

Oil Rises On better US Manufacturing, Housing Data

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The price of oil rose on some welcome news about U.S. manufacturing production and home sales.

Benchmark crude rose \$1.29 to \$80.64 per barrel in New York. Brent crude, which is used to price international varieties of oil, gained 61 cents to \$93.63 per barrel in London.

The Commerce Department said factories received more orders in May for long-lasting manufactured goods such as heavy machinery, computers and communications equipment. Oil and other energy products benefit from stronger manufacturing because they are used to help make and ship goods.

The report helped ease recent concerns about slower factory production in the U.S.

Separately, the National Association of Realtors said that Americans signed more contracts to buy previously occupied homes in May, which matched the fastest pace in two years. It follows other recent data that shows steady improvement in the housing market this year.

"Once again, U.S. economic data is confounding the critics," Price Futures Group oil analyst Phil Flynn said. "Maybe the economy isn't so dreary."

Yet, job growth remains tepid, consumer confidence fell in June for the fourth straight month and demand for gasoline remains weak as Americans worry about jobs and the overall economy.

The Energy Department said that the nation's crude oil supplies fell by 100,000 barrels to 387.2 million barrels, which is 7.7 percent above year-ago levels. Gasoline supplies grew by 2.1 million barrels to 204.8 million barrels. Demand for gas over the four weeks ended June 22 was 4.8 percent lower than a year earlier.

Meanwhile, traders also kept a close eye on developments in Europe ahead of a meeting later this week where government leaders will discuss the crippling debt crisis. Traders are uncertain what will happen during the two-day European summit, which starts Thursday. The goal is to work on solutions to the crisis has hurt economies within the eurozone and has filtered out to the U.S., China and other countries. But German Chancellor Angela Merkel warned Wednesday that there would be no quick solution to the structural issues plaguing the continent.

At the pump, the national average for retail gasoline fell 1.4 cents overnight to \$3.383 per gallon, according to auto club AAA, Wright Express and the Oil Price

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Information Service. That's nearly 26 cents less than a month ago.

In other trading, natural gas prices jumped on expectations that demand will strengthen because of blistering heat in parts of the nation, particularly the Midwest. Natural gas rose 13 cents, or 4.6 percent, to \$2.89 per 1,000 cubic feet.

Heating oil increased 2 cents to \$2.59 per gallon and wholesale gasoline fell 2 cents to \$2.506 per gallon.

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