

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



September 2025

www.cottoninc.com

Macroeconomic Overview: A central question for the U.S. economy is whether consumers will continue spending. A factor that has supported spending growth since the recession is the labor market, which was resilient to the surge in inflation and the rise in interest rates. After several years of strength, however, the labor market has been showing signs of softening.

Between 2022 and 2024, the unemployment rate was exceptionally low, consistently holding at levels below four percent. Starting in 2023, unemployment began to shift higher, and it rose above four percent around the middle of 2024. Since then, the rate has not changed much. The latest reading remains low by historical standards (4.3% in August), but it is the highest since late 2021.

Tightness in the labor market, exemplified by low unemployment rates, has supported wage growth. The pace of wage growth has been slowing (3.9% in August, down from the post-stimulus peak of 5.9% in March 2022), but it remains above any of the values registered between the financial crisis and COVID, when wages were commonly growing at less than three percent year-over-year. Despite the deceleration, wage growth has been higher than the overall inflation rate in every month since March 2023. Stronger increases in income relative to prices can help consumer spending.

After trending lower from late 2022 through early 2024, inflation has been holding at levels between 2.5% and 3.0%, with the latest (July) reading coming in at 2.9% (data in terms of the core consumption-price-deflator that the Federal Reserve most closely targets). While this is significantly lower than the levels over five percent that were recorded in the summer of 2022, it is also above the Fed's official target of two percent.

Since inflation has not moved to levels approaching the Fed's target, there has been reluctance by central bank officials to lower interest rates. Nonetheless, it is expected that signals from the labor market may prompt the Federal Reserve to lower rates at its next meeting (September 16-17). While the unemployment rate remains low, it has ticked up, and there are other indications that the tightness in the labor market may be easing. Recent job gains have been slower (+22,000 positions in August, the current 6-month average is +70,000, the average in 2024 was +168,000), and, in July, there were fewer job openings than unemployed people for the first time since the pandemic. Concerns about a softening labor market are expected to lead the central bank to decide to cut interest rates at their next meeting, which would be the first rate cut since September 2024.

Employment: The U.S. economy was estimated to have added +22,000 jobs in August. Revisions to previous months were mixed. The figure for June decreased by 27,000 positions, from +14,000 to -13,000. This represents the first month-over-month decrease in positions since December 2020, when COVID was a dominant influence on the economy. The figure for July increased by 6,000 positions, from +73,000 to +79,000. The current 12-month average is +122,000. The current 6-month average is +70,000.

The unemployment rate increased marginally, rising from 4.2% to 4.3%. While only slightly beyond the tight recent range between 4.0% and 4.2% that held values since April 2024, this is the highest value since October 2021. From the start of 2022 through early 2024, the unemployment rate was below four percent.

Year-over-year growth in wages was 3.9% in August. This is within the range between 3.9% and 4.2% that has contained wage growth since March 2024. In a nearly three-year period before March 2024, wage growth was consistently higher than 4.2%, reaching levels as high as 7.0% (March 2022).

Consumer Confidence & Spending: The Conference Board Consumer Confidence Index® did not change much in August (-1.3 points to 97.4). Apart from a dip to 85.7 in April, the index has remained with a range between 95 and 115 for the past four years.

Overall consumer spending accelerated month-over-month in July (+0.3%, from +0.1% in June and -0.2% in May). Year-over-year overall spending was +2.1% higher. This was nearly even with the +2.2% rate of increase in June. Both the rates in June and July were the slowest since early 2024.

Spending on garments increased +0.8% month-over-month in July. This builds on relatively strong increases in May (+1.2%) and June (+0.5%). Year-over-year, spending on apparel was up +5.5%. That annual rate of clothing spending growth is the highest since 2022, when figures were distorted by the recovery after the pandemic. The longer-term average for year-over-year growth in apparel spending is near two percent.

Consumer Prices & Import Data: On a monthly basis, average retail prices for apparel decreased in July (-0.4%). In terms of year-over-year change, the CPI for garments decreased for a fourth consecutive month (-0.5% month-over-month April, -0.7% in May, -0.4% in June, and -0.4% in July). Seasonally-adjusted cotton-dominant apparel imports were flat month-over-month in July at a level above the volume from May but below values over the previous six months.

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
September 2025



Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q4 : 2024	Q1 : 2025	Q2 : 2025		
Growth in US Real GDP	3.1%	2.4%	1.0%	-0.5%	2.4%	-0.5%	3.3%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for August

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	June	July	August		
ISM Index of Manufacturing Activity	52.3	48.8	48.7	48.6	49.0	48.0	48.7	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.4	52.4	50.9	51.0	50.8	50.1	52.0	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.7	100.5	94.9	97.1	95.2	98.7	97.4	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	312.0	122.2	64.2	29.3	-13	79	22	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.4%	4.2%	4.2%	4.2%	4.1%	4.2%	4.3%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.0%	4.5%	4.3%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	3.2%	4.3%	4.3%	4.3%	4.4%	4.4%	4.3%	Interest rate	Federal Reserve

Macroeconomic Series with Latest Data for July

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
Index of Leading Economic Indicators	109.3	100.3	99.2	98.8	98.8	98.8	98.7	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.3	1.4	1.4	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.9	4.1	4.0	4.0	4.0	3.9	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile Series with Latest Data for July	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Industrial Production	101.6	103.2	103.8	103.9	102.4	103.0	104.0	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	142.9	156.3	157.0	156.9	156.9	156.9	156.9	Index, December 2003=100	Bureau of Labor Statistics

Industrial & Textile Series with Latest Data for June

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.8	1.8	1.8	1.9	1.8	1.9	1.9	million 480lb bales	USDA ERS

Industrial & Textile Series with Latest Data for July

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Textile Mill Inventory/Shipments Ratio	1.58	1.66	1.66	1.64	1.64	1.65	1.62	Ratio	Department of Commerce

Retail Data

Retail Series with Latest Data for July	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Real Consumer Spending									
All Goods and Services	3.7%	2.8%	2.5%	2.2%	2.2%	2.2%	2.1%	% Chg. Year/Year	Department of Commerce
Clothing	7.3%	3.1%	4.5%	5.0%	5.1%	4.6%	5.5%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.4%	2.6%	2.5%	2.7%	2.4%	2.7%	2.7%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	2.0%	0.5%	-0.2%	-0.4%	-0.7%	-0.4%	-0.4%	% Chg. Year/Year	Bureau of Labor Statistics

Retail Series with Latest Data for June

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.2	2.2	2.2	Value of inventory over value of sales	Department of Commerce
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.1	2.0	2.0	Value of inventory over value of sales	Department of Commerce

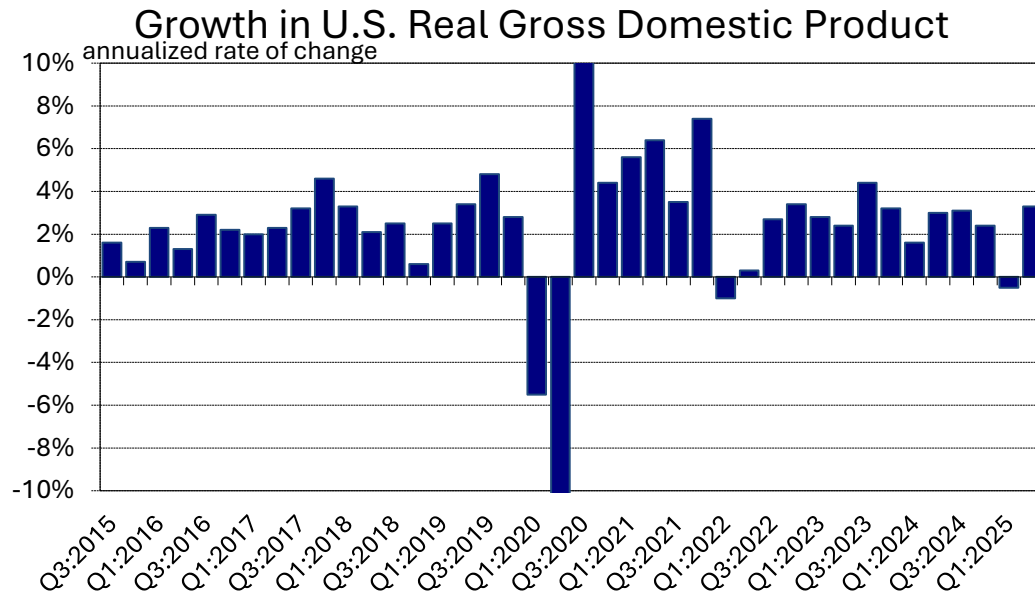
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Daily Cotton Price and Currency Data

September 2025

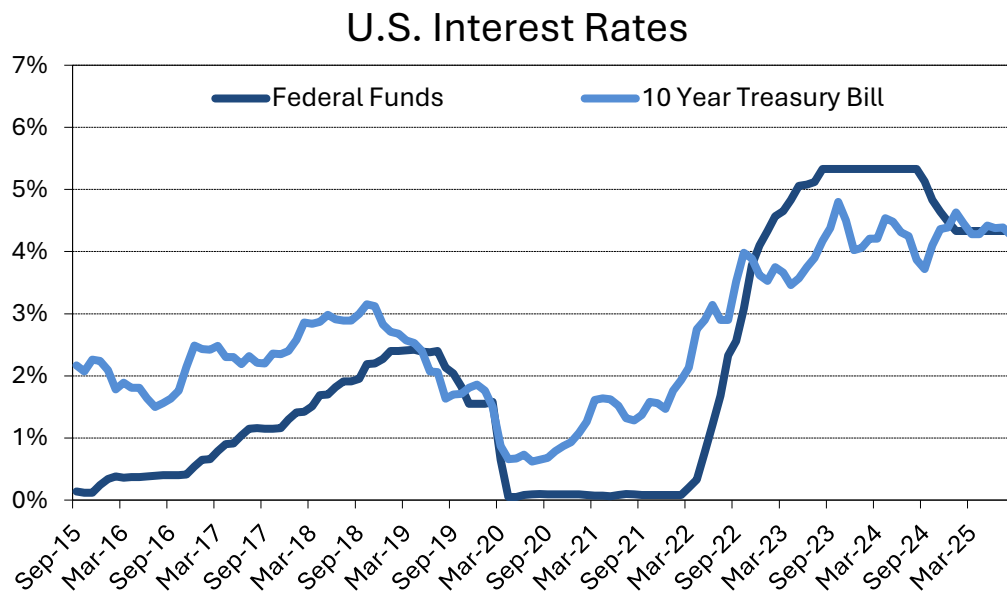


Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	June	July	August		
NY Nearby	86.6	67.7	66.1	66.0	65.6	66.8	65.8	cents/pound	ICE
A Index	97.7	79.5	78.3	78.5	78.3	78.8	78.6	cents/pound	Cotlook
Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	June	July	August		
Dollar Trade Weighted Exchange Index	119.8	122.8	123.3	120.8	121.4	119.7	121.4	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.90	7.15	7.23	7.18	7.19	7.17	7.18	Chinese Renminbi/US dollar	Reuters
Indian Rupee	80.02	83.56	86.00	86.32	85.90	85.39	87.66	Indian Rupee/US dollar	Reuters
Japanese Yen	132.88	145.57	145.46	144.97	143.14	144.53	147.24	Japanese Yen/US dollar	Reuters
Pakistani Rupee	232.55	273.19	281.70	282.88	282.13	283.88	282.65	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.31	5.31	5.65	5.51	5.63	5.41	5.51	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.37	1.39	1.37	1.37	1.36	1.38	Canadian dollar/US dollar	Reuters
Mexican Peso	19.35	18.62	19.61	18.89	19.19	18.64	18.84	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.76	0.74	0.74	0.73	0.75	British Pound/US dollar	Reuters
Euro	0.91	0.93	0.89	0.86	0.87	0.85	0.86	Euro/US dollar	Reuters
Swiss Franc	0.90	0.89	0.83	0.81	0.82	0.79	0.81	Swiss Franc/US dollar	Reuters
Turkish Lira	21.82	29.18	38.78	39.88	39.13	39.82	40.68	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

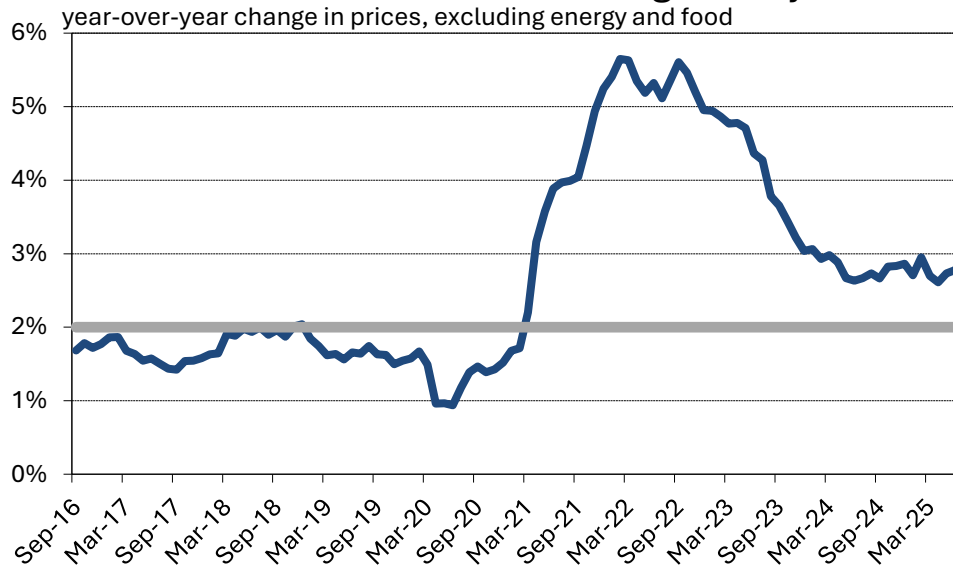
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



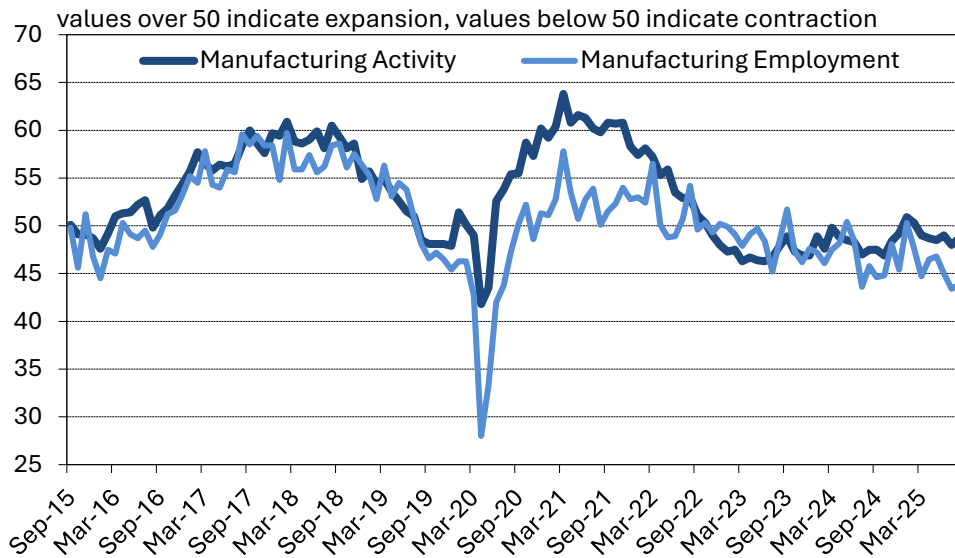
Source: Bureau of Labor Statistics

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

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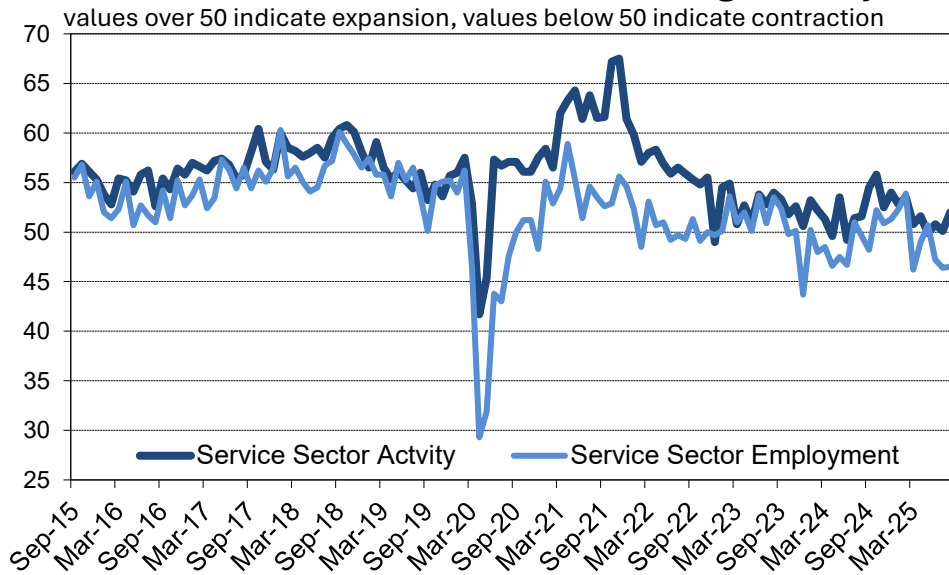
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ISM Index of Manufacturing Activity



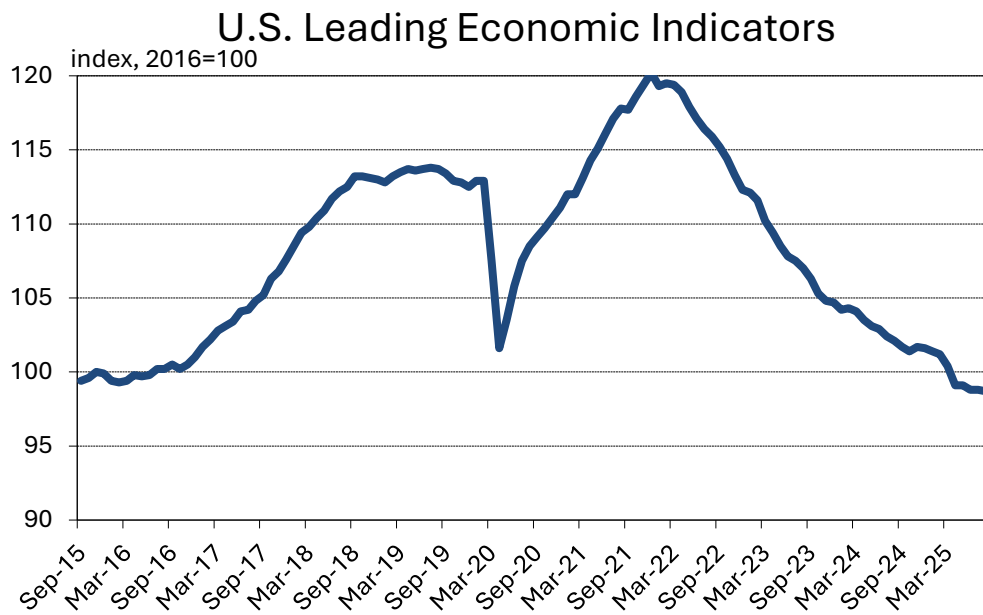
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

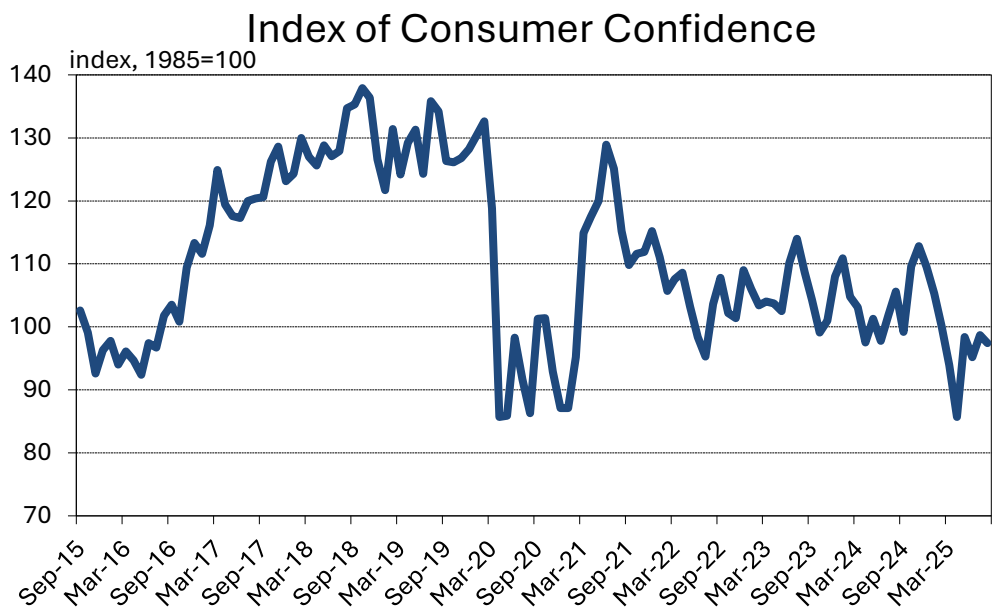


Source: Institute for Supply Chain Management

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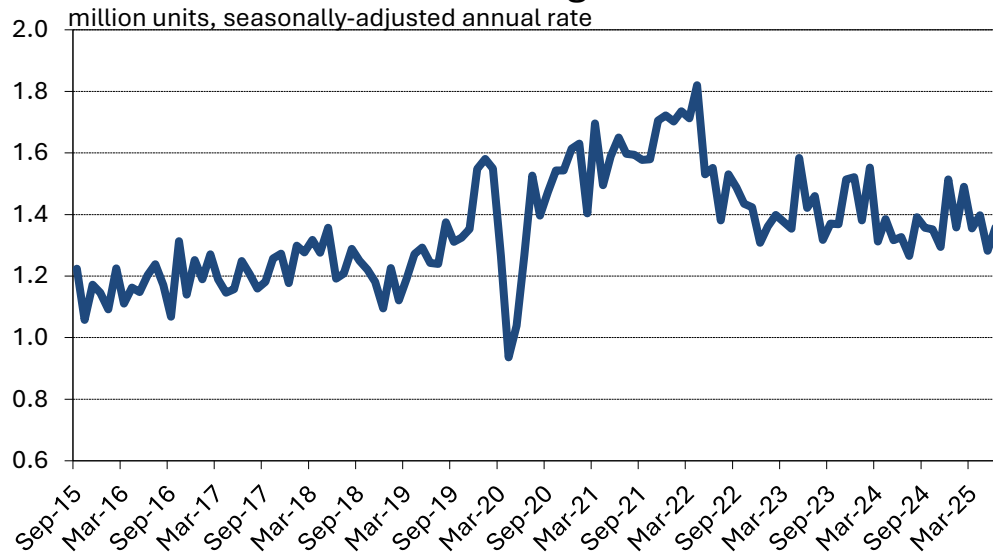
Source: The Conference Board



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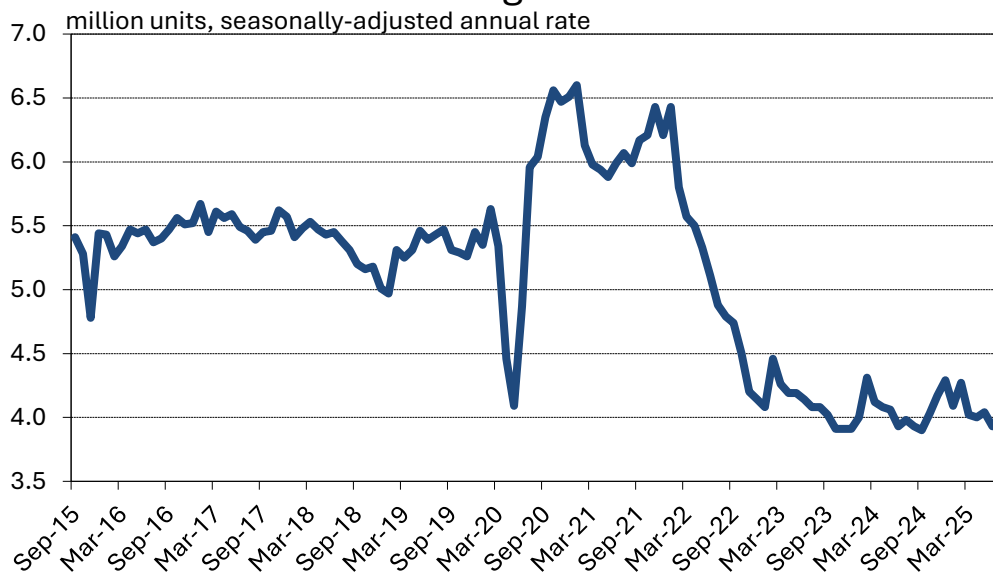
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U.S. Housing Starts



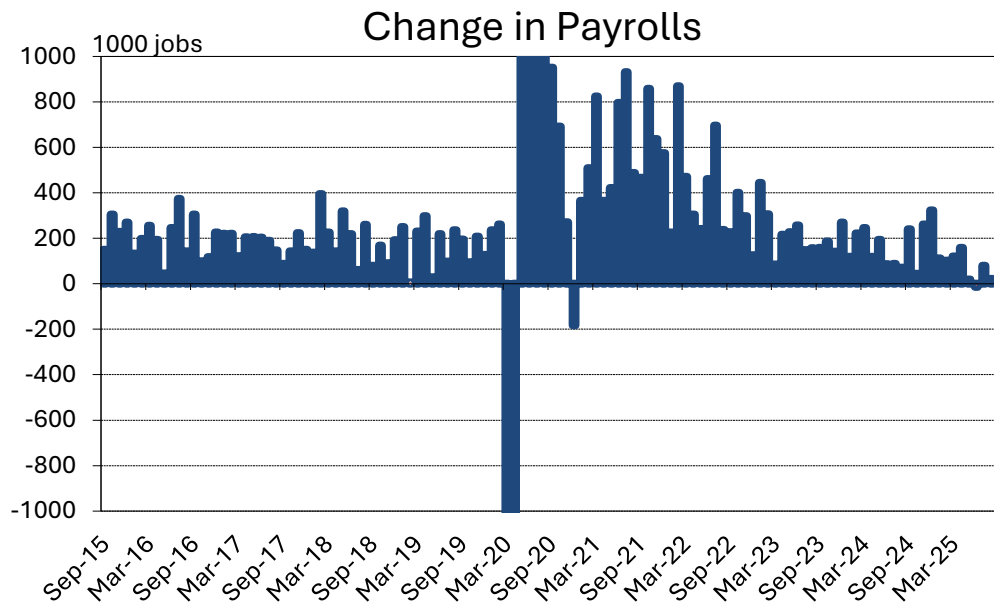
Source: Department of Commerce

U.S. Existing Home Sales



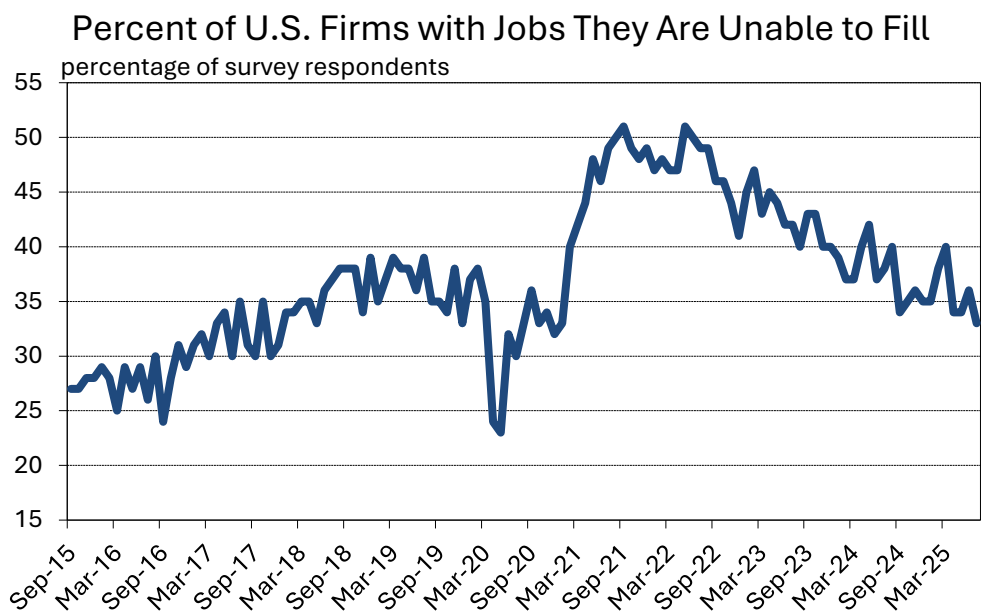
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

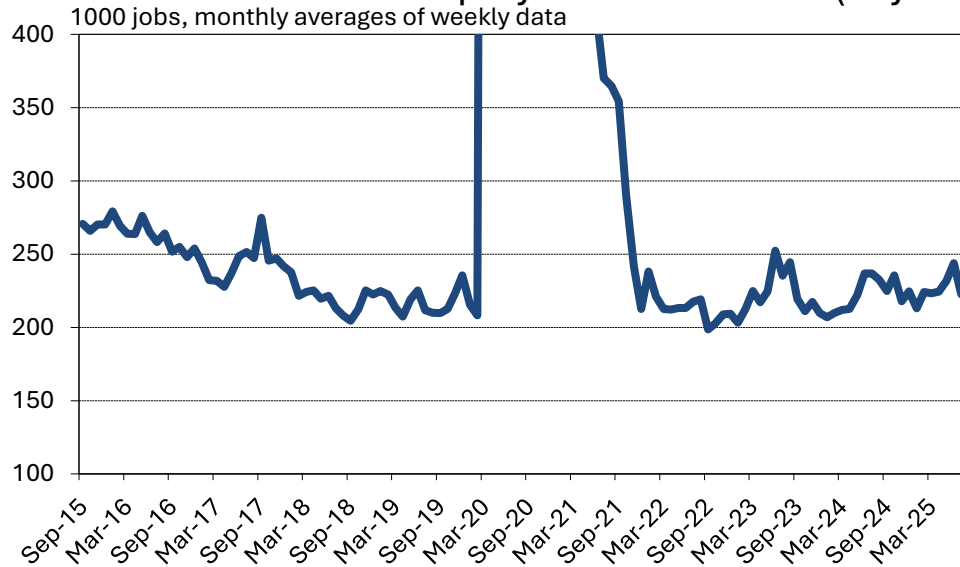


Source: National Federation of Independent Business

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

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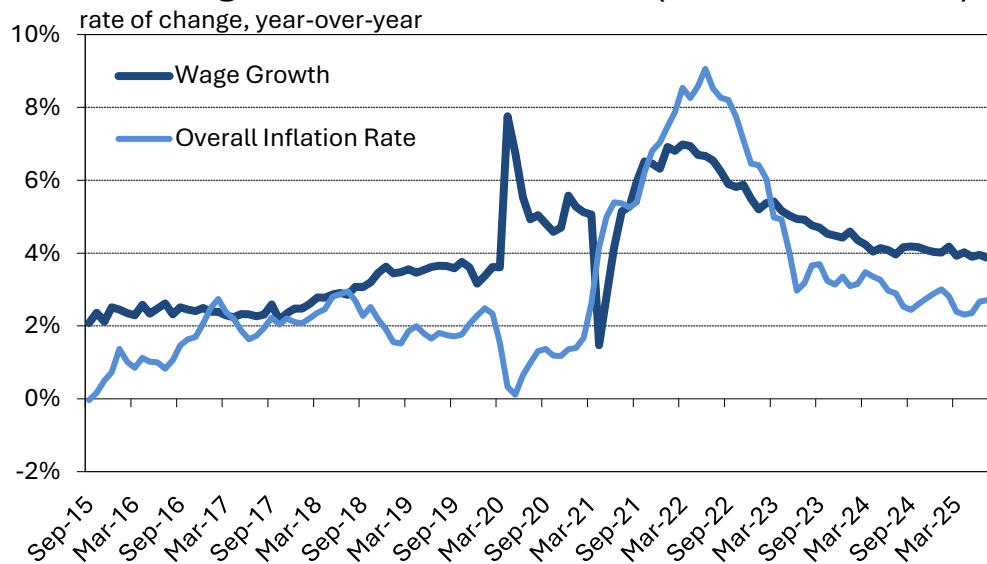
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

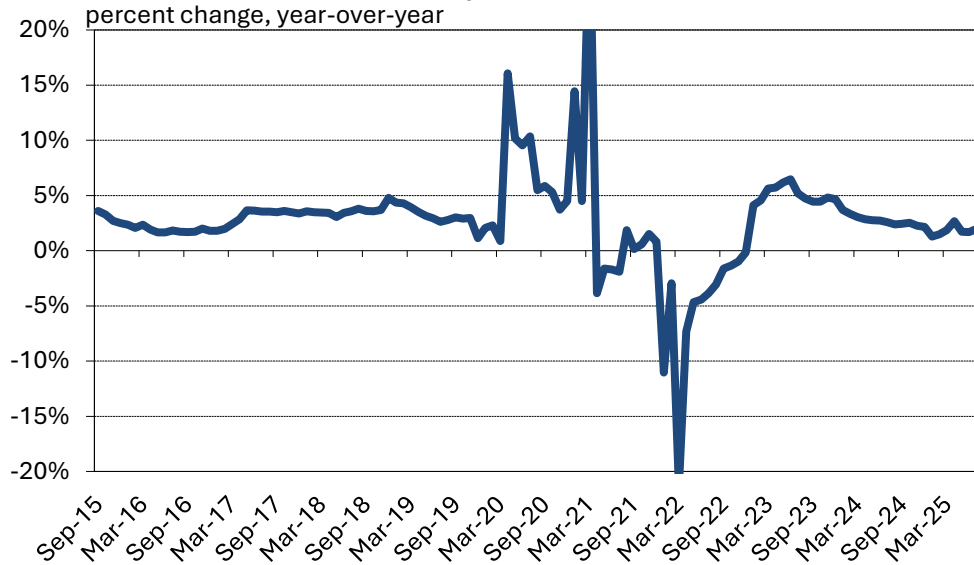
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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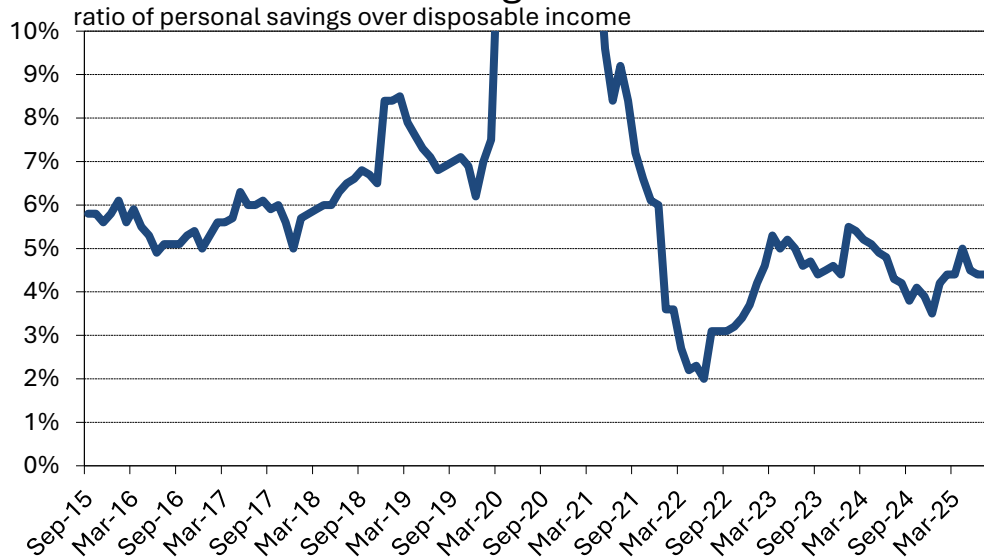
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

Savings Rate

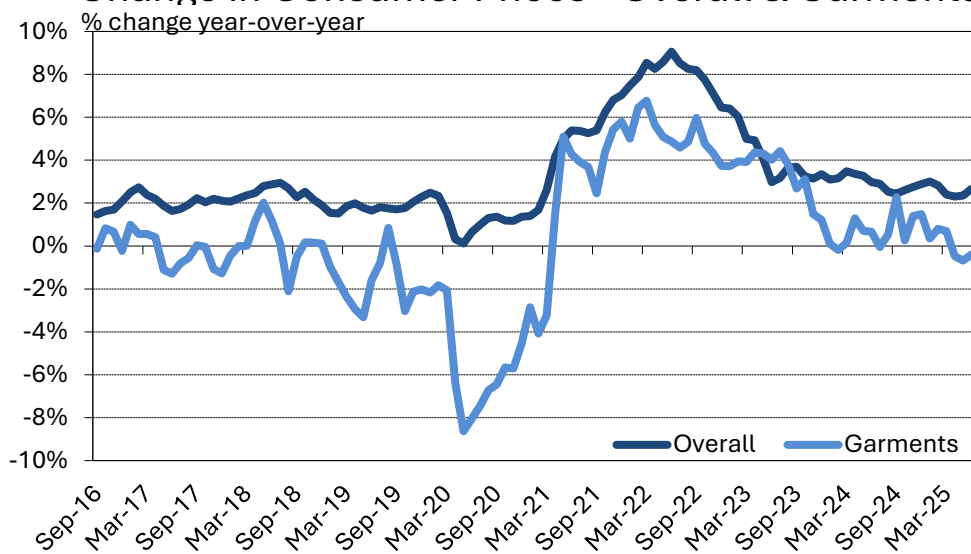


Source: Bureau of Labor Statistics

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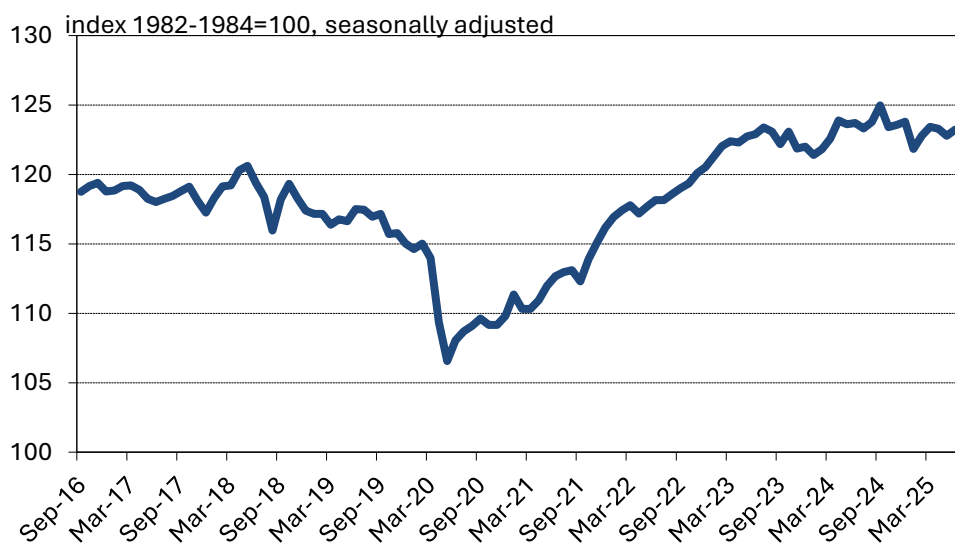
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

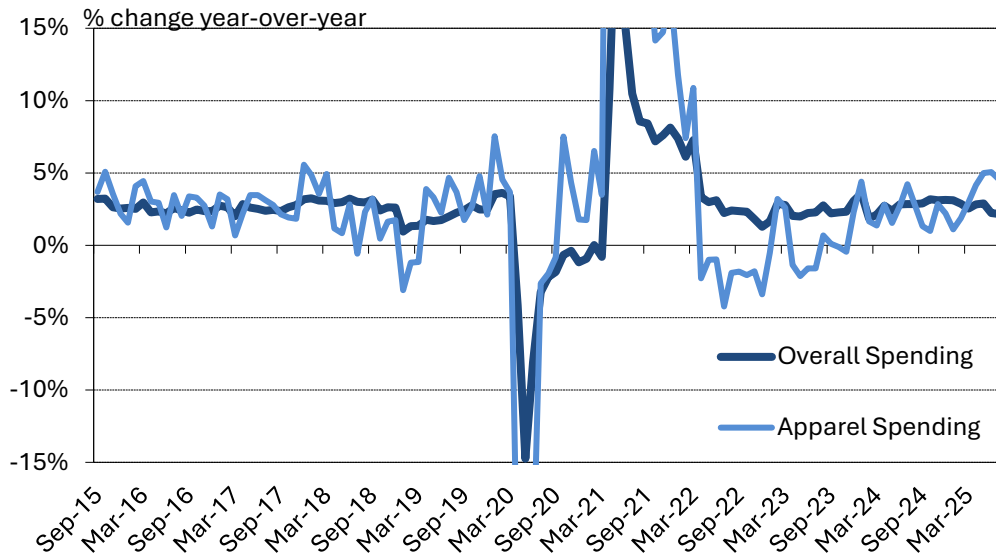
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

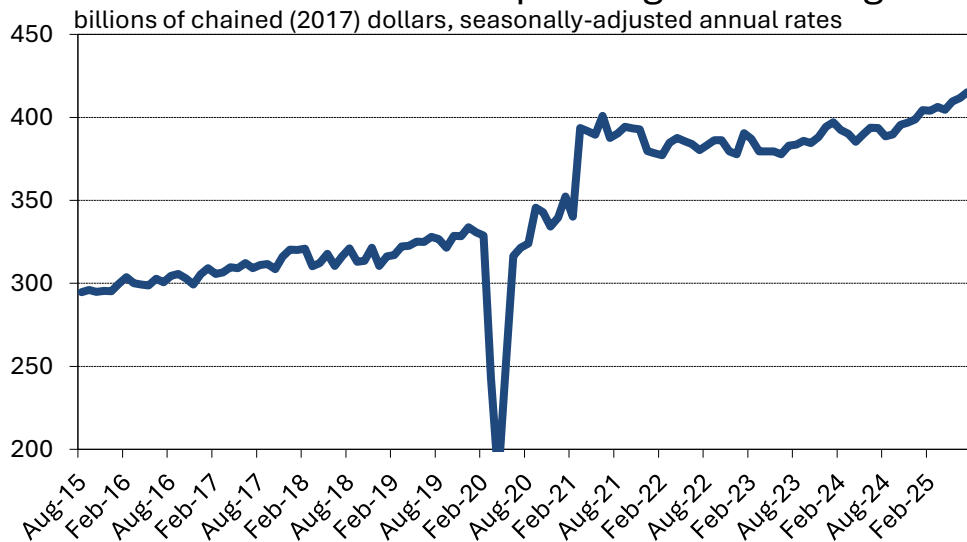
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

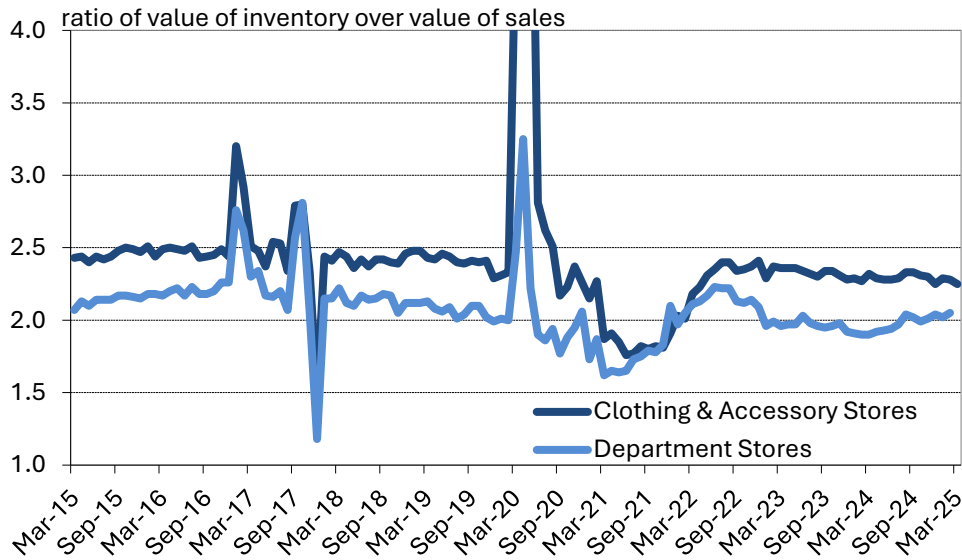


Source: Bureau of Economic Analysis

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

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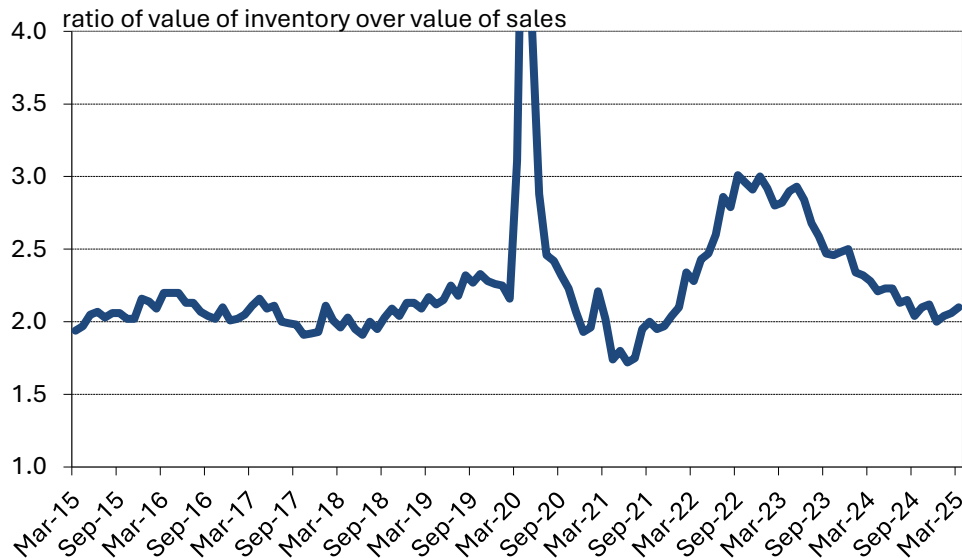
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

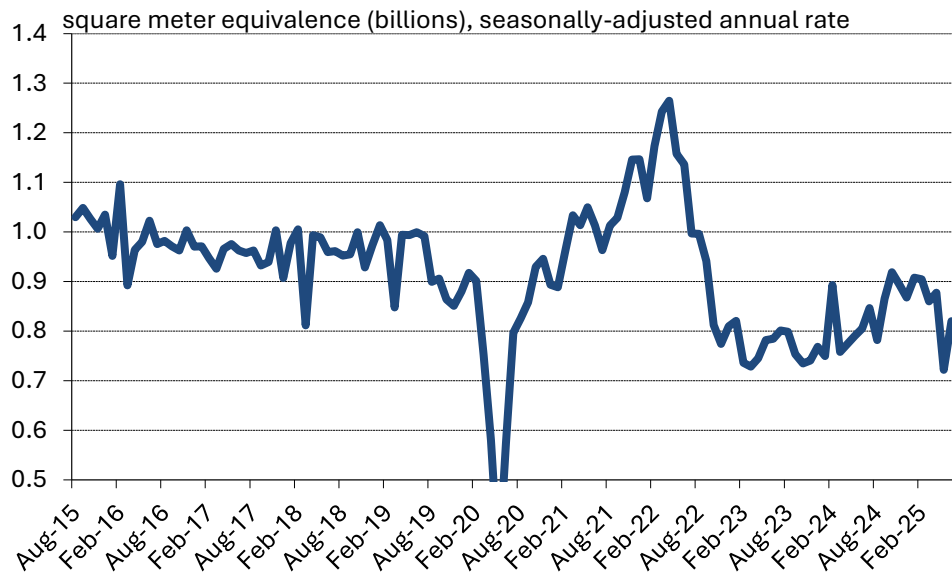


Source: Department of Commerce

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

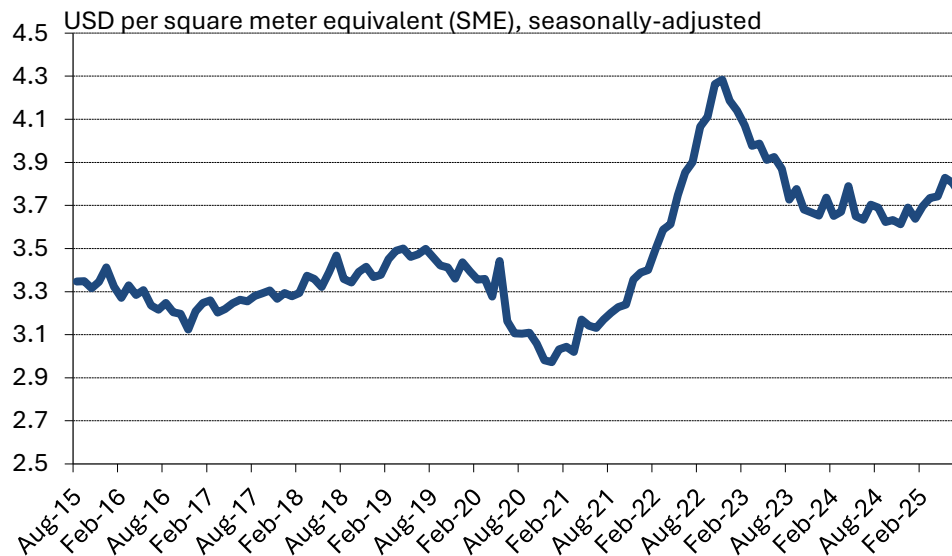
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U.S. Cotton-Dominant Apparel Import Volume



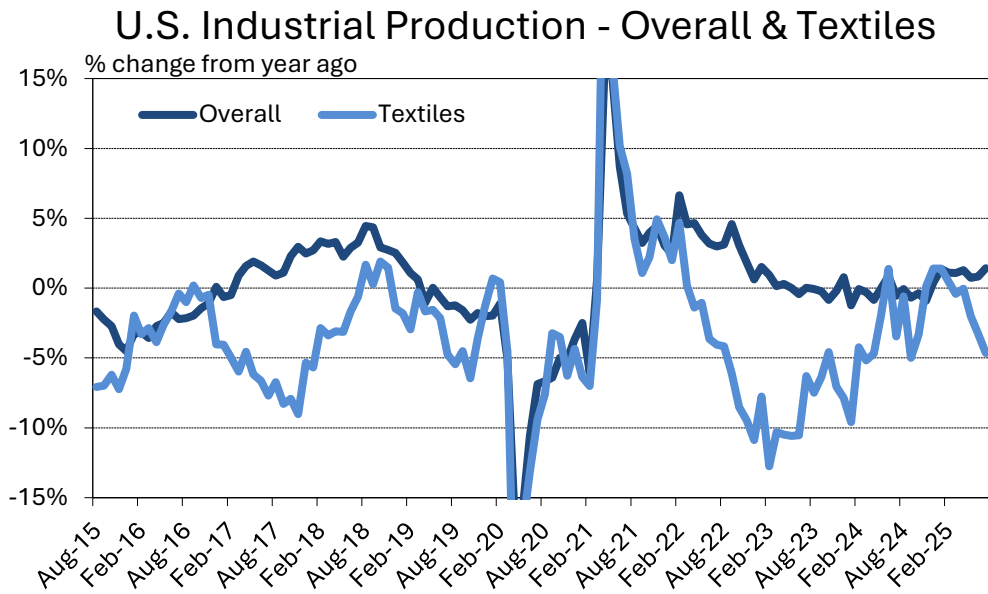
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



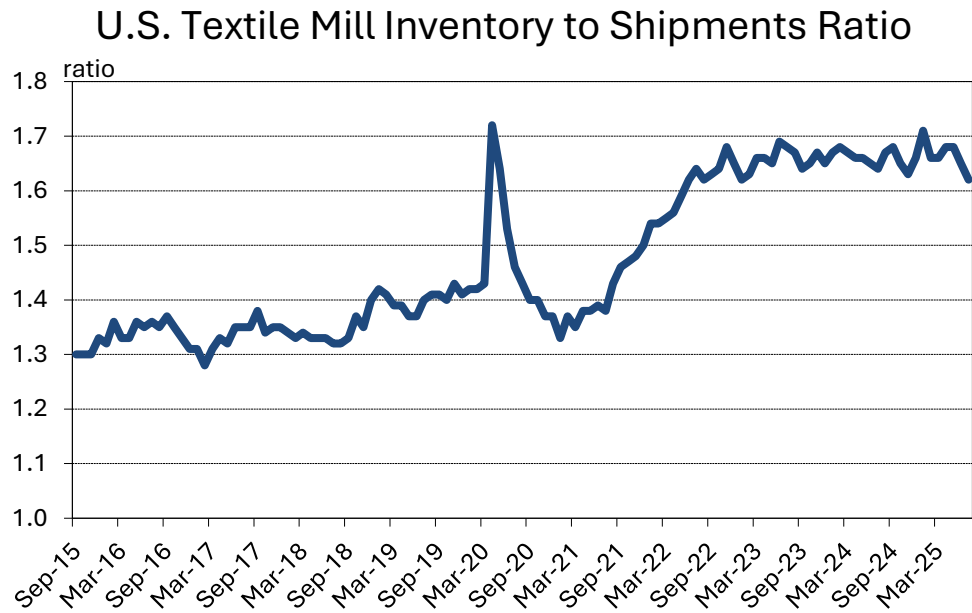
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

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

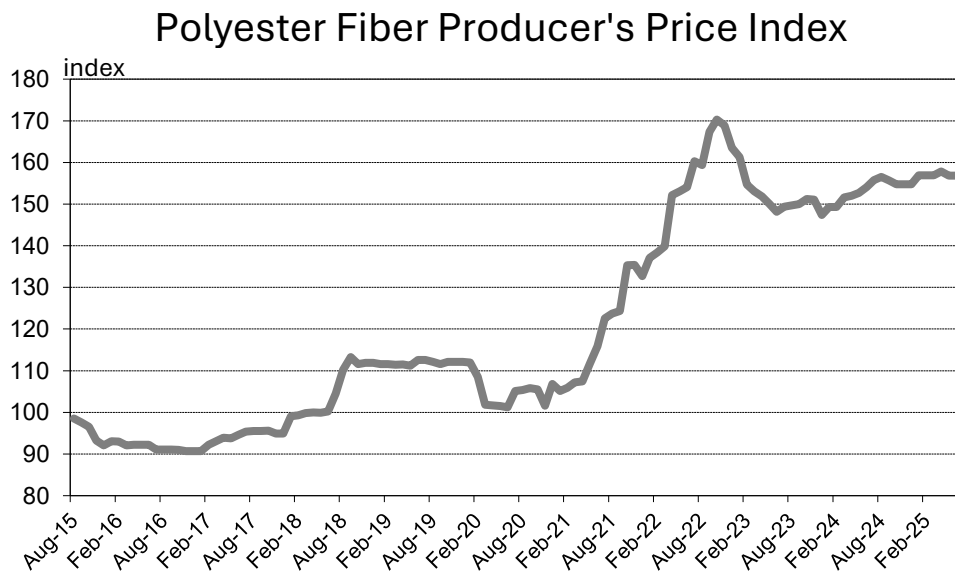


Source: Federal Reserve

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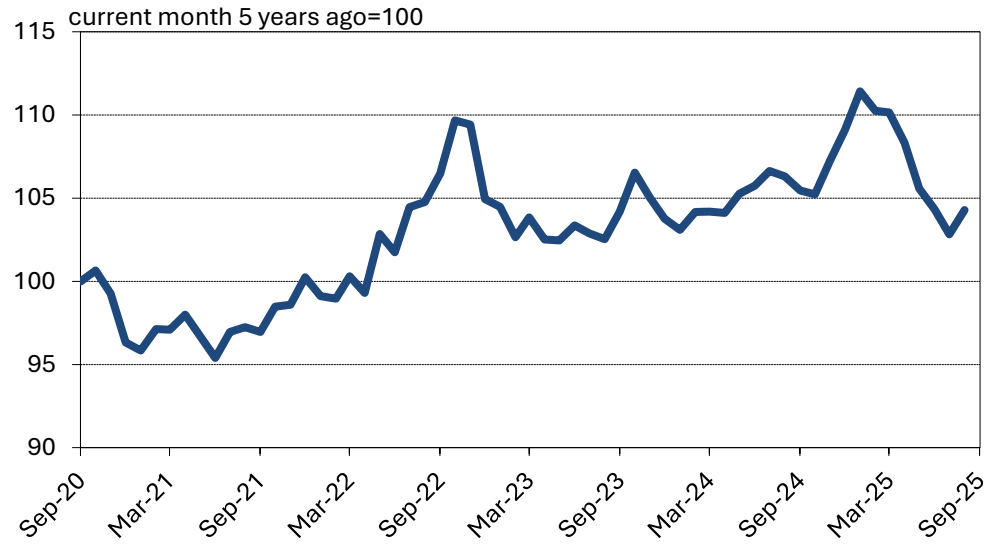
Source: USDA



Source: Bureau of Labor Statistics

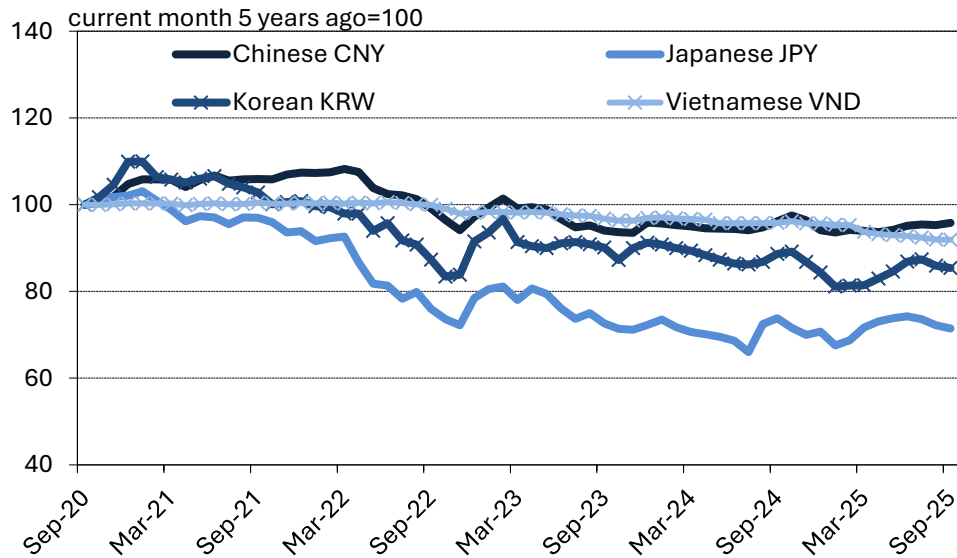
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Trade Weighted Exchange Index for U.S. Dollar



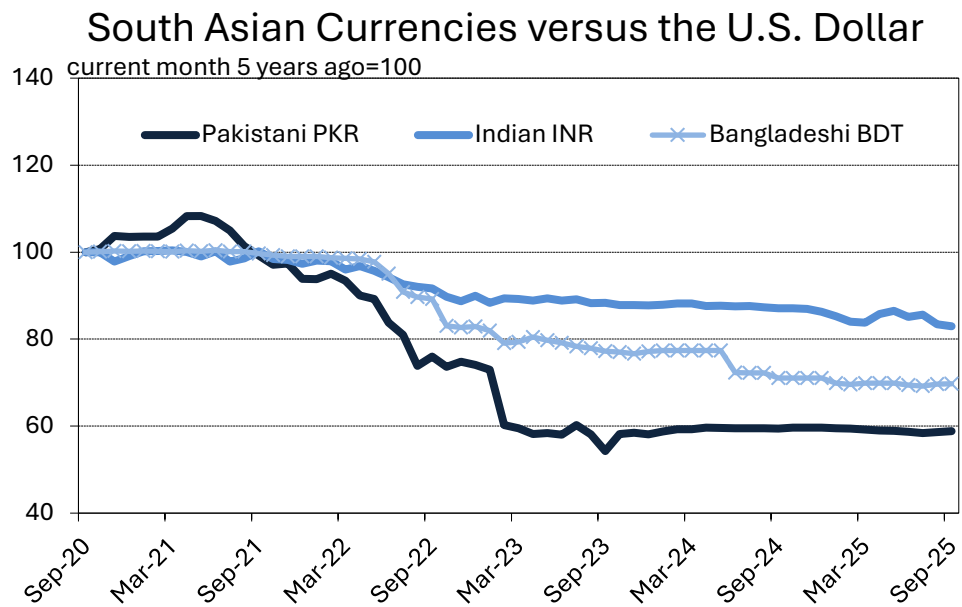
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

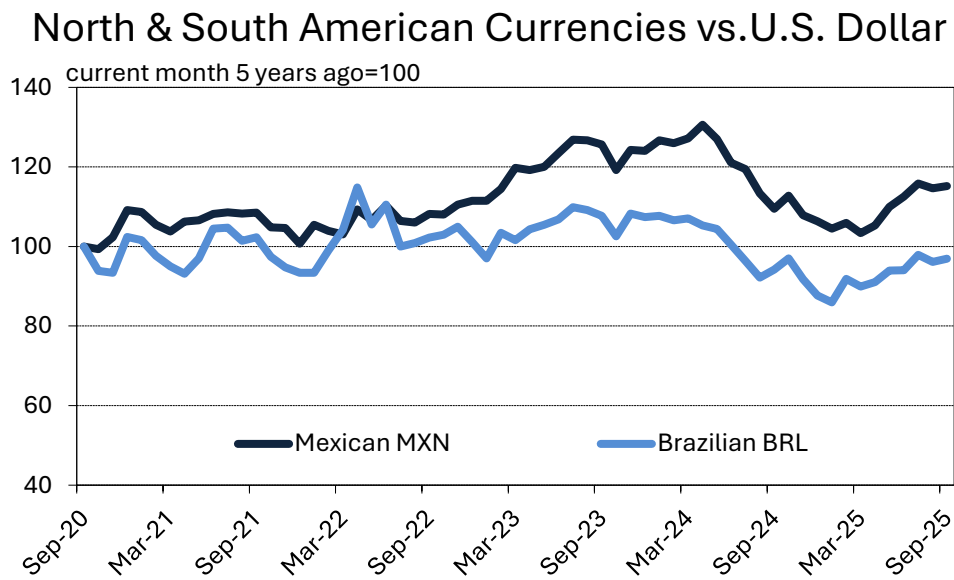


Source: Reuters

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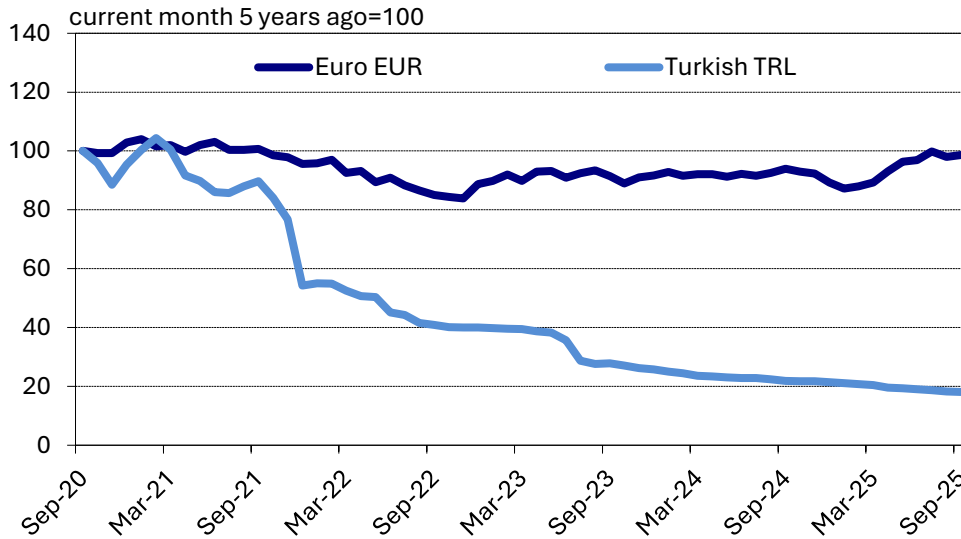
Source: Reuters



Source: Reuters

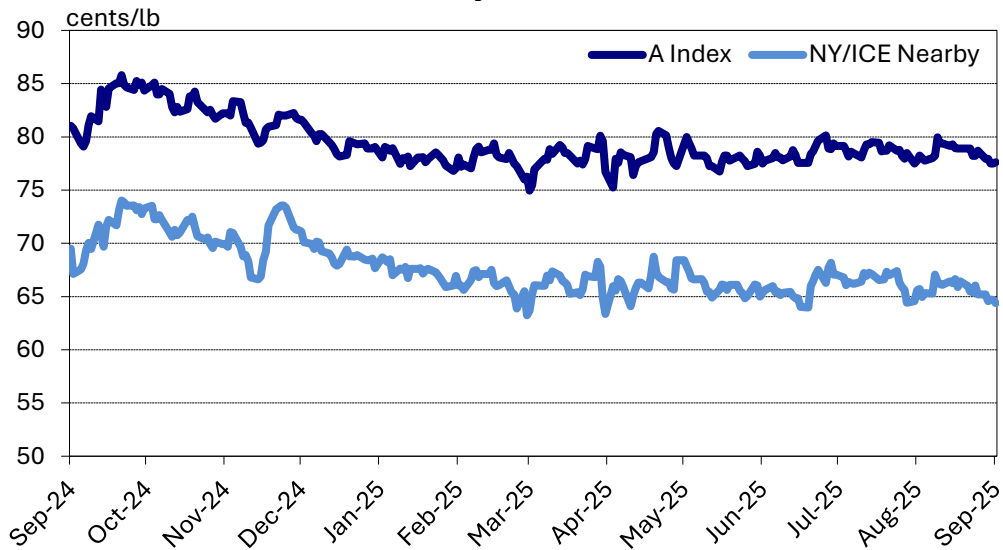
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European Currencies vs. U.S. Dollar



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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