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PRODUCTIVITY AND COSTS  
Third Quarter 2000

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 2000. The seasonally adjusted annual rates of productivity growth in the third quarter were:

2.8 percent in the business sector, and  
3.3 percent in the nonfarm business sector.

The increases in labor productivity for the business and nonfarm business sectors are the result of increases in output combined with small declines in the hours of all persons working in the sector.

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

7.3 percent in manufacturing,  
11.2 percent in durable goods manufacturing, and  
1.7 percent in nondurable goods manufacturing.

The third-quarter productivity increase in manufacturing occurred as output rose 4.1 percent and hours of all persons working in the sector dropped 2.9 percent. Output and hours in manufacturing, which includes about 17 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.

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Nonfinancial corporate measures were revised beginning with the first quarter of 1997.  
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Table A. Productivity and costs: Revised third-quarter 2000 measures  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly	Real	Unit
				compen-	hourly	labor
				sation	sation	costs
-----						
Percent change from preceding quarter						
Business	2.8	2.6	-0.2	5.7	2.6	2.8
Nonfarm business	3.3	2.5	-0.8	6.3	3.1	2.9
Manufacturing	7.3	4.1	-2.9	6.5	3.4	-0.7
Durable	11.2	7.6	-3.2	5.8	2.7	-4.8
Nondurable	1.7	-0.8	-2.5	7.8	4.6	6.0
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Percent change from same quarter a year ago						
Business	4.7	6.0	1.2	5.0	1.5	0.3
Nonfarm business	4.8	6.0	1.1	5.1	1.6	0.2
Manufacturing	7.8	6.5	-1.2	4.9	1.5	-2.6
Durable	11.3	10.3	-0.8	4.7	1.3	-5.9
Nondurable	3.1	1.5	-1.6	5.2	1.7	2.0
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#### Business

From the second quarter to the third quarter of 2000, business sector productivity rose at an annual rate of 2.8 percent, as output increased 2.6 percent and hours of all persons engaged in the sector decreased 0.2 percent (table 1). The drop in hours was due to a 1.3-percent decline in average weekly hours at work; business sector employment rose 1.1 percent in the third quarter (seasonally adjusted annual rates).

Hourly compensation increased 5.7 percent during the third quarter of 2000. This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, rose 2.6 percent in the third quarter of 2000.

Unit labor costs increased at an annual rate of 2.8 percent during the third quarter of 2000. The implicit price deflator for the business sector, which reflects changes both in unit labor costs and in unit nonlabor payments, increased at a 1.7 percent annual rate in the third quarter of 2000, after rising 2.4 percent in the previous quarter.

#### Nonfarm business

Output per hour of all persons in the nonfarm business sector increased 3.3 percent during the third quarter of 2000, after rising 6.1 percent in the second quarter (table 2). Output increased 2.5 percent and hours of all persons declined 0.8 percent in the third quarter of 2000. This was the largest decline in nonfarm business hours since the first quarter of 1992, when hours fell 2.3 percent. As in the larger business sector, the hours decline was due entirely to a drop in average weekly hours at work (1.6 percent) as employment increased during the quarter (0.9 percent).

Hourly compensation grew at a 6.3 percent annual rate in the third quarter of 2000, faster than at any time since the first quarter of 1992 (when it rose 8.8 percent). When the rise in consumer prices is taken into account, real hourly compensation rose at a 3.1 percent annual rate in the third quarter.

Unit labor costs rose 2.9 percent in the third quarter of 2000. The implicit price deflator for nonfarm business rose 1.9 percent, reflecting the increase in unit labor costs as well as a 0.3-percent increase in unit nonlabor payments. In the second quarter, the implicit price deflator rose 2.0 percent, reflecting a 0.2-percent decline in unit labor costs and a 5.7 percent increase in unit nonlabor payments.

## Manufacturing

Productivity increased 7.3 percent in manufacturing in the third quarter of 2000, as output rose 4.1 percent and hours of all persons fell 2.9 percent (seasonally adjusted annual rates). In durable goods industries, productivity grew 11.2 percent in the third quarter, reflecting a 7.6-percent increase in output and a drop of 3.2 percent in hours. In the nondurable goods industries, third-quarter productivity increased 1.7 percent as output and hours both declined, 0.8 and 2.5 percent, respectively (tables 3, 4, and 5).

Hourly compensation of all manufacturing workers rose 6.5 percent during the third quarter of 2000. Hourly compensation increased more slowly in durable goods manufacturing (5.8 percent) than in nondurable goods manufacturing (7.8 percent). When the increase in consumer prices is taken into account, real hourly compensation for all manufacturing workers rose 3.4 percent in the third quarter.

Unit labor costs in manufacturing declined 0.7 percent in the third quarter of 2000. The drop in unit labor costs occurred entirely in the durable goods portion of manufacturing, where they fell 4.8 percent. In nondurable goods manufacturing, unit labor costs in the third quarter rose 6.0 percent.

## Nonfinancial Corporations

Third-quarter 2000 measures of productivity and costs also were announced for nonfinancial corporations (tables B and 6). Output per all-employee hour rose at a 4.9 percent annual rate, compared with a 5.4 percent increase (as revised) in the previous quarter. Output grew 4.7 percent in the third quarter of 2000, while hours of all employees declined 0.2 percent. The decline in hours was the largest decrease since the first quarter of 1992, when they fell 1.2 percent (seasonally adjusted annual rates). 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.

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 Table B. Nonfinancial corporations: Third-quarter 2000 productivity and cost measures  
 (Seasonally adjusted annual rates)  
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Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
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Percent change from preceding quarter								
2000 III	4.9	4.7	-0.2	6.1	2.9	1.1	-5.6	0.6
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Percent change from same quarter a year ago								
2000 III	4.8	6.5	1.7	4.7	1.3	0.0	6.7	1.4
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Hourly compensation increased 6.1 percent in the third quarter, the same as in the previous quarter. When the rise in consumer prices is taken into account, real hourly compensation increased 2.9 percent in the third quarter and 2.3 percent in the second.

Unit labor costs for nonfinancial corporations increased 1.1 percent in the third quarter, and unit nonlabor costs rose 2.6 percent. Unit profits, on the other hand, declined at a 5.6 percent annual rate during the third quarter. The implicit price deflator for the output of nonfinancial corporations rose 0.6 percent in the third quarter of 2000. In the previous quarter, it had risen 2.4 percent.

Revised Measures

Current and previous measures for the third quarter of 2000 for the business, nonfarm business, and manufacturing sectors are compared in table C. In the business and nonfarm business sectors, increases in productivity and output are smaller than those reported on Nov. 2, based on the information available at that time. Unit labor cost measures for these sectors are correspondingly higher. Productivity and output were revised up in the manufacturing sector; unit labor costs now show a slight decline rather than a small increase.

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 Table C. Previous and revised productivity and related measures  
 Quarterly percent change at seasonally adjusted annual rate  
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Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
----- Third quarter 2000 -----						
Business:						
Previous	3.2	3.0	-0.2	5.8	2.7	2.5
Current	2.8	2.6	-0.2	5.7	2.6	2.8
Nonfarm business:						
Previous	3.8	3.0	-0.8	6.4	3.2	2.5
Current	3.3	2.5	-0.8	6.3	3.1	2.9
Manufacturing:						
Previous	6.4	3.1	-3.0	6.7	3.5	0.3
Current	7.3	4.1	-2.9	6.5	3.4	-0.7

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 On Nov. 29, the Bureau of Economic Analysis, U.S. Department of Commerce, revised the price indexes used to calculate real output of nonfinancial corporations back to the first quarter of 1997. Appendix table 1 shows revised 1997 measures for nonfinancial corporations.

Next release date

The next release of Productivity and Costs is scheduled for 8:30 AM EST, Wednesday, Feb. 7, 2001. Preliminary fourth-quarter and annual 2000 measures for the business, nonfarm business, and manufacturing sectors will be released at that time. The February release will incorporate the results of the 1999 Hours at Work Survey. In addition, manufacturing sector productivity and output measures will be revised to reflect the revisions of the index of industrial production that were released on Dec. 5.

Scheduled release dates for productivity and costs measures for major sectors of the U.S. economy in 2001 are:

Reference period	2001 release date
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2000:	
Fourth quarter, Annual	February 7
Fourth quarter, Annual (revised)	March 6
2001:	
First quarter	May 8
First quarter (revised)	June 5
Second quarter	August 7
Second quarter (revised)	September 5
Third quarter	November 7
Third quarter (revised)	December 6

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 These dates are based on presently available schedules for the release of underlying source data in 2001. Each issue of Productivity and Costs contains a "Next release date" paragraph that readers should use to confirm the dates above.

## TECHNICAL NOTES

**Labor Hours:** Hours data for the labor productivity and cost measures include hours for all persons working in the sector-wage and salary workers, the self-employed, and unpaid family workers. The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on the number of jobs held by wage and salary workers in nonfarm establishments. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Average weekly paid hours of nonproduction and supervisory workers are estimated by the Office of Productivity and Technology. 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 77 percent of the value of GDP in 1996. Nonfarm business, which also excludes farming, accounted for about 76 percent of GDP in 1996.

Annual indexes for manufacturing and its durable and nondurable goods components 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; nonelectrical 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 53 percent of the value of GDP in 1996.

**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: 202-691-5200; Federal Relay Service number: 1-800-877-8339.

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									
1998	I	109.7	126.8	115.6	117.1	102.9	106.7	116.4	110.3
	II	110.0	127.7	116.1	118.5	103.8	107.7	115.1	110.5
	III	110.6	128.9	116.6	120.0	104.7	108.5	114.6	110.7
	IV	111.6	131.0	117.4	121.4	105.5	108.8	114.6	110.9
	ANNUAL	110.5	128.6	116.4	119.3	104.3	107.9	115.2	110.6
1999	I	112.6	132.3	117.5	123.0	106.4	109.3	115.1	111.4
	II	112.8	133.1	118.0	124.5	106.9	110.4	114.1	111.8
	III	114.2	135.3	118.5	126.1	107.6	110.5	114.3	111.9
	IV	116.3	138.5	119.1	127.3	107.8	109.5	116.8	112.2
	ANNUAL	114.0	134.8	118.3	125.2	107.3	109.9	115.1	111.8
2000	I	116.7	140.3	120.2	128.4	107.7	110.0	118.2	113.0
	II	118.7	142.4	120.0	130.6	108.5	110.0	120.0	113.7
	III	r119.5	r143.3	119.9	132.4	109.2	r110.8	r119.9	r114.1
Percent change from previous quarter at annual rate(5)									
1998	I	4.7	7.9	3.1	6.2	5.5	1.5	-1.5	0.3
	II	1.1	2.9	1.7	5.1	3.5	3.9	-4.2	0.7
	III	2.1	3.7	1.5	5.1	3.6	3.0	-1.9	1.1
	IV	3.9	6.8	2.8	4.8	3.2	0.9	0.2	0.6
	ANNUAL	2.7	5.0	2.3	5.3	3.9	2.5	-1.7	0.8
1999	I	3.3	3.8	0.5	5.2	3.6	1.9	1.8	1.9
	II	0.9	2.6	1.7	5.0	1.7	4.1	-3.5	1.2
	III	4.9	6.6	1.7	5.3	2.6	0.4	0.7	0.5
	IV	7.7	9.9	2.1	3.8	0.9	-3.6	9.0	1.0
	ANNUAL	3.1	4.8	1.6	5.0	2.9	1.8	0.0	1.1
2000	I	1.6	5.3	3.7	3.5	-0.6	1.9	4.8	3.0
	II	6.9	6.3	-0.6	7.0	3.2	0.0	6.2	2.4
	III	r2.8	r2.6	-0.2	r5.7	r2.6	r2.8	r-0.2	1.7
Percent change from corresponding quarter of previous year									
1998	I	3.2	5.8	2.5	4.5	3.1	1.2	0.9	1.1
	II	2.5	4.7	2.1	5.5	4.0	2.9	-2.4	0.8
	III	2.1	4.4	2.2	5.7	4.3	3.5	-3.3	0.8
	IV	2.9	5.3	2.3	5.3	4.0	2.3	-1.9	0.7
	ANNUAL	2.7	5.0	2.3	5.3	3.9	2.5	-1.7	0.8
1999	I	2.6	4.3	1.6	5.1	3.5	2.4	-1.0	1.1
	II	2.5	4.2	1.6	5.0	3.0	2.4	-0.9	1.2
	III	3.2	4.9	1.7	5.1	2.8	1.8	-0.2	1.0
	IV	4.1	5.7	1.5	4.8	2.2	0.7	1.9	1.1
	ANNUAL	3.1	4.8	1.6	5.0	2.9	1.8	0.0	1.1
2000	I	3.7	6.1	2.3	4.4	1.2	0.7	2.7	1.4
	II	5.2	7.0	1.7	4.9	1.5	-0.3	5.1	1.7
	III	r4.7	r6.0	1.2	5.0	1.5	r0.3	r4.9	2.0

See footnotes following Table 6.  
r=revised

December 6, 2000  
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									
1998	I	109.3	127.1	116.3	116.4	102.3	106.5	117.4	110.5
	II	109.8	128.1	116.7	117.9	103.2	107.5	116.3	110.7
	III	110.3	129.2	117.2	119.4	104.2	108.3	115.8	111.0
	IV	111.2	131.4	118.1	120.8	104.9	108.5	115.8	111.2
	ANNUAL	110.2	129.0	117.1	118.6	103.8	107.7	116.3	110.8
1999	I	112.0	132.6	118.4	122.1	105.7	109.0	116.7	111.8
	II	112.1	133.4	118.9	123.6	106.1	110.2	115.7	112.2
	III	113.6	135.6	119.4	125.2	106.8	110.3	116.1	112.4
	IV	115.8	138.9	120.0	126.5	107.2	109.3	118.6	112.7
	ANNUAL	113.4	135.1	119.2	124.4	106.5	109.7	116.8	112.3
2000	I	116.3	140.7	120.9	127.8	107.1	109.8	120.1	113.6
	II	118.1	142.9	121.0	129.6	107.7	109.7	121.8	114.1
	III	r119.1	r143.8	120.8	131.6	r108.5	r110.5	r121.9	r114.7
Percent change from previous quarter at annual rate(5)									
1998	I	4.5	8.2	3.5	6.1	5.3	1.5	-1.4	0.4
	II	1.6	3.1	1.5	5.3	3.8	3.6	-3.8	0.7
	III	1.8	3.7	1.8	5.2	3.7	3.3	-1.8	1.3
	IV	3.6	6.8	3.1	4.5	2.8	0.8	0.2	0.6
	ANNUAL	2.6	5.1	2.4	5.1	3.7	2.4	-1.4	0.9
1999	I	2.6	3.6	1.0	4.5	2.8	1.8	2.9	2.2
	II	0.6	2.4	1.8	5.0	1.7	4.3	-3.1	1.5
	III	5.2	7.0	1.7	5.5	2.8	0.3	1.3	0.6
	IV	8.0	10.0	1.8	4.2	1.3	-3.5	8.9	1.0
	ANNUAL	2.9	4.8	1.8	4.8	2.7	1.8	0.4	1.3
2000	I	1.9	5.2	3.2	3.9	-0.2	1.9	5.2	3.2
	II	6.1	6.5	0.4	5.9	2.2	-0.2	5.7	2.0
	III	r3.3	r2.5	-0.8	r6.3	r3.1	r2.9	r0.3	r1.9
Percent change from corresponding quarter of previous year									
1998	I	3.0	5.8	2.7	4.3	2.9	1.2	1.3	1.2
	II	2.5	4.8	2.3	5.3	3.8	2.8	-2.1	0.9
	III	2.1	4.6	2.4	5.7	4.2	3.5	-3.1	0.9
	IV	2.9	5.4	2.5	5.3	3.9	2.3	-1.7	0.8
	ANNUAL	2.6	5.1	2.4	5.1	3.7	2.4	-1.4	0.9
1999	I	2.4	4.3	1.8	4.9	3.3	2.4	-0.7	1.2
	II	2.2	4.1	1.9	4.8	2.8	2.6	-0.5	1.4
	III	3.0	4.9	1.9	4.8	2.6	1.8	0.3	1.2
	IV	4.1	5.7	1.6	4.8	2.2	0.7	2.4	1.3
	ANNUAL	2.9	4.8	1.8	4.8	2.7	1.8	0.4	1.3
2000	I	3.9	6.1	2.1	4.6	1.4	0.7	3.0	1.6
	II	5.3	7.2	1.8	4.9	1.5	-0.4	5.2	1.7
	III	r4.8	r6.0	1.1	5.1	1.6	r0.2	r5.0	2.0

See footnotes following Table 6.  
r=revised

December 6, 2000  
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							
1998	I	121.3	128.6	106.0	115.2	101.2	95.0
	II	123.0	129.9	105.6	116.6	102.1	94.8
	III	125.6	131.3	104.5	118.1	103.0	94.0
	IV	127.4	133.2	104.5	119.4	103.7	93.7
	ANNUAL	124.3	130.7	105.2	117.3	102.6	94.4
1999	I	129.5	134.0	103.5	120.7	104.4	93.2
	II	131.1	135.6	103.5	122.4	105.1	93.4
	III	132.5	137.2	103.5	124.1	105.9	93.7
	IV	135.8	139.6	102.8	125.5	106.4	92.5
	ANNUAL	132.2	136.6	103.3	123.2	105.5	93.2
2000	I	138.4	142.0	102.6	127.0	106.5	91.8
	II	140.3	144.6	103.1	128.2	106.6	91.4
	III	r142.8	r146.1	102.3	130.3	107.5	r91.2
Percent change from previous quarter at annual rate(5)							
1998	I	5.1	5.2	0.1	6.8	6.0	1.6
	II	5.7	4.0	-1.6	5.0	3.4	-0.7
	III	8.7	4.3	-4.1	5.0	3.5	-3.4
	IV	5.9	6.0	0.1	4.6	2.9	-1.3
	ANNUAL	6.2	5.9	-0.3	5.3	3.9	-0.8
1999	I	6.8	2.5	-4.0	4.5	2.8	-2.2
	II	4.8	4.9	0.1	5.7	2.5	0.9
	III	4.5	4.6	0.1	5.9	3.2	1.4
	IV	10.2	7.1	-2.8	4.6	1.7	-5.1
	ANNUAL	6.3	4.5	-1.7	5.0	2.9	-1.3
2000	I	7.9	7.1	-0.7	4.6	0.5	-3.0
	II	5.7	7.7	1.9	4.0	0.4	-1.6
	III	r7.3	r4.1	r-2.9	r6.5	r3.4	r-0.7
Percent change from corresponding quarter of previous year							
1998	I	5.9	6.9	0.9	4.4	3.0	-1.4
	II	6.3	6.3	0.0	5.6	4.0	-0.7
	III	6.2	5.5	-0.7	5.9	4.4	-0.3
	IV	6.4	4.9	-1.4	5.3	4.0	-1.0
	ANNUAL	6.2	5.9	-0.3	5.3	3.9	-0.8
1999	I	6.8	4.2	-2.4	4.8	3.2	-1.9
	II	6.6	4.4	-2.0	4.9	2.9	-1.5
	III	5.5	4.5	-0.9	5.2	2.9	-0.3
	IV	6.5	4.8	-1.7	5.2	2.5	-1.3
	ANNUAL	6.3	4.5	-1.7	5.0	2.9	-1.3
2000	I	6.8	5.9	-0.8	5.2	2.0	-1.5
	II	7.0	6.6	-0.4	4.8	1.4	-2.1
	III	r7.8	r6.5	-1.2	r4.9	1.5	r-2.6

See footnotes following Table 6.  
r=revised

December 6, 2000  
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		Hours of all	Compensation per	Real compensation per	Unit labor	
	all persons	Output	persons	hour (1)	hour (2)	costs	
----- Indexes 1992=100							
1998	I	129.6	144.6	111.5	112.6	99.0	86.9
	II	132.4	147.1	111.2	113.8	99.6	86.0
	III	136.8	150.7	110.2	115.1	100.4	84.1
	IV	139.7	154.5	110.5	116.6	101.3	83.4
	ANNUAL	134.6	149.2	110.8	114.5	100.1	85.0
1999	I	142.8	155.6	109.0	118.1	102.2	82.7
	II	146.0	159.1	109.0	120.1	103.1	82.2
	III	148.0	162.5	109.8	121.9	104.0	82.3
	IV	151.6	165.3	109.0	123.6	104.7	81.5
	ANNUAL	147.1	160.6	109.2	120.9	103.6	82.2
2000	I	156.2	170.0	108.8	124.8	104.6	79.9
	II	160.4	176.0	109.7	125.9	104.6	78.5
	III	r164.7	r179.3	108.8	127.7	105.3	r77.5
----- Percent change from previous quarter at annual rate(5)							
1998	I	7.1	8.8	1.6	6.2	5.4	-0.8
	II	8.7	7.3	-1.2	4.2	2.6	-4.1
	III	14.2	10.1	-3.5	4.6	3.1	-8.4
	IV	8.8	10.2	1.3	5.3	3.7	-3.2
	ANNUAL	9.0	9.6	0.5	5.2	3.8	-3.5
1999	I	8.9	3.1	-5.4	5.4	3.7	-3.3
	II	9.4	9.3	-0.1	6.8	3.5	-2.4
	III	5.6	8.7	2.9	6.2	3.5	0.6
	IV	10.0	7.1	-2.7	5.7	2.8	-3.9
	ANNUAL	9.3	7.6	-1.5	5.6	3.4	-3.4
2000	I	12.7	11.8	-0.8	3.9	-0.3	-7.9
	II	11.1	14.9	3.4	3.5	-0.1	-6.8
	III	r11.2	r7.6	r-3.2	r5.8	r2.7	r-4.8
----- Percent change from corresponding quarter of previous year							
1998	I	8.2	10.3	1.9	4.5	3.1	-3.5
	II	8.7	9.5	0.8	5.5	4.0	-2.9
	III	9.5	9.4	-0.1	5.7	4.2	-3.5
	IV	9.7	9.1	-0.5	5.1	3.7	-4.2
	ANNUAL	9.0	9.6	0.5	5.2	3.8	-3.5
1999	I	10.1	7.6	-2.2	4.9	3.3	-4.8
	II	10.3	8.1	-2.0	5.5	3.5	-4.3
	III	8.2	7.8	-0.4	5.9	3.6	-2.1
	IV	8.5	7.0	-1.4	6.0	3.4	-2.3
	ANNUAL	9.3	7.6	-1.5	5.6	3.4	-3.4
2000	I	9.4	9.2	-0.2	5.7	2.4	-3.4
	II	9.8	10.6	0.7	4.8	1.5	-4.6
	III	r11.3	r10.3	r-0.8	r4.7	1.3	r-5.9

See footnotes following Table 6.  
r=revised

December 6, 2000  
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							
1998	I	115.4	113.9	98.7	118.3	104.0	102.5
	II	116.0	113.9	98.2	120.1	105.1	103.6
	III	116.6	113.1	97.0	121.8	106.2	104.4
	IV	117.4	113.3	96.6	122.7	106.6	104.6
	ANNUAL	116.3	113.6	97.6	120.7	105.6	103.8
1999	I	118.5	113.8	96.1	123.7	107.1	104.4
	II	118.1	113.6	96.2	124.9	107.2	105.7
	III	119.2	113.5	95.2	126.4	107.8	106.0
	IV	122.2	115.5	94.5	127.2	107.8	104.1
	ANNUAL	119.5	114.1	95.5	125.5	107.5	105.0
2000	I	122.6	115.7	94.4	129.0	108.2	105.2
	II	122.4	115.4	94.3	130.5	108.5	106.6
	III	r122.9	r115.1	r93.7	r133.0	r109.7	108.2
----- Percent change from previous quarter at annual rate(5)							
1998	I	2.9	0.7	-2.1	7.6	6.8	4.5
	II	1.9	-0.2	-2.0	6.2	4.7	4.2
	III	2.3	-2.6	-4.9	5.7	4.2	3.3
	IV	2.5	0.8	-1.7	3.1	1.5	0.6
	ANNUAL	3.0	1.5	-1.5	5.3	3.9	2.3
1999	I	3.7	1.8	-1.8	3.2	1.6	-0.5
	II	-1.0	-0.8	0.3	3.9	0.7	5.0
	III	3.7	-0.5	-4.0	4.9	2.2	1.2
	IV	10.5	7.3	-2.9	2.6	-0.2	-7.2
	ANNUAL	2.7	0.5	-2.1	4.0	1.9	1.2
2000	I	1.3	0.7	-0.6	5.9	1.7	4.5
	II	-0.7	-1.2	-0.4	4.6	1.0	5.4
	III	r1.7	r-0.8	r-2.5	r7.8	r4.6	r6.0
----- Percent change from corresponding quarter of previous year							
1998	I	3.5	3.1	-0.4	4.0	2.6	0.4
	II	3.7	2.5	-1.2	5.5	4.0	1.8
	III	2.3	0.6	-1.6	6.1	4.6	3.7
	IV	2.4	-0.3	-2.7	5.7	4.3	3.2
	ANNUAL	3.0	1.5	-1.5	5.3	3.9	2.3
1999	I	2.6	-0.1	-2.6	4.6	3.0	1.9
	II	1.9	-0.2	-2.0	4.0	2.0	2.1
	III	2.2	0.3	-1.8	3.8	1.5	1.5
	IV	4.1	1.9	-2.1	3.6	1.1	-0.5
	ANNUAL	2.7	0.5	-2.1	4.0	1.9	1.2
2000	I	3.5	1.6	-1.8	4.3	1.1	0.8
	II	3.6	1.5	-2.0	4.5	1.2	0.9
	III	r3.1	1.5	-1.6	r5.2	r1.7	2.0

See footnotes following Table 6.

r=revised

December 6, 2000

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											
1998	I	r112.1	r132.1	117.9	115.2	101.2	r102.8	r100.7	r102.3	r150.8	r106.4
	II	r113.1	r133.8	118.3	116.6	102.1	r103.1	r101.2	r102.6	r147.7	r106.4
	III	r114.4	r136.0	118.9	118.0	103.0	r103.2	r100.7	r102.5	r152.0	r106.7
	IV	r115.2	r137.8	119.6	119.3	103.7	r103.6	r102.1	r103.2	r145.3	r106.8
	ANNUAL	r113.7	r134.9	118.6	117.4	102.7	r103.2	r101.2	r102.6	r148.9	r106.6
1999	I	r116.3	r139.6	120.0	120.9	104.6	r103.9	r101.3	r103.2	r150.6	r107.2
	II	r117.3	r141.4	120.5	122.4	105.1	r104.3	r102.2	r103.7	r148.6	r107.5
	III	r118.7	r143.8	121.1	124.0	105.8	r104.5	r102.9	r104.0	r144.4	r107.5
	IV	r120.4	r146.9	122.0	125.3	106.1	r104.0	r103.4	r103.9	r147.0	r107.5
	ANNUAL	r118.2	r142.9	120.9	123.2	105.5	r104.2	r102.5	r103.7	r147.6	r107.4
2000	I	r121.3	r149.1	122.9	126.1	105.8	r104.0	r104.2	r104.0	r152.2	r108.1
	II	r122.9	r151.4	123.2	128.0	106.4	r104.2	r104.9	r104.3	r156.3	r108.8
	III	124.4	153.2	123.2	129.9	107.1	104.4	105.5	104.7	154.1	108.9
Percent change from previous quarter at annual rate(5)											
1998	I	r2.4	r5.9	3.4	5.4	4.6	r2.9	r0.5	r2.3	r-14.5	r0.1
	II	r3.7	r5.3	1.6	5.0	3.4	r1.3	r1.9	r1.4	r-8.0	r0.3
	III	r4.8	r6.9	2.0	5.0	3.5	r0.2	r-2.1	r-0.4	r12.4	r1.1
	IV	r2.9	r5.4	2.5	4.4	2.8	r1.5	r5.9	r2.7	r-16.6	r0.2
	ANNUAL	r3.3	r6.3	2.8	4.8	3.4	r1.4	r0.3	r1.1	r-5.1	r0.3
1999	I	r4.0	r5.4	1.3	5.3	3.6	r1.2	r-3.2	r0.0	r15.6	r1.7
	II	r3.4	r5.1	1.7	5.0	1.8	r1.6	r3.4	r2.1	r-5.3	r1.2
	III	r4.8	r6.9	2.0	5.4	2.7	r0.6	r2.9	r1.2	r-10.8	r-0.3
	IV	r5.9	r8.8	2.8	4.1	1.2	r-1.7	r2.1	r-0.7	r7.3	r0.2
	ANNUAL	r4.0	r5.9	1.9	4.9	2.8	r1.0	r1.3	r1.0	r-0.9	r0.8
2000	I	2.9	6.2	3.2	2.7	-1.4	-0.2	3.0	0.7	14.9	2.3
	II	5.4	6.4	0.9	6.1	2.3	r0.7	2.6	1.2	r11.4	r2.4
	III	4.9	4.7	-0.2	6.1	2.9	1.1	2.6	1.5	-5.6	0.6
Percent change from corresponding quarter of previous year											
1998	I	r3.1	r6.6	3.5	4.0	2.6	r0.9	r0.1	r0.7	r-2.6	r0.3
	II	r3.6	r6.5	2.8	5.0	3.5	r1.4	r-0.3	r0.9	r-5.0	r0.2
	III	r3.3	r6.1	2.7	5.3	3.8	r1.9	r-0.3	r1.3	r-5.3	r0.5
	IV	r3.4	r5.9	2.4	4.9	3.6	r1.5	r1.5	r1.5	r-7.3	r0.4
	ANNUAL	r3.3	r6.3	2.8	4.8	3.4	r1.4	r0.3	r1.1	r-5.1	r0.3
1999	I	r3.8	r5.7	1.8	4.9	3.3	r1.0	r0.6	r0.9	r-0.1	r0.8
	II	r3.8	r5.7	1.9	4.9	2.9	r1.1	r0.9	r1.1	r0.6	r1.0
	III	r3.8	r5.7	1.9	5.0	2.7	r1.2	r2.2	r1.5	r-5.0	r0.7
	IV	r4.5	r6.5	1.9	5.0	2.4	r0.4	r1.3	r0.7	r1.2	r0.7
	ANNUAL	r4.0	r5.9	1.9	4.9	2.8	r1.0	r1.3	r1.0	r-0.9	r0.8
2000	I	r4.2	r6.8	2.4	4.3	1.1	r0.1	r2.8	r0.8	r1.0	r0.8
	II	r4.7	r7.1	2.2	4.6	1.2	r-0.2	r2.6	r0.6	r5.2	r1.1
	III	4.8	6.5	1.7	4.7	1.3	0.0	2.6	0.7	6.7	1.4

See footnotes following Table 6.  
r=revised

December 6, 2000  
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 within 40 days of the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the third publication (second revision) of a quarterly index of output per hour of all persons has differed from the initial value by between -1.7 and +2.3 index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the second quarter of 2000.

#### 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) The change for recent quarters is based on the Consumer Price Index for all urban consumers (CPI-U). The trend from 1978-1999 is based on the Consumer Price Index research series (CPI-U-RS).
- (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.

Appendix table 1. Nonfinancial corporations: Revised 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											
1997	I	108.7	123.8	113.9	110.8	98.7	101.9	100.6	101.6	154.8	106.1
	II	109.2	125.7	115.1	111.1	98.7	101.7	101.5	101.7	155.4	106.2
	III	110.7	128.2	115.8	112.1	99.2	101.3	101.0	101.2	160.5	106.2
	IV	111.4	130.2	116.9	113.7	100.1	102.1	100.6	101.7	156.8	106.3
	ANNUAL	110.1	127.0	115.4	112.0	99.3	101.8	100.9	101.5	156.9	106.2
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Percent change from previous quarter at annual rate(5)											
1997	I	-0.7	3.0	3.7	2.0	-0.5	2.7	1.9	2.5	0.6	2.3
	II	1.6	6.0	4.3	1.0	-0.1	-0.6	3.5	0.5	1.7	0.6
	III	5.7	8.4	2.5	3.9	2.2	-1.7	-2.1	-1.8	13.7	0.0
	IV	2.5	6.3	3.7	5.7	3.7	3.1	-1.5	1.8	-8.9	0.4
	ANNUAL	2.3	5.9	3.5	2.7	0.5	0.4	0.3	0.4	3.1	0.7
-----											
Percent change from corresponding quarter of previous year											
1997	I	2.4	5.9	3.4	3.0	0.2	0.6	-0.6	0.3	2.8	0.6
	II	1.9	5.5	3.5	2.3	0.1	0.3	0.8	0.5	2.4	0.7
	III	2.6	6.2	3.5	2.4	0.4	-0.2	0.6	0.0	5.6	0.7
	IV	2.3	5.9	3.6	3.1	1.3	0.8	0.4	0.7	1.4	0.8
	ANNUAL	2.3	5.9	3.5	2.7	0.5	0.4	0.3	0.4	3.1	0.7
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See footnotes following Table 6.

December 6, 2000  
Source: Bureau of Labor Statistics