# News

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## REAL EARNINGS IN OCTOBER 2003

     Real average weekly earnings increased by 0.5 percent from September to
October after seasonal adjustment, according to preliminary data released today
by the Bureau of Labor Statistics of the U.S. Department of Labor.  This was
due to a 0.1 percent increase in average hourly earnings, a 0.3 percent
increase in average weekly hours, and a 0.2 percent decrease in the Consumer
Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

     Data on average weekly earnings are collected from the payroll reports of
private nonfarm establishments.  Earnings of both full-time and part-time
workers holding production or nonsupervisory jobs are included.  Real average
weekly earnings are calculated by adjusting earnings in current dollars for
changes in the CPI-W.

     Average weekly earnings rose by 2.4 percent, seasonally adjusted, from
October 2002 to October 2003.  After deflation by the CPI-W, average weekly
earnings increased by 0.5 percent.  Before adjustment for seasonal change and
inflation, average weekly earnings were $520.67 in October 2003, compared with
$511.06 a year earlier.

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     Real Earnings for November 2003 will be released on Tuesday, December
16, 2003.

**Table A.  Composition of change in real earnings of production or nonsupervisory workers[1] on private nonfarm payrolls**

| Year and month | Average hourly earnings | Average weekly hours | Average weekly earnings | The Consumer Price Index[2] | Real average weekly earnings |
|---|---|---|---|---|---|
| | Percent change from preceding month, seasonally adjusted | | | | |
| 2002: | | | | | |
| Oct. | 0.3 | -0.3 | ([3]) | 0.2 | -0.1 |
| Nov. | .3 | .0 | .3 | .1 | .2 |
| Dec. | .4 | .0 | .4 | .1 | .3 |
| 2003: | | | | | |
| Jan. | .1 | .0 | .1 | .3 | -.2 |
| Feb. | .5 | -.3 | .2 | .7 | -.5 |
| Mar. | .0 | .3 | .3 | .5 | -.2 |
| Apr. | .1 | -.3 | -.2 | -.5 | .3 |
| May | .3 | .0 | .3 | -.1 | .5 |
| June | .2 | .0 | .2 | .2 | ([3]) |
| July | .3 | -.3 | ([3]) | .1 | -.1 |
| Aug. | .1 | .3 | .4 | .4 | ([3]) |
| Sept. [p] | .0 | .0 | .0 | .3 | -.3 |
| Oct. [p] | .1 | .3 | .4 | -.2 | .5 |

[1] See footnote 2, table 1.
[2] The deflator for the constant-dollar series presented in this release is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
[3] Less than 0.05 percent.
[p] = preliminary.

**Table B.  Percent change in earnings from the same month a year ago for production or nonsupervisory workers[1] on private nonfarm payrolls, seasonally adjusted**

| Year and month | Average hourly earnings | | Average weekly earnings | |
|---|---|---|---|---|
| | Current dollars | Constant (1982) dollars[2] | Current dollars | Constant (1982) dollars[2] |
| 2002: | | | | |
| Oct. | 3.1 | 1.2 | 3.4 | 1.5 |
| Nov. | 3.0 | .9 | 3.0 | .9 |
| Dec. | 3.2 | .7 | 2.9 | .4 |
| 2003: | | | | |
| Jan. | 3.3 | .6 | 3.3 | .6 |
| Feb. | 3.5 | .4 | 2.9 | -.2 |
| Mar. | 3.3 | .0 | 3.0 | -.3 |
| Apr. | 3.3 | 1.1 | 2.7 | .4 |
| May | 3.3 | 1.2 | 2.7 | .6 |
| June | 3.0 | .9 | 2.1 | ([3]) |
| July | 3.1 | 1.1 | 2.5 | .5 |
| Aug. | 2.9 | .7 | 2.3 | .1 |
| Sept. [p] | 2.7 | .5 | 2.1 | -.2 |
| Oct. [p] | 2.4 | .4 | 2.4 | .5 |

[1] See footnote 2, table 1.
[2] The deflator for the constant-dollar series presented in this release is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
[3] Less than 0.05 percent.
[p] = preliminary.

**Table 1. Earnings of production or nonsupervisory workers on private nonfarm payrolls in current and constant dollars[1] by industry and selected industry detail, not seasonally adjusted**

| Industry | Average hourly earnings | | | | Average weekly earnings | | | |
|---|---|---|---|---|---|---|---|---|
| | Oct. 2002 | Sept. 2003[p] | Oct. 2003[p] | Percent change: Oct. 2002- Oct. 2003 | Oct. 2002 | Sept. 2003[p] | Oct. 2003[p] | Percent change: Oct. 2002- Oct. 2003 |
| **Total private:[2]** | | | | | | | | |
| Current dollars ........................ | $15.12 | $15.48 | $15.45 | 2.2 | $511.06 | $523.22 | $520.67 | 1.9 |
| Constant (1982) dollars .......... | 8.26 | 8.29 | 8.28 | .2 | 279.27 | 280.10 | 279.18 | .0 |
| **Goods-producing:** | | | | | | | | |
| Current dollars ........................ | 16.55 | 17.01 | 16.93 | 2.3 | 662.00 | 685.50 | 680.59 | 2.8 |
| Constant (1982) dollars .......... | 9.04 | 9.11 | 9.08 | .4 | 361.75 | 366.97 | 364.93 | .9 |
| **Natural resources and mining:** | | | | | | | | |
| Current dollars ........................ | 17.25 | 17.74 | 17.67 | 2.4 | 748.65 | 782.33 | 775.71 | 3.6 |
| Constant (1982) dollars .......... | 9.43 | 9.50 | 9.47 | .4 | 409.10 | 418.81 | 415.93 | 1.7 |
| **Construction:** | | | | | | | | |
| Current dollars ........................ | 18.79 | 19.19 | 19.11 | 1.7 | 727.17 | 750.33 | 743.38 | 2.2 |
| Constant (1982) dollars .......... | 10.27 | 10.27 | 10.25 | -.2 | 397.36 | 401.68 | 398.60 | .3 |
| **Manufacturing:** | | | | | | | | |
| Current dollars ........................ | 15.45 | 15.87 | 15.79 | 2.2 | 625.73 | 647.50 | 642.65 | 2.7 |
| Constant (1982) dollars .......... | 8.44 | 8.50 | 8.47 | .4 | 341.93 | 346.63 | 344.58 | .8 |
| **Private service-providing:** | | | | | | | | |
| Current dollars ........................ | 14.72 | 15.05 | 15.05 | 2.2 | 476.93 | 486.12 | 486.12 | 1.9 |
| Constant (1982) dollars .......... | 8.04 | 8.06 | 8.07 | .4 | 260.62 | 260.24 | 260.65 | .0 |
| **Trade, transportation, and utilities:** | | | | | | | | |
| Current dollars ........................ | 14.13 | 14.43 | 14.36 | 1.6 | 473.36 | 486.29 | 482.50 | 1.9 |
| Constant (1982) dollars .......... | 7.72 | 7.72 | 7.70 | -.3 | 258.67 | 260.33 | 258.71 | .0 |
| **Wholesale trade:** | | | | | | | | |
| Current dollars ........................ | 17.05 | 17.37 | 17.36 | 1.8 | 642.79 | 658.32 | 659.68 | 2.6 |
| Constant (1982) dollars .......... | 9.32 | 9.30 | 9.31 | -.1 | 351.25 | 352.42 | 353.72 | .7 |
| **Retail trade:** | | | | | | | | |
| Current dollars ........................ | 11.78 | 12.01 | 11.89 | .9 | 361.65 | 372.31 | 366.21 | 1.3 |
| Constant (1982) dollars .......... | 6.44 | 6.43 | 6.38 | -.9 | 197.62 | 199.31 | 196.36 | -.6 |
| **Transportation and warehousing:** | | | | | | | | |
| Current dollars ........................ | 15.94 | 16.36 | 16.38 | 2.8 | 586.59 | 608.59 | 607.70 | 3.6 |
| Constant (1982) dollars .......... | 8.71 | 8.76 | 8.78 | .8 | 320.54 | 325.80 | 325.84 | 1.7 |
| **Utilities:** | | | | | | | | |
| Current dollars ........................ | 23.93 | 25.11 | 25.02 | 4.6 | 985.92 | 1,024.49 | 1,038.33 | 5.3 |
| Constant (1982) dollars .......... | 13.08 | 13.44 | 13.42 | 2.6 | 538.75 | 548.44 | 556.75 | 3.3 |
| **Information:** | | | | | | | | |
| Current dollars ........................ | 20.59 | 21.43 | 21.37 | 3.8 | 753.59 | 775.77 | 773.59 | 2.7 |
| Constant (1982) dollars .......... | 11.25 | 11.47 | 11.46 | 1.9 | 411.80 | 415.29 | 414.79 | .7 |
| **Financial activities:** | | | | | | | | |
| Current dollars ........................ | 16.48 | 17.29 | 17.29 | 4.9 | 581.74 | 608.61 | 608.61 | 4.6 |
| Constant (1982) dollars .......... | 9.01 | 9.26 | 9.27 | 2.9 | 317.89 | 325.81 | 326.33 | 2.7 |
| **Professional and business services:** | | | | | | | | |
| Current dollars ........................ | 16.89 | 17.14 | 17.14 | 1.5 | 577.64 | 579.33 | 579.33 | .3 |
| Constant (1982) dollars .......... | 9.23 | 9.18 | 9.19 | -.4 | 315.65 | 310.13 | 310.63 | -1.6 |
| **Education and health services:** | | | | | | | | |
| Current dollars ........................ | 15.42 | 15.78 | 15.80 | 2.5 | 499.61 | 512.85 | 513.50 | 2.8 |
| Constant (1982) dollars .......... | 8.43 | 8.45 | 8.47 | .5 | 273.01 | 274.54 | 275.34 | .9 |
| **Leisure and hospitality:** | | | | | | | | |
| Current dollars ........................ | 8.65 | 8.78 | 8.81 | 1.8 | 222.31 | 222.13 | 224.66 | 1.1 |
| Constant (1982) dollars .......... | 4.73 | 4.70 | 4.72 | -.2 | 121.48 | 118.91 | 120.46 | -.8 |
| **Other services:** | | | | | | | | |
| Current dollars ........................ | 13.86 | 13.99 | 13.93 | .5 | 443.52 | 443.48 | 441.58 | -.4 |
| Constant (1982) dollars .......... | 7.57 | 7.49 | 7.47 | -1.3 | 242.36 | 237.41 | 236.77 | -2.3 |

[1] The deflator for the constant-dollar series presented in this release is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
[2] Data relate to production workers in natural resources and mining and manufacturing, construction workers in construction, and nonsupervisory workers in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.
[p] = preliminary.

**Table 2. Earnings of production or nonsupervisory workers[1] on private nonfarm payrolls, seasonally adjusted**

| Year and month | Average hourly earnings | | Average weekly earnings | |
| --- | --- | --- | --- | --- |
| | Current dollars | Constant (1982) dollars[2] | Current dollars | Constant (1982) dollars[2] |
| 2002: | | | | |
| Oct. | $15.10 | $8.26 | $510.38 | $279.05 |
| Nov. | 15.14 | 8.27 | 511.73 | 279.63 |
| Dec. | 15.20 | 8.30 | 513.76 | 280.44 |
| 2003: | | | | |
| Jan. | 15.22 | 8.28 | 514.44 | 279.89 |
| Feb. | 15.29 | 8.26 | 515.27 | 278.52 |
| Mar. | 15.29 | 8.22 | 516.80 | 277.85 |
| Apr. | 15.30 | 8.27 | 515.61 | 278.56 |
| May | 15.35 | 8.31 | 517.30 | 279.92 |
| June | 15.38 | 8.30 | 518.31 | 279.87 |
| July | 15.43 | 8.32 | 518.45 | 279.64 |
| Aug. | 15.45 | 8.30 | 520.67 | 279.63 |
| Sept. [p] | 15.45 | 8.28 | 520.67 | 278.88 |
| Oct. [p] | 15.46 | 8.29 | 522.55 | 280.34 |

[1] See footnote 2, table 1.
[2] The deflator for the constant-dollar series presented in this release is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
[p] = preliminary.

# Explanatory Note

The earnings series presented in this release are derived from the Bureau of Labor Statistics' Current Employment Statistics (CES) survey, a monthly establishment survey of employment, payroll, and hours. The deflator used for constant-dollar earnings series presented in this release is derived from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

For the purpose of the Real Earnings series, the CPI-W is converted from the base of 1982-84 that is used in the official, published series to a base of 1982. Thus, the constant dollar average hourly and weekly earnings series are in 1982 dollars. To avoid confusion for users, the CPI data presented in Table A are the official, published CPI-W series. These data may differ slightly from those used in the real earnings calculations.

Seasonally adjusted data are used for estimates of percent change from the same month a year ago for current and constant average hourly and weekly earnings that are presented in Table B of this release. Special techniques are applied to the CES hours and earnings data in the seasonal adjustment process to mitigate the effect of certain calendar-related fluctuations. Thus, over-the-year changes of these hours and earnings are best measured using seasonally adjusted series. A discussion of the calendar-related fluctuations in the hours and earnings data and the special techniques to remove them is available in the June 1998 issue of *Employment and Earnings* or on the Internet (http://www.bls.gov/ces/).

Earnings series from the monthly establishment series are estimated arithmetic averages (means) of the hourly and weekly earnings of all production or nonsupervisory jobs in the private nonfarm sector of the economy. Average hourly earnings estimates are derived by dividing the estimated industry payroll--for all production or nonsupervisory jobs--by the corresponding paid hours. Average weekly hours estimates are similarly derived by dividing estimated aggregate hours by the corresponding number of production or nonsupervisory jobs. Average weekly earnings estimates are derived by multiplying the average hourly earnings and the average weekly hours estimates. This is equivalent to dividing the estimated payroll by the number of production or nonsupervisory jobs. The weekly and hourly earnings estimates for aggregate industries, such as the major industry division and the total private sector averages printed in this release, are derived by summing the corresponding payroll, hours, and employment estimates of the component industries. As a result, each industry receives a "weight" in the published averages that corresponds to its current level of activity (employment or total hours). This further implies that fluctuations and varying trends in employment in high-wage versus low-wage industries as well as wage rate changes influence the earnings averages.

There are several characteristics of the series presented in this release that limit their suitability for some types of economic analyses. (1) The denominator for the weekly earnings series is the number of private nonfarm production or nonsupervisory worker jobs. This number includes full-time and part-time jobs as well as the jobs held by multiple jobholders in the private nonfarm sector. These factors tend to result in weekly earnings averages significantly lower than the corresponding numbers for full-time jobs. (2) Annual earnings averages can differ significantly from the result obtained by multiplying average weekly earnings times 52 weeks. The difference may be due to factors such as turnovers and layoffs. (3) The series are the average earnings of all production or nonsupervisory jobs, not the earnings average of "typical" jobs or jobs held by "typical" workers. Specifically, there are no adjustments for occupational, age, or schooling variations or for household type or location. Many studies have established the significance of these factors and that their impact varies over time.

Seasonally adjusted data (table 2) are preferred by some users for analyzing general earnings trends in the economy since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude each year and, therefore, reveal the underlying trends and cyclical movements. Changes in average earnings may be due to seasonal changes in the proportion of workers in high-wage and low-wage industries or occupations or to seasonal changes in the amount of overtime work, and so on.

For more information, see Thomas Gavett, "Measures of Change in Real Wages and Earnings," Monthly Labor Review, February 1972.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD Message Referral Phone Number: 1-800-877-8339.