TXOGA CHARTBOOK™

June 23, 2025

Key points – Week of June 23, 2025

- **U.S. economic indicators remain mixed.** Consumer sentiment rebounded 16.0% in June's preliminary reading, but the pace of household spending is expected to slow following front-loaded purchases in Q1. Industrial production and business activity remain constructive, with capacity utilization at 77.4% and low credit spreads continuing to support capital investment. However, U.S. real GDP contracted in Q1, and the trade deficit widened to an annualized $1.4 trillion despite strength in petroleum exports. Labor market momentum softened, with May payrolls rising by just 139,000 and the unemployment rate holding at 4.2%.

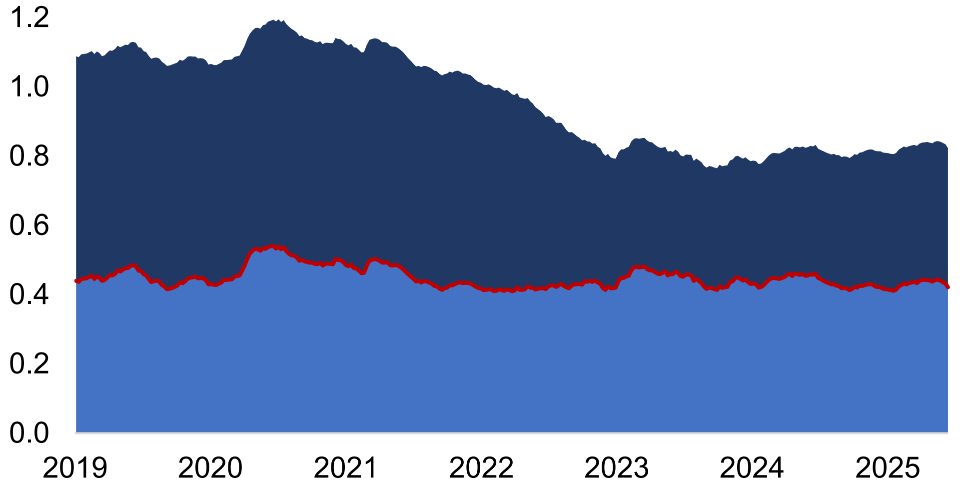
- **Oil prices rose amid geopolitical tensions, while inventories and imports fell.** WTI crude gained 2.8% for the week ended June 20, closing at $75 per barrel and extending the prior week's gains as Middle East tensions escalated. Futures remain in backwardation and exceed historical mean reversion thresholds. U.S. petroleum demand rebounded to 20.4 million b/d, and net exports increased by 1.3 million b/d. In contrast, EIA's June outlook downgraded its U.S. oil production forecast for 2025 and now expects no growth in 2026. Yet market conditions appear to have tightened, with commercial crude inventories falling by 1.15 million barrels to the bottom of the five-year range. This week's Chart of the Week highlights how markets are navigating geopolitical risk amid the weakest U.S. crude inventory position in a generation—underscoring Texas' strategic importance on the global stage.

- **Natural gas prices surged toward $4 amid a shift in sentiment, despite ample supply.** Prompt month prices jumped 8.2% week-over-week to $3.87 per mmBtu, driven by bullish momentum and positioning. While the latest weekly storage build came in below expectations, working gas still rose to 2.8 tcf as of June 13—placing it in the 72nd percentile of the 5-year range. EIA estimates indicate that production continues to keep pace with total demand, including strong LNG exports, underscoring that recent price strength reflects shifting sentiment as much as supply-demand fundamentals.

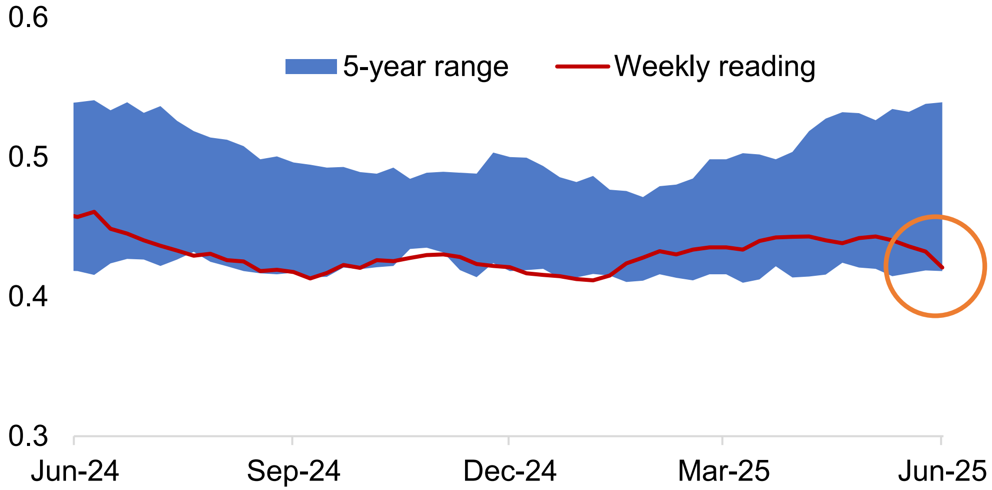
U.S. Crude Oil Inventories Near Historic Lows, and Strategic Reserve at 1984 levels – June 2025

- The Strategic Petroleum Reserve (SPR) held 402 million barrels as of June 13, 2025—the same level as in June 1984, and now accounts for just under half of total U.S. crude inventories, per EIA data.
- Commercial stocks held by industry are 421 million barrels, placing them at the bottom of the five-year range and down 5% since mid-April—significantly weaker than a year ago.
- At current consumption rates:
  - SPR covers less than 20 days of U.S. demand.
  - Commercial stocks cover just over 20 days, but a portion is non-withdrawable pipeline fill needed to maintain system pressure and flow.
- Market sensitivity has increased: Recent Middle East tensions have triggered stronger price responses than the 2019 Houthi missile attack on Saudi Arabia's Abqaiq refinery, which removed 4.5 million barrels per day of capacity.
  - Shows a heightened psychological premium in today's markets.
- A prolonged disruption in the Strait of Hormuz—which handles ~20% of global oil shipments—plus loss of Iran's 1.7 million barrels per day of exports would require global coordination to bridge supply gaps.
  - Texas would be central to stabilizing global markets through rapid, scalable production and reliable exports.

U.S. crude oil stocks
Billion barrels



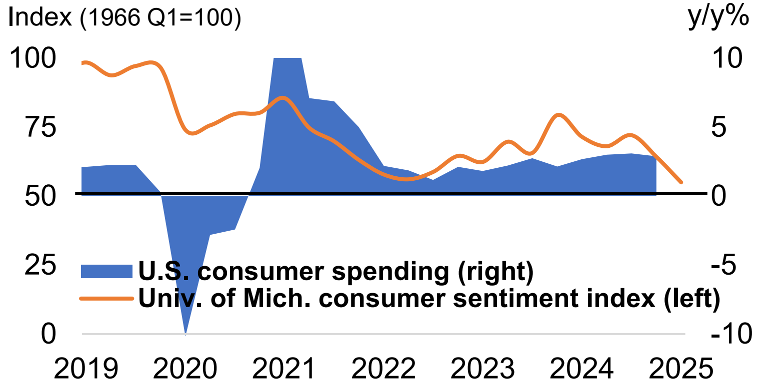
U.S. crude oil stocks held by industry
Billion barrels



sources: U.S. Energy Information Administration (EIA); TXOGA analysis

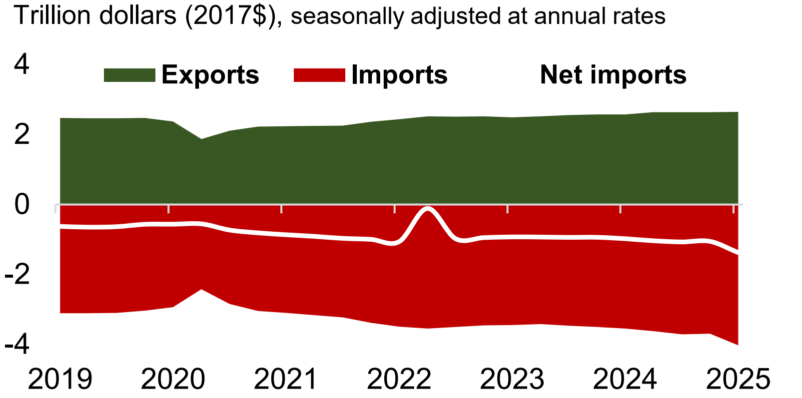
U.S. economic indicators

Consumer sentiment vs. spending



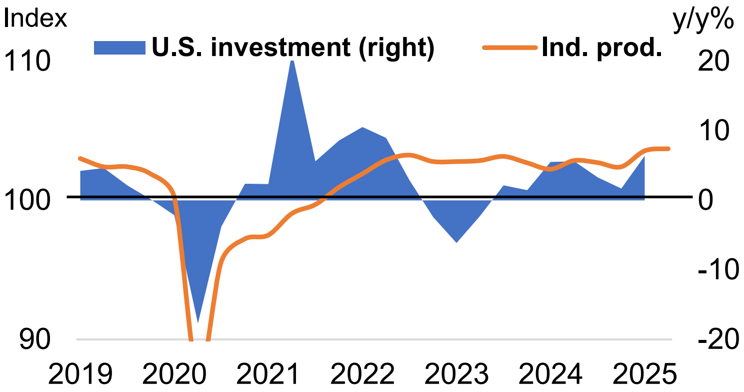
Consumer sentiment rebounded 16.0% in the University of Michigan's preliminary June survey. We track the index on a rolling three-month average as a leading indicator of consumer spending. The BEA revised Q1 consumer spending down by 0.2 percentage points to 2.9% year-over-year, likely reflecting front-loaded purchases. Based on historical patterns, this points to slower consumer spending growth in Q2 2025.

Real net exports of goods and services



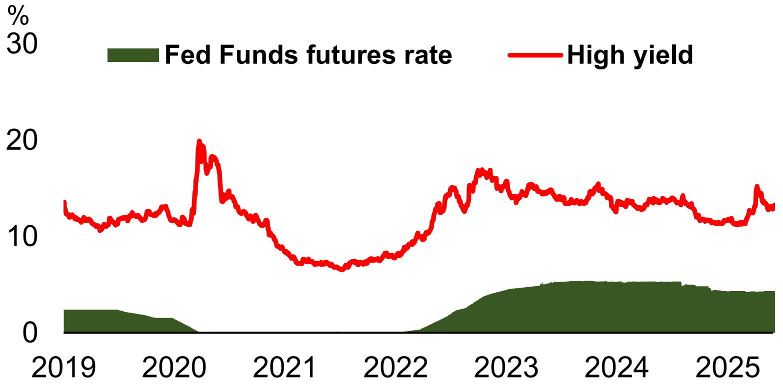
The U.S. real trade deficit ran at an annualized rate of $1.4 trillion in Q1 2025 (up from $0.98 trillion in Q4 2024), per BEA. On a nominal basis, the trade surplus in petroleum and related products was revised up by $8.4 billion to $55.5 billion in Q1 and $56.1 billion a year ago.

Industrial production and investment growth



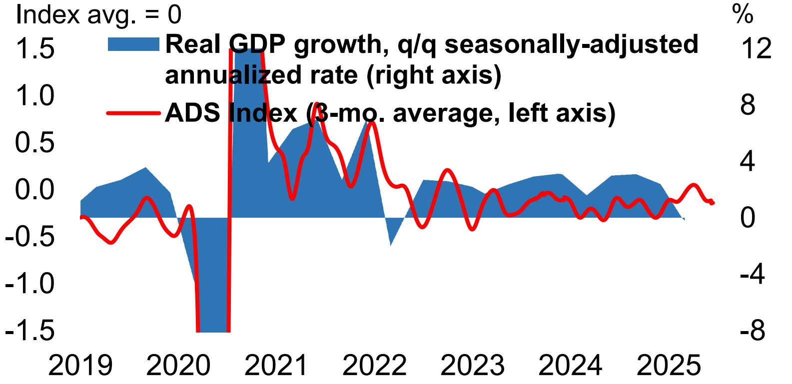
Industrial production grew 0.1% m/m and 0.8% y/y in May, corresponding with 77.4% capacity utilization per the Federal Reserve. As a leading indicator of economy-wide investment, the data suggest that business conditions have remain constructive.

Fed Funds rate and CCC and lower corporate bond yields



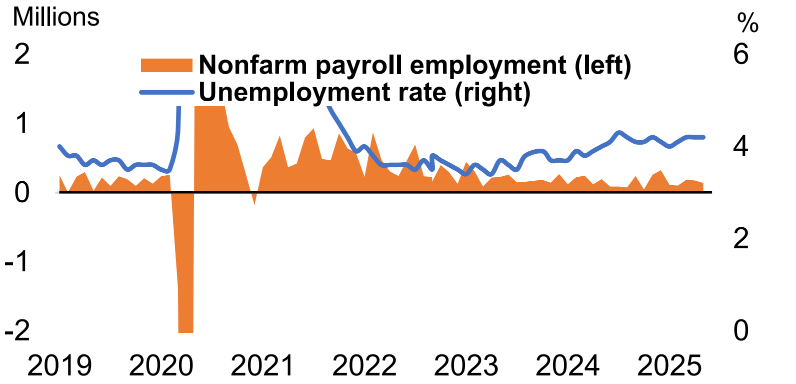
Bond premium for low credit quality decreased. High yield (HY) rates reflect debt costs for firms with below-investment grade credit quality. For the week ended June 20, HY rates (13.0%) fell by 20 basis points w/w, while the 30-day Fed Funds futures rate (4.3%) held steady, yielding a premium for low credit quality of 8.7%.

Aruoba-Diebold-Scotti Business Conditions Index (qtr. avg.) vs. U.S. real GDP growth



U.S. real GDP growth contracted q/q in Q1 2025. The ADS business conditions index, published by the Philadelphia Fed. Res. Bank, is a leading indicator of GDP growth. Readings as of June 20 showed a deceleration in the ADS index but remained consistent with GDP growth in Q2 2025.

Nonfarm payroll employment & unemployment rate



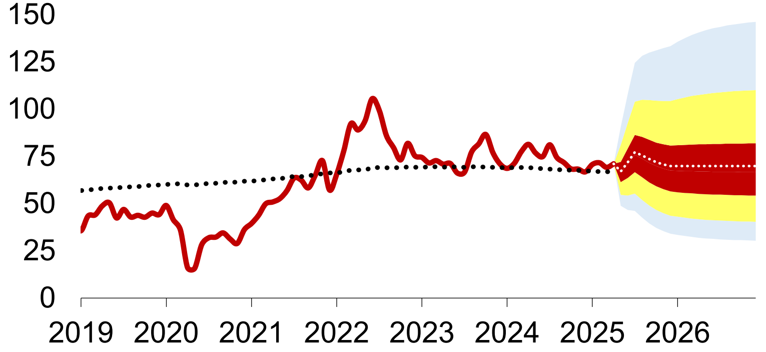
Labor market conditions showed little momentum. Employment is a lagging indicator of GDP growth. Non-farm payrolls increased by 139,000, and the U.S. unemployment rate held steady at 4.2% in May per BLS.

sources: FRED; Univ. of Michigan; BEA; CME Group; Federal Res. Board; Philadelphia Fed. Res.; Bureau of Labor Statistics

U.S. oil market indicators

WTI crude oil price mean reversion analysis

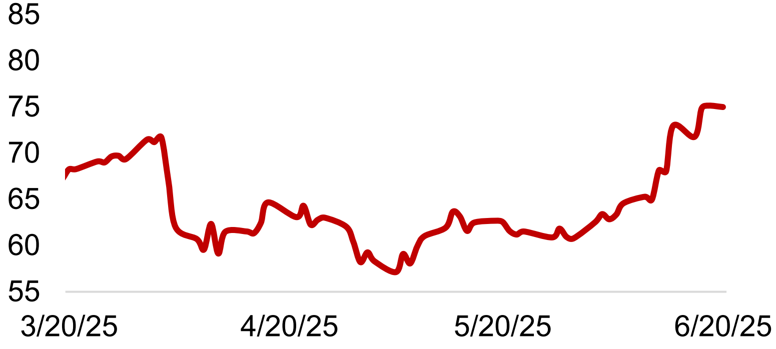
Dollars per barrel (2025$)



Near-term futures prices currently exceed their historical mean reversion threshold. The futures strip remains in backwardation (i.e., futures prices are below spot prices).

WTI crude prompt month futures prices

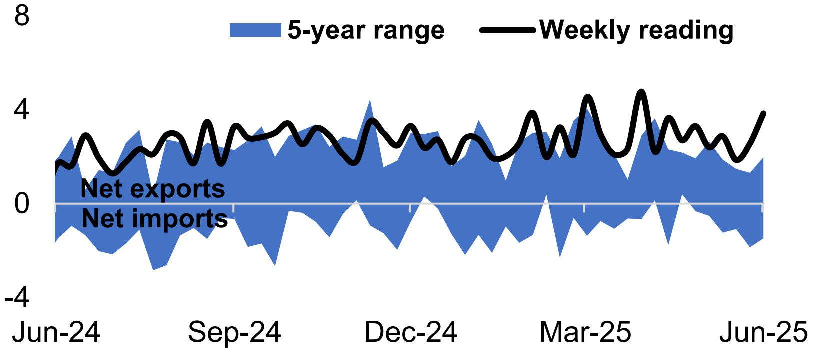
Dollars per barrel



WTI crude oil prices rose 2.8% w/w to $75 per barrel as of June 20 (on top if a 13.0% rise last week), due to Middle East geopolitical uncertainties.

U.S. petroleum net exports (imports)

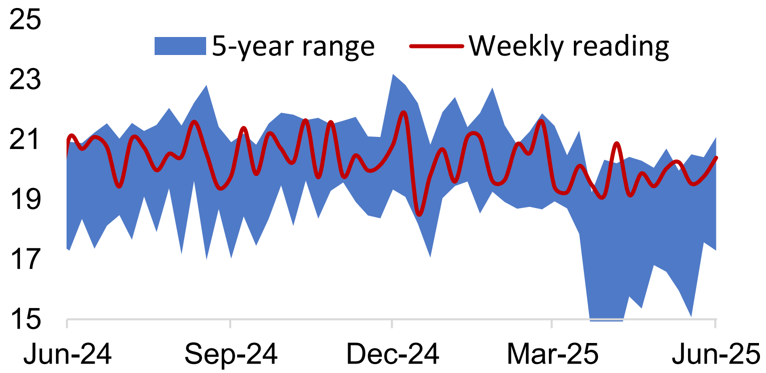
Million barrels per day, mb/d



Petroleum net exports rose. Net exports rose to 3.8 mb/d for the week ended June 13, an increase of 1.3 mb/d from the prior week.

U.S. petroleum demand

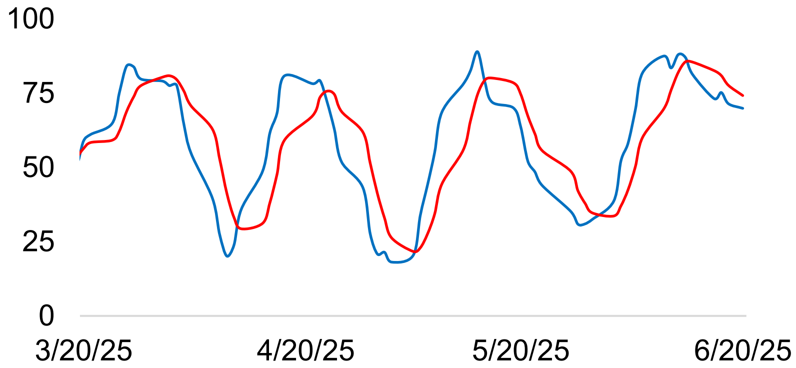
Million barrels per day (mb/d)



Petroleum demand increased. U.S. petroleum demand as of June 13, as measured by deliveries, rose by 0.6 mb/d versus the prior week to 20.4 mb/d.

WTI crude prompt month futures slow stochastic

Index level

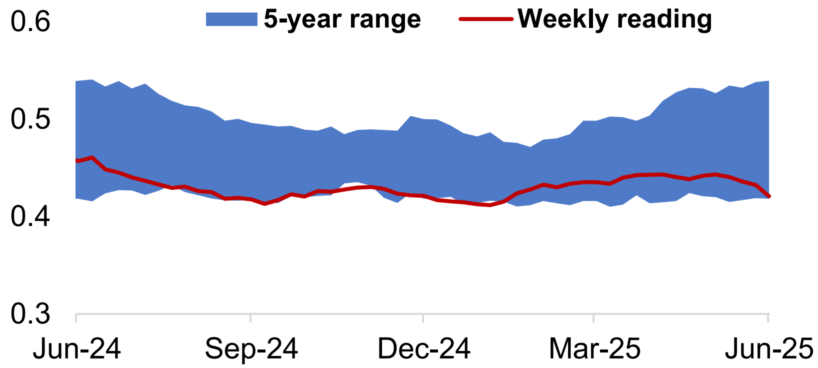


%K, %D 5 bars

Price momentum eased for the week ended June 20.

U.S. ending stocks of crude oil (excluding the SPR)

Billion barrels



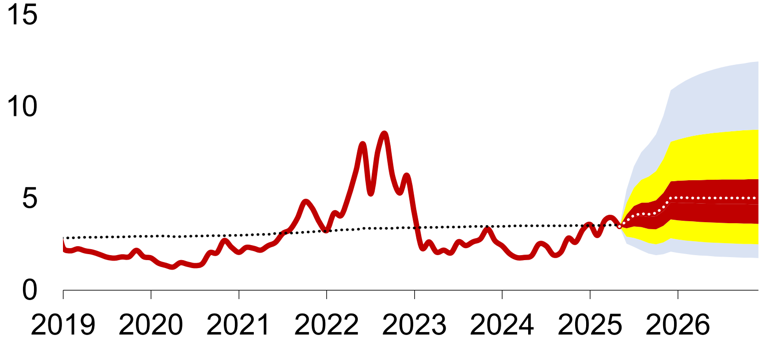
Inventories decreased. U.S. ending stocks of crude oil excluding the Strategic Petroleum Reserve (SPR) decreased by 11.5 million barrels (mb) for the week ended June 13 – and to the bottom of the 5-year range.

sources: U.S. Energy Information Administration; CME Group; Bureau of Labor Statistics; TXOGA analysis

U.S. natural gas market indicators

Natural gas price mean reversion analysis

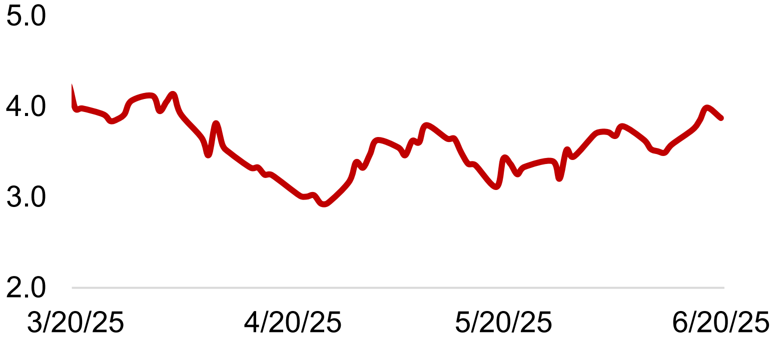
Dollars per mmBtu (2025$)



Near-term futures prices are above their historical mean reversion threshold. Futures prices are in contango (that is, spot prices are lower than futures prices). Historical confidence intervals suggest more potential for upside price movement than downside.

Natural gas prompt month futures prices

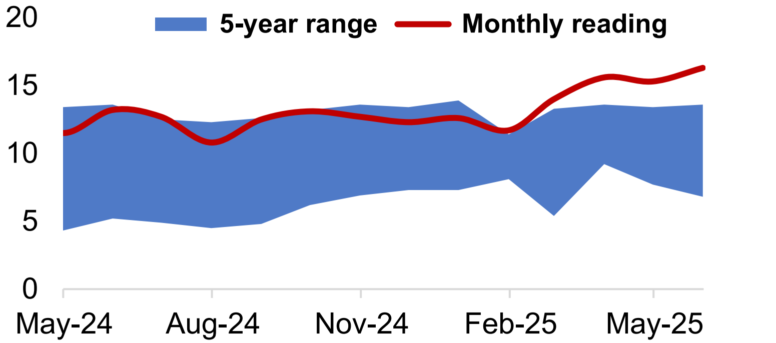
Dollars per million Btu



Henry Hub natural gas prices rose 8.2% week-over-week to $3.87 per million Btu for the week ended June 20, on the slowest weekly percentage storage increase since mid-April.

U.S. natural gas net exports

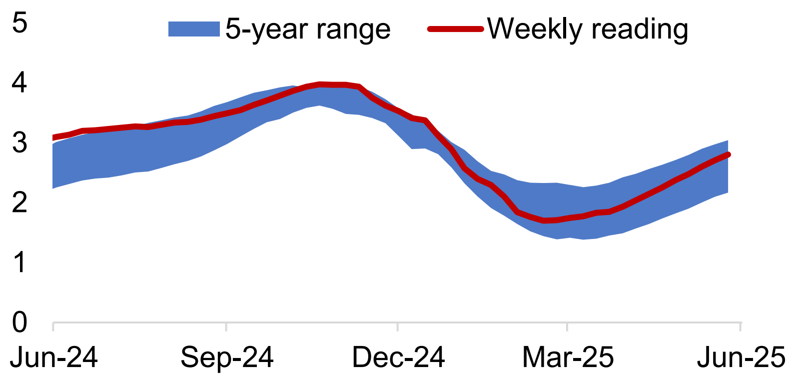
Billion cubic feet per day, bcf/d



According to EIA estimates, U.S. natural gas net exports rose to a record 16.3 bcf/d in May, up 23.5% y/y

U.S. weekly working gas storage

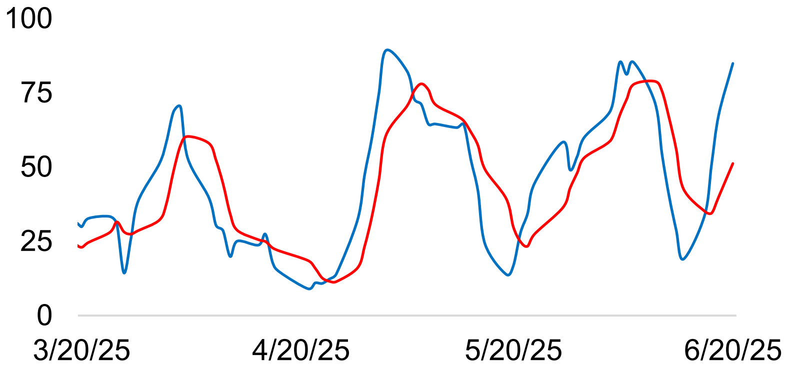
Trillion cubic feet (tcf)



Working natural gas storage increased. Working gas in underground storage rose by 3.5% w/w to 2.8 tcf as of June 13—compared with 1.7% y/y in the same week a year ago.

Natural gas futures slow stochastic

Index level

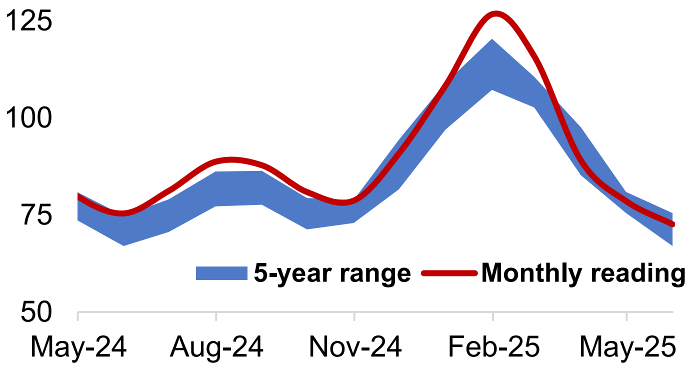


%K, %D 5 bars

Natural gas price momentum turned positive for the week ended June 20.

U.S. natural gas consumption

Billion cubic feet per day, bcf/d



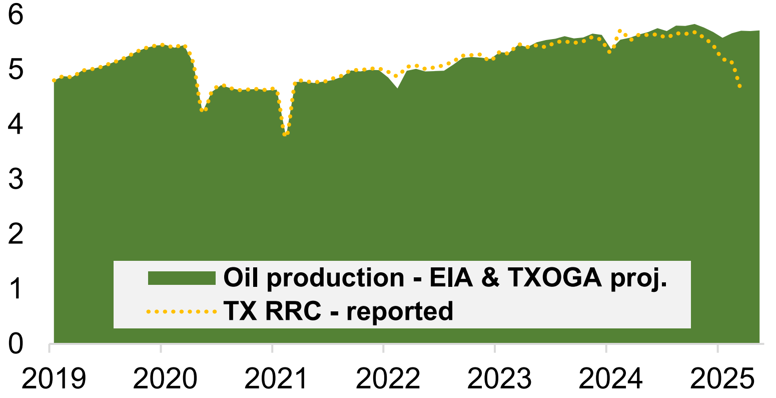
Lower consumption continued in May. U.S. natural gas consumption of 72.6 bcf/d in May fell by 3.7% y/y per EIA.

sources: U.S. Energy Information Administration; CME Group; Bureau of Labor Statistics; TXOGA analysis

Texas oil and natural gas production

Texas crude oil production, Jan. 2019 – May 2025

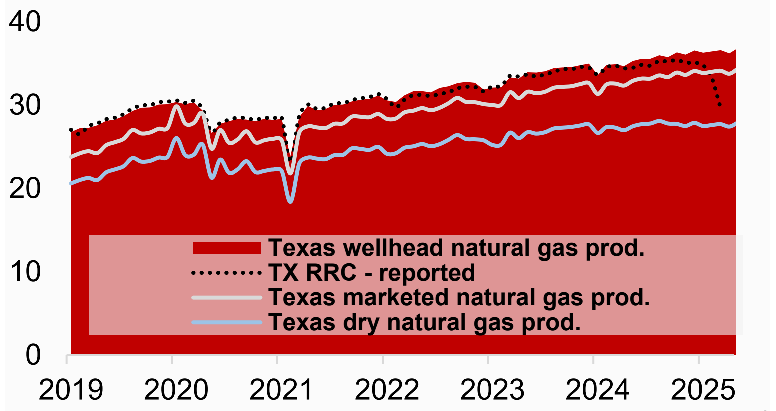
Million barrels per day (mb/d)



Solid oil production sustained. Texas' oil production averaged 5.7 mb/d in March, according to the EIA. TXOGA estimates that production remained steady at 5.7 mb/d in May.

Texas natural gas production, Jan. 2019 – May 2025

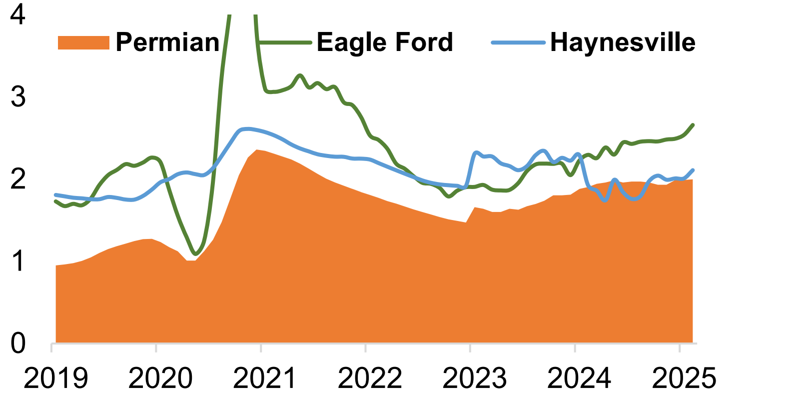
Billion cubic feet per day (bcf/d)



Natural gas production increased. Texas produced record-highs of 36.6 bcf/d of natural gas gross withdrawals and 34.1 bcf/d of marketed production in March per EIA. TXOGA estimates that Texas' marketed production rose to 34.4 bcf/d in May.

Texas rig productivity by basin – new monthly prod. per rig

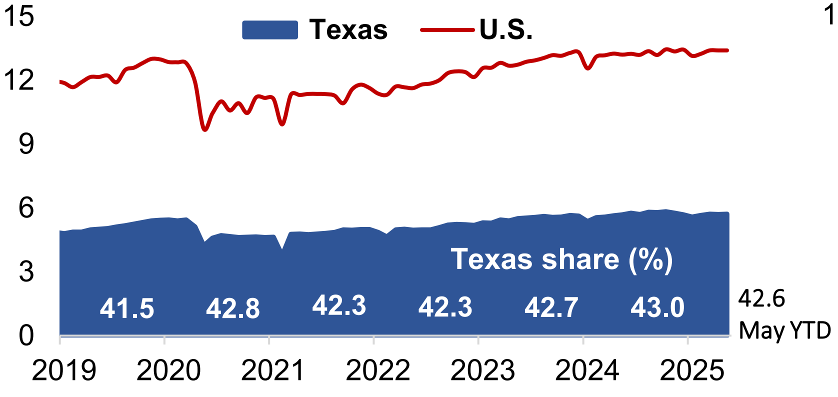
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity gains continued across major basins in April. EIA estimates of rig productivity for April 2025 showed rig productivity increased by 6.6% y/y in the Permian Basin and 6.9% y/y in the Eagle Ford, and 7.0% y/y in the Haynesville.

U.S. and Texas crude oil production, Jan. 2019 – May 2025

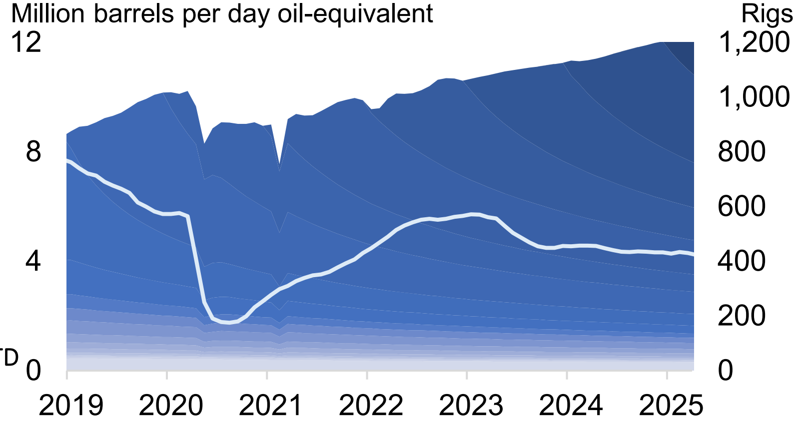
Million barrels per day (mb/d)



In the first five months of 2025, Texas accounted for 42.6% of total U.S. crude oil production.

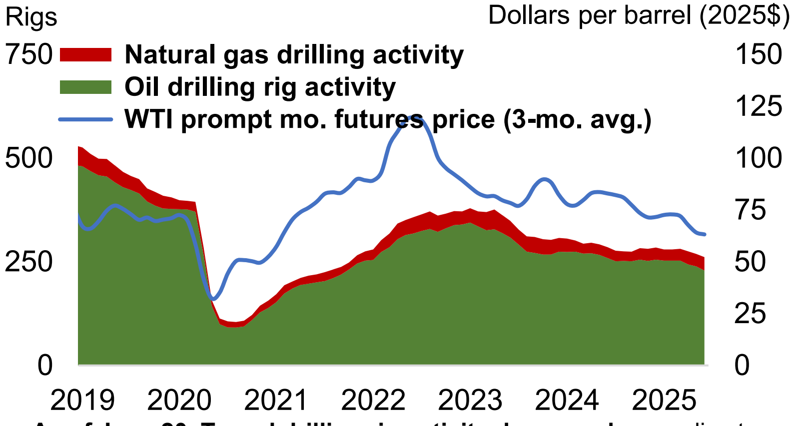
Texas shale basin wellhead oil & natural gas production

Million barrels per day oil-equivalent



EIA estimates show changes in oil and natural gas production across Texas shale basins in April 2025, including the Permian (+5.7% y/y), Eagle Ford (+3.3% y/y), and Haynesville (+2.5% y/y).

Texas drilling activity and WTI crude oil futures prices



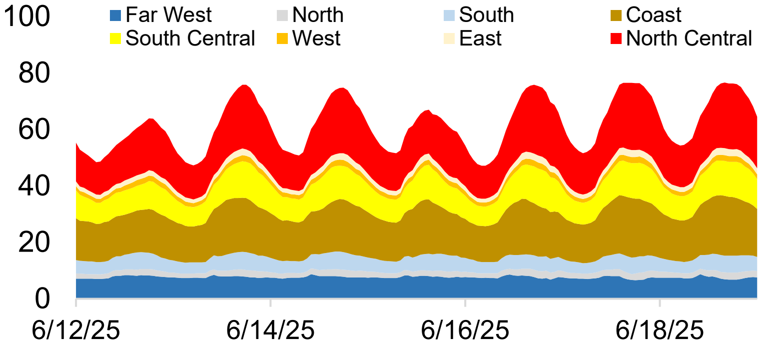
As of June 20, Texas' drilling rig activity decreased, according to Baker Hughes, with 226 oil-directed rigs (down 4 rigs w/w) and 32 natural gas-directed rigs (unchanged w/w).

sources: U.S. Energy Information Administration; Texas Railroad Commission; Baker Hughes; CME Group; TXOGA analysis

Texas electricity analysis

ERCOT electricity load by region

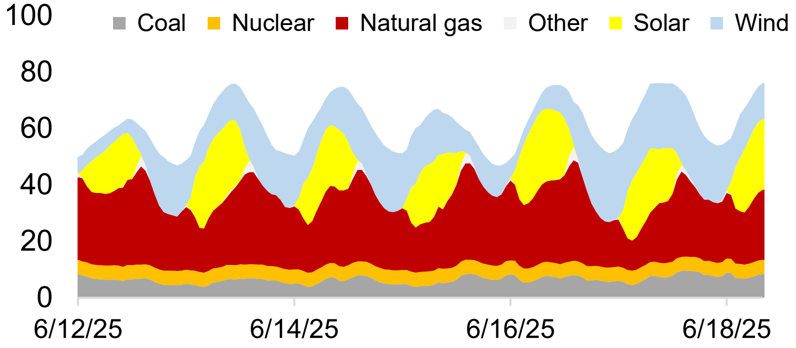
Thousand megawatt-hours (kMWh)



For June 12-18, ERCOT's average hourly electricity load was 62.0 kMWh, down 1.2% w/w, while the maximum hourly load of 76.6 kMWh remained unchanged. Variability was the highest in the North Central and South Central regions.

ERCOT hourly electricity generation by source

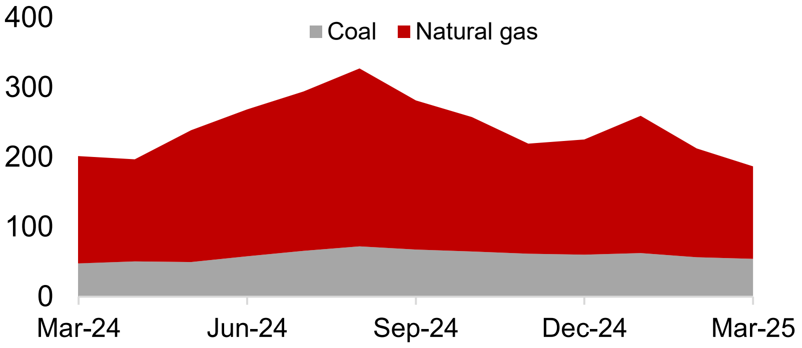
Thousand megawatt-hours (kMWh)



Thermal and dispatchable resources generated up to 86.5 of ERCOT's electricity. ERCOT's hourly electricity generation for the period June 12-18 ranged between 47 and 76 kMWh with a standard deviation of 9.1 kMWh. Thermal and dispatchable sources generated 86.5% of the region's power on the morning of June 12, including 58.6% from natural gas.

Texas electricity plant receipts of natural gas and coal

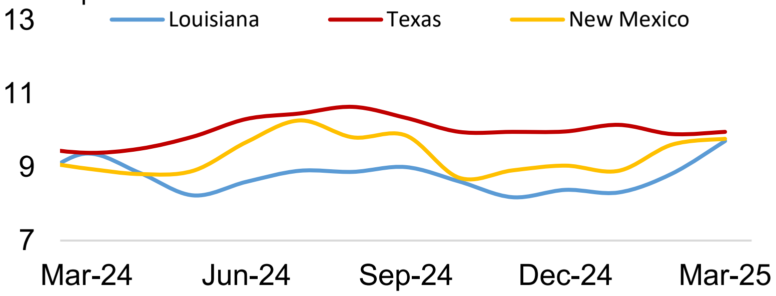
Trillion Btu



Coal-gas switching returned in March. Texas electricity plant receipts of natural gas fell by 14.0% y/y in March 2025, while receipts of coal rose 14.0% y/y.

Electricity prices – average across all end-use sectors

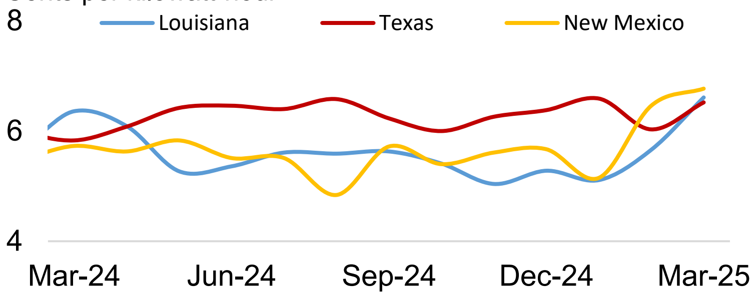
Cents per kilowatt-hour



Texas' electricity prices rose in March 2025. The average price of electricity in Texas increased by 0.6% m/m and 6.1% y/y in March to 9.96 cents per kWh, compared with 9.71 cents per kWh in Louisiana and 9.77 cents per kWh in New Mexico.

Industrial electricity prices

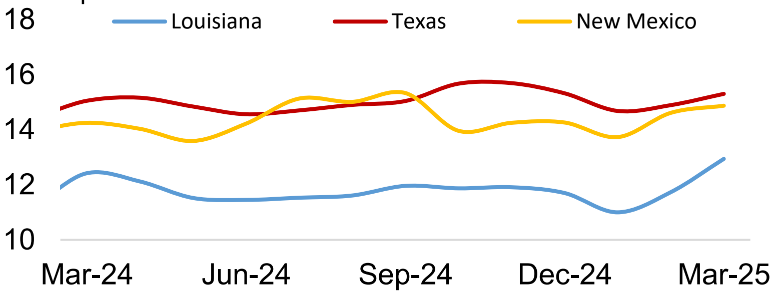
Cents per kilowatt-hour



Texas' average industrial electricity price rose to 6.52 cents per kWh in March, up 8.1% m/m and 11.8% y/y. Rates in Louisiana and New Mexico also increased to similar levels, 6.61 cents per kWh in Louisiana and 6.77 cents per kWh in New Mexico.

Residential electricity prices

Cents per kilowatt-hour



Texas' residential electricity prices rose. Residential electricity prices in Texas rose to 15.30 cents per kWh in March, up 1.7% y/y, remaining above rates in Louisiana (12.94 cents per kWh) and New Mexico (14.87 cents per kWh).

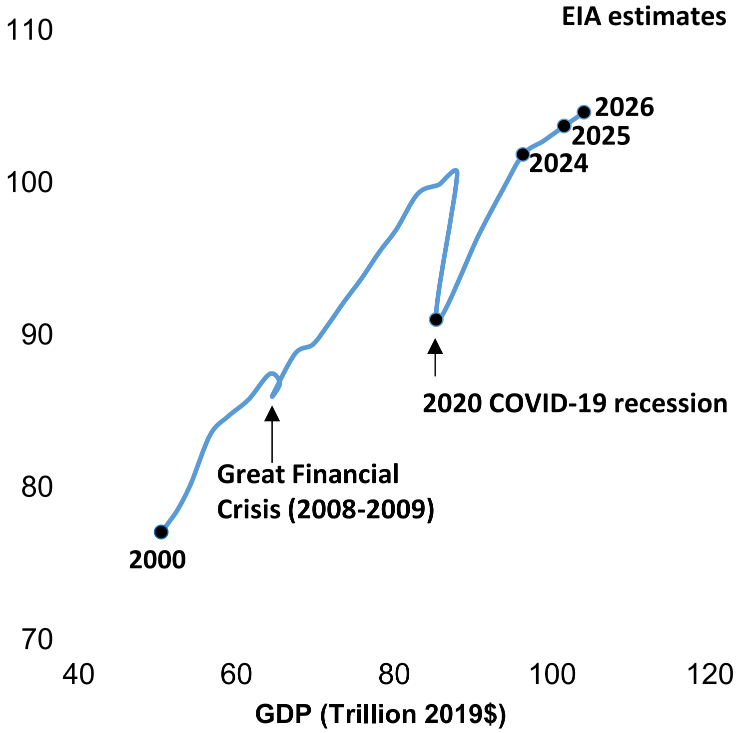
sources: ERCOT; EIA; TXOGA analysis

Global oil market outlook – Global supply expected to outpace record demand through 2026

- **Global oil demand has been downgraded but could still reach a 3rd consecutive record high,** increasing from 102.7 mb/d in 2024 to 103.5 mb/d in 2025 and 104.6 mb/d in 2026 per EIA
- **With reduced expectations for U.S. production growth, EIA projects 2025-2026 global supply increases of 1.6 mb/d and 0.8 mb/d**, respectively, which is an upgrade to 2025 (led by other non-OPEC and OPEC producers) and a downgrade to 2026.
- **EIA projects continued oil supply growth through 2026,** with Brent crude oil prices averaging $66 per barrel in 2025 and $59 per barrel in 2026—compared with $79 currently.

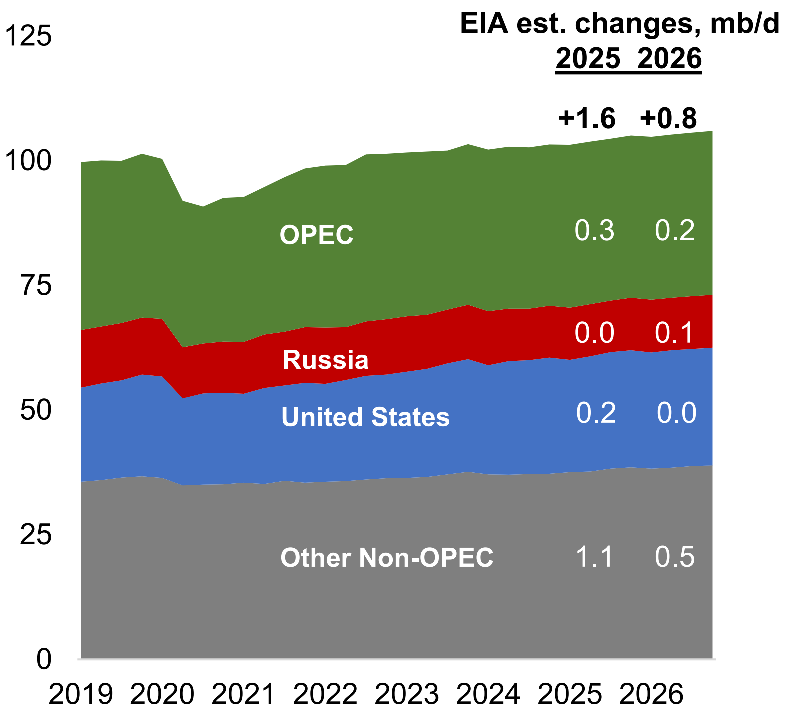
Global oil demand and GDP

Million barrels per day (mb/d)



Oil production by country/region

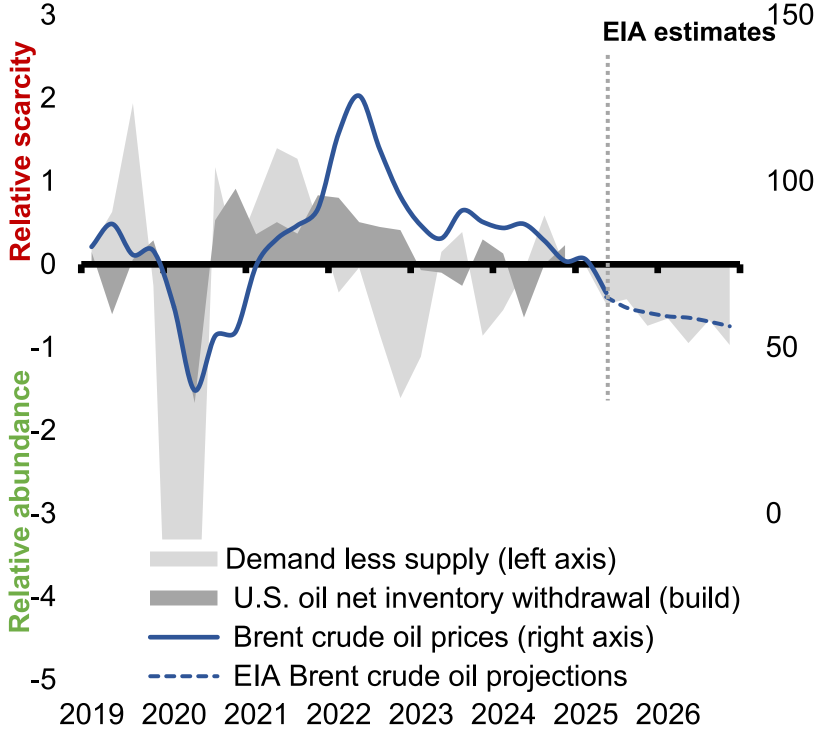
Million barrels per day, mb/d



Global demand/supply & Brent prices

Million barrels per day (mb/d)

2025$/Bbl

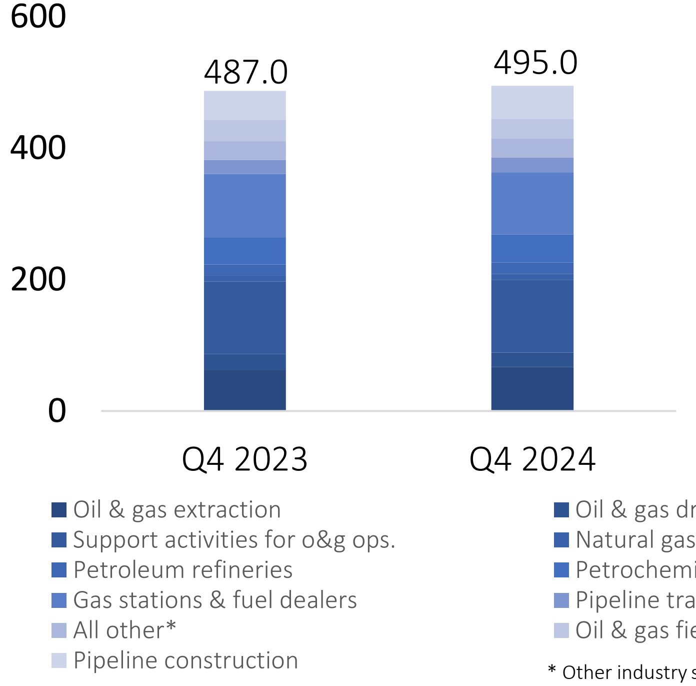


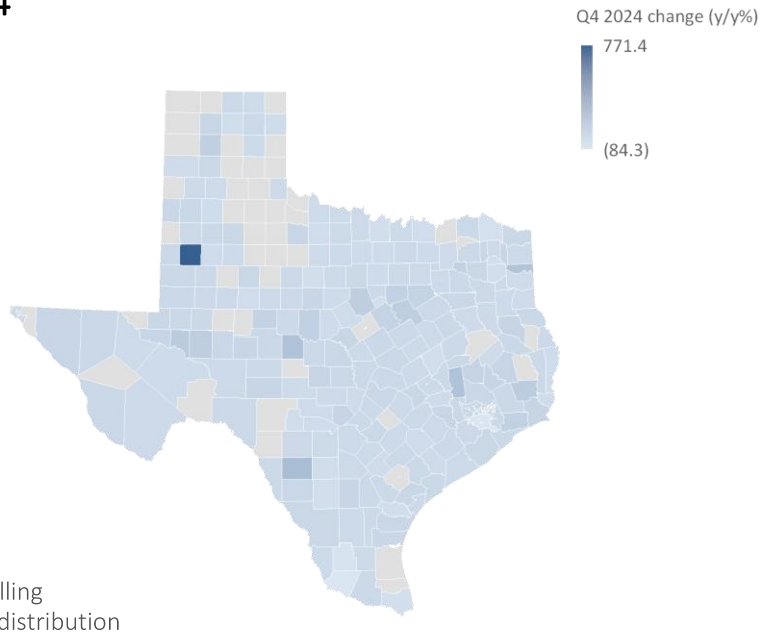
sources: U.S. Energy Information Administration (May 2025); TXOGA analysis

Texas oil and natural gas industry jobs and wages increased in Q4 2024

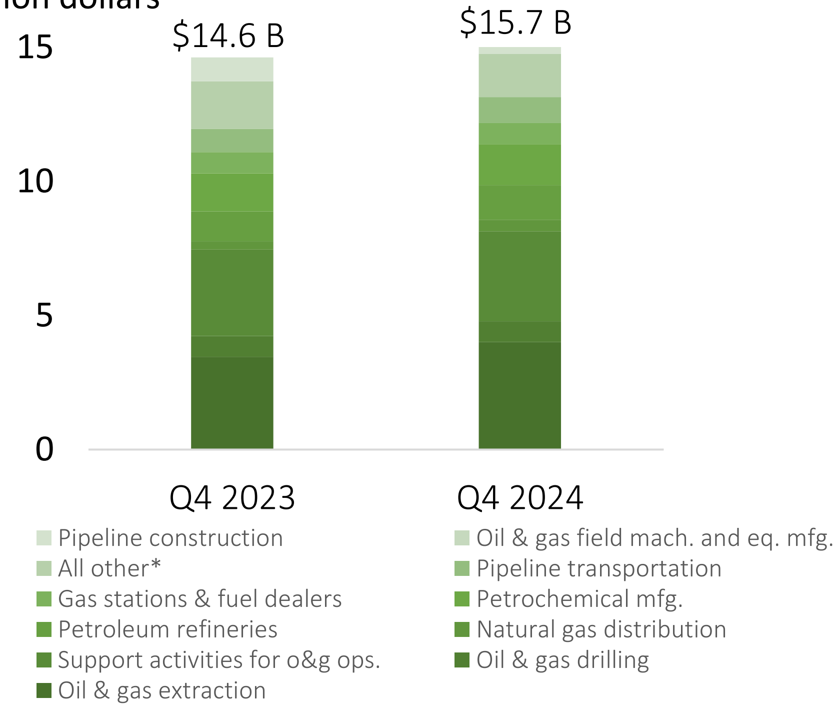
- Texas oil and natural gas industry employment and wages grew by 1.6% and 7.6% year-over-year (y/y), respectively, in Q4 2024, reaching 494,961 jobs and $15.7 billion in wages.
- The vast majority of job growth year-over-year occurred in pipeline construction (+6,674 jobs) and natural gas extraction (+4,612 jobs), per data from the U.S. Census Bureau and the Texas Workforce Commission.

Texas oil and natural gas industry direct employment rose by +1.6% y/y in Q4 2024





Texas oil and natural gas industry direct wages rose by +7.6% y/y in Q4 2024



* Other industry segments include petroleum and pet. product wholesalers, lubricant mfg., asphalt mfg., industrial sand mining, nitrogenous fertilizer mfg., basic organic chem. mfg., plastics and resin mfg.

sources: U.S. Census Bureau; Texas Workforce Commission

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