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DON'T HOLD YOUR BREATH FOR A SAUDI-LED OPEC PUSH TO CUT OUTPUT

Low crude prices are punishing Canada and other global producers — exactly as Saudi Arabia planned

By now, any scenarios in which Canada's battered economy is rescued by a sudden upturn in oil prices have largely disappeared from the conversation. All save one.

A hope that one sunny morning Saudi Arabia may wake up, realize the error of its ways, and decide to curtail production remains alive for the oil industry.

A change of heart by the Saudis could send crude prices higher by $15 to $20 US a barrel in short order, offering some desperately needed breathing room to global oil producers groaning under the strain of job cuts and, for some, the threat of bankruptcy. At the same time, a rush of petro-dollars would transform the math on budget deficits currently being prepped by governments from Ottawa to Alberta and beyond.

For beleaguered petro-nations and oil companies alike, the idea that a few officials in Riyadh could make things better overnight is a seductive thought. Reality, though, is rarely that cut and dried.

"There are few things in the market where you can have a single inflection point and everything changes right on that day," said Jamie Webster, senior director of global oil markets at consultancy IHS. "It's definitely something that everyone likes to talk about because it's enticing to think that your problems can be solved by one quick decision, but it's so unlikely that we don't spend a whole lot of time on it."

Saudi Arabia, to be sure, isn't enjoying what $30 US oil is doing to its finances, but even if prices dropped more than expected it doesn't mean the country will reverse course on its strategy.

The Saudis didn't detour from their historical role as swing producer for the global oil market on a whim. With a war chest of cash that still tops half a trillion dollars even after a year of low prices, neither desperate pleas from rival members of the Organization of the Petroleum Exporting Countries nor building pressures from inside the kingdom itself are enough to make them flinch now.

Painful as it may be to forego the billions that higher prices would bring, the Saudis know they're able to weather the hardship better than most. At the same time, factors such as the shale oil revolution are also demanding new tactics.

"They looked out there and they saw the shale production coming on like gangbusters and thought this is a real long term threat," said Michael Lynch, president of Massachusetts-based Strategic Energy & Economic Research. "It's maybe the most serious they've faced in the history of [OPEC]."

Unlike in the past, if Saudi Arabia were to curtail production, they know another country, whether Iran or the US, will step forward to fill the gap.

Rather than lose out on volume and price, the Saudis are content to pump as much as possible and see what the rest of the world might do about prices. For all the noise that OPEC members such as Venezuela are making about limiting output — chatter that Russia has recently joined — experience tells Saudi Arabia that other countries can't be trusted to follow through on any agreed upon production cuts for more than a short time.

Beyond the current preoccupation with market share, the Saudis also have their eye on the long game. Even as climate change becomes more of a factor for crude producers, the world, at least for now, still runs on oil. The Saudis would obviously like to keep it that way for as long as possible.

While lower oil prices are putting the hurt on rival producers such as Canada in the immediate term, in the long run they also benefit the Saudis by delaying the development of alternative vehicles such as the electric car and pushing back the date that global oil demand eventually crests.

An increase in world oil consumption last year of 1.7 million barrels a day, the second fastest pace in a decade, shows how well the Saudi's strategy is already working on that front.

According to a recent report by the commodities group at Bank of America Merrill Lynch, if oil prices stay below $70 US a barrel, the world won't hit peak oil demand until sometime after 2040. Lower prices, the analysts explain, change the outlook for future oil demand in a number of ways including boosting the proliferation of cars in emerging markets, slowing the pace of fuel efficiency gains in new vehicles, and delaying the development of alternative vehicles such as the electric car.

At a conference a little more than a year ago the Saudi oil minister, Ali al-Naimi, flagged how great a concern the consumer part of the oil equation was becoming for the kingdom when he posed the question "is there a black swan out that we don't know about which will come by 2050 and we will have no demand?"

If the answer to his query is yes, then low prices are the Saudi response to staving off that eventuality for as long as possible.

For high-cost producers the world over, including those in Alberta's oil sands, the consequences of that strategy become more evident with each cutback to capital spending and every time another project is shelved.

"Let me deliver some bad news for Canada," said IHS's Webster. "From Saudi's standpoint, they believe it makes a whole lot more sense for Canada to shut in [production] than for them to shut in."

B.C.'S LNG DELAY IS U.S. AND AUSTRALIA'S GAIN, SAYS RESEARCHER

In recent throne speech, B.C. government backed off previous promises of a $100 billion fund and 100K jobs

The longer the delay in liquified natural gas facilities being developed in B.C., the more likely that countries such as the United States and Australia will develop the capacity instead, says a senior researcher for various Canadian think tanks.

"The world isn't going to wait on Canada and B.C. If we can't get things done in this country, people will go and invest and build their LNG terminals elsewhere," said Philip Cross, a senior fellow at the Macdonald-Laurier Institute, a public policy think tank.

The B.C. Liberals' throne speech on

Feb. 9 down played the role of LNG development, stating that low global prices are having an impact on the government's "initial timelines."

In 2011, the government's jobs plan forecast "one LNG pipeline and terminal in operation in Kitimat by 2015 and three in operation by 2020."

Cross said the regulatory process for LNG was "drawn out" in B.C., and also said that it took some time for the province to finalize its tax and royalty regime for the industry.

"While we haven't been approaching this with a sense of urgency, other countries have been," said Cross, who is also a senior research fellow at the Resource Works Society in Vancouver.

"Australia is building terminals left and right, [and] the United States seems to be able to put these plans into effect a lot more efficiently than we are.

"All this time that we've been talking and debating and hemming and hawing about this, the U.S. has been building an LNG terminal on the Gulf Coast. Its ready to come online and there's four more like it right behind."

A proposed LNG facility in Kitimat was put on hold earlier this month when Royal Dutch Shell announced it will postpone its final investment decision in the project.

On Feb. 6, B.C. Premier Christy Clark said having Shell postpone their decision is better than making a decision to cancel their investment.

"Success isn't for quitters," Clark said.

"In order to succeed in this tough economy, we need to stick with it."

DONALD TRUMP DEMANDS 'BIG CHUNK' OF KEYSTONE XL PROFITS FOR THE U.S.

The Republican presidential front-runner declared that he is "not in love with the idea of taking Canadian oil."

Republican presidential front-runner Donald Trump says he would reject the Keystone XL pipeline if TransCanada Corp. didn't give the U.S. a "big, big chunk of the profits, or even ownership rights."

All of Trump's Republican rivals say they would immediately approve the pipeline from the Alberta oil sands, which President Barack Obama rejected in November. Trump, who bills himself as a master negotiator, now says he would require TransCanada to fork over billions.

"I want 25 per cent of the deal for the United States. They're going to make a fortune," he declared in Muscatine, Iowa on Sunday. On Saturday, he said he would ask for "25 per cent of the profits forever."

Trump, campaigning as an economic nationalist, said he wants the pipeline approved. But he said TransCanada should not be allowed to send Canadian oil through American land—"through farmland and through cities and wherever the hell they're going" — without paying a hefty price.

"When they do this pipeline, it's going to be a very profitable thing and it's really Canada oil coming down — so it's not — I like Canada, I want these people to be happy, but I want the developers of the pipeline to give the United States a big, big chunk of the profits or even ownership rights, like I do in business. That's what I do," he said.

"I want a big piece of the deal. Otherwise I'm not going to approve it. They will give us a lot."

Trump also declared that he is "not in love with the idea of taking Canadian oil." He added, "I love Canada, by the way."

Trump once favoured rapid Keystone approval. He appears to be launching an effort to use the project as fuel for his attempt to challenge the patriotism and the eligibility of top competitor Ted Cruz, the Texas senator who was born in Calgary and held dual citizenship until 2014.

"Ted Cruz will approve the Keystone pipeline because it benefits Canada!" he said.

Trump did not explain how a profit-sharing deal might work. A TransCanada spokesman could not be reached on Sunday.

Trump's Keystone remarks capped another weekend of bizarre and outlandish statements. On Saturday, he declared, "I could stand in the middle of 5th Ave. and shoot somebody and I wouldn't lose any voters."

On Sunday, he asked if a protester in a red turban was wearing "one of those hats." It wasn't clear if he thought the man might have been wearing a red Trump baseball cap.

FURNACE OIL PRICES IN NOVA SCOTIA ABOUT 20% LOWER THAN LAST YEAR

Average cost of furnace oil per litre in Halifax this week is 81.5 cents compared to 102.3 in 2015

Nova Scotians are paying less for furnace oil this winter than last.

According to Natural Resources Canada, the average price of furnace oil this time last year in Halifax was 102.3 cents per litre, compared to this week's price of 81.5 — a drop of about 20 per cent.

That means Haligonians are saving more than $200 when they fill a 1,000-litre tank.

Overall, Haligonians have paid about 10 cents less per litre than the Canadian average over the past year, according to Natural Resources. The national average this week is 91.5 cents per litre.

Furnace oil suppliers across the province have found that prices ranged from a low of 67.9 cents per litre at a handful of retailers in the Halifax area, to 86.9 cents per litre at some in New Glasgow and Yarmouth.

The range in prices is caused by several factors, including where you live and what services a supplier may offer.

For instance, the price for heating oil in Halifax ranged from 67.9 cents per litre to 86.9 cents per litre on Feb. 10, depending on the supplier and the location of delivery.

Also, more remote areas tend to pay more for heating oil. After calling more than two-dozen oil suppliers, Yarmouth, New Glasgow and Whycocomagh had the highest prices.

Collapsing world petroleum prices have helped chop the cost of fuel for many Maritimers this winter — New Brunswick is enjoying the cheapest winter heating season in six years.

Oil prices have dropped dramatically since mid-2014 when it sold for more than $100 a barrel. On Thursday, West Texas Intermediate slid as low as $26.19 US, the lowest price since 2003. Brent Crude is hovering around $30.

However, it's not clear how long the cheap oil trend will last.

In a report released last month, the National Energy Board said crude oil prices are expected to rise to more than $100 US a barrel by 2040.