



February 9, 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 February 9, 2026

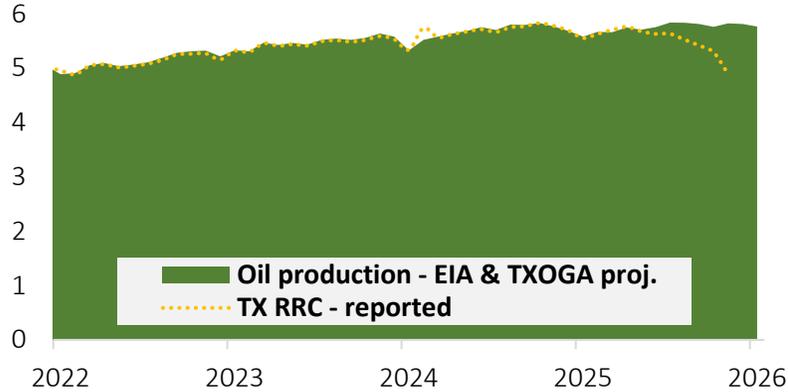
- **U.S. economic momentum softened in Q4, with early signs of stabilization entering Q1 led by shifts in sentiment, financial conditions, and high-frequency activity.** Consumer sentiment rose 1.6% m/m in early February but remains nearly 20% below year-ago levels, signaling modest but fragile support for spending. Financial conditions stayed restrictive but stable, with high-yield borrowing costs at 12.6% and Fed funds futures near 3.6%, leaving an elevated risk premium that continues to weigh on investment and risk appetite. At the same time, the Philadelphia Fed's ADS Index—after weakening through Q4—has recently stabilized and edged higher so far in Q1.
- **Geopolitics continued to support oil prices, while underlying market structure remains balanced.** WTI fell to \$63.51/bbl (-2.6% w/w) as Iran-related tensions continued to influence sentiment without driving a sustained repricing, leaving prices aligned with long-run mean reversion and the forward curve flat through 2027. Fundamentals remain supportive but not tightening: U.S. petroleum net exports stayed elevated at 3.4 mb/d—about 45% above the five-year range—domestic demand rose to 21.4 mb/d, placing consumption in the top 15% of historical observations, and crude inventories (ex-SPR) declined 3.5 million barrels while remaining near the bottom of the five-year range.
- **Natural gas prices retraced after a storm-driven spike, but structural tightening continues to skew risks toward episodic upside volatility.** Prompt-month futures fell 21.3% w/w (and 54.1% since January 28) to \$3.43/MMBtu as storm-related risk premia unwound, bringing prices back in line with historical mean-reversion thresholds. Beneath the price pullback, fundamentals remain firm: U.S. natural gas net exports rose 47.8% y/y to 17.0 bcf/d in January, working gas storage declined 12.8% w/w to 2.46 tcf and fell back into the upper 40% of the five-year range, and U.S. consumption increased to 116 bcf/d, reflecting seasonal normalization alongside continued strength in power and industrial demand.
- **Chart of the Week: Productivity gains sustained Texas oil and natural gas production through year-end 2025.** Texas oil and natural gas output held near record levels through year-end even as drilling activity eased, underscoring the dominant role of productivity gains rather than higher rig counts. Oil production remained near 5.8 mb/d, while marketed natural gas production stayed above 35 bcf/d, supported by continued improvements in output per rig—particularly in the Permian and Haynesville. Despite lower prices and fewer active rigs, Texas accounted for nearly 43% of total U.S. crude oil production, highlighting the state's central role in U.S. supply growth and the durability of productivity-led development.



Chart of the Week: Productivity gains sustained Texas oil and natural gas production through year-end 2025

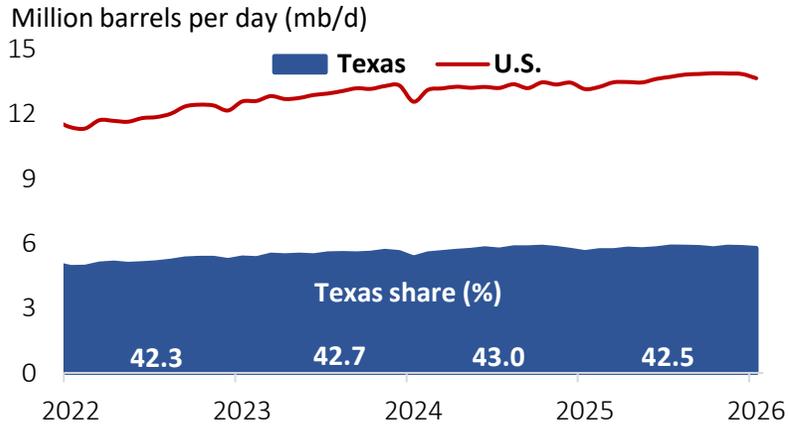


Texas crude oil production, Jan. 2022 – Jan. 2026



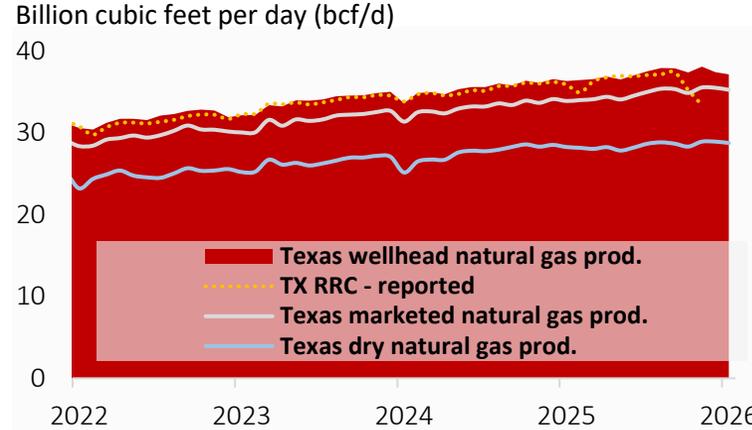
Texas oil output held near record highs through late 2025. EIA data show production at 5.8 mb/d in November, with TXOGA estimates indicating volumes held near 5.8 mb/d through January 2026, underscoring resilience despite easing drilling activity.

U.S. and Texas crude oil production, Jan. 2022 – Jan. 2026



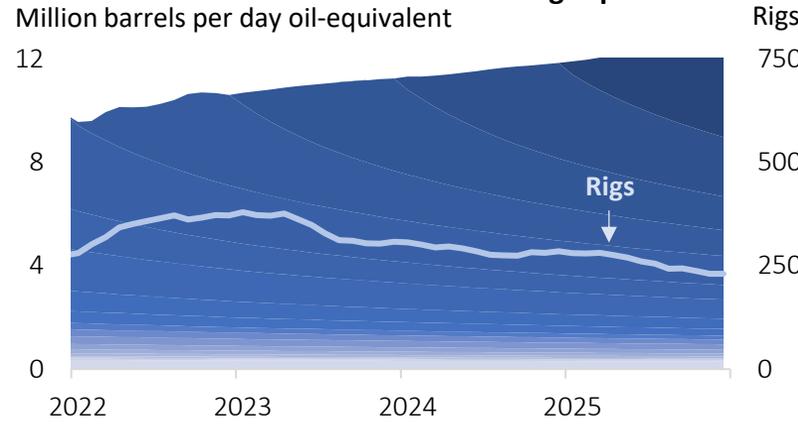
Texas accounted for nearly 43% of total U.S. crude oil production in 2025, reinforcing its central role in U.S. supply growth and global oil markets despite slower drilling momentum nationwide.

Texas natural gas production, Jan. 2022 – Jan. 2026



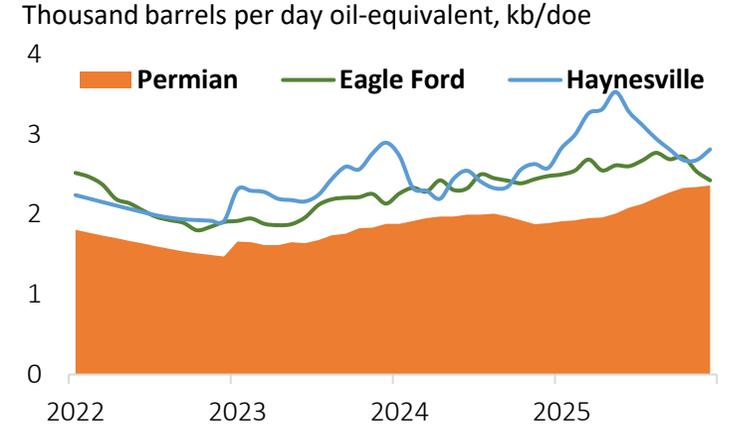
Texas produced 35.5 bcf/d of marketed natural gas in November (EIA). TXOGA estimates show marketed production holding near 35.2 bcf/d in January 2026, with dry gas production sustained above 28 bcf/d, reflecting continued strength across major shale basins.

Texas shale basin wellhead oil & natural gas production



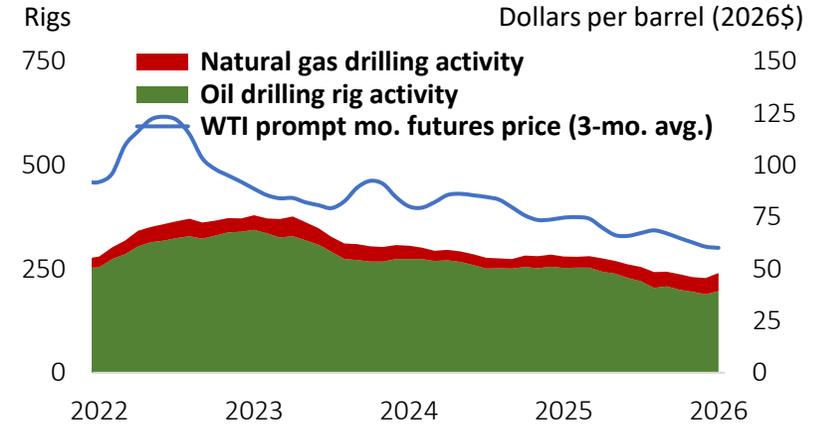
EIA estimates show continued production growth across major Texas shale basins in December 2025, including the Permian (+4.7% y/y), Haynesville (+8.5% y/y), and Eagle Ford (+3.5% y/y), even as active rig counts declined.

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



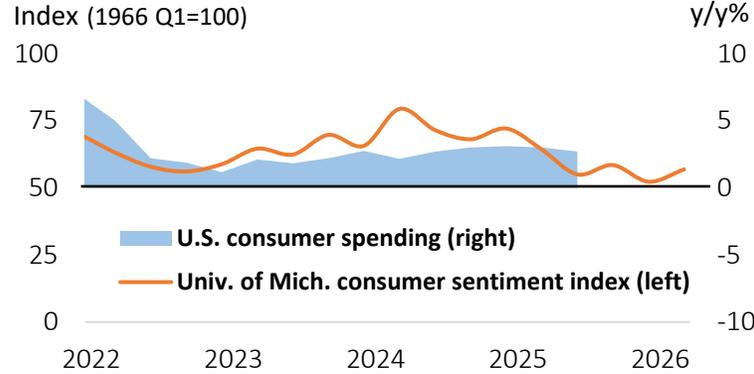
Rig productivity continued to improve in December 2025, led by the Permian (+25.1% y/y) and Haynesville (+9.1% y/y), while productivity slipped modestly in the Eagle Ford (-2.2% y/y). Gains in output per rig continue to offset lower rig counts.

Texas drilling activity and WTI crude oil futures prices



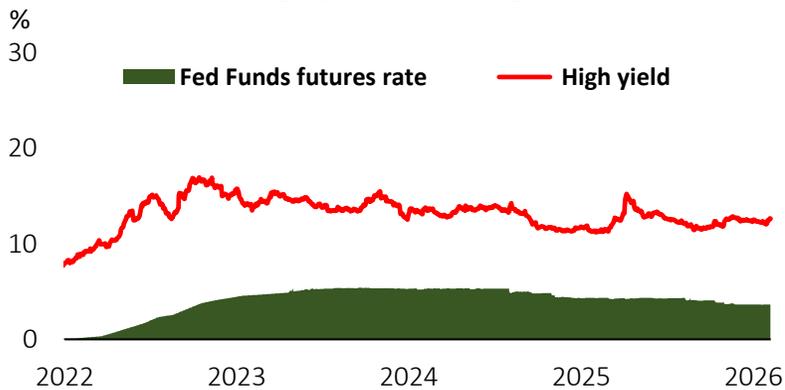
Drilling activity continued to ease alongside lower oil prices. As of February 6, Texas operated 184 oil-directed rigs (unchanged w/w) and 47 gas-directed rigs (up 6 rigs w/w).

Consumer sentiment and spending trends



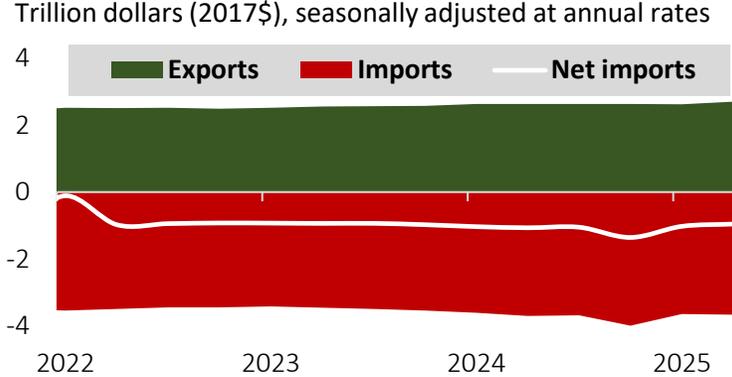
Consumer sentiment rose 1.6% m/m in early February but remains 19.4% y/y lower, reflecting ongoing pressure from high prices and job-loss concerns. As a leading indicator of spending, this points to modest—but fragile—consumer support entering Q1.

Interest rates and high-yield borrowing costs



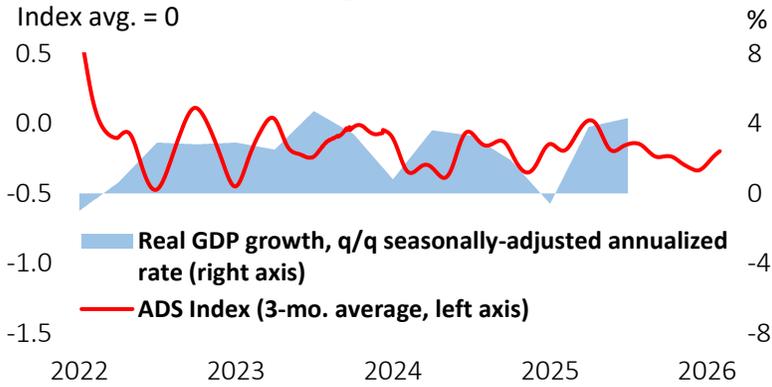
Financial conditions remain restrictive but stable. As of February 6, high-yield borrowing costs rose to 12.6%, while Fed funds futures held near 3.6%, implying an elevated 9.0 percentage-point risk premium—slightly above post-2019 norms.

U.S. trade balance and petroleum exports



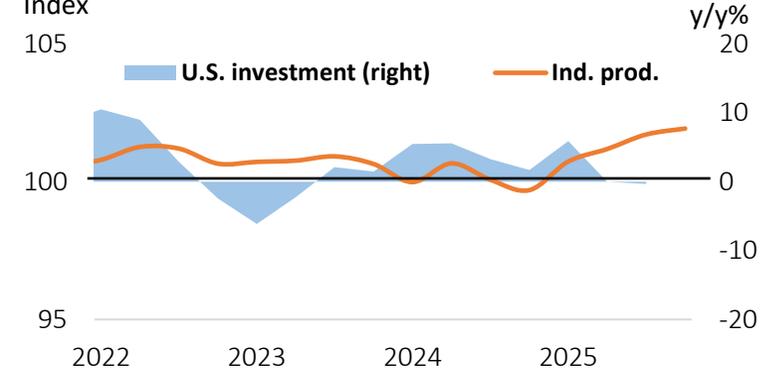
Trade supported growth in Q3. The U.S. trade deficit narrowed to an annualized \$0.96 trillion—more than one-third of GDP growth—helped by a rising petroleum trade surplus that partially offset softer domestic demand.

ADS Index and real GDP growth



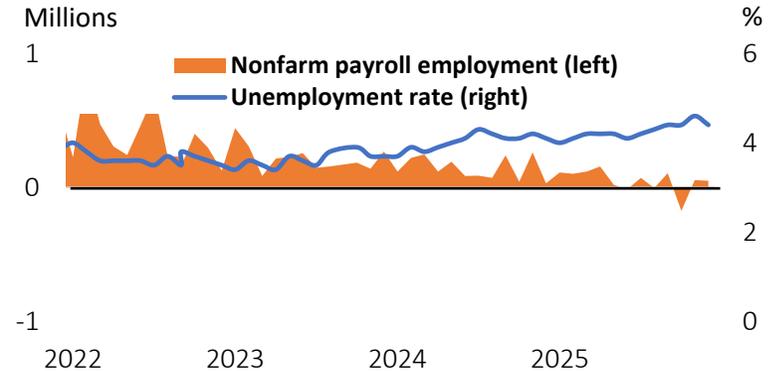
Underlying momentum softened in Q4, with early signs of stabilization entering Q1. Although the Philadelphia Fed's ADS Index weakened through Q4, it has recently stabilized and edged higher, suggesting a modest pickup in activity entering Q1.

Industrial production and investment



Industrial production firmed while investment remained constrained by uncertainty. Industrial production rose 2.0% y/y in December, supported by sustained output growth and solid capacity utilization (76.3%, up 0.2 pp m/m). However, BEA data show economy-wide investment was flat q/q in Q3, reflecting continued caution amid elevated macro and policy uncertainty despite improving production conditions.

Employment and unemployment trends



Labor market conditions remained muted. Payrolls rose 50,000 in December, while the unemployment rate fell 0.2 percentage points to 4.4%.

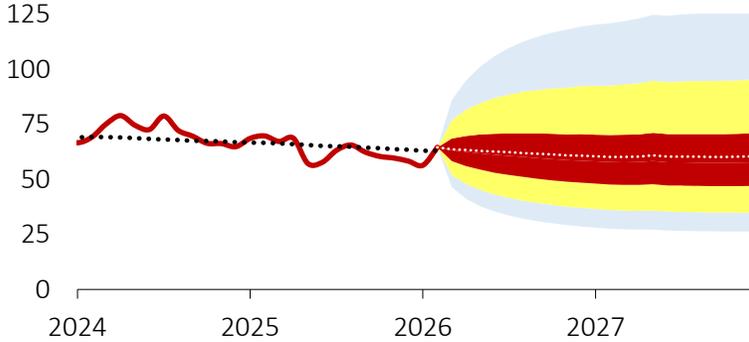


Geopolitics continued to support oil prices, but market structure remains balanced



WTI futures mean reversion analysis

Dollars per barrel (2026\$)



Prices remain aligned with long-run mean reversion, with no clear evidence of structural mispricing despite the recent geopolitical-driven move higher

WTI crude prompt month futures prices

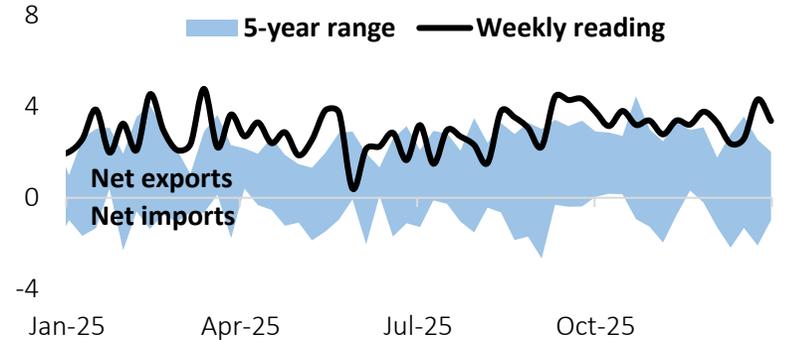
Dollars per barrel



WTI crude prompt-month futures prices. WTI fell to \$63.51/bbl (-2.6% w/w) as of February 6, driven primarily by easing of the geopolitical risk premium tied to Iran-related tensions.

U.S. petroleum net exports (imports)

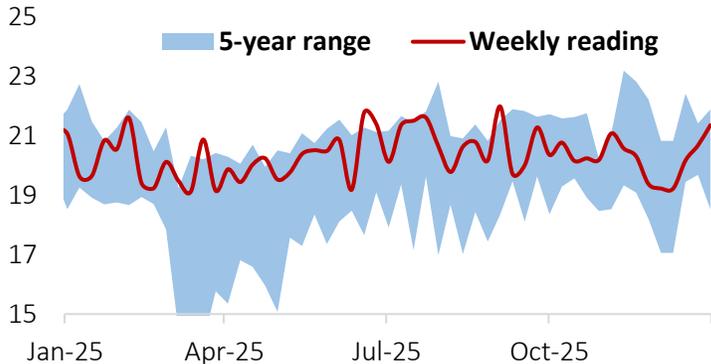
Million barrels per day, mb/d



U.S. petroleum net exports fell to 3.4 mb/d for the week ended January 30, down 0.9 mb/d w/w but remaining 45% above the 5-year range.

U.S. petroleum demand

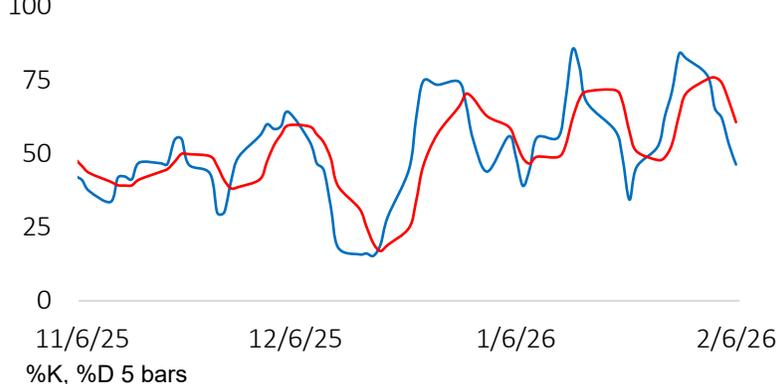
Million barrels per day (mb/d)



U.S. petroleum demand rose to 21.4 mb/d for the week ended January 30, up 0.7 mb/d w/w, placing deliveries in the top 15% of the five-year range.

WTI futures momentum indicator

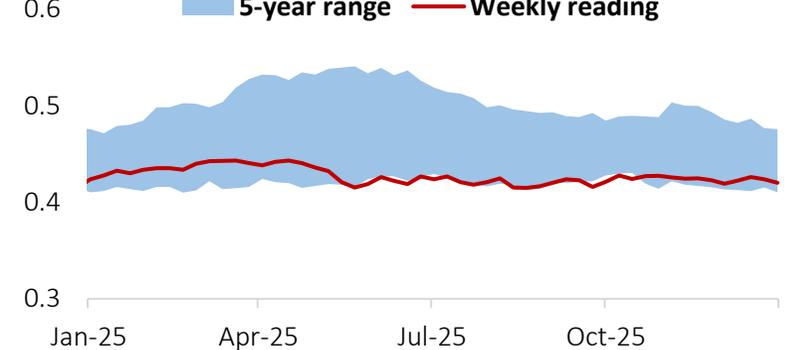
Index level



Momentum fell during the week ended February 6, suggesting waning near-term price strength tempered by market caution as the U.S. and Iran continue talks.

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

Billion barrels



U.S. crude oil inventories fell 3.5 million barrels in the week ended January 30 and remained in the bottom 20% of the five-year range.

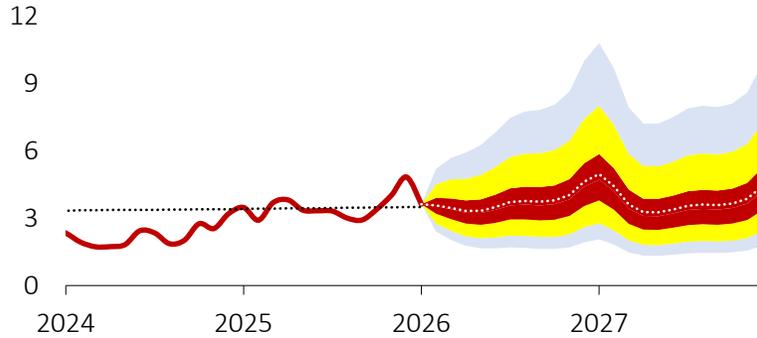


Near-term natural gas prices declined further, but structural demand and export growth skew risks toward upside volatility



Natural gas futures mean reversion analysis

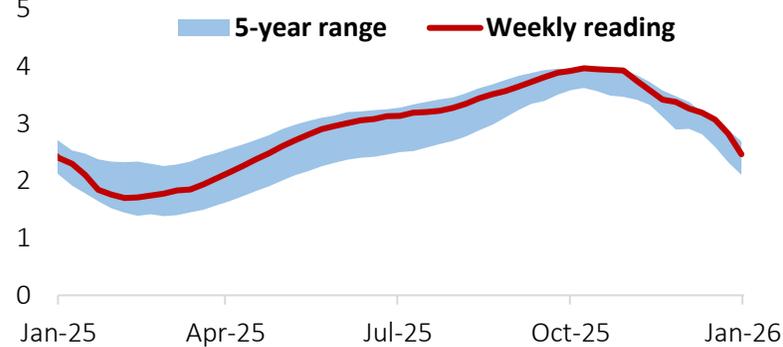
Dollars per MMBtu (2026\$)



Near-term natural gas futures remain broadly aligned with the historical mean-reversion threshold, indicating that recent volatility reflects temporary shocks rather than a sustained shift in underlying fundamentals.

Working natural gas storage

Trillion cubic feet (tcf)



Working natural gas storage declined 12.8% w/w to 2.46 tcf as of January 30 falling back into the top 40% the five-year range.

Natural gas prompt month futures prices

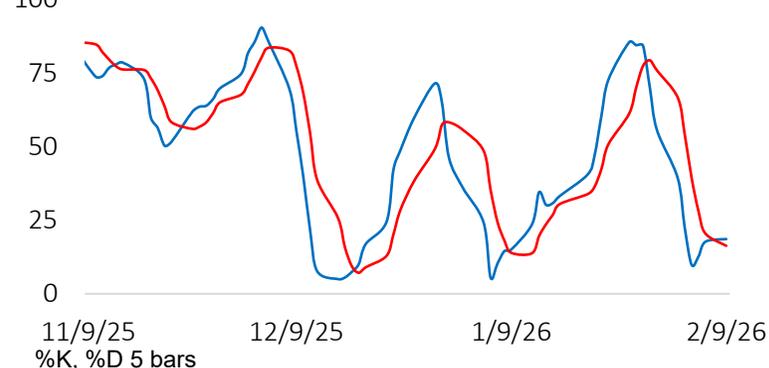
Dollars per million Btu



Natural gas prices continued to decline in the wake of Winter Storm Fern, with prompt-month futures falling 21.3% w/w (and by 54.1% since January 28) to \$3.43/MMBtu as of February 6, reflecting the unwinding of storm-driven risk premia.

Natural gas futures momentum indicator

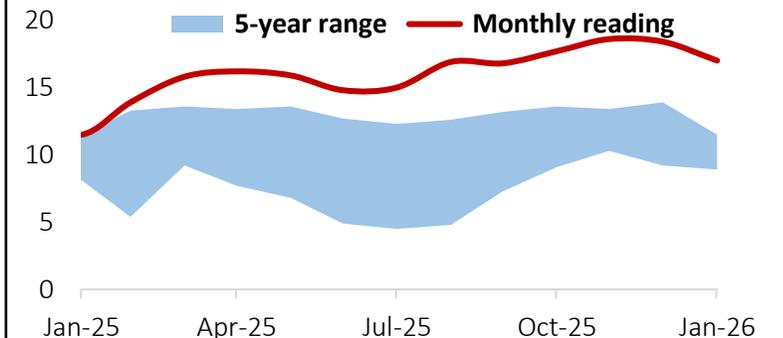
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Momentum weakened during the week but appeared to stabilize as of February 6, suggesting near-term support around current price levels.

U.S. natural gas net exports

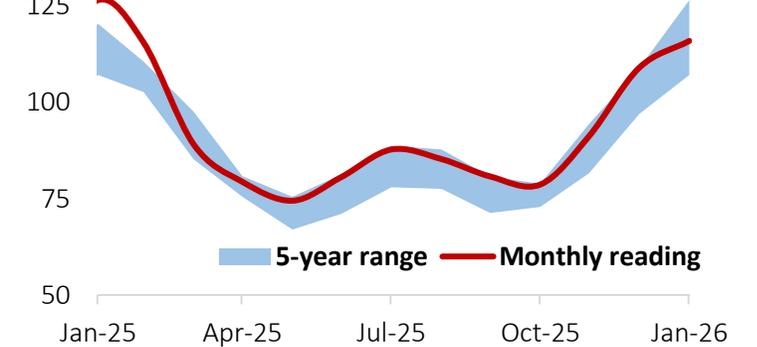
Billion cubic feet per day, bcf/d



U.S. natural gas net exports rose 47.8% y/y to 17.0 bcf/d in January, per EIA estimates, underscoring LNG exports' growing structural role in tightening the U.S. gas balance.

U.S. natural gas consumption

Billion cubic feet per day, bcf/d

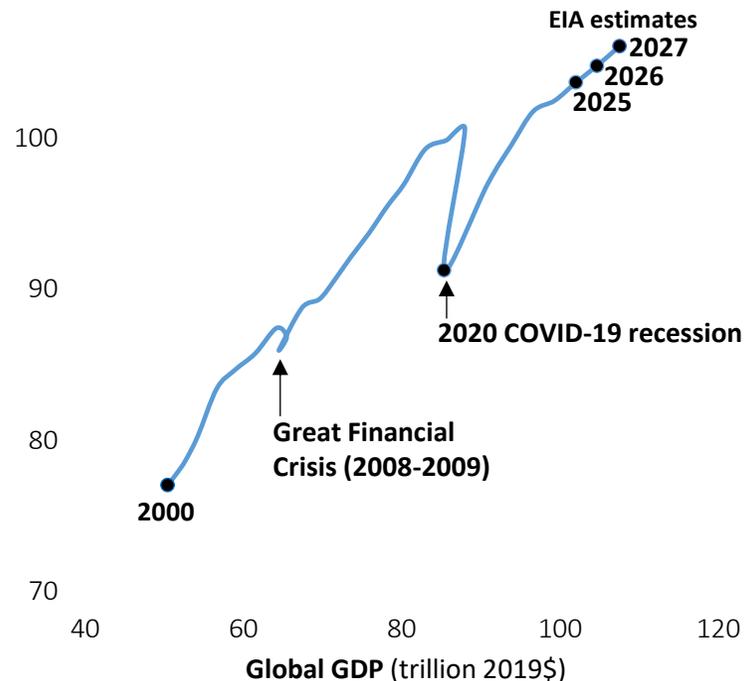


U.S. natural gas consumption rose to 116 bcf/d in January, per EIA estimates, reflecting seasonal normalization alongside continued strength in power and industrial demand.

- **Global oil demand 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.

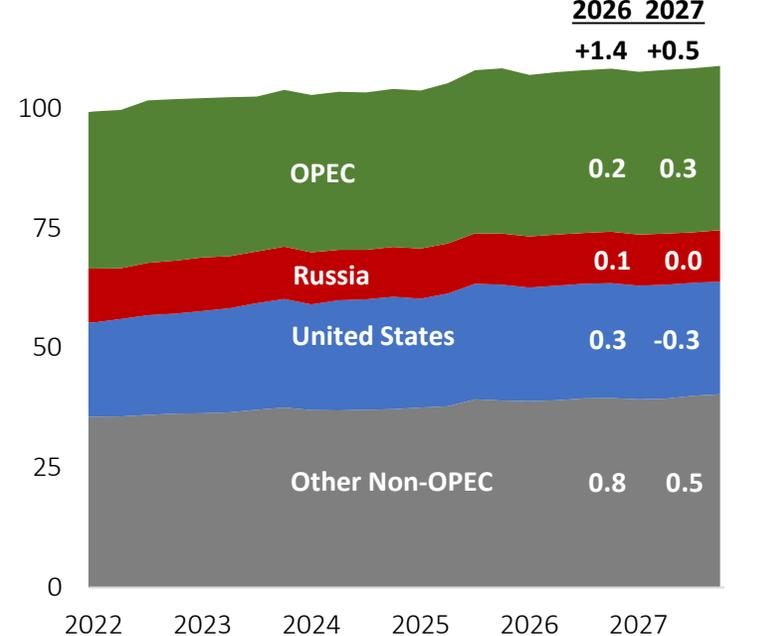
Global oil demand vs. GDP

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



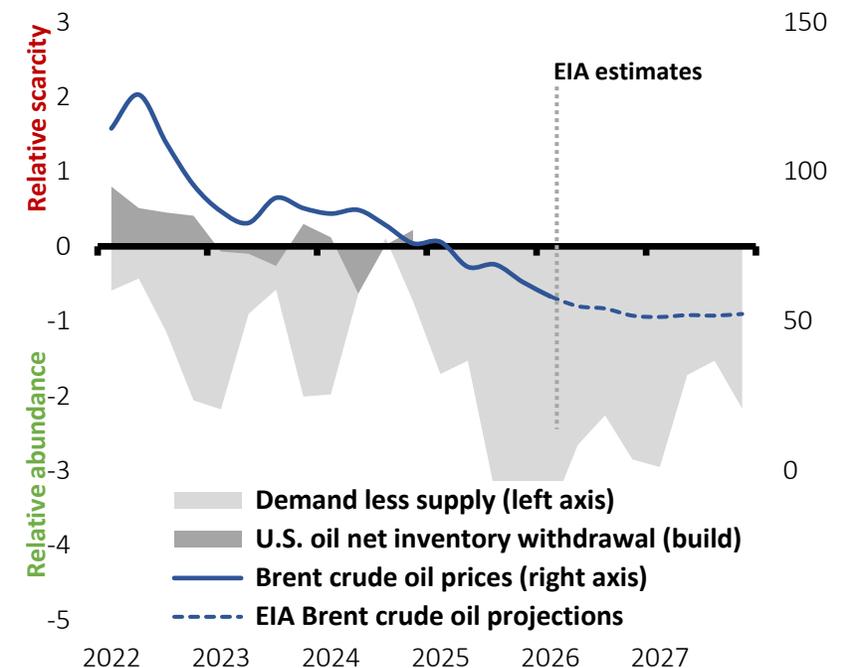
Oil production by country/region

Million barrels per day, mb/d



Global demand/supply & Brent prices

Million barrels per day (mb/d)

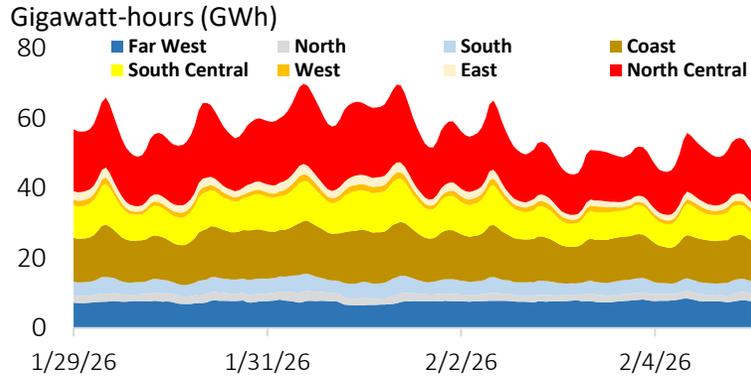




Texas electricity – dispatchable supply anchored reliability as prices eased

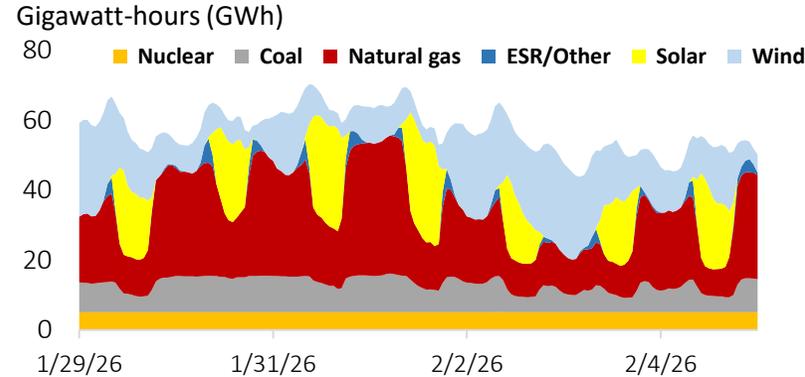


ERCOT electricity load by region



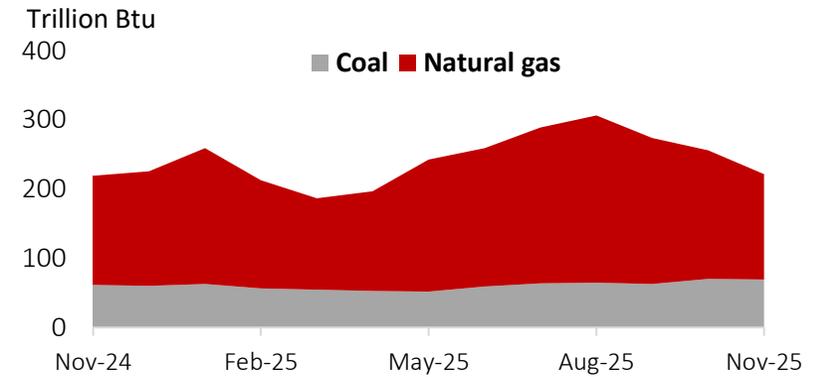
For Jan. 29-Feb. 4, ERCOT’s average hourly electricity load was 55.8 GWh, down 8.4% w/w, while the maximum hourly load of 69.8 GWh fell by 7.6% w/w. Variability was the highest in the East and West regions.

ERCOT hourly electricity generation by source



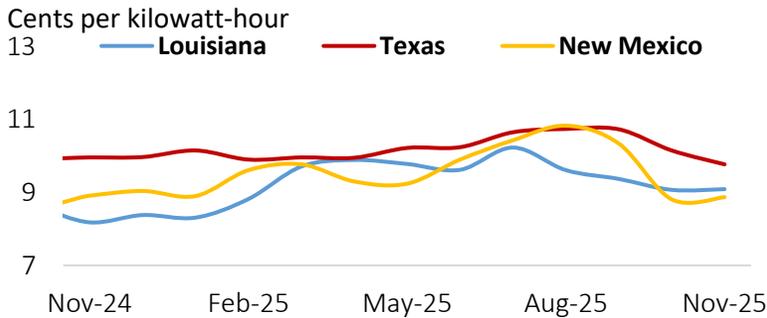
Dispatchable generation dominated ERCOT’s supply. From Jan. 29-Feb. 4, thermal and other dispatchable resources supplied as much as 88.3% of ERCOT’s total generation, including 61.6% from natural gas. Hourly generation ranged between 44 and 70 GWh, with a standard deviation of 6.2 GWh, indicating lower and more stable seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal



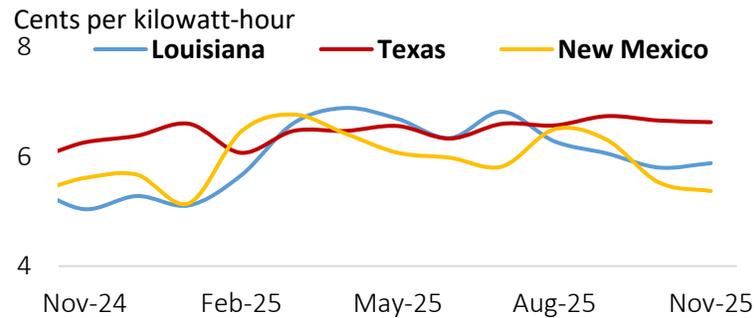
Natural gas-coal switching accelerated. Power plant receipts of natural gas in Texas decreased in November by 3.4% y/y, while coal receipts rose 12.6% y/y, reflecting switching towards coal at natural gas prices near \$4.00 per million Btu.

Electricity prices – average across all end-use sectors



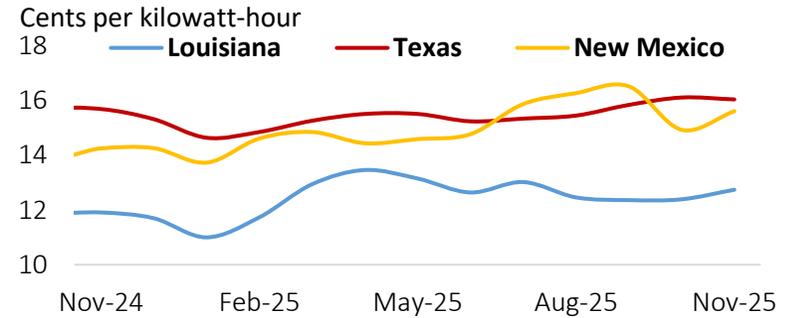
Texas electricity prices decreased in November. Average statewide electricity prices fell 3.7% m/m and 1.9% y/y to 9.77 ¢/kWh, compared with 9.09 ¢ in Louisiana and 8.87 ¢ in New Mexico.

Industrial electricity prices



Industrial electricity prices edged down. Industrial rates in Texas fell 0.5% m/m but remained up 5.9% y/y to 6.63 ¢/kWh in November. Prices in neighboring states were mixed—up 7.2% y/y in Louisiana but down 4.3% y/y in New Mexico.

Residential electricity prices



Residential electricity prices remain elevated across the region. Texas residential rates slipped in November (-0.4% m/m) but remained up 2.2% y/y at 16.04¢/kWh. Prices continued to climb more rapidly in neighboring states, rising 7.0% y/y in Louisiana and 9.5% y/y in New Mexico. Despite recent increases elsewhere, Louisiana’s residential rates remain materially lower--about 21% below Texas levels.

TXOGA Economic Insights

TXOGA's economic insights serve as a vital reference for our members as well as those who are interested in understanding data which tell the story of what's happening with the economy as well as oil and gas markets at the Texas, U.S. and global levels.

Dr. R. Dean Foreman

Chief Economist, Texas Oil & Gas Association

@ dforeman@txoga.org

www.txoga.org/economics/

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