

# News

United States  
Department  
of Labor



**Bureau of Labor Statistics**

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USDL 07-1740  
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WEDNESDAY, NOVEMBER 7, 2007

## **PRODUCTIVITY AND COSTS** Third Quarter 2007, preliminary

The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data—as measured by output per hour of all persons—for the third quarter of 2007. The preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were:

5.3 percent in the business sector and  
4.9 percent in the nonfarm business sector.

In both sectors, the productivity gains were the largest since the third quarter of 2003, and reflected 4.3 percent per year growth in output combined with small declines in hours worked (See table A).

In manufacturing, productivity increases in the third quarter were:

4.6 percent in manufacturing,  
5.7 percent in durable goods manufacturing, and  
4.1 percent in nondurable goods manufacturing.

Manufacturing productivity grew faster in the third quarter than it had one quarter earlier. In the second quarter of 2007, a 2.4 percent gain in overall manufacturing productivity reflected a 5.2 percent increase in durable goods output per hour and a 0.8 percent decline in nondurable goods productivity, as revised. Output and hours in manufacturing, which includes about 12 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors. Third-quarter measures are summarized in table A and appear in detail in tables 1 through 5.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources (page 6).

| Table A. Productivity and costs: Preliminary third-quarter 2007 measures<br>(Seasonally adjusted annual rates) |              |        |       |                     |                          |                  |
|--|--------------|--------|-------|---------------------|--------------------------|------------------|
| Sector   | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
| Percent change from preceding quarter  |              |        |       |                     |                          |                  |
| Business   | 5.3          | 4.3    | -0.9  | 5.1                 | 3.1                      | -0.2             |
| Nonfarm business   | 4.9          | 4.3    | -0.5  | 4.7                 | 2.7                      | -0.2             |
| Manufacturing  | 4.6          | 4.3    | -0.4  | 2.3                 | 0.4                      | -2.2             |
| Durable  | 5.7          | 6.6    | 0.8   | 1.2                 | -0.7                     | -4.3             |
| Nondurable   | 4.1          | 1.6    | -2.4  | 4.3                 | 2.4                      | 0.2              |
| Percent change from same quarter a year ago  |              |        |       |                     |                          |                  |
| Business   | 2.5          | 2.8    | 0.3   | 6.9                 | 4.4                      | 4.3              |
| Nonfarm business   | 2.4          | 2.9    | 0.5   | 6.7                 | 4.3                      | 4.3              |
| Manufacturing  | 2.7          | 1.9    | -0.8  | 7.2                 | 4.7                      | 4.4              |
| Durable  | 3.8          | 2.9    | -0.8  | 6.9                 | 4.4                      | 3.0              |
| Nondurable   | 1.3          | 0.6    | -0.7  | 7.7                 | 5.2                      | 6.2              |

## Business

From the second quarter to the third quarter of 2007, labor productivity in the business sector increased 5.3 percent, the largest gain since the third quarter of 2003, when it increased 9.1 percent (seasonally adjusted annual rates). Output per hour had increased 3.6 percent in the second quarter, as revised. Output grew at about the same rate in the second and third quarters of 2007—4.4 percent and 4.3 percent, respectively—but productivity grew faster in the third quarter because hours fell 0.9 percent, compared to a 0.8 percent increase one quarter earlier (tables B and 1). The third-quarter hours decline was the first in the business sector since the second quarter of 2003, when hours fell 2.2 percent. From the third quarter of 2006 to the third quarter of 2007, productivity increased 2.5 percent, matching the trend rate of productivity growth for the 1947-2006 period covered by the measure.

Hourly compensation in the business sector increased at an annual rate of 5.1 percent during the third quarter of 2007, slower than the 5.8-percent rise in the second quarter (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, rose by 3.1 percent in the third quarter of 2007.

Changes in unit labor costs are approximately equal to changes in hourly compensation less changes in productivity. In the third quarter of 2007, unit labor costs declined 0.2 percent as hourly compensation increased 5.1 percent and productivity increased more, 5.3 percent. Unit labor costs had increased 2.2 percent in the second quarter, and 5.3 percent in the first quarter, of 2007. The implicit price deflator for business sector output was unchanged in the third quarter of 2007 following a 2.2 percent increase in the second quarter.

### **Nonfarm business**

Productivity grew 4.9 percent in the third quarter of 2007 as output grew 4.3 percent and hours worked declined 0.5 percent. After revision, output per hour increased 2.2 percent in the second quarter, as output growth of 4.2 percent was partially offset by a 2.0 percent increase in hours worked (table 2). The third-quarter productivity increase was the largest since a 10.4 percent increase in the third quarter of 2003. Nonfarm business productivity increased 2.4 percent over the last four quarters, more than the 1.0 percent increase in calendar year 2006, and approaching the 2.7 percent average from 2000 to 2005.

Nonfarm hourly compensation increased at a 4.7 percent annual rate in the third quarter of 2007. When the rise in consumer prices is taken into account, real hourly compensation rose 2.7 percent during the third quarter, after falling 1.5 percent in the second quarter.

Unit labor costs in the nonfarm business sector edged down 0.2 percent during the third quarter of 2007, after rising 2.2 percent in the second quarter. The implicit price deflator for nonfarm business output also declined in the third quarter of 2007, by 0.4 percent.

### **Manufacturing**

Productivity increased 4.6 percent in manufacturing in the third quarter of 2007; output grew 4.3 percent and hours of all persons fell 0.4 percent (seasonally adjusted annual rates). In durable goods industries, productivity increased 5.7 percent on the strength of 6.6 percent output growth that was partially offset by a 0.8 percent rise in hours worked. Productivity increased 4.1 percent in nondurable goods in the third quarter, but in this sector a 2.4 percent decrease in hours contributed more to the productivity gain than a 1.6 percent increase in output (tables 3, 4, and 5). The 2.7 percent increase in total manufacturing productivity from the third quarter of 2006 to the third quarter of 2007 is smaller than the 4.2 percent average annual rate of productivity growth from 2000 to 2006.

The hourly compensation of manufacturing workers increased 2.3 percent during the third quarter of 2007, with a 1.2 percent gain in the durable goods subsector and a 4.3 percent gain in nondurable goods industries. Hourly compensation in total manufacturing had increased 3.7 percent in the second quarter. When the increase in consumer prices is taken into account, real hourly compensation increased 0.4 percent in the third quarter.

Unit labor costs in manufacturing fell 2.2 percent in the third quarter of 2007, reflecting a decline of 4.3 percent in durable goods industries and a 0.2 percent increase in nondurable goods industries. In the overall manufacturing sector, these costs had increased 1.3 percent in the previous quarter. Unit labor costs have increased 4.4 percent since the third quarter of 2006—the largest four-quarter increase since the period ending in the fourth quarter of 2000, when they increased 5.2 percent.

### Revised Measures

Revised and previous measures for the second quarter of 2007 for the business, nonfarm business, and manufacturing sectors are compared in table B. In the business sector, similar downward revisions to output and hours resulted in a revised productivity increase of 3.6 percent, about the same as reported Sept. 6. In the nonfarm business sector, output was revised down by more than hours, and productivity growth was revised down to 2.2 percent. In the manufacturing sector, productivity was revised up due to an upward revision to output and a small downward revision to hours.

| Sector              | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|---------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| Second quarter 2007 |              |        |       |                     |                          |                  |
| Business:           |              |        |       |                     |                          |                  |
| Previous .....      | 3.5          | 4.6    | 1.0   | 5.5                 | -0.5                     | 1.9              |
| Revised.....        | 3.6          | 4.4    | 0.8   | 5.8                 | -0.2                     | 2.2              |
| Nonfarm business:   |              |        |       |                     |                          |                  |
| Previous .....      | 2.6          | 5.0    | 2.3   | 4.1                 | -1.8                     | 1.4              |
| Revised.....        | 2.2          | 4.2    | 2.0   | 4.4                 | -1.5                     | 2.2              |
| Manufacturing:      |              |        |       |                     |                          |                  |
| Previous .....      | 1.8          | 4.0    | 2.1   | 3.4                 | -2.4                     | 1.6              |
| Revised.....        | 2.4          | 4.4    | 2.0   | 3.7                 | -2.2                     | 1.3              |

In all three sectors, hourly compensation was revised up by 0.3 percentage point. In the business and nonfarm business sectors, unit labor costs rose more than previously reported. Because manufacturing output per hour was revised up by more than compensation per hour, unit labor costs were revised downwards.

Hours worked during the second quarter in all sectors now reflect more current data on the ratios of hours worked to hours paid in private nonfarm businesses.

### Revised measures: Nonfinancial Corporations

Productivity and cost measures for nonfinancial corporations for the second quarter of 2007 also were revised to incorporate more recent information than was available on Sept. 6.

| Table C. Nonfinancial corporations: Previous and revised productivity and cost measures<br>Quarterly percent changes at seasonally adjusted annual rates |                   |        |       |                             |                                     |                        |                 |                               |
|--|-------------------|--------|-------|-----------------------------|-------------------------------------|------------------------|-----------------|-------------------------------|
|  | Produc-<br>tivity | Output | Hours | Hourly<br>compen-<br>sation | Real<br>hourly<br>compen-<br>sation | Unit<br>labor<br>costs | Unit<br>profits | Implicit<br>price<br>deflator |
| Second quarter 2007  |                   |        |       |                             |                                     |                        |                 |                               |
| Previous .....   | 3.5               | 4.6    | 1.0   | 4.7                         | -1.2                                | 1.1                    | 8.6             | 1.5                           |
| Revised.....   | 3.8               | 4.6    | 0.8   | 4.9                         | -1.0                                | 1.1                    | 8.6             | 1.4                           |

Productivity rose 3.8 percent in the second quarter of 2007, compared with the preliminary estimate of a 3.5 percent increase. This was the result of a downward revision in hours growth, from 1.0 percent to 0.8 percent; output growth was unchanged. Unit labor costs were not revised, as an upward revision to hourly compensation was offset by the upward revision to productivity (tables C and 6).

### Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Wednesday, Dec. 5, 2007**. It will present third-quarter measures for nonfinancial corporations and revised third-quarter measures for business, nonfarm business, and manufacturing.

## 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 BLS. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System, adjusted to be consistent with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 3-digit NAICS industries: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing. Nondurables include: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

Nonfinancial corporate output is 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](mailto: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                              | 134.4  | 157.2                | 117.0                     | 161.4                          | 120.3            | 120.1                       | 128.2                       | 123.1  |
|  | II                             | 134.3  | 158.5                | 118.0                     | 161.7                          | 119.4            | 120.4                       | 129.8                       | 123.9  |
|  | III                            | 135.9  | 160.6                | 118.2                     | 164.2                          | 119.6            | 120.8                       | 132.0                       | 125.0  |
|  | IV                             | 135.5  | 161.0                | 118.8                     | 165.4                          | 119.4            | 122.0                       | 133.0                       | 126.1  |
|  | ANNUAL                         | 135.0  | 159.3                | 118.0                     | 163.2                          | 119.7            | 120.9                       | 130.8                       | 124.5  |
| 2006   | I                              | 136.4  | 163.2                | 119.6                     | 168.2                          | 120.9            | 123.4                       | 133.0                       | 127.0  |
|  | II                             | 136.6  | 164.2                | 120.2                     | 168.1                          | 119.3            | 123.0                       | 136.5                       | 128.0  |
|  | III                            | 136.1  | 164.4                | 120.8                     | 168.7                          | 118.9            | 124.0                       | 136.6                       | 128.7  |
|  | IV                             | 136.5  | 165.5                | 121.2                     | 173.4                          | 122.8            | 127.0                       | 132.2                       | 128.9  |
|  | ANNUAL                         | 136.4  | 164.3                | 120.5                     | 169.6                          | 120.4            | 124.3                       | 134.6                       | 128.2  |
| 2007   | I                              | 136.6  | 165.6                | 121.2                     | 175.7                          | 123.3            | 128.6                       | 132.9                       | 130.2  |
|  | II                             | r137.8 | r167.3               | r121.5                    | r178.2                         | r123.2           | r129.3                      | r133.6                      | r130.9 |
|  | III                            | 139.6  | 169.1                | 121.2                     | 180.4                          | 124.2            | 129.3                       | 133.7                       | 130.9  |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |                             |                             |        |
| 2005   | I                              | 3.0    | 3.7                  | 0.7                       | 3.0                            | 1.1              | 0.0                         | 9.1                         | 3.4    |
|  | II                             | -0.3   | 3.3                  | 3.6                       | 0.7                            | -3.1             | 1.0                         | 5.1                         | 2.6    |
|  | III                            | 4.9    | 5.5                  | 0.6                       | 6.2                            | 0.7              | 1.3                         | 7.1                         | 3.5    |
|  | IV                             | -1.1   | 1.0                  | 2.1                       | 2.9                            | -0.5             | 4.0                         | 3.1                         | 3.7    |
|  | ANNUAL                         | 2.0    | 3.6                  | 1.6                       | 4.0                            | 0.6              | 2.0                         | 4.9                         | 3.1    |
| 2006   | I                              | 2.5    | 5.5                  | 2.9                       | 7.2                            | 5.1              | 4.6                         | 0.0                         | 2.8    |
|  | II                             | 0.8    | 2.5                  | 1.7                       | -0.4                           | -5.1             | -1.2                        | 10.7                        | 3.3    |
|  | III                            | -1.5   | 0.6                  | 2.2                       | 1.6                            | -1.6             | 3.1                         | 0.5                         | 2.1    |
|  | IV                             | 1.2    | 2.6                  | 1.4                       | 11.4                           | 13.8             | 10.1                        | -12.4                       | 0.8    |
|  | ANNUAL                         | 1.0    | 3.1                  | 2.1                       | 3.9                            | 0.6              | 2.9                         | 2.9                         | 2.9    |
| 2007   | I                              | 0.2    | 0.2                  | 0.0                       | 5.5                            | 1.6              | 5.3                         | 2.1                         | 4.1    |
|  | II                             | r3.6   | r4.4                 | r0.8                      | r5.8                           | r-0.2            | r2.2                        | r2.2                        | r2.2   |
|  | III                            | 5.3    | 4.3                  | -0.9                      | 5.1                            | 3.1              | -0.2                        | 0.2                         | 0.0    |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |                             |                             |        |
| 2005   | I                              | 2.5    | 3.8                  | 1.2                       | 5.0                            | 1.9              | 2.4                         | 4.1                         | 3.1    |
|  | II                             | 1.5    | 3.5                  | 2.0                       | 3.8                            | 0.9              | 2.3                         | 3.6                         | 2.8    |
|  | III                            | 2.4    | 3.9                  | 1.5                       | 4.0                            | 0.3              | 1.6                         | 5.8                         | 3.2    |
|  | IV                             | 1.6    | 3.4                  | 1.7                       | 3.2                            | -0.5             | 1.6                         | 6.1                         | 3.3    |
|  | ANNUAL                         | 2.0    | 3.6                  | 1.6                       | 4.0                            | 0.6              | 2.0                         | 4.9                         | 3.1    |
| 2006   | I                              | 1.5    | 3.8                  | 2.3                       | 4.2                            | 0.5              | 2.7                         | 3.8                         | 3.1    |
|  | II                             | 1.7    | 3.6                  | 1.8                       | 3.9                            | 0.0              | 2.2                         | 5.1                         | 3.3    |
|  | III                            | 0.2    | 2.4                  | 2.2                       | 2.8                            | -0.6             | 2.6                         | 3.5                         | 3.0    |
|  | IV                             | 0.7    | 2.8                  | 2.1                       | 4.8                            | 2.8              | 4.1                         | -0.6                        | 2.2    |
|  | ANNUAL                         | 1.0    | 3.1                  | 2.1                       | 3.9                            | 0.6              | 2.9                         | 2.9                         | 2.9    |
| 2007   | I                              | 0.2    | 1.5                  | 1.3                       | 4.4                            | 1.9              | 4.3                         | -0.1                        | 2.6    |
|  | II                             | 0.8    | r1.9                 | 1.1                       | r6.0                           | 3.2              | 5.1                         | r-2.1                       | r2.3   |
|  | III                            | 2.5    | 2.8                  | 0.3                       | 6.9                            | 4.4              | 4.3                         | -2.2                        | 1.7    |

See footnotes following Table 6.  
r=revised

November 7, 2007  
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                              | 133.4  | 157.4                | 118.0                     | 160.3                          | 119.5            | 120.2                       | 129.6                       | 123.6  |
|  | II                             | 133.5  | 158.6                | 118.8                     | 160.9                          | 118.8            | 120.5                       | 131.3                       | 124.5  |
|  | III                            | 135.0  | 160.8                | 119.1                     | 163.2                          | 118.8            | 120.9                       | 133.7                       | 125.6  |
|  | IV                             | 134.5  | 161.2                | 119.8                     | 164.2                          | 118.6            | 122.1                       | 134.8                       | 126.8  |
|  | ANNUAL                         | 134.1  | 159.5                | 118.9                     | 162.1                          | 118.9            | 120.9                       | 132.4                       | 125.1  |
| 2006   | I                              | 135.3  | 163.4                | 120.8                     | 167.1                          | 120.1            | 123.5                       | 135.0                       | 127.7  |
|  | II                             | 135.6  | 164.4                | 121.2                     | 167.0                          | 118.6            | 123.2                       | 138.7                       | 128.9  |
|  | III                            | 135.0  | 164.7                | 122.0                     | 167.5                          | 118.0            | 124.0                       | 138.6                       | 129.4  |
|  | IV                             | 135.6  | 165.7                | 122.2                     | 172.4                          | 122.1            | 127.1                       | 133.6                       | 129.5  |
|  | ANNUAL                         | 135.4  | 164.5                | 121.5                     | 168.5                          | 119.7            | 124.5                       | 136.5                       | 128.9  |
| 2007   | I                              | 135.9  | 165.9                | 122.1                     | 174.9                          | 122.7            | 128.7                       | 133.9                       | 130.6  |
|  | II                             | r136.6 | r167.6               | r122.7                    | r176.8                         | r122.2           | r129.4                      | r134.5                      | r131.3 |
|  | III                            | 138.2  | 169.4                | 122.5                     | 178.8                          | 123.1            | 129.4                       | 134.3                       | 131.2  |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |                             |                             |        |
| 2005   | I                              | 3.7    | 3.9                  | 0.2                       | 3.6                            | 1.6              | -0.1                        | 10.4                        | 3.8    |
|  | II                             | 0.3    | 3.2                  | 2.9                       | 1.5                            | -2.4             | 1.2                         | 5.1                         | 2.7    |
|  | III                            | 4.4    | 5.6                  | 1.1                       | 5.7                            | 0.2              | 1.3                         | 7.8                         | 3.8    |
|  | IV                             | -1.4   | 0.9                  | 2.4                       | 2.6                            | -0.8             | 4.1                         | 3.2                         | 3.7    |
|  | ANNUAL                         | 1.9    | 3.6                  | 1.6                       | 4.0                            | 0.7              | 2.0                         | 5.5                         | 3.4    |
| 2006   | I                              | 2.5    | 5.7                  | 3.1                       | 7.2                            | 5.1              | 4.6                         | 0.5                         | 3.0    |
|  | II                             | 0.8    | 2.4                  | 1.6                       | -0.2                           | -5.0             | -1.0                        | 11.5                        | 3.7    |
|  | III                            | -1.6   | 0.8                  | 2.4                       | 1.3                            | -1.8             | 2.9                         | -0.4                        | 1.6    |
|  | IV                             | 1.8    | 2.6                  | 0.8                       | 12.2                           | 14.6             | 10.3                        | -13.6                       | 0.3    |
|  | ANNUAL                         | 1.0    | 3.2                  | 2.2                       | 3.9                            | 0.6              | 2.9                         | 3.1                         | 3.0    |
| 2007   | I                              | 0.7    | 0.3                  | -0.3                      | 5.9                            | 2.0              | 5.2                         | 1.0                         | 3.6    |
|  | II                             | r2.2   | r4.2                 | r2.0                      | r4.4                           | r-1.5            | r2.2                        | r1.8                        | r2.1   |
|  | III                            | 4.9    | 4.3                  | -0.5                      | 4.7                            | 2.7              | -0.2                        | -0.7                        | -0.4   |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |                             |                             |        |
| 2005   | I                              | 2.5    | 3.8                  | 1.4                       | 4.9                            | 1.8              | 2.3                         | 4.8                         | 3.3    |
|  | II                             | 1.4    | 3.4                  | 2.0                       | 3.9                            | 0.9              | 2.5                         | 4.3                         | 3.2    |
|  | III                            | 2.2    | 3.8                  | 1.5                       | 4.0                            | 0.3              | 1.7                         | 6.4                         | 3.5    |
|  | IV                             | 1.7    | 3.4                  | 1.7                       | 3.3                            | -0.4             | 1.6                         | 6.6                         | 3.5    |
|  | ANNUAL                         | 1.9    | 3.6                  | 1.6                       | 4.0                            | 0.7              | 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                             | 1.5    | 3.6                  | 2.0                       | 3.8                            | -0.2             | 2.2                         | 5.7                         | 3.5    |
|  | III                            | 0.1    | 2.4                  | 2.4                       | 2.7                            | -0.7             | 2.6                         | 3.6                         | 3.0    |
|  | IV                             | 0.9    | 2.8                  | 2.0                       | 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                              | 0.4    | 1.5                  | 1.1                       | 4.7                            | 2.2              | 4.3                         | -0.8                        | 2.3    |
|  | II                             | r0.7   | r2.0                 | r1.2                      | r5.9                           | r3.1             | r5.1                        | r-3.0                       | r1.9   |
|  | III                            | 2.4    | 2.9                  | 0.5                       | 6.7                            | 4.3              | 4.3                         | -3.1                        | 1.4    |

See footnotes following Table 6.  
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November 7, 2007  
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                              | 168.3  | 142.7                | 84.8                      | 166.2                          | 123.9            | 98.7  |
|  | II                             | 170.9  | 143.8                | 84.1                      | 167.8                          | 123.9            | 98.2  |
|  | III                            | 172.4  | 144.5                | 83.8                      | 170.2                          | 124.0            | 98.7  |
|  | IV                             | 173.7  | 147.3                | 84.8                      | 168.8                          | 121.9            | 97.2  |
|  | ANNUAL                         | 171.3  | 144.6                | 84.4                      | 168.3                          | 123.4            | 98.2  |
| 2006   | I                              | 175.4  | 149.5                | 85.2                      | 172.6                          | 124.1            | 98.4  |
|  | II                             | 177.0  | 151.6                | 85.6                      | 170.1                          | 120.8            | 96.1  |
|  | III                            | 179.8  | 153.4                | 85.3                      | 170.7                          | 120.2            | 94.9  |
|  | IV                             | 180.7  | 152.6                | 84.4                      | 176.4                          | 125.0            | 97.6  |
|  | ANNUAL                         | 178.2  | 151.7                | 85.1                      | 172.4                          | 122.5            | 96.8  |
| 2007   | I                              | 181.5  | 152.9                | 84.3                      | 180.2                          | 126.4            | 99.3  |
|  | II                             | r182.6 | r154.6               | r84.7                     | r181.9                         | r125.7           | r99.6 |
|  | III                            | 184.6  | 156.2                | 84.6                      | 182.9                          | 125.9            | 99.1  |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |       |
| 2005   | I                              | 4.9    | 4.6                  | -0.3                      | 1.0                            | -0.9             | -3.7  |
|  | II                             | 6.3    | 3.1                  | -3.0                      | 4.0                            | 0.0              | -2.2  |
|  | III                            | 3.5    | 2.1                  | -1.4                      | 5.6                            | 0.1              | 2.1   |
|  | IV                             | 3.1    | 7.9                  | 4.6                       | -3.1                           | -6.4             | -6.0  |
|  | ANNUAL                         | 4.8    | 3.5                  | -1.2                      | 4.2                            | 0.8              | -0.6  |
| 2006   | I                              | 4.0    | 6.0                  | 1.9                       | 9.4                            | 7.2              | 5.1   |
|  | II                             | 3.7    | 5.7                  | 2.0                       | -5.8                           | -10.2            | -9.1  |
|  | III                            | 6.5    | 4.8                  | -1.6                      | 1.4                            | -1.8             | -4.8  |
|  | IV                             | 2.0    | -2.1                 | -4.0                      | 14.2                           | 16.6             | 12.0  |
|  | ANNUAL                         | 4.0    | 4.9                  | 0.9                       | 2.5                            | -0.8             | -1.5  |
| 2007   | I                              | 1.7    | 0.9                  | -0.8                      | 8.9                            | 4.8              | 7.0   |
|  | II                             | r2.4   | r4.4                 | r2.0                      | r3.7                           | r-2.2            | r1.3  |
|  | III                            | 4.6    | 4.3                  | -0.4                      | 2.3                            | 0.4              | -2.2  |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |       |
| 2005   | I                              | 4.4    | 3.1                  | -1.2                      | 6.0                            | 2.9              | 1.5   |
|  | II                             | 5.1    | 3.4                  | -1.6                      | 5.0                            | 2.1              | 0.0   |
|  | III                            | 5.2    | 3.3                  | -1.9                      | 4.0                            | 0.3              | -1.1  |
|  | IV                             | 4.4    | 4.4                  | 0.0                       | 1.8                            | -1.8             | -2.5  |
|  | ANNUAL                         | 4.8    | 3.5                  | -1.2                      | 4.2                            | 0.8              | -0.6  |
| 2006   | I                              | 4.2    | 4.7                  | 0.5                       | 3.9                            | 0.1              | -0.3  |
|  | II                             | 3.6    | 5.4                  | 1.8                       | 1.3                            | -2.5             | -2.1  |
|  | III                            | 4.3    | 6.1                  | 1.7                       | 0.3                            | -3.0             | -3.8  |
|  | IV                             | 4.0    | 3.6                  | -0.5                      | 4.5                            | 2.5              | 0.5   |
|  | ANNUAL                         | 4.0    | 4.9                  | 0.9                       | 2.5                            | -0.8             | -1.5  |
| 2007   | I                              | 3.5    | 2.3                  | -1.1                      | 4.4                            | 1.9              | 0.9   |
|  | II                             | r3.1   | r2.0                 | -1.1                      | r6.9                           | r4.1             | 3.7   |
|  | III                            | 2.7    | 1.9                  | -0.8                      | 7.2                            | 4.7              | 4.4   |

See footnotes following Table 6.  
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November 7, 2007  
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                              | 189.8  | 169.7                | 89.4                      | 161.4                          | 120.3            | 85.0  |
|  | II                             | 193.4  | 171.6                | 88.8                      | 162.5                          | 120.0            | 84.0  |
|  | III                            | 196.5  | 174.5                | 88.8                      | 165.2                          | 120.4            | 84.1  |
|  | IV                             | 200.7  | 180.5                | 89.9                      | 163.6                          | 118.2            | 81.5  |
|  | ANNUAL                         | 195.1  | 174.1                | 89.2                      | 163.2                          | 119.7            | 83.6  |
| 2006   | I                              | 202.7  | 182.9                | 90.3                      | 168.4                          | 121.0            | 83.1  |
|  | II                             | 205.5  | 187.1                | 91.1                      | 165.7                          | 117.7            | 80.7  |
|  | III                            | 210.1  | 189.6                | 90.3                      | 166.4                          | 117.3            | 79.2  |
|  | IV                             | 211.5  | 188.9                | 89.3                      | 173.0                          | 122.5            | 81.8  |
|  | ANNUAL                         | 207.4  | 187.2                | 90.2                      | 168.4                          | 119.6            | 81.2  |
| 2007   | I                              | 212.3  | 188.7                | 88.9                      | 176.5                          | 123.8            | 83.1  |
|  | II                             | r215.1 | r192.1               | r89.3                     | r177.4                         | r122.7           | r82.5 |
|  | III                            | 218.1  | 195.2                | 89.5                      | 177.9                          | 122.5            | 81.6  |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |       |
| 2005   | I                              | 4.1    | 5.5                  | 1.3                       | 0.4                            | -1.5             | -3.6  |
|  | II                             | 7.7    | 4.7                  | -2.8                      | 2.7                            | -1.2             | -4.7  |
|  | III                            | 6.6    | 6.8                  | 0.2                       | 7.0                            | 1.4              | 0.4   |
|  | IV                             | 8.9    | 14.5                 | 5.2                       | -3.8                           | -7.0             | -11.7 |
|  | ANNUAL                         | 5.3    | 5.0                  | -0.3                      | 3.8                            | 0.5              | -1.4  |
| 2006   | I                              | 3.9    | 5.5                  | 1.5                       | 12.1                           | 9.9              | 7.9   |
|  | II                             | 5.7    | 9.4                  | 3.5                       | -6.1                           | -10.5            | -11.2 |
|  | III                            | 9.3    | 5.5                  | -3.5                      | 1.7                            | -1.5             | -6.9  |
|  | IV                             | 2.7    | -1.4                 | -4.1                      | 16.6                           | 19.1             | 13.5  |
|  | ANNUAL                         | 6.3    | 7.5                  | 1.1                       | 3.2                            | -0.1             | -2.9  |
| 2007   | I                              | 1.6    | -0.5                 | -2.0                      | 8.5                            | 4.5              | 6.9   |
|  | II                             | r5.2   | r7.3                 | 2.0                       | r2.0                           | r-3.8            | r-3.0 |
|  | III                            | 5.7    | 6.6                  | 0.8                       | 1.2                            | -0.7             | -4.3  |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |       |
| 2005   | I                              | 3.3    | 3.0                  | -0.3                      | 6.0                            | 2.9              | 2.6   |
|  | II                             | 4.8    | 4.0                  | -0.8                      | 4.4                            | 1.5              | -0.4  |
|  | III                            | 6.2    | 5.1                  | -1.0                      | 3.5                            | -0.2             | -2.5  |
|  | IV                             | 6.8    | 7.8                  | 0.9                       | 1.5                            | -2.1             | -5.0  |
|  | ANNUAL                         | 5.3    | 5.0                  | -0.3                      | 3.8                            | 0.5              | -1.4  |
| 2006   | I                              | 6.8    | 7.8                  | 1.0                       | 4.3                            | 0.6              | -2.3  |
|  | II                             | 6.3    | 9.0                  | 2.6                       | 2.0                            | -1.9             | -4.0  |
|  | III                            | 6.9    | 8.7                  | 1.6                       | 0.7                            | -2.6             | -5.8  |
|  | IV                             | 5.4    | 4.7                  | -0.7                      | 5.7                            | 3.6              | 0.3   |
|  | ANNUAL                         | 6.3    | 7.5                  | 1.1                       | 3.2                            | -0.1             | -2.9  |
| 2007   | I                              | 4.8    | 3.2                  | -1.5                      | 4.9                            | 2.3              | 0.1   |
|  | II                             | r4.6   | r2.6                 | -1.9                      | 7.0                            | r4.2             | 2.3   |
|  | III                            | 3.8    | 2.9                  | -0.8                      | 6.9                            | 4.4              | 3.0   |

See footnotes following Table 6.  
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November 7, 2007  
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                              | 147.3  | 114.7                | 77.8                      | 173.3                          | 129.2            | 117.6  |
|  | II                             | 149.1  | 115.1                | 77.2                      | 176.1                          | 130.0            | 118.1  |
|  | III                            | 149.5  | 114.2                | 76.4                      | 177.3                          | 129.2            | 118.6  |
|  | IV                             | 148.4  | 114.4                | 77.1                      | 176.5                          | 127.5            | 118.9  |
|  | ANNUAL                         | 148.6  | 114.6                | 77.1                      | 175.8                          | 129.0            | 118.3  |
| 2006   | I                              | 149.8  | 116.3                | 77.6                      | 178.3                          | 128.2            | 119.0  |
|  | II                             | 150.7  | 116.8                | 77.5                      | 175.9                          | 124.9            | 116.7  |
|  | III                            | 151.6  | 117.9                | 77.8                      | 176.4                          | 124.3            | 116.4  |
|  | IV                             | 152.0  | 117.1                | 77.0                      | 180.5                          | 127.9            | 118.8  |
|  | ANNUAL                         | 151.0  | 117.0                | 77.5                      | 177.8                          | 126.3            | 117.7  |
| 2007   | I                              | 152.4  | 117.8                | 77.3                      | 184.8                          | 129.7            | 121.2  |
|  | II                             | r152.1 | r118.2               | r77.7                     | r187.9                         | r129.9           | r123.6 |
|  | III                            | 153.6  | 118.6                | 77.2                      | 189.9                          | 130.7            | 123.6  |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |        |
| 2005   | I                              | 6.4    | 3.3                  | -2.9                      | 1.8                            | -0.2             | -4.3   |
|  | II                             | 4.9    | 1.3                  | -3.4                      | 6.5                            | 2.5              | 1.6    |
|  | III                            | 1.0    | -3.0                 | -4.0                      | 2.8                            | -2.6             | 1.7    |
|  | IV                             | -2.9   | 0.8                  | 3.8                       | -1.9                           | -5.2             | 1.0    |
|  | ANNUAL                         | 4.8    | 1.9                  | -2.7                      | 4.8                            | 1.4              | 0.0    |
| 2006   | I                              | 3.9    | 6.6                  | 2.7                       | 4.3                            | 2.3              | 0.4    |
|  | II                             | 2.4    | 1.7                  | -0.7                      | -5.4                           | -9.9             | -7.6   |
|  | III                            | 2.4    | 4.1                  | 1.7                       | 1.2                            | -2.0             | -1.2   |
|  | IV                             | 1.0    | -2.9                 | -3.9                      | 9.7                            | 12.0             | 8.6    |
|  | ANNUAL                         | 1.6    | 2.1                  | 0.5                       | 1.1                            | -2.1             | -0.5   |
| 2007   | I                              | 1.2    | 2.6                  | 1.4                       | 9.8                            | 5.7              | 8.5    |
|  | II                             | r-0.8  | r1.2                 | r2.1                      | r6.9                           | r0.9             | r7.8   |
|  | III                            | 4.1    | 1.6                  | -2.4                      | 4.3                            | 2.4              | 0.2    |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |        |
| 2005   | I                              | 6.3    | 3.3                  | -2.8                      | 5.9                            | 2.8              | -0.4   |
|  | II                             | 5.8    | 2.5                  | -3.1                      | 6.1                            | 3.0              | 0.2    |
|  | III                            | 4.7    | 1.2                  | -3.3                      | 4.9                            | 1.1              | 0.1    |
|  | IV                             | 2.3    | 0.6                  | -1.7                      | 2.3                            | -1.4             | 0.0    |
|  | ANNUAL                         | 4.8    | 1.9                  | -2.7                      | 4.8                            | 1.4              | 0.0    |
| 2006   | I                              | 1.7    | 1.4                  | -0.3                      | 2.9                            | -0.8             | 1.2    |
|  | II                             | 1.1    | 1.5                  | 0.4                       | -0.1                           | -3.9             | -1.2   |
|  | III                            | 1.4    | 3.3                  | 1.8                       | -0.5                           | -3.8             | -1.9   |
|  | IV                             | 2.4    | 2.3                  | -0.1                      | 2.3                            | 0.3              | -0.1   |
|  | ANNUAL                         | 1.6    | 2.1                  | 0.5                       | 1.1                            | -2.1             | -0.5   |
| 2007   | I                              | 1.7    | 1.3                  | -0.4                      | 3.6                            | 1.2              | 1.9    |
|  | II                             | r0.9   | r1.2                 | r0.3                      | 6.8                            | 4.0              | r5.9   |
|  | III                            | 1.3    | 0.6                  | -0.7                      | 7.7                            | 5.2              | 6.2    |

See footnotes following Table 6.  
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November 7, 2007  
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                           | 141.1  | 166.8          | 118.2                   | 158.5                       | 117.0            | 112.3                    | 111.7                | 112.1            | 161.7                       | 116.6  |
|  | III                          | 140.5  | 166.9          | 118.8                   | 160.8                       | 117.1            | 114.4                    | 115.1                | 114.6            | 147.5                       | 117.6  |
|  | IV                           | 141.4  | 169.2          | 119.7                   | 161.8                       | 116.9            | 114.5                    | 112.8                | 114.0            | 159.5                       | 118.1  |
|  | ANNUAL                       | 140.8  | 166.9          | 118.5                   | 159.8                       | 117.2            | 113.5                    | 112.8                | 113.3            | 155.2                       | 117.0  |
| 2006   | I                            | 142.4  | 171.5          | 120.4                   | 163.8                       | 117.8            | 115.0                    | 112.5                | 114.4            | 164.4                       | 118.8  |
|  | II                           | 141.8  | 171.5          | 120.9                   | 163.9                       | 116.4            | 115.6                    | 114.3                | 115.2            | 164.8                       | 119.7  |
|  | III                          | 142.9  | 173.6          | 121.5                   | 164.6                       | 115.9            | 115.2                    | 113.8                | 114.8            | 172.6                       | 120.0  |
|  | IV                           | 143.3  | 174.6          | 121.8                   | 169.3                       | 119.9            | 118.1                    | 114.5                | 117.1            | 150.0                       | 120.1  |
|  | ANNUAL                       | 142.6  | 172.8          | 121.2                   | 165.4                       | 117.5            | 116.0                    | 113.8                | 115.4            | 162.9                       | 119.6  |
| 2007   | I                            | 143.6  | 175.0          | 121.9                   | 171.2                       | 120.1            | 119.2                    | 114.6                | 118.0            | 154.3                       | 121.2  |
|  | II                           | r144.9 | r177.0         | r122.1                  | r173.2                      | r119.8           | r119.5                   | r114.3               | r118.1           | r157.5                      | r121.6 |
| Percent change from previous quarter at annual rate(5)     |                              |        |                |                         |                             |                  |                          |                      |                  |                             |        |
| 2005   | I                            | 0.3    | 0.3            | 0.1                     | 2.7                         | 0.7              | 2.4                      | 6.8                  | 3.6              | 9.8                         | 4.3    |
|  | II                           | 2.2    | 5.4            | 3.1                     | 1.2                         | -2.6             | -1.0                     | 0.5                  | -0.6             | 28.4                        | 2.5    |
|  | III                          | -1.6   | 0.4            | 2.0                     | 6.1                         | 0.5              | 7.8                      | 12.7                 | 9.1              | -30.8                       | 3.4    |
|  | IV                           | 2.4    | 5.6            | 3.1                     | 2.4                         | -1.0             | 0.0                      | -7.6                 | -2.1             | 36.9                        | 1.8    |
|  | ANNUAL                       | 1.1    | 2.7            | 1.6                     | 3.8                         | 0.5              | 2.7                      | 3.0                  | 2.8              | 7.0                         | 3.3    |
| 2006   | I                            | 3.1    | 5.5            | 2.3                     | 5.2                         | 3.2              | 2.0                      | -1.0                 | 1.2              | 12.7                        | 2.6    |
|  | II                           | -1.8   | -0.1           | 1.7                     | 0.2                         | -4.6             | 2.0                      | 6.4                  | 3.1              | 1.2                         | 2.9    |
|  | III                          | 3.1    | 5.0            | 1.9                     | 1.6                         | -1.5             | -1.4                     | -1.5                 | -1.5             | 20.1                        | 1.0    |
|  | IV                           | 1.3    | 2.4            | 1.2                     | 11.9                        | 14.3             | 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                            | 0.7    | 0.9            | 0.2                     | 4.5                         | 0.6              | 3.8                      | 0.5                  | 2.9              | 11.8                        | 3.9    |
|  | II                           | r3.8   | 4.6            | r0.8                    | r4.9                        | r-1.0            | 1.1                      | r-1.1                | r0.5             | 8.6                         | r1.4   |
| Percent change from corresponding quarter of previous year |                              |        |                |                         |                             |                  |                          |                      |                  |                             |        |
| 2005   | I                            | 2.2    | 3.3            | 1.1                     | 4.8                         | 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                          | -0.1   | 1.5            | 1.7                     | 3.8                         | 0.1              | 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            | 1.6                     | 3.8                         | 0.5              | 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                            | 0.8    | 2.1            | 1.3                     | 4.5                         | 2.0              | 3.6                      | 1.8                  | 3.2              | -6.1                        | 2.0    |
|  | II                           | r2.2   | 3.2            | r1.0                    | r5.7                        | r2.9             | 3.4                      | 0.0                  | 2.5              | r-4.5                       | r1.6   |

See footnotes following Table 6.  
r=revised

November 7, 2007

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  $-1.6$  and  $+1.4$  index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the first quarter of 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 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.