



**Transmission of material in this release is embargoed until
 8:30 a.m. (EDT) Thursday, September 6, 2018**

USDL 18-1411

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PRODUCTIVITY AND COSTS
 Second Quarter 2018, Revised

Nonfarm business sector labor productivity increased 2.9 percent during the second quarter of 2018, the U.S. Bureau of Labor Statistics reported today, as output increased 5.0 percent and hours worked increased 2.0 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the second quarter of 2017 to the second quarter of 2018, productivity increased 1.3 percent, reflecting a 3.5-percent increase in output and a 2.2-percent increase in hours worked. (See chart 1 and tables A1 and 2.)

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

Chart 1. Labor productivity, nonfarm business, 2014Q1 – 2018Q2

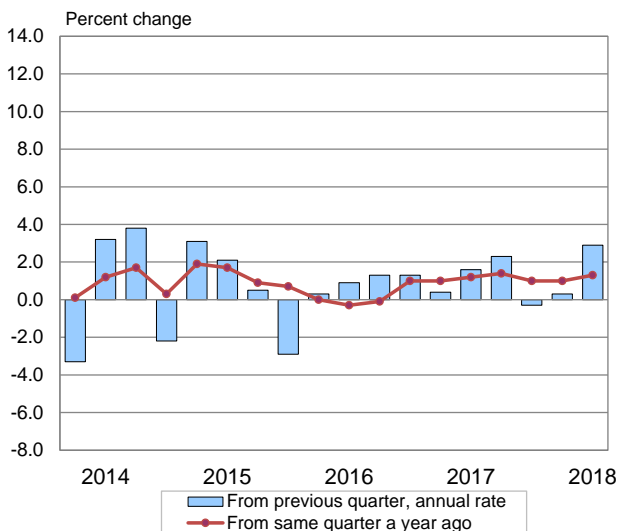
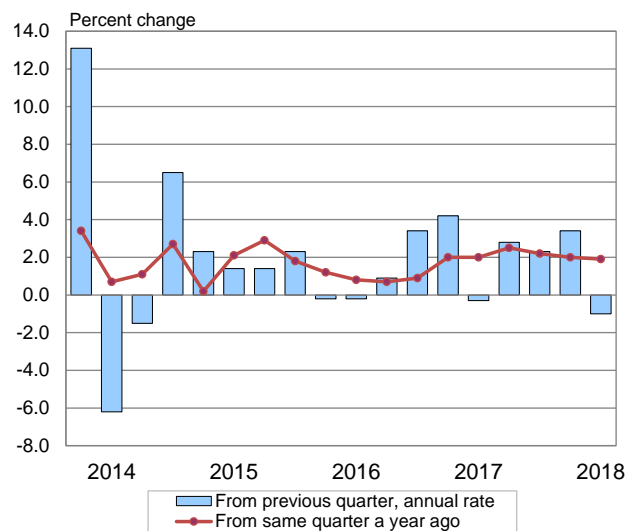


Chart 2. Unit labor costs, nonfarm business, 2014Q1 – 2018Q2



Unit labor costs in the nonfarm business sector decreased 1.0 percent in the second quarter of 2018, reflecting a 1.9-percent increase in hourly compensation and a 2.9-percent increase in labor productivity. Unit labor costs increased 1.9 percent over the last four quarters. (See chart 2 and tables A1 and 2.)

BLS calculates 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 labor productivity increased 1.5 percent in the second quarter of 2018, as output increased 3.0 percent and hours worked increased 1.5 percent. Productivity increased 1.1 percent in the durable manufacturing sector, as output rose 2.9 percent and hours worked increased 1.8 percent. In the non-durable goods manufacturing sector, a 2.2-percent increase in productivity reflected a 3.1-percent increase in output and a 0.9-percent increase in hours worked. Over the last four quarters, total manufacturing sector productivity was unchanged, as output increased 2.1 percent and hours worked increased 2.2 percent. **Unit labor costs** in manufacturing declined 0.2 percent in the second quarter of 2018 and increased 2.5 percent from the same quarter a year ago. (See tables A1 and 3.)

The concepts, sources, and methods used for the manufacturing output series differ from those used in the business and nonfarm business output series; these output measures are not directly comparable. See the Technical Notes for a more detailed explanation. (See page 6.)

Preliminary second-quarter 2018 measures of productivity and costs were announced for the **nonfinancial corporate sector**. Labor productivity decreased 0.7 percent in the second quarter of 2018, as output increased 2.2 percent and hours worked increased 2.9 percent. Unit labor costs increased 2.4 percent, as hourly compensation increased 1.7 percent and productivity decreased 0.7 percent. Unit profits increased at a 19.4-percent annual rate in the second quarter of 2018. (See tables A2 and 6.)

Revised measures

The measures released today are based on more recent source data than were available for the preliminary report. Table B1 presents previous and revised productivity and related measures for the nonfarm business, business, and manufacturing sectors.

In the **second quarter of 2018**, nonfarm business productivity increased 2.9 percent—the same as the preliminary estimate; there were small upward revisions to both output and hours worked. The increase in productivity was the largest quarterly gain since the first quarter of 2015 (3.1%), and reflected a 5.0-percent increase in output—the largest since the third quarter of 2014 (6.4%). Unit labor costs decreased 1.0 percent in the second quarter of 2018, a slightly larger decline than previously reported, and the largest since the third quarter of 2014 (-1.5%).

In the second quarter of 2018, manufacturing sector productivity was revised up to an increase of 1.5 percent from a previously-reported increase of 0.9 percent. Unit labor costs decreased 0.2 percent, rather than increasing 0.6 percent as previously reported. Productivity, output, and hours worked were all revised up in both durable goods manufacturing and nondurable goods manufacturing; unit labor costs were revised down.

Table B2 shows previous and revised labor productivity and related measures for the nonfarm business, business, manufacturing and nonfinancial corporate sectors for the first quarter of 2018.

In the **first quarter of 2018**, nonfarm business productivity increased at the same 0.3-percent rate reported previously. Unit labor costs were also unrevised, and increased 3.4 percent. Manufacturing sector productivity was revised up slightly to a decrease of 0.8 percent. Unit labor costs increased at the same 5.5-percent rate reported on August 15, reflecting offsetting 0.2-percentage point upward revisions to both hourly compensation and productivity.

In the nonfinancial corporate sector, first-quarter 2018 productivity increased at the same 3.0-percent rate that was previously reported. Unit profits were not revised and increased 5.5 percent. (See tables B2 and 6.)

Complete annual and quarterly data series can be found on the Productivity and Costs home page:
www.bls.gov/lpc/#data.

The preliminary Productivity and Costs news release for third-quarter 2018 is scheduled to be released on Thursday, November 1, 2018 at 8:30 a.m. (EDT)

Table A1. Labor productivity growth and related measures - revised second-quarter 2018
(percent change from previous quarter at annual rate and from same quarter a year ago)

| Sector | Percent change from: | Labor productivity | Output | Hours worked | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------------|-------------------------|--------------------|------------|--------------|---------------------|--------------------------|------------------|
| Nonfarm business | Previous quarter | 2.9 | 5.0 | 2.0 | 1.9 | 0.2 | -1.0 |
| | A year ago | 1.3 | 3.5 | 2.2 | 3.2 | 0.5 | 1.9 |
| Business | Previous quarter | 3.6 | 5.1 | 1.5 | 2.3 | 0.6 | -1.2 |
| | A year ago | 1.4 | 3.5 | 2.0 | 3.3 | 0.7 | 1.9 |
| Manufacturing | Previous quarter | 1.5 | 3.0 | 1.5 | 1.3 | -0.4 | -0.2 |
| | A year ago | 0.0 | 2.1 | 2.2 | 2.5 | -0.2 | 2.5 |
| Durable manufacturing | Previous quarter | 1.1 | 2.9 | 1.8 | 1.0 | -0.6 | -0.1 |
| | A year ago | 0.3 | 2.5 | 2.2 | 2.9 | 0.2 | 2.6 |
| Nondurable manufacturing | Previous quarter | 2.2 | 3.1 | 0.9 | 1.7 | 0.1 | -0.4 |
| | A year ago | -0.3 | 1.8 | 2.1 | 1.7 | -0.9 | 2.0 |

Table A2. Labor productivity growth and related measures - preliminary second-quarter 2018
(percent change from previous quarter at annual rate and from same quarter a year ago)

| Sector | Percent change from: | Labor productivity | Output | Hours worked | Hourly compensation | Real hourly compensation | Unit labor costs |
|------------------------|-------------------------|--------------------|------------|--------------|---------------------|--------------------------|------------------|
| Nonfinancial corporate | Previous quarter | -0.7 | 2.2 | 2.9 | 1.7 | 0.1 | 2.4 |
| | A year ago | 1.2 | 3.5 | 2.3 | 2.3 | -0.4 | 1.1 |

Table B1. Labor productivity growth and related measures - revised and previously published second-quarter 2018
(percent change from previous quarter at annual rate)

| Sector | | Labor productivity | Output | Hours worked | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------------|----------------------|--------------------|------------|--------------|---------------------|--------------------------|------------------|
| Nonfarm business | Revised | 2.9 | 5.0 | 2.0 | 1.9 | 0.2 | -1.0 |
| | Previously published | 2.9 | 4.8 | 1.9 | 2.0 | 0.3 | -0.9 |
| Business | Revised | 3.6 | 5.1 | 1.5 | 2.3 | 0.6 | -1.2 |
| | Previously published | 3.6 | 5.0 | 1.3 | 2.4 | 0.8 | -1.1 |
| Manufacturing | Revised | 1.5 | 3.0 | 1.5 | 1.3 | -0.4 | -0.2 |
| | Previously published | 0.9 | 1.9 | 1.0 | 1.5 | -0.1 | 0.6 |
| Durable manufacturing | Revised | 1.1 | 2.9 | 1.8 | 1.0 | -0.6 | -0.1 |
| | Previously published | 0.9 | 2.4 | 1.4 | 1.3 | -0.3 | 0.4 |
| Nondurable manufacturing | Revised | 2.2 | 3.1 | 0.9 | 1.7 | 0.1 | -0.4 |
| | Previously published | 1.1 | 1.5 | 0.4 | 1.9 | 0.2 | 0.8 |

Table B2. Labor productivity growth and related measures - revised and previously published first-quarter 2018
(percent change from previous quarter at annual rate)

| Sector | | Labor productivity | Output | Hours worked | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------------|----------------------|--------------------|-------------|--------------|---------------------|--------------------------|------------------|
| Nonfarm business | Revised | 0.3 | 2.6 | 2.3 | 3.8 | 0.2 | 3.4 |
| | Previously published | 0.3 | 2.6 | 2.3 | 3.7 | 0.2 | 3.4 |
| Business | Revised | 0.6 | 2.5 | 1.9 | 4.3 | 0.8 | 3.7 |
| | Previously published | 0.6 | 2.5 | 1.9 | 4.3 | 0.7 | 3.7 |
| Manufacturing | Revised | -0.8 | 2.0 | 2.9 | 4.6 | 1.1 | 5.5 |
| | Previously published | -1.0 | 1.9 | 2.9 | 4.4 | 0.9 | 5.5 |
| Durable manufacturing | Revised | 0.2 | 4.2 | 4.0 | 5.8 | 2.2 | 5.6 |
| | Previously published | 0.1 | 4.1 | 4.0 | 5.6 | 2.0 | 5.5 |
| Nondurable manufacturing | Revised | -1.2 | -0.2 | 1.0 | 2.0 | -1.5 | 3.2 |
| | Previously published | -1.4 | -0.5 | 1.0 | 2.0 | -1.5 | 3.4 |
| Nonfinancial corporate | Revised | 3.0 | 5.3 | 2.2 | 4.4 | 0.8 | 1.4 |
| | Previously published | 3.0 | 5.3 | 2.2 | 4.4 | 0.9 | 1.4 |

TECHNICAL NOTES

Labor Hours

Hours data for the labor productivity and cost measures include hours worked 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, counting a person who is employed by two or more establishments at each place of employment. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Weekly paid hours are adjusted to hours worked using data from the National Compensation Survey (NCS) for 1996 forward and data from the BLS Hours at Work survey, conducted for this purpose, prior to 1990. Between 1990 and 1995, weekly paid hours are adjusted to hours at work using a combination of NCS and Hours at Work survey data. 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 to estimate hours worked for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Using CPS information on employment and hours worked at primary jobs and all other jobs, separately, the BLS productivity measures assign all hours worked to the appropriate industrial sector. Hours 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.

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 hours. Business output accounted for about 76 percent of the value of GDP in 2017. Nonfarm business, which excludes farming, accounted for about 75 percent of GDP in 2017.

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 Index 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 indexes 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.

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 49 percent of the value of GDP in 2017.

Labor Productivity

The measure describes the relationship between real output and the labor time involved in its production. Measures of labor productivity growth show the changes from period to period in the amount of goods and services produced per hour worked. 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 employees in domestic industries 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

These measures describe the relationship between compensation per hour and labor 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 percent changes from the previous quarter presented at a compound annual rate, as percent changes from the corresponding quarter of the previous year, and as index number series where 2012=100. 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. A complete historical series of these index numbers are available at the BLS web site, www.bls.gov/data/home.htm, or by contacting the BLS Division of Major Sector Productivity (Telephone 202-691-5606 or email productivity@bls.gov).

For a more detailed explanation of methodology see "Technical Information About the Major Sector Productivity and Costs Methods" at www.bls.gov/lpc/lpcmmethods.pdf.

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5200; Federal Relay Service number: 1-800-877-8339.

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs | Unit nonlabor payments (3) | Implicit price deflator (4) |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|----------------------------|-----------------------------|
| ----- | | | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | | | |
| 2018 II | 3.6 | 5.1 r | 1.5 r | 2.3 r | 0.6 r | -1.2 r | 10.0 r | 3.5 r |
| I | 0.6 | 2.5 | 1.9 | 4.3 | 0.8 r | 3.7 | -0.4 | 1.9 |
| 2017 ANNUAL | 1.1 | 2.6 | 1.5 | 3.4 | 1.2 | 2.3 | 1.0 | 1.7 |
| 2017 IV | -1.1 | 2.9 | 4.1 | 1.2 | -2.1 | 2.4 | 3.6 | 2.9 |
| III | 2.8 | 3.5 | 0.7 | 5.6 | 3.4 | 2.8 | 0.9 | 2.0 |
| II | 1.6 | 3.7 | 2.1 | 1.3 | 1.2 | -0.3 | 2.3 | 0.8 |
| I | -0.2 | 1.9 | 2.0 | 4.0 | 1.0 | 4.2 | -1.3 | 1.8 |
| 2016 ANNUAL | 0.2 | 1.7 | 1.5 | 1.0 | -0.2 | 0.9 | 0.9 | 0.9 |
| 2016 IV | 1.9 | 2.2 | 0.3 | 5.6 | 2.7 | 3.6 | -0.6 | 1.7 |
| III | 1.6 | 2.2 | 0.6 | 2.5 | 0.6 | 0.9 | 1.7 | 1.3 |
| II | 0.7 | 2.6 | 1.9 | 0.3 | -2.3 | -0.4 | 7.7 | 3.1 |
| I | 0.2 | 1.6 | 1.4 | 0.0 | 0.1 | -0.2 | -1.5 | -0.8 |
| ----- | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 2018 II | 1.4 | 3.5 r | 2.0 | 3.3 r | 0.7 | 1.9 | 3.5 r | 2.6 r |
| I | 0.9 | 3.1 | 2.2 | 3.1 | 0.8 | 2.1 | 1.6 | 1.9 |
| 2017 ANNUAL | 1.1 | 2.6 | 1.5 | 3.4 | 1.2 | 2.3 | 1.0 | 1.7 |
| 2017 IV | 0.8 | 3.0 | 2.2 | 3.0 | 0.9 | 2.3 | 1.4 | 1.9 |
| III | 1.5 | 2.8 | 1.3 | 4.1 | 2.1 | 2.6 | 0.3 | 1.6 |
| II | 1.2 | 2.5 | 1.3 | 3.3 | 1.4 | 2.1 | 0.5 | 1.4 |
| I | 1.0 | 2.2 | 1.2 | 3.1 | 0.5 | 2.1 | 1.8 | 2.0 |
| 2016 ANNUAL | 0.2 | 1.7 | 1.5 | 1.0 | -0.2 | 0.9 | 0.9 | 0.9 |
| 2016 IV | 1.1 | 2.1 | 1.0 | 2.1 | 0.3 | 1.0 | 1.8 | 1.3 |
| III | -0.1 | 1.6 | 1.8 | 0.5 | -0.7 | 0.6 | 1.0 | 0.8 |
| II | -0.4 | 1.3 | 1.6 | 0.4 | -0.7 | 0.7 | 0.9 | 0.8 |
| I | 0.1 | 1.6 | 1.6 | 1.2 | 0.1 | 1.2 | -0.2 | 0.6 |
| ----- | | | | | | | | |
| Indexes 2012=100 | | | | | | | | |
| 2018 II | 105.4 r | 117.5 r | 111.5 r | 114.9 r | 105.1 r | 109.0 r | 108.5 r | 108.8 r |
| I | 104.5 | 116.0 | 111.1 | 114.2 r | 104.9 r | 109.3 r | 106.0 r | 107.9 |
| 2017 ANNUAL | 104.1 | 114.0 | 109.5 | 111.9 | 104.6 | 107.5 | 105.1 | 106.5 |
| 2017 IV | 104.3 | 115.3 | 110.6 | 113.0 | 104.7 | 108.3 | 106.1 | 107.4 |
| III | 104.6 | 114.5 | 109.5 | 112.7 | 105.3 | 107.7 | 105.1 | 106.6 |
| II | 103.9 | 113.5 | 109.3 | 111.2 | 104.4 | 107.0 | 104.9 | 106.1 |
| I | 103.5 | 112.5 | 108.7 | 110.8 | 104.1 | 107.0 | 104.3 | 105.8 |
| 2016 ANNUAL | 102.9 | 111.1 | 107.9 | 108.2 | 103.4 | 105.2 | 104.1 | 104.7 |
| 2016 IV | 103.5 | 112.0 | 108.2 | 109.7 | 103.8 | 105.9 | 104.6 | 105.4 |
| III | 103.1 | 111.4 | 108.1 | 108.2 | 103.1 | 105.0 | 104.8 | 104.9 |
| II | 102.7 | 110.8 | 107.9 | 107.6 | 103.0 | 104.8 | 104.4 | 104.6 |
| I | 102.5 | 110.1 | 107.4 | 107.5 | 103.6 | 104.9 | 102.4 | 103.8 |
| ----- | | | | | | | | |

See footnotes following Table 6.
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September 6, 2018
Source: Bureau of Labor Statistics

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs | Unit nonlabor payments (3) | Implicit price deflator (4) |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|----------------------------|-----------------------------|
| ----- | | | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | | | |
| 2018 II | 2.9 | 5.0 r | 2.0 r | 1.9 r | 0.2 r | -1.0 r | 9.7 r | 3.5 |
| I | 0.3 | 2.6 | 2.3 | 3.8 r | 0.2 | 3.4 | -0.3 | 1.8 |
| 2017 ANNUAL | 1.1 | 2.7 | 1.6 | 3.4 | 1.2 | 2.2 | 0.9 | 1.6 |
| 2017 IV | -0.3 | 3.0 | 3.3 | 1.9 | -1.3 | 2.3 | 3.7 | 2.9 |
| III | 2.3 | 3.6 | 1.3 | 5.1 | 2.9 | 2.8 | 1.1 | 2.1 |
| II | 1.6 | 3.8 | 2.2 | 1.3 | 1.2 | -0.3 | 2.3 | 0.8 |
| I | 0.4 | 1.9 | 1.5 | 4.7 | 1.6 | 4.2 | -2.4 | 1.3 |
| 2016 ANNUAL | 0.1 | 1.6 | 1.5 | 1.1 | -0.2 | 0.9 | 1.2 | 1.1 |
| 2016 IV | 1.3 | 2.3 | 1.0 | 4.7 | 1.9 | 3.4 | -0.1 | 1.8 |
| III | 1.3 | 2.2 | 0.9 | 2.2 | 0.3 | 0.9 | 2.2 | 1.5 |
| II | 0.9 | 2.5 | 1.6 | 0.7 | -2.0 | -0.2 | 7.8 | 3.2 |
| I | 0.3 | 1.6 | 1.3 | 0.1 | 0.1 | -0.2 | -0.5 | -0.3 |
| ----- | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 2018 II | 1.3 | 3.5 | 2.2 | 3.2 | 0.5 | 1.9 | 3.5 | 2.6 |
| I | 1.0 | 3.2 | 2.3 | 3.0 | 0.7 | 2.0 | 1.7 | 1.9 |
| 2017 ANNUAL | 1.1 | 2.7 | 1.6 | 3.4 | 1.2 | 2.2 | 0.9 | 1.6 |
| 2017 IV | 1.0 | 3.1 | 2.1 | 3.2 | 1.1 | 2.2 | 1.1 | 1.8 |
| III | 1.4 | 2.9 | 1.5 | 3.9 | 1.9 | 2.5 | 0.2 | 1.5 |
| II | 1.2 | 2.6 | 1.4 | 3.2 | 1.3 | 2.0 | 0.5 | 1.4 |
| I | 1.0 | 2.2 | 1.2 | 3.1 | 0.5 | 2.0 | 1.8 | 1.9 |
| 2016 ANNUAL | 0.1 | 1.6 | 1.5 | 1.1 | -0.2 | 0.9 | 1.2 | 1.1 |
| 2016 IV | 1.0 | 2.1 | 1.2 | 1.9 | 0.1 | 0.9 | 2.3 | 1.5 |
| III | -0.1 | 1.6 | 1.7 | 0.6 | -0.6 | 0.7 | 1.5 | 1.0 |
| II | -0.3 | 1.2 | 1.5 | 0.5 | -0.6 | 0.8 | 1.2 | 1.0 |
| I | 0.0 | 1.6 | 1.6 | 1.2 | 0.1 | 1.2 | 0.0 | 0.7 |
| ----- | | | | | | | | |
| Indexes 2012=100 | | | | | | | | |
| 2018 II | 105.1 r | 117.3 r | 111.7 r | 114.9 r | 105.1 r | 109.3 r | 109.3 r | 109.3 r |
| I | 104.3 | 115.9 | 111.1 | 114.3 r | 105.1 r | 109.6 r | 106.8 r | 108.4 |
| 2017 ANNUAL | 103.9 | 113.8 | 109.5 | 112.1 | 104.8 | 107.9 | 105.9 | 107.0 |
| 2017 IV | 104.3 | 115.2 | 110.5 | 113.3 | 105.0 | 108.7 | 106.9 | 107.9 |
| III | 104.3 | 114.3 | 109.6 | 112.8 | 105.3 | 108.1 | 105.9 | 107.1 |
| II | 103.8 | 113.3 | 109.2 | 111.4 | 104.6 | 107.3 | 105.6 | 106.6 |
| I | 103.4 | 112.3 | 108.6 | 111.0 | 104.3 | 107.4 | 105.0 | 106.4 |
| 2016 ANNUAL | 102.8 | 110.8 | 107.8 | 108.5 | 103.6 | 105.5 | 104.9 | 105.3 |
| 2016 IV | 103.2 | 111.7 | 108.2 | 109.7 | 103.9 | 106.3 | 105.7 | 106.0 |
| III | 102.9 | 111.1 | 108.0 | 108.5 | 103.4 | 105.4 | 105.7 | 105.6 |
| II | 102.6 | 110.5 | 107.7 | 107.9 | 103.3 | 105.2 | 105.1 | 105.2 |
| I | 102.3 | 109.8 | 107.3 | 107.7 | 103.8 | 105.2 | 103.2 | 104.4 |
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See footnotes following Table 6.
r=revised

September 6, 2018
Source: Bureau of Labor Statistics

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|
| ----- | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | |
| 2018 II | 1.5 r | 3.0 r | 1.5 r | 1.3 r | -0.4 r | -0.2 r |
| I | -0.8 r | 2.0 r | 2.9 | 4.6 r | 1.1 r | 5.5 |
| 2017 ANNUAL | 0.7 | 1.8 | 1.0 | 3.3 | 1.1 | 2.6 |
| 2017 IV | 4.4 | 5.5 | 1.1 | 1.6 | -1.7 | -2.7 |
| III | -5.0 | -1.9 | 3.3 | 2.4 | 0.3 | 7.8 |
| II | 3.5 | 2.9 | -0.6 | 3.0 | 2.9 | -0.5 |
| I | -0.3 | 2.2 | 2.5 | 3.9 | 0.9 | 4.2 |
| 2016 ANNUAL | 0.3 | 0.4 | 0.0 | 0.6 | -0.7 | 0.3 |
| 2016 IV | 2.6 | 2.4 | -0.3 | 5.8 | 3.0 | 3.0 |
| III | 0.6 | 1.7 | 1.1 | 1.8 | -0.1 | 1.2 |
| II | -0.8 | -1.1 | -0.2 | 1.5 | -1.2 | 2.3 |
| I | 2.5 | 1.8 | -0.6 | -2.7 | -2.6 | -5.0 |
| ----- | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2018 II | 0.0 r | 2.1 r | 2.2 r | 2.5 | -0.2 | 2.5 r |
| I | 0.5 r | 2.1 | 1.6 | 2.9 r | 0.6 | 2.4 |
| 2017 ANNUAL | 0.7 | 1.8 | 1.0 | 3.3 | 1.1 | 2.6 |
| 2017 IV | 0.6 | 2.1 | 1.5 | 2.7 | 0.6 | 2.1 |
| III | 0.2 | 1.4 | 1.2 | 3.8 | 1.7 | 3.6 |
| II | 1.6 | 2.3 | 0.7 | 3.6 | 1.7 | 2.0 |
| I | 0.5 | 1.3 | 0.8 | 3.2 | 0.6 | 2.7 |
| 2016 ANNUAL | 0.3 | 0.4 | 0.0 | 0.6 | -0.7 | 0.3 |
| 2016 IV | 1.2 | 1.2 | 0.0 | 1.6 | -0.3 | 0.3 |
| III | -0.2 | 0.3 | 0.4 | -0.2 | -1.3 | 0.0 |
| II | 0.2 | 0.0 | -0.2 | 0.4 | -0.7 | 0.2 |
| I | 0.1 | -0.1 | -0.1 | 0.6 | -0.5 | 0.6 |
| ----- | | | | | | |
| Indexes 2012=100 | | | | | | |
| 2018 II | 101.0 r | 107.3 r | 106.2 r | 112.6 r | 103.0 r | 111.5 r |
| I | 100.6 r | 106.5 r | 105.8 | 112.2 r | 103.1 r | 111.5 r |
| 2017 ANNUAL | 100.4 | 104.9 | 104.5 | 110.1 | 102.9 | 109.6 |
| 2017 IV | 100.8 | 105.9 | 105.1 | 111.0 | 102.8 | 110.1 |
| III | 99.7 | 104.5 | 104.8 | 110.5 | 103.3 | 110.8 |
| II | 101.0 | 105.0 | 104.0 | 109.9 | 103.2 | 108.8 |
| I | 100.2 | 104.3 | 104.1 | 109.1 | 102.5 | 108.9 |
| 2016 ANNUAL | 99.7 | 103.1 | 103.4 | 106.6 | 101.8 | 106.9 |
| 2016 IV | 100.2 | 103.7 | 103.5 | 108.0 | 102.2 | 107.8 |
| III | 99.6 | 103.1 | 103.5 | 106.5 | 101.5 | 107.0 |
| II | 99.4 | 102.7 | 103.3 | 106.1 | 101.5 | 106.7 |
| I | 99.6 | 103.0 | 103.3 | 105.7 | 101.8 | 106.0 |
| ----- | | | | | | |

See footnotes following Table 6.
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September 6, 2018
Source: Bureau of Labor Statistics

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|
| ----- | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | |
| 2018 II | 1.1 r | 2.9 r | 1.8 r | 1.0 r | -0.6 r | -0.1 r |
| I | 0.2 r | 4.2 r | 4.0 | 5.8 r | 2.2 r | 5.6 r |
| 2017 ANNUAL | 1.1 | 1.7 | 0.6 | 4.1 | 1.9 | 2.9 |
| 2017 IV | 4.8 | 5.2 | 0.4 | 2.2 | -1.1 | -2.4 |
| III | -4.8 | -2.3 | 2.6 | 2.4 | 0.3 | 7.6 |
| II | 4.6 | 2.1 | -2.3 | 6.1 | 6.0 | 1.5 |
| I | -0.8 | 2.8 | 3.6 | 3.4 | 0.4 | 4.2 |
| 2016 ANNUAL | -0.8 | -1.2 | -0.4 | 0.9 | -0.3 | 1.8 |
| 2016 IV | 3.1 | 2.5 | -0.6 | 6.8 | 4.0 | 3.6 |
| III | 1.9 | 2.2 | 0.3 | 2.2 | 0.4 | 0.3 |
| II | -0.4 | -1.9 | -1.5 | 1.9 | -0.8 | 2.3 |
| I | -1.2 | -1.1 | 0.1 | -2.1 | -2.0 | -0.9 |
| ----- | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2018 II | 0.3 r | 2.5 r | 2.2 r | 2.9 | 0.2 | 2.6 r |
| I | 1.1 | 2.3 r | 1.1 | 4.1 | 1.8 | 3.0 r |
| 2017 ANNUAL | 1.1 | 1.7 | 0.6 | 4.1 | 1.9 | 2.9 |
| 2017 IV | 0.9 | 1.9 | 1.0 | 3.5 | 1.4 | 2.6 |
| III | 0.5 | 1.2 | 0.8 | 4.7 | 2.6 | 4.2 |
| II | 2.2 | 2.4 | 0.2 | 4.6 | 2.6 | 2.4 |
| I | 0.9 | 1.4 | 0.4 | 3.6 | 0.9 | 2.6 |
| 2016 ANNUAL | -0.8 | -1.2 | -0.4 | 0.9 | -0.3 | 1.8 |
| 2016 IV | 0.8 | 0.4 | -0.4 | 2.2 | 0.3 | 1.3 |
| III | -1.3 | -1.4 | 0.0 | 0.2 | -0.9 | 1.6 |
| II | -1.4 | -2.0 | -0.7 | 0.7 | -0.4 | 2.1 |
| I | -1.5 | -1.9 | -0.4 | 0.7 | -0.4 | 2.2 |
| ----- | | | | | | |
| Indexes 2012=100 | | | | | | |
| 2018 II | 101.5 r | 107.5 r | 105.9 r | 113.7 r | 104.0 r | 112.0 r |
| I | 101.2 r | 106.7 r | 105.4 | 113.4 r | 104.2 r | 112.1 r |
| 2017 ANNUAL | 100.6 | 104.8 | 104.2 | 110.6 | 103.4 | 110.0 |
| 2017 IV | 101.1 | 105.6 | 104.4 | 111.8 | 103.6 | 110.5 |
| III | 100.0 | 104.3 | 104.3 | 111.2 | 103.9 | 111.2 |
| II | 101.2 | 104.9 | 103.6 | 110.5 | 103.8 | 109.2 |
| I | 100.1 | 104.3 | 104.3 | 108.9 | 102.3 | 108.8 |
| 2016 ANNUAL | 99.5 | 103.0 | 103.5 | 106.3 | 101.5 | 106.8 |
| 2016 IV | 100.3 | 103.6 | 103.3 | 108.0 | 102.2 | 107.7 |
| III | 99.5 | 103.0 | 103.5 | 106.2 | 101.2 | 106.8 |
| II | 99.0 | 102.4 | 103.4 | 105.7 | 101.1 | 106.7 |
| I | 99.1 | 102.9 | 103.8 | 105.2 | 101.3 | 106.1 |
| ----- | | | | | | |

See footnotes following Table 6.
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September 6, 2018
Source: Bureau of Labor Statistics

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|
| ----- | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | |
| 2018 II | 2.2 r | 3.1 r | 0.9 r | 1.7 r | 0.1 r | -0.4 r |
| I | -1.2 r | -0.2 r | 1.0 | 2.0 | -1.5 | 3.2 r |
| 2017 ANNUAL | -0.2 | 1.6 | 1.8 | 2.0 | -0.2 | 2.2 |
| 2017 IV | 3.5 | 5.8 | 2.2 | 0.5 | -2.8 | -2.9 |
| III | -5.5 | -1.4 | 4.3 | 2.6 | 0.5 | 8.6 |
| II | 1.2 | 3.7 | 2.4 | -2.5 | -2.6 | -3.7 |
| I | 0.8 | 1.5 | 0.7 | 4.6 | 1.6 | 3.8 |
| 2016 ANNUAL | 0.7 | 1.4 | 0.7 | 0.0 | -1.2 | -0.6 |
| 2016 IV | 1.7 | 1.9 | 0.2 | 3.9 | 1.2 | 2.2 |
| III | -1.9 | 0.5 | 2.4 | 1.1 | -0.7 | 3.1 |
| II | -3.2 | -1.2 | 2.0 | 0.9 | -1.7 | 4.2 |
| I | 5.8 | 3.7 | -1.9 | -3.9 | -3.9 | -9.1 |
| ----- | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2018 II | -0.3 r | 1.8 r | 2.1 r | 1.7 | -0.9 | 2.0 r |
| I | -0.5 r | 1.9 | 2.5 | 0.6 | -1.6 | 1.2 |
| 2017 ANNUAL | -0.2 | 1.6 | 1.8 | 2.0 | -0.2 | 2.2 |
| 2017 IV | -0.1 | 2.4 | 2.4 | 1.3 | -0.8 | 1.3 |
| III | -0.5 | 1.4 | 1.9 | 2.1 | 0.2 | 2.6 |
| II | 0.4 | 1.9 | 1.4 | 1.8 | -0.1 | 1.3 |
| I | -0.7 | 0.6 | 1.3 | 2.6 | 0.1 | 3.3 |
| 2016 ANNUAL | 0.7 | 1.4 | 0.7 | 0.0 | -1.2 | -0.6 |
| 2016 IV | 0.5 | 1.2 | 0.7 | 0.5 | -1.3 | 0.0 |
| III | 0.0 | 1.2 | 1.2 | -0.9 | -2.0 | -0.8 |
| II | 0.9 | 1.5 | 0.7 | 0.0 | -1.1 | -0.8 |
| I | 1.4 | 1.8 | 0.4 | 0.5 | -0.6 | -0.9 |
| ----- | | | | | | |
| Indexes 2012=100 | | | | | | |
| 2018 II | 101.0 r | 107.7 r | 106.7 r | 110.5 r | 101.1 r | 109.5 r |
| I | 100.4 r | 106.9 r | 106.5 | 110.0 r | 101.1 | 109.6 r |
| 2017 ANNUAL | 100.7 | 105.8 | 105.0 | 109.2 | 102.1 | 108.5 |
| 2017 IV | 100.7 | 107.0 | 106.2 | 109.5 | 101.5 | 108.7 |
| III | 99.8 | 105.5 | 105.6 | 109.4 | 102.2 | 109.6 |
| II | 101.3 | 105.8 | 104.5 | 108.7 | 102.1 | 107.3 |
| I | 101.0 | 104.9 | 103.9 | 109.4 | 102.7 | 108.3 |
| 2016 ANNUAL | 100.9 | 104.1 | 103.2 | 107.1 | 102.3 | 106.2 |
| 2016 IV | 100.8 | 104.5 | 103.7 | 108.1 | 102.3 | 107.3 |
| III | 100.3 | 104.0 | 103.6 | 107.1 | 102.0 | 106.7 |
| II | 100.8 | 103.9 | 103.0 | 106.8 | 102.2 | 105.9 |
| I | 101.6 | 104.2 | 102.5 | 106.5 | 102.7 | 104.8 |
| ----- | | | | | | |

See footnotes following Table 6.
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September 6, 2018
Source: Bureau of Labor Statistics

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

| Year and quarter | Labor productivity | Output | Hours worked | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs | Unit nonlabor costs (6) | Total unit costs (7) | Unit profits (8) | Implicit price deflator (4) |
|--|--------------------|---------|--------------|-------------------------|------------------------------|------------------|-------------------------|----------------------|------------------|-----------------------------|
| ----- | | | | | | | | | | |
| Percent change from previous quarter at annual rate (5) | | | | | | | | | | |
| 2018 II | -0.7 | 2.2 | 2.9 | 1.7 | 0.1 | 2.4 | 0.9 | 1.9 | 19.4 | 4.0 |
| I | 3.0 | 5.3 | 2.2 | 4.4 | 0.8 r | 1.4 | -1.0 | 0.6 | 5.5 | 1.2 |
| 2017 ANNUAL | 1.6 | 3.4 | 1.7 | 3.2 | 1.0 | 1.5 | 1.0 | 1.3 | -2.1 | 0.9 |
| 2017 IV | 1.4 | 4.2 | 2.7 | 0.3 | -2.9 | -1.1 | 0.5 | -0.6 | 7.8 | 0.4 |
| III | 1.1 | 2.5 | 1.5 | 2.8 | 0.6 | 1.7 | 0.6 | 1.3 | -17.1 | -1.2 |
| II | 4.5 | 7.4 | 2.7 | -0.1 | -0.2 | -4.4 | -2.4 | -3.7 | 7.5 | -2.4 |
| I | 3.1 | 5.0 | 1.8 | 8.1 | 5.0 | 4.9 | 0.0 | 3.2 | 10.6 | 4.1 |
| 2016 ANNUAL | 0.0 | 1.5 | 1.5 | 1.1 | -0.2 | 1.0 | 0.1 | 0.7 | -6.8 | -0.3 |
| 2016 IV | -2.4 | -1.7 | 0.7 | 3.4 | 0.6 | 6.0 | 7.6 | 6.5 | -9.1 | 4.4 |
| III | 4.7 | 6.3 | 1.5 | 1.5 | -0.4 | -3.1 | -3.6 | -3.3 | -5.4 | -3.5 |
| II | -4.8 | -3.6 | 1.3 | 0.3 | -2.4 | 5.4 | 6.5 | 5.8 | -21.8 | 1.6 |
| I | 3.3 | 3.8 | 0.5 | 2.0 | 2.1 | -1.2 | -14.3 | -5.7 | 31.2 | -1.5 |
| ----- | | | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | | | |
| 2018 II | 1.2 | 3.5 | 2.3 | 2.3 | -0.4 | 1.1 | 0.3 | 0.8 | 3.0 | 1.1 |
| I | 2.5 | 4.8 | 2.3 | 1.8 | -0.4 | -0.6 | -0.6 | -0.6 | 0.3 | -0.5 |
| 2017 ANNUAL | 1.6 | 3.4 | 1.7 | 3.2 | 1.0 | 1.5 | 1.0 | 1.3 | -2.1 | 0.9 |
| 2017 IV | 2.5 | 4.8 | 2.2 | 2.7 | 0.6 | 0.2 | -0.3 | 0.0 | 1.5 | 0.2 |
| III | 1.5 | 3.2 | 1.7 | 3.5 | 1.5 | 1.9 | 1.4 | 1.8 | -2.7 | 1.2 |
| II | 2.4 | 4.2 | 1.7 | 3.2 | 1.3 | 0.7 | 0.3 | 0.6 | 0.5 | 0.6 |
| I | 0.1 | 1.4 | 1.3 | 3.3 | 0.7 | 3.2 | 2.5 | 3.0 | -7.1 | 1.6 |
| 2016 ANNUAL | 0.0 | 1.5 | 1.5 | 1.1 | -0.2 | 1.0 | 0.1 | 0.7 | -6.8 | -0.3 |
| 2016 IV | 0.1 | 1.1 | 1.0 | 1.8 | 0.0 | 1.7 | -1.4 | 0.7 | -3.1 | 0.2 |
| III | 0.3 | 1.9 | 1.6 | 0.7 | -0.5 | 0.4 | 0.2 | 0.4 | -11.6 | -1.4 |
| II | -0.7 | 1.0 | 1.7 | 0.6 | -0.5 | 1.2 | 1.1 | 1.2 | -7.7 | 0.0 |
| I | 0.3 | 2.0 | 1.7 | 1.2 | 0.1 | 0.9 | 0.4 | 0.7 | -4.4 | 0.0 |
| ----- | | | | | | | | | | |
| Indexes 2012=100 | | | | | | | | | | |
| 2018 II | 105.0 | 118.6 | 113.0 | 113.9 | 104.2 | 108.4 | 104.0 | 107.0 | 96.1 | 105.4 |
| I | 105.2 r | 118.0 r | 112.2 | 113.4 r | 104.2 r | 107.8 r | 103.8 r | 106.5 r | 91.9 r | 104.4 |
| 2017 ANNUAL | 103.7 | 114.7 | 110.6 | 111.7 | 104.5 | 107.7 | 104.1 | 106.5 | 91.2 | 104.3 |
| 2017 IV | 104.4 | 116.5 | 111.5 | 112.2 | 104.0 | 107.4 | 104.1 | 106.3 | 90.7 | 104.1 |
| III | 104.1 | 115.3 | 110.8 | 112.1 | 104.7 | 107.7 | 104.0 | 106.5 | 89.0 | 104.0 |
| II | 103.8 | 114.6 | 110.4 | 111.3 | 104.6 | 107.3 | 103.8 | 106.1 | 93.3 | 104.3 |
| I | 102.6 | 112.6 | 109.7 | 111.4 | 104.6 | 108.5 | 104.4 | 107.1 | 91.6 | 104.9 |
| 2016 ANNUAL | 102.1 | 111.0 | 108.7 | 108.3 | 103.4 | 106.1 | 103.1 | 105.1 | 93.1 | 103.4 |
| 2016 IV | 101.9 | 111.2 | 109.2 | 109.2 | 103.3 | 107.2 | 104.4 | 106.3 | 89.4 | 103.9 |
| III | 102.5 | 111.7 | 109.0 | 108.3 | 103.2 | 105.7 | 102.5 | 104.6 | 91.5 | 102.8 |
| II | 101.3 | 110.0 | 108.6 | 107.9 | 103.3 | 106.5 | 103.5 | 105.5 | 92.8 | 103.7 |
| I | 102.6 | 111.0 | 108.2 | 107.8 | 103.9 | 105.1 | 101.9 | 104.0 | 98.7 | 103.3 |
| ----- | | | | | | | | | | |

See footnotes following Table 6.
r=revised

September 6, 2018
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. Hours and compensation 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 first quarter of 2018.

Table Footnotes

- (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 1978-2017 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 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.