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IDEATION ON CRUDE OIL PREDICTION

The Price of the crude oil always fluctuates in the market which depends on the factors which affect the supply and demand. So, finding the factors which affect the price and making them as most valuable data to predict.

Example: The peak price hike occurring between 2007 and 2008, the price hike was due to rapidly emerging economies in China and India becoming among the biggest oil consumers in the world.

With the data from the factors which affect the price we can mostly find the accurate value with the respective algorithm. The Factor is:

The factor of Current production, the current supply—mainly the current production quota set by the Organisation of Petroleum Exporting Countries (OPEC). If production is presumed to decline in an estimated future date, the traders will bid the oil price up, but they will purchase as much the oil futures to bid the price down if it is presumed that supply will increase in an estimated future.

The demand for crude oil: Global energy demand depends on the population and the economic growth of a country. As incomes rise, economies use more energy for transport, heating and cooling and producing goods and services. China and India, with a combined population of about 2.4 billion [10], began their economic growth in the 1990s with China's per capita19 Growth Domestic Product (GDP) rising from USD1,103 to USD4,088 in 2005, to USD6,091 in 2012 [14]. The new emerging demand has added to continued growth from the US, Europe and other emerging countries. The global consumption of oil rose from 82.6 million barrels a day in 2004 to 85.6 million barrels a day in 2007 to 89.3 million barrels a day in 2012 [10]. Oil prices also depend on the US economy as the world's largest oil consumer. These factors contribute to a high price hike in July 2008 , with the US economy hitting a low. Charts the annual US oil consumption against WTI price per barrel between 1973 and 2011.