

Labor Productivity Improves in Wholesale Sector 2005-2006

Labor productivity – defined as output per hour – increased 4.3 percent in wholesale trade in 2006, according to the U.S. Bureau of Labor Statistics. From 1987 to 2006, labor productivity increased at the following average annual rate: 3.5 percent.

2005-2006 Change in Wholesale Trade

Output per hour grew 4.3 percent, as output increased 6.6 percent and hours advanced 2.2 percent. Labor productivity rose 5.1 percent in durable merchant wholesalers and increased 2.7 percent in nondurable merchant wholesalers.

Labor productivity rose in 15 of the 19 detailed wholesale trade industries in 2006, as output grew in 17 industries while hours fell in four. The largest increases in productivity – 13 percent and 11.8 percent - occurred in motor vehicles and parts wholesalers, and farm product raw materials wholesalers, respectively.

Unit labor costs declined in seven of the 19 detailed industries, but grew 0.5 percent in

wholesale trade overall.

Long-Term Trends

Output per hour increased 3.5 percent per year, on average, between 1987 and 2006. Output grew 4.2 percent per year and hours rose 0.7 percent per year.

At the subsector level, productivity advanced 5.6 percent per year in durable merchant wholesale trade, and increased 1.3 percent per year, on average, in nondurable merchant wholesale trade.

Labor productivity increased in 17 of the 19 detailed industries. Commercial equipment wholesalers and electric goods wholesalers, had the largest average annual increases in labor productivity of 15.6 percent and 9.1 percent per year, respectively. Output grew in all but one industry, while hours decreased in six industries.

Unit labor costs increased in all but three of the wholesale trade industries over the period, and rose 0.7 percent per year.

Percent change in output per hour, output, hours, compensation, and unit labor costs 2005-2006

	2006 Employment (thousands)	Output per Hour	Output	Hours	Labor Comp.	Unit Labor Costs
Wholesale Trade	6118.0	4.3%	6.6%	2.2%	7.2%	0.5%
Durable Goods	3185.0	5.1	8.3	3.0	7.0	-1.2
Motor Vehicles & Parts	365.0	13.0	12.7	-0.2	3.1	-8.5
Furniture & Furnishings	123.0	7.4	8.7	1.2	5.8	-2.7
Lumber & Construction Supplies	274.0	-2.5	2.8	5.5	8.3	5.3
Commercial Equipment	667.0	10.0	14.0	3.6	6.8	-6.3
Metals & Minerals	128.0	-3.1	1.0	4.2	5.4	4.4
Electric Goods	351.0	10.6	9.5	-0.9	8.0	-1.4
Hardware & Plumbing	260.0	0.9	5.6	4.7	6.9	1.2
Machinery & Supplies	694.0	3.8	6.1	2.2	7.7	1.6
Miscellaneous Durable Goods	324.0	-10.2	-2.6	8.5	9.1	11.9
Nondurable Goods	2143.0	2.7	4.3	1.5	5.4	1.0
Paper & Paper Products	161.0	-1.3	0.9	2.2	4.6	3.6
Druggists' Goods	217.0	6.7	9.2	2.4	3.9	-4.9
Apparel & Piece Goods	166.0	6.8	8.5	1.6	8.5	0.0
Grocery & Related Products	747.0	0.7	3.6	2.8	6.5	2.8
Farm Product Raw Materials	77.0	11.8	6.3	-4.9	0.5	-5.4
Chemicals	137.0	1.3	-0.8	-2.1	6.3	6.3
Petroleum	103.0	3.4	3.4	0.0	6.5	6.5
Alcoholic Beverages	155.0	2.6	5.1	2.4	1.5	1.5
Miscellaneous Nondurable Goods	382.0	2.0	3.1	1.1	1.8	-1.3

Source: Bureau of Labor Statistics