

# News

United States  
Department  
of Labor



**Bureau of Labor Statistics**

**Washington, D.C. 20212**

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USDL 08-0293  
TRANSMISSION OF THIS  
MATERIAL IS EMBARGOED  
UNTIL 8:30 A.M. EST,  
WEDNESDAY, MARCH 5, 2008

## **PRODUCTIVITY AND COSTS**

Fourth Quarter and Annual Averages, 2007 Revised

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised fourth-quarter seasonally-adjusted annual rates of productivity change—as measured by output per hour of all persons—and revised changes for calendar year 2007. Percent changes in business and nonfarm business productivity were:

	Fourth quarter	Annual averages 2006-2007
Business sector.....	1.0	1.9
Nonfarm business sector.....	1.9	1.8

Productivity growth for the fourth quarter of 2007 was revised up by 0.4 percentage points in the business sector from the estimates published February 6, due primarily to a downward revision to hours. Nonfarm business productivity was revised up by 0.1 percentage points, with small downward revisions to both output and hours. Unit labor costs also were revised up, to 2.7 percent in the business sector and 2.6 percent in nonfarm businesses, reflecting upward revisions in hourly compensation that more than offset the productivity increases. Productivity growth during calendar year 2007 also was higher than previously reported in both sectors.

Data in this release reflect the annual benchmark revision of BLS Current Employment Statistics program data on nonfarm employee hours, and revised seasonal adjustment of those data. Also, hours of other nonfarm and farm workers based on the BLS Current Population Survey incorporate new seasonal adjustment factors. Due to these revisions, hours measures for all major sectors were revised back to the first quarter of 2003. A conversion of nonfarm employee hours series to NAICS 2007 classification further revised all major sector series back to 1990. Revised seasonally-adjusted values of the BLS Consumer Price Index for all urban consumers are reflected in measures of consumer prices and real hourly compensation beginning with data for the first quarter of 2007. See Revised Measures, page 7.

Table A. Productivity and costs: Revised fourth-quarter 2007 measures (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.0	0.2	-0.7	3.6	-1.3	2.7
Nonfarm business	1.9	0.3	-1.6	4.6	-0.5	2.6
Manufacturing	2.3	-1.7	-3.9	4.4	-0.6	2.1
Durable	4.2	-0.7	-4.7	5.2	0.1	0.9
Nondurable	-0.5	-2.9	-2.4	3.0	-1.9	3.5
Percent change from same quarter a year ago						
Business	3.0	2.6	-0.4	4.0	0.1	1.0
Nonfarm business	2.9	2.6	-0.3	3.9	0.0	0.9
Manufacturing	3.2	1.9	-1.3	3.7	-0.2	0.5
Durable	4.6	3.0	-1.5	3.5	-0.4	-1.0
Nondurable	1.5	0.5	-0.9	4.0	0.1	2.5

In the manufacturing sector, increases in productivity were:

	Fourth quarter	Annual averages 2006-2007
Manufacturing.....	2.3	3.7
Durable goods manufacturing.....	4.2	4.9
Nondurable goods manufacturing.....	-0.5	2.2

Productivity in total manufacturing grew at a 2.3 percent annual rate in the fourth quarter of 2007, slightly less than the preliminary estimate of 2.5 percent. The fourth-quarter increase in productivity resulted when hours fell faster than output. When revised annual averages for 2006 and 2007 were compared, productivity increased more in each of the manufacturing sectors than reported Feb. 6. 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. Fourth-quarter productivity and related measures are summarized in table A and appear in detail in tables 1 through 5. Preliminary and revised fourth-quarter and annual data appear in table C.

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 prepared by the Board of Governors of the Federal Reserve System. See Technical Notes (page 9) for further information on data sources.

### **THIRD-TO-FOURTH QUARTER CHANGES, 2007**

#### **Business**

Labor productivity in the business sector increased 1.0 percent in the fourth quarter of 2007, as output increased 0.2 percent and hours of all persons engaged in the sector decreased 0.7 percent (seasonally adjusted annual rates). When the fourth quarter of 2007 is compared to the fourth quarter of 2006 output per hour increased 3.0 percent (table 1).

Hourly compensation grew at a 3.6-percent annual rate in the fourth quarter after rising 3.7 percent in the third quarter of 2007, as revised. This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, decreased 1.3 percent in the fourth quarter because consumer prices rose 5.0 percent (seasonally adjusted annual rates).

Unit labor costs, which reflect changes in hourly compensation and productivity, increased 2.7 percent during the fourth quarter of 2007, after falling 2.8 percent in the third quarter. The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 2.3 percent in the fourth quarter and 0.3 percent in the third quarter.

#### **Nonfarm business**

In the nonfarm business sector, productivity increased at an annual rate of 1.9 percent in the fourth quarter of 2007, as output increased 0.3 percent and hours of all persons—employees, proprietors, and unpaid family workers—decreased 1.6 percent. The decline in hours was the largest since the first quarter of 2003, when they fell 2.1 percent. From the fourth quarter of 2006 to the fourth quarter of 2007 productivity increased 2.9 percent (table 2).

Hourly compensation grew 4.6 percent in the fourth quarter. When the increase in consumer prices was taken into account, real hourly compensation decreased 0.5 percent. Real hourly compensation had grown 0.6 percent during the third quarter of 2007.

Unit labor costs increased at a 2.6 percent annual rate in the fourth quarter after falling 2.7 percent in the third quarter, as revised. The implicit price deflator for nonfarm business increased 2.0 percent in the fourth quarter and 0.1 percent in the third quarter of 2007.

## **Manufacturing**

Manufacturing productivity increased 2.3 percent in the fourth quarter of 2007, as output decreased 1.7 percent and hours fell 3.9 percent (seasonally adjusted annual rates). In durable goods industries, productivity increased 4.2 percent as both output and hours decreased, 0.7 percent and 4.7 percent, respectively. The decline in durable goods hours was the largest since the third quarter of 2003, when hours fell 6.9 percent. In nondurable goods industries, output per hour fell 0.5 percent, reflecting decreases of 2.9 percent in output and 2.4 percent in hours. In the third quarter of 2007, productivity increased 4.1 percent in total manufacturing, 5.4 percent in durable goods industries, and 3.2 percent in nondurable goods industries, as revised (tables 3, 4, and 5).

Manufacturing hourly compensation grew at a 4.4 percent annual rate during the fourth quarter of 2007. Durable goods manufacturing and nondurable goods manufacturing posted increases in hourly compensation of 5.2 percent and 3.0 percent, respectively. When the 5.0 percent fourth-quarter increase in consumer prices was taken into account, real hourly compensation declined 0.6 percent in total manufacturing, edged up 0.1 percent in durable manufacturing, and fell 1.9 percent in nondurable manufacturing (seasonally adjusted annual rates).

Unit labor costs in manufacturing increased 2.1 percent in the fourth quarter of 2007 after falling 3.3 percent in the third quarter, as revised. These costs increased 0.9 percent in durable goods industries and 3.5 percent in nondurable goods industries during the fourth quarter of 2007.

### **ANNUAL AVERAGE CHANGES, 2006-2007**

#### **Business and Nonfarm business**

Business sector productivity increased 1.9 percent when the revised annual average for 2007 was compared with the revised annual average for 2006—the same as the average rate of productivity growth over the past four years, from 2003 to 2007. Nonfarm business sector productivity grew 1.8 percent in 2007 (table B). In both sectors, the modest productivity improvement reflected output growth of 2.3 percent combined with small increases in hours worked: business sector hours increased 0.4 percent, and hours increased 0.5 percent in the nonfarm business sector.

Table B. Productivity and costs: Revised 2007 annual averages (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from previous year						
Business	1.9	2.3	0.4	5.0	2.3	3.1
Nonfarm business	1.8	2.3	0.5	4.9	2.3	3.1
Manufacturing	3.7	2.0	-1.7	5.4	2.7	1.6
Durable	4.9	2.9	-1.9	5.5	2.9	0.6
Nondurable	2.2	0.9	-1.2	5.1	2.5	2.9

Hourly compensation increased 5.0 percent in the business sector and 4.9 percent in the nonfarm business sector. Real hourly compensation increased 2.3 percent during 2007 in both the business and nonfarm business sectors. Unit labor costs increased 3.1 percent in the business and nonfarm business sectors in 2007, faster than in any year since 2000, when unit labor costs grew 4.1 percent in the business sector and 4.2 percent in the nonfarm business sector.

### **Manufacturing**

Manufacturing productivity grew 3.7 percent in 2007, reflecting an increase in output of 2.0 percent and a decrease in hours of 1.7 percent. In 2006, output per hour had increased 4.3 percent, as output grew 4.9 percent and hours rose 0.6 percent. Productivity also grew at a 4.3 percent average annual rate from 2000 to 2005. Labor productivity increased 4.9 percent in durable goods manufacturing during 2007, as output rose 2.9 percent and hours fell 1.9 percent. Productivity in nondurable goods manufacturing increased 2.2 percent in 2007, reflecting a 0.9 percent increase in output and a 1.2 percent drop in hours (tables B, 3, 4, and 5).

Hourly compensation of manufacturing workers increased 5.4 percent in 2007, compared to a 2.8 percent increase one year earlier. Hourly compensation increased 5.5 percent in durable manufacturing and 5.1 percent in nondurable goods industries. Real hourly compensation in the manufacturing sector increased 2.7 percent in 2007 after decreasing 0.5 percent in 2006.

From 2006 to 2007, unit labor costs rose 1.6 percent in manufacturing—the largest increase in this measure since 2000, when unit labor costs increased 4.9 percent. During 2007, unit labor costs increased 0.6 percent in durable manufacturing and 2.9 percent in nondurable manufacturing.

Table C. Previous and revised productivity and related measures: Fourth-quarter 2007, third-quarter 2007, and annual averages 2007 (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change, fourth quarter 2007						
Business:						
Previous .....	0.6	0.2	-0.5	2.8	-1.4	2.2
Revised.....	1.0	0.2	-0.7	3.6	-1.3	2.7
Nonfarm business:						
Previous .....	1.8	0.4	-1.5	3.9	-0.3	2.1
Revised.....	1.9	0.3	-1.6	4.6	-0.5	2.6
Manufacturing:						
Previous .....	2.5	-1.9	-4.3	4.2	-0.1	1.7
Revised.....	2.3	-1.7	-3.9	4.4	-0.6	2.1
Percent change, third quarter 2007						
Business:						
Previous .....	6.5	5.7	-0.7	4.4	2.4	-2.0
Revised.....	6.6	5.7	-0.9	3.7	0.8	-2.8
Nonfarm business:						
Previous .....	6.0	5.6	-0.3	4.0	2.0	-1.9
Revised.....	6.3	5.6	-0.6	3.4	0.6	-2.7
Manufacturing:						
Previous .....	4.0	3.9	-0.1	1.0	-0.8	-2.9
Revised.....	4.1	3.9	-0.2	0.7	-2.0	-3.3
Percent change, 2006 – 2007						
Business:						
Previous .....	1.6	2.3	0.7	4.8	1.9	3.1
Revised.....	1.9	2.3	0.4	5.0	2.3	3.1
Nonfarm business:						
Previous .....	1.6	2.3	0.7	4.8	1.8	3.1
Revised.....	1.8	2.3	0.5	4.9	2.3	3.1
Manufacturing:						
Previous .....	2.9	2.0	-1.0	4.6	1.7	1.6
Revised.....	3.7	2.0	-1.7	5.4	2.7	1.6

## REVISED MEASURES

Quarterly and annual measures for all sectors were revised back to 2003 to incorporate the annual benchmark adjustment and updated information on seasonal trends from the BLS nonfarm payroll series, and were also revised back to 1990 to convert all employee-hours series to NAICS 2007 classification (appendix tables 1-5). Hours and related measures for the business and nonfarm business sectors were revised to incorporate updated information on seasonal trends in Current Population Survey data on hours worked. Quarterly measures of consumer prices and real hourly compensation during 2007 also reflect the recalculation of seasonal factors for the Consumer Price Index for All Urban Consumers (CPI-U). Full quarterly and annual historical series are available on the BLS website, <http://www.bls.gov/data/home.htm> or by contacting the BLS Division of Major Sector Productivity at (202) 691-5606.

Previous and revised productivity and related data for the third quarter, fourth quarter, and full year 2007 for business, nonfarm business, and manufacturing are displayed in Table C. In the fourth quarter of 2007, productivity growth was revised up from 0.6 percent to 1.0 percent in the business sector, and from 1.8 percent to 1.9 percent in the nonfarm business sector. In both sectors the upward revisions resulted from downward revisions to hours, with output little changed. The upward revisions to productivity were less than the upward revisions to hourly compensation, so unit labor costs were revised up in both sectors, by 0.5 percentage points. In the manufacturing sector, fourth-quarter productivity growth was revised down from 2.5 percent to 2.3 percent; both output and hours were revised up slightly. The combination of the downward revision to productivity and a small upward revision to hourly compensation led to an upward revision in unit labor costs from 1.7 percent to 2.1 percent.

Productivity growth was revised up in all major sectors for the third quarter, due solely to downward revisions to hours; output was not revised. Hourly compensation growth was revised down in all sectors, contributing to downward revisions in unit labor costs.

After revisions to annual averages, productivity grew more in 2007 in all major sectors than previously reported. These upward revisions to productivity were offset by upward revisions to hourly compensation, and as a result unit labor costs grew at the same rates reported Feb. 6.

### Revised measures: Nonfinancial corporations

Measures for the nonfinancial corporate sector also were revised today to incorporate new information regarding output and compensation in the third quarter of 2007. Productivity in nonfinancial corporations in third-quarter 2007 was revised down from the preliminary estimate as output was revised down more than hours worked. Hourly compensation was revised down by more than productivity, and so unit labor costs edged down, rather than increasing as reported Feb. 6. Unit profits posted a slightly smaller decrease than originally reported.

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
	Third quarter 2007							
Previous	3.7	4.6	0.8	4.1	2.2	0.4	-11.0	-1.6
Revised	2.9	3.7	0.7	2.8	0.1	-0.1	-10.2	-1.6

### Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 A.M. EDT, Wednesday, May 7, 2008**, and will present preliminary first-quarter 2008 measures for business, nonfarm business, and manufacturing. Fourth-quarter 2007 and annual average data for 2007 for nonfinancial corporations will be released at that time.



## 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 an annual-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 also 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 BEA. 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 an annual-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								
2005	I	r134.3	157.2	r117.0	r161.5	r120.4	r120.2	123.1
	II	r134.3	158.5	r118.0	r161.7	r119.4	r120.4	123.9
	III	r135.9	160.6	r118.2	r164.1	r119.5	r120.8	125.0
	IV	r135.6	161.0	r118.8	r165.4	r119.5	r122.0	126.1
	ANNUAL	r135.0	159.3	r118.0	r163.2	r119.7	r120.9	124.5
2006	I	r136.3	163.2	r119.7	r168.3	r121.0	r123.4	127.0
	II	r136.7	164.2	r120.1	r168.1	r119.4	r123.0	128.0
	III	r136.1	164.4	r120.8	r168.7	r118.9	r123.9	128.7
	IV	r136.6	165.5	r121.1	r173.5	r122.9	r127.0	128.9
	ANNUAL	r136.4	164.3	r120.4	r169.7	r120.5	r124.3	128.2
2007	I	r136.8	165.6	r121.0	r176.1	r123.7	r128.7	130.2
	II	r138.1	167.3	r121.2	r177.2	r123.1	r128.3	130.9
	III	r140.3	169.7	r120.9	r178.8	r123.4	r127.4	131.0
	IV	r140.7	r169.8	r120.7	r180.4	r122.9	r128.2	r131.8
	ANNUAL	r139.0	r168.1	r121.0	r178.1	r123.3	r128.2	r131.0
Percent change from previous quarter at annual rate(5)								
2005	I	r2.8	3.7	r0.9	3.0	r1.0	r0.2	r8.9
	II	r0.0	3.3	r3.3	r0.6	r-3.2	r0.6	r5.7
	III	r4.6	5.5	r0.9	r6.1	r0.5	r1.4	r6.8
	IV	r-0.9	1.0	r1.9	r3.2	r-0.2	r4.1	r2.9
	ANNUAL	2.0	3.6	1.6	4.0	0.6	2.0	4.9
2006	I	r2.3	5.5	r3.1	r7.1	5.1	r4.7	r-0.2
	II	r1.1	2.5	r1.5	r-0.5	r-5.2	r-1.5	r11.3
	III	r-1.6	0.6	r2.3	r1.5	r-1.7	3.1	0.5
	IV	r1.4	2.6	r1.2	r11.8	r14.2	r10.4	r-12.7
	ANNUAL	1.0	3.1	2.1	r4.0	r0.7	2.9	2.9
2007	I	r0.6	0.2	r-0.4	r6.1	r2.8	r5.5	r1.8
	II	r3.8	4.4	r0.5	r2.5	r-2.0	r-1.3	r8.1
	III	r6.6	5.7	r-0.9	r3.7	r0.8	r-2.8	r5.5
	IV	r1.0	0.2	r-0.7	r3.6	r-1.3	r2.7	r1.9
	ANNUAL	r1.9	2.3	r0.4	r5.0	r2.3	3.1	r0.9
Percent change from corresponding quarter of previous year								
2005	I	2.5	3.8	r1.3	r4.9	1.9	2.4	4.1
	II	1.5	3.5	2.0	3.8	0.9	2.3	3.6
	III	2.4	3.9	1.5	4.0	r0.2	1.6	r5.9
	IV	1.6	3.4	1.7	3.2	-0.5	1.6	6.1
	ANNUAL	2.0	3.6	1.6	4.0	0.6	2.0	4.9
2006	I	1.5	3.8	2.3	4.2	0.5	2.7	3.8
	II	r1.8	3.6	1.8	r4.0	0.0	2.2	5.1
	III	0.2	2.4	2.2	2.8	-0.6	2.6	3.5
	IV	r0.8	2.8	r2.0	r4.9	r2.9	4.1	-0.6
	ANNUAL	1.0	3.1	2.1	r4.0	r0.7	2.9	2.9
2007	I	r0.3	1.5	r1.1	r4.6	r2.3	4.3	-0.1
	II	r1.0	1.9	r0.9	r5.4	r3.1	4.3	r-0.9
	III	r3.1	3.2	r0.1	r6.0	r3.8	r2.8	r0.4
	IV	r3.0	2.6	r-0.4	r4.0	r0.1	r1.0	r4.3
	ANNUAL	r1.9	2.3	r0.4	r5.0	r2.3	3.1	r0.9

See footnotes following Table 6.  
r=revised

March 5, 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									
2005	I	r133.3	157.4	r118.0	r160.3	r119.5	r120.2	123.6	
	II	r133.6	158.6	r118.7	r160.9	r118.8	r120.4	124.5	
	III	r135.0	160.8	r119.1	r163.2	r118.9	r120.9	125.6	
	IV	r134.5	161.2	r119.8	r164.3	r118.6	r122.1	126.8	
	ANNUAL	r134.1	159.5	r118.9	r162.2	r118.9	r120.9	125.1	
2006	I	r135.2	163.4	r120.8	r167.0	r120.0	r123.5	127.7	
	II	r135.7	164.4	r121.2	r167.0	r118.6	r123.1	128.9	
	III	r135.2	164.7	r121.8	r167.6	r118.1	r124.0	129.4	
	IV	r135.7	165.7	r122.1	r172.5	r122.2	r127.2	129.5	
	ANNUAL	r135.4	164.5	r121.5	r168.6	r119.7	r124.5	128.9	
2007	I	r136.0	165.9	r121.9	r175.2	r123.1	r128.8	130.6	
	II	r136.9	167.6	r122.4	r175.8	r122.1	r128.4	131.3	
	III	r139.0	169.9	r122.2	r177.3	r122.3	r127.5	131.3	
	IV	r139.7	r170.0	r121.8	r179.2	r122.2	r128.3	r132.0	
	ANNUAL	r137.9	r168.4	r122.1	r176.9	r122.4	r128.3	r131.3	
Percent change from previous quarter at annual rate(5)									
2005	I	r3.4	3.9	r0.5	r3.4	r1.4	r0.0	r10.2	3.8
	II	r0.7	3.2	r2.5	r1.6	r-2.3	r0.8	r5.7	2.7
	III	r4.3	5.6	r1.2	r5.8	r0.3	r1.4	r7.5	3.8
	IV	-1.4	0.9	2.4	r2.7	r-0.7	r4.2	r3.0	3.7
	ANNUAL	1.9	3.6	r1.7	4.0	r0.6	2.0	5.5	3.4
2006	I	r2.1	5.7	r3.5	r6.9	r4.8	r4.7	r0.3	3.0
	II	r1.3	2.4	r1.1	r0.0	r-4.8	r-1.3	r12.1	3.7
	III	r-1.5	0.8	r2.3	r1.5	r-1.7	r3.0	-0.4	1.6
	IV	r1.6	2.6	r1.0	r12.3	r14.7	r10.5	r-13.9	0.3
	ANNUAL	1.0	3.2	2.2	3.9	0.6	2.9	3.1	3.0
2007	I	r1.0	0.3	r-0.6	r6.4	r3.1	r5.4	r0.7	3.6
	II	r2.6	4.2	r1.6	r1.3	r-3.1	r-1.3	r7.8	2.1
	III	r6.3	5.6	r-0.6	r3.4	r0.6	r-2.7	r4.8	0.1
	IV	r1.9	r0.3	r-1.6	r4.6	r-0.5	r2.6	1.0	r2.0
	ANNUAL	r1.8	2.3	r0.5	r4.9	r2.3	3.1	r0.1	1.9
Percent change from corresponding quarter of previous year									
2005	I	r2.4	3.8	1.4	r4.8	1.8	r2.4	r4.7	3.3
	II	1.4	3.4	2.0	3.9	r1.0	2.5	4.3	3.2
	III	2.2	3.8	r1.6	4.0	r0.2	1.7	6.4	3.5
	IV	1.7	3.4	r1.6	r3.4	r-0.3	1.6	6.6	3.5
	ANNUAL	1.9	3.6	r1.7	4.0	r0.6	2.0	5.5	3.4
2006	I	1.4	3.8	2.4	4.2	0.5	2.8	4.1	3.3
	II	r1.6	3.6	2.0	3.8	-0.2	2.2	5.7	3.5
	III	0.1	2.4	r2.3	2.7	r-0.6	2.6	3.6	3.0
	IV	0.9	2.8	r1.9	5.0	3.0	4.1	-0.9	2.2
	ANNUAL	1.0	3.2	2.2	3.9	0.6	2.9	3.1	3.0
2007	I	r0.6	1.5	r0.9	r4.9	r2.6	4.3	-0.8	2.3
	II	r0.9	2.0	r1.0	r5.3	r3.0	r4.3	r-1.8	1.9
	III	r2.9	3.2	r0.3	r5.8	r3.6	r2.8	r-0.5	1.5
	IV	r2.9	2.6	r-0.3	r3.9	r0.0	r0.9	r3.5	r1.9
	ANNUAL	r1.8	2.3	r0.5	r4.9	r2.3	3.1	r0.1	1.9

See footnotes following Table 6.  
r=revised

March 5, 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							
2005	I	r168.3	142.7	r84.8	r166.2	r123.9	98.7
	II	r171.1	143.8	r84.0	r168.0	r124.1	r98.2
	III	r172.7	144.5	r83.7	r170.4	r124.1	r98.7
	IV	r173.6	147.3	r84.8	r168.7	r121.9	r97.2
	ANNUAL	r171.4	144.6	r84.3	r168.3	r123.5	r98.2
2006	I	r175.2	149.5	r85.3	r172.4	r123.9	r98.4
	II	r177.4	151.6	r85.4	r170.5	r121.1	r96.1
	III	r180.8	153.4	r84.8	r171.6	r120.9	r94.9
	IV	r181.7	152.6	r84.0	r177.4	r125.6	r97.6
	ANNUAL	r178.7	151.7	r84.9	r173.0	r122.8	r96.8
2007	I	r183.0	152.9	r83.6	r181.8	r127.7	r99.3
	II	r184.5	154.6	r83.8	r181.6	r126.2	r98.4
	III	r186.4	156.1	r83.7	r181.9	r125.5	r97.6
	IV	r187.5	r155.4	r82.9	r183.9	r125.3	r98.1
	ANNUAL	r185.3	r154.7	r83.5	r182.3	r126.2	r98.3
-----							
Percent change from previous quarter at annual rate(5)							
2005	I	r4.7	4.6	r-0.1	r1.1	-0.9	r-3.5
	II	r6.8	3.1	r-3.5	r4.5	r0.5	-2.2
	III	r3.6	2.1	r-1.5	r5.8	r0.3	2.1
	IV	r2.3	7.9	r5.5	r-3.9	r-7.1	-6.0
	ANNUAL	r4.7	3.5	r-1.1	4.2	r0.9	r-0.4
2006	I	r3.7	6.0	r2.2	r9.1	r6.9	5.1
	II	r5.1	5.7	r0.6	r-4.4	r-8.9	-9.1
	III	r7.9	4.8	r-2.8	r2.7	r-0.5	-4.8
	IV	r1.9	-2.1	r-3.9	r14.1	r16.5	12.0
	ANNUAL	r4.3	4.9	r0.6	r2.8	r-0.5	-1.5
2007	I	r3.0	0.9	r-2.0	r10.3	r6.8	r7.1
	II	r3.4	4.4	r1.0	r-0.4	r-4.7	r-3.6
	III	r4.1	3.9	r-0.2	r0.7	r-2.0	r-3.3
	IV	r2.3	r-1.7	r-3.9	r4.4	r-0.6	r2.1
	ANNUAL	r3.7	2.0	r-1.7	r5.4	r2.7	1.6
-----							
Percent change from corresponding quarter of previous year							
2005	I	r4.2	3.1	r-1.0	6.0	2.9	r1.7
	II	r4.9	3.4	r-1.5	r5.1	r2.2	r0.2
	III	5.2	3.3	r-1.8	r4.2	r0.4	r-1.0
	IV	4.4	4.4	0.0	1.8	-1.8	r-2.4
	ANNUAL	r4.7	3.5	r-1.1	4.2	r0.9	r-0.4
2006	I	r4.1	4.7	r0.6	r3.8	r0.0	-0.3
	II	r3.7	5.4	r1.6	r1.5	r-2.4	-2.1
	III	r4.7	6.1	r1.3	r0.7	r-2.6	-3.8
	IV	r4.6	3.6	r-1.0	r5.1	r3.1	0.5
	ANNUAL	r4.3	4.9	r0.6	r2.8	r-0.5	-1.5
2007	I	r4.4	2.3	r-2.1	r5.4	r3.0	0.9
	II	r4.0	2.0	r-1.9	r6.5	r4.2	2.4
	III	r3.1	1.8	r-1.3	r6.0	r3.8	r2.8
	IV	r3.2	r1.9	r-1.3	r3.7	r-0.2	0.5
	ANNUAL	r3.7	2.0	r-1.7	r5.4	r2.7	1.6
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See footnotes following Table 6.  
r=revised

March 5, 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							
2005	I	r189.7	169.7	r89.4	r161.3	r120.3	r85.0
	II	r193.6	171.6	r88.6	r162.7	r120.1	r84.0
	III	r196.8	174.5	r88.7	r165.5	r120.6	r84.1
	IV	r200.6	180.5	r90.0	r163.5	r118.1	r81.5
	ANNUAL	r195.2	174.1	r89.2	r163.3	r119.7	r83.6
2006	I	r202.3	182.9	r90.4	r168.1	r120.8	r83.1
	II	r205.9	187.1	r90.9	r166.1	r117.9	r80.7
	III	r211.1	189.6	r89.8	r167.3	r117.8	r79.2
	IV	r212.3	188.9	r89.0	r173.6	r123.0	r81.8
	ANNUAL	r207.9	187.2	r90.0	r168.7	r119.8	r81.2
2007	I	r213.6	188.7	r88.3	r177.6	r124.8	r83.2
	II	r216.9	192.1	r88.6	r177.5	r123.3	r81.8
	III	r219.8	195.0	r88.7	r177.5	r122.5	r80.8
	IV	r222.1	r194.7	r87.7	r179.8	r122.5	r80.9
	ANNUAL	r218.1	r192.6	r88.3	r178.1	r123.3	r81.7
-----							
Percent change from previous quarter at annual rate(5)							
2005	I	r3.8	5.5	r1.7	r0.3	r-1.6	r-3.3
	II	r8.5	4.7	r-3.5	r3.4	r-0.5	-4.7
	III	r6.8	6.8	r0.1	r7.2	r1.5	0.4
	IV	r8.0	14.5	r6.1	r-4.7	r-7.9	-11.7
	ANNUAL	r5.1	5.0	r-0.1	3.8	0.5	r-1.1
2006	I	r3.5	5.5	r2.0	r11.6	r9.4	7.9
	II	r7.2	9.4	r2.1	r-4.7	r-9.2	r-11.1
	III	r10.5	5.5	r-4.6	r2.9	r-0.3	-6.9
	IV	r2.3	-1.4	r-3.6	r16.1	r18.5	13.5
	ANNUAL	r6.5	7.5	r1.0	r3.4	r0.1	-2.9
2007	I	r2.5	-0.5	r-2.9	r9.6	r6.1	6.9
	II	r6.2	7.3	r1.0	r-0.4	r-4.7	-6.2
	III	r5.4	6.3	r0.8	r0.1	r-2.6	r-5.1
	IV	r4.2	r-0.7	r-4.7	5.2	r0.1	r0.9
	ANNUAL	r4.9	2.9	r-1.9	r5.5	r2.9	0.6
-----							
Percent change from corresponding quarter of previous year							
2005	I	r2.8	3.0	r0.1	r5.9	r2.8	r3.0
	II	r4.6	4.0	r-0.5	r4.5	r1.6	r-0.1
	III	r6.0	5.1	r-0.9	r3.6	r-0.1	r-2.2
	IV	r6.7	7.8	r1.0	1.5	r-2.2	r-4.9
	ANNUAL	r5.1	5.0	r-0.1	3.8	0.5	r-1.1
2006	I	r6.6	7.8	r1.1	r4.2	r0.5	-2.3
	II	6.3	9.0	r2.5	r2.1	r-1.8	-4.0
	III	r7.3	8.7	r1.3	r1.1	r-2.3	-5.8
	IV	r5.8	4.7	r-1.1	r6.2	r4.1	0.3
	ANNUAL	r6.5	7.5	r1.0	r3.4	r0.1	-2.9
2007	I	r5.6	3.2	r-2.3	r5.7	r3.3	0.1
	II	r5.3	2.6	r-2.6	r6.9	r4.6	1.4
	III	r4.1	2.8	r-1.2	r6.1	r3.9	r1.9
	IV	r4.6	r3.0	r-1.5	r3.5	r-0.4	-1.0
	ANNUAL	r4.9	2.9	r-1.9	r5.5	r2.9	0.6
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See footnotes following Table 6.  
r=revised

March 5, 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							
2005	I	r147.4	114.7	r77.8	r173.4	r129.3	r117.6
	II	r149.2	115.1	r77.1	r176.2	r130.1	r118.1
	III	r149.7	114.2	r76.3	r177.6	r129.3	r118.6
	IV	r148.4	114.4	r77.1	r176.4	r127.4	r118.9
	ANNUAL	r148.7	114.6	r77.1	r175.9	r129.0	r118.3
2006	I	r149.8	116.3	r77.6	r178.3	r128.2	119.0
	II	r151.2	116.8	r77.2	r176.4	r125.3	r116.7
	III	r152.6	117.9	r77.3	r177.6	r125.1	r116.4
	IV	r153.1	117.1	r76.4	r181.9	r128.9	r118.8
	ANNUAL	r151.6	117.0	r77.2	r178.6	r126.8	r117.8
2007	I	r154.3	117.8	r76.4	r187.1	r131.5	r121.3
	II	r154.4	118.2	r76.6	r187.0	r129.9	r121.1
	III	r155.6	118.6	r76.2	r187.7	r129.5	r120.7
	IV	r155.4	r117.7	r75.7	r189.1	r128.9	r121.7
	ANNUAL	r154.9	r118.1	r76.2	r187.7	r130.0	r121.2
-----							
Percent change from previous quarter at annual rate(5)							
2005	I	r6.8	3.3	r-3.3	r2.2	r0.2	-4.3
	II	4.9	1.3	r-3.5	r6.6	2.5	1.6
	III	r1.3	-3.0	r-4.3	r3.1	r-2.3	1.7
	IV	r-3.5	0.8	r4.5	r-2.5	r-5.8	1.0
	ANNUAL	4.8	1.9	r-2.8	4.8	1.4	0.0
2006	I	3.9	6.6	r2.6	r4.4	2.3	0.4
	II	r3.7	1.7	r-1.9	r-4.2	r-8.7	-7.6
	III	r3.8	4.1	r0.3	r2.7	r-0.5	r-1.1
	IV	r1.4	-2.9	r-4.3	r10.2	r12.5	8.6
	ANNUAL	r2.0	2.1	r0.1	r1.5	r-1.7	-0.5
2007	I	r3.1	2.6	r-0.5	r11.9	r8.4	r8.6
	II	r0.2	1.2	r1.1	r-0.4	r-4.8	-0.6
	III	r3.2	1.3	-1.9	r1.7	r-1.0	r-1.4
	IV	r-0.5	r-2.9	r-2.4	r3.0	r-1.9	3.5
	ANNUAL	r2.2	0.9	r-1.2	r5.1	r2.5	r2.9
-----							
Percent change from corresponding quarter of previous year							
2005	I	r6.4	3.3	r-2.9	r6.0	r2.9	-0.4
	II	r5.9	2.5	r-3.2	6.1	r3.1	0.2
	III	r4.8	1.2	r-3.4	r5.0	r1.2	0.1
	IV	2.3	0.6	-1.7	2.3	-1.4	0.0
	ANNUAL	4.8	1.9	r-2.8	4.8	1.4	0.0
2006	I	r1.6	1.4	r-0.2	r2.8	r-0.9	1.2
	II	r1.3	1.5	r0.1	r0.1	r-3.7	-1.2
	III	r1.9	3.3	r1.3	r0.0	r-3.3	-1.9
	IV	r3.2	2.3	r-0.9	r3.1	r1.1	-0.1
	ANNUAL	r2.0	2.1	r0.1	r1.5	r-1.7	-0.5
2007	I	r3.0	1.3	r-1.6	r5.0	r2.6	1.9
	II	r2.1	1.2	r-0.9	r6.0	r3.7	r3.8
	III	r2.0	0.5	r-1.4	r5.7	r3.5	r3.7
	IV	r1.5	r0.5	r-0.9	r4.0	r0.1	r2.5
	ANNUAL	r2.2	0.9	r-1.2	r5.1	r2.5	r2.9
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See footnotes following Table 6.  
r=revisedMarch 5, 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											
2005	I	140.3	164.6	117.3	158.0	117.8	112.6	111.5	112.3	151.9	115.9
	II	r141.1	166.8	r118.2	r158.5	r117.0	112.3	111.7	112.1	161.7	116.6
	III	r140.5	166.9	r118.8	r160.8	r117.2	114.4	115.1	114.6	147.5	117.6
	IV	r141.4	169.2	r119.7	r161.8	r116.9	114.5	112.8	114.0	159.5	118.1
	ANNUAL	r140.8	166.9	r118.5	r159.8	r117.2	113.5	112.8	113.3	155.2	117.0
2006	I	r142.4	171.5	r120.4	r163.8	r117.8	115.0	112.5	114.4	164.4	118.8
	II	r141.8	171.5	r120.9	r163.9	r116.4	115.6	114.3	115.2	164.8	119.7
	III	r142.9	173.6	r121.5	r164.6	r115.9	115.2	113.8	114.8	172.6	120.0
	IV	r143.4	174.6	r121.8	r169.3	r119.9	118.1	114.5	117.1	150.0	120.1
	ANNUAL	r142.6	172.8	r121.1	r165.4	r117.5	116.0	113.8	115.4	162.9	119.6
2007	I	r143.8	175.0	r121.7	r171.4	r120.4	119.2	114.6	118.0	154.3	121.2
	II	r144.6	176.3	r121.9	r172.4	r119.8	119.3	114.8	118.0	158.2	121.6
	III	r145.6	r177.9	r122.2	r173.6	r119.8	r119.2	r114.4	r117.9	r153.9	121.2
Percent change from previous quarter at annual rate(5)											
2005	I	r0.2	0.3	r0.2	r2.6	r0.6	2.4	6.8	3.6	9.8	4.3
	II	r2.3	5.4	r3.0	1.2	-2.6	-1.0	0.5	-0.6	28.4	2.5
	III	-1.6	0.4	r2.1	r6.0	0.5	7.8	12.7	9.1	-30.8	3.4
	IV	r2.5	5.6	r3.0	r2.6	r-0.9	0.0	-7.6	-2.1	36.9	1.8
	ANNUAL	1.1	2.7	r1.7	3.8	r0.4	2.7	3.0	2.8	7.0	3.3
2006	I	r2.9	5.5	r2.5	r5.0	r3.0	2.0	-1.0	1.2	12.7	2.6
	II	r-1.7	-0.1	1.7	0.2	r-4.5	2.0	6.4	3.1	1.2	2.9
	III	3.1	5.0	1.9	1.6	r-1.6	-1.4	-1.5	-1.5	20.1	1.0
	IV	r1.4	2.4	r1.0	r12.1	r14.4	10.5	2.2	8.3	-42.9	0.3
	ANNUAL	1.3	3.5	2.2	3.5	0.2	2.2	0.9	1.9	5.0	2.2
2007	I	r1.2	0.9	r-0.3	r5.1	r1.7	3.8	0.5	2.9	11.8	3.9
	II	2.1	2.9	0.8	2.3	r-2.2	0.2	0.5	0.3	10.4	1.4
	III	r2.9	r3.7	r0.7	r2.8	r0.1	r-0.1	r-1.2	r-0.4	r-10.2	-1.6
Percent change from corresponding quarter of previous year											
2005	I	r2.1	3.3	1.1	r4.7	1.7	2.5	1.8	2.3	12.4	3.4
	II	1.6	3.3	1.7	3.7	0.7	2.1	2.1	2.1	10.9	3.1
	III	r-0.2	1.5	1.7	3.8	r0.0	4.0	5.4	4.3	-2.1	3.6
	IV	0.8	2.9	2.1	3.1	-0.6	2.3	2.8	2.4	7.5	3.0
	ANNUAL	1.1	2.7	r1.7	3.8	r0.4	2.7	3.0	2.8	7.0	3.3
2006	I	1.5	4.2	2.6	3.7	0.0	2.2	0.9	1.8	8.2	2.6
	II	0.5	2.8	2.3	3.4	-0.5	2.9	2.3	2.8	1.9	2.7
	III	1.7	4.0	2.3	2.3	-1.0	0.6	-1.1	0.2	17.0	2.1
	IV	1.4	3.2	1.8	4.6	2.6	3.2	1.5	2.7	-5.9	1.7
	ANNUAL	1.3	3.5	2.2	3.5	0.2	2.2	0.9	1.9	5.0	2.2
2007	I	r1.0	2.1	r1.1	r4.6	r2.3	3.6	1.8	3.2	-6.1	2.0
	II	r1.9	2.8	r0.9	r5.2	r2.9	3.2	0.4	2.4	-4.1	1.6
	III	1.9	r2.5	r0.6	r5.5	r3.3	r3.5	r0.5	2.7	r-10.8	1.0

See footnotes following Table 6.  
r=revised

March 5, 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 third quarter of 2007.

### **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 1978-2006 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.

Appendix table 1.

Business sector: Revised 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									
2003	I	r125.8	144.4	r114.8	r148.1	r115.8	r117.7	r116.5	117.3
	II	r128.0	146.0	r114.1	r150.8	r117.8	r117.8	r116.8	117.4
	III	r130.7	149.7	r114.5	r152.4	r118.4	r116.6	r120.2	118.0
	IV	r130.3	150.1	r115.1	r153.7	r119.0	r117.9	r119.5	118.5
	ANNUAL	r128.7	147.5	r114.6	r151.2	r117.7	r117.5	118.3	117.8
2004	I	r131.1	151.4	r115.5	r153.9	r118.2	r117.4	r123.0	119.5
	II	r132.4	153.1	r115.6	r155.7	r118.4	r117.6	r125.4	120.5
	III	r132.7	154.6	r116.5	r157.8	r119.3	r118.9	r124.7	121.1
	IV	r133.4	155.7	r116.7	r160.3	r120.1	r120.1	r125.4	122.1
	ANNUAL	r132.4	153.7	r116.1	r156.9	r119.0	r118.5	r124.6	120.8
Percent change from previous quarter at annual rate(5)									
2003	I	r3.4	1.1	-2.2	r5.6	r1.9	r2.2	r1.5	1.9
	II	r7.2	4.6	r-2.4	7.5	7.2	r0.3	r1.0	0.6
	III	r8.8	10.4	r1.5	r4.5	r2.0	r-3.9	r12.1	1.8
	IV	r-1.1	1.1	r2.2	r3.2	r2.2	r4.4	r-2.2	1.8
	ANNUAL	3.8	3.1	-0.7	4.1	1.7	0.2	3.6	1.5
2004	I	2.4	3.7	1.2	0.6	r-2.8	r-1.7	r12.3	3.4
	II	3.9	4.4	r0.4	r4.9	r0.7	r0.9	r8.1	3.6
	III	r1.1	4.0	r2.9	r5.4	r3.1	r4.3	r-2.2	1.8
	IV	2.0	3.0	1.0	r6.4	r2.7	r4.3	r2.1	3.5
	ANNUAL	2.9	4.2	1.3	r3.8	1.1	0.9	5.4	2.6
Percent change from corresponding quarter of previous year									
2003	I	2.4	1.8	-0.6	3.0	0.1	0.6	2.9	1.4
	II	3.7	2.4	-1.3	3.7	1.5	0.0	r3.7	1.3
	III	4.7	4.0	r-0.6	r4.3	r2.0	-0.4	4.7	1.5
	IV	r4.5	4.2	r-0.3	r5.2	r3.3	0.7	3.0	1.5
	ANNUAL	3.8	3.1	-0.7	4.1	1.7	0.2	3.6	1.5
2004	I	4.2	4.9	r0.6	3.9	r2.1	-0.3	5.6	1.9
	II	3.4	4.8	r1.3	3.3	0.5	-0.1	7.4	2.6
	III	r1.6	3.3	1.7	3.5	r0.8	1.9	3.8	2.6
	IV	2.4	3.8	1.4	4.3	0.9	1.9	4.9	3.0
	ANNUAL	2.9	4.2	1.3	r3.8	1.1	0.9	5.4	2.6

See footnotes following Table 6.

r=revised

March 5, 2008

Source: Bureau of Labor Statistics

Appendix table 2.

Nonfarm business sector: Revised 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									
2003	I	r125.1	144.6	r115.5	147.3	115.2	r117.7	r118.2	117.9
	II	r127.0	146.1	r115.1	r149.7	r116.9	r117.9	r118.2	118.0
	III	r130.1	150.0	r115.3	r151.7	r117.8	r116.6	r121.5	118.4
	IV	r130.0	150.6	r115.9	r153.0	r118.5	r117.7	r120.4	118.7
	ANNUAL	r128.0	147.8	r115.4	r150.4	r117.1	r117.5	r119.6	118.3
2004	I	r130.2	151.5	r116.4	r152.9	r117.4	r117.4	r123.7	119.7
	II	r131.8	153.4	r116.4	r154.8	r117.7	r117.5	r126.0	120.6
	III	r132.1	154.9	r117.3	r156.9	r118.6	r118.8	r125.7	121.4
	IV	r132.2	155.9	r117.9	r158.9	r119.1	r120.2	r126.5	122.5
	ANNUAL	r131.6	153.9	r117.0	r155.9	r118.2	r118.5	r125.5	121.1
Percent change from previous quarter at annual rate(5)									
2003	I	3.4	1.2	-2.1	r5.6	r1.8	r2.1	r1.6	2.0
	II	r5.9	4.3	r-1.5	6.7	r6.3	r0.7	r-0.1	0.4
	III	r10.2	11.0	r0.8	5.4	r2.8	r-4.4	r11.6	1.3
	IV	r-0.4	1.6	r2.0	r3.5	r2.5	r3.9	r-3.3	1.1
	ANNUAL	3.7	3.1	-0.6	4.0	1.7	0.3	3.1	1.3
2004	I	r0.8	2.6	r1.8	-0.2	-3.6	-1.0	r11.2	3.4
	II	r4.8	5.0	r0.2	r5.1	r0.9	r0.2	r7.7	3.0
	III	0.9	3.8	r2.9	r5.5	r3.1	r4.5	r-0.8	2.4
	IV	r0.5	2.6	r2.1	r5.3	r1.6	4.7	r2.3	3.8
	ANNUAL	r2.8	4.1	r1.3	3.6	0.9	0.9	4.9	2.4
Percent change from corresponding quarter of previous year									
2003	I	2.0	1.5	r-0.5	3.0	0.1	0.9	2.8	1.6
	II	3.3	2.2	r-1.1	3.5	1.3	0.2	r3.0	1.2
	III	r4.7	4.1	-0.6	4.4	2.1	-0.4	4.2	1.3
	IV	4.7	4.5	-0.2	r5.3	r3.4	0.5	2.3	1.2
	ANNUAL	3.7	3.1	-0.6	4.0	1.7	0.3	3.1	1.3
2004	I	r4.1	4.8	0.8	3.8	1.9	r-0.2	4.6	1.6
	II	3.8	5.0	1.2	3.4	0.6	r-0.4	6.6	2.2
	III	1.5	3.3	r1.7	3.4	r0.7	1.9	3.5	2.5
	IV	r1.7	3.5	1.7	3.9	0.5	2.1	5.0	3.2
	ANNUAL	r2.8	4.1	r1.3	3.6	0.9	0.9	4.9	2.4

See footnotes following Table 6.  
r=revised

March 5, 2008  
Source: Bureau of Labor Statistics

Appendix table 3.

Manufacturing sector: Revised 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							
2003	I	r157.4	137.3	r87.3	r154.6	r120.8	r98.2
	II	r159.2	136.5	r85.8	r157.3	r122.8	r98.8
	III	r162.5	137.2	r84.4	r159.5	r123.8	r98.1
	IV	r161.7	138.0	r85.4	r161.7	r125.2	r100.0
	ANNUAL	r160.2	137.3	r85.7	r158.2	r123.2	98.8
2004	I	r161.6	138.4	r85.7	r156.8	r120.4	r97.0
	II	r163.1	139.1	r85.3	r159.8	r121.4	r98.0
	III	r164.1	140.0	r85.3	r163.6	r123.7	r99.7
	IV	r166.4	141.1	r84.8	r165.7	r124.2	r99.6
	ANNUAL	r163.8	139.7	r85.3	r161.5	r122.4	r98.6
-----							
Percent change from previous quarter at annual rate(5)							
2003	I	r8.8	2.1	r-6.2	r12.4	r8.4	3.3
	II	4.7	-2.3	r-6.6	7.2	6.9	2.4
	III	r8.7	1.9	r-6.3	r5.8	r3.2	-2.7
	IV	r-2.1	2.6	r4.7	r5.7	r4.7	8.0
	ANNUAL	6.2	1.0	-4.9	7.0	4.7	0.8
2004	I	r-0.2	1.1	r1.3	r-11.6	r-14.6	r-11.4
	II	r3.7	2.1	r-1.5	r7.9	r3.6	r4.0
	III	r2.7	2.4	r-0.3	r9.9	r7.5	r7.0
	IV	r5.6	3.3	r-2.1	r5.3	r1.6	r-0.3
	ANNUAL	r2.3	1.8	r-0.5	2.0	-0.6	r-0.2
-----							
Percent change from corresponding quarter of previous year							
2003	I	r7.1	2.4	r-4.4	r7.0	r4.0	-0.1
	II	6.1	0.4	-5.4	6.5	4.3	0.4
	III	6.6	0.2	-6.0	r6.8	r4.5	0.3
	IV	r4.9	1.0	r-3.7	r7.7	5.8	2.7
	ANNUAL	6.2	1.0	-4.9	7.0	4.7	0.8
2004	I	r2.7	0.8	r-1.8	1.5	-0.4	r-1.2
	II	r2.4	1.9	r-0.5	1.6	-1.1	r-0.8
	III	r1.0	2.0	r1.0	2.6	-0.1	r1.6
	IV	r2.9	2.2	r-0.7	r2.5	-0.9	-0.4
	ANNUAL	r2.3	1.8	r-0.5	2.0	-0.6	r-0.2
-----							

See footnotes following Table 6.  
r=revised

March 5, 2008  
Source: Bureau of Labor Statistics

Appendix table 4.

Durable manufacturing sector: Revised 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							
2003	I	r179.1	161.7	r90.3	r153.1	r119.7	r85.5
	II	r180.9	160.5	r88.7	r155.7	r121.7	86.1
	III	r186.1	162.2	r87.1	r158.2	r122.8	r85.0
	IV	r184.8	163.7	r88.6	r160.3	r124.2	r86.8
	ANNUAL	r182.7	162.0	r88.7	r156.8	r122.1	85.8
2004	I	r184.5	164.8	r89.3	r152.4	r117.0	r82.6
	II	r185.1	165.0	r89.1	r155.6	r118.2	r84.1
	III	r185.7	166.1	r89.5	r159.7	r120.7	r86.0
	IV	r188.0	167.4	r89.1	r161.2	r120.7	r85.7
	ANNUAL	r185.8	165.8	r89.2	r157.2	r119.2	r84.6
-----							
Percent change from previous quarter at annual rate(5)							
2003	I	r7.7	1.0	r-6.1	r17.0	r12.8	8.7
	II	r4.2	-3.0	r-6.9	r7.1	r6.7	2.7
	III	r11.9	4.2	r-6.9	r6.4	r3.9	-4.9
	IV	r-2.8	3.9	r6.8	r5.6	r4.5	8.6
	ANNUAL	7.1	1.4	-5.3	8.1	5.7	0.9
2004	I	r-0.6	2.7	r3.4	r-18.5	r-21.3	r-18.0
	II	r1.4	0.4	r-1.0	8.8	4.5	r7.3
	III	r1.2	2.7	r1.5	r10.9	r8.5	r9.6
	IV	r5.1	3.2	r-1.8	r3.8	r0.2	r-1.2
	ANNUAL	r1.7	2.3	r0.6	0.2	-2.4	r-1.4
-----							
Percent change from corresponding quarter of previous year							
2003	I	r8.6	3.2	r-4.9	r8.0	r5.0	-0.5
	II	r7.0	0.5	-6.1	7.4	r5.1	0.3
	III	7.8	0.5	-6.7	r8.2	5.8	0.4
	IV	r5.1	1.5	-3.5	r8.9	r6.9	3.6
	ANNUAL	7.1	1.4	-5.3	8.1	5.7	0.9
2004	I	r3.0	1.9	r-1.1	-0.5	-2.3	r-3.4
	II	r2.3	2.8	r0.5	-0.1	-2.8	r-2.4
	III	r-0.2	2.4	r2.7	1.0	-1.7	r1.2
	IV	r1.7	2.3	r0.5	0.5	-2.8	r-1.2
	ANNUAL	r1.7	2.3	r0.6	0.2	-2.4	r-1.4
-----							

See footnotes following Table 6.  
r=revised

March 5, 2008  
Source: Bureau of Labor Statistics

Appendix table 5.

Nondurable manufacturing sector: Revised 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							
2003	I	r134.9	111.5	r82.7	r155.8	r121.8	115.5
	II	r136.6	111.1	r81.3	r158.6	r123.9	r116.2
	III	r138.1	110.9	r80.3	r160.5	r124.6	116.2
	IV	r138.0	111.2	r80.5	r162.6	r126.0	r117.8
	ANNUAL	r136.9	111.1	r81.2	r159.4	r124.0	116.4
2004	I	r138.5	111.0	r80.1	r163.7	r125.6	r118.1
	II	r140.9	112.2	r79.6	r166.1	r126.2	117.9
	III	r142.8	112.8	r79.0	r169.2	r127.8	118.4
	IV	r145.0	113.8	r78.5	r172.5	r129.2	r119.0
	ANNUAL	r141.8	112.4	r79.3	r167.8	r127.2	118.3
-----							
Percent change from previous quarter at annual rate(5)							
2003	I	r9.9	3.1	r-6.2	r4.2	r0.4	-5.2
	II	r5.1	-1.5	r-6.2	r7.5	r7.2	2.3
	III	r4.6	-0.8	r-5.2	r4.8	r2.3	0.1
	IV	r-0.2	1.2	r1.3	r5.5	r4.4	r5.6
	ANNUAL	4.8	0.4	-4.2	5.1	2.8	0.3
2004	I	r1.4	-0.6	r-2.0	r2.5	r-1.0	1.0
	II	r7.0	4.4	r-2.4	r6.0	r1.8	-0.9
	III	r5.5	2.1	-3.2	r7.7	r5.3	2.0
	IV	r6.3	3.5	r-2.6	r8.1	r4.4	1.7
	ANNUAL	3.6	1.2	r-2.4	5.3	r2.6	1.6
-----							
Percent change from corresponding quarter of previous year							
2003	I	5.0	1.3	r-3.6	5.2	2.3	0.2
	II	r4.6	0.1	r-4.4	r5.2	2.9	0.5
	III	r4.6	-0.3	r-4.7	r4.6	r2.3	0.0
	IV	r4.8	0.5	r-4.1	r5.5	r3.5	0.6
	ANNUAL	4.8	0.4	-4.2	5.1	2.8	0.3
2004	I	2.7	-0.4	r-3.1	r5.1	r3.2	2.3
	II	3.2	1.0	-2.1	4.7	r1.8	1.4
	III	3.4	1.8	-1.6	5.4	2.6	1.9
	IV	5.0	2.3	r-2.6	r6.1	r2.6	1.0
	ANNUAL	3.6	1.2	r-2.4	5.3	r2.6	1.6
-----							

See footnotes following Table 6.  
r=revised

March 5, 2008  
Source: Bureau of Labor Statistics

Appendix table 6.

Nonfinancial corporate sector: Revised 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											
2003	I	r132.1	152.3	r115.3	r146.3	r114.3	110.7	112.6	111.2	102.9	110.5
	II	r133.8	153.6	r114.8	r148.8	r116.3	111.2	111.0	111.2	105.7	110.7
	III	r135.8	155.9	r114.8	r150.8	r117.1	111.0	110.7	110.9	112.8	111.1
	IV	r136.7	157.5	r115.3	r152.0	r117.7	111.2	110.0	110.9	117.8	111.5
	ANNUAL	r134.6	154.8	r115.0	r149.5	r116.3	111.0	111.1	111.0	109.9	110.9
2004	I	r137.5	159.4	r116.0	r150.9	r115.9	109.8	109.6	109.7	135.2	112.0
	II	r138.9	161.5	r116.2	r152.8	r116.1	110.0	109.4	109.8	145.8	113.1
	III	r140.8	164.4	r116.8	r155.0	r117.1	110.1	109.2	109.8	150.6	113.5
	IV	r140.3	164.5	r117.3	r157.0	r117.6	111.9	109.7	111.3	148.4	114.6
	ANNUAL	r139.4	162.4	r116.6	r153.9	r116.7	110.5	109.5	110.2	145.1	113.3
Percent change from previous quarter at annual rate(5)											
2003	I	r1.7	-1.8	r-3.5	r4.1	r0.3	2.3	11.4	4.7	-26.5	1.5
	II	r5.2	3.6	-1.6	r7.2	6.9	1.9	-5.6	-0.2	11.3	0.7
	III	r6.2	6.1	r-0.1	r5.3	r2.8	-0.8	-1.2	-0.9	29.4	1.4
	IV	r2.5	4.3	r1.8	r3.4	r2.3	0.9	-2.5	-0.1	18.9	1.6
	ANNUAL	3.8	2.2	-1.5	4.1	1.8	0.3	0.2	0.3	12.1	1.2
2004	I	r2.3	4.8	r2.5	r-2.9	r-6.2	-5.0	-1.5	-4.1	73.6	1.8
	II	r4.4	5.3	r0.8	r5.2	r1.0	0.8	-0.6	0.4	35.4	3.8
	III	r5.5	7.5	r2.0	r5.7	r3.4	0.3	-0.8	0.0	13.8	1.5
	IV	r-1.5	0.1	r1.6	5.3	r1.6	6.9	2.0	5.5	-5.7	4.1
	ANNUAL	3.5	4.9	r1.3	3.0	0.3	-0.5	-1.4	-0.8	32.0	2.1
Percent change from corresponding quarter of previous year											
2003	I	3.8	2.0	-1.7	3.3	0.4	-0.5	-0.4	-0.4	20.0	1.0
	II	3.5	1.5	-1.9	3.7	1.5	0.2	0.3	0.2	11.9	1.1
	III	r4.0	2.4	r-1.5	4.4	2.1	0.3	0.6	0.4	12.4	1.4
	IV	r3.9	3.0	r-0.9	r5.0	r3.1	1.0	0.3	0.8	5.9	1.3
	ANNUAL	3.8	2.2	-1.5	4.1	1.8	0.3	0.2	0.3	12.1	1.2
2004	I	4.0	4.7	r0.6	r3.2	1.3	-0.8	-2.7	-1.3	31.3	1.4
	II	3.8	5.1	1.2	2.7	-0.1	-1.1	-1.4	-1.2	37.9	2.2
	III	3.6	5.5	1.8	r2.8	r0.1	-0.8	-1.4	-1.0	33.5	2.2
	IV	2.6	4.4	1.7	3.3	-0.1	0.6	-0.2	0.4	26.0	2.8
	ANNUAL	3.5	4.9	r1.3	3.0	0.3	-0.5	-1.4	-0.8	32.0	2.1

See footnotes following Table 6.  
r=revised

March 5, 2008  
Source: Bureau of Labor Statistics.