TXOGA CHARTBOOK

March 9, 2026

Key points – Entering the Week of March 9, 2026

- **Growth signals diverge entering 2026.** Consumer spending and production remain resilient, trade dynamics have stabilized, and real-time activity indicators improved early in Q1. However, February's payroll decline (–92k) and rising unemployment (4.4%) suggest early labor-market softening even as inflation pressures keep financial conditions tight — reinforcing uncertainty around the timing and pace of rate cuts.

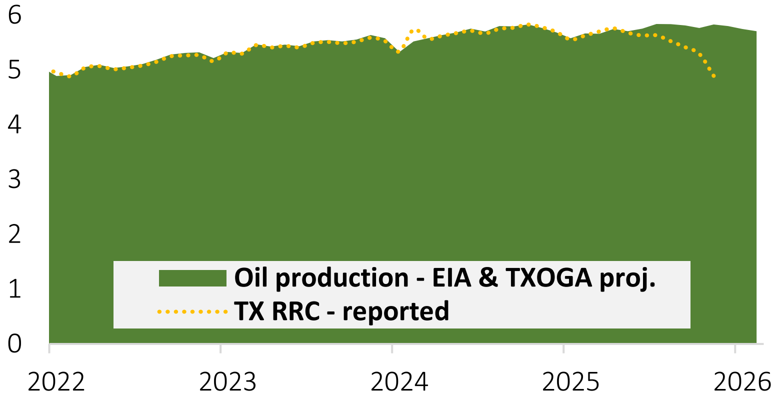
- **Geopolitical risk premium lifts oil prices as Hormuz disruption slows tanker traffic.** WTI rose to over $90/bbl (+35.0% w/w) amid escalating tensions around Iran and disruptions to shipping through the Strait of Hormuz, pushing prices above long-run equilibrium. Yet underlying fundamentals remain broadly balanced: U.S. petroleum demand eased to 19.9 mb/d, net exports rose to 3.3 mb/d near the top of the five-year range, and commercial crude inventories remain near the middle of the five-year range, indicating the current price surge largely reflects geopolitical risk rather than tightening physical supply.

- **Natural gas markets stabilize after winter volatility as exports and seasonal demand tighten balances**. Prompt-month futures rose 11.5% w/w to $3.19/MMBtu, reflecting storage normalization and increased global LNG demand following February price swings and Middle East conflict. Net exports remain strong near ~16 bcf/d, reinforcing LNG's growing role in tightening the U.S. supply-demand balance, while working gas storage fell to 1.9 tcf (-6.5% w/w)—placing inventories in the bottom half of the five-year range as winter withdrawals continue.

- Chart of the Week: **Texas oil and natural gas production remains resilient entering 2026.** Texas crude output held near 5.8 mb/d late in 2025 and remained close to that level early in 2026, while marketed natural gas production reached 36.0 bcf/d in December and is projected to rise to ~36.2 bcf/d by February, with dry gas near 28 bcf/d. Productivity gains across major basins continue to offset lower drilling activity, reinforcing Texas' role as the source of over 42% of U.S. crude oil production and a cornerstone of U.S. energy supply.

Chart of the Week: Texas oil and natural gas production had held strong to start 2026

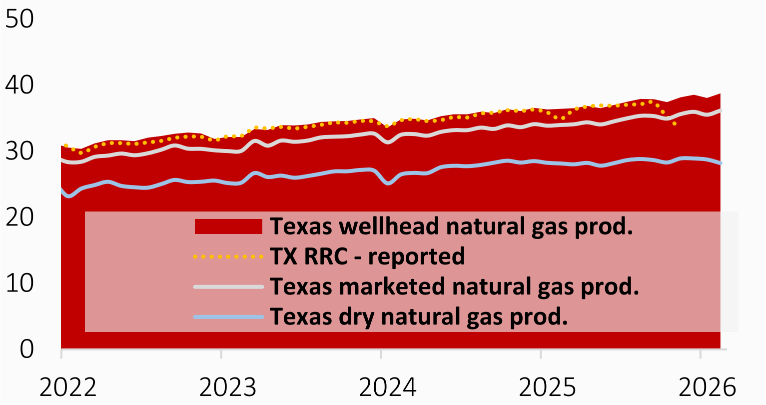
Texas crude oil production, Jan. 2022 – Feb. 2026



Texas oil output sustained near 5.8 mb/d. EIA data show production at 5.8 mb/d in November and December, with TXOGA estimates indicating volumes slipped to 5.7 mb/d through February 2026.

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

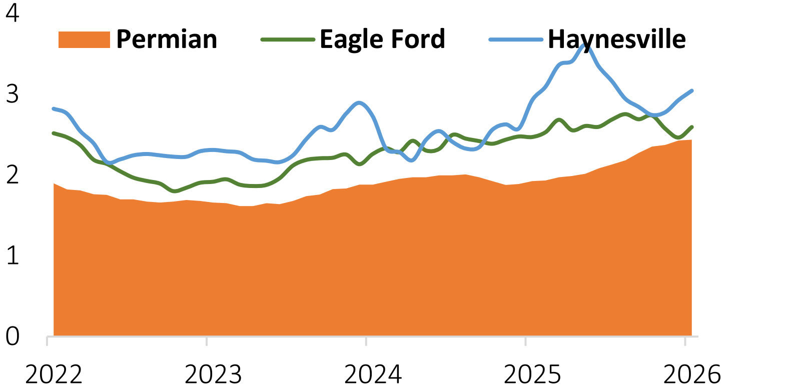
Billion cubic feet per day (bcf/d)



Texas produced 36.0 bcf/d of marketed natural gas in December (EIA). TXOGA estimates show marketed production rising to 36.2 bcf/d in February 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

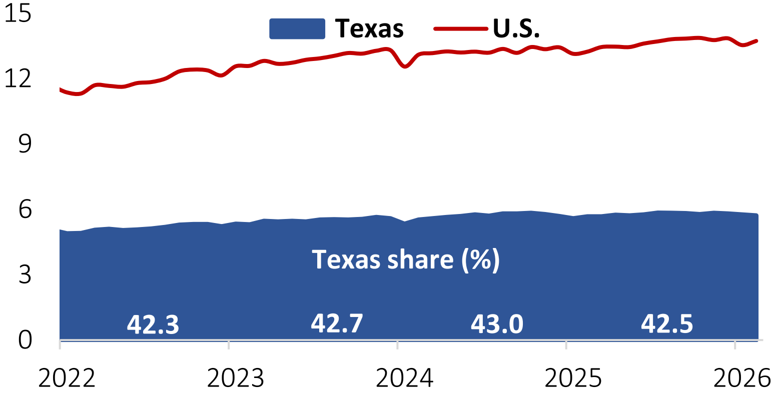
Thousand barrels per day oil-equivalent, kb/doe



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 – Feb. 2026

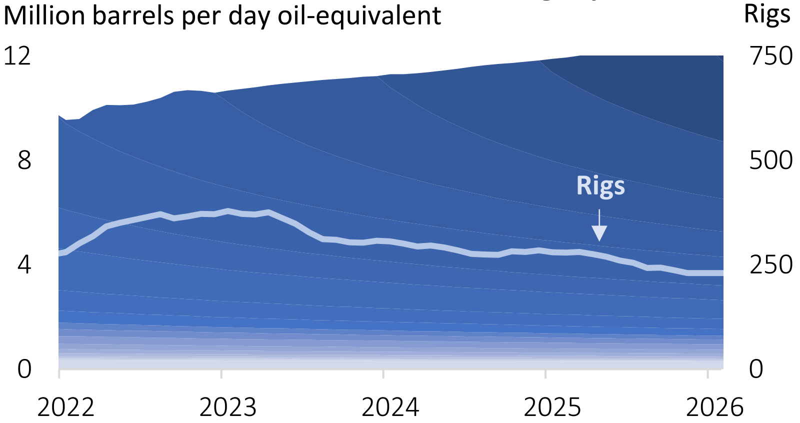
Million barrels per day (mb/d)



Texas accounted for over 42% of total U.S. crude oil production in January and February 2026, reinforcing its central role in U.S. supply growth and global oil markets despite slower drilling momentum nationwide.

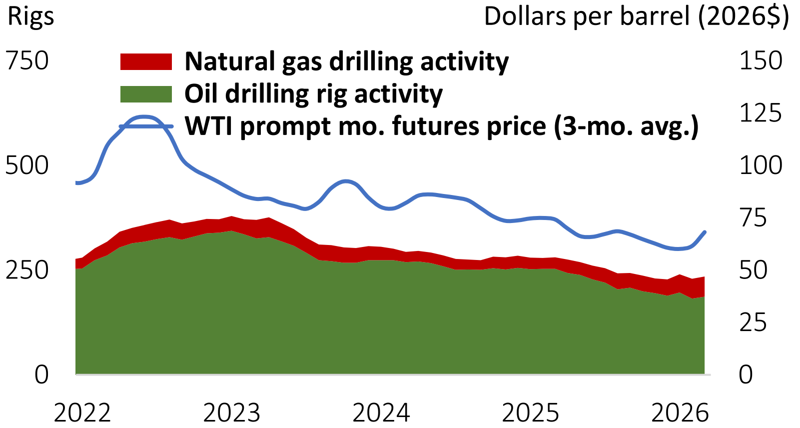
Texas shale basin wellhead oil & natural gas production

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

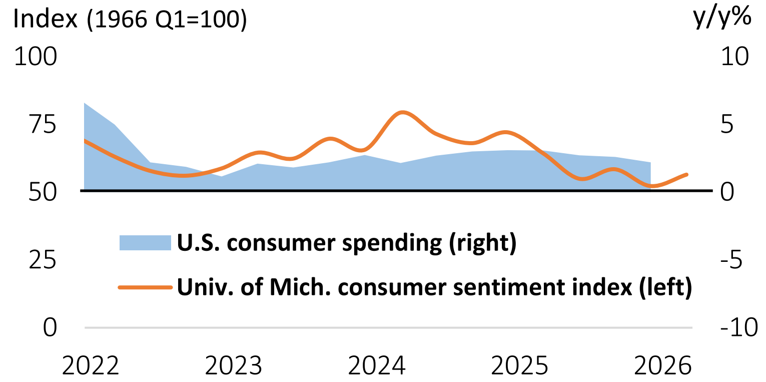


Drilling activity rose along with oil prices. As of March 6, Texas operated 187 oil-directed rigs (+5 rigs w/w) and 48 gas-directed rigs (+1 rig w/w).

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

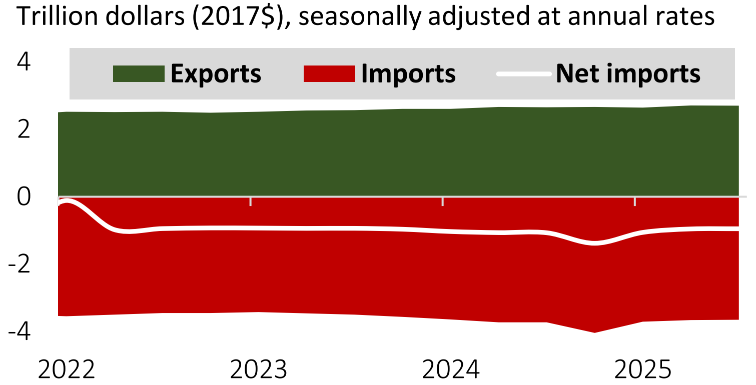
U.S. growth signals diverge: softer labor market meets persistent inflation

Consumer sentiment and spending trends



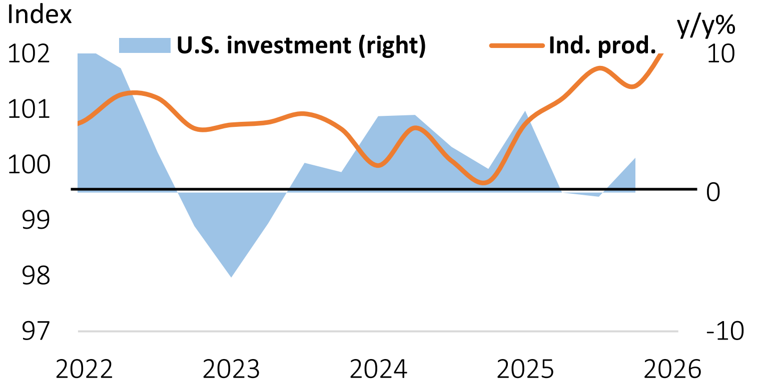
Spending holds despite weak sentiment. Consumer sentiment remains subdued, yet real consumer spending rose 2.2% y/y in Q4, signaling slower but still positive consumption growth.

U.S. trade balance and petroleum exports



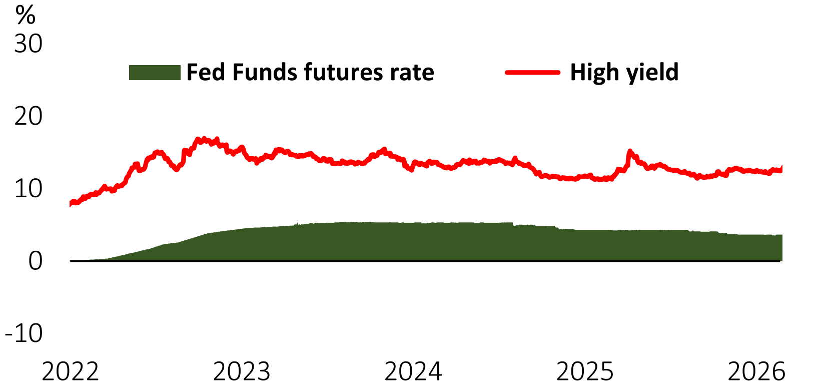
Trade no longer a swing factor; petroleum surplus strengthens. The real goods and services deficit narrowed to $0.95 trillion (SAAR) in Q4, with the petroleum trade surplus rising to $70.9 billion (+14% q/q; +28% y/y).

Industrial production and investment



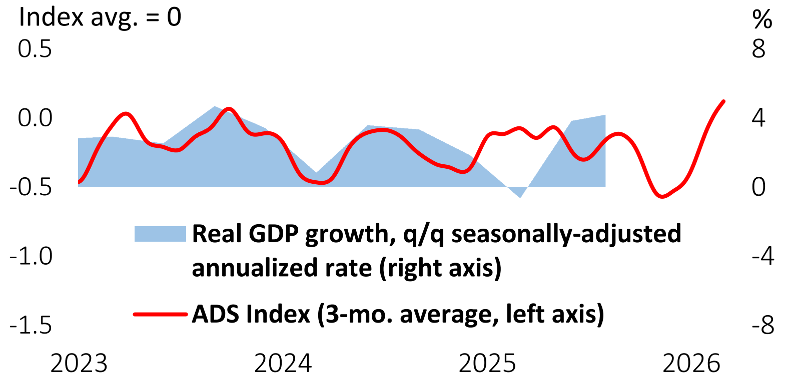
Production firms while investment stabilizes. Industrial production rose 2.3% y/y in January with capacity utilization at 76.2%; real investment increased 2.5% y/y in Q4 — the first annual gain since early 2025.

Interest rates and high-yield borrowing costs



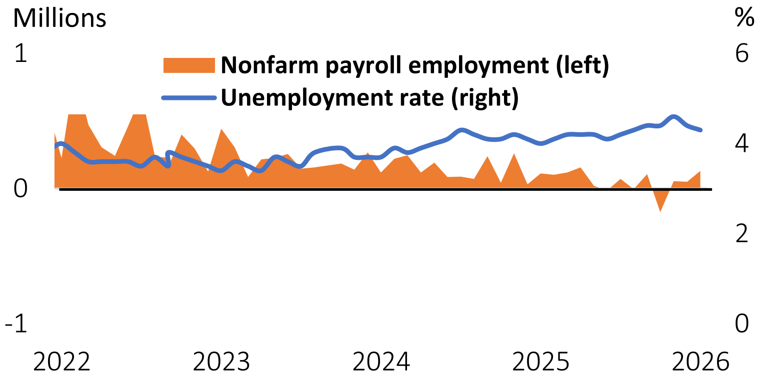
Financial conditions remain tight. High-yield borrowing costs remain elevated near 13%, while Fed funds futures imply modest easing ahead as markets weigh slowing labor conditions against inflation risks.

ADS Index and real GDP growth



Real-time indicators improved entering Q1. The Philadelphia Fed ADS Index turned positive in early 2026, recovering from late-2025 weakness and aligning with moderate GDP growth despite tightening financial conditions.

Employment and unemployment trends



Labor market shows early softening. Payrolls fell 92,000 in February while unemployment rose to 4.4%, suggesting emerging labor slack even as broader economic indicators remain stable.

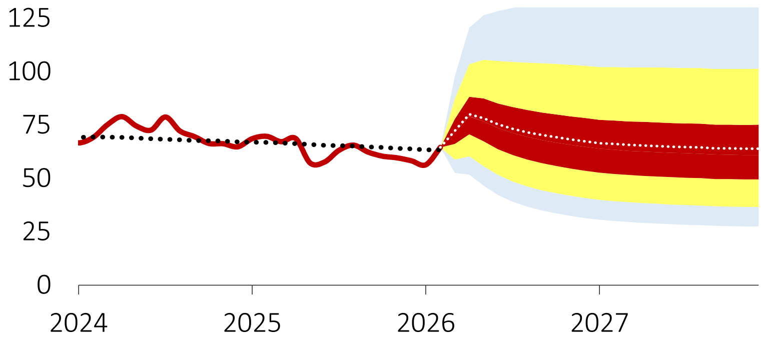
sources: FRED; Univ. of Michigan; BEA; CME Group; Federal Res. Board; Philadelphia Fed. Res.; Bureau of Labor Statistics

Hormuz disruption injects geopolitical risk premium; underlying oil fundamentals remain balanced

Escalation slowed tanker traffic through the Strait of Hormuz, lifting WTI 35% w/w as of March 6 while inventories, demand, and trade flows remain within typical ranges

WTI futures mean reversion analysis

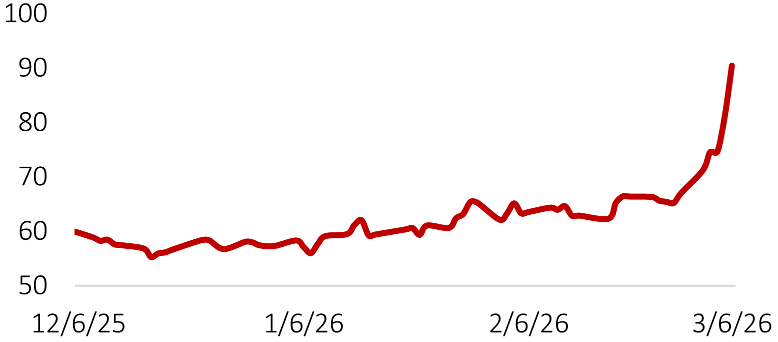
Dollars per barrel (2026$)



Risk premium lifts prices above long-run equilibrium. Escalation surrounding Iran and disruptions to shipping through the Strait of Hormuz pushed near-term WTI **above its long-run mean-reversion range**, indicating a geopolitical premium layered onto otherwise balanced supply-demand fundamentals.

WTI crude prompt month futures prices

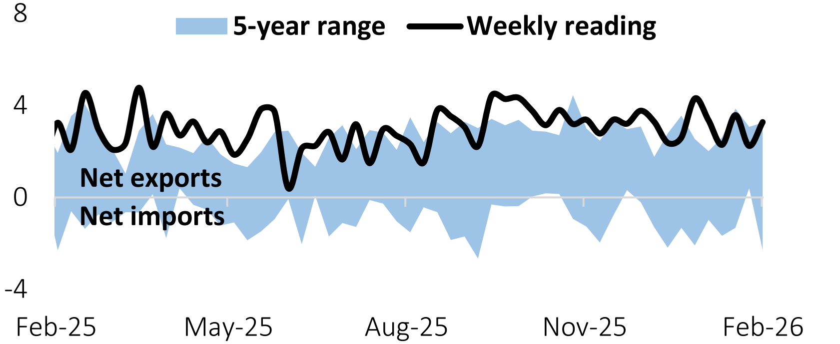
Dollars per barrel



Prices reflect Hormuz disruption risk. WTI rose to over **$90/bbl (+35.0% w/w) as of March 6**, reflecting precautionary positioning in near-term contracts as tanker traffic slowed through the Strait of Hormuz. Uncertainty remains over how long disruptions may persist.

U.S. petroleum net exports (imports)

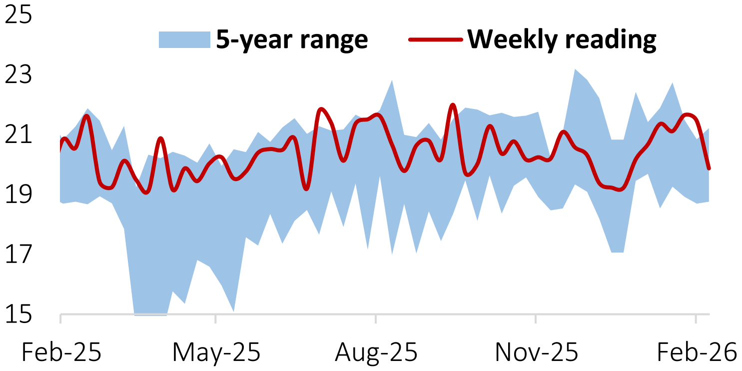
Million barrels per day, mb/d



Exports rose to the top of the historical range. U.S. petroleum net exports increased to **3.3 mb/d (+1.0 mb/d w/w)** for the week ended February 27, placing flows **near the top of the five-year range** amid strong global demand for U.S. supply.

U.S. petroleum demand

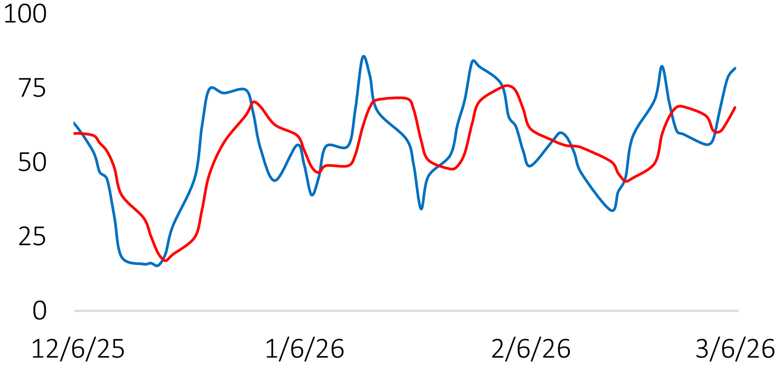
Million barrels per day (mb/d)



Demand softens seasonally. Total U.S. petroleum demand declined to **19.9 mb/d (-1.6 mb/d w/w)** as of February 27, returning **to the middle of the five-year range**.

WTI futures momentum indicator

Index level

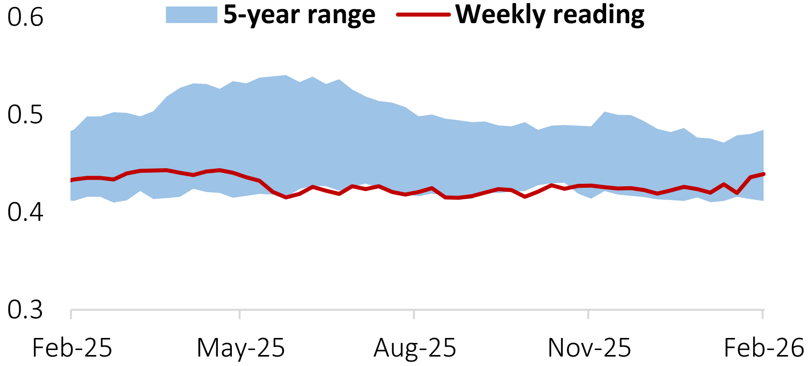


%K, %D 5 bars

Momentum strengthens on geopolitical escalation. After signs of consolidation last week, short-term price momentum **turned higher as geopolitical risk surrounding Iran accelerated near-term price gains.**

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

Billion barrels

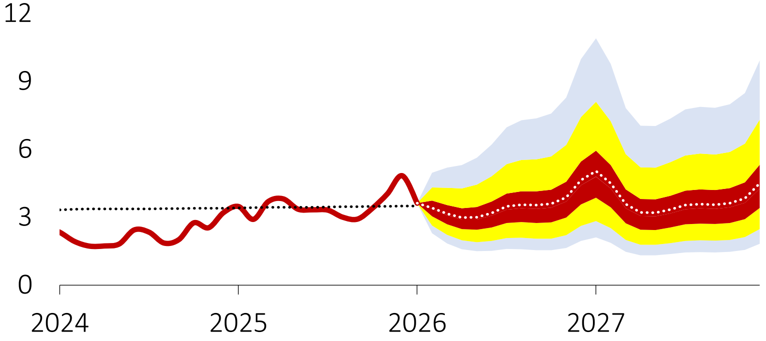


Inventories remain seasonally typical. Commercial crude stocks increased 3.5 million barrels for the week ended February 27 and are nearly 20 million barrels higher over the past two weeks, leaving inventories near the middle of the five-year range.

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

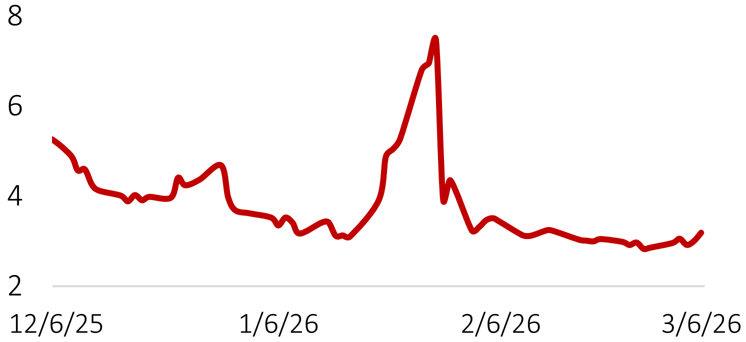
Natural gas stabilizes after winter volatility as LNG exports and seasonal demand tighten balances

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



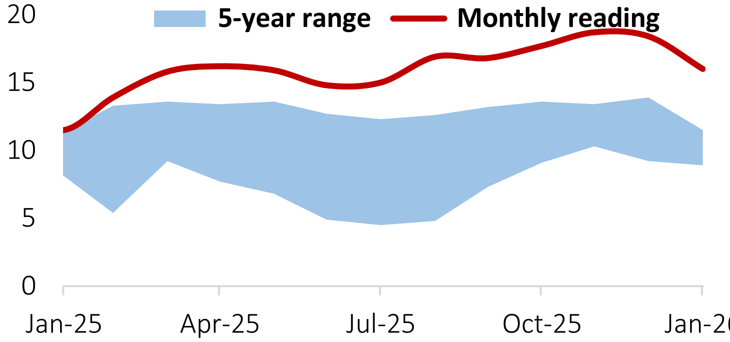
Prices remain below long-run equilibrium. Near-term natural gas futures remain below the historical mean-reversion threshold, suggesting the February pullback following Winter Storm Fern may have overshot underlying fundamentals.

Natural gas prompt month futures prices
Dollars per million Btu



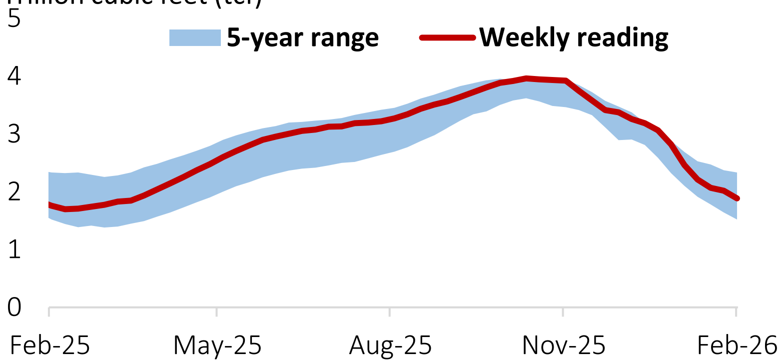
Prices stabilize after winter volatility. Prompt-month futures rose 11.5% w/w to $3.19/MMBtu as of March 6, reflecting storage normalization and steady global LNG demand following February price swings.

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



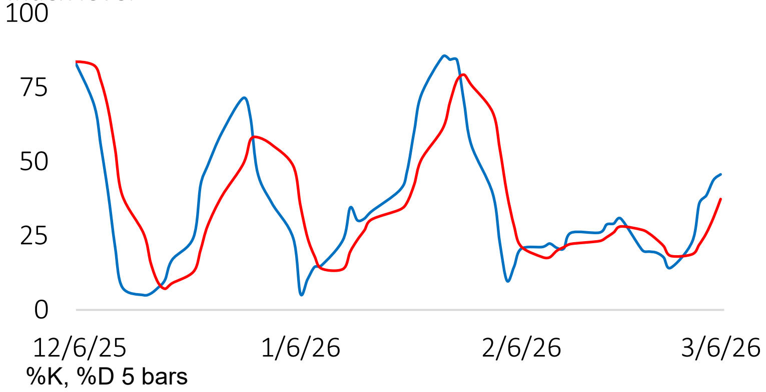
Exports remain structurally strong. Net exports reached ~16 bcf/d in January, near the upper end of the five-year range, underscoring LNG's expanding role in tightening the U.S. supply-demand balance.

Working natural gas storage
Trillion cubic feet (tcf)



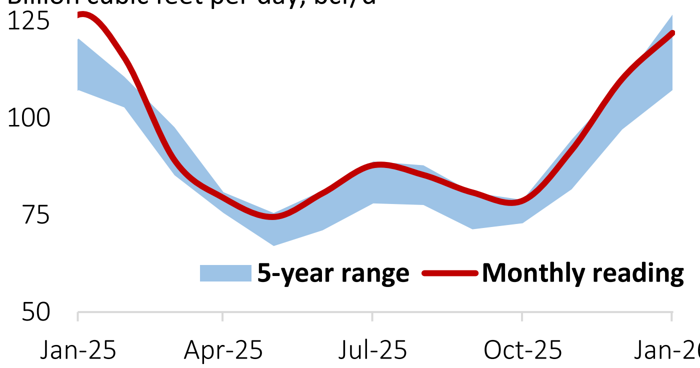
Inventories draw toward the lower range. Working gas in storage declined 6.5% w/w to 1.9 tcf as of February 27, placing inventories in the bottom half of the five-year range as winter withdrawals continue.

Natural gas futures momentum indicator
Index level



Momentum firms as markets stabilize. Short-term momentum turned higher into early March, signaling stabilization following February's winter-driven volatility.

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



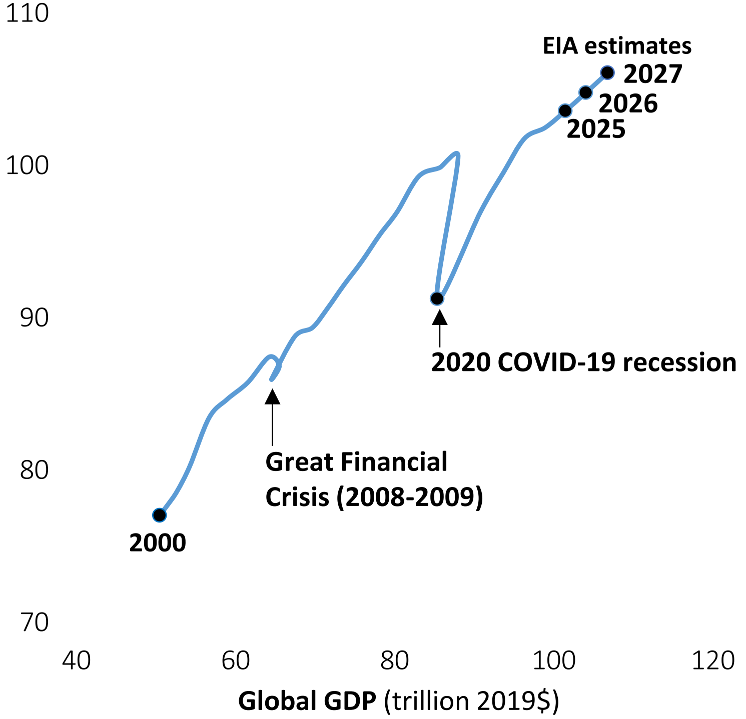
Seasonal demand strengthens. Consumption rose to 121.9 bcf/d in January, supported by winter heating demand and continued strength in power generation and industrial consumption.

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

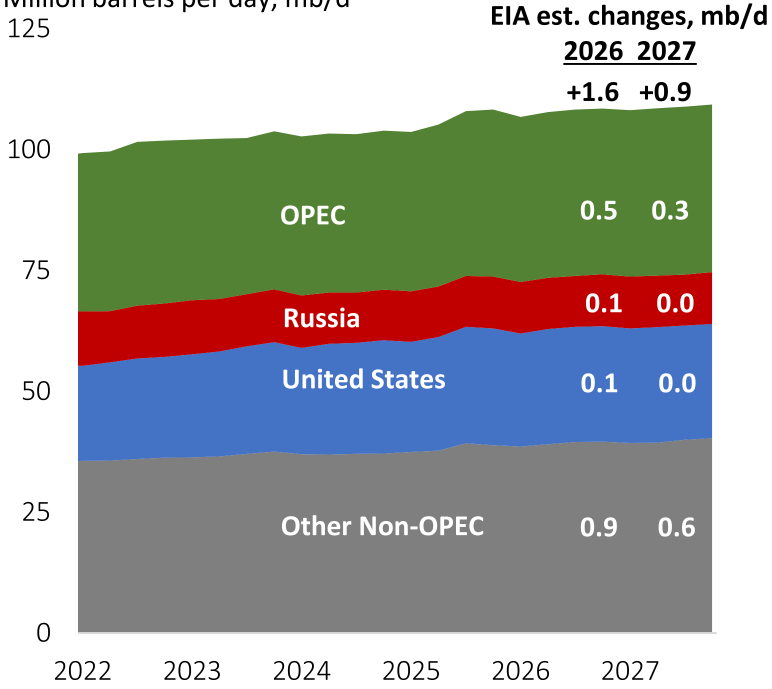
Global oil market: EIA lifts global supply outlook, effectively stalls U.S. growth

- **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.

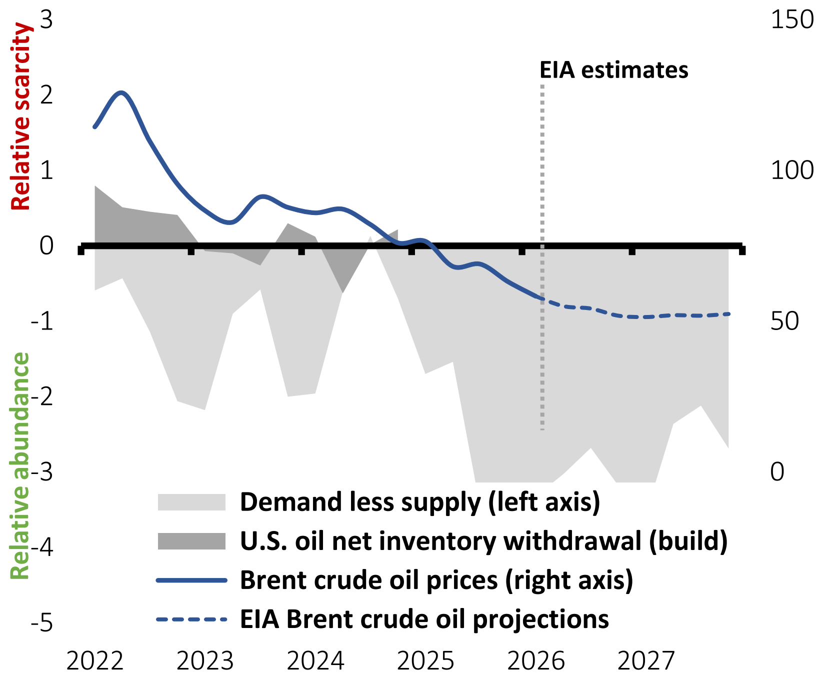
Global oil demand vs. GDP



Oil production by country/region

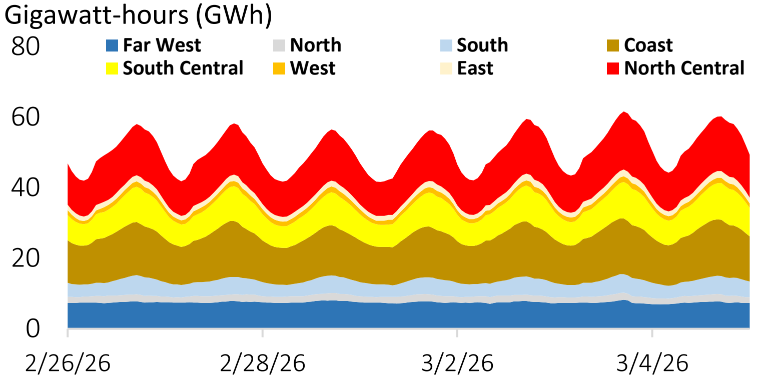


Global demand/supply & Brent prices



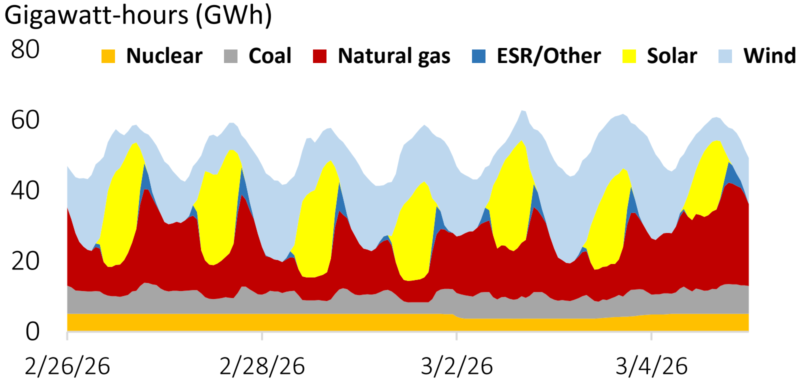
Texas power markets: Stable load, dispatchable backbone, competitive prices

ERCOT electricity load by region



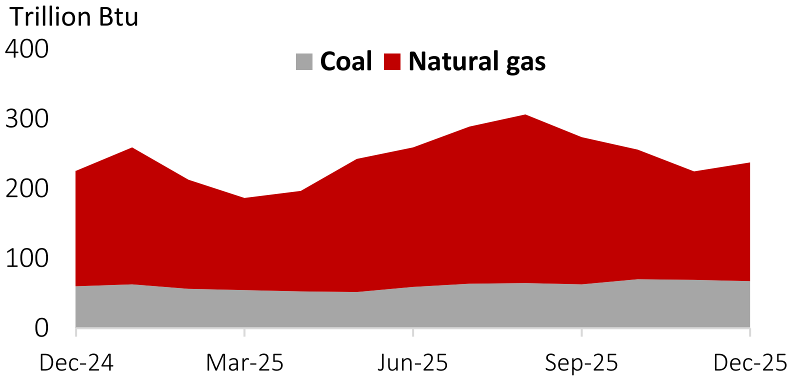
For Feb. 26-Mar. 4, ERCOT's average hourly electricity load was 60.6 GWh, up 2.8% w/w, while the maximum hourly load of 61.6 GWh rose by 6.3% w/w. Variability was the highest in the South Central and North Central regions.

ERCOT hourly electricity generation by source



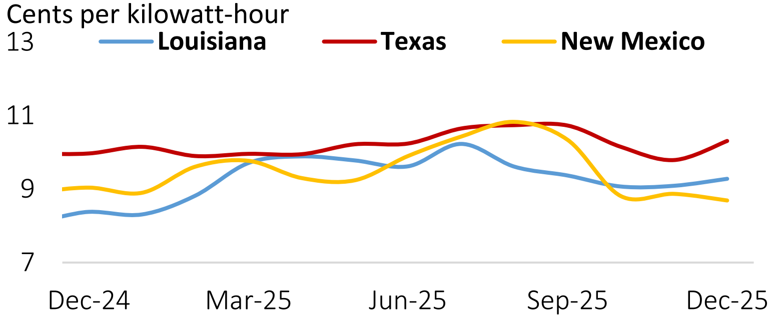
From Feb. 26 - Mar. 4, thermal and other dispatchable resources supplied as much as 75.5% of ERCOT's total generation, including 51.0% from natural gas. Hourly generation ranged between 41 and 63 GWh, with a standard deviation of 5.9 GWh, indicating more variables seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal



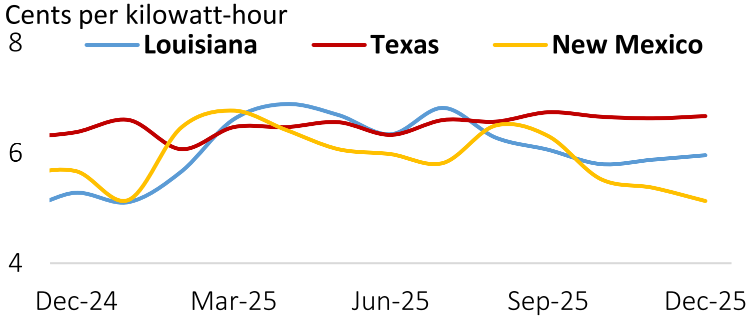
Natural gas-coal switching continued. Power plant receipts of natural gas in Texas rose in December by 3.1% y/y, while coal receipts rose 11.8% y/y, reflecting switching towards coal at natural gas prices near $4.00 per million Btu.

Electricity prices – average across all end-use sectors



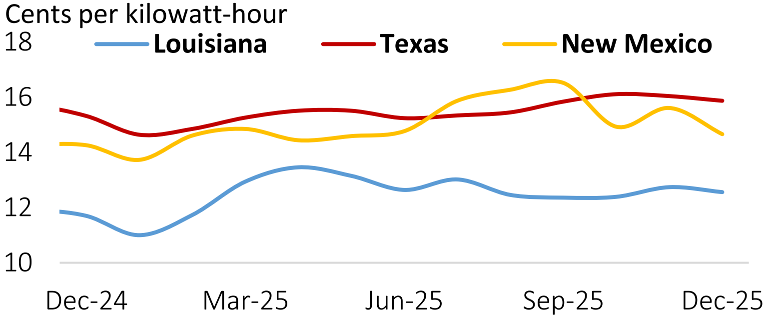
Texas electricity prices increased in December. Average statewide electricity prices rose **5.3% m/m** and **3.4% y/y** to **10.31 ¢/kWh**, compared with **9.28** ¢ in Louisiana and **8.69** ¢ in New Mexico.

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.

sources: ERCOT; EIA; TXOGA analysis

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