



July 14, 2025





Key points – Week of July 14, 2025

- **U.S. economic indicators – Limited new data this week, but labor and bond market signals bear watching.** Nonfarm payrolls rose by 147,000 in June, and the unemployment rate fell to 4.1%. However, the drop was aided by a lower labor force participation rate—suggesting the jobless rate could be at levels that would typically prompt more Fed attention. The ADS Index showed mild deceleration but remained consistent with positive GDP growth. High-yield corporate bond spreads narrowed further, with borrowing costs for below-investment-grade firms falling to 12.5%, while Fed Funds futures held steady—both pointing to continued credit market stability.
- **Oil prices remained rangebound despite modest tightening in market fundamentals.** As highlighted in the [Chart of the Week](#), the EIA upgraded its global oil supply growth outlook for 2025–2026, led by the U.S. and OPEC, even as demand forecasts were revised lower last month. Global demand is still expected to reach record highs, while Brent crude prices are projected to average \$69 per barrel in 2025 and \$58 in 2026—well below current levels. This raises questions about the feasibility of the implied stockbuilding and the durability of the resulting price path. WTI crude rose 2.1% w/w to \$68.48 per barrel as of July 11, despite easing geopolitical volatility, as markets continue to await clearer fundamental direction. U.S. petroleum net exports rebounded by 1.7 million barrels per day (mb/d) to 2.1 mb/d, and demand rose to 20.9 mb/d—near the top of the 5-year seasonal range. Crude inventories (excluding the SPR) rose but remained below seasonal norms, and momentum indicators pointed to slowing near-term price gains.
- **Natural gas prices fell as strong storage levels and muted demand continued to weigh on sentiment.** Henry Hub prices declined 1.7% w/w to \$3.35 per million Btu. Working gas in storage rose to 3.0 trillion cubic feet (tcf), near the top of the 5-year range. Net exports fell seasonally to 14.6 bcf/d in June but remained 15% higher year-over-year. Consumption increased month-over-month but remained down from a year ago, and price momentum remained directionless amid a contango futures curve.

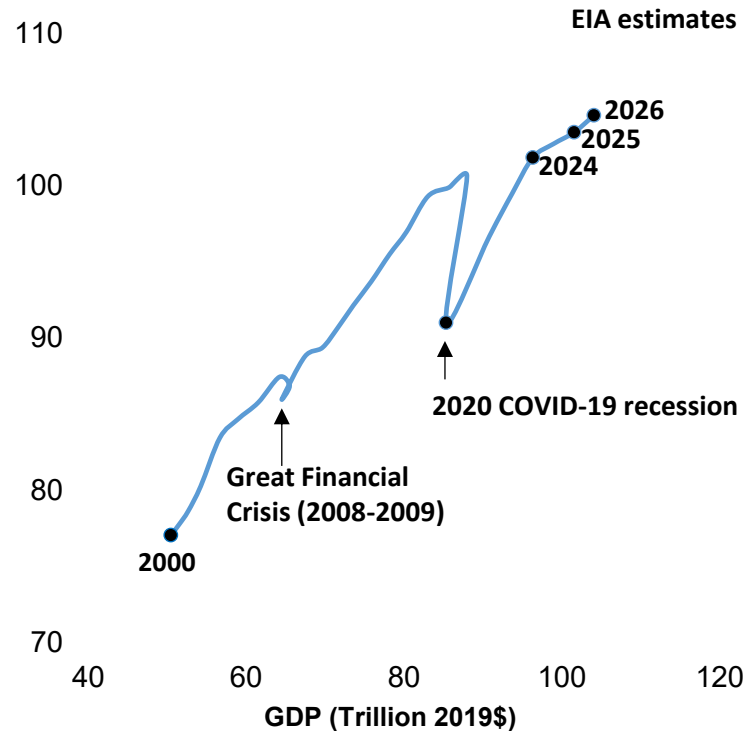
Chart of the Week: Global oil market outlook – Global supply growth upgraded by EIA for 2025 and 2026 despite lower demand expectations



- Global oil demand, as downgraded last month, is still expected to set a third consecutive record, rising from 102.7 mb/d in 2024 to 103.5 mb/d in 2025 and 104.6 mb/d in 2026.
- The EIA upgraded its global supply growth projections to 1.8 mb/d in 2025 and 1.1 mb/d in 2026, led by the U.S. and OPEC producers.
- Brent crude oil prices are projected to average \$69 per barrel in 2025 and \$58 in 2026—compared with about \$69 currently.

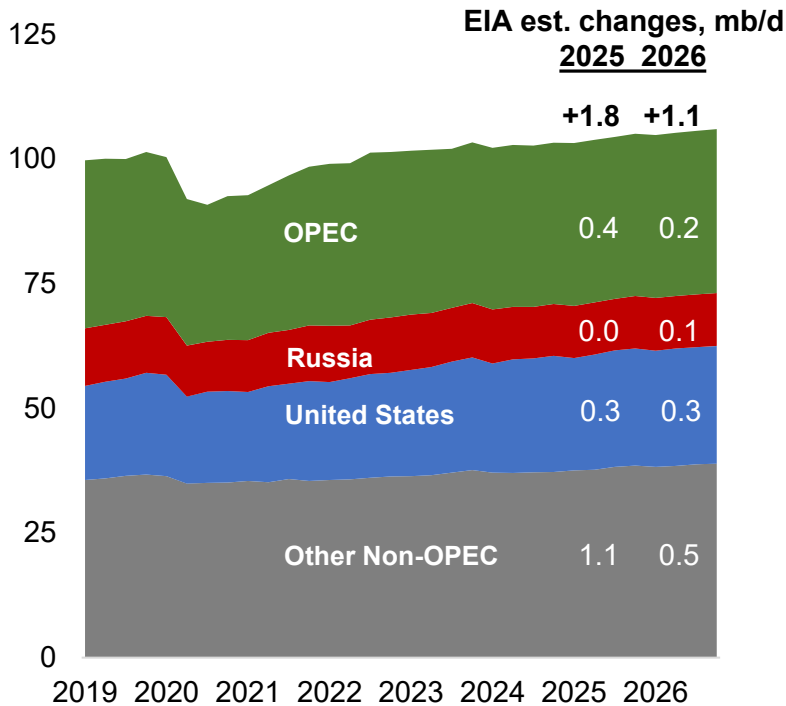
Global oil demand and GDP

Million barrels per day (mb/d)



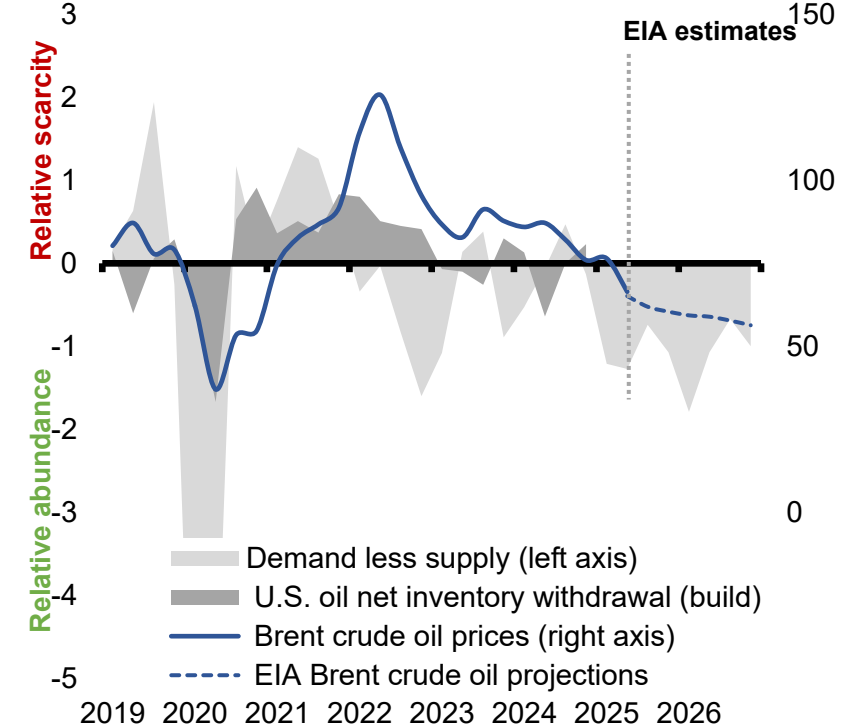
Oil production by country/region

Million barrels per day, mb/d

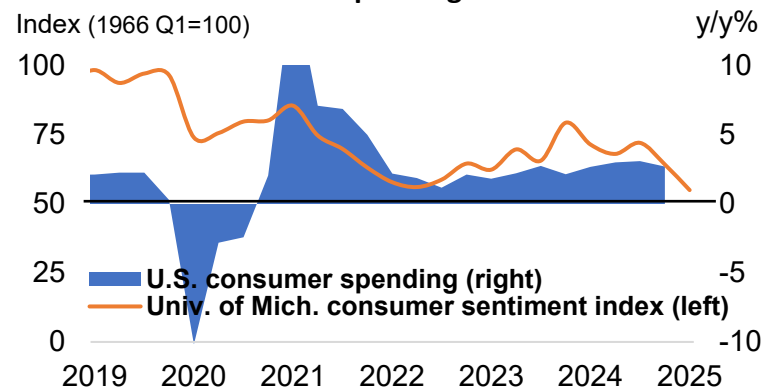


Global demand/supply & Brent prices

Million barrels per day (mb/d)

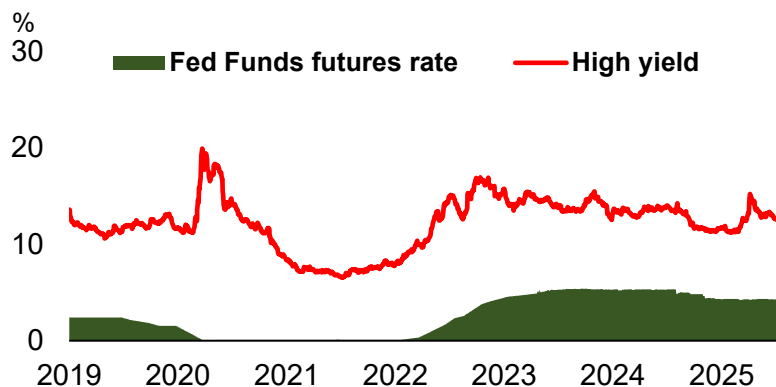


Consumer sentiment vs. spending



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.

Fed Funds rate and CCC and lower corporate bond yields

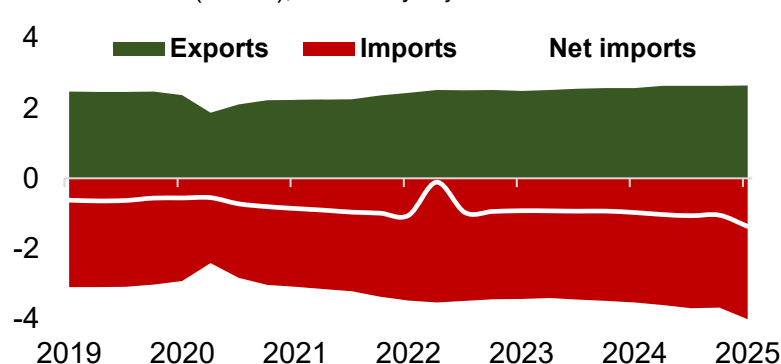


The bond premium for low credit quality held steady. High yield (HY) rates, which reflect borrowing costs for below-investment grade firms, fell 6 basis points to 12.5% for the week ended July 11, while the 30-day Fed Funds futures remained unchanged at 4.32%. The premium for low credit quality fell to 8.19% - the lowest since March.

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

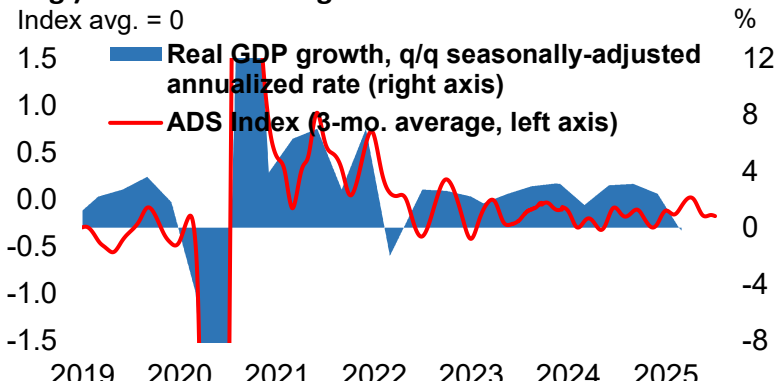
Real net exports of goods and services

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



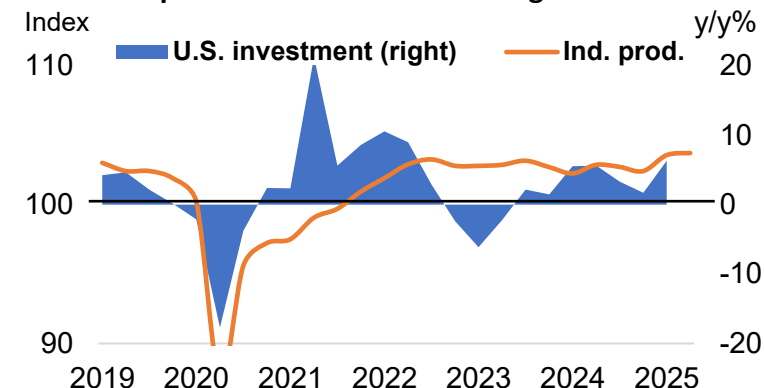
BEA's final GDP report for Q1 2025 withheld detail on net trade and inventories, an unusual omission. Prior estimates showed the real U.S. trade deficit widening to a \$1.4 trillion annualized rate, up from \$980 billion in Q4 2024. On a nominal basis, the petroleum trade surplus was revised higher by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

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



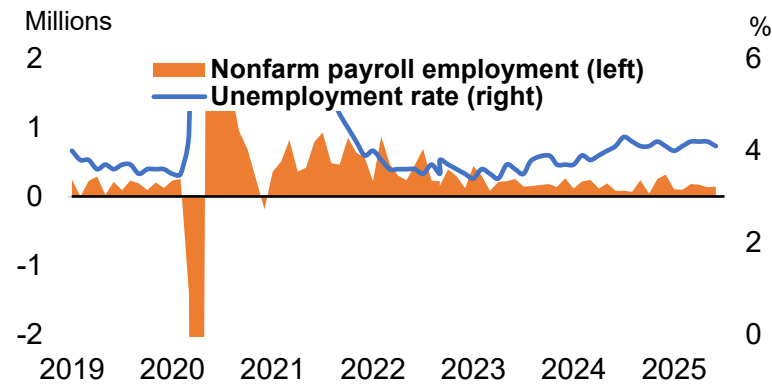
BEA downgraded U.S. real GDP growth by 0.4 percentage points to a 0.5% q/q contraction in Q1 2025. The ADS Business Conditions Index, published by the Philadelphia Fed, serves as a leading indicator of GDP growth. As of July 11, the index showed some deceleration but remained consistent with continued GDP growth in Q2 2025.

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.

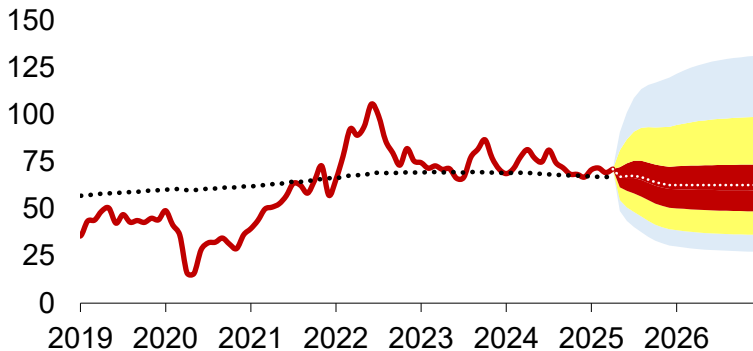
Nonfarm payroll employment & unemployment rate



Labor market conditions showed resilience. Employment is a lagging indicator of GDP growth. Non-farm payrolls increased by 147,000 in June, and the U.S. unemployment rate fell by 0.1 percentage points to 4.1% according to the BLS.

WTI crude oil price mean reversion analysis

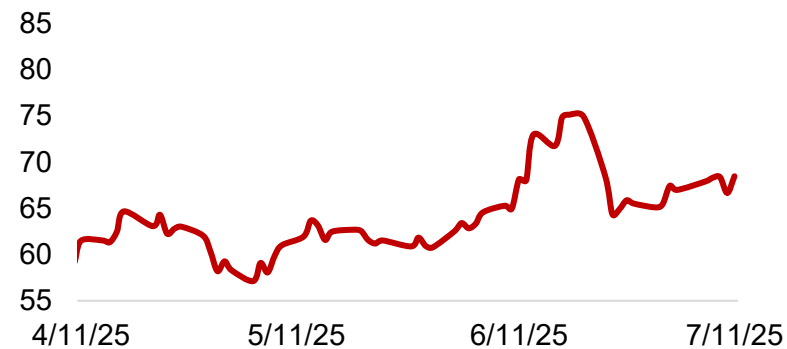
Dollars per barrel (2025\$)



Near-term futures prices are 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

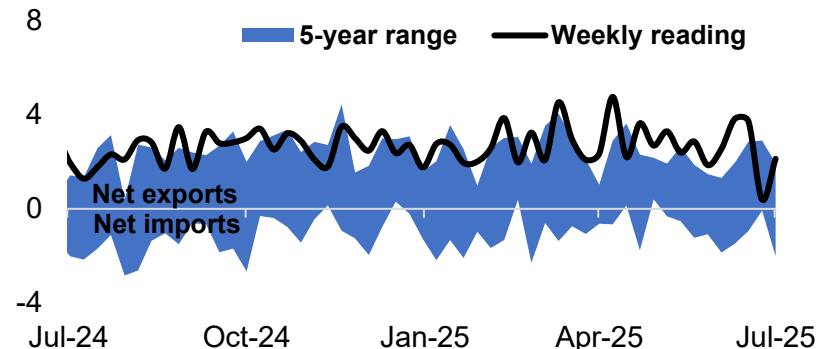
Dollars per barrel



WTI crude oil prices rose 2.1% w/w to \$68.48 per barrel as of July 11, despite easing geopolitical volatility, as markets continue to await clearer fundamental direction.

U.S. petroleum net exports (imports)

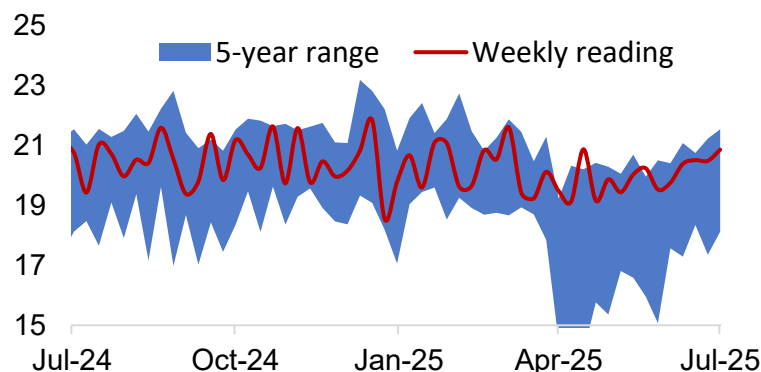
Million barrels per day, mb/d



Petroleum net exports rebounded to 2.1 mb/d for the week ended July 4, an increase of 1.7 mb/d from the prior week.

U.S. petroleum demand

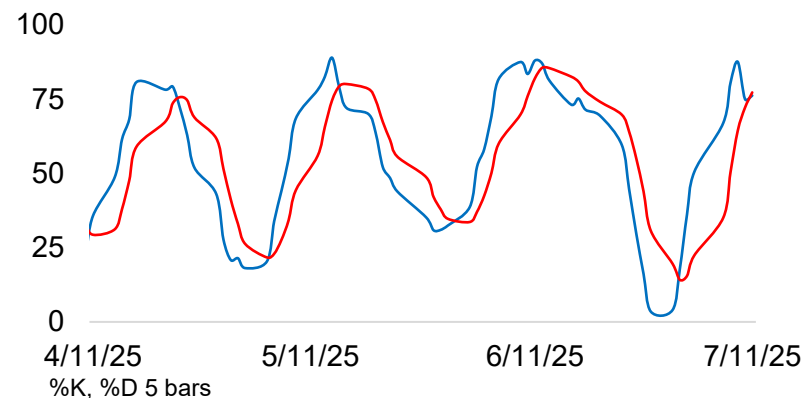
Million barrels per day (mb/d)



Petroleum demand rose. U.S. petroleum demand as of July 4, as measured by deliveries, increased by 0.4 mb/d from the prior week to 20.9 mb/d.

WTI crude prompt month futures slow stochastic

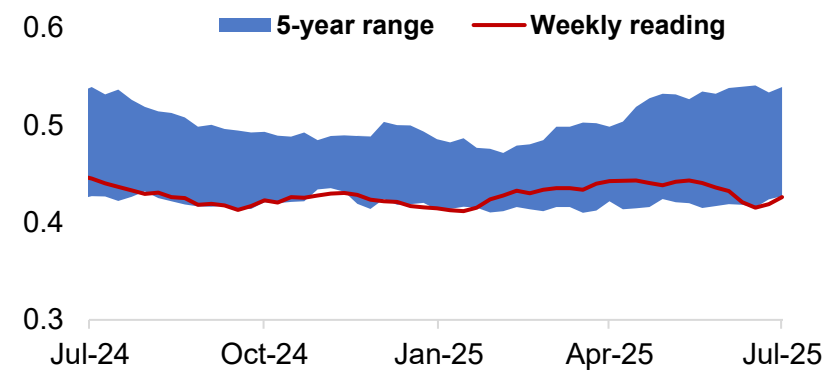
Index level



Price momentum rose and then slowed for the week ended July 11.

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

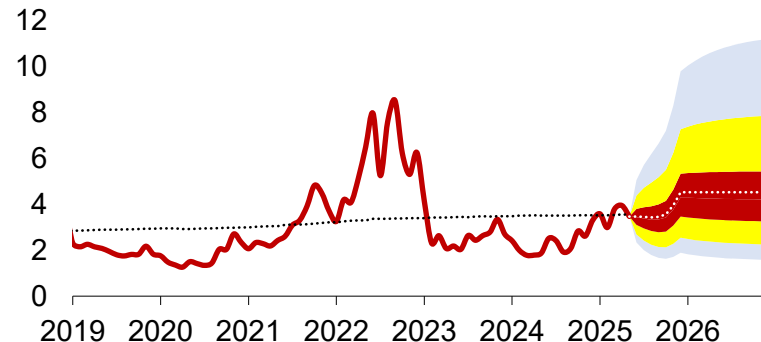
Billion barrels



Inventories increased. U.S. ending stocks of crude oil excluding the Strategic Petroleum Reserve (SPR) increased by 7.1 million barrels (mb) for the week ended July 4 – but remained below the bottom of the 5-year range.

Natural gas price mean reversion analysis

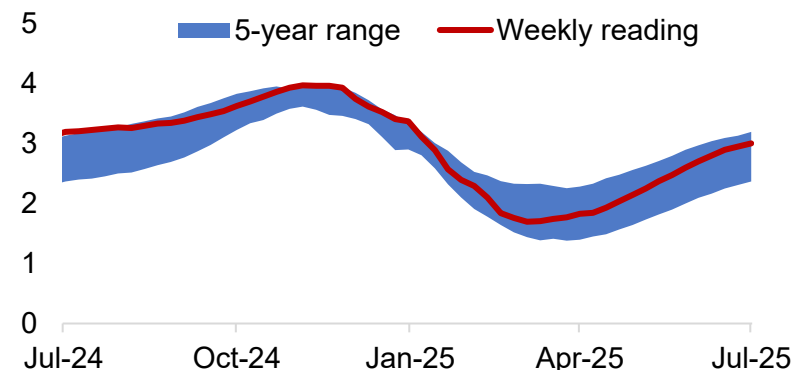
Dollars per mmBtu (2025\$)



Near-term futures prices have 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

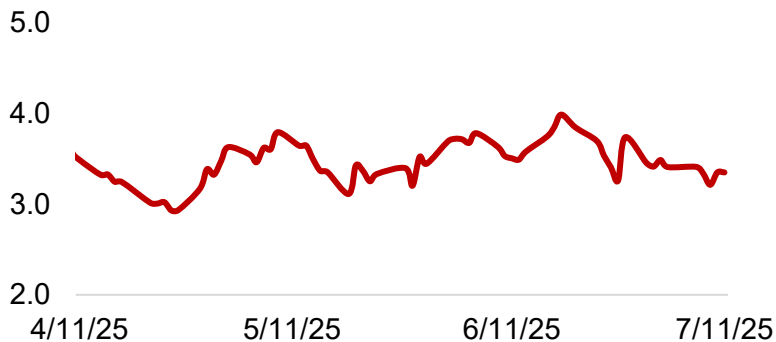
Trillion cubic feet (tcf)



Working natural gas storage increased. Working gas in underground storage rose by 1.8% w/w to 3.0 tcf as of July 4.

Natural gas prompt month futures prices

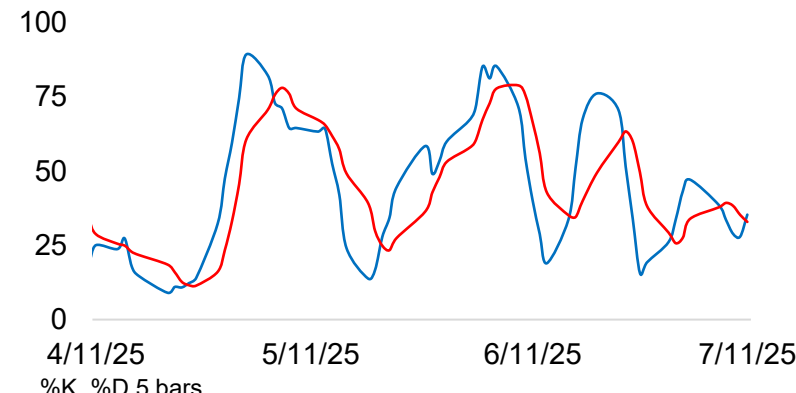
Dollars per million Btu



Henry Hub natural gas prices fell 1.7% week-over-week to \$3.35 per million Btu for the week ended July 11, as markets further factored in strong storage levels.

Natural gas futures slow stochastic

Index level

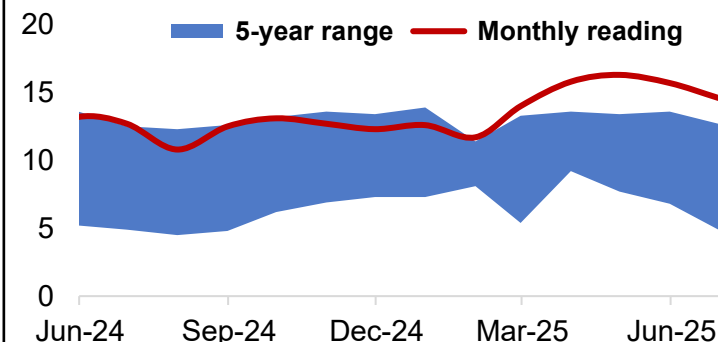


%K, %D 5 bars

Natural gas price momentum showed no definitive direction during the week ended July 11.

U.S. natural gas net exports

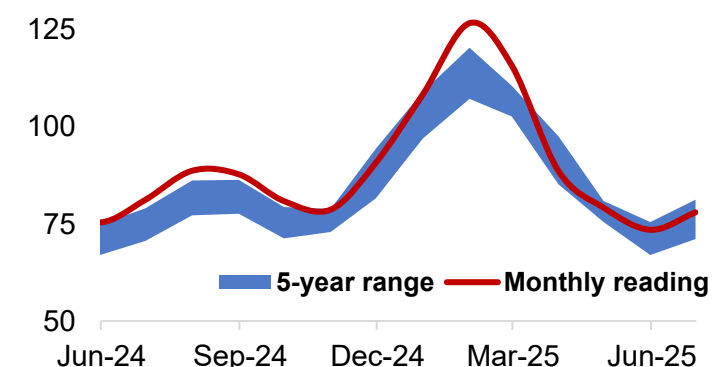
Billion cubic feet per day, bcf/d



According to EIA estimates, U.S. natural gas net exports decreased seasonally to 14.6 bcf/d in June and remained up by 15.0% y/y.

U.S. natural gas consumption

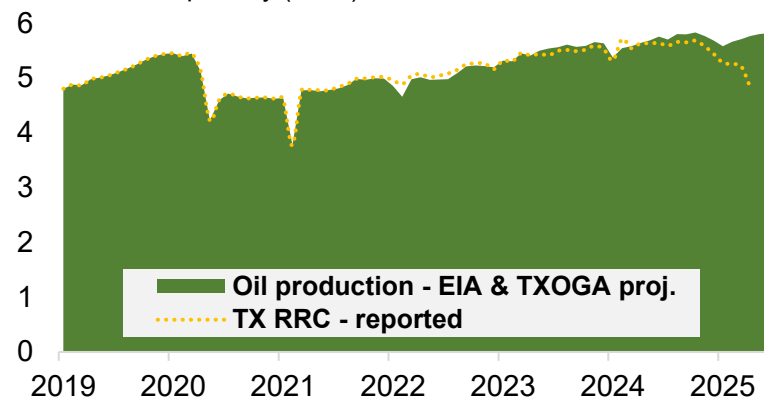
Billion cubic feet per day, bcf/d



Natural gas consumption seasonally rose by 6.1% m/m to 78 bcf/d in June, but was down by 3.9% y/y according to EIA estimates.

Texas crude oil production, Jan. 2019 – June 2025

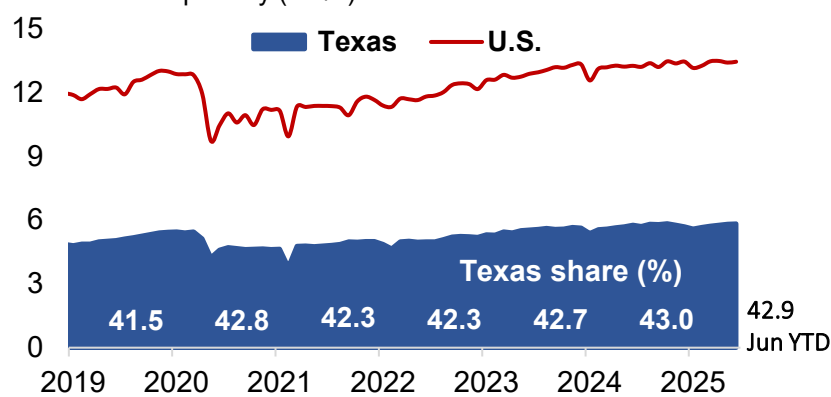
Million barrels per day (mb/d)



Strong continued oil production. Texas' oil production averaged 5.77 mb/d in April, according to the EIA. TXOGA estimates that production eclipsed 5.8 mb/d in June.

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

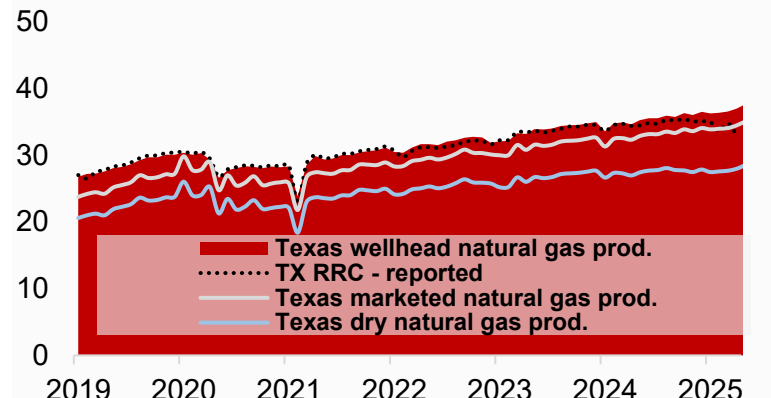
Million barrels per day (mb/d)



In the first half of 2025, Texas accounted for 42.9% of total U.S. crude oil production.

Texas natural gas production, Jan. 2019 – June 2025

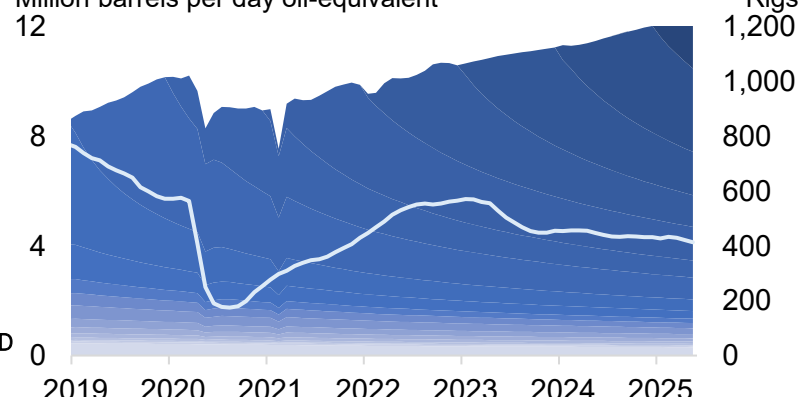
Billion cubic feet per day (bcf/d)



Natural gas production increased. Texas produced record highs of 37.0 bcf/d of natural gas gross withdrawals and 34.5 bcf/d of marketed production in April, per EIA. TXOGA estimates that Texas' marketed production rose to 35.5 bcf/d in June.

Texas shale basin wellhead oil & natural gas production

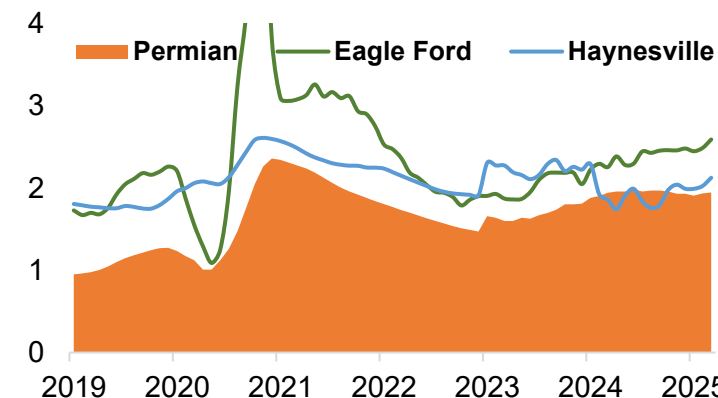
Million barrels per day oil-equivalent



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

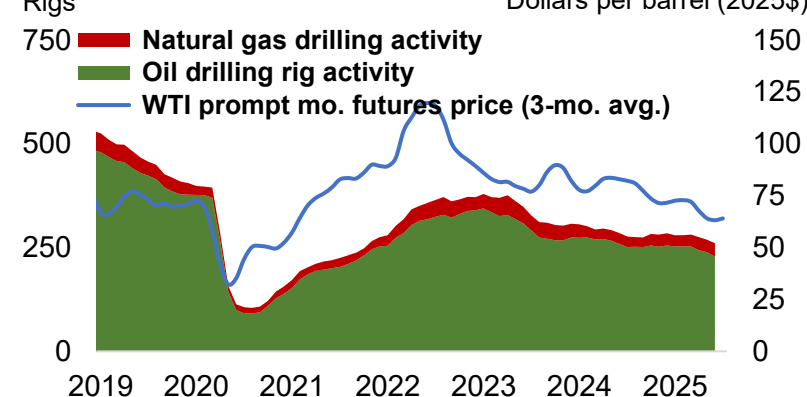
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity gains continued across major basins in May. EIA estimates of rig productivity for May 2025 showed rig productivity increased year-to-date through May rose by 1.1% y/y in the Permian Basin, 8.1% y/y in the Eagle Ford, and 7.4% y/y in the Haynesville.

Texas drilling activity and WTI crude oil futures prices

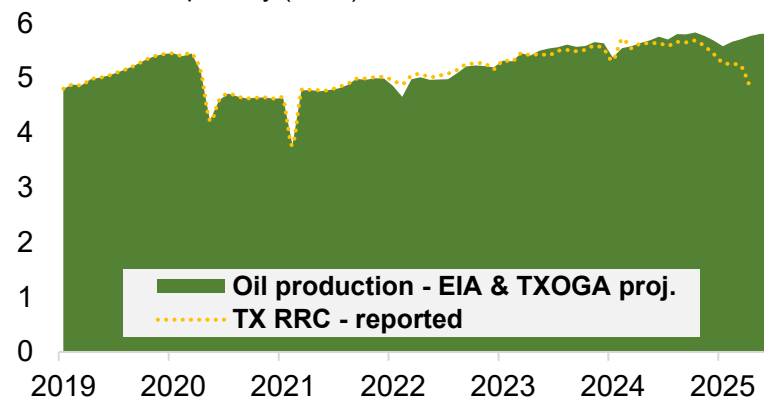
Rigs Dollars per barrel (2025\$)



As of July 11, Texas' drilling rig activity held fell on net, according to Baker Hughes, with 221 oil-directed rigs (down 1 rig w/w) and 34 natural gas-directed rigs (unchanged w/w).

Texas crude oil production, Jan. 2019 – June 2025

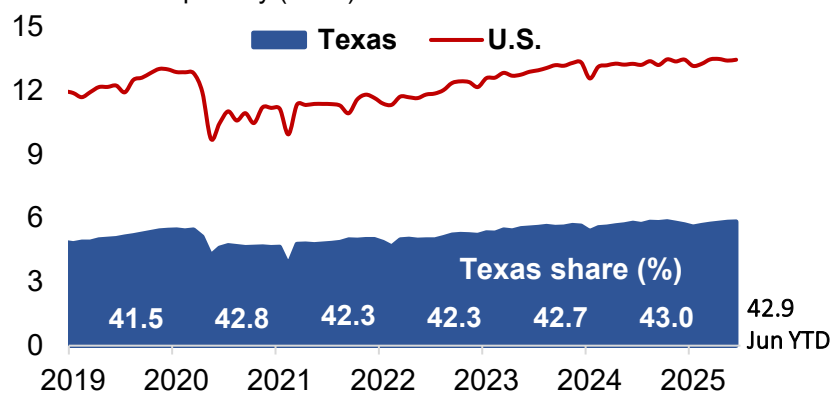
Million barrels per day (mb/d)



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

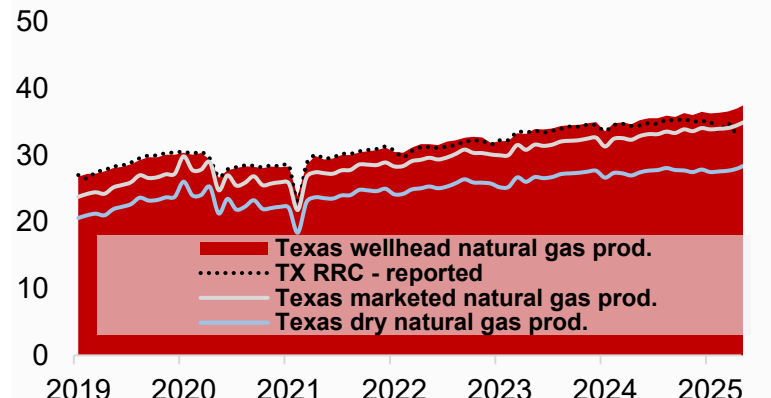
Million barrels per day (mb/d)



In the first half of 2025, Texas accounted for 42.9% of total U.S. crude oil production.

Texas natural gas production, Jan. 2019 – June 2025

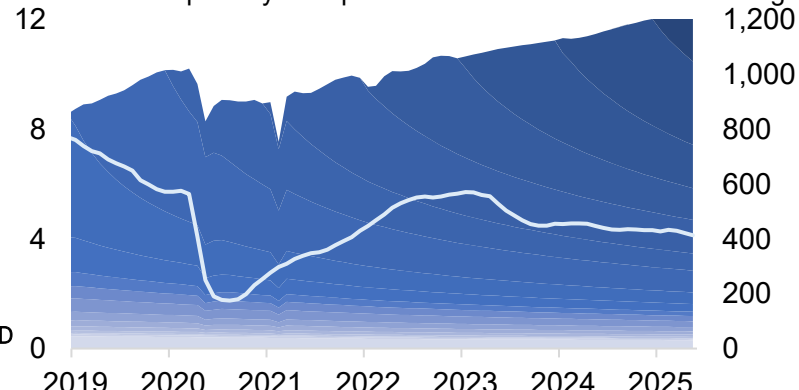
Billion cubic feet per day (bcf/d)



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Texas shale basin wellhead oil & natural gas production

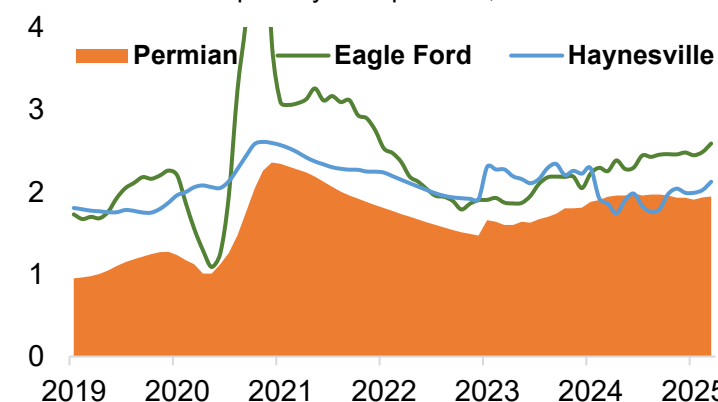
Million barrels per day oil-equivalent



EIA estimates show changes in oil and natural gas production across Texas shale basins in May 2025, including the Permian (+6.2% y/y), Eagle Ford (+1.1% y/y), and Haynesville (+10.5% y/y).

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

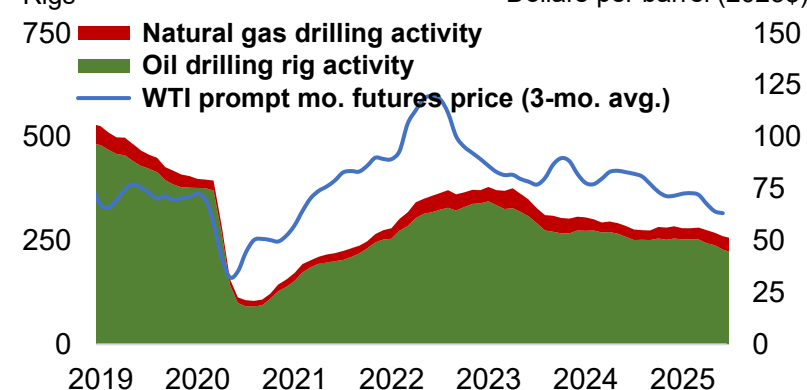
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity gains continued across major basins in May. EIA estimates of rig productivity for May 2025 showed rig productivity increased by 1.7% y/y in the Permian Basin, 6.3% y/y in the Eagle Ford, and 15.7% y/y in the Haynesville.

Texas drilling activity and WTI crude oil futures prices

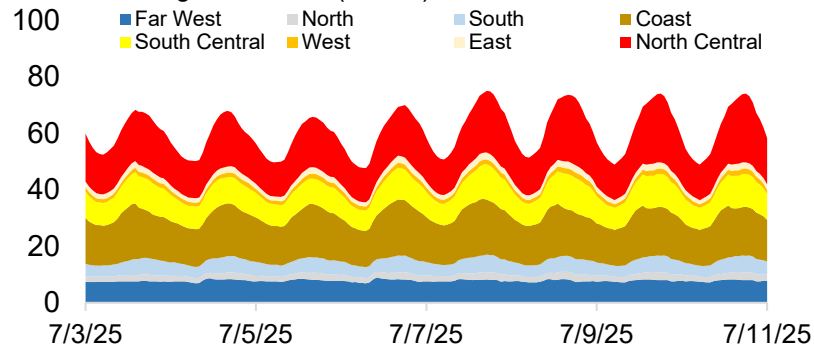
Rigs Dollars per barrel (2025\$)



As of July 3, Texas' drilling rig activity decreased on net, according to Baker Hughes, with 222 oil-directed rigs (down 3 rigs w/w) and 34 natural gas-directed rigs (up 1 rig w/w).

ERCOT electricity load by region

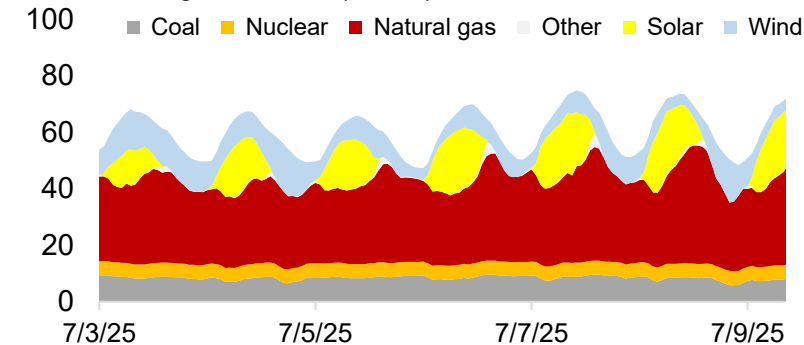
Thousand megawatt-hours (kMWh)



For July 3-9, ERCOT's average hourly electricity load was 60.8 kMWh, down 5.0% w/w, while the maximum hourly load of 75.1 kMWh fell by 2.5% w/w. Variability was the highest in the North Central and East regions.

ERCOT hourly electricity generation by source

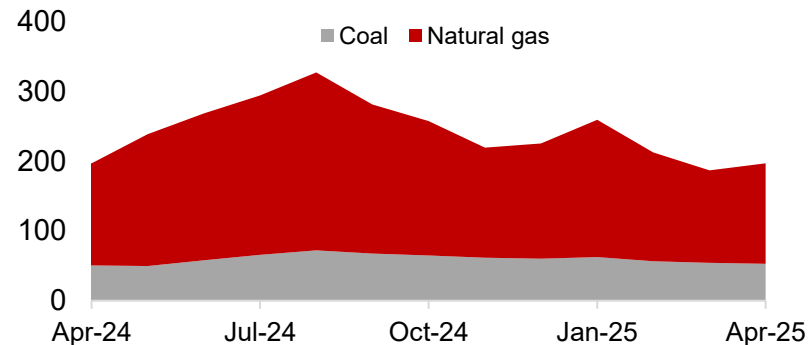
Thousand megawatt-hours (kMWh)



Thermal and dispatchable resources generated up to 91.6% of ERCOT's electricity. ERCOT's hourly electricity generation for the period July 3-6 ranged between 47 and 75 kMWh with a standard deviation of 7.7 kMWh. Thermal and dispatchable sources generated 9139% of the region's power on the morning of July 6, including 62.1% from natural gas.

Texas electricity plant receipts of natural gas and coal

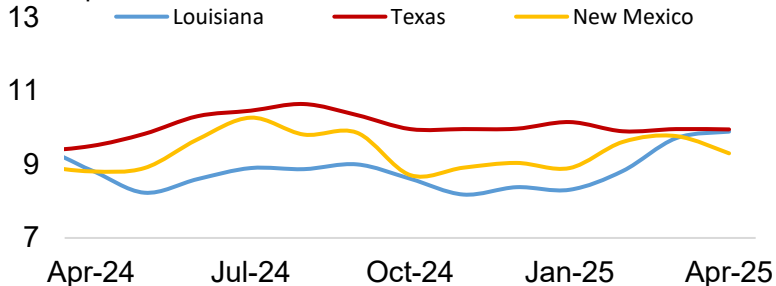
Trillion Btu



Coal-gas switching continued in April. Texas electricity plant receipts of natural gas fell by 3.0% m/m in April 2025, while receipts of coal rose 9.0% m/m.

Electricity prices – average across all end-use sectors

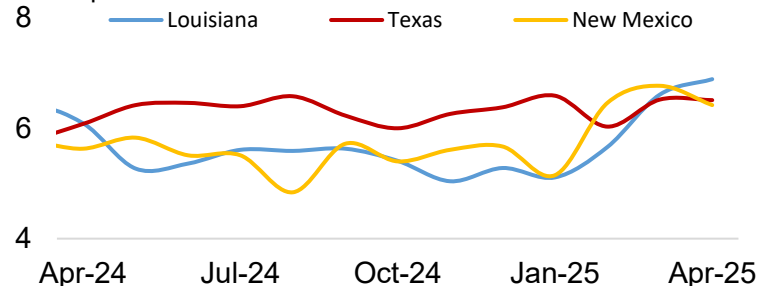
Cents per kilowatt-hour



Texas electricity prices held steady in April 2025. The average price of electricity in Texas was unchanged from March at 9.96 cents per kWh, marking a 4.7% year-over-year increase. For comparison, April electricity prices averaged 9.89 cents per kWh in Louisiana and 9.3 cents per kWh in New Mexico.

Industrial electricity prices

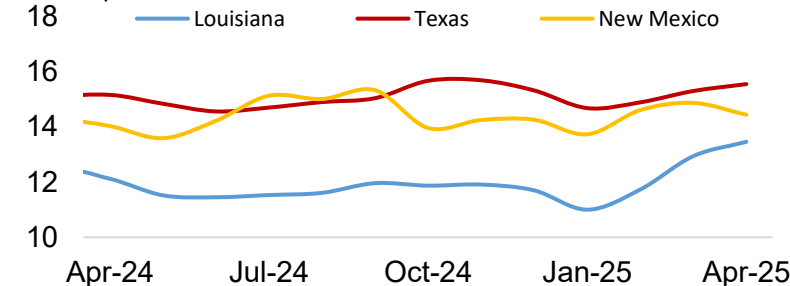
Cents per kilowatt-hour



Texas' average industrial electricity price edged down by 0.2% to 6.51 cents per kWh in April but remained 7.1% higher year-over-year. In Louisiana, industrial prices rose 4.2% month-over-month and 13.1% year-over-year to 6.89 cents per kWh—exceeding Texas rates for the first time since April 2024. New Mexico's average industrial price fell 5.2% from March but remained up 14.0% year-over-year at 6.42 cents per kWh, erasing the state's historical price advantage.

Residential electricity prices

Cents per kilowatt-hour

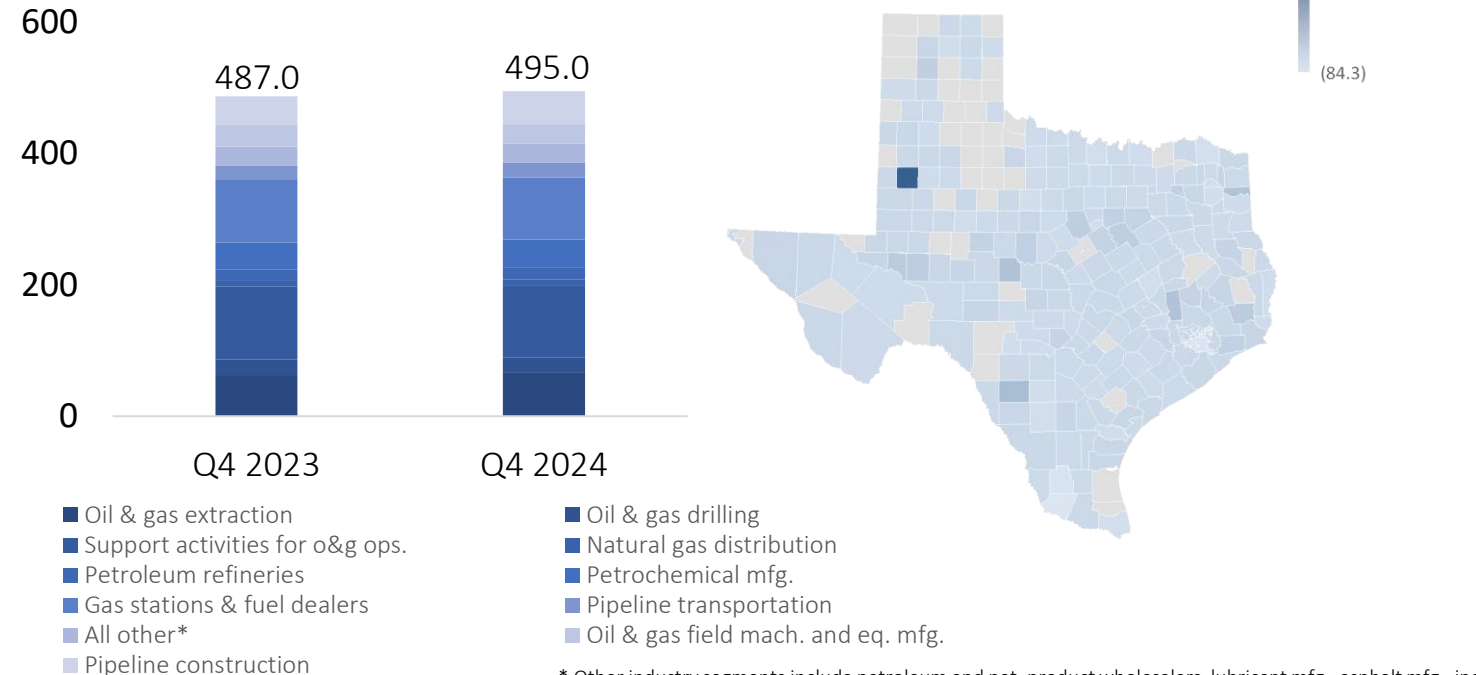


Texas' residential electricity prices rose. Residential electricity prices in Texas rose to 15.55 cents per kWh in April, up 2.6% y/y, remaining above rates in Louisiana (13.46 cents per kWh) and New Mexico (14.44 cents per kWh).

- 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.

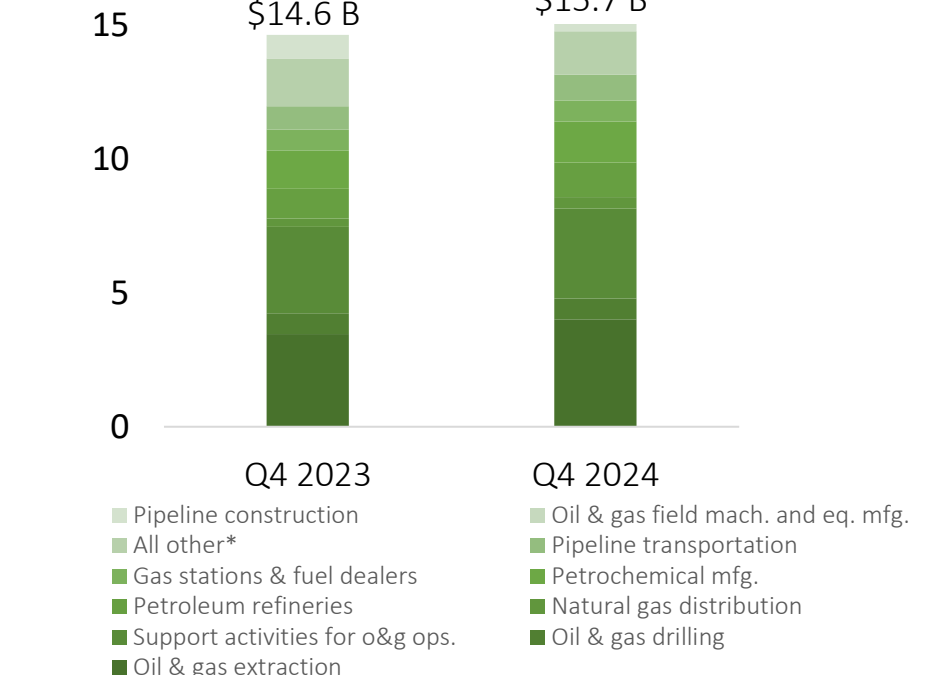
Texas oil and natural gas industry direct employment rose by +1.6% y/y in Q4 2024

Thousand Jobs



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

Billion dollars





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