nonproduction and supervisory workers using information from the Current Population Survey (CPS), the CES, and the NCS.

Data from the CPS are used for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Estimates of labor input for government enterprises are derived from the CPS, the CES, and the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) of the Department of Commerce.

The CES measures jobs, counting a person who is employed by two or more establishments at each place of employment. In contrast, the CPS features measures of employment that count each person only once and classify each person according to his or her primary job; hours worked at all jobs by that person accrue to his or her primary job. However, the CPS also collects more detailed information on employment and hours worked at primary jobs and all other jobs, separately. The BLS productivity measures use the more detailed information on employment and hours to assign all hours worked to the correct industrial sector and avoid duplicating hours data from the CES.

Output: Business sector output is a chain-type, current-weighted index constructed after excluding from gross domestic product (GDP) the following outputs: general government, nonprofit institutions, and private households (including owner-occupied housing). Corresponding exclusions also are made in labor inputs. Business output accounted for about 78 percent of the value of GDP in 2000. Nonfarm business, which excludes farming, accounted for about 77 percent of GDP in 2000.

Annual indexes for manufacturing and its durable and nondurable goods components are constructed by deflating current-dollar industry value of production data from the U.S. Bureau of the Census with deflators from the BLS. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System, adjusted to be consistent with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 3-digit NAICS industries: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing. Nondurables include: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

Nonfinancial corporate output is a chain-type, current-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; private households; unincorporated business; and those corporations classified as offices of bank

holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 54 percent of the value of GDP in 2000.

Productivity: These productivity measures describe the relationship between real output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours at work of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

Labor Compensation: Estimates of labor compensation by major sector, required for measures of hourly compensation and unit labor costs, are based primarily on employee compensation data from the NIPA, prepared by the BEA. The compensation of employees in general government, nonprofit institutions and private households are subtracted from compensation of domestic employees to derive employee compensation for the business sector. The labor compensation of proprietors cannot be explicitly identified and must be estimated. This is done by assuming that proprietors have the same hourly compensation as employees in the same sector. The quarterly labor productivity and cost measures do not contain estimates of compensation for unpaid family workers.

Unit Labor Costs: The measures of unit labor costs in this release describe the relationship between compensation per hour and productivity, or real output per hour, and can be used as an indicator of inflationary pressure on producers. Increases in hourly compensation increase unit labor costs; labor productivity increases offset compensation increases and lower unit labor costs.

Presentation of the data: The quarterly data in this release are presented in three ways; as index number series where 1992=100, as percent changes from the corresponding quarter of the previous year, and as percent changes from the previous quarter presented at a compound annual rate. Annual data are presented both as index number series and percent changes from the previous year.

The index numbers and rates of change reported in the productivity and costs news release are rounded to one decimal place. All percent changes in this release and on the BLS web site are calculated using index numbers to three decimal places. These index numbers are available at the BLS web site, <http://www.bls.gov/data/home.htm>, or by contacting the BLS Division of Major Sector Productivity. (Telephone 202-691-5606 or email DPRWEB@BLS.GOV)

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5606; Federal Relay Service number: 1-800-877-8339.

Table 1. Business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	Unit non-labor payments (3)	Implicit price deflator (4)	
Indexes 1992=100									
2006	I	136.1	162.8	119.6	168.0	120.7	123.5	133.4	127.2
	II	136.6	164.0	120.1	168.1	119.7	123.1	136.2	128.0
	III	135.9	164.1	120.8	169.0	119.1	124.3	136.2	128.8
	IV	135.9	164.8	121.2	172.6	122.1	127.0	133.4	129.4
	ANNUAL	136.1	163.9	120.4	169.5	120.4	124.5	134.8	128.3
2007	I	135.9	164.5	121.0	174.7	122.4	128.5	134.3	130.7
	II	137.6	166.8	121.2	175.5	121.6	127.5	137.4	131.2
	III	139.7	169.0	121.0	177.0	121.9	126.7	139.7	131.6
	IV	139.7	168.8	120.8	178.9	121.7	128.1	139.2	132.2
	ANNUAL	138.2	167.3	121.0	176.5	121.9	127.7	137.7	131.4
2008	I	140.5	169.1	120.3	180.6	121.5	128.5	140.2	132.9
	II	r141.8	r170.2	r120.0	r182.2	r121.2	r128.6	r140.9	r133.2
	III	142.2	169.5	119.2	184.3	120.6	129.6	143.1	134.7
Percent change from previous quarter at annual rate(5)									
2006	I	2.6	5.6	3.0	5.5	3.6	2.8	3.1	3.0
	II	1.4	2.9	1.5	0.2	-3.3	-1.2	8.6	2.6
	III	-2.0	0.3	2.4	2.0	-1.9	4.1	-0.1	2.4
	IV	0.2	1.7	1.5	9.0	10.6	8.8	-8.0	1.9
	ANNUAL	0.9	3.0	2.1	3.8	0.5	2.9	3.3	3.0
2007	I	-0.1	-0.7	-0.6	4.8	1.1	4.8	2.8	4.0
	II	5.0	5.6	0.6	1.9	-2.6	-2.9	9.6	1.7
	III	6.2	5.5	-0.7	3.6	0.8	-2.5	6.9	1.1
	IV	0.1	-0.6	-0.7	4.4	-0.6	4.3	-1.6	2.0
	ANNUAL	1.5	2.0	0.5	4.2	1.3	2.6	2.1	2.4
2008	I	2.3	0.7	-1.6	3.6	-0.6	1.3	3.1	2.0
	II	r3.7	r2.6	-1.0	r3.8	r-1.2	r0.1	r2.0	0.9
	III	1.3	-1.5	-2.8	4.7	-1.9	3.4	6.3	4.5
Percent change from corresponding quarter of previous year									
2006	I	1.3	3.6	2.3	4.3	0.5	2.9	3.9	3.3
	II	1.7	3.5	1.8	4.0	0.1	2.3	5.2	3.4
	III	0.2	2.4	2.2	2.9	-0.4	2.7	3.5	3.0
	IV	0.5	2.6	2.1	4.1	2.1	3.6	0.7	2.5
	ANNUAL	0.9	3.0	2.1	3.8	0.5	2.9	3.3	3.0
2007	I	-0.1	1.0	1.2	3.9	1.5	4.1	0.7	2.7
	II	0.7	1.7	1.0	4.4	1.7	3.6	0.9	2.5
	III	2.8	3.0	0.2	4.8	2.4	1.9	2.6	2.2
	IV	2.8	2.4	-0.3	3.7	-0.3	0.9	4.3	2.2
	ANNUAL	1.5	2.0	0.5	4.2	1.3	2.6	2.1	2.4
2008	I	3.4	2.8	-0.6	3.4	-0.7	0.0	4.4	1.7
	II	r3.0	r2.0	-1.0	3.9	-0.4	r0.8	r2.6	1.5
	III	1.8	0.3	-1.5	4.1	-1.1	2.3	2.4	2.3

See footnotes following Table 6.
r=revisedNovember 6, 2008
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	Unit non-labor payments (3)	Implicit price deflator (4)	
Indexes 1992=100									
2006	I	135.1	163.2	120.8	166.8	119.8	123.5	135.5	127.9
	II	135.7	164.3	121.1	167.1	118.9	123.2	138.6	128.8
	III	135.0	164.4	121.8	167.9	118.3	124.4	138.3	129.5
	IV	135.0	165.0	122.2	171.7	121.4	127.1	134.8	130.0
	ANNUAL	135.2	164.2	121.5	168.4	119.6	124.6	136.8	129.1
2007	I	135.0	164.7	122.0	173.7	121.8	128.7	135.2	131.1
	II	136.4	167.0	122.4	174.1	120.7	127.7	138.2	131.5
	III	138.3	169.2	122.3	175.5	120.8	126.9	140.3	131.8
	IV	138.6	168.9	121.9	177.8	120.9	128.3	139.8	132.5
	ANNUAL	137.1	167.5	122.2	175.3	121.1	127.9	138.4	131.7
2008	I	139.5	169.3	121.4	179.5	120.8	128.7	141.0	133.2
	II	r140.8	r170.5	r121.1	r181.1	r120.4	r128.6	r141.9	r133.5
	III	141.1	169.8	120.3	183.1	119.8	129.8	144.4	135.2
Percent change from previous quarter at annual rate(5)									
2006	I	2.5	6.0	3.3	5.2	3.3	2.6	3.9	3.1
	II	1.8	2.9	1.1	0.7	-2.8	-1.1	9.4	2.9
	III	-2.1	0.3	2.4	1.9	-2.0	4.1	-0.9	2.1
	IV	0.2	1.4	1.2	9.3	11.0	9.1	-9.5	1.5
	ANNUAL	1.0	3.2	2.2	3.8	0.5	2.8	3.6	3.1
2007	I	0.0	-0.9	-0.8	4.9	1.2	4.9	0.9	3.4
	II	4.1	5.8	1.6	0.8	-3.6	-3.2	9.4	1.5
	III	5.8	5.5	-0.3	3.3	0.5	-2.4	6.3	0.9
	IV	0.8	-0.7	-1.6	5.3	0.3	4.5	-1.5	2.1
	ANNUAL	1.4	2.0	0.5	4.1	1.3	2.7	1.2	2.1
2008	I	2.6	0.9	-1.7	3.8	-0.4	1.2	3.6	2.1
	II	r3.6	r2.8	-0.8	r3.5	r-1.4	r-0.1	r2.4	0.9
	III	1.1	-1.7	-2.7	4.7	-1.9	3.6	7.3	5.0
Percent change from corresponding quarter of previous year									
2006	I	1.3	3.7	2.4	4.2	0.5	2.9	4.3	3.4
	II	1.7	3.7	2.0	3.9	0.0	2.2	5.9	3.6
	III	0.3	2.6	2.3	2.9	-0.5	2.6	3.8	3.1
	IV	0.6	2.6	2.0	4.3	2.2	3.6	0.5	2.4
	ANNUAL	1.0	3.2	2.2	3.8	0.5	2.8	3.6	3.1
2007	I	0.0	0.9	1.0	4.2	1.7	4.2	-0.2	2.5
	II	0.5	1.6	1.1	4.2	1.5	3.7	-0.2	2.1
	III	2.5	2.9	0.4	4.5	2.1	2.0	1.5	1.8
	IV	2.7	2.4	-0.3	3.6	-0.4	0.9	3.7	2.0
	ANNUAL	1.4	2.0	0.5	4.1	1.3	2.7	1.2	2.1
2008	I	3.3	2.8	-0.5	3.3	-0.8	0.0	4.3	1.6
	II	r3.2	r2.1	-1.1	4.0	r-0.3	r0.8	r2.6	1.5
	III	2.0	0.3	-1.7	4.3	-0.9	2.3	2.9	2.5

See footnotes following Table 6.
r=revised

November 6, 2008
Source: Bureau of Labor Statistics

Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	
Indexes 1992=100							
2006	I	172.6	147.2	85.3	170.9	122.7	99.0
	II	172.7	147.4	85.4	169.5	120.7	98.2
	III	174.5	148.0	84.8	170.3	120.0	97.6
	IV	175.4	147.4	84.0	174.6	123.5	99.5
	ANNUAL	173.8	147.5	84.9	171.3	121.7	98.6
2007	I	177.0	147.8	83.5	176.9	124.0	100.0
	II	178.7	149.6	83.7	176.4	122.3	98.7
	III	180.6	151.2	83.7	176.4	121.4	97.6
	IV	182.5	151.0	82.8	179.7	122.2	98.5
	ANNUAL	179.7	149.9	83.4	177.3	122.5	98.7
2008	I	r184.0	r150.7	81.9	181.4	122.1	r98.6
	II	r183.1	r149.4	r81.6	r183.1	r121.7	r100.0
	III	182.6	147.2	80.6	185.3	121.2	101.5
Percent change from previous quarter at annual rate(5)							
2006	I	-0.6	1.8	2.4	14.3	12.3	15.0
	II	0.2	0.6	0.4	-3.1	-6.5	-3.3
	III	4.3	1.6	-2.5	1.8	-2.1	-2.3
	IV	2.2	-1.7	-3.8	10.4	12.1	8.0
	ANNUAL	1.1	1.8	0.8	4.1	0.8	3.0
2007	I	3.6	1.2	-2.3	5.5	1.8	1.8
	II	3.8	4.9	1.0	-1.1	-5.5	-4.8
	III	4.5	4.3	-0.2	-0.1	-2.8	-4.4
	IV	4.2	-0.4	-4.4	7.8	2.7	3.4
	ANNUAL	3.4	1.6	-1.7	3.5	0.7	0.1
2008	I	3.3	r-0.8	-4.0	3.8	-0.5	0.5
	II	r-1.9	r-3.4	-1.5	r3.8	r-1.2	r5.8
	III	-1.0	-5.8	-4.9	5.0	-1.6	6.1
Percent change from corresponding quarter of previous year							
2006	I	1.5	2.4	0.9	5.4	1.6	3.8
	II	0.4	2.1	1.7	3.3	-0.6	2.9
	III	0.9	2.3	1.4	2.3	-1.0	1.4
	IV	1.5	0.6	-0.9	5.6	3.6	4.1
	ANNUAL	1.1	1.8	0.8	4.1	0.8	3.0
2007	I	2.6	0.4	-2.1	3.5	1.1	0.9
	II	3.5	1.5	-1.9	4.1	1.4	0.6
	III	3.5	2.1	-1.3	3.6	1.2	0.0
	IV	4.0	2.5	-1.5	2.9	-1.0	-1.1
	ANNUAL	3.4	1.6	-1.7	3.5	0.7	0.1
2008	I	r4.0	r2.0	-1.9	2.5	-1.6	-1.4
	II	r2.5	r-0.1	-2.5	3.8	r-0.5	r1.3
	III	1.1	-2.6	-3.7	5.1	-0.2	3.9

See footnotes following Table 6.
r=revised

November 6, 2008
Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	
Indexes 1992=100							
2006	I	198.8	179.6	90.3	166.0	119.2	83.5
	II	198.9	180.5	90.7	164.6	117.1	82.7
	III	201.7	181.1	89.8	165.3	116.5	81.9
	IV	202.4	180.1	89.0	170.2	120.4	84.1
	ANNUAL	200.4	180.3	90.0	166.5	118.3	83.1
2007	I	204.4	180.3	88.2	173.0	121.3	84.7
	II	207.9	183.9	88.4	172.5	119.6	83.0
	III	210.9	186.9	88.6	172.2	118.6	81.7
	IV	214.3	187.0	87.3	175.5	119.4	81.9
	ANNUAL	209.4	184.5	88.1	173.3	119.7	82.8
2008	I	r215.5	r186.9	86.7	176.6	118.9	r82.0
	II	r213.2	r184.2	r86.4	r178.3	r118.6	r83.7
	III	214.9	182.0	84.7	181.0	118.4	84.2
Percent change from previous quarter at annual rate(5)							
2006	I	-1.8	0.4	2.3	13.7	11.7	15.9
	II	0.3	2.1	1.8	-3.3	-6.6	-3.6
	III	5.7	1.2	-4.3	1.6	-2.3	-3.9
	IV	1.4	-2.1	-3.4	12.6	14.4	11.1
	ANNUAL	2.2	3.3	1.1	3.9	0.6	1.7
2007	I	3.9	0.4	-3.4	6.7	3.0	2.7
	II	7.1	8.2	1.0	-1.2	-5.5	-7.7
	III	6.0	6.8	0.8	-0.7	-3.3	-6.2
	IV	6.6	0.3	-6.0	7.9	2.8	1.2
	ANNUAL	4.5	2.3	-2.0	4.1	1.3	-0.3
2008	I	r2.1	r-0.4	-2.5	2.5	-1.7	0.4
	II	r-4.2	r-5.6	r-1.4	r3.9	r-1.1	r8.5
	III	3.3	-4.7	-7.7	6.0	-0.7	2.6
Percent change from corresponding quarter of previous year							
2006	I	3.2	4.8	1.6	4.9	1.1	1.6
	II	2.0	4.6	2.5	3.1	-0.8	1.1
	III	2.2	3.6	1.4	1.9	-1.5	-0.4
	IV	1.4	0.4	-1.0	5.9	3.9	4.5
	ANNUAL	2.2	3.3	1.1	3.9	0.6	1.7
2007	I	2.8	0.4	-2.4	4.3	1.8	1.4
	II	4.5	1.8	-2.5	4.8	2.1	0.3
	III	4.6	3.2	-1.3	4.2	1.8	-0.3
	IV	5.9	3.9	-1.9	3.1	-0.8	-2.6
	ANNUAL	4.5	2.3	-2.0	4.1	1.3	-0.3
2008	I	5.4	r3.7	-1.7	2.1	-2.0	-3.2
	II	r2.5	r0.2	-2.3	3.4	r-0.9	r0.8
	III	1.9	-2.6	-4.4	5.1	-0.2	3.1

See footnotes following Table 6.
r=revised

November 6, 2008
Source: Bureau of Labor Statistics

Table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs
Indexes 1992=100						
2006	I	148.0	115.0	77.7	178.0	127.8
	II	148.4	114.8	77.3	176.6	125.7
	III	149.0	115.4	77.4	177.8	125.3
	IV	150.3	115.1	76.6	180.4	127.6
	ANNUAL	148.9	115.1	77.2	178.2	126.6
2007	I	151.2	115.6	76.5	181.9	127.5
	II	151.4	116.0	76.6	181.4	125.8
	III	152.7	116.4	76.3	181.8	125.2
	IV	152.9	116.1	75.9	185.3	126.0
	ANNUAL	152.0	116.0	76.3	182.6	126.1
2008	I	r155.0	r115.7	74.6	188.0	126.5
	II	r155.2	r115.4	r74.3	r189.6	r126.1
	III	152.3	113.3	74.4	191.3	125.2
Percent change from previous quarter at annual rate(5)						
2006	I	1.0	3.6	2.6	15.5	13.4
	II	1.1	-0.9	-1.9	-3.1	-6.5
	III	1.5	2.2	0.6	2.6	-1.4
	IV	3.5	-1.1	-4.4	6.1	7.7
	ANNUAL	0.2	0.3	0.1	4.5	1.1
2007	I	2.5	2.0	-0.5	3.3	-0.3
	II	0.4	1.3	0.9	-1.0	-5.3
	III	3.5	1.6	-1.9	0.7	-2.0
	IV	0.6	-1.1	-1.7	7.9	2.8
	ANNUAL	2.1	0.9	-1.2	2.5	-0.3
2008	I	r5.8	-1.3	-6.7	6.0	1.7
	II	r0.5	r-1.2	r-1.7	r3.5	r-1.5
	III	-7.3	-7.0	0.4	3.7	-2.9
Percent change from corresponding quarter of previous year						
2006	I	0.2	-0.1	-0.3	6.2	2.4
	II	-0.7	-0.6	0.1	3.5	-0.4
	III	-0.4	1.0	1.4	3.1	-0.2
	IV	1.8	0.9	-0.8	5.1	3.0
	ANNUAL	0.2	0.3	0.1	4.5	1.1
2007	I	2.1	0.5	-1.6	2.2	-0.2
	II	2.0	1.1	-0.9	2.7	0.1
	III	2.5	0.9	-1.5	2.3	-0.1
	IV	1.7	0.9	-0.8	2.7	-1.2
	ANNUAL	2.1	0.9	-1.2	2.5	-0.3
2008	I	2.5	0.1	-2.4	3.4	-0.8
	II	r2.6	r-0.5	-3.0	4.5	0.2
	III	-0.2	-2.7	-2.5	5.3	0.0

See footnotes following Table 6.
r=revised

November 6, 2008
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporate sector: Productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor costs	Unit non-labor costs(6)	Total unit costs (7)	Unit profits (8)	Implicit price deflator (4)	
Indexes 1992=100											
2006	I	146.3	176.2	120.4	164.5	118.1	112.4	112.9	112.5	182.5	118.8
	II	146.0	176.5	120.9	164.5	117.0	112.6	114.4	113.1	183.1	119.4
	III	147.0	178.5	121.5	165.1	116.3	112.3	114.2	112.8	193.0	120.0
	IV	146.0	177.8	121.8	167.8	118.7	114.9	116.2	115.3	173.9	120.5
	ANNUAL	146.3	177.3	121.1	165.5	117.5	113.1	114.4	113.4	183.1	119.7
2007	I	146.2	177.8	121.7	170.3	119.4	116.5	117.2	116.7	171.8	121.6
	II	147.4	179.7	121.9	171.3	118.7	116.2	117.4	116.5	172.5	121.5
	III	148.1	180.9	122.1	172.5	118.7	116.5	117.8	116.8	166.8	121.3
	IV	148.8	181.7	122.1	175.0	119.0	117.6	118.9	117.9	155.9	121.3
	ANNUAL	147.6	180.0	122.0	172.3	119.0	116.7	117.9	117.0	166.7	121.4
2008	I	148.7	181.1	121.8	176.2	118.6	118.5	119.0	118.6	150.3	121.5
	II	r151.8	r184.2	r121.3	r177.8	r118.2	r117.1	r119.1	r117.7	r147.0	r120.3
Percent change from previous quarter at annual rate(5)											
2006	I	4.4	7.0	2.4	8.3	6.3	3.7	-0.6	2.5	12.1	3.7
	II	-0.9	0.8	1.7	0.0	-3.5	0.9	5.3	2.1	1.4	2.0
	III	2.7	4.7	1.9	1.5	-2.5	-1.2	-0.5	-1.0	23.3	2.1
	IV	-2.6	-1.6	1.0	6.9	8.5	9.7	6.9	9.0	-34.1	1.7
	ANNUAL	2.1	4.4	2.2	3.6	0.3	1.5	1.4	1.4	12.2	2.8
2007	I	0.4	0.0	-0.3	6.1	2.4	5.7	3.6	5.1	-4.7	3.8
	II	3.4	4.3	0.8	2.2	-2.3	-1.2	0.8	-0.7	1.7	-0.4
	III	1.8	2.6	0.7	2.8	0.1	1.0	1.3	1.0	-12.5	-0.8
	IV	1.9	1.9	0.0	5.9	0.9	3.9	3.9	3.9	-23.7	0.2
	ANNUAL	0.9	1.6	0.7	4.1	1.3	3.2	3.0	3.2	-9.0	1.5
2008	I	-0.2	-1.4	-1.1	2.9	-1.3	3.2	0.3	2.4	-13.6	0.5
	II	r8.6	r6.9	r-1.6	3.7	r-1.3	r-4.6	r0.3	r-3.3	r-8.4	r-3.9
Percent change from corresponding quarter of previous year											
2006	I	3.2	5.9	2.6	4.1	0.4	0.9	1.4	1.0	17.1	3.0
	II	1.6	3.9	2.3	3.7	-0.2	2.0	2.7	2.2	9.8	3.2
	III	2.9	5.2	2.2	2.6	-0.7	-0.3	-1.3	-0.6	26.8	2.6
	IV	0.9	2.7	1.8	4.1	2.1	3.2	2.7	3.1	-2.0	2.4
	ANNUAL	2.1	4.4	2.2	3.6	0.3	1.5	1.4	1.4	12.2	2.8
2007	I	-0.1	1.0	1.1	3.6	1.1	3.7	3.8	3.7	-5.9	2.4
	II	1.0	1.8	0.8	4.1	1.4	3.1	2.7	3.0	-5.8	1.8
	III	0.7	1.3	0.6	4.5	2.1	3.7	3.1	3.6	-13.6	1.1
	IV	1.9	2.2	0.3	4.3	0.3	2.3	2.4	2.3	-10.3	0.7
	ANNUAL	0.9	1.6	0.7	4.1	1.3	3.2	3.0	3.2	-9.0	1.5
2008	I	1.7	1.8	0.1	3.5	-0.7	1.7	1.6	1.7	-12.5	-0.1
	II	r3.0	r2.5	-0.5	3.8	-0.4	r0.8	r1.4	r1.0	r-14.8	r-1.0

See footnotes following Table 6.
r=revised

November 6, 2008
Source: Bureau of Labor Statistics

SOURCES: Output data are from the Bureau of Economic Analysis and the Census Bureau of the U.S. Department of Commerce; the Bureau of Labor Statistics, U.S. Department of Labor; and the Federal Reserve Board. Compensation and hours data are from the Bureau of Labor Statistics and the Bureau of Economic Analysis.

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published within 40 days of the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the third publication (second revision) of a quarterly index of output per hour of all persons has differed from the initial value by between -1.5 and +1.4 index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the second quarter of 2008.

Footnotes, Tables 1-6

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) The change for recent quarters is based on the Consumer Price Index for all urban consumers (CPI-U). The trend from 1978-2007 is based on the Consumer Price Index research series (CPI-U-RS).
- (3) Unit nonlabor payments include profits, consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, business current transfer payments, rental income of persons, and the current surplus of government enterprises.
- (4) Current dollar output divided by the output index.
- (5) Quarterly changes: Percent change compounded at annual rate is calculated using index numbers to three decimal places. Indexes published in the news release are rounded to one decimal place for convenience. Annual changes: Percent change is calculated using annual average indexes to three decimal places.
- (6) Unit nonlabor costs include consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, and business current transfer payments.
- (7) Total unit costs are the sum of unit labor and nonlabor costs.
- (8) Unit profits include corporate profits before tax with inventory valuation and capital consumption adjustments.