

CPI & a new kind of inflation

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Agenda: March 27, 2026

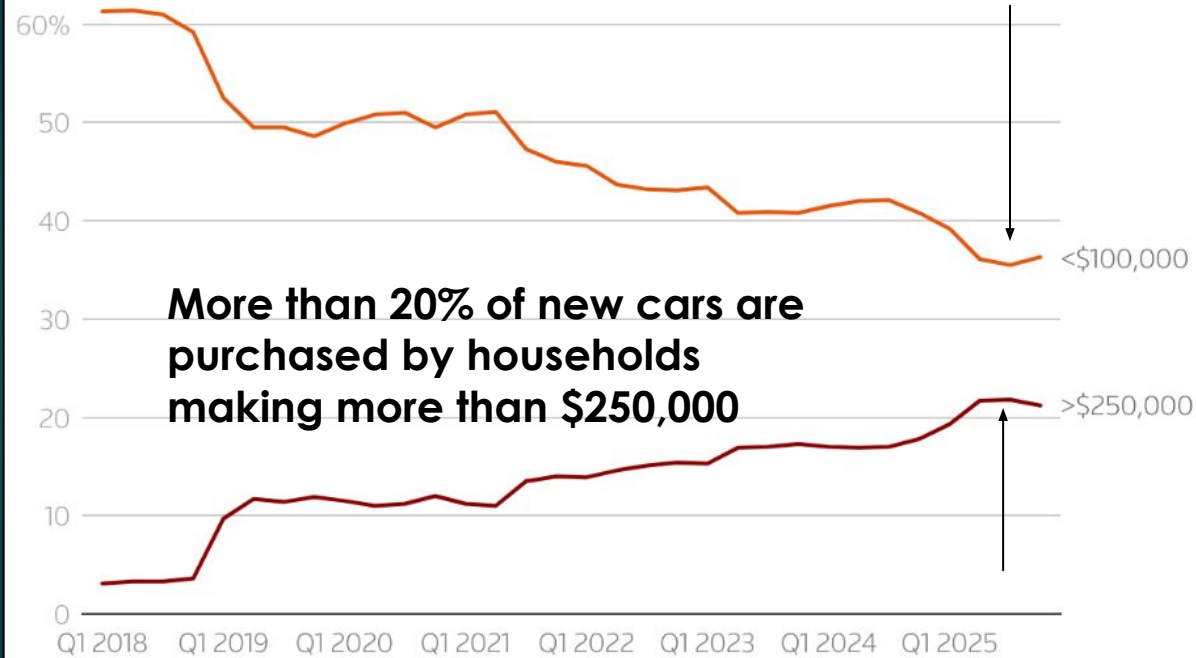
CPI & a new kind of inflation

CPI Feb. 2026: 1.8%

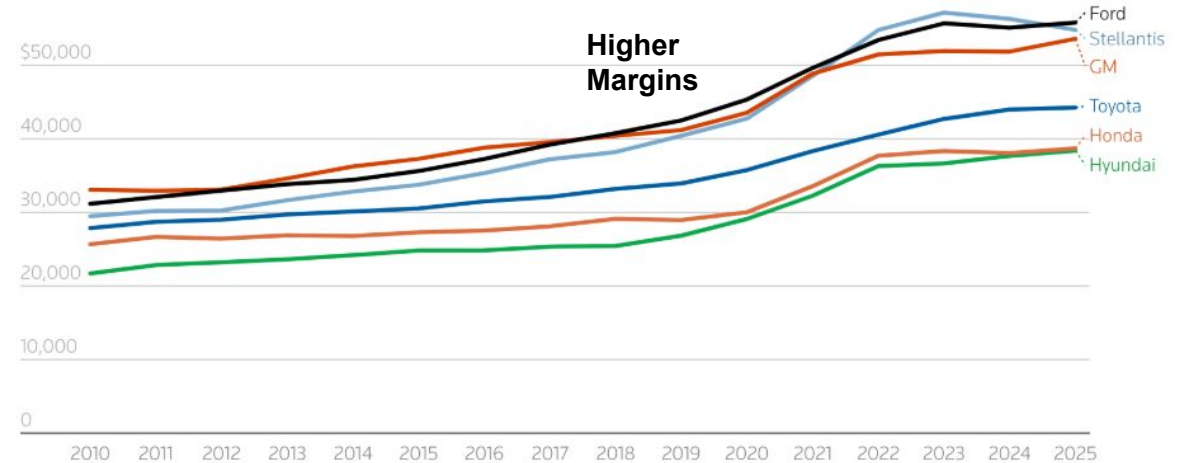
Prices for new cars have soared. Here's one big reason why.

Reuters: March 11, 2026, Updated March 11, 2026

Share of automotive transactions by household income



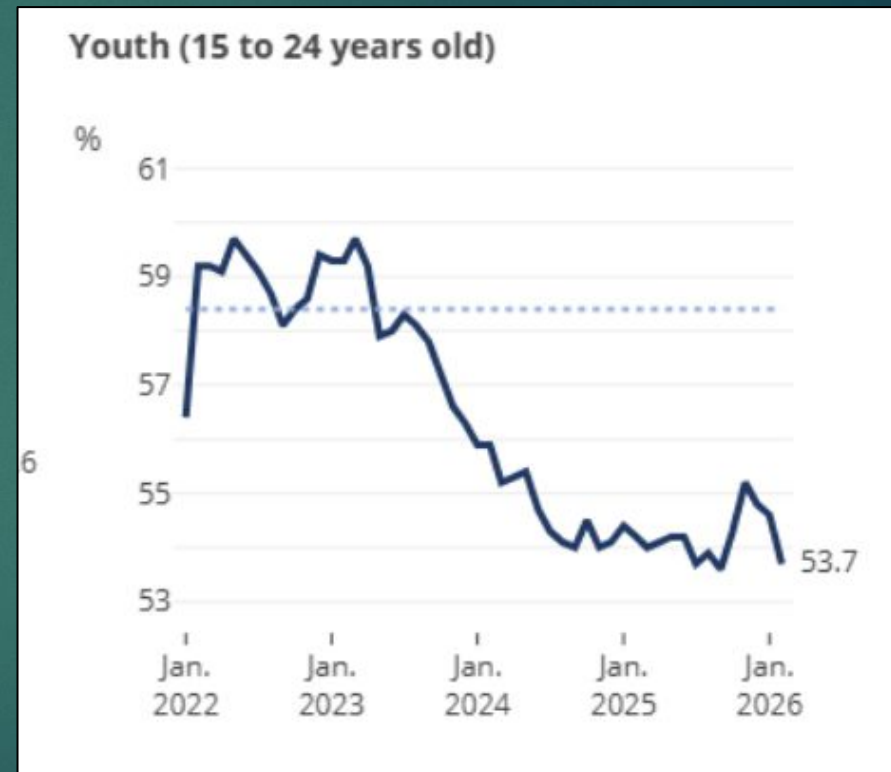
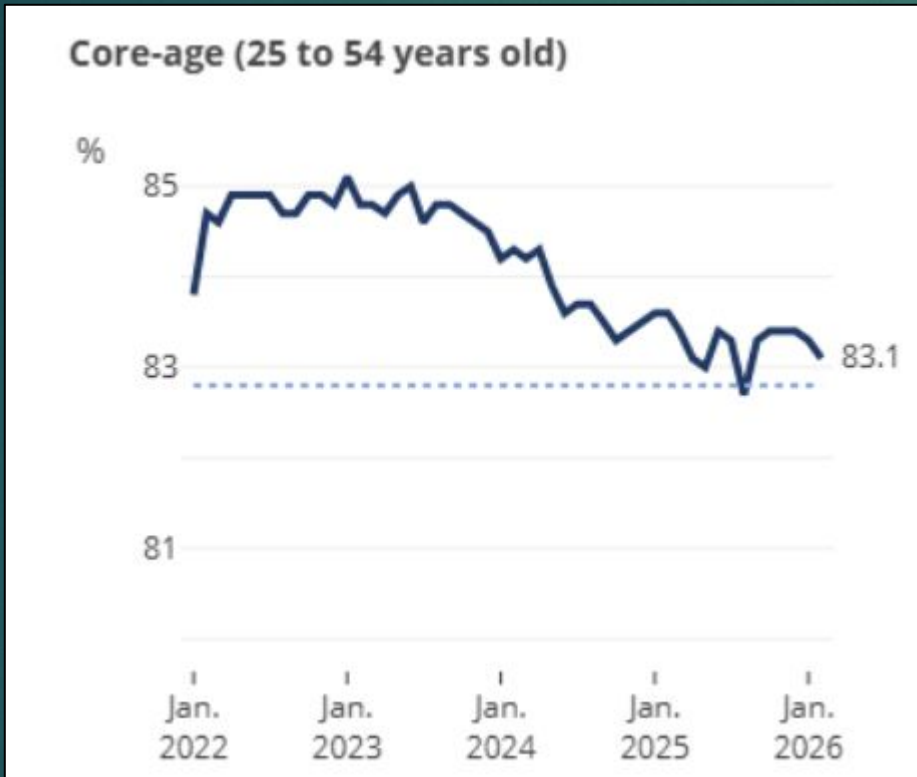
Average transaction price across automaker lineups



Employment reversal after several monthly gains

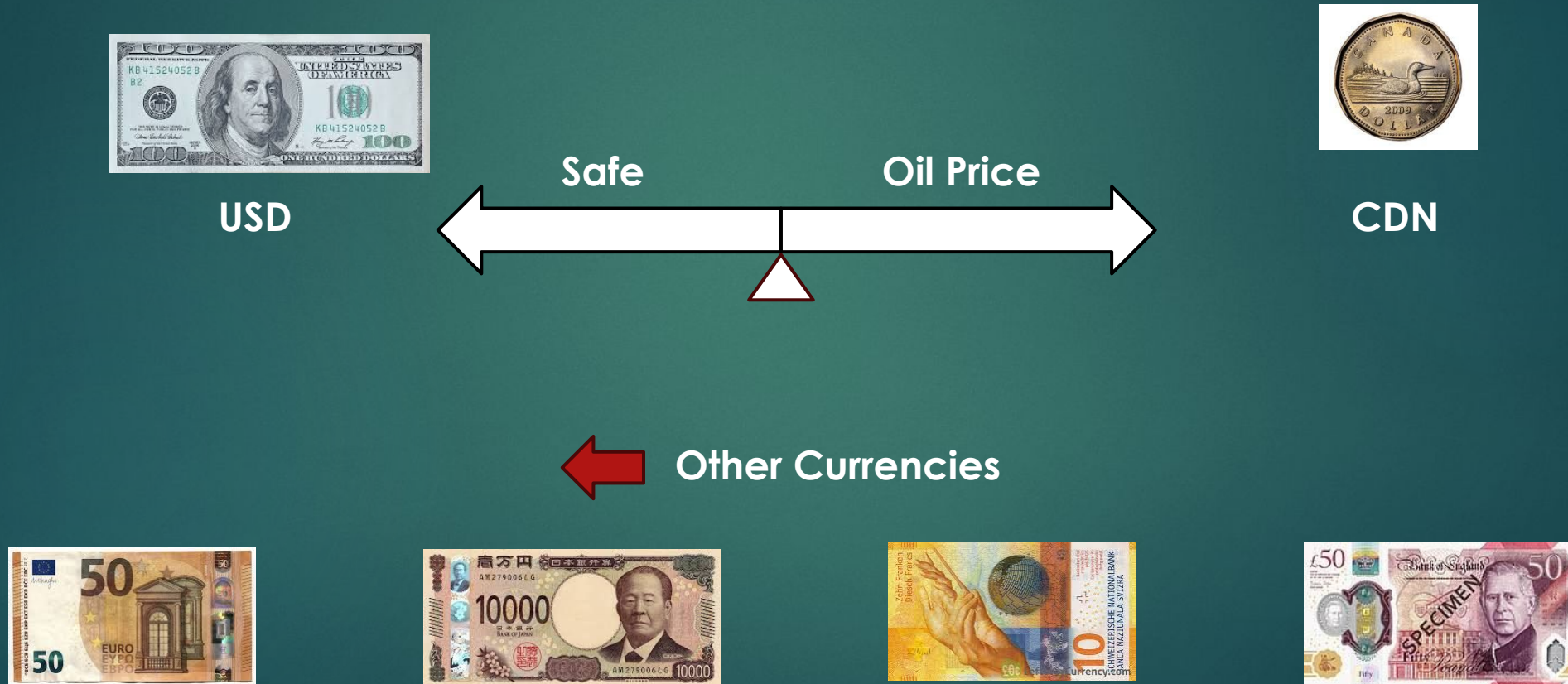
Employment: - 0.4 , 60.2%

Unemployment: +.2 , 6.7%



Foreign Exchange: Time to buy but not USD

In February 2026, the USD to CAD exchange rate hovered around the 1.36 – 1.37 (.735 - .73) range.



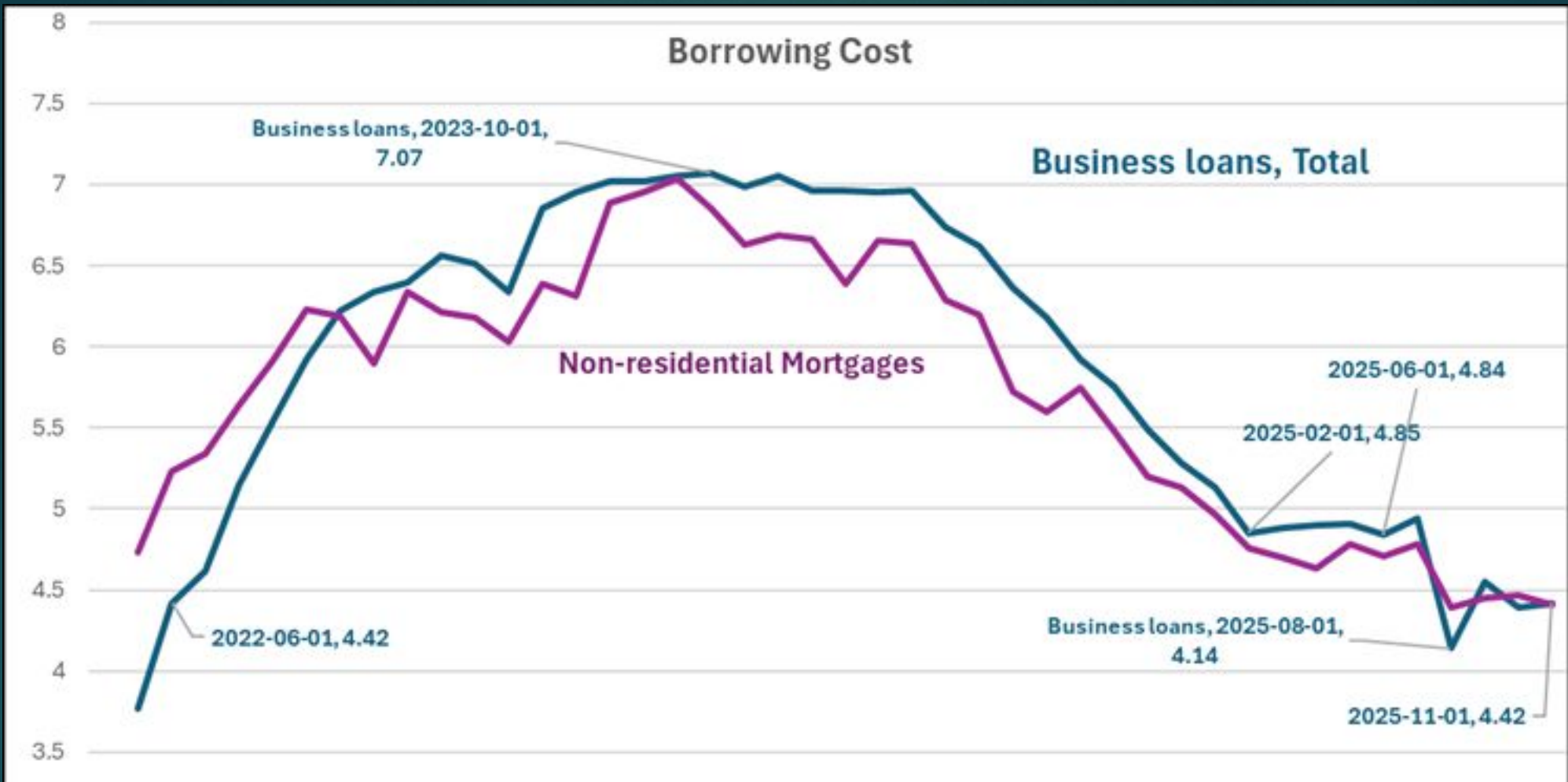
Overhead, Operating Margins and Sourcing

Overhead is one of the most powerful—and often underestimated—drivers of profit margin compression in 2026.

- Energy and goods costs exploded in 2022 but quickly retreated by mid-2023 as fuel prices normalized and supply chains finally cleared.
- Overhead costs didn't budge. Overhead costs follow services inflation and, in many cases, continued to rise.
- Overhead Cost Structure: Primarily wage-driven, slow to unwind, and locked in through multi-year contracts, leases, and rate resets.

Where to start

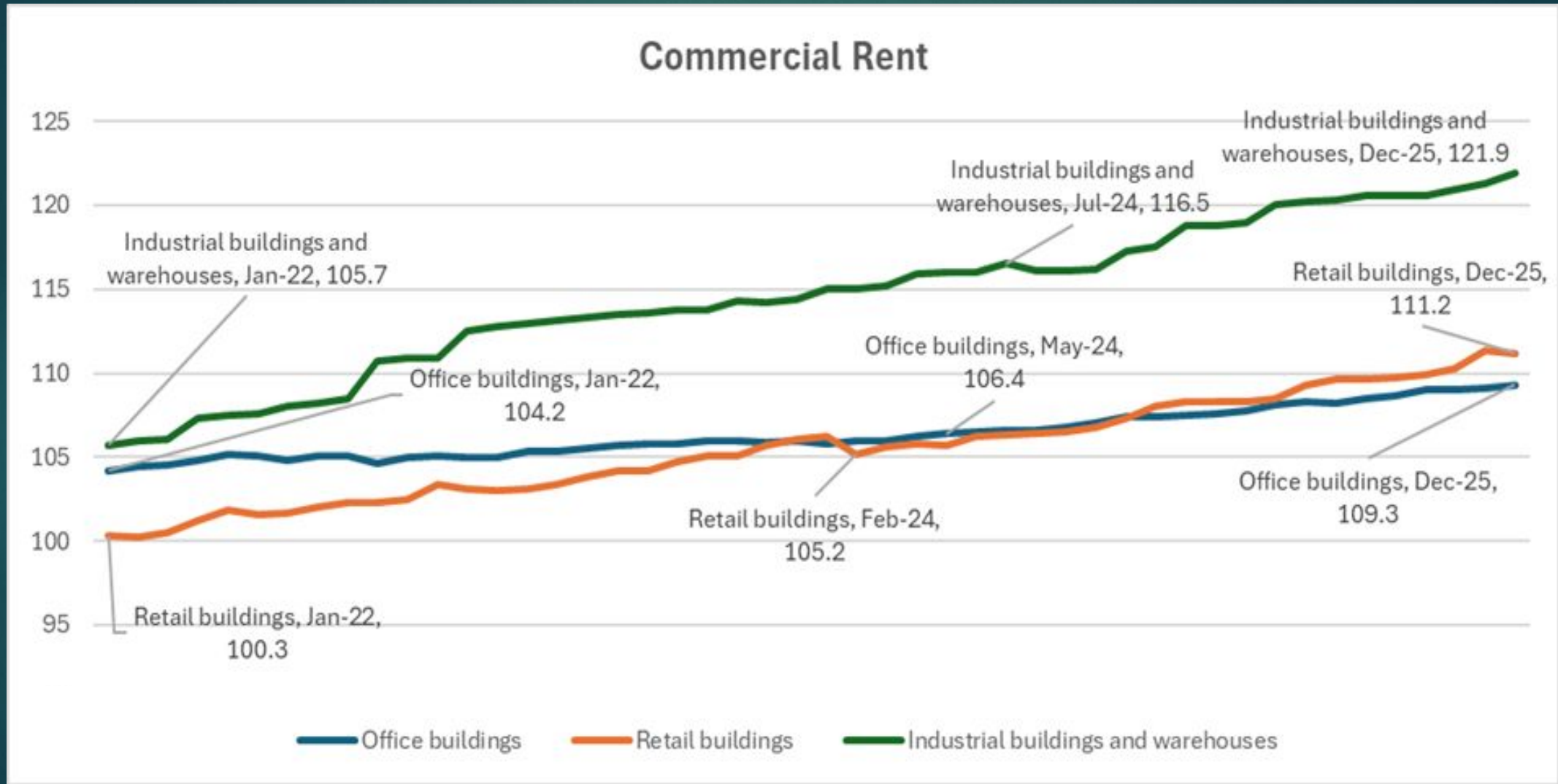
| Industry | Typical Overhead Share of Revenue | Margin Sensitivity |
|-----------------------|-----------------------------------|--------------------------------------|
| Manufacturing | 20–35% | High—energy, maintenance, compliance |
| Professional services | 40–60% | Very high—labour + office + software |
| Retail | 25–40% | High—rent + logistics |
| Tech/SaaS | 30–50% | Moderate—cloud + talent |

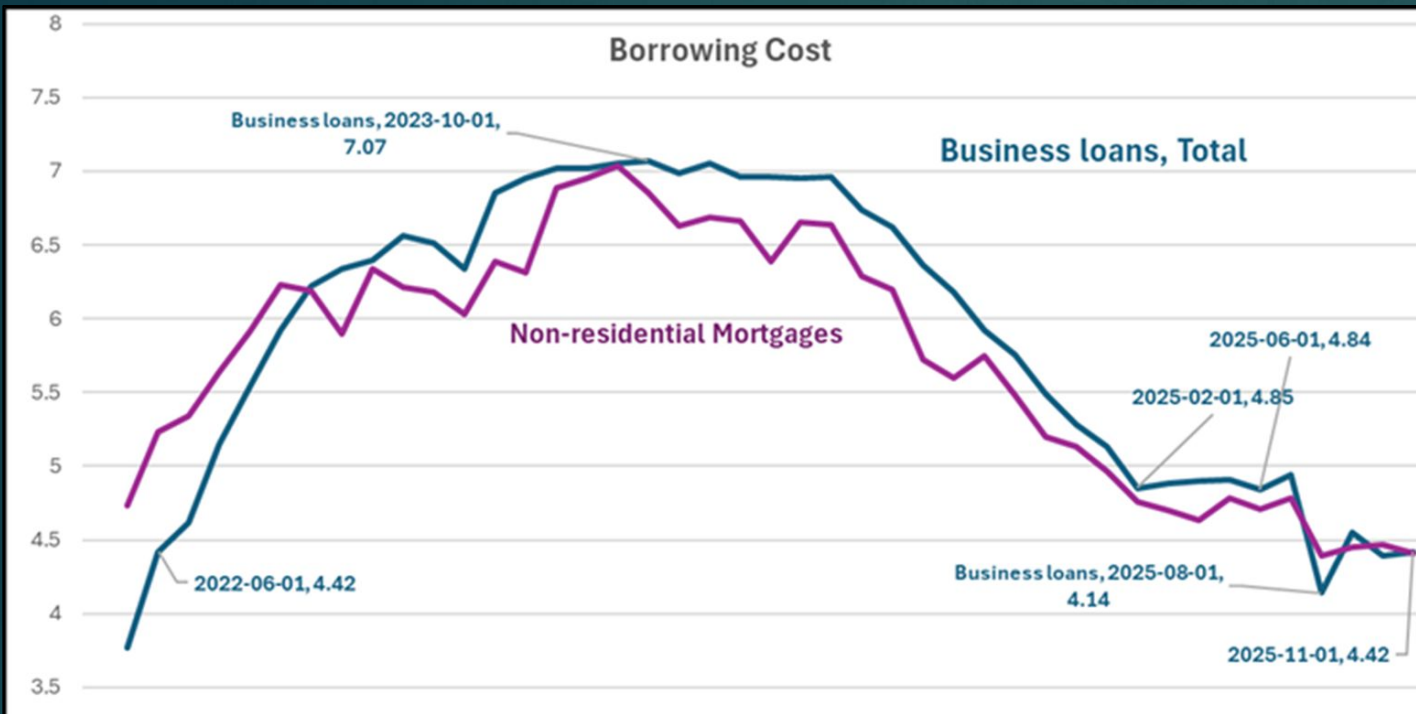


Actual commercial lending rates vary by collateral, credit quality, and relationship, the trend is unmistakable: borrowing costs began easing sharply in 2024.

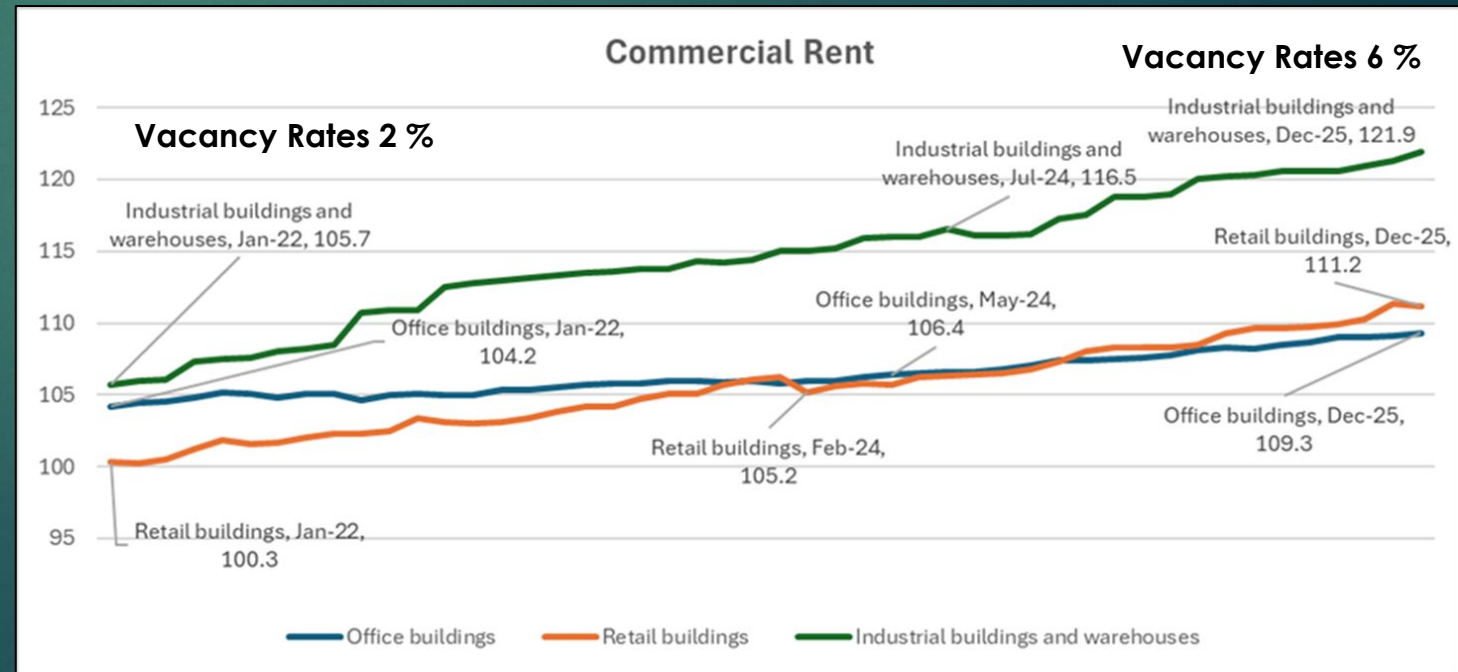
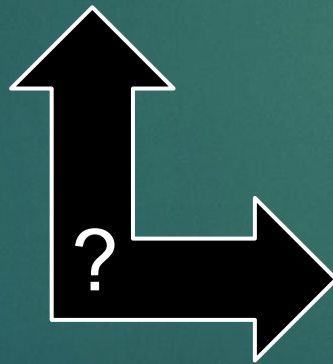
As with most suppliers, banks rarely lead with their most competitive pricing. Meaningful savings often emerge only when clients create competitive tension or signal credible switching risk.

Largest costs is interest on mortgage.





- Interest rates down
- Vacancy Rates up



Transportation Indexes (4 years)

Trucking: 6.2% -12.2

Rail: 14.5% - 15%

Courier: 13% - 26%

- Benchmark against the current market frequently.
- Right-Size the Service Level (Many businesses pay for speed they don't need.)
- Consolidate Volume Intelligently (Combine deliveries by geography, customer type, or time window.)
- Use Multiple Delivery Channels (The market is no longer just UPS/FedEx/postal.)



How much have their services increased?

Hourly Pay Rate

3 years



| North American Industry Classification System (NAICS) | Jan-22 | Jan-23 | Jan-24 | Jan-25 | Dec-25 | Var | % |
|---|--------|--------|--------|--------|--------|------|-------|
| Office administrative services | 28.16 | 36.61 | 35.84 | 29.13 | 32.28 | 4.12 | 14.6% |
| General freight trucking | 28.02 | 27.89 | 28.45 | 29.61 | 30.97 | 2.95 | 10.5% |
| Specialized freight trucking | 28.33 | 30.10 | 30.20 | 30.91 | 32.10 | 3.77 | 13.3% |
| Warehousing and storage | 23.79 | 25.06 | 24.85 | 24.95 | 27.29 | 3.50 | 14.7% |
| Local messengers and local delivery | 20.94 | 21.95 | 20.70 | 22.93 | 23.31 | 2.37 | 11.3% |
| Couriers | 23.38 | 24.17 | 25.39 | 25.55 | 25.24 | 1.86 | 8.0% |
| Legal services | 26.07 | 32.77 | 30.71 | 36.87 | 33.97 | 7.90 | 30.3% |
| Services to buildings and dwellings | 21.54 | 23.26 | 23.86 | 24.58 | 25.27 | 3.73 | 17.3% |

Sourcing

Sourcing services is fundamentally different from purchasing products. When you buy products, you typically know exactly what you need — specifications are fixed, comparable, and quality is fairly easy to measure.

Instead of a single defined item, you are evaluating a multi-component delivery model.

In effect, you're purchasing a coordinated system of deliverables that must operate together to create value.

1. Introduction & Background
2. Scope of Work / Requirements
3. Proposal Instructions
4. Commercial Terms
5. Evaluation Criteria
6. Supplier Qualifications
7. Appendices

Example:

Aircraft

- FedEx 376
- UPS 295 (more trucks than FedEx)
- Amazon 110 (larger ground fleet)

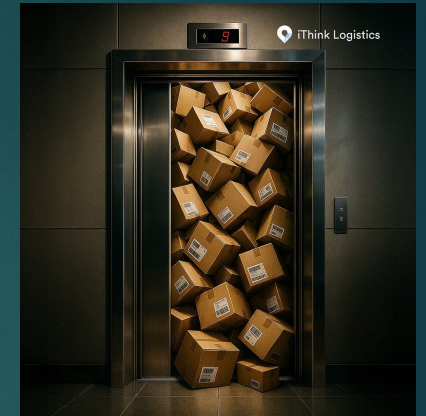
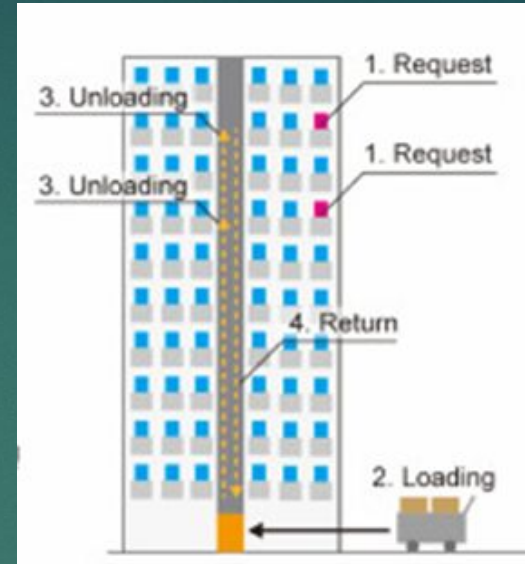


**UPS:
Louisville**




BUT

- Building: 600 printers and copiers (paper, toner, maintenance, stationery, storage etc. etc.)
- All Offices: 17,000 printers and copiers



Fastest across the world.



You're not instructing the supplier on how to perform the work — you're asking them to design the solution by applying their own systems, processes, and management discipline.

Success depended on creating a relationship where your commercial model and the delivery model can be shaped together.

Sourcing services is a learning experience. The service sector operates differently from goods—different drivers, different processes. Many providers offer broader capabilities than are immediately visible. Stay open to their suggestions; most will try to win all your business by bundling services for the strongest overall price. Sound familiar.



Is distribution a product or a
service?

Is a printer a product or service?

Depends on how you do it?

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