

# News

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## PRODUCTIVITY AND COSTS

Revised First-Quarter Measures for  
Business, Nonfarm Business, and Manufacturing and  
Preliminary Measures for Nonfinancial Corporations

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data--as measured by output per hour of all persons--for the first quarter of 1987. Based on information now available, the seasonally-adjusted annual rates of productivity change in the first quarter were:

0.6 percent in the business sector,  
0.5 percent in the nonfarm business sector,  
2.1 percent in manufacturing,  
2.6 percent in durable goods manufacturing, and  
1.3 percent in nondurable goods manufacturing.

First-quarter measures are summarized in table A and appear in detail in tables 1 through 5. Productivity rose in all the above sectors in the first quarter and, combined with declines or very small gains in hourly compensation, contributed to falling unit labor costs. In nonfinancial corporations, however, productivity was unchanged in the first quarter, as output and hours both rose 5.5 percent (tables B and 6).

For business and nonfarm business, the revised output measures show somewhat smaller increases than had been reported on May 4, based on preliminary information then available. Manufacturing output increased more than was earlier reported. Hours of labor input also have been revised upwards (table D).

### Business

Productivity increased at an 0.6 percent annual rate during the first quarter of 1987 in the business sector, as output rose 4.1 percent and hours of all persons engaged in the sector increased 3.4 percent (seasonally adjusted annual rates). During the fourth quarter of 1986, productivity declined 2.0 percent, as output grew more slowly than hours (table 1).

Hourly compensation increased at a 0.3 percent annual rate during the first quarter of 1987, the smallest quarterly gain in this series since the 1960 (when it declined in the second and third quarters). This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Unit labor costs, which reflect changes in hourly compensation and productivity, declined at a 0.3 percent annual rate during the first quarter, the first decline in a year. During the fourth quarter of 1986, these costs rose at a 4.2 percent annual rate.

Table A. Productivity and costs: Revised first-quarter 1987 measures  
(Seasonally adjusted annual rates)

| Sector                                      | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|
| Percent change from preceding quarter       |              |        |       |                     |                          |                  |
| Business                                    | 0.6          | 4.1    | 3.4   | 0.3                 | -4.7                     | -0.3             |
| Nonfarm business                            | 0.5          | 4.3    | 3.8   | 0.0                 | -5.0                     | -0.5             |
| Manufacturing                               | 2.1          | 3.7    | 1.6   | -1.1                | -6.0                     | -3.1             |
| Durable                                     | 2.6          | 3.5    | 0.8   | -2.3                | -7.2                     | -4.8             |
| Nondurable                                  | 1.3          | 4.1    | 2.7   | 1.3                 | -3.7                     | 0.0              |
| Percent change from same quarter a year ago |              |        |       |                     |                          |                  |
| Business                                    | -0.3         | 2.2    | 2.5   | 2.0                 | -0.2                     | 2.3              |
| Nonfarm business                            | -0.2         | 2.6    | 2.8   | 1.8                 | -0.4                     | 2.0              |
| Manufacturing                               | 2.7          | 2.9    | 0.2   | 1.5                 | -0.7                     | -1.1             |
| Durable                                     | 3.0          | 2.2    | -0.8  | 1.5                 | -0.8                     | -1.5             |
| Nondurable                                  | 2.3          | 4.0    | 1.7   | 1.9                 | -0.3                     | -0.4             |

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), declined at a 4.7 percent annual rate in the first quarter, compared with a 0.6 percent decline in the fourth quarter of 1986. The first-quarter decline was the largest since 1974 (when a 4.8 percent decline was recorded in the first quarter).

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 4.0 percent in the first quarter, the largest rise in 3 years.

#### Nonfarm business

Productivity increased 0.5 percent in the nonfarm business sector during the first quarter of 1987, as output rose 4.3 percent and hours of all persons—employees, proprietors, and unpaid family workers—increased 3.8 percent. During the fourth quarter of 1986, nonfarm productivity declined 1.5 percent (table 2).

Hourly compensation was unchanged in the first quarter, but fell 5.0 percent when the change in the CPI-U is taken into account. This was the greatest decline since 1951 (when a 6.1 percent decline occurred in the first quarter). Unit labor costs declined 0.5 percent, compared with a 4.2 percent rise during the fourth quarter of 1986. In the past year, this was the first quarter during which these costs declined.

The implicit price deflator for nonfarm business output rose 4.2 percent in the first quarter, compared with a 0.3 percent decline one quarter earlier. This was the largest increase in this series since the 5.7 percent rise during the third quarter of 1982.

**Manufacturing**

Productivity increased at a 2.1 percent seasonally adjusted annual rate in manufacturing in the first quarter of 1987, as output rose 3.7 percent and hours of all persons increased 1.6 percent. During the fourth quarter of 1986, productivity rose 0.2 percent as output and hours rose 3.6 percent and 3.4 percent, respectively (table 3).

Hourly compensation of manufacturing workers declined 1.1 percent during the first quarter, and fell 6.0 percent when the increase in consumer prices is taken into account. The decline in hourly compensation was the first since 1983. Real hourly compensation has declined for 2 quarters, and the drop in the first quarter of 1987 was the largest since 1951 (when it declined 6.8 percent in the first quarter). Unit labor costs fell at a 3.1 percent annual rate, compared with a 1.9 percent increase during the fourth quarter of 1986. Manufacturing unit labor costs have declined in 4 of the past 5 quarters.

Both durable and nondurable goods industries experienced productivity increases in the first quarter (tables 4 and 5). Output increased in both subsectors; hours of all persons increased more rapidly in nondurables than in durable goods manufacturing.

**Nonfinancial corporations**

Preliminary first-quarter 1987 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Output per all-employee hour was unchanged from the fourth quarter of 1986 to the first quarter of 1987, as output and hours both increased 5.5 percent, at

Table B. Nonfinancial corporations: Preliminary first-quarter productivity and cost measures  
Quarterly percent change at seasonally adjusted annual rates

| Period            | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
|-------------------|--------------|--------|-------|---------------------|--------------------------|------------------|--------------|-------------------------|
| 1986 IV to 1987 I | 0.0          | 5.5    | 5.5   | -0.6                | -5.6                     | -0.6             | 36.4         | 2.9                     |
| 1986 I to 1987 I  | 0.3          | 2.4    | 2.1   | 1.3                 | -0.9                     | 0.9              | 12.2         | 1.8                     |

annual rates (table 6). The sector includes all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies. Output and hours grew more rapidly than in the more comprehensive nonfarm business sector reported above.

Hourly compensation declined 0.6 percent (the first decline since the first quarter of 1965), and dropped 5.6 percent when the rise in the CPI-U is taken into account. Real hourly compensation has declined in the past 3 quarters, and the first-quarter decline was the largest in this series, which begins with data for 1958. Unit labor costs fell 0.6 percent, unit nonlabor costs increased 0.1 percent, and unit profits rose 36.4 percent (table 6). This was the largest profits gain since the 40.1 percent rise during the third quarter of 1985. The implicit deflator for nonfinancial corporate output increased 2.9 percent in the first quarter.

Table C shows indexes of the implicit price deflator for nonfinancial corporate output and related series from 1977 forward. Changes in price reflect changes in total unit costs and unit profits. Total unit costs consist of unit labor costs and unit nonlabor costs.

Table C. Price, costs, and profits in nonfinancial corporations  
Index, 1977 = 100

| Period | Implicit price deflator | Total unit costs | Unit labor costs | Unit nonlabor costs | Unit profits |
|--------|-------------------------|------------------|------------------|---------------------|--------------|
| 1977   | 100.0                   | 100.0            | 100.0            | 100.0               | 100.0        |
| 1978   | 106.6                   | 107.3            | 107.8            | 105.7               | 102.0        |
| 1979   | 115.4                   | 118.2            | 119.0            | 115.8               | 94.5         |
| 1980   | 127.6                   | 133.4            | 132.3            | 136.7               | 85.2         |
| 1981   | 141.7                   | 147.7            | 143.8            | 159.1               | 98.1         |
| 1982   | 149.8                   | 159.5            | 153.8            | 176.4               | 78.5         |
| 1983   | 153.7                   | 159.5            | 154.5            | 174.3               | 110.9        |
| 1984   | 158.1                   | 161.5            | 157.0            | 174.6               | 133.4        |
| 1985   | 161.8                   | 165.8            | 161.2            | 179.1               | 133.1        |
| 1986   | 164.9                   | 169.1            | 165.0            | 181.2               | 134.1        |
| 1986 I | 164.0                   | 168.3            | 164.0            | 181.1               | 131.7        |
| II     | 164.3                   | 168.6            | 164.8            | 179.9               | 132.3        |
| III    | 165.7                   | 169.8            | 165.4            | 182.6               | 135.8        |
| IV     | 165.7                   | 169.6            | 165.8            | 180.9               | 136.8        |
| 1987 I | 166.9                   | 169.5            | 165.6            | 181.0               | 147.8        |

**Revised measures**

Preliminary and revised productivity and cost measures for the first quarter are compared in table D for business, nonfarm business, and manufacturing.

In manufacturing, new preliminary annual output levels for 1986 published by the Bureau of Economic Analysis of the U.S. Department of Commerce on May 15 are introduced with this release. As a result, quarterly productivity changes since 1981 were revised somewhat. Appendix tables 1-3 contains revised productivity and cost indexes for manufacturing and the durable and nondurable subsectors for 1981 to 1985.

Table D. Preliminary and revised productivity and related measures, first-quarter 1987  
Percent change from previous quarter  
(Seasonally adjusted annual rates)

| Sector                   | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| <b>Business:</b>         |              |        |       |                     |                          |                  |
| Preliminary              | 1.8          | 5.1    | 3.2   | 0.4                 | -4.6                     | -1.4             |
| Revised                  | 0.6          | 4.1    | 3.4   | 0.3                 | -4.7                     | -0.3             |
| <b>Nonfarm business:</b> |              |        |       |                     |                          |                  |
| Preliminary              | 1.7          | 5.4    | 3.6   | 0.1                 | -4.9                     | -1.6             |
| Revised                  | 0.5          | 4.3    | 3.8   | 0.0                 | -5.0                     | -0.5             |
| <b>Manufacturing:</b>    |              |        |       |                     |                          |                  |
| Preliminary              | 1.4          | 2.8    | 1.3   | -0.9                | -5.9                     | -2.3             |
| Revised                  | 2.1          | 3.7    | 1.6   | -1.1                | -6.0                     | -3.1             |

**Next release date**

The next issue of Productivity and Cost is scheduled for release at 10:00 AM EDT, Monday, August 3, 1987, and will contain preliminary second-quarter measures for the business, nonfarm business, and manufacturing.

### TECHNICAL NOTES

Business sector output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, output of nonprofit institutions, output of paid employees of private households, rental value of owner-occupied dwellings, and the statistical discrepancy in computing the national income accounts. Corresponding exclusions are also made in labor inputs. Business output has accounted for about 77 percent of gross national product in recent years.

Total manufacturing measures are computed by summing series prepared for the durable and nondurables goods sectors.

The durable sector includes the following 2-digit SIC industries: Primary metals; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments; lumber and lumber products; furniture and fixtures; stone, clay, and glass products; and miscellaneous manufactures. The nondurable sector includes these 2-digit SIC industries: Textile mill products, apparel products, leather and leather products, printing and publishing, chemical and chemical products, petroleum products, rubber and plastic products, food, and tobacco products.

Manufacturing output has accounted for about 24 percent of gross national product in recent years.

Nonfinancial corporate output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, unincorporated business, output of nonprofit institutions, output of paid employees of private households, rental value of owner-occupied dwelling, the output of corporations engaged in banking, finance, stock and commodity trading, and credit and insurance agencies, and the statistical discrepancy in computing the national income accounts. Nonfinancial corporate output has accounted for about 59 percent of gross national product in recent years.

The productivity and associated cost measures in this news release describe the relationship between output in real terms 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 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.

Table 1. Business sector: Productivity, hourly compensation, unit labor cost, 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 cost | Unit non-labor payments(3) | Implicit price deflator(4) |        |
|--|--------------------------------|--------|----------------------|--------------------------|-------------------------------|-----------------|----------------------------|----------------------------|--------|
| Indexes 1977=100   |                                |        |                      |                          |                               |                 |                            |                            |        |
| 1986   | I                              | 107.3  | 125.3                | 116.8                    | 179.1                         | 99.2            | 167.0                      | 162.2                      | 165.3  |
|  | II                             | 107.4  | 125.4                | 116.7                    | 180.4                         | 100.2           | 168.0                      | 161.9                      | 165.8  |
|  | III                            | 107.3  | 126.0                | 117.4                    | 181.7                         | 100.4           | 169.3                      | 163.4                      | 167.2  |
|  | IV                             | 106.8  | 126.8                | 118.7                    | 182.6                         | 100.2           | 171.0                      | 159.7                      | 167.0  |
|  | ANNUAL                         | 107.1  | 125.9                | 117.5                    | 180.9                         | 100.0           | 168.8                      | 161.8                      | 166.3  |
| 1987   | I                              | r106.9 | r128.0               | r119.8                   | r182.7                        | 99.0            | r170.9                     | r164.6                     | r168.7 |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                          |                               |                 |                            |                            |        |
| 1986   | I                              | 3.3    | 4.7                  | 1.4                      | 2.5                           | 0.9             | -0.7                       | 6.6                        | 1.8    |
|  | II                             | 0.5    | 0.3                  | -0.2                     | 2.8                           | 4.2             | 2.3                        | -0.7                       | 1.2    |
|  | III                            | -0.4   | 2.0                  | 2.4                      | 2.9                           | 0.4             | 3.3                        | 3.7                        | 3.4    |
|  | IV                             | -2.0   | 2.4                  | 4.6                      | 2.0                           | -0.6            | 4.2                        | -8.6                       | -0.4   |
|  | ANNUAL                         | 0.7    | 2.6                  | 1.9                      | 3.2                           | 1.2             | 2.5                        | 1.3                        | 2.1    |
| 1987   | I                              | r0.6   | r4.1                 | r3.4                     | r0.3                          | r-4.7           | r-0.3                      | r12.7                      | r4.0   |
| Percent change from corresponding quarter of previous year |                                |        |                      |                          |                               |                 |                            |                            |        |
| 1986   | I                              | 1.5    | 3.3                  | 1.8                      | 3.9                           | 0.8             | 2.4                        | 2.5                        | 2.4    |
|  | II                             | 1.0    | 2.5                  | 1.6                      | 3.4                           | 1.7             | 2.4                        | 1.2                        | 2.0    |
|  | III                            | 0.0    | 2.0                  | 2.0                      | 3.0                           | 1.3             | 3.0                        | 1.2                        | 2.4    |
|  | IV                             | 0.3    | 2.4                  | 2.0                      | 2.6                           | 1.2             | 2.2                        | 0.1                        | 1.5    |
|  | ANNUAL                         | 0.7    | 2.6                  | 1.9                      | 3.2                           | 1.2             | 2.5                        | 1.3                        | 2.1    |
| 1987   | I                              | r-0.3  | r2.2                 | 2.5                      | 2.0                           | -0.2            | r2.3                       | r1.5                       | r2.0   |

See footnotes following table 6.  
 r=revised  
 p=preliminary

June 2, 1987  
 Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor cost, 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 cost | Unit non-labor payments(3) | Implicit price deflator(4) |
|--|--------------------------------|--------|----------------------|--------------------------|-------------------------------|-----------------|----------------------------|----------------------------|
| Indexes 1977=100   |                                |        |                      |                          |                               |                 |                            |                            |
| 1986   | I                              | 105.6  | 125.1                | 118.5                    | 178.3                         | 98.8            | 168.8                      | 163.9                      |
|  | II                             | 105.7  | 125.3                | 118.5                    | 179.3                         | 99.7            | 169.6                      | 163.7                      |
|  | III                            | 105.7  | 126.1                | 119.4                    | 180.4                         | 99.6            | 170.7                      | 165.9                      |
|  | IV                             | 105.3  | 127.0                | 120.6                    | 181.6                         | 99.6            | 172.5                      | 162.2                      |
|  | ANNUAL                         | 105.5  | 125.9                | 119.3                    | 179.8                         | 99.4            | 170.4                      | 163.9                      |
| 1987   | I                              | r105.4 | r128.3               | 121.7                    | 181.6                         | 98.4            | r172.2                     | r167.5                     |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                          |                               |                 |                            |                            |
| 1986   | I                              | 4.3    | 5.1                  | 0.8                      | 3.1                           | 1.5             | -1.2                       | 9.3                        |
|  | II                             | 0.5    | 0.6                  | 0.1                      | 2.3                           | 3.6             | 1.8                        | -0.6                       |
|  | III                            | -0.3   | 2.6                  | 2.9                      | 2.3                           | -0.1            | 2.6                        | 5.5                        |
|  | IV                             | -1.5   | 2.7                  | 4.3                      | 2.7                           | 0.0             | 4.2                        | -8.6                       |
|  | ANNUAL                         | 0.7    | 2.8                  | 2.0                      | 3.0                           | 1.1             | 2.3                        | 2.0                        |
| 1987   | I                              | r0.5   | r4.3                 | r3.8                     | r0.0                          | r-5.0           | r-0.5                      | r13.9                      |
| Percent change from corresponding quarter of previous year |                                |        |                      |                          |                               |                 |                            |                            |
| 1986   | I                              | 1.2    | 3.3                  | 2.1                      | 3.6                           | 0.5             | 2.5                        | 3.1                        |
|  | II                             | 0.8    | 2.7                  | 1.8                      | 3.1                           | 1.4             | 2.2                        | 1.8                        |
|  | III                            | 0.2    | 2.3                  | 2.1                      | 2.8                           | 1.2             | 2.6                        | 1.7                        |
|  | IV                             | 0.7    | 2.8                  | 2.0                      | 2.6                           | 1.2             | 1.8                        | 1.2                        |
|  | ANNUAL                         | 0.7    | 2.8                  | 2.0                      | 3.0                           | 1.1             | 2.3                        | 2.0                        |
| 1987   | I                              | r-0.2  | r2.6                 | r2.8                     | 1.8                           | -0.4            | r2.0                       | r2.2                       |

See footnotes following table 6.  
r=revised  
p=preliminary

June 2, 1987  
Source: Bureau of Labor Statistics



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

| Year and quarter   | Output per hour of all persons | Output (6) | Hours of all persons | Compensation per hour(1) | Real compensation per hour(2) | Unit labor cost |        |
|--|--------------------------------|------------|----------------------|--------------------------|-------------------------------|-----------------|--------|
| Indexes 1977=100   |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r124.4     | r123.5               | 99.3                     | 180.2                         | 99.8            | r144.9 |
|  | II                             | r125.7     | r123.6               | 98.4                     | 181.4                         | 100.8           | r144.3 |
|  | III                            | r127.0     | r124.7               | 98.2                     | 182.5                         | 100.8           | r143.7 |
|  | IV                             | r127.1     | r125.9               | 99.0                     | 183.5                         | 100.7           | r144.4 |
|  | ANNUAL                         | r126.0     | r124.4               | 98.7                     | 181.9                         | 100.5           | r144.3 |
| 1987   | I                              | r127.7     | r127.0               | 99.4                     | 183.0                         | r99.1           | r143.3 |
| Percent change from previous quarter at annual rate(5)     |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r4.0       | r4.5                 | 0.4                      | 2.1                           | 0.5             | r-1.9  |
|  | II                             | r4.3       | r0.6                 | -3.5                     | 2.7                           | 4.1             | r-1.5  |
|  | III                            | r4.3       | r3.6                 | -0.6                     | 2.4                           | 0.0             | r-1.8  |
|  | IV                             | r0.2       | r3.6                 | 3.4                      | 2.1                           | -0.6            | r1.9   |
|  | ANNUAL                         | r3.5       | r3.3                 | -0.2                     | 2.9                           | 1.0             | r-0.6  |
| 1987   | I                              | r2.1       | r3.7                 | r1.6                     | r-1.1                         | r-6.0           | r-3.1  |
| Percent change from corresponding quarter of previous year |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r4.4       | r4.1                 | -0.3                     | 3.7                           | 0.6             | r-0.7  |
|  | II                             | r3.2       | r3.1                 | -0.2                     | 3.3                           | 1.6             | r0.1   |
|  | III                            | r3.3       | r3.0                 | -0.3                     | 2.5                           | 0.8             | r-0.8  |
|  | IV                             | r3.2       | r3.1                 | -0.1                     | 2.3                           | 1.0             | r-0.8  |
|  | ANNUAL                         | r3.5       | r3.3                 | -0.2                     | 2.9                           | 1.0             | r-0.6  |
| 1987   | I                              | r2.7       | r2.9                 | r0.2                     | r1.5                          | -0.7            | r-1.1  |

See footnotes following table 6.

r=revised  
p=preliminary

June 2, 1987

Source: Bureau of Labor Statistics

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

| Year and quarter   | Output per hour of all persons | Output (6) | Hours of all persons | Compensation per hour(1) | Real compensation per hour(2) | Unit labor cost |        |
|--|--------------------------------|------------|----------------------|--------------------------|-------------------------------|-----------------|--------|
| Indexes 1977=100   |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r128.5     | r128.4               | 99.9                     | 178.9                         | 99.1            | r139.2 |
|  | II                             | r129.6     | r127.8               | 98.7                     | 180.2                         | 100.1           | r139.1 |
|  | III                            | r131.2     | r128.8               | 98.2                     | 181.3                         | 100.1           | r138.1 |
|  | IV                             | r131.6     | r130.1               | 98.8                     | 182.6                         | 100.2           | r138.8 |
|  | ANNUAL                         | r130.2     | r128.8               | 98.9                     | 180.7                         | 99.9            | r138.8 |
| 1987   | I                              | r132.4     | r131.2               | 99.0                     | r181.5                        | 98.4            | r137.1 |
| Percent change from previous quarter at annual rate(5)     |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r5.1       | r4.5                 | -0.6                     | 2.2                           | 0.6             | r-2.8  |
|  | II                             | r3.2       | r-1.7                | -4.8                     | 2.8                           | 4.1             | r-0.4  |
|  | III                            | r5.2       | r3.3                 | -1.8                     | 2.5                           | 0.0             | r-2.6  |
|  | IV                             | r1.1       | r3.8                 | 2.6                      | 3.0                           | 0.3             | r1.8   |
|  | ANNUAL                         | r4.5       | r3.3                 | -1.1                     | 3.3                           | 1.4             | r-1.1  |
| 1987   | I                              | r2.6       | r3.5                 | r0.8                     | r-2.3                         | r-7.2           | r-4.8  |
| Percent change from corresponding quarter of previous year |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r6.2       | r5.1                 | -1.1                     | 4.1                           | 0.9             | r-2.0  |
|  | II                             | r4.2       | r3.0                 | -1.1                     | 4.0                           | 2.4             | r-0.1  |
|  | III                            | r4.0       | r2.7                 | -1.3                     | 2.7                           | 1.0             | r-1.3  |
|  | IV                             | r3.6       | r2.4                 | -1.2                     | 2.6                           | 1.2             | r-1.0  |
|  | ANNUAL                         | r4.5       | r3.3                 | -1.1                     | 3.3                           | 1.4             | r-1.1  |
| 1987   | I                              | r3.0       | r2.2                 | r-0.8                    | 1.5                           | r-0.8           | r-1.5  |

See footnotes following table 6.

r=revised  
p=preliminary

June 2, 1987

Source: Bureau of Labor Statistics

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

| Year and quarter   | Output per hour of all persons | Output (6) | Hours of all persons | Compensation per hour(1) | Real compensation per hour(2) | Unit labor cost |        |
|--|--------------------------------|------------|----------------------|--------------------------|-------------------------------|-----------------|--------|
| Indexes 1977=100   |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r118.1     | r116.1               | 98.3                     | 182.2                         | 100.9           | r154.3 |
|  | II                             | r119.9     | r117.4               | 97.9                     | 183.5                         | 102.0           | r153.1 |
|  | III                            | r120.8     | r118.6               | 98.2                     | 184.8                         | 102.1           | r153.0 |
|  | IV                             | r120.4     | r119.6               | 99.3                     | 185.1                         | 101.6           | r153.7 |
|  | ANNUAL                         | r119.8     | r117.9               | 98.5                     | 183.8                         | 101.6           | r153.5 |
| 1987   | I                              | r120.8     | r120.8               | r100.0                   | r185.7                        | 100.6           | r153.7 |
| Percent change from previous quarter at annual rate(5)     |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r2.4       | r4.5                 | 2.0                      | 2.2                           | 0.6             | r-0.2  |
|  | II                             | r6.2       | r4.5                 | -1.6                     | 2.9                           | 4.2             | r-3.1  |
|  | III                            | r3.1       | r4.3                 | 1.2                      | 2.7                           | 0.3             | r-0.3  |
|  | IV                             | r-1.3      | r3.2                 | 4.6                      | 0.7                           | -1.9            | r2.0   |
|  | ANNUAL                         | r2.1       | r3.4                 | 1.2                      | 2.5                           | 0.6             | r0.4   |
| 1987   | I                              | r1.3       | r4.1                 | r2.7                     | r1.3                          | r-3.7           | r0.0   |
| Percent change from corresponding quarter of previous year |                                |            |                      |                          |                               |                 |        |
| 1986   | I                              | r1.7       | r2.5                 | 0.8                      | 3.3                           | 0.2             | r1.6   |
|  | II                             | r1.9       | r3.2                 | 1.3                      | 2.3                           | 0.6             | r0.4   |
|  | III                            | r2.4       | r3.6                 | 1.2                      | 2.4                           | 0.8             | r0.0   |
|  | IV                             | r2.6       | r4.1                 | 1.5                      | 2.1                           | 0.8             | r-0.4  |
|  | ANNUAL                         | r2.1       | r3.4                 | 1.2                      | 2.5                           | 0.6             | r0.4   |
| 1987   | I                              | r2.3       | r4.0                 | r1.7                     | 1.9                           | -0.3            | r-0.4  |

See footnotes following table 6,

r=revised  
p=preliminary

June 2, 1987

Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor cost, 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 cost | Unit non-labor cost(7) | Total unit cost (3) | Unit profits (9) | Implicit price deflator (4) |        |
|--|------------------------------|--------|----------------|-------------------------|-----------------------------|-----------------|------------------------|---------------------|------------------|-----------------------------|--------|
| Indexes 1977=100   |                              |        |                |                         |                             |                 |                        |                     |                  |                             |        |
| 1986   | I                            | 106.9  | 126.9          | 118.7                   | 175.4                       | 97.1            | 164.0                  | 181.1               | 168.3            | 131.7                       | 164.0  |
|  | II                           | 106.8  | 126.6          | 118.5                   | 176.1                       | 97.8            | 164.8                  | 179.9               | 168.6            | 132.3                       | 164.3  |
|  | III                          | 106.9  | 127.0          | 118.8                   | 176.8                       | 97.7            | 165.4                  | 182.6               | 169.8            | 135.8                       | 165.7  |
|  | IV                           | 107.2  | 128.3          | 119.6                   | 177.8                       | 97.6            | 165.8                  | 180.9               | 169.6            | 136.8                       | 165.7  |
|  | ANNUAL                       | 106.9  | 127.2          | 119.0                   | 176.5                       | 97.5            | 165.0                  | 181.2               | 169.1            | 134.1                       | 164.9  |
| 1987   | I                            | p107.2 | p130.0         | p121.2                  | p177.6                      | p96.2           | p165.0                 | p181.0              | p169.5           | p147.8                      | p166.9 |
| Percent change from previous quarter at annual rate(5)     |                              |        |                |                         |                             |                 |                        |                     |                  |                             |        |
| 1986   | I                            | -0.5   | 2.6            | 3.1                     | 2.0                         | 0.4             | 2.5                    | 3.1                 | 2.7              | 1.3                         | 2.5    |
|  | II                           | -0.3   | -1.1           | -0.8                    | 1.6                         | 2.9             | 1.9                    | -2.7                | 0.6              | 2.0                         | 0.7    |
|  | III                          | 0.2    | 1.3            | 1.2                     | 1.8                         | -0.6            | 1.6                    | 6.1                 | 2.8              | 11.0                        | 3.6    |
|  | IV                           | 1.4    | 4.1            | 2.7                     | 2.3                         | -0.3            | 0.9                    | -3.6                | -0.3             | 2.8                         | p0.0   |
|  | ANNUAL                       | 0.1    | 1.9            | 1.8                     | 2.4                         | 0.5             | 2.3                    | 1.1                 | 2.0              | 0.7                         | 1.9    |
| 1987   | I                            | p0.0   | p5.5           | p5.5                    | p-0.6                       | p-5.6           | p-0.6                  | p0.1                | p-0.4            | p36.4                       | p2.9   |
| Percent change from corresponding quarter of previous year |                              |        |                |                         |                             |                 |                        |                     |                  |                             |        |
| 1986   | I                            | 0.9    | 3.2            | 2.2                     | 3.2                         | 0.1             | 2.3                    | 1.5                 | 2.1              | 1.8                         | 2.1    |
|  | II                           | 0.3    | 2.0            | 1.7                     | 2.6                         | 1.0             | 2.3                    | 0.0                 | 1.7              | 1.6                         | 1.7    |
|  | III                          | -0.9   | 0.8            | 1.7                     | 2.2                         | 0.5             | 3.1                    | 2.4                 | 2.9              | -4.2                        | 2.1    |
|  | IV                           | 0.2    | 1.7            | 1.5                     | 1.9                         | 0.6             | 1.7                    | 0.7                 | 1.4              | 4.2                         | 1.7    |
|  | ANNUAL                       | 0.1    | 1.9            | 1.8                     | 2.4                         | 0.5             | 2.3                    | 1.1                 | 2.0              | 0.7                         | 1.9    |
| 1987   | I                            | p0.3   | p2.4           | p2.1                    | p1.3                        | p-0.9           | p0.9                   | p-0.1               | p0.7             | p12.2                       | p1.8   |

See footnotes following table 6.

r=revised

p=preliminary

June 2, 1987

Source: Bureau of Labor Statistics

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

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. Preliminary results are published 30 days after the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the probability is 0.95 that the third publication (second revision) of a quarterly index of output per hour of all persons will differ from the preliminary value by between -1.9 and +2.0 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1986

Footnotes, Tables 1-6

- (1) Wages and salaries of the 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) Compensation per hour adjusted for changes in the Consumer Price Index for All Urban Consumers.
- (3) Unit nonlabor payments include profits, capital consumption allowances, interest, rental income of persons, and indirect taxes.
- (4) Current dollar gross product divided by constant dollar gross product.
- (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) Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve adjusted by BLS to annual manufacturing output levels (gross product originating) from the National Income and Product Accounts prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce.
- (7) Unit nonlabor cost includes capital consumption allowances, interest, rental income of persons, and indirect taxes.
- (8) Total unit cost is the sum of labor and nonlabor costs.
- (9) Unit profits include corporate profits with inventory valuation and capital consumption adjustments.

Appendix table 1. Manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour | Real compensation per hour | Unit labor cost |
|------------------|--------------------------------|--------|----------------------|-----------------------|----------------------------|-----------------|
| Indexes 1977=100 |                                |        |                      |                       |                            |                 |
| 1981 I           | 103.2                          | 104.9  | 101.6                | 141.6                 | 97.6                       | 137.2           |
| II               | 103.5                          | 105.6  | 102.0                | 143.9                 | 97.1                       | 139.1           |
| III              | 104.5                          | 106.3  | 101.7                | 146.3                 | 96.1                       | 140.0           |
| IV               | 103.4                          | 102.6  | 99.2                 | 149.2                 | 96.4                       | 144.3           |
| ANNUAL           | 103.6                          | 104.8  | 101.1                | 145.2                 | 96.7                       | 140.1           |
| 1982 I           | 104.1                          | 100.1  | 96.1                 | 153.8                 | 98.5                       | 147.7           |
| II               | 105.1                          | 98.9   | 94.1                 | 156.7                 | 98.9                       | r149.0          |
| III              | 107.1                          | 98.2   | 91.7                 | 159.2                 | 98.8                       | 148.7           |
| IV               | 107.4                          | 96.4   | 89.8                 | 160.6                 | 99.4                       | r149.6          |
| ANNUAL           | 105.9                          | 98.4   | 92.9                 | 157.5                 | 98.9                       | 148.7           |
| 1983 I           | r109.9                         | 99.2   | 90.3                 | 161.9                 | 100.1                      | r147.4          |
| II               | r111.1                         | r102.6 | 92.4                 | 161.8                 | 98.9                       | 145.6           |
| III              | 113.5                          | 107.3  | 94.6                 | 162.4                 | 98.2                       | 143.1           |
| IV               | r113.4                         | r109.8 | 96.8                 | 163.5                 | 98.0                       | r144.2          |
| ANNUAL           | 112.0                          | 104.7  | 93.5                 | 162.4                 | 98.8                       | 145.0           |
| 1984 I           | r115.1                         | r113.7 | 98.8                 | 165.4                 | 97.8                       | r143.6          |
| II               | r115.8                         | r115.5 | 99.7                 | 166.8                 | 97.7                       | r144.0          |
| III              | r117.5                         | r117.1 | 99.7                 | 169.1                 | 98.1                       | r143.9          |
| IV               | r118.0                         | r117.6 | 99.7                 | 171.5                 | 98.7                       | r145.4          |
| ANNUAL           | 116.6                          | 116.0  | 99.5                 | 168.2                 | 98.1                       | 144.2           |
| 1985 I           | r119.1                         | r118.6 | 99.6                 | 173.8                 | 99.2                       | r145.9          |
| II               | r121.8                         | 119.9  | 98.5                 | 175.6                 | 99.2                       | 144.3           |
| III              | r122.9                         | r121.1 | 98.5                 | 178.1                 | 100.0                      | r144.9          |
| IV               | r123.2                         | r122.1 | 99.1                 | 179.3                 | 99.7                       | r145.6          |
| ANNUAL           | 121.7                          | 120.4  | 98.9                 | 176.7                 | 99.5                       | 145.1           |

r=revised

June 2, 1987

Source: Bureau of Labor Statistics

Appendix table 2. Durable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour | Real compensation per hour | Unit labor cost |
|------------------|--------------------------------|--------|----------------------|-----------------------|----------------------------|-----------------|
| Indexes 1977=100 |                                |        |                      |                       |                            |                 |
| 1981 I           | 102.7                          | 105.7  | 102.9                | 141.4                 | 97.5                       | 137.8           |
| II               | r102.2                         | 106.0  | 103.7                | 143.6                 | 96.9                       | 140.4           |
| III              | 103.1                          | 106.4  | 103.1                | 145.9                 | 95.8                       | 141.4           |
| IV               | 101.2                          | r101.4 | 100.2                | 148.7                 | 96.1                       | 147.0           |
| ANNUAL           | 102.3                          | 104.9  | 102.5                | 144.9                 | 96.5                       | 141.5           |
| 1982 I           | r100.2                         | r96.8  | 96.6                 | 153.2                 | 98.1                       | 152.9           |
| II               | r101.2                         | 94.9   | 93.8                 | 156.0                 | 98.5                       | r154.2          |
| III              | 103.1                          | 93.3   | 90.5                 | 158.9                 | 98.6                       | 154.2           |
| IV               | 103.5                          | r90.5  | 87.5                 | 160.1                 | 99.1                       | 154.7           |
| ANNUAL           | 101.9                          | 93.9   | 92.1                 | 157.0                 | 98.6                       | 154.0           |
| 1983 I           | r106.7                         | r94.1  | 88.2                 | 161.3                 | 99.7                       | r151.2          |
| II               | r108.6                         | 98.3   | 90.5                 | 160.9                 | 98.3                       | r148.2          |
| III              | 111.7                          | 104.0  | 93.2                 | 161.3                 | 97.6                       | 144.5           |
| IV               | r112.1                         | r108.0 | 96.3                 | 162.3                 | 97.2                       | r144.7          |
| ANNUAL           | 109.8                          | 101.1  | 92.0                 | 161.5                 | 98.2                       | 147.0           |
| 1984 I           | r114.4                         | r113.1 | 98.9                 | 164.1                 | 97.1                       | r143.5          |
| II               | r115.6                         | r115.8 | 100.2                | 165.3                 | 96.8                       | r143.0          |
| III              | r117.9                         | r118.7 | 100.7                | 167.2                 | 97.1                       | r141.8          |
| IV               | r118.8                         | r120.2 | 101.2                | 169.4                 | 97.5                       | r142.6          |
| ANNUAL           | 116.7                          | 117.0  | 100.2                | 166.6                 | 97.2                       | 142.7           |
| 1985 I           | r121.0                         | r122.2 | 100.9                | 172.0                 | 98.2                       | r142.1          |
| II               | 124.4                          | 124.1  | 99.8                 | 173.2                 | 97.8                       | 139.2           |
| III              | r126.2                         | r125.5 | 99.5                 | 176.5                 | 99.1                       | r139.9          |
| IV               | r126.9                         | r127.0 | 100.0                | 178.0                 | 99.0                       | r140.2          |
| ANNUAL           | 124.6                          | 124.7  | 100.1                | 174.9                 | 98.5                       | 140.3           |

r=revised

June 2, 1987

Source: Bureau of Labor Statistics

Appendix table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour | Real compensation per hour | Unit labor cost |
|------------------|--------------------------------|--------|----------------------|-----------------------|----------------------------|-----------------|
| Indexes 1977=100 |                                |        |                      |                       |                            |                 |
| 1981 I           | 104.0                          | 103.7  | 99.7                 | 141.4                 | 97.5                       | 136.0           |
| II               | 105.3                          | 104.9  | 99.6                 | 143.8                 | 97.1                       | 136.5           |
| III              | 106.5                          | 106.1  | 99.6                 | 146.4                 | 96.2                       | 137.4           |
| IV               | 106.7                          | 104.4  | 97.8                 | 149.5                 | 96.6                       | 140.1           |
| ANNUAL           | 105.6                          | 104.8  | 99.2                 | 145.2                 | 96.8                       | 137.5           |
| 1982 I           | 110.0                          | 105.0  | 95.5                 | 154.6                 | 99.0                       | 140.5           |
| II               | 111.0                          | 104.8  | 94.4                 | 157.9                 | 99.7                       | 142.2           |
| III              | 112.9                          | 105.6  | 93.4                 | 160.4                 | 99.5                       | 142.0           |
| IV               | 112.9                          | r105.1 | 93.1                 | 162.6                 | 100.6                      | 144.0           |
| ANNUAL           | 111.7                          | 105.1  | 94.1                 | 158.8                 | 99.7                       | 142.2           |
| 1983 I           | 114.4                          | r106.7 | 93.3                 | 163.9                 | 101.3                      | 143.3           |
| II               | 114.7                          | 109.2  | 95.2                 | 164.2                 | 100.3                      | 143.2           |
| III              | 116.1                          | 112.1  | 96.6                 | 164.7                 | 99.7                       | 141.9           |
| IV               | r115.4                         | r112.5 | 97.5                 | 166.0                 | 99.5                       | r143.8          |
| ANNUAL           | 115.2                          | 110.1  | 95.6                 | 164.7                 | 100.2                      | 143.1           |
| 1984 I           | r116.3                         | r114.6 | 98.6                 | 167.5                 | 99.1                       | r144.1          |
| II               | 116.1                          | 114.9  | 99.0                 | 169.2                 | 99.1                       | 145.7           |
| III              | r116.8                         | r114.6 | 98.1                 | 171.9                 | 99.8                       | r147.1          |
| IV               | r116.6                         | r113.8 | 97.6                 | 174.6                 | 100.5                      | r149.7          |
| ANNUAL           | 116.5                          | 114.5  | 98.3                 | 170.8                 | 99.7                       | 146.6           |
| 1985 I           | r116.2                         | r113.3 | 97.6                 | 176.5                 | 100.8                      | r151.9          |
| II               | r117.7                         | r113.8 | 96.7                 | 179.4                 | 101.3                      | r152.5          |
| III              | 118.0                          | 114.5  | 97.0                 | 180.4                 | 101.3                      | r152.9          |
| IV               | r117.4                         | r114.9 | 97.9                 | 181.3                 | 100.8                      | r154.4          |
| ANNUAL           | 117.3                          | 114.1  | 97.3                 | 179.4                 | 101.0                      | 152.9           |

r=revised

June 2, 1987

Source: Bureau of Labor Statistics