

News

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PRODUCTIVITY AND COSTS Third Quarter 2004, 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 third quarter of 2004. The seasonally adjusted annual rates of productivity growth in the third quarter were:

2.4 percent in the business sector, and
1.8 percent in the nonfarm business sector.

In both sectors, changes in productivity are similar to the preliminary estimates published November 4. Output and hours were revised upwards in both sectors.

In manufacturing, revised productivity increases in the third quarter were:

4.6 percent in manufacturing,
4.8 percent in durable goods manufacturing, and
5.4 percent in nondurable goods manufacturing.

Productivity in the manufacturing sector rose more rapidly than was reported on Nov. 4. Both output and hours were revised up with the revisions to output larger than those to hours. Output and hours in manufacturing, which includes about 13 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors. 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 8).

Table A. Productivity and costs: Revised third-quarter 2004 measures (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	2.4	4.5	2.0	4.0	2.1	1.5
Nonfarm business	1.8	4.2	2.4	3.6	1.8	1.8
Manufacturing	4.6	4.5	-0.1	4.6	2.7	0.0
Durable	4.8	6.4	1.6	4.0	2.1	-0.8
Nondurable	5.4	2.4	-2.8	5.4	3.5	0.0
Percent change from same quarter a year ago						
Business	2.9	4.4	1.5	4.0	1.2	1.1
Nonfarm business	3.1	4.7	1.5	4.0	1.2	0.8
Manufacturing	4.7	5.9	1.2	3.2	0.4	-1.5
Durable	5.2	8.0	2.7	2.3	-0.5	-2.8
Nondurable	4.7	3.4	-1.3	4.5	1.7	-0.2

Business

From the second quarter to the third quarter of 2004, business sector productivity rose at an annual rate of 2.4 percent, as output increased 4.5 percent and hours of all persons engaged in the sector rose 2.0 percent (table 1). The hours increase was the largest since a 2.4-percent rise in the third quarter of 1999. Output per hour had increased 2.9 percent in the second quarter.

Business sector hourly compensation increased 4.0 percent during the third quarter of 2004, following a 5.2-percent increase in the second quarter (as revised). 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, rose 2.1 percent in the third quarter of 2004.

Unit labor costs increased 1.5 percent in the third quarter of 2004, less than the 2.3-percent rise in the second quarter. The implicit price deflator for the business sector, which reflects changes both in unit labor costs and in unit nonlabor payments, rose at a 0.9 percent annual rate in the third quarter of 2004.

Nonfarm business

Output per hour of all persons in the nonfarm business sector rose 1.8 percent during the third quarter of 2004, as output grew 4.2 percent and hours of all persons increased 2.4 percent (table 2). Output had also increased 4.2 percent in the second quarter, but because hours rose less, 0.3 percent, nonfarm productivity increased more, 3.9 percent. The 2.4-percent increase in hours was the largest since the third quarter of 1999, when they increased 2.6 percent.

Hourly compensation grew 3.6 percent in the third quarter of 2004, less than the 5.9-percent increase in the previous quarter. When the rise in consumer prices is taken into account, real hourly compensation rose 1.8 percent in the third quarter of 2004.

Unit labor costs rose 1.8 percent in the third quarter, similar to the previous quarter, when they rose 1.9 percent. The implicit price deflator for nonfarm business increased 1.6 percent in the third quarter of 2004.

Manufacturing

Productivity increased 4.6 percent in manufacturing in the third quarter of 2004, as output increased 4.5 percent and hours of all persons edged down 0.1 percent (seasonally adjusted annual rates). In durable goods industries, productivity increased 4.8 percent, reflecting increases of 6.4 percent in output and 1.6 percent in hours. Productivity increased slightly more in the nondurable goods industries, 5.4 percent, as output rose 2.4 percent and hours fell 2.8 percent (tables 3, 4, and 5).

The hourly compensation of all manufacturing workers rose 4.6 percent during the third quarter of 2004. In durable goods manufacturing, hourly compensation increased 4.0 percent and in nondurable goods manufacturing it grew 5.4 percent. When the increase in consumer prices is taken into account, real hourly compensation for all manufacturing workers rose 2.7 percent in the third quarter.

Unit labor costs in manufacturing remained unchanged in the third quarter after falling 1.4 percent in the previous quarter. Unit labor costs declined 0.8 percent in durable goods manufacturing in the third quarter, and were unchanged in nondurable goods manufacturing.

Nonfinancial Corporations

Third-quarter 2004 measures of productivity and costs also were released for nonfinancial corporations (tables B and 6). Output per all-employee hour grew at a 4.2 percent annual rate, faster than the 3.3 percent increase in the previous quarter. Output increased 5.6 percent in the third quarter, and hours of all employees rose 1.3 percent (seasonally adjusted annual rates). The nonfinancial corporate sector includes 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: Third-quarter 2004 productivity and cost measures (Seasonally adjusted annual rates)								
Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
2003 III	4.2	5.6	1.3	4.0	2.1	-0.3	0.9	0.3
Percent change from same quarter a year ago								
2003 III	3.1	4.8	1.7	4.0	1.2	0.8	13.5	1.6

Hourly compensation in nonfinancial corporations increased 4.0 percent in the third quarter, down from the second quarter increase of 5.5 percent. When the rise in consumer prices is taken into account, real hourly compensation increased 2.1 percent in the third quarter.

Unit labor costs for the sector declined 0.3 percent in third quarter 2004. Unit nonlabor costs rose 1.4 percent, while unit profits rose at a 0.9 percent annual rate in the third quarter. As a result of these movements, the implicit price deflator for the output of nonfinancial corporations—which reflects a weighted average of these three measures—increased 0.3 percent.

Revised Measures

Current and previous measures for the second and third quarters of 2004 for the business, nonfarm business, and manufacturing sectors are compared in table C. In the third quarter, business sector productivity growth was revised up 0.1 percentage point when output was revised up more than hours. Conversely, productivity was revised down in the nonfarm business sector, as output was revised up less than hours. Unit labor costs in the business sector showed the same 1.5 percent increase in the third quarter as reported previously, while unit labor costs in nonfarm business rose slightly faster than reported on Nov. 4. In manufacturing, an upward revision to output raised the third-quarter gain in productivity to 4.6 percent. Because the revision to productivity was largely offset by an upward revision to hourly compensation, unit labor costs were revised only slightly, and now show no change from the previous quarter.

Table C. Previous and revised productivity and related measures: Quarterly percent change at seasonally adjusted annual rate						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Third quarter 2004						
Business:						
Previous.....	2.3	4.2	1.9	3.8	2.0	1.5
Revised.....	2.4	4.5	2.0	4.0	2.1	1.5
Nonfarm business:						
Previous.....	1.9	4.1	2.1	3.6	1.7	1.6
Revised.....	1.8	4.2	2.4	3.6	1.8	1.8
Manufacturing:						
Previous.....	4.3	4.0	-0.3	4.4	2.5	0.1
Revised.....	4.6	4.5	-0.1	4.6	2.7	0.0
Second quarter 2004						
Business:						
Previous.....	2.9	3.9	1.0	4.3	-0.4	1.4
Revised.....	2.9	3.9	1.0	5.2	0.5	2.3
Nonfarm business:						
Previous.....	3.9	4.2	0.3	4.9	0.2	1.0
Revised.....	3.9	4.2	0.3	5.9	1.1	1.9
Manufacturing:						
Previous.....	8.3	6.7	-1.4	3.8	-0.9	-4.2
Revised.....	8.3	6.7	-1.4	6.8	2.0	-1.4

The second-quarter 2004 measures of hourly compensation, real hourly compensation, and unit labor costs were revised to reflect new information on compensation. In the business and nonfarm business sectors, hourly compensation and unit labor costs show larger increases than previously reported; real hourly compensation rose instead of fell in the business sector. In manufacturing, hourly compensation increased sharply in the second quarter, and real hourly compensation rose rather than fell, after revision. Manufacturing unit labor costs decreased less during the second quarter of 2004 than previously reported.

Revised measures: Nonfinancial corporations

Measures for the nonfinancial corporate sector also were revised to reflect updated information on output and employee compensation during the second quarter of 2004 (table D). With hours unchanged, productivity was revised upwards along with output. An upward revision to compensation implied larger increases in hourly compensation and real hourly compensation. Because the revision to compensation was greater than to output, unit labor costs increased more in the second quarter than previously reported.

Table D. Nonfinancial corporations: Previous and revised productivity and cost measures Quarterly percent changes at seasonally adjusted annual rates								
	Produc- tivity	Output	Hours	Hourly compen- sation	Real hourly compen- sation	Unit labor costs	Unit profits	Implicit price deflator
Second quarter 2004								
Previous	2.7	3.7	0.9	4.7	0.0	1.9	21.7	3.8
Revised	3.3	4.2	0.9	5.5	0.7	2.2	21.1	3.8

Upcoming change

Early in 2005, BLS will improve the way it uses data for farm workers, the nonfarm self employed, and nonfarm unpaid family workers in the productivity program by accounting for the effects of multiple jobholding.

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Thursday, February 5, 2005**. Preliminary fourth-quarter and annual 2004 measures will be released at that time. Quarterly measures for the manufacturing sector will reflect the annual revision to the index of industrial production.

Scheduled release dates for productivity and costs measures for major sectors of the U.S. economy in 2005 are:

<u>Reference period</u>	<u>2005 release date</u>
2004:	
Fourth quarter, Annual	February 3
Fourth quarter, Annual (revised)	March 3
2005:	
First quarter	May 5
First quarter (revised)	June 2
Second quarter	August 9
Second quarter (revised)	September 7
Third quarter	November 3
Third quarter (revised)	December 6

These dates are based on presently available schedules for the release of underlying source data in 2005. Each issue of *Productivity and Costs* contains a "Next release date" paragraph that readers should use to confirm the dates above.

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 years prior to 2001. 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.

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

Annual indexes for manufacturing and its durable and nondurable goods components are constructed by deflating current-dollar industry value of production data from the U.S. Bureau of the Census with deflators from the BEA. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System, adjusted to be consistent

with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 3-digit NAICS industries: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing. Nondurables include: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

Nonfinancial corporate output is an annual-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; private households; unincorporated business; and those corporations classified as offices of bank holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 54 percent of the value of GDP in 2000.

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

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5606; Federal Relay Service number: 1-800-877-8339.

Table 1. Business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	Unit non-labor payments (3)	Implicit price deflator (4)	

Indexes 1992=100									
2002	I	122.7	142.2	115.9	143.2	115.2	116.7	113.4	115.5
	II	123.2	142.9	116.0	144.4	115.2	117.2	113.6	115.9
	III	124.7	144.3	115.7	145.0	115.0	116.3	115.7	116.1
	IV	125.0	144.7	115.7	145.5	114.8	116.3	116.8	116.5
	ANNUAL	123.9	143.5	115.8	144.5	115.0	116.6	114.9	116.0
2003	I	126.2	145.5	115.3	147.4	115.3	116.8	117.7	117.1
	II	128.6	147.5	114.7	149.6	116.8	116.4	119.0	117.3
	III	131.2	150.8	114.9	151.7	117.7	115.6	120.8	117.5
	IV	132.0	152.3	115.4	153.2	118.7	116.0	120.7	117.8
	ANNUAL	129.5	149.0	115.1	150.5	117.1	116.2	119.6	117.4
2004	I	133.3	154.3	115.8	154.2	118.4	115.7	122.9	118.4
	II	134.2	155.8	116.1	r156.2	r118.6	r116.4	r124.4	119.4
	III	135.0	r157.5	116.6	r157.7	r119.2	r116.8	r124.3	119.6

Percent change from previous quarter at annual rate(5)									
2002	I	5.9	3.5	-2.3	4.9	3.5	-1.0	1.0	-0.3
	II	1.7	2.1	0.4	3.4	-0.1	1.7	1.0	1.4
	III	4.8	3.8	-1.0	1.6	-0.7	-3.1	7.3	0.7
	IV	1.2	1.2	0.0	1.3	-0.6	0.0	3.8	1.4
	ANNUAL	4.3	1.8	-2.4	3.2	1.5	-1.1	4.5	0.9
2003	I	3.9	2.2	-1.6	5.5	1.7	1.6	3.1	2.1
	II	7.6	5.6	-1.9	6.1	5.4	-1.4	4.5	0.8
	III	8.5	9.3	0.7	5.6	3.1	-2.6	6.3	0.7
	IV	2.4	4.2	1.7	4.0	3.3	1.6	-0.4	0.8
	ANNUAL	4.5	3.8	-0.7	4.1	1.8	-0.4	4.1	1.3
2004	I	3.9	5.3	1.3	2.8	-0.8	-1.1	7.4	2.1
	II	2.9	3.9	1.0	r5.2	r0.5	r2.3	r5.0	3.3
	III	r2.4	r4.5	r2.0	r4.0	r2.1	1.5	0.0	0.9

Percent change from corresponding quarter of previous year									
2002	I	4.9	0.8	-3.9	3.2	1.9	-1.6	6.6	1.2
	II	4.0	1.1	-2.8	3.4	2.1	-0.6	3.5	0.9
	III	4.9	2.8	-2.0	3.3	1.6	-1.6	5.0	0.8
	IV	3.4	2.7	-0.7	2.8	0.5	-0.6	3.2	0.8
	ANNUAL	4.3	1.8	-2.4	3.2	1.5	-1.1	4.5	0.9
2003	I	2.9	2.3	-0.6	2.9	0.1	0.0	3.8	1.4
	II	4.4	3.2	-1.1	3.6	1.4	-0.7	4.7	1.3
	III	5.3	4.5	-0.7	4.6	2.4	-0.6	4.4	1.3
	IV	5.6	5.3	-0.3	5.3	3.4	-0.3	3.4	1.1
	ANNUAL	4.5	3.8	-0.7	4.1	1.8	-0.4	4.1	1.3
2004	I	5.6	6.1	0.5	4.6	2.7	-0.9	4.4	1.1
	II	4.4	5.6	1.2	r4.4	r1.5	r0.0	r4.5	1.7
	III	2.9	4.4	1.5	r4.0	r1.2	r1.1	r2.9	1.8

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	Unit non-labor payments (3)	Implicit price deflator (4)	

Indexes 1992=100									
2002	I	122.4	142.6	116.5	142.6	114.7	116.4	115.1	116.0
	II	122.8	143.2	116.7	143.8	114.7	117.1	115.4	116.5
	III	124.1	144.5	116.4	144.3	114.4	116.2	117.7	116.8
	IV	124.6	145.0	116.4	144.7	114.3	116.1	118.9	117.2
	ANNUAL	123.5	143.9	116.5	143.8	114.5	116.5	116.8	116.6
2003	I	125.8	145.9	116.0	146.6	114.7	116.6	119.6	117.7
	II	127.8	147.8	115.6	148.7	116.1	116.3	120.4	117.8
	III	130.6	151.1	115.7	150.9	117.1	115.5	122.3	118.0
	IV	131.7	152.8	116.1	152.5	118.2	115.9	121.9	118.1
	ANNUAL	129.0	149.4	115.8	149.7	116.5	116.1	121.1	117.9
2004	I	132.8	155.0	116.7	153.3	117.7	115.4	124.3	118.7
	II	134.1	156.5	116.7	r155.5	r118.0	r115.9	r125.7	119.6
	III	134.7	r158.2	117.4	r156.9	r118.5	r116.5	r126.0	120.0

Percent change from previous quarter at annual rate(5)									
2002	I	6.9	4.0	-2.7	5.5	4.1	-1.4	1.6	-0.3
	II	1.1	1.7	0.6	3.4	-0.1	2.3	1.0	1.8
	III	4.5	3.6	-0.9	1.5	-0.8	-2.9	8.0	1.0
	IV	1.6	1.4	-0.2	1.2	-0.6	-0.3	4.2	1.3
	ANNUAL	4.4	1.8	-2.5	3.3	1.6	-1.1	4.7	1.0
2003	I	3.7	2.4	-1.3	5.3	1.5	1.6	2.4	1.9
	II	6.7	5.3	-1.4	5.7	5.0	-1.0	2.9	0.5
	III	9.0	9.3	0.3	6.1	3.6	-2.7	6.3	0.6
	IV	3.1	4.6	1.4	4.4	3.6	1.2	-1.2	0.3
	ANNUAL	4.4	3.8	-0.6	4.1	1.7	-0.4	3.7	1.1
2004	I	3.7	5.7	2.0	2.0	-1.6	-1.6	8.0	2.0
	II	3.9	4.2	0.3	r5.9	r1.1	r1.9	r4.6	2.9
	III	r1.8	r4.2	r2.4	3.6	r1.8	r1.8	r1.2	1.6

Percent change from corresponding quarter of previous year									
2002	I	5.1	0.9	-4.0	3.2	2.0	-1.8	6.7	1.2
	II	4.0	1.0	-2.9	3.5	2.2	-0.5	3.4	0.9
	III	4.8	2.6	-2.1	3.4	1.7	-1.3	5.2	1.0
	IV	3.5	2.7	-0.8	2.9	0.6	-0.6	3.7	1.0
	ANNUAL	4.4	1.8	-2.5	3.3	1.6	-1.1	4.7	1.0
2003	I	2.7	2.3	-0.5	2.9	0.0	0.1	3.9	1.5
	II	4.1	3.2	-0.9	3.4	1.2	-0.7	4.4	1.2
	III	5.2	4.6	-0.7	4.6	2.4	-0.6	3.9	1.1
	IV	5.6	5.4	-0.2	5.4	3.4	-0.2	2.5	0.8
	ANNUAL	4.4	3.8	-0.6	4.1	1.7	-0.4	3.7	1.1
2004	I	5.6	6.2	0.6	4.5	2.6	-1.0	3.9	0.8
	II	4.9	6.0	1.0	r4.6	r1.7	r-0.3	r4.4	1.5
	III	3.1	4.7	1.5	r4.0	r1.2	r0.8	r3.1	1.7

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	

Indexes 1992=100							
2002	I	143.8	130.5	90.7	144.1	115.9	100.2
	II	145.7	131.8	90.4	147.0	117.2	100.8
	III	147.8	132.4	89.5	148.6	117.8	100.5
	IV	148.8	131.3	88.2	149.9	118.3	100.7
	ANNUAL	146.5	131.5	89.7	147.4	117.3	100.6
2003	I	151.0	131.3	87.0	155.7	121.8	103.1
	II	152.1	130.1	85.6	158.5	123.8	104.2
	III	156.0	131.5	84.3	161.6	125.5	103.6
	IV	157.2	133.5	84.9	163.9	127.0	104.2
	ANNUAL	154.1	131.6	85.4	159.9	124.5	103.8
2004	I	158.3	135.5	85.6	162.2	124.5	102.5
	II	161.5	137.8	85.3	r164.9	r125.2	r102.1
	III	r163.3	r139.3	85.3	r166.7	r126.0	r102.1

Percent change from previous quarter at annual rate(5)							
2002	I	10.0	2.5	-6.9	14.2	12.7	3.8
	II	5.4	4.0	-1.3	8.2	4.5	2.6
	III	5.9	1.7	-3.9	4.5	2.1	-1.3
	IV	2.8	-3.1	-5.7	3.5	1.6	0.7
	ANNUAL	7.0	-0.6	-7.1	6.7	5.0	-0.3
2003	I	6.0	0.1	-5.6	16.6	12.3	10.0
	II	2.9	-3.6	-6.3	7.4	6.7	4.4
	III	10.6	4.3	-5.7	8.1	5.6	-2.2
	IV	3.3	6.2	2.8	5.7	4.9	2.3
	ANNUAL	5.1	0.1	-4.8	8.5	6.1	3.2
2004	I	2.7	6.2	3.4	-4.1	-7.4	-6.6
	II	8.3	6.7	-1.4	r6.8	r2.0	r-1.4
	III	r4.6	r4.5	r-0.1	r4.6	r2.7	r0.0

Percent change from corresponding quarter of previous year							
2002	I	6.6	-3.4	-9.4	4.1	2.8	-2.4
	II	7.3	-1.1	-7.9	7.0	5.6	-0.3
	III	8.0	0.9	-6.6	8.2	6.5	0.2
	IV	6.0	1.2	-4.5	7.5	5.1	1.4
	ANNUAL	7.0	-0.6	-7.1	6.7	5.0	-0.3
2003	I	5.0	0.6	-4.2	8.1	5.1	2.9
	II	4.4	-1.3	-5.4	7.9	5.6	3.3
	III	5.5	-0.6	-5.8	8.8	6.5	3.1
	IV	5.6	1.7	-3.8	9.4	7.3	3.5
	ANNUAL	5.1	0.1	-4.8	8.5	6.1	3.2
2004	I	4.8	3.2	-1.5	4.2	2.3	-0.6
	II	6.2	5.9	-0.3	r4.0	r1.1	r-2.0
	III	r4.7	r5.9	r1.2	r3.2	r0.4	r-1.5

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	

Indexes 1992=100							
2002	I	161.4	152.6	94.6	142.2	114.4	88.1
	II	163.9	154.7	94.4	145.2	115.8	88.6
	III	167.0	155.9	93.4	146.4	116.1	87.7
	IV	170.5	156.1	91.5	147.7	116.6	86.6
	ANNUAL	165.7	154.8	93.5	145.4	115.7	87.7
2003	I	173.6	156.6	90.2	154.9	121.1	89.2
	II	175.0	155.1	88.7	157.9	123.3	90.2
	III	181.5	158.3	87.2	161.2	125.1	88.8
	IV	183.3	161.9	88.3	163.4	126.5	89.1
	ANNUAL	178.3	158.0	88.6	159.3	124.0	89.3
2004	I	185.2	165.7	89.5	160.4	123.1	86.6
	II	r188.7	r168.3	89.2	r163.2	r123.9	r86.5
	III	r190.9	r170.9	89.5	r164.8	r124.5	r86.3

Percent change from previous quarter at annual rate(5)							
2002	I	11.7	2.8	-8.0	8.4	7.0	-2.9
	II	6.3	5.5	-0.7	8.6	5.0	2.2
	III	7.9	3.3	-4.3	3.5	1.1	-4.1
	IV	8.7	0.4	-7.6	3.6	1.7	-4.7
	ANNUAL	8.3	-0.7	-8.3	5.6	3.9	-2.5
2003	I	7.4	1.4	-5.6	20.8	16.4	12.5
	II	3.1	-3.9	-6.8	8.0	7.3	4.7
	III	15.8	8.4	-6.3	8.7	6.1	-6.1
	IV	4.1	9.4	5.1	5.5	4.7	1.3
	ANNUAL	7.6	2.0	-5.2	9.6	7.1	1.8
2004	I	4.3	9.9	5.4	-7.1	-10.4	-10.9
	II	7.7	6.3	-1.3	r7.4	r2.5	r-0.3
	III	r4.8	r6.4	r1.6	r4.0	r2.1	r-0.8

Percent change from corresponding quarter of previous year							
2002	I	7.1	-4.9	-11.2	3.3	2.0	-3.6
	II	8.3	-1.8	-9.3	6.0	4.7	-2.0
	III	9.2	1.2	-7.3	7.0	5.2	-2.0
	IV	8.6	3.0	-5.2	6.0	3.7	-2.4
	ANNUAL	8.3	-0.7	-8.3	5.6	3.9	-2.5
2003	I	7.6	2.6	-4.6	8.9	5.9	1.2
	II	6.8	0.3	-6.1	8.7	6.5	1.9
	III	8.7	1.5	-6.6	10.1	7.7	1.3
	IV	7.5	3.7	-3.5	10.6	8.5	2.9
	ANNUAL	7.6	2.0	-5.2	9.6	7.1	1.8
2004	I	6.7	5.8	-0.8	3.5	1.7	-3.0
	II	7.9	8.5	0.6	r3.4	r0.5	r-4.1
	III	5.2	8.0	r2.7	r2.3	r-0.5	r-2.8

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs

Indexes 1992=100						
2002	I	126.1	107.2	85.0	146.2	117.6
	II	127.5	107.8	84.5	148.8	118.7
	III	128.5	107.7	83.8	151.2	119.9
	IV	126.9	105.7	83.3	152.5	120.4
	ANNUAL	127.3	107.1	84.2	149.6	119.1
2003	I	128.2	105.3	82.1	155.9	121.9
	II	129.0	104.4	81.0	158.3	123.6
	III	130.4	104.3	80.0	161.1	125.0
	IV	131.5	105.0	79.9	163.3	126.5
	ANNUAL	129.8	104.8	80.7	159.6	124.2
2004	I	132.0	105.5	79.9	163.9	125.9
	II	134.8	107.2	79.6	r166.2	r126.1
	III	r136.6	r107.9	79.0	r168.4	r127.2

Percent change from previous quarter at annual rate(5)						
2002	I	7.4	2.0	-5.1	26.5	24.9
	II	4.6	2.2	-2.3	7.2	3.6
	III	3.2	-0.2	-3.3	6.6	4.1
	IV	-4.9	-7.3	-2.5	3.7	1.8
	ANNUAL	4.8	-0.6	-5.2	9.3	7.5
2003	I	4.2	-1.5	-5.5	9.1	5.1
	II	2.3	-3.2	-5.5	6.3	5.7
	III	4.4	-0.4	-4.6	7.2	4.7
	IV	3.4	2.6	-0.7	5.6	4.8
	ANNUAL	2.0	-2.2	-4.1	6.7	4.3
2004	I	1.6	1.8	0.2	1.5	-2.0
	II	8.7	6.9	-1.7	r5.6	r0.8
	III	r5.4	r2.4	-2.8	r5.4	r3.5

Percent change from corresponding quarter of previous year						
2002	I	5.0	-1.7	-6.4	6.2	5.0
	II	5.3	-0.4	-5.4	9.2	7.9
	III	6.2	0.5	-5.4	10.9	9.2
	IV	2.5	-0.9	-3.3	10.6	8.2
	ANNUAL	4.8	-0.6	-5.2	9.3	7.5
2003	I	1.7	-1.8	-3.4	6.6	3.6
	II	1.2	-3.1	-4.2	6.4	4.2
	III	1.5	-3.1	-4.5	6.6	4.3
	IV	3.6	-0.7	-4.1	7.1	5.1
	ANNUAL	2.0	-2.2	-4.1	6.7	4.3
2004	I	2.9	0.2	-2.7	5.2	3.3
	II	4.5	2.7	-1.7	r5.0	r2.1
	III	r4.7	r3.4	-1.3	r4.5	r1.7

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor costs	Unit non-labor costs(6)	Total unit costs (7)	Unit profits (8)	Implicit price deflator (4)	

Indexes 1992=100											
2002	I	126.3	149.7	118.5	139.9	112.6	110.8	114.0	111.6	89.1	109.6
	II	127.9	151.4	118.4	141.3	112.7	110.5	112.9	111.2	94.7	109.7
	III	129.2	152.3	117.9	142.1	112.7	110.0	112.7	110.7	95.7	109.4
	IV	130.2	153.1	117.6	142.9	112.8	109.7	112.3	110.4	101.8	109.6
	ANNUAL	128.4	151.6	118.1	141.5	112.7	110.2	113.0	111.0	95.4	109.6
2003	I	131.3	153.4	116.8	144.1	112.7	109.8	113.2	110.7	99.2	109.7
	II	134.1	156.1	116.4	146.3	114.2	109.1	111.4	109.7	111.0	109.8
	III	137.2	159.4	116.2	148.5	115.3	108.2	111.1	109.0	118.7	109.9
	IV	138.9	162.0	116.7	150.0	116.2	108.0	110.5	108.7	123.2	110.0
	ANNUAL	135.4	157.7	116.5	147.3	114.6	108.8	111.5	109.5	113.2	109.8
2004	I	138.9	163.2	117.5	150.9	115.9	108.6	109.5	108.8	128.1	110.6
	II	r140.1	r164.9	117.7	r152.9	r116.1	r109.2	r109.9	109.4	r134.3	111.6
	III	141.5	167.2	118.1	154.4	116.7	109.1	110.3	109.4	134.6	111.7

Percent change from previous quarter at annual rate(5)											
2002	I	7.9	5.7	-2.0	1.7	0.4	-5.8	-7.3	-6.2	90.8	-1.6
	II	4.9	4.8	-0.1	4.0	0.4	-0.9	-3.7	-1.7	27.4	0.2
	III	4.1	2.3	-1.7	2.3	0.0	-1.7	-0.9	-1.5	4.5	-1.0
	IV	3.4	2.1	-1.2	2.2	0.3	-1.1	-1.4	-1.2	28.1	0.9
	ANNUAL	4.4	1.5	-2.8	3.1	1.4	-1.3	-0.2	-1.0	15.4	0.1
2003	I	3.2	0.6	-2.5	3.6	-0.2	0.4	3.0	1.1	-10.0	0.1
	II	9.1	7.4	-1.5	6.2	5.5	-2.6	-6.2	-3.6	56.4	0.5
	III	9.4	8.8	-0.6	6.2	3.6	-3.0	-1.0	-2.5	30.8	0.2
	IV	5.0	6.7	1.6	4.2	3.4	-0.8	-2.1	-1.2	16.1	0.4
	ANNUAL	5.4	4.0	-1.3	4.0	1.7	-1.3	-1.3	-1.3	18.7	0.2
2004	I	0.1	2.9	2.8	2.3	-1.3	2.1	-3.5	0.6	16.9	2.1
	II	r3.3	r4.2	0.9	r5.5	r0.7	r2.2	r1.3	1.9	r21.1	3.8
	III	4.2	5.6	1.3	4.0	2.1	-0.3	1.4	0.2	0.9	0.3

Percent change from corresponding quarter of previous year											
2002	I	3.4	-1.1	-4.3	3.2	2.0	-0.2	4.0	0.9	1.5	1.0
	II	4.2	0.8	-3.2	3.4	2.1	-0.8	0.6	-0.4	8.4	0.2
	III	5.0	2.5	-2.4	3.1	1.4	-1.8	-1.7	-1.8	20.6	-0.4
	IV	5.1	3.7	-1.3	2.5	0.3	-2.4	-3.3	-2.7	34.3	-0.4
	ANNUAL	4.4	1.5	-2.8	3.1	1.4	-1.3	-0.2	-1.0	15.4	0.1
2003	I	3.9	2.5	-1.4	3.0	0.1	-0.9	-0.8	-0.8	11.3	0.1
	II	4.9	3.1	-1.7	3.6	1.4	-1.3	-1.4	-1.3	17.2	0.1
	III	6.2	4.7	-1.5	4.5	2.3	-1.6	-1.4	-1.6	23.9	0.4
	IV	6.6	5.8	-0.8	5.0	3.1	-1.5	-1.6	-1.6	20.9	0.3
	ANNUAL	5.4	4.0	-1.3	4.0	1.7	-1.3	-1.3	-1.3	18.7	0.2
2004	I	5.9	6.4	0.5	4.7	2.8	-1.1	-3.2	-1.7	29.1	0.8
	II	r4.4	r5.6	1.2	r4.5	r1.6	r0.1	r-1.3	-0.3	r21.1	1.6
	III	3.1	4.8	1.7	4.0	1.2	0.8	-0.7	0.4	13.5	1.6

See footnotes following Table 6.
r=revised

December 7, 2004
Source: Bureau of Labor Statistics

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

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published within 40 days of the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the third publication (second revision) of a quarterly index of output per hour of all persons has differed from the initial value by between -1.4 and +1.4 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 second quarter of 2004.

Footnotes, Tables 1-6

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) The change for recent quarters is based on the Consumer Price Index for all urban consumers (CPI-U). The trend from 1978-2003 is based on the Consumer Price Index research series (CPI-U-RS).
- (3) Unit nonlabor payments include profits, consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, business current transfer payments, rental income of persons, and the current surplus of government enterprises.
- (4) Current dollar output divided by the output index.
- (5) Quarterly changes: Percent change compounded at annual rate from the original data rather than index numbers. Annual changes: Percent change between annual average levels.
- (6) Unit nonlabor costs include consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, and business current transfer payments.
- (7) Total unit costs are the sum of unit labor and nonlabor costs.
- (8) Unit profits include corporate profits before tax with inventory valuation and capital consumption adjustments.