

Executive Cotton Update

U.S. Macroeconomic Indicators &
the Cotton Supply Chain



October 2013

www.cottoninc.com

거시경제개요: 미국 정부는 정치적인 문제로 10월 1일부터 정부의 모든 비핵심 업무를 중단시켰음. 섯다운은 2010년 건강보험법(부담적정보험법, Affordable Care Act)의 유예와 관련된 공화당과 민주당간의 계속된 정치적 분쟁과 보다 장기적으로는 지출, 세금, 연방 부채 등에 관한 타협 실패의 결과로 보여질 수도 있음. 10월 17일 만기되는 부채한도와 관련된 협상이 현재의 정치 교착에 추가적인 충격을 줄 것으로 전망됨.

비록 1995년 이후 섯다운은 발생하지 않았지만, 과거의 섯다운은 보통 예산 합의와 관련이 있었음. 1976년부터 1995년까지 총 13번의 섯다운이 있었음. 가장 최근(1995)의 섯다운이 21일동안 지속되면서 또한 가장 길었음. 1976년 이후 평균 지속기간은 6.5일임

비핵심 사항으로 결정되어 중지된 정부 업무 중에는 대부분의 정부 데이터 발표가 포함되어 있음. 많은 사람들이 미국 경제에서 가장 중요한 지표로 인식하고 있는 노동통계국의 월간 고용상황 보고서는 발표가 지연되고 있는 정부 데이터 중의 단지 하나의 예일 뿐임. 다른 예들로는 교역 통계와 사실상 모든 미농무부 보고서임.

금번 보고서에 나타난 차트, 그래프 그리고 표들은 가용할 수 있는 가장 최근의 데이터들을 사용하였음. 몇몇 데이터들은 지난 달 보고서 발표부터 이번 보고서 발표 때까지 적시에 업데이트되었음. 기타 다른 데이터들은 발표시점이 정부의 섯다운 이후이기 때문에 업데이트되지 못했음.

고 용: 섯다운 이전, 실업급여 청구건수에 대한 수치가 발표되었음. 가장 최근의 4주 이동평균은 2007년 5월 이후 최저치였고 실업이 지속적으로 둔화되고 있음을 나타내었음. 많은 기업들의 고용을 관리하는 민간업체 ADP의 추정치는 비록 정부의 수치와 다를 수 있지만, 지난 달 166,000개의 일자리가 증가한 것으로 나타났음. 많은 경제 전망치들이 이와 비슷한 수치임을 시사하고 있음. ADP의 보고서와 민간 예측자들의 견해 모두가 정부의 공식 데이터(1-8월, +180,000)인 최근 평균 수준과 거의 비슷한 수준을 보임에 따라 고용이 확대되고 있음을 시사하고 있음. 약 800,000명의 연방정부 공무원들이 섯다운으로 일시 해고를 당했음..

소비자 신뢰도와 지출: 또 다른 비정부 데이터 소스인 Conference Board는 소비자 신뢰지수를 발표함. 9월들어, 이 지수는 81.8에서 79.7로 2.1포인트 소폭 하락하였음. 하락의 이유로 언급된 것은 정부의 섯다운(지수의 기초가 되는 조사가 섯다운 이전에 배포되었음)과 시리아 사태에 대한 개입 가능성에 대한 우려들임. 그럼에도 불구하고, 소비자 신뢰도는 금융위기가 시작된 이후 가장 높은 수준을 유지하고 있음.

8월 소비자 지출은 정부의 섯다운 이전에 발표되었음. 8월, 전체지출은 전월대비 0.2% 증가한 반면, 의류지출은 0.7% 감소하였음. 7-8월은 시기적으로 개학철이 반영된 것으로 고려될 수 있음. 이 기간동안, 전체소비지출은 전년과 비교하여 1.8% 증가하였고 의류소비지출은 0.1% 증가에 그쳤음.

소비자 가격과 수입실적: 소비자가격 데이터 또한 지난 달 ECU와 정부 섯다운사이 기간 동안에 발표되었음. 가장 최근 데이터인 8월 데이터를 보면, CPI는 4개월 연속 상승하면서 섬유가격이 급등한 2010/11년 이후 최고치를 기록하였음. 현재의 의류 소비자가격 수준은 전년대비 1.6% 상승한 것이고 소비자가격이 급등하기 이전(2010년 8월)수준에 비해서는 7.6% 상승한 것임. 수입데이터는 정부 보고서가 끝김에 따라 지난 달 자료이후 업데이트되지 못했음.

섯다운이 더 길게 지속된다면, 미국경제에 대한 잠재적인 충격이 더 커질 것임. 곧 해결이 안된다면, 중요한 Holiday 쇼핑기간이 영향을 받을 수 있음. 전미소매업연합회(NRF)의 초기 전망은 2013년 전체 Holiday 지출은 2012년에 비해 3.9% 증가할 것임을 시사하고 있음. 이 수치는 지난 해 기록했던 증가치(3.5%)와 10년 평균치(3.3%)보다 소폭 증가한 것임. 정부 섯다운과 관련되어 지속되고 있는 불확실성이 소비자 신뢰도와 지출을 더 떨어뜨릴 수 있음.

Executive Cotton Update

U.S. Macroeconomic Indicators & the Cotton Supply Chain



October 2013

www.cottoninc.com

Macroeconomic Overview: In a political breakdown, the U.S. government ceased all non-essential services on October 1st. The shutdown may be seen as a result of the on-going political struggle between Republicans and Democrats that emerged from efforts to de-fund the 2010 health care law (Affordable Care Act) and the failure to reach a longer-term compromise involving spending, taxation, and the federal deficit. Negotiations surrounding the debt ceiling, which will be reached October 17th, are expected to bring additional intensity to the political standoff.

Although, there has not been a shutdown since 1995, shutdowns were commonly associated with budget agreements in the recent past. Between 1976 and 1995, there were a total of 13 shutdowns. The most recent (1995), was also the longest, lasting 21 days. The average duration since 1976 is 6.5 days.

Among the government operations determined to be “non-essential” and have been suspended are most government data releases. The monthly Bureau of Labor Statistics’ Employment Situation report, considered by many to be one of most important indicators of U.S. economic performance, is just one example of a government data release that has been delayed. Other examples include trade statistics and virtually all USDA reports.

The collections of charts, graphs, and tables that appear in this publication include the latest available data. Several data series were updated in the time period between last month’s publication and this one. Other data have not been updated since their release was scheduled to take place after the government shutdown occurred.

Employment: Prior to the shutdown, figures were released for initial claims for unemployment. The latest four-week moving average was the lowest since May 2007, indicating that layoffs continue to slow. Although it can differ with government figures, an estimate from the private firm ADP, which manages payrolls for many companies, indicated that 166,000 jobs were added last month. Most economic forecasts suggest a similar figure. Both the ADP report and the consensus among private forecasters suggest payrolls expanded by a level near the recent average for the official governmental data (+180,000 January-August). About 800,000 federal government employees were furloughed in the shutdown.

Consumer Confidence and Spending: The Conference Board, another non-governmental data source, publishes the Index of Consumer Confidence. In September, this index decreased marginally, falling 2.1 points from 81.8 to 79.7. Among the potential reasons cited for the decline were concerns related to a government shutdown (the survey that is the basis for the index was distributed prior to the shutdown) and the threat of possible intervention in the crisis in Syria. Regardless, consumer confidence remains near the highest values posted since the onset of the financial crisis.

Consumer spending data for August were released prior to the government shutdown. In August, overall spending increased 0.2% month-over-month while spending on apparel decreased 0.7%. The July-August time period can be considered reflective of the back-to-school shopping season. During this time period, overall consumer spending was up 1.8% relative one year ago; consumer spending on garments was up only 0.1%.

Consumer Prices & Import Data: Consumer price data were also released in the period between last month’s Executive Cotton Update and the government shutdown. In the latest available data for August, the CPI increased for the fourth consecutive month and posted its highest reading since the fiber price spike in 2010/11. At their current level, consumer prices for apparel are up 1.6% year-over-year and are 7.6% higher than they were prior to price spike (August 2010). Import data have not been updated since last month’s publication due to the interruption in government reporting.

The longer the government shutdown continues, the greater the potential impact for the U.S. economy. If a resolution is not made soon, the important holiday shopping period could be affected. An early forecast from the National Retail Federation (NRF) suggests overall holiday spending in 2013 will be 3.9% higher than in 2012. This figure is slightly higher than the growth registered last year (3.5%) and slightly higher than the ten year average (3.3%). Continued uncertainty regarding the government shutdown could pull consumer confidence and spending lower.

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/Shipment	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
October 2013



Macroeconomic Data

Quarterly Data	Recent Averages				Values in Recent Quarters			Unit	Source
	5-year	1-year	6-month	3-month	Q4 : 2012	Q1 : 2013	Q2 : 2013		
Growth in US Real GDP	1.0%	1.6%	1.8%	2.5%	0.1%	1.1%	2.5%	% Chg. Quarter/Quarter	Department of Commerce

Monthly Series with Latest Data for August

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	June	July	August		
ISM Index of Manufacturing Activity	51.7	52.0	52.2	54.0	50.9	55.4	55.7	Index	Institute for Supply Management
ISM Index of Non-Manufacturing Activity	52.1	55.0	54.8	55.8	52.8	56.0	58.6	Index	Institute for Supply Management
Consumer Confidence	57.7	70.6	75.0	81.5	82.1	81.0	81.5	Index	The Conference Board
% Change in US Civilian Employment	-0.2%	1.6%	1.6%	1.7%	1.1%	1.4%	1.4%	% Chg. Year/Year	Bureau of Labor Statistics
Change in Non-Farm Payrolls	-12	184	160	148	172	104	169	Thousands of jobs	Bureau of Labor Statistics
Unemployment Rate	8.6%	7.7%	7.5%	7.4%	7.6%	7.4%	7.3%	Rate	Bureau of Labor Statistics

Monthly Series with Latest Data for July

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Interest Rates									
Federal Funds	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	Interest rate	Federal Reserve
10-year Treasury Bill	2.8%	1.9%	2.1%	2.3%	1.9%	2.3%	2.6%	Interest rate	Federal Reserve
Index of Leading Economic Indicators	88.8	94.2	95.1	95.6	95.4	95.4	96.0	Index	The Conference Board
Housing Starts	0.678	0.716	0.915	0.887	0.919	0.846	0.896	Annual pace, millions of units	Department of Commerce
Existing Home Sales	4.414	4.946	5.075	5.197	5.140	5.060	5.390	Annual pace, millions of units	National Association of Realtors

Industrial and Textile Data

Monthly Series with Latest Data for July	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Industrial Production	93.1	96.1	96.8	96.8	96.7	96.9	96.8	Index, 2002=100	Federal Reserve
Polyester Fiber PPI	106.9	109.3	108.7	109.3	109.2	109.5	109.2	Index, December 2003=100	Bureau of Labor Statistics

Monthly Series with Latest Data for July

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
Bale Equivalence of US Cotton Yarn & Fabric Exports	3.2	3.2	3.2	3.2	3.2	3.2	3.3	million 480lb bales	USDA ERS

Monthly Series with Latest Data for July

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Textile Mill Inventory/Shipments Ratio	77.7	73.9	73.9	72.4	71.9	72.9	72.4	Index, 2002=100	Department of Commerce

Retail Data

Monthly Series with Latest Data for July	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	May	June	July		
US Real Consumer Spending									
All Goods and Services	1.1%	2.0%	1.8%	1.8%	1.8%	2.0%	1.7%	% Chg. Year/Year	Department of Commerce
Clothing and Shoes	1.0%	1.6%	1.3%	2.1%	2.9%	2.3%	1.2%	% Chg. Year/Year	Department of Commerce
Consumer Price Indices									
Overall	1.8%	1.7%	1.6%	1.7%	1.4%	1.8%	2.0%	% Chg Year/Year	Bureau of Labor Statistics
Apparel	1.3%	1.2%	0.4%	0.3%	-0.5%	0.2%	1.2%	% Chg. Year/Year	Bureau of Labor Statistics

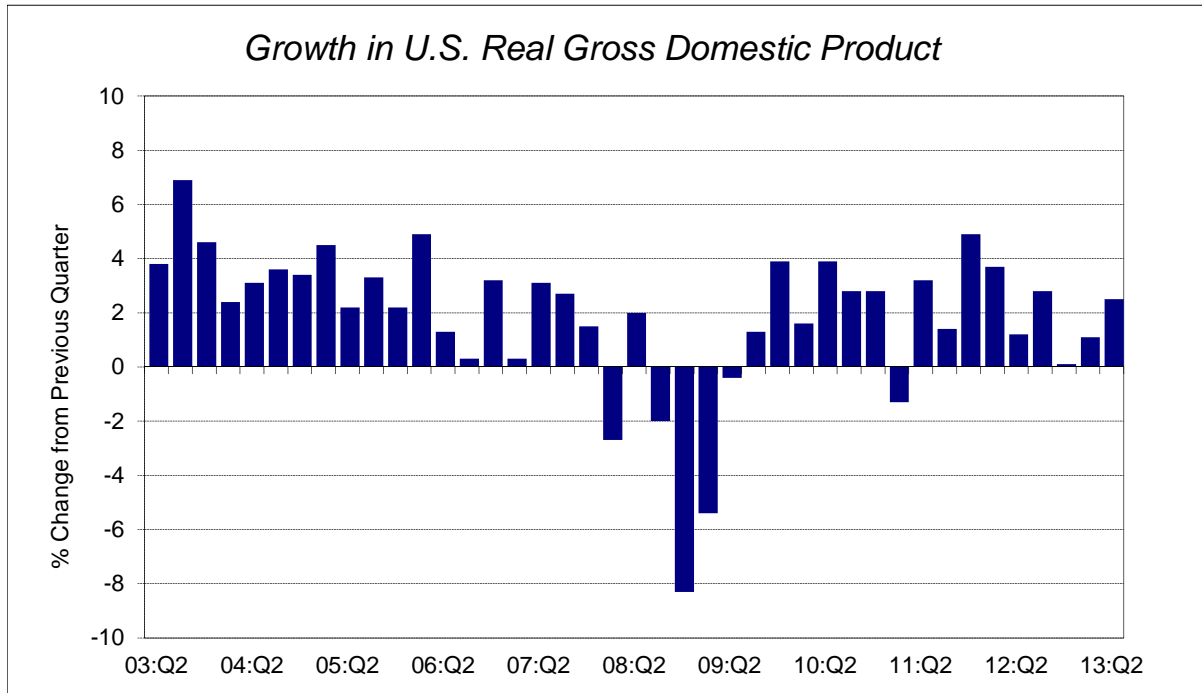
Monthly Series with Latest Data for June

	Recent Averages				Values in Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	April	May	June		
Retail Inventory/Sales Ratio									
Clothing and Clothing Accessory Stores	2.4	2.3	2.3	2.3	2.3	2.3	2.3	Ratio	Department of Commerce
Department Stores	2.1	2.1	2.1	2.1	2.1	2.1	2.2	Ratio	Department of Commerce

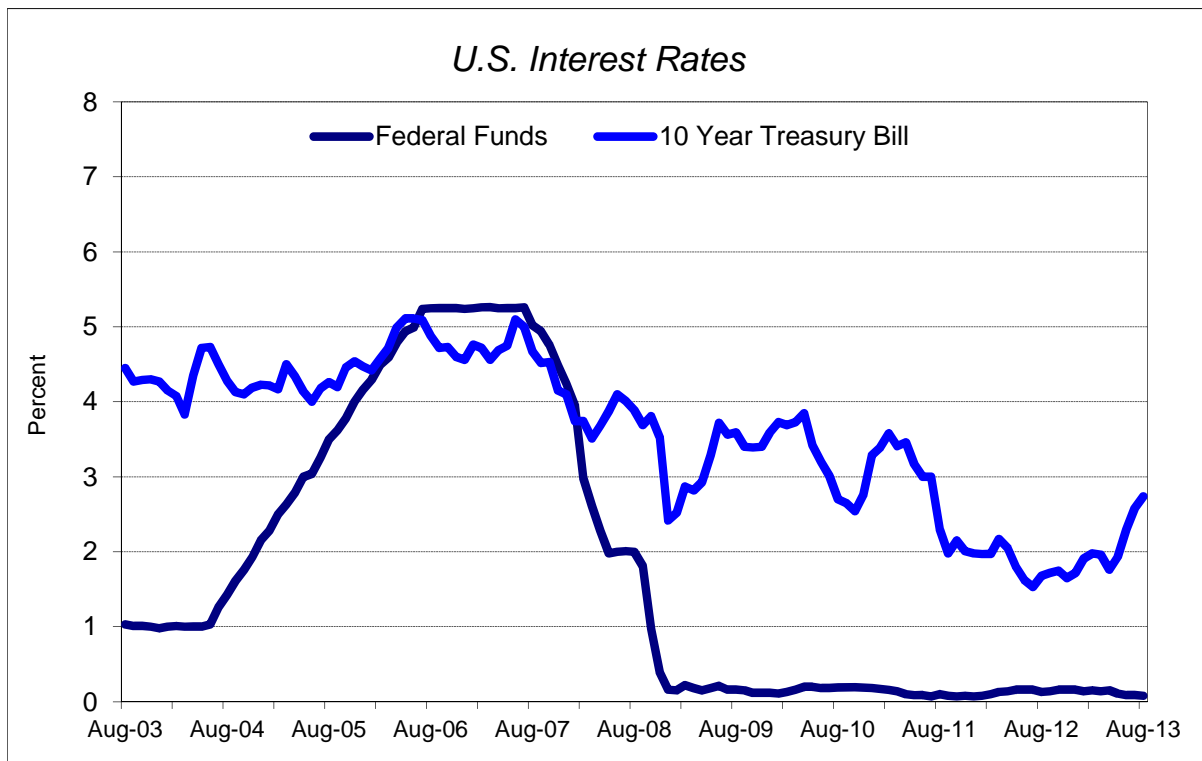
Executive Cotton Update
Daily Cotton Price and Currency Data
October 2013



Daily Cotton Price Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
NY Nearby	87.8	80.1	85.9	86.1	85.7	85.1	87.4	cents/pound	ICE
A Index	102.2	88.3	93.0	92.8	93.1	92.6	92.7	cents/pound	Cotlook
Daily Currency Data	Recent Averages				Averages over Recent Months			Unit	Source
	5-year	1-year	6-month	3-month	July	August	September		
Dollar Trade Weighted Exchange Index	101.5	100.3	101.3	102.0	101.6	102.2	102.1	Index, January 1997=100	Federal Reserve
Asian Currencies									
Chinese Renminbi	0.1530	0.1614	0.1626	0.1632	0.1630	0.1634	0.1634	Chinese Renminbi/US dollar	oanda.com
Indian Rupee	0.0203	0.0178	0.0172	0.0164	0.0167	0.0159	0.0157	Indian Rupee/US dollar	oanda.com
Japanese Yen	0.0115	0.0110	0.0102	0.0102	0.0100	0.0102	0.0101	Japanese Yen/US dollar	oanda.com
Pakistani Rupee	0.0114	0.0102	0.0100	0.0098	0.0100	0.0097	0.0095	Pakistani Rupee/US dollar	oanda.com
North & South American Currencies									
Brazilian Real	0.5312	0.4782	0.4666	0.4430	0.4445	0.4264	0.4412	Brazilian Real/US dollar	oanda.com
Canadian Dollar	0.9604	0.9881	0.9710	0.9646	0.9616	0.9613	0.9660	Canadian dollar/US dollar	oanda.com
Mexican Peso	0.0780	0.0784	0.0790	0.0774	0.0785	0.0774	0.0767	Mexican Peso/US dollar	oanda.com
European Currencies									
British Pound	1.5740	1.5649	1.5389	1.5512	1.5184	1.5503	1.5869	British Pound/US dollar	oanda.com
Euro	0.7453	0.7632	0.7616	0.7552	0.7637	0.7509	0.7485	Euro/US dollar	oanda.com
Swiss Franc	1.0185	1.0710	1.0665	1.0738	1.0592	1.0806	1.0834	Swiss Franc/US dollar	oanda.com
Turkish Lira	0.6093	0.5437	0.5300	0.5129	0.5183	0.5099	0.4966	Turkish Lira/US dollar	oanda.com



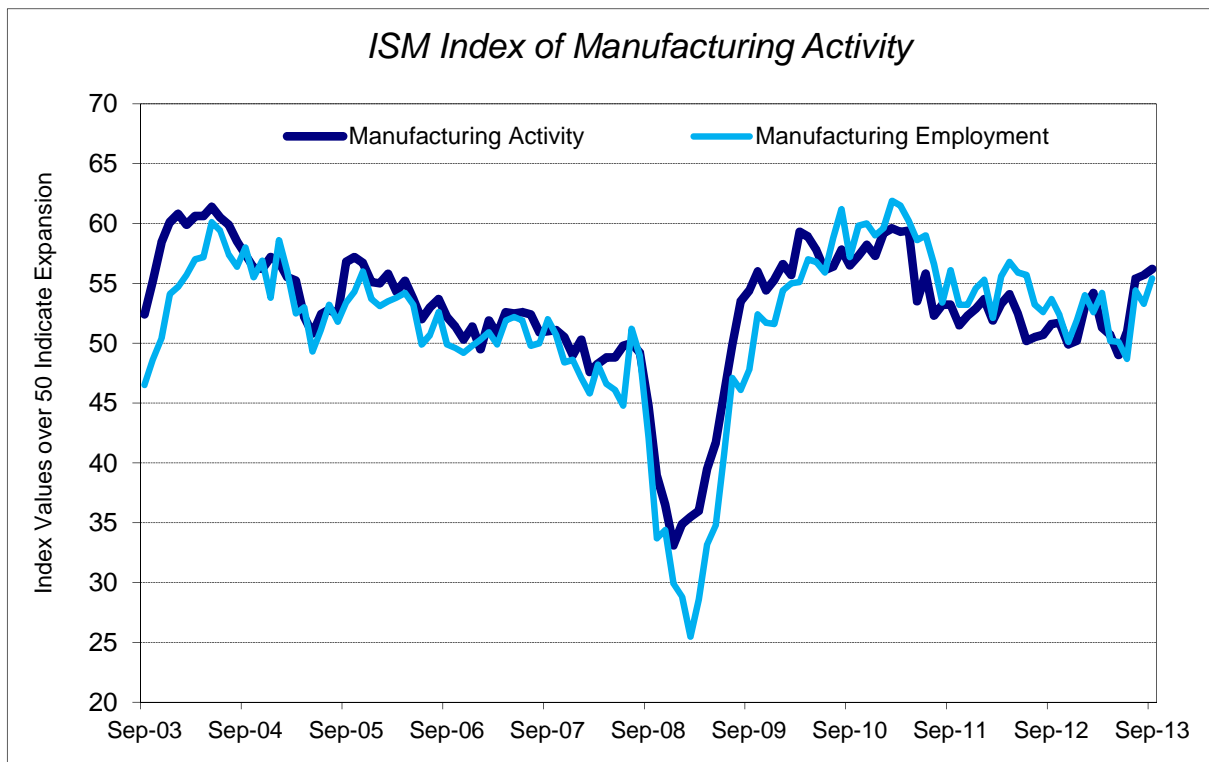
Seasonally Adjusted Annual Rate; Source: Department of Commerce
 *Based on chained 2005\$.



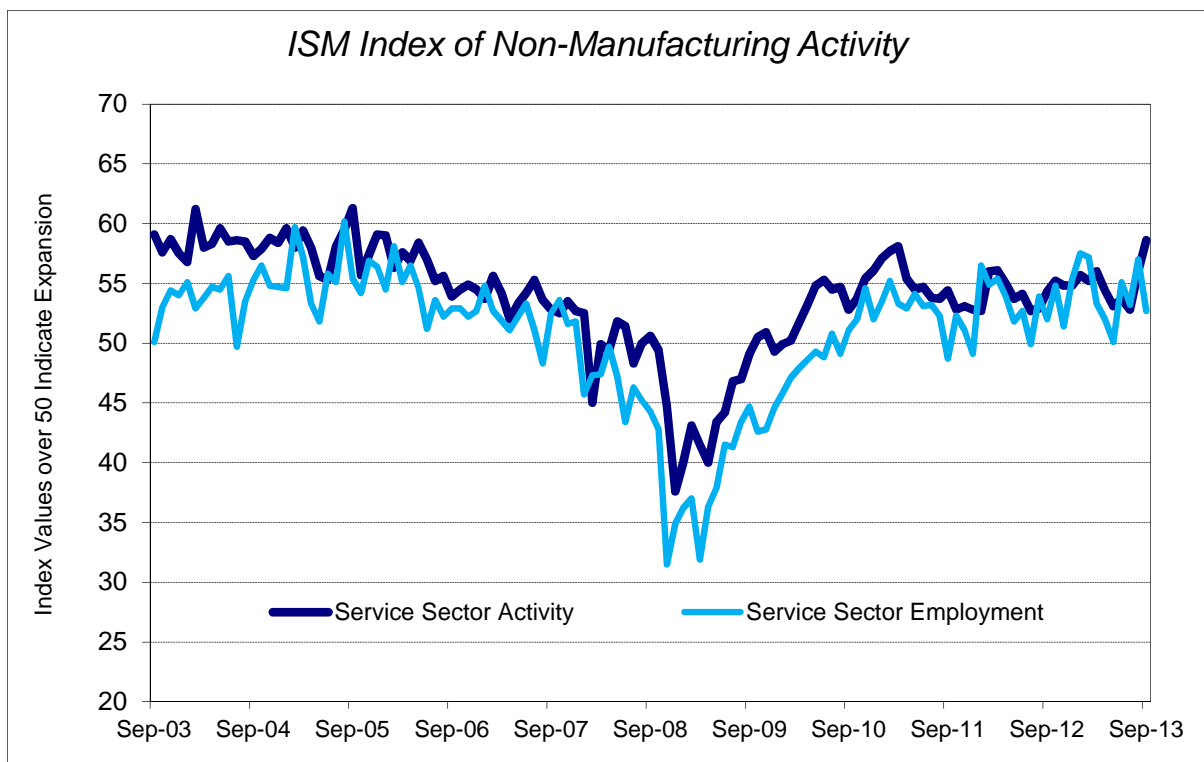
Source: Federal Reserve

[return to text](#)



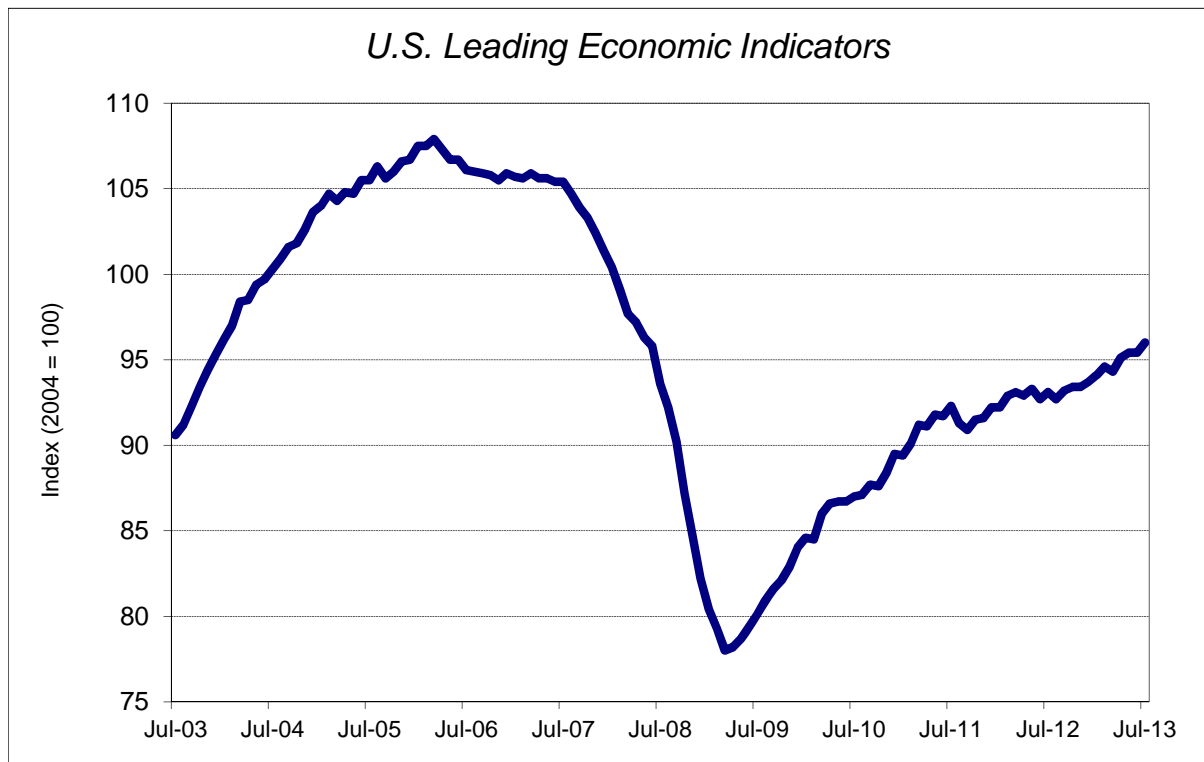


Source: Institute for Supply Chain Management

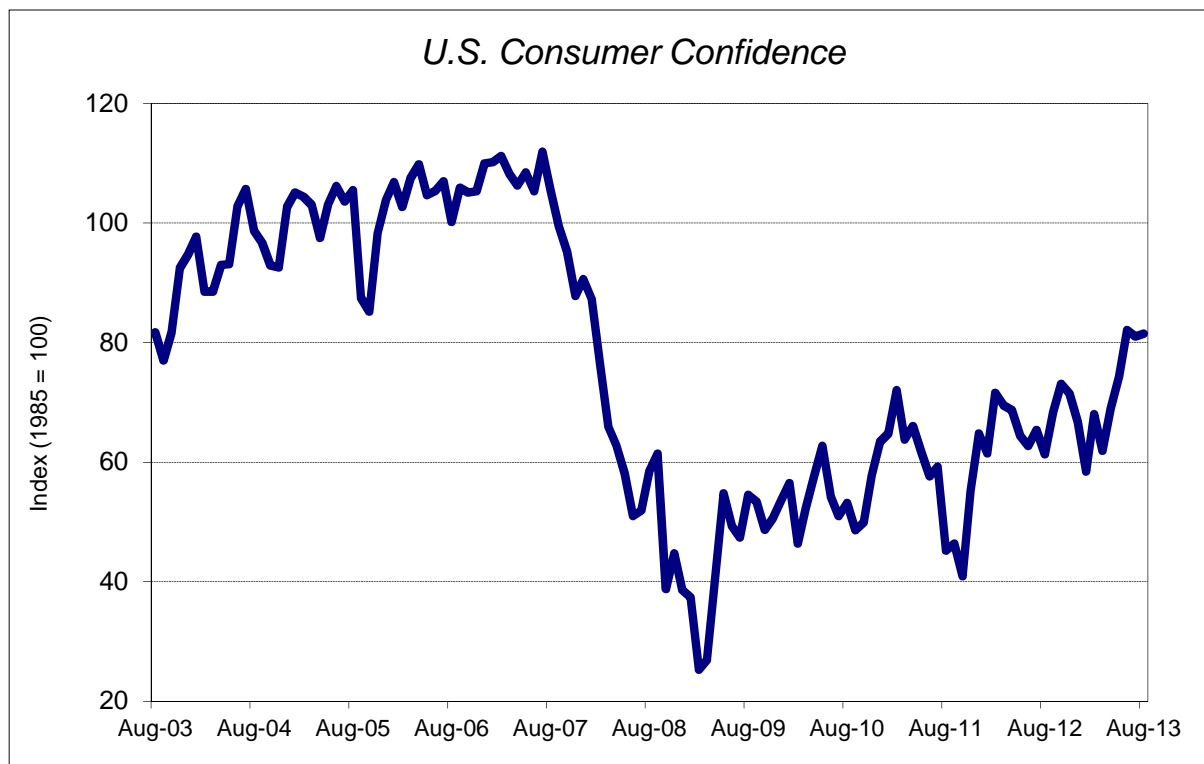


Source: Institute for Supply Chain Management

[return to text](#)



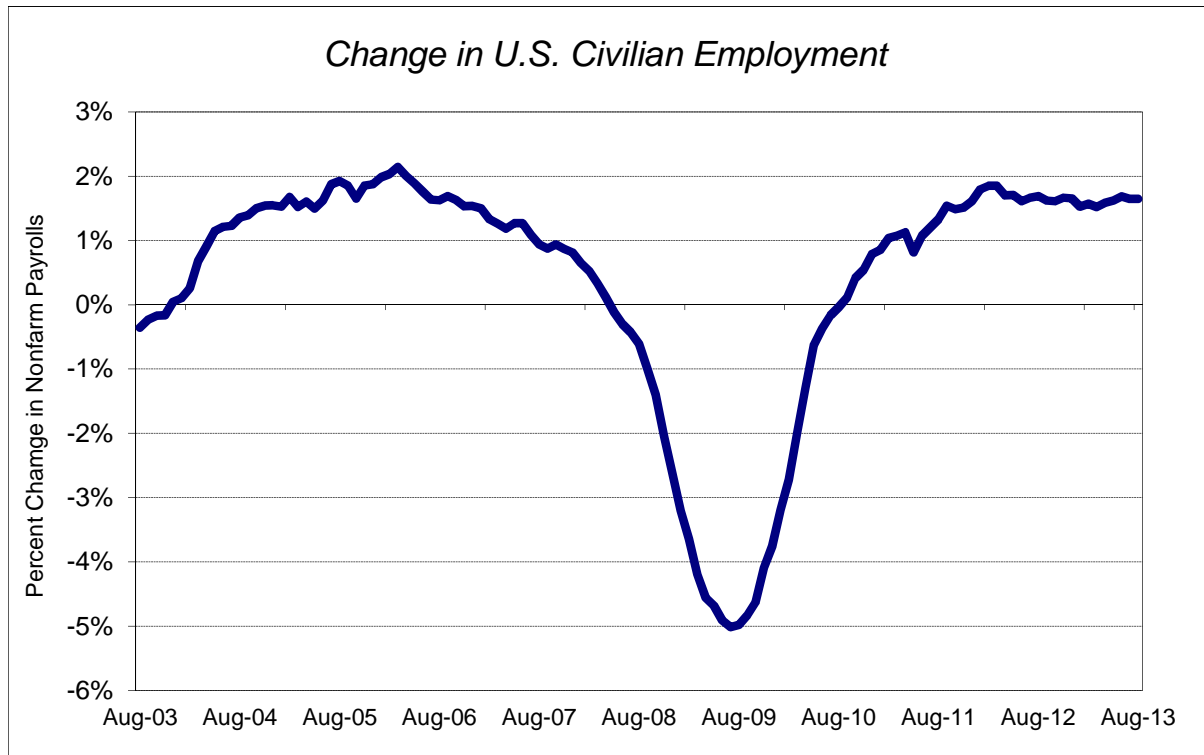
Source: The Conference Board



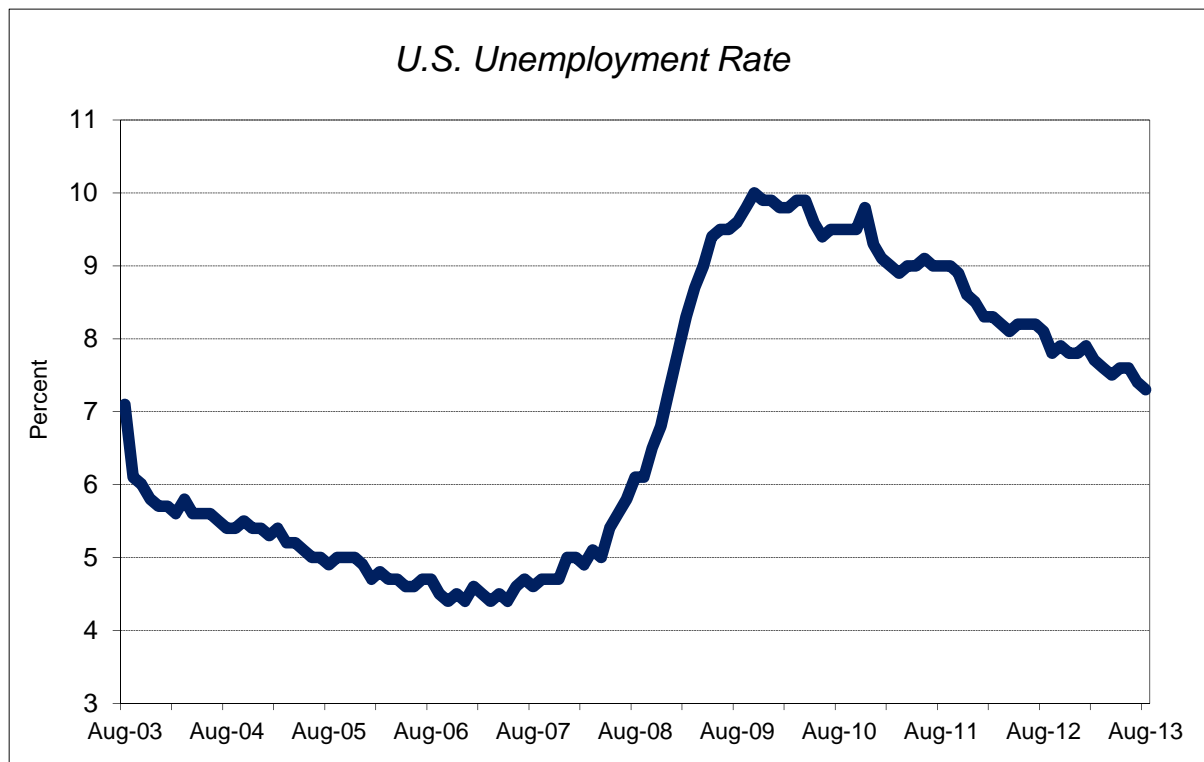
Source: The Conference Board

[return to text](#)





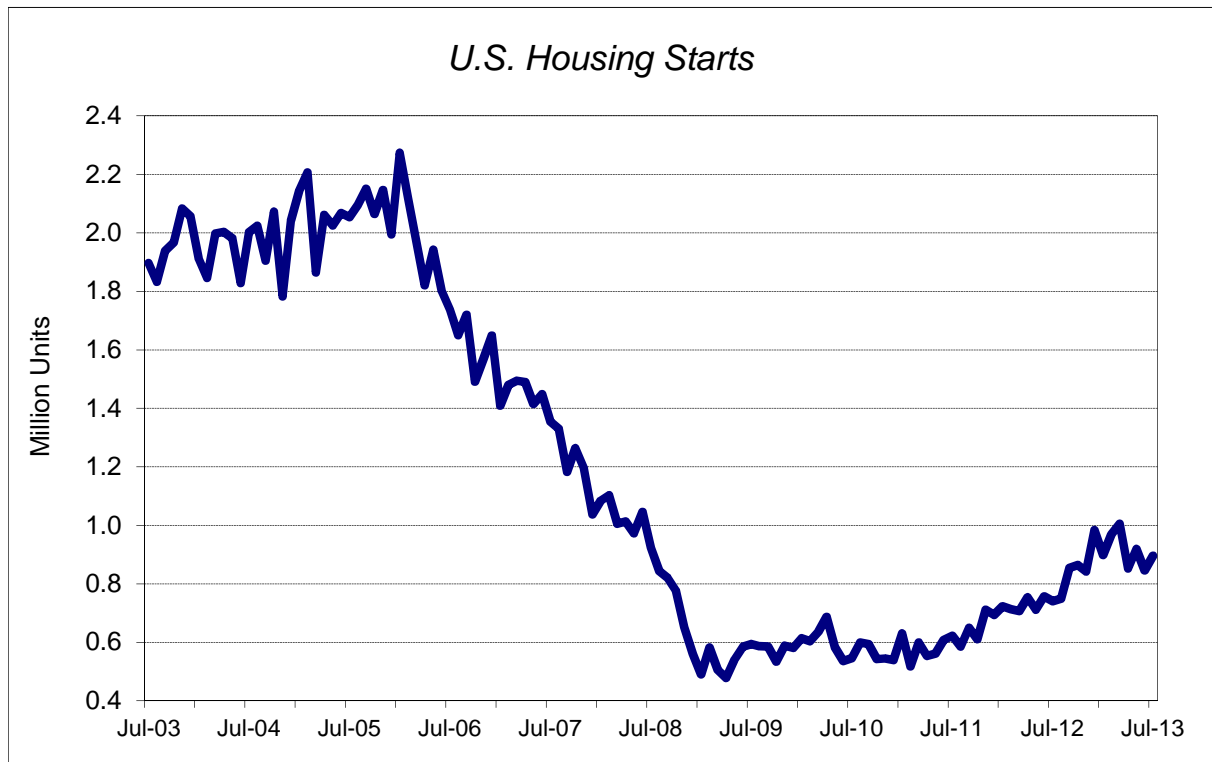
Source: Bureau of Labor Statistics



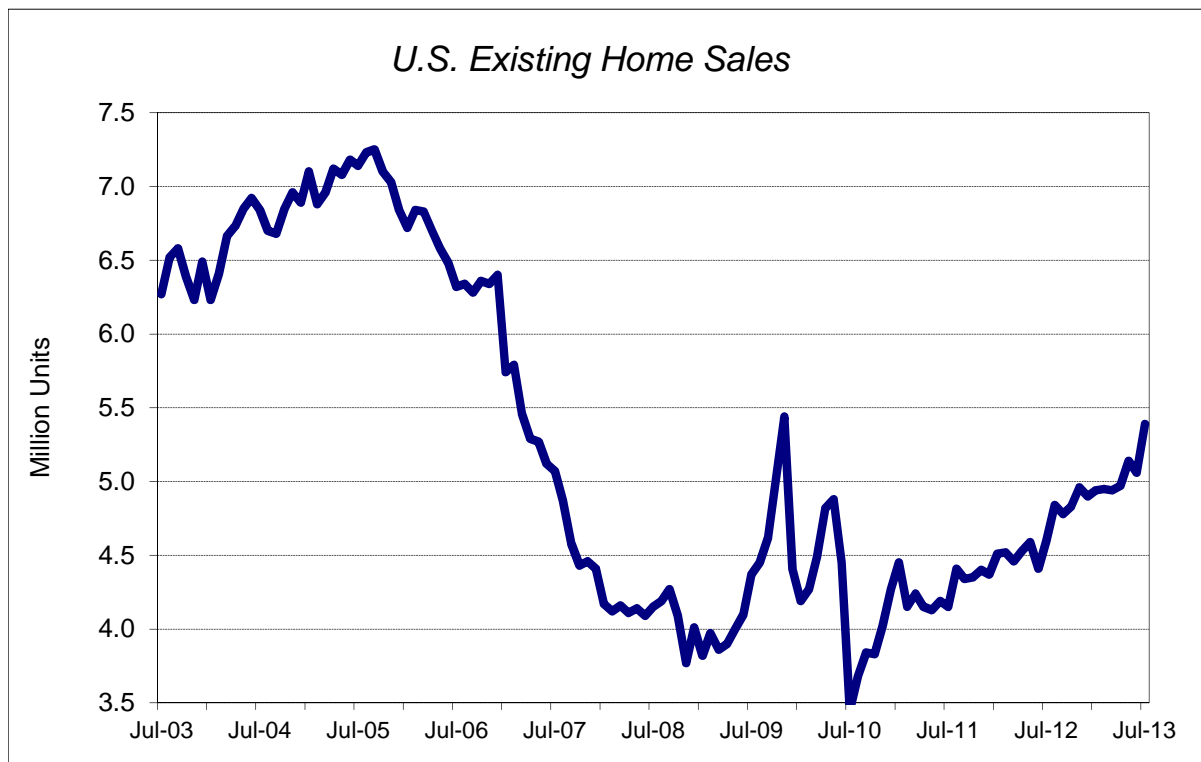
Source: Bureau of Labor Statistics

[return to text](#)





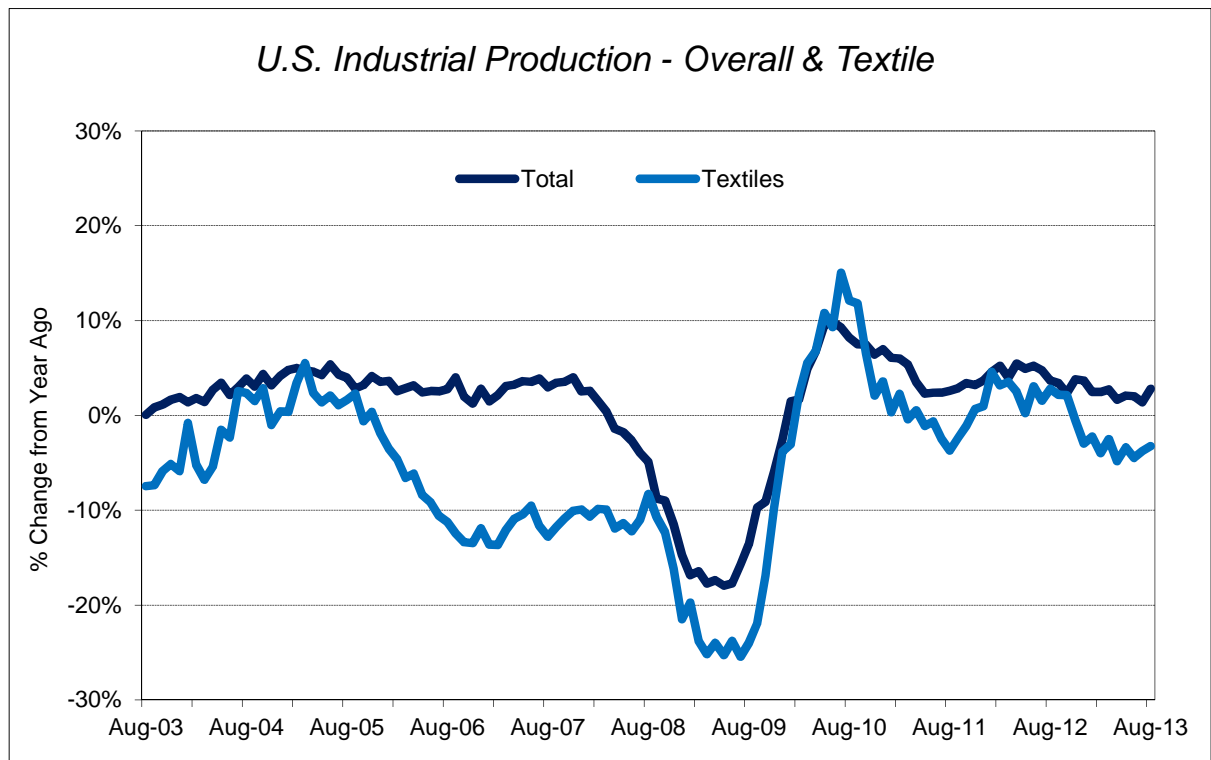
Seasonally Adjusted Annual Rate; Source: Department of Commerce



Seasonally Adjusted Annual Rate; Source: National Association of Realtors

[return to text](#)





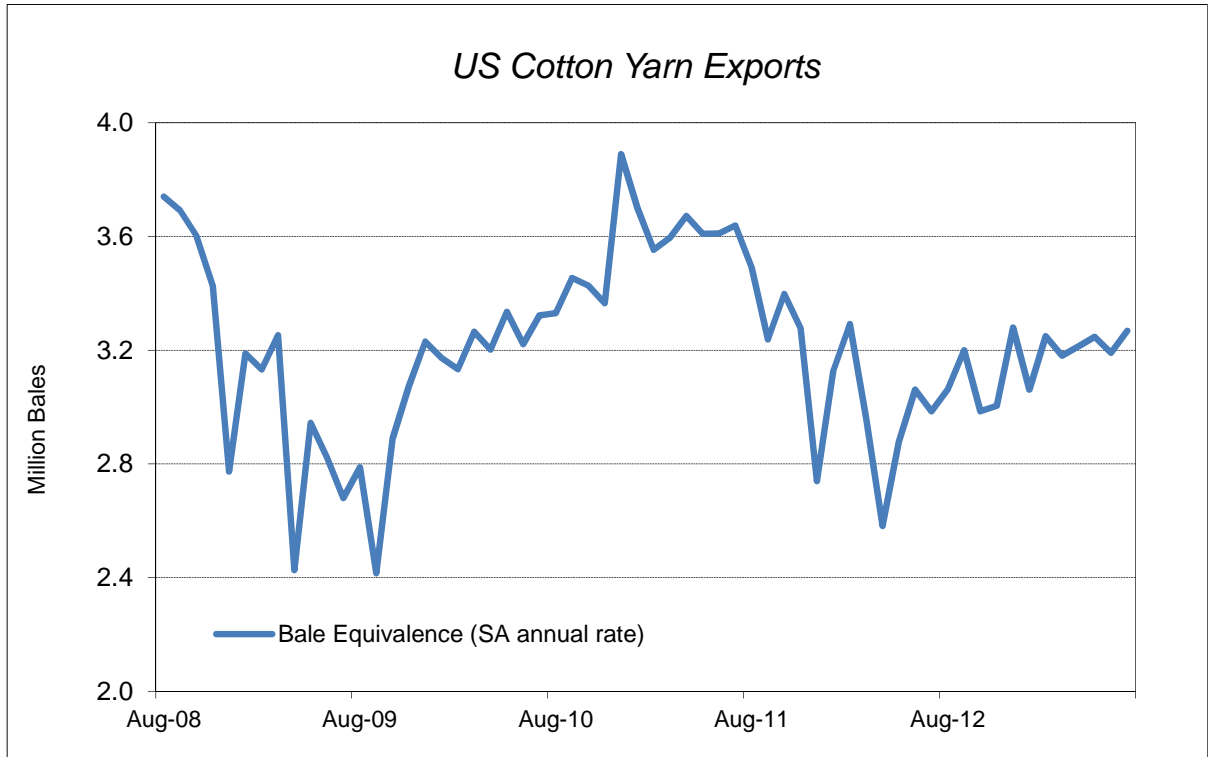
Source: Federal Reserve. Historical data revised to 1997 baseline.



Seasonally Adjusted; Source: Department of Commerce

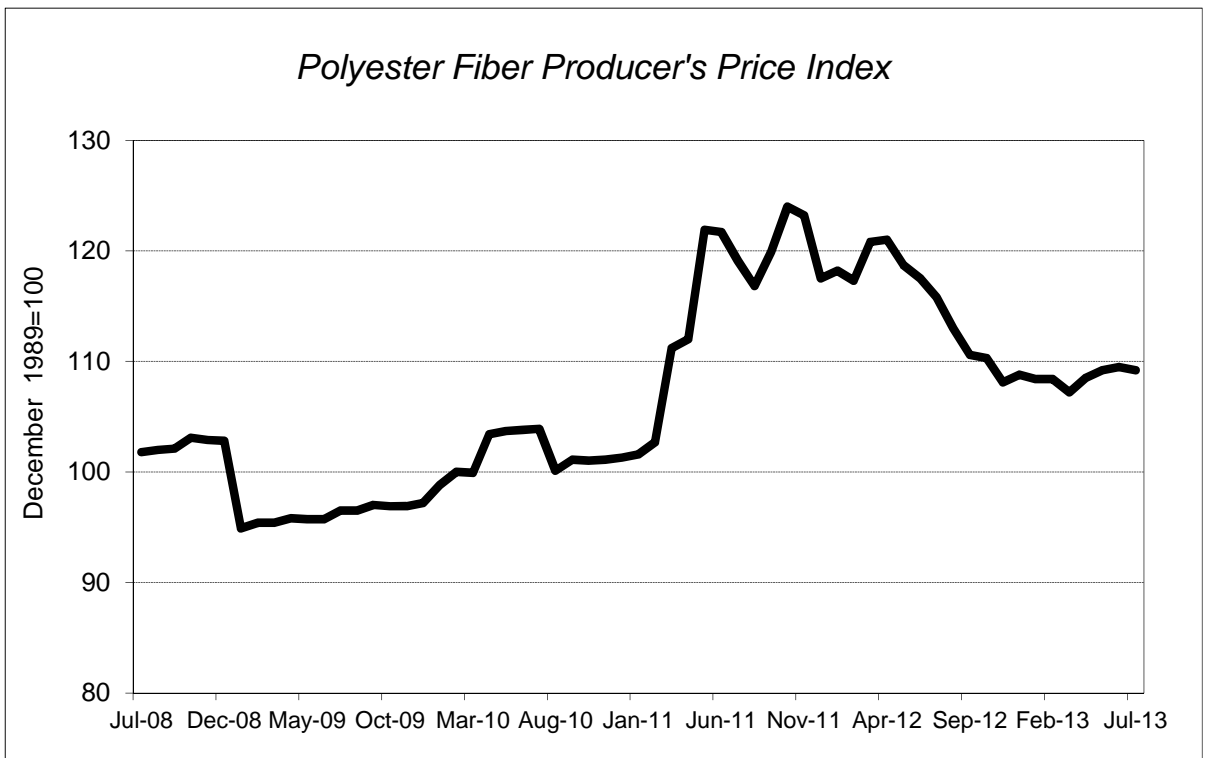
[return to text](#)





Seasonally Adjusted Annual Rate

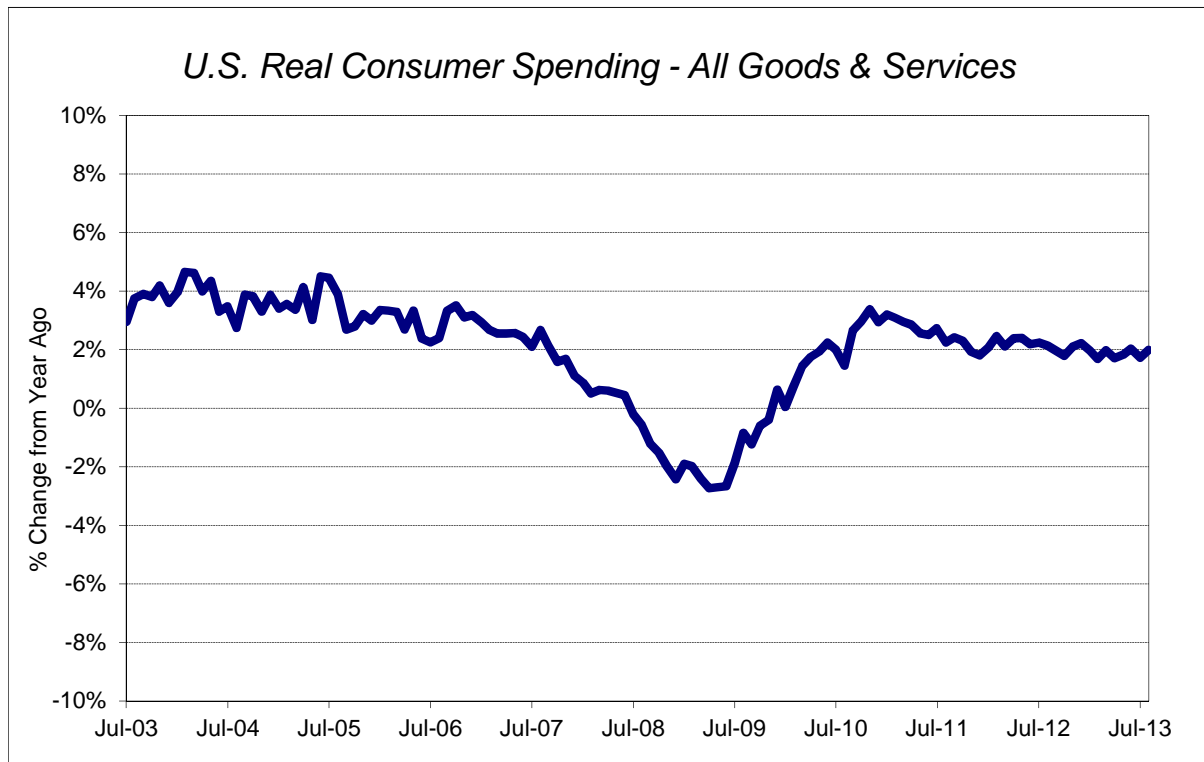
Source: USDA ERS



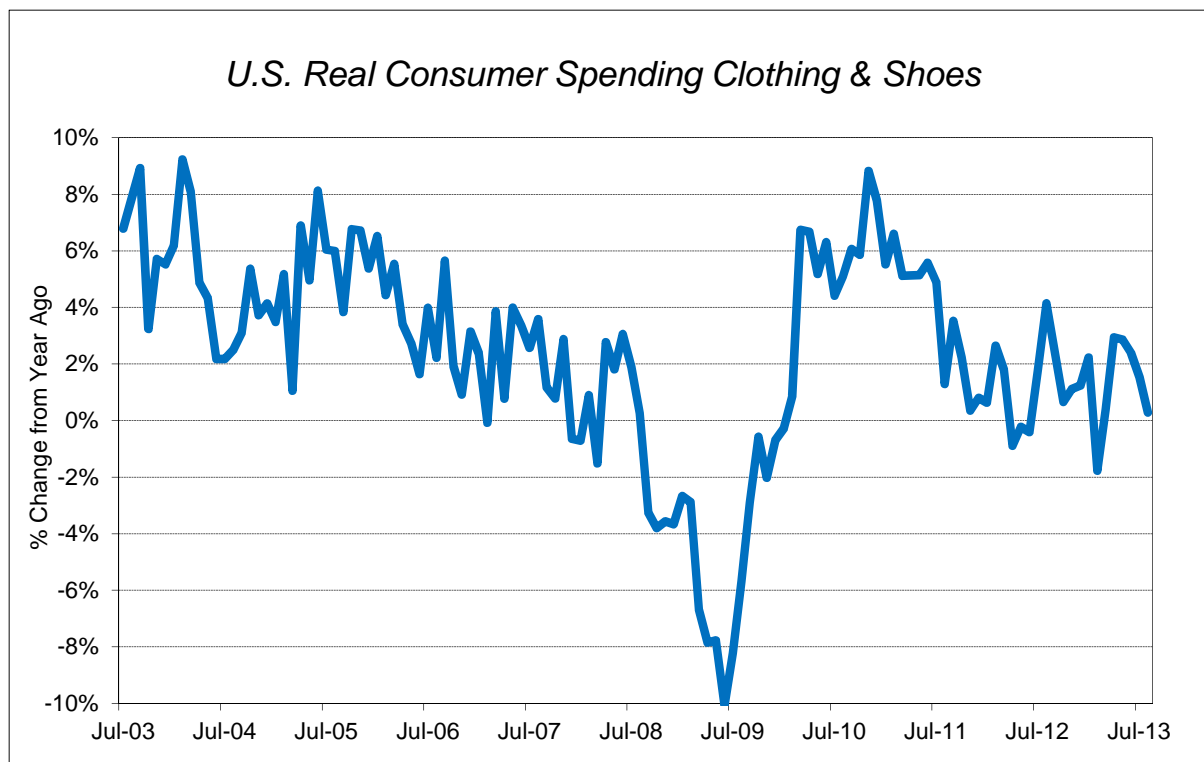
Source: Bureau of Labor Statistics

[return to text](#)





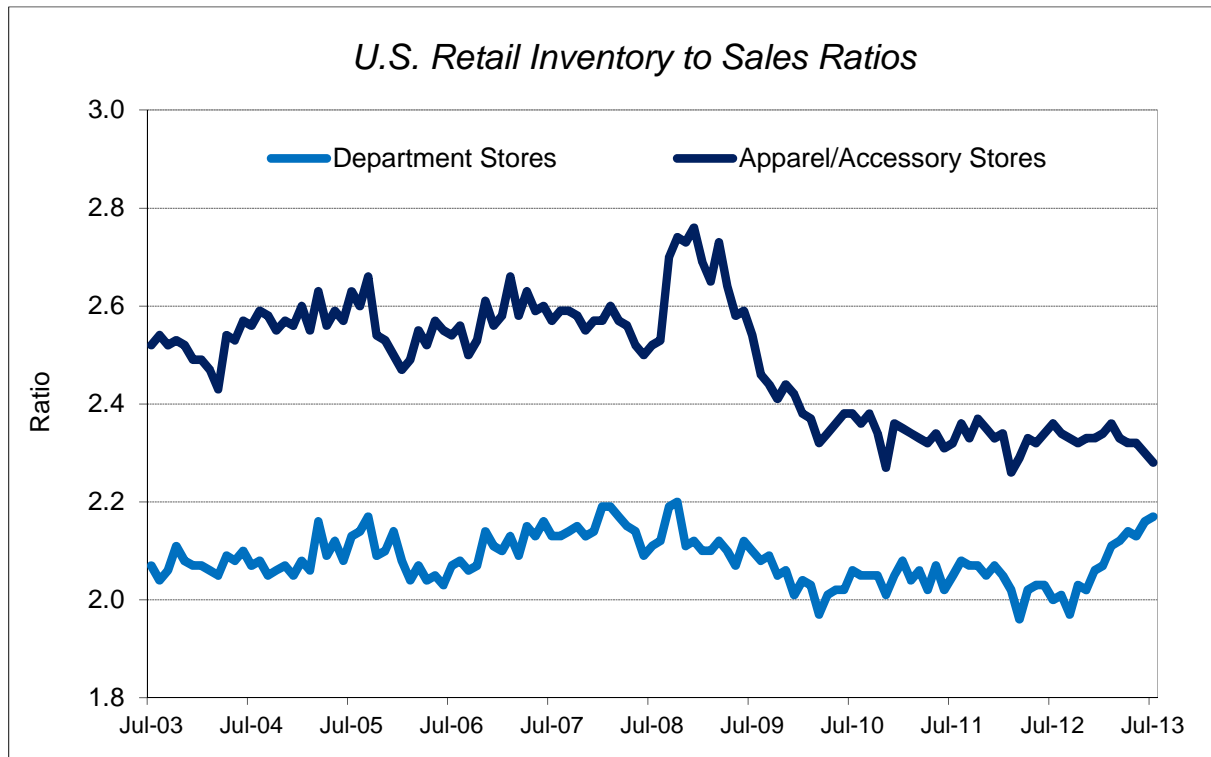
*Based on chained 2005\$.



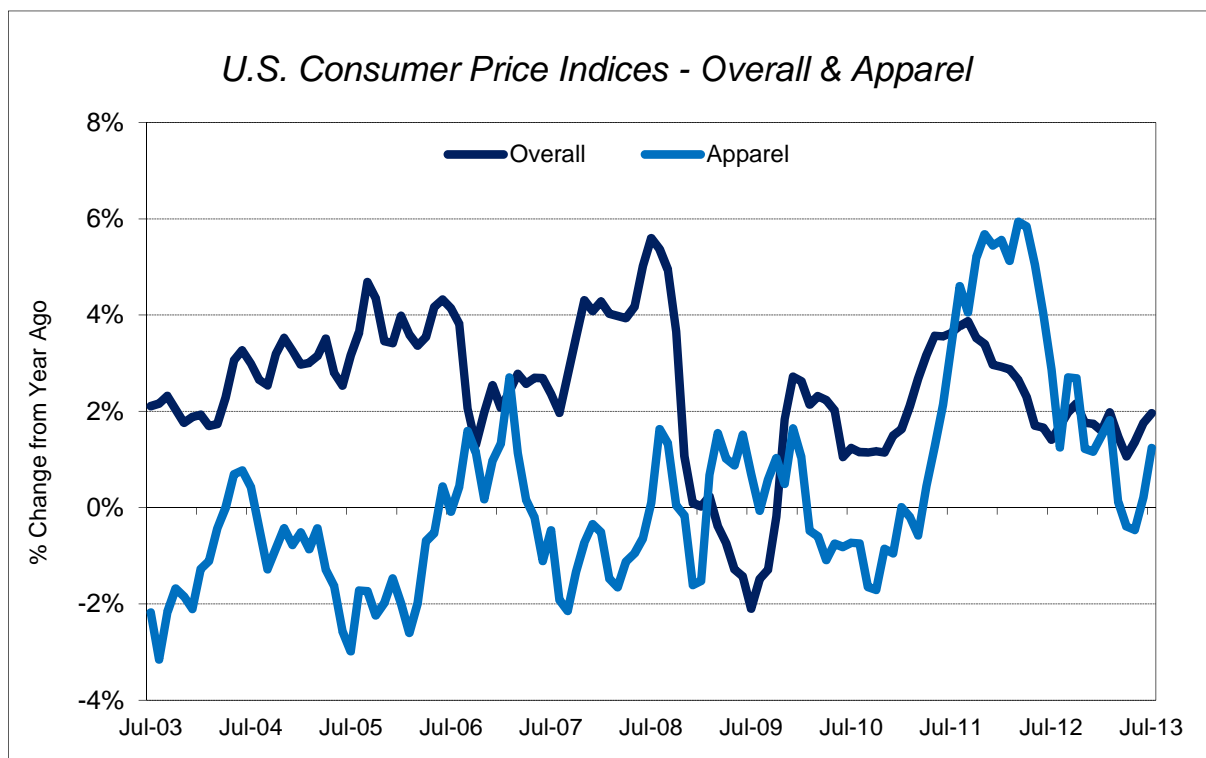
*Based on chained 2005\$.

[return to text](#)





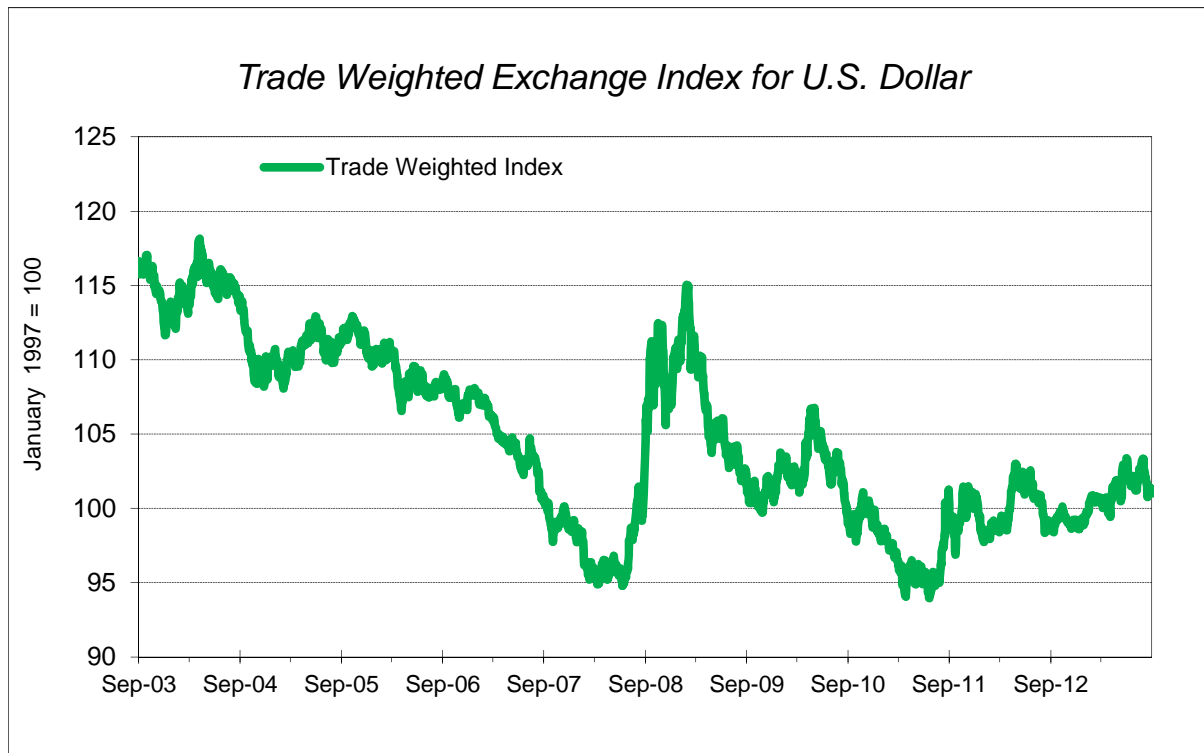
Source: Department of Commerce



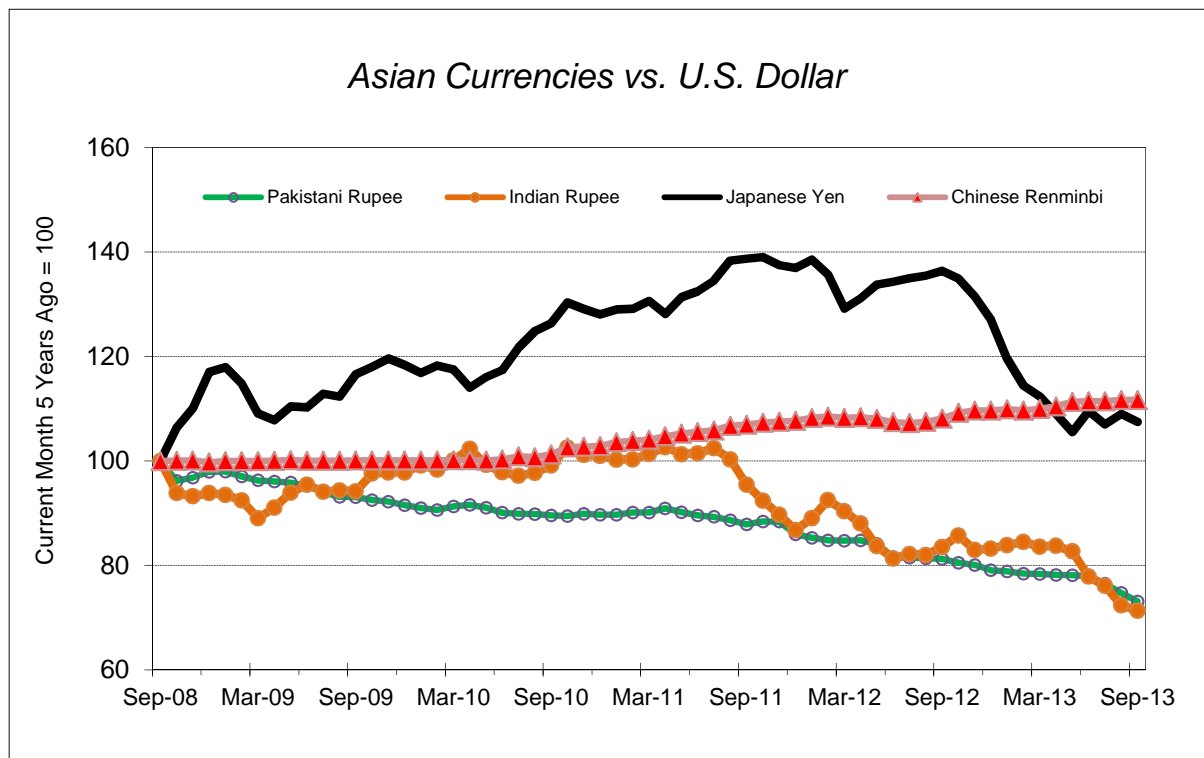
Source: Bureau of Labor Statistics

[return to text](#)





Source: Federal Reserve

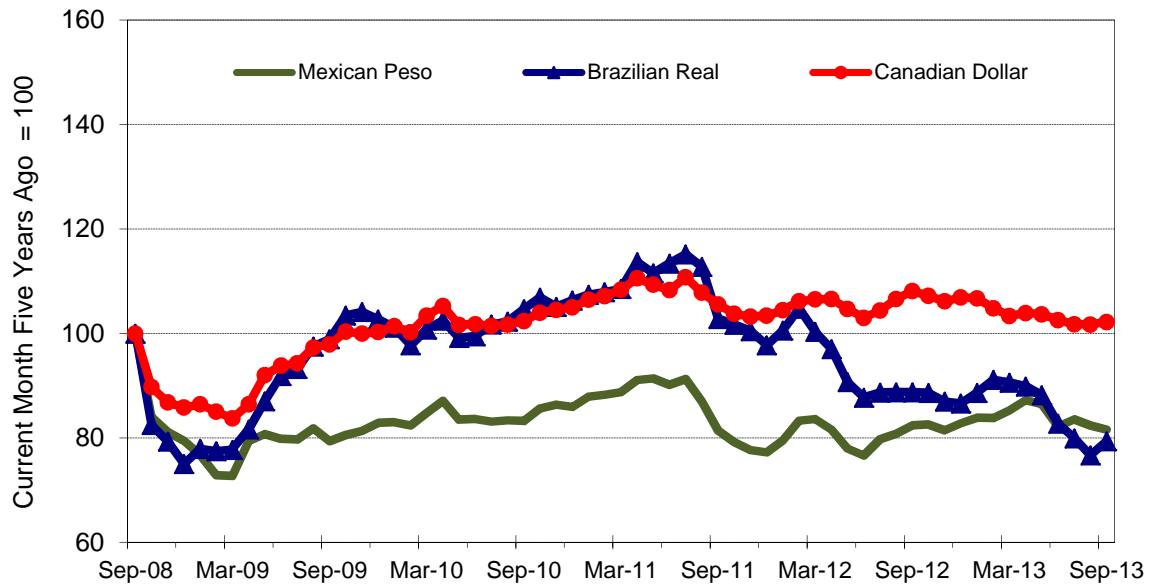


Source: Reuters

[return to text](#)

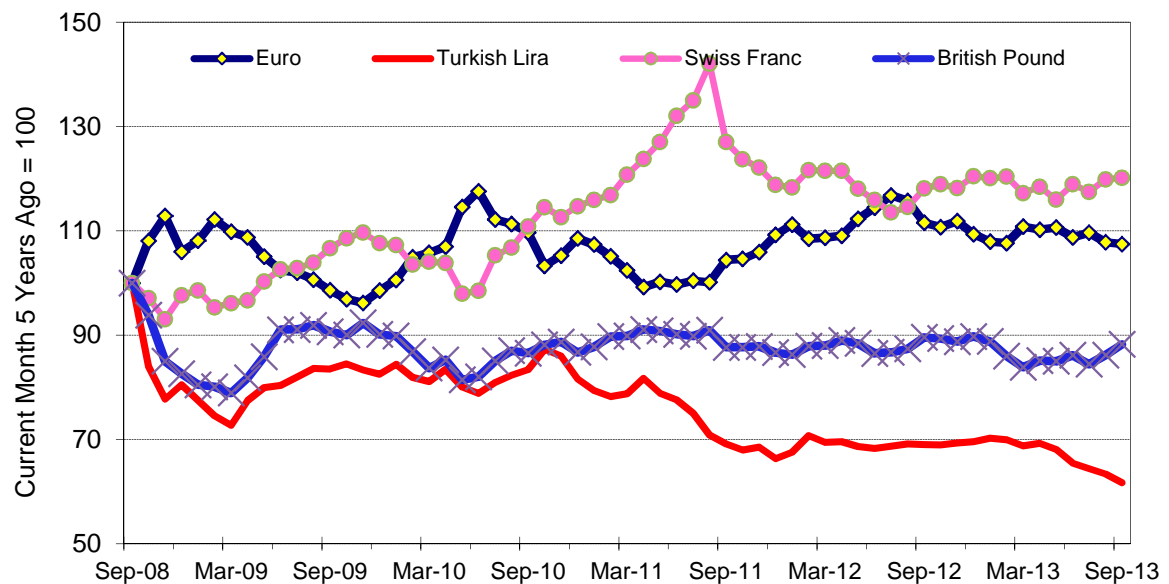


North & South American Currencies vs. U.S. Dollar



Source: Reuters

Index of European Currencies vs. U.S. Dollar



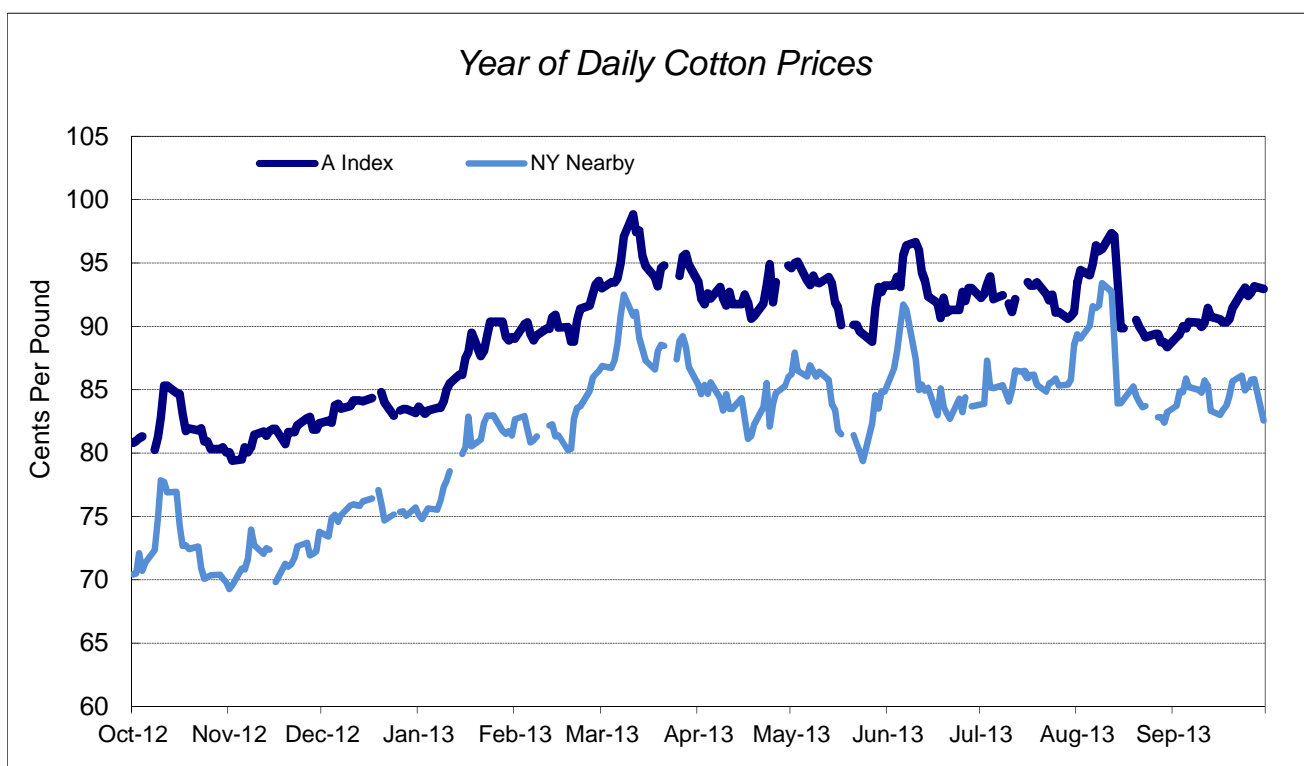
Source: Reuters

[return to text](#)



U.S. Balance Sheet

million 480 lb. bales	2009/10	2010/11	2011/12	2012/13	2013/14 August	2013/14 September
Beginning Stocks	6.3	2.9	2.6	3.4	3.8	3.9
Production	12.2	18.1	15.6	17.3	13.1	12.9
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	18.5	21.1	18.2	20.7	16.9	16.8
Mill-Use	3.6	3.9	3.3	3.5	3.5	3.5
Exports	12.0	14.4	11.7	13.0	10.6	10.4
Demand	15.6	18.3	15.0	16.5	14.1	13.9
Ending Stocks	2.9	2.6	3.4	3.9	2.8	2.9
Stocks/Use Ratio	19.0%	14.0%	22.0%	24.0%	19.9%	20.9%



Sources: ICE Futures U.S. & Cotton Outlook

[return to text](#)

