TXOGA CHARTBOOK™

January 19, 2026

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 – Entering the Week of January 19, 2026

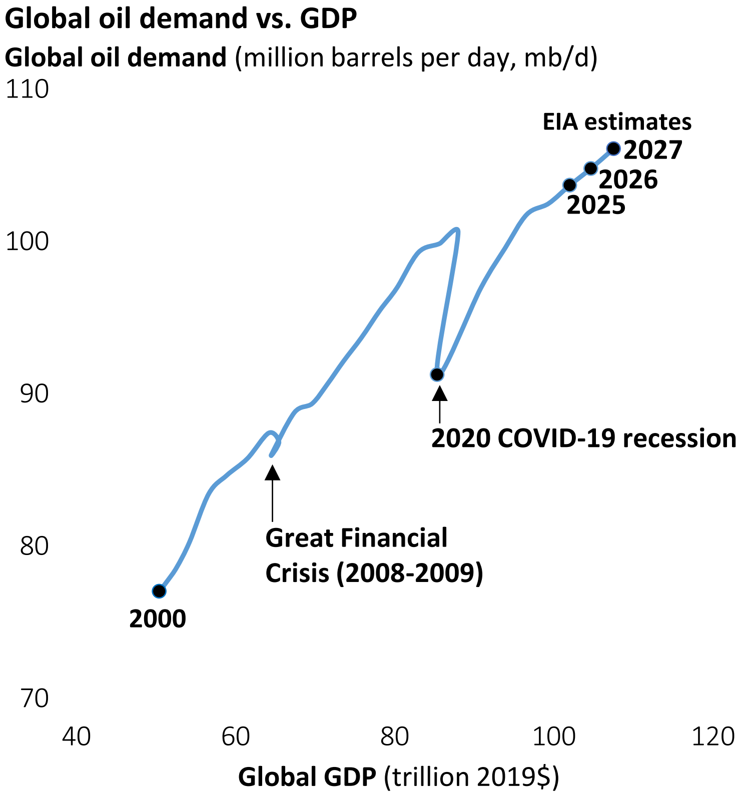
- **Underlying U.S. economic momentum continued to slow, with trade providing the primary offset to softer domestic fundamentals.** High-frequency indicators point to weakening growth entering Q4 as labor market conditions remained muted, economy-wide investment stalled amid elevated uncertainty, and consumer confidence stayed deeply depressed year-over-year. While real consumer spending has held up to date, January survey results showed weakening sentiment among higher-income households alongside modest improvement among lower-income households—a composition shift that is net bearish for future consumption. By contrast, trade supported headline growth: the U.S. trade deficit narrowed sharply in Q3, with a rising petroleum trade surplus accounting for more than one-third of GDP growth and partially offsetting softer domestic demand. Financial conditions remained restrictive but stable, with high-yield borrowing costs elevated yet broadly in line with post-2019 norms.

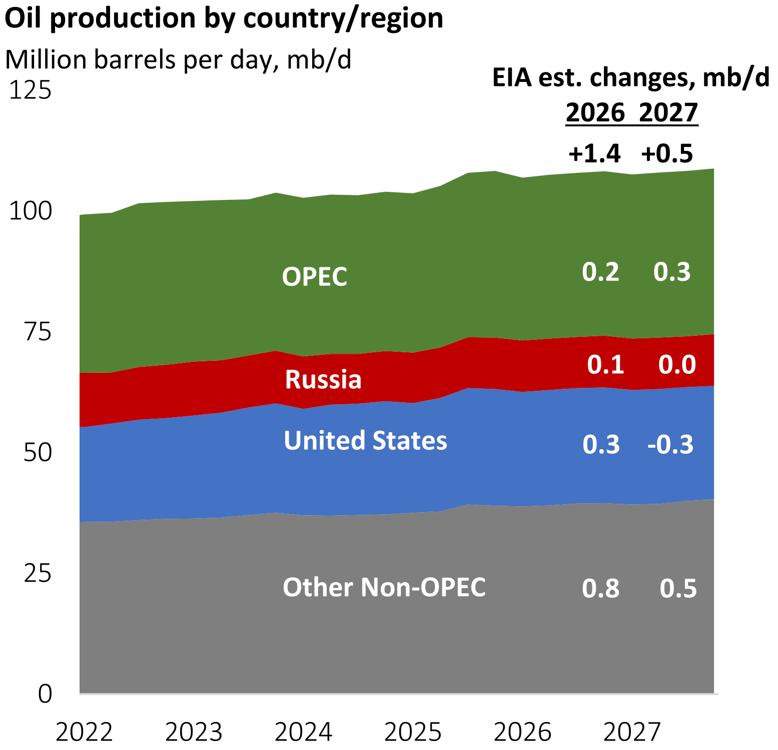
- **Oil markets remained range-bound, with tight inventories and geopolitical risk offset by muted demand, limited momentum, and a cautious official outlook.** WTI prices stayed anchored near their long-run mean, with the forward curve flat through 2027—signaling balanced fundamentals and limited near-term conviction. As highlighted in the Chart of the Week, EIA's latest outlook projects slower global supply growth—peaking in 2026 before easing in 2027—yet still assumes surplus conditions persist, with Brent prices drifting into the mid-$50s despite resilient demand. This contrasts with market pricing, which remains above $58/bbl through 2027, implying greater confidence in supply discipline, productivity gains, or demand resilience than reflected in EIA's projections. Physical indicators remained mixed: crude inventories stayed near the bottom of the five-year range, demand held near mid-range, net exports remained elevated, and momentum indicators paused—reinforcing a sideways price environment despite diverging outlooks.

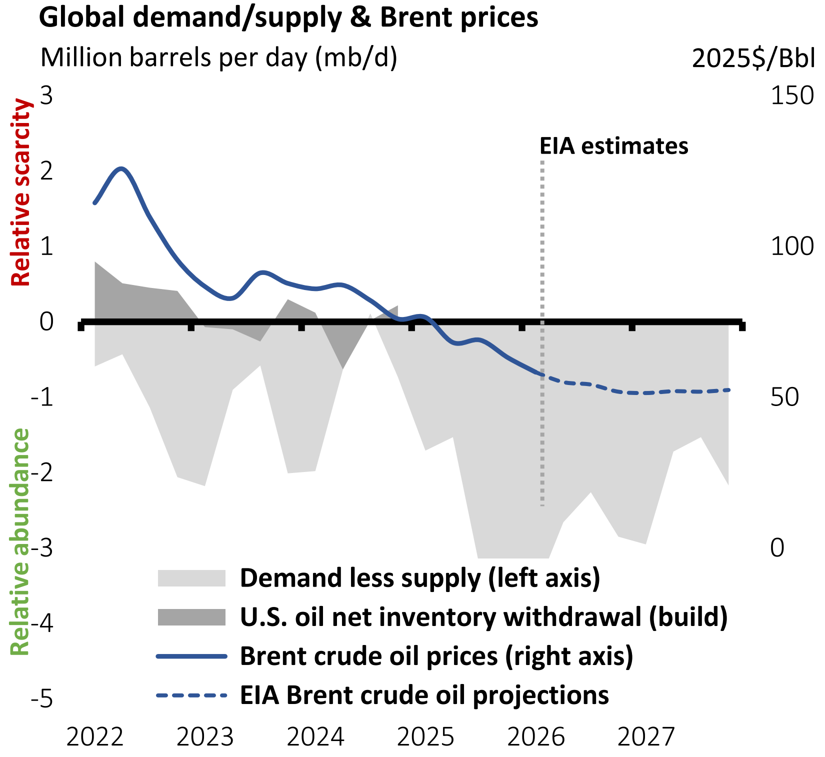
- **Near-term natural gas prices softened, but structural demand and export growth continue to skew risks toward upside volatility.** Prompt-month natural gas prices fell 2.2% w/w and roughly 34% since late December to $3.10 per mmbtu, reflecting ample storage and easing momentum despite colder weather. Storage levels remain toward the upper end of the five-year range, providing near-term comfort, while price momentum indicators stabilized—consistent with consolidation rather than a fundamental breakdown. Beneath the surface, structural support remains firm: U.S. natural gas net exports rose 46% y/y to 18.4 bcf/d in December, tightening the domestic balance, while consumption increased 0.6% y/y to 109.0 bcf/d, led by power and industrial demand. Together, these dynamics suggest downside pressure has eased, but the balance of risk continues to favor episodic upside volatility if weather, exports, or supply conditions tighten.

Chart of the Week – EIA outlook: Slower supply growth narrows oversupply, but prices still drift lower

- **Global oil demand growth moderates but remains resilient.** EIA trimmed its demand outlook by 0.2 mb/d to 103.7 mb/d in 2025 and 0.4 mb/d to 104.8 mb/d in 2026, while extending projections to 106.1 mb/d in 2027--consistent with continued GDP-linked consumption growth.
- **Supply growth peaks in 2026 before easing, reducing, but not eliminating, oversupply.** Global supply growth was revised up 0.2 mb/d to +1.4 mb/d in 2026, led by non-OPEC producers, but is projected to slow to +0.5 mb/d in 2027, including a 0.3 mb/d decline in U.S. output.
- **EIA assumes surplus conditions persist despite slower supply growth.** Even with a narrower oversupply, EIA projects Brent prices to drift lower--averaging $56/bbl in 2026 and $54/bbl in 2027, versus roughly $63/bbl currently--implying continued inventory builds and limited price support.
- **EIA's price path contrasts with market expectations.** WTI futures remain above $58/bbl through the remainder of 2026 and across 2027, suggesting markets place greater weight on supply discipline, productivity gains, or demand resilience than reflected in EIA's outlook.
- **Implication: productivity assumptions matter.** The projected U.S. production decline runs counter to recent productivity trends, underscoring the importance of closely tracking realized well performance, efficiency gains, and cost dynamics as the outlook evolves.



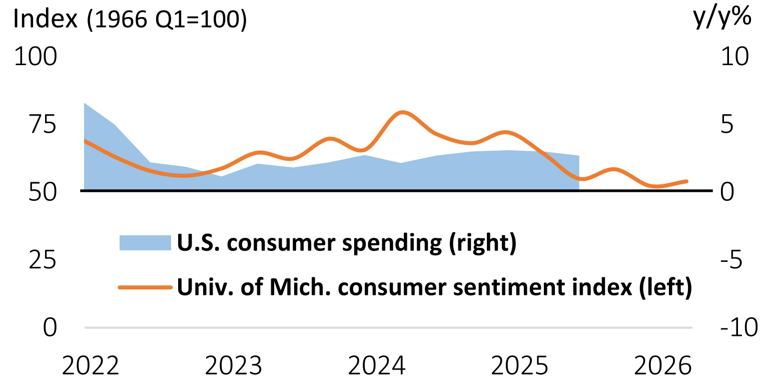




sources: U.S. Energy Information Administration (Jan. 2026); TXOGA analysis

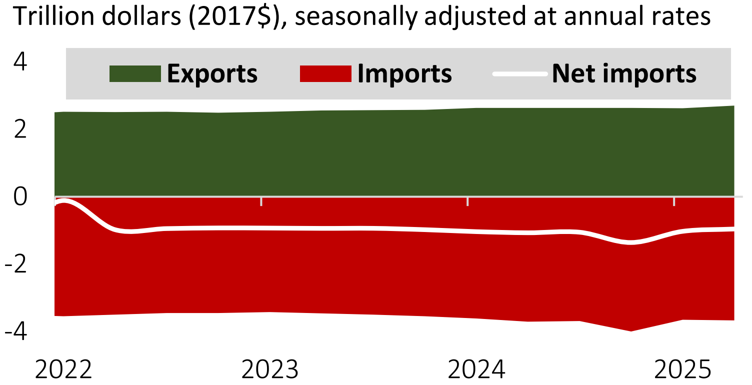
U.S. economic indicators: Underlying U.S. momentum is slowing; trade remains the primary offset

Consumer sentiment and spending trends



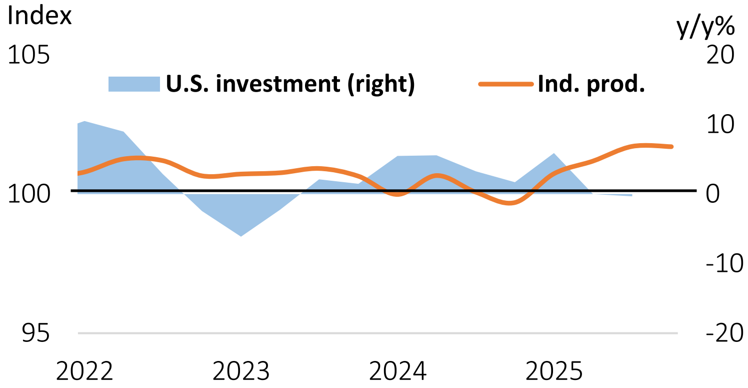
Consumer sentiment edged up 2.1% m/m but remained 24.1% y/y lower. January survey results showed weaker confidence among higher-income households and modest improvement among lower-income households—a shift that is net bearish for consumer spending, as higher-income households drive a disproportionate share of discretionary demand.

U.S. trade balance and petroleum exports



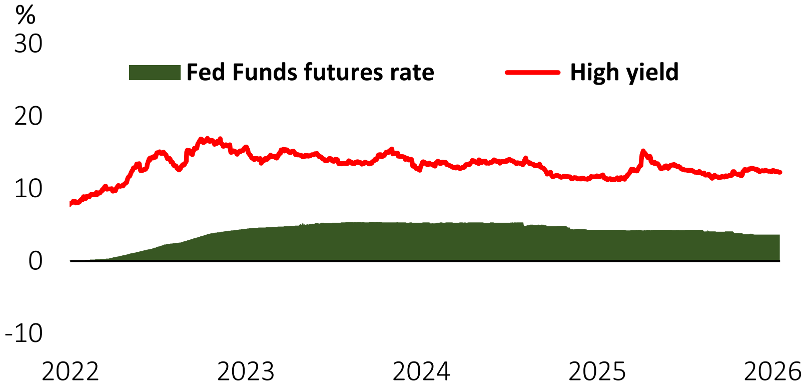
Trade supported growth in Q3. The U.S. trade deficit narrowed to an annualized $0.96 trillion—more than one-third of GDP growth—helped by a rising petroleum trade surplus that partially offset softer domestic demand.

Industrial production and investment



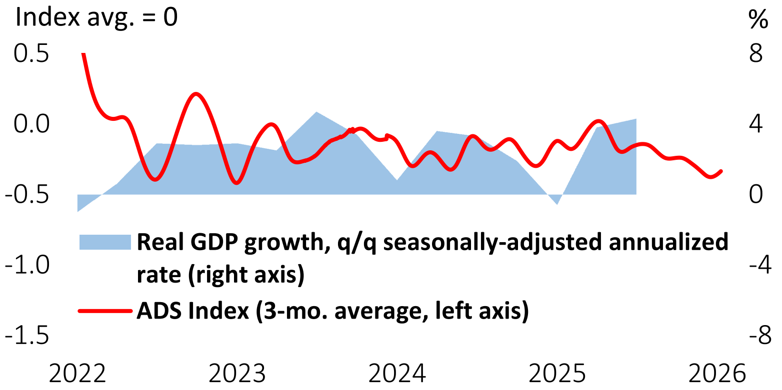
Macro uncertainty continued to weigh on investment in Q3. BEA data show economy-wide investment flat q/q, diverging from modest gains in industrial production (0.2% m/m; 2.5% y/y in November). Capacity utilization remained near 75.9%.

Interest rates and high-yield borrowing costs



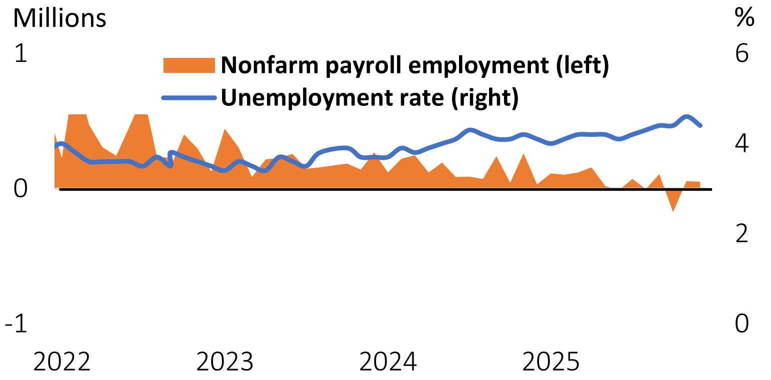
Credit conditions for lower-quality issuers remained stable. As of Jan. 16, high-yield borrowing costs slipped 10 bps to 12.2% while Fed funds futures remained near 3.6%, implying an 8.6 percentage-point premium—broadly in line with the post-2019 median.

ADS Index and real GDP growth



The ADS Index suggests the economy slowed in Q4. While real GDP rebounded in Q3, the Philadelphia Fed's ADS Index—an early, high-frequency gauge of underlying momentum—points to weaker growth entering Q1 2026.

Employment and unemployment trends



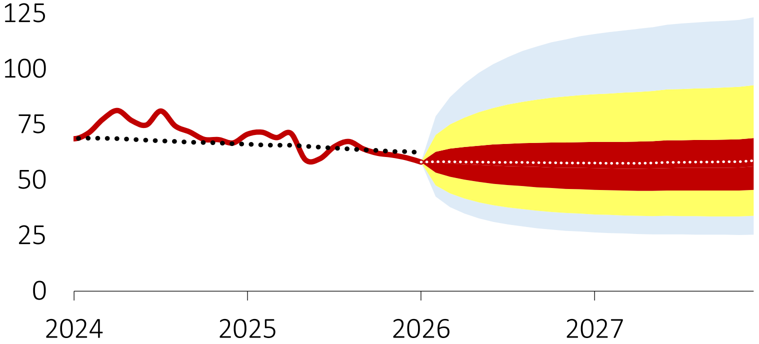
Labor market conditions remained muted. Payrolls rose 50,000 in November, while the unemployment rate fell 0.2 percentage points to 4.4%. Downward revisions to prior months—including a 68,000 cut to October payrolls—more than offset the latest gain.

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

Oil markets remained range-bound, with tight inventories and geopolitical risk offset by muted demand and limited near-term momentum

WTI futures mean reversion analysis

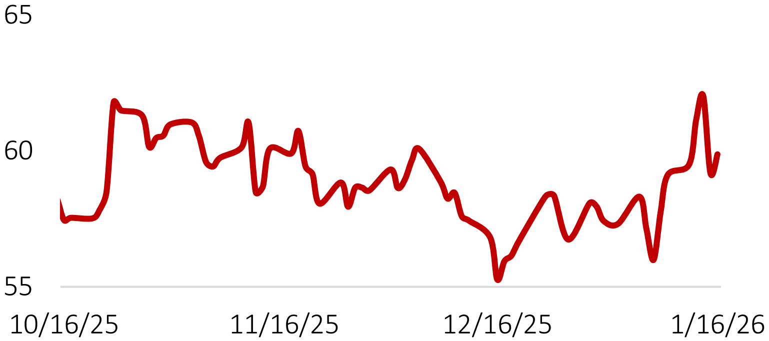
Dollars per barrel (2025$)



WTI futures remain near their long-run mean-reversion target, with the forward curve remaining flat through 2027—consistent with balanced fundamentals and limited near-term directional conviction.

WTI crude prompt month futures prices

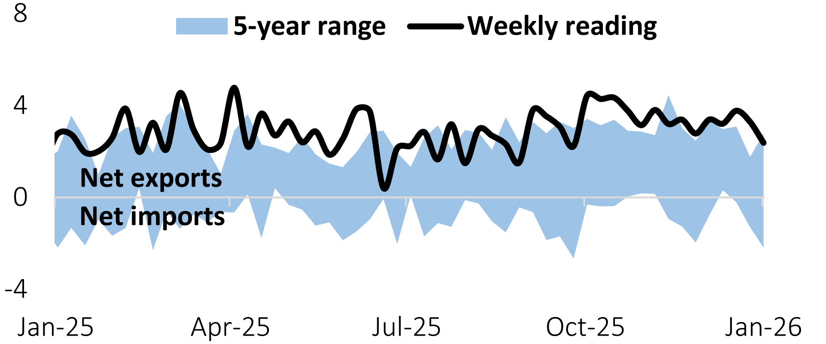
Dollars per barrel



WTI prompt-month prices rose as much as 5.0% on geopolitical uncertainty but ended the week up 1.3% at $59.88 per barrel as of January 16, as concerns over Iran eased and the narrative of abundant global supply outweighed tight inventories, solid demand, and historically high seasonal exports.

U.S. petroleum net exports (imports)

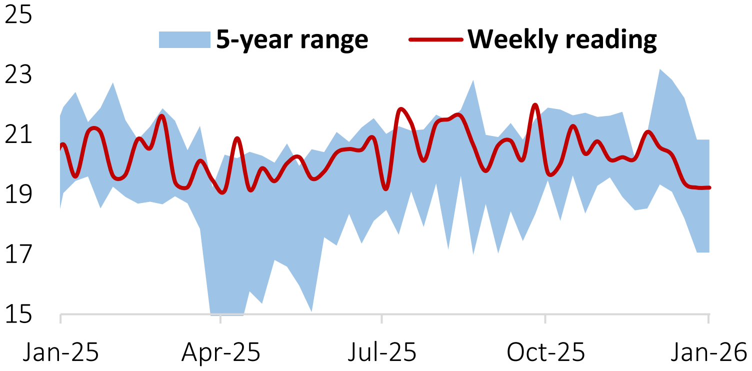
Million barrels per day, mb/d



U.S. petroleum net exports fell to 2.4 mb/d for the week ended January 9, down 0.9 mb/d w/w, remaining within their recent range.

U.S. petroleum demand

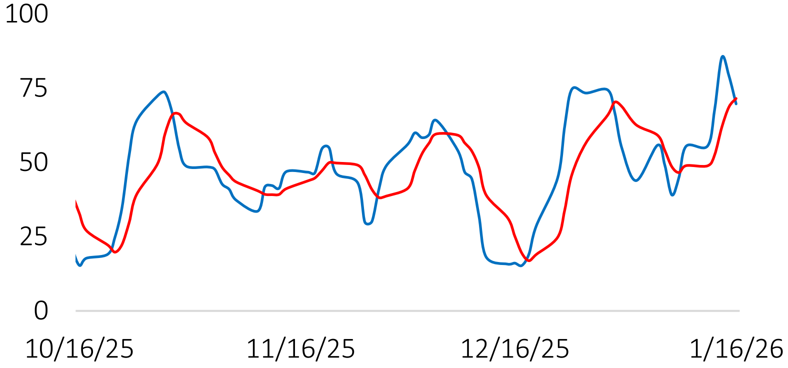
Million barrels per day (mb/d)



U.S. petroleum demand rose to 21.0 mb/d for the week ended January 9, up 1.8 mb/d w/w, placing deliveries near the middle of the five-year range.

WTI futures momentum indicator

Index level

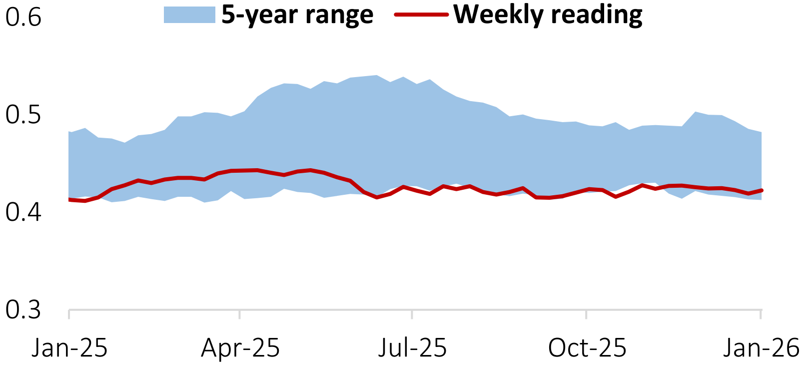


%K, %D 5 bars

Price momentum paused for the week ended January 16, consistent with continued sideways price action and limited trend development.

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

Billion barrels

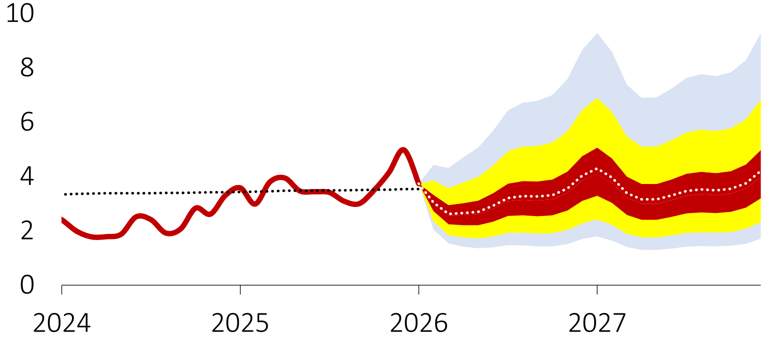


U.S. crude oil inventories rose 3.4 million barrels in the week ended January 9 and remain near the bottom of the five-year range.

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

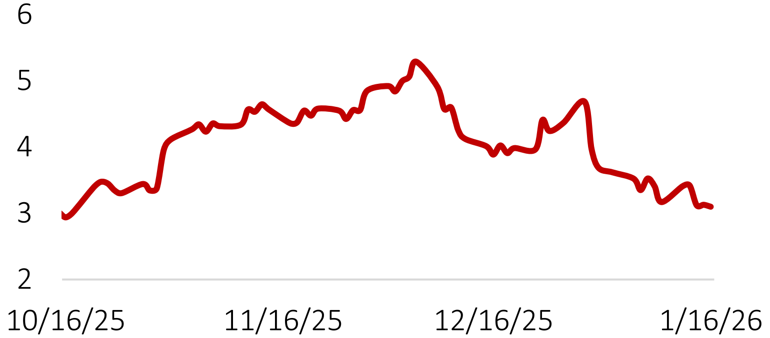
Near-term natural gas prices softened, but structural demand and export growth skew risks toward upside volatility

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



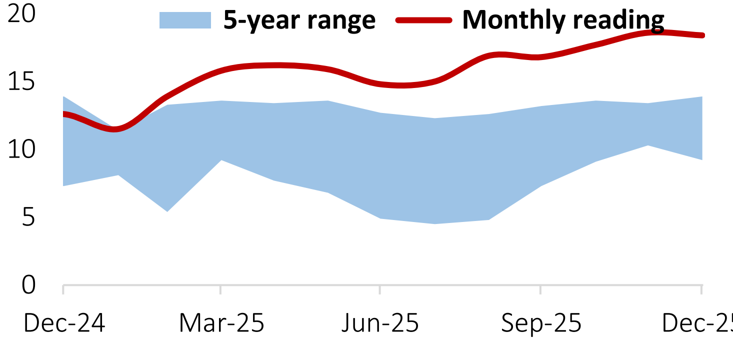
Near-term natural gas futures have fallen below their historical mean-reversion path, skewing risks toward upside volatility rather than sustained downside—particularly if weather, exports, or supply tighten.

Natural gas prompt month futures prices
Dollars per million Btu



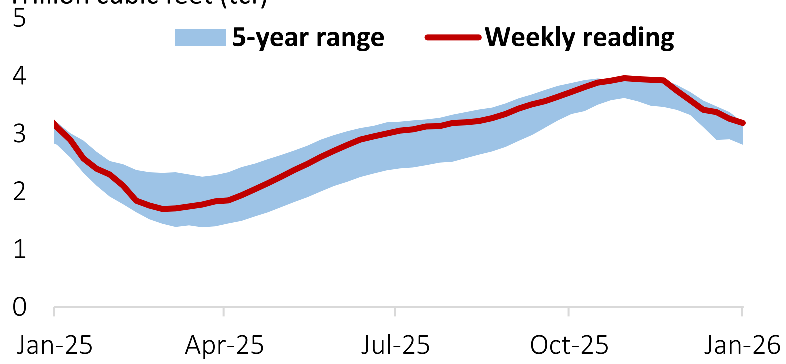
Natural gas prices fell 2.2% w/w to $3.10 per MMBtu as of January 16, reflecting ample storage and easing global pressures despite colder weather and strong U.S. exports.

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



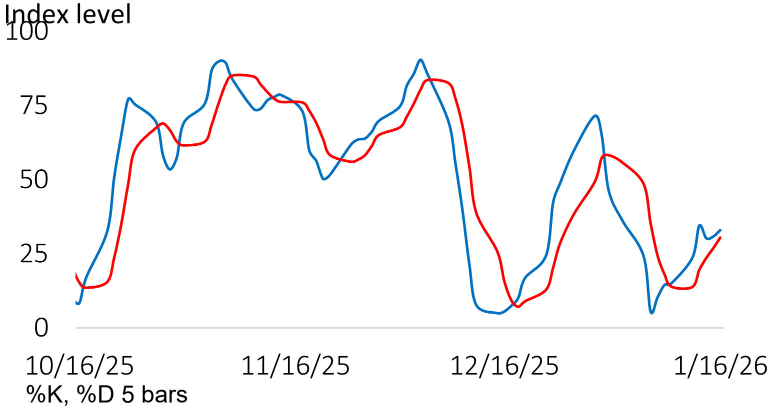
U.S. natural gas net exports rose 46% y/y to 18.4 bcf/d in December, per EIA estimates, underscoring LNG exports' growing structural role in tightening the U.S. gas balance.

Working natural gas storage
Trillion cubic feet (tcf)



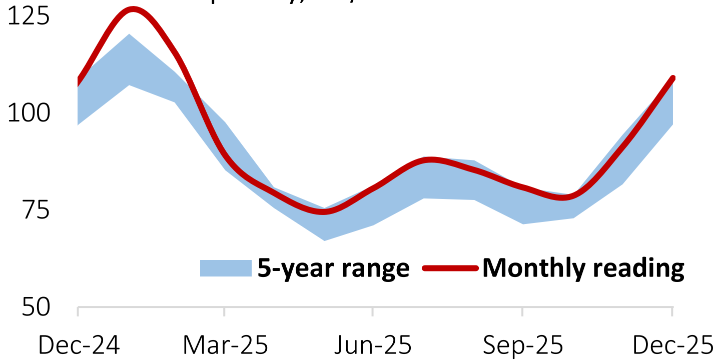
Working natural gas storage declined 2.2% w/w to 3.19 tcf as of January 9 and remains toward the upper end of the five-year range.

Natural gas futures momentum indicator
Index level



Price momentum stabilized during the week ended January 16 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



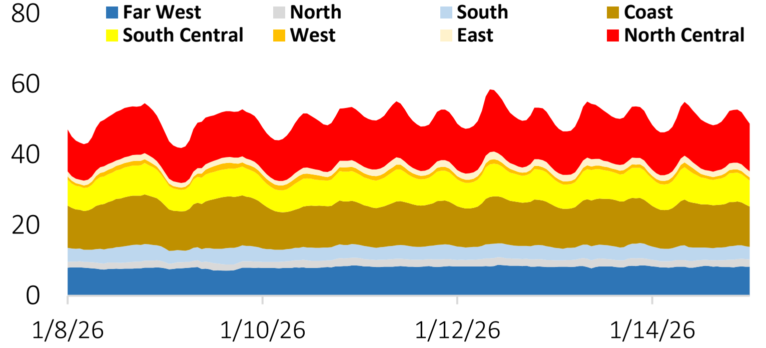
U.S. natural gas consumption rose 0.6% y/y to 109.0 bcf/d in December, per EIA estimates, reflecting seasonal normalization and continued strength in power and industrial demand.

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

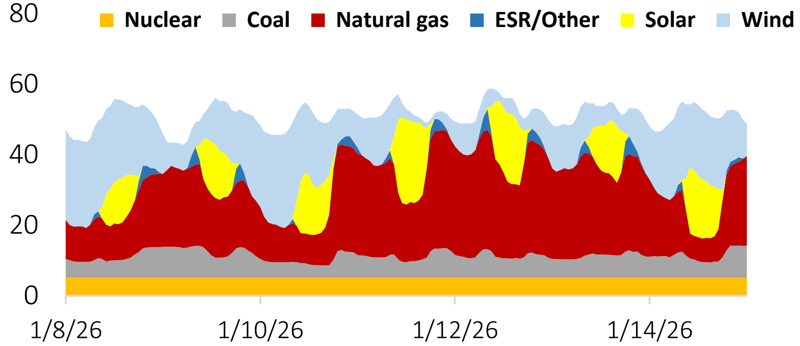
Thousand megawatt-hours (kMWh)



For Jan. 8-14, ERCOT's average hourly electricity load was 50.3 kMWh, up 5.7% w/w, while the maximum hourly load of 58.5 kMWh rose by 7.2% w/w. Variability was the highest in the West and East regions.

ERCOT hourly electricity generation by source

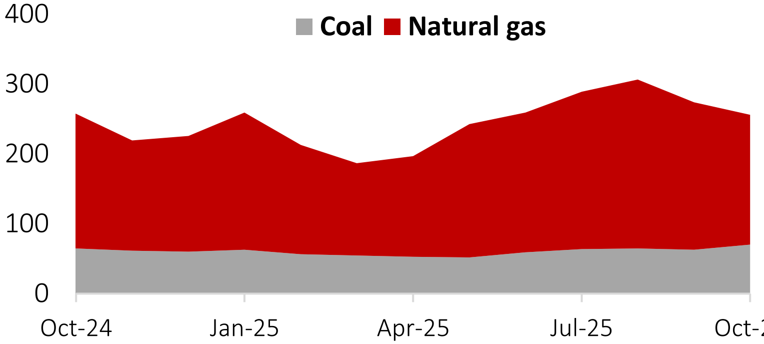
Thousand megawatt-hours (kMWh)



Dispatchable generation dominated ERCOT's supply. From Jan. 8-14 thermal and other dispatchable resources supplied as much as 90.4% of ERCOT's total generation, including 64.3% from natural gas. Hourly generation ranged between 43 and 59 thousand MWh, with a standard deviation of 3.4 thousand MWh, indicating higher and more variable seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal

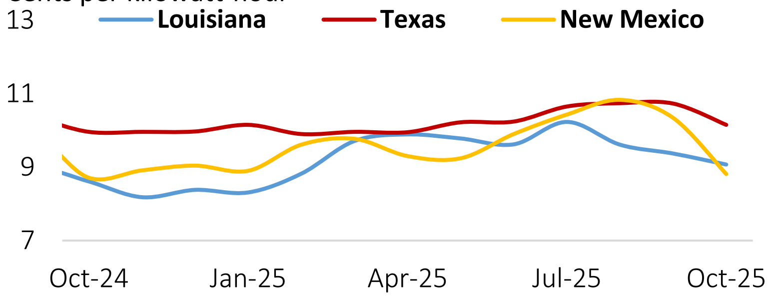
Trillion Btu



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

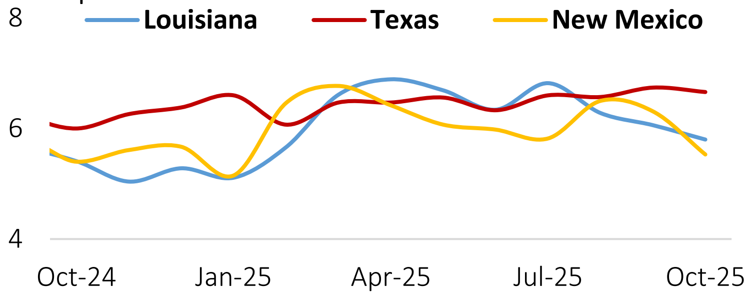
Cents per kilowatt-hour



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

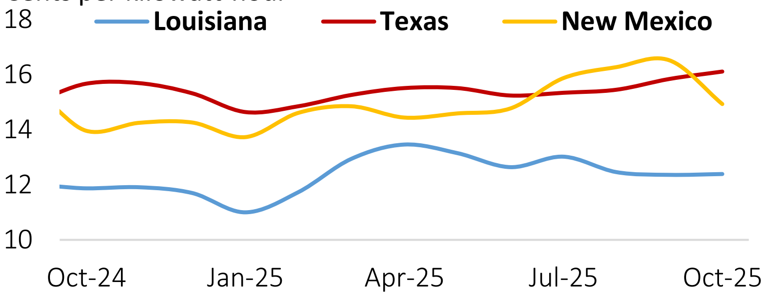
Cents per kilowatt-hour



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

Cents per kilowatt-hour



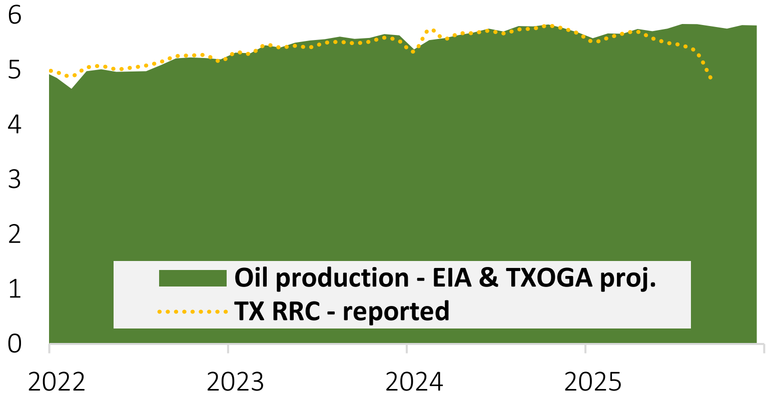
Residential rates rose. Residential electricity prices in Texas increased **1.7% m/m** and **2.8% y/y** to **16.11 ¢/kWh** in October. Rates also rose **4.4% y/y in Louisiana** and **6.9% y/y in New Mexico**, though Louisiana's rates remained **23%** lower than those in Texas.

sources: ERCOT; EIA; TXOGA analysis

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

TXOGA CHARTBOOK

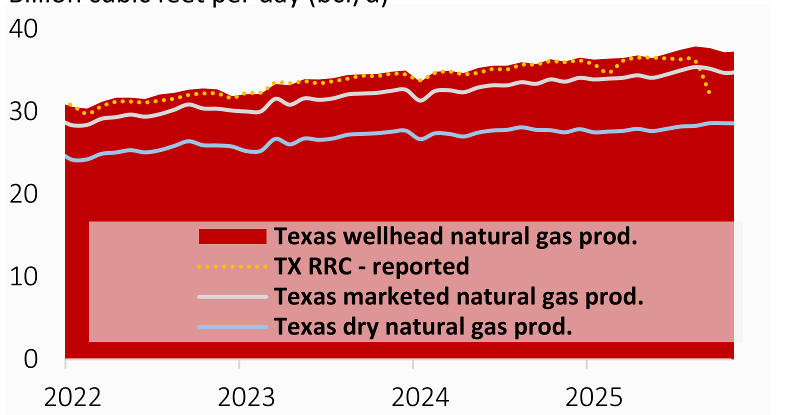
Texas crude oil production, Jan. 2022 – Dec. 2025



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

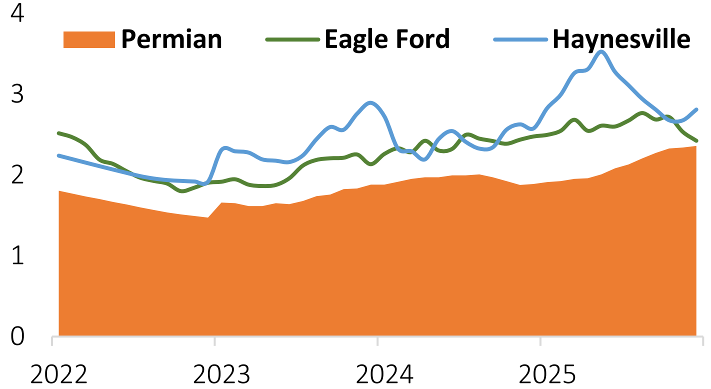
Billion cubic feet per day (bcf/d)



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

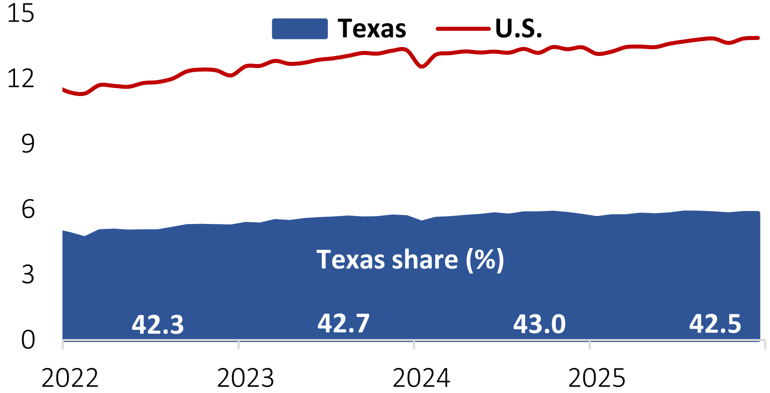
Thousand barrels per day oil-equivalent, kb/doe



EIA estimates that rig productivity continued to improve in the Permian (+25.1% y/y) and Haynesville (+9.1% y/y) but slipped 2.2% y/y in the Eagle Ford.

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

Million barrels per day (mb/d)

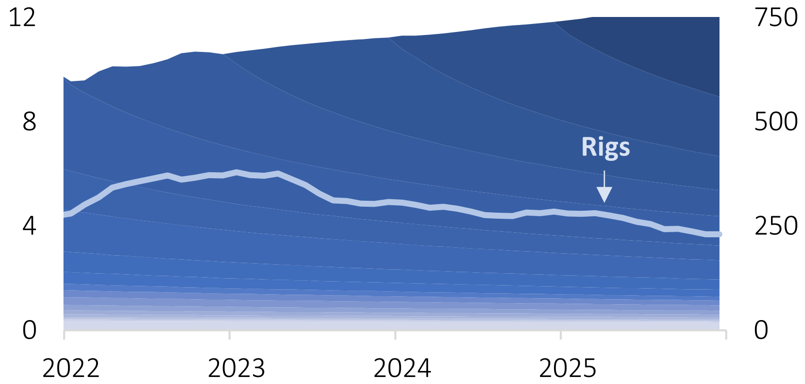


Texas share of U.S. production. Texas accounted for nearly **43%** of total U.S. crude oil production in 2025.

Texas shale basin wellhead oil & natural gas production

Million barrels per day oil-equivalent

Rigs

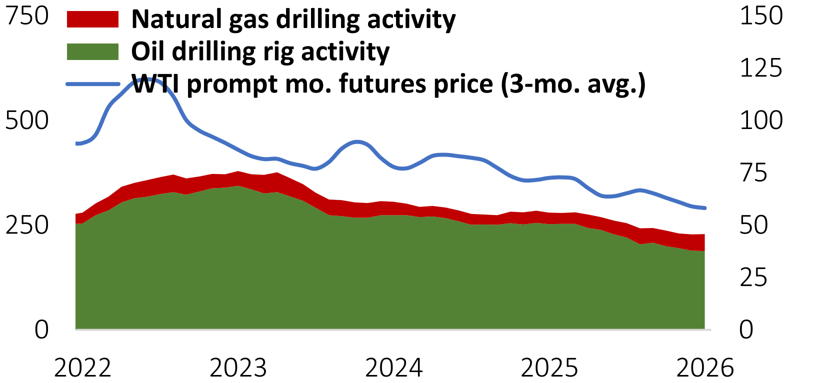


EIA estimates show continued production growth across major Texas shale basins in December 2025, including the Permian (+4.7% y/y), Haynesville (+8.5% y/y), and Eagle Ford (+3.5% y/y).

Texas drilling activity and WTI crude oil futures prices

Rigs

Dollars per barrel (2025$)



Drilling activity continued to ease alongside lower prices. As of January 16, Texas operated 186 oil-directed rigs (-1 rig w/w) and 40 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

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