

Internet address: <http://stats.bls.gov/lprhome.htm>

Historical, technical information: (202) 606-5606 USDL 97-434
Current data: (202) 606-7828 TRANSMISSION OF THIS
Media contact: (202) 606-5902 MATERIAL IS EMBARGOED
UNTIL 10:00 A.M. EST
THURSDAY, DECEMBER 4, 1997.

PRODUCTIVITY AND COSTS
Third Quarter 1997

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data--as measured by output per hour of all persons--for the third quarter of 1997. The seasonally-adjusted annual rates of productivity growth in the third quarter were:

4.0 percent in the business sector, and
4.1 percent in the nonfarm business sector.

The third-quarter increase in labor productivity in the nonfarm business sector was the largest since the fourth quarter of 1992.

In manufacturing, revised productivity increases in the third quarter were:

9.3 percent in manufacturing,
13.1 percent in durable goods manufacturing, and
5.2 percent in nondurable goods manufacturing.

The third-quarter productivity increase in manufacturing occurred as output rose at a 7.2 percent rate and hours of all persons working in the sector fell 1.9 percent. 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. Third-quarter measures are summarized in table A and appear in detail in tables 1 through 5.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources.

Table A. Productivity and costs: Revised third-quarter 1997 measures
(Seasonally adjusted annual rates)

| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|
| Percent change from preceding quarter | | | | | | |
| Business | 4.0 | 3.8 | -0.2 | 4.3 | 2.3 | 0.3 |
| Nonfarm business | 4.1 | 4.0 | -0.1 | 3.9 | 1.9 | -0.2 |
| Manufacturing | 9.3 | 7.2 | -1.9 | 3.4 | 1.4 | -5.4 |
| Durable | 13.1 | 12.1 | -0.9 | 2.4 | 0.4 | -9.5 |
| Nondurable | 5.2 | 1.6 | -3.4 | 5.0 | 2.9 | -0.2 |
| Percent change from same quarter a year ago | | | | | | |
| Business | 2.5 | 4.8 | 2.2 | 3.8 | 1.6 | 1.3 |
| Nonfarm business | 2.4 | 4.7 | 2.2 | 3.8 | 1.5 | 1.3 |
| Manufacturing | 4.6 | 5.2 | 0.6 | 3.1 | 0.9 | -1.4 |
| Durable | 5.8 | 7.6 | 1.7 | 2.4 | 0.2 | -3.2 |
| Nondurable | 3.3 | 2.4 | -0.9 | 4.0 | 1.8 | 0.7 |

Business

From the second quarter to the third quarter of 1997, business sector productivity rose 4.0 percent as output increased 3.8 percent but hours of all persons engaged in the sector fell off slightly, 0.2 percent (seasonally adjusted annual rates). Employment in the business sector rose in the third quarter by 0.9 percent, but this increase was offset by a 1.0 percent decline in average weekly hours at work. In the second quarter, productivity had risen 2.4 percent, reflecting increases in output and hours of all persons of 3.9 and 1.5 percent, respectively (table 1).

Hourly compensation increased 4.3 percent during the third quarter of 1997; it had increased 3.3 percent one quarter earlier. This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Unit labor costs in both the second and third quarters rose modestly--0.3 percent in the third quarter and 0.9 percent in the second quarter.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose 2.3 percent in the third quarter and 2.2 percent in the second quarter of 1997.

The implicit price deflator for the business sector, which reflects changes in both unit labor costs and unit nonlabor payments, increased at a 1.1 percent annual rate in the third quarter of 1997, somewhat less than the 1.5 percent increase posted in the previous quarter.

Nonfarm business

Productivity increased 4.1 percent in the nonfarm business sector during the third quarter of 1997 as output rose 4.0 percent and hours of all persons declined 0.1 percent. As in the larger business sector, an employment increase, 1.0 percent, was more than offset by a decline in average weekly hours at work, 1.1 percent. During the second quarter of 1997, productivity in the nonfarm business sector had increased 2.4 percent, reflecting a gain of 3.8 percent in output and a 1.4 percent rise in hours (table 2).

Hourly compensation increased at a 3.9 percent annual rate in the third quarter, compared with a 3.3 percent increase one quarter earlier. When the rise in the CPI-U is taken into account, real hourly compensation rose at a 1.9 percent annual rate in the third quarter, following a 2.2 percent rise during the second quarter of the year.

Unit labor costs fell slightly, 0.2 percent, in the third quarter of 1997 after having risen 0.9 percent in the second quarter. The implicit price deflator rose 1.2 percent in the third quarter of 1997. This reflects both the decrease in unit labor costs and a 3.7 percent rise in unit nonlabor payments; labor costs account for approximately 64 percent of nonfarm business payments. In the second quarter, the implicit price deflator for the nonfarm business sector had risen 1.4 percent.

Manufacturing

Productivity increased 9.3 percent in manufacturing in the third quarter of 1997, as output rose 7.2 percent and hours of all persons fell 1.9 percent (seasonally adjusted annual rates). This increase in labor productivity was the largest in the manufacturing sector since the second quarter of 1982, when it rose 12.5 percent. In the second quarter of 1997, productivity rose 2.8 percent, reflecting an output increase of 3.9 percent and an increase in hours of 1.1 percent. In durable goods industries, productivity grew 13.1 percent in the third quarter as output rose 12.1 percent and hours fell 0.9 percent. In the nondurable goods industries, third-quarter productivity grew 5.2 percent as output rose 1.6 percent and hours dropped 3.4 percent (tables 3, 4, and 5).

Hourly compensation of all manufacturing workers rose 3.4 percent during the third quarter, compared with an increase of 2.6 percent during the second quarter (seasonally adjusted annual rates). When the increase in the CPI-U is taken into account, real hourly compensation increased 1.4 percent in the third quarter and 1.5 percent one quarter earlier. In durable goods manufacturing, hourly compensation rose 2.4 percent during the third quarter of 1997, and real hourly compensation rose 0.4 percent. The increases in nondurable goods manufacturing were higher--hourly compensation rose 5.0 percent and real hourly compensation rose 2.9 percent.

Because the large increase in labor productivity more than offset the rise in hourly compensation in the manufacturing sector, unit labor costs fell at a 5.4 percent annual rate in the third quarter of 1997. This decline was the largest recorded in the manufacturing sector since a 5.5 percent drop in the second quarter of 1963. Unit labor costs fell in both durable and nondurable goods manufacturing in the third quarter of 1997. Unit labor costs fell 9.5 percent in durable goods industries and declined 0.2 percent in nondurable goods industries. In the second quarter, unit labor costs in manufacturing fell 0.2 percent.

Table B. Nonfinancial corporations: Third-quarter 1997 productivity and cost measures
(Seasonally adjusted annual rates)

| Period | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|--------------|-------------------------|
| ----- | | | | | | | | |
| Percent change from preceding quarter | | | | | | | | |
| 1997 III | 6.7 | 7.9 | 1.1 | 4.5 | 2.4 | -2.1 | 14.1 | 0.1 |
| ----- | | | | | | | | |
| Percent change from same quarter a year ago | | | | | | | | |
| 1997 III | 3.3 | 6.0 | 2.6 | 3.8 | 1.5 | 0.5 | 5.4 | 0.7 |
| ----- | | | | | | | | |

Nonfinancial Corporations

Third-quarter 1997 measures of productivity and costs also were announced for nonfinancial corporations (tables B and 6). Output per all-employee hour rose at a 6.7 percent annual rate, the largest increase since the first quarter of 1986 when it increased 9.6 percent. In the second quarter of 1997, output per hour of all employees had increased 2.5 percent. Output increased 7.9 percent in the third quarter of 1997, while hours of all employees increased 1.1 percent. The sector includes all corporations doing business in the United States, except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts.

Hourly compensation increased 4.5 percent in the third quarter; it had risen 3.3 percent in the second quarter. When the rise in the CPI-U is taken into account, real hourly compensation increased 2.4 percent in the third quarter and 2.2 percent one quarter earlier.

Both unit labor costs and unit nonlabor costs fell during the third quarter of 1997 after posting modest gains in the previous quarter. Unit labor costs for nonfinancial corporations dropped 2.1 percent in the third quarter, after increasing 0.8 percent during the second quarter. Unit nonlabor costs fell 1.7 percent in the third quarter; they had risen 0.5 percent one quarter earlier. Unit profits advanced at a 14.1 percent annual rate, much faster than the 3.2 percent rise in the second quarter of 1997. The implicit price deflator for the output of nonfinancial corporations rose only 0.1 percent in the third quarter of 1997. In the second quarter, the implicit price deflator had risen 1.1 percent.

Table C. Previous and revised productivity and related measures
Quarterly percent change at seasonally adjusted annual rate

| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| ----- | | | | | | |
| Third quarter 1997 | | | | | | |
| Business: | | | | | | |
| Previous | 4.4 | 4.2 | -0.2 | 4.6 | 2.5 | 0.2 |
| Current | 4.0 | 3.8 | -0.2 | 4.3 | 2.3 | 0.3 |
| Nonfarm business: | | | | | | |
| Previous | 4.5 | 4.3 | -0.1 | 4.2 | 2.1 | -0.3 |
| Current | 4.1 | 4.0 | -0.1 | 3.9 | 1.9 | -0.2 |
| Manufacturing: | | | | | | |
| Previous | 9.8 | 7.9 | -1.7 | 3.6 | 1.5 | -5.7 |
| Current | 9.3 | 7.2 | -1.9 | 3.4 | 1.4 | -5.4 |
| ----- | | | | | | |

Revised Measures

Current and previous measures for the third quarter of 1997 for the business, nonfarm business, and manufacturing sectors are compared in table C. Productivity, output, and hourly compensation increases are smaller than those reported on Nov. 13, based on the information available at that time.

Next release date

The next release of Productivity and Costs is scheduled for 10:00 AM EST, Tuesday, February 10, 1998. Preliminary fourth-quarter and annual 1997 measures will be released at that time. The release also will contain historical revisions to hours in all sectors due to incorporation of the 1996 Hours at Work Survey and to output in the manufacturing sectors due to incorporation of revised measures of Industrial Production from the Federal Reserve Board of Governors.

Scheduled release dates for productivity and costs measures for major sectors of the U.S. economy in 1998 are:

| Reference period | 1998 release date |
|----------------------------------|-------------------|
| ----- | |
| 1997: | |
| Fourth quarter, Annual | February 10 |
| Fourth quarter, Annual (revised) | March 10 |
| 1998: | |
| First quarter | May 7 |
| First quarter (revised) | June 4 |
| Second quarter | August 11 |
| Second quarter (revised) | September 3 |
| Third quarter | November 10 |
| Third quarter (revised) | December 3 |
| ----- | |

These dates are based on presently available schedules for the release of underlying source data in 1998. Each issue of Productivity and Costs contains a "Next release date" paragraph which readers should use to confirm the dates above.

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

| 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 | | | | | | | | | |
| 1995 | I | 100.2 | 108.7 | 108.5 | 105.8 | 98.3 | 105.6 | 108.3 | 106.5 |
| | II | 100.4 | 108.7 | 108.3 | 106.6 | 98.3 | 106.1 | 108.4 | 107.0 |
| | III | 100.6 | 109.8 | 109.2 | 107.3 | 98.4 | 106.7 | 108.8 | 107.4 |
| | IV | 101.1 | 110.7 | 109.5 | 108.1 | 98.6 | 107.0 | 109.2 | 107.8 |
| | ANNUAL | 100.5 | 109.5 | 108.9 | 106.9 | 98.4 | 106.3 | 108.7 | 107.2 |
| 1996 | I | 101.6 | 111.4 | 109.6 | 108.9 | 98.4 | 107.1 | 110.6 | 108.4 |
| | II | 102.3 | 113.2 | 110.7 | 110.1 | 98.8 | 107.7 | 111.1 | 108.9 |
| | III | 102.0 | 113.5 | 111.3 | 111.0 | 98.9 | 108.8 | 110.8 | 109.6 |
| | IV | 102.5 | 115.0 | 112.2 | 111.9 | 98.9 | 109.2 | 111.4 | 110.0 |
| | ANNUAL | 102.0 | 113.3 | 111.0 | 110.4 | 98.7 | 108.2 | 111.0 | 109.2 |
| 1997 | I | 102.9 | 116.6 | 113.3 | 113.1 | 99.4 | 109.9 | 111.8 | 110.6 |
| | II | 103.5 | 117.8 | 113.7 | 114.0 | 99.9 | 110.1 | 112.5 | 111.0 |
| | III | 104.6 | 118.9 | 113.7 | 115.2 | 100.5 | 110.2 | 113.2 | 111.3 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | |
| 1995 | I | -2.1 | 0.8 | 2.9 | 2.6 | -0.2 | 4.8 | -0.2 | 2.9 |
| | II | 0.9 | 0.2 | -0.7 | 3.2 | 0.1 | 2.3 | 0.4 | 1.6 |
| | III | 0.7 | 4.2 | 3.5 | 2.6 | 0.5 | 1.9 | 1.4 | 1.7 |
| | IV | 2.0 | 3.0 | 1.0 | 3.2 | 0.7 | 1.2 | 1.5 | 1.3 |
| | ANNUAL | 0.0 | 2.3 | 2.4 | 2.5 | -0.3 | 2.6 | 1.7 | 2.3 |
| 1996 | I | 2.2 | 2.8 | 0.6 | 2.7 | -0.6 | 0.5 | 5.3 | 2.3 |
| | II | 2.5 | 6.6 | 4.0 | 4.7 | 1.3 | 2.2 | 1.9 | 2.1 |
| | III | -1.1 | 0.9 | 2.0 | 3.3 | 0.6 | 4.4 | -1.0 | 2.4 |
| | IV | 1.9 | 5.4 | 3.4 | 3.3 | -0.1 | 1.4 | 2.2 | 1.7 |
| | ANNUAL | 1.5 | 3.5 | 2.0 | 3.3 | 0.3 | 1.8 | 2.2 | 1.9 |
| 1997 | I | 1.8 | 5.9 | 4.0 | 4.4 | 1.9 | 2.5 | 1.1 | 2.0 |
| | II | 2.4 | 3.9 | 1.5 | 3.3 | 2.2 | 0.9 | 2.7 | 1.5 |
| | III | 4.0 | 3.8 | -0.2 | 4.3 | 2.3 | 0.3 | 2.5 | 1.1 |
| Percent change from corresponding quarter of previous year | | | | | | | | | |
| 1995 | I | -0.5 | 3.3 | 3.8 | 1.7 | -1.2 | 2.2 | 3.2 | 2.6 |
| | II | -0.3 | 1.7 | 2.1 | 2.5 | -0.5 | 2.8 | 1.7 | 2.4 |
| | III | 0.0 | 2.4 | 2.3 | 2.7 | 0.1 | 2.7 | 1.3 | 2.2 |
| | IV | 0.4 | 2.0 | 1.7 | 2.9 | 0.3 | 2.5 | 0.8 | 1.9 |
| | ANNUAL | 0.0 | 2.3 | 2.4 | 2.5 | -0.3 | 2.6 | 1.7 | 2.3 |
| 1996 | I | 1.4 | 2.5 | 1.1 | 2.9 | 0.2 | 1.5 | 2.1 | 1.7 |
| | II | 1.8 | 4.2 | 2.3 | 3.3 | 0.5 | 1.5 | 2.5 | 1.8 |
| | III | 1.4 | 3.3 | 1.9 | 3.5 | 0.5 | 2.1 | 1.9 | 2.0 |
| | IV | 1.4 | 3.9 | 2.5 | 3.5 | 0.3 | 2.1 | 2.1 | 2.1 |
| | ANNUAL | 1.5 | 3.5 | 2.0 | 3.3 | 0.3 | 1.8 | 2.2 | 1.9 |
| 1997 | I | 1.3 | 4.7 | 3.4 | 3.9 | 0.9 | 2.6 | 1.1 | 2.0 |
| | II | 1.3 | 4.0 | 2.7 | 3.5 | 1.2 | 2.3 | 1.2 | 1.9 |
| | III | 2.5 | 4.8 | 2.2 | 3.8 | 1.6 | 1.3 | 2.1 | 1.6 |

See footnotes following Table 6.
r=revised

December 4, 1997
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector:
and prices, seasonally adjusted

Productivity, hourly compensation, unit labor costs,

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensa- tion per hour (1) | Real compensa- tion per hour (2) | Unit labor costs | Unit non- labor pay- ments (3) | Implicit price deflator (4) |
|--|--------------------------------------|--------|----------------------------|-----------------------------------|---|------------------------|--------------------------------------|-----------------------------------|
| Indexes 1992=100 | | | | | | | | |
| 1995 | I | 100.3 | 108.9 | 108.5 | 105.6 | 98.2 | 105.3 | 109.5 |
| | II | 100.5 | 108.9 | 108.4 | 106.4 | 98.1 | 105.8 | 109.6 |
| | III | 100.8 | 110.2 | 109.3 | 107.1 | 98.3 | 106.3 | 109.7 |
| | IV | 101.2 | 111.0 | 109.7 | 107.9 | 98.4 | 106.6 | 109.8 |
| | ANNUAL | 100.7 | 109.8 | 109.0 | 106.7 | 98.3 | 106.0 | 109.7 |
| 1996 | I | 101.7 | 111.7 | 109.8 | 108.7 | 98.3 | 106.9 | 111.1 |
| | II | 102.2 | 113.5 | 111.0 | 109.8 | 98.5 | 107.4 | 111.4 |
| | III | 102.0 | 113.8 | 111.6 | 110.6 | 98.6 | 108.5 | 111.0 |
| | IV | 102.4 | 115.3 | 112.6 | 111.5 | 98.5 | 108.9 | 111.6 |
| | ANNUAL | 102.0 | 113.6 | 111.3 | 110.1 | 98.4 | 107.9 | 111.3 |
| 1997 | I | 102.8 | 116.9 | 113.8 | 112.8 | 99.1 | 109.7 | 111.9 |
| | II | 103.4 | 118.0 | 114.2 | 113.7 | 99.6 | 110.0 | 112.5 |
| | III | r104.4 | r119.2 | 114.1 | r114.8 | 100.1 | 109.9 | 113.5 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | |
| 1995 | I | -1.6 | 1.2 | 2.9 | 2.6 | -0.2 | 4.2 | 1.3 |
| | II | 0.8 | 0.2 | -0.6 | 3.1 | -0.1 | 2.3 | 0.2 |
| | III | 1.1 | 4.6 | 3.5 | 2.7 | 0.6 | 1.6 | 0.5 |
| | IV | 1.6 | 3.0 | 1.4 | 2.9 | 0.5 | 1.3 | 0.3 |
| | ANNUAL | 0.2 | 2.6 | 2.4 | 2.5 | -0.3 | 2.4 | 2.1 |
| 1996 | I | 1.9 | 2.6 | 0.6 | 2.8 | -0.5 | 0.9 | 4.8 |
| | II | 2.2 | 6.8 | 4.4 | 4.4 | 1.0 | 2.1 | 1.1 |
| | III | -1.0 | 1.0 | 2.1 | 2.9 | 0.2 | 3.9 | -1.3 |
| | IV | 1.8 | 5.4 | 3.6 | 3.3 | -0.1 | 1.5 | 2.0 |
| | ANNUAL | 1.3 | 3.5 | 2.2 | 3.1 | 0.2 | 1.8 | 1.5 |
| 1997 | I | 1.4 | 5.6 | 4.2 | 4.5 | 2.1 | 3.1 | 1.0 |
| | II | 2.4 | 3.8 | 1.4 | 3.3 | 2.2 | 0.9 | 2.3 |
| | III | r4.1 | r4.0 | -0.1 | r3.9 | r1.9 | r-0.2 | r3.7 |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 1995 | I | -0.2 | 3.5 | 3.7 | 1.8 | -1.1 | 2.0 | 4.3 |
| | II | -0.2 | 1.9 | 2.1 | 2.4 | -0.6 | 2.6 | 2.4 |
| | III | 0.4 | 2.7 | 2.3 | 2.8 | 0.1 | 2.4 | 1.5 |
| | IV | 0.4 | 2.2 | 1.8 | 2.8 | 0.2 | 2.4 | 0.6 |
| | ANNUAL | 0.2 | 2.6 | 2.4 | 2.5 | -0.3 | 2.4 | 2.1 |
| 1996 | I | 1.3 | 2.6 | 1.2 | 2.9 | 0.1 | 1.5 | 1.4 |
| | II | 1.7 | 4.2 | 2.5 | 3.2 | 0.4 | 1.5 | 1.7 |
| | III | 1.2 | 3.3 | 2.1 | 3.3 | 0.3 | 2.1 | 1.2 |
| | IV | 1.2 | 3.9 | 2.7 | 3.3 | 0.2 | 2.1 | 1.6 |
| | ANNUAL | 1.3 | 3.5 | 2.2 | 3.1 | 0.2 | 1.8 | 1.5 |
| 1997 | I | 1.1 | 4.7 | 3.6 | 3.8 | 0.8 | 2.7 | 0.7 |
| | II | 1.1 | 4.0 | 2.8 | 3.5 | 1.1 | 2.4 | 1.0 |
| | III | r2.4 | r4.7 | r2.2 | 3.8 | r1.5 | 1.3 | r2.3 |

See footnotes following Table 6.
r=revised

December 4, 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 | | | | | | | |
| 1995 | I | 106.7 | 112.3 | 105.2 | 107.2 | 99.6 | 100.5 |
| | II | 107.6 | 111.9 | 104.0 | 108.2 | 99.8 | 100.5 |
| | III | 108.8 | 112.7 | 103.6 | 109.2 | 100.2 | 100.4 |
| | IV | 109.2 | 113.0 | 103.4 | 110.1 | 100.4 | 100.8 |
| | ANNUAL | 108.1 | 112.5 | 104.1 | 108.7 | 100.1 | 100.6 |
| 1996 | I | 110.3 | 113.3 | 102.7 | 110.8 | 100.2 | 100.4 |
| | II | 111.0 | 115.0 | 103.7 | 112.1 | 100.5 | 101.0 |
| | III | 112.4 | 116.4 | 103.6 | 112.9 | 100.6 | 100.4 |
| | IV | 113.5 | 117.7 | 103.7 | 113.5 | 100.3 | 100.0 |
| | ANNUAL | 111.7 | 115.6 | 103.5 | 112.2 | 100.3 | 100.5 |
| 1997 | I | 114.2 | 119.2 | 104.4 | 114.7 | 100.8 | 100.4 |
| | II | 115.0 | 120.4 | 104.7 | 115.4 | 101.1 | 100.4 |
| | III | r117.6 | r122.5 | 104.2 | r116.4 | 101.5 | r99.0 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1995 | I | 3.8 | 4.4 | 0.6 | 2.1 | -0.6 | -1.6 |
| | II | 3.5 | -1.2 | -4.5 | 3.8 | 0.7 | 0.3 |
| | III | 4.3 | 2.7 | -1.5 | 3.9 | 1.7 | -0.4 |
| | IV | 1.7 | 1.0 | -0.7 | 3.2 | 0.7 | 1.4 |
| | ANNUAL | 3.2 | 3.5 | 0.3 | 2.9 | 0.1 | -0.3 |
| 1996 | I | 4.0 | 1.1 | -2.7 | 2.5 | -0.8 | -1.4 |
| | II | 2.4 | 6.3 | 3.8 | 4.7 | 1.3 | 2.2 |
| | III | 5.5 | 5.0 | -0.5 | 3.2 | 0.5 | -2.2 |
| | IV | 3.7 | 4.3 | 0.6 | 1.9 | -1.4 | -1.7 |
| | ANNUAL | 3.3 | 2.8 | -0.5 | 3.2 | 0.2 | -0.1 |
| 1997 | I | 2.5 | 5.4 | 2.8 | 4.4 | 2.0 | 1.8 |
| | II | 2.8 | 3.9 | 1.1 | 2.6 | 1.5 | -0.2 |
| | III | r9.3 | r7.2 | r-1.9 | r3.4 | r1.4 | r-5.4 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1995 | I | 2.9 | 5.7 | 2.8 | 2.0 | -0.9 | -0.9 |
| | II | 2.7 | 3.5 | 0.9 | 2.8 | -0.2 | 0.1 |
| | III | 3.4 | 3.1 | -0.3 | 3.1 | 0.5 | -0.3 |
| | IV | 3.3 | 1.7 | -1.6 | 3.3 | 0.6 | -0.1 |
| | ANNUAL | 3.2 | 3.5 | 0.3 | 2.9 | 0.1 | -0.3 |
| 1996 | I | 3.4 | 0.9 | -2.4 | 3.3 | 0.6 | 0.0 |
| | II | 3.1 | 2.8 | -0.3 | 3.6 | 0.7 | 0.5 |
| | III | 3.4 | 3.3 | -0.1 | 3.4 | 0.4 | 0.0 |
| | IV | 3.9 | 4.1 | 0.3 | 3.1 | -0.1 | -0.8 |
| | ANNUAL | 3.3 | 2.8 | -0.5 | 3.2 | 0.2 | -0.1 |
| 1997 | I | 3.5 | 5.2 | 1.7 | 3.5 | 0.6 | 0.0 |
| | II | 3.6 | 4.7 | 1.0 | 3.0 | 0.6 | -0.6 |
| | III | r4.6 | r5.2 | r0.6 | 3.1 | 0.9 | r-1.4 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revised

December 4, 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 | | | | | | | |
| 1995 | I | 110.8 | 118.4 | 106.9 | 107.1 | 99.5 | 96.7 |
| | II | 111.3 | 118.0 | 106.0 | 107.9 | 99.5 | 96.9 |
| | III | 112.8 | 119.5 | 106.0 | 108.8 | 99.8 | 96.4 |
| | IV | 113.5 | 120.5 | 106.2 | 109.3 | 99.7 | 96.4 |
| | ANNUAL | 112.1 | 119.1 | 106.3 | 108.2 | 99.7 | 96.6 |
| 1996 | I | 115.1 | 121.6 | 105.6 | 109.8 | 99.3 | 95.3 |
| | II | 116.3 | 124.7 | 107.2 | 111.1 | 99.6 | 95.5 |
| | III | 118.0 | 126.5 | 107.2 | 111.8 | 99.6 | 94.7 |
| | IV | 118.7 | 127.4 | 107.4 | 111.9 | 98.9 | 94.3 |
| | ANNUAL | 116.9 | 125.0 | 107.0 | 111.0 | 99.2 | 95.0 |
| 1997 | I | 119.5 | 129.9 | 108.7 | 113.2 | 99.5 | 94.7 |
| | II | 121.1 | 132.3 | 109.2 | 113.8 | 99.7 | 93.9 |
| | III | r124.9 | r136.1 | 109.0 | 114.5 | r99.8 | 91.6 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1995 | I | 5.7 | 6.7 | 0.9 | 2.3 | -0.4 | -3.2 |
| | II | 2.1 | -1.4 | -3.4 | 3.0 | -0.1 | 1.0 |
| | III | 5.4 | 5.3 | -0.1 | 3.4 | 1.2 | -1.9 |
| | IV | 2.4 | 3.4 | 0.9 | 2.1 | -0.3 | -0.3 |
| | ANNUAL | 4.0 | 5.3 | 1.3 | 2.6 | -0.2 | -1.3 |
| 1996 | I | 6.0 | 3.7 | -2.2 | 1.6 | -1.7 | -4.2 |
| | II | 4.0 | 10.3 | 6.1 | 4.8 | 1.4 | 0.8 |
| | III | 6.2 | 6.0 | -0.2 | 2.7 | 0.0 | -3.4 |
| | IV | 2.1 | 2.8 | 0.7 | 0.5 | -2.7 | -1.6 |
| | ANNUAL | 4.3 | 5.0 | 0.7 | 2.5 | -0.4 | -1.7 |
| 1997 | I | 3.0 | 8.3 | 5.2 | 4.7 | 2.3 | 1.7 |
| | II | 5.5 | 7.4 | 1.8 | 2.0 | 0.9 | -3.3 |
| | III | r13.1 | r12.1 | r-0.9 | r2.4 | r0.4 | r-9.5 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1995 | I | 4.1 | 8.0 | 3.7 | 1.7 | -1.1 | -2.3 |
| | II | 3.4 | 5.4 | 1.9 | 2.5 | -0.6 | -0.9 |
| | III | 3.9 | 4.7 | 0.7 | 2.8 | 0.2 | -1.1 |
| | IV | 3.9 | 3.4 | -0.4 | 2.7 | 0.1 | -1.1 |
| | ANNUAL | 4.0 | 5.3 | 1.3 | 2.6 | -0.2 | -1.3 |
| 1996 | I | 4.0 | 2.7 | -1.2 | 2.5 | -0.2 | -1.4 |
| | II | 4.4 | 5.6 | 1.2 | 3.0 | 0.1 | -1.4 |
| | III | 4.6 | 5.8 | 1.1 | 2.8 | -0.2 | -1.8 |
| | IV | 4.6 | 5.7 | 1.1 | 2.4 | -0.8 | -2.1 |
| | ANNUAL | 4.3 | 5.0 | 0.7 | 2.5 | -0.4 | -1.7 |
| 1997 | I | 3.8 | 6.8 | 2.9 | 3.2 | 0.2 | -0.6 |
| | II | 4.2 | 6.1 | 1.9 | 2.5 | 0.1 | -1.7 |
| | III | r5.8 | r7.6 | 1.7 | r2.4 | r0.2 | -3.2 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revised

December 4, 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 | | | | | | | |
| 1995 | I | 102.9 | 105.9 | 103.0 | 107.0 | 99.5 | 104.1 |
| | II | 104.1 | 105.6 | 101.4 | 108.3 | 99.9 | 104.0 |
| | III | 105.0 | 105.5 | 100.5 | 109.5 | 100.4 | 104.3 |
| | IV | 105.3 | 105.0 | 99.7 | 110.7 | 100.9 | 105.1 |
| | ANNUAL | 104.4 | 105.5 | 101.1 | 108.9 | 100.3 | 104.4 |
| 1996 | I | 105.8 | 104.5 | 98.8 | 111.7 | 101.1 | 105.7 |
| | II | 106.0 | 104.9 | 99.0 | 112.8 | 101.2 | 106.4 |
| | III | 107.2 | 105.9 | 98.7 | 113.9 | 101.5 | 106.3 |
| | IV | 108.7 | 107.4 | 98.8 | 115.1 | 101.8 | 106.0 |
| | ANNUAL | 106.8 | 105.7 | 99.0 | 113.3 | 101.3 | 106.1 |
| 1997 | I | 109.4 | 108.0 | 98.7 | 116.1 | 102.0 | 106.1 |
| | II | 109.4 | 108.0 | 98.7 | 117.1 | 102.6 | 107.1 |
| | III | r110.8 | r108.4 | 97.9 | 118.5 | 103.3 | r107.0 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1995 | I | 1.3 | 1.4 | 0.1 | 1.7 | -1.0 | 0.5 |
| | II | 5.1 | -1.3 | -6.0 | 4.7 | 1.6 | -0.3 |
| | III | 3.3 | -0.4 | -3.5 | 4.4 | 2.3 | 1.1 |
| | IV | 1.2 | -1.8 | -3.0 | 4.6 | 2.1 | 3.3 |
| | ANNUAL | 2.3 | 1.2 | -1.1 | 3.2 | 0.4 | 0.9 |
| 1996 | I | 1.7 | -1.9 | -3.5 | 3.8 | 0.5 | 2.1 |
| | II | 1.0 | 1.6 | 0.5 | 4.0 | 0.6 | 2.9 |
| | III | 4.6 | 3.7 | -0.9 | 3.9 | 1.2 | -0.6 |
| | IV | 5.5 | 5.9 | 0.4 | 4.3 | 0.9 | -1.1 |
| | ANNUAL | 2.3 | 0.2 | -2.1 | 4.0 | 1.0 | 1.7 |
| 1997 | I | 2.7 | 2.1 | -0.6 | 3.4 | 1.0 | 0.7 |
| | II | 0.0 | 0.0 | 0.0 | 3.4 | 2.3 | 3.5 |
| | III | r5.2 | r1.6 | r-3.4 | 5.0 | 2.9 | r-0.2 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1995 | I | 1.6 | 3.2 | 1.6 | 2.1 | -0.7 | 0.5 |
| | II | 1.8 | 1.3 | -0.5 | 3.0 | 0.0 | 1.2 |
| | III | 2.8 | 1.0 | -1.8 | 3.4 | 0.7 | 0.5 |
| | IV | 2.7 | -0.5 | -3.1 | 3.9 | 1.2 | 1.1 |
| | ANNUAL | 2.3 | 1.2 | -1.1 | 3.2 | 0.4 | 0.9 |
| 1996 | I | 2.8 | -1.3 | -4.0 | 4.4 | 1.6 | 1.5 |
| | II | 1.8 | -0.6 | -2.4 | 4.2 | 1.3 | 2.4 |
| | III | 2.1 | 0.4 | -1.7 | 4.1 | 1.1 | 1.9 |
| | IV | 3.2 | 2.3 | -0.9 | 4.0 | 0.8 | 0.8 |
| | ANNUAL | 2.3 | 0.2 | -2.1 | 4.0 | 1.0 | 1.7 |
| 1997 | I | 3.4 | 3.3 | -0.1 | 3.9 | 0.9 | 0.5 |
| | II | 3.2 | 2.9 | -0.3 | 3.8 | 1.4 | 0.6 |
| | III | r3.3 | r2.4 | r-0.9 | 4.0 | 1.8 | r0.7 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revised

December 4, 1997
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 | | | | | | | | | | | |
| 1995 | I | 103.0 | 112.3 | 109.1 | 105.2 | 97.8 | 102.2 | 99.8 | 101.6 | 135.2 | 104.6 |
| | II | 103.5 | 112.9 | 109.1 | 106.0 | 97.7 | 102.4 | 100.1 | 101.8 | 134.9 | 104.8 |
| | III | 104.7 | 114.9 | 109.7 | 106.6 | 97.8 | 101.9 | 99.0 | 101.1 | 145.5 | 105.1 |
| | IV | 105.2 | 115.9 | 110.2 | 107.3 | 97.8 | 102.0 | 99.1 | 101.2 | 147.3 | 105.4 |
| | ANNUAL | 104.1 | 114.0 | 109.5 | 106.3 | 97.9 | 102.1 | 99.5 | 101.4 | 140.8 | 105.0 |
| 1996 | I | 105.6 | 116.5 | 110.4 | 107.8 | 97.5 | 102.1 | 99.2 | 101.4 | 152.5 | 106.0 |
| | II | 106.4 | 118.7 | 111.5 | 109.0 | 97.8 | 102.4 | 98.4 | 101.4 | 154.7 | 106.2 |
| | III | 107.0 | 120.0 | 112.1 | 109.9 | 97.9 | 102.7 | 98.1 | 101.5 | 156.0 | 106.4 |
| | IV | 107.6 | 121.5 | 113.0 | 110.7 | 97.8 | 102.9 | 97.4 | 101.5 | 156.4 | 106.5 |
| | ANNUAL | 106.6 | 119.2 | 111.8 | 109.4 | 97.8 | 102.6 | 98.3 | 101.4 | 154.9 | 106.3 |
| 1997 | I | 108.1 | 123.3 | 114.1 | 111.9 | 98.3 | 103.5 | 97.0 | 101.8 | 157.9 | 106.9 |
| | II | 108.7 | 124.7 | 114.7 | 112.8 | 98.8 | 103.7 | 97.1 | 102.0 | 159.1 | 107.2 |
| | III | 110.5 | 127.1 | 115.0 | 114.1 | 99.4 | 103.2 | 96.7 | 101.5 | 164.4 | 107.2 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | | | |
| 1995 | I | -3.1 | 0.0 | 3.2 | 2.4 | -0.4 | 5.6 | 2.8 | 4.9 | -18.1 | 1.8 |
| | II | 1.9 | 2.0 | 0.1 | 3.0 | -0.1 | 1.0 | 1.0 | 1.0 | -0.8 | 0.8 |
| | III | 4.8 | 7.2 | 2.3 | 2.5 | 0.4 | -2.2 | -4.2 | -2.7 | 35.4 | 1.3 |
| | IV | 2.1 | 3.8 | 1.7 | 2.5 | 0.1 | 0.4 | 0.4 | 0.4 | 4.9 | 1.0 |
| | ANNUAL | 0.8 | 3.7 | 2.9 | 2.3 | -0.5 | 1.5 | -0.2 | 1.1 | 4.7 | 1.5 |
| 1996 | I | 1.3 | 2.0 | 0.7 | 2.0 | -1.2 | 0.7 | 0.6 | 0.7 | 15.0 | 2.4 |
| | II | 3.3 | 7.6 | 4.2 | 4.4 | 1.0 | 1.1 | -3.1 | 0.0 | 5.8 | 0.7 |
| | III | 2.3 | 4.3 | 2.0 | 3.4 | 0.7 | 1.1 | -1.4 | 0.5 | 3.5 | 0.9 |
| | IV | 2.0 | 5.2 | 3.2 | 2.9 | -0.4 | 0.9 | -2.8 | 0.0 | 1.0 | 0.1 |
| | ANNUAL | 2.4 | 4.5 | 2.1 | 2.9 | -0.1 | 0.4 | -1.2 | 0.0 | 10.0 | 1.2 |
| 1997 | I | 1.9 | 6.1 | 4.1 | 4.3 | 1.9 | 2.3 | -1.8 | 1.3 | 3.8 | 1.6 |
| | II | 2.5 | 4.7 | 2.2 | 3.3 | 2.2 | 0.8 | 0.5 | 0.7 | 3.2 | 1.1 |
| | III | 6.7 | 7.9 | 1.1 | 4.5 | 2.4 | -2.1 | -1.7 | -2.0 | 14.1 | 0.1 |
| Percent change from corresponding quarter of previous year | | | | | | | | | | | |
| 1995 | I | -0.6 | 3.9 | 4.6 | 1.6 | -1.3 | 2.2 | -1.7 | 1.2 | 6.6 | 1.8 |
| | II | 0.4 | 3.5 | 3.0 | 2.2 | -0.8 | 1.8 | 1.3 | 1.7 | 1.9 | 1.7 |
| | III | 1.5 | 4.3 | 2.7 | 2.5 | -0.1 | 1.0 | -0.5 | 0.6 | 6.7 | 1.3 |
| | IV | 1.4 | 3.2 | 1.8 | 2.6 | 0.0 | 1.2 | 0.0 | 0.9 | 3.6 | 1.2 |
| | ANNUAL | 0.8 | 3.7 | 2.9 | 2.3 | -0.5 | 1.5 | -0.2 | 1.1 | 4.7 | 1.5 |
| 1996 | I | 2.5 | 3.7 | 1.2 | 2.5 | -0.2 | 0.0 | -0.6 | -0.2 | 12.8 | 1.4 |
| | II | 2.9 | 5.1 | 2.2 | 2.9 | 0.0 | 0.0 | -1.6 | -0.4 | 14.6 | 1.3 |
| | III | 2.3 | 4.4 | 2.1 | 3.1 | 0.1 | 0.8 | -0.9 | 0.4 | 7.2 | 1.2 |
| | IV | 2.2 | 4.8 | 2.5 | 3.2 | 0.0 | 1.0 | -1.7 | 0.3 | 6.2 | 1.0 |
| | ANNUAL | 2.4 | 4.5 | 2.1 | 2.9 | -0.1 | 0.4 | -1.2 | 0.0 | 10.0 | 1.2 |
| 1997 | I | 2.4 | 5.8 | 3.3 | 3.8 | 0.8 | 1.3 | -2.3 | 0.4 | 3.5 | 0.8 |
| | II | 2.2 | 5.1 | 2.8 | 3.5 | 1.1 | 1.3 | -1.4 | 0.6 | 2.9 | 0.9 |
| | III | 3.3 | 6.0 | 2.6 | 3.8 | 1.5 | 0.5 | -1.4 | 0.0 | 5.4 | 0.7 |

See footnotes following Table 6.
r=revised

December 4, 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.