

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



June 2025

www.cottoninc.com

Macroeconomic Overview: The ultimate set of tariff increases that may persist over the longer-term remains unknown, but the interconnected nature of global supply chains suggests that the set of lasting policy outcomes will be influential for inflation, sourcing decisions, and economic growth. The latest major development relative to U.S. tariff policy was the pair of court decisions on May 28th and 29th that questions whether the president had the appropriate justification to issue widespread decisions on duty rates.

The constitution granted the power to levy tariffs and regulate international trade to Congress. However, over time, Congress has ceded some authority over tariffs to the president. One piece of legislation that permitted the president some ability to change trade policy was the International Emergency Economic Powers Act (IEEPA). In many of the tariff-related declarations from the administration, IEEPA was cited as justification for the president's ability to implement tariff increases.

In late May, two separate court decisions questioned whether the president had the legal authority to broadly change tariff rates under IEEPA. The Court of International Trade (CIT) suggested that the president may have limited ability to change tariffs under IEEPA. Separately, a federal judge found that IEEPA does not grant the president any ability to change tariffs, citing the absence of any mention of tariffs or its synonyms in the IEEPA text. Nearly immediately, these decisions were appealed by the administration and the tariff rates that were in effect before those rulings remain intact for the time being. There are expectations that these legal arguments could eventually go to the U.S. Supreme Court.

In the meantime, negotiations are underway for bilateral agreements regarding tariffs and trade. The deadline for talks with most countries is July 9th. For China, the current round of discussion is set to continue through the first half of August. If agreements are not reached for partners outside of China, the "reciprocal" tariffs that were initially announced April 2nd have been threatened to go into effect. It is unknown what consequences could surface if an agreement is not reached with China.

Employment: The U.S. economy was estimated to have added +139,000 jobs in May. Revisions to previous months were negative, with the figure for March falling -65,000 to +120,000 and the figure for April falling -30,000 to +147,000. The current 12-month average for job growth is +144,000.

The unemployment rate was unchanged at 4.2% in May, holding at its highest value since 2021. While higher than it has been recently, the unemployment rate remains at a historically low level. It is rare unemployment to hold below five percent. With the exception of the volatility around COVID, the rate has been below five percent since 2016.

Average hourly earnings increased +3.9% year-over-year in May. The rate of wage growth has been trending slowly lower since the post-COVID and post-stimulus peak of +5.9% in March 2022. While a downward trend remains in place, the rate of decline has slowed, with most readings in 2025 near the value posted in May.

Consumer Confidence & Spending: After five consecutive months of decline, the Conference Board's Index of Consumer Confidence Index increased in May (+12.3 points in May to 98.0). For most of the past three and a half years, the index had been holding between 95 and 115. With the series of recent decreases, values briefly dropped out of this range, with the level dipping to 85.7 in April.

Overall consumer spending increased only +0.1% month-over-month in April, but this followed a strong +0.7% month-over-month increase in March. Year-over-year, overall spending was +3.2% higher. Spending on garments decreased -0.7% month-over-month in April, but that decrease followed strong monthly gains early in 2025 (e.g., +1.5% month-over-month in January). Spending on clothing was up +4.6% year-over-year in April (excluding volatility around COVID, the longer-term average is 2-3%).

Consumer Prices & Import Data: The CPI for garments decreased -0.1% month-over-month and -0.5% year-over-year in April. Average import costs for cotton-dominant goods (excluding tariffs, seasonally-adjusted values in terms per square meter equivalent or SME) continue to be stable near \$3.70/SME, where they have been since late 2023.

Import data are lagged, with the latest available data for April, which is the month when the U.S. announced and began implementing a wider set of tariff increases. There are push and pull effects with tariffs, with retailers and brands having to decide whether it might be better to pull orders forward to avoid further tariff increases or that it might be better to delay in hopes that tariffs might decrease. In April, cotton-dominant apparel imports were near the average for the past six months and up +13.4% year-over-year (SME volume, seasonally-adjusted).

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
June 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%	-0.2%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for May

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	March	April	May		
ISM Index of Manufacturing Activity	52.6	48.5	49.4	48.7	49.0	48.7	48.5	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.7	52.3	52.1	50.8	50.8	51.6	49.9	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.5	101.6	98.8	92.5	93.9	85.7	98.0	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	442.0	144.4	157.0	135.3	120	147	139	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.6%	4.1%	4.1%	4.2%	4.2%	4.2%	4.2%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.8%	4.7%	4.4%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	3.0%	4.3%	4.4%	4.3%	4.3%	4.3%	4.4%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	109.8	101.4	100.7	100.1	100.4	100.4	99.4	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.5	1.3	1.4	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.9	4.1	4.1	4.1	4.3	4.0	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	101.0	103.1	103.4	104.0	102.7	102.5	103.9	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	140.2	155.6	156.3	157.2	156.9	156.9	157.9	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.0	1.8	1.7	1.8	1.7	1.6	2.0	million 480lb bales	USDA ERS

Industrial & Textile 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		
US Textile Mill Inventory/Shipments Ratio	1.57	1.66	1.67	1.67	1.67	1.66	1.68	Ratio	Department of Commerce

Retail Data

Retail 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		
US Real Consumer Spending									
All Goods and Services	3.4%	3.0%	3.0%	3.0%	2.7%	3.1%	3.2%	% Chg. Year/Year	Department of Commerce
Clothing	6.6%	2.6%	2.8%	3.9%	3.0%	4.0%	4.6%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.3%	2.7%	2.7%	2.4%	2.8%	2.4%	2.3%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.6%	0.7%	0.6%	0.1%	0.8%	0.7%	-0.5%	% 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

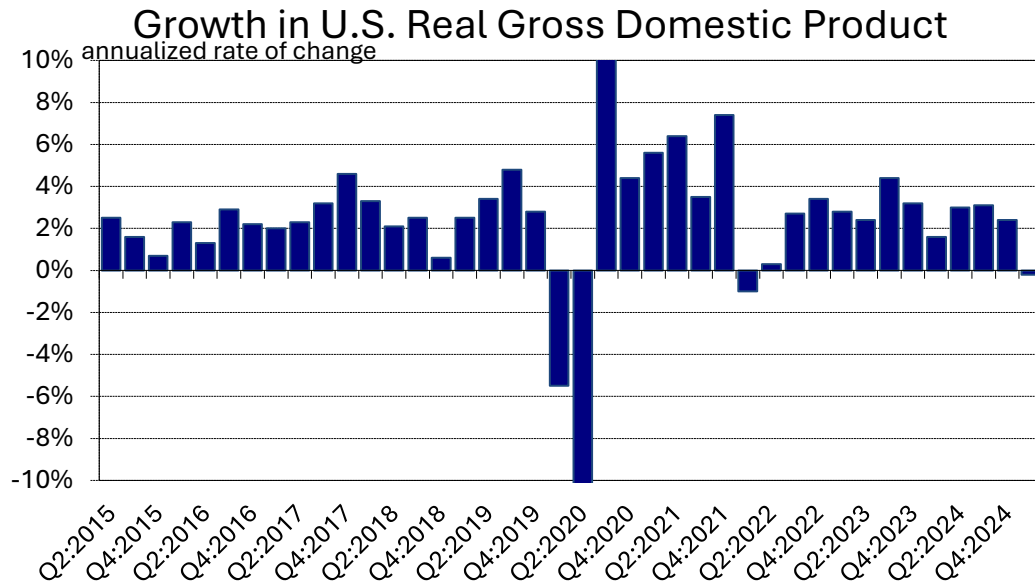
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Daily Cotton Price and Currency Data
June 2025



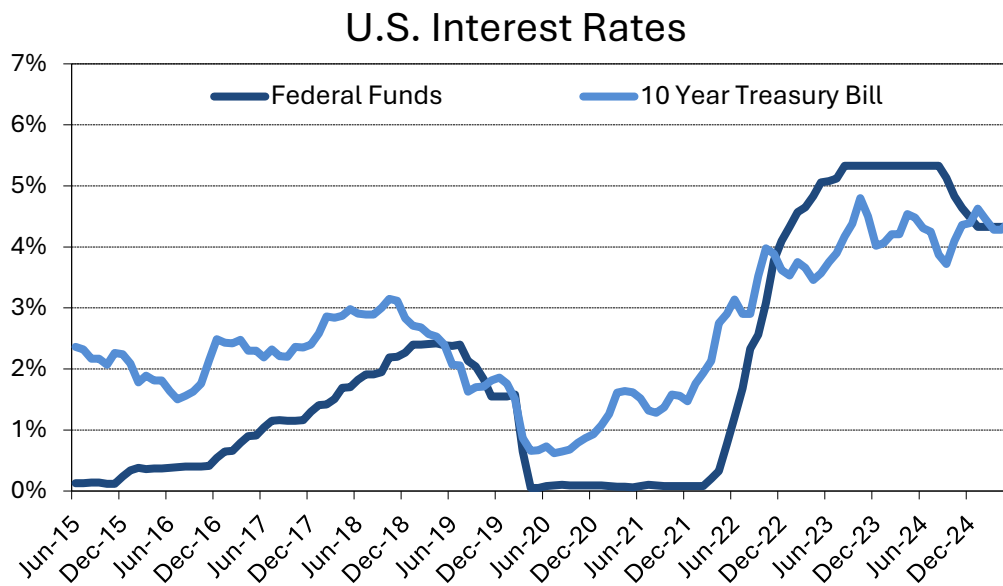
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	March	April	May		
NY Nearby	86.4	68.6	66.9	66.1	65.9	66.2	66.2	cents/pound	ICE
A Index	97.2	80.2	78.4	78.0	77.7	78.3	78.0	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	March	April	May		
Dollar Trade Weighted Exchange Index	119.7	122.8	126.5	124.9	126.4	126.1	122.4	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.89	7.11	7.27	7.25	7.24	7.30	7.22	Chinese Renminbi/US dollar	Reuters
Indian Rupee	79.54	83.02	85.82	85.60	87.12	85.24	84.44	Indian Rupee/US dollar	Reuters
Japanese Yen	131.12	144.75	149.28	145.53	148.23	145.53	142.84	Japanese Yen/US dollar	Reuters
Pakistani Rupee	226.82	267.16	279.52	280.55	279.67	280.73	281.24	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.29	5.27	5.87	5.76	5.75	5.81	5.72	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.36	1.42	1.41	1.43	1.42	1.38	Canadian dollar/US dollar	Reuters
Mexican Peso	19.51	18.76	20.26	20.18	20.31	20.51	19.72	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.78	0.77	0.78	0.77	0.75	British Pound/US dollar	Reuters
Euro	0.91	0.94	0.93	0.91	0.92	0.91	0.88	Euro/US dollar	Reuters
Swiss Franc	0.91	0.90	0.88	0.86	0.89	0.86	0.82	Swiss Franc/US dollar	Reuters
Turkish Lira	20.21	27.33	36.50	37.68	36.42	38.01	38.61	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

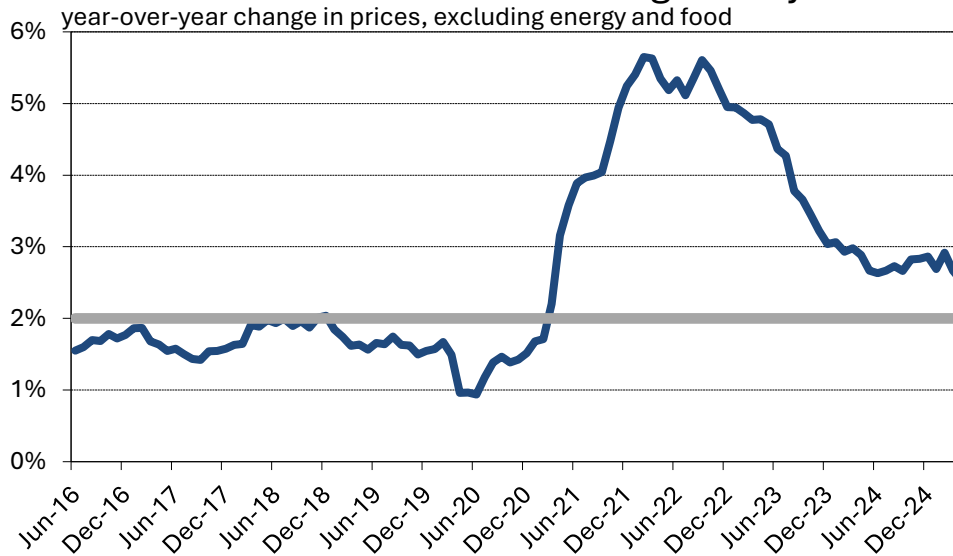
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



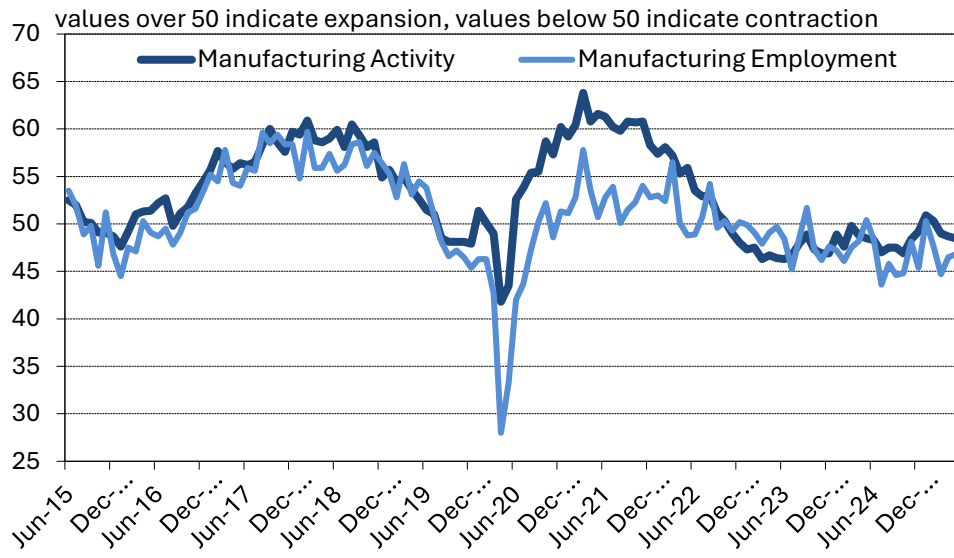
Source: Bureau of Labor Statistics

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.

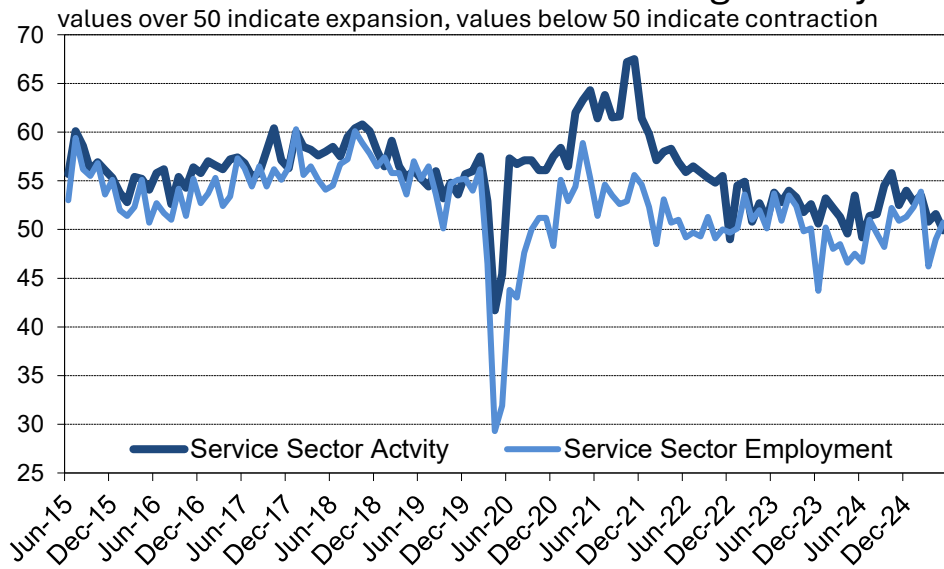
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ISM Index of Manufacturing Activity



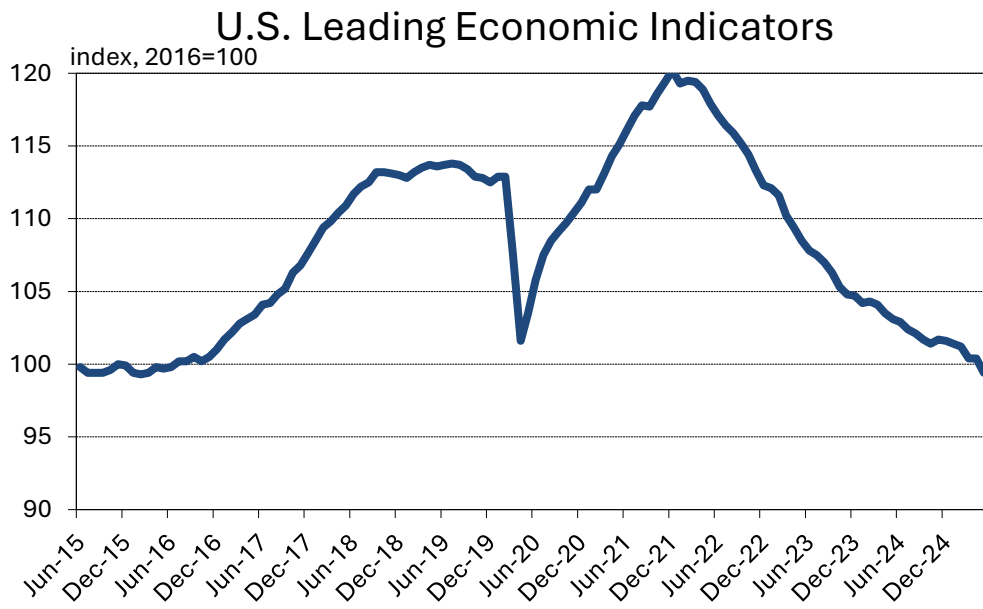
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

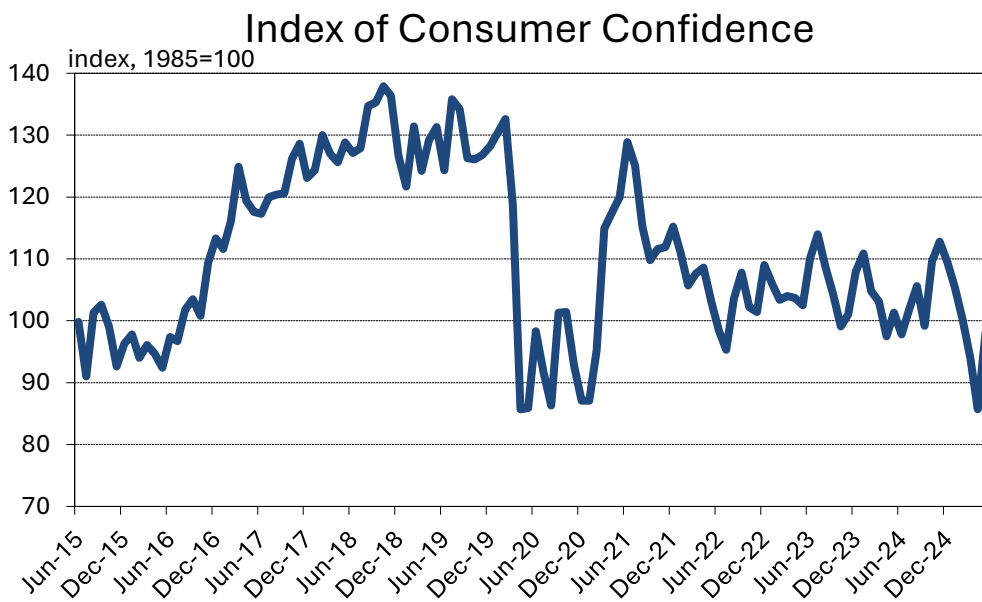


Source: Institute for Supply Chain Management

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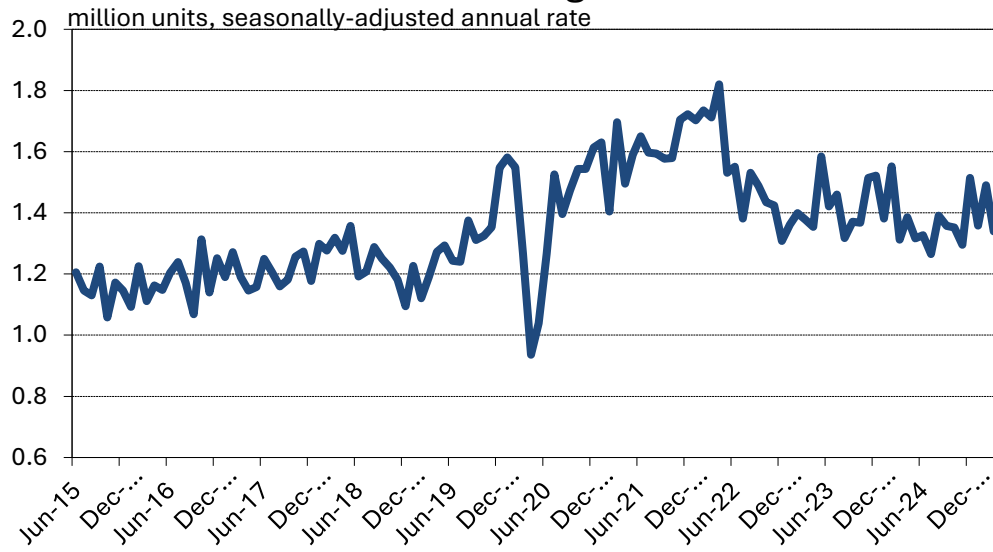
Source: The Conference Board



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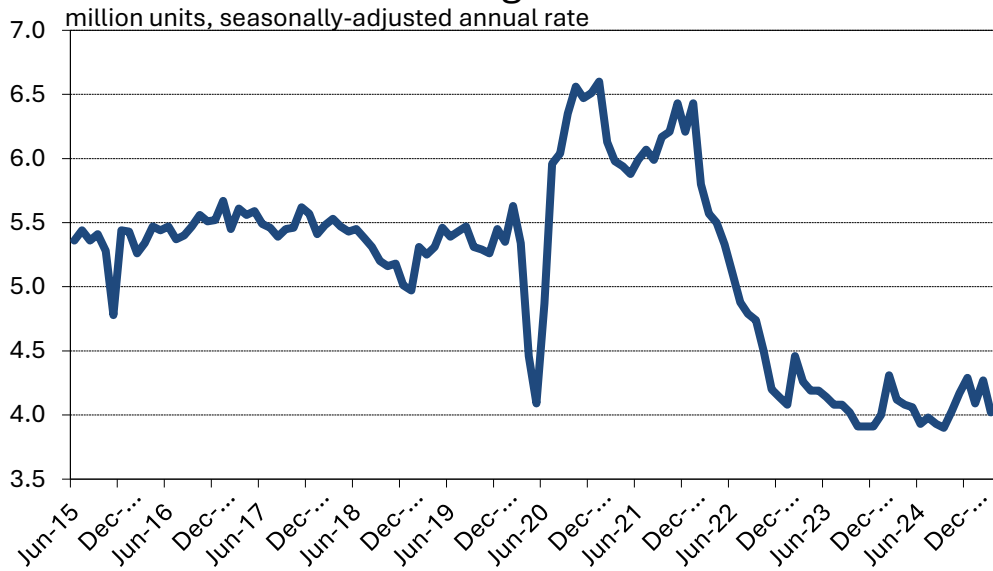
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U.S. Housing Starts



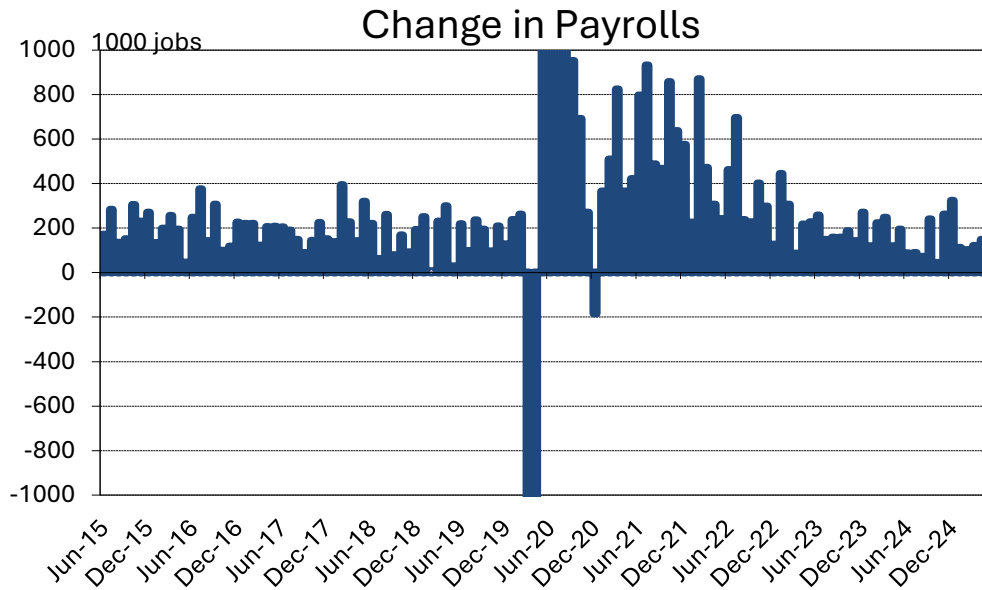
Source: Department of Commerce

U.S. Existing Home Sales



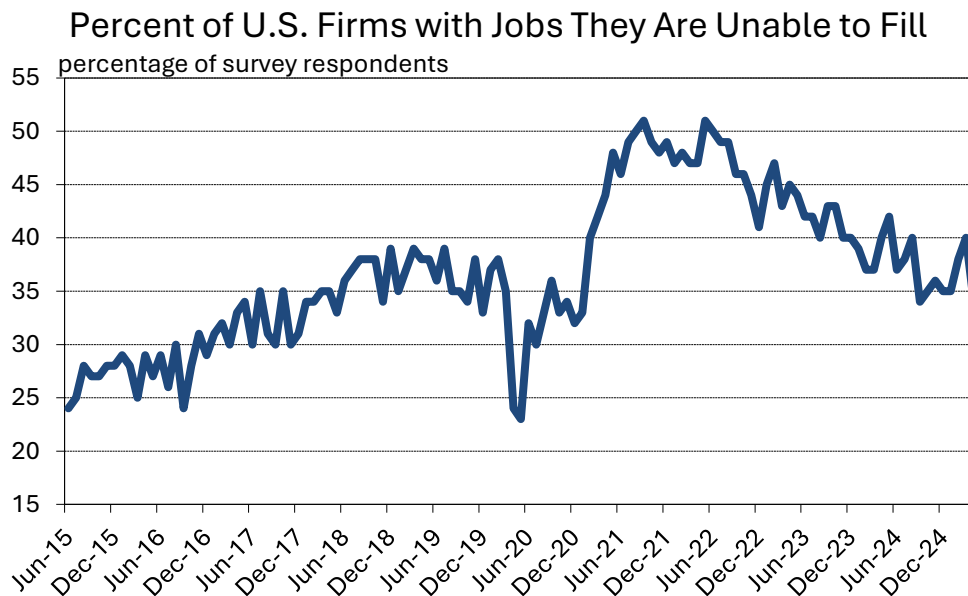
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

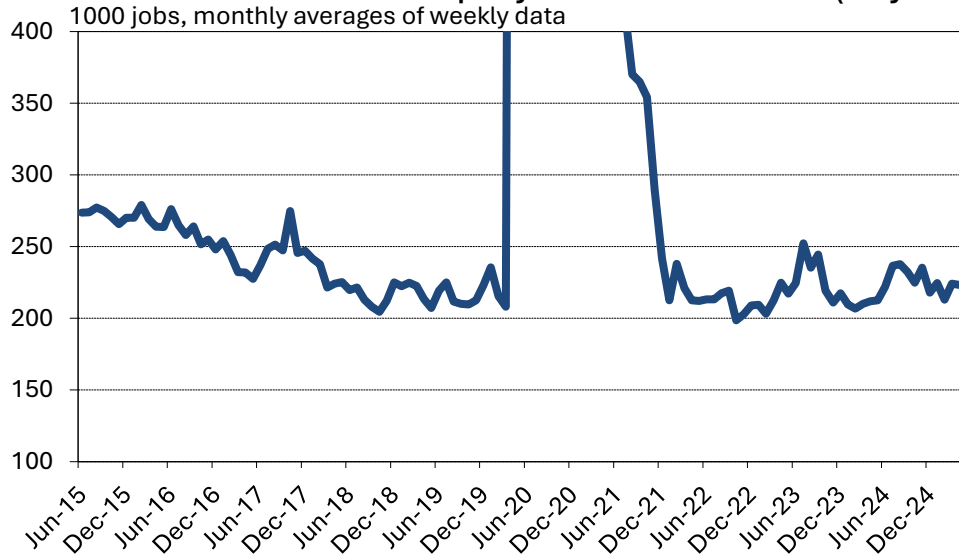


Source: National Federation of Independent Business

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

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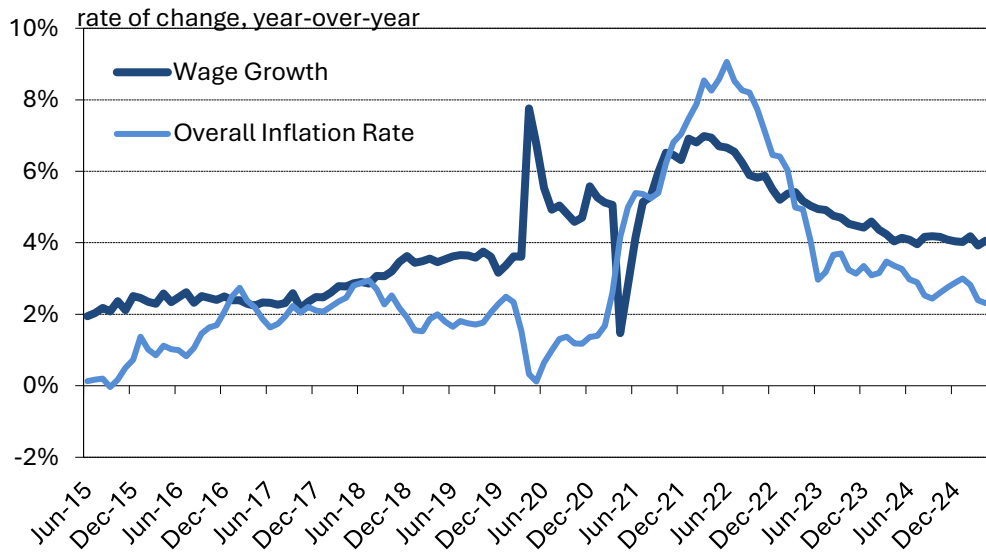
Initial Claims for Unemployment Insurance (Layoffs)



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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Source: Bureau of Economic Analysis

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

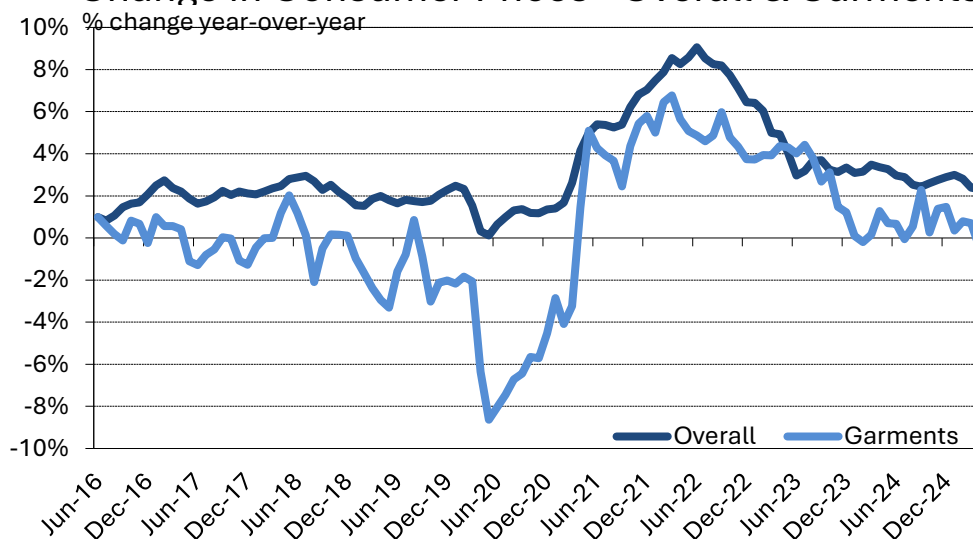


Source: Bureau of Labor Statistics

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

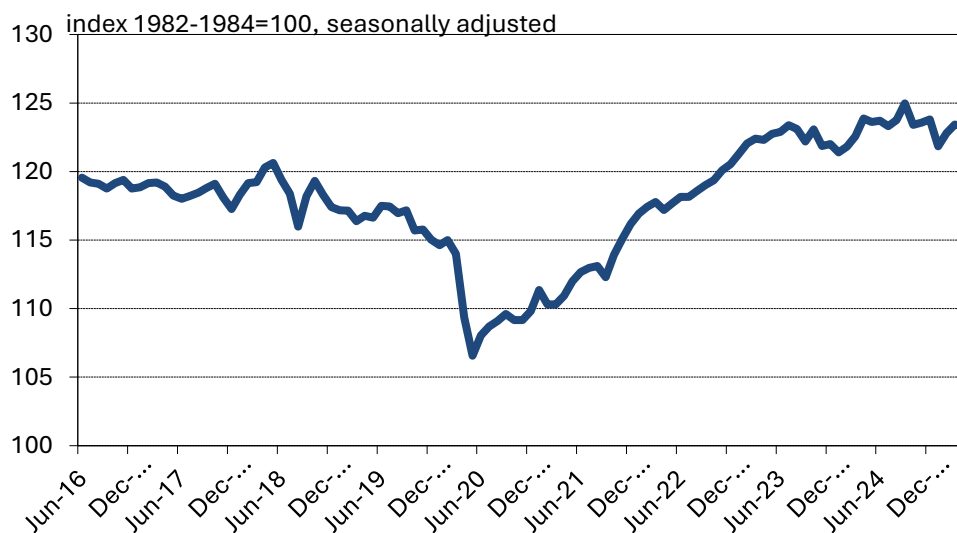
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

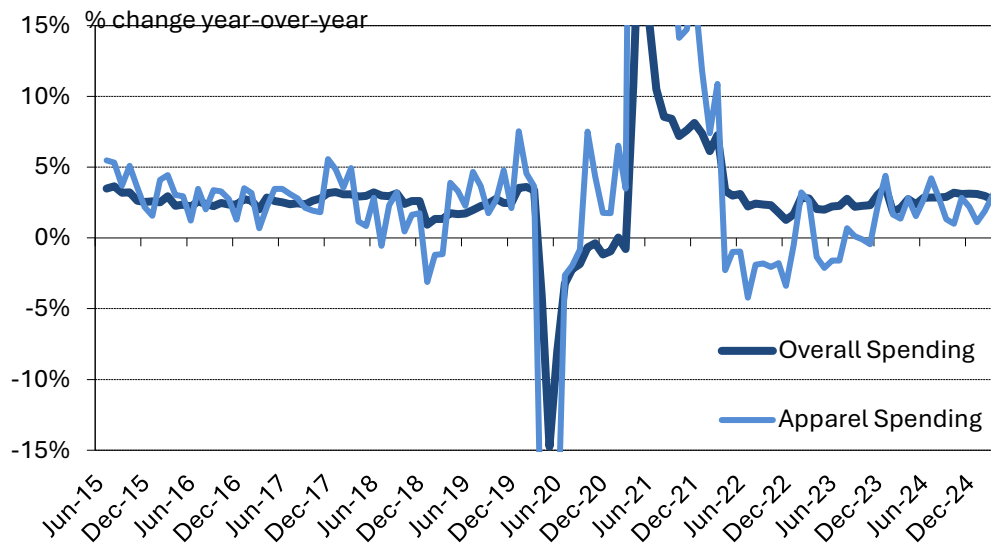
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

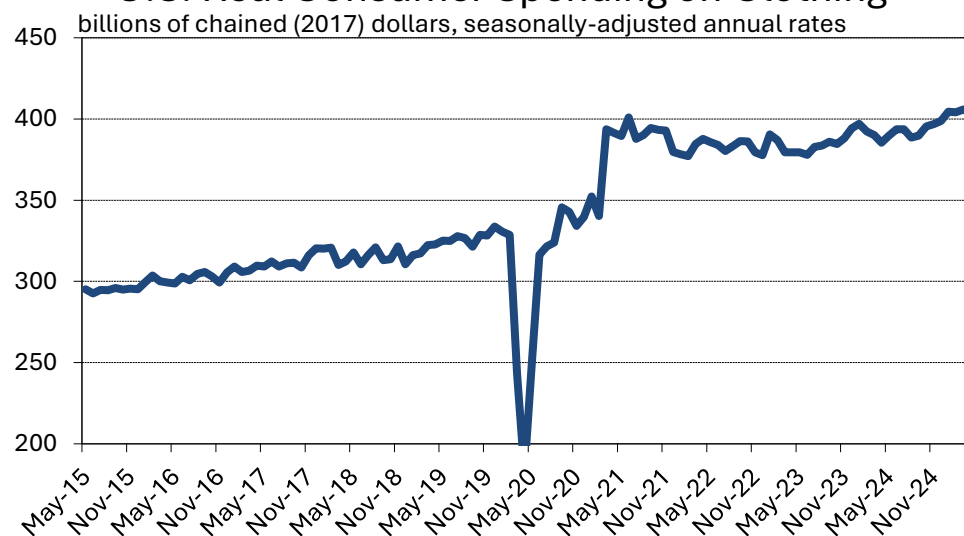
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

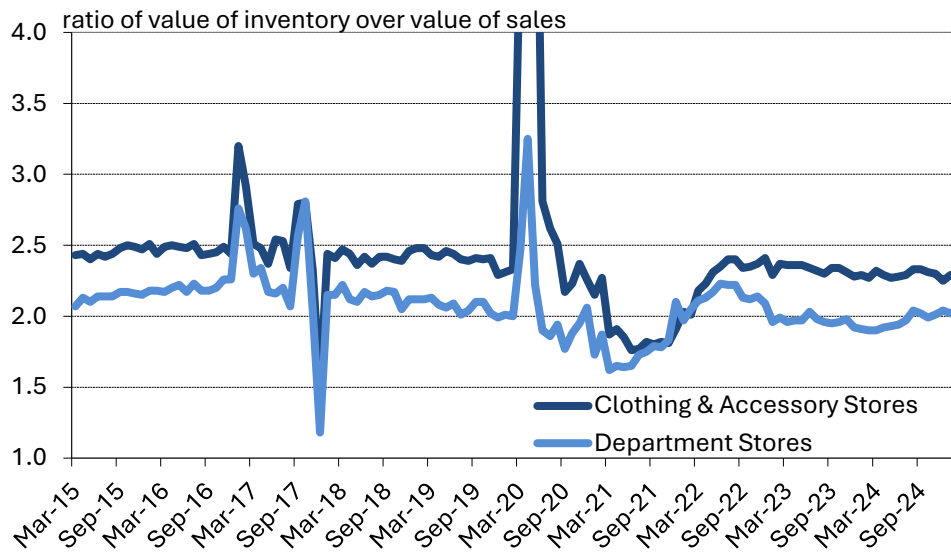


Source: Bureau of Economic Analysis

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

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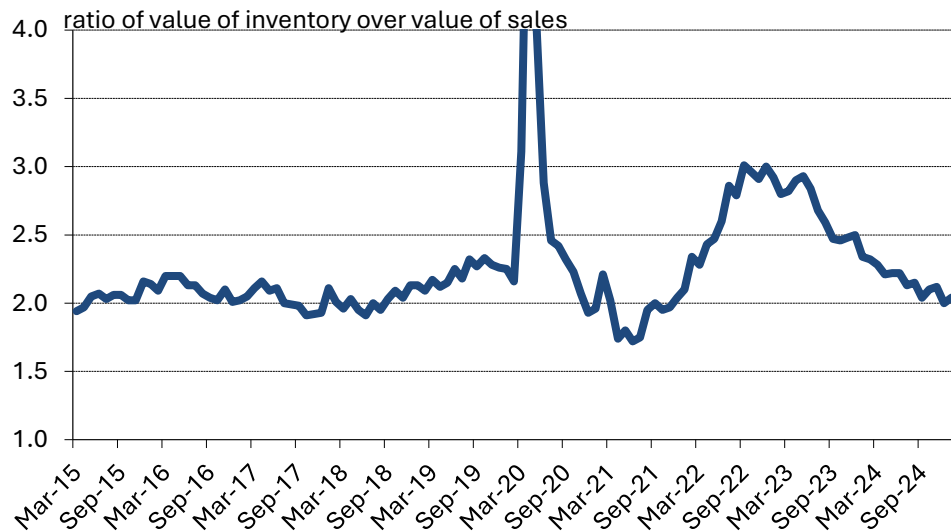
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

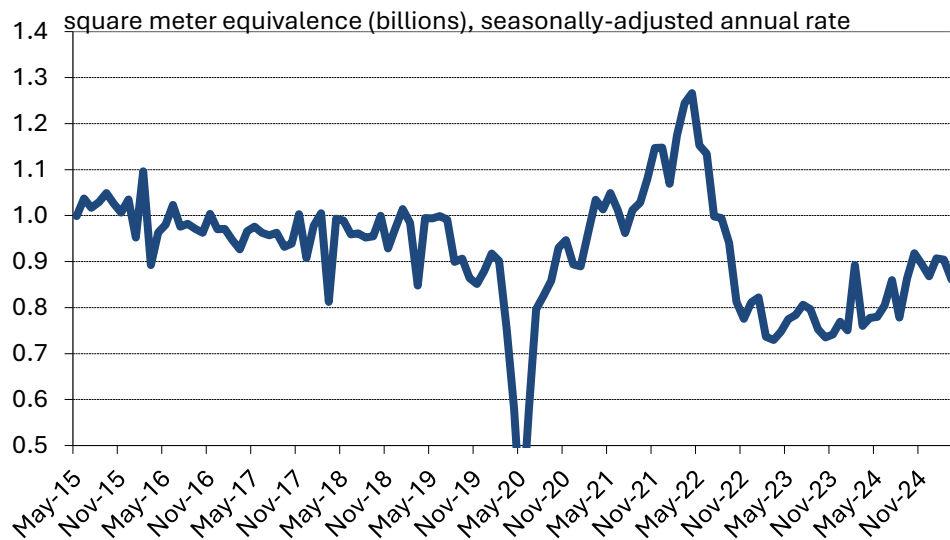


Source: Department of Commerce

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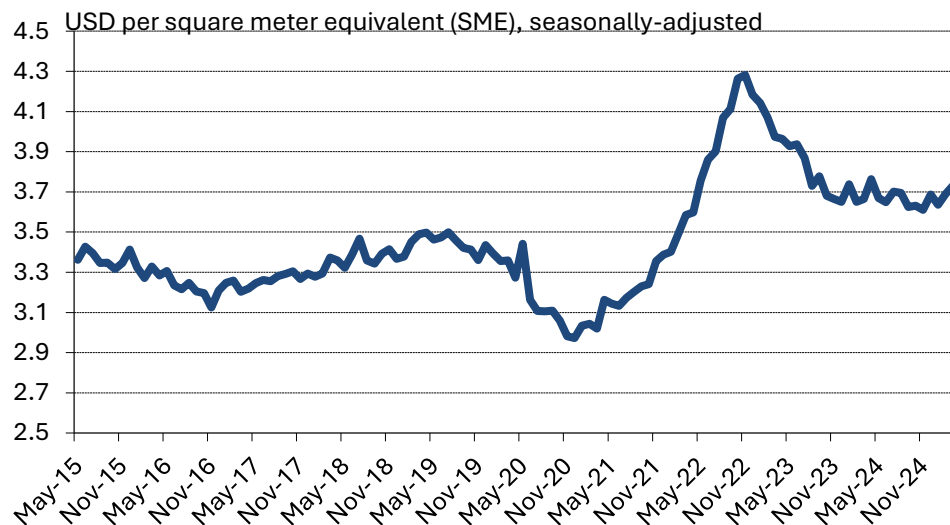
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U.S. Cotton-Dominant Apparel Import Volume



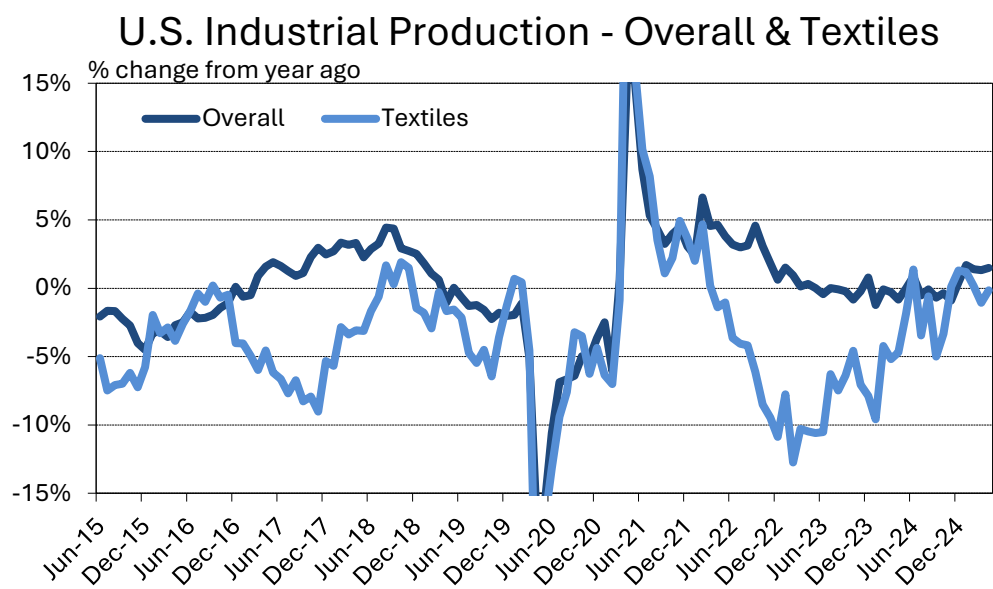
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



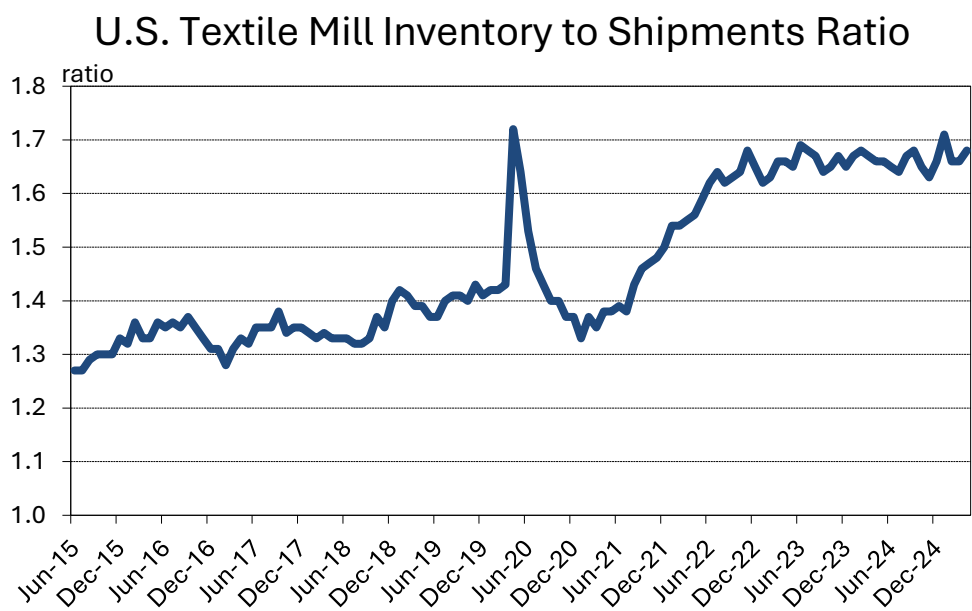
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

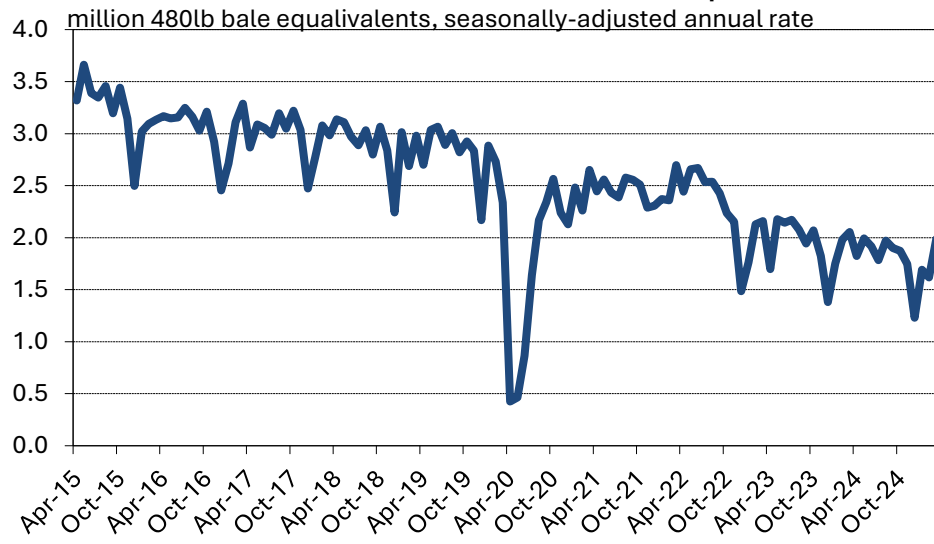
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

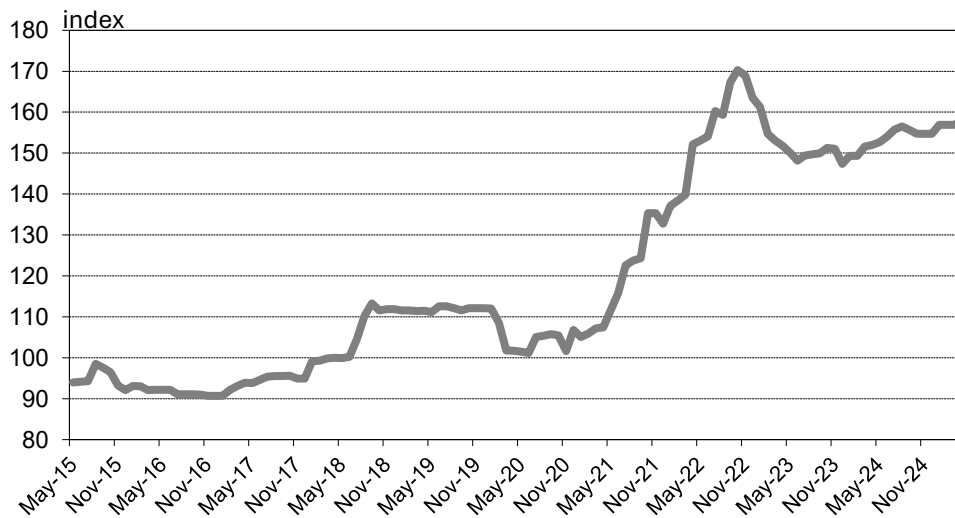
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US Cotton Yarn & Fabric Exports



Source: USDA

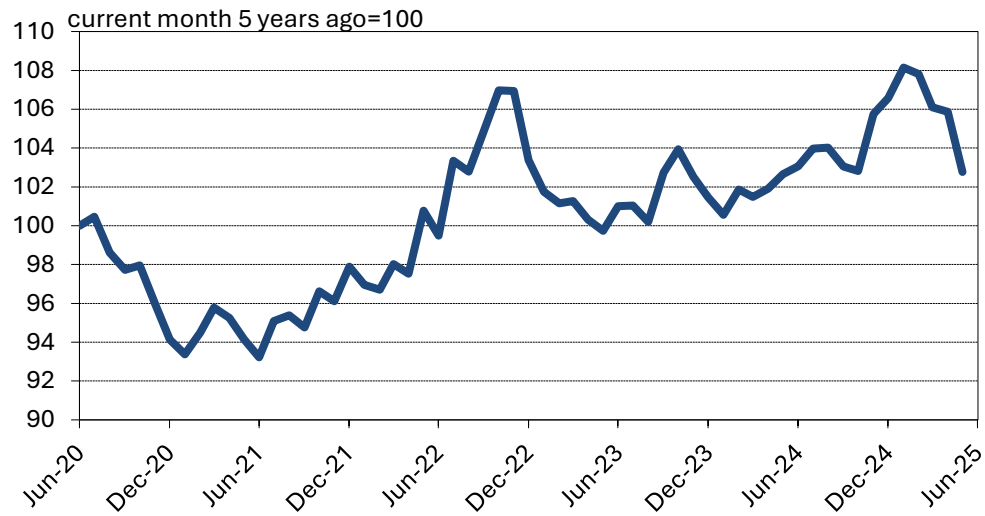
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

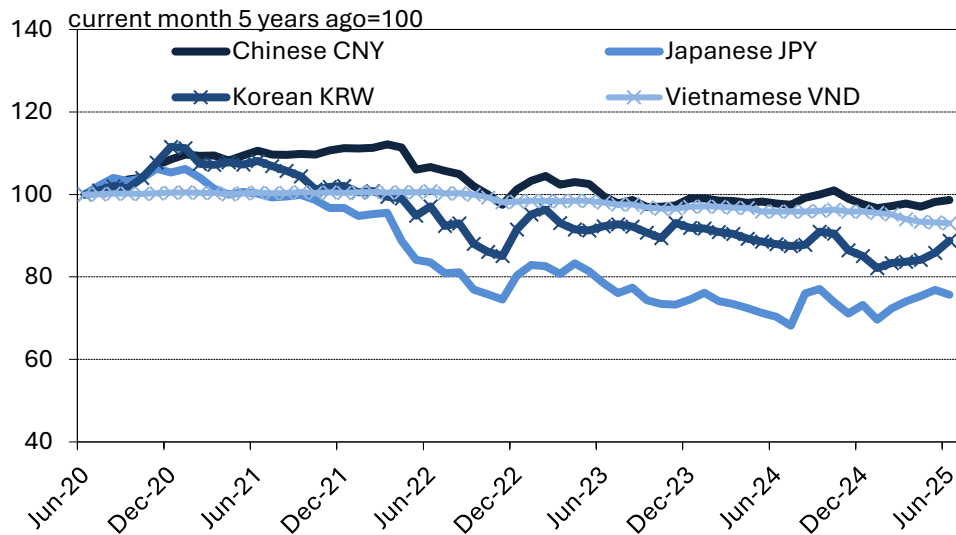
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Trade Weighted Exchange Index for U.S. Dollar



Source: Federal Reserve

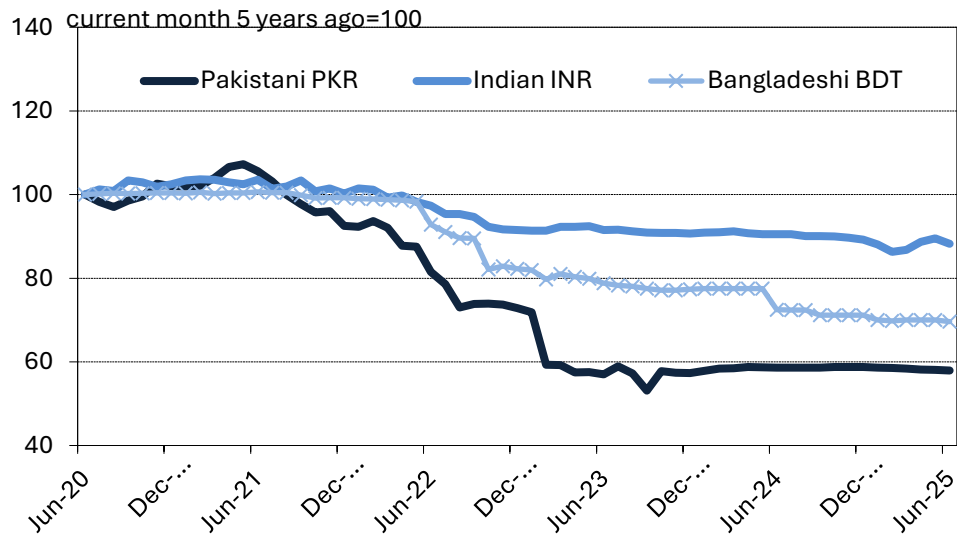
East Asian Currencies versus the U.S. Dollar



Source: Reuters

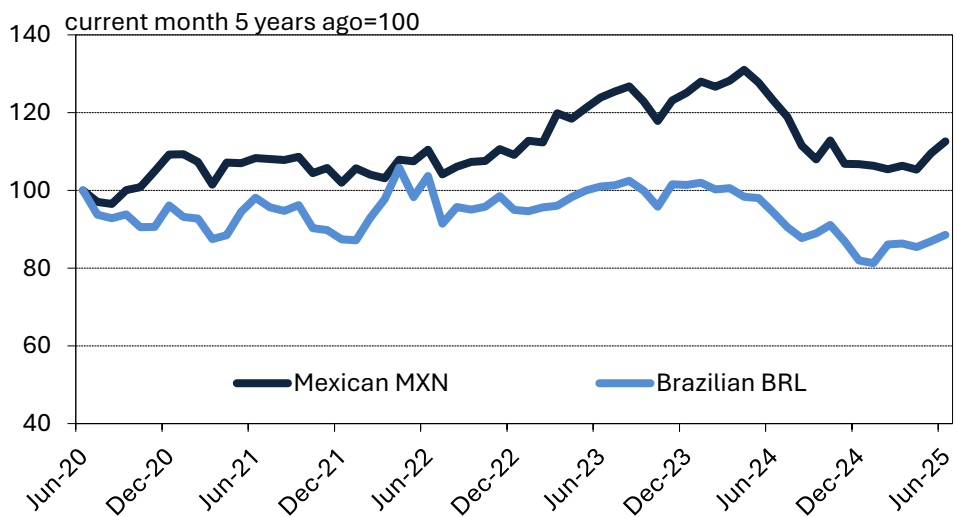
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South Asian Currencies versus the U.S. Dollar



Source: Reuters

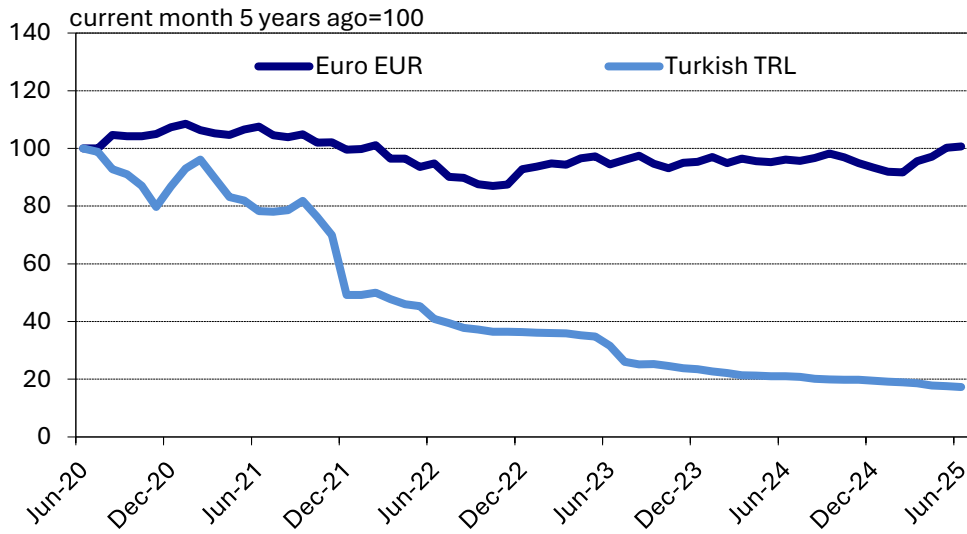
North & South American Currencies vs.U.S. Dollar



Source: Reuters

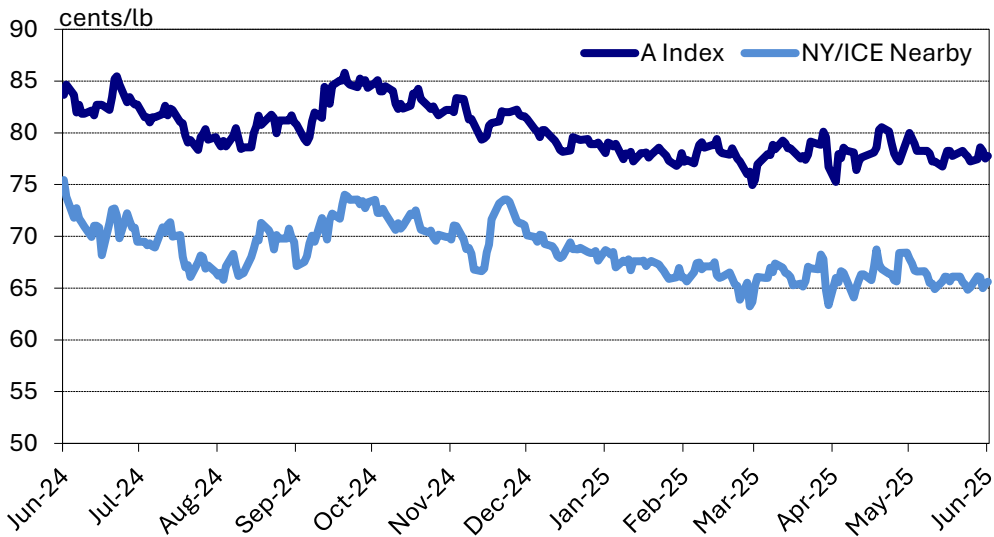
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European Currencies vs. U.S. Dollar



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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