

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



July 2024

[www.cottoninc.com](http://www.cottoninc.com)

**Macroeconomic Overview:** The U.S. labor market is showing signs of slowing. Although the latest headline number for job growth came in above expectations, updates significantly lowered figures for previous months. In addition, the unemployment rate is trending higher, while wage growth is decelerating.

At the same time, the latest readings on inflation describe slower rates for price increases. The “core” price deflator, which is the index most closely tracked by the Federal Reserve (core excludes energy and food), fell to +2.6% year-over-year in May. The central bank’s official target for this measure is two percent. One year ago, the reading was +4.0%. At its peak in June 2022, it was +7.1%.

The Fed’s dual mandate is to promote the maximum sustainable level of employment while maintaining inflation near two percent. With unemployment creeping higher and inflation becoming slower, there is renewed anticipation surrounding the potential for interest rate decreases over the next few months. The next meeting for the Federal Reserve’s Open Market Committee, the group responsible for decisions about interest rates, occurs at the end of July. The next meeting after that is in September.

Projections from Federal Reserve officials released in the first half of June suggest one or two rate cuts are possible in 2024. Nonetheless, statements continue to emphasize that they are looking for sustained reductions in inflation. The surprising uptick in inflation in the first quarter served as a reminder that there can be movement along the downward trend that can complicate decisions about the timing for rate cuts.

**Employment:** The U.S. economy is estimated to have added +206,000 new jobs in June. Revisions to April (-57,000 to +108,000) and May (-54,000 to +218,000) lowered estimates for previous months by more than 100,000 positions. The current twelve-month average is +217,000.

The unemployment rate increased marginally from 4.0% to 4.1% month-over-month in June. This level remains low by historical standards, but the unemployment rate has been on a slight upward trend since the first half of 2023 (rate was 3.4% in April 2023).

Wages increased +3.9% year-over-year in June. The latest reading fits into the gradual downward trend in wage growth since the post-stimulus peak of +5.9% was set in March 2022.

**Consumer Confidence & Spending:** The Conference Board’s Index of Consumer Confidence was essentially flat in June (down less than one point, from 101.3 in May to 100.4). The current value remains below the mid-point of the range between 95 and 115 that has contained values since the second half of 2021. The long-term average for the index is near 93.0.

Readings for the Index of Consumer Confidence are based on a mix of consumer responses covering current economic conditions and expectations for the future. The portion of the index addressing current conditions reflects optimism, while the outlook for the future is pessimistic. This pattern has generally held since 2018 (outside the months most affected by COVID).

In inflation-adjusted terms, overall consumer spending increased +0.3% month-over-month in May. Year-over-year, overall spending was +2.4% higher. This is slightly stronger than the average annual growth rate over the past twelve months (+2.3%).

After three months of decline (-1.2% in February, -0.5% in March, -1.6% in April), consumer spending on apparel increased +1.2% month-over-month in May. Year-over-year, spending on clothing was +2.6% higher.

**Consumer Prices & Import Data:** The CPI for garments decreased -0.3% month-over-month in May. This followed a +1.5% month-over-month increase in April. Year-over-year, average retail prices for apparel were up +0.8%. Recent price levels are the highest since the early 2000s. Current index values are about two percent higher than they were from 2012-18 and about nine percent higher than they were from 2004-11.

Average import costs, represented by the price per square meter equivalent (SME) of cotton-dominant apparel, decreased -1.6% month-over-month in May (seasonally-adjusted). Year-over-year import prices were down -6.3% in May. Relative to post-COVID peak (November 2022), the latest value is -13.1% lower. Relative to the average in 2019 (before COVID), sourcing costs for cotton-dominant apparel in May were +7.3% higher.

## U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators	Industry & Textiles	Retail	Currencies	Cotton
GDP Growth	Leading Indicators	Consumer Spending	Weighted Index	U.S. Balance Sheet
Interest Rates	Consumer Conf.	Inventory/Sales	Asia	Fiber Prices
ISM Indices	Employment	Consumer Prices	The Americas	
	Housing		Europe	
		Industrial Production		
		Inventory/Shipments		
		U.S. Yarn Exports		
		Polyester PPI		

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U.S. Macroeconomic Indicators & Cotton Prices  
July 2024



## Macroeconomic Data

### Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q3 : 2023	Q4 : 2023	Q1 : 2024		
Growth in US Real GDP	2.8%	3.1%	4.2%	3.4%	4.9%	3.4%	1.4%	% Chg. Quarter/Quarter	Department of Commerce

### Macroeconomic 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		
ISM Index of Manufacturing Activity	52.5	48.1	48.9	48.8	49.2	48.7	48.5	Index	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.7	52.1	51.6	50.7	49.4	53.8	48.8	Index	Institute for Supply Management
Consumer Confidence	108.0	104.4	103.0	99.7	97.5	101.3	100.4	Index	The Conference Board
Change in Non-Farm Payrolls	129.9	217.6	222.3	177.3	108	218	206	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.9%	3.8%	3.9%	4.0%	3.9%	4.0%	4.1%	Rate	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.2%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	Interest rate	Federal Reserve
10-year Treasury Bill	2.5%	4.3%	4.3%	4.4%	4.5%	4.5%	4.3%	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	110.1	103.2	102.0	101.5	101.7	101.7	101.2	Index	The Conference Board
Housing Starts	1.5	1.4	1.4	1.3	1.3	1.4	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.2	4.1	4.1	4.2	4.2	4.1	4.1	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	100.5	102.7	102.5	102.7	102.7	102.5	103.1	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	131.8	150.1	150.4	152.0	151.6	152.0	152.5	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	3.2	2.0	2.0	2.0	2.1	2.0	2.1	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	1.56	1.70	1.71	1.70	1.70	1.70	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	2.7%	2.3%	2.4%	2.4%	2.6%	2.3%	2.4%	% Chg. Year/Year	Department of Commerce
Clothing	5.9%	0.8%	1.9%	2.2%	2.9%	1.2%	2.5%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.1%	3.3%	3.3%	3.4%	3.5%	3.4%	3.3%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	0.9%	1.9%	0.5%	0.8%	0.2%	1.4%	0.8%	% Chg. Year/Year	Bureau of Labor Statistics

### 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		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.3	2.3	2.3	Ratio	Department of Commerce
Department Stores	2.0	2.0	2.0	1.9	1.9	1.9	1.9	Ratio	Department of Commerce

# Executive Cotton Update

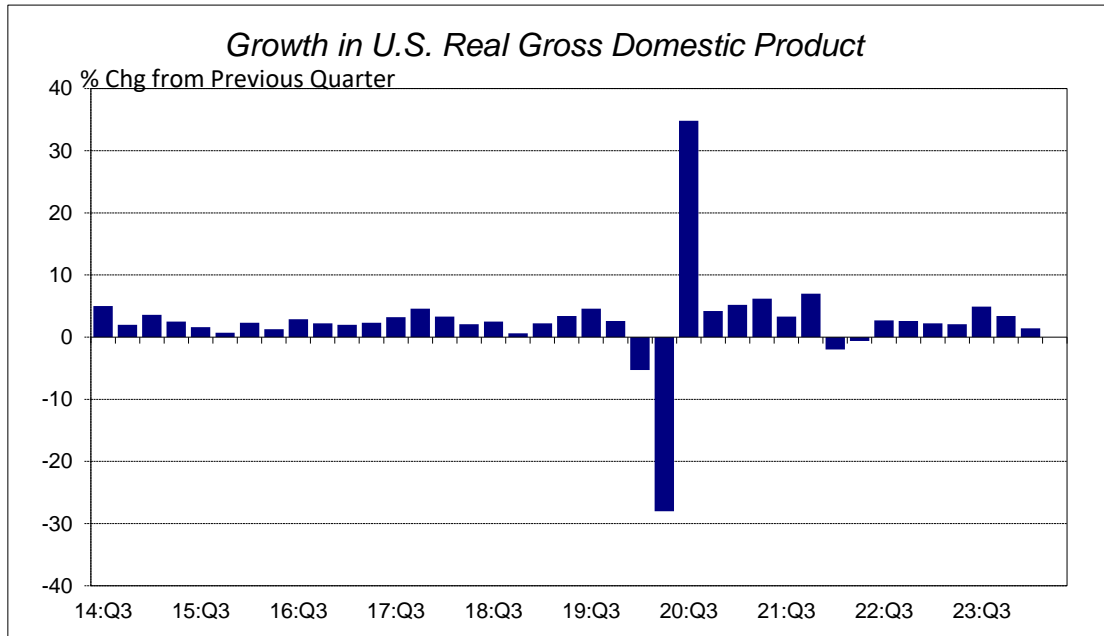
Daily Cotton Price and Currency Data  
July 2024



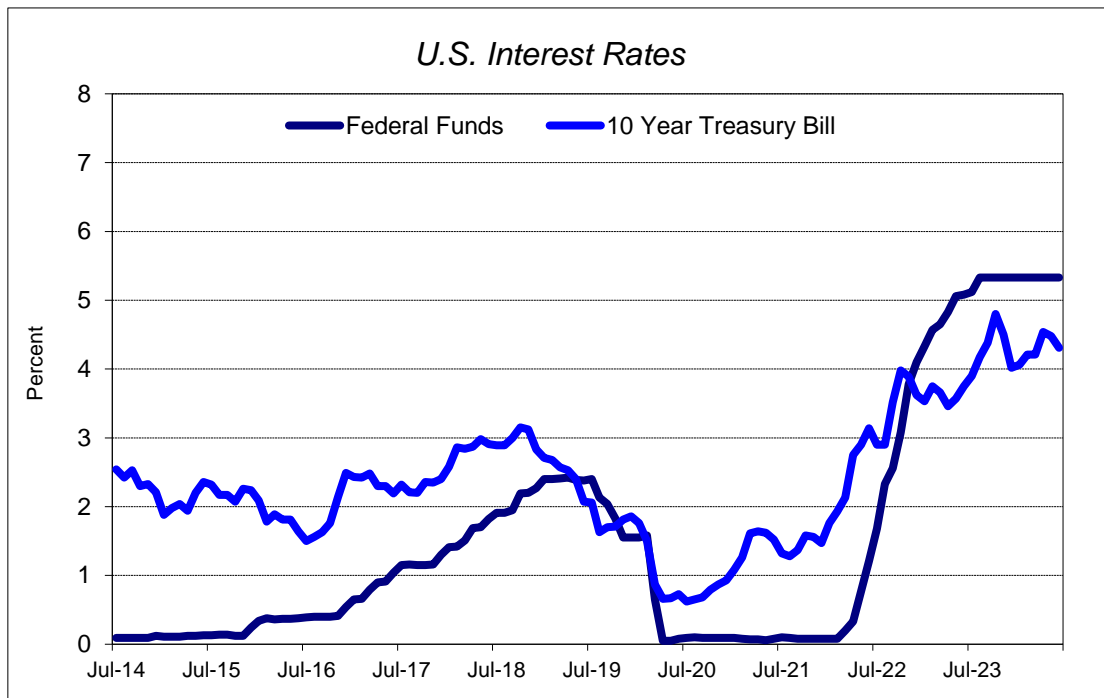
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June		
NY Nearby	85.2	83.4	83.3	77.4	83.1	77.9	71.9	cents/pound	ICE
A Index	95.7	92.8	91.6	86.5	90.2	86.5	83.2	cents/pound	Cotlook

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	118.3	119.8	121.6	122.3	121.4	122.5	122.9	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.86	6.87	7.21	7.24	7.24	7.24	7.25	Chinese Renminbi/US dollar	Reuters
Indian Rupee	77.09	79.84	83.20	83.37	83.29	83.43	83.38	Indian Rupee/US dollar	Reuters
Japanese Yen	123.37	134.12	150.63	153.59	151.56	152.89	156.32	Japanese Yen/US dollar	Reuters
Pakistani Rupee	204.46	234.82	279.24	278.14	277.93	278.20	278.30	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.04	5.13	5.04	5.14	5.05	5.07	5.29	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.32	1.32	1.36	1.37	1.36	1.37	1.37	Canadian dollar/US dollar	Reuters
Mexican Peso	19.57	18.91	17.01	17.02	16.49	17.00	17.56	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.79	0.79	0.79	0.79	0.80	0.78	British Pound/US dollar	Reuters
Euro	0.90	0.92	0.92	0.92	0.92	0.93	0.92	Euro/US dollar	Reuters
Swiss Franc	0.93	0.92	0.88	0.90	0.90	0.90	0.89	Swiss Franc/US dollar	Reuters
Turkish Lira	14.82	20.11	31.43	32.20	31.95	32.34	32.30	Turkish Lira/US dollar	Reuters



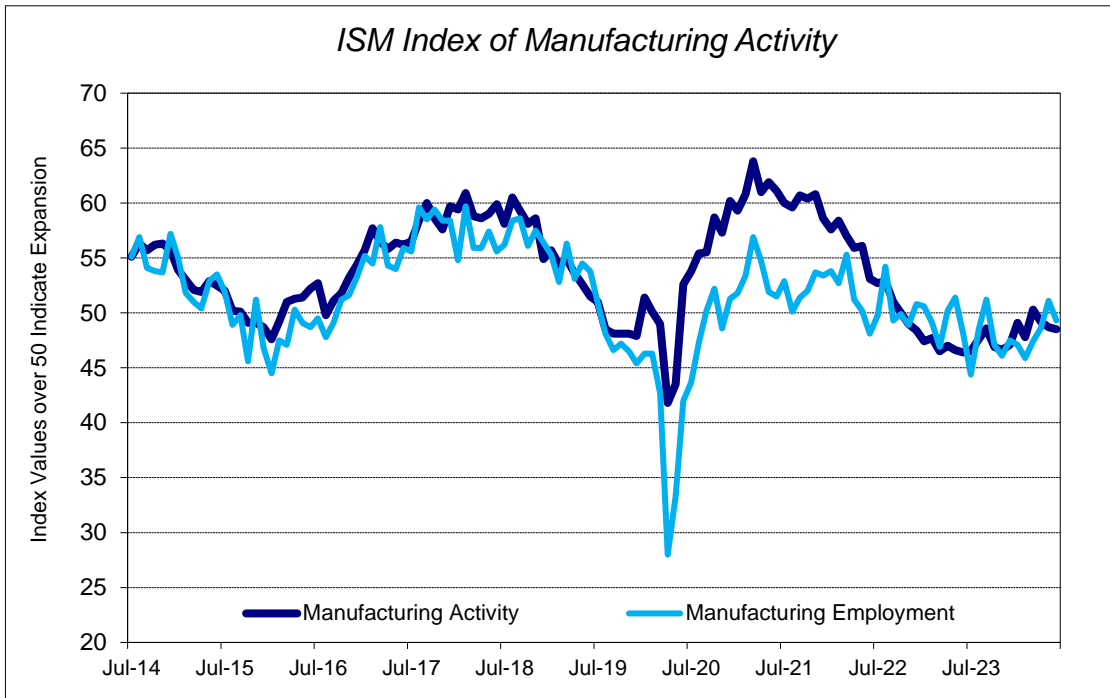
Seasonally Adjusted Annual Rate; Source: Department of Commerce  
 \*Based on chained 2005\$.



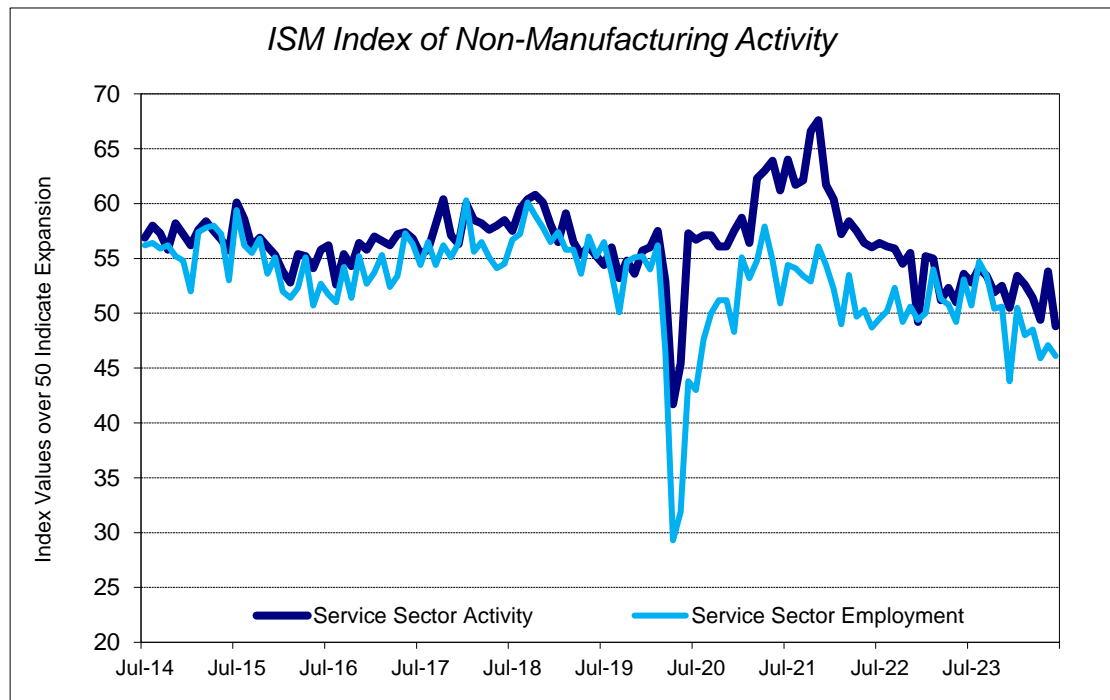
Source: Federal Reserve

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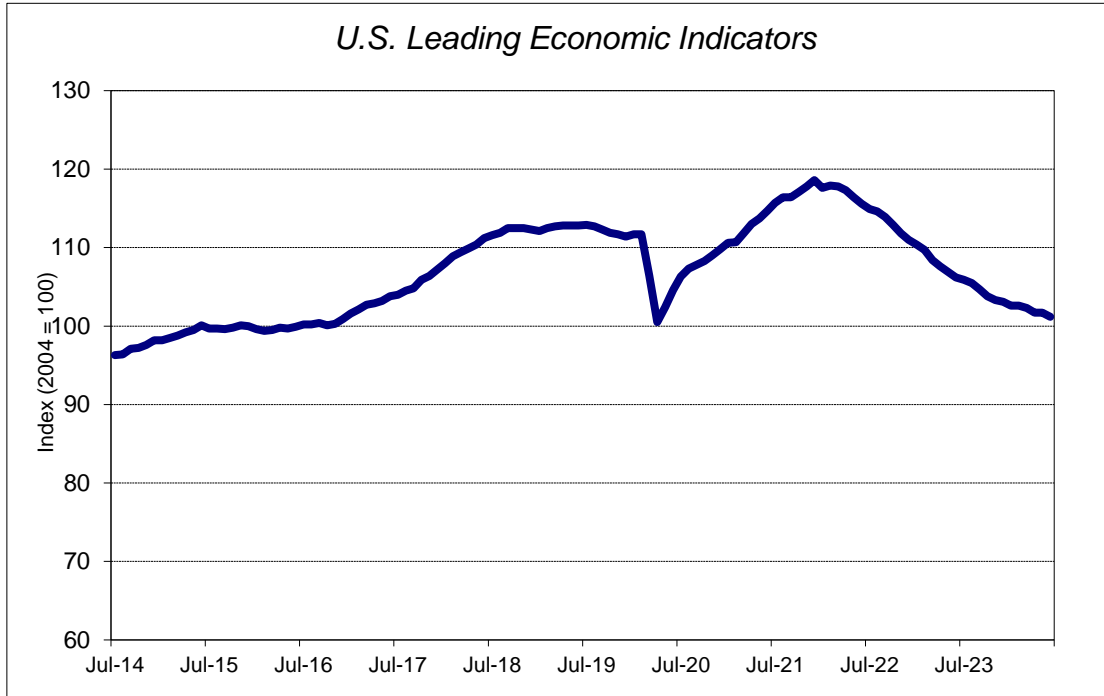
Source: Institute for Supply Chain Management



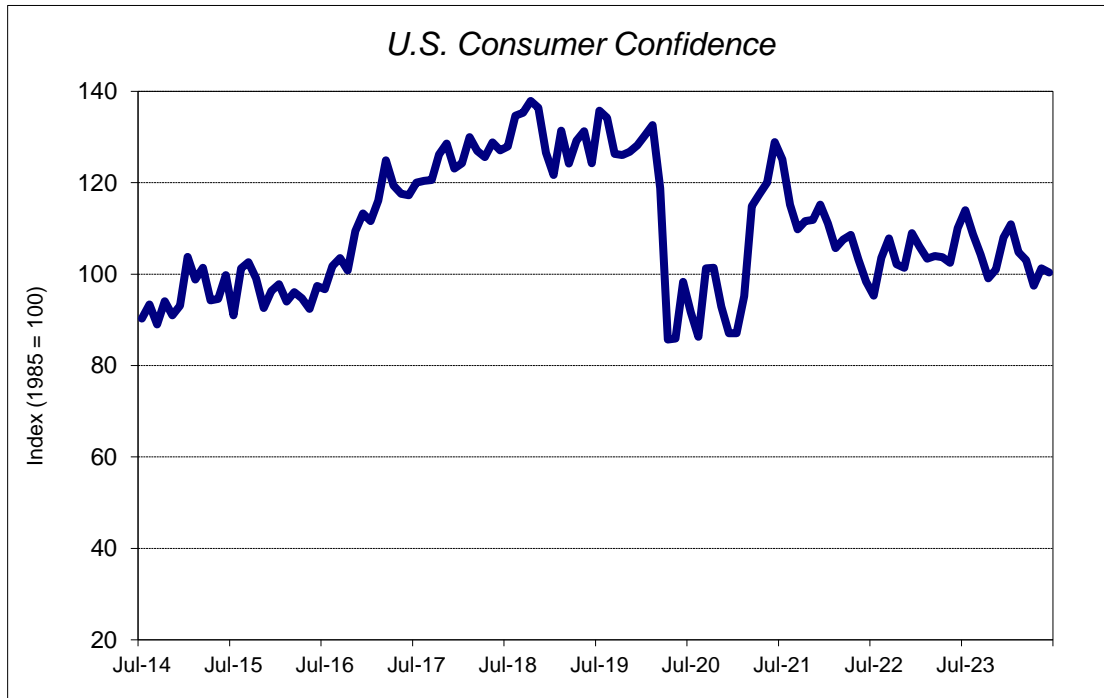
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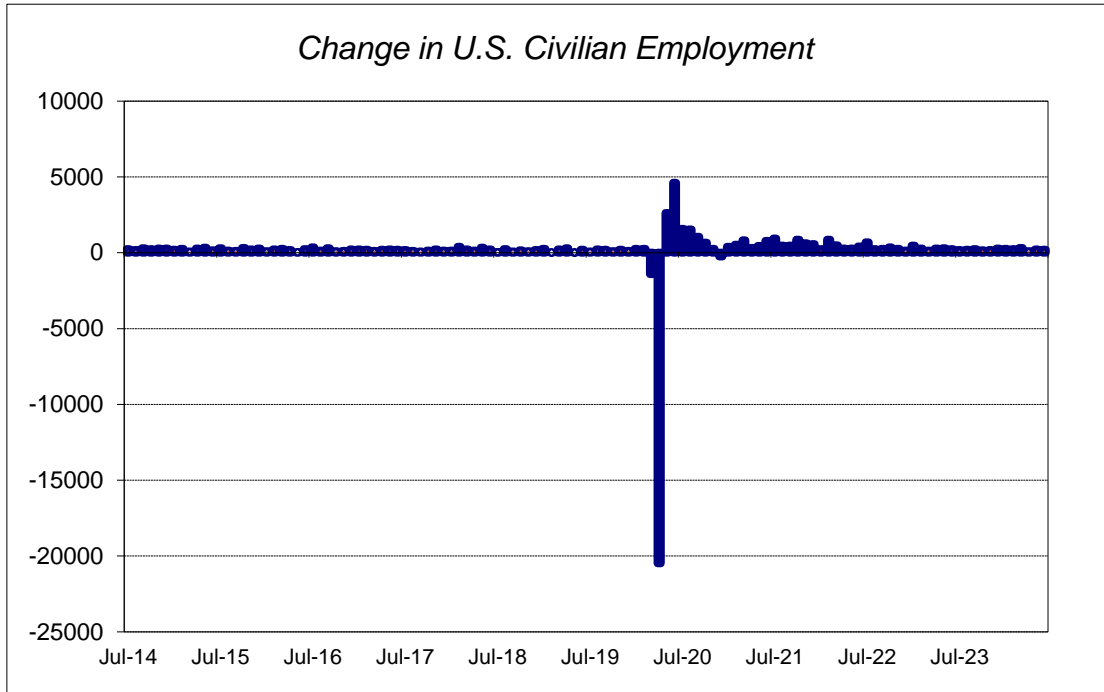
Source: The Conference Board



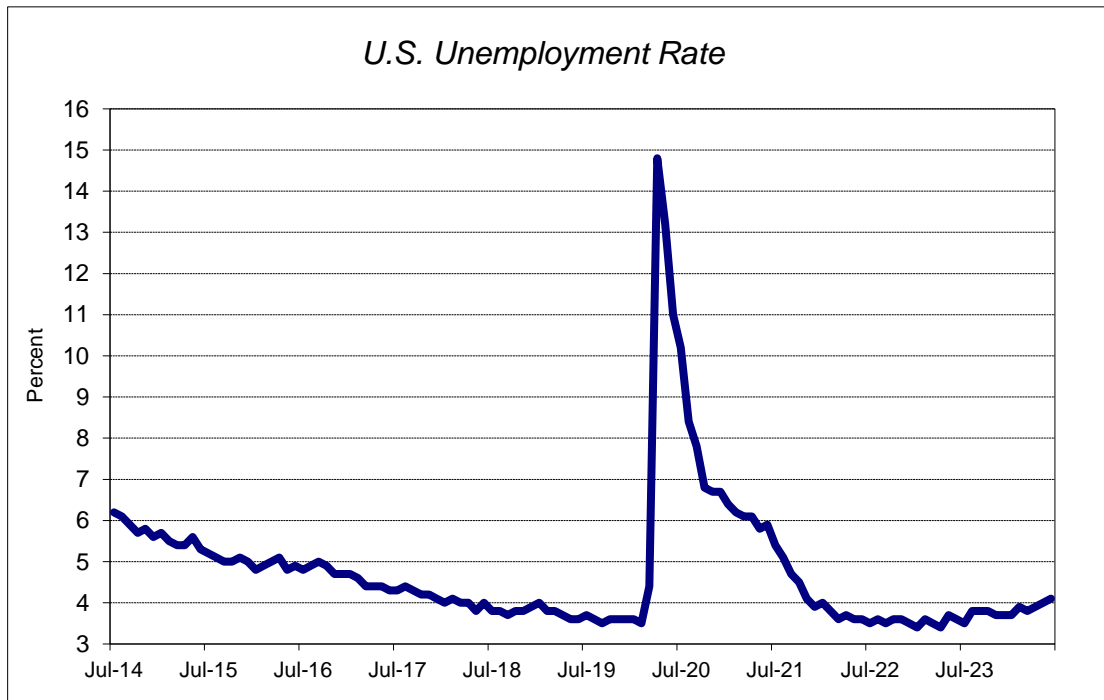
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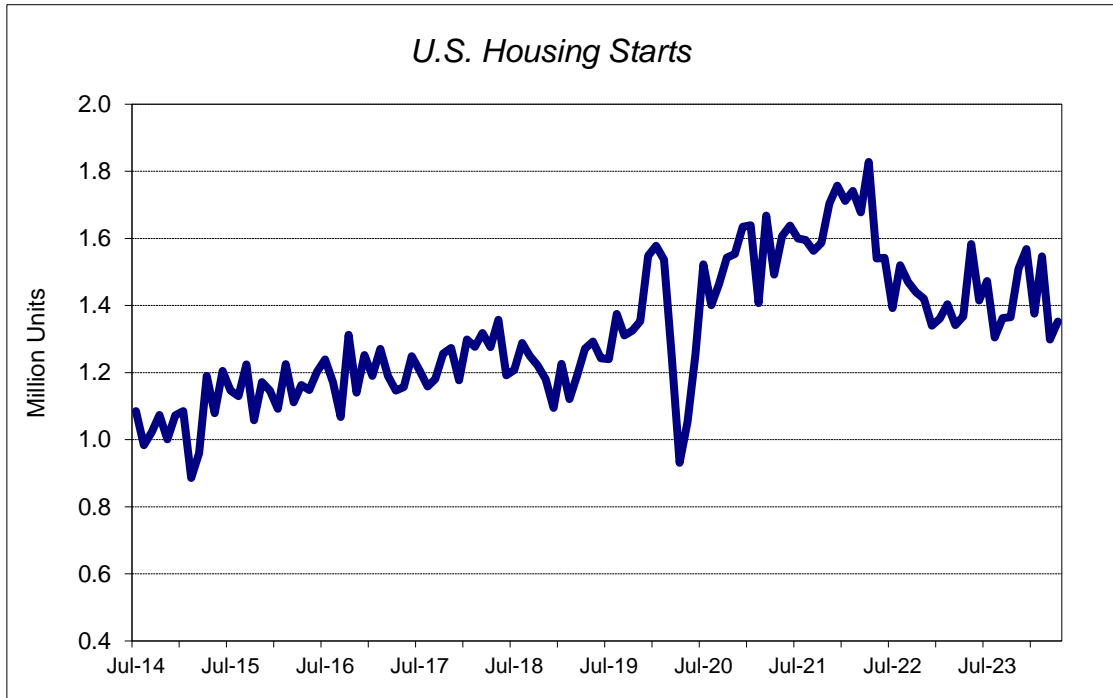
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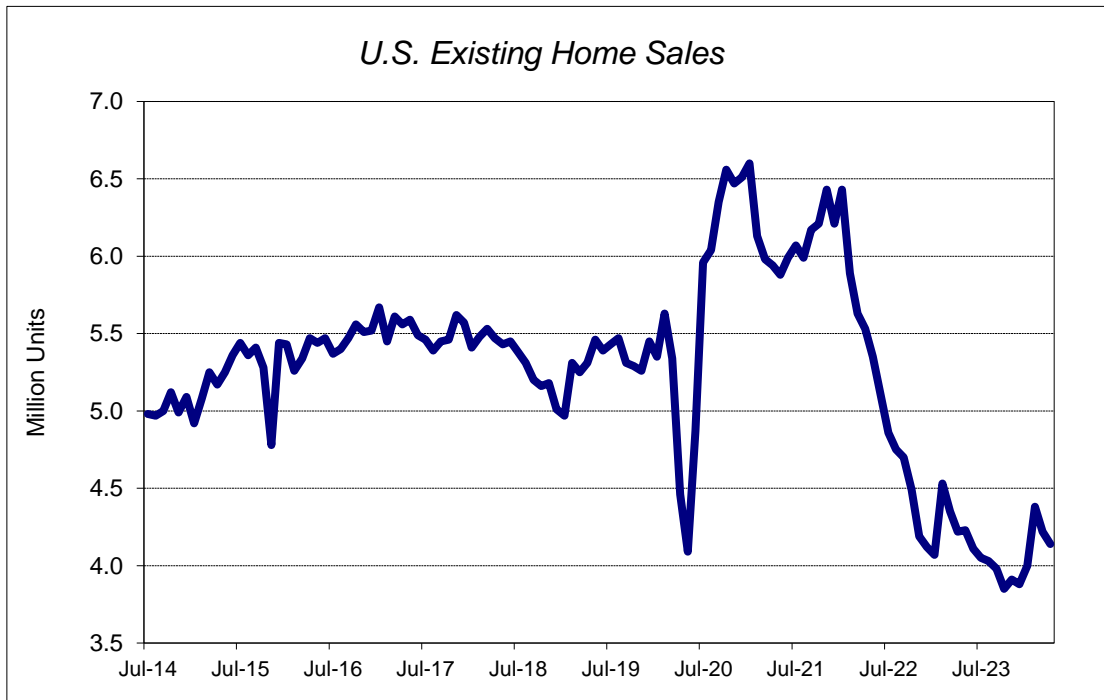
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Seasonally Adjusted Annual Rate; Source: Department of Commerce

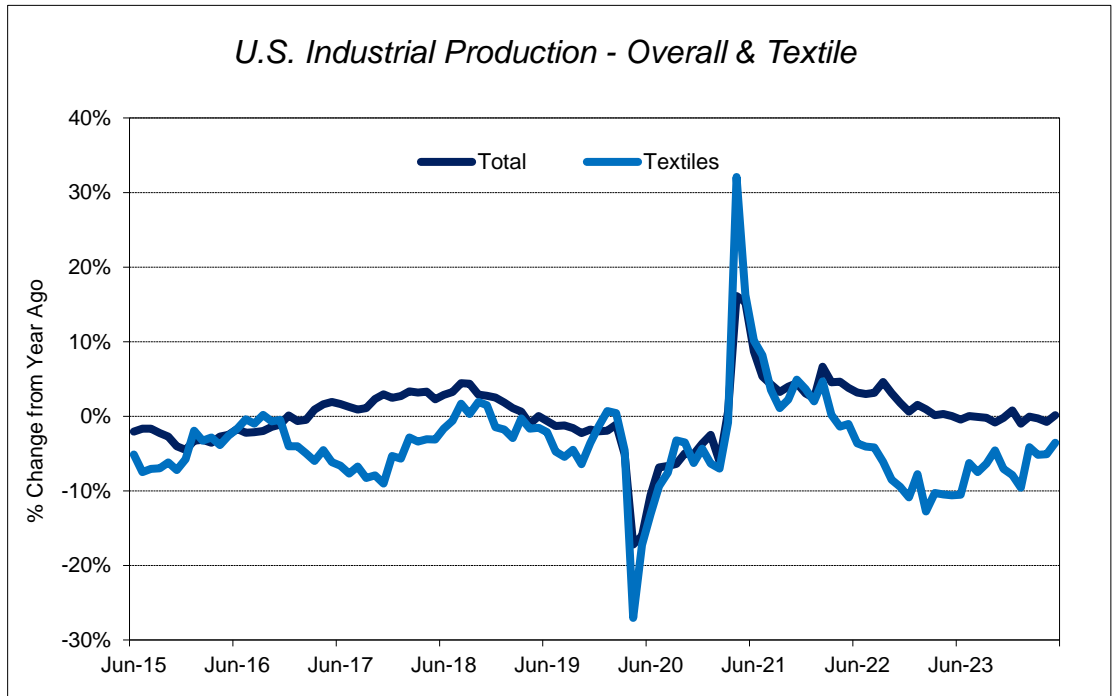


Seasonally Adjusted Annual Rate; Source: National Association of Realtors

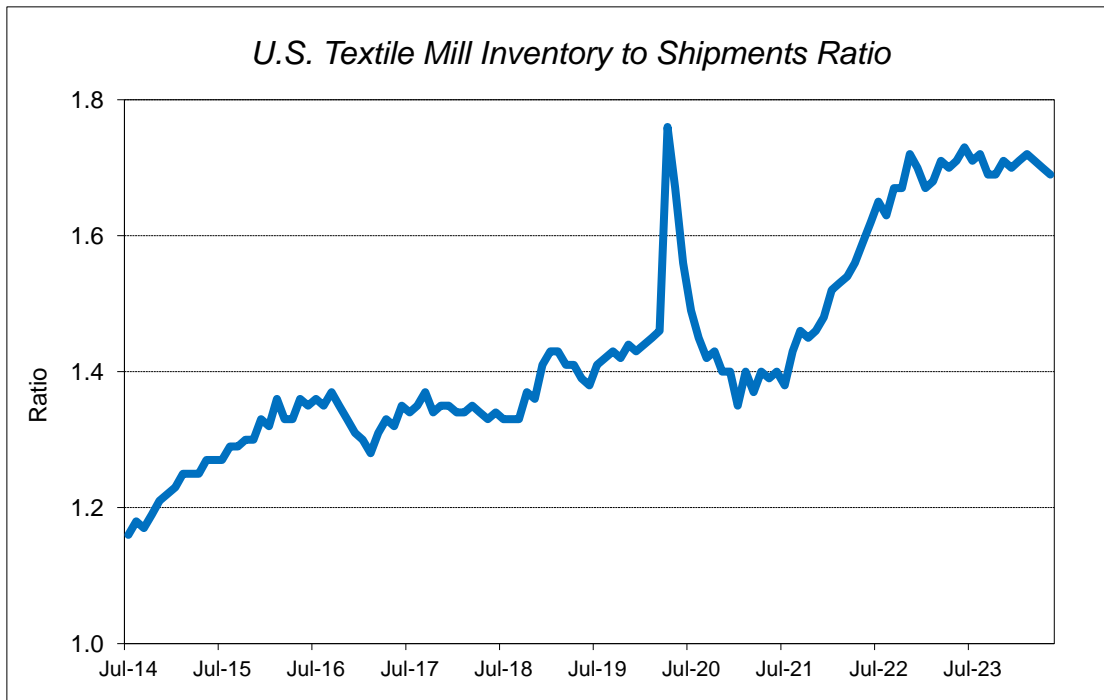
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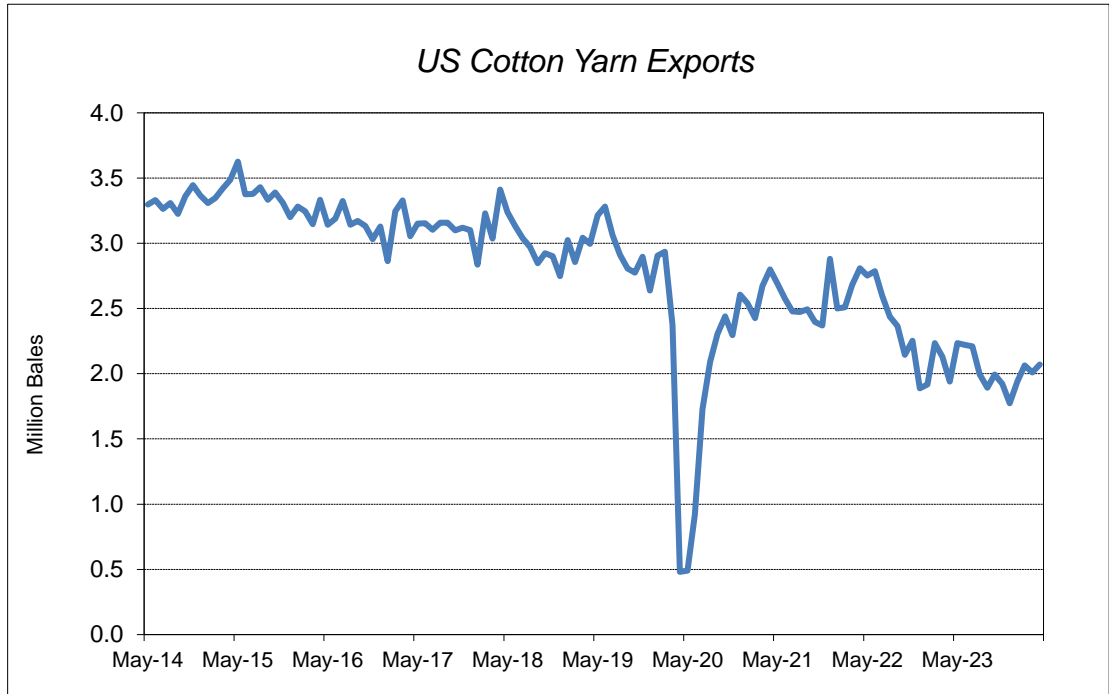
Source: Federal Reserve. Historical data revised to 1997 baseline.



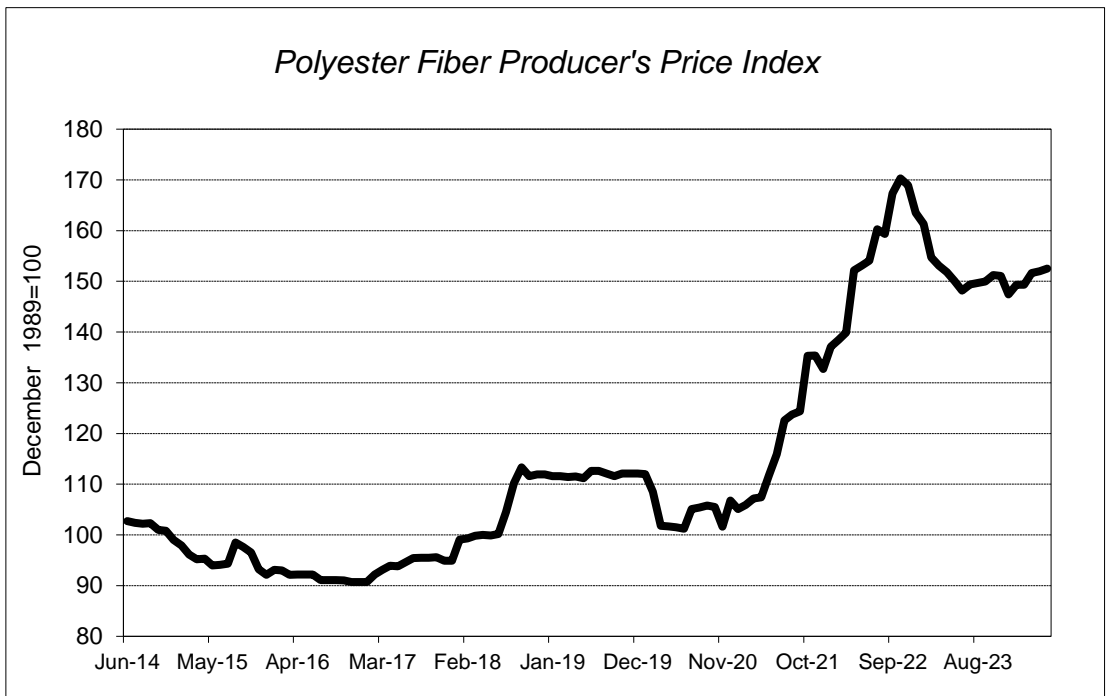
Seasonally Adjusted; Source: Department of Commerce

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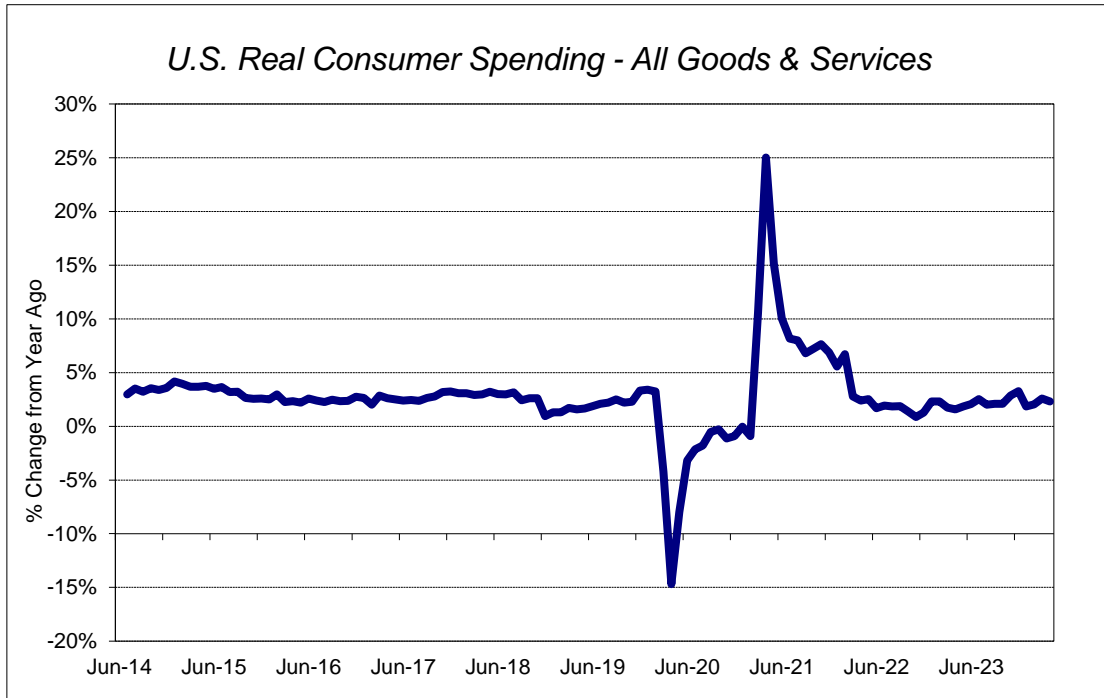
Seasonally Adjusted Annual Rate  
Source: USDA ERS



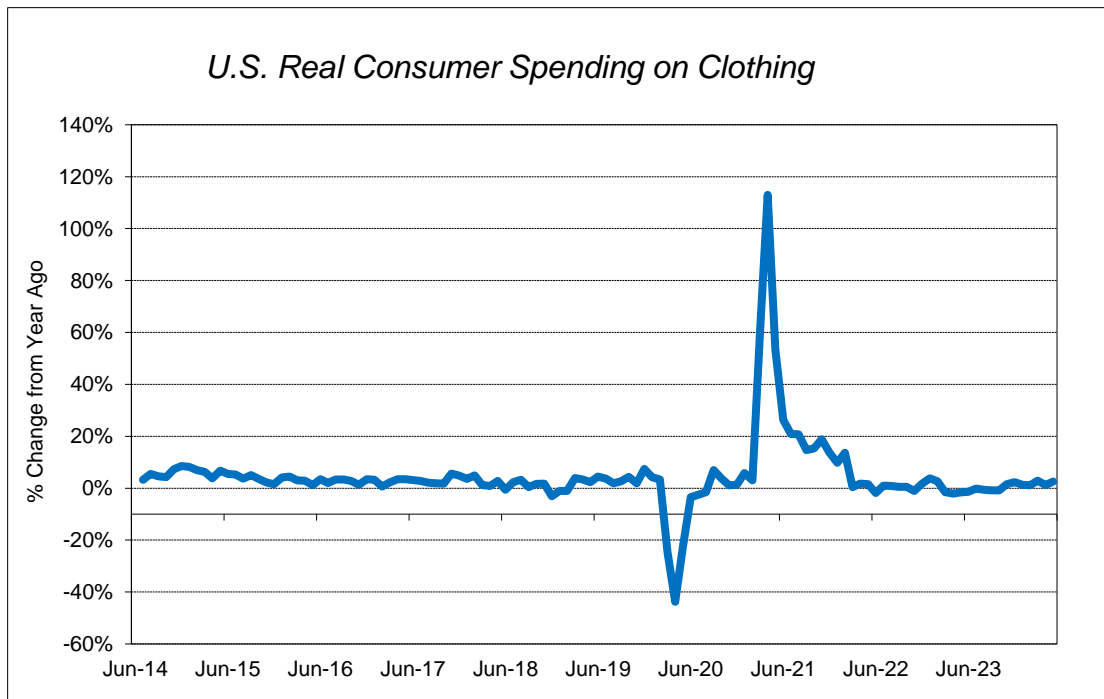
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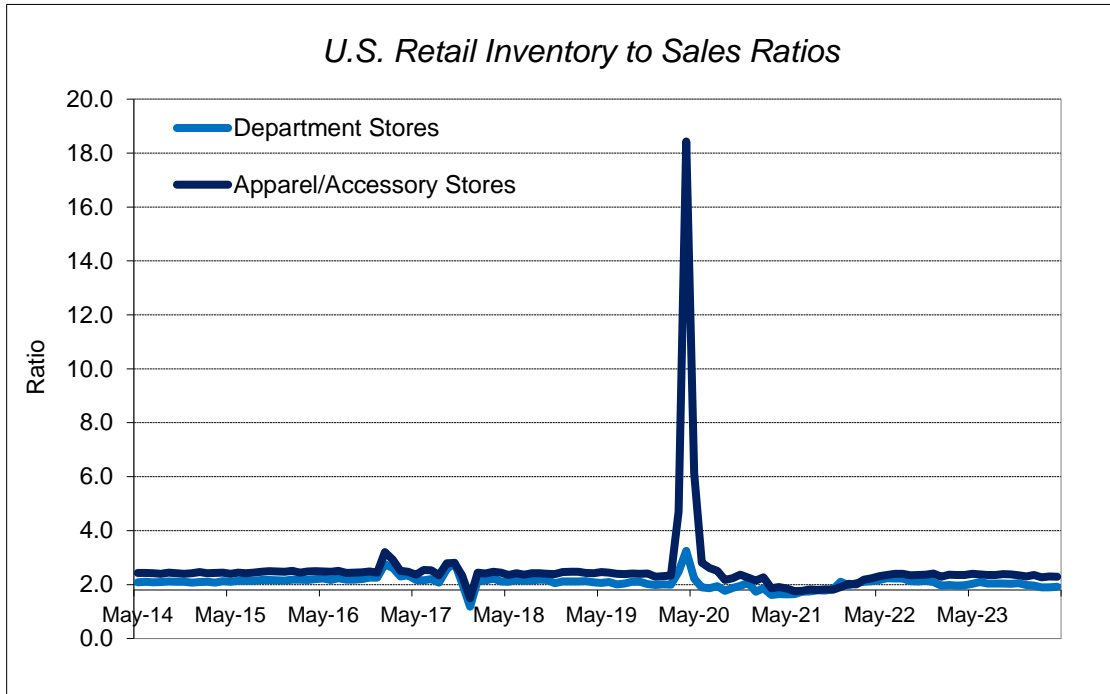
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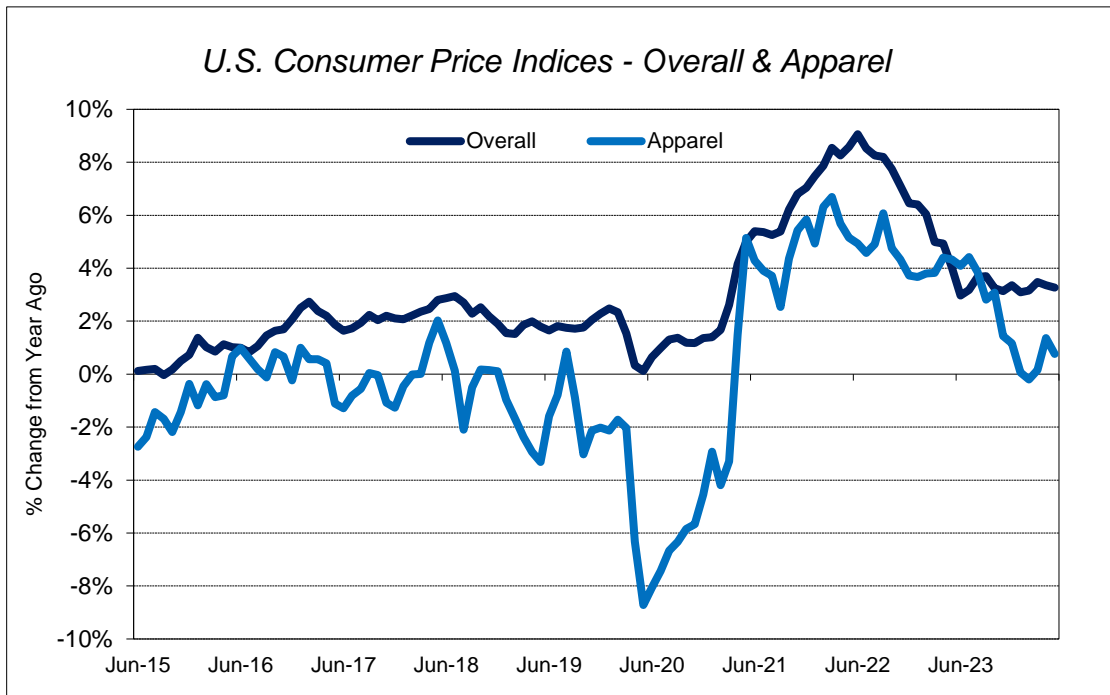
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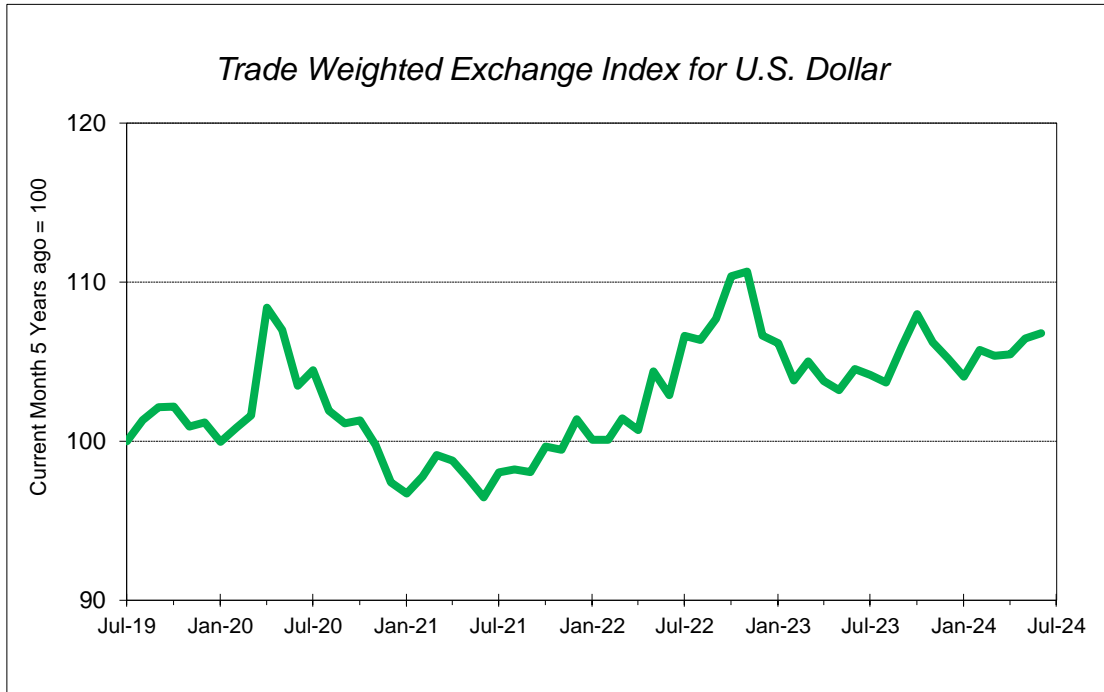
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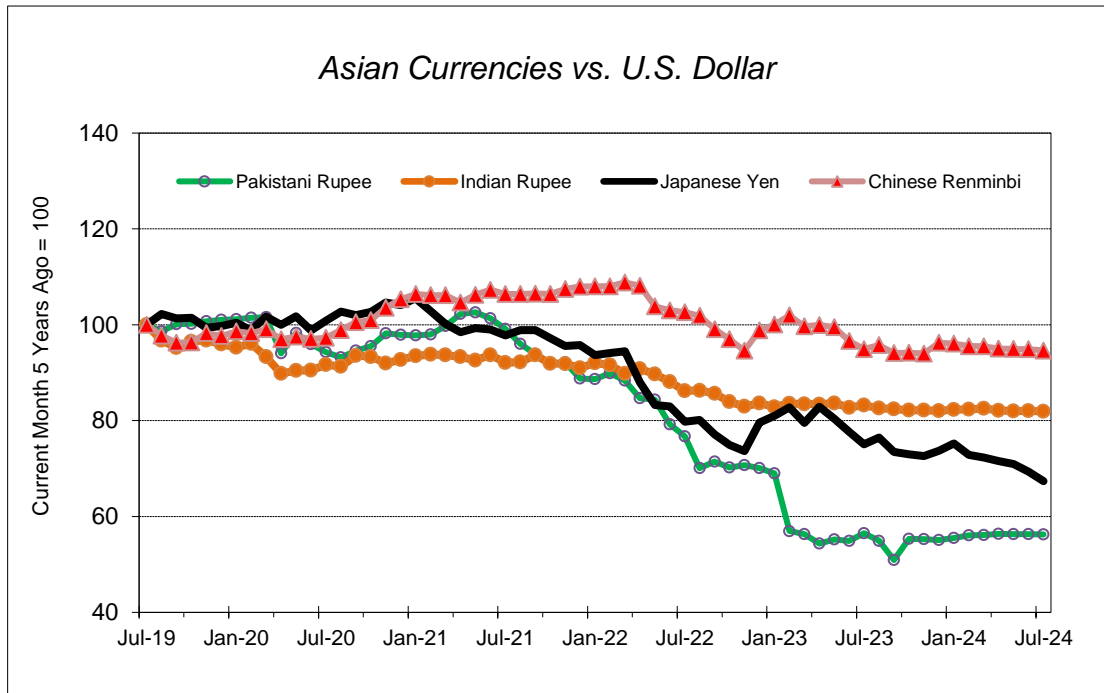
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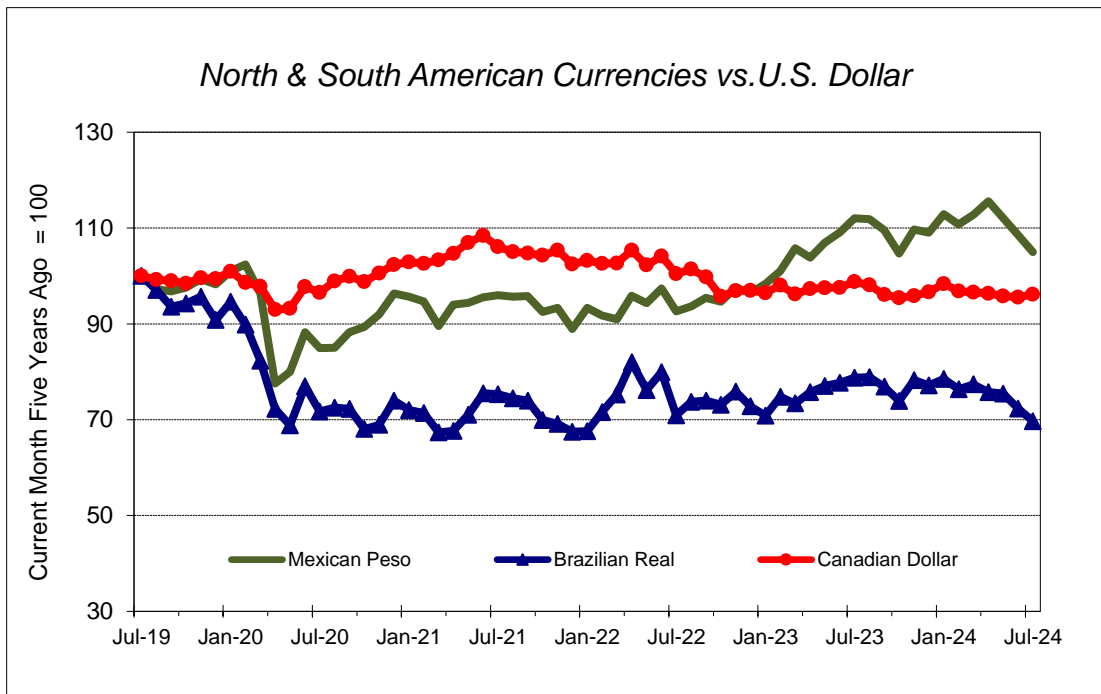
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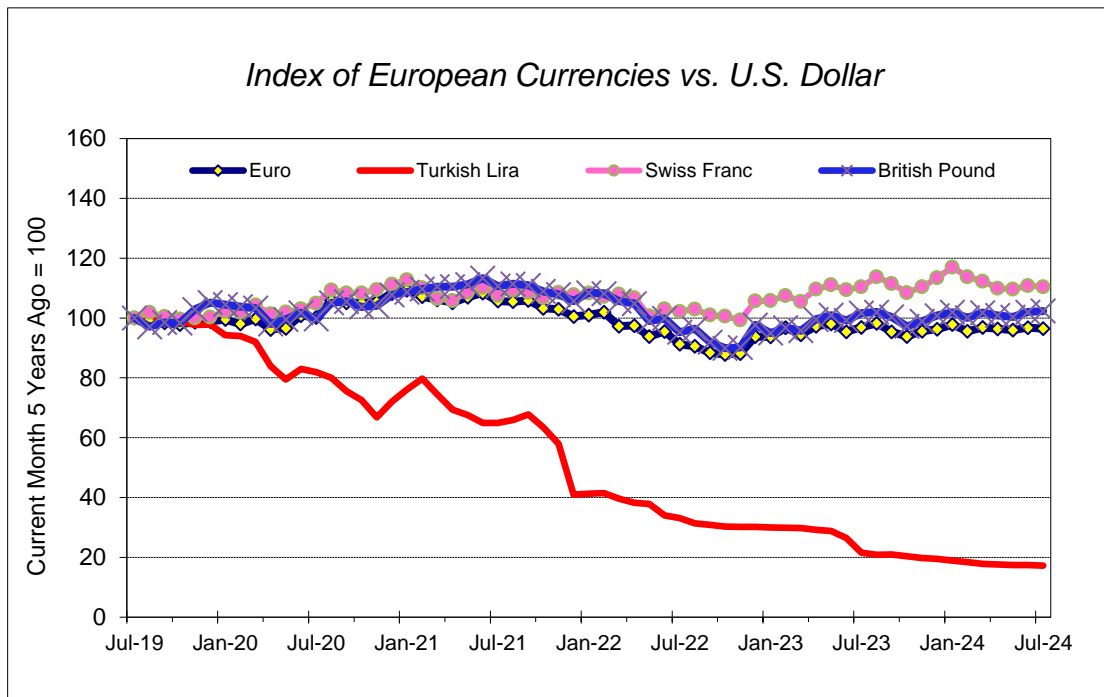
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Source: Reuters



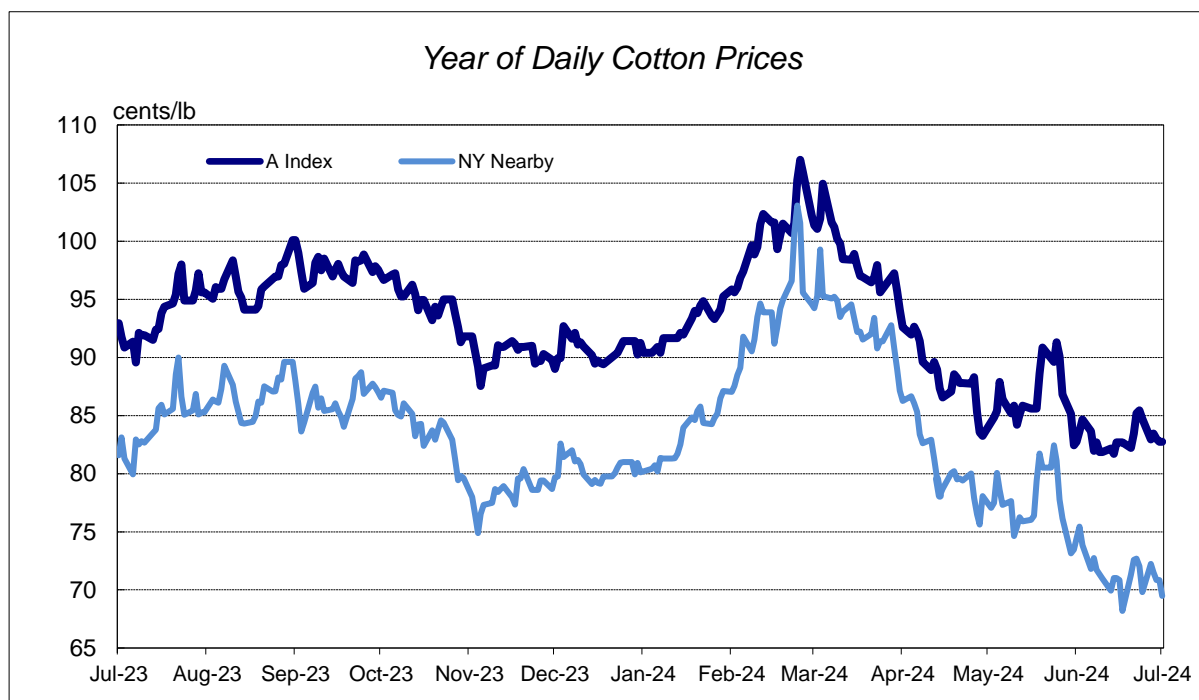
Source: Reuters

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## U.S. Balance Sheet

million 480 lb. bales	2020/21	2021/22	2022/23	2023/24	2024/25 May	2024/25 June
Beginning Stocks	7.3	3.2	4.1	4.3	2.4	2.9
Production	14.6	17.5	14.5	12.1	16.0	16.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	21.9	20.7	18.5	16.3	18.4	18.9
Mill-Use	2.4	2.6	2.1	1.9	1.9	1.9
Exports	16.4	14.5	12.8	11.8	13.0	13.0
Demand	18.8	17.0	14.8	13.7	14.9	14.9
Ending Stocks	3.2	4.1	4.3	2.9	3.7	4.1
Stocks/Use Ratio	16.8%	23.8%	28.7%	20.9%	24.8%	27.5%



Sources: ICE Futures U.S. & Cotton Outlook

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