



Postal, Paper & Logistics Update

October, 2023

The USPS has proposed its rate changes for 2024. Quad will be sharing our analysis of this new pricing and its impacts in the near future. Paper markets remain stable, while the Logistics market is quiet ahead of the holiday season.

Built on our roots as a printer, mail industry partner and logistics leader, Quad is a marketing experience company focused on delivering streamlined solutions at scale to our clients. As the largest USPS customer, we are uniquely positioned to provide clients with best practices and insights on the latest postal, paper and logistics topics. If you have any questions or concerns during these challenging times for our industry, contact your Quad representative. We'll tap our in-house experts to investigate and get you the answers you need.

Postal

The U.S. Postal Service has notified the Postal Regulatory Commission (PRC) of proposed price changes that would take effect January 21, 2024, if approved by the PRC. In announcing the rate hikes, the USPS cited continuing "inflationary pressures on operating expenses," the effects of "a previously defective pricing model" and the need to "achieve the financial stability sought by its Delivering for America plan" as the reasons it needs increased revenue.

The key change is a 2-cent hike in the First-Class Mail Forever stamp price, moving from 66 to 68 cents. Overall, mailing services product prices will see about a 2% rise, covering various categories like letters, and domestic and international postcards. There will be no change to the additional-ounce price of 24 cents. The USPS is also seeking adjustments for Special Services products, including Certified Mail, post office box rental fees, money order fees and insurance costs for mailed items.

The USPS claims these measures are essential for the service being able to navigate financial hurdles, and also notes that USPS remains competitive globally. However, many in the mailing industry see the twice-a-year increases as the primary reason mail volume has been steadily decreasing.

To provide timely information on the impact of the price changes, Quad is holding the following three webinars:

- October 26 at 11 a.m. CDT, on the topic of Publications
- November 2 at 11 a.m. CDT, on Marketing Mail Letters and First Class
- November 2 at 1 p.m. CDT, on Marketing Mail Flats and Bound Printed Matter

We will be providing additional information about how to register for the webinars in the near future.

Regarding overall mail volume, the USPS shows signs of continued downward movement. Market Dominant mail volumes were down 8.1% in August 2023, indicating the rate of mail volume decline is accelerating to twice what it was last year. Year-to-date (through August, which is the 11th month of the USPS's fiscal year) Market Dominant mail volumes are down 8.8%. The bottom line is that mail volume overall is 4% below plan for fiscal year 2023.

In other categories, Marketing Mail volume was down 10.7% in both August and the year to date. Marketing Mail revenue is off by 3.5% and 5.2% respectively. Periodicals volume is down 9.6% for the month and 11.4% for the year. Revenue is down 3% and 3.3% for the month and year. First-Class Mail volume dropped 4.5% in August, bringing the year to negative 6.1%. First-Class Mail revenue increased 4% in August and 2% year-to-date.

After implementing rate increases ranging from 6% to 12% in early July, the USPS realized only a 1.5% increase in operating revenue in August, leaving this key metric down 0.5% for the first 11 months of the fiscal year.

Competitive packages saw volume inch up 0.4% in August and drop 2.3% year-to-date. Package volume is slightly more than planned for the first 11 months, at plus 0.2%. Package revenue is up 0.8% for the year.

The USPS lost \$860 million in August, bringing its annual loss so far to \$6.7 billion.

Miscellaneous updates:

- The 30% Mail Growth Incentive was approved. [Find FAQs on the USPS website.](#)
- Robert Taub and Tom Day were confirmed by the U.S. Senate as PRC commissioners.

USPS delivery performance

Overall, the USPS is moving mail well for this time of year. That's likely due to lower volumes compared to past years. Also, we have not had any significant weather-related mail delays since Hurricane Idalia at the end of August.

It should be noted that although mail is moving relatively well, the data we have for our clients (USPS Informed Visibility data) does not match the performance that the USPS reports. We believe this is due to the USPS filtering out data that does not meet certain criteria.







No postal facilities were delayed in processing Letter mail in September. The facilities below experienced delays in processing Flat mail, with only 45% to 65% in-home by the end of the USPS Service Standard window. Most of the late mail was in-home just one to two days after the Service Standard had ended.







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Entry Type	City	State
NDC	Chicago	IL
NDC	St. Louis	MO
SCF	Augusta	GA
SCF	Boston	MA
SCF	Cheyenne	WY
SCF	Des Moines	IA
SCF	Ft. Myers	FL
SCF	Greenville	SC
SCF	Kansas City	MO
SCF	Norfolk	VA
SCF	Richmond	VA
SCF	Rocky Mount	NC
SCF	South Suburban	IL
SCF	White River Jct.	VT
SCF	Wilmington	DE

	Week of 9/4	Week of 9/11	Week of 9/18	Week of 9/25
Early	24%	21%	10%	20%
Day 1	57%	49%	35%	48%
Day 2	80%	74%	70%	78%
Day 3	90%	86%	89%	91%
Day 4	94%	93%	96%	96%
1 Day Late	95%	95%	99%	98%

USPS volume

Mail volume for the week ended September 30, compared to last year		
Total Mail Volume	Down 12.7%	
Packages	Up 6.6%	
Single Piece	Down 6.3%	
Presort First Class	Down 6.3%	
Marketing Mail	Down 13.3%	
Periodicals	Down 15.5%	

Mail volume for the week, ended September 23		
Total Mail Volume	Down 13.2%	
Packages	Up 3.4%	
Single Piece	Down 21.3%	
Presort First Class	Down 2.4%	
Marketing Mail	Down 15.5%	
Periodicals	Down 25.6%	

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Paper Market

Paper markets have remained stable since last month. Paper in all grades is readily available, lead times are stable and we do not anticipate any major disruptions for the balance of this year. No mill closures have been announced recently.

Logistics

Logistics has entered a quiet time ahead of the holiday rush. Diesel and gas prices remain relatively stable.

U.S. on-highway diesel fuel prices

09/18/23	09/25/23	10/02/23	week ago	year ago	
4.633	4.586	4.593		+0.007	-0.243

U.S. regular gasoline prices

09/18/23	09/25/23	10/02/23	week ago	year ago	
3.878	3.837	3.798		-0.039	+0.016

As always, your Quad representative will work diligently to find you the lowest rates with the most efficient transportation available.

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