

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



April 2025

www.cottoninc.com

Macroeconomic Overview: Although an announcement regarding changes to tariff rates was known, the reciprocal tariff increases that were introduced by the U.S. administration on April 2nd generated a reaction that spanned financial markets. After details were released, stock markets around the world suffered significant losses and several indicators are suggesting a greater risk of recession.

The Executive Order issued on April 2nd outlined two rounds of tariff increases. The first was a baseline ten percentage point addition that went into effect on April 5th. A second round of increases, featuring “reciprocal” tariffs, is set to be implemented April 9th.

For both rounds, all rate increases are framed in terms of percentage point change and are added on top of existing rates (i.e., for the April 5th increases, the addition is not 0.10 times the existing rate, but instead implies 10 percentage points being added to the existing rate). As an example, the general duty rate for a cotton-dominant t-shirt from a location with a ten-percentage point additional duty will rise from 16.5% to 26.5%.

For the second “reciprocal” round of tariff increases, actual partner-country tariff rates are not a part of the formula that was revealed during the administration’s presentation and later explained on a [U.S. Trade Representative website](#). Instead, the formula for deriving the range of bilateral rate increases was based on data involving the trade imbalance between the U.S. and other locations.

More specifically, the “reciprocal” rates that are going into effect were derived as the size of the bilateral U.S. trade deficit (value of imports minus the value of exports) divided by the total volume of trade between the U.S. and a given partner country or region (all trade data used were from the flow of goods in 2024). The resulting ratio was then “discounted” by dividing it by half.

In the example of China, the U.S. imported \$295 billion more than it exported last year. The total value of U.S. imports from China in 2024 was \$440 billion. The corresponding ratio is 67%, which divided by two gives the (rounded) “reciprocal” tariff rate of 34 percentage points that will be applied against Chinese imports starting April 9th.

In the case of China, which was subjected to earlier rounds rate increases, the “reciprocal” rates will be added on top of previous additions. The situation is evolving rapidly, but the only currently known case of exemption from the “reciprocal” round tariffs is for goods that qualify for free trade status under the USMCA (U.S.-Mexico-Canada Agreement).

Employment: The U.S. economy was estimated to have added +228,000 jobs in March. This was +110,000 more jobs than were added in February and nearly 50% higher than the average over the past twelve months. Revisions to previous months were negative, with the figure for January easing from +125,000 to +111,00 and February’s number easing from +151,000 to +117,000.

The unemployment rate rose slightly, from 4.1% to 4.2%, equaling the highest rates experienced since late 2021. While the unemployment rate has moved higher, values below five percent are low by historical standards.

Average hourly earnings increased +3.9% year-over-year in March. Wage growth has been hovering around four percent since late 2023. The latest value is the lowest since July 2024.

Consumer Confidence & Spending: The Conference Board’s Consumer Confidence Index declined -7.2 points in March to 92.9. This represented the fourth consecutive month of decline. The decrease last month was the largest in three and a half years (slightly bigger than the -7.0 point drop in February). The current value is below the range between 95 and 115 that had contained values since early 2021.

Overall consumer spending was flat month-over-month in February (+0.1%), following a decline in January (-0.6%). Year-over-year, overall spending was +2.7% higher. Spending on garments was down -0.3% month-over-month but up +2.3% year-over-year.

Consumer Prices & Import Data: The CPI for garments increased +0.8% both month-over-month and year-over-year in February. Retail apparel prices worked way higher after COVID, peaking in September last year. More recent values have been generally stable at slightly lower levels.

Average import prices have been stable since late 2023, settling in at a level around +7% percent higher than the average from 2019 (average prices per square meter equivalent or SME). Import volumes have been surging in recent months. Between October and January, the average year-over-year rate of growth was nearly 20%. In the latest data (for February), the rate of growth was significantly lower (+1.2% year-over-year), but that was due in large part to the abnormally high value posted in February last year (February imports in 2024 were up 21% year-over-year, months around then had comparatively small change). The recent surge may be due to inventory rebalancing and positioning ahead of tariffs. The impact of tariffs will be registered in future releases.

U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators	Spending & Sourcing	Textiles	Currencies & Cotton
GDP Growth	Consumer Conf.	Apparel Imports	Weighted Index
Interest Rates	Housing	U.S. Textile Production	Europe
ISM Indices	Employment	U.S. Textile Exports	Asia
Leading Indicators	Income & Savings	Polyester PPI	The Americas
			Fiber Prices

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U.S. Macroeconomic Indicators & Cotton Prices
April 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%	2.4%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic 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		
ISM Index of Manufacturing Activity	52.4	48.5	49.1	50.1	50.9	50.3	49.0	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.4	52.4	53.2	52.4	52.8	53.5	50.8	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.2	102.8	105.0	99.4	105.3	100.1	92.9	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	141.7	156.8	180.7	152.0	111	117	228	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	4.1%	4.1%	4.1%	4.0%	4.1%	4.2%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.6%	4.9%	4.5%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	2.8%	4.3%	4.4%	4.5%	4.6%	4.5%	4.3%	Interest rate	Federal Reserve

Macroeconomic 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		
Index of Leading Economic Indicators	109.9	102.0	101.4	101.3	101.4	101.4	101.1	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.5	1.5	1.4	1.5	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.0	4.1	4.1	4.2	4.3	4.1	4.3	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	100.6	102.9	102.9	103.6	102.6	101.5	104.2	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	138.5	155.2	156.7	158.3	154.7	160.2	160.2	Index, December 2003=100	Bureau of Labor Statistics

Industrial & Textile 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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.0	1.8	1.7	1.6	1.7	1.2	1.7	million 480lb bales	USDA ERS

Industrial & Textile 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		
US Textile Mill Inventory/Shipments Ratio	1.60	1.69	1.70	1.72	1.72	1.73	1.71	Ratio	Department of Commerce

Retail Data

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		
US Real Consumer Spending									
All Goods and Services	3.0%	2.9%	3.0%	2.9%	3.1%	2.8%	2.7%	% Chg. Year/Year	Department of Commerce
Clothing	5.3%	2.2%	1.8%	1.6%	1.1%	1.4%	2.3%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.3%	2.9%	2.8%	2.9%	2.9%	3.0%	2.8%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.3%	0.9%	0.9%	0.6%	1.5%	0.4%	0.8%	% Chg. Year/Year	Bureau of Labor Statistics

Retail 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		
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

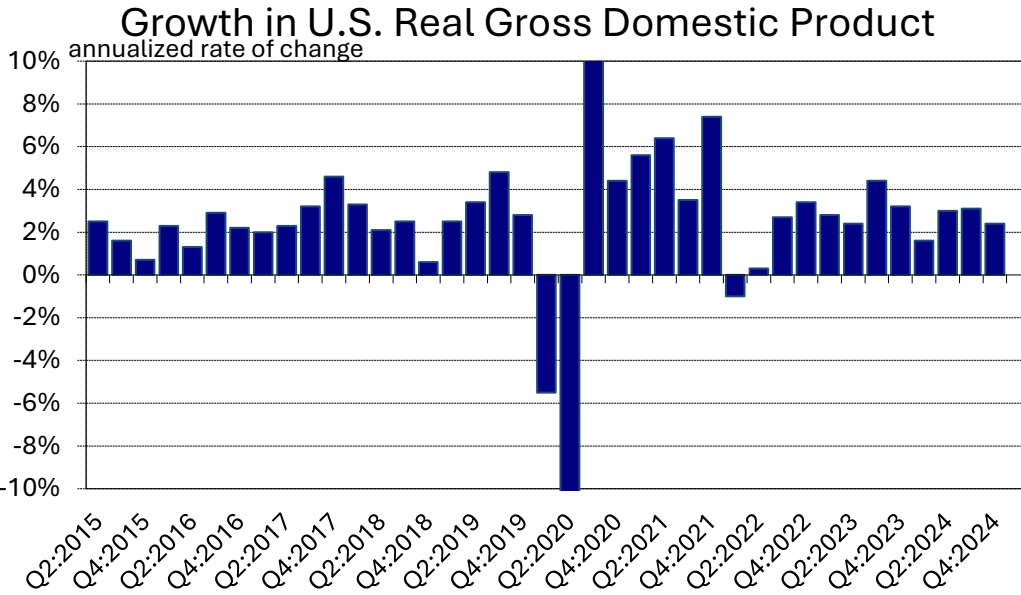
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Daily Cotton Price and Currency Data
April 2025



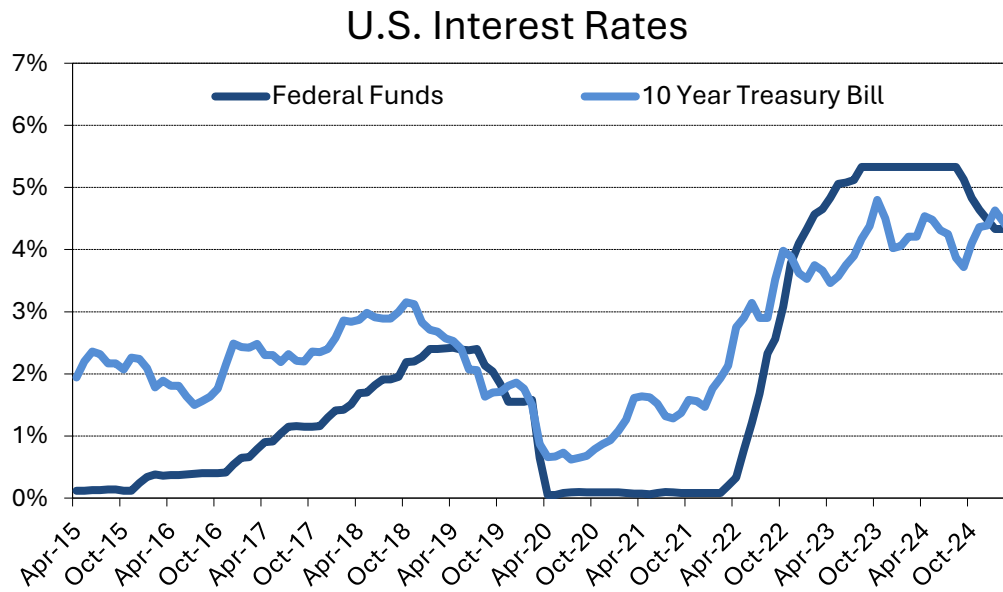
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
NY Nearby	86.0	71.0	68.5	66.6	67.5	66.3	65.9	cents/pound	ICE
A Index	96.7	81.9	79.9	78.1	78.2	78.0	77.7	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
Dollar Trade Weighted Exchange Index	119.7	122.5	126.4	127.9	128.9	128.6	126.2	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.88	7.07	7.22	7.29	7.33	7.29	7.24	Chinese Renminbi/US dollar	Reuters
Indian Rupee	79.27	82.54	85.51	86.68	85.72	87.43	86.88	Indian Rupee/US dollar	Reuters
Japanese Yen	129.91	143.75	151.31	152.27	157.93	151.39	147.49	Japanese Yen/US dollar	Reuters
Pakistani Rupee	222.98	261.96	278.56	279.22	278.60	279.05	280.00	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.28	5.22	5.80	5.86	6.06	5.76	5.77	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.35	1.41	1.43	1.43	1.43	1.44	Canadian dollar/US dollar	Reuters
Mexican Peso	19.66	18.76	20.09	20.39	20.32	20.57	20.27	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.78	0.79	0.80	0.80	0.77	British Pound/US dollar	Reuters
Euro	0.91	0.94	0.94	0.95	0.96	0.97	0.92	Euro/US dollar	Reuters
Swiss Franc	0.92	0.91	0.88	0.90	0.91	0.91	0.88	Swiss Franc/US dollar	Reuters
Turkish Lira	19.20	26.09	35.18	35.92	35.34	35.98	36.45	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

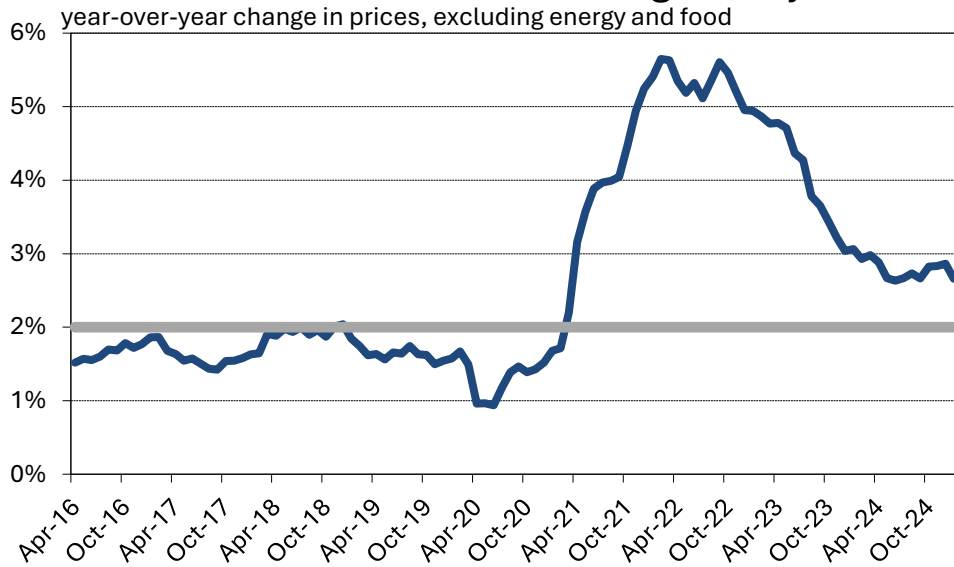
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



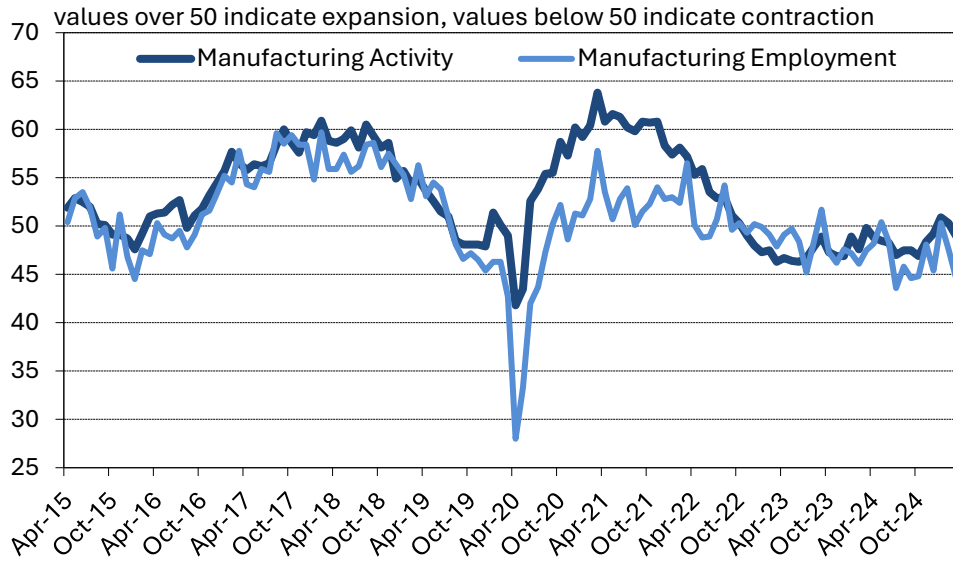
Source: Bureau of Labor Statistics

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.

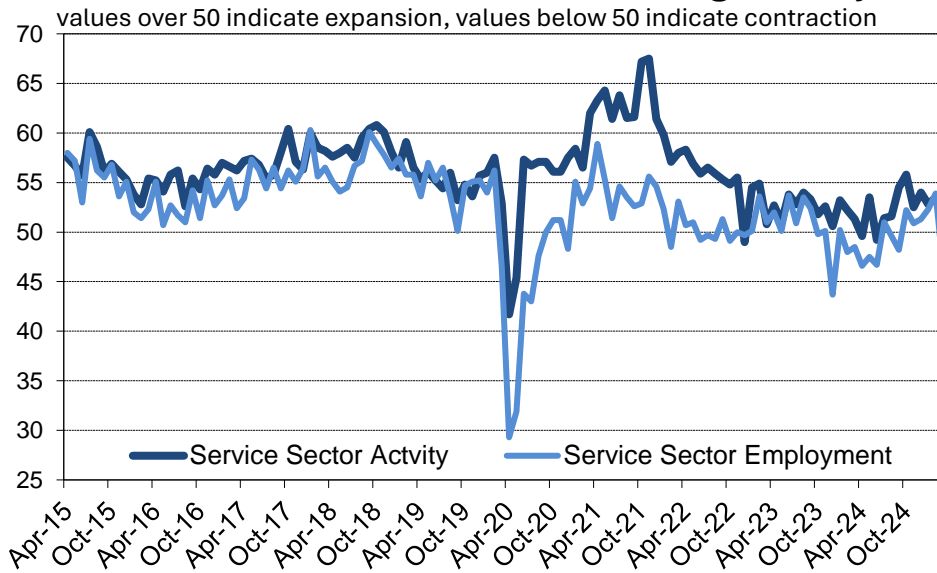
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ISM Index of Manufacturing Activity



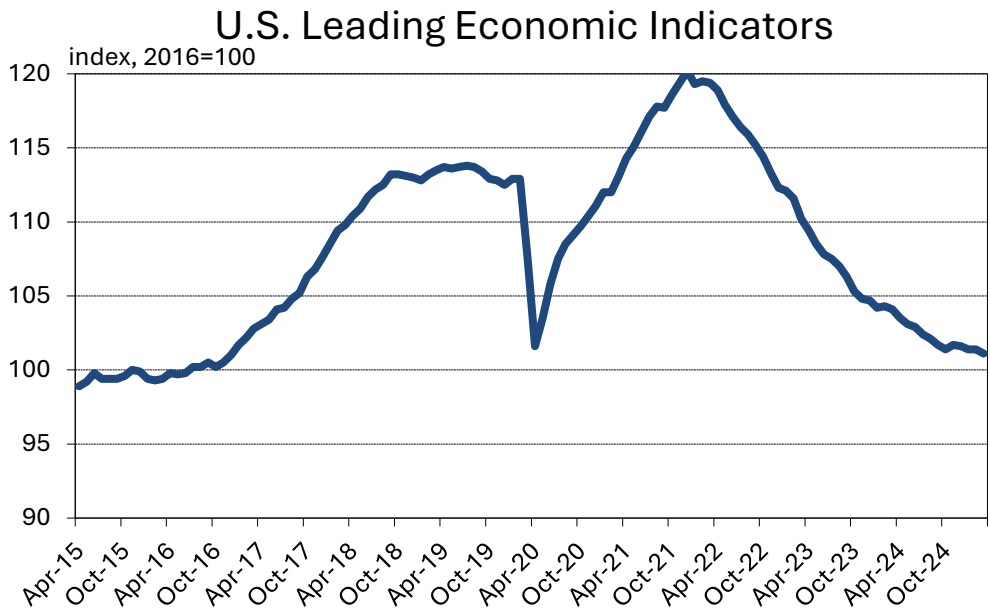
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

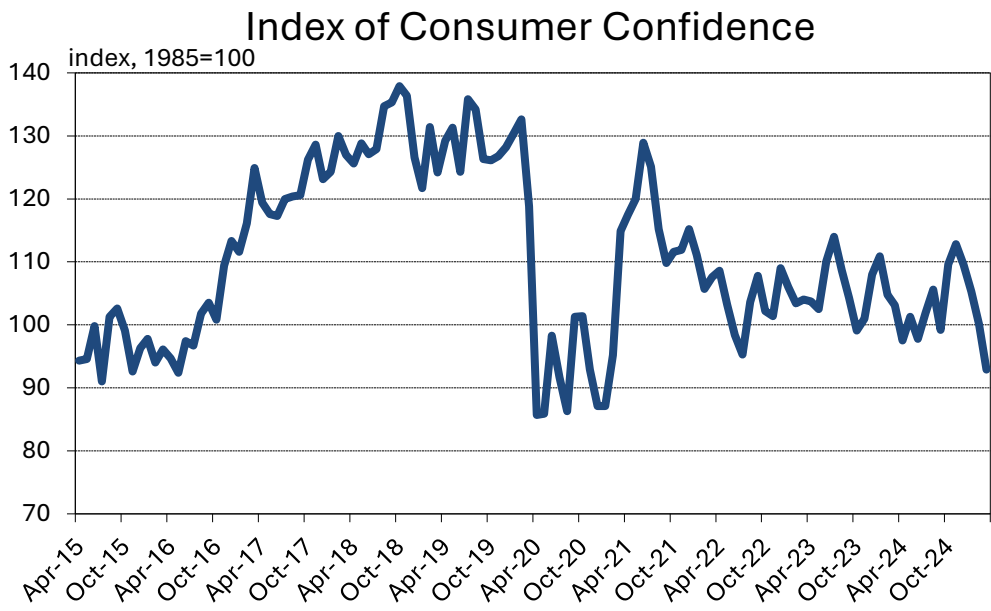


Source: Institute for Supply Chain Management

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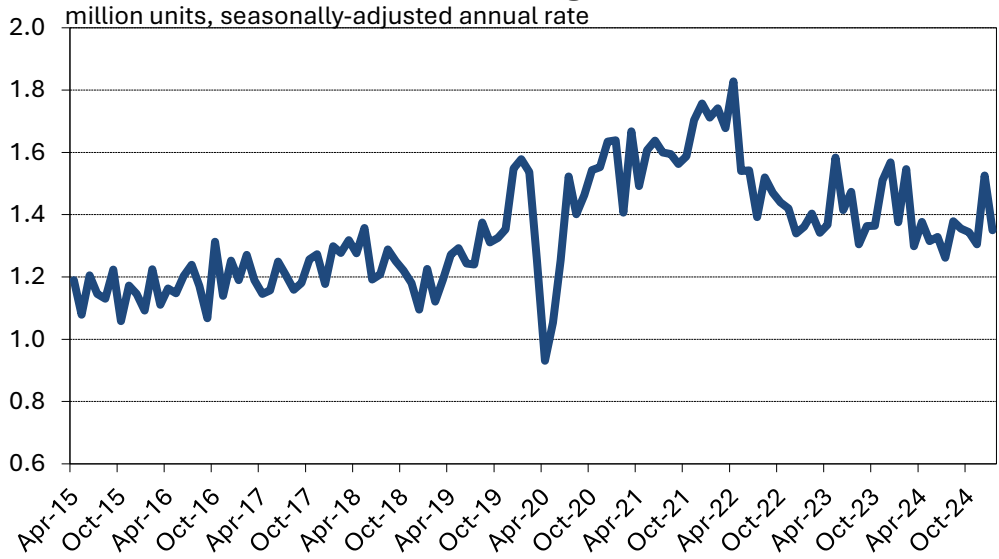
Source: The Conference Board



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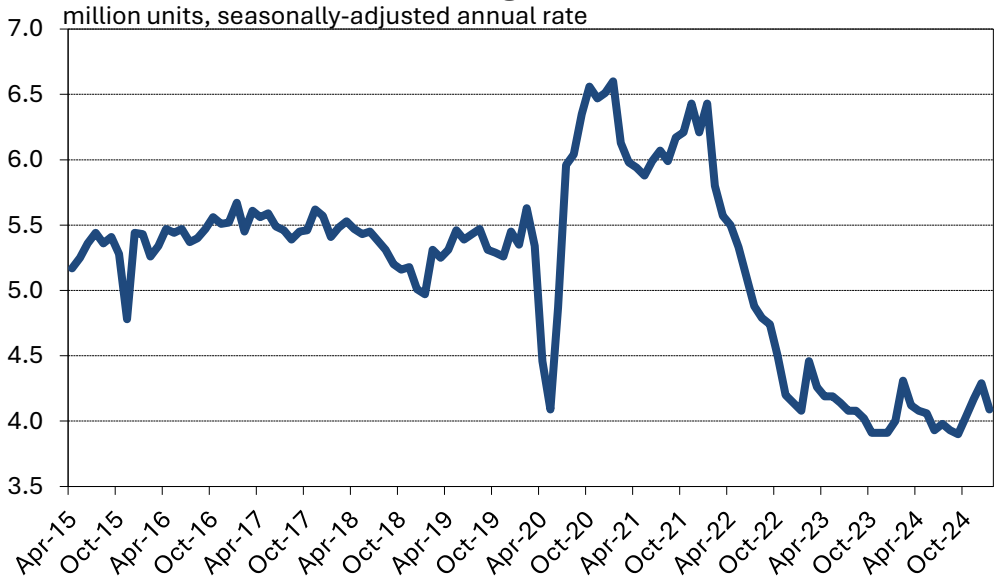
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U.S. Housing Starts



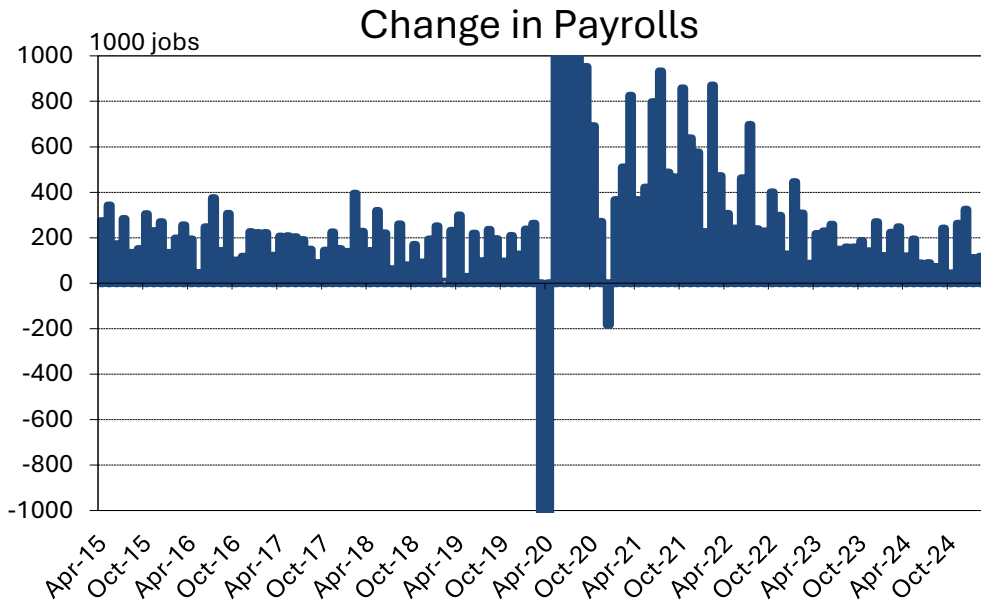
Source: Department of Commerce

U.S. Existing Home Sales



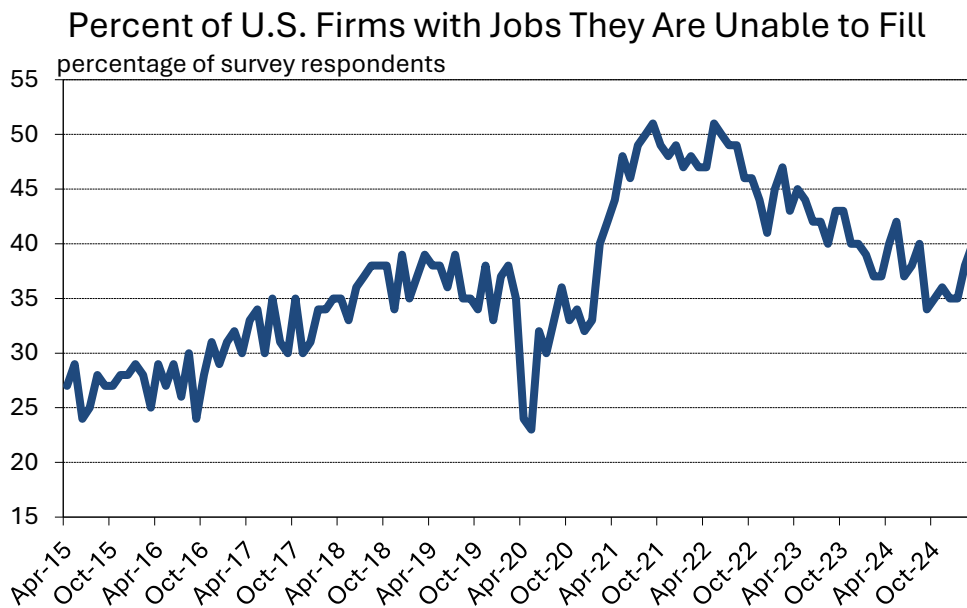
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

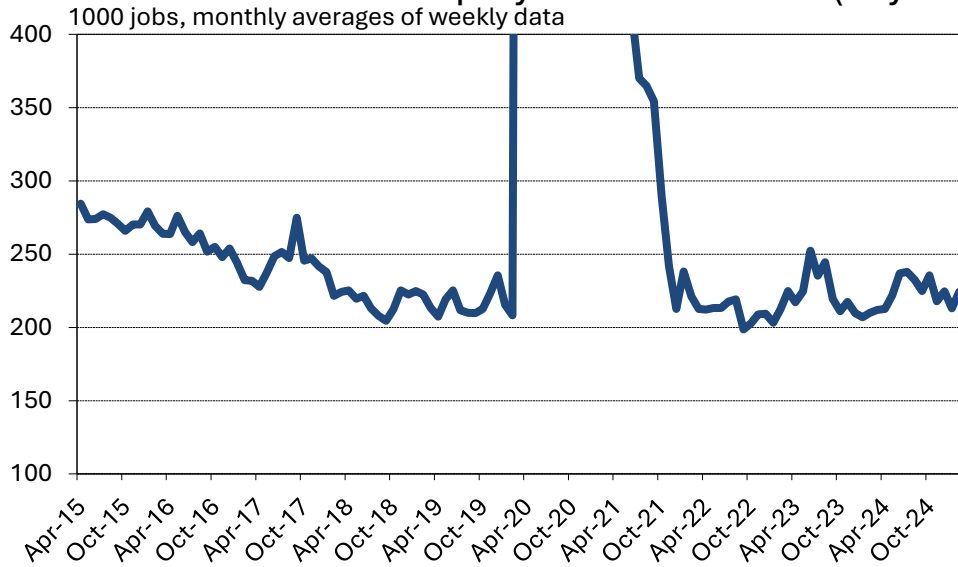


Source: National Federation of Independent Business

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

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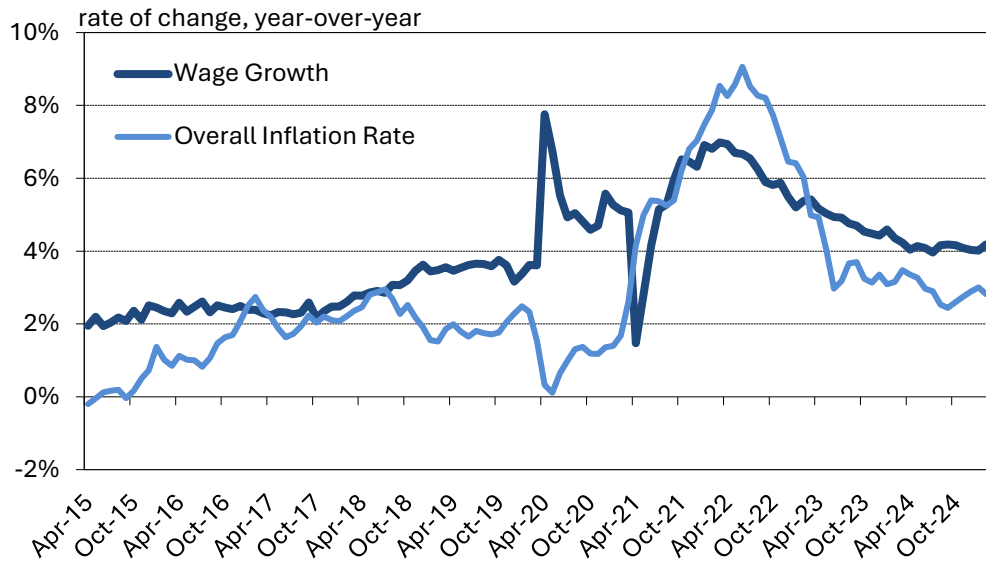
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

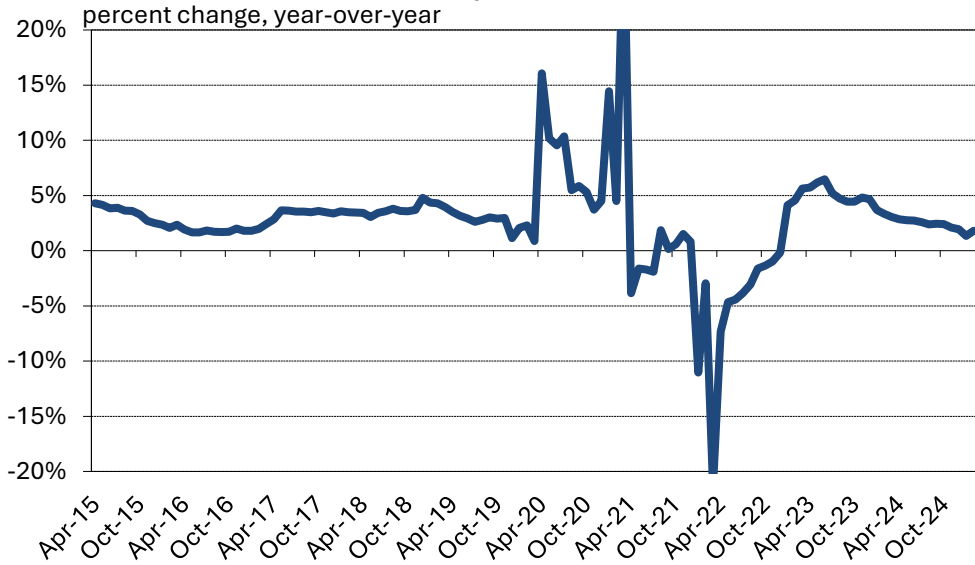
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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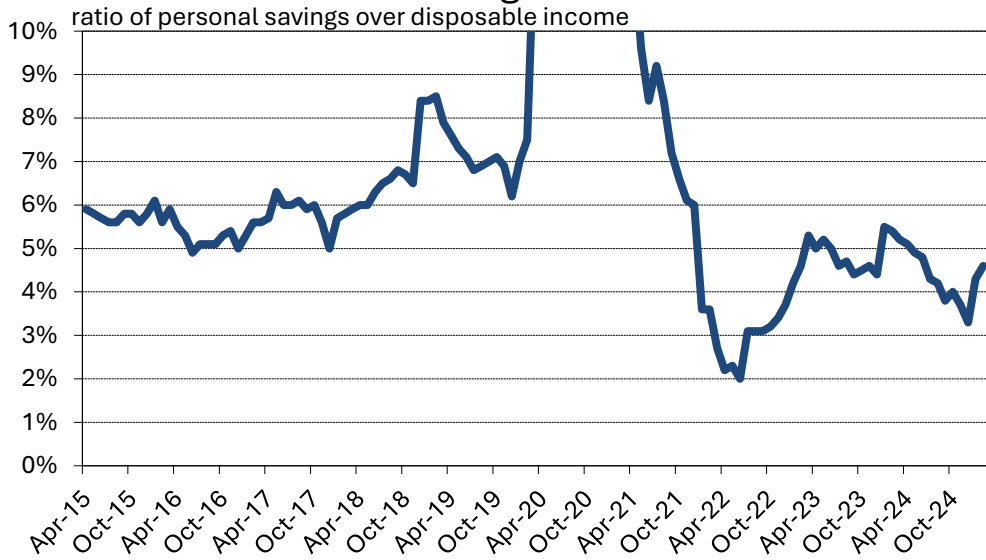
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

Savings Rate

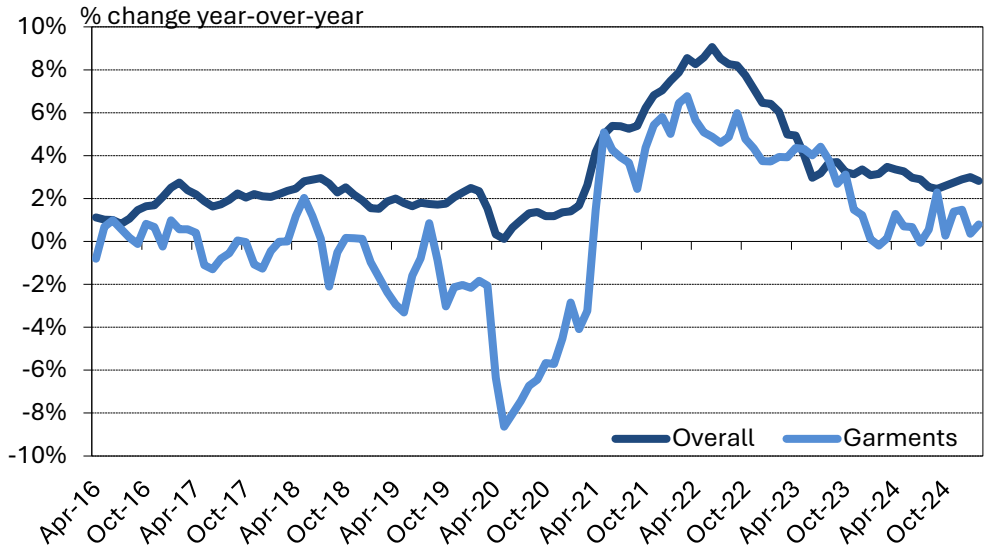


Source: Bureau of Labor Statistics

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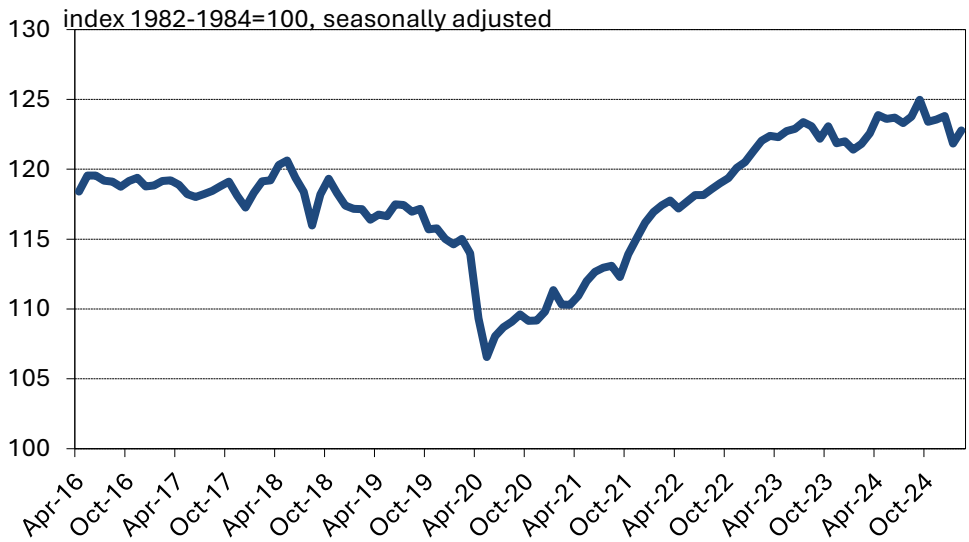
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

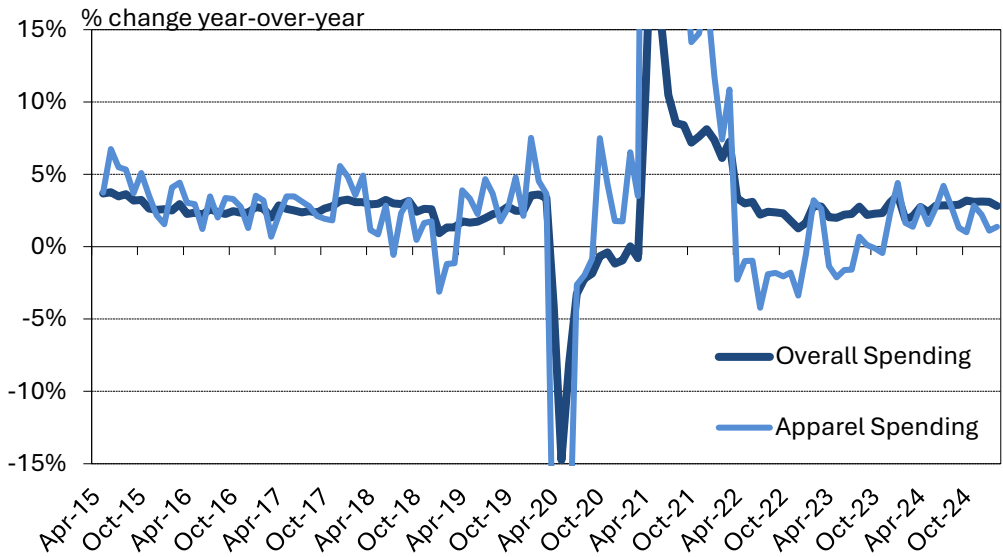
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

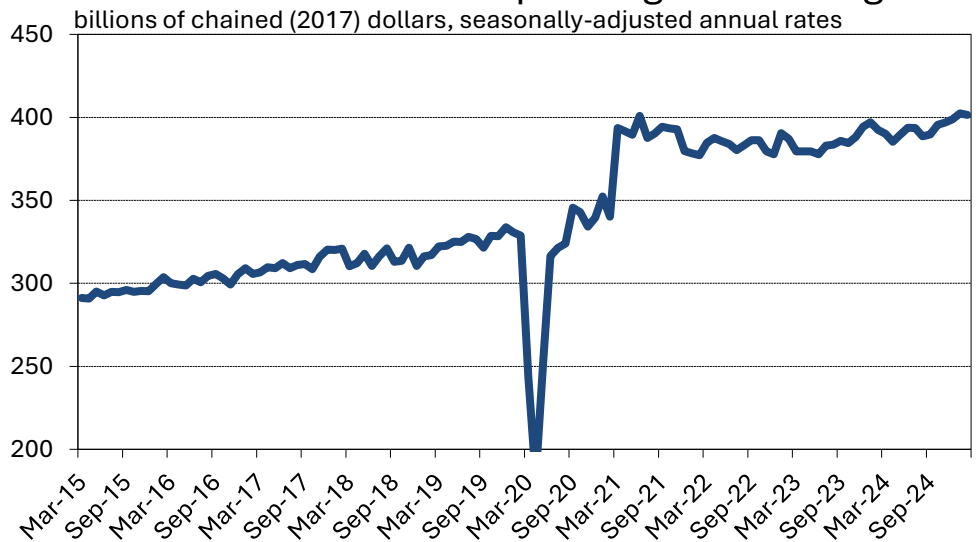
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

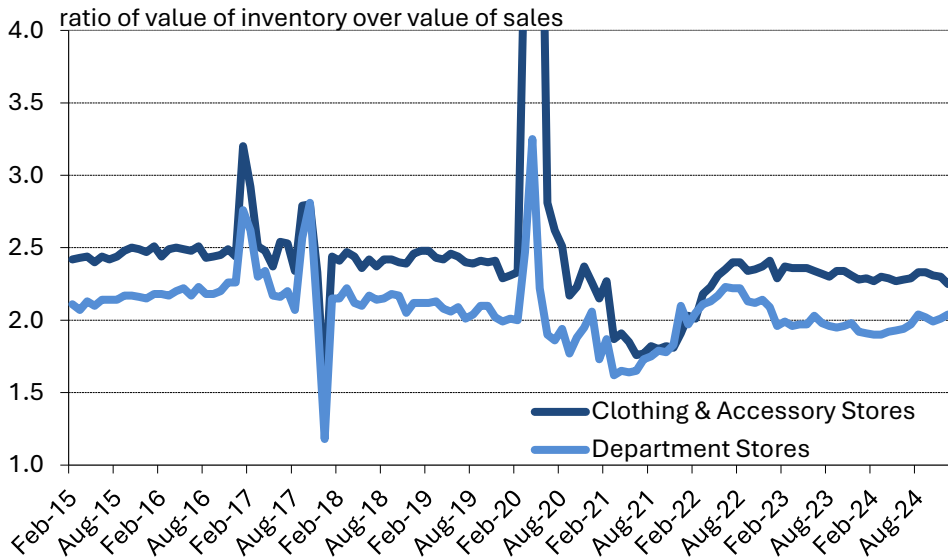


Source: Bureau of Economic Analysis

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

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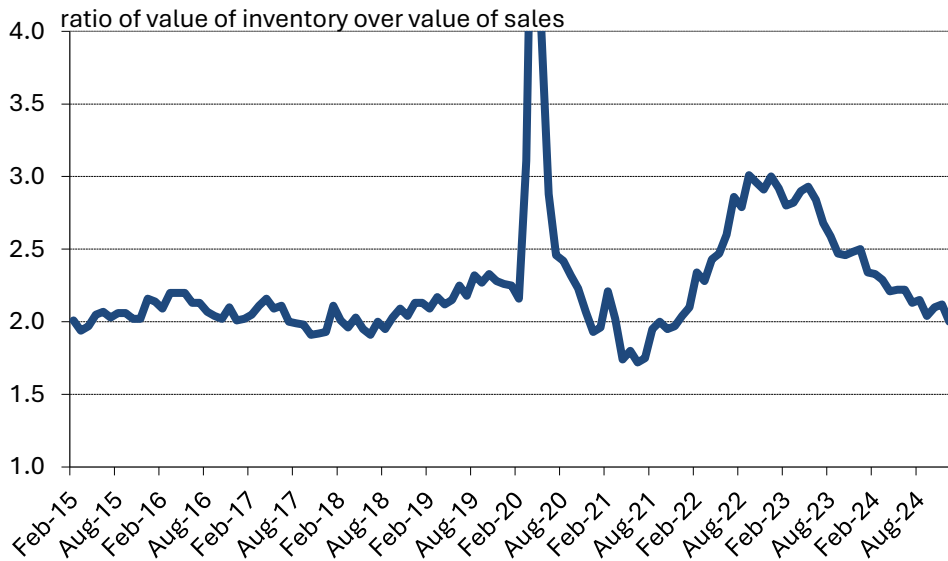
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

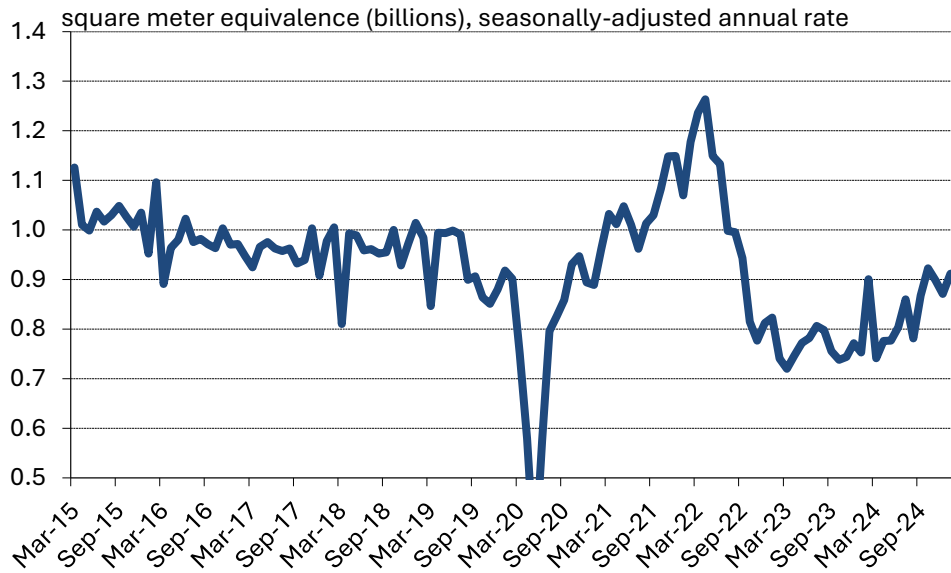


Source: Department of Commerce

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

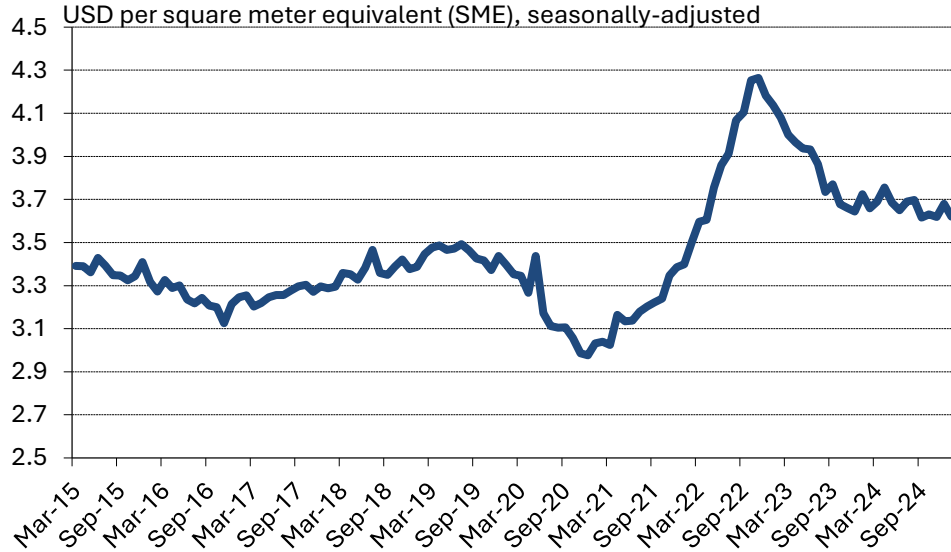
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U.S. Cotton-Dominant Apparel Import Volume



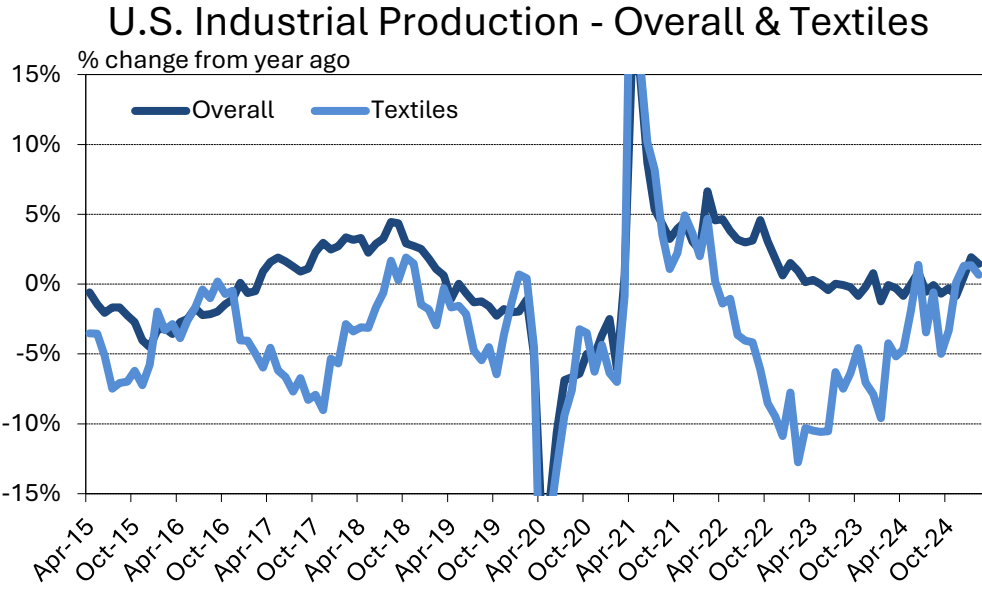
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



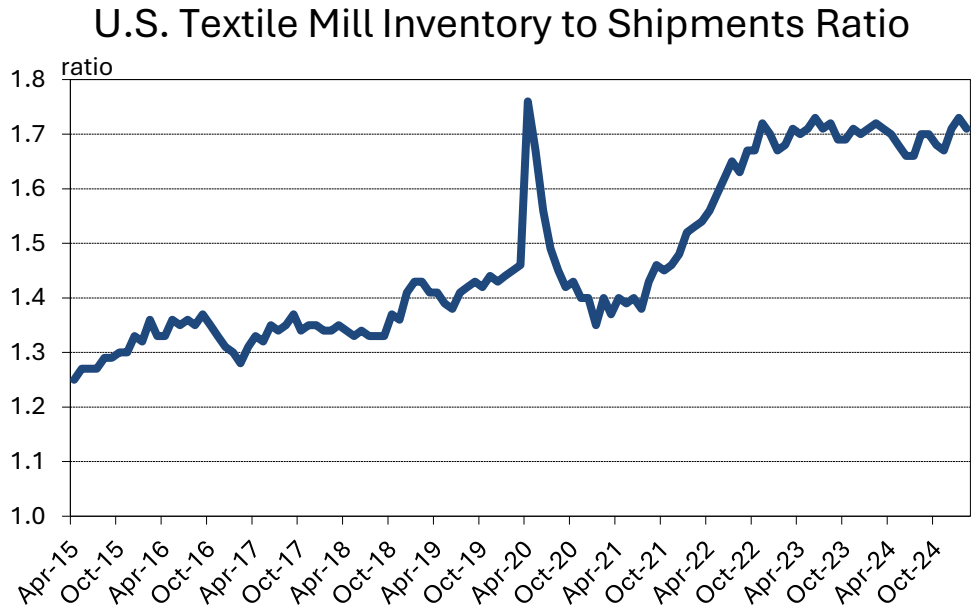
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

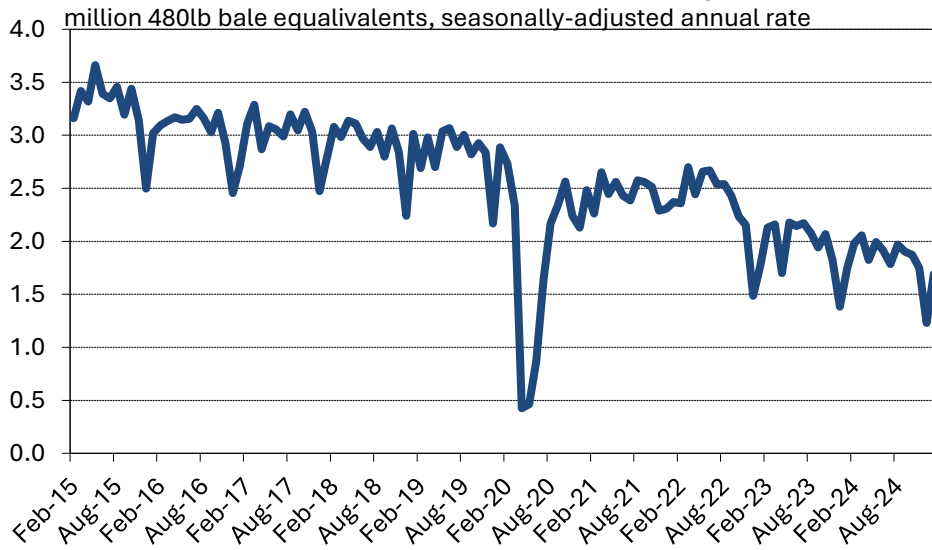
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

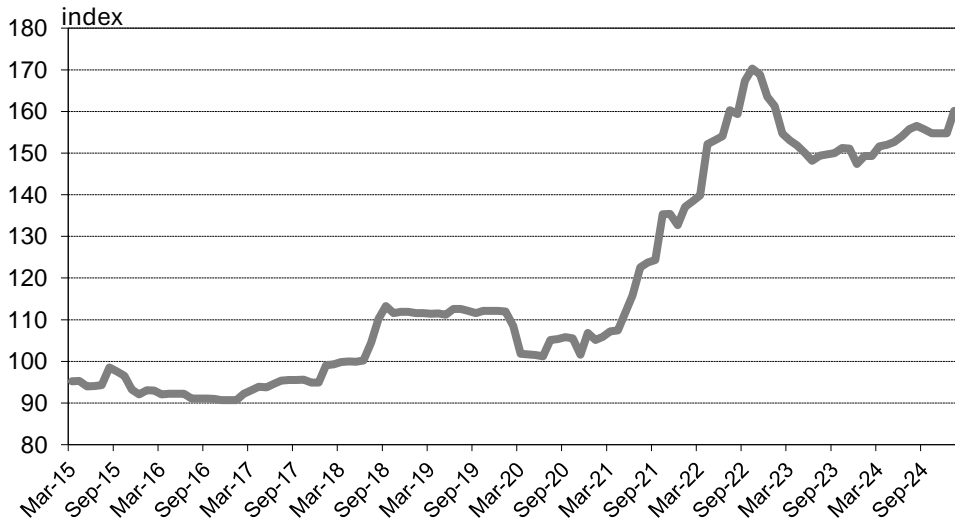
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US Cotton Yarn & Fabric Exports



Source: USDA

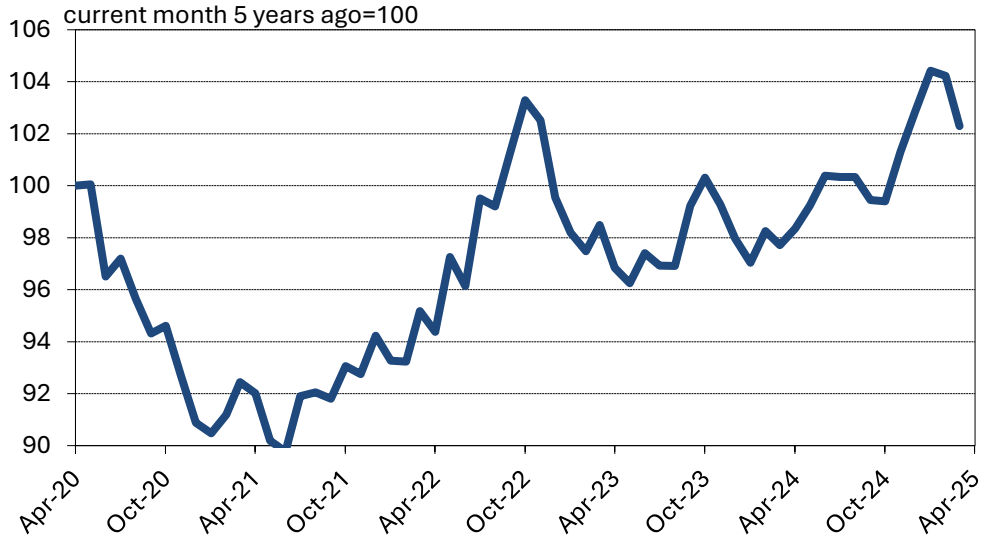
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

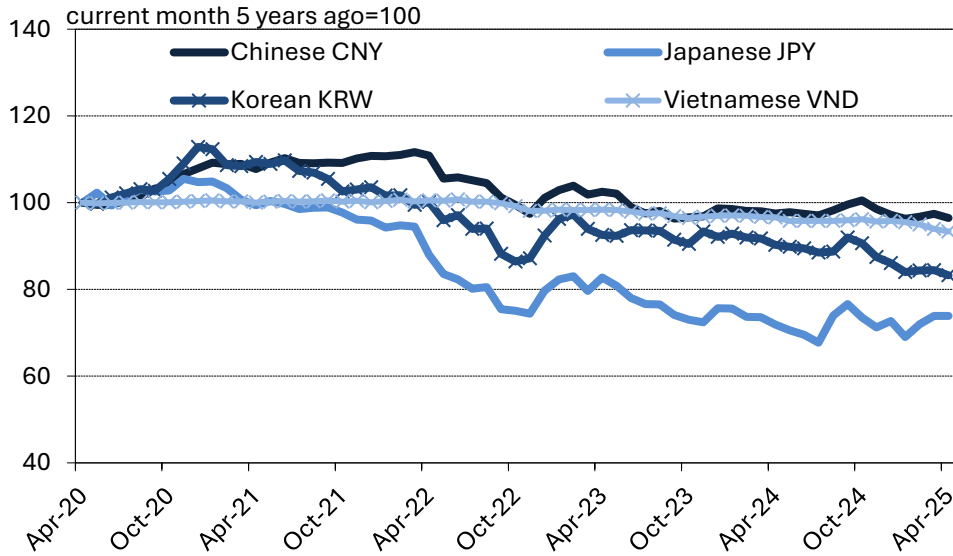
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Trade Weighted Exchange Index for U.S. Dollar



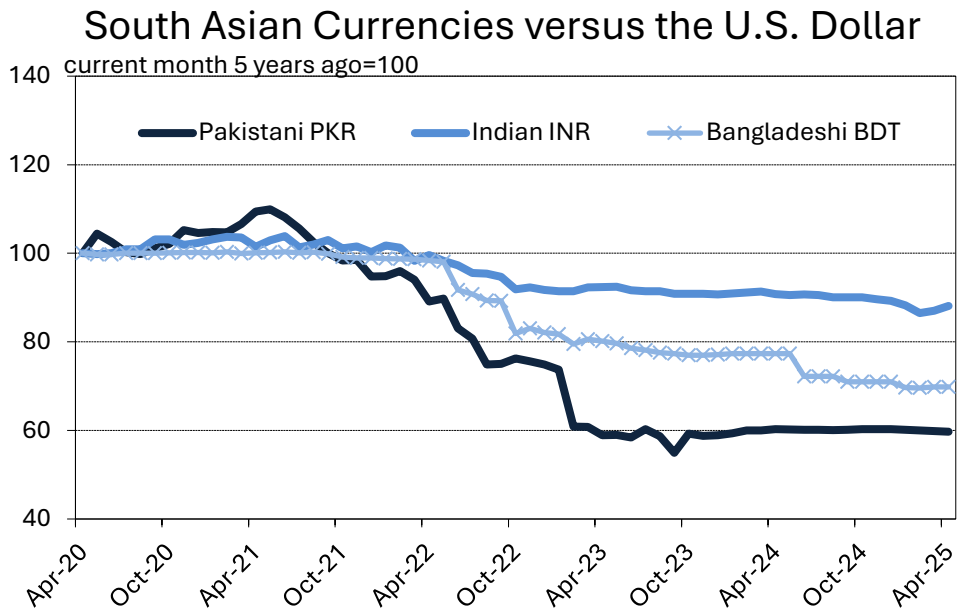
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

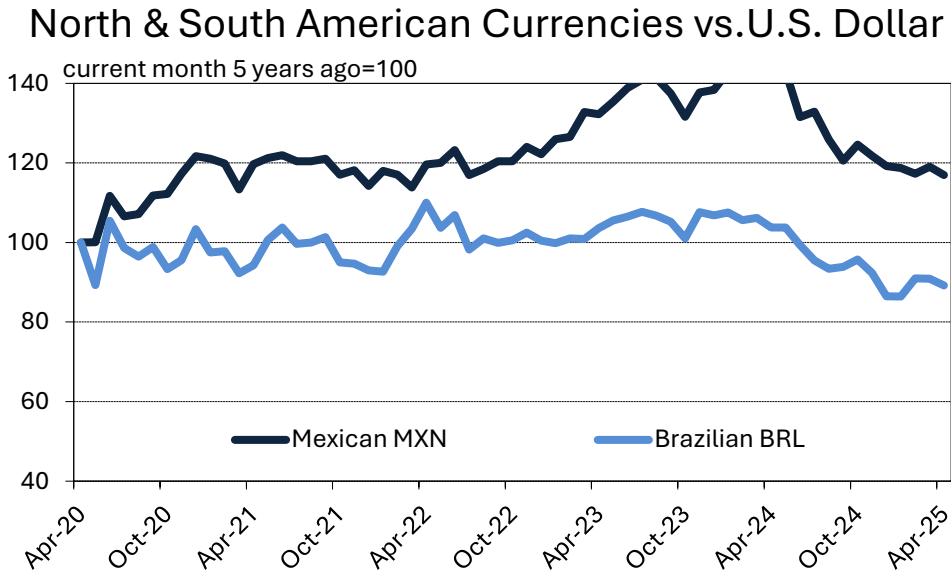


Source: Reuters

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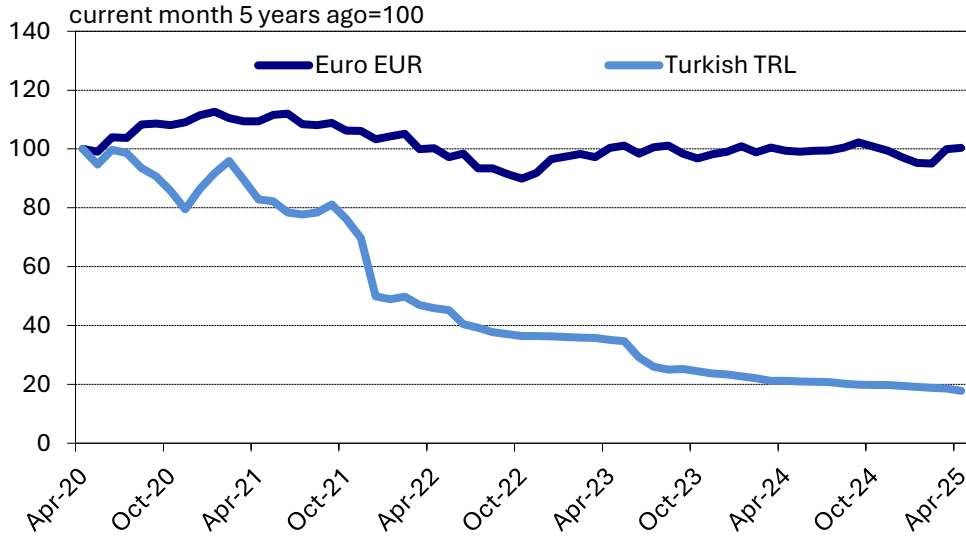
Source: Reuters



Source: Reuters

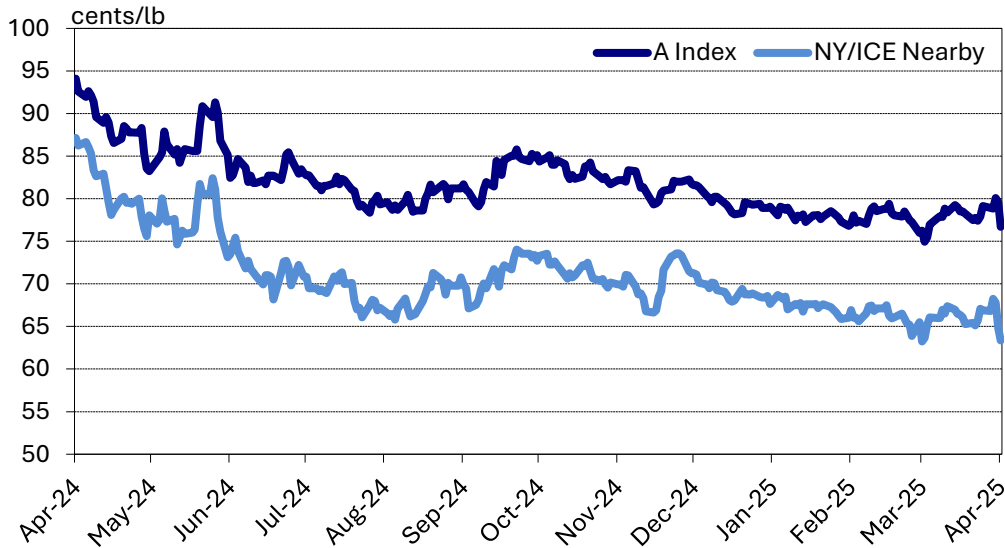
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European Currencies vs. U.S. Dollar



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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