

Transmission of material in this release is embargoed until
8:30 a.m. (EDT) Wednesday, September 5, 2012

USDL-12-1795

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PRODUCTIVITY AND COSTS

Second Quarter 2012, Revised

Nonfarm business sector labor productivity increased at a 2.2 percent annual rate during the second quarter of 2012, the U.S. Bureau of Labor Statistics reported today. The increase in productivity reflects increases of 2.4 percent in output and 0.1 percent in hours worked. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the second quarter of 2011 to the second quarter of 2012, productivity increased 1.2 percent as output and hours worked rose 3.0 percent and 1.7 percent, respectively. (See chart 1 and table A.)

Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours worked of all persons, including employees, proprietors, and unpaid family workers. The measures released today were based on more recent source data than were available for the preliminary report.

Chart 1. Output per hour, nonfarm business, all persons, 2008Q1 – 2012Q2

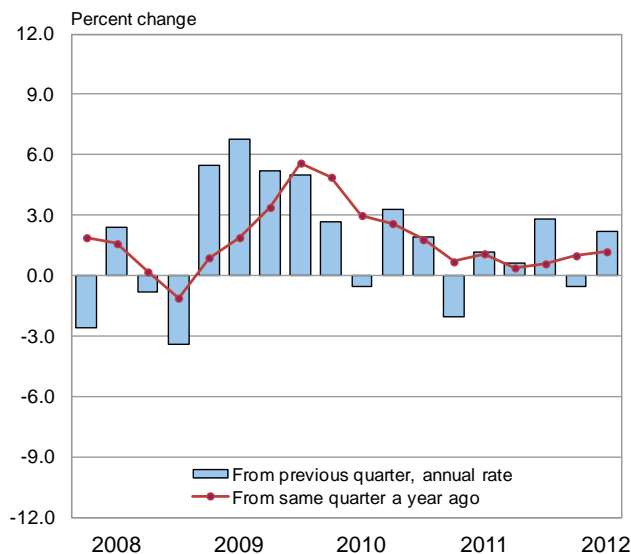
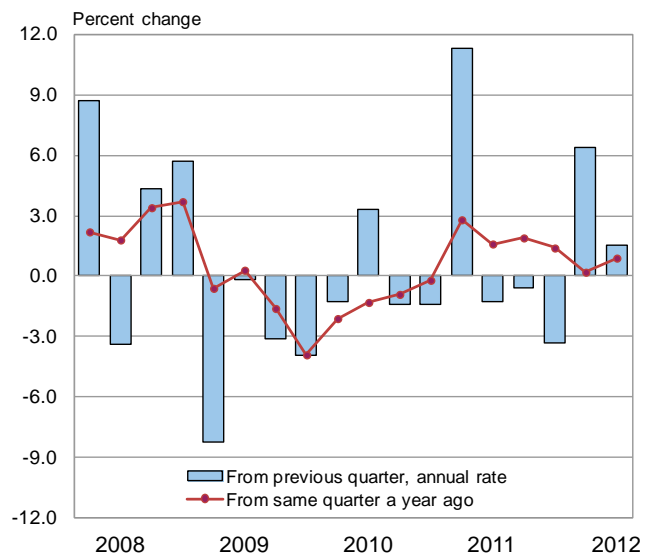


Chart 2. Unit labor costs, nonfarm business, all persons, 2008Q1 – 2012Q2



Unit labor costs in nonfarm businesses increased 1.5 percent in the second quarter of 2012, while hourly compensation increased 3.7 percent. Unit labor costs rose 0.9 percent over the last four quarters. (See chart 2 and table A.)

BLS defines unit labor costs as the ratio of hourly compensation to labor productivity; increases in hourly compensation tend to increase unit labor costs and increases in output per hour tend to reduce them.

Manufacturing sector productivity rose 0.1 percent in the second quarter of 2012, as output grew 1.5 percent and hours worked increased 1.4 percent. Productivity increased 3.7 percent in the durable goods sector in contrast to the decrease of 3.8 percent in the nondurable goods sector. Over the last four quarters, manufacturing productivity increased 2.9 percent, as output increased 5.5 percent and hours rose 2.6 percent. **Unit labor costs in manufacturing** rose 0.8 percent in the second quarter of 2012 and decreased 2.4 percent from the same quarter a year ago. (See tables A and 3.)

Preliminary second-quarter 2012 measures of productivity and costs were announced for the **nonfinancial corporate sector**. Productivity increased 2.1 percent in the second quarter of 2012, as output and hours rose 2.5 percent and 0.4 percent, respectively. (See tables C and 6.)

The concepts, sources, and methods used for the manufacturing and nonfinancial corporate output series differ from those used in the business and nonfarm business output series; these output measures are not directly comparable. See Technical Notes for a more detailed explanation. (See page 4.)

Revised measures

The measures released today are based on more recent source data than were available for the preliminary report. Tables B and C present previous and revised productivity and related measures for the major sectors: nonfarm business, business, and manufacturing, as well as nonfinancial corporations.

In the **second quarter of 2012**, nonfarm business productivity increased 2.2 percent, rather than 1.6 percent as reported August 8. The revised figure reflects both an upward revision to output and a downward revision to hours worked. Hourly compensation increased 3.7 percent, a larger gain than previously reported. Because the upward revision to hourly compensation was smaller than the upward revision to productivity, the increase in unit labor costs was revised down to 1.5 percent. In the manufacturing sector, productivity growth was revised down due to a slight downward revision to output. Unit labor costs increased 0.8 percent, more than previously reported.

In the **first quarter of 2012**, nonfarm business and manufacturing productivity were unrevised from the August 8 release. For both sectors an upward revision in compensation accounted for the upward revision to unit labor costs.

Nonfinancial corporate sector productivity grew at a 1.6 percent annual rate in the first quarter of 2012, reflecting an upward revision to output. (See table C.)

The preliminary Productivity and Costs press release for third-quarter 2012 is scheduled to be released on Thursday, November 1, 2012 at 8:30 a.m. (EDT).

Table A. Revised second-quarter 2012 measures: percent change from previous quarter, at annual rate (Q to Q) and from same quarter a year ago (Y to Y)

| Sector | Nonfarm Business | | Business | | Manufacturing | | Durable Manufacturing | | Nondurable Manufacturing | |
|--------------------------|------------------|--------|------------|--------|---------------|--------|-----------------------|--------|--------------------------|--------|
| | Q to Q | Y to Y | Q to Q | Y to Y | Q to Q | Y to Y | Q to Q | Y to Y | Q to Q | Y to Y |
| Productivity | 2.2 | 1.2 | 2.5 | 1.3 | 0.1 | 2.9 | 3.7 | 6.1 | -3.8 | -0.2 |
| Output | 2.4 | 3.0 | 2.6 | 3.1 | 1.5 | 5.5 | 5.4 | 9.5 | -2.8 | 1.2 |
| Hours | 0.1 | 1.7 | 0.1 | 1.8 | 1.4 | 2.6 | 1.6 | 3.2 | 1.0 | 1.5 |
| Hourly compensation | 3.7 | 2.2 | 3.7 | 2.1 | 0.9 | 0.4 | 0.4 | 0.3 | 2.0 | 0.5 |
| Real hourly compensation | 2.9 | 0.3 | 2.9 | 0.2 | 0.2 | -1.4 | -0.4 | -1.5 | 1.3 | -1.4 |
| Unit labor costs | 1.5 | 0.9 | 1.2 | 0.8 | 0.8 | -2.4 | -3.2 | -5.4 | 6.1 | 0.7 |

Table B. Revised and previous measures: second quarter and first quarter 2012

| Sector | Nonfarm Business | | Business | | Manufacturing | | Durable Manufacturing | | Nondurable Manufacturing | |
|--|------------------|----------|-------------|----------|---------------|----------|-----------------------|----------|--------------------------|----------|
| | Revised | Previous | Revised | Previous | Revised | Previous | Revised | Previous | Revised | Previous |
| Percent change, annual rate, second quarter 2012 | | | | | | | | | | |
| Productivity | 2.2 | 1.6 | 2.5 | 1.9 | 0.1 | 0.2 | 3.7 | 4.3 | -3.8 | -4.0 |
| Output | 2.4 | 2.0 | 2.6 | 2.3 | 1.5 | 1.7 | 5.4 | 6.2 | -2.8 | -3.4 |
| Hours | 0.1 | 0.4 | 0.1 | 0.4 | 1.4 | 1.4 | 1.6 | 1.9 | 1.0 | 0.7 |
| Hourly compensation | 3.7 | 3.3 | 3.7 | 3.3 | 0.9 | 0.5 | 0.4 | -0.8 | 2.0 | 2.8 |
| Real hourly compensation | 2.9 | 2.6 | 2.9 | 2.6 | 0.2 | -0.3 | -0.4 | -1.5 | 1.3 | 2.1 |
| Unit labor costs | 1.5 | 1.7 | 1.2 | 1.4 | 0.8 | 0.3 | -3.2 | -4.9 | 6.1 | 7.2 |
| Percent change, annual rate, first quarter 2012 | | | | | | | | | | |
| Productivity | -0.5 | -0.5 | -0.6 | -0.6 | 5.5 | 5.5 | 10.9 | 10.9 | -0.1 | -0.1 |
| Output | 2.7 | 2.7 | 2.7 | 2.7 | 10.1 | 10.1 | 16.3 | 16.3 | 3.6 | 3.5 |
| Hours | 3.2 | 3.2 | 3.3 | 3.3 | 4.4 | 4.4 | 4.8 | 4.8 | 3.7 | 3.7 |
| Hourly compensation | 5.8 | 5.1 | 5.6 | 4.9 | 6.7 | 5.1 | 8.2 | 5.2 | 3.9 | 4.9 |
| Real hourly compensation | 3.3 | 2.6 | 3.1 | 2.4 | 4.2 | 2.6 | 5.6 | 2.6 | 1.4 | 2.3 |
| Unit labor costs | 6.4 | 5.6 | 6.3 | 5.6 | 1.2 | -0.4 | -2.5 | -5.2 | 4.0 | 5.0 |

Table C. Nonfinancial corporations: preliminary second-quarter 2012 and revised first-quarter 2012

| | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
|--|--------------|------------|------------|---------------------|--------------------------|------------------|--------------|-------------------------|
| Percent change, annual rate, second quarter 2012 | | | | | | | | |
| Q to Q | 2.1 | 2.5 | 0.4 | 2.9 | 2.1 | 0.8 | 9.1 | 1.4 |
| Y to Y | 1.1 | 3.1 | 2.0 | 2.0 | 0.1 | 0.9 | 3.8 | 1.1 |
| Percent change, annual rate, first quarter 2012 | | | | | | | | |
| Revised | 1.6 | 5.1 | 3.4 | 6.0 | 3.5 | 4.3 | -2.1 | 1.7 |
| Previous | 1.2 | 4.7 | 3.4 | 5.4 | 2.8 | 4.1 | -1.8 | 1.7 |

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 75 percent of the value of GDP in 2011. Nonfarm business, which excludes farming, accounted for about 74 percent of GDP in 2011.

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 49 percent of the value of GDP in 2011.

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: The measure includes accrued wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. 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 percent changes from the previous quarter presented at a compound annual rate, as percent changes from the corresponding quarter of the previous year, and as index number series where 2005=100. 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, 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 nonlabor payments (3) | Implicit price deflator (4) |
|--|--------------------------------|---------|----------------------|---------------------------|--------------------------------|------------------|----------------------------|-----------------------------|
| ----- | | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | | |
| 2012 II | 2.5 r | 2.6 r | 0.1 r | 3.7 r | 2.9 r | 1.2 r | 2.0 r | 1.5 r |
| I | -0.6 | 2.7 | 3.3 | 5.6 r | 3.1 r | 6.3 r | -4.2 r | 1.7 |
| 2011 ANNUAL | 0.4 | 2.4 | 1.9 | 2.6 | -0.5 | 2.2 | 2.3 | 2.2 |
| 2011 IV | 2.9 | 5.4 | 2.5 | -0.6 | -1.9 | -3.4 | 4.5 | -0.1 |
| III | 0.5 | 1.7 | 1.2 | -0.3 | -3.4 | -0.8 | 9.7 | 3.5 |
| II | 1.1 | 2.9 | 1.8 | 0.2 | -4.0 | -0.9 | 8.8 | 3.0 |
| I | -2.5 | -0.5 | 2.1 | 8.9 | 4.1 | 11.7 | -10.4 | 1.9 |
| 2010 ANNUAL | 3.0 | 3.0 | 0.0 | 2.0 | 0.3 | -1.0 | 5.3 | 1.5 |
| 2010 IV | 1.5 | 3.4 | 1.9 | 0.3 | -2.6 | -1.1 | 7.5 | 2.4 |
| III | 3.2 | 4.7 | 1.4 | 2.0 | 0.6 | -1.1 | 5.8 | 1.7 |
| II | -0.6 | 2.9 | 3.5 | 2.5 | 2.8 | 3.1 | -0.1 | 1.8 |
| I | 2.2 | 3.1 | 0.9 | 1.1 | 0.2 | -1.1 | 4.9 | 1.4 |
| ----- | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 2012 II | 1.3 r | 3.1 r | 1.8 r | 2.1 r | 0.2 r | 0.8 r | 2.9 r | 1.7 r |
| I | 0.9 | 3.2 | 2.2 | 1.2 r | -1.6 r | 0.2 r | 4.6 r | 2.0 |
| 2011 ANNUAL | 0.4 | 2.4 | 1.9 | 2.6 | -0.5 | 2.2 | 2.3 | 2.2 |
| 2011 IV | 0.5 | 2.4 | 1.9 | 2.0 | -1.3 | 1.5 | 2.8 | 2.1 |
| III | 0.1 | 1.9 | 1.8 | 2.2 | -1.5 | 2.1 | 3.6 | 2.7 |
| II | 0.8 | 2.6 | 1.8 | 2.8 | -0.5 | 2.0 | 2.6 | 2.3 |
| I | 0.4 | 2.6 | 2.2 | 3.4 | 1.2 | 3.0 | 0.5 | 1.9 |
| 2010 ANNUAL | 3.0 | 3.0 | 0.0 | 2.0 | 0.3 | -1.0 | 5.3 | 1.5 |
| 2010 IV | 1.5 | 3.5 | 1.9 | 1.5 | 0.2 | -0.1 | 4.5 | 1.8 |
| III | 2.4 | 3.9 | 1.4 | 1.6 | 0.4 | -0.8 | 5.1 | 1.6 |
| II | 3.1 | 2.9 | -0.2 | 1.7 | -0.1 | -1.4 | 5.9 | 1.5 |
| I | 5.0 | 1.6 | -3.2 | 2.6 | 0.3 | -2.2 | 6.2 | 1.1 |
| ----- | | | | | | | | |
| Indexes 2005=100 | | | | | | | | |
| 2012 II | 111.2 r | 107.4 r | 96.6 r | 120.9 r | 103.1 r | 108.7 r | 121.1 r | 113.6 r |
| I | 110.5 | 106.7 | 96.6 | 119.8 r | 102.4 r | 108.4 r | 120.5 r | 113.2 |
| 2011 ANNUAL | 110.0 | 104.6 | 95.1 | 118.4 | 102.8 | 107.7 | 118.7 | 112.0 |
| 2011 IV | 110.7 | 106.0 | 95.8 | 118.1 | 101.6 | 106.7 | 121.8 | 112.7 |
| III | 109.9 | 104.6 | 95.2 | 118.3 | 102.1 | 107.6 | 120.5 | 112.7 |
| II | 109.8 | 104.2 | 94.9 | 118.4 | 103.0 | 107.9 | 117.7 | 111.8 |
| I | 109.5 | 103.5 | 94.5 | 118.4 | 104.0 | 108.1 | 115.3 | 110.9 |
| 2010 ANNUAL | 109.5 | 102.2 | 93.3 | 115.4 | 103.3 | 105.4 | 116.0 | 109.6 |
| 2010 IV | 110.2 | 103.6 | 94.0 | 115.9 | 103.0 | 105.1 | 118.5 | 110.4 |
| III | 109.8 | 102.7 | 93.5 | 115.8 | 103.7 | 105.4 | 116.4 | 109.8 |
| II | 108.9 | 101.5 | 93.2 | 115.2 | 103.5 | 105.7 | 114.7 | 109.3 |
| I | 109.1 | 100.8 | 92.4 | 114.5 | 102.8 | 104.9 | 114.8 | 108.8 |
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See footnotes following Table 6.
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September 5, 2012
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 nonlabor payments (3) | Implicit price deflator (4) |
|--|--------------------------------|---------|----------------------|---------------------------|--------------------------------|------------------|----------------------------|-----------------------------|
| ----- | | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | | |
| 2012 II | 2.2 r | 2.4 r | 0.1 r | 3.7 r | 2.9 r | 1.5 r | 1.9 r | 1.7 r |
| I | -0.5 | 2.7 | 3.2 | 5.8 r | 3.3 r | 6.4 r | -4.0 r | 1.9 |
| 2011 ANNUAL | 0.7 | 2.6 | 1.9 | 2.7 | -0.5 | 2.0 | 1.8 | 1.9 |
| 2011 IV | 2.8 | 5.3 | 2.4 | -0.7 | -1.9 | -3.3 | 5.0 | 0.1 |
| III | 0.6 | 1.6 | 1.0 | 0.0 | -3.1 | -0.6 | 9.5 | 3.5 |
| II | 1.2 | 3.4 | 2.2 | -0.2 | -4.4 | -1.3 | 9.0 | 2.8 |
| I | -2.0 | -0.1 | 1.9 | 9.1 | 4.4 | 11.3 | -11.6 | 1.2 |
| 2010 ANNUAL | 3.1 | 3.1 | 0.0 | 2.0 | 0.4 | -1.0 | 4.9 | 1.4 |
| 2010 IV | 1.9 | 3.9 | 1.9 | 0.5 | -2.4 | -1.4 | 6.5 | 1.8 |
| III | 3.3 | 5.1 | 1.7 | 1.8 | 0.4 | -1.4 | 5.5 | 1.4 |
| II | -0.5 | 2.8 | 3.3 | 2.7 | 3.1 | 3.3 | -0.2 | 1.8 |
| I | 2.7 | 3.3 | 0.6 | 1.4 | 0.5 | -1.3 | 4.9 | 1.2 |
| ----- | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 2012 II | 1.2 r | 3.0 r | 1.7 r | 2.2 r | 0.3 r | 0.9 r | 3.0 r | 1.8 |
| I | 1.0 | 3.2 | 2.2 | 1.2 r | -1.6 r | 0.2 r | 4.7 r | 2.1 |
| 2011 ANNUAL | 0.7 | 2.6 | 1.9 | 2.7 | -0.5 | 2.0 | 1.8 | 1.9 |
| 2011 IV | 0.6 | 2.5 | 1.9 | 2.0 | -1.3 | 1.4 | 2.6 | 1.9 |
| III | 0.4 | 2.2 | 1.7 | 2.3 | -1.4 | 1.9 | 3.0 | 2.3 |
| II | 1.1 | 3.0 | 1.9 | 2.7 | -0.6 | 1.6 | 2.0 | 1.8 |
| I | 0.7 | 2.9 | 2.2 | 3.5 | 1.3 | 2.8 | -0.2 | 1.6 |
| 2010 ANNUAL | 3.1 | 3.1 | 0.0 | 2.0 | 0.4 | -1.0 | 4.9 | 1.4 |
| 2010 IV | 1.8 | 3.7 | 1.9 | 1.6 | 0.4 | -0.2 | 4.2 | 1.6 |
| III | 2.6 | 4.1 | 1.5 | 1.7 | 0.5 | -0.9 | 4.7 | 1.4 |
| II | 3.0 | 2.9 | -0.2 | 1.7 | 0.0 | -1.3 | 5.7 | 1.5 |
| I | 4.9 | 1.5 | -3.2 | 2.7 | 0.4 | -2.1 | 5.8 | 1.0 |
| ----- | | | | | | | | |
| Indexes 2005=100 | | | | | | | | |
| 2012 II | 111.4 r | 107.5 r | 96.5 r | 121.1 r | 103.3 r | 108.7 r | 120.5 r | 113.3 r |
| I | 110.7 | 106.9 | 96.5 | 120.0 r | 102.6 r | 108.3 r | 119.9 r | 112.9 |
| 2011 ANNUAL | 110.2 | 104.7 | 95.1 | 118.6 | 102.9 | 107.6 | 117.9 | 111.7 |
| 2011 IV | 110.9 | 106.2 | 95.8 | 118.3 | 101.8 | 106.7 | 121.1 | 112.4 |
| III | 110.1 | 104.8 | 95.2 | 118.5 | 102.3 | 107.6 | 119.6 | 112.3 |
| II | 110.0 | 104.4 | 94.9 | 118.5 | 103.1 | 107.7 | 117.0 | 111.4 |
| I | 109.7 | 103.5 | 94.4 | 118.5 | 104.2 | 108.1 | 114.5 | 110.6 |
| 2010 ANNUAL | 109.4 | 102.0 | 93.3 | 115.5 | 103.4 | 105.6 | 115.8 | 109.6 |
| 2010 IV | 110.2 | 103.6 | 94.0 | 116.0 | 103.1 | 105.2 | 118.0 | 110.3 |
| III | 109.7 | 102.6 | 93.5 | 115.9 | 103.7 | 105.6 | 116.2 | 109.8 |
| II | 108.8 | 101.3 | 93.1 | 115.3 | 103.6 | 106.0 | 114.6 | 109.4 |
| I | 108.9 | 100.7 | 92.4 | 114.6 | 102.9 | 105.2 | 114.7 | 108.9 |
| ----- | | | | | | | | |

See footnotes following Table 6.
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September 5, 2012
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 |
|--|--------------------------------|---------|----------------------|---------------------------|--------------------------------|------------------|
| Percent change from previous quarter at annual rate(5) | | | | | | |
| 2012 II | 0.1 r | 1.5 r | 1.4 | 0.9 r | 0.2 r | 0.8 r |
| I | 5.5 | 10.1 | 4.4 | 6.7 r | 4.2 r | 1.2 r |
| 2011 ANNUAL | 2.5 | 4.8 | 2.2 | 2.6 | -0.5 | 0.1 |
| 2011 IV | 0.7 | 5.5 | 4.8 | -6.0 | -7.2 | -6.6 |
| III | 5.5 | 5.2 | -0.3 | 0.5 | -2.6 | -4.8 |
| II | -1.9 | 0.7 | 2.7 | -2.3 | -6.4 | -0.4 |
| I | 3.0 | 6.8 | 3.7 | 10.7 | 5.9 | 7.5 |
| 2010 ANNUAL | 6.4 | 6.4 | 0.0 | 1.1 | -0.5 | -5.0 |
| 2010 IV | 3.9 | 3.1 | -0.8 | 2.3 | -0.7 | -1.5 |
| III | 1.5 | 5.5 | 4.0 | 1.2 | -0.2 | -0.3 |
| II | 8.2 | 11.8 | 3.3 | 4.4 | 4.7 | -3.6 |
| I | 4.8 | 7.8 | 2.9 | -4.4 | -5.3 | -8.8 |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2012 II | 2.9 | 5.5 r | 2.6 | 0.4 r | -1.4 r | -2.4 r |
| I | 2.4 | 5.3 | 2.9 | -0.4 r | -3.1 r | -2.7 r |
| 2011 ANNUAL | 2.5 | 4.8 | 2.2 | 2.6 | -0.5 | 0.1 |
| 2011 IV | 1.8 | 4.5 | 2.7 | 0.5 | -2.7 | -1.2 |
| III | 2.6 | 3.9 | 1.3 | 2.7 | -1.0 | 0.1 |
| II | 1.6 | 4.0 | 2.4 | 2.9 | -0.4 | 1.3 |
| I | 4.1 | 6.8 | 2.5 | 4.6 | 2.4 | 0.4 |
| 2010 ANNUAL | 6.4 | 6.4 | 0.0 | 1.1 | -0.5 | -5.0 |
| 2010 IV | 4.6 | 7.0 | 2.3 | 0.8 | -0.4 | -3.6 |
| III | 5.3 | 7.9 | 2.4 | 0.9 | -0.3 | -4.1 |
| II | 8.0 | 8.3 | 0.2 | 0.9 | -0.9 | -6.6 |
| I | 7.7 | 2.5 | -4.8 | 1.8 | -0.5 | -5.5 |
| Indexes 2005=100 | | | | | | |
| 2012 II | 116.2 r | 100.6 r | 86.6 r | 119.4 r | 101.9 r | 102.8 r |
| I | 116.1 r | 100.3 r | 86.3 | 119.1 r | 101.8 r | 102.6 r |
| 2011 ANNUAL | 113.8 | 96.3 | 84.6 | 118.6 | 103.0 | 104.2 |
| 2011 IV | 114.6 | 97.9 | 85.4 | 117.2 | 100.8 | 102.3 |
| III | 114.4 | 96.6 | 84.4 | 119.0 | 102.7 | 104.0 |
| II | 112.9 | 95.4 | 84.5 | 118.9 | 103.4 | 105.3 |
| I | 113.4 | 95.2 | 83.9 | 119.6 | 105.1 | 105.4 |
| 2010 ANNUAL | 111.1 | 91.9 | 82.7 | 115.6 | 103.5 | 104.1 |
| 2010 IV | 112.6 | 93.7 | 83.2 | 116.6 | 103.6 | 103.5 |
| III | 111.5 | 93.0 | 83.3 | 115.9 | 103.8 | 103.9 |
| II | 111.1 | 91.7 | 82.5 | 115.6 | 103.8 | 104.0 |
| I | 108.9 | 89.2 | 81.9 | 114.3 | 102.6 | 104.9 |

See footnotes following Table 6.
r=revised

September 5, 2012
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 |
|--|--------------------------------|---------|----------------------|---------------------------|--------------------------------|------------------|
| ----- | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | |
| 2012 II | 3.7 r | 5.4 r | 1.6 r | 0.4 r | -0.4 r | -3.2 r |
| I | 10.9 | 16.3 | 4.8 | 8.2 r | 5.6 r | -2.5 r |
| 2011 ANNUAL | 3.8 | 7.8 | 3.9 | 2.9 | -0.2 | -0.8 |
| 2011 IV | 1.7 | 9.2 | 7.5 | -8.0 | -9.1 | -9.5 |
| III | 8.3 | 7.3 | -0.9 | 1.5 | -1.6 | -6.3 |
| II | -2.9 | 1.6 | 4.6 | -3.6 | -7.7 | -0.7 |
| I | 4.2 | 11.1 | 6.6 | 13.4 | 8.5 | 8.9 |
| 2010 ANNUAL | 10.6 | 10.5 | -0.1 | 1.0 | -0.6 | -8.7 |
| 2010 IV | 4.4 | 5.0 | 0.5 | 2.3 | -0.7 | -2.1 |
| III | 2.6 | 9.6 | 6.8 | -1.0 | -2.4 | -3.5 |
| II | 18.0 | 20.7 | 2.3 | 7.9 | 8.3 | -8.6 |
| I | 10.3 | 14.3 | 3.6 | -7.0 | -7.8 | -15.7 |
| ----- | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2012 II | 6.1 r | 9.5 r | 3.2 r | 0.3 r | -1.5 r | -5.4 r |
| I | 4.4 | 8.5 | 3.9 | -0.7 r | -3.4 r | -4.8 r |
| 2011 ANNUAL | 3.8 | 7.8 | 3.9 | 2.9 | -0.2 | -0.8 |
| 2011 IV | 2.7 | 7.2 | 4.4 | 0.5 | -2.7 | -2.2 |
| III | 3.4 | 6.2 | 2.6 | 3.2 | -0.5 | -0.2 |
| II | 2.0 | 6.7 | 4.6 | 2.6 | -0.7 | 0.5 |
| I | 7.1 | 11.4 | 4.0 | 5.5 | 3.3 | -1.5 |
| 2010 ANNUAL | 10.6 | 10.5 | -0.1 | 1.0 | -0.6 | -8.7 |
| 2010 IV | 8.7 | 12.2 | 3.3 | 0.4 | -0.8 | -7.6 |
| III | 9.8 | 13.3 | 3.2 | 0.7 | -0.6 | -8.4 |
| II | 13.9 | 13.7 | -0.2 | 1.0 | -0.7 | -11.3 |
| I | 9.9 | 2.9 | -6.4 | 2.0 | -0.4 | -7.3 |
| ----- | | | | | | |
| Indexes 2005=100 | | | | | | |
| 2012 II | 120.1 r | 103.1 r | 85.8 r | 120.1 r | 102.5 r | 100.0 r |
| I | 119.0 r | 101.7 r | 85.5 | 120.0 r | 102.6 r | 100.8 r |
| 2011 ANNUAL | 114.7 | 95.4 | 83.2 | 119.6 | 103.8 | 104.3 |
| 2011 IV | 116.0 | 98.0 | 84.5 | 117.7 | 101.2 | 101.5 |
| III | 115.5 | 95.8 | 83.0 | 120.2 | 103.7 | 104.0 |
| II | 113.2 | 94.2 | 83.2 | 119.7 | 104.1 | 105.7 |
| I | 114.1 | 93.8 | 82.2 | 120.8 | 106.2 | 105.9 |
| 2010 ANNUAL | 110.5 | 88.5 | 80.1 | 116.2 | 104.0 | 105.1 |
| 2010 IV | 112.9 | 91.4 | 80.9 | 117.1 | 104.1 | 103.7 |
| III | 111.7 | 90.3 | 80.8 | 116.4 | 104.3 | 104.3 |
| II | 111.0 | 88.2 | 79.5 | 116.7 | 104.9 | 105.2 |
| I | 106.5 | 84.2 | 79.0 | 114.5 | 102.8 | 107.6 |
| ----- | | | | | | |

See footnotes following Table 6.
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September 5, 2012
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 |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|
| ----- | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | |
| 2012 II | -3.8 r | -2.8 r | 1.0 r | 2.0 r | 1.3 r | 6.1 r |
| I | -0.1 | 3.6 r | 3.7 | 3.9 r | 1.4 r | 4.0 r |
| 2011 ANNUAL | 2.3 | 1.9 | -0.4 | 1.8 | -1.3 | -0.5 |
| 2011 IV | 1.0 | 1.5 | 0.5 | -2.7 | -3.9 | -3.6 |
| III | 2.1 | 2.9 | 0.7 | -1.2 | -4.2 | -3.3 |
| II | 0.2 | -0.2 | -0.4 | -0.1 | -4.4 | -0.3 |
| I | 3.1 | 2.2 | -0.8 | 5.2 | 0.6 | 2.1 |
| 2010 ANNUAL | 3.0 | 3.2 | 0.2 | 1.3 | -0.3 | -1.6 |
| 2010 IV | 4.6 | 1.7 | -2.8 | 2.1 | -0.9 | -2.4 |
| III | 2.8 | 2.4 | -0.4 | 4.8 | 3.3 | 2.0 |
| II | -0.2 | 4.7 | 4.9 | -1.4 | -1.0 | -1.2 |
| I | 1.8 | 3.7 | 1.9 | 0.1 | -0.8 | -1.7 |
| ----- | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | |
| 2012 II | -0.2 r | 1.2 r | 1.5 r | 0.5 r | -1.4 r | 0.7 r |
| I | 0.8 | 1.9 | 1.1 | -0.1 r | -2.8 r | -0.8 r |
| 2011 ANNUAL | 2.3 | 1.9 | -0.4 | 1.8 | -1.3 | -0.5 |
| 2011 IV | 1.6 | 1.6 | 0.0 | 0.3 | -3.0 | -1.3 |
| III | 2.5 | 1.6 | -0.9 | 1.5 | -2.2 | -1.0 |
| II | 2.7 | 1.5 | -1.1 | 3.0 | -0.4 | 0.3 |
| I | 2.6 | 2.8 | 0.2 | 2.6 | 0.5 | 0.1 |
| 2010 ANNUAL | 3.0 | 3.2 | 0.2 | 1.3 | -0.3 | -1.6 |
| 2010 IV | 2.3 | 3.1 | 0.9 | 1.4 | 0.1 | -0.9 |
| III | 2.5 | 3.8 | 1.3 | 1.3 | 0.0 | -1.2 |
| II | 2.9 | 3.8 | 0.9 | 0.7 | -1.1 | -2.2 |
| I | 4.2 | 2.0 | -2.1 | 1.8 | -0.5 | -2.3 |
| ----- | | | | | | |
| Indexes 2005=100 | | | | | | |
| 2012 II | 109.6 r | 96.5 r | 88.1 r | 118.2 r | 100.9 r | 107.9 r |
| I | 110.6 r | 97.2 r | 87.9 | 117.6 r | 100.5 r | 106.3 r |
| 2011 ANNUAL | 110.2 | 95.8 | 86.9 | 117.3 | 101.8 | 106.4 |
| 2011 IV | 110.7 | 96.4 | 87.1 | 116.5 | 100.2 | 105.3 |
| III | 110.4 | 96.0 | 87.0 | 117.3 | 101.2 | 106.2 |
| II | 109.8 | 95.3 | 86.8 | 117.6 | 102.3 | 107.1 |
| I | 109.8 | 95.4 | 86.9 | 117.7 | 103.4 | 107.2 |
| 2010 ANNUAL | 107.7 | 94.0 | 87.3 | 115.2 | 103.1 | 107.0 |
| 2010 IV | 108.9 | 94.9 | 87.1 | 116.2 | 103.3 | 106.7 |
| III | 107.7 | 94.5 | 87.7 | 115.6 | 103.5 | 107.3 |
| II | 107.0 | 93.9 | 87.8 | 114.2 | 102.7 | 106.8 |
| I | 107.0 | 92.8 | 86.7 | 114.6 | 102.9 | 107.1 |
| ----- | | | | | | |

See footnotes following Table 6.
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September 5, 2012
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 cost (7) | Unit profits (8) | Implicit price deflator (4) |
|--|------------------------------|---------|----------------|-------------------------|------------------------------|------------------|--------------------------|---------------------|------------------|-----------------------------|
| ----- | | | | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | | |
| 2012 II | 2.1 | 2.5 | 0.4 | 2.9 | 2.1 | 0.8 | -1.3 | 0.1 | 9.1 | 1.4 |
| I | 1.6 r | 5.1 r | 3.4 | 6.0 r | 3.5 r | 4.3 r | -2.1 r | 2.4 r | -2.1 r | 1.7 |
| 2011 ANNUAL | 1.4 | 4.0 | 2.6 | 2.5 | -0.6 | 1.1 | 1.7 | 1.3 | 5.5 | 1.8 |
| 2011 IV | 4.1 | 6.3 | 2.2 | -0.8 | -2.1 | -4.7 | -2.8 | -4.1 | 6.1 | -2.8 |
| III | -3.2 | -1.2 | 2.0 | 0.0 | -3.0 | 3.3 | 6.8 | 4.4 | 2.5 | 4.1 |
| II | 4.3 | 7.5 | 3.1 | -0.4 | -4.6 | -4.5 | -2.6 | -3.9 | 49.7 | 1.9 |
| I | 4.6 | 7.3 | 2.6 | 9.6 | 4.8 | 4.8 | 2.1 | 4.0 | -15.1 | 1.3 |
| 2010 ANNUAL | 5.8 | 6.0 | 0.2 | 1.7 | 0.0 | -3.9 | -4.2 | -4.0 | 31.0 | -0.5 |
| 2010 IV | -3.3 | -1.1 | 2.3 | -0.5 | -3.4 | 2.9 | 6.9 | 4.1 | -8.9 | 2.2 |
| III | 2.7 | 5.4 | 2.6 | 2.5 | 1.0 | -0.2 | -1.4 | -0.6 | 27.5 | 2.7 |
| II | -1.2 | 2.8 | 4.0 | 1.6 | 1.9 | 2.8 | -1.0 | 1.7 | -2.4 | 1.1 |
| I | 9.3 | 10.8 | 1.3 | 0.2 | -0.7 | -8.3 | -7.1 | -8.0 | 60.2 | -1.5 |
| ----- | | | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | | | |
| 2012 II | 1.1 | 3.1 | 2.0 | 2.0 | 0.1 | 0.9 | 0.1 | 0.6 | 3.8 | 1.1 |
| I | 1.6 r | 4.4 r | 2.7 | 1.2 r | -1.6 r | -0.5 | -0.3 r | -0.4 | 12.3 r | 1.2 |
| 2011 ANNUAL | 1.4 | 4.0 | 2.6 | 2.5 | -0.6 | 1.1 | 1.7 | 1.3 | 5.5 | 1.8 |
| 2011 IV | 2.4 | 4.9 | 2.5 | 2.0 | -1.3 | -0.4 | 0.8 | 0.0 | 8.4 | 1.1 |
| III | 0.5 | 3.0 | 2.5 | 2.1 | -1.6 | 1.6 | 3.2 | 2.1 | 4.4 | 2.4 |
| II | 2.0 | 4.7 | 2.7 | 2.7 | -0.6 | 0.7 | 1.2 | 0.8 | 10.2 | 2.0 |
| I | 0.6 | 3.5 | 2.9 | 3.2 | 1.0 | 2.5 | 1.6 | 2.3 | -1.0 | 1.8 |
| 2010 ANNUAL | 5.8 | 6.0 | 0.2 | 1.7 | 0.0 | -3.9 | -4.2 | -4.0 | 31.0 | -0.5 |
| 2010 IV | 1.8 | 4.4 | 2.6 | 0.9 | -0.3 | -0.8 | -0.8 | -0.8 | 16.1 | 1.1 |
| III | 5.8 | 7.8 | 1.9 | 1.4 | 0.2 | -4.1 | -3.9 | -4.1 | 37.9 | 0.1 |
| II | 6.9 | 6.9 | 0.0 | 1.4 | -0.3 | -5.1 | -5.8 | -5.3 | 39.6 | -1.2 |
| I | 8.9 | 5.0 | -3.6 | 2.9 | 0.6 | -5.5 | -6.4 | -5.8 | 33.8 | -2.0 |
| ----- | | | | | | | | | | |
| Indexes 2005=100 | | | | | | | | | | |
| 2012 II | 112.6 | 109.2 | 96.9 | 120.5 | 102.9 | 107.0 | 116.0 | 109.5 | 126.2 | 111.6 |
| I | 112.0 r | 108.5 r | 96.8 | 119.7 r | 102.3 r | 106.8 r | 116.4 r | 109.5 r | 123.5 r | 111.2 r |
| 2011 ANNUAL | 110.9 | 105.6 | 95.2 | 118.1 | 102.5 | 106.5 | 116.9 | 109.4 | 119.5 | 110.7 |
| 2011 IV | 111.6 | 107.1 | 96.0 | 117.9 | 101.4 | 105.7 | 117.0 | 108.8 | 124.1 | 110.8 |
| III | 110.5 | 105.5 | 95.5 | 118.2 | 102.0 | 107.0 | 117.8 | 110.0 | 122.3 | 111.5 |
| II | 111.4 | 105.8 | 95.0 | 118.2 | 102.8 | 106.1 | 115.9 | 108.8 | 121.6 | 110.4 |
| I | 110.2 | 103.9 | 94.3 | 118.3 | 104.0 | 107.3 | 116.7 | 109.9 | 109.9 | 109.9 |
| 2010 ANNUAL | 109.4 | 101.5 | 92.8 | 115.3 | 103.2 | 105.3 | 114.9 | 108.0 | 113.3 | 108.7 |
| 2010 IV | 109.0 | 102.1 | 93.7 | 115.6 | 102.8 | 106.1 | 116.1 | 108.8 | 114.5 | 109.6 |
| III | 109.9 | 102.4 | 93.2 | 115.8 | 103.7 | 105.3 | 114.2 | 107.8 | 117.2 | 109.0 |
| II | 109.2 | 101.1 | 92.6 | 115.0 | 103.4 | 105.4 | 114.6 | 107.9 | 110.3 | 108.2 |
| I | 109.5 | 100.4 | 91.7 | 114.6 | 102.9 | 104.6 | 114.9 | 107.5 | 111.0 | 107.9 |
| ----- | | | | | | | | | | |

See footnotes following Table 6.
r=revised

September 5, 2012
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. Hours and compensation 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 -1.7 and 1.5 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 2012.

Table Footnotes

- (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 1978-2011 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 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.