

Postal, Paper & Logistics Update

October – November 2024

In brief: Amid mounting fiscal losses, the U.S. Postal Service has provided initial guidance for proposed July 2025 postal rate increases: as much as 9% for Non-Compensatory mail classes and 7% for Compensatory classes. The guidance follows the USPS decision not to raise rates in January 2025 and comes as the service posted a net loss of \$1.2 billion in August, bringing cumulative losses for the year to \$8.3 billion.

The end of a brief dockworker strike helped improve the near-term outlook for paper markets and the freight industry. As always, Quad monitors news reports, industry alerts, situation reports from Quad Transportation Services and other sources to provide timely updates and to help minimize business disruption wherever possible.

Building on our roots as a printer, mail industry partner and logistics leader, Quad is a marketing experience (MX) 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

Postal Service shows \$1.2 billion net loss in August

Unaudited financial results show that the USPS lost \$1.2 billion in August, a 42% increase from the same period a year ago on the basis of Generally Accepted Accounting Principles (GAAP). The August 2024 loss included a non-cash adjustment of \$469 million for workers' compensation expenses, according to a [report filed to the Postal Regulatory Commission](#).

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Operating revenue increased slightly, to \$6.56 billion, up about 2%, as mail volumes fell less than anticipated — down about a half a percent from August 2023. The bright spot in volumes came in Marketing Mail, with the USPS delivering 4.8 billion pieces during the period, an increase of 140,000 or 3.1%.

Overall, the August results showed:

- **Market Dominant products:** Revenue increased 3.5% to \$3.8 billion; volume slipped 0.7% to 8.5 billion.
- **Competitive products:** Revenue increased 1.9% to \$6.6 billion; volume edged down 0.6% to 9.1 billion.

On the cost side, total operating expenses grew 6.4% to \$7.8 billion on a 10% increase in personnel costs and benefits compared to August 2023. The USPS did reduce transportation costs by 14.3% or \$116 million.

July 2025 postal rate guidance

The USPS guidance for postal rate increases in mid-2025 assumes that the Consumer Price Index will be 2.7% for the relevant period (September 2024 through February 2025).

The postal service expects an average increase of approximately 6.8% for Compensatory mail and approximately 8.8% for Non-Compensatory classes and products (including periodicals and Marketing Mail flats).

As always, mailers may see increases that are higher or lower depending on a variety of factors, including the exact class of mail involved.

Miscellaneous updates

- The USPS continues to provide updates in the aftermath of Hurricanes Helene and Milton via Industry Alerts and the Service Alert page at usps.com.
- The USPS is still reviewing test results of the proposed changes to bundle prep. The earliest the agency would issue a final ruling would be mid-November, with implementation after Jan. 1, 2025.
- The Postal Regulatory Commission approved the time-limited price change for competitive products (Priority Mail, Priority Mail Express and USPS Ground Advantage), effective Oct. 6. Normal pricing will resume Jan. 19, 2025.

Registration periods approaching for 2025 USPS promotions and incentives

The first in what will be a rolling series of registration periods for U.S. Postal Service promotions and incentives in 2025 is just weeks away, so Quad is reminding clients to develop a plan for maximizing savings in the new year.

Starting Nov. 20, clients can begin enrolling in the Integrated Technology promotion, which rewards the use of technologies such as mobile shopping and voice assistant to create a more engaging experience for the recipient and better returns for brands. The USPS is adding new technologies as well, such as artificial intelligence.

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Integrated Technology is just one aspect of the USPS program of promotions and incentives designed to encourage expanded use of the mail, Maureen Noe, Quad Senior Manager of Postal Solutions, told clients during a recent webinar.

Noe emphasized the importance of exploring eligibility for all available promotions and incentives as the cost of postage continues to climb. The USPS has increased postal rates eight times since 2021, forcing mailers to seek ways of cutting costs – including reducing mail volumes.

The 2025 promotions involve a number of changes as some programs have new names, some have new deadlines and some have refreshed eligibility requirements, Noe said. Quad experts are prepared to work closely with clients to explain the programs and implement operational changes.

“There is a lot changing. You need to start thinking about your 2025 promotions now in order to assure that you'll be able to optimize your postal dollars,” Noe said.

(Save the date: Quad has scheduled a follow-up webinar for Nov 19 at 2 p.m. Contact your Quad sales representative for information on registering.)

USPS delivery performance

Despite two major hurricanes, USPS delivery performance continued to be good throughout September and early October, with an average of 91% in-home by the end of the target window. We are still seeing more than 20% arriving in-home early.

	Week of 9/09	Week of 9/16	Week of 9/23	Week of 9/30	Week of 10/07
Early	22%	28%	26%	27%	22%
Day 1	44%	51%	56%	46%	48%
Day 2	65%	78%	80%	66%	68%
Day 3	81%	90%	90%	75%	76%
Day 4	92%	95%	95%	87%	88%
1 Day Late	93%	97%	95%	94%	93%

Some locations are delayed in processing Flat mail. The St. Louis National Distribution Center (NDC) was under 70% in-home on time over the period measured. The Rapid City, S.D. Sectional Center Facility (SCF) also saw delays, with only 25% of the mail in-home by the Service Standard. Most of that mail was late by just a day or two. As we move into late October and November, we may see additional delays due to higher catalog volume.

The election's impact on mail

Mailers frequently ask about the impact of political mail approaching the Nov. 5 election. Quad has analyzed the weeks leading up to past presidential elections, midterm elections and off-year elections over the past 20 years. We've generally found that the USPS actually moves mail faster when there is a major election in November — likely due to a particular focus on the importance of election-related mail, which is typically sorted together with other letter mail.

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However, holiday catalogs typically hit their peak in the two weeks leading up to the election, creating a very high-volume period. This typically leads to slower delivery in the last week of October and the first week of November, resulting in longer and flatter in-home curves than the rest of the year.

We expect similar delays this year. Additionally, there is the potential for regional delays if a huge volume of mail comes into the USPS in one location. The political battleground states of Pennsylvania, Michigan, Wisconsin, Arizona, Georgia and Nevada are the most likely to experience this circumstance. This could also impact delivery in some states with contested U.S. Senate or House seats.

Other mail performance developments

In other developments, the USPS went live with the Boise Regional Processing and Distribution Center (RPDC) and Local Processing Center (LPC) on Oct. 24. This is the same facility previously known as SCF Boise. The same ZIP Codes are being processed in this facility, so we don't expect any impact to processing times. They have removed ZIP Codes 832 and 834 from the LPC (SCF level), so mail for those locations will move from an SCF discount to an NDC discount (applied to RPDC mail).

Hurricane Helene impacted mail delivery heavily in parts of Florida, Georgia, the Carolinas and eastern Tennessee from Sept. 27 through Oct. 3. There were still some areas with curtailed delivery as of mid-October: 28646, a few ZIP Codes starting with 305 and 306 and about 30 ZIP Codes starting with 315, 316 and 317.

The USPS has not yet reported that it is offering mail for pickup in the affected areas, but it often does in these situations. Many residents in storm-impacted areas are likely not living at their current addresses and will be putting in Change of Address orders. Be sure to update your databases with the address changes after you receive them through NCOA or ACS.

Hurricane Milton impacted mail delivery throughout much of central Florida Oct. 9-10. The USPS was able to start delivering to most locations Oct. 12. As of Oct. 15, all ZIP Codes were receiving mail.

Note: Quad sent Postal Weather Alerts regarding these storms. If you did not receive them, please contact your Quad salesperson to receive future alerts.

USPS volume

Mail volume for the week ended October 5, compared to last year		
Total Mail Volume	Up 0.9%	▲
Packages	Up 1.1%	▲
Single Piece	Up 0.7%	▲
Presort First Class	Down 3.1%	▼
Marketing Mail	Up 16.8%	▲
Periodicals	Down 1.9%	▼

Mail volume for the week ended September 28		
Total Mail Volume	Up 2.7%	▲
Packages	Up 1.3%	▲
Single Piece	Down 9.4%	▼
Presort First Class	Down 3.5%	▼
Marketing Mail	Up 9.1%	▲
Periodicals	Down 17.4%	▼

Mail volume for the week ended September 21		
Total Mail Volume	Up 2.9%	▲
Packages	Up 1.0%	▲
Single Piece	Down 5.0%	▼
Presort First Class	Down 3.0%	▼
Marketing Mail	Up 3.3%	▲
Periodicals	Up 92.3%	▲

Mail volume for the week ended September 14		
Total Mail Volume	Up 0.1%	▲
Packages	Up 3.2%	▲
Single Piece	Down 5.2%	▼
Presort First Class	Down 0.8%	▼
Marketing Mail	Up 5.4%	▲
Periodicals	Down 21.5%	▼

Paper Market

The paper markets have basically returned to normal since the International Longshoremen’s Association (ILA) three-day strike against East and Gulf Coast ports ended Oct. 3. The consensus among supply chain experts is that it takes four to six days to recover from each day of a port strike, which means all the aftereffects of the work stoppage should be over by the end of October. However, the tentative agreement the ILA reached with the U.S. Maritime Association only lasts until Jan. 15, 2025, while the two sides work to finalize a new contract. A key sticking point in the negotiations remains the [automation of ports](#), which the union fears will eliminate jobs and, eventually, lead to lower wages.

Logistics

The logistics market continues to recover from the port strike and the double whammy of Hurricanes Helene and Milton. The combined property loss and economic impact of the consecutive hurricanes has been estimated at between \$385 billion and \$430 billion, [FreightWaves reported](#).

Rate increases ahead

Separate from that impact, the major shipping companies are also preparing to raise rates as they cope with continued soft demand following the COVID-19 pandemic.

[UPS recently announced](#) a rate increase of 5.9% (on average) for ground, air and international shipping that will go into effect near the end of the peak holiday season this year on Dec. 23.

Shortly afterward, starting Jan. 1, 2025, [DHL Express will implement](#) a similar 5.9% general average shipment price increase for U.S. account holders. Meanwhile, [FedEx plans to raise rates](#), also by an average of 5.9%, starting Jan. 6, 2025.

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

Printing

Federal regulators vote to implement duties on imported printing plates

On October 22, 2024, the International Trade Commission voted 3-1 to add duties on Chinese and Japanese-made aluminum lithographic printing plates.

The ITC found that the import of the plates “materially injured” a U.S. industry (i.e. aluminum printing plates). In a statement, the ITC noted that the U.S. Department of Commerce previously found that the plates were being sold at “less than fair value” and subsidized by the government of China. The ITC’s public report will be available by Dec. 2.

On September 23, 2024, the Department of Commerce issued a final determination on anti-dumping and countervailing duties for Japan and China. Commerce set a 91.83% anti-dumping rate on plates from Japan and a combined anti-dumping and subsidy rate of 151.5% on plates from China. The duties would apply to about \$100 million worth of imported plates each year.

The dispute relates to a complaint filed by Eastman Kodak Co., the last remaining U.S. manufacturer of aluminum printing plates.