

# Executive Cotton Update

U.S. Macroeconomic Indicators &  
the Cotton Supply Chain



April 2014

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

**거시경제 개요:** 연준의 재닛 옐런 신임 의장은 3 월 말 기자회견에서 미국 경제가 계속해서 저조한 실적을 보일 것임을 시사하였음. 옐런 의장은 또한 경제 상황이 조금씩 나아지고 있으나, 많은 미국인들에게는 이러한 회복이 여전히 경기 침체처럼 느껴질 것이며, 일부 경제 수치도 그렇게 보여지고 있음을 언급하였음. 계속해서 높은 수준을 유지하고 있는 경제 지표 중 하나는 실업률임. 2009 년 10 월 실업률이 10% 정점을 기록한 이후 하락하고는 있으나, 현재 실업률은 6.5%를 상회하고 있음.

연준은 완전고용을 유지하고, 물가 상승률을 통제하는 양대 책무를 가짐. 개념적으로 보면, 완전고용은 일자리를 얻고자 하는 모든 사람이 직장을 얻을 수 있으며, 물가 상승률이 안정되어 있는 노동 시장을 나타냄. 완전고용과 관련한 실업률은 논쟁거리이나, 연준 공개시장위원회는 장기적인 관점에서의 정상 실업률을 5.2~5.6% 사이로 생각한다고 밝혔음. 현 실업률은 6.7%로 이러한 목표보다 훨씬 높은 수치이며, 이러한 노동시장의 부진으로, 임금은 상승되지 않았으며 물가 상승률은 관심대상이 아니었음.

복합적으로 이러한 요인들은 연준이 경제 활성화를 위해 추구해온 저금리 정책이 지속될 것임을 암시하고 있음. 저금리 정책은 차량, 주택과 같은 고가 품목에 대한 소비자 지출을 장려할 수 있음. 또한, 이들 품목에 대한 높은 수요는 고용과 제조를 증가시킬 수 있음. 저금리 정책은 기업이 지출 증가를 장려하므로, 이러한 지출 증가가 신규 설비나 신규 고용에 대한 투자로 이어질 수 있도록 함. 그럼에도, 지난 수년간 이어진 장기화 된 저금리 시대는 실업률을 경기 불황 전 수준으로 끌어내리는 데 충분한 동력을 제공하지 못하였음.

**고용:** 금년 2 월 미국 경제는 192,000 개의 일자리를 추가하였음. 1 월(15,000 개가 추가되어 129,000 개에서 144,000 개로 조정), 2 월(22,000 개가 추가되어 175,000 개에서 197,000 개로 조정)의 기존 전망치 조정은 전월 전망보다 37,000 개의 일자리가 더 창출되었음을 나타냄. 2014 년 1 분기의 월평균 일자리 증가는 195,000 개임. 증가 속도는 2012 년 1 분기(276,000 개), 2013 년 1 분기(206,000 개)보다 둔화되었으나, 지난 36 개월의 평균치와 비슷한 움직임을 보이고 있음. 실업률은 6.7%로 전월과 변동 없었음.

**소비자 신뢰도와 지출:** Conference Board 의 3 월 소비자 신뢰지수는 4.0 포인트 상승한 82.3 이며, 이는 2008 년 2 월 이후 최고치임. 일자리 증가가 이러한 상승의 주요한 원인으로 보임. 최근 몇 년 중 가장 매서운 추위를 기록한 금번 겨울철이 지나며, 3 월 들어 다소 누그러진 날씨 역시 이러한 상승 움직임에 기여한 요인임. 날씨 상황은 미 상무부의 최근 월 지출 수치에 영향을 미쳤음. 2 월 전체 지출은 전월대비 0.2% 증가하였으며, 의류 지출은 1.0% 증가한 것으로 전망되었음. 전년과 비교하여 지난 2 월 전체 지출은 2.1% 증가하였으며, 의류 지출은 전년대비 0.5%만 증가하였음. 의류 지출의 전년대비 증가율은 경기침체 직후의 전체 지출보다 높으나, 의류 지출은 2011 년 이후 증가가 둔화되고 있음. 전체 재화 및 용역에 대한 지출의 2013 년 성장률은 전년대비 평균 2.0% 올랐으며, 의류는 1.4% 상승하였음. 2012 년 전체 재화 및 용역 성장률은 2.2%였으며, 의복은 0.9%였음.

**소비자 가격 & 수입 실적:** 지난 2 월 최근 자료에서, 전체 재화 및 용역에 대한 CPI 는 전월대비 0.1% 상승하였으며, 의류 CPI 는 0.4% 하락하였음. 전년대비, 2 월 전체 가격은 1.1% 상승하였으며, 의복 가격은 0.3% 하락하였음. 의류 CPI 는 섬유가격 폭등전보다 약 7% 높은 수준이었던 2012 년 봄 안정 상태에 이른 후로 큰 변동이 없었음.

리테일 가격과 마찬가지로, 면제의류에 대한 SME 당 평균 수입 가격은 2012 년 봄 이후 안정적인 상태임. 섬유 가격 폭등에 이어 최고 가격 부근을 기록하였던 리테일 의류 가격과 다르게, 수입의류 가격은 피크 가격과 비교할 때 하락하였음. 지난 2 월 최근 수입 자료에 따르면, 면제 의류의 계절조정 가격은 SME 당 3.47 달러로 2011 년 9 월의 섬유 가격 폭등 후 3.78 달러보다 7% 낮은 수치임.

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## U.S. Macroeconomic Indicators & the Cotton Supply Chain



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**Macroeconomic Overview:** In comments made at a press conference at the end of March, the newly appointed chairwoman of the Federal Reserve, Janet Yellen, indicated that the U.S. economy continues to underperform. Conditions have been improving gradually, but Ms. Yellen indicated that “The recovery still feels like a recession to many Americans, and it looks that way in some economic statistics.” One economic statistic that has remained stubbornly high is the unemployment rate. Even with the declines since the peak of 10% in October 2009, the unemployment has held to values over 6.5%.

The Federal Reserve has a dual mandate that requires it to maintain full employment and keep inflation under control. As a concept, full employment describes a labor market in which everyone who wants a job can find one without causing excessive inflation. The unemployment rate associated with full employment is a matter of debate, but the Federal Reserve Open Market Committee has indicated that it considers the long run normal rate of unemployment to be between 5.2% and 5.6%. At 6.7%, the current unemployment rate remains well above this target. With slack in the labor market, wage rates have not been increasing, and inflation has not been a concern.

In combination, these factors suggest the low interest rate policies the Federal Reserve has pursued to stimulate the economy will continue. Low interest rates can encourage consumer spending on big ticket items like cars and houses. In turn, higher demand for these goods can increase employment and manufacturing. Low interest rates can also encourage businesses to increase spending, which could lead to investments in new equipment and new employees. Nonetheless, the prolonged period of low interest rates over the past several years has failed to stimulate sufficient hiring to pull the unemployment rate back to pre-recessionary levels.

**Employment:** The U.S. economy was estimated to have added 192,000 jobs in February. Revisions to existing figures for January (+15,000, from +129,000 to +144,000) and February (+22,000, from +175,000 to +197,000) indicated that 37,000 more positions were created than previously estimated. In the first quarter of 2014, monthly job gains averaged 195,000. This growth is slower than the first quarters of 2012 (+276,000) and 2013 (+206,000), but is nearly in line with the average over the last thirty-six months. The unemployment rate was unchanged at 6.7%.

**Consumer Confidence and Spending:** The Conference Board’s Index of Consumer Confidence increased 4.0 points in March. At its current value of 82.3, the index is at its highest level since February 2008. Job growth continues to be a likely contributor to improvement. The weather, which became milder in March after one of the most intense winter seasons in recent years, could also be a factor lifting spirits.

Winter conditions were still present during the month of the latest Department of Commerce consumer spending figures. In February, overall spending was estimated to have risen 0.2% month-over-month; apparel spending was estimated to have risen 1.0%. Year-over-year, overall spending was 2.1% higher in February; apparel spending was up only 0.5%. Although year-over-year spending growth for apparel was stronger than overall spending immediately after the recession, spending on clothing has grown more slowly since 2011. Year-over-year spending growth for all good and services increased an average of 2.0% in 2013, for apparel it was 1.4%. In 2012, it was 2.2% overall and 0.9% for apparel.

**Consumer Prices & Import Data:** The CPI for all goods and services increased 0.1% month-over-month in the latest data for February; the CPI for apparel decreased 0.4%. Year-over-year, overall prices were up 1.1% in February; prices for garments were 0.3% lower. The CPI for apparel has been generally unchanged since reaching a plateau in the spring of 2012 which is approximately 7% higher than values before the spike in fiber prices.

Similar to retail prices, the average cost per square-meter-equivalent (SME) of cotton-dominant imported apparel has been stable since the spring of 2012. Unlike retail apparel prices, which have been stable at values near the high point set in the wake of the fiber price spike, the cost of imported apparel has declined relative to its peak. In the latest available import data for February, the seasonally-adjusted cost for cotton-dominant apparel was \$3.47/SME, which is almost 7% below the post-fiber-spike high of \$3.78 set in September 2011.

### 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  
April 2014



### Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q2 : 2013	Q3 : 2013	Q4 : 2013		
Growth in US Real GDP	1.8%	2.2%	3.4%	2.6%	2.5%	4.1%	2.6%	% Chg. Quarter/Quarter	Department of Commerce

### Monthly 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	53.8	53.1	54.7	52.7	51.3	53.2	53.7	Index	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	53.4	54.3	53.5	52.9	54.0	51.6	53.1	Index	Institute for Supply Management
Consumer Confidence	62.1	67.2	77.0	80.0	79.4	78.3	82.3	Index	The Conference Board
Change in Non-Farm Payrolls	91.3	187.0	188.0	177.7	144	197	192	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	8.6%	7.9%	6.8%	6.7%	6.6%	6.7%	6.7%	Rate	Bureau of Labor Statistics

### Monthly 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 Interest Rates									
Federal Funds	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	Interest rate	Federal Reserve
10-year Treasury Bill	2.7%	2.3%	2.8%	2.8%	2.7%	2.9%	2.9%	Interest rate	Federal Reserve
Index of Leading Economic Indicators	90.8	94.6	99.2	99.6	99.2	99.3	99.8	Index	The Conference Board
Housing Starts	7.1	7.9	9.5	9.5	1.1	1.0	0.9	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.5	4.7	4.9	4.7	4.8	4.9	4.6	Annual pace, millions of units	National Association of Realtors

### Industrial and Textile Data

Monthly 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	93.9	97.4	101.3	101.6	101.4	101.5	101.3	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	107.4	107.1	105.4	104.9	104.9	104.9	105.0	Index, December 2003=100	Bureau of Labor Statistics

### Monthly 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		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.2	3.2	3.2	3.2	3.3	3.1	3.1	million 480lb bales	USDA ERS

### Monthly 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	1.30	1.29	1.27	1.29	1.27	1.26	1.32	Ratio	Department of Commerce

### Retail Data

Monthly 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	1.6%	2.2%	2.2%	2.2%	2.1%	2.2%	2.0%	% Chg. Year/Year	Department of Commerce
Clothing and Shoes	1.5%	1.6%	0.8%	0.0%	1.5%	1.7%	3.0%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	1.7%	2.2%	1.2%	1.4%	1.2%	1.5%	1.6%	% Chg Year/Year	Bureau of Labor Statistics
Apparel	1.4%	2.3%	0.2%	0.3%	0.0%	1.1%	0.2%	% Chg. Year/Year	Bureau of Labor Statistics

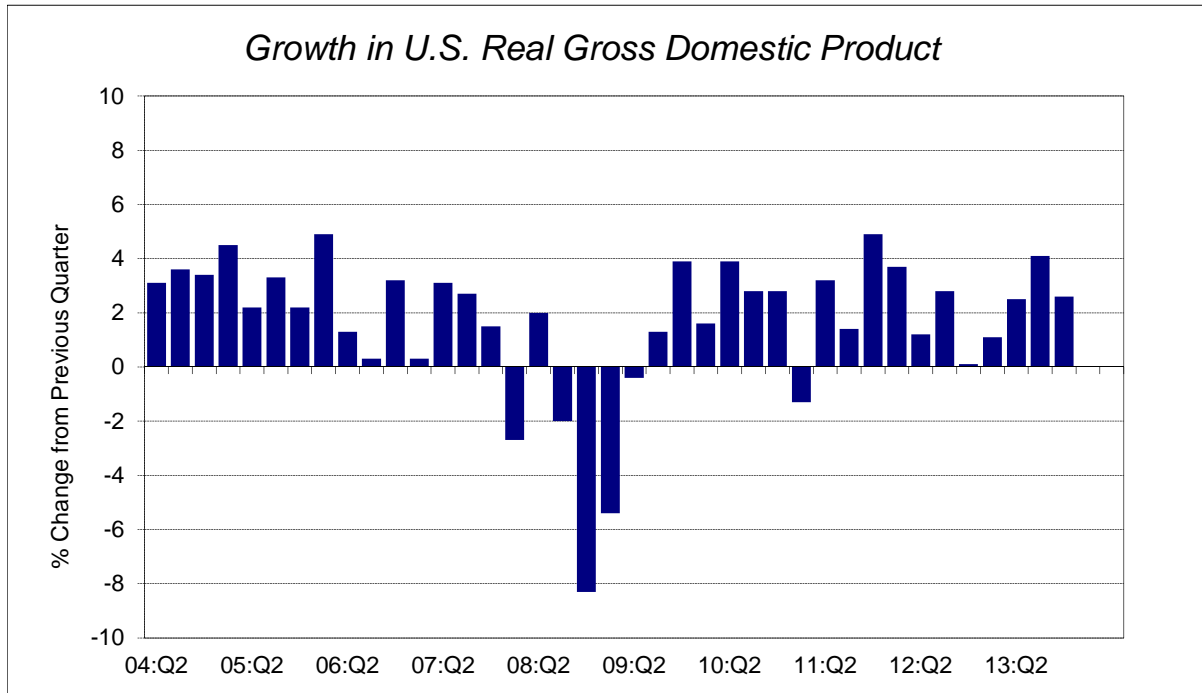
### Monthly Series with Latest Data for January

	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	2.4	2.3	2.3	2.3	2.4	2.3	2.3	Ratio	Department of Commerce
Department Stores	2.1	2.1	2.2	2.2	2.2	2.2	2.1	Ratio	Department of Commerce

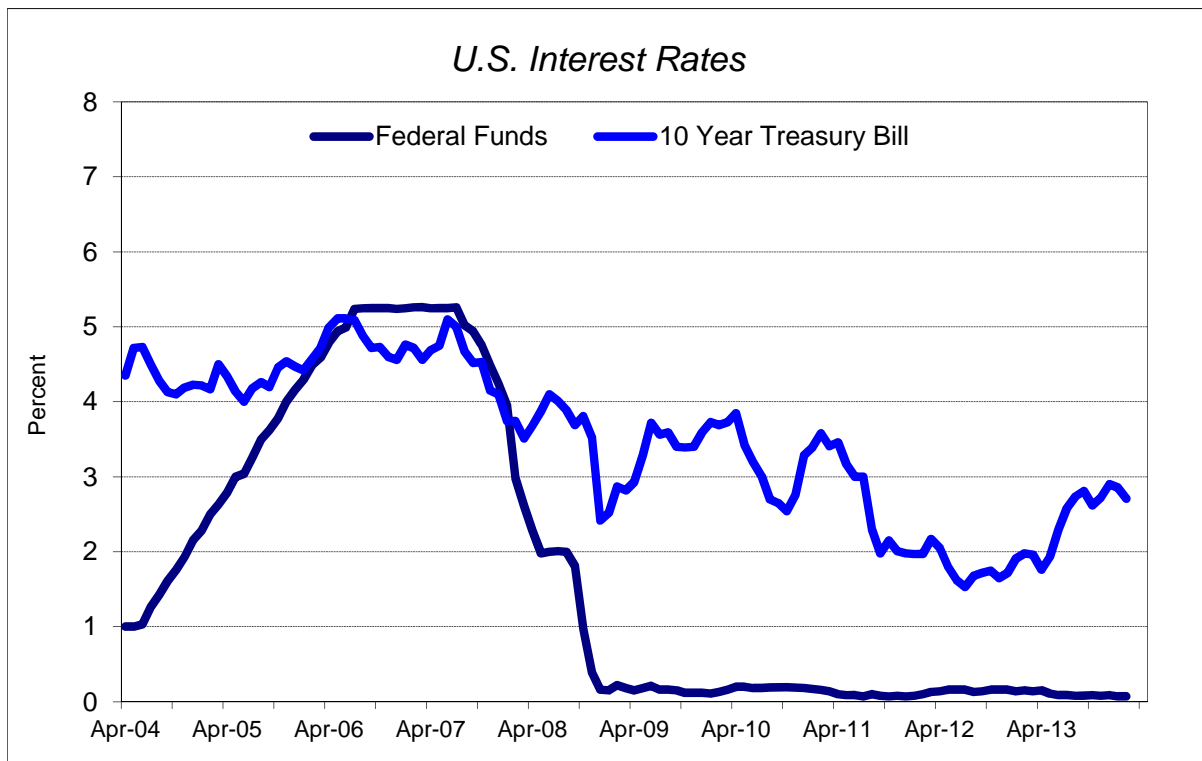
Executive Cotton Update  
Daily Cotton Price and Currency Data  
April 2014



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	91.8	93.2	83.3	85.9	82.9	85.4	89.2	cents/pound	ICE
A Index	100.4	101.1	89.7	91.8	89.1	92.0	94.3	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	100.8	99.8	102.3	103.1	102.4	103.6	103.3	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	6.47	6.27	6.09	6.08	6.05	6.06	6.14	Chinese Renminbi/US dollar	Reuters
Indian Rupee	51.03	54.02	62.08	62.26	62.21	62.62	61.95	Indian Rupee/US dollar	Reuters
Japanese Yen	88.25	87.27	101.07	102.67	104.48	101.40	102.14	Japanese Yen/US dollar	Reuters
Pakistani Rupee	90.80	95.25	106.21	105.19	105.33	105.43	104.82	Pakistani Rupee/US dollar	Reuters
North & South American Currencies									
Brazilian Real	1.91	1.98	2.33	2.38	2.38	2.42	2.34	Brazilian Real/US dollar	Reuters
Canadian Dollar	1.03	1.02	1.07	1.09	1.06	1.11	1.11	Canadian dollar/US dollar	Reuters
Mexican Peso	12.85	12.86	13.16	13.26	13.08	13.42	13.27	Mexican Peso/US dollar	Reuters
European Currencies									
British Pound	0.63	0.63	0.61	0.61	0.61	0.61	0.60	British Pound/US dollar	Reuters
Euro	0.74	0.75	0.74	0.73	0.73	0.74	0.73	Euro/US dollar	Reuters
Swiss Franc	0.96	0.91	0.90	0.90	0.90	0.90	0.89	Swiss Franc/US dollar	Reuters
Turkish Lira	1.71	1.84	2.12	2.21	2.18	2.25	2.21	Turkish Lira/US dollar	Reuters



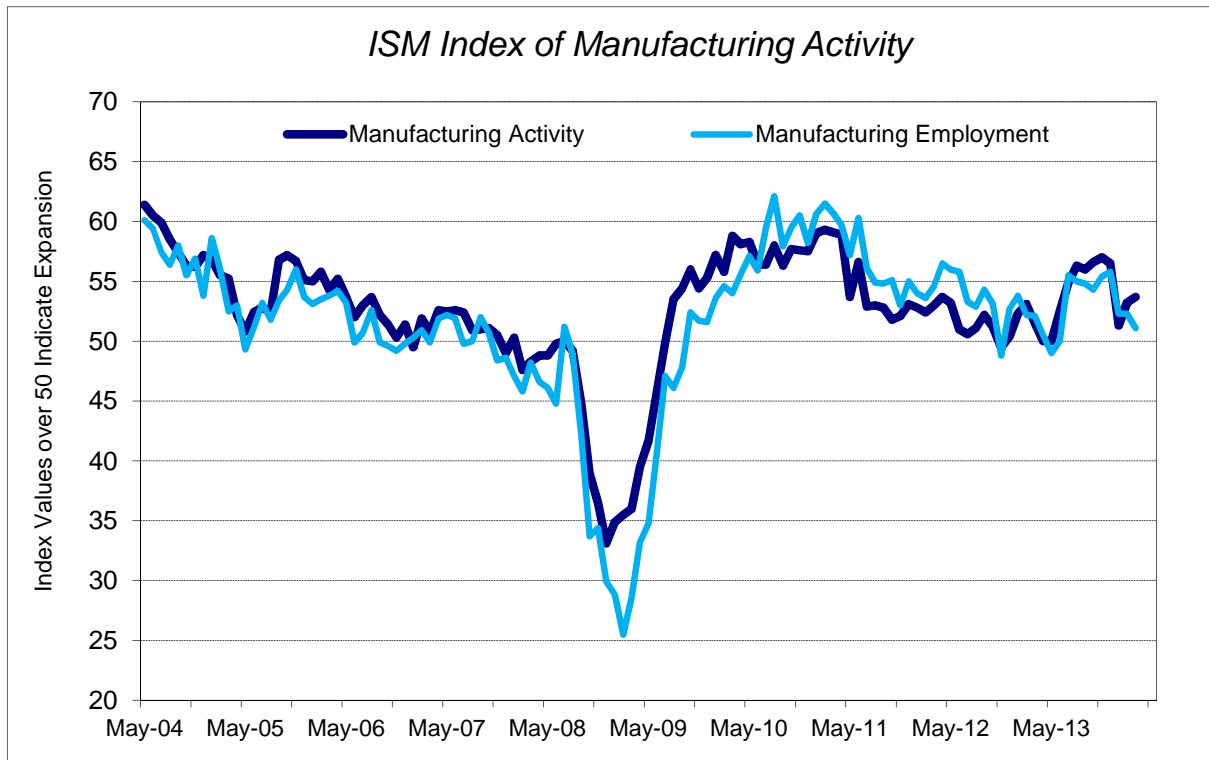
Seasonally Adjusted Annual Rate; Source: Department of Commerce  
 \*Based on chained 2005\$.



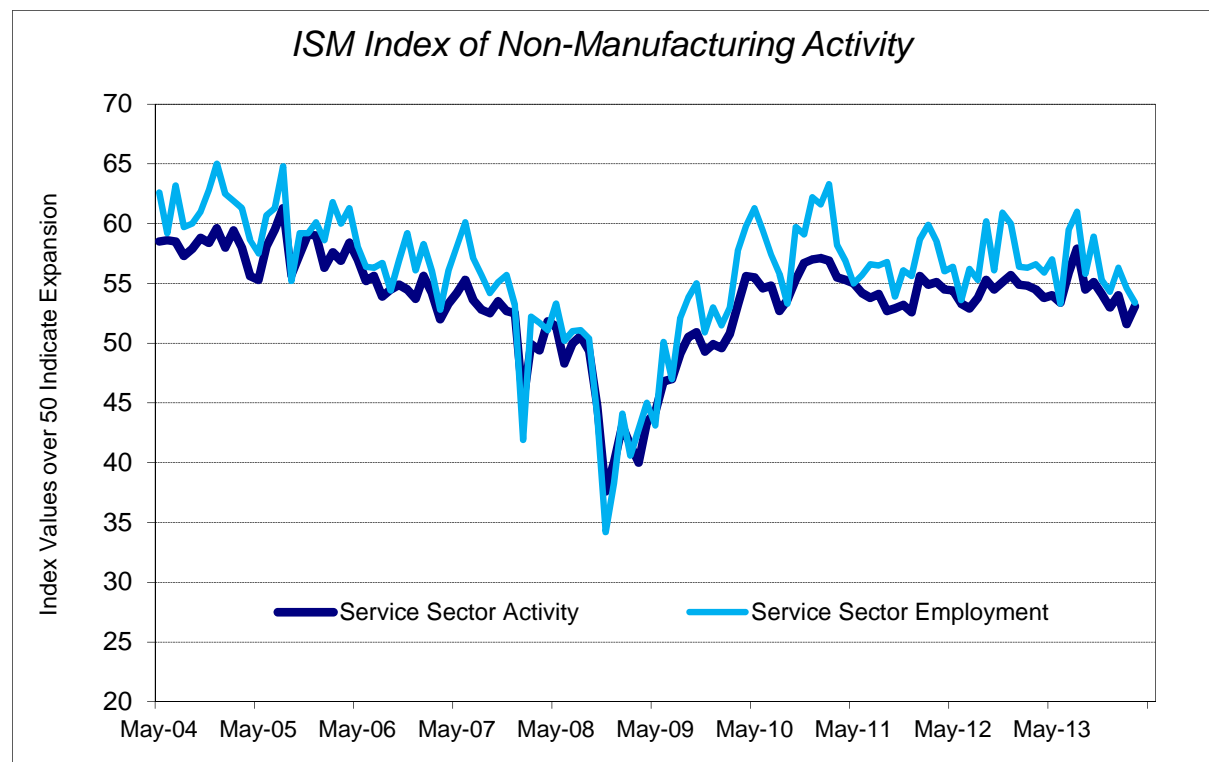
Source: Federal Reserve

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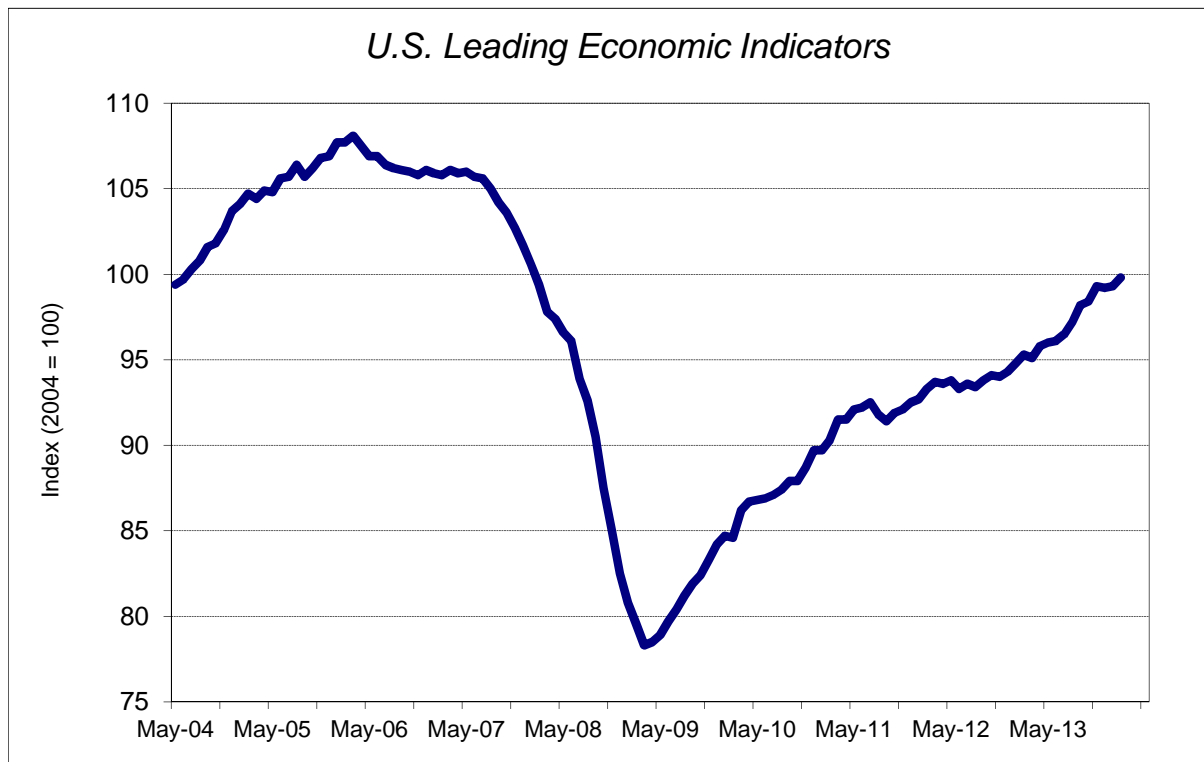


Source: Institute for Supply Chain Management

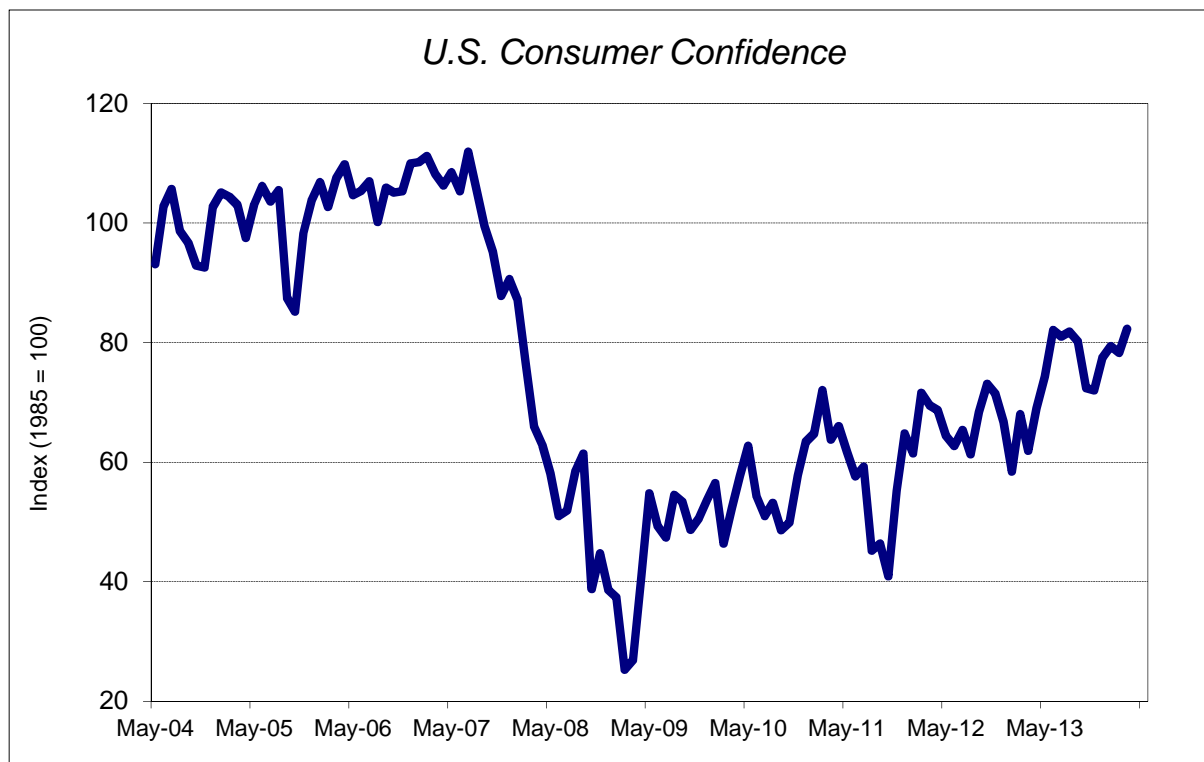


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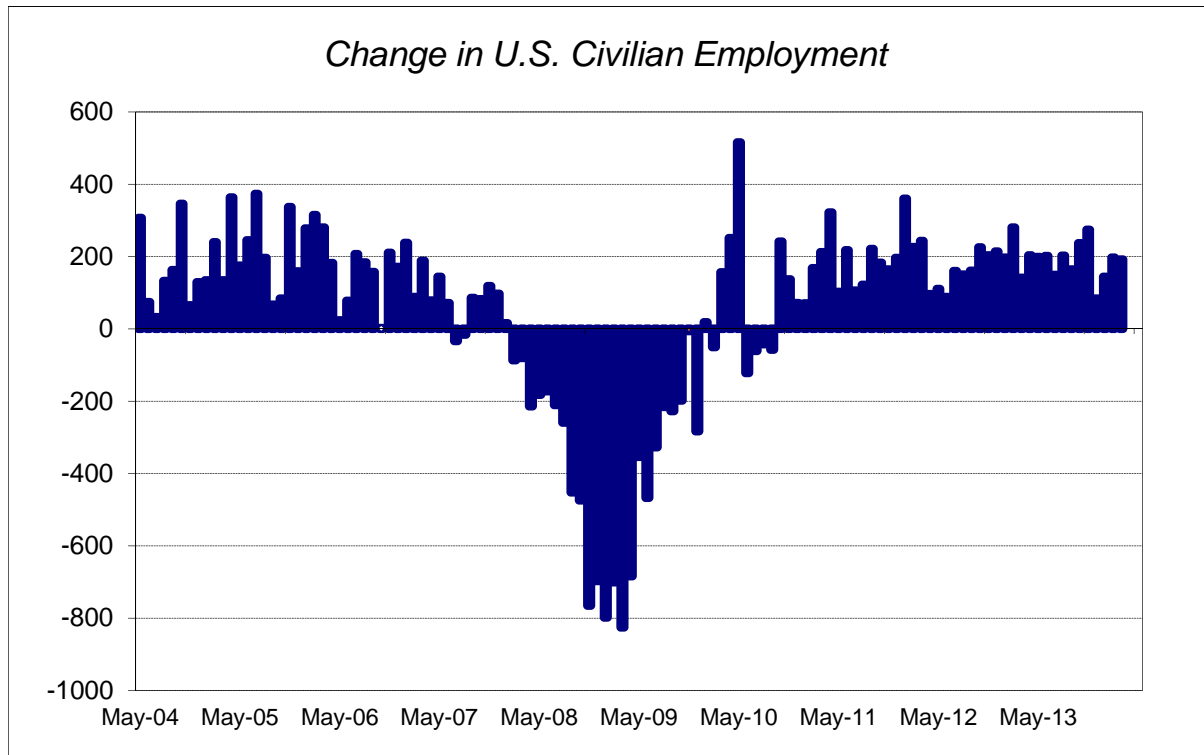
Source: The Conference Board



Source: The Conference Board

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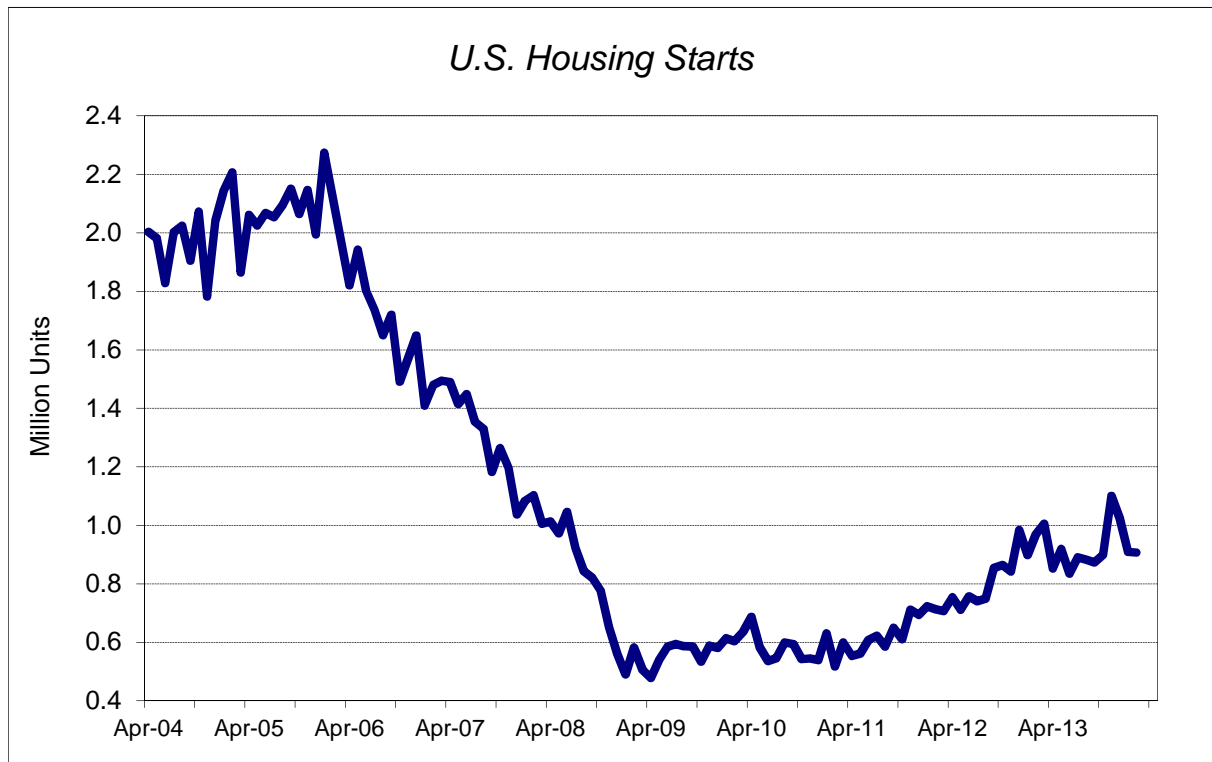
Source: Bureau of Labor Statistics



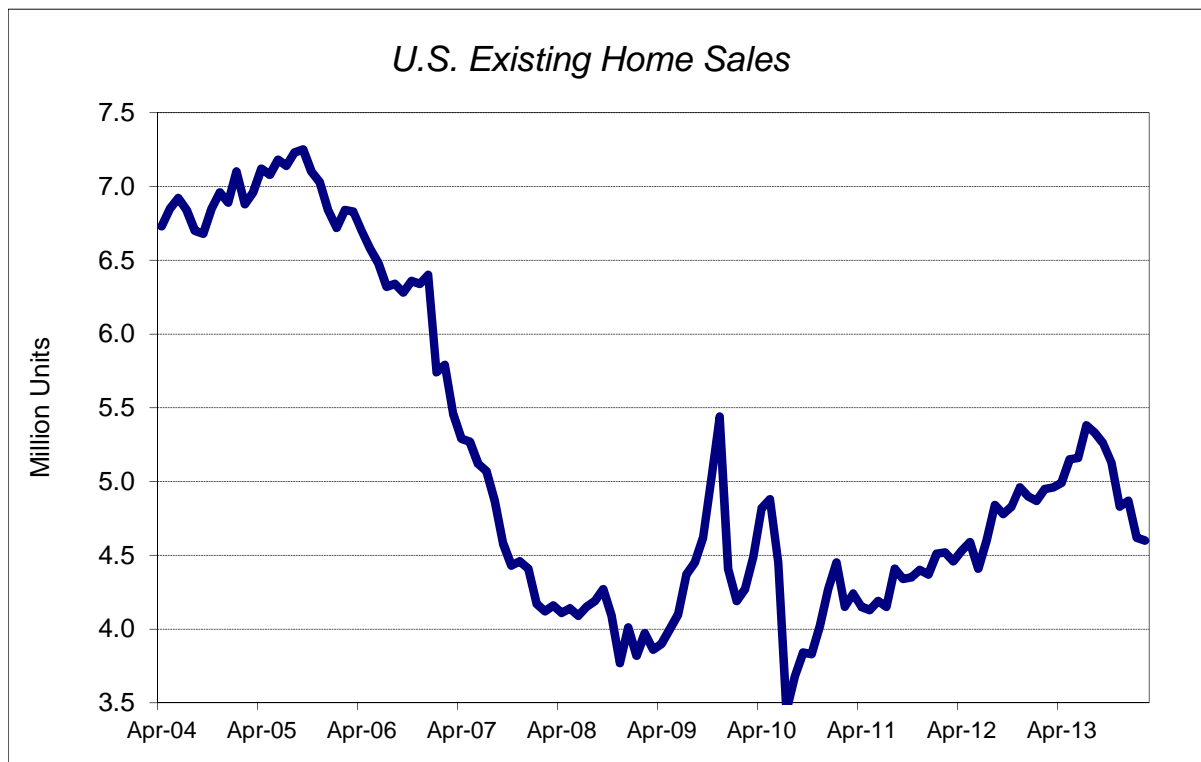
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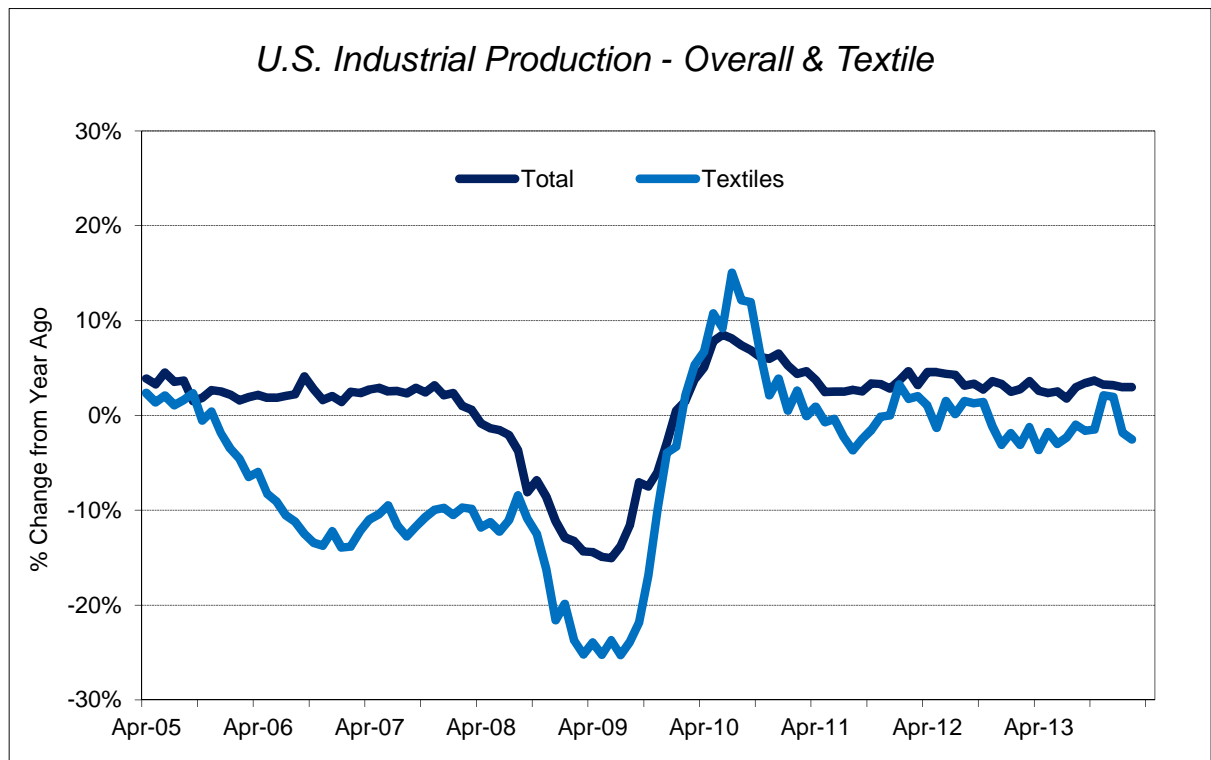
Seasonally Adjusted Annual Rate; Source: Department of Commerce



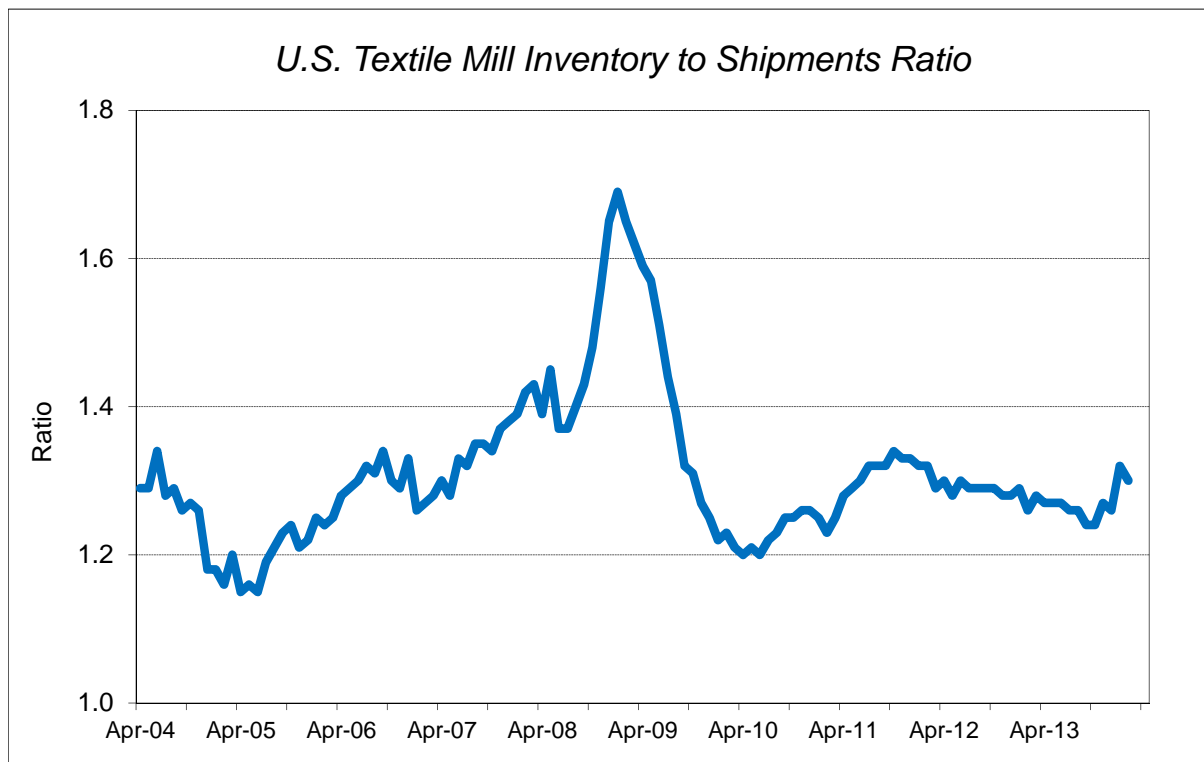
Seasonally Adjusted Annual Rate; Source: National Association of Realtors

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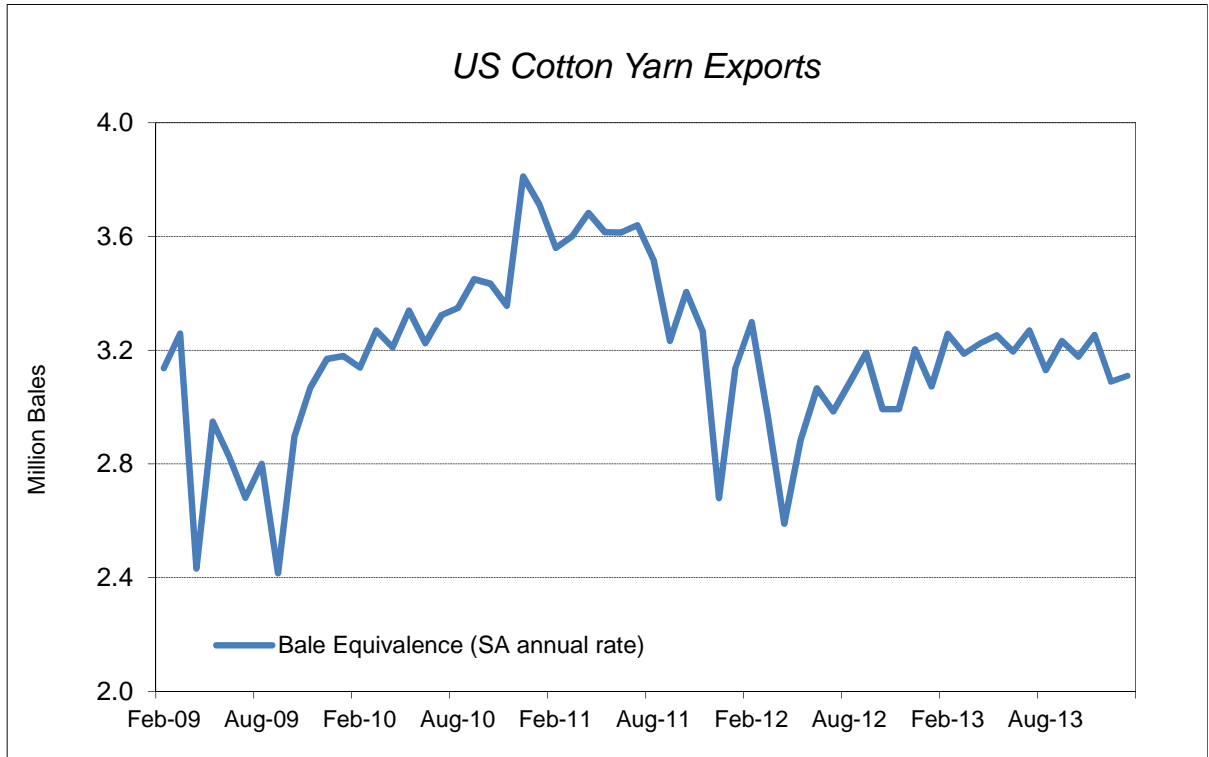
Source: Federal Reserve. Historical data revised to 1997 baseline.



Seasonally Adjusted; Source: Department of Commerce

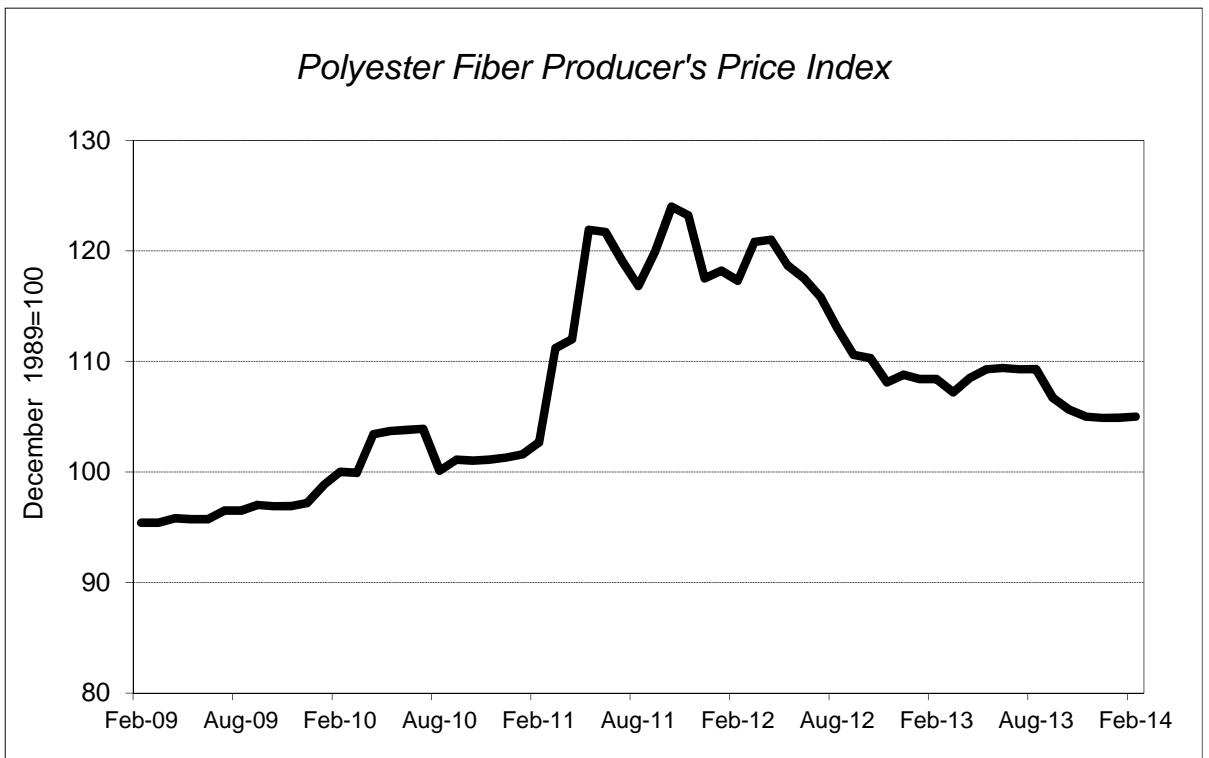
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Seasonally Adjusted Annual Rate

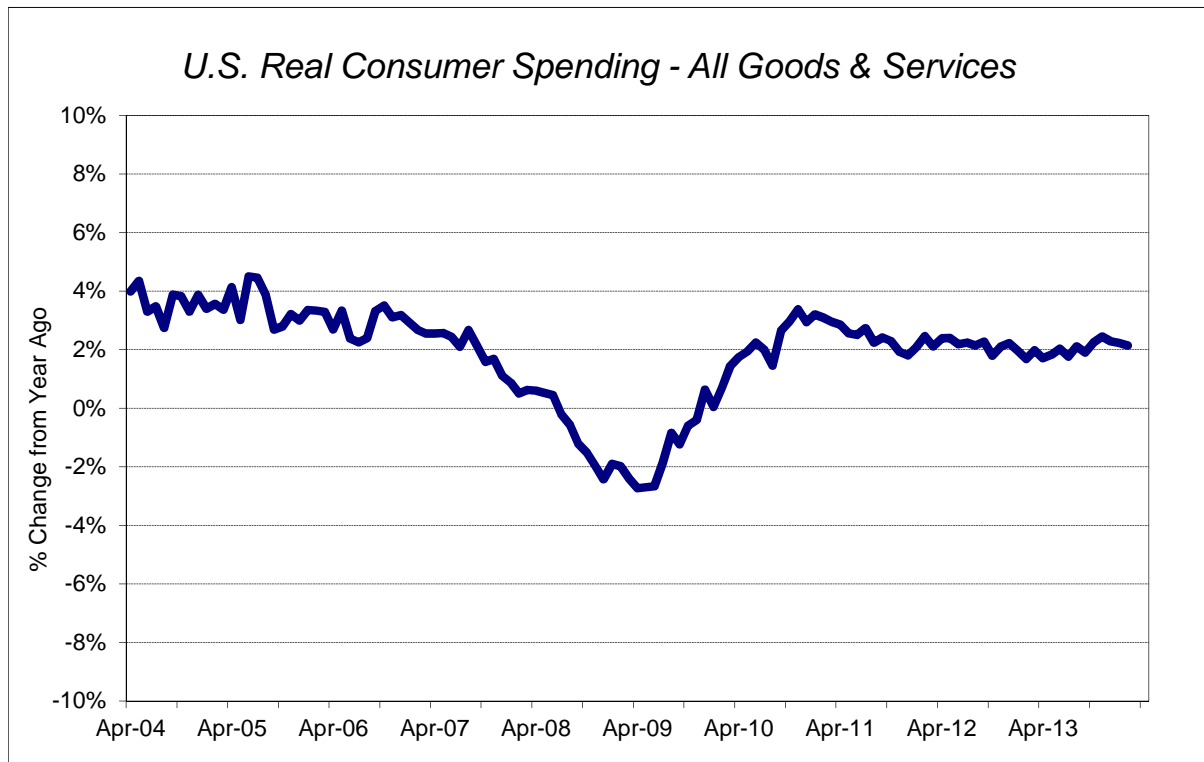
Source: USDA ERS



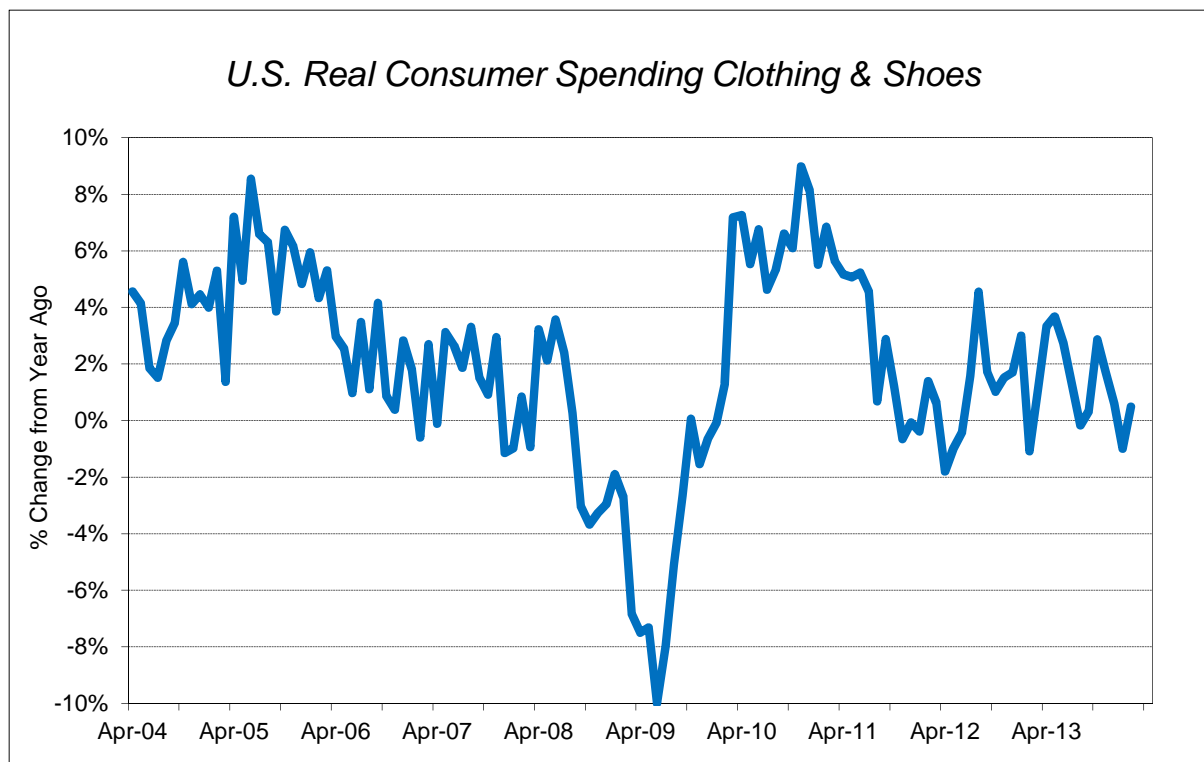
Source: Bureau of Labor Statistics

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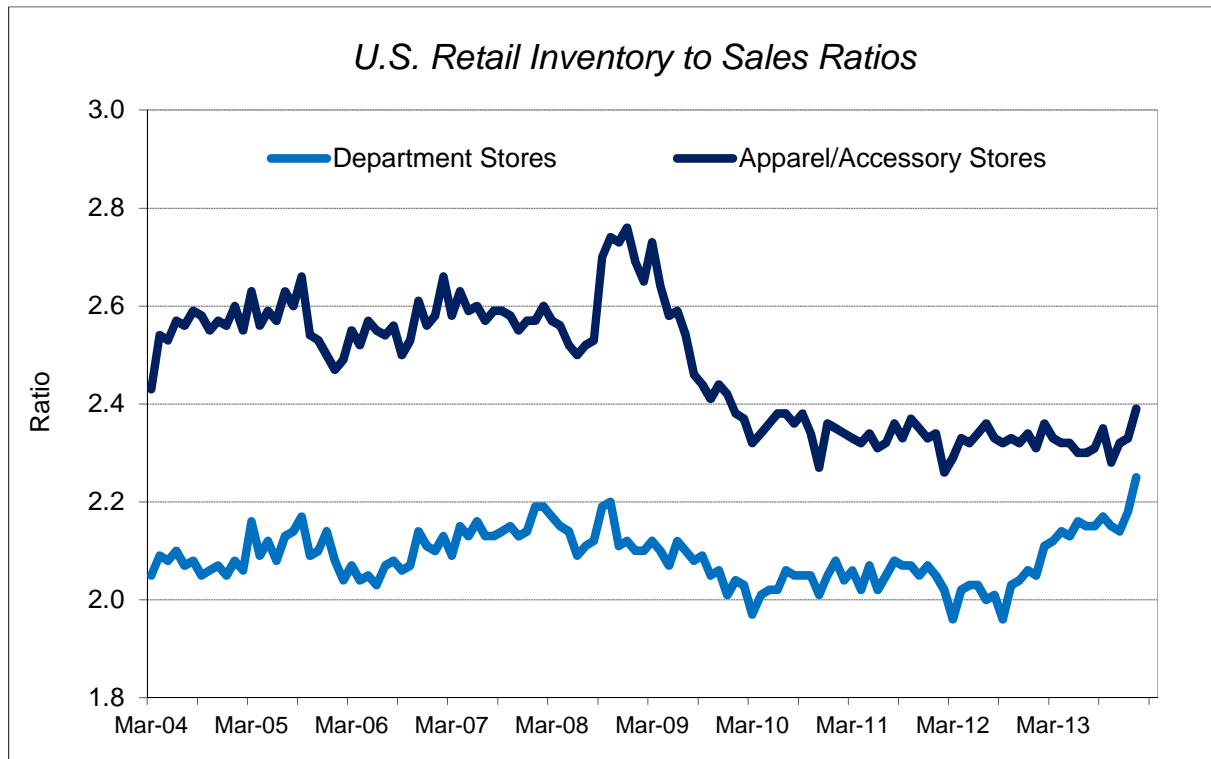


\*Based on chained 2005\$.

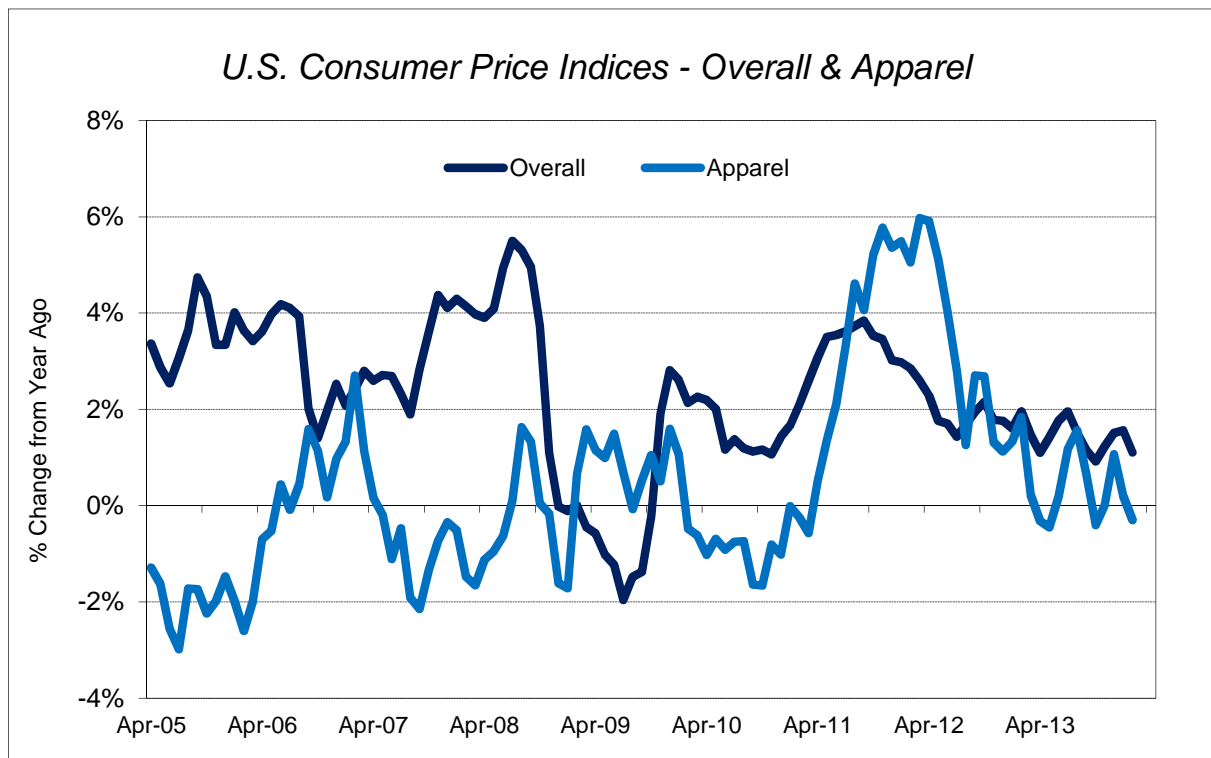


\*Based on chained 2005\$.

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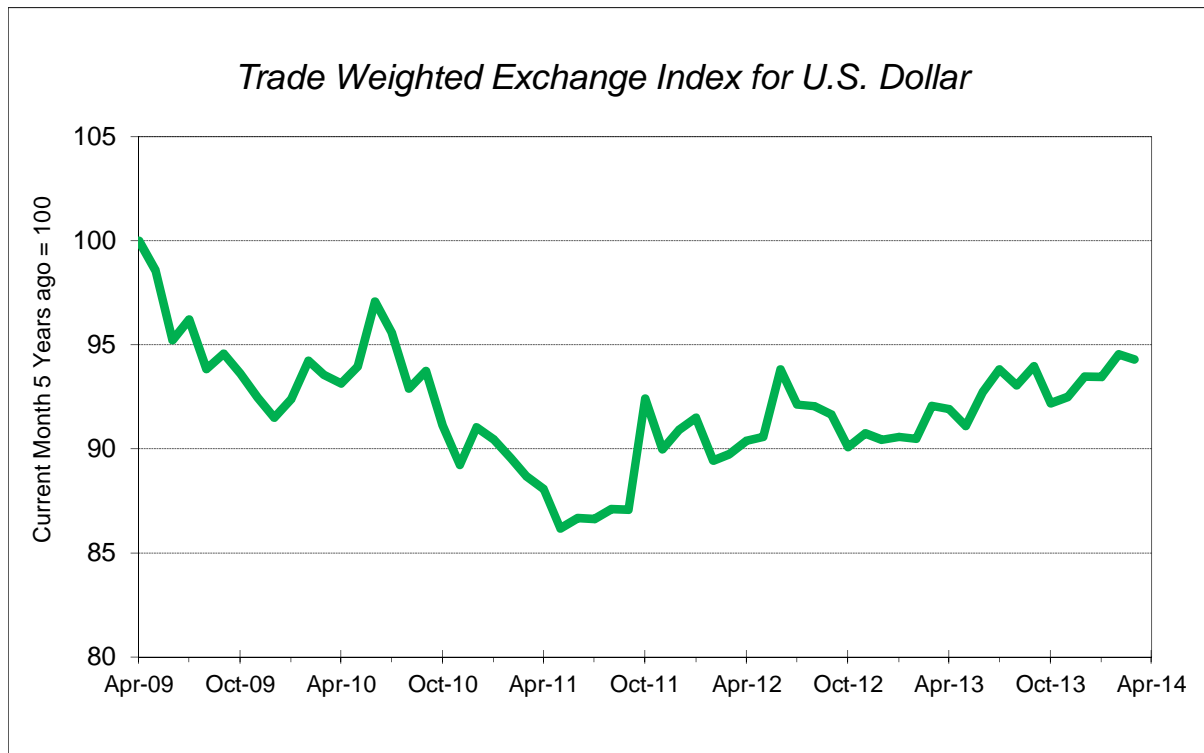
Source: Department of Commerce



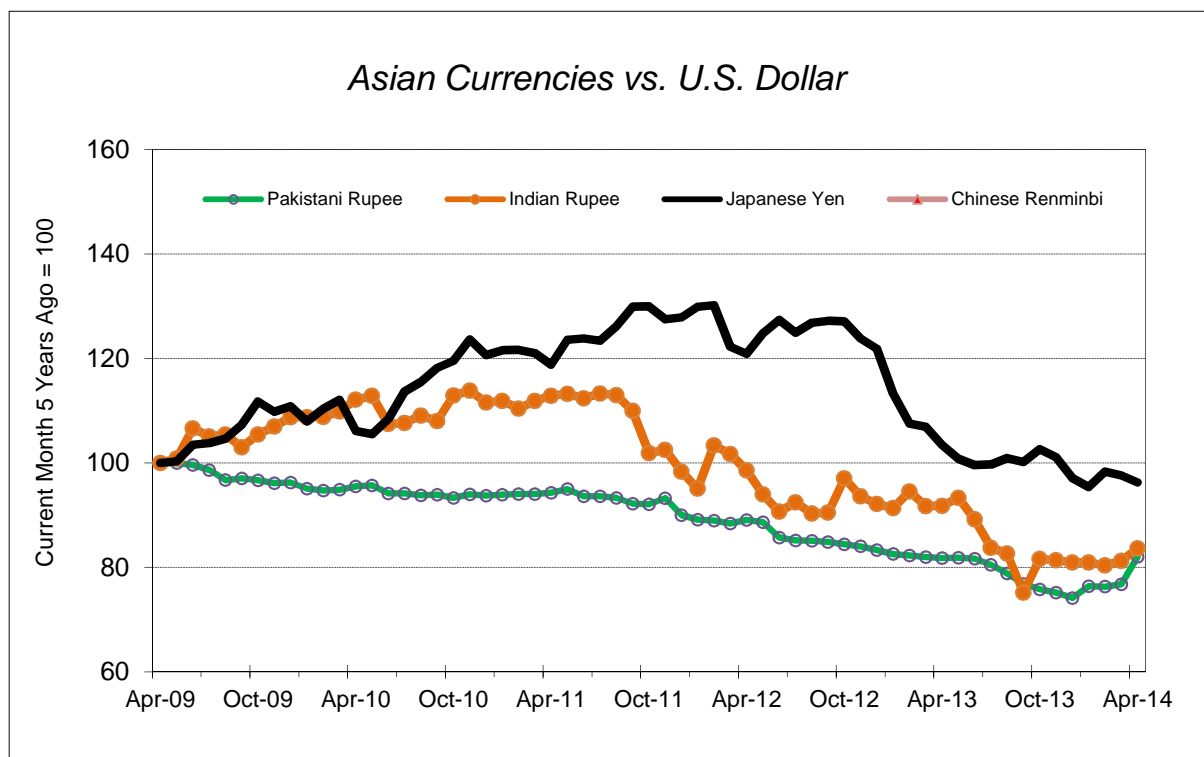
Source: Bureau of Labor Statistics

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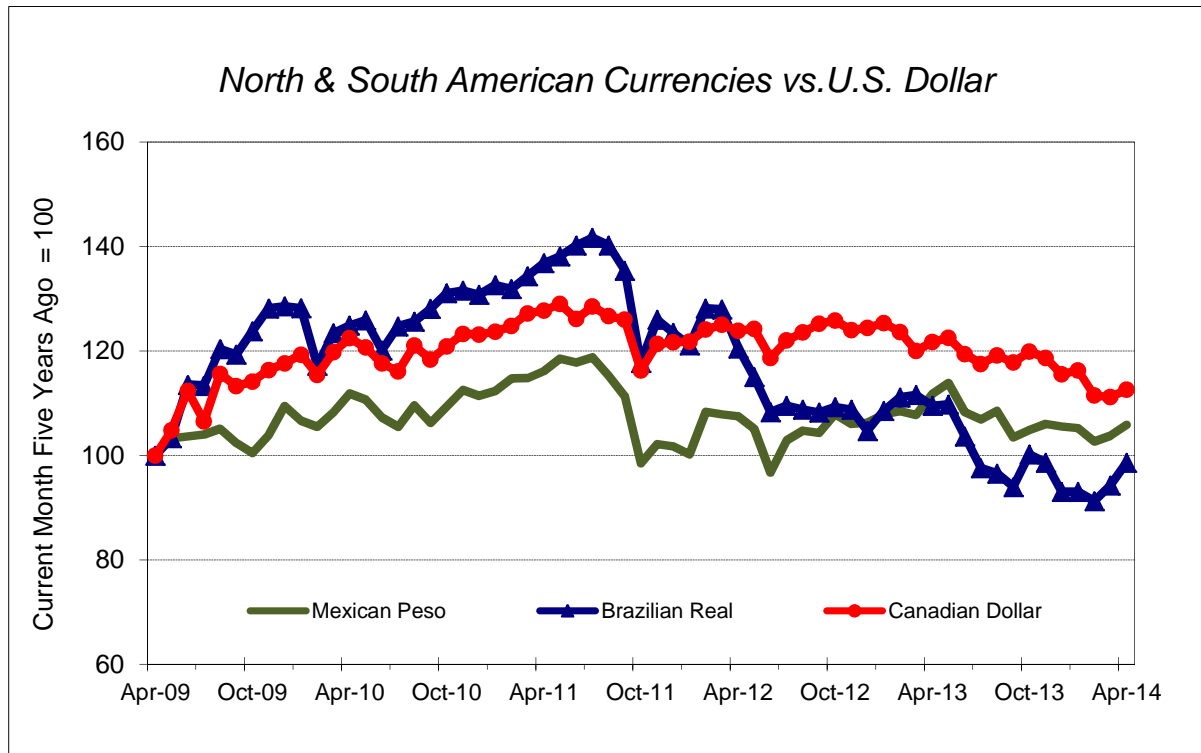
Source: Federal Reserve



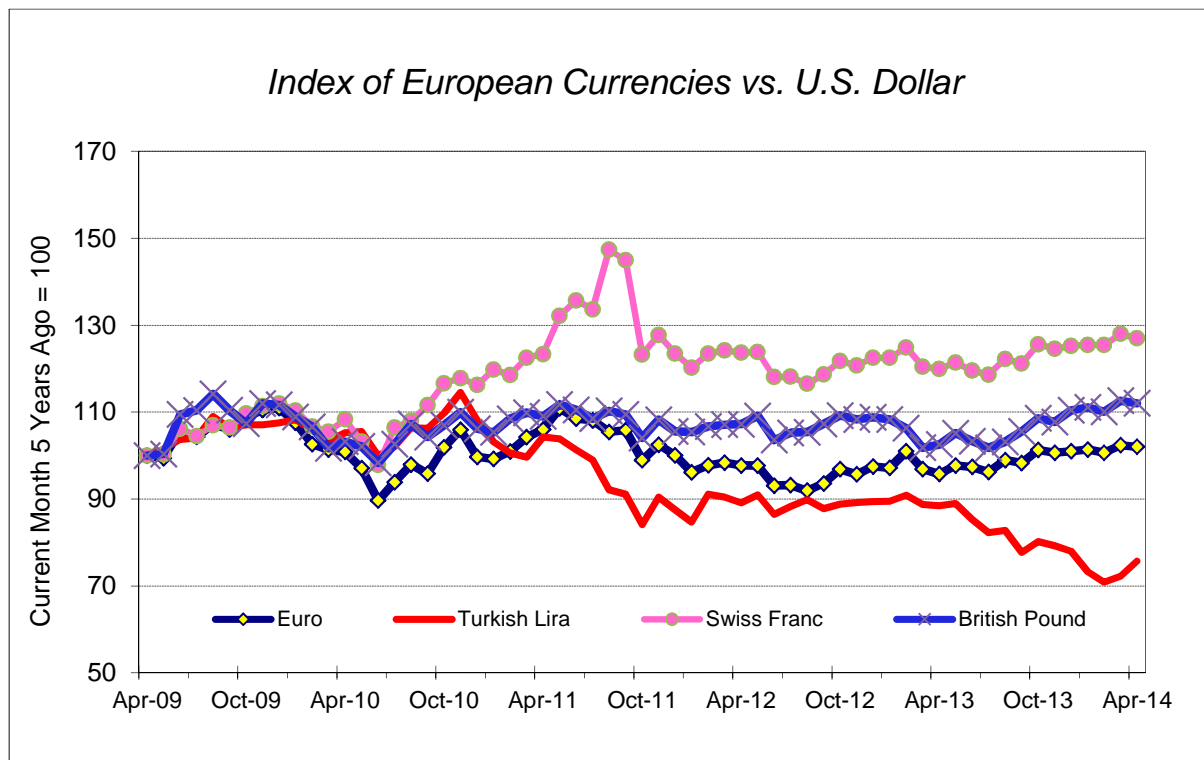
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Source: Reuters



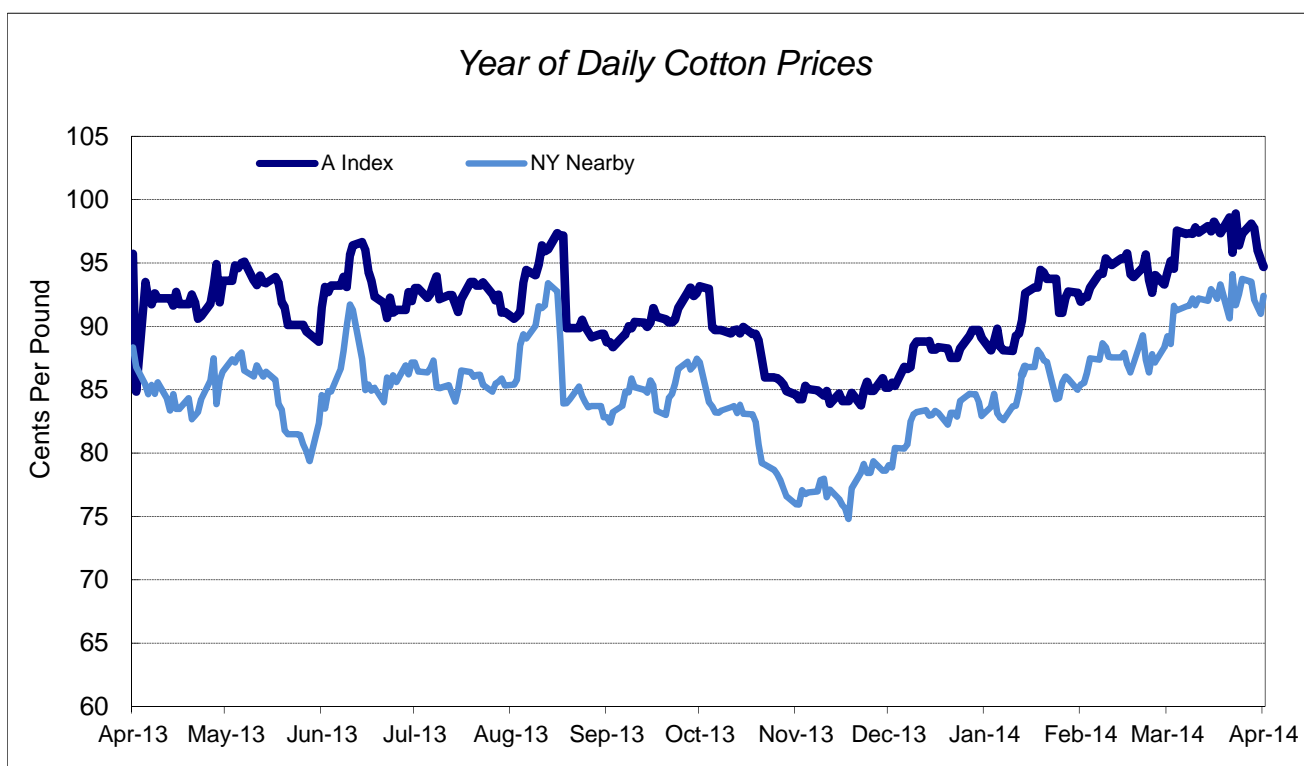
Source: Reuters

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## U.S. Balance Sheet

million 480 lb. bales	2009/10	2010/11	2011/12	2012/13	2013/14 February	2013/14 March
Beginning Stocks	6.3	2.9	2.6	3.4	3.9	3.9
Production	12.2	18.1	15.6	17.3	13.2	13.2
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	18.5	21.1	18.2	20.7	17.1	17.1
Mill-Use	3.6	3.9	3.3	3.5	3.6	3.6
Exports	12.0	14.4	11.7	13.0	10.5	10.7
Demand	15.6	18.3	15.0	16.5	14.1	14.3
Ending Stocks	2.9	2.6	3.4	3.9	3.0	2.8
Stocks/Use Ratio	19.0%	14.0%	22.0%	24.0%	21.3%	19.6%



Sources: ICE Futures U.S. & Cotton Outlook

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