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PRODUCTIVITY AND COSTS Third Quarter 2002

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 2002. The preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were:

4.3 percent in the business sector and
4.0 percent in the nonfarm business sector.

Productivity increased 4.3 percent in the business sector, as output grew 4.1 percent and hours declined 0.1 percent. The 4.0 percent increase in nonfarm business productivity also reflected a 4.1 percent growth in output, but a 0.1 percent rise in nonfarm business hours (table A).

In manufacturing, productivity increases in the third quarter were:

5.9 percent in manufacturing,
8.8 percent in durable goods manufacturing, and
2.0 percent in nondurable goods manufacturing.

The increase in manufacturing productivity compares with a 4.2-percent rise 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 (page 6).

Table A. Productivity and costs: Preliminary third-quarter 2002 measures
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	4.3	4.1	-0.1	5.2	3.2	0.9
Nonfarm business	4.0	4.1	0.1	4.8	2.9	0.8
Manufacturing	5.9	3.4	-2.4	4.5	2.6	-1.3
Durable	8.8	4.5	-4.0	4.4	2.4	-4.1
Nondurable	2.0	2.1	0.1	5.0	3.1	2.9
Percent change from same quarter a year ago						
Business	5.5	3.5	-1.9	3.4	1.8	-1.9
Nonfarm business	5.3	3.5	-1.7	3.3	1.7	-2.0
Manufacturing	5.9	0.8	-4.8	3.6	2.0	-2.1
Durable	7.5	1.2	-5.9	3.7	2.1	-3.5
Nondurable	3.6	0.4	-3.1	3.6	2.0	0.0

Effective with today's release, measures of hourly compensation and unit labor costs will be revised for the previous two quarters when preliminary estimates for a new quarter are released. Previously, only the most recent quarter of data was revised. For nonfinancial corporations, measures of productivity and output are also subject to an additional quarter of revisions.

Business

From the second quarter to the third quarter of 2002, business sector productivity increased at a 4.3 percent annual rate. Output increased 4.1 percent, while hours of all persons engaged in the sector declined 0.1 percent (seasonally adjusted annual rates). After revisions, second-quarter productivity in the business sector rose 1.8 percent, reflecting a 0.6-percent rise in output and a 1.2-percent decline in hours (tables B and 1).

Hourly compensation increased at an annual rate of 5.2 percent during the third quarter of 2002. Revised results show that hourly compensation increased 4.2 percent in the second quarter and 3.0 percent in the first quarter of 2002 (seasonally adjusted annual rates). 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 3.2 percent in the third quarter of 2002.

Unit labor costs, which reflect changes in both hourly compensation and productivity, increased at a 0.9-percent annual rate during the third quarter. These costs had increased 2.4 percent in the second quarter, following a decrease of 4.9 percent in the first quarter of 2002 (as revised). The implicit price deflator for the business sector increased 0.6 percent during the third quarter of 2002, about the same as the 0.7 percent increase in the previous quarter.

Nonfarm business

Productivity in the nonfarm business sector grew at a 4.0-percent annual rate during the third quarter of 2002. This increase in output per hour occurred as output increased 4.1 percent and hours of all persons edged up 0.1 percent (seasonally adjusted annual rates). The small rise in hours reflects a 0.6-percent increase in employment combined with a 0.5-percent decline in average weekly hours at work. Nonfarm business productivity rose 1.7 percent in the second quarter of 2002, as output rose 0.9 percent and hours decreased 0.7 percent (table 2).

Hourly compensation increased at a 4.8 percent annual rate in the third quarter of 2002. When the rise in consumer prices is taken into account, real hourly compensation rose at a 2.9-percent annual rate during the July-September period. During the second quarter of 2002, real hourly compensation had risen 0.5 percent.

Unit labor costs increased 0.8 percent during the third quarter of 2002. In the second quarter, unit labor costs in the nonfarm business sector had increased 2.2 percent. The implicit price deflator for nonfarm business output rose 0.2 percent in the third quarter of 2002.

Manufacturing

Productivity increased 5.9 percent in manufacturing in the third quarter of 2002, as output grew 3.4 percent and hours of all persons fell 2.4 percent (seasonally adjusted annual rates). A 4.2 percent increase in labor productivity was recorded in the previous quarter, reflecting a 3.5-percent increase in output and a 0.7-percent decline in hours. Total manufacturing output has increased in each of the last three quarters, after having fallen in each of the six previous quarters. In durable goods, productivity grew 8.8 percent in the third quarter as output increased 4.5 percent and hours of all persons fell 4.0 percent. Productivity increased 2.0 percent in nondurable goods, as output rose 2.1 percent and hours of all persons increased 0.1 percent (tables 3, 4, and 5).

Hourly compensation of manufacturing workers increased an average of 4.5 percent during the third quarter, the largest increase in this series since the third quarter of 2000, when it grew 9.5 percent (seasonally adjusted annual rates). Hourly compensation grew 4.4 percent in durable goods and 5.0 percent in nondurable goods in the third quarter of 2002. When the increase in consumer prices is taken into account, real hourly compensation in total manufacturing rose 2.6 percent in the third quarter.

Unit labor costs in manufacturing decreased 1.3 percent in the third quarter of 2002. This was the fifth consecutive quarterly decline in these costs. In the durable goods sector, unit labor costs in the third quarter fell 4.1 percent. Unit labor costs rose 2.9 percent in the nondurable goods sector.

Revised Measures

Current and previous measures for the first and second quarters of 2002 for the business, nonfarm business, and manufacturing sectors are compared in table B. In the business and nonfarm business sectors, growth in output and productivity is slightly higher in the second quarter than reported on Sept. 5, based on information then available. In the first quarter of 2002, growth in hourly compensation in all of these sectors was revised down substantially, which resulted in larger declines in unit labor costs.

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 2002						
Business:						
Previous	1.7	0.5	-1.2	4.0	0.5	2.3
Current	1.8	0.6	-1.2	4.2	0.8	2.4
Nonfarm business:						
Previous	1.5	0.8	-0.7	3.7	0.2	2.1
Current	1.7	0.9	-0.7	3.9	0.5	2.2
Manufacturing:						
Previous	4.3	3.6	-0.7	3.0	-0.4	-1.2
Current	4.2	3.5	-0.7	3.2	-0.2	-1.0
First quarter 2002						
Business:						
Previous	8.3	5.9	-2.2	3.8	2.3	-4.2
Current	8.3	5.9	-2.2	3.0	1.6	-4.9
Nonfarm business:						
Previous	8.6	6.2	-2.2	3.6	2.2	-4.6
Current	8.6	6.2	-2.2	2.9	1.4	-5.3
Manufacturing:						
Previous	9.7	3.0	-6.1	6.9	5.4	-2.6
Current	9.7	3.0	-6.1	3.8	2.4	-5.3

Revised measures: Nonfinancial Corporations

Productivity and cost measures for nonfinancial corporations for the first and second quarters of 2002 also were revised to incorporate more recent information than was available on Sept. 5.

Productivity and output in this sector were revised up for the second quarter of 2002. Productivity grew at an annual rate of 5.9 percent, compared with the increase of 5.0 percent published Sept. 5. Hourly compensation was revised up much less than output per hour, so unit labor costs fell more, 1.3 percent, than the 0.8-percent decline reported at that time. Unit profits rose 0.9 percent in the second quarter of 2002 compared with the preliminary estimate of a 3.7-percent drop. Nonfinancial corporate output, productivity, and hourly compensation grew less during the first quarter of 2002 than reported Sept. 5. Because hourly compensation was revised down more than productivity, unit labor costs were revised down as well (tables C and 6).

Table C. Nonfinancial corporations: Previous and revised productivity and cost measures Quarterly percent changes at seasonally adjusted annual rates								
	Produc- tivity	Output	Hours	Hourly compen- sation	Real hourly compen- sation	Unit labor costs	Unit profits	Implicit price deflator
Second quarter 2002								
Previous.....	5.0	4.4	-0.6	4.2	0.8	-0.8	-3.7	-0.4
Current	5.9	5.3	-0.5	4.4	1.0	-1.3	0.9	-0.4
First quarter 2002								
Previous.....	5.1	3.7	-1.3	4.1	2.6	-0.9	-0.6	-0.8
Current	4.6	3.3	-1.3	3.4	2.0	-1.1	-0.1	-0.8

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Wednesday, Dec. 4, 2002**. 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. 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									
2000	I	115.3	138.4	120.1	131.4	110.5	114.0	110.7	112.8
	II	117.2	140.3	119.7	132.4	110.5	113.0	114.1	113.4
	III	117.3	140.4	119.7	135.0	111.7	115.1	111.2	113.7
	IV	117.9	140.7	119.4	136.3	111.9	115.6	112.0	114.3
	ANNUAL	116.9	140.0	119.7	133.8	111.2	114.4	112.0	113.5
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	111.1	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	r139.3	r112.0	r113.7	r119.9	116.0
	II	r123.1	142.5	115.8	r140.8	r112.2	r114.4	r119.3	r116.2
	III	124.4	144.0	115.7	142.5	113.1	114.6	119.4	116.4
Percent change from previous quarter at annual rate(5)									
2000	I	0.3	2.2	1.9	14.7	10.3	14.4	-15.1	2.4
	II	6.7	5.4	-1.2	3.0	0.0	-3.5	12.9	2.2
	III	0.4	0.4	0.0	8.3	4.6	7.8	-9.6	1.1
	IV	2.1	0.9	-1.2	3.7	0.7	1.6	2.6	1.9
	ANNUAL	3.0	4.1	1.0	6.8	3.4	3.7	-1.7	1.7
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	-2.6	0.7	4.9	2.2
	III	1.8	-0.9	-2.6	0.9	0.2	-0.9	6.8	1.8
	IV	7.6	3.5	-3.9	1.4	1.7	-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	r3.0	r1.6	r-4.9	r9.6	0.3
	II	r1.8	r0.6	-1.2	r4.2	r0.8	r2.4	r-2.0	r0.7
	III	4.3	4.1	-0.1	5.2	3.2	0.9	0.2	0.6
Percent change from corresponding quarter of previous year									
2000	I	2.3	4.6	2.3	5.9	2.5	3.5	-2.0	1.4
	II	4.1	5.4	1.3	6.5	3.1	2.3	0.8	1.7
	III	3.3	4.1	0.7	7.7	4.1	4.3	-2.5	1.7
	IV	2.4	2.2	-0.1	7.3	3.8	4.9	-2.9	1.9
	ANNUAL	3.0	4.1	1.0	6.8	3.4	3.7	-1.7	1.7
2001	I	1.9	1.4	-0.5	4.5	1.2	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	r1.4	r0.2	r-2.8	r6.8	0.7
	II	4.8	r2.3	-2.5	r2.4	r1.1	r-2.4	r5.0	0.3
	III	5.5	3.5	-1.9	3.4	1.8	-1.9	3.3	0.0

See footnotes following Table 6.
r=revisedNovember 7, 2002
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									
2000	I	114.7	138.7	120.9	130.8	110.0	114.0	112.3	113.4
	II	116.4	140.5	120.7	131.5	109.8	113.0	115.6	113.9
	III	116.6	140.6	120.6	134.3	111.1	115.2	112.8	114.3
	IV	117.1	141.0	120.4	135.3	111.2	115.6	113.4	114.8
	ANNUAL	116.2	140.2	120.6	133.0	110.6	114.4	113.5	114.1
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	110.2	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	r138.2	r111.1	r113.4	r121.7	116.4
	II	122.3	r142.9	116.8	r139.5	r111.2	r114.0	r121.7	116.8
	III	123.5	144.3	116.8	141.1	112.0	114.3	121.5	116.9
Percent change from previous quarter at annual rate(5)									
2000	I	0.2	1.9	1.7	15.2	10.7	14.9	-15.3	2.7
	II	6.0	5.4	-0.6	2.2	-0.7	-3.6	12.2	1.9
	III	0.6	0.2	-0.4	8.7	4.9	8.0	-9.1	1.4
	IV	1.7	1.1	-0.6	3.1	0.2	1.4	2.1	1.6
	ANNUAL	2.9	4.0	1.0	7.0	3.5	3.9	-1.7	1.8
2001	I	-1.5	-0.9	0.5	2.8	-0.9	4.3	1.5	3.3
	II	-0.1	-2.7	-2.6	0.1	-2.9	0.3	5.1	2.0
	III	2.1	-0.8	-2.9	1.0	0.3	-1.1	6.8	1.7
	IV	7.3	2.9	-4.1	1.5	1.8	-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	-2.2	r2.9	r1.4	r-5.3	r8.8	-0.2
	II	r1.7	r0.9	-0.7	r3.9	r0.5	r2.2	r0.1	r1.4
	III	4.0	4.1	0.1	4.8	2.9	0.8	-0.7	0.2
Percent change from corresponding quarter of previous year									
2000	I	2.3	4.5	2.1	6.2	2.8	3.7	-1.8	1.7
	II	4.0	5.4	1.3	6.6	3.2	2.5	0.7	1.8
	III	3.3	3.9	0.6	7.9	4.3	4.5	-2.6	1.8
	IV	2.1	2.2	0.0	7.2	3.7	4.9	-3.1	1.9
	ANNUAL	2.9	4.0	1.0	7.0	3.5	3.9	-1.7	1.8
2001	I	1.7	1.4	-0.3	4.2	0.9	2.4	1.4	2.1
	II	0.2	-0.6	-0.8	3.6	0.3	3.5	-0.3	2.1
	III	0.5	-0.8	-1.4	1.8	-0.8	1.2	3.9	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	r1.4	r0.1	r-2.9	r6.9	0.6
	II	r4.9	r2.3	-2.5	r2.3	r1.0	r-2.4	r5.6	r0.5
	III	5.3	3.5	-1.7	3.3	1.7	-2.0	3.7	0.1

See footnotes following Table 6.
r=revisedNovember 7, 2002
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							
2000	I	133.6	138.3	103.5	131.4	110.5	98.4
	II	134.9	139.8	103.6	129.3	107.9	95.9
	III	135.4	139.3	102.9	132.2	109.4	97.7
	IV	135.9	137.6	101.3	131.5	108.0	96.7
	ANNUAL	134.9	138.7	102.8	131.1	109.0	97.2
2001	I	135.4	135.1	99.8	132.0	107.4	97.5
	II	135.4	133.0	98.2	133.0	107.4	98.2
	III	136.4	131.3	96.3	133.3	107.5	97.8
	IV	137.6	129.2	93.9	134.3	108.3	97.6
	ANNUAL	136.2	132.1	97.1	133.1	107.7	97.8
2002	I	140.9	130.2	92.4	r135.6	r109.0	r96.2
	II	142.3	131.3	92.3	r136.6	r108.9	r96.0
	III	144.4	132.4	91.7	138.1	109.6	95.7
----- Percent change from previous quarter at annual rate(5)							
2000	I	4.5	2.7	-1.7	25.3	20.5	19.9
	II	3.8	4.4	0.5	-6.3	-9.0	-9.7
	III	1.6	-1.3	-2.8	9.5	5.8	7.8
	IV	1.6	-4.8	-6.3	-2.3	-5.1	-3.8
	ANNUAL	4.1	2.5	-1.5	7.4	3.9	3.2
2001	I	-1.5	-7.1	-5.6	1.6	-2.1	3.1
	II	0.0	-6.2	-6.2	3.1	-0.1	3.1
	III	2.9	-4.9	-7.6	1.0	0.3	-1.9
	IV	3.8	-6.3	-9.7	2.9	3.2	-0.9
	ANNUAL	0.9	-4.8	-5.6	1.5	-1.2	0.6
2002	I	9.7	3.0	-6.1	r3.8	r2.4	r-5.3
	II	r4.2	r3.5	-0.7	r3.2	r-0.2	r-1.0
	III	5.9	3.4	-2.4	4.5	2.6	-1.3
----- Percent change from corresponding quarter of previous year							
2000	I	4.4	3.6	-0.8	8.9	5.5	4.3
	II	4.7	3.8	-0.8	6.9	3.5	2.1
	III	4.3	2.6	-1.7	7.9	4.3	3.4
	IV	2.9	0.2	-2.6	5.9	2.4	2.9
	ANNUAL	4.1	2.5	-1.5	7.4	3.9	3.2
2001	I	1.3	-2.3	-3.6	0.5	-2.7	-0.9
	II	0.4	-4.9	-5.2	2.9	-0.5	2.5
	III	0.7	-5.7	-6.4	0.8	-1.8	0.1
	IV	1.3	-6.1	-7.3	2.1	0.3	0.8
	ANNUAL	0.9	-4.8	-5.6	1.5	-1.2	0.6
2002	I	4.0	-3.7	-7.4	r2.7	r1.4	r-1.3
	II	r5.1	r-1.3	-6.1	r2.7	r1.4	r-2.3
	III	5.9	0.8	-4.8	3.6	2.0	-2.1

See footnotes following Table 6.
r=revised

November 7, 2002
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							
2000	I	148.6	162.9	109.7	130.8	109.9	88.0
	II	150.0	165.2	110.2	127.5	106.4	85.0
	III	150.3	164.6	109.5	130.6	108.0	86.9
	IV	150.1	162.0	107.9	128.4	105.5	85.5
	ANNUAL	149.7	163.7	109.3	129.3	107.5	86.4
2001	I	149.0	157.9	106.0	129.4	105.3	86.8
	II	149.1	155.3	104.1	130.5	105.4	87.5
	III	150.1	152.2	101.4	130.2	105.0	86.7
	IV	150.9	148.6	98.5	131.8	106.3	87.3
	ANNUAL	149.8	153.5	102.5	130.4	105.5	87.1
2002	I	155.7	150.3	96.5	r132.7	r106.7	r85.2
	II	158.0	152.3	96.4	r133.6	r106.5	r84.6
	III	161.4	154.0	95.4	135.0	107.2	83.7
----- Percent change from previous quarter at annual rate(5)							
2000	I	7.6	6.3	-1.2	29.7	24.6	20.5
	II	3.9	5.8	1.8	-9.6	-12.1	-13.0
	III	0.8	-1.6	-2.3	9.9	6.1	9.1
	IV	-0.6	-6.2	-5.7	-6.5	-9.2	-6.0
	ANNUAL	4.4	3.6	-0.7	7.7	4.2	3.2
2001	I	-3.0	-9.7	-6.9	3.1	-0.6	6.2
	II	0.4	-6.5	-6.9	3.6	0.4	3.2
	III	2.7	-7.6	-10.0	-1.0	-1.7	-3.6
	IV	2.3	-9.2	-11.2	5.0	5.4	2.7
	ANNUAL	0.0	-6.2	-6.2	0.9	-1.9	0.8
2002	I	13.2	4.7	-7.5	r2.8	r1.3	r-9.2
	II	6.0	5.4	r-0.5	2.8	-0.6	r-3.0
	III	8.8	4.5	-4.0	4.4	2.4	-4.1
----- Percent change from corresponding quarter of previous year							
2000	I	5.2	5.1	-0.1	10.5	7.0	5.0
	II	5.1	5.3	0.2	7.4	4.0	2.2
	III	4.3	3.2	-1.1	8.1	4.5	3.6
	IV	2.9	1.0	-1.9	4.8	1.4	1.8
	ANNUAL	4.4	3.6	-0.7	7.7	4.2	3.2
2001	I	0.3	-3.1	-3.3	-1.1	-4.2	-1.3
	II	-0.6	-6.0	-5.5	2.3	-1.0	3.0
	III	-0.1	-7.5	-7.4	-0.3	-2.8	-0.2
	IV	0.6	-8.2	-8.8	2.6	0.8	2.1
	ANNUAL	0.0	-6.2	-6.2	0.9	-1.9	0.8
2002	I	4.5	-4.8	-8.9	r2.6	r1.3	r-1.9
	II	r5.9	-1.9	-7.4	r2.4	r1.1	r-3.4
	III	7.5	1.2	-5.9	3.7	2.1	-3.5

See footnotes following Table 6.
r=revised

November 7, 2002
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							
2000	I	120.6	114.9	95.3	130.6	109.8	108.3
	II	121.8	115.6	95.0	130.4	108.9	107.1
	III	122.6	115.4	94.1	133.2	110.2	108.7
	IV	123.9	114.5	92.4	135.0	110.9	108.9
	ANNUAL	122.2	115.1	94.2	132.3	110.0	108.3
2001	I	123.9	113.4	91.6	134.7	109.7	108.7
	II	123.6	111.7	90.4	135.5	109.4	109.6
	III	124.4	111.3	89.5	137.2	110.6	110.3
	IV	125.9	110.5	87.8	137.1	110.6	108.9
	ANNUAL	124.4	111.7	89.8	136.1	110.1	109.4
2002	I	127.5	110.8	86.9	139.1	111.8	109.1
	II	128.3	r111.2	r86.7	r140.4	r112.0	r109.5
	III	128.9	111.8	86.7	142.1	112.8	110.3

Percent change from previous quarter at annual rate(5)							
2000	I	0.8	-1.8	-2.5	17.8	13.3	17.0
	II	3.8	2.4	-1.4	-0.5	-3.4	-4.2
	III	2.6	-0.9	-3.5	8.7	4.9	5.9
	IV	4.6	-3.0	-7.2	5.6	2.5	0.9
	ANNUAL	3.8	1.1	-2.6	6.7	3.3	2.9
2001	I	-0.1	-3.7	-3.6	-0.8	-4.4	-0.7
	II	-0.9	-5.9	-5.0	2.3	-0.8	3.2
	III	2.5	-1.5	-3.8	5.1	4.4	2.5
	IV	4.9	-2.9	-7.4	-0.3	0.0	-5.0
	ANNUAL	1.8	-2.9	-4.7	2.9	0.1	1.0
2002	I	5.3	1.2	-3.9	r6.0	r4.5	r0.6
	II	r2.4	r1.5	r-0.9	r3.9	r0.5	r1.5
	III	2.0	2.1	0.1	5.0	3.1	2.9

Percent change from corresponding quarter of previous year							
2000	I	3.4	1.6	-1.8	6.1	2.8	2.6
	II	4.4	1.8	-2.5	5.8	2.5	1.4
	III	4.4	1.7	-2.5	7.4	3.8	2.9
	IV	2.9	-0.8	-3.7	7.7	4.2	4.6
	ANNUAL	3.8	1.1	-2.6	6.7	3.3	2.9
2001	I	2.7	-1.3	-3.9	3.1	-0.1	0.4
	II	1.5	-3.4	-4.8	3.9	0.5	2.3
	III	1.5	-3.5	-4.9	3.0	0.4	1.5
	IV	1.6	-3.5	-5.0	1.5	-0.3	0.0
	ANNUAL	1.8	-2.9	-4.7	2.9	0.1	1.0
2002	I	2.9	-2.3	-5.0	3.2	2.0	0.3
	II	r3.7	r-0.4	-4.0	r3.6	r2.3	r-0.1
	III	3.6	0.4	-3.1	3.6	2.0	0.0

See footnotes following Table 6.
r=revised

November 7, 2002
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											
2000	I	116.7	146.0	125.1	126.9	106.7	108.7	105.4	107.8	120.5	108.9
	II	116.8	146.0	125.0	127.8	106.6	109.4	107.7	108.9	120.4	109.9
	III	117.6	146.9	125.0	130.4	107.9	110.9	108.9	110.4	111.4	110.5
	IV	117.3	146.4	124.8	131.7	108.2	112.2	111.0	111.9	100.4	110.9
	ANNUAL	117.1	146.3	125.0	129.2	107.4	110.3	108.3	109.8	113.2	110.0
2001	I	116.6	145.2	124.6	131.3	106.9	112.6	113.7	112.9	94.9	111.4
	II	117.3	145.1	123.7	131.9	106.5	112.5	115.6	113.3	97.2	112.0
	III	118.2	145.0	122.7	132.7	107.0	112.3	117.6	113.7	99.7	112.5
	IV	121.3	146.9	121.2	133.6	107.8	110.2	116.2	111.8	109.6	111.6
	ANNUAL	118.3	145.6	123.0	132.4	107.0	111.9	115.8	112.9	100.3	111.9
2002	I	r122.6	r148.1	120.8	r134.7	r108.3	r109.8	r116.1	r111.5	r109.5	111.4
	II	r124.4	r150.0	120.6	r136.2	r108.6	r109.5	r116.6	r111.4	r109.8	111.3
Percent change from previous quarter at annual rate(5)											
2000	I	5.3	7.6	2.3	14.2	9.8	8.5	1.3	6.5	-17.6	3.9
	II	0.3	-0.2	-0.4	2.8	-0.1	2.6	8.9	4.2	-0.5	3.8
	III	2.6	2.6	0.0	8.5	4.7	5.7	4.5	5.4	-26.8	2.0
	IV	-0.7	-1.3	-0.5	4.1	1.1	4.9	7.8	5.6	-33.9	1.7
	ANNUAL	2.1	3.7	1.5	6.7	3.2	4.4	4.6	4.5	-14.1	2.5
2001	I	-2.6	-3.2	-0.7	-1.2	-4.8	1.4	10.1	3.6	-20.2	1.6
	II	2.3	-0.4	-2.7	1.8	-1.3	-0.5	7.1	1.5	10.0	2.1
	III	3.2	-0.3	-3.4	2.5	1.9	-0.7	7.2	1.5	10.7	2.1
	IV	10.8	5.4	-4.8	2.7	3.0	-7.3	-5.0	-6.7	46.0	-3.3
	ANNUAL	1.0	-0.5	-1.5	2.5	-0.3	1.4	6.9	2.9	-11.3	1.7
2002	I	r4.6	r3.3	-1.3	r3.4	r2.0	r-1.1	r-0.2	r-0.9	r-0.1	-0.8
	II	r5.9	r5.3	r-0.5	r4.4	r1.0	r-1.3	r1.7	r-0.5	r0.9	-0.4
Percent change from corresponding quarter of previous year											
2000	I	2.1	4.8	2.6	5.6	2.3	3.4	3.8	3.5	-12.1	1.8
	II	2.1	4.0	1.9	6.2	2.8	4.0	5.0	4.3	-11.2	2.6
	III	2.6	3.8	1.2	7.6	4.0	4.9	4.1	4.7	-12.9	2.9
	IV	1.8	2.1	0.3	7.3	3.8	5.4	5.6	5.4	-20.6	2.8
	ANNUAL	2.1	3.7	1.5	6.7	3.2	4.4	4.6	4.5	-14.1	2.5
2001	I	-0.1	-0.5	-0.4	3.5	0.2	3.6	7.8	4.7	-21.3	2.3
	II	0.4	-0.6	-1.0	3.2	-0.1	2.8	7.3	4.0	-19.3	1.9
	III	0.5	-1.3	-1.8	1.8	-0.8	1.2	8.0	3.1	-10.5	1.9
	IV	3.3	0.3	-2.9	1.4	-0.4	-1.8	4.7	-0.1	9.1	0.6
	ANNUAL	1.0	-0.5	-1.5	2.5	-0.3	1.4	6.9	2.9	-11.3	1.7
2002	I	r5.2	r2.0	-3.1	r2.6	r1.4	r-2.5	r2.1	-1.2	r15.4	0.0
	II	r6.1	r3.4	-2.5	r3.3	r1.9	r-2.7	r0.8	r-1.7	r13.0	-0.6

See footnotes following Table 6.
r=revised

November 7, 2002
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 $+1.7$ 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 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 1978-2001 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.