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PRODUCTIVITY AND COSTS  
 Fourth Quarter and Annual Averages, 1996

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised fourth-quarter seasonally-adjusted annual rates of productivity change--as measured by output per hour of all persons--and revised annual changes for the full year 1996. In the fourth quarter, productivity rose in both the business and nonfarm business sectors. Percent changes in business and nonfarm business productivity were:

|                         | Fourth quarter | Annual averages 1995-1996 |
|-------------------------|----------------|---------------------------|
| Business sector         | 1.2            | 1.0                       |
| Nonfarm business sector | 1.1            | 0.7                       |

For the year 1996, productivity increases in both sectors were the largest since 1992. Fourth-quarter productivity and related measures are summarized in table A and appear in detail in tables 1 through 5; the preliminary and revised fourth-quarter and annual measures appear in table C.

In the manufacturing sector, increases in productivity were:

|                                | Fourth quarter | Annual averages 1995-1996 |
|--------------------------------|----------------|---------------------------|
| Manufacturing                  | 4.4            | 3.9                       |
| Durable goods manufacturing    | 3.4            | 4.9                       |
| Nondurable goods manufacturing | 5.7            | 3.0                       |

Manufacturing productivity rose at a 4.4 percent annual rate in the fourth quarter as output increased 4.5 percent but hours of all persons grew only 0.1 percent (table A). On an annual basis, manufacturing productivity rose 3.9 percent in 1996, the largest increase in a decade. Output and hours in manufacturing, which includes about 18 percent of U.S. business-sector employment, tend to vary more from quarter to quarter than data for the more aggregate business and nonfarm business sectors.

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 Table A. Productivity and costs: Revised fourth-quarter 1996 measures (Seasonally adjusted annual rates)  
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| Sector                                      | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|---------------------------------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| Percent change from preceding quarter       |              |        |       |                     |                          |                  |
| Business                                    | 1.2          | 4.8    | 3.6   | 3.7                 | 0.4                      | 2.5              |
| Nonfarm business                            | 1.1          | 5.0    | 3.9   | 3.6                 | 0.2                      | 2.5              |
| Manufacturing                               | 4.4          | 4.5    | 0.1   | 2.8                 | -0.6                     | -1.6             |
| Durable                                     | 3.4          | 3.3    | -0.1  | 2.0                 | -1.3                     | -1.4             |
| Nondurable                                  | 5.7          | 6.2    | 0.4   | 4.2                 | 0.8                      | -1.5             |
| Percent change from same quarter a year ago |              |        |       |                     |                          |                  |
| Business                                    | 1.2          | 3.7    | 2.5   | 3.7                 | 0.5                      | 2.5              |
| Nonfarm business                            | 0.9          | 3.6    | 2.7   | 3.6                 | 0.4                      | 2.7              |
| Manufacturing                               | 4.2          | 4.2    | 0.0   | 3.4                 | 0.2                      | -0.8             |
| Durable                                     | 4.9          | 5.8    | 0.9   | 2.7                 | -0.5                     | -2.1             |
| Nondurable                                  | 3.6          | 2.3    | -1.2  | 4.3                 | 1.1                      | 0.7              |

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The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of

gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources.

#### THIRD-TO-FOURTH QUARTER CHANGES, 1996

##### Business

Business sector productivity rose at a 1.2 percent annual rate in the fourth quarter of 1996 as output increased 4.8 percent and hours of all persons engaged in the sector increased 3.6 percent. The fourth-quarter increase in labor productivity was larger than the 0.3 percent gain posted during the third quarter of 1996, when output rose 2.2 percent and hours of all persons grew 1.9 percent (table 1).

Hourly compensation increased 3.7 percent during the fourth quarter of 1996, about the same as the 3.8 percent growth during the third quarter. This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Unit labor costs, which reflect changes in both hourly compensation and productivity, increased at a 2.5 percent annual rate during the fourth quarter, a slower rate of growth than the 3.4 percent increase posted one quarter earlier.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose at a 0.4 percent annual rate for persons in the business sector. This measure had risen 1.1 percent during the third quarter.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, rose 1.1 percent in the fourth quarter. This increase was down slightly from the 1.3 percent gain in the third quarter of 1996.

##### Nonfarm business

In the nonfarm business sector, productivity rose 1.1 percent at an annual rate in the fourth quarter as output rose 5.0 percent, and hours of all persons--employees, proprietors, and unpaid family workers--rose 3.9 percent. During the third quarter, nonfarm productivity had remained unchanged as output and hours both grew 1.9 percent (table 2).

Hourly compensation rose 3.6 percent in the fourth quarter, slightly more than the 3.3 percent increase in the third quarter. Real hourly compensation in the fourth quarter increased 0.2 percent when the increase in the CPI-U was taken into account. During the third quarter, real hourly compensation rose 0.7 percent.

Unit labor costs rose 2.5 percent in the fourth quarter, down from a 3.3 percent increase in the third quarter of 1996. The implicit price deflator for nonfarm business rose 1.2 percent in both the third and fourth quarters.

##### Manufacturing

Manufacturing productivity rose at a 4.4 percent seasonally adjusted annual rate in the fourth quarter of 1996, following an increase of 5.9 percent in the third quarter. Output in the fourth quarter rose 4.5 percent, and hours of all persons increased 0.1 percent. In the third quarter, output grew 5.0 percent but hours dropped 0.9 percent (table 3). Both durable and nondurable goods industries experienced productivity increases in the fourth quarter, 3.4 and 5.7 percent, respectively. In durable goods manufacturing, output increased 3.3 percent in the fourth quarter while hours fell 0.1 percent. Output and hours growth in nondurable goods manufacturing were stronger, 6.2 and 0.4 percent, respectively (tables 4 and 5).

Hourly compensation of all manufacturing workers increased 2.8 percent during the fourth quarter, down from the 4.6 percent increase in the previous quarter. When the increase in consumer prices was taken into account, real hourly compensation fell 0.6 percent in the fourth quarter after rising 1.9 percent in the third quarter. Unit labor costs dropped 1.6 percent in the fourth quarter of 1996 and 1.2 percent in the third quarter. These costs have declined in four of the last six quarters.

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Table B. Productivity and costs: Revised 1996 annual averages  
(Seasonally adjusted annual rates)  
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| Sector           | Productivity | Output  | Hours  | Hourly             | Real                | Unit labor costs |
|------------------|--------------|---------|--------|--------------------|---------------------|------------------|
|                  |              |         |        | compensation       | hourly compensation |                  |
| -----            |              |         |        |                    |                     |                  |
|                  |              | Percent | change | from previous year |                     |                  |
| Business         | 1.0          | 3.0     | 2.0    | 3.8                | 0.8                 | 2.8              |
| Nonfarm business | 0.7          | 2.9     | 2.2    | 3.6                | 0.7                 | 2.9              |
| Manufacturing    | 3.9          | 2.8     | -1.0   | 3.5                | 0.5                 | -0.3             |
| Durable          | 4.9          | 5.1     | 0.2    | 2.8                | -0.1                | -1.9             |
| Nondurable       | 3.0          | 0.1     | -2.8   | 4.3                | 1.3                 | 1.3              |
| -----            |              |         |        |                    |                     |                  |

ANNUAL AVERAGE CHANGES, 1995-1996

Business

In calendar year 1996, business productivity increased 1.0 percent, the largest gain since the 3.4 percent increase posted in 1992 (table 1). Output grew 3.0 percent in 1996, and hours of all persons engaged in the sector increased 2.0 percent. In the previous year, productivity had risen only 0.1 percent as output grew 2.5 percent and hours of all persons increased 2.4 percent.

Hourly compensation increased 3.8 percent in 1996, more than the 3.1 percent increase in 1995. The 1996 increase was the largest since 1992, when hourly compensation rose 5.2 percent. Real hourly compensation increased 0.8 percent in 1996 and 0.3 percent in 1995.

Unit labor costs increased 2.8 percent during 1996, just slightly less than the 3.0 percent increase posted a year earlier. The implicit price deflator, reflecting both the increase in unit labor costs and the 0.3 percent decline in unit nonlabor payments in 1996, rose 1.6 percent. The implicit deflator had risen 2.3 percent in 1995.

Nonfarm business

Productivity increased 0.7 percent in the nonfarm business sector during 1996, as output rose 2.9 percent and hours of all persons increased 2.2 percent. The 1996 increase in productivity was higher than the 0.3 percent increase posted in 1995, when output rose 2.7 percent and hours of all persons grew 2.4 percent.

Hourly compensation grew more in 1996, 3.6 percent, than it had in 1995, 3.2 percent. Real hourly compensation increased 0.7 percent, compared with 0.3 percent in 1995. The 1996 increase in real hourly compensation was the largest since a 2.1 percent rise in 1992.

Unit labor costs in the nonfarm business sector grew 2.9 percent in both 1995 and 1996. The implicit price deflator, which reflects nonlabor payments as well as labor costs, rose 1.5 percent in 1996 and 2.2 percent in 1995.

Manufacturing

Manufacturing productivity grew 3.9 percent in 1996, continuing a trend of annual increases that began in 1980. Output in the manufacturing sector increased 2.8 percent in 1996, and hours of all persons declined 1.0 percent. During 1995, productivity rose 3.4 percent, output 3.5 percent, and hours 0.1 percent. Although productivity increased in both the durable and nondurable goods sectors in 1996, durable goods manufacturers had a larger increase (4.9 percent) than nondurable goods manufacturers (3.0 percent). Trends in output and hours also were different in the two subsectors. Output and hours rose 5.1 and 0.2 percent, respectively, in the durable goods sector in 1996. In the nondurable goods sector, output rose 0.1 percent while hours dropped 2.8 percent (tables B, 3, 4, and 5).

The hourly compensation of manufacturing workers increased 3.5 percent in 1996; however, the rise was only 0.5 percent after the increase in consumer prices was taken into account. In 1995, hourly compensation had increased 3.7 percent, and real hourly compensation rose 0.9 percent.

Compensation growth differed between durable and nondurable goods producers in 1996. Hourly compensation in durable goods rose 2.8 percent in 1996, and real hourly compensation dropped 0.1 percent. In nondurable goods industries, hourly compensation rose 4.3 percent, and real hourly compensation rose 1.3 percent.

Unit labor costs in the manufacturing sector fell 0.3 percent in 1996 after rising 0.3 percent in 1995. In durable goods, unit labor costs fell 1.9 percent in 1996 and have fallen every year since 1991, when they rose 2.9 percent. Unit labor costs in nondurable goods rose 1.3 percent in 1996, about the same as the 1.1 percent rise in 1995.

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Table C. Previous and revised productivity and related measures:  
Fourth-quarter and annual averages, 1996  
(Seasonally adjusted annual rates)  
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| Sector                                       | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|----------------------------------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| -----                                        |              |        |       |                     |                          |                  |
| Percent change, third to fourth quarter 1996 |              |        |       |                     |                          |                  |
| Business:                                    |              |        |       |                     |                          |                  |
| Previous                                     | 2.4          | 5.8    | 3.4   | 3.7                 | 0.6                      | 1.3              |
| Current                                      | 1.2          | 4.8    | 3.6   | 3.7                 | 0.4                      | 2.5              |
| Nonfarm business:                            |              |        |       |                     |                          |                  |
| Previous                                     | 2.2          | 5.9    | 3.7   | 3.6                 | 0.4                      | 1.4              |
| Current                                      | 1.1          | 5.0    | 3.9   | 3.6                 | 0.2                      | 2.5              |
| Manufacturing:                               |              |        |       |                     |                          |                  |
| Previous                                     | 3.8          | 3.7    | 0.0   | 2.9                 | -0.3                     | -0.9             |
| Current                                      | 4.4          | 4.5    | 0.1   | 2.8                 | -0.6                     | -1.6             |
| -----                                        |              |        |       |                     |                          |                  |
| Percent change, 1995 - 1996                  |              |        |       |                     |                          |                  |
| Business:                                    |              |        |       |                     |                          |                  |
| Previous                                     | 1.0          | 3.0    | 2.0   | 3.8                 | 0.8                      | 2.7              |
| Current                                      | 1.0          | 3.0    | 2.0   | 3.8                 | 0.8                      | 2.8              |
| Nonfarm business:                            |              |        |       |                     |                          |                  |
| Previous                                     | 0.8          | 2.9    | 2.1   | 3.6                 | 0.7                      | 2.9              |
| Current                                      | 0.7          | 2.9    | 2.2   | 3.6                 | 0.7                      | 2.9              |
| Manufacturing:                               |              |        |       |                     |                          |                  |
| Previous                                     | 3.8          | 2.7    | -1.1  | 3.5                 | 0.5                      | -0.3             |
| Current                                      | 3.9          | 2.8    | -1.0  | 3.5                 | 0.5                      | -0.3             |
| -----                                        |              |        |       |                     |                          |                  |

#### Revised Measures

Productivity and cost measures for the fourth quarter and full year 1996 for business, nonfarm business, and manufacturing were revised to incorporate the most recent information. In the business and nonfarm business sectors, productivity and output measures for the fourth quarter are lower than those reported on February 11 based on information available at that time. In manufacturing, productivity and output measures are higher than those announced on February 11. In all sectors, quarterly measures of real hourly compensation were revised back to the first quarter of 1992 to incorporate the annual recalculation of seasonal factors for the Consumer Price Index (table C).

#### Next release date

The next release of Productivity and Costs is scheduled for 10:00 AM EDT, Wednesday, May 7, 1997, and will contain preliminary first-quarter measures for business, nonfarm business, and manufacturing. Fourth-quarter and annual measures for nonfinancial corporations will be released at that time.

## TECHNICAL NOTES

**Labor Hours:** The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on total employment and average weekly paid hours of production and non-supervisory workers in nonagricultural establishments. Jobs rather than persons are counted. Weekly paid hours are adjusted to hours at work using the BLS Hours at Work survey, conducted for this purpose.

Data from the BLS Current Population Survey (CPS) are used for farm labor; in the nonfarm sector, the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) of the Department of Commerce and the CPS are used to measure labor input for government enterprises, proprietors, and unpaid family workers.

**Output:** Business sector output is an annual-weighted index constructed after excluding from gross domestic product (GDP) the following outputs: General government, nonprofit institutions, paid employees of private households, and the rental value of owner-occupied dwellings. Corresponding exclusions also are made in labor inputs. Business output accounted for about 76 percent of the value of GDP in 1992. Nonfarm business, which also excludes farming, accounted for about 75 percent of GDP in 1992.

Annual manufacturing indexes are constructed by deflating current-dollar industry value of production data from the U.S. Bureau of the Census with deflators from the BEA. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System adjusted to be consistent with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 2-digit SIC industries: Primary metal industries; fabricated metal products; non-electrical machinery; industrial and commercial machinery and computer equipment; electronic and other electrical equipment; transportation equipment; instruments; lumber and lumber products; furniture and fixtures; stone, clay, and glass and concrete products; and miscellaneous manufactures. Nondurables include: Food and kindred products, tobacco products, textile mill products, apparel products, paper and allied products, printing and publishing, chemicals and chemical products, petroleum refining and related industries, rubber and plastic products, and leather and leather products.

Nonfinancial corporate output is an annual-weighted index constructed by excluding from GDP the following outputs: General government; nonprofit institutions; employees of private households; the rental value of owner-occupied dwellings; unincorporated business; and those corporations which are depository institutions, nondepository institutions, security and commodity

brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts. Nonfinancial corporations accounted for about 52 percent of the value of GDP in 1992.

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

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-606-STAT; TDD phone: 202-606-5897; TDD message referral phone number: 1-800-326-2577.

Table 1. Business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

|                                                            |        |                                |        |                      | Real                      |                           |                  |                             |                             |
|------------------------------------------------------------|--------|--------------------------------|--------|----------------------|---------------------------|---------------------------|------------------|-----------------------------|-----------------------------|
| Year and quarter                                           |        | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | compensation per hour (2) | Unit labor costs | Unit non-labor payments (3) | Implicit price deflator (4) |
| Indexes 1992=100                                           |        |                                |        |                      |                           |                           |                  |                             |                             |
| 1994                                                       | I      | 100.5                          | 104.9  | 104.4                | 104.0                     | r99.4                     | 103.6            | 104.5                       | 103.9                       |
|                                                            | II     | 100.6                          | 106.7  | 106.0                | 104.2                     | 99.0                      | 103.6            | 105.7                       | 104.4                       |
|                                                            | III    | 101.1                          | 107.7  | 106.6                | 104.7                     | 98.6                      | 103.6            | 107.6                       | 105.1                       |
|                                                            | IV     | 101.1                          | 108.7  | 107.6                | 105.5                     | r98.7                     | 104.4            | 107.8                       | 105.6                       |
|                                                            | ANNUAL | 100.7                          | 107.0  | 106.2                | 104.5                     | 99.0                      | 103.8            | 106.5                       | 104.7                       |
| 1995                                                       | I      | 100.4                          | 108.8  | 108.4                | 106.2                     | r98.7                     | 105.8            | 107.4                       | 106.4                       |
|                                                            | II     | 100.8                          | 109.0  | 108.2                | 107.3                     | r99.0                     | 106.5            | 107.8                       | 106.9                       |
|                                                            | III    | 101.2                          | 110.3  | 109.0                | 108.3                     | 99.3                      | 107.0            | 108.3                       | 107.5                       |
|                                                            | IV     | 101.0                          | 110.4  | 109.3                | 109.4                     | 99.8                      | 108.3            | 106.7                       | 107.8                       |
|                                                            | ANNUAL | 100.8                          | 109.6  | 108.8                | 107.8                     | 99.2                      | 106.9            | 107.6                       | 107.1                       |
| 1996                                                       | I      | 101.5                          | 111.2  | 109.6                | 110.3                     | r99.7                     | 108.6            | 107.4                       | 108.2                       |
|                                                            | II     | 101.8                          | 112.6  | 110.6                | 111.4                     | 99.9                      | 109.4            | 107.7                       | 108.8                       |
|                                                            | III    | 101.9                          | 113.2  | 111.1                | 112.5                     | 100.2                     | 110.4            | 107.0                       | 109.2                       |
|                                                            | IV     | r102.2                         | r114.6 | r112.1               | 113.5                     | 100.3                     | r111.0           | r106.7                      | 109.5                       |
|                                                            | ANNUAL | r101.8                         | r112.9 | 110.9                | 111.8                     | 100.0                     | r109.9           | r107.2                      | 108.9                       |
| Percent change from previous quarter at annual rate(5)     |        |                                |        |                      |                           |                           |                  |                             |                             |
| 1994                                                       | I      | -1.7                           | 1.7    | 3.5                  | 2.8                       | r0.7                      | 4.6              | -1.3                        | 2.4                         |
|                                                            | II     | 0.5                            | 6.9    | 6.4                  | 0.7                       | r-1.6                     | 0.2              | 4.6                         | 1.8                         |
|                                                            | III    | 1.9                            | 4.1    | 2.1                  | 2.0                       | -1.7                      | 0.1              | 7.3                         | 2.7                         |
|                                                            | IV     | 0.2                            | 3.8    | 3.6                  | 2.9                       | r0.4                      | 2.8              | 0.8                         | 2.0                         |
|                                                            | ANNUAL | 0.5                            | 4.2    | 3.7                  | 1.9                       | -0.6                      | 1.4              | 3.5                         | 2.2                         |
| 1995                                                       | I      | -2.6                           | 0.3    | 3.0                  | 2.8                       | r0.1                      | 5.6              | -1.4                        | 3.0                         |
|                                                            | II     | 1.4                            | 0.7    | -0.7                 | 4.1                       | r0.9                      | 2.6              | 1.3                         | 2.2                         |
|                                                            | III    | 1.4                            | 4.8    | 3.3                  | 3.6                       | 1.5                       | 2.1              | 1.8                         | 2.0                         |
|                                                            | IV     | -0.6                           | 0.5    | 1.1                  | 4.3                       | r1.8                      | 5.0              | -5.6                        | 1.0                         |
|                                                            | ANNUAL | 0.1                            | 2.5    | 2.4                  | 3.1                       | 0.3                       | 3.0              | 1.0                         | 2.3                         |
| 1996                                                       | I      | 2.1                            | 3.0    | 0.8                  | 3.2                       | r-0.1                     | 1.1              | 2.4                         | 1.5                         |
|                                                            | II     | 1.2                            | 5.0    | 3.8                  | 4.3                       | r0.9                      | 3.1              | 1.1                         | 2.4                         |
|                                                            | III    | 0.3                            | 2.2    | 1.9                  | 3.8                       | r1.1                      | 3.4              | -2.3                        | 1.3                         |
|                                                            | IV     | r1.2                           | r4.8   | r3.6                 | 3.7                       | r0.4                      | r2.5             | r-1.4                       | 1.1                         |
|                                                            | ANNUAL | 1.0                            | 3.0    | 2.0                  | 3.8                       | 0.8                       | r2.8             | r-0.3                       | 1.6                         |
| Percent change from corresponding quarter of previous year |        |                                |        |                      |                           |                           |                  |                             |                             |
| 1994                                                       | I      | 0.3                            | 3.4    | 3.1                  | 2.3                       | -0.2                      | 2.0              | 2.4                         | 2.2                         |
|                                                            | II     | 0.8                            | 4.5    | 3.6                  | 1.9                       | -0.5                      | 1.0              | 3.7                         | 2.0                         |
|                                                            | III    | 1.1                            | 4.8    | 3.6                  | 1.9                       | -1.0                      | 0.8              | 5.1                         | 2.3                         |
|                                                            | IV     | 0.2                            | 4.1    | 3.9                  | 2.1                       | -0.5                      | 1.9              | 2.8                         | 2.2                         |
|                                                            | ANNUAL | 0.5                            | 4.2    | 3.7                  | 1.9                       | -0.6                      | 1.4              | 3.5                         | 2.2                         |
| 1995                                                       | I      | 0.0                            | 3.8    | 3.8                  | 2.1                       | -0.7                      | 2.1              | 2.8                         | 2.4                         |
|                                                            | II     | 0.2                            | 2.2    | 2.0                  | 3.0                       | -0.1                      | 2.8              | 2.0                         | 2.5                         |
|                                                            | III    | 0.1                            | 2.4    | 2.3                  | 3.4                       | 0.7                       | 3.3              | 0.6                         | 2.3                         |
|                                                            | IV     | -0.1                           | 1.6    | 1.7                  | 3.7                       | r1.1                      | 3.8              | -1.0                        | 2.0                         |
|                                                            | ANNUAL | 0.1                            | 2.5    | 2.4                  | 3.1                       | 0.3                       | 3.0              | 1.0                         | 2.3                         |
| 1996                                                       | I      | 1.1                            | 2.2    | 1.1                  | 3.8                       | 1.0                       | 2.7              | -0.1                        | 1.7                         |
|                                                            | II     | 1.0                            | 3.3    | 2.2                  | 3.8                       | 1.0                       | 2.8              | -0.1                        | 1.7                         |
|                                                            | III    | 0.7                            | 2.7    | 1.9                  | 3.9                       | 0.9                       | 3.1              | -1.1                        | 1.6                         |
|                                                            | IV     | r1.2                           | r3.7   | 2.5                  | 3.7                       | r0.5                      | r2.5             | r0.0                        | 1.6                         |
|                                                            | ANNUAL | 1.0                            | 3.0    | 2.0                  | 3.8                       | 0.8                       | r2.8             | r-0.3                       | 1.6                         |

See footnotes following Table 6.  
r=revised

March 11, 1997  
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

| Year and quarter                                           | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | Unit non-labor payments (3) | Implicit price deflator (4) |       |
|------------------------------------------------------------|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|-----------------------------|-----------------------------|-------|
| Indexes 1992=100                                           |                                |        |                      |                           |                                |                  |                             |                             |       |
| 1994                                                       | I                              | 100.3  | 104.9                | 104.6                     | 103.8                          | 99.2             | 103.4                       | 104.8                       | 103.9 |
|                                                            | II                             | 100.6  | 106.7                | 106.1                     | 104.1                          | 98.9             | 103.5                       | 106.3                       | 104.5 |
|                                                            | III                            | 101.0  | 107.8                | 106.7                     | 104.5                          | 98.4             | 103.5                       | 108.4                       | 105.3 |
|                                                            | IV                             | 101.1  | 108.8                | 107.6                     | 105.4                          | 98.6             | 104.2                       | 108.4                       | 105.7 |
|                                                            | ANNUAL                         | 100.7  | 107.0                | 106.3                     | 104.3                          | 98.8             | 103.7                       | 107.0                       | 104.9 |
| 1995                                                       | I                              | 100.5  | 109.0                | 108.4                     | 106.2                          | 98.7             | 105.6                       | 108.2                       | 106.5 |
|                                                            | II                             | 100.9  | 109.2                | 108.3                     | 107.2                          | 98.9             | 106.3                       | 108.5                       | 107.1 |
|                                                            | III                            | 101.3  | 110.6                | 109.1                     | 108.2                          | 99.3             | 106.8                       | 108.9                       | 107.5 |
|                                                            | IV                             | 101.1  | 110.7                | 109.5                     | 109.3                          | 99.6             | 108.1                       | 107.1                       | 107.8 |
|                                                            | ANNUAL                         | 100.9  | 109.9                | 108.9                     | 107.7                          | 99.1             | 106.7                       | 108.2                       | 107.2 |
| 1996                                                       | I                              | 101.5  | 111.4                | 109.8                     | 110.2                          | 99.6             | 108.5                       | 107.4                       | 108.1 |
|                                                            | II                             | 101.7  | 112.8                | 110.9                     | 111.3                          | 99.8             | 109.4                       | 107.3                       | 108.7 |
|                                                            | III                            | 101.7  | 113.3                | 111.4                     | 112.2                          | 99.9             | 110.3                       | 106.7                       | 109.0 |
|                                                            | IV                             | 102.0  | 114.7                | 112.5                     | 113.2                          | 100.0            | 111.0                       | 106.3                       | 109.3 |
|                                                            | ANNUAL                         | 101.6  | 113.0                | 111.2                     | 111.6                          | 99.8             | 109.8                       | 106.9                       | 108.8 |
| Percent change from previous quarter at annual rate(5)     |                                |        |                      |                           |                                |                  |                             |                             |       |
| 1994                                                       | I                              | -1.8   | 0.8                  | 2.7                       | 2.9                            | 0.9              | 4.9                         | -1.7                        | 2.5   |
|                                                            | II                             | 1.0    | 7.0                  | 6.0                       | 1.3                            | -1.1             | 0.3                         | 5.6                         | 2.2   |
|                                                            | III                            | 1.7    | 4.2                  | 2.4                       | 1.8                            | -1.9             | 0.1                         | 8.2                         | 2.9   |
|                                                            | IV                             | 0.4    | 4.0                  | 3.6                       | 3.3                            | 0.8              | 2.9                         | 0.1                         | 1.9   |
|                                                            | ANNUAL                         | 0.5    | 4.0                  | 3.5                       | 2.1                            | -0.5             | 1.5                         | 3.5                         | 2.3   |
| 1995                                                       | I                              | -2.3   | 0.6                  | 2.9                       | 2.9                            | 0.2              | 5.3                         | -0.9                        | 3.0   |
|                                                            | II                             | 1.5    | 0.9                  | -0.6                      | 4.0                            | 0.9              | 2.5                         | 1.1                         | 2.0   |
|                                                            | III                            | 1.8    | 5.0                  | 3.2                       | 3.7                            | 1.5              | 1.9                         | 1.4                         | 1.7   |
|                                                            | IV                             | -1.2   | 0.3                  | 1.5                       | 4.0                            | 1.5              | 5.2                         | -6.4                        | 0.9   |
|                                                            | ANNUAL                         | 0.3    | 2.7                  | 2.4                       | 3.2                            | 0.3              | 2.9                         | 1.1                         | 2.2   |
| 1996                                                       | I                              | 1.9    | 2.7                  | 0.8                       | 3.4                            | 0.1              | 1.5                         | 1.1                         | 1.4   |
|                                                            | II                             | 0.6    | 4.8                  | 4.1                       | 3.9                            | 0.5              | 3.3                         | -0.1                        | 2.1   |
|                                                            | III                            | 0.0    | 1.9                  | 1.9                       | 3.3                            | 0.7              | 3.3                         | -2.5                        | 1.2   |
|                                                            | IV                             | 1.1    | 5.0                  | 3.9                       | 3.6                            | 0.2              | 2.5                         | -1.3                        | 1.2   |
|                                                            | ANNUAL                         | 0.7    | 2.9                  | 2.2                       | 3.6                            | 0.7              | 2.9                         | -1.1                        | 1.5   |
| Percent change from corresponding quarter of previous year |                                |        |                      |                           |                                |                  |                             |                             |       |
| 1994                                                       | I                              | 0.2    | 3.3                  | 3.1                       | 2.2                            | -0.3             | 2.0                         | 2.1                         | 2.1   |
|                                                            | II                             | 0.9    | 4.3                  | 3.4                       | 2.0                            | -0.4             | 1.1                         | 3.9                         | 2.1   |
|                                                            | III                            | 0.9    | 4.3                  | 3.4                       | 2.0                            | -0.8             | 1.1                         | 5.1                         | 2.5   |
|                                                            | IV                             | 0.3    | 4.0                  | 3.7                       | 2.3                            | -0.3             | 2.0                         | 3.0                         | 2.4   |
|                                                            | ANNUAL                         | 0.5    | 4.0                  | 3.5                       | 2.1                            | -0.5             | 1.5                         | 3.5                         | 2.3   |
| 1995                                                       | I                              | 0.2    | 3.9                  | 3.7                       | 2.3                            | -0.5             | 2.1                         | 3.2                         | 2.5   |
|                                                            | II                             | 0.3    | 2.4                  | 2.1                       | 3.0                            | 0.0              | 2.7                         | 2.1                         | 2.5   |
|                                                            | III                            | 0.3    | 2.6                  | 2.3                       | 3.5                            | 0.8              | 3.1                         | 0.4                         | 2.1   |
|                                                            | IV                             | -0.1   | 1.7                  | 1.8                       | 3.7                            | 1.0              | 3.7                         | -1.2                        | 1.9   |
|                                                            | ANNUAL                         | 0.3    | 2.7                  | 2.4                       | 3.2                            | 0.3              | 2.9                         | 1.1                         | 2.2   |
| 1996                                                       | I                              | 1.0    | 2.2                  | 1.2                       | 3.8                            | 1.0              | 2.8                         | -0.8                        | 1.5   |
|                                                            | II                             | 0.8    | 3.2                  | 2.4                       | 3.8                            | 0.9              | 3.0                         | -1.1                        | 1.5   |
|                                                            | III                            | 0.3    | 2.4                  | 2.1                       | 3.7                            | 0.7              | 3.3                         | -2.0                        | 1.4   |
|                                                            | IV                             | 0.9    | 3.6                  | 2.7                       | 3.6                            | 0.4              | 2.7                         | -0.7                        | 1.5   |
|                                                            | ANNUAL                         | 0.7    | 2.9                  | 2.2                       | 3.6                            | 0.7              | 2.9                         | -1.1                        | 1.5   |

See footnotes following Table 6.  
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March 11, 1997  
Source: Bureau of Labor Statistics

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

| Year and quarter                                           |        | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs |
|------------------------------------------------------------|--------|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Indexes 1992=100                                           |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 104.0                          | 106.6  | 102.4                | 104.4                     | r99.8                          | 100.4            |
|                                                            | II     | 105.3                          | 108.7  | 103.2                | 104.7                     | 99.5                           | 99.4             |
|                                                            | III    | 105.7                          | 110.0  | 104.0                | 105.5                     | 99.4                           | 99.8             |
|                                                            | IV     | 106.5                          | 111.8  | 104.9                | 106.4                     | r99.5                          | 99.9             |
|                                                            | ANNUAL | 105.2                          | 109.3  | 103.8                | 105.1                     | 99.5                           | 99.9             |
| 1995                                                       | I      | 107.2                          | 112.9  | 105.3                | 107.2                     | 99.7                           | 100.0            |
|                                                            | II     | 108.2                          | 112.6  | 104.0                | 108.4                     | r100.0                         | 100.2            |
|                                                            | III    | 109.6                          | 113.3  | 103.4                | 109.7                     | r100.7                         | 100.1            |
|                                                            | IV     | 110.5                          | 113.6  | 102.8                | 110.9                     | 101.1                          | 100.4            |
|                                                            | ANNUAL | 108.9                          | 113.1  | 103.9                | 109.0                     | 100.4                          | 100.2            |
| 1996                                                       | I      | 111.6                          | 113.9  | 102.0                | 111.0                     | r100.3                         | 99.4             |
|                                                            | II     | 112.2                          | 115.6  | 103.0                | 112.5                     | r100.9                         | 100.3            |
|                                                            | III    | 113.8                          | 117.0  | 102.8                | 113.8                     | r101.4                         | 100.0            |
|                                                            | IV     | r115.1                         | r118.3 | 102.8                | 114.6                     | 101.3                          | r99.6            |
|                                                            | ANNUAL | r113.1                         | 116.2  | 102.8                | r112.8                    | 100.9                          | r99.8            |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from previous quarter at annual rate(5)     |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 4.2                            | 6.3    | 2.0                  | 3.3                       | 1.3                            | -0.8             |
|                                                            | II     | 5.1                            | 8.1    | 2.9                  | 1.1                       | r-1.3                          | -3.8             |
|                                                            | III    | 1.6                            | 5.0    | 3.4                  | 3.2                       | -0.6                           | 1.6              |
|                                                            | IV     | 3.0                            | 6.7    | 3.6                  | 3.2                       | r0.6                           | 0.2              |
|                                                            | ANNUAL | 3.1                            | 5.6    | 2.4                  | 2.7                       | 0.1                            | -0.4             |
| 1995                                                       | I      | 2.8                            | 4.2    | 1.4                  | 3.3                       | r0.5                           | 0.5              |
|                                                            | II     | 3.6                            | -1.4   | -4.7                 | 4.3                       | r1.2                           | 0.7              |
|                                                            | III    | 5.3                            | 2.6    | -2.5                 | 5.1                       | r2.9                           | -0.2             |
|                                                            | IV     | 3.2                            | 1.0    | -2.2                 | 4.2                       | 1.7                            | 0.9              |
|                                                            | ANNUAL | 3.4                            | 3.5    | 0.1                  | 3.7                       | 0.9                            | 0.3              |
| 1996                                                       | I      | 4.3                            | 1.1    | -3.0                 | 0.4                       | r-2.9                          | -3.7             |
|                                                            | II     | 2.1                            | 6.3    | 4.1                  | 5.8                       | r2.3                           | 3.6              |
|                                                            | III    | 5.9                            | 5.0    | -0.9                 | 4.6                       | r1.9                           | -1.2             |
|                                                            | IV     | r4.4                           | r4.5   | r0.1                 | r2.8                      | r-0.6                          | r-1.6            |
|                                                            | ANNUAL | r3.9                           | r2.8   | r-1.0                | 3.5                       | 0.5                            | -0.3             |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from corresponding quarter of previous year |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 2.2                            | 3.8    | 1.5                  | 3.1                       | 0.6                            | 0.9              |
|                                                            | II     | 3.5                            | 5.5    | 1.9                  | 2.8                       | 0.4                            | -0.7             |
|                                                            | III    | 3.9                            | 6.4    | 2.4                  | 2.9                       | 0.0                            | -1.0             |
|                                                            | IV     | 3.5                            | 6.5    | 3.0                  | 2.7                       | 0.0                            | -0.7             |
|                                                            | ANNUAL | 3.1                            | 5.6    | 2.4                  | 2.7                       | 0.1                            | -0.4             |
| 1995                                                       | I      | 3.1                            | 6.0    | 2.8                  | 2.7                       | -0.2                           | -0.4             |
|                                                            | II     | 2.7                            | 3.6    | 0.8                  | 3.5                       | 0.4                            | 0.8              |
|                                                            | III    | 3.6                            | 3.0    | -0.6                 | 4.0                       | 1.3                            | 0.3              |
|                                                            | IV     | 3.7                            | 1.6    | -2.0                 | 4.2                       | 1.5                            | 0.5              |
|                                                            | ANNUAL | 3.4                            | 3.5    | 0.1                  | 3.7                       | 0.9                            | 0.3              |
| 1996                                                       | I      | 4.1                            | 0.8    | -3.1                 | 3.5                       | 0.7                            | -0.6             |
|                                                            | II     | 3.7                            | 2.7    | -1.0                 | 3.8                       | r1.0                           | 0.1              |
|                                                            | III    | 3.9                            | 3.3    | -0.5                 | 3.7                       | r0.7                           | -0.1             |
|                                                            | IV     | r4.2                           | r4.2   | 0.0                  | 3.4                       | r0.2                           | r-0.8            |
|                                                            | ANNUAL | r3.9                           | r2.8   | r-1.0                | 3.5                       | 0.5                            | -0.3             |

See footnotes following Table 6.  
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March 11, 1997  
Source: Bureau of Labor Statistics



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

| Year and quarter                                           |        | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs |
|------------------------------------------------------------|--------|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Indexes 1992=100                                           |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 106.0                          | 109.4  | 103.2                | 104.2                     | 99.7                           | 98.4             |
|                                                            | II     | 107.1                          | 111.5  | 104.1                | 104.5                     | 99.3                           | 97.6             |
|                                                            | III    | 108.1                          | 113.7  | 105.3                | 105.3                     | r99.2                          | 97.5             |
|                                                            | IV     | 109.0                          | 116.1  | 106.5                | 106.1                     | 99.3                           | 97.3             |
|                                                            | ANNUAL | 107.3                          | 112.7  | 105.0                | 104.8                     | 99.2                           | 97.7             |
| 1995                                                       | I      | 110.4                          | 118.1  | 107.0                | 106.9                     | 99.4                           | 96.9             |
|                                                            | II     | 111.0                          | 117.8  | 106.1                | 108.0                     | r99.6                          | 97.3             |
|                                                            | III    | 112.9                          | 119.4  | 105.8                | 109.4                     | r100.4                         | 96.9             |
|                                                            | IV     | 114.1                          | 120.4  | 105.6                | 110.4                     | 100.7                          | 96.8             |
|                                                            | ANNUAL | 112.1                          | 118.9  | 106.1                | 108.6                     | 100.0                          | 96.9             |
| 1996                                                       | I      | 115.7                          | 121.5  | 105.0                | 109.7                     | 99.3                           | 94.8             |
|                                                            | II     | 116.7                          | 124.6  | 106.8                | 111.6                     | r100.1                         | 95.6             |
|                                                            | III    | 118.6                          | 126.4  | 106.5                | 112.8                     | 100.5                          | 95.1             |
|                                                            | IV     | r119.6                         | r127.4 | r106.5               | 113.4                     | 100.2                          | r94.8            |
|                                                            | ANNUAL | 117.5                          | r125.0 | 106.3                | 111.7                     | 99.9                           | 95.1             |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from previous quarter at annual rate(5)     |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 4.1                            | 7.7    | 3.4                  | 3.0                       | 0.9                            | -1.1             |
|                                                            | II     | 4.5                            | 8.2    | 3.6                  | 1.0                       | r-1.3                          | -3.3             |
|                                                            | III    | 3.5                            | 8.2    | 4.5                  | 3.1                       | -0.7                           | -0.4             |
|                                                            | IV     | 3.7                            | 8.6    | 4.7                  | 3.1                       | r0.6                           | -0.6             |
|                                                            | ANNUAL | 3.8                            | 7.4    | 3.5                  | 2.5                       | 0.0                            | -1.2             |
| 1995                                                       | I      | 5.0                            | 7.1    | 2.0                  | 3.2                       | r0.4                           | -1.7             |
|                                                            | II     | 2.3                            | -1.1   | -3.3                 | 3.9                       | r0.8                           | 1.6              |
|                                                            | III    | 7.0                            | 5.5    | -1.4                 | 5.4                       | r3.2                           | -1.5             |
|                                                            | IV     | 4.2                            | 3.5    | -0.7                 | 3.6                       | r1.1                           | -0.6             |
|                                                            | ANNUAL | 4.4                            | 5.5    | 1.1                  | 3.6                       | 0.8                            | -0.7             |
| 1996                                                       | I      | 5.8                            | 3.7    | -2.0                 | -2.3                      | r-5.5                          | -7.7             |
|                                                            | II     | 3.3                            | 10.3   | 6.8                  | 6.8                       | r3.3                           | 3.3              |
|                                                            | III    | 7.0                            | 6.0    | -0.9                 | 4.6                       | r1.9                           | -2.2             |
|                                                            | IV     | r3.4                           | r3.3   | r-0.1                | r2.0                      | r-1.3                          | r-1.4            |
|                                                            | ANNUAL | r4.9                           | r5.1   | 0.2                  | r2.8                      | -0.1                           | -1.9             |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from corresponding quarter of previous year |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 3.2                            | 5.6    | 2.3                  | 3.1                       | r0.5                           | -0.1             |
|                                                            | II     | 3.9                            | 6.9    | 3.0                  | 2.8                       | r0.4                           | -1.1             |
|                                                            | III    | 5.3                            | 8.9    | 3.5                  | 2.9                       | 0.0                            | -2.3             |
|                                                            | IV     | 4.0                            | 8.2    | 4.0                  | 2.5                       | -0.1                           | -1.4             |
|                                                            | ANNUAL | 3.8                            | 7.4    | 3.5                  | 2.5                       | 0.0                            | -1.2             |
| 1995                                                       | I      | 4.2                            | 8.0    | 3.7                  | 2.6                       | -0.3                           | -1.5             |
|                                                            | II     | 3.6                            | 5.6    | 1.9                  | 3.3                       | r0.3                           | -0.3             |
|                                                            | III    | 4.5                            | 5.0    | 0.5                  | 3.9                       | 1.2                            | -0.6             |
|                                                            | IV     | 4.6                            | 3.7    | -0.9                 | 4.0                       | r1.4                           | -0.6             |
|                                                            | ANNUAL | 4.4                            | 5.5    | 1.1                  | 3.6                       | 0.8                            | -0.7             |
| 1996                                                       | I      | 4.8                            | 2.9    | -1.9                 | 2.6                       | -0.1                           | -2.1             |
|                                                            | II     | 5.1                            | 5.7    | 0.6                  | 3.3                       | r0.5                           | -1.7             |
|                                                            | III    | 5.1                            | 5.8    | 0.7                  | 3.1                       | r0.1                           | -1.9             |
|                                                            | IV     | r4.9                           | r5.8   | r0.9                 | 2.7                       | r-0.5                          | r-2.1            |
|                                                            | ANNUAL | r4.9                           | r5.1   | 0.2                  | r2.8                      | -0.1                           | -1.9             |
| -----                                                      |        |                                |        |                      |                           |                                |                  |

See footnotes following Table 6.  
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March 11, 1997  
Source: Bureau of Labor Statistics

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

| Year and quarter                                           |        | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs |
|------------------------------------------------------------|--------|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Indexes 1992=100                                           |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 102.3                          | 103.8  | 101.4                | 104.6                     | 100.0                          | 102.2            |
|                                                            | II     | 103.8                          | 105.8  | 101.9                | 104.9                     | 99.6                           | 101.0            |
|                                                            | III    | 103.7                          | 106.2  | 102.4                | 105.6                     | 99.5                           | 101.8            |
|                                                            | IV     | 104.3                          | 107.3  | 102.9                | 106.4                     | r99.6                          | 102.0            |
|                                                            | ANNUAL | 103.5                          | 105.8  | 102.2                | 105.3                     | 99.7                           | 101.8            |
| 1995                                                       | I      | 104.4                          | 107.6  | 103.0                | 107.3                     | 99.8                           | 102.8            |
|                                                            | II     | 105.8                          | 107.1  | 101.3                | 108.6                     | 100.1                          | 102.6            |
|                                                            | III    | 106.7                          | 106.9  | 100.2                | 109.7                     | 100.6                          | 102.8            |
|                                                            | IV     | 107.4                          | 106.4  | 99.1                 | 110.9                     | 101.2                          | 103.3            |
|                                                            | ANNUAL | 106.1                          | 107.0  | 100.9                | 109.2                     | 100.5                          | 102.9            |
| 1996                                                       | I      | 108.1                          | 105.9  | 98.0                 | 112.2                     | 101.5                          | 103.8            |
|                                                            | II     | 108.4                          | 106.3  | 98.1                 | 113.2                     | r101.6                         | 104.5            |
|                                                            | III    | 109.6                          | 107.3  | 97.9                 | 114.6                     | 102.1                          | 104.5            |
|                                                            | IV     | r111.2                         | r108.9 | 98.0                 | r115.7                    | 102.3                          | r104.1           |
|                                                            | ANNUAL | 109.2                          | 107.1  | 98.1                 | 113.8                     | 101.8                          | r104.2           |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from previous quarter at annual rate(5)     |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 4.6                            | 4.6    | 0.1                  | 3.6                       | 1.6                            | -0.9             |
|                                                            | II     | 6.0                            | 8.1    | 1.9                  | 1.1                       | r-1.3                          | -4.6             |
|                                                            | III    | -0.5                           | 1.5    | 1.9                  | 3.1                       | -0.7                           | 3.5              |
|                                                            | IV     | 2.3                            | 4.4    | 2.1                  | 3.1                       | r0.5                           | 0.7              |
|                                                            | ANNUAL | 2.5                            | 3.5    | 1.0                  | 2.6                       | 0.1                            | 0.2              |
| 1995                                                       | I      | 0.3                            | 0.8    | 0.5                  | 3.4                       | r0.6                           | 3.1              |
|                                                            | II     | 5.3                            | -1.7   | -6.7                 | 4.6                       | r1.4                           | -0.7             |
|                                                            | III    | 3.6                            | -0.7   | -4.1                 | 4.2                       | r2.0                           | 0.6              |
|                                                            | IV     | 2.5                            | -1.9   | -4.3                 | 4.7                       | 2.2                            | 2.2              |
|                                                            | ANNUAL | 2.5                            | 1.2    | -1.3                 | 3.7                       | 0.8                            | 1.1              |
| 1996                                                       | I      | 2.7                            | -1.9   | -4.4                 | 4.7                       | r1.3                           | 2.0              |
|                                                            | II     | 1.3                            | 1.6    | 0.3                  | 3.7                       | r0.3                           | 2.4              |
|                                                            | III    | 4.6                            | 3.7    | -0.9                 | 4.7                       | r2.0                           | 0.1              |
|                                                            | IV     | r5.7                           | r6.2   | 0.4                  | 4.2                       | r0.8                           | r-1.5            |
|                                                            | ANNUAL | r3.0                           | 0.1    | -2.8                 | 4.3                       | 1.3                            | 1.3              |
| -----                                                      |        |                                |        |                      |                           |                                |                  |
| Percent change from corresponding quarter of previous year |        |                                |        |                      |                           |                                |                  |
| 1994                                                       | I      | 1.4                            | 1.9    | 0.5                  | 3.0                       | 0.5                            | 1.6              |
|                                                            | II     | 3.3                            | 3.8    | 0.5                  | 2.7                       | r0.3                           | -0.7             |
|                                                            | III    | 2.5                            | 3.6    | 1.0                  | 2.6                       | -0.2                           | 0.1              |
|                                                            | IV     | 3.1                            | 4.6    | 1.5                  | 2.7                       | r0.0                           | -0.4             |
|                                                            | ANNUAL | 2.5                            | 3.5    | 1.0                  | 2.6                       | 0.1                            | 0.2              |
| 1995                                                       | I      | 2.0                            | 3.6    | 1.6                  | 2.7                       | -0.2                           | 0.6              |
|                                                            | II     | 1.8                            | 1.2    | -0.6                 | 3.5                       | r0.5                           | 1.7              |
|                                                            | III    | 2.9                            | 0.7    | -2.1                 | 3.8                       | 1.1                            | 0.9              |
|                                                            | IV     | 2.9                            | -0.9   | -3.7                 | 4.2                       | r1.6                           | 1.3              |
|                                                            | ANNUAL | 2.5                            | 1.2    | -1.3                 | 3.7                       | 0.8                            | 1.1              |
| 1996                                                       | I      | 3.5                            | -1.5   | -4.9                 | 4.5                       | 1.7                            | 1.0              |
|                                                            | II     | 2.5                            | -0.7   | -3.1                 | 4.3                       | 1.4                            | 1.8              |
|                                                            | III    | 2.7                            | 0.3    | -2.3                 | 4.4                       | r1.4                           | 1.7              |
|                                                            | IV     | r3.6                           | r2.3   | -1.2                 | 4.3                       | r1.1                           | r0.7             |
|                                                            | ANNUAL | r3.0                           | 0.1    | -2.8                 | 4.3                       | 1.3                            | 1.3              |
| -----                                                      |        |                                |        |                      |                           |                                |                  |

See footnotes following Table 6.  
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Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted

| Year and quarter                                           | Output per all-employee hour | Output | Employee hours | Hourly compensation (1) | Real hourly compensation (2) | Unit labor costs | Unit non-labor costs (6) | Total unit costs (7) | Unit profits (8) | Implicit price deflator (4) |       |
|------------------------------------------------------------|------------------------------|--------|----------------|-------------------------|------------------------------|------------------|--------------------------|----------------------|------------------|-----------------------------|-------|
| Indexes 1992=100                                           |                              |        |                |                         |                              |                  |                          |                      |                  |                             |       |
| 1994                                                       | I                            | 102.7  | 107.4          | 104.5                   | 103.8                        | 99.2             | 101.0                    | 102.1                | 101.3            | 120.5                       | 102.8 |
|                                                            | II                           | 102.6  | 108.9          | 106.1                   | 103.8                        | 98.6             | 101.2                    | 98.7                 | 100.5            | 134.5                       | 103.1 |
|                                                            | III                          | 102.4  | 109.7          | 107.0                   | 104.1                        | 98.0             | 101.6                    | 99.3                 | 101.0            | 136.5                       | 103.7 |
|                                                            | IV                           | 102.7  | 111.5          | 108.5                   | 104.7                        | 98.0             | 101.9                    | 98.3                 | 100.9            | 141.5                       | 104.0 |
|                                                            | ANNUAL                       | 102.6  | 109.3          | 106.6                   | 104.1                        | 98.5             | 101.4                    | 99.6                 | 100.9            | 133.4                       | 103.4 |
| 1995                                                       | I                            | 101.8  | 111.4          | 109.4                   | 105.3                        | 97.9             | 103.4                    | 100.0                | 102.5            | 130.9                       | 104.7 |
|                                                            | II                           | 102.4  | 112.1          | 109.4                   | 106.3                        | 98.0             | 103.8                    | 100.9                | 103.0            | 130.1                       | 105.1 |
|                                                            | III                          | 103.7  | 114.0          | 110.0                   | 107.3                        | 98.4             | 103.5                    | 99.7                 | 102.5            | 142.1                       | 105.5 |
|                                                            | IV                           | 104.3  | 115.2          | 110.5                   | 108.3                        | 98.8             | 103.9                    | 100.0                | 102.8            | 140.4                       | 105.7 |
|                                                            | ANNUAL                       | 103.1  | 113.2          | 109.8                   | 106.8                        | 98.3             | 103.6                    | 100.1                | 102.7            | 136.0                       | 105.2 |
| 1996                                                       | I                            | 104.6  | 115.8          | 110.7                   | 109.0                        | 98.6             | 104.3                    | 99.3                 | 102.9            | 145.1                       | 106.1 |
|                                                            | II                           | 105.0  | 117.4          | 111.9                   | 110.1                        | 98.7             | 104.9                    | 98.4                 | 103.1            | 147.8                       | 106.5 |
|                                                            | III                          | 106.0  | 119.2          | 112.4                   | 111.2                        | 99.1             | 104.9                    | 98.1                 | 103.0            | 148.6                       | 106.5 |
| Percent change from previous quarter at annual rate (5)    |                              |        |                |                         |                              |                  |                          |                      |                  |                             |       |
| 1994                                                       | I                            | 1.0    | 5.0            | 4.0                     | 3.6                          | 1.6              | 2.6                      | 12.0                 | 5.1              | -22.4                       | 2.2   |
|                                                            | II                           | -0.5   | 5.7            | 6.3                     | 0.0                          | r-2.3            | 0.5                      | -12.8                | -3.3             | 55.2                        | 1.2   |
|                                                            | III                          | -0.6   | 2.8            | 3.5                     | 1.1                          | -2.6             | 1.7                      | 2.4                  | 1.9              | 5.9                         | 2.3   |
|                                                            | IV                           | 1.1    | 6.7            | 5.5                     | 2.4                          | r-0.1            | 1.2                      | -3.7                 | -0.1             | 15.6                        | 1.4   |
|                                                            | ANNUAL                       | 1.3    | 5.6            | 4.2                     | 1.8                          | -0.7             | 0.5                      | -0.3                 | 0.3              | 16.2                        | 1.7   |
| 1995                                                       | I                            | -3.4   | -0.2           | 3.3                     | 2.4                          | r-0.4            | 6.0                      | 7.0                  | 6.3              | -26.8                       | 2.4   |
|                                                            | II                           | 2.3    | 2.4            | 0.2                     | 3.8                          | r0.6             | 1.5                      | 3.7                  | 2.1              | -2.4                        | 1.6   |
|                                                            | III                          | 4.9    | 7.2            | 2.2                     | 3.7                          | r1.6             | -1.1                     | -4.7                 | -2.1             | 42.2                        | 1.6   |
|                                                            | IV                           | 2.4    | 4.3            | 1.8                     | 3.9                          | r1.4             | 1.5                      | 1.0                  | 1.4              | -4.8                        | 0.7   |
|                                                            | ANNUAL                       | 0.4    | 3.5            | 3.0                     | 2.6                          | -0.2             | 2.2                      | 0.6                  | 1.8              | 1.9                         | 1.8   |
| 1996                                                       | I                            | 1.3    | 2.2            | 0.9                     | 2.7                          | r-0.6            | 1.5                      | -2.6                 | 0.4              | 14.3                        | 1.7   |
|                                                            | II                           | 1.5    | 5.6            | 4.1                     | 3.9                          | r0.5             | 2.4                      | -3.6                 | 0.8              | 7.5                         | 1.5   |
|                                                            | III                          | 4.1    | 6.2            | 2.0                     | 4.1                          | r1.4             | 0.0                      | -1.1                 | -0.3             | 2.2                         | 0.0   |
| Percent change from corresponding quarter of previous year |                              |        |                |                         |                              |                  |                          |                      |                  |                             |       |
| 1994                                                       | I                            | 2.6    | 6.1            | 3.4                     | 2.3                          | -0.2             | -0.3                     | 1.5                  | 0.2              | 17.1                        | 1.5   |
|                                                            | II                           | 1.7    | 5.8            | 4.1                     | 1.9                          | -0.5             | 0.2                      | -1.3                 | -0.2             | 20.6                        | 1.6   |
|                                                            | III                          | 1.0    | 5.2            | 4.2                     | 1.6                          | -1.2             | 0.7                      | -0.6                 | 0.3              | 18.1                        | 1.9   |
|                                                            | IV                           | 0.2    | 5.1            | 4.8                     | 1.8                          | -0.9             | 1.5                      | -0.9                 | 0.9              | 10.2                        | 1.8   |
|                                                            | ANNUAL                       | 1.3    | 5.6            | 4.2                     | 1.8                          | -0.7             | 0.5                      | -0.3                 | 0.3              | 16.2                        | 1.7   |
| 1995                                                       | I                            | -0.9   | 3.7            | 4.6                     | 1.5                          | -1.4             | 2.4                      | -2.1                 | 1.1              | 8.6                         | 1.8   |
|                                                            | II                           | -0.2   | 2.9            | 3.1                     | 2.4                          | -0.6             | 2.6                      | 2.3                  | 2.5              | -3.3                        | 1.9   |
|                                                            | III                          | 1.2    | 4.0            | 2.8                     | 3.1                          | 0.4              | 1.9                      | 0.5                  | 1.5              | 4.1                         | 1.8   |
|                                                            | IV                           | 1.5    | 3.4            | 1.9                     | 3.5                          | 0.8              | 1.9                      | 1.7                  | 1.9              | -0.8                        | 1.6   |
|                                                            | ANNUAL                       | 0.4    | 3.5            | 3.0                     | 2.6                          | -0.2             | 2.2                      | 0.6                  | 1.8              | 1.9                         | 1.8   |
| 1996                                                       | I                            | 2.7    | 4.0            | 1.3                     | 3.5                          | 0.8              | 0.8                      | -0.7                 | 0.4              | 10.9                        | 1.4   |
|                                                            | II                           | 2.5    | 4.8            | 2.2                     | 3.6                          | 0.7              | 1.1                      | -2.5                 | 0.1              | 13.6                        | 1.4   |
|                                                            | III                          | 2.3    | 4.5            | 2.2                     | 3.7                          | 0.7              | 1.3                      | -1.6                 | 0.6              | 4.6                         | 1.0   |

See footnotes following Table 6.  
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March 11, 1997  
Source: Bureau of Labor Statistics

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

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published 30 days after the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days.

Footnotes, Tables 1-6

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) 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 output divided by the output index.
- (5) Quarterly changes: Percent change compounded at annual rate from the original data rather than index numbers. Annual changes: Percent change between annual average levels.
- (6) Unit nonlabor costs include capital consumption allowances, interest, rental income of persons, and indirect taxes. For nonfinancial corporations, rental income of persons is zero by definition.
- (7) Total unit costs are the sum of unit labor and nonlabor costs.
- (8) Unit profits include corporate profits with inventory valuation and capital consumption adjustments.