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PRODUCTIVITY AND COSTS

Preliminary Fourth Quarter and
Annual Averages for 2007

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 fourth quarter and for the full year 2007. The seasonally adjusted annual rates of productivity change in the fourth quarter and the annual average changes were:

	Fourth quarter	Annual averages 2006-2007
Business sector	0.6	1.6
Nonfarm business sector	1.8	1.6

In the fourth quarter of 2007, productivity increased 0.6 percent in the business sector, with output increasing 0.2 percent and hours decreasing 0.5 percent. In the nonfarm business sector, productivity rose 1.8 percent as output grew 0.4 percent and hours fell 1.5 percent. When the annual averages for 2007 were compared with annual averages for 2006, productivity rose 1.6 percent in the business and nonfarm business sectors—slightly more than the 1.0 percent gain in both sectors from 2005 to 2006.

In the manufacturing sector, increases in productivity were:

	Fourth quarter	Annual averages 2006-2007
Manufacturing sector	2.5	2.9
Durable goods manufacturing	4.6	4.3
Nondurable goods manufacturing	-0.9	1.1

Manufacturing productivity grew at a 2.5 percent annual rate in the fourth quarter, as output fell but hours fell faster. On an annual average basis, output per hour in the manufacturing sector posted a 2.9 percent increase in 2007. Output and hours in manufacturing,

The data in this release do not reflect the annual benchmark revision of the BLS Current Employment Statistics program data released on February 1, 2008. This benchmark will be incorporated in our next release on March 5, 2008.

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. Fourth-quarter productivity and related measures are summarized in table A, and annual average data in table B. Detailed information is presented in tables 1 through 5.

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	0.6	0.2	-0.5	2.8	-1.4	2.2
Nonfarm business	1.8	0.4	-1.5	3.9	-0.3	2.1
Manufacturing	2.5	-1.9	-4.3	4.2	-0.1	1.7
Durable	4.6	-1.5	-5.9	5.2	0.9	0.6
Nondurable	-0.9	-2.4	-1.5	2.6	-1.6	3.5
Percent change from same quarter a year ago						
Business	2.7	2.6	-0.1	3.8	-0.2	1.1
Nonfarm business	2.6	2.6	0.0	3.7	-0.3	1.0
Manufacturing	2.6	1.8	-0.8	3.1	-0.9	0.5
Durable	4.1	2.8	-1.3	3.1	-0.9	-1.0
Nondurable	0.7	0.7	0.0	3.3	-0.7	2.6

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).

THIRD-TO-FOURTH QUARTER CHANGES, 2007

Business

Productivity in the business sector increased by 0.6 percent in the fourth quarter of 2007, reflecting an increase of 0.2 percent in output and a decrease of 0.5 percent in hours of all persons (seasonally adjusted annual rates). Output per hour had risen 6.5 percent in the third quarter of 2007, as output rose 5.7 percent and hours fell 0.7 percent. When the fourth quarter of

2007 is compared to the fourth quarter of 2006, business sector productivity grew 2.7 percent—the same as the average rate of growth for the 2000-2006 period.

Hourly compensation grew 2.8 percent in the fourth quarter of 2007, down from a 4.4 percent increase one quarter earlier. 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, decreased 1.4 percent in the fourth quarter of 2007. Consumer prices increased at a 4.3 percent annual rate in the fourth quarter of 2007, contributing to the decline in real hourly compensation.

Unit labor costs, which relate hourly compensation to output per hour, increased 2.2 percent in the fourth quarter of 2007 after falling 2.0 percent in the third quarter and 1.1 percent in the second quarter.

Nonfarm business

In the nonfarm business sector, productivity rose 1.8 percent in the fourth quarter of 2007, as output grew 0.4 percent and hours of all persons—employees, proprietors, and unpaid family workers—fell 1.5 percent (seasonally adjusted annual rates). Productivity grew 6.0 percent in the third quarter of 2007 as output rose 5.6 percent and hours fell 0.3 percent (table 2). During the four-quarter period ending with the fourth quarter of 2007, nonfarm business sector productivity grew 2.6 percent—similar to the 2.7 percent average rate of growth from 2000 to 2006.

Hourly compensation in the nonfarm business sector rose 3.9 percent in the fourth quarter of 2007 following a 4.0 percent increase in the third quarter. When the 4.3 percent increase in consumer prices was taken into account, real hourly compensation edged down 0.3 percent during the fourth quarter of 2007 (seasonally-adjusted annual rates).

Unit labor costs rose 2.1 percent in the fourth quarter of 2007, after declining 1.9 percent in the third quarter and 1.1 percent the second quarter. The implicit price deflator for nonfarm business output rose 1.6 percent in the fourth quarter after rising 0.1 percent one quarter earlier.

Manufacturing

Manufacturing productivity grew 2.5 percent in the fourth quarter of 2007 as output declined 1.9 percent and hours dropped 4.3 percent (seasonally adjusted annual rates). The decrease in hours was the largest since the third quarter of 2003, when hours fell 6.0 percent. In the third quarter of 2007, manufacturing productivity increased 4.0 percent, reflecting a 3.9 percent rise in output and a 0.1 percent decrease in hours (table 3). In the durable goods manufacturing sector, productivity rose 4.6 percent in the fourth quarter of 2007, as output declined 1.5 percent and hours fell 5.9 percent (table 4). In the nondurable goods sector, productivity, output and hours all fell in the fourth quarter; output per hour declined 0.9 percent, output decreased 2.4 percent and hours declined 1.5 percent (table 5).

Hourly compensation of all manufacturing workers increased 4.2 percent during the fourth quarter of 2007, reflecting increases of 5.2 percent in durable goods industries and 2.6

percent in nondurable goods industries. When the increase in consumer prices was taken into account, real hourly compensation in total manufacturing decreased 0.1 percent in the fourth quarter.

Unit labor costs for the manufacturing sector rose 1.7 percent in fourth-quarter 2007 following declines of 2.9 percent in the third quarter and 3.7 percent in the second quarter. Unit labor costs rose 0.6 percent in durable goods manufacturing and 3.5 percent in nondurable goods industries in the fourth quarter.

ANNUAL AVERAGE CHANGES, 2006-2007

Business and Nonfarm business

When annual averages for 2007 were compared with annual averages for 2006, labor productivity increased 1.6 percent in both the business and nonfarm business sectors (table B). Productivity grew at 1.0 percent in both sectors from 2005 to 2006. From 2000 to 2005, output per hour grew at an average annual rate of 3.1 percent in the business sector and 3.0 percent in the nonfarm business sector. Between 1990 and 2000, productivity rose 2.1 percent per year in the business sector and 2.0 percent per year in nonfarm businesses.

Measure	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Business:										
Productivity	2.8	3.1	2.9	2.6	4.1	3.8	2.9	2.0	1.0	1.6
Output	4.8	5.1	3.9	0.3	1.5	3.1	4.2	3.6	3.1	2.3
Hours	2.0	2.0	1.0	-2.2	-2.5	-0.7	1.3	1.6	2.1	0.7
Hourly compensation.....	6.1	4.9	7.1	4.2	3.5	4.1	3.7	4.0	3.9	4.8
Real hourly compensation	4.6	2.7	3.7	1.4	1.9	1.7	1.1	0.6	0.6	1.9
Unit labor costs	3.2	1.8	4.1	1.6	-0.5	0.2	0.9	2.0	2.9	3.1
Nonfarm Business:										
Productivity	2.8	2.9	2.8	2.5	4.1	3.7	2.7	1.9	1.0	1.6
Output	5.0	5.2	3.8	0.4	1.5	3.1	4.1	3.6	3.2	2.3
Hours	2.1	2.2	1.0	-2.0	-2.6	-0.6	1.4	1.6	2.2	0.7
Hourly compensation.....	6.0	4.7	7.2	4.0	3.6	4.0	3.6	4.0	3.9	4.8
Real hourly compensation	4.5	2.5	3.7	1.2	2.0	1.7	0.9	0.7	0.6	1.8
Unit labor costs	3.1	1.8	4.2	1.5	-0.5	0.3	0.9	2.0	2.9	3.1
Manufacturing:										
Productivity	5.4	4.4	4.1	1.6	6.9	6.2	2.1	4.8	4.0	2.9
Output	5.2	3.8	2.7	-5.1	-0.7	1.0	1.8	3.5	4.9	2.0
Hours	-0.2	-0.6	-1.3	-6.5	-7.1	-4.9	-0.3	-1.2	0.9	-1.0
Hourly compensation.....	5.8	3.9	9.2	2.3	7.3	7.0	2.0	4.2	2.5	4.6
Real hourly compensation	4.4	1.8	5.7	-0.5	5.6	4.7	-0.6	0.8	-0.8	1.7
Unit labor costs	0.4	-0.5	4.9	0.7	0.3	0.8	-0.1	-0.6	-1.5	1.6

In 2007, hourly compensation increased 4.8 percent in both the business and nonfarm business sectors, following 3.9 percent gains in both sectors during 2006. Real hourly compensation increased 1.9 percent in the business sector and 1.8 percent in the nonfarm business sector during 2007 and 0.6 percent in both sectors during 2006.

Unit labor costs increased 3.1 percent in both the business and nonfarm sectors in 2007—more than in any year since 2000, when unit labor costs increased 4.1 percent and 4.2 percent in the business and nonfarm business sectors, respectively.

Manufacturing

In manufacturing, labor productivity rose 2.9 percent in 2007, less than the 4.2 percent average annual rate from 2000 through 2006. Output increased 2.0 percent and hours decreased 1.0 percent in 2007 (table B). There was a 4.3 percent increase in durable goods manufacturing productivity in 2007, as output rose 2.9 percent and hours fell 1.4 percent. In nondurable goods manufacturing, output per hour increased 1.1 percent; output rose 0.9 percent and hours edged down 0.2 percent.

The hourly compensation of manufacturing workers increased 4.6 percent in 2007, slightly more than the average annual growth rate of 4.2 percent for the 2000–2006 time period. In 2007, hourly compensation rose 4.9 percent in durable goods manufacturing and 4.1 percent in nondurable goods manufacturing. Taking into account the rise in consumer prices, real hourly compensation in total manufacturing rose 1.7 percent in 2007 after decreasing 0.8 percent the previous year.

Unit labor costs in manufacturing increased 1.6 percent in 2007, a reversal from the 1.5 percent decline in 2006. In the durable goods manufacturing sector unit labor costs edged up 0.6 percent in 2007 following a 2.9 percent decline in 2006. Unit labor costs in nondurable goods industries rose 3.0 percent in 2007 after declining 0.5 percent in 2006.

Revised Measures

Current and previous measures for the third quarter of 2007 for the business, nonfarm business, and manufacturing sectors are compared in table C. In both the business and nonfarm business sectors, productivity growth was lower than reported on Dec. 5. In the business sector, productivity growth was revised down from 6.7 percent to 6.5 percent due to an upward revision to hours; output was unchanged. Nonfarm business sector productivity was also revised down—from 6.3 percent to 6.0 percent—reflecting both a downward revision to output and an upward revision to hours.

In both the business and nonfarm business sectors, hourly compensation grew less than previously reported. Unit labor costs were similar to those previously reported for both the business and nonfarm business sectors, as downward revisions to productivity were coupled with downward revisions to hourly compensation.

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 2007						
Business:						
Previous	6.7	5.7	-1.0	4.7	2.7	-2.0
Revised.....	6.5	5.7	-0.7	4.4	2.4	-2.0
Nonfarm business:						
Previous	6.3	5.7	-0.6	4.2	2.3	-2.0
Revised.....	6.0	5.6	-0.3	4.0	2.0	-1.9
Manufacturing:						
Previous	5.0	4.5	-0.5	1.5	-0.3	-3.3
Revised.....	4.0	3.9	-0.1	1.0	-0.8	-2.9

In the manufacturing sector productivity was revised down in the third quarter, reflecting a downward revision to output and an upward revision to hours. Unit labor costs fell less than previously reported as the downward revision to productivity was partially offset by a downward revision to hourly compensation.

Revised measures: Nonfinancial Corporations

Revised third-quarter productivity and costs measures for nonfinancial corporations also were announced today. In the third quarter of 2007, productivity grew less than reported on Dec. 5, reflecting a small downward revision to output and a slightly larger upward revision to hours. Unit labor costs were revised up as the downward revision to productivity was larger than the downward revision to hourly compensation (table D).

Table D. Nonfinancial corporations: Previous and revised productivity and cost measures Quarterly percent changes at seasonally adjusted annual rates								
	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Third quarter 2007								
Previous	4.2	4.7	0.5	4.4	2.5	0.2	-10.1	-1.5
Revised	3.7	4.6	0.8	4.1	2.2	0.4	-11.0	-1.6

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 A.M. EST, Wednesday, March 5, 2008**. Revised fourth-quarter and annual average measures for business, nonfarm business, and manufacturing will be released at that time. This release will incorporate the annual benchmark revision to the employment levels in the BLS establishment survey data that were released February 1. All employment and hours series will incorporate new information on seasonal patterns.

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)

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	123.1
	II	134.3	158.5	118.0	161.7	119.4	120.4	123.9
	III	135.9	160.6	118.2	164.2	119.6	120.8	125.0
	IV	135.5	161.0	118.8	165.4	119.4	122.0	126.1
	ANNUAL	135.0	159.3	118.0	163.2	119.7	120.9	124.5
2006	I	136.4	163.2	119.6	168.2	120.9	123.4	127.0
	II	136.6	164.2	120.2	168.1	119.3	123.0	128.0
	III	136.1	164.4	120.8	168.7	118.9	124.0	128.7
	IV	136.5	165.5	121.2	173.4	122.8	127.0	128.9
	ANNUAL	136.4	164.3	120.5	169.6	r120.5	124.3	128.2
2007	I	136.6	165.6	121.2	175.7	123.3	128.6	130.2
	II	137.8	167.3	121.5	176.8	122.2	128.3	130.9
	III	r140.0	r169.7	r121.2	r178.6	r122.9	r127.6	r131.0
	IV	140.2	169.7	121.1	179.9	122.5	128.3	131.8
	ANNUAL	138.6	168.1	121.3	177.7	122.7	128.2	131.0
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
	II	-0.3	3.3	3.6	0.7	-3.1	1.0	5.1
	III	4.9	5.5	0.6	6.2	0.7	1.3	7.1
	IV	-1.1	1.0	2.1	2.9	-0.5	4.0	3.1
	ANNUAL	2.0	3.6	1.6	4.0	0.6	2.0	4.9
2006	I	2.5	5.5	2.9	7.2	5.1	4.6	0.0
	II	0.8	2.5	1.7	-0.4	-5.1	-1.2	10.7
	III	-1.5	0.6	2.2	1.6	-1.6	3.1	0.5
	IV	1.2	2.6	1.4	11.4	13.8	10.1	-12.4
	ANNUAL	1.0	3.1	2.1	3.9	0.6	2.9	2.9
2007	I	0.2	0.2	0.0	5.5	1.6	5.3	2.1
	II	3.6	4.4	0.8	2.4	-3.3	-1.1	7.7
	III	r6.5	5.7	r-0.7	r4.4	r2.4	-2.0	r4.1
	IV	0.6	0.2	-0.5	2.8	-1.4	2.2	2.3
	ANNUAL	1.6	2.3	0.7	4.8	1.9	3.1	0.8
Percent change from corresponding quarter of previous year								
2005	I	2.5	3.8	1.2	5.0	1.9	2.4	4.1
	II	1.5	3.5	2.0	3.8	0.9	2.3	3.6
	III	2.4	3.9	1.5	4.0	0.3	1.6	5.8
	IV	1.6	3.4	1.7	3.2	-0.5	1.6	6.1
	ANNUAL	2.0	3.6	1.6	4.0	0.6	2.0	4.9
2006	I	1.5	3.8	2.3	4.2	0.5	2.7	3.8
	II	1.7	3.6	1.8	3.9	0.0	2.2	5.1
	III	0.2	2.4	2.2	2.8	-0.6	2.6	3.5
	IV	0.7	2.8	2.1	4.8	2.8	4.1	-0.6
	ANNUAL	1.0	3.1	2.1	3.9	0.6	2.9	2.9
2007	I	0.2	1.5	1.3	4.4	1.9	4.3	-0.1
	II	0.8	1.9	1.1	5.2	2.4	4.3	-0.8
	III	r2.8	3.2	r0.4	5.9	r3.4	3.0	r0.1
	IV	2.7	2.6	-0.1	3.8	-0.2	1.1	4.0
	ANNUAL	1.6	2.3	0.7	4.8	1.9	3.1	0.8

See footnotes following Table 6.
r=revised

February 6, 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									
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	r119.7	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	136.6	167.6	122.7	175.4	121.2	128.4	136.3	131.3
	III	r138.6	r169.9	r122.6	r177.1	r121.9	r127.8	r137.5	r131.3
	IV	139.2	170.1	122.2	178.8	121.8	128.4	137.8	131.9
	ANNUAL	137.6	168.4	122.4	176.5	121.9	128.3	136.4	131.3
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	2.2	4.2	2.0	1.0	-4.7	-1.1	7.4	2.1
	III	r6.0	r5.6	r-0.3	r4.0	r2.0	r-1.9	r3.4	r0.1
	IV	1.8	0.4	-1.5	3.9	-0.3	2.1	1.0	1.6
	ANNUAL	1.6	2.3	0.7	4.8	1.8	3.1	0.0	1.9
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	0.7	2.0	1.2	5.0	2.3	4.2	-1.7	1.9
	III	r2.6	3.2	0.5	r5.7	3.3	3.0	r-0.8	1.5
	IV	2.6	2.6	0.0	3.7	-0.3	1.0	3.2	1.8
	ANNUAL	1.6	2.3	0.7	4.8	1.8	3.1	0.0	1.9

See footnotes following Table 6.
r=revised

February 6, 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							
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	r122.5	96.8
2007	I	181.5	152.9	84.3	180.2	126.4	99.3
	II	182.6	154.6	84.7	179.6	124.2	98.4
	III	r184.4	r156.1	r84.7	r180.1	r123.9	r97.7
	IV	185.5	155.3	83.7	181.9	123.9	98.1
	ANNUAL	183.5	154.7	84.3	180.4	124.6	98.3
----- 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	2.4	4.4	2.0	-1.4	-6.9	-3.7
	III	r4.0	r3.9	r-0.1	r1.0	r-0.8	r-2.9
	IV	2.5	-1.9	-4.3	4.2	-0.1	1.7
	ANNUAL	2.9	2.0	-1.0	4.6	1.7	1.6
----- 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	3.1	2.0	-1.1	5.6	2.8	2.4
	III	r2.5	r1.8	r-0.7	r5.5	r3.1	r2.9
	IV	2.6	1.8	-0.8	3.1	-0.9	0.5
	ANNUAL	2.9	2.0	-1.0	4.6	1.7	1.6

See footnotes following Table 6.
r=revisedFebruary 6, 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							
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	r119.6	81.2
2007	I	212.3	188.7	88.9	176.5	123.8	83.1
	II	215.1	192.1	89.3	175.9	121.6	81.8
	III	r217.8	r195.0	r89.5	r176.0	r121.1	r80.8
	IV	220.3	194.3	88.2	178.3	121.4	80.9
	ANNUAL	216.4	192.5	89.0	176.7	122.0	81.7

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	5.2	7.3	2.0	-1.4	-6.9	-6.2
	III	r5.2	r6.3	r1.0	r0.2	r-1.7	r-4.8
	IV	4.6	-1.5	-5.9	5.2	0.9	0.6
	ANNUAL	4.3	2.9	-1.4	4.9	2.0	0.6

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	4.6	2.6	-1.9	6.1	3.4	1.4
	III	r3.7	r2.8	r-0.8	r5.8	r3.3	r2.0
	IV	4.1	2.8	-1.3	3.1	-0.9	-1.0
	ANNUAL	4.3	2.9	-1.4	4.9	2.0	0.6

See footnotes following Table 6.
r=revisedFebruary 6, 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							
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	r126.3	117.7
2007	I	152.4	117.8	77.3	184.8	129.7	121.2
	II	152.1	118.2	77.7	184.1	127.3	121.1
	III	r153.3	r118.6	r77.3	r185.3	r127.5	r120.8
	IV	153.0	117.8	77.0	186.4	127.0	121.9
	ANNUAL	152.7	118.1	77.3	185.2	127.8	121.2
----- 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	-0.8	1.2	2.1	-1.5	-7.0	-0.6
	III	r3.3	r1.3	r-1.9	r2.5	r0.6	r-0.8
	IV	-0.9	-2.4	-1.5	2.6	-1.6	3.5
	ANNUAL	1.1	0.9	-0.2	4.1	1.2	3.0
----- 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	0.9	1.2	0.3	4.7	1.9	3.7
	III	r1.1	r0.5	r-0.6	r5.0	r2.6	r3.8
	IV	0.7	0.7	0.0	3.3	-0.7	2.6
	ANNUAL	1.1	0.9	-0.2	4.1	1.2	3.0

See footnotes following Table 6.
r=revisedFebruary 6, 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											
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	r117.5	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	144.3	176.3	122.1	172.1	119.0	119.3	114.8	118.0	158.2	121.6
	III	r145.6	r178.3	r122.4	r173.9	r119.7	r119.4	r114.2	r118.0	r153.6	r121.2
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	2.1	2.9	0.8	2.3	-3.5	0.2	0.5	0.3	10.4	1.4
	III	r3.7	r4.6	r0.8	r4.1	r2.2	r0.4	r-2.0	-0.3	r-11.0	r-1.6
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	1.8	2.8	1.0	5.0	2.2	3.2	0.4	2.4	-4.1	1.6
	III	r1.9	2.7	0.7	r5.6	r3.2	3.6	0.3	2.7	r-11.0	1.0

See footnotes following Table 6.
r=revised

February 6, 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 $+1.4$ 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 third 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 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.