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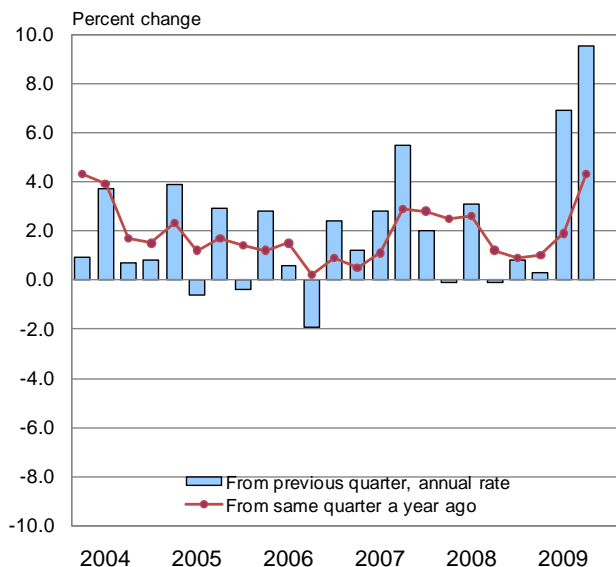
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**PRODUCTIVITY AND COSTS**  
Third Quarter 2009, Preliminary

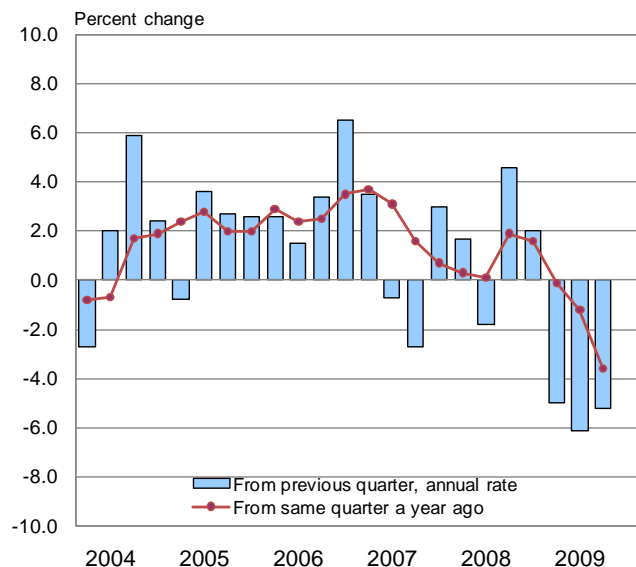
**Nonfarm business sector labor productivity** increased at a 9.5 percent annual rate during the third quarter of 2009, the U.S. Bureau of Labor Statistics reported today. This was the largest gain in productivity since the third quarter of 2003, when it rose 9.7 percent. Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours of all persons, including employees, proprietors, and unpaid family workers. Output increased 4.0 percent and hours worked decreased 5.0 percent in the third quarter of 2009 (all quarterly percent changes in this release are seasonally adjusted annual rates).

From the third quarter of 2008 to the third quarter of 2009, nonfarm business output fell 3.5 percent and hours worked fell faster, 7.5 percent, resulting in a productivity increase of 4.3 percent (chart 1, tables A and 2). The four-quarter decline in hours was the largest in the series, which begins in 1948. Nonfarm business productivity rose 1.8 percent in 2008, and 2.6 percent per year on average during the 2001-2007 period corresponding to the last complete business cycle.

**Chart 1. Output per hour, nonfarm business, all persons, 2004Q1 – 2009Q3**



**Chart 2. Unit labor costs, nonfarm business, all persons, 2004Q1 – 2009Q3**



**Unit labor costs in nonfarm businesses** fell 5.2 percent in the third quarter of 2009; the increase in productivity outpaced the increase in hourly compensation. Unit labor costs declined 3.6 percent over the last four quarters—the largest decrease since the series began in 1948 (chart 2, tables A and 2). BLS defines unit labor costs as the ratio of hourly compensation to labor productivity; increases in hourly compensation tend to increase unit labor costs and increases in output per hour tend to reduce them.

Productivity increased 9.8 percent in the **business sector** in the third quarter of 2009. This was the largest increase in the series since the second quarter of 1972. Unit labor costs decreased 5.1 percent during the third quarter of 2009 (tables A and 1).

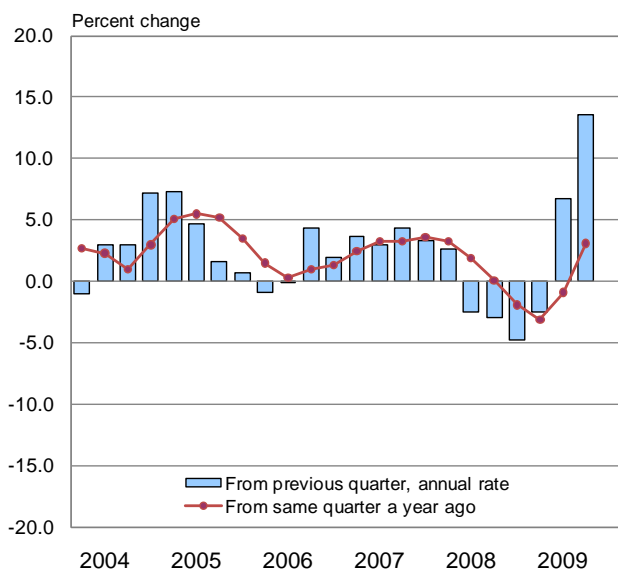
**Manufacturing sector productivity** grew 13.6 percent in the third quarter of 2009, as output increased 7.7 percent despite a 5.2 percent decrease in hours worked. This was the largest increase in the quarterly productivity series, which begins in 1987. Over the last four quarters, manufacturing productivity increased 3.1 percent as output and hours declined 10.8 percent and 13.5 percent respectively (chart 3, tables A and 3). Manufacturing sector productivity increased 0.8 percent in 2008, and at an average annual rate of 4.0 percent from 2001 to 2007.

In the third quarter of 2009, changes in productivity, output, and hours were larger in durable goods producing industries than in nondurable goods industries (tables A, 4 and 5).

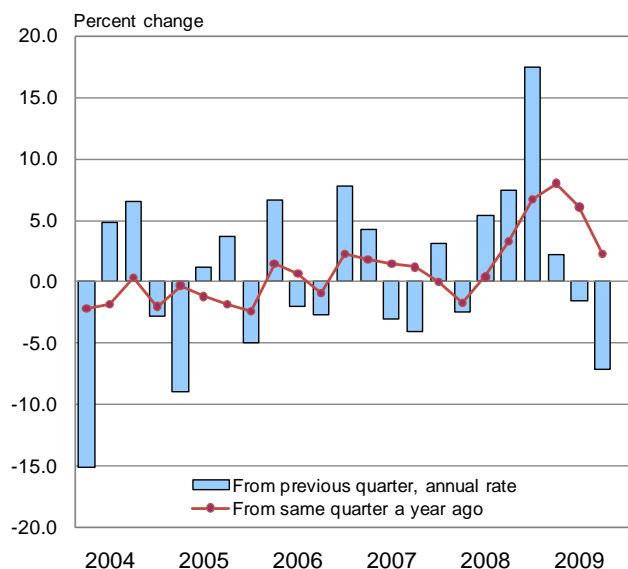
**Manufacturing unit labor costs** fell at a 7.1 percent annual rate in the third quarter of 2009, but increased 2.3 percent over the last four quarters (chart 4, tables A and 3).

The data sources and methods used in the preparation of the manufacturing output series differ from those used in preparing the business and nonfarm business output series, and these measures are not directly comparable. See Technical Notes for further information on data sources (page 4).

**Chart 3. Output per hour, manufacturing, all persons, 2004Q1 – 2009Q3**



**Chart 4. Unit labor costs, manufacturing, all persons, 2004Q1 – 2009Q3**



### Revised measures

In the second quarter of 2009, **nonfarm business** productivity growth was revised up to 6.9 percent, reflecting declines in output and hours of 1.1 percent and 7.5 percent, respectively. Unit labor costs were revised down due to the upward revision in productivity. In the **manufacturing sector**, revised second quarter productivity growth was 6.8 percent, a 1.9 percentage point upward revision. Manufacturing unit labor costs declined 1.6 percent, rather than rising 0.2 percent as reported September 2.

In the **nonfinancial corporate sector**, revised data for the second quarter of 2009 show that productivity increased 6.6 percent, as output per hour was revised up along with output; hours were unrevised. After revision, unit labor costs fell 4.5 percent in the second quarter, but rose 1.4 percent from the second quarter of 2008 to the second quarter of 2009. Unit profits grew at a 23.0 percent annual rate in the second quarter of 2009.

**The revised Productivity and Costs press release for third-quarter 2009 is scheduled to be released on Thursday, December 3, 2009 at 8:30 a.m. (EST)**

**Table A. Preliminary third-quarter 2009 measures, percent change from previous quarter, annual rate (Q to Q) and from same quarter a year ago (Y to Y)**

Sector	Nonfarm Business		Business		Manufacturing		Durable Manufacturing		Nondurable Manufacturing	
	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y
Productivity	<b>9.5</b>	4.3	<b>9.8</b>	4.3	<b>13.6</b>	3.1	<b>21.2</b>	-0.9	<b>5.5</b>	4.7
Output	<b>4.0</b>	-3.5	<b>4.1</b>	-3.3	<b>7.7</b>	-10.8	<b>12.4</b>	-16.9	<b>3.4</b>	-4.6
Hours	<b>-5.0</b>	-7.5	<b>-5.1</b>	-7.4	<b>-5.2</b>	-13.5	<b>-7.2</b>	-16.1	<b>-2.0</b>	-8.9
Hourly compensation	<b>3.8</b>	0.5	<b>4.2</b>	0.5	<b>5.5</b>	5.5	<b>6.0</b>	6.2	<b>5.2</b>	4.8
Real hourly compensation	<b>0.2</b>	2.1	<b>0.5</b>	2.1	<b>1.9</b>	7.1	<b>2.3</b>	7.9	<b>1.6</b>	6.4
Unit labor costs	<b>-5.2</b>	-3.6	<b>-5.1</b>	-3.7	<b>-7.1</b>	2.3	<b>-12.5</b>	7.2	<b>-0.3</b>	0.1

**Table B. Revised and previous measures for: second quarter 2009**

Sector	Nonfarm Business		Business		Manufacturing		Durable Manufacturing		Nondurable Manufacturing	
	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous
Percent change, annual rate										
Productivity	<b>6.9</b>	6.6	<b>6.8</b>	6.5	<b>6.8</b>	4.9	<b>3.7</b>	3.1	<b>5.2</b>	2.2
Output	<b>-1.1</b>	-1.5	<b>-1.0</b>	-1.4	<b>-8.1</b>	-9.8	<b>-15.9</b>	-16.4	<b>-0.2</b>	-3.2
Hours	<b>-7.5</b>	-7.6	<b>-7.4</b>	-7.5	<b>-13.9</b>	-14.0	<b>-18.9</b>	-18.9	<b>-5.1</b>	-5.3
Hourly compensation	<b>0.3</b>	0.3	<b>0.2</b>	0.2	<b>5.1</b>	5.1	<b>7.9</b>	7.9	<b>1.3</b>	1.5
Real hourly compensation	<b>-1.0</b>	-1.0	<b>-1.1</b>	-1.2	<b>3.7</b>	3.7	<b>6.5</b>	6.5	<b>0.0</b>	0.2
Unit labor costs	<b>-6.1</b>	-5.9	<b>-6.2</b>	-6.0	<b>-1.6</b>	0.2	<b>4.1</b>	4.6	<b>-3.7</b>	-0.7

**Table C. Nonfinancial corporations: revised second quarter 2009 productivity and cost measures**

	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change, annual rate								
<b>Revised</b>	<b>6.6</b>	<b>-2.2</b>	<b>-8.3</b>	<b>1.8</b>	<b>0.5</b>	<b>-4.5</b>	<b>23.0</b>	<b>-1.3</b>
Previous	6.2	-2.6	-8.3	1.8	0.4	-4.2	22.5	-1.1

## 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. Weekly paid hours are adjusted to hours at work using data from the National Compensation Survey (NCS). The BLS Hours at Work survey, conducted for this purpose, was used for earlier years. The Office of Productivity and Technology estimates average weekly hours at work for nonproduction and supervisory workers using information from the Current Population Survey (CPS), the CES, and the NCS.

Data from the CPS are used for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Estimates of labor input for government enterprises are derived from the CPS, the CES, and the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) of the Department of Commerce.

The CES measures jobs, counting a person who is employed by two or more establishments at each place of employment. In contrast, the CPS features measures of employment that count each person only once and classify each person according to his or her primary job; hours worked at all jobs by that person accrue to his or her primary job. However, the CPS also collects more detailed information on employment and hours worked at primary jobs and all other jobs, separately. The BLS productivity measures use the more detailed information on employment and hours to assign all hours worked to the correct industrial sector and avoid duplicating hours data from the CES.

**Output:** Business sector output is a chain-type, current-weighted index constructed after excluding from gross domestic product (GDP) the following outputs: general government, nonprofit institutions, and private households (including owner-occupied housing). Corresponding exclusions also are made in labor inputs. Business output accounted for about 77 percent of the value of GDP in 2005. Nonfarm business, which excludes farming, accounted for about 76 percent of GDP in 2005.

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 BLS. 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 3-digit NAICS industries: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing. Nondurables include: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

Nonfinancial corporate output is a chain-type, current-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; private households; unincorporated business; and those corporations classified as offices of bank holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 50 percent of the value of GDP in 2005.

**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.

**Labor Compensation:** Estimates of labor compensation by major sector, required for measures of hourly compensation and unit labor costs, are based primarily on employee compensation data from the NIPA, prepared by the BEA. The compensation of employees in general government, nonprofit institutions and private households are subtracted from compensation of domestic employees to derive employee compensation for the business sector. The labor compensation of proprietors cannot be explicitly identified and must be estimated. This is done by assuming that proprietors have the same hourly compensation as employees in the same sector. The quarterly labor productivity and cost measures do not contain estimates of compensation for unpaid family workers.

**Unit Labor Costs:** The measures of unit labor costs in this release describe the relationship between compensation per hour and productivity, or real output per hour, and can be used as an indicator of inflationary pressure on producers. Increases in hourly compensation increase unit labor costs; labor productivity increases offset compensation increases and lower unit labor costs.

**Presentation of the data:** The quarterly data in this release are presented in three ways; as index number series where 1992=100, as percent changes from the corresponding quarter of the previous year, and as percent changes from the previous quarter presented at a compound annual rate. Annual data are presented both as index number series and percent changes from the previous year.

The index numbers and rates of change reported in the productivity and costs news release are rounded to one decimal place. All percent changes in this release and on the BLS web site are calculated using index numbers to three decimal places. These index numbers are available at the BLS web site, <http://www.bls.gov/data/home.htm>, or by contacting the BLS Division of Major Sector Productivity. (Telephone 202-691-5606 or email DPRWEB@BLS.GOV)

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5606; 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									
2007	I	139.0	168.4	121.2	175.2	122.7	126.0	136.7	130.0
	II	140.2	169.8	121.2	176.5	122.4	125.9	139.4	130.9
	III	142.1	171.4	120.6	177.8	122.6	125.1	141.9	131.4
	IV	142.6	172.3	120.8	179.6	122.1	125.9	141.9	131.9
	ANNUAL	141.0	170.5	120.9	177.3	122.4	125.7	140.0	131.0
2008	I	142.7	171.7	120.3	180.3	121.2	126.3	141.7	132.1
	II	143.8	172.2	119.8	181.0	120.4	125.9	143.8	132.5
	III	143.9	170.6	118.6	183.0	119.9	127.2	145.4	134.0
	IV	144.2	167.4	116.1	184.2	123.3	127.7	143.6	133.6
	ANNUAL	143.6	170.5	118.7	182.1	121.1	126.8	143.6	133.0
2009	I	144.3	163.6	113.4	182.0	122.6	126.1	148.1	134.3
	II	r146.7	r163.2	r111.3	r182.1	r122.2	r124.1	r151.2	r134.2
	III	150.1	164.9	109.8	183.9	122.4	122.5	154.5	134.4
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Percent change from previous quarter at annual rate(5)									
2007	I	0.9	0.8	-0.1	4.4	0.6	3.5	4.8	4.0
	II	3.5	3.5	0.0	3.1	-1.1	-0.4	8.0	2.8
	III	5.5	3.7	-1.7	3.0	0.6	-2.4	7.4	1.4
	IV	1.6	2.1	0.5	4.3	-1.4	2.6	0.2	1.6
	ANNUAL	1.8	2.2	0.4	4.2	1.3	2.4	3.0	2.6
2008	I	0.2	-1.3	-1.5	1.5	-3.0	1.3	-0.5	0.6
	II	3.1	1.1	-1.9	1.6	-2.8	-1.5	5.9	1.4
	III	0.3	-3.7	-4.0	4.5	-1.6	4.2	4.5	4.3
	IV	0.8	-7.2	-8.0	2.6	12.0	1.8	-4.9	-1.0
	ANNUAL	1.9	0.0	-1.9	2.7	-1.1	0.8	2.6	1.5
2009	I	0.2	-8.7	-8.9	-4.7	-2.4	-4.9	13.3	2.1
	II	r6.8	r-1.0	r-7.4	0.2	r-1.1	r-6.2	r8.7	r-0.3
	III	9.8	4.1	-5.1	4.2	0.5	-5.1	9.1	0.7
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Percent change from corresponding quarter of previous year									
2007	I	0.3	1.5	1.1	4.0	1.6	3.7	1.6	2.9
	II	1.0	2.0	0.9	4.4	1.7	3.3	1.9	2.8
	III	3.0	3.0	0.0	4.8	2.4	1.7	3.3	2.4
	IV	2.9	2.5	-0.3	3.7	-0.3	0.8	5.1	2.5
	ANNUAL	1.8	2.2	0.4	4.2	1.3	2.4	3.0	2.6
2008	I	2.7	2.0	-0.7	2.9	-1.2	0.2	3.7	1.6
	II	2.6	1.4	-1.2	2.6	-1.7	0.0	3.2	1.2
	III	1.3	-0.5	-1.7	2.9	-2.2	1.6	2.5	2.0
	IV	1.1	-2.8	-3.9	2.5	1.0	1.4	1.2	1.3
	ANNUAL	1.9	0.0	-1.9	2.7	-1.1	0.8	2.6	1.5
2009	I	1.1	-4.7	-5.7	0.9	1.1	-0.2	4.5	1.7
	II	r2.0	r-5.2	r-7.1	0.6	1.5	r-1.4	r5.2	1.3
	III	4.3	-3.3	-7.4	0.5	2.1	-3.7	6.3	0.4

See footnotes following Table 6.  
r=revised

November 5, 2009  
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								
2007	I	138.2	168.8	122.1	174.2	122.1	126.0	138.2
	II	139.2	170.3	122.4	175.1	121.4	125.8	140.9
	III	141.1	172.0	121.9	176.3	121.5	125.0	143.3
	IV	141.8	172.8	121.9	178.5	121.3	125.9	143.0
	ANNUAL	140.1	171.0	122.1	176.0	121.6	125.7	141.4
2008	I	141.7	172.0	121.4	179.2	120.5	126.4	142.5
	II	142.8	172.6	120.8	179.8	119.6	125.9	144.9
	III	142.8	170.8	119.6	181.8	119.1	127.3	146.6
	IV	143.1	167.5	117.0	183.1	122.6	128.0	145.3
	ANNUAL	142.6	170.7	119.7	181.0	120.4	126.9	144.8
2009	I	143.2	163.7	114.3	180.9	121.9	126.3	150.5
	II	r145.6	r163.2	r112.1	r181.1	r121.6	r124.3	r153.6
	III	148.9	164.9	110.7	182.8	121.6	122.7	157.3
Percent change from previous quarter at annual rate(5)								
2007	I	1.2	0.9	-0.3	4.7	0.8	3.5	3.9
	II	2.8	3.7	0.9	2.0	-2.1	-0.7	8.1
	III	5.5	3.9	-1.5	2.7	0.3	-2.7	7.0
	IV	2.0	1.8	-0.2	5.0	-0.7	3.0	-0.9
	ANNUAL	1.8	2.3	0.5	4.2	1.3	2.3	2.4
2008	I	-0.1	-1.7	-1.6	1.7	-2.8	1.7	-1.5
	II	3.1	1.3	-1.7	1.3	-3.0	-1.8	6.9
	III	-0.1	-4.0	-3.9	4.5	-1.6	4.6	4.7
	IV	0.8	-7.6	-8.3	2.9	12.3	2.0	-3.5
	ANNUAL	1.8	-0.1	-1.9	2.8	-1.0	1.0	2.4
2009	I	0.3	-8.8	-9.0	-4.7	-2.4	-5.0	15.2
	II	r6.9	r-1.1	r-7.5	0.3	-1.0	r-6.1	r8.5
	III	9.5	4.0	-5.0	3.8	0.2	-5.2	10.0
Percent change from corresponding quarter of previous year								
2007	I	0.5	1.5	0.9	4.3	1.8	3.7	1.0
	II	1.1	2.1	1.1	4.3	1.6	3.1	1.3
	III	2.9	3.2	0.2	4.6	2.2	1.6	2.8
	IV	2.8	2.6	-0.3	3.6	-0.4	0.7	4.5
	ANNUAL	1.8	2.3	0.5	4.2	1.3	2.3	2.4
2008	I	2.5	1.9	-0.6	2.9	-1.3	0.3	3.1
	II	2.6	1.3	-1.3	2.7	-1.5	0.1	2.8
	III	1.2	-0.7	-1.9	3.1	-2.0	1.9	2.3
	IV	0.9	-3.0	-4.0	2.6	1.0	1.6	1.6
	ANNUAL	1.8	-0.1	-1.9	2.8	-1.0	1.0	2.4
2009	I	1.0	-4.8	-5.8	0.9	1.1	-0.1	5.6
	II	1.9	r-5.4	-7.2	0.7	r1.7	-1.2	r6.0
	III	4.3	-3.5	-7.5	0.5	2.1	-3.6	7.3

See footnotes following Table 6.  
r=revised

November 5, 2009  
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	
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Indexes 1992=100							
2007	I	176.9	148.0	83.7	172.9	121.1	97.7
	II	178.2	149.3	83.8	172.9	119.9	97.0
	III	180.1	150.3	83.4	172.9	119.2	96.0
	IV	181.6	150.4	82.8	175.6	119.4	96.7
	ANNUAL	179.2	149.5	83.4	173.6	119.9	96.9
2008	I	182.8	149.9	82.0	175.7	118.1	96.1
	II	181.6	148.0	81.5	176.9	117.6	97.4
	III	180.3	144.4	80.1	178.8	117.1	99.2
	IV	178.1	137.2	77.0	183.9	123.1	103.2
	ANNUAL	180.7	144.9	80.2	178.7	118.9	98.9
2009	I	r177.0	r129.1	72.9	183.7	123.7	r103.8
	II	r179.9	r126.4	r70.2	r186.0	r124.9	r103.4
	III	185.8	128.8	69.3	188.5	125.4	101.5
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Percent change from previous quarter at annual rate(5)							
2007	I	3.7	1.8	-1.9	8.2	4.2	4.3
	II	3.0	3.4	0.4	0.0	-4.1	-3.0
	III	4.4	2.7	-1.6	0.1	-2.2	-4.1
	IV	3.3	0.3	-2.9	6.5	0.7	3.1
	ANNUAL	3.2	1.3	-1.8	4.3	1.4	1.1
2008	I	2.6	-1.2	-3.7	0.1	-4.3	-2.5
	II	-2.5	-5.2	-2.7	2.8	-1.6	5.4
	III	-2.9	-9.3	-6.5	4.3	-1.7	7.5
	IV	-4.7	-18.4	-14.4	12.0	22.2	17.5
	ANNUAL	0.8	-3.1	-3.9	3.0	-0.8	2.1
2009	I	r-2.5	r-21.7	-19.8	-0.4	2.0	r2.2
	II	r6.8	r-8.1	r-13.9	5.1	3.7	r-1.6
	III	13.6	7.7	-5.2	5.5	1.9	-7.1
-----							
Percent change from corresponding quarter of previous year							
2007	I	2.5	0.4	-2.0	4.3	1.9	1.8
	II	3.3	1.3	-2.0	4.9	2.1	1.5
	III	3.3	1.6	-1.6	4.5	2.1	1.2
	IV	3.6	2.0	-1.5	3.6	-0.4	0.0
	ANNUAL	3.2	1.3	-1.8	4.3	1.4	1.1
2008	I	3.3	1.3	-2.0	1.6	-2.5	-1.7
	II	1.9	-0.9	-2.7	2.3	-1.9	0.4
	III	0.1	-3.9	-4.0	3.4	-1.8	3.3
	IV	-1.9	-8.7	-7.0	4.7	3.1	6.7
	ANNUAL	0.8	-3.1	-3.9	3.0	-0.8	2.1
2009	I	r-3.1	-13.9	-11.1	4.6	4.8	8.0
	II	r-0.9	r-14.6	-13.8	5.2	6.2	r6.1
	III	3.1	-10.8	-13.5	5.5	7.1	2.3
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See footnotes following Table 6.  
r=revised

November 5, 2009  
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							
2007	I	204.1	180.4	88.4	168.0	117.7	82.3
	II	206.9	183.0	88.5	167.3	116.0	80.9
	III	209.7	185.0	88.2	167.5	115.5	79.9
	IV	212.9	185.7	87.2	170.1	115.6	79.9
	ANNUAL	208.4	183.5	88.1	168.2	116.2	80.7
2008	I	213.6	185.3	86.8	169.5	113.9	79.4
	II	211.1	181.8	86.1	171.2	113.8	81.1
	III	212.2	178.1	83.9	173.7	113.8	81.8
	IV	204.3	165.1	80.8	178.1	119.2	87.2
	ANNUAL	210.4	177.6	84.4	173.0	115.1	82.2
2009	I	r198.7	r150.1	75.6	178.4	120.1	r89.8
	II	r200.5	r143.7	71.7	r181.8	r122.1	r90.7
	III	210.4	148.0	70.4	184.5	122.8	87.7
-----							
Percent change from previous quarter at annual rate(5)							
2007	I	4.2	1.2	-2.9	10.1	6.0	5.6
	II	5.6	6.0	0.4	-1.7	-5.7	-6.9
	III	5.6	4.4	-1.1	0.4	-1.9	-4.9
	IV	6.3	1.4	-4.5	6.3	0.5	0.1
	ANNUAL	4.0	1.8	-2.1	4.7	1.8	0.7
2008	I	1.2	-0.9	-2.0	-1.4	-5.7	-2.5
	II	-4.6	-7.3	-2.9	4.1	-0.4	9.1
	III	2.2	-7.9	-9.9	5.9	-0.2	3.6
	IV	-14.2	-26.2	-14.1	10.5	20.6	28.8
	ANNUAL	0.9	-3.3	-4.2	2.8	-1.0	1.9
2009	I	r-10.5	r-31.6	-23.5	0.7	3.1	r12.6
	II	r3.7	r-15.9	-18.9	7.9	6.5	r4.1
	III	21.2	12.4	-7.2	6.0	2.3	-12.5
-----							
Percent change from corresponding quarter of previous year							
2007	I	2.6	0.3	-2.3	4.9	2.4	2.2
	II	4.1	1.4	-2.6	5.3	2.6	1.2
	III	4.0	2.3	-1.6	5.0	2.7	1.0
	IV	5.4	3.2	-2.1	3.7	-0.3	-1.6
	ANNUAL	4.0	1.8	-2.1	4.7	1.8	0.7
2008	I	4.6	2.7	-1.8	0.9	-3.2	-3.6
	II	2.0	-0.7	-2.6	2.3	-1.9	0.3
	III	1.2	-3.7	-4.9	3.7	-1.5	2.5
	IV	-4.1	-11.1	-7.3	4.7	3.1	9.1
	ANNUAL	0.9	-3.3	-4.2	2.8	-1.0	1.9
2009	I	-7.0	-19.0	-12.9	5.3	5.5	r13.1
	II	r-5.0	r-20.9	-16.8	6.2	7.2	r11.8
	III	-0.9	-16.9	-16.1	6.2	7.9	7.2
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See footnotes following Table 6.  
r=revised

November 5, 2009  
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 -----							
2007	I	151.3	115.9	76.6	179.7	125.9	118.8
	II	151.4	116.0	76.7	181.2	125.6	119.7
	III	152.6	116.3	76.2	180.9	124.7	118.5
	IV	152.3	116.0	76.2	184.1	125.1	120.8
	ANNUAL	151.9	116.1	76.4	181.5	125.3	119.5
2008	I	154.3	115.6	74.9	185.2	124.5	120.0
	II	154.2	114.8	74.4	185.3	123.2	120.2
	III	150.1	111.6	74.4	186.3	122.1	124.1
	IV	152.3	108.7	71.4	192.8	129.1	126.6
	ANNUAL	152.7	112.7	73.8	187.4	124.6	122.7
2009	I	r153.2	r105.6	69.0	192.1	129.4	r125.4
	II	r155.1	r105.6	r68.1	r192.8	r129.4	r124.3
	III	157.2	106.5	67.7	195.2	129.9	124.2
----- Percent change from previous quarter at annual rate(5) -----							
2007	I	2.4	2.4	0.0	4.9	1.1	2.4
	II	0.3	0.7	0.4	3.3	-0.9	3.0
	III	3.4	0.8	-2.5	-0.6	-2.9	-3.9
	IV	-0.9	-0.9	0.0	7.1	1.3	8.0
	ANNUAL	2.0	0.9	-1.1	3.6	0.8	1.6
2008	I	5.4	-1.4	-6.5	2.6	-1.9	-2.7
	II	-0.4	-2.8	-2.5	0.2	-4.0	0.6
	III	-10.2	-10.6	-0.5	2.1	-3.8	13.7
	IV	6.0	-9.9	-15.0	14.7	25.2	8.2
	ANNUAL	0.6	-2.9	-3.4	3.3	-0.6	2.7
2009	I	r2.2	r-11.1	-13.0	-1.5	0.9	r-3.6
	II	r5.2	r-0.2	r-5.1	r1.3	r0.0	r-3.7
	III	5.5	3.4	-2.0	5.2	1.6	-0.3
----- Percent change from corresponding quarter of previous year -----							
2007	I	2.3	0.7	-1.6	3.4	0.9	1.1
	II	2.1	1.2	-0.9	4.1	1.4	2.0
	III	2.5	0.9	-1.6	3.4	1.1	0.9
	IV	1.3	0.8	-0.5	3.7	-0.4	2.3
	ANNUAL	2.0	0.9	-1.1	3.6	0.8	1.6
2008	I	2.0	-0.2	-2.2	3.1	-1.1	1.0
	II	1.9	-1.1	-2.9	2.3	-1.9	0.4
	III	-1.7	-4.0	-2.4	3.0	-2.1	4.7
	IV	0.0	-6.3	-6.3	4.8	3.2	4.8
	ANNUAL	0.6	-2.9	-3.4	3.3	-0.6	2.7
2009	I	-0.8	-8.7	-8.0	3.7	3.9	r4.5
	II	r0.6	r-8.1	-8.6	r4.0	r5.0	r3.4
	III	4.7	-4.6	-8.9	4.8	6.4	0.1

See footnotes following Table 6.  
r=revised

November 5, 2009  
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporate sector: 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											
2007	I	143.5	175.1	122.0	164.2	115.0	114.4	123.1	116.8	171.2	121.8
	II	144.5	176.5	122.1	165.2	114.6	114.4	124.9	117.2	171.8	122.2
	III	144.1	175.8	122.0	166.2	114.5	115.3	127.4	118.6	155.6	122.0
	IV	145.9	178.5	122.3	168.3	114.4	115.3	127.9	118.7	149.9	121.6
	ANNUAL	144.5	176.5	122.1	166.0	114.6	114.9	125.8	117.8	162.1	121.9
2008	I	145.0	176.9	122.0	168.6	113.4	116.3	129.1	119.8	133.0	121.0
	II	147.4	178.8	121.3	169.7	112.9	115.1	129.2	118.9	134.7	120.4
	III	148.6	178.4	120.1	171.8	112.5	115.6	129.8	119.4	145.3	121.8
	IV	148.0	174.6	117.9	173.7	116.3	117.3	134.1	121.8	129.5	122.5
	ANNUAL	147.2	177.2	120.3	170.9	113.7	116.1	130.5	120.0	135.7	121.4
2009	I	145.3	166.6	114.7	171.6	115.6	118.1	139.1	123.8	127.5	124.1
	II	r147.6	r165.7	r112.3	r172.4	r115.7	r116.8	r138.5	r122.6	r134.3	r123.7
Percent change from previous quarter at annual rate(5)											
2007	I	-0.2	0.2	0.4	4.3	0.4	4.5	7.5	5.3	-10.2	3.2
	II	2.8	3.2	0.4	2.5	-1.6	-0.3	5.8	1.4	1.5	1.4
	III	-1.1	-1.5	-0.4	2.3	-0.1	3.4	8.2	4.8	-32.7	-0.7
	IV	5.3	6.2	0.9	5.3	-0.4	0.0	1.5	0.5	-13.8	-1.3
	ANNUAL	1.0	1.7	0.7	3.6	0.8	2.6	5.8	3.5	-9.9	1.7
2008	I	-2.7	-3.6	-1.0	0.7	-3.7	3.5	3.9	3.6	-38.0	-1.9
	II	6.9	4.4	-2.4	2.6	-1.8	-4.0	0.5	-2.7	5.0	-2.0
	III	3.2	-0.8	-3.9	4.9	-1.2	1.6	1.8	1.6	35.5	4.8
	IV	-1.4	-8.3	-6.9	4.6	14.1	6.1	13.9	8.3	-37.0	2.4
	ANNUAL	1.9	0.4	-1.5	3.0	-0.8	1.1	3.7	1.8	-16.3	-0.4
2009	I	-7.3	-17.1	-10.5	-4.7	-2.4	2.9	15.8	6.6	-5.8	5.3
	II	r6.6	r-2.2	-8.3	1.8	r0.5	r-4.5	r-1.6	r-3.6	r23.0	r-1.3
Percent change from corresponding quarter of previous year											
2007	I	0.3	1.4	1.1	3.3	0.8	2.9	5.5	3.7	-3.0	2.8
	II	1.7	2.6	0.9	3.7	1.0	2.0	5.0	2.8	-2.2	2.1
	III	0.5	0.9	0.4	4.0	1.6	3.5	7.0	4.5	-18.7	1.1
	IV	1.6	2.0	0.3	3.6	-0.4	1.9	5.7	3.0	-14.7	0.6
	ANNUAL	1.0	1.7	0.7	3.6	0.8	2.6	5.8	3.5	-9.9	1.7
2008	I	1.0	1.0	0.0	2.7	-1.5	1.7	4.8	2.6	-22.3	-0.6
	II	2.0	1.3	-0.7	2.7	-1.5	0.7	3.5	1.5	-21.6	-1.5
	III	3.1	1.5	-1.6	3.4	-1.8	0.2	1.9	0.7	-6.6	-0.1
	IV	1.4	-2.2	-3.6	3.2	1.6	1.7	4.9	2.6	-13.6	0.8
	ANNUAL	1.9	0.4	-1.5	3.0	-0.8	1.1	3.7	1.8	-16.3	-0.4
2009	I	0.2	-5.8	-6.0	1.8	2.0	1.6	7.7	3.4	-4.1	2.6
	II	r0.1	r-7.3	-7.4	1.6	2.5	r1.4	r7.2	r3.1	r-0.3	2.8

See footnotes following Table 6.  
r=revised

November 5, 2009  
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 +1.4 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 2009.

### 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 1978-2008 is based on the Consumer Price Index research series (CPI-U-RS).

(3) Unit nonlabor payments include profits, consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, business current transfer payments, rental income of persons, and the current surplus of government enterprises.

(4) Current dollar output divided by the output index.

(5) Quarterly changes: Percent change compounded at annual rate is calculated using index numbers to three decimal places. Indexes published in the news release are rounded to one decimal place for convenience. Annual changes: Percent change is calculated using annual average indexes to three decimal places.

(6) Unit nonlabor costs include consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, and business current transfer payments.

(7) Total unit costs are the sum of unit labor and nonlabor costs.

(8) Unit profits include corporate profits before tax with inventory valuation and capital consumption adjustments.