

News

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PRODUCTIVITY AND COSTS

First Quarter 1989

Business, Nonfarm Business, Manufacturing, and
Nonfinancial Corporations

The Bureau of Labor Statistics of the U.S. Department of Labor today reported productivity results--as measured by output per hour of all persons--for the first quarter of 1989. Based on revised information now available, the seasonally-adjusted annual rates of productivity change in the first quarter were:

- 1.7 percent in the business sector,
- 1.1 percent in the nonfarm business sector,
- 2.1 percent in manufacturing,
 - 1.6 percent in durable goods manufacturing, and
 - 3.1 percent in nondurable goods manufacturing.

First-quarter measures are summarized in table A and appear in detail in tables 1 through 5. In the business and manufacturing sectors, productivity rose more rapidly than in the previous quarter; these gains contributed to a less rapid growth of unit labor costs. In the nonfarm business sector, the increase in unit labor costs was greater, partly reflecting the decline in productivity.

In nonfinancial corporations, productivity fell 1.3 percent in the first quarter, as output and hours rose 1.4 percent and 2.7 percent, respectively (tables B and 6).

For business and manufacturing, the revised productivity and output measures show smaller increases than had been reported on May 3, based on preliminary information then available (table D). For nonfarm business, the revised productivity measure shows a decrease. The revisions mainly reflect lowered measures of output growth during the first 3 months of 1989.

Table A. Productivity and costs: First-quarter 1989 measures
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.7	5.1	3.4	5.4	0.0	3.6
Nonfarm business	-1.1	2.2	3.4	5.4	0.0	6.6
Manufacturing	2.1	2.8	0.7	4.1	-1.3	2.0
Durable	1.6	1.8	0.3	4.4	-0.9	2.8
Nondurable	3.1	4.4	1.3	3.6	-1.7	0.5
Percent change from same quarter a year ago						
Business	-0.3	3.4	3.7	5.2	0.4	5.5
Nonfarm business	-0.2	3.6	3.8	5.1	0.3	5.3
Manufacturing	3.1	5.2	2.0	4.2	-0.5	1.0
Durable	2.7	5.4	2.6	4.0	-0.8	1.2
Nondurable	3.7	4.9	1.1	4.5	-0.2	0.8

Business

Productivity increased at a 1.7 percent annual rate during the first quarter of 1989 in the business sector, as output rose 5.1 percent and hours of all persons engaged in the sector increased 3.4 percent (seasonally adjusted annual rates). The increase in productivity partly reflected a very large increase in farm productivity, which in turn resulted from a substantial increase in output over the drought-lowered levels of 1988. During the fourth quarter of 1988, business productivity had declined 1.0 percent, as output grew more slowly than hours (table 1).

Hourly compensation increased at a 5.4 percent annual rate during the first quarter of 1989, compared with a 4.3 percent increase during the fourth quarter of 1988. 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, increased at a 3.6 percent annual rate during the first quarter, compared with a 5.4 percent increase one quarter earlier.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), was unchanged in the first quarter, compared with a 0.2 percent decline in the fourth quarter of 1988.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 3.6 percent in the first quarter.

Nonfarm business

Productivity declined 1.1 percent in the nonfarm business sector during the first quarter of 1989, as output rose 2.2 percent and hours of all persons --employees, proprietors, and unpaid family workers--increased 3.4 percent. During the fourth quarter of 1988, productivity had increased 1.0 percent (table 2).

Hourly compensation increased 5.4 percent in the first quarter, but was unchanged when the rise in the CPI-U was taken into account. Unit labor costs increased 6.6 percent, compared with a 4.1 percent rise during the fourth quarter of 1988.

The implicit price deflator for the nonfarm business sector rose 3.2 percent in the first quarter, compared with a 6.0 percent rise one quarter earlier.

Manufacturing

Manufacturing productivity increased more rapidly than in the more comprehensive business sectors reported above, growing at a 2.1 percent seasonally adjusted annual rate in the first quarter of 1989. Output rose 2.8 percent and hours of all persons increased 0.7 percent. During the fourth quarter of 1988, productivity rose 1.6 percent, but output and hours rose much more rapidly--5.1 percent and 3.5 percent, respectively (table 3).

Hourly compensation of all manufacturing workers increased 4.1 percent during the first quarter, or -1.3 percent when the increase in consumer prices was taken into account. Unit labor costs increased at a 2.0 percent annual rate, compared with a 3.5 percent increase during fourth quarter of 1988.

Both durable and nondurable goods industries experienced productivity increases in the first quarter (tables 4 and 5). Productivity, output, and hours of all persons increased more rapidly in nondurable than in durable goods manufacturing.

Nonfinancial corporations

Preliminary first-quarter 1989 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Output per all-employee hour declined 1.3 percent from the fourth quarter of 1988 to the first quarter of 1989, as output and hours increased 1.4 percent and 2.7 percent, respectively, at annual rates. 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 less rapidly than in the more comprehensive nonfarm business sector reported above.

Table B. Nonfinancial corporations: Preliminary first-quarter productivity and cost measures
Seasonally adjusted annual rates

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
1989 I	-1.3	1.4	2.7	5.2	-0.2	6.5	-27.8	3.0
Percent change from preceding year								
1989 I	-0.9	2.8	3.7	4.9	0.1	5.8	-6.9	4.4

Hourly compensation increased 5.2 percent but declined 0.2 percent when the rise in the CPI-U was taken into account (table 6). Unit labor costs rose 6.5 percent in the first quarter (the largest quarterly gain in this series since 1982), unit nonlabor costs rose 6.8 percent (their largest increase since 1986), and unit profits fell 27.8 percent (their largest decline since 1982). The implicit deflator for nonfinancial corporate output rose 3.0 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 the prices of goods and services produced by nonfinancial corporations reflect changes in their costs and profits. Total unit costs consist of labor costs and nonlabor costs per unit of output.

Table C. Nonfinancial corporations: Prices, costs, and profits
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	157.9	160.8	156.5	173.6	136.5
1985	160.4	164.1	160.2	175.8	133.0
1986	163.2	167.3	163.6	178.4	132.4
1987	165.8	170.6	166.6	182.5	130.8
1988	169.9	175.0	171.1	186.5	132.2
1988 I	166.9	171.5	167.5	183.4	132.5
II	168.8	173.8	170.0	185.1	132.0
III	170.8	176.4	172.6	187.8	129.5
IV	172.9	178.3	174.4	189.6	133.9
1989 I	174.2	181.1	177.2	192.7	123.4

Revised measures

Previous and revised productivity and cost measures for the first quarter are compared in table D for business, nonfarm business, and manufacturing. Business sector productivity and cost revisions are larger than usual, reflecting a substantial revision in sector output measures--which are based on revised Gross National Product measures published by the Bureau of Economic Analysis--and smaller changes in measures of labor input.

Table D. Previous and revised productivity and related measures, first-quarter 1989.
Quarterly percent change at seasonally adjusted annual rate

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business:						
Previous	3.5	6.7	3.1	5.7	0.3	2.1
Revised	1.7	5.1	3.4	5.4	0.0	3.6
Nonfarm business:						
Previous	0.5	3.6	3.1	5.7	0.3	5.2
Revised	-1.1	2.2	3.4	5.4	0.0	6.6
Manufacturing:						
Previous	3.8	4.6	0.8	4.1	-1.2	0.4
Revised	2.1	2.8	0.7	4.1	-1.3	2.0

Next release date

The next issue of Productivity and Costs is scheduled for release at 10:00 AM EDT, Thursday, August 3, 1989, and will contain second-quarter measures for business, nonfarm business, and manufacturing.

NOTE: Beginning in August, the hours measures used in the productivity and cost series will be hours at work rather than hours paid. Until this time, hours paid have been used. The difference between hours paid and hours at work is paid leave. The new series will reflect more precisely labor inputs to the production of goods and services.

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 non-profit 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 accounted for 81 percent of gross national product in 1988. The nonfarm business sector, which also excludes farming, accounted for about 79 percent of gross national product in 1988.

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 accounted for about 22 percent of gross national product in 1988.

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 dwellings, 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 accounted for about 60 percent of gross national product in 1988.

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								
1988	I	112.8	138.0	122.3	195.8	101.9	173.5	172.3
	II	111.8	138.8	124.1	198.1	102.0	177.1	174.7
	III	112.3	139.8	124.5	201.1	102.4	179.0	176.8
	IV	112.0	140.9	125.8	203.2	102.3	181.4	179.0
	ANNUAL	112.2	139.4	124.3	199.4	102.1	177.8	175.7
1989	I	112.5r	142.7r	126.8	205.9r	102.3r	183.0r	180.5r
Percent change from previous quarter at annual rate(5)								
1988	I	3.5	5.5	1.9	3.7	0.0	0.2	2.5
	II	-3.4	2.4	6.0	4.8	0.3	8.5	1.0
	III	1.7	2.8	1.1	6.2	1.4	4.4	5.3
	IV	-1.0	3.3	4.3	4.3	-0.2	5.4	4.7
	ANNUAL	1.1	4.6	3.5	4.8	0.6	3.7	1.9
1989	I	1.7r	5.1r	3.4r	5.4r	0.0r	3.6r	3.4r
Percent change from corresponding quarter of previous year								
1988	I	2.7	5.8	3.0	4.5	0.5	1.8	2.7
	II	1.1	5.0	3.9	4.8	0.9	3.7	1.0
	III	0.6	4.1	3.5	5.2	1.0	4.6	0.7
	IV	0.2	3.5	3.3	4.7	0.4	4.6	3.4
	ANNUAL	1.1	4.6	3.5	4.8	0.6	3.7	1.9
1989	I	-0.3r	3.4r	3.7r	5.2	0.4	5.5r	3.6r

See footnotes following table 6.
r=revised

June 1, 1989
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									
1988	I	110.8	137.9	124.4	194.6	101.3	175.7	171.6	174.2
	II	110.1	139.2	126.4	196.6	101.3	178.6	171.8	176.2
	III	110.7	140.5	126.9	199.4	101.5	180.2	173.9	178.0
	IV	110.9	142.1	128.1	201.9	101.7	182.0	177.9	180.6
	ANNUAL	110.6	139.9	126.6	198.0	101.4	179.1	173.9	177.3
1989	I	110.6r	142.9r	129.2r	204.6r	101.7r	185.0r	176.6r	182.0
Percent change from previous quarter at annual rate(5)									
1988	I	3.4	5.6	2.1	3.5	-0.1	0.1	1.6	0.6
	II	-2.4	4.0	6.6	4.2	-0.3	6.8	0.7	4.7
	III	2.0	3.5	1.5	5.7	0.9	3.7	4.8	4.1
	IV	1.0	4.8	3.7	5.2	0.7	4.1	9.6	6.0
	ANNUAL	1.5	5.2	3.7	4.6	0.4	3.1	2.1	2.8
1989	I	-1.1r	2.2r	3.4r	5.4r	0.0r	6.6r	-3.0r	3.2r
Percent change from corresponding quarter of previous year									
1988	I	2.8	6.0	3.1	4.4	0.4	1.6	2.6	1.9
	II	1.4	5.6	4.1	4.6	0.7	3.2	1.2	2.5
	III	1.0	4.7	3.8	5.0	0.8	4.0	0.5	2.8
	IV	1.0	4.5	3.5	4.7	0.3	3.6	4.1	3.8
	ANNUAL	1.5	5.2	3.7	4.6	0.4	3.1	2.1	2.8
1989	I	-0.2r	3.6r	3.8r	5.1r	0.3r	5.3r	2.9r	4.5

See footnotes following table 6.
r=revised

June 1, 1989
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							
1988	I	134.3	135.0	100.6	190.7	99.3	142.1
	II	135.5	136.9	101.1	192.1	99.0	141.8
	III	137.2	139.3	101.5	194.4	99.0	141.6
	IV	137.8	141.1	102.4	196.8	99.1	142.9
	ANNUAL	136.2	138.1	101.4	193.5	99.1	142.1
1989	I	138.5r	142.0r	102.6	198.8	98.8	143.6r
----- Percent change from previous quarter at annual rate(5)							
1988	I	3.2	4.6	1.3	5.4	1.8	2.2
	II	3.7	5.8	2.0	3.0	-1.5	-0.7
	III	5.2	7.1	1.8	4.8	0.0	-0.5
	IV	1.6	5.1	3.5	5.1	0.6	3.5
	ANNUAL	3.2	6.1	2.8	3.5	-0.6	0.3
1989	I	2.1r	2.8r	0.7r	4.1	-1.3r	2.0r
----- Percent change from corresponding quarter of previous year							
1988	I	3.3	6.2	2.8	2.6	-1.3	-0.7
	II	2.8	6.4	3.4	3.2	-0.7	0.3
	III	3.3	6.2	2.8	3.8	-0.3	0.5
	IV	3.4	5.6	2.2	4.6	0.2	1.1
	ANNUAL	3.2	6.1	2.8	3.5	-0.6	0.3
1989	I	3.1r	5.2r	2.0	4.2	-0.5	1.0r
See footnotes following table 6.							June 1, 1989
r=revised							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						
1988	I	141.3	141.3	100.0	189.5	134.1
	II	142.7	144.0	100.9	190.1	133.3
	III	144.2	146.4	101.5	192.3	133.4
	IV	144.6	148.3	102.6	194.8	134.7
	ANNUAL	143.2	145.0	101.3	191.7	133.9
1989	I	145.2r	149.0r	102.6r	196.9r	135.7r
----- Percent change from previous quarter at annual rate(5)						
1988	I	3.8	4.3	0.4	7.1	3.2
	II	3.8	7.7	3.8	1.4	-2.3
	III	4.3	6.8	2.4	4.7	0.5
	IV	1.2	5.3	4.1	5.3	4.0
	ANNUAL	3.4	6.6	3.1	3.5	0.1
1989	I	1.6r	1.8r	0.3r	4.4r	2.8r
----- Percent change from corresponding quarter of previous year						
1988	I	3.4	6.0	2.5	2.5	-0.9
	II	3.3	7.3	3.8	3.1	-0.2
	III	3.6	7.2	3.4	3.8	0.1
	IV	3.3	6.0	2.7	4.6	1.3
	ANNUAL	3.4	6.6	3.1	3.5	0.1
1989	I	2.7r	5.4r	2.6r	4.0	1.2r

See footnotes following table 6.
r=revised

June 1, 1989
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 -----							
1988	I	123.9	125.6	101.4	193.2	100.6	156.0
	II	124.8	126.4	101.3	195.7	100.8	156.8
	III	126.9	128.8	101.5	197.9	100.8	156.0
	IV	127.5	130.3	102.2	200.2	100.8	157.0
	ANNUAL	125.8	127.8	101.6	196.8	100.8	156.5
1989	I	128.5r	131.7r	102.5	202.0	100.4	157.2r
----- Percent change from previous quarter at annual rate(5) -----							
1988	I	2.3	5.1	2.7	2.9	-0.7	0.6
	II	3.2	2.7	-0.5	5.2	0.6	2.0
	III	6.8	7.7	0.9	4.6	-0.1	-2.0
	IV	2.0	4.8	2.7	4.7	0.2	2.6
	ANNUAL	2.9	5.2	2.3	3.5	-0.6	0.7
1989	I	3.1r	4.4r	1.3r	3.6r	-1.7	0.5r
----- Percent change from corresponding quarter of previous year -----							
1988	I	3.1	6.4	3.2	2.8	-1.1	-0.3
	II	2.0	4.9	2.9	3.2	-0.7	1.1
	III	2.7	4.6	1.8	3.7	-0.4	1.0
	IV	3.5	5.0	1.4	4.3	0.0	0.8
	ANNUAL	2.9	5.2	2.3	3.5	-0.6	0.7
1989	I	3.7r	4.9r	1.1	4.5	-0.2	0.8r

See footnotes following table 6.
r=revised

June 1, 1989
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 (8)	Unit profits (9)	Implicit price deflator (4)	
----- Indexes 1977=100 -----											
1988	I	113.3	140.1	123.6	189.9	98.9	167.5	183.4	171.5	132.5	166.9
	II	112.9	141.2	125.0	191.9	98.8	170.0	185.1	173.8	132.6	168.8
	III	112.7	142.0	126.1	194.5	99.0	172.6	187.8	176.4	129.6	170.8
	IV	112.7	143.6	127.4	196.6	99.0	174.4	189.6	178.3	133.9	172.9
	ANNUAL	112.8	141.7	125.6	193.1	98.9	171.1	186.5	175.0	132.2	169.9
1989	I	112.4	144.1	128.2	199.1	99.0	177.2	192.7	181.1	123.4	174.2
----- Percent change from previous quarter at annual rate(5) -----											
1988	I	4.3	7.2	2.8	3.0	-0.6	-1.2	-0.3	-1.0	13.8	0.3
	II	-1.6	3.0	4.7	4.2	-0.3	5.9	3.7	5.3	0.3	4.8
	III	-0.8	2.5	3.3	5.5	0.8	6.4	6.1	6.3	-8.9	4.8
	IV	0.2	4.5	4.2	4.6	0.1	4.3	3.8	4.2	14.1	5.0
	ANNUAL	1.3	5.3	3.9	4.1	0.0	2.7	2.2	2.6	1.1	2.5
1989	I	-1.3	1.4	2.7	5.2	-0.2	6.5	6.8	6.6	-27.8	3.0
----- Percent change from corresponding quarter of previous year -----											
1988	I	3.0	6.7	3.6	3.8	-0.2	0.8	1.5	1.0	3.1	1.2
	II	1.8	5.9	4.1	4.1	0.2	2.3	1.4	2.1	2.2	2.1
	III	0.4	4.3	3.9	4.5	0.3	4.0	2.7	3.7	-5.0	2.8
	IV	0.5	4.3	3.7	4.3	0.0	3.8	3.3	3.7	4.3	3.7
	ANNUAL	1.3	5.3	3.9	4.1	0.0	2.7	2.2	2.6	1.1	2.5
1989	I	-0.9	2.8	3.7	4.9	0.1	5.8	5.1	5.6	-6.9	4.4

See footnotes following table 6.
r=revised

June 1, 1989
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. The measures are first 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 initial value by between -1.8 and +2.1 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1988.

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. For nonfinancial corporations, rental income of persons is zero by definition.
- (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.