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PRODUCTIVITY AND COSTS
Second 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 second quarter of 1998. The seasonally-adjusted annual rates of productivity change in the second quarter were:

-0.2 percent in the business sector, and

0.1 percent in the nonfarm business sector.

In both sectors, changes in productivity were revised upward compared with results reported on Aug. 11, as increases in output were revised up and increases in hours were revised down. (See table C.) Business sector productivity declined in the second quarter of 1998 for the first time since the first quarter of 1995, and output per hour increased slightly in the nonfarm business sector.

In manufacturing, the revised productivity changes in the second quarter were:

2.5 percent in manufacturing,
4.7 percent in durable goods manufacturing, and
-0.1 percent in nondurable goods manufacturing.

In manufacturing, the changes in productivity were revised downward compared with preliminary estimates. The second-quarter increase in manufacturing output per hour resulted from a small increase in output, 1.0 percent, combined with a 1.4 percent drop in hours worked in the sector (seasonally adjusted annual rates). 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. Second-quarter measures are summarized in table A and appear in detail in tables 1 through 5; the differences between these measures and the preliminary second-quarter figures issued on Aug. 11 are shown in table C.

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 second-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	-0.2	1.4	1.7	4.1	2.0	4.3
Nonfarm business	0.1	1.6	1.5	4.0	2.0	3.9
Manufacturing	2.5	1.0	-1.4	2.6	0.6	0.1
Durable	4.7	2.8	-1.8	1.5	-0.5	-3.0
Nondurable	-0.1	-1.1	-1.0	4.4	2.4	4.5
	Percent change from same quarter a year ago					
Business	2.1	4.2	2.1	4.6	2.9	2.4
Nonfarm business	2.0	4.3	2.3	4.4	2.7	2.3
Manufacturing	4.0	4.3	0.3	5.0	3.4	1.0
Durable	5.9	6.4	0.5	4.9	3.2	-0.9
Nondurable	1.9	1.9	0.0	5.2	3.6	3.3

Business

From the first quarter to the second quarter of 1998, business sector productivity fell at a 0.2 percent annual rate, as output rose 1.4 percent and hours of all persons engaged in the sector rose faster, 1.7 percent (table A). During the first quarter of 1998, productivity had increased 4.1 percent in the business sector, as strong output growth, at 7.1 percent, combined with a 2.9 percent growth in hours (table 1).

The second-quarter 1998 increase of 4.1 percent in hourly compensation marked the fourth consecutive quarter that the measure rose by more than 4.0 percent (seasonally adjusted annual rates). Hourly compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), increased at a 2.0 percent annual rate in the second quarter of 1998.

Unit labor costs, which reflect changes in hourly compensation and productivity, grew at a 4.3 percent annual rate during the second quarter, compared with a 0.8 percent rise in the first quarter of 1998. The implicit price deflator for the business sector, which incorporates changes in both unit labor costs and unit nonlabor payments, increased 0.2 percent in each of the first two quarters of 1998 (seasonally adjusted annual rates). A sharp drop in unit nonlabor payments, 6.6 percent, offset the large rise in unit labor costs in the second quarter.

Nonfarm business

Productivity in the nonfarm business sector increased 0.1 percent during the second quarter of 1998, as output increased 1.6 percent and hours of all persons increased 1.5 percent (table A). The output increase was the smallest since a 0.5 percent increase in the second quarter of 1995. In the second quarter of 1998, output per hour was 2.0 percent higher than in the second quarter of 1997 (table 2).

Hourly compensation grew at a 4.0 percent annual rate in the second quarter of 1998, following two quarters of even faster growth. When the rise in the CPI-U is taken into account, real hourly compensation increased 2.0 percent in the second quarter of 1998.

In the second quarter of 1998, unit labor costs increased 3.9 percent, unit nonlabor payments fell 6.2 percent, and the implicit price deflator for nonfarm business output rose 0.2 percent (seasonally adjusted annual rates).

Manufacturing

Productivity increased 2.5 percent in manufacturing in the second quarter of 1998, as output grew 1.0 percent and hours of all persons fell 1.4 percent (seasonally adjusted annual rates). The second-quarter increase in output per hour was due entirely to a 4.7 percent productivity gain in the durable goods sector, as output per hour declined 0.1 percent in the nondurable goods sector (tables 3, 4, and 5).

Hourly compensation of all manufacturing workers increased 2.6 percent during the second quarter of 1998, reflecting a 1.5 percent rise in hourly compensation in durable goods industries combined with a 4.4 percent increase in the nondurable goods sector. Real hourly compensation in the total manufacturing sector rose 0.6 percent in the second quarter, reflecting a 0.5 percent decline in real hourly compensation in durable manufacturing and a 2.4 percent gain in nondurable manufacturing.

Manufacturing unit labor costs edged up 0.1 percent in the second quarter of 1998. A 3.0 percent drop in unit labor costs in durable goods industries offset a 4.5 percent increase in the smaller nondurable manufacturing sector.

Nonfinancial corporations

Preliminary second-quarter 1998 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Productivity increased 2.8 percent during the second quarter, as output rose 3.7 percent and hours increased 0.9 percent (seasonally adjusted annual rates). Nonfinancial corporations include 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.

 Table B. Nonfinancial corporations: Preliminary second-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 II	2.8	3.7	0.9	4.6	2.5	1.8	-10.6	-0.2

Percent change from same quarter a year ago								
1998 II	3.0	5.6	2.6	4.3	2.7	1.3	-5.1	-0.2

Hourly compensation rose 4.6 percent, and real hourly compensation increased 2.5 percent in the second quarter of 1998. This was the fourth consecutive quarter that this measure grew at an annual rate of more than 2.0 percent (table 6).

Unit labor costs for nonfinancial corporations increased 1.8 percent in the second quarter of 1998. Unit nonlabor costs rose 0.5 percent, the first increase since the fourth quarter of 1995, and unit profits fell 10.6 percent. The implicit price deflator for nonfinancial corporate output declined 0.2 percent in the second quarter of 1998.

Revised Measures

Current and previous measures for the second quarter of 1998 for the business, nonfarm business, and manufacturing sectors are compared in table C. The quarterly movements differ from those reported on Aug. 11 based on information then available. In the business and nonfarm business sectors, changes in output (which are based on information from the national income and product accounts prepared by the U.S. Department of Commerce) and productivity were revised up, and the increase in hours was revised down. Manufacturing output (which is based on information from the Federal Reserve Board) and productivity were revised down.

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

Sector	Produc- tivity	Output	Hours	Hourly compen- sation	Real hourly compen- sation	Unit labor costs
----- Second quarter 1998 -----						
Business:						
Previous	-0.6	1.2	1.8	3.9	1.9	4.5
Current	-0.2	1.4	1.7	4.1	2.0	4.3
Nonfarm business:						
Previous	-0.2	1.3	1.6	3.8	1.8	4.1
Current	0.1	1.6	1.5	4.0	2.0	3.9
Manufacturing:						
Previous	3.3	1.7	-1.5	2.5	0.5	-0.7
Current	2.5	1.0	-1.4	2.6	0.6	0.1

Next release date

The next release of Productivity and Costs is scheduled for 10:00 AM EST, Tuesday, Nov. 10, 1998. Revised second-quarter measures for nonfinancial corporations and preliminary third-quarter measures for business, nonfarm business, and manufacturing 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

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	102.9	112.5	109.3	108.8	98.4	105.7	111.9	107.9
	II	103.8	114.2	110.0	110.3	98.9	106.3	112.1	108.4
	III	103.8	114.9	110.7	111.4	99.3	107.3	111.5	108.8
	IV	104.2	116.4	111.6	112.3	99.3	107.8	111.8	109.2
	ANNUAL	103.7	114.5	110.4	110.7	99.0	106.8	111.8	108.6
1997	I	104.5	117.8	112.7	113.4	99.7	108.5	112.4	109.9
	II	105.0	119.1	113.4	114.1	100.0	108.7	113.1	110.3
	III	106.0	120.6	113.8	115.3	100.5	108.8	113.8	110.6
	IV	106.2	121.7	114.5	116.8	101.3	110.0	112.4	110.8
	ANNUAL	105.4	119.8	113.6	114.9	100.5	109.0	112.9	110.4
1998	I	107.3	123.7	115.4	118.2	102.4	110.2	112.2	110.9
	II	r107.2	r124.2	r115.8	r119.4	102.9	r111.3	r110.3	111.0
Percent change from previous quarter at annual rate(5)									
1996	I	4.4	4.5	0.1	2.5	-0.7	-1.9	8.5	1.9
	II	3.5	6.4	2.9	5.6	1.8	2.1	0.9	1.7
	III	0.1	2.5	2.4	4.0	1.5	3.8	-2.2	1.6
	IV	1.5	5.1	3.5	3.4	0.0	1.8	1.0	1.5
	ANNUAL	2.7	4.2	1.5	3.6	0.7	0.9	2.8	1.6
1997	I	1.0	4.9	3.9	3.9	1.7	2.8	2.0	2.5
	II	2.0	4.7	2.6	2.6	1.3	0.6	2.8	1.4
	III	3.7	4.9	1.2	4.1	2.1	0.4	2.2	1.1
	IV	0.9	3.6	2.7	5.3	3.1	4.4	-4.8	0.9
	ANNUAL	1.7	4.6	2.9	3.8	1.5	2.1	1.0	1.7
1998	I	4.1	7.1	2.9	4.9	4.4	0.8	-0.7	0.2
	II	r-0.2	r1.4	r1.7	r4.1	r2.0	r4.3	r-6.6	r0.2
Percent change from corresponding quarter of previous year									
1996	I	2.5	3.2	0.7	3.0	0.2	0.6	3.3	1.6
	II	3.1	4.7	1.6	3.7	0.8	0.6	3.4	1.6
	III	2.8	4.2	1.4	4.0	1.0	1.1	2.4	1.6
	IV	2.4	4.6	2.2	3.9	0.7	1.5	2.0	1.7
	ANNUAL	2.7	4.2	1.5	3.6	0.7	0.9	2.8	1.6
1997	I	1.5	4.7	3.2	4.2	1.2	2.6	0.4	1.8
	II	1.2	4.3	3.1	3.5	1.1	2.3	0.9	1.8
	III	2.1	4.9	2.8	3.5	1.3	1.4	2.0	1.6
	IV	1.9	4.5	2.6	4.0	2.0	2.0	0.5	1.5
	ANNUAL	1.7	4.6	2.9	3.8	1.5	2.1	1.0	1.7
1998	I	2.6	5.1	2.3	4.2	2.7	1.5	-0.2	0.9
	II	r2.1	4.2	2.1	r4.6	2.9	r2.4	r-2.5	0.6

See footnotes following Table 6.
r=revised

September 3, 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	103.0	112.8	109.4	108.6	98.3	105.4	112.3	107.9
	II	103.8	114.5	110.3	110.0	98.6	106.0	112.3	108.2
	III	103.8	115.2	111.0	111.0	98.9	107.0	111.6	108.6
	IV	104.1	116.6	112.0	112.0	98.9	107.5	112.2	109.2
	ANNUAL	103.7	114.8	110.7	110.4	98.7	106.5	112.1	108.5
1997	I	104.2	117.9	113.1	113.1	99.4	108.5	112.8	110.0
	II	104.7	119.2	113.9	113.8	99.7	108.7	113.6	110.4
	III	105.6	120.6	114.2	114.9	100.2	108.8	114.5	110.8
	IV	105.9	121.8	115.1	116.3	100.9	109.9	113.3	111.1
	ANNUAL	105.1	119.9	114.1	114.5	100.1	109.0	113.6	110.6
1998	I	106.8	123.9	116.0	117.6	101.9	110.2	113.2	111.2
	II	r106.8	r124.4	116.5	r118.8	r102.4	r111.2	r111.4	111.3
----- Percent change from previous quarter at annual rate(5) -----									
1996	I	4.1	4.2	0.0	2.6	-0.5	-1.5	7.4	1.7
	II	3.0	6.4	3.3	5.2	1.4	2.2	-0.1	1.3
	III	0.0	2.5	2.4	3.7	1.3	3.7	-2.3	1.4
	IV	1.2	5.0	3.7	3.3	0.0	2.1	2.3	2.2
	ANNUAL	2.4	4.1	1.6	3.5	0.6	1.1	2.0	1.4
1997	I	0.5	4.5	4.1	4.0	1.8	3.6	2.2	3.1
	II	1.8	4.5	2.6	2.6	1.2	0.7	2.8	1.5
	III	3.6	4.8	1.2	3.9	2.0	0.3	3.1	1.4
	IV	0.9	4.0	3.0	4.9	2.8	4.0	-4.3	0.9
	ANNUAL	1.4	4.5	3.0	3.7	1.4	2.3	1.3	1.9
1998	I	3.5	7.0	3.4	4.6	4.1	1.1	-0.3	0.6
	II	r0.1	r1.6	r1.5	r4.0	r2.0	r3.9	r-6.2	r0.2
----- Percent change from corresponding quarter of previous year -----									
1996	I	2.4	3.2	0.8	3.0	0.2	0.6	2.7	1.4
	II	2.9	4.7	1.8	3.6	0.7	0.7	2.4	1.3
	III	2.4	4.1	1.6	3.8	0.8	1.3	1.4	1.3
	IV	2.1	4.5	2.4	3.7	0.5	1.6	1.7	1.7
	ANNUAL	2.4	4.1	1.6	3.5	0.6	1.1	2.0	1.4
1997	I	1.2	4.6	3.4	4.1	1.1	2.9	0.5	2.0
	II	0.9	4.1	3.2	3.4	1.1	2.5	1.2	2.0
	III	1.8	4.7	2.9	3.5	1.2	1.7	2.6	2.0
	IV	1.7	4.4	2.7	3.9	1.9	2.1	0.9	1.7
	ANNUAL	1.4	4.5	3.0	3.7	1.4	2.3	1.3	1.9
1998	I	2.4	5.1	2.6	4.0	2.5	1.5	0.3	1.1
	II	r2.0	r4.3	2.3	r4.4	2.7	r2.3	r-2.0	r0.8

See footnotes following Table 6.
r=revised

September 3, 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	112.9	115.8	102.6	109.2	98.8	96.8
	II	114.0	118.3	103.8	110.3	98.9	96.8
	III	115.2	119.9	104.1	111.2	99.1	96.5
	IV	116.3	121.2	104.3	111.9	98.9	96.2
	ANNUAL	114.6	118.8	103.7	110.7	99.0	96.6
1997	I	117.1	123.0	105.1	113.0	99.3	96.5
	II	118.0	124.5	105.5	114.0	99.9	96.6
	III	120.1	126.4	105.2	115.5	100.7	96.2
	IV	121.5	128.9	106.1	117.8	102.2	96.9
	ANNUAL	119.2	125.7	105.5	115.1	100.6	96.6
1998	I	121.9	129.6	106.3	119.0	103.1	97.6
	II	r122.7	r129.9	105.9	119.7	103.2	r97.6

Percent change from previous quarter at annual rate(5)							
1996	I	6.2	2.6	-3.3	-0.1	-3.2	-6.0
	II	3.9	9.0	4.9	4.1	0.4	0.2
	III	4.3	5.4	1.1	3.1	0.7	-1.1
	IV	3.8	4.5	0.7	2.5	-0.9	-1.3
	ANNUAL	4.5	4.2	-0.4	2.2	-0.8	-2.3
1997	I	2.8	6.2	3.3	4.2	2.0	1.3
	II	3.2	4.9	1.7	3.5	2.1	0.3
	III	7.3	6.1	-1.1	5.6	3.6	-1.6
	IV	4.9	8.2	3.1	8.0	5.8	3.0
	ANNUAL	4.0	5.8	1.7	4.0	1.7	0.0
1998	I	1.4	2.2	0.8	4.1	3.6	2.7
	II	r2.5	r1.0	r-1.4	r2.6	r0.6	r0.1

Percent change from corresponding quarter of previous year							
1996	I	4.7	2.2	-2.4	1.9	-0.9	-2.7
	II	4.4	4.3	-0.1	2.1	-0.7	-2.2
	III	4.3	4.7	0.4	2.2	-0.7	-2.0
	IV	4.6	5.4	0.8	2.4	-0.8	-2.1
	ANNUAL	4.5	4.2	-0.4	2.2	-0.8	-2.3
1997	I	3.7	6.3	2.5	3.5	0.5	-0.2
	II	3.5	5.3	1.7	3.3	1.0	-0.2
	III	4.2	5.4	1.1	3.9	1.7	-0.3
	IV	4.5	6.3	1.7	5.3	3.4	0.7
	ANNUAL	4.0	5.8	1.7	4.0	1.7	0.0
1998	I	4.2	5.3	1.1	5.3	3.8	1.1
	II	r4.0	r4.3	0.3	5.0	r3.4	r1.0

See footnotes following Table 6.
r=revised

September 3, 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	120.2	126.8	105.5	107.5	89.4
	II	122.0	131.1	107.4	108.5	88.9
	III	123.6	133.2	107.8	109.2	88.4
	IV	124.6	134.6	108.0	109.6	87.9
	ANNUAL	122.6	131.4	107.2	108.7	88.6
1997	I	125.7	137.7	109.5	110.6	88.0
	II	127.4	140.4	110.2	111.5	87.5
	III	130.6	143.8	110.1	113.0	86.5
	IV	133.0	147.4	110.9	115.8	87.1
	ANNUAL	129.2	142.3	110.2	112.8	87.3
1998	I	133.4	148.4	111.3	116.6	87.4
	II	r134.9	r149.4	r110.8	117.0	r86.7

Percent change from previous quarter at annual rate(5)						
1996	I	8.8	5.9	-2.7	-2.8	-10.7
	II	6.2	14.2	7.5	3.8	-2.2
	III	5.2	6.8	1.5	2.6	-2.5
	IV	3.6	4.3	0.7	1.4	-2.1
	ANNUAL	6.2	7.1	0.9	0.8	-5.0
1997	I	3.5	9.4	5.7	3.9	0.3
	II	5.6	8.1	2.4	3.4	-2.0
	III	10.4	10.2	-0.2	5.5	-4.5
	IV	7.5	10.3	2.7	10.2	2.5
	ANNUAL	5.4	8.3	2.8	3.7	-1.6
1998	I	1.2	2.6	1.4	2.6	1.4
	II	r4.7	r2.8	r-1.8	1.5	r-3.0

Percent change from corresponding quarter of previous year						
1996	I	6.0	4.8	-1.2	0.4	-5.3
	II	6.5	8.0	1.4	0.7	-5.4
	III	6.2	8.0	1.7	0.9	-5.0
	IV	5.9	7.7	1.7	1.2	-4.4
	ANNUAL	6.2	7.1	0.9	0.8	-5.0
1997	I	4.6	8.6	3.8	2.9	-1.6
	II	4.5	7.1	2.6	2.8	-1.6
	III	5.7	8.0	2.1	3.5	-2.1
	IV	6.7	9.5	2.6	5.7	-0.9
	ANNUAL	5.4	8.3	2.8	3.7	-1.6
1998	I	6.1	7.8	1.6	5.4	-0.7
	II	r5.9	r6.4	0.5	4.9	r-0.9

See footnotes following Table 6.
r=revised

September 3, 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	105.9	104.5	98.7	111.4	100.8
	II	106.4	105.3	99.0	112.6	100.9
	III	107.2	106.3	99.1	113.7	101.3
	IV	108.3	107.5	99.3	114.8	101.5
	ANNUAL	107.0	105.9	99.0	113.1	101.2
1997	I	109.0	108.2	99.2	116.1	102.0
	II	109.2	108.5	99.4	117.1	102.6
	III	110.2	108.9	98.8	118.7	103.5
	IV	110.7	110.3	99.7	120.0	104.1
	ANNUAL	109.8	109.0	99.2	118.0	103.1
1998	I	111.3	110.8	99.6	121.9	105.6
	II	r111.2	r110.5	99.4	123.2	106.2

Percent change from previous quarter at annual rate(5)						
1996	I	3.1	-1.2	-4.2	4.2	1.0
	II	1.8	3.1	1.2	4.1	0.4
	III	3.3	3.8	0.5	4.0	1.5
	IV	4.0	4.6	0.6	4.2	0.8
	ANNUAL	2.7	0.6	-2.1	4.1	1.1
1997	I	2.7	2.5	-0.2	4.3	2.1
	II	0.5	1.2	0.6	3.5	2.2
	III	4.0	1.5	-2.4	5.6	3.6
	IV	1.7	5.5	3.7	4.6	2.5
	ANNUAL	2.6	2.9	0.2	4.3	1.9
1998	I	2.0	1.8	-0.2	6.4	5.8
	II	r-0.1	r-1.1	r-1.0	4.4	r2.4

Percent change from corresponding quarter of previous year						
1996	I	3.3	-1.0	-4.1	4.1	1.3
	II	2.3	-0.1	-2.3	4.1	1.2
	III	2.3	0.8	-1.5	4.1	1.2
	IV	3.0	2.5	-0.5	4.1	0.9
	ANNUAL	2.7	0.6	-2.1	4.1	1.1
1997	I	2.9	3.5	0.5	4.2	1.2
	II	2.6	3.0	0.4	4.0	1.7
	III	2.8	2.4	-0.4	4.4	2.2
	IV	2.2	2.6	0.4	4.5	2.6
	ANNUAL	2.6	2.9	0.2	4.3	1.9
1998	I	2.1	2.5	0.4	5.0	3.5
	II	r1.9	r1.9	0.0	5.2	r3.6

See footnotes following Table 6.
r=revised

September 3, 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	106.4	117.3	110.3	107.7	97.4	101.2	98.7	100.6	153.7	105.4
	II	107.2	119.3	111.2	109.0	97.7	101.7	97.9	100.7	154.1	105.5
	III	108.0	120.9	111.9	110.1	98.1	101.9	97.5	100.8	155.3	105.7
	IV	108.6	122.5	112.8	110.9	98.0	102.1	97.4	100.9	155.4	105.8
	ANNUAL	107.6	120.0	111.5	109.5	97.9	101.7	97.9	100.7	154.6	105.6
1997	I	109.0	124.3	114.0	111.8	98.3	102.6	97.3	101.2	156.6	106.2
	II	109.7	126.2	115.1	112.6	98.6	102.6	97.1	101.2	157.3	106.3
	III	111.2	128.7	115.7	113.7	99.2	102.3	96.4	100.7	161.7	106.3
	IV	111.4	130.2	116.8	115.1	99.9	103.3	95.7	101.3	155.7	106.3
	ANNUAL	110.4	127.3	115.3	113.4	99.1	102.7	96.6	101.1	157.8	106.3
1998	I	112.2	132.1	117.7	116.2	100.6	103.5	95.4	101.4	153.5	106.2
	II	112.9	133.3	118.0	117.5	101.2	104.0	95.5	101.8	149.2	106.1

Percent change from previous quarter at annual rate(5)											
1996	I	1.2	1.4	0.2	1.7	-1.5	0.4	-0.7	0.1	13.1	1.7
	II	3.3	6.9	3.5	5.0	1.2	1.7	-2.9	0.5	1.1	0.6
	III	2.9	5.6	2.6	3.9	1.4	0.9	-1.7	0.3	3.0	0.6
	IV	2.1	5.5	3.3	2.9	-0.4	0.7	-0.5	0.4	0.3	0.4
	ANNUAL	2.8	4.5	1.7	3.1	0.2	0.3	-1.1	-0.1	7.7	0.9
1997	I	1.5	5.9	4.3	3.6	1.3	2.0	-0.6	1.4	3.2	1.6
	II	2.5	6.3	3.8	2.6	1.3	0.2	-0.6	0.0	1.7	0.2
	III	5.6	8.2	2.4	4.2	2.2	-1.3	-3.1	-1.8	11.8	0.0
	IV	1.0	4.8	3.8	5.0	2.9	4.0	-2.7	2.3	-14.1	-0.1
	ANNUAL	2.6	6.1	3.5	3.6	1.2	1.0	-1.3	0.4	2.1	0.6
1998	I	2.6	5.9	3.2	3.6	3.1	0.9	-1.1	0.4	-5.6	-0.4
	II	2.8	3.7	0.9	4.6	2.5	1.8	0.5	1.5	-10.6	-0.2

Percent change from corresponding quarter of previous year											
1996	I	2.9	3.9	1.0	2.5	-0.3	-0.4	-0.6	-0.5	11.5	0.9
	II	3.2	4.9	1.7	3.1	0.2	-0.1	-1.6	-0.5	11.1	0.9
	III	2.6	4.4	1.8	3.4	0.5	0.8	-0.9	0.3	4.5	0.9
	IV	2.4	4.8	2.4	3.4	0.2	0.9	-1.4	0.3	4.3	0.8
	ANNUAL	2.8	4.5	1.7	3.1	0.2	0.3	-1.1	-0.1	7.7	0.9
1997	I	2.5	5.9	3.4	3.8	0.9	1.3	-1.4	0.6	1.9	0.8
	II	2.3	5.8	3.5	3.2	0.9	1.0	-0.8	0.5	2.0	0.7
	III	2.9	6.4	3.4	3.3	1.1	0.4	-1.2	0.0	4.2	0.5
	IV	2.6	6.3	3.5	3.9	1.9	1.2	-1.8	0.5	0.2	0.4
	ANNUAL	2.6	6.1	3.5	3.6	1.2	1.0	-1.3	0.4	2.1	0.6
1998	I	2.9	6.3	3.3	3.9	2.4	0.9	-1.9	0.2	-2.0	-0.1
	II	3.0	5.6	2.6	4.3	2.7	1.3	-1.6	0.6	-5.1	-0.2

See footnotes following Table 6.
r=revised

September 3, 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.