



**March 2, 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 March 2, 2026**

- **Stabilization broadens, but inflation re-accelerates.** Q4 real GDP slowed yet remained positive, with consumer spending holding (+2.2% q/q) despite weak sentiment and trade no longer acting as a swing factor. Industrial production rose 2.3% y/y and real investment turned positive (+2.5% y/y), while the Philadelphia Fed's ADS index improved into Q1. Labor markets remain steady (130,000 payroll increase; 4.3% unemployment), and financial conditions are restrictive but stable. However, producer prices rose 0.5% m/m in January following a 0.4% increase in December, reinforcing upside inflation pressure and potentially constraining real purchasing power and near-term Fed rate cut expectations.
- **Geopolitical risk premium lifts WTI, but fundamentals remain balanced.** Prices rose above \$71/bbl and currently exceed long-run mean-reversion thresholds as Iran-related tensions added a near-term risk premium. Yet underlying market structure shows no clear imbalance: U.S. petroleum demand remains firm near seasonal highs, net exports have eased back into historical ranges, and inventories—despite a large weekly build—remain within the five-year band. Momentum has moderated after its recent surge, suggesting consolidation rather than confirmation of a sustained breakout.
- **Pullback stabilizes within a structurally tightening gas balance.** Prompt-month futures fell to \$2.95/MMBtu as January's weather-driven premium unwound, with prices remaining below long-run mean-reversion levels—consistent with normalization rather than structural weakness. At the same time, fundamentals continue to firm: net exports rose 39.1% y/y to 16.0 bcf/d in January, storage inventories have drawn down to the bottom 40% of the five-year range (2.0 tcf), and consumption strengthened to 121.9 bcf/d amid winter normalization and steady power and industrial demand. Momentum has softened, suggesting consolidation as structural demand and LNG exports tighten the domestic balance.
- **Chart of the Week: Texas productivity gains continue to offset lower rig counts.** Output per rig rose again in January—led by the Permian (+26.7% y/y)—even as drilling activity moderated, highlighting ongoing efficiency improvements. Year-over-year production growth is increasingly driven by the existing well base, particularly legacy wells (36+ months), underscoring gains from improved completion designs, enhanced recovery techniques, and operational optimization. Texas production momentum now reflects capital discipline paired with technological advancement—not more rigs.



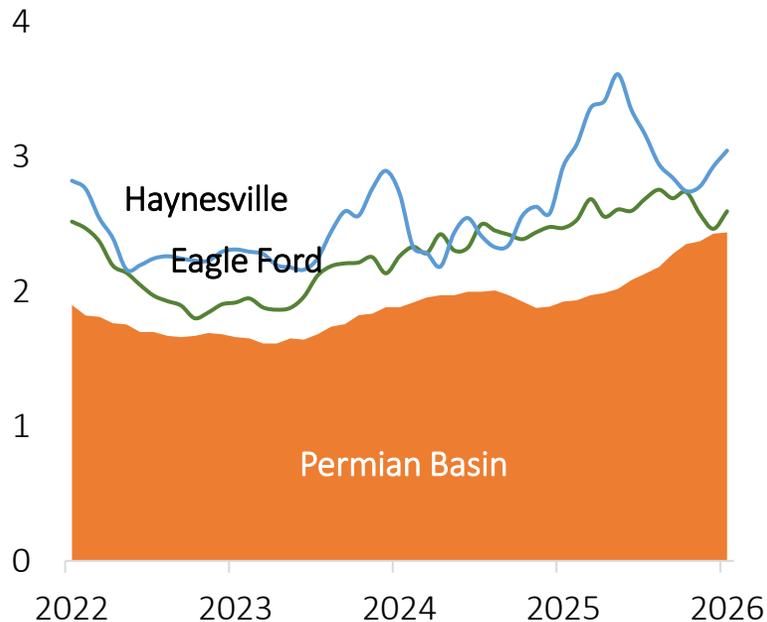
# Chart of the Week: Texas productivity gains continue to offset lower rig counts



- ▶ Rig productivity improved again in January 2026, led by the Permian (+26.7% y/y), with gains also in the Eagle Ford and Haynesville. Output per rig continues to rise even as rig counts moderate.
- ▶ Production growth is increasingly driven by the existing well base, not just new drilling activity — underscoring structural efficiency gains. Legacy wells (36+ months) remain a meaningful contributor to year-over-year output growth, reflecting improved completion designs, enhanced recovery techniques, and operational optimization.
- ▶ Texas production momentum now reflects capital discipline paired with technological advancement — not more rigs.

### Texas rig productivity by basin — new monthly production per rig

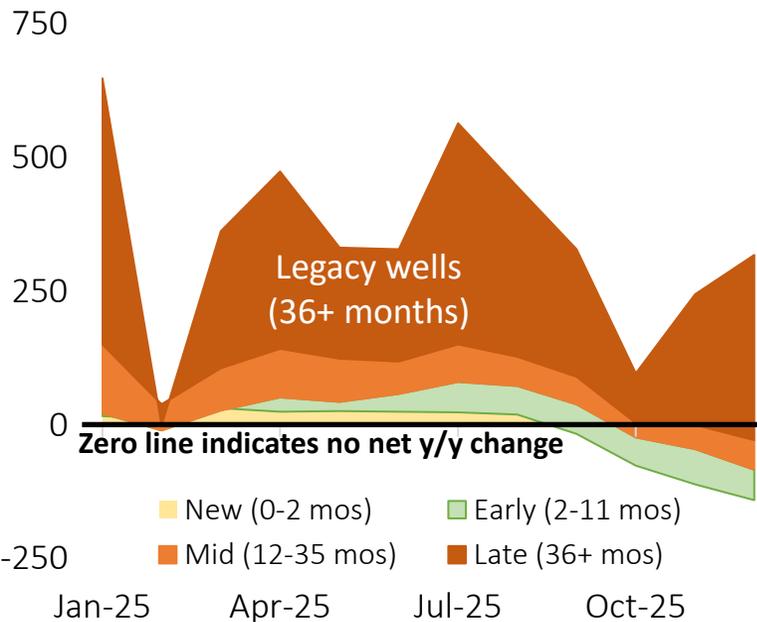
Thousand barrels of oil-equivalent per day (kb/doe)



### Texas year-over-year production change by well age cohort

12-month change in allocated BOE (kb/doe)

Thousand barrels of oil-equivalent per day (kb/doe)



### Oil & Gas technology headlines

**Outlook 2026: Crude on crude – How shale oil flipped the script on the global barrel**

Petroleum Economist, Jan. 5, 2026

**Guest Editorial: Shale to Silicon—Where Oil and Gas Fit Into the Fifth Industrial Revolution**

JPT, Feb. 1, 2026

**U-Shaped Architectures Deliver More Reservoir Exposure, Access To Multiple Benches | Frac Facts | Magazine**

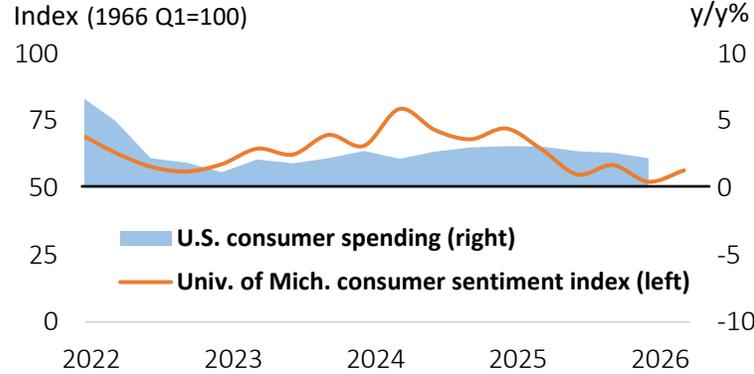
American Oil & Gas Reporter, Jan. 2026



# U.S. economic stabilization broadens: Q4 growth moderates, early-2026 indicators firm

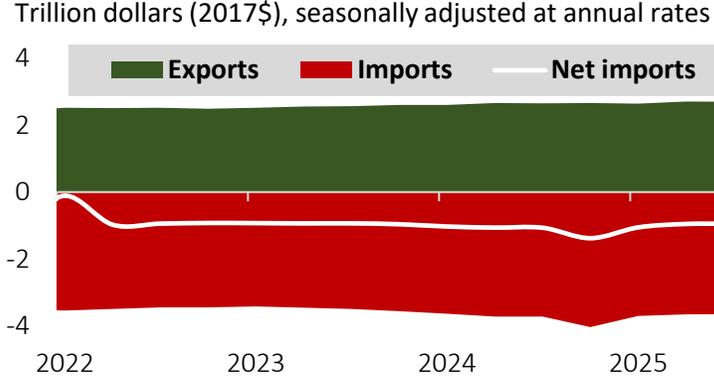


## Consumer sentiment and spending trends



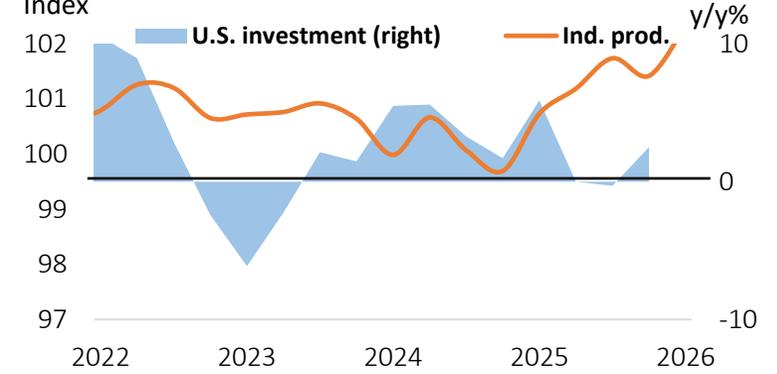
**Spending holding; sentiment subdued.** Consumer sentiment flattened in February and remains down 20.4% y/y, while real consumer spending rose 2.2% q/q in Q4, consistent with slower but still positive consumption growth.

## U.S. trade balance and petroleum exports



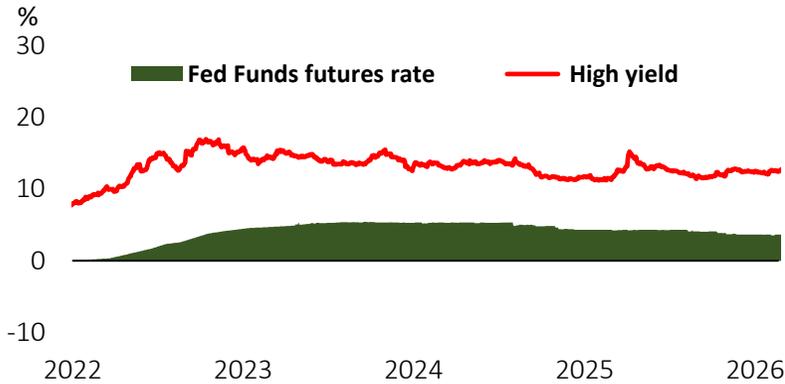
**Trade no longer a swing factor; petroleum surplus strengthens.** The real goods and services deficit narrowed to \$0.95 trillion (SAAR) in Q4, contributing little to growth after Q3 volatility. Nominal petroleum trade surplus rose to \$70.9 billion (+14% q/q; +28% y/y), reinforcing sector resilience.

## Industrial production and investment



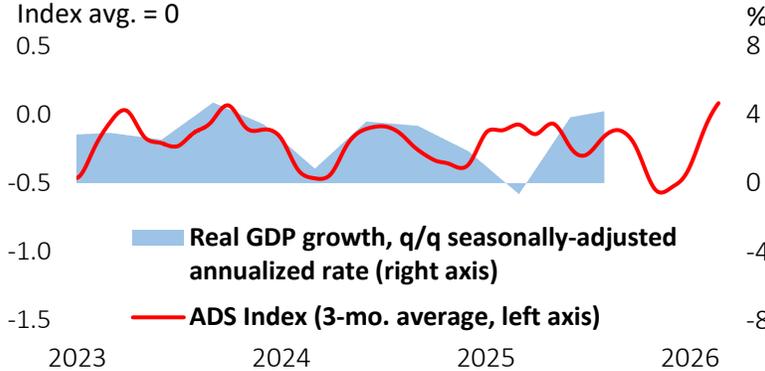
**Production firms; investment re-engages cautiously.** Industrial production rose 2.3% y/y in January with capacity utilization at 76.2%. Real investment increased 2.5% y/y in Q4—the first year-over-year gain since Q1 2025.

## Interest rates and high-yield borrowing costs



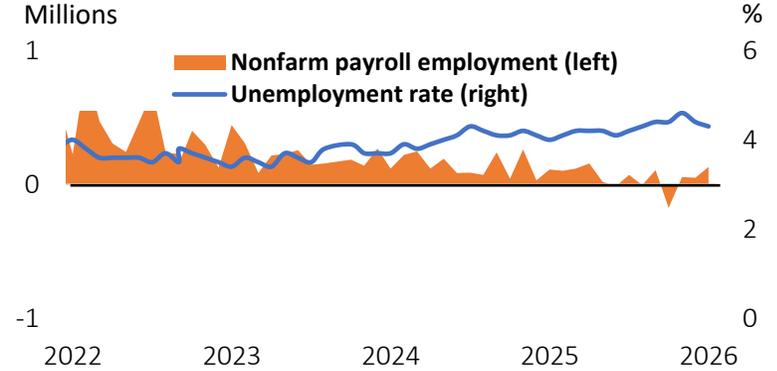
**Financial conditions restrictive but stable.** High-yield spreads widened modestly, lifting borrowing costs to 12.7%. Fed funds futures edged below 3.6%, keeping policy expectations firm but not tightening further.

## ADS Index and real GDP growth



**Real-time indicators stabilize.** The Philadelphia Fed's ADS index improved after Q4 softness, aligning with firmer Q4 GDP and pointing to stabilization entering early 2026.

## Employment and unemployment trends



**Labor markets steady, not deteriorating.** Nonfarm payrolls rose 130,000 in January while unemployment declined to 4.3%, reinforcing broader signs of economic stabilization.



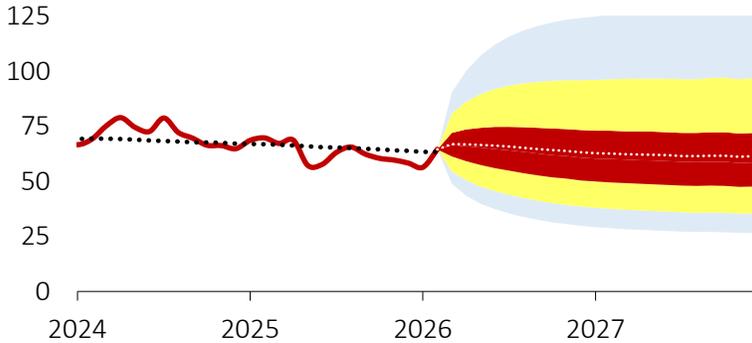
# Geopolitical risk premium lifts oil prices; fundamentals remain structurally loose



## March escalation lifted WTI ~7% intraday; forward curve largely unchanged

### WTI futures mean reversion analysis

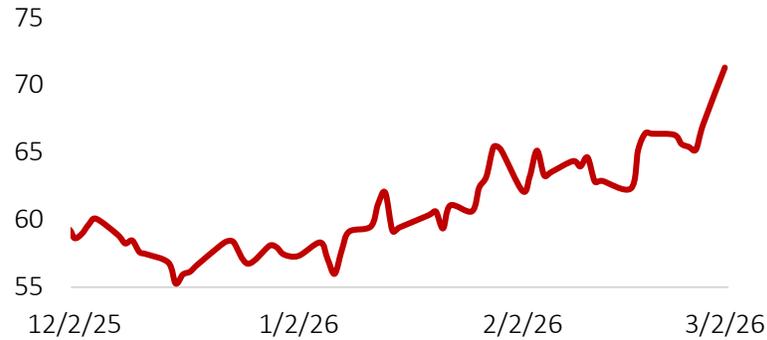
Dollars per barrel (2026\$)



**Risk premium pushes prices above equilibrium.** Recent geopolitical escalation lifted near-term WTI above its long-run mean-reversion threshold, indicating a short-term risk premium layered onto otherwise balanced supply-demand fundamentals.

### WTI crude prompt month futures prices

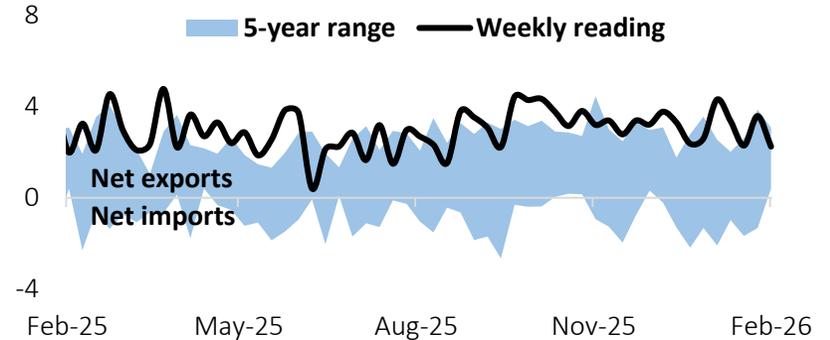
Dollars per barrel



**Prices reflect geopolitical premium.** WTI rose above \$71/bbl (+7.5% w/w) as of March 2, reflecting sustained Iran-related tensions and precautionary positioning in near-term contracts.

### U.S. petroleum net exports (imports)

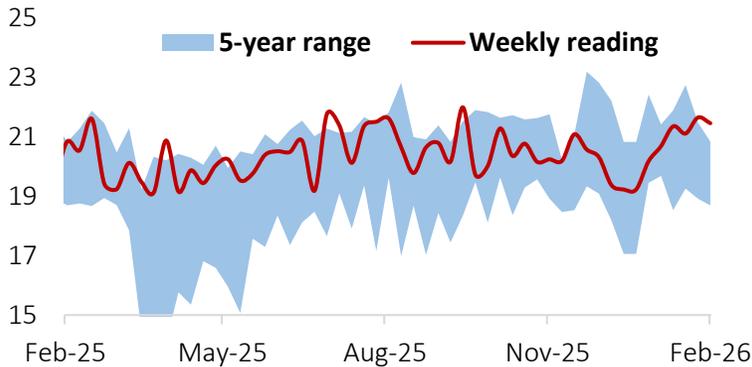
Million barrels per day, mb/d



**Net exports retreat into historical range.** U.S. petroleum net exports declined to 2.2 mb/d (-1.3 mb/d w/w for the week ended February 20), placing flows near the top quartile of the five-year range but below recent peaks.

### U.S. petroleum demand

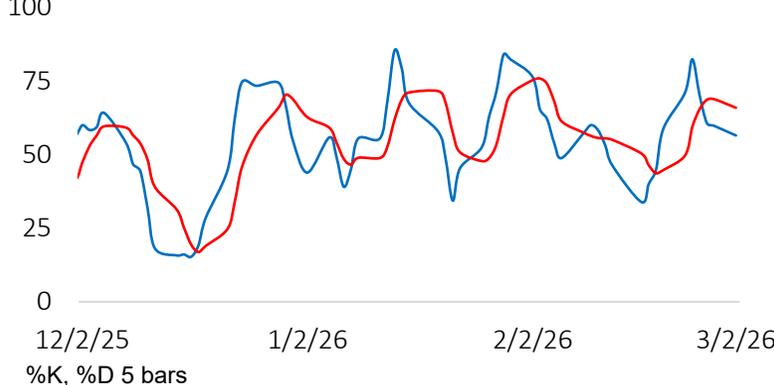
Million barrels per day (mb/d)



**Demand firm near seasonal highs.** Total U.S. petroleum demand edged down to 21.5 mb/d (-0.1 mb/d w/w) as of February 20, remaining roughly 30% above the five-year average seasonal level.

### WTI futures momentum indicator

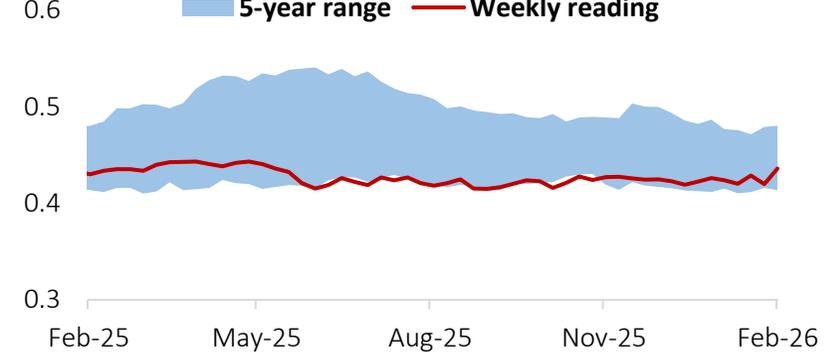
Index level



**Momentum moderated after recent surge.** Short-term price momentum strengthened in early February but paused as of March 2, suggesting potential consolidation rather than confirmation of a breakout.

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

Billion barrels



**Inventories rise sharply.** Commercial crude stocks increased 16.0 million barrels for the week ended February 20—the fifth-largest weekly build on record since 1983—lifting inventories toward the upper half of the five-year range.

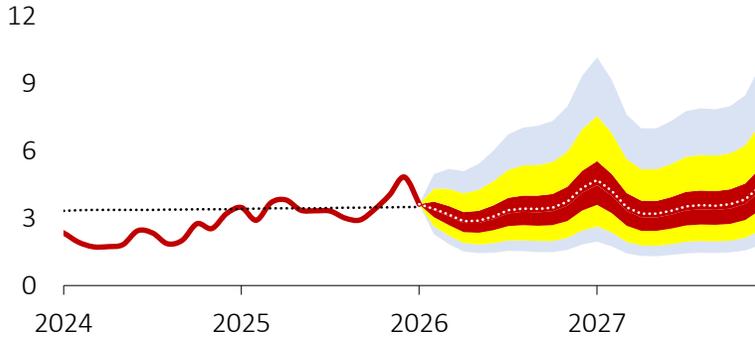


# Natural gas pullback stabilizes as structural demand and LNG exports tighten the balance



## Natural gas futures mean reversion analysis

Dollars per MMBtu (2026\$)

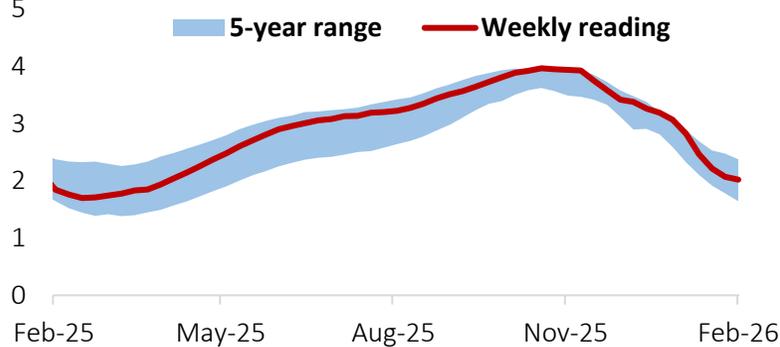


### Recent pullback reflects normalization, not structural weakness.

Near-term futures remain below the historical mean-reversion threshold, suggesting the January unwind was a temporary overshoot rather than evidence of loosening fundamentals.

## Working natural gas storage

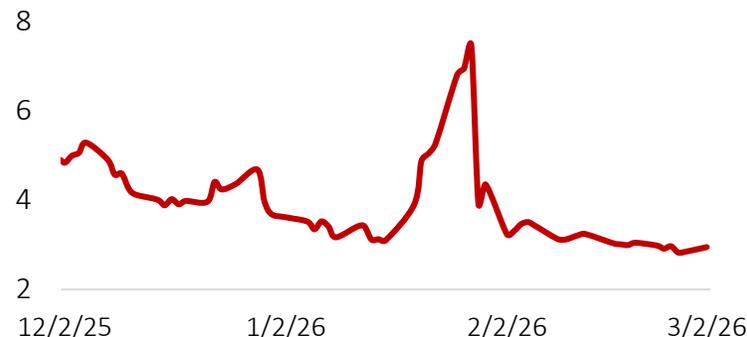
Trillion cubic feet (tcf)



**Inventories drawing down toward lower range.** Working gas storage fell 2.5% w/w to 2.0 tcf as of February 20, placing stocks in the bottom 40% of the five-year range after exceeding it six weeks earlier.

## Natural gas prompt month futures prices

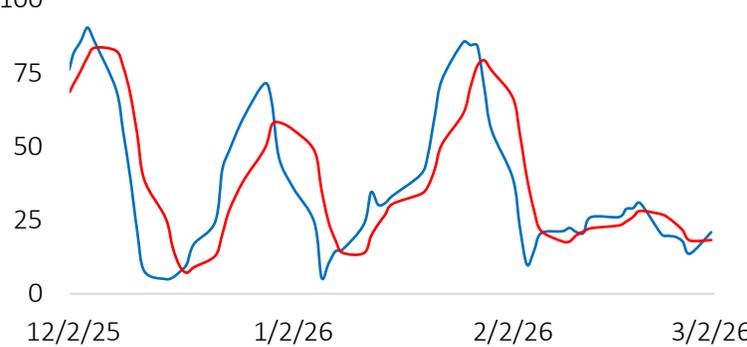
Dollars per million Btu



**Weather-driven premium unwinds.** Prompt-month futures declined 1.2% w/w to \$2.95/MMBtu as of March 2, continuing normalization after January's weather-related spike.

## Natural gas futures momentum indicator

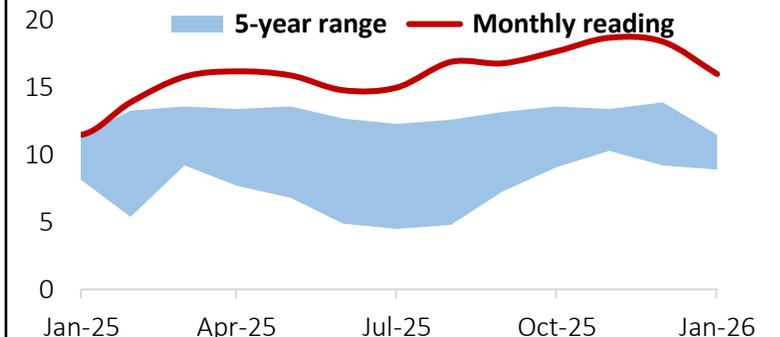
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**Momentum softens.** After strengthening in January, price momentum remained weak through March 2, signaling potential consolidation.

## U.S. natural gas net exports

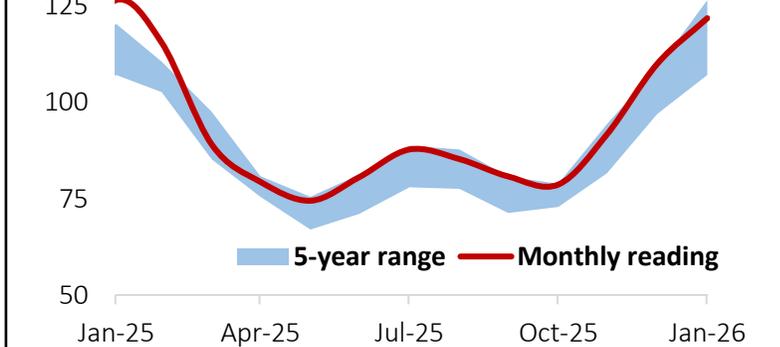
Billion cubic feet per day, bcf/d



**Exports remain structurally strong.** Net exports rose 39.1% y/y to 16.0 bcf/d in January per EIA estimates, underscoring LNG's expanding role in tightening the domestic balance. LNG trade routes and shipping security remain secondary geopolitical variables.

## U.S. natural gas consumption

Billion cubic feet per day, bcf/d

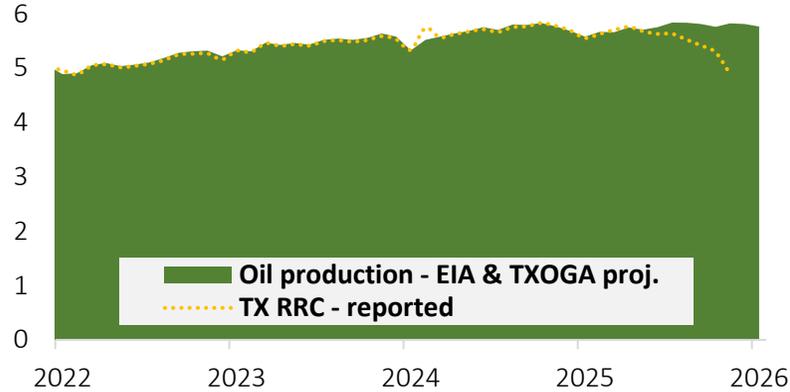


**Seasonal demand firms.** Consumption rose to 121.9 bcf/d in January per EIA estimates, as winter normalization coincided with sustained strength in power generation and industrial demand.

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

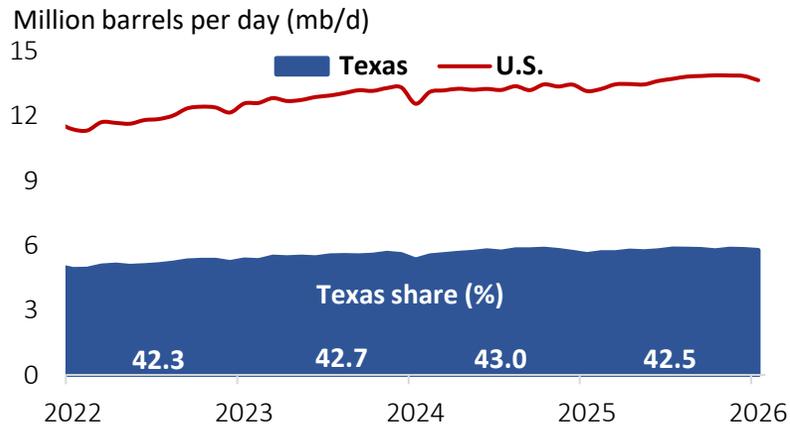


**Texas crude oil production, Jan. 2022 – Jan. 2026**



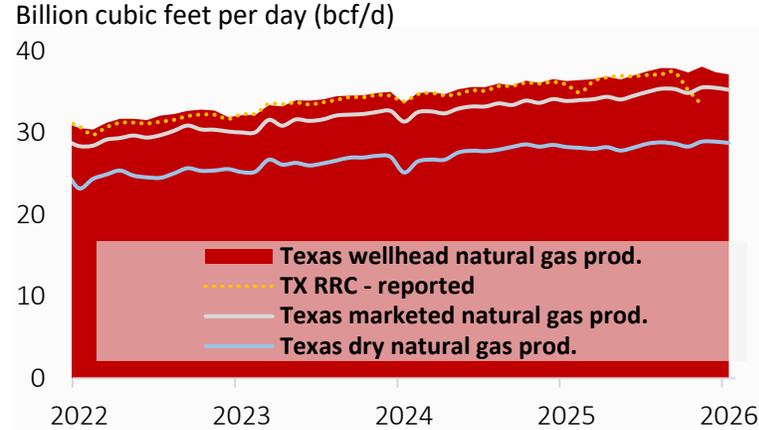
**Texas oil output held near record highs through late 2025.** EIA data show production at 5.8 mb/d in November, with TXOGA estimates indicating volumes held near 5.8 mb/d through January 2026, underscoring resilience despite easing drilling activity.

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



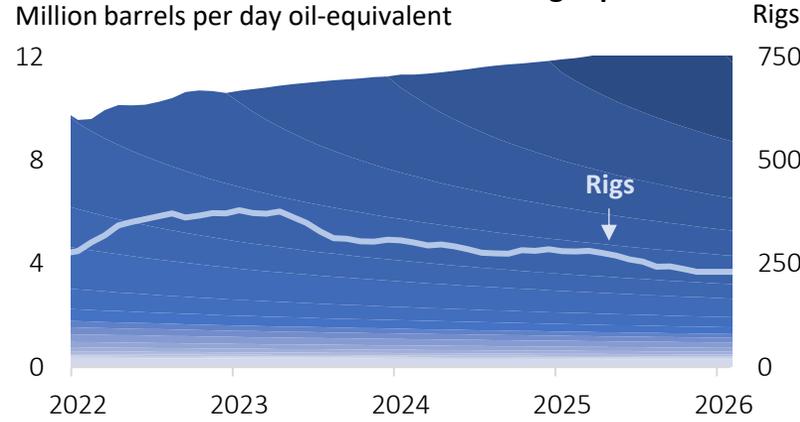
**Texas accounted for nearly 43% of total U.S. crude oil production in 2025,** reinforcing its central role in U.S. supply growth and global oil markets despite slower drilling momentum nationwide.

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



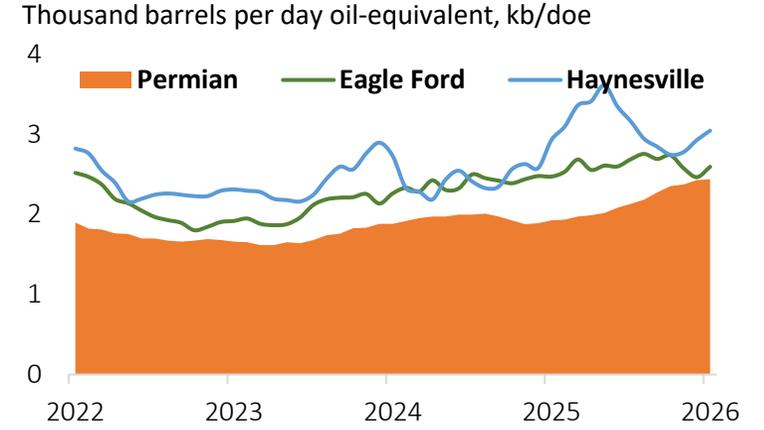
**Texas produced 35.5 bcf/d of marketed natural gas in November (EIA).** TXOGA estimates show marketed production holding near 35.2 bcf/d in January 2026, with dry gas production sustained above 28 bcf/d, reflecting continued strength across major shale basins.

**Texas shale basin wellhead oil & natural gas production**



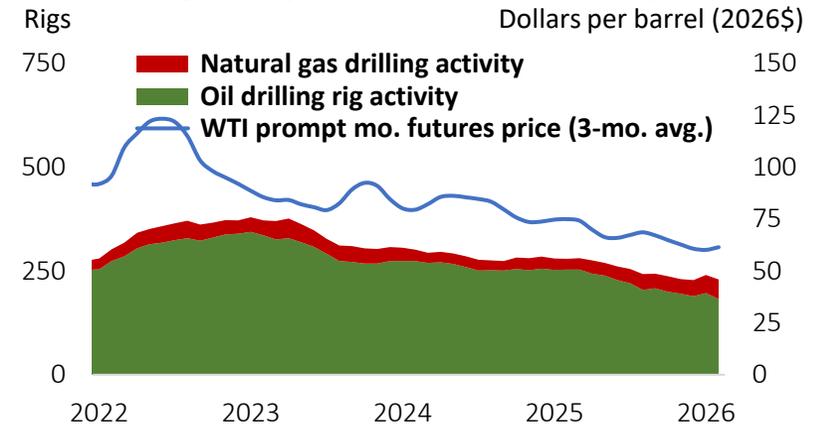
EIA estimates show continued production growth across major Texas shale basins in January 2026, including the Permian (+4.8% y/y), Eagle Ford (+3.6% y/y), and Haynesville (+3.3% y/y), even as active rig counts declined.

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



**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.

**Texas drilling activity and WTI crude oil futures prices**



**Drilling activity continued to ease alongside lower oil prices.** As of February 27, Texas operated 182 oil-directed rigs and 47 gas-directed rigs, both unchanged from the prior week.

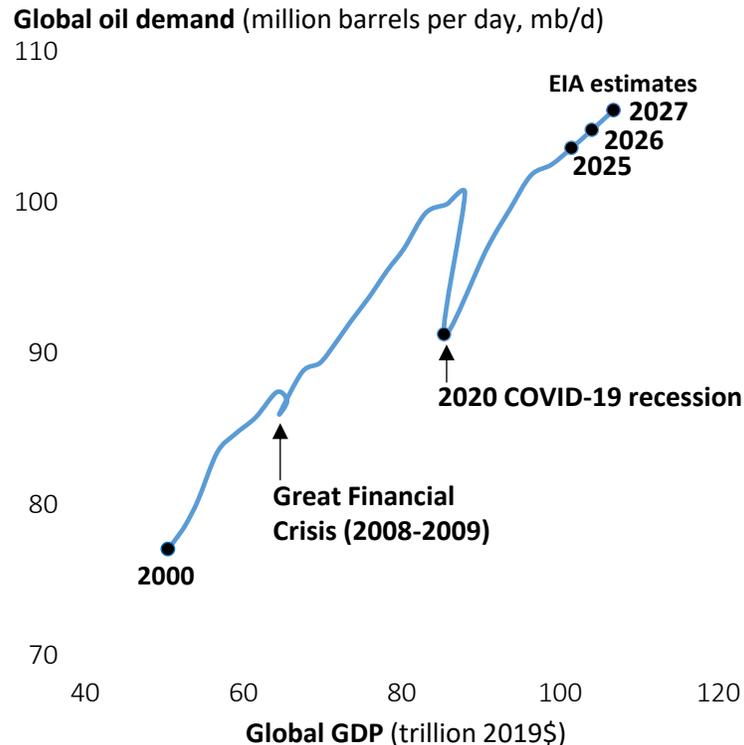


# Global oil market: EIA lifts global supply outlook, effectively stalls U.S. growth

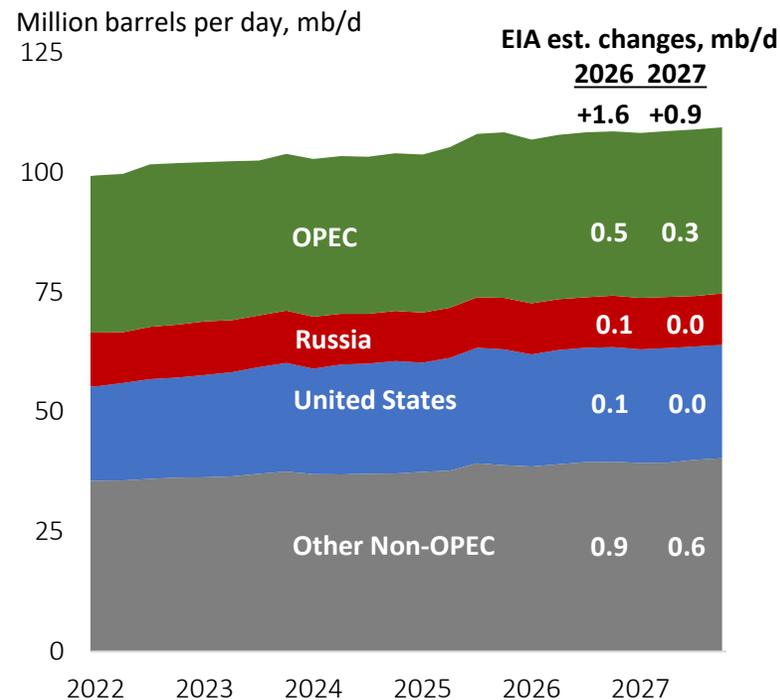


- **Material upward revision to global supply.** Combined with last month's update, EIA has raised projected 2026 global supply growth by a cumulative +0.4 mb/d -- reinforcing a looser balance into 2027.
- **U.S. growth nearly zeroed out.** EIA now shows minimal U.S. production growth this year and next -- 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.

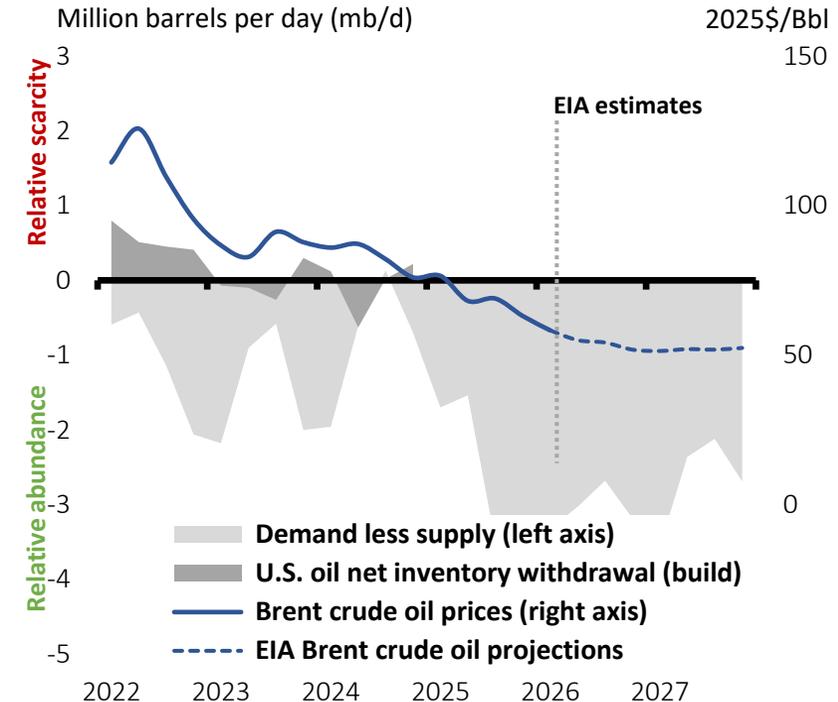
## Global oil demand vs. GDP



## Oil production by country/region



## Global demand/supply & Brent prices

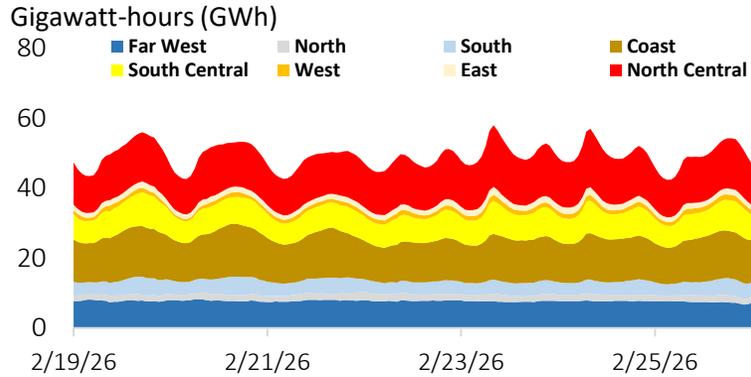




# Texas power markets: Stable load, dispatchable backbone, competitive prices

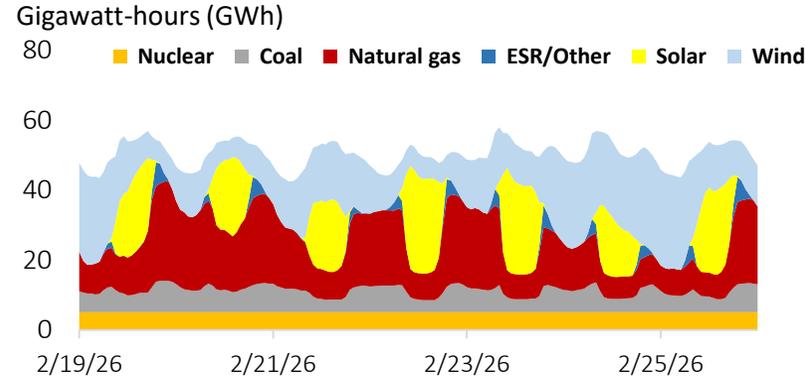


## ERCOT electricity load by region



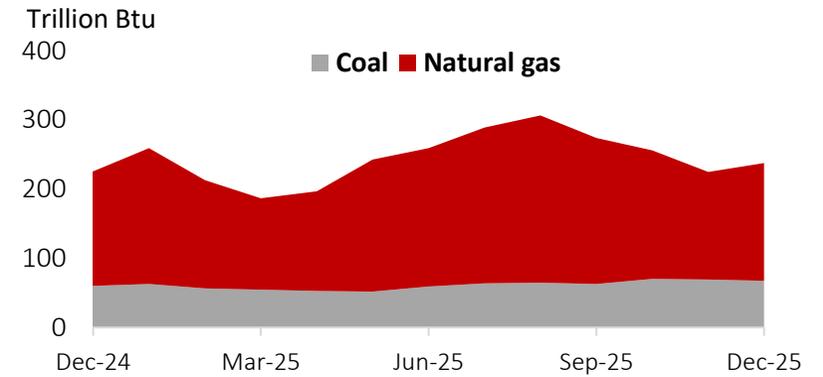
For Feb. 19-25, ERCOT's average hourly electricity load was 49.3 GWh, up 2.7% w/w, while the maximum hourly load of 58.0 GWh rose by 6.1% w/w. Variability was the highest in the West and East regions.

## ERCOT hourly electricity generation by source



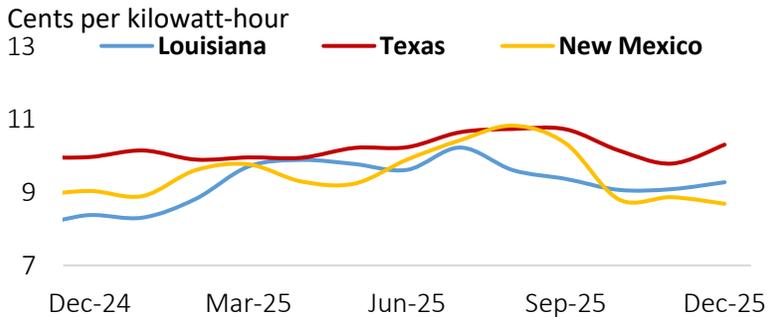
From Feb. 19-25, thermal and other dispatchable resources supplied as much as 84.4% of ERCOT's total generation, including 56.6% from natural gas. Hourly generation ranged between 43 and 58 GWh, with a standard deviation of 3.7 GWh, indicating stable seasonal load versus the prior week.

## Texas electricity plant receipts of natural gas and coal



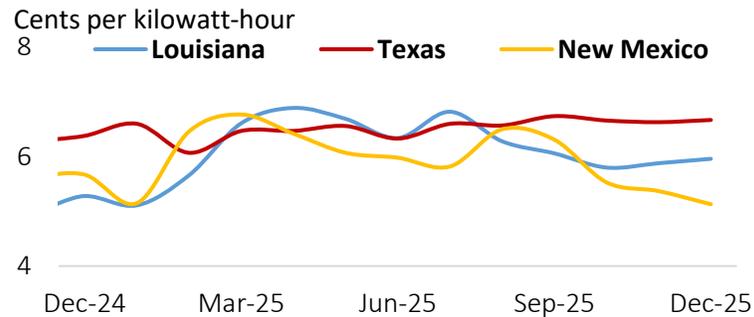
Natural gas-coal switching continued. Power plant receipts of natural gas in Texas rose in December by 3.1% y/y, while coal receipts rose 11.8% y/y, reflecting switching towards coal at natural gas prices near \$4.00 per million Btu.

## Electricity prices – average across all end-use sectors



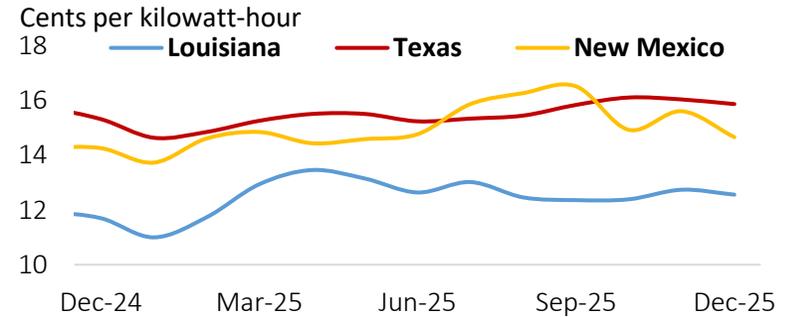
Texas electricity prices increased in December. Average statewide electricity prices rose 5.3% m/m and 3.4% y/y to 10.31 ¢/kWh, compared with 9.28 ¢ in Louisiana and 8.69 ¢ in New Mexico.

## Industrial electricity prices



Industrial electricity prices edged up. Industrial rates in Texas rose 0.6% m/m and 4.5% y/y to 6.67 ¢/kWh in December. Prices in neighboring states were mixed—up 12.9% y/y in Louisiana but down 9.5% y/y in New Mexico, leaving Texas' rates 30% above those of New Mexico.

## Residential electricity prices



Residential electricity prices eased seasonally but escalated from year-ago levels. Texas residential rates slipped in December (-1.1% m/m) but rose by 3.6% y/y to 15.87 ¢/kWh. Prices also climbed in neighboring states, rising 7.4% y/y in Louisiana and 2.8% y/y in New Mexico. Despite recent increases, Louisiana's residential rates remain 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.

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