



Crude Oil Declines on Stronger Dollar, Caspian Pipeline Restart

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By Grant Smith

Aug. 22 (Bloomberg) -- Crude oil fell for the first time in four days, after gaining nearly 5 percent yesterday, as the U.S. dollar strengthened and Turkey restored flows through a Caspian Sea pipeline.

The Baku-Tbilisi-Ceyhan pipeline, which transports oil from Azerbaijan through Georgia to Turkey's Mediterranean coast, resumed normal flows today after a fire halted exports earlier this month, officials said. Oil is still poised for its first weekly gain in two weeks and its biggest increase since the week ended June 6.

"Recently you've seen a tick-for-tick move in the oil price and the U.S. dollar," [Hakan Kocayusufpasaoglu](#), director of commodity derivatives at Credit Suisse Group in London, said in a Bloomberg Television interview. "Now that the conflict is pretty much over" in Georgia, "you would assume that it would have less of an impact."

Crude oil for October delivery fell as much as \$1.35, or 1.1 percent, to \$119.83 a barrel on the New York Mercantile Exchange, trading at \$119.87 at 12:57 p.m. London time. The contract is set for a weekly gain of 5.9 percent. Yesterday, the contract surged \$5.62, or 4.9 percent, to settle at \$121.18 a barrel, the biggest increase since June 6.

All Russian units sent into Georgia will withdraw today beyond a buffer zone south of the breakaway Georgian region of South Ossetia, Anatoly Nogovitsyn, deputy chief of Russia's General Staff, told reporters in Moscow. That means some troops will remain in Georgia proper.

U.S.-Poland Agreement

Poland signed an agreement on Aug. 20 with the U.S. to host an American anti-missile base in exchange for aid to bolster the country's air defenses. Russia has warned the move will lead to a new arms race in Europe and is reconsidering its ties with the North Atlantic Treaty Organization.

OPEC's oil supply will probably increase in August by 400,000 barrels a day, or 1.2 percent, as Iran releases crude held in storage, according to preliminary estimates from PetroLogistics Ltd. The Organization of Petroleum Exporting Countries will next meet to review production targets in Vienna on Sept. 9 and then in Algeria on Dec. 17.

The dollar rose 0.4 percent to \$1.4811 per euro by 12:56 p.m. in London, from \$1.4899 yesterday. The U.S. currency climbed 0.7 percent to 109.17 yen from 108.43.

Brent crude oil for October settlement fell as much as \$1.41 cents, or 1.2 percent, to \$118.75 a barrel on London's ICE Futures Europe exchange. The contract rose yesterday by \$5.80, or 5.1 percent.

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