TXOGA CHARTBOOK™

January 12, 2026

Key points – Week of January 12, 2026

- **Underlying U.S. economic momentum continued to slow, with trade providing a partial offset to softer labor markets, stalled investment, and fragile consumer confidence.** Household sentiment stayed deeply depressed despite modest gains in real spending, while economy-wide investment flattened in Q3 amid elevated uncertainty. Labor market signals stayed muted: November payroll gains were modest and more than offset by downward revisions to prior months, even as the unemployment rate edged lower. Financial conditions remained stable and orderly, with credit spreads contained and financing broadly available despite elevated all-in borrowing costs driven by policy rates. High-frequency indicators, including the ADS Index, point to further deceleration in underlying growth into Q4, even as an improved trade balance—supported by a rising petroleum surplus—continued to support headline GDP.

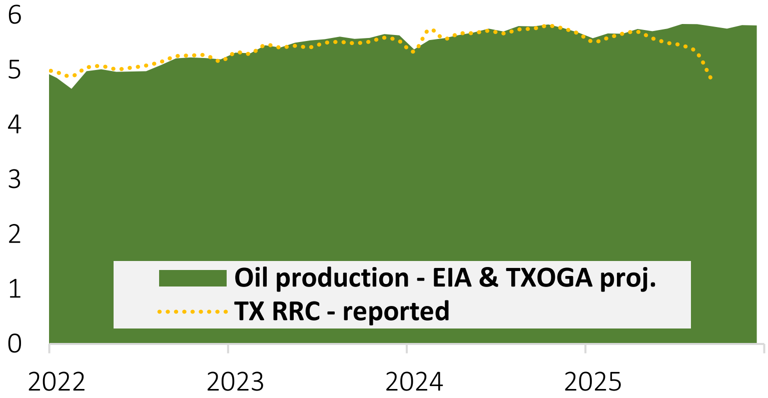
- **Oil markets remained range-bound, with prices near their long-run average as tight inventories and heightened geopolitical risk were offset by muted demand signals and limited near-term momentum.** WTI prices rose 3.2% week over week (w/w) to $59.18 per barrel as of January 9, supported by low inventories and a renewed risk premium tied to unrest in Iran. However, momentum indicators stabilized rather than strengthened, reinforcing expectations for continued sideways trading. U.S. petroleum demand remained near the middle of its historical range, while net exports fluctuated within recent norms, reinforcing a balanced market with no clear directional catalyst.

- **Natural gas prices fell 10.5% w/w amid ample storage and easing momentum, but underlying fundamentals continue to skew risks toward upside volatility.** Futures prices moved below their historical mean-reversion path as storage remained elevated and price momentum weakened, yet U.S. gas balances stayed structurally firm. Net exports rose 41% on a year-over-year (y/y) basis in December, underscoring LNG's growing role in tightening supply, while consumption increased seasonally across power and industrial sectors. As storage draws progressed and exports remained strong, downside price risks appeared limited despite near-term softness.

- Chart of the Week: **Texas oil and natural gas production remained near record levels through year-end 2025**, even as drilling activity eased. Productivity gains across major basins—not higher rig counts—continued to underpin output.

Chart of the Week: Texas oil and natural gas production remained strong through year-end 2025, driven by productivity gains rather than higher drilling activity

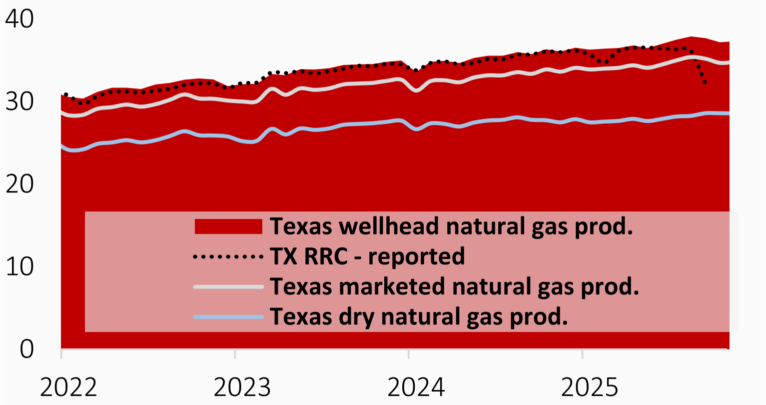
Texas crude oil production, Jan. 2022 – Dec. 2025



Record annual crude oil production (5.75 mb/d). Texas output held near record highs through late 2025, with EIA data showing 5.8 mb/d in October and TXOGA estimates indicating production remained near that level through December.

Texas natural gas production, Jan. 2022 – Dec. 2025

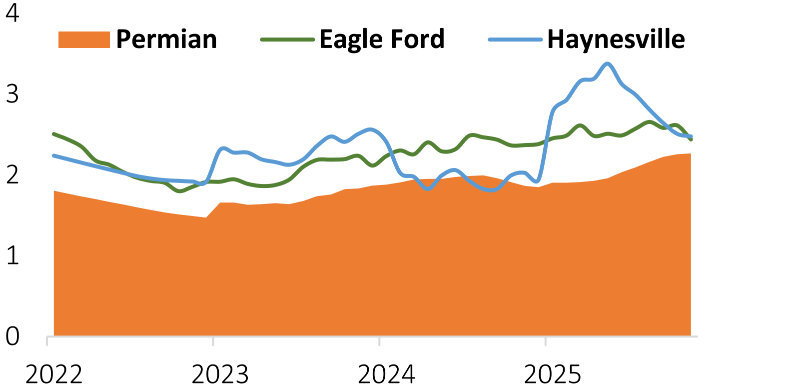
Billion cubic feet per day (bcf/d)



Natural gas production remained near record levels through late 2025. Texas produced 34.8 bcf/d of marketed natural gas in October (EIA), with output estimated to have risen to 34.9 bcf/d in December, underscoring continued resilience despite lower prices.

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

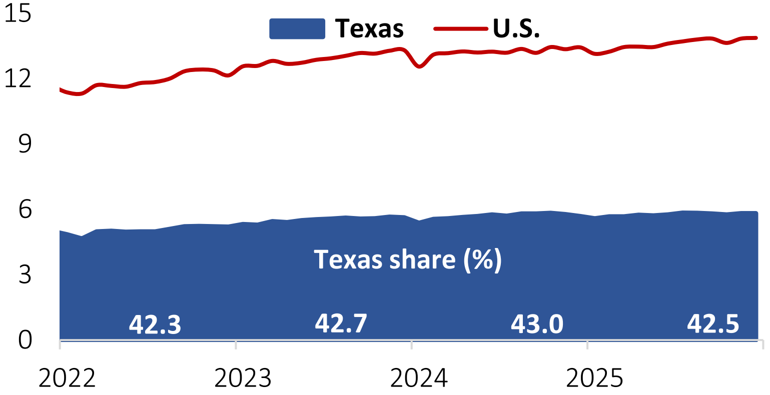
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity continued to improve across major basins, offsetting lower rig counts. EIA estimates show November productivity rising 21.4% y/y in the Permian, 22.2% in the Eagle Ford, and 3.0% in the Haynesville.

U.S. and Texas crude oil production, Jan. 2022 – Dec. 2025

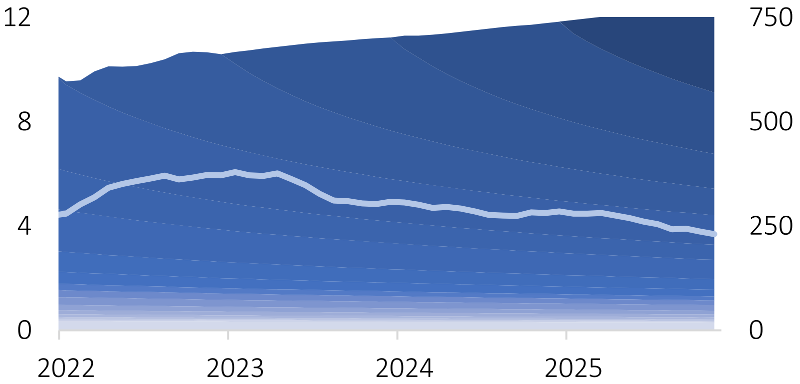
Million barrels per day (mb/d)



Texas share of U.S. production. Texas accounted for nearly **43%** of total U.S. crude oil production in 2025.

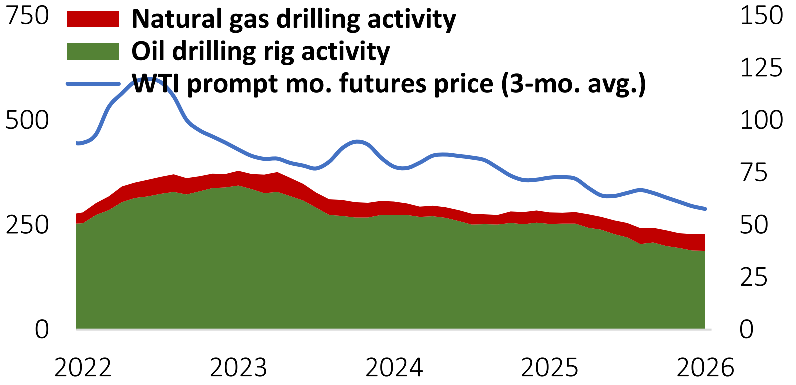
Texas shale basin wellhead oil & natural gas production

Million barrels per day oil-equivalent



EIA estimates show continued production growth across major Texas shale basins in November 2025, led by the Permian (+3.1% y/y) and Haynesville (+4.2% y/y), while Eagle Ford volumes edged modestly lower.

Texas drilling activity and WTI crude oil futures prices

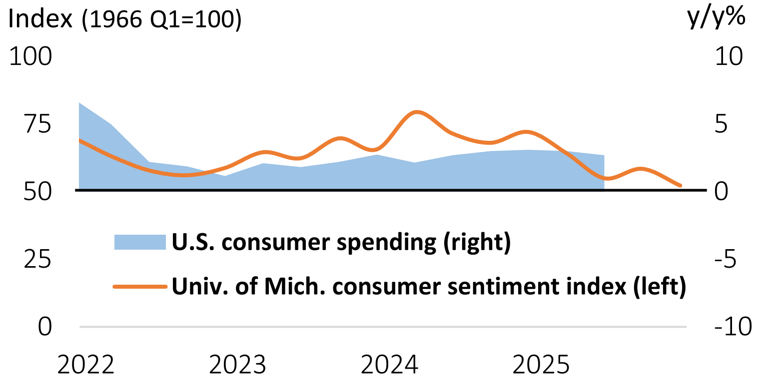


Drilling activity continued to ease alongside lower prices. As of January 9, Texas operated 187 oil-directed rigs (-2 rigs w/w) and 41 gas-directed rigs (+1 rig w/w_, highlighting how productivity gains—not higher rig counts—are sustaining production.

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

U.S. economic indicators: Latest data point to slowing underlying momentum, with trade partially offsetting softer labor markets, stalled investment, and fragile consumer confidence

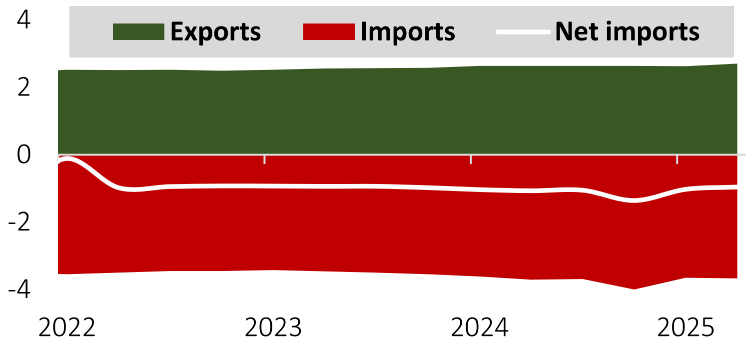
Consumer sentiment and spending trends



Economic signals remain soft, with mixed momentum across consumers, credit, and activity. Consumer sentiment fell over 10% q/q and remains down 27.5% y/y, underscoring fragile household confidence despite modest gains in real consumer spending.

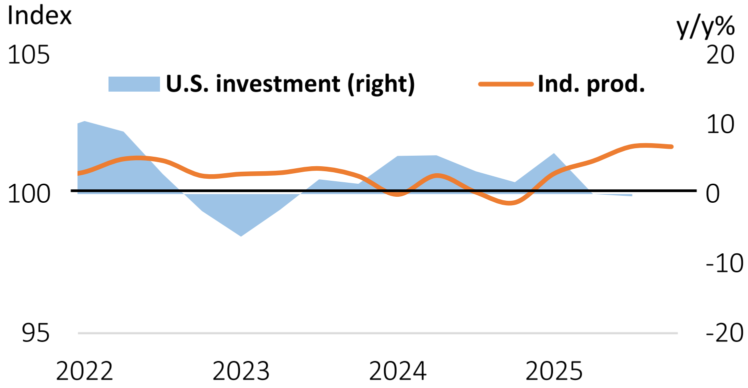
U.S. trade balance and petroleum exports

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



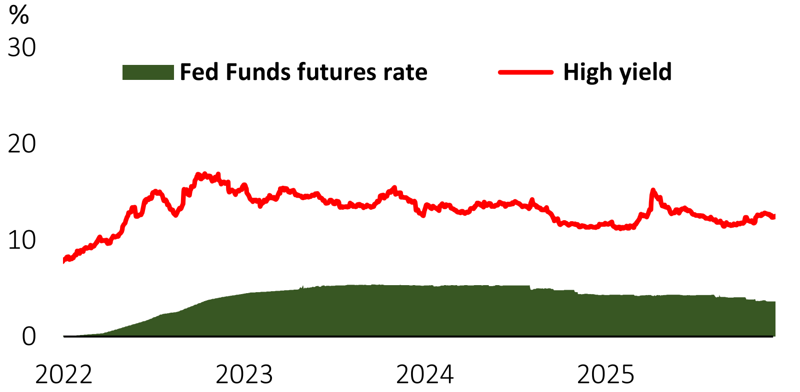
Trade balance boosted growth. According to the BEA's Q3 2025 GDP report, the U.S. trade deficit narrowed to an annualized $0.96 trillion, accounting for more than one-third of GDP growth in Q3--offsetting softer domestic demand. A rising petroleum trade surplus helped cushion the overall trade balance.

Industrial production and investment



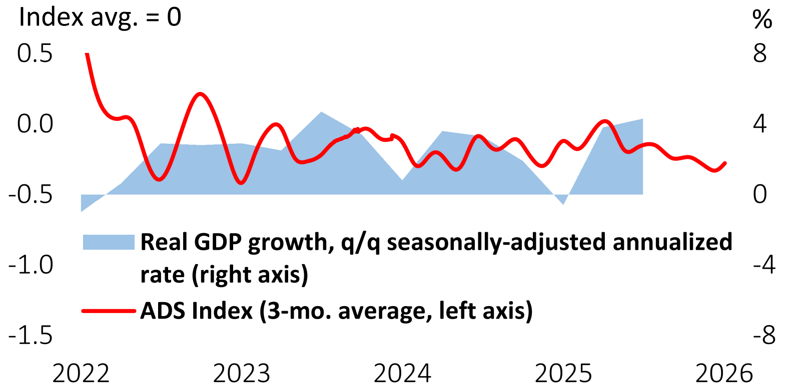
Macro uncertainty continued to stall investment in Q3 2025. BEA data show economy-wide investment flat q/q, diverging from modest gains in industrial production (0.2% m/m; 2.5% y/y in November). Capacity utilization remained near 75.9%.

Interest rates and high-yield borrowing costs



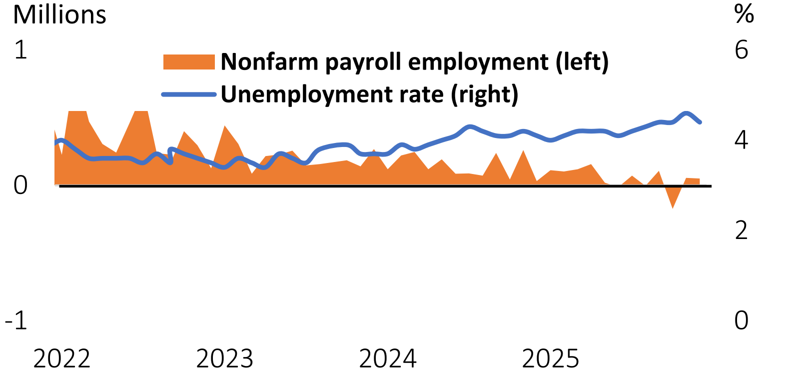
Credit conditions for lower-quality issuers remained stable. As of January 9, high-yield borrowing costs edged down to 12.3% while Fed funds futures held near 3.6%, implying an 8.7 percentage point premium for lower credit quality—broadly in line with the median since 2019.

ADS Index and real GDP growth



The ADS Index suggests the economy slowed in Q4. While real GDP growth rebounded in Q3, the Philadelphia Fed's ADS Index—an early, high-frequency signal of underlying momentum—points to weakening growth entering Q4.

Employment and unemployment trends



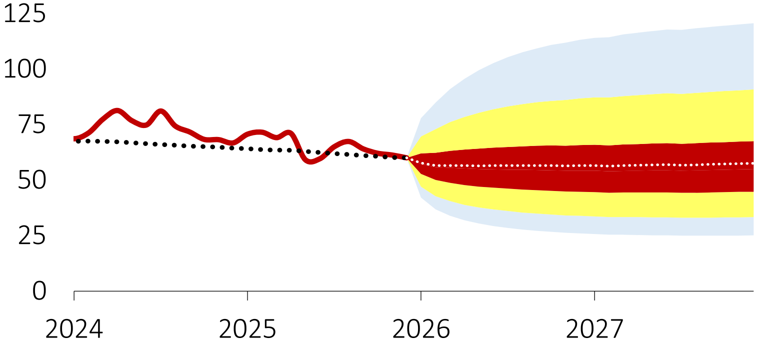
Labor market conditions remained muted. Payrolls rose 50,000 in November and the unemployment rate fell 0.2 percentage points to 4.4%, but downward revisions to prior months--including a 68,000 cut to October payrolls—more than offset the latest monthly gain.

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

Oil markets remained range-bound, with prices anchored near long-run equilibrium as tight inventories and geopolitical risk were offset by muted demand signals and limited near-term momentum

WTI futures mean reversion analysis

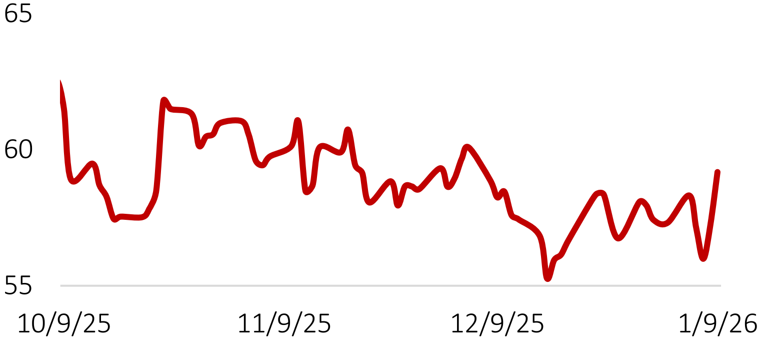
Dollars per barrel (2025$)



WTI futures remain near their long-run mean-reversion target, with the forward curve shifting modestly flatter through 2027--suggesting balanced risks and limited near-term directional conviction.

WTI crude prompt month futures prices

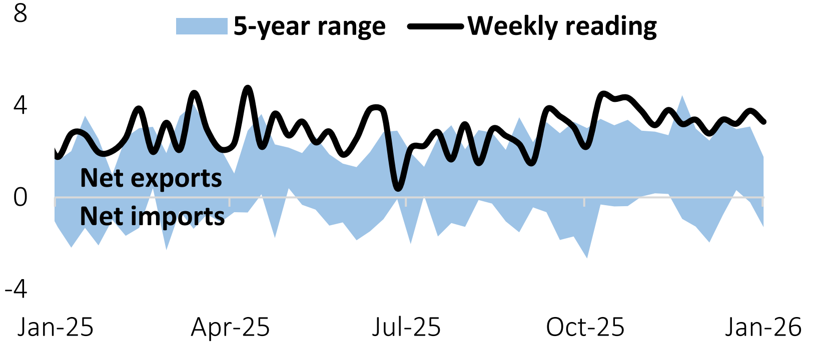
Dollars per barrel



WTI prompt-month prices rose 3.2% w/w to $59.18 per barrel as of January 9, as tight inventories and geopolitical risk more than offset mixed demand signals and weak price momentum.

U.S. petroleum net exports (imports)

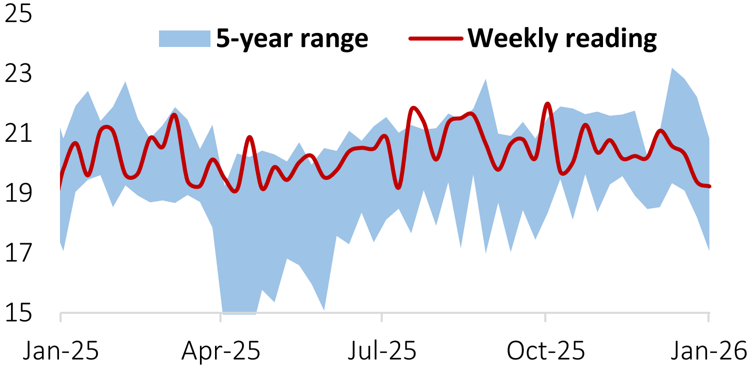
Million barrels per day, mb/d



U.S. petroleum net exports fell to 3.3 mb/d for the week ended January 2, down 0.5 mb/d w/w, but remain within their recent range.

U.S. petroleum demand

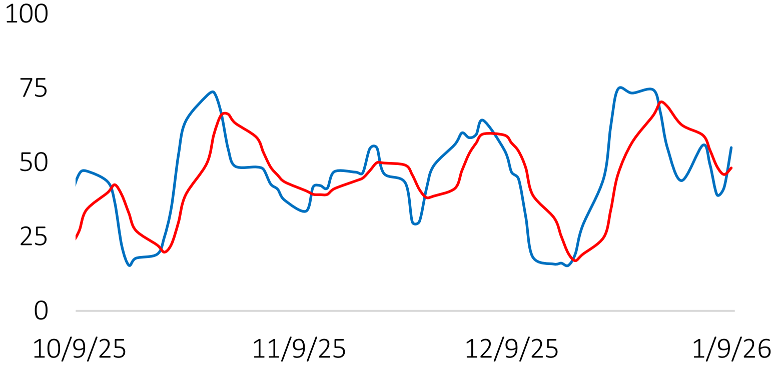
Million barrels per day (mb/d)



U.S. petroleum demand eased to 19.2 mb/d, down 0.2 mb/d w/w, placing deliveries near the middle of the five-year range rather than signaling a demand break.

WTI futures momentum indicator

Index level

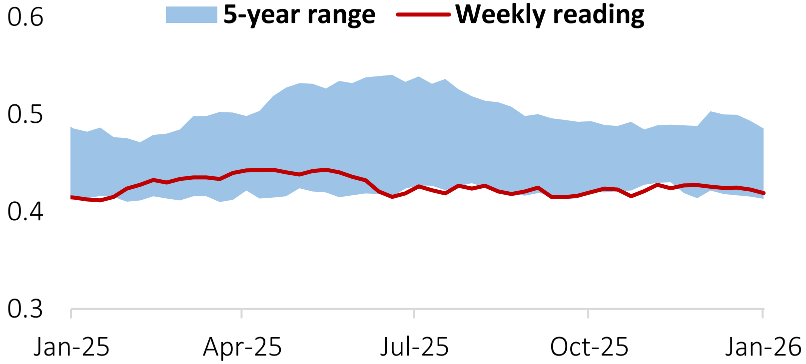


%K, %D 5 bars

Price momentum stabilized during the week, improving modestly but remaining consistent with continued sideways price action.

U.S. crude oil inventories (excluding the SPR)

Billion barrels

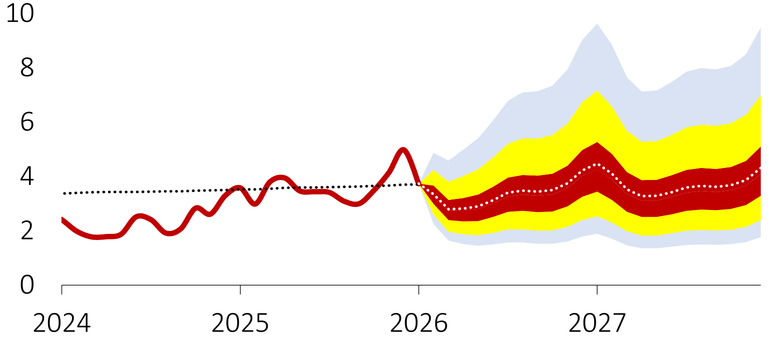


U.S. crude oil inventories fell 3.8 million barrels in the week ended January 2 and remain near the bottom of the five-year range, continuing to provide structural support to prices despite soft demand signals.

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

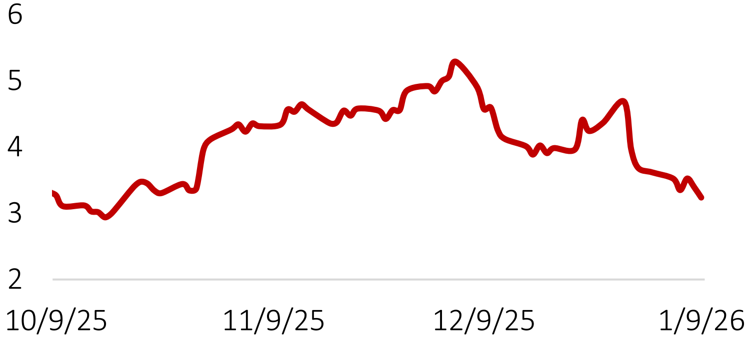
Natural gas prices softened near term amid ample storage and easing momentum, but underlying fundamentals–export growth and demand resilience–continue to skew risks toward upside volatility.

Natural gas futures mean reversion analysis
Dollars per mmBtu (2025$)



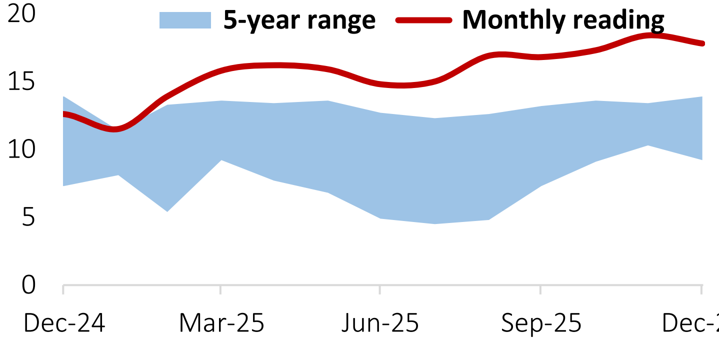
Near-term natural gas futures have fallen below their historical mean-reversion path, skewing risks toward upside volatility rather than sustained downside--particularly if weather, exports, or supply tighten.

Natural gas prompt month futures prices
Dollars per million Btu



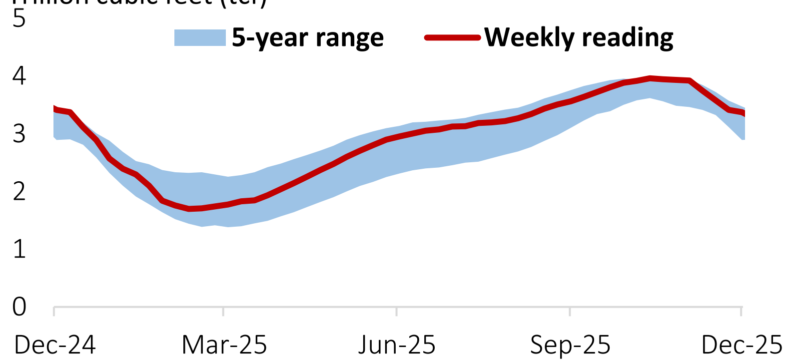
Natural gas prices fell 10.5% w/w and 30.9% since late December to $3.24 per mmBtu as of January 9, reflecting ample storage and easing global pressures despite colder weather and strong U.S. exports.

U.S. natural gas net exports
Billion cubic feet per day, bcf/d



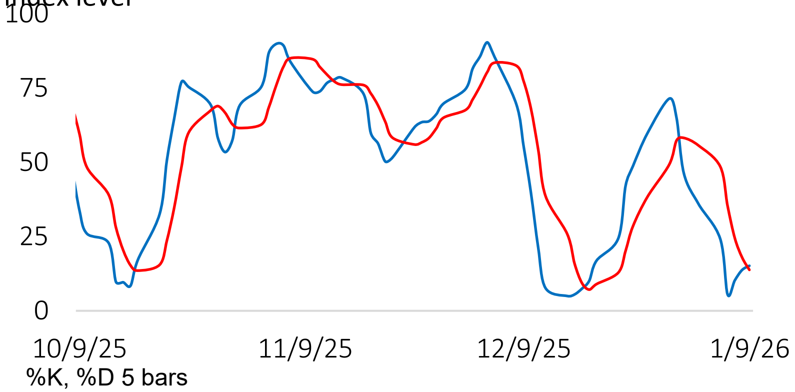
U.S. natural gas net exports rose 41% y/y to 17.8 bcf/d in December, according to EIA estimates, underscoring the growing structural role of LNG exports in tightening the U.S. gas balance.

Working natural gas storage
Trillion cubic feet (tcf)



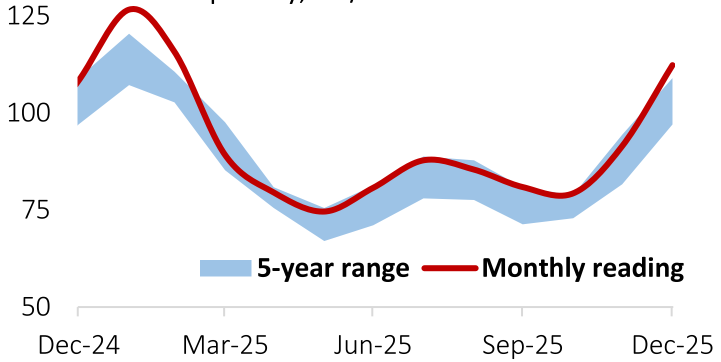
Working natural gas storage declined 3.5% w/w to 3.26 tcf as of January 2 and remained in the top quartile of the five-year range—ample but seasonally no longer building.

Natural gas futures momentum indicator
Index level



Price momentum weakened during the week ended January 9 as the pace of declines slowed, consistent with near-term consolidation rather than a fundamental breakdown.

U.S. natural gas consumption
Billion cubic feet per day, bcf/d

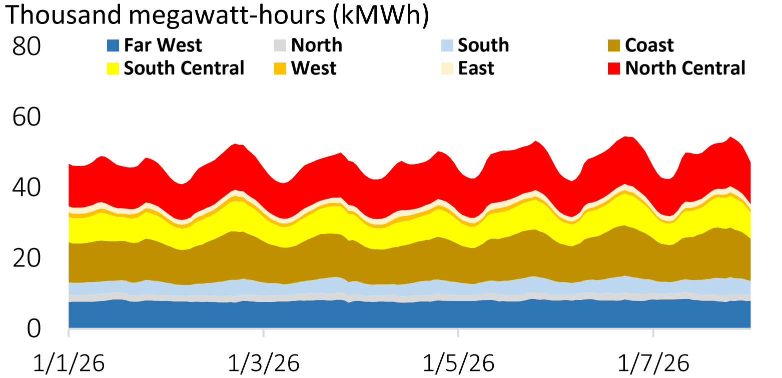


U.S. natural gas consumption rose 3.7% y/y to 112.3 bcf/d in December, per EIA estimates, reflecting seasonal demand normalization and continued strength in power and industrial use.

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

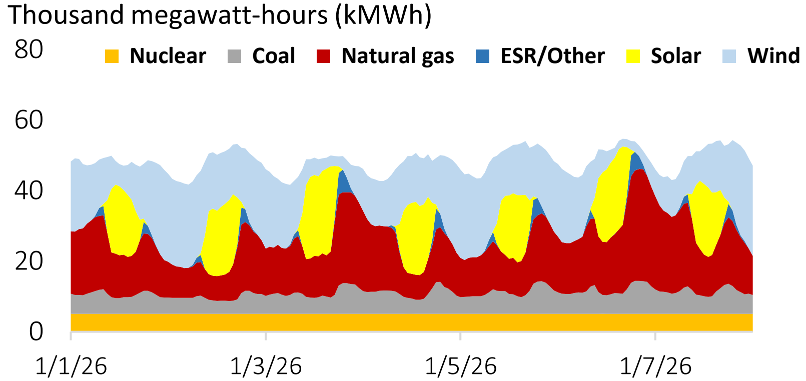
Texas electricity – dispatchable supply anchored reliability as prices eased

ERCOT electricity load by region



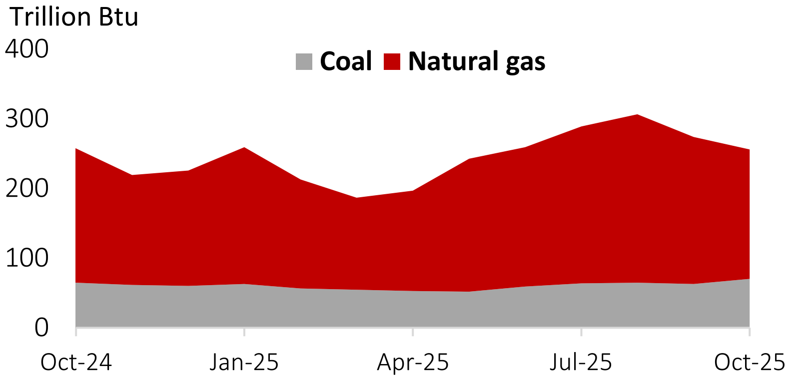
For Jan. 1-7, ERCOT's average hourly electricity load was 47.6 kMWh, down 5.9% w/w, while the maximum hourly load of 54.6 kMWh fell by 8.7% w/w. Variability was the highest in the West and South regions.

ERCOT hourly electricity generation by source



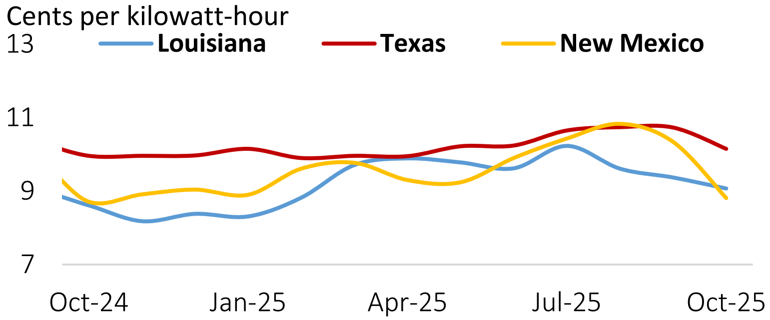
Dispatchable generation dominated ERCOT's supply. From Jan. 1-7 thermal and other dispatchable resources supplied as much as 90.0% of ERCOT's total generation, including 62.0% from natural gas. Hourly generation ranged between 42 and 55 thousand MWh, with a standard deviation of 3.1 thousand MWh, indicating lower and steadier seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal



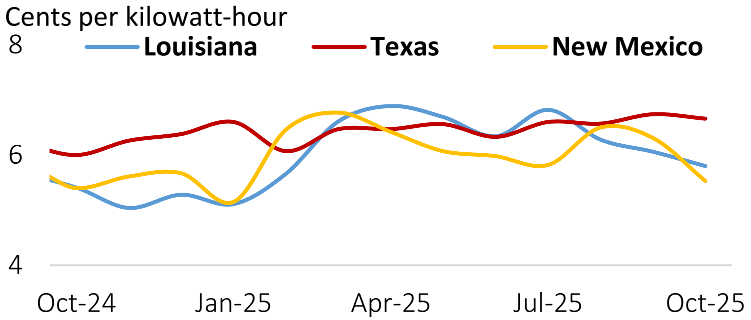
Natural gas-coal switching accelerated. Power plant receipts of natural gas in Texas decreased in October by 12.0% m/m and 3.5% y/y, while coal receipts rose 12.3% m/m and 8.4% y/y, reflecting switching towards coal at natural gas prices above $4.00 per million Btu.

Electricity prices – average across all end-use sectors



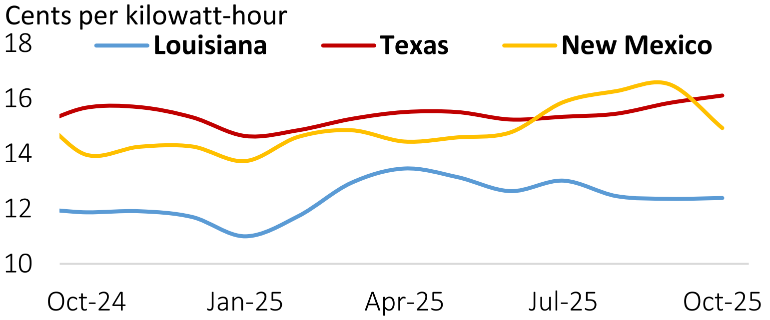
Texas electricity prices eased in October. Average statewide electricity prices fell **5.4% m/m** but rose **1.9% y/y** to **10.15 ¢/kWh**, compared with **8.81** ¢ in Louisiana and **9.07** ¢ in New Mexico.

Industrial electricity prices



Industrial electricity prices slipped. Industrial rates in Texas fell **1.3% m/m** but remained up **11.0% y/y** to **6.66 ¢/kWh** in October. Prices in neighboring states rose less so versus year-ago levels—**7.2% y/y in Louisiana** and **2.4% y/y** in New Mexico.

Residential electricity prices



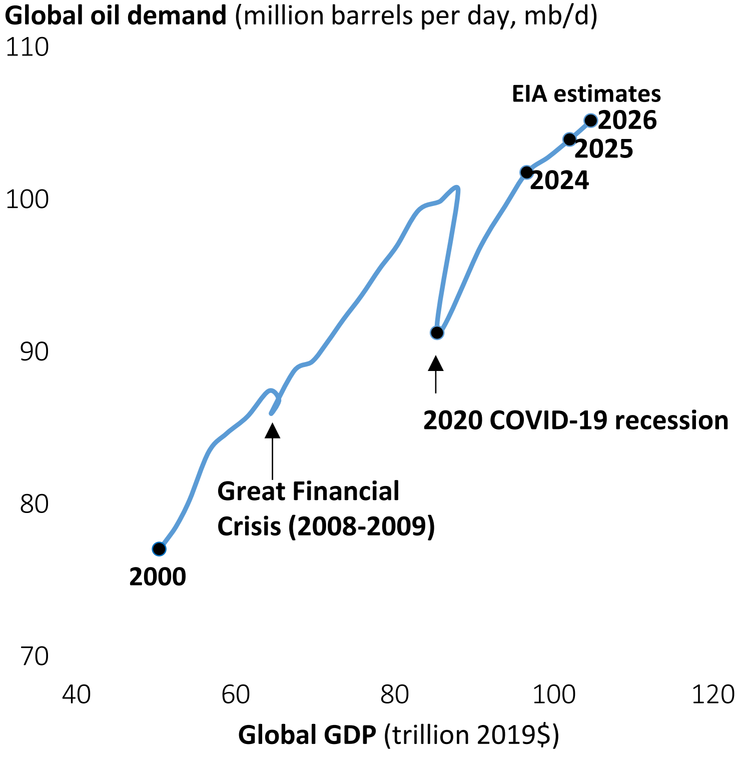
Residential rates rose. Residential electricity prices in Texas increased **1.7% m/m** and **2.8% y/y** to **16.11 ¢/kWh** in October. Rates also rose **4.4% y/y in Louisiana** and **6.9% y/y in New Mexico**, though Louisiana's rates remained **23%** lower than those in Texas.

sources: ERCOT; EIA; TXOGA analysis

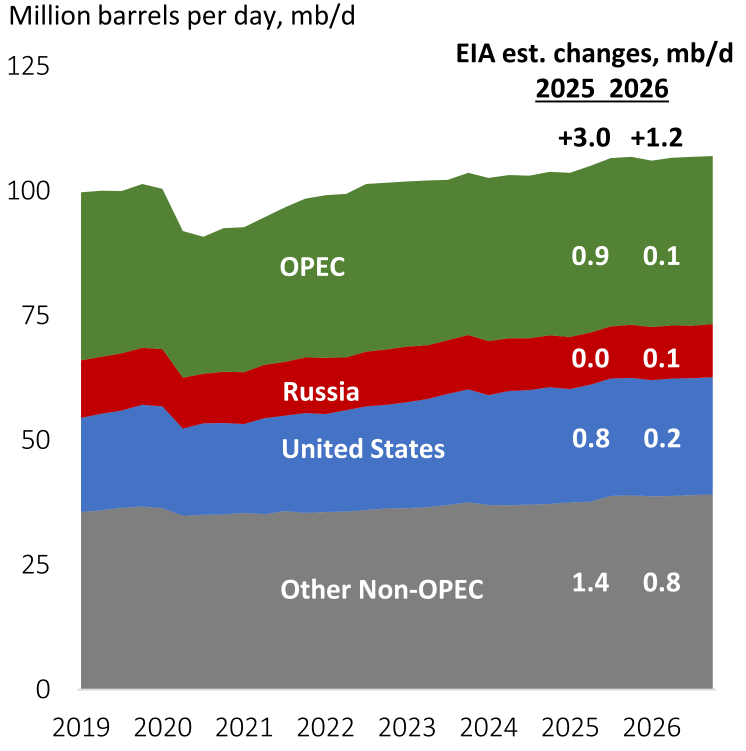
Global oil outlook – Demand eases slightly; supply outlook strengthens

- EIA trimmed its 2025 global oil demand forecast by 0.2 mb/d to **103.9 mb/d**, while keeping 2026 unchanged at **105.2 mb/d**
- Global supply growth was revised up by 0.2 mb/d for 2025 (to **+3.0 mb/d**) and slightly lower for 2026 (to **+1.2 mb/d**), led by the U.S., OPEC, and other Non-OPEC producers
- Brent crude is projected to average $69/bbl in 2025 and $55/bbl in 2026, unchanged from last month and below current spot prices

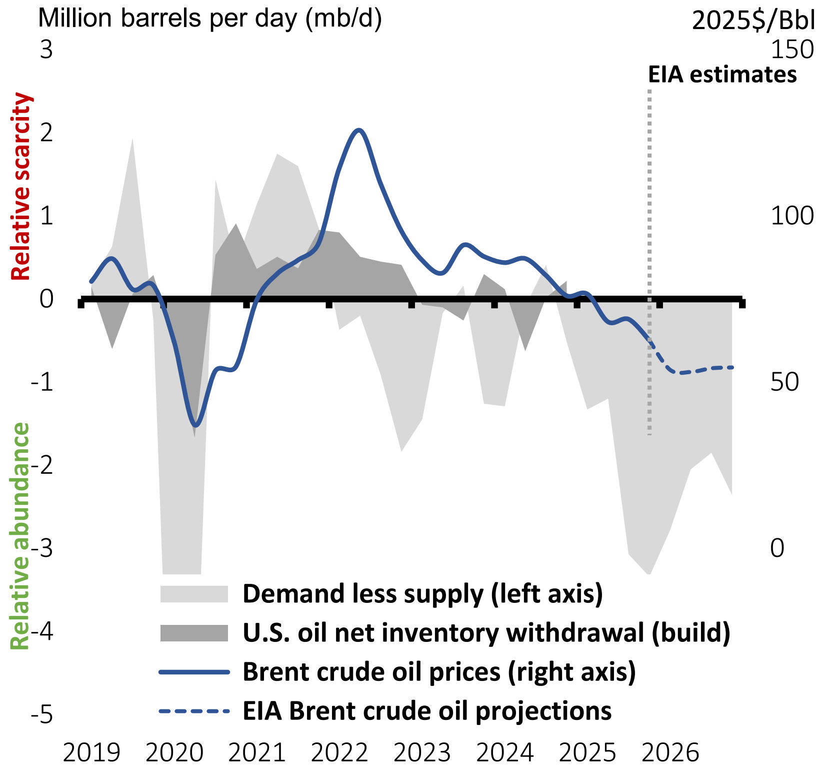
Global oil demand vs. GDP



Oil production by country/region



Global demand/supply & Brent prices



Dr. R. Dean Foreman

Chief Economist, Texas Oil & Gas Association

dforeman@txoga.org

www.txoga.org/economics/

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