

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



July 2025

www.cottoninc.com

Macroeconomic Overview: After “reciprocal” tariffs were lowered on April 9th, July 9th was set as a deadline for trade negotiations between the U.S. and most partner countries (Chinese negotiations to continue until August 12th). In early July, several framework plans around tariff increases were announced, but complete sets of official details have not been made available.

In the frameworks that have been released, there were some adjustments relative to the “reciprocal” rates that were introduced in early April, but the tariff increases proposed in the July frameworks generally resembled those outlined a few months ago. Implementation dates for the tariff changes announced in July were delayed to August 1st. Officials have indicated that negotiations can continue ahead of implementation and that eventual agreements have the potential to differ from currently revealed frameworks. Until August 1st, the ten-percentage point increase in tariffs that went into effect on April 9th will remain in place.

The framework revealed for Vietnam specified higher rates for transshipped goods, with a 20% tariff addition for goods made in Vietnam and a 40% tariff addition for goods transshipped through Vietnam (transshipped goods are items made in one country that pass through another before eventually being shipped to the U.S.). It is not clear whether provisions involving transshipment will be a common feature in other deals. It is also not clear what level of transformation may be required of component materials processed in an intermediary country in order not to be considered as a transshipment.

Just ahead of the string of announcements involving the frameworks for tariff rates in early July, the U.S. Congress passed a major piece of legislation concerning taxation, spending, and the budget. Among the elements included in the bill was the elimination of de minimis shipments from all locations by July 2027 (de minimis shipments are deliveries under \$800, which have had duty free access to U.S. consumers and had been a growing channel for retail in recent years).

Amid the series of policy changes, the Federal Reserve has been examining monetary policy. Around the middle of June, the Federal Reserve met and decided to hold interest rates at their current level. In addition, the Fed updated its macroeconomic forecasts. Relative to estimates released in March, the central bank’s June projection for U.S. GDP growth in 2025 was lowered from +1.7% to +1.4% and the forecast for 2026 was lowered from +1.8% to +1.6% (U.S. GDP growth in 2024 was +2.8%).

Employment: The U.S. economy was estimated to have added +147,000 jobs in June. Revisions to previous months were positive, with the figure for April rising +11,000 to +158,000 and the figure for May rising +5,000 to +144,000. The current 12-month average for job growth is +151,000. The unemployment rate decreased slightly, from 4.2% to 4.1% month-over-month.

Average hourly earnings rose +3.9% year-over-year in June. Since March 2024, the rate of wage growth has been steady between 3.9% and 4.2%. This range is lower than the post-COVID and post-stimulus peak of +5.9% that was set in March 2022. Although wage growth has shifted lower, values remain well-above those that were posted in most of the decade that followed the financial crisis (when rates were generally below three percent).

Consumer Confidence & Spending: After a rebound in May, the Conference Board’s Index of Consumer Confidence Index decreased in June (-5.4 points to 93.0). The current reading is slightly below the range between 95 and 115 that had contained values for most of the past three and a half years. In April, the index set a recent low (85.7). This represented the lowest level since the onset of COVID (values were near 85 in April and May of 2020).

Overall consumer spending decreased -0.3% month-over-month in May, which was the third time in 2025 that spending fell month-over-month (also contracted in January and February). Year-over-year, overall spending was +2.2% higher, which is the slowest rate of annual growth since February 2024. Spending on garments increased +1.1% month-over-month in May. Year-over-year, spending on apparel was up +4.9%. The annual rate of clothing spending accelerated in March, with growth over four percent each month from March to May. The average over the previous twelve months was +2.3%.

Consumer Prices & Import Data: The CPI for garments decreased -0.4% month-over-month and -0.7% year-over-year in May. Despite the latest decreases, recent values are slightly above the levels registered between 2012-14 and remain among the highest experienced since the early 2000s.

The latest available import data are through May, which means there are two months available after the first major round of tariff increases were implemented (April and May). In April, imports were up month-over-month in seasonally adjusted terms (+3.3% in terms of all-fiber weight volume). In May, imports turned sharply lower (-22.0%). Import volumes had been surging. In the seven months between September and March 2025, all-fiber apparel import weight volume was up +15.2% year-over-year.

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
July 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%	-0.5%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for June	Recent Averages				Values in Recent Months				Source
	5-year	1-year	6-month	3-month	April	May	June		
ISM Index of Manufacuring Activity	52.5	48.6	49.4	48.7	48.7	48.5	49.0	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.6	52.4	51.6	50.8	51.6	49.9	50.8	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.4	101.3	96.1	92.4	85.7	98.4	93.0	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	367.6	150.8	130.3	149.7	158	144	147	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.5%	4.1%	4.1%	4.2%	4.2%	4.2%	4.1%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.8%	4.6%	4.3%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	3.0%	4.3%	4.4%	4.4%	4.3%	4.4%	4.4%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	109.6	100.9	100.1	99.1	99.1	99.1	99.0	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.3	1.4	1.4	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.9	4.1	4.1	4.0	4.0	4.0	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	101.3	103.1	103.5	103.7	102.5	102.4	103.6	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	141.1	156.0	156.9	157.5	156.9	157.9	157.9	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.9	1.8	1.7	1.8	1.6	2.0	1.8	million 480lb bales	USDA ERS

Industrial & Textile 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		
US Textile Mill Inventory/Shipments Ratio	1.57	1.67	1.68	1.69	1.69	1.68	1.69	Ratio	Department of Commerce

Retail Data

Retail 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		
US Real Consumer Spending									
All Goods and Services	3.5%	2.9%	2.7%	2.6%	2.8%	2.9%	2.2%	% Chg. Year/Year	Department of Commerce
Clothing	7.1%	2.9%	3.3%	4.7%	4.2%	5.0%	4.9%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.4%	2.6%	2.6%	2.3%	2.4%	2.3%	2.4%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.7%	0.6%	0.1%	-0.6%	0.7%	-0.5%	-0.7%	% Chg. Year/Year	Bureau of Labor Statistics

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		
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
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.0	2.1	2.1	Value of inventory over value of sales	Department of Commerce

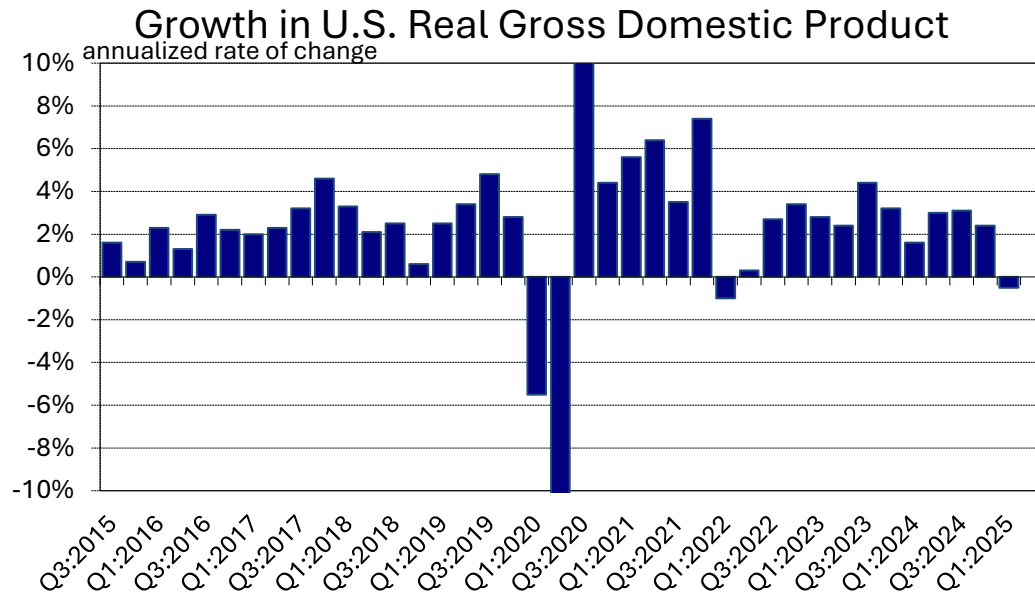
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Daily Cotton Price and Currency Data
July 2025



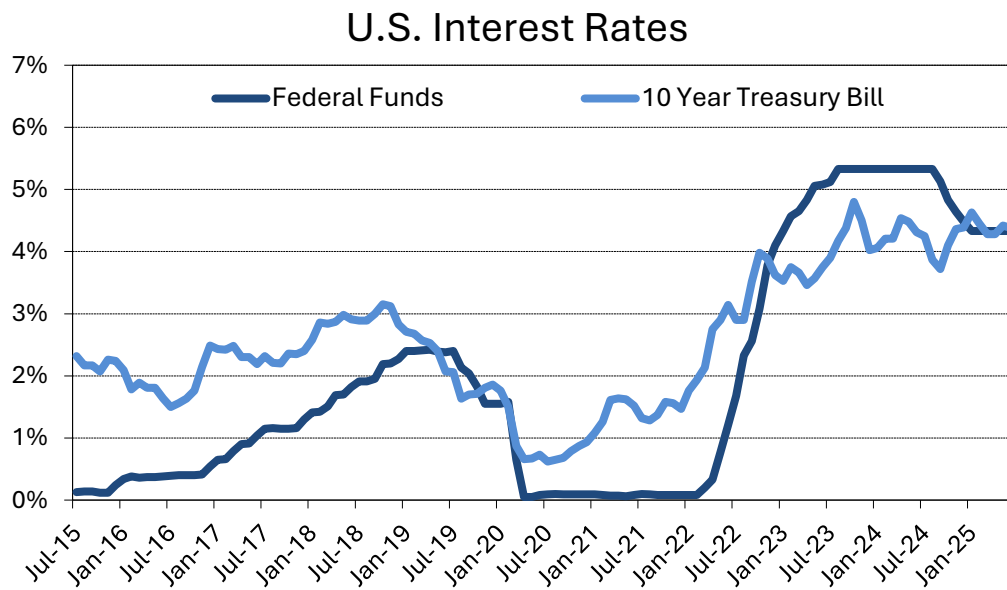
Daily Cotton Price Data		Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June			
NY Nearby	86.5	68.1	66.3	66.1	66.2	66.2	65.6	cents/pound	ICE	
A Index	97.4	79.8	78.1	78.3	78.3	78.0	78.3	cents/pound	Cotlook	

Daily Currency Data		Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June			
Dollar Trade Weighted Exchange Index	119.7	122.9	126.1	123.4	126.1	122.9	121.4	Index, January 1997=100	Federal Reserve	
Asian Currencies										
Chinese Renminbi	6.89	7.12	7.27	7.25	7.30	7.26	7.19	Chinese Renminbi/US dollar	Reuters	
Indian Rupee	79.63	83.15	85.97	85.22	85.24	84.53	85.90	Indian Rupee/US dollar	Reuters	
Japanese Yen	131.58	144.93	148.84	144.22	145.53	144.00	143.14	Japanese Yen/US dollar	Reuters	
Pakistani Rupee	228.66	269.36	280.17	281.33	280.73	281.13	282.13	Pakistani Rupee/US dollar	Reuters	
North & South American Currencies										
Brazilian Real	5.30	5.30	5.81	5.69	5.81	5.63	5.63	Brazilian Real/US dollar	Reuters	
Canadian Dollar	1.33	1.36	1.42	1.39	1.42	1.38	1.37	Canadian dollar/US dollar	Reuters	
Mexican Peso	19.48	18.71	20.21	19.77	20.51	19.63	19.19	Mexican Peso/US dollar	Reuters	
European Currencies										
British Pound	0.78	0.80	0.78	0.75	0.77	0.75	0.74	British Pound/US dollar	Reuters	
Euro	0.91	0.93	0.92	0.89	0.91	0.88	0.87	Euro/US dollar	Reuters	
Swiss Franc	0.91	0.90	0.87	0.83	0.86	0.82	0.82	Swiss Franc/US dollar	Reuters	
Turkish Lira	20.70	27.91	37.24	38.57	38.01	38.57	39.13	Turkish Lira/US dollar	Reuters	



Source: Department of Commerce

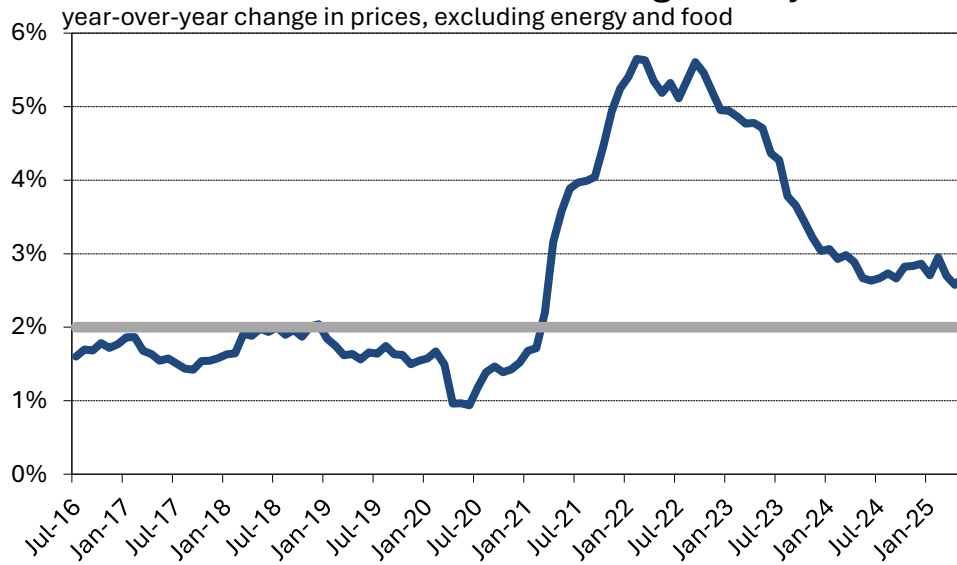
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



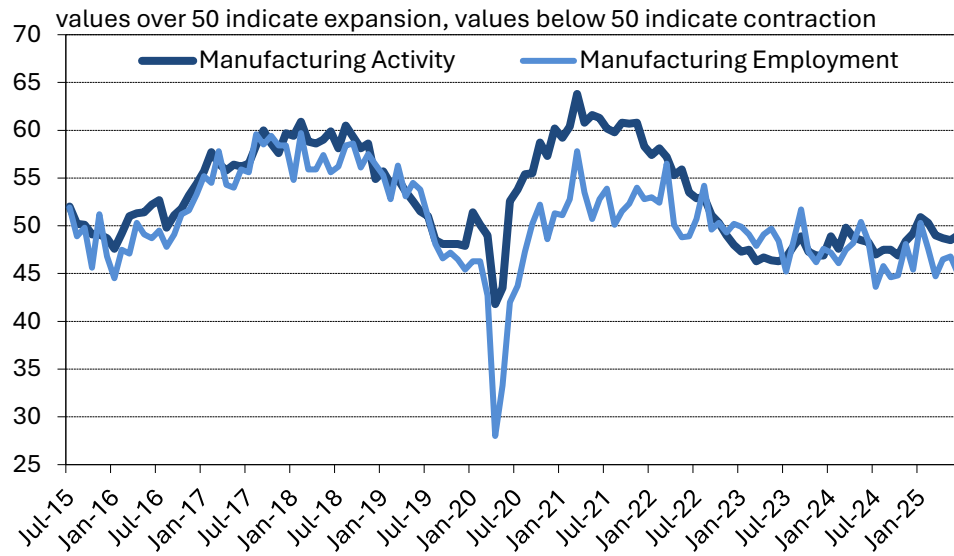
Source: Bureau of Labor Statistics

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.

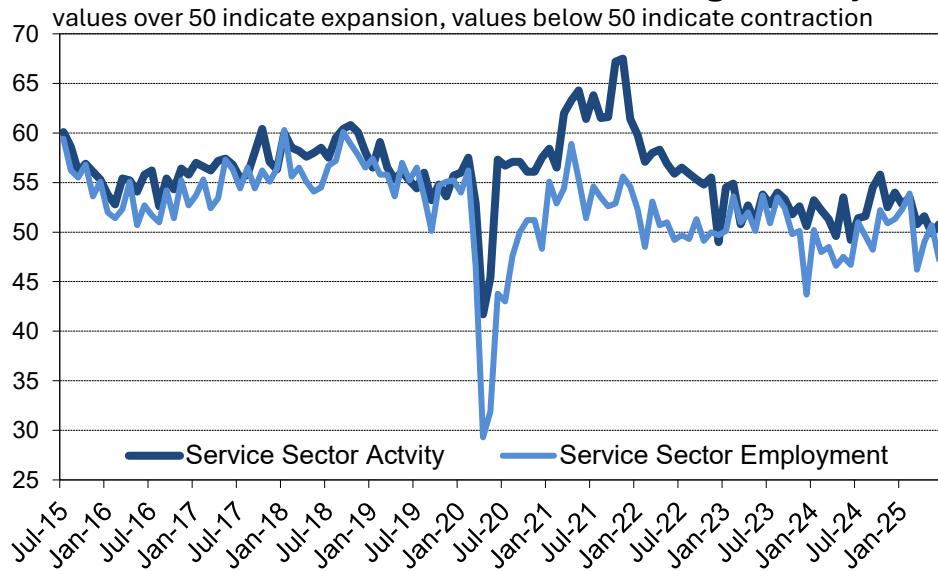
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ISM Index of Manufacturing Activity



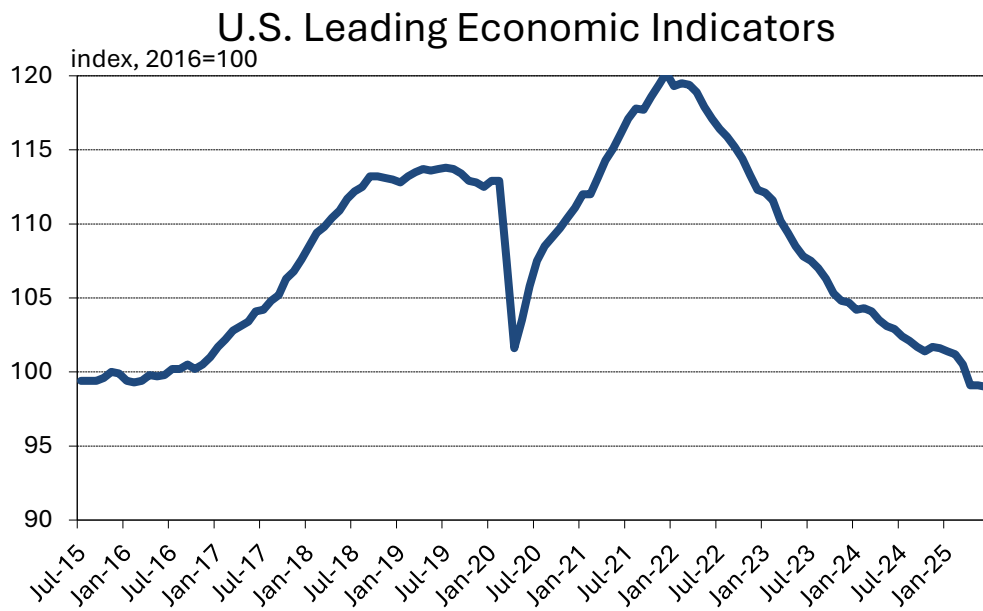
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

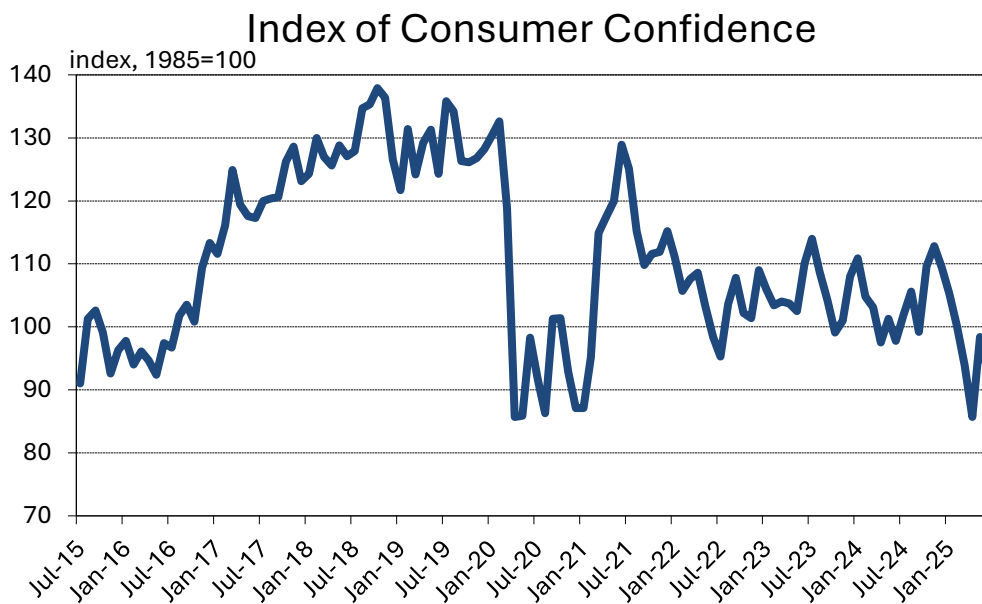


Source: Institute for Supply Chain Management

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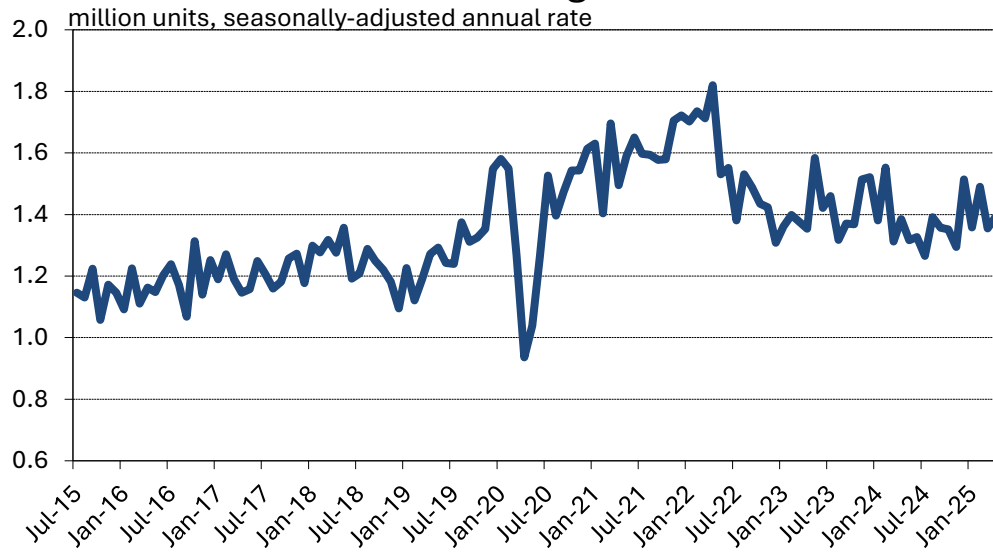
Source: The Conference Board



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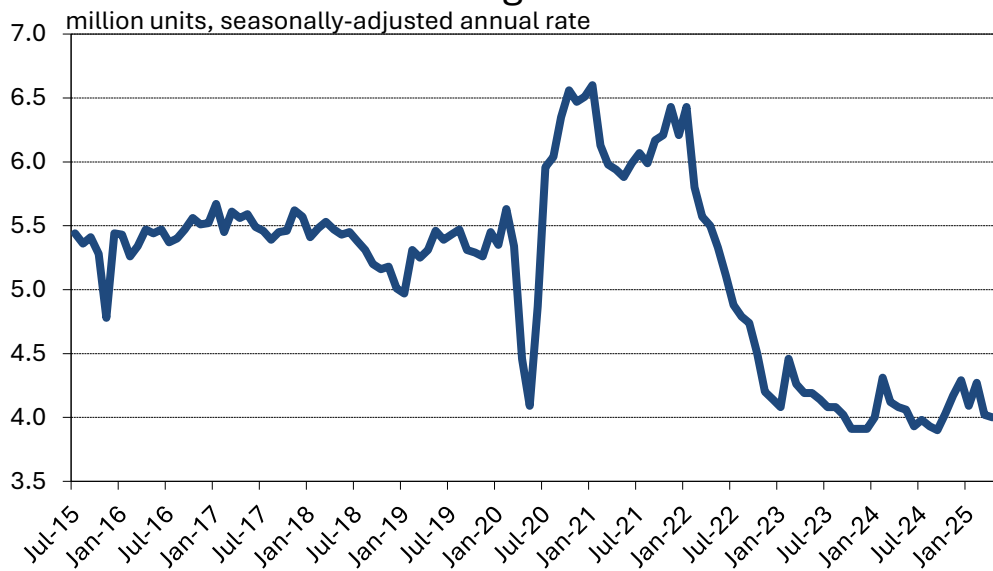
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U.S. Housing Starts



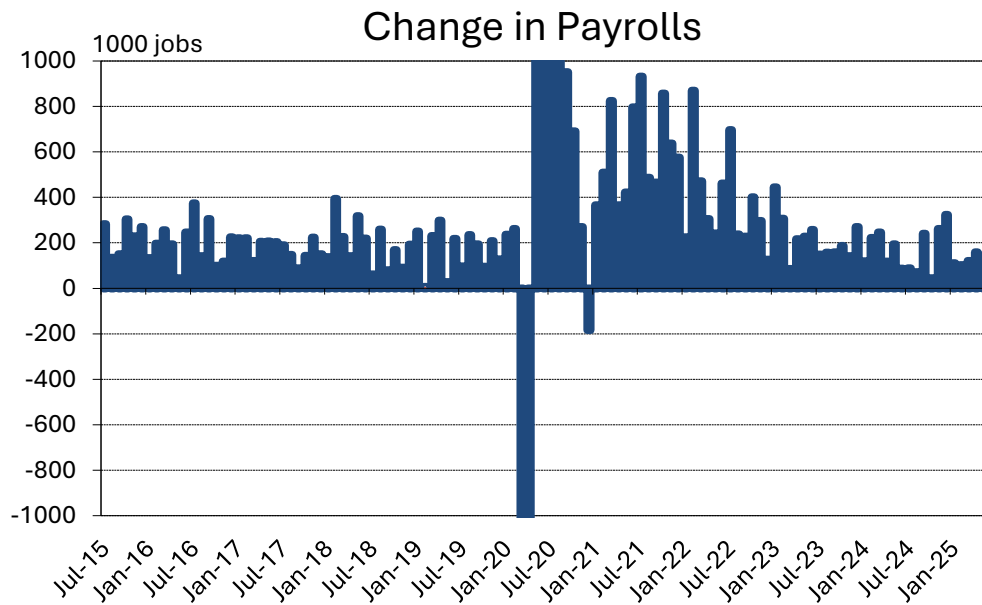
Source: Department of Commerce

U.S. Existing Home Sales



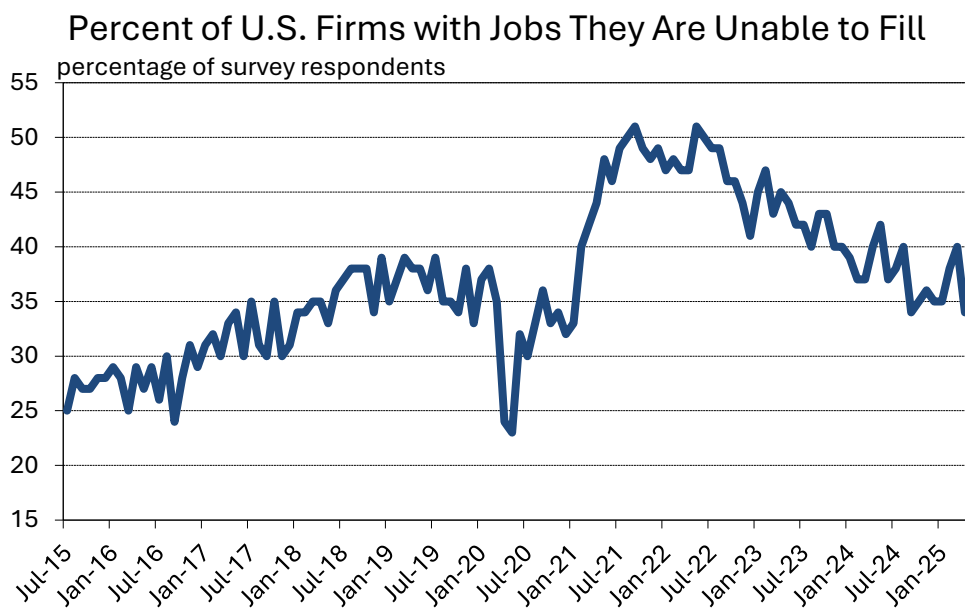
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

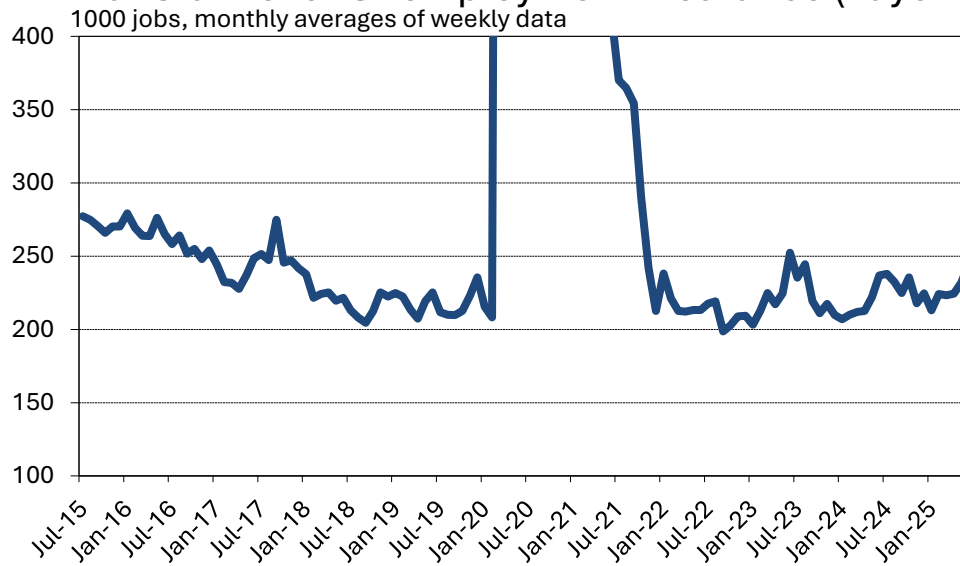


Source: National Federation of Independent Business

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

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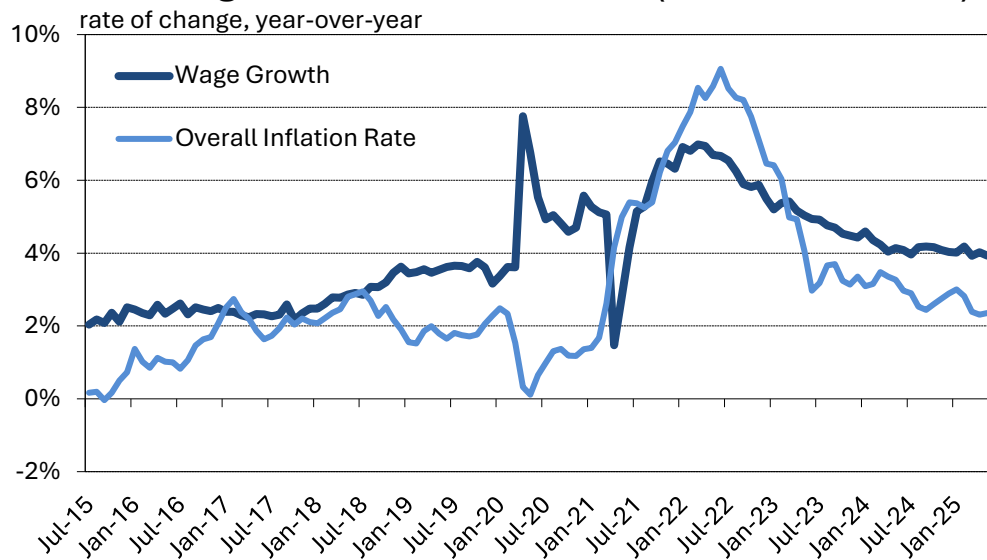
Initial Claims for Unemployment Insurance (Layoffs)



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.

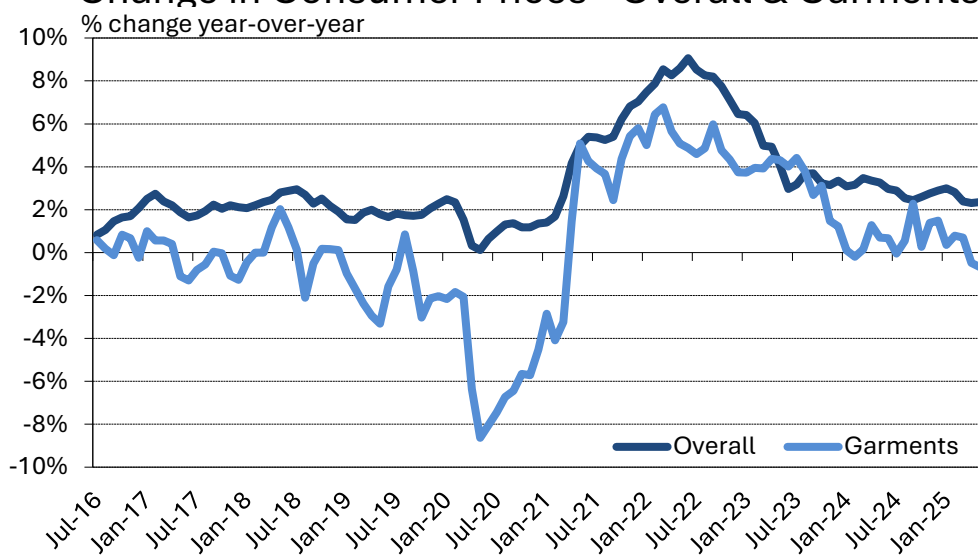


Source: Bureau of Labor Statistics

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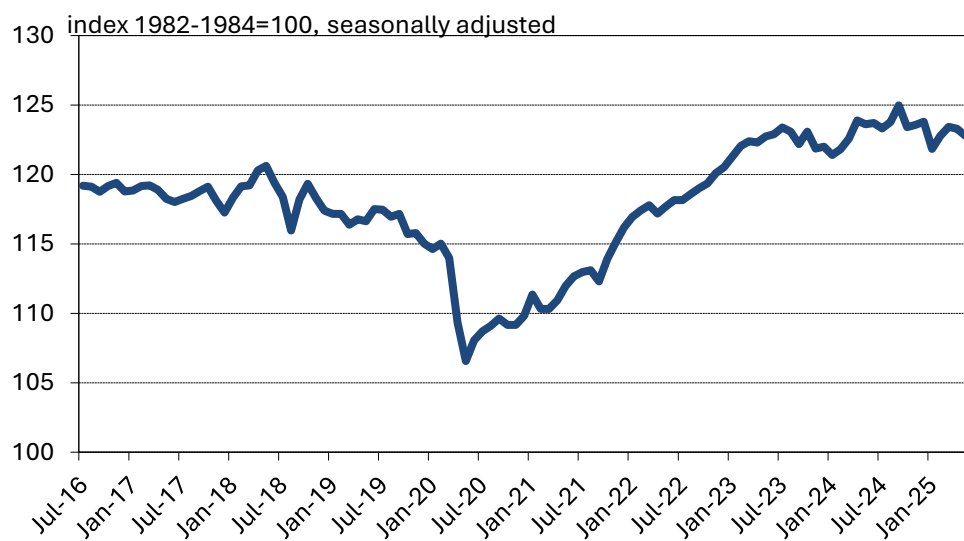
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

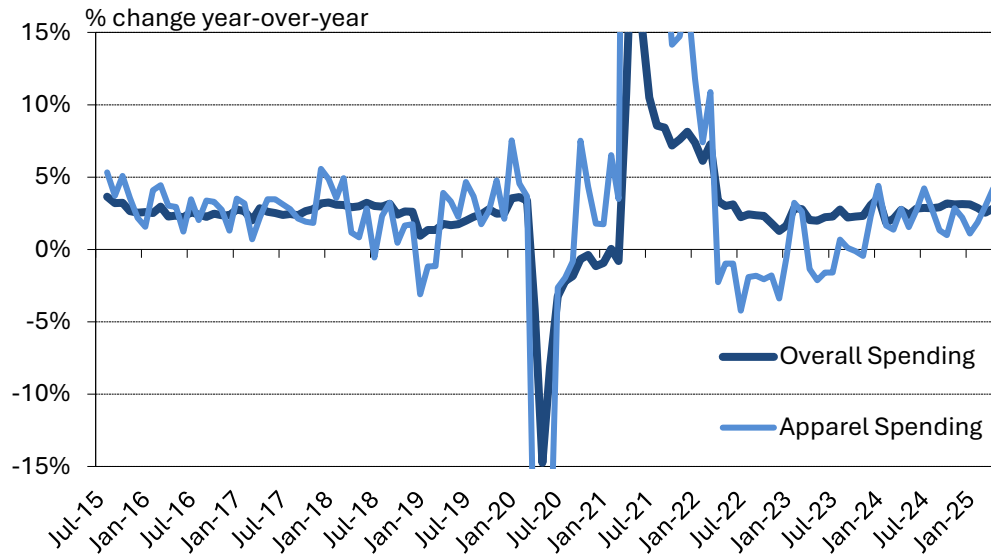
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

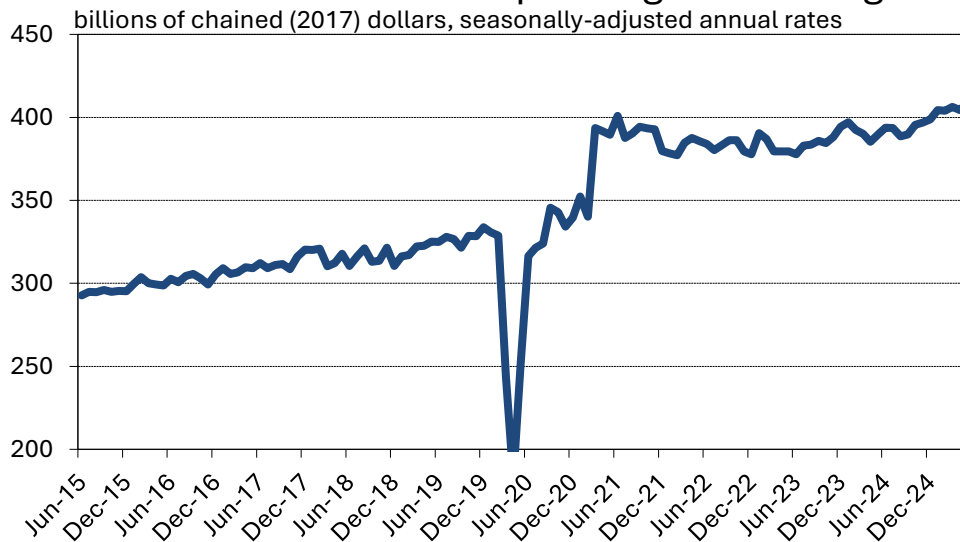
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

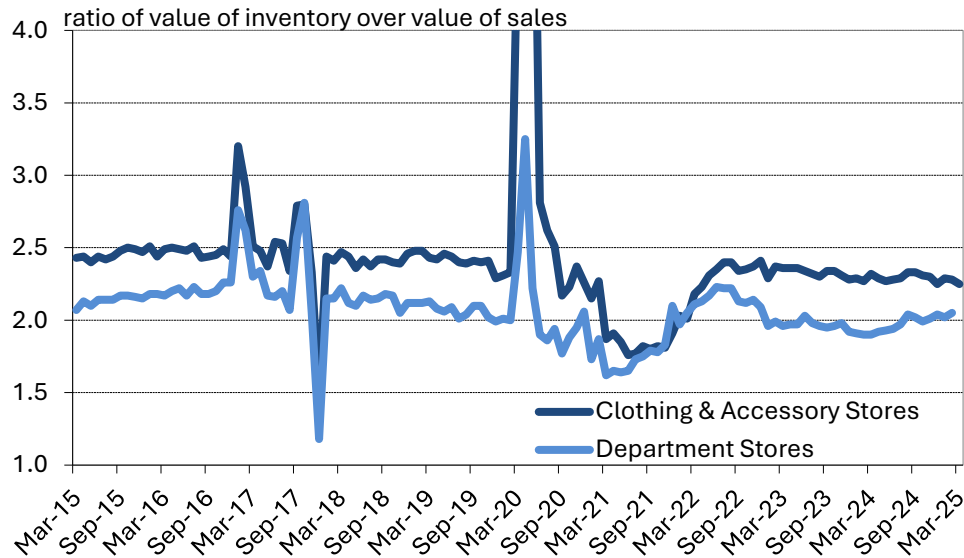


Source: Bureau of Economic Analysis

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

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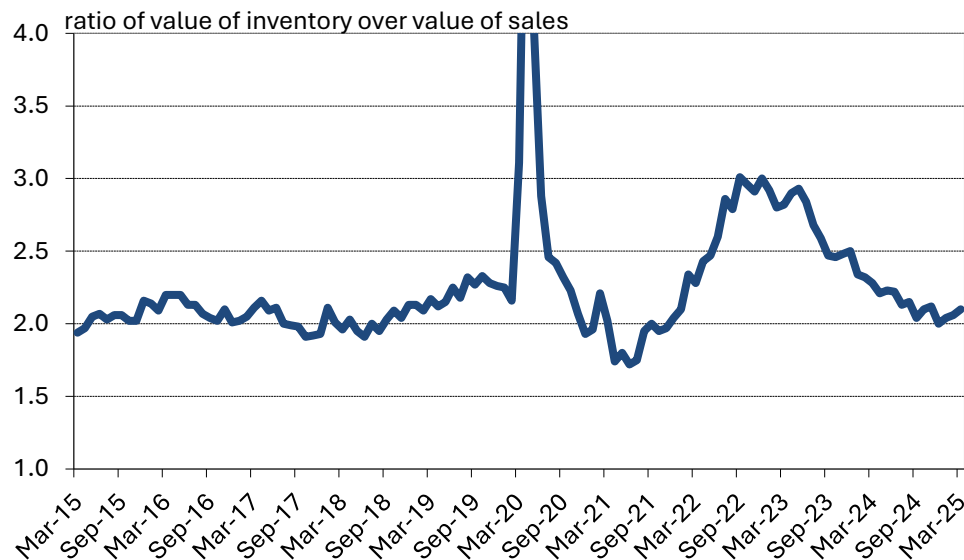
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

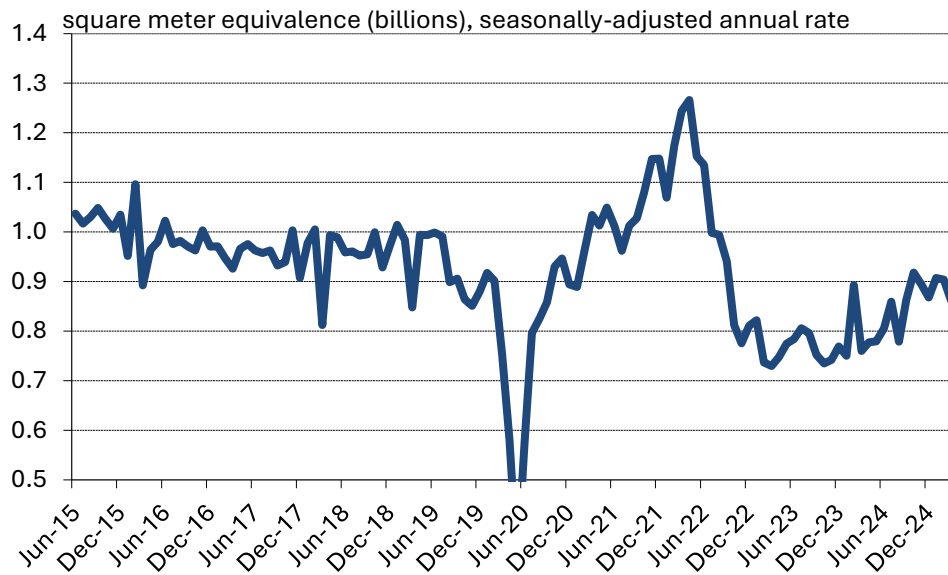


Source: Department of Commerce

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

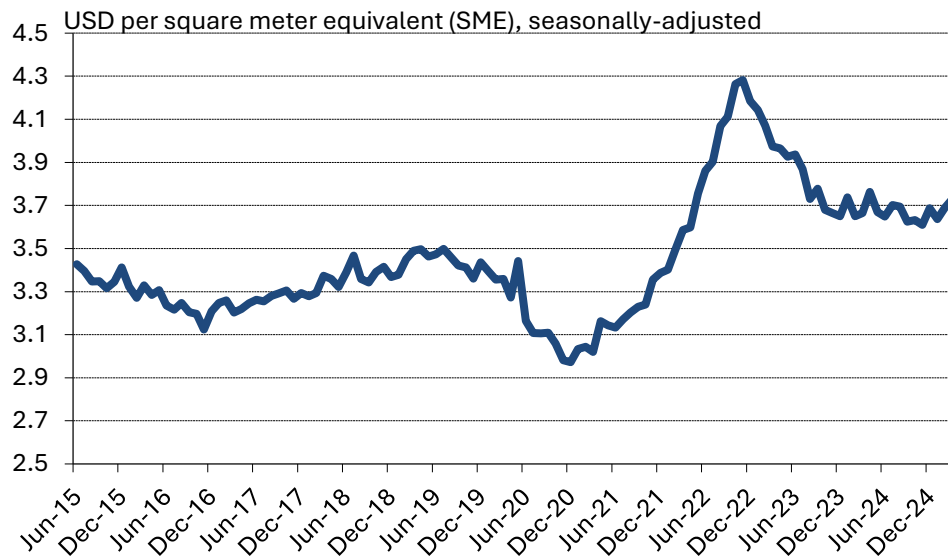
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U.S. Cotton-Dominant Apparel Import Volume



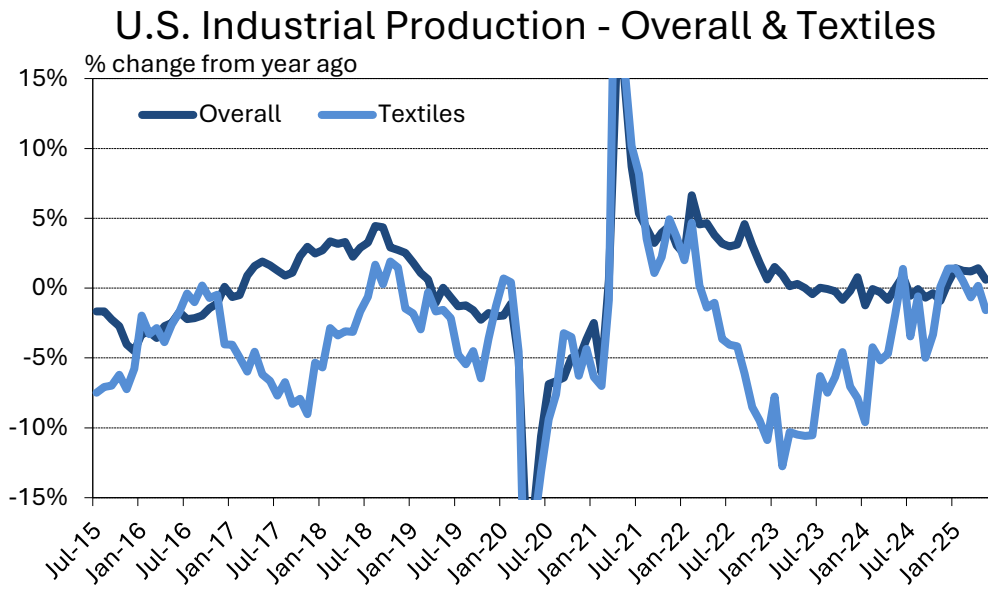
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



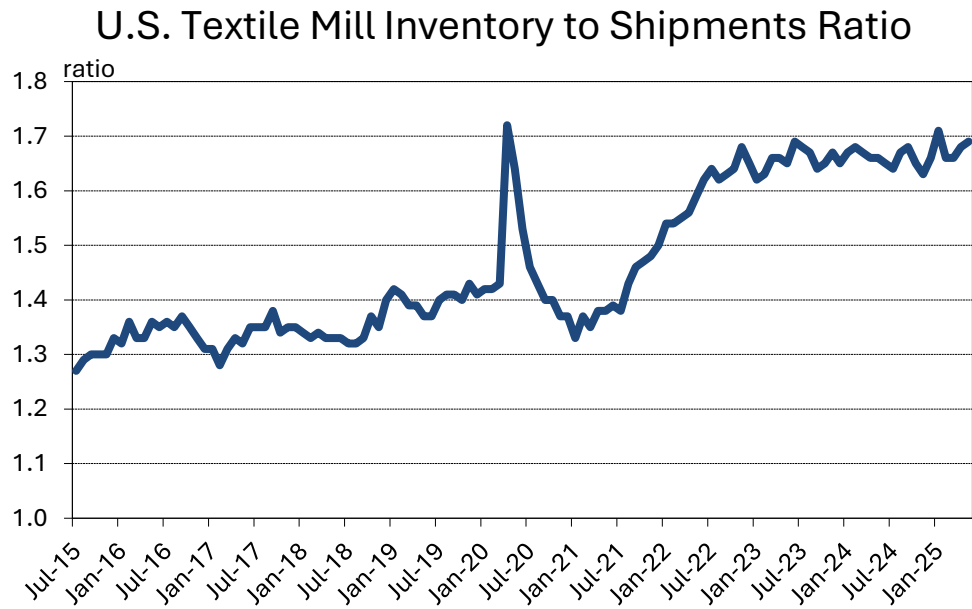
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

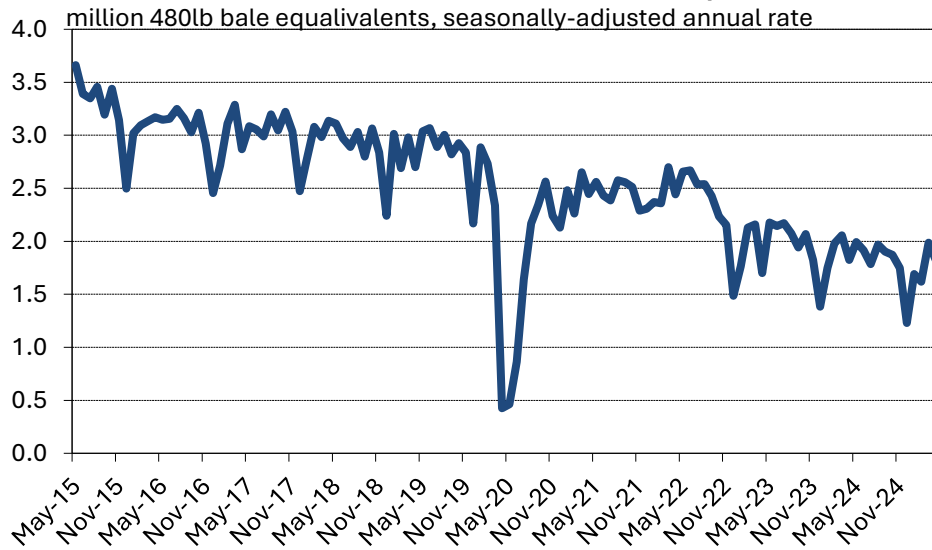
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

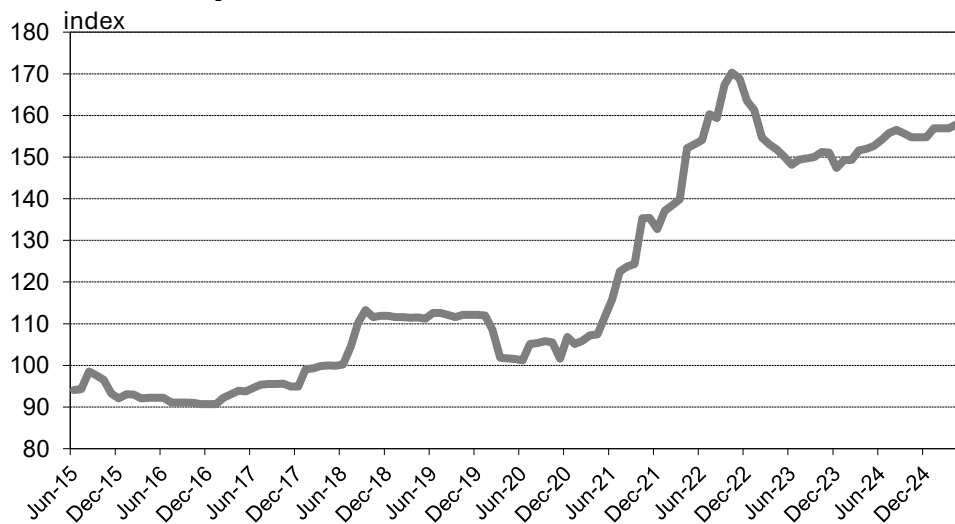
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US Cotton Yarn & Fabric Exports



Source: USDA

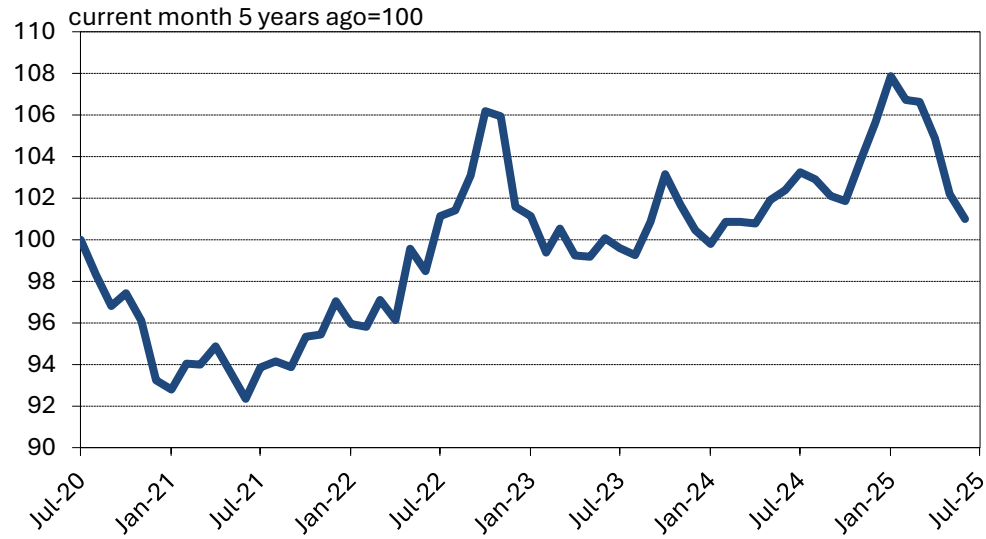
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

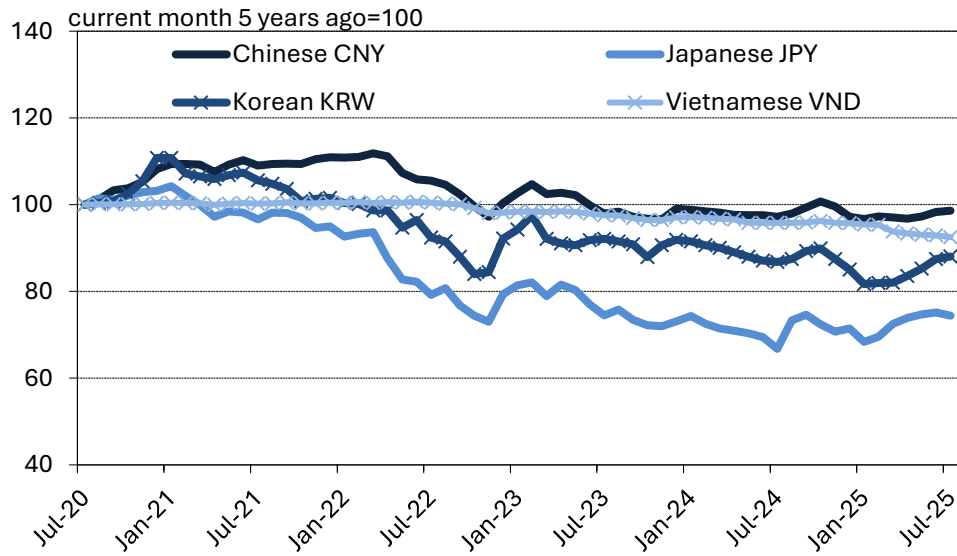
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Trade Weighted Exchange Index for U.S. Dollar



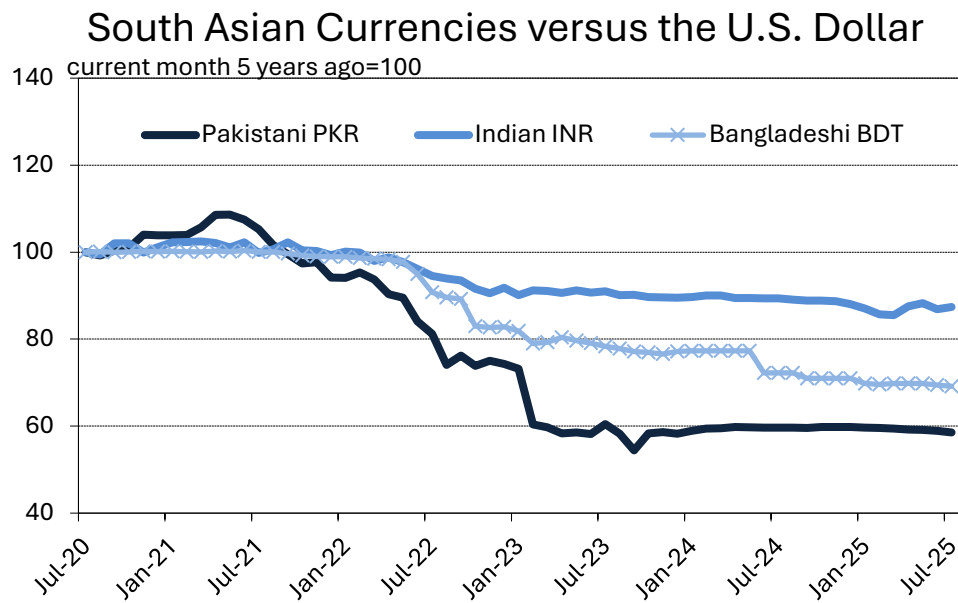
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

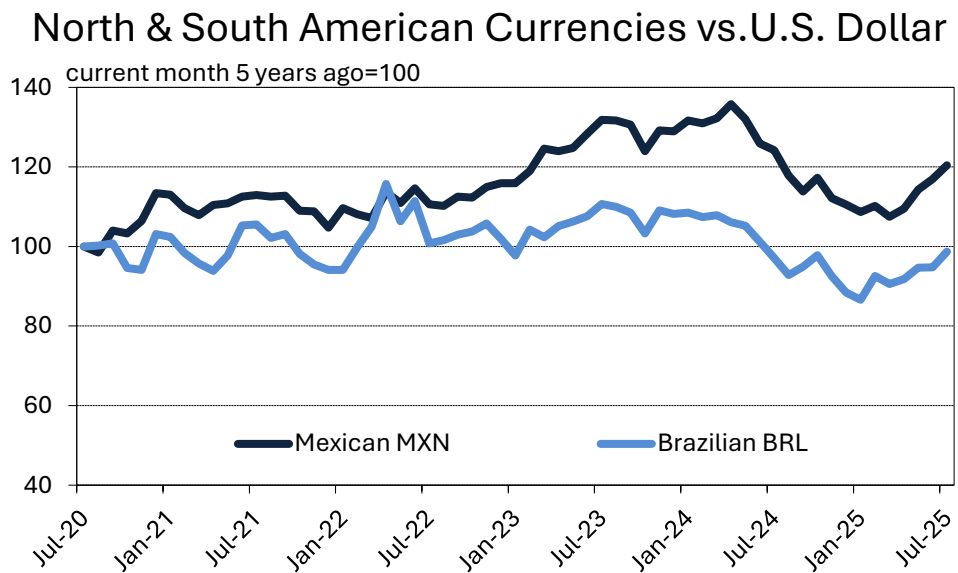


Source: Reuters

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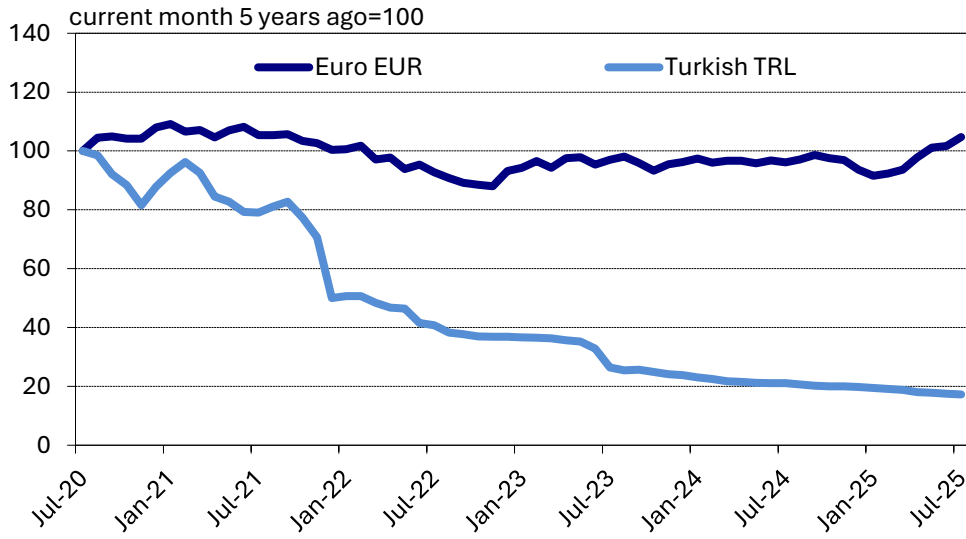
Source: Reuters



Source: Reuters

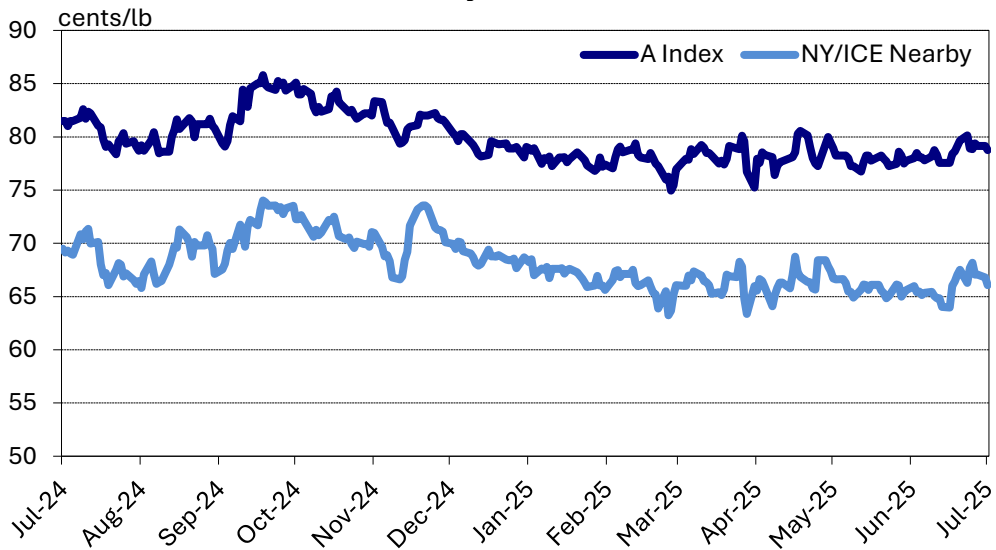
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European Currencies vs. U.S. Dollar



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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