

Postal, Paper & Logistics Update

June 2025

In brief: The Postal Regulatory Commission (PRC) has proposed limiting the United States Postal Service (USPS) to a single rate change per year for Market Dominant Matter — a change much desired by business mailers. At the same time, the USPS is still finalizing implementation details for the July 13 rate changes. Bound Printed Matter (BPM) class and rates will continue to exist. The House Oversight Committee just held a hearing to solicit ideas about the future of the USPS. Domestic freight markets are stable, though tariffs continue to disrupt international freight, with the potential to eventually have some impact on the U.S. market. Given the situation in the Middle East, we are closely watching the impact on global trade routes. Paper markets remain stable.

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

Bound Printed Matter (BPM) class and rates will continue to exist

The USPS request to eliminate Bound Printed Matter (BPM) has been denied, which means BPM class and rates will continue to exist. However, the USPS request to increase the maximum weight limits for Marketing Mail (Heavy Printed Matter) has been approved. What does this mean? We are waiting for further details, but here are some general insights:

- We do not yet know when the new maximum weight limits will go into effect.
- This could mean that mailers could choose which rate to use for their heavier books (depending on specs/qualifications).
- What impact does this have for the Catalog Insights promotion (10% discount)?
 - They could extend the catalog promotion to the BPM mail class (which currently does not qualify).
 - When the new weight limits go into effect, it would mean that you will be able to claim the Catalog Insights promotion.

As of now, we believe this is a positive outcome, though it creates a level of complexity for mailers. Once Quad has final details for the date of implementation and the requirements surrounding the change, we will provide more insights as to how this will impact your mail moving forward.

The PRC proposes two major changes to ratemaking system

On June 9, the PRC filed two orders to modify USPS pricing:

- Limit Market Dominant mail rate adjustments to once per fiscal year, beginning Oct. 1 and running through Oct. 1, 2030.
- Tighten workshare discount rules to prohibit the Postal Service from setting discounts that increase the gap between the discount and the actual costs avoided by the workshare.

The PRC added exceptions to the once-a-year rate adjustments for rate decreases or de minimis increases, and adjustments due to extraordinary or exceptional circumstances.

The commission's explanation for the changes was that the current system is failing to achieve the nine statutory objectives outlined in the Postal Accountability and Enhancement Act (PAEA) for restricting rate adjustments. These include efficiency, fairness (just and reasonable rates), financial stability, predictability and administrative burden.

The PRC invites public comments on the [proposals](#) for 30 days after the orders were entered into the Federal Register on June 13.

The USPS is still working out implementation specifics for the July 13 rate change

In late May, the PRC issued its initial ruling on the July 13 USPS price change, but the USPS is still working out the full details of how the change will be implemented. Highlights of what we do know include:

- Market Dominant prices were officially approved.
- The Competitive price change is still under review by the PRC. While Competitive pricing has a shorter approval timeline, the decision is supposed to come 30 days prior to new prices going into effect on July 13. That target (June 13) has already passed, which is not unusual. (The

PRC did not approve the January 2025 Competitive price change until three days before the prices were implemented.)

- The PRC approved the “status quo” set of prices, which continues to include BPM.
- A new 10% discount catalog promotion was approved (see more details below). However, BPM will not be eligible for this promotion since it was filed for Marketing Mail only.
- Destination Network Distribution Center (DNDC) discounts were eliminated, which will increase costs for many mailers. Quad is working to offset these increases by reducing the Sectional Center Facility (SCF) pallet minimum to “catch” more of the mail that is currently falling to Network Distribution Center (NDC) pallets, which will become local entry “working” pallets come July 13.
- Price Files and Postage Statements will remain in draft/pending status until the Competitive price change decision has been made by the PRC.
- The USPS has posted revised Domestic Mail Manual (DMM) language for implementing the July 13 rate changes, but it is still not the final DMM verbiage, which the USPS indicated is still going through legal review.

The original 274-page May 30 PRC ruling can be found [here](#) (PDF).

USPS files for changes to the mail classification pricing schedule

The USPS has filed for a rate structure change with a request for approval in 60 days so it can be implemented in January 2026. The industry has been aware of the two main items:

- A change to the Periodical class that would eliminate bundle and container price components and retain per-piece and per-pound pricing, with new container discounts, to make it more like the Marketing Mail rate structure.
- The addition of Zone Skipping, which will be a major change to how drop shipping works.

In addition, the USPS is proposing to remove Area Distribution Center (ADC) sortation rates across all mail classes, replacing ADC, AADC, SCF labels with “3-Digit” and “Mixed” for clarity. Also, as the USPS completes its phaseout of Network Distribution Centers (NDCs), it plans to eliminate NDC sortation prices for Marketing Mail parcels.

The USPS said its proposal aims to simplify the rate structure, enhance operational efficiency and provide better pricing signals to mailers. A rate case for the changes will be filed in October.

The filing can be found [here](#) (PDF).

Miscellaneous updates

- On June 24, the House Oversight Committee held a hearing designed to solicit ideas on how to ensure a sustainable Postal Service while improving service and ensuring affordable rates. The committee heard testimony about the impact of high postage rates on the mail volume as well as the need to encourage the mail to be dropped off as close to its final destination as possible. Encouraging more cooperation with the private sector will reduce costs for the USPS, improve service for mailers and will help reduce the need to increase the cost of postage beyond the industry's ability to afford it.

It is encouraging that Congress is paying attention to the needs of the USPS and we look forward to working with the incoming PMG and Congress to ensure the very best service and cost structure possible for the USPS.

- Catalog promotion: The USPS will launch its PRC-approved catalog promotion on Oct. 1. It is the largest price discount for catalog mailers to date. It offers a 10% discount with no minimum volume requirement for mailers who send bound, printed catalogs with at least 12 pages that feature products or services along with pricing and details about how to obtain those products/services. Another attractive feature is that the discount is applied at the time of the mailing. The promotion will be available through June 2026, and it's a test of sorts. The USPS wants to see if discounted pricing will increase volume, which could lead to changes in the agency's pricing model.
- The USPS continues to monitor the situation in Canada. There is no effect on mail acceptance at this point.

USPS delivery performance

Here are the recent average in-home curves for our Marketing Mail clients who tracked their mail with Quad's IMsight application. We continue to see overall good delivery, although the week of Memorial Day did not quite hit 90% by Day Four. This resulted from later deliveries to the USPS due to the holiday. May and June are historically the months when the USPS performs best, as volume is low.

	Week of 5/19	Week of 5/26	Week of 6/2	Week of 6/9
Early	22%	19%	26%	30%
Day 1	44%	43%	47%	54%
Day 2	61%	61%	65%	70%
Day 3	77%	76%	82%	86%
Day 4	90%	88%	93%	95%
1 Day Late	93%	97%	94%	97%

Specific facilities struggled with processing mail in a timely manner. Letter mail was delayed in South Suburban Illinois and has been for the last few months. There were more issues with Flat mail, as usual. Below is a list of locations where less than 70% was in-home by Service Standard over the last four weeks. St. Louis has had issues since Fall 2023. Indianapolis has struggled since the USPS opened the new RPDC there in January.

Entry Type	City	In-Home by Service Standard
NDC	Fox Valley, Ill.	55%
NDC	Indianapolis	67%
NDC	St. Louis	30%
SCF	Chicago	68%
SCF	Jacksonville, Fla.	64%
SCF	North Metro, Ga.	62%
SCF	St. Louis	30%

Quad continues to see delays with mail entering the USPS in Milwaukee (DMU/Local mail produced in Wisconsin). The USPS takes our mail to its Oak Creek, Wis., facility, then moves it to Chicago two to three days later for processing. This means processing does not start until three to six days after it leaves our plant, which is causing delays. We continue to try to get USPS attention on this matter. We are especially concerned with the coming elimination of NDC entry on July 14, which will increase the amount of mail that enters locally.

And finally, the Atlantic hurricane season started June 1. Hurricanes, of course, have the potential to cause major disruptions in mail delivery. The outlook for 2025 shows a 60% probability of an “above normal” season with three to five major hurricanes and six to 10 lower-category storms. The season runs through Nov. 30.

USPS volume

Mail volume for the week ended June 7, compared to last year		
Total Mail Volume	Down 5.5%	▼
Packages	Down 8.1%	▼
Single Piece	Down 9.1%	▼
Presort First Class	Down 5.1%	▼
Marketing Mail	Down 8.9%	▼
Periodicals	Down 12.1%	▼

Mail volume for the week ended May 31		
Total Mail Volume	Down 4.1%	▼
Packages	Down 7.0%	▼
Single Piece	Down 9.9%	▼
Presort First Class	Up 1.4%	▲
Marketing Mail	Up 0.2%	▲
Periodicals	Down 11.8%	▼

Mail volume for the week ended May 24		
Total Mail Volume	Down 8.3%	▼
Packages	Down 8.8%	▼
Single Piece	Down 8.2%	▼
Presort First Class	Down 3.3%	▼
Marketing Mail	Up 0.2%	▲
Periodicals	Down 9.7%	▼

Mail volume for the week ended May 17		
Total Mail Volume	Down 6.0%	▼
Packages	Down 9.3%	▼
Single Piece	Down 9.8%	▼
Presort First Class	Down 0.3%	▼
Marketing Mail	Up 0.3%	▲
Periodicals	Down 4.9%	▼



Paper Market

The paper world continues to be stable, with no major developments to report.

Logistics

Given the situation in the Middle East, we are closely watching the impact on global trade routes.

Tariffs continue to impact the news cycle when it comes to freight. While domestic truck transportation continues to be relatively stable, the international freight market is seeing wild swings.

The recent pause in reciprocal tariffs has caused U.S. businesses to rush to import goods ahead of the July 9 deadline when reciprocal tariffs could go back into effect. This will create a wave of freight hitting ports after a dramatic lull in imports during the period the tariff war escalated, primarily with China.

As the wave of imports arrives at U.S. ports, it could create some disruption within domestic freight markets as these goods move inland. Quad will continue to monitor the situation closely to ensure client product is delivered on time and will communicate major impacts as necessary.

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

1 (866) 824-2869
info@quad.com
Quad.com