

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



October 2025

www.cottoninc.com

Macroeconomic Overview: Policy uncertainty continues. After negotiations around budget were unsuccessful, the U.S. Federal government began a shutdown on October 1st. Core government functions concerning security and international trade are ongoing, but many economic data releases have been delayed.

One of the first major data releases to be postponed was the Employment Situation report that includes monthly job gains, the unemployment rate, and wage growth. International trade data, including those for apparel import volumes and prices, have also been affected by the shutdown.

A range of agricultural data, including regular monthly updates to supply and demand figures, will be delayed unless an agreement is reached before the next scheduled release date on October 9th.

Employment: An updated jobs report was scheduled to be released October 3rd, but it was postponed due to the shutdown. In the absence of government data, increased attention has been given to private sector reports. One of those comes from ADP, a service provider in the realm of human resources. Each month, ahead of government's Employment Situation report, ADP issues data concerning private sector employment. In figures for September, the ADP numbers were weaker than expected. Findings indicated a -32,000 position contraction.

This decrease in ADP private sector employment followed government releases over the past several months that have been signaling a broader slowdown in the labor market. In the three latest months of government payroll data, the average monthly increase in jobs was +29,000. During the 2024 calendar year, the average was +168,000.

The September update is missing, and the unemployment rate has been edging slowly higher, but it has been holding at levels that are low by historical standards. It is rare for unemployment to hold below five percent. Excluding the volatility around the pandemic, the unemployment rate has been below five percent since the fourth quarter of 2016 (4.3% in August).

Lower unemployment rates are a sign of tightness in the labor market, which can support wage gains. Average increases in wages have been slowing, but they remain above the inflation rate (wages increased +3.9% year-over-year in August, the overall CPI increased +2.9%). Higher incomes can support consumer spending. But, related questions for the economy are how significant any slowdown in the labor market might be, whether wage growth will slow further, and what the implications could be for spending.

Consumer Confidence & Spending: The Conference Board Consumer Confidence Index® decreased slightly month-over-month in September (-3.6 points to 94.2). This is the lowest reading since the index dipped to 85.7 in April and represents just the second time in nearly four years that values fell outside the range between 95 and 115.

Consumer spending data were released ahead of the shutdown. In the latest available data, overall consumer spending increased +0.4% month-over-month in August. This followed a +0.4% increase in July and a +0.3% increase in June. Year-over-year, overall spending was +2.7% higher. This was stronger than the rates near +2.5% posted in May and June, but lower than the levels over three percent that were common in the second half of 2024.

Spending on garments increased +1.1% month-over-month in August. This built on strong increases that have occurred since May (+1.2% in May, +0.8% in June, +1.0 in July). Although there has been limited movement in the CPI for garments, changes in price could be a factor. The CPI is a separate data series independent of consumer spending figures. Each series has a different set of methods and are published by different government agencies (CPI data from the Bureau of Labor Statistics and consumer spending data are from the Bureau of Economic Analysis).

Year-over-year, consumer spending on apparel was reported to be up +9.0% in August. This is an exceptionally high figure, which ranks as the highest since the stimulated period after the pandemic. The longer-term average for year-over-year growth in apparel spending is near two percent.

Consumer Prices & Import Data: As measured by the CPI for apparel, average retail prices for apparel increased +0.8% month-over-month. In three of the previous four months (since April), there were month-over-month decreases. Year-over-year, the CPI for garments was flat (+0.0%). The price level represented by the CPI for clothing is currently near the highest values since the early 2000s (123.8), but it is only marginally above the values consistently posted between 2012 and 2018 (when the CPI was near 122). For comparison, the overall CPI, covering prices for all goods and services, is up +36% relative to the average between 2012-18.

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
October 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%	0.7%	-0.6%	1.9%	-0.6%	3.8%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for September

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
ISM Index of Manufacturing Activity	52.2	48.9	48.7	48.6	48.0	48.7	49.1	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.2	52.0	50.7	50.7	50.1	52.0	50.0	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.6	100.1	95.0	96.9	98.7	97.8	94.2	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%	4.4%	4.3%	4.3%	4.3%	4.3%	4.2%	Interest rate	Federal Reserve
10-year Treasury Bill	3.2%	4.3%	4.3%	4.3%	4.4%	4.3%	4.1%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	109.1	100.1	98.9	98.7	98.9	98.9	98.4	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.4	1.4	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.8	4.1	4.0	4.0	3.9	4.0	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	101.8	103.3	103.8	104.0	103.0	103.3	103.9	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	143.7	156.1	156.6	156.3	155.8	156.3	156.9	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.8	1.8	1.9	1.9	1.9	1.9	2.0	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 August

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	June	July	August		
US Real Consumer Spending									
All Goods and Services	3.9%	3.0%	2.8%	2.6%	2.5%	2.5%	2.7%	% Chg. Year/Year	Department of Commerce
Clothing	8.9%	5.4%	6.9%	7.3%	5.7%	7.3%	9.0%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.4%	2.7%	2.6%	2.8%	2.7%	2.7%	2.9%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	2.1%	0.3%	-0.4%	-0.2%	-0.4%	-0.4%	0.0%	% Chg. Year/Year	Bureau of Labor Statistics

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		
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	2.0	2.0	2.0	Value of inventory over value of sales	Department of Commerce

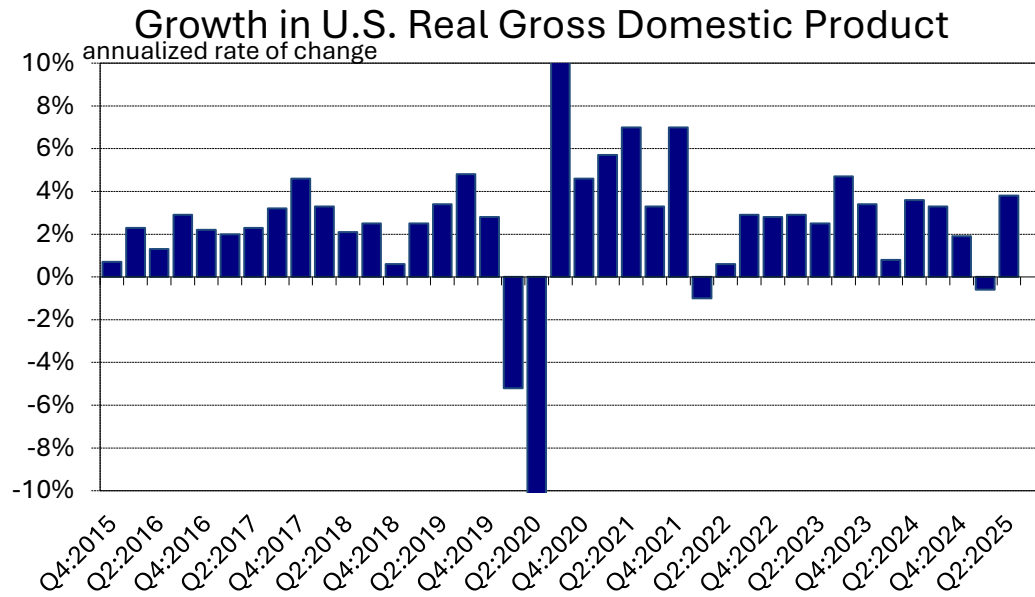
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Daily Cotton Price and Currency Data
October 2025



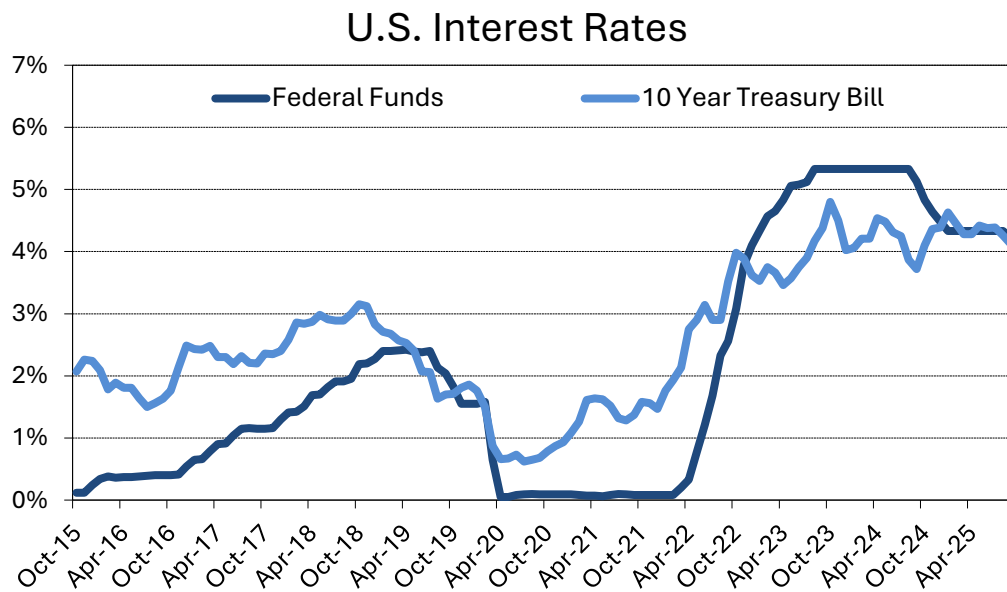
Daily Cotton Price Data		Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September			
NY Nearby	86.6	67.2	65.9	65.8	66.8	65.8	64.7	cents/pound	ICE	
A Index	97.8	79.1	78.3	78.4	78.8	78.6	77.9	cents/pound	Cotlook	

Daily Currency Data		Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September			
Dollar Trade Weighted Exchange Index	119.9	122.7	121.9	120.4	119.7	120.9	120.5	Index, January 1997=100	Federal Reserve	
Asian Currencies										
Chinese Renminbi	6.90	7.15	7.20	7.16	7.17	7.19	7.14	Chinese Renminbi/US dollar	Reuters	
Indian Rupee	80.36	83.88	86.12	87.13	85.39	87.74	88.26	Indian Rupee/US dollar	Reuters	
Japanese Yen	133.71	145.83	145.38	146.33	144.53	147.40	147.08	Japanese Yen/US dollar	Reuters	
Pakistani Rupee	234.59	274.86	282.01	282.68	283.88	282.55	281.60	Pakistani Rupee/US dollar	Reuters	
North & South American Currencies										
Brazilian Real	5.30	5.30	5.57	5.43	5.41	5.48	5.41	Brazilian Real/US dollar	Reuters	
Canadian Dollar	1.33	1.37	1.38	1.37	1.36	1.38	1.38	Canadian dollar/US dollar	Reuters	
Mexican Peso	19.30	18.60	19.22	18.64	18.64	18.60	18.68	Mexican Peso/US dollar	Reuters	
European Currencies										
British Pound	0.78	0.79	0.75	0.74	0.73	0.75	0.74	British Pound/US dollar	Reuters	
Euro	0.91	0.92	0.87	0.85	0.85	0.86	0.85	Euro/US dollar	Reuters	
Swiss Franc	0.90	0.89	0.82	0.80	0.79	0.81	0.80	Swiss Franc/US dollar	Reuters	
Turkish Lira	22.42	29.86	39.60	40.58	39.82	40.66	41.25	Turkish Lira/US dollar	Reuters	



Source: Department of Commerce

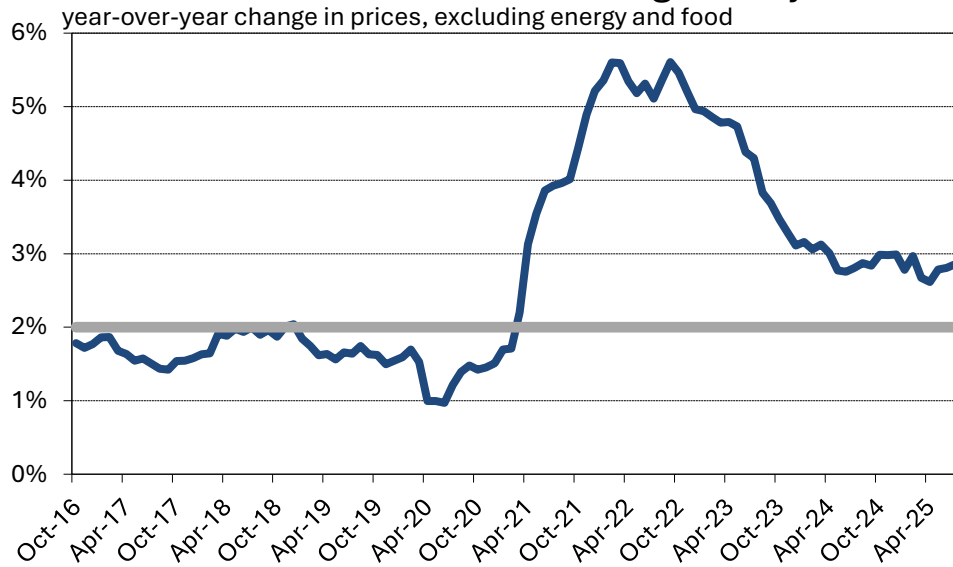
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



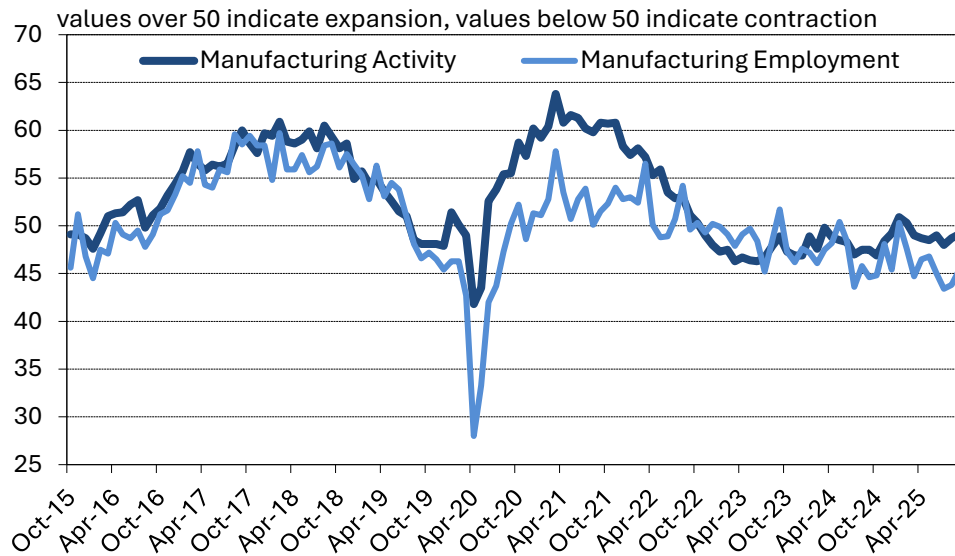
Source: Bureau of Labor Statistics

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.

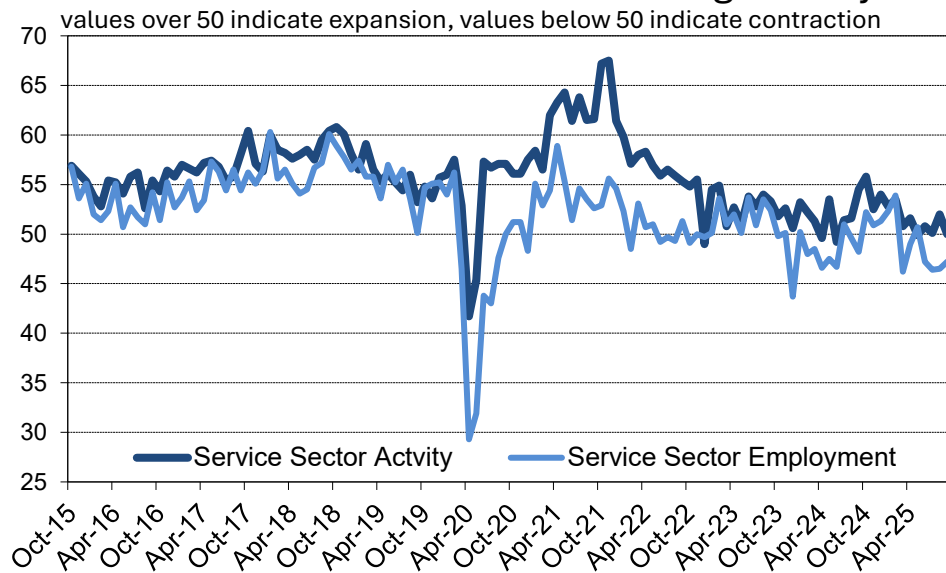
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ISM Index of Manufacturing Activity



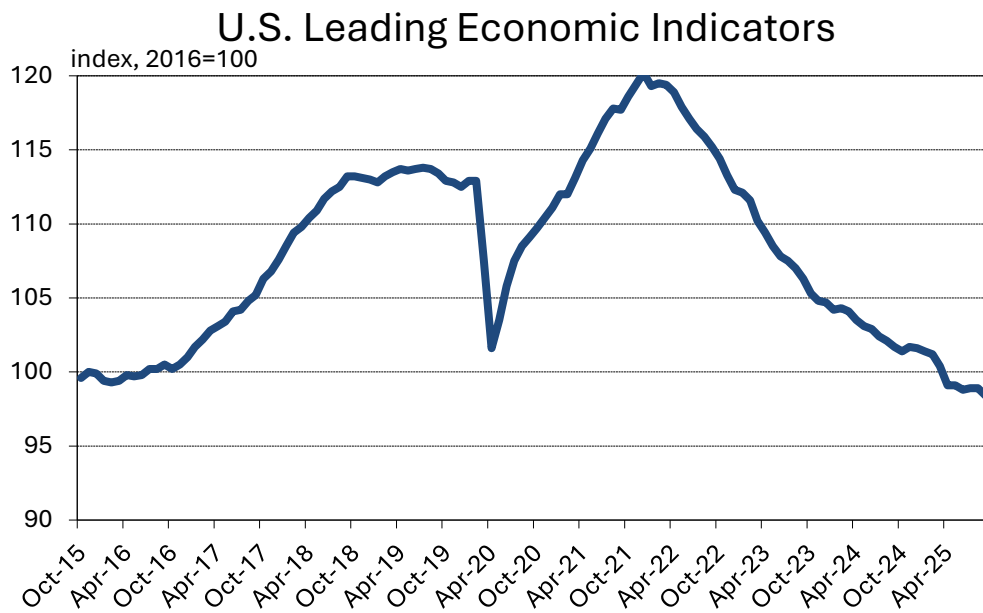
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

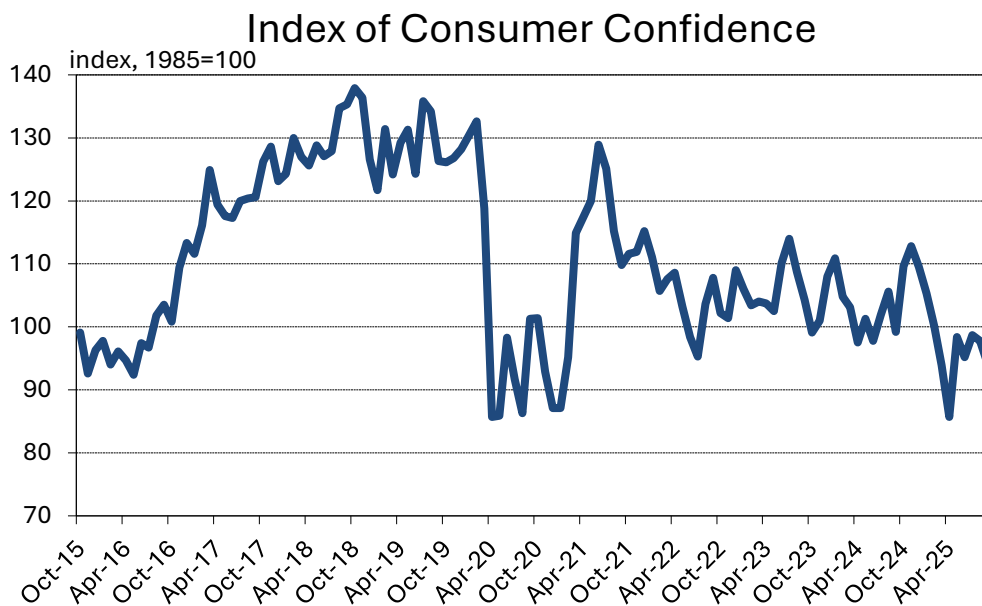


Source: Institute for Supply Chain Management

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Source: The Conference Board



Source: The Conference Board

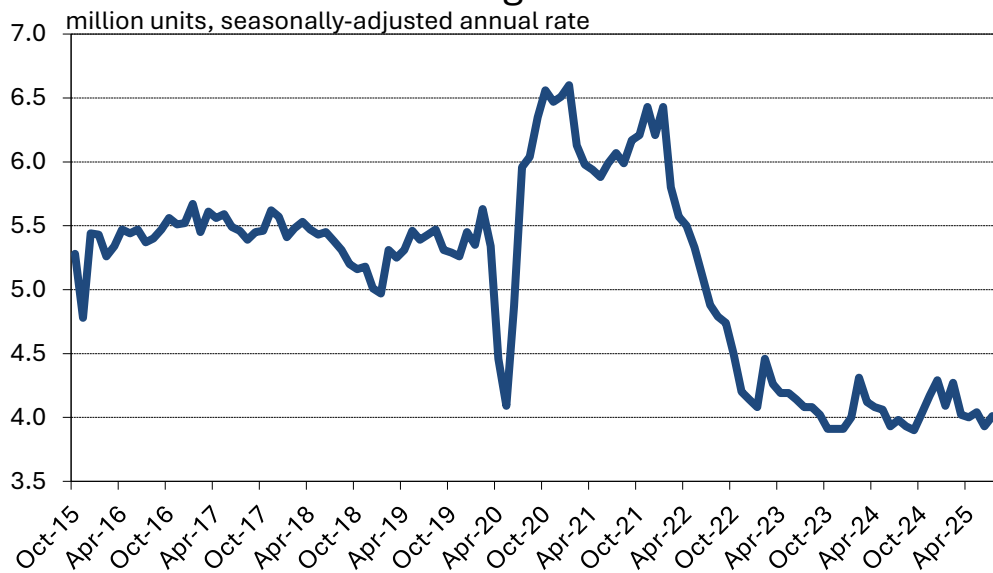
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U.S. Housing Starts



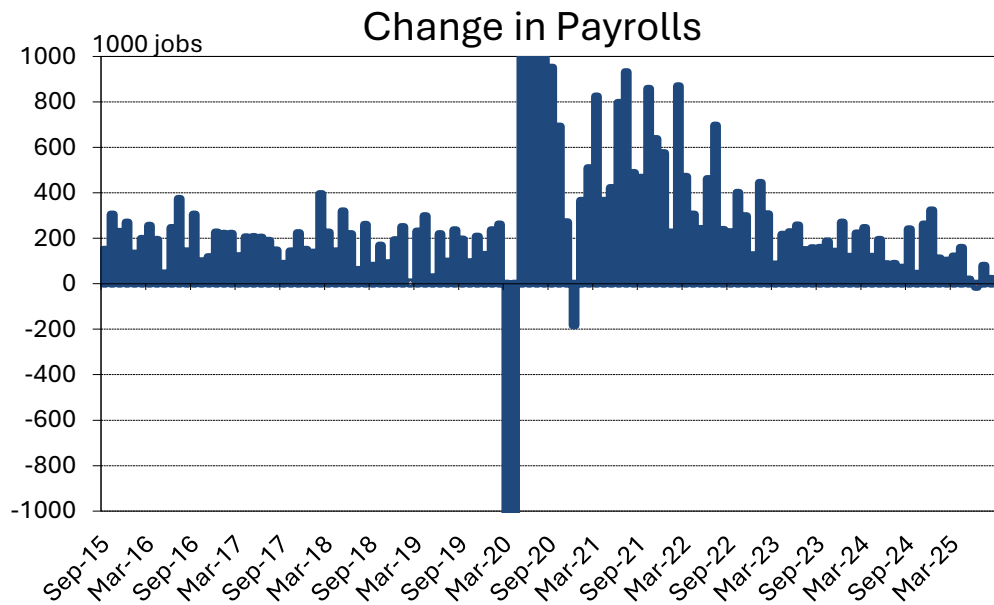
Source: Department of Commerce

U.S. Existing Home Sales



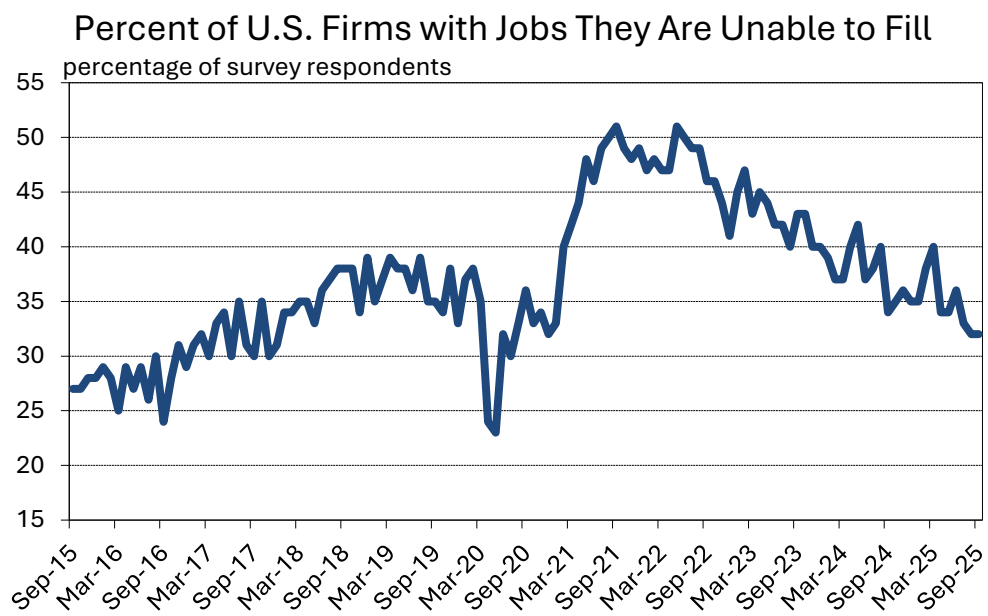
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

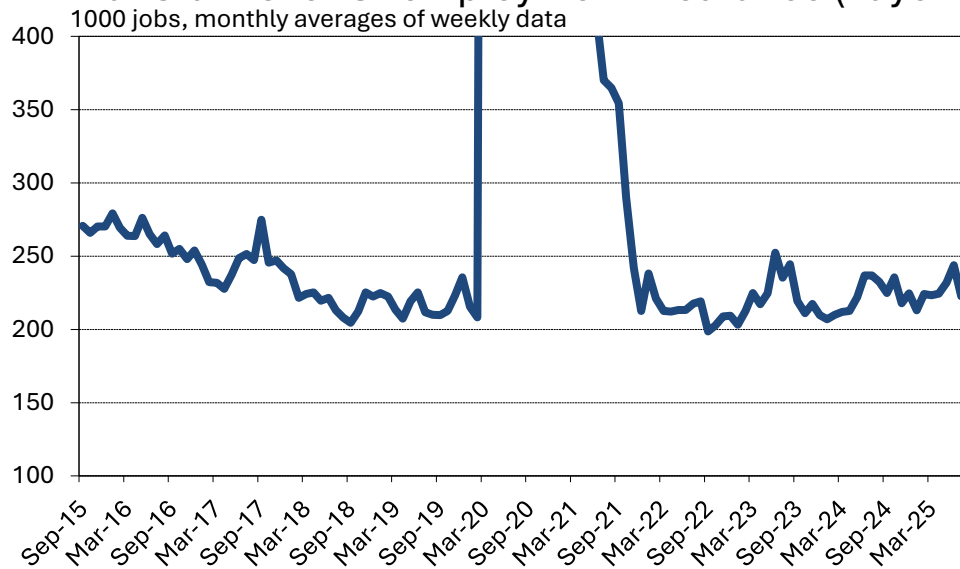


Source: National Federation of Independent Business

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

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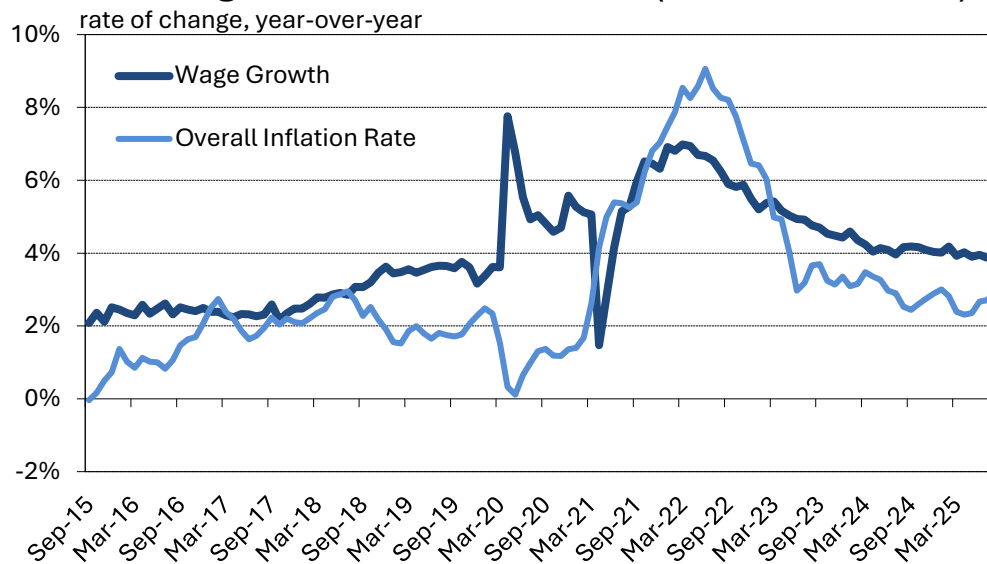
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

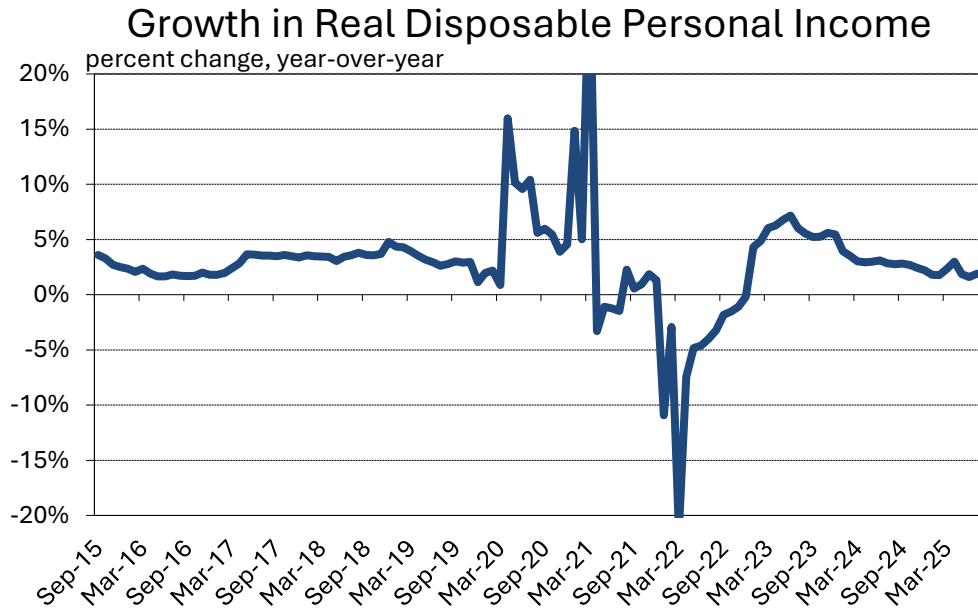
Note: Chart truncated around COVID shutdowns to highlight normal change.

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.

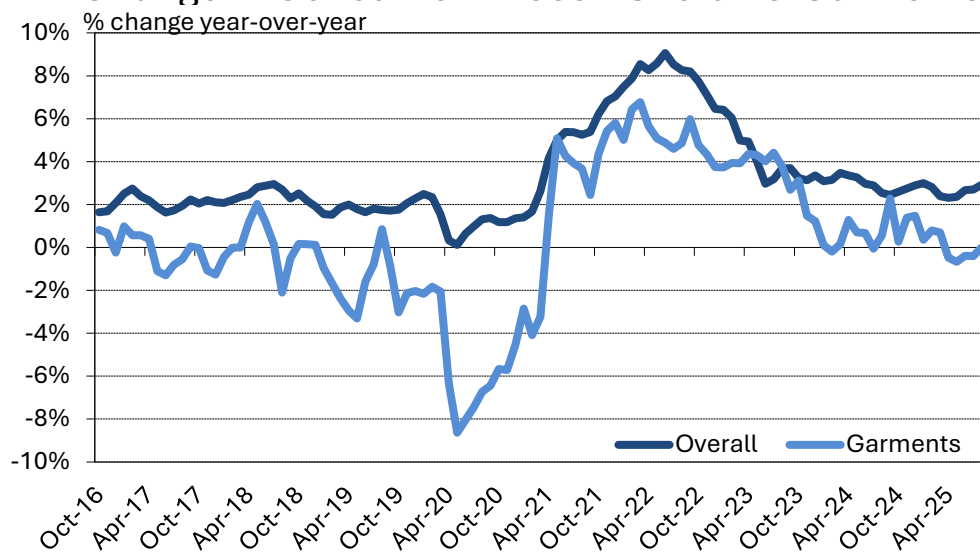


Source: Bureau of Labor Statistics

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

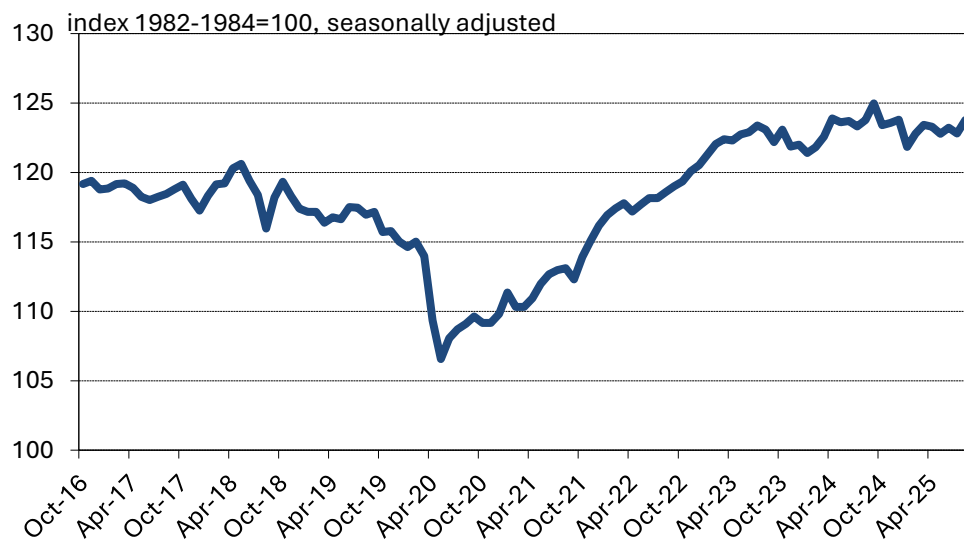
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

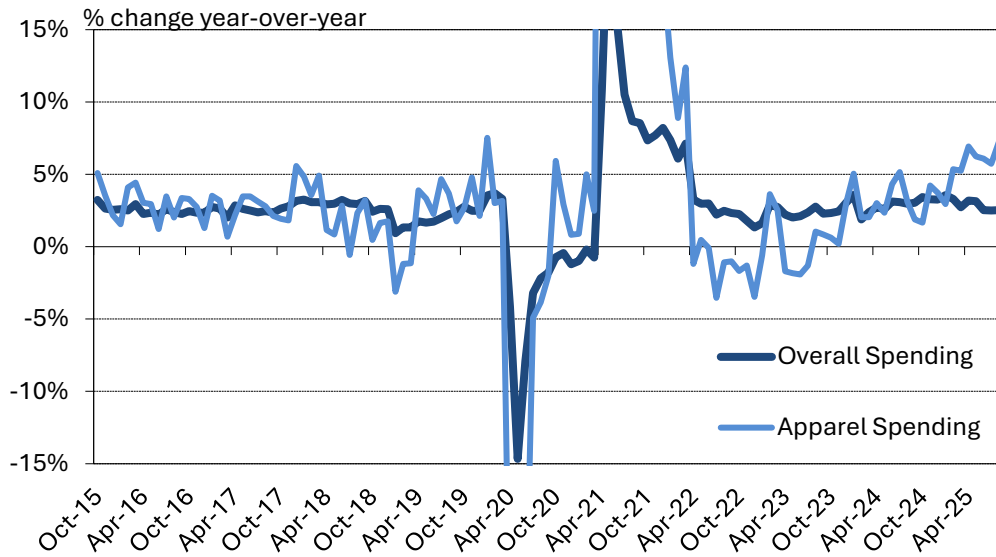
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

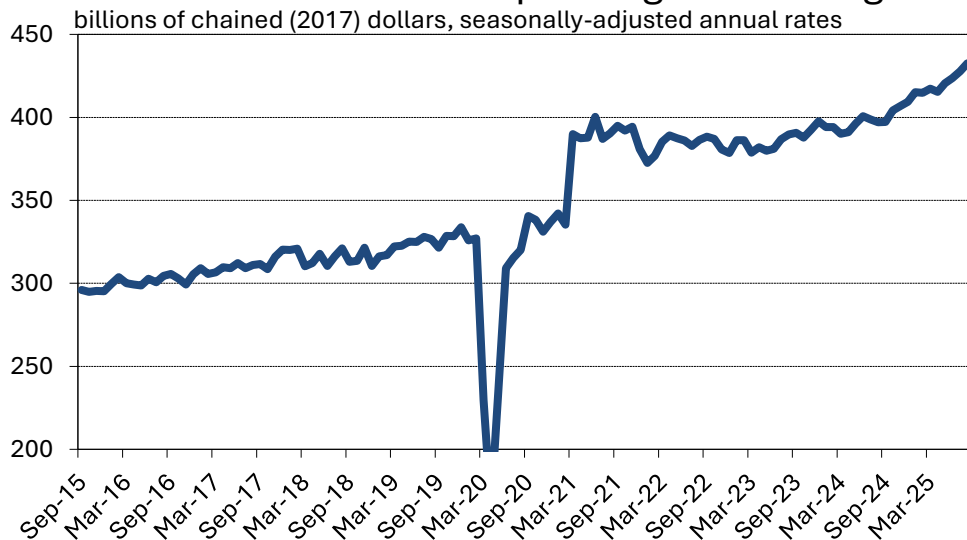
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

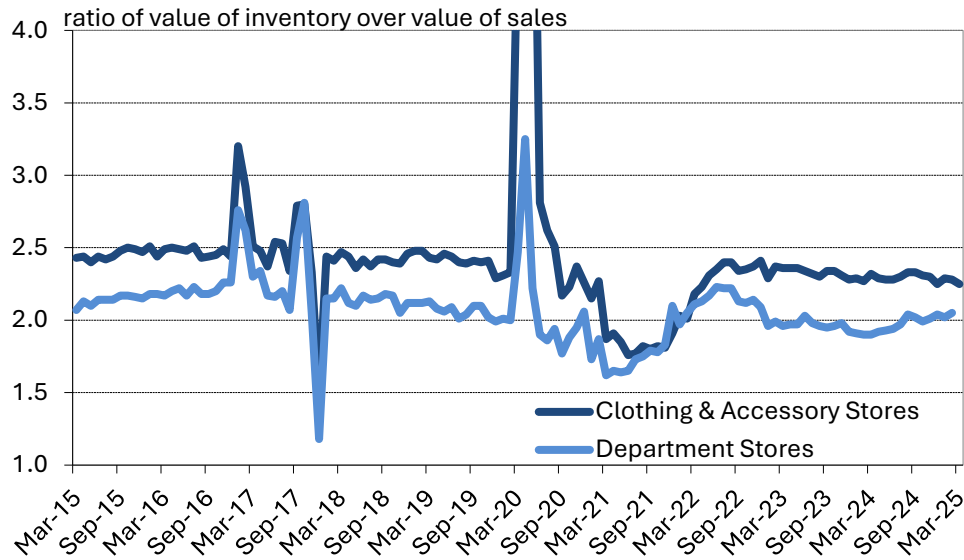


Source: Bureau of Economic Analysis

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

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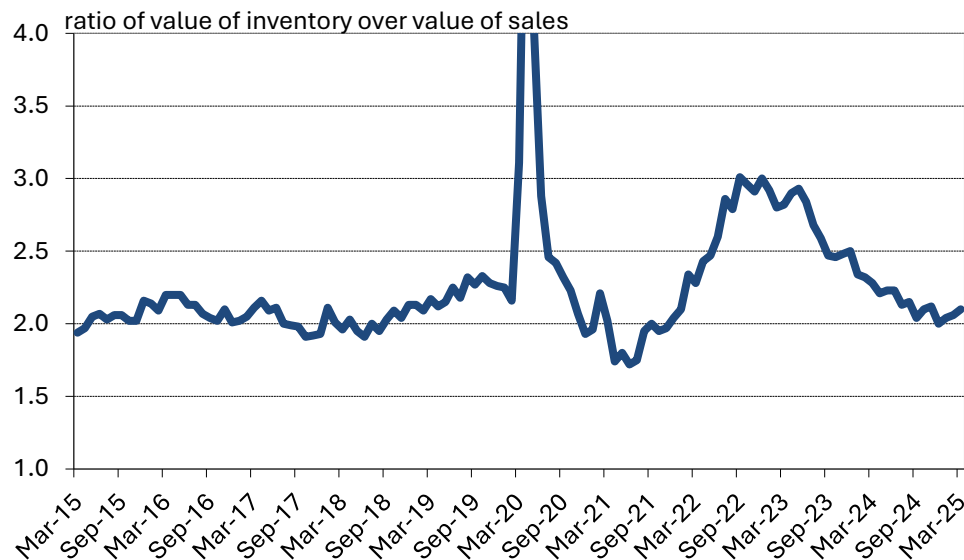
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

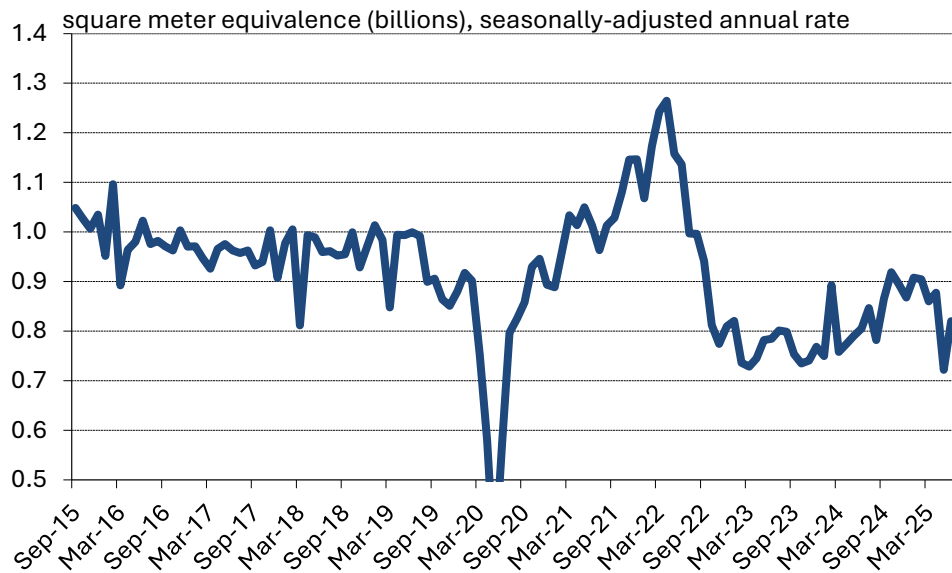


Source: Department of Commerce

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

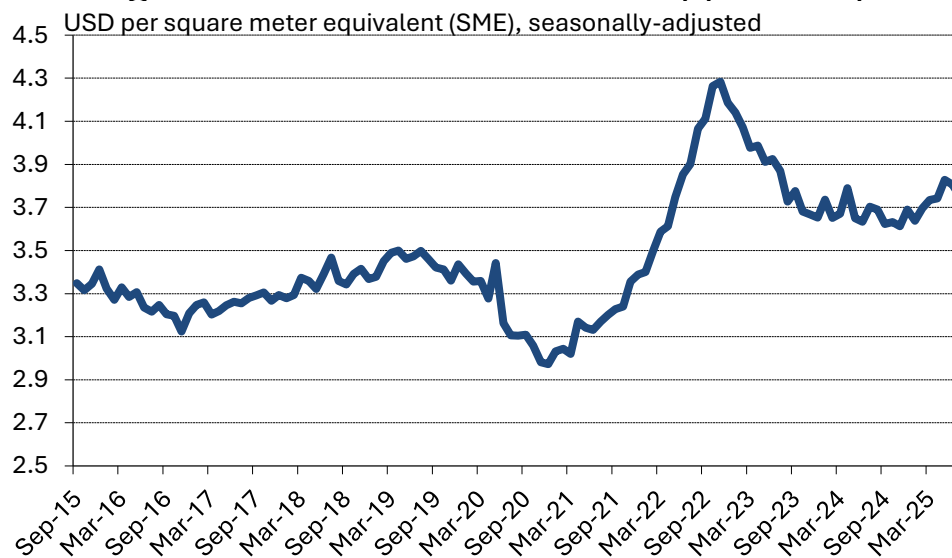
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U.S. Cotton-Dominant Apparel Import Volume



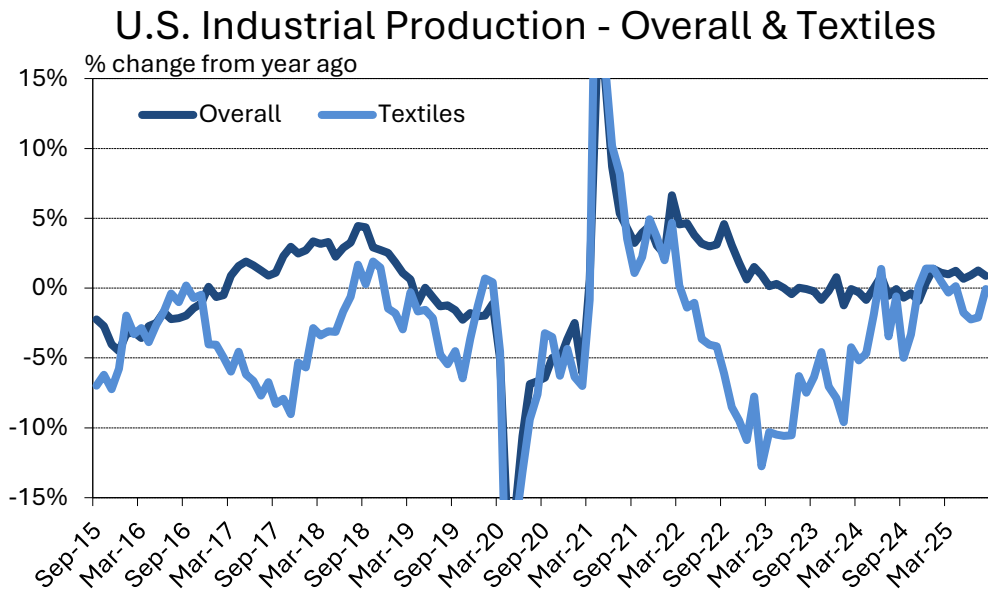
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



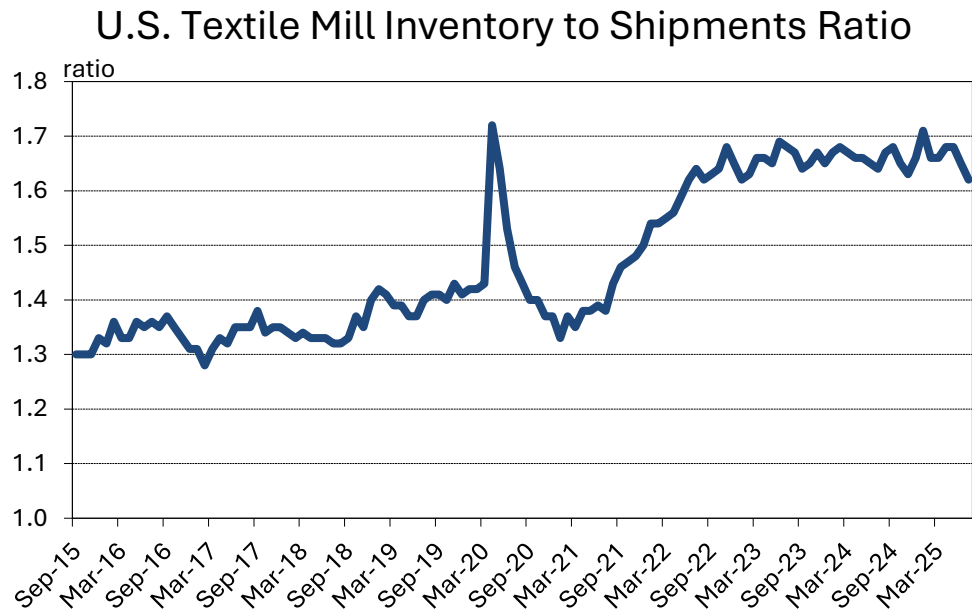
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

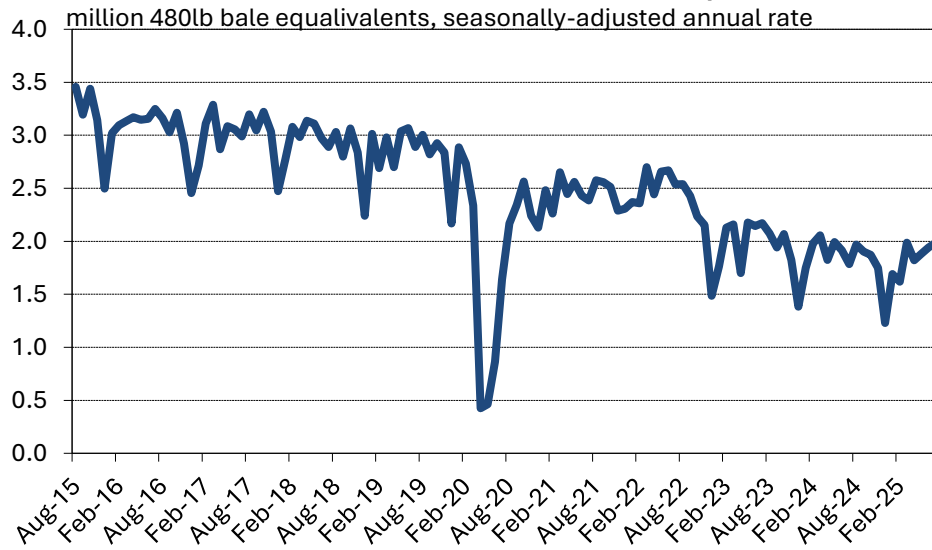
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

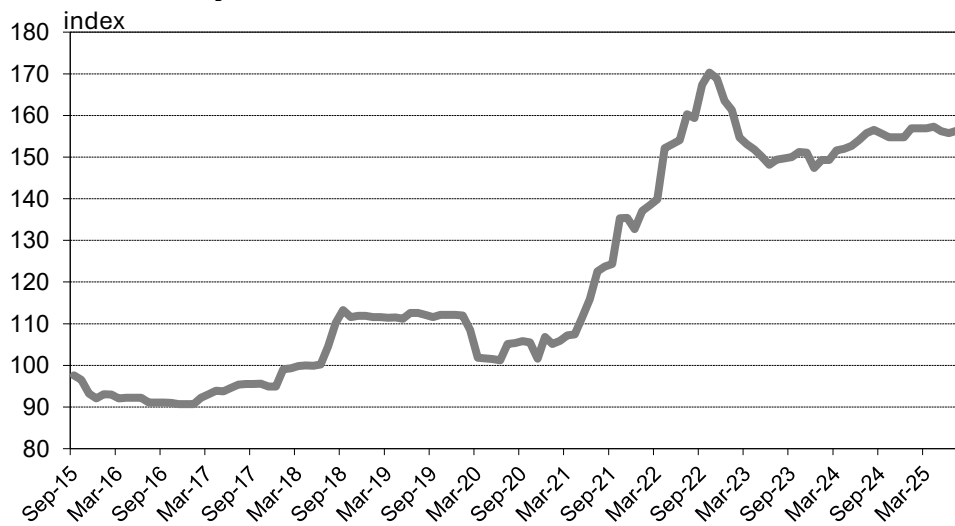
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US Cotton Yarn & Fabric Exports



Source: USDA

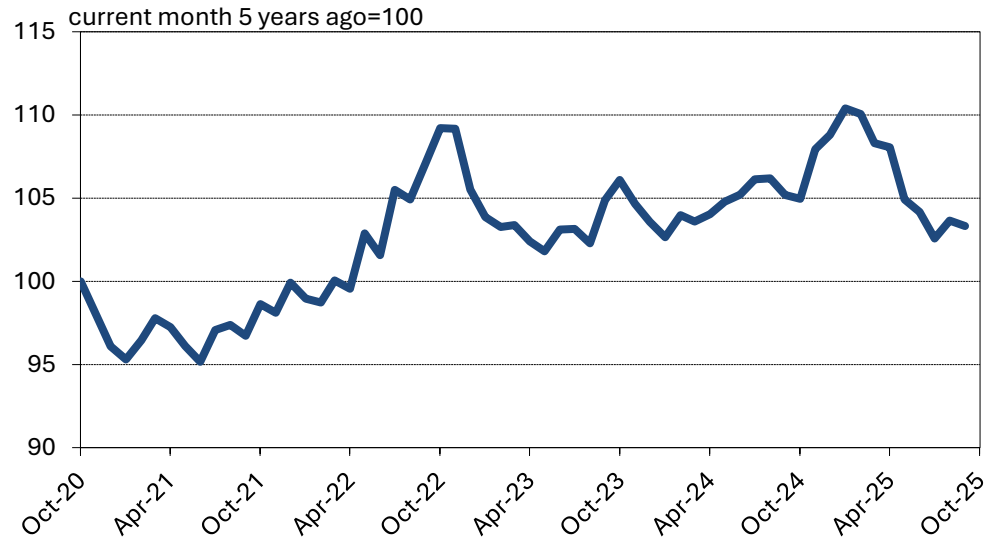
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

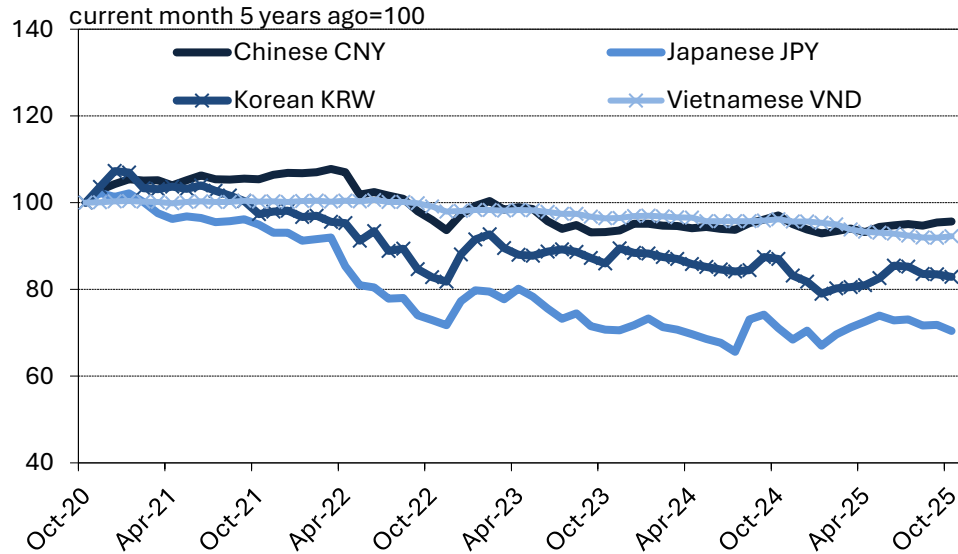
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Trade Weighted Exchange Index for U.S. Dollar



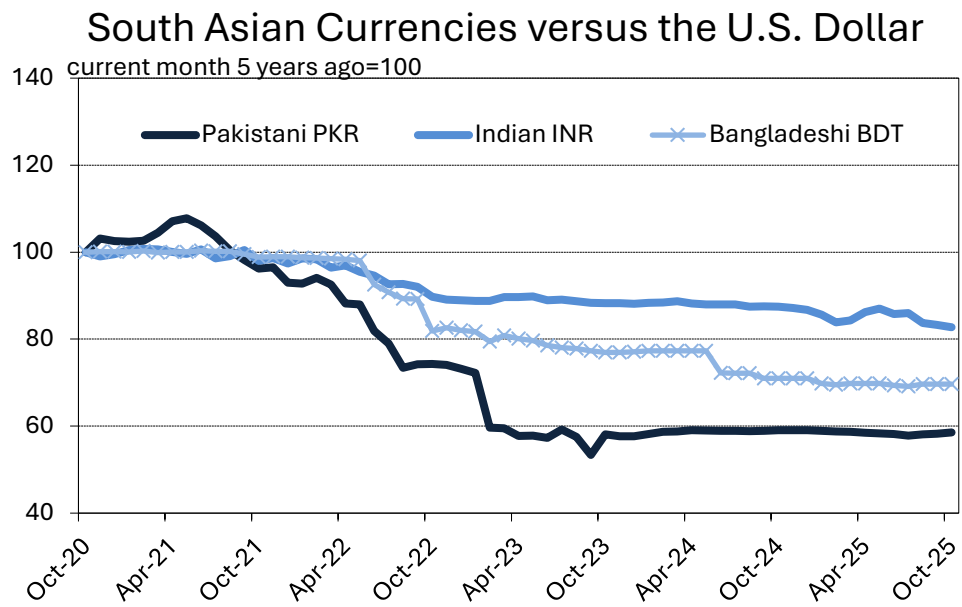
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

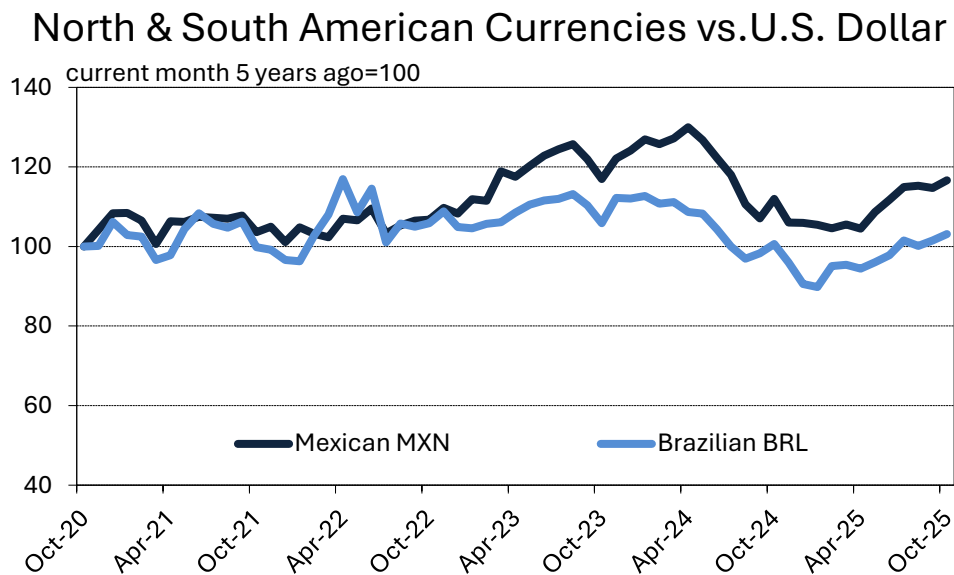


Source: Reuters

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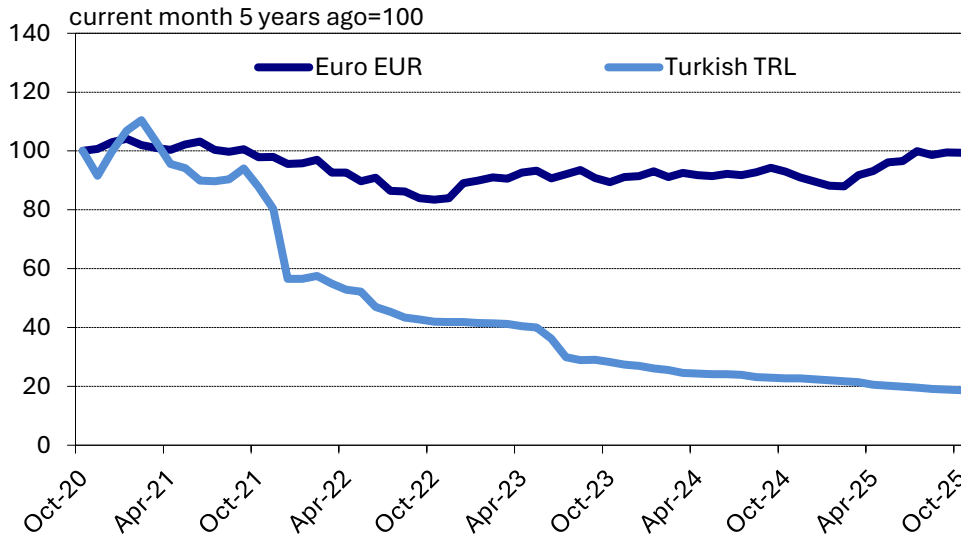
Source: Reuters



Source: Reuters

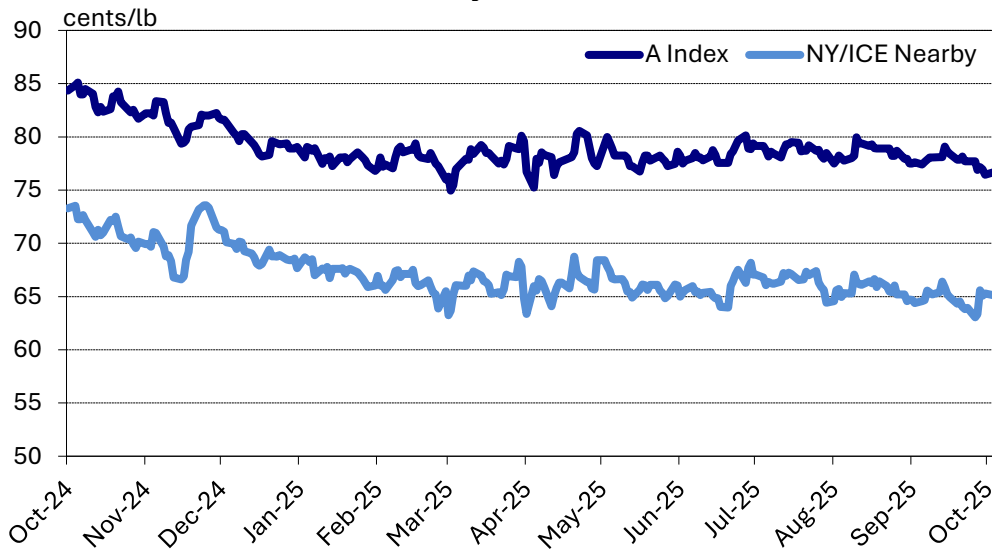
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European Currencies vs. U.S. Dollar



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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