



NEWS

MAY 2021

MARCO OFFICE SUPPLY, FURNITURE & PRINTING, INC.

IT'S A COMING...

**Just like the Amtrack's Acela Express Freight Train traveling at 150 miles an hour,
so are price hikes on paper, steel, and fuel.**

So, what does this have to do with you, the consumer? Let us start with fuel. That affects every consumer the most. The price in a month and a half of 2021 has increased 21 times!! This is an indirect cost to all products purchased because "somebody has to pay" for the fuel to deliver products using trucks, trains, planes and freighters. Amazon Prime may say free delivery; however, the cost must be placed somewhere, and it's usually added to the products. Check your big box stores, the last time we experienced a price increase in gas, they included a fuel charge on your invoice. Funny how it never came off your invoice, even when the price of fuel went down. At Marco Office Supply, let's just say we don't increase prices unless we absolutely have to.

An example of "have to" is paper. Why is paper going up?

- **Increased fuel prices** which we have just discussed.
- **Increased pulp prices** - According to the Producer Price Index the cost of pulp and raw materials has increased over 25% in the last 12 months. This is due to increased operating cost such as higher quality environmental standards and the demand for paper packaged products. So, all of you on-line buyers feel you are saving money. Not so, in fact you have increased the demand for supply such as boxes and envelopes and created a shortage. Time to think twice.
- **Imposed Tariffs** - Plenty of lawsuits claiming that companies out of the country such as Canada (for example) placed a Washington based mill at a disadvantage with their lower cost of manufacturing. Tariffs were eventually lifted when the case was settled; however, monkey see, monkey do.

Canada imposed tariffs on our US tissue, toilet and paper towel export. I'm sure you most likely figured out the rest of the story.

- **Closing Mills** – Rising operational cost and decreased demand for certain types of paper (many businesses going paperless) have forced mills react. For example, Georgia Pacific has scaled back operations and reduced capacity. Others have gone totally out of business or re-focused their efforts on more profitability such as containerboard.

- **Shifting exchange rates** – Fluctuations in currency have impacted the US paper market and led to price hikes as demand has fallen in favor of lower cost options.

What about steel prices?

Without going into a long economic dissertation, it is the push for price rise for finished steel products that came from global price growth observed from raw materials prices of iron ore and coking coal. Let us just leave it at, the Chinese appetite for these products played a major part.

What do we do?

- Become a smarter consumer. It is just like the circle of life; one affects the other, just as in the example listed in the second bullet point of paper pricing. Somewhere, somehow down the line a piece of the puzzle is affected.
- Stock up if you can. Sometimes prices can go down as fast as they go up. If you know your average use of six-to-twelve-month supply; buy now at the lower price. We have a huge warehouse and can stock your items. This includes copy paper, thermal roles, engineering and architectural roll paper.

Of course – shop local.

We are on your side, the local business in town, and just like you, we work on solutions.