

# Oil Prices Rise On U.S. Manufacturing Improvement

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Oil prices rose Tuesday after a strong showing by the U.S. manufacturing sector signaled more demand for energy products.

China's manufacturing also expanded last month which could indicate its economy also may be showing improvement. Both reports offered a bit of relief from the persistent worries about the slowdown in Europe.

Benchmark crude rose \$1.26 to \$106.13 per barrel in afternoon trading in New York. Brent crude increased 32 cents to \$119.79 per barrel.

The Institute for Supply Management, a trade group of purchasing managers, said that its index of manufacturing activity increased to 54.8 in April, which was the highest level since June. That compared with 53.4 the previous month. Readings above 50 indicate expansion. New orders, new export orders, production and a measure of employment all rose.

Manufacturing has been expanding for 33 consecutive months, which has helped create jobs since the recession ended three years ago.

In China, the state-affiliated China Federation of Logistics and Purchasing said that its purchasing managers index rose 0.2 percentage points to 53.3 percent in April from March's 53.1. The improvement comes after the world's second-largest economy slowed late last year. Chinese leaders promised more bank lending to help companies cope with slower global demand but changes have been gradual.

Oil prices have traded in a narrow range about China's economic slowdown and Europe's financial problems.

The uncertainty about what lies ahead for Europe's economy continues to overhang the market, said Tom Bentz, an analyst at BNP Paribas Commodity Futures. He doesn't expect a significant movement in oil prices until a strong trend materializes.

Meanwhile, retail gas prices continued to fall, and most analysts believe consumers already have seen the highest prices for 2012.

The national average for a gallon of gasoline fell about 1 cent overnight to \$3.809, according to AAA, Wright Express and the Oil Price Information Service. That's 11.6 cents less than it was a month ago and 13.4 cents less than a year ago.

Energy analyst Jim Ritterbusch said that demand remains weak because consumers continue to cut back with prices still high.

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In other trading, heating oil rose less than a penny to \$3.1869 per gallon, gasoline futures fell 1.04 cents to \$3.1142 per gallon and natural gas increased 4.1 cents to \$2.326 per 1,000 cubic feet.

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