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PRODUCTIVITY AND COSTS
First Quarter 1998

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data--as measured by output per hour of all persons--for the first quarter of 1998. The revised seasonally adjusted annual rates of productivity change in the first quarter were:

1.7 percent in the business sector, and
1.1 percent in the nonfarm business sector.

In both sectors, the revised first-quarter gains in output were larger than those reported initially, and the gains in hours were slightly lower. The revisions increased the first-quarter 1998 productivity gains, making them similar to those of the fourth quarter of 1997.

In manufacturing, productivity changes in the first quarter were:

0.7 percent in manufacturing,
0.4 percent in durable goods manufacturing, and
1.2 percent in nondurable goods manufacturing.

The revised gain in manufacturing productivity in the first quarter of 1998 was still the smallest since the third quarter of 1993, when productivity fell 0.1 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. First-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 first-quarter 1998 measures
 (Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
	Percent change from preceding quarter					
Business	1.7	6.0	4.2	4.4	3.9	2.7
Nonfarm business	1.1	6.0	4.8	4.2	3.7	3.1
Manufacturing	0.7	2.0	1.3	2.8	2.3	2.1
Durable	0.4	2.2	1.8	1.8	1.3	1.5
Nondurable	1.2	1.7	0.5	4.4	3.9	3.2
	Percent change from same quarter a year ago					
Business	2.3	4.6	2.3	4.3	2.8	2.0
Nonfarm business	2.1	4.6	2.5	4.1	2.6	2.0
Manufacturing	4.1	5.3	1.1	3.7	2.2	-0.4
Durable	6.0	7.6	1.6	3.4	1.9	-2.4
Nondurable	2.1	2.4	0.4	4.2	2.7	2.0

Business

From the fourth quarter of 1997 to the first quarter of 1998, business productivity increased 1.7 percent, reflecting increases of 6.0 percent in output and 4.2 percent in hours of all persons (seasonally adjusted annual rates). The increase in productivity was about the same as the 1.6 percent rise recorded in the fourth quarter, when output rose 4.8 percent and hours grew 3.2 percent (table 1).

Hourly compensation increased 4.4 percent during the first quarter of 1998, considerably less than the 5.6 percent rise recorded in the fourth quarter of 1997. This measure of compensation 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, also increased less during the first quarter, 2.7 percent, than they had during the previous quarter, when they rose 3.9 percent.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose at a 3.9 percent annual rate in the first quarter; it had risen 3.4 percent in the fourth quarter of 1997. The first-quarter increase in real hourly compensation was the largest recorded in the business sector since the first quarter of 1992, when it rose 5.0 percent.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 0.4 percent in the first quarter of 1998 and 0.9 percent during the fourth quarter of 1997. Increases in both quarters were lower than those for unit labor costs due to drops in unit nonlabor payments, which fell 4.3 percent in the fourth quarter and 3.6 percent in the first quarter.

Nonfarm business

Productivity rose 1.1 percent in nonfarm business during the first quarter of 1998, reflecting an increase of 6.0 percent in output and a 4.8 percent rise in hours of all persons. In the previous quarter, nonfarm productivity had risen slightly more, 1.4 percent, as output increased 4.9 percent and the hours required to produce that output rose by 3.5 percent (table 2).

The first-quarter increase in hourly compensation, 4.2 percent, was smaller than that reported for the fourth quarter, when it increased 5.2 percent. However, when the rise in the CPI-U is taken into account, first-quarter gains in real hourly compensation in the first quarter (3.7 percent) were larger than those of the previous quarter (3.1 percent). The first-quarter gain in real hourly compensation in the nonfarm business sector was the largest since a 4.8-percent gain occurred in the first quarter of 1992.

The increase in unit labor costs in nonfarm business, 3.1 percent in the first quarter, was less than the 3.8-percent rise in the fourth quarter of 1997. Labor costs account for about two-thirds of all costs, but decreases in unit nonlabor payments in both quarters held down growth in the implicit price deflator, which rose 0.8 percent in the first quarter and 1.0 percent one quarter earlier.

Manufacturing

First-quarter 1998 gains in productivity, output, and hours in manufacturing were considerably lower than those recorded in the fourth quarter of 1997. Productivity increased 0.7 percent in manufacturing in the first quarter, as output rose 2.0 percent and hours of all persons increased 1.3 percent (seasonally adjusted annual rates). In the previous quarter, productivity had risen 4.3 percent, reflecting gains in output and hours of 8.2 percent and 3.8 percent, respectively. The first quarter productivity gain in durable goods industries, 0.4 percent, was down sharply from the 6.7 percent gain in the fourth quarter. Productivity gains in nondurable goods

industries, however, were the same in the first and fourth quarters, 1.2 percent (tables 3, 4, and 5).

Hourly compensation of all manufacturing workers rose 2.8 percent during the first quarter, after having risen 6.1 percent in the previous quarter. Real hourly compensation, which takes account of changes in consumer prices, rose 2.3 percent in the first quarter, compared with a 4.0 percent rise one quarter earlier. The first-quarter increase in hourly compensation in durable goods industries, 1.8 percent, was smaller than that in nondurable goods industries, where it rose 4.4 percent.

Unit labor costs rose 2.1 percent in manufacturing in the first quarter of 1998 and 1.8 percent in the fourth quarter of 1997. This is the first time since 1993--when unit labor costs rose 4.6 percent in the second quarter and 3.6 percent in the third quarter--that unit labor costs in manufacturing have risen in two consecutive quarters. Unit labor costs in durable goods manufacturing rose 1.5 percent in the first quarter, and those in nondurable goods manufacturing rose 3.2 percent.

Nonfinancial corporations

Preliminary first-quarter 1998 measures of productivity and costs for nonfinancial corporations also were announced today (tables B and 6). Productivity rose 2.6 percent in the first quarter, as output increased 7.2 percent and employee-hours grew 4.5 percent (seasonally adjusted annual rates). In the fourth quarter of 1997, productivity had increased only 0.6 percent as output and hours grew 4.9 and 4.3 percent, respectively. Nonfinancial corporations include all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies.

 Table B. Nonfinancial corporations: Preliminary first-quarter 1998
 productivity and cost measures
 (Seasonally adjusted annual rates)

Period	Produc- tivity	Output	Hours	Real		Unit labor costs	Unit profits	Implicit price deflator
				Hourly compen- sation	hourly compen- sation			

Percent change from preceding quarter								
1998 I	2.6	7.2	4.5	4.2	3.7	1.6	-6.3	-0.2

Percent change from same quarter a year ago								
1998 I	2.9	6.2	3.2	4.1	2.6	1.1	-0.4	0.4

Hourly compensation increased 4.2 percent during the first quarter, and real hourly compensation rose 3.7 percent when the rise in the CPI-U is taken into account. In the fourth quarter, hourly compensation rose 4.7 percent, and real hourly compensation grew 2.6 percent.

Unit labor costs for nonfinancial corporations increased 1.6 percent in the first quarter, considerably less than the 4.1 percent increase recorded in the fourth quarter of 1997. Unit nonlabor costs fell in both quarters, 1.7 percent in the first quarter and 2.9 percent in the fourth quarter. Unit profits also dropped in the first quarter, by 6.3 percent. The implicit price deflator for nonfinancial corporate output fell 0.2 percent in the first quarter after having risen 0.4 percent one quarter earlier.

REVISED MEASURES

Current and previous measures for the first quarter of 1998 for business, nonfarm business, and manufacturing are compared in table C. Productivity and output increased more rapidly--and hours rose more slowly--in the business and nonfarm business sectors than originally reported on May 7, based on information then available. In manufacturing, productivity and output also grew more rapidly than originally reported.

 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

First quarter 1998						
Business:						
Previous	0.8	5.3	4.4	4.2	3.7	3.4
Current	1.7	6.0	4.2	4.4	3.9	2.7
Nonfarm business:						
Previous	0.2	5.3	5.0	4.1	3.5	3.8
Current	1.1	6.0	4.8	4.2	3.7	3.1
Manufacturing:						
Previous	0.5	1.8	1.3	2.8	2.3	2.3
Current	0.7	2.0	1.3	2.8	2.3	2.1

Next release date

The next release of Productivity and Costs is scheduled for 10:00 AM EDT, Tuesday, August 11, 1998. Preliminary second-quarter measures for business, nonfarm business, and manufacturing will be released at that time. This release will incorporate the annual benchmark revision to the BLS

establishment survey data and refinements to the hours series to correct for distortions related to the method of accounting for the varying length of payroll periods across months. All employment and hours series will incorporate new information on seasonal patterns. The release also will incorporate the annual three-year revision of the National Income and Product Accounts.

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 -----									
1996	I	102.0	111.4	109.2	109.3	98.9	107.2	110.5	108.4
	II	102.8	113.2	110.1	110.8	99.3	107.8	111.0	108.9
	III	102.6	113.5	110.6	111.8	99.6	108.9	110.7	109.6
	IV	103.1	115.0	111.5	112.7	99.6	109.3	111.3	110.0
	ANNUAL	102.6	113.3	110.4	111.1	99.3	108.3	110.9	109.2
1997	I	103.5	116.6	112.7	113.8	100.1	110.0	111.6	110.6
	II	104.1	117.8	113.1	114.7	100.5	110.2	112.4	111.0
	III	105.0	118.8	113.1	115.9	101.1	110.4	112.9	111.3
	IV	105.4	120.2	114.0	117.5	101.9	111.5	111.6	111.5
	ANNUAL	104.5	118.3	113.3	115.4	100.9	110.5	112.1	111.1
1998	I	r105.9	r122.0	r115.2	r118.8	r102.9	r112.2	r110.6	111.6
----- Percent change from previous quarter at annual rate(5) -----									
1996	I	3.1	2.8	-0.3	3.7	0.6	0.7	5.1	2.3
	II	3.1	6.6	3.4	5.5	1.7	2.3	1.8	2.1
	III	-0.7	0.9	1.6	3.6	1.2	4.4	-1.1	2.4
	IV	2.0	5.4	3.3	3.4	0.0	1.4	2.2	1.7
	ANNUAL	2.0	3.5	1.4	3.9	0.9	1.8	2.0	1.9
1997	I	1.6	5.9	4.2	4.1	1.9	2.5	1.2	2.0
	II	2.2	3.9	1.6	3.1	1.8	0.9	2.7	1.5
	III	3.5	3.6	0.1	4.2	2.2	0.7	1.8	1.1
	IV	1.6	4.8	3.2	5.6	3.4	3.9	-4.3	0.9
	ANNUAL	1.8	4.5	2.6	3.9	1.6	2.0	1.1	1.7
1998	I	r1.7	r6.0	r4.2	r4.4	r3.9	r2.7	r-3.6	r0.4
----- Percent change from corresponding quarter of previous year -----									
1996	I	1.9	2.5	0.6	3.5	0.7	1.5	2.0	1.7
	II	2.5	4.2	1.7	4.0	1.1	1.5	2.4	1.8
	III	2.0	3.3	1.3	4.2	1.2	2.1	1.8	2.0
	IV	1.8	3.9	2.0	4.0	0.9	2.2	2.0	2.1
	ANNUAL	2.0	3.5	1.4	3.9	0.9	1.8	2.0	1.9
1997	I	1.5	4.7	3.1	4.1	1.2	2.6	1.0	2.0
	II	1.3	4.0	2.7	3.6	1.2	2.3	1.2	1.9
	III	2.3	4.7	2.3	3.7	1.5	1.3	2.0	1.6
	IV	2.2	4.5	2.3	4.3	2.3	2.0	0.3	1.4
	ANNUAL	1.8	4.5	2.6	3.9	1.6	2.0	1.1	1.7
1998	I	r2.3	r4.6	2.3	4.3	2.8	r2.0	r-0.9	1.0

See footnotes following Table 6.
r=revised

June 4, 1998
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									
1996	I	102.1	111.7	109.4	109.1	98.7	106.9	111.0	108.4
	II	102.8	113.5	110.4	110.5	99.1	107.5	111.3	108.8
	III	102.6	113.8	110.9	111.4	99.3	108.6	110.9	109.4
	IV	103.1	115.3	111.9	112.3	99.3	109.0	111.4	109.8
	ANNUAL	102.6	113.6	110.7	110.8	99.1	108.0	111.2	109.1
1997	I	103.4	116.9	113.1	113.5	99.8	109.8	111.7	110.5
	II	104.0	118.0	113.5	114.4	100.2	110.0	112.4	110.9
	III	104.9	119.1	113.5	115.5	100.7	110.1	113.2	111.2
	IV	105.3	120.5	114.5	117.0	101.4	111.1	112.1	111.5
	ANNUAL	104.3	118.6	113.7	115.0	100.6	110.3	112.3	111.0
1998	I	r105.6	r122.3	115.9	r118.2	r102.4	r112.0	r111.2	111.7
Percent change from previous quarter at annual rate(5)									
1996	I	2.8	2.6	-0.3	3.9	0.7	1.0	4.6	2.3
	II	2.9	6.8	3.8	5.1	1.3	2.2	0.9	1.7
	III	-0.7	1.0	1.7	3.3	0.8	4.0	-1.4	2.0
	IV	1.9	5.4	3.5	3.4	0.0	1.5	2.0	1.7
	ANNUAL	1.9	3.5	1.6	3.8	0.8	1.9	1.4	1.7
1997	I	1.1	5.6	4.5	4.3	2.0	3.1	1.1	2.4
	II	2.3	3.8	1.5	3.2	1.8	0.9	2.3	1.4
	III	3.6	3.7	0.1	3.8	1.8	0.2	2.9	1.2
	IV	1.4	4.9	3.5	5.2	3.1	3.8	-3.9	1.0
	ANNUAL	1.7	4.5	2.7	3.8	1.5	2.1	1.1	1.7
1998	I	r1.1	r6.0	r4.8	r4.2	r3.7	r3.1	r-3.2	r0.8
Percent change from corresponding quarter of previous year									
1996	I	1.8	2.6	0.7	3.5	0.6	1.6	1.3	1.5
	II	2.3	4.2	1.8	3.9	1.0	1.6	1.5	1.6
	III	1.8	3.3	1.5	4.0	1.0	2.1	1.0	1.7
	IV	1.7	3.9	2.2	3.9	0.7	2.2	1.5	1.9
	ANNUAL	1.9	3.5	1.6	3.8	0.8	1.9	1.4	1.7
1997	I	1.3	4.7	3.4	4.0	1.1	2.7	0.6	1.9
	II	1.1	4.0	2.8	3.5	1.2	2.4	1.0	1.9
	III	2.2	4.7	2.4	3.7	1.4	1.4	2.1	1.7
	IV	2.1	4.5	2.4	4.1	2.2	2.0	0.6	1.5
	ANNUAL	1.7	4.5	2.7	3.8	1.5	2.1	1.1	1.7
1998	I	r2.1	r4.6	2.5	4.1	2.6	r2.0	r-0.5	1.1

See footnotes following Table 6.
r=revised

June 4, 1998
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							
1996	I	112.7	115.8	102.7	110.8	100.2	98.3
	II	114.1	118.3	103.7	112.0	100.4	98.2
	III	115.8	119.9	103.6	112.9	100.6	97.5
	IV	116.9	121.2	103.7	113.5	100.3	97.1
	ANNUAL	114.7	118.8	103.6	112.1	100.3	97.8
1997	I	117.8	123.0	104.4	114.7	100.8	97.3
	II	118.9	124.5	104.7	115.4	101.1	97.1
	III	121.2	126.4	104.3	116.4	101.5	96.0
	IV	122.5	128.9	105.2	118.1	102.5	96.5
	ANNUAL	120.0	125.7	104.7	116.1	101.5	96.7
1998	I	r122.7	r129.5	r105.5	119.0	103.1	97.0

Percent change from previous quarter at annual rate(5)							
1996	I	5.5	2.6	-2.7	2.4	-0.7	-2.9
	II	5.0	9.0	3.8	4.7	0.9	-0.4
	III	5.9	5.4	-0.4	3.1	0.7	-2.6
	IV	3.9	4.5	0.6	1.9	-1.4	-1.9
	ANNUAL	4.7	4.2	-0.5	3.2	0.2	-1.4
1997	I	3.3	6.2	2.8	4.4	2.2	1.0
	II	3.8	4.9	1.1	2.6	1.3	-1.1
	III	8.0	6.1	-1.7	3.4	1.5	-4.2
	IV	4.3	8.2	3.8	6.1	4.0	1.8
	ANNUAL	4.6	5.8	1.1	3.5	1.2	-1.1
1998	I	r0.7	r2.0	1.3	2.8	2.3	r2.1

Percent change from corresponding quarter of previous year							
1996	I	4.7	2.2	-2.4	3.3	0.5	-1.3
	II	4.6	4.3	-0.3	3.5	0.7	-1.0
	III	4.8	4.7	0.0	3.4	0.4	-1.4
	IV	5.1	5.4	0.3	3.0	-0.1	-1.9
	ANNUAL	4.7	4.2	-0.5	3.2	0.2	-1.4
1997	I	4.5	6.3	1.7	3.5	0.6	-1.0
	II	4.2	5.3	1.0	3.0	0.7	-1.1
	III	4.7	5.4	0.7	3.1	0.9	-1.6
	IV	4.8	6.3	1.4	4.1	2.2	-0.6
	ANNUAL	4.6	5.8	1.1	3.5	1.2	-1.1
1998	I	4.1	r5.3	1.1	3.7	2.2	r-0.4

See footnotes following Table 6.
r=revised

June 4, 1998
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						
1996	I	119.9	126.8	105.7	109.7	91.5
	II	122.1	131.1	107.3	111.0	90.9
	III	124.2	133.2	107.3	111.7	89.9
	IV	125.3	134.6	107.5	111.8	89.3
	ANNUAL	122.7	131.4	107.1	110.9	90.4
1997	I	126.5	137.7	108.8	113.1	89.4
	II	128.5	140.4	109.3	113.7	88.5
	III	131.9	143.8	109.1	114.4	86.7
	IV	134.0	147.4	110.0	116.5	86.9
	ANNUAL	130.1	142.3	109.4	114.3	87.9
1998	I	134.1	r148.2	110.5	117.0	r101.4
----- Percent change from previous quarter at annual rate(5)						
1996	I	8.1	5.9	-2.1	1.4	-6.2
	II	7.5	14.2	6.2	4.7	-2.6
	III	6.9	6.8	-0.1	2.6	-4.0
	IV	3.5	4.3	0.7	0.5	-2.9
	ANNUAL	6.3	7.1	0.8	2.4	-3.7
1997	I	4.1	9.4	5.1	4.8	0.6
	II	6.2	8.1	1.8	2.1	-3.9
	III	11.0	10.2	-0.8	2.4	-7.8
	IV	6.7	10.3	3.4	7.6	0.9
	ANNUAL	6.0	8.3	2.2	3.1	-2.8
1998	I	0.4	r2.2	r1.8	r1.8	r1.5
----- Percent change from corresponding quarter of previous year						
1996	I	6.0	4.8	-1.1	2.4	-3.3
	II	6.7	8.0	1.3	2.9	-3.6
	III	6.7	8.0	1.2	2.7	-3.8
	IV	6.5	7.7	1.1	2.3	-3.9
	ANNUAL	6.3	7.1	0.8	2.4	-3.7
1997	I	5.5	8.6	2.9	3.1	-2.2
	II	5.2	7.1	1.9	2.5	-2.6
	III	6.2	8.0	1.7	2.4	-3.6
	IV	7.0	9.5	2.4	4.2	-2.6
	ANNUAL	6.0	8.3	2.2	3.1	-2.8
1998	I	6.0	r7.6	1.6	3.4	r-2.4

See footnotes following Table 6.
r=revised

June 4, 1998
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							
1996	I	105.8	104.5	98.8	111.8	101.1	105.7
	II	106.5	105.3	98.9	112.9	101.2	106.1
	III	107.7	106.3	98.6	114.1	101.6	105.9
	IV	108.9	107.5	98.7	115.3	101.9	105.9
	ANNUAL	107.1	105.9	98.9	113.4	101.4	105.9
1997	I	109.7	108.2	98.6	116.2	102.2	106.0
	II	110.0	108.5	98.6	117.2	102.7	106.6
	III	111.3	108.9	97.8	118.7	103.4	106.6
	IV	111.6	110.3	98.8	119.8	103.9	107.3
	ANNUAL	110.6	109.0	98.5	117.9	103.0	106.6
1998	I	r112.0	r110.8	98.9	121.1	104.9	r108.1

Percent change from previous quarter at annual rate(5)							
1996	I	2.5	-1.2	-3.6	4.0	0.8	1.4
	II	2.6	3.1	0.4	4.1	0.4	1.5
	III	4.8	3.8	-0.9	4.0	1.5	-0.7
	IV	4.3	4.6	0.3	4.3	1.0	0.1
	ANNUAL	2.8	0.6	-2.2	4.1	1.1	1.3
1997	I	3.0	2.5	-0.5	3.3	1.1	0.3
	II	1.1	1.2	0.1	3.4	2.0	2.3
	III	4.8	1.5	-3.1	5.0	3.0	0.2
	IV	1.2	5.5	4.2	3.8	1.7	2.6
	ANNUAL	3.2	2.9	-0.3	4.0	1.6	0.7
1998	I	r1.2	r1.7	r0.5	r4.4	r3.9	r3.2

Percent change from corresponding quarter of previous year							
1996	I	3.2	-1.0	-4.1	4.5	1.6	1.2
	II	2.4	-0.1	-2.5	4.3	1.4	1.9
	III	2.7	0.8	-1.8	4.2	1.2	1.5
	IV	3.5	2.5	-1.0	4.1	0.9	0.5
	ANNUAL	2.8	0.6	-2.2	4.1	1.1	1.3
1997	I	3.7	3.5	-0.2	3.9	1.0	0.3
	II	3.3	3.0	-0.3	3.8	1.4	0.5
	III	3.3	2.4	-0.8	4.0	1.8	0.7
	IV	2.5	2.6	0.1	3.9	2.0	1.3
	ANNUAL	3.2	2.9	-0.3	4.0	1.6	0.7
1998	I	r2.1	r2.4	r0.4	4.2	2.7	r2.0

See footnotes following Table 6.
r=revised

June 4, 1998
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											
1996	I	106.0	116.5	109.9	108.3	98.0	102.1	99.2	101.4	152.5	106.0
	II	107.1	118.7	110.8	109.7	98.3	102.4	98.4	101.4	154.7	106.2
	III	107.8	120.0	111.3	110.7	98.6	102.7	98.1	101.5	156.0	106.4
	IV	108.3	121.5	112.1	111.5	98.6	102.9	97.4	101.5	156.4	106.5
	ANNUAL	107.3	119.2	111.0	110.1	98.4	102.6	98.3	101.4	154.9	106.3
1997	I	108.8	123.3	113.3	112.6	99.0	103.5	97.0	101.8	157.9	106.9
	II	109.4	124.7	114.0	113.5	99.4	103.7	97.1	102.0	159.1	107.2
	III	111.1	127.1	114.4	114.7	100.0	103.2	96.6	101.5	164.5	107.2
	IV	111.3	128.6	115.6	116.0	100.6	104.3	95.9	102.1	159.8	107.3
	ANNUAL	110.2	125.9	114.3	114.2	99.9	103.7	96.6	101.9	160.3	107.2
1998	I	112.0	130.9	116.9	117.2	101.6	104.7	95.5	102.3	157.2	107.3

Percent change from previous quarter at annual rate(5)											
1996	I	2.4	2.0	-0.3	3.1	-0.1	0.7	0.6	0.7	15.0	2.4
	II	4.1	7.6	3.4	5.1	1.4	1.1	-3.1	0.0	5.8	0.7
	III	2.7	4.3	1.6	3.8	1.4	1.1	-1.4	0.5	3.5	0.9
	IV	2.1	5.2	3.1	3.0	-0.3	0.9	-2.8	0.0	1.0	0.1
	ANNUAL	3.1	4.5	1.4	3.5	0.6	0.4	-1.2	0.0	10.0	1.2
1997	I	1.7	6.1	4.3	4.0	1.8	2.3	-1.8	1.3	3.8	1.6
	II	2.4	4.7	2.3	3.2	1.8	0.8	0.5	0.7	3.2	1.1
	III	6.3	7.8	1.5	4.3	2.3	-1.9	-1.9	-1.9	14.3	0.2
	IV	0.6	4.9	4.3	4.7	2.6	4.1	-2.9	2.4	-11.0	0.4
	ANNUAL	2.6	5.7	2.9	3.8	1.5	1.1	-1.7	0.4	3.5	0.8
1998	I	2.6	7.2	4.5	4.2	3.7	1.6	-1.7	0.8	-6.3	-0.2

Percent change from corresponding quarter of previous year											
1996	I	3.1	3.7	0.6	3.1	0.3	0.0	-0.6	-0.2	12.8	1.4
	II	3.6	5.1	1.5	3.6	0.7	0.0	-1.6	-0.4	14.6	1.3
	III	3.0	4.4	1.4	3.8	0.9	0.8	-0.9	0.4	7.2	1.2
	IV	2.8	4.8	1.9	3.8	0.6	1.0	-1.7	0.3	6.2	1.0
	ANNUAL	3.1	4.5	1.4	3.5	0.6	0.4	-1.2	0.0	10.0	1.2
1997	I	2.6	5.8	3.1	4.0	1.0	1.3	-2.3	0.4	3.5	0.8
	II	2.2	5.1	2.8	3.5	1.2	1.3	-1.4	0.6	2.9	0.9
	III	3.1	5.9	2.8	3.6	1.4	0.5	-1.5	0.0	5.5	0.7
	IV	2.7	5.9	3.1	4.0	2.1	1.3	-1.5	0.6	2.2	0.8
	ANNUAL	2.6	5.7	2.9	3.8	1.5	1.1	-1.7	0.4	3.5	0.8
1998	I	2.9	6.2	3.2	4.1	2.6	1.1	-1.5	0.5	-0.4	0.4

See footnotes following Table 6.
r=revised

June 4, 1998
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.