



Breakdown of 2021 FedEx Rate Announcement

FedEx Announces Higher Rates for Shippers in 2021 “New Normal” includes Freight and Accessorial Increases upwards of 9.5% FedEx Introduces 6% late payment fee “Frozen Tiers” to end October 2020

FedEx announced their 2021 General Rate Increase on Monday evening, September 14th. Overall, FedEx Ground Home Delivery, Express and International rates, will increase an average of 4.9%. Accessorials, fees and surcharges will see an increase of 4.9% -9.5%. While base freight rates mirror last year’s rate increase of 4.9%, Accessorial fees and surcharges will continue to add to the carrier’s bottom line. Although Smartpost and Ground Multi-Weight service increases have yet to be posted, suffice to say they are on their way.

Given the recent rounds of Peak charges introduced over the past few months, 2021 Rate increases should be of no surprise. Due to the ecommerce explosion, rising costs, capacity and yield management concerns, carriers have gone on the “offensive”. If you were fortunate enough to have your revenue tiers temporarily “frozen” due to COVID, FedEx will be thawing them out in mid-October. If all of these changes are not enough to digest, you will also want to make sure you pay your bill on time or else you will receive a 6% late payment fee, courtesy of FedEx.

Keep in mind that these increases are only “service level” averages, while fees and surcharges will incur entirely different increases. Each company’s impact is uniquely dependent on a variety of factors. Let AFMS help you sort out the changes and how they will affect your business. **Contact AFMS for a detailed 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 \$0.35 (8.75%) to \$4.35.
- **Delivery Area Surcharge:** Ground Commercial DAS will increase by \$0.15 (5.08%) to \$3.10
- **Home Delivery DAS** will increase by \$0.30 (7.5%) to \$4.30, while Home Delivery DAS – Extended will cost \$5.90, up 9.26% from 2020. These increases are steadily rising over and above last year.

Focus on lightweight packages continues for 2021. Ground, Zone 2, 1lb package (the ground minimum) has increased at slightly higher rate (6.44%) than the announced 4.9% while packages in the 1-5lb category increased on average 5.96% -7.04%.

	2	3	4	5	6	7	8
1	6.44%	5.94%	5.99%	6.05%	6.04%	5.97%	5.97%
2	5.96%	5.97%	6.99%	7.02%	7.00%	7.00%	6.96%
3	7.03%	6.98%	6.99%	6.97%	7.03%	7.04%	7.02%
4	7.04%	6.01%	7.04%	7.01%	6.98%	7.00%	6.98%
5	5.98%	6.02%	5.99%	6.04%	6.01%	6.00%	7.01%



A breakdown of Ground weight-breaks (see tables below) will further illustrate the focal point for 2021. Application of the rate increase is relatively constant across all weight breaks and all zones. A shift from last year's application that weighted mid weight longer zone packages with proportionately higher increases.

Average Increase 1-70lbs. Z 2-8	5.09%
All 2-8	4.90%
1-5 lbs. Z 2-8	6.56%
6-15 lbs. Z 2-8	4.89%
16-20lbs. Z 2-8	4.90%
21-30lbs. Z 2-8	4.70%
31-70lbs. Z 2-8	5.07%
71-150 lbs. Z 2-8	4.74%

Weight Break(s)	2	3	4	5	6	7	8	Overall Zones 2-8
1-150 lbs.	5.13%	4.93%	4.99%	4.90%	4.73%	4.78%	4.84%	4.90%
1-5 lbs.	6.49%	6.18%	6.60%	6.62%	6.61%	6.60%	6.79%	6.56%
1-70 lbs.	5.41%	5.18%	5.26%	5.15%	4.81%	4.83%	4.96%	5.09%
71-150 lbs.	4.88%	4.72%	4.75%	4.67%	4.66%	4.74%	4.74%	4.74%

Contact AFMS for a detailed cell by cell rate impact analysis

Ground Multi-Weight and Smartpost changes have not yet been announced.

FedEx Air & International:

FedEx has announced that Air and International rates will increase by 4.9%, same as in 2020.

- **Air Residential Surcharge:** The Residential Surcharge will increase \$0.30 (6.45%) to \$4.95, compared to 5.7% in the previous year.
- **Delivery Area Surcharge:** Air Commercial DAS will increase by \$0.15 (4.84%) to \$3.25. Air Residential DAS will increase by \$0.30 (6.82%) to \$4.70, while Air Residential DAS – Extended will increase by \$0.50 (9.26%) to \$5.90. Rural and Super Rural extended delivery areas continue to get hit the hardest

Priority Overnight overall average increase is 4.74% (Zones 102-108). Slightly lower than last year's 5.77%. Priority Overnight Letter will incur a higher than average increase at 6.03% vs. 4.04% for package. Shippers with longer zone (5-8) PO packages will continue to bear the brunt of larger than average increases (5.8%-6.9%) in 2021, while smaller short zone (2-4) merely bring down the overall average.

Standard Overnight shows a slightly lower average increase of 4.3% (Zones 132-138) vs the announcement but lower than last year's increase of 5.25%. SO increases actually appear to be "decreasing" over the past two years. Heavy weight long zone SO packages, on the other hand, will realize anywhere from 4.72%-6.90% increase.

Two Day Air packages will increase an average of 5.04%. Slightly higher than both PO and SO services. Although the application of the increase is consistent from a weight perspective, longer zone packages will receive a higher increase of approximately 5.9%.



Express Saver once again exhibits the largest “overall” average increase of 5.37%, with some increases up to 7.9% (Zones 306-308) depending on weight. Continued emphasis on the 1-10 lb. weight breaks should serve as another indicator of the light-weight package influx seen in the FedEx network.

The following tables outline the rate increases by service, zone, and weight breaks of Letter, 1 – 70 lbs., and 70 – 150 lbs.

Overall	2	3	4	5	6	7	8	Overall Zones 2-8
Priority Overnight	2.18%	2.21%	3.64%	4.49%	4.14%	5.96%	5.73%	4.05%
Standard Overnight	3.26%	3.23%	3.44%	3.71%	3.48%	5.91%	5.72%	4.11%
Two Day	4.85%	5.10%	4.81%	5.54%	5.45%	5.87%	5.87%	5.36%
Express Saver	4.68%	5.30%	5.20%	4.82%	4.90%	5.88%	6.81%	5.37%

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.05%	7.05%	4.97%
6.67%	-	3.31%
5.88%	5.87%	1.12%
-	-	-

Letters	2	3	4	5	6	7	8	Overall Zones 2-8
Priority Overnight	3.87%	4.89%	5.78%	6.90%	6.88%	7.88%	7.88%	6.30%
Standard Overnight	3.86%	4.89%	4.89%	5.88%	5.89%	6.89%	6.89%	5.60%
Two Day	-	-	-	-	-	-	-	-
Express Saver	-	-	-	-	-	-	-	-

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.89%	7.89%	1.02%
6.90%	-	6.89%
-	-	-
-	-	-

1-70 lbs.	2	3	4	5	6	7	8	Overall Zones 2-8
Priority Overnight	2.05%	2.08%	3.80%	4.46%	4.16%	5.83%	5.64%	4.00%
Standard Overnight	3.27%	3.83%	4.44%	3.68%	3.44%	5.80%	5.53%	4.28%
Two Day	4.89%	4.89%	4.89%	5.89%	5.87%	5.90%	5.90%	5.46%
Express Saver	5.84%	6.77%	4.09%	6.86%	6.34%	1.48%	3.40%	4.97%

AK/HI Metro	AK/HI Rural	AK/HI Origin
6.77%	6.77%	2.86%
6.70%	-	1.22%
5.90%	5.90%	1.21%
-	-	-

71-150 lbs.	2	3	4	5	6	7	8	Overall Zones 2-8
Priority Overnight	2.09%	2.06%	2.98%	4.09%	3.71%	5.83%	5.58%	3.76%
Standard Overnight	3.24%	2.67%	2.55%	3.72%	3.49%	5.99%	5.87%	3.93%
Two Day	4.81%	5.28%	4.75%	5.23%	5.08%	5.86%	5.84%	5.26%
Express Saver	4.83%	6.49%	6.17%	5.91%	6.11%	6.66%	7.00%	6.17%

AK/HI Metro	AK/HI Rural	AK/HI Origin
7.23%	7.22%	6.23%
6.70%	-	1.22%
5.87%	5.84%	1.03%
-	-	-

Contact AFMS for a detailed cell by cell rate impact analysis



FedEx International Priority Export services will incur an overall increase of 5.68% which is slightly higher than the general announcement of 4.9%, but a close match to last year's 5.6%. You may see increases ranging from (1.00 % to 6.80%), depending on package characteristics as well as destination country/zone. Application of the increases seem to be evenly spread over all weight breaks.

	Canada	Canada	Mexico	UK, France, Italy, Germany Netherlands	Poland, Russia, Czech Republic, Bulgaria	Russia, China, Hong Kong, Taiwan	Japan, South Korea	Norway, Denmark, Finland Portugal, Spain, Switzerland	US Virgin Islands, Bahamas, Cayman Islands, Dominican Republic	Australia, New Zealand, Malaysia, Thailand, Vietnam	Egypt, Israel, Turkey, UAE	Argentina, Colombia, Costa Rica, Panama, Venezuela	Albania, Ukraine, Nigeria	China	India, Pakistan, Bangladesh
Wt. Break	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Letters	3.74%	4.19%	5.05%	3.52%	6.27%	5.37%	5.00%	5.13%	5.88%	5.39%	5.14%	5.36%	6.26%	75.09%	5.07%
1-5 lbs.	4.47%	4.48%	5.39%	5.40%	6.38%	5.52%	5.40%	5.40%	5.80%	5.52%	5.52%	19.58%	6.90%	5.52%	5.40%
1-100 lbs.	5.21%	5.46%	6.20%	6.43%	5.94%	6.63%	6.60%	6.59%	5.67%	6.59%	2.51%	4.79%	5.94%	6.60%	4.01%

FedEx International Economy Export services will see an overall increase of 4.88% which falls in line with the general announcement of 4.9%. However, you may see increases ranging from (1.12% to 6.80%), again depending on package characteristics as well as destination country/zone. Keeping consistent with application of increases across all cells and zones.

	Canada	Canada	Mexico	UK, France, Italy, Germany Netherlands	Poland, Russia, Czech Republic, Bulgaria	Russia, China, Hong Kong, Taiwan	Japan, South Korea	Norway, Denmark, Finland Portugal, Spain, Switzerland	US Virgin Islands, Bahamas, Cayman Islands, Dominican Republic	Australia, New Zealand, Malaysia, Thailand, Vietnam	Egypt, Israel, Turkey, UAE	Argentina, Colombia, Costa Rica, Panama, Venezuela	Albania, Ukraine, Nigeria	China	India, Pakistan, Bangladesh
Wt. Break	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1-5 lbs.	5.64%	5.64%	4.00%	5.80%	5.92%	5.82%	5.90%	5.78%	1.00%	5.60%	5.88%	1.92%	4.44%	5.60%	1.92%
1-100 lbs.	6.55%	6.47%	2.57%	6.33%	6.08%	4.25%	5.82%	6.57%	1.02%	6.67%	6.26%	1.53%	4.40%	6.29%	2.30%

FedEx International Priority Import services will carry an overall increase of 5.14%. Expect to see increases in the range of 2.89%-7.90%. Slightly lower increases in the Letter category

	Canada	Mexico	UK, France, Italy, Germany Netherlands	Poland, Russia, Czech Republic, Bulgaria	Hong Kong, Philippines	Japan, South Korea	Norway, Denmark, Finland Portugal, Spain, Switzerland	US Virgin Islands, Bahamas, Cayman Islands, Dominican Republic	Australia, New Zealand, Malaysia, Thailand, Vietnam	Egypt, Israel, Turkey, UAE	Argentina, Colombia, Costa Rica, Panama, Venezuela	Albania, Ukraine, Nigeria	China	India, Pakistan, Bangladesh	Taiwan, China
Wt. Break	A	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Letters	1.01%	5.87%	1.10%	1.06%	5.89%	1.05%	1.03%	6.01%	1.03%	5.89%	5.90%	3.87%	5.88%	6.01%	4.86%
1-5 lbs.	5.64%	5.64%	4.00%	5.80%	5.92%	5.82%	5.90%	5.78%	1.00%	5.60%	5.88%	1.92%	4.44%	5.60%	1.92%
1-100 lbs.	2.90%	5.89%	5.90%	2.62%	5.90%	3.90%	3.90%	7.90%	5.90%	5.34%	5.90%	4.82%	5.90%	6.38%	4.90%

FedEx International Economy Import services will see a slightly lower increase 4.76% vs. the Priority Import category. Similar ranges in the vicinity of 2.90%-5.90%. Slightly higher increases in the Letter category

	Canada	Mexico	UK, France, Italy, Germany Netherlands	Poland, Russia, Czech Republic, Bulgaria	Hong Kong, Philippines	Japan, South Korea	Norway, Denmark, Finland Portugal, Spain, Switzerland	US Virgin Islands, Bahamas, Cayman Islands, Dominican Republic	Australia, New Zealand, Malaysia, Thailand, Vietnam	Egypt, Israel, Turkey, UAE	Argentina, Colombia, Costa Rica, Panama, Venezuela	Albania, Ukraine, Nigeria	China	India, Pakistan, Bangladesh	Taiwan, China
Wt. Break	A	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Letters	5.89%	5.90%	5.90%	1.89%	5.90%	2.90%	5.89%	3.90%	5.90%	2.50%	5.90%	6.87%	5.89%	5.90%	5.89%
1-5 lbs.	5.89%	5.90%	5.90%	1.90%	5.90%	2.90%	5.90%	3.90%	5.90%	2.82%	5.90%	3.45%	5.90%	5.90%	5.90%
1-100 lbs.	5.89%	5.88%	5.90%	1.81%	5.83%	2.90%	5.83%	3.34%	5.87%	2.87%	5.80%	2.77%	5.86%	4.97%	5.88%



Key Accessorial Changes

Changes in Miscellaneous Charges from the FedEx 2021 Standard Rates Announcement:

Accessorial/Fee/Surcharge	Increase	% Change
Air Delivery Area Surcharge Commercial:	+\$0.15 to \$3.25	4.84%
Air Delivery Area Surcharge Commercial Extended:	+\$0.25 to \$3.85	6.94%
GRD Delivery Area Surcharge Commercial:	+\$0.15 to \$3.10	5.08%
GRD Delivery Area Surcharge Commercial Extended:	+\$0.25 to \$3.70	7.25%
Air Delivery Area Surcharge Residential:	+\$0.30 to \$4.70	6.82%
HD Delivery Area Surcharge Residential:	+\$0.30 to \$4.30	7.50%
Air DAS Residential Extended:	+\$0.50 to \$5.90	9.26%
HD DAS Residential Extended:	+\$0.50 to \$5.90	9.26%
HD Residential Delivery Charge:	+\$0.35 to \$4.35	8.75%
Air Residential Delivery Charge:	+\$0.30 to \$4.95	6.45%
Saturday P/U & Delivery:	No Change	
Additional Handling:	+\$1.00 to \$16.00 (Package/Dimensions) +\$1.50 to \$25.50 (Weight)	6.67% 6.25%
Address Correction:	+\$1.00 to \$18.00	5.88%
Express Dangerous Goods:	Accessible: +\$10.00 to \$115.00 Inaccessible: +\$3.00 to \$54.50	9.52%
Hazardous Materials:	+\$2.00 to \$39.00	5.41%
Oversize Surcharge:	+\$5.00 to \$105.00	5.00%
Oversize Surcharge Home Delivery:	+\$10.00 to \$130.00	8.33%
Unauthorized Package Charge:	+\$45 to \$920	
C.O.D.:	+\$1.00 to \$16.50	6.45%
Delivery Confirmation:	+\$0.30 to \$5.55 for Direct Signature Required +\$0.35 to \$6.70 for Adult Signature Required	5.71% 5.51%

FedEx List Rates vs. UPS List Rates

We will continue to monitor for the UPS 2021 Rate Increase and will provide a side-by-side comparison once information becomes available.

*****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 2021 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.**



Amendment One:

SmartPost, AH definition change, Holiday schedule and On Time Performance.

As promised AFMS has closely monitored FedEx announcements as they have been made available. The following updates will add to the previously announced breakdown.

Please keep in mind that these increases are only “service level” averages. Any specific detailed impact analysis will be made available by **contacting AFMS at 800-246-3521 or visiting us at www.afms.com**.

Smartpost

FedEx announced (September 19, 2021) that SmartPost rates will increase, effective January 04, 2021.

Application of the increases seem to be evenly spread over all weight breaks.

Continued reliance and demand on the SmartPost service has been on the forefront of carrier discussion boards for quite some time. FedEx is clearly looking to adjust their rates based on cost to serve and USPS increases. Difference is that FedEx has been on a mission to “take back” packages previously tendered to the USPS. In part to control USPS uncertainty as well as address capacity issues. A common theme for 2020. Increases averaging between 5.94%-7.34 % can be expected in the 1-9LB weight break. Slightly higher in the 10-70 lbs., clocking in at 5.87% -7.89%. Percentages will vary depending on actual distribution patterns.

In addition, the DAS (delivery area surcharge) for Contiguous US has increased by a “whopping” 20.5% to \$2.35, while Extended, AK/HI will surge by slightly less at 20.4% to \$2.95. (see table below for GRI/DAS breakdown)

Smartpost (1lb or Greater) avg. rate increase 6.63%

Average Increase 1-70lbs. Z 2-8	6.63%
All 2-8	6.63%
1-5 lbs. Z 2-8	6.56%
6-15 lbs. Z 2-8	5.81%
16-20lbs. Z 2-8	6.67%
21-30lbs. Z 2-8	6.39%
31-70lbs. Z 2-8	6.89%

Smartpost Delivery Area Surcharge	2021	2020	\$ Diff	% Inc.
DAS-US Contiguous 48	\$2.35	\$1.95	\$0.40	20.5%
DAS-US Contiguous 48-Extended	\$2.95	\$2.45	\$0.50	20.4%
DAS-Alaska	\$2.95	\$2.45	\$0.50	20.4%
DAS-Hawaii	\$2.95	\$2.45	\$0.50	20.4%

Additional Handling

Equally important, FedEx will change the criteria for packages subject to additional handling surcharges. In 2020, the surcharge for weight with Express and Ground domestic packages applies if a package has an actual weight greater than 50 lbs. Effective January 18, 2021, there will be a different story as to how additional handling charges are assessed.

Additional Handling Surcharge will be assessed for FedEx Express and FedEx Ground packages, with a surcharge applying to any package that measures greater than 48 inches along its longest side and measures greater than 30 inches along its second-longest side and has an actual weight greater than 50 pounds, for FedEx U.S. Express Package Services and U.S. Ground Services or an actual weight greater than 70 pounds for FedEx International Express Package Services and International Ground Services

A surcharge will be applied to any Express and Ground package greater than 105 inches in length and girth.



Holiday Schedule

A common question asked every year by shippers around the holiday season is...

When do we need to ship our packages to ensure delivery by December 25th, 2020 ?

Want to make sure you get your packages delivered in time before December 25, 2020?

Pay special attention to the FedEx Holiday service commitment (by service level)

Service Level

Cut-off Date:

FedEx Priority Overnight®	Wednesday, December 23
FedEx Standard Overnight®	Wednesday, December 23
FedEx 2Day® A.M.	Tuesday, December 22
FedEx 2Day®	Tuesday, December 22
FedEx Express Saver®	Monday, December 21
FedEx Ground	Tuesday, December 15
FedEx Home Delivery	Tuesday, December 15
FedEx SmartPost	Wednesday, December 9

On Time Performance

Due to COVID, weather, the e-commerce explosion and general buying behavior, there is no doubt that Ground On- Time delivery performance will be affected. Ground service is the preferred service level used for e-commerce shippers during the holidays. In addition, the plan to hire up to 70K temporary workers will undoubtedly add a new dimension to the “customer experience”.

Lets’ take a look at how FedEx is doing....

<u>Ground (Domestic U.S)</u>	<u>On time Performance</u>
FedEx Ground	82.69%
FedEx Home Delivery	85.29%
***COVID, weather, addtl security	
** Plan to hire 70K Temporary	

FedEx List Rates vs. UPS List Rates

As always, AFMS will continue to monitor for any changes with respect to the FedEx 2021 rate Increase. Side by side comparisons between both FedEx and UPS will be made available once UPS makes an announcement

Contact AFMS for a detailed analysis at 800-246-3521 or visit us at www.afms.com.