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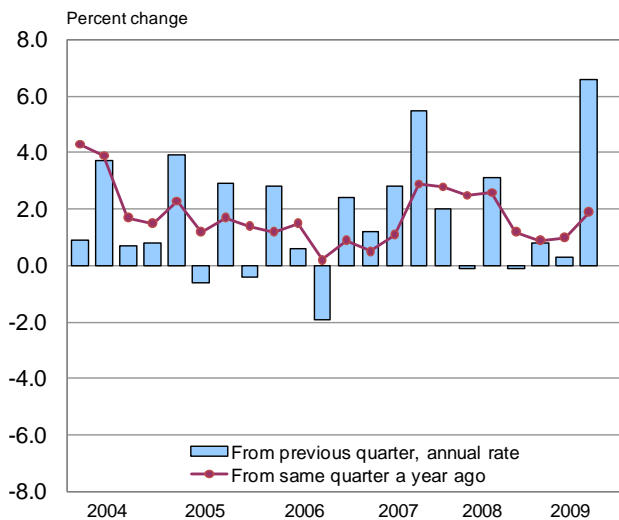
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**PRODUCTIVITY AND COSTS**  
Second Quarter 2009, Revised

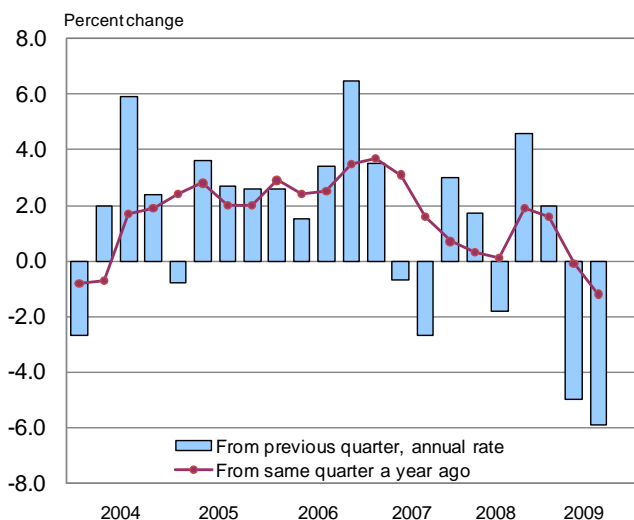
**Nonfarm business sector labor productivity** increased at a 6.6 percent annual rate during the second quarter of 2009, the U.S. Bureau of Labor Statistics reported today. This was the largest productivity increase since the third quarter of 2003, and reflects declines of 1.5 percent in output and 7.6 percent in hours worked. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the second quarter of 2008 to the second quarter of 2009, output fell 5.5 percent while hours fell 7.2 percent, yielding an increase in productivity of 1.9 percent (chart 1, tables A and 2). Nonfarm business productivity increased at an annual rate of 2.5 percent from 2000 through 2008.

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.

**Chart 1. Output per hour, nonfarm business, all persons, 2004Q1 – 2009Q2**



**Chart 2. Unit labor costs, nonfarm business, all persons, 2004Q1 – 2009Q2**



**Unit labor costs in nonfarm businesses** fell 5.9 percent in the second quarter of 2009, with the decline due entirely to the increase in productivity; hourly compensation increased slightly. Unit labor costs declined 1.2 percent over the last four quarters, as a 1.9 percent increase in output per hour was partially offset by a 0.7 percent increase in hourly compensation (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 6.5 percent in the **business sector** in the second quarter of 2009. Unit labor costs decreased 6.0 percent during the second quarter of 2009 (tables A and 1).

**Manufacturing sector** productivity grew 4.9 percent in the second quarter of 2009, as output fell 9.8 percent and hours worked decreased 14.0 percent; declines in output and hours were much larger in durable goods industries than in nondurable goods industries (tables A, 3, 4 and 5). The productivity gain in the manufacturing sector was the largest since the first quarter of 2005. Unit labor costs in manufacturing edged up 0.2 percent in the second quarter of 2009 and increased 6.7 percent over the last four quarters (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).

### **Revised measures**

Table B presents previous and revised productivity and related measures for the major sectors: business, nonfarm business and manufacturing, for the first and second quarters of 2009.

**In the second quarter of 2009**, nonfarm business productivity was revised up by 0.2 percentage point from the estimate published on August 11, reflecting a 0.2 percentage point upward revision to output; hours were not revised. Unit labor costs were revised down by 0.1 percentage point in the second quarter. In the manufacturing sector, productivity was revised down by 0.4 percentage point in the second quarter.

**In the first quarter of 2009**, nonfarm business productivity was not revised. Unit labor costs fell 5.0 percent rather than decreasing 2.7 percent as previously reported, due to a 2.3 percent downward revision to hourly compensation. In the manufacturing sector, first quarter productivity was unrevised. Unit labor costs were revised down by 2.6 percentage points.

**From the first quarter of 1987**, unit labor costs, hourly compensation, and real hourly compensation were revised in the manufacturing sector and its subsectors. This was the result of addressing a series break between 2000 and 2001 in the manufacturing compensation series published on August 11. The SIC-based data prior to 2001 have been linked to the NAICS-based series. This revision eliminates the break in series at 2001 for the manufacturing sector data based on compensation; percent changes in 2001 were revised substantially. There were small revisions to percent changes in other years and quarters. Because the base year for the indexes (1992) was adjusted, index values for the entire series were subject to revision. Revised quarterly and annual series for recent years appear in tables 3-5 and revised annual indexes are displayed in appendix tables 1-3. Full historical annual and quarterly measures can be found on the productivity and costs home page <https://www.bls.gov/lpc/#data>.

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**The preliminary Productivity and Costs press release for third-quarter 2009 is scheduled to be released on Thursday, November 5, 2009 at 8:30 a.m. (EST).**

**Table A. Revised second-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		Manufacturing Durables		Manufacturing Nondurables	
	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>6.6</b>	1.9	<b>6.5</b>	1.9	<b>4.9</b>	-1.4	<b>3.1</b>	-5.2	<b>2.2</b>	-0.2
Output	<b>-1.5</b>	-5.5	<b>-1.4</b>	-5.3	<b>-9.8</b>	-15.0	<b>-16.4</b>	-21.1	<b>-3.2</b>	-8.8
Hours	<b>-7.6</b>	-7.2	<b>-7.5</b>	-7.1	<b>-14.0</b>	-13.8	<b>-18.9</b>	-16.8	<b>-5.3</b>	-8.6
Hourly compensation	<b>0.3</b>	0.7	<b>0.2</b>	0.6	<b>5.1</b>	5.2	<b>7.9</b>	6.2	<b>1.5</b>	4.1
Real hourly compensation	<b>-1.0</b>	1.6	<b>-1.2</b>	1.5	<b>3.7</b>	6.2	<b>6.5</b>	7.2	<b>0.2</b>	5.1
Unit labor costs	<b>-5.9</b>	-1.2	<b>-6.0</b>	-1.3	<b>0.2</b>	6.7	<b>4.6</b>	12.0	<b>-0.7</b>	4.2

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

Sector	Nonfarm Business		Business		Manufacturing		Manufacturing Durables		Manufacturing Nondurables	
	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous
Percent change, annual rate, second quarter 2009										
Productivity	<b>6.6</b>	6.4	<b>6.5</b>	6.3	<b>4.9</b>	5.3	<b>3.1</b>	3.9	<b>2.2</b>	2.0
Output	<b>-1.5</b>	-1.7	<b>-1.4</b>	-1.8	<b>-9.8</b>	-9.9	<b>-16.4</b>	-16.5	<b>-3.2</b>	-3.4
Hours	<b>-7.6</b>	-7.6	<b>-7.5</b>	-7.5	<b>-14.0</b>	-14.4	<b>-18.9</b>	-19.6	<b>-5.3</b>	-5.3
Hourly compensation	<b>0.3</b>	0.2	<b>0.2</b>	0.1	<b>5.1</b>	5.8	<b>7.9</b>	8.7	<b>1.5</b>	2.0
Real hourly compensation	<b>-1.0</b>	-1.1	<b>-1.2</b>	-1.2	<b>3.7</b>	4.4	<b>6.5</b>	7.3	<b>0.2</b>	0.7
Unit labor costs	<b>-5.9</b>	-5.8	<b>-6.0</b>	-5.8	<b>0.2</b>	0.5	<b>4.6</b>	4.7	<b>-0.7</b>	0.0
Percent change, annual rate, first quarter 2009										
Productivity	<b>0.3</b>	0.3	<b>0.2</b>	0.2	<b>-2.6</b>	-2.6	<b>-10.7</b>	-10.5	<b>2.1</b>	2.0
Output	<b>-8.8</b>	-8.8	<b>-8.7</b>	-8.7	<b>-21.9</b>	-21.8	<b>-31.7</b>	-31.5	<b>-11.2</b>	-11.3
Hours	<b>-9.0</b>	-9.0	<b>-8.9</b>	-8.9	<b>-19.8</b>	-19.8	<b>-23.5</b>	-23.5	<b>-13.0</b>	-13.0
Hourly compensation	<b>-4.7</b>	-2.4	<b>-4.7</b>	-2.5	<b>-0.4</b>	2.2	<b>0.7</b>	3.3	<b>-1.5</b>	1.2
Real hourly compensation	<b>-2.4</b>	-0.1	<b>-2.4</b>	-0.1	<b>2.0</b>	4.6	<b>3.1</b>	5.7	<b>0.9</b>	3.6
Unit labor costs	<b>-5.0</b>	-2.7	<b>-4.9</b>	-2.7	<b>2.3</b>	4.9	<b>12.8</b>	15.4	<b>-3.5</b>	-0.7

**Table C. Nonfinancial corporations: preliminary second quarter 2009 and revised first 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, second quarter 2009								
<b>Q to Q</b>	<b>6.2</b>	<b>-2.6</b>	<b>-8.3</b>	<b>1.8</b>	<b>0.4</b>	<b>-4.2</b>	<b>22.5</b>	<b>-1.1</b>
Y to Y	0.0	-7.4	-7.4	1.6	2.5	1.5	-0.4	2.8
Percent change, annual rate, first quarter 2009								
<b>Revised</b>	<b>-7.3</b>	<b>-17.1</b>	<b>-10.5</b>	<b>-4.7</b>	<b>-2.4</b>	<b>2.9</b>	<b>-5.8</b>	<b>5.3</b>
Previous	-6.0	-15.9	-10.5	-2.5	-0.2	3.7	-7.2	5.3

## 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](mailto: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)	
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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	r182.0	r122.6	r126.1	r148.1	134.3
	II	r146.6	r163.1	r111.3	r182.0	r122.2	r124.2	r151.2	r134.2
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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	r-4.7	r-2.4	r-4.9	r13.3	2.1
	II	r6.5	r-1.4	-7.5	r0.2	-1.2	r-6.0	r8.5	r-0.2
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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	r0.9	r1.1	r-0.2	r4.5	1.7
	II	1.9	r-5.3	-7.1	r0.6	r1.5	r-1.3	r5.1	1.3

See footnotes following Table 6.  
r=revised

September 2, 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	r180.9	r121.9	r126.3	r150.5
	II	r145.5	r163.1	r112.1	r181.1	r121.5	r124.4	r153.5
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	r-4.7	r-2.4	r-5.0	r15.2
	II	r6.6	r-1.5	-7.6	r0.3	r-1.0	r-5.9	r8.2
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	r0.9	r1.1	r-0.1	r5.6
	II	r1.9	r-5.5	r-7.2	r0.7	r1.6	r-1.2	r5.9

See footnotes following Table 6.  
r=revised

September 2, 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	r172.9	r121.1	r97.7
	II	178.2	149.3	83.8	r172.9	r119.9	r97.0
	III	180.1	150.3	83.4	r172.9	r119.2	r96.0
	IV	181.6	150.4	82.8	r175.6	r119.4	r96.7
	ANNUAL	179.2	149.5	83.4	r173.6	r119.9	r96.9
2008	I	182.8	149.9	82.0	r175.7	r118.1	r96.1
	II	181.6	148.0	81.5	r176.9	r117.6	r97.4
	III	180.3	144.4	80.1	r178.8	r117.1	r99.2
	IV	178.1	137.2	77.0	r183.9	r123.1	r103.2
	ANNUAL	180.7	144.9	80.2	r178.7	r118.9	r98.9
2009	I	r176.9	r129.0	72.9	r183.7	r123.7	r103.8
	II	r179.1	r125.7	r70.2	r186.0	r124.9	r103.9
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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	r-0.8	2.1
2009	I	-2.6	r-21.9	-19.8	r-0.4	r2.0	r2.3
	II	r4.9	r-9.8	r-14.0	r5.1	r3.7	r0.2
-----							
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	r-0.8	2.1
2009	I	-3.2	-13.9	-11.1	r4.6	r4.8	r8.0
	II	r-1.4	-15.0	r-13.8	r5.2	r6.2	r6.7
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See footnotes following Table 6.  
r=revised

September 2, 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	r168.0	r117.7	r82.3
	II	206.9	183.0	88.5	r167.3	r116.0	r80.9
	III	209.7	185.0	88.2	r167.5	r115.5	r79.9
	IV	212.9	185.7	87.2	r170.1	r115.6	r79.9
	ANNUAL	208.4	183.5	88.1	r168.2	r116.2	r80.7
2008	I	213.6	185.3	86.8	r169.5	r113.9	r79.4
	II	211.1	181.8	86.1	r171.2	r113.8	r81.1
	III	212.2	178.1	83.9	r173.7	r113.8	r81.8
	IV	204.3	165.1	80.8	r178.1	r119.2	r87.2
	ANNUAL	210.4	177.6	84.4	r173.0	r115.1	r82.2
2009	I	r198.6	r150.0	75.6	r178.4	r120.1	r89.8
	II	r200.1	r143.5	r71.7	r181.8	r122.0	r90.9
-----							
Percent change from previous quarter at annual rate(5)							
2007	I	4.2	1.2	-2.9	r10.1	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	r5.9	-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-10.7	r-31.7	-23.5	r0.7	r3.1	r12.8
	II	r3.1	r-16.4	r-18.9	r7.9	r6.5	r4.6
-----							
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	r-7.0	-19.0	-12.9	r5.3	r5.5	r13.2
	II	r-5.2	-21.1	r-16.8	r6.2	r7.2	r12.0
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See footnotes following Table 6.  
r=revised

September 2, 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	r179.7	r125.9	r118.8
	II	151.4	116.0	76.7	r181.2	r125.6	r119.7
	III	152.6	116.3	76.2	r180.9	r124.7	r118.5
	IV	152.3	116.0	76.2	r184.1	r125.1	r120.8
	ANNUAL	151.9	116.1	76.4	r181.5	r125.3	r119.5
2008	I	154.3	115.6	74.9	r185.2	r124.5	r120.0
	II	154.2	114.8	74.4	r185.3	r123.2	r120.2
	III	150.1	111.6	74.4	r186.3	r122.1	r124.1
	IV	152.3	108.7	71.4	r192.8	r129.1	r126.6
	ANNUAL	152.7	112.7	73.8	r187.4	r124.6	r122.7
2009	I	r153.1	r105.6	69.0	r192.1	r129.4	r125.5
	II	r153.9	r104.7	68.0	r192.9	r129.5	r125.3
-----							
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	r-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	r2.1	r-11.2	-13.0	r-1.5	r0.9	r-3.5
	II	r2.2	r-3.2	-5.3	r1.5	r0.2	r-0.7
-----							
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	r3.7	r3.9	r4.6
	II	-0.2	r-8.8	-8.6	r4.1	r5.1	r4.2
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See footnotes following Table 6.  
r=revised

September 2, 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	r145.3	r166.6	114.7	r171.6	r115.6	r118.1	r139.1	r123.8	r127.5	r124.1
	II	147.5	165.5	112.2	172.4	115.7	116.9	138.7	122.7	134.2	123.8
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	r-7.3	r-17.1	-10.5	r-4.7	r-2.4	r2.9	r15.8	r6.6	r-5.8	5.3
	II	6.2	-2.6	-8.3	1.8	0.4	-4.2	-1.3	-3.3	22.5	-1.1
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	r0.2	r-5.8	-6.0	r1.8	r2.0	r1.6	r7.7	3.4	r-4.1	2.6
	II	0.0	-7.4	-7.4	1.6	2.5	1.5	7.3	3.2	-0.4	2.8

See footnotes following Table 6.  
r=revised

September 2, 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 first 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.

Appendix table 1.

Manufacturing sector: Productivity, hourly compensation, and unit labor costs  
Indexes 1992=100

Year	Output per hour of all persons	Output	Hours of all persons	Compensa- tion per hour (1)	Real compensa- tion per hour (2)	Unit labor costs
1987	89.1	92.4	103.8	r80.6	r97.2	r90.5
1988	90.9	97.2	106.9	r83.5	r97.1	r91.8
1989	91.9	98.8	107.6	r86.0	r95.9	r93.6
1990	93.9	98.5	104.9	r90.1	r95.7	r96.0
1991	96.3	96.8	100.5	r95.5	r97.9	r99.1
1992	100.0	100.0	100.0	100.0	100.0	100.0
1993	102.6	103.9	101.3	r102.3	r99.8	r99.7
1994	106.2	110.1	103.7	r104.8	r100.1	r98.7
1995	111.0	115.9	104.4	r106.5	r99.3	r95.9
1996	115.0	119.8	104.2	r108.3	r98.4	r94.1
1997	121.3	128.7	106.0	r110.9	r98.7	r91.4
1998	127.9	135.3	105.8	r117.8	r103.4	r92.1
1999	133.7	140.4	105.1	r123.0	r105.7	r92.0
2000	139.1	144.2	103.7	r132.5	r110.2	r95.3
2001	141.2	136.9	96.9	r137.5	r111.2	r97.4
2002	151.0	136.0	90.1	r145.1	r115.5	r96.1
2003	160.4	137.3	85.6	r156.7	r122.0	r97.7
2004	164.0	139.7	85.2	r157.9	r119.7	r96.3
2005	171.9	144.8	84.3	r163.2	r119.7	r94.9
2006	173.7	147.5	84.9	r166.4	r118.2	r95.8
2007	179.2	149.5	83.4	r173.6	r119.9	r96.9
2008	180.7	144.9	80.2	r178.7	r118.9	r98.9

See footnotes following Table 6.  
r=revised

September 2, 2009  
Source: Bureau of Labor Statistics

Appendix table 2.

Durable manufacturing sector: Productivity, hourly compensation, and unit labor costs  
Indexes 1992=100

Year	Output per hour of all persons	Output	Hours of all persons	Compensa- tion per hour (1)	Real compensa- tion per hour (2)	Unit labor costs
1987	88.5	94.2	106.5	80.7	97.3	r91.1
1988	90.4	100.0	110.6	82.9	96.5	91.7
1989	91.1	101.1	110.9	85.4	95.2	93.7
1990	92.9	99.8	107.4	89.1	94.7	95.9
1991	94.6	96.0	101.4	94.8	97.2	r100.2
1992	100.0	100.0	100.0	100.0	100.0	100.0
1993	103.9	105.4	101.4	r102.0	99.5	98.1
1994	109.1	114.2	104.7	104.5	99.9	95.8
1995	115.9	123.3	106.3	105.3	r98.2	90.8
1996	122.1	131.0	107.3	106.4	96.7	87.2
1997	130.5	144.1	110.4	108.3	96.3	82.9
1998	140.6	156.1	111.0	115.3	101.1	82.0
1999	150.7	166.5	110.5	120.3	103.4	79.8
2000	158.1	173.6	109.8	r129.8	107.9	82.1
2001	159.0	162.1	101.9	r133.6	r108.0	r84.0
2002	171.0	159.9	93.5	r140.1	r111.5	r82.0
2003	183.2	162.2	88.5	r153.0	r119.1	r83.5
2004	186.3	165.9	89.1	r152.5	r115.6	r81.9
2005	196.2	174.5	89.0	r157.2	r115.3	r80.2
2006	200.4	180.3	90.0	r160.6	r114.1	r80.2
2007	208.4	183.5	88.1	r168.2	r116.2	r80.7
2008	210.4	177.6	84.4	r173.0	r115.1	r82.2

See footnotes following Table 6.  
r=revised

September 2, 2009  
Source: Bureau of Labor Statistics

Appendix table 3.

Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor costs  
Indexes 1992=100

Year	Output per hour of all persons	Output	Hours of all persons	Compensa- tion per hour (1)	Real compensa- tion per hour (2)	Unit labor costs
1987	91.4	91.1	99.7	79.8	96.3	87.4
1988	93.2	94.5	101.4	83.6	97.2	89.7
1989	94.0	96.4	102.5	86.3	96.3	r91.8
1990	96.0	97.1	101.1	91.4	97.1	r95.3
1991	98.3	97.4	99.1	96.4	98.9	98.1
1992	100.0	100.0	100.0	100.0	100.0	100.0
1993	101.2	102.4	101.2	102.7	100.3	101.6
1994	103.5	105.7	102.1	105.0	100.4	101.5
1995	106.2	107.7	101.5	108.1	100.9	101.9
1996	108.4	107.8	99.4	110.8	100.7	102.3
1997	112.8	112.2	99.5	114.7	102.1	r101.7
1998	115.8	113.4	97.9	121.0	106.2	104.5
1999	116.9	113.3	96.9	r126.3	108.5	108.0
2000	120.7	114.1	94.5	135.4	112.6	112.2
2001	123.4	110.4	89.4	r143.2	r115.9	r116.0
2002	130.5	110.7	84.8	r153.2	r121.9	r117.4
2003	136.7	111.1	81.3	r162.2	r126.3	r118.6
2004	141.7	112.4	79.4	r166.5	r126.3	r117.5
2005	148.6	114.7	77.2	r172.5	r126.5	r116.1
2006	148.9	115.1	77.3	r175.1	r124.3	r117.6
2007	151.9	116.1	76.4	r181.5	r125.3	r119.5
2008	152.7	112.7	73.8	r187.4	r124.6	r122.7

See footnotes following Table 6.  
r=revised

September 2, 2009  
Source: Bureau of Labor Statistics