

# Oil Rises On News Of Stronger Manufacturing Activity

Chris Kahn, AP Energy Writer

NEW YORK (AP) — Oil rose Wednesday following news of stronger U.S. manufacturing activity.

Benchmark West Texas crude on Wednesday rose 75 cents to \$86.19 per barrel in New York, while Brent crude was up \$1.34 at \$110.65 per barrel in London.

Prices climbed after the government reported that orders for long-lasting, durable goods like autos and aircraft increased 4 percent in July, the biggest increase since March. Manufacturing is a major driver of economic growth, and more manufacturing boosts energy demand.

The Energy Department said the nation's oil supplies dropped by 2.2 million barrels last week, which also helped keep the price higher.

Traders said Hurricane Irene's march toward oil refineries along the Atlantic Coast may push oil and gasoline prices higher later in the week, if it looks like supplies will be interrupted. They also expect Fed Chairman Ben Bernanke to give clues on Friday about how the Federal Reserve will try to stimulate the economy. Many of them are in a holding pattern for now.

"We're just marking time here until Bernanke speaks," analyst and trader Jim Ritterbusch said.

Irene, which strengthened to a Category 3 hurricane Wednesday with winds of 115 miles per hour, could hit refineries in New Jersey and Pennsylvania this weekend and disrupt gasoline shipments. With the storm's track still uncertain, however, "it still looks like a long shot," said Tom Kloza, publisher and chief oil analyst at Oil Price Information Service.

Independent oil analyst Andrew Lipow said refineries along the East Coast will likely decide Thursday whether to shut down production ahead of the storm. Once stopped, refineries usually need 10 to 21 days to get back up and running at full tilt. That means gasoline supplies could drop and prices rise, Lipow said.

"You want my advice: you should be filling up your car right now," he said. "If you haven't, you should."

At the pump, gasoline prices were nearly unchanged Wednesday at a national average of \$3.575 per gallon, according to AAA, Wright Express and Oil Price Information Service. A gallon of gasoline has fallen 41 cents from its peak this year near \$4 on May 5, but it's still 87.3 cents more expensive than the same time last

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year.

In other Nymex trading, heating oil rose 3.77 cents to \$2.9866 per gallon and gasoline futures rose 2.74 cents to \$2.7744 per gallon. Natural gas lost 6 cents at \$3.941 per 1,000 cubic feet.

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