

News

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(This release was reissued on Wednesday, October 13, 2004, to correct some errors in the data. Data for the second quarter 2004 for business, nonfarm business, and manufacturing were not affected. The Productivity and Costs news release of August 10, 2004, which included revisions to historical measures, also contained some incorrect data. For more information, see www.bls.gov/lpc/note09022004.htm.)

PRODUCTIVITY AND COSTS

Second Quarter 2004

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data—as measured by output per hour of all persons—for the second quarter of 2004. The seasonally adjusted annual rates of productivity change in the second quarter were:

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

In both sectors, increases in productivity were smaller than reported on Aug. 10, as output was revised down and hours were revised up. (See table C.)

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

6.9 percent in manufacturing,
4.9 percent in durable goods manufacturing, and
9.7 percent in nondurable goods manufacturing.

In total manufacturing, the change in productivity was revised down from a preliminary estimate of 7.5 percent. Output and hours in manufacturing, which includes about 13 percent of U.S. business-sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors. Second-quarter measures are summarized in table A and appear in detail in tables 1 through 5; the differences between these measures and the preliminary second-quarter figures issued on Aug. 10 are shown in table C.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources (page 9).

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.5	3.2	1.6	3.7	-1.0	2.1
Nonfarm business	2.5	3.5	1.0	4.3	-0.4	1.8
Manufacturing	6.9	6.2	-0.6	3.2	-1.5	-3.5
Durable	4.9	5.9	1.0	2.3	-2.3	-2.5
Nondurable	9.7	6.3	c-3.1	c4.4	c-0.3	-4.8
Percent change from same quarter a year ago						
Business	4.0	5.4	1.3	4.0	1.1	0.0
Nonfarm business	4.6	5.8	1.2	4.2	1.3	-0.3
Manufacturing	5.8	5.7	-0.1	3.1	0.3	-2.5
Durable	c7.1	8.4	c1.2	c2.1	-0.7	-4.7
Nondurable	4.7	2.6	-2.1	4.7	c1.8	0.0

c=corrected

Business

From the first quarter to the second quarter of 2004, productivity in the business sector grew at a 1.5 percent annual rate, as output increased 3.2 percent and hours worked by all persons engaged in the sector rose 1.6 percent (tables A and 1). The productivity increase marks a deceleration from the increases posted during the four quarters of 2003 and the first quarter of 2004; it is the smallest increase since a 1.2-percent rise was posted in the fourth quarter of 2002 (seasonally adjusted annual rates).

Hourly compensation in the business sector increased 3.7 percent in the second quarter of 2004, a faster rise than the 2.8 percent increase one quarter earlier (as revised). Hourly compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, fell 1.0 percent in the second quarter of 2004, after falling 0.8 percent in the first quarter of the year. The second-quarter decline was the largest since real hourly compensation fell 1.6 percent in the second quarter of 2000.

Unit labor costs rose 2.1 percent in the second quarter of 2004, after dropping 1.1 percent in the first quarter. The second-quarter rise was the fastest since the first quarter of 2001, when unit labor costs rose 7.4 percent. The implicit price deflator for the business sector rose 3.3 percent in the second quarter, up from a 2.1-percent rise in the first quarter. The second-quarter increase also was the fastest in recent years; the last comparable increase in the implicit price deflator occurred when it rose 3.4 percent in the first quarter of 2000.

Nonfarm business

Productivity in the nonfarm business sector grew at a 2.5 percent annual rate in the second quarter of 2004, as output grew 3.5 percent and hours of all persons increased 1.0 percent (table A). In the first quarter of 2004, output per hour in the nonfarm business sector had risen 3.7 percent, as output and hours rose 5.7 and 2.0 percent, respectively (table 2). As in the larger business sector, the second-quarter increase in labor productivity was the smallest since the fourth quarter of 2002.

Hourly compensation rose 4.3 percent in the second quarter of 2004, following a 2.0 percent advance in the first quarter. When the rise in consumer prices was taken into account, real hourly compensation declined by 0.4 percent in the second quarter of 2004.

Unit labor costs increased 1.8 percent in the second quarter of 2004; they had fallen 1.6 percent in the first quarter. The implicit price deflator for nonfarm business output rose 2.9 percent in the second quarter of 2004 and 2.0 percent one quarter earlier. The second quarter increase was the biggest since the first quarter of 2000, when it rose 3.3 percent (seasonally adjusted annual rates).

Manufacturing

In the second quarter of 2004, productivity increased 6.9 percent in manufacturing, as output grew 6.2 percent and hours of all persons fell 0.6 percent (seasonally adjusted annual rates). In the durable goods sector, productivity grew 4.9 percent in the second quarter of 2004, reflecting an increase in output of 5.9 percent and growth in hours of 1.0 percent. In nondurable goods, output per hour rose 9.7 percent, reflecting an output increase of 6.3 percent and a 3.1 percent drop in hours at work (tables 3, 4, and 5). The 9.7-percent increase in nondurable goods manufacturing productivity was the largest reported since a 12.6 percent rise in the fourth quarter of 1999.

The hourly compensation of all manufacturing workers increased 3.2 percent during the second quarter of 2004, reflecting a 2.3-percent rise in hourly compensation in durable goods industries and a 4.4-percent increase in the nondurable goods sector. Real hourly compensation in the total manufacturing sector fell 1.5 percent in the second quarter, after decreasing 7.4 percent one quarter earlier.

Unit labor costs in manufacturing dropped 3.5 percent in the second quarter of 2004, less than the 6.6 percent decline in the first quarter. Unit labor costs fell 2.5 percent in durable goods and 4.8 percent in nondurable goods in the second quarter of 2004.

Nonfinancial corporations

Preliminary second quarter 2004 measures of productivity and costs were reported today for nonfinancial corporations (tables B and 6). Productivity increased 1.4 percent during the second quarter, as output increased 3.2 percent and hours grew 1.8 percent (seasonally adjusted annual rates). In the first quarter of 2004, output per hour rose 0.1 percent (as revised), reflecting increases of 2.9 percent in output and 2.8 percent in hours of all employees. Nonfinancial corporations include all corporations doing business in the United States except those classified as offices in the finance and insurance sector, offices of bank holding companies, or offices of other holding companies.

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
2004 II	1.4	3.2	1.8	4.0	-0.7	2.6	16.6	3.7
Percent change from same quarter a year ago								
2004 II	3.9	5.4	1.4	4.1	1.2	0.2	20.0	1.6

Hourly compensation rose 4.0 percent in the second quarter of 2004, following a 2.3 percent gain in the first quarter. When the rise in consumer prices is taken into account, real hourly compensation fell in both the first and second quarters of 2004, 0.7 percent in the second quarter and 1.3 percent one quarter earlier.

Unit labor costs for nonfinancial corporations rose 2.6 percent in the second quarter of 2004 and 2.1 percent in the first quarter, following declines in seven of the previous eight quarters. Unit profits grew at a 16.6 percent annual rate in the second quarter of 2004, similar to the 16.9-percent growth in the first quarter. The implicit price deflator for nonfinancial corporate output grew 3.7 percent in the second quarter of 2004.

Revised Measures

Current and previous measures for the second quarter of 2004 for the business, nonfarm business, and manufacturing sectors are compared in table C. The quarterly movements differ from those reported on Aug. 10 based on information then available. In the business and nonfarm business sectors, productivity and hourly compensation were revised down; unit labor costs also grew less than reported last month. In the manufacturing sector, productivity and hourly compensation were revised down, and unit labor costs declined more than reported last month.

Table C. Business, nonfarm business, and manufacturing: Previous and revised productivity and related measures (Quarterly percent changes at seasonally adjusted annual rates)						
Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Second quarter 2004						
Business:						
Previous	1.9	3.5	1.5	4.2	-0.5	2.2
Current	1.5	3.2	1.6	3.7	-1.0	2.1
Nonfarm business:						
Previous	2.9	3.8	0.8	4.9	0.1	1.9
Current	2.5	3.5	1.0	4.3	-0.4	1.8
Manufacturing:						
Previous	7.5	6.6	-0.9	5.2	0.5	-2.2
Current	6.9	6.2	-0.6	3.2	-1.5	-3.5
First quarter 2004						
Business:						
Previous	3.9	5.3	1.3	4.8	1.1	0.8
Current	3.9	5.3	1.3	2.8	-0.8	-1.1
Nonfarm business:						
Previous	3.7	5.7	2.0	4.0	0.3	0.3
Current	3.7	5.7	2.0	2.0	-1.6	-1.6
Manufacturing:						
Previous	2.8	6.2	3.3	4.8	1.2	2.0
Current	c2.7	6.2	c3.4	c-4.1	c-7.4	-6.6

c=corrected

Hourly compensation growth in the first quarter also was revised to reflect revised estimates of compensation. In the business and nonfarm business sectors, hourly compensation grew much more slowly in the first quarter than reported on Aug. 10. As a result, unit labor costs in these sectors now show declines in the first quarter of 1.1 and 1.6 percent, respectively. In the manufacturing sector, revised data show that hourly compensation fell 4.1 percent in the first quarter, and unit labor costs dropped 6.6 percent.

Measures of hours for all of the major sectors were revised on Aug. 10, 2004, to incorporate new estimates of average weekly hours at work for supervisory and nonproduction workers. Ratios of the average weekly hours at work for these employees relative to those of nonsupervisory and production workers were developed from data in the Current Population Survey. These ratios were applied to average weekly hours at work for nonsupervisory and production workers developed from data in the Current Employment Statistics and Employment Cost Index programs.

An article discussing these new measures and the effects of this change was published in the April 2004 issue of the *Monthly Labor Review*. A link to a technical note describing the methodology will be posted shortly on the BLS labor productivity home page (www.bls.gov/lpc/). Copies of the technical note also will be available by calling 202-691-5604, sending an email to dprweb@bls.gov, or writing to the Bureau of Labor Statistics, Division of Major Sector Productivity, Room 2150, Washington DC 20212.

Revised Measures: Nonfinancial Corporations

Data for the first quarter of 2004 were revised for the nonfinancial corporate sector. Productivity, output, hourly compensation, and unit labor costs grew more slowly than reported on Aug. 10.

Table D. Nonfinancial corporations: Previous and revised productivity and cost measures (Quarterly percent changes at seasonally adjusted annual rates)								
	Produc- tivity	Output	Hours	Hourly compen- sation	Real hourly compen- sation	Unit labor costs	Unit profits	Implicit price deflator
First quarter 2004								
Previous	1.3	4.1	2.7	4.1	0.5	2.7	15.5	2.1
Current	c0.1	2.9	c2.8	2.3	-1.3	2.1	16.9	2.1

c=corrected

Upcoming changes

Late in 2004 or early in 2005, BLS will improve the way it uses data for farm workers, the nonfarm self employed, and nonfarm unpaid family workers in the productivity program, adjusting them to account for the effects of multiple jobholding. Further information on this change will be announced later this year.

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Thursday, Nov. 4, 2004**. Preliminary third-quarter measures for business, nonfarm business, and manufacturing will be released at that time.

TECHNICAL NOTES

Labor Hours: Hours data for the labor productivity and cost measures include hours for all persons working in the sector—wage and salary workers, the self-employed, and unpaid family workers. The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on the number of jobs held by wage and salary workers in nonfarm establishments. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. 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 years prior to 2001. 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.

Output: Business sector output is an annual-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 78 percent of the value of GDP in 2000. Nonfarm business, which also excludes farming, accounted for about 77 percent of GDP in 2000.

Annual indexes for manufacturing and its durable and nondurable goods components are constructed by deflating current-dollar industry value of production data from the U.S. Bureau of the Census with deflators from the BEA. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System, adjusted to be consistent

with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 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 an annual-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; 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 54 percent of the value of GDP in 2000.

Productivity: These productivity measures describe the relationship between real output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours at work of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5606; 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									
2002	I	122.7	142.2	115.9	143.2	115.2	116.7	113.4	115.5
	II	123.2	142.9	116.0	144.4	115.2	117.2	113.6	115.9
	III	124.7	144.3	115.7	145.0	115.0	116.3	115.7	116.1
	IV	125.0	144.7	115.7	145.5	114.8	116.3	116.8	116.5
	ANNUAL	123.9	143.5	115.8	144.5	115.0	116.6	114.9	116.0
2003	I	126.2	145.5	115.3	147.4	115.3	116.8	117.7	117.1
	II	128.6	147.5	114.7	149.6	116.8	116.4	119.0	117.3
	III	131.2	150.8	114.9	151.7	117.7	115.6	120.8	117.5
	IV	132.0	152.3	115.4	153.2	118.7	116.0	120.7	117.8
	ANNUAL	129.5	149.0	115.1	150.5	117.1	116.2	119.6	117.4
2004	I	133.3	154.3	115.8	r154.2	r118.4	r115.7	r122.9	118.4
	II	r133.8	r155.5	r116.3	r155.6	r118.1	r116.3	r124.4	r119.4
Percent change from previous quarter at annual rate(5)									
2002	I	5.9	3.5	-2.3	4.9	3.5	-1.0	1.0	-0.3
	II	1.7	2.1	0.4	3.4	-0.1	1.7	1.0	1.4
	III	4.8	3.8	-1.0	1.6	-0.7	-3.1	7.3	0.7
	IV	1.2	1.2	0.0	1.3	-0.6	0.0	3.8	1.4
	ANNUAL	4.3	1.8	-2.4	3.2	1.5	-1.1	4.5	0.9
2003	I	3.9	2.2	-1.6	5.5	1.7	1.6	3.1	2.1
	II	7.6	5.6	-1.9	6.1	5.4	-1.4	4.5	0.8
	III	8.5	9.3	0.7	5.6	3.1	-2.6	6.3	0.7
	IV	2.4	4.2	1.7	4.0	3.3	1.6	-0.4	0.8
	ANNUAL	4.5	3.8	-0.7	4.1	1.8	-0.4	4.1	1.3
2004	I	3.9	5.3	1.3	r2.8	r-0.8	r-1.1	r7.4	2.1
	II	r1.5	r3.2	r1.6	r3.7	r-1.0	r2.1	r5.1	r3.3
Percent change from corresponding quarter of previous year									
2002	I	4.9	0.8	-3.9	3.2	1.9	-1.6	6.6	1.2
	II	4.0	1.1	-2.8	3.4	2.1	-0.6	3.5	0.9
	III	4.9	2.8	-2.0	3.3	1.6	-1.6	c5.0	0.8
	IV	3.4	2.7	-0.7	2.8	0.5	-0.6	3.2	0.8
	ANNUAL	4.3	1.8	-2.4	3.2	1.5	-1.1	4.5	0.9
2003	I	2.9	2.3	-0.6	2.9	0.1	0.0	3.8	1.4
	II	4.4	3.2	-1.1	3.6	1.4	-0.7	4.7	1.3
	III	5.3	4.5	-0.7	4.6	2.4	-0.6	4.4	1.3
	IV	5.6	5.3	-0.3	5.3	c3.4	-0.3	3.4	1.1
	ANNUAL	4.5	3.8	-0.7	4.1	1.8	-0.4	4.1	1.3
2004	I	5.6	6.1	0.5	r4.6	r2.7	r-0.9	r4.4	1.1
	II	r4.0	r5.4	1.3	r4.0	r1.1	r0.0	r4.6	1.7

See footnotes following Table 6.

r=revised
c=corrected

Sept. 2, 2004 corrected

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									
2002	I	122.4	142.6	116.5	142.6	114.7	116.4	115.1	116.0
	II	122.8	143.2	116.7	143.8	114.7	117.1	115.4	116.5
	III	124.1	144.5	116.4	144.3	114.4	116.2	117.7	116.8
	IV	124.6	145.0	116.4	144.7	114.3	116.1	118.9	117.2
	ANNUAL	123.5	143.9	116.5	143.8	114.5	116.5	116.8	116.6
2003	I	125.8	145.9	116.0	146.6	114.7	116.6	119.6	117.7
	II	127.8	147.8	115.6	148.7	116.1	116.3	120.4	117.8
	III	130.6	151.1	115.7	150.9	117.1	115.5	122.3	118.0
	IV	131.7	152.8	116.1	152.5	118.2	115.9	121.9	118.1
	ANNUAL	129.0	149.4	115.8	149.7	116.5	116.1	121.1	117.9
2004	I	132.8	155.0	116.7	r153.3	r117.7	r115.4	r124.3	118.7
	II	r133.7	r156.3	116.9	r154.9	r117.6	r115.9	r125.7	119.5
Percent change from previous quarter at annual rate(5)									
2002	I	6.9	4.0	-2.7	5.5	4.1	-1.4	1.6	-0.3
	II	1.1	1.7	0.6	3.4	-0.1	2.3	1.0	1.8
	III	4.5	3.6	-0.9	1.5	-0.8	-2.9	8.0	1.0
	IV	1.6	1.4	-0.2	1.2	-0.6	-0.3	4.2	1.3
	ANNUAL	4.4	1.8	-2.5	3.3	1.6	-1.1	4.7	1.0
2003	I	3.7	2.4	-1.3	c5.3	1.5	1.6	2.4	1.9
	II	6.7	5.3	-1.4	5.7	5.0	-1.0	2.9	0.5
	III	9.0	9.3	0.3	6.1	3.6	-2.7	6.3	0.6
	IV	3.1	4.6	1.4	4.4	3.6	1.2	-1.2	0.3
	ANNUAL	4.4	3.8	-0.6	4.1	1.7	-0.4	3.7	1.1
2004	I	3.7	5.7	2.0	r2.0	r-1.6	r-1.6	r8.0	2.0
	II	r2.5	r3.5	r1.0	r4.3	r-0.4	r1.8	r4.7	r2.9
Percent change from corresponding quarter of previous year									
2002	I	5.1	0.9	-4.0	3.2	2.0	-1.8	6.7	1.2
	II	4.0	1.0	-2.9	3.5	2.2	-0.5	3.4	0.9
	III	4.8	2.6	-2.1	3.4	1.7	-1.3	5.2	1.0
	IV	3.5	2.7	-0.8	2.9	0.6	-0.6	3.7	1.0
	ANNUAL	4.4	1.8	-2.5	3.3	1.6	-1.1	4.7	1.0
2003	I	2.7	2.3	-0.5	2.9	0.0	0.1	3.9	1.5
	II	4.1	3.2	-0.9	3.4	1.2	-0.7	4.4	1.2
	III	5.2	4.6	c-0.7	4.6	2.4	-0.6	3.9	1.1
	IV	5.6	5.4	-0.2	5.4	3.4	-0.2	2.5	0.8
	ANNUAL	4.4	3.8	-0.6	4.1	1.7	-0.4	3.7	1.1
2004	I	5.6	6.2	0.6	r4.5	r2.6	r-1.0	r3.9	0.8
	II	r4.6	r5.8	r1.2	r4.2	r1.3	r-0.3	r4.4	r1.5

See footnotes following Table 6.

r=revised
c=corrected

Sept. 2, 2004 corrected

Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour (1)	Real compensation per hour (2)	Unit labor costs	

Indexes 1992=100							
2002	I	143.8	130.5	90.7	144.1	115.9	100.2
	II	145.7	131.8	90.4	147.0	117.2	100.8
	III	147.8	132.4	89.5	148.6	117.8	100.5
	IV	148.8	131.3	88.2	149.9	118.3	100.7
	ANNUAL	146.5	131.5	89.7	c147.4	117.3	100.6
2003	I	151.0	131.3	87.0	155.7	121.8	103.1
	II	152.1	130.1	85.6	158.5	123.8	104.2
	III	c156.0	131.5	84.3	161.6	c125.5	103.6
	IV	157.2	133.5	84.9	163.9	127.0	104.2
	ANNUAL	c154.1	131.6	c85.4	159.9	124.5	103.8
2004	I	158.3	135.5	85.6	r162.2	cr124.5	r102.5
	II	r160.9	r137.6	r85.5	r163.5	r124.1	r101.6

Percent change from previous quarter at annual rate(5)							
2002	I	10.0	2.5	-6.9	14.2	12.7	3.8
	II	5.4	4.0	-1.3	8.2	4.5	2.6
	III	5.9	1.7	c-3.9	4.5	c2.1	-1.3
	IV	c2.8	-3.1	-5.7	3.5	c1.6	0.7
	ANNUAL	7.0	-0.6	-7.1	6.7	5.0	-0.3
2003	I	6.0	0.1	-5.6	16.6	c12.3	10.0
	II	c2.9	-3.6	c-6.3	c7.4	c6.7	4.4
	III	c10.6	4.3	-5.7	8.1	c5.6	-2.2
	IV	3.3	6.2	c2.8	5.7	4.9	2.3
	ANNUAL	5.1	0.1	-4.8	8.5	6.1	3.2
2004	I	c2.7	6.2	c3.4	cr-4.1	cr-7.4	r-6.6
	II	r6.9	r6.2	r-0.6	r3.2	r-1.5	r-3.5

Percent change from corresponding quarter of previous year							
2002	I	6.6	-3.4	-9.4	4.1	2.8	-2.4
	II	7.3	-1.1	-7.9	7.0	5.6	-0.3
	III	8.0	0.9	-6.6	8.2	6.5	0.2
	IV	6.0	1.2	-4.5	7.5	5.1	1.4
	ANNUAL	7.0	-0.6	-7.1	6.7	5.0	-0.3
2003	I	5.0	0.6	-4.2	8.1	5.1	2.9
	II	4.4	-1.3	-5.4	7.9	5.6	3.3
	III	5.5	-0.6	-5.8	8.8	c6.5	3.1
	IV	5.6	1.7	c-3.8	9.4	7.3	3.5
	ANNUAL	5.1	0.1	-4.8	8.5	6.1	3.2
2004	I	4.8	3.2	-1.5	r4.2	r2.3	r-0.6
	II	r5.8	r5.7	r-0.1	r3.1	r0.3	r-2.5

See footnotes following Table 6.				Sept. 2, 2004 corrected			
r=revised				Source: Bureau of Labor Statistics			
c=corrected							

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							
2002	I	c161.4	152.6	94.6	c142.2	114.4	88.1
	II	163.9	154.7	94.4	145.2	115.8	88.6
	III	c167.0	155.9	c93.4	c146.4	c116.1	87.7
	IV	170.5	156.1	c91.5	147.7	116.6	86.6
	ANNUAL	c165.7	154.8	93.5	c145.4	115.7	87.7
2003	I	c173.6	156.6	90.2	154.9	c121.1	89.2
	II	175.0	155.1	c88.7	157.9	123.3	90.2
	III	181.5	158.3	87.2	161.2	125.1	88.8
	IV	c183.3	161.9	88.3	c163.4	126.5	89.1
	ANNUAL	178.3	158.0	88.6	159.3	124.0	89.3
2004	I	c185.2	165.7	c89.5	r160.4	cr123.1	r86.6
	II	r187.5	r168.1	c89.7	cr161.3	cr122.4	r86.0

Percent change from previous quarter at annual rate(5)							
2002	I	c11.7	2.8	c-8.0	c8.4	c7.0	-2.9
	II	c6.3	5.5	c-0.7	c8.6	c5.0	2.2
	III	c7.9	3.3	c-4.3	c3.5	c1.1	-4.1
	IV	c8.7	0.4	c-7.6	c3.6	c1.7	-4.7
	ANNUAL	8.3	-0.7	-8.3	c5.6	3.9	-2.5
2003	I	c7.4	1.4	c-5.6	c20.8	c16.4	12.5
	II	c3.1	-3.9	c-6.8	c8.0	c7.3	4.7
	III	15.8	8.4	-6.3	c8.7	6.1	-6.1
	IV	c4.1	9.4	c5.1	c5.5	c4.7	1.3
	ANNUAL	7.6	2.0	-5.2	9.6	7.1	1.8
2004	I	c4.3	9.9	c5.4	cr-7.1	cr-10.4	r-10.9
	II	r4.9	r5.9	r1.0	r2.3	r-2.3	r-2.5

Percent change from corresponding quarter of previous year							
2002	I	c7.1	-4.9	c-11.2	c3.3	c2.0	-3.6
	II	c8.3	-1.8	c-9.3	6.0	4.7	-2.0
	III	c9.2	1.2	-7.3	7.0	c5.2	-2.0
	IV	8.6	3.0	c-5.2	c6.0	c3.7	-2.4
	ANNUAL	8.3	-0.7	-8.3	c5.6	3.9	-2.5
2003	I	7.6	2.6	c-4.6	c8.9	5.9	1.2
	II	6.8	0.3	-6.1	c8.7	6.5	1.9
	III	c8.7	1.5	-6.6	10.1	7.7	1.3
	IV	7.5	3.7	-3.5	10.6	8.5	2.9
	ANNUAL	7.6	2.0	-5.2	9.6	7.1	1.8
2004	I	6.7	5.8	c-0.8	cr3.5	r1.7	r-3.0
	II	cr7.1	r8.4	c1.2	cr2.1	r-0.7	r-4.7

See footnotes following Table 6.				Sept. 2, 2004 corrected			
r=revised				Source: Bureau of Labor Statistics			
c=corrected							

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							
2002	I	c126.1	107.2	85.0	c146.2	c117.6	116.0
	II	127.5	107.8	84.5	148.8	118.7	116.7
	III	128.5	107.7	c83.8	c151.2	c119.9	117.6
	IV	c126.9	105.7	c83.3	c152.5	c120.4	120.2
	ANNUAL	127.3	107.1	c84.2	c149.6	c119.1	117.6
2003	I	128.2	105.3	82.1	c155.9	121.9	121.6
	II	129.0	104.4	81.0	158.3	123.6	122.7
	III	130.4	104.3	80.0	161.1	125.0	123.5
	IV	131.5	105.0	c79.9	c163.3	c126.5	124.2
	ANNUAL	c129.8	104.8	80.7	159.6	124.2	123.0
2004	I	c132.0	105.5	c79.9	cr163.9	cr125.9	r124.2
	II	cr135.1	r107.1	r79.3	r165.7	cr125.8	r122.7

Percent change from previous quarter at annual rate(5)							
2002	I	c7.4	2.0	c-5.1	c26.5	c24.9	17.7
	II	c4.6	2.2	c-2.3	c7.2	c3.6	2.5
	III	c3.2	-0.2	c-3.3	c6.6	c4.1	3.2
	IV	c-4.9	-7.3	c-2.5	c3.7	c1.8	9.0
	ANNUAL	4.8	-0.6	-5.2	9.3	c7.5	4.3
2003	I	c4.2	-1.5	c-5.5	c9.1	c5.1	c4.7
	II	c2.3	-3.2	-5.5	c6.3	5.7	3.9
	III	4.4	-0.4	-4.6	7.2	4.7	2.7
	IV	c3.4	2.6	c-0.7	c5.6	c4.8	2.2
	ANNUAL	c2.0	-2.2	c-4.1	c6.7	c4.3	4.6
2004	I	c1.6	1.8	c0.2	cr1.5	cr-2.0	r0.0
	II	r9.7	r6.3	cr-3.1	cr4.4	cr-0.3	r-4.8

Percent change from corresponding quarter of previous year							
2002	I	c5.0	-1.7	c-6.4	c6.2	c5.0	1.2
	II	c5.3	-0.4	c-5.4	c9.2	7.9	3.7
	III	c6.2	0.5	c-5.4	c10.9	c9.2	4.5
	IV	c2.5	-0.9	c-3.3	c10.6	c8.2	8.0
	ANNUAL	4.8	-0.6	-5.2	9.3	c7.5	4.3
2003	I	c1.7	-1.8	c-3.4	c6.6	c3.6	4.8
	II	c1.2	-3.1	-4.2	6.4	c4.2	5.2
	III	1.5	-3.1	c-4.5	6.6	4.3	5.0
	IV	3.6	-0.7	-4.1	c7.1	5.1	3.3
	ANNUAL	c2.0	-2.2	c-4.1	c6.7	c4.3	4.6
2004	I	2.9	0.2	c-2.7	cr5.2	cr3.3	r2.2
	II	r4.7	r2.6	-2.1	r4.7	cr1.8	r0.0

See footnotes following Table 6.				Sept. 2, 2004 corrected			
r=revised				Source: Bureau of Labor Statistics			
c=corrected							

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor costs	Unit non-labor costs(6)	Total unit costs (7)	Unit profits (8)	Implicit price deflator (4)	
Indexes 1992=100											
2002	I	126.3	149.7	118.5	139.9	112.6	110.8	114.0	111.6	89.1	109.6
	II	127.9	151.4	118.4	141.3	112.7	110.5	112.9	111.2	94.7	109.7
	III	129.2	152.3	117.9	142.1	112.7	110.0	112.7	110.7	95.7	109.4
	IV	130.2	153.1	117.6	142.9	112.8	109.7	112.3	110.4	101.8	109.6
	ANNUAL	128.4	151.6	118.1	141.5	112.7	110.2	113.0	111.0	95.4	109.6
2003	I	131.3	153.4	116.8	144.1	112.7	109.8	113.2	110.7	99.2	109.7
	II	134.1	156.1	116.4	146.3	114.2	109.1	111.4	109.7	111.0	109.8
	III	137.2	159.4	116.2	148.5	115.3	108.2	111.1	109.0	118.7	109.9
	IV	138.9	162.0	116.7	150.0	116.2	108.0	110.5	108.7	123.2	110.0
	ANNUAL	135.4	157.7	116.5	147.3	114.6	108.8	111.5	109.5	113.2	109.8
2004	I	r138.9	r163.2	117.5	r150.9	r115.9	r108.6	r109.5	r108.8	r128.1	110.6
	II	139.4	164.5	118.0	152.4	115.7	109.3	109.9	109.5	133.1	111.6
Percent change from previous quarter at annual rate(5)											
2002	I	7.9	5.7	-2.0	1.7	0.4	-5.8	-7.3	-6.2	90.8	-1.6
	II	4.9	4.8	-0.1	4.0	0.4	-0.9	-3.7	-1.7	27.4	0.2
	III	4.1	2.3	-1.7	2.3	0.0	-1.7	-0.9	-1.5	4.5	-1.0
	IV	3.4	2.1	-1.2	2.2	0.3	-1.1	-1.4	-1.2	28.1	0.9
	ANNUAL	4.4	1.5	-2.8	3.1	1.4	-1.3	-0.2	-1.0	15.4	0.1
2003	I	3.2	0.6	-2.5	3.6	-0.2	0.4	3.0	1.1	-10.0	0.1
	II	9.1	7.4	-1.5	6.2	5.5	-2.6	-6.2	-3.6	56.4	0.5
	III	9.4	8.8	-0.6	6.2	3.6	-3.0	-1.0	-2.5	30.8	0.2
	IV	5.0	6.7	1.6	4.2	3.4	-0.8	-2.1	-1.2	16.1	0.4
	ANNUAL	5.4	4.0	-1.3	4.0	1.7	-1.3	-1.3	-1.3	18.7	0.2
2004	I	cr0.1	r2.9	c2.8	r2.3	r-1.3	r2.1	r-3.5	r0.6	r16.9	2.1
	II	1.4	3.2	1.8	4.0	-0.7	2.6	1.6	2.3	16.6	3.7
Percent change from corresponding quarter of previous year											
2002	I	3.4	-1.1	-4.3	3.2	2.0	-0.2	4.0	0.9	1.5	1.0
	II	4.2	0.8	-3.2	3.4	2.1	-0.8	0.6	-0.4	8.4	0.2
	III	5.0	2.5	-2.4	3.1	1.4	-1.8	-1.7	-1.8	20.6	-0.4
	IV	5.1	3.7	-1.3	2.5	0.3	-2.4	-3.3	-2.7	34.3	-0.4
	ANNUAL	4.4	1.5	-2.8	3.1	1.4	-1.3	-0.2	-1.0	15.4	0.1
2003	I	3.9	2.5	-1.4	3.0	0.1	-0.9	-0.8	-0.8	11.3	0.1
	II	4.9	3.1	-1.7	3.6	1.4	-1.3	-1.4	-1.3	17.2	0.1
	III	6.2	4.7	-1.5	4.5	2.3	-1.6	-1.4	-1.6	23.9	0.4
	IV	6.6	5.8	-0.8	5.0	3.1	-1.5	-1.6	-1.6	20.9	0.3
	ANNUAL	5.4	4.0	-1.3	4.0	1.7	-1.3	-1.3	-1.3	18.7	0.2
2004	I	r5.9	r6.4	0.5	r4.7	r2.8	r-1.1	r-3.2	-1.7	r29.1	0.8
	II	3.9	5.4	1.4	4.1	1.2	0.2	-1.3	-0.2	20.0	1.6

See footnotes following Table 6.

r=revised
c=correctedSept. 2, 2004 corrected
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 -1.4 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 first quarter of 2004.

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 1978-2003 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 from the original data rather than index numbers. Annual changes: Percent change between annual average levels.
- (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.