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PRODUCTIVITY AND COSTS

Second Quarter 2010, Revised

Nonfarm business sector labor productivity decreased at a 1.8 percent annual rate during the second quarter of 2010, the U.S. Bureau of Labor Statistics reported today as hours increased 3.5 percent and output increased 1.6 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates.) The second-quarter gain in hours worked was the largest since the first quarter of 2006. From the second quarter of 2009 to the second quarter of 2010, productivity and output both grew 3.7 percent and hours were unchanged (chart 1, tables A and 2). Nonfarm business productivity increased at an average annual rate of 2.5 percent from 2000 through 2009.

Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours worked of all persons, including employees, proprietors, and unpaid family workers.

Chart 1. Output per hour, nonfarm business, all persons, 2005Q1 – 2010Q2

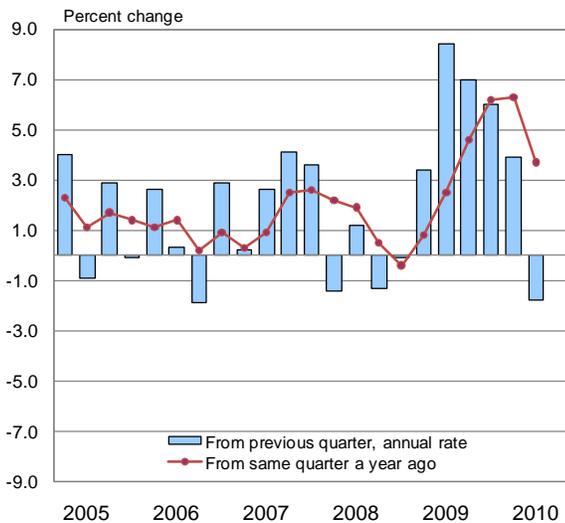
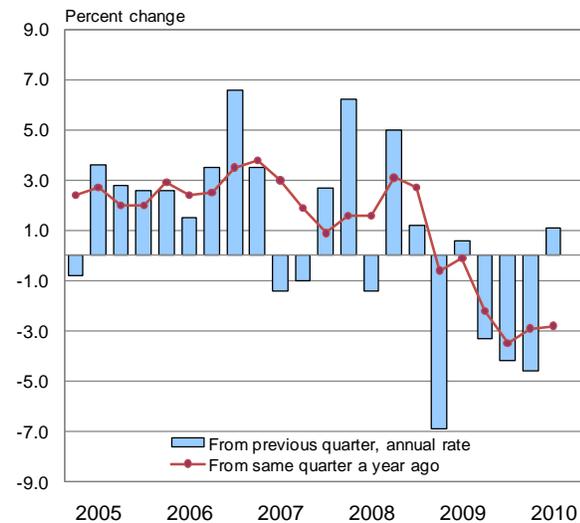


Chart 2. Unit labor costs, nonfarm business, all persons, 2005Q1 – 2010Q2



Unit labor costs in nonfarm businesses rose 1.1 percent in the second quarter of 2010, as the 1.8 percent decline in productivity was partially offset by a 0.7 percent decline in hourly compensation. Unit labor costs decreased 2.8 percent over the last four quarters, as output per hour increased faster than hourly compensation (chart 2, tables A and 2).

BLS defines unit labor costs as the ratio of hourly compensation to labor productivity; increases in hourly compensation tend to increase unit labor costs and increases in output per hour tend to reduce them.

Manufacturing sector productivity grew 4.1 percent in the second quarter of 2010, as output rose 8.4 percent and hours worked increased 4.1 percent. Productivity performance differed between the two manufacturing subsectors. In durable manufacturing, output per hour increased 9.9 percent as output grew 13.6 percent and hours rose 3.4 percent. In nondurable goods industries, productivity fell 2.4 percent as output grew 2.8 percent but hours grew 5.3 percent (tables A, 3, 4 and 5). Total manufacturing productivity increased 7.5 percent over the last four quarters and 3.0 percent per year on average from 2000 through 2009.

Unit labor costs in manufacturing declined 5.9 percent in the second quarter of 2010 due to both the 4.1 percent increase in productivity and a 2.0 percent decline in hourly compensation (tables A and 3). Unit labor costs fell 7.3 percent over the last four quarters, the largest four-quarter decrease since the series began in 1988.

The data sources and methods used in the preparation of the manufacturing output series differ from those used in preparing the business and nonfarm business output series, and these measures are not directly comparable. See Technical Notes for further information on data sources (page 4).

Preliminary data for the second quarter of 2010 for the **nonfinancial corporate** sector also were released today. Productivity declined 0.5 percent as output and hours increased 4.0 percent and 4.5 percent, respectively (tables C and 6).

Revised measures

Tables B and C present previous and revised productivity and related measures for the major sectors: nonfarm business, business and manufacturing, as well as nonfinancial corporations.

In the second quarter of 2010, nonfarm business sector productivity was revised down and unit labor costs were revised up as a result of a downward revision to output. In the manufacturing sector, productivity was revised down to 4.1 percent from 4.5 percent; hours were revised up more than output. Unit labor costs did not fall as fast as previously reported due to the downward revision to productivity.

In the first quarter of 2010, nonfarm business sector productivity was not revised, and manufacturing sector productivity was revised upwards. In both sectors, unit labor costs fell more than previously reported as hourly compensation was revised downward.

Nonfinancial corporate sector productivity growth **in the first quarter of 2010** was revised down to 8.6 percent from 9.1 percent reflecting a downward revision to output. Unit labor costs were revised down as hourly compensation was revised down more than productivity.

The preliminary Productivity and Costs press release for third quarter 2010 is scheduled to be released on Thursday, November 4, 2010 at 8:30 a.m. (EDT).

Table A. Revised second-quarter 2010 measures: percent change from previous quarter, annual rate (Q to Q) and from same quarter a year ago (Y to Y)

Sector	Nonfarm Business		Business		Manufacturing		Durable Manufacturing		Nondurable Manufacturing	
	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y
Productivity	-1.8	3.7	-1.9	3.7	4.1	7.5	9.9	11.4	-2.4	3.2
Output	1.6	3.7	1.7	3.7	8.4	8.4	13.6	12.0	2.8	4.5
Hours	3.5	0.0	3.7	0.0	4.1	0.8	3.4	0.5	5.3	1.2
Hourly compensation	-0.7	0.8	-0.8	0.8	-2.0	-0.3	-1.9	-0.5	-2.1	0.1
Real hourly compensation	0.0	-1.0	-0.1	-1.0	-1.3	-2.1	-1.2	-2.3	-1.4	-1.6
Unit labor costs	1.1	-2.8	1.1	-2.8	-5.9	-7.3	-10.7	-10.7	0.3	-3.0

Table B. Revised and previous measures: second quarter and first quarter 2010

Sector	Nonfarm Business		Business		Manufacturing		Durable Manufacturing		Nondurable Manufacturing	
	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous
Percent change, annual rate, second quarter 2010										
Productivity	-1.8	-0.9	-1.9	-1.1	4.1	4.5	9.9	11.2	-2.4	-2.8
Output	1.6	2.6	1.7	2.6	8.4	8.3	13.6	14.1	2.8	2.2
Hours	3.5	3.6	3.7	3.8	4.1	3.6	3.4	2.7	5.3	5.1
Hourly compensation	-0.7	-0.7	-0.8	-0.9	-2.0	-1.9	-1.9	-1.5	-2.1	-2.4
Real hourly compensation	0.0	0.0	-0.1	-0.2	-1.3	-1.2	-1.2	-0.7	-1.4	-1.7
Unit labor costs	1.1	0.2	1.1	0.2	-5.9	-6.1	-10.7	-11.4	0.3	0.5
Percent change, annual rate, first quarter 2010										
Productivity	3.9	3.9	3.5	3.5	1.6	1.2	2.4	2.0	1.4	1.0
Output	5.0	5.0	5.0	5.0	7.0	7.0	9.3	9.2	4.6	4.6
Hours	1.1	1.1	1.4	1.4	5.3	5.7	6.8	7.1	3.1	3.5
Hourly compensation	-0.9	0.0	-1.1	-0.2	-6.5	-5.0	-7.8	-5.8	-4.4	-4.0
Real hourly compensation	-2.4	-1.5	-2.6	-1.7	-7.9	-6.4	-9.2	-7.2	-5.8	-5.4
Unit labor costs	-4.6	-3.7	-4.5	-3.6	-8.0	-6.2	-10.0	-7.6	-5.7	-5.0

Table C. Nonfinancial corporations measures: preliminary second quarter 2010 and revised first quarter 2010

	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change, annual rate, second quarter 2010								
Q to Q	-0.5	4.0	4.5	-1.0	-0.3	-0.5	31.2	2.7
Y to Y	6.4	6.7	0.3	0.9	-0.8	-5.1	37.9	-1.5
Percent change, annual rate, first quarter 2010								
Revised	8.6	10.8	2.1	-0.9	-2.3	-8.7	64.6	-2.1
Previous	9.1	11.4	2.1	0.0	-1.4	-8.4	63.7	-2.1

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 75 percent of the value of GDP in 2009. Nonfarm business, which excludes farming, accounted for about 74 percent of GDP in 2009.

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 47 percent of the value of GDP in 2009.

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: The measure includes accrued wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. 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 2005=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 nonlabor payments (3)	Implicit price deflator (4)

Percent change from previous quarter at annual rate(5)								
2010 II	-1.9 r	1.7 r	3.7 r	-0.8 r	-0.1 r	1.1 r	4.3 r	2.5 r
I	3.5	5.0	1.4	-1.1 r	-2.6 r	-4.5 r	9.6 r	1.2
2009 ANNUAL	3.5	-3.7	-6.9	1.8	2.2	-1.6	3.8	0.5
2009 IV	6.1	6.5	0.3	1.5	-1.2	-4.4	5.2	-0.5
III	7.2	1.6	-5.3	3.8	0.0	-3.2	7.4	0.9
II	8.3	-0.3	-7.9	9.0	7.1	0.6	-2.9	-0.8
I	3.5	-6.2	-9.4	-3.6	-1.5	-6.9	13.6	0.8
2008 ANNUAL	1.1	-0.9	-2.0	3.2	-0.6	2.1	1.4	1.8
2008 IV	-0.3	-9.3	-9.0	0.8	11.0	1.1	-7.9	-2.6
III	-1.1	-6.1	-5.0	3.6	-2.6	4.8	5.7	5.1
II	1.2	-0.6	-1.8	0.1	-4.8	-1.1	12.3	4.0
I	-0.9	-2.0	-1.1	4.5	-0.3	5.4	-5.7	0.9

Percent change from corresponding quarter of previous year								
2010 II	3.7 r	3.7 r	0.0	0.8 r	-1.0 r	-2.8	6.6 r	1.0
I	6.3	3.2	-2.9	3.2 r	0.8 r	-2.9 r	4.7 r	0.2
2009 ANNUAL	3.5	-3.7	-6.9	1.8	2.2	-1.6	3.8	0.5
2009 IV	6.3	0.3	-5.6	2.5	1.0	-3.5	5.6	0.1
III	4.6	-3.7	-7.9	2.4	4.0	-2.2	2.2	-0.4
II	2.5	-5.5	-7.8	2.3	3.3	-0.2	1.8	0.6
I	0.8	-5.6	-6.3	0.2	0.3	-0.6	5.6	1.8
2008 ANNUAL	1.1	-0.9	-2.0	3.2	-0.6	2.1	1.4	1.8
2008 IV	-0.3	-4.5	-4.3	2.2	0.6	2.5	0.8	1.8
III	0.5	-1.5	-2.0	3.4	-1.8	2.8	1.9	2.5
II	1.9	0.6	-1.2	3.3	-0.9	1.4	1.8	1.6
I	2.4	1.7	-0.6	3.9	-0.3	1.5	1.3	1.4

Indexes 2005=100								
2010 II	110.4 r	103.4 r	93.7 r	114.5 r	102.9 r	103.7 r	117.3 r	109.1 r
I	111.0	103.0	92.8	114.7 r	102.9 r	103.4 r	116.0 r	108.4
2009 ANNUAL	107.3	100.4	93.6	113.6	103.4	105.9	111.6	108.1
2009 IV	110.0	101.7	92.5	115.1	103.6	104.6	113.4	108.1
III	108.4	100.1	92.4	114.6	103.9	105.8	112.0	108.2
II	106.5	99.8	93.7	113.6	103.9	106.6	110.0	108.0
I	104.4	99.8	95.6	111.2	102.1	106.5	110.8	108.2
2008 ANNUAL	103.6	104.2	100.5	111.5	101.1	107.6	107.5	107.6
2008 IV	103.5	101.4	98.0	112.2	102.5	108.4	107.3	108.0
III	103.6	103.9	100.3	112.0	99.9	108.1	109.6	108.7
II	103.9	105.6	101.6	111.0	100.6	106.8	108.1	107.3
I	103.6	105.7	102.1	111.0	101.8	107.1	105.0	106.3

See footnotes following Table 6.
r=revised

September 2, 2010
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 nonlabor payments (3)	Implicit price deflator (4)

Percent change from previous quarter at annual rate(5)								
2010 II	-1.8 r	1.6 r	3.5 r	-0.7	0.0	1.1 r	4.7 r	2.6 r
I	3.9	5.0	1.1	-0.9 r	-2.4 r	-4.6 r	9.8 r	1.2
2009 ANNUAL	3.5	-3.8	-7.0	1.9	2.2	-1.6	4.6	0.8
2009 IV	6.0	6.7	0.7	1.5	-1.1	-4.2	3.5	-1.1
III	7.0	1.4	-5.2	3.4	-0.3	-3.3	8.1	1.1
II	8.4	-0.2	-7.9	9.1	7.2	0.6	-2.9	-0.8
I	3.4	-6.4	-9.5	-3.7	-1.6	-6.9	15.4	1.4
2008 ANNUAL	1.0	-1.1	-2.1	3.3	-0.5	2.2	1.2	1.8
2008 IV	-0.1	-9.5	-9.5	1.1	11.3	1.2	-6.5	-1.9
III	-1.3	-6.2	-4.9	3.7	-2.6	5.0	6.0	5.4
II	1.2	-0.3	-1.5	-0.2	-5.1	-1.4	13.6	4.2
I	-1.4	-2.5	-1.2	4.7	0.0	6.2	-7.0	0.8

Percent change from corresponding quarter of previous year								
2010 II	3.7 r	3.7 r	0.0	0.8 r	-1.0 r	-2.8	6.5 r	0.9
I	6.3	3.2	-2.9	3.2 r	0.8 r	-2.9 r	4.5 r	0.1
2009 ANNUAL	3.5	-3.8	-7.0	1.9	2.2	-1.6	4.6	0.8
2009 IV	6.2	0.3	-5.6	2.5	1.0	-3.5	5.8	0.2
III	4.6	-3.8	-8.0	2.4	4.0	-2.2	3.2	0.0
II	2.5	-5.6	-8.0	2.4	3.4	-0.1	2.7	1.0
I	0.8	-5.7	-6.4	0.2	0.3	-0.6	6.8	2.2
2008 ANNUAL	1.0	-1.1	-2.1	3.3	-0.5	2.2	1.2	1.8
2008 IV	-0.4	-4.7	-4.3	2.3	0.7	2.7	1.2	2.1
III	0.5	-1.7	-2.2	3.6	-1.6	3.1	1.6	2.5
II	1.9	0.5	-1.3	3.5	-0.8	1.6	1.4	1.5
I	2.2	1.6	-0.6	3.8	-0.3	1.6	0.7	1.2

Indexes 2005=100								
2010 II	110.4 r	103.3 r	93.6 r	114.5 r	102.9 r	103.7 r	117.6 r	109.2 r
I	110.9	102.9	92.8	114.7 r	102.9 r	103.4 r	116.2 r	108.5
2009 ANNUAL	107.2	100.3	93.5	113.5	103.3	105.9	111.9	108.3
2009 IV	109.9	101.7	92.5	115.0	103.5	104.7	113.5	108.2
III	108.3	100.0	92.4	114.5	103.8	105.8	112.6	108.5
II	106.5	99.7	93.6	113.6	103.9	106.7	110.4	108.2
I	104.3	99.7	95.6	111.1	102.1	106.5	111.2	108.4
2008 ANNUAL	103.6	104.2	100.6	111.5	101.1	107.6	107.0	107.4
2008 IV	103.5	101.4	98.0	112.2	102.5	108.4	107.3	108.0
III	103.5	104.0	100.5	111.9	99.8	108.1	109.1	108.5
II	103.8	105.6	101.7	110.9	100.5	106.8	107.5	107.1
I	103.5	105.7	102.1	111.0	101.8	107.2	104.2	106.0

See footnotes following Table 6.
r=revised

September 2, 2010
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

Percent change from previous quarter at annual rate(5)						
2010 II	4.1 r	8.4 r	4.1 r	-2.0 r	-1.3 r	-5.9 r
I	1.6 r	7.0	5.3 r	-6.5 r	-7.9 r	-8.0 r
2009 ANNUAL	2.0	-10.9	-12.6	5.2	5.6	3.2
2009 IV	8.1	7.2	-0.8	4.4	1.6	-3.5
III	16.9	10.9	-5.1	3.3	-0.4	-11.6
II	6.2	-8.5	-13.8	6.5	4.6	0.3
I	-1.8	-20.9	-19.4	4.0	6.3	5.9
2008 ANNUAL	-0.7	-4.7	-4.0	4.0	0.1	4.6
2008 IV	-2.6	-18.3	-16.1	7.0	17.9	9.9
III	-1.5	-10.4	-9.0	6.3	-0.1	7.9
II	-6.7	-7.9	-1.4	3.4	-1.7	10.7
I	-0.7	-2.7	-2.0	2.2	-2.4	2.9

Percent change from corresponding quarter of previous year						
2010 II	7.5	8.4 r	0.8	-0.3 r	-2.1 r	-7.3 r
I	8.1 r	3.9	-3.9 r	1.8 r	-0.6 r	-5.8 r
2009 ANNUAL	2.0	-10.9	-12.6	5.2	5.6	3.2
2009 IV	7.1	-3.7	-10.1	4.5	3.0	-2.4
III	4.4	-10.0	-13.8	5.2	6.9	0.8
II	0.0	-14.7	-14.7	5.9	7.0	5.9
I	-3.2	-14.5	-11.8	5.2	5.3	8.6
2008 ANNUAL	-0.7	-4.7	-4.0	4.0	0.1	4.6
2008 IV	-2.9	-10.0	-7.3	4.7	3.1	7.8
III	-1.4	-5.6	-4.3	5.1	-0.2	6.6
II	-0.3	-3.0	-2.7	3.8	-0.5	4.1
I	2.0	0.0	-2.0	2.5	-1.7	0.4

Indexes 2005=100						
2010 II	111.2 r	92.8 r	83.5 r	114.6 r	103.0 r	103.0 r
I	110.1 r	91.0 r	82.7 r	115.2 r	103.3 r	104.6 r
2009 ANNUAL	105.6	87.7	83.0	115.2	104.9	109.2
2009 IV	109.6	89.5	81.6	117.1	105.4	106.8
III	107.5	87.9	81.8	115.9	105.0	107.8
II	103.4	85.7	82.8	114.9	105.1	111.1
I	101.9	87.6	86.0	113.1	103.9	111.1
2008 ANNUAL	103.5	98.4	95.0	109.5	99.3	105.8
2008 IV	102.3	92.9	90.7	112.0	102.4	109.5
III	103.0	97.7	94.8	110.1	98.2	106.9
II	103.4	100.4	97.1	108.5	98.3	104.9
I	105.2	102.5	97.4	107.6	98.7	102.3

See footnotes following Table 6.
r=revised

September 2, 2010
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

Percent change from previous quarter at annual rate(5)						
2010 II	9.9 r	13.6 r	3.4 r	-1.9 r	-1.2 r	-10.7 r
I	2.4 r	9.3 r	6.8 r	-7.8 r	-9.2 r	-10.0 r
2009 ANNUAL	0.2	-14.9	-15.1	5.8	6.2	5.5
2009 IV	8.7	8.0	-0.7	5.3	2.5	-3.1
III	25.8	17.2	-6.8	2.9	-0.8	-18.2
II	5.3	-14.3	-18.6	11.6	9.6	6.0
I	-7.5	-28.8	-23.0	2.1	4.4	10.4
2008 ANNUAL	0.1	-4.1	-4.2	3.5	-0.3	3.4
2008 IV	-9.9	-24.2	-15.9	6.6	17.4	18.3
III	2.8	-10.2	-12.7	7.3	0.9	4.4
II	-8.1	-8.8	-0.8	3.8	-1.2	13.0
I	-0.3	-0.2	0.1	-0.3	-4.8	0.0

Percent change from corresponding quarter of previous year						
2010 II	11.4 r	12.0 r	0.5 r	-0.5 r	-2.3 r	-10.7 r
I	10.2 r	4.3	-5.3 r	2.7 r	0.3 r	-6.8 r
2009 ANNUAL	0.2	-14.9	-15.1	5.8	6.2	5.5
2009 IV	7.4	-6.3	-12.7	5.4	3.9	-1.9
III	2.5	-14.2	-16.3	5.7	7.5	3.1
II	-2.5	-19.7	-17.6	6.8	7.9	9.6
I	-5.8	-18.5	-13.5	4.9	5.1	11.4
2008 ANNUAL	0.1	-4.1	-4.2	3.5	-0.3	3.4
2008 IV	-4.0	-11.3	-7.6	4.3	2.7	8.7
III	0.3	-4.8	-5.1	4.9	-0.4	4.6
II	0.3	-2.2	-2.5	3.5	-0.7	3.2
I	3.8	1.9	-1.9	1.6	-2.5	-2.1

Indexes 2005=100						
2010 II	115.3 r	93.0 r	80.6 r	115.6 r	103.9 r	100.3 r
I	112.6 r	90.1 r	80.0 r	116.2 r	104.2 r	103.2 r
2009 ANNUAL	106.8	86.0	80.5	116.2	105.8	108.8
2009 IV	112.0	88.1	78.7	118.6	106.8	105.9
III	109.7	86.4	78.8	117.1	106.1	106.8
II	103.5	83.0	80.2	116.2	106.3	112.2
I	102.2	86.3	84.4	113.1	103.9	110.6
2008 ANNUAL	106.5	101.0	94.8	109.9	99.6	103.2
2008 IV	104.2	94.0	90.2	112.5	102.8	107.9
III	107.0	100.7	94.1	110.7	98.7	103.5
II	106.2	103.4	97.4	108.8	98.5	102.4
I	108.5	105.9	97.6	107.8	98.8	99.3

See footnotes following Table 6.
r=revised

September 2, 2010
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

Percent change from previous quarter at annual rate(5)						
2010 II	-2.4 r	2.8 r	5.3 r	-2.1 r	-1.4 r	0.3 r
I	1.4 r	4.6	3.1 r	-4.4 r	-5.8 r	-5.7 r
2009 ANNUAL	2.5	-6.0	-8.3	4.8	5.2	2.3
2009 IV	7.5	6.3	-1.2	2.7	0.0	-4.5
III	6.7	4.3	-2.2	4.5	0.8	-2.0
II	4.1	-1.5	-5.4	-1.1	-2.8	-5.0
I	2.5	-10.7	-12.9	8.4	10.8	5.7
2008 ANNUAL	-1.6	-5.3	-3.7	4.9	1.0	6.6
2008 IV	7.0	-10.7	-16.6	7.8	18.7	0.8
III	-8.5	-10.6	-2.3	5.2	-1.1	15.0
II	-4.7	-6.8	-2.3	2.3	-2.7	7.3
I	-0.1	-5.6	-5.5	6.9	2.1	7.0

Percent change from corresponding quarter of previous year						
2010 II	3.2 r	4.5 r	1.2 r	0.1	-1.6	-3.0 r
I	4.9 r	3.4	-1.5 r	0.4 r	-2.0 r	-4.3 r
2009 ANNUAL	2.5	-6.0	-8.3	4.8	5.2	2.3
2009 IV	5.2	-0.6	-5.5	3.6	2.0	-1.6
III	5.1	-4.9	-9.4	4.8	6.5	-0.2
II	1.1	-8.5	-9.5	5.0	6.0	3.9
I	-1.1	-9.7	-8.7	5.9	6.1	7.1
2008 ANNUAL	-1.6	-5.3	-3.7	4.9	1.0	6.6
2008 IV	-1.7	-8.5	-6.9	5.5	3.9	7.4
III	-3.9	-6.6	-2.8	5.7	0.4	10.0
II	-1.0	-4.0	-3.0	4.3	0.0	5.3
I	0.1	-2.1	-2.2	4.1	-0.1	4.0

Indexes 2005=100						
2010 II	105.1 r	93.0 r	88.5 r	113.4 r	101.9 r	107.8 r
I	105.8 r	92.4 r	87.4 r	114.0 r	102.2 r	107.8 r
2009 ANNUAL	102.9	89.9	87.4	114.1	103.9	111.0
2009 IV	105.4	91.4	86.7	115.3	103.8	109.4
III	103.5	90.0	86.9	114.5	103.8	110.6
II	101.8	89.0	87.4	113.3	103.6	111.2
I	100.8	89.4	88.7	113.6	104.3	112.7
2008 ANNUAL	100.3	95.7	95.4	108.9	98.7	108.5
2008 IV	100.2	91.9	91.8	111.3	101.7	111.1
III	98.5	94.6	96.0	109.2	97.4	110.9
II	100.7	97.3	96.6	107.9	97.7	107.1
I	101.9	99.0	97.1	107.2	98.4	105.2

See footnotes following Table 6.
r=revised

September 2, 2010
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 cost (7)	Unit profits (8)	Implicit price deflator (4)

Percent change from previous quarter at annual rate(5)										
2010 II	-0.5	4.0	4.5	-1.0	-0.3	-0.5	-2.0	-1.0	31.2	2.7
I	8.6 r	10.8 r	2.1	-0.9 r	-2.3 r	-8.7 r	-8.4 r	-8.6 r	64.6 r	-2.1
2009 ANNUAL	1.6	-6.0	-7.5	2.2	2.6	0.6	2.7	1.2	-2.5	0.8
2009 IV	12.5	12.9	0.3	1.4	-1.3	-9.9	-8.1	-9.4	38.2	-5.3
III	5.3	-0.4	-5.4	4.2	0.5	-1.0	-7.8	-3.0	21.2	-0.9
II	3.4	-5.8	-8.9	6.9	5.1	3.4	-2.6	1.6	-21.4	-0.9
I	-5.2	-15.6	-11.0	-3.5	-1.4	1.7	9.0	3.8	-4.2	3.0
2008 ANNUAL	2.7	0.9	-1.7	3.5	-0.3	0.8	3.8	1.6	-14.2	-0.3
2008 IV	0.4	-8.1	-8.4	3.0	13.5	2.7	11.1	5.1	-36.5	-0.4
III	5.9	0.3	-5.3	4.5	-1.8	-1.4	2.3	-0.3	86.7	6.5
II	1.7	-0.4	-2.1	1.9	-3.1	0.2	5.0	1.5	-9.2	0.4
I	0.2	-0.2	-0.4	2.8	-1.8	2.7	2.9	2.7	-35.0	-2.2

Percent change from corresponding quarter of previous year										
2010 II	6.4	6.7	0.3	0.9	-0.8	-5.1	-6.6	-5.6	37.9	-1.5
I	7.4 r	4.1 r	-3.1	2.9 r	0.4 r	-4.2 r	-6.7 r	-5.0	21.3 r	-2.4
2009 ANNUAL	1.6	-6.0	-7.5	2.2	2.6	0.6	2.7	1.2	-2.5	0.8
2009 IV	3.8	-2.7	-6.3	2.2	0.7	-1.6	-2.6	-1.9	6.0	-1.1
III	0.9	-7.6	-8.4	2.6	4.3	1.7	2.1	1.8	-12.7	0.2
II	1.0	-7.5	-8.4	2.6	3.7	1.6	4.8	2.5	-2.8	2.0
I	0.6	-6.2	-6.8	1.4	1.6	0.8	6.8	2.5	0.8	2.3
2008 ANNUAL	2.7	0.9	-1.7	3.5	-0.3	0.8	3.8	1.6	-14.2	-0.3
2008 IV	2.0	-2.2	-4.1	3.0	1.5	1.0	5.3	2.2	-8.5	1.0
III	4.6	2.5	-2.0	4.0	-1.2	-0.6	1.8	0.1	0.0	0.1
II	2.3	1.5	-0.8	3.5	-0.7	1.2	4.1	2.0	-24.3	-1.4
I	1.9	1.9	0.0	3.5	-0.7	1.6	4.1	2.3	-21.7	-0.8

Indexes 2005=100										
2010 II	111.9	105.2	94.1	113.4	101.9	101.4	109.8	103.7	108.2	104.3
I	112.0 r	104.2 r	93.1	113.7 r	102.0 r	101.5 r	110.4 r	104.0 r	101.1 r	103.6
2009 ANNUAL	106.4	99.7	93.7	112.5	102.4	105.8	116.0	108.6	83.4	105.4
2009 IV	109.7	101.6	92.6	113.9	102.5	103.8	112.8	106.3	89.3	104.2
III	106.5	98.5	92.5	113.5	102.9	106.6	115.3	109.0	82.3	105.6
II	105.2	98.6	93.8	112.3	102.8	106.8	117.6	109.8	78.5	105.9
I	104.3	100.1	96.0	110.5	101.5	105.9	118.4	109.4	83.3	106.1
2008 ANNUAL	104.7	106.1	101.3	110.1	99.8	105.1	112.9	107.3	85.5	104.5
2008 IV	105.7	104.4	98.8	111.5	101.9	105.5	115.9	108.4	84.2	105.3
III	105.6	106.7	101.0	110.6	98.7	104.8	112.9	107.0	94.4	105.4
II	104.1	106.6	102.4	109.4	99.1	105.2	112.2	107.1	80.7	103.8
I	103.6	106.7	103.0	108.9	99.9	105.1	110.9	106.7	82.7	103.7

See footnotes following Table 6.
r=revised

September 2, 2010
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 -1.7 and +1.5 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 first quarter of 2010.

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 1978-2009 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.