

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



March 2026

[www.cottoninc.com](http://www.cottoninc.com)

**Macroeconomic Overview:** U.S. trade policy continues to evolve. On February 20<sup>th</sup>, the [Supreme Court](#) ruled that the administration did not have legal authority to change tariff rates under the International Economic Emergency Powers Act (IEEPA). Following the ruling, most of the tariff increases that were announced throughout 2025 were revoked. A process that may allow for eventual refunds is working its way through the [Court of International Trade](#) (CIT).

In response to the court ruling, the administration pursued alternate legal justifications to support its ability to change tariffs. These alternate (non-IEEPA) justifications can involve limitations that were not a part of the IEEPA-based process. An example is Section 122 of the [1974 Trade Act](#). This option was leveraged as a means to impose the [10% addition to tariffs on goods from all countries that started February 24<sup>th</sup>](#). While Section 122 was used to justify the administration's immediate response to the Supreme Court ruling, it limits tariff increases to a maximum of 15% and imposes a time limit of 150 days.

Beyond Section 122, there are other possible legal justifications for tariff increases. One of these is Section 301 of the 1974 Trade Act, which was used to increase tariffs on goods from China in 2018 and 2019. Section 301 does not impose explicit time limits or rate limits, but it requires an official investigation into other countries' trade practices, which can take time to complete.

**Employment:** The U.S. economy is estimated to have lost -92,000 jobs in February. Revisions to figures for previous months were negative, with the value for December falling -65,000 from +48,000 to -17,000 and the figure for January falling -4,000 from +130,000 to +126,000. The current twelve-month average is +13,000. One year ago, the twelve-month average was +89,000. Two years ago, the twelve-month average was +181,000. The downward trend in hiring underlines weakening in the labor market.

The unemployment rate increased marginally, from 4.3% to 4.4%. While the unemployment rate remains low by historical standards, recent readings have been edging higher. Between July and February, rates were between 4.2% and 4.5%. Over the preceding twelve months (July 2024-June 2025), rates were between 4.0% and 4.2%. Over the twelve months before that (July 2023-June 2024), the unemployment rate was between 3.5% and 4.1%.

Wages were up +3.8% year-over-year in February. Wage growth has slowed alongside other signals of a softening labor market. Since September, wage growth has been between 3.7% and 3.9%. Values in 2025 and in early 2026 have been near 4.0%. In 2024, wages increased at annual rates between 3.9% and 4.4%. In 2023, wages were rising between 4.1% and 4.8%.

**Consumer Confidence & Spending:** The Conference Board's Index of Consumer Confidence<sup>®</sup> increased +2.2 points month-over-month to 91.2 in February. Recent values have been within a range between 85 and 95 (March 2025-February 2026), which is generally where readings were during the COVID period (April 2020-February 2021). In much of the time between the COVID period and early 2025, values generally held between 95 and 115.

Government data on consumer spending are currently available through December 2025. In December, spending was flat month-over-month (+0.1%) but up +1.7% year-over-year. The +1.7% rate of annual growth in overall spending was the slowest since December 2022. The current twelve-month average for overall spending growth is +2.7%.

Spending on garments was down 0.8% month-over-month in December. This decrease followed several months of strong growth, and year-over-year spending on clothing was up +5.4% in the last month of 2025. The current twelve-month average for spending growth on apparel is +6.5%, far outpacing the rate of growth for overall spending.

**Consumer Prices & Import Data:** As measured by the CPI for garments, average retail prices for clothing increased +0.3% month-over-month in December. Year-over-year, average retail prices for clothing were up +1.7%. Despite pressure on sourcing costs from tariffs, the current level for the CPI for clothing is relatively close to values that have been posted since early 2023.

Trade data for the full 2025 calendar year recently became available. For the entire year, shipments were flat year-over-year in terms of square-meter equivalence or SMEs (-0.4%). However, that annual stability masks significant variability at the monthly level. Early in the year, there were strong year-over-year increases, with cotton-dominant volumes were up as much as 22% (January). Year-over-year increases continued through April (+1% in February, +13% in March, and +14% in April), but turned more negative later in the year (-9% in May, +2% in June, -2% in July, +5% in August, -3% in September, -20% in October, -14% in November, and -6% in December).

## 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		

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U.S. Macroeconomic Indicators & Cotton Prices  
March 2026



## Macroeconomic Data

### Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q2 : 2025	Q3 : 2025	Q4 : 2025		
Growth in US Real GDP	3.2%	2.8%	4.4%	1.4%	3.8%	4.4%	1.4%	% Chg. Quarter/Quarter	Department of Commerce

### 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		
ISM Index of Manufacturing Activity	51.4	49.3	49.8	51.0	47.9	52.6	52.4	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	55.0	52.0	53.1	54.6	53.8	53.8	56.1	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.6	94.0	93.1	91.5	94.2	89.0	91.2	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	251.4	13.0	-1.0	5.7	-17	126	-92	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.1%	4.3%	4.4%	4.4%	n/a	4.3%	4.4%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.3%	4.1%	3.9%	3.7%	3.7%	3.6%	3.6%	Interest rate	Federal Reserve
10-year Treasury Bill	3.5%	4.2%	4.1%	4.2%	4.1%	4.2%	4.1%	Interest rate	Federal Reserve

### Macroeconomic Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
Index of Leading Economic Indicators	108.0	98.5	97.9	97.7	97.6	97.8	97.6	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.3	1.3	1.3	1.3	1.4	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.7	4.1	4.1	4.2	4.1	4.1	4.3	Annual pace, millions of units	National Association of Realtors

## Industrial & Textile Data

### 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		
US Industrial Production	100.5	101.5	101.7	101.8	99.5	99.3	102.3	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	148.0	156.5	156.4	155.9	157.0	157.0	153.6	Index, December 2003=100	Bureau of Labor Statistics

### 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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.8	1.8	1.8	1.7	1.7	1.8	1.7	million 480lb bales	USDA ERS

### Industrial & Textile Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
US Textile Mill Inventory/Shipments Ratio	1.61	1.68	1.70	1.71	1.71	1.69	1.72	Ratio	Department of Commerce

## Retail Data

### Retail Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
US Real Consumer Spending									
All Goods and Services	4.1%	2.7%	2.4%	2.2%	2.5%	2.4%	1.7%	% Chg. Year/Year	Department of Commerce
Clothing	9.1%	6.5%	7.1%	6.5%	7.1%	6.9%	5.4%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	#N/A	#N/A	#N/A	2.6%	2.7%	n/a	2.4%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	#N/A	#N/A	#N/A	0.8%	0.3%	n/a	1.7%	% Chg. Year/Year	Bureau of Labor Statistics

### Retail Series with Latest Data for December

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	October	November	December		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.1	2.1	2.2	Value of inventory over value of sales	Department of Commerce
Clothing Wholesalers	2.4	2.1	2.1	2.0	2.0	1.9	2.0	Value of inventory over value of sales	Department of Commerce

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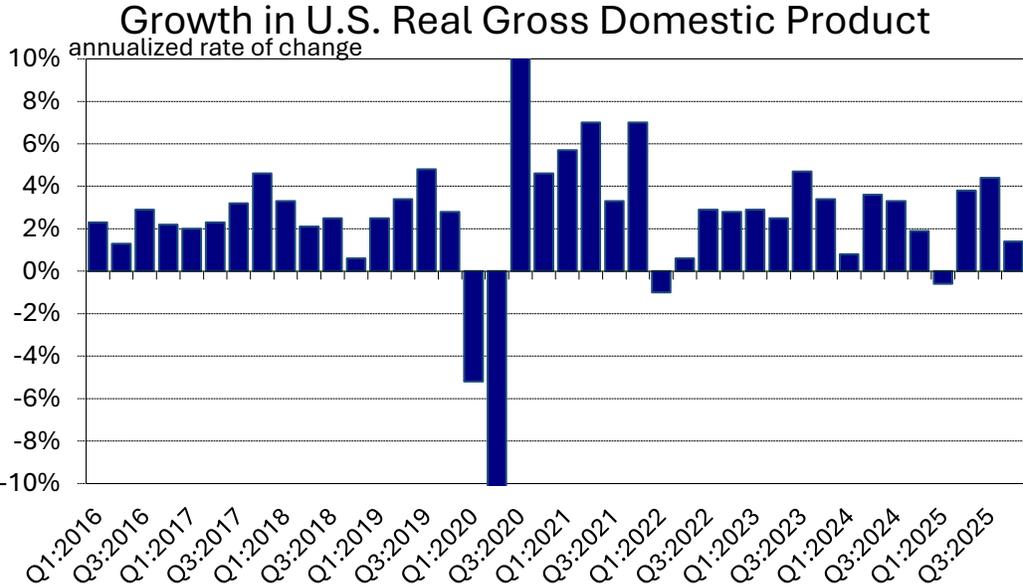
Daily Cotton Price and Currency Data  
March 2026



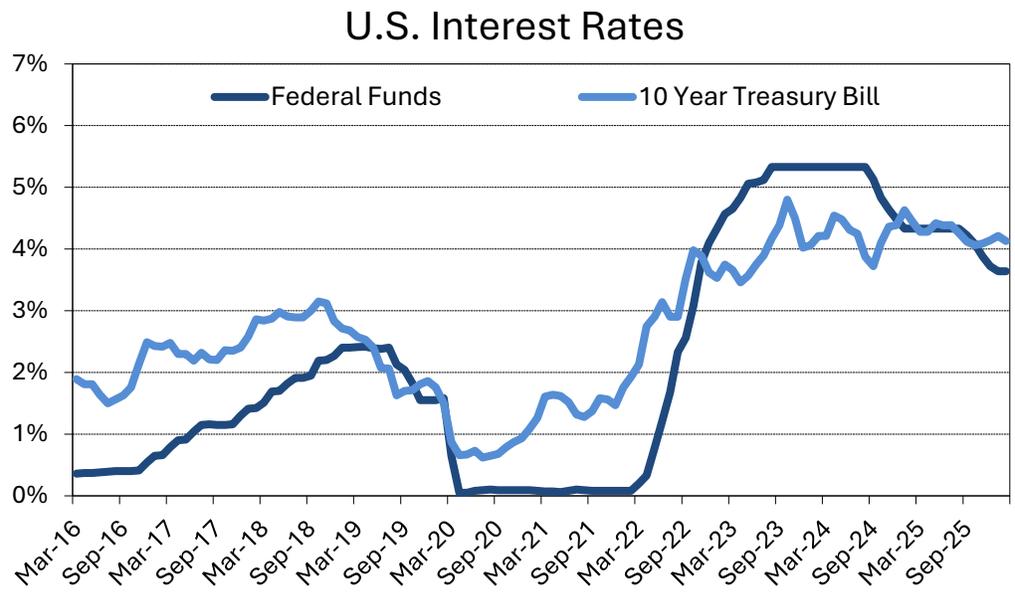
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	December	January	February		
NY Nearby	85.5	65.0	63.9	63.6	64.0	64.3	62.4	cents/pound	ICE
A Index	97.1	76.8	75.3	74.2	74.1	74.5	74.1	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	December	January	February		
Dollar Trade Weighted Exchange Index	120.4	122.2	120.5	119.8	121.1	120.2	118.2	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.94	7.16	7.06	7.00	7.07	6.98	6.94	Chinese Renminbi/US dollar	Reuters
Indian Rupee	81.70	84.88	89.42	90.28	90.00	90.17	90.67	Indian Rupee/US dollar	Reuters
Japanese Yen	137.87	147.99	153.14	156.24	155.27	156.59	156.86	Japanese Yen/US dollar	Reuters
Pakistani Rupee	244.56	281.31	280.49	280.12	280.50	279.98	279.88	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.30	5.32	5.34	5.32	5.37	5.37	5.23	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.34	1.37	1.39	1.38	1.39	1.38	1.36	Canadian dollar/US dollar	Reuters
Mexican Peso	19.12	18.40	18.19	17.82	18.17	17.97	17.31	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.78	0.74	0.74	0.75	0.74	0.73	British Pound/US dollar	Reuters
Euro	0.91	0.91	0.86	0.85	0.86	0.85	0.85	Euro/US dollar	Reuters
Swiss Franc	0.89	0.86	0.80	0.79	0.80	0.79	0.78	Swiss Franc/US dollar	Reuters
Turkish Lira	25.33	33.18	42.37	43.05	42.50	43.04	43.61	Turkish Lira/US dollar	Reuters



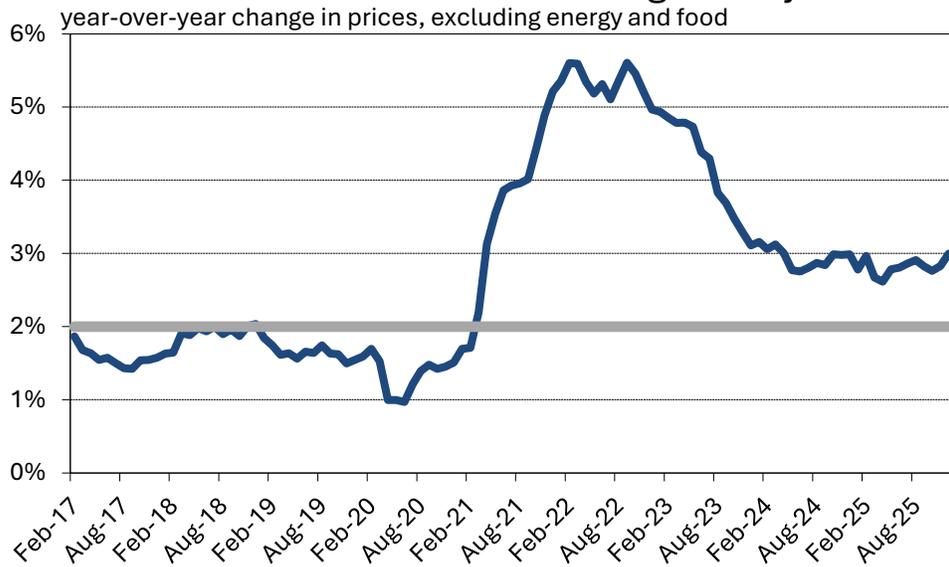
Source: Department of Commerce  
 Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: Department of Commerce

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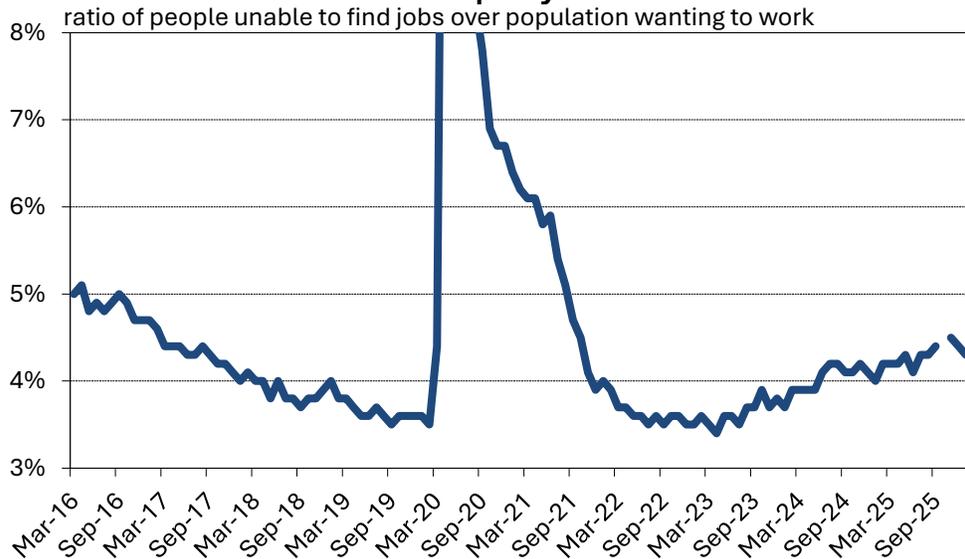
## U.S. Inflation - Core Measure Targeted by the Fed



Source: Federal Reserve

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

## U.S. Unemployment Rate



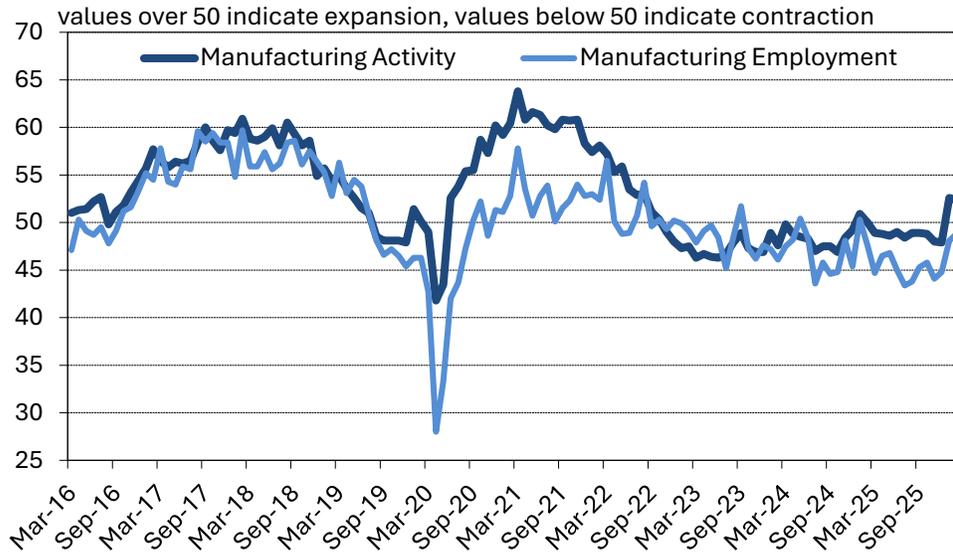
Source: Bureau of Labor Statistics

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.

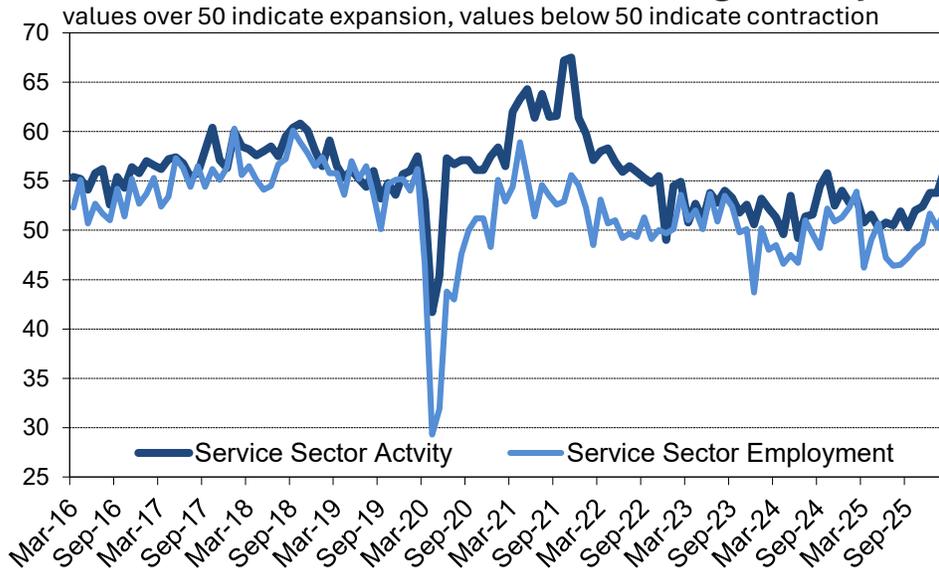
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## ISM Index of Manufacturing Activity



Source: Institute for Supply Chain Management

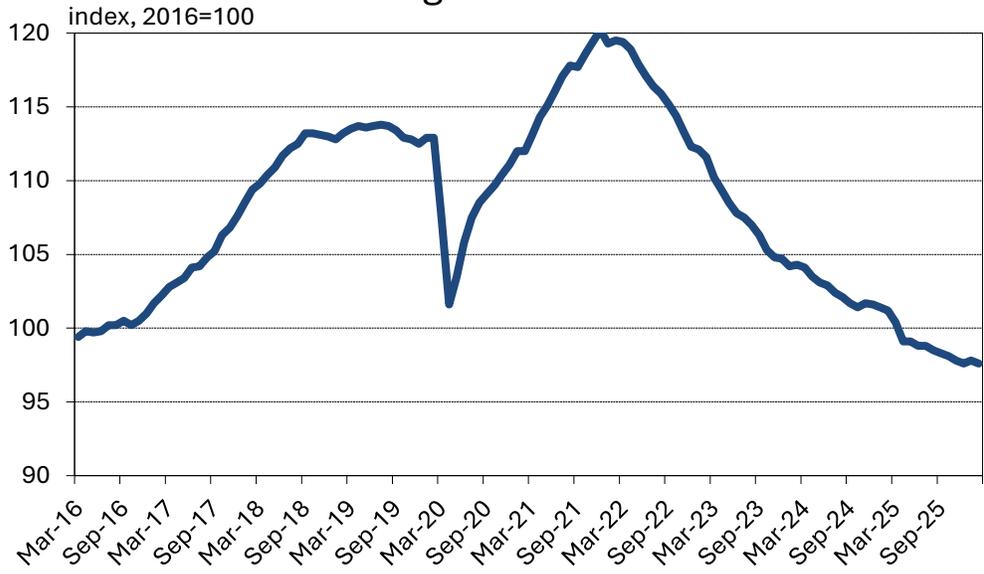
## ISM Index of Non-Manufacturing Activity



Source: Institute for Supply Chain Management

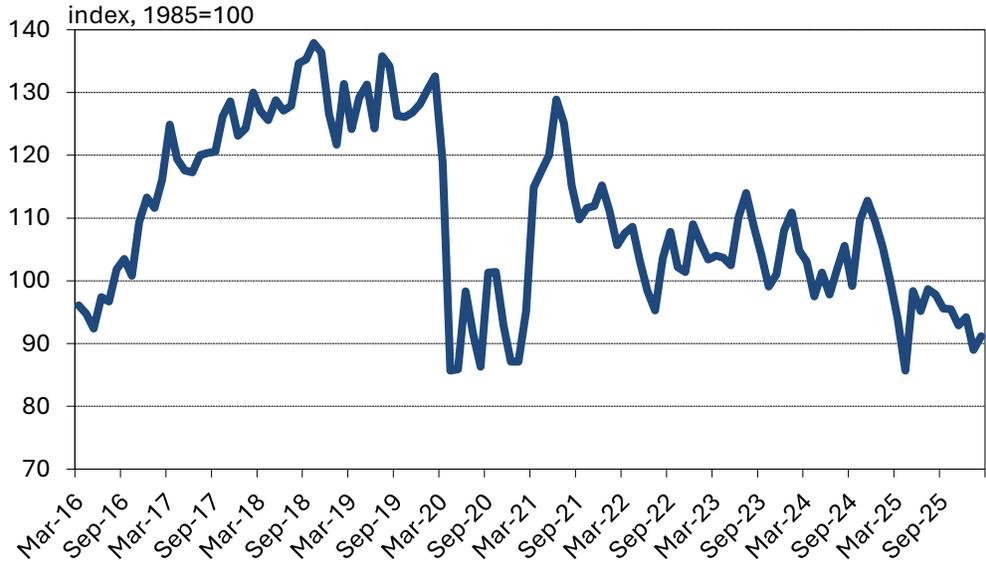
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## U.S. Leading Economic Indicators



Source: The Conference Board

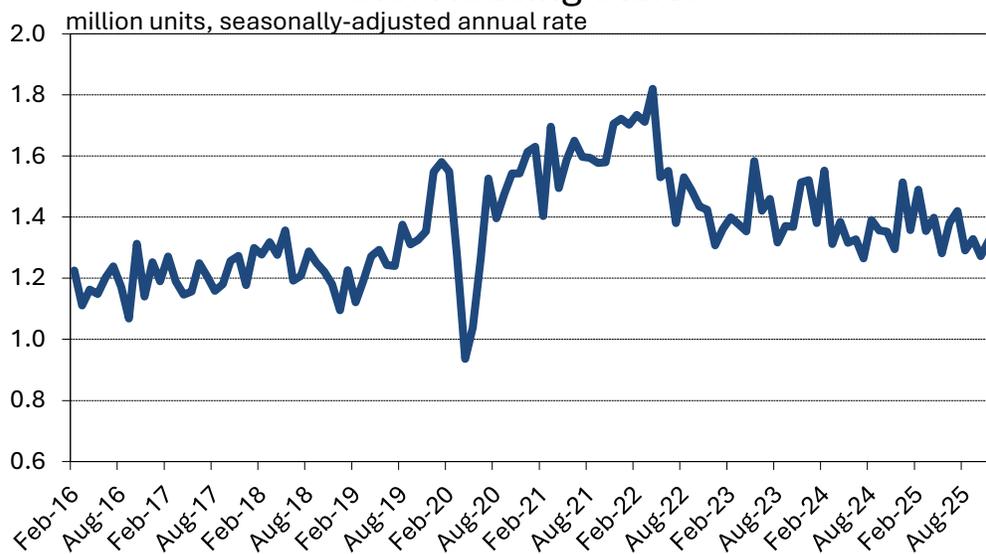
## Index of Consumer Confidence



Source: The Conference Board

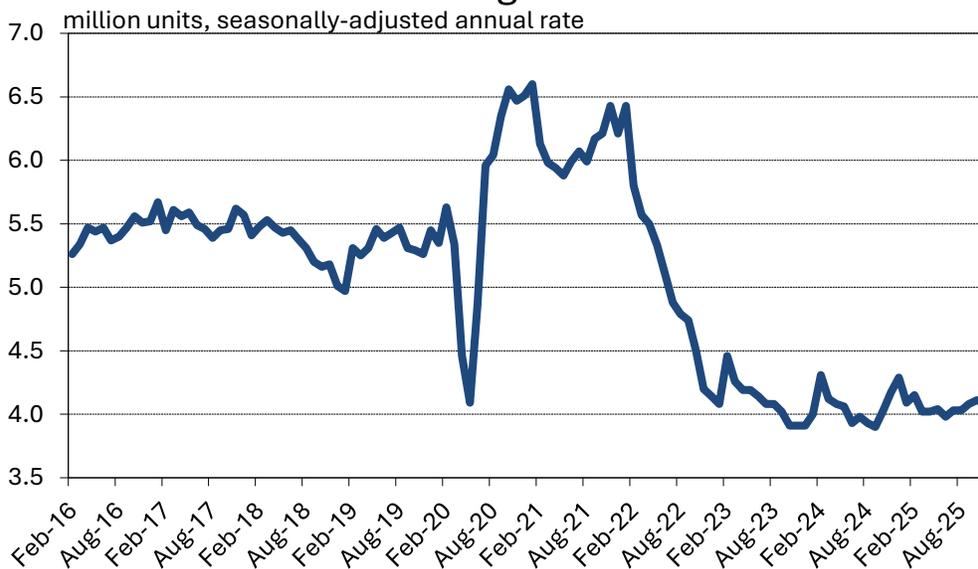
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## U.S. Housing Starts



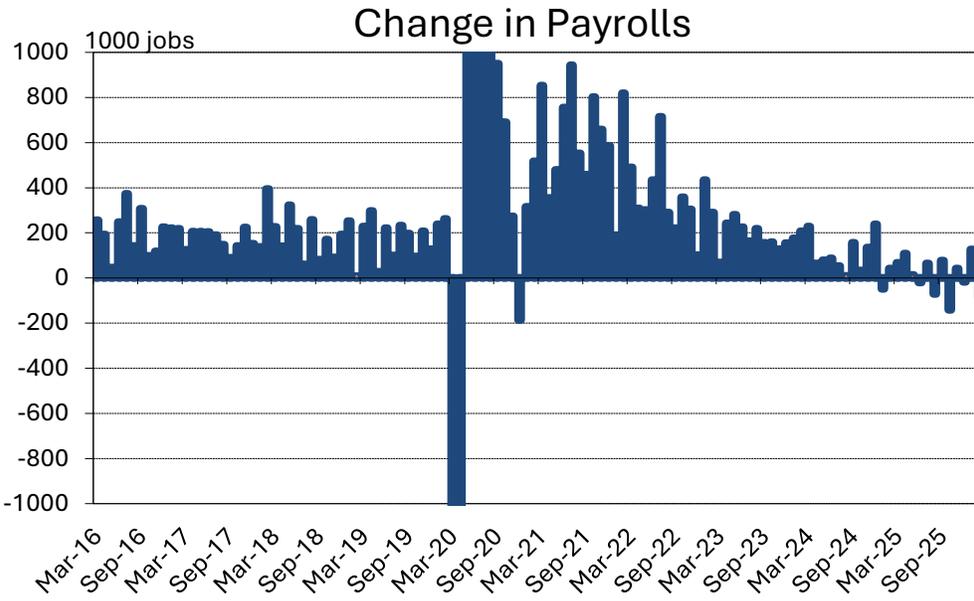
Source: Department of Commerce

## U.S. Existing Home Sales

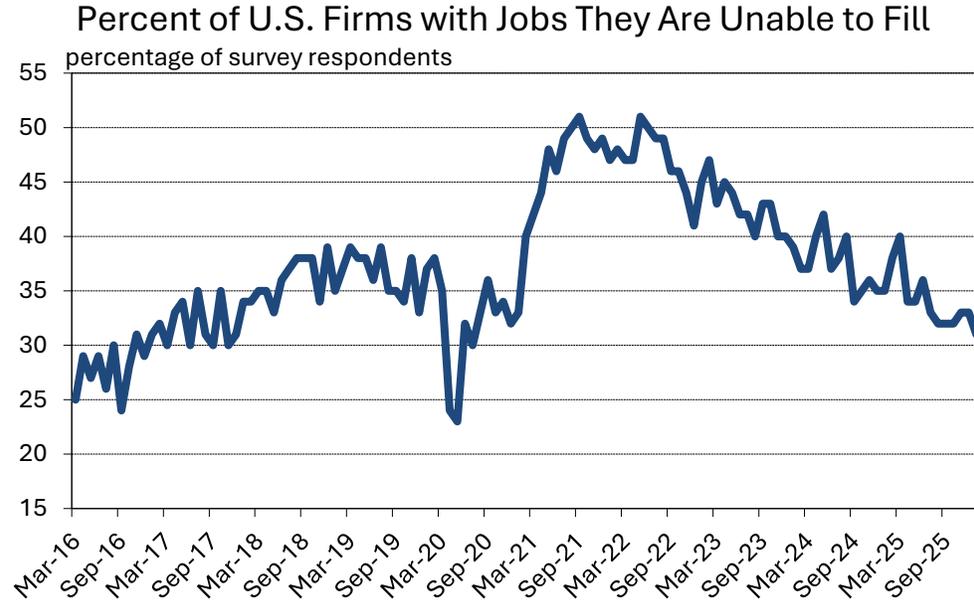


Source: Department of Commerce

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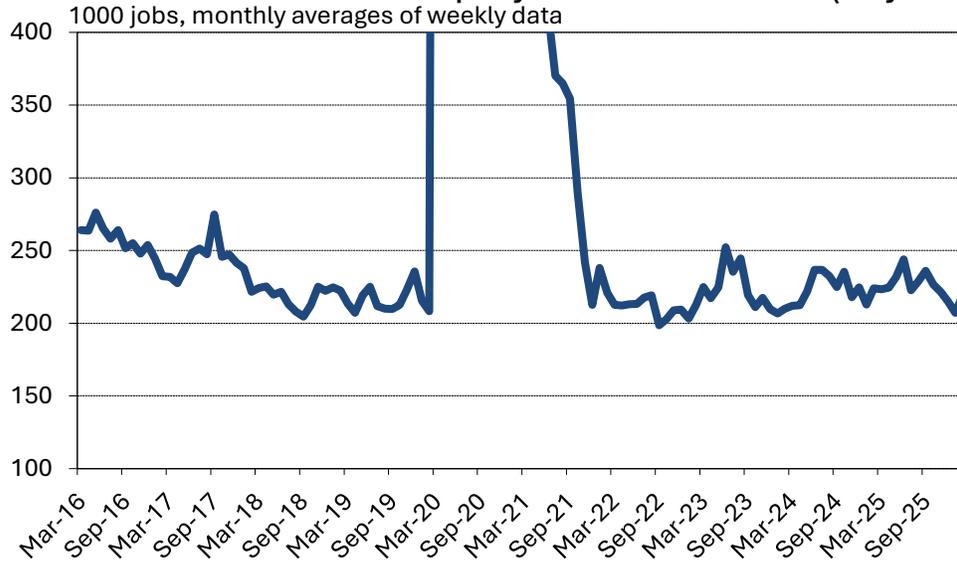
Source: Bureau of Labor Statistics  
 Note: Chart truncated around COVID shutdowns to highlight normal change.



Source: National Federation of Independent Business  
 Note: Chart truncated around COVID shutdowns to highlight normal change.

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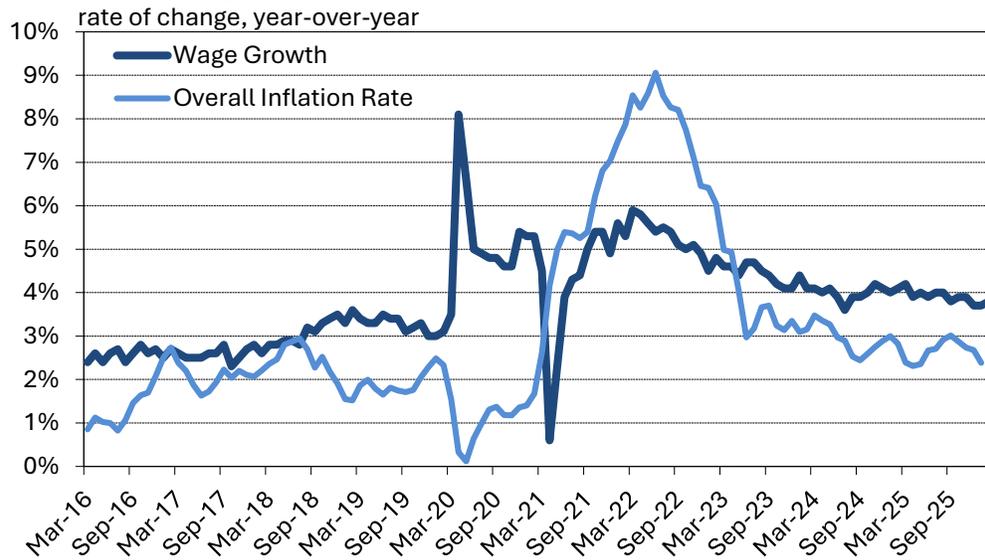
## Initial Claims for Unemployment Insurance (Layoffs)



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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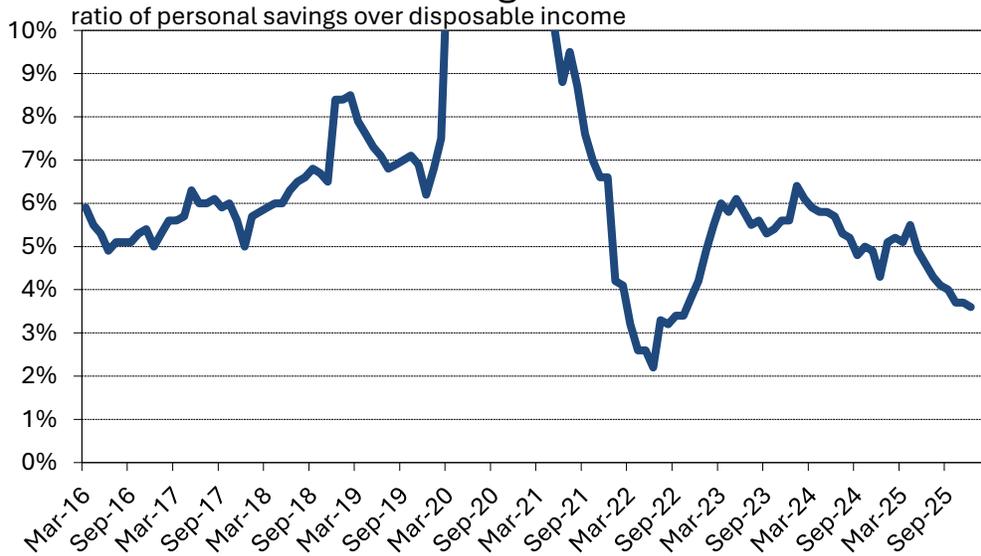
## Growth in Real Disposable Personal Income



Source: Bureau of Economic Analysis

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

## Savings Rate

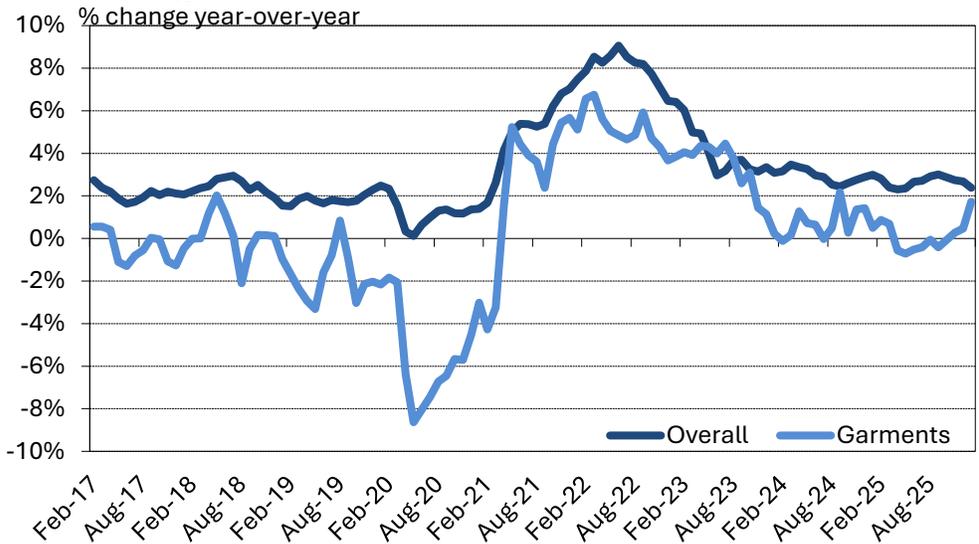


Source: Bureau of Labor Statistics

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

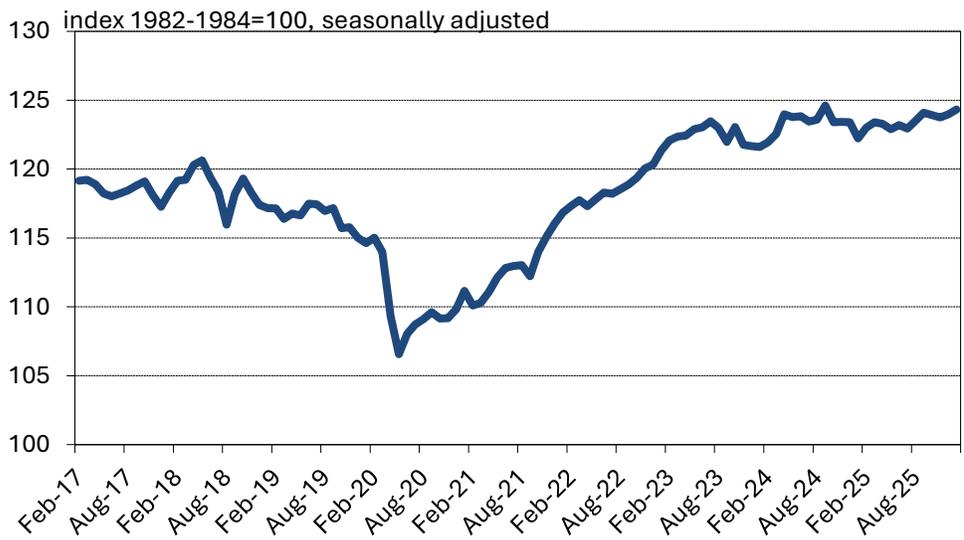
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## Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

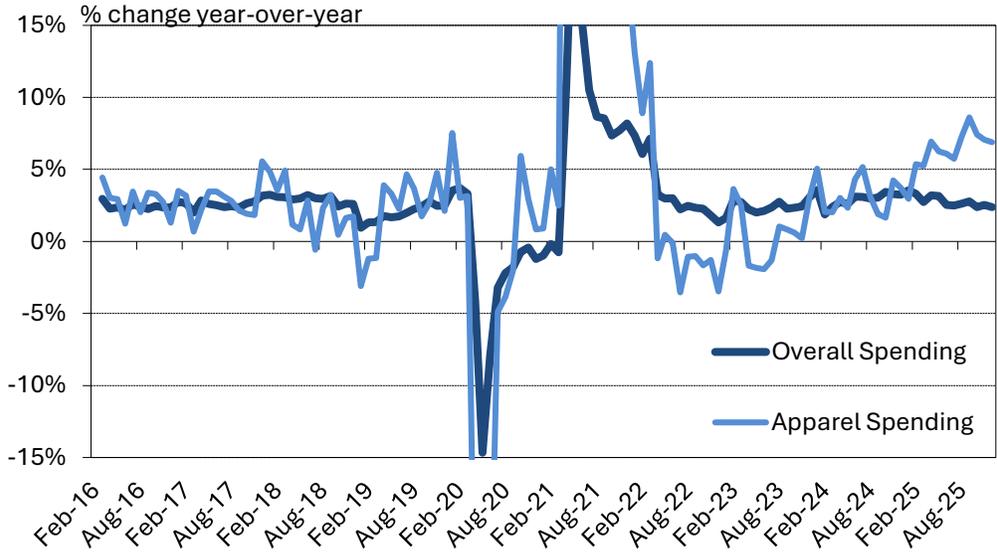
## U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

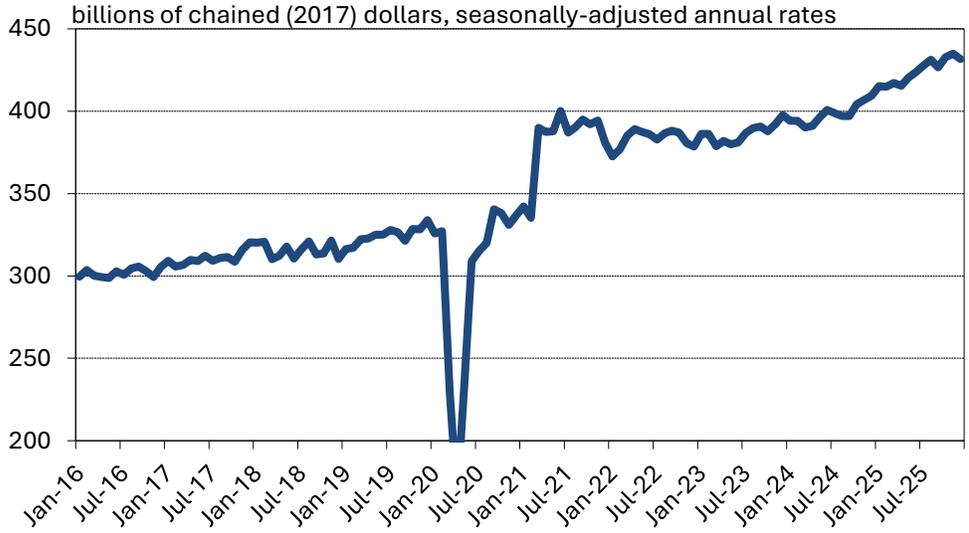
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## Real Consumer Spending Growth - Overall & Apparel



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

## U.S. Real Consumer Spending on Clothing

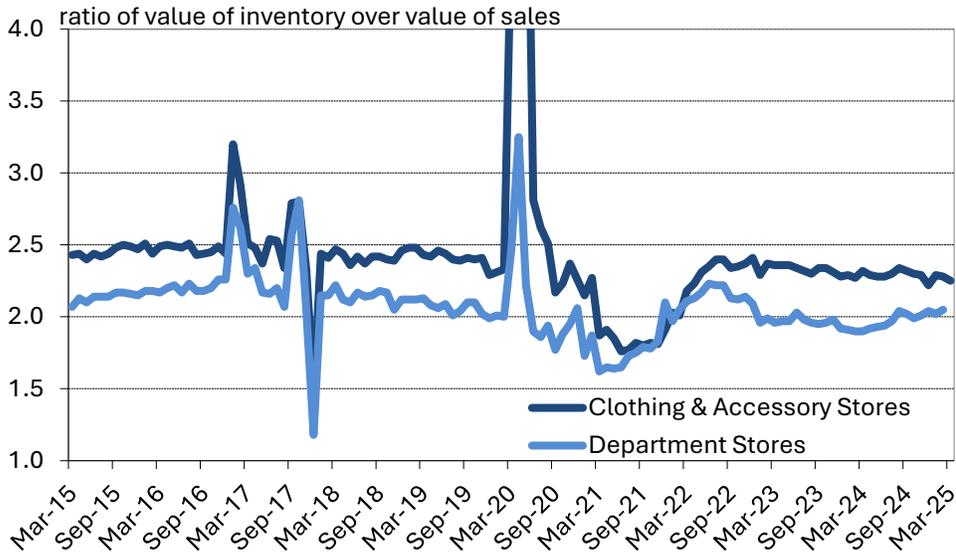


Source: Bureau of Economic Analysis

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

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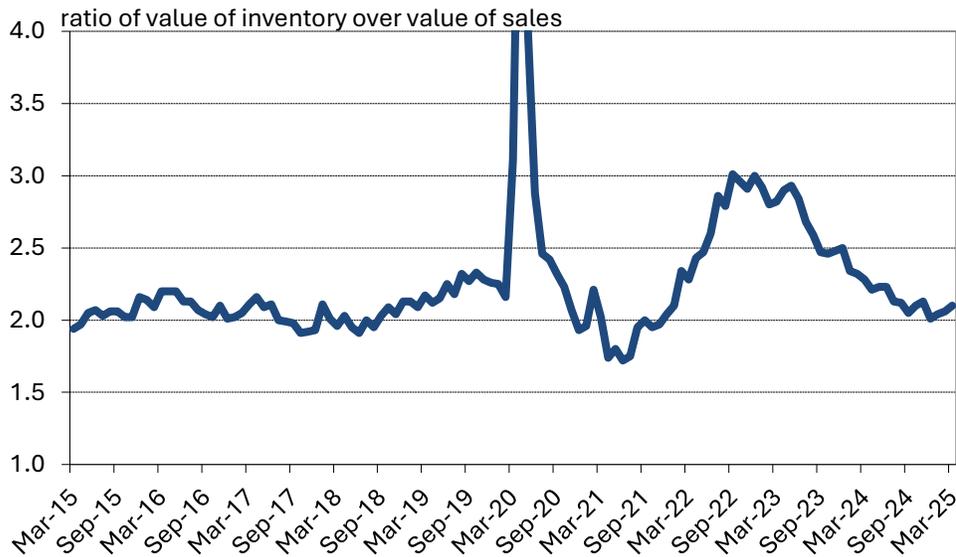
## U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

## U.S. Clothing Wholesaler Inventory/Sales Ratio

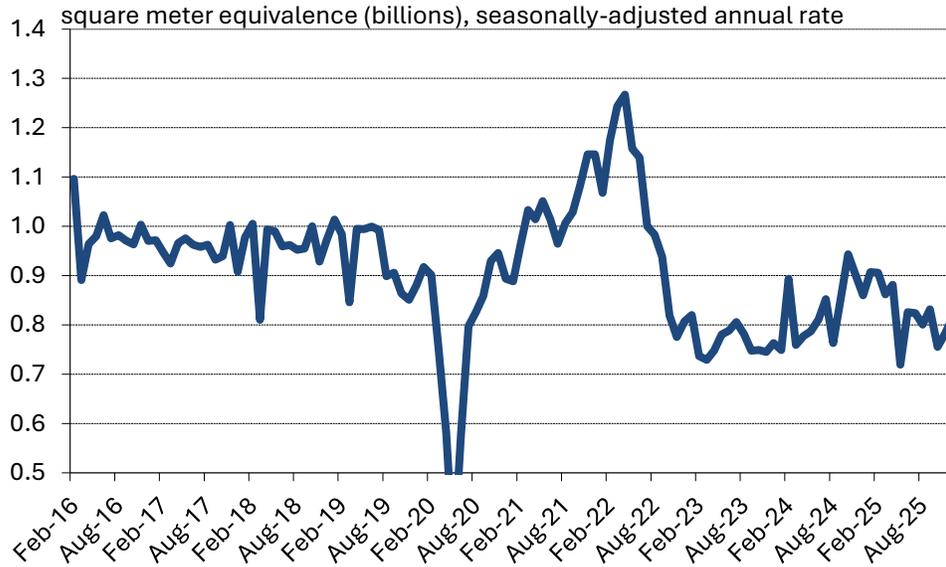


Source: Department of Commerce

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

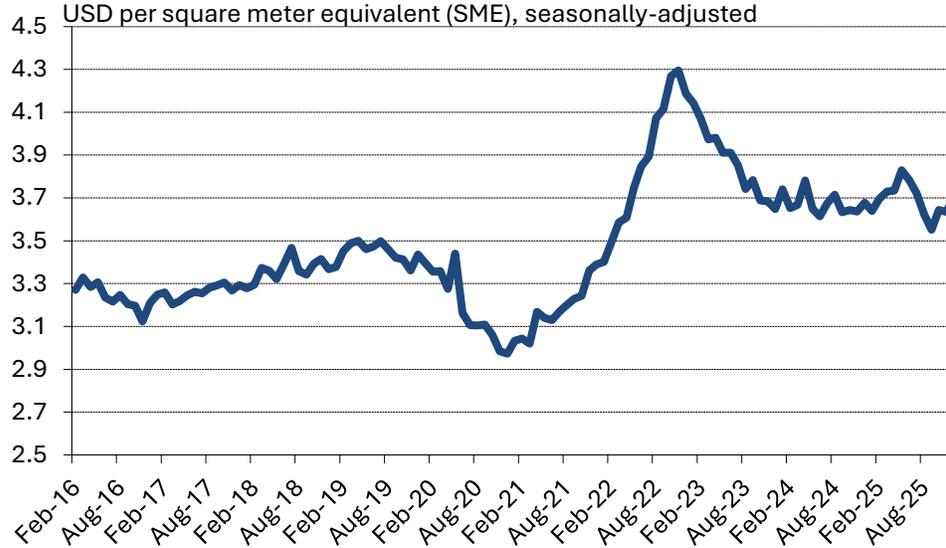
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## U.S. Cotton-Dominant Apparel Import Volume



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

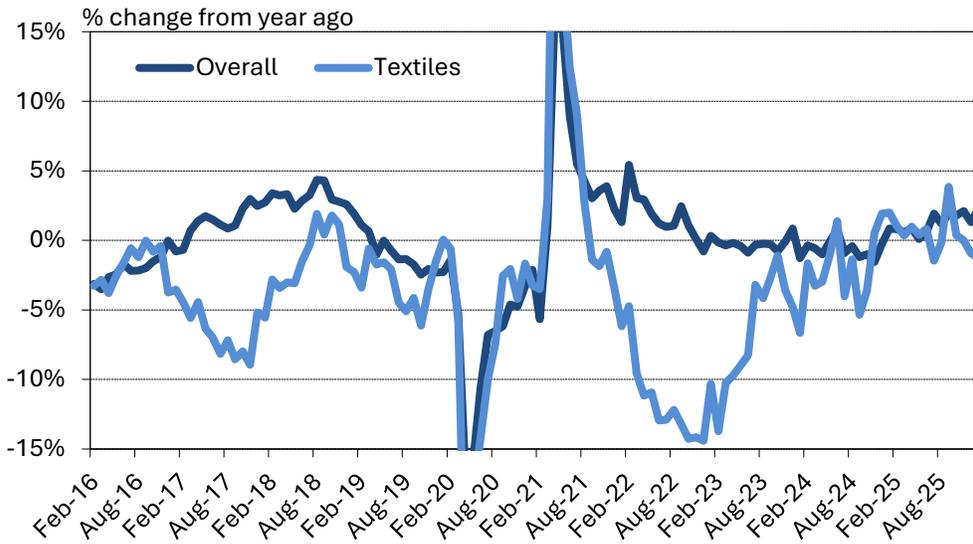
## Average Cost of Cotton-Dominant Apparel Imports



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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## U.S. Industrial Production - Overall & Textiles



Source: Department of Commerce

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

## U.S. Textile Mill Inventory to Shipments Ratio



Source: Federal Reserve

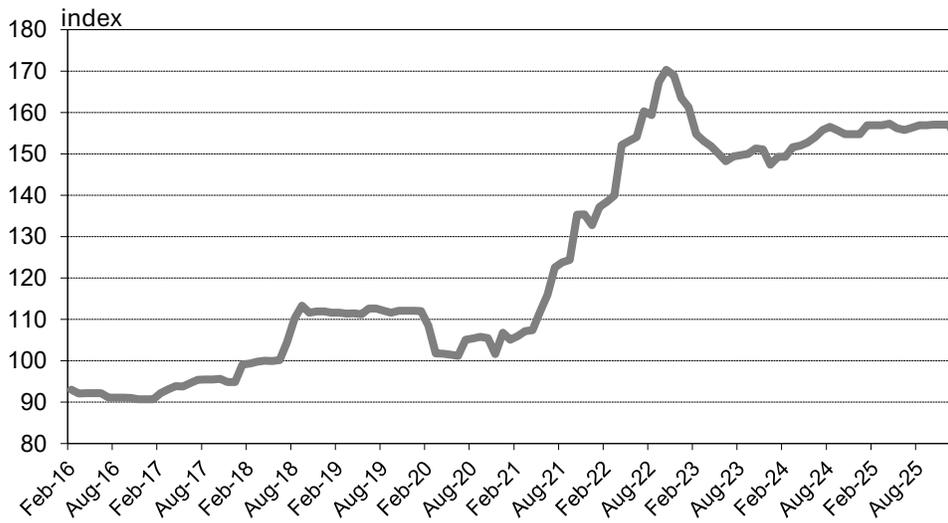
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## US Cotton Yarn & Fabric Exports



Source: USDA

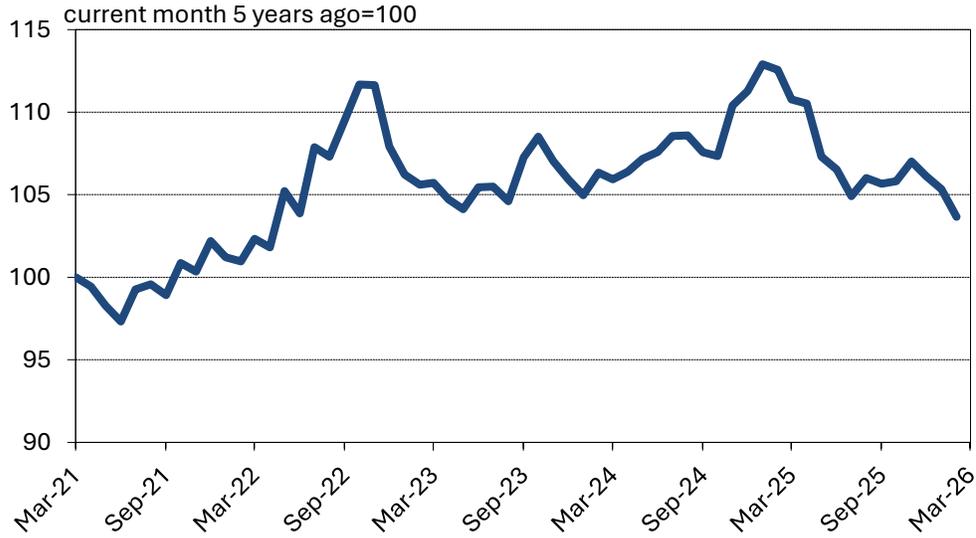
## Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

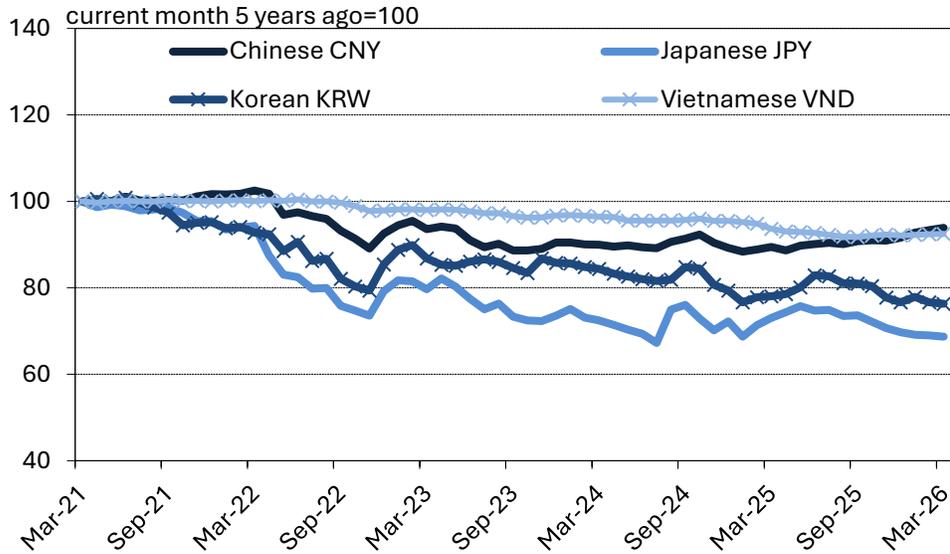
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## Trade Weighted Exchange Index for U.S. Dollar



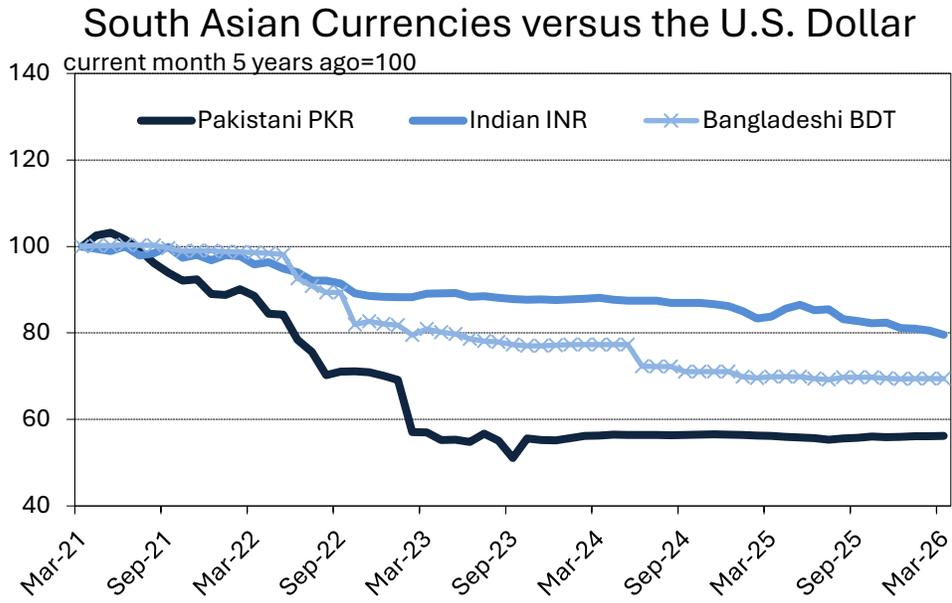
Source: Federal Reserve

## East Asian Currencies versus the U.S. Dollar

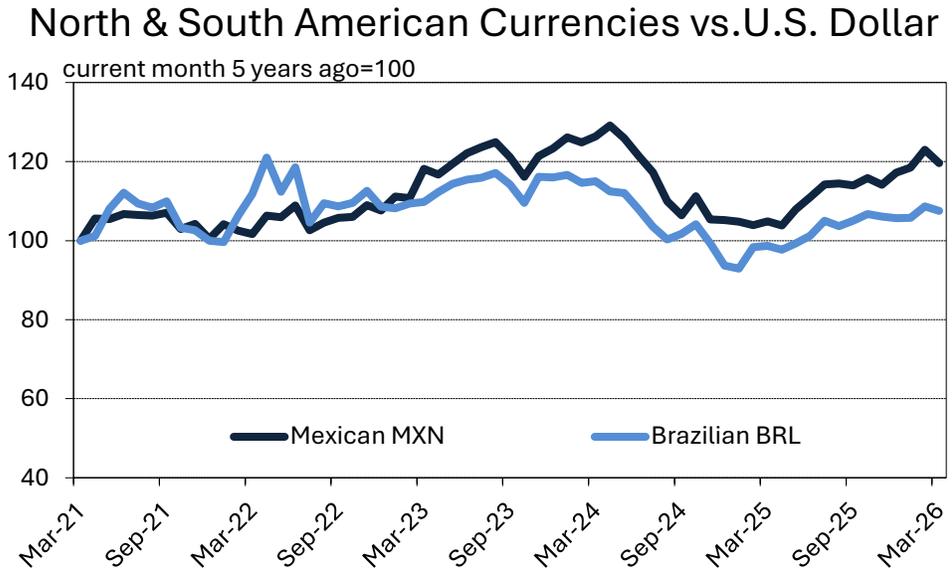


Source: Reuters

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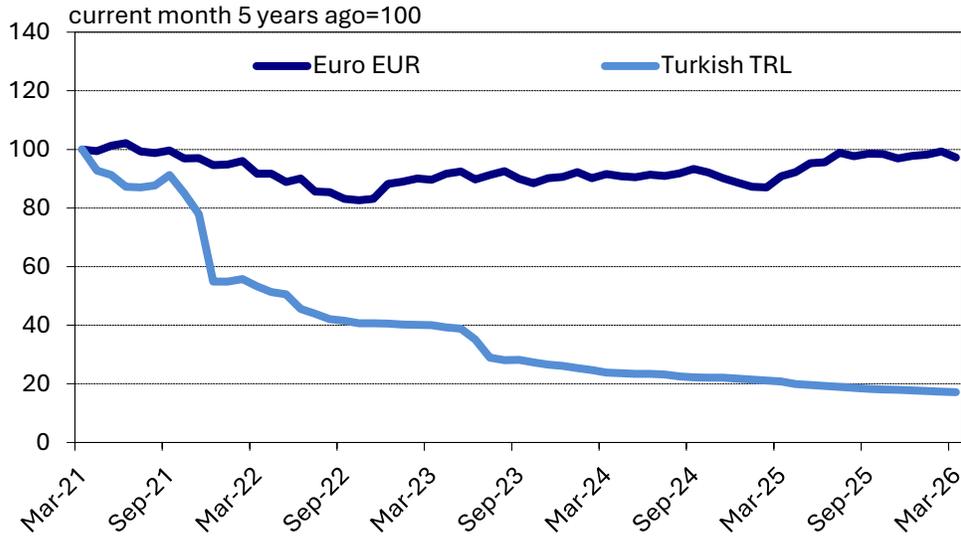
Source: Reuters



Source: Reuters

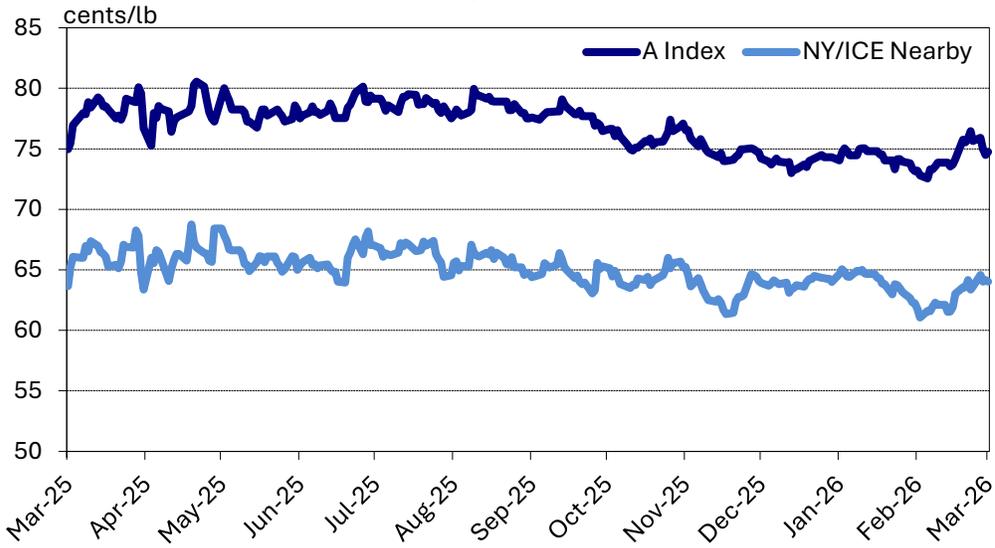
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## European Currencies vs. U.S. Dollar



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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