for first time in a decade, Domino's same-store sales slip

Domino's, a company seemingly tailormade for a pandemic, has not been spared from a phenomenon plaguing almost every employer this summer: A severe shortage of workers.

The world's largest pizza chain has been a star on Wall Street this year with revenues soaring as millions sheltered at home and ordered a lot of pizza.

Investors sent company shares to heights previously unseen over the summer.

On Thursday, however, for the first time in more than a decade, Domino's Pizza Inc. said that sales at established stores went in the wrong direction, falling 1.9% in the third quarter. During the same three-month stretch last year, comparable-store sales rocketed an unprecedented 17.5% higher.

The company also cited pandemic assistance money from the U.S. petering out during the most recent quarter, but the focus at the Ann Arbor, Michigan, company, is finding enough employees to keep the pies flowing.

Domino's has taken measures to lure cooks, drivers and cashiers but delivery times have lengthened, a potentially dangerous trend in an environment of fierce competition with delivery apps like DoorDash and Uber Eats.

"We believe that staffing may remain a significant challenge in the near term as the labor market continues to evolve," Allison said Thursday.

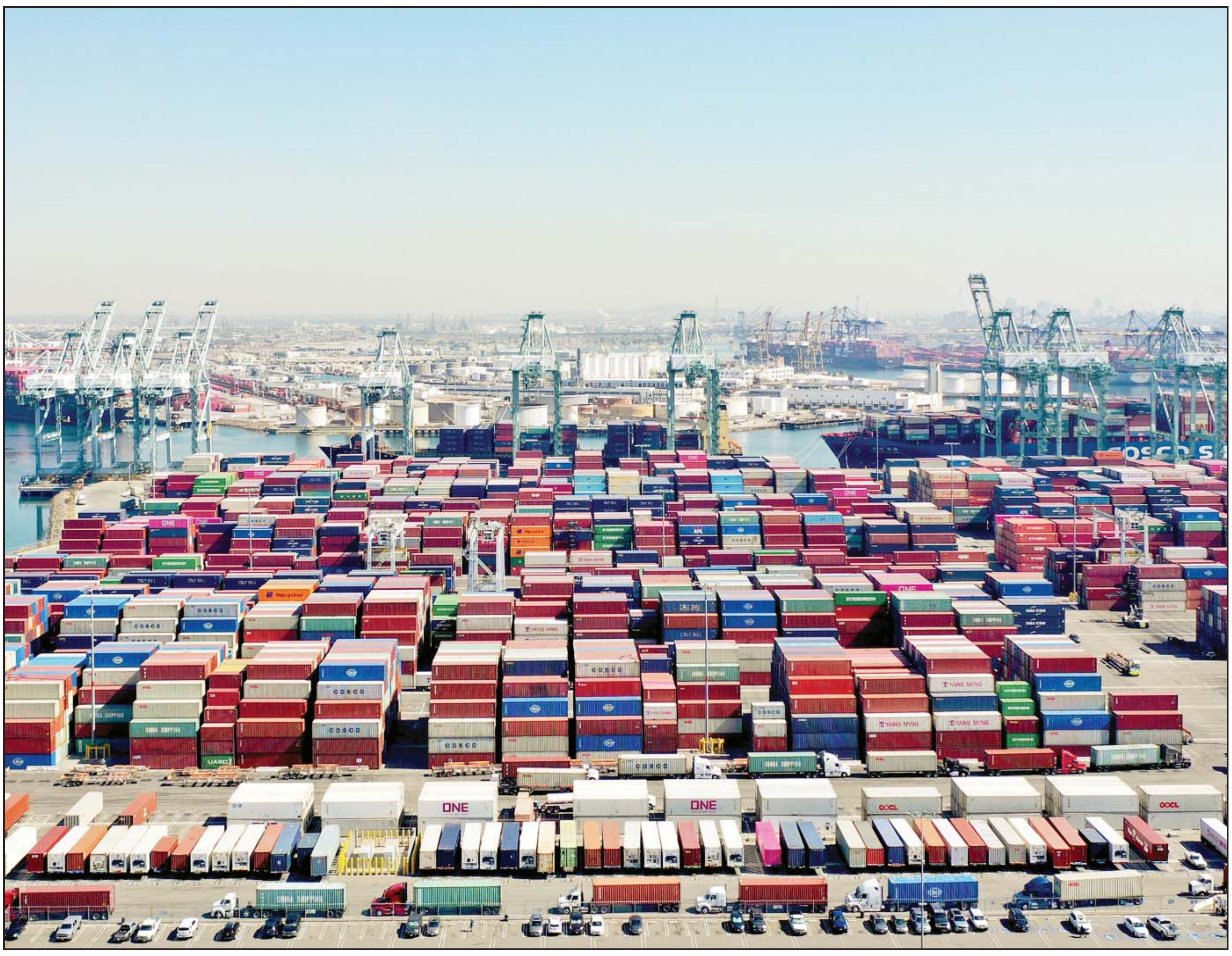
The staffing shortage is widespread, however, effecting retail stores, fast food restaurants and factories. (AP)

A delivery worker leaves a Domino's Pizza restaurant in downtown Seattle on a bike, Sunday, March 15, 2020. (AP)

Business Buzz

Supply chain squeeze threatening US economy and holiday shopping

Biden tries to tame inflation by having LA port open 24/7



This file photo shows the Port of Los Angeles with containers, ships and trucks on Oct 13, 2021. President Joe Biden announced a deal to expand operations at the Port of Los Angeles in hopes of ending the logjam of ships waiting to unload. The supply chain squeeze has caused climbing prices and delays in delivery that are threatening the US economy and holiday shopping. (AP)

WASHINGTON, Oct 16, (AP): President Joe Biden tried to reassure Americans that he can tame high inflation, announcing a deal to expand operations at the Port of Los Angeles as prices keep climbing and container ships wait to dock in a traffic jam threatening the US economy and holiday shopping.

Prices are jumping in large part because container ships are stranded at ports and because unloaded goods are waiting for trucks, leading to mass shortages and delays that have caused a longer than expected bout of inflation. The rising costs are eating into worker pay, creating a drag on growth and driving Republican criticism of Biden just as his multitrillion-dollar tax, economic, climate and infrastructure agenda is going through the crucible of congressional negotiations.

The White House responded to the backlog by finalizing an agreement for the Port of Los Angeles to become a 24-hour, seven-days-a-week operation. The hope is that nighttime operations will help to break the logjam and reduce shipping delays for toasters, sneakers, bicycles, cars and more.

"With holidays coming up, you might be wondering if the gifts you plan to buy will arrive on time," Biden said at the White House. "Today we have some good news: We're going to help speed up the delivery of goods all across America."

But the expansion of port operations was also an unspoken recognition that inflation is lingering at higher levels long after the economy began to reopen from the coronavirus pandemic. Businesses were worrying about monthslong delays for shipping containers in June, yet the administration only formed its supply chain task force that month and named a port envoy on Aug. 27 to address the challenge.

Ports are also just one piece of the puzzle, Biden said. The country needs more truck drivers, private retailers to step up and better infrastructure, as well as a supply chain that can less easily be disrupted by pandemics and extreme weather. The president is trying to use the predicament as a selling point for his policy plans that undergoing congressional scrutiny.

"We need to take a longer view and invest in building greater resiliency to withstand the kinds of shocks we've seen over and over, year in and year out, the risk of pandemic, extreme weather, climate change, cyberattacks, weather disruptions," he said.

The sense of uncertainty is beginning to consume the attention of many Americans.

University of Michigan economist Betsey Stevenson noted on Twitter the "economy is in a very fragile and unprecedented place." Prices are rising at more than 5%, trade in goods and services have slowed and more Americans are quitting their jobs while the delta variant has made the coronavirus pandemic a risk.

"No one really knows what's going to happen," wrote Stevenson, a former member of the White House Council of Economic Advisers under President Barack Obama.

Ports in Los Angeles and Long Beach, California, account for 40% of all shipping containers entering the United States. As of Tuesday, there were 64 ships berthed at the two ports and 80 waiting to dock and unload, according to the Marine Exchange of Southern California.

Commitments by the Los Angeles port's operator, longshoremen and several of the country's largest retail and shipping companies are expected to help relieve the backlog.

Walmart, FedEx, UPS, Target, Samsung and The Home Depot committed to unloading during off-peak hours, making it easier for the Los Angeles port to operate nonstop. The Long Beach port has been operating 24 hours daily for seven days for roughly the past three weeks.

Biden also held a virtual roundtable with the heads of Walmart, FedEx Logistics, UPS, Target, Samsung Electronics North America, the Teamsters Union and the U.S. Chamber of Commerce, among other groups, before his speech.

Republican lawmakers say Biden's $1.9 trillion coronavirus relief package has fueled higher prices. A recent analysis issued by the investment bank Goldman Sachs estimates that "supply-constrained goods" account for 80% of this year's inflation overshoot, yet the political criticism continues to sting as housing and oil prices add to inflationary pressures.

Senate Republican leader Mitch McConnell of Kentucky has made inflation one of his central charges against Biden, a sign that getting prices under control could be essential for Democrats trying to hold onto congressional seats in next year's elections.

"The Democrats' inflation is so bad that even though the average American worker has gotten a multiple-percentage-point pay raise over the last year, their actual purchasing power has been cut," McConnell said in a Senate speech last week. "Even dollar stores are having to raise their prices. Just ask any American family about their last few trips to the supermarket, the gas station or the toy store. Heaven forbid if they've had to participate in the housing market or the auto market anytime lately."

The Biden administration has argued that higher inflation is temporary. Yet the supply chain issues have persisted months after the economy began to reopen and recover as vaccines lessened many of the risks from the pandemic.

Consumer prices climbed 5.4% from a year ago, the Bureau of Labor Statistics reported Wednesday. That is significantly above the Federal Reserve's 2% target. Higher energy, food and shelter costs were prime drivers of price increases in September.

Cbank widely expected to announce tapering at its next meeting

Bond purchases could end by mid-2022: Fed

By Christopher Rugaber

Federal Reserve officials agreed at their last meeting that if the economy continued to improve, they could start reducing their monthly bond purchases as soon as next month and bring them to an end by the middle of 2022.

The discussion was revealed in the minutes of the Fed's Sept. 21-22 meeting, released Wednesday. Fed officials also said that the reduction, or tapering, of bond purchases could begin in the middle of November or December. The 18 Fed policymakers meet eight times a year.

The Fed is widely expected to announce the tapering at its next meeting, to be held Nov. 2-3. The announcement is likely to occur before the tapering actually begins. If so, such a move would mark the Fed's first step back from the extraordinary efforts it has made to stimulate the economy in the wake of the pandemic.

"Participants generally assessed that, provided that the economic recovery remained broadly on track, a gradual tapering process that concluded around the middle of next year would likely be appropriate," the minutes said.

Last December, the Fed said that it would buy $120 billion a month in bonds until the economy had made "substantial progress" toward its goals of maximum employment and inflation that averages 2% over time. The bond purchases are intended to spur more borrowing and spending by keeping longer-term interest rates low. The Fed has also pegged its short-term benchmark rate at nearly zero.

At a news conference following the September meeting, Fed Chair Jerome Powell said that such progress had been made with inflation and the test was "all but met" when it came to employment.

"If the economy continues to progress broadly in line with expectations," Powell said, "I think we can easily move ahead at the next meeting."

Earlier Wednesday, the government said consumer prices rose 5.4% in September compared with a year ago, matching a 13-year high that was also reached in June and July. The ongoing price gains have raised pressure on the Fed to dial-back its low-interest rate policies.

According to the minutes, Fed policymakers said that the delta wave of COVID-19 cases around the world "were exacerbating or prolonging" the supply chain bottlenecks that have forced many auto plants to shut down and pushed up prices for furniture, televisions, shoes, and other imported goods.

Several policymakers, which include the presidents of the Fed's 12 regional banks, said businesses in their districts "generally did not expect these bottlenecks to be fully resolved until sometime next year or even later."

Powell has long described the jump in inflation this year as transitory, though some Fed officials are backing away from the term as price increases have persisted. Powell has said that by transitory, he means that price gains this year are mostly one-time responses to the disruptions of the pandemic, and don't mark the start of an upward spiral in inflation.

The minutes said that Fed policymakers "assessed that supply constraints in product and labor markets were larger and likely to be longer lasting than previously anticipated."

Hiring has also slowed sharply in the past two months, with the government reporting Friday that just 194,000 jobs were added in September, far below the roughly 1 million gained in both June and July.

Still, Powell said at the September news conference that he wouldn't need to see a "super great" jobs report that month to support tapering at the November meeting. He said that the cumulative progress that has been made - with more than 17 million of the 22 million jobs lost to the pandemic having been recovered - would likely be enough.

Fed officials also emphasized that the beginning of the tapering of its bond purchases would be a separate decision from that of raising its short-term interest rate, which would require "a different, and more stringent, test." Powell has said that the goals of maximum employment and inflation at 2% over time would actually have to be met before rate hikes would be warranted.

At their last meeting, Fed officials signaled that they may first raise rates late next year. (AP)

In this file photo, Federal Reserve Chairman Jerome Powell testifies during a House Financial Services Committee hearing on Capitol Hill in Washington. Federal Reserve officials agreed at their last meeting that if the economy continued to improve, they could start reducing their monthly bond purchases as soon as next month and bring them to an end by the middle of 2022. (AP)

Feds warn companies

Fake online reviews could lead to 'fines'

WASHINGTON, Oct 16, (AP): Federal regulators say they are cracking down on "an explosion" of businesses' use of fake reviews and other misleading messages to promote their products and services on social media.

The Federal Trade Commission said it has warned hundreds of major corporations and smaller businesses that they could face fines if they use bogus endorsements to deceive consumers.

"The rise of social media has blurred the line between authentic content and advertising, leading to an explosion in deceptive endorsements across the marketplace," the FTC said in a news release Wednesday.

The FTC action signals a commitment to flex its authority to use penalties to enforce consumer protection laws. The agency said it has sent formal notices of penalty offenses to about 700 companies, warning they could face penalties of up to $43,792 for each violation.

"Fake reviews and other forms of deceptive endorsements cheat consumers and undercut honest businesses," said Samuel Levine, who heads the agency's consumer protection bureau. "Advertisers will pay a price if they engage in these deceptive practices."

The companies receiving the notices are a who's who of Corporate America - including major corporations, big retailers and consumer product companies, as well as leading advertisers and ad agencies.

They include tech giants Amazon, Apple, Facebook, and Google and its YouTube video service, as well as internet service providers like AT&T and Comcast. Others run from retailer Abercrombie & Fitch and brewer Anheuser-Busch to manufacturers General Electric, General Motors and Honda. Popular shopping and review sites such as eBay and Yelp also are included.

The FTC, however, stressed that a company having received a notice does not suggest that it has engaged in deceptive or unfair conduct.

The notice cites practices the agency found previously to be unfair or deceptive. They include falsely claiming a third-party endorsement, misrepresenting whether an endorser is an actual user or using an endorsement to make deceptive performance claims. It also listed failing to disclose a significant connection with an endorser and misrepresenting that the endorser's experience represents that of a typical consumer.