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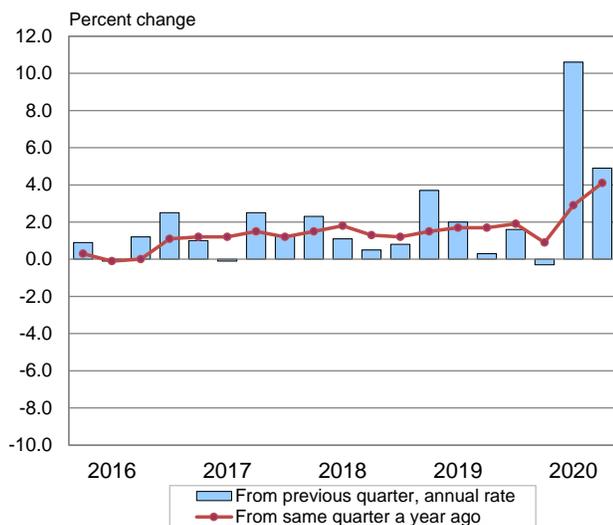
### PRODUCTIVITY AND COSTS

Third Quarter 2020, Preliminary

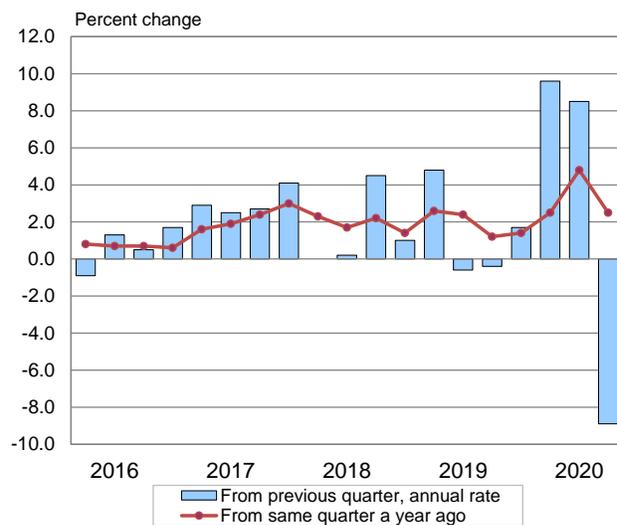
**Nonfarm business sector labor productivity** increased 4.9 percent in the third quarter of 2020, the U.S. Bureau of Labor Statistics reported today, as output increased 43.5 percent and hours worked increased 36.8 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates, and show what the percent change would be if the quarterly rate continued for four quarters.)

The 4.9-percent gain in productivity in the third quarter was the second consecutive large increase in the measure—productivity had increased 10.6 percent in the second quarter of 2020. With the exception of the second quarter, productivity growth in the third quarter of 2020 was the largest quarterly increase since the fourth quarter of 2009 (5.7 percent). The two-quarter growth rate observed during the second and third quarters of 2020 (7.7 percent) is the highest rate of productivity growth over two quarters since the third and fourth quarters of 1965 (7.8 percent). Over the last four quarters, nonfarm business productivity increased 4.1 percent. (See chart 1 and table A1.)

**Chart 1. Labor productivity, nonfarm business, 2016Q1 – 2020Q3**



**Chart 2. Unit labor costs, nonfarm business, 2016Q1 – 2020Q3**

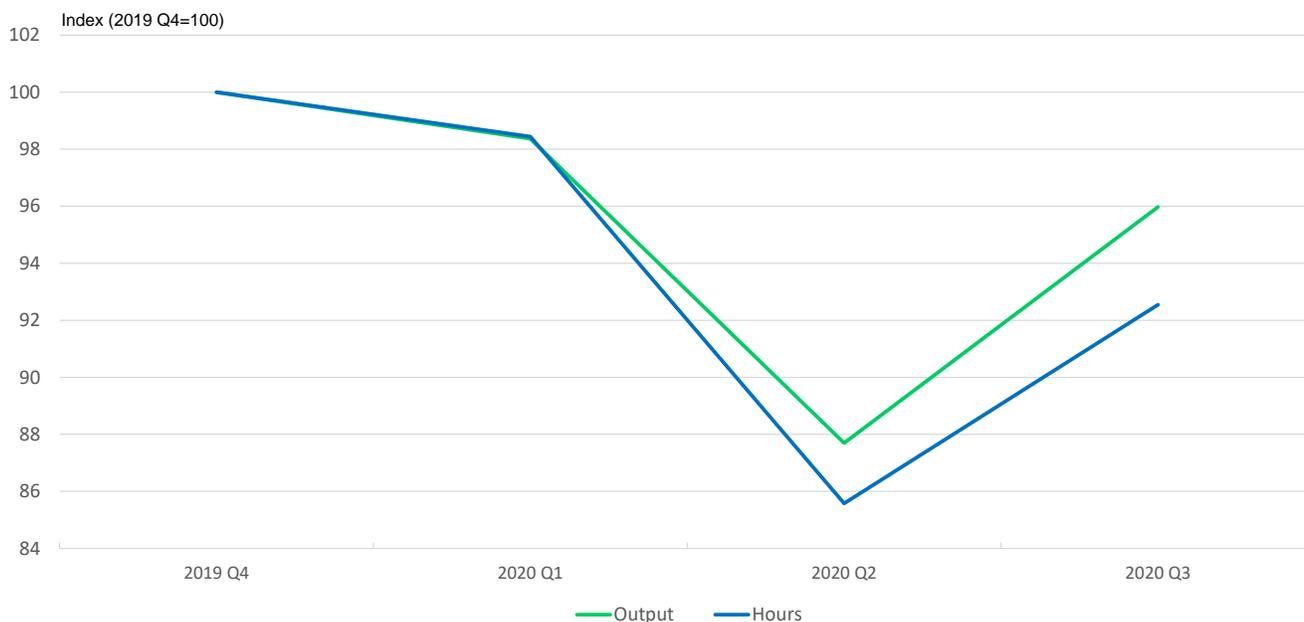


Unit labor costs in the nonfarm business sector decreased at an annual rate of 8.9 percent in the third quarter of 2020, reflecting a 4.4-percent decrease in hourly compensation and a 4.9 percent increase in productivity. The third-quarter decline in unit labor costs was the largest decline since the first quarter of 2009, when the measure fell 13.4 percent. Unit labor costs increased 2.5 percent over the last four quarters. (See chart 2 and table 2.) BLS calculates 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 labor productivity tend to reduce unit labor costs.

A decline of 9.1 percent in real hourly compensation in the third quarter of 2020 was the largest decline in the series, and reflects the combination of a 4.4-percent decline in hourly compensation and a large increase in the BLS consumer price index series for the third quarter of 5.2 percent at an annual rate. The decline in real hourly compensation in the third quarter was preceded by a series-high quarterly increase of 24.4 percent in the second quarter of 2020.

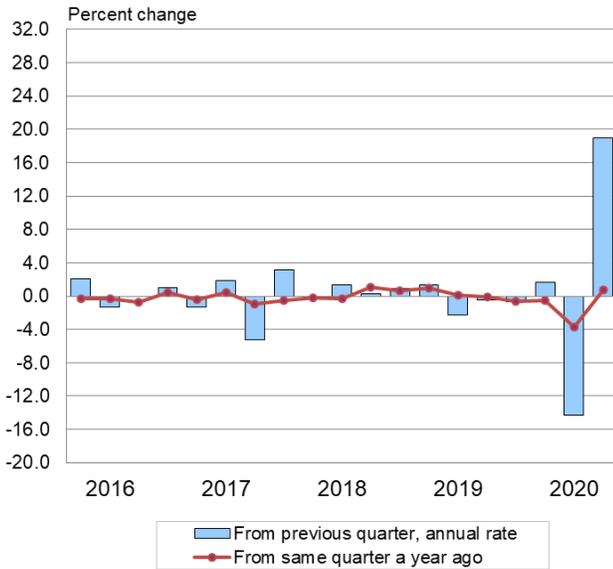
Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours worked by all persons, including employees, proprietors, and unpaid family workers. The 10.6 percent gain in nonfarm business labor productivity in second-quarter 2020 reflected a decline in output of 36.8 percent and a decline in hours worked of 42.9 percent; these were the largest declines in both series which begin in the first quarter of 1947. In contrast, the 4.9-percent increase in productivity in third-quarter 2020 reflected the largest gains in the output and hours series, with output increasing 43.5 percent and hours increasing 36.8 percent. Although gains were historically large, the third-quarter 2020 output and hours worked index levels remain below their fourth quarter of 2019 levels, the last quarter before the coronavirus (COVID-19) pandemic began. Specifically, output remains 4.0 percent below its fourth-quarter 2019 level, recovering somewhat faster than hours worked, which remains 7.5 percent lower. (See chart 3.)

**Chart 3. Output and Hours index series, nonfarm business, all persons, 2019 Q4 – 2020 Q3**

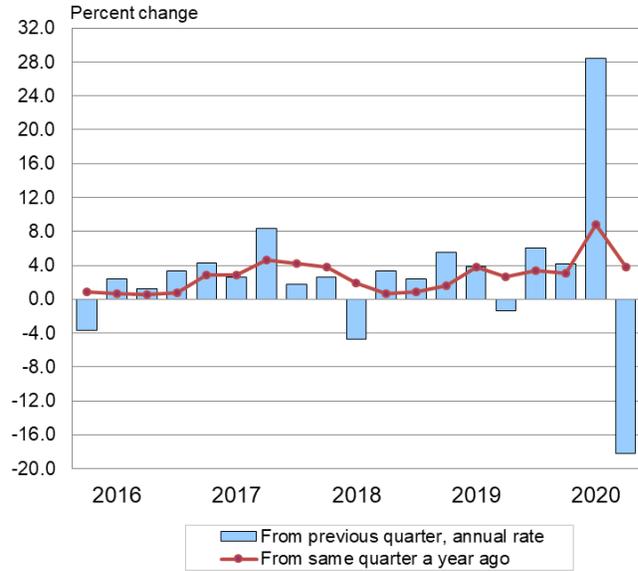


**Manufacturing sector labor productivity** increased at a 19.0 percent annual rate in the third quarter of 2020. This is the largest increase in the series, which begins in the first quarter of 1987. Manufacturing output increased at a series-high 54.8 percent annual rate and hours worked increased at a series-high 30.1 percent annual rate in the third quarter of 2020. The increase in total manufacturing productivity was concentrated in durable goods manufacturing, where productivity increased 44.2 percent as output grew 96.0 percent and hours worked rose 35.9 percent. In the nondurable goods manufacturing sector, productivity increased 1.2 percent as output and hours worked increased 22.7 percent and 21.2 percent, respectively. (See tables A1, 3, 4 and 5.) Total manufacturing sector productivity increased 0.7 percent over the last four quarters, as output decreased 6.1 percent and hours worked decreased 6.8 percent. (See chart 4 and tables A1 and 3.)

**Chart 4. Labor productivity, manufacturing, 2016Q1 – 2020Q3**



**Chart 5. Unit labor costs, manufacturing, 2016Q1 – 2020Q3**



Unit labor costs in the total manufacturing sector decreased 18.2 percent in the third quarter of 2020, the largest decline since the first quarter of 1993, when the measure fell 19.8 percent. The third-quarter decrease followed a 28.4-percent increase in unit labor costs in the second quarter of 2020, the largest increase in the series. Unit labor costs increased 3.8 percent from the same quarter a year ago. (See chart 5 and table A1.)

The unprecedented increases in total manufacturing productivity, output, and hours in the third quarter of 2020 followed the largest decreases in these three measures in the second quarter of 2020, in which total manufacturing productivity fell 14.3 percent, output dropped 46.7 percent, and hours worked fell 37.8 percent. Although there were historically large increases in the third quarter, the total manufacturing output and hours index levels did not recover to their fourth quarter of 2019 levels—the last quarter before the coronavirus (COVID-19) pandemic began. Output remained 6.0 percent below its fourth-quarter 2019 level, while hours worked was 6.9 percent lower. (See chart 6 and table 3.)

**Chart 6. Output and Hours index series, manufacturing, all persons, 2019 Q4 – 2020 Q3**



The concepts, sources, and methods used for the manufacturing output series differ from those used in the business and nonfarm business output series; these output measures are not directly comparable. See the Technical Notes for a more detailed explanation. (See page 6)

### Revised measures

Revised and previous measures for the second quarter of 2020 are shown in tables A2 and B1, covering the following major sectors: nonfarm business, business, manufacturing, and nonfinancial corporations.

In the **second quarter of 2020**, nonfarm business sector productivity increased 10.6 percent, slightly more than reported on September 3, and the largest increase since the first quarter of 1971, when the measure rose 12.3 percent. Unit labor costs increased 8.5 percent during the second quarter, slightly less than previously reported. (See table B1.)

Manufacturing sector productivity fell 14.3 percent in the second quarter; this was a slightly smaller decline than previously reported, though still the largest decline in this series. Durable manufacturing productivity was not revised, falling at the same 26.9 percent rate previously reported—the largest decline in the series. Nondurable manufacturing productivity was revised upward to a decline of 4.4 percent. Unit labor costs in total manufacturing increased 28.4 percent in the second quarter, rather than increasing 29.1 percent as reported September 3, and still represented the series-high value after revision.

Second-quarter 2020 measures of productivity and costs were revised for the **nonfinancial corporate sector**. Productivity increased 2.9 percent rather than increasing 3.1 percent as previously reported. Unit labor costs increased 23.5 percent rather than the preliminary estimate of a 23.3-percent increase. (See table A2.)

Complete annual and quarterly data series can be found on the Productivity and Costs home page: [www.bls.gov/lpc/#data](http://www.bls.gov/lpc/#data).

**The revised Productivity and Costs news release for third-quarter 2020 is scheduled to be released on Tuesday, December 8, 2020 at 8:30 a.m. (ET).**

**Table A1. Labor productivity growth and related measures - preliminary third-quarter 2020**  
(percent change from previous quarter at annual rate and from same quarter a year ago)

Sector	Percent change from:	Labor productivity	Output	Hours worked	Hourly compensation	Real hourly compensation	Unit labor costs
Nonfarm business	<b>Previous quarter</b>	<b>4.9</b>	<b>43.5</b>	<b>36.8</b>	<b>-4.4</b>	<b>-9.1</b>	<b>-8.9</b>
	A year ago	4.1	-3.4	-7.2	6.7	5.3	2.5
Business	<b>Previous quarter</b>	<b>6.4</b>	<b>43.7</b>	<b>35.1</b>	<b>-3.3</b>	<b>-8.1</b>	<b>-9.1</b>
	A year ago	4.3	-3.2	-7.2	6.7	5.4	2.4
Manufacturing	<b>Previous quarter</b>	<b>19.0</b>	<b>54.8</b>	<b>30.1</b>	<b>-2.6</b>	<b>-7.4</b>	<b>-18.2</b>
	A year ago	0.7	-6.1	-6.8	4.6	3.3	3.8
Durable manufacturing	<b>Previous quarter</b>	<b>44.2</b>	<b>96.0</b>	<b>35.9</b>	<b>-3.0</b>	<b>-7.8</b>	<b>-32.8</b>
	A year ago	0.4	-7.4	-7.8	4.5	3.2	4.1
Nondurable manufacturing	<b>Previous quarter</b>	<b>1.2</b>	<b>22.7</b>	<b>21.2</b>	<b>-2.8</b>	<b>-7.5</b>	<b>-4.0</b>
	A year ago	0.5	-4.6	-5.0	5.0	3.7	4.6

**Table A2. Labor productivity growth and related measures - revised and previously published second-quarter 2020**  
(percent change from previous quarter at annual rate)

Sector		Labor productivity	Output	Hours worked	Hourly compensation	Real hourly compensation	Unit labor costs
Nonfinancial corporate	<b>Revised</b>	<b>2.9</b>	<b>-39.4</b>	<b>-41.1</b>	<b>27.1</b>	<b>31.8</b>	<b>23.5</b>
	Previously published	3.1	-39.3	-41.1	27.1	31.7	23.3

**Table B1. Labor productivity growth and related measures - revised and previously published second-quarter 2020**  
(percent change from previous quarter at annual rate)

Sector		Labor productivity	Output	Hours worked	Hourly compensation	Real hourly compensation	Unit labor costs
Nonfarm business	<b>Revised</b>	<b>10.6</b>	<b>-36.8</b>	<b>-42.9</b>	<b>20.0</b>	<b>24.4</b>	<b>8.5</b>
	Previously published	10.1	-37.1	-42.9	20.0	24.4	9.0
Business	<b>Revised</b>	<b>9.6</b>	<b>-36.8</b>	<b>-42.4</b>	<b>19.4</b>	<b>23.7</b>	<b>8.9</b>
	Previously published	8.9	-37.2	-42.3	19.3	23.7	9.6
Manufacturing	<b>Revised</b>	<b>-14.3</b>	<b>-46.7</b>	<b>-37.8</b>	<b>10.1</b>	<b>14.1</b>	<b>28.4</b>
	Previously published	-14.6	-47.0	-38.0	10.3	14.4	29.1
Durable manufacturing	<b>Revised</b>	<b>-26.9</b>	<b>-57.8</b>	<b>-42.3</b>	<b>8.8</b>	<b>12.8</b>	<b>48.8</b>
	Previously published	-26.9	-57.9	-42.4	9.1	13.1	49.2
Nondurable manufacturing	<b>Revised</b>	<b>-4.4</b>	<b>-32.9</b>	<b>-29.8</b>	<b>14.6</b>	<b>18.8</b>	<b>19.9</b>
	Previously published	-5.1	-33.5	-30.0	14.6	18.8	20.7

## TECHNICAL NOTES

### Labor Hours

Hours worked data for the labor productivity and cost measures include hours worked 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, counting a person who is employed by two or more establishments at each place of employment. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Weekly paid hours are adjusted to hours worked using data from the National Compensation Survey (NCS) for 1996 forward and data from the BLS Hours at Work survey, conducted for this purpose, prior to 1990. Between 1990 and 1995, weekly paid hours are adjusted to hours at work using a combination of NCS and Hours at Work survey data. 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 to estimate hours worked for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Using CPS information on employment and hours worked at primary jobs and all other jobs, separately, the BLS productivity measures assign all hours worked to the appropriate industrial sector. Hours 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.

Detailed hours data are presented in the table “Hours Worked in Total U.S. Economy and Subsectors” on the BLS website ([https://www.bls.gov/lpc/special\\_requests/us\\_total\\_hrs\\_emp.xlsx](https://www.bls.gov/lpc/special_requests/us_total_hrs_emp.xlsx)).

### 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 hours worked. Business output accounted for about 78 percent of the value of GDP in 2019. Nonfarm business, which excludes farming, accounted for about 77 percent of GDP in 2019.

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 Index 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 indexes 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.

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 2019.

## **Labor Productivity**

The measure describes the relationship between real output and the labor time involved in its production. Measures of labor productivity growth show the changes from period to period in the amount of goods and services produced per hour worked. 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**

The measure includes accrued wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. 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 employees in domestic industries 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**

These measures describe the relationship between compensation per hour and labor 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 percent changes from the previous quarter presented at a compound annual rate, as percent changes from the corresponding quarter of the previous year, and as index number series where 2012=100. 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. A complete historical series of these index numbers are available at the BLS web site, [www.bls.gov/data/home.htm](http://www.bls.gov/data/home.htm), or by contacting the BLS Division of Major Sector Productivity (Telephone 202-691-5606 or email [productivity@bls.gov](mailto:productivity@bls.gov)).

For a more detailed explanation of methodology see "Technical Information About the Major Sector Productivity and Costs Methods" at [www.bls.gov/lpc/lpcmethods.pdf](http://www.bls.gov/lpc/lpcmethods.pdf).

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: Labor productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs	Unit nonlabor payments (3)	Implicit price deflator (4)
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Percent change from previous quarter at annual rate (5)								
2020 III	6.4	43.7	35.1	-3.3	-8.1	-9.1	27.8	4.7
II	9.6 r	-36.8 r	-42.4 r	19.4 r	23.7	8.9 r	-20.3 r	-4.3 r
I	0.0	-6.0	-6.0	9.0	7.7	9.0	-9.2	0.8
2019 ANNUAL	1.7	2.4	0.7	3.6	1.8	1.9	0.9	1.5
2019 IV	1.4	2.8	1.4	3.1	0.7	1.7	0.6	1.2
III	0.2	2.9	2.7	-0.1	-1.9	-0.3	2.9	1.1
II	2.2	1.3	-0.9	1.7	-1.3	-0.5	7.8	3.0
I	3.6	3.6	0.0	8.8	7.9	5.0	-5.4	0.4
2018 ANNUAL	1.6	3.5	1.9	3.4	0.9	1.8	2.7	2.2
2018 IV	0.7	1.5	0.8	1.5	0.3	0.9	2.2	1.4
III	0.1	2.3	2.1	4.7	2.5	4.5	-3.0	1.1
II	1.7	3.0	1.3	1.7	-0.5	-0.1	8.4	3.6
I	2.9	4.5	1.6	2.7	-0.6	-0.2	5.0	2.0
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Percent change from corresponding quarter of previous year								
2020 III	4.3	-3.2	-7.2	6.7	5.4	2.4	-1.8	0.6
II	2.7 r	-11.0 r	-13.3	7.6	7.1	4.8 r	-7.0 r	-0.3 r
I	0.9	0.2	-0.8	3.3	1.2	2.4	0.3	1.5
2019 ANNUAL	1.7	2.4	0.7	3.6	1.8	1.9	0.9	1.5
2019 IV	1.8	2.6	0.8	3.3	1.3	1.4	1.4	1.4
III	1.7	2.3	0.6	2.9	1.1	1.2	1.8	1.5
II	1.7	2.2	0.5	4.1	2.3	2.4	0.2	1.5
I	1.5	2.6	1.0	4.1	2.5	2.6	0.4	1.6
2018 ANNUAL	1.6	3.5	1.9	3.4	0.9	1.8	2.7	2.2
2018 IV	1.3	2.8	1.4	2.6	0.4	1.3	3.1	2.0
III	1.3	3.6	2.2	3.4	0.7	2.1	2.7	2.3
II	2.0	3.9	1.9	3.7	1.0	1.6	3.7	2.5
I	1.6	3.7	2.1	3.9	1.6	2.3	1.3	1.9
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Indexes 2012=100								
2020 III	112.9	118.0	104.5	128.1	113.1	113.5	107.9	111.1
II	111.2 r	107.7 r	96.9 r	129.2 r	115.6 r	116.2 r	101.5 r	109.8 r
I	108.7	120.8	111.2	123.6	109.6	113.8	107.4	111.0
2019 ANNUAL	108.2	121.6	112.3	120.2	107.8	111.1	109.0	110.2
2019 IV	108.7	122.7	113.0	121.0	107.6	111.4	110.1	110.8
III	108.3	121.9	112.6	120.1	107.4	110.9	109.9	110.4
II	108.3	121.0	111.8	120.1	107.9	111.0	109.1	110.2
I	107.7	120.6	112.1	119.6	108.3	111.1	107.1	109.4
2018 ANNUAL	106.4	118.7	111.5	116.0	105.9	109.0	108.0	108.6
2018 IV	106.7	119.6	112.1	117.1	106.2	109.8	108.6	109.3
III	106.5	119.1	111.8	116.7	106.2	109.5	108.0	108.9
II	106.5	118.5	111.3	115.4	105.5	108.3	108.8	108.5
I	106.0	117.6	110.9	114.9	105.6	108.3	106.7	107.6
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See footnotes following Table 6.  
r=revised

November 5, 2020  
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Labor productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs	Unit nonlabor payments (3)	Implicit price deflator (4)
-----								
Percent change from previous quarter at annual rate (5)								
2020 III	4.9	43.5	36.8	-4.4	-9.1	-8.9	26.8	4.4
II	10.6 r	-36.8 r	-42.9	20.0	24.4	8.5 r	-18.6 r	-3.6 r
I	-0.3	-6.4	-6.1	9.2	7.9	9.6	-9.8	0.8
2019 ANNUAL	1.7	2.5	0.7	3.6	1.8	1.9	1.1	1.5
2019 IV	1.6	2.8	1.2	3.3	0.9	1.7	0.6	1.2
III	0.3	2.9	2.6	-0.2	-2.0	-0.4	2.9	1.0
II	2.0	1.2	-0.7	1.4	-1.6	-0.6	8.0	3.0
I	3.7	3.8	0.1	8.7	7.7	4.8	-5.2	0.4
2018 ANNUAL	1.4	3.5	2.0	3.4	0.9	1.9	2.7	2.2
2018 IV	0.8	1.4	0.7	1.8	0.5	1.0	1.9	1.4
III	0.5	2.3	1.8	5.1	2.9	4.5	-2.4	1.4
II	1.1	3.0	1.8	1.3	-0.9	0.2	8.3	3.6
I	2.3	4.3	2.0	2.2	-1.0	0.0	4.9	2.1
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Percent change from corresponding quarter of previous year								
2020 III	4.1	-3.4	-7.2	6.7	5.3	2.5	-1.6	0.7
II	2.9 r	-11.1 r	-13.6	7.8	7.4	4.8 r	-6.7 r	-0.2 r
I	0.9	0.1	-0.8	3.4	1.2	2.5	0.2	1.5
2019 ANNUAL	1.7	2.5	0.7	3.6	1.8	1.9	1.1	1.5
2019 IV	1.9	2.7	0.8	3.3	1.2	1.4	1.4	1.4
III	1.7	2.3	0.6	2.9	1.1	1.2	1.8	1.4
II	1.7	2.2	0.4	4.2	2.3	2.4	0.5	1.6
I	1.5	2.6	1.1	4.2	2.5	2.6	0.5	1.7
2018 ANNUAL	1.4	3.5	2.0	3.4	0.9	1.9	2.7	2.2
2018 IV	1.2	2.7	1.6	2.6	0.4	1.4	3.1	2.1
III	1.3	3.6	2.2	3.5	0.8	2.2	2.7	2.4
II	1.8	3.9	2.1	3.5	0.8	1.7	3.7	2.6
I	1.5	3.7	2.2	3.8	1.6	2.3	1.4	1.9
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Indexes 2012=100								
2020 III	112.4	117.6	104.6	128.2	113.2	114.0	109.0	111.9
II	111.1 r	107.4 r	96.7 r	129.7 r	115.9 r	116.7 r	102.7 r	110.6 r
I	108.3	120.5	111.2	123.9	109.8	114.4	108.2	111.7
2019 ANNUAL	107.9	121.3	112.4	120.4	107.9	111.5	110.0	110.8
2019 IV	108.4	122.5	113.0	121.2	107.7	111.8	111.0	111.4
III	108.0	121.6	112.7	120.2	107.5	111.3	110.8	111.1
II	107.9	120.8	111.9	120.2	108.0	111.4	110.1	110.8
I	107.4	120.4	112.1	119.8	108.4	111.6	108.0	110.0
2018 ANNUAL	106.1	118.4	111.6	116.2	106.0	109.5	108.8	109.2
2018 IV	106.4	119.3	112.1	117.3	106.4	110.3	109.4	109.9
III	106.2	118.9	111.9	116.8	106.3	110.0	108.9	109.5
II	106.1	118.2	111.4	115.4	105.5	108.8	109.6	109.1
I	105.8	117.3	110.9	115.0	105.8	108.8	107.4	108.2
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See footnotes following Table 6.  
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November 5, 2020  
Source: Bureau of Labor Statistics

Table 3. Manufacturing sector: Labor productivity, hourly compensation, and unit labor costs, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs
-----						
Percent change from previous quarter at annual rate (5)						
2020 III	19.0	54.8	30.1	-2.6	-7.4	-18.2
II	-14.3 r	-46.7 r	-37.8 r	10.1 r	14.1 r	28.4 r
I	1.6 r	-5.5 r	-7.0	6.0	4.7	4.2
2019 ANNUAL	0.1	0.0	-0.1	2.9	1.1	2.8
2019 IV	-0.7	-0.2	0.5	5.2	2.8	6.0
III	-0.5	0.9	1.4	-1.9	-3.7	-1.4
II	-2.3	-3.1	-0.9	1.4	-1.6	3.8
I	1.3	-1.7	-3.1	6.9	6.0	5.5
2018 ANNUAL	0.3	2.2	1.9	2.1	-0.3	1.8
2018 IV	0.9	1.6	0.6	3.4	2.1	2.4
III	0.3	4.0	3.7	3.6	1.5	3.3
II	1.3	2.6	1.3	-3.4	-5.5	-4.7
I	-0.1	1.8	1.9	2.5	-0.8	2.6
-----						
Percent change from corresponding quarter of previous year						
2020 III	0.7	-6.1	-6.8	4.6	3.3	3.8
II	-3.7	-15.6 r	-12.4	4.8	4.3	8.8 r
I	-0.5	-2.0	-1.5	2.6	0.5	3.1
2019 ANNUAL	0.1	0.0	-0.1	2.9	1.1	2.8
2019 IV	-0.6	-1.1	-0.5	2.9	0.8	3.4
III	-0.1	-0.6	-0.5	2.4	0.6	2.6
II	0.1	0.1	0.1	3.8	2.0	3.8
I	1.0	1.6	0.6	2.6	0.9	1.6
2018 ANNUAL	0.3	2.2	1.9	2.1	-0.3	1.8
2018 IV	0.6	2.5	1.9	1.5	-0.7	0.9
III	1.1	3.3	2.2	1.9	-0.8	0.7
II	-0.3	1.7	2.0	1.6	-1.1	1.9
I	-0.2	1.4	1.6	3.6	1.4	3.8
-----						
Indexes 2012=100						
2020 III	99.2	98.5	99.3	120.2	106.2	121.1
II	95.0 r	88.3 r	93.0 r	121.0 r	108.2 r	127.4 r
I	98.7 r	103.4 r	104.7	118.1	104.7	119.6 r
2019 ANNUAL	98.7	105.0	106.4	115.5	103.5	117.1
2019 IV	98.3	104.8	106.6	116.4	103.5	118.4
III	98.5	104.9	106.5	115.0	102.8	116.7
II	98.6	104.7	106.1	115.5	103.8	117.1
I	99.2	105.5	106.3	115.1	104.2	116.0
2018 ANNUAL	98.6	105.0	106.4	112.2	102.4	113.8
2018 IV	98.9	106.0	107.1	113.2	102.7	114.5
III	98.7	105.5	107.0	112.3	102.1	113.8
II	98.6	104.5	106.0	111.3	101.8	112.9
I	98.3	103.8	105.7	112.2	103.2	114.2
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See footnotes following Table 6.  
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November 5, 2020  
Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Labor productivity, hourly compensation, and unit labor costs, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs
-----						
Percent change from previous quarter at annual rate (5)						
2020 III	44.2	96.0	35.9	-3.0	-7.8	-32.8
II	-26.9	-57.8 r	-42.3 r	8.8 r	12.8 r	48.8 r
I	-2.6	-9.8	-7.4	4.5	3.2	7.3
2019 ANNUAL	0.7	0.8	0.2	2.4	0.5	1.7
2019 IV	-1.1	-1.5	-0.4	8.0	5.5	9.2
III	0.4	1.5	1.1	-3.2	-4.9	-3.6
II	-0.7	-2.3	-1.6	0.4	-2.5	1.1
I	0.3	-2.7	-3.0	6.9	5.9	6.6
2018 ANNUAL	1.4	3.6	2.2	2.7	0.2	1.3
2018 IV	1.8	5.0	3.1	1.5	0.3	-0.3
III	2.6	6.3	3.6	3.3	1.2	0.7
II	0.9	2.9	2.0	-2.8	-4.9	-3.7
I	1.7	4.8	3.1	2.7	-0.6	1.0
-----						
Percent change from corresponding quarter of previous year						
2020 III	0.4	-7.4	-7.8	4.5	3.2	4.1
II	-8.3	-21.5	-14.3 r	4.4 r	4.0	13.9
I	-1.0	-3.1	-2.1	2.4	0.2	3.4
2019 ANNUAL	0.7	0.8	0.2	2.4	0.5	1.7
2019 IV	-0.3	-1.3	-1.0	2.9	0.9	3.2
III	0.5	0.3	-0.1	1.4	-0.4	0.9
II	1.0	1.5	0.5	3.0	1.2	2.0
I	1.4	2.8	1.4	2.2	0.5	0.7
2018 ANNUAL	1.4	3.6	2.2	2.7	0.2	1.3
2018 IV	1.8	4.8	2.9	1.1	-1.0	-0.6
III	2.3	4.8	2.5	2.4	-0.2	0.2
II	0.5	2.7	2.2	2.2	-0.4	1.7
I	1.0	2.2	1.2	4.9	2.6	3.9
-----						
Indexes 2012=100						
2020 III	101.2	99.6	98.4	120.2	106.1	118.7
II	92.4 r	84.2 r	91.1 r	121.1 r	108.3 r	131.1 r
I	99.9 r	104.4 r	104.5	118.6	105.1	118.7 r
2019 ANNUAL	100.8	107.4	106.6	116.0	104.0	115.2
2019 IV	100.6	107.2	106.6	117.3	104.3	116.6
III	100.9	107.6	106.7	115.1	102.9	114.1
II	100.7	107.2	106.4	116.0	104.2	115.1
I	100.9	107.8	106.8	115.9	104.8	114.8
2018 ANNUAL	100.1	106.6	106.4	113.4	103.5	113.2
2018 IV	100.8	108.5	107.6	113.9	103.3	113.0
III	100.4	107.2	106.8	113.5	103.3	113.1
II	99.7	105.6	105.9	112.6	103.0	112.9
I	99.5	104.8	105.4	113.4	104.3	114.0
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See footnotes following Table 6.  
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November 5, 2020  
Source: Bureau of Labor Statistics

Table 5. Nondurable manufacturing sector: Labor productivity, hourly compensation, and unit labor costs, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs
-----						
Percent change from previous quarter at annual rate (5)						
2020 III	1.2	22.7	21.2	-2.8	-7.5	-4.0
II	-4.4 r	-32.9 r	-29.8 r	14.6	18.8	19.9 r
I	6.1 r	-0.7 r	-6.4	9.0	7.7	2.7 r
2019 ANNUAL	-0.4	-0.9	-0.5	3.9	2.1	4.4
2019 IV	-0.8	1.2	2.1	0.2	-2.1	1.1
III	-1.8	0.2	2.0	0.7	-1.1	2.4
II	-4.4	-4.0	0.5	3.7	0.6	8.5
I	2.5	-0.7	-3.2	7.0	6.0	4.3
2018 ANNUAL	-0.8	0.5	1.4	1.0	-1.4	1.8
2018 IV	1.4	-2.0	-3.3	6.4	5.1	4.9
III	-2.4	1.4	3.9	4.3	2.2	6.9
II	1.9	2.0	0.1	-4.8	-6.8	-6.5
I	-1.6	-1.6	0.0	1.7	-1.5	3.3
-----						
Percent change from corresponding quarter of previous year						
2020 III	0.5	-4.6	-5.0	5.0	3.7	4.6
II	-0.3 r	-9.3 r	-9.0 r	5.9 r	5.5	6.3 r
I	-0.3	-0.8	-0.5	3.3	1.2	3.6
2019 ANNUAL	-0.4	-0.9	-0.5	3.9	2.1	4.4
2019 IV	-1.2	-0.8	0.3	2.8	0.8	4.0
III	-0.6	-1.6	-1.0	4.4	2.6	5.0
II	-0.8	-1.3	-0.6	5.3	3.4	6.1
I	0.8	0.2	-0.7	3.1	1.5	2.3
2018 ANNUAL	-0.8	0.5	1.4	1.0	-1.4	1.8
2018 IV	-0.2	-0.1	0.1	1.8	-0.4	2.0
III	-0.1	1.5	1.6	0.7	-1.9	0.8
II	-1.2	0.3	1.6	0.3	-2.4	1.5
I	-1.8	0.4	2.3	1.2	-1.0	3.1
-----						
Indexes 2012=100						
2020 III	97.5	98.3	100.8	120.5	106.4	123.6
II	97.2 r	93.4 r	96.0 r	121.4 r	108.5 r	124.8 r
I	98.3 r	103.2 r	104.9	117.3	104.0	119.3 r
2019 ANNUAL	97.5	103.3	106.0	114.4	102.6	117.3
2019 IV	96.9	103.4	106.7	114.8	102.0	118.5
III	97.1	103.0	106.1	114.7	102.6	118.2
II	97.5	103.0	105.6	114.6	102.9	117.5
I	98.6	104.0	105.5	113.5	102.7	115.1
2018 ANNUAL	98.0	104.3	106.5	110.1	100.5	112.4
2018 IV	98.0	104.2	106.3	111.6	101.2	113.9
III	97.7	104.7	107.2	109.9	100.0	112.5
II	98.3	104.4	106.2	108.8	99.5	110.7
I	97.8	103.9	106.2	110.1	101.2	112.5
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See footnotes following Table 6.  
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November 5, 2020  
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporate sector: Labor productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted.

Year and quarter	Labor productivity	Output	Hours worked	Hourly compensation (1)	Real hourly compensation (2)	Unit labor costs	Unit nonlabor costs (6)	Total unit costs (7)	Unit profits (8)	Implicit price deflator (4)
Percent change from previous quarter at annual rate (5)										
2020 II	2.9 r	-39.4 r	-41.1	27.1	31.8 r	23.5 r	-48.3 r	-4.2 r	-5.0 r	-4.3 r
I	0.2	-4.0	-4.2	8.1	6.8	7.9	10.3	8.7	-44.1	0.6
2019 ANNUAL	0.6	1.6	0.9	3.7	1.9	3.1	1.9	2.7	-3.3	1.9
2019 IV	1.3	2.6	1.2	2.5	0.1	1.2	-2.3	0.1	12.4	1.5
III	-0.8	-0.1	0.7	0.0	-1.7	0.9	6.6	2.6	-5.3	1.6
II	1.0	1.0	0.1	1.3	-1.7	0.3	1.5	0.7	16.1	2.4
I	1.4	2.9	1.5	11.1	10.1	9.5	3.3	7.5	-30.8	1.7
2018 ANNUAL	0.6	2.6	1.9	3.5	1.0	2.8	-1.0	1.6	6.2	2.2
2018 IV	-0.3	0.2	0.5	1.3	0.0	1.7	2.4	1.9	2.2	1.9
III	2.5	3.7	1.1	3.2	1.0	0.6	-1.9	-0.2	15.1	1.7
II	-2.2	0.2	2.5	0.1	-2.0	2.4	-0.2	1.6	15.2	3.2
I	4.7	6.7	1.8	8.6	5.1	3.7	-4.2	1.1	8.0	1.9
Percent change from corresponding quarter of previous year										
2020 II	0.9	-12.2 r	-12.9	9.0	8.5	8.0 r	-12.2 r	1.7 r	-13.3 r	-0.2
I	0.4	-0.2	-0.6	2.9	0.8	2.5	3.9	3.0	-8.9	1.5
2019 ANNUAL	0.6	1.6	0.9	3.7	1.9	3.1	1.9	2.7	-3.3	1.9
2019 IV	0.7	1.6	0.9	3.6	1.6	2.9	2.2	2.7	-3.9	1.8
III	0.3	1.0	0.7	3.3	1.6	3.0	3.4	3.1	-6.1	1.9
II	1.1	1.9	0.8	4.1	2.3	2.9	1.3	2.4	-1.4	1.9
I	0.3	1.7	1.4	3.8	2.2	3.5	0.9	2.7	-1.6	2.1
2018 ANNUAL	0.6	2.6	1.9	3.5	1.0	2.8	-1.0	1.6	6.2	2.2
2018 IV	1.1	2.6	1.5	3.2	1.0	2.1	-1.0	1.1	10.0	2.2
III	1.0	3.0	2.0	3.6	0.9	2.6	-1.8	1.2	10.1	2.3
II	-0.2	1.9	2.1	3.5	0.8	3.7	-0.8	2.2	3.2	2.4
I	0.7	2.9	2.2	3.7	1.4	3.0	-0.3	1.9	1.4	1.9
Indexes 2012=100										
2020 II	103.6 r	102.4 r	98.9 r	130.9 r	117.0 r	126.3 r	93.5 r	115.4 r	83.5 r	110.8 r
I	102.9	116.1	112.9	123.3	109.2	119.8	110.3	116.7	84.5	112.1
2019 ANNUAL	102.6	116.7	113.7	120.2	107.8	117.2	107.1	113.8	95.4	111.2
2019 IV	102.8	117.3	114.1	120.9	107.4	117.6	107.6	114.3	97.8	111.9
III	102.5	116.6	113.7	120.1	107.4	117.2	108.2	114.2	95.0	111.5
II	102.7	116.6	113.6	120.1	107.9	117.0	106.5	113.5	96.3	111.0
I	102.4	116.3	113.5	119.7	108.4	116.9	106.1	113.3	92.7	110.4
2018 ANNUAL	102.0	114.9	112.7	115.9	105.8	113.7	105.1	110.8	98.7	109.1
2018 IV	102.1	115.5	113.1	116.6	105.8	114.3	105.3	111.3	101.7	109.9
III	102.2	115.4	113.0	116.3	105.8	113.8	104.7	110.8	101.1	109.4
II	101.5	114.4	112.7	115.4	105.5	113.6	105.2	110.8	97.6	108.9
I	102.1	114.3	112.0	115.3	106.0	112.9	105.2	110.4	94.2	108.1

See footnotes following Table 6.  
r=revised

November 5, 2020  
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. Hours and compensation 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 -1.4 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 2020.

### **Table Footnotes**

- (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 1978-2019 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 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 adjustment.