



Assessment of 2020 FedEx Rate & Accessorial Increases

FedEx Announces Higher Rates for Shippers in 2020 FedEx Announces Accessorials to Increase as high as 30% More Services Impacted by Fuel Surcharge

FedEx announced their General Rate Increase on Monday evening, September 16th, a month and a half earlier than last year's announcement on November 5th, but in line with the announcement timeline 2 years ago. FedEx announced that the Ground and Home Delivery rates, as well as the Express and International rates, will increase an average of 4.9%, as it did last year. New this year the Fuel Surcharge will now be applied to Additional Handling, Signature Options, and COD shipments.

It is important to realize that these announced rate increases are only averages and the impact to your company could vary greatly. **To determine the real impact of this rate increase to your *specific business and shipments* contact AFMS for a detailed rate impact analysis at 800-246-3521 or visit us at www.afms.com.**

GROUND

FedEx has announced that Ground and Home Delivery rates will increase by 4.9%.

- **Home Delivery Surcharge:** The HD Surcharge will increase \$0.20 (5.3%) to \$4.00.
- **Delivery Area Surcharge:** Ground Commercial DAS will increase by \$0.25 (9.3%) to \$2.95. Home Delivery DAS will increase by \$0.35 (9.6%) to \$4.00, while Home Delivery DAS – Extended will cost \$5.40, up 16% from 2019. These increases are nearly double, or more, than last year.

This is the fourth year in a row that the Ground 1 LB Zone 2 package (the ground minimum) has increased at a lower rate, 4.84%, than the announced increase, 4.9%. Last year it increased only 3.56%, so this is slightly ramping back up this year. Despite the 4.9% increase and low minimum increase, the average increase of packages 1-70 LBS took an increase of 5.2%, higher than the announced 4.9%. Similar to last year, the largest increases occur in the mid weight longer zones with increases as high as 5.72%.

Zones 2-8	
1-5 lbs.	4.5%
6-15 lbs.	5.2%
16-20 lbs.	5.0%
21-30 lbs.	5.0%
31-70 lbs.	5.4%
71-150 lbs.	4.7%

	2	3	4	5	6	7	8	Overall Zone 2-8
1 - 150 lbs.	4.9%	4.9%	5.0%	5.0%	4.8%	5.0%	4.8%	4.9%
1 - 5 lbs.	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
1 - 70 lbs.	5.2%	5.1%	5.3%	5.3%	5.1%	5.3%	5.0%	5.2%
71 - 150 lbs.	4.7%	4.7%	4.8%	4.7%	4.6%	4.7%	4.7%	4.7%

Contact AFMS for a detailed cell by cell rate impact analysis



Overall, Ground MWT is true to the announced increase, as you will see from the chart below.

Tier	Weight	2	3	4	5	6	7	8
01	200 to 499lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	500 to 999lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	1000lbs. or more	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
02	200 to 499lbs.	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	500 to 999lbs.	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	1000lbs. or more	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
03	200 to 499lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	500 to 999lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	1000lbs. or more	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
04	200 to 499lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	500 to 999lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	1000lbs. or more	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
05	200 to 499lbs.	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%
	500 to 999lbs.	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%
	1000lbs. or more	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%
06	200 to 499lbs.	5.2%	4.9%	5.2%	5.2%	5.2%	5.2%	5.2%
	500 to 999lbs.	5.2%	4.9%	5.2%	5.2%	5.2%	5.2%	5.2%
	1000lbs. or more	5.2%	4.9%	5.2%	5.2%	5.2%	5.2%	5.2%
07	200 to 499lbs.	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
	500 to 999lbs.	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
	1000lbs. or more	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
08	200 to 499lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	500 to 999lbs.	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	1000lbs. or more	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%

FedEx Air & International:

FedEx has announced that Air and International rates will increase by 4.9%, same as in 2019.

- **Air Residential Surcharge:** The Residential Surcharge will increase \$0.25 (5.7%) to \$4.65, compared to 6.0% in the previous year.
- **Delivery Area Surcharge:** Air Commercial DAS will increase by \$0.25 (8.8%) to \$3.10. Air Residential DAS will increase by \$0.20 (4.5%) to \$4.40, while Air Residential DAS – Extended will cost \$5.40, up 16% from 2019. Again, for the most part these have gone up considerably from last year.

The overall increase for Priority Overnight zones 2-8 is 5.77%, above the average, yet quite a bit lower than last year's 6.4%. Priority Overnight is taking some major increases, as high as 9.85% in some longer zones. Shippers with higher weight PO packages will see larger than average increases this year. Standard Overnight shows an overall increase of 5.25%, lower than last year's 5.7% increase. Additionally, the heavy weight long zone SO packages increased 6.9%. Two Day Air packages take a slightly larger increase than PO and SO at 5.94% overall, considerably lower than the 7.2% from a year ago. Some heavy weight shipments to AK/HI Rural will increase 7.7%. Typically, Express Saver is taking the largest domestic express increase at 7.1% on average, very similar to last year's increase of 7.3% when this service also had the largest express increase. The following tables outline the rate increases by service, zone, and weight breaks of Letter, 1 – 70 lbs., and 70 – 150 lbs. Please see the attached addendum for cell by cell specific increases.



Overall	2	3	4	5	6	7	8	Overall Zone 2-8
Priority Overnight	3.4%	3.5%	4.2%	4.4%	4.9%	6.7%	7.2%	4.9%
Standard Overnight	3.8%	3.9%	4.0%	4.1%	4.5%	6.6%	6.6%	4.8%
Two Day	4.7%	5.9%	4.9%	5.9%	5.6%	6.2%	5.7%	5.6%
Express Saver	6.1%	7.1%	7.0%	6.9%	6.8%	7.9%	7.9%	7.1%

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.7%	7.9%	7.9%
6.9%	--	6.9%
6.5%	7.2%	6.8%
--	--	--

Letters	2	3	4	5	6	7	8	Overall Zone 2-8
Priority Overnight	3.9%	4.9%	4.9%	6.3%	6.9%	7.9%	7.9%	6.1%
Standard Overnight	3.8%	4.6%	4.9%	5.9%	6.9%	7.9%	7.9%	6.0%
Two Day	--	--	--	--	--	--	--	--
Express Saver	--	--	--	--	--	--	--	--

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.9%	7.9%	7.9%
7.9%	--	7.9%
--	--	--
--	--	--

1 - 70 lbs.	2	3	4	5	6	7	8	Overall Zone 2-8
Priority Overnight	3.9%	3.9%	4.9%	4.8%	4.9%	6.7%	6.9%	5.1%
Standard Overnight	3.9%	3.9%	4.9%	4.8%	4.9%	6.9%	6.6%	5.1%
Two Day	4.9%	4.9%	4.9%	5.9%	5.6%	6.0%	6.2%	5.5%
Express Saver	6.8%	6.8%	6.9%	6.9%	6.9%	7.9%	7.9%	7.2%

AK/HI Metro	AK/HI Rural	AK/HI Origin
6.7%	6.9%	6.9%
6.9%	--	6.9%
6.6%	6.9%	6.9%
--	--	--

71 - 150 lbs.	2	3	4	5	6	7	8	Overall Zone 2-8
Priority Overnight	3.0%	3.1%	3.5%	4.1%	4.9%	6.7%	7.5%	4.7%
Standard Overnight	3.8%	3.8%	3.2%	3.5%	4.2%	6.4%	6.5%	4.5%
Two Day	4.5%	6.7%	4.9%	5.8%	5.6%	6.4%	5.4%	5.6%
Express Saver	5.5%	7.4%	7.1%	6.9%	6.7%	7.9%	7.8%	7.1%

AK/HI Metro	AK/HI Rural	AK/HI Origin
8.5%	8.8%	8.8%
6.8%	--	6.8%
6.5%	7.4%	6.8%
--	--	--

Contact AFMS for a detailed cell by cell rate impact analysis

The following is a 2019 vs. 2020 look at some high profile FedEx International Priority export lanes. Most International Priority cells are increasing over the 4.9% announced increase over 5 lbs, while the letter and under 5 lbs cells are taking increases less than the announced 4.9%. China increased 5.6% overall this year, down from 6.4% last year and the majority of the high volume shipping lanes saw increases of around 5.6%. Across the board, this year's int'l increase is slightly lower compared to 2019 overall, but if you are a heavy international shipper take note of your shipping distribution as that will have a great effect on your actual increase.

Export	CN	UK, FR, NL	HK, TW, SG	JP	CA	MX
Ltr	4.5%	4.5%	4.3%	4.3%	4.5%	4.2%
1 - 5 lbs.	5.0%	4.5%	4.6%	4.6%	4.5%	4.5%
1 - 100 lbs.	5.6%	5.8%	5.8%	5.8%	5.8%	5.8%

Contact AFMS for a detailed cell by cell rate impact analysis

FedEx List Rates vs. UPS List Rates

Once UPS announces their rate increase we will include a comparison between the two carriers.



Key Accessorial Changes

Changes in Miscellaneous Charges from the FedEx 2020 Daily Rates Announcement:

- Air Delivery Area Surcharge Commercial: +\$0.25 to \$3.10
- Air Delivery Area Surcharge Commercial Extended: +\$0.75 to \$3.60
- GRD Delivery Area Surcharge Commercial: +\$0.25 to \$2.95
- GRD Delivery Area Surcharge Commercial Extended: +\$0.25 to \$2.95

- Air Delivery Area Surcharge Residential: +\$0.20 to \$4.40
- HD Delivery Area Surcharge Residential: +\$0.35 to \$4.00
- Air DAS Residential Extended: +\$0.75 to \$5.40
- HD DAS Residential Extended: +\$0.75 to \$5.40

- HD Residential Delivery Charge: +\$0.20 to \$4.00
- Air Residential Delivery Charge: +\$0.25 to \$4.65

- Saturday P/U & Delivery: No Change

- Additional Handling: +\$1.50 to \$15.00 (Package/Dimensions)
+\$4.00 to \$24.00 (Weight)

- Address Correction: +\$1.00 to \$17.00

- Express Dangerous Goods: Accessible: +\$7.00 to \$105.00
Inaccessible: +\$2.50 to \$51.50

- Hazardous Materials: +\$2.00 to \$37.00

- Oversize Surcharge: +\$10.00 to \$100.00
- Oversize Surcharge Home Delivery: +\$30.00 to \$120.00
- Unauthorized Package Charge: +\$200 to \$875

- C.O.D.: +\$1.00 to \$15.50

- Delivery Confirmation: +\$0.25 to \$5.25 for Indirect Signature Required
+\$0.25 to \$5.25 for Direct Signature Required
+\$0.30 to \$6.35 for Adult Signature Required

It is important to realize that these announced rate increases are only averages and the impact to your company could vary greatly. If you have any questions on this market report, on the 2020 rate increase, including a complete cell by cell analysis by service, or if you are looking for details that were not covered here, please contact AFMS at (800) 246-3521.