

February 2016, Issue 10



SafeSourcing e-Newsletter

Have comments, questions, or suggestions about the new SafeSourcing e-Newsletter? Let us know what you think by emailing us at the following address. We look forward to hearing from you! events@safesourcing.com

Trivia!

What is a Rack Jobber?

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Industry News

How Oil Affects Us All

Crude Oil Surplus

The oil crash could end later this year, but for now the price per barrel is steadily falling. The last 18 months have been catastrophic for crude oil – plunging 68% due to a massive surplus. Oil prices fell to a seven-year low of \$34.50/barrel in early December. This collapse has resulted in tens of thousands of job losses, a surge in corporate defaults, and plunged stock prices.

The world’s supply of oil is far above the demand. American production has skyrocketed. “But OPEC, led by Saudi Arabia, has exacerbated the issue by pumping oil ferociously. Its strategy designed partly to pressure American producers out of the market.” OPEC declined to cut production in early December, reinforcing that they are not going to rescue the oil markets. The oversupply problem resulted in a traffic jam of oil tankers waiting to be offloaded off the U.S. Gulf Coast in November because there was nowhere to put the crude.

A number of smaller American oil producers with a lot of debt face financial problems, but stronger oil companies such as ConocoPhillips and Chevron plug along with the plans to pump more oil. “Goldman Sachs says oil may need to tumble ‘around’ \$20 a barrel—something that hasn’t happened since 2002—to force meaningful production cuts.” ■

Matt Egan, CNN Money, 12/18/15

Lost Oil Jobs Take Others Along

Earlier Decline in oil prices are rippling through other industries, such as airlines, restaurants, steelmakers, and law firms. The oil crash has led to hundreds of thousands of payroll losses across the labor market and has cut about a half a percentage point of economic growth in the past year, reports Moody’s Analytics.

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2	January Trivia Answer

COMING NEXT ISSUE

Mar.	Answer to our Trivia!
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Recent Savings

Hand Soap and Sanitizer

Savings were over 17% off total spend. ■

Coffee Creamer Singles

Savings were over 11% off total spend. ■

*Please [contact SafeSourcing](#) to schedule your RISK FREE event today.

Lost Oil Jobs... cont.'d

United Airlines reported it will lower passenger revenue in the fourth quarter because of reduced bookings by Texas oil executives, who usually travel first class. This also affects the hospitality industry. KB Homes, a leader in construction in the Houston area, has had dial back business due to the oil's slide.

Fallout is mainly concentrated in Texas, North Dakota, and other oil-producing areas across the country. The decline also affects manufacturing and service firms. There have been 204,000 people laid off in the oil and gas industry in the last year, reported Continental Resources, an oil company that tracks the figure. "That's a relatively large multiplier-effect because the energy industry is rife with well-paying jobs and big-spending employees," says Moody's economist, Chris Lafakis. Roughly 37% of the lost positions are affected by the energy industry, namely steel production and rail cars for oil transportation. An additional 63%, related to laid-off employees, reduced spending in sectors such as hotels, retail, and health care. "That means the 114,000 job losses wiped out additional 391,000 or so jobs in other sectors last year and sliced economic growth to about 2.1% to 2.6%." ■ [Paul Davidson, USA Today, 1/14/16](#)

The Price of Gas at the Pumps

Gas prices fell to \$.77 per gallon at one station in Houghton Lake, Michigan, according to GasBuddy. It appears as though there is a gas war between two stations. Two gas stations close to one another were selling gas at 95 cents per gallon last week when one station decided to dramatically lower their pricing.

The list of low gas prices shows two things which affect prices other than the price of crude. First, is the proximity of refineries. Texas and adjoining states have huge refineries south of Houston on the Gulf of Mexico. These are close to the deep water supply off the Gulf and oil fields of Texas. South Carolina also has several large refineries. Secondly, are state and federal taxes and levies. The average tax per gallon on gas is \$.48, according to the American Petroleum Institute. However, currently South Carolina is \$.352, Oklahoma is \$.354, Missouri is \$.357, and Texas is \$.384. There has been talk about raising gas taxes to help state governments pay for road repairs. As of now, there does not seem to be any serious threats to change taxes in these states, but that may change as gas prices continue to fall. ■ [Douglas A. McIntyre, 24/7 Wall St., 1/17/16](#)

QUESTIONS AND ANSWERS

Q: How can I subscribe or unsubscribe to these newsletters?

A: You can subscribe or unsubscribe to these free newsletters by simply going to our [website](#), and clicking the option "e-Newsletter" or by contacting us directly at events@safesourcing.com

Q: I have run events in the past, is there any chance I could be saving more?

A: Yes. No matter when your past event ran, the team at SafeSourcing can find ways for your company to save.

Q: I want to know more about what SafeSourcing does. Who can I talk to about this?

A: You can contact a customer services representative who can help you with any further questions by calling us at 1-888-261-9070 or by going to our [website](#) and trying our "Risk Free Trial" offer today.

Trivia! From January 2016 Issue

What does Open Source Initiative mean?

ANSWER: The Open Source Initiative (OSI) is a non-profit corporation whose goal is to promote the use of open sourcesoftware in the commercial world. To accomplish this goal, OSI maintains and promotes the Open Source Definition and offers the OSI Certified Open Source Software Certification Mark and Program. To be OSI certified, the software must be distributed under a license that guarantees the right to read, redistribute, modify, and use the software freely. The Open Source Definition provided by OSI contains the following elements: Free redistribution, Source code, derived works, Integrity of the author's source code, No discrimination against persons or groups, No discrimination against fields of endeavor, Distribution of license.

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