Oil prices slump on discouraging economic news

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Oil prices slumped Thursday after a series of new reports reinforced signs of listless U.S. economic growth in the months ahead.

Benchmark oil for October delivery fell 93 cents to $74.85 a barrel in morning trading on the New York Mercantile Exchange.

At the pump, the average retail price of gasoline was $2.73 a gallon Thursday. That's about 4.6 cents less than a week ago, according to AAA, Wright Express and Oil Price Information Service. The price is 10.2 cents more than it was a year ago.

Crude prices have retreated about 7.6 percent in the past two weeks. The new reports did little to ease traders' concerns about the pace of the economic recovery, bulging supplies and weak demand for energy products.

The Conference Board, a private research group, said its index of leading economic indicators rose 0.1 percent last month after dropping 0.3 percent in June. It is an indication of "a weak economy with little forward momentum," Conference Board economist Ken Goldstein said.

In addition, the Labor Department said claims for unemployment benefits rose unexpectedly last week. And the Federal Reserve of Philadelphia said manufacturing activity in the mid-Atlantic region has dropped this month.

"The underlying fundamental factors in oil have become progressively more bearish almost on a weekly basis this summer," said Jim Ritterbusch, president of energy consultancy Ritterbusch and Associates. "The market is telling us that fundamentals do matter."

In other energy trading, natural gas prices fell after the government said inventories held in underground storage in the lower 48 states increased by 27 billion cubic feet to 3.012 trillion cubic feet for the week ended Aug. 13.

Analysts surveyed by Platts, the energy information arm of McGraw-Hill Cos., expected natural gas reserves to increase between 28 billion cubic feet and 32 billion cubic feet.

In Nymex trading in September contracts, natural gas for September delivery fell 8.3 cents to $4.156 per 1,000 cubic feet, heating oil lost 2.25 cents to $2.0024 a gallon and gasoline declined 2.49 cents to $1.9363 a gallon.

In London, Brent crude fell $1.35 to $75.44 a barrel on the ICE Futures exchange.

Associated Press writers Pablo Gorondi in Hungary and Alex Kennedy in Singapore contributed to this report.

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