



# COMMERCIAL PRINT MARKET TRENDS

September, 2021

Buying raw materials to print and manufacture products requires a dependable and undisrupted supply chain. The scale of the pandemic's impact eclipses anything most manufacturers have experienced. It has taken creativity and careful analysis of the supply market and its forecasts in order to navigate the current disruptions.

Our Strategic Sourcing team closely monitors a number of different markets to gauge the impact on our business as well as on our valued distributors. In this overview, you will find insights into the print markets, impacts to manufacturing, and mitigation steps we're taking to minimize the impact. Last, we will also share specific steps you can take to reduce the impact to your business.



## On Our Radar

Four core areas of focus:

- Price Increases
- Material Delays
- Labor Market
- How to Get Ahead



## MATERIALS & SERVICES

With eyes on the market, we're seeing increased demand and limited availability of materials and services make a huge impact on turn times and the final cost of goods. Below is a table that describes core substrates and services that are experiencing price increases and delayed turn times.

### Increases by Substrate and Order Delays

We expect these dynamics to continue through Q1 and potentially into Q2, 2022.

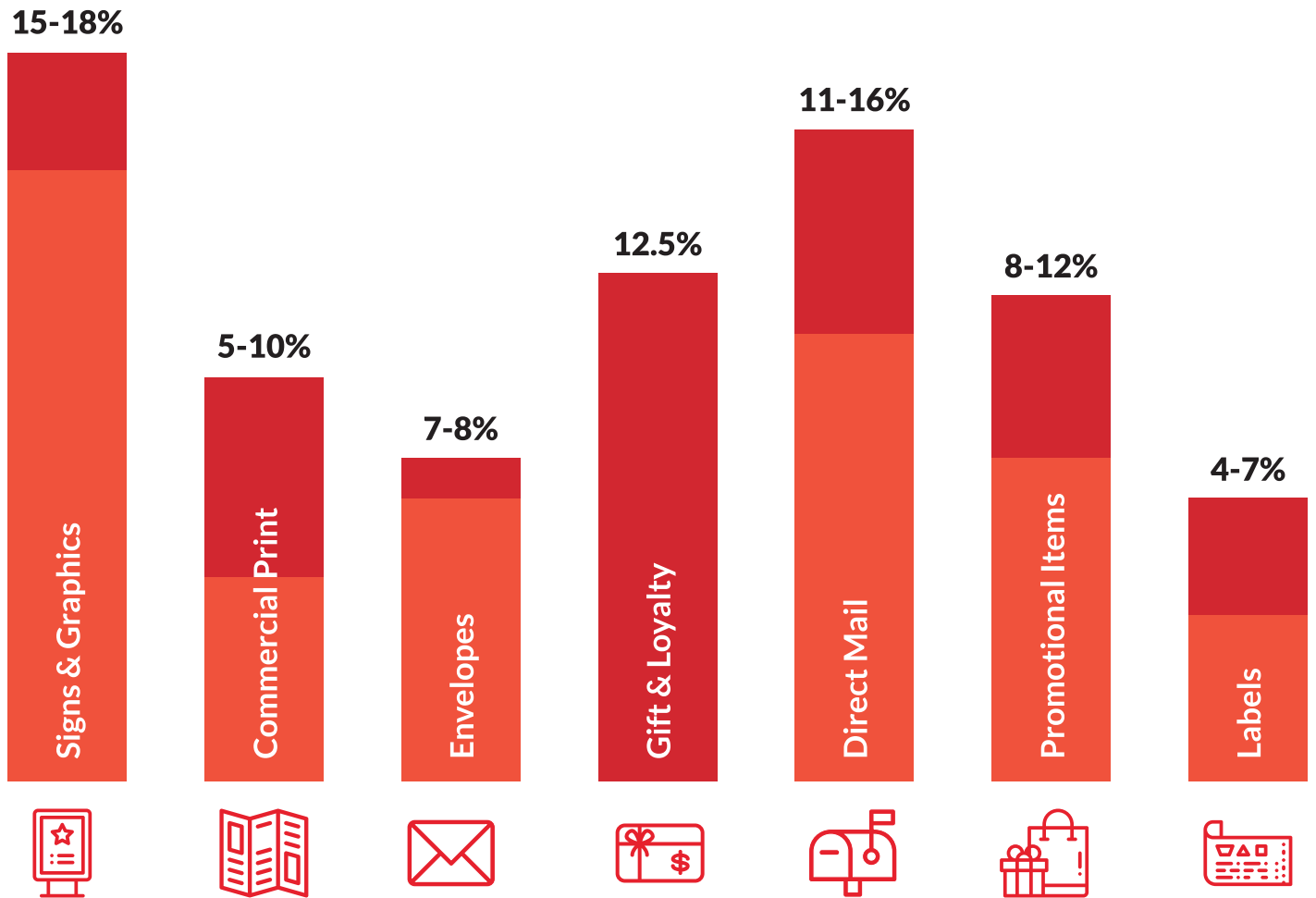
Category	Price	Speed & Availability	Comments
<b>Coated Paper</b>	↑		<ul style="list-style-type: none"> <li>All coated paper is on allocation. Pricing has increased 5X YTD with another increase expected before EOY, along with one or two for first half 2022.</li> <li>Domestic mills at capacity and unable to build inventory. Current lead times 8–12 weeks.</li> <li>Slow-moving and special making items no longer being accepted by mills.</li> <li>Imported paper continues to be an issue due to lack of shipping containers. Shippers now considering a strike, which will put more pressure on an already strained market.</li> </ul>
<b>Uncoated Paper</b>	↑		<ul style="list-style-type: none"> <li>Mills are on soft allocation or reservation system. Pricing has increased 4X YTD with another increase expected before EOY.</li> <li>Domestic mills running at capacity with lead times pushing 8 weeks.</li> <li>Slow-moving and special making items no longer being accepted by mills. Only taking orders for items that trim their machines, restricting the sizes we are able to offer to our customers.</li> </ul>
<b>Board</b>	↑		<ul style="list-style-type: none"> <li>Lead times are over 12 weeks.</li> <li>Price increased 3X YTD with possibility for a fourth increase this year.</li> <li>Mills are limited items that will be made in cartons moving to more skids to help with number of SKU's they have available. May be a short-term solution, but they hope it will alleviate some pressure from their production facilities.</li> </ul>
<b>Envelopes</b>	↑		<ul style="list-style-type: none"> <li>According to suppliers, mills not running at capacity due to demand.</li> <li>Our main supplier shut down paper machine 4X in Aug. so they could redirect labor towards loading paper to make space for new production. Additional shutdowns cause by inability to get enough trucks in to load paper.</li> <li>We believe Domtar is reversing its position on uncoated free sheet in the North American market and plans to bring additional capacity back online in Dec./Jan.</li> <li>Avg. 6 week lead on all envelope sizes and materials. Envelop packaging leads 4–6 weeks.</li> <li>All mills on allocation through year end.</li> <li>Anticipating additional price increases before year end.</li> <li>IP down for 2 week summer stoppage.</li> <li>SupremeX only holding quotes firm for 7 days due to market volatility.</li> </ul>
<b>Thermal Paper</b>	↑		<ul style="list-style-type: none"> <li>Continues to be volatile. Several mills already announced 5–10% increase for Oct. 1. + two previous increases, totaling over 20%. Paper is in short supply.</li> <li>Chemicals still coming from China. Another govt. lockdown would drive prices higher.</li> <li>Due to rapidly rising transportation costs (container cost + unprecedented shortage of drivers), Hansol and Domtar implementing 5–10% price increase on all thermal paper products effective Oct. 1, 2021.</li> <li>Final phase of anti-dumping duty investigations will be held Sept. 21, 2021 at 9:30am. This affects thermal paper from Germany, Japan, Korea, and Spain. ITC/DOC will likely share their findings this Oct. If they raise tariffs from the May benchmark, there will be another increase.</li> </ul>
<b>Freight</b>	↑		<ul style="list-style-type: none"> <li>Diesel fuel costs have increased 30%+ YOY.</li> <li>TL rates have increased 8%+ ex fuel yoy; LTL inflation 5% increase.</li> <li>Tanker truck and specialized modes remain scarce. Load-to-truck ratio 5:1.</li> </ul>
<b>USPS Mailing Services</b>	↑		<ul style="list-style-type: none"> <li>From 2020 to Jan. 2021, postage prices increased 2.5% on average. Additional 6.8% average increase will begin Aug. 29, 2021. First time in 20 years the USPS has increased postage 2X in one year. Increase is in an effort to restore financial stability to the USPS.</li> <li>On-time presorted first class mail: 75.2% (from 89.9% in 2020). On-time presorted marketing mail: 65% (from 69.3% in 2020). On-time package services: 80% (from 85.8% in 2020).</li> <li>USPS is proposing to delay service levels across all complete offerings.</li> <li>USPS continues to struggle with staffing due to COVID.</li> </ul>
<b>LEGEND:</b> ↑ Price Increase     Delays			<a href="#">CLICK HERE</a> for further details and sources

# WHAT ARE THE IMPACTS?

How these market challenges will affect your pricing

## Manufacturing Price Increases by Major Category

Overall material costs are forecasted to increase by 2.5-20% throughout 2021.



### The Taylor Advantage

By partnering with Taylor, you have access to national buying power and material partnerships to help mitigate the price increases as much as possible. In addition, we're able to obtain early market intelligence to educate you on the best decisions for your projects that meet both your budget and your timeline.

- 1. Material Ready.** We're increasing our inventory on house substrates for primary sizes.
- 2. Planning.** Working with clients to get forecasts on expected units of products to be sold.
- 3. Reach.** National footprint of manufacturing facilities to reduce the time mail spends in the postal stream.
- 4. Elevated Service & Expertise.** Ability to utilize private logistics to transport mail closer to recipients and a dedicated team of experts to assist with postal planning.

# LABOR

## Employee Scarcities

Worker shortages are severely impacting supply chains. As consumer demand surges back, businesses can't find enough workers to meet that demand. Some workers are afraid of contracting COVID-19, some lack child care and others are forced to stay home with their remote-learning kids.

According to the Labor Department the average unemployment recipient earns better than the equivalent of working full time at \$15 an hour.

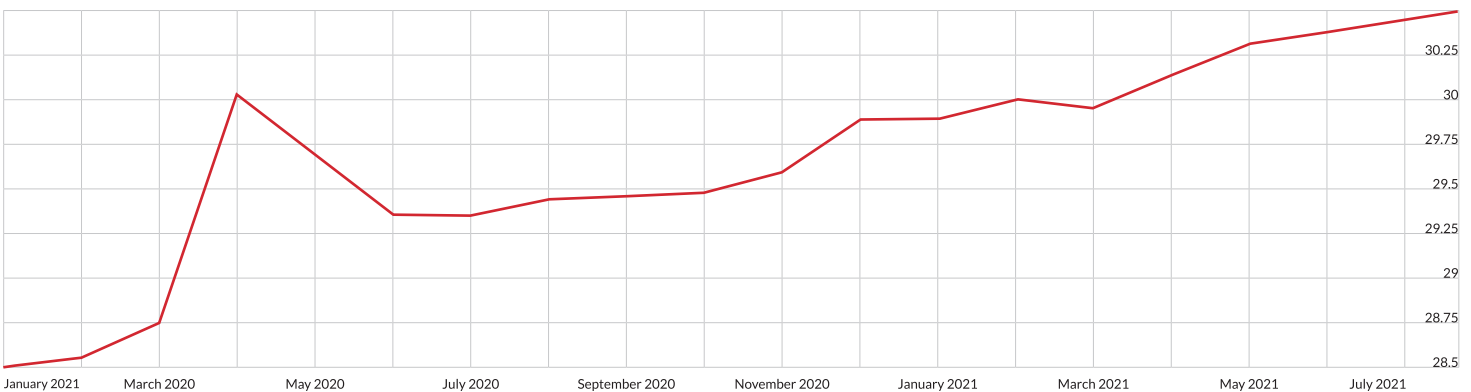
## High Number of Vacancies

Job openings hit a record high of 8.1 million in the first quarter of 2021. With fewer people in the labor force, labor supply is not bouncing back as swiftly as demand.

## Demand for Higher Pay

Workers are not accepting the low wages that they may have pre-pandemic so companies are needing to adjust by either raising prices or cutting into profit margins. The Labor Department's Employment Cost Index reports wages and salaries for private-sector workers rose 3% in the first quarter compared to a year earlier.

## Hourly Employee Earnings Increase 7% from January 2020 - July 2021 for nonfarm payrolls



## The Taylor Advantage

Taylor's implementing new steps to help both recruiting and employee retention.

- 1. Talent Incentives.** The team has added incentive bonuses for new hires.
- 2. Employee Referrals.** Taylor successfully launched an internal referral program to bring in new talent and reward employees for supporting recruitment.
- 3. Employee Retention.** Taylor has implemented wage increases across many manufacturing jobs to support retention and to be competitive in the current labor market.

## Get Ahead

How we can work together to minimize the impact of this market volatility.



### Communication

Keep us in the know. The more Taylor understands your challenges, the stronger partner we will be as we navigate the market, labor and pricing challenges.



### Project Planning

Communicate with your account representative early to ensure you have ample time to order materials and work through the market challenges.



### Substrate Flexibility

With deep sourcing partnerships, we may be able to provide a solution that meets your needs, keeps your project ontime and on budget outside of your initial request.

## Learn More

Contact your account representative and begin planning your next project, today.