



# Postal, Paper & Logistics Update

May 2026

*In brief:* The USPS reported a smaller second-quarter loss despite lower mail volumes and is asking Congress to help improve its financial stability. Rising production costs coupled with tighter supply continue to drive up prices for most grades of paper. Elevated diesel prices continue to impact transportation capacity and operating costs.

*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

### **USPS lowers net loss in Q2, but mail volumes continue to decline**

The USPS [reported](#) a narrower net loss of \$2 billion for the second quarter of FY2026 (Jan. 1–March 31), compared with \$3.3 billion in the same period last year (SPLY), as operating revenue increased by \$463 million.

The improved results were aided by a \$1.3 billion decrease in workers' compensation expenses, though those savings were partially offset by increased costs surrounding retiree health benefits and other operating expenses.

Total operating revenue in the quarter was \$20.2 billion, up 2.3% from the SPLY, which the USPS said was largely due to mail price increases “partially offset by declining volumes.” However, some mail categories such as First-Class and Periodicals still saw lower revenue.

<i>(Revenue in \$ millions, volume in millions of pieces)</i>	USPS Q2 Revenue		Q2 Volume	
	2026	2025	2026	2025
First-Class Mail	\$6,615	\$6,646	10,253	10,944
Marketing Mail	\$3,875	\$3,665	13,107	13,220
Shipping & Packages	\$8,080	\$7,732	1,570	1,592
Periodicals	\$204	\$214	531	601

Source: USPS

In announcing the results, Postmaster General (PMG) David Steiner said that during the quarter the agency was able to get revenue and costs “moving in the right direction,” but characterized the improvement as “modest.” He also took the opportunity to reiterate his plea for Congress to help the USPS regain a strong financial footing.

“[W]e have a long road to go to achieve anything close to long-term financial sustainability,” Steiner said. “It is a simple fact that we are in a cash crisis, and we are now taking serious and appropriate steps to conserve funds to operate. To avoid disruption and to sustain our role supporting American commerce and the public, we require urgent Congressional action to expand our borrowing authority and to address outdated constraints on the organization.”

Complete second-quarter financial results in Form 10-Q are available [here](#).

## **USPS management emphasizes shared interests and commitment at NPF**

With less than a year’s tenure under his belt, PMG David Steiner proved a big draw at this year’s National Postal Forum (NPF) in Phoenix. Attendance at NPF 2026 was more than 5,000, the second highest in the last 15 years. Its number of exhibitors — 213 — was among the largest ever.

Steiner delivered the keynote address, framing his message as [“Your United States Postal Service”](#) and emphasizing the close link between the USPS’s performance and customer success.

“Our legacy is your legacy,” he said. “Our performance drives your success. Our network supports your business. When the Postal Service improves, your business improves.”

He described the USPS as an organization at the center of a \$1.9 trillion mailing and shipping industry that supports 7.9 million jobs and an economic platform central to U.S. commerce. Resolving the USPS’s financial issues should not be seen as a bailout, Steiner said, but rather as a way to support and grow that economic engine.

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He was joined at the NPF by several top USPS managers, including:

- Deputy PMG Doug Tulino, who said that ongoing efforts to improve performance relied on a simple formula: service, cost, production and culture.
- Network Solutions and Performance Excellence VP Greg White, who reviewed key components of the agency's ongoing network transformation.
- Chief Customer and Marketing Officer and Executive VP Steve Monteith, who explained how the agency is evolving to help its customers in all dimensions of their business.
- Executive Director of Product Solutions Margaret Pepe, who provided an update on the USPS's Mail Reimagined effort, including new promotions designed to attract new mailers.
- Strategic Sales VP Juan Nadal, who highlighted several upcoming initiatives including new returns partnerships and same-day solutions built around the USPS's Sorting and Delivery Center network.

## **Miscellaneous updates**

- On May 11, the USPS filed its rate case for proposed Competitive category price changes scheduled to take effect July 12, pending Postal Regulatory Commission (PRC) review. The changes requested include elimination of ounce-based rate differentiation for published Commercial USPS Ground Advantage prices, which will not impact customers that have negotiated commercial rates for USPS Ground Advantage, and a Competitive P.O. Box price increase of 3%. The USPS Industry Alert detailing the changes requested can be found [here](#).
- Fiona Machado became Acting Vice President, Pricing and Costing on May 1, succeeding Sharon Owens, who retired.

The USPS resumed acceptance of mail destined for Syria and Bahrain on May 1, Iraq and Israel on May 8, and Russia on May 15.

## USPS delivery performance

Quad tracks USPS performance through our IMsight application. Below are the average in-home curves for our Marketing Mail clients who used IMsight to track their mail in April.

Overall, April's mail moved according to USPS Service Standards with no major concerns. We're entering a period of lower mail volume and expect processing throughout postal facilities to proceed without major delays for the next few months.

	Week of 4/6	Week of 4/13	Week of 4/20	Week of 4/27
<b>Early</b>	27%	24%	26%	32%
<b>Day 1</b>	49%	56%	55%	60%
<b>Day 2</b>	68%	75%	79%	80%
<b>Day 3</b>	82%	83%	89%	90%
<b>Day 4</b>	89%	90%	93%	97%
<b>1 Day Late</b>	92%	91%	94%	98%

The Sectional Center Facilities (SCF) below struggled to hit an average of 70% in-home by USPS Service Standards for Flat mail. Letters, on the other hand, moved according to Service Standards throughout the country.

### Flats

Entry Type	City	In-Home by Service Standard %
SCF	Cheyenne, Wyo.	<b>59%</b>
SCF	Hazelwood, Mo.	<b>66%</b>
SCF	Indianapolis	<b>62%</b>
SCF	Jackson, Miss.	<b>62%</b>
SCF	Jacksonville, Fla.	<b>68%</b>
SCF	South Bend, Ind.	<b>69%</b>

## USPS volume

Mail volume for the week ended May 9, compared to last year		
Total Mail Volume	Up 0.5%	▲
Packages	Down 4.1%	▼
Single Piece	Down 7.4%	▼
Presort First-Class	Up 0.3%	▲
Marketing Mail	Up 12.1%	▲
Periodicals	Down 4.6%	▼

Mail volume for the week ended May 2, compared to last year		
Total Mail Volume	Up 2.6%	▲
Packages	Down 2.6%	▼
Single Piece	Down 11.5%	▼
Presort First-Class	Down 7.2%	▼
Marketing Mail	Up 0.7%	▲
Periodicals	Up 11.7%	▲

Mail volume for the week ended April 25, compared to last year		
Total Mail Volume	Up 4.2%	▲
Packages	Down 1.6%	▼
Single Piece	Down 8.1%	▼
Presort First-Class	Up 1.9%	▲
Marketing Mail	Up 7.0%	▲
Periodicals	Down 22.8%	▼

Mail volume for the week ended April 18, compared to last year		
Total Mail Volume	Down 2.9%	▼
Packages	Down 5.9%	▼
Single Piece	Down 12.2%	▼
Presort First-Class	Up 4.5%	▲
Marketing Mail	Up 0.7%	▲
Periodicals	Down 8.1%	▼

## Paper Market

Rising production costs and tighter paper markets due to constrained supply continue to put upward pressure on prices for most grades. The latest grades to be affected are coated and uncoated freesheet, coated groundwood and uncoated groundwood high brightness grades.

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## Logistics

As the freight market transitions into a traditionally quieter season, industry conditions continue to reflect several key pressures that are influencing transportation capacity and operating costs:

- While overall freight volumes are moderating, the upcoming produce season is expected to introduce predictable seasonal tightening, particularly across regions of the U.S. where agricultural harvest activity drives increased demand for refrigerated and over-the-road capacity.
- As we noted [last month](#), the Commercial Vehicle Safety Alliance (CVSA) International Roadcheck in mid-May — commonly referred to as DOT Blitz Week — typically adds to these seasonal dynamics. We don't yet have all the data from this year's Roadcheck, which took place the week of May 12, but initial reports revealed a worrisome trend: Day 2 out-of-service (OOS) orders nearly doubled from 2025's full-event 18.1% rate, [FreightWaves reports](#), adding that the increase reflected the condition of trucks on the road rather than increased inspection activity alone.

OOS directives refer to a temporary or permanent violation status for commercial vehicles or drivers and effectively prohibit vehicle operation. Increased OOS orders could contribute to additional market tightness and operational disruption. Quad will continue to report on this situation.

Quad's carrier network sourcing requirements and onboarding standards continue to position us well during this period of heightened regulatory scrutiny. By maintaining strict compliance expectations for our carrier partners — including DOT safety adherence, insurance verification, operational monitoring and documentation standards — we can reduce the likelihood of service interruptions and minimize disruption risk for our clients during enforcement-heavy periods.

- Fuel costs remain a persistent pressure point across the transportation sector. [According to the U.S. Energy Information Administration](#) (EIA), diesel pricing remains elevated. Higher diesel costs continue to impact carrier operating expenses, fuel surcharge structures and overall transportation pricing throughout the market.

Looking ahead, while freight demand may soften in certain sectors during the quieter summer months, factors such as produce season activity, ongoing regulatory enforcement initiatives and sustained fuel volatility are expected to create localized capacity constraints and upward pressure on transportation costs.

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

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