SSDA News

Service Station Dealers of America and Allied Trades

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SSDA-AT, Aftermarket Groups Praise FTC on 'Nixing the Fix Report,' Calling for Action to Implement its Findings

By Roy Littlefield

SSDA-AT, along with six other aftermarket trade groups, sent a letter to the new chair of the Federal Trade Commission (FTC) on June 30 expressing appreciation to the FTC for findings and conclusions of the recently released report entitled "Nixing the Fix: An FTC Report to Congress on Repair Restrictions."

The report highlights the barriers that face consumers when they seek independent repairs, including from independent motor vehicle service facilities.

The aftermarket groups state in their letter that "the report accurately describes the extensive breadth of problems vehicle owners face and recognizes that the commission can take certain steps relatively quickly without further statutory authority." The aftermarket trade groups included a list of recommendations that the commission could undertake immediately and also included suggestions for more substantive actions that may require congressional action.

The recommendations to the FTC included:

·Improve consumer education and compliance assurance with the Magnuson-Moss Warranty Act (MMWA), which prohibits the conditioning of warranties with the use of original equipment parts or service.

·Eliminate manufacturers' marketing practices that discourage the use of non-original equipment parts or services.

·Develop better enforcement tools that the commission can undertake to better ensure compliance with MMWA.

·Advocate for new legal authority that would expand the scope of MMWA to include commercial vehicles.

·Obtain legislation that would provide vehicle owners with access to data transmitted by their vehicle and provide them the ability to have that data made available to the independent repair shops where they have their vehicle repaired.

The Power of Digital Advertising

The reason that digital advertising is so important is that search engines are where almost every customer buying journey begins. Every day Google gets 3.5-billion searches, Bing gets nearly 875-million, and Yahoo gets another 585-million search queries. That equates to a combined total of almost 5-billion daily searches. Yet despite the volume, the oldest joke in digital marketing is "The best place to hide a dead body is on the second page of Google" because 60% of traffic goes to the top three listings and less than 10% of all searchers will ever go to the second page.

Research has also shown that if a user cannot find what they are looking for on the very top of the first page of search results they will enter a new, different set of search terms rather than drill down into the initial results. Most importantly, 97% of online users perform a search to find local businesses like yours.

Paid digital advertising is a marketing method where companies pay a "publisher" - such as a search engine provider or website owner or a social media platform - each time someone views or clicks on one of their ads. Essentially, companies use the paid ads or keywords to "buy" visits to their site rather than earning them organically over time. Different companies will bid for the ad space or a specific keyword in a search, the publisher accepts the highest bid, and then places the ad at the top of the page where it has maximum visibility and the greatest chance of being clicked on. Enough click-throughs and the resulting jump in traffic will help turn the purchaser's website into a highly ranked destination by Google and the other big search engines. At the end of the day, it's a basic equation: Spend enough, place a solid ad, and you will get top placement on page one in a search.

That's why you need to have a clear paid advertising strategy for your business and a solid approach is to develop one that covers the big three pillars of online ads: Search, social, and display. Although they are all similar in some ways, they all have different advantages and can reach different audiences, so let's break them down.

SEARCH ADVERTISING BASICS: SEO, SEM, AND DISPLAY ADS

Search Engine Optimization (SEO) "organically" increases your platform visibility on search engines such as Google or Yahoo and drives more traffic to your dealership's website. Organic (non-paid) search results are ranked by the quality and content of the web page and make up most of the content you see after a search. To rank at the top of this section, your landing page needs to be relevant for the searcher and needs to have a high click-through rate. SEO makes up around one-third of all traffic to company websites and accounts for more traffic than paid and social put together, but it takes time and expertise to build. Successful SEO requires extensive knowledge of how search engines work and takes time and practice to get right because it is a moving target. For example, search engine algorithms on Google alone are updated as many as 500 to 600 times a year and requires constant monitoring and modifications to be effective.

To accelerate the ability for your business to be quickly found in web searching, you'll need to use paid Search Engine Marketing (SEM). SEM is used to describe online searches that begin by clicking through on a paid ad.

Some of the most common terms used to define to SEM activities include:

Paid Search Advertising: Short, text-based ads that are placed on search engines like Google, Yahoo, Bing, and appear at the top right-hand side of the page when search results are displayed

Pay-Per-Click (PPC): The pricing model for what you will pay if someone clicks on your ad and goes to your website or landing page. These ads appear in the top search engine slots and direct searchers directly to the page you want them to land on

Cost-Per-Click (CPC): The fee you pay when a user clicks on your ad to visit your website or landing page

Cost-Per-Thousand Impressions (CPM): Most search ads are sold on a CPC / PPC basis, but some advertising options may also be sold on a CPM basis

Display Ads: A step up from standard PPC text-based ads, this approach uses either static or dynamic images (e.g. banners, videos, audio, or polling formats) that offer a more engaging experience that helps capture the attention of your target audience and drive conversion

SEM effectively turbocharges your online marketing because paid search ads drive traffic directly to your website or straight to your service and inventory pages. The most common form of this is the Pay-Per-Click (PPC) model. On one level, paid search ads are simple.

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NET DRIVEN

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If you are a tire dealer and a big winter storm is forecast for your area, you absolutely want to advertise your inventory on Google. When someone searches for keywords you bid on, like “studded tires” or “best winter tire,” their search term will trigger your text ad. Your ad will show up in the sponsored section of the search results at the top of the page just to the right of all the organic entries.

You can also use PPC to target searchers based on their geography with search ads, so it’s only shown to people in your local area. It’s a great way to compete in your industry and target local audiences and people who are already looking for your services. This is a cost-effective approach to getting visibility quickly and may not be as expensive as you’d think. A recent review of Google AdWords pricing shows that the minimum bid per keyword is only 5-cents, while the most expensive keywords (like “insurance” or “loans”) can range up to $670 per click!

Beyond text ads, you can also use PPC strategies with “Display” ads. Display advertising is a way to grow your brand’s awareness online and are targeted based on user activity. Display ads (often banner ads or “rich media” formats like video or audio) are shown to your target audience when they are browsing the Internet. With a 90% reach across all Internet users worldwide, Google’s display network is the largest in the world and reaches more than 2-million sites and more than 650,000 mobile apps.

Effective display formats include:

Static Banner Ads: A banner is a simple image ad that is served onto a web page. Static banner ads typically consist of a single image file with no audio, video or additional features

Animated Ads: Animated ads are a cut above static banner ads when it comes to capturing the attention of the target audience. Animation creates movement that naturally catches the eye and works against what is known as “banner blindness,” prompting target audiences to investigate your message

Video Ads: While video ads are primarily served through video content platforms like Netflix and YouTube, they can also be distributed through display ad networks like Google. The great thing about video advertising today is that almost everybody has access to a mobile phone with reasonably high-quality video capabilities and consumers love them!

Display ads are powerful tools, but require advanced audience targeting and the creative ability to build a dynamic web-based ad. To maximize your dealership’s success online, you need to develop a strategy that blends both PPC and Display formats

FACEBOOK AND INSTAGRAM MARKETING

Facebook has a huge audience - a staggering 2.4 billion people use it every month! But beyond keeping connected with friends and family, people are increasingly using Facebook to connect with businesses of all sizes. The company recently reported that two-thirds of its users say they visit a local business’s Facebook Page at least once a week. Potential customers are already looking for businesses like your dealership on Facebook and having a clear, focused Facebook marketing strategy is the only way to tap into this existing audience.

Here are six ways you can significantly boost your dealership’s advertising reach through Facebook:

News Feed Ads: Cost-effective ads that target unique audiences and can track traffic and conversion on your website

Conversion Ads: Target and deliver certain actions such as “Request a demo” or “Take a test drive”

Carousel Ads: Feature several rotating images in a single ad to display different models and feature packages

Engagement Ads: Best used to drive “likes” and comments on your ads, increasing validation and visibility

Lead Generation Ads: Allow users to fill out lead forms on their own Facebook wall without going to your website

Remarketing Ads: Connect your website inventory feed to Facebook, then advertise to past visitors with ads customized to highlight the products and services they viewed

Facebook‘s high traffic flow and wide range of ad mediums offer several ways to enhance your brand. It also allows you to promote products and services through social experiences that can drive loyalty and help create the most powerful type of marketing – word of mouth referrals.

https://www.thebalance.com/reasons-small-business-website-2948414

Colorado Supreme Court Finds Earned Vacation Must Be Used or Paid

The Colorado Supreme Court has held that where an employer chooses to provide vacation pay to employees, it cannot be forfeited once earned, even upon an employee's separation from employment.

Furthermore, the court held that any agreement between an employer and an employee purporting to forfeit earned vacation pay is void.

We recommend all employers review their Employee Handbook on annual basis to ensure compliance with all federal and state laws.

Large Illinois Employers Will Be Required To Report Equal Pay Information Beginning In 2022

Employers with 100 or more employees will be required to provide the Illinois Department of Labor (IDOL) with details about its workers and their pay beginning in 2022. The forthcoming change will require qualifying, private employers to submit information in line with current requirements by the U.S. Equal Employment Opportunity Commission (EEOC). Employers with 100 or more employees in operation in Illinois as of March 23, 2021, must apply for an Equal Pay Registration Certificate (EPRC) between March 24, 2022, and March 23, 2024. Qualifying businesses that begin operation after March 23, 2021, must apply for an Equal Pay Registration Certificate within three years, but not before January 1, 2024.

Biden's Executive Order Could Reshape Rail and Ocean Shipping

President Biden's sweeping executive order signed laid out the administration's priorities for promoting competitive markets and limiting corporate dominance. Among the dozens of provisions included in the order are directives aimed at railroads and ocean shipping.

The administration says the relatively small number of major players in the ocean-shipping trade and the U.S. freight-rail business has enabled companies to charge unreasonable fees. In the case of the seven Class 1 freight railroads, consolidation has given some railroad companies control of most of the freight tracks in parts of the country.

The executive order encourages the Surface Transportation Board to take up a longstanding proposed rule mandating so-called reciprocal or competitive switching, the practice whereby shippers served by a single railroad can request bids from a nearby competing railroad if service is available.

The competitor railroad would pay access fees to the monopoly railroad, but could win the shipper's business by offering a lower price, using the rival railroad's tracks and property.

The railroad trade association, the Association of American Railroads, has opposed the policy.

In its actions targeting the transportation sector, the administration is highlighting what it calls the dangers of consolidation.

For U.S. importers, the consolidation has given ocean carriers leverage to raise fees such as those for demurrage, essentially late fees on shipments that aren't picked up from freight terminals on time.

The executive order asks the maritime commission to take steps to protect American exporters from high fees.

The order also asks the commission to work with the Justice Department to enforce its actions.

U.S. Oil Consumption Surging With Industry Firing at Full Blast

America's oil demand has soared to new heights in a remarkable turnaround from just a year ago when the pandemic sent the U.S. economy into a tailspin and decimated demand.

A rolling average of U.S. total oil products supplied – an indicator of consumption – jumped to the highest seasonal level in government data going back three decades in the week ending July 2. While gasoline and diesel demand have returned to pre-pandemic levels, a surge in petroleum use for products such as plastic, asphalt, lubricants and other industrial needs is propelling the recovery.

"A lot more industry is coming back online," said Rebecca Babin, senior energy trader at CIBC Private Wealth, US. "As the economy gets humming, those other types as well as gasoline and diesel feed into it."

The comeback in U.S. consumption threatens to accelerate a global supply deficit, with the OPEC+ alliance unable to agree on a deal to increase production and American shale producers favoring fiscal discipline over boosting output. The demand rebound comes with jet fuel use still 24% below July 2019, suggesting markets could tighten even further, and prices could climb higher, when air travel normalizes.

Petrochemical producers invested heavily in manufacturing in the U.S. in the decade after fracking technology led to a surge in oil and gas production as well as low-cost natural gas liquids. The result has been an onslaught of plastic manufacturing along the U.S. Gulf Coast in recent years.

The plastic producers were well positioned at the start of the pandemic to take advantage of a need for more packaging with consumers ordering more products for delivery. There was also an urgent need to provide protective equipment to health-care workers.

"We are hearing anecdotal stories

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U.S. Oil Consumption Surging With Industry Firing at Full Blast

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of high petrochemical feedstock demand," said Quinn Kiley, a portfolio manager at Tortoise, a firm that markets roughly $8 billion in energy-related assets. "If you think about increased demand for PPE (personal protective equipment) and one-touch plastics given pandemic-related issues, it makes sense."

Other gains in consumption aside from gasoline and diesel include more than a dozen products, including butane for gasoline blending and lubricants for heavy equipment. Propane demand has also surged with Americans stuck at home during the pandemic grilling more than ever.

The crude market will remain tight with U.S. weekly production hovering around 11 million barrels a day for months or about 2 million barrels less than where it was in early 2020, and OPEC+ not adding any output until August at the soonest.

The U.S. supply situation is so strained that earlier this month West Texas Intermediate futures rose to their strongest level relative to international benchmark Brent since October. In fact, some refiners in the Rocky Mountain region are finding it hard to secure barrels because production there has been the slowest to recover.

Strong demand for crude has plunged inventories at Cushing, Oklahoma, the delivery point of the Nymex futures contract to the lowest level since March of 2020.

The need for crude to keep up with demand should keep oil within the U.S. and attract imports, said Artem Abramov, partner and head of shale research at Rystad Energy AS.

The jump in industrial use comes on top of a robust recovery for both gasoline and diesel, which still account for the majority of oil demand.

The week running up to the Independence Day holiday saw weekly gasoline supplied hit a fresh record in EIA data. The rolling average of diesel supplied, at 4.07 million barrels a day reached its highest for the week since 2017.

Analysis of CBO's July 2021 Budget and Economic Outlook

The Congressional Budget Office (CBO) released initial details of its updated Budget and Economic Outlook, accounting for enactment of the American Rescue Plan and months of new economic data. CBO's new baseline shows:

Federal debt held by the public will rise from 100 percent of Gross Domestic Product (GDP) at the end of Fiscal Year (FY) 2020 to 103 percent in 2021 and reach a record 106 percent by 2031. In nominal dollars, debt will increase by $13.5 trillion, from $22.3 trillion today to $35.8 trillion by the end of 2031.

The budget deficit will total $3.0 trillion (13.4 percent of GDP in FY 2021), average $1.2 trillion (4.2 percent of GDP) over the next decade, and reach $1.9 trillion (5.5 percent of GDP) by 2031.

Deficits will total $15.1 trillion between FY 2021 and 2031, $0.6 trillion higher than previously projected. The American Rescue Plan increased deficits by roughly $2.0 trillion, meaning economic and technical changes – such as a stronger economy – reduced projected deficits by about $1.4 trillion.

Rising deficits and debt are driven by a disconnect between spending and revenue. CBO estimates spending will average 22.0 percent of GDP over the next decade, compared to a historical average of 20.6 percent of GDP. Revenue will average 17.8 percent of GDP, compared to a historical average of 17.3 percent of GDP.

As the economy recovers from the COVID-induced recession and absorbs enacted fiscal stimulus, CBO projects strong near-term economic growth and relatively high near-term inflation. CBO projects the economy will grow by 7.4 percent in calendar year 2021 and 3.1 percent in 2022, which is above its pre-pandemic trend. Inflation will total 2.8 percent in 2021 and 2.0 percent in 2022.

Beyond 2022, CBO projects the economy will grow by an average of 1.5 percent per year (1.7 percent in 2031) and inflation will average 2.1 percent per year. CBO projects unemployment will fall to a low of 3.7 percent in 2023 and rise to 4.5 percent by 2031.

With debt already approaching record levels, it is important that policymakers resist calls to increase it further. Extending existing policies or enacting new ones, without sufficient offsets, could further worsen an already daunting fiscal picture.

Instead, policymakers should begin to address long-term debt growth by debating and enacting gradual tax and spending reforms.

The United States Faces Record Debt Levels

CBO estimates debt will reach record levels. Under current law, federal debt held by the public will rise from 100 percent of GDP at the end of FY 2020 to 103 percent by the end of 2021. From there, it will dip slightly to a low of 99 percent of GDP by FY 2024 before rising continuously to more than 106 percent by the end of FY 2031 – surpassing the prior record set just after World War II in 1946.

In nominal dollars, debt will grow from $21.0 trillion at the end of FY 2020 to $23.0 trillion in 2021 and to $35.8 trillion by the end of FY 2031. This $12.8 trillion increase between FY 2021 and 2031 is similar to what was projected in February. However, the debt-to-GDP ratio is projected to be slightly lower in FY 2031 – 106.4 percent instead of 107.2 percent – due to a higher estimate of nominal GDP.

The modest reduction in the debt-to-GDP ratio over the next few years appears to be driven by projections of rapid economic growth combined with low net interest payments as a result of the low interest rates available over the past year and a half. As the economy normalizes, debt is projected to resume its upward trajectory.

Debt levels could be significantly higher if policymakers extend most expiring tax cuts and grow annual appropriations with the economy instead of inflation. Under our alternative scenario, debt would fall slightly less than the current law projection and would fall to a low of 101 percent of GDP in 2023. From there, debt would rise much more sharply to a record of 108 percent of GDP by FY 2027 and to 122 percent by 2031.

The United States Faces Large Deficits as Spending and Revenue Diverge

High and rising debt is driven by persistent annual budget deficits. CBO estimates the budget deficit will total $3.0 trillion this year, fall to $1.2 trillion in FY 2022 and to $753 billion in 2024 as COVID relief winds down and the economy recovers, and then rise gradually to $1.9 trillion by 2031. As a share of the economy, the deficit will fall

Analysis of CBO's July 2021 Budget and Economic Outlook

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from 13.4 percent of GDP in FY 2021 to a low of 2.9 percent in 2024 before growing to 5.5 percent by 2031.

This year's nominal dollar deficit will the second largest in history and the sixth largest as a share of GDP – eclipsed only by five years of borrowing to fight World War II and COVID-19.

CBO estimates deficits will total $15.1 trillion (4.9 percent of GDP) over the 11-year period from 2021 to 2031, which is $0.6 trillion (0.1 percent of GDP) higher than CBO's February projection of $14.5 trillion (4.8 percent of GDP). Given the $2.0 trillion cost (including interest) of the American Rescue Plan, this suggests that economic and technical changes (including feedback from the American Rescue Plan) reduced projected budget deficits by roughly $1.4 trillion.

Looking forward, over the 2022-2031 budget window CBO projects spending will total $63.4 trillion (22.0 percent of GDP) and revenue will total $51.3 trillion (17.8 percent of GDP).

This disconnect comes mostly after the effects of the COVID-19 pandemic and subsequent relief efforts, which increased spending from 21.0 percent of GDP ($4.4 trillion) in FY 2019 to 31.2 percent of GDP ($6.6 trillion) in 2020 and a projected 30.6 percent of GDP ($6.8 trillion) in 2021.

CBO projects that spending as a share of GDP will drop to a low of 20.7 percent of GDP ($5.4 trillion) in FY 2024 before rising to 23.2 percent of GDP ($7.8 trillion) by 2031. Revenue, meanwhile, will reach a high of 18.1 percent of GDP ($4.6 trillion) in FY 2023 before falling back to 17.7 percent of GDP ($6.0 trillion) by 2031, assuming expiration of many Tax Cuts and Jobs Act provisions.

CBO Projects Strong Near-Term Growth and Higher Inflation

As the economy recovers from the COVID-19 pandemic and continues to absorb fiscal and monetary support, CBO projects strong near-term economic growth, a relatively rapid jobs recovery, and higher-than-normal rates of inflation.

After contracting by 2.4 percent by the end of calendar year (CY) 2020, CBO forecasts the economy – as measured by real GDP – to grow by 7.4 percent by the end of 2021 and 3.1 percent by the end of 2022, exceeding its long-term potential. The unemployment rate will fall from a high of 6.8 percent at the end of CY 2020 to 4.6 percent by the end of 2021 and 3.6 percent by the end of 2022.

Beyond 2022, CBO expects growth to slow to 1.1 percent per year for two years and then stabilize at about 1.6 percent per year thereafter. The unemployment rate will reach 4.5 percent by 2031. On inflation, CBO expects the Consumer Price Index (CPI) will increase by 3.4 percent in 2021 and the Personal Consumption Expenditures (PCE) price index to grow by 2.8 percent. Beyond that, CBO expects PCE inflation of roughly 2.1 percent per year and CPI of 2.4 percent per year. CBO expects interest rates will rise over the next decade, with the ten-year bond rate growing from 0.9 percent in 2020 and 1.6 percent in 2021 to 3.5 percent by 2031. CBO's forecast is similar to that of other estimators, though its near-term growth and inflation estimates are somewhat higher than those based on earlier economic data.

Conclusion

CBO's latest budget projections confirm that the country is on an unsustainable fiscal trajectory. While deficits and debt will temporarily subside as the economic recovery takes hold, debt will soon begin to grow and will reach a new record of 106.4 percent of GDP by the end of the decade.

Unfortunately, much of the current political discussion revolves around policies that would further worsen the fiscal outlook by boosting discretionary appropriations and enacting trillions of dollars in new spending initiatives. Any such legislation should be fully paid for so as to not add to the debt. Similarly, policymakers should pay for the extension of any expiring provisions. Under our alternative scenario – which assumes expiring provisions continue and discretionary spending grows with the economy rather than inflation – debt will reach 122 percent of GDP by the end of the decade.

As the current crisis subsides and the economy recovers, policymakers will soon need to go beyond paying for new initiatives and work to get the country on solid fiscal ground. This includes actions to secure Social Security and other trust funds headed toward insolvency, limit the growth of the health care costs and other programs, and raise additional tax revenue. Adjustments can be phased in gradually but should be enacted sooner rather than later.

America Used Fewer Fossil Fuels in 2020 Than It Has In Three Decades, Verge

Americans gobbled up fewer fossil fuels in 2020 than they have in three decades, according to the US Energy Information Administration (EIA). Consumption of petroleum, natural gas, and coal dropped by 9 percent last year compared to 2019, the biggest annual decrease since the EIA started keeping track in 1949.

The COVID-19 pandemic was responsible for much of the fall as people stayed home to curb the spread of the virus and used less gas. In April 2020, oil prices nosedived below zero because there was so little demand. The US transportation sector alone used up 15 percent less energy in 2020 compared to the year before. Higher temperatures last winter also helped to cut energy demand for heating, according to the EIA. As a result, greenhouse gas emissions from burning fossil fuels plummeted to a near 40-year low.

That downward trend will have to continue in order to stave off the climate crisis. Upon rejoining the Paris climate agreement, President Joe Biden committed the US to slash its planet-heating pollution in half this decade from near-peak levels it reached in 2005. That's part of a global effort to keep global warming from surpassing a point that life on Earth would struggle to adapt to, a global average temperature that's roughly 1.5 degrees Celsius above preindustrial levels.

To hit that goal, there should be no further investments in new fossil fuel projects, according to a recent landmark report from the International Energy Agency. The oil and gas industries are already feeling the crunch from lawsuits and activist investors forcing them to move faster toward more sustainable forms of energy.

Renewable energy — particularly solar and wind — is on the upswing. Despite the pandemic, renewable sources of electricity grew at a faster pace last year than they have since 1999. After making up an impressive 90 percent of the global power sector's growth, the International Energy Agency expects renewable energy to maintain the same "exceptionally high" growth through 2022.

Despite the momentum moving in green energy's favor, cutting pollution from fossil fuels at a fast enough pace to avoid climate catastrophe is still an uphill battle. As economies opened back up after their pandemic lull, CO_2 emissions came roaring back.

"The rebound in global carbon emissions toward the end of last year is a stark warning that not enough is being done to accelerate clean energy transitions worldwide," Fatih Birol, IEA executive director, said in a March statement.

US Supply Chain Disruptions to Take Longer than Anticipated to Clear Up - ICIS

Supply chain disruptions that have persisted throughout the pandemic and were intensified by Winter Storm Uri are likely to take longer than anticipated to clear up, the Federal Reserve said.

The central bank made its comments in the Beige Book, a summary of US economic activity during the past six weeks among its 12 districts.

The latest Beige Book is based on information collected on or before 2 July.

The comments about supply chains came from respondents in the Dallas District, which includes all of Texas and northern Louisiana.

The region contains much of the nation's petrochemical and refining capacity.

Petrochemical production has mostly recovered from the outages associated with Uri, the Fed said, but some production continues to be weighed by a combination of maintenance and outages.

Refiners cited strong seasonal demand but noted that margins were still weak.

For energy, oilfield services firms told the Fed that drilling and well completion activity expanded moderately, but labor issues kept them from expanding further.

Exploration and production firms expect the market to support a WTI crude price near $70/bbl in the second half of the year.

At that price, capital spending plans would likely be little changed among large US producers, the Fed said.

Overall, respondents said the US economy has strengthened from the previous report, showing modest to robust growth.

Inflation remains a concern as prices increased at an above-average pace, with seven districts reporting strong price growth and the rest seeing moderate gains.

While some contacts felt that pricing pressures were transitory, the majority expected further increases in input costs and selling prices in the coming months.

Executive Order Issued on Right to Repair

President Biden recently issued an executive order addressing right to repair concerns and repair barriers. Biden signed the order as part of a plan to boost competition across numerous sectors, from healthcare to the auto industry, online platforms, and consumer devices. The order also aims for better regulatory support for independent automotive repair shops.

Right to repair remains a top priority for SSDA-AT. The association has been working with other industry groups and the FTC on this initiative.

SSDA-AT thanks the administration for recognizing the importance of right to repair to ensure consumers have access to the repair shop of their choice.

The order is aimed at promoting competition in the United States and is sure to give a boost to the right to repair movement.

News of the recent executive order are encouraging, and SSDA-AT is enthusiastic about the attention this is bringing to the issue. For years, SSDA-AT has pressed Congress for federal action with some interest but little movement.

SSDA-AT urges the Administration and the FTC to take strong actions to reduce anti-competitive barriers to repair for our industry so that we can continue to service our customer's vehicles.

SSDA-AT members continue to be challenged in providing repair maintenance without the proper information. Many of these issues facing the vehicle aftermarket were outlined in the recent FTC report entitled "Nixing the Fix, a Report to Congress." On June 30, the SSDA-AT, Auto Care Association, along with five other automotive aftermarket trade groups, sent a letter to the FTC calling for the Commission to take action to address concerns outlined in their report.

SSDA-AT will work with the FTC on the executive order, and we will continue to explore options for federal legislation that would support the motor vehicle owner's right to repair. Right to repair remains a top priority for SSDA-AT members and a national law would provide for much needed clarity and direction in vehicle repair.

U.S. Shale Firms Hesitate to Pump - or Hedge - More, Despite Oil High Prices, Reuters

OPEC's sudden disarray would seem to be an opportunity for U.S. shale producers to lock in profits, with oil prices near multi-year-highs, but sources at those companies say they are not taking chances with the market's volatility.

Shale producers are famous for boosting output whenever oil prices surge. However, the shale industry has been notably restrained so far this year even as oil surged past $70 a barrel. They have maintained a lower level of production after vowing to investors that they would hold the line on spending to boost returns.

Oil prices are above $73 a barrel, near three-year-highs. On Monday, the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, were unable to reach an agreement on returning supply to the market. That could push oil higher, though on Tuesday prices fell with investors worried that without an agreement, OPEC+ members could open the taps, which would pressure prices.

Shale companies have been actively hedging this year, to lock in prices that protect profits if prices slump.

Yet hedges can be costly, prompting writedowns if oil prices rally past levels producers have locked in. A group of 53 oil producers tracked by consultancy Wood Mackenzie have combined losses of $3.2 billion in the first quarter on hedge contracts.

Just 12 of 40 operators with 2021 oil hedges had an average hedge price above $50 a barrel, according to the firm.

"With every bank saying that oil will be at $90-$100, no one is going to put hedges on right now," said an executive at a shale oil producer, who agreed to speak on the condition of anonymity.

ONE-THIRD OF OUTPUT HEDGED

The group tracked by WoodMac has hedged about 32% of expected 2021 production volumes, less than at the same time a year ago. WoodMac said producers were more likely to keep their remaining 2021 production unhedged, sell at the current prices, and focus their hedges on 2022 instead. Shale firms also have pledged to keep production flat, boosting investor returns rather than pumping more crude.

"I don't see any signals from any of these producers that they are going to grow production anytime soon ... you could be adding hedges but it doesn't necessarily mean that you're going to grow production next year," said Alex Beeker, a principal analyst at Wood Mackenzie.

Shareholder pressure to increase returns make this cycle different, analysts said.

Hedging provides a way for producers to avoid risk, but "that is not what shareholders want," said oil analyst Paul Sankey. Investors who are putting money into producers want exposure to higher oil prices, he said.

Companies would first need to get investors on board with the plan before hedging more since they have pledged not to expand production, an executive at another shale producer said. Hedging can provide the financial wherewithal to increase output.

"For us public producers, everything takes time," he said.

Shortage of Truck Drivers is Behind Fuel Delivery Delays, says GasBuddy Analyst, CNBC

Patrick De Haan, head of petroleum analysis at GasBuddy, told CNBC that a shortage of truck drivers is causing fuel delivery disruptions at some gas stations.

"This is a labor challenge. There's no fuel shortage," De Haan said on "Power Lunch," explaining that refineries are "producing nearly all-time record highs in terms of gallons of gasoline this summer."

"The problem is getting that gasoline the last leg of its journey from a local terminal to the gas station, and we're starting to see some of these delivery delays," he said.

Temporary shortages have been reported at gas stations in southwest Missouri, Columbus, Ohio, and eastern Iowa, according to local media reports.

According to National Tank Truck Carriers, the trucking industry is short at least 50,000 drivers. De Haan said it's been a "brewing problem" since 2017 that was accelerated by the Covid pandemic, when gasoline demand plummeted.

Some companies let their truck drivers go, while other drivers took early retirement, De Haan said. Now, gas station chains are offering sign-on bonuses ranging from $5,000 to $15,000 to prospective drivers, he said.

De Haan said the current fuel delivery challenges are different from the Colonial Pipeline outage last month, which, in Southeastern states such as Georgia and North Carolina, was followed by a jump in prices at the pump and some stations running out of fuel.

In this instance, De Haan said fuel delivery days related to trucking availability will not have a "meaningful" impact on the price of gasoline. However, oil production levels and "basically every other aspect of this recovering economy" are leading to higher prices, he said.

The national average for a regular gallon of gasoline is currently $3.118 ahead of the Fourth of July weekend, when tens of millions of Americans are expected to travel, according to AAA.

That is up from $3.045 per gallon a month ago. It stood at $2.178 per gallon one year ago, according to AAA, when travel was still sharply curtailed due to Covid restrictions.

De Haan said smaller gas station operators may find it more difficult than larger chains to navigate the current trucking landscape.

"This is kind of a survival of the fittest, and those truckers that are delivering for third parties, they may find it more lucrative to go somewhere else and deliver gasoline, so there's kind of this fighting going on with the truck drivers that do exist," De Haan said.

"Everyone's getting fooled and, unfortunately, for now, as the nation's gasoline demand continues to rise, this is going to be more challenging in the future."

Opinion: What Does Commuting Do To Innovation?

It's rare to find any of us that enjoy our commute, and the removal of it as so many have had to work from home during Covid has been one of the undisputed perks of Covid life. As you might expect, however, things are seldom as straightforward as they seem.

For instance, research from the University of Cambridge highlights how our commute can provide us with a great way to clearly demarcate our professional and personal lives.

The researchers argue that our commute actually plays a vital role in helping us transition from our work life to our personal life, thus greatly helping our work-life balance. Indeed, the commute is especially important for those who struggle with work-family conflicts.

"With no more separation of home and work, many remote workers will now miss out on the opportunity to transition into their work role during their commute," the researchers say. "Our study challenges the idea that commuting time is necessarily harmful and has a negative impact on workers' attitudes toward their jobs. The situation actually is far more nuanced: instead of passively enduring what many people see as a drudgery, employees can actively shape their commute into a useful period of role transition that will benefit them at work."

Supporting innovation

Recent research from Harvard Business School explores how our commute affects not only our productivity but also our creativity and innovation. They found a clear correlation between the length of our commute and the quality of innovative output from that firm. What's more, the impact of the commute was particularly pronounced on the strongest performers in the firm.

"It's amazing how robust the results are. Commuting hurts both innovative quantity and quality, especially for an organization's highest-performing workers," the researchers say.

The researchers analyzed data from 3,445 innovators from 1,180 firms from across New England and California, with innovation data coming from the US Patent Office and Trademark Office, Data Axle USA, and Dataquick.

Distance matters

The study found that for every 10 kilometers added to the commute each day, the firm employing those innovators registered 5% fewer patents than those enjoying a shorter commute. What's perhaps even more harmful is that the quality of each patent declined even further, falling 7% for every 10 kilometers traveled per day.

This decline was most prominent among the most talented inventors, whose output declined by an incredible 10% for every 10 kilometers traveled each day.

"For inventors with long commutes, any distance you can reduce the commute, you can gain in innovative productivity," the researchers explain. "The total opportunity cost of commuting for workers can exceed their hourly wages, amounting to thousands of dollars per average worker per year, and this is before taking into account potential costs on workers' subjective well-being."

What to do

So, what should you do with this information? Well, obviously there have been numerous examples in the past of companies actually paying employees to live closer to the workplace, precisely to ensure that such lengthy commutes are not commonplace.

The researchers conducted their study prior to the pandemic so it's not clear if remote working has any kind of impact on innovation output either, whether in a positive or negative way. Research conducted a few years ago by MIT does support the notion that physical proximity matters for innovation, however.

Opinion: What Does Commuting Do To Innovation?

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The study examined over 40,000 published papers and 2,350 patents from MIT researchers over a 10 year period, and mapped out a network of collaborators across the university, before then examining the locations of each collaboration, particularly in relation to the departmental and institutional membership of each researcher.

“Intuitively, there is a connection between space and collaboration,” the researchers say. “That is, you have better chance of meeting someone, connecting, and working together if you are close by spatially.

Central to the finding was the so-called Allen Curve that was devised by MIT professor Thomas Allen. It suggests that collaboration diminishes as a function of distance. Indeed, even simple conversations are significantly less likely to occur when people are over 10 meters apart.

Despite Allen’s work first appearing in 1977, and a large number of digital tools emerging since then to try and mitigate its impact, the MIT paper suggests its findings still hold true today.

All in the mind

A second Harvard study from a few years ago suggests that our mindset could be crucial in dealing effectively with our commute. It found that our attitude towards our commute played a big role in how affected by it we are.

Our perceptions of the commute are typically betrayed by the activities we choose to occupy ourselves with during this time. For instance, if we distract ourselves by reading or listening to music, it’s likely that we view the commute negatively.

If however, we use the commute to focus on the work ahead and thus detach ourselves from the home life we’re leaving, it’s more likely we will view the time as a productive buffer between work and home.

The research first examined if there was a link between the levels of self-control a person had and their satisfaction levels at work. They then built on this to test whether this influenced the psychological impact of their commute.

Interestingly, the results did indeed reveal a correlation, with those employees who scored lower on self-control having a much lower opinion of their commute than their more self-controlled peers.

Indeed, the commute was also more likely to be cited as a factor should these individuals quit their job.

This hypothesis was then supported by a second study that found that self-control had a big impact on our ability to switch between personal and professional mode, and therefore the subsequent emotional stress and exhaustion caused by our work life.

Of course, self-control is far from a fixed trait, and many studies previously have shown that our levels of self-control are influenced by our tiredness and other similar factors.

Indeed, the study even revealed that employees could be gently nudged into more productive behaviors on their commute.

So the message appears to be that if you want your employees to regard their commute positively, then sending a gentle reminder to spend a small portion of it planning their day can do the trick.

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