

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



May 2021

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

**Macroeconomic Overview:** The Bureau of Economic Analysis estimates that the U.S. economy expanded at a 6.4% annual rate in the first quarter. Since the recovery began, annualized growth rates have been +33.4% (Q3 2020) and +4.3% (Q4 2020). For the entire calendar year, the International Monetary Fund (IMF) estimates that the U.S. will grow 6.4% year-over-year. If realized, this will be the strongest GDP growth for the U.S. in nearly 30 years.

A major reason why U.S. economic activity accelerated in the first quarter was consumer spending. Consumer spending increased at a 7.0% annual rate in the first quarter. This coincided with the delivery of the latest round of stimulus payments and the resulting boost to income. The savings rate remains elevated and was over 25% in March. Officials from both the Federal Reserve and the Treasury Department suggest that interest rates will remain low for the foreseeable future, and there is discussion of another round of fiscal stimulus. All of these factors suggest U.S. GDP growth and consumer spending will remain strong in 2021.

Another critical element of that outlook is the expectation that COVID will continue to be brought under firmer control. To date, 57% of the adult U.S. population has had at least one dose of a vaccine, and nearly one-third are fully vaccinated. Variants may be a threat, but further progress towards complete reopening appears like it will be another source of support for U.S. economic growth.

In other countries, the outlook is less clear. Most notably, India has been setting records for daily diagnoses and deaths. COVID has also been flaring in Latin America and Turkey. Several Asian countries have imposed new restrictions on movement and consumer activity. Until COVID's spread is definitively controlled globally, it remains a threat to world economic growth.

**Employment:** In April, the U.S. economy was estimated to have added +266,000 jobs. This represents the fourth consecutive month of job growth. While the addition in April was smaller than the gains posted in February (+536,000) and March (+770,000), it was higher than the value from January (+233,000). Revisions made to figures for February (+68,000) and March (-146,000) were mixed. The net change in jobs since the pandemic hit in March 2020 is -8.2 million.

While job growth has slowed, job losses have also decreased. Since the onset of the pandemic, weekly counts of initial claims for unemployment insurance were consistently above the peak from the 2008-09 recession (665,000). In recent weeks, initial claims have finally begun to fall. In the latest week, initial claims were below 500,000 for the first time since COVID flared in the U.S.

In March, the unemployment rate ticked slightly higher, from 6.0% to 6.1%. This was partially due to a 430,000 person month-over-month increase in the number of people wanting to work. The current unemployment rate is 8.7 points lower than the post-pandemic high (14.8% in April 2020) but is 2.6 points higher than the value before COVID (3.5% in February 2020).

**Consumer Confidence & Spending:** The Conference Board's Index of Consumer Confidence increased sharply for a second consecutive month in April, rising from 109.0 to 121.7. The index remains below values before COVID (132.6 in February 2020) but is well above the long-term average near 93.

After a month-over-month decrease in February (-1.2%), overall consumer spending rose 3.6% month-over-month in March (latest month with available data). Year-over-year comparisons are now affected by the collapse that occurred with the onset of COVID. Overall spending in March 2020 was 4.7% lower year-over-year. Overall spending in March 2021 was up 8.5%. Relative to March 2019 (pre-COVID), spending in March 2021 was 3.4% higher.

The figures for spending on apparel have been more volatile. After a strong month-over-month increase in January (+10.2%), clothing spending fell in February (-4.0%) before rising sharply in March (+15.1%). Numbers for year-over-year change are even larger. In March 2020, apparel spending was down 26.1%. In March 2021, the year-over-year change was +60.5%. This volatility can mask the trend of solid growth in clothing demand. Relative to March 2019, clothing spending in March 2021 was up 18.7%.

**Consumer Prices & Import Data:** Retail prices for apparel decreased month-over-month for the second consecutive month (-0.9% in February and -0.4% in March). Year-over-year, clothing prices were down -3.1%. Clothing prices were moving lower before the pandemic. The average year-over-year decrease in the twelve months ending February 2020 was -1.9%. With COVID, year-over-year changes in prices were as much as -8.7% (May 2020).

Average import costs have also been moving lower. The average cost per square meter (SME) of cotton-dominant apparel was \$2.95/SME (seasonally-adjusted) in March. Despite increases in fiber and yarn prices, this is the lowest value since 1989.

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

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

# Executive Cotton Update

U.S. Macroeconomic Indicators & Cotton Prices  
May 2021



## Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q3 : 2020	Q4 : 2020	Q1 : 2021		
Growth in US Real GDP	2.0%	1.7%	18.9%	4.3%	33.4%	4.3%	6.4%	% Chg. Quarter/Quarter	Department of Commerce

### Macroeconomic Series with Latest Data for April

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	April		
ISM Index of Manufacturing Activity	54.8	54.3	60.2	61.4	60.8	64.7	60.7	Index	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	56.4	56.3	58.1	59.2	55.3	63.7	62.7	Index	Institute for Supply Management
Consumer Confidence	116.0	117.2	95.0	96.1	90.4	109.0	121.7	Index	The Conference Board
Change in Non-Farm Payrolls	6.5	-116.7	362.8	513.0	536	770	266	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	5.0%	5.4%	6.5%	6.2%	6.2%	6.0%	6.1%	Rate	Bureau of Labor Statistics
US Interest Rates									
Federal Funds	1.1%	1.3%	0.1%	0.1%	0.1%	0.1%	0.1%	Interest rate	Federal Reserve
10-year Treasury Bill	2.0%	1.9%	1.1%	1.3%	1.3%	1.6%	1.6%	Interest rate	Federal Reserve

### Macroeconomic Series with Latest Data for March

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	March		
Index of Leading Economic Indicators	106.8	109.3	109.9	110.7	110.3	110.2	111.6	Index	The Conference Board
Housing Starts	12.9	13.4	16.1	16.0	1.6	1.5	1.7	Annual pace, millions of units	Department of Commerce
Existing Home Sales	5.5	5.5	6.4	6.1	6.1	6.2	6.0	Annual pace, millions of units	National Association of Realtors

## Industrial & Textile Data

### Industrial & Textile 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		
US Industrial Production	105.6	106.6	105.5	104.8	104.1	105.6	105.6	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	106.5	94.2	92.6	92.4	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 March

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	January	February	March		
US Textile Mill Inventory/Shipments Ratio	1.38	1.41	1.34	1.34	1.34	1.35	1.33	Ratio	Department of Commerce

## Retail Data

### Retail 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		
US Real Consumer Spending									
All Goods and Services	1.2%	0.3%	-0.1%	3.2%	-1.0%	-2.1%	8.5%	% Chg. Year/Year	Department of Commerce
Clothing	1.6%	1.5%	12.0%	30.8%	4.6%	1.2%	60.5%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	1.8%	1.8%	1.6%	2.2%	1.4%	1.7%	2.6%	% Chg Year/Year	Bureau of Labor Statistics
Clothing	-1.6%	-2.7%	-4.1%	-3.5%	-2.7%	-3.9%	-3.1%	% Chg. Year/Year	Bureau of Labor Statistics

### Retail Series with Latest Data for February

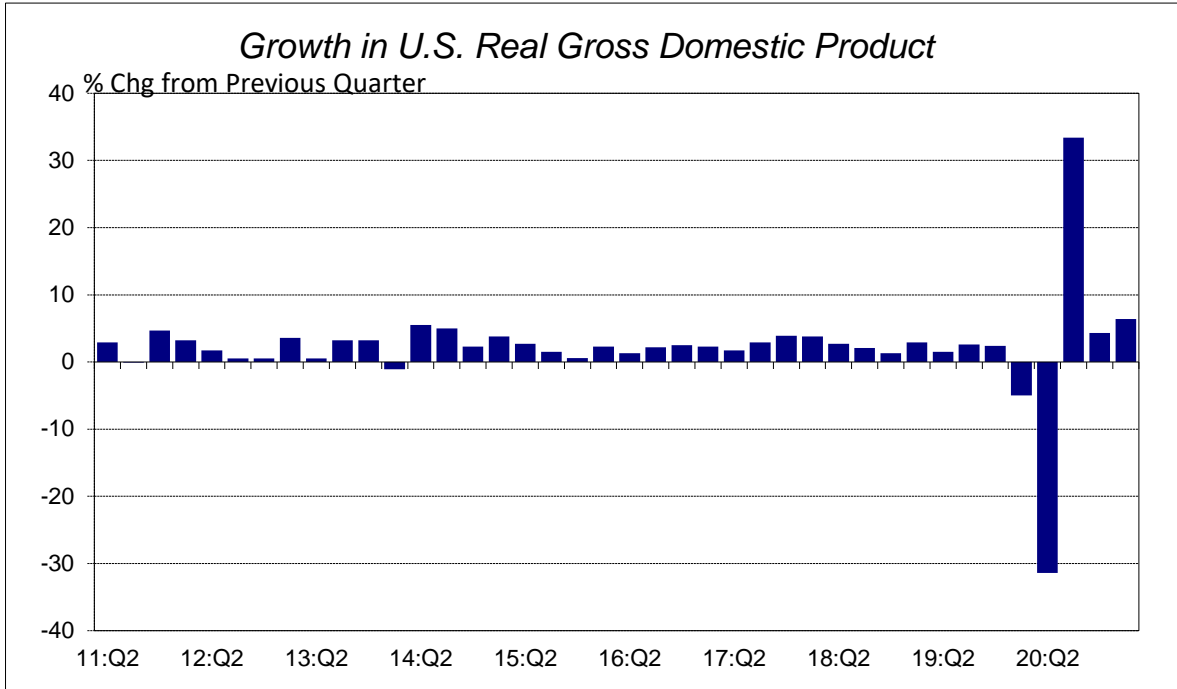
	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	December	January	February		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.8	3.1	2.4	2.4	2.4	2.3	2.4	Ratio	Department of Commerce
Department Stores	2.2	2.1	2.1	2.0	2.3	1.9	2.0	Ratio	Department of Commerce

# Executive Cotton Update

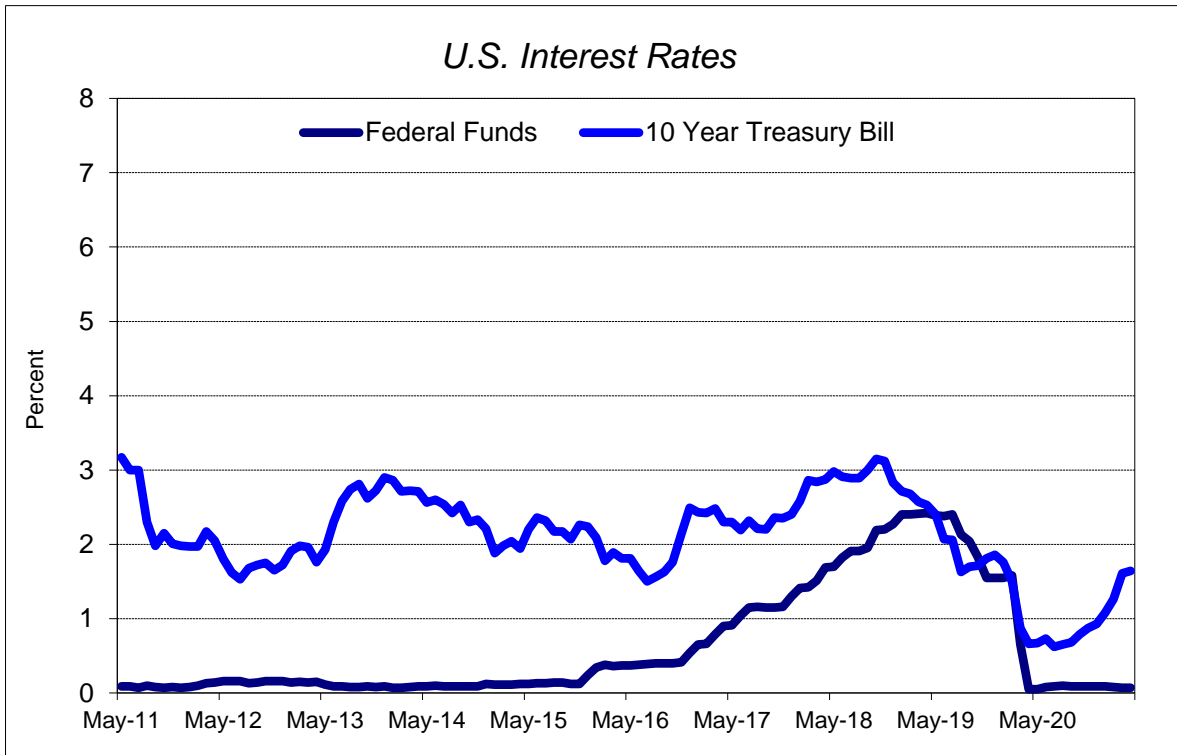
Daily Cotton Price and Currency Data  
May 2021



Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	April		
NY Nearby	70.6	71.4	70.7	69.4	86.9	85.3	83.7	cents/pound	ICE
A Index	79.5	80.5	79.4	78.0	92.6	91.3	90.5	cents/pound	Cotlook
Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	February	March	April		
Dollar Trade Weighted Exchange Index	114.3	115.6	112.9	113.1	111.9	113.9	113.5	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.76	6.82	6.52	6.50	6.44	6.51	6.56	Chinese Renminbi/US dollar	Reuters
Indian Rupee	69.42	71.95	73.60	73.50	72.84	72.92	74.74	Indian Rupee/US dollar	Reuters
Japanese Yen	108.88	108.41	106.05	107.63	104.67	108.63	109.59	Japanese Yen/US dollar	Reuters
Pakistani Rupee	131.81	149.00	158.01	156.37	159.13	157.07	152.90	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	3.98	4.46	5.43	5.59	5.38	5.76	5.64	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.31	1.32	1.27	1.26	1.27	1.26	1.26	Canadian dollar/US dollar	Reuters
Mexican Peso	19.66	20.13	20.26	20.42	20.03	21.06	20.16	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.77	0.77	0.74	0.72	0.72	0.72	0.73	British Pound/US dollar	Reuters
Euro	0.88	0.87	0.83	0.84	0.82	0.84	0.84	Euro/US dollar	Reuters
Swiss Franc	0.97	0.96	0.91	0.92	0.89	0.93	0.93	Swiss Franc/US dollar	Reuters
Turkish Lira	5.16	6.26	7.70	7.60	7.05	7.54	8.19	Turkish Lira/US dollar	Reuters



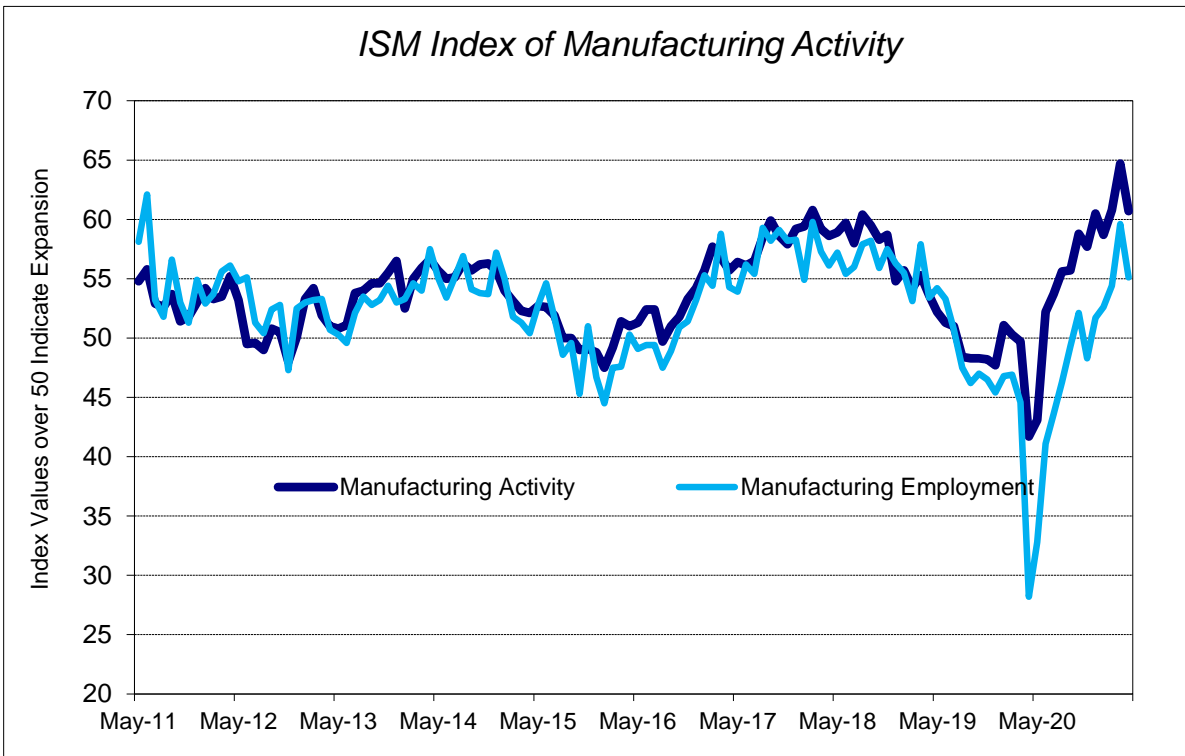
Seasonally Adjusted Annual Rate; Source: Department of Commerce  
 \*Based on chained 2005\$.



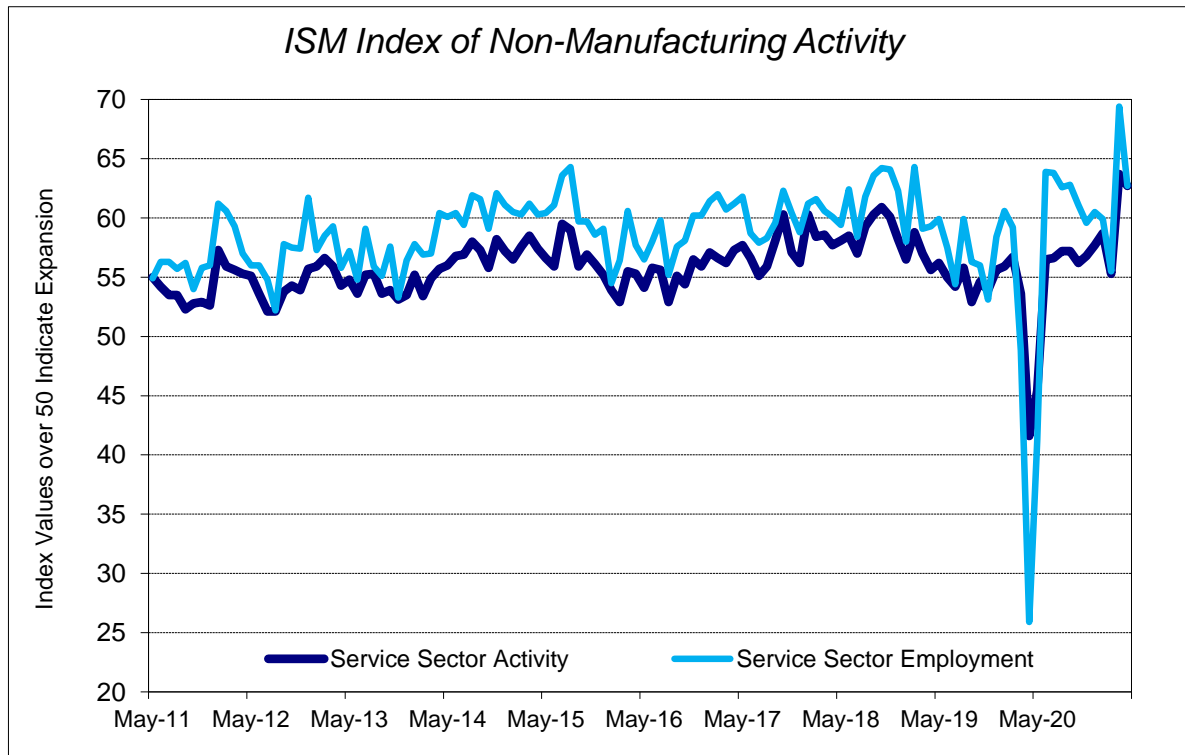
Source: Federal Reserve

[return to text](#)





Source: Institute for Supply Chain Management



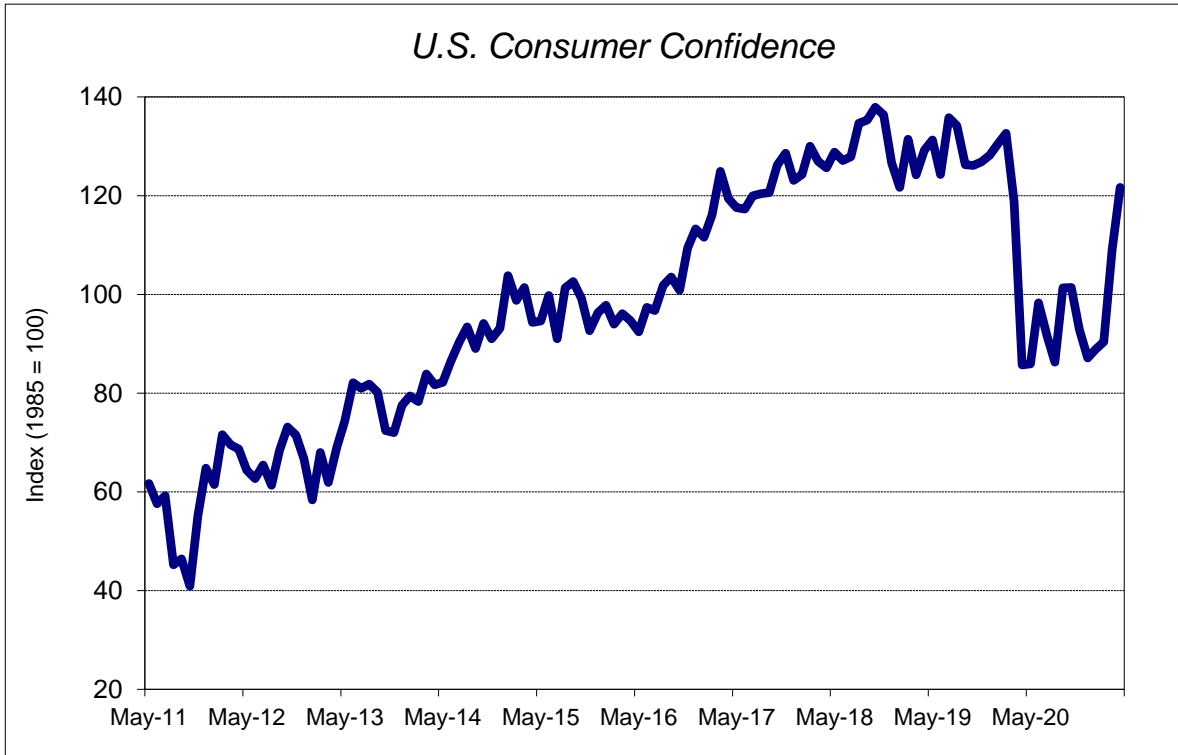
Source: Institute for Supply Chain Management

[return to text](#)





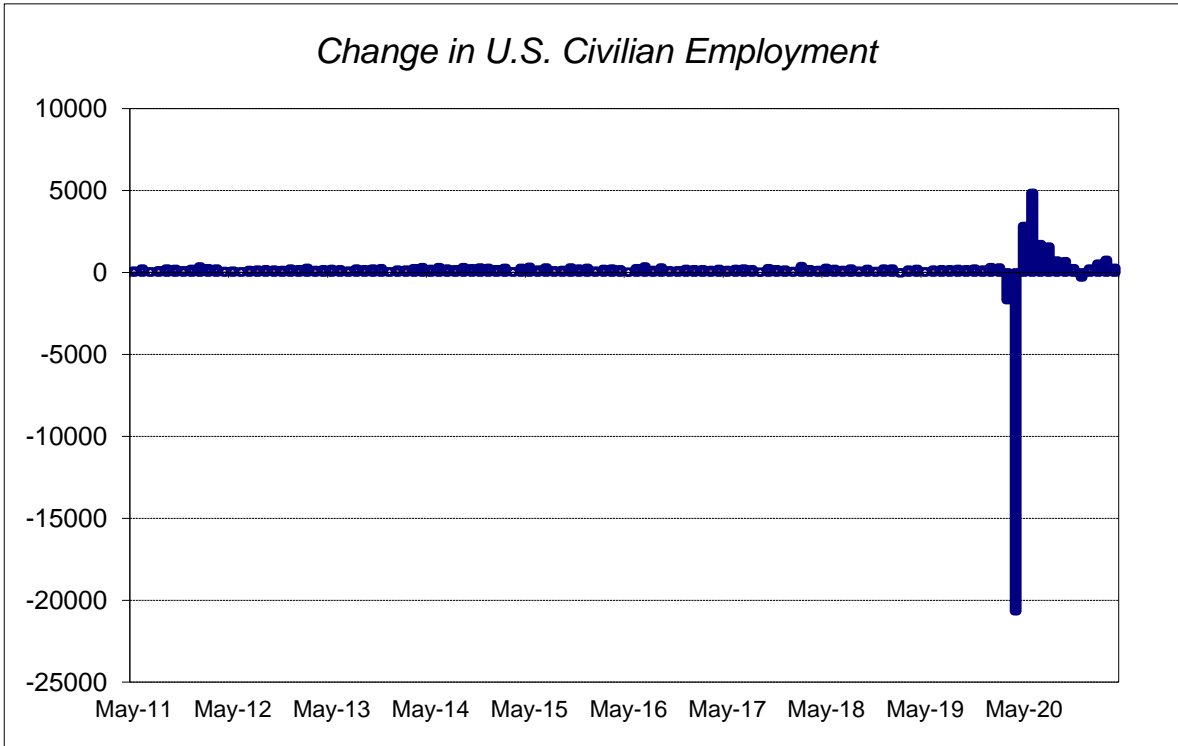
Source: The Conference Board



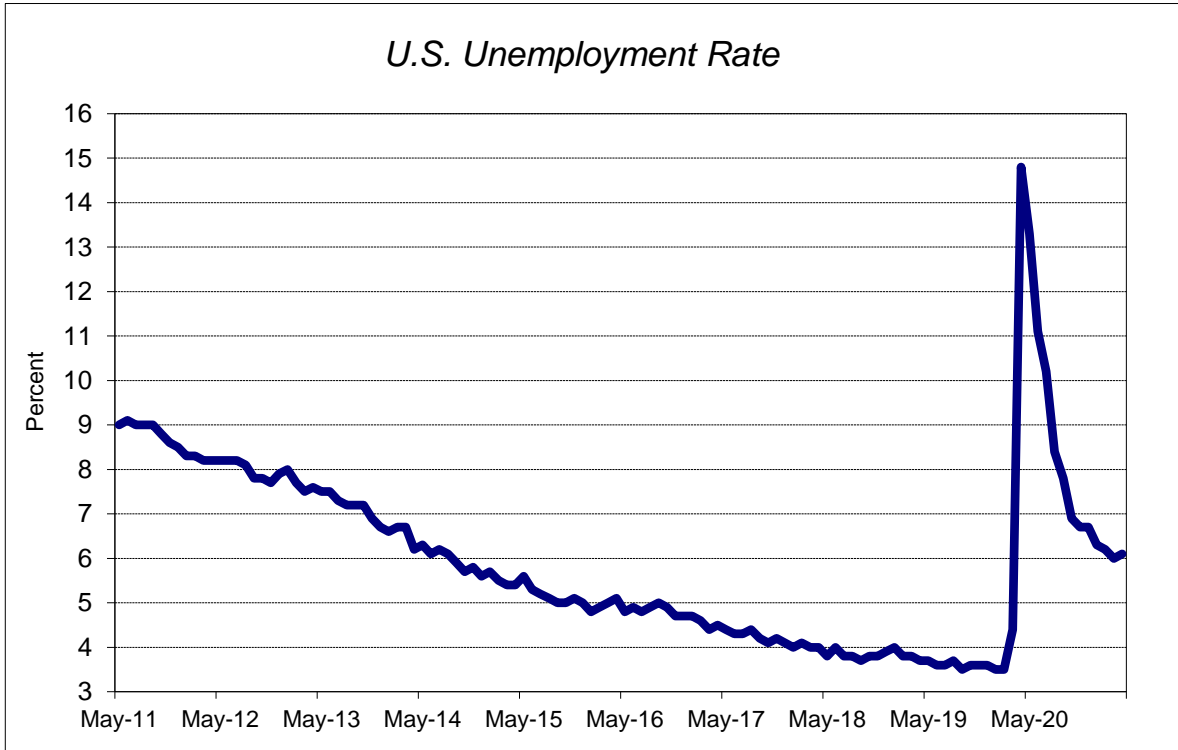
Source: The Conference Board

[return to text](#)





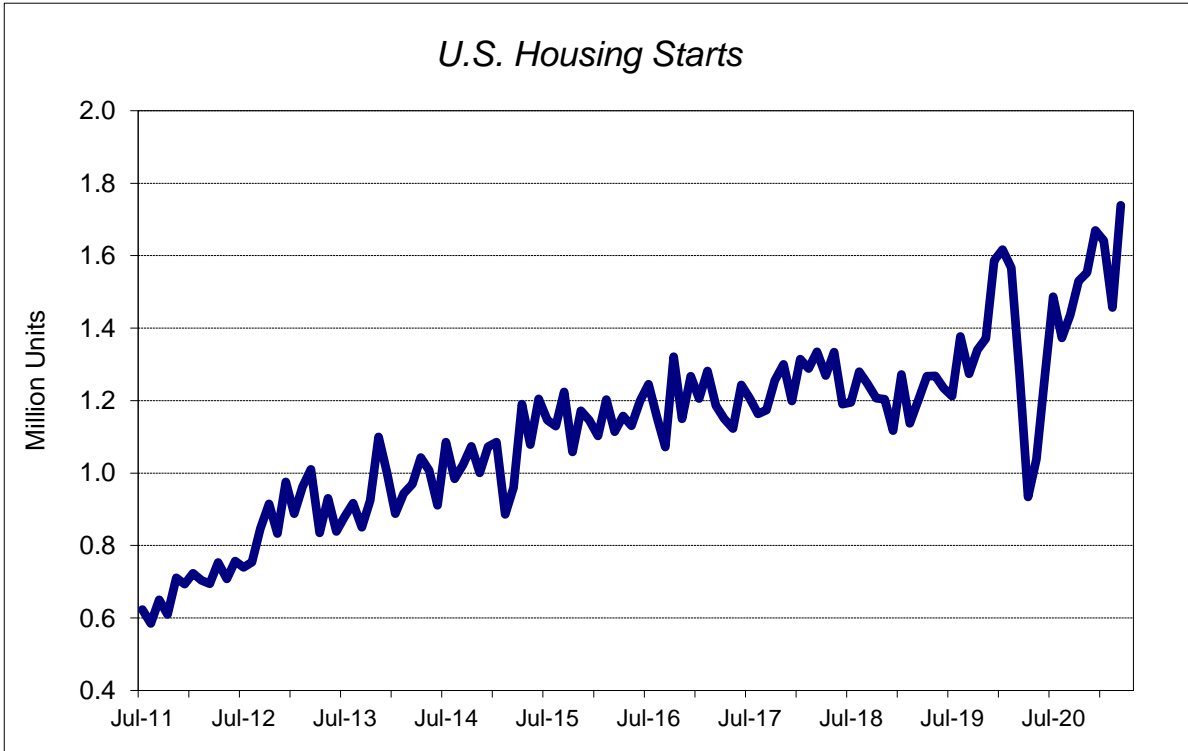
Source: Bureau of Labor Statistics



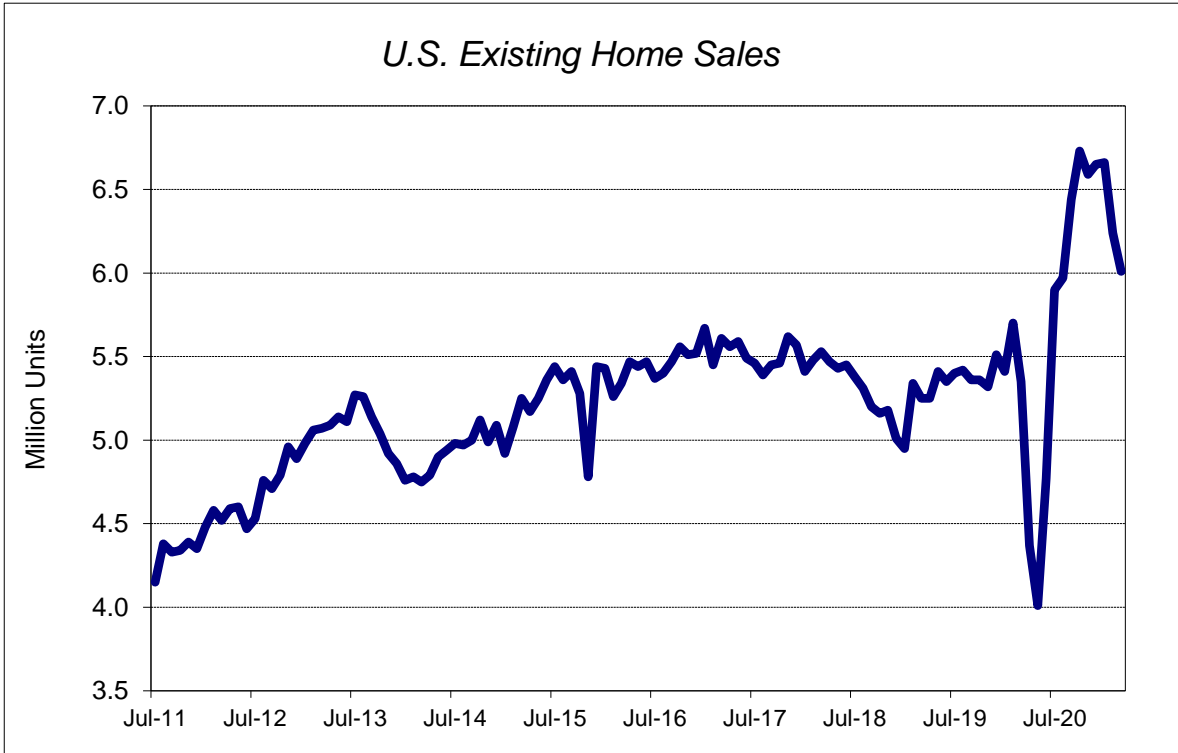
Source: Bureau of Labor Statistics

[return to text](#)





Seasonally Adjusted Annual Rate; Source: Department of Commerce

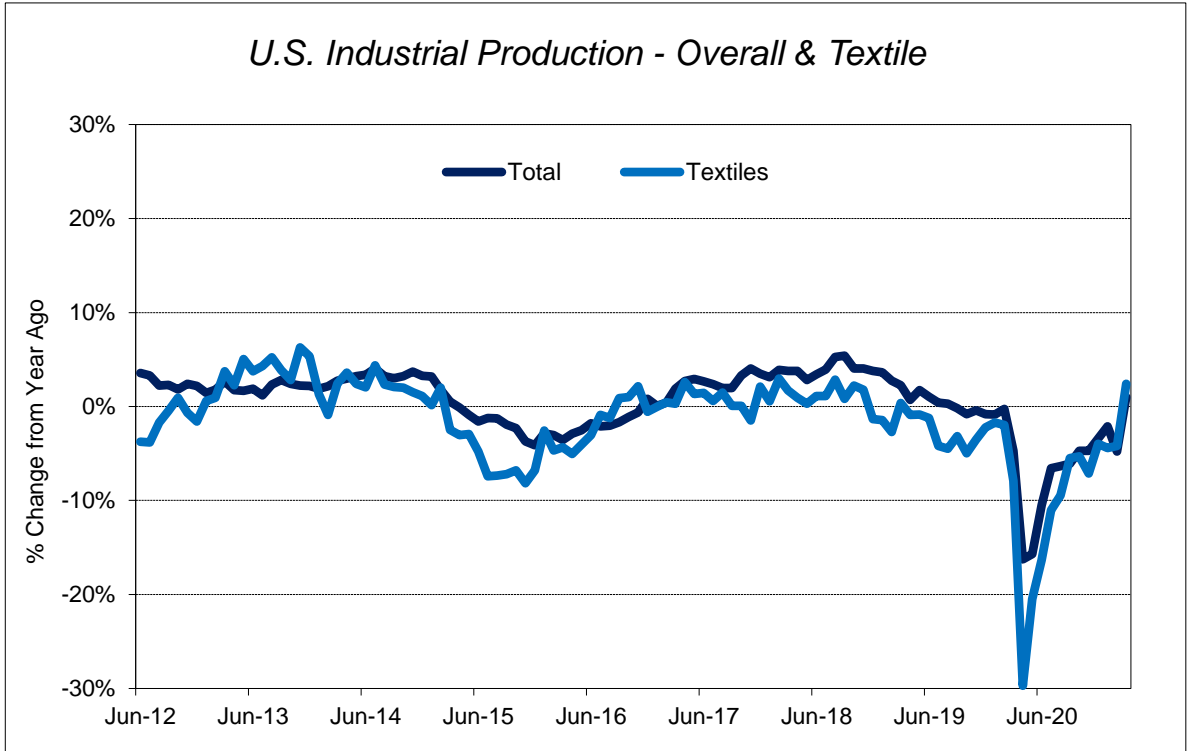


Seasonally Adjusted Annual Rate; Source: National Association of Realtors

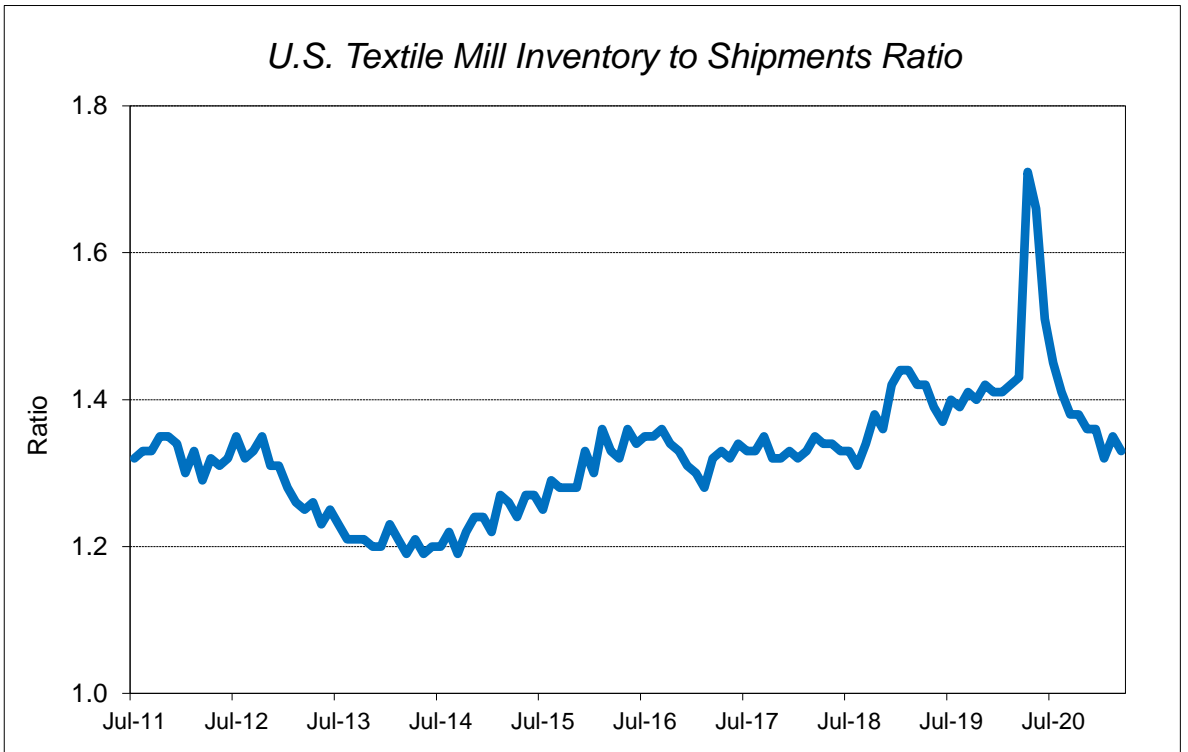
[return to text](#)







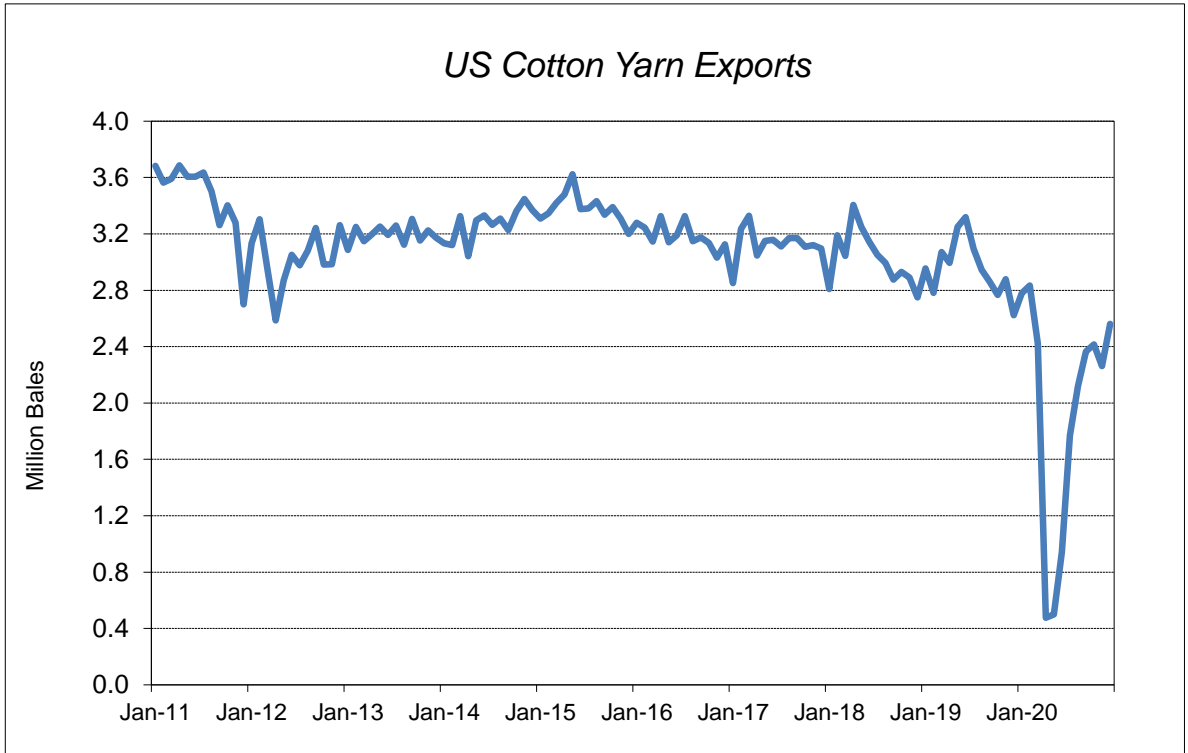
Source: Federal Reserve. Historical data revised to 1997 baseline.



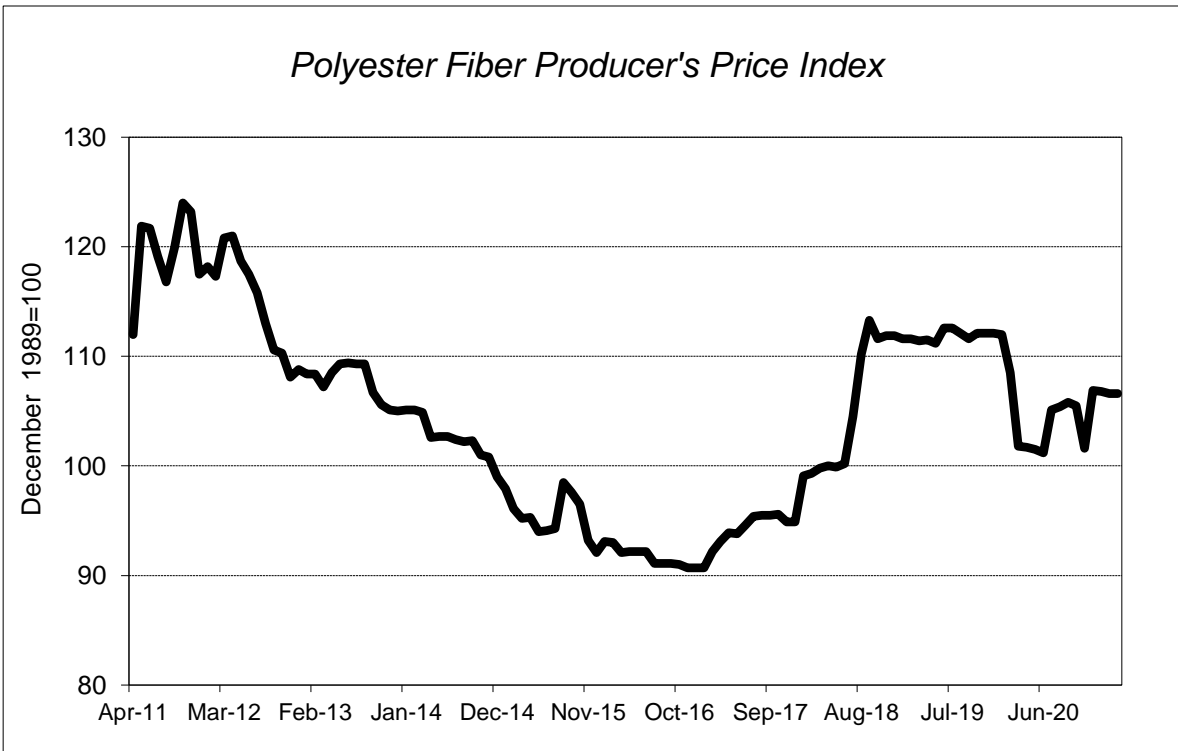
Seasonally Adjusted; Source: Department of Commerce

[return to text](#)





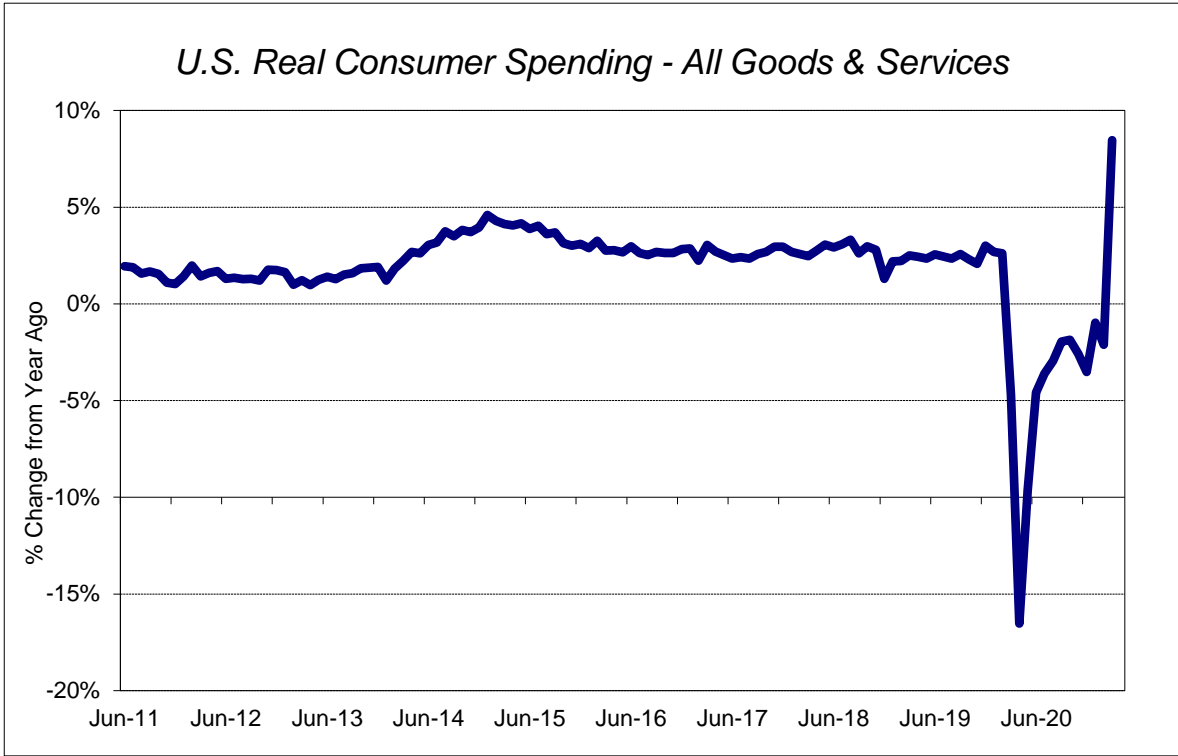
Seasonally Adjusted Annual Rate  
 Source: USDA ERS



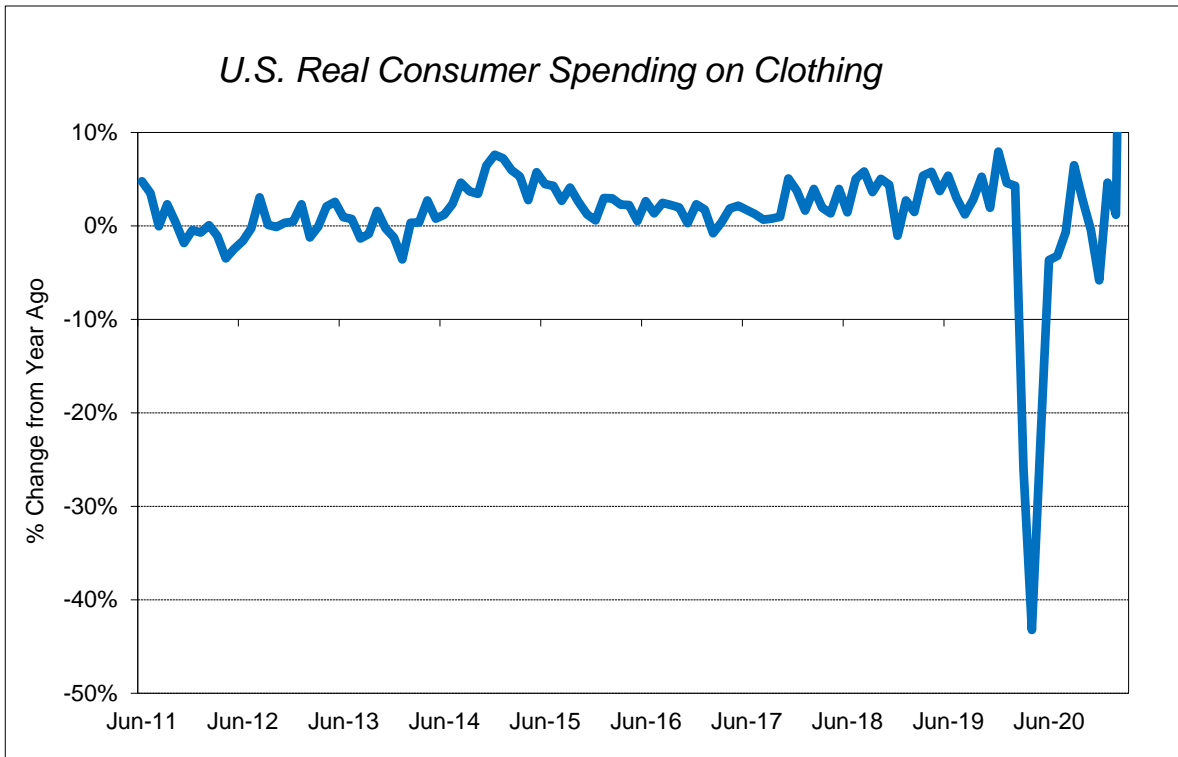
Source: Bureau of Labor Statistics

[return to text](#)





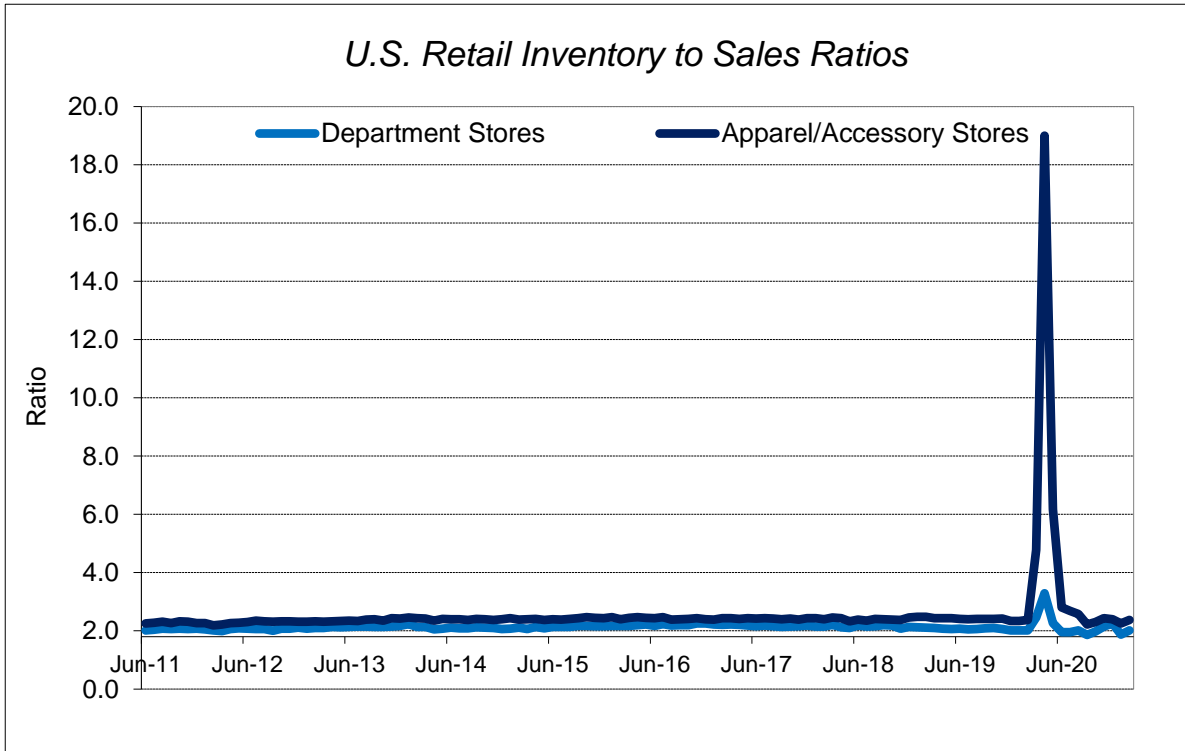
\*Based on chained 2005\$.



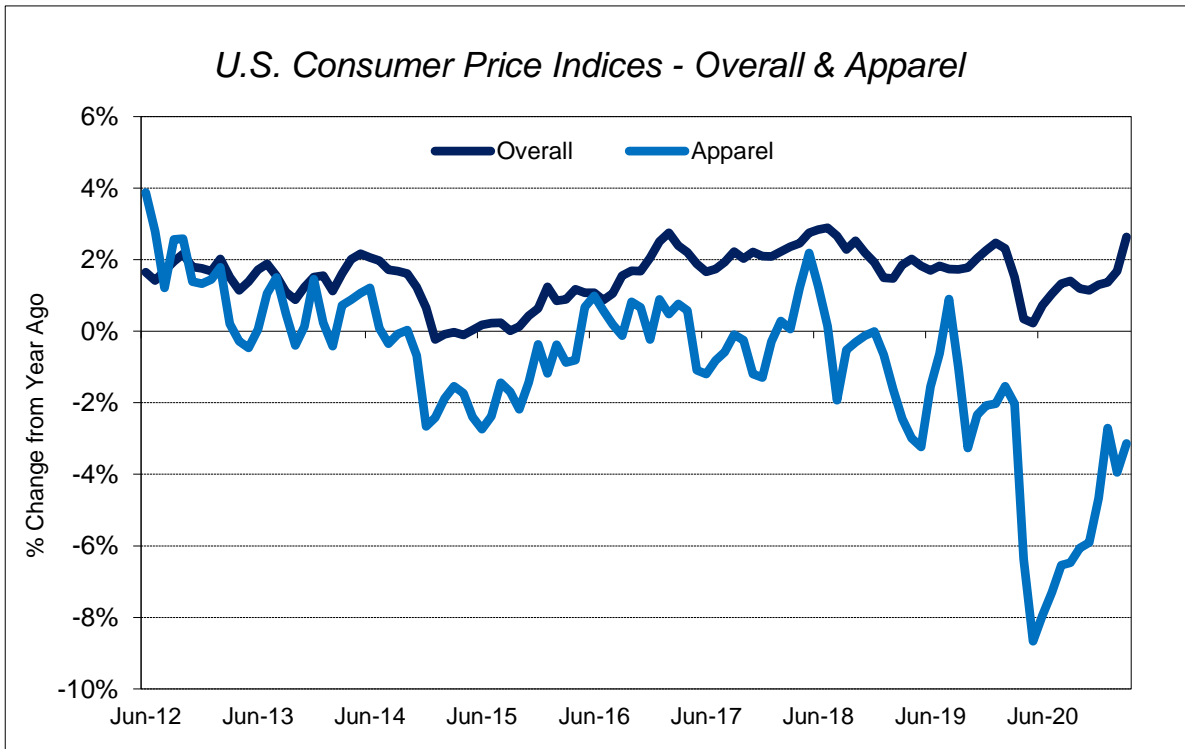
\*Based on chained 2005\$.

[return to text](#)





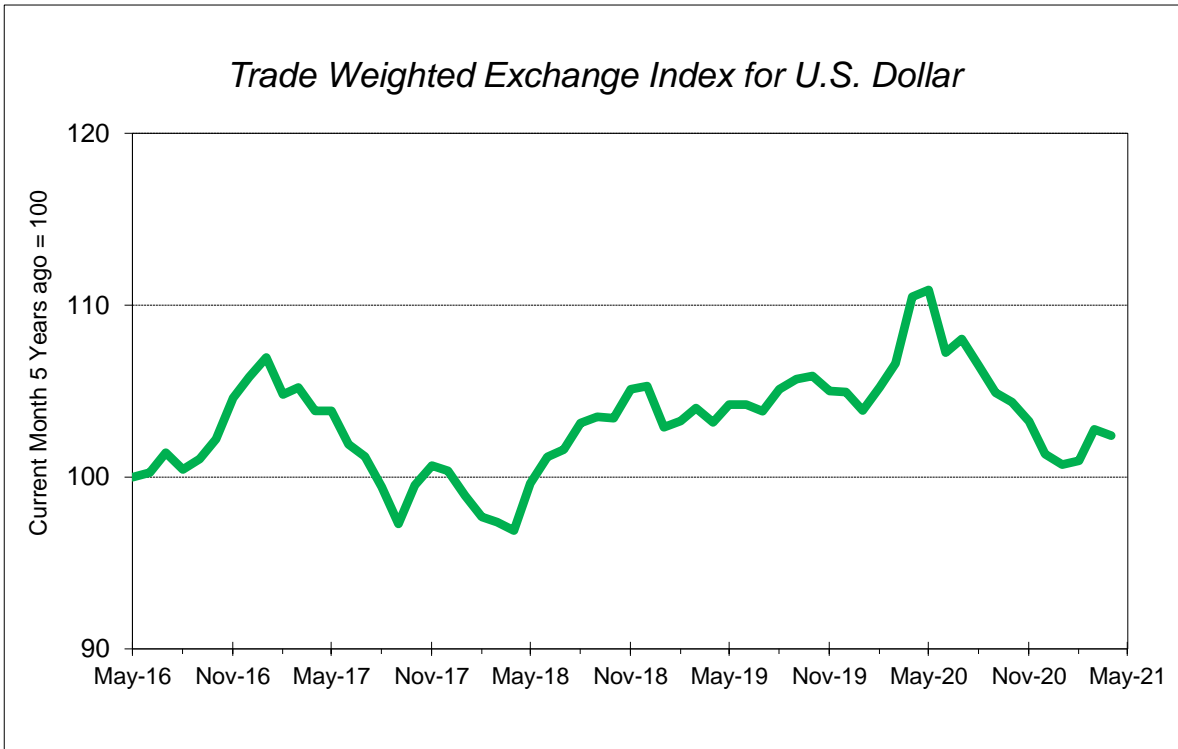
Source: Department of Commerce



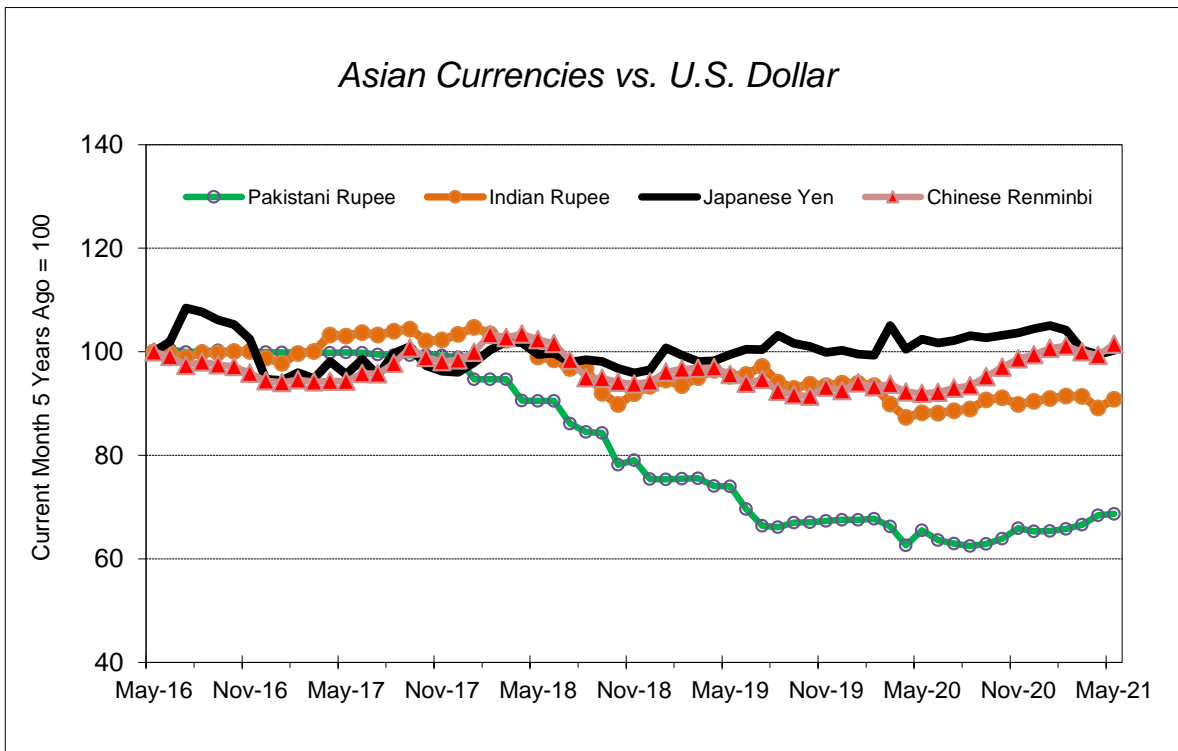
Source: Bureau of Labor Statistics

[return to text](#)





Source: Federal Reserve

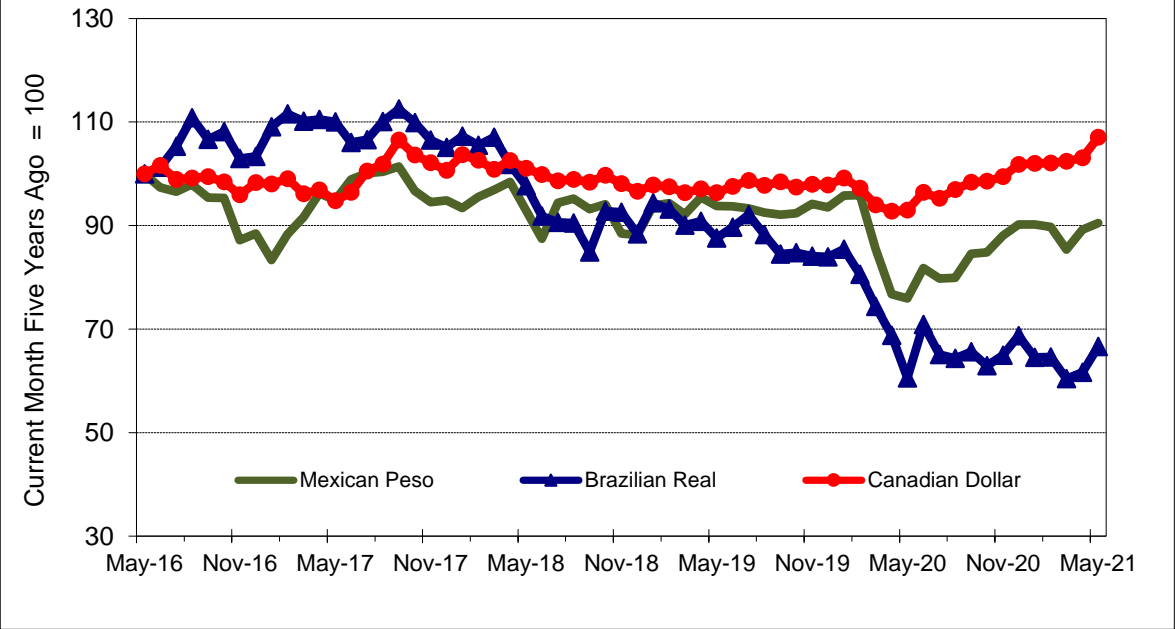


Source: Reuters

[return to text](#)

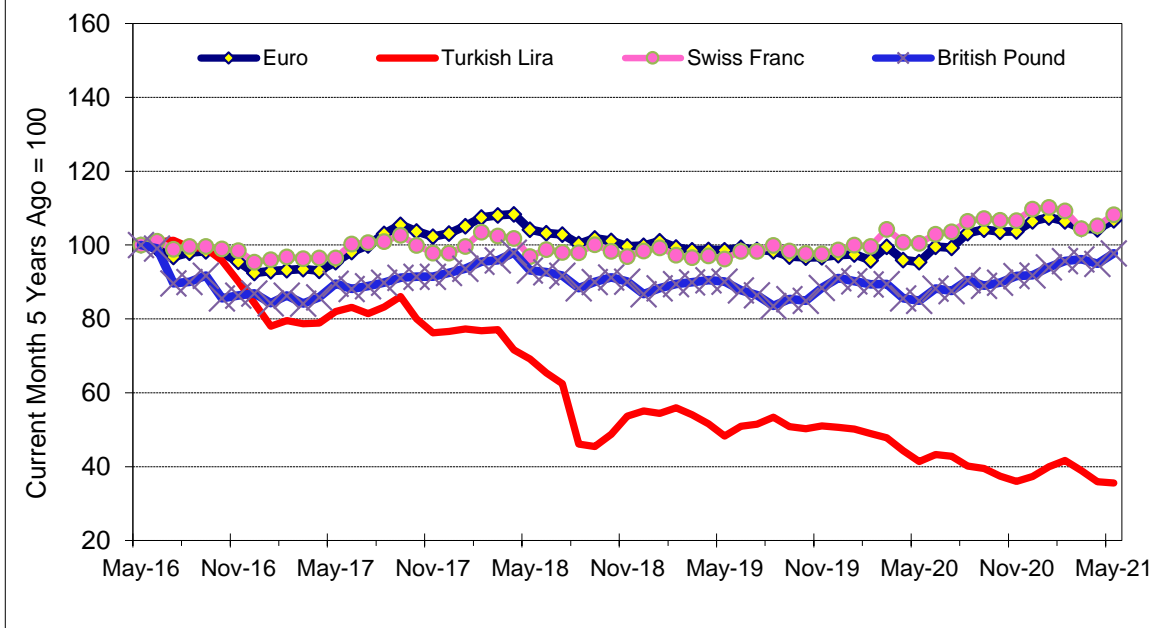


### North & South American Currencies vs. U.S. Dollar



Source: Reuters

### Index of European Currencies vs. U.S. Dollar



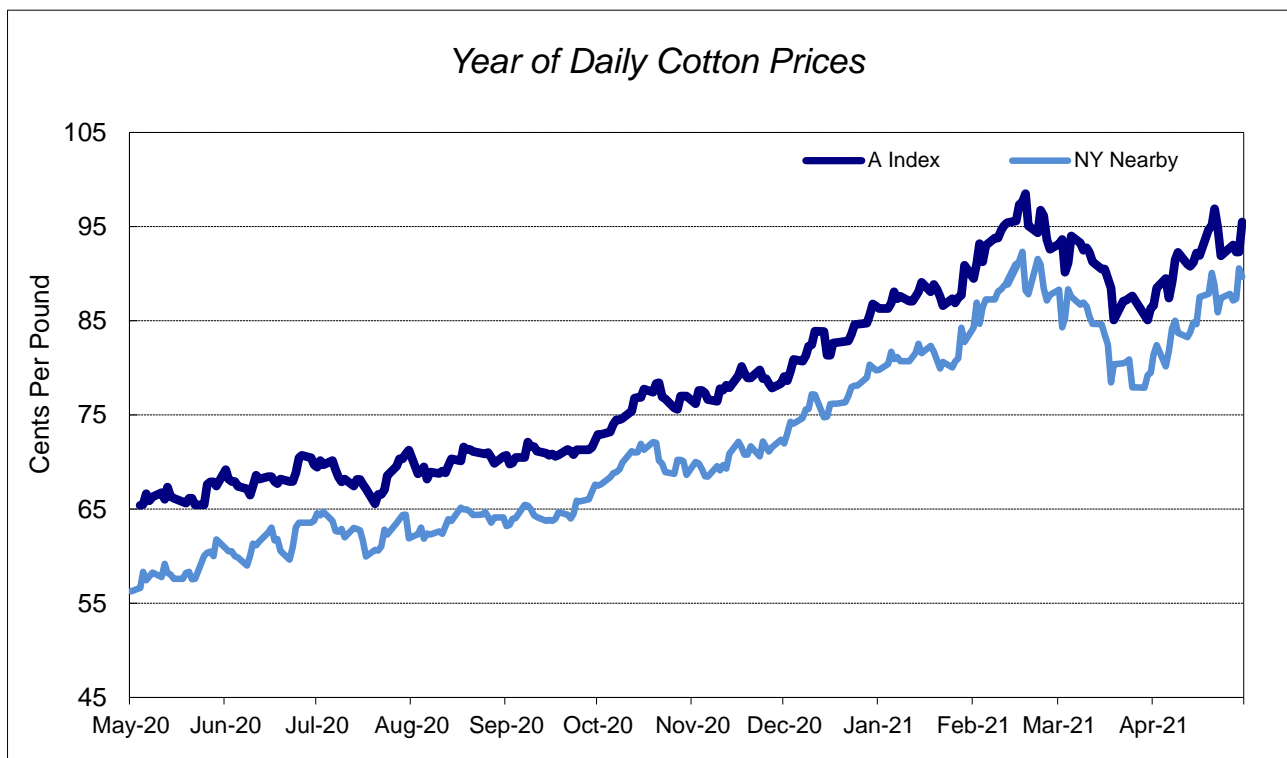
Source: Reuters

[return to text](#)



## U.S. Balance Sheet

million 480 lb. bales	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21
					March	April
Beginning Stocks	3.8	2.8	4.2	4.9	7.3	7.3
Production	17.2	20.9	18.4	19.9	14.7	14.7
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	21.0	23.7	22.6	24.8	22.0	22.0
Mill-Use	3.3	3.2	3.0	2.2	2.3	2.3
Exports	14.9	16.3	14.8	15.5	15.5	15.8
Demand	18.2	19.5	17.8	17.7	17.8	18.1
Ending Stocks	2.8	4.2	4.9	7.3	4.2	3.9
Stocks/Use Ratio	15.1%	21.5%	27.2%	41.0%	23.6%	21.6%



Sources: ICE Futures U.S. & Cotton Outlook

[return to text](#)

