Postal, Paper & Logistics Update

July 2026

In brief: The USPS is considering shifting when Market Dominant rate changes go into effect, which could mean price increases slated for July 2027 would move to January 2027. Presort software providers have been working through delays and unexpected issues associated with the July rate case. Paper markets have remained largely consistent since our last newsletter. And freight markets are facing a sharp rise in diesel fuel prices.

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 is considering a change in Market Dominant rate change timing

On July 16, the USPS filed a motion with the Postal Regulatory Commission (PRC) that could result in the next planned Market Dominant price change being moved up from July 2027 to January 2027, which would be just six months after the most recent Market Dominant rate increases that went into effect on July 12.

To make the January 2027 date possible, the USPS filing is asking the PRC to partially waive the current rule on how the Density Rate Authority (DRA) is calculated.

The DRA allows the USPS an additional measure of rate increase based on a calculation of declining mail volumes coupled with the Postal Service's mandated universal service requirement. Because that USPS calculation won't be available until the end of March, the filing proposes a modified calculation of the available DRA based on a mix of actual and estimated FY2026 data. (The USPS's FY2026 runs from October 2025 through September 2026.) The agency said that once the final DRA rate is published in March 2027, it would adjust the rate increases, either banking additional rate increase authority if it underestimated the DRA or subtracting if it overestimated.

Based on the volume forecasts attached to the USPS filing, it's estimated that a January 2027 price increase would be approximately 4.5% — 2.6% DRA plus 1.8–1.9% Consumer Price Index (CPI) authority — for compensatory classes. Periodicals would also be expected to increase by approximately 4.5%, while Marketing Mail Flats would be approximately 6.5% because they would continue to receive the additional rate authority.

In its filing, the USPS said the shift in dates would "generate much-needed additional revenue sooner for the Postal Service, to help address our ongoing financial challenges." The agency also said that it is evaluating shifting to a January rate-change cycle from now on, subject to approval from the Board of Governors. It added that a January cycle would be preferable to USPS customers because it better aligns with most budget planning cycles.

Software vendors face challenges surrounding the July rate case

As the latest USPS price change takes effect, the mailing industry is navigating an unusually challenging transition. Presort software providers across the industry have been working through delays and unexpected issues associated with this rate case.

Various factors have contributed to the complexity of implementation, including software issues and a lack of vendor support for new USPS requirements such as Heavy Printed Matter processing, requiring custom development work. In addition, the USPS has required immediate compliance with customer-specific Pricing and Classification Service Center (PCSC) exceptions, adding further complexity to production readiness.

As Mailers Hub recently noted, there have been communication lapses between the USPS and the mailing community surrounding the "complex web of interrelated Postal Service data systems."

Our teams have been working closely with our software partners and the USPS to address these issues as quickly as possible while minimizing any impact to our clients' mailings. We appreciate your patience as the industry works through these implementation challenges — and we remain committed to keeping your mail moving efficiently.

SEC proposes Regulation E-Delivery, a new rule that could impact USPS revenue

On July 16, the Securities and Exchange Commission (SEC) proposed a new rule, Regulation E-Delivery, that would allow electronic delivery to become the default method for providing many required investor disclosures and statements. This would replace the current framework in which paper delivery is generally the default unless an investor affirmatively opts into electronic communications.

In a statement, SEC Chairman Paul S. Atkins explained, "In an age of artificial intelligence and blockchain technology, a default to paper delivery should be a relic, not a standard."

The rule would apply to SEC-required disclosures such as:

- Prospectuses
- Mutual fund shareholder reports
- Proxy statements
- Trade confirmations
- Form CRS disclosures
- Form ADV Part 2 brochures
- Other required regulatory communications and statements

Many of these materials are currently delivered as First-Class Mail, which generates a significant amount of revenue for the USPS.

The proposed rule is open to public comment for 60 days after its publication in the Federal Register. As of July 27, the USPS has not issued a public statement regarding Regulation E-Delivery.

Miscellaneous updates

- As noted above, the mail industry and the USPS continue to work through complications related to the rollout of the July 12 rate increases. One specific issue of note has to do with how mailers can remap their Mail.dat files' rate and container references from Area Distribution Center (ADC)/Automated Area Distribution Center (AADC) and Mixed ADC/Mixed AADC to Sectional Center Facilities and Mixed, as appropriate. This is necessary for jobs that were presorted prior to July 12 but were mailed/paid on or after July 12. The USPS has published an Industry Alert with guidance.
- The USPS Board of Governors will hold a meeting on Friday, Aug. 7.
- The USPS suspended mail acceptance to Venezuela, effective July 17.

USPS delivery performance

The USPS has performed steadily so far this summer. (One note: The USPS extended its in-home window by one day during the week of June 15 in recognition of Juneteenth.) Mail volume should start to pick up within the next few months. Below are the average in-home curves for Quad's Marketing Mail clients who used our IMsight application to track their mail in June.

	Week of 6/1	Week of 6/8	Week of 6/15	Week of 6/22	Week of 6/29
Early	17%	23%	23%	22%	25%
Day 1	41%	50%	47%	49%	51%
Day 2	64%	64%	73%	70%	79%
Day 3	82%	81%	89%	85%	93%
Day 4	91%	92%	94%	93%	97%
1 Day Late	93%	96%	96%	96%	99%

Below are the cities where the USPS Sectional Center Facilities (SCF) failed to reach the 70% Service Standard for Flat Mail. There were no issues with Letter Mail.

Flats:

Entry Type	City	In-Home by Service Standard %
SCF	Dayton, Ohio	52%
SCF	Indianapolis, Ind.	55%
SCF	Jackson, Miss.	43%
SCF	Johnstown, Pa.	64%

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USPS volume

Mail volume for the week ended July 11, compared to last year	
Total Mail Volume	**Up 11.1%**
Packages	**Up 3.4%**
Single Piece	**Down 18.9%**
Presort First-Class	**Down 4.5%**
Marketing Mail	**Down 4.2%**
Periodicals	**Down 10.8%**

Mail volume for the week ended July 4, compared to last year	
Total Mail Volume	**Down 10.0%**
Packages	**Down 6.1%**
Single Piece	**Up 4.4%**
Presort First-Class	**Down 0.8%**
Marketing Mail	**Up 7.8%**
Periodicals	**Down 9.4%**

Mail volume for the week ended June 27, compared to last year	
Total Mail Volume	**Up 5.6%**
Packages	**Up 2.3%**
Single Piece	**Down 6.3%**
Presort First-Class	**Down 3.2%**
Marketing Mail	**Up 4.6%**
Periodicals	**Up 6.5%**

Mail volume for the week ended June 20, compared to last year	
Total Mail Volume	**Down 7.7%**
Packages	**Down 4.4%**
Single Piece	**Down 13.4%**
Presort First-Class	**Down 8.1%**
Marketing Mail	**Up 3.8%**
Periodicals	**Down 22.5%**

Mail volume for the week ended June 13, compared to last year	
Total Mail Volume	**Up 0.7%**
Packages	**Down 8.3%**
Single Piece	**Down 12.3%**
Presort First-Class	**Down 3.7%**
Marketing Mail	**Up 0.7%**
Periodicals	**Up 1.4%**

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Paper Market

Paper markets have remained largely consistent since our last newsletter. Two developments of note:

- Order lead times are longer for coated freesheet, newsprint and high brightness uncoated grades.
- On July 1, prices increased for uncoated freesheet and high brightness uncoated grades.

Logistics

Following the Fourth of July holiday, the freight market experienced capacity constraints, which were expected since shipping volumes were squeezed into a shortened production week. As the market returns to normal operating levels, attention has shifted to new transportation challenges stemming from the ongoing Canadian wildfires.

- The wildfires have begun affecting portions of the Canadian rail network, including a recent incident, reported by FreightWaves, in which a Canadian National crew was forced to evacuate after a wildfire rapidly surrounded their train. So far, the wildfires' impacts remain localized, but they have the potential to create rail service disruptions that could have downstream effects across North American supply chains. Quad is actively monitoring the situation and working closely with our carrier partners to minimize any customer impact.
- Quad is also closely watching diesel fuel costs following two weeks of sharp increases after nine weeks of falling prices. As tracked by the U.S. Energy Information Administration (EIA), the national average retail diesel price increased 21.8 cents per gallon to $4.796 on July 13 and another 33.8 cents per gallon to $5.134 on July 20. That's still below where prices were before the nine-week decline, but FreightWaves called the recent increases "the tip of the iceberg" because of renewed geopolitical concerns surrounding the Strait of Hormuz.

  Quad will continue to monitor both fuel market trends and transportation network conditions, sharing information with clients and working to ensure service continuity while minimizing potential disruptions.

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

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