

News

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PRODUCTIVITY AND COSTS Third Quarter 2006, preliminary

The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data—as measured by output per hour of all persons—for the third quarter of 2006. The preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were:

0.1 percent in the business sector and
0.0 percent in the nonfarm business sector.

Productivity increased 0.1 percent in the business sector, as both output and hours grew 1.4 percent (seasonally adjusted annual rates). Nonfarm business productivity remained unchanged as output and hours both increased 1.6 percent (table A).

In manufacturing, productivity increases in the third quarter were:

5.9 percent in manufacturing,
8.6 percent in durable goods manufacturing, and
2.0 percent in nondurable goods manufacturing.

The 5.9-percent increase in manufacturing productivity reflected increases of 8.6 percent in durable goods manufacturing and 2.0 percent in the nondurable goods sector. 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 6).

Table A. Productivity and costs: Preliminary third-quarter 2006 measures (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	0.1	1.4	1.4	4.0	1.0	4.0
Nonfarm business	0.0	1.6	1.6	3.7	0.7	3.8
Manufacturing	5.9	4.2	-1.6	2.9	-0.1	-2.9
Durable	8.6	5.3	-3.0	4.8	1.8	-3.5
Nondurable	2.0	3.0	0.9	-0.6	-3.4	-2.5
Percent change from same quarter a year ago						
Business	1.5	3.2	1.7	6.7	3.3	5.2
Nonfarm business	1.3	3.2	1.8	6.7	3.2	5.3
Manufacturing	4.3	6.1	1.8	5.1	1.7	0.8
Durable	6.4	8.2	1.7	6.1	2.7	-0.4
Nondurable	1.5	3.5	2.0	3.2	-0.1	1.7

Business

From the second quarter to the third quarter of 2006 productivity in the business sector grew at a 0.1 percent seasonally adjusted annual rate. Both output and hours of all persons engaged in the sector increased at the same 1.4 percent annual rate. The third-quarter productivity increase was slower than the 1.1-percent gain recorded in the second quarter of 2006 (as revised), which reflected a 2.7-percent rise in output and a 1.7-percent increase in hours. (tables B and 1).

Hourly compensation in the business sector increased at an annual rate of 4.0 percent during the third quarter of 2006, slower than the 6.4-percent rise one quarter earlier (as revised). This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, rose by 1.0 percent in the third quarter of 2006 and 1.3 percent in the second quarter.

Unit labor costs, which reflect changes in both hourly compensation and productivity, rose 4.0 percent during the third quarter of 2006. This measure had increased 5.3 percent in the second quarter. The implicit price deflator for business sector output increased 1.3 percent during the third quarter of 2006, following a 3.1 percent increase in the previous quarter.

Nonfarm business

Productivity in the nonfarm business sector remained unchanged during the third quarter of 2006. Output grew at a 1.6 percent annual rate. Hours of all persons in the nonfarm business sector also increased 1.6 percent, reflecting 0.8-percent gains in both employment and average weekly hours at work. In the second quarter, nonfarm business productivity increased 1.2 percent, as output grew 2.7 percent and hours worked rose by 1.5 percent (table 2).

Hourly compensation increased at a 3.7 percent annual rate in the third quarter of 2006. When the rise in consumer prices is taken into account, real hourly compensation rose 0.7 percent during the July-September period. During the second quarter of 2006, real hourly compensation had increased 1.6 percent.

Unit labor costs in the nonfarm business sector grew 3.8 percent during the third quarter of 2006, after rising 5.4 percent in the second quarter. The implicit price deflator for nonfarm business output rose 1.0 percent in the third quarter of 2006.

Manufacturing

Productivity increased 5.9 percent in manufacturing in the third quarter of 2006, as output grew 4.2 percent and hours of all persons fell 1.6 percent (seasonally adjusted annual rates). This was the largest quarterly gain in productivity since the third quarter of 2003, when output per hour increased 8.6 percent. In durable goods industries, productivity grew 8.6 percent in the third quarter as output grew 5.3 percent and hours of all persons fell 3.0 percent. Productivity increased 2.0 percent in nondurable goods, reflecting increases in output and hours of 3.0 percent and 0.9 percent, respectively (tables 3, 4, and 5).

The hourly compensation of manufacturing workers increased 2.9 percent during the third quarter of 2006, as a 4.8-percent gain in the durable goods subsector was partially offset by a 0.6 percent decline in nondurable goods industries. Hourly compensation in total manufacturing had increased 4.0 percent in the second quarter. When the increase in consumer prices is taken into account, real hourly compensation declined 0.1 percent in the third quarter.

Unit labor costs in manufacturing fell 2.9 percent in the third quarter of 2006, reflecting declines of 3.5 percent in durable goods industries and 2.5 percent in nondurable goods industries. These costs had increased 1.2 percent in the previous quarter.

Revised Measures

Revised and previous measures for the second quarter of 2006 for the business, nonfarm business, and manufacturing sectors are compared in table B. In both the business and nonfarm business sectors, productivity was revised down along with output, as hours increased at the same rate reported Sept. 6. Unit labor costs increased more in both sectors during the second quarter than previously reported.

Table B. 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
Second quarter 2006						
Business:						
Previous	1.5	3.2	1.7	6.3	1.3	4.8
Revised.....	1.1	2.7	1.7	6.4	1.3	5.3
Nonfarm business:						
Previous	1.6	3.1	1.5	6.6	1.6	4.9
Revised.....	1.2	2.7	1.5	6.6	1.6	5.4
Manufacturing:						
Previous	2.6	5.1	2.4	4.0	-0.9	1.3
Revised.....	2.7	5.1	2.3	4.0	-0.9	1.2

In the manufacturing sector, productivity was revised up slightly due to a small downward revision to hours, as the increase in output was not revised. Hours worked during the second quarter in all sectors now reflect more current data on the ratio of hours worked to hours paid in private nonfarm businesses.

Revised measures: Nonfinancial Corporations

Productivity and cost measures for nonfinancial corporations for the second quarter of 2006 also were revised to incorporate more recent information than was available on Sept. 6.

Table C. Nonfinancial corporations: Previous and revised productivity and cost measures 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 2006								
Previous	2.2	3.8	1.6	6.5	1.4	4.2	-1.2	2.8
Revised.....	0.2	1.8	1.6	6.5	1.5	6.4	-15.3	2.9

Productivity rose 0.2 percent in the second quarter of 2006, compared with the preliminary estimate of a 2.2 percent increase. This was the result of a downward revision in output growth, from 3.8 percent to 1.8 percent. Hours growth was unchanged. Unit labor costs increased faster than previously reported, as productivity was revised down and hourly compensation was not revised. Unit profits fell more than reported on Sept. 6. (tables C and 6).

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Tuesday, Dec. 5, 2006**. It will present third-quarter measures for nonfinancial corporations and revised third-quarter measures for business, nonfarm business, and manufacturing.

TECHNICAL NOTES

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

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

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

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

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

Nonfinancial corporate output is an annual-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; private households;

unincorporated business; and those corporations classified as offices of bank holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 54 percent of the value of GDP in 2000.

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

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

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

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

The index numbers and rates of change reported in the productivity and costs news release are rounded to one decimal place. All percent changes in this release and on the BLS web site are calculated using index numbers to three decimal places. These index numbers are available at the BLS web site, <http://www.bls.gov/data/home.htm>, or by contacting the BLS Division of Major Sector Productivity. (Telephone 202-691-5606 or email DPRWEB@BLS.GOV)

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									
2004	I	131.4	151.7	115.5	154.4	118.5	117.5	122.9	119.5
	II	132.8	153.5	115.6	155.8	118.3	117.3	126.2	120.6
	III	133.0	154.8	116.4	157.5	119.1	118.5	125.5	121.1
	IV	133.5	155.8	116.7	160.1	120.0	119.9	125.8	122.1
	ANNUAL	132.7	154.0	116.1	157.0	119.0	118.3	125.1	120.8
2005	I	134.5	157.4	117.0	161.6	120.4	120.1	127.9	123.0
	II	134.9	159.0	117.9	162.0	119.5	120.0	130.0	123.7
	III	136.6	160.9	117.8	165.2	120.3	121.0	131.1	124.7
	IV	136.7	161.7	118.3	166.5	120.3	121.8	132.3	125.7
	ANNUAL	135.7	159.8	117.7	163.8	120.2	120.7	130.3	124.3
2006	I	138.2	164.3	118.9	171.9	123.6	124.4	130.2	126.6
	II	r138.6	r165.4	r119.4	r174.6	r124.0	r126.0	r130.1	r127.5
	III	138.6	166.0	119.8	176.3	124.3	127.2	129.1	127.9
Percent change from previous quarter at annual rate(5)									
2004	I	3.2	4.5	1.2	2.1	-1.5	-1.1	11.8	3.6
	II	4.5	4.8	0.3	3.5	-0.5	-0.9	11.1	3.6
	III	0.5	3.4	2.9	4.7	2.5	4.1	-2.0	1.7
	IV	1.6	2.6	1.0	6.7	3.0	5.0	0.9	3.4
	ANNUAL	3.1	4.4	1.3	3.8	1.1	0.7	5.8	2.6
2005	I	3.1	4.2	1.0	3.9	1.5	0.7	6.7	3.0
	II	1.2	4.1	2.9	0.8	-2.9	-0.4	6.6	2.3
	III	5.0	4.9	-0.1	8.3	2.7	3.2	3.6	3.3
	IV	0.2	1.8	1.6	3.1	-0.2	2.9	3.6	3.2
	ANNUAL	2.3	3.7	1.4	4.4	1.0	2.1	4.2	2.9
2006	I	4.5	6.7	2.1	13.6	11.3	8.7	-6.2	2.7
	II	r1.1	r2.7	1.7	r6.4	1.3	r5.3	r-0.4	3.1
	III	0.1	1.4	1.4	4.0	1.0	4.0	-3.0	1.3
Percent change from corresponding quarter of previous year									
2004	I	4.5	5.1	0.6	4.3	2.4	-0.1	5.5	1.9
	II	3.8	5.2	1.3	3.3	0.5	-0.5	8.1	2.7
	III	1.7	3.5	1.7	3.3	0.6	1.6	4.5	2.7
	IV	2.5	3.8	1.3	4.2	0.9	1.7	5.3	3.1
	ANNUAL	3.1	4.4	1.3	3.8	1.1	0.7	5.8	2.6
2005	I	2.4	3.8	1.3	4.7	1.6	2.2	4.1	2.9
	II	1.6	3.6	1.9	4.0	1.0	2.3	3.0	2.6
	III	2.7	3.9	1.2	4.9	1.1	2.1	4.4	3.0
	IV	2.4	3.7	1.3	4.0	0.3	1.6	5.1	3.0
	ANNUAL	2.3	3.7	1.4	4.4	1.0	2.1	4.2	2.9
2006	I	2.7	4.4	1.6	6.4	2.6	3.6	1.8	2.9
	II	r2.7	r4.0	1.3	7.8	3.7	r5.0	r0.1	3.1
	III	1.5	3.2	1.7	6.7	3.3	5.2	-1.6	2.5

See footnotes following Table 6.
r=revised

November 2, 2006
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									
2004	I	130.5	151.9	116.4	153.4	117.8	117.6	123.6	119.8
	II	132.2	153.9	116.4	154.8	117.6	117.2	126.8	120.7
	III	132.2	155.1	117.3	156.6	118.3	118.4	126.6	121.4
	IV	132.4	156.0	117.8	158.7	118.9	119.9	127.0	122.5
	ANNUAL	131.8	154.2	117.0	155.9	118.2	118.3	126.0	121.1
2005	I	133.5	157.6	118.0	160.4	119.5	120.1	129.4	123.5
	II	134.3	159.4	118.6	161.0	118.9	119.9	131.8	124.3
	III	135.8	161.3	118.8	164.1	119.5	120.9	133.1	125.3
	IV	135.8	162.0	119.3	165.3	119.4	121.7	134.3	126.4
	ANNUAL	134.9	160.0	118.7	162.7	119.3	120.7	132.2	124.9
2006	I	137.2	164.6	120.0	170.6	122.6	124.4	132.2	127.3
	II	r137.6	r165.7	r120.4	r173.4	r123.1	r126.0	r132.3	r128.3
	III	137.6	166.3	120.9	175.0	123.3	127.2	131.1	128.6
Percent change from previous quarter at annual rate(5)									
2004	I	1.9	3.6	1.7	1.3	-2.2	-0.5	10.8	3.6
	II	5.1	5.2	0.1	3.7	-0.4	-1.4	10.6	3.1
	III	0.2	3.2	3.0	4.5	2.3	4.3	-0.6	2.4
	IV	0.4	2.4	2.0	5.6	2.0	5.1	1.3	3.7
	ANNUAL	3.0	4.3	1.3	3.6	0.9	0.7	5.4	2.4
2005	I	3.6	4.2	0.6	4.3	1.9	0.7	7.7	3.3
	II	2.3	4.4	2.1	1.6	-2.0	-0.7	7.8	2.5
	III	4.4	4.9	0.4	7.8	2.2	3.3	3.9	3.5
	IV	-0.1	1.8	1.8	2.9	-0.4	3.0	3.7	3.3
	ANNUAL	2.3	3.8	1.5	4.4	1.0	2.0	4.9	3.1
2006	I	4.3	6.7	2.3	13.7	11.3	9.0	-6.2	2.9
	II	r1.2	r2.7	1.5	6.6	1.6	r5.4	r0.2	3.4
	III	0.0	1.6	1.6	3.7	0.7	3.8	-3.5	1.0
Percent change from corresponding quarter of previous year									
2004	I	4.3	5.1	0.7	4.2	2.3	-0.1	4.5	1.6
	II	4.1	5.3	1.2	3.4	0.6	-0.7	7.3	2.3
	III	1.6	3.4	1.7	3.2	0.4	1.5	4.2	2.5
	IV	1.9	3.6	1.7	3.8	0.4	1.8	5.4	3.2
	ANNUAL	3.0	4.3	1.3	3.6	0.9	0.7	5.4	2.4
2005	I	2.3	3.8	1.4	4.5	1.5	2.2	4.7	3.1
	II	1.6	3.6	1.9	4.0	1.0	2.3	4.0	3.0
	III	2.7	4.0	1.3	4.8	1.0	2.1	5.1	3.3
	IV	2.5	3.8	1.2	4.1	0.4	1.6	5.7	3.2
	ANNUAL	2.3	3.8	1.5	4.4	1.0	2.0	4.9	3.1
2006	I	2.7	4.4	1.7	6.4	2.6	3.6	2.2	3.0
	II	r2.4	r4.0	1.5	7.7	3.6	r5.1	r0.3	3.3
	III	1.3	3.2	1.8	6.7	3.2	5.3	-1.5	2.6

See footnotes following Table 6.
r=revised

November 2, 2006
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						
2004	I	161.8	138.1	85.4	157.5	97.3
	II	163.3	138.9	85.0	159.8	97.8
	III	164.0	139.3	84.9	163.0	99.4
	IV	166.1	140.3	84.4	165.5	99.6
	ANNUAL	163.8	139.1	84.9	161.4	98.5
2005	I	168.1	141.7	84.3	166.1	98.8
	II	169.7	142.2	83.8	167.8	98.9
	III	171.2	143.1	83.6	170.7	99.7
	IV	173.2	146.3	84.5	170.9	98.7
	ANNUAL	170.5	143.3	84.0	168.8	99.0
2006	I	174.8	148.4	84.9	176.3	100.9
	II	r176.0	150.3	r85.4	r178.0	r101.2
	III	178.5	151.9	85.1	179.3	100.4
Percent change from previous quarter at annual rate(5)						
2004	I	-2.1	0.1	2.2	-10.6	-8.7
	II	3.9	2.2	-1.6	5.9	2.0
	III	1.7	1.2	-0.4	8.3	6.5
	IV	5.2	2.8	-2.3	6.3	1.0
	ANNUAL	1.9	1.3	-0.5	2.0	0.1
2005	I	4.8	4.2	-0.5	1.5	-3.2
	II	3.9	1.2	-2.5	4.0	0.2
	III	3.7	2.6	-1.0	7.1	3.2
	IV	4.7	9.4	4.6	0.5	-4.0
	ANNUAL	4.1	3.0	-1.1	4.6	0.5
2006	I	3.7	5.8	2.0	13.3	9.3
	II	r2.7	5.1	r2.3	4.0	r1.2
	III	5.9	4.2	-1.6	2.9	-2.9
Percent change from corresponding quarter of previous year						
2004	I	2.4	0.6	-1.8	1.9	-0.5
	II	2.3	1.7	-0.6	1.6	-0.7
	III	0.6	1.5	0.9	2.3	1.7
	IV	2.1	1.6	-0.6	2.2	0.0
	ANNUAL	1.9	1.3	-0.5	2.0	0.1
2005	I	3.9	2.6	-1.2	5.5	1.5
	II	3.9	2.4	-1.5	5.0	1.1
	III	4.4	2.7	-1.6	4.7	0.3
	IV	4.3	4.3	0.1	3.2	-1.0
	ANNUAL	4.1	3.0	-1.1	4.6	0.5
2006	I	4.0	4.7	0.7	6.1	2.1
	II	3.7	5.7	r1.9	6.1	r2.3
	III	4.3	6.1	1.8	5.1	0.8

See footnotes following Table 6.
r=revised

November 2, 2006
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							
2004	I	184.0	164.2	89.2	153.6	83.5	
	II	185.0	164.6	89.0	156.4	84.6	
	III	185.5	165.7	89.3	159.8	86.1	
	IV	188.2	167.3	88.9	161.7	85.9	
	ANNUAL	185.7	165.4	89.1	157.9	85.0	
2005	I	191.3	170.1	88.9	161.7	84.5	
	II	193.2	171.1	88.6	162.8	84.3	
	III	196.3	174.0	88.7	165.8	84.5	
	IV	201.0	180.3	89.7	165.8	82.5	
	ANNUAL	195.4	173.9	89.0	164.1	83.9	
2006	I	202.9	182.6	90.0	172.1	84.8	
	II	r204.6	r186.0	r90.9	173.8	r84.9	
	III	208.9	188.4	90.2	175.9	84.2	
Percent change from previous quarter at annual rate(5)							
2004	I	-3.9	0.1	4.2	-16.1	-19.0	-12.7
	II	2.1	0.8	-1.2	7.5	3.3	5.3
	III	1.1	2.7	1.5	8.9	6.6	7.6
	IV	6.0	4.0	-1.9	5.0	1.4	-1.0
	ANNUAL	1.1	1.8	0.6	0.7	-1.9	-0.4
2005	I	6.6	6.8	0.1	0.0	-2.3	-6.3
	II	4.0	2.6	-1.4	2.8	-1.0	-1.2
	III	6.5	7.0	0.4	7.5	1.9	0.9
	IV	9.9	15.2	4.8	0.0	-3.2	-9.0
	ANNUAL	5.3	5.1	-0.1	3.9	0.5	-1.3
2006	I	3.8	5.3	1.4	15.9	13.5	11.6
	II	r3.6	r7.5	r3.8	4.2	-0.7	r0.6
	III	8.6	5.3	-3.0	4.8	1.8	-3.5
Percent change from corresponding quarter of previous year							
2004	I	2.2	1.3	-1.0	0.4	-1.4	-1.8
	II	1.8	2.2	0.4	0.5	-2.3	-1.3
	III	-0.7	1.8	2.5	1.2	-1.5	1.9
	IV	1.3	1.9	0.6	0.8	-2.5	-0.5
	ANNUAL	1.1	1.8	0.6	0.7	-1.9	-0.4
2005	I	3.9	3.5	-0.4	5.3	2.2	1.3
	II	4.4	4.0	-0.4	4.1	1.1	-0.3
	III	5.8	5.1	-0.7	3.8	0.0	-1.9
	IV	6.8	7.8	1.0	2.5	-1.2	-4.0
	ANNUAL	5.3	5.1	-0.1	3.9	0.5	-1.3
2006	I	6.0	7.4	1.3	6.4	2.6	0.3
	II	r5.9	8.7	2.6	6.8	2.7	r0.8
	III	6.4	8.2	1.7	6.1	2.7	-0.4

See footnotes following Table 6.
r=revised

November 2, 2006
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							
2004	I	139.4	110.9	79.6	163.0	125.1	116.9
	II	141.6	112.0	79.1	164.2	124.8	116.0
	III	142.7	111.9	78.4	166.9	126.2	117.0
	IV	144.2	112.2	77.8	170.5	127.8	118.2
	ANNUAL	142.0	111.8	78.7	166.1	125.9	117.0
2005	I	145.2	112.5	77.5	172.3	128.4	118.7
	II	146.7	112.4	76.6	175.0	129.1	119.3
	III	147.0	111.6	75.9	177.5	129.3	120.8
	IV	146.3	112.2	76.7	178.1	128.7	121.8
	ANNUAL	146.3	112.2	76.7	175.7	128.9	120.1
2006	I	147.4	114.0	77.3	181.9	130.7	123.4
	II	r148.4	r114.6	77.3	r183.4	r130.2	r123.6
	III	149.1	115.5	77.4	183.1	129.1	122.8
Percent change from previous quarter at annual rate(5)							
2004	I	1.2	0.1	-1.1	0.3	-3.2	-0.8
	II	6.5	4.0	-2.3	3.1	-0.9	-3.2
	III	3.2	-0.6	-3.6	6.8	4.5	3.5
	IV	4.4	1.4	-2.8	8.8	5.1	4.3
	ANNUAL	3.3	0.8	-2.4	4.2	1.5	0.9
2005	I	2.7	0.9	-1.7	4.3	1.9	1.5
	II	4.2	-0.4	-4.4	6.3	2.5	2.0
	III	0.7	-2.8	-3.5	5.9	0.4	5.2
	IV	-1.9	2.3	4.2	1.4	-1.9	3.3
	ANNUAL	3.0	0.4	-2.6	5.8	2.3	2.6
2006	I	3.2	6.4	3.1	8.8	6.5	5.4
	II	r2.5	r2.3	-0.2	3.4	-1.5	r0.8
	III	2.0	3.0	0.9	-0.6	-3.4	-2.5
Percent change from corresponding quarter of previous year							
2004	I	2.9	-0.3	-3.1	4.6	2.7	1.6
	II	3.4	1.2	-2.2	3.6	0.8	0.2
	III	3.0	1.2	-1.7	4.0	1.2	0.9
	IV	3.8	1.2	-2.5	4.7	1.3	0.9
	ANNUAL	3.3	0.8	-2.4	4.2	1.5	0.9
2005	I	4.2	1.4	-2.6	5.7	2.6	1.5
	II	3.6	0.3	-3.2	6.5	3.5	2.8
	III	3.0	-0.3	-3.1	6.3	2.5	3.2
	IV	1.4	0.0	-1.4	4.5	0.7	3.0
	ANNUAL	3.0	0.4	-2.6	5.8	2.3	2.6
2006	I	1.5	1.3	-0.2	5.6	1.8	4.0
	II	1.1	r2.0	0.9	4.8	0.8	3.7
	III	1.5	3.5	2.0	3.2	-0.1	1.7

See footnotes following Table 6.
r=revised

November 2, 2006
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											
2004	I	137.6	159.6	116.1	151.8	116.5	110.4	109.1	110.0	131.2	111.9
	II	138.6	161.1	116.2	153.2	116.4	110.5	109.3	110.2	139.2	112.8
	III	140.5	164.0	116.8	155.0	117.1	110.3	109.2	110.0	142.3	112.9
	IV	141.0	165.3	117.2	157.1	117.7	111.4	109.3	110.8	142.4	113.7
	ANNUAL	139.4	162.5	116.6	154.3	116.9	110.7	109.2	110.3	138.8	112.8
2005	I	142.8	167.5	117.4	158.6	118.2	111.1	110.3	110.9	148.5	114.2
	II	144.5	170.6	118.1	159.3	117.6	110.2	110.2	110.2	159.0	114.6
	III	145.6	172.3	118.3	162.4	118.3	111.6	112.6	111.9	149.9	115.3
	IV	146.7	174.7	119.1	163.6	118.2	111.5	110.5	111.3	159.6	115.6
	ANNUAL	144.9	171.3	118.2	161.0	118.1	111.1	110.9	111.1	154.3	114.9
2006	I	150.6	180.1	119.6	168.5	121.1	111.9	108.3	110.9	172.9	116.5
	II	r150.7	r180.9	r120.1	r171.2	r121.5	r113.6	r109.6	r112.5	r165.9	r117.3

Percent change from previous quarter at annual rate(5)											
2004	I	2.9	5.6	2.7	-0.5	-3.9	-3.3	-3.6	-3.4	53.5	1.2
	II	3.1	3.6	0.5	3.7	-0.3	0.6	1.1	0.7	27.1	3.3
	III	5.5	7.6	2.0	4.7	2.5	-0.8	-0.5	-0.7	9.2	0.4
	IV	1.6	3.2	1.5	5.6	2.0	4.0	0.3	3.0	0.2	2.7
	ANNUAL	3.7	5.1	1.3	3.2	0.5	-0.4	-1.8	-0.8	26.2	1.6
2005	I	5.0	5.5	0.5	4.0	1.6	-1.0	3.6	0.2	18.1	2.1
	II	4.9	7.4	2.4	1.6	-2.1	-3.2	-0.1	-2.4	31.5	1.2
	III	3.0	4.1	1.0	8.2	2.6	5.0	9.1	6.1	-21.0	2.4
	IV	3.2	5.8	2.6	3.0	-0.3	-0.1	-7.4	-2.1	28.5	1.1
	ANNUAL	3.9	5.4	1.4	4.4	1.0	0.4	1.5	0.7	11.1	1.9
2006	I	11.1	13.0	1.7	12.4	10.1	1.2	-7.7	-1.2	37.9	3.1
	II	r0.2	r1.8	1.6	6.5	r1.5	r6.4	r4.8	r5.9	r-15.3	r2.9

Percent change from corresponding quarter of previous year											
2004	I	4.3	4.9	0.6	3.8	2.0	-0.4	-3.3	-1.2	27.3	1.2
	II	3.7	5.0	1.2	2.9	0.1	-0.8	-1.6	-1.0	31.5	1.8
	III	3.5	5.3	1.8	2.8	0.0	-0.7	-1.5	-0.9	26.1	1.5
	IV	3.3	5.0	1.7	3.4	0.0	0.1	-0.7	-0.1	20.9	1.9
	ANNUAL	3.7	5.1	1.3	3.2	0.5	-0.4	-1.8	-0.8	26.2	1.6
2005	I	3.8	5.0	1.1	4.5	1.5	0.7	1.1	0.8	13.2	2.1
	II	4.3	5.9	1.6	4.0	1.0	-0.3	0.8	0.0	14.2	1.6
	III	3.6	5.0	1.4	4.8	1.0	1.1	3.1	1.7	5.3	2.1
	IV	4.0	5.7	1.6	4.2	0.4	0.1	1.1	0.4	12.0	1.7
	ANNUAL	3.9	5.4	1.4	4.4	1.0	0.4	1.5	0.7	11.1	1.9
2006	I	5.5	7.5	1.9	6.2	2.5	0.7	-1.8	0.0	16.5	1.9
	II	r4.3	r6.1	1.7	7.5	3.4	r3.1	r-0.6	r2.1	r4.3	r2.4

See footnotes following Table 6.
r=revised
Statisticsplace tables here."

November 2, 2006
Source: Bureau of Labor

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 $+1.3$ index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the second quarter of 2006.

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 1978-2005 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.