

## Early Estimates of Quarterly Unit Labour Costs

### OECD Unit Labour Cost growth steady at 0.1% in the second quarter of 2015

Unit labour cost growth in the OECD area was steady at 0.1% in the second quarter of 2015. Although compensation costs accelerated (up 0.5% in the second quarter compared with 0.1% in the first quarter), labour productivity rose to 0.4%, compared with flat growth in the previous quarter.

Unit labour costs (ULCs) decreased slightly in the United States (minus 0.1%), compared to 0.5% growth in the first quarter, as labour productivity rebounded strongly (0.6%), following the fall in the previous quarter (minus 0.5%). Compensation costs (up 0.5%) also rebounded from the flat growth in the previous quarter.

Labour productivity also picked up strongly in the United Kingdom (up 0.9% compared to minus 0.3% in the first quarter) but the significant rise in compensation costs (up 2.3%) saw ULCs increasing by 1.4%. ULCs also picked up in Japan (0.4%), as labour productivity decreased (minus 0.1%, following the strong 0.9% growth in the previous quarter), while compensation costs picked up by 0.2%.

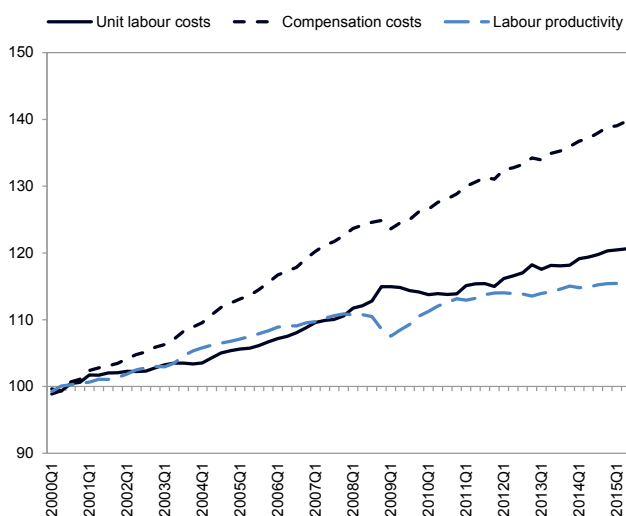
In the Euro area, ULCs increased (by 0.1% compared with 0.2% in the first quarter), driven by a slowdown in labour compensation costs (up 0.1%, compared with 0.5% growth in the previous quarter) and flat labour productivity growth.

Within the Euro area the adjustment process remains mixed. ULCs continue to trend downwards in Ireland (minus 0.6% in the second quarter, on the back of strong productivity growth), Greece and Spain (minus 2.3% and minus 0.5% respectively, driven by falling wages), and upwards in Germany (0.5%, in the second quarter). But in Portugal, signs are emerging of a slowing in the correction process, with strong ULC growth for the second straight quarter (up 1.2%), as productivity fell again (by minus 0.8%). ULCs also fell in Italy (by minus 0.7%) but productivity growth remains weak and despite the deceleration in ULC growth since the crisis, overall ULC growth since 2000 remains amongst the highest in the Euro area.

### Early Estimates of Quarterly Unit Labour Costs (Seasonally adjusted data, Total economy)

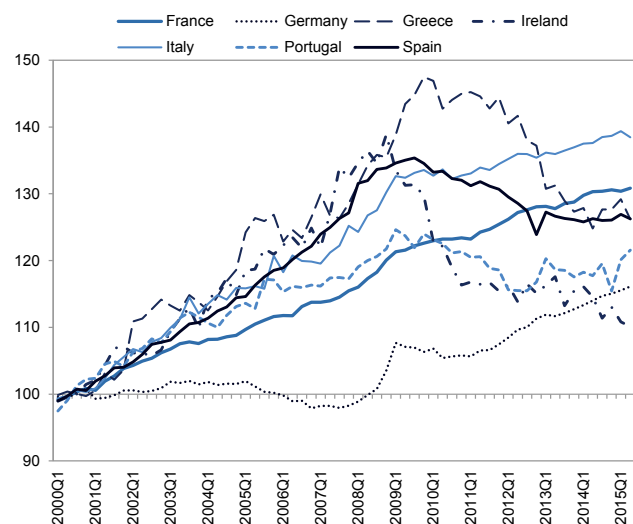
#### OECD ULC growth steady in 2015Q2

Index, 2010=100



#### Mixed convergence process within the Euro area

Index, 2010=100



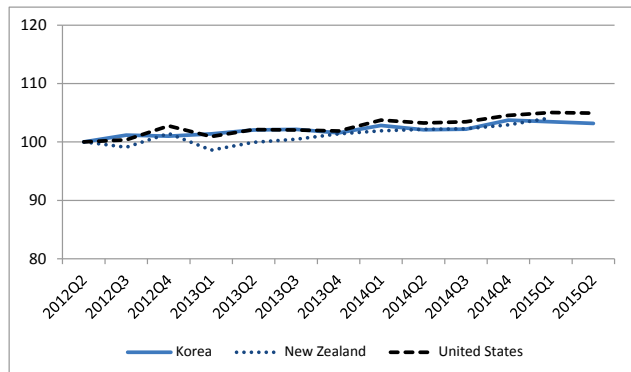
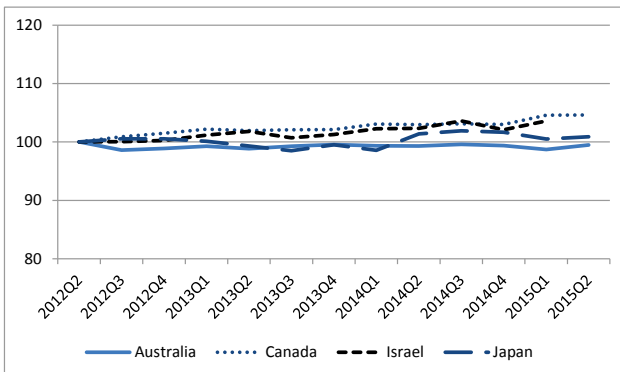
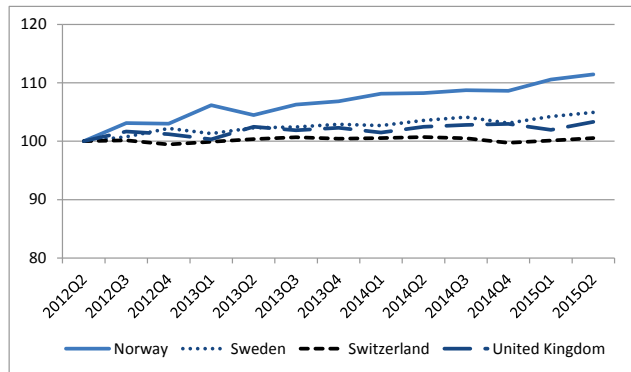
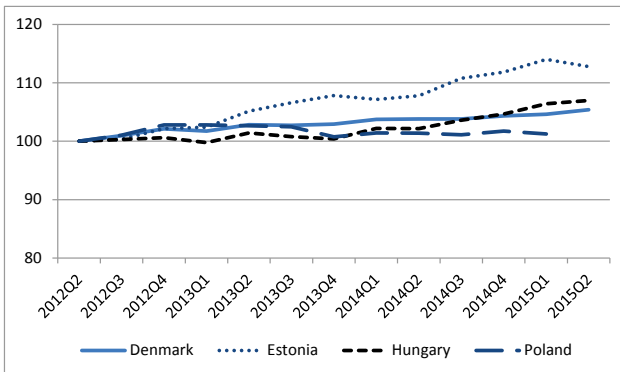
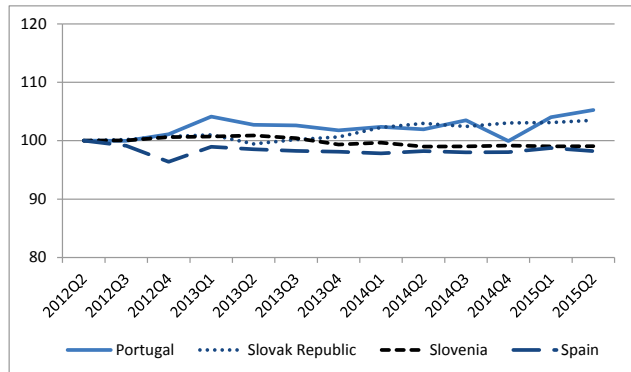
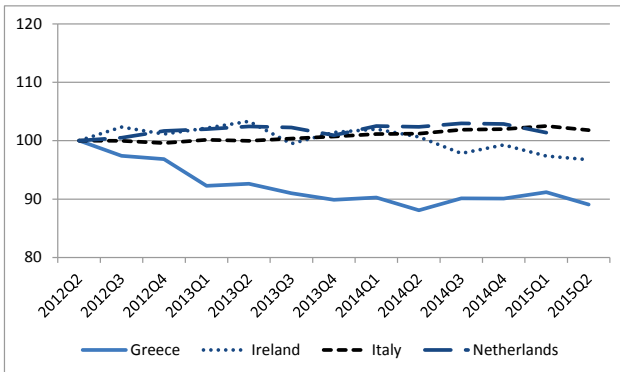
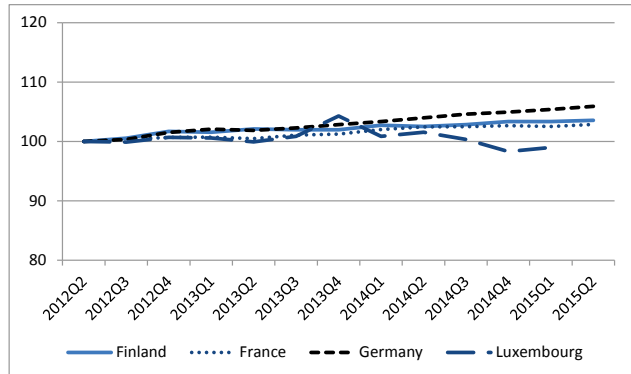
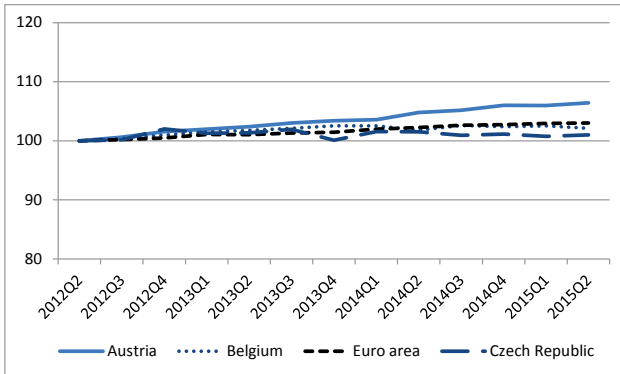
**Early Estimates of Quarterly Unit Labour Costs**

**Early Estimates of Quarterly Unit Labour Costs 2012Q2–2015Q2**  
(Seasonally adjusted data, Quarter on Quarter changes, Total economy)

	2012			2013				2014				2015	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>OECD Total</b>	0.3	0.4	1.0	-0.6	0.5	-0.1	0.1	0.8	0.2	0.3	0.5	0.1	0.1
<b>Euro area</b>	0.7	0.2	0.3	0.6	-0.1	0.3	0.2	0.5	0.3	0.4	0.1	0.2	0.1
<b>Australia</b>	-0.1	-1.4	0.3	0.4	-0.4	0.4	0.3	-0.2	-0.1	0.3	-0.2	-0.7	0.8
<b>Austria</b>	1.0	0.6	0.9	0.4	0.4	0.6	0.4	0.2	1.2	0.4	0.8	0.0	0.4
<b>Belgium</b>	1.4	0.4	0.6	0.5	0.3	0.3	0.4	0.0	-0.7	0.8	-0.2	0.1	-0.4
<b>Canada</b>	1.0	0.9	0.6	0.7	-0.2	0.1	0.0	0.9	-0.1	0.1	-0.1	1.5	0.0
<b>Czech Republic</b>	-0.1	0.2	1.8	-0.7	0.1	0.6	-1.8	1.5	-0.1	-0.6	0.2	-0.4	0.2
<b>Denmark</b>	0.0	1.0	1.1	-0.4	1.1	-0.1	0.2	0.8	0.1	0.0	0.5	0.3	0.7
<b>Estonia</b>	2.0	0.3	1.8	0.2	2.7	1.4	1.2	-0.6	0.6	2.8	0.9	2.0	-1.1
<b>Finland</b>	1.7	0.5	1.2	-0.1	0.5	-0.1	0.0	0.8	-0.2	0.3	0.5	0.0	0.2
<b>France</b>	0.8	0.3	0.4	0.0	-0.3	0.6	0.2	0.8	0.4	0.0	0.2	-0.2	0.4
<b>Germany</b>	1.1	0.3	1.2	0.5	-0.2	0.4	0.5	0.5	0.6	0.6	0.3	0.4	0.5
<b>Greece</b>	0.8	-2.6	-0.6	-4.7	0.4	-1.7	-1.2	0.4	-2.4	2.3	0.0	1.2	-2.3
<b>Hungary</b>	1.7	0.3	0.3	-0.8	1.6	-0.6	-0.4	1.8	-0.1	1.4	1.0	1.7	0.5
<b>Ireland</b>	-2.1	2.3	-1.2	1.0	1.1	-3.7	1.9	0.6	-1.3	-2.8	1.5	-1.9	-0.6
<b>Israel</b>	2.0	0.1	0.2	0.9	0.6	-1.1	0.6	1.0	0.1	1.3	-1.5	1.5	
<b>Italy</b>	0.6	0.0	-0.4	0.6	-0.1	0.4	0.4	0.4	0.1	0.7	0.1	0.5	-0.7
<b>Japan</b>	-0.5	0.5	0.0	-0.4	-0.8	-0.8	1.0	-0.9	2.9	0.5	-0.2	-1.1	0.4
<b>Korea</b>	0.0	1.2	-0.2	0.4	0.7	0.1	-0.6	1.2	-0.7	0.1	1.5	-0.3	-0.2
<b>Luxembourg</b>	-0.8	-0.1	0.8	-0.1	-0.7	0.9	3.4	-3.3	0.7	-1.2	-2.0	0.7	
<b>Netherlands</b>	0.6	0.5	1.1	0.3	0.4	-0.2	-1.3	1.6	-0.1	0.6	-0.1	-1.5	
<b>New Zealand</b>	1.0	-0.9	2.4	-2.8	1.3	0.6	0.9	0.5	0.2	0.1	0.7	1.2	
<b>Norway</b>	1.1	3.1	-0.1	3.1	-1.6	1.7	0.5	1.2	0.1	0.5	-0.1	1.8	0.8
<b>Poland</b>	0.1	1.0	1.7	0.0	-0.1	-0.2	-1.7	0.7	0.0	-0.3	0.6	-0.5	
<b>Portugal</b>	-0.1	0.0	1.1	3.0	-1.3	-0.1	-0.8	0.6	-0.4	1.5	-3.4	4.1	1.2
<b>Slovak Republic</b>	1.0	0.2	0.5	0.3	-1.5	0.8	0.4	1.6	0.7	-0.5	0.6	0.1	0.4
<b>Slovenia</b>	-0.1	0.0	0.6	0.1	0.2	-0.4	-1.1	0.3	-0.7	0.1	0.1	-0.2	0.0
<b>Spain</b>	-0.7	-0.9	-2.8	2.7	-0.5	-0.3	-0.1	-0.3	0.4	-0.2	0.0	0.7	-0.5
<b>Sweden</b>	0.8	0.8	1.4	-0.9	1.0	0.2	0.4	-0.2	0.9	0.5	-1.0	1.1	0.7
<b>Switzerland</b>	0.4	0.1	-0.7	0.5	0.5	0.3	-0.2	0.1	0.2	-0.2	-0.7	0.4	0.4
<b>United Kingdom</b>	1.4	1.7	-0.5	-0.9	2.2	-0.6	0.4	-0.8	0.9	0.3	0.2	-1.0	1.4
<b>United States</b>	0.2	0.3	2.4	-1.8	1.2	-0.1	-0.2	1.8	-0.5	0.2	1.1	0.5	-0.1

**Early Estimates of Quarterly Unit Labour Costs**

**Early Estimates of Quarterly Unit Labour Costs**  
(2012Q2=100, Seasonally adjusted, Total economy)



**Early Estimates of Quarterly Unit Labour Costs**

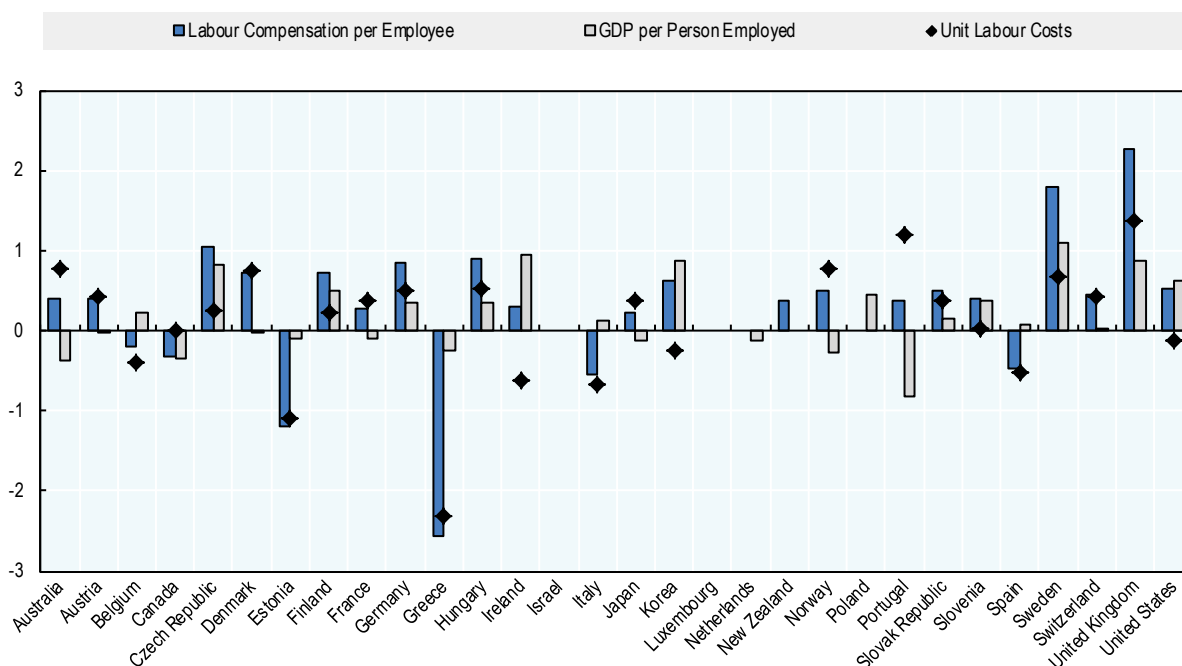
**Early Estimates of Quarterly Unit Labour Costs, Labour Compensation per Employee, and GDP per Person Employed**  
(Seasonally adjusted, Quarter on Quarter changes, Total economy)

	Unit Labour Costs				Labour Compensation per Employee				GDP per Person Employed			
	2014		2015		2014		2015		2014		2015	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>OECD Total</b>	0.3	0.5	0.1	0.1	0.6	0.6	0.1	0.5	0.3	0.2	0.0	0.4
<b>Euro area</b>	0.4	0.1	0.2	0.1	0.4	0.4	0.5	0.1	0.0	0.3	0.3	0.0
<b>Australia</b>	0.3	-0.2	-0.7	0.8	0.4	0.0	-0.5	0.4	0.1	0.2	0.2	-0.4
<b>Austria</b>	0.4	0.8	0.0	0.4	0.2	0.4	0.5	0.4	-0.2	-0.4	0.6	0.0
<b>Belgium</b>	0.8	-0.2	0.1	-0.4	1.0	-0.1	0.3	-0.2	0.2	0.1	0.2	0.2
<b>Canada</b>	0.1	-0.1	1.5	0.0	0.7	0.1	1.2	-0.3	0.6	0.2	-0.4	-0.3
<b>Czech Republic</b>	-0.6	0.2	-0.4	0.2	-0.3	0.4	1.3	1.1	0.3	0.2	1.7	0.8
<b>Denmark</b>	0.0	0.5	0.3	0.7	0.5	0.6	0.6	0.7	0.5	0.1	0.3	0.0
<b>Estonia</b>	2.8	0.9	2.0	-1.1	3.3	1.9	0.5	-1.2	0.5	1.0	-1.5	-0.1
<b>Finland</b>	0.3	0.5	0.0	0.2	0.7	0.7	-0.4	0.7	0.4	0.1	-0.4	0.5
<b>France</b>	0.0	0.2	-0.2	0.4	0.3	0.3	0.4	0.3	0.2	0.1	0.6	-0.1
<b>Germany</b>	0.6	0.3	0.4	0.5	0.7	0.8	0.7	0.8	0.1	0.5	0.3	0.3
<b>Greece</b>	2.3	0.0	1.2	-2.3	1.4	-0.3	2.0	-2.6	-0.9	-0.3	0.8	-0.2
<b>Hungary</b>	1.4	1.0	1.7	0.5	1.2	1.7	0.9	0.9	-0.2	0.6	-0.7	0.4
<b>Ireland</b>	-2.8	1.5	-1.9	-0.6	-1.3	1.8	-0.6	0.3	1.5	0.3	1.3	0.9
<b>Israel</b>	1.3	-1.5	1.5		1.1	-0.8	2.0		-0.1	0.7	0.5	
<b>Italy</b>	0.7	0.1	0.5	-0.7	0.5	0.2	0.8	-0.6	-0.2	0.0	0.3	0.1
<b>Japan</b>	0.5	-0.2	-1.1	0.4	0.1	0.1	-0.2	0.2	-0.4	0.3	0.9	-0.1
<b>Korea</b>	0.1	1.5	-0.3	-0.2	0.1	1.5	-0.1	0.6	0.0	0.0	0.2	0.9
<b>Luxembourg</b>	-1.2	-2.0	0.7		0.4	-0.5	0.8		1.6	1.5	0.1	
<b>Netherlands</b>	0.6	-0.1	-1.5		0.9	0.5	-0.9		0.3	0.6	0.6	-0.1
<b>New Zealand</b>	0.1	0.7	1.2		0.6	0.6	0.6	0.4	0.6	0.0	-0.5	
<b>Norway</b>	0.5	-0.1	1.8	0.8	0.6	0.5	1.8	0.5	0.1	0.7	0.0	-0.3
<b>Poland</b>	-0.3	0.6	-0.5		0.0	1.5	0.2		0.3	0.8	0.7	0.5
<b>Portugal</b>	1.5	-3.4	4.1	1.2	0.8	-2.0	3.7	0.4	-0.7	1.4	-0.3	-0.8
<b>Slovak Republic</b>	-0.5	0.6	0.1	0.4	-0.2	0.6	0.6	0.5	0.3	0.0	0.5	0.1
<b>Slovenia</b>	0.1	0.1	-0.2	0.0	0.5	0.0	0.1	0.4	0.4	-0.1	0.3	0.4
<b>Spain</b>	-0.2	0.0	0.7	-0.5	-0.1	0.0	0.8	-0.5	0.1	0.0	0.1	0.1
<b>Sweden</b>	0.5	-1.0	1.1	0.7	0.2	0.1	1.3	1.8	-0.4	1.0	0.2	1.1
<b>Switzerland</b>	-0.2	-0.7	0.4	0.4	0.0	-0.7	-0.2	0.5	0.2	0.1	-0.5	0.0
<b>United Kingdom</b>	0.3	0.2	-1.0	1.4	0.7	0.7	-1.3	2.3	0.3	0.5	-0.3	0.9
<b>United States</b>	0.2	1.1	0.5	-0.1	0.9	1.0	0.0	0.5	0.7	-0.1	-0.5	0.6

**Early Estimates of Quarterly Unit Labour Costs**

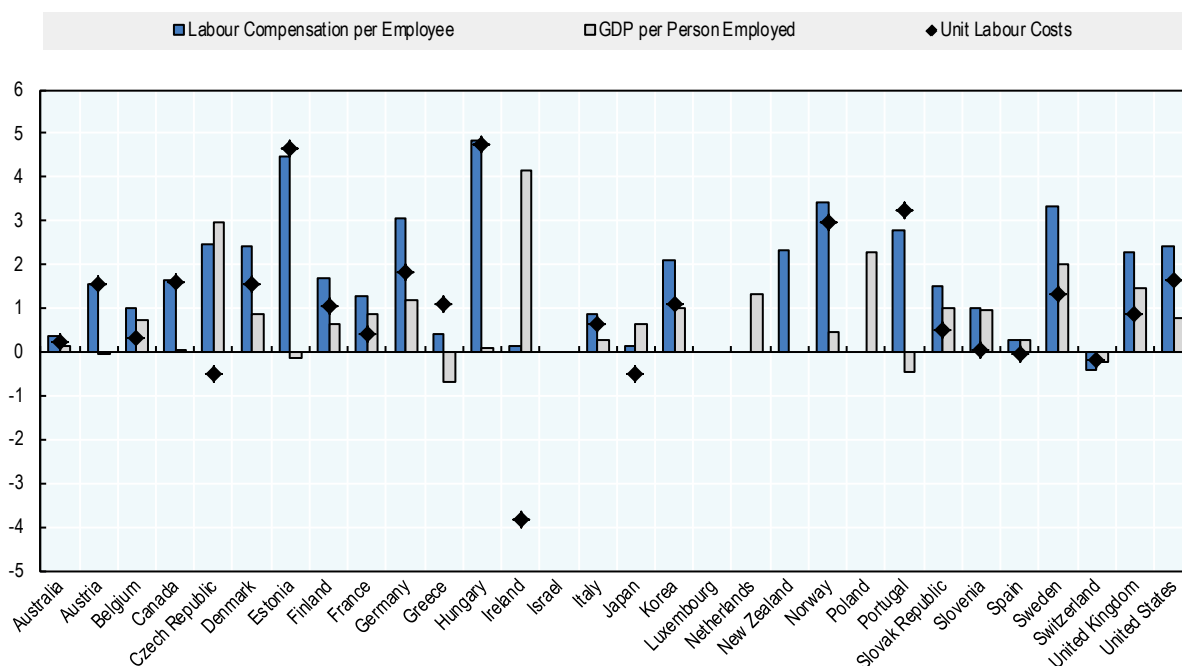
**Early Estimates of Quarterly Unit Labour Costs**  
broken down by Labour Compensation per Employee and GDP per Person Employed  
(Seasonally adjusted, Percentage change, Total economy)

2015Q2 on 2015Q1



Note: The rate of change in unit labour cost is approximately equal to the difference between the growth rate of labour compensation per employee and the growth in GDP per person employed.

2015Q2 on 2014Q2



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## Early Estimates of Quarterly Unit Labour Costs

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### Methodological Notes

Unit labour costs (ULCs) measure the average cost of labour per unit of output. They are calculated as the ratio of total labour costs to real output. Quarterly ULCs can be decomposed into the following components: labour compensation per person employed and GDP per person employed (employment-based labour productivity).

The OECD estimates of total labour costs are based on estimates of employees, and, so, necessarily make adjustments for labour compensation of self-employed persons to arrive at estimates for total employment. For simplicity, the adjustment assumes that labour compensation per person is equivalent for the self-employed and employees.

Data of quarterly GDP, labour compensation and employment are sourced from the OECD Quarterly National Accounts and the Main Economic Indicators databases. The ULCs published here are fully compatible with the ULC series published by the ECB, which provides ULC series for 21 EU OECD member countries and the Euro area. Estimates for the nine Non-EU member OECD countries covered in the database, are compiled following an agreed methodology that is fully consistent with that used by the ECB. For some countries target variables for constructing ULCs are not available from the sources described above and the following proxies are used:

- For compensation of employees, gross wages and salaries are used for Korea and New Zealand.
- For employment and employees, data are collected from:
  - Labour force surveys: Australia, Canada, Japan, Korea, New Zealand, Switzerland, and USA.

ULC figures for the latest quarter in this press release cover only countries whose data are available 75 days after the reference quarter, although data are updated on a rolling basis and disseminated via <http://stats.oecd.org/Index.aspx>.

Recent and longer term trends in productivity and competitiveness on the total economy level and by economic activity can be found in the *OECD Compendium of Productivity Indicators*. The most recent issue as well as a large range of additional information on the methodologies used in the OECD Productivity and ULC database are available on the OECD productivity internet page: <http://www.oecd.org/std/productivity-stats/>

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

### Contacts:

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**Next Press release: Thursday, December 17<sup>th</sup> 2015.**