

# News

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Department  
of Labor



Bureau of Labor Statistics

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## PRODUCTIVITY AND COSTS

First Quarter 2004

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 first quarter of 2004. The revised seasonally adjusted annual rates of productivity change in the first quarter were:

4.6 percent in the business sector and  
3.8 percent in the nonfarm business sector.

In both sectors, the first-quarter productivity gains were somewhat higher than those reported initially on May 6.

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

2.9 percent in manufacturing,  
5.9 percent in durable goods manufacturing, and  
-0.7 percent in nondurable goods manufacturing.

Manufacturing productivity growth was revised down from the figure reported on May 6, reflecting a downward revision to productivity growth in nondurable goods manufacturing—which comprises less than forty percent of employment in the sector. Productivity in durable goods manufacturing was unchanged from the figure released last month. Output and hours in manufacturing, which includes about 13 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. First-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).

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	4.6	5.2	0.5	5.9	2.2	1.2
Nonfarm business	3.8	5.4	1.5	4.6	0.9	0.8
Manufacturing	2.9	5.8	2.8	6.2	2.5	3.1
Durable	5.9	9.3	3.2	5.5	1.8	-0.4
Nondurable	-0.7	1.4	2.1	7.3	3.6	8.1
Percent change from same quarter a year ago						
Business	5.6	5.9	0.3	4.8	2.8	-0.8
Nonfarm business	5.5	5.9	0.4	4.6	2.7	-0.8
Manufacturing	5.2	3.1	-2.0	6.1	4.2	0.9
Durable	7.4	5.7	-1.6	6.3	4.4	-1.0
Nondurable	2.8	0.1	-2.6	5.6	3.7	2.8

## Business

Productivity increased 4.6 percent in the business sector (seasonally adjusted annual rate) from the fourth quarter of 2003 to the first quarter of 2004, as output increased 5.2 percent and hours worked by all persons grew 0.5 percent (table 1).

Hourly compensation increased 5.9 percent during the first quarter of 2004, up from 3.8 percent in the previous quarter, as revised. The first quarter increase was the largest in the sector since an 8.5-percent increase in the third quarter of 2000. This measure of compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, rose by 2.2 percent in the first quarter of 2004, down from a 3.0-percent rise in the previous quarter.

Unit labor costs rose 1.2 percent during the first quarter of 2004. In the fourth quarter of 2003, unit labor costs had risen 1.9 percent. The change in unit labor costs approximates the

change in hourly compensation less the change in productivity. The implicit price deflator for business output, which reflects changes in both unit labor costs and unit nonlabor payments, grew by 2.2 percent in the first quarter of 2004.

### **Nonfarm business**

Productivity rose 3.8 percent in the nonfarm business sector during the first quarter of 2004, reflecting a 5.4-percent rise in output and a 1.5-percent increase in working hours of all persons (table 2).

Hourly compensation increased 4.6 percent in the first quarter of 2004, slightly more rapidly than in the previous quarter when it grew by 4.2 percent. However, when the rise in consumer prices is taken into account, real hourly compensation in the first quarter, which rose 0.9 percent, grew more slowly than in the fourth quarter, when it increased by 3.4 percent.

Unit labor costs grew 0.8 percent during the first quarter of 2004, less than the 1.7-percent increase of the fourth quarter. The implicit price deflator for nonfarm business output rose by 2.1 percent in the first quarter of 2004.

### **Manufacturing**

Productivity rose 2.9 percent in manufacturing in the first quarter of 2004, as output grew 5.8 percent and working hours of all persons increased 2.8 percent (seasonally adjusted annual rates). In durable goods industries, productivity grew 5.9 percent, as output expanded 9.3 percent and hours rose 3.2 percent. In nondurable goods industries, productivity fell 0.7 percent, as output grew 1.4 percent and hours grew faster, 2.1 percent (tables 3, 4, and 5).

Hourly compensation in manufacturing rose 6.2 percent during the first quarter. This increase reflects a rise of 5.5 percent in the hourly compensation of persons in durable goods industries and a larger increase, 7.3 percent, in the hourly compensation of workers in nondurable goods industries. Real hourly compensation, which takes account of changes in consumer prices, rose 2.5 percent for all manufacturing workers.

Unit labor costs rose 3.1 percent in manufacturing during the first quarter. In durable goods industries, rapid productivity growth enabled producers to more than offset the increase in hourly compensation and unit labor costs declined by 0.4 percent. In nondurable goods industries, however, where productivity dropped in the first quarter, unit labor costs rose substantially, 8.1 percent.

## Nonfinancial corporations

Preliminary first-quarter 2004 measures of productivity and costs for nonfinancial corporations also were announced today (tables B and 6). Productivity rose 2.3 percent in the first quarter, less than the 4.3-percent rise (as revised) recorded in the fourth quarter of 2003. Output increased 4.5 percent in first quarter 2004, while employee-hours rose 2.1 percent (seasonally adjusted annual rates). The 2.1-percent increase in employee hours was the fastest one-quarter rise since a similar increase in the first quarter of 2000. Nonfinancial corporations include all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies.

Table B. Nonfinancial corporations: Preliminary first-quarter 2004 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								
2004 I	2.3	4.5	2.1	5.1	1.4	2.7	-0.9	1.9
Percent change from same quarter a year ago								
2004 I	6.4	6.7	0.3	4.9	3.0	-1.4	29.0	1.1

Hourly compensation increased 5.1 percent during the first quarter of 2004. When the rise in consumer prices is taken into account, real hourly compensation rose 1.4 percent in the first quarter. Unit labor costs in nonfinancial corporations rose 2.7 percent in the first quarter, after falling in eight of the previous nine quarters.

## REVISED MEASURES

Current and previous measures for the first quarter of 2004 in the business, nonfarm business, and manufacturing sectors are compared in table C. In the business and nonfarm business sectors, both output and hours were revised up somewhat. Since output was revised up more than hours, productivity also is higher than reported on May 6, based on information available at that time. In the manufacturing sector, hours were revised up while output was not. As a result, productivity was revised down in the first quarter.

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
First quarter 2004						
Business:						
Previous .....	4.5	4.8	0.3	5.3	1.6	0.8
Current .....	4.6	5.2	0.5	5.9	2.2	1.2
Nonfarm business:						
Previous .....	3.5	4.9	1.3	4.0	0.4	0.5
Current .....	3.8	5.4	1.5	4.6	0.9	0.8
Manufacturing:						
Previous .....	3.1	5.8	2.7	5.2	1.5	2.0
Current .....	2.9	5.8	2.8	6.2	2.5	3.1
Fourth quarter 2003						
Business:						
Previous .....	1.8	3.9	2.0	2.1	1.3	0.2
Current .....	1.8	3.9	2.0	3.8	3.0	1.9
Nonfarm business:						
Previous .....	2.5	4.2	1.6	2.5	1.7	0.0
Current .....	2.5	4.2	1.6	4.2	3.4	1.7
Manufacturing:						
Previous .....	4.8	6.2	1.4	2.9	2.1	-1.8
Current .....	4.8	6.2	1.4	6.8	6.0	2.0
Annual average 2003						
Business:						
Previous .....	4.5	3.7	-0.8	3.5	1.2	-0.9
Current .....	4.5	3.7	-0.8	3.6	1.3	-0.8
Nonfarm business:						
Previous .....	4.4	3.7	-0.7	3.4	1.1	-1.0
Current .....	4.4	3.7	-0.7	3.5	1.2	-0.9
Manufacturing:						
Previous .....	5.1	0.1	-4.8	5.6	3.2	0.4
Current .....	5.1	0.1	-4.8	5.9	3.5	0.7

Hourly compensation was revised up in all sectors in the first quarter of 2004. In the business and nonfarm business sectors, unit labor costs were revised up less than hourly compensation since compensation costs were somewhat offset by the upward revisions to productivity. In manufacturing, where first quarter productivity was revised down, unit labor costs were revised up by more than the revision to hourly compensation.

The BLS also announced revised hourly compensation and unit labor costs for the fourth quarter and annual average of 2003. In the business and nonfarm business sectors, hourly compensation and unit labor costs grew more rapidly than announced on May 6. The revisions to fourth quarter hourly compensation were large enough to change movements in the annual averages for both sectors. In the year 2003, hourly compensation grew 0.1 percentage-point more—and unit labor costs dropped 0.1 percentage point less—than reported on May 6. In the manufacturing sector, fourth quarter hourly compensation was revised up sharply and now shows a rise of 6.8 percent for the quarter. Unit labor costs, which originally had shown a decline in the quarter, now show an increase of 2.0 percent. For the full year 2003, both hourly compensation and unit labor costs were revised up by 0.3 percentage point.

### REVISED MEASURES: NONFINANCIAL CORPORATIONS

Fourth quarter and annual average 2003 measures also were revised for the nonfinancial corporate sector. In the fourth quarter of 2003, output and productivity were revised up by 1.0 percentage point; productivity rose 4.3 percent. Hourly compensation was revised up and unit labor costs now show a decline of 0.4 percent for the quarter. Annual average productivity and hourly compensation rose slightly faster than reported on May 6 while unit labor costs show less of a decline 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
Fourth quarter 2003								
Previous	3.3	5.0	1.6	2.3	1.6	-1.0	12.7	1.1
Current	4.3	6.0	1.6	3.9	3.1	-0.4	11.6	1.1
Annual average 2003								
Previous	5.7	4.2	-1.5	4.2	1.8	-1.5	20.5	0.2
Current	5.8	4.2	-1.5	4.3	1.9	-1.4	20.4	0.2

### Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EDT, Tuesday, Aug. 10, 2004**. Preliminary second-quarter measures for business, nonfarm business, and manufacturing will be released at that time. The Aug. 10 release also will incorporate the three-year revision of the national income and product accounts. In addition, the release will include changes in employment and hours due to incorporation of new hours measures for supervisory and nonproduction workers in private nonfarm businesses and new information on seasonal patterns.

### Current and upcoming changes to productivity and cost data

Beginning with this release of productivity and costs, BLS is issuing revised measures for hourly compensation and unit labor costs for both of the two previous quarters. Previously, revisions to the earlier quarter had been reported two months later in the next quarter's preliminary estimates. This change is in accordance with the announcement by the Bureau of Economic Analysis of their new revision schedule for wage and salary data. See "Gross Domestic Product: First Quarter 2004 (Advance)" (BEA 04-18), released April 29.

New estimates of average weekly hours at work for nonproduction and supervisory workers will be introduced into the BLS major sector productivity and cost measures beginning with the August 10, 2004, release. An article discussing these new measures and the effects of this change was published in the April 2004 issue of *Monthly Labor Review*. A technical note describing the methodology will be available this summer.

In addition, beginning on Aug. 10, concurrent seasonal adjustment will be used when measuring employment and hours for the farm sector, nonfarm self-employed, and nonfarm unpaid family workers and hours for employees of government enterprises in the productivity and cost measures. Late in 2004 or early in 2005, BLS also intends to improve the way it uses these series from the Current Population Survey in the productivity program, adjusting them to account for the effects of multiple jobholding. Further information on this change will be announced later this year.

## 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. The Office of Productivity and Technology estimates average weekly paid hours of nonproduction and supervisory workers. Weekly paid hours were adjusted to hours at work using the BLS Hours at Work survey, conducted for this purpose. Data from the National Compensation Survey are used for recent years.

Data from the BLS Current Population Survey (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.

**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; non-metallic 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 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.

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								
2002	I	122.8	142.6	116.1	141.8	114.1	115.5	115.3
	II	123.3	143.1	116.1	142.6	113.8	115.7	115.7
	III	124.7	144.6	115.9	143.1	113.5	114.7	115.9
	IV	125.4	145.1	115.8	143.8	113.5	114.7	116.5
	ANNUAL	124.0	143.8	116.0	142.8	113.7	115.2	117.0
2003	I	126.4	145.8	115.4	145.5	113.8	115.1	120.0
	II	128.6	147.3	114.5	147.4	115.1	114.6	121.5
	III	131.3	151.0	115.0	148.9	115.6	113.4	124.6
	IV	131.9	152.4	115.5	r150.3	r116.4	r113.9	r124.8
	ANNUAL	129.6	149.1	115.1	r148.0	r115.2	r114.2	r122.8
2004	I	r133.5	r154.4	r115.7	r152.4	r117.1	r114.2	r125.9
Percent change from previous quarter at annual rate(5)								
2002	I	8.4	5.6	-2.6	0.9	-0.4	-6.9	11.0
	II	1.5	1.4	-0.1	2.3	-1.1	0.9	3.0
	III	4.9	4.3	-0.5	1.3	-1.0	-3.4	7.4
	IV	2.0	1.6	-0.5	2.2	0.3	0.1	4.9
	ANNUAL	4.9	2.3	-2.5	2.2	0.6	-2.5	6.8
2003	I	3.5	1.9	-1.5	4.8	1.0	1.3	2.3
	II	7.2	4.2	-2.8	5.3	4.6	-1.7	5.2
	III	8.7	10.3	1.5	4.1	1.6	-4.3	10.6
	IV	1.8	3.9	2.0	r3.8	r3.0	r1.9	r0.4
	ANNUAL	4.5	3.7	-0.8	r3.6	r1.3	r-0.8	r4.9
2004	I	r4.6	r5.2	r0.5	r5.9	r2.2	r1.2	r3.9
Percent change from corresponding quarter of previous year								
2002	I	5.1	1.0	-3.9	2.6	1.4	-2.3	7.4
	II	4.7	1.6	-2.9	2.5	1.2	-2.1	5.7
	III	5.5	3.4	-2.1	2.1	0.5	-3.3	7.7
	IV	4.2	3.2	-0.9	1.7	-0.6	-2.4	6.5
	ANNUAL	4.9	2.3	-2.5	2.2	0.6	-2.5	6.8
2003	I	3.0	2.3	-0.6	2.6	-0.2	-0.3	4.4
	II	4.4	3.0	-1.3	3.4	1.2	-1.0	4.9
	III	5.3	4.4	-0.8	4.1	1.9	-1.2	5.7
	IV	5.3	5.0	-0.2	r4.5	r2.5	r-0.7	r4.6
	ANNUAL	4.5	3.7	-0.8	r3.6	r1.3	r-0.8	r4.9
2004	I	r5.6	r5.9	r0.3	r4.8	r2.8	r-0.8	r5.0

See footnotes following Table 6.  
r=revised

June 3, 2004  
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									
2002	I	122.6	143.1	116.7	141.1	113.5	115.1	116.9	115.8
	II	122.8	143.4	116.8	141.9	113.2	115.6	117.6	116.3
	III	124.2	144.8	116.6	142.4	112.9	114.6	119.9	116.6
	IV	124.9	145.4	116.4	143.2	113.0	114.6	121.3	117.1
	ANNUAL	123.6	144.2	116.6	142.1	113.2	115.0	119.0	116.4
2003	I	126.0	146.3	116.1	144.6	113.1	114.8	122.2	117.5
	II	127.9	147.6	115.4	146.3	114.2	114.4	123.4	117.7
	III	130.8	151.3	115.7	148.0	114.9	113.2	126.5	118.1
	IV	131.6	152.9	116.2	r149.5	r115.9	r113.6	r126.1	118.2
	ANNUAL	129.1	149.5	115.9	r147.1	r114.5	r114.0	r124.6	117.9
2004	I	r132.8	r154.9	r116.6	r151.2	r116.1	r113.9	r127.4	r118.9
Percent change from previous quarter at annual rate(5)									
2002	I	9.8	6.7	-2.9	1.2	-0.1	-7.8	13.0	-0.7
	II	0.7	0.8	0.1	2.3	-1.1	1.6	2.3	1.9
	III	4.5	4.0	-0.5	1.3	-1.0	-3.1	8.2	1.0
	IV	2.3	1.6	-0.7	2.2	0.3	-0.1	4.8	1.7
	ANNUAL	5.0	2.3	-2.6	2.3	0.7	-2.5	7.1	0.9
2003	I	3.4	2.4	-1.0	4.0	0.2	0.6	3.0	1.5
	II	6.2	3.8	-2.3	4.9	4.2	-1.3	4.0	0.7
	III	9.5	10.4	0.9	4.7	2.3	-4.3	10.2	1.1
	IV	2.5	4.2	1.6	r4.2	r3.4	r1.7	r-1.1	0.6
	ANNUAL	4.4	3.7	-0.7	r3.5	r1.2	r-0.9	r4.7	1.2
2004	I	r3.8	r5.4	r1.5	r4.6	r0.9	r0.8	r4.2	r2.1
Percent change from corresponding quarter of previous year									
2002	I	5.3	1.1	-4.0	2.7	1.4	-2.5	7.6	1.0
	II	4.7	1.6	-3.0	2.6	1.3	-2.0	5.7	0.7
	III	5.5	3.2	-2.1	2.2	0.6	-3.1	8.0	0.8
	IV	4.3	3.2	-1.0	1.8	-0.5	-2.4	7.0	1.0
	ANNUAL	5.0	2.3	-2.6	2.3	0.7	-2.5	7.1	0.9
2003	I	2.7	2.2	-0.5	2.5	-0.4	-0.3	4.5	1.5
	II	4.1	2.9	-1.1	3.1	0.9	-1.0	5.0	1.2
	III	5.3	4.5	-0.8	4.0	1.7	-1.3	5.4	1.3
	IV	5.4	5.1	-0.2	r4.5	r2.5	r-0.9	r3.9	1.0
	ANNUAL	4.4	3.7	-0.7	r3.5	r1.2	r-0.9	r4.7	1.2
2004	I	r5.5	r5.9	0.4	r4.6	r2.7	r-0.8	r4.2	1.1

See footnotes following Table 6.  
r=revised

June 3, 2004  
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	
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Indexes 1992=100							
2002	I	144.0	130.5	90.6	141.1	113.5	98.0
	II	146.3	131.8	90.1	143.3	114.3	97.9
	III	148.5	132.4	89.2	144.6	114.7	97.4
	IV	149.5	131.3	87.8	146.5	115.7	98.0
	ANNUAL	147.1	131.5	89.4	143.8	114.5	97.8
2003	I	151.4	131.3	86.7	149.0	116.5	98.4
	II	152.6	130.1	85.3	151.2	118.0	99.0
	III	156.4	131.5	84.1	153.2	118.9	98.0
	IV	158.2	133.5	84.4	r155.8	r120.7	r98.5
	ANNUAL	154.6	131.6	85.1	r152.3	r118.5	r98.5
2004	I	r159.3	135.4	85.0	r158.1	r121.4	r99.2
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Percent change from previous quarter at annual rate(5)							
2002	I	10.2	2.5	-7.0	4.2	2.8	-5.5
	II	6.5	4.0	-2.3	6.2	2.7	-0.2
	III	6.0	1.7	-4.1	3.7	1.4	-2.2
	IV	3.0	-3.1	-5.9	5.5	3.6	2.5
	ANNUAL	7.2	-0.6	-7.3	4.0	2.4	-3.0
2003	I	5.1	0.1	-4.8	6.9	3.0	1.7
	II	3.3	-3.6	-6.6	5.9	5.2	2.6
	III	10.1	4.3	-5.3	5.6	3.1	-4.1
	IV	4.8	6.2	1.4	r6.8	r6.0	r2.0
	ANNUAL	5.1	0.1	-4.8	r5.9	r3.5	r0.7
2004	I	r2.9	5.8	r2.8	r6.2	r2.5	r3.1
-----							
Percent change from corresponding quarter of previous year							
2002	I	6.7	-3.4	-9.5	1.8	0.5	-4.6
	II	7.6	-1.1	-8.1	4.3	3.0	-3.1
	III	8.1	0.9	-6.6	5.2	3.5	-2.7
	IV	6.4	1.2	-4.9	4.9	2.6	-1.4
	ANNUAL	7.2	-0.6	-7.3	4.0	2.4	-3.0
2003	I	5.1	0.6	-4.3	5.6	2.6	0.4
	II	4.3	-1.3	-5.4	5.5	3.3	1.1
	III	5.3	-0.6	-5.7	6.0	3.7	0.6
	IV	5.8	1.7	-3.9	r6.3	r4.3	r0.5
	ANNUAL	5.1	0.1	-4.8	r5.9	r3.5	r0.7
2004	I	r5.2	3.1	-2.0	r6.1	r4.2	r0.9

See footnotes following Table 6.  
r=revised

June 3, 2004  
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 -----							
2002	I	161.2	152.6	94.7	140.0	86.8	
	II	164.4	154.7	94.1	142.4	86.6	
	III	167.4	155.9	93.1	143.5	85.7	
	IV	171.0	156.1	91.3	145.7	85.2	
	ANNUAL	166.0	154.8	93.3	142.9	86.1	
2003	I	173.8	156.6	90.1	147.8	85.0	
	II	175.5	155.1	88.4	150.1	85.5	
	III	181.6	158.3	87.2	152.5	84.0	
	IV	184.1	161.9	87.9	r155.1	r84.2	
	ANNUAL	178.7	158.0	88.4	r151.4	r84.7	
2004	I	r186.8	165.5	88.6	r157.2	r84.2	
----- Percent change from previous quarter at annual rate(5) -----							
2002	I	11.9	2.8	-8.1	1.7	0.4	-9.1
	II	8.0	5.5	-2.3	7.0	3.4	-0.9
	III	7.7	3.3	-4.1	3.3	0.9	-4.1
	IV	8.9	0.4	-7.8	6.1	4.1	-2.6
	ANNUAL	8.5	-0.7	-8.5	3.8	2.1	-4.4
2003	I	6.7	1.4	-5.0	6.0	2.2	-0.7
	II	4.0	-3.9	-7.5	6.5	5.8	2.4
	III	14.5	8.4	-5.3	6.5	4.0	-7.0
	IV	5.6	9.4	3.5	r6.8	r6.0	r1.1
	ANNUAL	7.7	2.0	-5.3	r6.0	r3.6	r-1.6
2004	I	5.9	9.3	r3.2	r5.5	r1.8	r-0.4
----- Percent change from corresponding quarter of previous year -----							
2002	I	6.9	-4.9	-11.0	1.5	0.3	-5.0
	II	8.4	-1.8	-9.4	4.1	2.8	-4.0
	III	9.4	1.2	-7.5	5.0	3.3	-4.1
	IV	9.1	3.0	-5.6	4.5	2.2	-4.2
	ANNUAL	8.5	-0.7	-8.5	3.8	2.1	-4.4
2003	I	7.8	2.6	-4.8	5.6	2.6	-2.1
	II	6.8	0.3	-6.1	5.5	3.2	-1.2
	III	8.5	1.5	-6.4	6.3	4.0	-2.0
	IV	7.6	3.7	-3.7	r6.5	r4.5	r-1.1
	ANNUAL	7.7	2.0	-5.3	r6.0	r3.6	r-1.6
2004	I	7.4	5.7	-1.6	r6.3	r4.4	r-1.0

See footnotes following Table 6.  
r=revised

June 3, 2004  
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 -----						
2002	I	126.6	107.2	84.7	141.6	113.9
	II	128.1	107.8	84.1	143.3	114.3
	III	129.4	107.7	83.3	144.9	114.9
	IV	127.9	105.7	82.7	146.7	115.8
	ANNUAL	128.0	107.1	83.7	144.1	114.7
2003	I	128.8	105.3	81.8	149.7	117.1
	II	129.4	104.4	80.7	151.6	118.4
	III	131.1	104.3	79.6	153.1	118.8
	IV	132.6	105.0	79.2	r155.4	r120.4
	ANNUAL	130.5	104.8	80.3	r152.4	r118.6
2004	I	r132.3	r105.4	r79.6	r158.2	r121.5
----- Percent change from previous quarter at annual rate(5) -----						
2002	I	7.5	2.0	-5.1	9.5	8.1
	II	4.8	2.2	-2.5	4.9	1.3
	III	4.1	-0.2	-4.1	4.6	2.2
	IV	-4.7	-7.3	-2.8	5.0	3.0
	ANNUAL	5.1	-0.6	-5.4	4.9	3.2
2003	I	2.9	-1.5	-4.3	8.6	4.7
	II	2.0	-3.2	-5.2	5.1	4.5
	III	5.2	-0.4	-5.3	3.9	1.4
	IV	4.7	2.6	-1.9	r6.2	r5.5
	ANNUAL	1.9	-2.2	-4.0	r5.8	r3.4
2004	I	r-0.7	r1.4	r2.1	r7.3	r3.6
----- Percent change from corresponding quarter of previous year -----						
2002	I	5.5	-1.7	-6.9	2.8	1.6
	II	5.8	-0.4	-5.8	5.0	3.7
	III	6.0	0.5	-5.2	5.8	4.1
	IV	2.8	-0.9	-3.6	6.0	3.6
	ANNUAL	5.1	-0.6	-5.4	4.9	3.2
2003	I	1.7	-1.8	-3.4	5.8	2.8
	II	1.0	-3.1	-4.1	5.8	3.6
	III	1.3	-3.1	-4.4	5.6	3.4
	IV	3.7	-0.7	-4.2	r6.0	r4.0
	ANNUAL	1.9	-2.2	-4.0	r5.8	r3.4
2004	I	r2.8	r0.1	r-2.6	r5.6	r3.7

See footnotes following Table 6.  
r=revised

June 3, 2004  
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: 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											
2002	I	126.4	150.2	118.8	138.1	111.1	109.3	111.9	110.0	105.3	109.5
	II	128.3	152.2	118.7	139.6	111.4	108.8	111.5	109.6	112.3	109.8
	III	129.8	153.4	118.2	140.6	111.5	108.3	111.5	109.2	111.8	109.4
	IV	131.4	154.5	117.6	142.0	112.1	108.1	111.3	109.0	116.2	109.6
	ANNUAL	128.9	152.6	118.3	140.1	111.5	108.6	111.5	109.4	111.4	109.6
2003	I	132.2	154.7	117.0	143.3	112.1	108.4	110.7	109.0	114.0	109.5
	II	135.3	157.3	116.3	145.3	113.5	107.4	108.0	107.6	130.7	109.6
	III	138.4	160.9	116.3	147.1	114.1	106.3	107.4	106.6	143.4	109.9
	IV	r139.8	r163.2	116.7	r148.5	r115.0	r106.2	r107.5	106.5	r147.4	110.2
	ANNUAL	r136.4	r159.0	116.6	r146.0	r113.7	r107.1	108.4	107.4	r134.1	109.8
2004	I	140.6	165.0	117.3	150.3	115.4	106.9	107.8	107.1	147.1	110.7
Percent change from previous quarter at annual rate(5)											
2002	I	4.6	2.3	-2.2	-2.5	-3.7	-6.7	1.5	-4.6	42.4	-1.4
	II	6.0	5.6	-0.4	4.4	0.9	-1.5	-1.4	-1.5	29.5	0.9
	III	4.9	3.2	-1.6	3.0	0.7	-1.8	0.0	-1.3	-1.7	-1.4
	IV	4.9	2.8	-2.0	3.9	2.0	-0.9	-0.4	-0.8	16.7	0.7
	ANNUAL	5.1	2.0	-3.0	2.3	0.7	-2.7	1.2	-1.6	21.9	0.1
2003	I	2.4	0.5	-1.9	3.8	0.0	1.3	-2.4	0.3	-7.4	-0.5
	II	9.7	7.1	-2.4	5.7	5.0	-3.7	-9.3	-5.2	72.6	0.6
	III	9.5	9.4	-0.1	4.9	2.4	-4.2	-2.1	-3.6	45.0	0.9
	IV	r4.3	r6.0	1.6	r3.9	r3.1	r-0.4	r0.2	r-0.3	r11.6	1.1
	ANNUAL	r5.8	4.2	-1.5	r4.3	r1.9	r-1.4	-2.8	-1.8	r20.4	0.2
2004	I	2.3	4.5	2.1	5.1	1.4	2.7	1.2	2.3	-0.9	1.9
Percent change from corresponding quarter of previous year											
2002	I	4.2	-0.3	-4.3	2.3	1.0	-1.8	3.4	-0.5	15.8	0.8
	II	5.2	1.7	-3.4	2.5	1.2	-2.6	1.5	-1.5	23.2	0.3
	III	5.8	3.1	-2.5	2.1	0.5	-3.4	0.1	-2.5	28.2	-0.3
	IV	5.1	3.5	-1.6	2.2	-0.1	-2.8	-0.1	-2.1	20.6	-0.3
	ANNUAL	5.1	2.0	-3.0	2.3	0.7	-2.7	1.2	-1.6	21.9	0.1
2003	I	4.6	3.0	-1.5	3.8	0.9	-0.7	-1.1	-0.8	8.3	-0.1
	II	5.5	3.4	-2.0	4.1	1.9	-1.3	-3.1	-1.8	16.4	-0.1
	III	6.6	4.9	-1.6	4.6	2.3	-1.9	-3.6	-2.4	28.3	0.4
	IV	r6.5	r5.7	-0.7	r4.6	r2.6	r-1.8	r-3.5	r-2.2	r26.8	0.5
	ANNUAL	r5.8	4.2	-1.5	r4.3	r1.9	r-1.4	-2.8	-1.8	r20.4	0.2
2004	I	6.4	6.7	0.3	4.9	3.0	-1.4	-2.6	-1.8	29.0	1.1

See footnotes following Table 6.  
r=revisedJune 3, 2004  
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  $-1.4$  and  $+1.5$  index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the fourth quarter of 2003.

### 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 1978-2003 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 from the original data rather than index numbers. Annual changes: Percent change between annual average levels.
- (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.