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PRODUCTIVITY AND COSTS
Third Quarter 2001

The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data--as measured by output per hour of all persons--for the third quarter of 2001. The preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were:

2.2 percent in the business sector and
2.7 percent in the nonfarm business sector.

In both the business and the nonfarm business sectors, productivity increases in the third quarter occurred because hours fell more than output (table A).

The tragic events of September 11 occurred late in the reference period for the productivity and costs measures. BLS has made small downward adjustments to the hours of employees of private nonfarm businesses in the third quarter in order to be consistent with the output and compensation measures from the Bureau of Economic Analysis. See Adjustments for further information.

In manufacturing, productivity increases in the third quarter were:

1.1 percent in manufacturing,
2.5 percent in durable goods manufacturing, and
-1.3 percent in nondurable goods manufacturing.

The increase in manufacturing productivity compares with a 0.9-percent rate reported for the previous quarter (as revised). Output and hours in manufacturing, which includes about 16 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: Preliminary third-quarter 2001 measures
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	2.2	-1.0	-3.1	4.1	3.4	1.9
Nonfarm business	2.7	-1.0	-3.6	4.5	3.8	1.8
Manufacturing	1.1	-6.7	-7.7	5.1	4.4	4.0
Durable	2.5	-7.7	-10.0	5.6	4.9	3.1
Nondurable	-1.3	-5.4	-4.1	4.8	4.1	6.1
Percent change from same quarter a year ago						
Business	1.9	0.4	-1.5	6.0	3.3	4.1
Nonfarm business	1.8	0.4	-1.4	5.8	3.0	3.9
Manufacturing	0.9	-5.3	-6.2	7.5	4.7	6.5
Durable	1.4	-5.8	-7.1	8.1	5.3	6.6
Nondurable	-0.1	-4.8	-4.8	6.7	3.9	6.7

Business

From the second quarter to the third quarter of 2001, business sector productivity increased at a 2.2 percent annual rate. Output declined 1.0 percent, while hours of all persons engaged in the sector dropped 3.1 percent (seasonally adjusted annual rates). The decrease in business output was the largest since the first quarter of 1993, when it fell 1.5 percent, and the drop in hours of all persons was the biggest since a 4.6-percent decline in the first quarter of 1991. After revisions, second-quarter productivity in the business sector rose 2.3 percent, reflecting a 0.7-percent decline in output and a drop of 2.9 percent in hours (tables B and 1).

Hourly compensation increased at an annual rate of 4.1 percent during the third quarter of 2001, after increasing 5.3 percent during the second quarter. 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, increased 3.4 percent in the third quarter, after rising 2.2 percent in the second quarter of 2001.

Unit labor costs, which reflect changes in both hourly compensation and productivity, increased at a 1.9-percent annual rate during the third quarter. During the previous quarter, these costs increased 3.0 percent. The implicit price deflator for the business sector increased 1.7 percent in both the second and third quarters of 2001.

Nonfarm business

Productivity in the nonfarm business sector rose at a 2.7 percent annual rate during the third quarter of 2001. This increase in labor productivity occurred as output declined 1.0 percent and hours of all persons fell 3.6 percent (seasonally adjusted annual rates). The decline in hours was the largest since the first quarter of 1991, when hours fell 4.8 percent, and the decline in output was the largest since the first quarter of 1993, when it fell 1.3 percent. Productivity rose 2.2 percent in the second quarter of 2001, as output declined 0.4 percent and hours decreased 2.5 percent (table 2).

Hourly compensation increased at a 4.5 percent annual rate in the third quarter of 2001. When the rise in consumer prices is taken into account, real hourly compensation rose at a 3.8-percent annual rate during the July-September period. During the second quarter of 2001, real hourly compensation had risen 1.7 percent.

Unit labor costs increased 1.8 percent during the third quarter of 2001. In the second quarter, unit labor costs in the nonfarm business sector had increased 2.6 percent. The implicit price deflator for nonfarm business output rose 1.5 percent in both the second and the third quarters of 2001.

Manufacturing

Productivity increased 1.1 percent in manufacturing in the third quarter of 2001, as output fell 6.7 percent and hours of all persons dropped 7.7 percent (seasonally adjusted annual rates). A similar increase in labor productivity, 0.9 percent, was recorded in the previous quarter, reflecting decreases in output and hours of 5.0 and 5.8 percent, respectively. Output has fallen in four consecutive quarters, and hours have fallen in the last five quarters. In durable goods, productivity rose 2.5 percent in the third quarter, as output dropped 7.7 percent and hours of all persons fell 10.0 percent. Productivity decreased in nondurable goods, by 1.3 percent, as output fell more than hours; output dropped 5.4 percent, and hours of all persons decreased 4.1 percent (tables 3, 4, and 5).

Hourly compensation of manufacturing workers increased an average of 5.1 percent during the third quarter, a less rapid rise than the 6.2-percent increase recorded in the two previous quarters (seasonally adjusted annual rates). In the third quarter, hourly compensation grew 5.6 percent in durable goods and 4.8 percent in nondurable goods. When the increase in consumer prices is taken into account, real hourly compensation in total manufacturing rose 4.4 percent in the third quarter.

Unit labor costs increased 4.0 percent in the third quarter of 2001, less than they had in the second quarter, when they rose 5.2 percent. In the durable goods sector, unit labor costs in the third quarter increased 3.1 percent. Unit labor costs rose more rapidly, 6.1 percent, in the nondurable goods sector.

Adjustments

The terrorist attacks of September 11 resulted in significant disruptions in the New York and Washington area economies, as well as disruptions to businesses outside these directly impacted areas. The Bureau of Economic Analysis (BEA), U.S. Department of Commerce, reported that most of the effects of this disaster are reflected in the usual source data used to construct the national income and product accounts--the data that underlie the output measures for the business and nonfarm business sectors. See <http://www.bea.doc.gov/bea/newsrel/tech301a.htm> for BEA's full discussion.

BEA made adjustments to wages of employees because the regular source of data--employment, hours, and earnings from the Bureau of Labor Statistics monthly employment survey--covered the mid-month pay period and did not fully reflect the changes to labor markets following the September attacks. Therefore, BLS adjusted the change in hours of business employees downward by 0.3 percentage point to reflect these compensation adjustments. It is not possible to separately identify the impacts of the attacks on the productivity and cost measures.

Revised Measures

Current and previous measures for the second quarter of 2001 for the business, nonfarm business, and manufacturing sectors are compared in table B. In all these sectors, the measures are similar to those reported on Sept. 5, based on information then available.

 Table B. 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
----- Second quarter 2001 -----						
Business:						
Previous	2.2	-0.8	-2.9	5.4	2.2	3.1
Current	2.3	-0.7	-2.9	5.3	2.2	3.0
Nonfarm business:						
Previous	2.1	-0.5	-2.6	4.8	1.7	2.7
Current	2.2	-0.4	-2.5	4.8	1.7	2.6
Manufacturing:						
Previous	1.1	-4.8	-5.8	6.2	3.1	5.1
Current	0.9	-5.0	-5.8	6.2	3.1	5.2

 Revised measures: Nonfinancial Corporations

Second-quarter 2001 productivity and cost measures for nonfinancial corporations also were revised to incorporate more recent information than was available on Sept. 5. Productivity and output were revised up, while hours growth was unchanged. Productivity grew at an annual rate of 3.4 percent, compared with the previously published growth of 2.8 percent. Since hourly compensation growth was unchanged at 6.2 percent, unit labor costs grew 2.7 percent--less than the 3.3-percent growth reported in September. Unit profits fell 12.6 percent in the second quarter (tables C and 6).

 Table C. Nonfinancial corporations: Previous and revised productivity and cost measures
 Quarterly percent changes at seasonally adjusted annual rates

	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
----- Second quarter 2001 -----								
Previous	2.8	0.2	-2.5	6.2	3.0	3.3	-17.1	2.2
Current	3.4	0.8	-2.5	6.2	3.0	2.7	-12.6	2.3

 Next release date

The next release of Productivity and Costs is scheduled for 8:30 AM EST, Thursday, Dec. 6, 2001. Third-quarter measures for nonfinancial corporations and revised third-quarter measures for business, nonfarm business, and manufacturing will be released at that time.

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									
1999	I	112.8	132.4	117.4	123.2	106.6	109.2	114.5	111.2
	II	112.5	132.9	118.2	124.5	107.0	110.7	112.6	111.4
	III	113.3	134.6	118.8	126.1	107.5	111.3	112.3	111.7
	IV	115.2	137.8	119.6	127.2	107.6	110.4	114.8	112.0
	ANNUAL	113.4	134.4	118.5	125.2	107.3	110.4	113.6	111.6
2000	I	115.0	138.6	120.5	129.0	108.1	112.1	114.2	112.9
	II	117.1	140.8	120.2	131.7	109.6	112.5	115.2	113.5
	III	117.4	141.2	120.3	133.8	110.3	114.0	113.9	113.9
	IV	118.2	141.9	120.0	136.8	112.0	115.7	112.1	114.4
	ANNUAL	116.9	140.6	120.3	132.8	110.1	113.6	113.9	113.7
2001	I	118.2	142.3	120.4	138.6	112.3	117.2	111.8	115.2
	II	118.9	r142.1	119.5	140.4	113.0	118.1	111.6	115.7
	III	119.5	141.7	118.5	141.8	113.9	118.6	112.0	116.2
Percent change from previous quarter at annual rate(5)									
1999	I	3.1	3.5	0.4	4.7	3.1	1.5	0.9	1.3
	II	-1.1	1.6	2.7	4.2	1.4	5.4	-6.3	0.8
	III	2.9	5.1	2.1	5.1	2.0	2.1	-1.1	0.9
	IV	7.0	9.9	2.7	3.5	0.3	-3.2	9.1	1.2
	ANNUAL	2.5	4.6	2.0	4.6	2.4	2.0	-0.8	0.9
2000	I	-0.6	2.2	2.9	5.9	1.8	6.5	-2.0	3.2
	II	7.3	6.5	-0.7	8.6	5.5	1.2	3.6	2.1
	III	1.0	1.3	0.3	6.5	2.9	5.5	-4.5	1.7
	IV	3.0	1.8	-1.1	9.4	6.3	6.3	-6.1	1.6
	ANNUAL	3.1	4.6	1.5	6.0	2.6	2.9	0.3	1.9
2001	I	0.0	1.2	1.2	5.3	1.1	5.3	-1.3	2.9
	II	r2.3	r-0.7	-2.9	r5.3	2.2	r3.0	r-0.7	r1.7
	III	2.2	-1.0	-3.1	4.1	3.4	1.9	1.5	1.7
Percent change from corresponding quarter of previous year									
1999	I	2.6	4.5	1.9	4.8	3.2	2.2	-1.4	0.8
	II	2.3	4.4	2.1	4.5	2.5	2.2	-1.2	0.9
	III	2.3	4.6	2.2	4.5	2.2	2.2	-1.2	0.9
	IV	2.9	5.0	2.0	4.4	1.7	1.4	0.5	1.1
	ANNUAL	2.5	4.6	2.0	4.6	2.4	2.0	-0.8	0.9
2000	I	2.0	4.7	2.6	4.7	1.4	2.6	-0.3	1.5
	II	4.1	5.9	1.8	5.7	2.4	1.6	2.3	1.9
	III	3.6	4.9	1.3	6.1	2.6	2.4	1.4	2.1
	IV	2.6	3.0	0.3	7.6	4.1	4.8	-2.3	2.1
	ANNUAL	3.1	4.6	1.5	6.0	2.6	2.9	0.3	1.9
2001	I	2.8	2.7	-0.1	7.4	3.9	4.6	-2.1	2.1
	II	r1.6	0.9	-0.6	6.6	3.1	5.0	r-3.2	2.0
	III	1.9	0.4	-1.5	6.0	3.3	4.1	-1.7	2.0

See footnotes following Table 6.

r=revised

November 7, 2001

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									
1999	I	112.2	132.8	118.3	122.3	105.9	109.0	116.0	111.5
	II	111.9	133.2	119.1	123.6	106.2	110.5	114.2	111.8
	III	112.7	134.9	119.8	125.1	106.8	111.1	114.0	112.1
	IV	114.7	138.1	120.4	126.4	107.0	110.2	116.5	112.5
	ANNUAL	112.9	134.8	119.4	124.4	106.5	110.2	115.2	112.0
2000	I	114.5	138.8	121.2	128.4	107.6	112.1	116.0	113.5
	II	116.3	141.0	121.3	130.7	108.8	112.4	116.7	114.0
	III	116.7	141.4	121.2	133.0	109.7	114.0	115.4	114.5
	IV	117.4	142.1	121.0	135.9	111.3	115.8	113.5	114.9
	ANNUAL	116.2	140.8	121.2	132.0	109.4	113.6	115.4	114.2
2001	I	117.4	142.5	121.4	137.6	111.5	117.2	113.1	115.7
	II	118.0	r142.4	120.6	139.2	112.0	r117.9	113.0	r116.1
	III	118.8	142.0	119.5	140.7	113.0	118.5	113.3	116.6
Percent change from previous quarter at annual rate(5)									
1999	I	2.4	3.5	1.0	3.8	2.2	1.3	1.9	1.5
	II	-1.4	1.4	2.8	4.2	1.3	5.6	-5.9	1.2
	III	3.0	5.3	2.2	5.2	2.1	2.1	-0.8	1.0
	IV	7.4	9.8	2.3	4.2	0.9	-2.9	9.1	1.4
	ANNUAL	2.3	4.6	2.2	4.4	2.2	2.0	-0.4	1.1
2000	I	-0.6	2.0	2.6	6.2	2.1	6.8	-1.7	3.5
	II	6.3	6.5	0.2	7.6	4.5	1.2	2.6	1.7
	III	1.4	1.2	-0.2	7.1	3.5	5.6	-4.4	1.8
	IV	2.3	1.8	-0.5	8.9	5.8	6.4	-6.6	1.5
	ANNUAL	3.0	4.5	1.5	6.1	2.7	3.1	0.2	2.0
2001	I	0.1	1.4	1.3	5.1	0.9	5.0	-1.2	2.7
	II	r2.2	r-0.4	r-2.5	4.8	1.7	r2.6	r-0.5	r1.5
	III	2.7	-1.0	-3.6	4.5	3.8	1.8	1.0	1.5
Percent change from corresponding quarter of previous year									
1999	I	2.4	4.5	2.1	4.6	3.0	2.1	-1.1	0.9
	II	1.9	4.3	2.4	4.2	2.3	2.3	-0.9	1.1
	III	2.1	4.6	2.4	4.3	1.9	2.1	-0.8	1.0
	IV	2.8	4.9	2.1	4.3	1.6	1.5	0.9	1.3
	ANNUAL	2.3	4.6	2.2	4.4	2.2	2.0	-0.4	1.1
2000	I	2.0	4.6	2.5	5.0	1.6	2.9	0.0	1.8
	II	4.0	5.9	1.8	5.8	2.4	1.8	2.2	1.9
	III	3.6	4.8	1.2	6.3	2.8	2.6	1.3	2.1
	IV	2.3	2.8	0.5	7.4	4.0	5.0	-2.6	2.2
	ANNUAL	3.0	4.5	1.5	6.1	2.7	3.1	0.2	2.0
2001	I	2.5	2.7	0.2	7.2	3.7	4.6	-2.5	2.0
	II	1.5	r1.0	-0.5	6.5	r2.9	4.9	-3.2	1.9
	III	1.8	0.4	-1.4	5.8	3.0	3.9	-1.9	1.8

See footnotes following Table 6.
r=revised

November 7, 2001
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							
1999	I	127.4	132.8	104.3	119.9	103.7	94.1
	II	128.4	134.1	104.5	121.3	104.2	94.4
	III	129.8	135.8	104.7	123.0	104.9	94.7
	IV	132.7	138.0	104.0	124.4	105.3	93.7
	ANNUAL	129.6	135.2	104.3	122.1	104.6	94.3
2000	I	135.2	140.3	103.8	125.9	105.5	93.2
	II	137.3	143.1	104.2	128.1	106.6	93.3
	III	139.4	144.4	103.6	131.2	108.3	94.1
	IV	141.3	143.9	101.8	135.2	110.7	95.7
	ANNUAL	138.3	142.9	103.4	130.1	107.8	94.1
2001	I	140.0	140.9	100.6	137.2	111.3	98.0
	II	r140.3	139.1	99.1	139.3	112.1	99.3
	III	140.7	136.7	97.2	141.1	113.3	100.3
----- Percent change from previous quarter at annual rate(5)							
1999	I	5.1	2.5	-2.5	2.6	1.1	-2.3
	II	3.3	4.1	0.8	4.8	1.9	1.4
	III	4.4	5.1	0.7	5.7	2.6	1.2
	IV	9.3	6.4	-2.6	4.7	1.4	-4.2
	ANNUAL	4.5	3.7	-0.8	4.0	1.9	-0.5
2000	I	7.6	7.1	-0.5	5.1	1.0	-2.3
	II	6.5	8.0	1.5	7.0	3.9	0.5
	III	6.4	3.7	-2.5	10.3	6.5	3.7
	IV	5.3	-1.5	-6.5	12.6	9.4	6.9
	ANNUAL	6.7	5.7	-0.9	6.5	3.1	-0.2
2001	I	-3.6	-8.1	-4.7	6.2	1.9	10.1
	II	r0.9	r-5.0	-5.8	6.2	3.1	r5.2
	III	1.1	-6.7	-7.7	5.1	4.4	4.0
----- Percent change from corresponding quarter of previous year							
1999	I	4.5	2.9	-1.5	3.9	2.3	-0.7
	II	4.3	3.3	-1.0	3.6	1.7	-0.7
	III	3.7	3.8	0.1	4.0	1.7	0.3
	IV	5.5	4.5	-0.9	4.4	1.7	-1.0
	ANNUAL	4.5	3.7	-0.8	4.0	1.9	-0.5
2000	I	6.1	5.7	-0.4	5.1	1.7	-1.0
	II	6.9	6.7	-0.2	5.6	2.2	-1.2
	III	7.4	6.3	-1.0	6.7	3.2	-0.6
	IV	6.5	4.3	-2.1	8.7	5.2	2.1
	ANNUAL	6.7	5.7	-0.9	6.5	3.1	-0.2
2001	I	3.6	0.4	-3.1	9.0	5.4	5.2
	II	2.2	r-2.8	-4.9	8.8	5.2	6.4
	III	0.9	-5.3	-6.2	7.5	4.7	6.5

See footnotes following Table 6.

r=revised

November 7, 2001

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							
1999	I	140.2	153.8	109.7	117.7	101.9	84.0
	II	142.2	156.2	109.8	119.4	102.6	84.0
	III	144.0	159.5	110.7	121.1	103.3	84.1
	IV	147.5	162.2	110.0	122.6	103.7	83.1
	ANNUAL	143.5	157.9	110.1	120.2	103.0	83.8
2000	I	152.0	167.2	110.0	124.0	103.9	81.6
	II	155.9	172.6	110.8	126.2	105.0	81.0
	III	159.7	176.0	110.2	129.5	106.8	81.1
	IV	162.0	175.9	108.5	133.9	109.6	82.6
	ANNUAL	157.4	172.9	109.9	128.4	106.4	81.6
2001	I	160.3	171.5	106.9	136.0	110.2	84.8
	II	161.0	169.2	105.1	138.1	111.1	85.8
	III	162.0	165.8	102.4	140.0	112.4	86.4
----- Percent change from previous quarter at annual rate(5)							
1999	I	7.5	3.0	-4.2	4.0	2.4	-3.2
	II	5.8	6.2	0.4	5.8	2.9	0.0
	III	5.2	8.7	3.4	5.8	2.7	0.6
	IV	10.1	7.1	-2.7	5.0	1.7	-4.6
	ANNUAL	6.9	6.1	-0.8	4.7	2.5	-2.1
2000	I	12.6	12.7	0.1	4.8	0.8	-6.9
	II	10.7	13.7	2.8	7.1	4.1	-3.2
	III	10.3	8.1	-1.9	10.9	7.1	0.6
	IV	5.9	-0.4	-6.0	14.3	11.0	7.9
	ANNUAL	9.7	9.5	-0.2	6.8	3.3	-2.6
2001	I	-4.1	-9.6	-5.8	6.3	2.1	10.9
	II	r1.6	r-5.2	-6.7	6.4	r3.3	r4.7
	III	2.5	-7.7	-10.0	5.6	4.9	3.1
----- Percent change from corresponding quarter of previous year							
1999	I	7.4	5.7	-1.6	4.3	2.7	-2.9
	II	7.3	6.1	-1.1	4.4	2.4	-2.8
	III	5.8	6.4	0.5	4.9	2.6	-0.9
	IV	7.1	6.2	-0.8	5.2	2.4	-1.9
	ANNUAL	6.9	6.1	-0.8	4.7	2.5	-2.1
2000	I	8.4	8.7	0.3	5.3	2.0	-2.8
	II	9.6	10.5	0.9	5.7	2.3	-3.6
	III	10.9	10.4	-0.5	6.9	3.4	-3.6
	IV	9.8	8.4	-1.3	9.2	5.7	-0.5
	ANNUAL	9.7	9.5	-0.2	6.8	3.3	-2.6
2001	I	5.5	2.6	-2.8	9.6	6.0	3.9
	II	3.3	-2.0	-5.1	9.4	5.8	r6.0
	III	1.4	-5.8	-7.1	8.1	5.3	6.6

See footnotes following Table 6.

r=revised

November 7, 2001

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							
1999	I	116.6	113.1	97.0	122.1	105.7	104.8
	II	116.6	113.5	97.3	123.1	105.8	105.5
	III	117.8	113.7	96.6	124.5	106.3	105.8
	IV	120.1	115.3	96.0	125.8	106.5	104.8
	ANNUAL	117.8	113.9	96.7	123.9	106.1	105.2
2000	I	120.7	115.4	95.6	127.5	106.9	105.7
	II	121.2	115.8	95.5	129.5	107.8	106.8
	III	121.8	115.3	94.7	132.4	109.2	108.7
	IV	123.2	114.4	92.9	135.4	110.9	110.0
	ANNUAL	121.7	115.2	94.7	131.2	108.7	107.8
2001	I	122.2	112.7	92.2	137.5	111.4	112.5
	II	r122.1	r111.3	r91.1	139.5	112.3	r114.3
	III	121.7	109.8	90.2	141.2	113.4	116.0
----- Percent change from previous quarter at annual rate(5)							
1999	I	1.6	1.8	0.2	0.7	-0.9	-0.9
	II	0.2	1.5	1.3	3.1	0.3	2.9
	III	4.0	0.7	-3.1	4.9	1.9	0.9
	IV	8.2	5.6	-2.5	4.2	0.9	-3.7
	ANNUAL	1.6	0.7	-0.9	2.8	0.7	1.2
2000	I	1.9	0.5	-1.4	5.5	1.4	3.5
	II	1.8	1.2	-0.6	6.4	3.4	4.5
	III	1.9	-1.5	-3.4	9.1	5.4	7.1
	IV	4.5	-3.1	-7.3	9.6	6.5	4.9
	ANNUAL	3.3	1.2	-2.1	5.9	2.4	2.4
2001	I	-3.0	-5.9	-3.0	6.2	1.9	9.4
	II	r-0.3	r-4.8	r-4.5	6.1	r2.9	r6.5
	III	-1.3	-5.4	-4.1	4.8	4.1	6.1
----- Percent change from corresponding quarter of previous year							
1999	I	1.1	-0.3	-1.5	3.2	1.6	2.0
	II	0.7	0.0	-0.7	2.4	0.5	1.7
	III	1.2	0.7	-0.5	2.5	0.2	1.3
	IV	3.4	2.4	-1.0	3.2	0.5	-0.2
	ANNUAL	1.6	0.7	-0.9	2.8	0.7	1.2
2000	I	3.5	2.0	-1.4	4.4	1.1	0.9
	II	3.9	2.0	-1.9	5.2	1.9	1.2
	III	3.4	1.4	-2.0	6.3	2.7	2.8
	IV	2.5	-0.8	-3.2	7.6	4.1	5.0
	ANNUAL	3.3	1.2	-2.1	5.9	2.4	2.4
2001	I	1.3	-2.4	-3.6	7.8	4.3	6.5
	II	r0.7	r-3.9	r-4.6	7.7	4.2	6.9
	III	-0.1	-4.8	-4.8	6.7	3.9	6.7

See footnotes following Table 6.

r=revised

November 7, 2001

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											
1999	I	114.3	139.2	121.8	119.2	103.2	104.3	103.0	103.9	141.8	107.1
	II	114.4	140.3	122.6	120.4	103.5	105.2	103.7	104.8	135.8	107.5
	III	115.2	142.3	123.4	121.9	104.0	105.8	105.1	105.6	128.2	107.5
	IV	116.5	145.0	124.5	123.1	104.1	105.6	105.0	105.4	131.1	107.6
	ANNUAL	115.1	141.7	123.1	121.2	103.8	105.2	104.2	105.0	134.2	107.4
2000	I	117.7	147.5	125.4	124.7	104.5	106.0	105.5	105.9	134.3	108.3
	II	119.7	150.3	125.5	127.2	105.8	106.2	105.3	106.0	137.8	108.7
	III	120.9	151.9	125.6	129.3	106.6	106.9	105.6	106.6	133.8	108.9
	IV	121.4	152.4	125.6	132.3	108.3	109.0	106.0	108.2	118.5	109.0
	ANNUAL	119.9	150.5	125.5	128.3	106.4	107.0	105.6	106.7	131.0	108.7
2001	I	121.5	152.6	125.6	134.1	108.7	110.3	107.5	109.6	109.2	109.5
	II	r122.6	r152.9	124.8	136.1	109.5	r111.1	r109.3	r110.6	r105.6	r110.2
Percent change from previous quarter at annual rate(5)											
1999	I	3.9	6.0	2.0	4.5	2.9	0.6	-1.0	0.1	12.4	1.4
	II	0.4	3.2	2.8	4.2	1.3	3.8	2.8	3.6	-16.0	1.2
	III	2.8	5.6	2.7	4.9	1.9	2.1	5.5	3.0	-20.4	0.3
	IV	4.5	8.0	3.3	3.8	0.6	-0.6	-0.7	-0.6	9.1	0.3
	ANNUAL	3.0	5.5	2.4	4.5	2.3	1.4	2.0	1.6	-5.3	0.8
2000	I	4.0	7.2	3.0	5.5	1.4	1.4	2.2	1.6	10.2	2.5
	II	7.1	7.6	0.5	8.1	5.0	0.9	-0.7	0.4	11.0	1.5
	III	4.0	4.4	0.4	6.8	3.1	2.7	0.8	2.2	-11.1	0.7
	IV	1.6	1.3	-0.3	9.6	6.5	7.9	1.7	6.2	-38.6	0.6
	ANNUAL	4.1	6.2	2.0	5.9	2.5	1.7	1.3	1.6	-2.3	1.2
2001	I	0.6	0.7	0.0	5.7	1.5	5.0	5.8	5.2	-27.8	1.8
	II	r3.4	r0.8	-2.5	6.2	3.0	r2.7	r7.0	r3.8	r-12.6	r2.3
Percent change from corresponding quarter of previous year											
1999	I	4.0	6.1	2.0	4.7	3.1	0.7	1.3	0.8	-1.3	0.6
	II	2.9	5.4	2.4	4.4	2.4	1.4	1.8	1.5	-3.2	1.0
	III	2.2	4.9	2.6	4.4	2.0	2.1	3.3	2.4	-11.5	0.8
	IV	2.9	5.7	2.7	4.4	1.7	1.5	1.6	1.5	-4.9	0.8
	ANNUAL	3.0	5.5	2.4	4.5	2.3	1.4	2.0	1.6	-5.3	0.8
2000	I	2.9	6.0	3.0	4.6	1.3	1.7	2.4	1.9	-5.3	1.1
	II	4.6	7.1	2.4	5.6	2.2	0.9	1.6	1.1	1.5	1.1
	III	4.9	6.8	1.8	6.0	2.5	1.1	0.4	0.9	4.3	1.3
	IV	4.2	5.1	0.9	7.5	4.0	3.2	1.0	2.6	-9.6	1.3
	ANNUAL	4.1	6.2	2.0	5.9	2.5	1.7	1.3	1.6	-2.3	1.2
2001	I	3.3	3.4	0.1	7.5	4.0	4.1	1.9	3.5	-18.7	1.2
	II	r2.4	r1.8	-0.6	r7.0	3.5	r4.6	r3.8	4.4	r-23.4	r1.4

See footnotes following Table 6.
r=revised

November 7, 2001
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 -1.6 and +1.8 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 2001.

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 1978-2000 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.