

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



January 2025

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

**Macroeconomic Overview:** The Federal Reserve decided to decrease interest rates by a quarter of a point after its meeting on December 18<sup>th</sup>. This rate cut was widely anticipated by markets. Markets may not have been expecting details released in comments following the meeting that indicated only two cuts were now forecast for 2025. This is less than the four cuts that officials had hinted at previously.

The revised outlook for U.S. interest rates had immediate effects on financial markets. Foreign exchange was among the markets experiencing volatility. Higher U.S. interest rates can make U.S. securities more attractive and a greater flow of money into the U.S. lifts the USD. Equity markets moved lower. Higher rates can slow growth and potentially affect company earnings. The Federal Reserve indicated that progress on inflation appears to have stalled and stated that inflationary concerns were their primary reason for the changes to their outlook for interest rates.

In 2025, the central bank will have to balance rate moves with any policy changes that may surface with the new administration. It remains unknown whether tariff rates will be changed and by how much. However, higher tariffs imply higher sourcing costs, and higher sourcing costs can create inflationary pressure. If tariffs are increased significantly, interest rates may have to rise alongside them. The combination of higher prices and higher interest rates could weigh on consumer spending and economic growth.

In the meantime, the U.S. economy continues to perform relatively well. The labor market is adding jobs and unemployment remains at a historically low level. Wages are rising faster than they did in the period between the financial crisis and the pandemic, and wages have been increasing faster than inflation for a year and a half.

GDP figures are published with a lag, but the latest GDP figure indicates the U.S. economy grew at a +3.1% annualized rate (third revision to the estimate for the third quarter). This is +0.3 points higher than the previous estimate and is the strongest rate of quarterly growth this calendar year. Consumer spending was the largest contributor to GDP growth in the third quarter.

The International Monetary Fund (IMF) is forecasting U.S. economic growth to be 2.8% in 2024 and to slow to 2.2% in 2025. Policy and geopolitically uncertainty are factors clouding the outlook in the new year and beyond.

**Employment:** The U.S. economy is estimates to have added +256,000 jobs in December. Revisions to previous months were mixed. The figure for October was lifted by +7,000 to +43,000. The figure for November was lowered by -15,000 to +212,000. The current twelve-month average is +186,000.

The unemployment rate decreased marginally, from 4.2% to 4.1%, and remains at a low level.

Wages were up +3.8% year-over-year. While this growth exceeds anything experienced between the financial crisis and the pandemic, it is lower than its post-stimulus peak of 7.0% in March 2022. Wage growth has exceeded inflation since the first quarter of 2023

**Consumer Confidence & Spending:** The Conference Board's Index of Consumer Confidence decreased -8.1 points to 104.7 in December. This represented a reversal relative to recent months, when values climbed from levels below 100 to those over 110. Even with this month's decrease, the index remains within the range between 95 and 115 that has contained values since the second half of 2021.

Overall consumer spending increased +0.3% month-over-month in November. Year-over-year, overall spending was +2.9% higher. Spending on garments was up +1.2% month-over-month and was +2.9% higher year-over-year.

**Consumer Prices & Import Data:** After a relatively steep -2.0% month-over-month decrease in October, the CPI for garments increased in November (+0.3%, November is the latest month with data available). Year-over-year, retail apparel prices were +1.3% higher in November. Recent price levels rank among the highest posted since 2001. Current values for the CPI for apparel are about 3% higher than the levels registered between 2012 and 2018 (another period when retail prices were higher). Retail prices moved lower ahead of the pandemic, but have generally been rising since the COVID-driven low was set in May 2020.

Average import prices, as represented by the seasonally-adjusted average value per square-meter equivalent (SME) of cotton-dominant apparel, were \$3.60/SME in November. This is -15% lower than the post-COVID peak of \$4.26/SME and +5% higher than the average in 2019 (before COVID).

## 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	Europe			

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U.S. Macroeconomic Indicators & Cotton Prices  
January 2025



## Macroeconomic Data

### Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q1 : 2024	Q2 : 2024	Q3 : 2024		
Growth in US Real GDP	3.0%	2.8%	2.3%	3.0%	1.6%	3.0%	3.1%	% Chg. Quarter/Quarter	Department of Commerce

### Macroeconomic Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
ISM Index of Manufacturing Activity	52.4	48.3	47.6	48.1	46.5	48.4	49.3	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.6	52.5	53.3	54.1	56.0	52.1	54.1	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	105.5	104.1	105.6	109.0	109.6	112.8	104.7	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	129.1	186.0	164.7	170.3	43	212	256	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	4.0%	4.2%	4.1%	4.1%	4.2%	4.1%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.5%	5.1%	5.0%	4.7%	4.8%	4.6%	4.5%	Interest rate	Federal Reserve
10-year Treasury Bill	2.7%	4.2%	4.1%	4.3%	4.1%	4.4%	4.4%	Interest rate	Federal Reserve

### Macroeconomic Series with Latest Data for November

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
Index of Leading Economic Indicators	108.8	100.9	99.8	99.5	99.4	99.4	99.7	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.3	1.3	1.4	1.3	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.0	4.0	3.9	4.0	3.8	4.0	4.2	Annual pace, millions of units	National Association of Realtors

## Industrial & Textile Data

### Industrial & Textile Series with Latest Data for November

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
US Industrial Production	100.5	102.5	102.6	102.2	103.3	102.6	102.0	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	136.1	152.8	155.2	155.0	155.7	154.7	154.7	Index, December 2003=100	Bureau of Labor Statistics

### Industrial & Textile Series with Latest Data for October

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	August	September	October		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.2	1.9	1.9	1.9	1.9	1.9	1.9	million 480lb bales	USDA ERS

### Industrial & Textile Series with Latest Data for November

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
US Textile Mill Inventory/Shipments Ratio	1.58	1.69	1.68	1.68	1.68	1.68	1.67	Ratio	Department of Commerce

## Retail Data

### Retail Series with Latest Data for November

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
US Real Consumer Spending									
All Goods and Services	3.0%	2.8%	3.0%	3.1%	3.2%	3.1%	2.9%	% Chg. Year/Year	Department of Commerce
Clothing	5.5%	2.4%	2.5%	2.2%	1.0%	2.7%	2.9%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.2%	3.0%	2.6%	2.7%	2.4%	2.6%	2.7%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.2%	0.7%	0.9%	0.7%	2.3%	0.2%	1.3%	% Chg. Year/Year	Bureau of Labor Statistics

### Retail Series with Latest Data for October

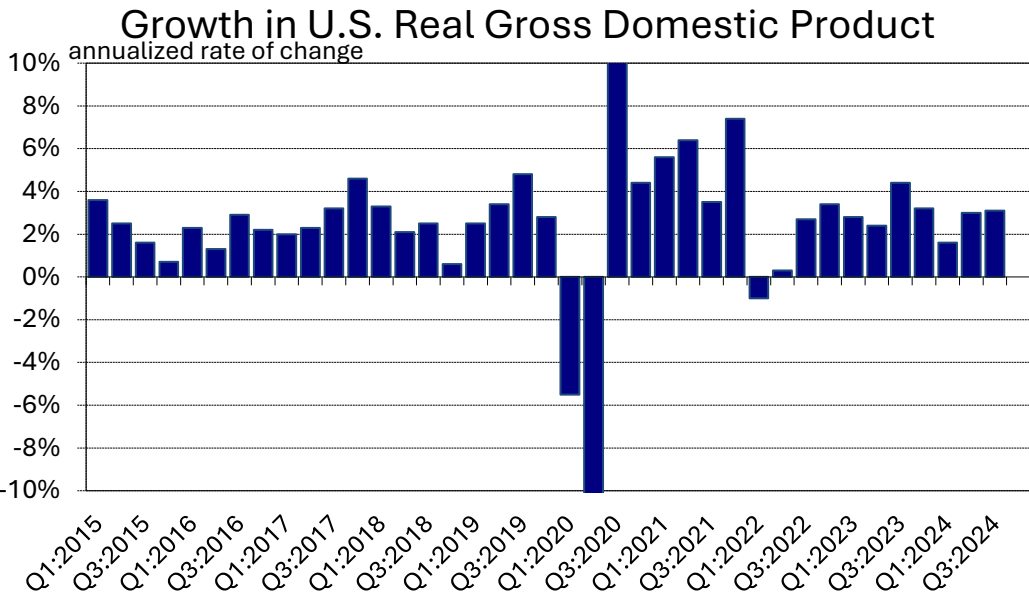
	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	August	September	October		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.3	2.3	2.3	Value of inventory over value of sales	Department of Commerce
Department Stores	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Value of inventory over value of sales	Department of Commerce

# Executive Cotton Update

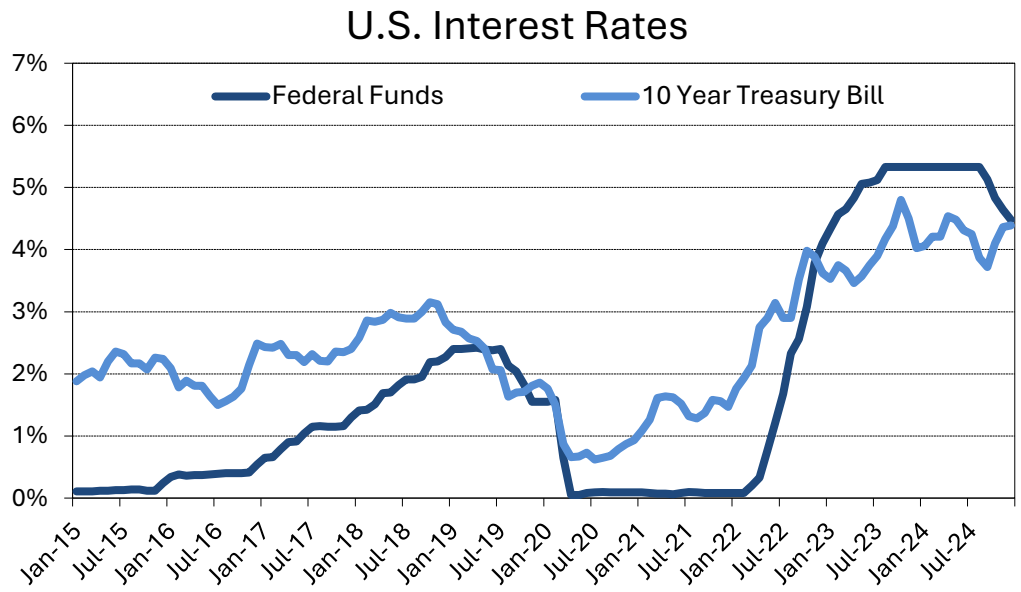
Daily Cotton Price and Currency Data  
January 2025



Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
NY Nearby	85.9	76.5	69.9	70.3	71.7	70.2	69.4	cents/pound	ICE
A Index	96.5	86.5	81.4	81.5	83.6	81.5	79.9	cents/pound	Cotlook
Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
Dollar Trade Weighted Exchange Index	119.0	121.5	124.4	125.4	123.3	125.8	127.2	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.87	7.00	7.18	7.16	7.08	7.17	7.25	Chinese Renminbi/US dollar	Reuters
Indian Rupee	78.53	81.55	84.11	84.40	83.98	84.38	84.85	Indian Rupee/US dollar	Reuters
Japanese Yen	127.67	140.73	150.70	151.09	148.73	152.43	152.13	Japanese Yen/US dollar	Reuters
Pakistani Rupee	217.06	253.69	278.22	277.88	277.89	277.83	277.93	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.20	5.18	5.66	5.81	5.58	5.78	6.05	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.32	1.34	1.38	1.39	1.38	1.39	1.42	Canadian dollar/US dollar	Reuters
Mexican Peso	19.56	18.75	19.44	19.97	19.51	20.12	20.28	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.78	0.77	0.77	0.77	0.79	British Pound/US dollar	Reuters
Euro	0.90	0.93	0.92	0.93	0.92	0.93	0.95	Euro/US dollar	Reuters
Swiss Franc	0.92	0.91	0.87	0.87	0.86	0.87	0.88	Swiss Franc/US dollar	Reuters
Turkish Lira	17.75	24.32	33.98	34.47	34.20	34.38	34.84	Turkish Lira/US dollar	Reuters



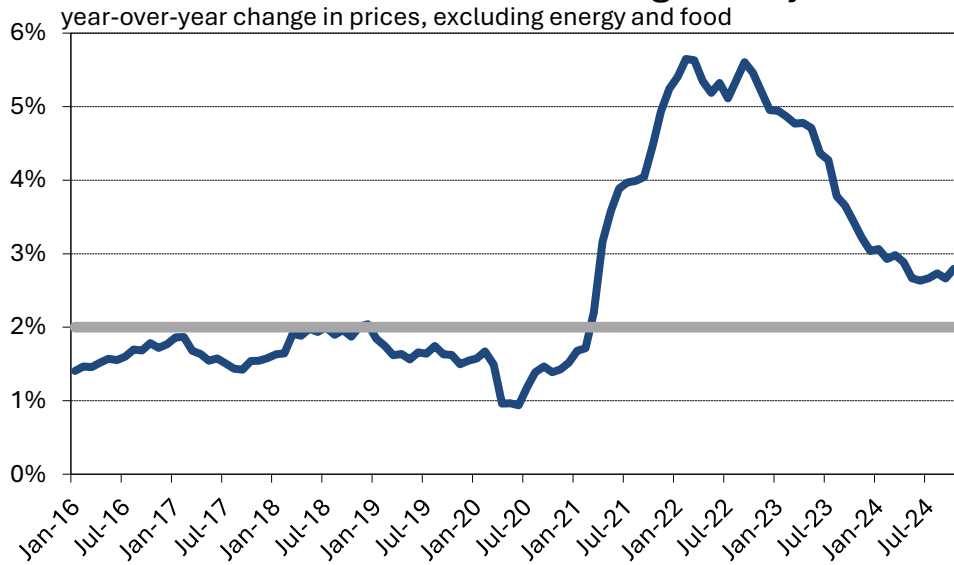
Source: Department of Commerce  
 Note: Chart truncated around COVID shutdowns to highlight normal change.



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



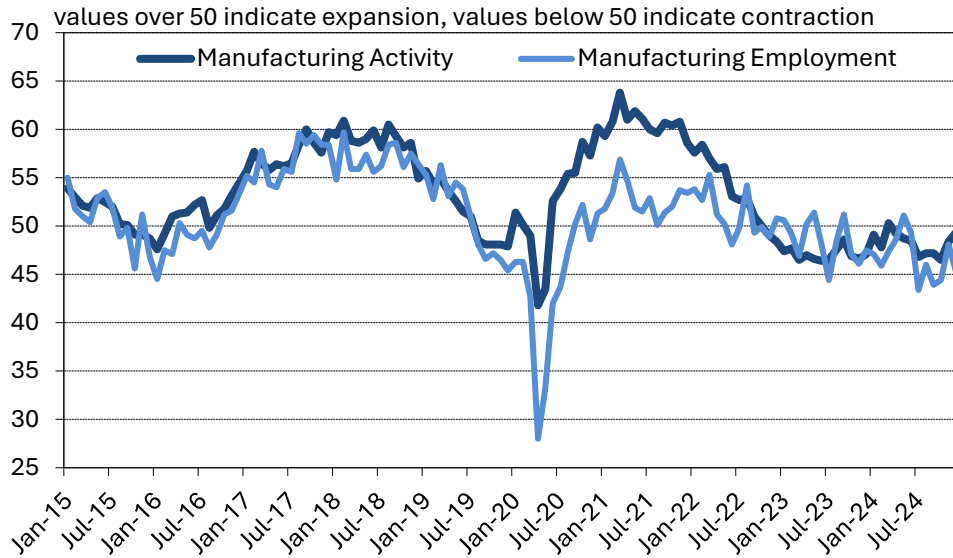
Source: Bureau of Labor Statistics

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.

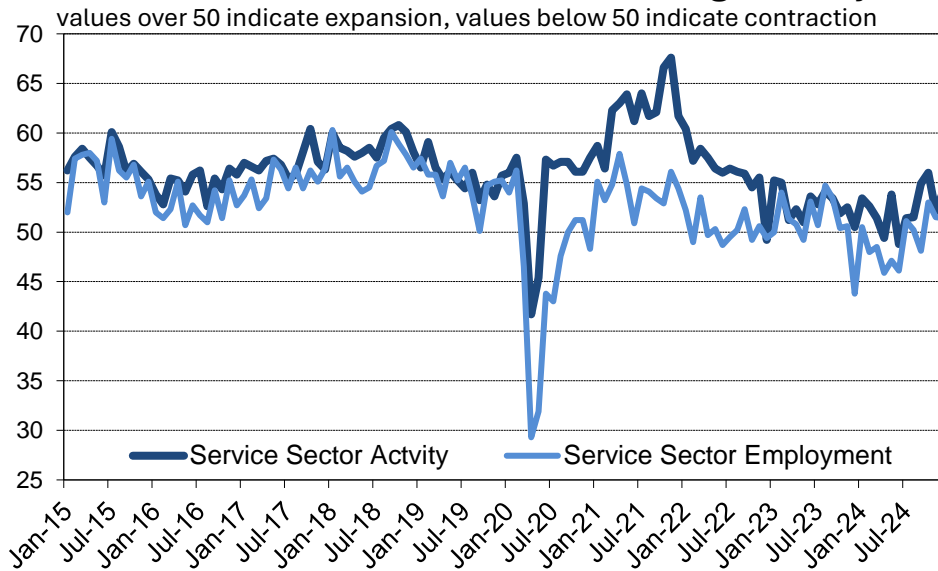
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## ISM Index of Manufacturing Activity



Source: Institute for Supply Chain Management

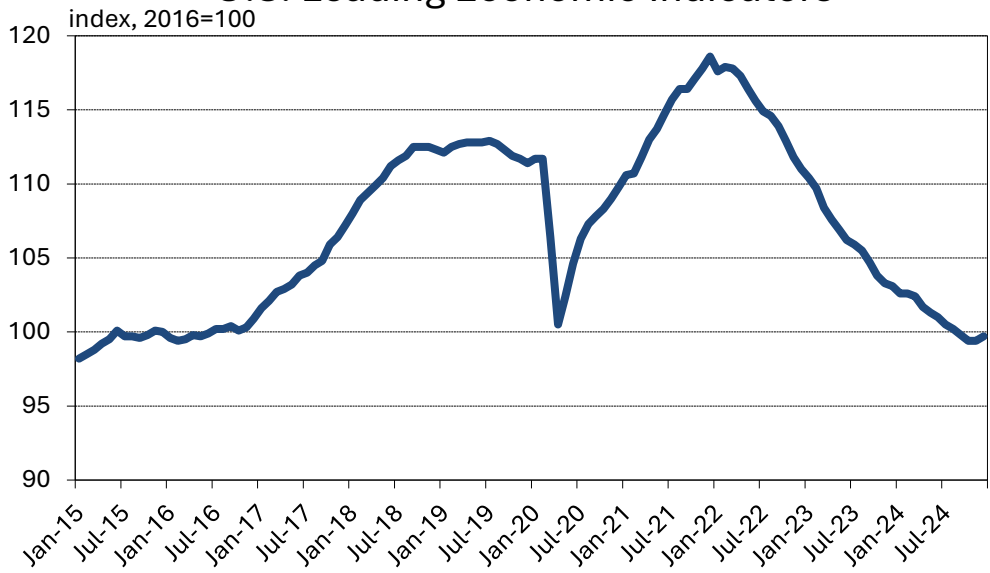
## ISM Index of Non-Manufacturing Activity



Source: Institute for Supply Chain Management

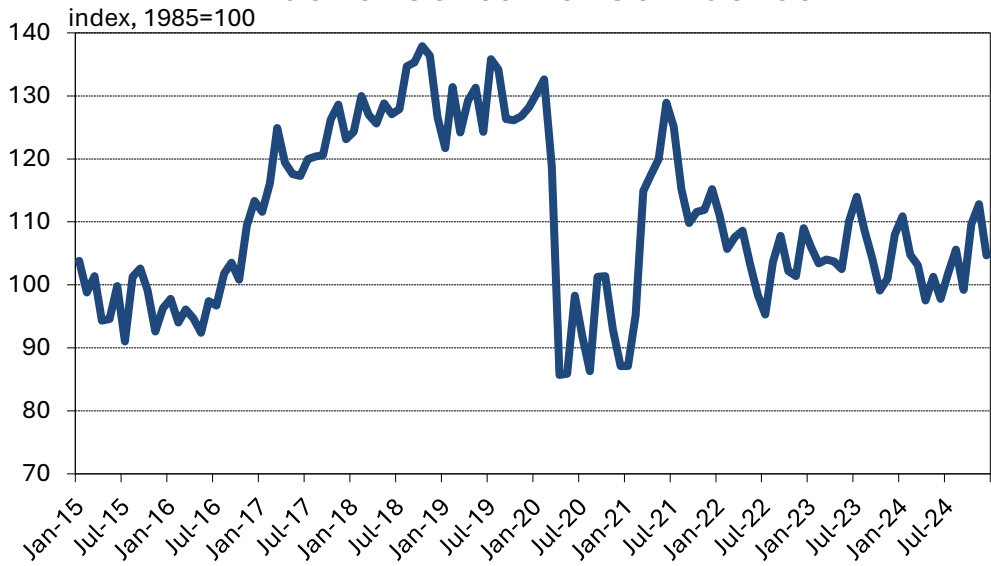
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## U.S. Leading Economic Indicators



Source: The Conference Board

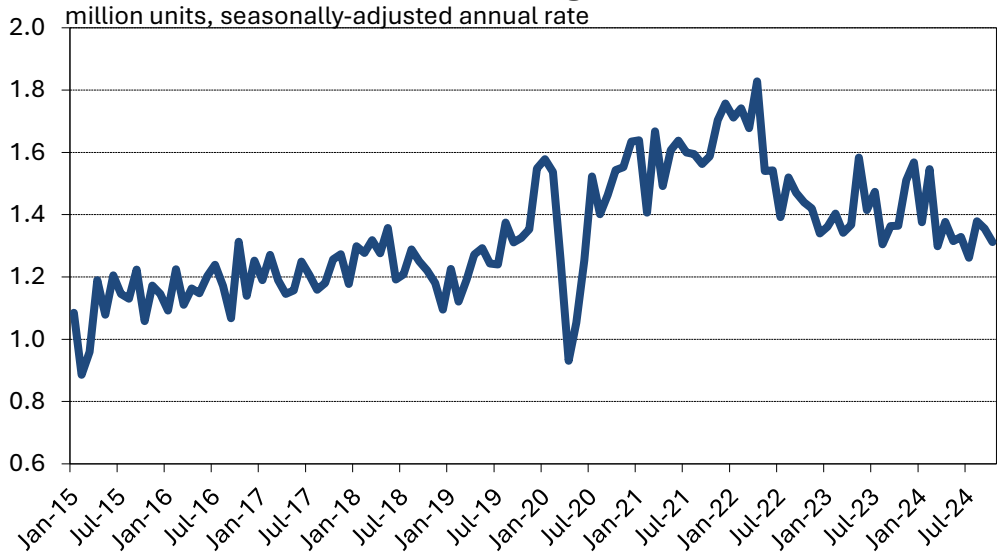
## Index of Consumer Confidence



Source: The Conference Board

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## U.S. Housing Starts



Source: Department of Commerce

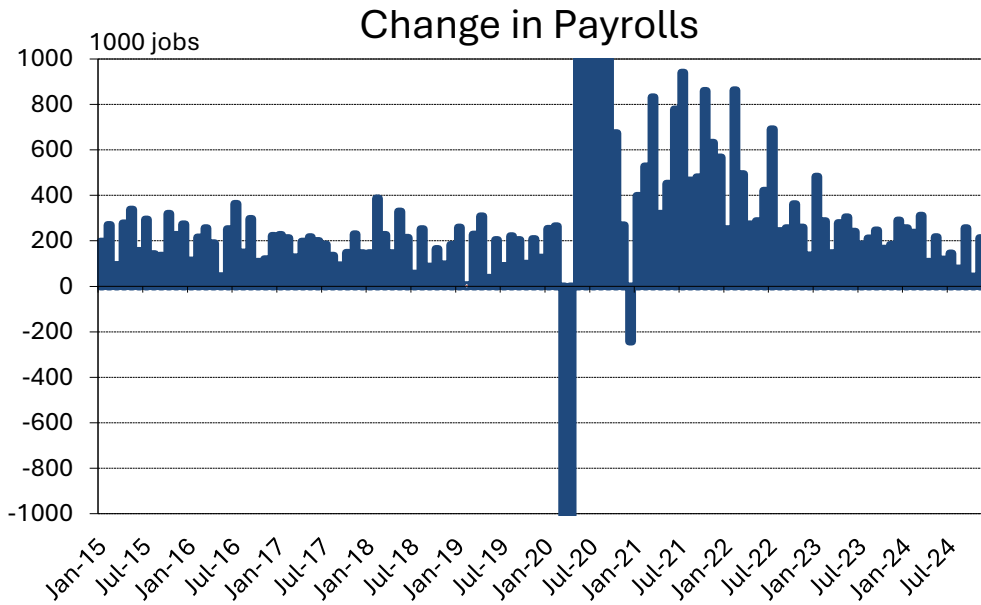
## U.S. Existing Home Sales



Source: Department of Commerce

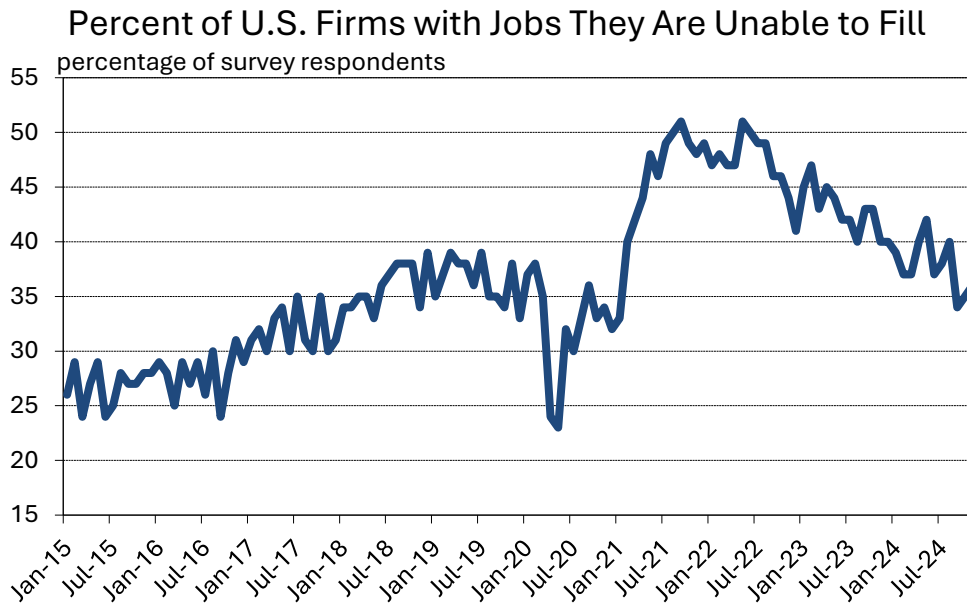
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Source: Bureau of Labor Statistics

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

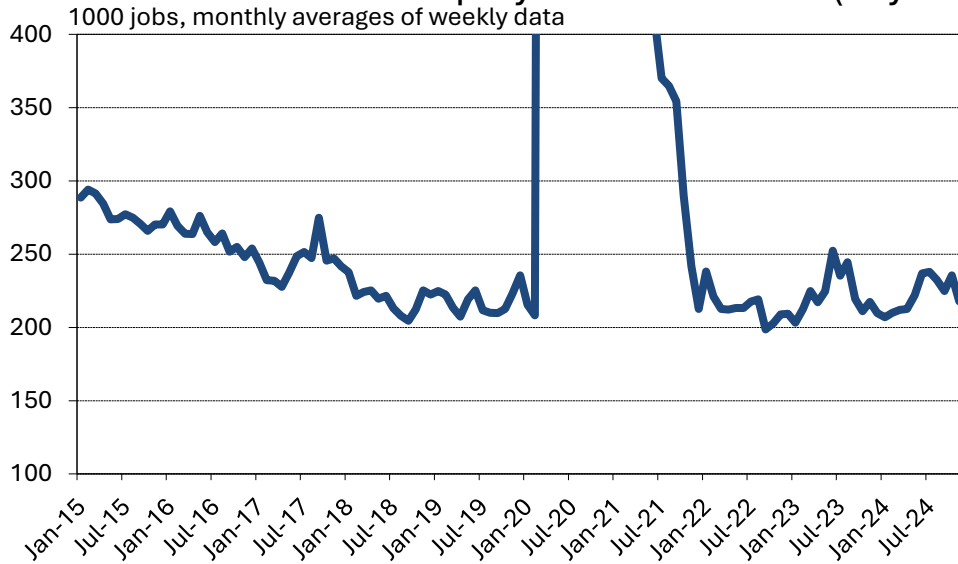


Source: National Federation of Independent Business

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

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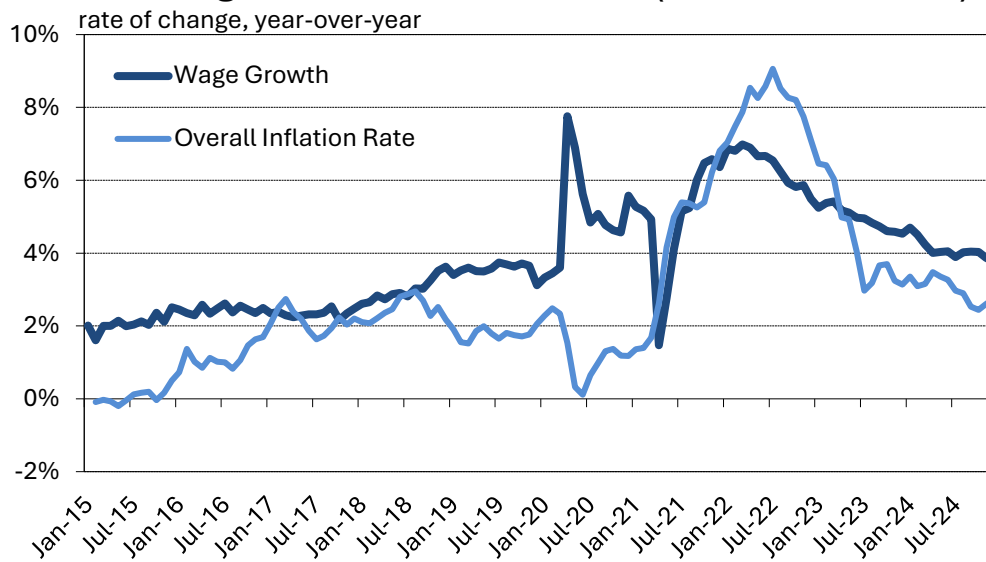
## Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

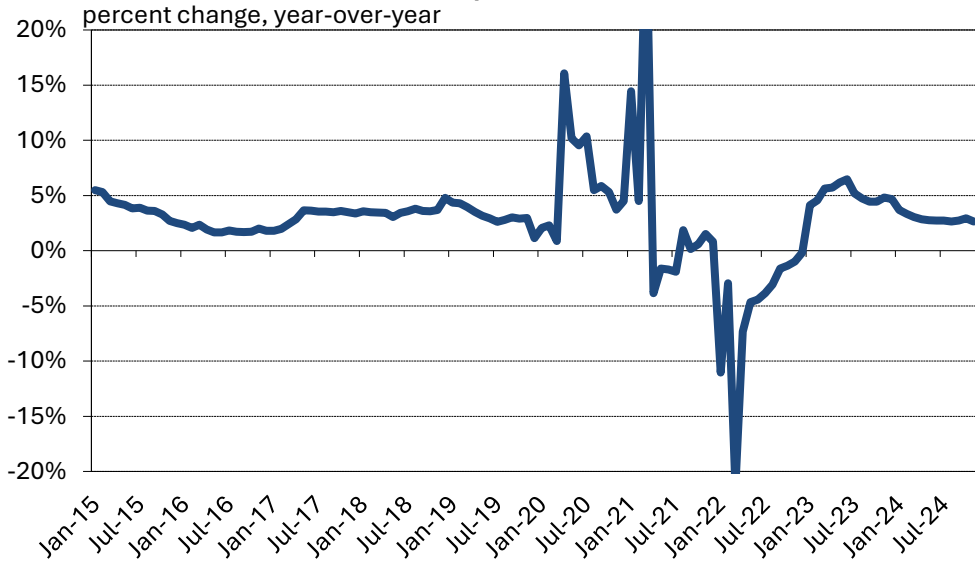
## U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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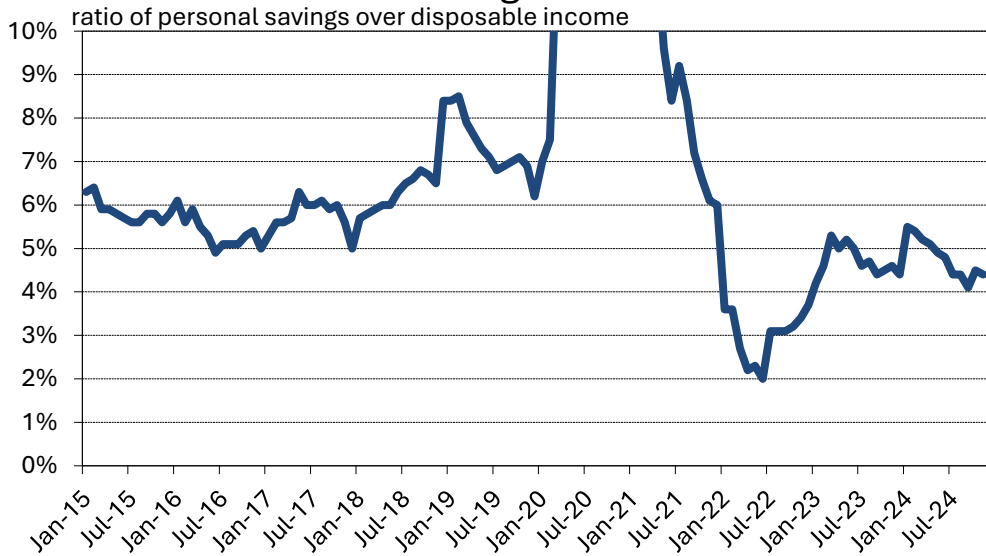
## Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

## Savings Rate

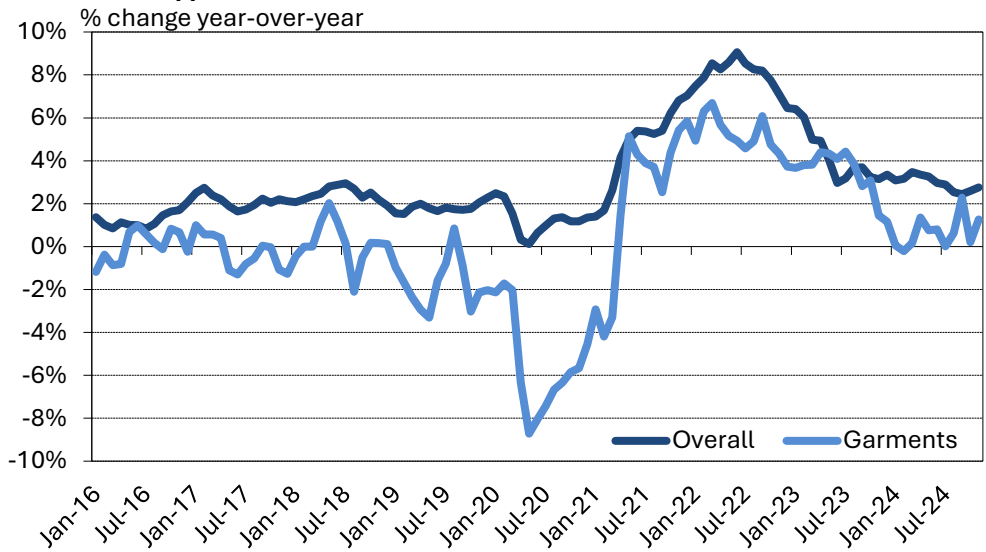


Source: Bureau of Labor Statistics

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

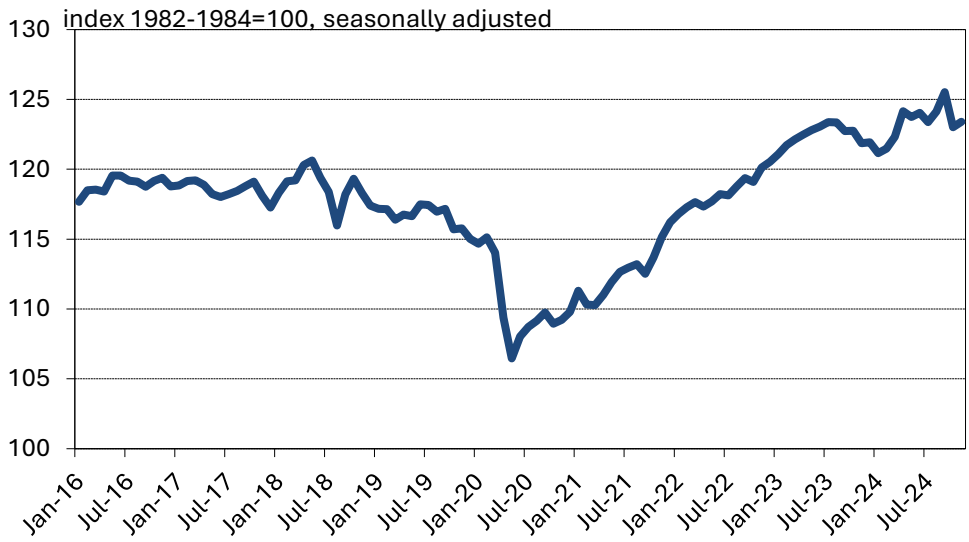
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## Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

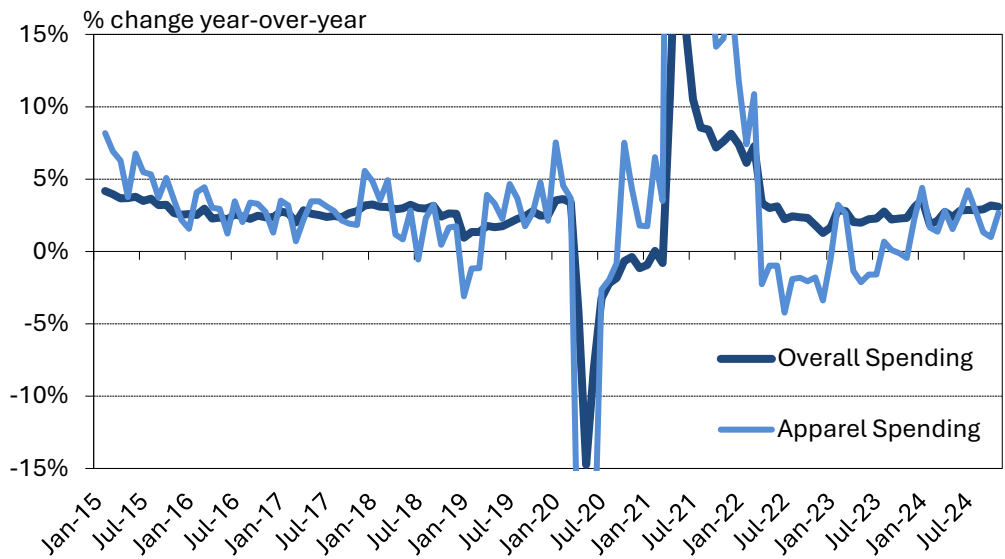
## U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

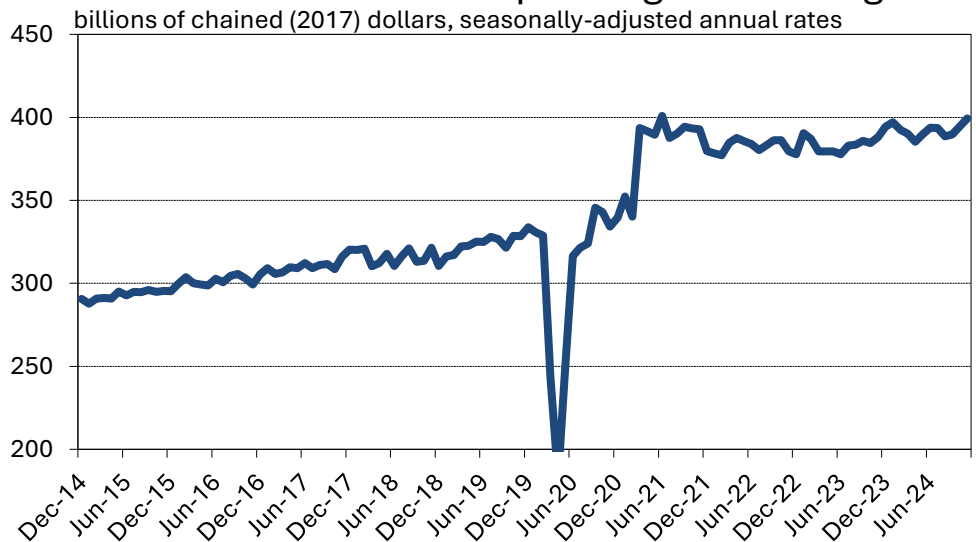
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## Real Consumer Spending Growth - Overall & Apparel



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

## U.S. Real Consumer Spending on Clothing

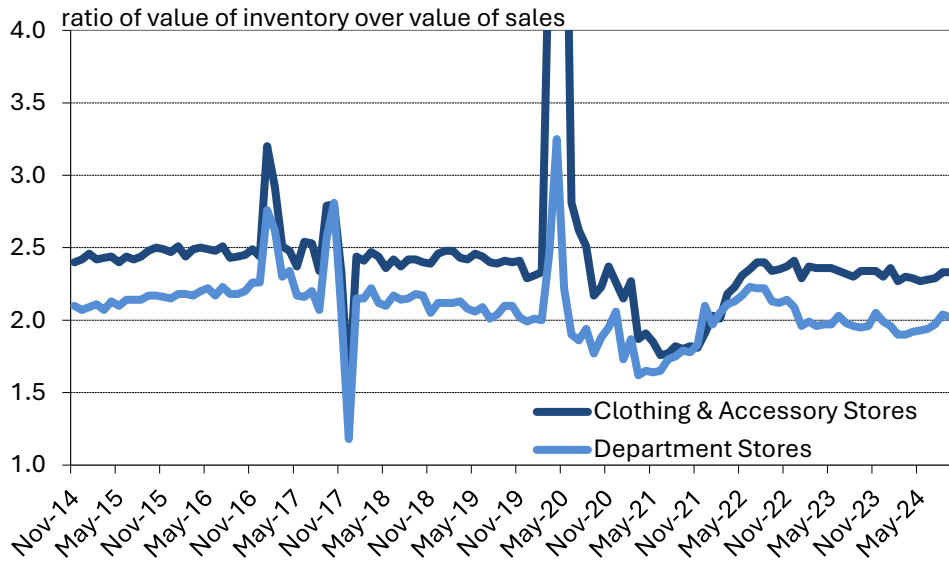


Source: Bureau of Economic Analysis

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

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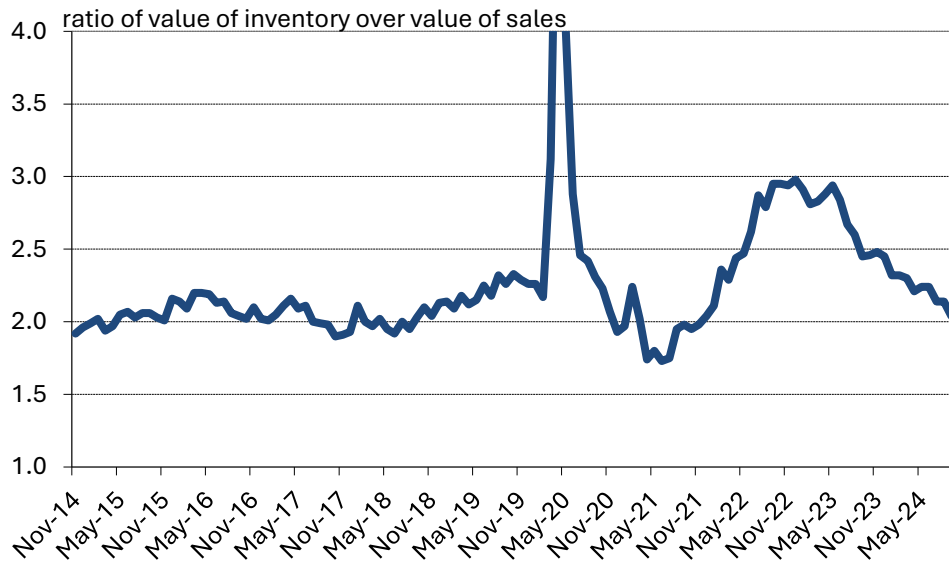
## U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

## U.S. Clothing Wholesaler Inventory/Sales Ratio

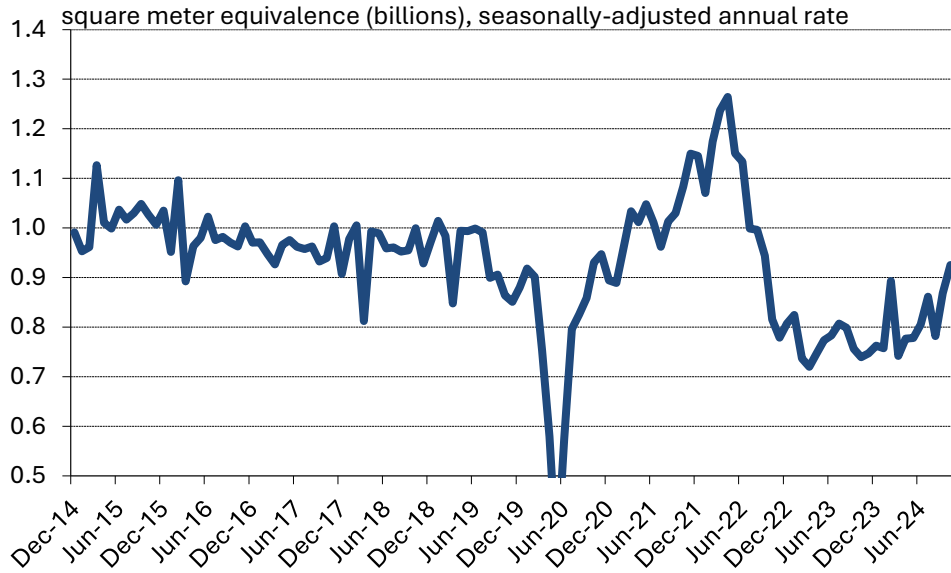


Source: Department of Commerce

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

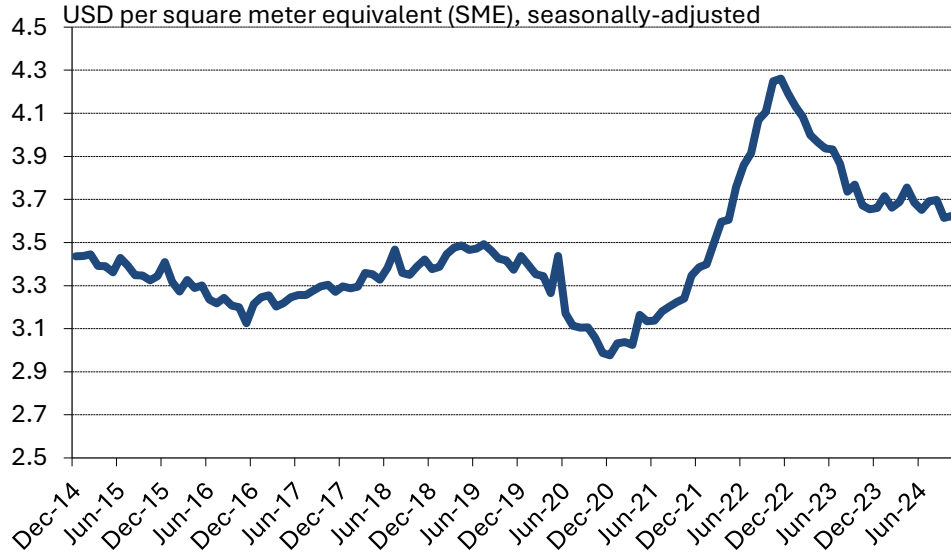
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## U.S. Cotton-Dominant Apparel Import Volume



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

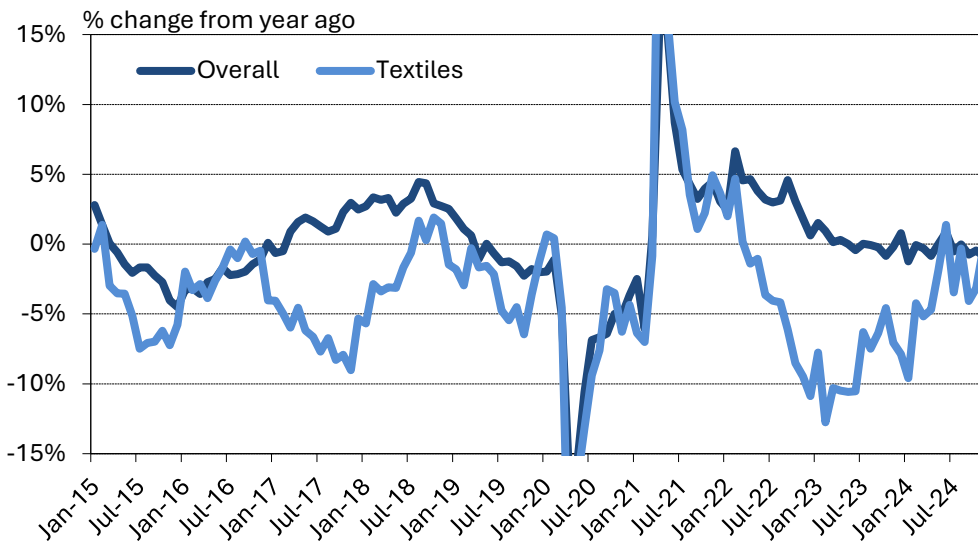
## Average Cost of Cotton-Dominant Apparel Imports



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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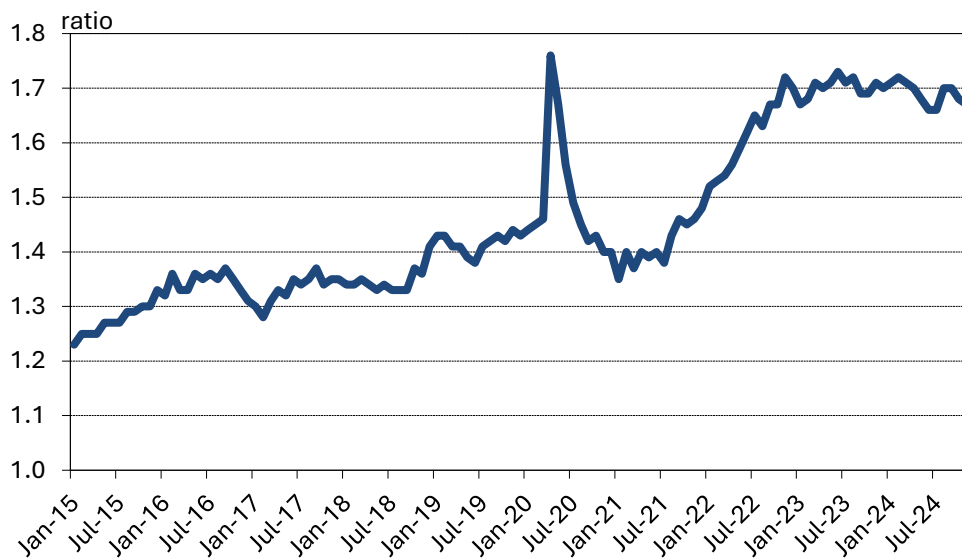
## U.S. Industrial Production - Overall & Textiles



Source: Department of Commerce

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

## U.S. Textile Mill Inventory to Shipments Ratio

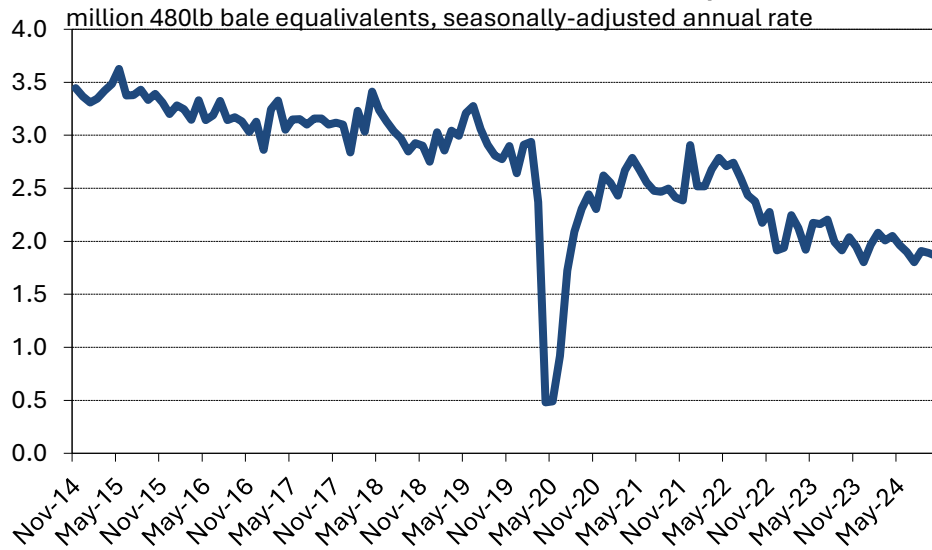


Source: Federal Reserve

[return to text](#)

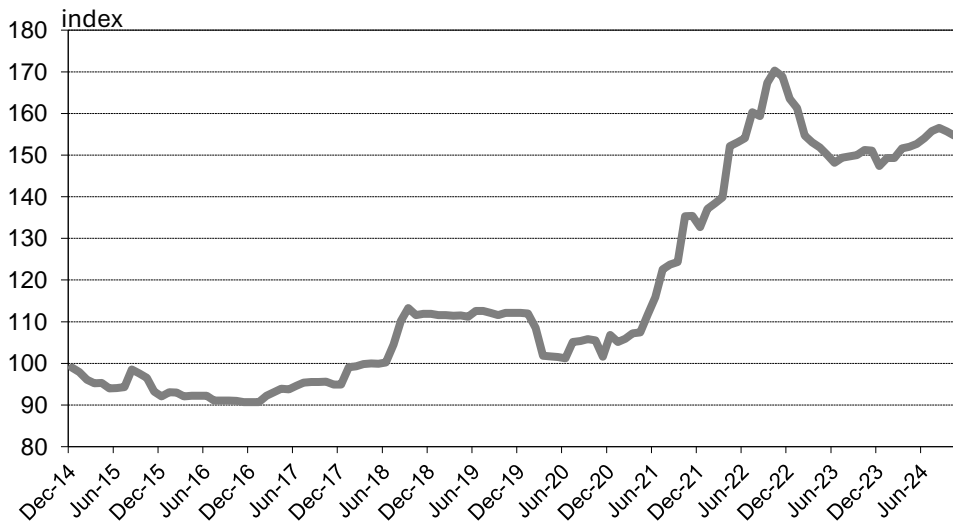


## US Cotton Yarn & Fabric Exports



Source: USDA

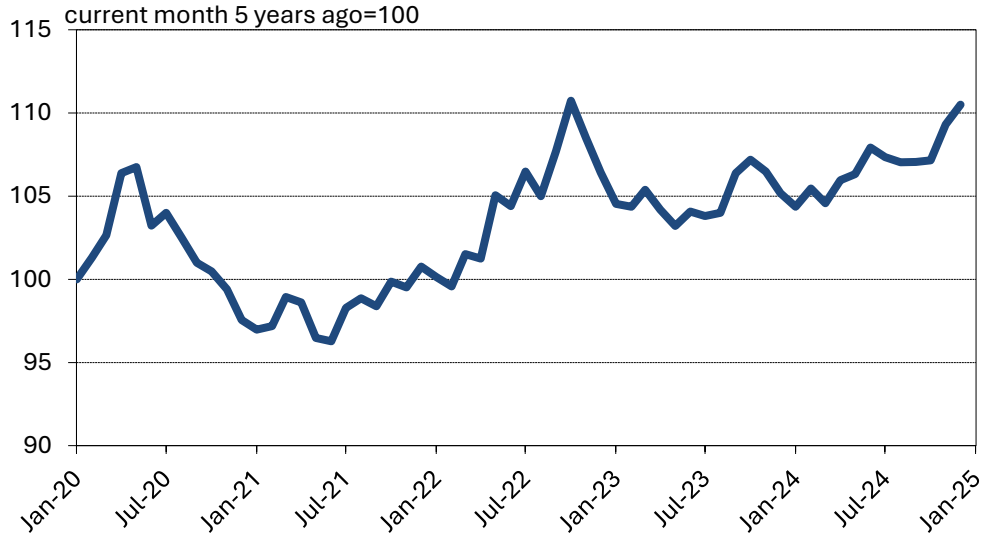
## Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

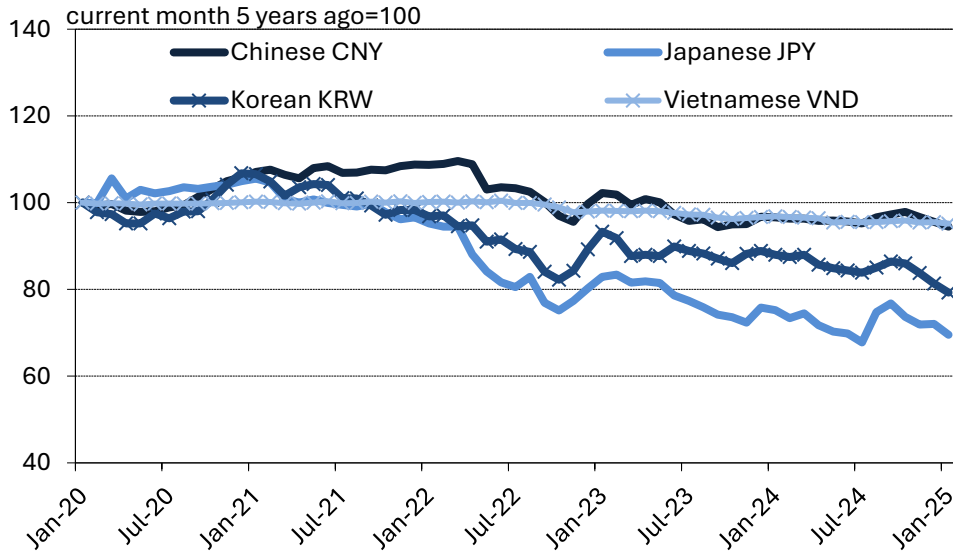
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## Trade Weighted Exchange Index for U.S. Dollar



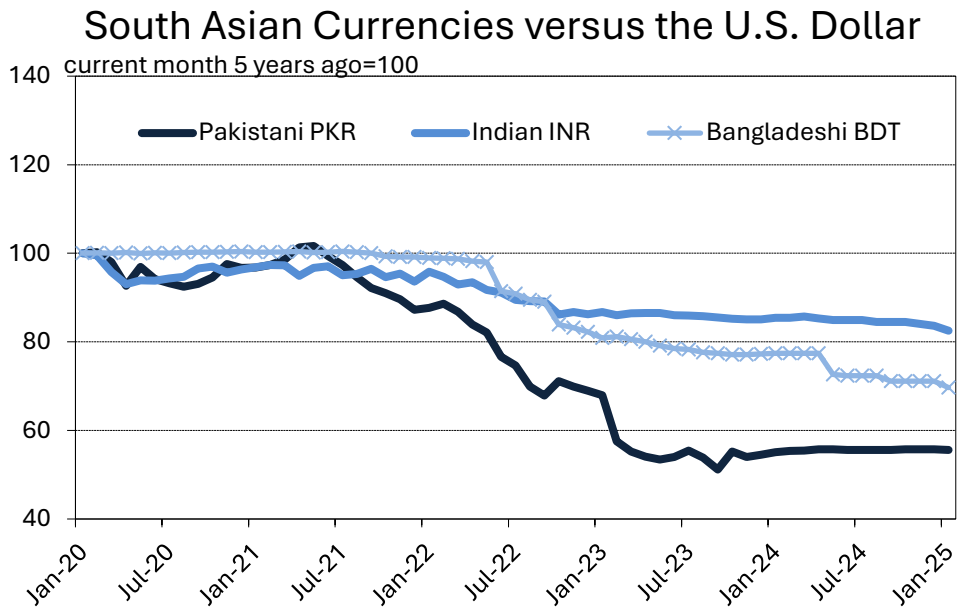
Source: Federal Reserve

## East Asian Currencies versus the U.S. Dollar

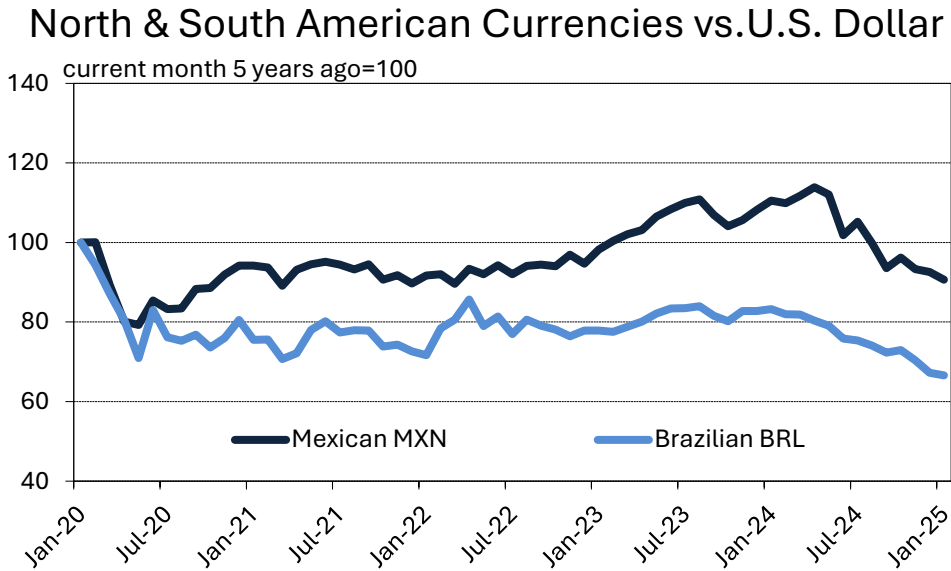


Source: Reuters

[return to text](#)



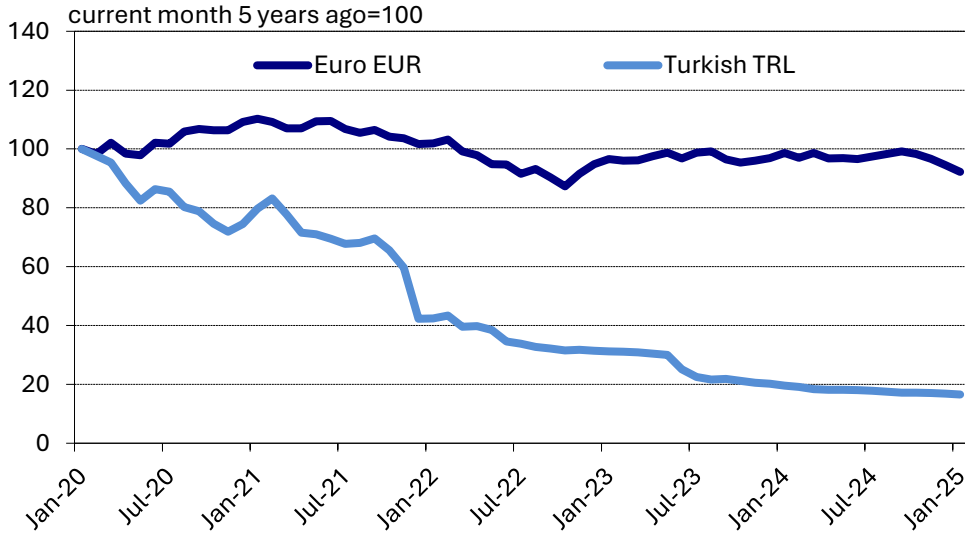
Source: Reuters



Source: Reuters

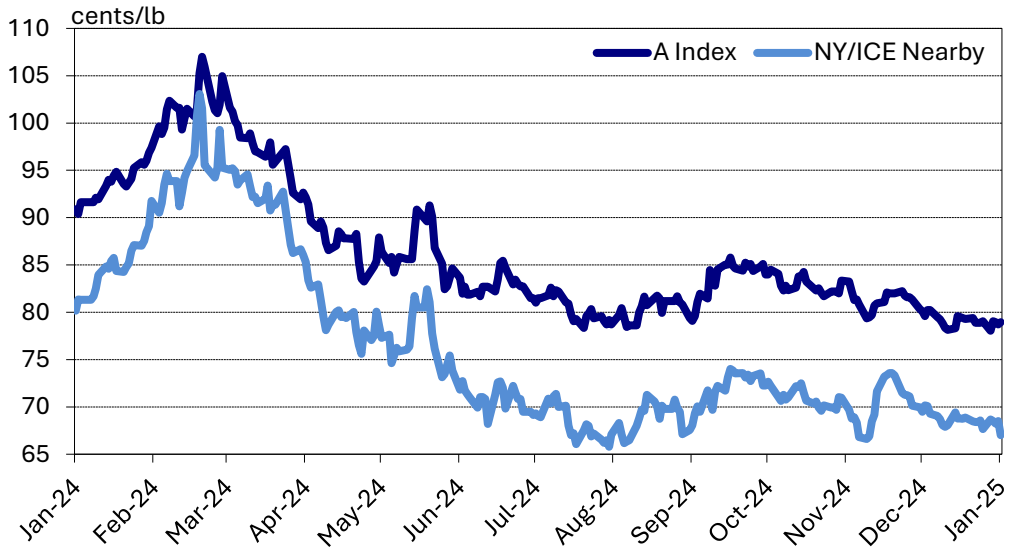
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## European Currencies vs. U.S. Dollar



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](#).

[return to text](#)