

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



Cotton
Incorporated

February 2026

www.cottoninc.com

Macroeconomic Overview: Estimated job gains in January were the highest in more than a year (+130,000). This figure is nearly four times the current 12-month average (+30,000), but it is still far lower than levels that were routine after the period of stimulus (job gains averaged +209,000 in 2023) and only slightly above the average from 2024 (+121,000, the average in 2025 was (+15,000).

An implication is that the latest reading stands out relative to other recent numbers on job growth. These estimates are subject to revision, and the Bureau of Labor Statistics just completed their set of annual revisions. The agency's annual benchmarking process just indicated that there were -898,000 fewer positions in 2025 than previously estimated. These changes reinforce a narrative that the labor market has been slowing.

The labor market represents part of the Federal Reserve's mandate, and there have been calls for the central bank to lower interest rates to encourage hiring. A transition is scheduled at the Fed, with chairman Jerome Powell's term slated to end in May.

However, the other element of the Fed's mandate concerns inflation. Inflation remains above the official target of two percent, with the latest reading for the price index that the central bank tracks coming in at 2.8%.

Employment: The U.S. economy is estimated to have added +130,000 jobs in January. Revisions to figures for previous months were negative, with the value for November falling -15,000 from +56,000 to +41,000 and the figure for December falling -2,000 from +50,000 to +48,000. The current twelve-month average is +30,000. One year ago, the twelve-month average was +103,000.

The unemployment rate decreased marginally, from 4.4% to 4.3%. This is the lowest reading since July, when the value was also 4.3%. In November, the rate was 4.5%.

Wages were up +3.7% year-over-year in January, matching the value from December. Apart from a dip in July 2024, these are the lowest readings since 2021. Nonetheless, these values remain higher than any values in the decade that followed the financial crisis and remain higher than the rate of inflation.

Consumer Confidence & Spending: The Conference Board's Index of Consumer Confidence® fell -9.7 points month-over-month to 84.5 in January. The current level is the lowest since 2014, slightly surpassing the dip in April 2025 and slightly below the lowest points reached during the pandemic. For much of the past three years, values for the index were contained within a range between 95 and 115.

Government data on consumer spending have been delayed due to the shutdown, and the latest available figures are for November. In November, overall consumer spending increased +0.3% month-over-month and was up +2.6% year-over-year.

Spending on garments was up +1.2% month-over-month in November, building off another relatively strong +1.8% month-over-month increase in October. Year-over-year rates of spending on apparel have been strong for past twelve months, with year-over-year growth over five percent for each month since January 2025. In November, that growth accelerated, and reached +8.0%.

Consumer Prices & Import Data: As measured by the CPI for garments, average retail prices for clothing increased +0.4% between November and December. Year-over-year, average retail prices were also up +0.4% in December. While the current level for the CPI is higher than it has been for most of the past 25 years, it has not increased as fast as was feared given tariffs and the increases in sourcing costs.

Import volumes appear to be responding to changes in sourcing costs, however. Trade data also continue to be affected by the shutdown, but in the latest available data shipments were down -20% year-over-year in October and were down -15% in November. This followed a period of eight months (September 2024 through April 2025), when year-over-year growth averaged +15%, and a period of five months (May-September 2025), when year-over-year growth was more stable and averaged -3%.

Data describing inventories relative to sales for apparel retailers and wholesalers are published by the government. There has been more movement in the data for wholesalers in recent years, with the buildup in inventories that followed the transition from stimulus-driven confidence to inflationary fears only easing back to pre-pandemic levels around the start of 2025. More recently, wholesaler inventory/sales figures indicated some accumulation around August, but they have since moved to the lowest levels since COVID (latest data for October).

As [trade deals evolve](#) (discussed on the Monthly Economic Letter), a challenge for the supply chain will be to balance the need for replenishment against higher sourcing costs.

U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators	Spending & Sourcing	Textiles	Currencies & Cotton
GDP Growth Interest Rates ISM Indices Leading Indicators	Consumer Conf. Housing Employment Income & Savings	Consumer Prices Consumer Spending Inventory/Sales	Apparel Imports U.S. Textile Production U.S. Textile Exports Polyester PPI

Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices

February 2026



Macroeconomic Data

Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q1 : 2025	Q2 : 2025	Q3 : 2025		
Growth in US Real GDP	4.7%	2.7%	3.8%	4.4%	-0.6%	3.8%	4.4%	% 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	51.6	49.1	49.2	49.5	48.0	47.9	52.6	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.0	51.8	52.4	53.3	52.4	53.8	53.8	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.6	94.4	93.4	90.5	92.9	94.2	84.5	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	262.7	29.9	14.2	73.0	41	48	130	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.1%	4.3%	4.4%	4.4%	n/a	4.4%	4.3%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.3%	4.2%	4.0%	3.7%	3.9%	3.7%	3.6%	Interest rate	Federal Reserve
10-year Treasury Bill	3.4%	4.3%	4.1%	4.1%	4.1%	4.1%	4.2%	Interest rate	Federal Reserve
Macroeconomic Series with Latest Data for October									
	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	October		
Index of Leading Economic Indicators	108.3	98.9	98.2	98.0	97.9	98.2	97.9	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.3	1.3	1.3	1.3	1.2	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.8	4.1	4.0	4.1	4.0	4.1	4.1	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
US Industrial Production	100.5	101.4	101.8	101.9	99.8	99.5	102.3	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	147.2	156.8	156.9	157.0	157.0	157.0	157.0	Index, December 2003=100	Bureau of Labor Statistics
Industrial & Textile Series with Latest Data for October									
	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	August	September	October		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.8	1.8	1.8	1.7	1.8	1.7	1.8	million 480lb bales	USDA ERS
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		
US Textile Mill Inventory/Shipment Ratio	1.60	1.68	1.68	1.70	1.70	1.70	1.69	Ratio	Department of Commerce

Retail Data

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	September	October	November		
US Real Consumer Spending									
All Goods and Services	4.0%	2.8%	2.6%	2.5%	2.4%	2.6%	2.6%	% Chg. Year/Year	Department of Commerce
Clothing	9.1%	6.4%	7.4%	7.6%	7.4%	7.4%	8.0%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	#N/A	#N/A	#N/A	#N/A	3.0%	n/a	2.7%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	#N/A	#N/A	#N/A	#N/A	-0.3%	n/a	0.2%	% 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

February 2026

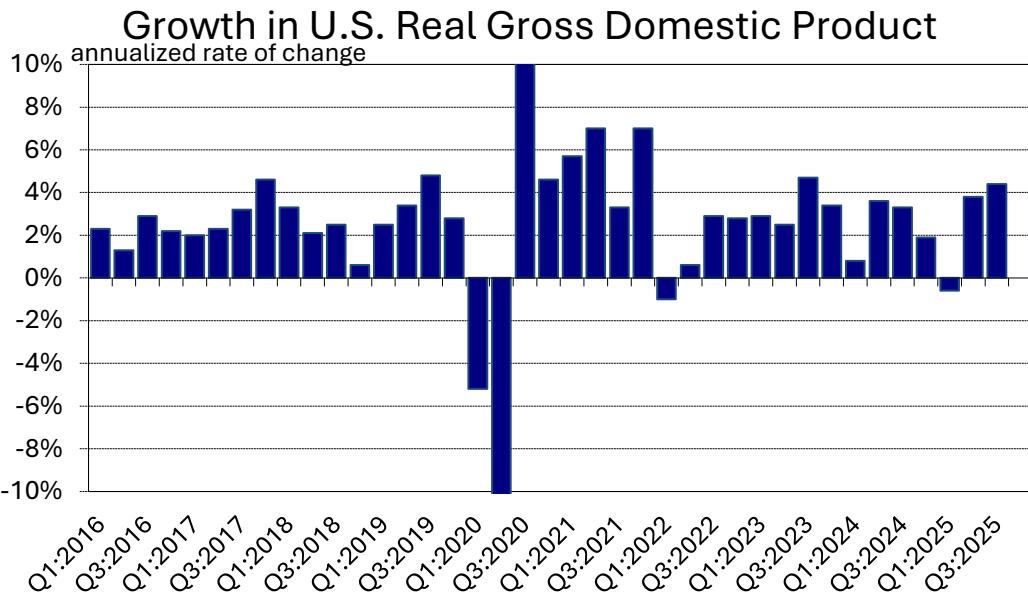


Daily Cotton Price Data

	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
NY Nearby	85.8	65.2	64.3	63.7	63.2	64.0	64.3	cents/pound	ICE
A Index	97.3	77.0	75.9	74.4	75.2	74.1	74.5	cents/pound	Cotlook

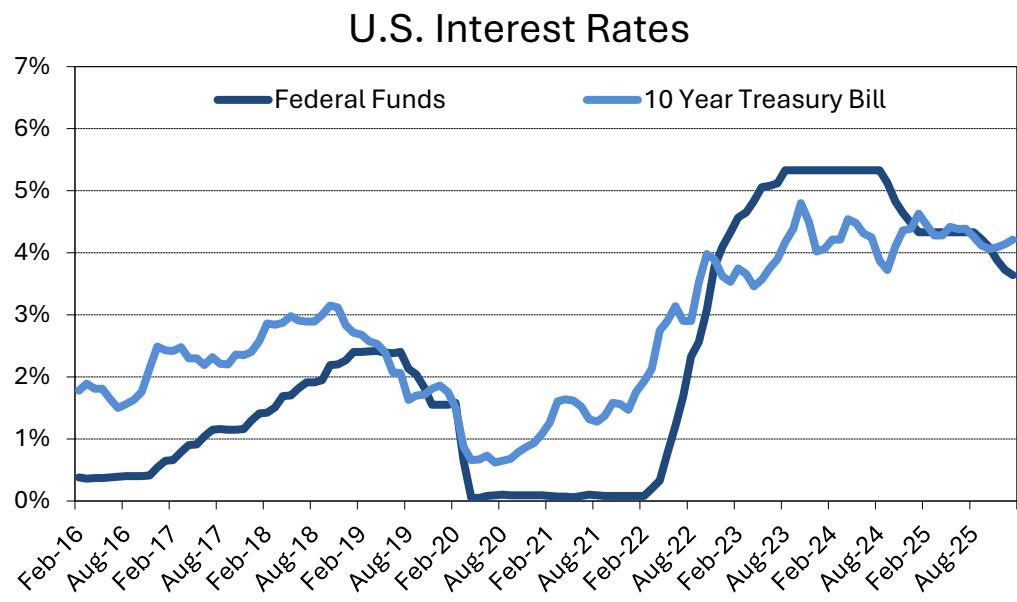
Daily Currency Data

	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	November	December	January		
Dollar Trade Weighted Exchange Index	120.3	122.4	121.0	121.1	121.7	121.1	120.6	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.94	7.17	7.10	7.05	7.12	7.06	6.98	Chinese Renminbi/US dollar	Reuters
Indian Rupee	81.47	84.73	88.89	89.62	88.70	89.99	90.17	Indian Rupee/US dollar	Reuters
Japanese Yen	137.18	147.69	152.68	156.13	154.05	156.48	157.88	Japanese Yen/US dollar	Reuters
Pakistani Rupee	242.90	281.40	281.01	280.36	280.73	280.38	279.98	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.31	5.34	5.41	5.39	5.32	5.48	5.35	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.34	1.37	1.39	1.39	1.40	1.39	1.39	Canadian dollar/US dollar	Reuters
Mexican Peso	19.12	18.44	18.36	18.19	18.40	18.20	17.97	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.78	0.75	0.75	0.76	0.75	0.75	British Pound/US dollar	Reuters
Euro	0.91	0.91	0.86	0.86	0.87	0.86	0.86	Euro/US dollar	Reuters
Swiss Franc	0.89	0.87	0.80	0.80	0.81	0.80	0.80	Swiss Franc/US dollar	Reuters
Turkish Lira	24.82	32.62	41.96	42.66	42.23	42.61	43.14	Turkish Lira/US dollar	Reuters



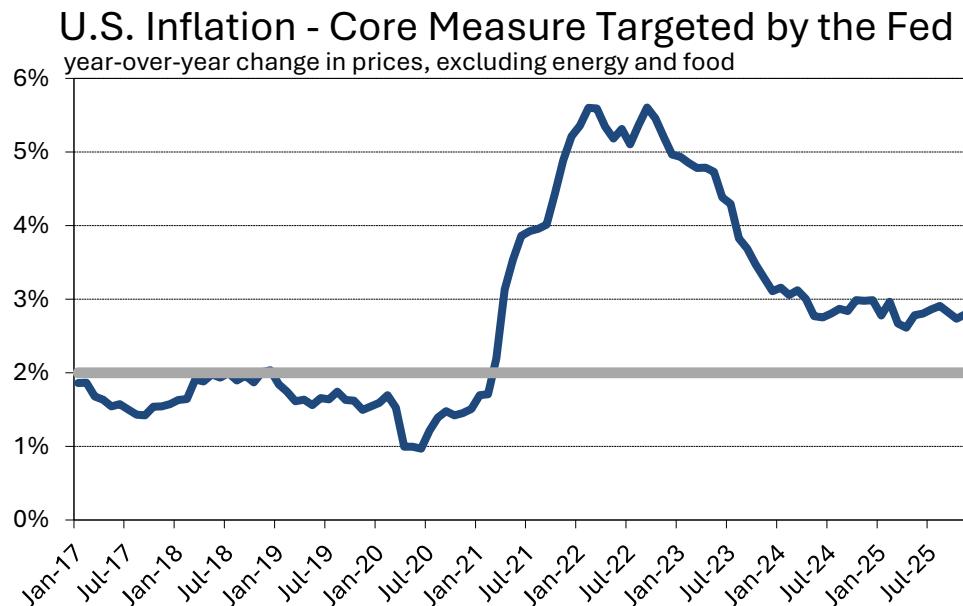
Source: Department of Commerce

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



Source: Department of Commerce

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Source: Federal Reserve

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



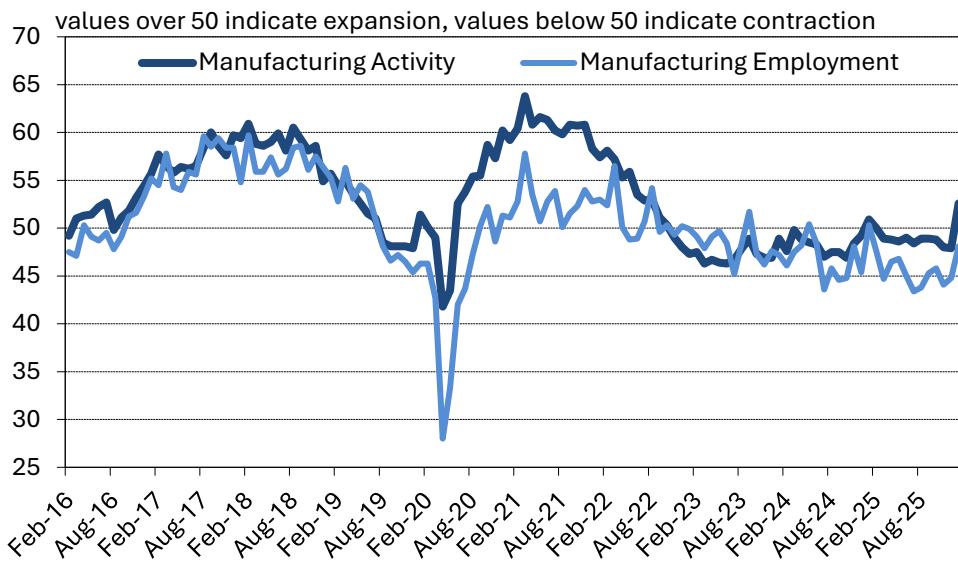
Source: Bureau of Labor Statistics

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.

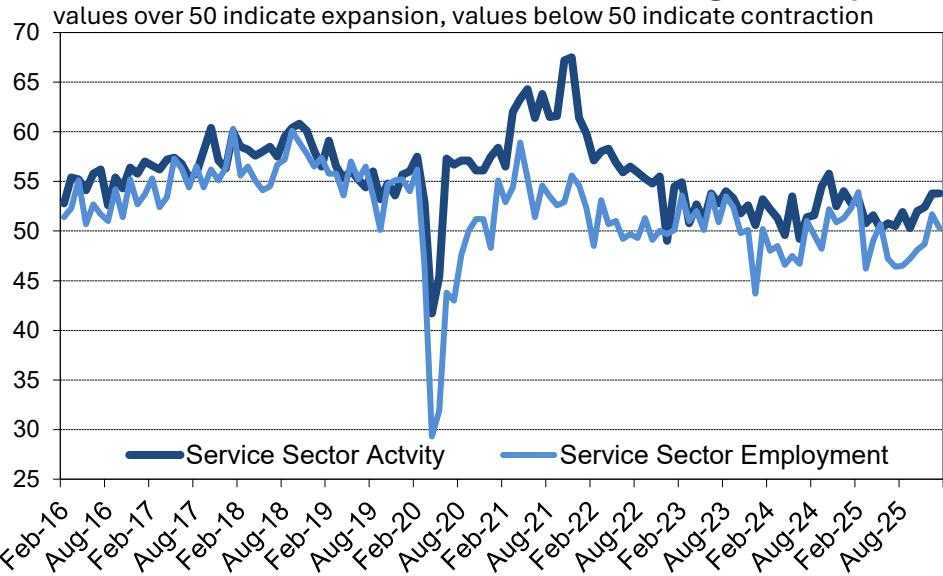
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ISM Index of Manufacturing Activity



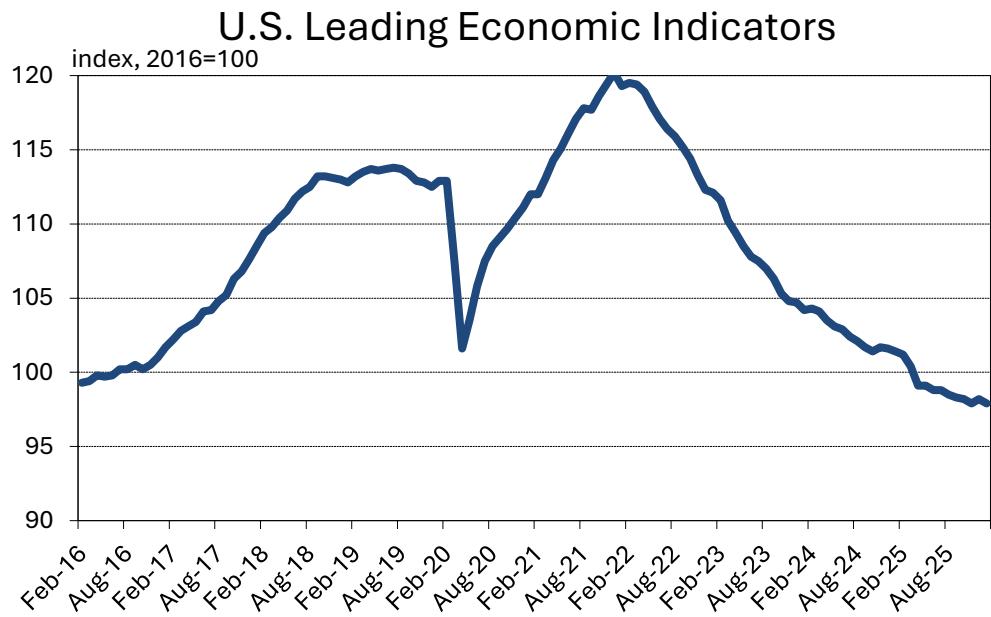
Source: Institute for Supply Chain Management

ISM Index of Non-Manufacturing Activity

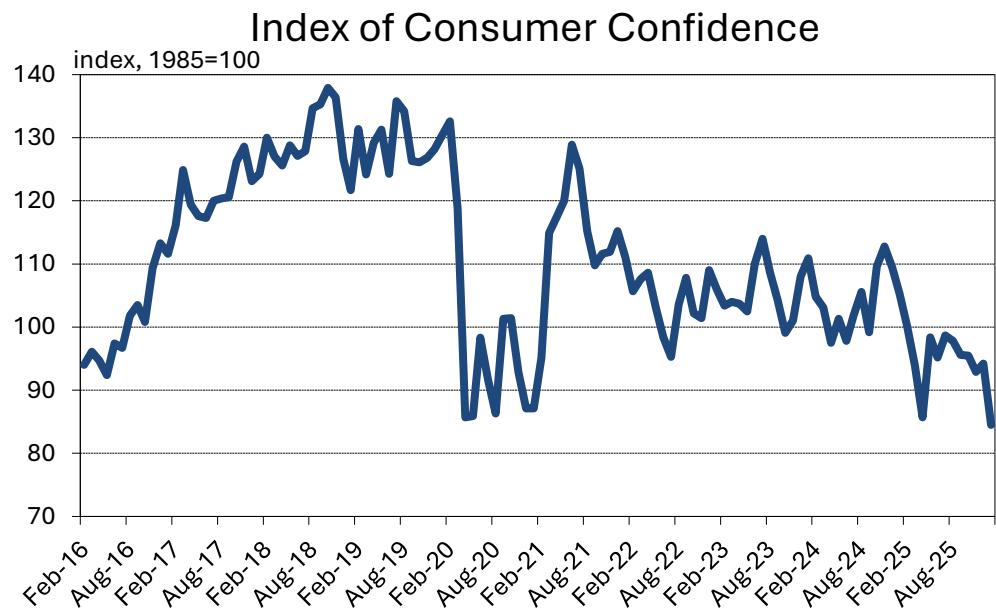


Source: Institute for Supply Chain Management

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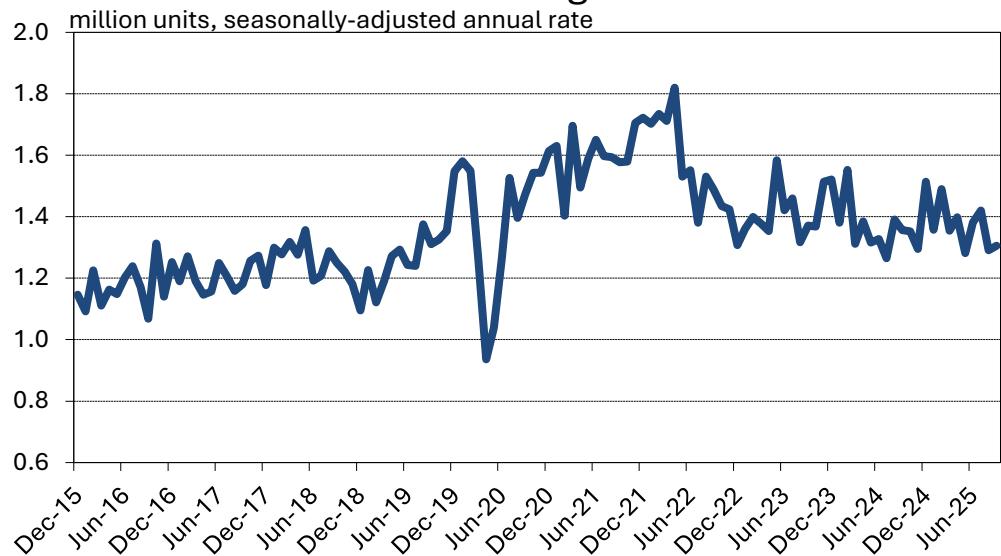
Source: The Conference Board



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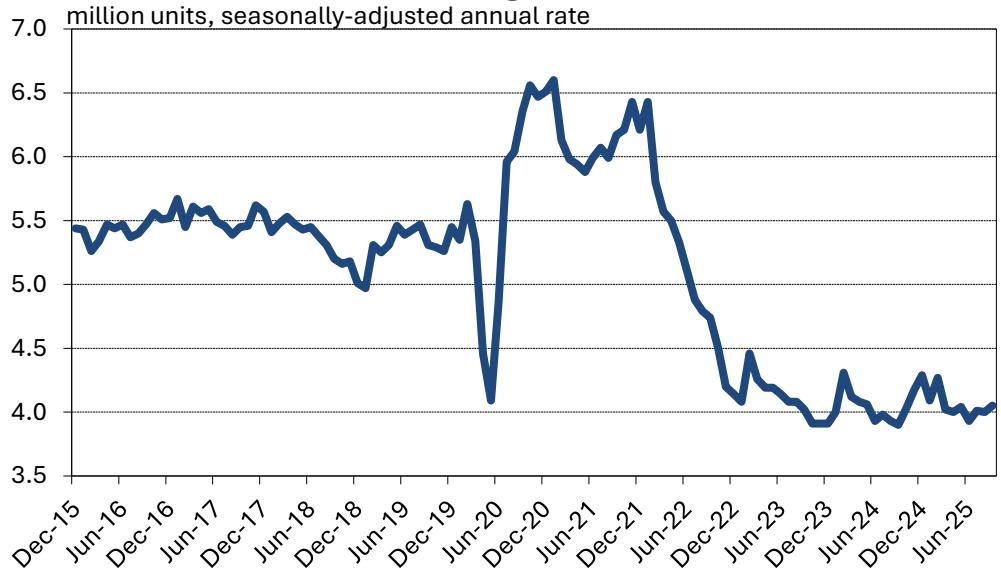
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U.S. Housing Starts



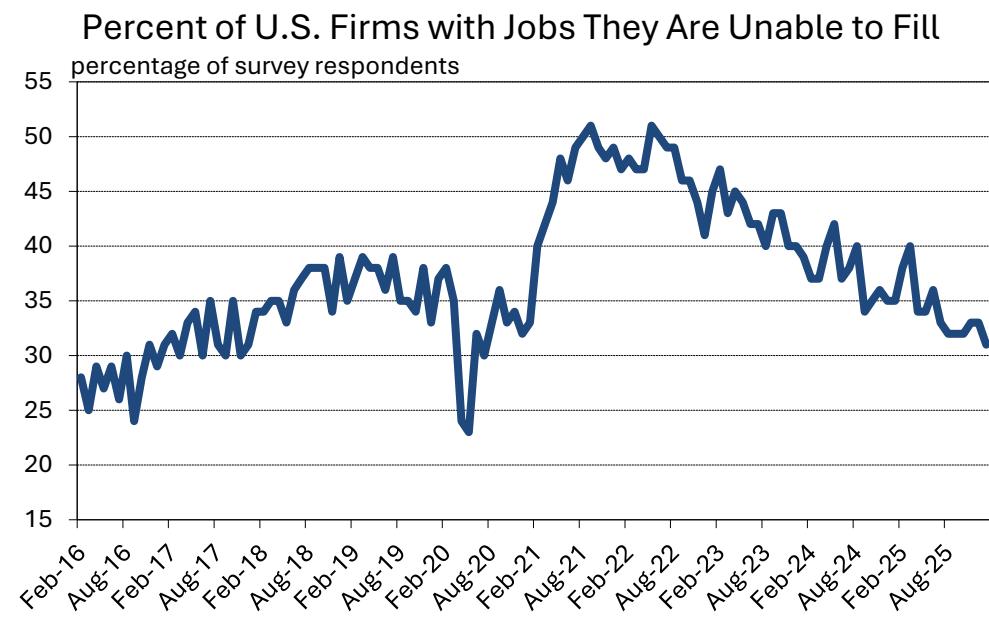
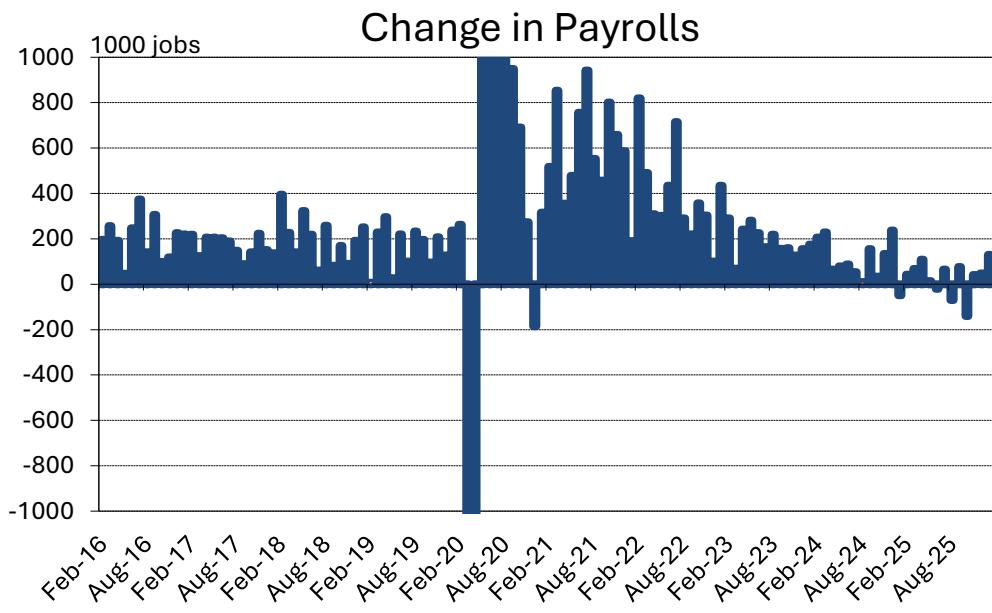
Source: Department of Commerce

U.S. Existing Home Sales



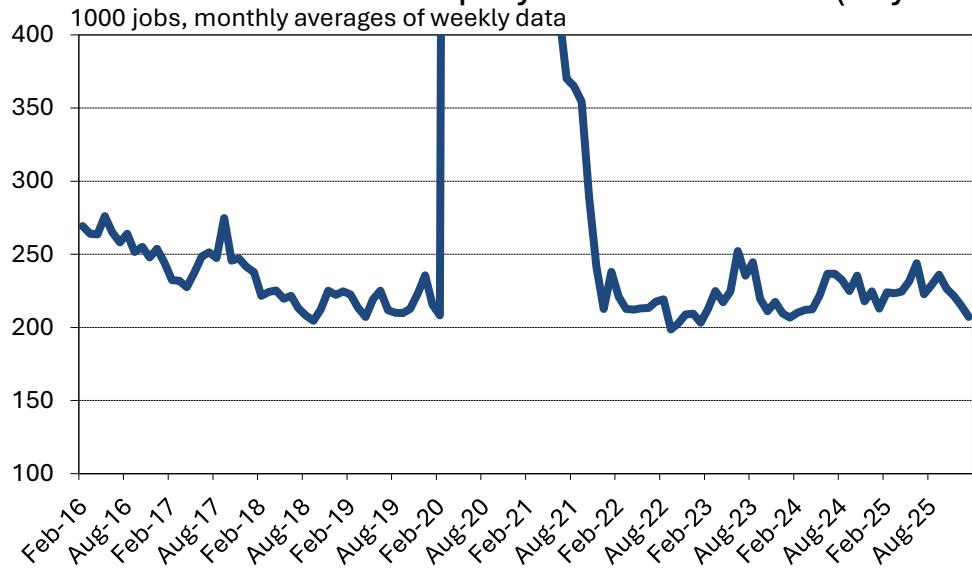
Source: Department of Commerce

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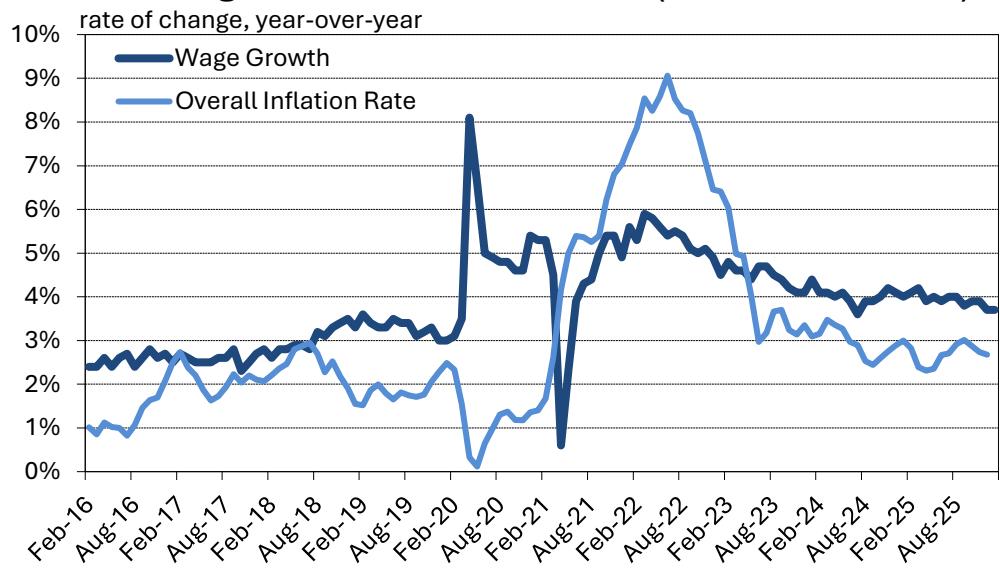
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

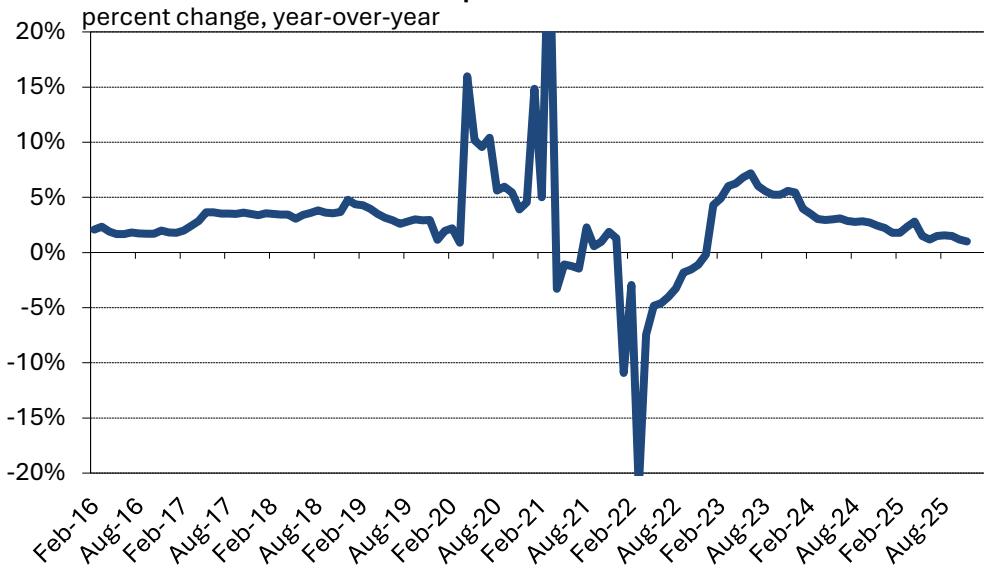
U.S. Wage Growth and Inflation (CPI for All Items)



Source: Bureau of Labor Statistics

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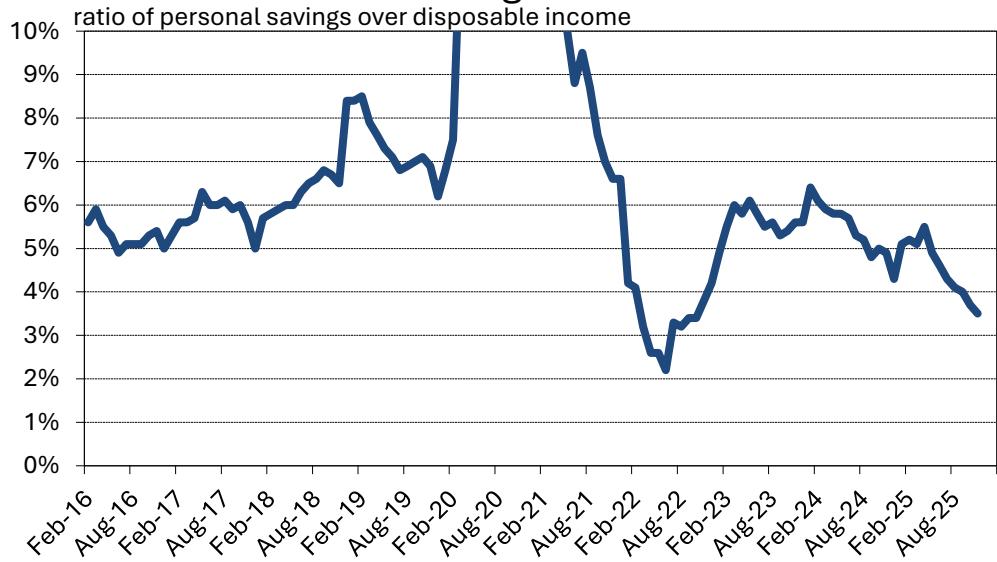
Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

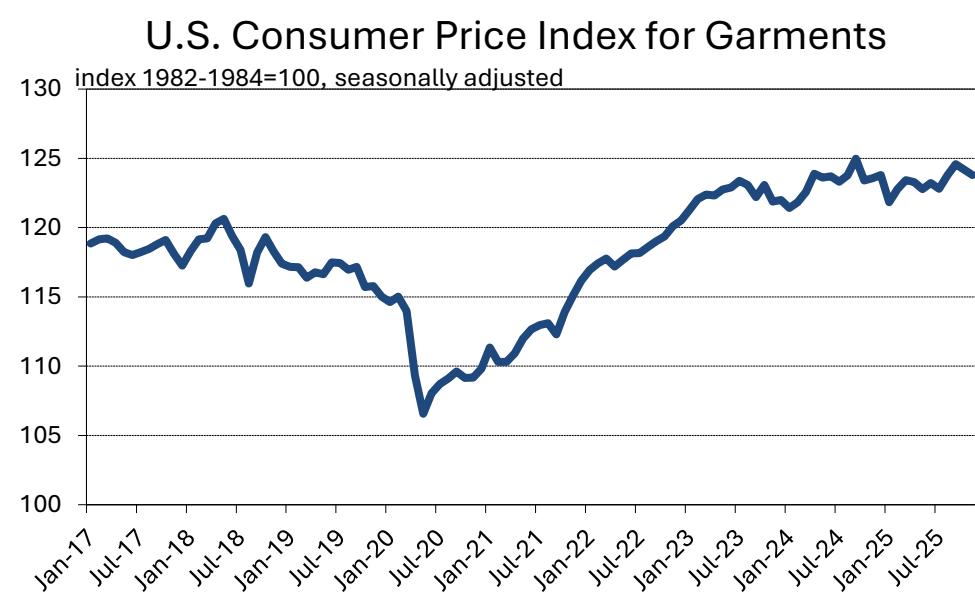
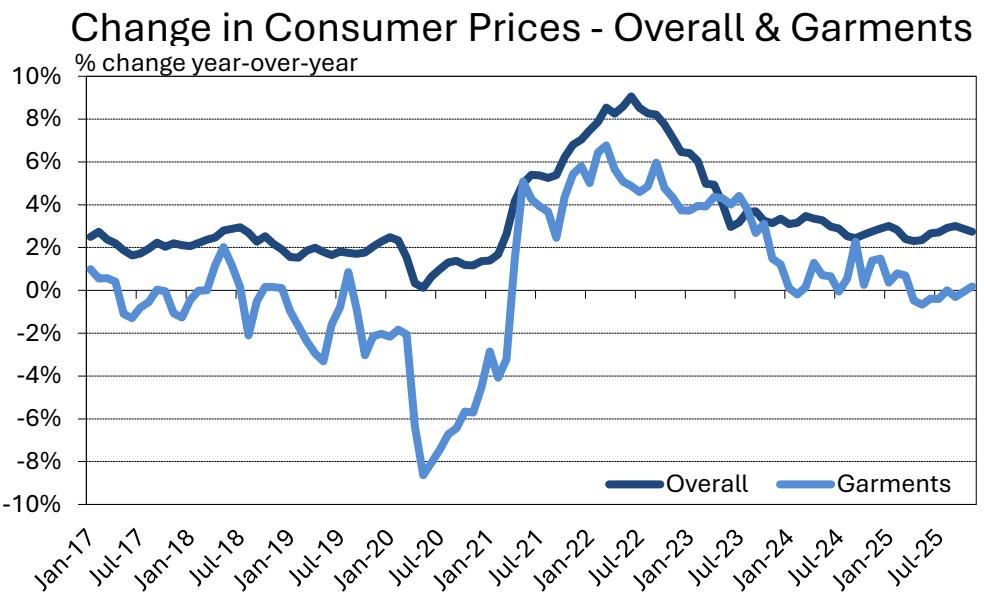
Savings Rate



Source: Bureau of Labor Statistics

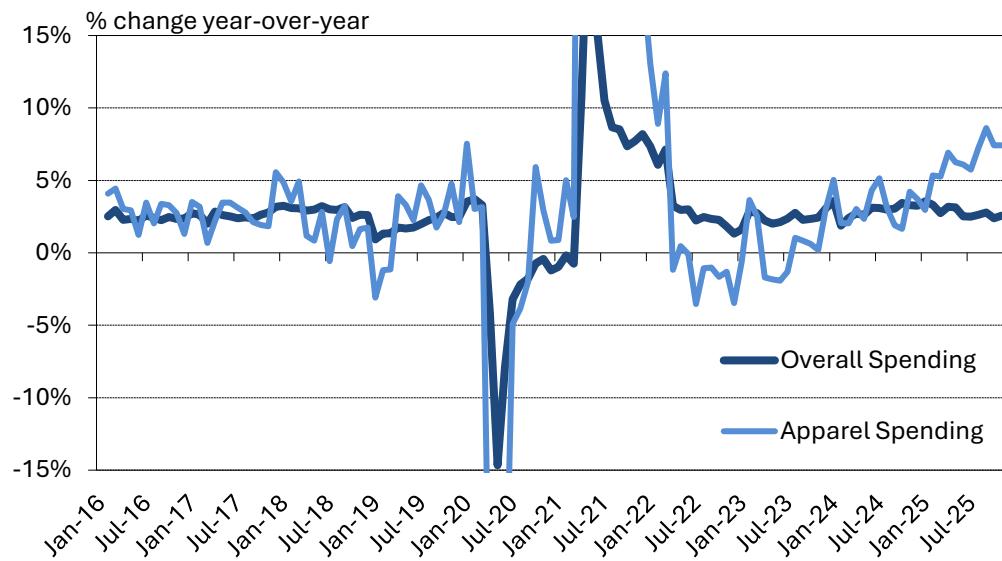
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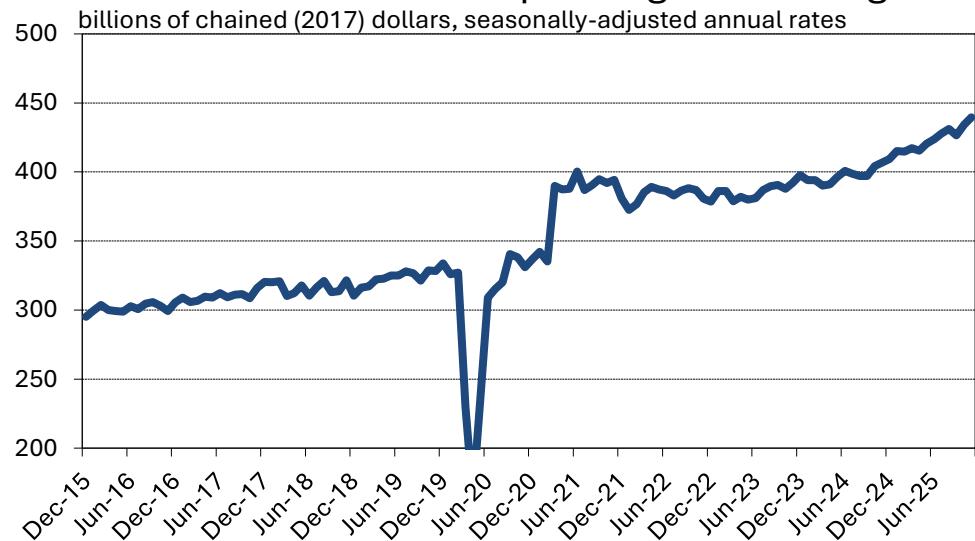
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

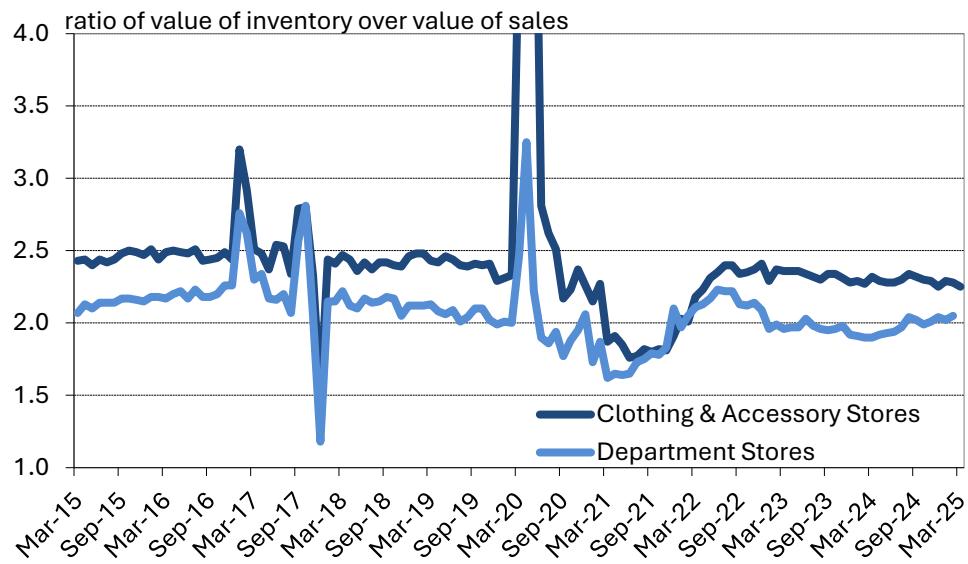


Source: Bureau of Economic Analysis

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

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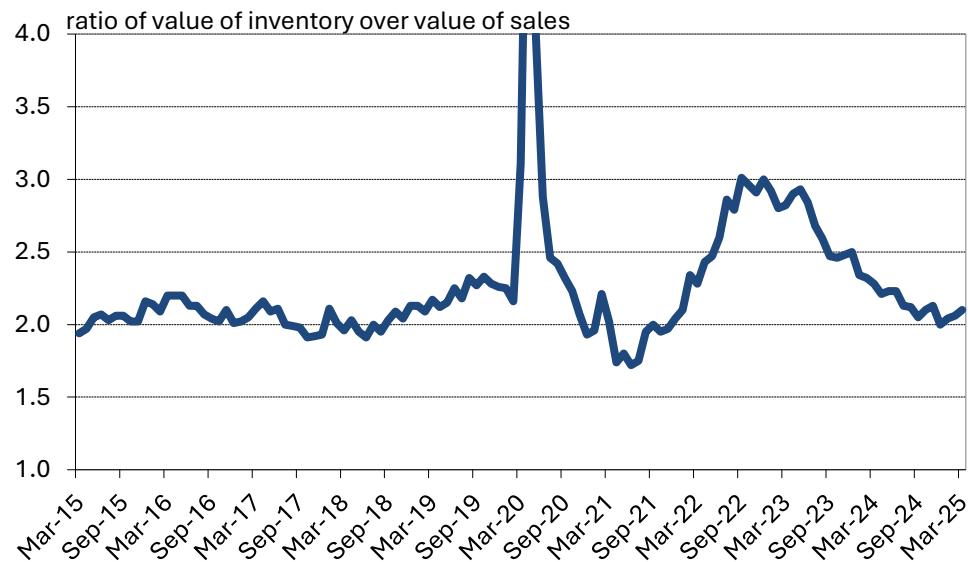
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio



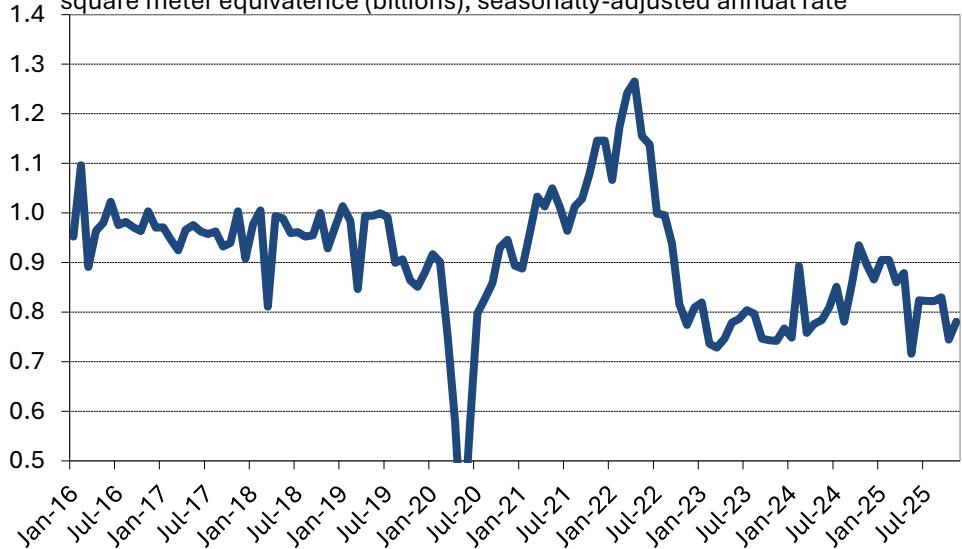
Source: Department of Commerce

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

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U.S. Cotton-Dominant Apparel Import Volume

square meter equivalence (billions), seasonally-adjusted annual rate



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

Average Cost of Cotton-Dominant Apparel Imports

USD per square meter equivalent (SME), seasonally-adjusted



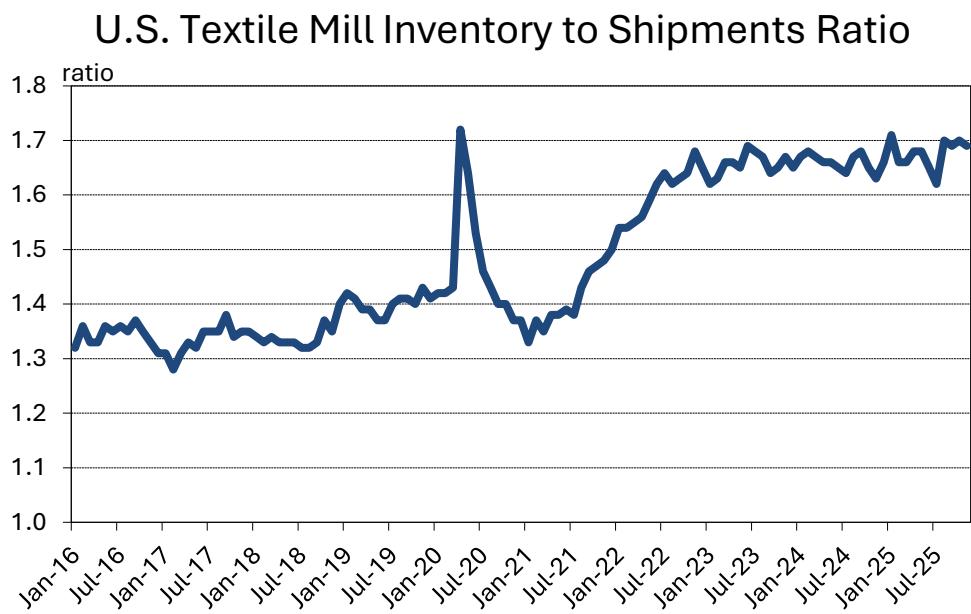
Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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Source: Department of Commerce

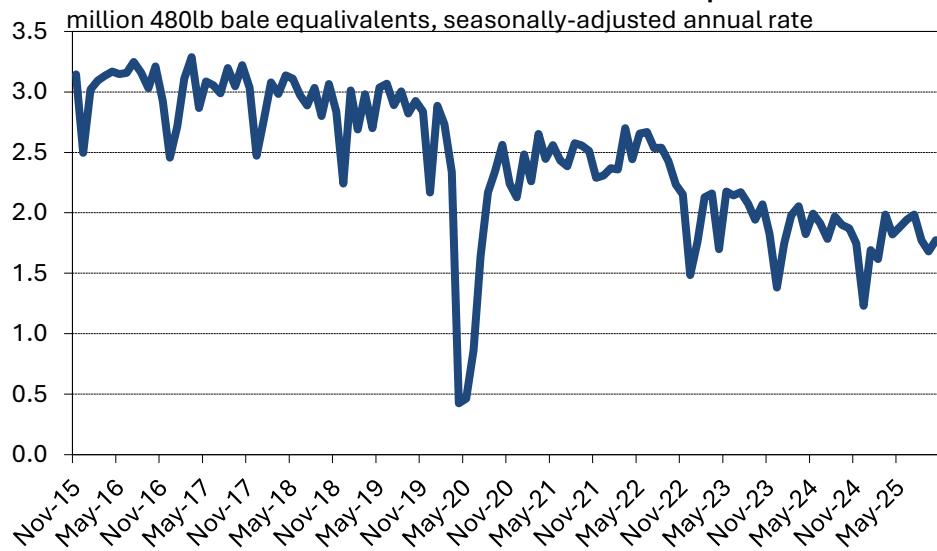
Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Federal Reserve

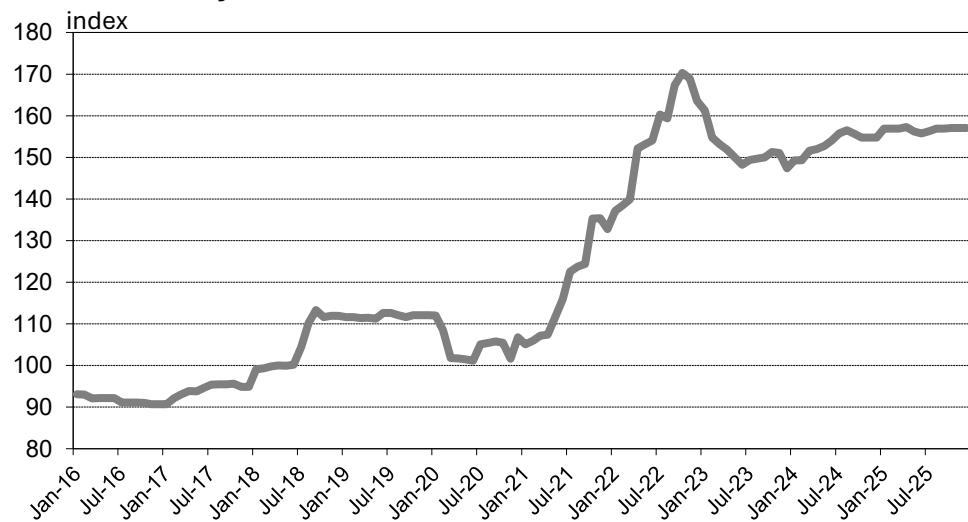
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US Cotton Yarn & Fabric Exports



Source: USDA

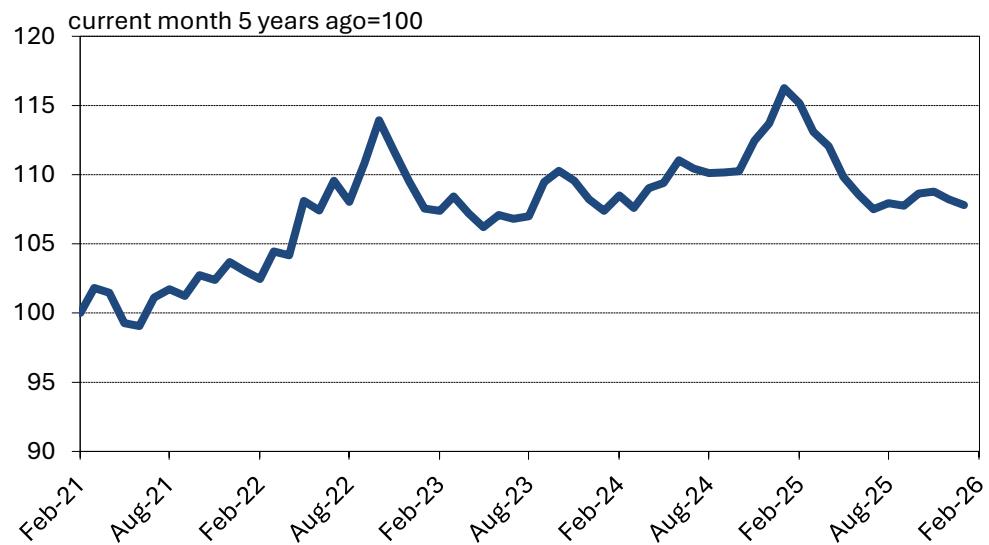
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

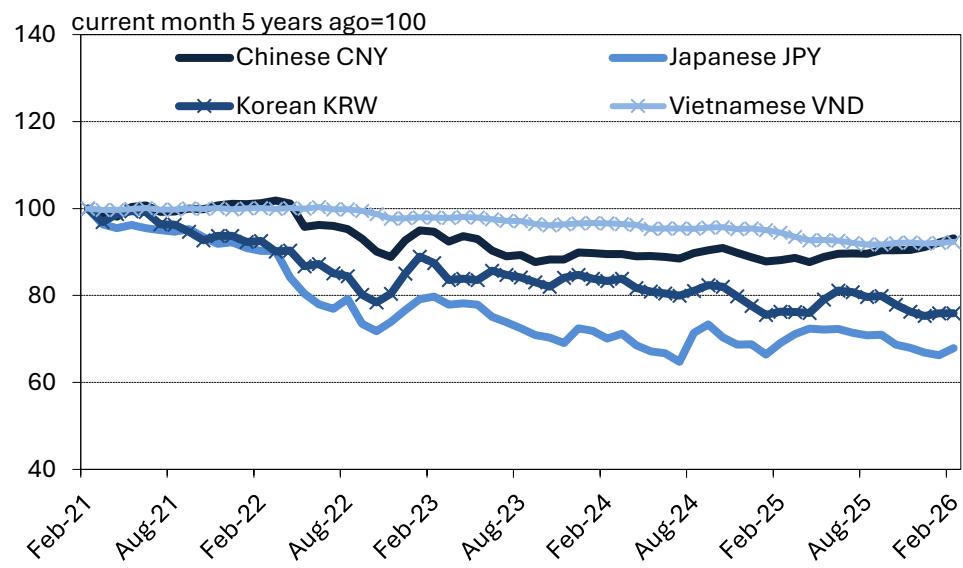
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Trade Weighted Exchange Index for U.S. Dollar



Source: Federal Reserve

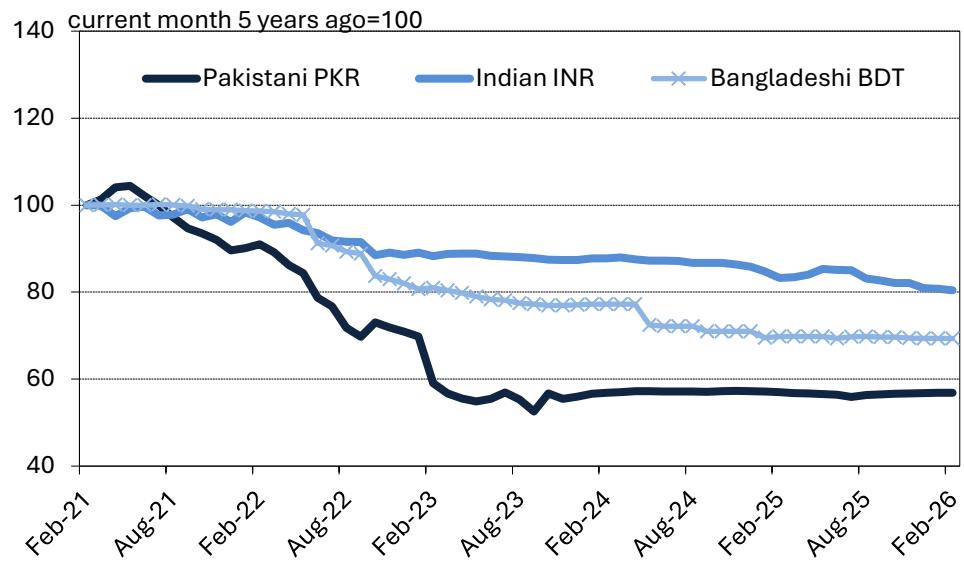
East Asian Currencies versus the U.S. Dollar



Source: Reuters

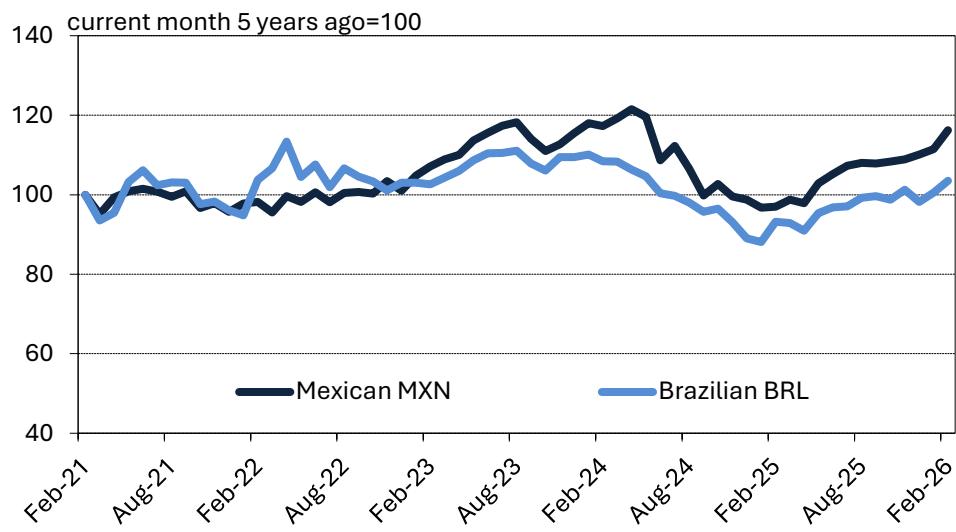
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South Asian Currencies versus the U.S. Dollar



Source: Reuters

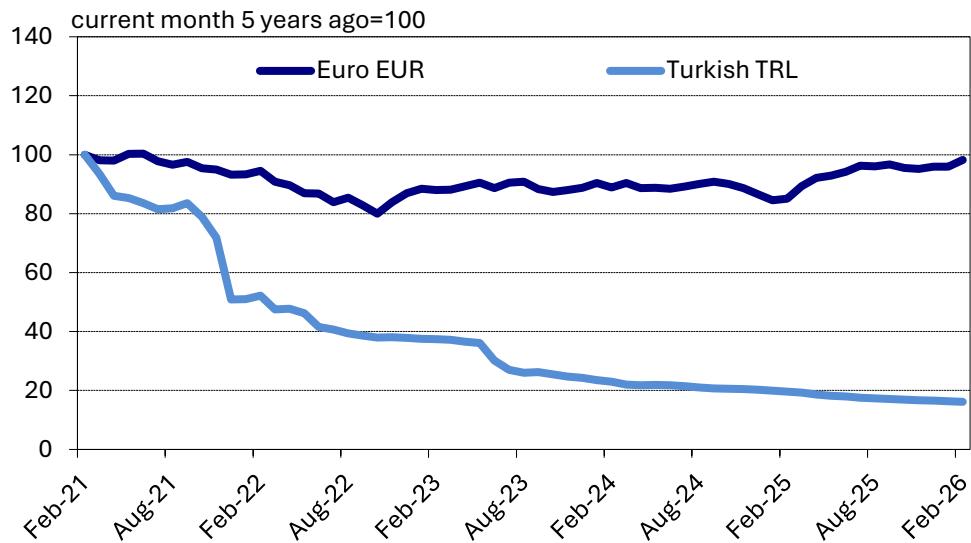
North & South American Currencies vs. U.S. Dollar



Source: Reuters

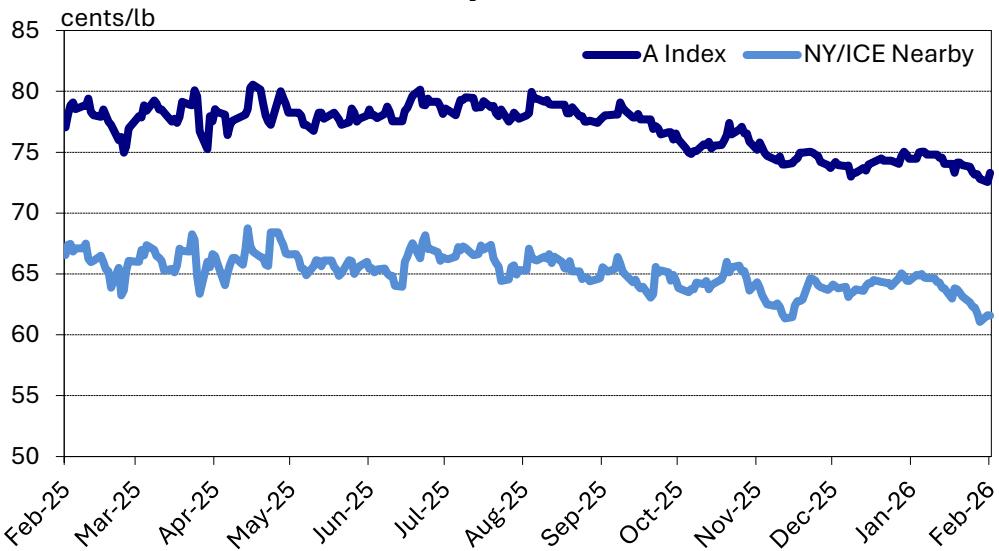
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European Currencies vs. U.S. Dollar



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](#).

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