

Oil Price Drops To Lowest Of 2012

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NEW YORK (AP) — The price of oil dropped Monday to its lowest level of the year after elections in Europe created uncertainty over the region's plan for recovery.

In afternoon trading, benchmark U.S. crude lost \$1.10 to \$97.39 per barrel in New York. It fell as low as \$95.34 per barrel earlier in the day, 10 cents below the previous low set on Feb. 2.

Oil prices declined after voters in France and Greece rejected incumbent leaders who supported austerity measures to fix the region's struggling economy. French voters elected a new president, socialist Francois Hollande, who promised to boost spending. Greek voters ousted numerous pro-austerity candidates and left their parliament without a controlling party.

Analysts warned that the election results could derail the eurozone's plan for recovery. That could further disrupt an economy that consumes 18 percent of the world's oil.

"This is not just a European problem," independent analyst and trader Stephen Schork said. An economic slowdown in Europe could drag down other major economies, including the U.S. and China, that rely on European consumers to buy their manufactured goods.

"There's just much more uncertainty in Europe right now," Schork said. "And that's scaring off some capital" from commodities markets.

Brent crude, which helps set the price of oil imported into the U.S., lost 48 cents to \$112.70 per barrel in London.

In the U.S., retail gasoline fell 2.5 cents over the weekend to a national average of \$3.777 per gallon on Monday, according to AAA, Wright Express and Oil Price Information Service. A gallon of regular has dropped by nearly 16 cents since peaking in early April at \$3.936. It's 20 cents cheaper than the same time last year.

In other futures trading, natural gas rose 4.8 cents, or 2 percent, to \$2.327 per 1,000 cubic feet. The futures price has jumped by nearly 20 percent since hitting a 10-year low on April 19. Natural gas prices are climbing as temperatures rise in the West, increasing the use of air conditioners and boosting electricity demand.

Heating oil futures gave up 2.88 cents to \$2.98 per gallon and gasoline futures lost 1.02 cents to \$2.9656 per gallon.

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