



Postal, Paper & Logistics Update

December, 2023

USPS price changes go into effect in January 2024. Paper and logistics remain stable.

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

On Nov. 22, the Postal Regulatory Commission (PRC) approved the USPS price changes for January 2024. However, the PRC acknowledged the concerns mailers expressed about the latest set of rate hikes and agreed to reconsider pricing regulations before the scheduled five-year review in November 2025.

The PRC also approved the first Market Dominant Mail negotiated service agreement (NSA) for Publishers Clearing House (PCH), which is good news for mailers. The regulator had made it difficult for USPS to negotiate and to implement customized pricing for mailers in recent years. Now the PRC is approving prospecting mail rates at cost, provided the mailings meet pre-agreed upon new volume goals from new customers or "prospects" that PCH would not have normally mailed based on current postage prices. "Prospects" have been defined as someone PCH did not mail in the past three months. Similar-sized mailers might be able to successfully negotiate similar arrangements. If any other mailer can meet similar requirements as the PCH NSA, these other customers should be able to take advantage of the same deal.

Miscellaneous updates

- The USPS and the mailing Industry are waiting on the PRC to formally approve the competitive prices.
- Growth Incentives registration is open.
- NPF call for papers is open, with a submission deadline of January 5, 2024.
- The 2024 National Postal Forum will be held at the Indiana Convention Center in Indianapolis, Ind., from June 2 to June 5. Online registration is now open, with early bird savings available through January 5, 2024.
- The PRC approved continuing USPS Connect Local Mail as a test.

USPS delivery performance

With volume lower than usual, the 2023 fall mailing season has seen relatively good USPS performance. Since Thanksgiving, however, volume has increased significantly, causing slowing in many parts of the country. The USPS is focused on its parcel business, which we believe is a contributing factor to the deterioration of service for flats and letters this time of year.

	Week of 11/13	Week of 11/20	Week of 11/27	Week of 12/4
Early	8%	17%	17%	15%
Day 1	34%	46%	38%	34%
Day 2	67%	72%	64%	56%
Day 3	83%	86%	80%	74%
Day 4	92%	95%	90%	88%
1 Day Late	97%	98%	96%	96%

No postal facilities were delayed in any significant way in the processing of Letter mail over the last four weeks. The facilities listed below, though, have been delayed in processing Flat mail. The entire state of Missouri has had delayed mail since late October. The USPS reports that a mercury spill in one plant caused them to change operations, which led to further problems. We believe volume and parcels are likely having more of an impact than the spill, at least in more recent weeks. The Milwaukee, Wis., postal facility has had some significant delays in processing Flat mail since Nov. 27, with delays up to a week. We are told that volume is the culprit. Most other locations are delayed just one to three days.

Red indicates less than 50% of mail was in-home by Service Standard. These are considered the facilities of greatest concern.

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Entry Type	City	State	In-Home by Service Standard %
NDC	Kansas City	Kan.	53.63%
NDC	St. Louis	Mo.	36.42%
SCF	Akron	Ohio	31.74%
SCF	Albany	N.Y.	65.87%
SCF	Baltimore	Md.	68.24%
SCF	Billings	Mont.	58.11%
SCF	Brooklyn	N.Y.	60.24%
SCF	Charleston	S.C.	67.24%
SCF	Cleveland	Ohio	63.09%
SCF	Columbia	S.C.	65.52%
SCF	Denver	Colo.	56.43%
SCF	Des Moines	Iowa	62.24%
SCF	Eugene	Ore,	51.68%
SCF	Fort Wayne	Ind.	39.90%
SCF	Ft. Myers	Fla.	47.62%
SCF	Gary	Ind.	48.77%
SCF	Greenville	S.C.	68.56%
SCF	Kansas City	Mo.	50.92%
SCF	Las Vegas	Nev.	67.27%
SCF	Macon	Ga.	67.45%
SCF	Manasota	Fla.	65.93%
SCF	Mid Hudson	N.Y.	55.86%
SCF	Milwaukee	Wis.	40.69%
SCF	Norfolk	Va.	25.46%
SCF	North Houston	Texas	57.89%
SCF	North Texas	Texas	64.74%
SCF	Providence	R.I.	66.61%
SCF	Raleigh	N.C.	68.13%
SCF	Rapid City	S.D.	55.85%
SCF	Richmond	Va.	38.36%
SCF	St. Louis	Mo.	49.65%
SCF	South Suburban	Ill.	50.88%
SCF	Southern	Maine	66.91%
SCF	Springfield	Mo.	47.71%
SCF	Tallahassee	Fla.	61.29%

USPS volume

Mail volume for the week ended December 9, compared to last year		
Total Mail Volume	Down 5.5%	▼
Packages	Up 7.8%	▲
Single Piece	Down 7.9%	▼
Presort First Class	Up 1.5%	▲
Marketing Mail	Down 3.7%	▼
Periodicals	Up 3.1%	▲

Mail volume for the week ended December 2		
Total Mail Volume	Down 7.4%	▼
Packages	Up 5.8%	▲
Single Piece	Down 10.5%	▼
Presort First Class	Down 6.9%	▼
Marketing Mail	Down 6.7%	▼
Periodicals	Down 5.3%	▼

Mail volume for the week ended November 25		
Total Mail Volume	Down 9.6%	▼
Packages	Up 10.2%	▲
Single Piece	Down 8.1%	▼
Presort First Class	Up 1.9%	▲
Marketing Mail	Down 0.6%	▼
Periodicals	Down 12.5%	▼

Mail volume for the week ended November 18		
Total Mail Volume	Down 1.0%	▼
Packages	Up 19.8%	▲
Single Piece	Down 7.1%	▼
Presort First Class	Down 6.9%	▼
Marketing Mail	Down 13.9%	▼
Periodicals	Down 12.4%	▼

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Paper Market

- Paper industry analysts are forecasting improved paper demand and operating rates for most grade segments in 2024.
- Industry analysts also project paper mill production capacity in North America will decrease by 10% to 28% over the next two years, dependent upon the grade. Some of this is attributable to mill closures and some to mill conversions to other grades, such as packaging.
- Paper prices in most printing grades are projected to decrease by 5% in 2024.

Logistics

The logistics market is currently stable. November diesel fuel prices dropped to \$4.25 a gallon from \$4.51 in October.

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

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