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PRODUCTIVITY AND COSTS

Third Quarter 2008, revised

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

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

In both sectors, hours were revised down more than output, leading to productivity increases which are 0.2 percentage point higher than in preliminary estimates published November 6.

In manufacturing, revised productivity changes in the third quarter were:

-2.7 percent in manufacturing,
2.9 percent in durable goods manufacturing, and
-10.2 percent in nondurable goods manufacturing.

In the manufacturing sector, productivity fell 1.7 percentage points more than was reported on November 6, as a 2.0 percent downward revision to output was partially offset by a 0.4 percent downward revision to hours. 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 8).

Table A. Productivity and costs: Revised 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	1.5	-1.7	-3.2	4.2	-2.4	2.6
Nonfarm business	1.3	-1.9	-3.1	4.1	-2.4	2.8
Manufacturing	-2.7	-7.8	-5.3	4.7	-1.9	7.6
Durable	2.9	-5.8	-8.4	6.1	-0.6	3.1
Nondurable	-10.2	-9.8	0.4	2.6	-3.8	14.3
Percent change from same quarter a year ago						
Business	1.9	0.2	-1.6	3.3	-1.8	1.4
Nonfarm business	2.1	0.3	-1.8	3.5	-1.6	1.4
Manufacturing	0.6	-3.2	-3.8	4.6	-0.6	4.0
Durable	1.8	-2.9	-4.6	5.0	-0.3	3.2
Nondurable	-1.2	-3.6	-2.4	4.0	-1.2	5.3

Business

Business sector productivity grew at a 1.5 percent annual rate during the third quarter of 2008, less than the 1.9 percent rate of growth from the third quarter of 2007 to the third quarter of 2008 and the 2.5 percent average annual rate from 2000 to 2007. Productivity growth in the third quarter was the result of hours worked falling faster than output. The hours decline of 3.2 percent was the largest since the fourth quarter of 2001 (4.2 percent), and the output decline of 1.7 percent was the largest since the third quarter of 2001 (3.1 percent).

Hourly compensation in the business sector increased 4.2 percent during the third quarter of 2008, following a 1.2 percent increase in the second quarter (seasonally adjusted annual rates). This series includes accrued wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation fell 2.4 percent, the fourth consecutive quarter in which it declined. This reflected the 6.7 percent increase in consumer prices during the third quarter, the fastest growth since a similar increase in the third quarter of 1990.

The revised 2.6 percent third quarter increase in unit labor costs reverses the 2.4 percent decline in the second quarter. Unit labor costs increased 1.4 percent over the past four quarters. The change in unit labor costs approximates the change in hourly compensation less the change in productivity. The implicit price deflator for the business sector, which reflects changes in both unit labor costs and unit nonlabor payments, grew 4.5 percent in the third quarter of 2008. This was its fastest growth since the first quarter of 1990 (4.6 percent).

Nonfarm business

Productivity in the nonfarm business sector rose at a 1.3 percent annual rate in the third quarter of 2008, slower than the 2.1 percent rate over the last four quarters, and slower than the trend rate of 2.5 percent per year from 2000 to 2007 (chart 1). As revised, output fell 1.9 percent and hours fell 3.1 percent in the third quarter of 2008; the two measures had not declined as quickly since the third quarter of 2001 and the first quarter of 2002, respectively.

Hourly compensation in the nonfarm business sector rose 4.1 percent in the third quarter of 2008. This rate is similar to trends in recent years; hourly compensation grew between 3.6 percent and 4.1 percent each year since 2001. As in the business sector, real hourly compensation decreased 2.4 percent in nonfarm business during the third quarter, due to the increase in consumer prices.

Nonfarm business unit labor costs increased 2.8 percent in the third quarter of 2008. Over the last four quarters unit labor costs increased 1.4 percent (chart 2). The implicit price deflator for the nonfarm business sector rose 4.9 percent in the third quarter, more than in any quarter since the third quarter of 1982 (5.0 percent).

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

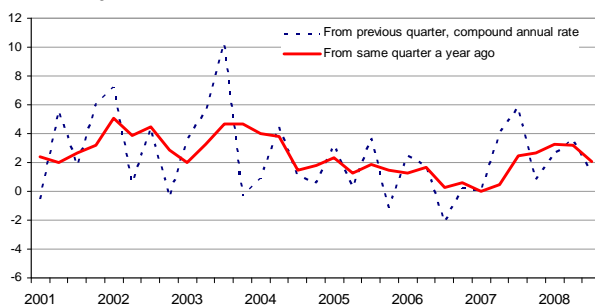
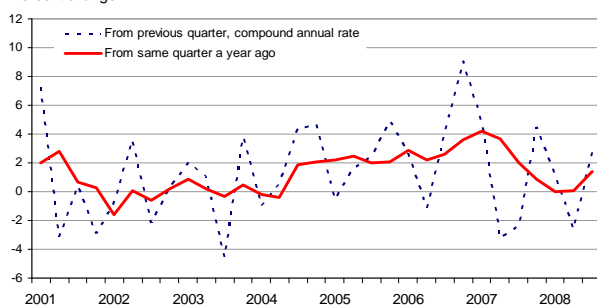


Chart 2. Unit Labor Costs, Nonfarm Business, all persons, 2001:1-2008:3
Percent change



Manufacturing

Manufacturing output per hour fell 2.7 percent in the third quarter of 2008, as output fell 7.8 percent and hours fell 5.3 percent. This is the largest quarterly decline in productivity in the entire series, going back to the second quarter of 1987. The decline in output was the largest since the first quarter of 1991, when output fell 8.0 percent. Third quarter 2008 saw the second consecutive quarter of negative manufacturing productivity growth; revised output per hour for the second quarter of 2008 fell 2.2 percent (chart 3 and table 3).

The third-quarter decline in manufacturing productivity was driven by a 10.2 percent decline in nondurable goods productivity; output per hour in durable goods industries increased 2.9 percent. The quarterly drop in nondurable goods productivity is the largest in the series. Nondurable goods output fell by 9.8 percent, 2.8 percentage points more than reported on November 6. In contrast to the large decline in output, hours in nondurable manufacturing rose slightly during the quarter, 0.4 percent (table 5).

In durable goods industries, a 5.8 percent decline in output was outpaced by an 8.4 percent drop in hours, yielding a productivity increase of 2.9 percent (table 4). The declines in output and hours in durable manufacturing had not been as large since the fourth quarter of 2001, when output fell 9.9 percent and hours dropped 14.5 percent. Complete historical series can be found on the productivity and costs homepage: <http://www.bls.gov/lpc/#data>.

The average hourly compensation of all manufacturing workers rose 4.7 percent in the third quarter of 2008, and increased more in the durable goods sector, 6.1 percent, than in the nondurable goods sector, 2.6 percent. Real hourly compensation for all manufacturing workers declined 1.9 percent in the third quarter, following declines of 0.5 percent and 2.7 percent in the first and second quarters of 2008.

Both the decrease in productivity and the increase in hourly compensation contributed to a 7.6 percent increase in unit labor costs in manufacturing during the third quarter—much higher than the 4.0 percent increase over the last four quarters and the 0.3 percent rate from 2000 to 2007 (chart 4). Unit labor costs increased 3.1 percent in durable goods industries and 14.3 percent in nondurable goods industries during the third quarter.

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

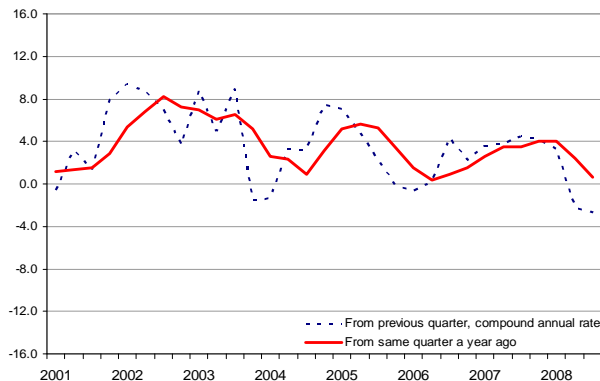
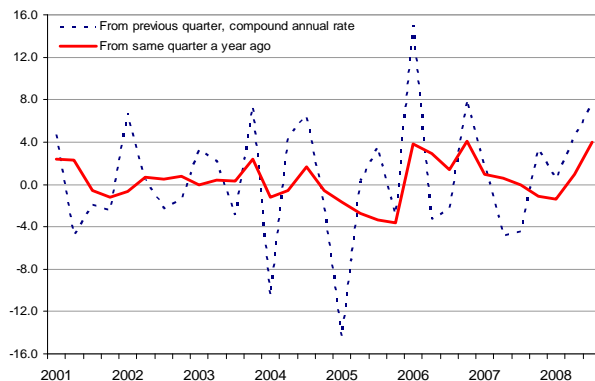


Chart 4. Unit Labor Costs, Manufacturing, all persons, 2001:1-2008:3
Percent change



Nonfinancial Corporations

Third-quarter 2008 measures of productivity and costs also were released for nonfinancial corporations (tables B and 6). Output per all-employee hour grew at a 4.9 percent annual rate, with output rising 1.8 percent and hours of all employees falling 3.0 percent (seasonally adjusted annual rates). Over the last four quarters nonfinancial corporate sector productivity increased 3.5 percent. This sector includes all corporations doing business in the United States, except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts.

Table B. Nonfinancial corporations: Third-quarter 2008 productivity and cost measures (Seasonally adjusted annual rates)								
Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
2008 III	4.9	1.8	-3.0	5.0	-1.6	0.1	24.6	4.0
Percent change from same quarter a year ago								
2008 III	3.5	2.0	-1.4	4.0	-1.2	0.5	-6.7	0.2

Hourly compensation increased 5.0 percent during the third quarter, but when consumer prices are taken into account, real hourly compensation declined 1.6 percent. Real hourly compensation declined 1.2 percent since the third quarter of 2007.

Unit labor costs in the nonfinancial corporate sector remained steady, increasing just 0.1 percent during the third quarter of 2008; unit nonlabor costs increased 5.8 percent, and unit profits rose 24.6 percent (seasonally adjusted annual rates). As a result of these movements, the implicit price deflator for the output of nonfinancial corporations—which reflects a weighted average of these three measures—rose 4.0 percent.

Revised Measures

Current and previous measures for second and third quarters of 2008 for the business, nonfarm business, and manufacturing sectors are compared in table C. In the third quarter, revised estimates of productivity growth in the business and nonfarm business sectors are higher than those reported November 6, as downward revisions to hours were larger than downward revisions to output. Manufacturing productivity had a large downward revision in the third quarter as the downward revision to output outweighed the downward revision to hours.

Hourly compensation was revised down in all three sectors. In the business and nonfarm business sectors unit labor costs rose 2.6 percent and 2.8 percent, respectively, in the third quarter. This is 0.8 percent lower than previously reported, reflecting both the downward revision to hourly compensation and the upward revision to productivity. Hourly compensation was also revised down in manufacturing, but the large downward revision in manufacturing productivity resulted in an upward revision to unit labor costs.

Table C. 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
Third quarter 2008						
Business:						
Previous.....	1.3	-1.5	-2.8	4.7	-1.9	3.4
Revised.....	1.5	-1.7	-3.2	4.2	-2.4	2.6
Nonfarm business:						
Previous.....	1.1	-1.7	-2.7	4.7	-1.9	3.6
Revised.....	1.3	-1.9	-3.1	4.1	-2.4	2.8
Manufacturing:						
Previous.....	-1.0	-5.8	-4.9	5.0	-1.6	6.1
Revised.....	-2.7	-7.8	-5.3	4.7	-1.9	7.6
Second quarter 2008						
Business:						
Previous.....	3.7	2.6	-1.0	3.8	-1.2	0.1
Revised.....	3.7	2.6	-1.0	1.2	-3.7	-2.4
Nonfarm business:						
Previous.....	3.6	2.8	-0.8	3.5	-1.4	-0.1
Revised.....	3.6	2.8	-0.8	0.9	-3.9	-2.6
Manufacturing:						
Previous.....	-1.9	-3.4	-1.5	3.8	-1.2	5.8
Revised.....	-2.2	-3.7	-1.5	2.2	-2.7	4.5

There were also revisions to second quarter data for the business, nonfarm business, and manufacturing sectors. Hourly compensation, real hourly compensation, and unit labor costs were revised in all three of these sectors to reflect new information on employee compensation published by the Bureau of Economic Analysis of the U.S. Department of Commerce on November 25. Hourly compensation growth was revised down 2.6 percent in the business and nonfarm business sectors, leading to similar downward revisions to real hourly compensation and unit labor costs. Second-quarter increases in manufacturing hourly compensation and unit labor costs were revised down to 2.2 percent and 4.5 percent, respectively.

Manufacturing output in the second quarter was revised due to revised indexes of industrial production from the Board of Governors of the Federal Reserve. The downward revision of 0.3 percentage point led to a similar downward revision to manufacturing productivity.

Revised measures: Nonfinancial corporations

Measures for the nonfinancial corporate sector also were revised to reflect updated information on output and employee compensation during second-quarter 2008 (table D). Output and productivity were revised down by 0.9 percentage point, and hours declined at the

same rate reported November 6. Hourly compensation growth was revised down by 1.4 percentage points, and because hourly compensation was revised downward more than productivity, unit labor costs fell faster than previously reported, at a rate of 5.0 percent.

Table D. 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	8.6	6.9	-1.6	3.7	-1.3	-4.6	-8.4	-3.9
Revised	7.7	6.0	-1.6	2.3	-2.6	-5.0	-7.7	-3.8

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Thursday, February 5, 2009**. Preliminary fourth-quarter and annual 2008 measures for the business, nonfarm business, and manufacturing sectors will be released at that time.

Scheduled release dates for productivity and costs measures for major sectors of the U.S. economy in 2009 are:

<u>Reference period</u>	<u>2009 release date</u>
2008:	
Fourth quarter, Annual	February 5
Fourth quarter, Annual (revised)	March 5
2009:	
First quarter	May 7
First quarter (revised)	June 4
Second quarter	August 11
Second quarter (revised)	September 2
Third quarter	November 5
Third quarter (revised)	December 3

These dates are based on presently available schedules for the release of underlying source data in 2009. Each issue of *Productivity and Costs* contains a "Next release date" paragraph that readers should use to confirm the dates above.

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	141.8	170.2	120.0	r181.1	r120.4	r127.7	r142.3	133.2
	III	r142.3	r169.4	r119.1	r182.9	r119.7	r128.6	r144.9	r134.7
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	3.7	2.6	-1.0	r1.2	r-3.7	r-2.4	r6.1	0.9
	III	r1.5	r-1.7	r-3.2	r4.2	r-2.4	r2.6	r7.4	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	3.0	2.0	-1.0	r3.2	r-1.0	r0.2	r3.6	1.5
	III	r1.9	r0.2	r-1.6	r3.3	r-1.8	r1.4	r3.7	2.3

See footnotes following Table 6.
r=revisedDecember 3, 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	140.8	170.5	121.1	r179.9	r119.6	r127.8	r143.3	133.5
	III	r141.2	r169.7	r120.2	r181.7	r118.9	r128.7	r146.2	r135.1
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	3.6	2.8	-0.8	r0.9	r-3.9	r-2.6	r6.6	0.9
	III	r1.3	r-1.9	r-3.1	r4.1	r-2.4	r2.8	r8.3	r4.9
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	3.2	2.1	-1.1	r3.3	r-0.9	r0.1	r3.7	1.5
	III	r2.1	0.3	r-1.8	r3.5	r-1.6	r1.4	r4.2	2.5

See footnotes following Table 6.
r=revisedDecember 3, 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	184.0	150.7	81.9	181.4	122.1	98.6
II	r183.0	r149.3	81.6	r182.4	r121.3	r99.7
III	r181.7	r146.3	r80.5	r184.5	r120.7	r101.5
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	-0.8	-4.0	3.8	-0.5	0.5
II	r-2.2	r-3.7	-1.5	r2.2	r-2.7	r4.5
III	r-2.7	r-7.8	r-5.3	r4.7	r-1.9	r7.6
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	4.0	2.0	-1.9	2.5	-1.6	-1.4
II	r2.4	r-0.2	-2.5	r3.4	r-0.8	r0.9
III	r0.6	r-3.2	r-3.8	r4.6	r-0.6	r4.0

See footnotes following Table 6.
r=revised

December 3, 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	215.5	186.9	86.7	176.6	118.9	82.0
	II	r213.1	r184.2	86.4	r178.1	r118.4	r83.6
	III	r214.7	r181.5	r84.5	r180.8	r118.3	r84.2
----- 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	2.1	-0.4	-2.5	2.5	-1.7	0.4
	II	r-4.3	r-5.6	r-1.4	r3.5	r-1.5	r8.1
	III	r2.9	r-5.8	r-8.4	r6.1	r-0.6	r3.1
----- 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	3.7	-1.7	2.1	-2.0	-3.2
	II	2.5	0.2	-2.3	r3.3	r-1.0	r0.7
	III	r1.8	r-2.9	r-4.6	r5.0	r-0.3	r3.2

See footnotes following Table 6.
r=revised

December 3, 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	120.2
II	148.4	114.8	77.3	176.6	125.7	119.0
III	149.0	115.4	77.4	177.8	125.3	119.3
IV	150.3	115.1	76.6	180.4	127.6	120.0
ANNUAL	148.9	115.1	77.2	178.2	126.6	119.6
2007 I	151.2	115.6	76.5	181.9	127.5	120.3
II	151.4	116.0	76.6	181.4	125.8	119.9
III	152.7	116.4	76.3	181.8	125.2	119.1
IV	152.9	116.1	75.9	185.3	126.0	121.2
ANNUAL	152.0	116.0	76.3	182.6	126.1	120.1
2008 I	155.0	115.7	74.6	188.0	126.5	121.3
II	r155.0	r115.2	74.3	r187.9	r124.9	r121.2
III	r150.9	r112.3	r74.4	r189.1	r123.7	r125.3
Percent change from previous quarter at annual rate(5)						
2006 I	1.0	3.6	2.6	15.5	13.4	14.4
II	1.1	-0.9	-1.9	-3.1	-6.5	-4.1
III	1.5	2.2	0.6	2.6	-1.4	1.1
IV	3.5	-1.1	-4.4	6.1	7.7	2.5
ANNUAL	0.2	0.3	0.1	4.5	1.1	4.3
2007 I	2.5	2.0	-0.5	3.3	-0.3	0.8
II	0.4	1.3	0.9	-1.0	-5.3	-1.4
III	3.5	1.6	-1.9	0.7	-2.0	-2.7
IV	0.6	-1.1	-1.7	7.9	2.8	7.3
ANNUAL	2.1	0.9	-1.2	2.5	-0.3	0.4
2008 I	5.8	-1.3	-6.7	6.0	1.7	0.3
II	r0.0	r-1.7	-1.7	r-0.3	r-5.0	r-0.3
III	r-10.2	r-9.8	0.4	r2.6	r-3.8	r14.3
Percent change from corresponding quarter of previous year						
2006 I	0.2	-0.1	-0.3	6.2	2.4	6.0
II	-0.7	-0.6	0.1	3.5	-0.4	4.2
III	-0.4	1.0	1.4	3.1	-0.2	3.6
IV	1.8	0.9	-0.8	5.1	3.0	3.2
ANNUAL	0.2	0.3	0.1	4.5	1.1	4.3
2007 I	2.1	0.5	-1.6	2.2	-0.2	0.0
II	2.0	1.1	-0.9	2.7	0.1	0.7
III	2.5	0.9	-1.5	2.3	-0.1	-0.2
IV	1.7	0.9	-0.8	2.7	-1.2	1.0
ANNUAL	2.1	0.9	-1.2	2.5	-0.3	0.4
2008 I	2.5	0.1	-2.4	3.4	-0.8	0.8
II	r2.4	r-0.7	-3.0	r3.6	r-0.7	r1.1
III	r-1.2	r-3.6	r-2.4	r4.0	r-1.2	r5.3

See footnotes following Table 6.
r=revised

December 3, 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	r151.5	r183.8	121.3	r177.2	r117.8	r117.0	r119.4	r117.6	r147.3	r120.3
	III	153.3	184.6	120.4	179.4	117.4	117.0	121.1	118.1	155.7	121.5
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	r7.7	r6.0	-1.6	r2.3	r-2.6	r-5.0	r1.2	r-3.4	r-7.7	r-3.8
	III	4.9	1.8	-3.0	5.0	-1.6	0.1	5.8	1.7	24.6	4.0
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	r2.8	r2.3	-0.5	r3.5	r-0.7	r0.7	r1.7	1.0	r-14.6	-1.0
	III	3.5	2.0	-1.4	4.0	-1.2	0.5	2.8	1.1	-6.7	0.2

See footnotes following Table 6.
r=revisedDecember 3, 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.