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PRODUCTIVITY AND COSTS

First Quarter 2003

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 2003. The revised seasonally adjusted annual rates of productivity change in the first quarter were:

2.5 percent in the business sector and
1.9 percent in the nonfarm business sector.

In both sectors, the first-quarter productivity gains were somewhat higher than those reported initially on May 1.

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

1.9 percent in manufacturing,
2.1 percent in durable goods manufacturing, and
2.2 percent in nondurable goods manufacturing.

Manufacturing productivity growth was revised down from the figure reported on May 1, reflecting a downward revision to productivity growth in durable goods manufacturing—which comprises about sixty percent of employment in the sector. Productivity in nondurable goods manufacturing was revised up. Output and hours in manufacturing, which includes about 15 percent of U.S. business-sector employment, tend to vary more from quarter to quarter than data for the 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 (page 7).

Table A. Productivity and costs: Revised first-quarter 2003 measures (Seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	2.5	2.0	-0.5	3.8	0.0	1.3
Nonfarm business	1.9	1.8	-0.1	3.4	-0.4	1.5
Manufacturing	1.9	-0.7	-2.6	4.5	0.7	2.6
Durable	2.1	0.1	-2.0	4.3	0.4	2.1
Nondurable	2.2	-1.2	-3.4	4.8	0.9	2.5
Percent change from same quarter a year ago						
Business	2.6	2.4	-0.2	3.5	0.6	0.9
Nonfarm business	2.4	2.4	0.0	3.3	0.4	0.8
Manufacturing	2.8	0.5	-2.2	4.1	1.1	1.3
Durable	4.4	1.4	-2.9	4.6	1.7	0.2
Nondurable	0.8	-0.4	-1.2	3.3	0.4	2.5

Business

Productivity increased 2.5 percent in the business sector (seasonally adjusted annual rate) from the fourth quarter of 2002 to the first quarter of 2003, as output increased 2.0 percent and hours worked by all persons decreased 0.5 percent (table 1).

Hourly compensation increased 3.8 percent during the first quarter of 2003. This measure of compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, was unchanged.

Unit labor costs, which reflect changes in hourly compensation and productivity, rose 1.3 percent during the first quarter of 2003. The change in unit labor costs usually approximates the change in hourly compensation less the change in productivity. The implicit price deflator for business output, which reflects changes in both unit labor costs and unit nonlabor payments, grew by 1.7 percent from the fourth quarter of 2002 to the first quarter of 2003.

Nonfarm business

Productivity rose 1.9 percent in the nonfarm business sector during the first quarter of 2003, reflecting a 1.8-percent rise in output and a 0.1-percent decrease in working hours of all persons. Hours worked in the nonfarm business sector now have declined in 10 of the last 12 quarters (table 2).

Hourly compensation increased 3.4 percent in the first quarter of 2003. When the rise in consumer prices is taken into account, real hourly compensation fell 0.4 percent in the first quarter.

Unit labor costs grew 1.5 percent during the first quarter of 2003. The implicit price deflator for nonfarm business output also rose by 1.5 percent.

Manufacturing

Productivity rose 1.9 percent in manufacturing in the first quarter of 2003, as output decreased 0.7 percent and working hours of all persons declined 2.6 percent (seasonally adjusted annual rates). In durable goods industries, productivity grew 2.1 percent, as output edged up by 0.1 percent and hours fell 2.0 percent. In nondurable goods industries, productivity rose 2.2 percent, as output dropped 1.2 percent and hours declined by 3.4 percent (tables 3, 4, and 5).

Hourly compensation in manufacturing rose 4.5 percent during the first quarter. This increase reflects a rise of 4.3 percent in the hourly compensation of persons in durable goods industries and a larger increase, 4.8 percent, in the hourly compensation of workers in nondurable goods industries. Real hourly compensation, which takes account of changes in consumer prices, rose 0.7 percent for all manufacturing workers.

Unit labor costs rose 2.6 percent in manufacturing during the first quarter. In durable goods industries, unit labor costs grew 2.1 percent. In nondurable goods industries, unit labor costs rose 2.5 percent last quarter.

Nonfinancial corporations

Preliminary first-quarter 2003 measures of productivity and costs for nonfinancial corporations also were announced today (tables B and 6). Productivity rose 2.9 percent in the first quarter, less than the 5.0-percent rise recorded in the fourth quarter of 2002. Output increased 2.4 percent in first quarter 2003, while employee-hours declined 0.5 percent (seasonally adjusted annual rates). This marked the 10th consecutive decline in hours of nonfinancial corporate employees. 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 2003 productivity and cost measures (Seasonally adjusted annual rates)								
Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
2003 I	2.9	2.4	-0.5	4.7	0.8	1.7	2.2	1.0
Percent change from same quarter a year ago								
2003 I	4.3	3.4	-0.8	4.2	1.3	-0.1	2.5	0.3

Hourly compensation increased 4.7 percent during the first quarter of 2003. When the rise in consumer prices is taken into account, real hourly compensation rose 0.8 percent in the first quarter. Unit labor costs in nonfinancial corporations rose 1.7 percent in the first quarter, after falling in the previous seven quarters.

Unit profits grew 2.2 percent in first quarter 2003, less than the 20.8-percent climb in the fourth quarter of 2002. The implicit price deflator for nonfinancial corporate output increased 1.0 percent in the first quarter of 2003.

REVISED MEASURES

Current and previous measures for the first quarter of 2003 for business, nonfarm business, and manufacturing are compared in table C. In the business and nonfarm business sectors, output and productivity were revised up from the data reported on May 1, based on information then available. Unit labor costs were revised downward. In the manufacturing sector, productivity, output, and hourly compensation all were revised down. Because hourly compensation was revised down by more than productivity, unit labor costs also were revised down.

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 2003						
Business:						
Previous.....	2.2	1.7	-0.5	3.9	0.1	1.7
Current	2.5	2.0	-0.5	3.8	0.0	1.3
Nonfarm business:						
Previous.....	1.6	1.4	-0.1	3.5	-0.3	1.9
Current	1.9	1.8	-0.1	3.4	-0.4	1.5
Manufacturing:						
Previous.....	2.1	-0.6	-2.6	4.8	1.0	2.7
Current	1.9	-0.7	-2.6	4.5	0.7	2.6

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EDT, Thursday, Aug. 7, 2003**. 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 employment levels in the BLS establishment survey data. In addition, the release will include changes in employment and hours due to incorporation of new ratios of the hours at work to hours paid and revisions due to updated population weights in the Current Population Survey. (See below.) All employment and hours series will incorporate new information on seasonal patterns.

Current and upcoming changes to productivity and cost data

Measures of employment and hours for self-employed persons and unpaid family workers in nonfarm establishments, hours of employees in government enterprises, and employment and hours of all persons working on farms incorporate data from the Current Population Survey (CPS). Data from this survey were revised to incorporate population controls from the 2000 population census and new industry and occupational classification systems. For the productivity and costs measures, historical measures of employment and hours through the fourth quarter of 2002 have not yet been revised to incorporate these changes to the household survey. First-quarter measures were constructed by calculating the change in the first-quarter 2003 data to revised fourth-quarter 2002 data and applying the movements to unrevised fourth-quarter levels. Historical revisions to the employment and hours measures constructed from the CPS will be incorporated in the Aug. 7 release.

At that time, historical revisions to employment and hours data for the business and nonfarm business sectors based on data from the nonfarm payroll series also will be incorporated. These revisions will include conversion to the 2002 North American Industry Classification System (NAICS) from the 1987 Standard Industrial Classification (SIC), the annual benchmark to employment levels from the Covered Employment and Wages program, and new information on seasonal patterns.

In addition, new ratios of hours worked to hours paid will be incorporated into the measures of employee hours on Aug. 7. The Hours at Work Surveys, which had been used to adjust the paid hours of wage and salary employees to their hours at the workplace, will be replaced with a comparable set of measures derived from information on scheduled hours of work and paid leave collected from employers participating in the National Compensation Survey. These ratios will be adjusted to levels from the Hours at Work Survey and will cover the period following 2000.

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. The Office of Productivity and Technology estimates average weekly paid hours of nonproduction and supervisory workers. 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 calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: 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									
2001	I	117.5	140.4	119.5	137.3	111.8	116.9	112.3	115.2
	II	117.4	139.4	118.7	137.5	111.0	117.1	113.6	115.8
	III	117.9	139.1	117.9	137.8	111.0	116.8	115.5	116.4
	IV	120.1	140.3	116.8	138.3	111.6	115.1	117.2	115.9
	ANNUAL	118.2	139.8	118.2	137.7	111.4	116.5	114.7	115.8
2002	I	122.5	142.3	116.1	139.3	112.1	113.7	119.9	116.0
	II	123.1	142.5	115.8	140.8	112.3	114.4	119.3	116.2
	III	124.8	144.4	115.6	141.5	112.3	113.4	121.4	116.3
	IV	124.9	145.0	116.1	142.8	112.7	114.3	120.9	116.8
	ANNUAL	123.8	143.5	115.9	141.1	112.3	113.9	120.4	116.3
2003	I	r125.7	r145.7	115.9	144.2	112.7	r114.7	r121.6	117.3
Percent change from previous quarter at annual rate(5)									
2001	I	-1.5	-1.0	0.4	3.1	-0.6	4.7	1.1	3.4
	II	-0.2	-2.8	-2.6	0.5	-2.7	0.7	4.9	2.2
	III	1.8	-0.9	-2.6	0.9	0.0	-0.9	6.8	1.8
	IV	7.6	3.5	-3.8	1.4	1.9	-5.8	6.1	-1.6
	ANNUAL	1.1	-0.2	-1.3	2.9	0.2	1.8	2.4	2.0
2002	I	8.3	5.9	-2.2	3.0	1.8	-4.9	9.5	0.3
	II	1.8	0.6	-1.2	4.3	0.7	2.4	-2.1	0.7
	III	5.8	5.3	-0.5	2.2	0.1	-3.4	7.0	0.5
	IV	0.3	1.7	1.5	3.6	1.6	3.3	-1.4	1.5
	ANNUAL	4.8	2.7	-2.0	2.5	0.9	-2.2	5.0	0.4
2003	I	r2.5	r2.0	-0.5	r3.8	r0.0	r1.3	r2.4	r1.7
Percent change from corresponding quarter of previous year									
2001	I	1.9	1.4	-0.5	4.5	1.1	2.6	1.4	2.2
	II	0.2	-0.7	-0.9	3.9	0.5	3.6	-0.4	2.1
	III	0.5	-1.0	-1.5	2.0	-0.6	1.5	3.8	2.3
	IV	1.9	-0.3	-2.2	1.5	-0.3	-0.4	4.7	1.4
	ANNUAL	1.1	-0.2	-1.3	2.9	0.2	1.8	2.4	2.0
2002	I	4.3	1.4	-2.8	1.4	0.2	-2.8	6.8	0.7
	II	4.8	2.3	-2.5	2.4	1.1	-2.3	5.0	0.3
	III	5.9	3.8	-1.9	2.7	1.1	-3.0	5.1	0.0
	IV	4.0	3.4	-0.6	3.3	1.0	-0.7	3.2	0.7
	ANNUAL	4.8	2.7	-2.0	2.5	0.9	-2.2	5.0	0.4
2003	I	r2.6	r2.4	-0.2	3.5	0.6	r0.9	r1.4	1.1

See footnotes following Table 6.
r=revisedJune 4, 2003
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									
2001	I	116.7	140.7	120.6	136.3	110.9	116.8	113.8	115.7
	II	116.6	139.7	119.8	136.3	110.1	116.9	115.3	116.3
	III	117.2	139.4	118.9	136.7	110.1	116.6	117.2	116.8
	IV	119.3	140.4	117.7	137.2	110.7	115.0	119.2	116.5
	ANNUAL	117.5	140.1	119.2	136.6	110.5	116.3	116.4	116.3
2002	I	121.8	142.5	117.0	138.1	111.1	113.4	121.7	116.4
	II	122.3	142.9	116.8	139.5	111.3	114.1	121.7	116.8
	III	123.9	144.7	116.8	140.1	111.2	113.1	123.5	116.9
	IV	124.2	145.3	117.0	141.5	111.7	113.9	123.1	117.3
	ANNUAL	123.1	143.9	116.9	139.8	111.3	113.6	122.5	116.9
2003	I	r124.8	r146.0	117.0	142.7	111.6	r114.4	r123.6	r117.7
Percent change from previous quarter at annual rate(5)									
2001	I	-1.4	-0.9	0.5	2.8	-0.9	4.3	1.5	3.3
	II	-0.1	-2.7	-2.6	0.1	-3.0	0.3	5.1	2.0
	III	2.1	-0.8	-2.9	1.0	0.1	-1.1	6.8	1.7
	IV	7.2	2.9	-4.0	1.5	2.1	-5.4	6.9	-1.0
	ANNUAL	1.1	-0.1	-1.2	2.7	-0.1	1.6	2.5	1.9
2002	I	8.6	6.2	-2.3	2.9	1.6	-5.3	8.8	-0.2
	II	1.7	0.9	-0.7	4.0	0.4	2.3	0.1	1.4
	III	5.5	5.2	-0.2	1.8	-0.3	-3.4	6.1	0.1
	IV	0.7	1.7	0.9	3.9	1.9	3.2	-1.4	1.4
	ANNUAL	4.8	2.7	-2.0	2.4	0.8	-2.3	5.3	0.5
2003	I	r1.9	r1.8	-0.1	r3.4	r-0.4	r1.5	r1.7	r1.5
Percent change from corresponding quarter of previous year									
2001	I	1.7	1.4	-0.3	4.2	0.8	2.4	1.4	2.1
	II	0.2	-0.6	-0.8	3.7	0.3	3.5	-0.3	2.1
	III	0.6	-0.8	-1.4	1.8	-0.9	1.2	3.8	2.2
	IV	1.9	-0.4	-2.3	1.4	-0.4	-0.5	5.1	1.5
	ANNUAL	1.1	-0.1	-1.2	2.7	-0.1	1.6	2.5	1.9
2002	I	4.4	1.3	-2.9	1.4	0.2	-2.9	6.9	0.6
	II	4.9	2.3	-2.5	2.3	1.0	-2.4	5.6	0.5
	III	5.7	3.8	-1.8	2.5	0.9	-3.0	5.4	0.1
	IV	4.1	3.5	-0.6	3.2	0.9	-0.9	3.3	0.7
	ANNUAL	4.8	2.7	-2.0	2.4	0.8	-2.3	5.3	0.5
2003	I	r2.4	r2.4	0.0	3.3	0.4	r0.8	r1.6	r1.1

See footnotes following Table 6.
r=revised

June 4, 2003
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							
2001	I	135.2	134.9	99.8	132.0	107.5	97.6
	II	135.2	132.8	98.2	133.0	107.4	98.4
	III	136.2	131.1	96.3	133.3	107.4	97.9
	IV	137.5	129.1	93.9	134.3	108.4	97.7
	ANNUAL	136.0	132.0	97.1	133.1	107.7	97.9
2002	I	140.1	129.5	92.4	135.6	109.1	96.8
	II	141.5	130.6	92.3	137.2	109.4	96.9
	III	143.4	131.6	91.7	137.7	109.2	96.0
	IV	143.3	130.3	91.0	139.5	110.1	97.4
	ANNUAL	142.1	130.5	91.8	137.5	109.4	96.8
2003	I	r143.9	130.1	90.4	r141.1	r110.3	98.0

Percent change from previous quarter at annual rate(5)							
2001	I	-2.1	-7.6	-5.6	1.6	-2.1	3.7
	II	0.0	-6.2	-6.2	3.1	-0.2	3.1
	III	3.0	-4.9	-7.6	1.0	0.1	-1.9
	IV	3.9	-6.1	-9.7	2.9	3.5	-1.0
	ANNUAL	0.8	-4.9	-5.6	1.5	-1.2	0.8
2002	I	7.8	1.2	-6.1	3.8	2.6	-3.7
	II	4.2	3.5	-0.7	5.0	1.4	0.7
	III	5.5	3.0	-2.4	1.4	-0.8	-3.9
	IV	-0.5	-3.7	-3.2	5.4	3.4	5.9
	ANNUAL	4.5	-1.1	-5.4	3.3	1.6	-1.2
2003	I	r1.9	r-0.7	-2.6	r4.5	r0.7	r2.6

Percent change from corresponding quarter of previous year							
2001	I	1.2	-2.4	-3.6	0.5	-2.9	-0.7
	II	0.2	-5.0	-5.2	2.9	-0.5	2.6
	III	0.6	-5.9	-6.4	0.8	-1.8	0.2
	IV	1.2	-6.2	-7.3	2.1	0.3	1.0
	ANNUAL	0.8	-4.9	-5.6	1.5	-1.2	0.8
2002	I	3.6	-4.0	-7.4	2.7	1.5	-0.9
	II	4.7	-1.7	-6.1	3.2	1.9	-1.5
	III	5.3	0.3	-4.8	3.3	1.6	-2.0
	IV	4.2	1.0	-3.1	3.9	1.6	-0.3
	ANNUAL	4.5	-1.1	-5.4	3.3	1.6	-1.2
2003	I	2.8	0.5	-2.2	4.1	r1.1	1.3

See footnotes following Table 6.
r=revised

June 4, 2003
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							
2001	I	149.3	158.3	106.0	129.4	86.7	
	II	148.8	154.9	104.1	130.5	87.7	
	III	149.6	151.8	101.4	130.2	87.0	
	IV	151.0	148.6	98.5	131.8	87.3	
	ANNUAL	149.6	153.4	102.5	130.4	87.2	
2002	I	154.7	149.4	96.5	132.7	85.8	
	II	156.8	151.2	96.4	134.8	86.0	
	III	159.8	152.6	95.5	135.2	84.6	
	IV	160.7	151.5	94.2	137.3	85.4	
	ANNUAL	158.0	151.2	95.7	135.0	85.4	
2003	I	r161.6	r151.5	r93.8	r138.8	r108.5	
----- Percent change from previous quarter at annual rate(5)							
2001	I	-2.1	-8.9	-6.9	3.1	-0.6	5.3
	II	-1.4	-8.2	-6.9	3.6	0.3	5.1
	III	2.4	-7.9	-10.0	-1.0	-1.9	-3.3
	IV	3.5	-8.0	-11.2	5.0	5.6	1.5
	ANNUAL	-0.1	-6.3	-6.2	0.9	-1.9	0.9
2002	I	10.4	2.1	-7.5	2.8	1.5	-6.9
	II	5.5	4.9	-0.5	6.7	3.0	1.1
	III	7.9	3.8	-3.8	1.2	-1.0	-6.2
	IV	2.3	-2.9	-5.1	6.3	4.3	4.0
	ANNUAL	5.6	-1.5	-6.7	3.5	1.9	-2.0
2003	I	r2.1	r0.1	-2.0	r4.3	r0.4	2.1
----- Percent change from corresponding quarter of previous year							
2001	I	0.5	-2.9	-3.3	-1.1	-4.3	-1.6
	II	-0.8	-6.3	-5.5	2.3	-1.0	3.2
	III	-0.4	-7.8	-7.4	-0.3	-2.9	0.1
	IV	0.6	-8.2	-8.8	2.6	0.8	2.1
	ANNUAL	-0.1	-6.3	-6.2	0.9	-1.9	0.9
2002	I	3.6	-5.6	-8.9	2.6	1.3	-1.0
	II	5.4	-2.4	-7.4	3.3	2.0	-2.0
	III	6.8	0.5	-5.9	3.9	2.3	-2.7
	IV	6.5	1.9	-4.3	4.2	1.9	-2.1
	ANNUAL	5.6	-1.5	-6.7	3.5	1.9	-2.0
2003	I	r4.4	r1.4	-2.9	r4.6	1.7	0.2

See footnotes following Table 6.
r=revised

June 4, 2003
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						
2001	I	123.1	112.7	91.6	134.7	109.7
	II	123.6	111.7	90.4	135.5	109.4
	III	124.3	111.3	89.5	137.2	110.5
	IV	125.5	110.1	87.8	137.1	110.6
	ANNUAL	124.1	111.5	89.8	136.1	110.1
2002	I	126.8	110.2	86.9	139.1	111.9
	II	127.7	110.8	86.7	139.8	111.5
	III	128.4	111.4	86.7	140.5	111.4
	IV	127.1	110.1	86.6	142.0	112.1
	ANNUAL	127.5	110.6	86.7	140.3	111.7
2003	I	r127.8	r109.7	85.9	r143.6	r112.3
----- Percent change from previous quarter at annual rate(5)						
2001	I	-2.5	-6.0	-3.6	-0.8	-4.4
	II	1.3	-3.8	-5.0	2.3	-0.9
	III	2.6	-1.4	-3.8	5.1	4.1
	IV	3.6	-4.0	-7.4	-0.3	0.2
	ANNUAL	1.6	-3.2	-4.7	2.9	0.1
2002	I	4.3	0.3	-3.9	6.0	4.7
	II	2.9	1.9	-0.9	2.2	-1.3
	III	2.4	2.3	-0.1	1.9	-0.2
	IV	-4.1	-4.6	-0.5	4.3	2.3
	ANNUAL	2.7	-0.8	-3.4	3.1	1.5
2003	I	r2.2	r-1.2	r-3.4	r4.8	r0.9
----- Percent change from corresponding quarter of previous year						
2001	I	2.1	-1.9	-3.9	3.1	-0.3
	II	1.5	-3.4	-4.8	3.9	0.5
	III	1.5	-3.5	-4.9	3.0	0.3
	IV	1.2	-3.8	-5.0	1.5	-0.3
	ANNUAL	1.6	-3.2	-4.7	2.9	0.1
2002	I	3.0	-2.2	-5.0	3.2	2.0
	II	3.4	-0.8	-4.0	3.2	1.9
	III	3.3	0.1	-3.1	2.4	0.8
	IV	1.3	-0.1	-1.4	3.6	1.3
	ANNUAL	2.7	-0.8	-3.4	3.1	1.5
2003	I	r0.8	r-0.4	-1.2	r3.3	r0.4

See footnotes following Table 6.
r=revised

June 4, 2003
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											
2001	I	118.8	147.9	124.6	131.3	106.9	110.6	111.6	110.8	93.1	109.3
	II	119.4	147.8	123.7	131.9	106.5	110.4	113.5	111.3	95.4	109.9
	III	120.4	147.7	122.7	132.7	106.9	110.3	115.5	111.7	97.9	110.5
	IV	123.5	149.6	121.2	133.6	107.8	108.2	114.1	109.8	107.6	109.6
	ANNUAL	120.5	148.2	123.0	132.4	107.0	109.9	113.7	110.9	98.5	109.8
2002	I	124.9	150.8	120.8	134.7	108.4	107.9	114.0	109.5	107.6	109.4
	II	126.7	152.8	120.6	136.2	108.6	107.5	114.5	109.4	107.8	109.3
	III	127.7	153.4	120.1	137.2	108.8	107.4	115.4	109.6	104.6	109.1
	IV	129.3	155.1	120.0	138.8	109.6	107.4	114.7	109.3	109.7	109.4
	ANNUAL	127.1	153.0	120.4	136.7	108.8	107.5	114.6	109.5	107.4	109.3
2003	I	130.2	156.0	119.8	140.4	109.8	107.8	114.3	109.6	110.3	109.6
Percent change from previous quarter at annual rate (5)											
2001	I	-2.6	-3.3	-0.7	-1.2	-4.8	1.4	10.1	3.7	-20.2	1.7
	II	2.2	-0.5	-2.7	1.8	-1.4	-0.4	7.1	1.6	10.0	2.2
	III	3.2	-0.3	-3.4	2.5	1.6	-0.6	7.2	1.5	10.8	2.2
	IV	10.7	5.4	-4.8	2.6	3.2	-7.3	-4.9	-6.7	46.1	-3.3
	ANNUAL	1.4	-0.1	-1.5	2.5	-0.3	1.0	6.5	2.5	-11.7	1.2
2002	I	4.7	3.3	-1.3	3.5	2.2	-1.2	-0.2	-0.9	-0.2	-0.8
	II	5.8	5.3	-0.5	4.5	0.9	-1.3	1.7	-0.5	0.9	-0.3
	III	3.4	1.7	-1.6	2.9	0.7	-0.5	3.1	0.5	-11.2	-0.5
	IV	5.0	4.5	-0.5	4.9	2.8	-0.1	-2.3	-0.7	20.8	0.9
	ANNUAL	5.5	3.2	-2.2	3.3	1.7	-2.1	0.9	-1.3	9.0	-0.5
2003	I	2.9	2.4	-0.5	4.7	0.8	1.7	-1.3	0.9	2.2	1.0
Percent change from corresponding quarter of previous year											
2001	I	0.9	0.4	-0.4	3.5	0.1	2.6	6.7	3.7	-22.0	1.3
	II	0.9	-0.1	-1.0	3.2	-0.2	2.3	6.8	3.5	-19.7	1.3
	III	0.7	-1.1	-1.8	1.8	-0.9	1.1	7.8	2.9	-10.6	1.7
	IV	3.3	0.3	-2.9	1.4	-0.4	-1.8	4.7	0.0	9.2	0.7
	ANNUAL	1.4	-0.1	-1.5	2.5	-0.3	1.0	6.5	2.5	-11.7	1.2
2002	I	5.2	1.9	-3.0	2.6	1.4	-2.4	2.2	-1.2	15.5	0.0
	II	6.1	3.4	-2.5	3.3	2.0	-2.6	0.9	-1.7	13.0	-0.6
	III	6.1	3.9	-2.1	3.3	1.7	-2.6	-0.1	-1.9	6.9	-1.3
	IV	4.7	3.7	-1.0	3.9	1.6	-0.8	0.6	-0.4	1.9	-0.2
	ANNUAL	5.5	3.2	-2.2	3.3	1.7	-2.1	0.9	-1.3	9.0	-0.5
2003	I	4.3	3.4	-0.8	4.2	1.3	-0.1	0.3	0.0	2.5	0.3

See footnotes following Table 6.
r=revisedJune 4, 2003
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 -1.5 and $+1.6$ 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 fourth quarter of 2002.

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 1978-2002 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.