TXOGA CHARTBOOK™

February 23, 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 23, 2026

- **Economy Stabilizing; Q4 Growth Slowed but Composition Improving.** As highlighted in the ***Chart of the Week***, U.S. real GDP slowed to 1.4% (SAAR) in Q4 2025 — below the recent three-year trend but not contractionary. The composition shifted meaningfully: consumer spending accounted for more than total net GDP growth, investment posted its 7th strongest contribution since 2022, trade normalized after previously boosting activity, and government spending weighed modestly. Broader indicators align with stabilization entering Q1 2026. Real-time measures (ADS), industrial production, and labor markets point to steady — though not accelerating — momentum, while financial conditions remain restrictive but broadly stable. With trade no longer providing lift, early-2026 growth will depend increasingly on consumer resilience and the durability of the investment rebound.

- **Geopolitical risk lifting prices, but fundamentals remain balanced.** WTI rose to $66.43/bbl (+5.6% w/w), briefly exceeding its long-run mean-reversion threshold as Iran-related tensions added a risk premium. Yet underlying structure remains steady: net exports climbed to 3.6 mb/d, demand reached 21.6 mb/d near the top of its seasonal range, and commercial crude inventories fell 9.0 million barrels, returning to the lower end of the five-year range, while momentum indicators show caution rather than a decisive breakout.

- **Natural gas stabilizing after pullback; structural demand firm.** Prompt-month futures fell 6.1% w/w to $3.05/MMBtu, slipping below the historical mean-reversion threshold and suggesting a temporary overshoot following January’s weather-driven spike. Fundamentals remain supportive: net exports rose 39.1% y/y to 16.0 Bcf/d, storage declined 6.5% w/w to 2.1 Tcf (bottom 40% of the five-year range), and January consumption reached 121.9 Bcf/d. Momentum indicators have stabilized and turned modestly positive, pointing to emerging technical support near current levels.

Chart of the Week: U.S. growth slowed to 1.4% in Q4—Consumers carried the expansion

Real GDP slowed to 1.4% (SAAR) in Q4 2025—below recent trend but not contractionary

- Initial BEA estimates — affected by incomplete shutdown data — show growth below the recent three-year trend. Only Q1 2024 and Q1 2025 were weaker.

Consumers carried the expansion

- Household spending offset government contraction and accounted for more than 100% of net GDP growth.

Investment regained momentum

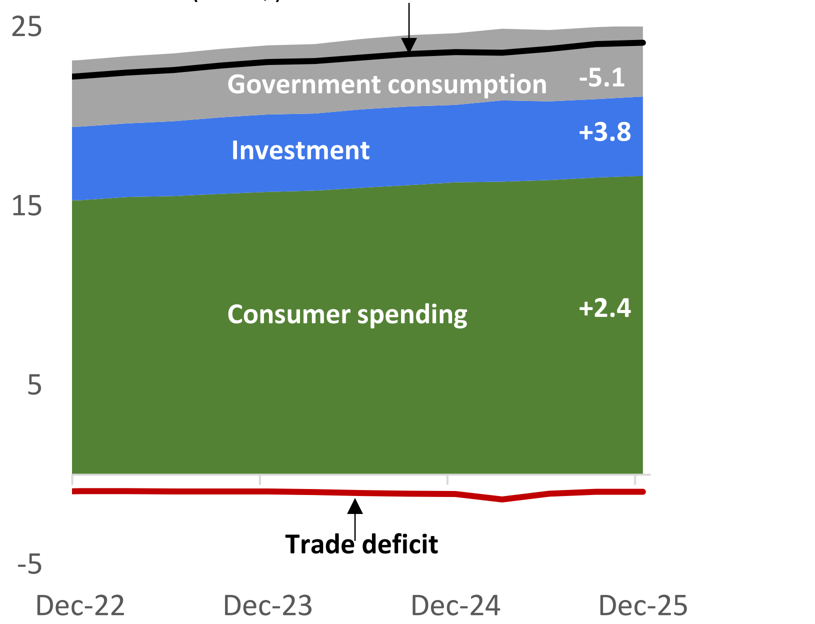
- Up 3.8% (annualized), contributing 0.7 pp — the 7th strongest contribution since 2022. Investment remains historically volatile.

Trade contribution normalized

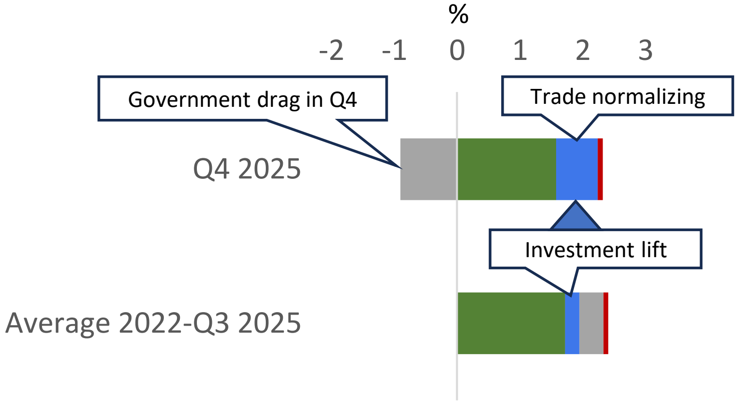
- After boosting growth in recent quarters, net exports added just 0.1 pp — in line with the post-2022 average.

Bottom Line: Growth slowed below trend. Investment improved, trade no longer provided lift — increasing reliance on consumer resilience entering 2026.

U.S. real GDP by expenditure
Trillion dollars (2017$)



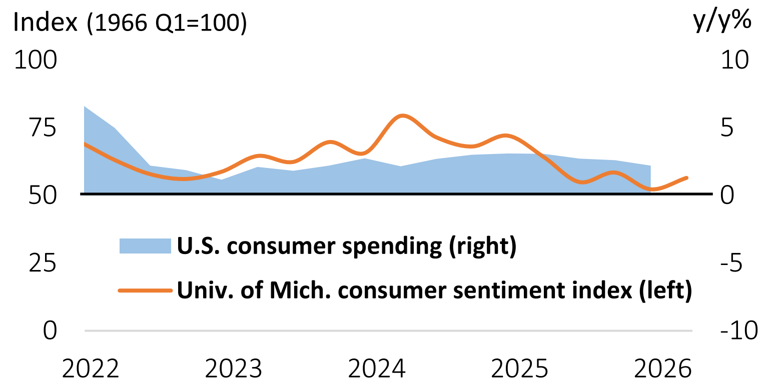
Contributions to percentage change in real GDP



sources: Bureau of Economic Analysis; TXOGA analysis

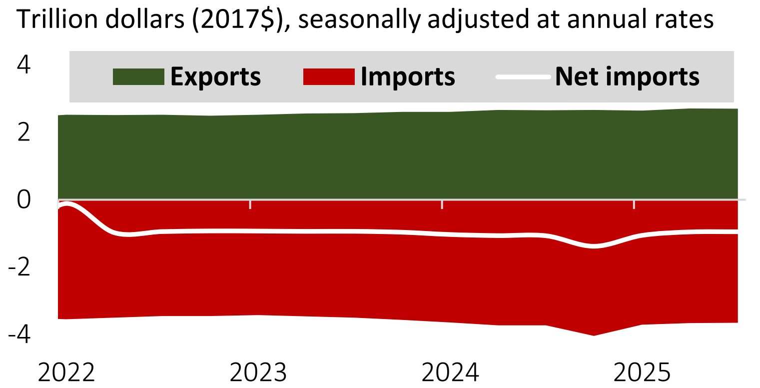
U.S. economy stabilizing—Q4 GDP aligns with leading indicators into Q1 2026

Consumer sentiment and spending trends



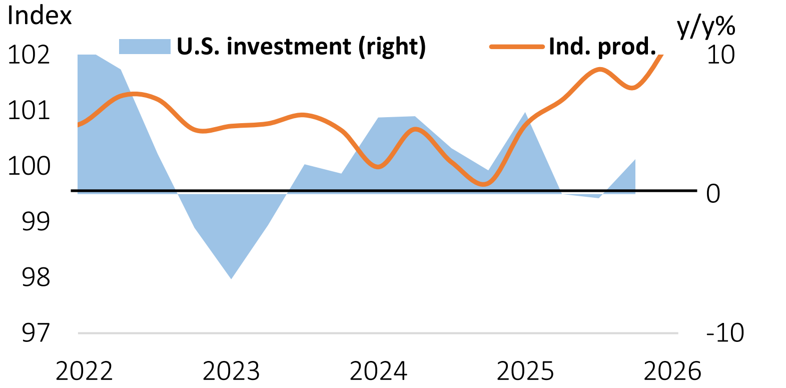
Confidence remains soft, but spending is holding up. Consumer sentiment was revised down to flat in February – and was down 20.4% y/y, while real consumer spending rose 2.2% q/q in Q4—consistent with fragile but positive demand.

U.S. trade balance and petroleum exports



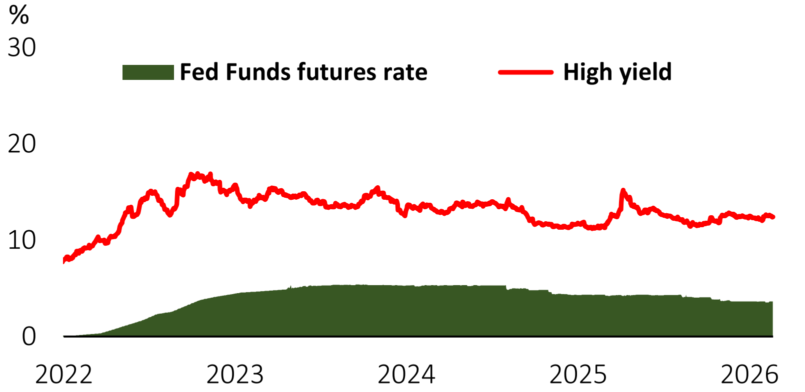
Trade no longer a material swing factor in Q4. The real goods and services deficit consolidated near $0.95 trillion in Q4, contributing little to growth after Q3 volatility. Separately, the nominal petroleum trade surplus improved to $70.9 billion (+14% q/q, +28% y/y), reinforcing industry strength.

Industrial production and investment



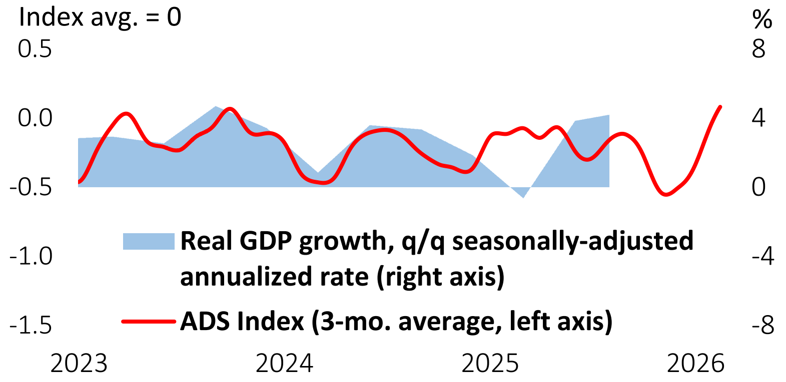
Production firming; investment cautiously re-engaging. Industrial production rose 2.3% y/y in January, with capacity utilization at 76.2%. Real investment increased 2.5% y/y in Q4—the first year-over-year gain since Q1 2025.

Interest rates and high-yield borrowing costs



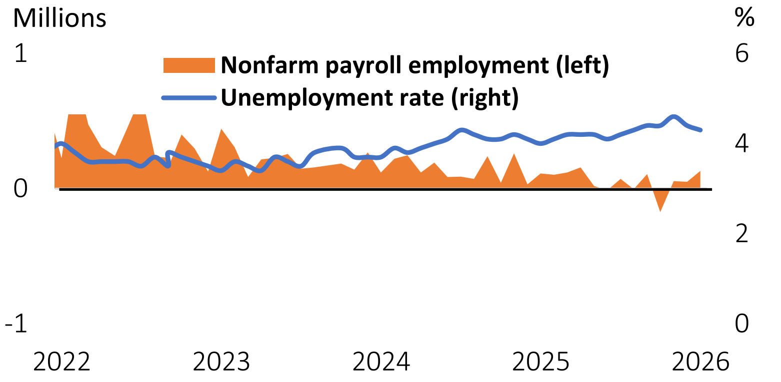
Financial conditions restrictive but broadly stable. High-yield borrowing costs held near 12.5%, while Fed funds futures eased to 3.6%, suggesting marginal improvement at the edge without a material easing cycle.

ADS Index and real GDP growth



Real-time indicators stabilizing in Q1. The Philadelphia Fed's ADS Index improved after Q4 softness, aligning with firmer Q4 GDP and pointing to stabilization in early 2026.

Employment and unemployment trends



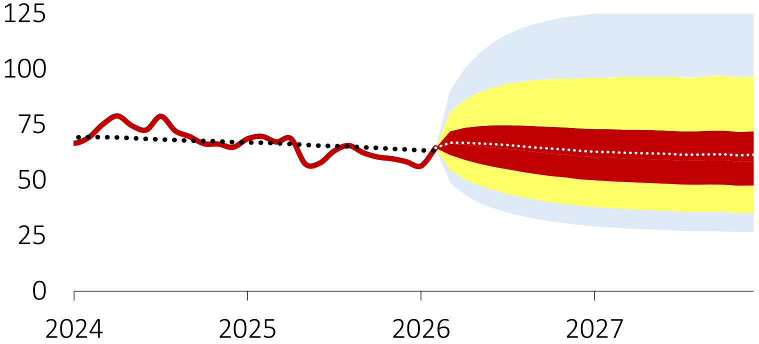
Labor markets steady, not deteriorating. Payrolls rose 130,000 in January, and the unemployment rate declined to 4.3%, reinforcing broader stabilization signals.

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

Geopolitics lifting oil prices; Underlying market structure remains balanced

WTI futures mean reversion analysis

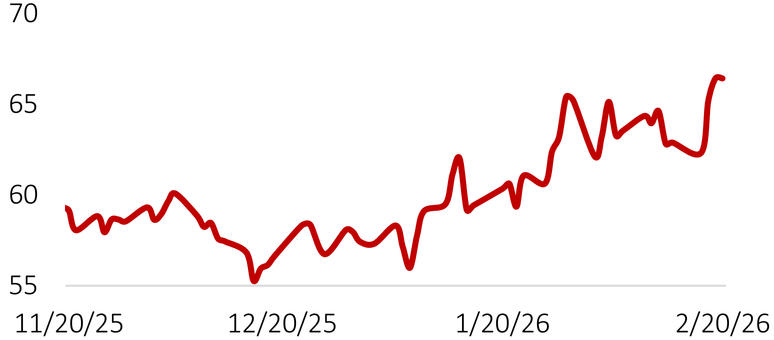
Dollars per barrel (2026$)



Prices temporarily exceeding long-run equilibrium. Recent geopolitical escalation pushed near-term WTI futures above the mean-reversion threshold, indicating a short-term risk premium layered onto otherwise balanced fundamentals.

WTI crude prompt month futures prices

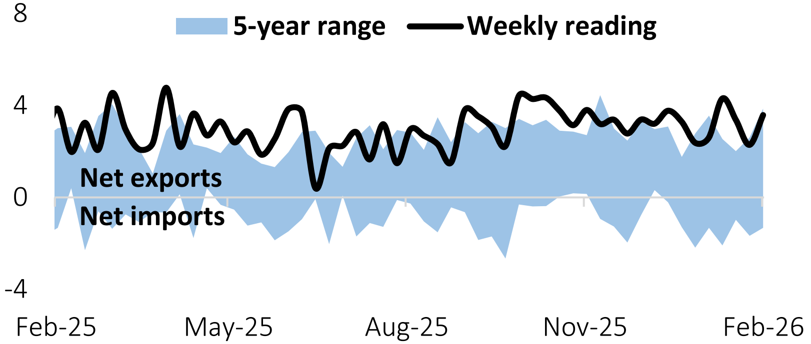
Dollars per barrel



Geopolitical premium driving near-term strength. WTI rose to $66.43/bbl (+5.6% w/w) as of February 20, reflecting Iran-related tensions and renewed risk positioning.

U.S. petroleum net exports (imports)

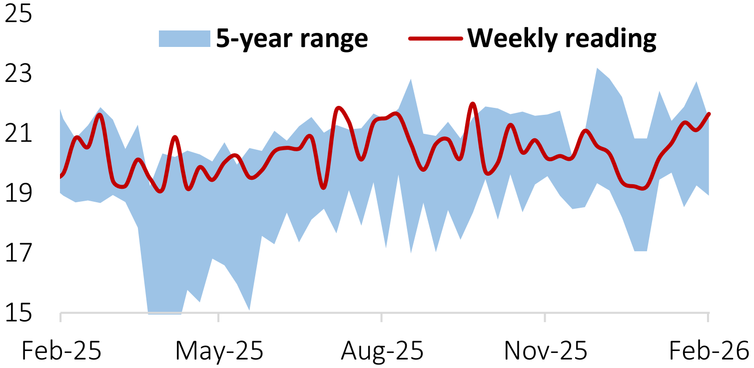
Million barrels per day, mb/d



Net exports returning to the top of the recent range. U.S. petroleum net exports rose to 3.6 mb/d (+1.3 mb/d w/w) for the week ended February 13, moving back toward the upper end of the five-year range.

U.S. petroleum demand

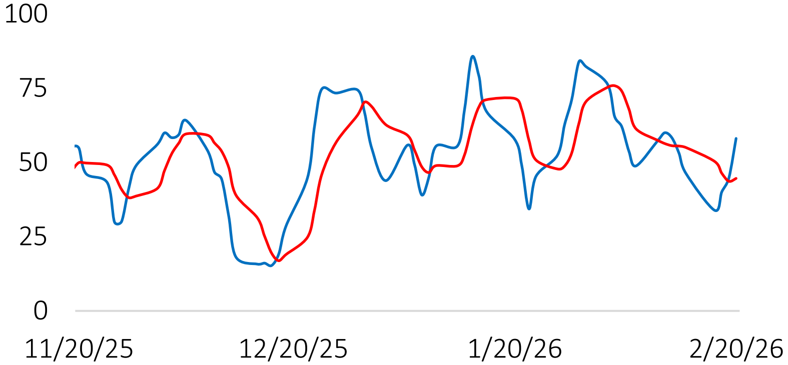
Million barrels per day (mb/d)



Demand firm at the top of seasonal norms. Total U.S. petroleum demand increased to 21.6 mb/d (+0.5 mb/d w/w), positioning deliveries near the high end of the five-year range.

WTI futures momentum indicator

Index level

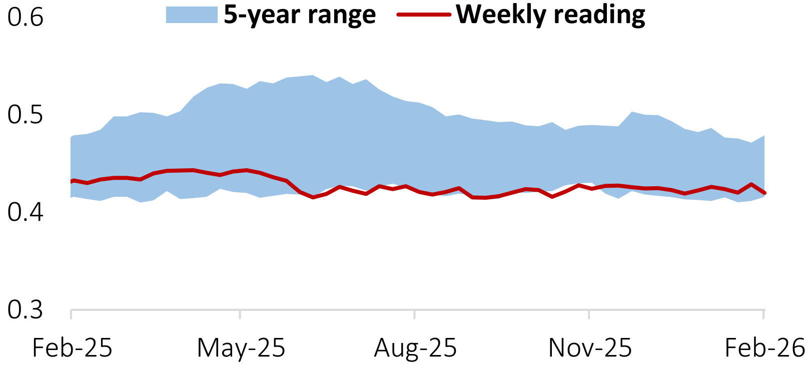


%K, %D 5 bars

Momentum elevated but not decisively trending. Momentum paused during the week ended February 20, suggesting caution as markets digest geopolitical developments rather than signaling a sustained breakout.

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

Billion barrels

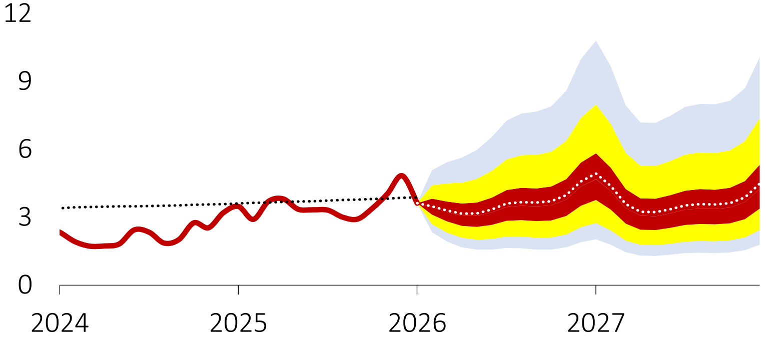


Inventories remain seasonally tight. Commercial crude stocks fell 9.0 million barrels for the week ended February 13, returning inventories to the lower end of the five-year range.

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

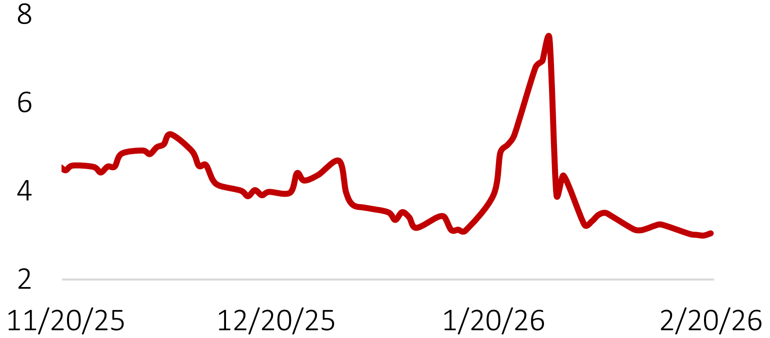
Natural gas pullback stabilizing as structural demand and exports tighten the balance

Natural gas futures mean reversion analysis
Dollars per MMBtu (2026$)



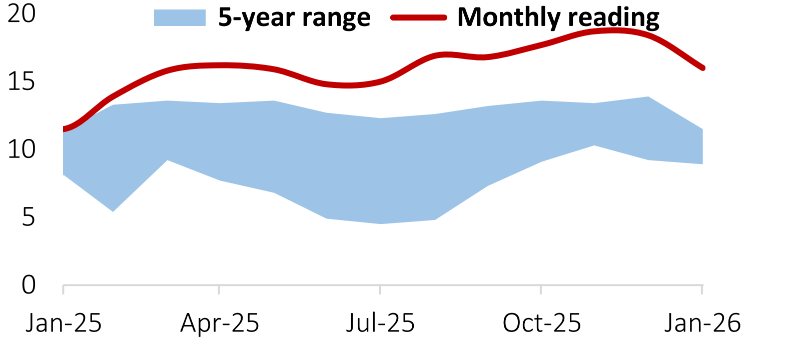
Near-term futures fell beneath the historical mean-reversion threshold, suggesting the recent unwind reflects a temporary overshoot rather than a structural loosening of fundamentals.

Natural gas prompt month futures prices
Dollars per million Btu



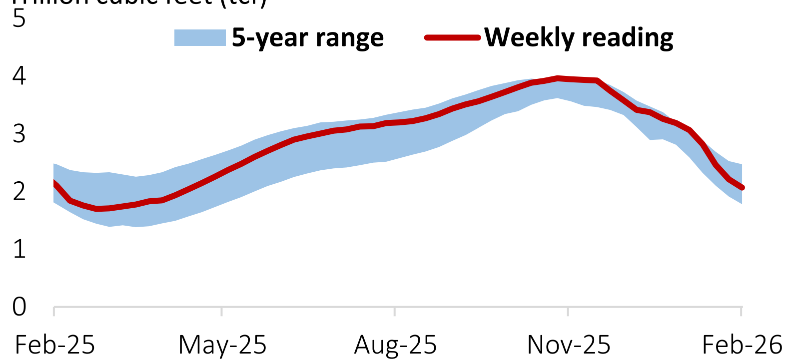
Storm premium largely unwound. Prompt-month futures declined 6.1% w/w to $3.05/MMBtu as of February 20, continuing the normalization following January's weather-driven spike.

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



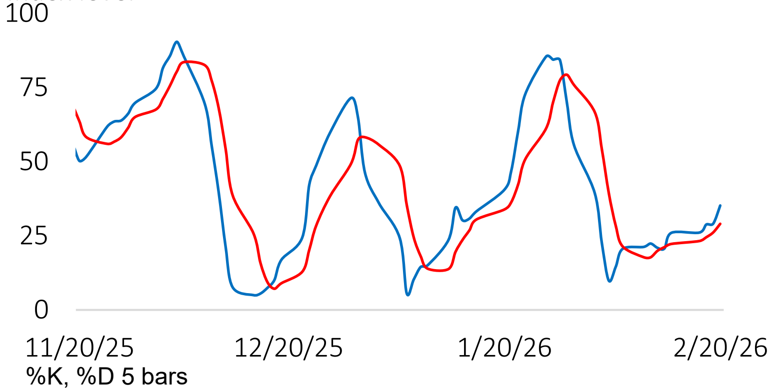
Exports remain structurally elevated. Net exports rose 39.1% y/y to 16.0 bcf/d in January, underscoring LNG's expanding role in tightening the domestic balance.

Working natural gas storage
Trillion cubic feet (tcf)



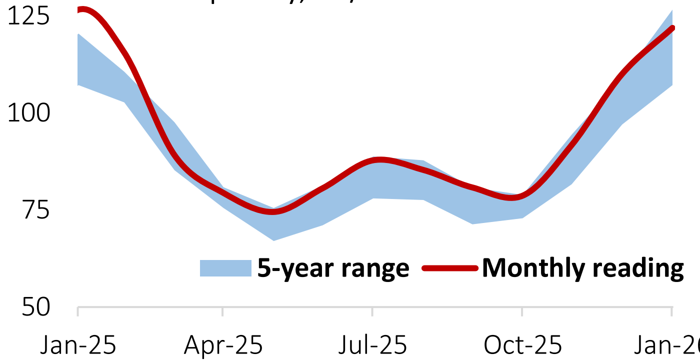
Inventories drawing down into the lower range. Working gas storage fell 6.5% w/w to 2.1 tcf as of February 13, placing stocks in the bottom 40% of the five-year range after exceeding it five weeks earlier.

Natural gas futures momentum indicator
Index level



Momentum paused, then turned positive. After weakening through early February, momentum stabilized and shifted higher during the week ended February 20, suggesting emerging technical support near current price levels.

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

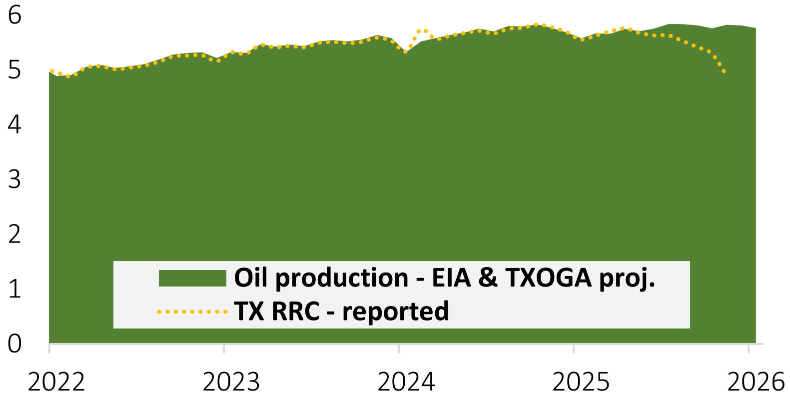


Seasonal demand firming. Consumption rose to 121.9 bcf/d in January, reflecting winter normalization alongside continued strength in power generation and industrial demand.

sources: U.S. Energy Information Administration; CME Group; BLS; TXOGA analysis

Productivity gains sustained Texas oil and natural gas production through year-end 2025

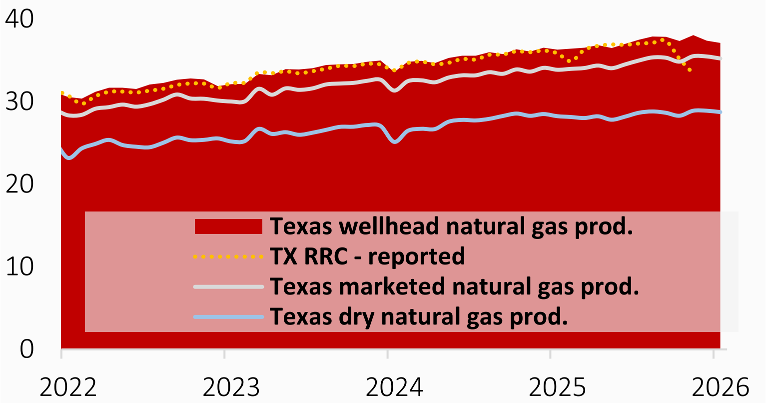
Texas crude oil production, Jan. 2022 – Jan. 2026



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.

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

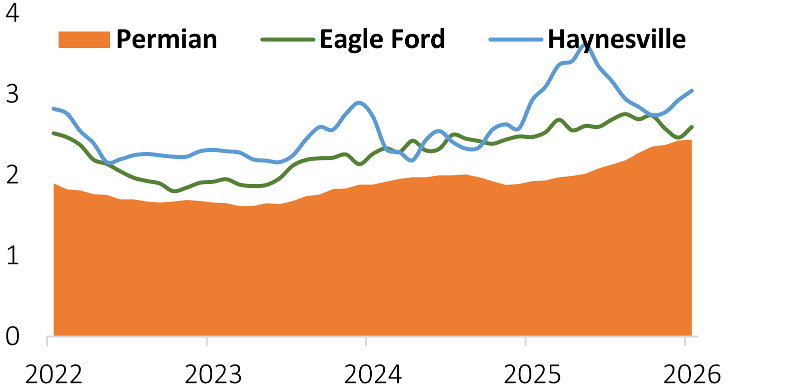
Billion cubic feet per day (bcf/d)



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 rig productivity by basin – new monthly prod. per rig

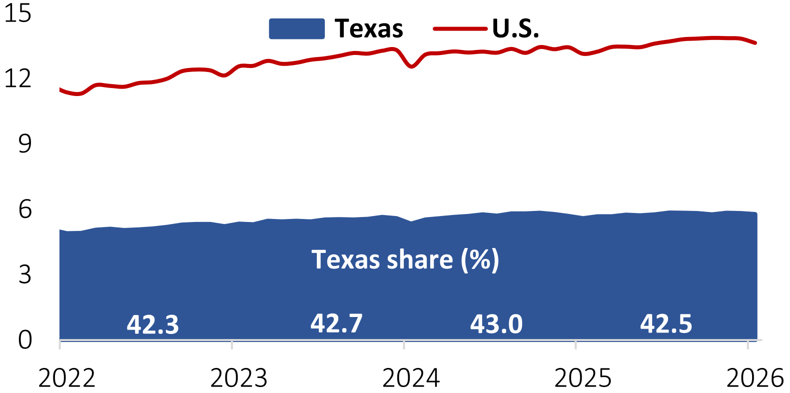
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity continued to improve in January 2026, led by the Permian (+26.7% y/y), Eagle Ford (+5.0% y/y), and Haynesville (+4.0% y/y). Gains in output per rig continue to offset lower rig counts.

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

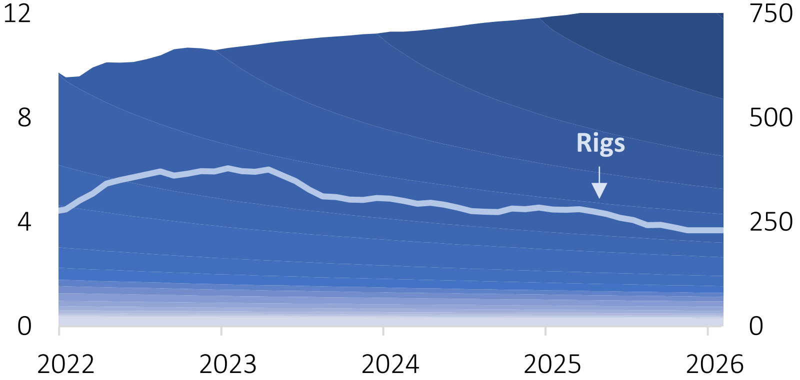
Million barrels per day (mb/d)



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.

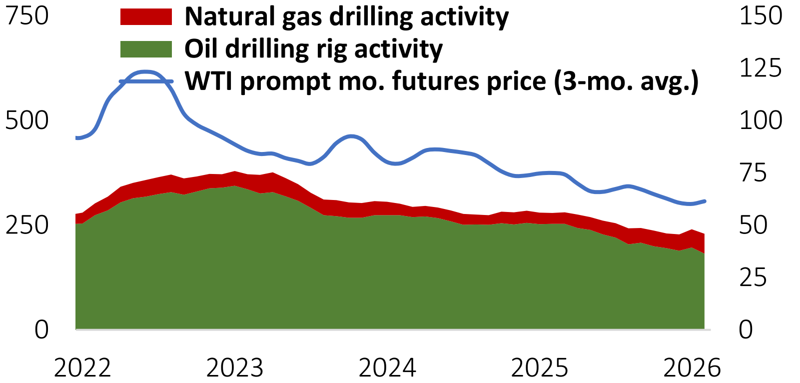
Texas shale basin wellhead oil & natural gas production

Million barrels per day oil-equivalent



EIA estimates show continued production growth across major Texas shale basins in January 2026, including the Permian (+4.8% y/y), Eagle Ford (+3.6% y/y), and Haynesville (+3.3% y/y), even as active rig counts declined.

Texas drilling activity and WTI crude oil futures prices



Drilling activity continued to ease alongside lower oil prices. As of February 20, Texas operated 182 oil-directed rigs (up 2 rigs w/w) and 47 gas-directed rigs (down 1 rig w/w).

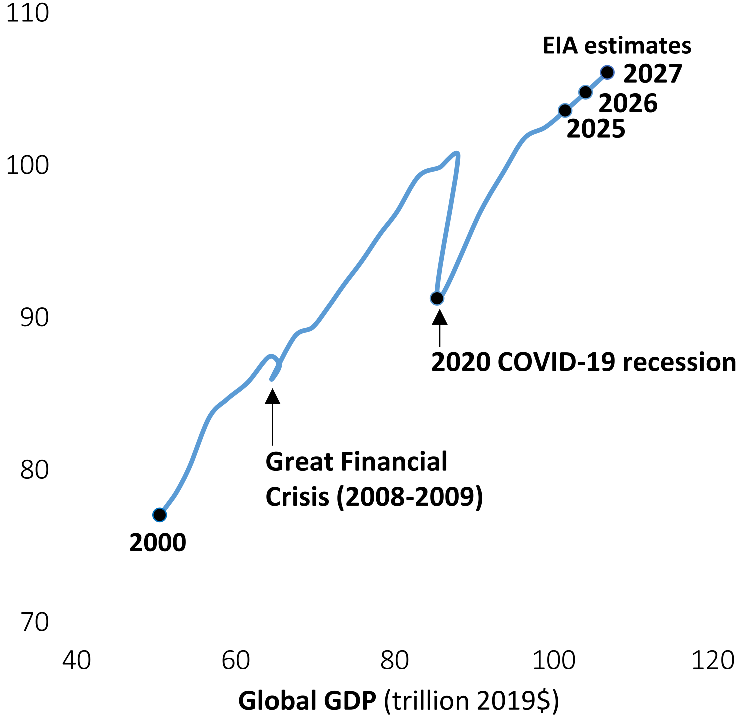
sources: U.S. Energy Information Administration; Texas Railroad Commission; Baker Hughes; CME Group; TXOGA analysis

Global oil market: EIA lifts global supply outlook, effectively stalls U.S. growth

- **Material upward revision to global supply.** Combined with last month's update, EIA has raised projected 2026 global supply growth by a cumulative +0.4 mb/d -- reinforcing a looser balance into 2027.
- **U.S. growth nearly zeroed out.** EIA now shows minimal U.S. production growth this year and next -- a sharp pivot from prior expansion assumptions and a key swing factor for balances.
- **Market pricing diverges from EIA's view.** The revised outlook implies continued inventory builds, with Brent projected to average ~$58/bbl in 2026 and ~$53/bbl in 2027. By contrast, Brent futures remain above $65/bbl through 2027, signaling skepticism around the durability of surplus conditions.
- **The fulcrum: productivity and discipline.** If realized well productivity and capital restraint hold firmer than EIA assumes, the projected surplus could narrow quickly.

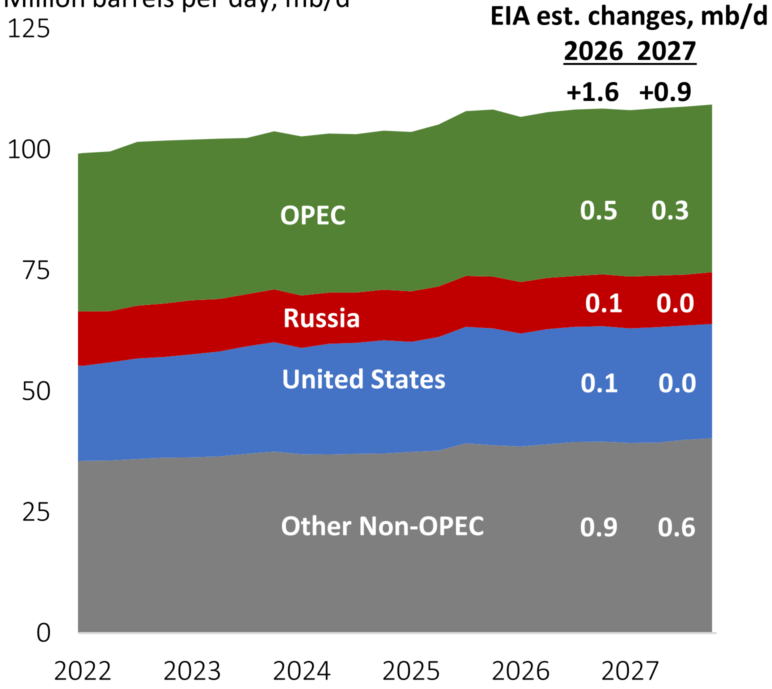
Global oil demand vs. GDP

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



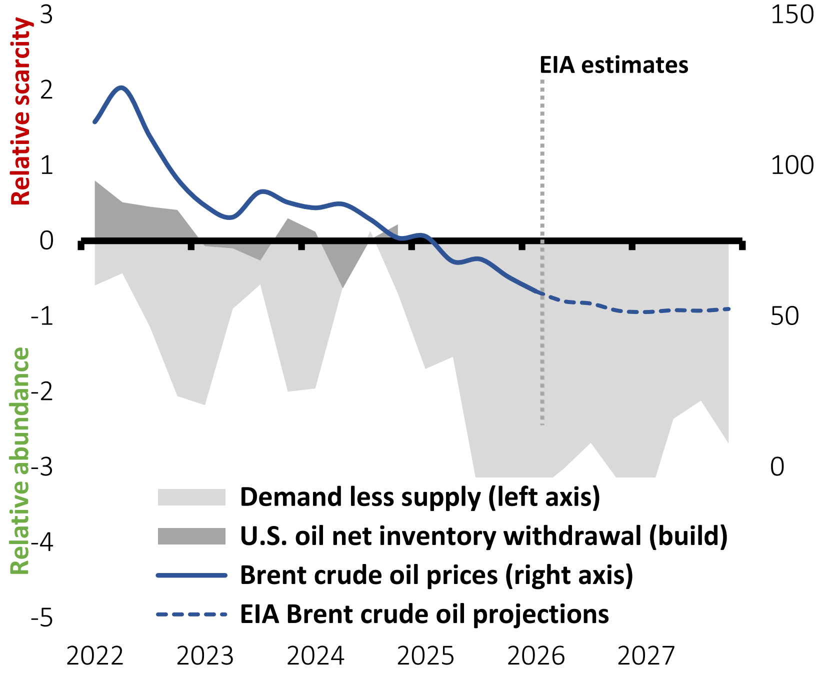
Oil production by country/region

Million barrels per day, mb/d



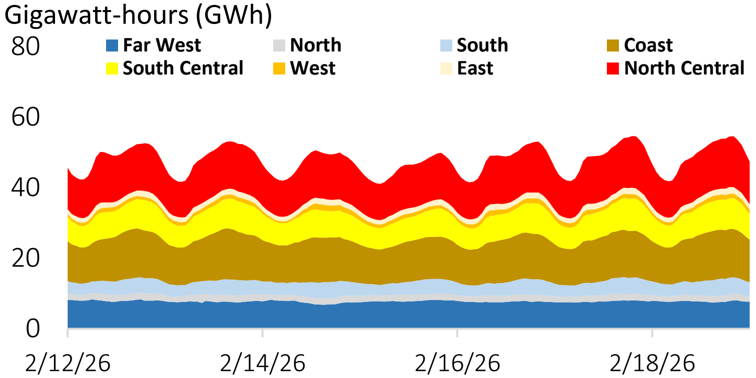
Global demand/supply & Brent prices

Million barrels per day (mb/d) 2025$/Bbl



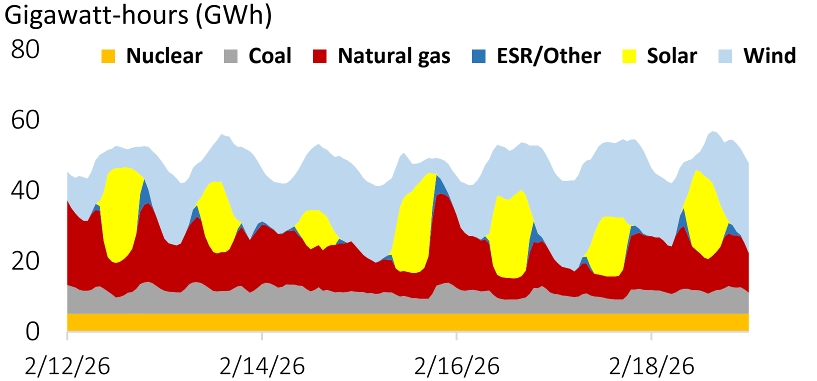
Texas power markets: Stable load, dispatchable backbone, competitive prices

ERCOT electricity load by region



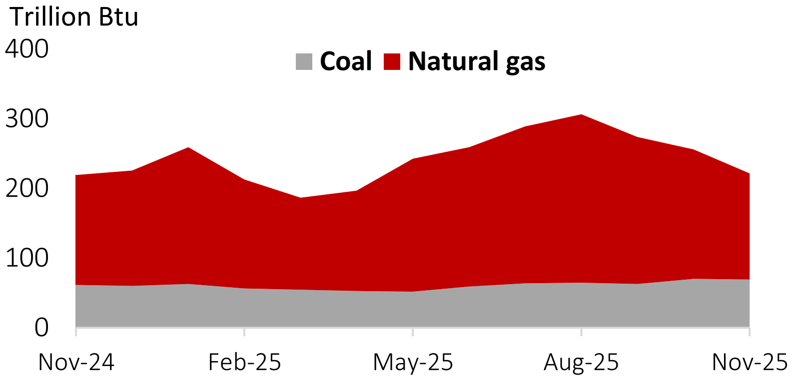
For Feb. 12-18, ERCOT's average hourly electricity load was 48.0 GWh, down 0.4% w/w, while the maximum hourly load of 54.6 GWh fell by 11.3% w/w. Variability was the highest in the West and South regions.

ERCOT hourly electricity generation by source



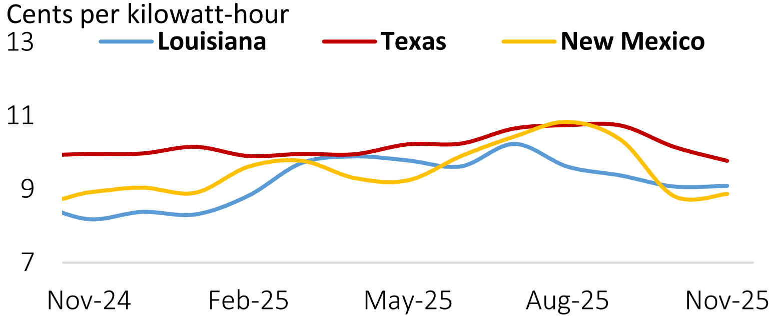
From Feb. 12-18, thermal and other dispatchable resources supplied as much as 80.5% of ERCOT's total generation, including 52.6% from natural gas. Hourly generation ranged between 41 and 57 GWh, with a standard deviation of 4.2 GWh, indicating stable seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal



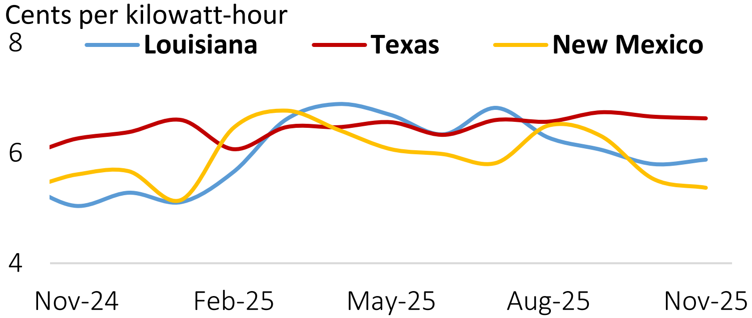
Natural gas-coal switching accelerated. Power plant receipts of natural gas in Texas decreased in November by 3.4% y/y, while coal receipts rose 12.6% y/y, reflecting switching towards coal at natural gas prices near $4.00 per million Btu.

Electricity prices – average across all end-use sectors



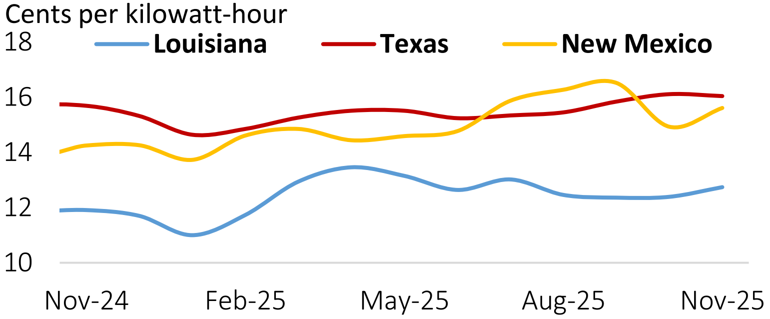
Texas electricity prices decreased in November. Average statewide electricity prices fell **3.7% m/m** and **1.9% y/y** to **9.77 ¢/kWh**, compared with **9.09** ¢ in Louisiana and **8.87** ¢ in New Mexico.

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.

sources: ERCOT; EIA; TXOGA analysis

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