

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



August 2025

www.cottoninc.com

Macroeconomic Overview: August 1st was the extended deadline for negotiations around trade and tariffs. A few deals were announced before that deadline, and an extended list of assigned tariff rates was released by the U.S. government on July 31st (list of rates by country in [Annex I at the bottom of the Executive Order](#) No. 14257, as amended). The average increase described in the July 31st list is near twenty percent points, which is halfway between the ten-point baseline rate that was assigned to most countries over the past few months and the 30-point increase that has been in effect for China since May 14th.

There was also a string of macroeconomic data released in the last week of July. The U.S. Bureau of Economic Analysis published its first estimates for GDP growth in the second quarter. Those figures indicated that the U.S. economy expanded at a +3.0% annualized rate between April and June. In the first quarter, the annualized rate was a -0.5% contraction. In 2024, annual growth was +2.8%.

The acceleration in growth in GDP in the second quarter was a partial result of a decrease in imports. In the equation that defines GDP, imports are subtracted, so lower imports can contribute to higher GDP. With changes in trade policy, imports have been volatile. In the first quarter, imports increased at a +37.9% annualized rate. This has been attributed to businesses bringing in more goods ahead of potential tariff increases. In the second quarter, imports pulled back as tariff increases were implemented, and imports fell at a -30.3% rate. Most of the swing in imports was for goods (rather than services), which have been a focus for changes in tariff rates. Annualized rates of change for the imports of goods were +51.6% in the first quarter and -35.3% in the second quarter.

Consumer spending, another element of the equation defining GDP, also accelerated in the second quarter, rising from an annual rate of +0.5% in the first quarter to +1.4% in the second quarter. In the 2024 calendar year, consumer spending rose +2.8%.

The inflation measure most closely tracked by the Federal Reserve is updated alongside monthly estimates for consumer spending. The latest reading +2.8% (June), virtually unchanged relative to where it was in May and virtually equal to the latest six- and twelve-month averages. The Fed's official target for this data series is two percent. Due to lingering concerns about inflation, the Federal Reserve decided to hold interest rates steady at its meeting near the end of July. There were a couple of members on the interest rate committee that voted to lower rates. The Fed's next meeting on interest rates is in September. A slower job market may provide more support for a rate reduction.

Employment: The U.S. economy was estimated to have added +73,000 jobs in July. Revisions to previous months were negative, with the figure for May dropping -125,000 to +19,000 and the figure for June falling -133,000 to +14,000. These changes indicate that hiring was significantly slower than previously estimated (off by more than 250,000 jobs over the past two months). The current 12-month average for job growth is +128,000. The current six-month average is +81,000. The unemployment rate increased slightly month-over-month, from 4.1% to 4.2%. It has held between 4.0% and 4.2% since May 2024.

Average hourly earnings rose +3.9% year-over-year in July. Since March 2024, the rate of wage growth has been steady between 3.9% and 4.2%. While the range moved lower following the post-COVID and post-stimulus peak of +5.9% set in March 2022, it remains more than a full percentage point above the inflation rate.

Consumer Confidence & Spending: The Conference Board Consumer Confidence Index® increased slightly in July (+2.0 points to 97.2). After a dip in April that resulted in the lowest reading since the pandemic, it returned to the range between 95 and 115 that contained values for most of the past three and a half years.

Overall consumer spending was flat month-over-month in June (+0.1%). Year-over-year, overall spending was +2.1% higher. The annual rate of spending growth has been slowing. The rate posted in June was the slowest since February 2024. Spending on garments increased +0.3% month-over-month in June, following a strong +1.1% monthly increase in May. Year-over-year, spending on apparel was up +4.2%. The annual rate of clothing spending growth has been above four percent in every month since March. Longer-term average growth for apparel spending is near two percent.

Consumer Prices & Import Data: On a monthly basis, average retail prices for apparel increased slightly in June (+0.4%), following two month-over-month decreases (-0.1% in April and -0.4% in May). In terms of year-over-year change, the CPI for garments decreased for a third consecutive month (-0.5% month-over-month April, -0.7% in May, and -0.4% in June).

Since tariff increases were implemented in April, apparel import volumes have been volatile. In April, the all-fiber weight volume for imports was up +14.7% year-over-year. In May, volumes were down -11.1%. In June, shipments were +3.5% higher. In the six months before April, the weight volume of apparel imports was up +15.7%.

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		

Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices
August 2025



Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q4 : 2024	Q1 : 2025	Q2 : 2025		
Growth in US Real GDP	3.1%	2.4%	1.0%	-0.5%	2.4%	-0.5%	3.0%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic 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		
ISM Index of Manufacturing Activity	52.4	48.7	48.9	48.5	48.5	49.0	48.0	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.4	52.3	51.1	50.3	49.9	50.8	50.1	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.5	101.0	95.1	96.9	98.4	95.2	97.2	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	338.1	128.0	81.0	35.3	19	14	73	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.4%	4.1%	4.2%	4.2%	4.2%	4.1%	4.2%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	2.9%	4.6%	4.3%	4.3%	4.3%	4.3%	4.3%	Interest rate	Federal Reserve
10-year Treasury Bill	3.1%	4.3%	4.4%	4.4%	4.4%	4.4%	4.4%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	109.5	100.6	99.6	99.0	99.1	99.1	98.8	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.3	1.4	1.3	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.9	4.1	4.1	4.0	4.0	4.0	3.9	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	101.5	103.1	103.6	103.8	102.5	102.4	104.0	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	142.1	156.2	157.0	157.2	157.8	156.9	156.9	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.9	1.8	1.7	1.9	2.0	1.8	1.9	million 480lb bales	USDA ERS

Industrial & Textile 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		
US Textile Mill Inventory/Shipments Ratio	1.58	1.67	1.67	1.67	1.67	1.68	1.66	Ratio	Department of Commerce

Retail Data

Retail 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		
US Real Consumer Spending									
All Goods and Services	3.6%	2.8%	2.6%	2.4%	2.9%	2.2%	2.1%	% Chg. Year/Year	Department of Commerce
Clothing	7.2%	2.9%	3.9%	4.7%	5.0%	4.9%	4.2%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.4%	2.6%	2.5%	2.5%	2.3%	2.4%	2.7%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	1.9%	0.6%	0.0%	-0.5%	-0.5%	-0.7%	-0.4%	% Chg. Year/Year	Bureau of Labor Statistics

Retail 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		
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
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.0	2.1	2.1	Value of inventory over value of sales	Department of Commerce

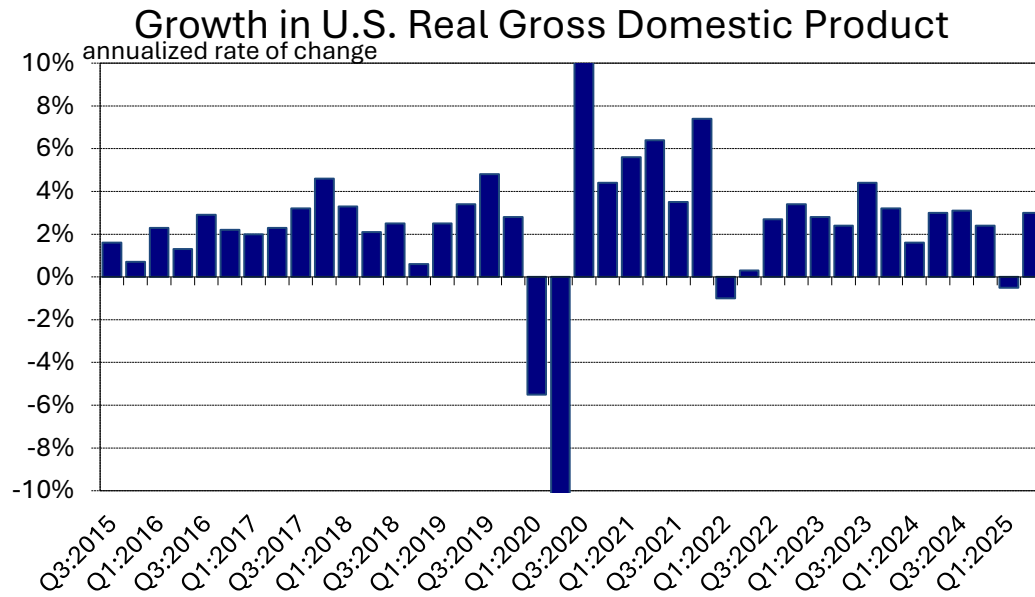
Executive Cotton Update

Daily Cotton Price and Currency Data
August 2025



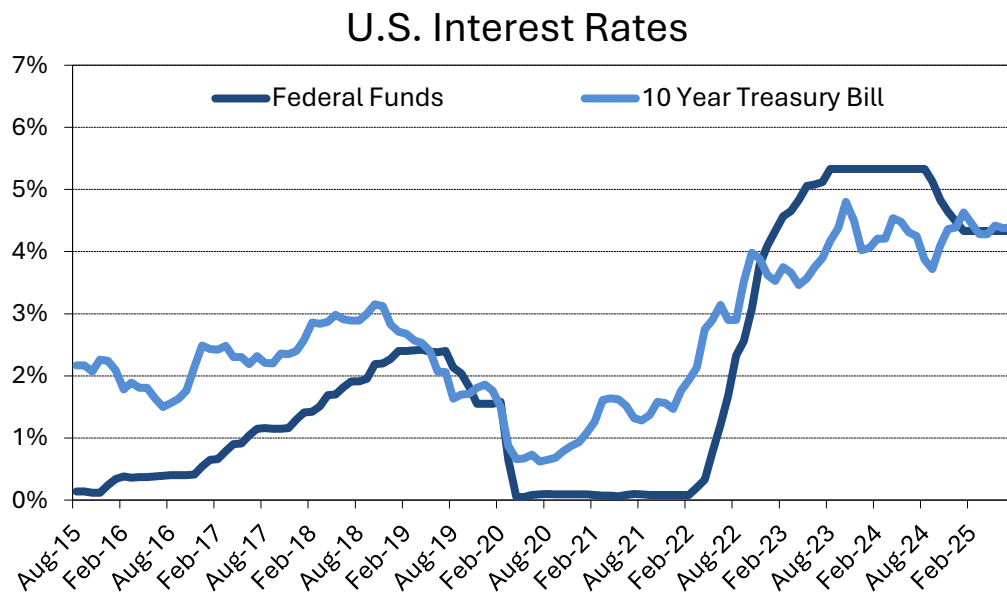
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
NY Nearby	86.5	67.9	66.2	66.2	66.2	65.6	66.8	cents/pound	ICE
A Index	97.5	79.6	78.2	78.4	78.0	78.3	78.8	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
Dollar Trade Weighted Exchange Index	119.7	122.8	124.1	121.2	122.4	121.5	119.7	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.89	7.14	7.23	7.19	7.22	7.18	7.17	Chinese Renminbi/US dollar	Reuters
Indian Rupee	79.89	83.42	85.90	85.16	84.44	85.65	85.39	Indian Rupee/US dollar	Reuters
Japanese Yen	132.33	145.37	146.29	144.10	142.84	144.93	144.53	Japanese Yen/US dollar	Reuters
Pakistani Rupee	230.76	271.54	281.11	282.39	281.24	282.05	283.88	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.30	5.29	5.68	5.58	5.72	5.61	5.41	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.36	1.40	1.37	1.38	1.37	1.36	Canadian dollar/US dollar	Reuters
Mexican Peso	19.41	18.69	19.81	19.18	19.72	19.18	18.64	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.80	0.76	0.74	0.75	0.74	0.73	British Pound/US dollar	Reuters
Euro	0.91	0.93	0.90	0.87	0.88	0.88	0.85	Euro/US dollar	Reuters
Swiss Franc	0.91	0.89	0.85	0.81	0.82	0.82	0.79	Swiss Franc/US dollar	Reuters
Turkish Lira	21.30	28.59	37.99	39.22	38.61	39.22	39.82	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

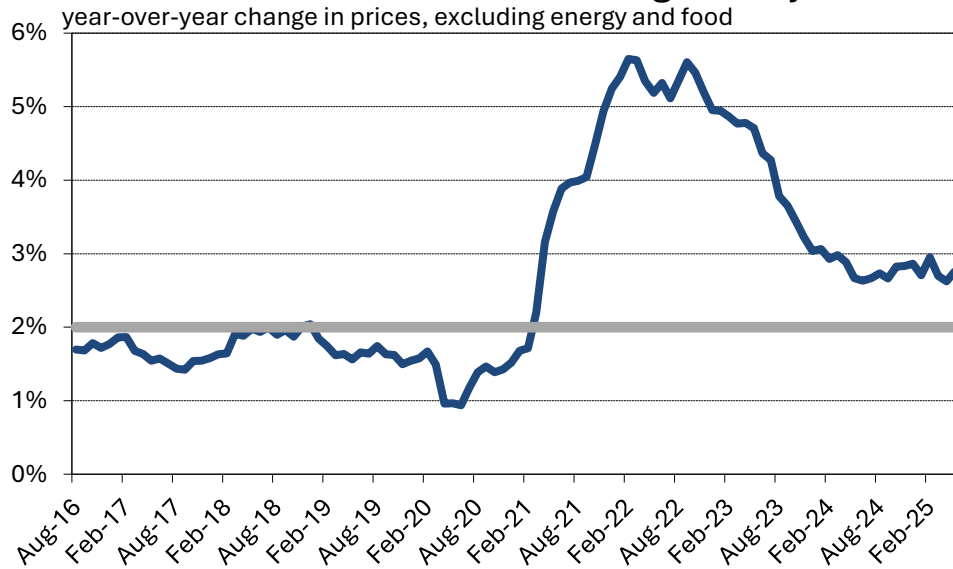
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



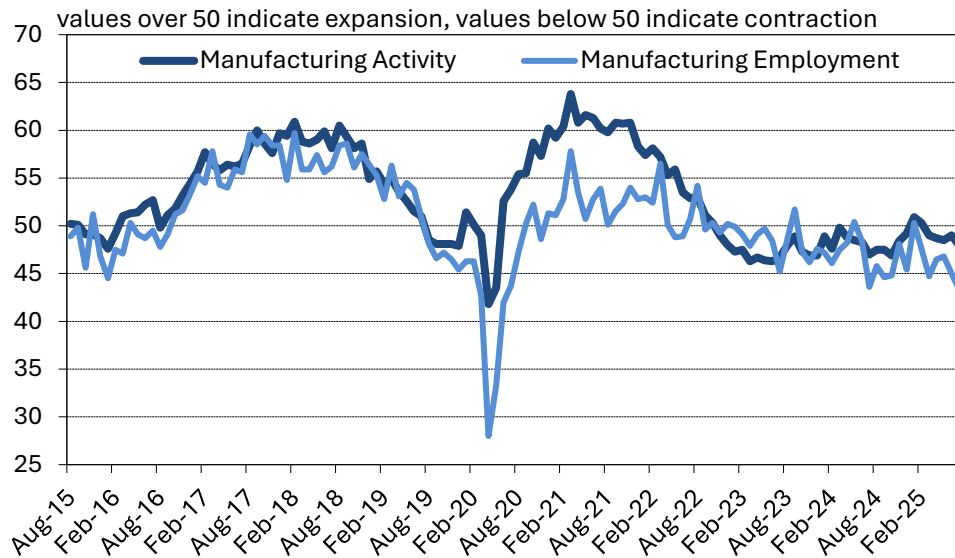
Source: Bureau of Labor Statistics

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.

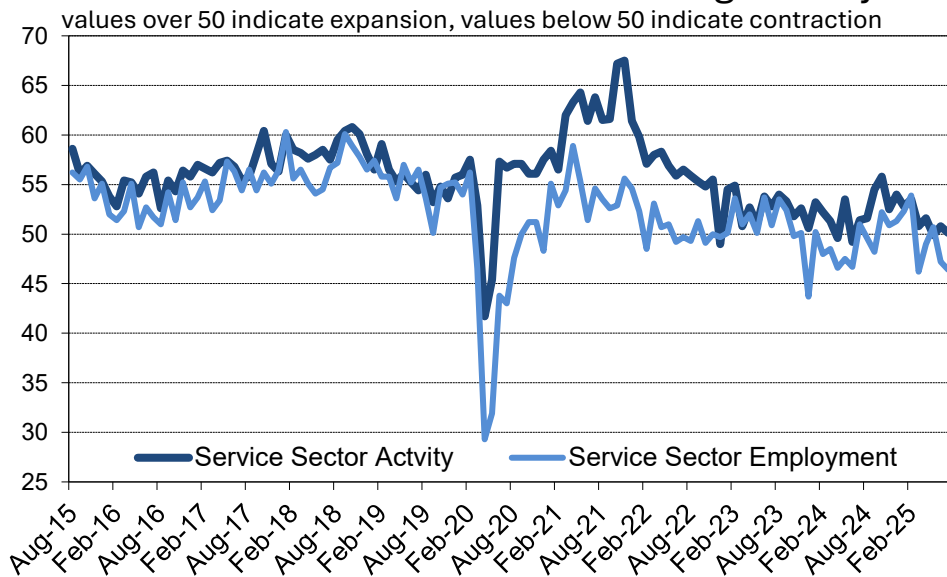
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ISM Index of Manufacturing Activity



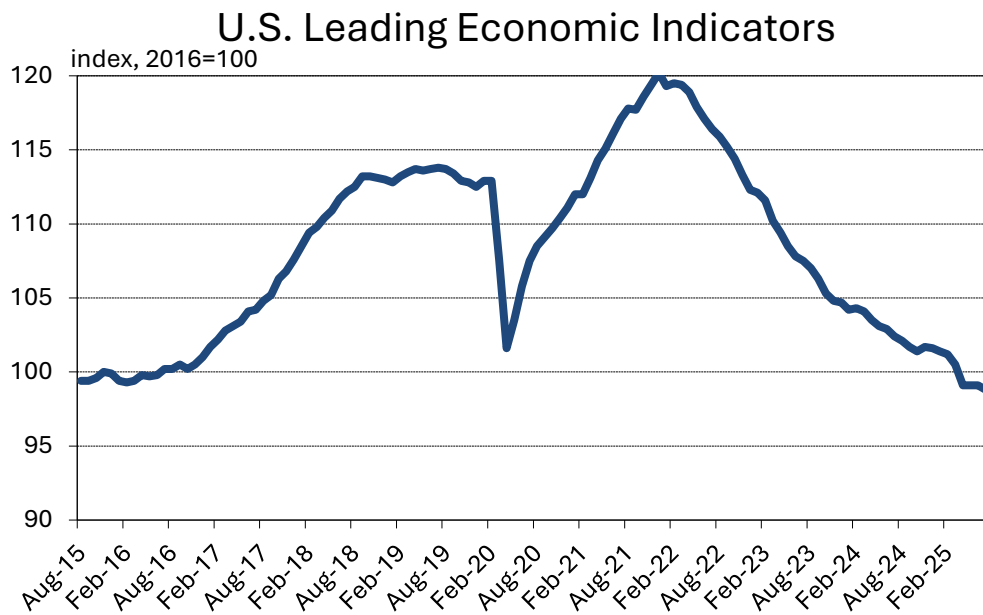
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

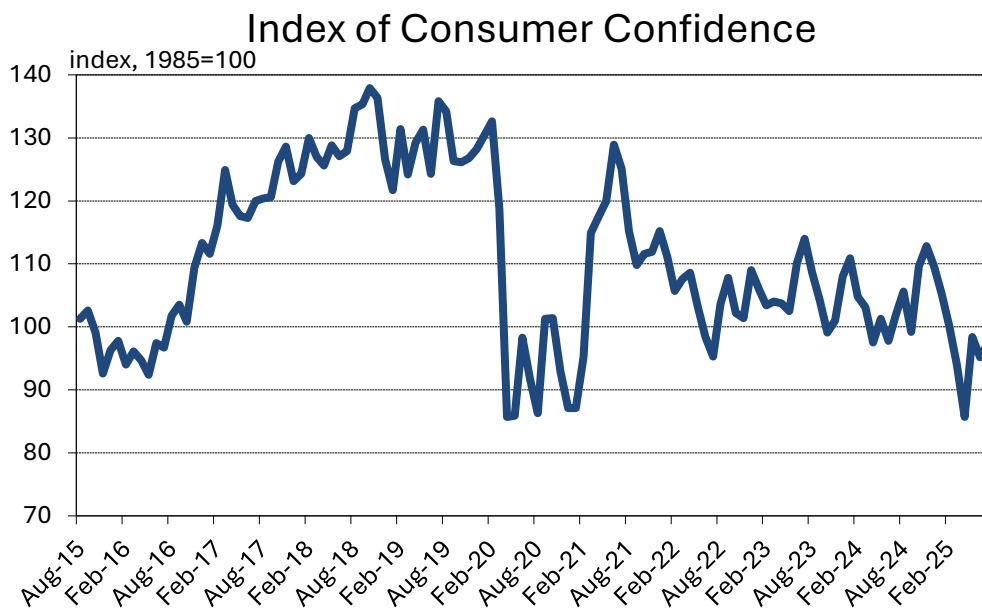


Source: Institute for Supply Chain Management

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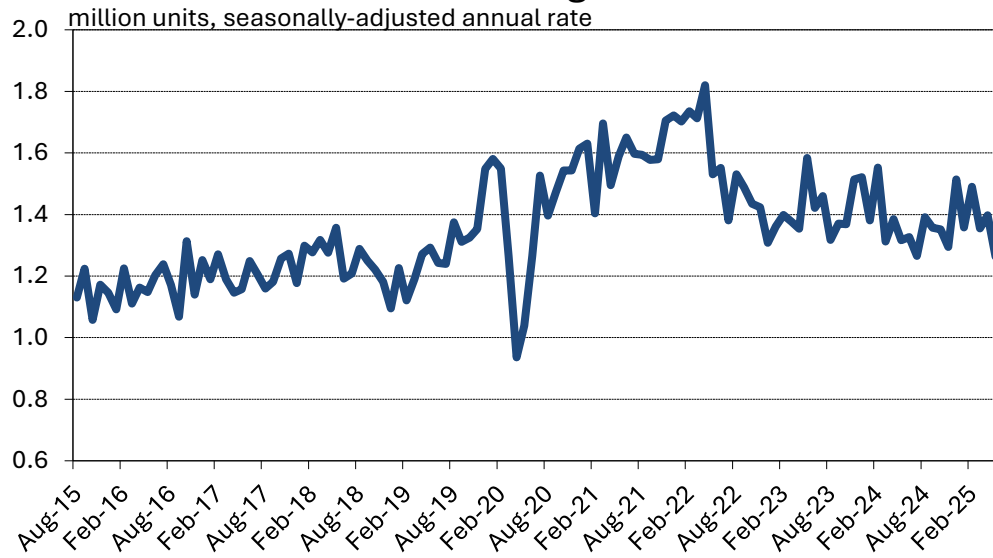
Source: The Conference Board



Source: The Conference Board

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U.S. Housing Starts



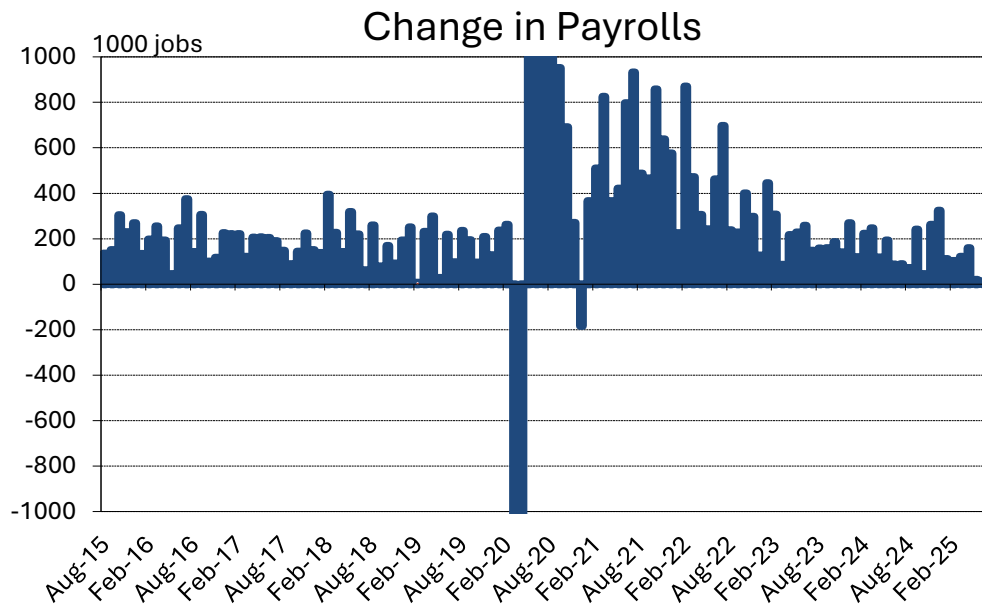
Source: Department of Commerce

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.

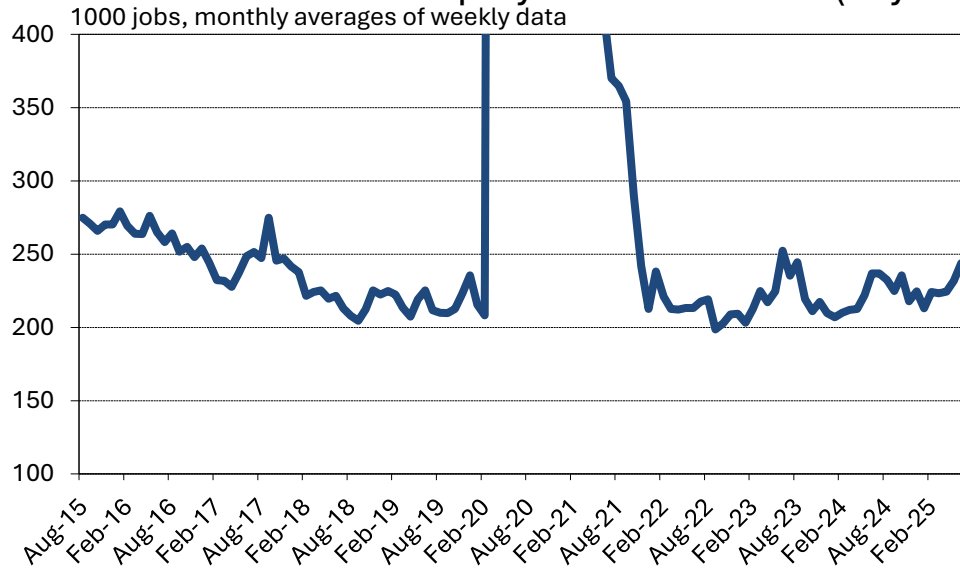


Source: National Federation of Independent Business

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

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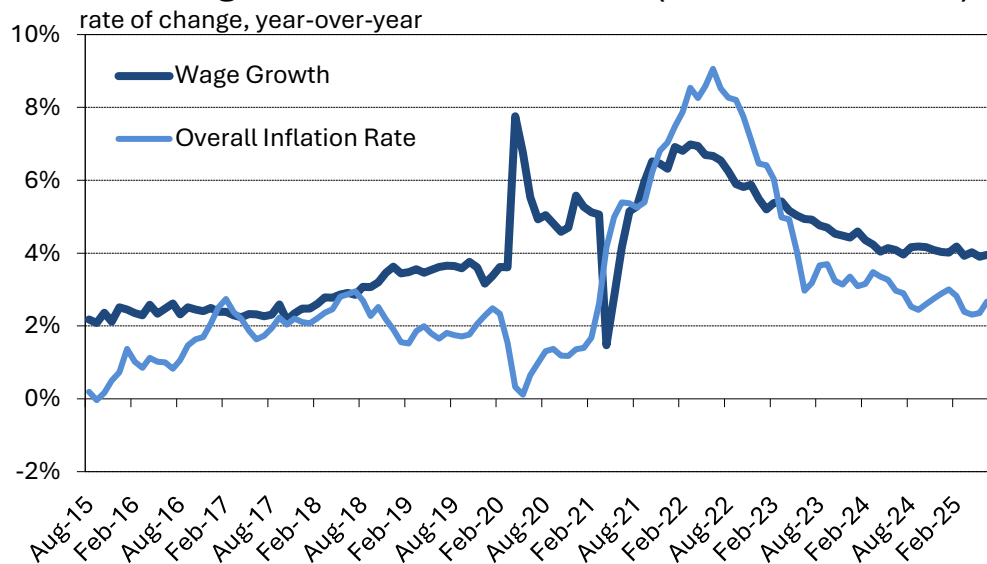
Initial Claims for Unemployment Insurance (Layoffs)



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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Source: Bureau of Economic Analysis

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

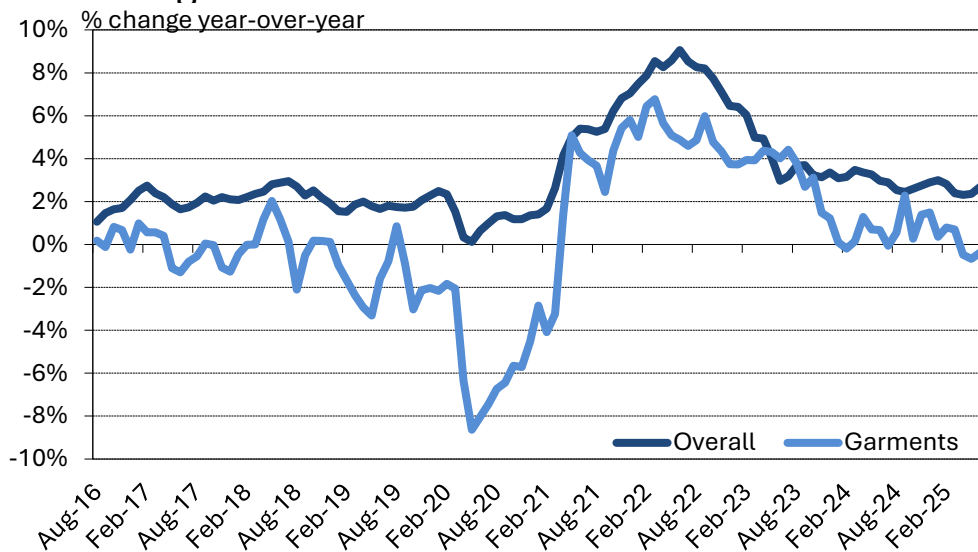


Source: Bureau of Labor Statistics

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

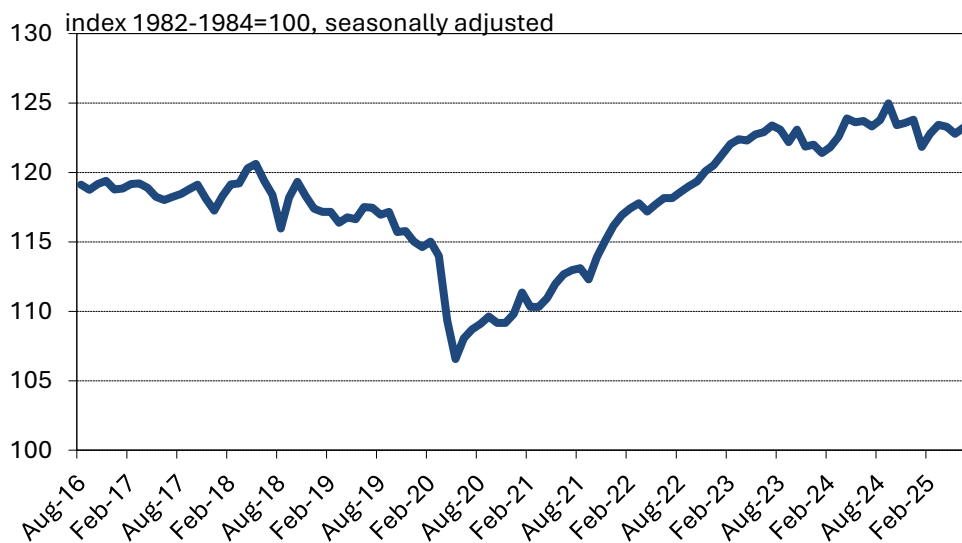
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

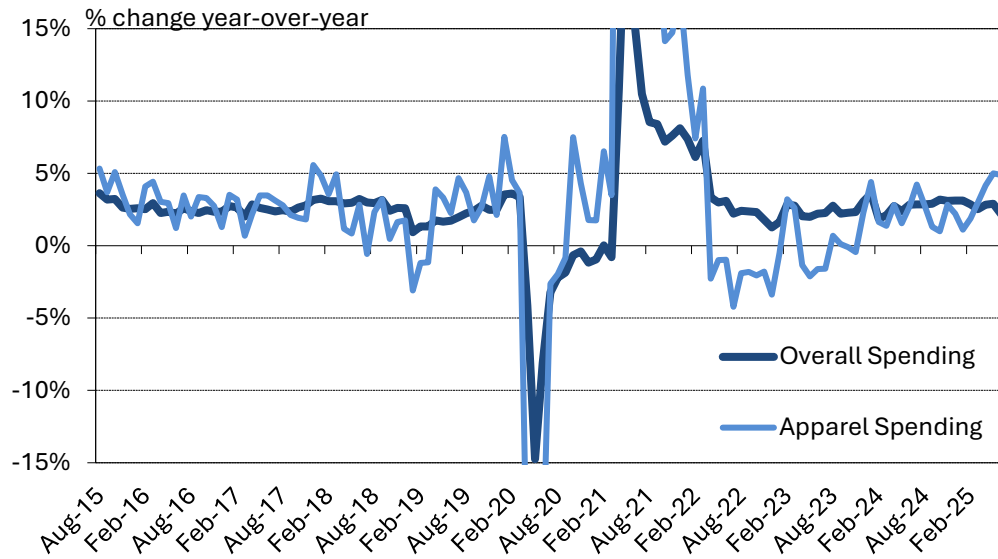
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

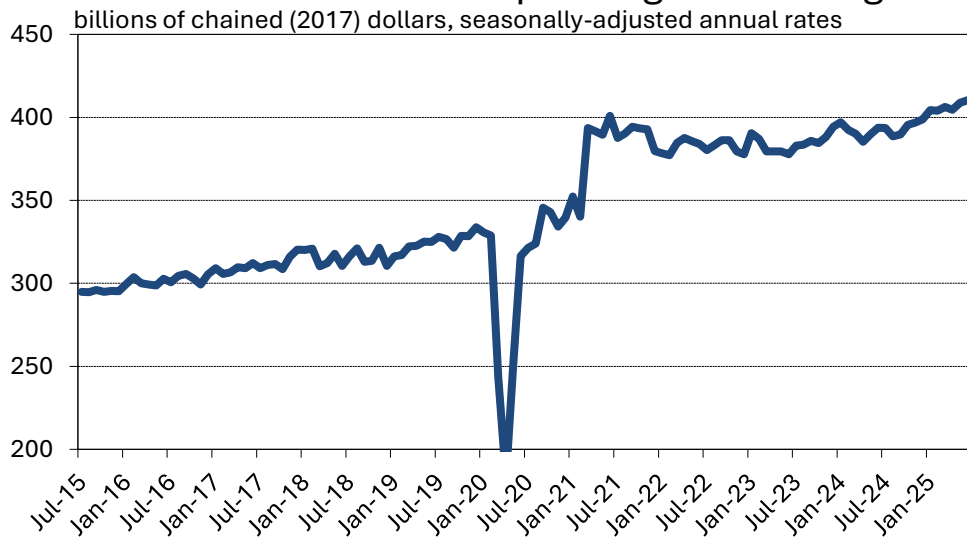
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

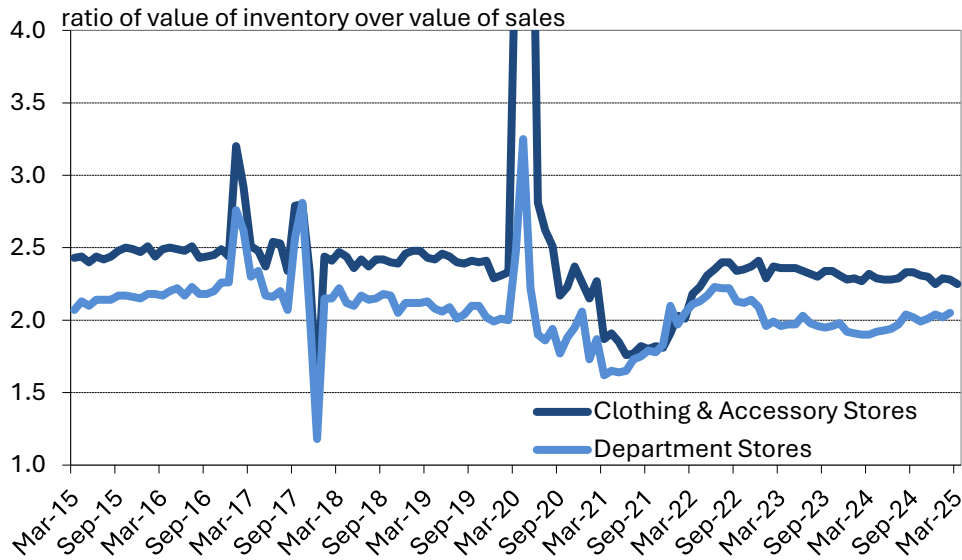


Source: Bureau of Economic Analysis

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

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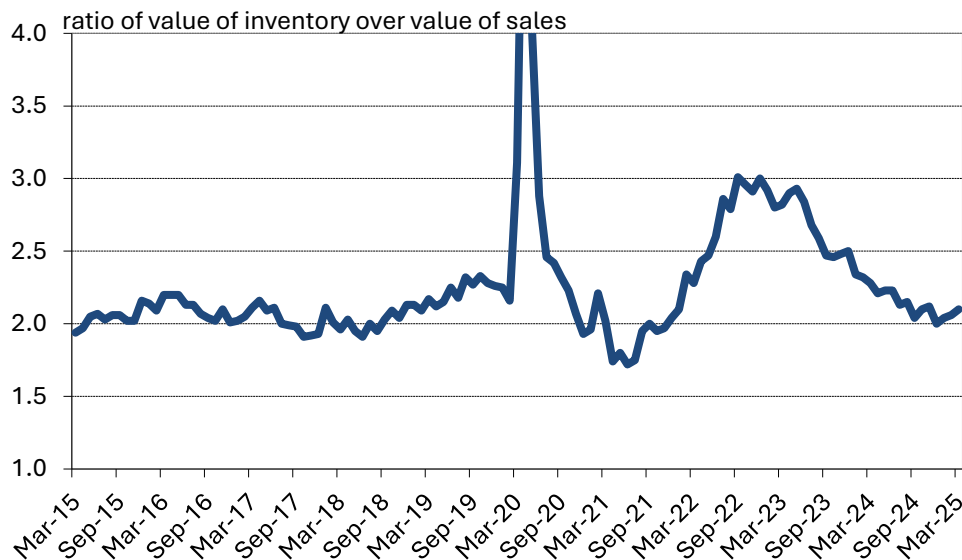
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

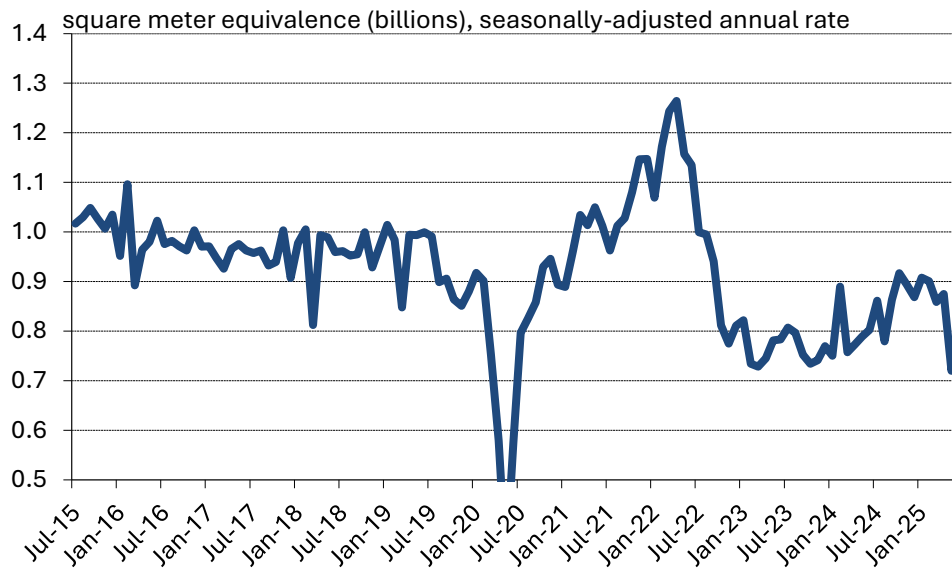


Source: Department of Commerce

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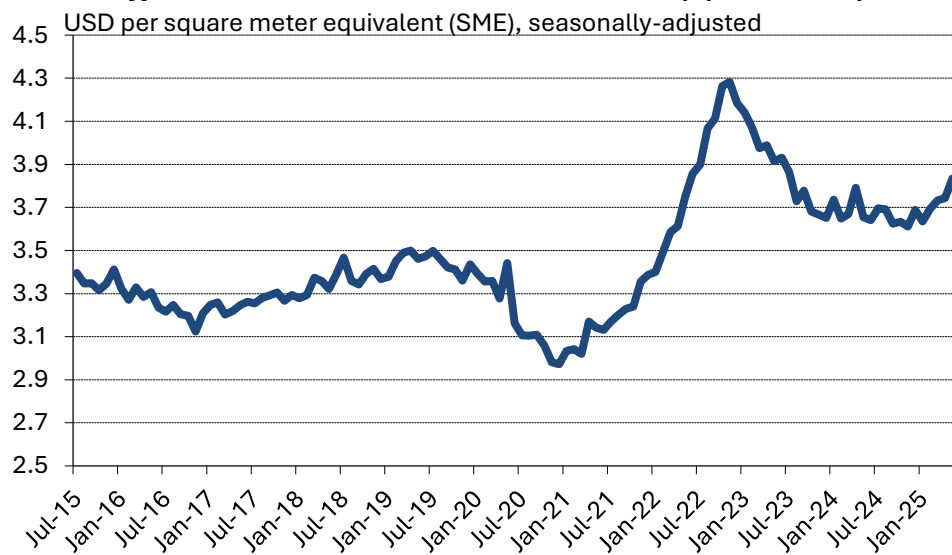
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U.S. Cotton-Dominant Apparel Import Volume



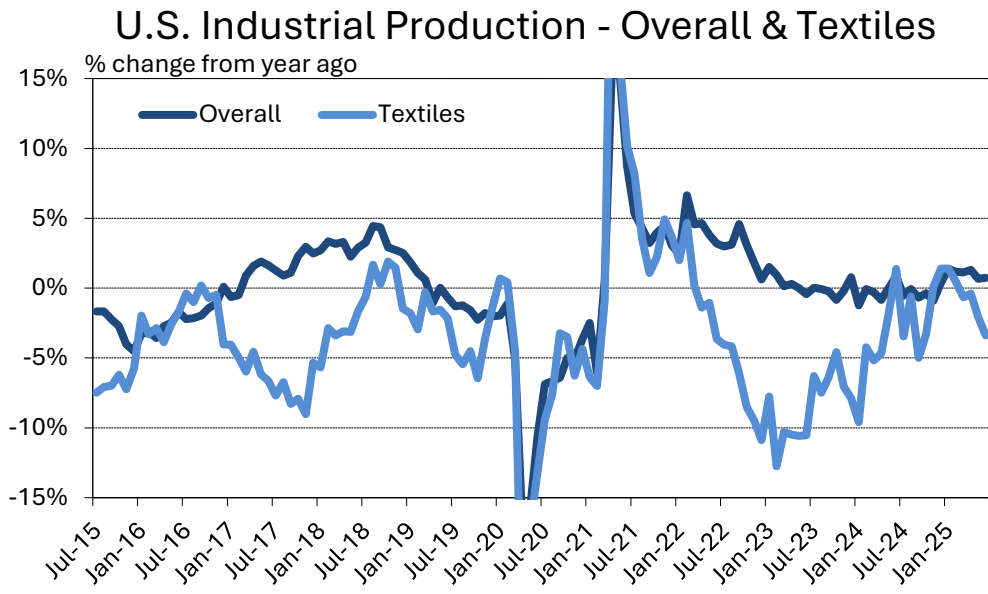
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



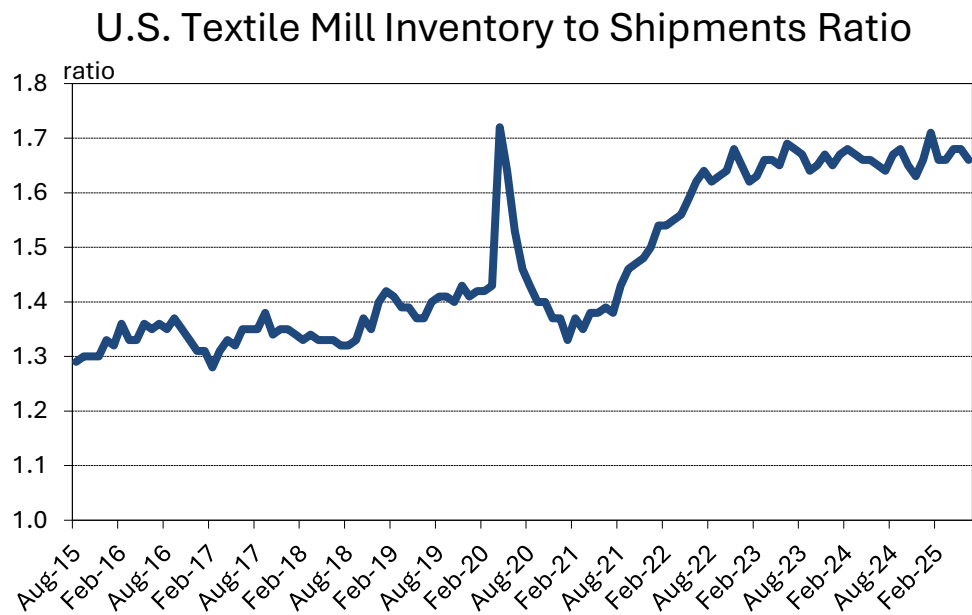
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

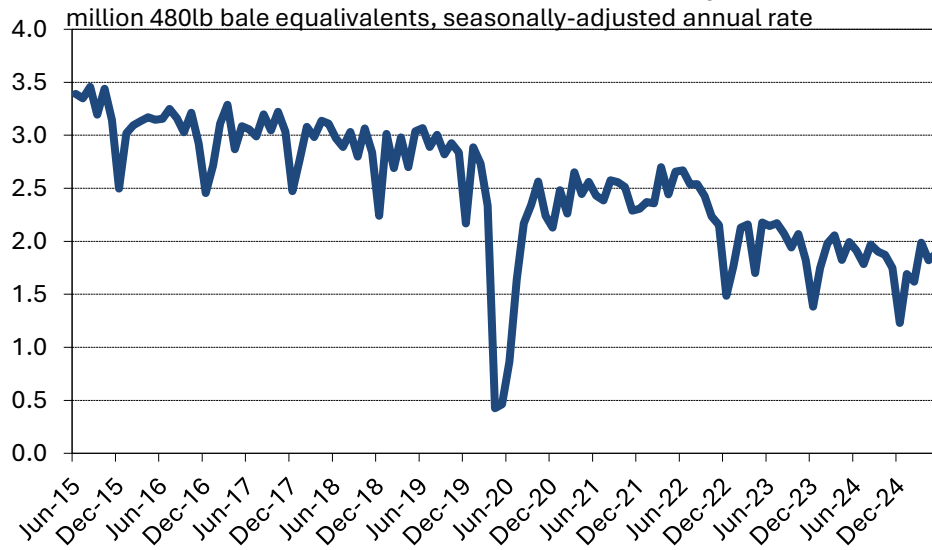
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

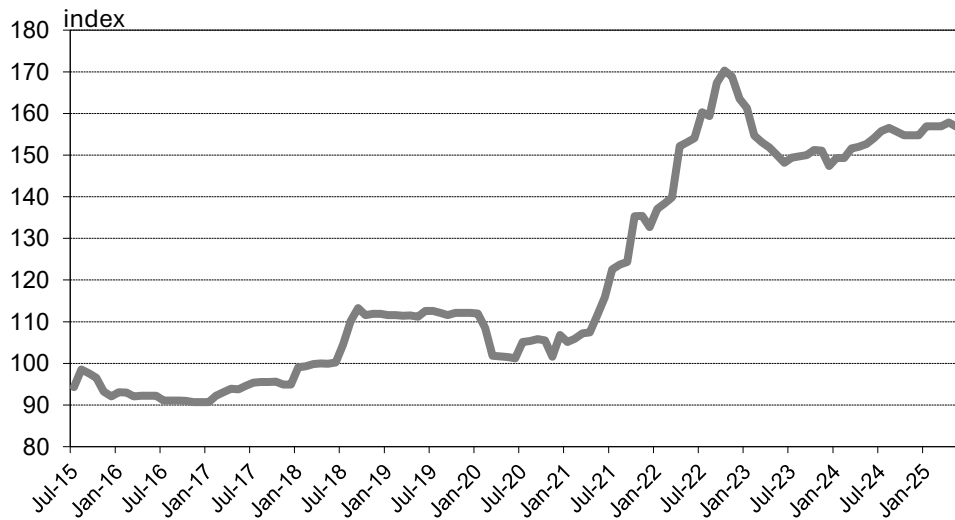
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US Cotton Yarn & Fabric Exports



Source: USDA

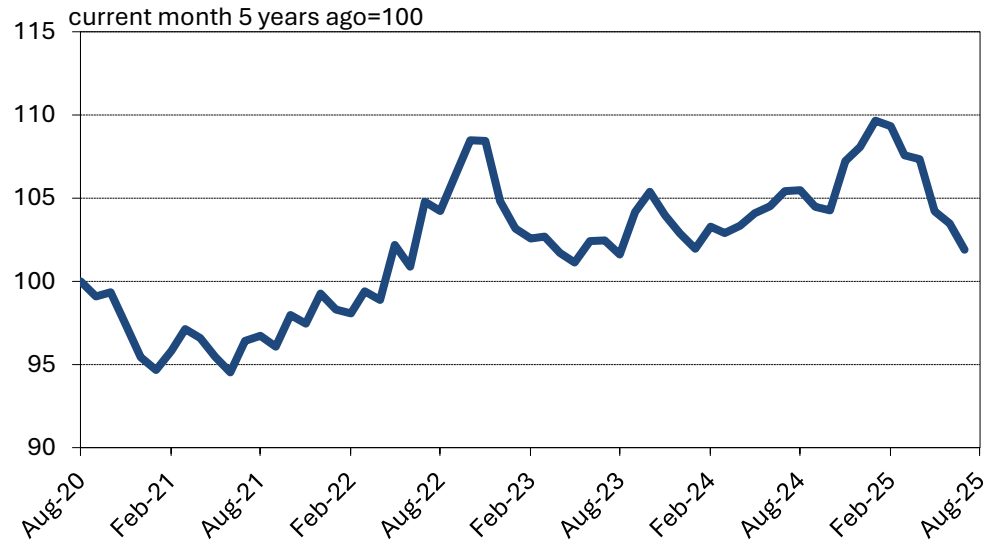
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

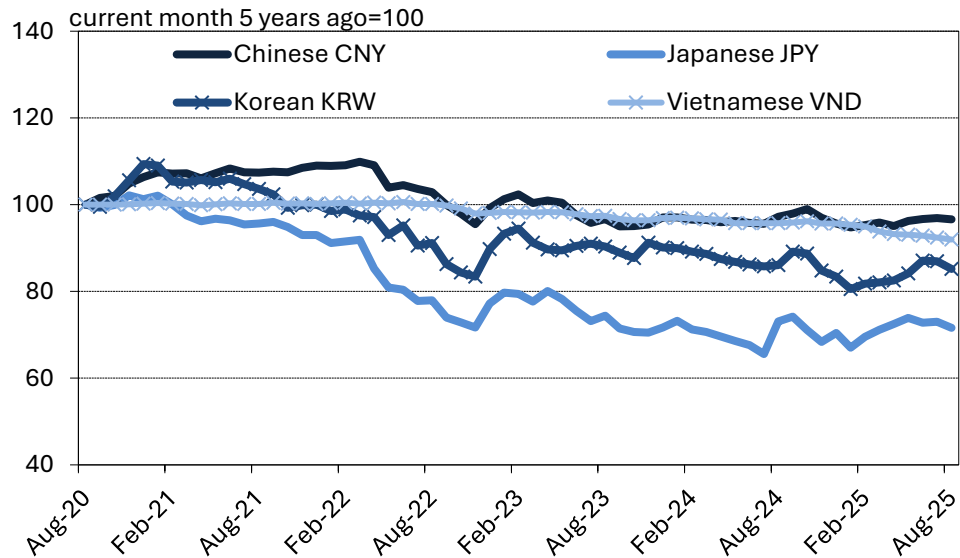
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Trade Weighted Exchange Index for U.S. Dollar



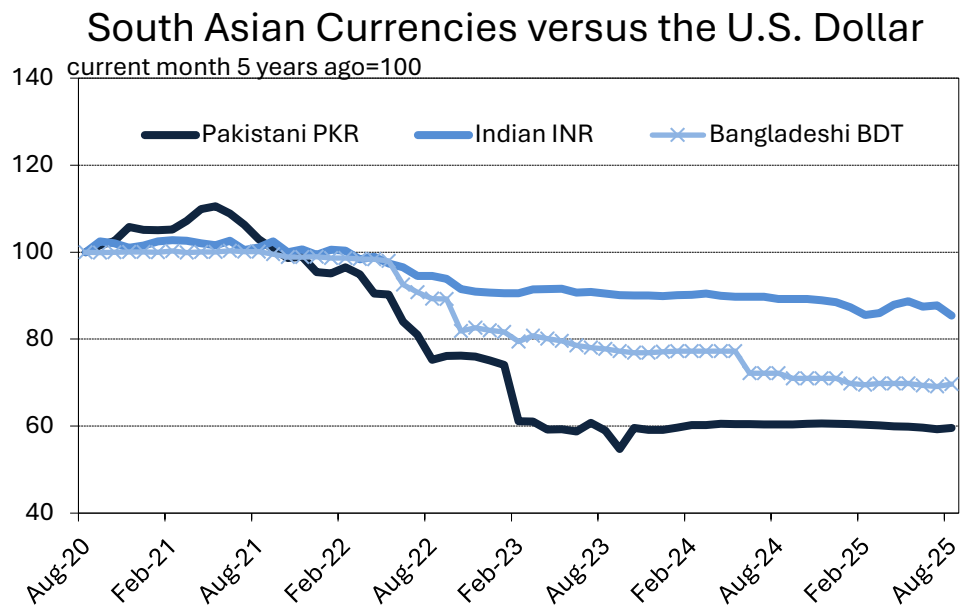
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

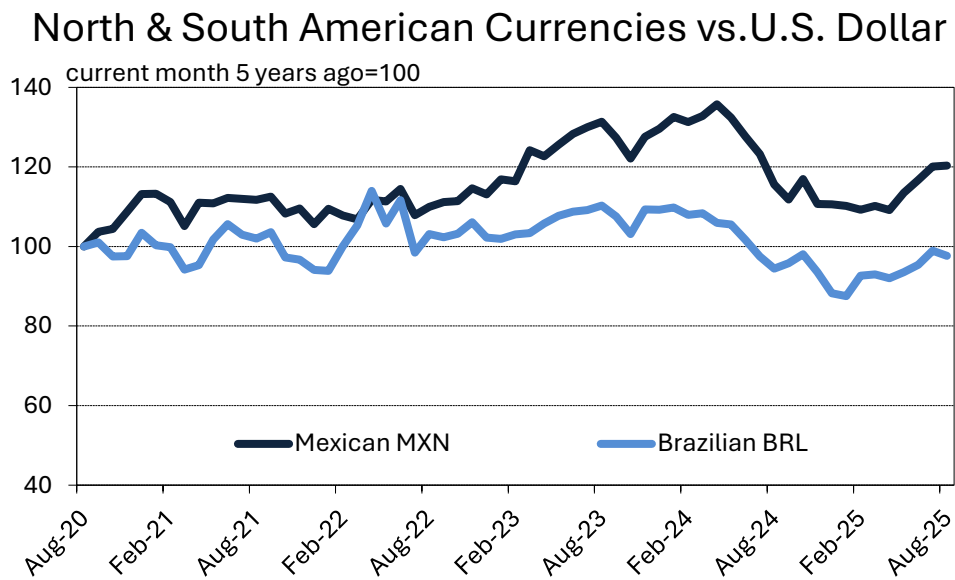


Source: Reuters

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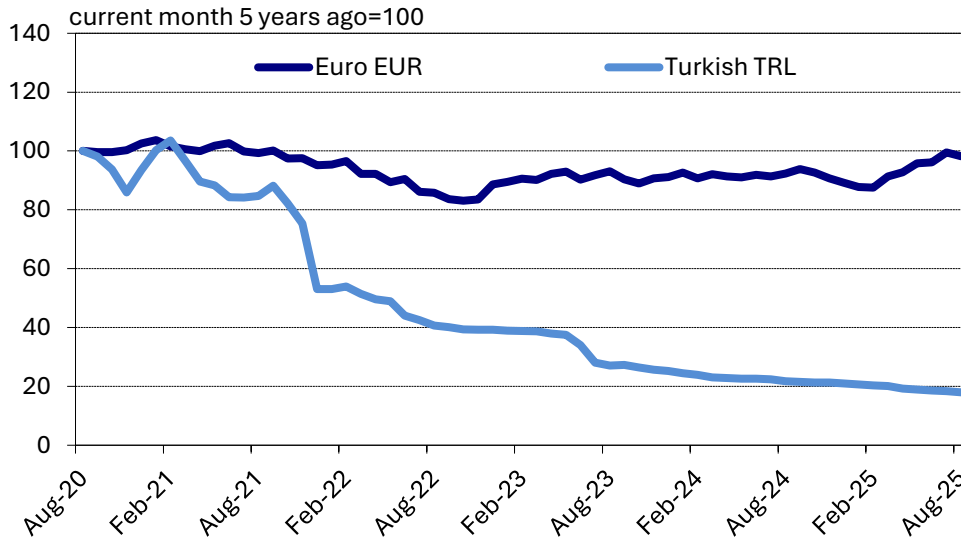
Source: Reuters



Source: Reuters

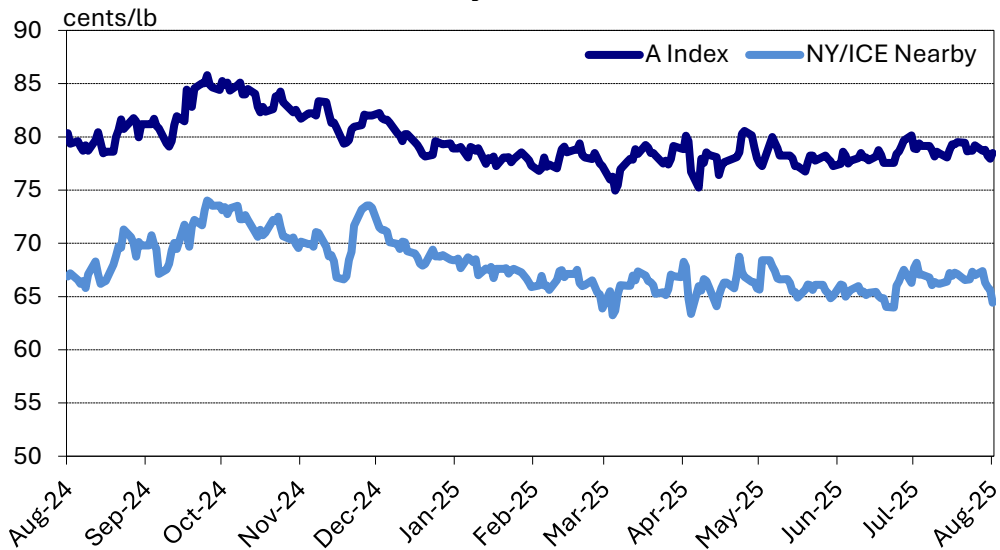
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European Currencies vs. U.S. Dollar



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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