

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



Cotton
Incorporated

December 2025

www.cottoninc.com

Macroeconomic Overview: The government shutdown ended November 12th, but many data streams are still facing delays. This month's employment report is an example. It generally is released on the first Friday of the month but was postponed until December 16th and that was the reason this month's Executive Cotton Update was published later than usual.

On December 10th, the Federal Reserve decided to lower interest rates by a quarter percentage point. Since August 2024, the Fed has cut rates a total of 1.75 percentage points (from 5.25-5.50% to 3.50-3.75%). In statements following their meeting, Fed Chair Jerome Powell indicated that, "In the near term, risks to inflation are tilted to the upside and risks to employment to the downside—a challenging situation. There is no risk-free path for policy as we navigate this tension between our employment and inflation goals."

Participants of the Federal Open Market Committee (FOMC) that determines rate policy offered differing views on the outlook for further rate cuts. The median projection suggested one rate cut in 2026. Seven of the nineteen individual members indicated rates should hold at least at their current level next year, while there were eight forecasters that proposed more than one (quarter point) rate cut and one member that indicated rates could be as low as 2.00-2.25% next year.

Relative to current economic conditions, Federal Reserve comments indicated that consumer spending remained solid and business investment was expanding while the housing sector remains weak. The [National Retail Federation](#) (NRF) reports that the number of consumers that shopped in the five days around the Thanksgiving holiday (Thanksgiving Thursday through the Sunday after) set a new record (202.9 million). Increases in shopper numbers were recorded for both in-person and online shopping. Adobe analytics indicated that shopping activity on Cyber Monday (the Monday after the Thanksgiving holiday) was up 7.1% year-over-year and set a new record.

Other indicators reflect the concerns mentioned by the Federal Reserve. The latest reading for the overall CPI suggested prices increased +3.0% year-over-year in September. Job growth has slowed, with gains in recent months describing a definitive slowdown in hiring since the spring. While there has not been a definitive uptick in layoffs (as represented by initial claims for unemployment insurance), the unemployment rate has been edging higher.

Employment: Due to the shutdown and its effects on data collection, there will not be a report on job gains or unemployment for October. In November, the U.S. economy was estimated to have added +64,000 positions. Revisions for previous months (August and September, no October data), resulted in a net reduction of -33,000 positions relative to existing estimates (-22,000 in August to -26,000 and -11,000 to +108,000 in September). Following these updates, the average monthly change in jobs since May is +37,000. Over the previous twelve months (May 2024 to April 2025), the average monthly change was +150,000.

The unemployment rate in November was 4.6%. In September, the unemployment rate was 4.4%. In November 2024, the rate was 4.2%. Monthly averages for initial claims in unemployment insurance (weekly data) have been holding steady near 220,000 claims/week.

Average wage growth slowed in November to +3.5% year-over-year. The latest decrease continues a downtrend that has been in place since a peak was formed in May 2022. While higher than most levels posted in the decade after the financial crisis, the latest reading is the lowest going back to 2021.

Consumer Confidence & Spending: The Conference Board Consumer Confidence Index® decreased -6.8 points in November to 88.7. Recent levels have been below the general range between 95 and 115 that contained values since 2022 and are within the range experienced with the pandemic in 2020 and 2021.

Despite some of the weakness in confidence, consumers continue to spend. The latest data from the Bureau of Economic Analysis (BEA) indicated overall consumer spending was flat month-over-month in September, but it was up +2.1% year-over-year. Spending on clothing was down -1.2% in September, but it was up +7.2% year-over-year. Consumer spending on apparel shifted higher in early 2025. Since January, the average rate of year-over-year increase in apparel spending was +6.4%. Over the longer-term, the average rate of year-over-year growth is near two percent (average rate of year-over-year growth since 1990).

Consumer Prices & Import Data: The latest reading for the CPI for garments was +0.7% month-over-month in September. Year-over-year, average retail apparel prices were -0.3% lower.

Even with tariff increases, import volumes have not decreased dramatically. In terms of weight volume, imports May-September were down -3.6% year-over-year. Cotton apparel imports have been more stable, and were nearly flat (+0.3%).

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
December 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%	-0.6%	3.8%	1.9%	-0.6%	3.8%	% Chg. Quarter/Quarter	Department of Commerce

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		
ISM Index of Manufacturing Activity	51.9	49.0	48.6	48.7	49.1	48.7	48.2	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.1	51.7	51.3	51.7	50.0	52.4	52.6	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.5	97.0	95.3	93.3	95.6	95.5	88.7	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	286.9	94.4	41.0	86.0	108	n/a	64	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.2%	4.2%	4.3%	4.5%	4.4%	n/a	4.6%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.2%	4.3%	4.2%	4.1%	4.2%	4.1%	3.9%	Interest rate	Federal Reserve
10-year Treasury Bill	3.3%	4.3%	4.2%	4.1%	4.1%	4.1%	4.1%	Interest rate	Federal Reserve

Macroeconomic Series with Latest Data for August

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	August		
Index of Leading Economic Indicators	108.8	99.5	98.6	98.4	98.3	98.6	98.3	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 September

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
US Industrial Production	100.3	100.8	101.3	101.4	100.9	100.0	101.4	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	144.6	156.2	156.6	156.7	156.3	156.9	156.9	Index, December 2003=100	Bureau of Labor Statistics

Industrial & Textile 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		
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 September

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
US Textile Mill Inventory/Shipment Ratio	1.59	1.67	1.67	1.70	1.70	1.70	1.69	Ratio	Department of Commerce

Retail Data

Retail Series with Latest Data for September

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
US Real Consumer Spending									
All Goods and Services	3.9%	2.9%	2.6%	2.4%	2.5%	2.6%	2.1%	% Chg. Year/Year	Department of Commerce
Clothing	8.9%	5.8%	6.9%	7.7%	7.3%	8.5%	7.2%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	4.5%	2.7%	2.7%	3.0%	2.7%	2.9%	3.0%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	2.2%	0.2%	-0.4%	-0.2%	-0.4%	0.0%	-0.3%	% Chg. Year/Year	Bureau of Labor Statistics

Retail Series with Latest Data for August

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

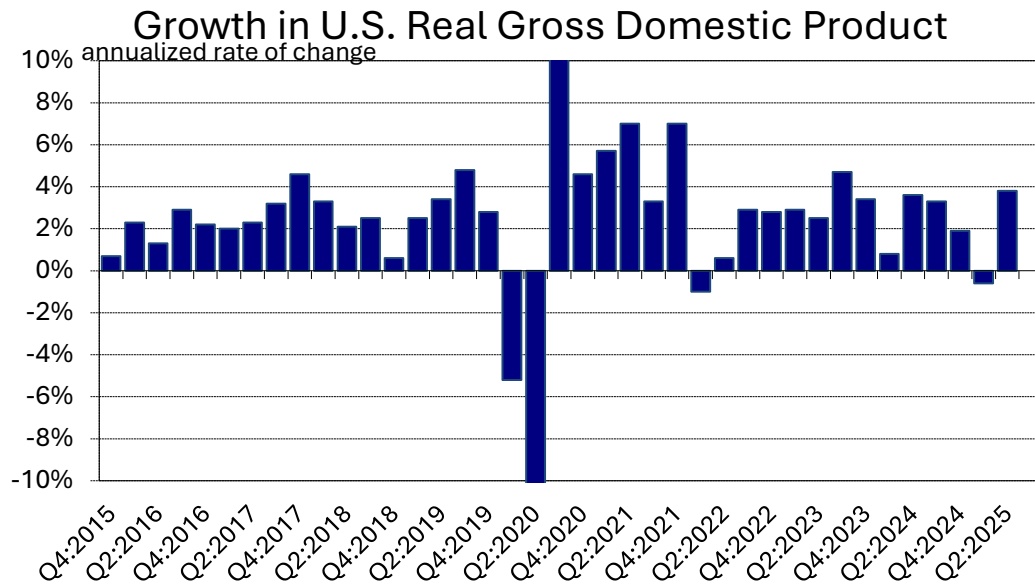
Executive Cotton Update

Daily Cotton Price and Currency Data
December 2025



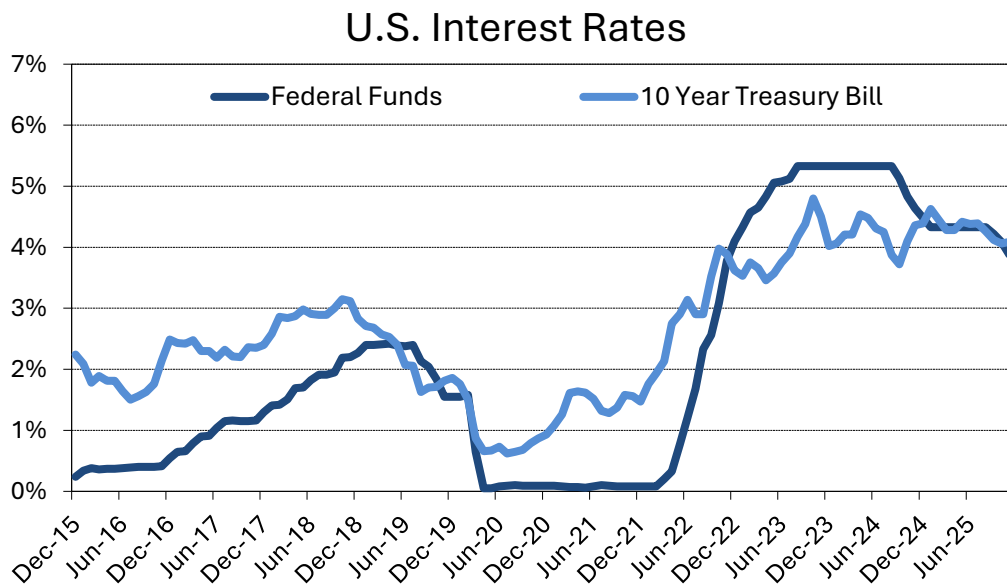
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
NY Nearby	86.3	66.0	65.0	64.2	64.7	64.5	63.2	cents/pound	ICE
A Index	97.8	77.8	77.3	76.2	77.9	76.0	75.2	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
Dollar Trade Weighted Exchange Index	120.0	122.2	120.7	120.7	119.6	121.1	121.4	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.92	7.15	7.15	7.11	7.12	7.12	7.10	Chinese Renminbi/US dollar	Reuters
Indian Rupee	80.92	84.27	87.37	88.21	88.06	87.83	88.74	Indian Rupee/US dollar	Reuters
Japanese Yen	135.56	146.47	148.52	150.58	146.54	150.77	154.44	Japanese Yen/US dollar	Reuters
Pakistani Rupee	239.03	278.15	282.30	281.03	281.43	281.03	280.65	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.30	5.31	5.41	5.34	5.31	5.43	5.28	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.33	1.37	1.38	1.39	1.37	1.40	1.40	Canadian dollar/US dollar	Reuters
Mexican Peso	19.13	18.43	18.55	18.33	18.33	18.37	18.31	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.78	0.74	0.75	0.73	0.74	0.76	British Pound/US dollar	Reuters
Euro	0.91	0.91	0.86	0.85	0.84	0.86	0.86	Euro/US dollar	Reuters
Swiss Franc	0.90	0.87	0.80	0.79	0.79	0.80	0.79	Swiss Franc/US dollar	Reuters
Turkish Lira	23.76	31.38	41.00	41.82	41.28	41.85	42.33	Turkish Lira/US dollar	Reuters



Source: Department of Commerce

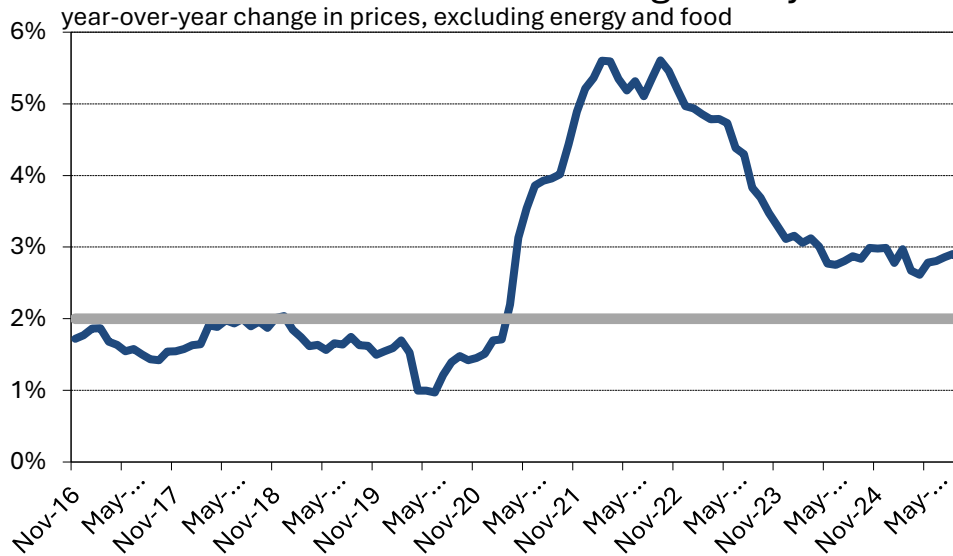
Note: Chart truncated around COVID shutdowns to highlight normal change.



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



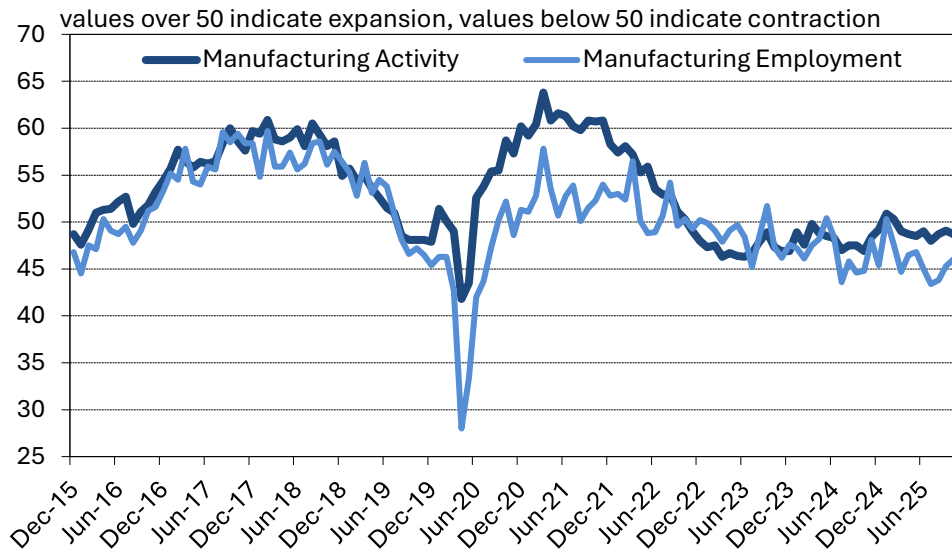
Source: Bureau of Labor Statistics

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.

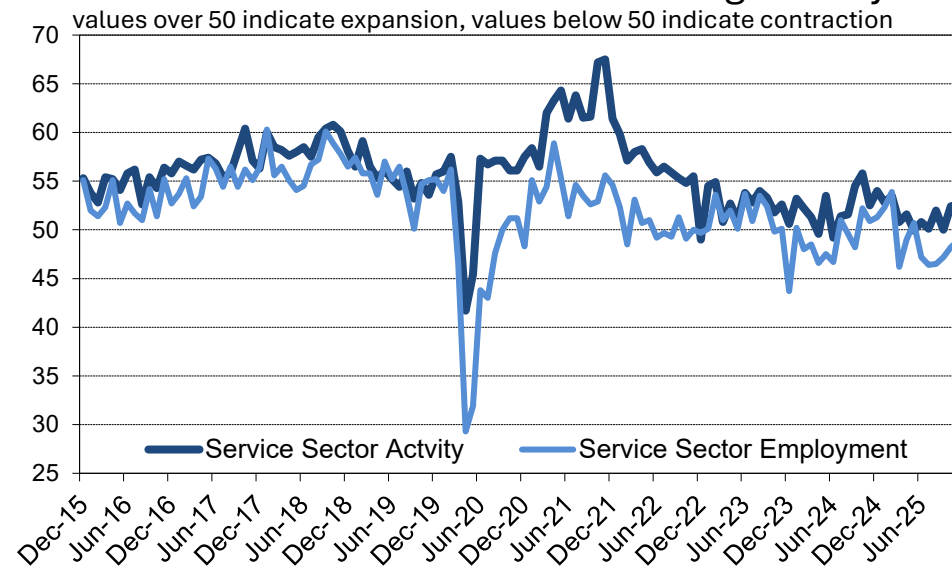
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ISM Index of Manufacturing Activity



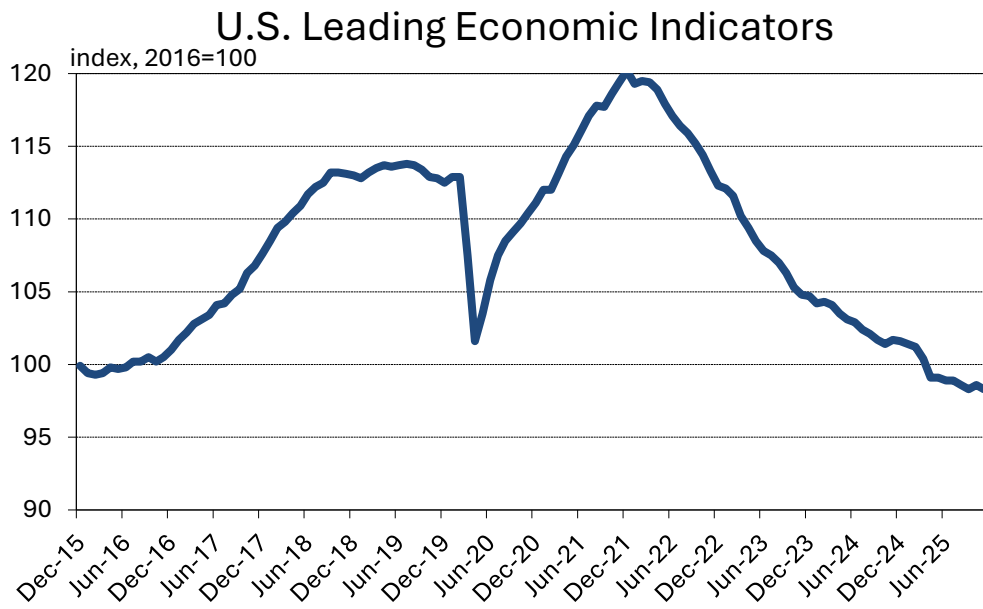
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

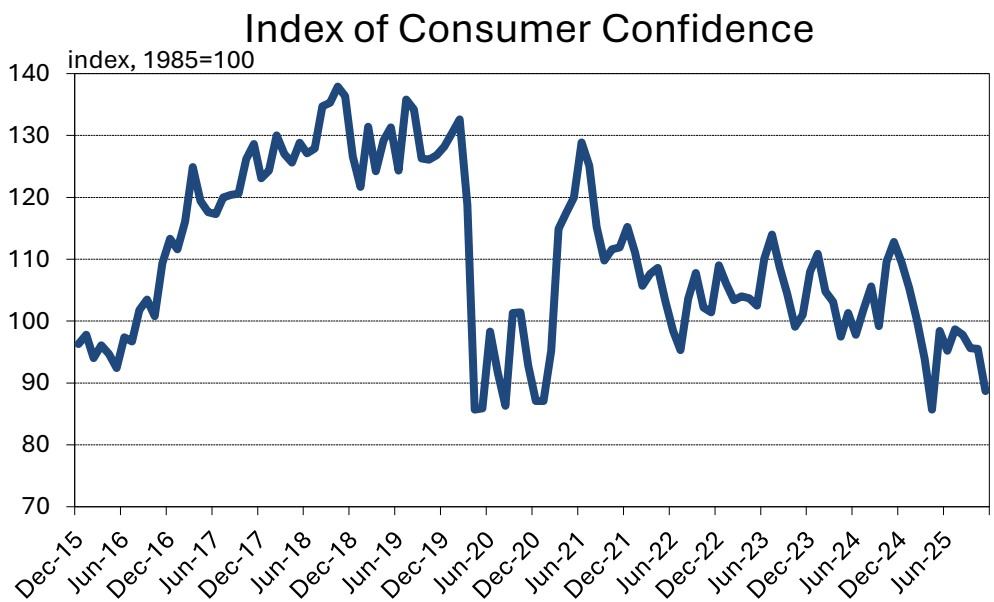


Source: Institute for Supply Chain Management

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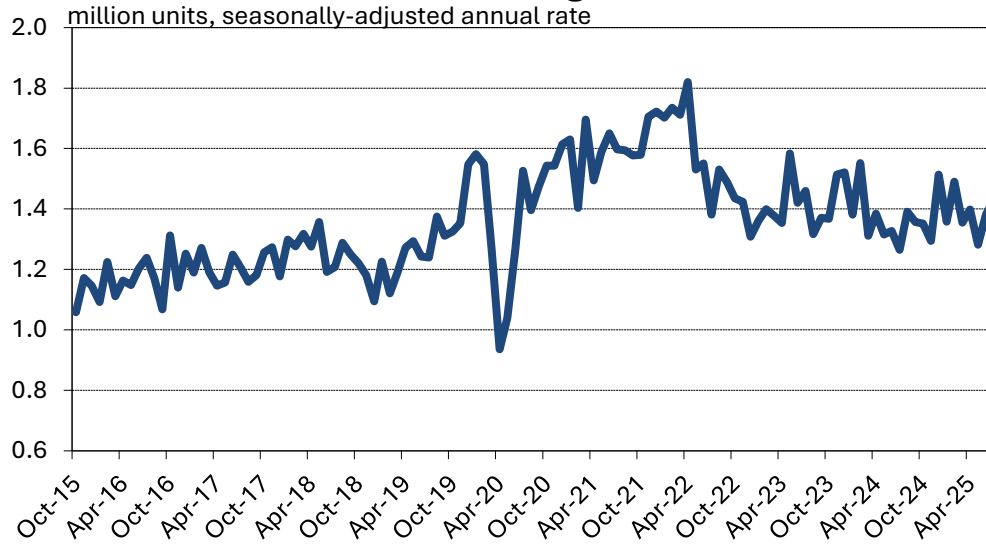
Source: The Conference Board



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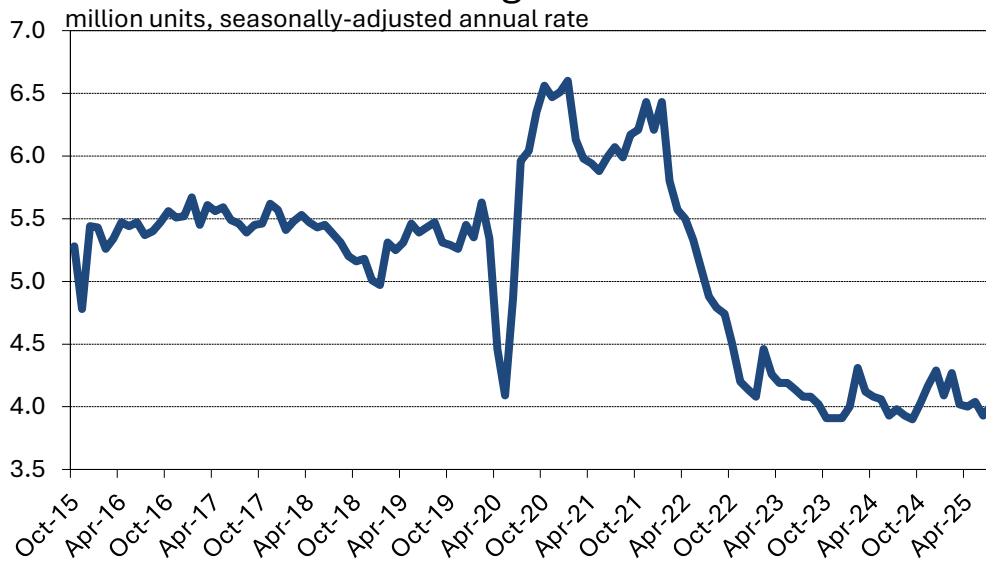
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U.S. Housing Starts



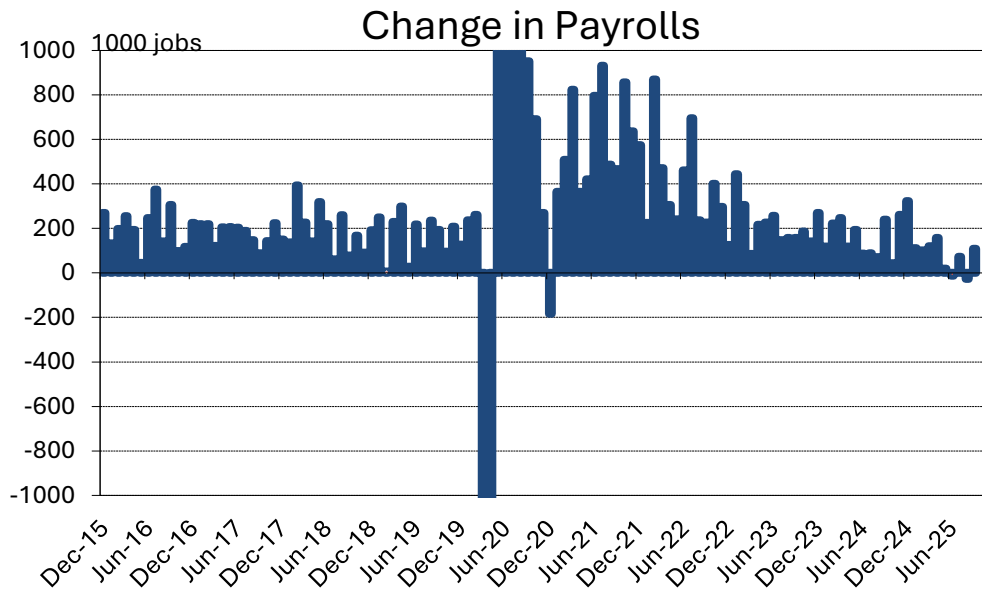
Source: Department of Commerce

U.S. Existing Home Sales



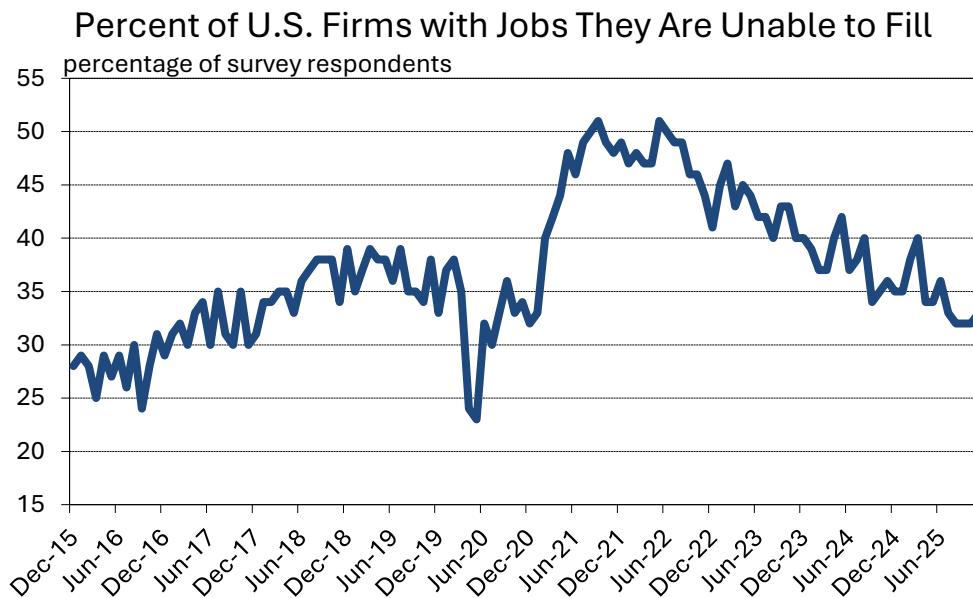
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

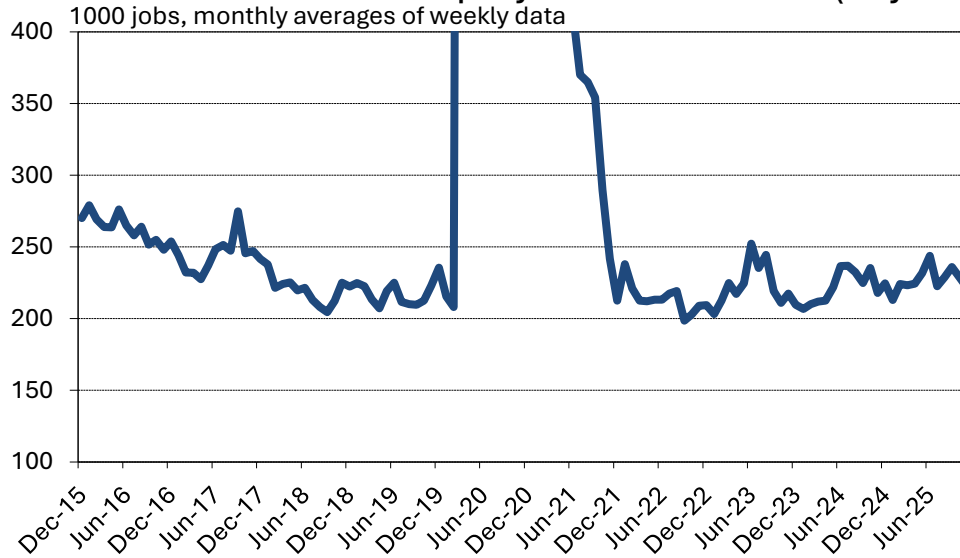


Source: National Federation of Independent Business

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

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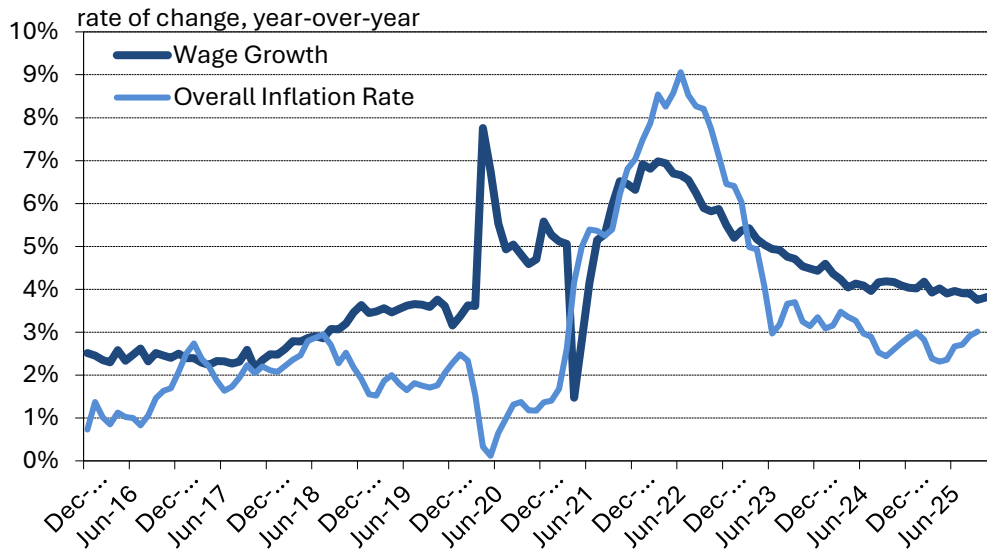
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

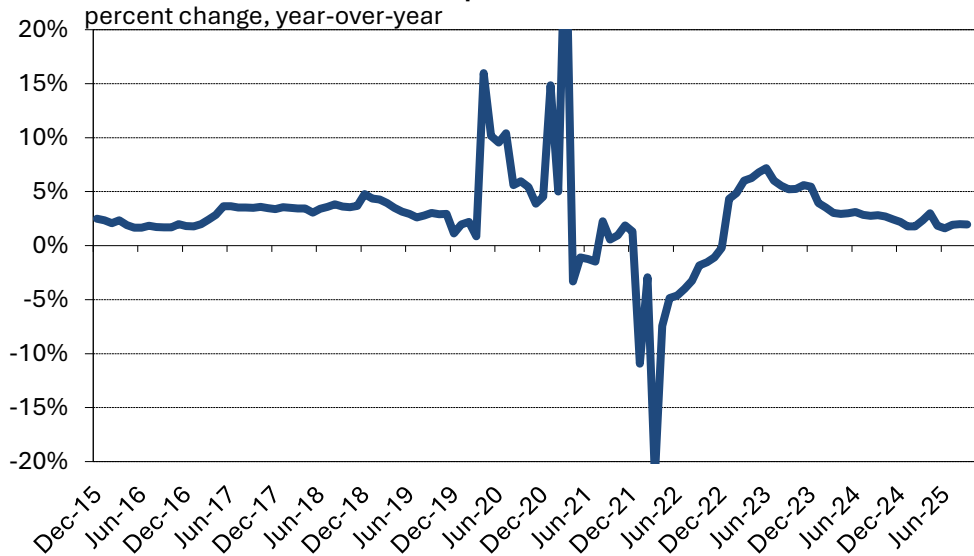
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

[return to text](#)

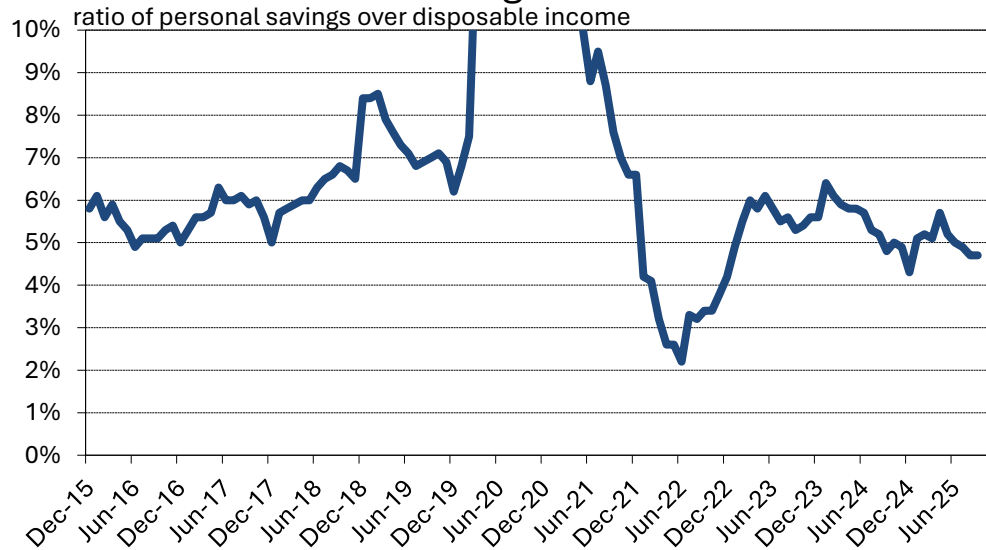
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

Savings Rate

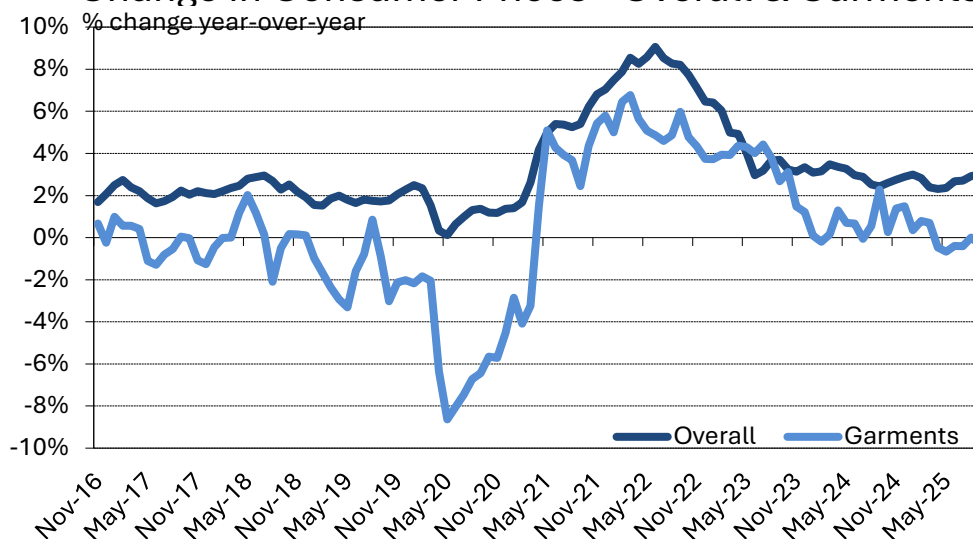


Source: Bureau of Labor Statistics

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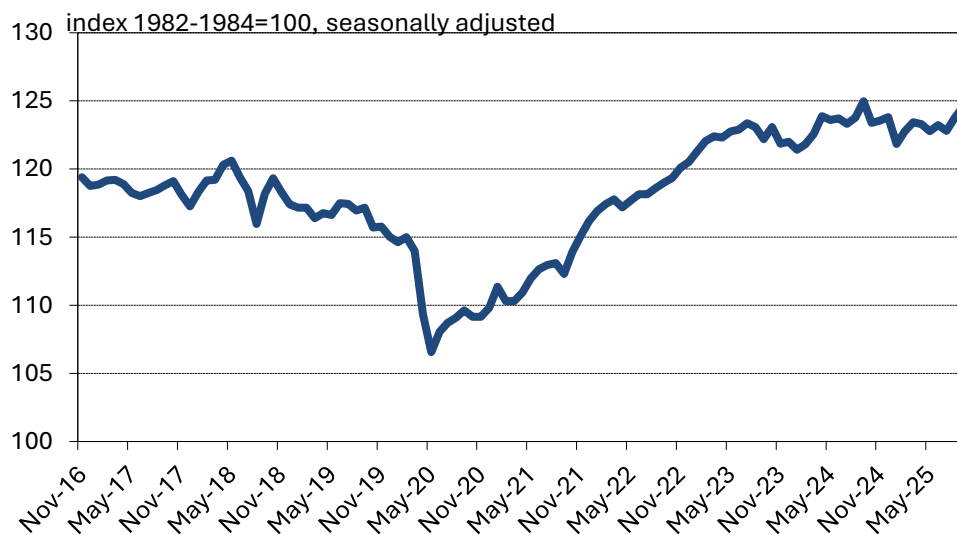
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

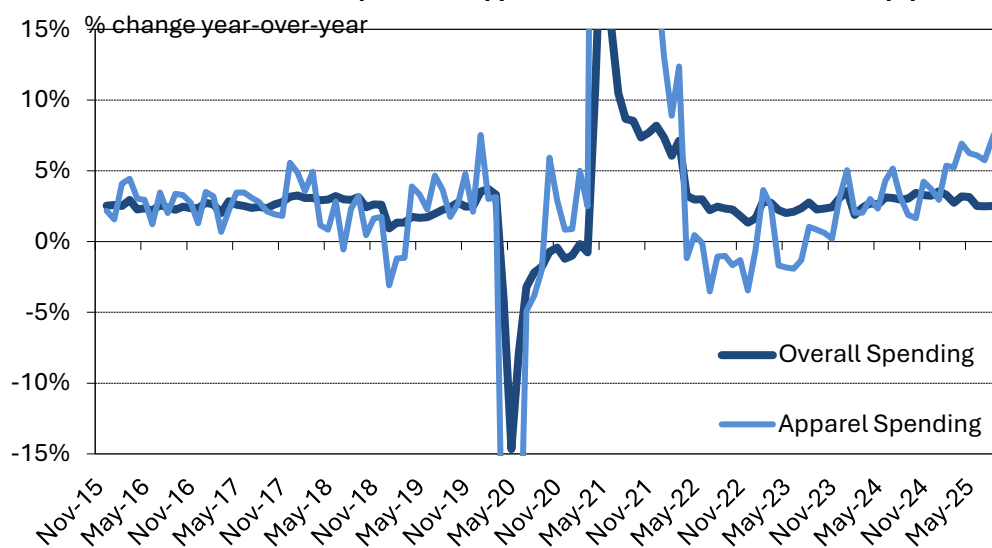
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

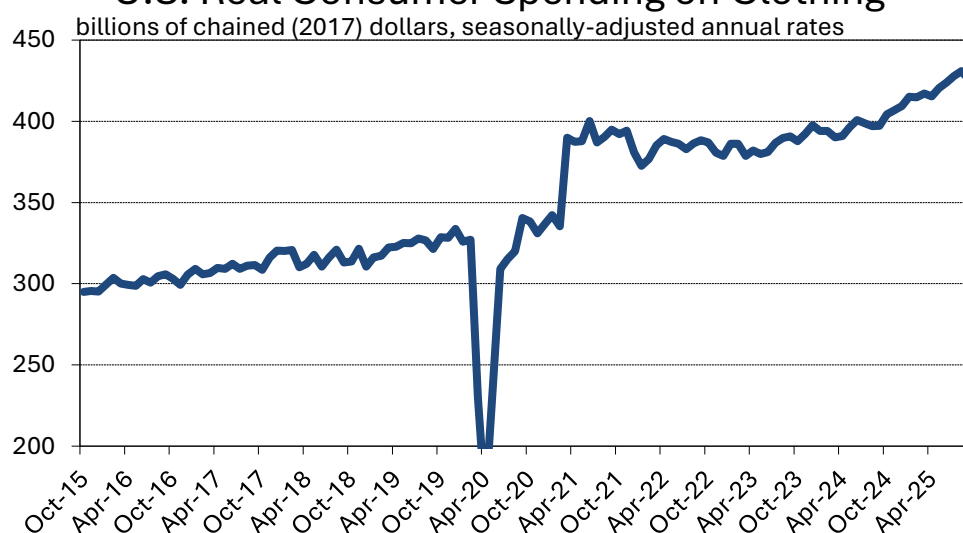
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

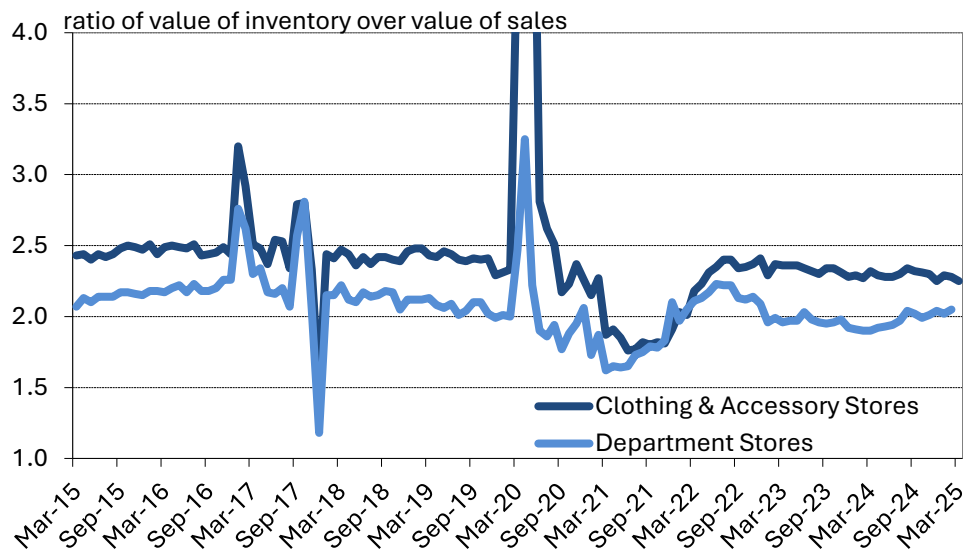


Source: Bureau of Economic Analysis

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

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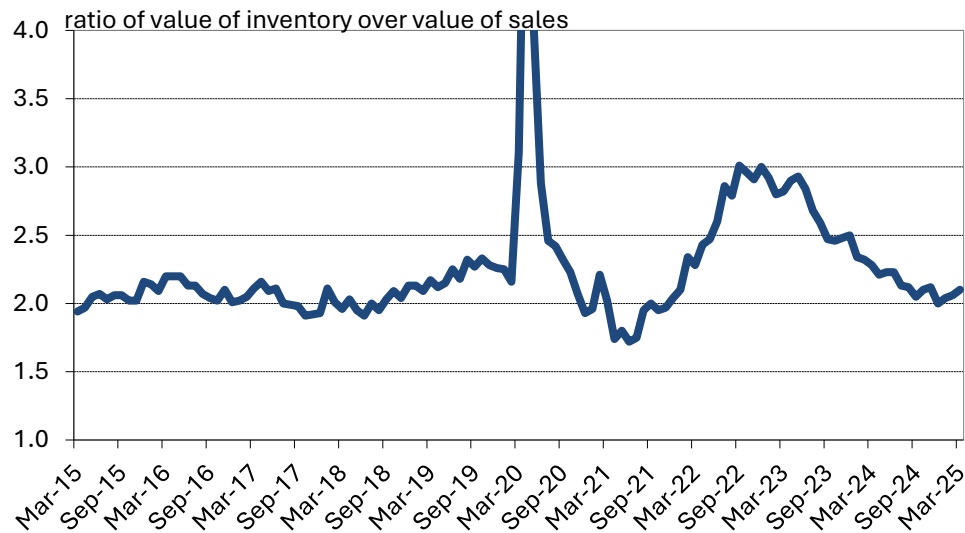
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

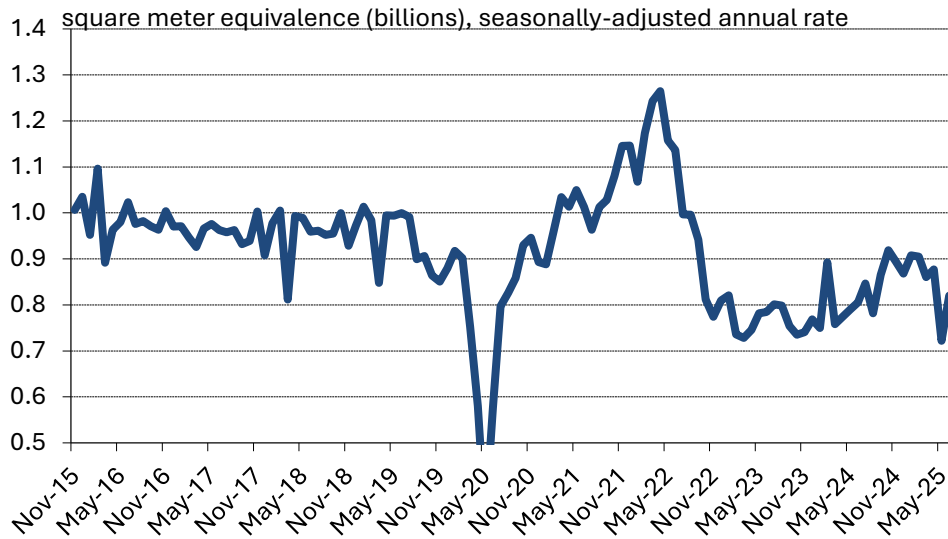


Source: Department of Commerce

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

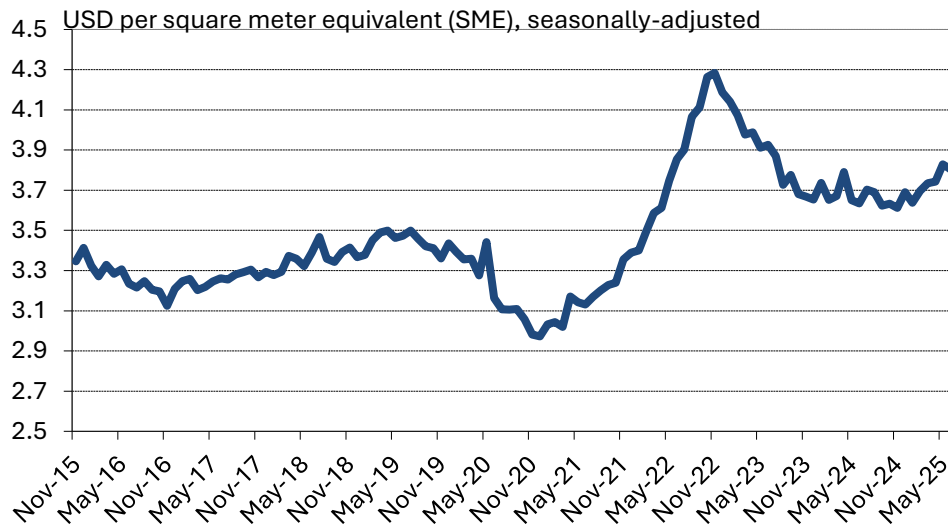
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U.S. Cotton-Dominant Apparel Import Volume



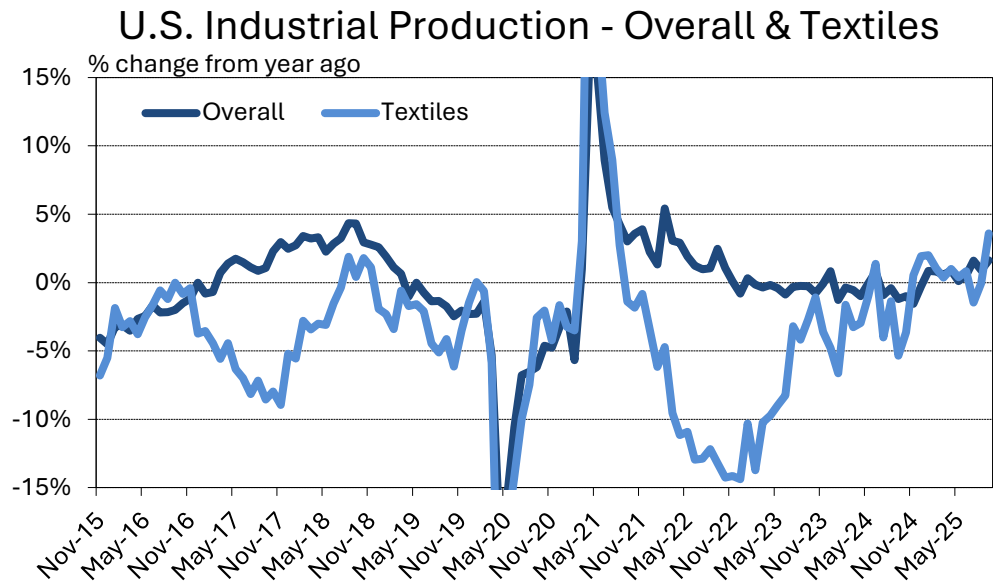
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports



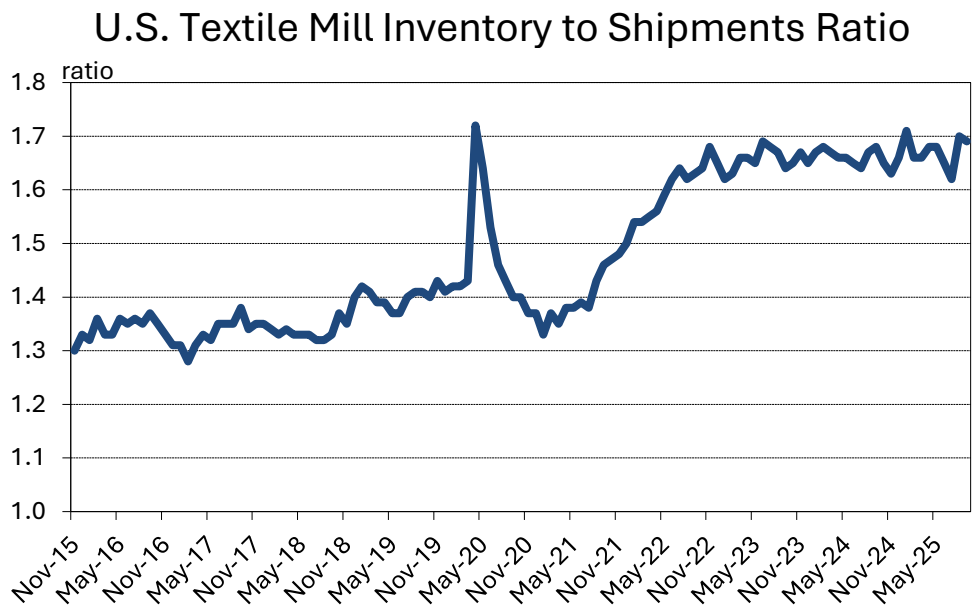
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

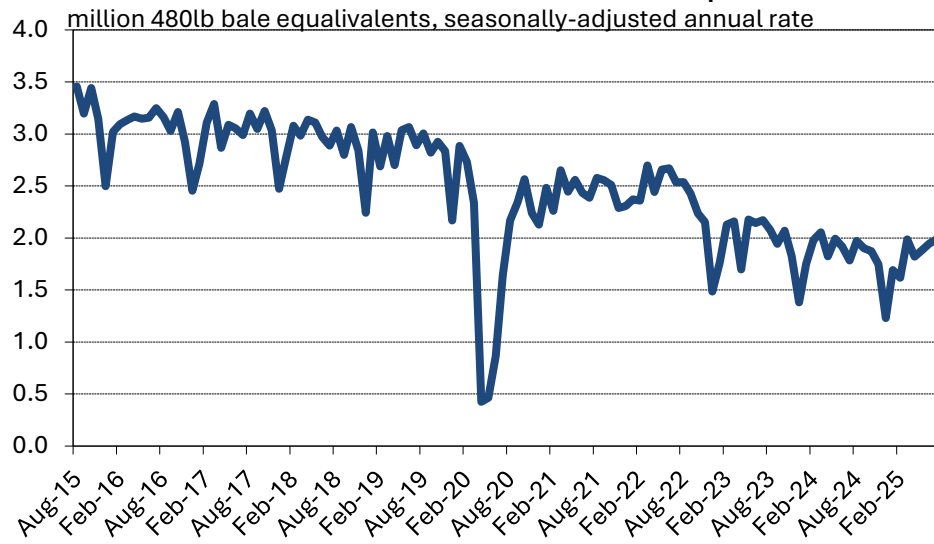
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

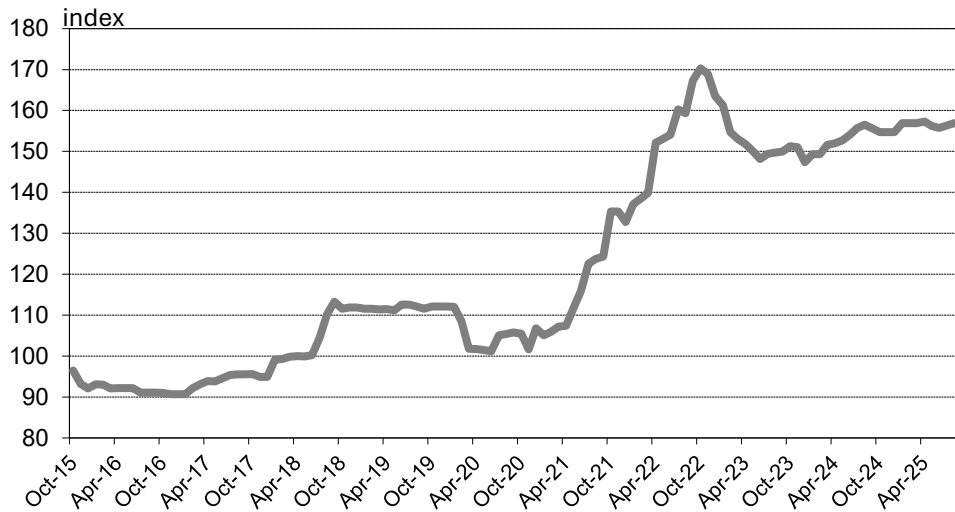
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US Cotton Yarn & Fabric Exports



Source: USDA

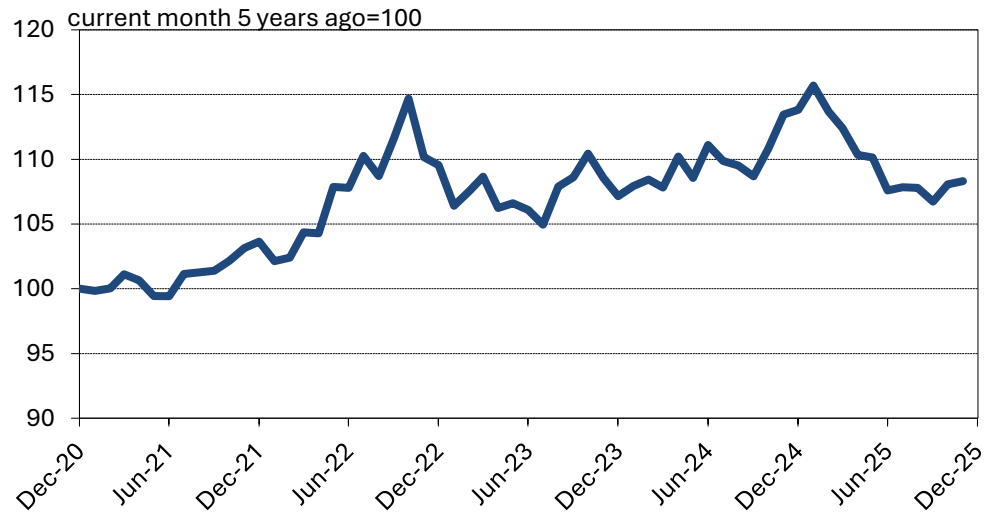
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

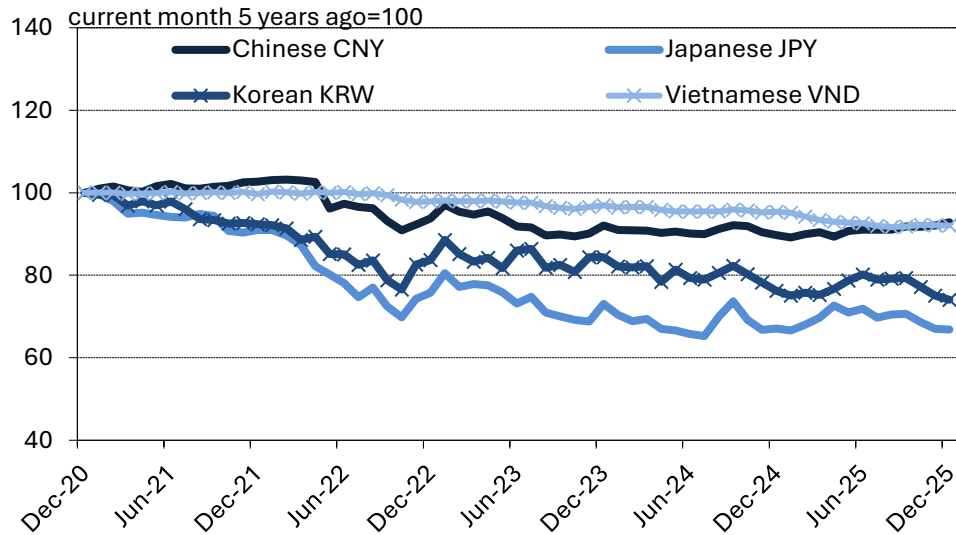
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Trade Weighted Exchange Index for U.S. Dollar



Source: Federal Reserve

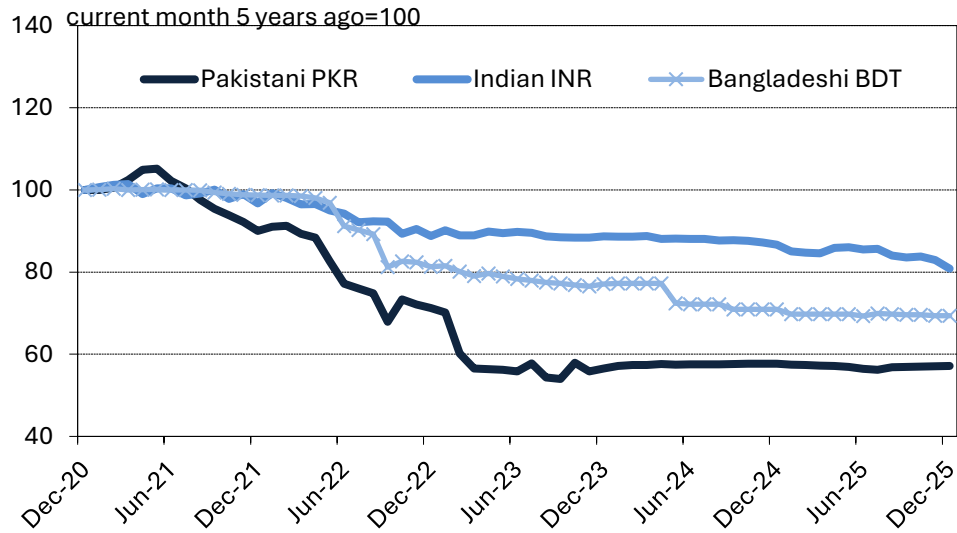
East Asian Currencies versus the U.S. Dollar



Source: Reuters

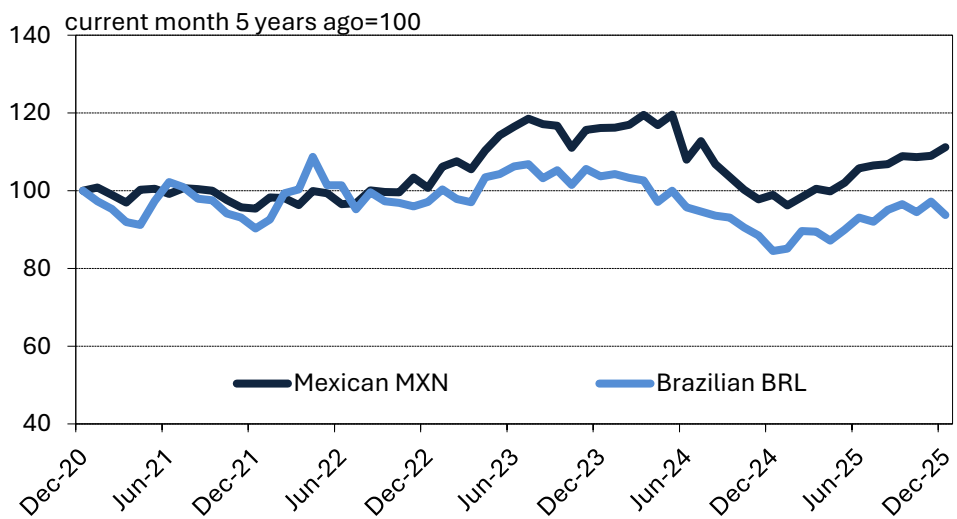
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South Asian Currencies versus the U.S. Dollar



Source: Reuters

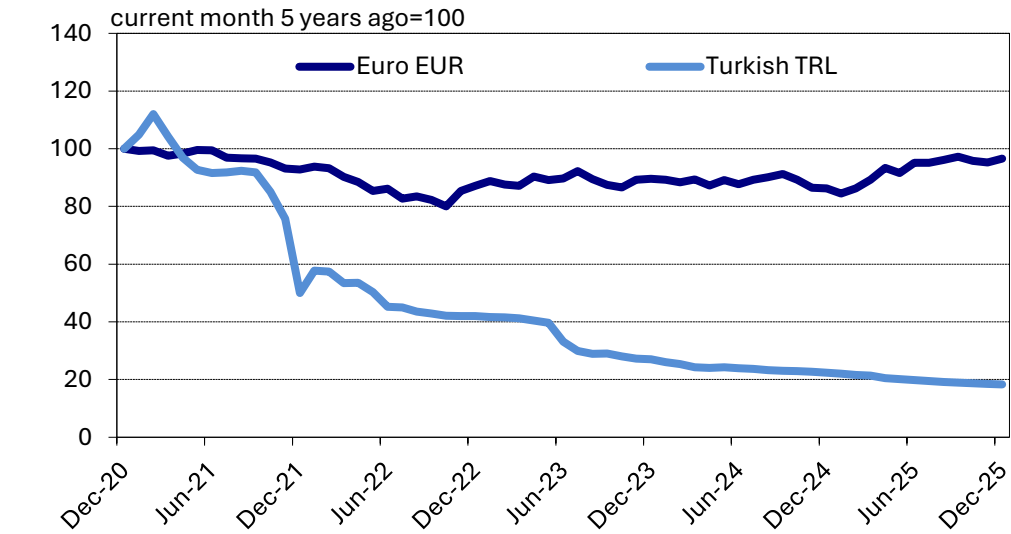
North & South American Currencies vs.U.S. Dollar



Source: Reuters

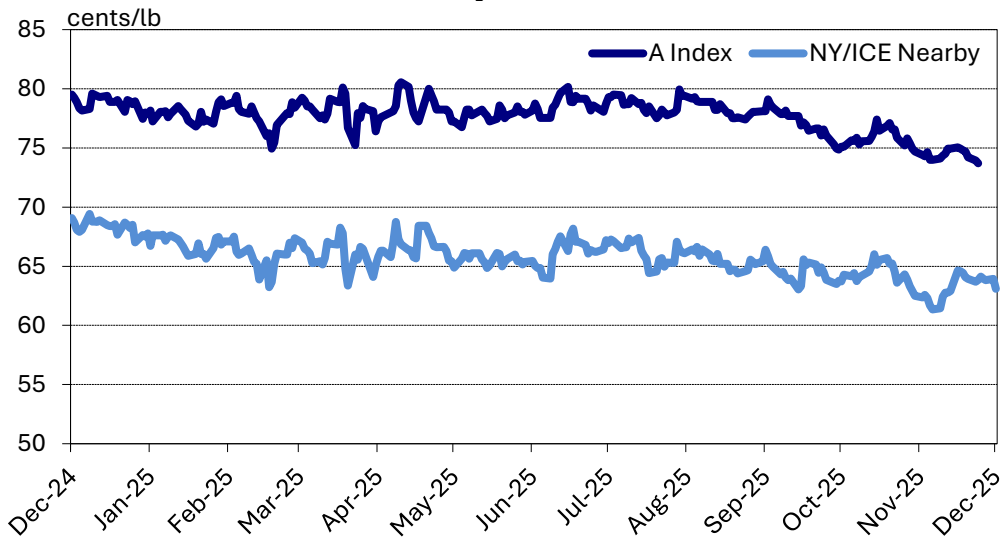
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European Currencies vs. U.S. Dollar



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](#)