

# The Next Postal Rate Hike...

By Jim Tierney

less than 1%?

If the current inflation trend continues, catalogers may see a postal rate increase of less than 1% in 2010, according to Dan Blair, chairman of the Postal Regulatory Commission.

Blair made the comment during last week's session before the House Oversight and Government Reform Federal Workforce, Postal Service and the District of Columbia Subcommittee. During the session titled "Restoring The Financial stability of the U.S. Postal Service: What Needs To Be Done?" Blair noted the general trend of inflation via the Consumer Price Index (CPI) chart.

In the past few months, the CPI was steadily decreasing, by roughly 3/10 of a point. If that trend continues through December, it could result in a postal rate adjustment of less than 1%, he said.

Postal rate hikes are now capped to the CPI, or rate of inflation, which was 3.8% for 2008. The increase for catalogers is higher than last year's average of 1%, but significantly less than 2007 when rates rose 20%-40%.

Price increases for Standard Mail Flats—the category affecting most catalogers—will stay below the CPI when the new postal rate increases take effect May 11. According to U.S. Postal Service spokesman David Parteneimer, the average increase for the Standard Mail Flats is 2.3%, while the average rate hike for carrier route flats is 4.3%.

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