

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



May 2025

www.cottoninc.com

Macroeconomic Overview: Policy uncertainty is a dominant influence on the global economy, and this has been reflected in recent updates to macroeconomic forecasts. The International Monetary Fund (IMF) released new estimates for economic activity around the world in the middle of April. These projections were released after the series of tariff announcements that were made earlier in the month and the IMF attempted to incorporate those into estimates for the global economy.

The numbers published by the IMF in April can be compared against the figures it released in January to derived estimated effects of recent policy developments. Relative to the figure that the IMF released in January, global GDP growth in 2025 was lowered -0.5 percentage points (from 3.3% to 2.8% between January and April). The current estimate suggests the world's economy will expand at a rate near the level from the first round of trade dispute between the U.S. and China (global GDP was 2.9% in 2019). For comparison, the average growth rate was 3.5% between 2022 and 2024. In 2026, conditions are expected to improve slightly, with global growth expected to reach 3.0% (down from a forecast of 3.3% in January).

At the country-level, revisions to GDP forecasts were universally negative for major economies. Figures for 2025 were lowered for consumer markets in the U.S. (from 2.7% in January to 1.8% in April), China (from 4.6% to 4.0%), and the Euro Zone (from 1.0% to 0.8%). Revisions to projections for growth in 2026 were also all negative (-0.4 percentage points to 1.7% for the U.S., -0.5 points to 4.0% for China, and -0.2 points to 1.2% for the Euro Zone).

However, uncertainty is a key element of all these forecasts. Policies have the potential to change in multiple directions and there could be corresponding changes to expectations for the global economy. For example, after the major announcement of tariff increases on April 2nd, the U.S. soon reduced the size of those tariff increases pending further review and negotiation. Those reductions are temporary, with a 90-day window for agreements to be reached. That 90-day window is set to expire July 9th.

In the meantime, there are significant questions facing importers in the U.S. Do they attempt to bring in more goods ahead of July 9th because tariff rates might increase further? Or, do they wait until after the negotiation period is over in hopes that more favorable conditions could result? Retailers already increased imports of all goods in the first quarter, which was a weight on U.S. GDP (imports are subtracted from calculations of GDP, and higher imports were a reason U.S. GDP contracted at a -0.3 annualized rate in the first quarter). Similarly, consumers could also be pulling spending forward due to inflationary concerns. If widespread, this behavior could contribute to stronger spending growth in the near term and contribute to weaker growth further into the future.

Employment: The U.S. economy was estimated to have added +177,000 jobs in April. Revisions to previous months were negative, with the figure for February falling -15,000 to +102,000 and the figure for March falling -43,000 to +185,000. Job gains in March and April were higher than the current 12-month average (+157,000).

The unemployment rate was unchanged at 4.2% in April, holding at its highest level since 2021. While unemployment is a little higher than it has been in recent years, it is rare historically to be below five percent.

Average hourly earnings increased +3.8% year-over-year in April. The rate of wage growth has been trending slowly lower in recent months, but it has been close to four percent since late 2023. Despite the gradually slowing rate of increase, wage growth has exceeded inflation by at least a percentage point for each of the past ten months.

Consumer Confidence & Spending: The Conference Board's Index of Consumer Confidence Index decreased -7.9 points in April to 86.0. This represented the fifth consecutive month of decline, and it was the largest monthly decrease since August 2021 (there was another large -6.2 point decline in March). The recent downtrend has pulled the index below the range between 95 and 115 that had contained values since early 2021.

Overall consumer spending accelerated in March (+0.7% month-over-month, was -0.4% in January and +0.1% in February). Year-over-year, overall spending was +3.3% higher. Spending on garments was flat month-over-month in March (-0.02%), but it was up +3.7% year-over-year.

Consumer Prices & Import Data: The CPI for garments increased +0.5% month-over-month and +0.7% year-over-year in March. Average import costs for cotton-dominant goods (excluding tariffs, seasonally-adjusted values in terms per square meter equivalent or SME) have been stable near \$3.70/SME since late 2023. Apparel import volumes have been strong since October, with the average year-over-year increase near 20%. In the latest data available (March), SME volumes were +12% higher.

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		

Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices
May 2025



Macroeconomic Data Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q3 : 2024	Q4 : 2024	Q1 : 2025		
Growth in US Real GDP	2.9%	2.4%	2.8%	2.4%	3.1%	2.4%	-0.3%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for April

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	April		
ISM Index of Manufacturing Activity	52.5	48.5	49.4	49.3	50.3	49.0	48.7	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.6	52.6	52.5	52.0	53.5	50.8	51.6	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.3	101.9	101.3	93.3	100.1	93.9	86.0	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	484.9	156.8	193.2	154.7	102	185	177	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.8%	4.1%	4.1%	4.2%	4.1%	4.2%	4.2%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.7%	4.8%	4.4%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	2.9%	4.3%	4.4%	4.3%	4.5%	4.3%	4.3%	Interest rate	Federal Reserve

Macroeconomic Series with Latest Data for March

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
Index of Leading Economic Indicators	109.9	101.8	101.3	101.0	101.2	101.2	100.5	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.4	1.5	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.9	4.1	4.1	4.1	4.1	4.3	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile Series with Latest Data for March

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
US Industrial Production	100.7	103.0	103.1	103.8	101.5	102.7	103.9	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	139.3	155.1	155.8	156.9	156.9	156.9	156.9	Index, December 2003=100	Bureau of Labor Statistics

Industrial & Textile 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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.0	1.8	1.7	1.5	1.2	1.7	1.6	million 480lb bales	USDA ERS

Industrial & Textile Series with Latest Data for March

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

Retail Data

Retail Series with Latest Data for March

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
US Real Consumer Spending									
All Goods and Services	3.1%	3.0%	3.1%	3.1%	3.1%	2.9%	3.3%	% Chg. Year/Year	Department of Commerce
Clothing	5.8%	2.4%	2.5%	2.9%	1.8%	3.1%	3.7%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.3%	2.8%	2.8%	2.6%	3.0%	2.8%	2.4%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.5%	0.8%	0.9%	0.7%	0.4%	0.8%	0.7%	% Chg. Year/Year	Bureau of Labor Statistics

Retail 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		
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	2.1	Value of inventory over value of sales	Department of Commerce

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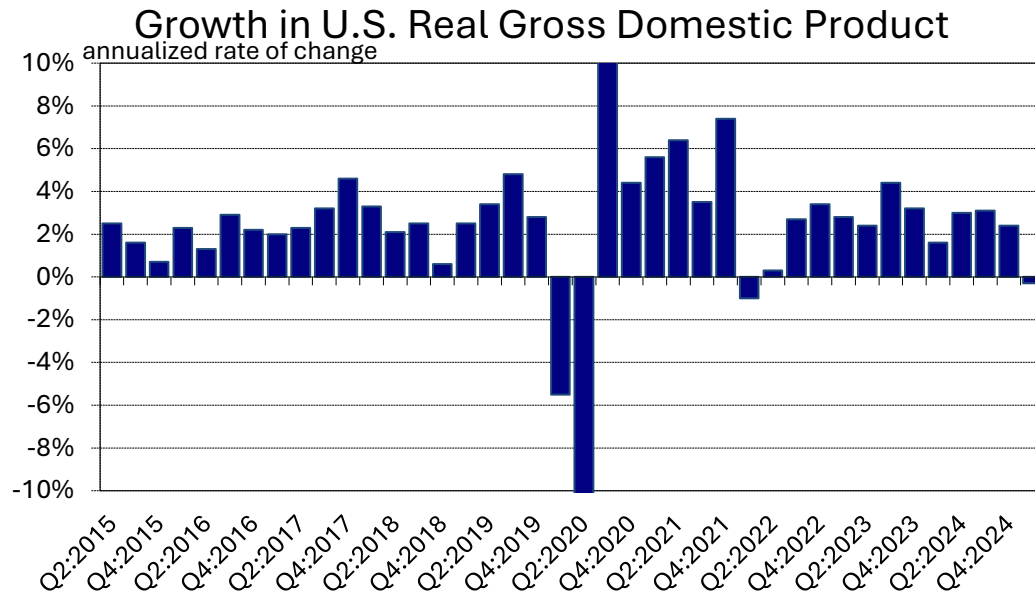
Daily Cotton Price and Currency Data

May 2025



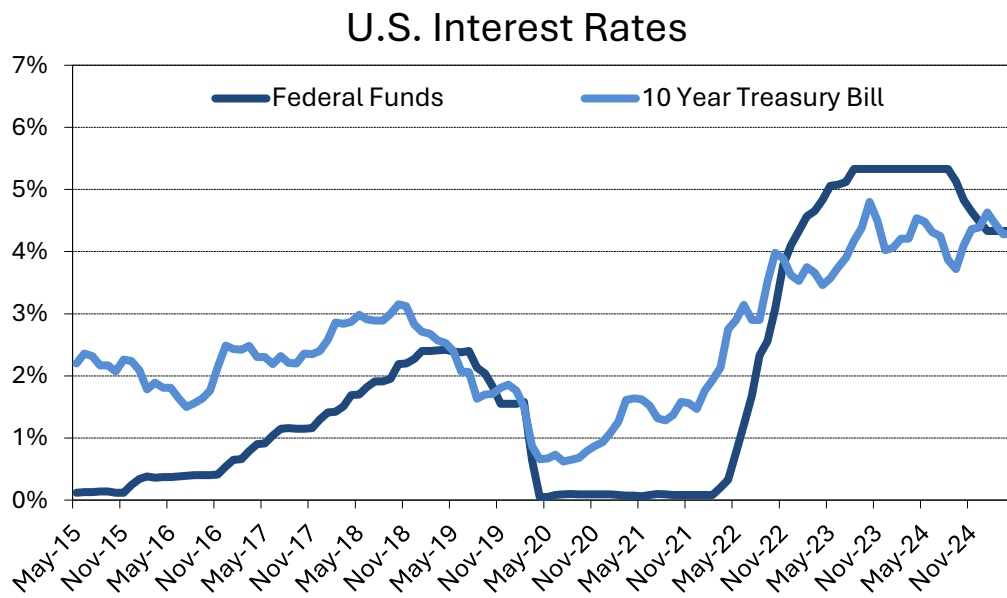
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
NY Nearby	86.2	70.7	68.3	66.5	67.5	66.3	65.9	cents/pound	ICE
A Index	96.9	81.7	79.7	78.1	78.2	78.0	77.7	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	April		
Dollar Trade Weighted Exchange Index	119.7	122.7	127.0	127.0	128.2	126.7	126.1	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.89	7.09	7.25	7.28	7.27	7.26	7.30	Chinese Renminbi/US dollar	Reuters
Indian Rupee	79.31	82.72	85.72	86.56	87.47	86.96	85.24	Indian Rupee/US dollar	Reuters
Japanese Yen	130.42	144.25	151.04	148.86	152.15	148.91	145.53	Japanese Yen/US dollar	Reuters
Pakistani Rupee	224.76	264.50	278.96	279.83	278.85	279.93	280.73	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.29	5.26	5.90	5.82	5.80	5.85	5.81	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.36	1.42	1.43	1.43	1.44	1.42	Canadian dollar/US dollar	Reuters
Mexican Peso	19.60	18.78	20.46	20.54	20.70	20.40	20.51	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.78	0.78	0.80	0.78	0.77	British Pound/US dollar	Reuters
Euro	0.91	0.94	0.94	0.93	0.96	0.93	0.91	Euro/US dollar	Reuters
Swiss Franc	0.91	0.91	0.88	0.88	0.90	0.89	0.86	Swiss Franc/US dollar	Reuters
Turkish Lira	19.66	26.64	35.79	36.78	35.90	36.43	38.01	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

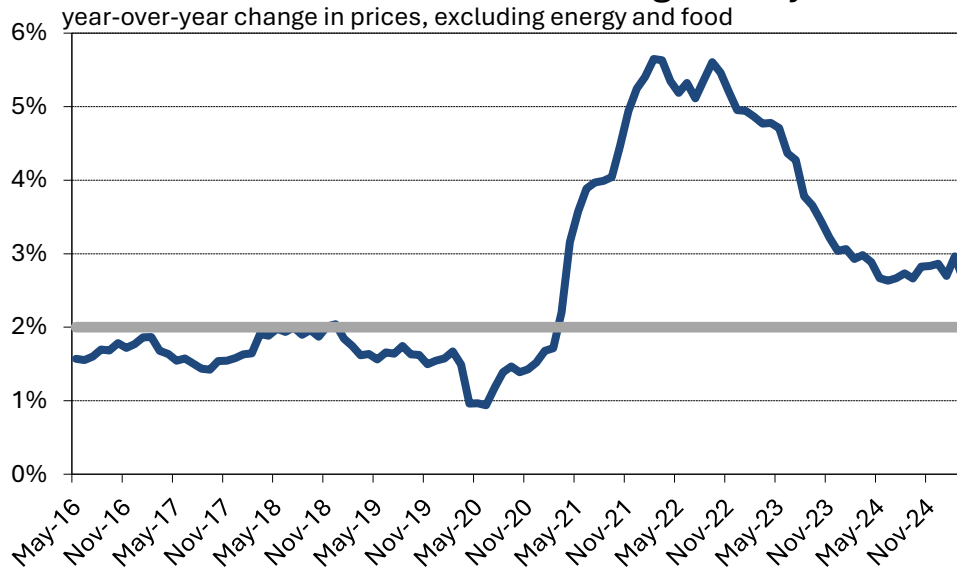
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



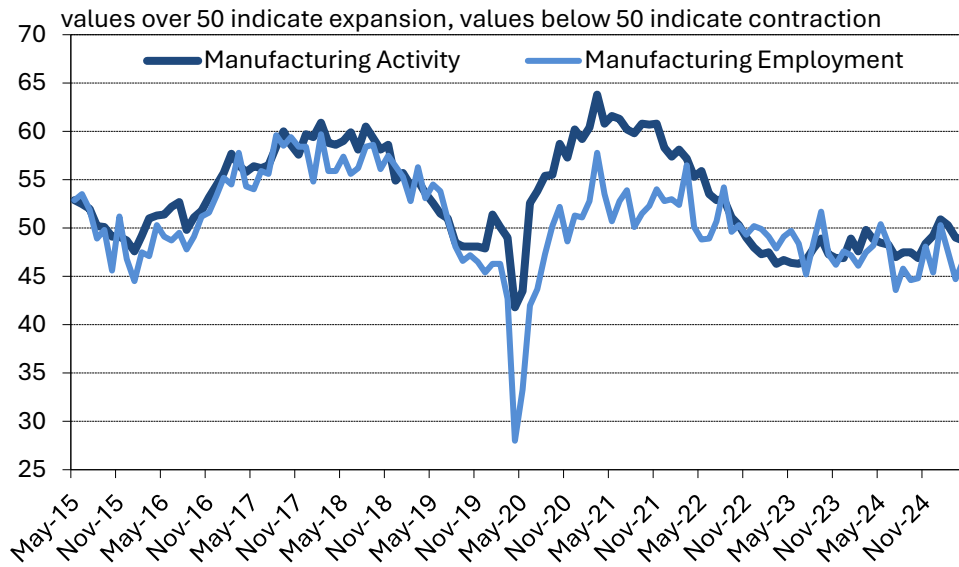
Source: Bureau of Labor Statistics

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.

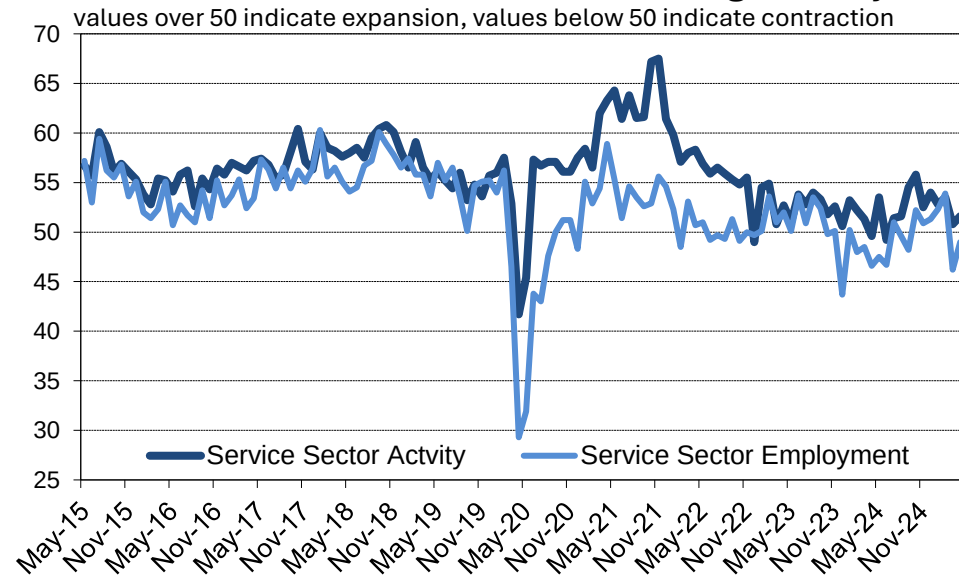
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ISM Index of Manufacturing Activity



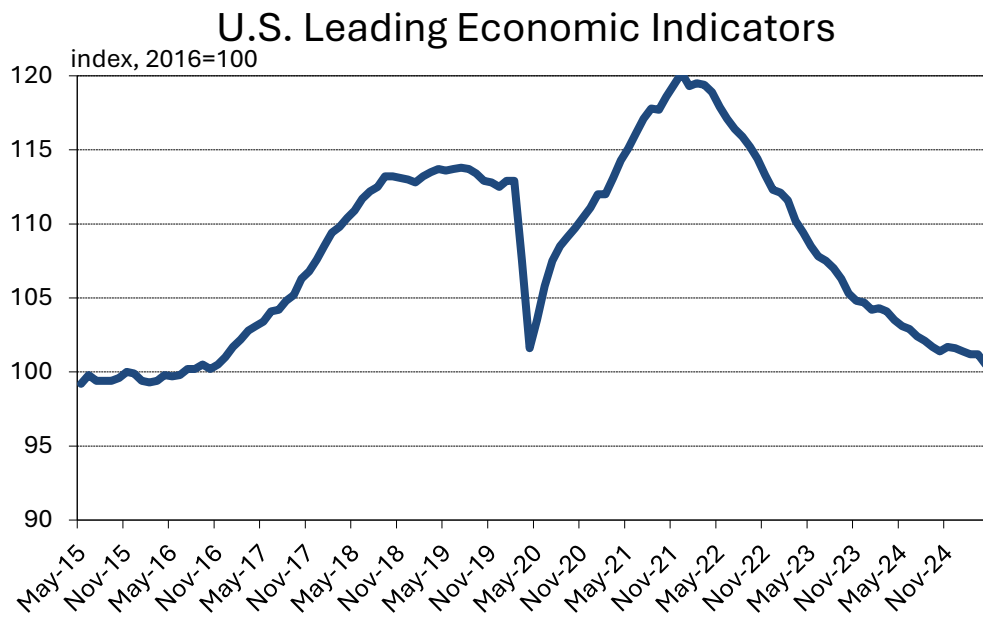
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

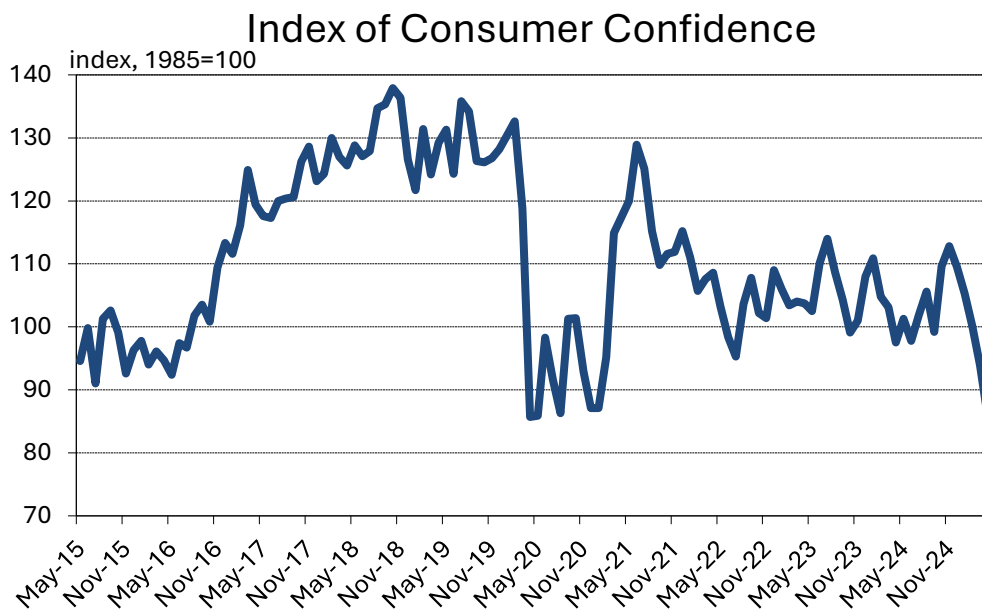


Source: Institute for Supply Chain Management

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Source: The Conference Board



Source: The Conference Board

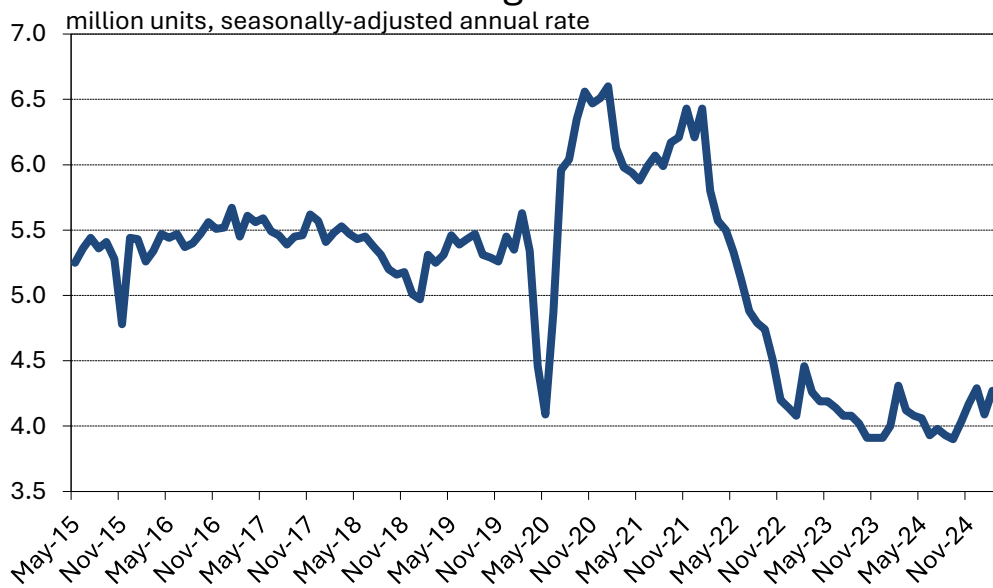
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U.S. Housing Starts



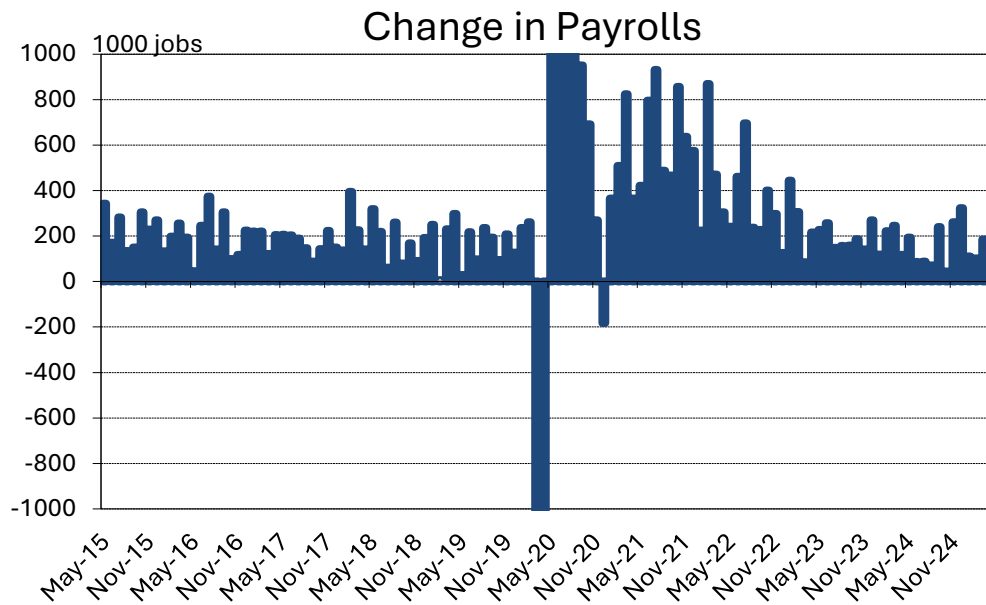
Source: Department of Commerce

U.S. Existing Home Sales



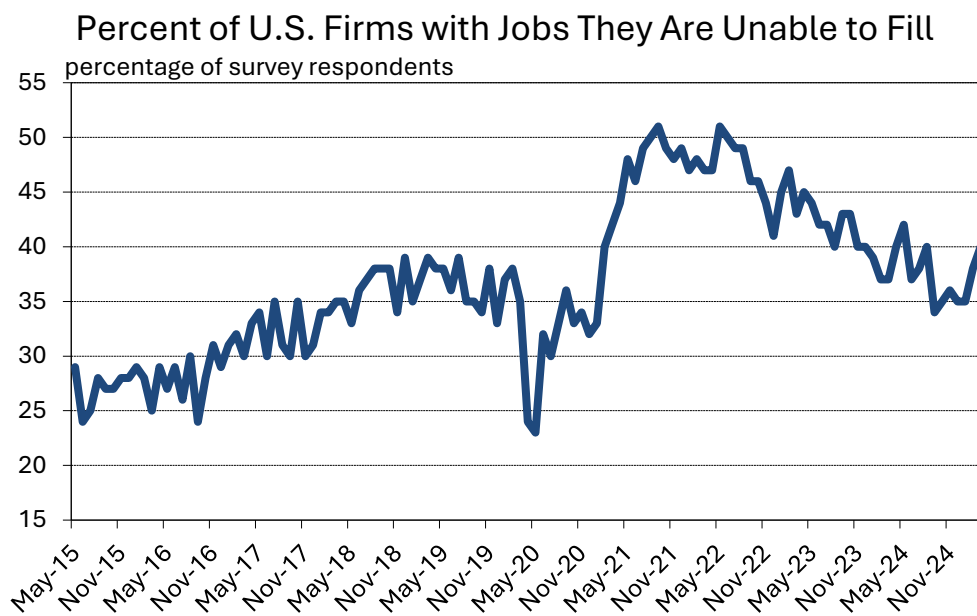
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

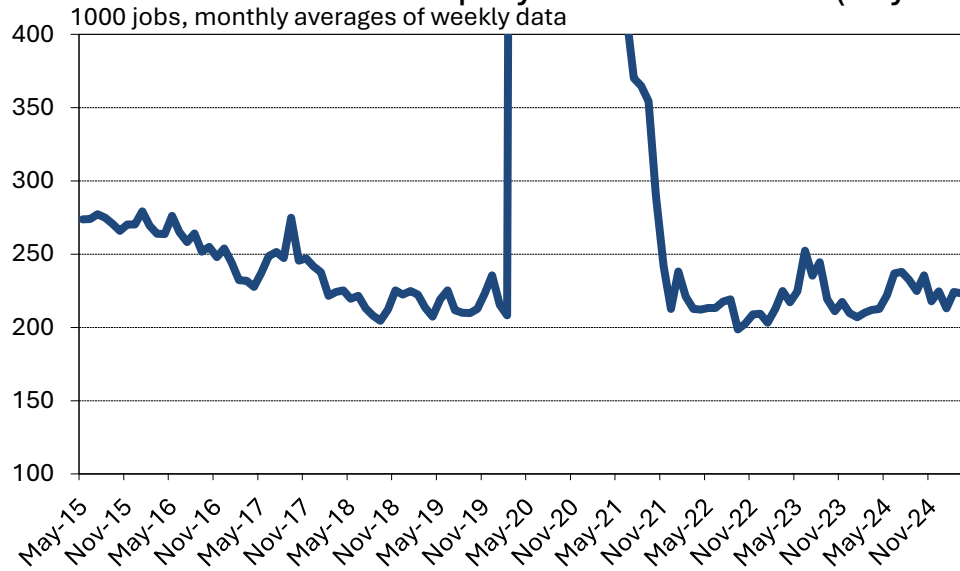


Source: National Federation of Independent Business

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

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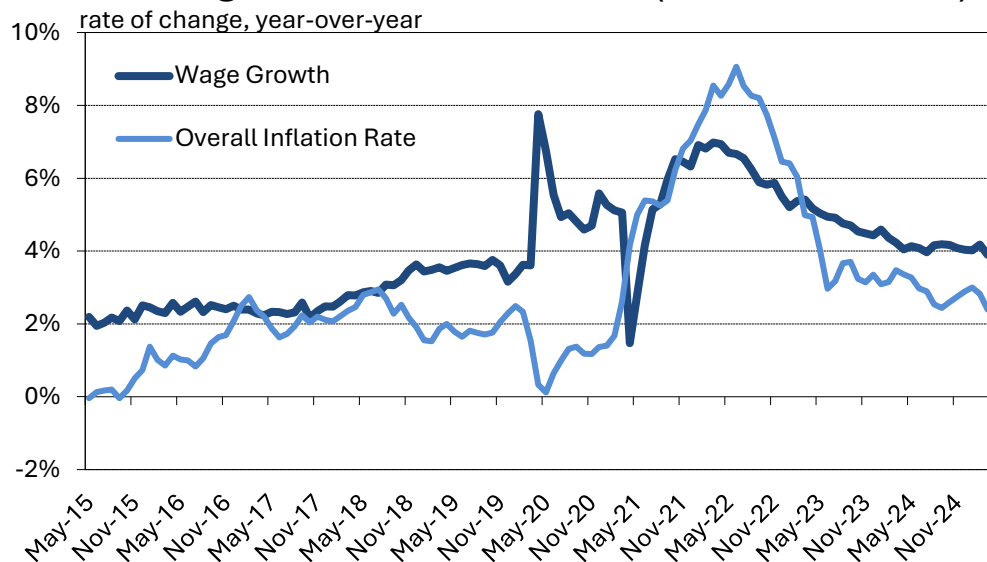
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

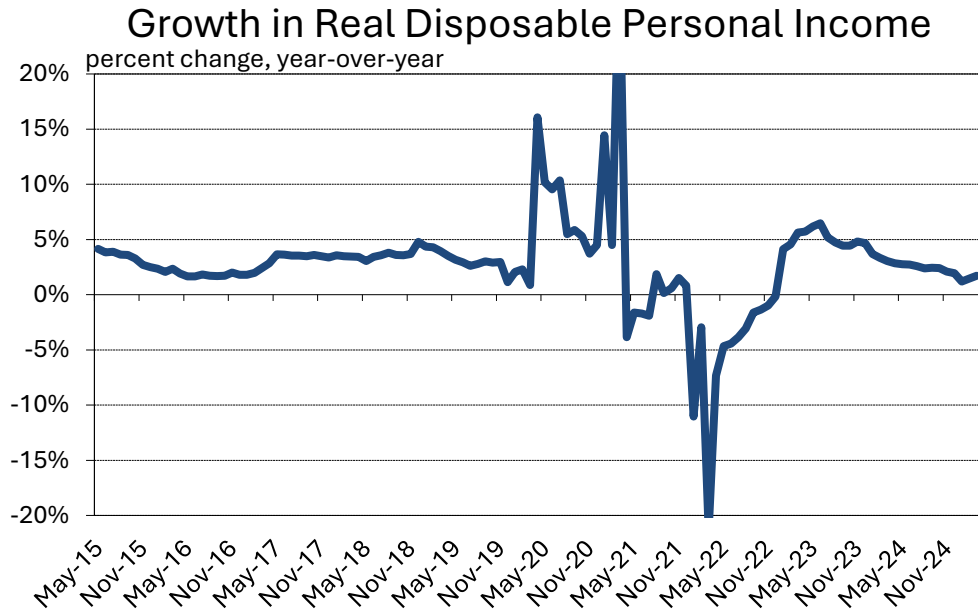
Note: Chart truncated around COVID shutdowns to highlight normal change.

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



Source: Bureau of Labor Statistics

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Source: Bureau of Economic Analysis

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

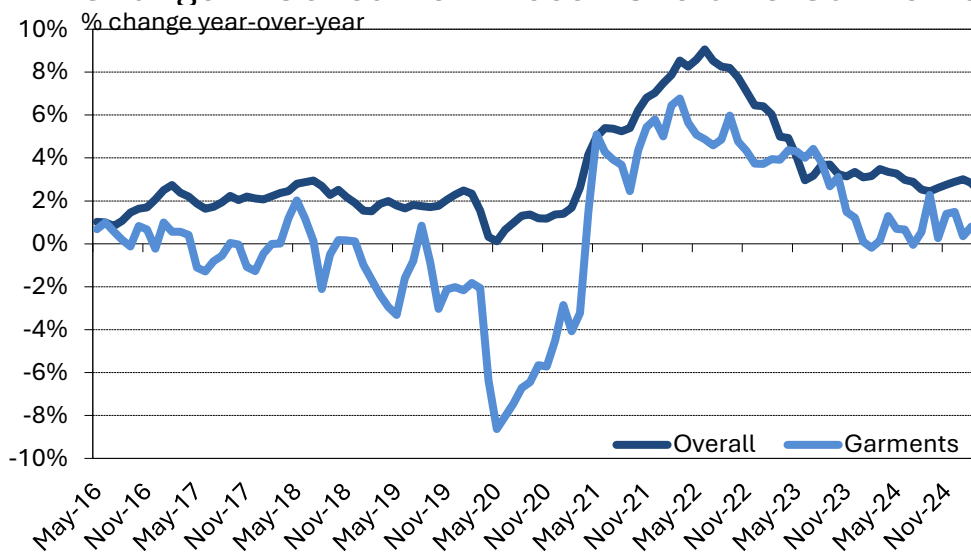


Source: Bureau of Labor Statistics

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

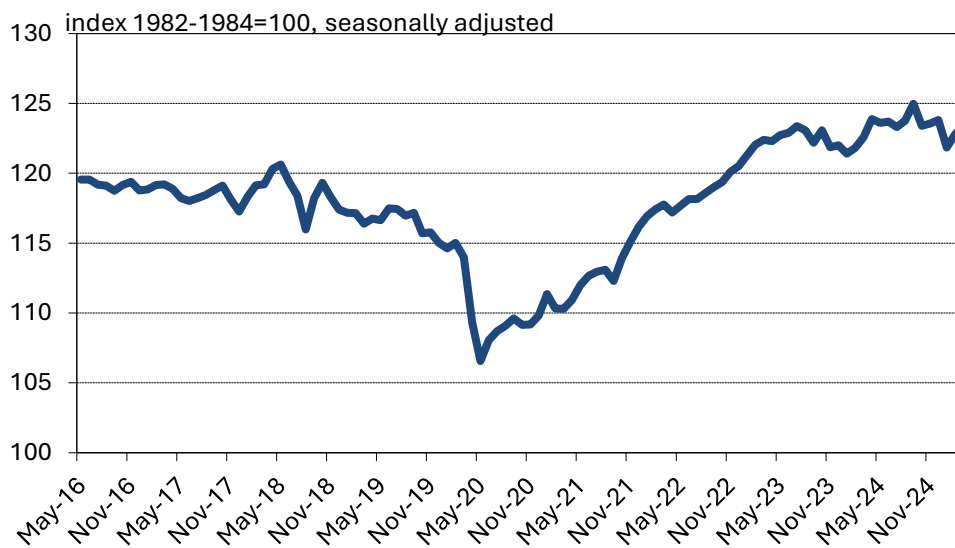
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

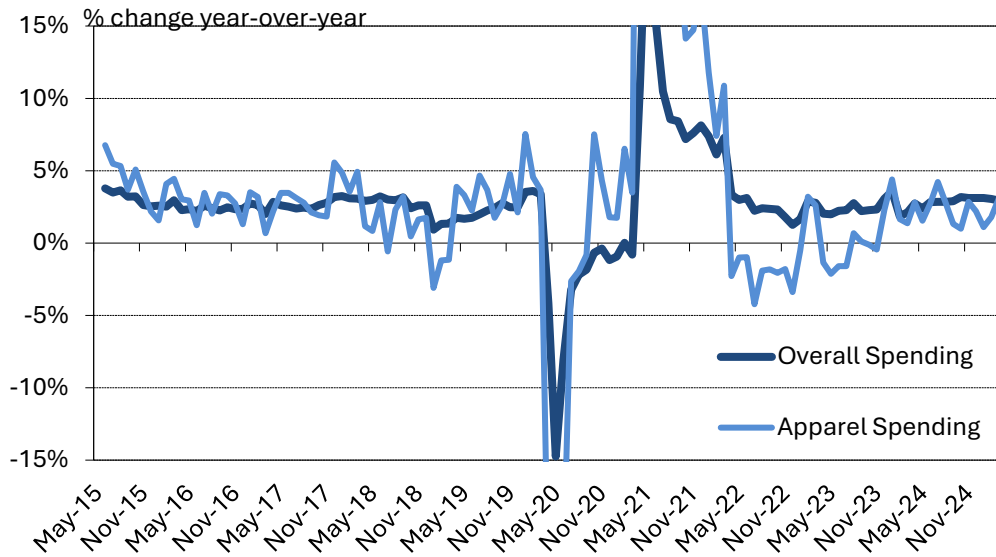
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

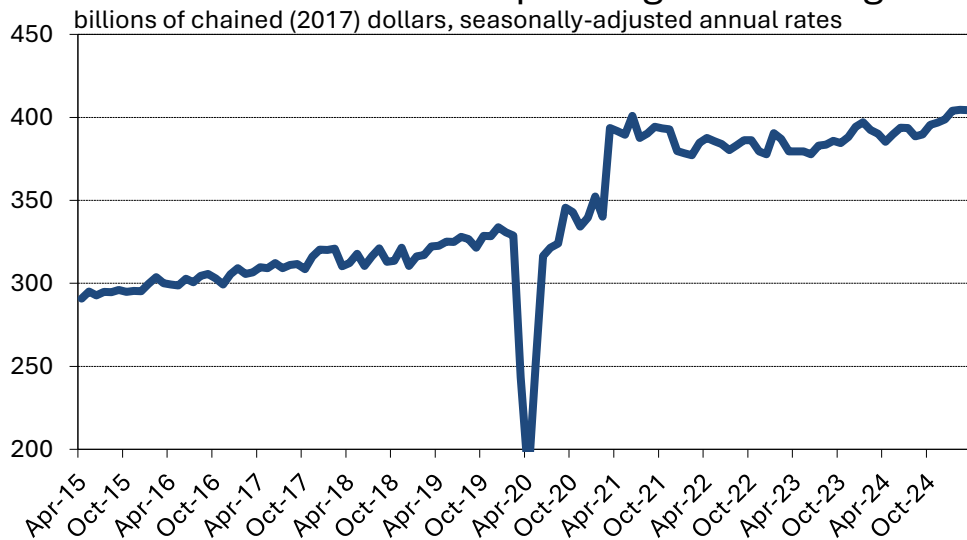
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

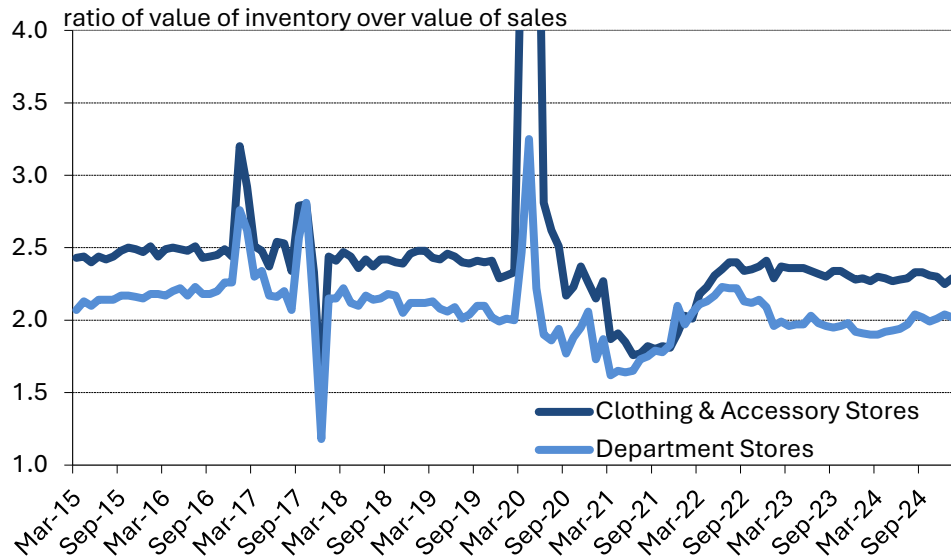


Source: Bureau of Economic Analysis

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

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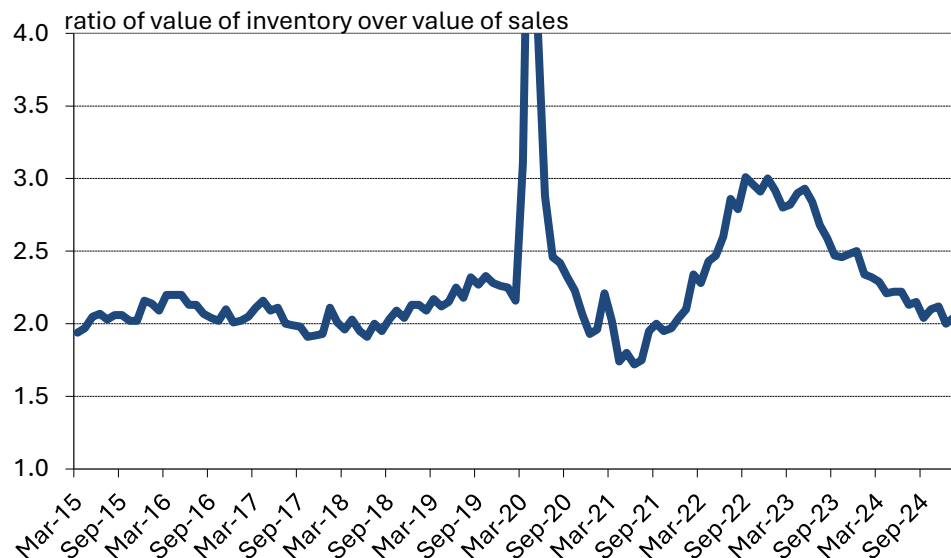
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

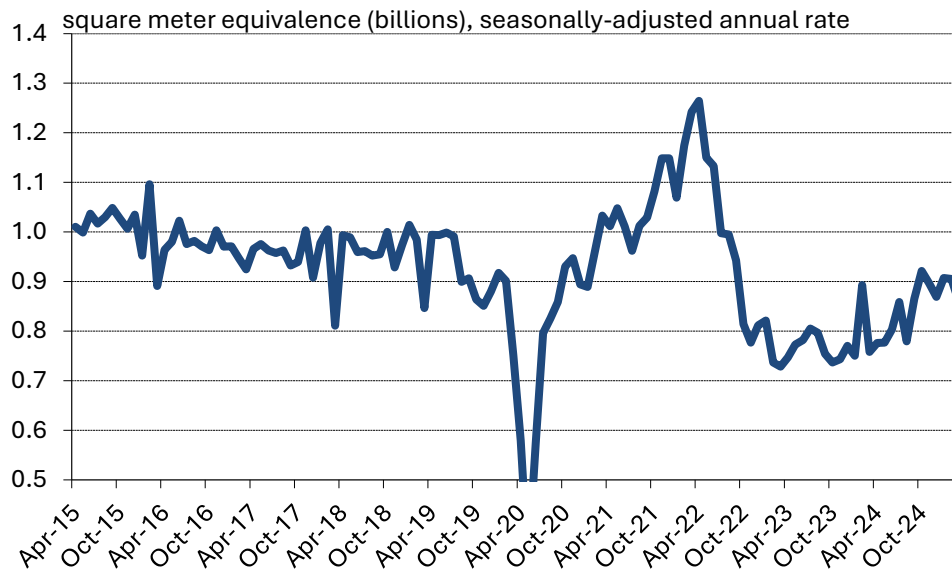


Source: Department of Commerce

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

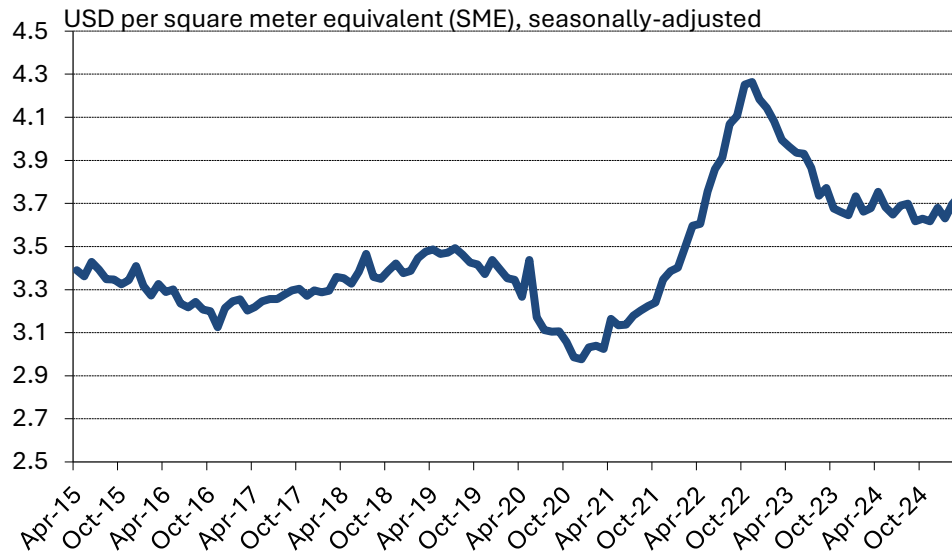
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U.S. Cotton-Dominant Apparel Import Volume



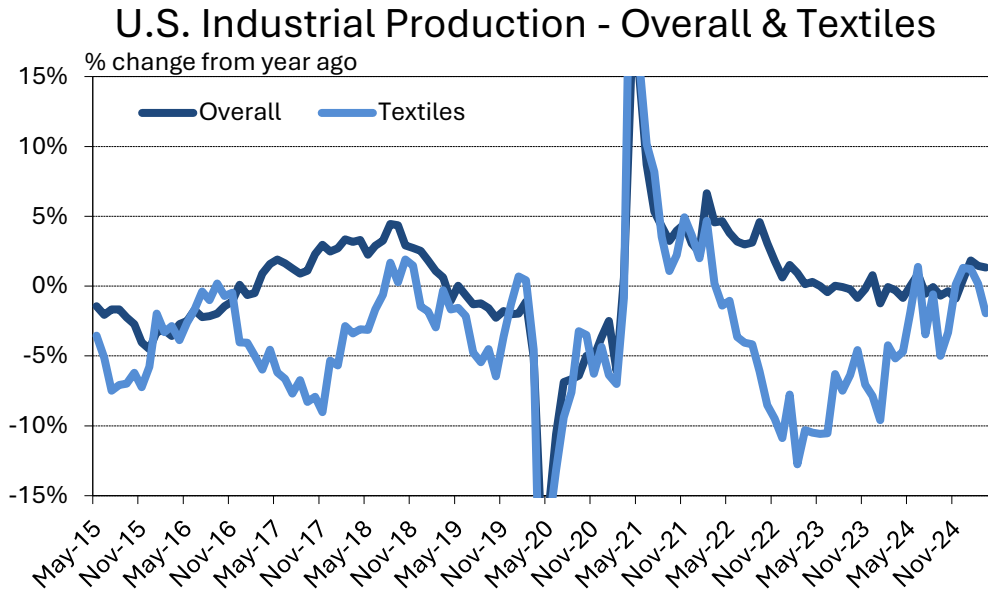
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



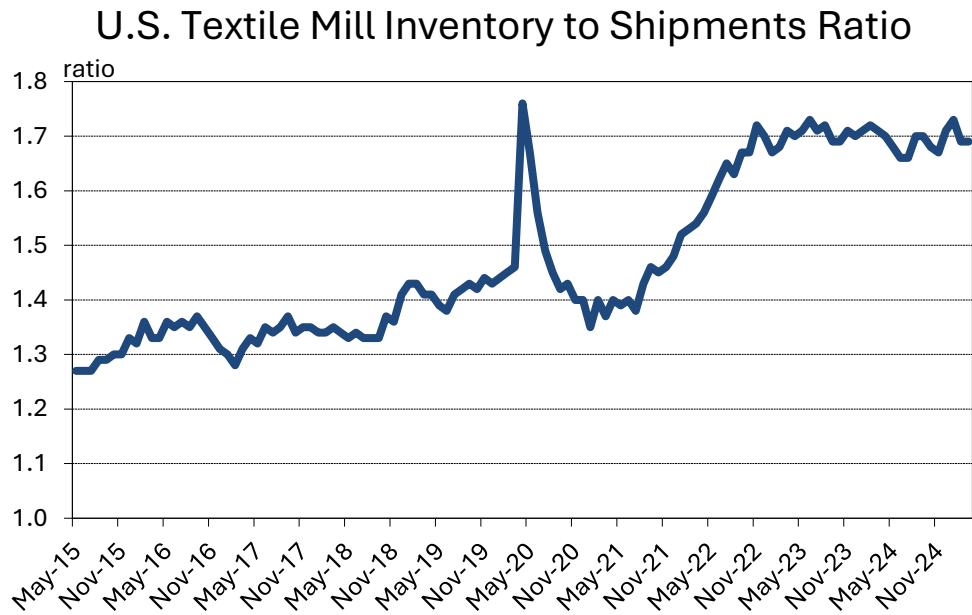
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

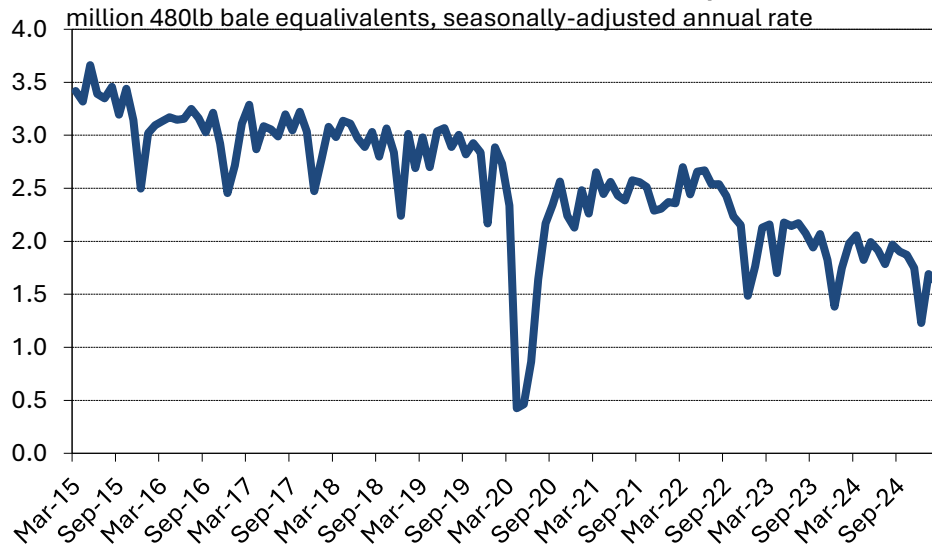
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

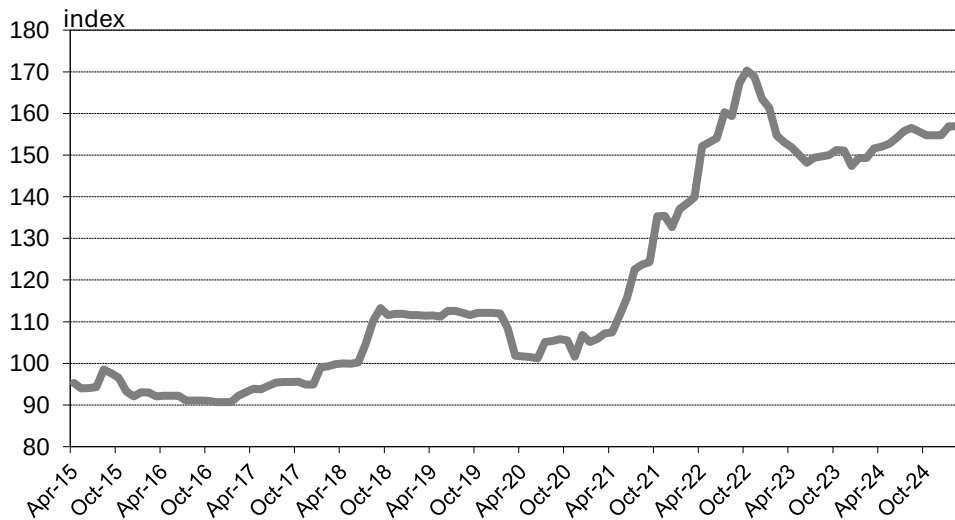
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US Cotton Yarn & Fabric Exports



Source: USDA

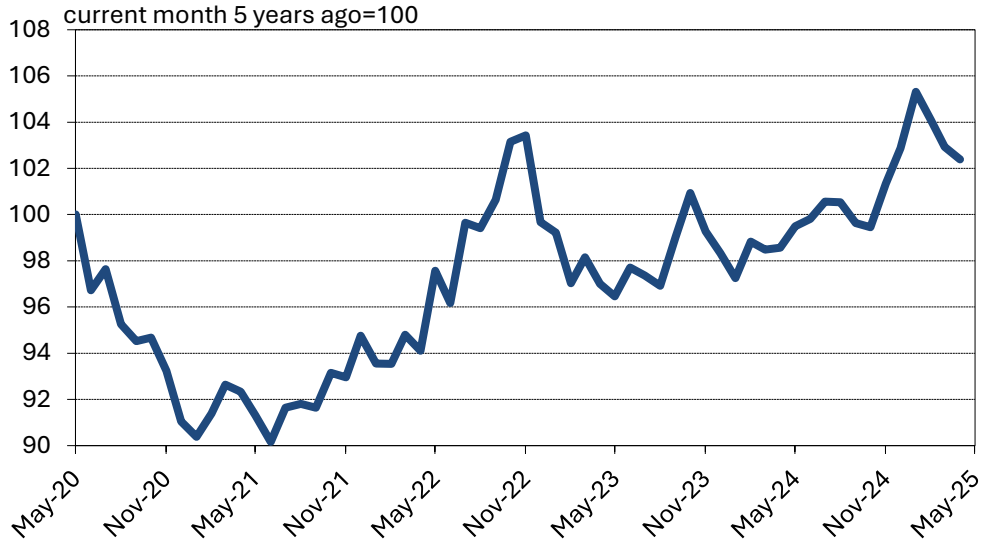
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

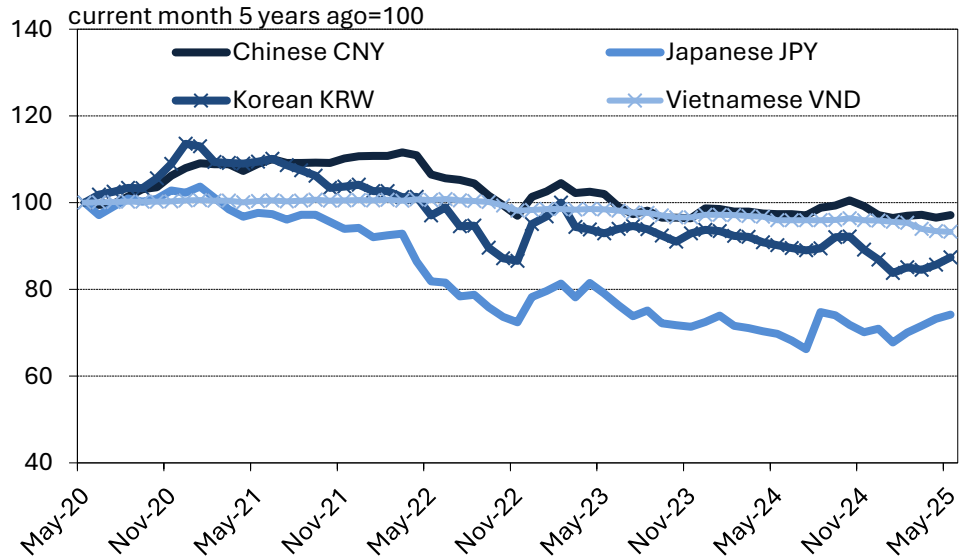
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Trade Weighted Exchange Index for U.S. Dollar



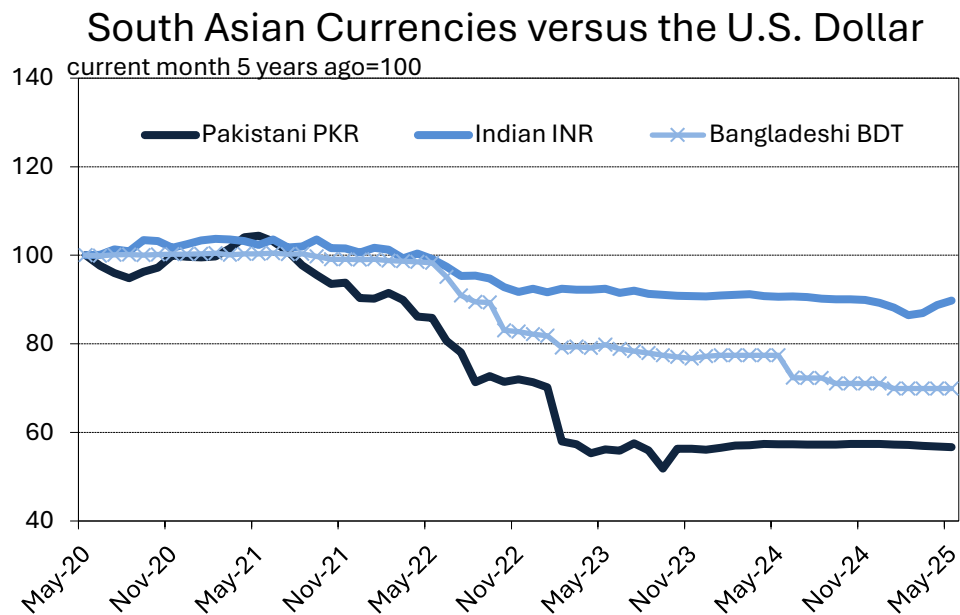
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

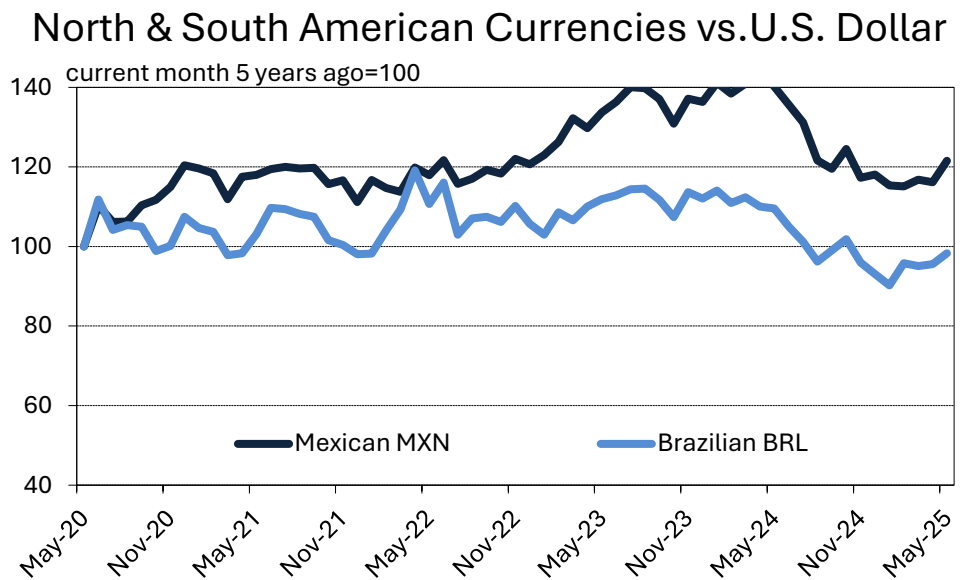


Source: Reuters

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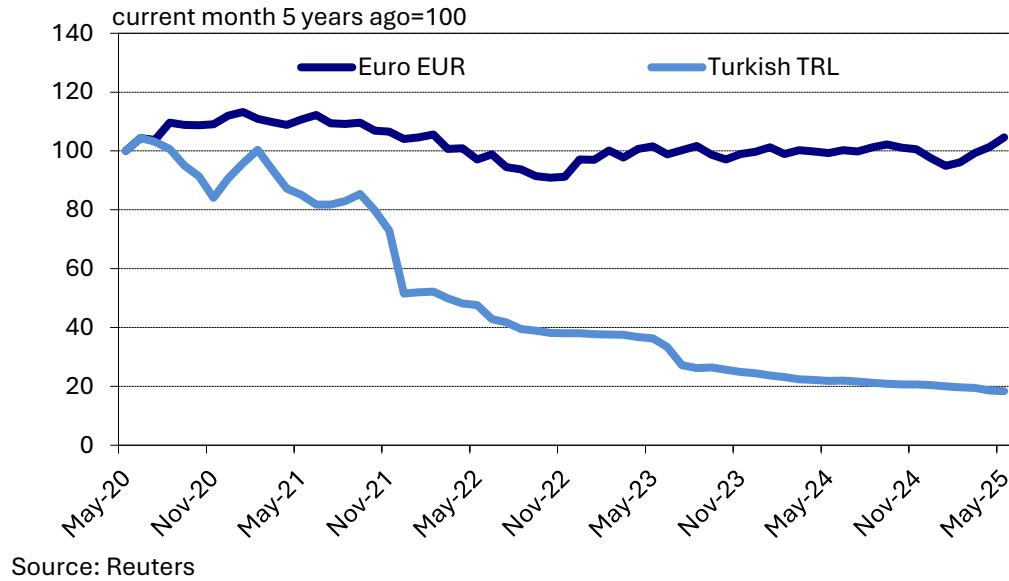
Source: Reuters



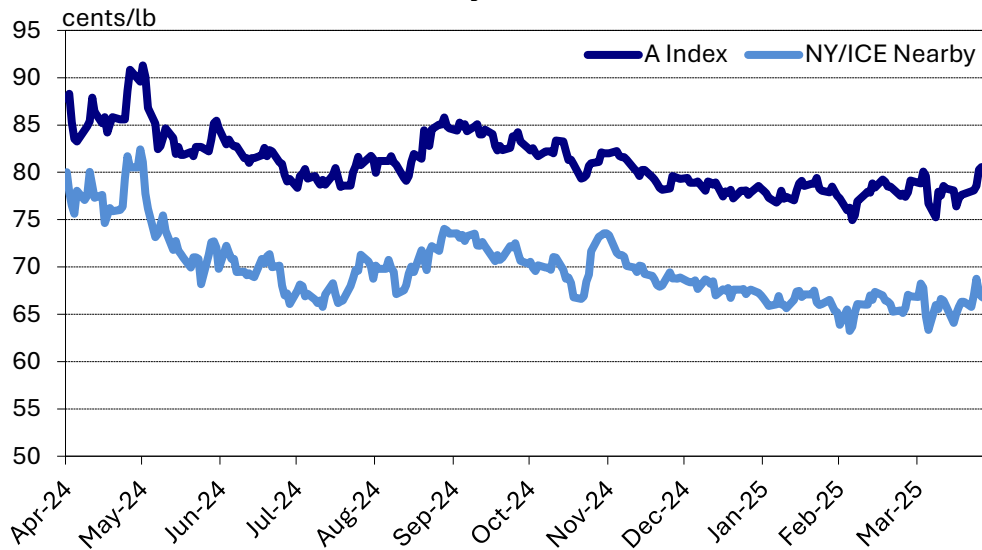
Source: Reuters

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European Currencies vs. U.S. Dollar



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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