

Postal, Paper & Logistics Update

April 2025

In brief: The Postal Service has filed a request to raise rates on Market Dominant products that would go into effect mid-July. Buyers of paper produced at Canadian mills can take a breath — Canadian paper is covered by the [United States-Mexico-Canada Agreement](#) (USMCA), which went into effect on July 1, 2020, and imposes 0% tariffs on that product. The freight market is in something of a holding pattern while businesses grapple with how to manage the changing tariff situation.

Built 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

The USPS filed proposed rate increases for Market Dominant products on April 9, using its full rate authority to request a hike that it says will average 7.4%, with a hike of 10.4% for Marketing Mail and 9.4% for Periodicals. Quad's analysis of the hike is that magazine publishers and catalogers could see an average cost increase of roughly 10%. We're closely analyzing the filings' impact on our customers and will cover our findings in [a special price change webinar on April 24](#).

The Postal Service submitted two filings: one that includes its proposed elimination of Bound Printed Matter (BPM) and introduction of a new Heavy

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Printed Matter (HPM) product in Marketing Mail, and one that keeps the current rate class structure.

The Postal Regulatory Commission (PRC) has not approved the BPM-related changes and in late March warned the USPS that it would immediately remand a price increase filing that did not feature a BPM product. However, the PRC did allow the Postal Service to file an additional rate increase request that reflected the elimination of BPM.

Sharon Owens, USPS VP of Pricing and Costing, gave Quad customers a preview of the proposed July price increase on April 9 during our 24th Postal Conference, which we hosted in Milwaukee (April 7-9). Owens covered key details of the rate increase filing, which was publicly released later that day. The preview was particularly useful because the Postal Service postponed a planned “Price Change Webinar for the Mailing Industry” scheduled for April 11 due to technical issues.

Normally the PRC issues its ruling on the July price increase around May 30. However, there is no time constraint on when it must rule on the BPM elimination proposal, which the PRC has called “complex.”

Quad is analyzing the filings’ impact on customers and, as noted earlier, is planning [a price change webinar for April 24](#). In the meantime, here’s an overview of the proposed increases, with percentages as stated by the USPS:

- Overall average increase: 7.4%
 - 2.9% CPI
 - 2.2% Density Authority
 - 2.3% Retirement Authority
- First Class: Base increase of 8.1%
 - 7.4% when promotions are factored in
- Periodicals: 9.4%
 - 7.4% plus the 2% as a non-compensatory class
- Marketing Mail: Base increase of 10.4%
 - 7.4% when promotions are factored in
 - Price change by shape if BPM continues:
 - Letters: 8.2%, Flats: 4.8%
 - Price change by shape if BPM is eliminated:
 - Letters: 8.1%, Flat 4.8%
- BPM: 7.4%
 - Flat: 30.8%
 - Parcels: 12.4%
 - Note: USPS reduced prices for Library and Media Mail so they could apply a higher price increase to BPM.

More details on the proposed pricing changes, both including and excluding the BPM-related changes, can be found [here](#).

The July price increase request is more complicated than normal for several reasons (in addition to the dual set of numbers):

- Having “successfully completed the unwind of all Network Distribution Centers (NDCs),” the USPS is eliminating the NDC drop ship discount along with NDC pallet creation.

- The overall size of the increase provides more pricing flexibility with rate cells that is resulting in some unexpected impacts.
- The USPS is testing the true elasticity of catalogs with some interesting rate cell adjustments combined with a new 10% catalog incentive that will result in a price decrease for flat catalogs mailed at the CART rate.

Miscellaneous updates:

- As noted above, a Quad webinar on the impacts of the proposed price increases is scheduled for April 24. Here is a [link](#) to register.
- Phase 1 of service standard changes that reduce service to rural areas went into effect April 1.
- Robert M. “Mike” Duncan [resigned](#) from the USPS Board of Governors (BOG) at the end of March for health reasons. He joined the BOG in August 2018. His term was set to expire in December. His departure leaves the board with five vacant seats. The BOG includes up to nine members appointed by the U.S. president who are joined by the Postmaster General (PMG) and the Deputy Postmaster General.
- The Board of Governors has secured the services of Egon Zehnder to lead the search for the 76th PMG. Former PMG Louis DeJoy resigned on March 24.
- A bipartisan group of U.S. senators has sponsored a [resolution](#) urging Congress to take measures to ensure the USPS remains an independent federal agency. A similar resolution in the House is supported by nearly 180 members from both parties. Earlier this year, President Donald Trump said he was considering merging the Postal Service into the Department of Commerce. Both Trump and his advisor Elon Musk have expressed interest in privatizing the USPS.

USPS delivery performance

On average, mail moved through the USPS well in March. Below are the average in-home curves for our Marketing Mail clients who tracked their mail with Quad’s IMsight application. Overall, the in-home curves looked good throughout March with an average of 95% in-home by the end of the target window.

	Week of 3/3	Week of 3/10	Week of 3/17	Week of 3/24	Week of 3/31	Week of 4/7
Early	28%	23%	25%	40%	28%	25%
Day 1	52%	52%	53%	65%	54%	50%
Day 2	73%	72%	73%	81%	76%	68%
Day 3	85%	85%	89%	91%	86%	85%
Day 4	94%	95%	96%	97%	95%	94%
1 Day Late	94%	96%	97%	97%	95%	96%

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Specific facilities struggled with processing mail in a timely manner. Letter mail was delayed in Eastern Maine; Bismarck, N.D.; Carol Stream, Ill.; St. Louis; and New Orleans. There were even more problems with Flat mail. Below is a list of locations where less than 70% was in-home by Service Standard over the last month. Weather cannot be blamed for the delays as there were no major weather problems. The USPS has not provided information as to why these facilities experienced delays.

Entry Type	City	In-Home by Service Standard %
NDC	Cincinnati	51%
NDC	Gastonia, N.C.	69%
NDC	Greensboro, N.C.	68%
NDC	Indianapolis	11%
NDC	Memphis, Tenn.	65%
NDC	St. Louis	39%
SCF	Baton Rouge, La.	52%
SCF	Carol Stream, Ill.	65%
SCF	Chicago	50%
SCF	Dayton, Ohio	56%
SCF	DV Daniels, Kearney, N.J.	53%
SCF	Green Bay, Wis.	61%
SCF	Indianapolis	24%
SCF	Jacksonville, Fla.	63%
SCF	Kansas City, Mo.	52%
SCF	Lafayette, La.	53%
SCF	Miami	68%
SCF	Philadelphia	62%
SCF	St. Louis	33%

Additionally, we saw some serious delays with DMU/local mail produced in Wisconsin in March. The Milwaukee processing facility struggled and sent much of the mail to Chicago, which was also delayed. We do not know why the mail was delayed and we're seeing some improvements now, but issues still exist. We have been working with USPS management to try to resolve this issue.

USPS volume:

Mail volume for the week ended April 12, compared to last year		
Total Mail Volume	Down 2.8%	▼
Packages	Down 1.5%	▼
Single Piece	Down 4.3%	▼
Presort First Class	Up 3.9%	▲
Marketing Mail	Up 0.7%	▲
Periodicals	Down 40.1%	▼

Mail volume for the week ended April 5		
Total Mail Volume	Down 7.8%	▼
Packages	Down 1.6%	▼
Single Piece	Down 5.7%	▼
Presort First Class	Down 3.8%	▼
Marketing Mail	Up 1.0%	▲
Periodicals	Up 9.5%	▲

Mail volume for the week ended March 29		
Total Mail Volume	Up 5.6%	▲
Packages	Down 0.5%	▼
Single Piece	Down 13.9%	▼
Presort First Class	Down 6.5%	▼
Marketing Mail	Up 3.7%	▲
Periodicals	Down 3.4%	▼

Mail volume for the week ended March 22		
Total Mail Volume	Down 4.8%	▼
Packages	Down 1.3%	▼
Single Piece	Down 10.1%	▼
Presort First Class	Down 3.3%	▼
Marketing Mail	Down 6.0%	▼
Periodicals	Down 9.9%	▼

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Paper Market

There are currently no tariffs assessed on the paper Quad buys from Canada. The Canadian paper mills that supply Quad are covered by the United States-Mexico-Canada Agreement (USMCA) and have 0% tariffs under that agreement, as noted above.

- As of the time of this writing, there remains a 10% baseline tariff for all paper exported from countries in the European Union and Norway.
- Quad is currently reviewing this situation with its paper producers in Europe to determine the potential impact on Quad and its customers.

Logistics

Freight markets are somewhat stabilizing after the volatility that followed the reciprocal tariffs announced April 2 and the subsequent pause on those targeted tariffs on most countries other than China announced April 9. (The pause drops new tariff rates for most countries to 10% for 90 days.)

Quad continues to closely monitor the rapidly changing situation with tariffs and their potential impact on clients.

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

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