Postal, Paper & Logistics Update

October 2025

In brief: The USPS will not be implementing zone pricing for Marketing Mail and Outside County Periodicals in January. The USPS has released guidance regarding what they are likely to propose for the July 2026 round of rate hikes. Continued mill closings are leading to higher prices in the paper market. And the trucking industry is bracing for the potential impacts of the recent federal ruling limiting the eligibility of foreign nationals to obtain commercial driver licenses.

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

PRC denies USPS request to begin zone-based pricing

The Postal Regulatory Commission (PRC) has issued a ruling that denies the USPS's request to begin zone-based (rather than origin-entry-based) pricing for Marketing Mail and Outside County Periodicals.

In June, the USPS filed a request to introduce new A, B, C and D zoning of origin-entered mail, and for mail moving between zones A-D to a Destination Sectional Center Facility (DSCF). The filing argued that the new system should not be subject to workshare pass-through rules that mandate dropship discounts tied to costs avoided by dropshipping. The USPS sought to reserve discount pricing discretion for itself in the zoned system.

The PRC disagreed, rejecting the USPS's proposal "because it fails to recognize transportation worksharing between Zones A-D and between Zones A-D and the DSCF."

The PRC added that if the USPS continues to want to replace origin-entry with zone-based pricing, "the Commission directs the Postal Service to develop and submit . . . a methodology for measuring avoided costs" that would be the basis for new workshare discounts.

The USPS said it is evaluating its options in the wake of the ruling.

Side note: The zoning request that was denied is separate from the USPS's request to simplify Periodical rates by adopting a structure similar to that of Marketing Mail. The PRC has approved that request, which is likely to be implemented in July 2026.

July 2026 postal rate pricing guidance

The USPS has released guidance regarding what they are likely to propose for the July 2026 round of rate hikes.

Their projections are based on an expected full-year Consumer Price Index (CPI) rate of about 2.6% and Density Adder (DA) of about 2.2%. (The PRC will confirm the DA at the end of March 2026.) The guidance also takes into account the elimination of the Retirement Authority, which the PRC had only authorized through July of this year.

The USPS is expected to file its rate increase request in mid-April 2026. The guidance for that increase request as it stands now:

- First-Class 4.6%
- Periodicals 6.8%
- Marketing Mail Letters 5.1%
- Marketing Mail Flats, CART 5.1%
- Marketing Mail Flats, not CART 7.1%
- Bound Printed Matter 4.8%

Miscellaneous updates

- **USPS August financial results**: The USPS reported unaudited financial results for August. This was the first full month after the July rate increases. August saw total revenue fall as total mail volume declined more than 8%, with sharp drops in all market-dominant categories. Revenue slipped 1% to $6.5 billion.

  The USPS posted a net loss of $917 million for the month, bringing the year-to-date (YTD) total net loss to $7.8 billion. Both numbers are improvements over FY2024. But the agency reported a controllable loss of $389 million for the month, up more than 30% from August 2024. The YTD controllable loss is now $2.2 billion, more than 50% higher than at the same point last year.

The USPS's fiscal year ended Sept. 30, but full-year results aren't expected until sometime in November. More detail on the August numbers is available here.

- **Final version of Mail.dat for January 26 release:** The final versions of Mail.dat 26-1 and 25-1 have been published and posted. Mail.dat 26-1 will support the new PostalOne! implementation of Plus One for Flats, which will link two separate mailings together. The base flat-size mailing will be one Presort and Mail.dat, and the Plus One card-size mailing will be a separate Presort and Mail.dat.

  Due to the implementation changes needed, the industry will have until March 31, 2026, to transition from the current exception process. Any mailer wanting to do Plus One for Flats will be required to move to Mail.dat 26-1 before the end of March. The requirements for Plus One can be found here.
- The USPS Competitive Products time-limited price change took effect Oct. 5.
- On Oct. 11, the Canadian Union of Postal Workers (CUPW) began rotating strikes, replacing the national strike that began Sept. 25. The USPS continues to pick up, accept and transport mail and packages to Canada. However, on Oct. 1 it suspended the guarantee on Priority Mail Express International for Canada. Updates can be found here and here.
- The link for Pub 52 has been fixed and is available here.
- The Release Overview for January 2026 has been updated and reposted here.

USPS delivery performance

Below are the average in-home curves for our Marketing Mail clients who tracked their mail with Quad's IMsight application over the four weeks specified. Generally, the USPS moved mail well through late September and into early October.

	Week of 9/15	Week of 9/22	Week of 9/29	Week of 10/6
Early	22%	27%	26%	18%
Day 1	44%	50%	48%	39%
Day 2	65%	69%	64%	61%
Day 3	80%	82%	78%	77%
Day 4	91%	93%	89%	90%
1 Day Late	93%	95%	91%	93%

This month, only four Sectional Center Facilities (SCFs) were delayed in processing Flat mail, averaging less than 70% in-home by Service Standard. Last month we reported that 65 SCFs were delayed to this degree, so the latest performance is quite an improvement, especially as we approach the busiest weeks of the year.

Entry Type	City	In-Home by Service Standard %
SCF	Washington, D.C.	38%
SCF	Lincoln, Neb.	48%
SCF	Chicago	67%
SCF	Saint Paul, Minn.	67%

SCF Redding, Calif., was delayed in processing Letter mail. All other SCFs moved Letter mail at a good pace.

The delays with DMU/Local mail entering the postal system in Wisconsin, which began in late February, continue.

USPS volume

Mail volume for the week ended October 11, compared to last year		
Total Mail Volume	**Down 11.9%**	▼
Packages	**Down 10.0%**	▼
Single Piece	**Down 19.5%**	▼
Presort First Class	**Down 2.9%**	▼
Marketing Mail	**Down 20.9%**	▼
Periodicals	**Down 23.5%**	▼

Mail volume for the week ended October 4, compared to last year		
Total Mail Volume	**Down 13.7%**	▼
Packages	**Down 11.6%**	▼
Single Piece	**Down 22.8%**	▼
Presort First Class	**Down 10.3%**	▼
Marketing Mail	**Down 16.2%**	▼
Periodicals	**Down 7.8%**	▼

Mail volume for the week ended September 27, compared to last year		
Total Mail Volume	**Down 12.0%**	▼
Packages	**Down 9.2%**	▼
Single Piece	**Down 20.0%**	▼
Presort First Class	**Up 2.1%**	▲
Marketing Mail	**Down 11.6%**	▼
Periodicals	**Down 5.7%**	▼

Mail volume for the week ended September 20, compared to last year		
Total Mail Volume	**Down 6.9%**	▼
Packages	**Down 8.5%**	▼
Single Piece	**Down 17.6%**	▼
Presort First Class	**Down 4.0%**	▼
Marketing Mail	**Down 18.2%**	▼
Periodicals	**Down 6.9%**	▼

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Paper Market

Mill closings and higher costs are dominating discussions about the paper market.

- Domtar closed its Grenada, Miss., newsprint mill in September, the same month KAP Paper announced it was closing its newsprint mill in Ontario, Canada. White Birch has yet to say whether it will restart the F.F. Soucy newsprint paper mill in Rivière-du-Loup, Canada. If all the mills mentioned remain shuttered, the closures represent the elimination of 25% of newsprint production in North America. This will push mill operating rates into the 90% range for 2026.
- U.S. tariffs on Canadian softwood lumber are increasing another 10% this month, putting the average tariff at 45% for lumber into the U.S. The weaker U.S. housing market and falling lumber prices are now forcing some Canadian sawmills to curtail production. This limits the supply of wood chips used for making paper. Consequently, it raises the prices of those chips for paper mills that rely on them for production.
- As a result of these newsprint mill closures and increased wood chip costs, all major producers in North America have announced a $50/metric ton price increase for 45 gsm newsprint, effective Nov. 1. Quad is negotiating this increase, with the outcome yet to be determined.

Logistics

An emergency interim final rule was issued by the Federal Motor Carrier Safety Administration (FMCSA), part of the U.S. Department of Transportation (DOT), in late September. It affects foreign national — known as non-domiciled — holders of commercial driver's licences (CDLs). These are people authorized to work in the U.S. who either do not have CDLs or were born in countries with CDL standards the U.S. has judged as inadequate.

There are approximately 200,000 non-domiciled CDL holders in the U.S., according to the FMCSA, representing roughly 5% of the 3.9 million commercial drivers in 2024. The FMCSA anticipates these drivers will exit the market over two years as their CDLs credential comes up for renewal. FMCSA estimates only about 6,000 drivers annually will qualify for non-domiciled credentials under the new restrictions, FreightWaves reports.

"Even though the regulatory language suggests that there will be a 5% reduction in capacity over two years, which it asserts will allow markets and fleets time to adjust, I potentially foresee capacity tightening to a greater degree over a shorter amount of time," Greg Reed, a partner in the California law firm Hanson Bridgett LLP, told FreightWaves.

The new rule (via FreightWaves) limits non-domiciled CDL eligibility to foreign nationals holding H-2A agricultural worker visas, H-2B temporary non-agricultural worker visas or E-2 treaty investor visas. Employment Authorization Documents alone no longer qualify applicants for CDLs.

The FMCSA cited recent fatal crashes involving trucks driven by non-domiciled CDL holders and an audit revealing that multiple states are failing to properly implement existing standards as reasons for bypassing the normal rule-making process and issuing the new rule.

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

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