

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



April 2021

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

**Macroeconomic Overview:** The International Monetary Fund (IMF) just released an updated set of forecasts for economic growth around the world. The latest IMF estimate for global economic growth in 2021 is 6.0%. This is 0.5 points higher than the forecast released in January and is nearly double the average rate of growth from 2010 to 2020. In 2022, growth is expected to remain above average (4.4%).

For the U.S., the IMF projects 6.4% growth in 2021. This is 1.3 points higher than the prediction in January (5.1%). If realized, this would be the first time the U.S. grew more than five percent since 1984. The U.S. service sector expanded at a record pace in March. The service sector represents nearly 70% of the U.S. economy, and its recent strength suggests robust economic growth in the second quarter and beyond as consumer activity continues to progress toward normal and more pent-up demand is released.

For both the world and the U.S., the improved outlook is a result of additional fiscal stimulus and the rollout of vaccines. Due to policy responses around the world, the IMF expects the COVID-driven recession to leave fewer lasting scars on the global economy than the financial crisis of 2008.

The title of the IMF report was “Managing Divergent Recoveries”, highlighting imbalance and underlining discrepancies in response to COVID. The U.S. has already given more than 150 million shots (complete vaccination may require more than one shot, U.S. adult population is 255 million). This is before all adult Americans have had access to vaccines (all will become eligible April 19<sup>th</sup>).

Meanwhile, much of the rest of the world has struggled to acquire doses and new highly contagious variants have emerged. Despite the onset of vaccination, there have been near record daily cases in certain U.S. states. In Europe, where vaccinations have also been underway, new lockdown orders were put into effect in late March. Until the world is able to collectively achieve a degree of immunity, COVID can remain a threat to economic health.

**Employment:** In March, the U.S. economy was estimated to have added +916,000 jobs. This represents the largest monthly addition in six months. Revisions to figures for previous months were positive, with values for January (up 67,000 to +233,000) and February increasing (up 89,000 to +468,000). The net change in jobs since March 2020 is -8.4 million.

Job losses continue to be high. Since the pandemic hit the U.S. in March, there has only been one week that counts of initial claims for unemployment insurance were below the peak from the 2008-09 recession (665,000).

In March, the unemployment rate declined from 6.2% to 6.0%. The current level is 8.8 points lower than the post-pandemic high (14.8% in April 2020), but is 2.5 points higher than the value of before COVID (3.5% in February 2020).

**Consumer Confidence & Spending:** The Conference Board’s Index of Consumer Confidence increased sharply in March, rising from 90.4 to 109.7. Prior to COVID (February 2020), the value was 132.6. Since COVID, values briefly increased in September and October to levels over 100, but otherwise have been near 90. The long-term average is near 93.

After strong gains in January (+3.0%), overall consumer spending decreased -1.2% month-over-month in February (latest month with available data). Year-over-year, overall spending was down -2.1%. Overall spending has been negative year-over-year in every month since the pandemic (March 2020).

After an extraordinarily strong month-over-month increase in January (+10.5%), spending on apparel was down -3.7% in February. Year-over-year, apparel spending was +2.0% higher. This represents the fourth month that spending on clothing has been higher year-over-year since the pandemic (September +6.5%, October +2.8%, January +5.0%, February +2.0%). Interspersed with those increases were months with year-over-year decreases (November -0.4% and December -5.8%).

**Consumer Prices & Import Data:** Retail prices for apparel decreased month-over-month for the first time in four months in February (-0.9%). Year-over-year, aggregate clothing prices were down -4.0%.

The average cost per square-meter-equivalent (SME) of U.S. cotton-dominant apparel imports was near \$3.00/SME (seasonally-adjusted) in the latest data (shipments arriving in February). Year-over-year, the average cost per SME is down 9.9%. This contrasts sharply with the year-over-year increases in fiber and yarn prices, which have been higher year-over-year for many of the past several months. It may also be notable that the magnitude of decreases in sourcing costs has been lower than the decreases in retail prices.

## U.S. Macroeconomic & Cotton Supply Chain Charts

Macroeconomic Indicators	Industry & Textiles	Retail	Currencies	Cotton
GDP Growth	Industrial Production	Consumer Spending	Weighted Index	U.S. Balance Sheet
Interest Rates	Inventory/Shipments	Inventory/Sales	Asia	Fiber Prices
ISM Indices	U.S. Yarn Exports	Consumer Prices	The Americas	
	Polyester PPI		Europe	

# Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices  
April 2021



## Macroeconomic Data

### Quarterly Data

	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q2 : 2020	Q3 : 2020	Q4 : 2020		
Growth in US Real GDP	1.8%	1.7%	1.0%	33.4%	-31.4%	33.4%	4.3%	% 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	54.6	54.2	58.7	60.0	58.7	60.8	64.7	Index	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	56.2	56.1	57.0	57.2	58.7	55.3	63.7	Index	Institute for Supply Management
Consumer Confidence	115.7	117.7	93.7	88.8	88.9	90.4	109.7	Index	The Conference Board
Change in Non-Farm Payrolls	-3.6	-134.6	342.5	131.7	233	468	916	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	5.4%	6.8%	6.4%	6.3%	6.2%	6.0%	Rate	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	1.1%	1.4%	0.1%	0.1%	0.1%	0.1%	0.1%	Interest rate	Federal Reserve
10-year Treasury Bill	2.0%	1.9%	0.9%	1.1%	1.1%	1.3%	1.6%	Interest rate	Federal Reserve

### Macroeconomic Series with Latest Data for February

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	February		
Index of Leading Economic Indicators	106.6	109.3	109.3	110.2	109.7	110.3	110.5	Index	The Conference Board
Housing Starts	12.8	13.2	15.5	15.0	1.7	1.6	1.4	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.5	5.5	6.6	6.4	6.4	6.7	6.2	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	105.5	106.7	105.2	105.9	107.1	104.7	104.7	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	106.8	94.5	93.3	92.7	98.2	97.9	98.2	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	3.3	2.0	2.2	2.4	2.4	2.3	2.6	million 480lb bales	USDA ERS

### 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 Textile Mill Inventory/Shipments Ratio	1.38	1.41	1.35	1.33	1.33	1.32	1.34	Ratio	Department of Commerce

## Retail Data

### Retail 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 Real Consumer Spending									
All Goods and Services	1.1%	0.1%	-2.2%	-1.6%	-3.5%	-1.0%	-2.1%	% Chg. Year/Year	Department of Commerce
Clothing	0.7%	-0.1%	0.7%	3.5%	-5.8%	5.0%	2.0%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	1.8%	1.8%	1.3%	1.5%	1.3%	1.4%	1.7%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	-1.6%	-2.6%	-4.7%	-3.3%	-4.7%	-2.7%	-3.9%	% 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	2.8	3.1	2.5	2.4	2.6	2.5	2.4	Ratio	Department of Commerce
Department Stores	2.2	2.2	2.3	2.1	2.4	2.5	2.1	Ratio	Department of Commerce

# Executive Cotton Update

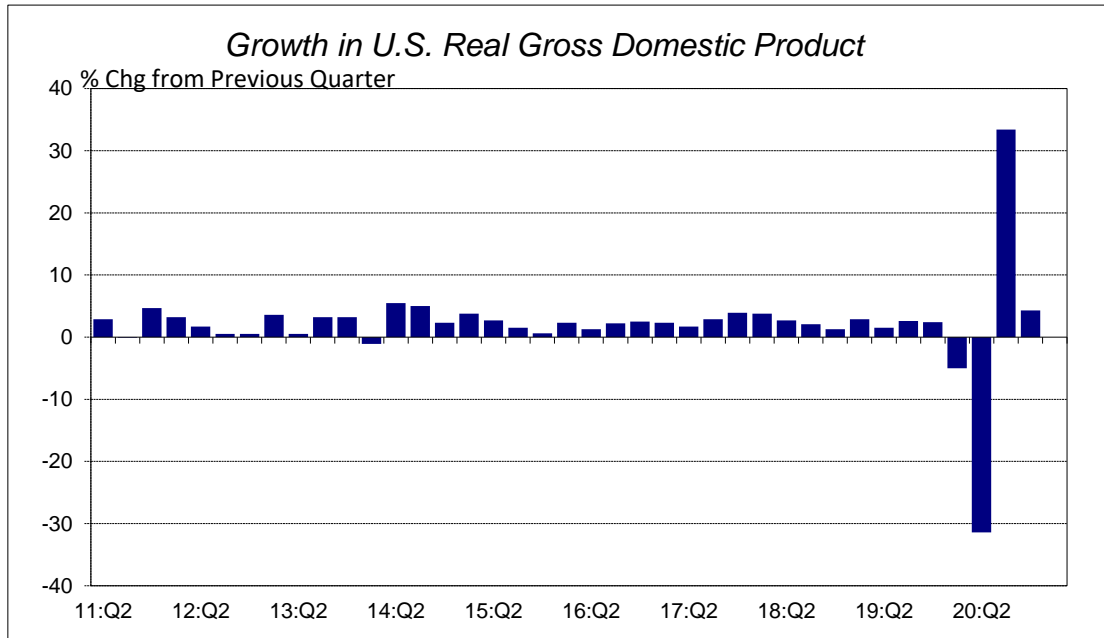
Daily Cotton Price and Currency Data  
April 2021



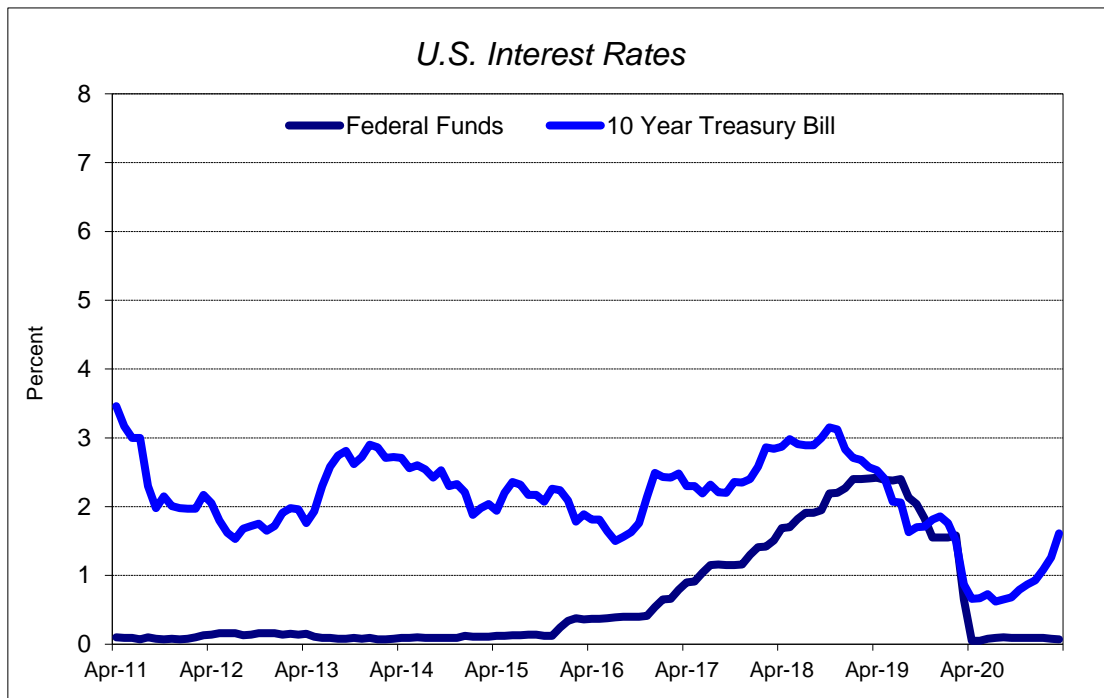
Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
NY Nearby	70.4	71.2	70.3	68.9	80.7	86.9	85.3	cents/pound	ICE
A Index	79.2	80.3	79.1	77.6	87.1	92.6	91.3	cents/pound	Cotlook

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	114.2	115.5	113.5	112.6	111.2	112.5	114.1	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.76	6.81	6.56	6.47	6.46	6.48	6.48	Chinese Renminbi/US dollar	Reuters
Indian Rupee	69.25	71.60	73.42	73.02	73.11	72.93	73.01	Indian Rupee/US dollar	Reuters
Japanese Yen	108.82	108.43	105.04	105.70	103.39	105.47	108.26	Japanese Yen/US dollar	Reuters
Pakistani Rupee	130.75	147.50	160.09	159.09	160.25	159.95	157.08	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	3.95	4.40	5.42	5.46	5.34	5.36	5.68	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.31	1.32	1.29	1.27	1.27	1.28	1.27	Canadian dollar/US dollar	Reuters
Mexican Peso	19.63	20.10	20.50	20.39	19.76	20.13	21.29	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.77	0.77	0.74	0.73	0.74	0.73	0.72	British Pound/US dollar	Reuters
Euro	0.88	0.87	0.83	0.83	0.81	0.83	0.84	Euro/US dollar	Reuters
Swiss Franc	0.97	0.97	0.90	0.90	0.88	0.90	0.93	Swiss Franc/US dollar	Reuters
Turkish Lira	5.04	6.11	7.67	7.30	7.29	7.06	7.56	Turkish Lira/US dollar	Reuters



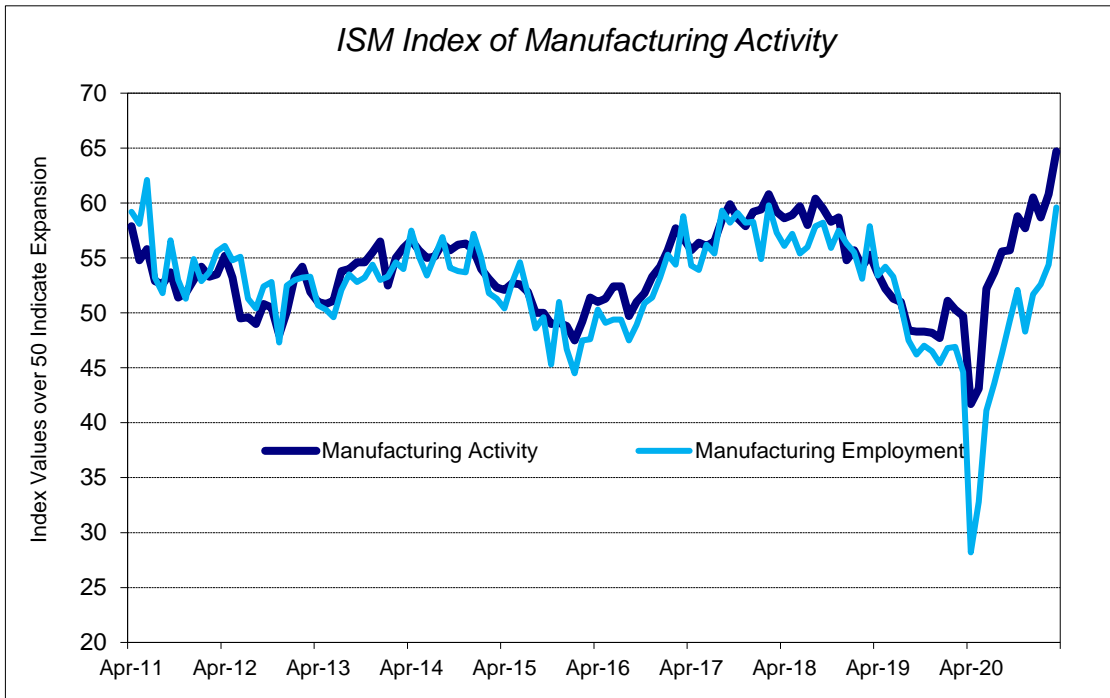
Seasonally Adjusted Annual Rate; Source: Department of Commerce  
 \*Based on chained 2005\$.



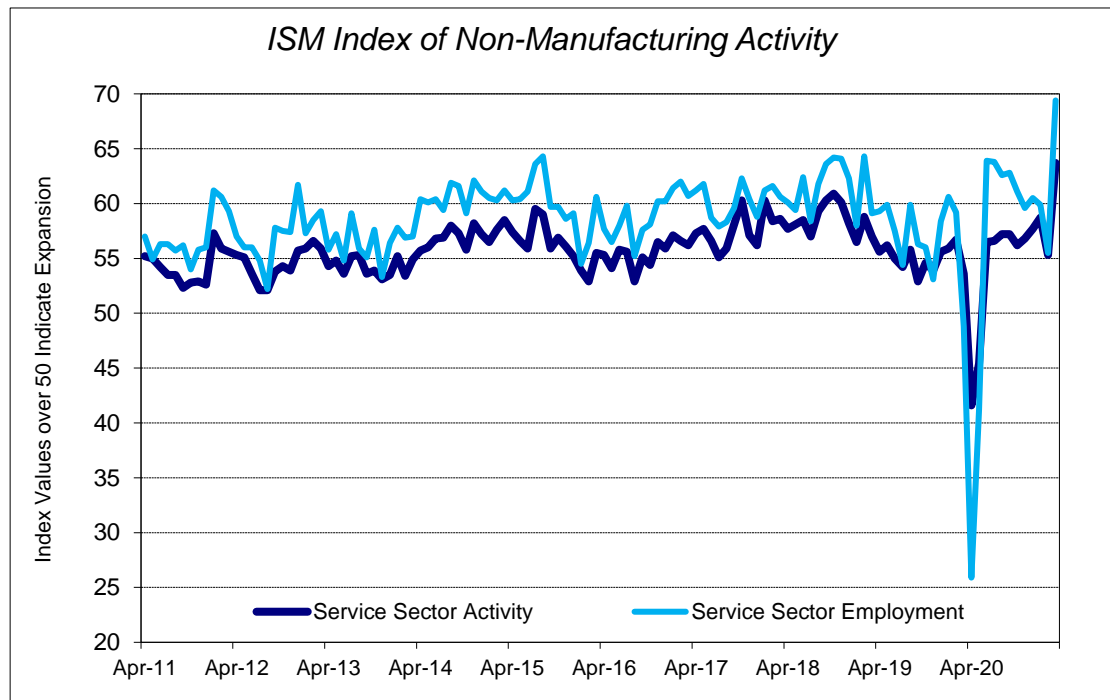
Source: Federal Reserve

[return to text](#)





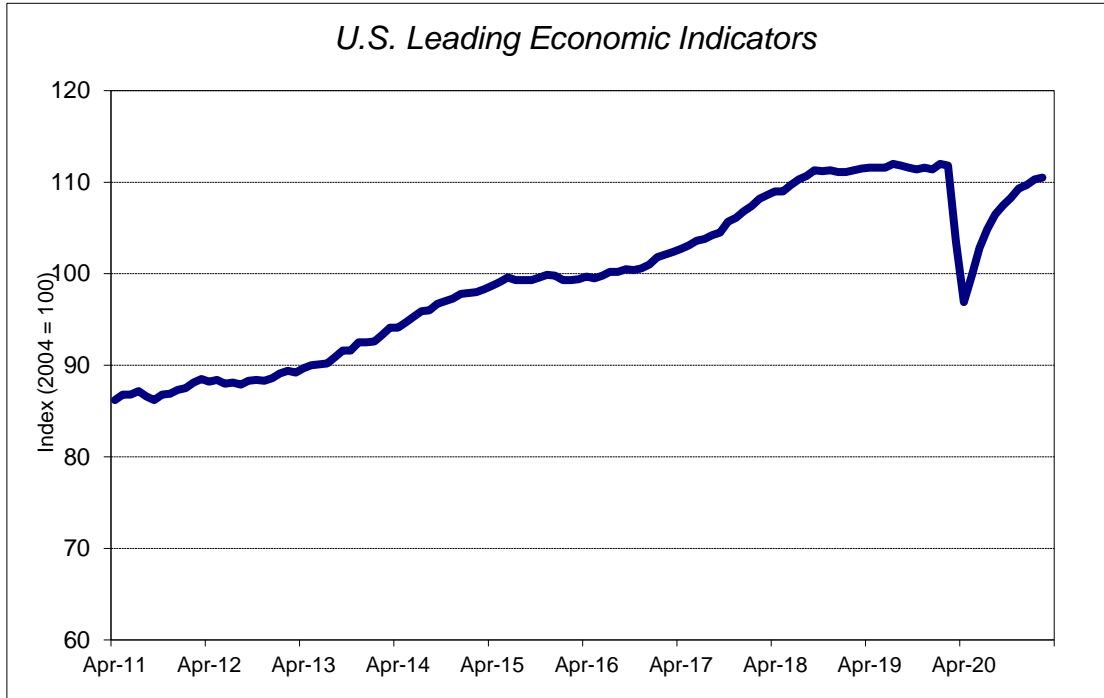
Source: Institute for Supply Chain Management



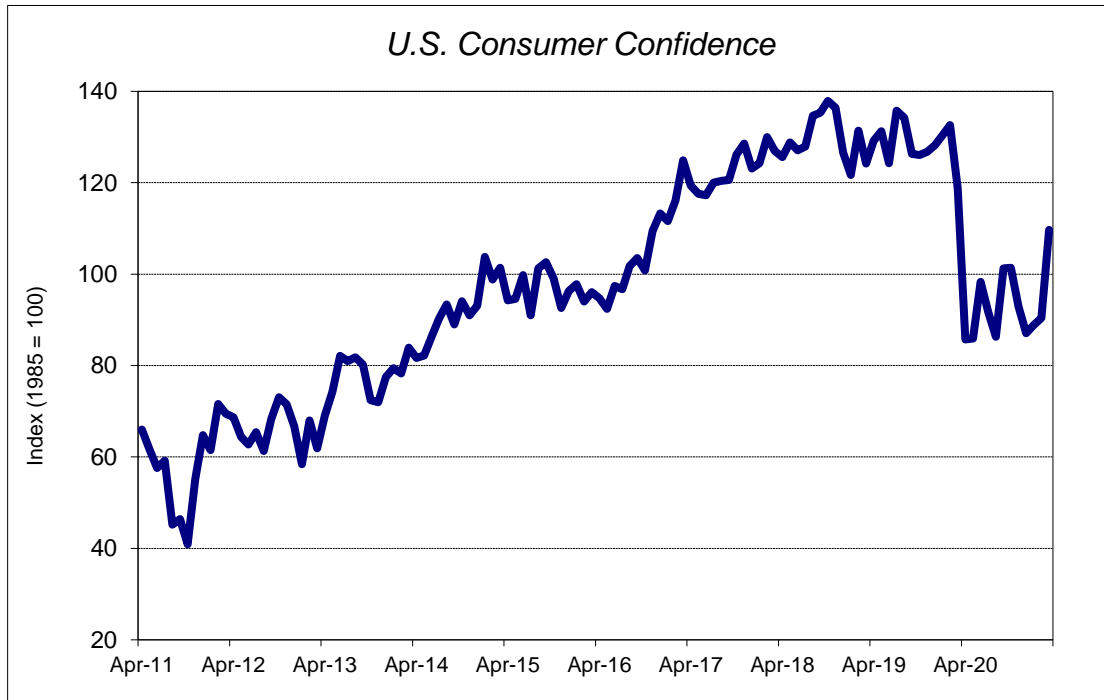
Source: Institute for Supply Chain Management

[return to text](#)





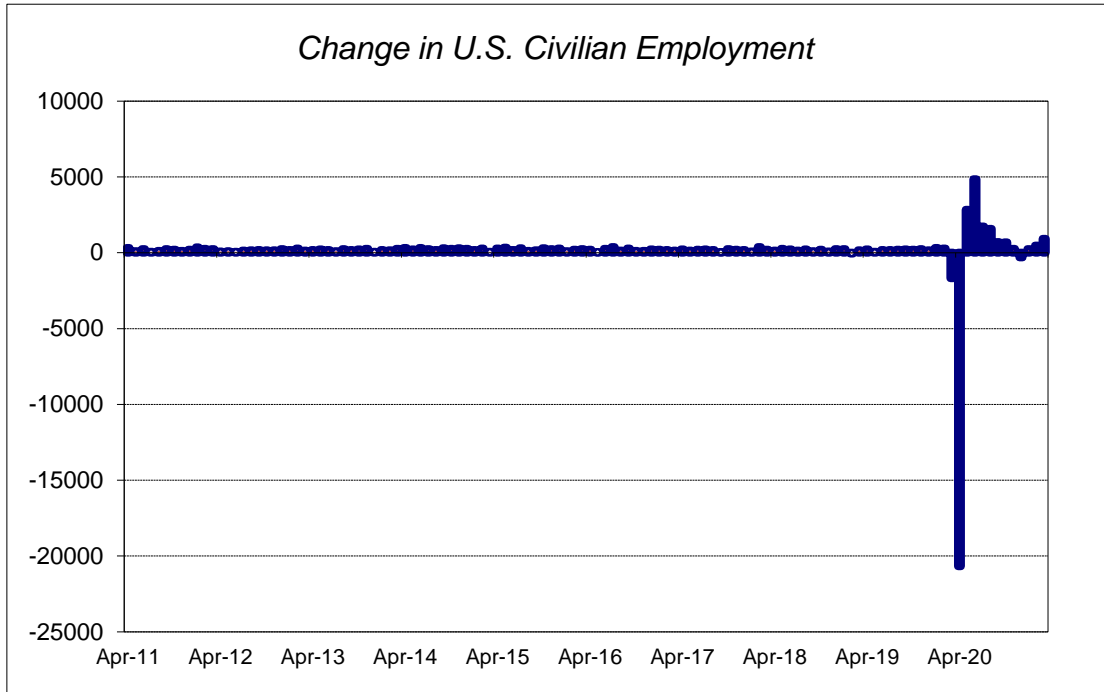
Source: The Conference Board



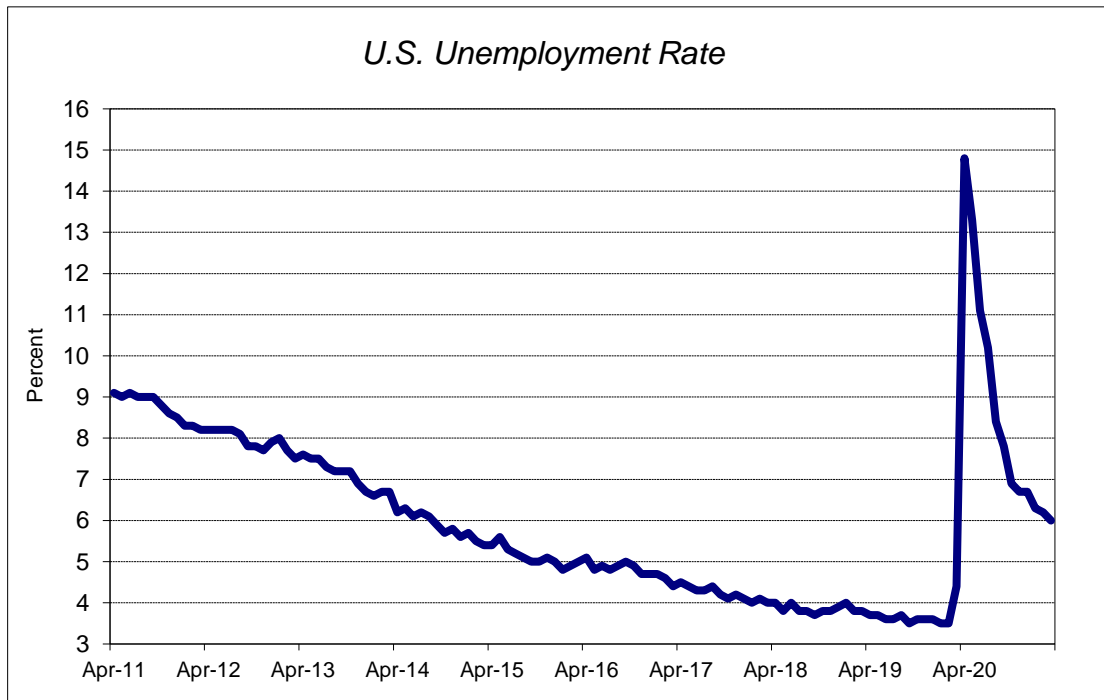
Source: The Conference Board

[return to text](#)





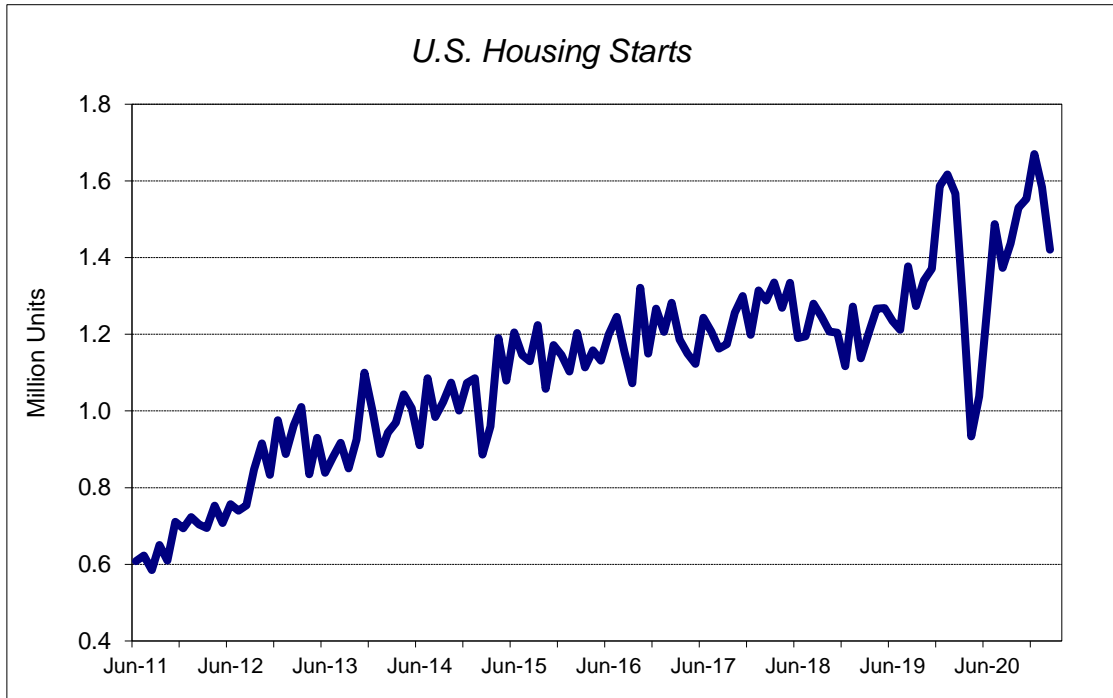
Source: Bureau of Labor Statistics



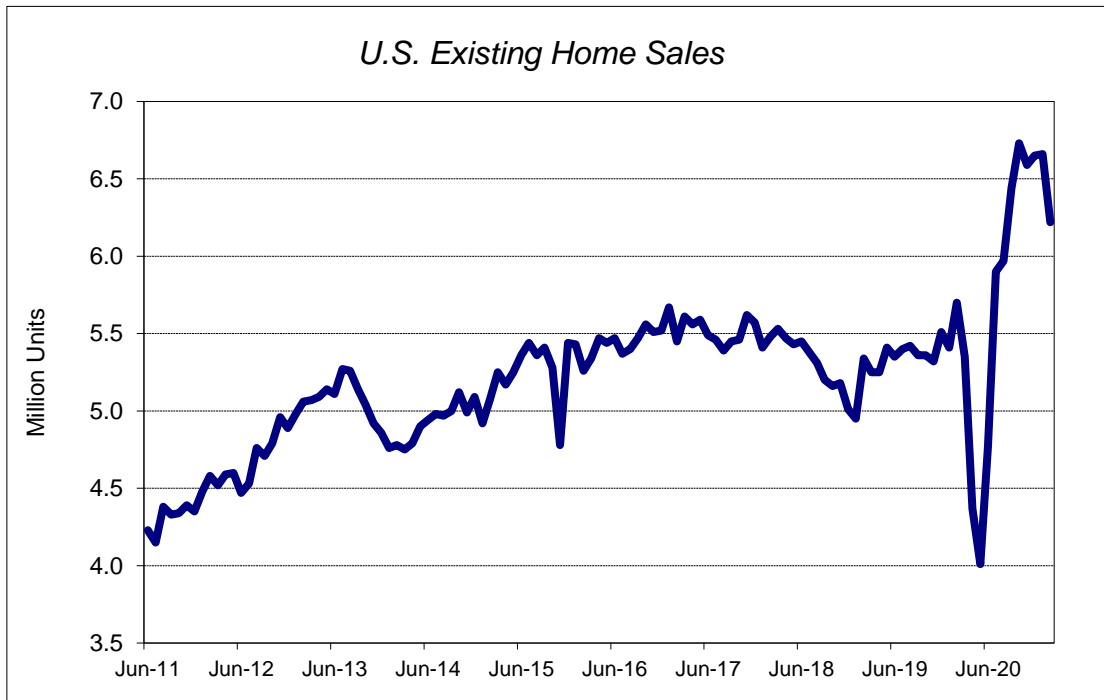
Source: Bureau of Labor Statistics

[return to text](#)





Seasonally Adjusted Annual Rate; Source: Department of Commerce

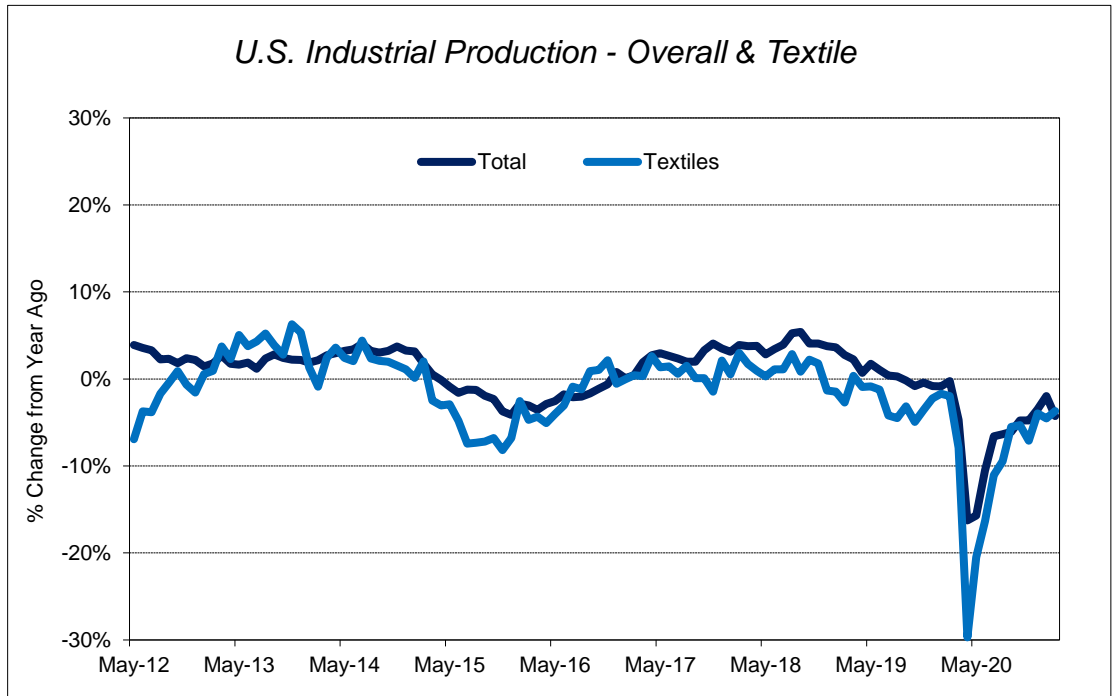


Seasonally Adjusted Annual Rate; Source: National Association of Realtors

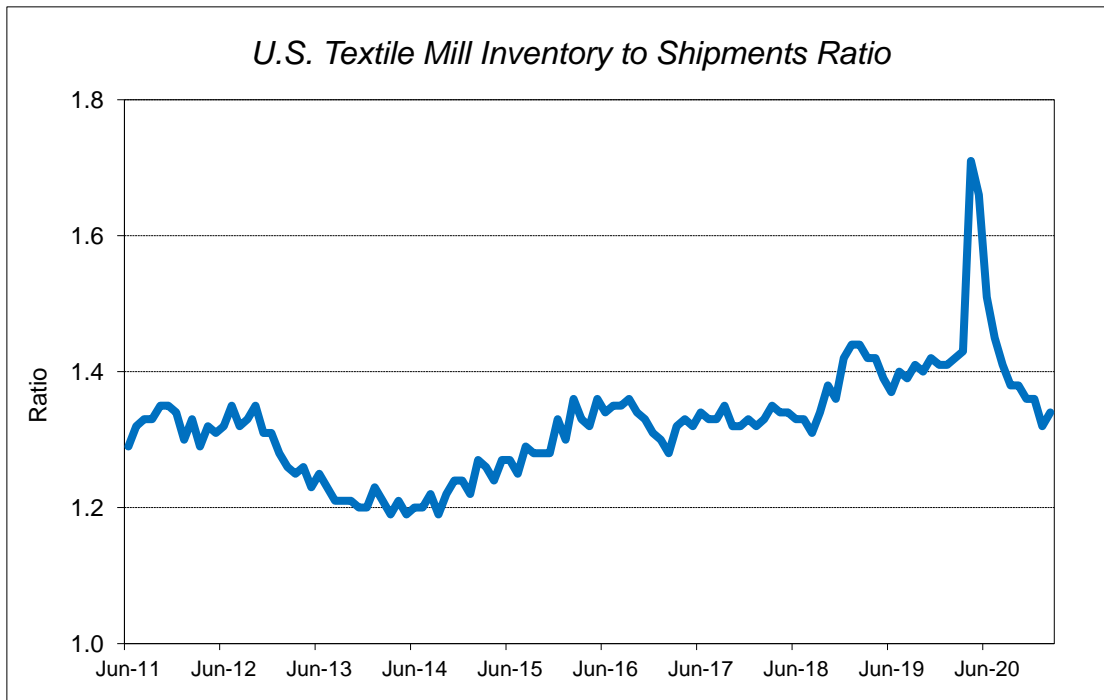
[return to text](#)







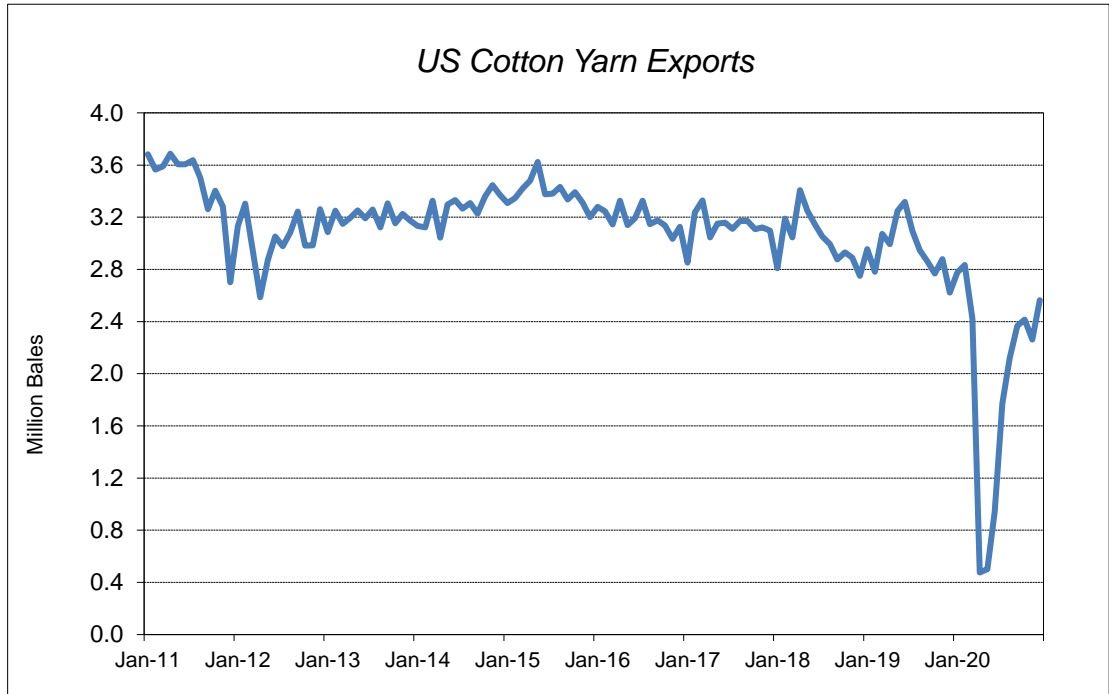
Source: Federal Reserve. Historical data revised to 1997 baseline.



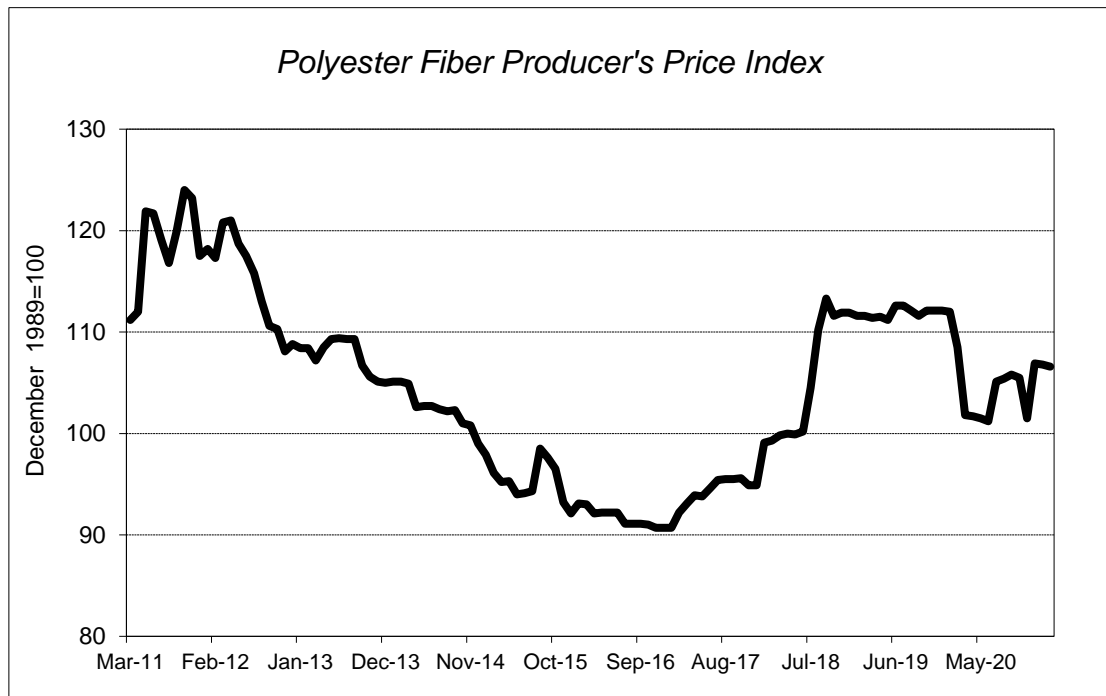
Seasonally Adjusted; Source: Department of Commerce

[return to text](#)





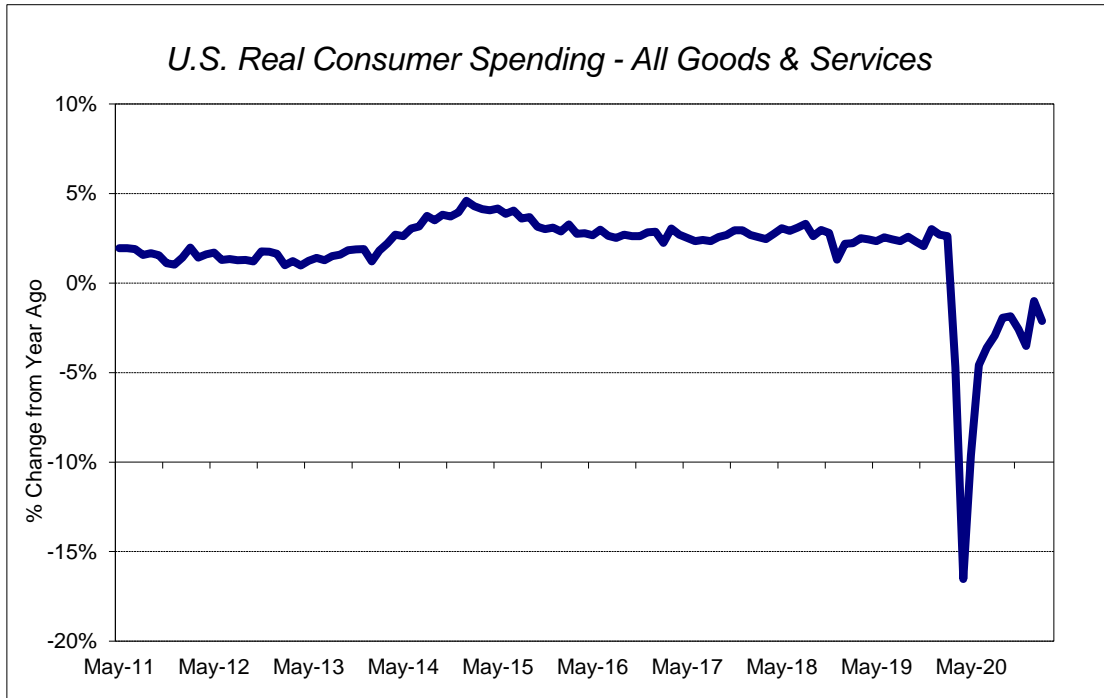
Seasonally Adjusted Annual Rate  
 Source: USDA ERS



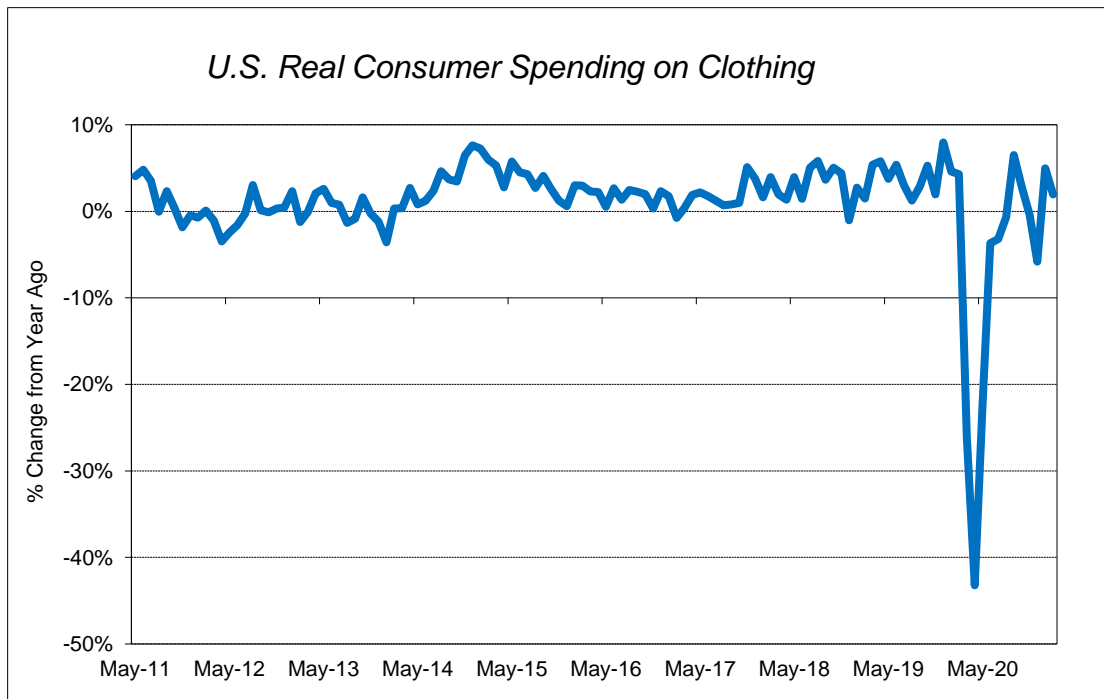
Source: Bureau of Labor Statistics

[return to text](#)





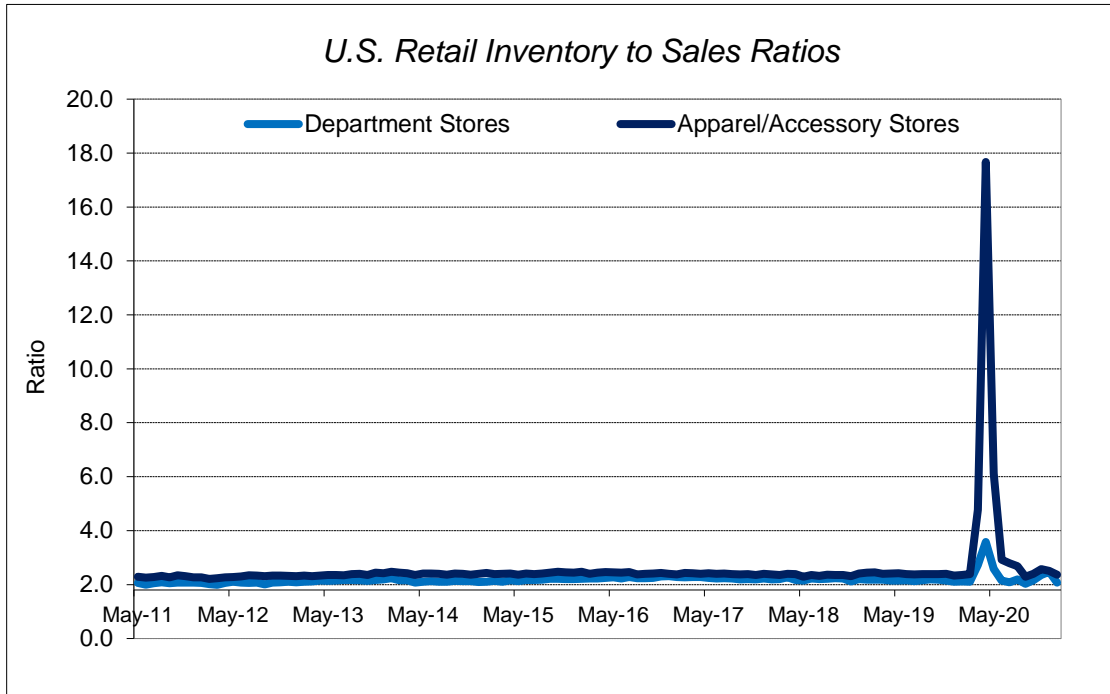
\*Based on chained 2005\$.



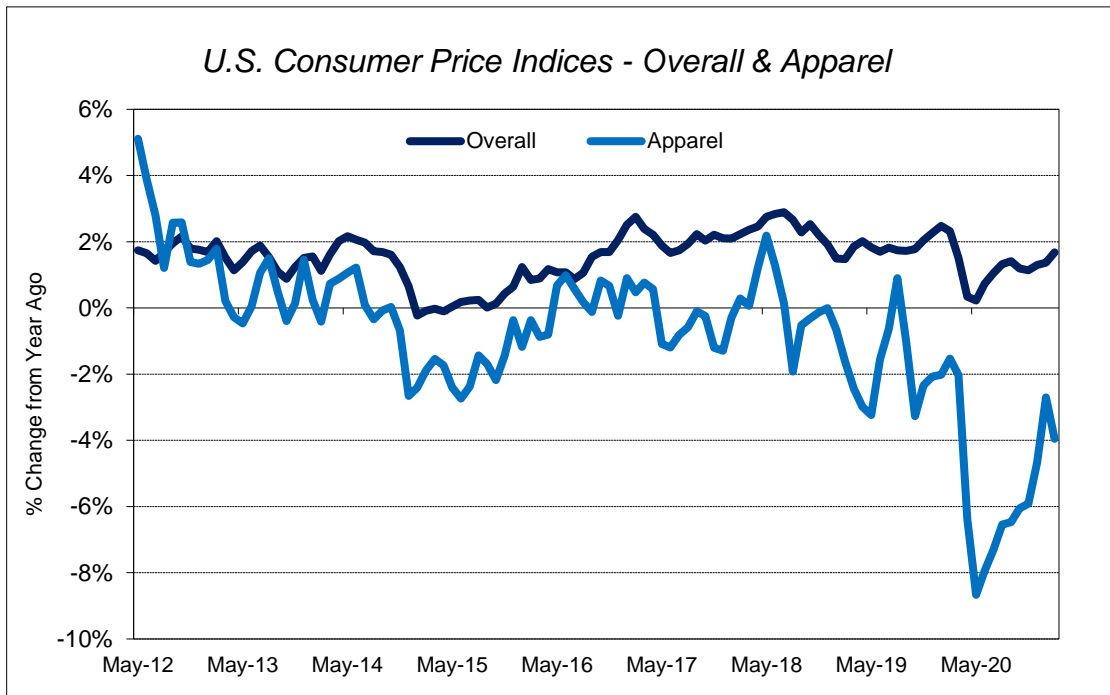
\*Based on chained 2005\$.

[return to text](#)





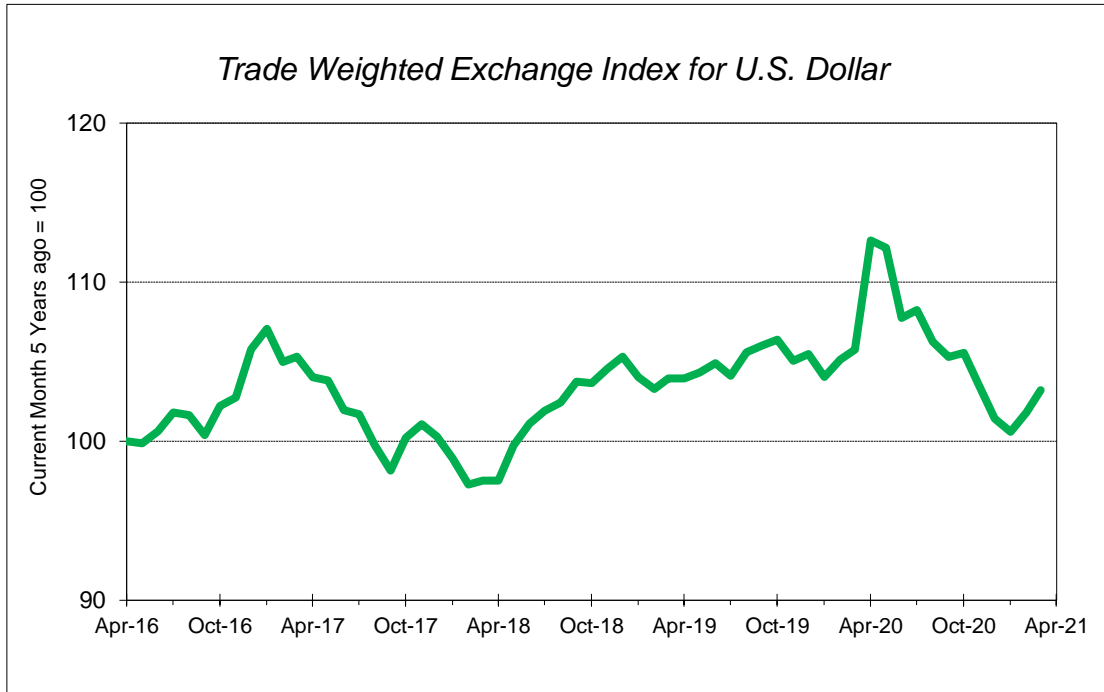
Source: Department of Commerce



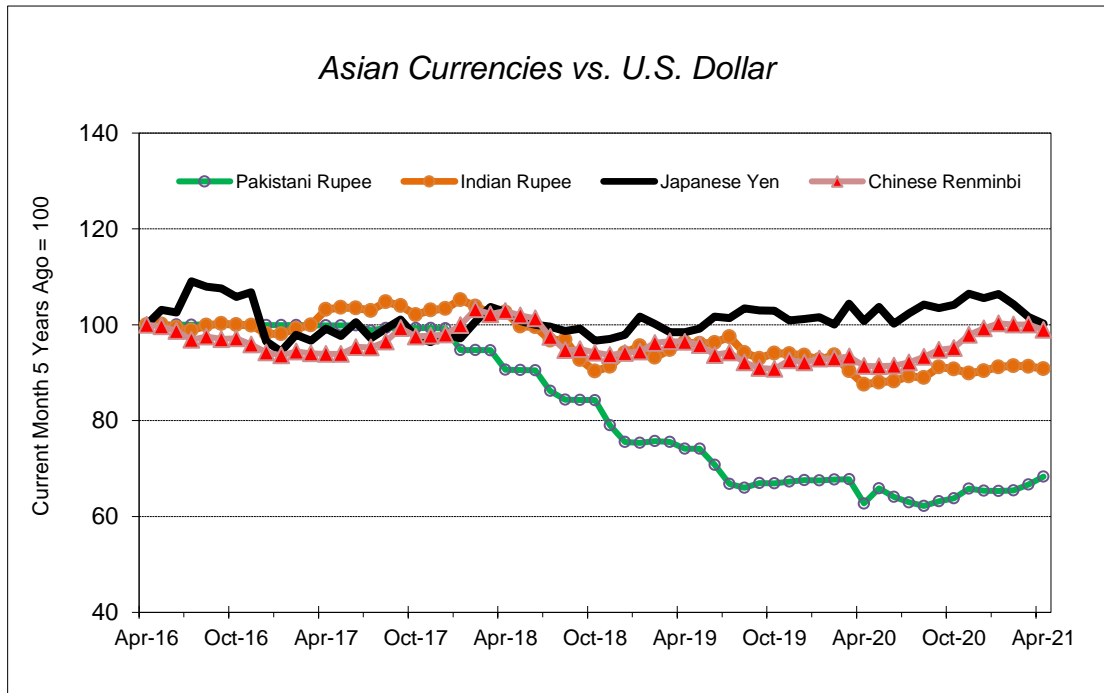
Source: Bureau of Labor Statistics

[return to text](#)





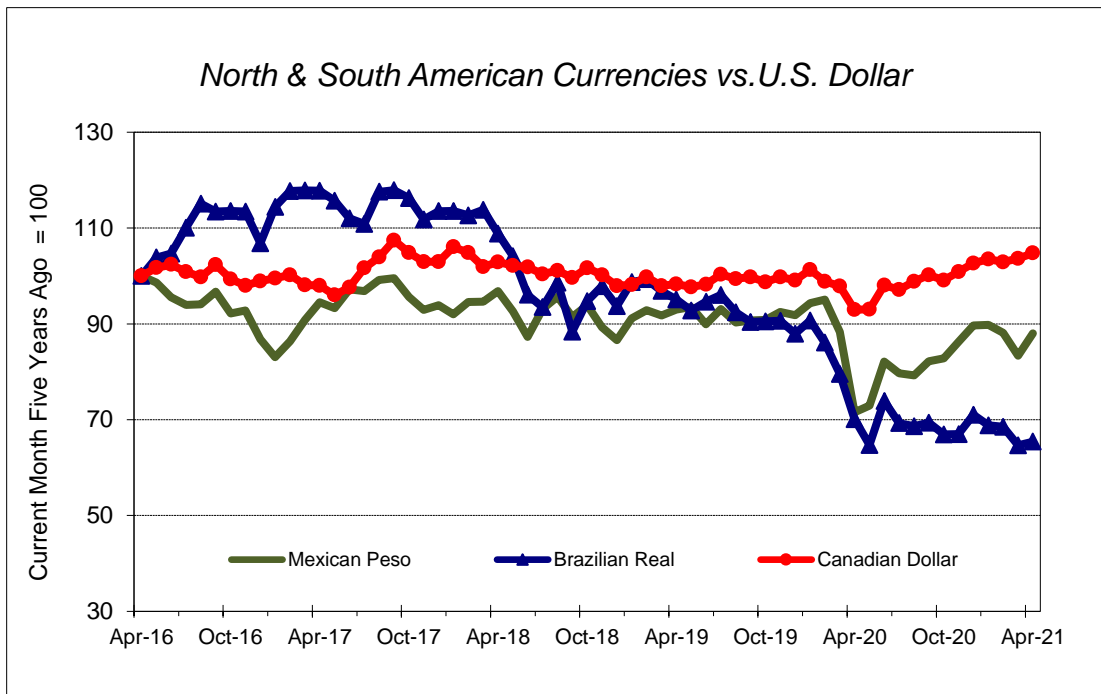
Source: Federal Reserve



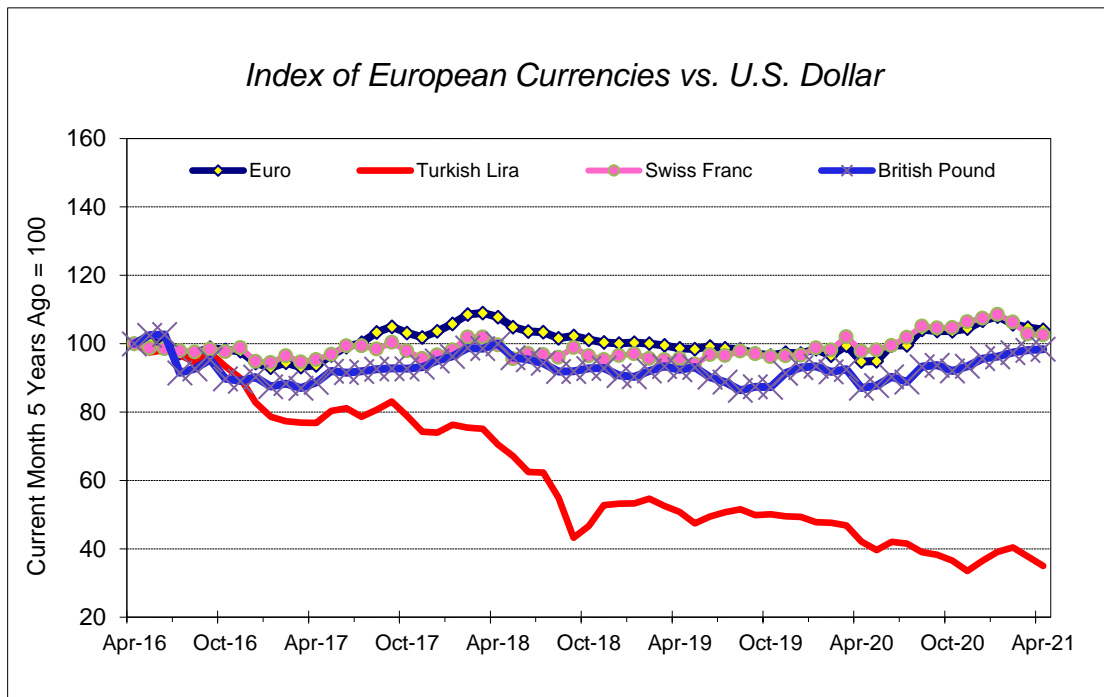
Source: Reuters

[return to text](#)





Source: Reuters



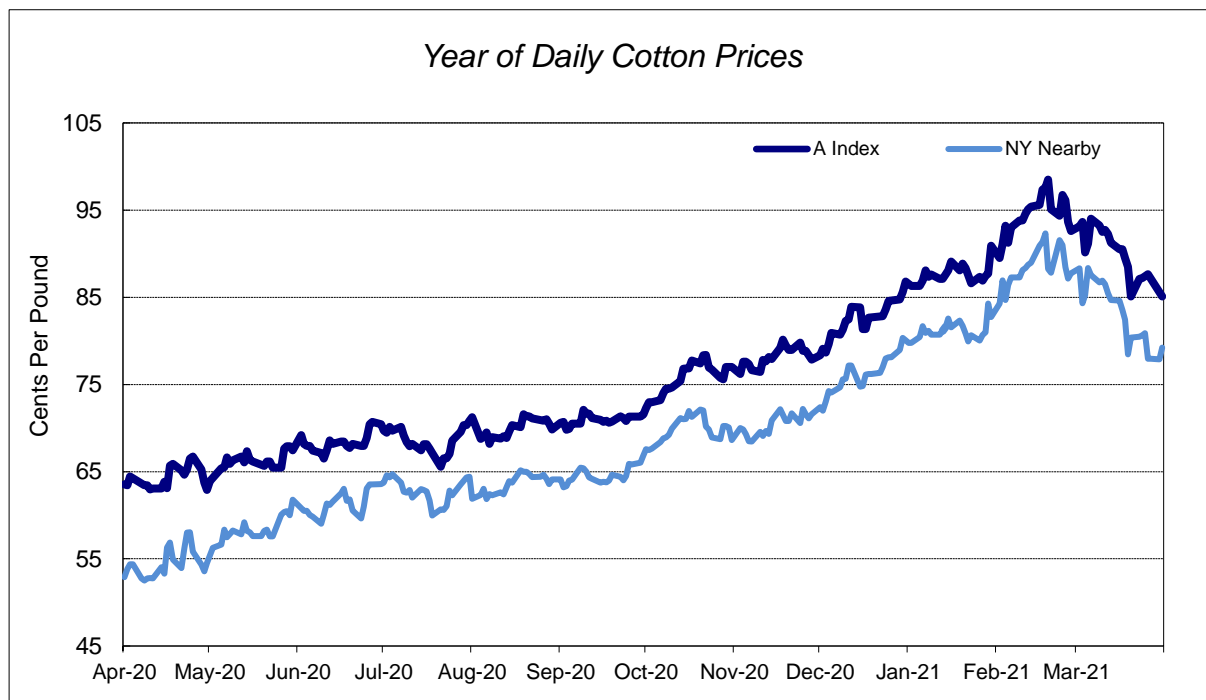
Source: Reuters

[return to text](#)



## U.S. Balance Sheet

million 480 lb. bales	2016/17	2017/18	2018/19	2019/20	2020/21 February	2020/21 March
Beginning Stocks	3.8	2.8	4.2	4.9	7.3	7.3
Production	17.2	20.9	18.4	19.9	15.0	14.7
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	21.0	23.7	22.6	24.8	22.2	22.0
Mill-Use	3.3	3.2	3.0	2.2	2.4	2.3
Exports	14.9	16.3	14.8	15.5	15.5	15.5
Demand	18.2	19.5	17.8	17.7	17.9	17.8
Ending Stocks	2.8	4.2	4.9	7.3	4.3	4.2
Stocks/Use Ratio	15.1%	21.5%	27.2%	41.0%	24.0%	23.6%



Sources: ICE Futures U.S. & Cotton Outlook

[return to text](#)

