

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



February 2025

www.cottoninc.com

Macroeconomic Overview: Policy-related uncertainty may be a factor clouding the outlook, but recent data describing the U.S. economy show that the labor market, consumer spending, and GDP growth were healthy coming into the start of 2025.

The International Monetary Fund (IMF) updated its forecasts for GDP in January. It now projects the world economy to grow 3.3% in 2025 and 2026. Previous estimates (released in October) suggested 3.2% growth in 2025 and 3.3% in 2026. The average growth rate between 2000 and 2019 was 3.7%.

The relative stability of IMF forecasts for world-level GDP mask a divergence in the direction of updates at less aggregated levels. The U.S. continues to outperform expectations, and the forecast for U.S. growth was revised higher (+0.5 percentage points from 2.2% to 2.7% for 2025 and +0.1 from 2.0% to 2.1% for 2026). The Federal Reserve projects real GDP in the U.S. to grow 2.1% in 2025 and 2.0% in 2026. The U.S. Bureau of Economic Analysis (BEA, the official source of U.S. GDP data) recently released its first estimate for the entire 2024 calendar year. At 2.8%, it is near the BEA's 2.9% figure for 2023.

IMF projections for China were also revised higher (+0.1 percentage points to 4.6% for 2025 and +0.4 to 4.5% for 2026). This contrasted with reductions to forecasts for Europe. IMF estimates for Euro Zone GDP were lowered -0.2 percentage points for 2025 (to 1.0%) and -0.1 points for 2026 (to 1.4%).

A strong labor market continues to support U.S. consumer spending, and therefore economic growth. Estimates for U.S. spending over the holidays came in above expectations (4.0% estimated by the National Retail Federation or NRF, the NRF's holiday spending forecast suggested growth between 2.5-3.5%). The stronger-than-expected spending around the end of the year came despite a shorter holiday sales period (due to the Thanksgiving holiday being later than usual). While consumers are still facing higher prices, unemployment remains low, and wage growth has been outpacing inflation since the second half of 2023.

Employment: The U.S. economy is estimated to have added +143,000 jobs in January. Revisions to previous estimates for November (up +49,000 to +261,000) and December (up +51,000 to +307,000) were positive.

The unemployment rate decreased marginally, from 4.1% to 4.0%. Despite a gentle upward trend since 2023, the unemployment rate has ranged between 4.0% and 4.2% since May 2024, remaining at levels that are low by historical standards.

Wage growth was 4.2% in January. Since March of last year, wage growth has been between 4.0% and 4.2%. While lower than the growth posted between 2021 and 2023, recent levels are higher than any values posted in the time between the financial crisis and the onset of COVID. Recent values are also higher than inflation rates (overall CPI increased 2.9% in December). Wage growth has been stronger than inflation since early 2023, and wages have been more than one percentage higher than inflation for the past seven months.

Consumer Confidence & Spending: The Conference Board's Index of Consumer Confidence decreased for a second consecutive month in January (-3.3 points in December to 109.5 and -5.4 points in January to 104.1). With these decreases, the index has fallen from the upper end of the range between 95 and 115 that have contained values since the third quarter of 2021.

Overall consumer spending increased 0.4% month-over-month in December. Year-over-year, overall spending was 3.1% higher. Total spending accelerated late in the year. Between September and December, the average monthly increase was 0.4%. Between January and August, the average rate of spending growth was half as strong.

Spending on garments was 0.3% higher month-over-month in December and was up 1.7% year-over-year. Apparel spending also accelerated later in the year. Between September and December, the average monthly increase was 0.8%. Between January and August, the average monthly rate of clothing spending growth was -0.2%.

Consumer Prices & Import Data: Average retail apparel prices, as measured by the CPI for clothing, increased 0.2% month-over-month and were up 1.4% year-over-year in December. Current price levels are the highest since the early 2000s.

Average import costs, represented by the average price per square-meter-equivalent (SME), increased slightly month-over-month (from \$3.62/SME to \$3.68/SME, seasonally-adjusted) and year-over-year (from \$3.64/SME to \$3.68/SME) in data for December. Import volumes accelerated near the end of the year, with the amount of cotton-dominant SMEs in the second half of 2024 up 10% relative to the average in the first half of the year (all data seasonally-adjusted).

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			

Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices
February 2025



Macroeconomic Data

Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q2 : 2024	Q3 : 2024	Q4 : 2024		
Growth in US Real GDP	2.9%	2.8%	3.1%	3.1%	3.0%	3.1%	2.3%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for January

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
ISM Index of Manufacturing Activity	52.4	48.4	48.4	49.5	48.4	49.2	50.9	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.5	52.4	53.5	53.1	52.5	54.0	52.8	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	105.2	103.9	106.8	108.8	112.8	109.5	104.1	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	117.3	168.3	177.7	237.0	261	307	143	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	4.1%	4.1%	4.1%	4.2%	4.1%	4.0%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.5%	5.1%	4.8%	4.5%	4.6%	4.5%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	2.7%	4.3%	4.2%	4.5%	4.4%	4.4%	4.6%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	110.2	102.5	101.7	101.7	101.7	101.7	101.6	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.3	1.3	1.5	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.0	4.1	4.0	4.1	4.0	4.2	4.2	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	100.5	102.6	102.6	102.5	102.6	102.9	103.2	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	136.8	153.4	155.3	154.7	154.7	154.7	154.7	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.0	1.8	1.9	1.8	1.9	1.9	1.7	million 480lb bales	USDA ERS

Industrial & Textile 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		
US Textile Mill Inventory/Shipments Ratio	1.59	1.69	1.69	1.68	1.68	1.67	1.69	Ratio	Department of Commerce

Retail Data

Retail 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		
US Real Consumer Spending									
All Goods and Services	3.0%	2.8%	3.1%	3.2%	3.2%	3.2%	3.1%	% Chg. Year/Year	Department of Commerce
Clothing	5.4%	2.3%	2.2%	2.8%	3.5%	3.1%	1.7%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.2%	2.9%	2.6%	2.8%	2.6%	2.7%	2.9%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.3%	0.8%	1.2%	1.3%	0.2%	1.3%	1.4%	% Chg. Year/Year	Bureau of Labor Statistics

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		
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

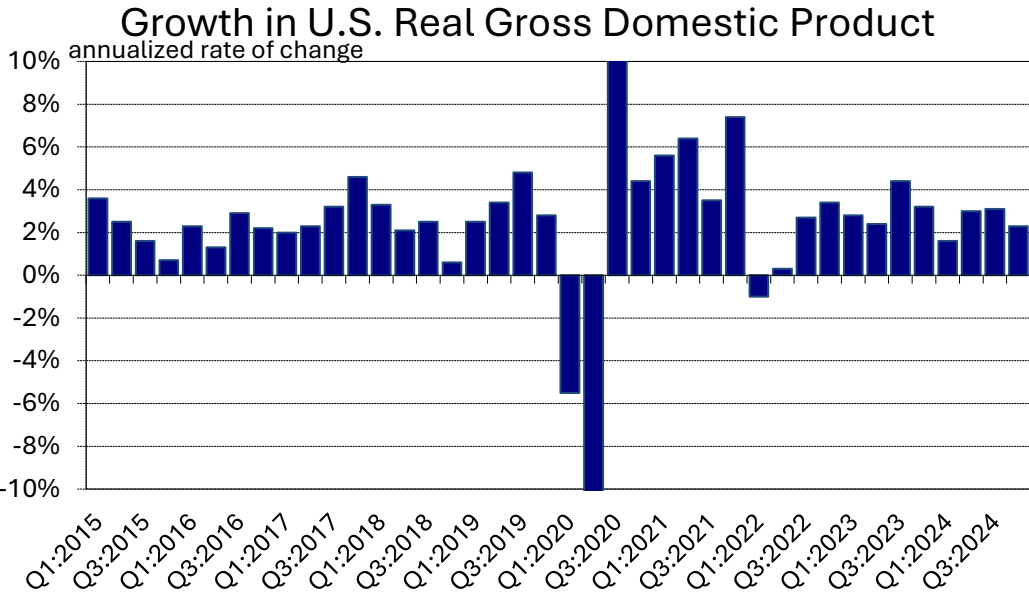
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Daily Cotton Price and Currency Data
February 2025

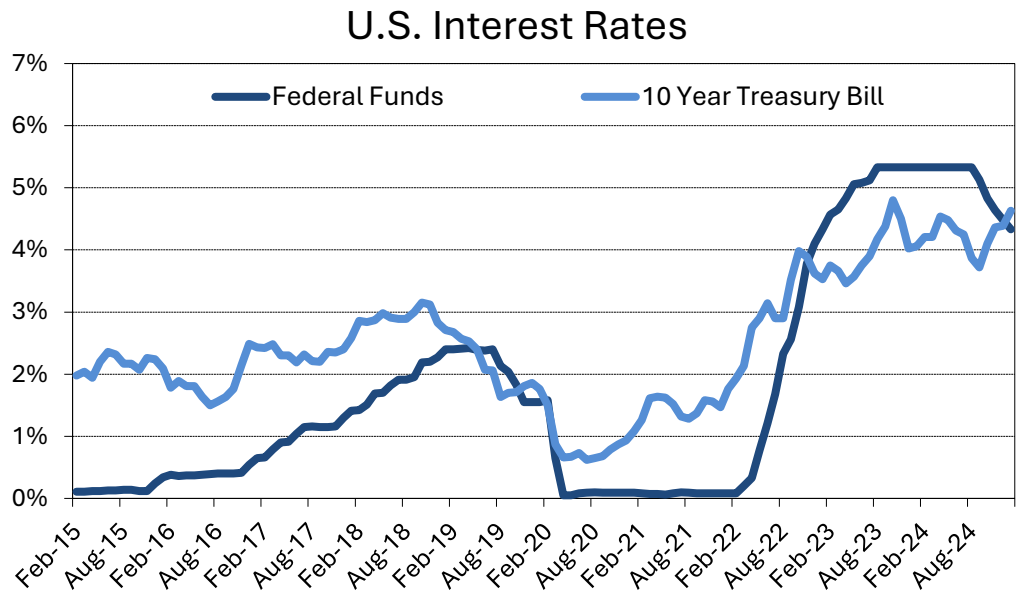


Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
NY Nearby	85.9	75.3	69.5	68.8	70.2	69.4	67.5	cents/pound	ICE
A Index	96.5	85.3	80.8	79.7	81.5	79.9	78.2	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
Dollar Trade Weighted Exchange Index	119.3	121.9	125.0	126.9	125.0	126.9	128.9	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.87	7.02	7.17	7.25	7.16	7.26	7.33	Chinese Renminbi/US dollar	Reuters
Indian Rupee	78.78	81.91	84.45	84.93	84.38	84.70	85.72	Indian Rupee/US dollar	Reuters
Japanese Yen	128.51	141.85	149.78	153.59	152.97	149.89	157.93	Japanese Yen/US dollar	Reuters
Pakistani Rupee	218.81	256.22	278.26	278.15	277.93	277.93	278.60	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.24	5.19	5.75	5.94	5.68	6.06	6.06	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.32	1.34	1.39	1.41	1.39	1.41	1.43	Canadian dollar/US dollar	Reuters
Mexican Peso	19.62	18.79	19.82	20.12	19.80	20.23	20.32	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.78	0.78	0.77	0.78	0.80	British Pound/US dollar	Reuters
Euro	0.91	0.94	0.93	0.95	0.92	0.95	0.96	Euro/US dollar	Reuters
Swiss Franc	0.92	0.91	0.87	0.89	0.87	0.88	0.91	Swiss Franc/US dollar	Reuters
Turkish Lira	18.20	24.85	34.36	34.80	34.25	34.80	35.34	Turkish Lira/US dollar	Reuters



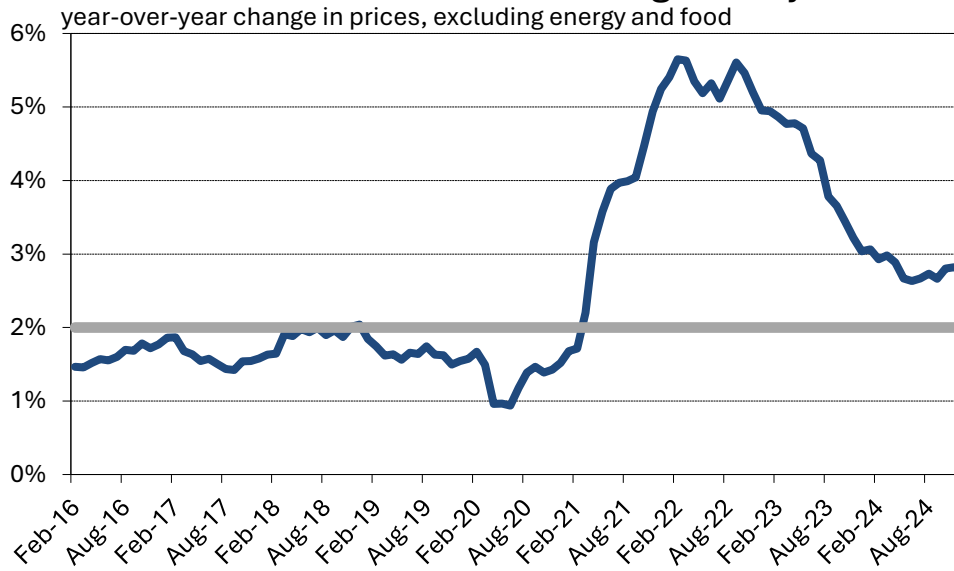
Source: Department of Commerce
 Note: Chart truncated around COVID shutdowns to highlight normal change.



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



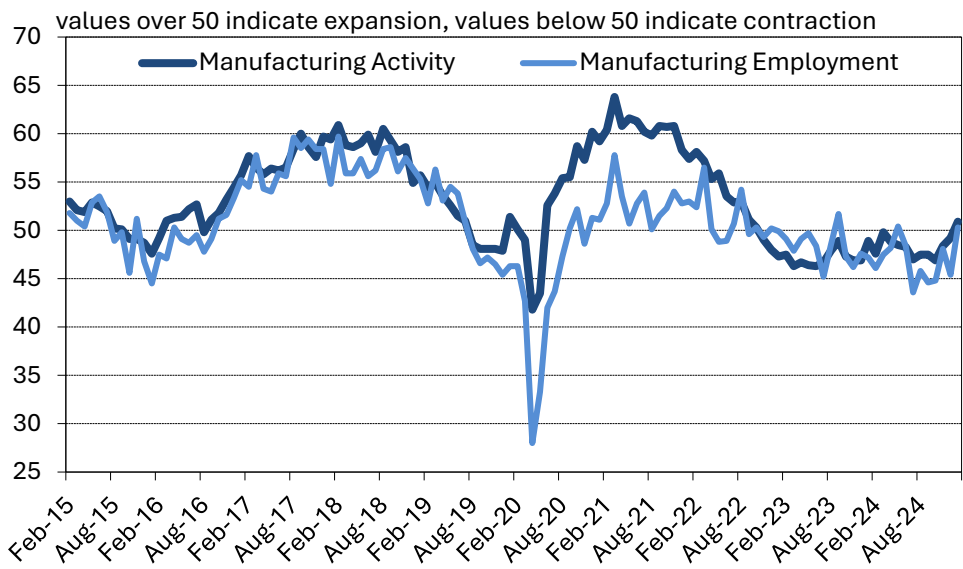
Source: Bureau of Labor Statistics

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.

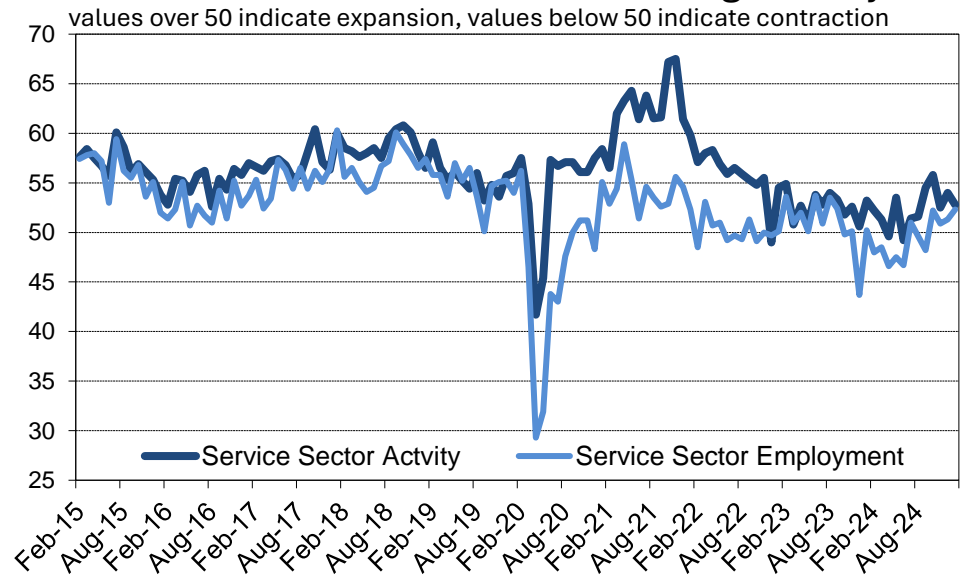
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ISM Index of Manufacturing Activity



Source: Institute for Supply Chain Management

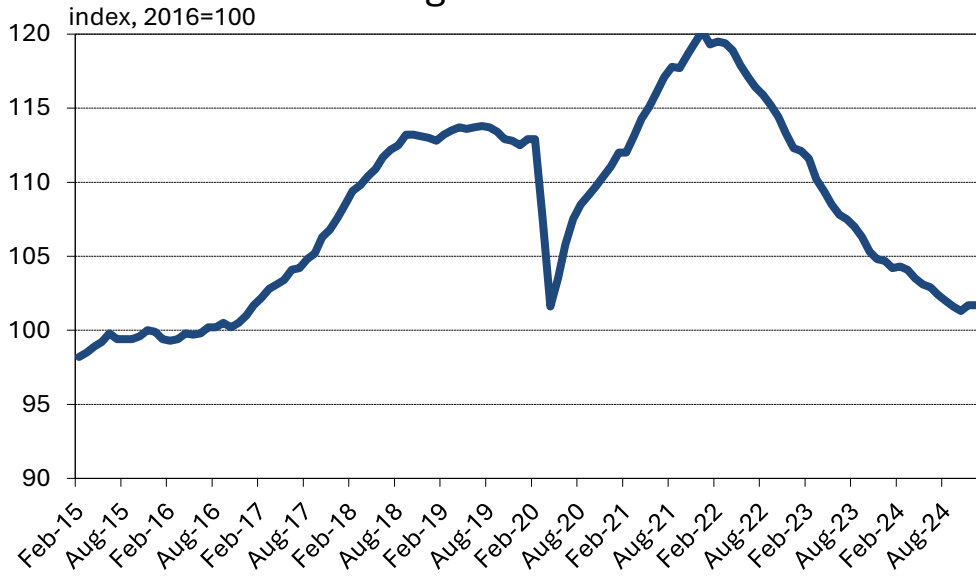
ISM Index of Non-Manufacturing Activity



Source: Institute for Supply Chain Management

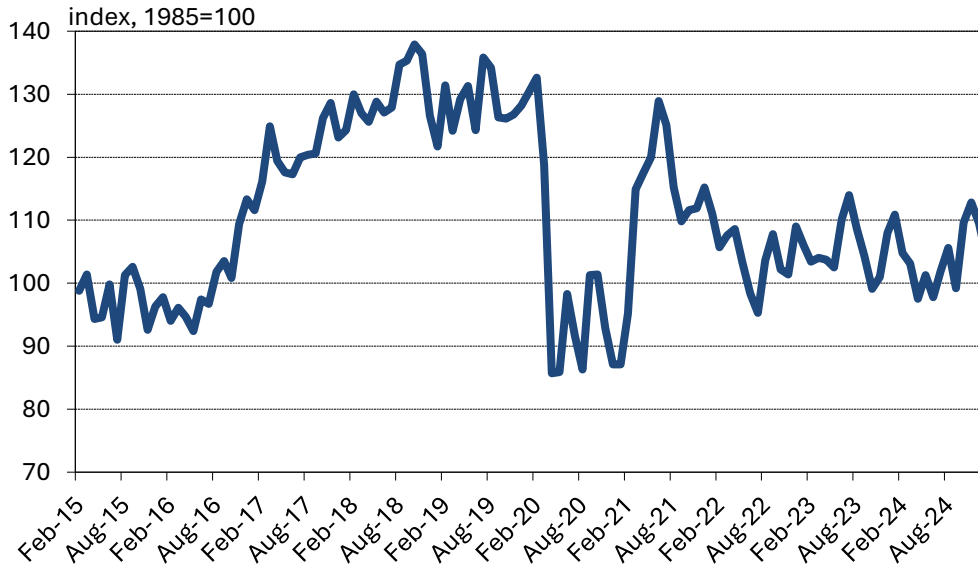
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U.S. Leading Economic Indicators



Source: The Conference Board

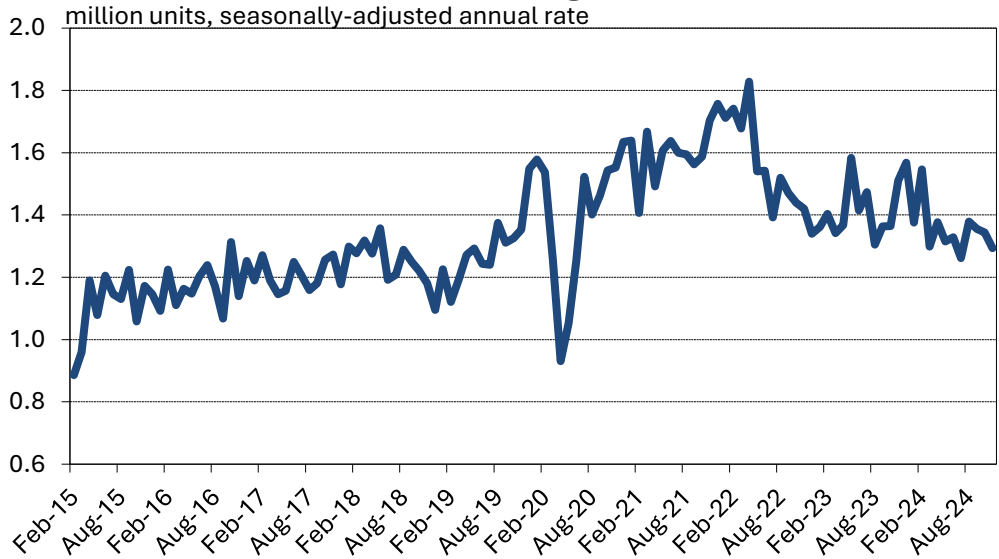
Index of Consumer Confidence



Source: The Conference Board

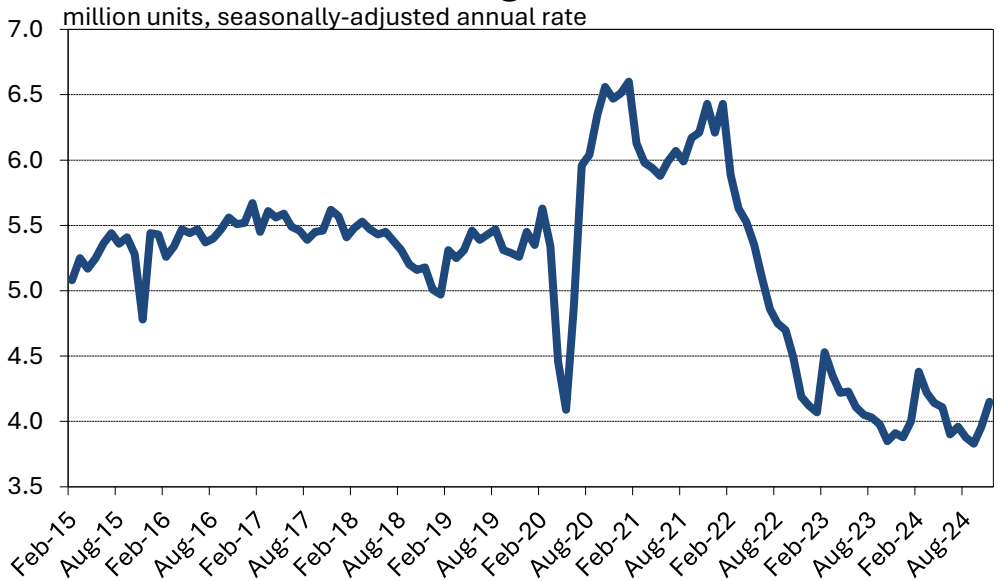
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U.S. Housing Starts



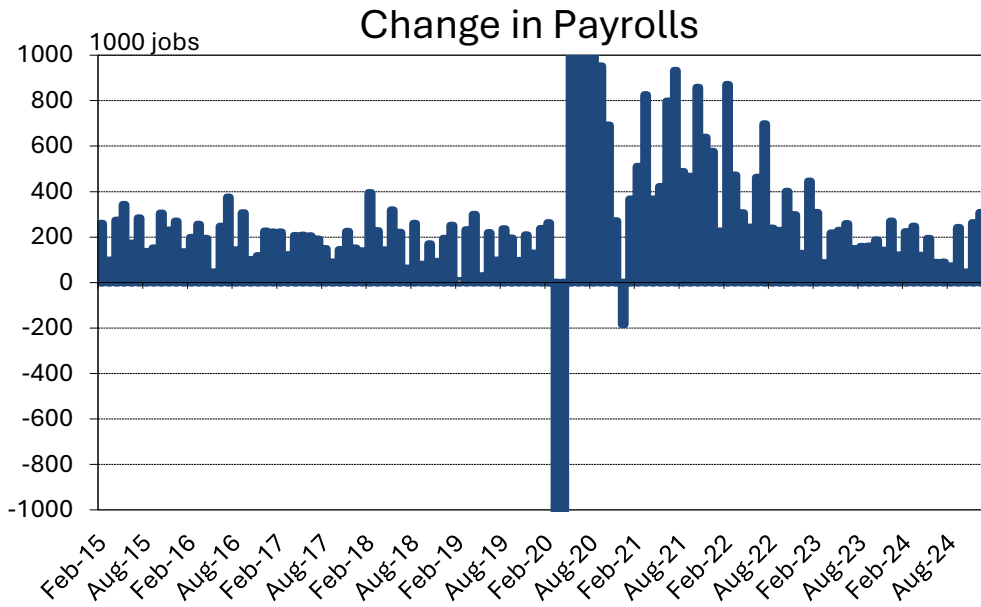
Source: Department of Commerce

U.S. Existing Home Sales



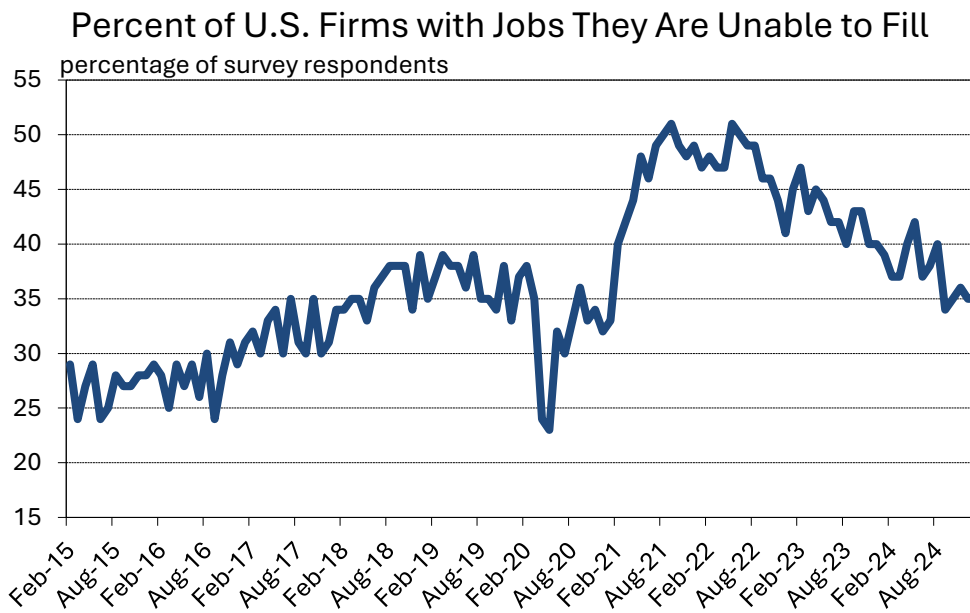
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

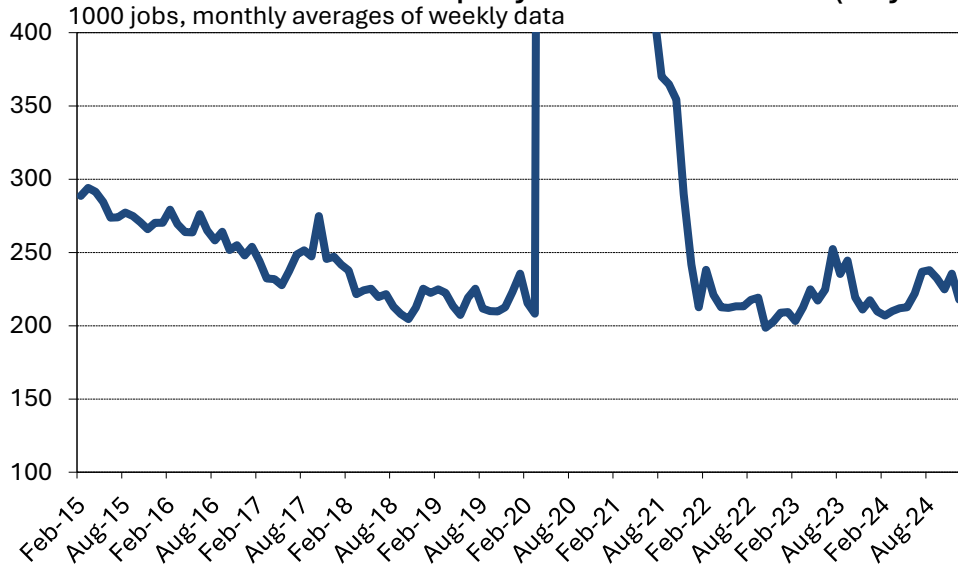


Source: National Federation of Independent Business

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

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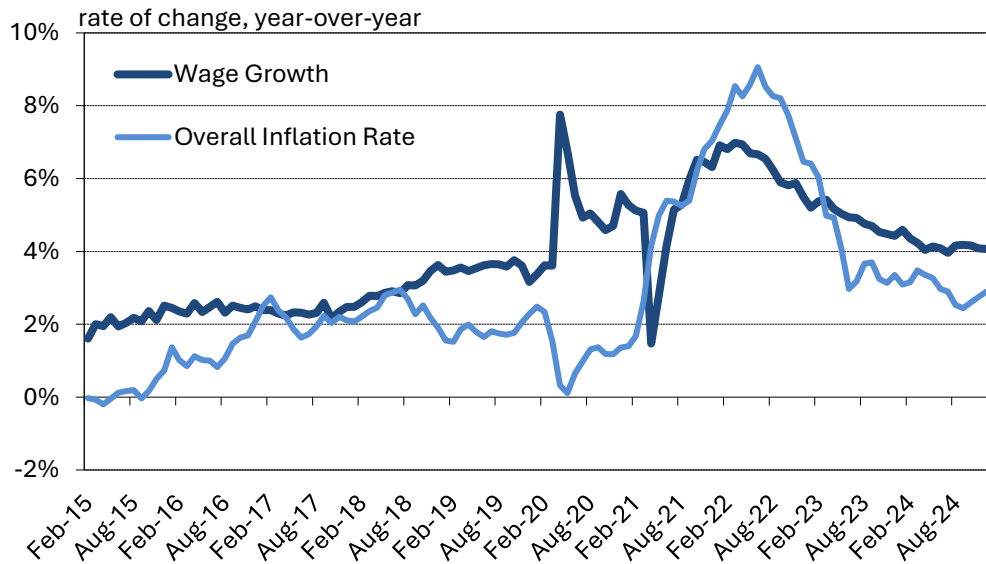
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

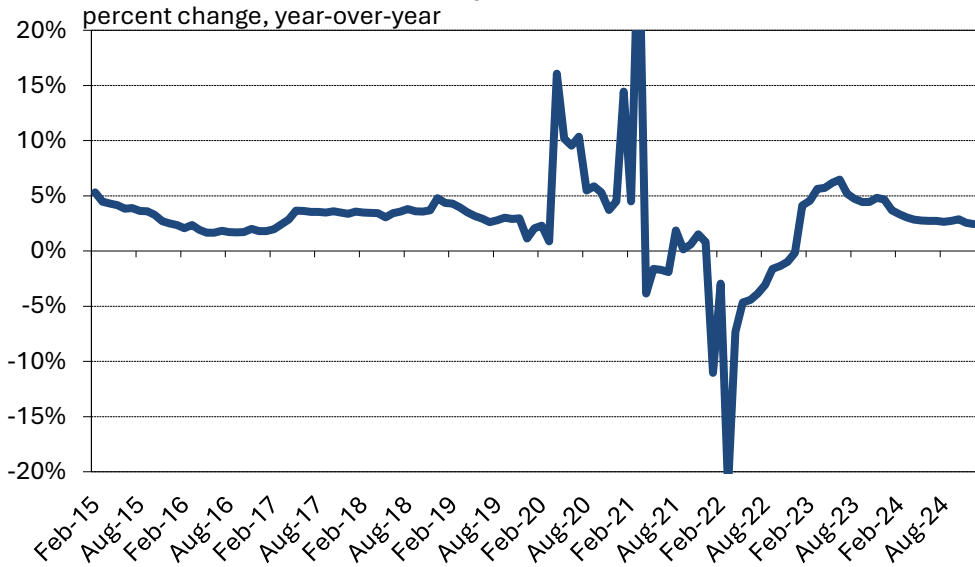
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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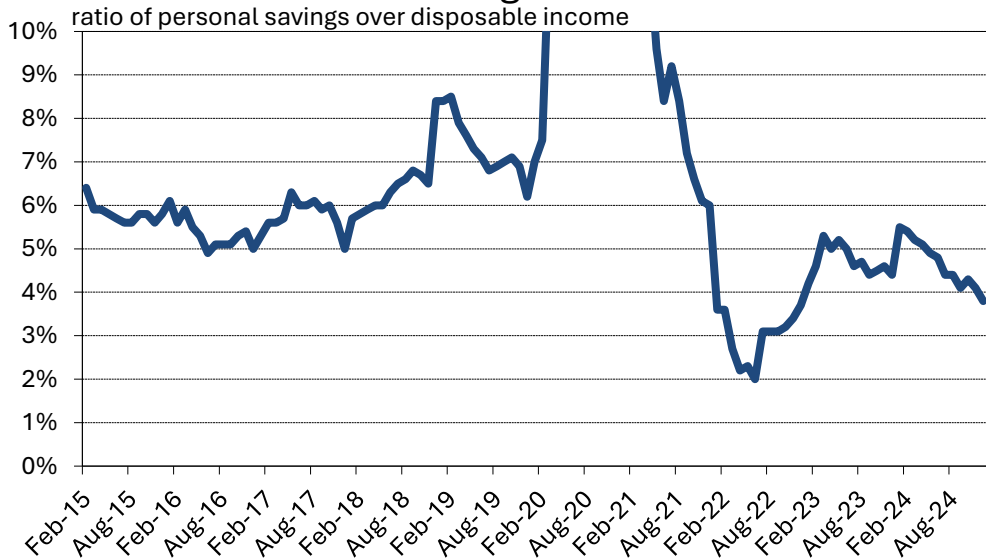
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

Savings Rate

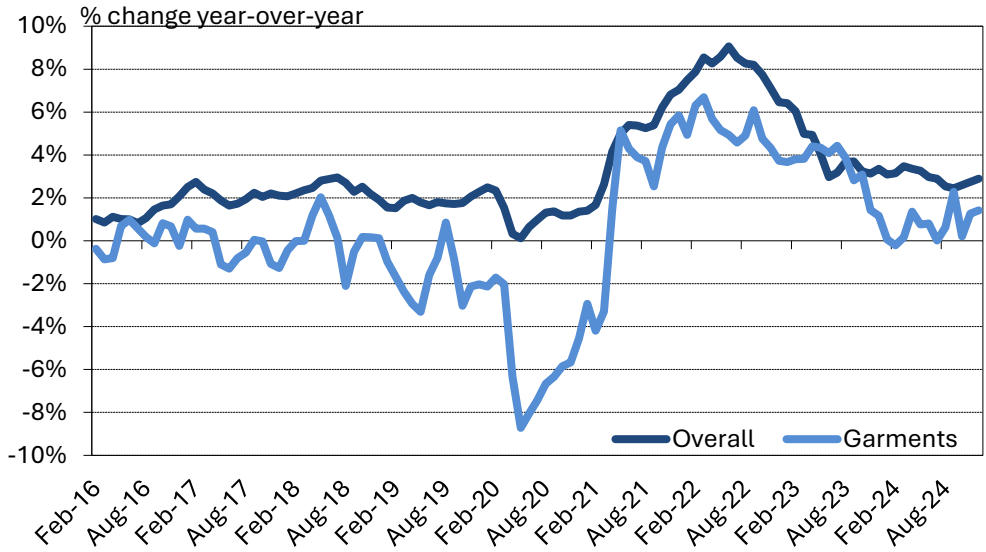


Source: Bureau of Labor Statistics

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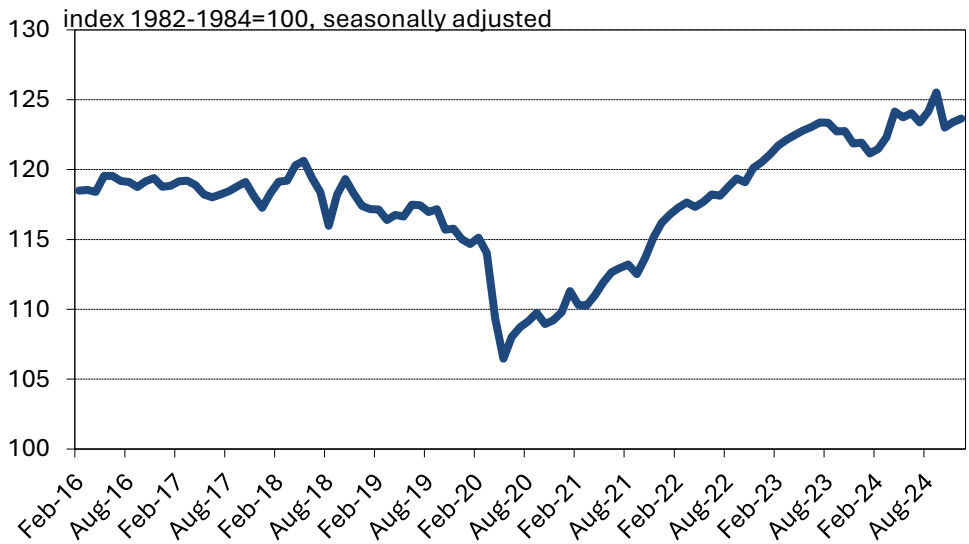
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

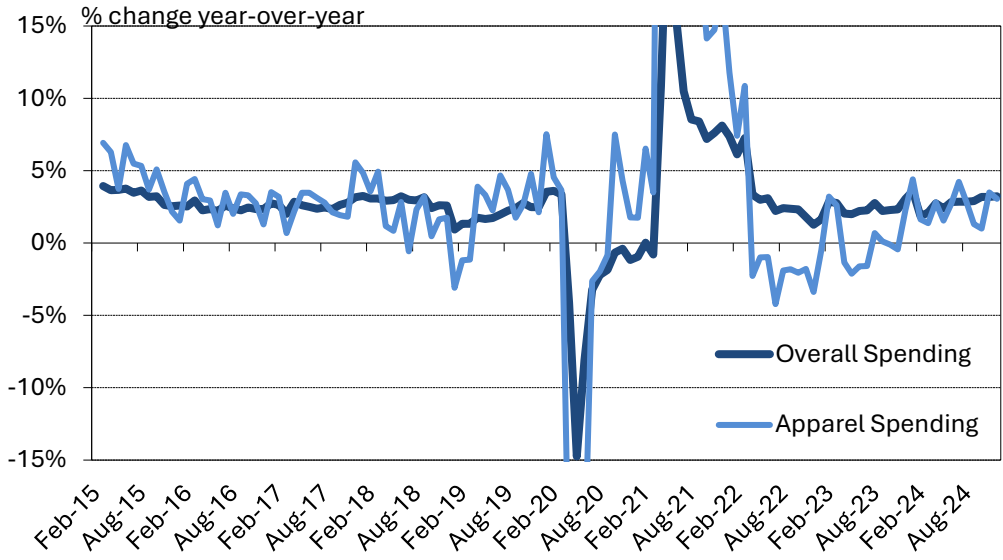
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

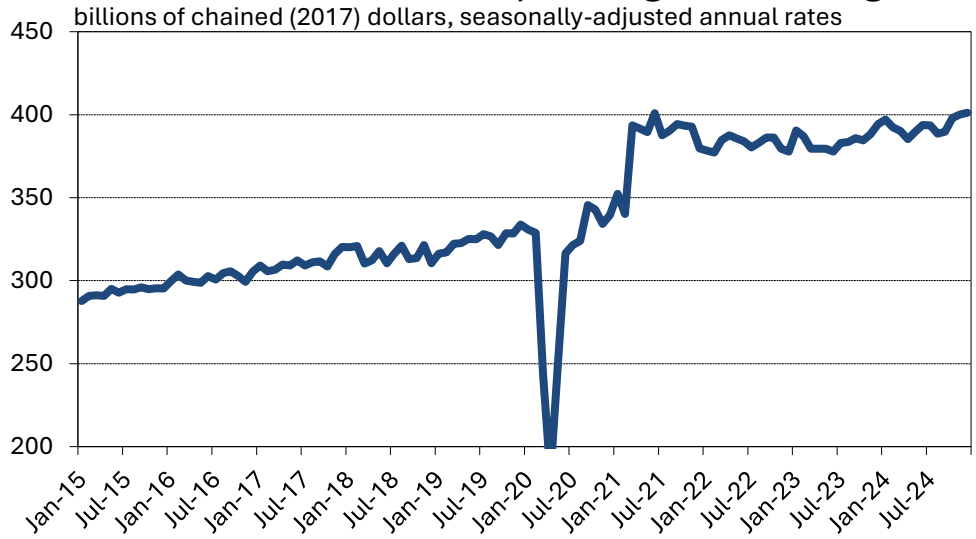
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

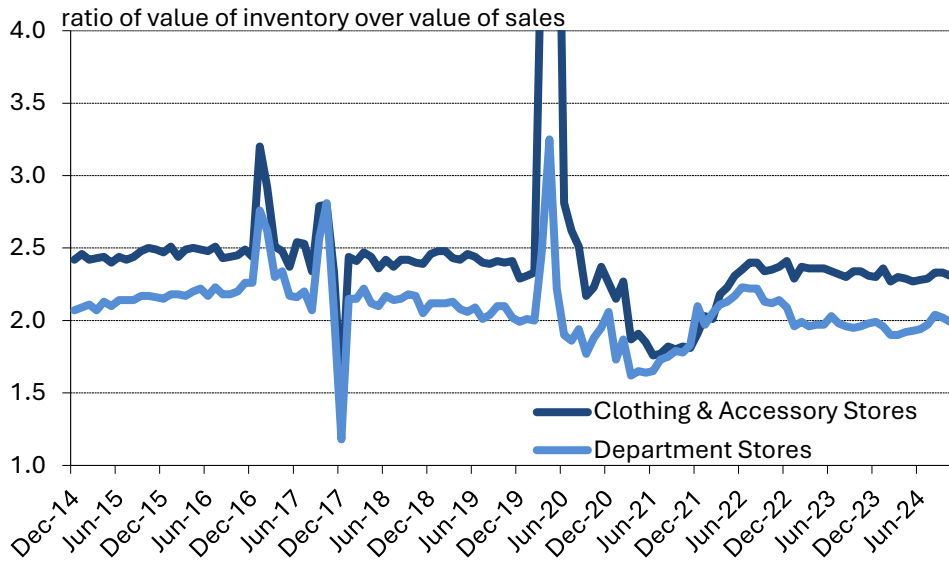


Source: Bureau of Economic Analysis

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

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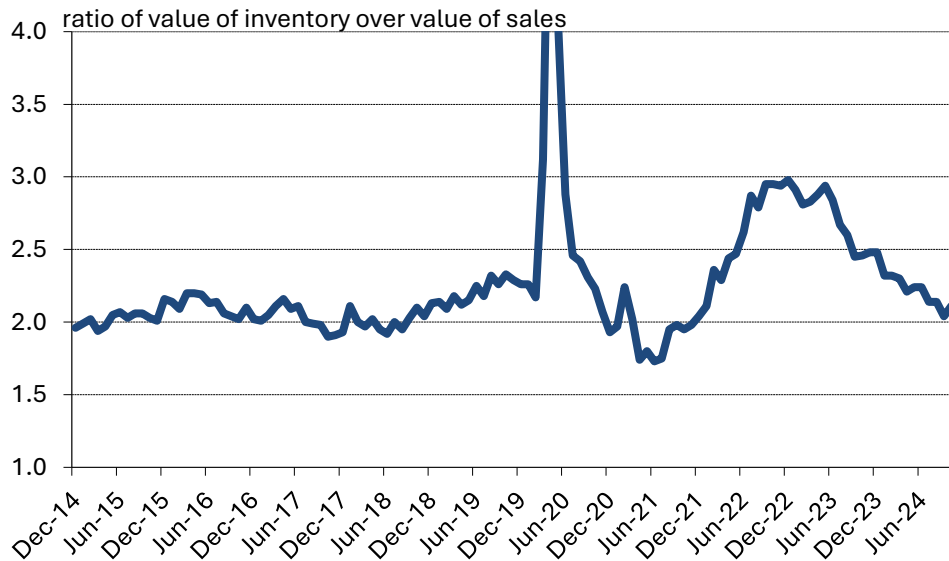
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

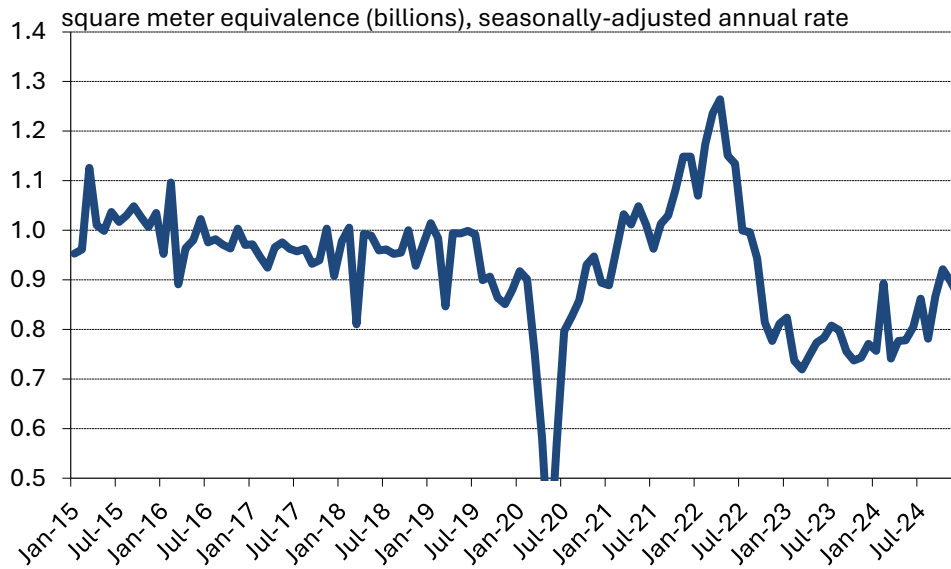


Source: Department of Commerce

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

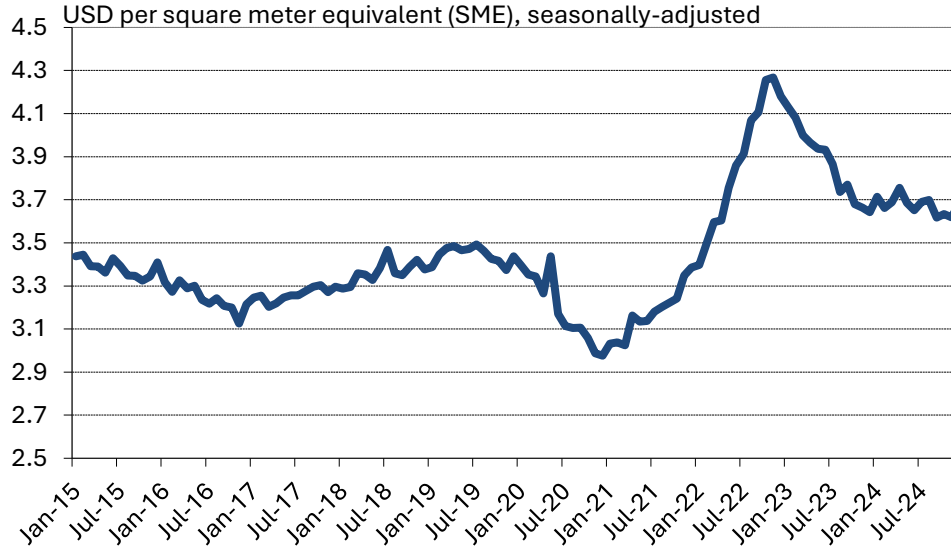
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U.S. Cotton-Dominant Apparel Import Volume



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

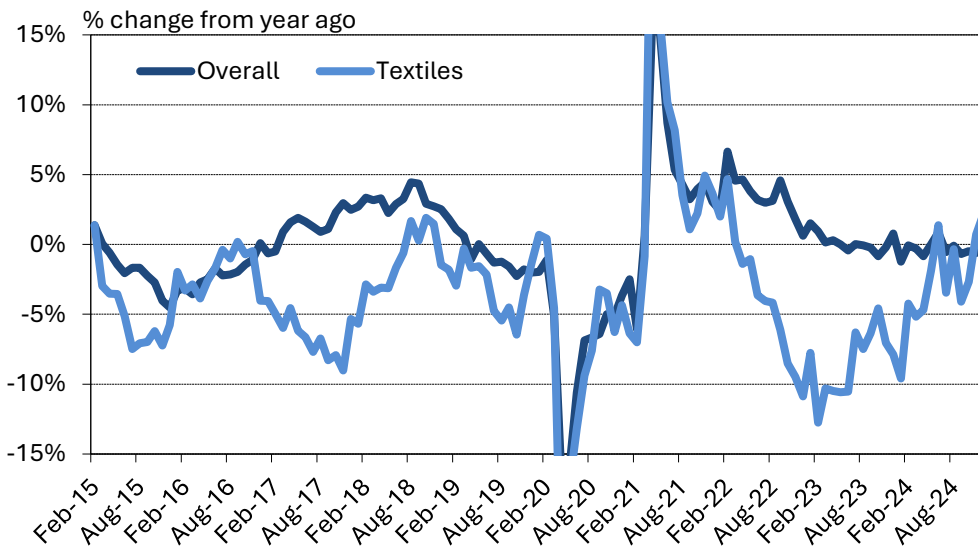
Average Cost of Cotton-Dominant Apparel Imports



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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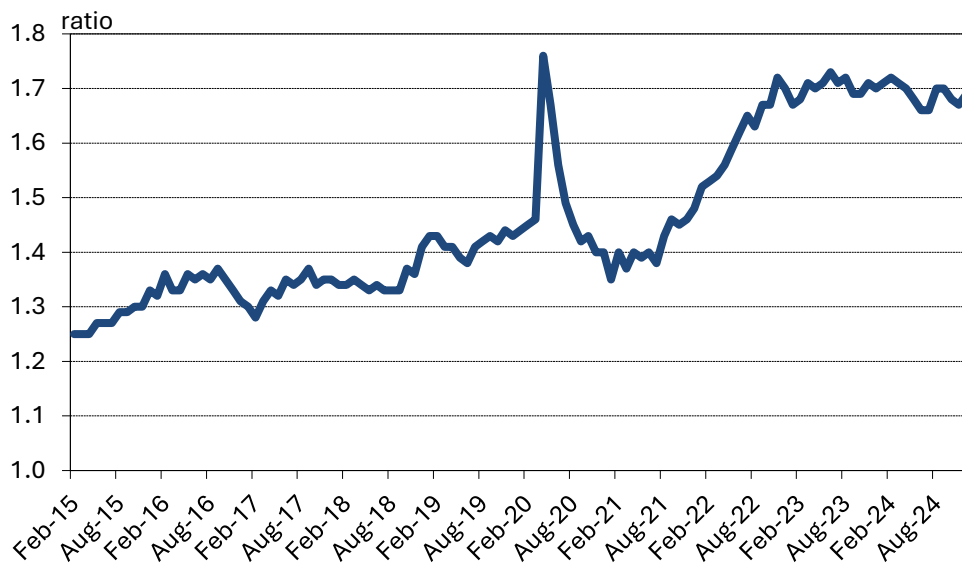
U.S. Industrial Production - Overall & Textiles



Source: Department of Commerce

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

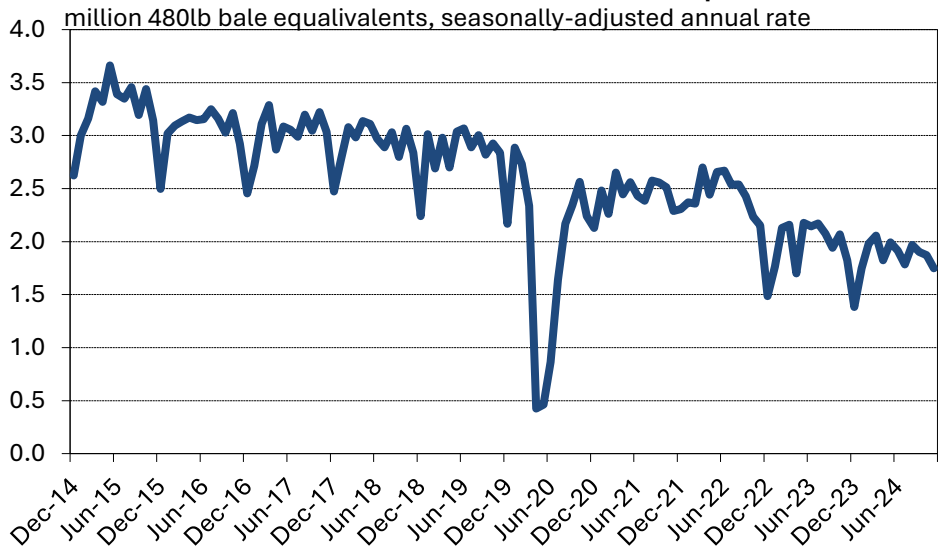
U.S. Textile Mill Inventory to Shipments Ratio



Source: Federal Reserve

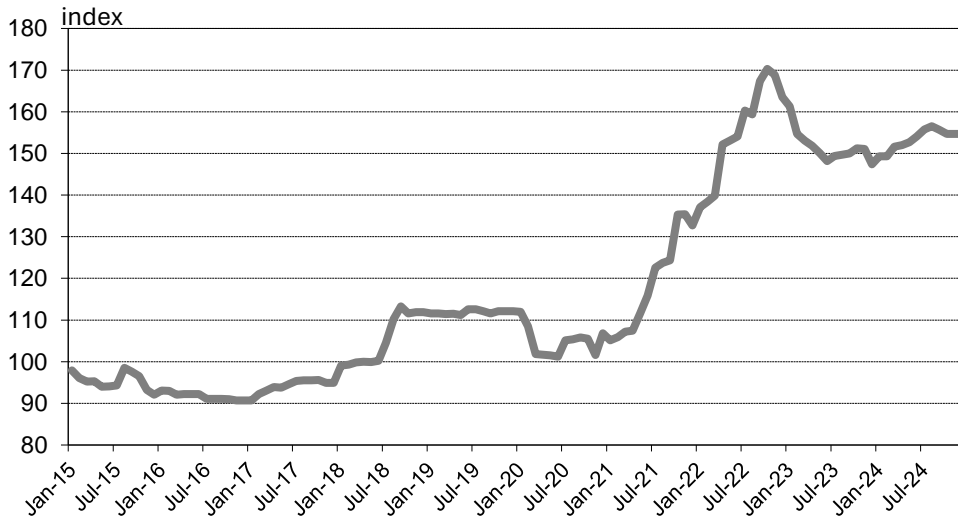
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US Cotton Yarn & Fabric Exports



Source: USDA

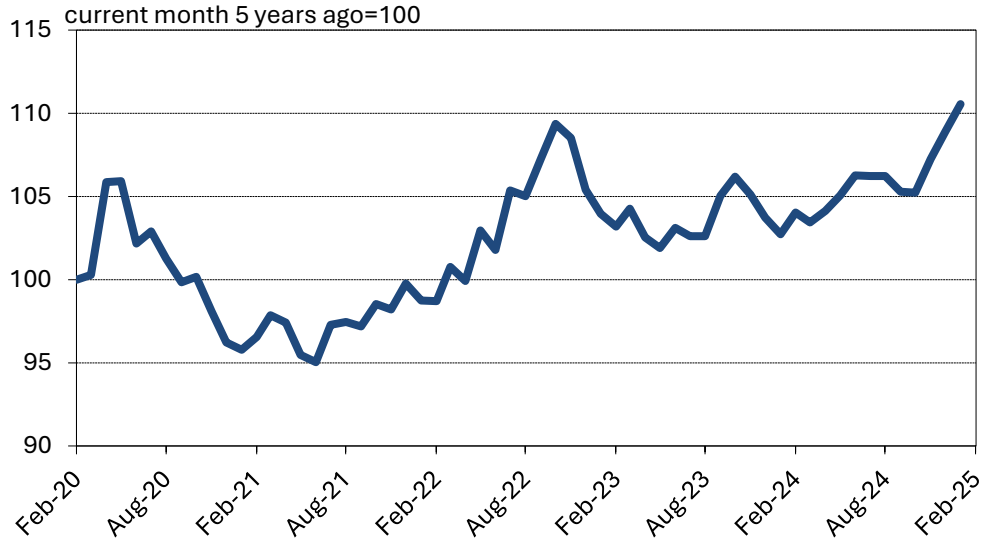
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

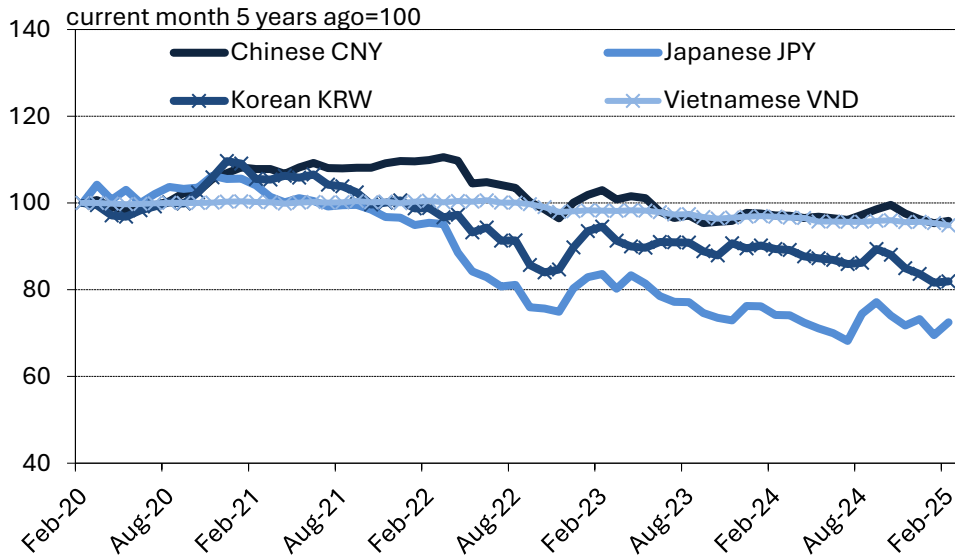
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Trade Weighted Exchange Index for U.S. Dollar



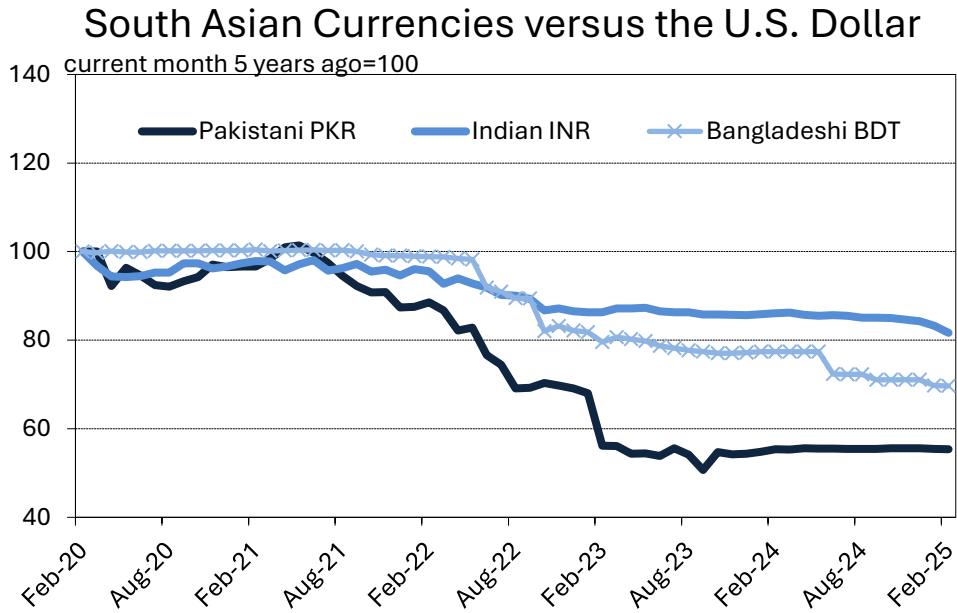
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

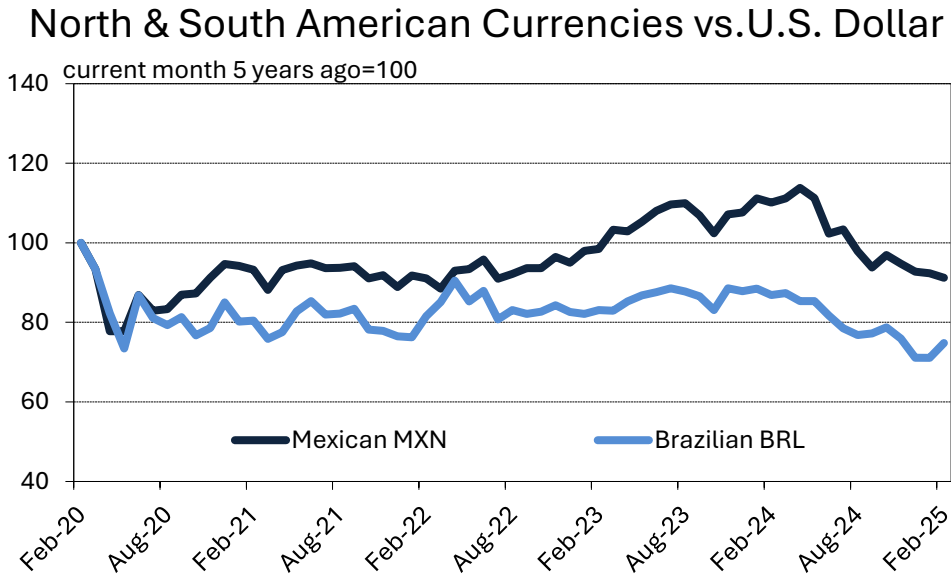


Source: Reuters

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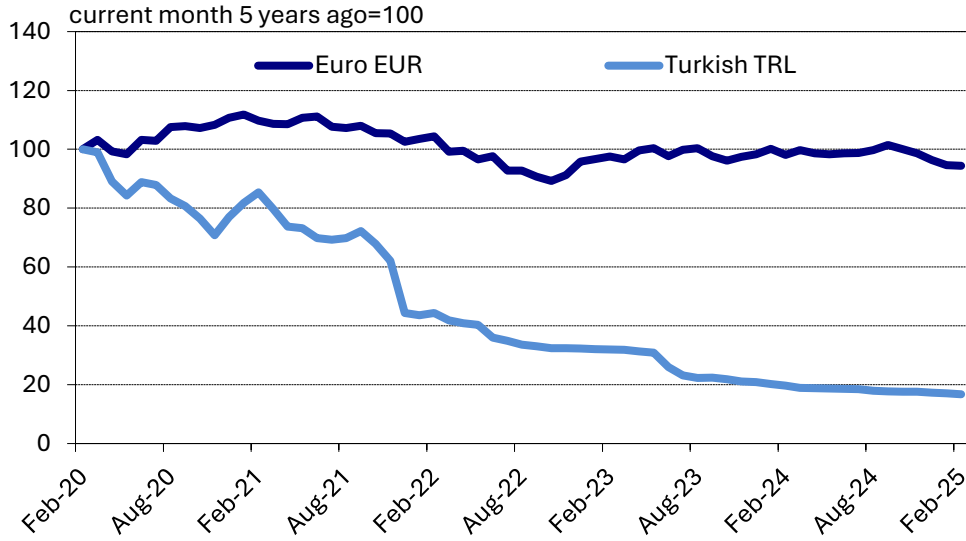
Source: Reuters



Source: Reuters

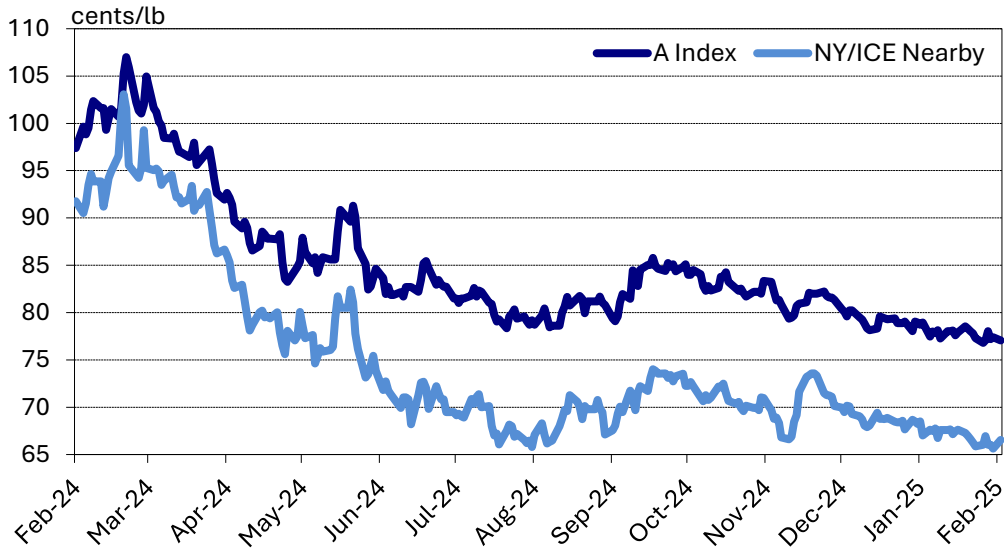
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European Currencies vs. U.S. Dollar



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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