

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



April 2026

www.cottoninc.com

Macroeconomic Overview: The outbreak of the conflict in Iran generated a global energy shock. The region around the Persian Gulf supplies about 20% of the world's oil and gas consumption, and nearly all of that flows through the contested Strait of Hormuz. In terms of crude oil, the volume transiting through the strait represents about 25% of the world's seaborne oil trade and about 20% of global liquified natural gas shipments ([International Energy Agency](#) or IEA). There are limited alternative routes for these deliveries, so an effect has been a sharp contraction in energy supply and steep increases in energy prices.

The vast majority of the oil and gas shipments coming out the Persian Gulf flow to Asia (IEA estimates 80% of shipments through the Strait of Hormuz are destined for Asia). Asia is home to about 60% of the world's population (United Nations) and much of its manufacturing capacity. This suggests higher costs of living for consumers on the continent, who may have to reallocate budgets to pay for energy.

Higher energy prices also suggest higher costs of production for manufactured goods. Oil represents about 20% of China's total energy supply, and nearly 75% of China's oil use comes from imports. Natural gas represents a smaller portion of Chinese energy use (8%) and about 40% of China's natural gas is imported (2023 data from the [IEA](#)).

Crude oil represents 25% of the energy supply in Vietnam, with about 40% of that oil coming from imports. Natural gas represents about 6% of Vietnam's energy supply, and most of that is produced domestically.

For Bangladesh, the IEA estimates that 50% of the power sector is fueled by natural gas, with about 20% being imported. Crude oil represents about 25% of Bangladesh's energy, with 85% of that being imported.

All of the above highlights costs pressures across economies and throughout textile supply chains. While Asia may have higher exposure to the change in global energy supply, energy markets are global, and the effects are worldwide. In the U.S., which is a net exporter of both crude and natural gas, average gasoline prices have already increased by about one dollar per gallon (from less than \$3.00/gallon in late February to levels near \$4.00/gallon by the end of March). In terms of farm inputs for cotton production, both diesel and fertilizer costs have risen significantly.

Employment: The U.S. economy is estimated to have added +178,000 jobs in March. In recent months, the values for job growth have been erratic, with a relatively strong reading in January (+160,000), a relatively weak reading in February (-133,000), and the current strong reading in March (+178,000). Revisions to previous months were mixed, with the figure for January increasing (+34,000 to +160,000) and the figure for February decreasing (-41,000 to -133,000). The current twelve-month average for job gains is now +22,000. For the twelve-month period ending in March 2025, growth averaged +76,000.

The unemployment rate was nearly unchanged at 4.3% in March (was 4.4% in February). Levels below five percent are low by historical standards. Excluding the volatility around COVID, the current period below five percent is the longest since the 1960s.

Wage growth slowed in March (from +3.8% in February to +3.5%). The value for March is the lowest since the period of volatility around COVID, but it is higher than most of the values posted in the decade after the financial crisis and remains above the overall rate of inflation (overall CPI was +2.4% year-over-year in February, but that reading was the before the start of the conflict in Iran).

Consumer Confidence & Spending: The Conference Board's Index of Consumer Confidence[®] was nearly unchanged month-over-month in March (+0.8 points to 91.8). Consumer spending on clothing continues to outpace overall spending. In January (latest available), spending on apparel was up +3.2% year-over-year while overall spending was up +2.4%.

Consumer Prices & Import Data: The CPI for garments increased +1.8% month-over-month in February, which is the highest monthly increase since 2018. Year-over-year, average retail prices for clothing were +2.9% higher. The current level for the CPI for apparel is the highest since the 2000s, but it is only slightly higher than the values posted in the 2010s. After the 2010/11 spike in fiber prices, retail apparel prices peaked at a level about 4% lower than the latest reading.

Following the Supreme Court ruling on February 20th that revoked many of the tariffs increases in 2025, tariff rates were adjusted to a level ten percentage points higher than they were in 2024. These increases were nearly universal across most sourcing locations, with goods covered by the USMCA (U.S., Mexico, Canada Agreement, the successor to NAFTA) and textile goods from CAFTA-DR countries exempted from the ten-point addition to base rates.

U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators	Spending & Sourcing	Textiles	Currencies & Cotton
GDP Growth	Consumer Conf.	Apparel Imports	Weighted Index
Interest Rates	Housing	U.S. Textile Production	Europe
ISM Indices	Employment	U.S. Textile Exports	Asia
Leading Indicators	Income & Savings	Polyester PPI	The Americas
			Fiber Prices

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U.S. Macroeconomic Indicators & Cotton Prices
April 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%	0.7%	3.8%	4.4%	0.7%	% Chg. Quarter/Quarter	Department of Commerce

Macroeconomic 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		
ISM Index of Manufacturing Activity	51.2	49.6	50.4	52.6	52.6	52.4	52.7	Index, values over 50 indicate expansion	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	54.8	52.3	53.7	54.6	53.8	56.1	54.0	Index, values over 50 indicate expansion	Institute for Supply Management
Consumer Confidence	104.2	93.8	92.4	90.6	89.0	91.0	91.8	Index, 1985=100	The Conference Board
Change in Non-Farm Payrolls	240.1	21.7	14.8	68.3	160	-133	178	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	4.1%	4.3%	4.4%	4.3%	n/a	4.4%	4.3%	People looking for jobs/people wanting jobs	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	3.4%	4.0%	3.8%	3.6%	3.6%	3.6%	3.6%	Interest rate	Federal Reserve
10-year Treasury Bill	3.5%	4.2%	4.1%	4.2%	4.2%	4.1%	4.3%	Interest rate	Federal Reserve

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		
Index of Leading Economic Indicators	107.8	98.2	97.7	97.5	97.5	97.6	97.5	Index, 2016=100	The Conference Board
Housing Starts	1.5	1.4	1.3	1.4	1.3	1.4	1.5	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.6	4.1	4.1	4.1	4.1	4.3	4.0	Annual pace, millions of units	National Association of Realtors

Industrial & Textile Data

Industrial & Textile 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		
US Industrial Production	100.7	101.6	101.8	102.2	99.3	100.3	102.6	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	148.8	156.2	155.9	154.7	157.0	153.6	153.6	Index, December 2003=100	Bureau of Labor Statistics

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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	2.7	1.8	1.7	1.6	1.8	1.7	1.3	million 480lb bales	USDA ERS

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 Textile Mill Inventory/Shipments Ratio	1.61	1.69	1.71	1.74	1.74	1.72	1.75	Ratio	Department of Commerce

Retail Data

Retail 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 Real Consumer Spending									
All Goods and Services	4.1%	2.6%	2.3%	2.1%	2.3%	1.6%	2.4%	% Chg. Year/Year	Department of Commerce
Clothing	9.1%	6.4%	6.5%	5.4%	7.3%	5.7%	3.2%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
	5-year	1-year	6-month	3-month	December	January	February		
Overall	#N/A	#N/A	#N/A	2.5%	2.7%	n/a	2.4%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	#N/A	#N/A	#N/A	1.7%	0.5%	n/a	2.9%	% Chg. Year/Year	Bureau of Labor Statistics

Retail 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		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.6	2.3	2.3	2.3	2.1	2.2	2.2	Value of inventory over value of sales	Department of Commerce
Clothing Wholesalers	2.4	2.1	2.1	2.0	1.9	2.0	2.1	Value of inventory over value of sales	Department of Commerce

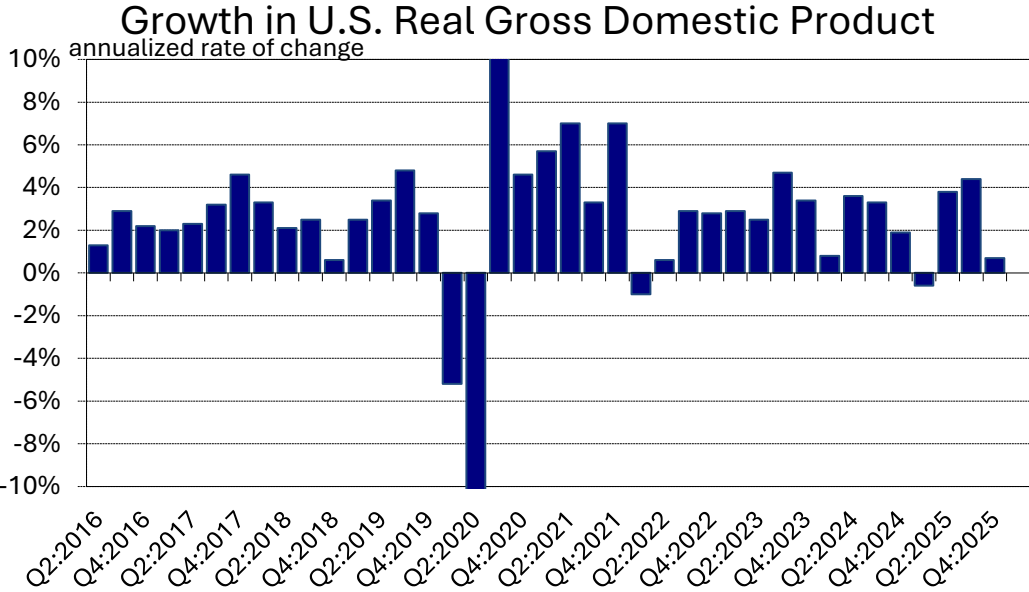
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Daily Cotton Price and Currency Data
April 2026

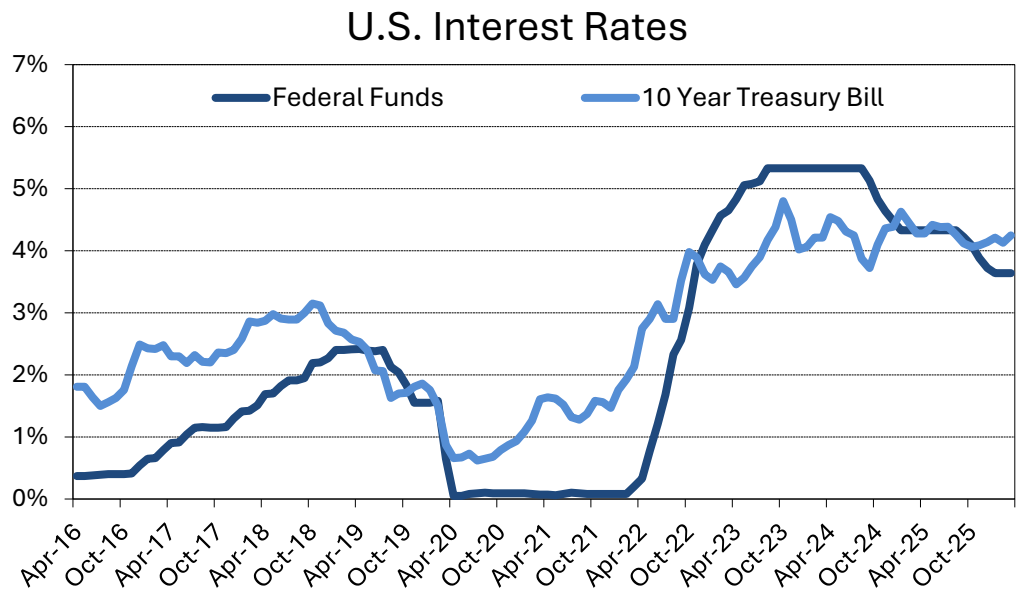


Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
NY Nearby	85.2	65.1	64.3	64.8	64.3	62.4	66.8	cents/pound	ICE
A Index	96.9	76.8	75.3	75.5	74.5	74.1	77.2	cents/pound	Cotlook

Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
Dollar Trade Weighted Exchange Index	120.5	122.3	120.1	119.1	120.0	118.0	119.4	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.95	7.16	7.02	6.94	6.99	6.94	6.90	Chinese Renminbi/US dollar	Reuters
Indian Rupee	81.91	85.09	89.95	90.65	90.20	90.26	91.48	Indian Rupee/US dollar	Reuters
Japanese Yen	138.64	148.76	154.49	156.72	156.59	155.73	157.85	Japanese Yen/US dollar	Reuters
Pakistani Rupee	246.84	281.80	280.40	280.32	280.03	279.93	281.00	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	5.30	5.34	5.33	5.32	5.44	5.22	5.31	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.34	1.37	1.38	1.37	1.37	1.37	1.37	Canadian dollar/US dollar	Reuters
Mexican Peso	19.04	18.37	17.99	17.61	17.88	17.22	17.72	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.78	0.78	0.75	0.74	0.74	0.73	0.75	British Pound/US dollar	Reuters
Euro	0.91	0.91	0.86	0.85	0.85	0.85	0.86	Euro/US dollar	Reuters
Swiss Franc	0.89	0.86	0.79	0.78	0.79	0.78	0.78	Swiss Franc/US dollar	Reuters
Turkish Lira	25.86	33.80	42.78	43.50	43.03	43.48	43.98	Turkish Lira/US dollar	Reuters



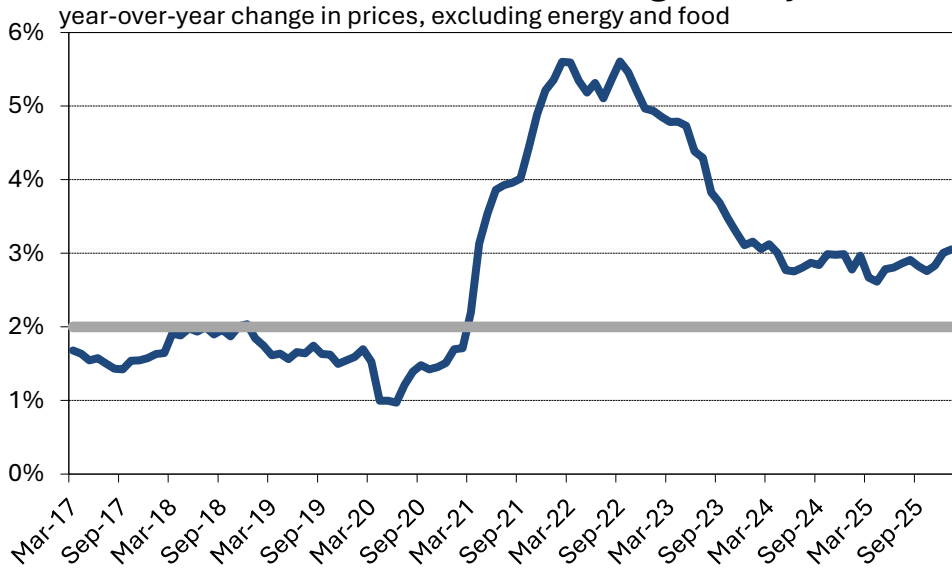
Source: Department of Commerce
 Note: Chart truncated around COVID shutdowns to highlight normal change.



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



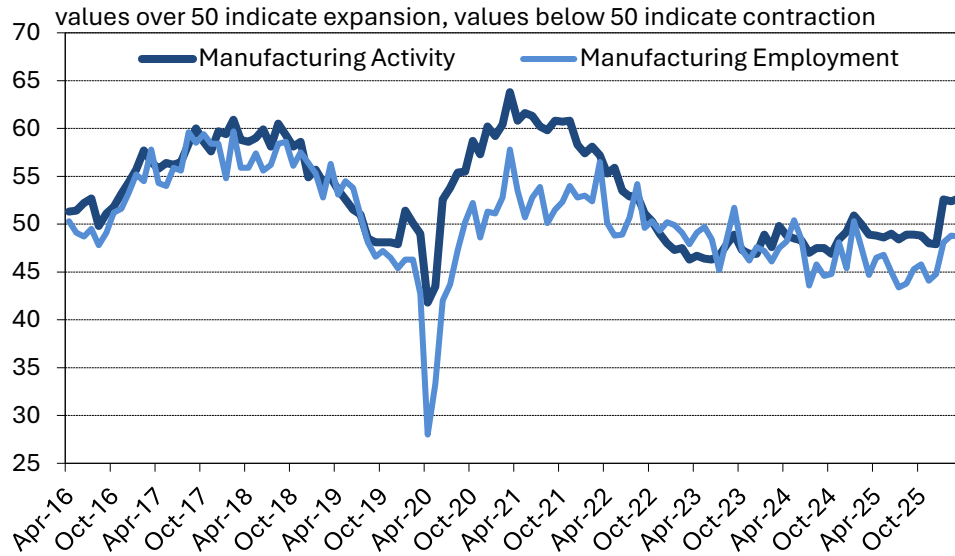
Source: Bureau of Labor Statistics

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.

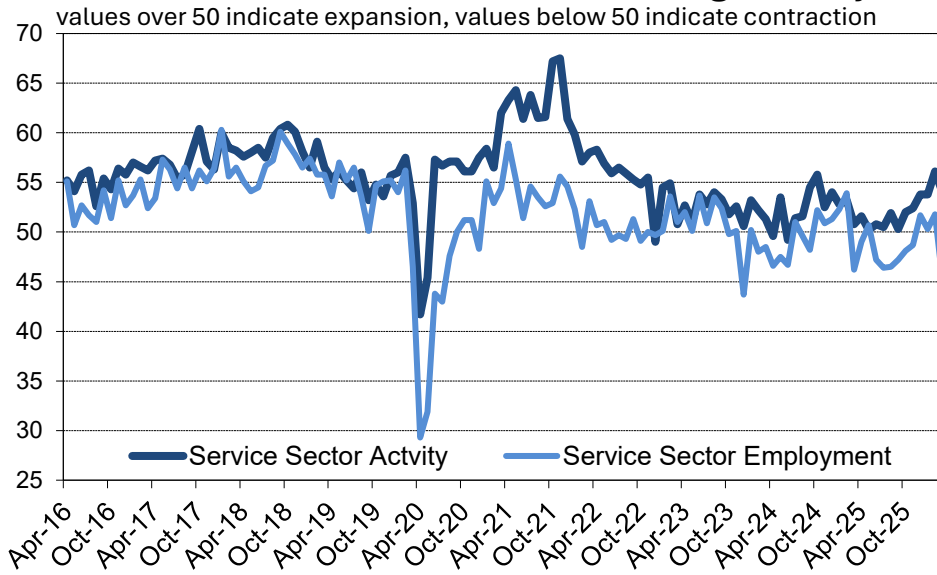
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ISM Index of Manufacturing Activity



Source: Institute for Supply Chain Management

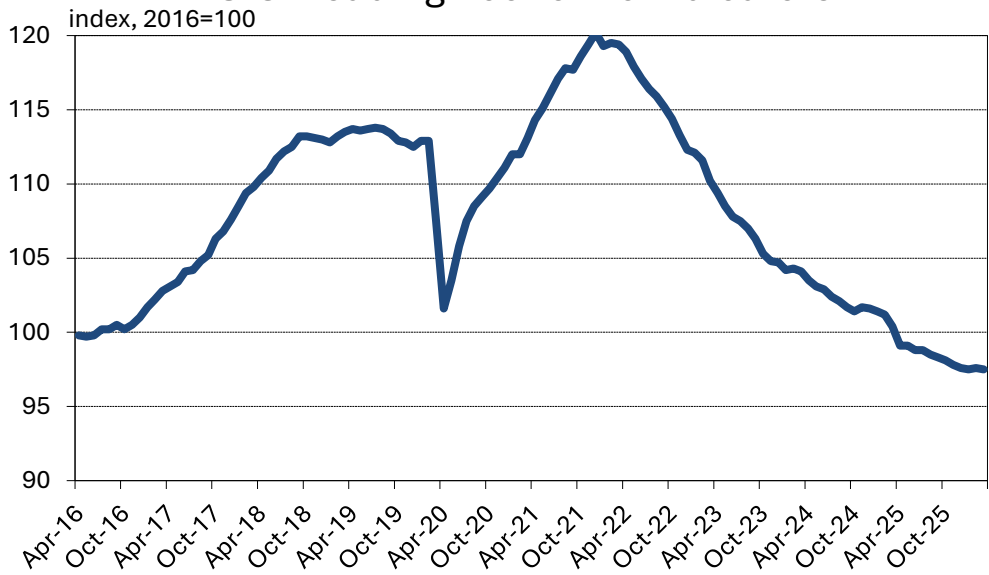
ISM Index of Non-Manufacturing Activity



Source: Institute for Supply Chain Management

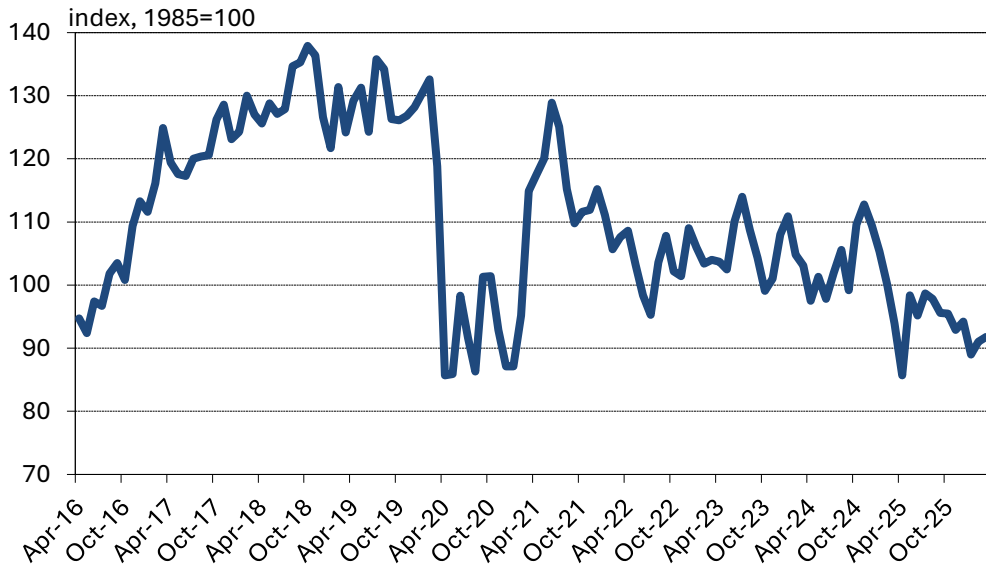
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U.S. Leading Economic Indicators



Source: The Conference Board

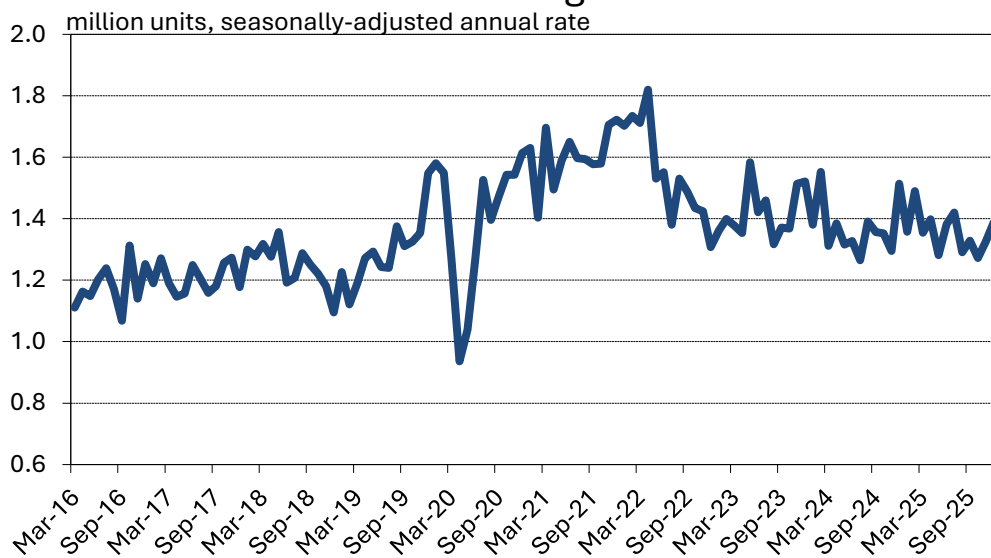
Index of Consumer Confidence



Source: The Conference Board

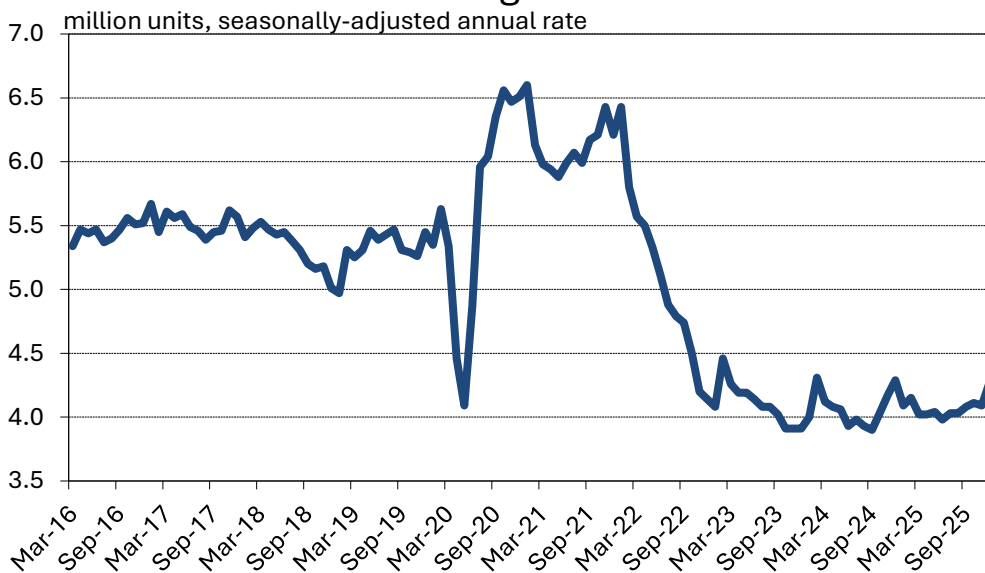
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U.S. Housing Starts



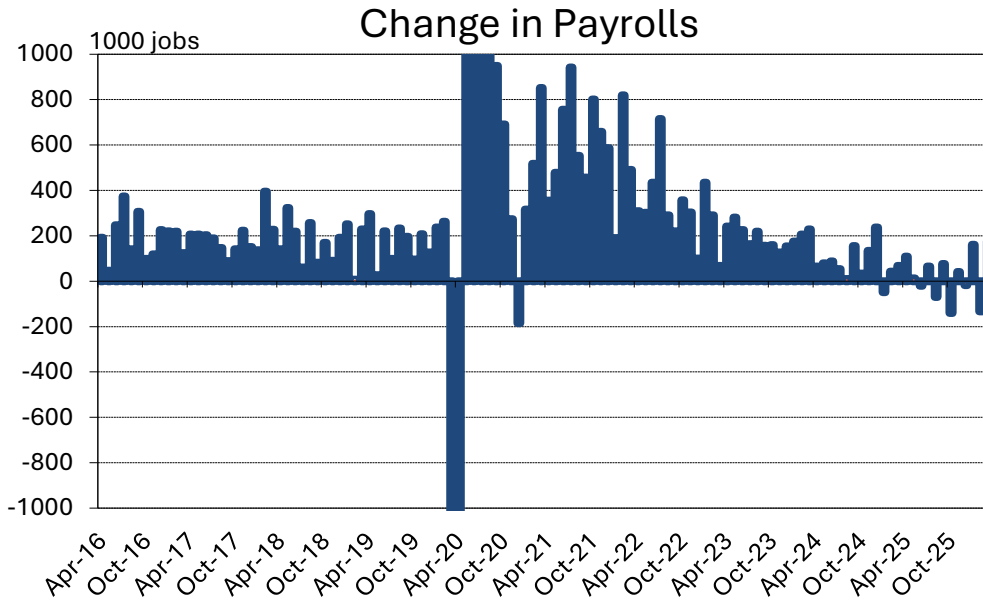
Source: Department of Commerce

U.S. Existing Home Sales



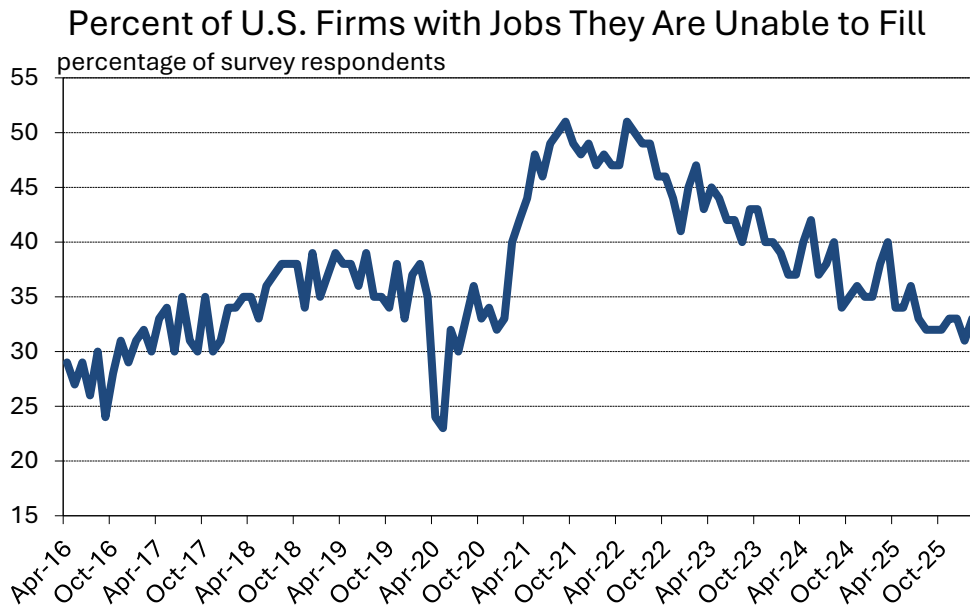
Source: Department of Commerce

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Source: Bureau of Labor Statistics

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

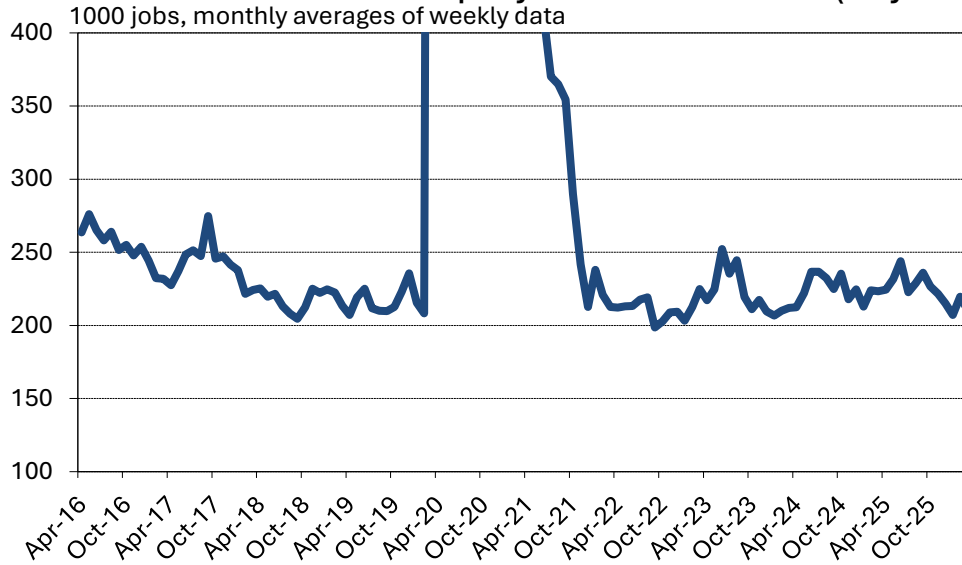


Source: National Federation of Independent Business

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

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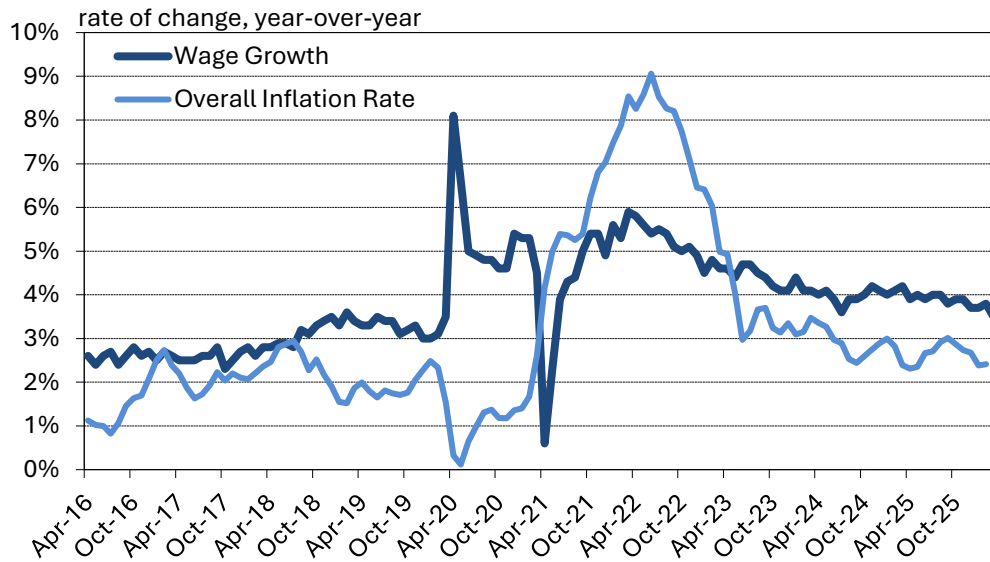
Initial Claims for Unemployment Insurance (Layoffs)



Source: Department of Labor

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

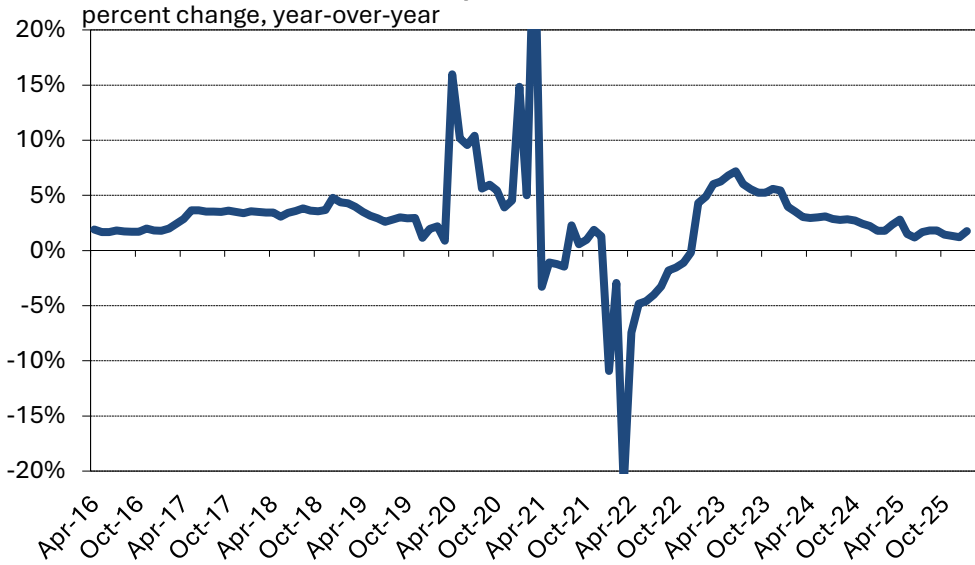
U.S. Wage Growth and Inflation (CPI for All Items)



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

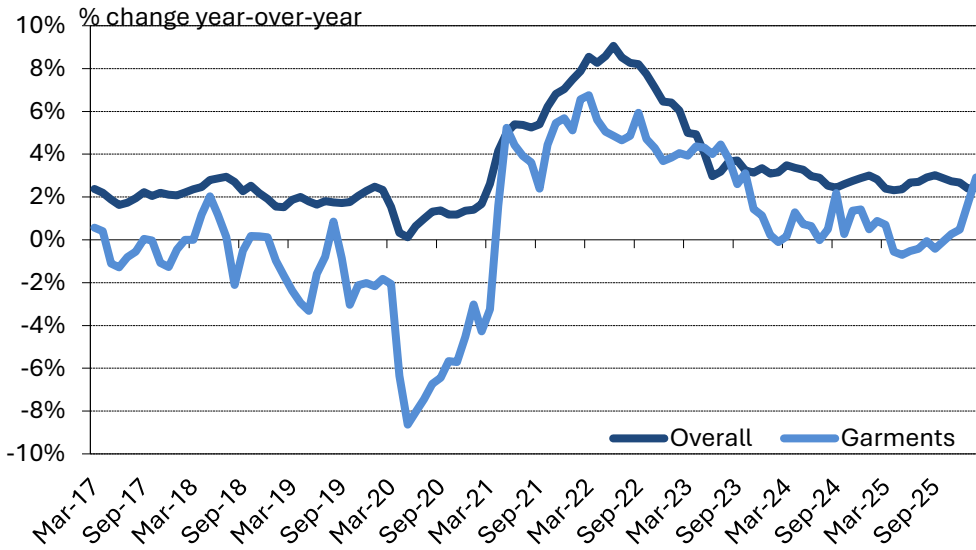


Source: Bureau of Labor Statistics

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

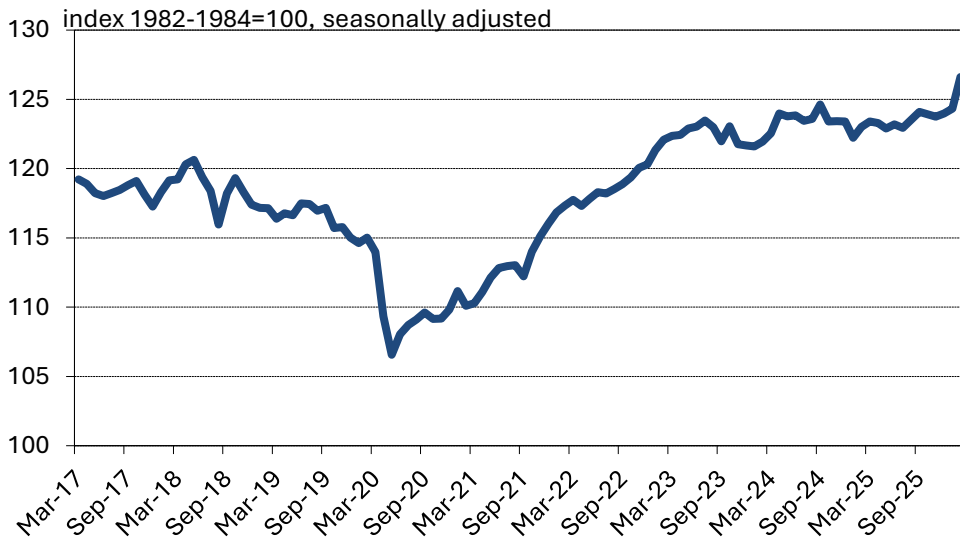
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Change in Consumer Prices - Overall & Garments



Source: Bureau of Labor Statistics

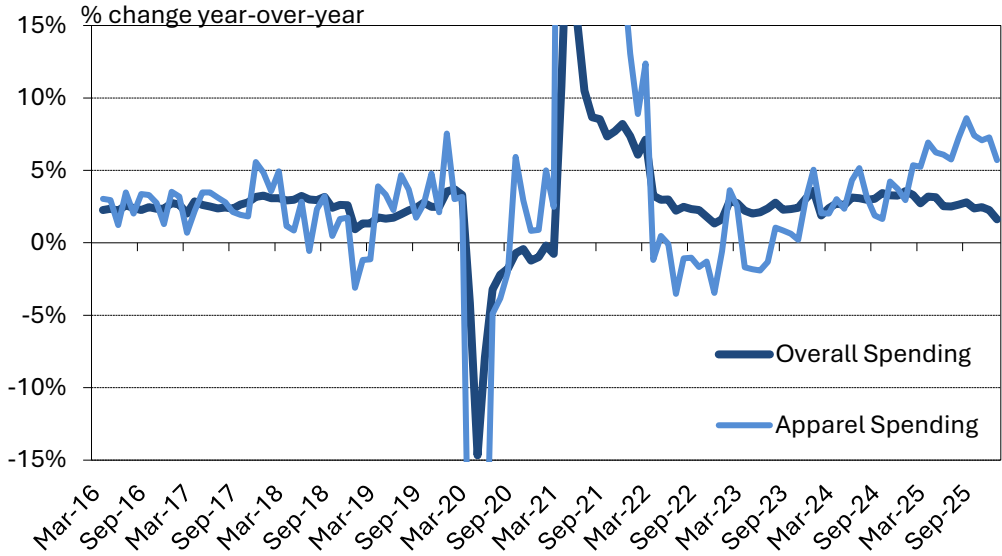
U.S. Consumer Price Index for Garments



Source: Bureau of Labor Statistics

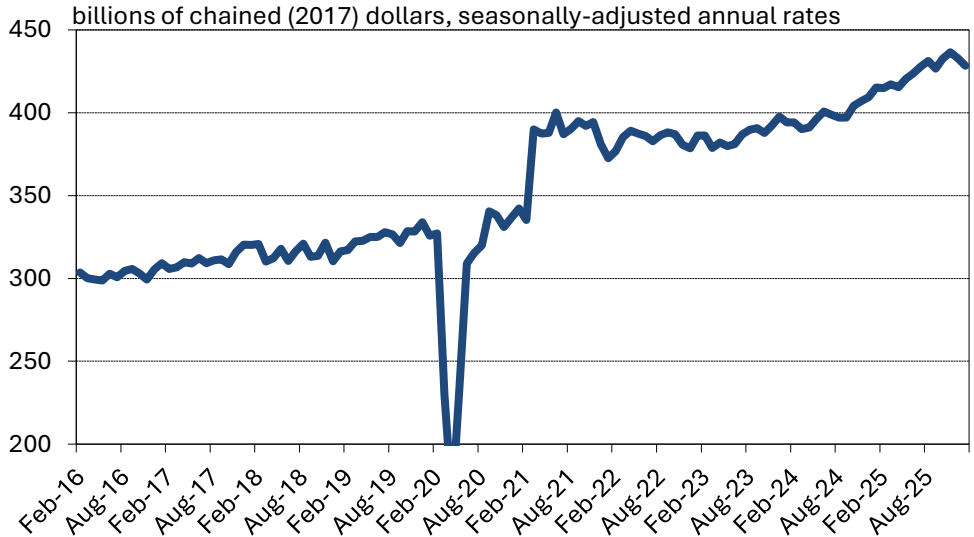
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Real Consumer Spending Growth - Overall & Apparel



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

U.S. Real Consumer Spending on Clothing

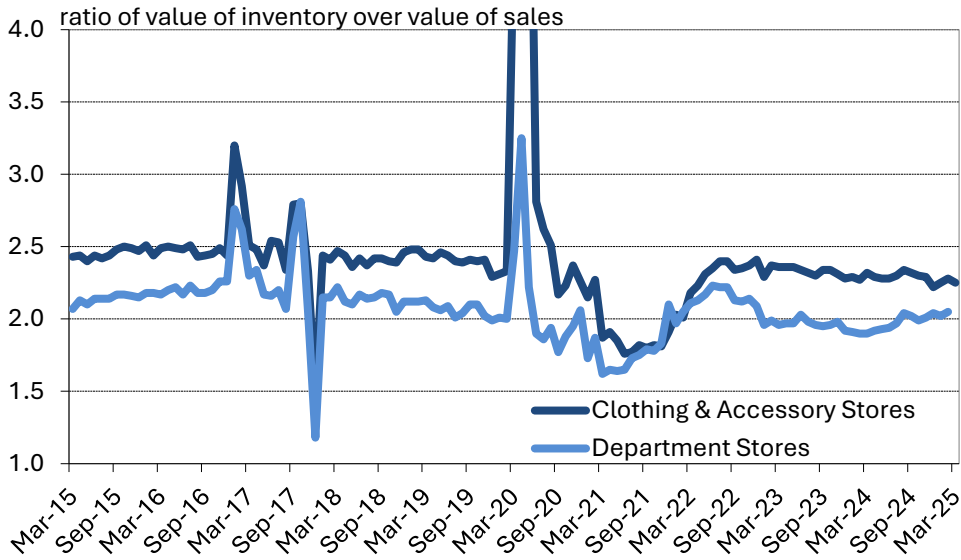


Source: Bureau of Economic Analysis

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

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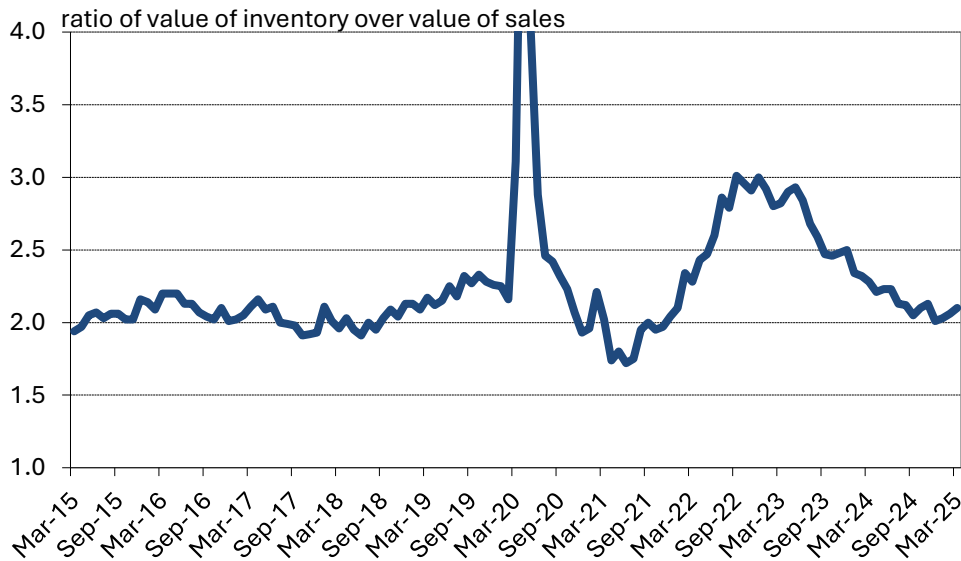
U.S. Retail Inventory to Sales Ratios



Source: Department of Commerce

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

U.S. Clothing Wholesaler Inventory/Sales Ratio

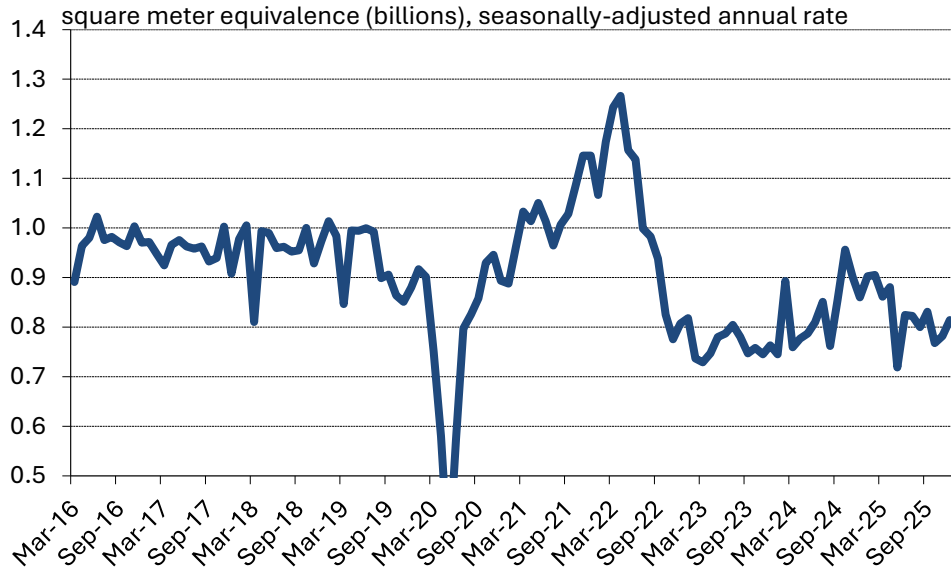


Source: Department of Commerce

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

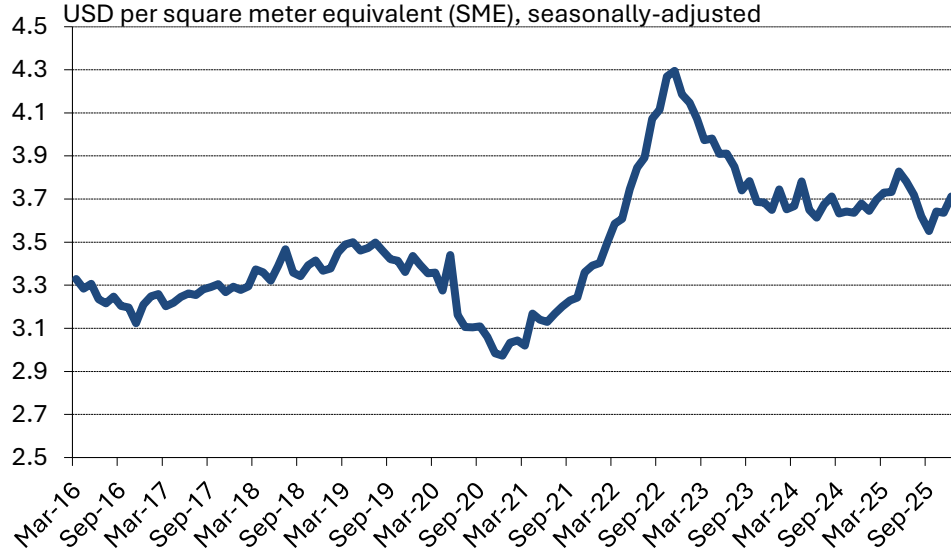
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U.S. Cotton-Dominant Apparel Import Volume



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

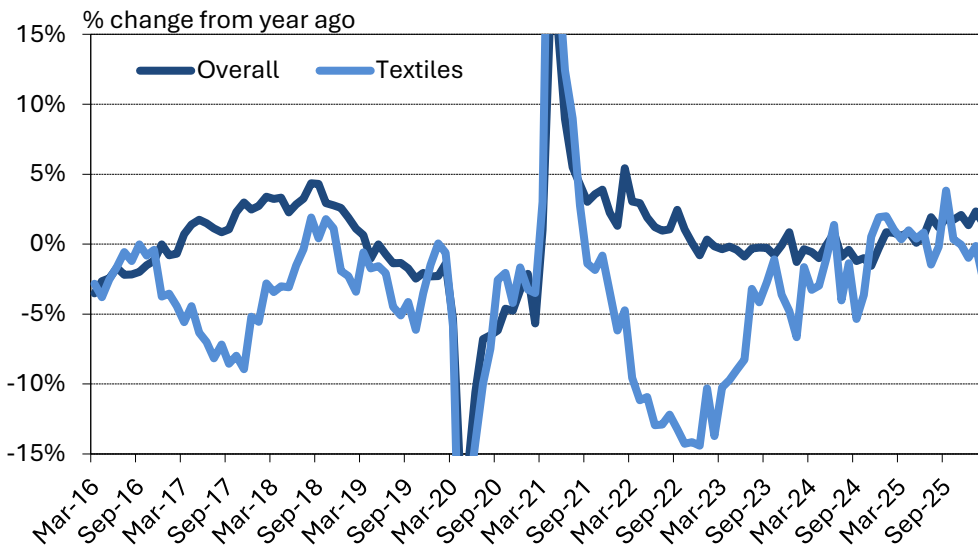
Average Cost of Cotton-Dominant Apparel Imports



Source: OTEXA, seasonal-adjustment by Cotton Incorporated

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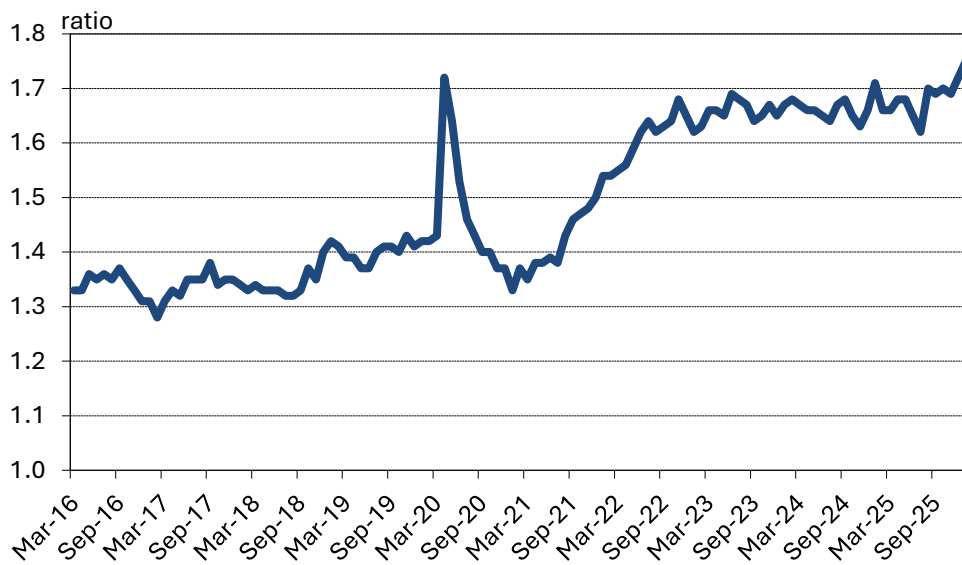
U.S. Industrial Production - Overall & Textiles



Source: Department of Commerce

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

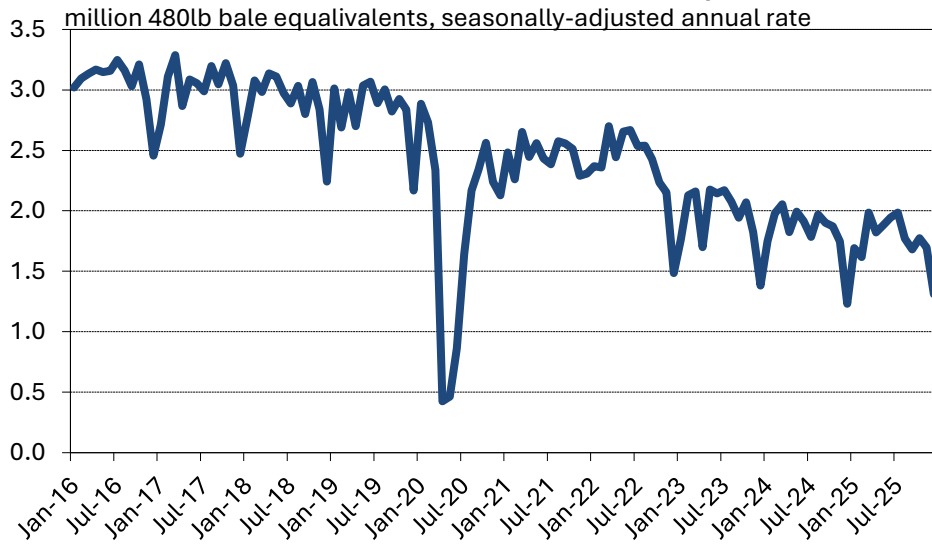
U.S. Textile Mill Inventory to Shipments Ratio



Source: Federal Reserve

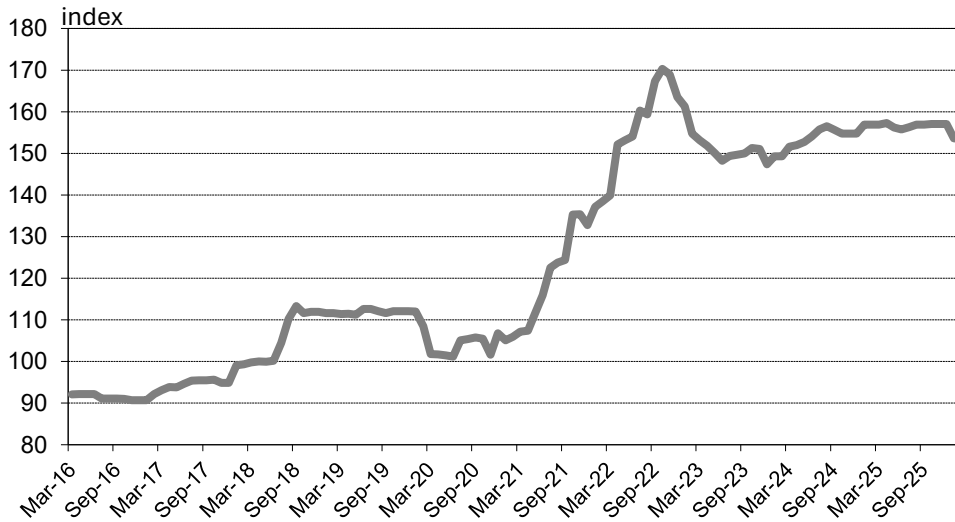
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US Cotton Yarn & Fabric Exports



Source: USDA

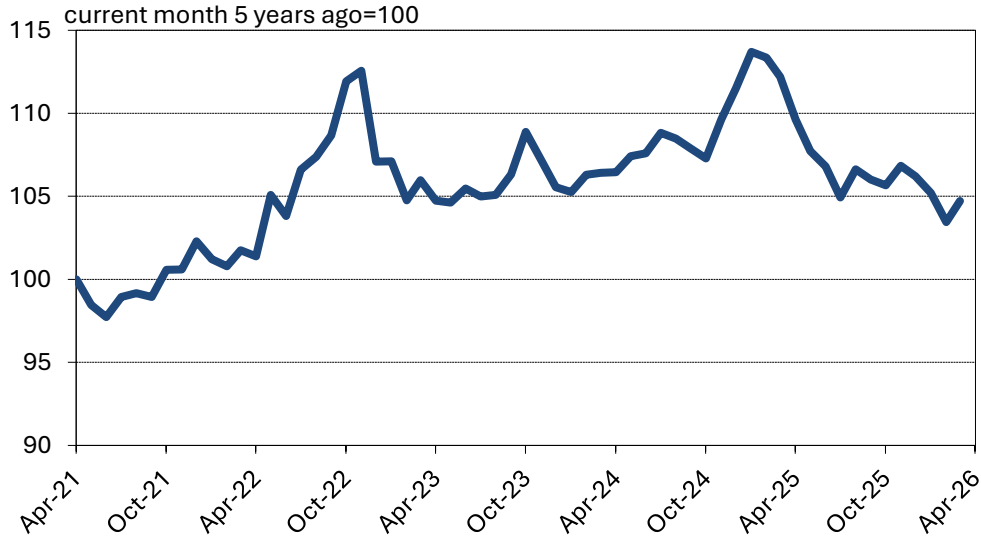
Polyester Fiber Producer's Price Index



Source: Bureau of Labor Statistics

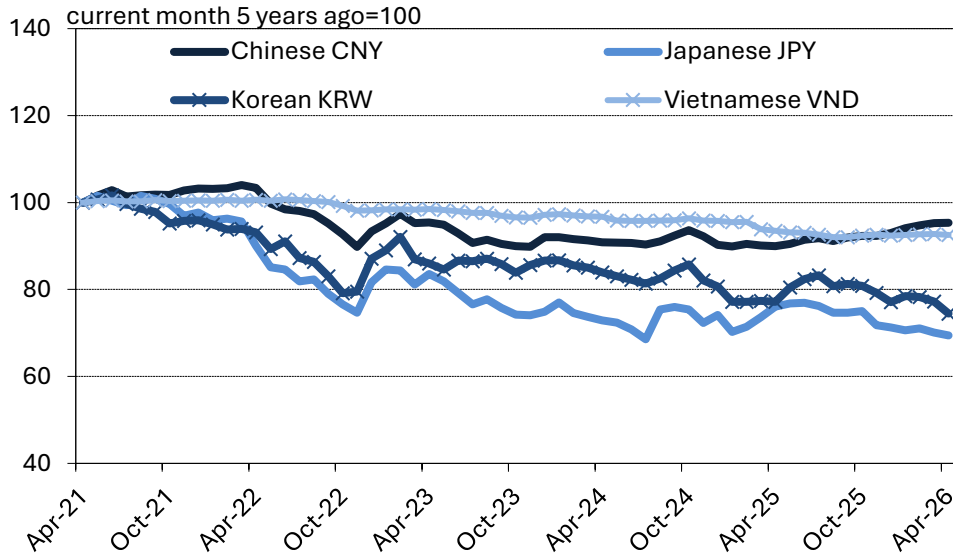
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Trade Weighted Exchange Index for U.S. Dollar



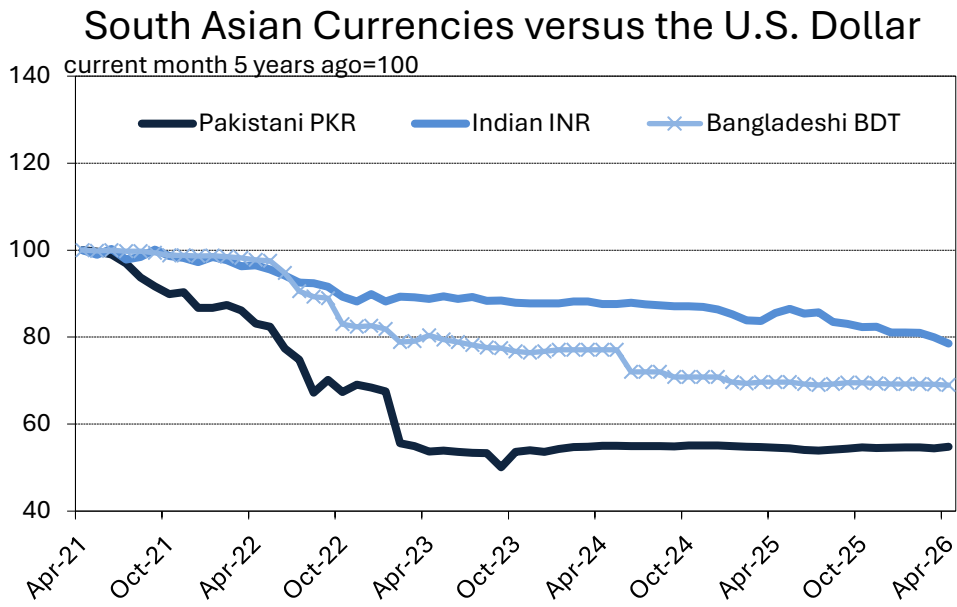
Source: Federal Reserve

East Asian Currencies versus the U.S. Dollar

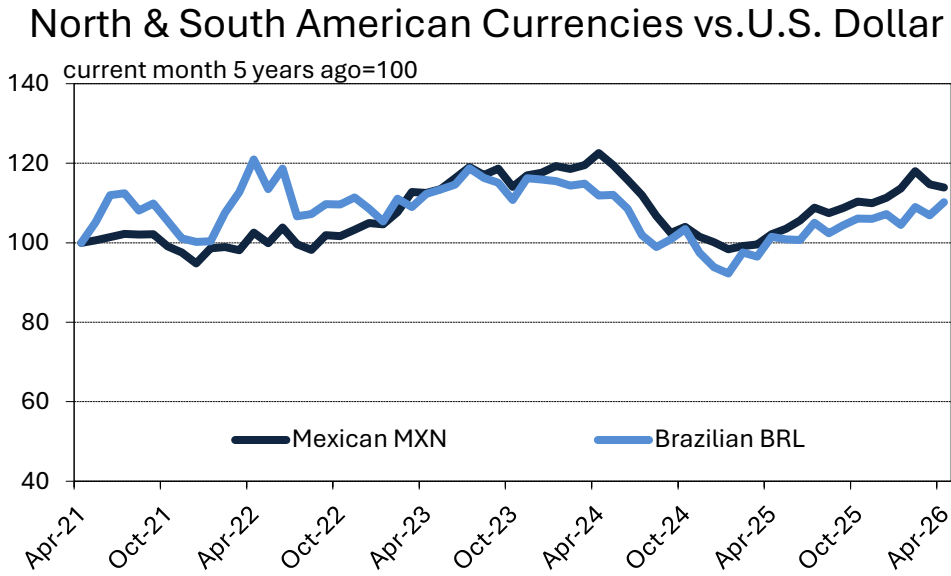


Source: Reuters

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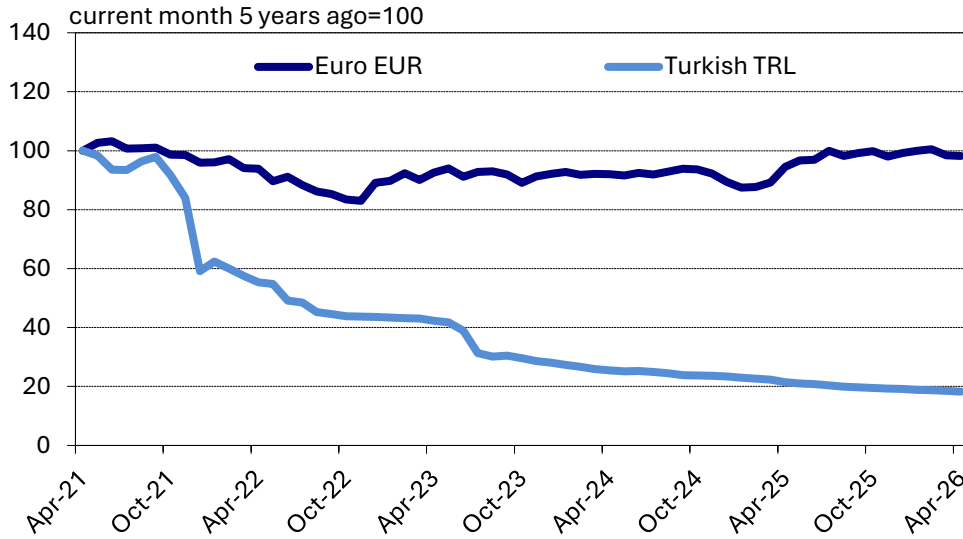
Source: Reuters



Source: Reuters

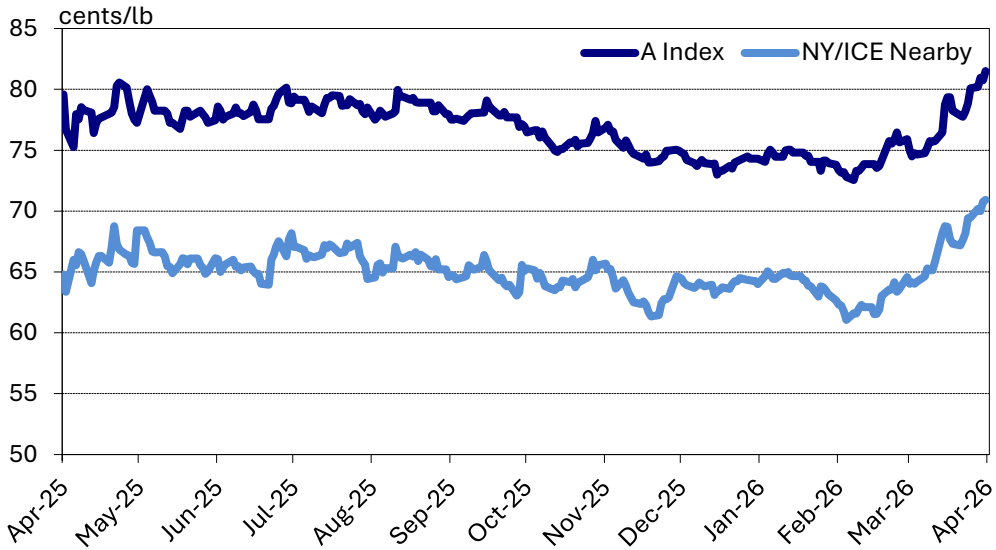
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European Currencies vs. U.S. Dollar



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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