Executive Cotton Update

U.S. Macroeconomic Indicators & the Cotton Supply Chain

Cotton Incorporated

November 2025 www.cottoninc.com

Government Shutdown: The U.S. federal government has been under a shutdown since the first of October. The duration of the current funding gap is the longest on record (41 days as of November 10th, when this document was written). The previous record of 34 days was set in 2018-19.

The shutdown has affected a wide range of government economic reporting, and the structure of this publication has been temporarily altered to accommodate changes in data availability. All of the figures presented in the tables and charts are the latest available. The discussion below covers recent events shaping the outlook for spending and sourcing.

A point of contention between the two parties is whether the funding bill will include a provision to extend subsidies for health care. Progress towards an agreement appeared to have been made among Senate members November 9th, but a formal vote is still required in both the Senate and the House.

There are several direct economic effects of the shutdown. One of those is that many federal employees have not been getting paid. Estimates are that at least 670,000 federal employees have been furloughed (on leave, not being paid) and that 730,000 have been working without pay (for context, the total U.S. labor force is 170 million). Expectations are that these employees will get back pay, but until the government reopens and payments are made, these people can be expected to be limiting their spending.

Another direct economic effect stemming from the shutdown relates to Supplemental Nutrition Assistance Payment benefits (SNAP, or food stamps). The availability of this monthly support to lower income families is being argued in the courts. On November 8th, the USDA issued a memo following a Supreme Court decision which indicated November benefit payments should be 65% of the normal maximum allotment. Both the delay and any reduction in payments affect the finances of more than 40 million Americans (for context, total U.S. population is near 343 million). If these consumers allocate more of their income towards food, there could be less money available for more discretionary goods like apparel.

It may be notable that these developments are surfacing around the start of the important holiday sales period. These economic stresses could affect the volume of goods purchased, especially when factoring in inflation. Although much economic reporting has been delayed due to the shutdown, there was a release of CPI data in October. The reading for overall inflation was +3.0% year-over-year. This matched the rate from January, but it otherwise ranked as the highest rate in sixteen months. The National Retail Federation recently released their forecast for holiday spending and suggested growth could be between 3.7% and 4.2%. Last year, sales growth was 4.3%. It was 4.7% in 2022 and 3.9% in 2023.

Tariffs: There was a series of announcements concerning tariffs that were made over the past month. Many of these were issued around the meeting between President Trump and President Xi Jinping at the end of October. These included frameworks and agreements with Cambodia, Malaysia, Thailand, and Vietnam. Several of these announcements included statements regarding purchases of U.S. agricultural goods, but there were not any comments specifying purchase volumes or values for U.S. cotton.

After threats were made to increase tariffs on China by 100 percentage points in the first half of October, negotiations with China led to a reduction in tariff rates. In 2025, there have been three sets of U.S. tariff increases on goods from China. The first came in February and were attributed to fentanyl (ten percentage points). A second fentanyl-associated increase occurred in March (ten percentage points). This was followed by the "reciprocal" tariffs that were introduced in April and lowered in May (to ten percentage points). In combination, these increases implied that recent U.S. imports from China had been facing thirty-point tariff increases in much 2025. With the negotiations around the recent meeting between the leaders from the U.S. and China, the fentanyl-related tariffs were reduced by half, lowering the current level of 2025 tariff addition on imports from China to twenty points.

The Supreme Court began hearing arguments regarding tariffs on November 5th. These hearings are examining the legal justification used by the administration to impose many of the tariff increases this year and will rule whether the International Emergency Economic Powers Act (IEEPA) can be used by a president to implement tariffs. The timing of the court's decision is unknown.

Economic Outlook: The Federal Reserve's Open Market Committee, which makes decisions regarding interest rate policy, met in late October. At the meeting, the decision was made to cut interest rate by one quarter of a percentage point (to a range between 3.75%-4.00%, its recent peak was between 5.25%-5.50% before cuts started in September 2024). With the shutdown, the central bank is making decisions with less data. Comments after the meeting relayed a view that labor market has been weakening and that there are downside risks for the employment situation. The Fed also indicated that inflation has been easing for services but rising for goods and that there are upside risks for overall price movement.

Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices
November 2025

Cotton Incorporated

Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters				
	5-year	1-year	6-month	3-month	Q4 : 2024	Q1 : 2025	Q2 : 2025	Unit	Source
Growth in US Real GDP	3.1%	2.4%	-0.6%	3.8%	1.9%	-0.6%	3.8%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic Series with Latest Data for October	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	August	September	October		
ISM Index of Manufacuring Activity	52.0	49.0	48.7	48.8	48.7	49.1	48.7	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.2	51.7	50.9	51.5	52.0	50.0	52.4	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.5	99.0	96.7	96.0	97.8	95.6	94.6	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	312.0	122.2	64.2	29.3	-13	79	22	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.4%	4.2%	4.2%	4.2%	4.1%	4.2%	4.3%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.1%	4.3%	4.3%	4.2%	4.3%	4.2%	4.1%	Interest rate	Federal Reserve
10-year Treasury Bill	3.3%	4.3%	4.3%	4.1%	4.3%	4.1%	4.1%	Interest rate	Federal Reserve

Macroeconomic Series with Latest Data for August	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	June	July	August	Unit	Source
Index of Leading Economic Indicators	109.0	99.8	98.8	98.6	98.4	98.9	98.4	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.4	1.4	1.4	1.4	1.3	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.8	4.1	4.0	4.0	3.9	4.0	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile Series with Latest Data for August	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	June	July	August	Unit	Source
US Industrial Production	101.8	103.3	103.8	104.0	103.0	103.3	103.9	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	143.7	156.1	156.6	156.3	155.8	156.3	156.9	Index, December 2003=100	Bureau of Labor Statistics

Industrial & Textile Series with Latest Data for July	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	May	June	July	Unit	Source
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.8	1.8	1.9	1.9	1.9	1.9	2.0	million 480lb bales	USDA ERS

Industrial & Textile Series with Latest Data for July	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	May	June	July	Unit	Source
US Textile Mill Inventory/Shipments Ratio	1.58	1.66	1.66	1.64	1.64	1.65	1.62	Ratio	Department of Commerce

Retail Data

Retail Series with Latest Data for August	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	June	July	August	Unit	Source
US Real Consumer Spending									
All Goods and Services	3.9%	3.0%	2.8%	2.6%	2.5%	2.5%	2.7%	% Chg. Year/Year	Department of Commerce
Clothing	8.9%	5.4%	6.9%	7.3%	5.7%	7.3%	9.0%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.4%	2.7%	2.6%	2.8%	2.7%	2.7%	2.9%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	2.1%	0.3%	-0.4%	-0.2%	-0.4%	-0.4%	0.0%	% Chg. Year/Year	Bureau of Labor Statistics

Retail Series with Latest Data for July	Recent Averages				Values in Recent Months				
	5-year	1-year	6-month	3-month	May	June	July	Unit	Source
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.2	2.2	2.2	Value of inventory over value of sales	Department of Commerce
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.0	2.0	2.0	Value of inventory over value of sales	Department of Commerce

return to text

Executive Cotton Update

Daily Cotton Price and Currency Data

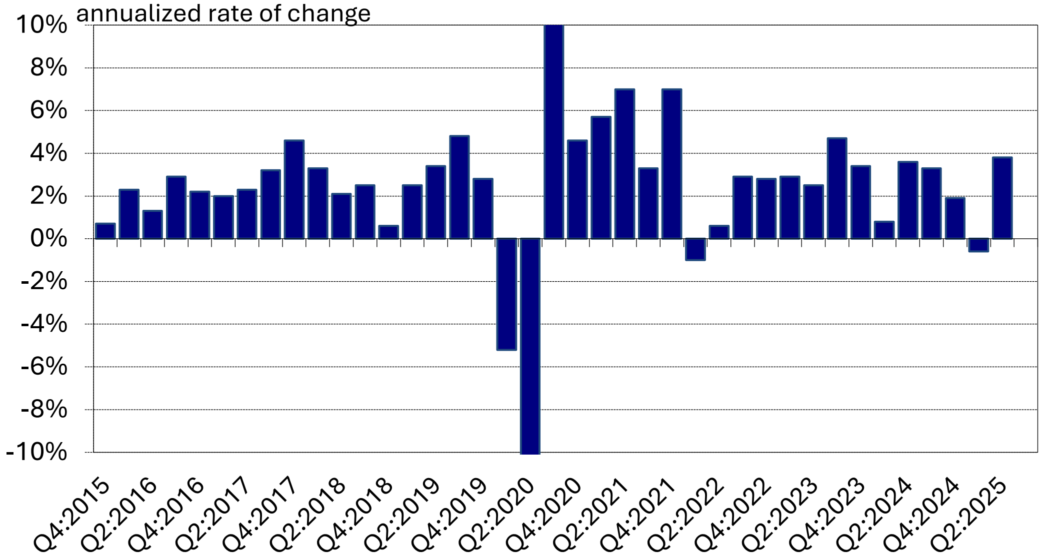
November 2025

Daily Cotton Price Data	Recent Averages				Averages over Recent Months				
	5-year	1-year	6-month	3-month	August	September	October	Unit	Source
NY Nearby	86.5	66.6	65.6	65.0	65.8	64.7	64.5	cents/pound	ICE
A Index	97.8	78.4	77.9	77.4	78.6	77.9	76.0	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months				
	5-year	1-year	6-month	3-month	August	September	October	Unit	Source
Dollar Trade Weighted Exchange Index	119.9	122.5	121.0	120.7	120.9	120.5	120.7	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.91	7.16	7.17	7.15	7.19	7.14	7.12	Chinese Renminbi/US dollar	Reuters
Indian Rupee	80.61	84.08	86.71	88.26	87.74	88.26	88.79	Indian Rupee/US dollar	Reuters
Japanese Yen	134.45	145.97	146.12	148.15	147.40	147.08	149.98	Japanese Yen/US dollar	Reuters
Pakistani Rupee	236.53	276.51	281.92	281.45	282.55	281.60	280.20	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.30	5.31	5.49	5.40	5.48	5.41	5.32	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.37	1.38	1.38	1.38	1.38	1.40	Canadian dollar/US dollar	Reuters
Mexican Peso	19.25	18.55	18.87	18.55	18.60	18.68	18.38	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.79	0.74	0.74	0.75	0.74	0.74	British Pound/US dollar	Reuters
Euro	0.91	0.92	0.86	0.86	0.86	0.85	0.85	Euro/US dollar	Reuters
Swiss Franc	0.90	0.88	0.81	0.80	0.81	0.80	0.80	Swiss Franc/US dollar	Reuters
Turkish Lira	22.98	30.50	40.21	41.20	40.66	41.25	41.69	Turkish Lira/US dollar	Reuters

return to text

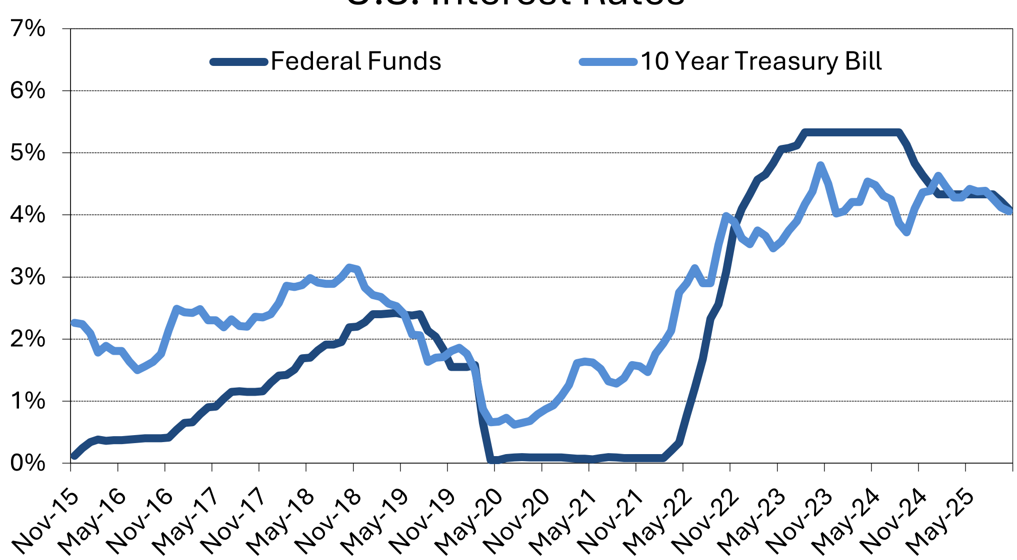
Growth in U.S. Real Gross Domestic Product



Source: Department of Commerce

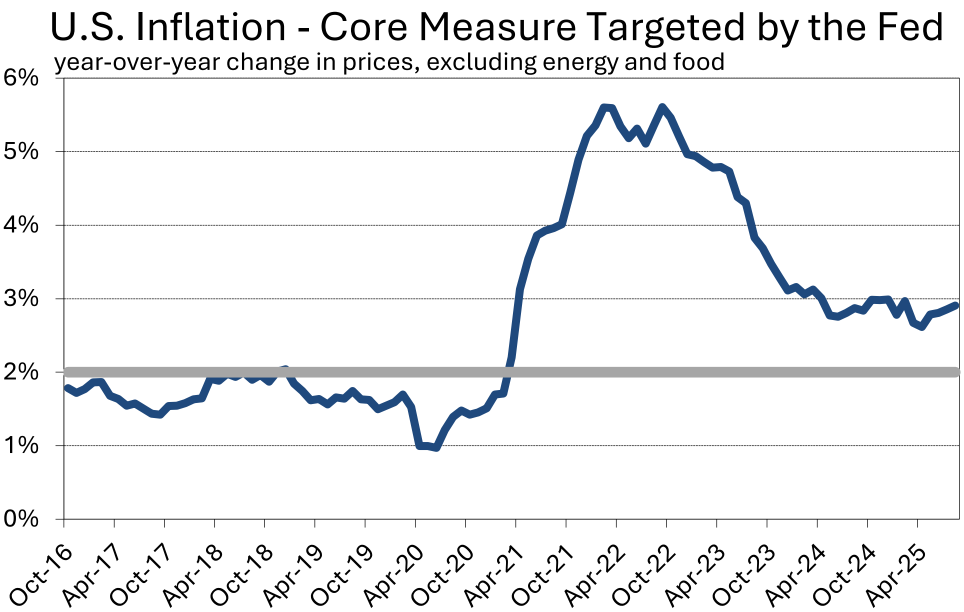
Note: Chart truncated around COVID shutdowns to highlight normal change.

U.S. Interest Rates



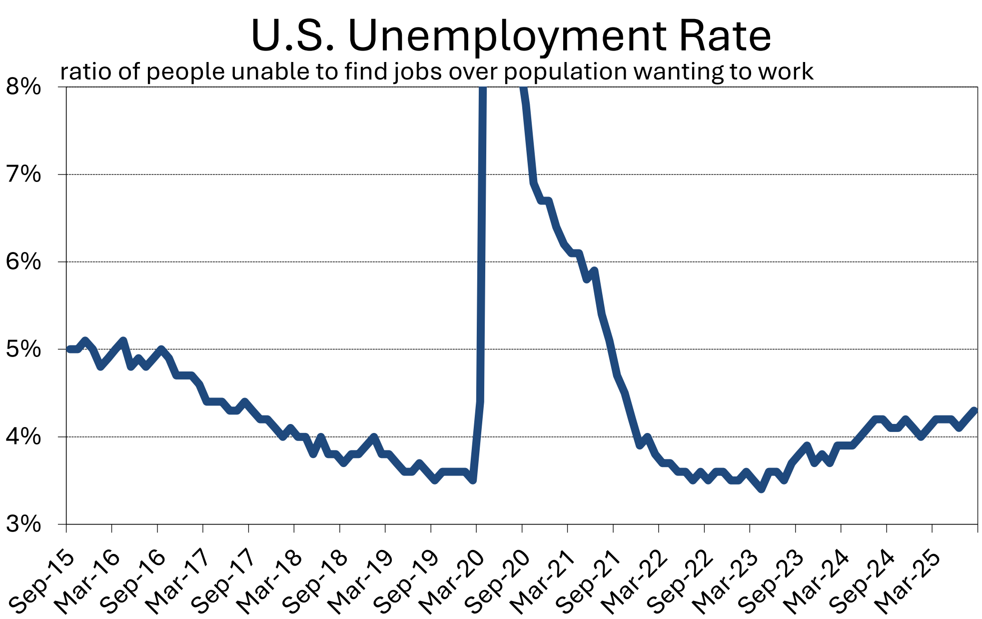
Source: Department of Commerce

return to text



Source: Federal Reserve

Note: The Federal Reserve's official inflation target is two percent.

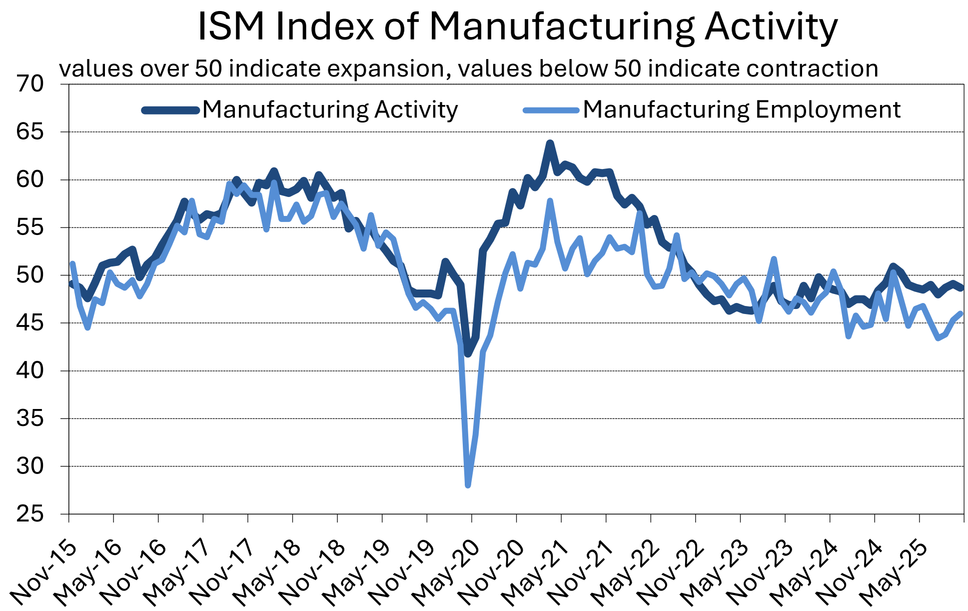


Source: Bureau of Labor Statistics

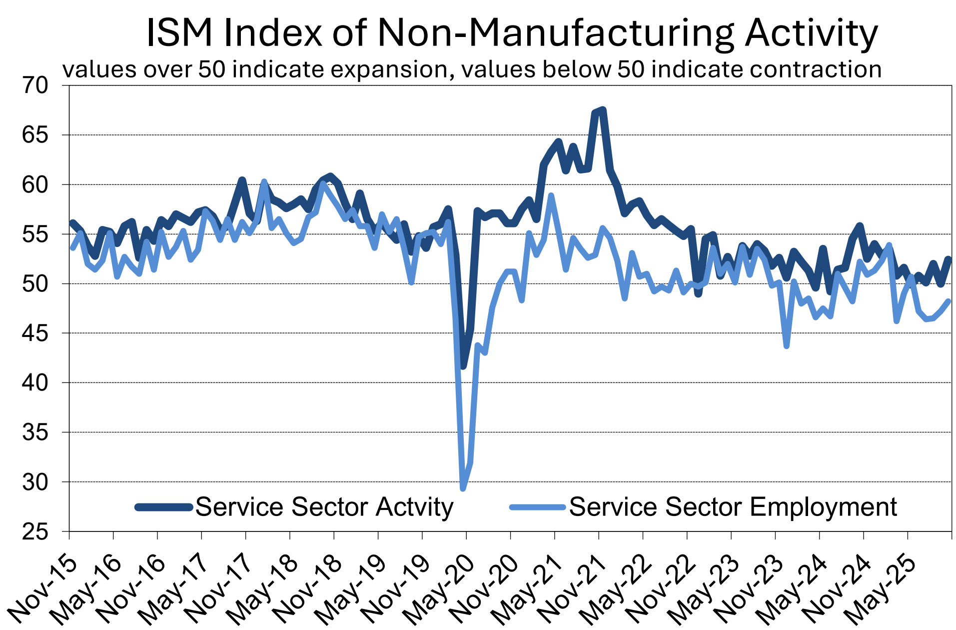
Note: In addition to price control, the Federal Reserve's mandate requires pursuit of the maximum sustainable level of employment.

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

return to text

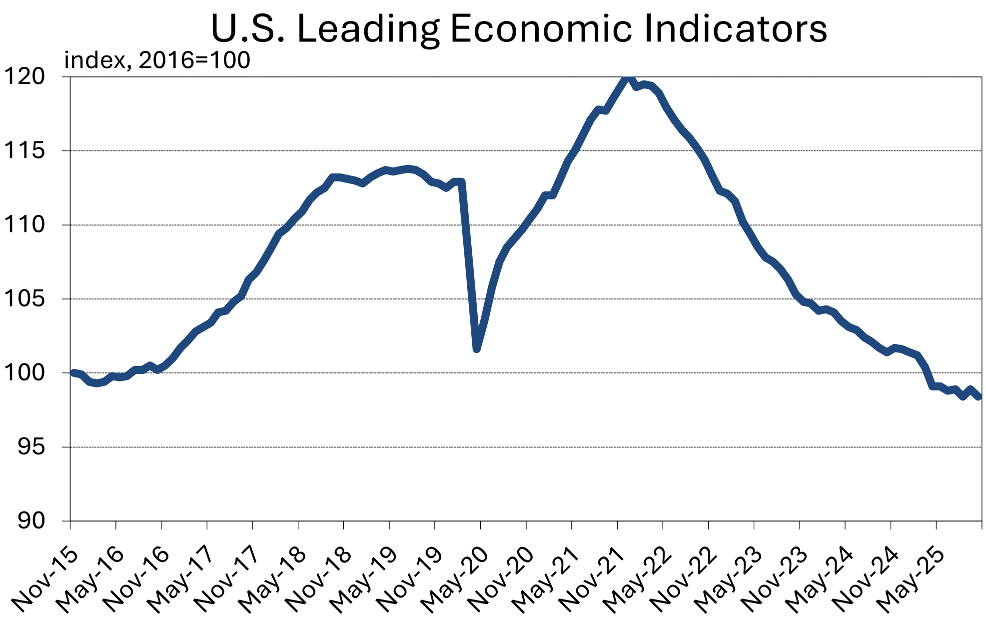


Source: Institute for Supply Chain Management

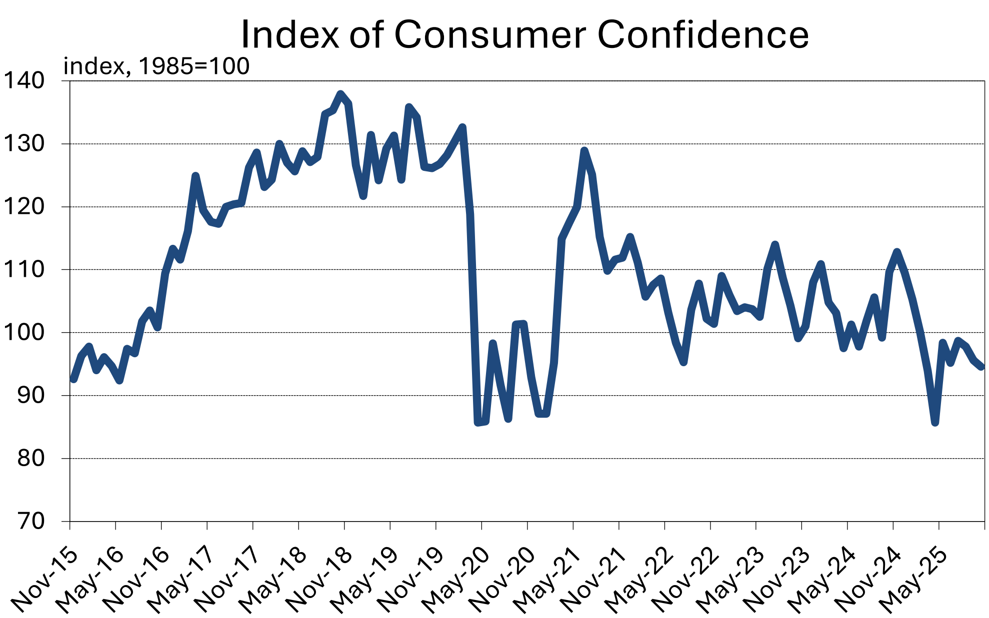


Source: Institute for Supply Chain Management

return to text

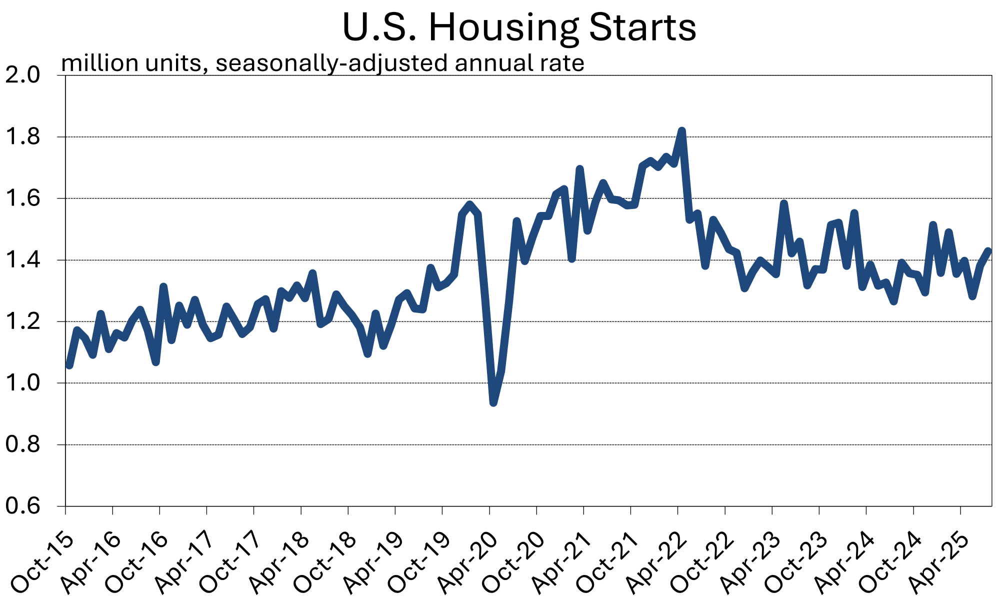


Source: The Conference Board

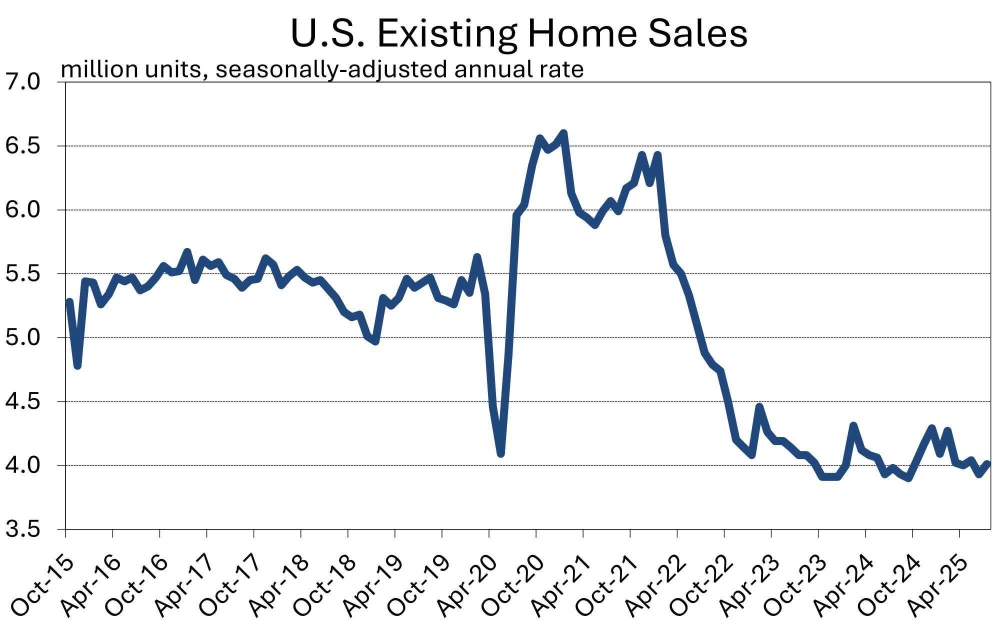


Source: The Conference Board

return to text

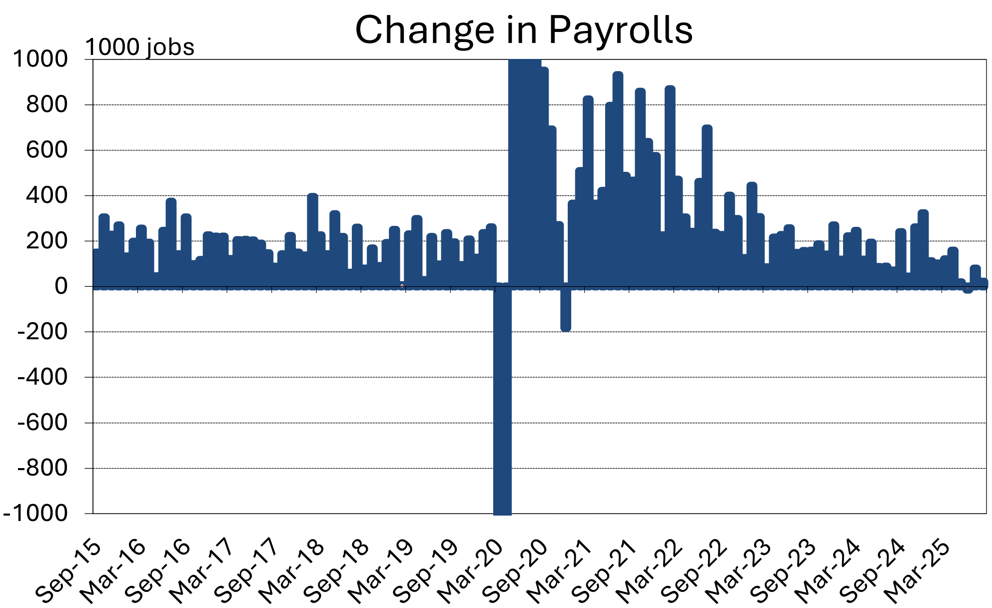


Source: Department of Commerce



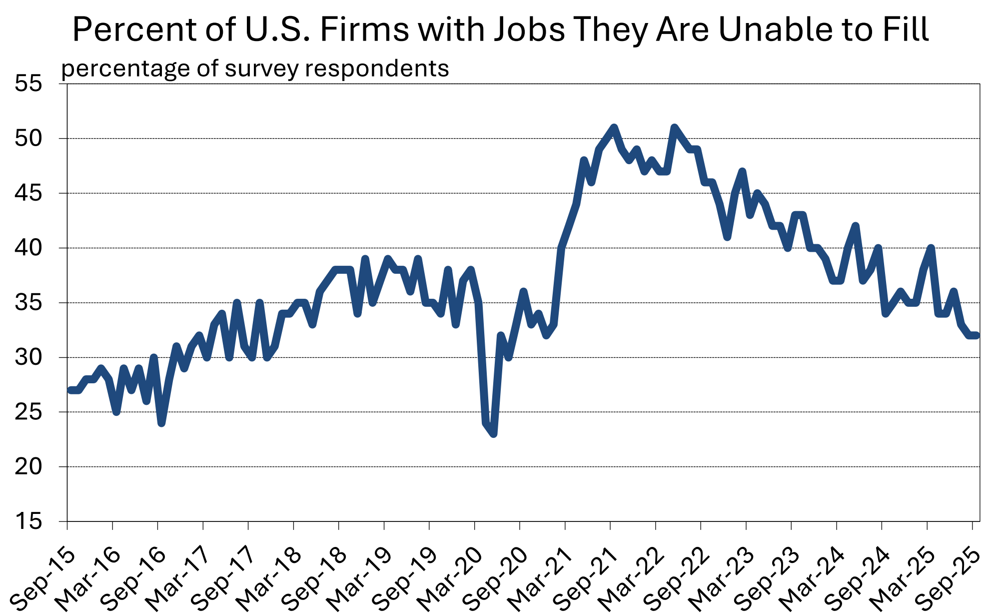
Source: Department of Commerce

return to text



Source: Bureau of Labor Statistics

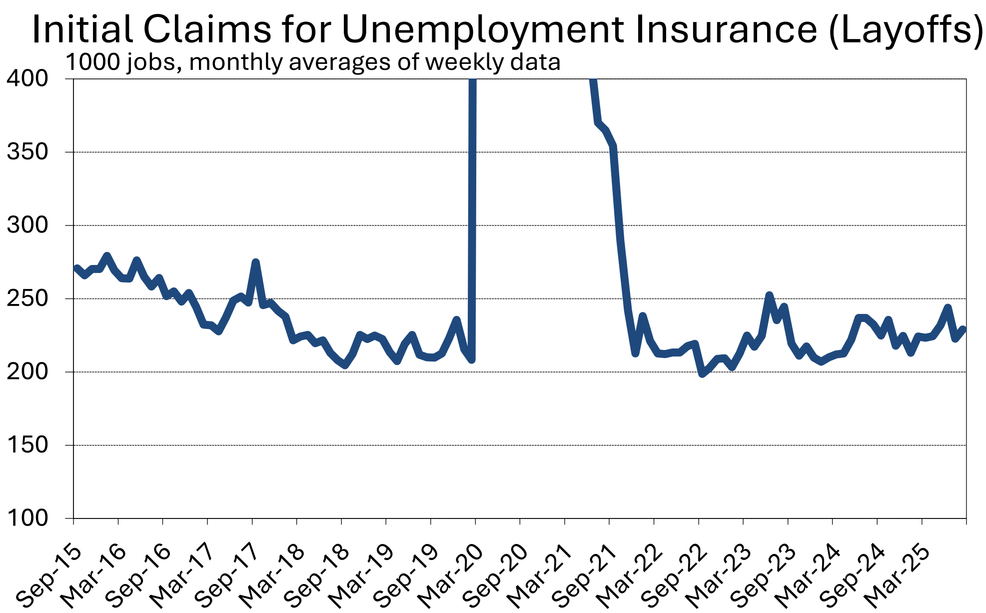
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: National Federation of Independent Business

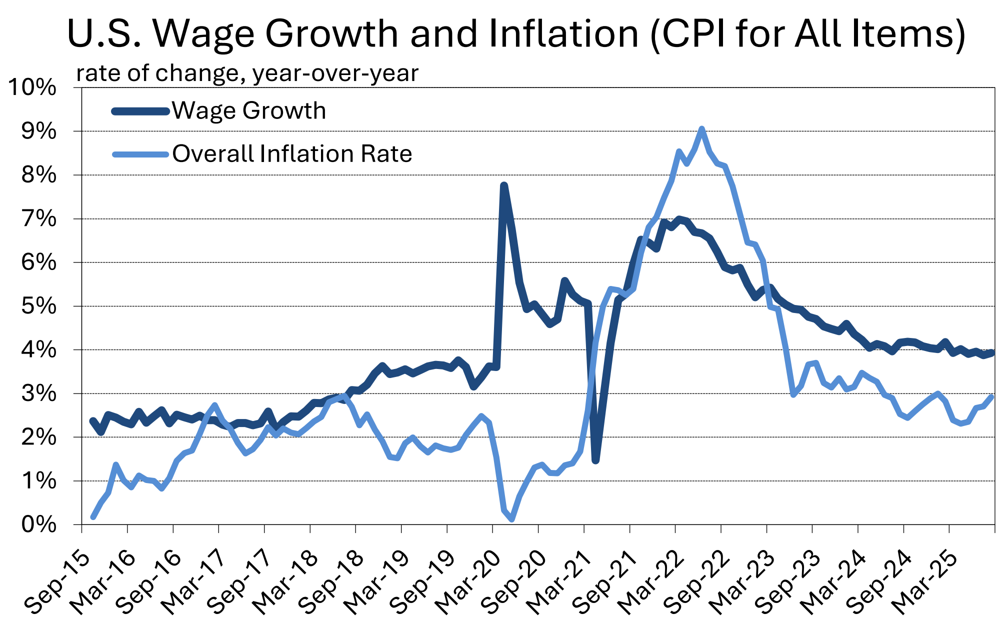
Note: Chart truncated around COVID shutdowns to highlight normal change.

return to text



Source: Department of Labor

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



Source: Bureau of Labor Statistics

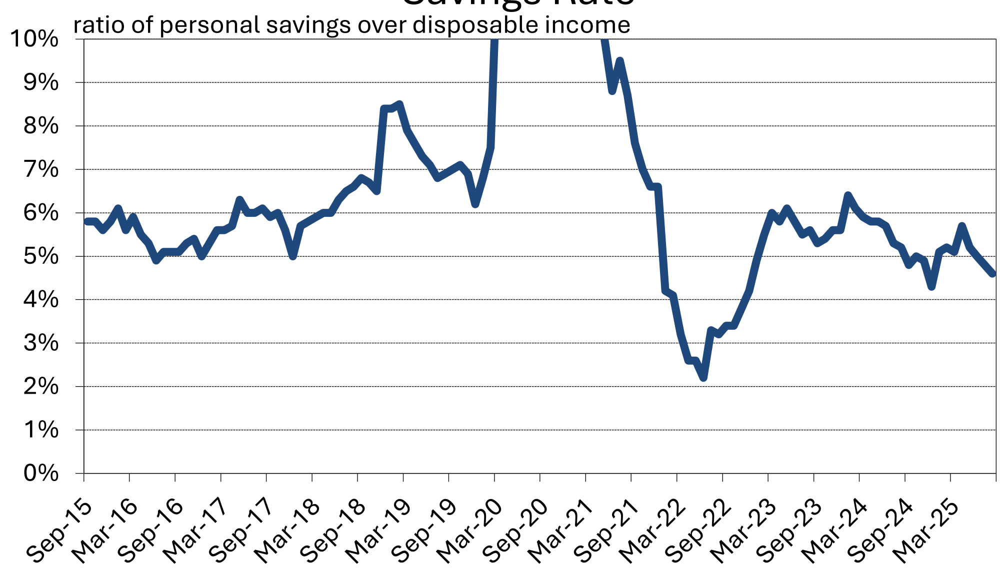
return to text

Growth in Real Disposable Personal Income

Source: Bureau of Economic Analysis

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

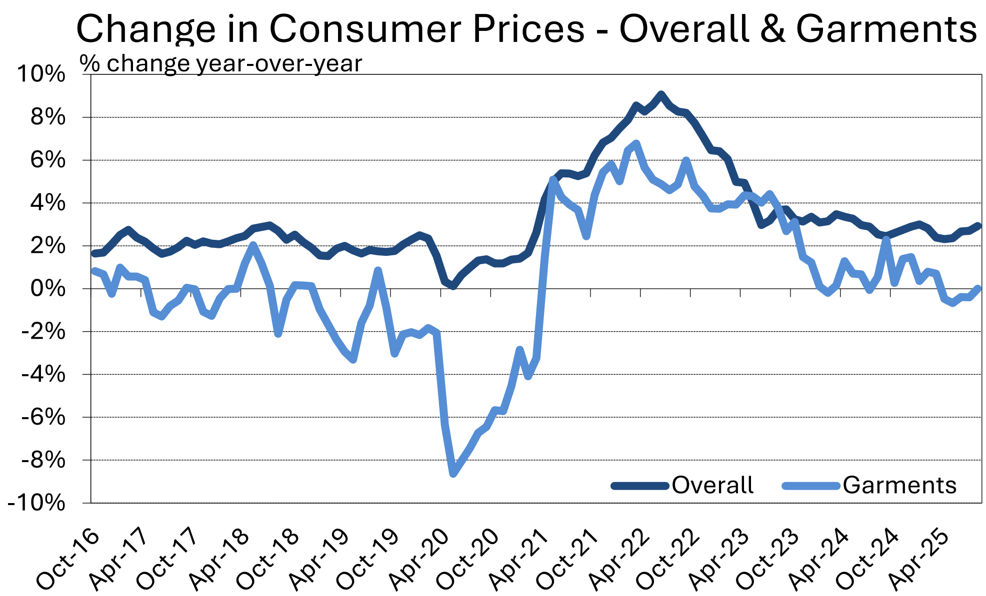
Savings Rate



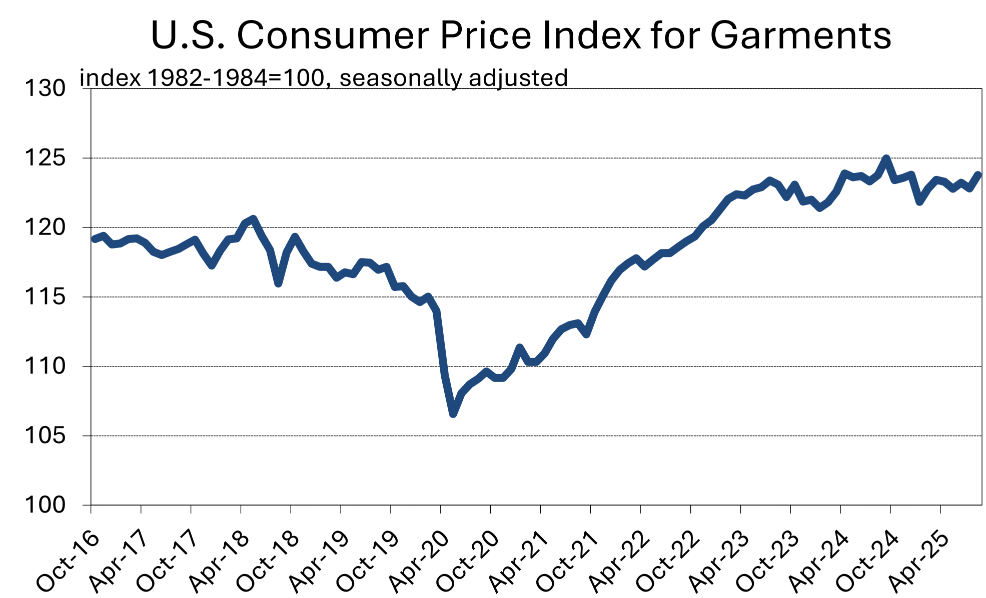
Source: Bureau of Labor Statistics

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

return to text



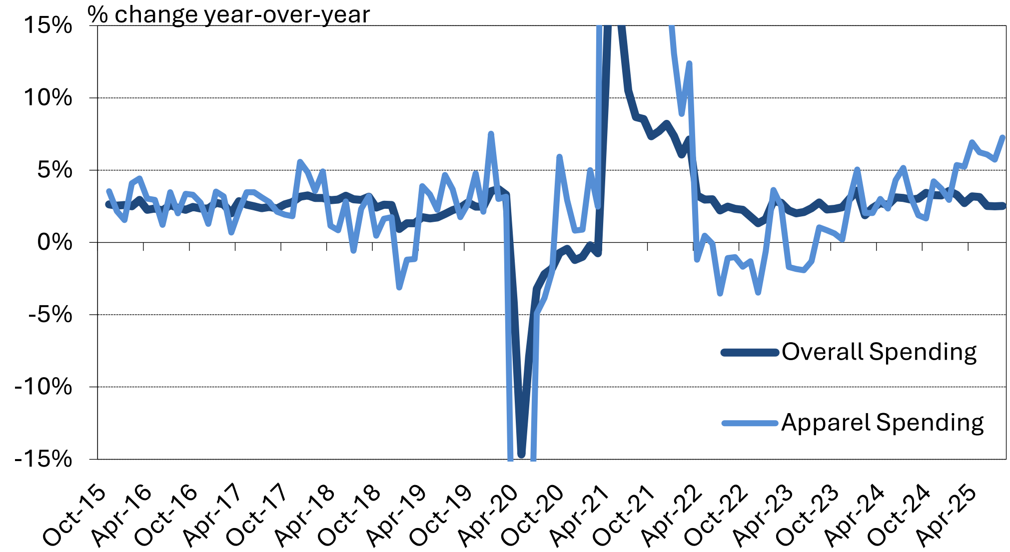
Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

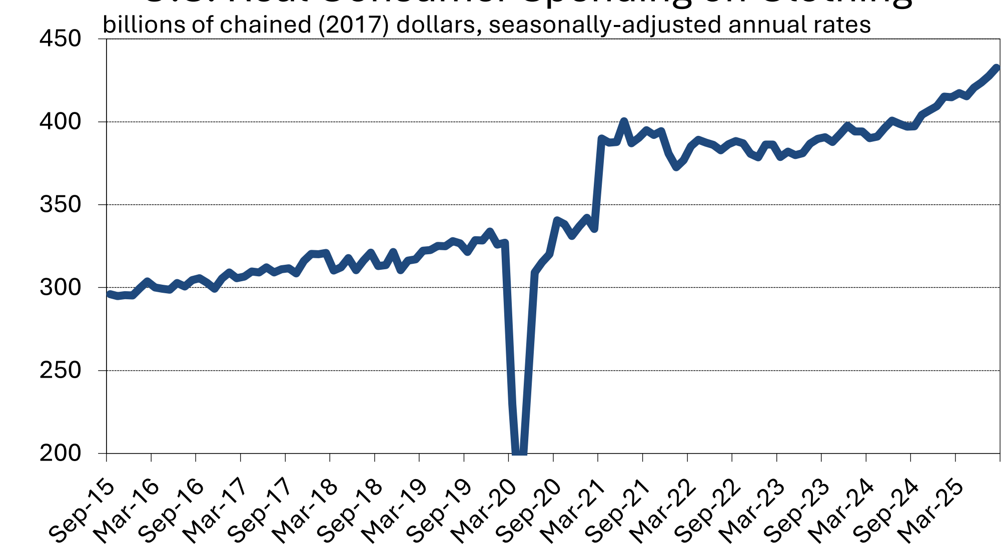
return to text

Real Consumer Spending Growth - Overall & Apparel



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

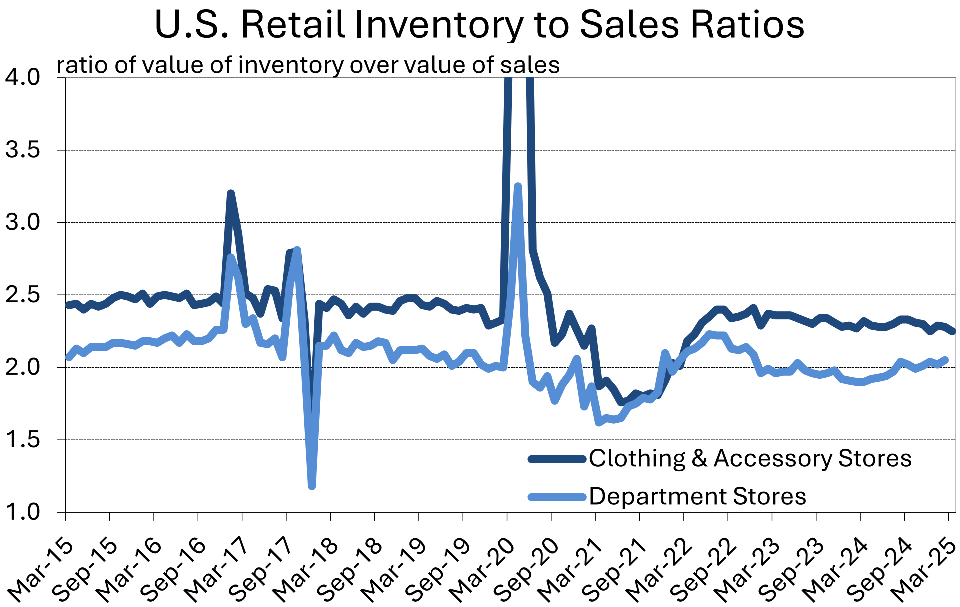
U.S. Real Consumer Spending on Clothing



Source: Bureau of Economic Analysis

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

return to text



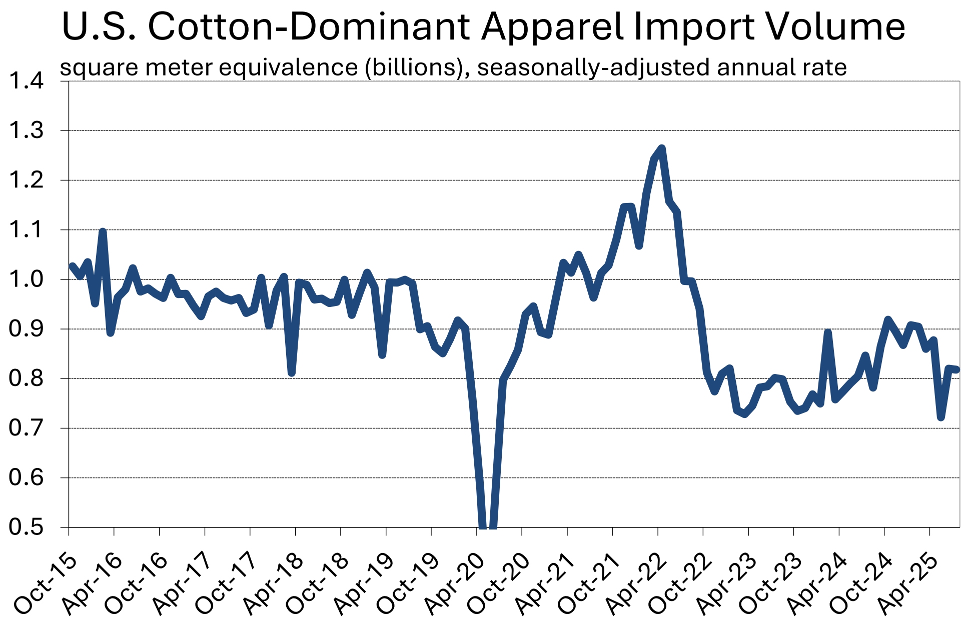
Source: Department of Commerce

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

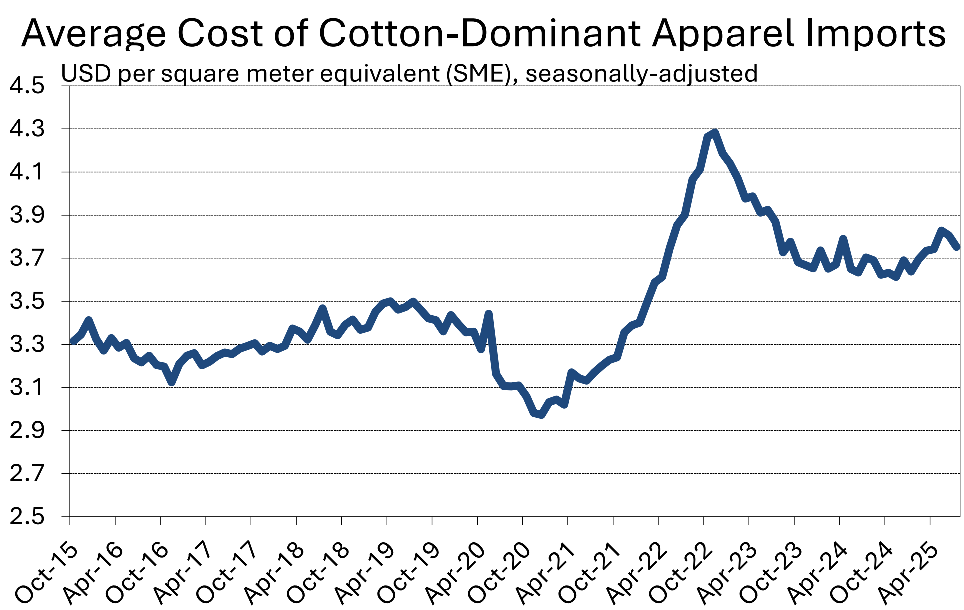
Source: Department of Commerce

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

return to text

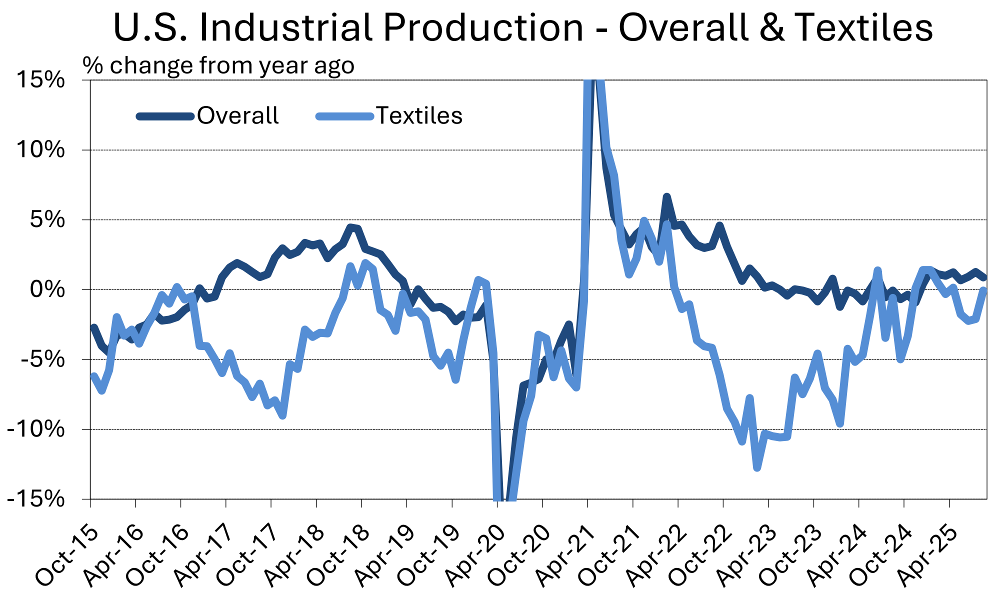


Source: OTEXA, seasonal-adjsutment by Cotton Incorporated

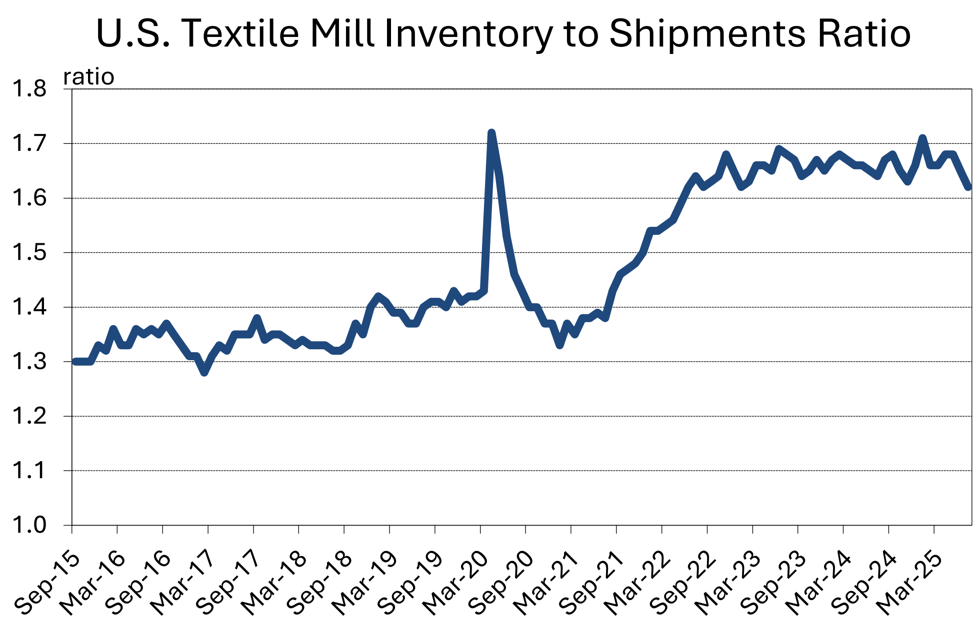


Source: OTEXA, seasonal-adjsutment by Cotton Incorporated

return to text



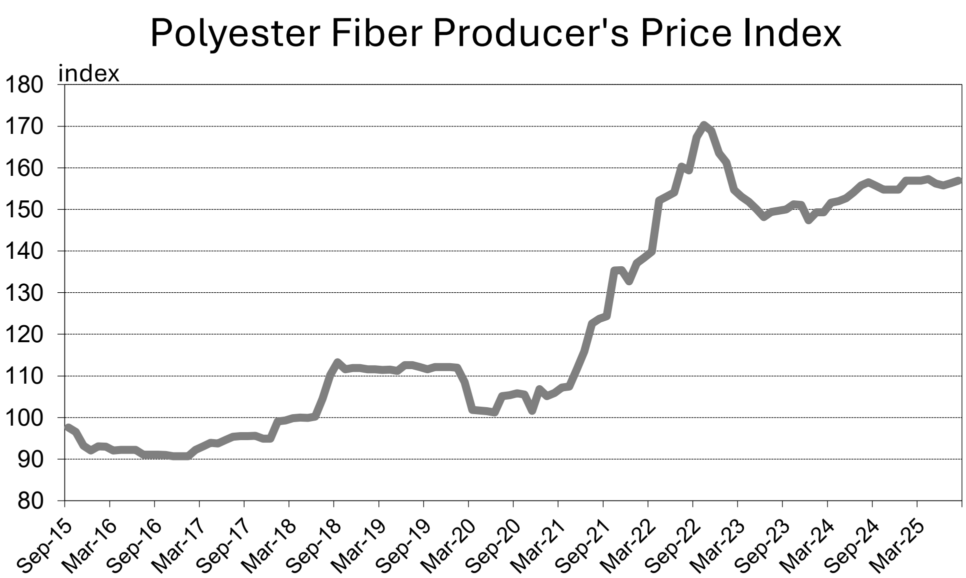
Source: Department of Commerce
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

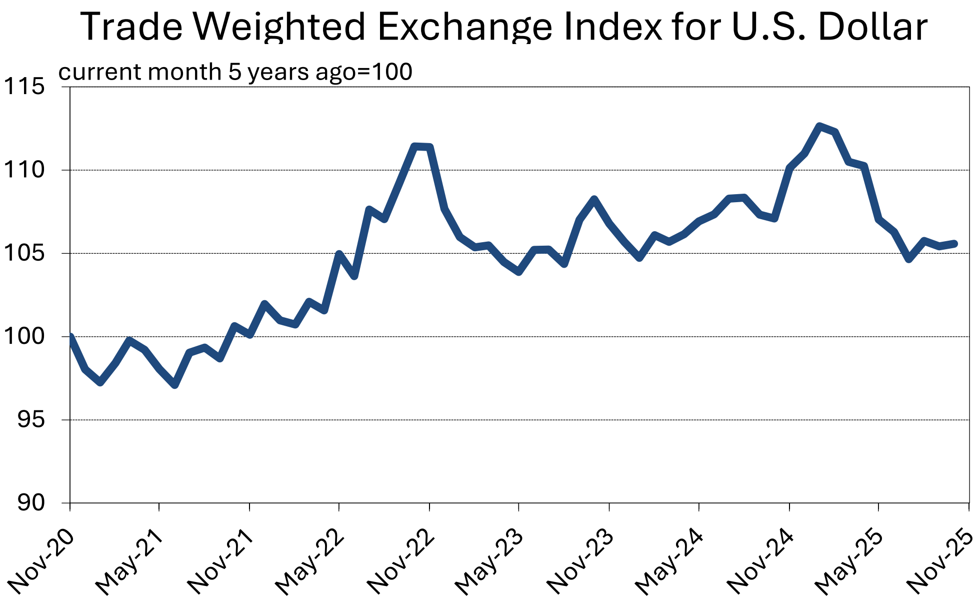
return to text

Source: USDA

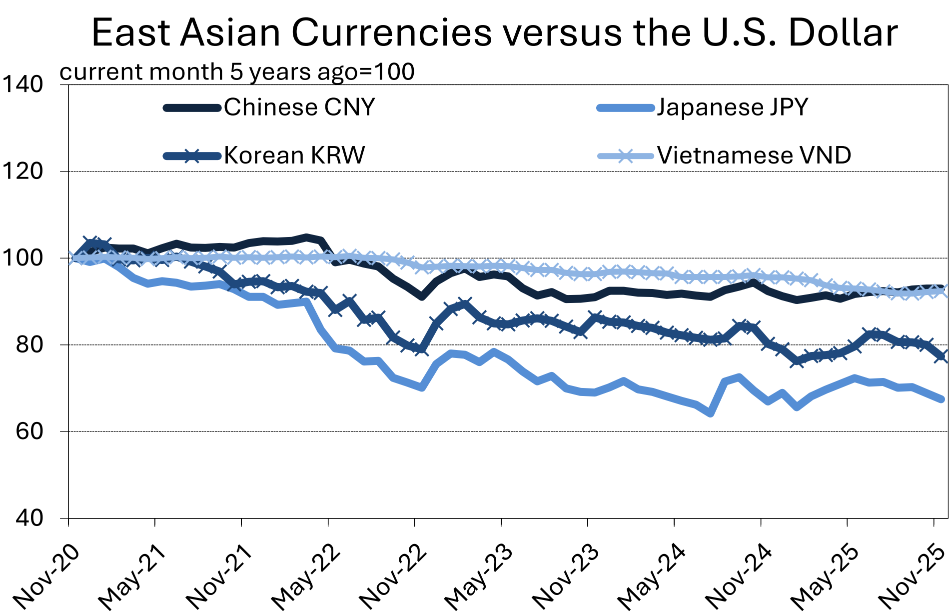


Source: Bureau of Labor Statistics

return to text

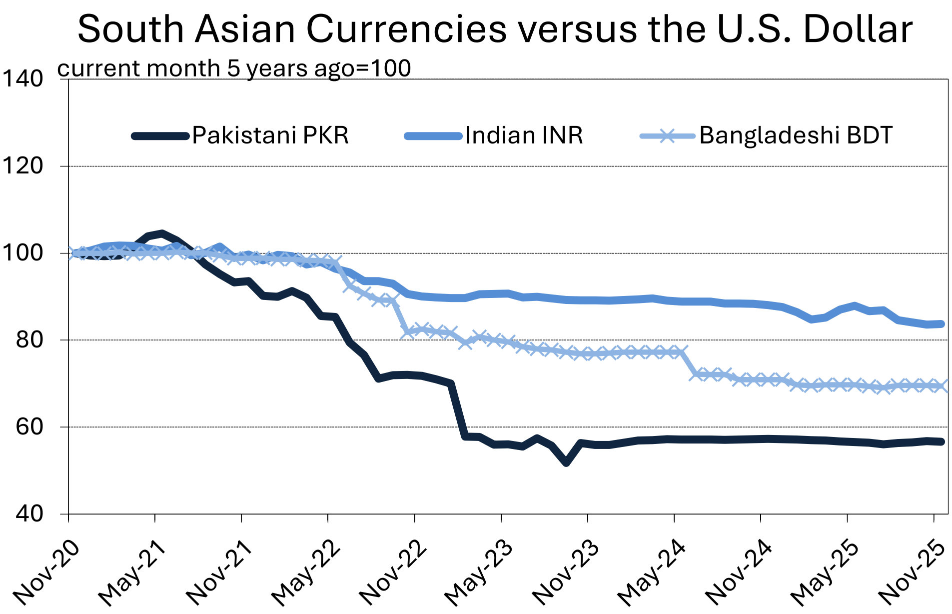


Source: Federal Reserve

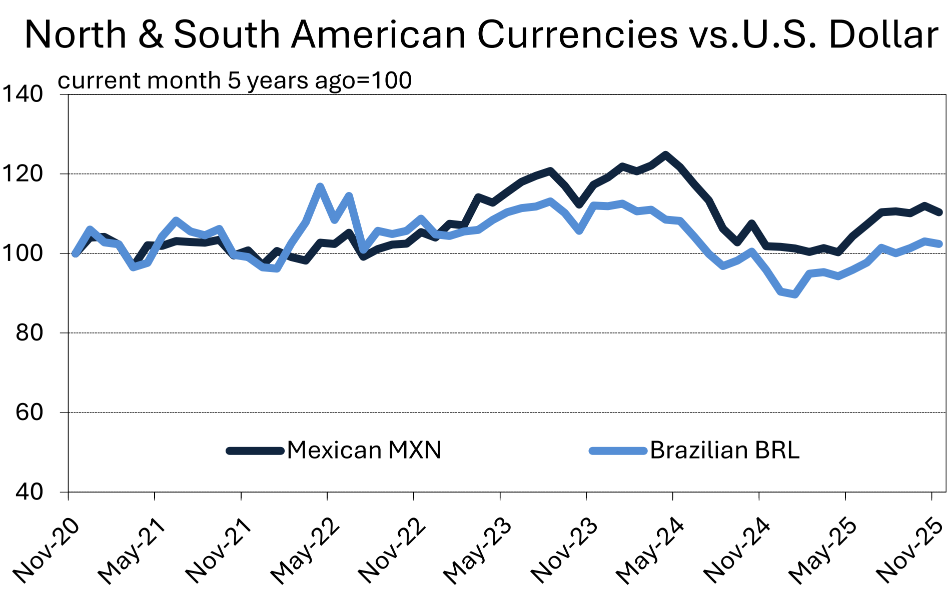


Source: Reuters

return to text



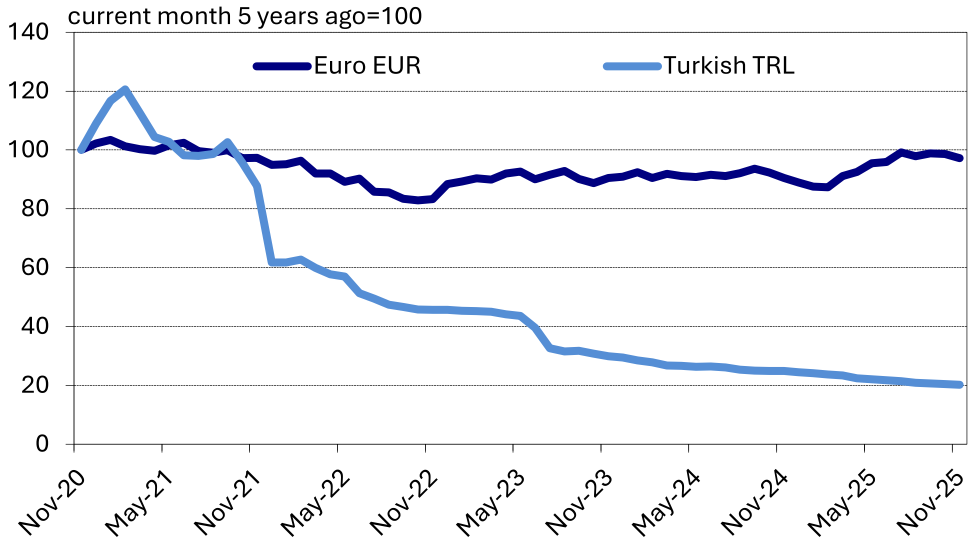
Source: Reuters



Source: Reuters

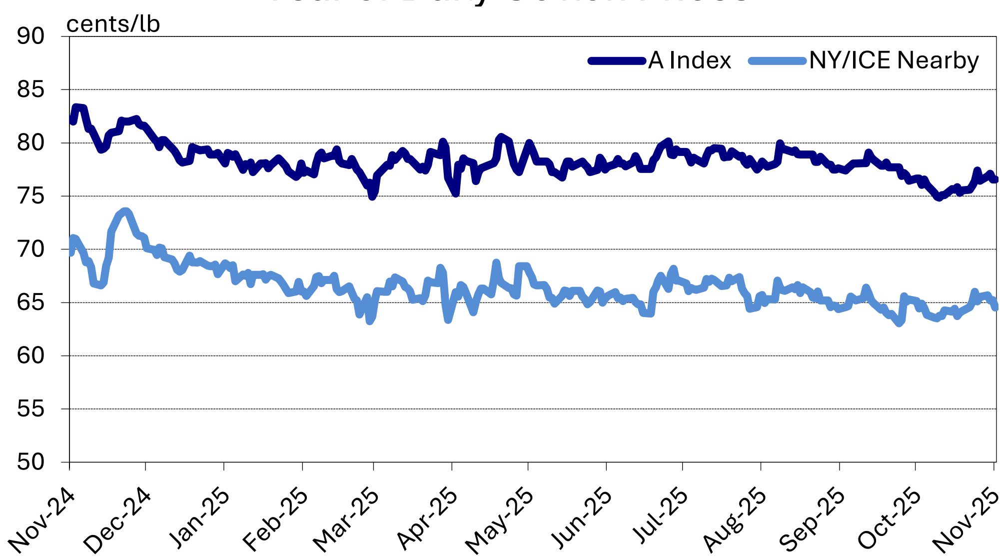
return to text

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