

Oil Prices Steady On Stronger Chinese Factory Data

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NEW YORK (AP) — The price of oil is up slightly on signs that China's manufacturing is getting stronger.

A survey of manufacturers on Tuesday suggested that factory activity in China rebounded to its highest level in nine months. Worries about weakening demand in China — the world's No. 2 oil consumer — and Europe's debt crisis, pushed down oil prices the past few days.

The HSBC manufacturing index rose to 49.5 from 48.2 for Chinese companies. Anything above 50 suggests the sector is growing.

In Europe, meanwhile, leaders are struggling to contain a debt crisis. Borrowing costs for Spanish debt have jumped to levels that are considered unsustainable, and Moody's Investors Service said there's an "increased likelihood" that Greece would leave Europe's monetary union.

The manufacturing survey was a good sign, "but the question is sustainability," said Phil Flynn, an analyst with Price Futures Group. "If Europe's economy falls apart, who are the Chinese going to export to?"

Benchmark U.S. crude rose by 36 cents to end the day at \$88.50 per barrel in New York. Brent crude, which sets the price for imported oil, climbed by 16 cents to finish at \$103.42 per barrel in London.

At the pump, retail U.S. gasoline prices increased nearly a penny to a national average of \$3.477 per gallon, according to AAA, Wright Express and Oil Price Information Service. A gallon of regular has increased by an average of 14.7 cents since July 1, though it's still cheaper than a year ago.

U.S. motorists continue to use less gasoline this summer, according to MasterCard SpendingPulse. MasterCard, which surveys gas station purchases around the country, estimated that average gasoline consumption fell last week for the 70th week in a row.

In other futures trading, natural gas rose by 7 cents to finish at \$3.1870 per 1,000 cubic feet. Natural gas prices have jumped this summer to the highest levels since December, though it's still nearly 30 percent cheaper than the same time last year.

Heating oil fell added less than a penny to finish at \$2.8244 per gallon, while wholesale gasoline fell 5.81 cents to finish at \$2.8248 per gallon.

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