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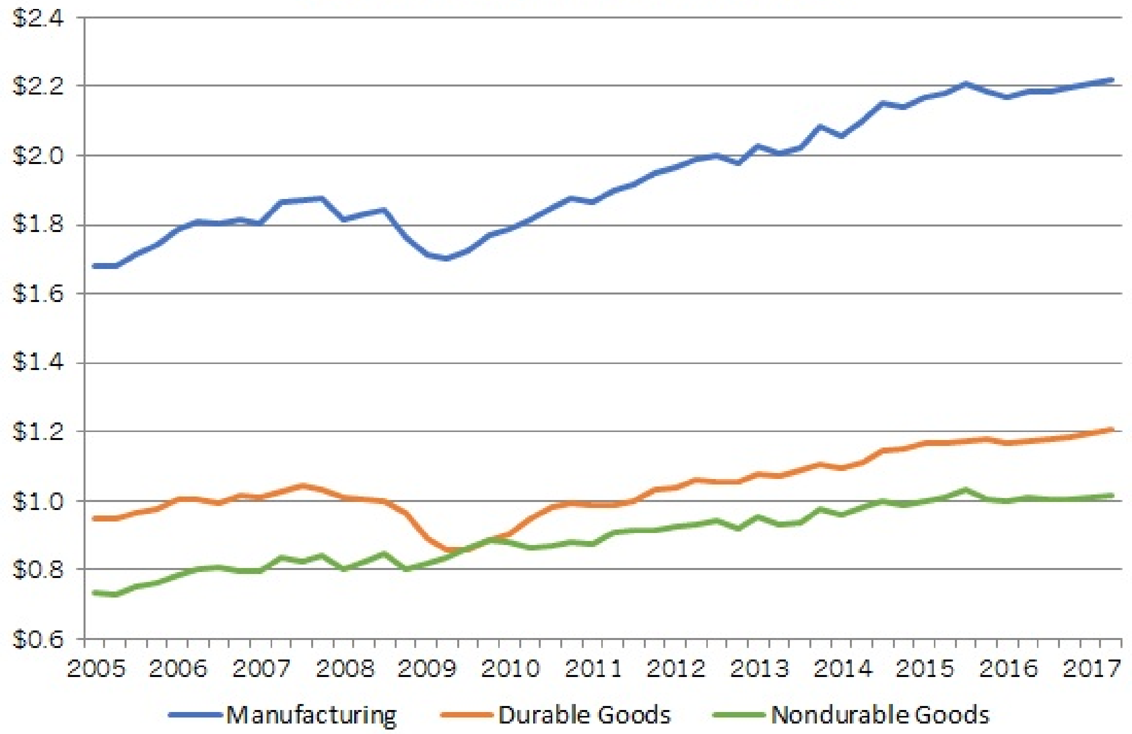
Monday Economic Report

November 6, 2017

Manufacturing's Value-Added Contributions to the U.S. Economy, in Trillions of Dollars



According to new data from the Bureau of Economic Analysis, manufacturing was one of the larger contributors to real GDP growth in the second quarter, adding 0.36 percentage points to top-line growth of 3.1 percent. Real value-added output from manufacturing increased 3.2 percent in the second quarter, extending the 4.0 percent gain in the first quarter. Overall, value-added output for manufacturing rose from $2.206 trillion in the first quarter to $2.219 trillion in the second quarter, a new all-time high. Value-added output for durable goods increased from $1.196 trillion to $1.205 trillion, with nondurable goods value-added output rising from $1.010 trillion to $1.014 trillion. The bottom line is that manufacturing accounted for 11.5 percent of real GDP in the second quarter.

The more recent data on manufacturing continue to be encouraging. For instance, the Institute for Supply Management reported that manufacturing activity expanded robustly in October, even as it pulled back from September's reading, which was the fastest pace since May 2004. The sample comments suggest that negative impacts from recent hurricanes explain at least part of October's weaker reading. Nonetheless, the larger story remains one of strength, with business activity continuing to grow at healthy rates. Indices for new orders and production exceeded 60—a threshold that would signify a vigorous expansion in demand and output in the sector—for the fifth consecutive month, with employment remaining near the six-year peak set in September. Regionally, the Dallas Federal Reserve Bank's composite measure increased to its best reading since March 2006, showing both economic progress in the Texas district and resilience in the wake of damage from Hurricane Harvey.

After a number of global headwinds over the past two years, there are signs that manufacturing activity in general has turned a corner. New factory orders rose 1.4 percent in September, extending the 1.2 percent increase in August. More importantly, new orders for manufactured goods have jumped nearly 7.0 percent since September 2016—a healthy increase that helps to explain recent optimism from business leaders in the sector. A fair amount of that progress has come from better economic conditions globally. On that score, goods exports rose in September to their highest level since December 2014, even as the U.S. trade deficit edged somewhat higher for the month. Using non-seasonally adjusted data, U.S.-manufactured goods exports have risen 3.85 percent through the first three quarters of 2017 relative to the same time frame last year. This is a welcome development after declines in both 2015 and 2016. In addition, service-sector exports and imports both rose to new all-time highs.

With stronger performance in the sector, the labor market for manufacturers has tightened significantly. Manufacturers added 24,000 workers in October, improving from a hurricane-related gain of just 6,000 in September. Note that the August and September data were revised upwardly in the latest figures, adding another 10,000 in total to what was estimated previously in those months. Through the first 10 months of 2017, manufacturing employment has risen by 13,800 on average per month—a definite improvement from the loss of 16,000 workers in 2016 as a whole. Since the end of the Great Recession, manufacturing employment has risen by 1,028,000 workers, with 12.48 million employees in the sector in this report.

We have also seen some upward pressure on wages. In this release, average weekly earnings for manufacturing workers rose from $1,090.18 in September to $1,097.57 in October, with that figure up 2.1 percent over the past 12 months. Note that in a different release out last week, we learned that manufacturing compensation rose 1.0 percent in the third quarter, accelerating strongly from the 0.6 percent gain in the second quarter. On a year-over-year basis, compensation in the sector grew 2.6 percent. Manufacturing wages and salaries increased 0.8 percent in the third quarter, with benefits up 1.7 percent. Private-sector manufacturing workers earned 2.5 percent more over the past 12 months in wages and salaries, with benefit costs up 2.9 percent year-over-year.

Meanwhile, nonfarm payrolls also rebounded, up from a revised 18,000 in September to 261,000 in October. September's reading was estimated originally to be a decline of 33,000, and more importantly, revisions in August and September added another 90,000 workers in total to nonfarm payroll employment figures. The unemployment rate fell from 4.2 percent to 4.1 percent, its lowest level since December 2000. The so-called "real" unemployment rate also declined, down from 8.3 percent to 7.9 percent, its lowest level since December 2006.

Beyond manufacturing, consumers have also been more optimistic about current and future economic conditions. The Consumer Confidence Index from the Conference Board rose to its best reading since December 2000. These findings mirrored similarly optimistic perceptions about the economic environment in the competing survey from the University of Michigan and Thomson Reuters. That report found sentiment rose to its highest point since January 2004, largely on improvements in personal finances and a stronger outlook.

With that in mind, personal spending jumped 1.0 percent in September after edging up just 0.1 percent in August. It was the fastest monthly pace since August 2009, boosted by strong growth in durable and nondurable goods spending, up 3.2 percent and 1.5 percent in September, respectively. The durable goods figure was buoyed by a significant increase in motor vehicles and parts purchases, likely supported by hurricane-related replacements. In general, Americans have continued to spend at relatively healthy rates overall. Indeed, personal spending has increased 4.4 percent over the past 12 months, up from 4.0 percent year-over-year in the prior release. Moreover, the saving rate plummeted from 3.6 percent in August to 3.1 percent in September, its lowest level since December 2007, or since the start of the Great Recession.

After a couple of busy weeks of economic indicators, there will be just a few releases this week: new figures for consumer confidence, consumer credit and job openings. In addition, the NAM will publish the latest iteration of the Global Manufacturing Economic Update on Thursday.

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P.S. – If you have not already done so, please take some time to complete this [short survey] on "advanced industrial mobility." The Manufacturing Institute is interested in learning more about this and is working closely with PwC on some upcoming projects. This term, which we coined in developing the initiative, is defined as the "movement and transportation of industrial materials and goods and services via new and emerging technologies." It includes semiautonomous and autonomous vehicles, both on the shop floor and in the logistics of inputs and final products outside the factory walls. All responses will be kept confidential, and responses are due by Tuesday, November 7, at 5:00 p.m. EST.

Economic Indicators

Last Week's Indicators:
(Summaries Appear Below)

Monday, October 30
Dallas Fed Manufacturing Survey
Personal Income and Spending

Tuesday, October 31
Conference Board Consumer Confidence
Employment Cost Index

Wednesday, November 1
ADP National Employment Report
Construction Spending
FOMC Monetary Policy Statement
ISM Manufacturing Purchasing Managers' Index

Thursday, November 2
GDP by Industry
Productivity and Costs

Friday, November 3
BLS National Employment Report
Factory Orders and Shipments
International Trade Report

This Week's Indicators:

Monday, November 6
None

Tuesday, November 7
Consumer Credit
Job Openings and Labor Turnover Survey

Wednesday, November 8
None

Thursday, November 9
None

Friday, November 10
University of Michigan Consumer Sentiment

Summaries for Last Week`s Economic Indicators

ADP National Employment Report
ADP reported that manufacturing employment remained a bright spot in October, with the sector adding 22,000 net new workers for the month. As such, manufacturers continue to hire at a rather robust rate as firms react to increased activity and an improved economic outlook. The sector has hired an average of 17,445 per month year to date—a significant turnaround from 2016's more sluggish pace. Overall, there are continued signs that the labor market for manufacturing firms has tightened considerably, with business

leaders citing notable challenges in attracting talent. We expect continued strength in job growth moving forward.

Meanwhile, total nonfarm private employment rebounded in October, up from 110,000 in September to 235,000 in this release. This suggests the labor market has started to recover from the devastating hurricanes, which weakened the September reading. Nonfarm private payrolls have increased 221,648 per month on average year to date, which was notably higher than the 179,327 workers added each month in the second half of 2016. In October, the largest employment growth included professional and business services (up 109,000), construction (up 62,000), leisure and hospitality (up 45,000) and education and health services (up 39,000). Small and medium-sized firms (i.e., those with fewer than 500 employees) accounted for 61.7 percent of the net job creation in October.

BLS National Employment Report

The Bureau of Labor Statistics reported that manufacturers added 24,000 workers in October, improving from a hurricane-related gain of just 6,000 in September. Note that the August and September data were revised upwardly in the latest figures, adding another 10,000 in total to what was estimated previously in those months. Through the first 10 months of 2017, manufacturing employment has risen by 13,800 on average per monthâ€"a definite improvement from the loss of 16,000 workers in 2016 as a whole and a sign that firms have stepped up their hiring as a result of a stronger economic outlook and increased demand and production activity. Indeed, since the end of the Great Recession, manufacturing employment has risen by 1,028,000 workers, with 12.48 million employees in the sector in this report.

We have also seen some upward pressure on wages. In this release, average weekly earnings for manufacturing workers rose from $1,090.18 in September to $1,097.57 in October, with that figure up 2.1 percent over the past 12 months. In addition, the average number of hours worked per week in the manufacturing sector edged up from 40.8 to 41.0, with average overtime hours shifting from 3.4 to 3.5 in this release.

In October, durable and nondurable goods employment rose by 19,000 and 5,000 workers, respectively. The largest increases occurred in computer and electronic products (up 4,700), fabricated metal products (up 4,000), chemicals (up 3,600), transportation equipment (up 3,100), wood products (up 2,800), miscellaneous nondurable goods (up 2,700), electrical equipment and appliances (up 2,400) and primary metals (up 1,300), among others. In contrast, employment declined for paper and paper products (down 2,300), machinery (down 1,600) and textile product mills (down 800).

Meanwhile, nonfarm payrolls also rebounded, up from a revised 18,000 in September to 261,000 in October. September's reading was estimated originally to be a decline of 33,000, and more importantly, revisions in August and September added another 90,000 workers in total to nonfarm payroll employment figures. From January through October, nonfarm payroll employment averaged 168,500 per month. That is a decent pace, even with some easing from the average rate of 186,667 each month for all of last year.

The unemployment rate fell from 4.2 percent to 4.1 percent, its lowest level since December 2000. The so-called "real" unemployment rate also declined, down from 8.3 percent to 7.9 percent, its lowest level since December 2006.

Overall, this was a solid jobs report, illustrating the resilience of employment and the macroeconomy as a whole in spite of recent hurricanes. We continue to see a tight labor market, especially for manufacturers, with firms citing challenges in attracting qualified workers. From a monetary policy view, the data should not change the current trajectory of another rate hike in December, with Federal Reserve leaders continuing their path toward normalization in light of a stronger economic outlook.

Conference Board Consumer Confidence

The Conference Board reported that consumer sentiment grew to its highest level in nearly 17 years in October. The Consumer Confidence Index rose from 120.6 in September to 125.9 in October, its best reading since December 2000. Americans felt more upbeat in their assessments of both current (up from 146.9 to 151.1) and future (up from 103.0 to 109.1) economic conditions. Along those lines, the percentage of respondents saying business conditions were "good" increased from 33.4 percent to 34.5 percent, which was more than enough to offset the slight uptick of those suggesting conditions were "bad" (up from 13.2 percent to 13.5 percent).

Overall, these findings mirrored similarly optimistic perceptions about the economic environment in the competing survey from the University of Michigan and Thomson Reuters. That report found sentiment rose to its highest point since January 2004, largely on improvements in personal finances and positive expectations in the future outlook.

In the Conference Board's analysis, these pocketbook issues were also important. The percentage of respondents feeling that jobs were "plentiful" increased from 32.7 percent to 36.3 percent, with those saying jobs were "hard to get" inching down from 18.0 percent to 17.5 percent. At the same time, the percentage feeling that their incomes would fall in the coming months dropped from 8.6 percent to 7.4 percent, with those anticipating higher incomes edging down slightly from 20.5 percent to 20.3 percent.

Construction Spending

The Census Bureau reported that private manufacturing construction spending fell 3.6 percent in September, declining for the fourth straight month. August and September figures likely reflected reduced activity from recent hurricanes. The value of construction put in place in the sector declined from $60.40 billion in August to $58.23 billion in September, its lowest level since August 2014. Construction spending in the sector has averaged $66.56 billion year to date in 2017, down from the average of $74.61 billion in 2016 as a whole. While manufacturing construction has trended largely higher over the past few years, activity has been lower since achieving the all-time high of $82.13 billion in May 2015. Nonetheless, a turnaround in construction activity in the coming months would continue to be expected, especially in light of the improved outlook of late.

Overall, private nonresidential construction spending decreased 0.8 percent in September, dropping by 3.8 percent over the past 12 months. In September, the data were mixed. Dollars spent on construction projects increased in the educational (up 5.9 percent), health care (up 2.0 percent), transportation (up 1.1 percent) and lodging (up 0.7 percent) sectors. However, those were offset by reduced construction spending for religious (down 3.5 percent), power (down 1.4 percent), office (down 1.1 percent) and commercial (down 1.0 percent) projects, among others, including the declines in manufacturing.

Among the private nonresidential construction segments, the strongest year-over-year growth occurred in the transportation (up 22.0 percent), commercial (up 11.7 percent), amusement and recreation (up 9.5 percent) and communication (up 3.9 percent) sectors.

Meanwhile, private residential construction spending was flat in September but with a healthy 9.6 percent year-over-year gain. For the month, single-family and multifamily construction increased 0.2 percent and 0.6 percent, respectively. Since September 2016, single-family and multifamily construction spending rose 11.9 percent and 0.9 percent, respectively. In addition to those components, public construction spending grew 2.6 percent in September but declined 1.6 percent year-over-year.

Dallas Fed Manufacturing Survey

The Dallas Federal Reserve Bank reported that manufacturing activity strengthened further in October. The composite index of general business activity rose from 21.3 in September to 27.6 in October, its best reading since March 2006. The underlying data continue to reflect a Texas economy that has improved significantly as the energy sector has recovered, and while the sample comments reflect challenges related to Hurricane Harvey, the report mostly indicates resilience in the wake of such damage. Indeed, most of the key indices rose for the month, including new orders (up from 18.6 to 24.8), production (up from 19.5 to 25.6), capacity utilization (up from 15.8 to 22.5) and employment (up from 16.3 to 16.7), with each indicating healthy expansions in October. At the same time, shipments (down from 27.4 to 20.9), hours worked (down from 18.4 to 13.7) and capital expenditures (down from 13.6 to 13.3) also grew rather soundly despite some easing in this release.

Moving forward, manufacturing leaders remained very positive about the next six months, with the forward-looking measure increasing from 34.5 to 38.5, its highest point since January. More than half of those completing the survey felt that new orders, production and shipments would rise in the coming months, and 40.1 percent and 34.9 percent anticipate more hiring and capital spending, respectively. Meanwhile, respondents also predicted pricing pressures for raw materials to accelerate robustly (up from 35.9 to 36.5), with that index at its quickest clip since March.

Employment Cost Index

The Bureau of Labor Statistics reported that manufacturing compensation rose 1.0 percent in the third quarter, accelerating strongly from the 0.6 percent gain in the second quarter. On a year-over-year basis, compensation in the sector grew 2.6 percent. Manufacturing wages and salaries increased 0.8 percent in the third quarter, with benefits up 1.7 percent. Private-sector manufacturing workers earned 2.5 percent more over the past 12 months in wages and salaries, with benefit costs up 2.9 percent year-over-year. The Bureau of Labor Statistics does not break out various benefit costs, including health insurance, in its quarterly releases.

Overall, the employment cost index for private-sector workers also increased 0.8 percent in the third quarter, up from 0.5 percent in the second quarter. Private-sector wages and salaries and benefits both rose 0.7 percent in this report. Over the past 12 months, total compensation for private-sector workers increased 2.6 percent, with wages and salaries and benefits up 2.6 percent and 2.4 percent, respectively.

Factory Orders and Shipments

The Census Bureau reported that new factory orders rose 1.4 percent in September, extending the 1.2 percent increase in August. New orders of manufactured goods increased from $471.97 billion in August to $478.46 billion in September, a three-month high. That included a large increase, however, in nondefense aircraft and parts orders (up 30.8 percent), which can be highly volatile from month to month. Excluding transportation equipment, new orders increased 0.7 percent in September. Overall, new factory orders, which have struggled mightily over the past few years, have trended largely in the right direction more recently, up nearly 7.0 percent since September 2016, or 6.5 percent excluding transportation equipment sales.

Looking specifically at durable goods activity in September, the data trended mostly higher. Demand grew for computers and electronic products (up 1.9 percent), fabricated metal products (up 1.7 percent), electrical equipment, appliances and components (up 0.7 percent), machinery (up 0.1 percent) and motor vehicles and parts (up 0.1 percent). In contrast, orders declined for primary metals (down 1.3 percent) and furniture and related products (down 1.1 percent). Core capital goods—or nondefense capital goods excluding aircraft—rose 1.7 percent in September, with a robust gain of 8.3 percent over the past 12 months.

Meanwhile, shipments of manufactured goods increased 0.8 percent in September, rising for the fifth straight month. Durable and nondurable goods orders rose 0.9 percent and 0.8 percent, respectively. On a year-over-year basis, factory shipments have risen 5.3 percent since September 2016, or 6.2 percent excluding transportation.

GDP by Industry

Real GDP grew 3.1 percent in the second quarter, boosted by strength in consumer and business spending and net exports. According to new data from the Bureau of Economic Analysis, manufacturing was one of the larger contributors to that growth, adding 0.36 percentage points to top-line growth. Real value-added output from manufacturing increased 3.2 percent in the second quarter, extending the 4.0 percent gain in the first quarter. Other top contributors in the second quarter to real GDP growth included professional and business services (0.70 percent), mining (0.42 percent), information (0.33 percent), retail trade (0.33 percent), educational services, health care and social assistance (0.32 percent) and arts, entertainment, recreation, accommodation and food services (0.21 percent). In contrast, there were some drags to growth from finance, insurance, real estate, rental and leasing (-0.19 percent), agriculture, forestry, fishing and hunting (-0.10 percent) and construction (-0.09 percent).

Overall, manufacturing gross output increased from $5.931 trillion in the first quarter to $5.949 trillion in the second quarter, up for the fifth straight report and rising to its highest point since the fourth quarter of 2014. After struggling with a number of global challenges over the past few years, these findings help to illustrate recent improvements. Gross output from manufacturers has stabilized since bottoming out at $5.607 trillion in the first quarter of 2016. In addition, gross output from durable goods rose in the quarter, up from $3.009 trillion to $3.029 trillion but was marginally lower for nondurable goods businesses, down from $2.921 trillion to $2.920 trillion.

Those findings closely mirrored the value-added output for manufacturing, which rose from $2.206 trillion in the first quarter to $2.219 trillion in the second quarter, a new all-time high. Value-added output for durable goods increased from $1.196 trillion to $1.205 trillion, with nondurable goods value-added output rising from $1.010 trillion to $1.014 trillion. The bottom line is that manufacturing accounted for 11.5 percent of real GDP in the second quarter.

International Trade Report

The Bureau of Economic Analysis and the Census Bureau reported that the U.S. trade deficit edged up from $42.77 billion in August to $43.50 billion in September. In the latest figures, goods exports (up from $128.79 billion to $130.58 billion) rose to their highest level since December 2014, but that increase was offset by higher goods imports (up from $193.60 billion to $195.97 billion). Beyond goods, service-sector exports (up from $65.96 billion to $66.24 billion) and imports (up from $43.91 billion to $44.34 billion) both rose to new all-time highs.

The underlying goods exports data were mixed. Exports increased for industrial supplies and materials (up $1.86 billion), other goods (up $752 million) and foods, feeds and beverages (up $83 million), which were enough to outweigh reduced exports for consumer goods (down $225 million), nonautomotive capital goods (down $205 million) and automotive vehicles, parts and engines (down $182 million). In contrast, the goods imports data saw mostly higher readings, including increases for nonautomotive capital goods (up $1.47 billion), industrial supplies and materials (up $1.09 billion), consumer goods (up $357 million) and foods, feeds and beverages (up $208 million). At the same time, goods imports for automotive vehicles, parts and engines (down $553 million) and other goods (down $111 million) both decreased.

For manufacturers, exports have trended in the right direction through the first three quarters of this yearâ€”a welcome development after weaker data across the past two years. Using non-seasonally adjusted data, U.S.-manufactured goods exports totaled $813.12 billion year to date in September, up 3.85 percent from $782.94 billion one year ago.

This reflects better year-to-date figures in five of the top-six markets for U.S.-manufactured goods: Canada (up from $201.42 billion to $210.15 billion), Mexico (up from $170.99 billion to $179.49 billion), China (up from $79.23 billion to $91.01 billion), Japan (up from $46.36 billion to $49.87 billion) and Germany (up from $36.85 billion to $39.42 billion). The lone exception was our fifth-largest trading partner, the United Kingdom (down from $42.10 billion to $41.63 billion), with marginally softer exports to that nation year to date this year versus last.

ISM Manufacturing Purchasing Managers’ Index

The Institute for Supply Management (ISM) reported that manufacturing activity expanded robustly in October, even as it pulled back from September’s reading, which was the fastest pace since May 2004. The ISM Manufacturing Purchasing Managers’ Index decreased from 60.8 in September to 58.7 in October. The sample comments suggest that negative impacts from recent hurricanes explain at least part of October’s weaker reading. Nonetheless, the larger story remains one of strength, with business activity continuing to grow at healthy rates. For instance, indices for new orders (down from 64.6 to 63.4) and production (down from 62.2 to 61.0) exceeded 60—a threshold that would signify a vigorous expansion in demand and output in the sector—for the fifth consecutive month.

In addition, the labor market remained tight. Employment decelerated slightly in October (down from 60.3 to 59.8) but remained near the six-year peak set in September. To illustrate recent progress on the job front, the employment index has averaged 60.0 over the past three months—a notable pickup in hiring growth from one year ago, with that measure at 51.8 in October 2016. Improvements in the global economy have been helpful for manufacturers, with modest growth in exports (down from 57.0 to 56.5) helping to buoy overall demand. Exports have now expanded for 20 straight months.

Meanwhile, prices for raw materials continued to remain elevated (down from 71.5 to 68.5), even as the input cost index pulled back from its highest level since May 2011 in the prior survey. While we have seen decelerating pricing pressures in general since the spring months, this more recent pickup reflects a rebound in some commodity costs. In other news, inventories contracted in October for the first time since June (down from 52.5 to 48.0), falling for only the third time year to date.

Personal Income and Spending

The Bureau of Economic Analysis reported that personal spending jumped 1.0 percent in September after edging up just 0.1 percent in August. It was the fastest monthly pace since August 2009, boosted by strong growth in durable and nondurable goods spending, up 3.2 percent and 1.5 percent in September, respectively. The durable goods figure was buoyed by a significant increase in motor vehicles and parts purchases, likely supported by hurricane-related replacements. In general, Americans have continued to spend at relatively healthy rates overall. Indeed, personal spending has increased 4.4 percent over the past 12 months, up from 4.0 percent year-over-year in the prior release.

The saving rate plummeted from 3.6 percent in August to 3.1 percent in September, its lowest level since December 2007, or since the start of the Great Recession. To put that figure in perspective, the saving rate was 4.5 percent one year ago.

Meanwhile, personal incomes rose 0.4 percent in September, up from a gain of 0.2 percent in August and its best monthly expansion since February. Over the past 12 months, personal incomes have risen 3.0 percent, up from 2.75 percent year-over-year in August. In addition, manufacturing wages and salaries edged higher for the month, up from $833.2 billion in August to $834.7 billion in September. That translated into a 1.7 percent increase in manufacturing wages and salaries over the past 12 months, up from $820.4 billion in September 2016.

In other news, the personal consumption expenditure (PCE) deflator also increased 0.4 percent in September, an eight-month high. With that said, pricing pressures remain very modest overall. After seeing pricing pressures accelerate strongly earlier this year—with the PCE deflator peaking at 2.2 percent year-over-year in February—inflation has pulled back since then. Since September 2016, the PCE deflator has increased 1.6 percent, up from 1.4 percent in August. Similarly, excluding food and energy, core inflation grew 0.1 percent in September, or 1.3 percent year-over-year, matching the rate in August, which was the lowest since November 2015.

Productivity and Costs

The Bureau of Labor Statistics reported that manufacturing labor productivity plummeted 5.0 percent at the annual rate in the third quarter, its first decrease in one year and the largest quarterly decline since the Great Recession. This was likely the result of reduced activity stemming from recent hurricanes, with output down 2.1 percent in the sector. At the same time, hours worked and unit labor costs in manufacturing rose 3.1 percent and 6.2 percent, respectively. The sectoral breakdowns were similar, with labor productivity for durable and nondurable goods firms off by 5.7 percent and 4.6 percent, respectively. It is hard to paint the data in a positive light, except to say that they are likely transitory, and a rebound in output and productivity in forthcoming data would be expected. With that said, manufacturing labor productivity has been virtually unchanged for five straight years, continuing a discouraging trend that it is hoped will reverse moving forward.

There was more encouraging news in the larger economy. Nonfarm labor productivity increased an annualized 3.0 percent in the third quarter, its fastest quarterly growth rate in three years and up from a 1.5 percent gain in the second quarter. Output and hours worked rose 3.8 percent and 0.8 percent, respectively, with unit labor costs up 0.5 percent. Similar to the manufacturing data described above, nonfarm labor productivity has slowed considerably since the Great Recession, averaging 0.5 percent per year from 2011 to 2016. With the latest increase, nonfarm labor productivity has risen 1.5 percent year-over-year, which was an improvement from recent trends, even as it remains lower than the 2.7 percent annual growth rate average from 2000 to 2007.

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Questions or comments?

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