

News

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PRODUCTIVITY AND COSTS Second 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 second quarter of 1989. Based on revised information now available, the seasonally-adjusted annual rates of productivity change in the second quarter were:

- 1.3 percent in the business sector,
- 0.7 percent in the nonfarm business sector,
- 2.9 percent in manufacturing,
- 4.8 percent in durable goods manufacturing, and
- 0.2 percent in nondurable goods manufacturing.

Second-quarter measures are summarized in table A and appear in detail in tables 1 through 6. In business, nonfarm business, and manufacturing, productivity rose more rapidly than in the previous quarter. Unit labor costs declined in manufacturing and grew more slowly in nonfarm business than during the first quarter. In the business sector, growth in unit labor cost accelerated.

In nonfinancial corporations, productivity fell 0.2 percent in the second quarter, as output and hours rose 1.7 percent and 1.9 percent, respectively (tables B and 6).

For business, nonfarm business, and manufacturing, the revised productivity and output measures show larger increases than had been reported on August 3, based on preliminary information then available (table C). The revisions reflect higher measures of output and hours growth during the second 3 months of 1989.

Business

Productivity increased at a 1.3 percent annual rate during the second quarter of 1989 in the business sector, as output rose 1.9 percent and hours of all persons engaged in the sector increased 0.6 percent (seasonally adjusted annual rates). Employment growth slowed to its lowest rate since 1986, and average weekly hours declined. The increase in productivity partly reflected an increase in farm productivity. During the first quarter of 1989, business productivity had increased 1.0 percent as hours again grew more slowly than output (table 1).

Table A. Productivity and costs: Second-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	1.3	1.9	0.6	6.8	0.4	5.5
Nonfarm business	0.7	2.4	1.7	5.6	-0.7	4.9
Manufacturing	2.9	2.9	0.0	2.4	-3.7	-0.4
Durable	4.8	2.5	-2.2	1.3	-4.8	-3.4
Nondurable	0.2	3.6	3.3	4.9	-1.4	4.7
Percent change from same quarter a year ago						
Business	1.4	3.5	2.1	5.7	0.4	4.2
Nonfarm business	1.2	3.6	2.4	5.5	0.2	4.2
Manufacturing	3.1	4.6	1.4	4.1	-1.1	0.9
Durable	3.0	4.2	1.2	3.8	-1.4	0.8
Nondurable	3.4	5.2	1.7	4.6	-0.6	1.2

Hourly compensation increased at a 6.8 percent annual rate during the second quarter of 1989, compared with a 4.8 percent increase during the first quarter. This was the largest gain in hourly compensation since a 7.4-percent increase in the fourth quarter of 1987. 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 5.5 percent annual rate during the second quarter, compared with a 3.7 percent increase one quarter earlier.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose 0.4 percent in the second quarter, compared with a 0.6 percent decline in the first quarter.

The implicit price deflator for business output, which reflects changes in labor costs and unit nonlabor payments, increased 4.6 percent in the second quarter.

Nonfarm business

Productivity increased 0.7 percent in the nonfarm business sector during second quarter of 1989, as the growth rate of output held steady at 2.4 percent and hours of all persons--employees, proprietors, and unpaid family workers--slowed to a 1.7 percent increase. During the first quarter, nonfarm productivity had decreased 1.3 percent (table 2).

Hourly compensation rose 5.6 percent in the second quarter, but real hourly compensation fell 0.7 percent when the increase in the CPI-U was taken into account. (During the first quarter, these measures increased 4.8 percent and declined 0.6 percent, respectively). Unit labor costs increased 4.9 percent.

compared with a 6.2 percent rise during the first quarter.

The implicit price deflator for nonfarm business output rose 4.5 percent in the second quarter, compared with a 2.8 percent increase one quarter earlier.

Manufacturing

Manufacturing productivity increased more rapidly than in the more comprehensive business sectors reported above, growing at a 2.9 percent seasonally adjusted annual rate in the second quarter of 1989. Output rose 2.9 percent and hours of all persons were unchanged (table 3). Most of the productivity gain occurred in durable goods industries, where hours and employment declined (table 4). During the first quarter, productivity in all of manufacturing had increased 2.1 percent, but output and hours both increased--3.1 percent and 1.1 percent, respectively (table 3).

Hourly compensation of manufacturing workers increased 2.4 percent during the second quarter, but real hourly compensation fell 3.7 percent when the increase in consumer prices was taken into account. This decline in real hourly compensation was the largest since the second quarter of 1987, when a 4.1 percent decline occurred. Unit labor costs fell at a 0.4 percent annual rate in the second quarter of 1989, compared with a 1.0 percent increase during the first quarter.

Nonfinancial corporations

Preliminary second-quarter 1989 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Output per all-employee hour declined 0.2 percent from the first quarter to the second quarter of 1989, as output and hours increased 1.7 percent and 1.9 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. Although output grew less rapidly than in the more comprehensive business and nonfarm business sector reported above, hours rose faster.

Table B. Nonfinancial corporations: Preliminary second-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 II	-0.2	1.7	1.9	5.3	-1.0	5.6	-23.1	4.3
Percent change from preceding year								
1989 II	-0.3	2.5	2.8	5.0	-0.2	5.3	-13.2	4.0

Hourly compensation increased 5.3 percent, but real hourly compensation declined 1.0 percent when the rise in the CPI-U was taken into account (table 6). Unit labor costs rose 5.6 percent in the second quarter, unit nonlabor costs rose 11.1 percent (their largest increase since 1986), and unit profits fell 23.1 percent (their second decline in succession). The implicit deflator for nonfinancial corporate output rose 4.3 percent in the second quarter.

Revised measures

Previous and current productivity and cost measures for the second quarter are compared in table C for business, nonfarm business, and manufacturing. Measures of both output and hours were revised upward, but the larger revision to output led to a greater increase in productivity than had been reported August 3.

Table C. Previous and current productivity and related measures,
second-quarter 1989
(Quarterly percent change at seasonally adjusted annual rate)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business:						
Previous	0.9	1.4	0.4	6.6	0.3	5.7
Current	1.3	1.9	0.6	6.8	0.4	5.5
Nonfarm business:						
Previous	0.2	1.7	1.5	5.5	-0.9	5.2
Current	0.7	2.4	1.7	5.6	-0.7	4.9
Manufacturing:						
Previous	2.4	2.1	-0.3	2.5	-3.7	0.1
Current	2.9	2.9	0.0	2.4	-3.7	-0.4

Next release date

The next issue of Productivity and Costs is scheduled for release at 10:00 AM EST, Thursday, November 2, 1989, and will contain third-quarter measures for 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 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	113.3	138.2	122.0	196.5	102.3	173.5	168.9	171.9
	II	112.7	139.3	123.6	199.3	102.7	176.9	168.8	174.1
	III	113.6	140.7	123.9	202.2	102.9	178.1	171.7	175.8
	IV	113.6	141.9	124.9	204.8	103.1	180.2	173.6	177.9
	ANNUAL	113.1	140.0	123.8	200.4	102.7	177.2	170.8	174.9
1989	I	113.9	143.6	126.0	207.2	103.0	181.9	174.7	179.4
	II	r114.3	r144.2	126.2	r210.6	r103.1	r184.3	r175.9	r181.4
Percent change from previous quarter at annual rate(5)									
1988	I	2.7	4.4	1.7	2.8	-0.8	0.1	4.2	1.5
	II	-2.0	3.3	5.4	5.9	1.3	8.1	-0.3	5.1
	III	3.1	4.0	0.9	5.8	1.0	2.6	7.1	4.1
	IV	0.2	3.4	3.2	5.2	0.7	5.0	4.6	4.8
	ANNUAL	1.8	4.9	3.1	4.9	0.8	3.1	2.7	2.9
1989	I	1.0	4.8	3.8	4.8	-0.6	3.7	2.4	3.3
	II	r1.3	r1.9	r0.6	r6.8	r0.4	r5.5	r2.8	r4.6
Percent change from corresponding quarter of previous year									
1988	I	3.0	5.9	2.8	4.4	0.4	1.3	3.9	2.2
	II	1.8	5.4	3.5	5.2	1.3	3.3	1.4	2.6
	III	1.6	4.7	3.0	5.4	1.2	3.7	1.7	3.0
	IV	1.0	3.8	2.8	4.9	0.5	3.9	3.9	3.9
	ANNUAL	1.8	4.9	3.1	4.9	0.8	3.1	2.7	2.9
1989	I	0.6	3.9	3.3	5.4	0.6	4.8	3.4	4.3
	II	r1.4	r3.5	2.1	r5.7	r0.4	4.2	r4.2	r4.2

See footnotes following table 6.
r=revised

September 6, 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	111.1	138.0	124.3	195.1	101.6	175.7	170.2	173.8
	II	110.7	139.5	126.1	197.8	101.9	178.7	169.8	175.6
	III	111.6	141.1	126.4	200.5	102.1	179.6	172.0	177.0
	IV	112.1	142.8	127.3	203.3	102.4	181.3	176.2	179.6
	ANNUAL	111.2	140.3	126.2	198.9	101.9	178.8	172.2	176.5
1989	I	111.8	143.6	128.5	205.7	102.3	184.1	174.6	180.8
	II	r112.0	r144.5	r129.0	r208.6	r102.1	r186.3	r176.2	r182.8
Percent change from previous quarter at annual rate(5)									
1988	I	3.0	4.8	1.8	2.7	-0.9	-0.3	3.6	1.0
	II	-1.5	4.4	5.9	5.5	0.9	7.1	-1.0	4.3
	III	3.4	4.6	1.2	5.5	0.8	2.0	5.4	3.2
	IV	1.9	4.8	2.8	5.9	1.4	3.9	10.1	5.9
	ANNUAL	2.1	5.4	3.2	4.8	0.7	2.7	2.6	2.7
1989	I	-1.3	2.4	3.8	4.8	-0.6	6.2	-3.7	2.8
	II	r0.7	r2.4	r1.7	r5.6	r-0.7	r4.9	r3.7	r4.5
Percent change from corresponding quarter of previous year									
1988	I	3.1	6.1	2.9	4.3	0.4	1.2	3.7	2.0
	II	1.9	5.7	3.7	5.1	1.1	3.1	1.3	2.5
	III	1.9	5.2	3.3	5.2	1.0	3.3	1.0	2.5
	IV	1.7	4.7	2.9	4.9	0.5	3.1	4.4	3.6
	ANNUAL	2.1	5.4	3.2	4.8	0.7	2.7	2.6	2.7
1989	I	0.6	4.1	3.4	5.4	0.6	4.8	2.6	4.0
	II	r1.2	r3.6	r2.4	r5.5	0.2	r4.2	3.8	r4.1

See footnotes following table 6.
r=revised

September 6, 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	136.3	135.0	99.1	195.5	101.8	143.5
	II	137.5	136.9	99.6	197.1	101.5	143.3
	III	139.2	139.3	100.0	199.5	101.5	143.2
	IV	140.0	141.1	100.7	202.3	101.9	144.5
	ANNUAL	137.7	138.1	100.3	197.8	101.3	143.6
1989	I	140.7	142.2	101.0	203.9	101.3	144.8
	II	r141.7	r143.2	r101.0	205.1	100.4	r144.7
Percent change from previous quarter at annual rate(5)							
1988	I	3.7	4.6	0.9	7.1	3.4	3.3
	II	3.6	5.8	2.2	3.2	-1.3	-0.3
	III	5.2	7.1	1.8	4.9	0.2	-0.3
	IV	2.3	5.1	2.8	5.9	1.4	3.5
	ANNUAL	3.6	6.1	2.4	4.6	0.4	0.9
1989	I	2.1	3.1	1.1	3.1	-2.2	1.0
	II	r2.9	r2.9	r0.0	r2.4	-3.7	r-0.4
Percent change from corresponding quarter of previous year							
1988	I	3.8	6.2	2.3	3.7	-0.2	-0.1
	II	3.3	6.4	3.0	4.4	0.5	1.1
	III	3.7	6.2	2.5	4.8	0.6	1.0
	IV	3.7	5.6	1.9	5.3	0.9	1.5
	ANNUAL	3.6	6.1	2.4	4.6	0.4	0.9
1989	I	3.3	5.3	2.0	4.3	-0.5	1.0
	II	r3.1	r4.6	r1.4	4.1	-1.1	r0.9

See footnotes following table 6.
r=revised

September 6, 1989
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	143.8	141.3	98.3	194.5	101.3	135.2
	II	145.2	144.0	99.2	195.0	100.4	134.3
	III	146.7	146.4	99.8	197.0	100.3	134.4
	IV	147.2	148.3	100.7	200.2	100.8	135.9
	ANNUAL	144.8	145.0	100.2	195.3	100.1	134.9
1989	I	147.8	149.1	100.9	201.8	100.3	136.6
	II	r149.5	r150.0	r100.4	202.4	r99.0	r136.4

Percent change from previous quarter at annual rate(5)							
1988	I	4.1	4.3	0.1	8.4	4.6	4.1
	II	3.8	7.7	3.7	1.1	-3.3	-2.6
	III	4.1	6.8	2.6	4.2	-0.5	0.1
	IV	1.6	5.3	3.6	6.5	1.9	4.8
	ANNUAL	3.7	6.6	2.8	4.2	0.1	0.5
1989	I	1.4	2.2	0.8	3.3	-2.1	1.8
	II	r4.8	r2.5	r-2.2	1.3	-4.8	r-3.4

Percent change from corresponding quarter of previous year							
1988	I	4.0	6.0	2.0	3.5	-0.4	-0.4
	II	3.7	7.3	3.4	4.0	0.2	0.3
	III	3.9	7.2	3.2	4.3	0.1	0.4
	IV	3.4	6.0	2.5	5.0	0.7	1.6
	ANNUAL	3.7	6.6	2.8	4.2	0.1	0.5
1989	I	2.7	5.5	2.7	3.8	-1.0	1.0
	II	r3.0	r4.2	r1.2	3.8	-1.4	r0.8

See footnotes following table 6.
r=revised

September 6, 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	125.3	125.6	100.2	197.8	103.0	157.8
	II	126.1	126.4	100.2	200.9	103.5	159.3
	III	128.3	128.8	100.4	203.8	103.8	158.9
	IV	129.3	130.3	100.8	206.1	103.8	159.4
	ANNUAL	127.3	127.8	100.4	202.2	103.6	158.9
1989	I	130.3	131.8	101.1	207.6	103.2	159.3
	II	r130.4	r133.0	r102.0	210.1	102.8	r161.1
Percent change from previous quarter at annual rate(5)							
1988	I	3.0	5.1	2.0	5.2	1.5	2.1
	II	2.7	2.7	0.0	6.4	1.8	3.7
	III	7.0	7.7	0.7	6.0	1.2	-1.0
	IV	3.2	4.8	1.5	4.6	0.2	1.4
	ANNUAL	3.3	5.2	1.9	5.0	0.9	1.7
1989	I	3.2	4.7	1.4	2.9	-2.4	-0.4
	II	r0.2	r3.6	r3.3	r4.9	r-1.4	r4.7
Percent change from corresponding quarter of previous year							
1988	I	3.6	6.4	2.7	4.2	0.2	0.6
	II	2.5	4.9	2.4	4.9	1.0	2.4
	III	3.2	4.6	1.4	5.4	1.2	-2.2
	IV	4.0	5.0	1.0	5.5	1.2	1.5
	ANNUAL	3.3	5.2	1.9	5.0	0.9	1.7
1989	I	4.0	5.0	0.9	5.0	0.2	0.9
	II	r3.4	r5.2	1.7	4.6	-0.6	r1.2

See footnotes following table 6.
r=revised

September 6, 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 compensa- tion (1)	Real hourly compen- sation(2)	Unit labor cost	Unit non- labor cost(7)	Total unit cost (8)	Unit pro- fits (9)	Implicit price deflator (4)

Indexes 1977=100											
1988	I	114.8	141.2	123.0	191.2	99.6	166.6	187.8	171.9	127.0	166.5
	II	115.0	142.8	124.2	193.6	99.7	168.4	188.9	173.6	129.1	168.2
	III	115.4	144.3	125.1	196.0	99.8	169.9	191.0	175.2	127.5	169.5
	IV	115.3	145.4	126.2	198.3	99.9	172.1	193.3	177.5	131.6	172.0
	ANNUAL	114.9	143.5	124.8	194.5	99.7	169.3	190.3	174.6	128.8	169.1
1989	I	114.7	145.8	127.1	200.7	99.7	174.9	196.9	180.4	119.6	173.1
	II	114.7	146.4	127.7	203.3	99.5	177.3	202.1	183.5	112.0	175.0

Percent change from previous quarter at annual rate(5)											
1988	I	4.3	6.8	2.3	3.3	-0.3	-1.0	1.1	-0.4	17.6	1.1
	II	0.6	4.6	4.0	5.2	0.6	4.5	2.5	3.9	6.8	4.2
	III	1.4	4.3	2.8	5.1	0.3	3.6	4.6	3.9	-4.7	3.1
	IV	-0.4	3.2	3.6	4.8	0.4	5.3	4.9	5.2	13.3	5.9
	ANNUAL	2.6	6.0	3.3	4.6	0.4	1.9	2.1	2.0	4.7	2.2
1989	I	-1.8	1.0	2.8	4.8	-0.6	6.6	7.5	6.9	-31.7	2.8
	II	-0.2	1.7	1.9	5.3	-1.0	5.6	11.1	7.1	-23.1	4.3

Percent change from corresponding quarter of previous year											
1988	I	4.0	7.4	3.2	4.1	0.2	0.1	1.5	0.5	7.5	1.1
	II	3.0	6.6	3.5	4.8	0.9	1.7	1.4	1.6	5.4	2.0
	III	2.1	5.4	3.3	4.9	0.7	2.8	2.2	2.6	-1.3	2.2
	IV	1.5	4.7	3.2	4.6	0.2	3.1	3.3	3.1	7.9	3.5
	ANNUAL	2.6	6.0	3.3	4.6	0.4	1.9	2.1	2.0	4.7	2.2
1989	I	0.0	3.2	3.3	5.0	0.2	5.0	4.9	5.0	-5.8	4.0
	II	-0.3	2.5	2.8	5.0	-0.2	5.3	7.0	5.7	-13.2	4.0

See footnotes following table 6.
r=revised

September 6, 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.