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## **PRODUCTIVITY AND COSTS** Second Quarter 2008, Revised

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

4.3 percent in the business sector and  
4.3 percent in the nonfarm business sector.

In both sectors, the second-quarter productivity gains were larger than the preliminary estimates reported on August 8.

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

-2.2 percent in manufacturing,  
-4.5 percent in durable goods manufacturing, and  
0.2 percent in nondurable goods manufacturing.

Manufacturing productivity decreased faster in the second quarter of 2008 than was reported on August 8, reflecting downward revisions to output per hour in both durable and nondurable manufacturing. 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. Second-quarter measures are summarized in table A and appear in detail in tables 1 through 5; the differences between these measures and the preliminary second-quarter figures issued on August 8 are shown in table C.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources (page 7).

Table A. Productivity and costs: Revised second-quarter 2008 measures (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	4.3	3.2	-1.0	4.0	-1.0	-0.4
Nonfarm business	4.3	3.4	-0.8	3.7	-1.3	-0.5
Manufacturing	-2.2	-3.7	-1.5	3.9	-1.1	6.2
Durable	-4.5	-5.9	-1.5	4.1	-0.8	9.0
Nondurable	0.2	-1.3	-1.6	3.3	-1.6	3.1
Percent change from same quarter a year ago						
Business	3.2	2.2	-1.0	3.9	-0.4	0.7
Nonfarm business	3.4	2.2	-1.1	4.0	-0.2	0.6
Manufacturing	2.4	-0.2	-2.5	3.8	-0.4	1.4
Durable	2.4	0.1	-2.3	3.4	-0.8	1.0
Nondurable	2.5	-0.6	-3.0	4.5	0.2	1.9

## Business

Labor productivity in the business sector grew 4.3 percent from the first quarter to the second quarter of 2008, as output increased 3.2 percent and hours worked by all persons engaged in the sector—employees, proprietors, and unpaid family workers—fell 1.0 percent (seasonally adjusted annual rates). Output per hour increased 3.2 percent over the past four quarters, reflecting a 2.2 percent increase in output and a 1.0 percent decrease in hours (tables A and 1). The four-quarter decline in hours was the largest since a 1.3 percent decline for the period ending with the second quarter of 2003.

Hourly compensation in the business sector grew at a 4.0 percent annual rate in the second quarter of 2008. Hourly 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, declined 1.0 percent in the second quarter of 2008 after falling 0.6 percent in the first quarter of the year.

Unit labor costs, which reflect changes in hourly compensation and productivity, decreased 0.4 percent in the second quarter of 2008. From the second quarter of 2007 to the second quarter of 2008 these costs increased 0.7 percent. The implicit price deflator for business output, which exhibits changes in unit labor costs and unit nonlabor payments, rose 0.9 percent in the second quarter of 2008.

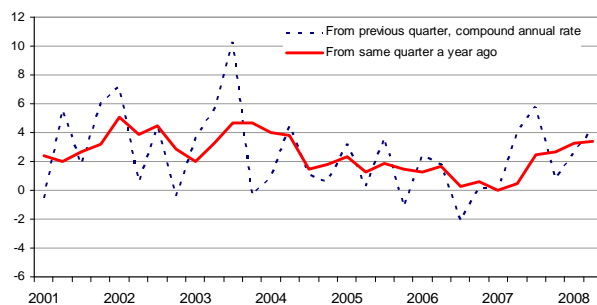
## Nonfarm business

Productivity in the nonfarm business sector grew at a 4.3 percent annual rate in the second quarter of 2008, reflecting an increase of 3.4 percent in output and a decrease of 0.8 percent in hours of all persons (tables A and 2). From the second quarter of 2007 to the second quarter of 2008, nonfarm business productivity grew 3.4 percent, faster than the 2.5 percent average rate from 2000 to 2007. Hours decreased 1.1 percent over the past four quarters—the largest four-quarter decline since a 2.1 percent decline for the period ending in the third quarter of 2002.

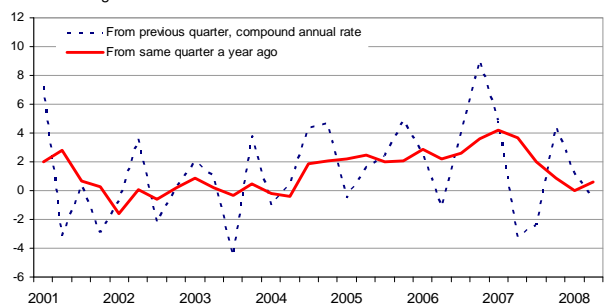
Hourly compensation increased 3.7 percent in the second quarter of 2008, but when the 5.0 percent increase in consumer prices was taken into account, real hourly compensation declined 1.3 percent.

Unit labor costs declined 0.5 percent in the second quarter of 2008, but rose 0.6 percent over the last four quarters (chart 2). The implicit price deflator for nonfarm business output rose 0.9 percent in the second quarter.

**Chart 1. Output per Hour, Nonfarm Business, all persons, 2001:1-2008:2**  
Percent change



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



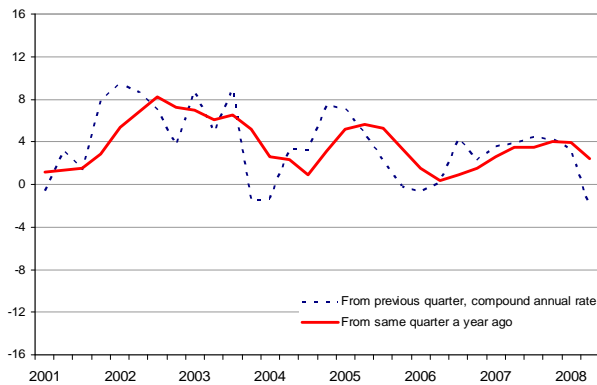
## Manufacturing

Productivity decreased 2.2 percent in manufacturing in the second quarter of 2008, as output fell 3.7 percent and hours of all persons fell 1.5 percent (seasonally adjusted annual rates). This was the largest quarterly decline in manufacturing productivity since a 2.5 percent decrease in the second quarter of 1989; it was concentrated in the durable goods sector, where productivity declined 4.5 percent. In nondurable goods, productivity edged up 0.2 percent as output and hours fell 1.3 percent and 1.6 percent, respectively (tables A, 3, 4, and 5).

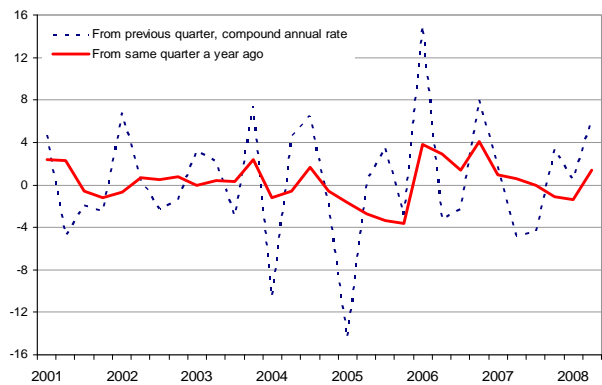
The hourly compensation of all manufacturing workers increased 3.9 percent during the second quarter of 2008, reflecting increases in hourly compensation of 4.1 percent in durable goods industries and 3.3 percent in the nondurable goods sector. Real hourly compensation in the total manufacturing sector fell 1.1 percent in the second quarter after consumer prices were taken into account.

Unit labor costs in manufacturing increased 6.2 percent in the second quarter of 2008, as unit labor costs jumped 9.0 percent in durable goods industries and increased 3.1 percent in nondurable goods industries.

**Chart 3. Output per Hour, Manufacturing, all persons, 2001:1-2008:2**  
Percent change



**Chart 4. Unit Labor Costs, Manufacturing, all persons, 2001:1-2008:2**  
Percent change



### Nonfinancial corporations

Preliminary second-quarter 2008 measures of productivity and costs were reported today for nonfinancial corporations. Productivity increased 5.6 percent during the second quarter, reflecting a 3.8 percent rise in output and a 1.7 percent fall in employee hours (tables B and 6). Over the last four quarters output per hour increased 2.3 percent, output increased 1.7 percent, and hours worked declined 0.5 percent—the first decline in hours since the four quarters ending with fourth-quarter 2003, when hours declined 0.9 percent. Nonfinancial corporations include all corporations doing business in the United States except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts.

**Table B. Nonfinancial corporations: Preliminary second-quarter 2008 productivity and cost measures**  
(Seasonally adjusted annual rates)

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
2008 II	5.6	3.8	-1.7	3.7	-1.2	-1.8	-24.7	-3.6
Percent change from same quarter a year ago								
2008 II	2.3	1.7	-0.5	3.8	-0.4	1.5	-18.8	-0.9

Hourly compensation rose 3.7 percent in the second quarter of 2008, but when the rise in consumer prices is taken into account, real hourly compensation fell 1.2 percent. Unit labor costs for nonfinancial corporations decreased 1.8 percent in the second quarter of 2008.

Unit profits fell 24.7 percent in the second quarter of 2008. This was the fourth consecutive double-digit decline in this measure (table 6). The implicit price deflator for

nonfinancial corporate output fell 3.6 percent in the second quarter and 0.9 percent over the past four quarters.

### Revised Measures

Current and previous measures for the first and second quarters of 2008 for the business, nonfarm business, and manufacturing sectors are compared in table C.

In the second quarter of 2008, productivity was revised up in the business and nonfarm business sectors, as output was revised up significantly and hours decreased more than previously reported. In both of these sectors the upward revisions to productivity were much larger than those to hourly compensation, and unit labor costs were revised down.

Productivity was revised down in the manufacturing sector in the second quarter of 2008 due to both a downward revision to output and an upward revision to hours. The downward revision to productivity was largely offset by a downward revision to hourly compensation, so unit labor costs rose only slightly more than previously reported.

Table C. Business, nonfarm business, and manufacturing: Previous and revised productivity and related measures (Quarterly percent changes at seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Second quarter 2008						
Business:						
Previous .....	2.3	1.5	-0.7	3.8	-1.2	1.5
Revised.....	4.3	3.2	-1.0	4.0	-1.0	-0.4
Nonfarm business:						
Previous .....	2.2	1.7	-0.5	3.6	-1.4	1.3
Revised.....	4.3	3.4	-0.8	3.7	-1.3	-0.5
Manufacturing:						
Previous .....	-1.4	-3.5	-2.0	4.6	-0.4	6.1
Revised.....	-2.2	-3.7	-1.5	3.9	-1.1	6.2
First quarter 2008						
Business:						
Previous .....	2.2	0.7	-1.5	5.0	0.6	2.7
Revised.....	2.3	0.7	-1.6	3.6	-0.6	1.3
Nonfarm business:						
Previous .....	2.6	0.9	-1.6	5.2	0.8	2.5
Revised.....	2.6	0.9	-1.7	3.8	-0.4	1.2
Manufacturing:						
Previous .....	3.4	-0.8	-4.0	6.2	1.8	2.8
Revised.....	3.3	-0.9	-4.0	3.8	-0.5	0.5

In the first quarter of 2008, hourly compensation was updated to reflect revised estimates of compensation released by the Bureau of Economic Analysis of the U.S. Department of Commerce August 28. As revised, hourly compensation increased 3.6 percent in the business sector, and 3.8 percent in both the nonfarm business and manufacturing sectors. In all of the major sectors, hourly compensation grew more slowly in the first quarter than BLS reported August 8, therefore unit labor costs in these sectors rose less than in preliminary estimates.

### Revised Measures: Nonfinancial Corporations

Data for the first quarter of 2008 were also revised for the nonfinancial corporate sector (table D). Productivity was revised down along with output; hours were not revised. Hourly compensation was revised down more than productivity; revised unit labor costs increased 3.2 percent, rather than 3.9 percent as reported August 8.

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
First quarter 2008								
Previous .....	1.0	-0.1	-1.1	4.9	0.6	3.9	-14.7	0.5
Revised.....	-0.2	-1.4	-1.1	2.9	-1.3	3.2	-13.6	0.5

### Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Thursday, November 6, 2008**. Preliminary third-quarter measures for business, nonfarm business, and manufacturing will be released at that time.

## TECHNICAL NOTES

**Labor Hours:** Hours data for the labor productivity and cost measures include hours for all persons working in the sector—wage and salary workers, the self-employed and unpaid family workers. The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on the number of jobs held by wage and salary workers in nonfarm establishments. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Weekly paid hours are adjusted to hours at work using data from the National Compensation Survey (NCS). The BLS Hours at Work survey, conducted for this purpose, was used for earlier years. The Office of Productivity and Technology estimates average weekly hours at work for nonproduction and supervisory workers using information from the Current Population Survey (CPS), the CES, and the NCS.

Data from the CPS are used for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Estimates of labor input for government enterprises are derived from the CPS, the CES, and the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) of the Department of Commerce.

The CES measures jobs, counting a person who is employed by two or more establishments at each place of employment. In contrast, the CPS features measures of employment that count each person only once and classify each person according to his or her primary job; hours worked at all jobs by that person accrue to his or her primary job. However, the CPS also collects more detailed information on employment and hours worked at primary jobs and all other jobs, separately. The BLS productivity measures use the more detailed information on employment and hours to assign all hours worked to the correct industrial sector and avoid duplicating hours data from the CES.

**Output:** Business sector output is a chain-type, current-weighted index constructed after excluding from gross domestic product (GDP) the following outputs: general government, nonprofit institutions, and private households (including owner-occupied housing). Corresponding exclusions also are made in labor inputs. Business output accounted for about 78 percent of the value of GDP in 2000. Nonfarm business, which excludes farming, accounted for about 77 percent of GDP in 2000.

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

Nonfinancial corporate output is a chain-type, current-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; private households; unincorporated business; and those corporations classified as offices of bank

holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 54 percent of the value of GDP in 2000.

**Productivity:** These productivity measures describe the relationship between real output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours at work of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

**Labor Compensation:** Estimates of labor compensation by major sector, required for measures of hourly compensation and unit labor costs, are based primarily on employee compensation data from the NIPA, prepared by the BEA. The compensation of employees in general government, nonprofit institutions and private households are subtracted from compensation of domestic employees to derive employee compensation for the business sector. The labor compensation of proprietors cannot be explicitly identified and must be estimated. This is done by assuming that proprietors have the same hourly compensation as employees in the same sector. The quarterly labor productivity and cost measures do not contain estimates of compensation for unpaid family workers.

**Unit Labor Costs:** The measures of unit labor costs in this release describe the relationship between compensation per hour and productivity, or real output per hour, and can be used as an indicator of inflationary pressure on producers. Increases in hourly compensation increase unit labor costs; labor productivity increases offset compensation increases and lower unit labor costs.

**Presentation of the data:** The quarterly data in this release are presented in three ways; as index number series where 1992=100, as percent changes from the corresponding quarter of the previous year, and as percent changes from the previous quarter presented at a compound annual rate. Annual data are presented both as index number series and percent changes from the previous year.

The index numbers and rates of change reported in the productivity and costs news release are rounded to one decimal place. All percent changes in this release and on the BLS web site are calculated using index numbers to three decimal places. These index numbers are available at the BLS web site, <http://www.bls.gov/data/home.htm>, or by contacting the BLS Division of Major Sector Productivity. (Telephone 202-691-5606 or email [DPRWEB@BLS.GOV](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									
2006	I	r136.1	162.8	r119.6	r168.0	r120.7	r123.5	r133.4	127.2
	II	r136.6	164.0	r120.1	r168.1	r119.7	r123.1	r136.2	128.0
	III	r135.9	164.1	r120.8	r169.0	r119.1	r124.3	r136.2	128.8
	IV	r135.9	164.8	r121.2	r172.6	r122.1	r127.0	r133.4	129.4
	ANNUAL	r136.1	163.9	r120.4	r169.5	r120.4	r124.5	r134.8	128.3
2007	I	r135.9	164.5	r121.0	r174.7	r122.4	128.5	134.3	130.7
	II	r137.6	166.8	r121.2	r175.5	r121.6	r127.5	r137.4	131.2
	III	r139.7	169.0	r121.0	r177.0	r121.9	r126.7	r139.7	131.6
	IV	r139.7	168.8	r120.8	r178.9	r121.7	r128.1	r139.2	132.2
	ANNUAL	138.2	167.3	121.0	176.5	121.9	127.7	137.7	131.4
2008	I	140.5	169.1	120.3	r180.6	r121.5	r128.5	r140.2	132.9
	II	r142.0	r170.4	r120.0	r182.3	r121.2	r128.4	r141.3	r133.2
Percent change from previous quarter at annual rate(5)									
2006	I	2.6	5.6	3.0	5.5	3.6	2.8	3.1	3.0
	II	1.4	2.9	1.5	0.2	-3.3	-1.2	8.6	2.6
	III	-2.0	0.3	2.4	2.0	-1.9	4.1	-0.1	2.4
	IV	0.2	1.7	1.5	9.0	r10.6	8.8	-8.0	1.9
	ANNUAL	0.9	3.0	2.1	3.8	0.5	2.9	3.3	3.0
2007	I	r-0.1	-0.7	r-0.6	4.8	1.1	4.8	2.8	4.0
	II	5.0	5.6	0.6	1.9	-2.6	-2.9	9.6	1.7
	III	6.2	5.5	-0.7	3.6	0.8	r-2.5	6.9	1.1
	IV	0.1	-0.6	-0.7	4.4	-0.6	4.3	-1.6	2.0
	ANNUAL	1.5	2.0	0.5	4.2	1.3	2.6	2.1	2.4
2008	I	r2.3	0.7	r-1.6	r3.6	r-0.6	r1.3	r3.1	2.0
	II	r4.3	r3.2	r-1.0	r4.0	r-1.0	r-0.4	r3.0	r0.9
Percent change from corresponding quarter of previous year									
2006	I	1.3	3.6	2.3	r4.3	0.5	2.9	3.9	3.3
	II	1.7	3.5	1.8	4.0	0.1	2.3	5.2	3.4
	III	0.2	2.4	2.2	2.9	-0.4	2.7	3.5	3.0
	IV	0.5	2.6	2.1	4.1	2.1	3.6	0.7	2.5
	ANNUAL	0.9	3.0	2.1	3.8	0.5	2.9	3.3	3.0
2007	I	-0.1	1.0	1.2	3.9	1.5	4.1	0.7	2.7
	II	r0.7	1.7	r1.0	4.4	1.7	3.6	0.9	2.5
	III	2.8	3.0	0.2	4.8	2.4	1.9	2.6	2.2
	IV	2.8	2.4	r-0.3	3.7	-0.3	0.9	4.3	2.2
	ANNUAL	1.5	2.0	0.5	4.2	1.3	2.6	2.1	2.4
2008	I	3.4	2.8	-0.6	r3.4	r-0.7	r0.0	r4.4	1.7
	II	r3.2	r2.2	r-1.0	r3.9	r-0.4	r0.7	r2.8	r1.5

See footnotes following Table 6.  
r=revised

September 4, 2008  
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	Unit non-labor payments (3)	Implicit price deflator (4)
Indexes 1992=100								
2006	I	r135.1	163.2	r120.8	r166.8	r119.8	r123.5	127.9
	II	r135.7	164.3	r121.1	r167.1	r118.9	r123.2	128.8
	III	r135.0	164.4	r121.8	r167.9	r118.3	r124.4	129.5
	IV	r135.0	165.0	r122.2	r171.7	r121.4	r127.1	130.0
	ANNUAL	r135.2	164.2	r121.5	r168.4	r119.6	r124.6	129.1
2007	I	r135.0	164.7	r122.0	r173.7	r121.8	128.7	r135.2
	II	r136.4	167.0	r122.4	r174.1	r120.7	r127.7	r138.2
	III	r138.3	169.2	r122.3	r175.5	r120.8	r126.9	r140.3
	IV	r138.6	168.9	r121.9	r177.8	r120.9	r128.3	r139.8
	ANNUAL	137.1	167.5	122.2	175.3	121.1	127.9	138.4
2008	I	139.5	169.3	121.4	r179.5	r120.8	r128.7	133.2
	II	r141.0	r170.7	r121.1	r181.1	r120.4	r128.5	r133.5
Percent change from previous quarter at annual rate(5)								
2006	I	2.5	6.0	3.3	5.2	3.3	2.6	3.9
	II	1.8	2.9	1.1	0.7	-2.8	-1.1	9.4
	III	-2.1	0.3	2.4	r1.9	-2.0	4.1	-0.9
	IV	0.2	1.4	1.2	r9.3	11.0	9.1	-9.5
	ANNUAL	1.0	3.2	2.2	3.8	0.5	2.8	3.6
2007	I	0.0	-0.9	r-0.8	4.9	1.2	4.9	0.9
	II	4.1	5.8	1.6	0.8	-3.6	-3.2	9.4
	III	5.8	5.5	-0.3	3.3	0.5	-2.4	6.3
	IV	0.8	-0.7	-1.6	r5.3	r0.3	4.5	r-1.5
	ANNUAL	1.4	2.0	0.5	4.1	1.3	2.7	1.2
2008	I	2.6	0.9	r-1.7	r3.8	r-0.4	r1.2	r3.6
	II	r4.3	r3.4	r-0.8	r3.7	r-1.3	r-0.5	r3.3
Percent change from corresponding quarter of previous year								
2006	I	1.3	3.7	2.4	4.2	0.5	2.9	4.3
	II	1.7	3.7	2.0	3.9	0.0	2.2	5.9
	III	0.3	2.6	2.3	2.9	-0.5	2.6	3.8
	IV	0.6	2.6	2.0	4.3	2.2	3.6	0.5
	ANNUAL	1.0	3.2	2.2	3.8	0.5	2.8	3.6
2007	I	0.0	0.9	r1.0	4.2	1.7	4.2	-0.2
	II	0.5	1.6	1.1	4.2	1.5	3.7	-0.2
	III	2.5	2.9	0.4	r4.5	r2.1	2.0	1.5
	IV	2.7	2.4	-0.3	3.6	-0.4	0.9	3.7
	ANNUAL	1.4	2.0	0.5	4.1	1.3	2.7	1.2
2008	I	3.3	2.8	-0.5	r3.3	r-0.8	r0.0	r4.3
	II	r3.4	r2.2	r-1.1	r4.0	r-0.2	r0.6	r2.9

See footnotes following Table 6.

r=revised

September 4, 2008

Source: Bureau of Labor Statistics

Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	
Indexes 1992=100							
2006	I	172.6	147.2	85.3	170.9	122.7	99.0
	II	172.7	147.4	85.4	169.5	120.7	98.2
	III	174.5	148.0	84.8	170.3	120.0	97.6
	IV	175.4	147.4	84.0	174.6	123.5	99.5
	ANNUAL	173.8	147.5	84.9	171.3	121.7	98.6
2007	I	177.0	147.8	83.5	176.9	124.0	100.0
	II	178.7	149.6	83.7	176.4	122.3	98.7
	III	180.6	151.2	83.7	176.4	121.4	97.6
	IV	182.5	151.0	82.8	179.7	122.2	98.5
	ANNUAL	179.7	149.9	83.4	177.3	122.5	98.7
2008	I	r184.0	r150.7	81.9	r181.4	r122.1	r98.6
	II	r183.0	r149.3	r81.6	r183.1	r121.7	r100.1
Percent change from previous quarter at annual rate(5)							
2006	I	-0.6	1.8	2.4	14.3	12.3	15.0
	II	0.2	0.6	0.4	-3.1	-6.5	-3.3
	III	4.3	1.6	-2.5	1.8	-2.1	-2.3
	IV	2.2	-1.7	-3.8	10.4	12.1	8.0
	ANNUAL	1.1	1.8	0.8	4.1	0.8	3.0
2007	I	3.6	1.2	-2.3	5.5	1.8	1.8
	II	3.8	4.9	1.0	-1.1	-5.5	-4.8
	III	4.5	4.3	-0.2	-0.1	-2.8	-4.4
	IV	4.2	-0.4	-4.4	7.8	2.7	3.4
	ANNUAL	3.4	1.6	-1.7	3.5	0.7	0.1
2008	I	r3.3	r-0.9	-4.0	r3.8	r-0.5	r0.5
	II	r-2.2	r-3.7	r-1.5	r3.9	r-1.1	r6.2
Percent change from corresponding quarter of previous year							
2006	I	1.5	2.4	0.9	5.4	1.6	3.8
	II	0.4	2.1	1.7	3.3	-0.6	2.9
	III	0.9	2.3	1.4	2.3	-1.0	1.4
	IV	1.5	0.6	-0.9	5.6	3.6	4.1
	ANNUAL	1.1	1.8	0.8	4.1	0.8	3.0
2007	I	2.6	0.4	-2.1	3.5	1.1	0.9
	II	3.5	1.5	-1.9	4.1	1.4	0.6
	III	3.5	2.1	-1.3	3.6	1.2	0.0
	IV	4.0	2.5	-1.5	2.9	-1.0	-1.1
	ANNUAL	3.4	1.6	-1.7	3.5	0.7	0.1
2008	I	r3.9	r1.9	-1.9	r2.5	r-1.6	r-1.4
	II	r2.4	r-0.2	r-2.5	r3.8	r-0.4	r1.4

See footnotes following Table 6.  
r=revised

September 4, 2008  
Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	
Indexes 1992=100							
2006	I	198.8	179.6	90.3	166.0	119.2	83.5
	II	198.9	180.5	90.7	164.6	117.1	82.7
	III	201.7	181.1	89.8	165.3	116.5	81.9
	IV	202.4	180.1	89.0	170.2	120.4	84.1
	ANNUAL	200.4	180.3	90.0	166.5	118.3	83.1
2007	I	204.4	180.3	88.2	173.0	121.3	84.7
	II	207.9	183.9	88.4	172.5	119.6	83.0
	III	210.9	186.9	88.6	172.2	118.6	81.7
	IV	214.3	187.0	87.3	175.5	119.4	81.9
	ANNUAL	209.4	184.5	88.1	173.3	119.7	82.8
2008	I	r215.4	r186.8	86.7	r176.6	r118.9	r82.0
	II	r213.0	r184.0	r86.4	r178.4	r118.6	r83.8
Percent change from previous quarter at annual rate(5)							
2006	I	-1.8	0.4	2.3	13.7	11.7	15.9
	II	0.3	2.1	1.8	-3.3	-6.6	-3.6
	III	5.7	1.2	-4.3	1.6	-2.3	-3.9
	IV	1.4	-2.1	-3.4	12.6	14.4	11.1
	ANNUAL	2.2	3.3	1.1	3.9	0.6	1.7
2007	I	3.9	0.4	-3.4	6.7	3.0	2.7
	II	7.1	8.2	1.0	-1.2	-5.5	-7.7
	III	6.0	6.8	0.8	-0.7	-3.3	-6.2
	IV	6.6	0.3	-6.0	7.9	2.8	1.2
	ANNUAL	4.5	2.3	-2.0	4.1	1.3	-0.3
2008	I	r2.0	r-0.5	-2.5	r2.5	r-1.7	r0.4
	II	r-4.5	r-5.9	r-1.5	r4.1	r-0.8	r9.0
Percent change from corresponding quarter of previous year							
2006	I	3.2	4.8	1.6	4.9	1.1	1.6
	II	2.0	4.6	2.5	3.1	-0.8	1.1
	III	2.2	3.6	1.4	1.9	-1.5	-0.4
	IV	1.4	0.4	-1.0	5.9	3.9	4.5
	ANNUAL	2.2	3.3	1.1	3.9	0.6	1.7
2007	I	2.8	0.4	-2.4	4.3	1.8	1.4
	II	4.5	1.8	-2.5	4.8	2.1	0.3
	III	4.6	3.2	-1.3	4.2	1.8	-0.3
	IV	5.9	3.9	-1.9	3.1	-0.8	-2.6
	ANNUAL	4.5	2.3	-2.0	4.1	1.3	-0.3
2008	I	5.4	3.6	-1.7	r2.1	r-2.0	r-3.2
	II	r2.4	r0.1	r-2.3	r3.4	r-0.8	r1.0

See footnotes following Table 6.

r=revised

September 4, 2008

Source: Bureau of Labor Statistics

Table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs
Indexes 1992=100						
2006	I	148.0	115.0	77.7	178.0	127.8
	II	148.4	114.8	77.3	176.6	125.7
	III	149.0	115.4	77.4	177.8	125.3
	IV	150.3	115.1	76.6	180.4	127.6
	ANNUAL	148.9	115.1	77.2	178.2	126.6
2007	I	151.2	115.6	76.5	181.9	127.5
	II	151.4	116.0	76.6	181.4	125.8
	III	152.7	116.4	76.3	181.8	125.2
	IV	152.9	116.1	75.9	185.3	126.0
	ANNUAL	152.0	116.0	76.3	182.6	126.1
2008	I	r155.0	r115.7	74.6	r188.0	r126.5
	II	r155.1	r115.3	r74.4	r189.6	r126.0
Percent change from previous quarter at annual rate(5)						
2006	I	1.0	3.6	2.6	15.5	13.4
	II	1.1	-0.9	-1.9	-3.1	-6.5
	III	1.5	2.2	0.6	2.6	-1.4
	IV	3.5	-1.1	-4.4	6.1	7.7
	ANNUAL	0.2	0.3	0.1	4.5	1.1
2007	I	2.5	2.0	-0.5	3.3	-0.3
	II	0.4	1.3	0.9	-1.0	-5.3
	III	3.5	1.6	-1.9	0.7	-2.0
	IV	0.6	-1.1	-1.7	7.9	2.8
	ANNUAL	2.1	0.9	-1.2	2.5	-0.3
2008	I	r5.7	r-1.3	-6.7	r6.0	r1.7
	II	r0.2	-1.3	r-1.6	r3.3	r-1.6
Percent change from corresponding quarter of previous year						
2006	I	0.2	-0.1	-0.3	6.2	2.4
	II	-0.7	-0.6	0.1	3.5	-0.4
	III	-0.4	1.0	1.4	3.1	-0.2
	IV	1.8	0.9	-0.8	5.1	3.0
	ANNUAL	0.2	0.3	0.1	4.5	1.1
2007	I	2.1	0.5	-1.6	2.2	-0.2
	II	2.0	1.1	-0.9	2.7	0.1
	III	2.5	0.9	-1.5	2.3	-0.1
	IV	1.7	0.9	-0.8	2.7	-1.2
	ANNUAL	2.1	0.9	-1.2	2.5	-0.3
2008	I	r2.5	0.1	-2.4	r3.4	r-0.8
	II	r2.5	r-0.6	r-3.0	r4.5	r0.2

See footnotes following Table 6.

r=revised

September 4, 2008

Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporate sector: Productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor costs	Unit non-labor costs(6)	Total unit costs (7)	Unit profits (8)	Implicit price deflator (4)	
Indexes 1992=100											
2006	I	146.3	176.2	120.4	164.5	118.1	112.4	112.9	112.5	182.5	118.8
	II	146.0	176.5	120.9	164.5	117.0	112.6	114.4	113.1	183.1	119.4
	III	147.0	178.5	121.5	165.1	116.3	112.3	114.2	112.8	193.0	120.0
	IV	146.0	177.8	121.8	167.8	118.7	114.9	116.2	115.3	173.9	120.5
	ANNUAL	146.3	177.3	121.1	165.5	117.5	113.1	114.4	113.4	183.1	119.7
2007	I	146.2	177.8	121.7	170.3	119.4	116.5	117.2	116.7	171.8	121.6
	II	147.4	179.7	121.9	171.3	118.7	116.2	117.4	116.5	172.5	121.5
	III	148.1	180.9	122.1	172.5	118.7	116.5	117.8	116.8	166.8	121.3
	IV	148.8	181.7	122.1	175.0	119.0	117.6	118.9	117.9	155.9	121.3
	ANNUAL	147.6	180.0	122.0	172.3	119.0	116.7	117.9	117.0	166.7	121.4
2008	I	r148.7	r181.1	121.8	r176.2	r118.6	r118.5	r119.0	r118.6	r150.3	121.5
	II	150.8	182.8	121.3	177.9	118.2	118.0	119.7	118.4	140.0	120.4
Percent change from previous quarter at annual rate(5)											
2006	I	4.4	7.0	2.4	8.3	6.3	3.7	-0.6	2.5	12.1	3.7
	II	-0.9	0.8	1.7	0.0	-3.5	0.9	5.3	2.1	1.4	2.0
	III	2.7	4.7	1.9	1.5	-2.5	-1.2	-0.5	-1.0	23.3	2.1
	IV	-2.6	-1.6	1.0	6.9	8.5	9.7	6.9	9.0	-34.1	1.7
	ANNUAL	2.1	4.4	2.2	3.6	0.3	1.5	1.4	1.4	12.2	2.8
2007	I	0.4	0.0	-0.3	6.1	2.4	5.7	3.6	5.1	-4.7	3.8
	II	3.4	4.3	0.8	2.2	-2.3	-1.2	0.8	-0.7	1.7	-0.4
	III	1.8	2.6	0.7	2.8	0.1	1.0	1.3	1.0	-12.5	-0.8
	IV	1.9	1.9	0.0	5.9	0.9	3.9	3.9	3.9	-23.7	0.2
	ANNUAL	0.9	1.6	0.7	4.1	1.3	3.2	3.0	3.2	-9.0	1.5
2008	I	r-0.2	r-1.4	-1.1	r2.9	r-1.3	r3.2	r0.3	r2.4	r-13.6	0.5
	II	5.6	3.8	-1.7	3.7	-1.2	-1.8	2.4	-0.7	-24.7	-3.6
Percent change from corresponding quarter of previous year											
2006	I	3.2	5.9	2.6	4.1	0.4	0.9	1.4	1.0	17.1	3.0
	II	1.6	3.9	2.3	3.7	-0.2	2.0	2.7	2.2	9.8	3.2
	III	2.9	5.2	2.2	2.6	-0.7	-0.3	-1.3	-0.6	26.8	2.6
	IV	0.9	2.7	1.8	4.1	2.1	3.2	2.7	3.1	-2.0	2.4
	ANNUAL	2.1	4.4	2.2	3.6	0.3	1.5	1.4	1.4	12.2	2.8
2007	I	-0.1	1.0	1.1	3.6	1.1	3.7	3.8	3.7	-5.9	2.4
	II	1.0	1.8	0.8	4.1	1.4	3.1	2.7	3.0	-5.8	1.8
	III	0.7	1.3	0.6	4.5	2.1	3.7	3.1	3.6	-13.6	1.1
	IV	1.9	2.2	0.3	4.3	0.3	2.3	2.4	2.3	-10.3	0.7
	ANNUAL	0.9	1.6	0.7	4.1	1.3	3.2	3.0	3.2	-9.0	1.5
2008	I	r1.7	r1.8	0.1	r3.5	r-0.7	r1.7	r1.6	1.7	r-12.5	-0.1
	II	2.3	1.7	-0.5	3.8	-0.4	1.5	2.0	1.7	-18.8	-0.9

See footnotes following Table 6.  
r=revised

September 4, 2008  
Source: Bureau of Labor Statistics

**SOURCES:** Output data are from the Bureau of Economic Analysis and the Census Bureau of the U.S. Department of Commerce; the Bureau of Labor Statistics, U.S. Department of Labor; and the Federal Reserve Board. Compensation and hours data are from the Bureau of Labor Statistics and the Bureau of Economic Analysis.

**RELIABILITY:** Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published within 40 days of the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the third publication (second revision) of a quarterly index of output per hour of all persons has differed from the initial value by between  $-1.5$  and  $+1.3$  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 2008.

### Footnotes, Tables 1-6

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) The change for recent quarters is based on the Consumer Price Index for all urban consumers (CPI-U). The trend from 1978-2007 is based on the Consumer Price Index research series (CPI-U-RS).
- (3) Unit nonlabor payments include profits, consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, business current transfer payments, rental income of persons, and the current surplus of government enterprises.
- (4) Current dollar output divided by the output index.
- (5) Quarterly changes: Percent change compounded at annual rate is calculated using index numbers to three decimal places. Indexes published in the news release are rounded to one decimal place for convenience. Annual changes: Percent change is calculated using annual average indexes to three decimal places.
- (6) Unit nonlabor costs include consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, and business current transfer payments.
- (7) Total unit costs are the sum of unit labor and nonlabor costs.
- (8) Unit profits include corporate profits before tax with inventory valuation and capital consumption adjustments.