

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



March 2025

[www.cottoninc.com](http://www.cottoninc.com)

**Macroeconomic Overview:** Policy uncertainty clouds the outlook for the macroeconomy and for U.S. apparel sourcing. Questions involving trade, geopolitics, and fiscal decisions linger over markets.

Tariff increases were proposed in two separate pushes. The first occurred around the end of January. In that round, the U.S. proposed increases in duties for goods sourced from Mexico, Canada, and China. The proposed increases for Mexico and Canada were delayed, while the 10% increase for China went into effect February 4<sup>th</sup>.

A second push for tariff increases occurred more recently, with implementations scheduled for March 4<sup>th</sup>. In this round, 25% tariff increases were set for Mexico and Canada. However, several product categories were excluded soon after these increases were put into effect. Goods from China were subjected to another 10% increase (bring total rate increases for China in 2025 to 20%). Retaliations for this group of tariff increase were announced by China and Canada. Mexico has not announced a reaction.

It is unknown when the cycle of tariff negotiations may wind down, and it is also unknown what the precise implications are for the economy. Tariffs may have an inflationary effect, which could influence consumer spending and lead the Federal Reserve to make a move on interest rates.

In recent comments, the Federal Reserve underlined its balancing act, indicating that it will monitor both the labor market and inflation to support both aspects of its dual mandate (to promote full employment while holding inflation near two percent).

**Employment:** The U.S. economy was estimated to have added +151,000 jobs in February. This figure is slightly higher than the volume from January and near the average over the past year. Employment at the federal government declined last month, but most of the recent government layoffs occurred too late in the reporting window for current jobs data. Revisions to previous months were mixed, with the figure for December increasing (+16,000 to +323,000) and the figure for January decreasing (-18,000 to +125,000). The twelve-month average for job gains is +162,000.

The unemployment rate rose slightly from 4.0% to 4.1%. This is within the tight range between 3.9% and 4.2% that has held the rate since February 2024. Values below five percent have been rare historically, but the unemployment rate has been below this level since late 2021.

Average hourly earnings increased +4.1% year-over-year in February. Wage growth has slowed relative to the post-stimulus high of +7.0% (February 2022). Over the past twelve-months, wage growth has been stable between 4.0% and 4.2%. These values are higher than anything experienced in the period between the financial crisis and the pandemic. Recent values have also been higher than the overall rate of inflation (CPI +3.0% year-over-year in January). Wage growth has been stronger than inflation since early 2023, and the rate of wage growth has been more than one percentage point higher than the inflation rate for the past seven months.

**Consumer Confidence & Spending:** The Conference Board's Consumer Confidence Index declined -7.0 points in February (to 98.3). This represented the third consecutive monthly decline and the largest monthly decrease since August 2021. The index remains a few points above the four-year low recorded in July of 2022. Despite the string of decreases, the current level remains within the range between 95 and 115 that has contained values since 2021.

Overall consumer spending decreased to -0.5% month-over-month 2025 in January. This was the first monthly decrease since January 2024. Year-over-year, overall spending was +3.0% higher. In contrast, spending on garments was +1.1% higher month-over-month, but up only +1.5% year-over-year.

**Consumer Prices & Import Data:** The CPI for garments decreased -1.6% month-over-month and was only +0.4% higher year-over-year in January. Retail apparel prices worked their way successively higher after COVID. Levels over the past two years have been above those set between 2012 and 2014 (after the 2010/11 fiber price spike) and were the highest values since the early 2000s. Between 2012 and 2014, CPI values approached values as high as 123.0. More recently, the CPI for clothing appears to have established a plateau and has been flat to lower.

Import volumes have surged in recent months. In each month with data since October, the weight volume of apparel (all fibers) imported into the U.S. has been up by +15% or more year-over-year. In the latest month with data (January), shipments were up +26% year-over-year. There are several factors that could explain the increase. These include inventory stabilization after a period of drawdown, a push to bring in imports ahead of tariff increases, and potential restrictions on de minimis shipments.

## U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators		Spending & Sourcing	Textiles	Currencies & Cotton	
GDP Growth	Consumer Conf.	Consumer Prices	Apparel Imports	Weighted Index	Europe
Interest Rates	Housing	Consumer Spending	U.S. Textile Production	Asia	Fiber Prices
ISM Indices	Employment	Inventory/Sales	U.S. Textile Exports	The Americas	
Leading Indicators	Income & Savings		Polyester PPI		

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U.S. Macroeconomic Indicators & Cotton Prices  
March 2025



## Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q2 : 2024	Q3 : 2024	Q4 : 2024		
Growth in US Real GDP	2.9%	2.8%	3.1%	3.1%	3.0%	3.1%	2.3%	% Chg. Quarter/Quarter	Department of Commerce

### Macroeconomic Series with Latest Data for February

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	December	January	February		
ISM Index of Manufacturing Activity	52.4	48.6	48.9	50.1	49.2	50.9	50.3	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.5	52.5	53.9	53.4	54.0	52.8	53.5	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.6	103.5	105.8	104.4	109.5	105.3	98.3	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	115.4	162.3	190.7	199.7	323	125	151	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	4.1%	4.1%	4.1%	4.1%	4.0%	4.1%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.6%	5.0%	4.6%	4.4%	4.5%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	2.8%	4.3%	4.3%	4.5%	4.4%	4.6%	4.5%	Interest rate	Federal Reserve

### Macroeconomic Series with Latest Data for January

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
Index of Leading Economic Indicators	110.0	102.3	101.7	101.7	101.8	101.8	101.5	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.3	1.5	1.4	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.0	4.1	4.1	4.2	4.2	4.3	4.1	Annual pace, millions of units	National Association of Realtors

## Industrial & Textile Data

Industrial & Textile Series with Latest Data for January	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
US Industrial Production	100.5	102.7	102.7	102.8	102.9	102.6	103.5	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	137.6	154.3	156.1	156.5	154.7	154.7	160.2	Index, December 2003=100	Bureau of Labor Statistics

### Industrial & Textile Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.0	1.8	1.8	1.6	1.9	1.7	1.2	million 480lb bales	USDA ERS

### Industrial & Textile Series with Latest Data for January

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
US Textile Mill Inventory/Shipments Ratio	1.59	1.69	1.70	1.73	1.73	1.71	1.74	Ratio	Department of Commerce

## Retail Data

Retail Series with Latest Data for January	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
US Real Consumer Spending									
All Goods and Services	3.0%	2.9%	3.1%	3.1%	3.2%	3.1%	3.0%	% Chg. Year/Year	Department of Commerce
Clothing	5.4%	2.1%	1.7%	1.6%	2.2%	1.1%	1.5%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.2%	2.9%	2.7%	2.9%	2.7%	2.9%	3.0%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.3%	0.8%	1.2%	0.9%	1.4%	1.5%	0.4%	% Chg. Year/Year	Bureau of Labor Statistics

### Retail Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.3	2.3	2.3	Value of inventory over value of sales	Department of Commerce
Department Stores	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Value of inventory over value of sales	Department of Commerce

# Executive Cotton Update

Daily Cotton Price and Currency Data

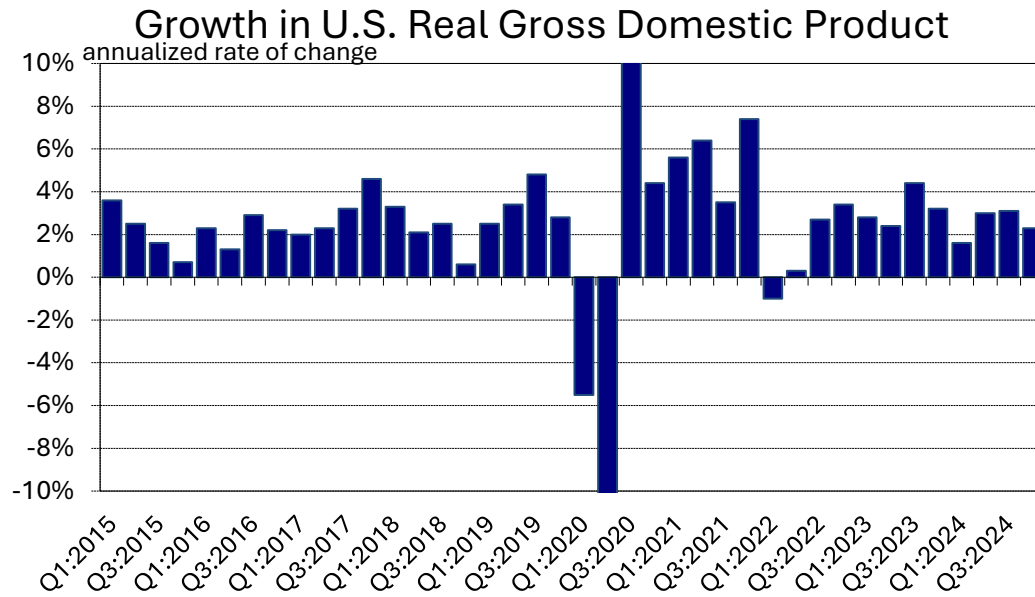
March 2025



Daily Cotton Price Data		Recent Averages				Averages over Recent Months			Unit	Source
		5-year	1-year	6-month	3-month	December	January	February		
NY Nearby		85.9	73.2	69.2	67.6	69.4	67.5	66.3	cents/pound	ICE
A Index		96.5	83.5	80.5	78.5	79.9	78.2	78.0	cents/pound	Cotlook

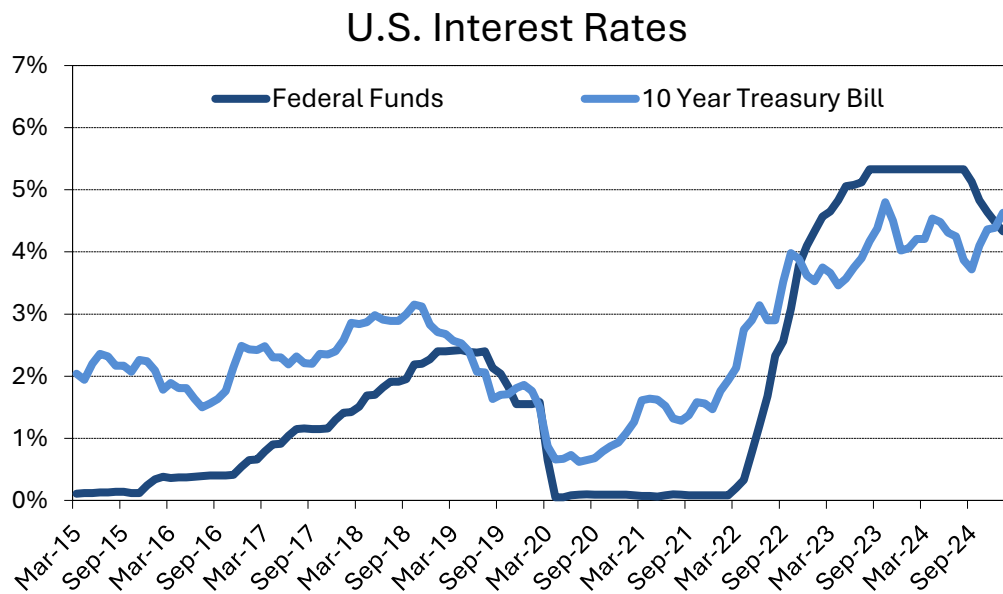
  

Daily Currency Data		Recent Averages				Averages over Recent Months			Unit	Source
		5-year	1-year	6-month	3-month	December	January	February		
Dollar Trade Weighted Exchange Index		119.5	122.3	126.4	128.7	127.2	130.1	128.8	Index, January 1997=100	Federal Reserve
Asian Currencies										
Chinese Renminbi		6.88	7.05	7.21	7.30	7.25	7.33	7.31	Chinese Renminbi/US dollar	Reuters
Indian Rupee		79.05	82.23	85.11	86.10	84.85	85.97	87.48	Indian Rupee/US dollar	Reuters
Japanese Yen		129.17	142.90	150.86	153.77	152.13	157.58	151.62	Japanese Yen/US dollar	Reuters
Pakistani Rupee		221.20	259.42	278.30	278.48	277.93	278.50	279.00	Pakistani Rupee/US dollar	Reuters
North & South American Currencies										
Brazilian Real		5.26	5.21	5.82	5.98	6.05	6.11	5.78	Brazilian Real/US dollar	Reuters
Canadian Dollar		1.33	1.35	1.40	1.43	1.42	1.44	1.43	Canadian dollar/US dollar	Reuters
Mexican Peso		19.62	18.76	20.22	20.55	20.28	20.70	20.65	Mexican Peso/US dollar	Reuters
European Currencies										
British Pound		0.78	0.80	0.79	0.80	0.79	0.82	0.81	British Pound/US dollar	Reuters
Euro		0.91	0.94	0.94	0.97	0.95	0.98	0.97	Euro/US dollar	Reuters
Swiss Franc		0.91	0.91	0.88	0.90	0.88	0.92	0.91	Swiss Franc/US dollar	Reuters
Turkish Lira		18.74	25.55	34.81	35.42	34.84	35.42	36.00	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

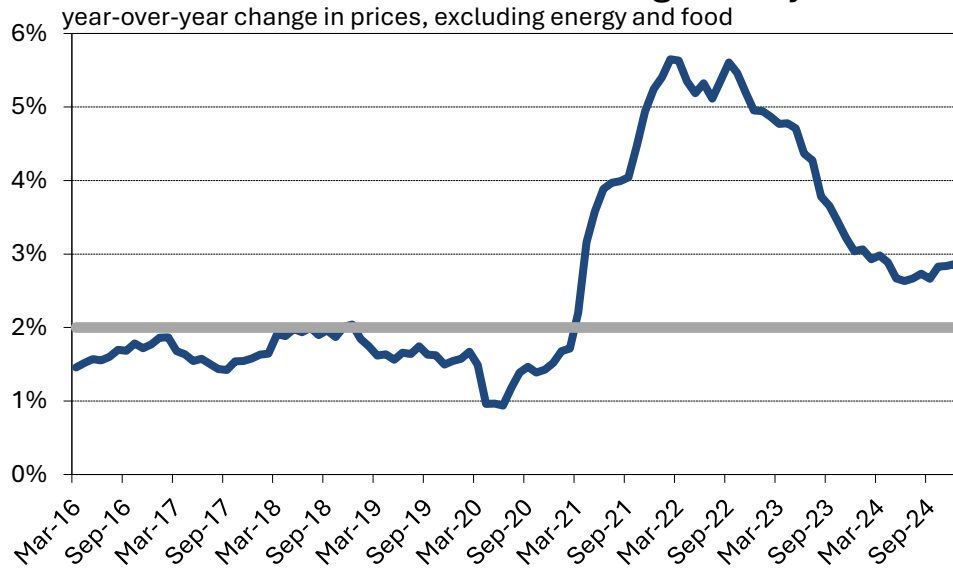
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Department of Commerce

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## U.S. Inflation - Core Measure Targeted by the Fed



Source: Federal Reserve

Note: The Federal Reserve's official inflation target is two percent.

## U.S. Unemployment Rate



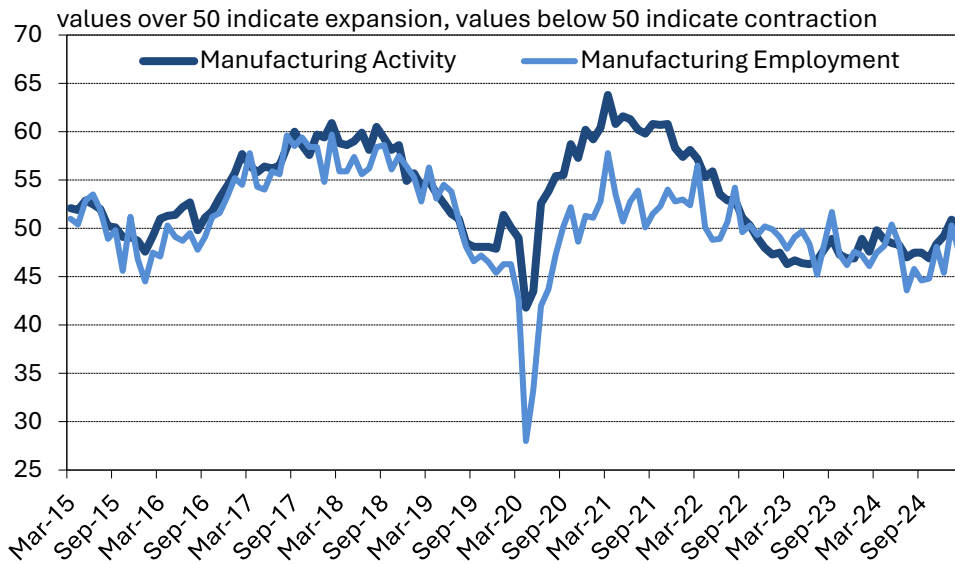
Source: Bureau of Labor Statistics

Note: In addition to price control, the Federal Reserve's mandate requires pursuit of the maximum sustainable level of employment.

Note: Chart truncated around COVID shutdowns to highlight normal change.

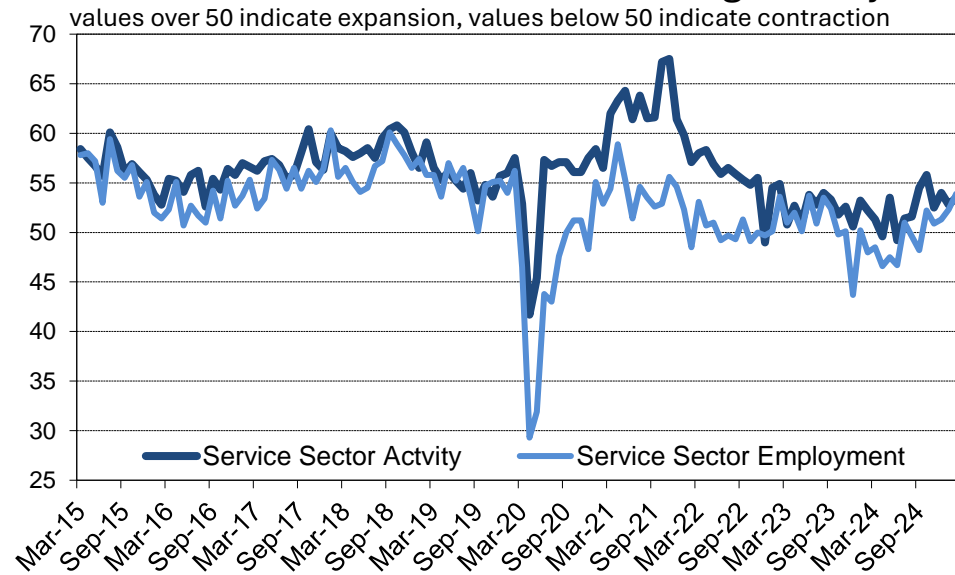
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## ISM Index of Manufacturing Activity



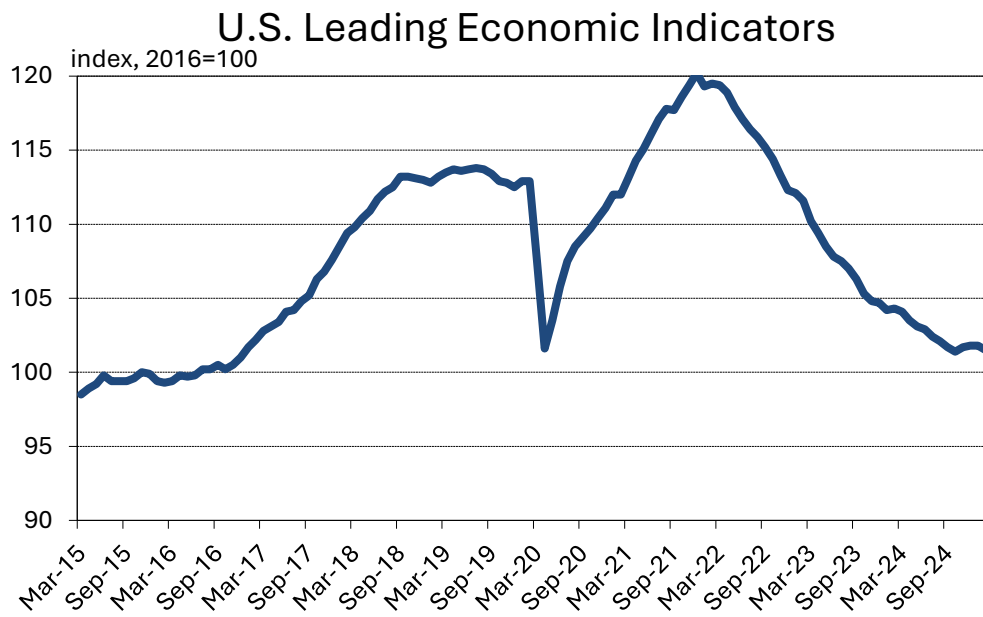
Source: Institute for Supply Chain Management

## ISM Index of Non-Manufacturing Activity

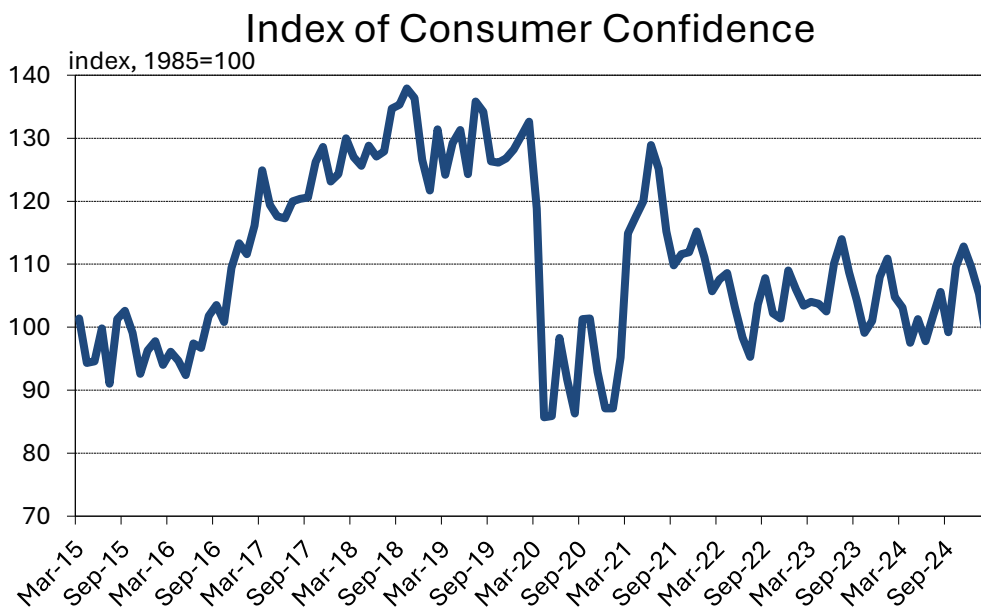


Source: Institute for Supply Chain Management

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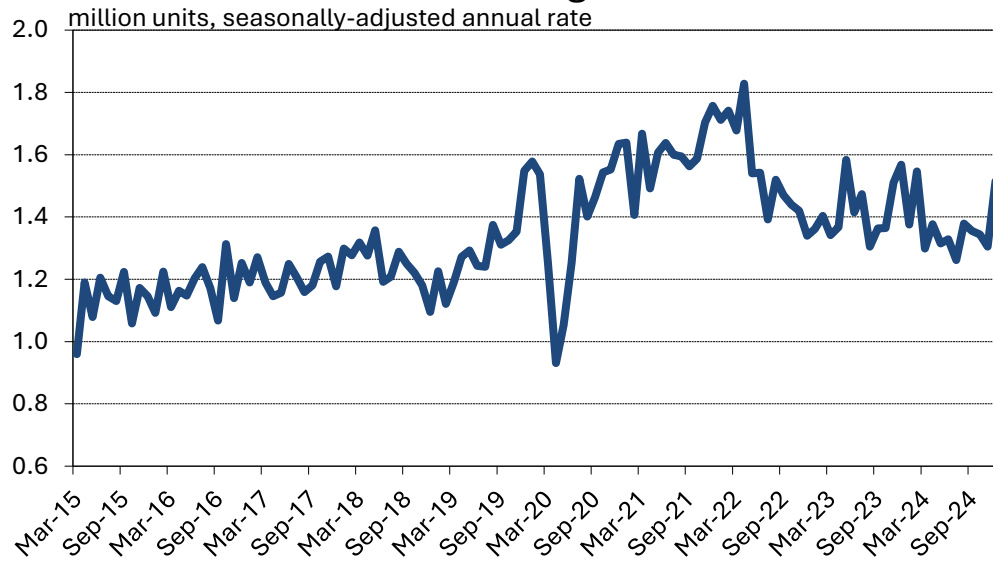
Source: The Conference Board



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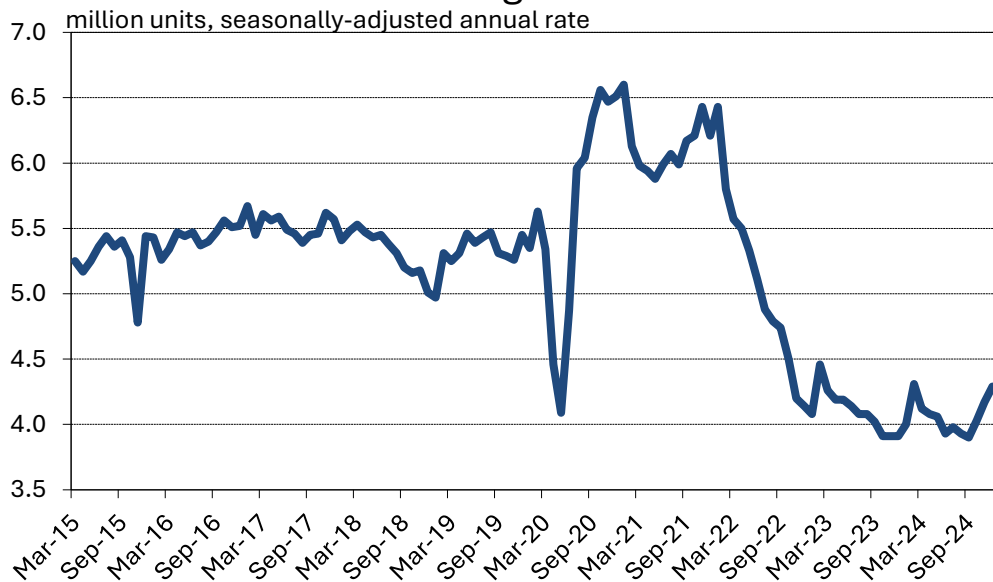
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## U.S. Housing Starts



Source: Department of Commerce

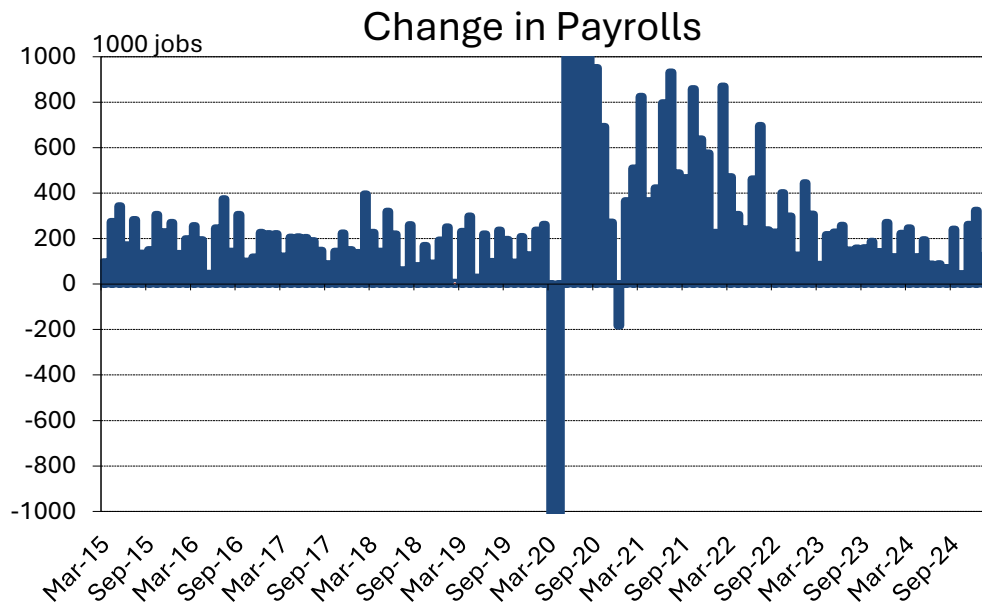
## U.S. Existing Home Sales



Source: Department of Commerce

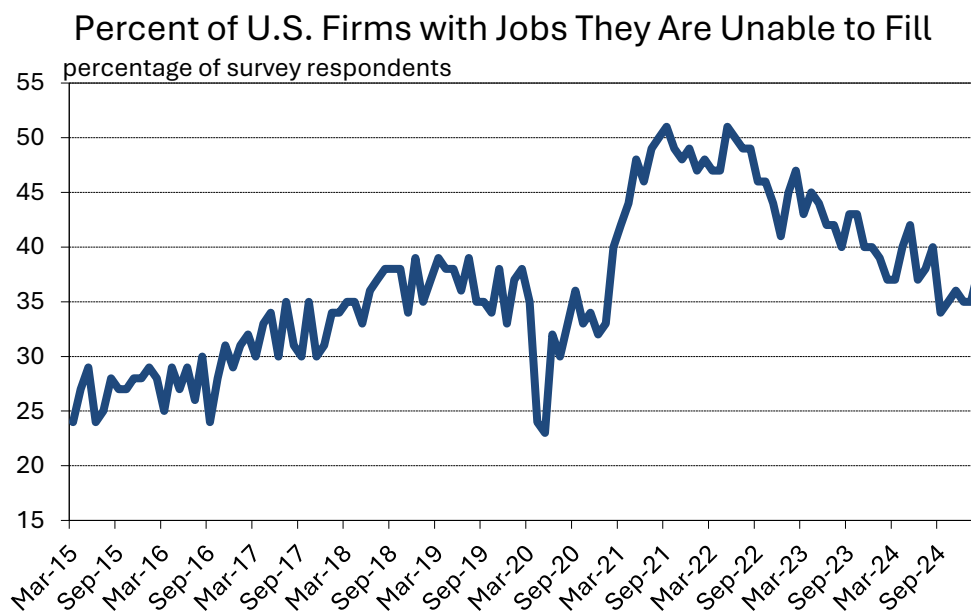
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Source: Bureau of Labor Statistics

Note: Chart truncated around COVID shutdowns to highlight normal change.

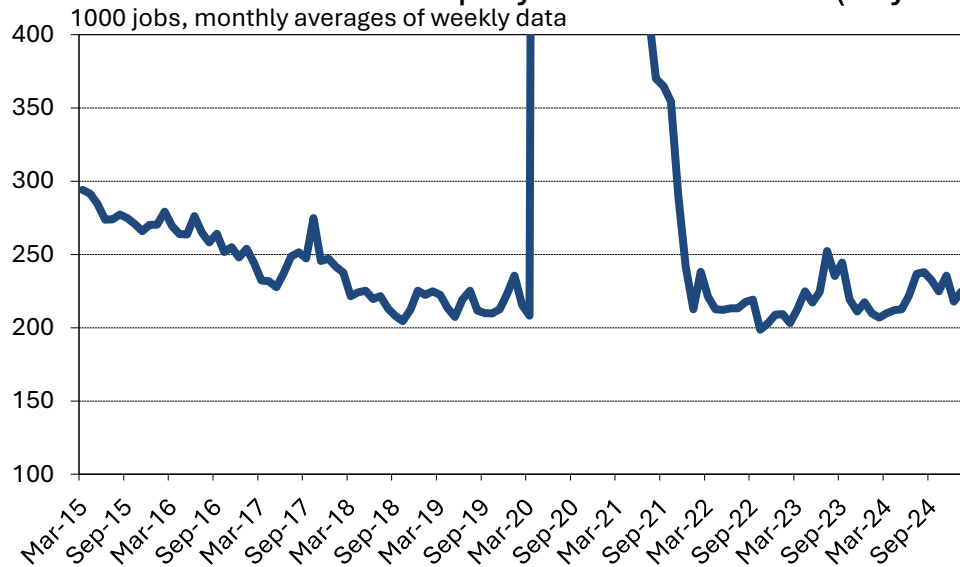


Source: National Federation of Independent Business

Note: Chart truncated around COVID shutdowns to highlight normal change.

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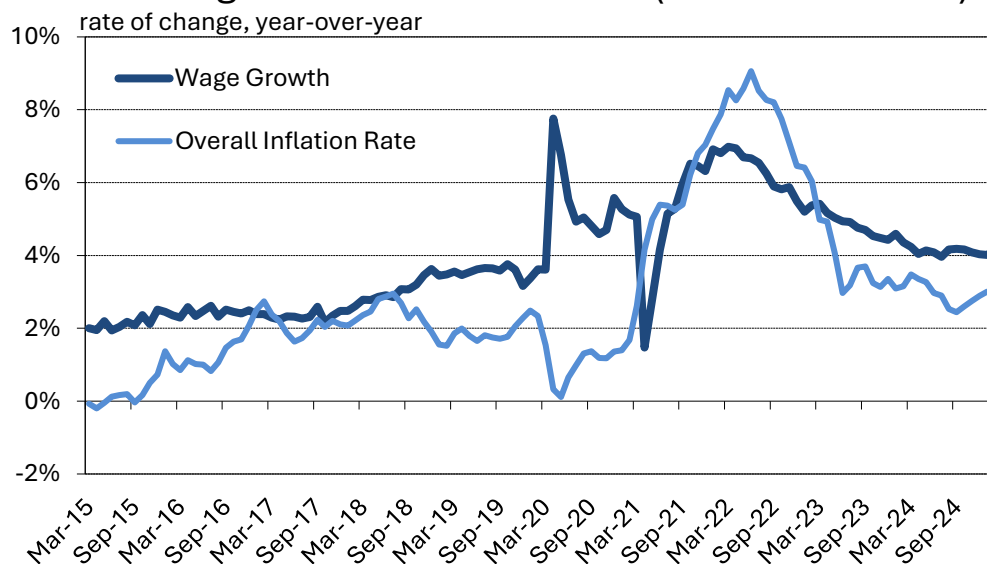
## Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

Note: Chart truncated around COVID shutdowns to highlight normal change.

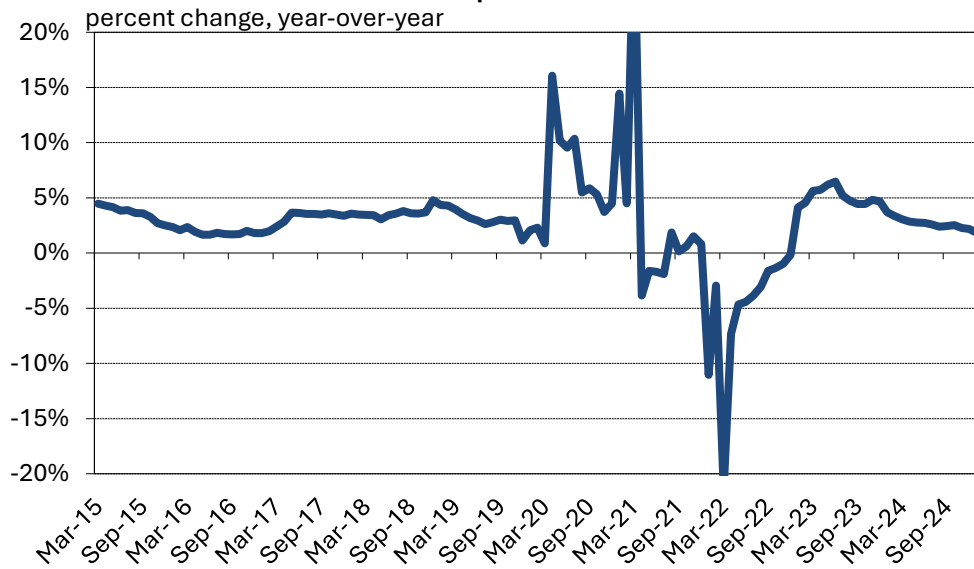
## U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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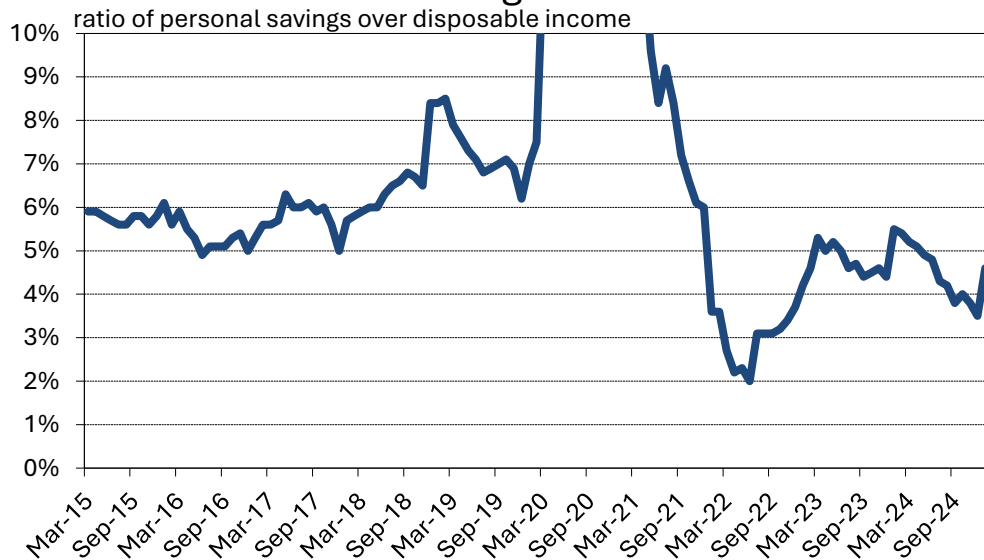
## Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

Note: Chart truncated around COVID shutdowns to highlight normal change.

## Savings Rate

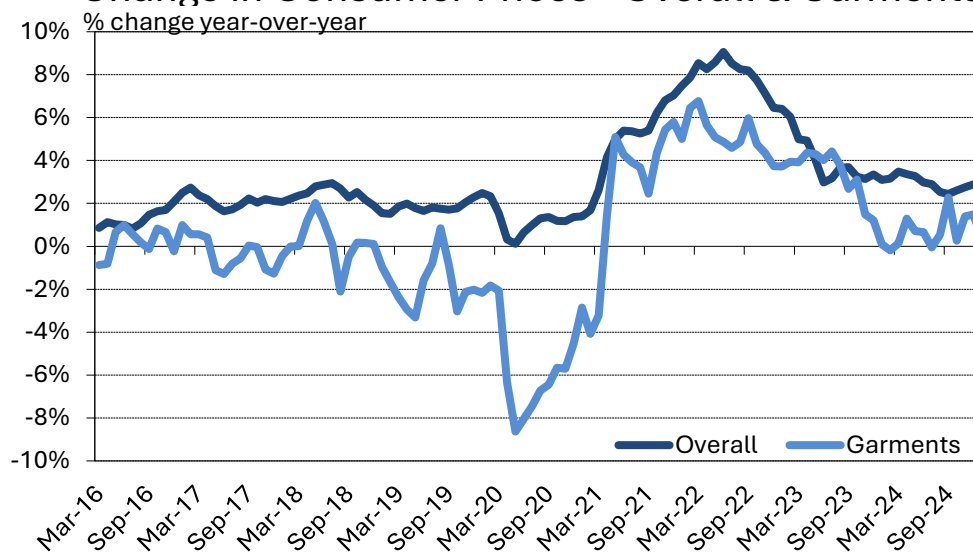


Source: Bureau of Labor Statistics

Note: Chart truncated around COVID shutdowns to highlight normal change.

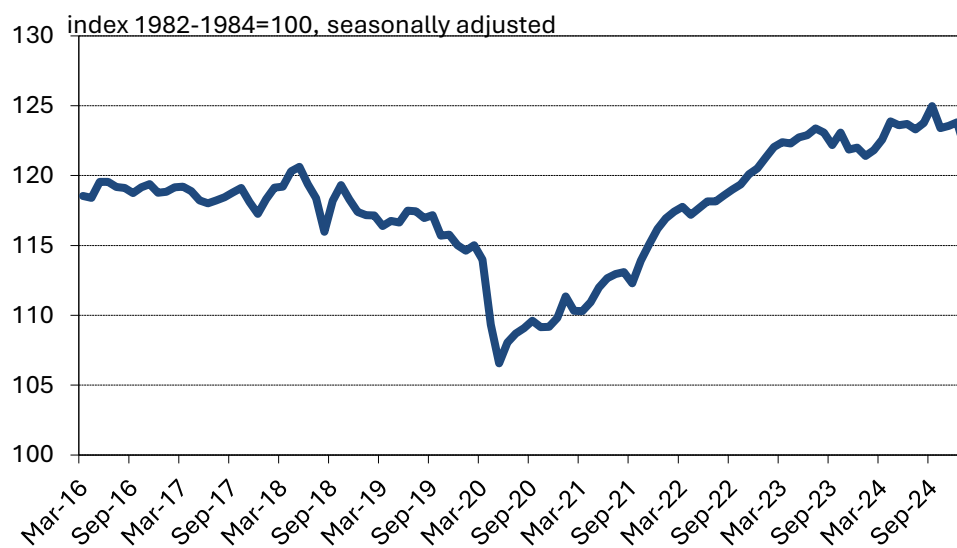
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## Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

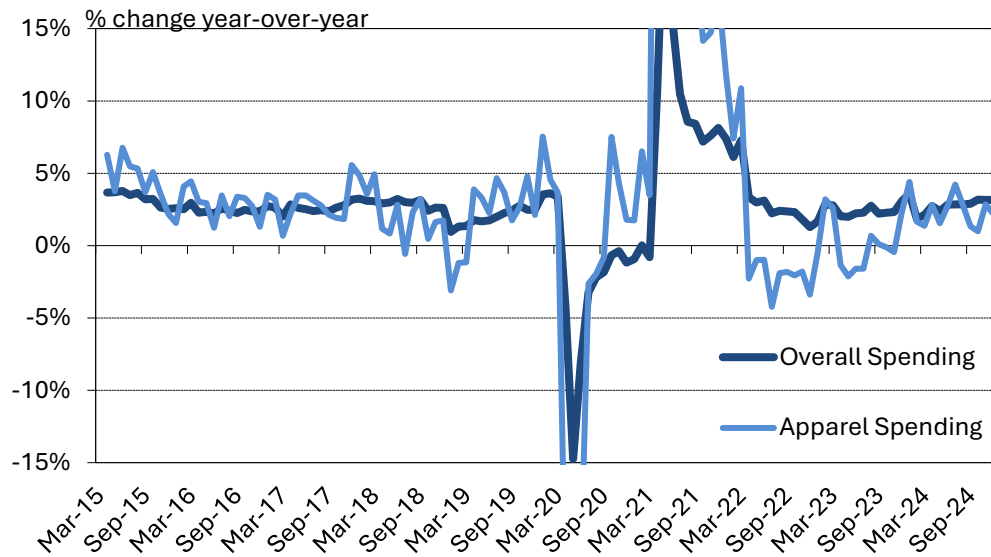
## U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

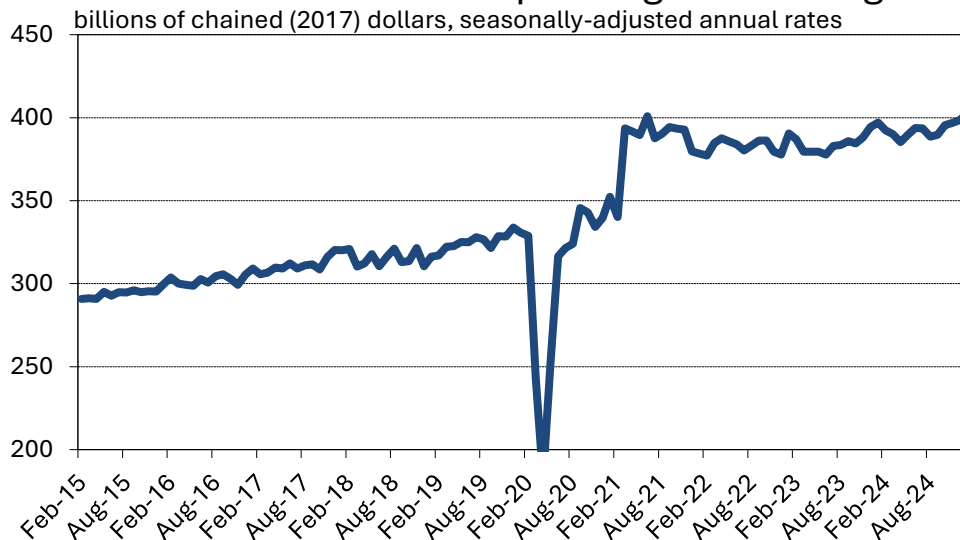
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## Real Consumer Spending Growth - Overall & Apparel



Note: Chart truncated around COVID shutdowns to highlight normal change.

## U.S. Real Consumer Spending on Clothing

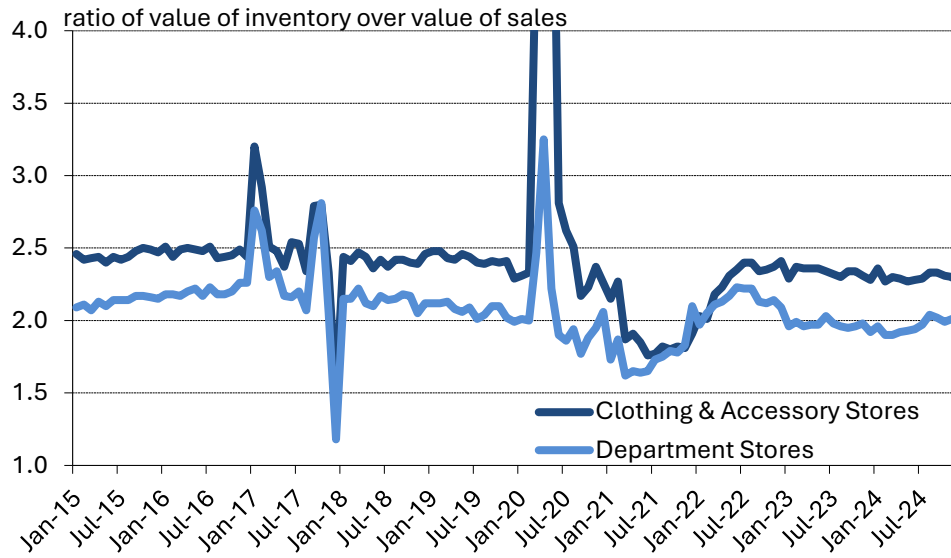


Source: Bureau of Economic Analysis

Note: Chart truncated around COVID shutdowns to highlight normal change.

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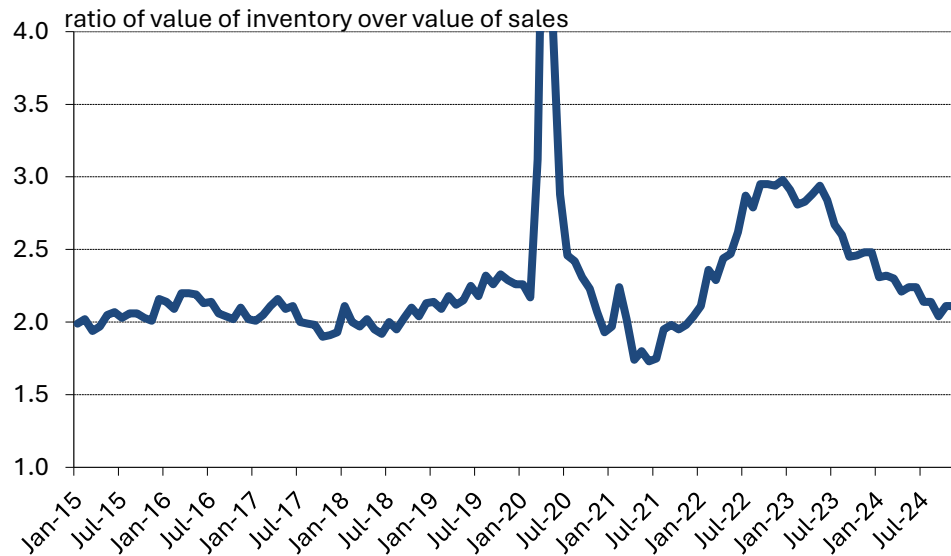
## U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

Note: Chart truncated around COVID shutdowns to highlight normal change.

## U.S. Clothing Wholesaler Inventory/Sales Ratio

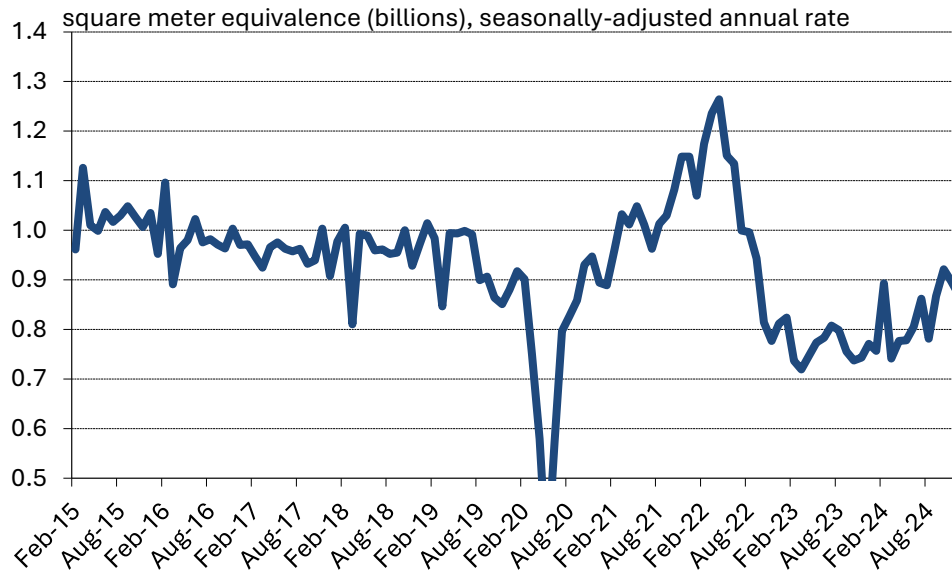


Source: Department of Commerce

Note: Chart truncated around COVID shutdowns to highlight normal change.

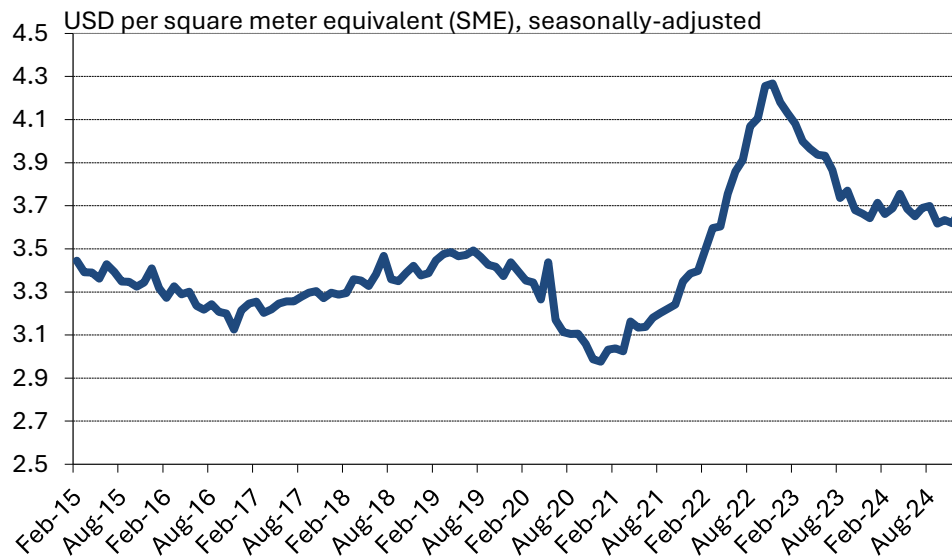
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## U.S. Cotton-Dominant Apparel Import Volume



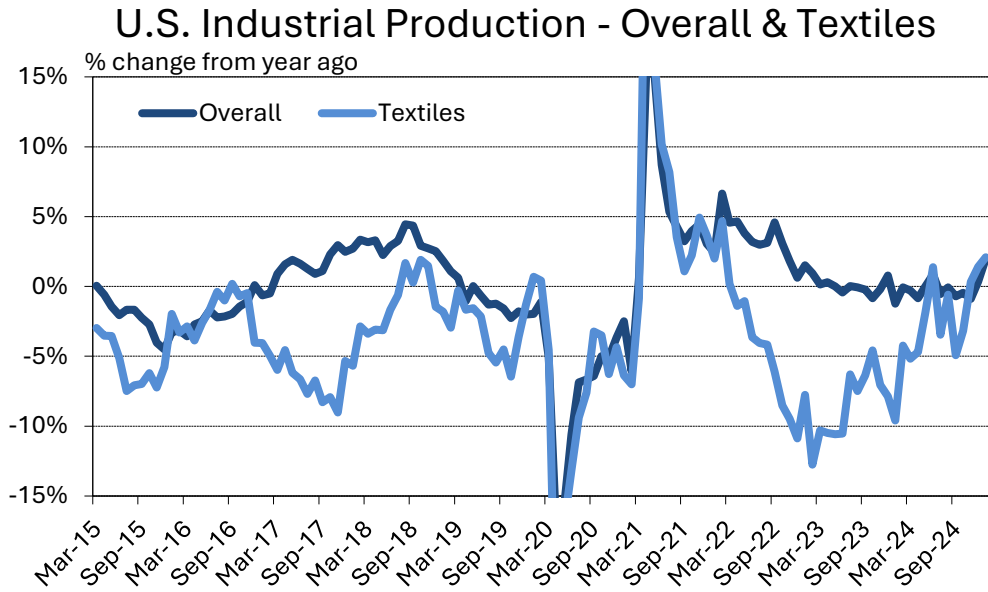
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

## Average Cost of Cotton-Dominant Apparel Imports



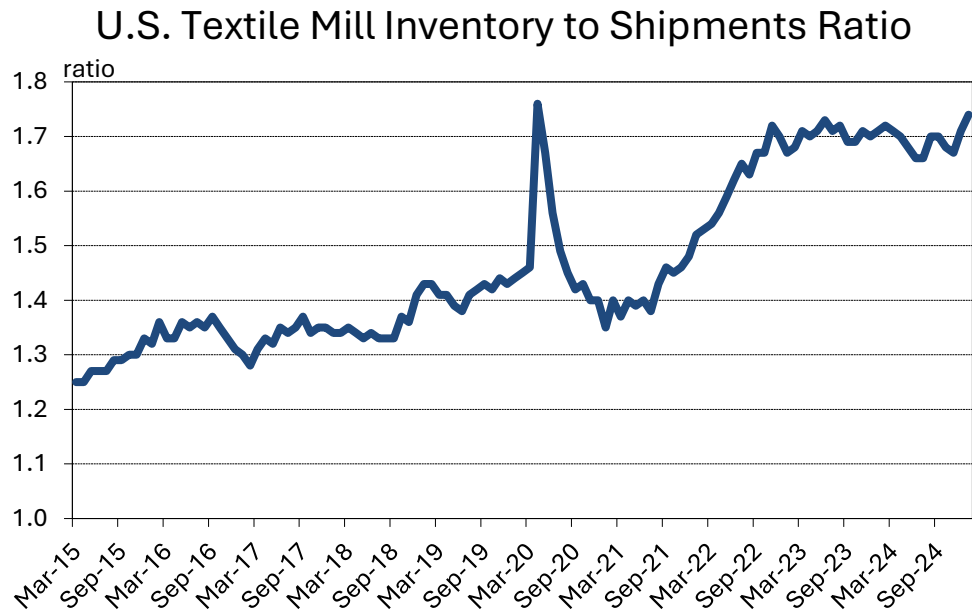
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

Note: Chart truncated around COVID shutdowns to highlight normal change.



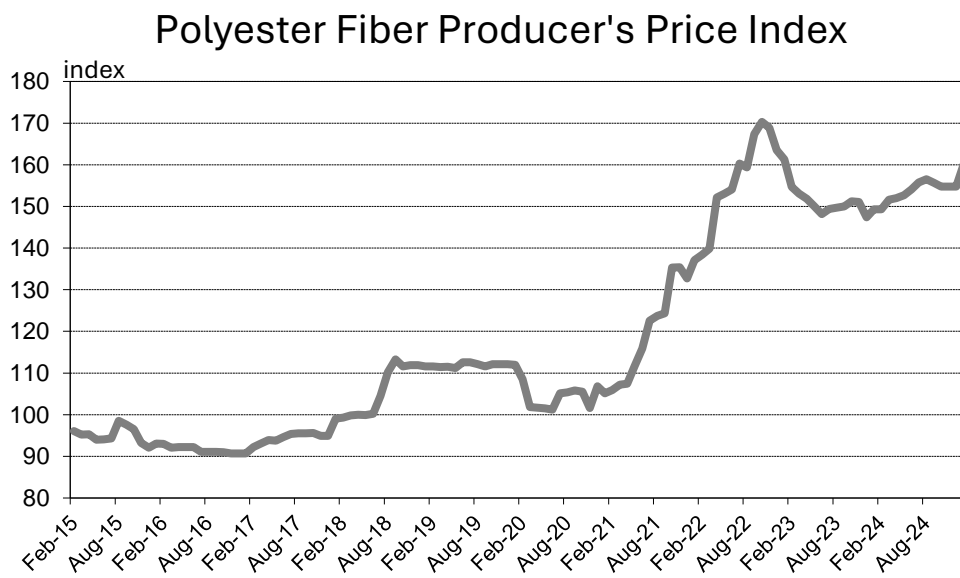
Source: Federal Reserve

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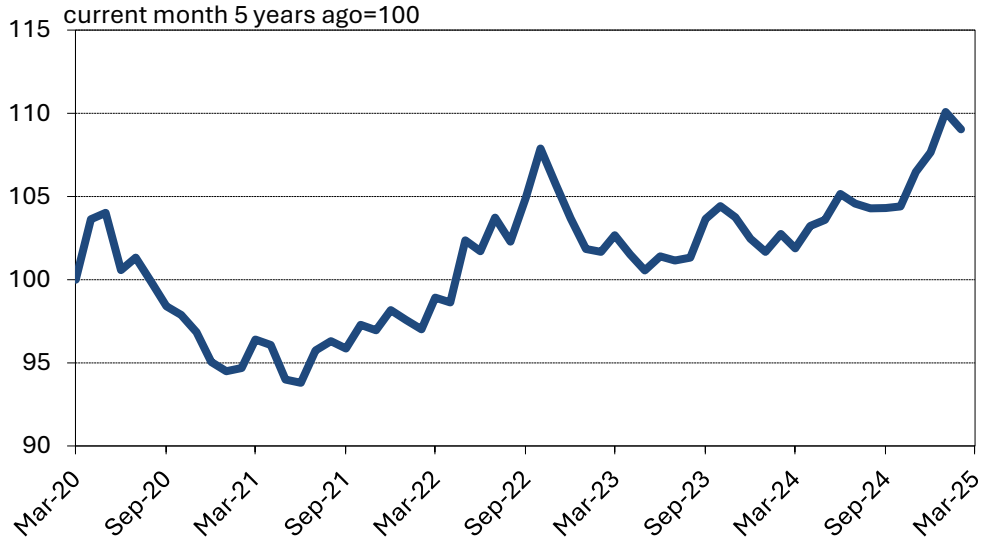
Source: USDA



Source: Bureau of Labor Statistics

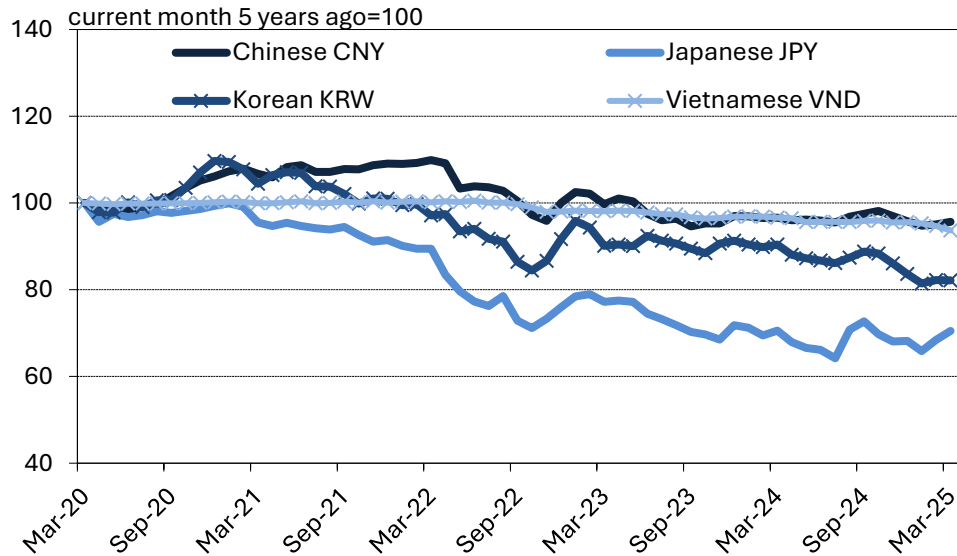
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## Trade Weighted Exchange Index for U.S. Dollar



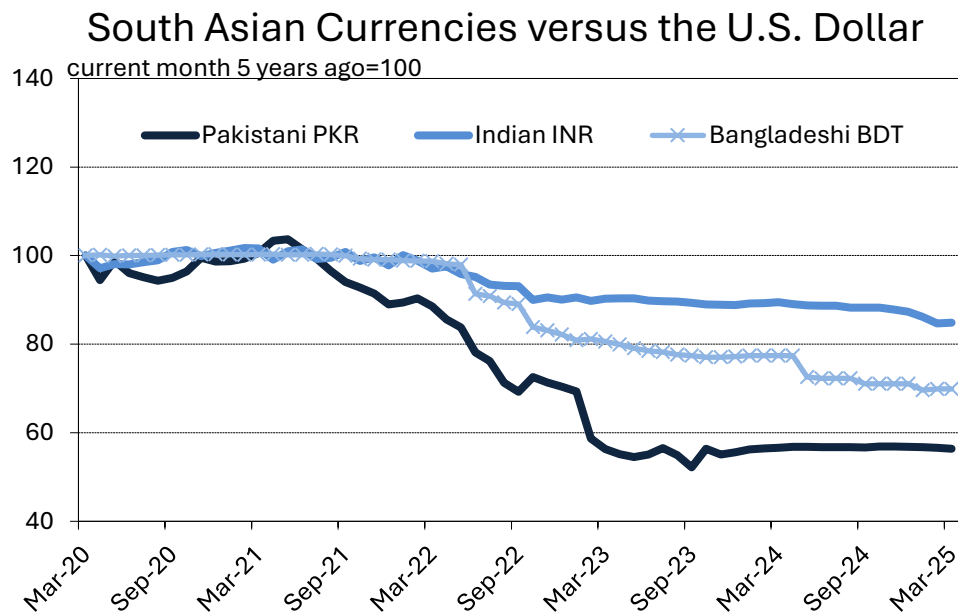
Source: Federal Reserve

## East Asian Currencies versus the U.S. Dollar

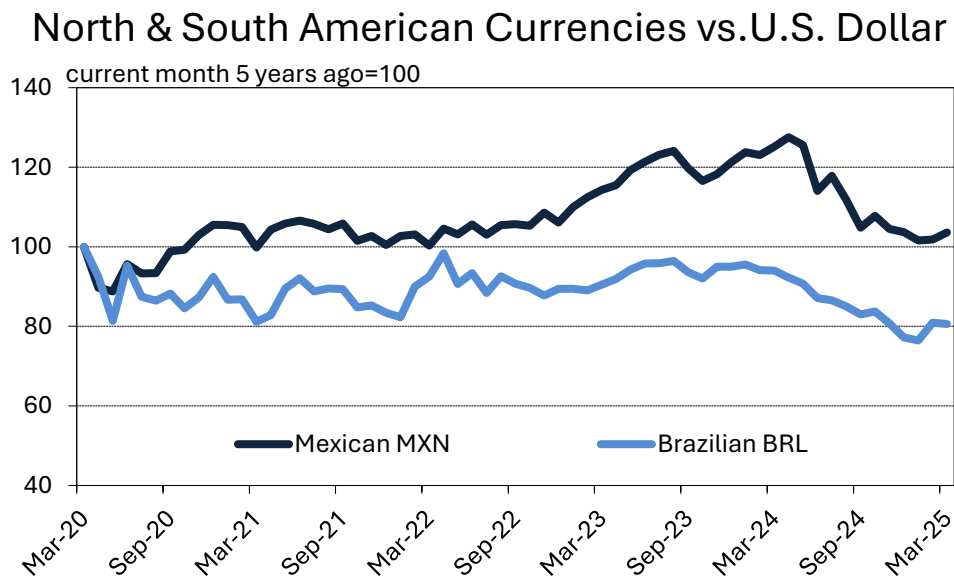


Source: Reuters

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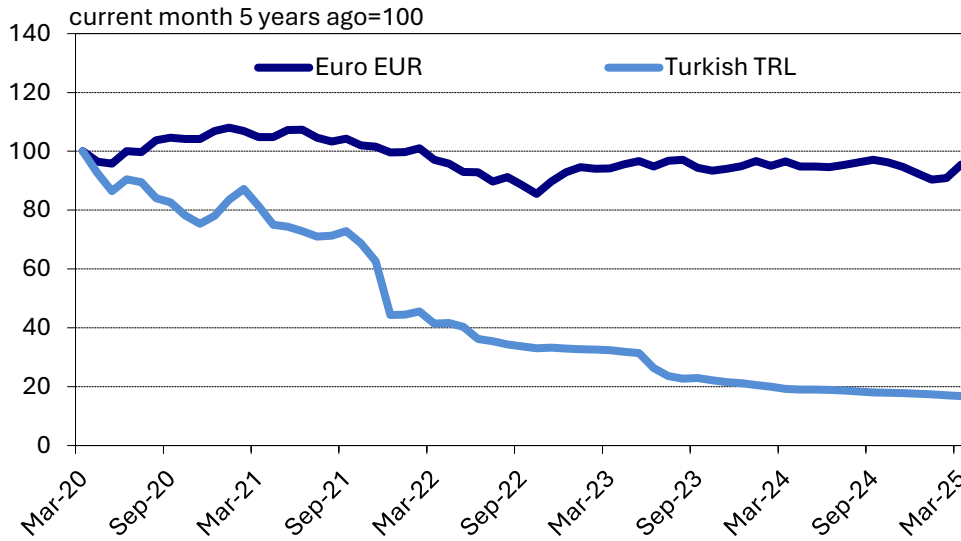
Source: Reuters



Source: Reuters

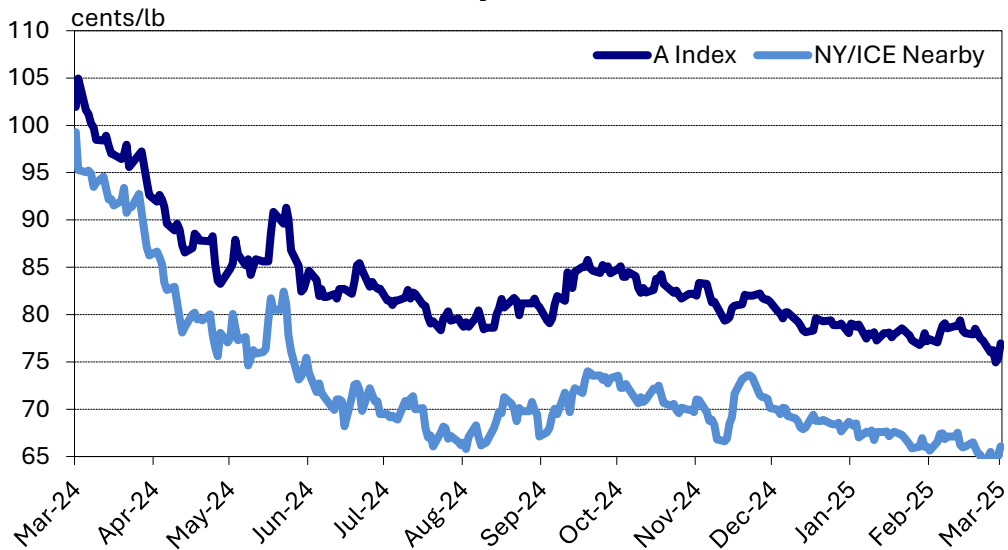
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## European Currencies vs. U.S. Dollar



Source: Reuters

## Year of Daily Cotton Prices



Sources: Cotlook, Reuters

Note: For more information on cotton supply, demand, and prices, please refer to [the Monthly Economic Letter](#).

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