

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



October 2026

www.cottoninc.com

Macroeconomic Overview: Consumer spending continues to support U.S. GDP growth. In August, the latest month with government data available, real consumer spending was 2.6% higher year-over-year. This is above the longer-term average (2.2% since 2008) and above the average in 2026 (2.3%). Above-average growth is notable given that consumer confidence has fallen to the lowest level in more than a decade, consumers are grappling with inflation, and real wage growth is under pressure.

With these challenges, several explanations have been suggested for why consumer spending has remained robust. One of them is the wealth effect. The median home price and the stock market continue to hover near record highs. For consumers who own these assets, wealth has risen, and that can create comfort around spending.

Another development that may be enabling spending is a decline in the savings rate. Since early 2024, the personal savings rate has fallen from a recent peak of 7.2% (January 2024) to 4.1% (August). In 2022, when inflation surged after COVID-related stimulus, the savings rate dipped below 4.0% for several months. Excluding 2022, the current level for the savings rate is the lowest since the period that preceded the financial crisis (2006-08).

Not all U.S. households own homes or stocks and there is a limit to how low savings rates can go. This may raise concerns about the ability of consumers to maintain above-average spending growth. Nonetheless, spending growth for clothing has been stronger than the overall rate. Even though apparel can include discretionary items, the annual rate of spending growth on clothing has outpaced the rate of overall spending.

Employment: The U.S. economy is estimated to have added 29,000 jobs in September. This was significantly lower than the 162,000 job gain initially reported for August. Revisions for the previous two months were negative. The figure for July decreased 31,000, bringing the current estimate to a loss of 10,000 jobs. The figure for August decreased 29,000, from 162,000 to 133,000. The current 12-month average for job gains is near 41,000 (October 2025-September 2026).

There was a marginal month-over-month increase in the unemployment rate, which rose from 4.1% to 4.2%. Despite the slowdown in hiring, the unemployment rate remains at historically low levels. Excluding the volatile period around COVID, the rate has been below five percent since 2016, representing the longest stretch below 5% since records began in the late 1940s.

Wages increased 3.0% year-over-year in September. The latest reading extended the downtrend that has been in place since early 2022. Excluding the volatile period around COVID, wage growth in September was the lowest since December 2019. In every month since April, the inflation rate has been higher than wage growth. This suggests persistent pressure on real earnings that could eventually affect consumer spending.

Consumer Confidence & Spending: After a series of minor monthly changes, the Conference Board's Index of Consumer Confidence® posted its largest move in 16 months in September (-6.7 points to 81.9). This is the lowest reading since 2014. One reason consumer confidence is tracked is its potential association with consumer spending. Index values have followed a general downtrend since 2018. Over the same period, there have been sustained increases in spending, but lower confidence and pressure on real earnings have raised concerns about consumers' willingness and ability to maintain spending growth.

After relatively flat growth in July (+0.1%), overall consumer spending, adjusted for inflation, increased 0.6% month-over-month in August. Year-over-year, overall spending was up 2.6%, which is above the average over the past twelve months (2.3%).

Inflation-adjusted spending on garments was up 1.3% month-over-month in August. This is the strongest rate of monthly growth in two and a half years (since December 2023). Year-over-year, apparel spending was 3.9% higher. This growth rate is nearly double the multi-decade average and builds on the strong growth posted a year ago. In August 2025, the year-over-year rate of growth in apparel spending was 8.7%.

Consumer Prices & Import Data: After two months of decreases (-0.6% in June and a marginal -0.03% in July), the CPI for apparel increased slightly month-over-month in August (0.1%). Year-over-year, it was up 3.7%, a strong rate of change relative to the average over the past couple of decades. Recent levels for the CPI are the highest since 1999. From early 2024 through the third quarter of 2025, year-over-year increases in retail clothing prices averaged 0.8%. Since February, the average annual rate of increase has risen to 3.9%.

The average cost per square meter equivalent (SME) of cotton-dominant apparel increased month-over-month in August (from \$3.71/SME to \$3.77/SME, seasonally-adjusted). In seasonally-adjusted terms, prices have generally remained near these levels since late 2023. However, these import costs do not include tariffs. For most locations, tariffs are 10-12.5 percentage points higher than they were in 2024.

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 2026



Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q4 : 2025	Q1 : 2026	Q2 : 2026		
Growth in US Real GDP	2.9%	2.6%	2.5%	2.2%	0.2%	2.5%	2.2%	% 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	50.6	52.3	54.1	54.9	55.6	54.6	54.5	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	54.0	54.1	54.4	54.8	54.1	55.4	54.9	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	101.2	91.0	89.6	86.9	90.2	88.6	81.9	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	187.9	41.3	65.7	50.7	-10	133	29	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.0%	4.3%	4.2%	4.1%	n/a	4.1%	4.2%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.8%	3.7%	3.7%	3.7%	3.6%	3.6%	3.8%	Interest rate	Federal Reserve
10-year Treasury Bill	3.8%	4.4%	4.6%	4.8%	4.6%	4.7%	5.0%	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	107.6	99.5	99.5	99.6	99.6	99.6	99.5	Index, 2016=100	The Conference Board
Housing Starts	1.4	1.3	1.4	1.3	1.4	1.3	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.4	4.1	4.1	4.1	4.1	4.1	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	100.9	102.0	102.7	103.0	101.5	101.9	103.1	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	154.3	162.7	165.7	166.8	167.8	166.4	166.4	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	2.7	1.5	1.5	1.4	1.5	1.5	1.3	million 480lb bales	USDA ERS

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 Textile Mill Inventory/Shipments Ratio	1.66	1.74	1.75	1.76	1.76	1.76	1.75	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	3.0%	2.3%	2.4%	2.5%	2.7%	2.3%	2.6%	% Chg. Year/Year	Department of Commerce
Clothing	3.8%	5.0%	4.1%	3.9%	4.2%	3.6%	3.9%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices	5-year	1-year	6-month	3-month	June	July	August		
Overall	4.4%	3.2%	3.7%	3.4%	3.5%	n/a	3.4%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	3.2%	3.0%	4.1%	3.8%	3.9%	n/a	3.7%	% 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

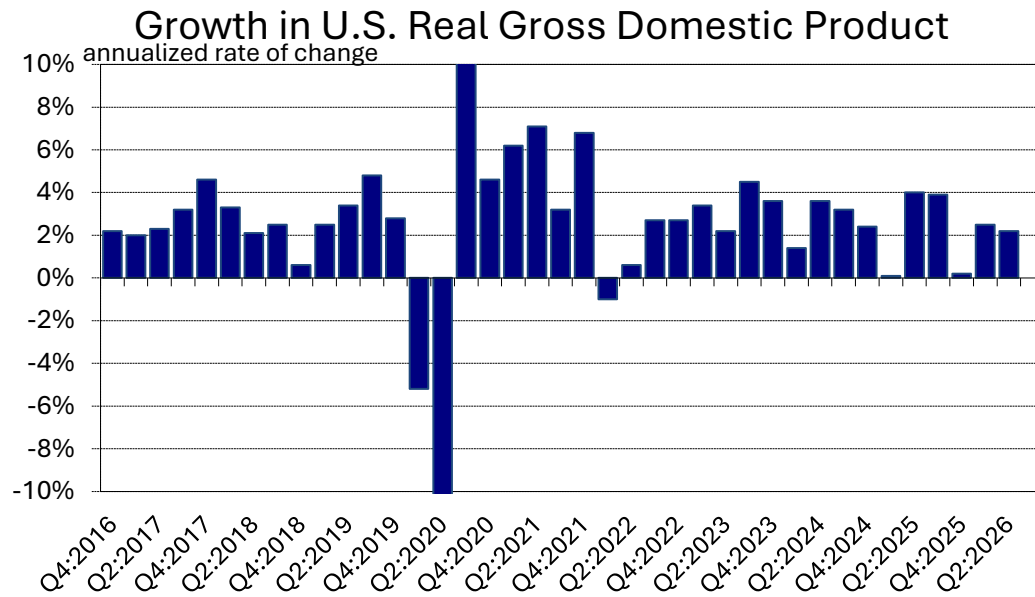
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Daily Cotton Price and Currency Data
October 2026



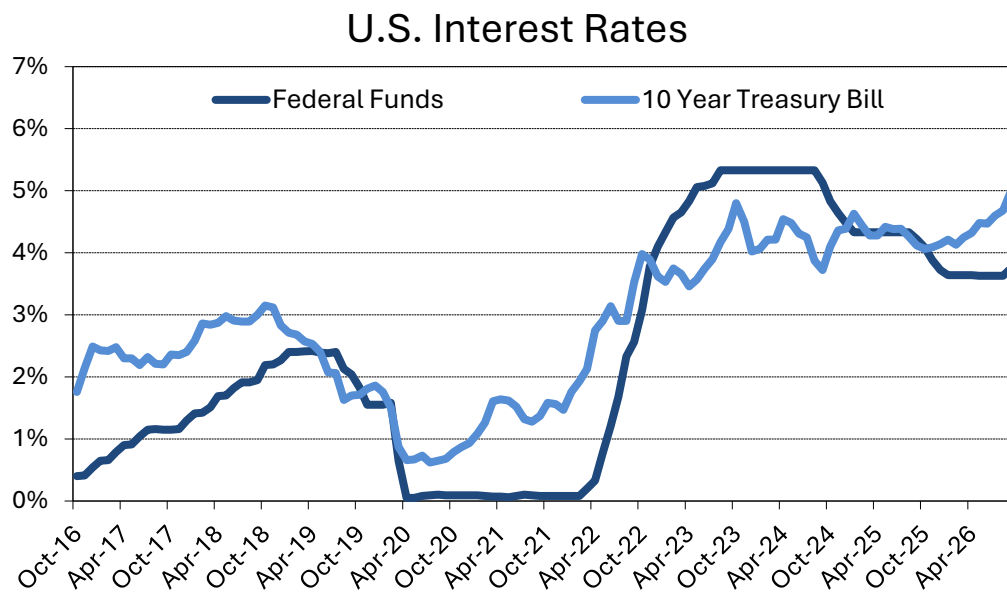
Daily Cotton Price Data		Recent Averages				Averages over Recent Months			Unit	Source
		5-year	1-year	6-month	3-month	July	August	September		
NY Nearby		84.3	71.7	79.2	81.5	78.6	85.2	81.0	cents/pound	ICE
A Index		95.4	82.9	90.7	93.2	88.9	95.9	95.2	cents/pound	Cotlook

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		121.0	121.8	119.4	119.3	120.8	119.1	118.1	Index, January 1997=100	Federal Reserve
Asian Currencies										
Chinese Renminbi		6.98	7.11	6.78	6.75	6.80	6.75	6.71	Chinese Renminbi/US dollar	Reuters
Indian Rupee		84.12	87.17	94.48	94.89	94.97	95.21	94.49	Indian Rupee/US dollar	Reuters
Japanese Yen		143.62	151.75	158.44	158.06	161.93	157.94	154.31	Japanese Yen/US dollar	Reuters
Pakistani Rupee		258.64	279.88	278.26	277.79	278.03	277.63	277.73	Pakistani Rupee/US dollar	Reuters
North & South American Currencies										
Brazilian Real		5.28	5.35	5.09	5.12	5.14	5.09	5.13	Brazilian Real/US dollar	Reuters
Canadian Dollar		1.35	1.38	1.39	1.40	1.42	1.39	1.38	Canadian dollar/US dollar	Reuters
Mexican Peso		18.79	18.37	17.32	17.18	17.48	17.14	16.91	Mexican Peso/US dollar	Reuters
European Currencies										
British Pound		0.78	0.77	0.74	0.74	0.75	0.74	0.74	British Pound/US dollar	Reuters
Euro		0.91	0.90	0.86	0.87	0.87	0.87	0.86	Euro/US dollar	Reuters
Swiss Franc		0.88	0.84	0.80	0.81	0.81	0.81	0.81	Swiss Franc/US dollar	Reuters
Turkish Lira		29.78	37.75	46.49	47.66	46.84	47.70	48.43	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

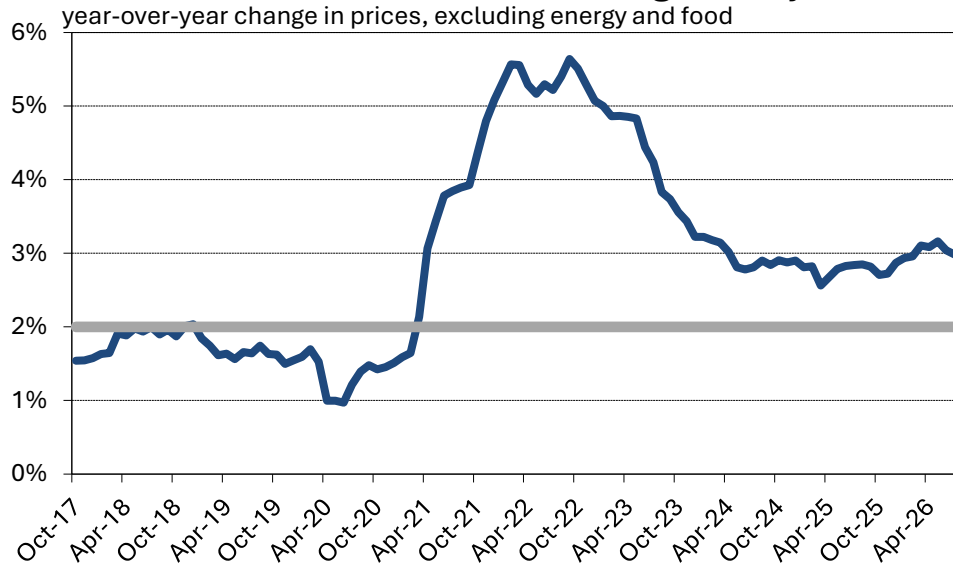
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



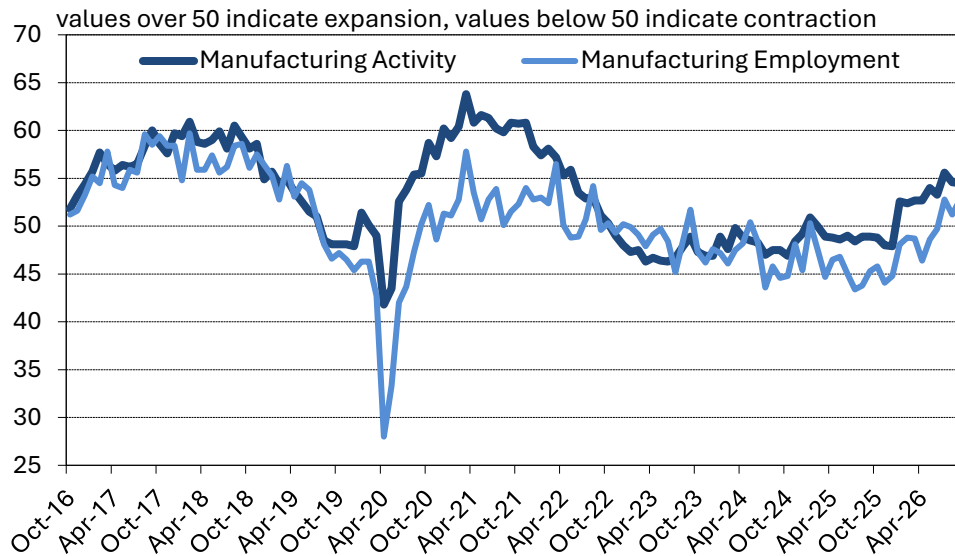
Source: Bureau of Labor Statistics

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.

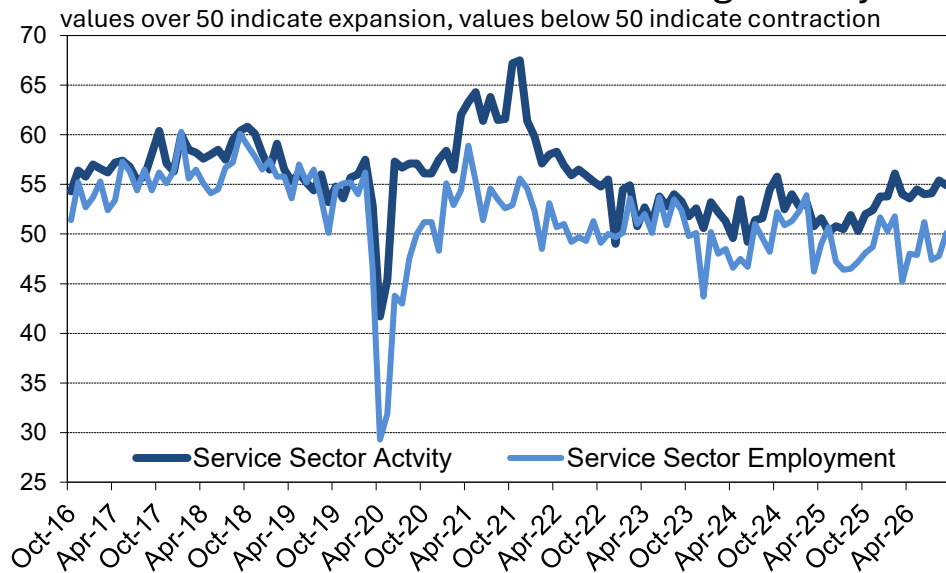
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ISM Index of Manufacturing Activity



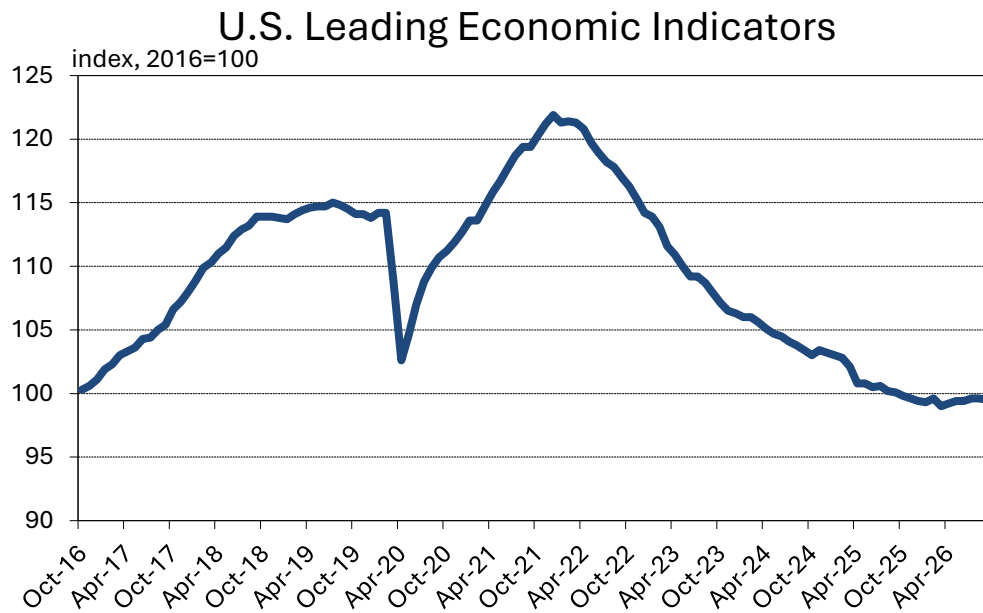
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

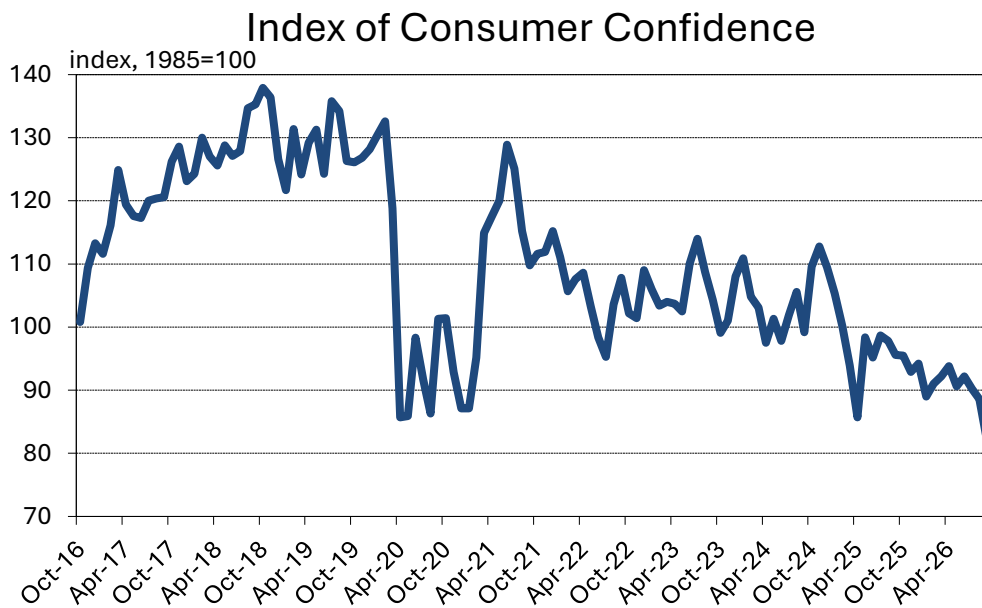


Source: Institute for Supply Chain Management

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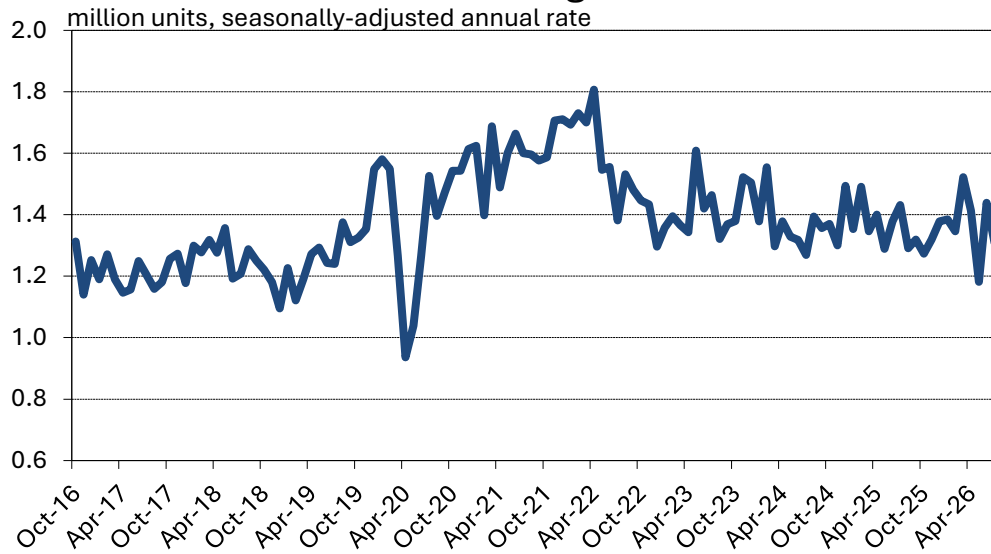
Source: The Conference Board



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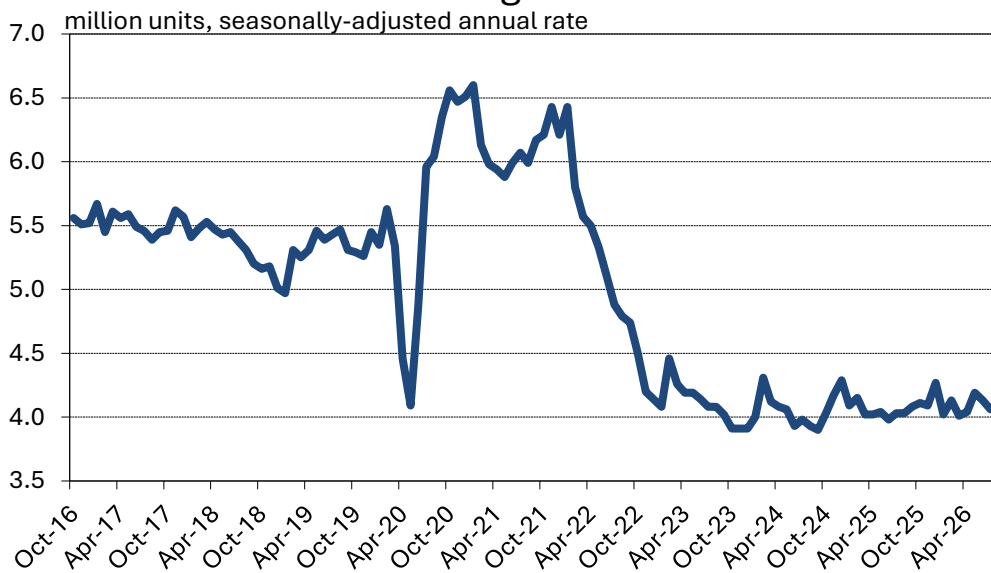
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U.S. Housing Starts



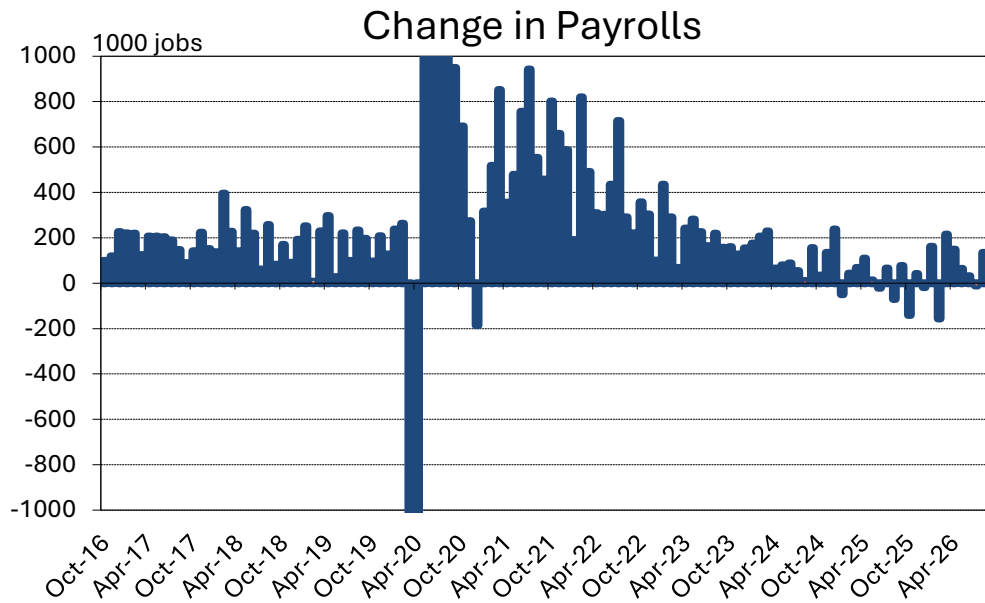
Source: Department of Commerce

U.S. Existing Home Sales



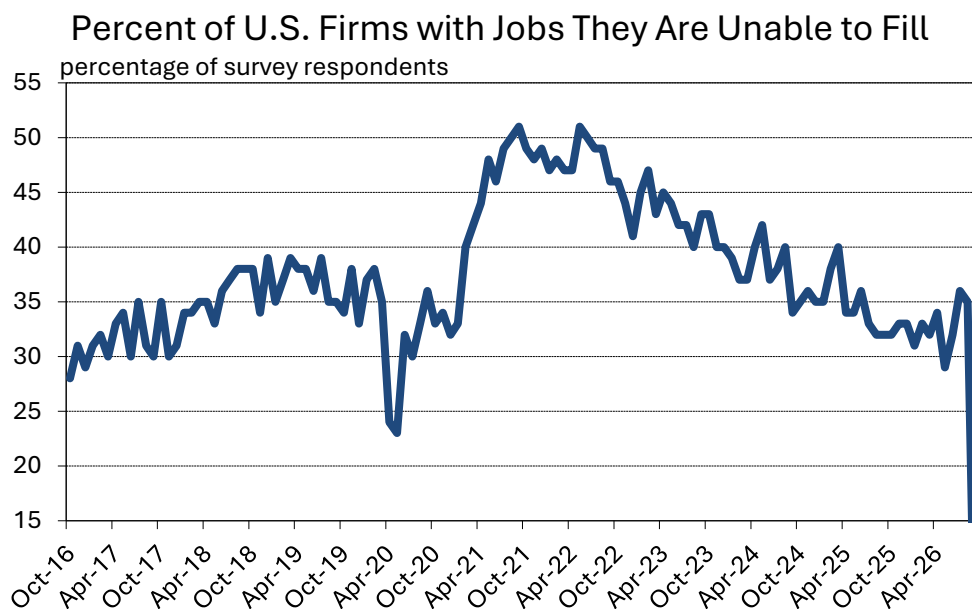
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

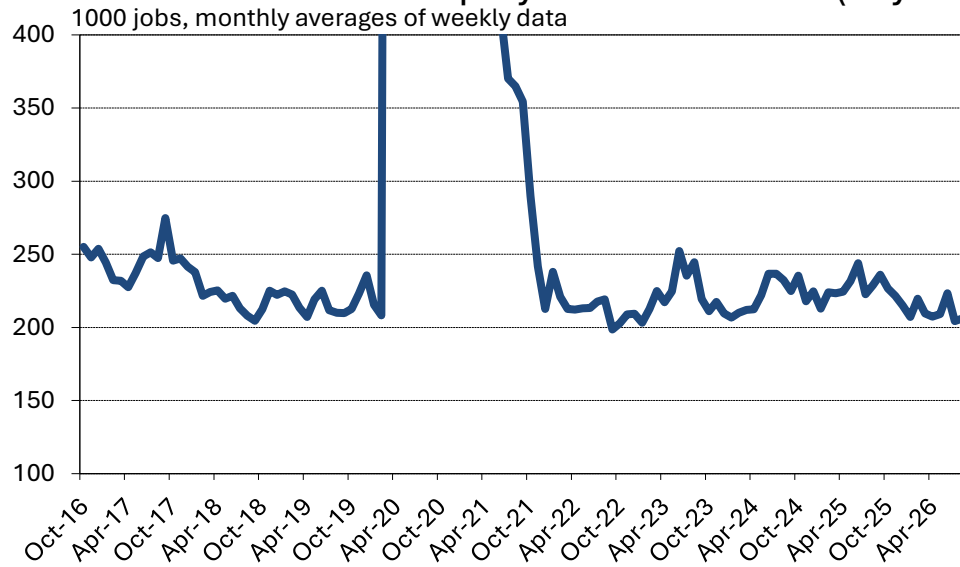


Source: National Federation of Independent Business

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

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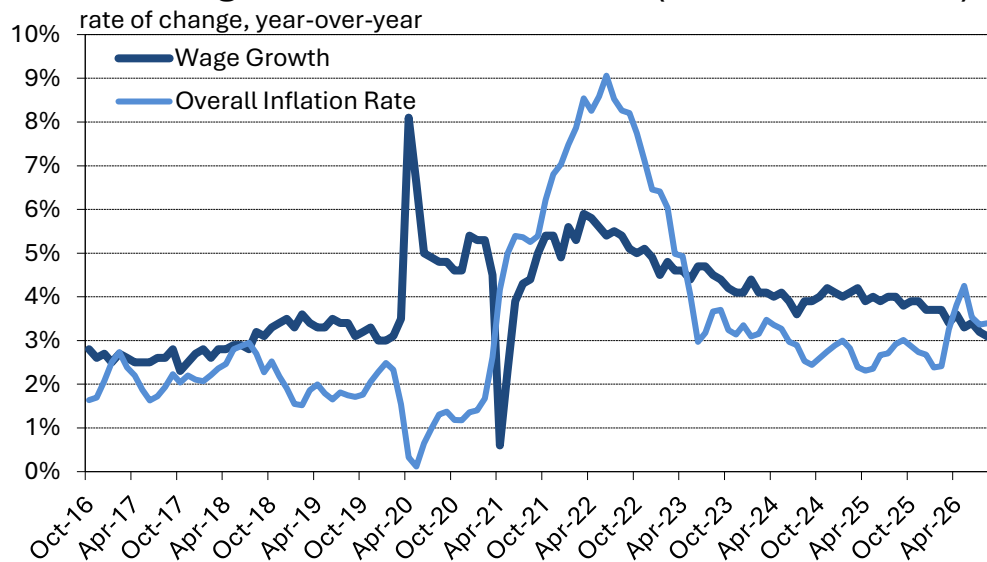
Initial Claims for Unemployment Insurance (Layoffs)



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.

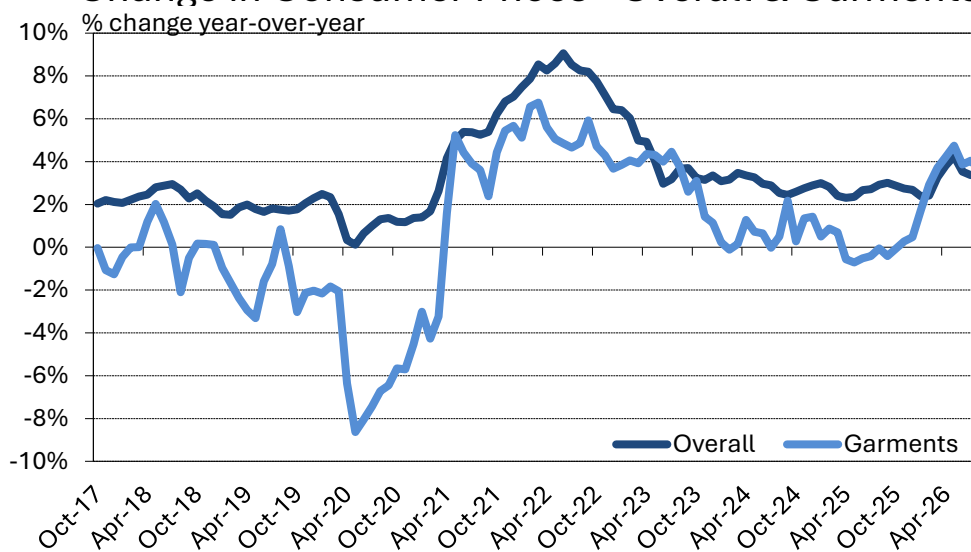


Source: Bureau of Labor Statistics

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

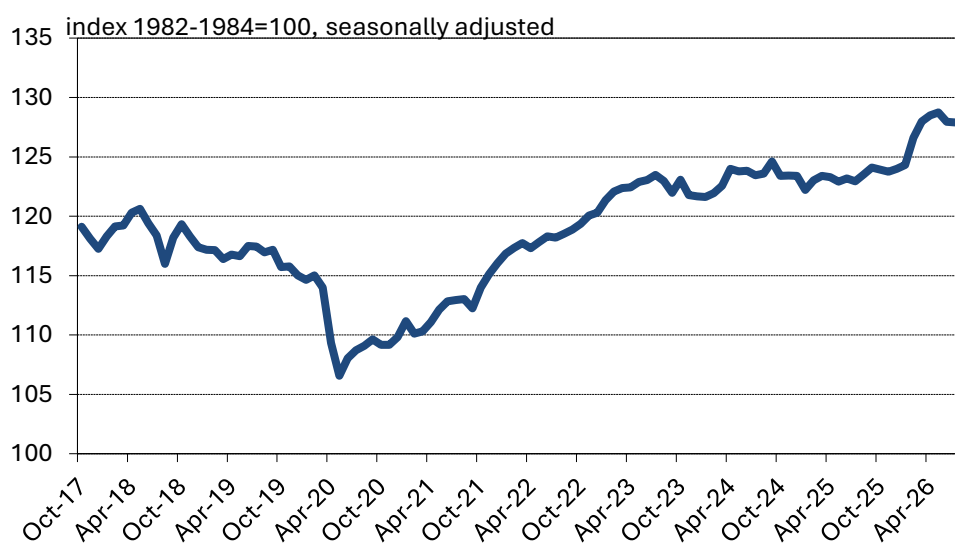
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

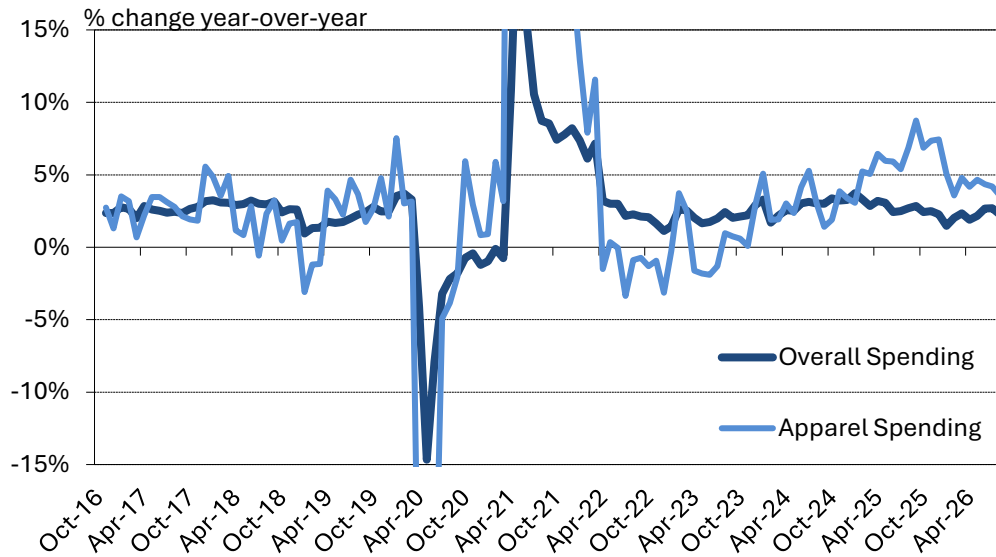
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

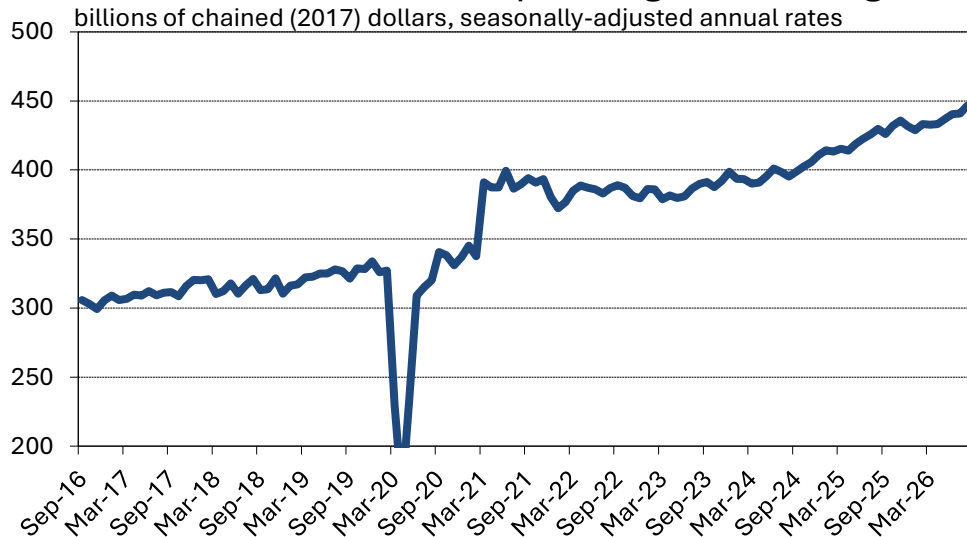
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

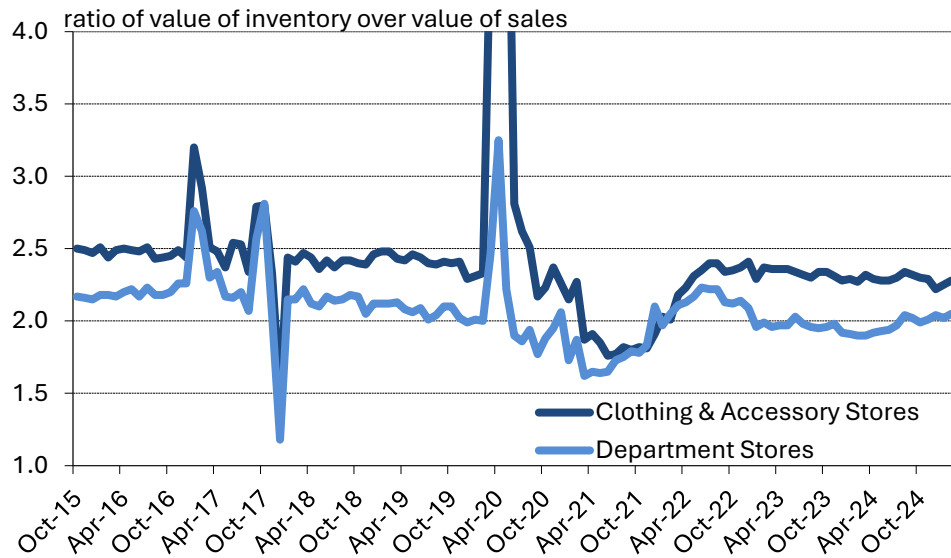


Source: Bureau of Economic Analysis

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

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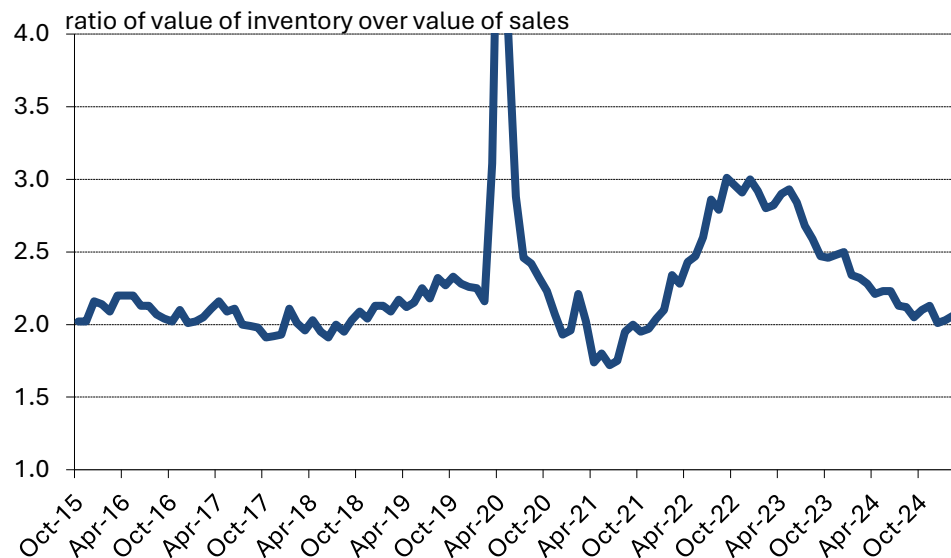
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

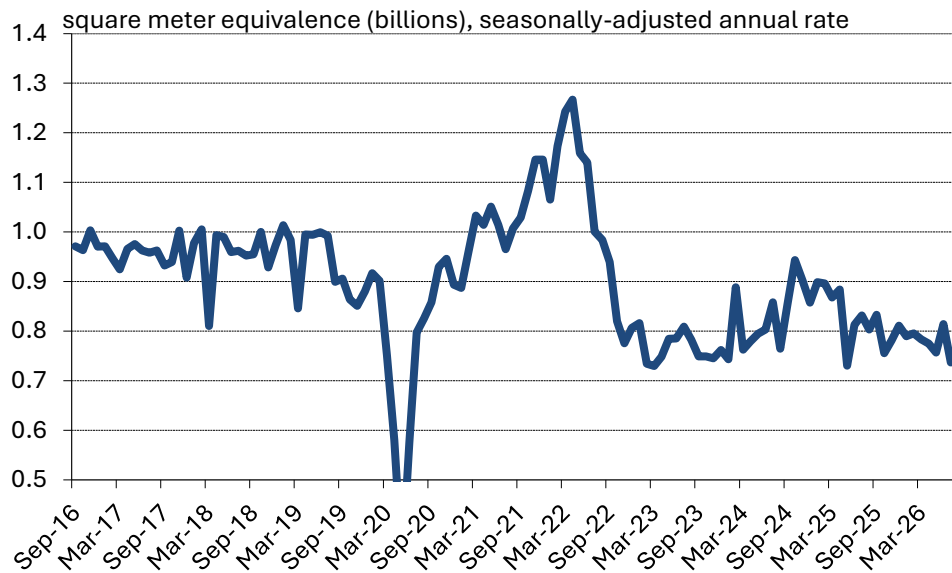


Source: Department of Commerce

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

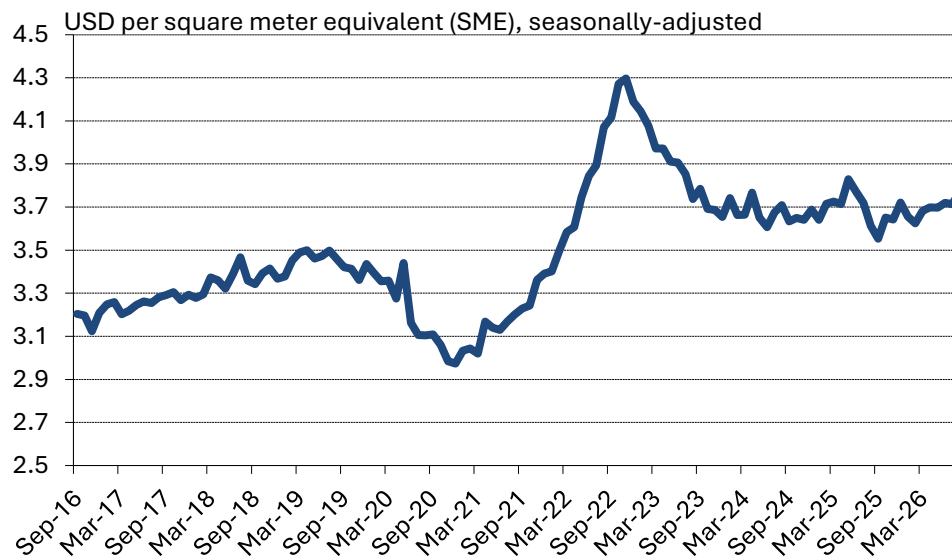
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U.S. Cotton-Dominant Apparel Import Volume



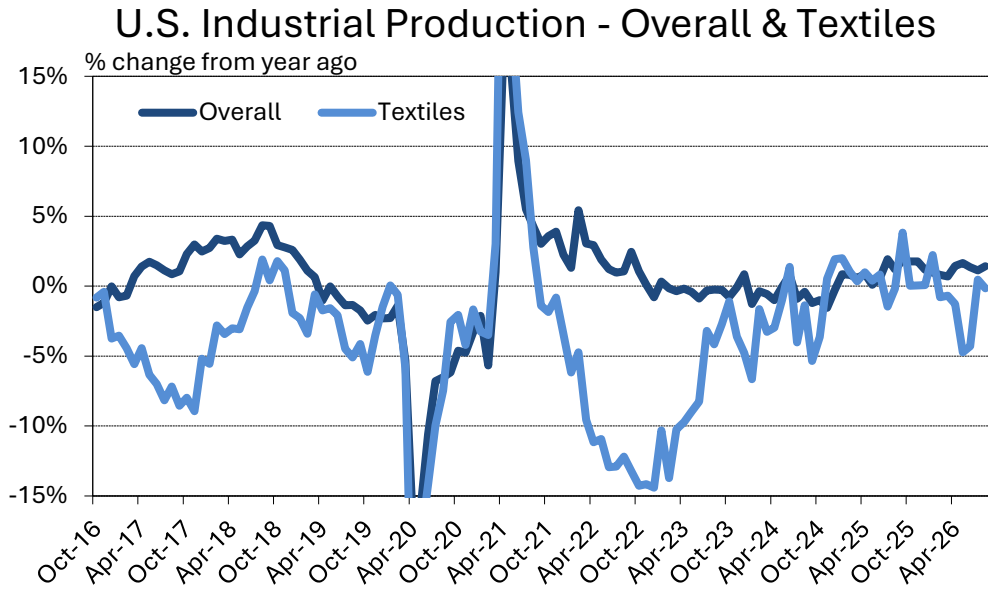
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



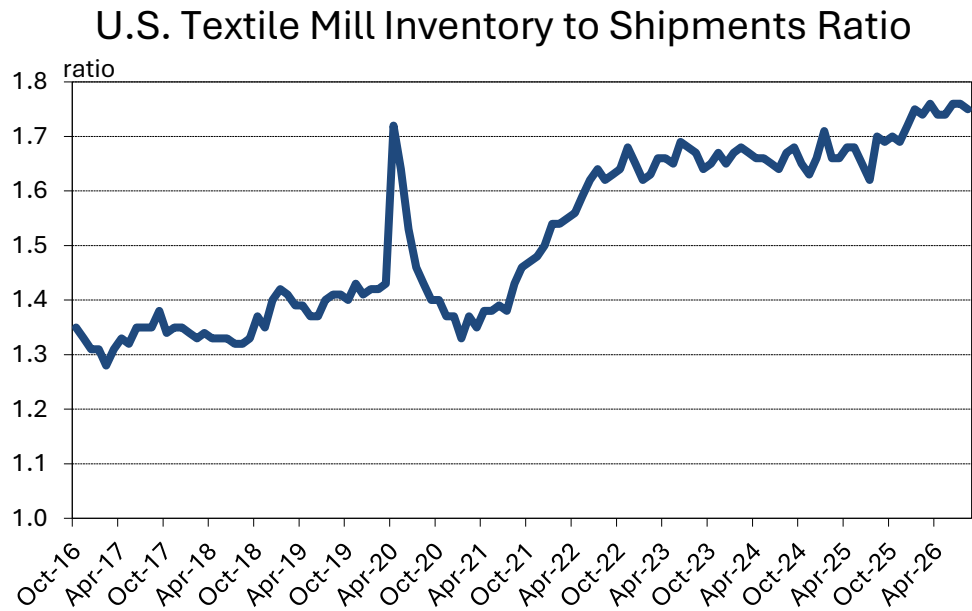
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

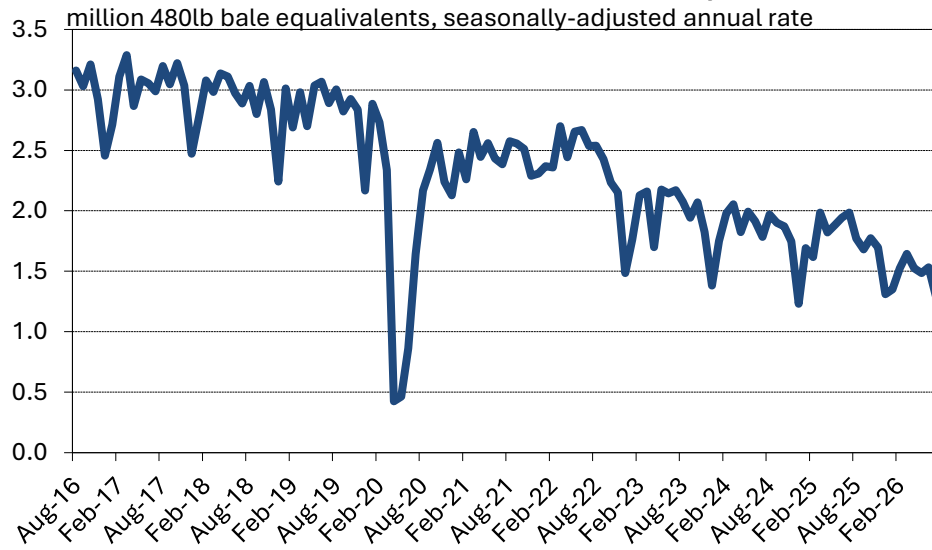
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

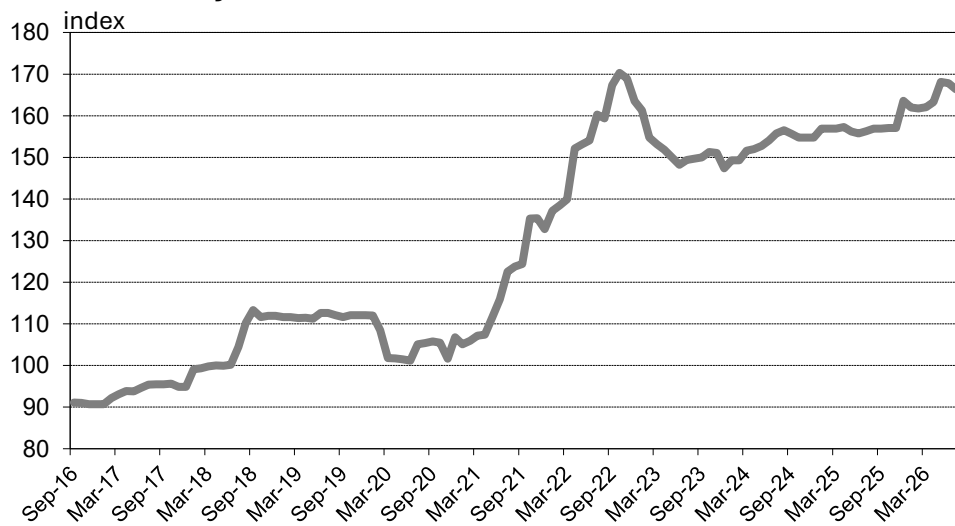
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US Cotton Yarn & Fabric Exports



Source: USDA

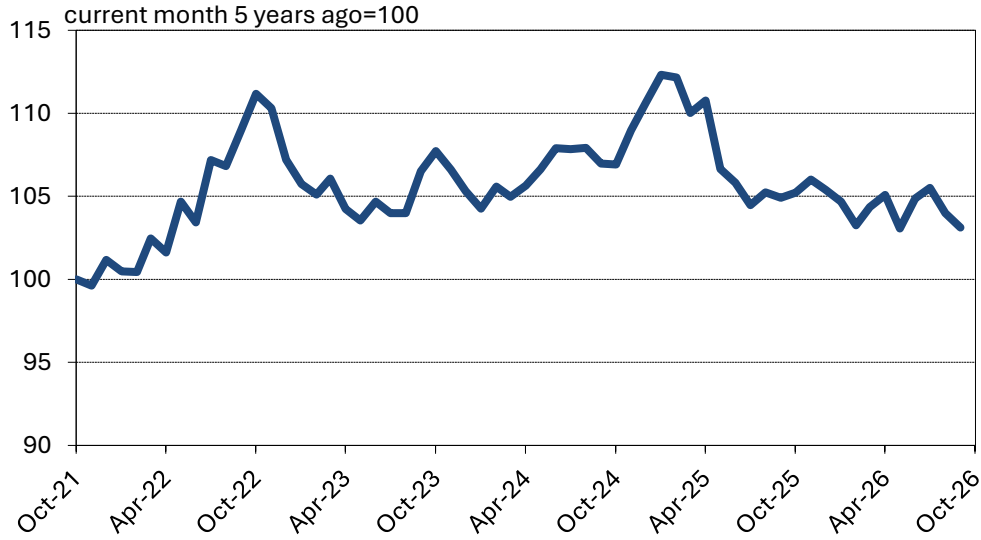
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

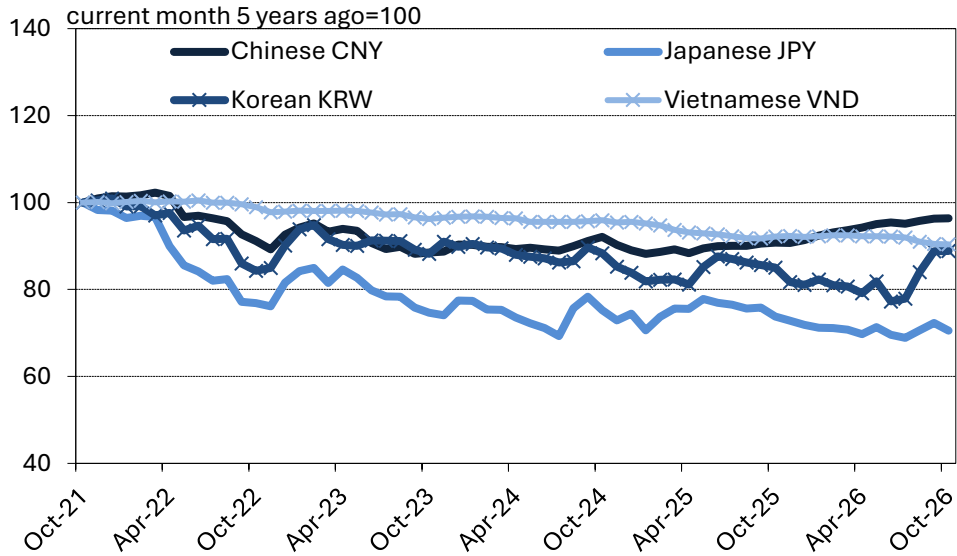
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Trade Weighted Exchange Index for U.S. Dollar



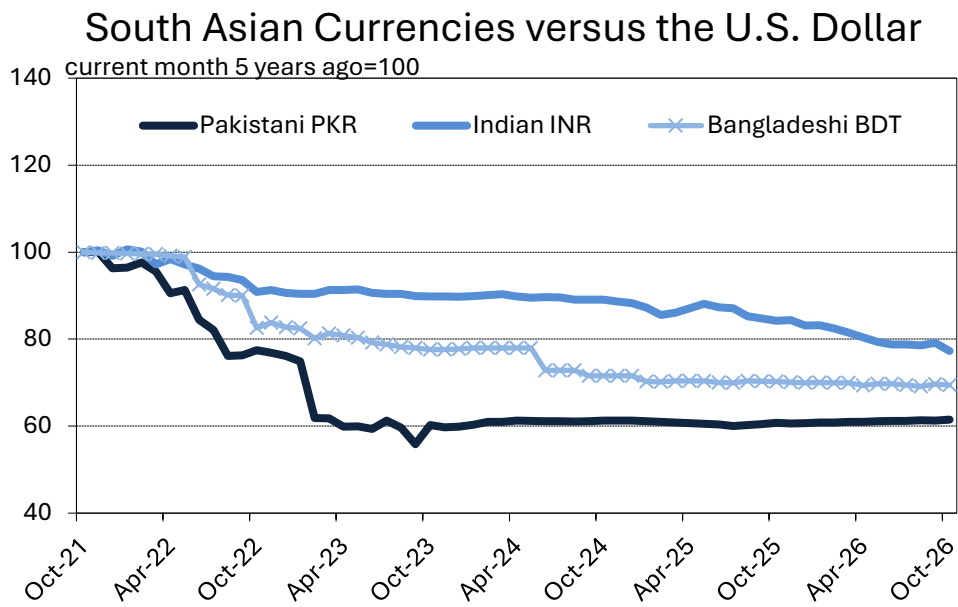
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

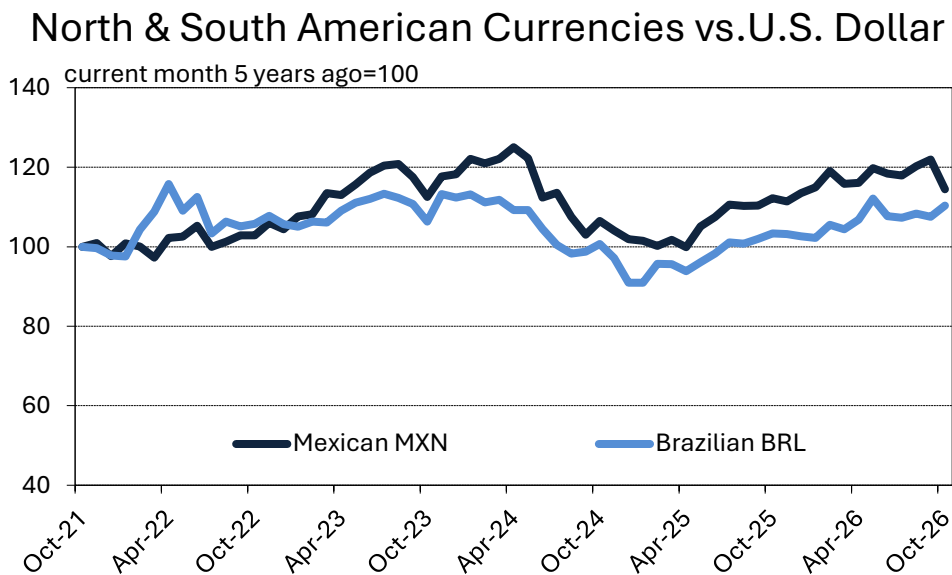


Source: Reuters

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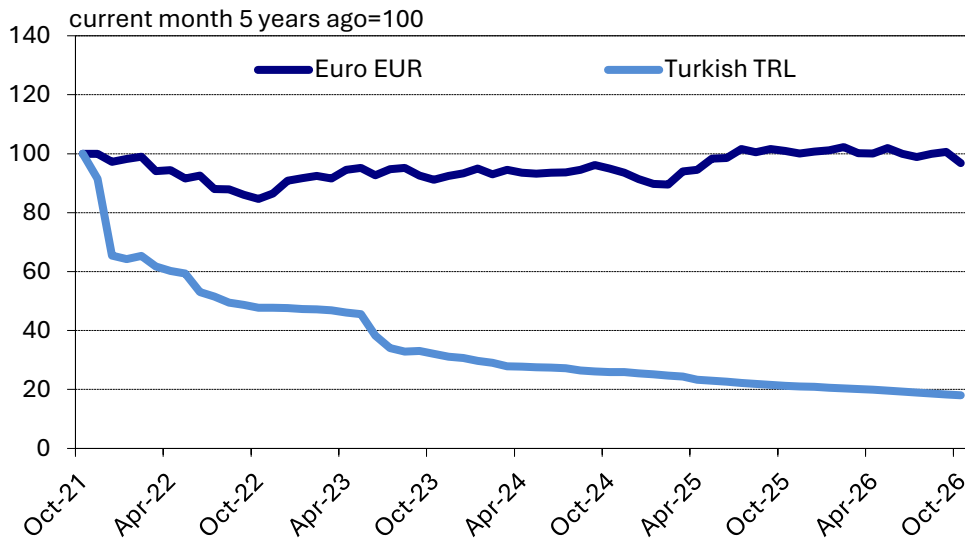
Source: Reuters



Source: Reuters

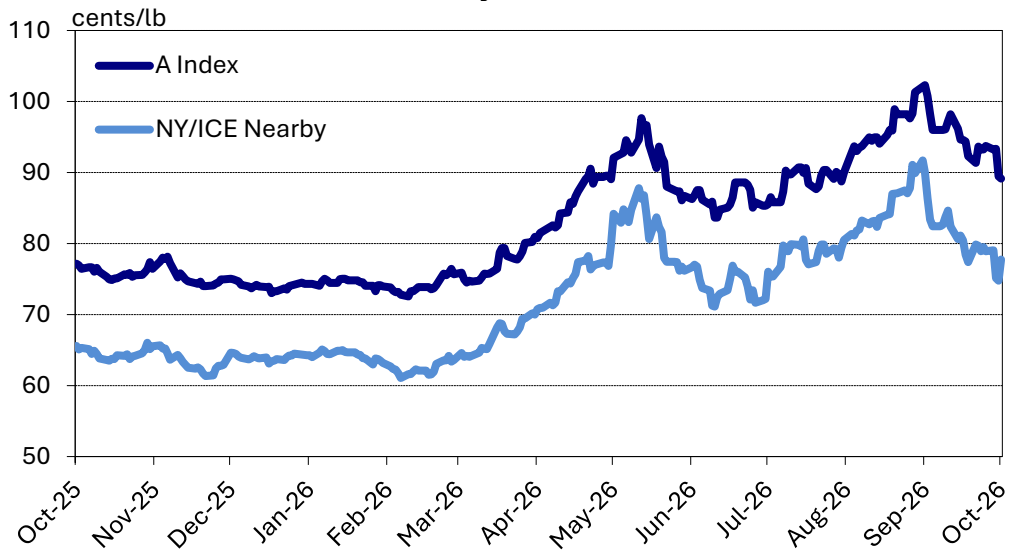
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European Currencies vs. U.S. Dollar



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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