



**June 30, 2025**





## Key points – Week of June 30, 2025

- **The U.S. economy showed mixed signals.** BEA's final Q1 2025 GDP estimate was revised down to a 0.5% q/q contraction, and – as discussed in the [Chart of the Week](#) – with no detail provided on net trade or inventories—an unusual omission. Prior estimates showed the real trade deficit widening to \$1.4 trillion annualized, while the petroleum trade surplus rose to \$62.3 billion, up 11% year-over-year (y/y). Consumer spending slowed to 2.7% y/y, consistent with weak sentiment readings. The ADS index, which provides daily GDP growth estimates through June 26, decelerated but remained consistent with modest Q2 growth. Industrial production rose 0.1% m/m in May, with capacity utilization steady at 77.4% and investment growth holding at 6.3% y/y. Credit spreads narrowed as high yield bond rates fell 30 basis points to 12.7%, while the Fed Funds futures rate remained at 4.3%.
- **Oil market indicators reflected easing geopolitical tensions and mixed fundamentals.** WTI crude prices fell 13.2% w/w to \$65.06 per barrel as of June 27, returning to early-June levels. Futures prices re-aligned with their historical mean reversion threshold but remained in backwardation. Price momentum weakened, with technical signals pointing to reduced upward pressure. EIA weekly data show U.S. petroleum demand rose to 20.5 mb/d for the week ended June 20, within the top 25% of the five-year range. Crude oil production remained strong above 13.4 mb/d. Net petroleum exports slipped to 3.7 mb/d, while crude inventories (excluding the SPR) fell by 5.8 million barrels, remaining near the bottom of the five-year range.
- **Natural gas prices fell 3.7% w/w to \$3.71 per million Btu as of June 27, re-aligning with historical mean reversion levels.** The futures curve remains in contango, with price momentum weakening. Storage increased by 3.4% week-over-week (w/w) to 2.9 tcf, within the top 25% of the five-year range. Despite lower U.S. consumption, down 3.7% y/y in May, net exports rose to a record 16.3 bcf/d, up 23.5% y/y.

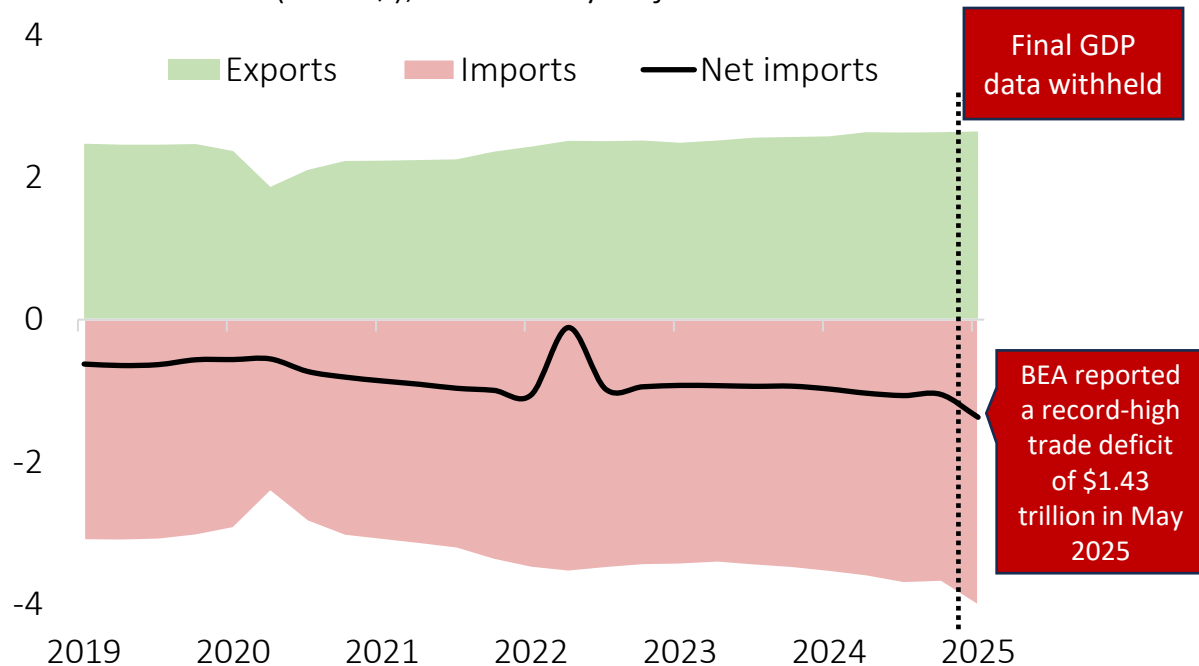
# Chart of the week: Unusual omission in final U.S. GDP report raises trade data concerns



- BEA's final Q1 2025 GDP report withheld net trade and inventory details—an uncommon gap in a key release.
- Prior estimates showed the real U.S. trade deficit widening to a record \$1.4 trillion annualized, up from \$980 billion in Q4 2024.
- On a nominal basis, the petroleum trade surplus rose by \$6.8 billion to **\$62.3 billion** in Q1 2025—an 11% increase year-over-year.
- Trade and inventory swings often signal turning points for the economy, making this missing data particularly notable.

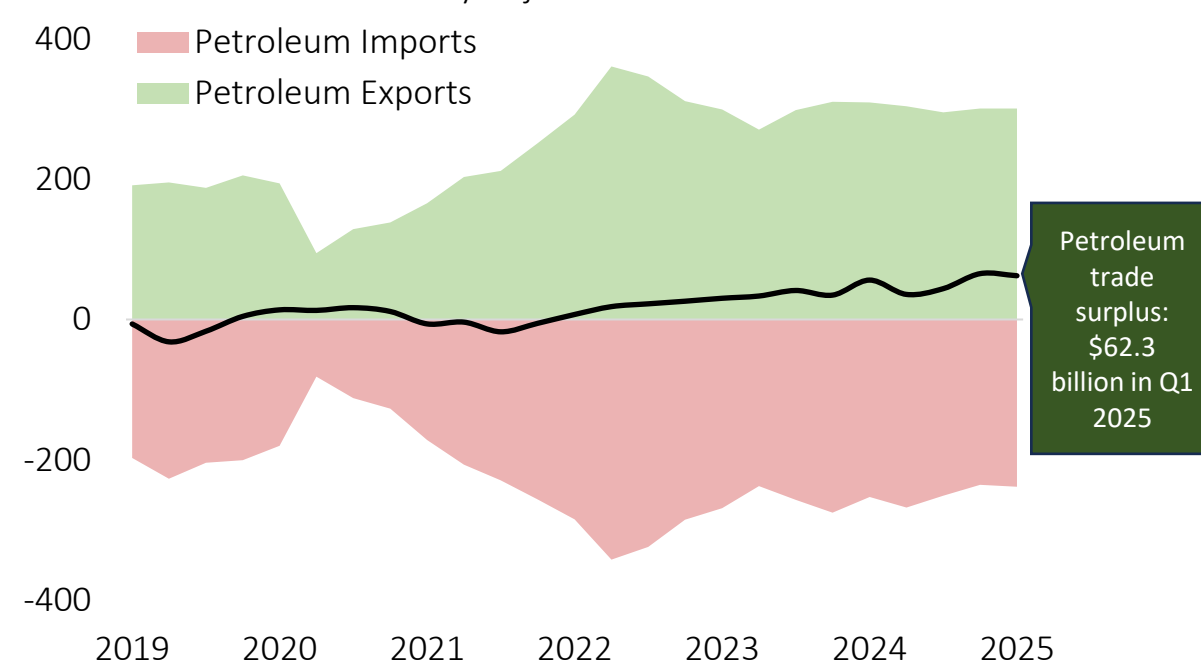
## Real net exports of goods and services

Trillion dollars (2017\$), seasonally adjusted at annual rates

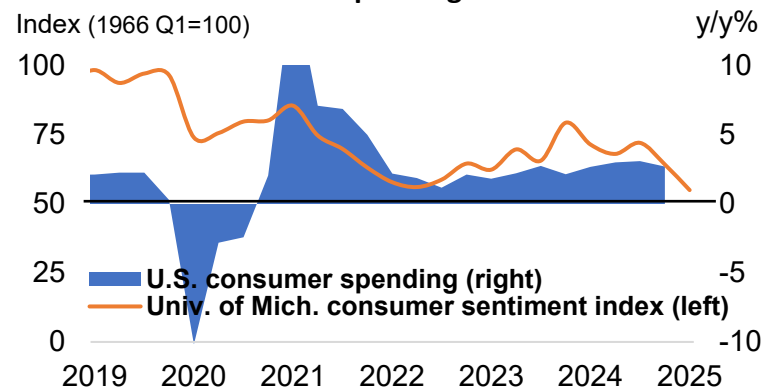


## U.S. petroleum trade

Billions of dollars – seasonally-adjusted at annual rates



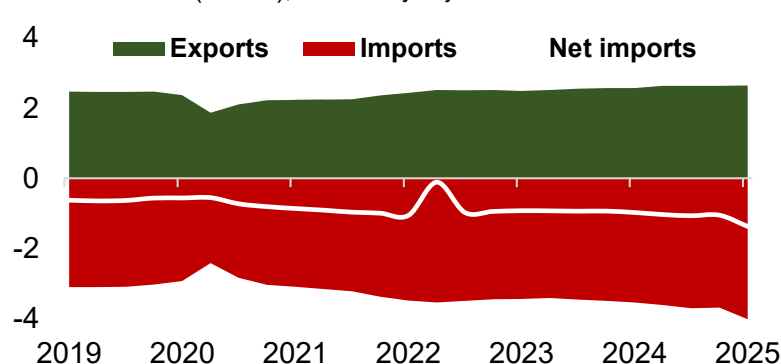
## Consumer sentiment vs. spending



Consumer spending was revised down by 0.2 percentage points to 2.7% y/y in the BEA's final Q1 2025 GDP report. The slowdown aligns with weakened consumer sentiment reported by the University of Michigan. The quarterly average of the UM sentiment index points to modest but positive spending growth for Q2 2025.

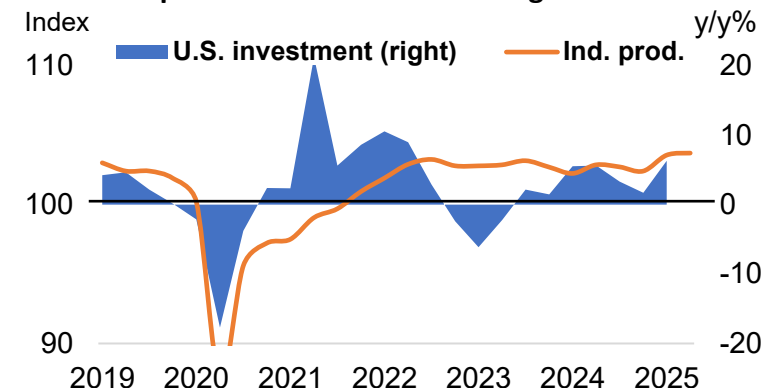
## Real net exports of goods and services

Trillion dollars (2017\$), seasonally adjusted at annual rates



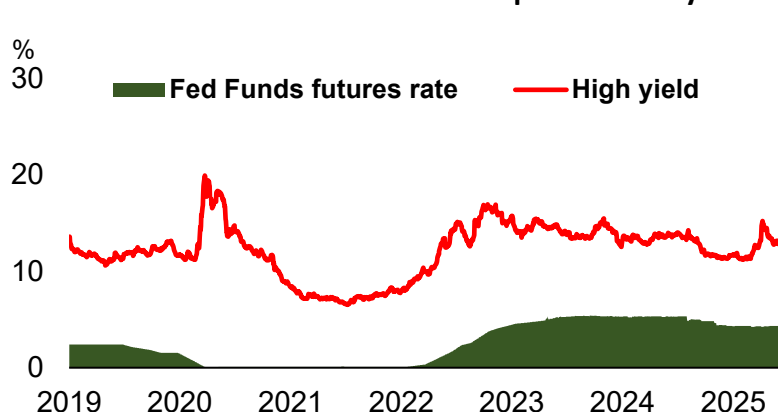
**BEA's final GDP report for Q1 2025 withheld detail on net trade and inventories**, an unusual omission. Prior estimates showed the real U.S. trade deficit widening to a \$1.4 trillion annualized rate, up from \$980 billion in Q4 2024. On a nominal basis, the petroleum trade surplus was revised higher by \$6.8 billion to \$62.3 billion for the quarter, 11% above year-ago levels.

## Industrial production and investment growth



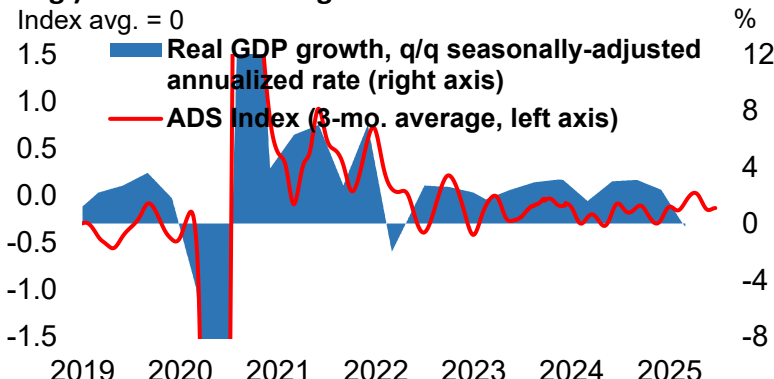
**BEA revised economywide investment 0.1 percentage points lower to a still-solid 6.3% y/y for Q1 2025.** As a leading indicator of capital spending, industrial production rose 0.1% m/m and 0.8% y/y in May, with capacity utilization holding at 77.4%. These trends point to stable, constructive business conditions, consistent with Federal Reserve assessments.

## Fed Funds rate and CCC and lower corporate bond yields



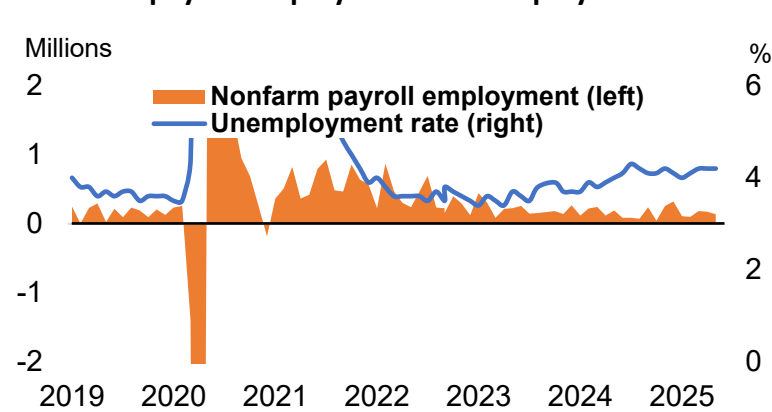
**The bond premium for low credit quality narrowed.** High yield (HY) rates, which reflect borrowing costs for below-investment grade firms, fell 30 basis points to 12.7% for the week ended June 27, while the 30-day Fed Funds futures rate held steady at 4.3%. This left the premium for low credit quality at 8.46%.

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



**BEA downgraded U.S. real GDP growth by 0.4 percentage points to a 0.5% q/q contraction in Q1 2025.** The ADS Business Conditions Index, published by the Philadelphia Fed, serves as a leading indicator of GDP growth. As of June 26, the index showed some deceleration but remained consistent with continued GDP growth in Q2 2025.

## Nonfarm payroll employment & unemployment rate

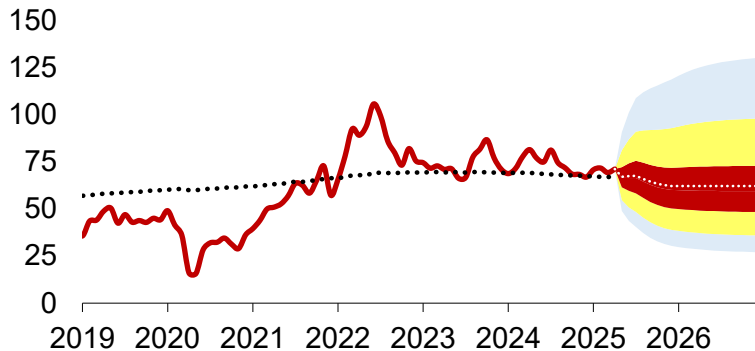


**Labor market conditions showed little momentum.** Employment is a lagging indicator of GDP growth. Non-farm payrolls increased by 139,000 in May, and the U.S. unemployment rate held steady at 4.2% according to the BLS.



## WTI crude oil price mean reversion analysis

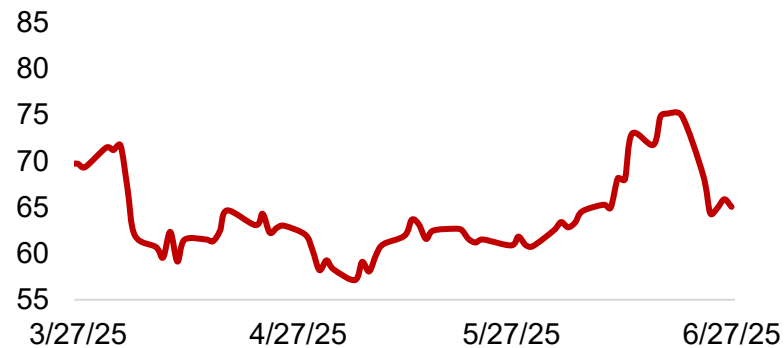
Dollars per barrel (2025\$)



**Near-term futures prices fell and re-aligned with 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

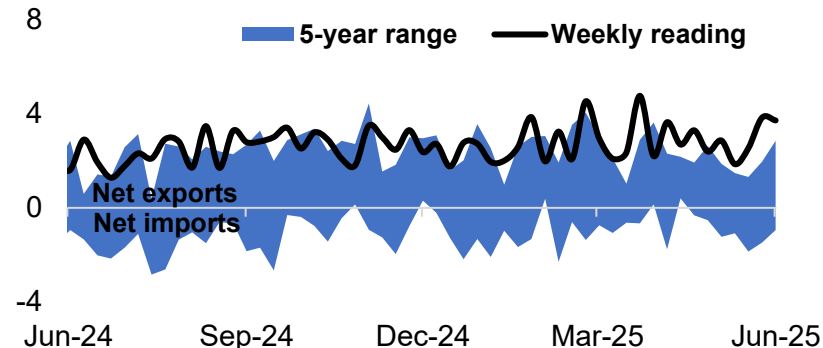
Dollars per barrel



WTI crude oil prices fell 13.2% w/w to \$65.06 per barrel as of June 27, returning to levels from the first week of June as Middle East geopolitical tensions eased.

## U.S. petroleum net exports (imports)

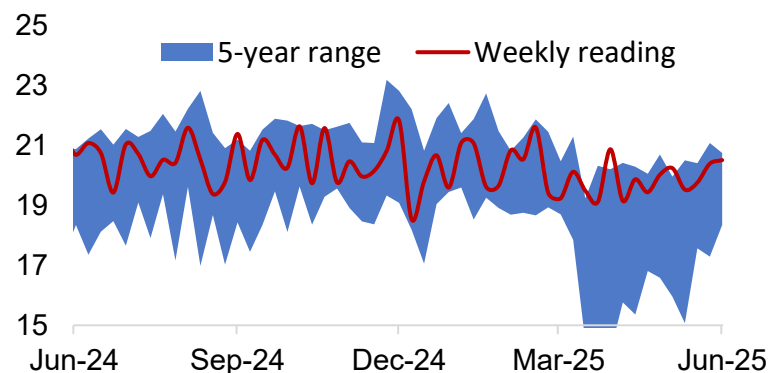
Million barrels per day, mb/d



**Petroleum net exports fell.** Net exports slipped to 3.7 mb/d for the week ended June 20, a decrease of 0.1 mb/d from the prior week.

## U.S. petroleum demand

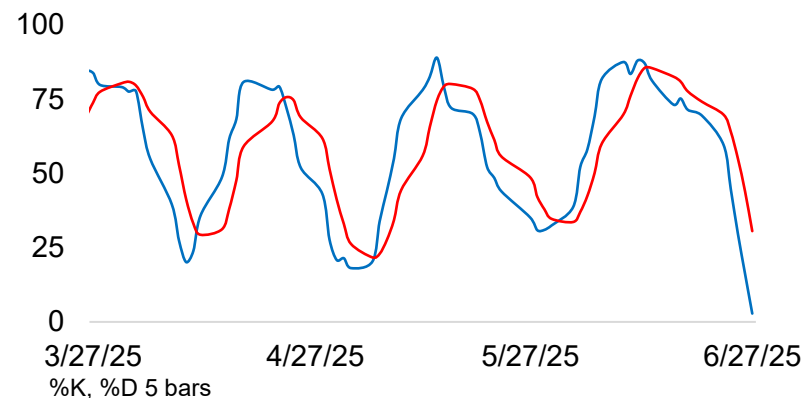
Million barrels per day (mb/d)



**Petroleum demand increased.** U.S. petroleum demand as of June 20, as measured by deliveries, rose by 0.1 mb/d versus the prior week to 20.5 mb/d - top 10% within the 5-year range.

## WTI crude prompt month futures slow stochastic

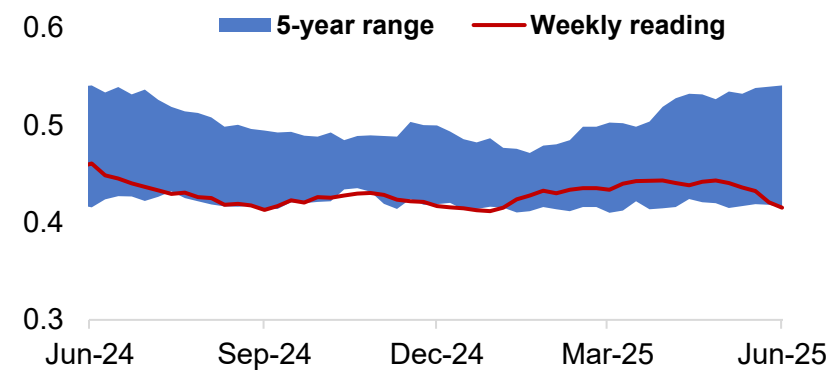
Index level



Price momentum fell for the week ended June 27.

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

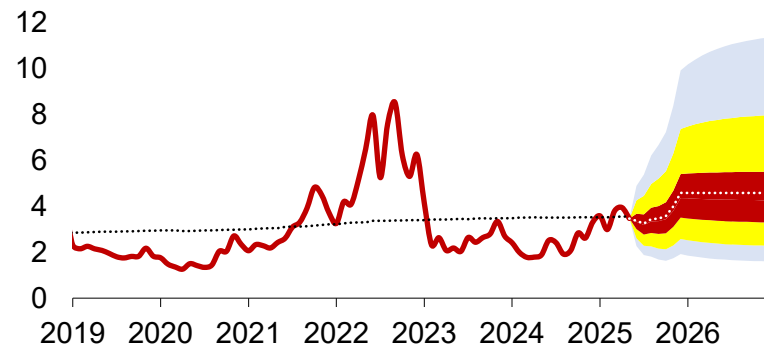
Billion barrels



**Inventories decreased.** U.S. ending stocks of crude oil excluding the Strategic Petroleum Reserve (SPR) decreased by 5.8 million barrels (mb) for the week ended June 20 – and remained at the bottom of the 5-year range.

## Natural gas price mean reversion analysis

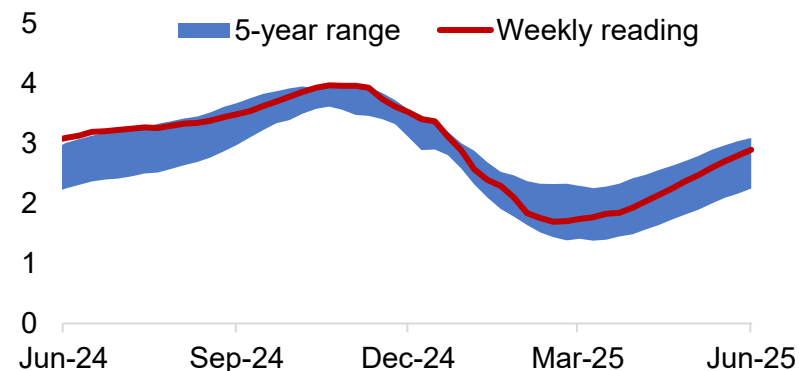
Dollars per mmBtu (2025\$)



**Near-term futures prices have declined and re-aligned with their historical mean reversion threshold.** The futures curve is in contango, with spot prices below forward prices. Historical confidence intervals suggest greater potential for upside price movement than downside risk.

## U.S. weekly working gas storage

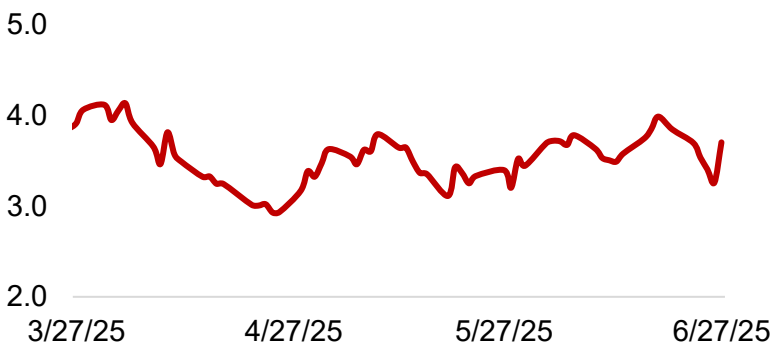
Trillion cubic feet (tcf)



**Working natural gas storage increased.** Working gas in underground storage rose by 3.4% w/w to 2.9 tcf as of June 20—an increase into the top 25% within the 5-year range.

## Natural gas prompt month futures prices

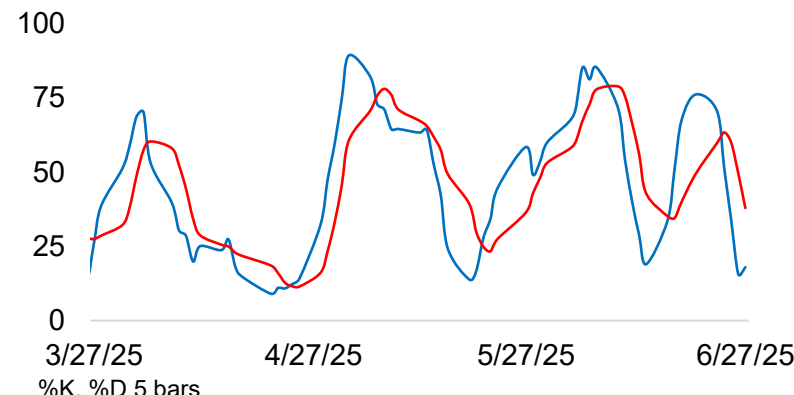
Dollars per million Btu



Henry Hub natural gas prices fell 3.7% week-over-week to \$3.71 per million Btu for the week ended June 27, as markets factored in strong storage levels.

## Natural gas futures slow stochastic

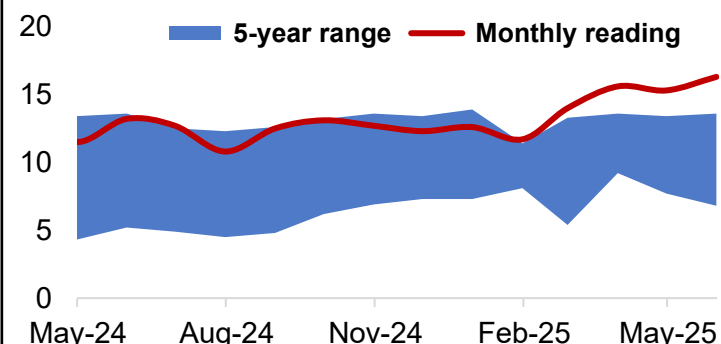
Index level



Natural gas price momentum fell for the week ended June 27.

## U.S. natural gas net exports

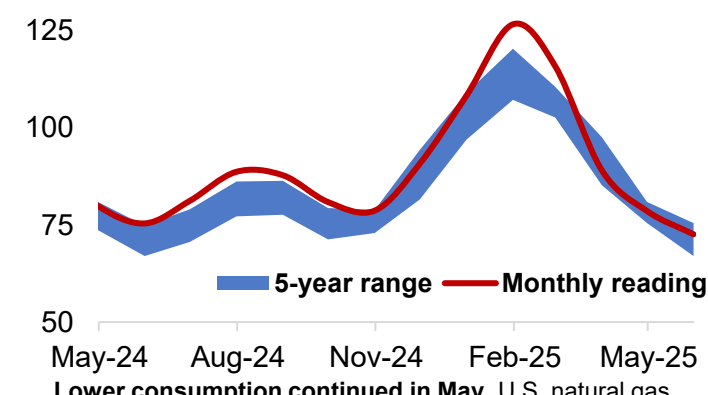
Billion cubic feet per day, bcf/d



**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. natural gas consumption

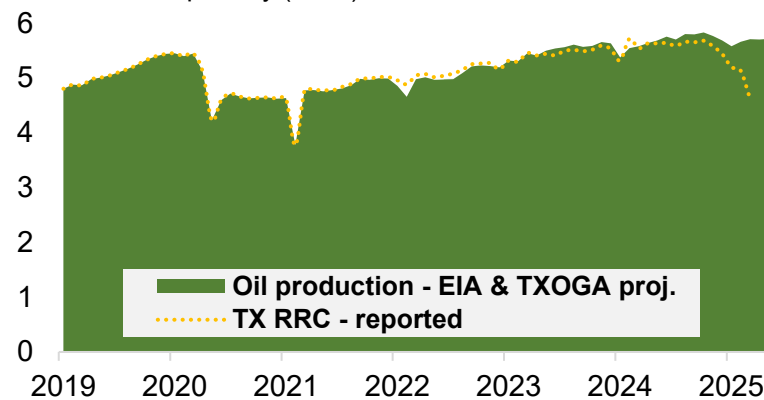
Billion cubic feet per day, bcf/d



**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.

## Texas crude oil production, Jan. 2019 – May 2025

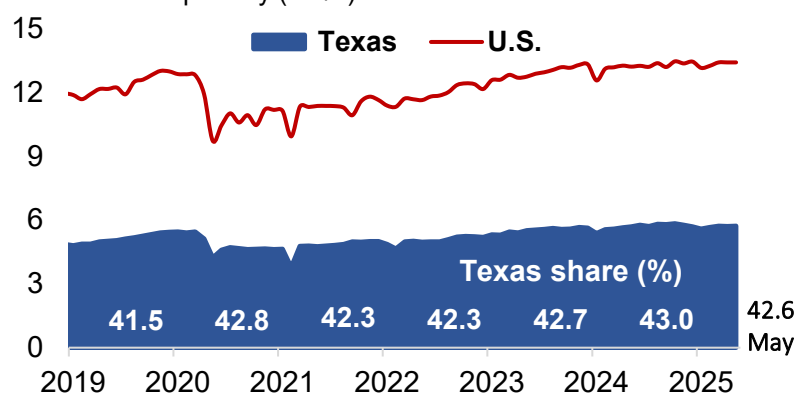
Million barrels per day (mb/d)



**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.

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

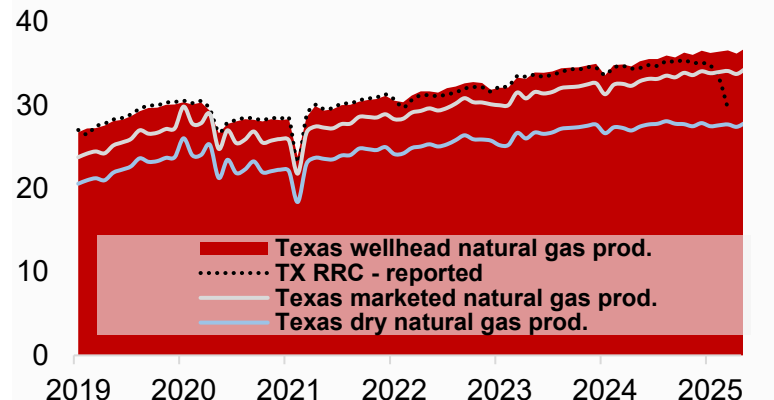
Million barrels per day (mb/d)



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

## Texas natural gas production, Jan. 2019 – May 2025

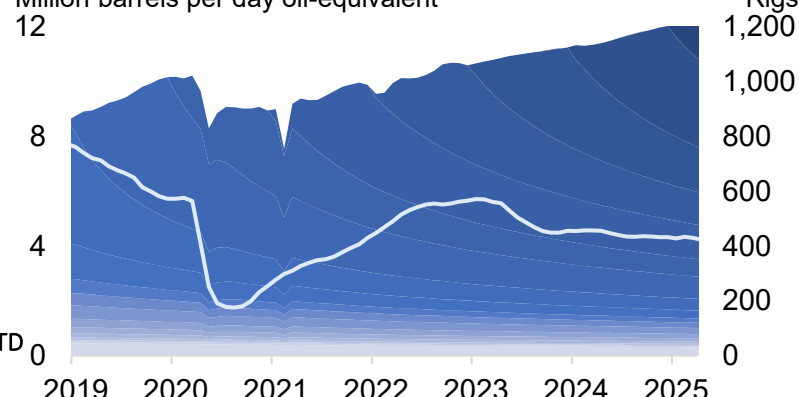
Billion cubic feet per day (bcf/d)



**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 shale basin wellhead oil & natural gas production

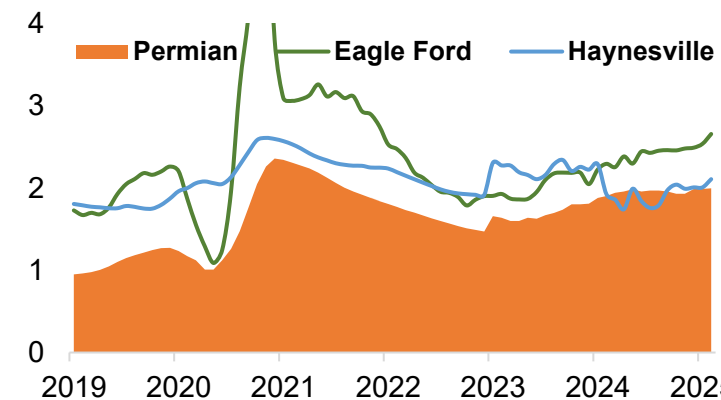
Million barrels per day oil-equivalent



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

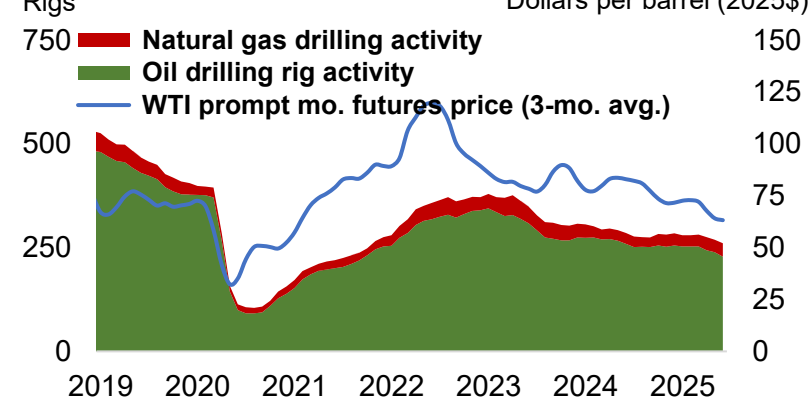
Thousand barrels per day oil-equivalent, kb/doe



**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.

## Texas drilling activity and WTI crude oil futures prices

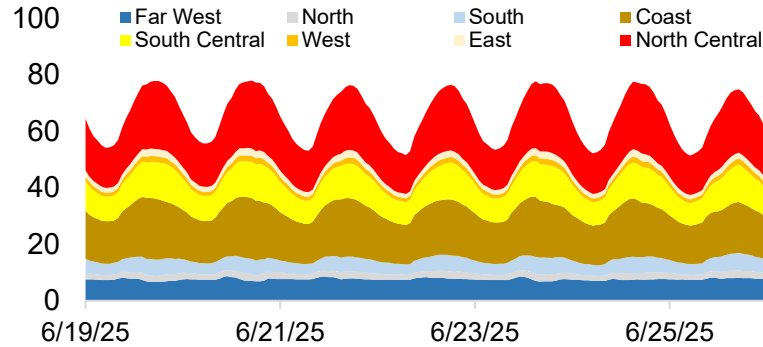
Rigs Dollars per barrel (2025\$)



**As of June 27, Texas' drilling rig activity held steady on net,** according to Baker Hughes, with 225 oil-directed rigs (down 1 rig w/w) and 33 natural gas-directed rigs (up 1 rig w/w).

## ERCOT electricity load by region

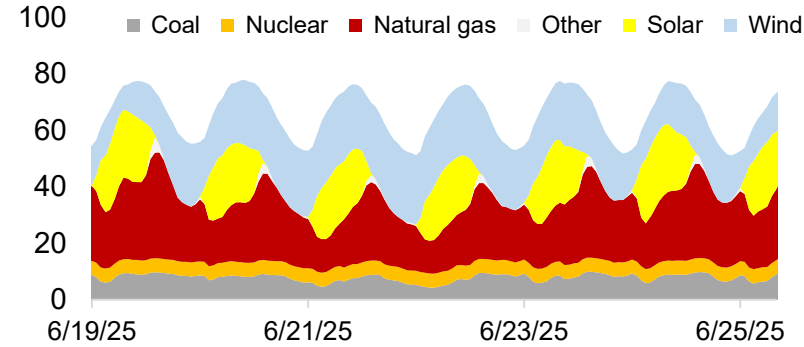
Thousand megawatt-hours (kMWh)



For June 19-25, ERCOT's average hourly electricity load was 65.8 kMWh, up 6.1% w/w, while the maximum hourly load of 78.0 kMWh rose by 1.8% w/w. Variability was the highest in the North Central and East regions.

## ERCOT hourly electricity generation by source

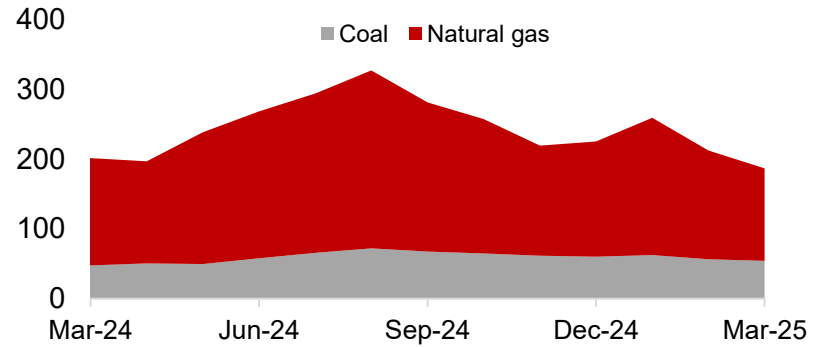
Thousand megawatt-hours (kMWh)



**Thermal and dispatchable resources generated up to 73.8% of ERCOT's electricity.** ERCOT's hourly electricity generation for the period June 19-25 ranged between 51 and 78 kMWh with a standard deviation of 8.7 kMWh. Thermal and dispatchable sources generated 73.8% of the region's power on the morning of June 19, including 48.6% from natural gas.

## Texas electricity plant receipts of natural gas and coal

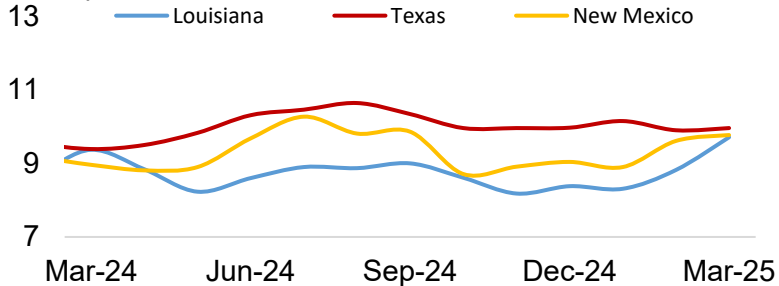
Trillion Btu



**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

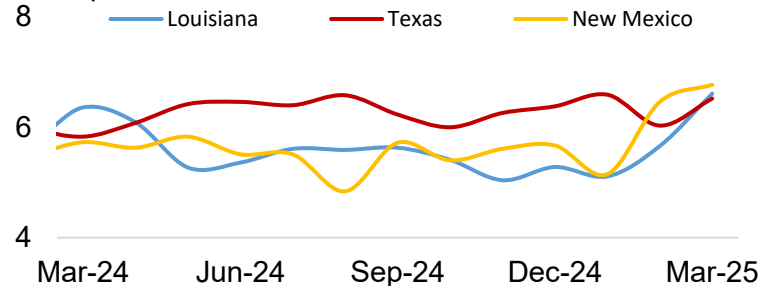
Cents per kilowatt-hour



**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

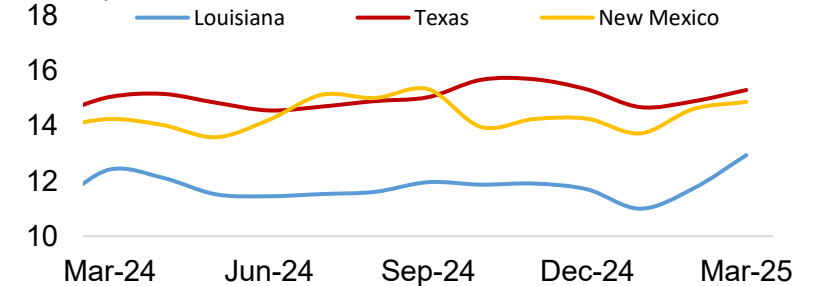
Cents per kilowatt-hour



**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

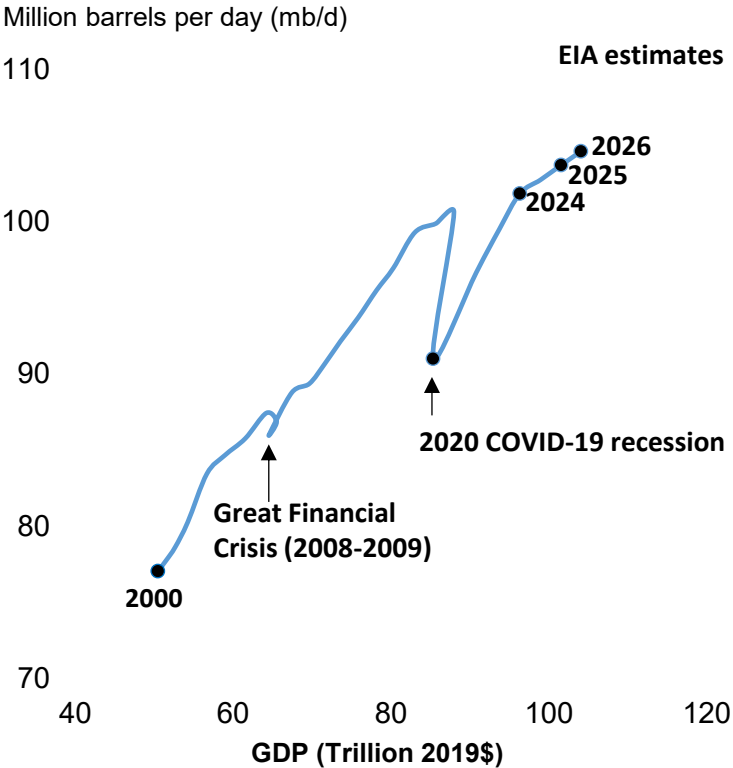


**Texas' residential electricity prices rose.** Residential electricity prices in Texas rose to 15.30 cents per kWh in March, up 1.7% y/y, remaining above rates in Louisiana (12.94 cents per kWh) and New Mexico (14.87 cents per kWh).

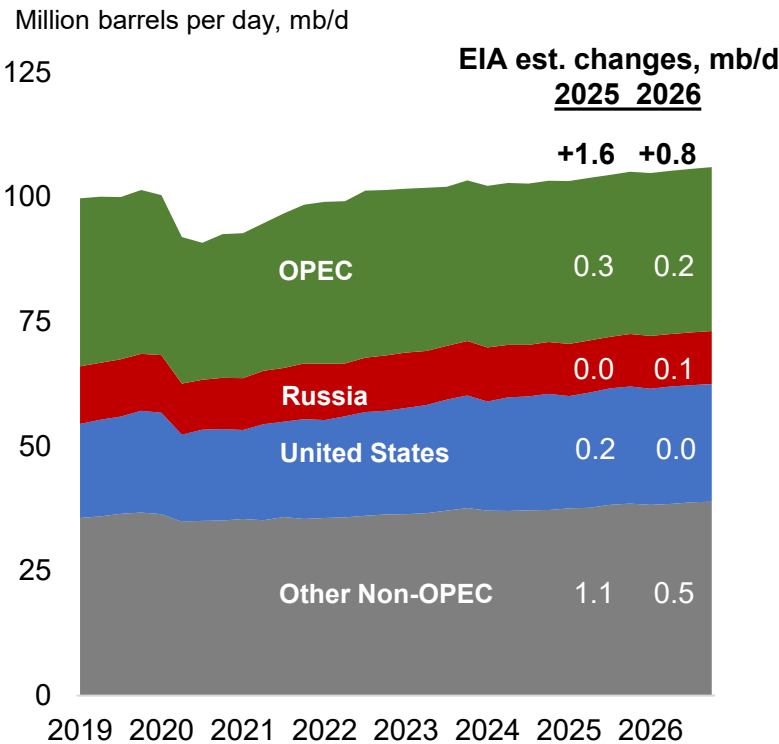


- Global oil demand has been downgraded but could still reach a 3<sup>rd</sup> consecutive record high, increasing from 102.7 mb/d in 2024 to 103.5 mb/d in 2025 and 104.6 mb/d in 2026 per EIA
- With reduced expectations for U.S. production growth, EIA projects 2025-2026 global supply increases of 1.6 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.

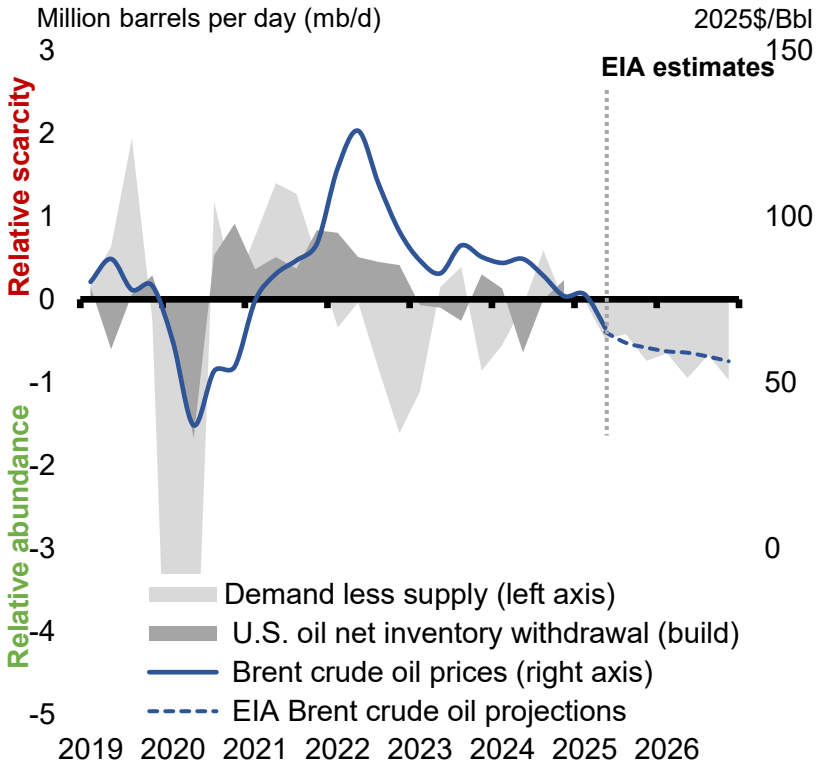
Global oil demand and GDP



Oil production by country/region



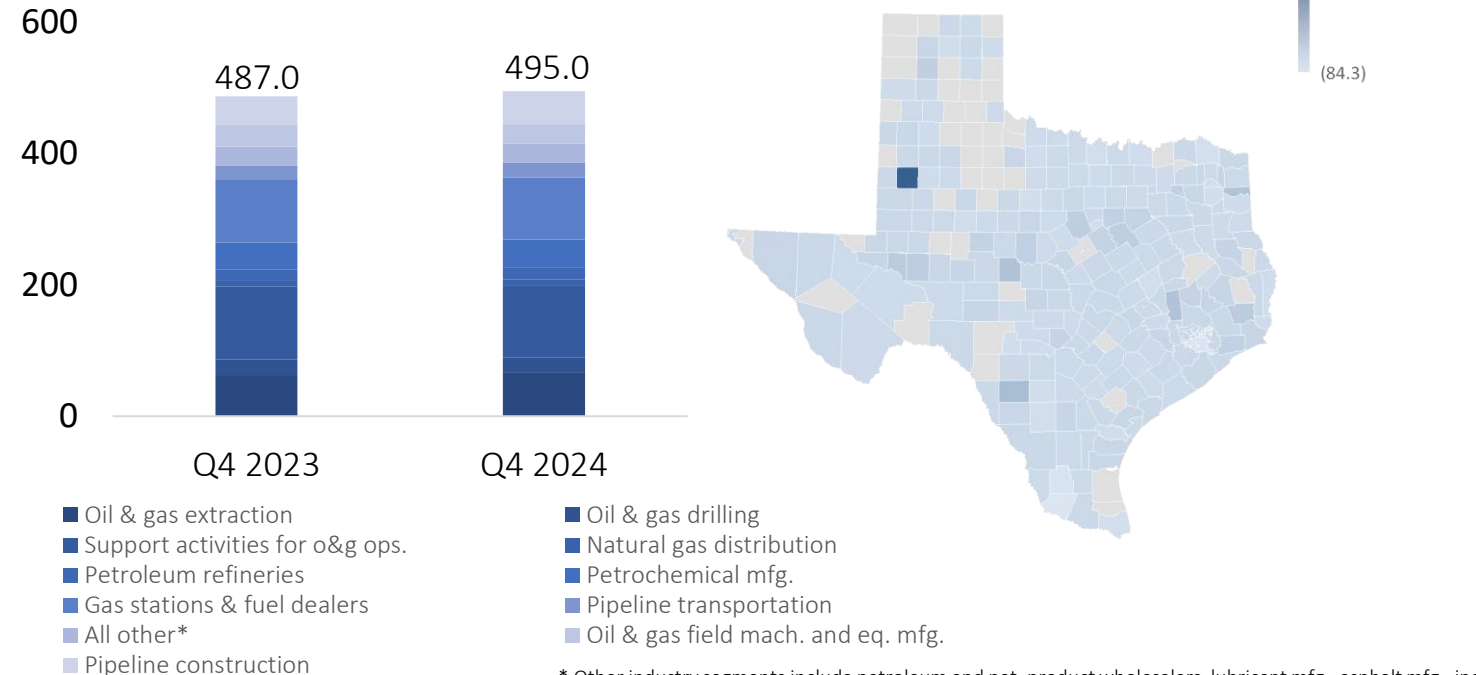
Global demand/supply & Brent prices



- 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

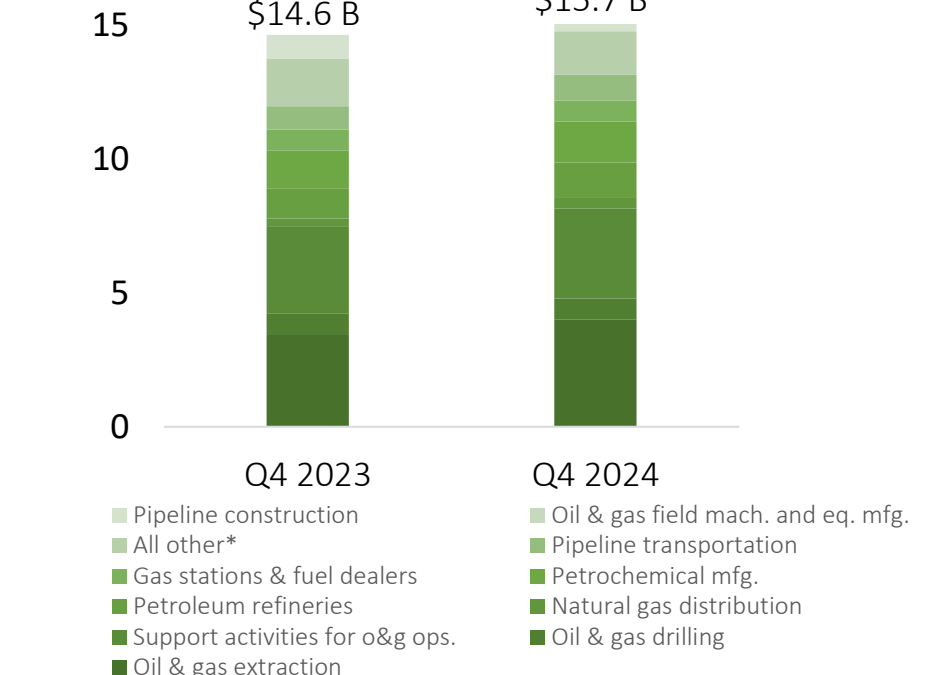
Thousand Jobs



\* 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.

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

Billion dollars





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