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# Postal, Paper & Logistics Update

August 2026

*In brief*: The USPS reported a loss of $2.5 billion for the third quarter of fiscal year 2026 ended June 30, about $600 million less than the loss it reported for the same quarter last year, buoyed by higher rates and increased Marketing Mail volume. Postmaster General (PMG) David Steiner warned that the agency still faces a severe liquidity crisis. Paper markets are experiencing both robust demand in some cases and price increases. The logistics market faces upward pressure on transportation costs from a variety of sources including elevated diesel prices and increased freight broker liability, while supply-chain cost pressures surrounding ink manufacturing components continue to necessitate ink surcharges.

*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 loss shrinks in Q3, but PMG continues to warn of a liquidity crisis

The USPS posted a net loss of $2.5 billion in the third quarter ended June 30, compared to a $3.1 billion loss in the same period last year (SPLY). The agency pointed to a $1.1 billion increase in 2026 Q3 operating revenue as the main reason for the reduced loss, along with a decrease in workers' compensation costs. Q3 2026 operating revenue came in at $19.9 billion.

According to the USPS, the growth in operating revenue was driven by First-Class Mail and Marketing Mail price increases plus a time-limited price hike implemented April 26 for certain Shipping and Packages products related to higher fuel costs. This was partially offset by declining volumes in First-Class Mail and Shipping and Packages categories, as well as higher transportation expenses, the USPS said.

Marketing Mail was a bright spot in the third-quarter results, with volume increasing by 574 million pieces, or 4.3%. Marketing Mail also recorded the largest revenue increase — 12.3% — for the quarter while First-Class Mail and Shipping and Packages recorded smaller revenue increases despite volume declines.

**For the three months ended June 30 vs. SPLY**

- First-Class Mail
  - Revenue +4.3% to $6.1 billion
  - Volume -3.5% to 9.5 billion pieces
- Marketing Mail
  - Revenue +12.3% to $4.0 billion
  - Volume +4.3% to 13.8 billion pieces
- Shipping and Packages
  - Revenue +7.7% to $8.3 billion
  - Volume -3.4% to 1.6 billion pieces

Commenting on the Q3 results in the earnings announcement, PMG Steiner noted that while there had been some progress, "[T]he Postal Service is today continuing to face a severe liquidity crisis, and our financial losses this quarter reflect systemic challenges inherent in our Congressionally established business model and regulatory framework."

The USPS news release and the full earnings report repeat past calls for Congress to provide relief from the challenges facing the agency with actions such as raising the statutory debt limit.

The USPS Q3 financial report is available on the PRC website as well as the USPS website.

## Miscellaneous updates

- As we reported last month, the Postal Service asked the Postal Regulatory Commission for a partial waiver that would have paved the way for the agency to raise Market Dominant prices in January 2027 rather than waiting for the next planned rate-adjustment opportunity in July 2027. The waiver concerned rules governing density rate authority. On Aug. 21, the PRC denied the request.
- PMG Steiner expanded on the USPS's financial predicament when he addressed the Aug. 7 Board of Governors meeting, noting that the agency "can't rely on areas outside of our control, [so] we have to look at other ways to achieve self-sufficiency if that is the goal. And we are working on those plans. Of course, we have peak season coming up, so we would not take any action until after the New Year," he told the board, "but if we can't get agreement on a legislative package this year, our plans would certainly have to entail changes that will impact service like taking a look at our service levels and closing thousands of unprofitable post offices, as well as raising prices." The PMG's remarks to the board are published here.

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- Digging deeper into the higher transportation costs mentioned in the USPS's third-quarter earnings report, Supply Chain Dive quoted an audit report saying that the agency has been sending more First-Class and Marketing Mail via air rather than using less expensive surface transportation to meet minimum volume requirements under its air cargo contract. Supply Chain Dive identified the carrier as UPS.

  "If package volumes continue to trend downward, the Postal Service will likely shift even more First-Class Mail and Marketing Mail into the air network to avoid higher costs even though that is inconsistent with the longer-term goal of reducing reliance on high-cost air transportation," the OIG's report [PDF] said.

- On Aug. 25, the USPS filed notice with the PRC regarding temporary price increases for some package products for the upcoming holiday season, as detailed here.

- A federal judge in Boston granted a 14-day temporary restraining order on Aug. 27 blocking the USPS from implementing the part of President Trump's executive order setting new requirements for mail-in and absentee ballots for federal elections. The ruling temporarily blocks the USPS's Aug. 21 final rule implementing those requirements, which had taken effect briefly after the U.S. Supreme Court on Aug. 24 stayed the federal judge's earlier injunction of the USPS's proposed rule.

- The USPS published updated guides for three of its 2027 promotions:

    - Tactile, Sensory & Interactive (with new split tiers of 3% and 5%)
    - Integrated Technology
    - First-Class Mail Advertising

  The guides can be found here: 2027 Promotions | PostalPro

  The guides for the two new 2027 promotions, Impact Messaging and Direct Mail Discovery, are still in progress, the USPS said.

- To date, the USPS has not made a formal response to the proposed SEC rule that would make e-delivery of certain disclosures and reports under the federal securities laws the default in some cases.

- The USPS suspended mail acceptance to Kiribati on July 24.

- The USPS resumed mail acceptance to Eritrea on Aug. 7.

## USPS delivery performance

July saw the volume of mail flowing into the postal system increase before higher rates took effect mid-month. This spike caused some delays at postal processing facilities as they worked through the volume bottleneck. However, within about a week of the July 12 rate-case implementation, the system stabilized and was back to normal processing. Below are the average in-home curves for Quad's Marketing Mail clients that used our IMsight application to track their mail in July.

| | Week of 7/6 | Week of 7/13 | Week of 7/20 | Week of 7/27 |
|---|---|---|---|---|
| **Early** | 8% | 14% | 12% | 23% |
| **Day 1** | 35% | 43% | 36% | 50% |
| **Day 2** | 52% | 73% | 74% | 74% |
| **Day 3** | 66% | 89% | 92% | 90% |
| **Day 4** | 79% | 95% | 96% | 96% |
| **1 Day Late** | 85% | 96% | 98% | 98% |

Here are the Sectional Center Facilities (SCFs) where less than 70% of Flats were in-home by Service Standard.

| Entry Type | City | In-Home by Service Standard % |
|---|---|---|
| SCF | Birmingham, Ala. | 67% |
| SCF | Chicago | 63% |
| SCF | Dayton, Ohio | 64% |
| SCF | Indianapolis | 45% |

## USPS volume

| Mail volume for the week ended Aug. 8, compared to last year | |
|---|---|
| Total Mail Volume | **Down 2.6%** |
| Packages | **Down 4.9%** |
| Single Piece | **Down 8.0%** |
| Presort First-Class | **Down 6.1%** |
| Marketing Mail | **Up 12.4%** |
| Periodicals | **Up 0.2%** |

| Mail volume for the week ended Aug. 1, compared to last year | |
|---|---|
| Total Mail Volume | **Up 0.5%** |
| Packages | **Down 3.9%** |
| Single Piece | **Down 12.9%** |
| Presort First-Class | **Down 1.3%** |
| Marketing Mail | **Down 2.7%** |
| Periodicals | **Up 29.8%** |

| Mail volume for the week ended July 25, compared to last year | |
|---|---|
| Total Mail Volume | **Up 0.01%** |
| Packages | **Down 6.8%** |
| Single Piece | **Down 10.9%** |
| Presort First-Class | **Down 2.9%** |
| Marketing Mail | **Up 1.5%** |
| Periodicals | **Down 28.2%** |

| Mail volume for the week ended July 18, compared to last year | |
|---|---|
| Total Mail Volume | **Down 1.6%** |
| Packages | **Down 11.2%** |
| Single Piece | **Down 10.1%** |
| Presort First-Class | **Down 6.2%** |
| Marketing Mail | **Up 20.1%** |
| Periodicals | **Down 39.9%** |

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## Paper Market

Paper markets are experiencing both robust demand in some cases and price increases.

- Newsprint supply remains tight with extended order lead times from the mills. Newsprint prices have risen by $110 per metric ton so far this year. North American newsprint producers recently announced another price increase — the third to date in 2026 — of $60 per metric ton, effective with press runs beginning in September.
- Sappi and UPM Communication Papers announced plans to combine their graphic-paper businesses in a 50/50 joint venture. The parties have secured financing arrangements for the standalone entity. The deal is expected to generate about €100 million — roughly $115 million — in annual synergies.
- The Trump administration's additional 50% tariff on a broad range of Canadian goods went into effect on Aug. 22. The new tariffs may affect coated groundwood paper (coated #4 and #5 grades) with basis weights exceeding 50 lb. Kruger has proposed a temporary 48.5-pound basis weight as one possible alternative. There are also 50- to 60-pound high-brightness SCA+++ options available. Negotiations between the U.S. and Canada continued through Aug. 21 over an agreement to avoid the tariff but ultimately failed. As of Aug. 27, there was no announced timetable for resuming discussions.

  Quad is monitoring the situation closely and is preparing guidance for clients who buy their own paper and may be affected; the Quad team is working proactively to examine options to minimize any impact.

## Logistics

As peak hurricane season and retail shipping periods approach, Quad remains committed to providing the consistent logistics service, communication and visibility our customers expect.

- We are closely monitoring market conditions to help protect capacity and minimize disruption as seasonal demand and weather-related events increase.
- Very few Quad clients shipping into Canada are impacted by the retaliatory tariffs announced by Canada set to take effect on Sept. 8. The Quad team is communicating with those clients who do have impacted products regarding available options. Quad will continue to monitor this evolving situation and update all clients accordingly.
- The Quad team continues to monitor fuel prices, which remain elevated. While August typically brings some seasonal relief as summer travel slows, persistently high crude oil prices are limiting that decline. According to the U.S. Energy Information Administration, the national average on-highway diesel price was $5.652 per gallon for the week of Aug. 24.

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- Quad is also watching developments surrounding truckload broker liability and insurance following the U.S. Supreme Court's Montgomery v. Caribe decision in May. The justices ruled unanimously that a broker could be sued under state law because states retain the authority under the Federal Aviation Administration Authorization Act to regulate safety "with respect to motor vehicles." The Supreme Court's decision settled conflicting lower-court decisions on whether these claims were preempted by the FAAAA.

  The potential for increased liability exposure could lead larger third-party logistics (3PLs) to tighten carrier qualification and insurance standards. If that reduces the use of smaller carriers, it could further constrain available capacity and create upward pressure on truckload pricing. Quad will continue to monitor these developments and communicate any meaningful impacts to our customers.

- Global supply chains surrounding raw materials used in ink manufacturing continue to face disruptions, driving up costs and necessitating surcharges.

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

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