NEWS FLASH

OIL FADES AS U.S. RAISES 'RED FLAGS' WITH SLUMP IN FUEL DEMAND

Americans burned through a lot less gasoline and diesel fuel than expected last week, feeding into investor angst over oil demand.Futures slid 1.5% in New York on Wednesday to the lowest in two weeks after the U.S. Energy Information Administration reported inventories of gasoline and distillate fuels grew by a combined 9.25 million barrels last week, well above analysts' estimates. Crude inventories did decline by more than 3 million barrels, but that was driven in part by temporary production outages related to Hurricane Barry."We're at the heart of summer driving season, so you would expect demand to be at it's highest right now," said Brian Kessens, a portfolio manager and managing director at Tortoise in Leawood, Kansas. The big build in fuel supplies is "a little bit concerning, especially if we see this continue in future reports."Crude futures in the U.S. have flirted with $60 a barrel so far this month amid ongoing tensions with Iran and threats of a continued trade war with China. Meanwhile, in the U.S., operators are in the midst of restaffing platforms in the Gulf following storm system Barry. West Texas Intermediate for August delivery ended the trading session down 84 cents to $56.78 a barrel on the New York Mercantile Exchange.Brent for September settlement slipped 69 cents to settle at $63.66 a barrel on the ICE Futures Europe Exchange. The global benchmark price traded at a premium of $6.74 to WTI for the same month. WTI crashed through its 50-, 100- and 200-day moving averages this week, adding to the downward momentum.The EIA report was dominated by bearish signs for fuel consumption. Diesel stockpiles -- one of the main products of distillate fuels -- swelled to a three-month high. Gasoline supplied to the market, an indicator of demand, reached a five-year low, seasonally adjusted. Crude exports also fell, after Barry disrupted marine shipments.The rise in stockpiles "should raise red flags," said Fernando Valle, a Bloomberg Intelligence analyst in New York. The numbers suggest "the global economic slowdown is now being reflected in weak demand."