



August 25, 2025





The TXOGA Chartbook is an essential resource for our members and those interested in understanding the data reflecting ongoing developments within the economy and the oil and gas sectors, both internationally and domestically, including specific trends in Texas.

Key points – Week of August 25, 2025

- **Economic indicators remained mixed.** Industrial production slipped 0.1% m/m in July, with capacity utilization easing to 77.5%. High-yield borrowing costs held at 11.9%, but the Fed Funds futures rate rose 20 bps to 4.3%, narrowing the low-credit-quality premium to 7.6%. The ADS Business Conditions Index was revised downward again on August 16, consistent with little to no Q3 growth. July retail sales posted gains—potentially reflecting inflationary pressures—as recent data continue to suggest producer prices are outpacing consumer prices and may contribute to further upward price pressure. In his Jackson Hole speech, Fed Chair Jerome Powell acknowledged progress on inflation and opened the door to potential rate cuts should economic conditions deteriorate, signaling a more cautious policy stance.
- **Oil markets strengthened on tighter fundamentals.** WTI crude oil prices rose 1.3% w/w to \$63.59/bbl as of August 22, supported by historically low crude inventories and continued U.S. dollar depreciation. Petroleum net exports jumped to 3.0 million barrels per day (mb/d), up 1.5 mb/d from the prior week and above the 5-year range. U.S. petroleum demand edged up to 21.5 mb/d, near the top of its five-year range, while crude inventories (ex-SPR) fell by 6.0 mb, remaining below the five-year range.
- **Natural gas markets softened as prices fell and storage remained strong.** Henry Hub prices declined 7.0% w/w to \$2.71/MMBtu for the week ended August 22, reflecting robust inventories and weak late-summer demand expectations. Working gas in storage rose 0.4% w/w to 3.20 tcf, in the top 20% of the 5-year range. According to EIA's August-revised estimates, U.S. net exports surged 42% y/y to 15.3 bcf/d in July, while consumption rose seasonally but remained down 2.6% y/y at 86.4 bcf/d. Price momentum showed no clear direction during the week.
- **Natural gas leads ERCOT.** In the midnight hour of August 20, dispatchable resources supplied 95.5% of ERCOT's electricity, including 72.3% from natural gas.
- **[Chart of the Week](#): Texas oil and natural gas industry wages reached a record \$20.9 billion in Q1 2025**, while overall employment edged down 0.1% y/y to 493,958 jobs.



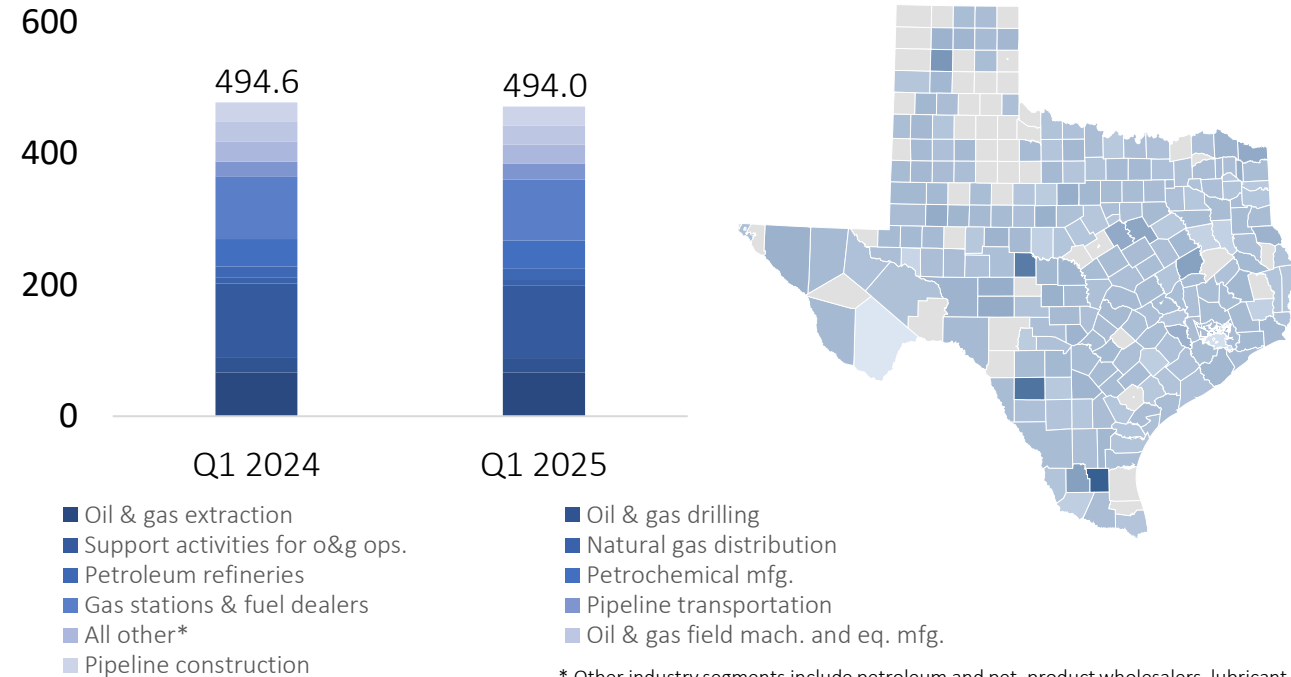
Texas Oil & Gas Jobs Dipped, Wages Reached Record High in Q1 2025



- Texas oil and natural gas industry employment slipped by 0.1% year-over-year (y/y) in Q1 2025 to 493,958 jobs, while industry wages edged up 0.2% y/y to \$20.9 billion—the highest on record.
- Although overall employment held steady, several industry segments posted notable changes. Petroleum refinery employment rose 10.8% y/y to 51,732 jobs; petrochemical manufacturing expanded 4.0% y/y to 18,279 jobs; nitrogenous fertilizer manufacturing jumped 15.6% y/y to 578 jobs; and industrial sand mining fell 26.4% y/y to 3,789 jobs, according to data from the U.S. Census Bureau and the Texas Workforce Commission.

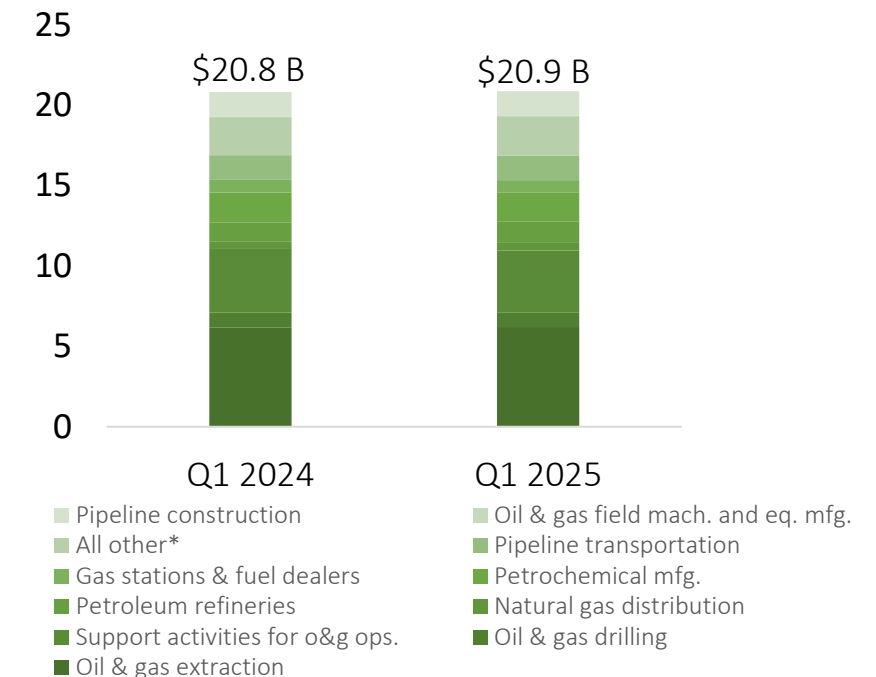
Texas oil and natural gas industry direct employment fell by +0.1% y/y in Q1 2025

Thousand Jobs

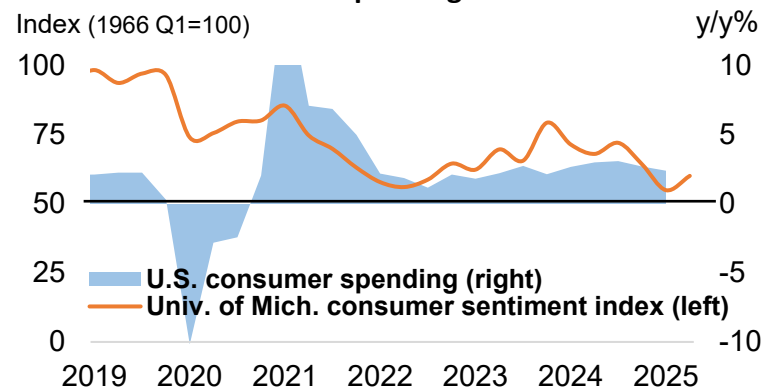


Texas oil and natural gas industry direct wages rose by +0.2% y/y in Q1 2025

Billion dollars

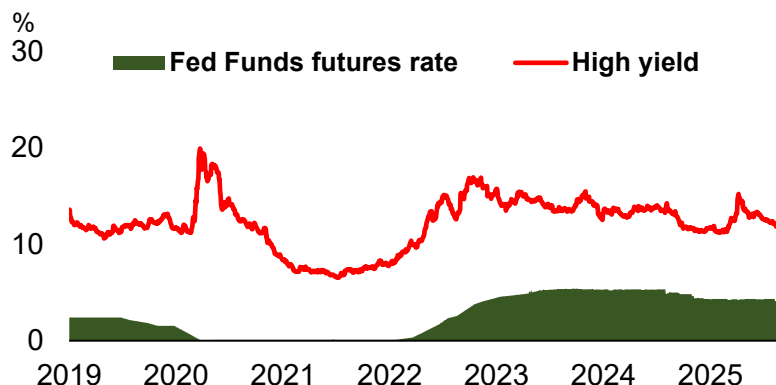


Consumer sentiment vs. spending



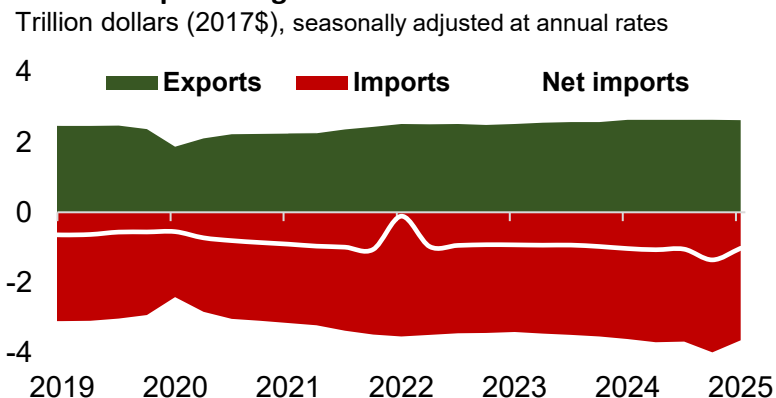
Consumer sentiment—a leading indicator of household spending—fell 5% month-over-month (m/m) in the University of Michigan's preliminary August reading, signaling a potential moderation in Q3 2025 spending growth. According to the BEA's estimate of Q2 2025 GDP, consumer spending rose 2.4% year-over-year (y/y), down 0.3 percentage points from Q1.

Fed Funds rate and CCC and lower corporate bond yields



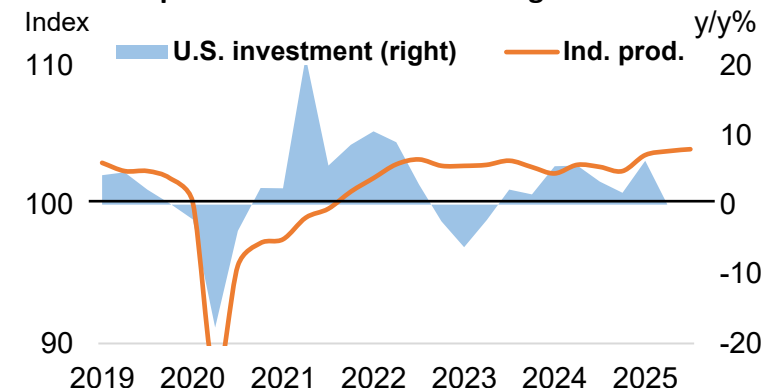
The bond premium for low credit quality decreased. High-yield (HY) borrowing costs held steady at 11.9% for the week ended Aug. 22, but the 30-day Fed Funds futures rate rose 20 basis points to 4.3%, narrowing the low-credit-quality premium to 7.6%.

Real net exports of goods and services



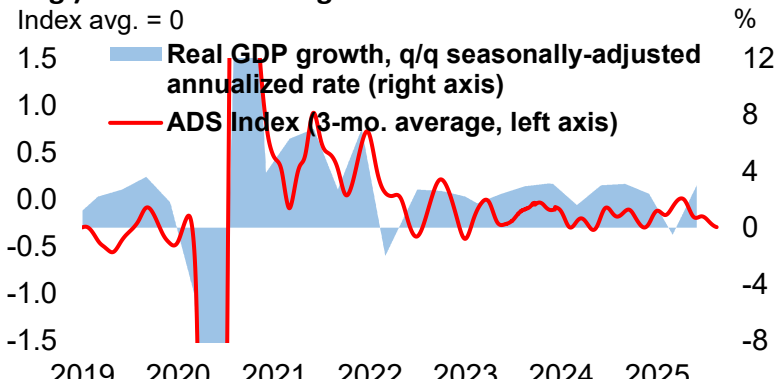
The BEA's initial Q2 2025 GDP report showed the U.S. trade deficit narrowed to \$1.0 trillion, down from a record \$1.4 trillion in Q1, as imports declined more than exports. On a nominal basis, the petroleum trade surplus rose by \$5.5 billion to \$67.8 billion—nearly double its level from a year ago.

Industrial production and investment growth



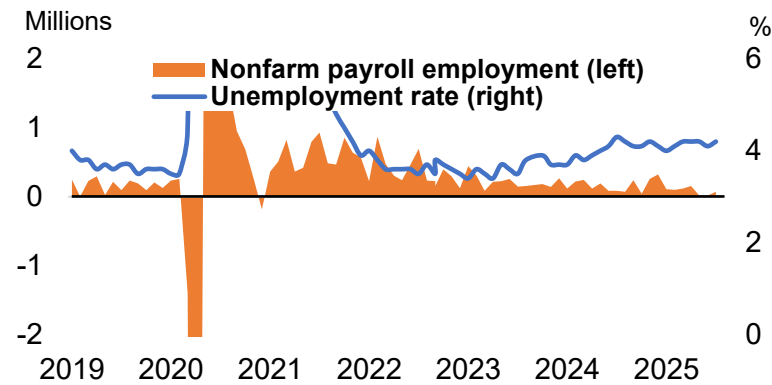
Macro uncertainties stalled investment in Q2 2025. According to the GDP report, economy-wide investment declined 0.1% y/y, diverging from industrial production, which typically leads investment trends. Industrial production fell 0.1% m/m in July, while capacity utilization fell 0.2 percentage points to 77.5%, per the Federal Reserve Board.

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



ADS Index revised downward retrospectively. While real GDP growth posted a mixed rebound in Q2 2025, the ADS Business Conditions Index from the Philadelphia Fed—an early signal of economic momentum—was again revised downward on August 16 and currently points to little or no growth in Q3 2025.

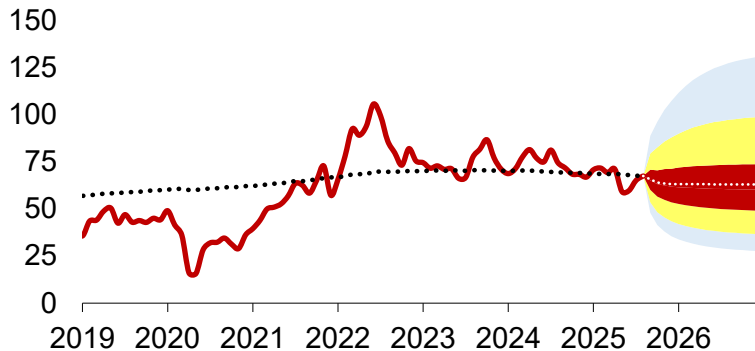
Nonfarm payroll employment & unemployment rate



Labor market conditions weakened – and were downgraded retroactively. Employment is a lagging indicator of GDP growth. Nonfarm payrolls rose by 73,000 in July, but cumulative downward revisions since April have subtracted 334,000 jobs from earlier estimates. The U.S. unemployment rate rose by 0.1 percentage points to 4.2% according to the BLS.

WTI crude oil price mean reversion analysis

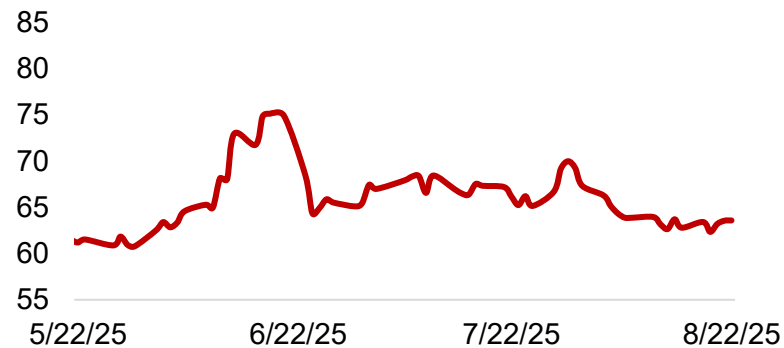
Dollars per barrel (2025\$)



Near-term futures prices have 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

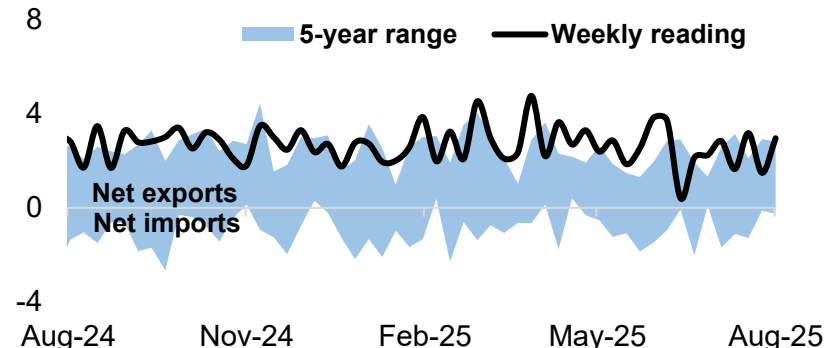
Dollars per barrel



WTI crude oil prices rose 1.3% w/w to \$63.59 per barrel as of August 22, supported by historically low crude oil inventories and continued U.S. dollar depreciation (down 1.1% m/m through August 15, per the Federal Reserve Board).

U.S. petroleum net exports (imports)

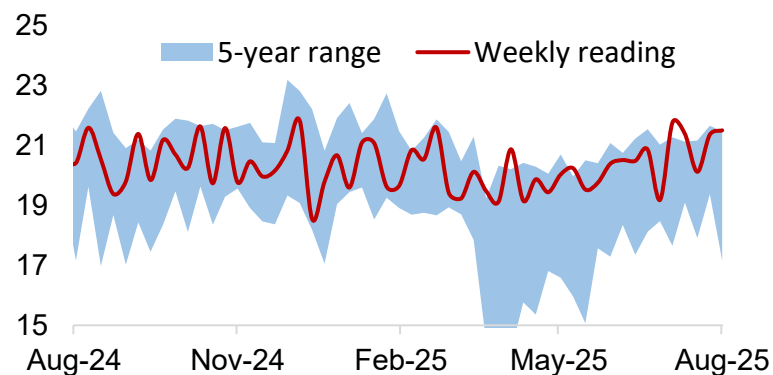
Million barrels per day, mb/d



Petroleum net exports rose to 3.0 mb/d for the week ended August 15, an increase of 1.5 mb/d from the prior week and above the 5-year range.

U.S. petroleum demand

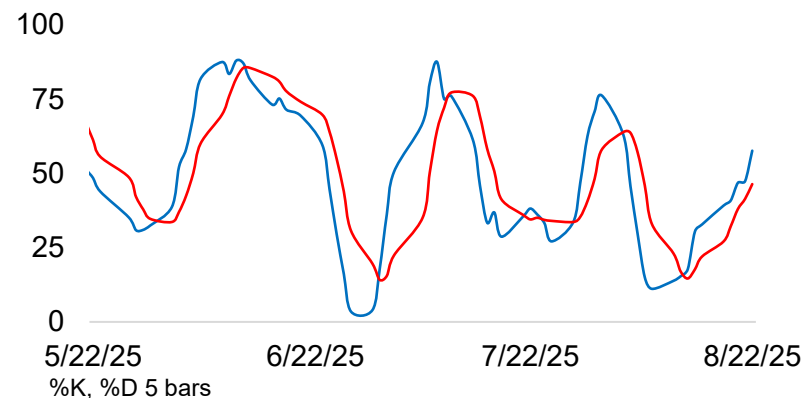
Million barrels per day (mb/d)



Petroleum demand edged up. U.S. petroleum demand as of August 15, as measured by deliveries, increased by 0.1 mb/d from the prior week to 21.5 mb/d and remained at the top of the 5-year range.

WTI crude prompt month futures slow stochastic

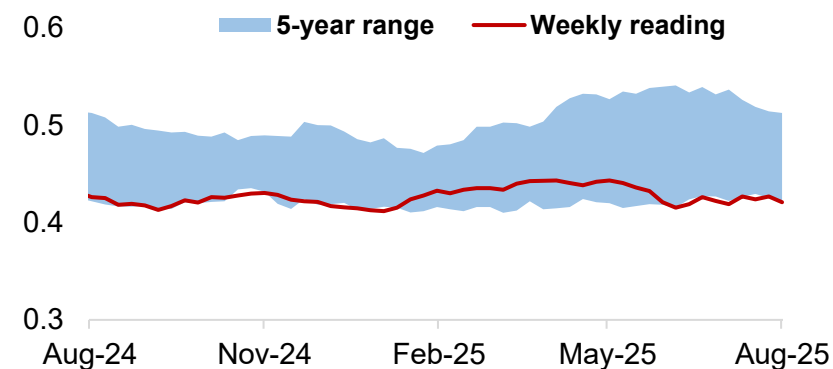
Index level



Price momentum rose during in the week ended August 22.

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

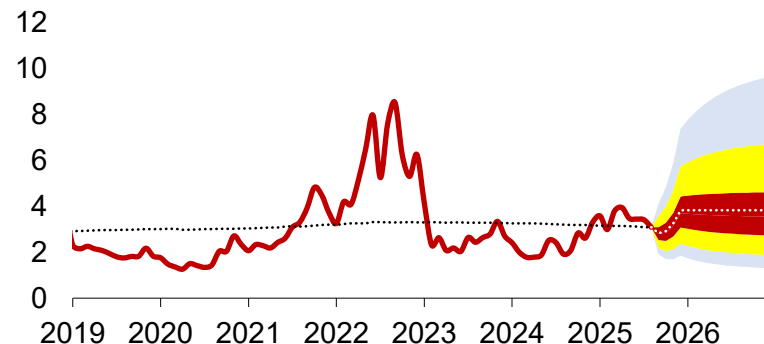
Billion barrels



Inventories decreased. U.S. ending stocks of crude oil excluding the Strategic Petroleum Reserve (SPR) decreased by 6.0 million barrels (mb) for the week ended August 15 – and remained below the 5-year range.

Natural gas price mean reversion analysis

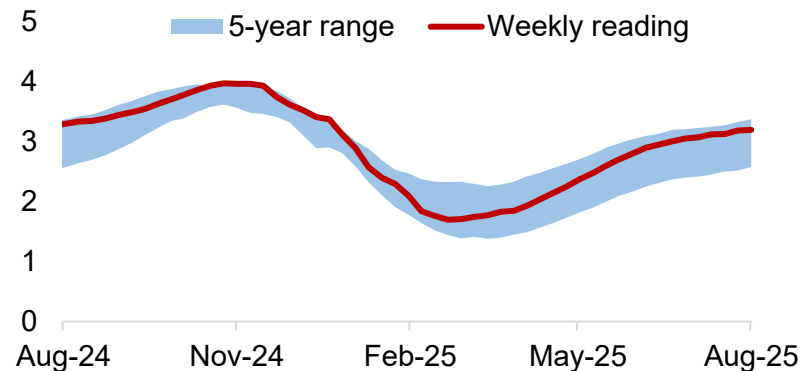
Dollars per mmBtu (2025\$)



Near-term futures prices have fallen below 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

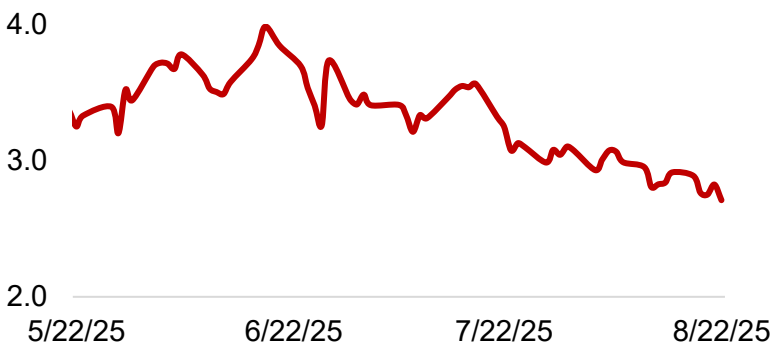
Trillion cubic feet (tcf)



Working natural gas storage increased. Underground storage rose by 0.4% w/w to 3.20 trillion cubic feet (tcf) as of August 15 – in the top 20% of the 5-year range.

Natural gas prompt month futures prices

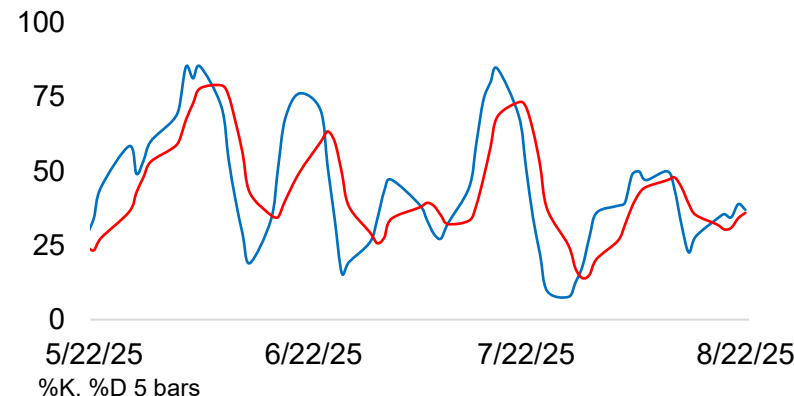
Dollars per million Btu



Henry Hub natural gas prices fell 7.0% w/w to \$2.71 per million Btu for the week ended August 22, reflecting strong inventories and weak expectations for peak late-summer power demand.

Natural gas futures slow stochastic

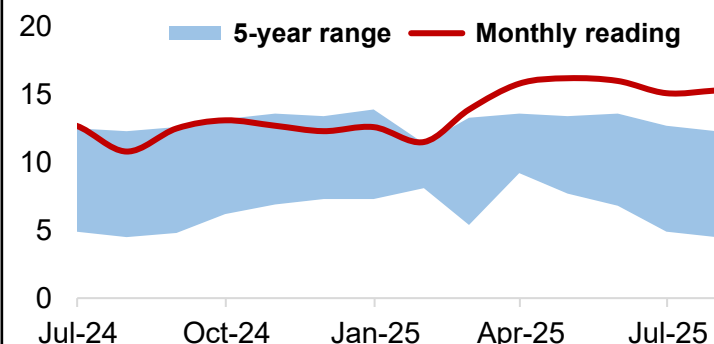
Index level



Natural gas price momentum remained weak and trendless during the week ended August 22.

U.S. natural gas net exports

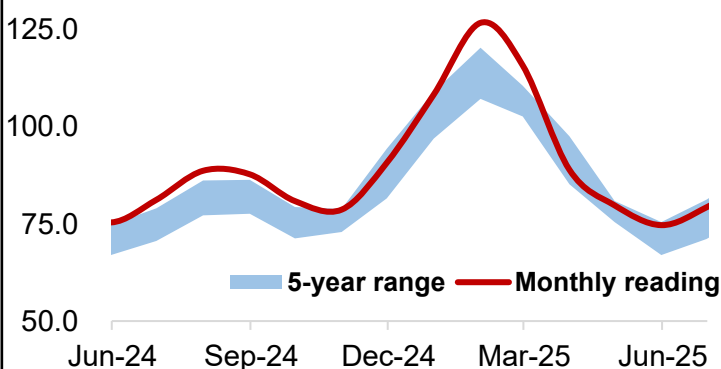
Billion cubic feet per day, bcf/d



According to the EIA's August-revised estimates, U.S. natural gas net exports increased 42% y/y to 15.3 bcf/d in July.

U.S. natural gas consumption

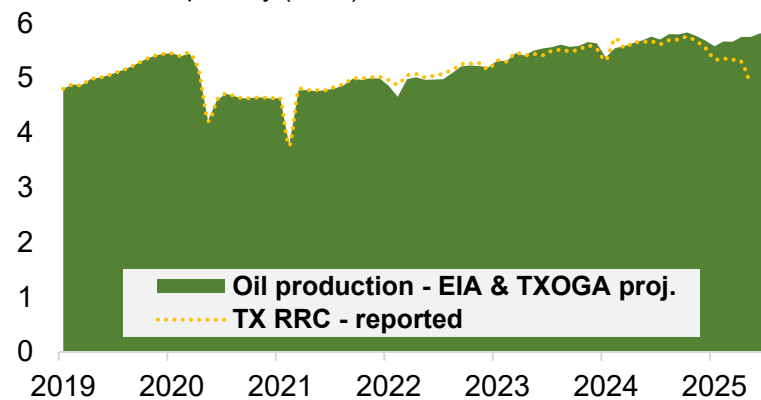
Billion cubic feet per day, bcf/d



Natural gas consumption rose seasonally but declined 2.6% y/y to 86.4 bcf/d in July, according to August 2025–revised EIA estimates.

Texas crude oil production, Jan. 2019 – July 2025

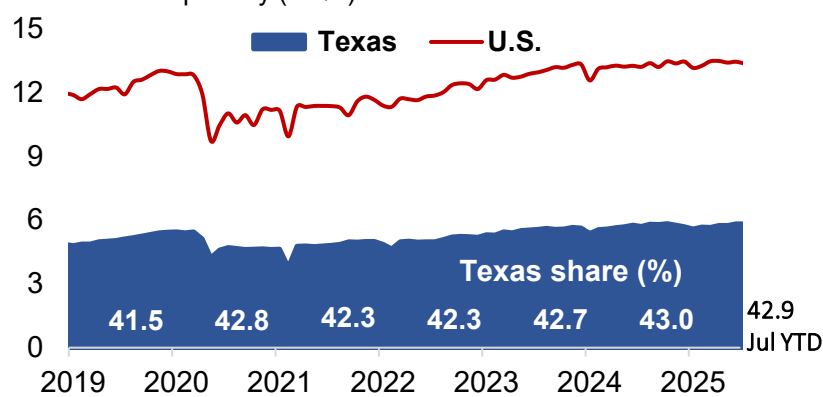
Million barrels per day (mb/d)



Record-high estimated oil production. Texas' oil production averaged 5.75 mb/d in May, according to the EIA. TXOGA estimates that production eclipsed 5.8 mb/d in July and likely reached a new record high.

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

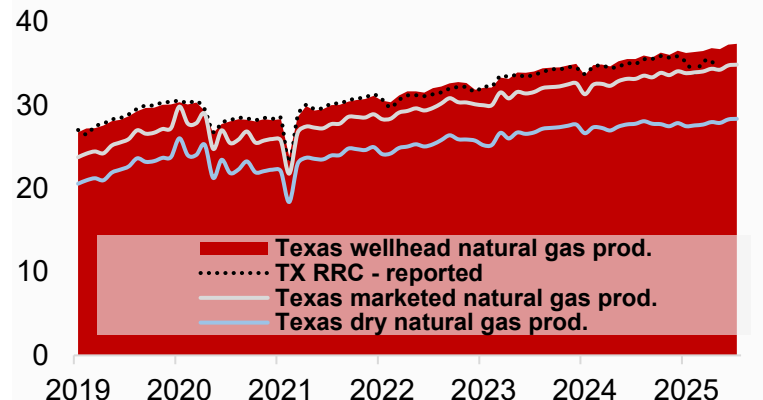
Million barrels per day (mb/d)



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

Texas natural gas production, Jan. 2019 – July 2025

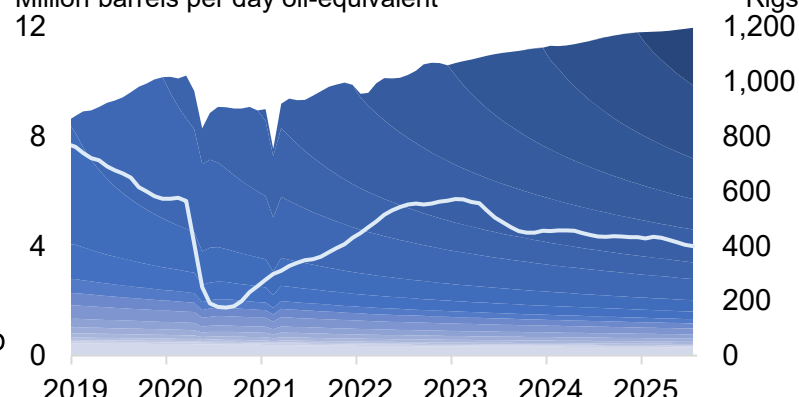
Billion cubic feet per day (bcf/d)



Natural gas production increased. Texas produced 36.7 bcf/d of natural gas gross withdrawals and 34.3 bcf/d of marketed production in May – both 0.3% below record highs set in April, per EIA. TXOGA estimates that Texas' marketed production rose to 34.9 bcf/d in July.

Texas shale basin wellhead oil & natural gas production

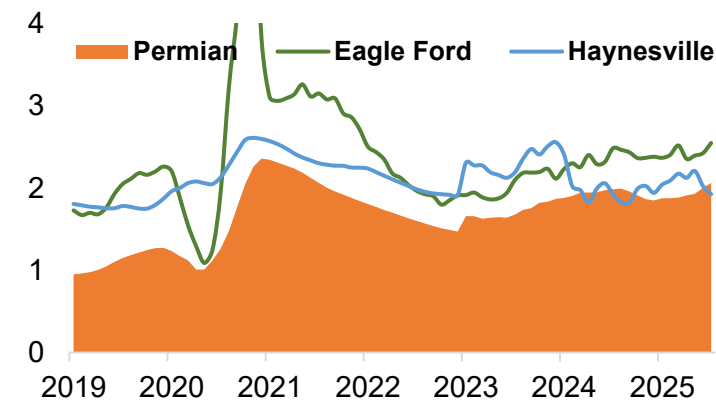
Million barrels per day oil-equivalent



EIA estimates show oil and natural gas production growth across Texas shale basins in July 2025, including the Permian (+3.7% y/y), Eagle Ford (+1.4% y/y), and Haynesville (+11.1% y/y).

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

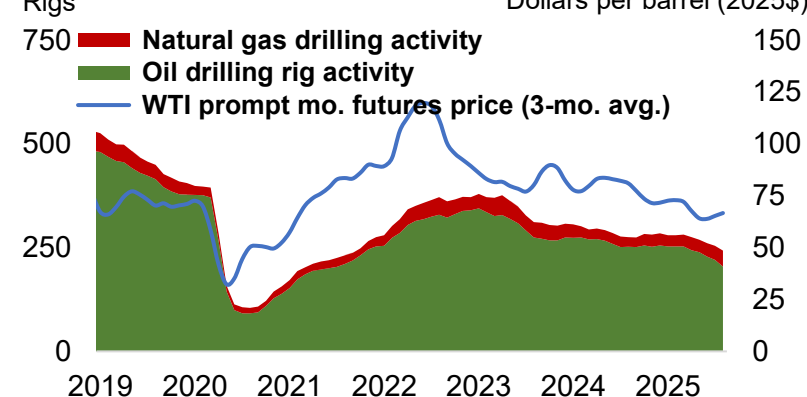
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity gains were mixed in July. EIA estimates of rig productivity for July 2025 rose by 3.9% y/y in the Permian Basin and 2.5% y/y in the Eagle Ford, but remained flat in the Haynesville.

Texas drilling activity and WTI crude oil futures prices

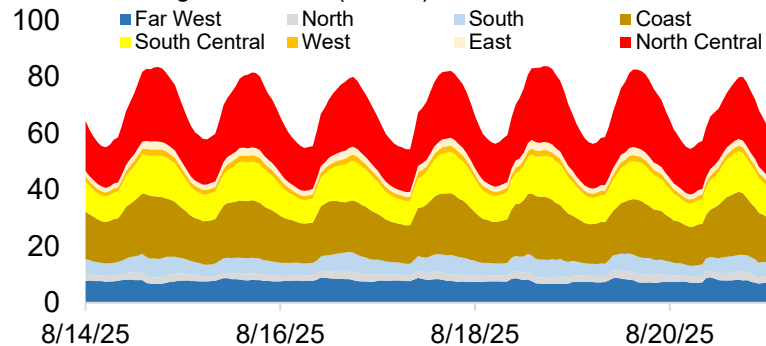
Rigs Dollars per barrel (2025\$)



As of August 22, Texas' total rigs declined, according to Baker Hughes, with 203 oil-directed rigs (unchanged w/w) and 37 natural gas-directed rigs (down 2 rigs w/w).

ERCOT electricity load by region

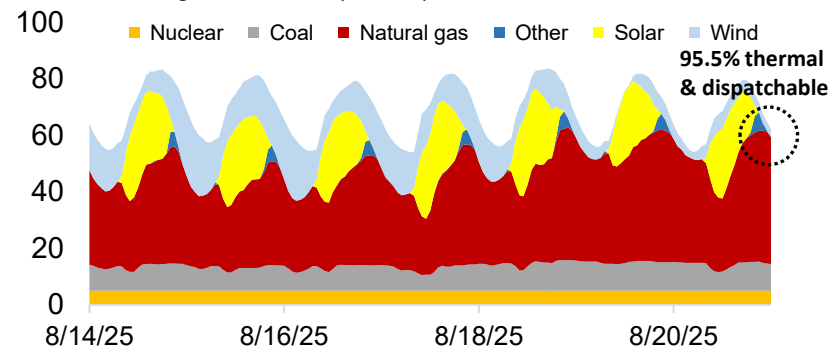
Thousand megawatt-hours (kMWh)



For Aug. 14-20, ERCOT's average hourly electricity load was 69.3 kMWh, up 0.2% w/w, while the maximum hourly load of 83.9 kMWh rose by 1.1% w/w. Variability was the highest in the North Central and South Central regions.

ERCOT hourly electricity generation by source

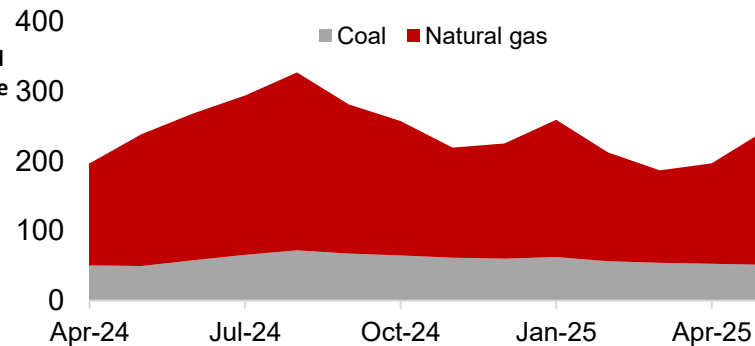
Thousand megawatt-hours (kMWh)



Thermal and other dispatchable resources supplied up to 95.5% of ERCOT's electricity. From Aug. 14–20, hourly generation ranged between 54 and 84 kMWh, with a standard deviation of 9.5 kMWh. In the midnight hour of Aug. 20, thermal and dispatchable sources met 95.5% of load, including 72.3% from natural gas, despite supplemental contributions from energy storage resources.

Texas electricity plant receipts of natural gas and coal

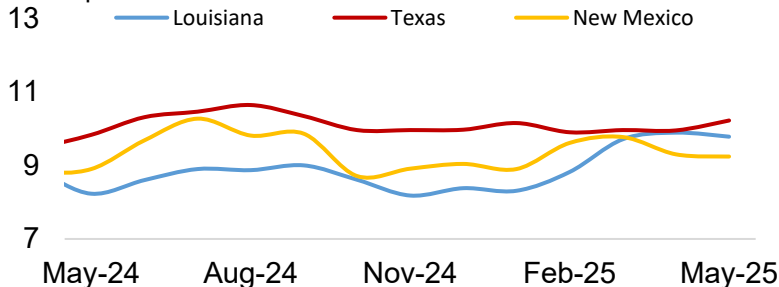
Trillion Btu



Natural gas receipts accelerated in May. Texas electricity plant receipts of natural gas rose by 32.6% m/m in May 2025, while receipts of coal fell 2.0% m/m.

Electricity prices – average across all end-use sectors

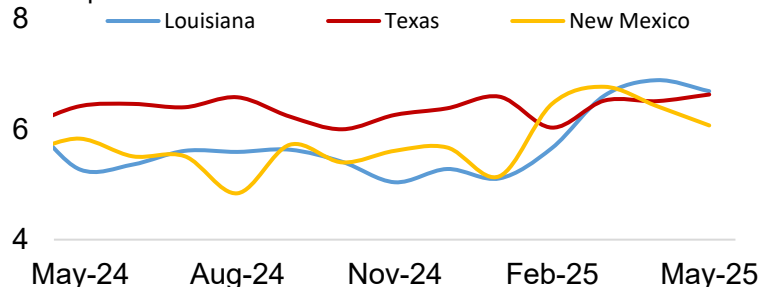
Cents per kilowatt-hour



Texas electricity prices escalated in May 2025. The average price of electricity in Texas rose 2.7% m/m and 4.0% y/y to 10.22 cents per kWh. For comparison, May electricity prices averaged 9.78 cents per kWh in Louisiana and 9.24 cents per kWh in New Mexico.

Industrial electricity prices

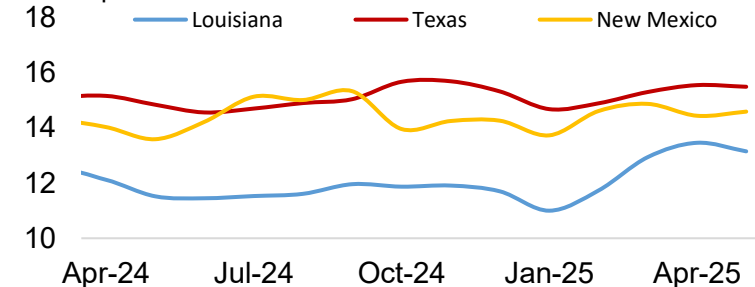
Cents per kilowatt-hour



Texas' industrial electricity prices rose by 1.8% m/m and 3.3% y/y to 6.63 cents per kWh in May, while those in neighboring Louisiana and New Mexico receded by 2.9% m/m and 5.5% m/m, respectively, to be on par or lower than prices in Texas.

Residential electricity prices

Cents per kilowatt-hour



Texas' residential electricity prices slipped by 0.4% m/m but remained up 4.4% y/y to 15.49 cents per kWh in May, remaining above rates in Louisiana (13.15 cents per kWh) and New Mexico (14.59 cents per kWh).

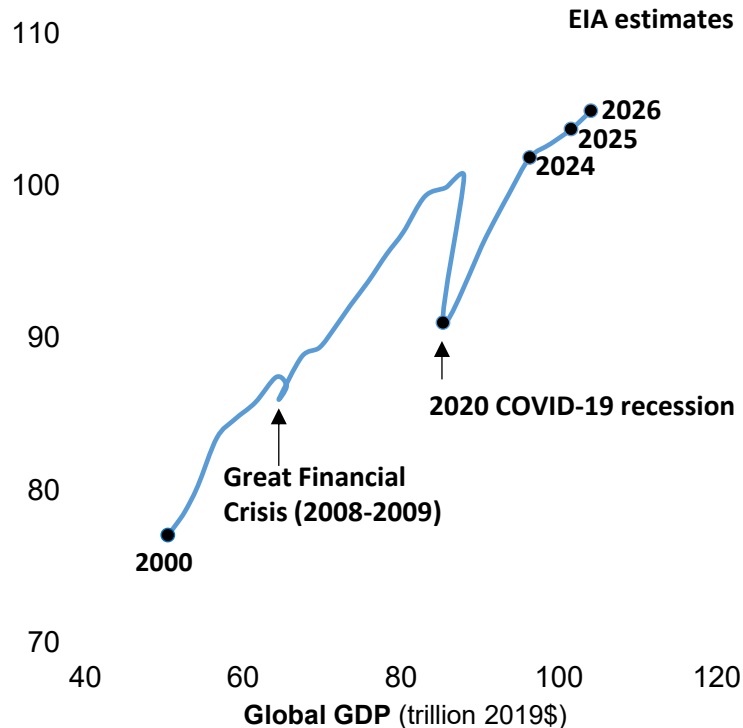
Global oil market outlook: EIA sees record oil demand and higher 2025 supply, lower 2026 prices



- In its August update, EIA raised its global oil demand forecast, now expecting a third consecutive record: 102.7 mb/d in 2024, 103.7 mb/d in 2025 (+0.2 mb/d vs. prior forecast), and 104.9 mb/d in 2026 (+0.3 mb/d)
- The EIA raised its 2025 global supply growth forecast by 0.5 mb/d to 2.3 mb/d, led by gains from the U.S. and OPEC producers, but trimmed its 2026 outlook by 0.1 mb/d to 1.0 mb/d.
- Brent crude oil prices are now projected to average \$67 per barrel in 2025 and \$51 in 2026—compared with about \$65 currently and a prior 2026 projection of \$58.

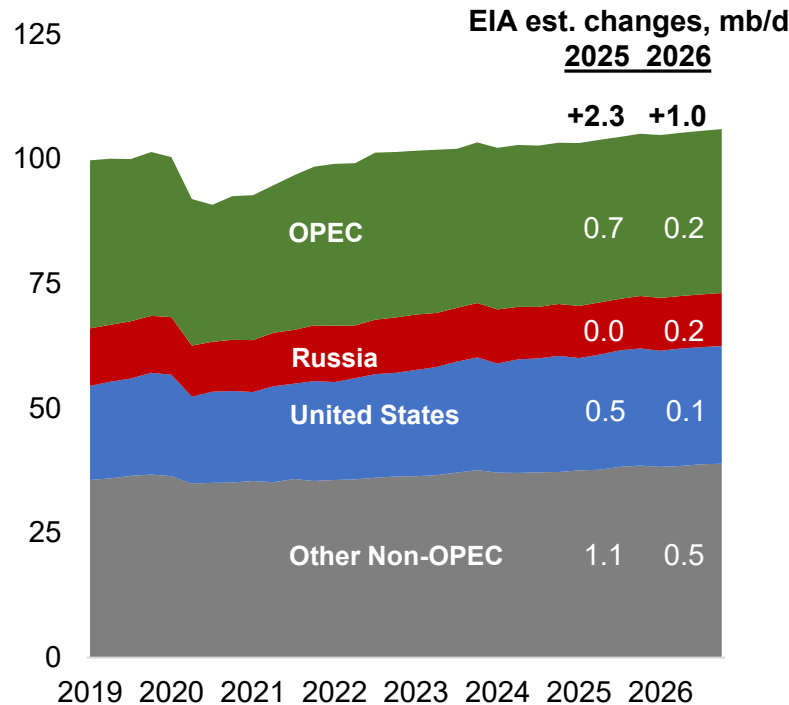
Global oil demand vs. GDP

Global oil demand (million barrels per day, mb/d)



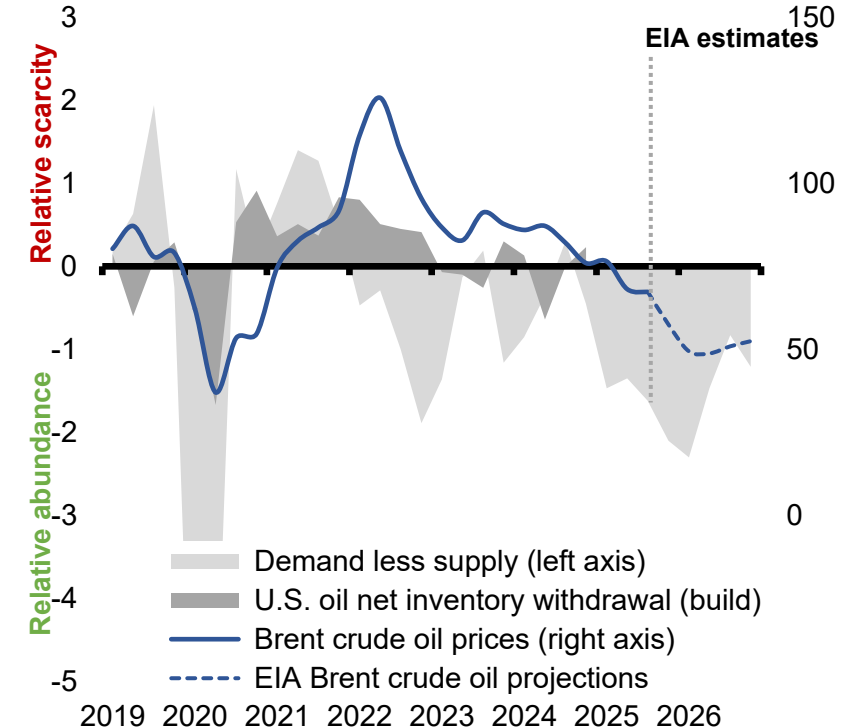
Oil production by country/region

Million barrels per day, mb/d



Global demand/supply & Brent prices

Million barrels per day (mb/d)





R. Dean Foreman, Ph.D.
dforeman@txoga.org