



*a closer look at the
2018 FedEx and UPS rate increases*

new year, new rate change

Annual rate increases from UPS and FedEx come as no surprise, but that doesn't make them any easier to digest. This year, FedEx took the lead and announced in September an average increase of 4.9% for 2018 rates. UPS followed suit in October and announced the same average increase.

Here are some quick facts:

- FedEx Express, FedEx Ground, and FedEx Home Delivery rates will increase an average of 4.9%, effective January 1, 2018
- UPS Ground, UPS Air, and international rates will increase an average of 4.9%, effective December 24, 2017
- UPS is lowering the dimensional weight divisor to 139 for domestic packages less than or equal to one cubic foot in size (1,728 cubic inches)
- Surcharges for larger packages will rise sharply
- FedEx is adding a 2.5% third party billing surcharge to match UPS
- Additional surcharges and increased rates will apply during the 2017 holiday season





rate increase history

Before we dive into where we're going, it's important to understand where we've been. FedEx and UPS have a history of announcing similar average rate increases and instituting similar pricing strategies. In fact, this upcoming year we're seeing some changes from UPS and FedEx that match what the other has done in the past couple of years.

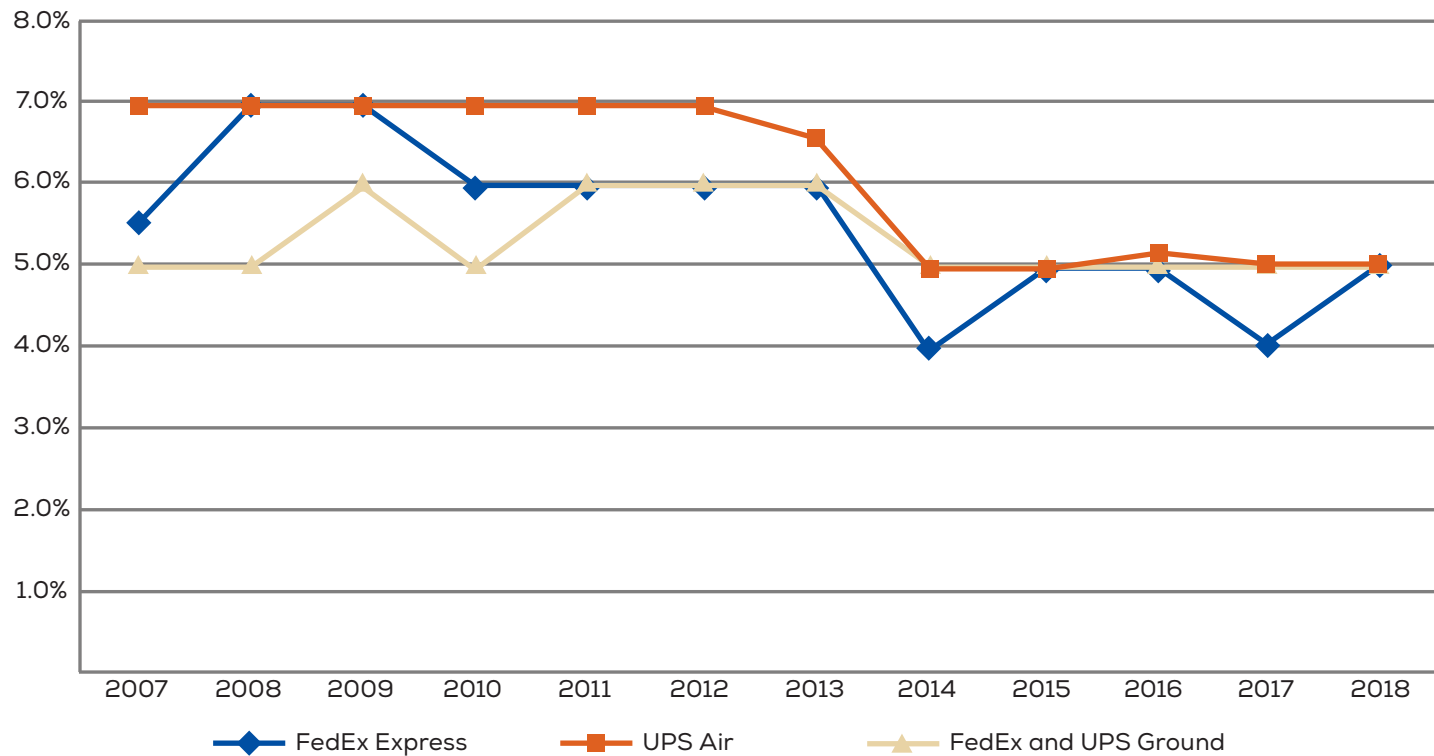
The carriers have also been making a growing number of updates to address trends brought on by e-commerce, like more drop shipping, more residential deliveries, larger packages, and less consolidated shipments. This has resulted in a number of new and increased surcharges, as well as a more widespread use of dimensional weight pricing.

a closer look at the 2018 FedEx and UPS rate increases

Overall, we've seen a shift in the annual general rate increase (GRI). The announced average rate increases used to be higher, but now the carriers have moved away from a higher GRI,

in favor of making more minor adjustments throughout the year. Changes have become more complicated and spread out, making it even more important that shippers stay informed.

FedEx and UPS average rate increases





holiday peak season changes

Ahead of the new 2018 rates, some changes to surcharges will apply during the 2017 holiday season. From November 19 to December 2, UPS is adding a peak surcharge of \$0.27 on domestic residential ground packages. This includes Black Friday and Cyber Monday – two of the busiest shopping days of the year. Right before Christmas, from December 17 to December 23, the charge on ground packages returns along with a \$0.81 charge for next-day air shipments or an additional \$0.97 for two-day or three-day delivery.

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In a notable departure from UPS, FedEx decided not to add a peak season surcharge this season. Instead they opted to increase surcharges for packages that are big or bulky enough to require special handling. UPS is also increasing the cost of larger packages by adding additional peak season surcharges on top of the already existing surcharges. For example, if your package is considered "Over Maximum Limits" you will get hit with the \$150 surcharge that applies year-round along with an additional \$249 peak surcharge.

It remains to be seen if FedEx will mimic UPS and implement a residential peak surcharge in 2018, but if history is any indication, you can expect to see something similar in the future. UPS has already published updates to the peak surcharges during the 2018 holiday season, so this appears to be a trend that isn't likely to go away anytime soon.





your rates will vary

Unfortunately, you can't simply budget for your small packages costs to go up 4.9% in 2018, as the averages are just that – averages. As always, how much more expensive your packages will be in the new year depends on many factors, including volume, size, weights, and zones.

The average rate increase announced by FedEx and UPS is arrived at by larger rate increases on certain shipment types and lower increases on others. There are also changes that aren't included in those averages that could drive your costs way up, like surcharges and dimensional weight pricing. Several factors will determine your real rate increase impact in 2018. You will need to take into account your package characteristics, the services you use, and the zones you ship to.

a closer look at the 2018
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ground rates

Prior to 2017, ground rates for both FedEx and UPS were identical. Now even though the announced average increases are the same, the rates between the two carriers vary slightly. For FedEx Ground, the highest increases can be found on packages 50 lbs. or lighter.

FedEx Ground and FedEx Home Delivery 2018 U.S. Base Rates

Delivery Commitment: 1-5 days based on distance to destination

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
1	\$7.58	4.6%	\$8.36	5.6%	\$8.59	5.5%	\$8.97	5.5%	\$9.28	5.5%	\$9.40	5.5%	\$9.55	5.5%
2	\$8.36	4.5%	\$9.09	5.5%	\$9.73	4.5%	\$9.94	4.5%	\$10.37	4.5%	\$10.78	5.5%	\$10.98	4.5%
3	\$8.50	4.6%	\$9.48	5.5%	\$10.26	4.5%	\$10.68	5.5%	\$11.11	5.5%	\$11.49	5.5%	\$12.05	4.5%
4	\$8.82	4.5%	\$9.71	4.5%	\$10.86	4.5%	\$11.35	4.5%	\$11.67	4.5%	\$12.34	5.5%	\$13.01	4.5%
5	\$8.92	5.6%	\$9.91	5.7%	\$11.17	4.6%	\$11.80	5.6%	\$12.19	5.6%	\$12.82	5.6%	\$13.67	4.6%
6	\$9.22	5.6%	\$10.18	5.6%	\$11.43	5.6%	\$12.03	5.6%	\$12.48	5.6%	\$13.15	5.6%	\$13.79	4.6%
7	\$9.74	5.6%	\$10.43	5.6%	\$11.62	5.6%	\$12.41	5.6%	\$12.70	5.6%	\$13.50	5.6%	\$14.46	5.6%
8	\$9.93	4.9%	\$10.70	5.6%	\$11.92	5.6%	\$12.65	5.6%	\$13.09	5.6%	\$13.91	5.6%	\$14.94	5.6%
9	\$10.09	4.6%	\$10.95	5.6%	\$12.08	5.6%	\$12.75	5.6%	\$13.37	5.6%	\$14.49	5.6%	\$15.73	4.6%
10	\$10.32	4.6%	\$10.96	5.3%	\$12.15	5.6%	\$13.10	5.6%	\$13.65	4.6%	\$15.33	5.6%	\$16.78	4.6%
20	\$12.36	6.0%	\$13.94	6.0%	\$14.23	6.0%	\$17.19	6.0%	\$20.02	5.0%	\$24.36	5.0%	\$27.60	5.0%
30	\$14.99	5.0%	\$17.59	5.0%	\$19.51	5.7%	\$23.15	6.0%	\$28.58	5.0%	\$33.51	5.0%	\$39.49	5.0%
40	\$17.05	5.7%	\$20.80	4.7%	\$23.59	5.7%	\$28.44	5.7%	\$35.81	4.7%	\$41.68	4.7%	\$48.81	4.7%
50	\$18.55	4.9%	\$23.21	4.8%	\$27.48	5.3%	\$33.32	4.7%	\$42.23	4.7%	\$50.49	4.7%	\$56.66	4.7%
60	\$19.48	4.3%	\$24.32	4.3%	\$29.05	4.3%	\$36.39	4.3%	\$43.52	4.3%	\$51.52	4.3%	\$61.16	4.3%
70	\$22.18	4.3%	\$28.47	4.3%	\$32.59	4.3%	\$39.96	4.3%	\$47.44	4.3%	\$53.93	4.3%	\$64.52	4.3%
80	\$29.98	4.3%	\$34.35	4.3%	\$37.54	4.3%	\$45.36	4.3%	\$53.49	4.3%	\$62.69	4.3%	\$66.86	4.3%
100	\$49.48	4.3%	\$49.90	4.3%	\$53.86	4.3%	\$57.82	4.3%	\$66.23	4.3%	\$73.23	4.3%	\$80.67	4.3%
125	\$66.06	3.8%	\$66.23	3.8%	\$69.88	3.8%	\$72.22	3.8%	\$80.60	3.8%	\$88.15	3.8%	\$98.28	3.8%
150	\$81.35	3.8%	\$83.57	3.8%	\$88.94	3.8%	\$90.44	3.8%	\$96.79	3.8%	\$104.34	3.8%	\$117.55	3.8%

Rate increases that are higher than the announced 4.9% average.

*a closer look at the 2018
FedEx and UPS rate increases*

For the UPS Ground rates we reviewed, zone 3 packages between 5 lbs. and 30 lbs. are seeing the highest increases, maxing out at 6.8%

UPS Ground 2018 U.S. Base Rates

Delivery Commitment: 1-5 days based on distance to destination

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
1	\$7.57	3.4%	\$8.36	4.5%	\$8.59	4.5%	\$8.97	4.5%	\$9.28	4.5%	\$9.40	4.4%	\$9.55	4.5%
2	\$8.36	3.6%	\$9.09	4.5%	\$9.73	3.6%	\$9.94	3.6%	\$10.37	3.7%	\$10.78	5.6%	\$10.98	4.5%
3	\$8.50	3.7%	\$9.48	4.6%	\$10.26	3.6%	\$10.68	4.7%	\$11.11	4.5%	\$11.49	4.5%	\$12.05	3.7%
4	\$8.82	4.4%	\$9.71	4.7%	\$10.86	4.7%	\$11.35	4.8%	\$11.67	4.5%	\$12.34	5.5%	\$13.01	4.4%
5	\$8.92	5.1%	\$9.91	6.1%	\$11.17	4.0%	\$11.80	4.6%	\$12.19	5.4%	\$12.82	5.3%	\$13.67	4.4%
6	\$9.22	5.0%	\$10.16	5.8%	\$11.43	5.1%	\$12.03	4.5%	\$12.48	5.4%	\$13.15	5.5%	\$13.79	4.5%
7	\$9.74	5.4%	\$10.41	6.0%	\$11.62	5.3%	\$12.41	5.5%	\$12.70	5.4%	\$13.50	5.5%	\$14.46	5.5%
8	\$9.91	5.5%	\$10.68	6.4%	\$11.90	6.3%	\$12.65	5.5%	\$13.09	5.4%	\$13.91	5.5%	\$14.94	5.4%
9	\$10.09	4.6%	\$10.93	6.8%	\$12.06	6.5%	\$12.75	5.5%	\$13.37	5.4%	\$14.49	5.5%	\$15.73	4.4%
10	\$10.30	4.9%	\$10.94	6.7%	\$12.13	6.0%	\$13.10	5.5%	\$13.65	4.4%	\$15.33	5.4%	\$16.78	4.4%
20	\$12.34	6.6%	\$13.91	6.5%	\$14.20	6.5%	\$17.19	6.5%	\$20.02	4.2%	\$24.36	5.2%	\$27.60	5.2%
30	\$14.96	5.0%	\$17.55	5.0%	\$19.47	5.8%	\$23.10	5.3%	\$28.52	4.0%	\$33.44	5.0%	\$39.41	5.0%
40	\$17.02	5.5%	\$20.76	4.4%	\$23.54	5.4%	\$28.38	4.7%	\$35.74	3.4%	\$41.60	3.5%	\$48.71	3.4%
50	\$18.51	4.6%	\$23.16	4.5%	\$27.43	5.1%	\$33.25	3.7%	\$42.15	3.4%	\$50.39	3.4%	\$56.55	3.4%
60	\$19.44	4.6%	\$24.27	4.6%	\$28.99	4.7%	\$36.32	3.9%	\$43.43	3.6%	\$51.42	3.6%	\$61.04	3.6%
70	\$22.14	4.6%	\$28.41	4.6%	\$32.52	4.6%	\$39.88	3.9%	\$47.35	3.6%	\$53.82	2.8%	\$64.39	3.6%
80	\$29.92	4.7%	\$34.28	4.6%	\$37.46	4.6%	\$45.27	3.9%	\$53.38	2.6%	\$62.56	2.6%	\$66.73	3.6%
100	\$49.48	4.9%	\$49.90	4.9%	\$53.86	4.8%	\$57.82	4.9%	\$66.23	4.9%	\$73.23	4.9%	\$80.67	5.0%
125	\$66.06	4.1%	\$66.23	4.1%	\$69.88	4.1%	\$72.22	4.1%	\$80.60	4.1%	\$88.15	4.1%	\$98.28	4.1%
150	\$81.35	4.1%	\$83.57	4.1%	\$88.94	4.1%	\$90.44	4.1%	\$96.79	4.1%	\$104.34	4.1%	\$117.55	4.1%

Rate increases that are higher than the announced 4.9% average.

a closer look at the 2018
FedEx and UPS rate increases

next day air rates (priority services)

We are seeing higher rate increases for overnight services than we did last year. While some rates aren't increasing at all, others are increasing as much as 7.9% – significantly higher than the average.

FedEx Priority Overnight has the highest rate increases in zones 5-8, while the majority of the rates in the remaining zones have increases below the announced 4.9% average.

FedEx Priority Overnight 2018 Standard List Rates

Next day delivery by 10:30 a.m.

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
FedEx® Envelope up to 8 oz.	\$23.15	3.9%	\$27.58	3.9%	\$35.19	3.9%	\$37.14	3.9%	\$37.68	3.9%	\$41.08	3.9%	\$42.96	3.9%
1	\$27.69	4.1%	\$40.99	7.9%	\$53.09	7.9%	\$59.47	7.9%	\$62.61	7.9%	\$69.06	7.9%	\$70.96	7.9%
2	\$28.05	4.1%	\$41.51	4.1%	\$57.97	7.9%	\$63.86	7.9%	\$68.88	4.9%	\$71.90	5.1%	\$79.26	7.9%
3	\$31.40	4.1%	\$45.73	4.1%	\$64.20	7.9%	\$72.98	7.9%	\$78.48	7.9%	\$83.69	7.9%	\$86.66	7.9%
4	\$33.85	4.1%	\$47.91	4.1%	\$71.81	7.9%	\$79.91	7.9%	\$82.82	4.9%	\$90.89	7.9%	\$94.30	7.9%
5	\$34.59	4.1%	\$48.13	4.1%	\$73.32	6.3%	\$80.62	7.9%	\$83.58	5.0%	\$91.62	7.9%	\$95.07	7.9%
10	\$40.87	4.1%	\$57.15	4.1%	\$96.59	4.1%	\$107.35	5.1%	\$112.37	4.9%	\$119.41	5.3%	\$125.02	5.3%
20	\$58.00	4.1%	\$82.29	4.1%	\$149.20	4.1%	\$164.39	4.4%	\$169.17	4.9%	\$178.84	5.3%	\$182.93	5.3%
30	\$72.27	4.1%	\$101.15	4.1%	\$200.66	4.7%	\$215.41	5.0%	\$221.87	4.9%	\$235.91	5.3%	\$247.87	5.3%
40	\$89.84	4.1%	\$124.85	4.1%	\$246.26	4.8%	\$264.68	5.0%	\$274.72	4.9%	\$290.01	5.1%	\$294.86	5.4%
50	\$106.57	4.1%	\$149.96	4.1%	\$278.85	4.1%	\$306.70	4.4%	\$316.01	4.9%	\$331.11	5.1%	\$349.79	5.3%
60	\$131.67	4.1%	\$188.57	4.1%	\$328.26	4.8%	\$363.53	5.0%	\$375.82	4.9%	\$407.17	5.1%	\$409.49	5.3%
70	\$154.20	4.1%	\$223.77	4.1%	\$378.31	4.8%	\$425.07	5.0%	\$425.08	5.0%	\$466.92	5.3%	\$496.52	5.3%
100	\$224.00	3.7%	\$314.00	1.6%	\$564.00	4.8%	\$613.00	5.0%	\$616.00	3.0%	\$678.00	5.1%	\$708.00	6.9%
125	\$280.00	3.7%	\$392.50	1.6%	\$705.00	4.8%	\$766.25	5.0%	\$770.00	3.0%	\$847.50	5.1%	\$885.00	6.9%
150	\$336.00	3.7%	\$471.00	1.6%	\$846.00	4.8%	\$919.50	5.0%	\$924.00	3.0%	\$1,017.00	5.1%	\$1,062.00	6.9%

Rate increases that are higher than the announced 4.9% average.

a closer look at the 2018
FedEx and UPS rate increases

For both carriers, the heaviest packages in zone 3/103 are experiencing the most modest increases. In fact, UPS is keeping those rates the same for 100, 125, and 150 lb. packages.

UPS Next Day Air 2018 Daily Rates

Next business day delivery by 10:30 a.m., 12:00 noon, or end of day, depending on destination

Zones	102		103		104		105		106		107		108	
Letter	\$23.38	1.2%	\$27.86	1.7%	\$35.37	4.9%	\$37.33	4.0%	\$37.87	5.4%	\$41.29	5.4%	\$43.17	5.4%
1 Lbs.	\$27.97	1.9%	\$41.36	7.8%	\$53.57	7.8%	\$60.00	7.8%	\$63.17	7.8%	\$69.68	7.8%	\$71.32	7.8%
2	\$28.33	1.9%	\$41.93	2.4%	\$58.49	7.8%	\$64.43	7.8%	\$69.55	4.9%	\$72.60	5.1%	\$79.97	7.8%
3	\$31.71	2.4%	\$46.18	4.1%	\$64.77	7.8%	\$73.63	7.8%	\$79.18	7.8%	\$84.44	7.8%	\$87.44	7.8%
4	\$34.19	2.4%	\$48.39	3.1%	\$72.45	7.8%	\$80.61	7.8%	\$83.65	4.2%	\$91.72	7.8%	\$95.14	7.8%
5	\$34.94	2.3%	\$48.61	1.9%	\$74.03	6.3%	\$81.43	5.1%	\$84.42	1.3%	\$92.54	5.6%	\$96.02	5.7%
10	\$41.28	2.4%	\$57.72	1.9%	\$97.54	4.1%	\$108.42	2.4%	\$113.49	2.9%	\$120.60	2.3%	\$126.27	5.1%
20	\$58.58	4.0%	\$83.11	1.9%	\$149.95	5.6%	\$165.21	5.5%	\$170.86	1.3%	\$180.63	4.4%	\$184.76	1.6%
30	\$72.99	4.0%	\$102.16	1.9%	\$201.66	6.1%	\$216.49	6.3%	\$223.50	4.9%	\$237.09	5.4%	\$249.11	5.6%
40	\$90.74	4.0%	\$126.10	1.8%	\$247.49	6.1%	\$266.00	6.3%	\$277.47	2.7%	\$292.35	5.1%	\$297.81	4.2%
50	\$107.24	4.1%	\$151.46	2.3%	\$280.24	4.4%	\$308.23	5.6%	\$318.80	4.9%	\$332.77	5.9%	\$352.93	5.3%
60	\$132.49	4.1%	\$190.46	2.3%	\$329.90	6.2%	\$365.35	5.1%	\$379.13	4.9%	\$411.24	4.9%	\$413.58	1.7%
70	\$155.16	4.1%	\$226.01	2.3%	\$382.09	1.1%	\$427.20	6.5%	\$429.33	0.9%	\$471.59	3.3%	\$501.49	3.4%
100	\$226.24	3.2%	\$317.27	0.0%	\$566.82	6.1%	\$616.07	6.2%	\$619.08	3.4%	\$681.39	5.5%	\$715.08	5.2%
125	\$282.80	3.2%	\$396.59	0.0%	\$708.53	6.1%	\$770.08	6.2%	\$773.85	3.4%	\$851.74	5.5%	\$893.85	5.2%
150	\$339.36	3.2%	\$475.90	0.0%	\$850.23	6.1%	\$924.10	6.2%	\$928.62	3.4%	\$1,022.09	5.5%	\$1,072.62	5.2%

Rate increases that are higher than the announced 4.9% average.

next day air rates (standard/saver services)

The largest increases for standard next day services are seen in the furthest zones. On almost every weight we evaluated for these zones, the increase was above the stated average.

For FedEx Standard Overnight, the heaviest packages for zone 8 are seeing the highest increases, at 7.0%. In contrast, those same weights for zone 6 are only increasing 3.0% - the lowest increase we observed for this service.

FedEx Standard Overnight 2018 Standard List Rates

Next day delivery by 3:00 p.m.

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
FedEx® Envelope up to 8 oz.	\$22.80	3.9%	\$27.21	3.9%	\$33.80	3.9%	\$36.10	4.9%	\$36.33	4.9%	\$39.07	4.9%	\$40.86	4.9%
1	\$25.79	4.9%	\$35.05	4.9%	\$48.66	4.9%	\$53.11	5.1%	\$57.23	5.3%	\$61.04	5.4%	\$64.05	5.5%
2	\$27.24	4.9%	\$37.13	4.9%	\$54.88	4.9%	\$58.77	5.1%	\$64.63	5.3%	\$67.29	5.4%	\$71.47	5.5%
3	\$29.61	4.9%	\$39.28	4.9%	\$60.87	4.9%	\$65.11	5.1%	\$69.07	5.3%	\$74.06	5.4%	\$78.13	5.5%
4	\$31.93	4.9%	\$41.64	4.9%	\$65.94	4.9%	\$71.35	5.1%	\$78.28	5.3%	\$80.59	5.4%	\$85.54	5.5%
5	\$32.50	4.9%	\$42.00	4.9%	\$70.14	4.9%	\$77.58	5.1%	\$83.47	5.3%	\$85.93	5.4%	\$90.76	5.5%
10	\$38.73	4.3%	\$55.71	4.9%	\$96.54	4.1%	\$107.29	5.1%	\$112.32	4.9%	\$119.36	5.3%	\$124.97	5.3%
20	\$54.08	4.9%	\$78.04	4.9%	\$149.15	4.1%	\$164.34	5.1%	\$169.12	4.9%	\$178.79	5.4%	\$182.88	5.3%
30	\$68.15	4.9%	\$95.93	4.9%	\$194.66	4.9%	\$209.41	5.1%	\$215.87	5.1%	\$229.91	5.4%	\$241.87	5.4%
40	\$83.37	4.9%	\$116.17	4.9%	\$240.26	4.9%	\$258.68	5.1%	\$268.72	5.3%	\$277.89	5.4%	\$288.86	5.5%
50	\$98.87	4.9%	\$138.91	4.9%	\$272.85	4.2%	\$300.70	4.4%	\$310.01	5.0%	\$322.53	5.4%	\$343.79	5.4%
60	\$117.17	4.1%	\$170.16	4.9%	\$322.26	4.9%	\$357.53	5.1%	\$369.82	5.0%	\$401.17	5.2%	\$403.49	5.4%
70	\$141.76	4.9%	\$204.53	4.9%	\$372.31	4.9%	\$419.07	5.1%	\$419.08	5.1%	\$460.90	5.4%	\$490.52	5.4%
100	\$206.00	4.6%	\$305.00	4.8%	\$558.00	4.9%	\$607.00	5.0%	\$610.00	3.0%	\$672.00	5.2%	\$702.00	7.0%
125	\$257.50	4.6%	\$381.25	4.8%	\$697.50	4.9%	\$758.75	5.0%	\$762.50	3.0%	\$840.00	5.2%	\$877.50	7.0%
150	\$309.00	4.6%	\$457.50	4.8%	\$837.00	4.9%	\$910.50	5.0%	\$915.00	3.0%	\$1,008.00	5.2%	\$1,053.00	7.0%

Rate increases that are higher than the announced 4.9% average.

*a closer look at the 2018
FedEx and UPS rate increases*

The lowest increase we found for UPS Next Day Air Saver is 2.0%. Low increases are hard to come by though, as the majority of the weights we evaluated are above the 4.9% average. Similar to FedEx, the highest increase can be found for the heaviest packages for the farthest zone.

UPS Next Day Air Saver 2018 Daily Rates

Next business day delivery by 3:00 or 4:30 p.m. where UPS Next Day Air® delivery is committed by 10:30 a.m. or 12:00 noon, respectively

Zones	132		133		134		135		136		137		138	
Letter	\$22.91	2.2%	\$27.34	2.5%	\$34.14	4.9%	\$36.46	5.9%	\$36.69	5.9%	\$39.46	5.9%	\$41.27	5.9%
1 Lbs.	\$25.91	3.8%	\$35.22	3.9%	\$49.15	4.9%	\$53.64	5.1%	\$57.80	5.3%	\$61.65	5.7%	\$64.69	5.8%
2	\$27.37	3.9%	\$37.31	3.9%	\$55.43	4.9%	\$59.36	5.1%	\$65.28	5.4%	\$67.96	5.4%	\$72.18	5.5%
3	\$29.75	3.9%	\$39.47	3.5%	\$61.48	5.0%	\$65.76	5.1%	\$70.45	2.6%	\$74.80	5.4%	\$78.91	5.5%
4	\$32.08	3.9%	\$41.84	3.5%	\$66.60	4.9%	\$72.06	5.1%	\$79.06	5.3%	\$81.40	5.4%	\$86.40	5.5%
5	\$32.66	3.9%	\$42.20	3.5%	\$70.84	4.9%	\$78.36	5.1%	\$84.30	5.3%	\$86.79	5.4%	\$91.67	5.5%
10	\$38.92	3.3%	\$55.98	3.5%	\$97.51	4.2%	\$108.36	5.1%	\$113.44	4.9%	\$120.55	5.3%	\$126.20	5.2%
20	\$54.34	4.2%	\$78.41	3.5%	\$149.88	5.6%	\$164.94	6.5%	\$170.81	5.6%	\$180.58	6.5%	\$184.65	2.0%
30	\$68.48	4.2%	\$96.39	3.5%	\$195.76	6.5%	\$210.18	6.5%	\$218.03	5.7%	\$232.21	6.5%	\$244.28	6.5%
40	\$83.77	4.2%	\$116.73	3.5%	\$241.61	6.5%	\$259.65	6.5%	\$271.41	5.9%	\$280.67	6.5%	\$291.58	6.5%
50	\$99.34	4.4%	\$139.58	3.5%	\$275.58	5.2%	\$303.68	6.5%	\$313.11	5.5%	\$325.76	6.1%	\$347.23	5.7%
60	\$117.73	3.6%	\$170.98	3.9%	\$324.05	6.5%	\$361.11	5.9%	\$373.52	5.3%	\$405.18	6.2%	\$411.56	3.2%
70	\$142.44	4.4%	\$205.51	3.9%	\$379.76	2.2%	\$420.60	6.5%	\$427.46	2.4%	\$465.51	6.5%	\$495.43	6.4%
100	\$206.99	4.0%	\$306.46	3.8%	\$561.92	6.5%	\$609.86	6.5%	\$616.10	4.0%	\$678.72	6.1%	\$702.34	7.0%
125	\$258.74	4.0%	\$383.08	3.8%	\$702.40	6.5%	\$762.33	6.5%	\$770.13	4.0%	\$848.40	6.1%	\$877.91	7.0%
150	\$310.48	4.0%	\$459.70	3.8%	\$842.87	6.5%	\$914.79	6.5%	\$924.15	4.0%	\$1,018.08	6.1%	\$1,053.50	7.0%

Rate increases that are higher than the announced 4.9% average.

second day air rates

In the past several years, these second day air services have seen the highest rate increases. It's likely a response to shippers commonly deferring to slower, more economical air services. Nearly all of the rates we

evaluated for both FedEx 2Day and UPS 2nd Day Air are increasing between 6.2% and 7.8%. However, when you take a look at the outliers, many of them have very modest increases or no change at all.

FedEx 2Day 2018 Standard List Rates

Two day delivery by 4:30 p.m.

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
FedEx® Envelope up to 8 oz.	**		**		**		**		**		**		**	
1	\$17.52	6.2%	\$18.26	6.3%	\$19.04	6.2%	\$21.58	6.4%	\$26.27	6.4%	\$27.75	6.5%	\$28.33	6.6%
2	\$17.82	6.2%	\$18.63	6.3%	\$19.42	6.3%	\$23.00	6.4%	\$29.06	6.4%	\$31.96	6.5%	\$33.64	6.6%
3	\$18.12	6.2%	\$19.24	6.3%	\$20.55	6.3%	\$25.33	6.4%	\$33.39	6.4%	\$37.01	6.5%	\$38.58	6.6%
4	\$18.66	6.1%	\$19.89	6.3%	\$22.24	6.3%	\$29.57	6.4%	\$38.58	6.4%	\$42.26	6.5%	\$43.90	6.6%
5	\$19.22	6.2%	\$20.55	6.3%	\$24.18	6.3%	\$32.84	6.4%	\$43.09	6.4%	\$47.09	6.5%	\$49.95	6.6%
10	\$23.04	2.0%	\$28.41	6.3%	\$35.58	6.3%	\$49.02	6.4%	\$69.23	6.4%	\$76.32	6.5%	\$78.72	6.6%
20	\$36.09	6.2%	\$42.27	6.3%	\$54.94	6.3%	\$78.62	6.4%	\$116.85	6.4%	\$126.47	6.5%	\$130.44	6.6%
30	\$47.62	4.7%	\$57.48	6.3%	\$73.95	6.3%	\$106.87	6.4%	\$160.25	6.4%	\$174.19	6.5%	\$180.16	6.6%
40	\$59.49	3.9%	\$72.50	6.3%	\$93.43	6.3%	\$134.38	6.4%	\$208.28	6.4%	\$224.66	6.5%	\$231.27	6.6%
50	\$70.16	1.4%	\$85.56	3.3%	\$110.81	6.3%	\$148.92	0.0%	\$252.30	6.4%	\$268.87	6.4%	\$276.82	4.4%
60	\$82.11	3.4%	\$100.17	4.4%	\$129.68	6.1%	\$175.02	0.0%	\$293.82	5.1%	\$315.58	5.1%	\$316.50	2.2%
70	\$93.01	0.0%	\$117.87	6.3%	\$141.28	1.0%	\$202.59	3.2%	\$330.13	6.4%	\$359.62	3.8%	\$360.08	0.0%
100	\$133.00	5.6%	\$155.00	7.6%	\$203.00	7.4%	\$295.00	6.1%	\$475.00	6.3%	\$511.00	7.8%	\$537.00	7.8%
125	\$166.25	5.6%	\$193.75	7.6%	\$253.75	7.4%	\$368.75	6.1%	\$593.75	6.3%	\$638.75	7.8%	\$671.25	7.8%
150	\$199.50	5.6%	\$232.50	7.6%	\$304.50	7.4%	\$442.50	6.1%	\$712.50	6.3%	\$766.50	7.8%	\$805.50	7.8%

Rate increases that are higher than the announced 4.9% average.

a closer look at the 2018
FedEx and UPS rate increases

UPS 2nd Day Air 2018 Daily Rates

Second day delivery by the end of the second business day; Some locations in Alaska and Hawaii require additional transit time

Zones	202		203		204		205		206		207		208	
Letter	\$17.48	6.5%	\$18.21	6.5%	\$19.01	6.5%	\$20.98	6.5%	\$25.36	6.5%	\$26.71	6.5%	\$27.08	6.5%
1 Lbs.	\$17.69	6.2%	\$18.44	6.3%	\$19.22	6.2%	\$21.40	6.5%	\$26.27	6.4%	\$27.74	6.5%	\$28.29	6.5%
2	\$17.99	6.2%	\$18.81	6.3%	\$19.60	6.3%	\$22.85	6.5%	\$29.06	6.4%	\$31.94	6.5%	\$33.59	6.5%
3	\$18.29	6.2%	\$19.42	6.3%	\$20.74	6.2%	\$25.17	6.5%	\$33.39	6.4%	\$37.01	6.5%	\$38.54	6.5%
4	\$18.84	6.1%	\$20.08	6.2%	\$22.45	6.2%	\$29.39	6.5%	\$38.58	6.4%	\$42.25	6.5%	\$43.85	6.5%
5	\$19.40	6.2%	\$20.74	6.2%	\$24.40	6.3%	\$32.55	6.5%	\$43.09	6.4%	\$47.07	6.5%	\$49.89	6.5%
10	\$23.20	2.0%	\$28.60	6.3%	\$35.82	6.3%	\$48.60	6.5%	\$69.23	6.4%	\$76.11	6.5%	\$78.61	6.5%
20	\$36.33	6.2%	\$42.57	6.3%	\$55.32	6.3%	\$77.93	6.5%	\$116.64	6.5%	\$126.11	6.5%	\$129.95	6.5%
30	\$47.84	4.7%	\$57.87	6.3%	\$74.46	6.3%	\$105.68	6.5%	\$159.95	6.5%	\$173.70	6.5%	\$179.48	6.5%
40	\$59.75	3.9%	\$72.82	6.3%	\$94.07	6.3%	\$133.19	6.5%	\$207.89	6.5%	\$224.02	6.5%	\$230.40	6.5%
50	\$70.47	1.4%	\$85.94	3.3%	\$111.56	6.3%	\$148.92	1.0%	\$251.81	6.5%	\$268.31	6.5%	\$276.82	4.7%
60	\$82.47	3.4%	\$100.61	4.4%	\$130.25	6.1%	\$175.02	1.0%	\$293.82	5.3%	\$315.58	5.4%	\$316.50	2.3%
70	\$93.43	0.0%	\$118.39	6.3%	\$141.91	1.0%	\$202.59	4.1%	\$329.50	6.5%	\$359.62	4.1%	\$360.08	0.0%
100	\$133.84	5.6%	\$154.14	6.5%	\$202.99	6.5%	\$293.21	6.5%	\$474.78	6.5%	\$506.57	7.0%	\$531.50	7.0%
125	\$167.30	5.6%	\$192.68	6.5%	\$253.15	6.5%	\$366.53	6.5%	\$593.49	6.5%	\$633.22	7.0%	\$664.38	7.0%
150	\$200.76	5.6%	\$231.21	6.5%	\$303.78	6.5%	\$439.83	6.5%	\$712.18	6.5%	\$759.86	7.0%	\$797.26	7.0%

Rate increases that are higher than the announced 4.9% average.

third day air rates

In the past, FedEx and UPS have taken some of the highest increases in the third day air services across almost all weight breaks. FedEx started to break away from the trend last year, taking increases below the

overall average in the shorter zones. For 2018, most of the increases for the mid- and long- distance zones are 7.4%, going as high as 7.8%.

FedEx Express Saver 2018 Standard List Rates

Three day delivery by 4:30 p.m.

Max Wt (lbs.)	Zone 2		Zone 3		Zone 4		Zone 5		Zone 6		Zone 7		Zone 8	
1	\$15.45	4.2%	\$15.50	4.2%	\$15.56	4.1%	\$17.32	7.4%	\$19.80	7.4%	\$20.42	7.4%	\$22.67	7.4%
2	\$15.73	4.2%	\$15.78	4.2%	\$15.84	4.1%	\$17.63	7.4%	\$21.11	7.4%	\$22.75	7.4%	\$26.33	7.4%
3	\$16.18	4.2%	\$17.26	4.2%	\$17.59	4.1%	\$19.55	7.4%	\$24.53	7.4%	\$25.46	7.4%	\$29.73	7.4%
4	\$16.46	4.2%	\$17.81	4.2%	\$19.11	4.2%	\$21.97	7.4%	\$25.82	1.9%	\$29.09	7.4%	\$34.00	7.4%
5	\$16.74	4.2%	\$18.09	4.1%	\$20.17	4.2%	\$22.86	1.9%	\$29.29	1.9%	\$32.11	7.4%	\$38.14	7.4%
10	\$19.45	3.1%	\$23.25	0.0%	\$28.97	0.0%	\$34.29	1.9%	\$45.38	1.9%	\$52.16	7.4%	\$60.40	7.4%
20	\$31.53	4.2%	\$38.99	3.4%	\$47.60	4.2%	\$57.31	7.4%	\$72.84	1.9%	\$85.76	7.4%	\$98.27	7.4%
30	\$43.73	4.2%	\$53.40	4.2%	\$65.48	4.2%	\$78.19	7.4%	\$107.01	7.4%	\$118.46	7.4%	\$135.14	7.4%
40	\$52.27	4.1%	\$63.40	4.2%	\$81.73	4.2%	\$97.81	7.4%	\$133.90	5.2%	\$149.09	7.4%	\$171.05	7.4%
50	\$62.13	3.6%	\$74.14	3.6%	\$97.02	4.2%	\$119.11	7.4%	\$152.66	1.9%	\$177.45	7.4%	\$202.99	7.4%
60	\$71.73	4.2%	\$88.87	4.2%	\$113.32	4.2%	\$139.73	7.4%	\$191.00	5.7%	\$215.72	7.4%	\$250.67	7.4%
70	\$83.52	4.2%	\$107.59	4.2%	\$133.85	4.2%	\$163.53	7.4%	\$215.13	7.4%	\$252.28	7.4%	\$293.22	7.4%
100	\$118.00	4.4%	\$145.00	7.4%	\$189.00	7.4%	\$227.00	7.6%	\$316.00	7.1%	\$349.00	7.7%	\$399.00	7.8%
125	\$147.50	4.4%	\$181.25	7.4%	\$236.25	7.4%	\$283.75	7.6%	\$395.00	7.1%	\$436.25	7.7%	\$498.75	7.8%
150	\$177.00	4.4%	\$217.50	7.4%	\$283.50	7.4%	\$340.50	7.6%	\$474.00	7.1%	\$523.50	7.7%	\$598.50	7.8%

Rate increases that are higher than the announced 4.9% average.

a closer look at the 2018
FedEx and UPS rate increases

On trend with the last few years, the majority of the increases for UPS 3 Day Select are above the stated average. They range from 0.2% to 7.4%, with zone 307 acting as an exception to averages that are otherwise on the higher side.

UPS 3 Day Select 2018 Daily Rates

Delivery by the end of the third business day

Zones	302		303		304		305		306		307		308	
1 Lbs.	\$10.63	7.4%	\$12.28	7.4%	\$13.16	7.2%	\$15.18	7.2%	\$18.80	7.0%	\$20.28	5.6%	\$21.99	6.5%
2	\$10.75	7.4%	\$13.02	7.4%	\$14.26	7.2%	\$16.72	7.2%	\$20.79	7.0%	\$22.67	5.0%	\$25.84	6.5%
3	\$11.99	7.4%	\$13.68	7.2%	\$15.59	7.2%	\$18.61	7.2%	\$24.15	7.0%	\$25.35	4.5%	\$29.46	6.5%
4	\$13.19	7.2%	\$15.07	7.2%	\$16.26	7.2%	\$20.85	7.0%	\$25.53	2.1%	\$28.72	3.9%	\$32.63	6.5%
5	\$13.99	7.2%	\$16.16	7.2%	\$17.75	7.2%	\$22.73	7.0%	\$28.56	0.9%	\$31.73	3.6%	\$36.02	6.5%
10	\$17.81	6.5%	\$21.96	6.5%	\$25.45	6.5%	\$31.83	6.5%	\$43.07	5.7%	\$49.07	2.3%	\$54.05	5.7%
20	\$25.15	5.7%	\$31.47	5.7%	\$38.39	5.7%	\$48.43	6.5%	\$68.40	5.7%	\$77.85	1.4%	\$86.94	5.7%
30	\$34.20	5.7%	\$41.30	5.7%	\$52.19	5.7%	\$65.56	5.7%	\$93.83	5.7%	\$107.63	1.0%	\$119.43	5.7%
40	\$41.86	5.7%	\$50.51	5.7%	\$65.44	5.7%	\$81.93	5.7%	\$119.64	5.7%	\$134.74	0.8%	\$150.23	5.7%
50	\$47.95	5.7%	\$61.87	5.7%	\$79.41	5.7%	\$99.75	5.7%	\$143.17	5.7%	\$161.78	0.7%	\$178.92	5.7%
60	\$56.67	5.7%	\$72.65	5.7%	\$92.49	5.7%	\$116.90	5.7%	\$169.94	5.7%	\$195.60	0.6%	\$219.62	5.7%
70	\$63.71	5.7%	\$84.61	5.7%	\$106.09	5.7%	\$135.92	5.7%	\$195.48	5.7%	\$227.56	0.5%	\$256.84	5.7%
100	\$93.22	5.7%	\$117.53	5.7%	\$148.54	5.7%	\$194.65	5.7%	\$278.52	5.7%	\$324.91	0.3%	\$363.49	5.7%
125	\$115.81	5.7%	\$143.95	5.7%	\$188.00	5.7%	\$243.21	5.7%	\$348.05	5.7%	\$406.11	0.3%	\$454.78	5.7%
150	\$137.02	5.6%	\$170.65	5.7%	\$220.78	5.7%	\$287.35	5.7%	\$417.67	5.7%	\$487.31	0.2%	\$545.76	5.7%

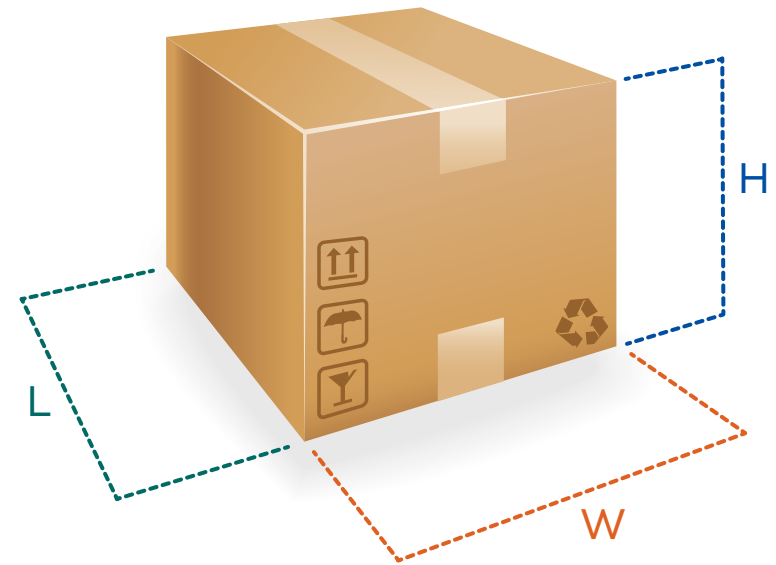
Rate increases that are higher than the announced 4.9% average.

dimensional (DIM) weight pricing

In 2017 FedEx lowered its DIM factor for domestic packages from 166 to 139. UPS held tight with 166 as the DIM factor for domestic packages 1,728 cubic inches (1 cubic foot) and under; but that's about to change. Across the board FedEx and UPS will now be using 139 as the DIM factor. Over the past several years there have been a great deal of changes to how dimensional weight is calculated or when it is applied, so in comparison, this is a minor change. However, if you ship a lot of light packages that are 1 cubic foot or smaller, take note.

The name of the DIM weight game is efficiency. Dimensional weight reflects package density, which is the total amount of space a package occupies in relation to its actual weight. The goal of FedEx and UPS is to encourage shippers to eliminate unused space in their packages, because light, bulky packages are hurting the carriers' bottom line.

To find your dimensional weight, first calculate your cubic inches (length x width x height) and then divide that by 139 (the dimensional divisor). If it's higher than your actual weight, the dimensional weight is what you will be billed on. You don't want to get stuck paying for empty, unused space so make sure to size your packaging right. Don't use oversized boxes and consolidate orders when possible.



$$\frac{(\text{length} \times \text{width} \times \text{height})}{\text{DIM factor}} = \text{DIM weight}$$

Visit [PartnerShip.com/DIMcalculator](https://www.partnerShip.com/DIMcalculator) to quickly find your billable weight.

surcharges are not immune to increases

Both FedEx and UPS also announced increases to other fees and surcharges for 2018. The table below provides a look at some of the more common fee changes and their updates for the new year.

Address corrections continue to be a costly mistake and additional handling is on the rise. In fact, UPS is increasing the additional handling surcharge another \$10 in July.

It's also important to note that FedEx is adding a 2.5% surcharge for third party billing. UPS added this new charge back in 2016, and FedEx is finally following suit. Shippers who currently use FedEx and rely on drop shipping will need to take a close look at how this will impact their costs.

Surcharges	2017	2018	% Change 2018
Delivery Area Surcharge Commercial/Extended Commercial FedEx Ground	\$2.45	\$2.55	4.1%
Delivery Area Surcharge Commercial/Extended Commercial UPS Ground	\$2.40	\$2.60	8.3%
Delivery Area Surcharge Commercial/Extended Commercial FedEx Express	\$2.60	\$2.70	3.8%
Delivery Area Surcharge Commercial/Extended Commercial UPS Air	\$2.55	\$2.75	7.8%
Delivery Area Surcharge Residential FedEx Express, FedEx Ground	\$3.90	\$4.00	2.6%
Delivery Area Surcharge Residential UPS Air	\$3.80	\$4.05	6.6%
Delivery Area Surcharge Residential FedEx Home	\$3.35	\$3.45	3.0%
Delivery Area Surcharge Residential UPS Ground	\$3.25	\$3.50	7.7%
Delivery Area Surcharge Extended Residential FedEx, UPS	\$4.20	\$4.40	4.8%
Residential Delivery Charge FedEx Express, FedEx Ground	\$3.85	\$4.15	7.8%
Residential Delivery Charge FedEx Home Delivery	\$3.45	\$3.60	4.3%
Residential Delivery Charge UPS Air	\$4.00	\$4.15	3.8%
Residential Delivery Charge UPS Ground	\$3.40	\$3.60	5.9%
Address correction FedEx	\$14.00	\$15.00	7.1%
Address correction UPS	\$13.40	\$15.90	18.7%
Additional Handling UPS Ground, UPS Air*	\$10.85	\$12.00	10.6%
Additional Handling FedEx Express, FedEx Ground*	\$11.00	\$12.00	9.1%
Oversize Charge FedEx Express, FedEx Ground	\$72.50	\$80.00	10.3%
Unauthorized Packages Charge FedEx Ground	\$115.00	\$300.00	160.9%
Over Maximum Limits UPS Ground, UPS Air	\$150.00	\$500.00	233.3%
Large Package UPS Ground, UPS Air*	\$70.00	\$80.00	14.3%
Third-Party Billing UPS	2.5%	2.5%	0.0%
Third-Party Billing FedEx	--	2.5%	--

*Will increase an additional \$10.00 July 8, 2018

large packages will cost you big

Surcharges for oversized packages are exploding – and not just during the peak holiday season. Not only are they increasing at a higher rate than most surcharges, they are by far the most costly. The highest for 2018 being a \$500 fee for packages qualified as Over Maximum Limits. It's easy to get confused about when your package qualifies as large, oversized, etc. Here's how they are defined:

- **Oversized charge (FedEx Express and FedEx Ground):** Applies to packages that exceed 96 inches (previously 108 inches for express) in length or 130 inches in length and girth, effective January 22.
- **Ground Unauthorized Charge (FedEx Ground):** Applies to packages that measure more than 108 inches in length, measure more than 165 inches in length and girth combined, or weigh more than 150 lbs.
- **Over Maximum Limits (UPS):** Applies to packages that weigh more than 150 lbs., exceed 108 inches in length, or exceed a total of 165 inches in length and girth combined.
- **Large Package (UPS):** Applies to packages that exceed 96 inches in length (new for 2018) or 130 inches in length plus girth. These packages are also subject to a minimum billable weight of 90 lbs.



*a closer look at the 2018
FedEx and UPS rate increases*



The steep rise in these surcharges is a direct response to the growing number of large and bulky items like furniture and sports equipment being shipped. Items that you never would've considered ordering online a decade ago, like mattresses, have become more and more common. The automated systems FedEx and UPS use to sort and process shipments can't handle these larger packages, so they require special handling – which is why they're passing the buck to the shipper.

in conclusion

As it has been in the past, the real effect of the 2018 rate increases depend on what you ship, where you ship it, and your package characteristics. The important takeaway is that the announced 4.9% average increase paints an inaccurate and incomplete picture of the true impact to your business.

If you find yourself confused by base rates, average increases, surcharges, and DIM weight pricing – rest assured that PartnerShip® is here to help. Businesses that enroll in one of our exclusive shipping programs receive significant savings and valuable tools at no cost. Let one of our shipping experts provide you with a [free, no obligation shipping analysis](#) to ensure you are getting the most for your shipping dollars and help offset these increases.





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