

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



June 2026

www.cottoninc.com

Macroeconomic Overview: The conflict around Iran has had effects on a range of prices. Recent readings on inflation in the U.S. have pulled further above the Federal Reserve’s target of two percent. Fed officials emphasize a “core” price deflator (Personal Consumption Expenditures or PCE index) that excludes energy and food (value was +3.3% in April). The overall CPI, including all goods and services, was +4.2% in May.

The Federal Reserve has a dual mandate, and inflation is half of its mission. The other focus is employment. With the unemployment rate holding at low levels and with job gains rising, Fed policy may orient itself towards the inflation side of its concerns. Expectations were that interest rates could have been cut by the incoming central bank chair over the next few months, but those expectations have been pared back as hiring improved and inflation surged.

Retail prices for clothing have risen sharply in recent months. Since January, the CPI for garments increased more than three percent. The cause of the recent increase are unclear, particularly since clothing prices were relatively stable throughout 2025 despite the changes in tariff rates.

Tariff rates may be adjusted again in coming months. After the Supreme Court revoked International Emergency Economic Power Act (IEEPA), new tariffs were put into effect under legal standing from Section 122 (10-percentage-point increases over base rates for nearly all countries). Those Section 122 tariffs have a time limit and will expire July 24th.

A potential replacement for Section 122 tariffs are duties justified under Section 301. Section 301 tariffs require an investigation uncovering findings of unfair trade practices. Investigations into forced labor and excess capacity were launched in March. Findings involving forced labor were [released June 2nd](#).

In a [Federal Register summary](#) of the findings, there were statements allowing carveouts for textiles made with U.S. materials, including cotton. Details concerning these exemptions and how to obtain them are currently unknown.

Employment: The U.S. economy is estimated to have added +172,000 jobs in May. This was the third consecutive monthly gain over 150,000 jobs (+214,000 in March, +179,000 in April). Prior to the past three months, there were -156,000 jobs lost in February and the average job growth in the previous twelve months was only +11,000 (March 2025 to February 2026). Revisions to existing estimates were positive, with the figure for March increasing (+29,000 to +214,000) and the figure for April increasing (+64,000 to +179,000). The current twelve-month average for job gains is now +41,000.

The unemployment rate was unchanged for the second consecutive month at 4.3%. It has been between 4.0% and 4.5% since the middle of 2024. Levels below five percent are low by historical standards. Wage growth decelerated month-over-month in May (from 3.6% to +3.4%). With the deceleration in wages and the rise in inflation, the rate of income growth slipped below the rate of price increases for the first time since May 2023 (May reading for the overall CPI was +4.2%).

Consumer Confidence & Spending: The Conference Board’s Index of Consumer Confidence[®] was nearly unchanged month-over-month in March (-0.7 points to 93.1). It has been holding near this level since the first quarter of 2025. Throughout this period, overall consumer spending growth decelerated slightly, while spending on clothing has been strong.

Consumer spending growth slowed in April, from +0.3% to +0.1% month-over-month. Year-over-year overall spending was +2.1%. Spending on apparel contracted month-over-month for a second time in a row in April (-0.1% in March, -0.8% in April). Nonetheless, year-over-year spending on clothing continues to outpace overall expenditures. Apparel spending was up +3.5% year-over-year in April (+2.1% for overall spending). The annual increases in apparel have been compounding the strong gains made one year ago, when spending on clothing was growing at rates over six percent year-over-year.

Consumer Prices & Import Data: The month-over-month decreases in spending on garments were accompanied by increases in retail apparel prices. The CPI for garments rose by more than one percentage point in February (+1.8%) and March (+1.1%), marking the sharpest monthly gains in consumer prices for clothing since the pandemic. Current values for the CPI for clothing are the [highest since 1998](#). However, the general trend since the late 1990s has been for flat to lower prices, and the latest reading (May 2026) is about six percentage points higher than it was in 2014 (128.7 in May 2026, average in 2014 was 121.1).

The average cost per square meter equivalent (SME) of cotton-dominant apparel was \$3.67/SME in April (latest available data), which is down -0.5% year-over-year but also +9.3% higher than the three-year average before the onset of COVID. This value also excludes tariffs, which are currently ten percentage points higher than they were before 2025 for imports from most trade partners.

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 2026



Macroeconomic Data

Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q3 : 2025	Q4 : 2025	Q1 : 2026		
Growth in US Real GDP	3.0%	2.6%	0.5%	1.6%	4.4%	0.5%	1.6%	% 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	51.0	50.4	52.1	53.1	52.7	52.7	54.0	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	54.5	52.8	54.3	54.0	54.0	53.6	54.5	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	103.4	94.1	92.2	93.0	92.2	93.8	93.1	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	232.3	41.9	92.0	188.3	214	179	172	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.0%	4.3%	4.3%	4.3%	n/a	4.3%	4.3%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.5%	3.9%	3.7%	3.6%	3.6%	3.6%	3.6%	Interest rate	Federal Reserve
10-year Treasury Bill	3.6%	4.2%	4.3%	4.4%	4.3%	4.3%	4.5%	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	107.2	98.0	97.5	97.3	97.3	97.3	97.4	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.3	1.5	1.5	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.6	4.1	4.1	4.1	4.1	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	100.7	101.6	101.7	102.1	101.1	101.0	102.5	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	150.9	158.6	160.7	162.8	162.5	162.5	163.4	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	2.7	1.7	1.5	1.5	1.3	1.5	1.6	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	1.63	1.71	1.74	1.76	1.76	1.76	1.75	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	3.6%	2.3%	2.1%	2.3%	2.6%	2.1%	2.1%	% Chg. Year/Year	Department of Commerce
Clothing	5.9%	5.9%	4.7%	4.0%	4.6%	3.9%	3.5%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.5%	3.0%	3.1%	3.8%	3.3%	n/a	4.2%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	3.2%	2.6%	3.0%	4.2%	3.7%	n/a	4.7%	% 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	2.2	2.2	2.1	Value of inventory over value of sales	Department of Commerce
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.0	2.2	2.1	Value of inventory over value of sales	Department of Commerce

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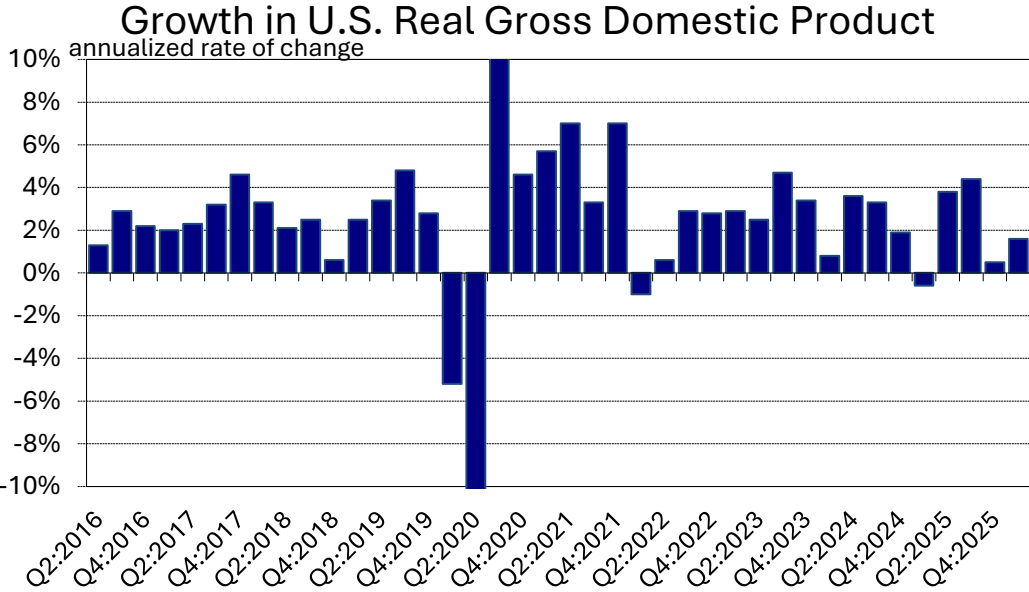
Daily Cotton Price and Currency Data

June 2026

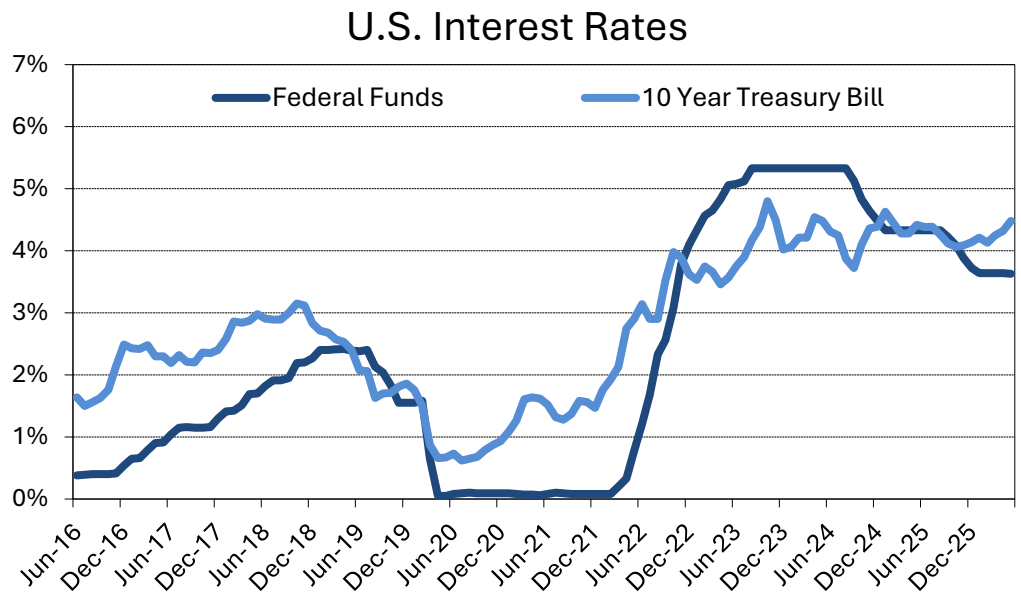


Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	March	April	May		
NY Nearby	85.0	67.2	69.2	74.5	66.8	74.9	81.7	cents/pound	ICE
A Index	96.8	78.6	79.7	85.0	77.2	86.4	92.0	cents/pound	Cotlook

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	120.5	121.9	119.2	118.8	119.5	118.9	118.0	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.96	7.16	6.92	6.85	6.92	6.84	6.80	Chinese Renminbi/US dollar	Reuters
Indian Rupee	82.73	85.88	91.72	93.16	92.33	92.66	94.48	Indian Rupee/US dollar	Reuters
Japanese Yen	140.50	150.23	157.43	157.98	158.09	159.22	156.63	Japanese Yen/US dollar	Reuters
Pakistani Rupee	251.01	281.18	279.52	279.04	279.43	278.93	278.78	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.28	5.33	5.19	5.06	5.21	5.08	4.90	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.34	1.38	1.37	1.37	1.36	1.38	1.37	Canadian dollar/US dollar	Reuters
Mexican Peso	18.93	18.34	17.62	17.46	17.77	17.41	17.21	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.77	0.74	0.74	0.75	0.75	0.73	British Pound/US dollar	Reuters
Euro	0.91	0.90	0.85	0.86	0.86	0.86	0.85	Euro/US dollar	Reuters
Swiss Franc	0.89	0.85	0.79	0.78	0.78	0.79	0.78	Swiss Franc/US dollar	Reuters
Turkish Lira	27.26	35.41	43.89	44.67	44.07	44.58	45.36	Turkish Lira/US dollar	Reuters



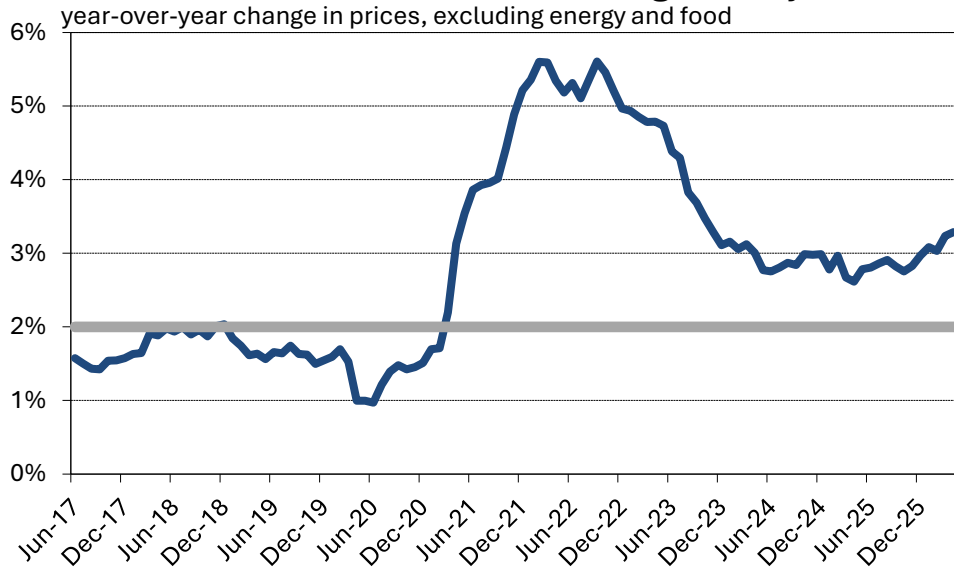
Source: Department of Commerce
 Note: Chart truncated around COVID shutdowns to highlight normal change.



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



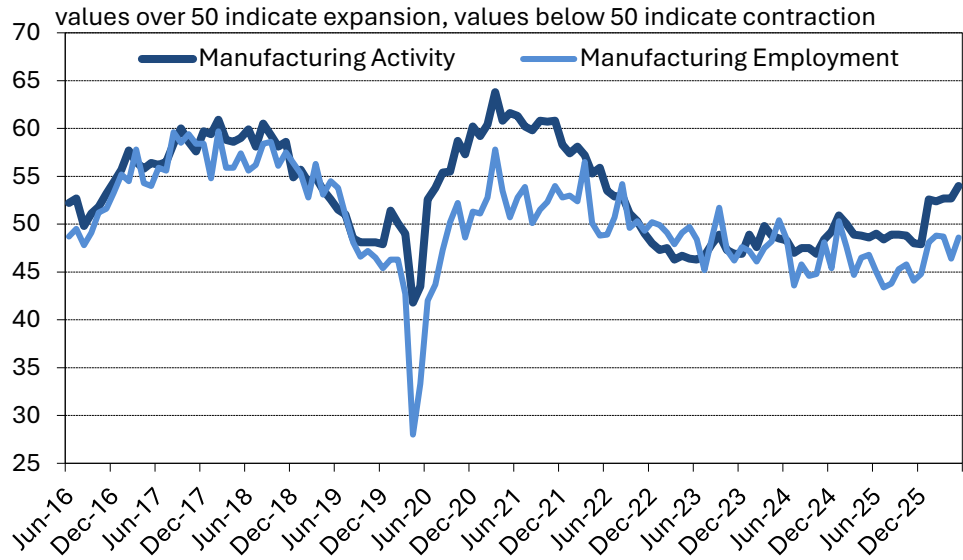
Source: Bureau of Labor Statistics

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.

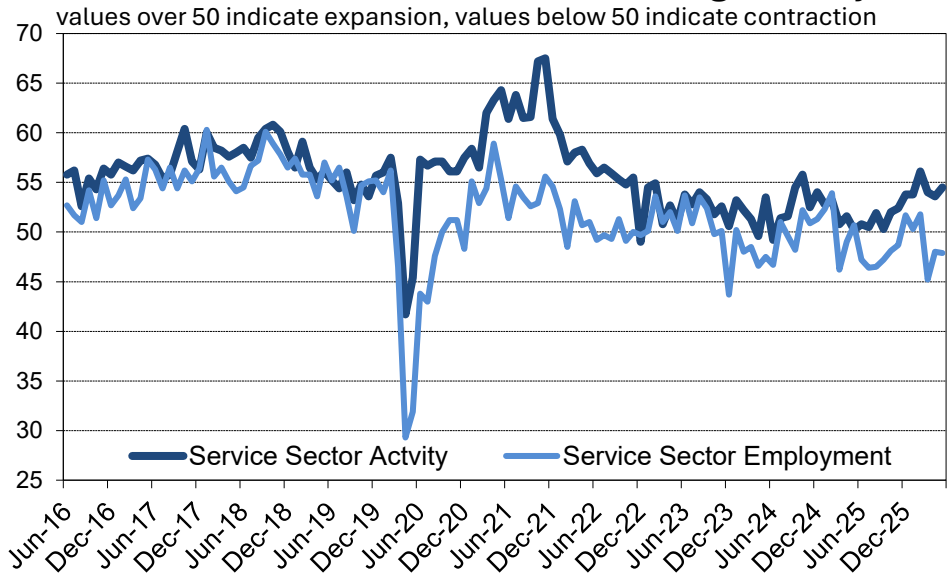
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ISM Index of Manufacturing Activity



Source: Institute for Supply Chain Management

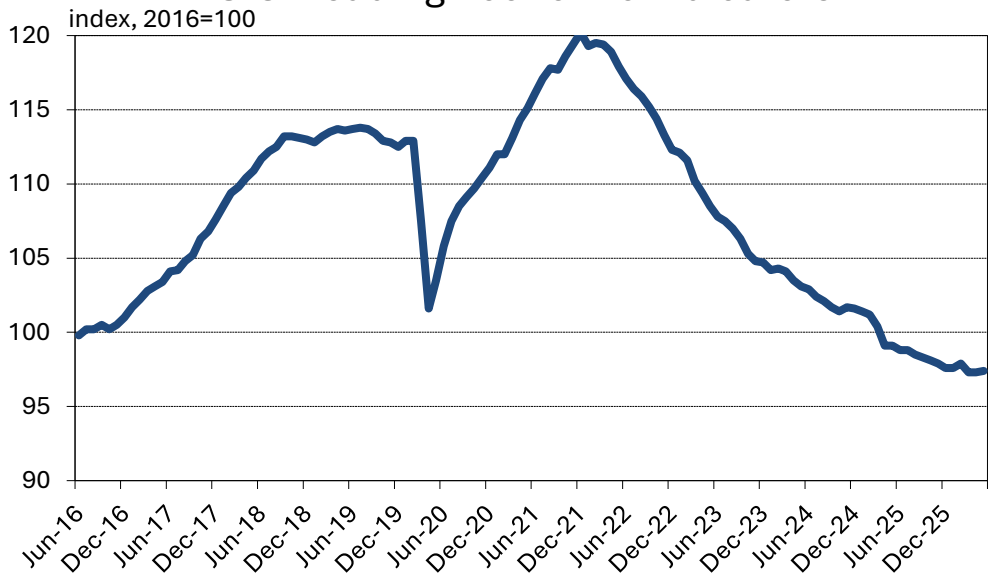
ISM Index of Non-Manufacturing Activity



Source: Institute for Supply Chain Management

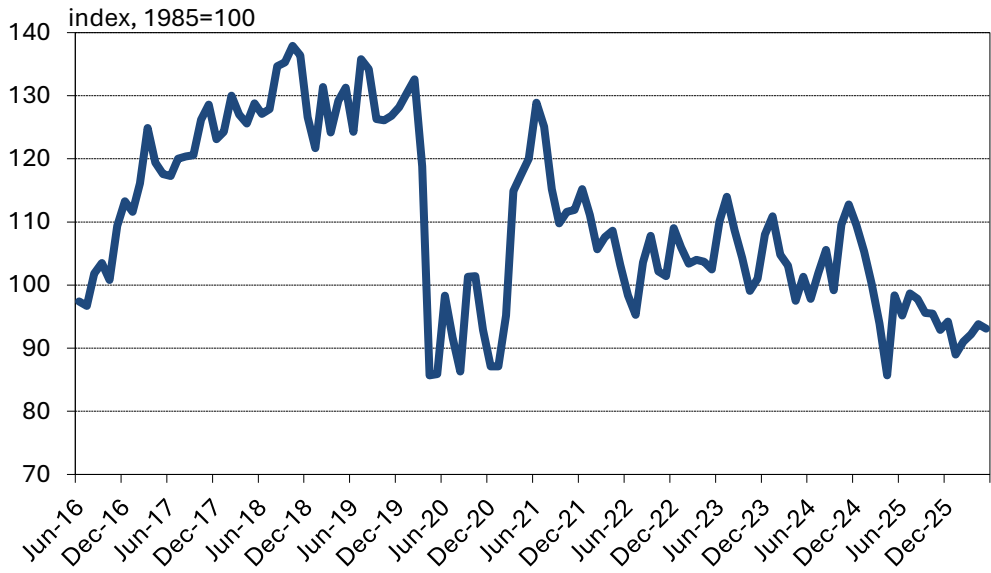
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U.S. Leading Economic Indicators



Source: The Conference Board

Index of Consumer Confidence



Source: The Conference Board

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U.S. Housing Starts



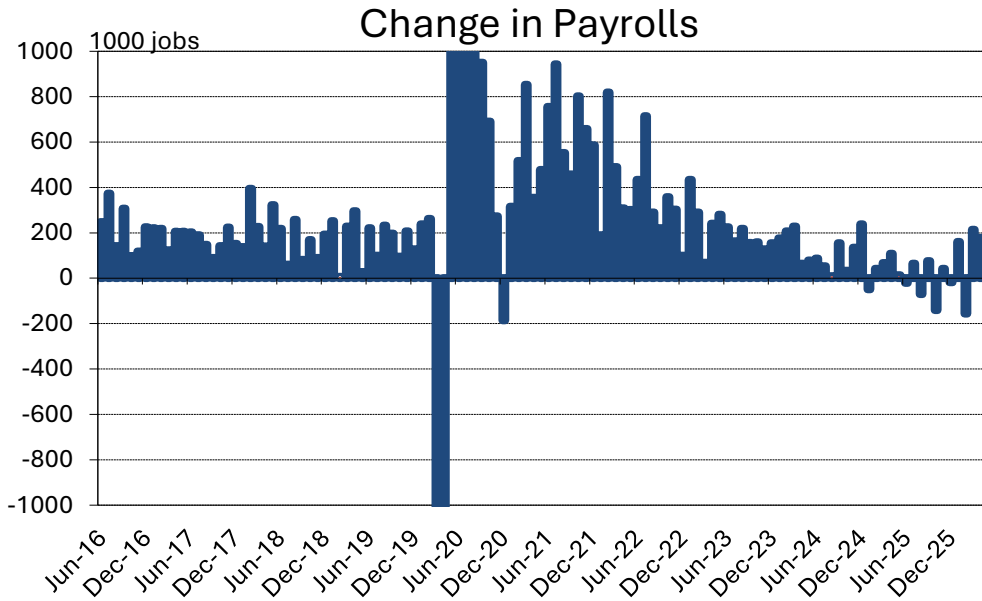
Source: Department of Commerce

U.S. Existing Home Sales



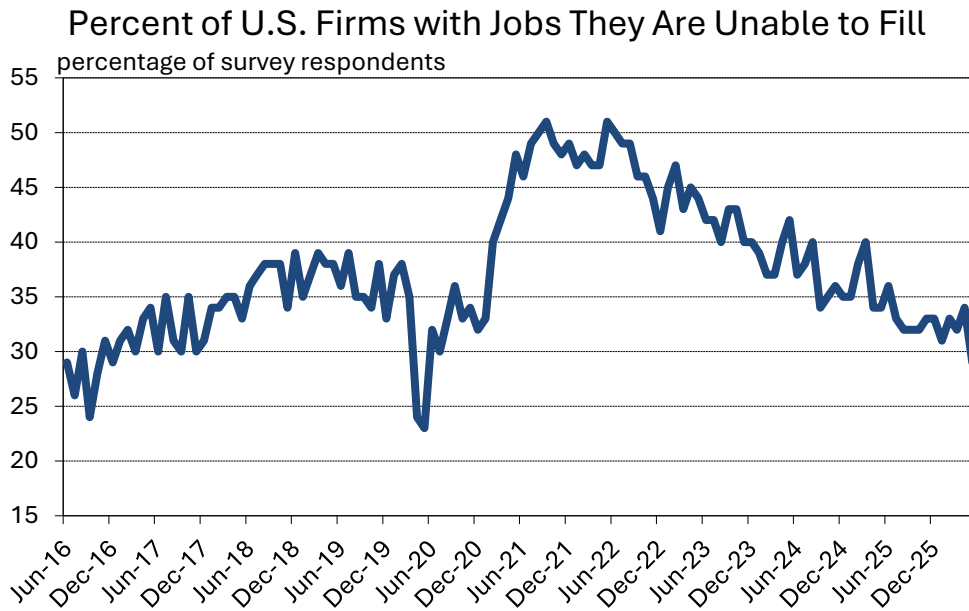
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

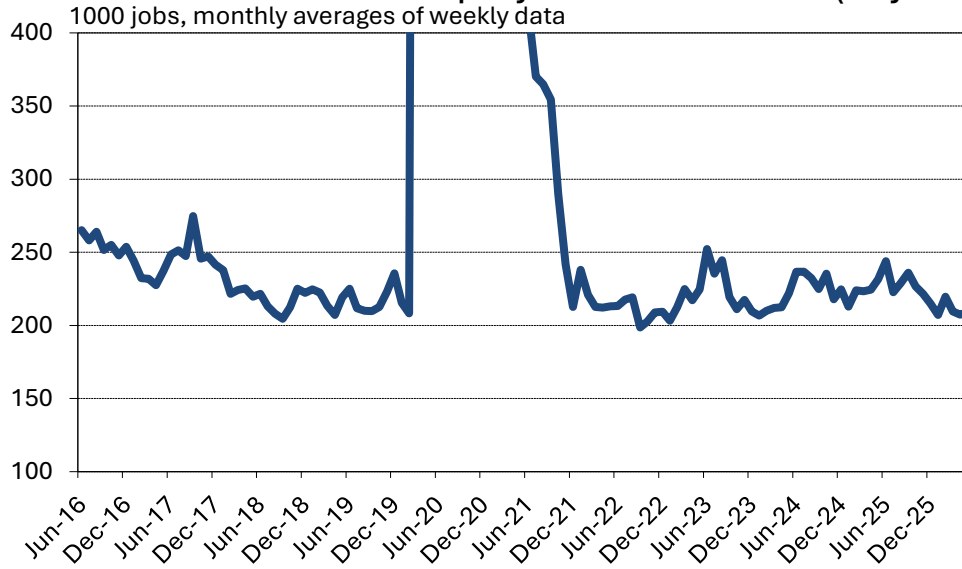


Source: National Federation of Independent Business

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

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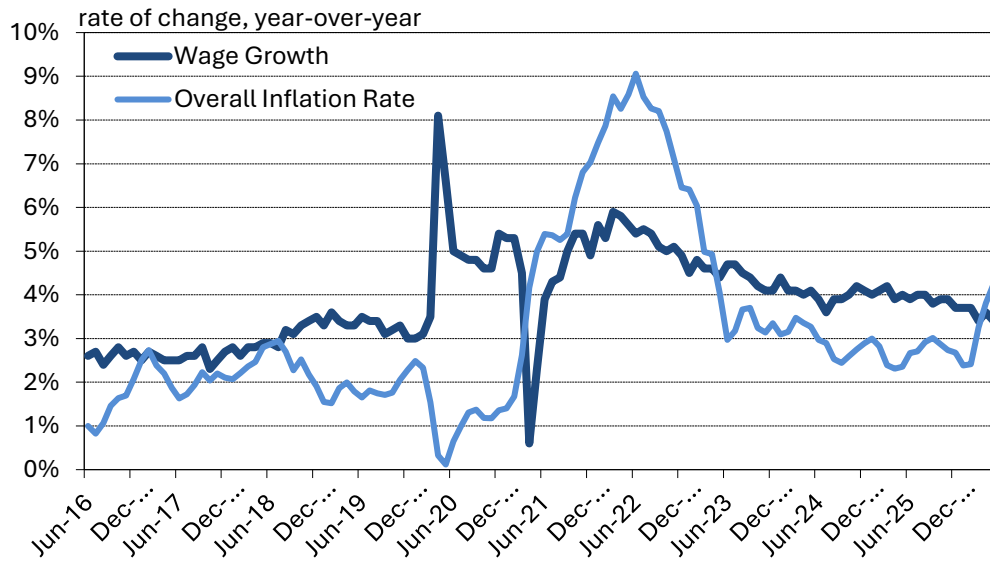
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

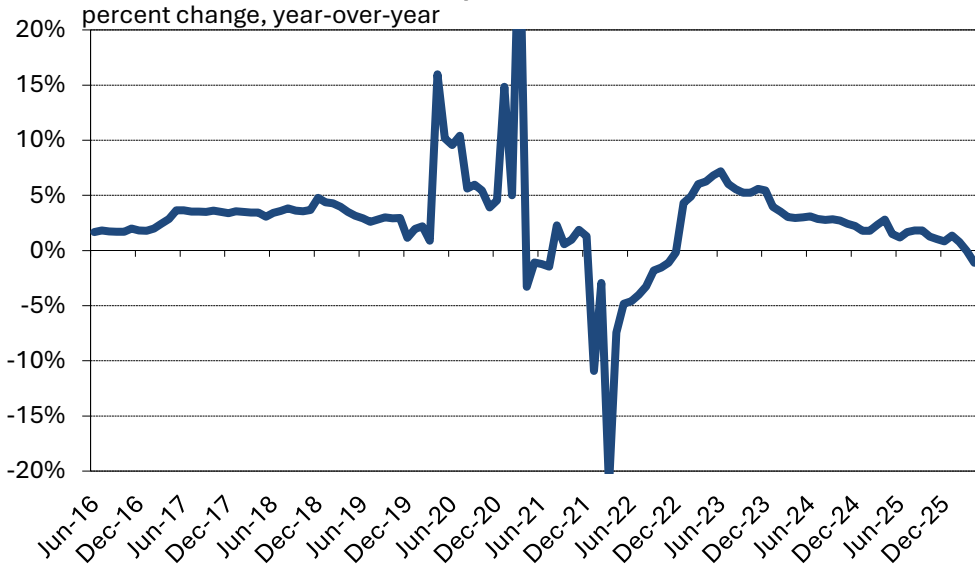
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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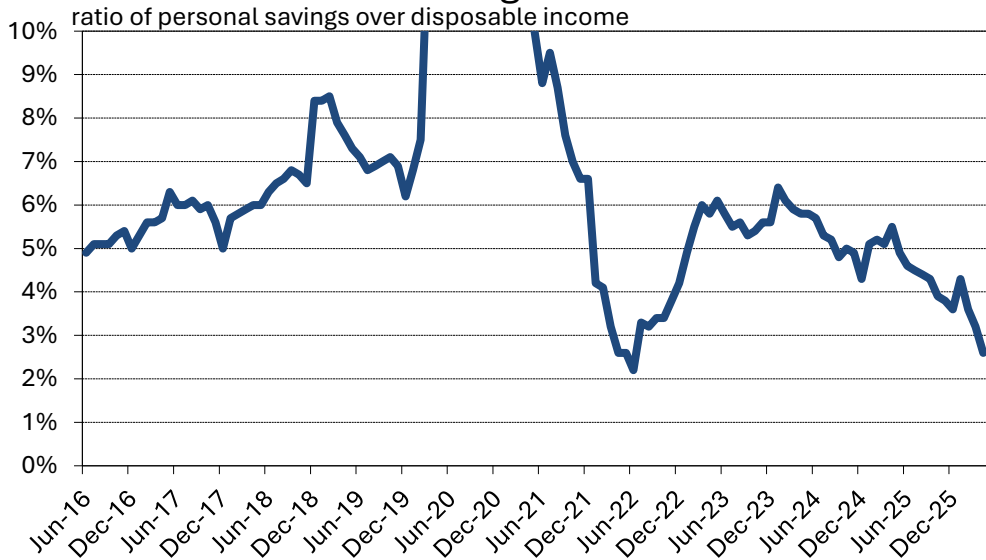
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

Savings Rate

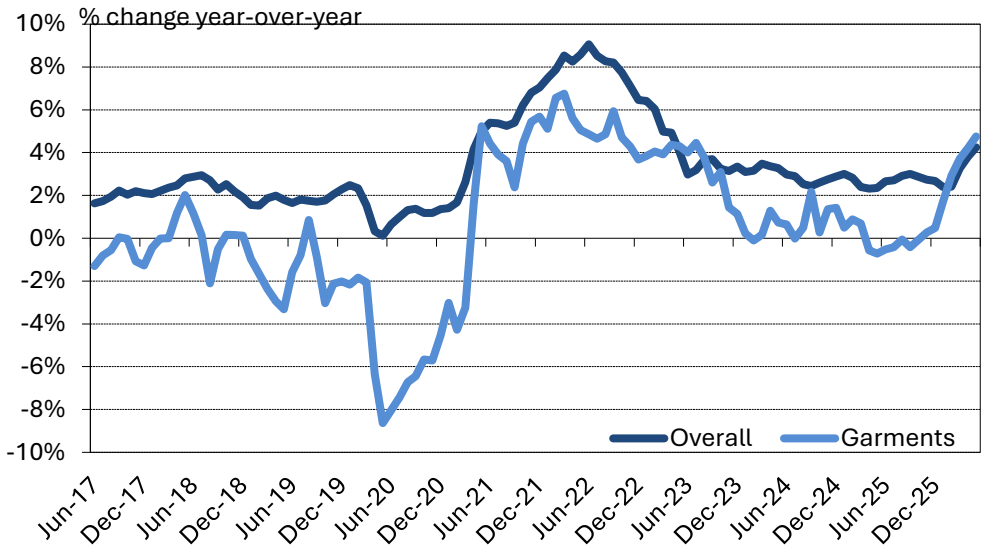


Source: Bureau of Labor Statistics

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

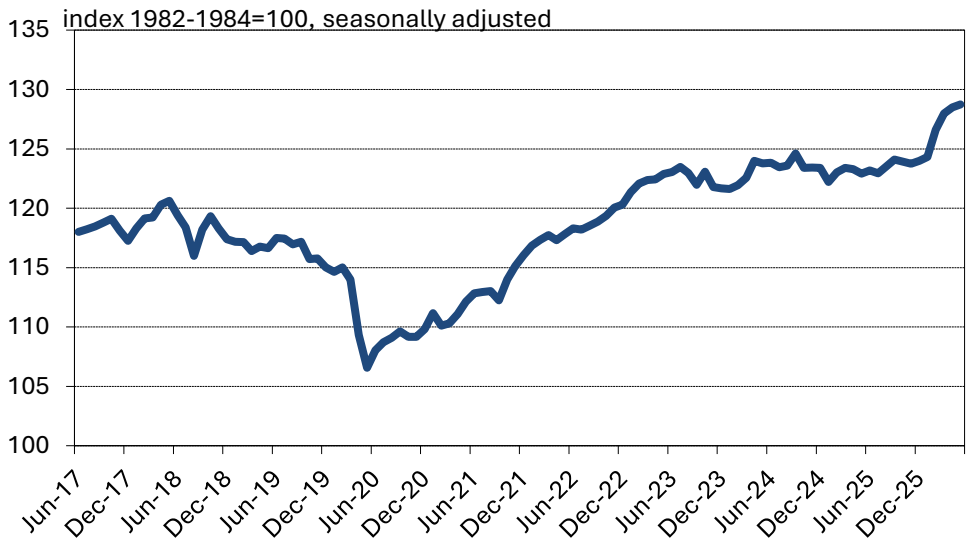
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

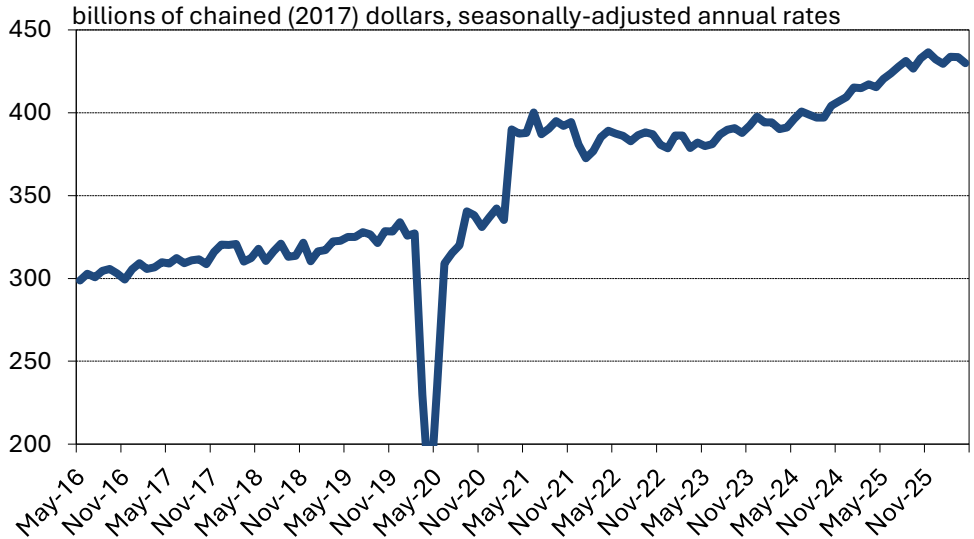
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

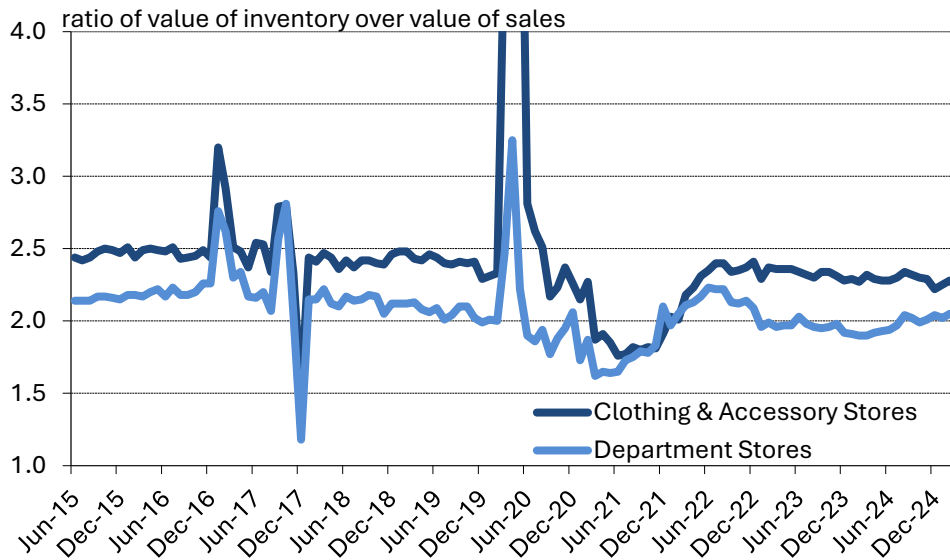


Source: Bureau of Economic Analysis

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

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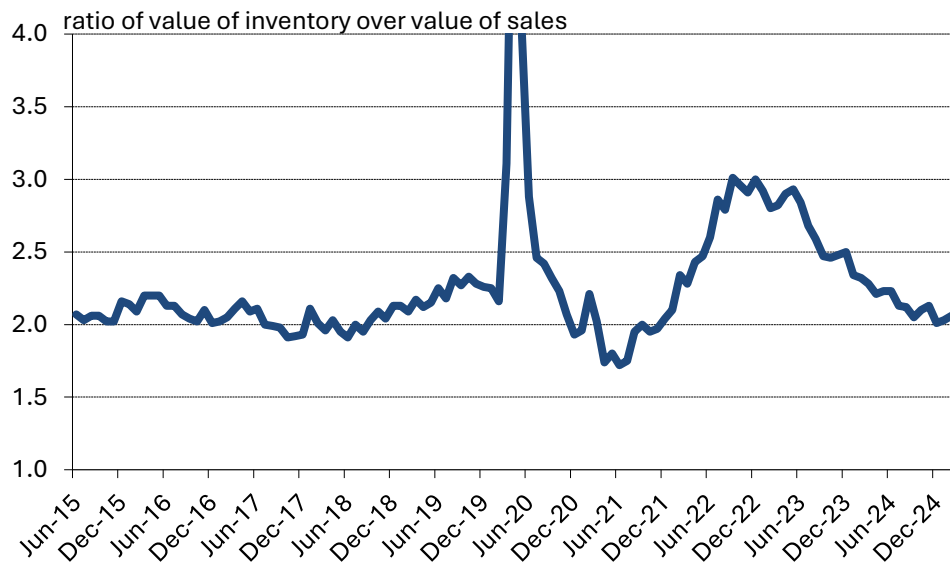
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

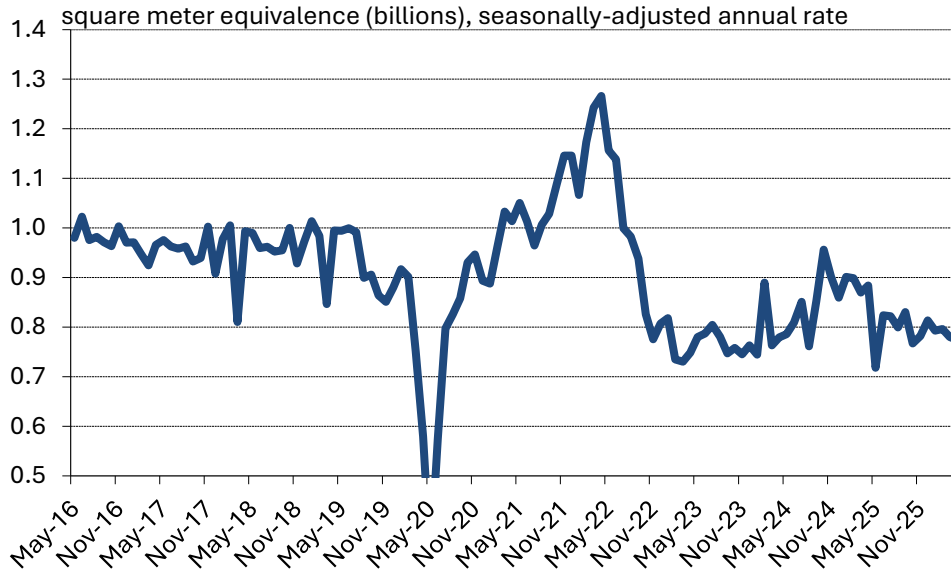


Source: Department of Commerce

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

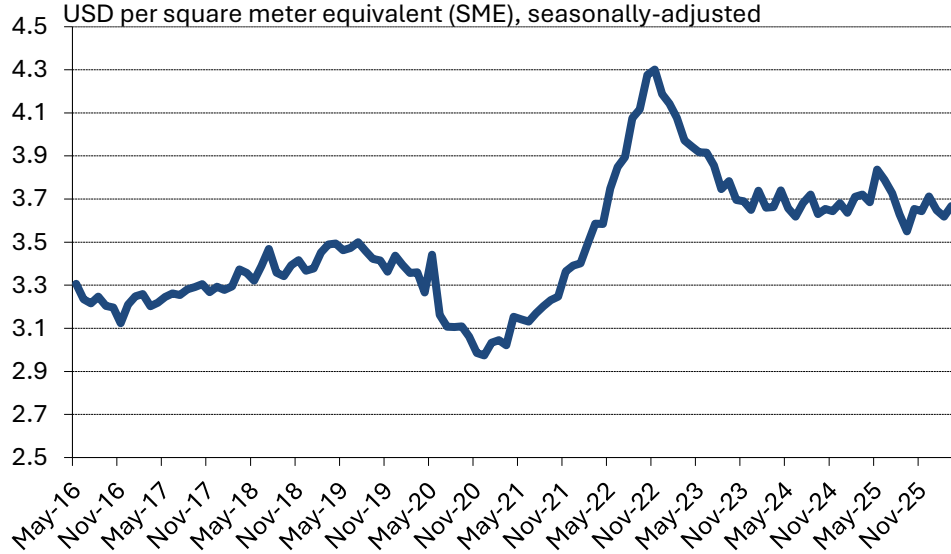
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U.S. Cotton-Dominant Apparel Import Volume



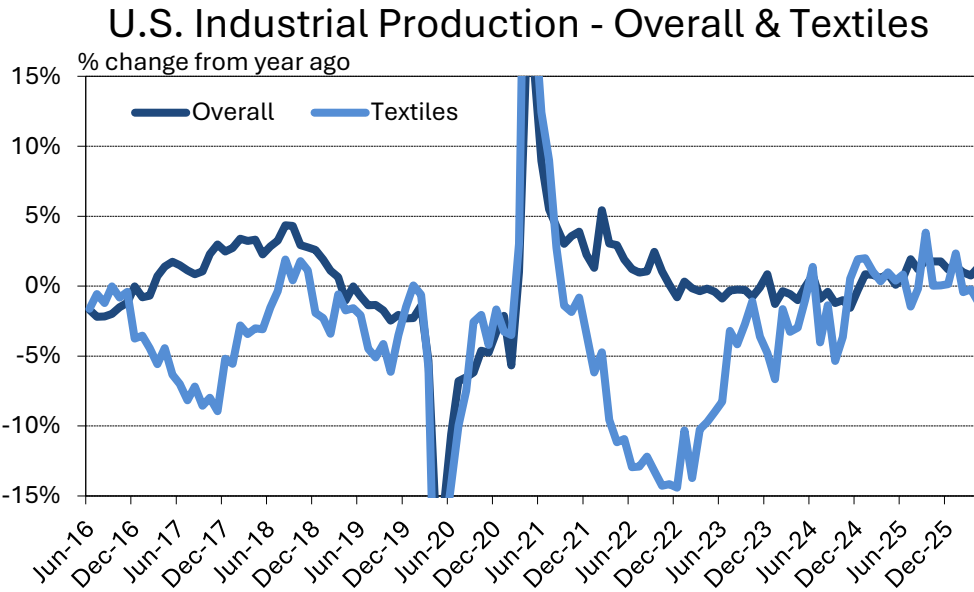
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



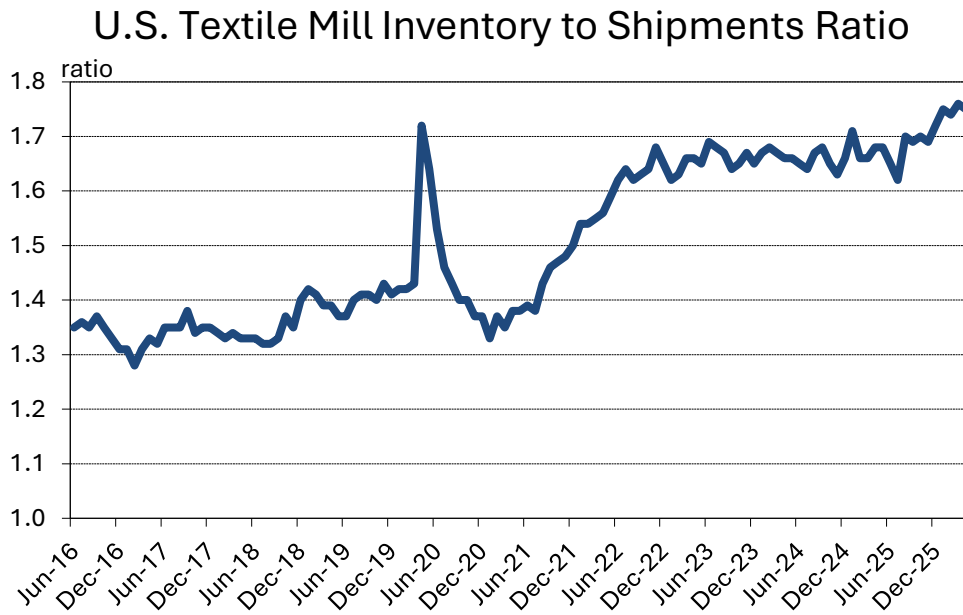
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

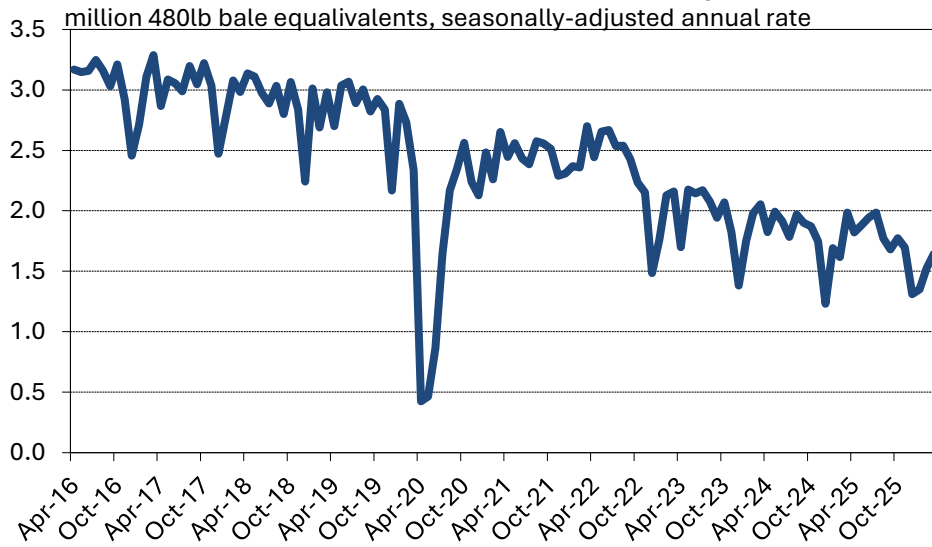
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

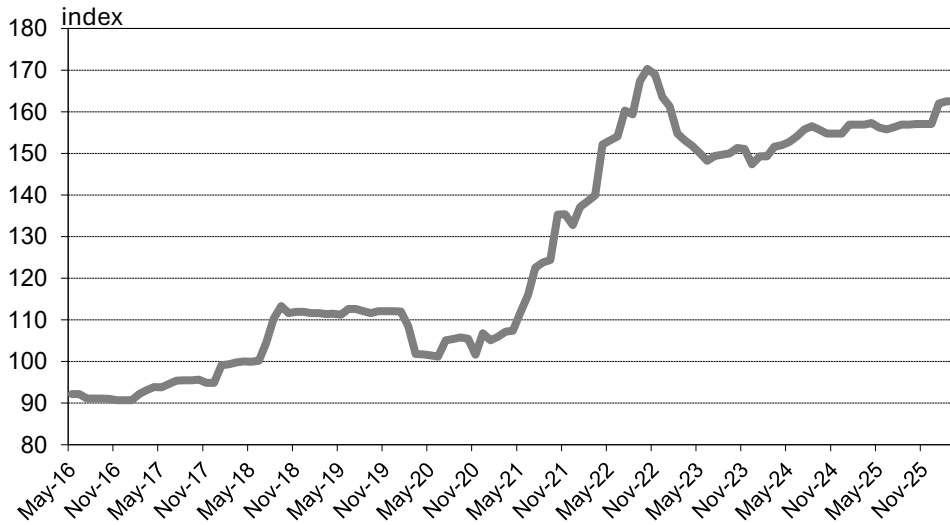
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US Cotton Yarn & Fabric Exports



Source: USDA

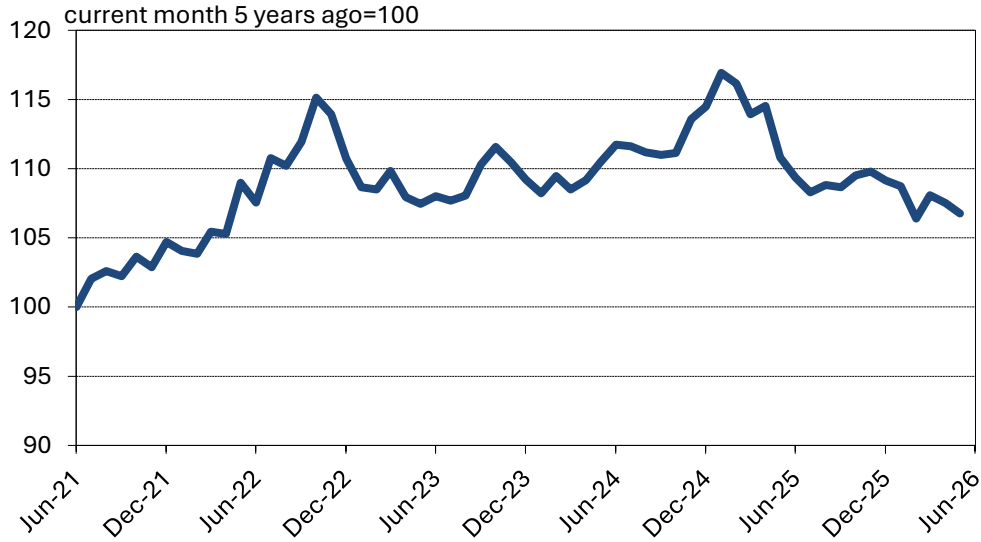
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

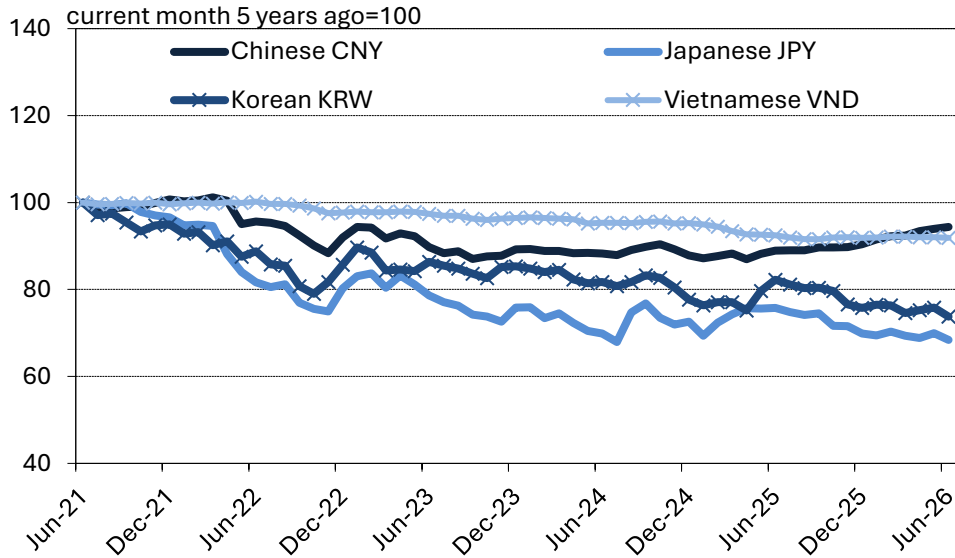
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Trade Weighted Exchange Index for U.S. Dollar



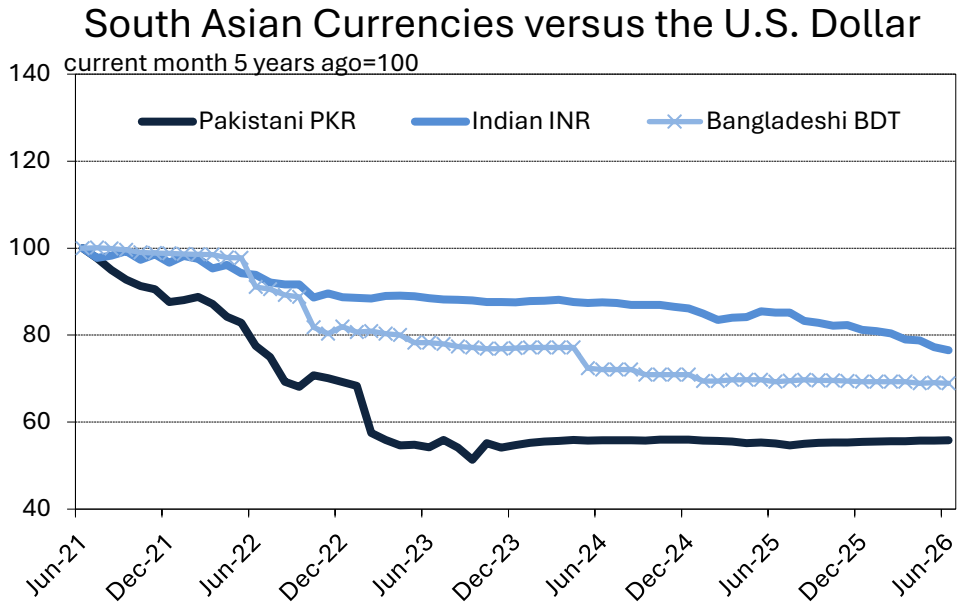
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

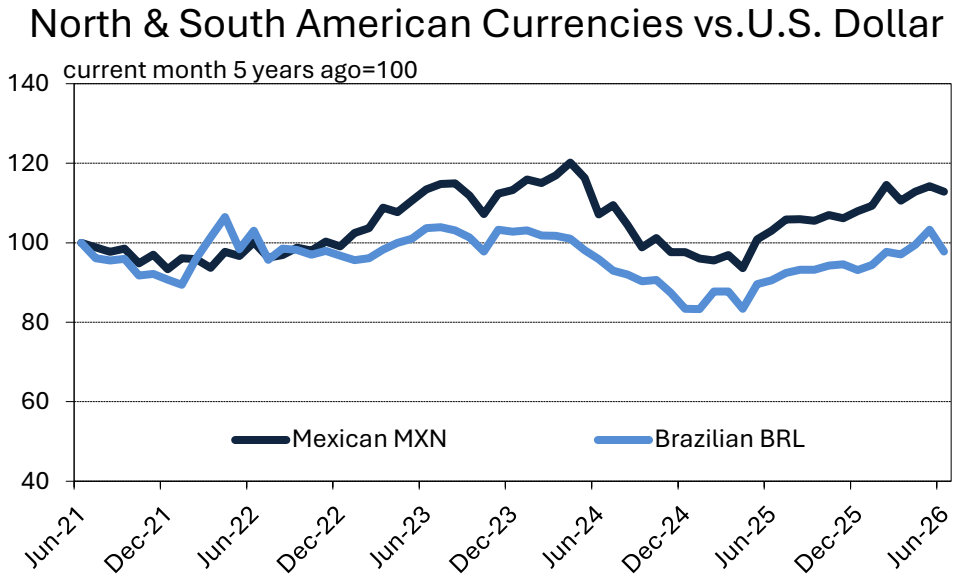


Source: Reuters

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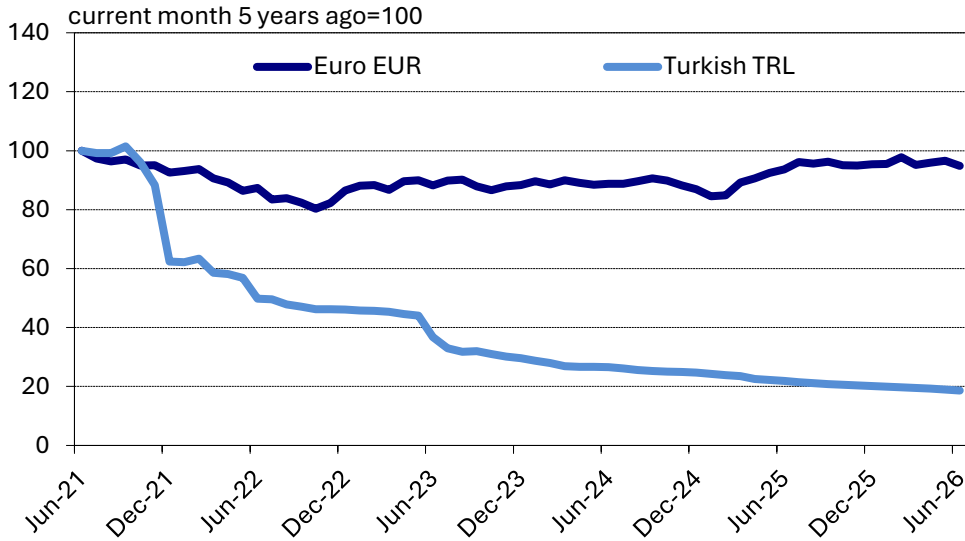
Source: Reuters



Source: Reuters

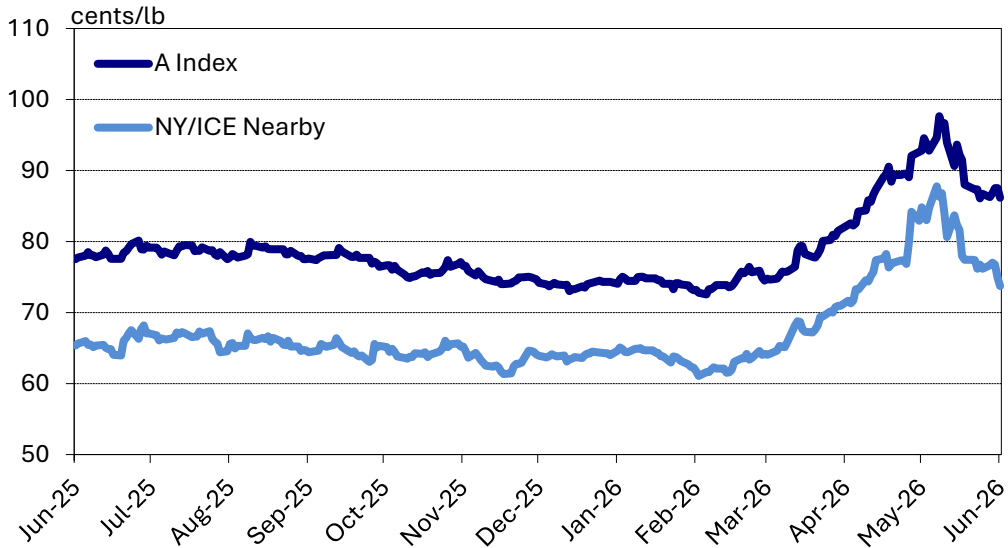
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European Currencies vs. U.S. Dollar



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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