

# **CRUDE OIL PRICE**

## **PREDICTION**

### **A PROJECT REPORT**

*Submitted by*

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## **ABSTRACT**

As the most important strategic resource around the globe, crude oil is the “key” commodity for the world’s economy. Therefore forecasting it has been a challenging task as a lot of events influence its price so it is very hard to forecast its prices. Crude oil prices suffer from high volatility and fluctuations..Forecasting its needs will be helpful for our government, Companies and Investors. This project involves creating an artificial neural network (ANN) to predict the price of crude oil. In this project, we propose a novel approach for crude oil price prediction based on artificial Intelligence. It will be beneficial for our government, businesses, and investors to anticipate its demands. As part of thisresearch, artificial neural networks (ANNs) will be built to forecast crude oil prices. Inthis study, we suggest a cutting-edge method for predicting the price of crude oil usinganalytical. The future price of the crude oil will be predicted on basis of the inputs given by the user. The predicted price would be for the next day. Hence, it is concluded that the proposed model achieved higher forecasting accuracy and takes less computational time with the modes’ reconstruction as opposed to using all the decompose modes. As a part of future scope, there is being an idea to improve the model by considering the latest news, disaster, tweet, and social media sensitive messages.

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# **CHAPTER 1**

## **INTRODUCTION**

# CHAPTER 1

## INTRODUCTION

### 1.1 Project Overview

Owing to the fact that crude oil provides around one-third of the world's energy needs, crude oil is important to the global economy. Additionally, changes in oil prices have a big impact on both countries' economies that export and buy oil. Forecasting the oil price accurately would assist policymakers in enacting the right legislation and selecting the best energy sources. However, because there are numerous factors that affect oil prices, forecasting researchers have found it difficult to estimate the price of crude oil. Economic growth, conflicts, wars, and breaking news all have a significant impact on oil price fluctuations in addition to the basic market elements like supply, demand, and inventory. For instance, oil producers were paying buyers to take the commodity off their hands because they were concerned that storage space might be depleted in May 2020. On April 20, 2020, the price of WTI oil even became negative for the first time ever. Another recent example is the higher association between changes in crude oil prices and the severity of the COVID-19 epidemic. Since the majority of this information is found in unprocessed texts, characterizing and modelling these nonlinear and non quantitative factors is difficult.

### 1.2 Purpose

The three primary factors that impact the price of oil are:

- **Supply and demand**

The idea of supply and demand is rather simple. Price should rise as demand (or supply) rises or falls. Price should decrease when supply grows or



as demand declines. Actually, the oil futures market is where the price of oil as we know it is set. A legally binding agreement known as an oil futures contract offers one the right to buy oil by the barrel at a specified price on a specified date in the future. In a futures contract, each party is responsible for carrying out their portion of the deal before the deadline.

- **Cost of production**

Cost of production refers to the total cost incurred by a business to produce a specific quantity of a product or offer a service. Production costs may include things such as labour, raw materials, or consumable supplies. In other words, the cost of production is defined as the expenditures incurred to obtain the factors of production such as labour, land, and capital, that are needed in the production process of a product.

- **Market sentiment**

Sentiment is the other important factor that impacts oil prices. The simple expectation that oil demand would rise sharply at some point in the future can cause speculators and hedgers to buy up oil futures contracts, driving up oil prices now.

There used to be a recognisable seasonal swing in oil prices. As oil dealers anticipated a large demand for driving over the summer vacation, they increased in the spring. Prices fell in the fall and winter once the demand peaked.

Geopolitical instability and civil upheaval also have a significant impact on global supply and prices.

There are several reasons why oil prices are more unpredictable now, but five are the most significant.

- **The Russian Invasion of Ukraine**

Russia is the third-largest producer of liquid fuels and petroleum, so when the country invaded Ukraine in late February 2022, it had immediate impact on Brent crude oil futures prices.<sup>10</sup> As the conflict continued, the prices of crude oil settled in out on an upward trajectory, reaching nearly \$130/b in early March, and staying well above \$100/b into April.

- **US Oil Supply**

The coronavirus pandemic and natural events are still affecting oil demand and supply. The U.S. experienced a drop in production following Hurricane Ida in September as the storm shut at least nine refineries.

The EIA estimates that U.S. crude oil production will average 12.01 million b/d in 2022 and 12.95 million b/d in 2023.<sup>11</sup>

- **Diminished OPEC Output**

Oil price increases also reflect supply limitations by the Organization of the Petroleum Exporting Countries (OPEC) and OPEC partner countries. In 2020, OPEC cut oil production due to decreased demand during the pandemic. It gradually increased oil output through 2021 and into 2022. Supply chain disruptions in late 2021 affected global trade as well.

At its most recent meeting in December 2021, OPEC stated it would continue to gradually adjust oil production upward by 0.4 million barrels per day (mb/d) in January 2022.

- **Natural Gas**

Countries in Asia have relied on coal to generate power, but recent shortages have turned them to natural gas. Higher temperatures in parts of Asia and Europe have led to high demand for natural gas to generate power.

COVID-19 has hampered Europe's natural gas production, and a colder-than-expected heating season in early 2021 reduced supplies further.

As a result, natural gas prices soared in 2021 and are expected to remain high in 2022 and affected countries have turned to gas-to-oil switching to reduce power generation costs.

- **Global Inventory Draw**

As a reduction in oil production continues globally, countries are forced to draw from their stored reserves (not including the strategic petroleum reserves). This steady draw of oil is contributing to the increase in prices because inventories are decreasing.

Models incorporating economic parameters such as supply, and demand and their determinants are known as structural models. Even though structural models are found to be the most logical ways of modelling the prices of industrial products, the price of crude oil is affected by many other factors. One of these factors is that the price of crude oil is determined in the futures market which enables the purchase of a predefined amount of oil at a particular price in the future. Additionally, only 1% of the crude oil traded in futures contracts results in the actual purchase of a physical commodity; its chief purpose is to make money out of price fluctuations in crude oil. Hence the price of crude oil behaves more like a financial asset and therefore is more representative of the expectations of traders rather than just predictions based on economic theories of supply and demand.

There are other categories of models which are non-structural and consider time variation of crude oil prices, known as time series models. It is difficult to obtain reliable data to formulate a structural model, while time series data for crude oil prices is easily available and hence it is easier to build a time series model. We focus on time series modelling of crude oil prices in this article.

In time series models, it is assumed that the current price of crude oil

reflects the effects of all influencing factors, and that price forecasting can be done based on the behaviour of past crude oil prices. The main assumption in such models is that the past behaviour of oil prices can explain future prices. Although time series models can capture trends or any cyclical patterns in the data, there are limitations to the forecasting capability of these models when trend reversals are observed in the data, or the repeating pattern captured in the model is not followed in future prices. Different trends in a time series can be classified as increasing, decreasing and periodic patterns. Time series models are quite useful and forecast reasonably well when the data follows any of these types of trends.

We can easily observe the downtrends, uptrends and repeating patterns in crude oil prices within specific years. Crude oil monthly price data is obtained from the US Energy Information Administration (EIA) website.<sup>1</sup> Different subsets of crude oil price data are formed to demonstrate the utility of time series modelling and its limitations in some scenarios.

### **Time Series Modelling Techniques**

Several methods are proposed in the literature to build time series models. They include autoregressive integrated moving average (ARIMA), generalised autoregressive conditional heteroscedastic (GARCH), Holt-Winters, autoregressive neural networks, and support vector regression.<sup>2</sup> Various hybrid models are also suggested such as combination of ARIMA and neural networks with support vector regression, genetic algorithms and wavelets.<sup>3-7</sup> Discussion of various methodologies applied for crude oil price modelling can be found in review articles available in the literature.<sup>8,7</sup> We have used ARIMA and autoregressive neural networks for modelling oil prices, as these techniques cover both linear and non-linear types of modelling. A short description of these methods is given below.

### **ARIMA**

ARIMA is the most widely used and well-known technique for time series analysis, developed by Box and Jenkins. In an ARIMA model, future values are predicted as a linear combination of previous oil prices and the associated errors. This model consists of three parts: the AR (auto regressive) component is a linear combination of past observations; MA (moving average) is a linear combination of lagged error terms; and I (integrated) replace the original series with differenced series.

### **Auto regressive Neural Network**

An autoregressive neural network (ANN) is a non-linear model in which future prices are expressed as a non-linear function of lagged prices in the series, in contrast to linear modelling in ARIMA. Additionally, neural network-based models have the ability to learn and capture patterns in data sets without the need to specify the exact model form. Multilayer perceptron (MLP) is the most widely used ANN in forecasting problems. Typically, the model is composed of input layer, hidden layer and output layer. The connecting nodes in these layers are called neurons. Input to the neurons is mapped using transfer functions and the weighted average of output from all the nodes is sent to next layer. There are various parameters that need to be specified for an ANN model: number of hidden layers, number of neurons in each layer, type of transfer function, and number of lags. The selection of appropriate network parameters is crucial to the fitting and forecast accuracy of an ANN model. We have used the `nnetar` function in R to build a neural network model.

### **Benefits of predicting crude oil prices:**

- Some Sectors Thrive It probably counts as obvious that there are sectors that thrive when oil prices march upward. High prices for oil fuel the same sort of process as in any other sector; suppliers look for ways to provide more of the product and take advantage of those higher prices. For energy, then, that means opportunities for companies involved in

exploration (seismic survey, for instance), drilling, production and servicing.

- **New Technologies Become Viable** Cheap oil is problematic for companies and industries looking to supplant oil. While most people can agree that there are vague and nebulous costs associated with accessing and utilizing oil (pollution, for starters), the United States has been reticent to translate those costs into higher energy taxes. What's more, it is not clear that higher taxes on fossil fuels in Europe and much of Asia really do anything to mitigate environmental damage beyond reducing consumption. All in all, then, when oil prices are low it is very hard for cleaner energy technologies to compete effectively on price.
- **Changes in Behaviour** For those who believe that burning oil (and other hydrocarbons) is generally a bad thing, higher prices that lead to lower use has to be counted as a benefit. When people are faced with higher prices and no obvious substitutes, they will consume less assuming that their demand is relatively elastic.
- **Alternatives Come to the Fore** If increased exploration and production is a normal by-product of higher oil prices, so too is substitution. When Nazi Germany faced oil shortages in World War II, methods of producing oil, diesel and gasoline substitutes from vegetable oils, animal fats and coal were thoroughly explored. Likewise, the oil crisis of the 1970s gave the development of ethanol in Brazil a major boost.

# **CHAPTER 2**

## **LITERATURE SURVEY**

## **CHAPTER 2**

### **LITERATURE SURVEY**

#### **2.1 Existing problem:**

**The existing problem can be broadly classified into the following**

- Predictive Analytics
  - Determining the Crude Oil Price
  - Neural Network for Predictive Analytics
  - RNN LSTM Network

##### **A. Predictive Analytics**

Predictive analytics is a cutting-edge field of study that employs statistical models and other scientific methods to assess hazy future opportunities with a view to producing actual forecasts and verifying the accuracy of these forecasts in the real world [2]. The predictive analytics model can provide meaningful insights by extracting knowledge from data and use statistical or machine learning methods to assist with the analytical task.

##### **B. Determining the Crude Oil Price**

Various significant elements, including a supply and demand curve, the present financial market, the commodities market, speculative factor, and geopolitical factor, may have an impact on fluctuations in crude oil prices, according to Miao et al. [3]. Each of these variables has a number of determining factors (sub-variables) that impact the price of the commodity.

According to an article published on the Caltex website [4], the fuel (such as petrol) prices change is closely related to the cost of crude oil—and it has a long-term effect on the fluctuation of the commodity price. Additionally, the



cost of crude oil alone has contributed to nearly 50 percent of the retail petroleum price [4].

### C. Neural Network for Predictive Analytics

The neural network contains a set of neurons (or perceptron's) which acts as processing units [5], interlinked, and may reside within an extensive network. The most basic form of the neural network consists of an input layer, one hidden layer, and an output layer [6], as visualized in Figure 1. The number of hidden layers may vary based on the complexity of computation.

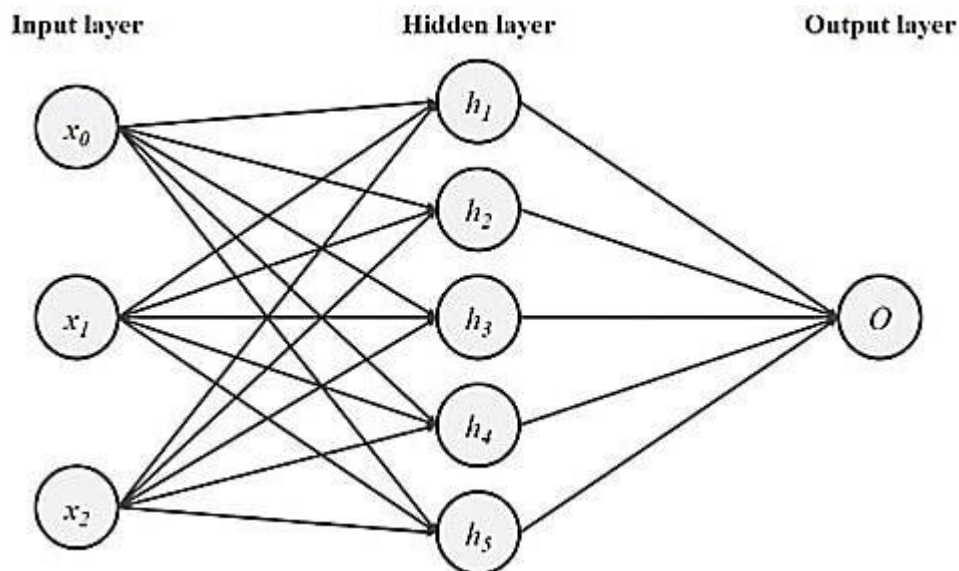


Figure 1 - A neural network

### D. RNN-LSTM Network

Traditional neural network techniques function well for applications requiring prediction, but they cannot store memories. On the other hand, the Recurrent Neural Network (RNN) is a section of a neural network that has been converted into a loop, providing it the ability to retain knowledge from its previous state.

Hochreiter & Schmidhuber [7] have introduced the concept of Long-Short Term Memory (LSTM), which has proven its accuracy across various domains

[7]. LSTM is a type of Recurrent Neural Network (RNN) that can learn long-term dependencies and is useful for a sequence-to-sequence prediction—such as prediction of upcoming crude oil prices using time-series data.

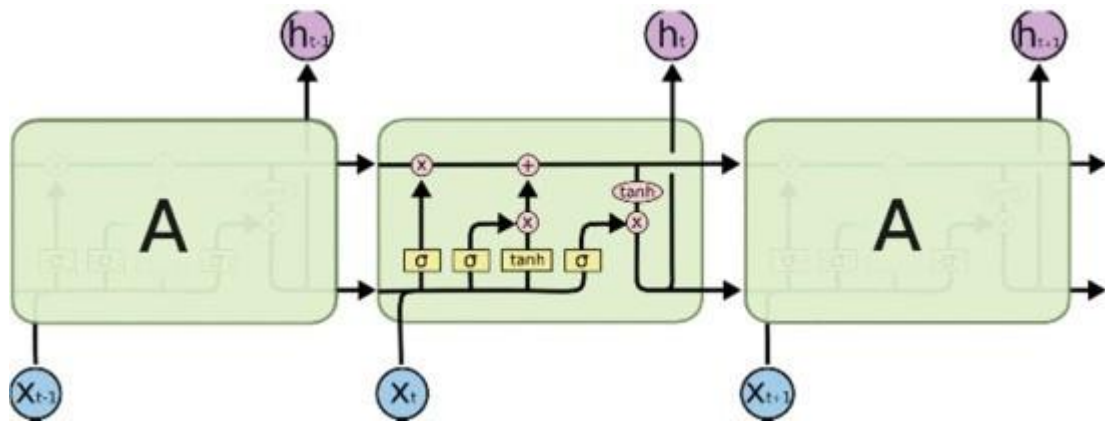


Figure 2 - The RNN-LSTM architecture

In our project “Crude Oil Price Prediction”, we proposed a solution which uses the RNN LSTM method to solve the existing problem. Time series analysis algorithm is used to combine all the advantages of the above methods and to remove some of the disadvantages discussed in the above methods. Time series analysis is a specific way of analysing a sequence of data points collected over an interval of time. In time series analysis, analysts record data points at consistent intervals over a set period of time rather than just recording the data points intermittently or randomly. This model is also trained using the Long Short Term Memory method in the Recurrent Neural Network algorithm which would have a greater efficiency.

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## 2.3 Problem Statement Definition

The price of crude oil has a significant impact on the environment globally, and its forecasts are particularly helpful to governments and industry. Crude oil is the most widely used fuel in the world. The ongoing application of statistics and econometric methods for crude oil, including AI Price forecasting could show reductions in the accuracy of the prediction.

In order to predict future crude oil using historical data on crude oil, RNN (Recurrent Neural Network) is utilised with long short-term memory. The effectiveness of the cost is calculated using the mean squared error. Using the pricing information in the crude oil materials, the proposed model's performance is assessed.

Since changes in the price of crude oil have a significant impact on national economies around the world, price forecasting can help reduce the risks brought on by oil price volatility.

Governments, public and private businesses, legislators, and investors all place a high value on price estimates.

**The project “Crude Oil Price Prediction”, has the following uniqueness and novelty:**

- This model is used to forecast future pricing and to manage oil use.
- This price directly influences many different items and goods, and its variations have an impact on the capital markets.
- Important events also have an impact on oil prices, in addition to economic factors.

**The project “Crude Oil Price Prediction”, has the following business model:**

- It can assist those who are making decisions about whether to buy or sell crude oil, whether they are businesses, private investors, or individuals.
- The benchmark model for predicting crude oil prices uses RNN and LSTM models.

**The scalability of the solution of this project are:**

- The dimensions of the data are reduced using the PCA, MDS, and LLE methods.
- Enhance the RNN and LSTM models' accuracy.

Factors Involved :

## 1. Supply

Supply and demand has to do with how much oil is available.

Supply has historically been determined by countries that are part of [OPEC](#). But now, the United States is playing a bigger role in supply thanks to booming production from American shale fields. So if major oil-producing countries are pumping out a lot of crude, the supply will be high.

Just look at what happened in 2014.

“Saudi Arabia made the decision that they were not going to cut back production, they were going to continue to produce at record high levels,” said Tamar Essner, senior energy director at Nasdaq IR Solutions.

“At the same time, you had very robust output from the United States, and from other producers around the world.”

Oil prices fell sharply as producers pumped more than the world could consume. OPEC was largely blamed for the free fall in oil prices because it refused to cut down its production. But OPEC said U.S. shale drillers were to blame for pumping too much, and should cut their production first.

In 1973, Arab members of OPEC put an embargo against the United States as a retaliatory measure for U.S. support of Israel during the Yom Kippur War. After the embargo, the oil supply in the U.S. was so scarce and the demand was so high, it drove the price of crude to the point that gas stations began rationing gasoline.

## 2. Demand

Demand on the other hand is determined by how much need there is for oil at a given time. That need is often for things like heat, electricity and transportation. The more economic growth a region sees, the more demand there will be for oil.

“Economies around the world have picked up since the financial crisis, and growth has gotten stronger so people have been using more energy,” Essner said.

And then there’s the question of how the market will react to renewable energy.

“A lot of this will be impacted by public policy, but at the end of the day renewable can only displace hydrocarbons if it’s economically feasible,” Essner said.

# **CHAPTER 3**

## **IDEATION AND PROPOSED SOLUTION**

## CHAPTER 3

### IDEATION AND PROPOSED SOLUTION

#### 3.1 Empathy Map Canvas

Crude oil is amongst the most important resources in today's world, it is the chief fuel and its cost has a direct effect on the global habitat, our economy and oil exploration, exploitation and other activities. Prediction of oil prices has become the need of the hour, it is a boon to many large and small industries, individuals, the government. The evaporative nature of crude oil, its price prediction becomes extremely difficult and it is hard to be precise with the same. Several different factors that affect crude oil prices. We propose a contemporary and innovative method of predicting crude oil prices using the artificial neural network (ANN). The main advantage of this approach of ANN is that it continuously captures the unstable pattern of the crude oil prices which have been incorporated by finding out the optimal lag and number of the delay effect that controls the prices of crude oil. Variation of lag in a period of time has been done for the most optimum and close results, we then have validated our results by evaluating the root mean square error and the results obtained using the proposed model have significantly outperformed.



Build empathy and keep your focus on the user by putting yourself in their shoes.



Figure 3 – Empathy Map Canvas

## 3.2 Ideation & Brainstorming

Brainstorming provides a free and open environment that encourages everyone within a team to participate in the creative thinking process that leads to problem solving. Prioritizing volume over value, out-of-the-box ideas are welcome and built upon, and all participants are encouraged to collaborate, helping each other develop a rich number of creative solutions.

Use this template in your own brainstorming sessions so your team can unleash their imagination and start shaping concepts even if you're not sitting in the same room.

**Brainstorm & idea prioritization**

Use this template in your own brainstorming sessions to your team. Can unleash their imagination and start shaping concepts even if you're not sitting in the same room.

1. Before you collaborate

A little bit of preparation goes a long way with the session. Here's what you need to do to get going.

2. Define your problem statement

What problem are you trying to solve? Frame your problem as a how might we statement. This will be the focus of your brainstorm.

3. Brainstorm

Write down any ideas that come to mind. Don't worry about your problem statement.

4. Group ideas

Take turns sharing your ideas while clustering similar or related ideas as you go. Once all ideas have been grouped, give each cluster a sentence that labels it. If a cluster is larger than six ideas, try and see if you can break it up into smaller sub-groups.

5. Prioritize

Your team should all be on the same page about what ideas are important and which are the most feasible.

6. Implementation

Implement your ideas. Track progress and review results.

**Define your problem statement**

How could all prices can be predicted? what are the ways to predict and what are the impacts?

**Brainstorm**

rahul.rm

ragul Kannan.s

sanjith s

prince Patrick t

**Group ideas**

Basic level

Advanced level

**Prioritize**

Impact

Effort

**Implementation**

Timeline

Review

### 3.3 Proposed Solution

The price of crude oil has a significant impact on the environment globally, and its forecasts are particularly helpful to governments and industry. Crude oil is the most widely used fuel in the world. The ongoing application of statistics and econometric methods for crude oil, including AI Price forecasting, could show reductions in the accuracy of the prediction.

In order to predict future crude oil using historical data on crude oil, RNN (Recurrent Neural Network) is utilised with long short-term memory. The effectiveness of the cost is calculated using the mean squared error. Using the pricing information in the crude oil materials, the proposed model's performance is assessed.

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- Enhance the RNN and LSTM models' accuracy.

**Proposed solution template :**

S.No.	Parameter	Description
1.	Problem Statement (Problem to be solved)	Predicting the movement of the price only is not sufficient to characterise the market where else crisp prediction will offer far more persona.
2.	Idea / Solution description	To forecast the oil price using the Artificial Neural Network models and comparison between feedforward and backpropagationneural network.
3.	Novelty / Uniqueness	To predict the oil price ,depending upon the price and demand they use various strategy.
4.	Social Impact / Customer Satisfaction	In terms of inflation , oil price directly affect the price of Goods made with the petroleum products.
5.	Business Model (Revenue Model)	Traders analyzed demand and supply factorsand take calculated positions.If the prediction comes true,traders clos their position to book profits way before expiry.
6.	Scalability of the Solution	The price forecasting is done by the means of the descriptive and predictive analytics.

### 3.4 Problem Solution fit

Problem-Solution fit canvas is not just a mapping tool, but an actionable translation template, where you turn problems into solution and communication strategy, taking into account customer behaviour to increase your chances of solution adoption. It gives you insights into how your idea could fit the reality.

Problem-Solution fit canvas 2.0		Purpose / Vision	
Define CS, fit into CC	<b>1. CUSTOMER SEGMENT(S)</b> <span>CS</span> <ul style="list-style-type: none"> <li>Our customers are the people who invest in the stock market, trying to get good returns on their investments.</li> <li>People who are trading in commodities, who want to know the sentiment of the market.</li> <li>People who are selling and buying crude oil.</li> </ul>	<b>6. CUSTOMER CONSTRAINTS</b> <span>CC</span> <ul style="list-style-type: none"> <li>Inability to gather data from resources.</li> <li>Unable to produce conclusions from the given data.</li> <li>It is a limited resource so its price will fluctuate rapidly.</li> </ul>	<b>5. AVAILABLE SOLUTIONS</b> <span>AS</span> <ul style="list-style-type: none"> <li>There are some apps that will provide the current price of the oil and its live market value.</li> <li>They try to predict it using global cues, like the supply and demand model. How much it is in demand vs how much is available in countries producing oil?</li> </ul>
	Focus on J&P, tap into BE, understand RC	<b>2. JOBS-TO-BE-DONE / PROBLEMS</b> <span>J&amp;P</span> <ul style="list-style-type: none"> <li>Inaccurate predictions that would lead to huge losses.</li> <li>Services not available at the right time ie, Server failures, client's device unable to render the live data, etc.</li> <li>Crude oil prices are hugely volatile, so good prediction model should be used.</li> </ul>	<b>9. PROBLEM ROOT CAUSE</b> <span>RC</span> <ul style="list-style-type: none"> <li>It exists because of the rapid changes in the supply and demand of crude oil.</li> <li>For example, During the Pandemic there is no demand for crude oil so the prices fell to near zero, but now the world opened suddenly the demand increased rapidly, supply is not able to meet the demand so the prices rose and went through the roof.</li> </ul>
<b>3. TRIGGERS</b> <span>TR</span> <ul style="list-style-type: none"> <li>Predicting the supply and demand. Crude oil price fluctuations have a far-reaching impact on global economies.</li> </ul>		<b>10. YOUR SOLUTION</b> <span>SL</span> <ul style="list-style-type: none"> <li>Using Statical, deep learning, and neural networks we can create a model that would predict the crude oil. It can be predicted by analyzing supply and demand.</li> </ul>	<b>8. CHANNELS of BEHAVIOUR</b> <span>CH</span> <p>8.1 ONLINE</p> <ul style="list-style-type: none"> <li>Investors are happy by gaining huge profits. Forecasting prices aided management to reduce operational costs.</li> </ul> <p>8.2 OFFLINE</p> <ul style="list-style-type: none"> <li>Commodity trades analyze the supply and demand and take calculated positions. If their predictions come true they can book profits.</li> </ul>
<b>4. EMOTIONS: BEFORE / AFTER</b> <span>EM</span> <p>Before: Losses in crude oil trades which deeply affected investors.</p> <p>After: Forecasting oil predictions increased profits in trading.</p>	<p>Extract online &amp; offline CH of BE</p>		

Problem-Solution fit canvas is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 license  
Created by Daria Neprikhina / Amaltama.com

**AMALTAMA**

Figure 7 – Problem Solution Fit

# **CHAPTER 4**

## **REQUIREMENT ANALYSIS**

## CHAPTER 4

### REQUIREMENT ANALYSIS

#### 4.1 Functional Requirement

Following are the functional requirements of the proposed solution.

FR No.	Functional Requirement (Epic)	Sub Requirement (Story / Sub-Task)
FR-1	User Registration	<ul style="list-style-type: none"><li>• Registration through Form</li><li>• Registration through Gmail</li><li>• Registration through LinkedIn</li></ul>
FR-2	User Confirmation	<ul style="list-style-type: none"><li>• Confirmation via Email</li><li>• Confirmation via OTP</li></ul>
FR-3	User Login	<ul style="list-style-type: none"><li>• Login through username and password</li><li>• Login through Gmail</li><li>• Login through LinkedIn</li></ul>
FR-4	Primary specifics	<ul style="list-style-type: none"><li>• Sync oil price every second</li><li>• Show Up and Down graph in real time in accordance with the oil price</li></ul>
FR-5	Additional Requirement	<ul style="list-style-type: none"><li>• Read latest news</li><li>• View price charts</li><li>• Review futures on selected quotation</li><li>• Analyse historical price trends</li><li>• Check exchange rates and commodities futures</li></ul>
FR-6	System Responsibility	<ul style="list-style-type: none"><li>• Allowing the user to select a date</li><li>• Track the precious results</li><li>• The pricing news should be updated</li></ul>

Table 1 – Functional Requirements

## 4.2 Non-Functional Requirements

Following are the non-functional requirements of the proposed solution.

FR No.	Non-Functional Requirement	Description
NFR-1	Usability	<ul style="list-style-type: none"><li>• To utilise a system easily and accelerate routine operations, it must have a logical user interface.</li><li>• Anyone who registers on the portal can utilise the system.</li></ul>
NFR-2	Security	<p>The following is a list of some of the factors that have been found to prevent malicious or unintentional access, usage, modification, destruction, or disclosure of the software:</p> <ul style="list-style-type: none"><li>• Maintain particular log or historical data sets.</li><li>• Apply specific cryptographymethods.</li><li>• Limit the number of devices that can access the website forpredicting the price.</li><li>• Verify the integrity of the data.</li></ul>



NFR-3	<b>Reliability</b>	<ul style="list-style-type: none"> <li>• At the time of entry, all user variable data will be committed to the database.</li> <li>• By using the available backup procedures and techniques, data corruption is avoided.</li> </ul>
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NFR-4	<b>Performance</b>	<ul style="list-style-type: none"> <li>• The system must allow for the simultaneous use of many users at all times.</li> <li>• The accuracy of the price should be at the maximum.</li> </ul>
NFR-5	<b>Availability</b>	<ul style="list-style-type: none"> <li>• The system should always be accessible, allowing for simple user access.</li> <li>• A replacement page will be displayed in the event that hardware or data base failure increases, and data should be obtained to restore the system.</li> </ul>
NFR-6	<b>Scalability</b>	<ul style="list-style-type: none"> <li>• Identifies the maximum workloads at which the system will still operate well.</li> <li>• Focus on the measurement of the system's response time under various load levels.</li> </ul>

Table 2 – Non-Functional Requirements

# **CHAPTER 5**

## **PROJECT DESIGN**

## CHAPTER 5

### PROJECT DESIGN

#### 5.1 Data Flow Diagram

A Data Flow Diagram (DFD) is a traditional visual representation of the information flows within a system. A neat and clear DFD can depict the right amount of the system requirement graphically. It shows how data enters and leaves the system, what changes the information, and where data is stored.

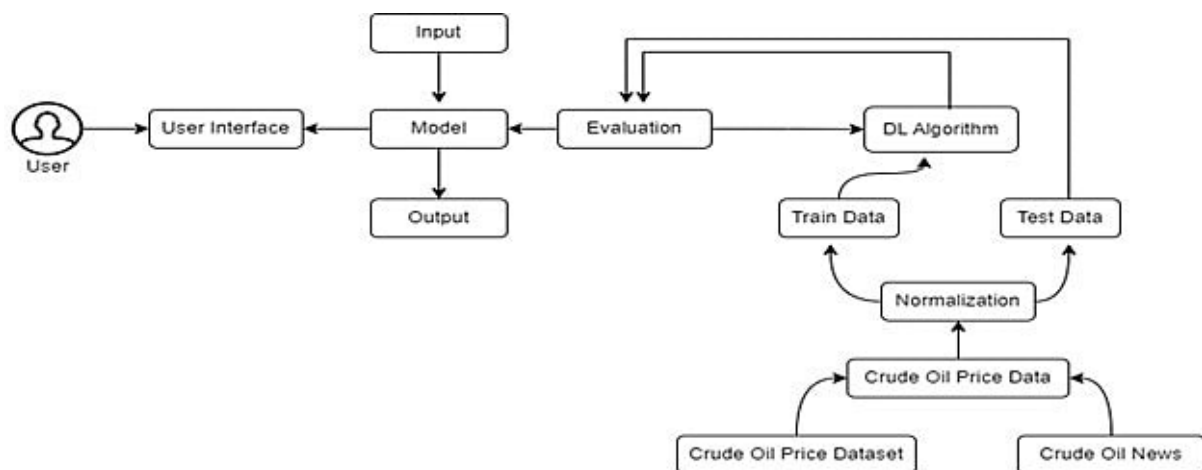


Figure 8 – Data Flow Diagram

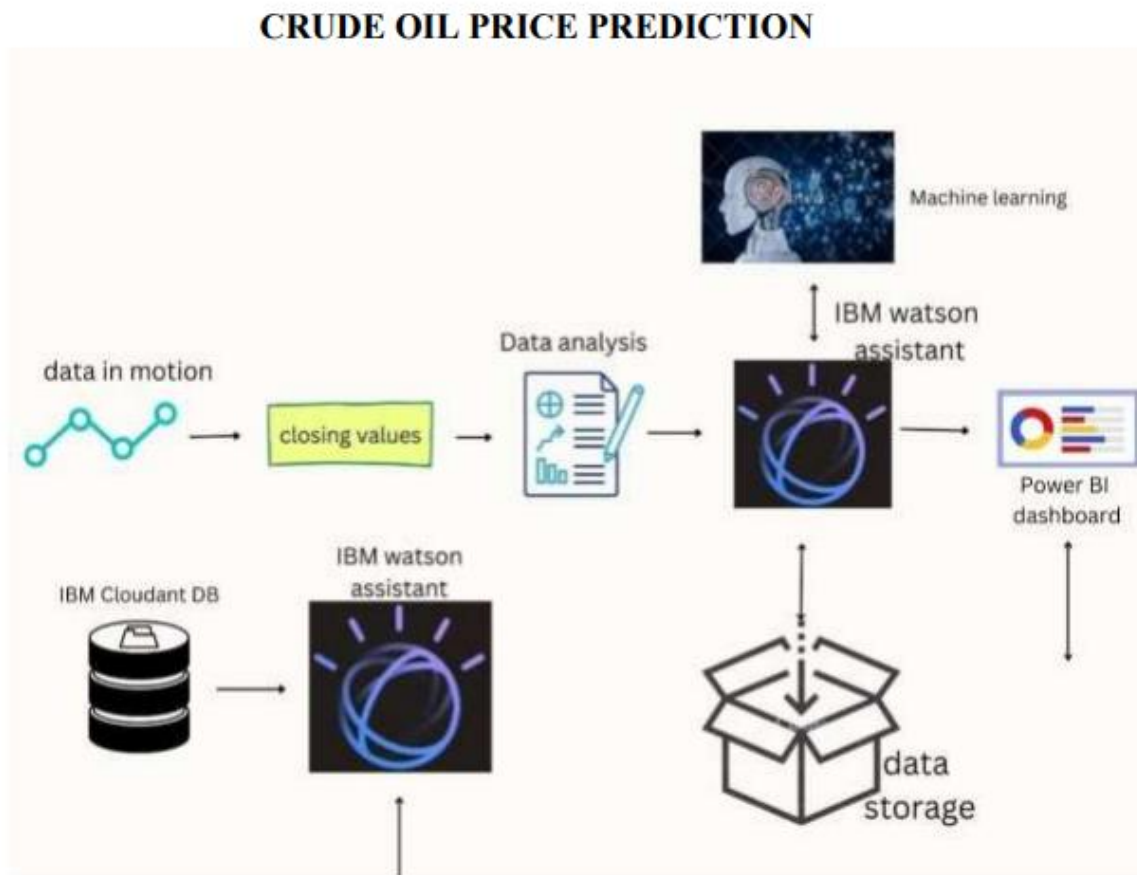
#### 5.2 Solution & Technical Architecture

Solution architecture is a complex process – with many sub-processes – that bridges the gap between business problems and technology solutions. Its goals are to:

- Find the best tech solution to solve existing business problems.
- Describe the structure, characteristics, behavior, and other aspects of the software to project stakeholders.

- Define features, development phases, and solution requirements.
- Provide specifications according to which the solution is defined, managed, and delivered.

### Solution Architecture Diagram:



## Components & Technologies

S.No	Component	Description	Technology
1.	User Interface	Through a web UI, the user can engage with the application.	HTML, CSS, JavaScript / AngularJs / React Js etc.
2.	Application Logic-1	It has many in built libraries which helps in machine learning	Python
3.	Application Logic-2	It helps to build machine learning model	IBM Watson Jupyter Notebook service
4.	Application Logic-3	It is fast and accurate	IBM Watson Assistant
5.	Database	MySQL is used to store the user information and warehouse the crude oil price	MySQL
6.	Cloud Database	IBM Db2 is reliable and scalable	IBM DB2
7.	File Storage	Maintain files easily	Local Filesystem
8.	External API-2	Aadhar and customer KYC verification takes a little amount of time	Aadhar API, etc.
9.	Machine Learning Model	To recognize the patterns and trends	Sequential, Dense & LSTM Model

10.	Infrastructure (Server / Cloud)	Application Deployment on Local System / Cloud Local Server Configuration: Cloud Server Configuration	Local System and IBM Watson
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Table 3 – Components & Technologies

### Application Characteristics

S.No	Characteristics	Description	Technology
1.	Open-Source Frameworks	Tensor flow – Implements model building and training. Flask – Can handle multiple user request simultaneously. Scikit learn – Contains model for classification, regression, clustering.	Tensor flow, Flask, Scikit learn.
2.	Security Implementations	SHA-256 doesn't have any known vulnerabilities	SHA-256.
3.	Scalable Architecture	MySQL can store huge amount of data and it is easily scalable.	MySQL
4.	Availability	This application can be accessed from anywhere easily and it is easily scalable.	IBM Watson Cloud.

5.	Performance	Flask can handle multiple user request simultaneously.	Flask
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Table 4 – Application Characteristics

### 5.3 User Stories

User Type	Functional Requirement (Epic)	User Story Number	User Story / Task	Acceptance criteria	Priority	Release
Customer (Mobile user)	Registration	USN-1	As a user, I can register for the application by entering my email, password, and confirming my password.	I can access my account / dashboard	High	Sprint-1
		USN-2	As a user, I will receive confirmation email once I have	I can receive confirmation email & click	High	Sprint-1



			registered for the	confirm		
			application			
		USN-3	As a user, I can register for the application through Facebook	I can register & access the dashboard with Facebook Login	Low	Sprint- 2
		USN-4	As a user, I can register for the application through Gmail	I can register through already existing mail account.	Medi um	Sprint- 1
	Login	USN-5	As a user, I can log into the application by entering email & password	After registration, I can log in via only email & password.	High	Sprint- 1

	Dashboard	USN-6	Display the oil price, line graph / bar graph real time.	I can expect the prediction in various formats.	Low	Sprint-3
Customer (Web user)	Login	USN-7	As the user, I can login by using Gmail or Facebook account or LinkedIn or by registering.	Existing users can easily login.	High	Sprint-2
Customer Care Executive	Support	USN-8	The Customer care service will provide solutions for any FAQ and also provide Chat-Bot.	I can solve the problems raised.	High	Sprint-3
Administrator	Access Control	USN-9	Admin can control the access of users.	Access permission for Users.	High	Sprint-4

	Database	USN-10	User can see the oil prices changes.	Stores User details.	Medium	Sprint-4
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Table 5 – User Stories

# **CHAPTER 6**

## **PROJECT PLANNING & SCHEDULING**

## CHAPTER 6

### PROJECT PLANNING & SCHEDULING

#### 6.1 Sprint Planning & Estimation:

Sprint	Functional Requirement (Epic)	User Story Number	User Story / Task	Story Points	Priority	Team Members
Sprint-1	Registration	USN-1	As a user, I can register for the application by entering my email, password, and confirming my password.	10	High	Rahul RM
Sprint-1		USN-2	As a user, I will receive confirmation email once I have registered for the application	10	High	Prince Patrick
Sprint-1	Login	USN-3	As a user, I can log into the application by entering email & password	15	High	Ragul Kannan S
Sprint-2	Input Necessary Details	USN-4	As a user, I can give Input Details to Predict Likelihood of crude Oil	15	High	Rahul RM
Sprint-2	Data Pre- Processing	USN-5	Transform raw data into suitable format for prediction	15	High	Sanjith
Sprint-3	Prediction of Crude Oil Price	USN-6	As a user, I can predict Crude Oil using machine learning model.	20	High	Prince Patrick T
Sprint-3		USN-7	As a user, I can get accurate prediction of crude oil.	5	Medium	Ragul Kannan S
Sprint-4	Review	USN-6	As a user, I can predict value from the application	20	High	Rahul RM , ,Prince Patrick T, Ragul Kannan S

## 6.2 Sprint Delivery Schedule

Title	Description	Date
Literature Survey & Information Gathering	Literature survey on the selected project & gathering information by referring the, technical papers, research publications etc.	19 September 2022
Prepare Empathy Map	Prepare Empathy Map Canvas to capture the user Pains & Gains, Prepare list of problem statements	23 September 2022
Ideation	List the by organizing the brainstorming session and prioritize the top 3 ideas based on the feasibility &	25 September 2022

	importance.	
Proposed Solution	Prepare the proposed solution document, which includes the novelty, feasibility of idea, business model, social impact, scalability of solution, etc.	27 September 2022
Problem Solution Fit	Prepare problem - solution fit document.	29 September 2022
Solution Architecture	Prepare solution architecture document.	01 October 2022
Customer Journey	Prepare the customer journey maps to understand the user interactions & experiences with the application (entry to exit).	04 October 2022
Functional Requirement	Prepare the functional requirement document.	06 October 2022
Data Flow Diagrams	Draw the data flow diagrams and submit for review.	08 October 2022
Technology Architecture	Prepare the technology architecture diagram.	11 October 2022
Prepare Milestone & Activity List	Prepare the milestones & activity list of the project.	23 October 2022
Sprint Schedule	Prepare spring plan	23 October 2022
Delivery of Sprint-1	Develop & submit the developed code.	29 October 2022
Delivery of Sprint-2	Develop & submit the developed code.	05 November 2022
Delivery of Sprint-3	Develop & submit the developed code.	12 November 2022
Delivery of Sprint-4	Develop & submit the developed	17 November 2022

	code.	
--	-------	--



<b>Sprint</b>	<b>Total Story Points</b>	<b>Duration</b>	<b>Sprint Start Date</b>	<b>Sprint End Date (Planned )</b>	<b>Story Points Complete d(as on Planned End Date)</b>	<b>Sprint Release Date (Actual)</b>
Sprint-1	20	6 Days	24 Oct 2022	29 Oct 2022	20	29 Oct 2022
Sprint-2	20	6 Days	31 Oct 2022	05 Nov 2022	20	03 Nov 2022
Sprint-3	20	6 Days	07 Nov 2022	12 Nov 2022	20	10 Nov 2022
Sprint-4	20	6 Days	14 Nov 2022	19 Nov 2022	20	17 Nov 2022

Table 8 – Sprint Delivery Schedule

### 6.3 Reports From JIRA:

#### **Velocity:**

Imagine we have a 10-day sprint duration, and the velocity of the team is 20 (points per sprint). Let's calculate the team's average velocity (AV) per iteration unit (story points per day)



Figure 11 – Velocity Chart

### Burndown Chart:

A burn down chart is a graphical representation of work left to do versus time. It is often used in agile software development methodologies such as Scrum. However, burn down charts can be applied to any project containing measurable progress over time.

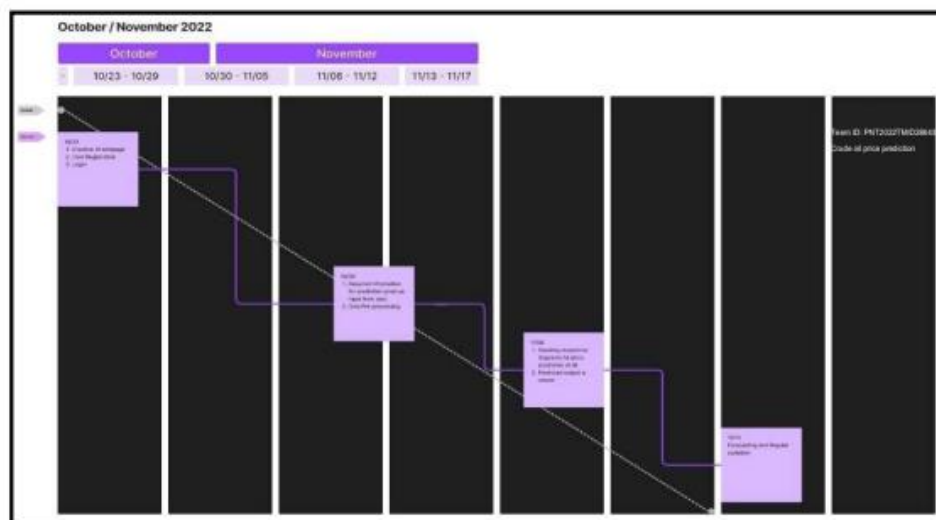
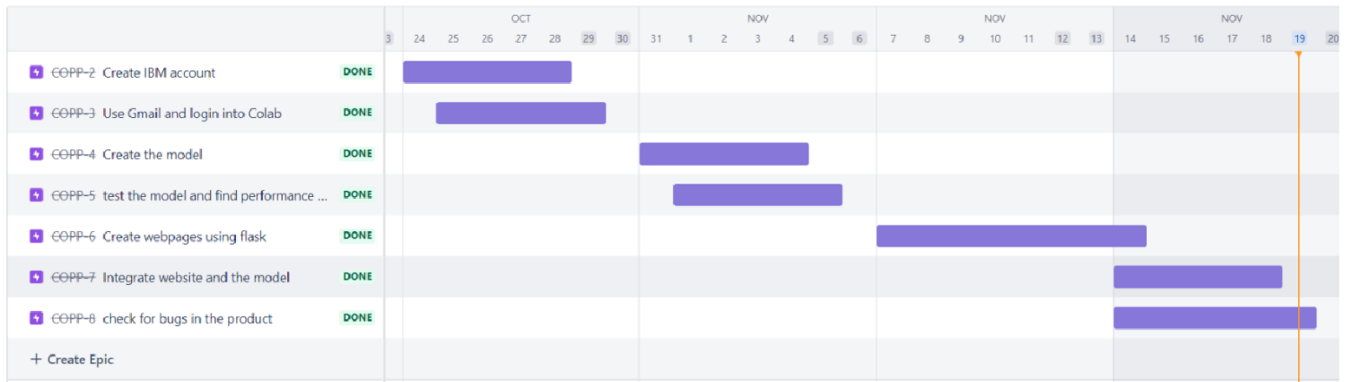


Figure 12 – Burndown Chart

## Project Progress :



# **CHAPTER 7**

## **CODING & SOLUTIONING**

## **CHAPTER 7**

### **CODING & SOLUTIONING**

#### **7.1 Interactive UI**

The area where interactions between people and machines take place is known as a user interface (UI) in the subject of industrial design known as human-computer interaction. This interaction's purpose is to enable efficient machine operation and control from the human end, while the machine also feeds information back to the operators to support their decision-making. The general objective of user interface design is to provide an interface that makes it simple, effective, and pleasurable (user- friendly) to operate a machine in a way that yields the desired outcome (i.e., maximum usability). This typically means that the machine reduces undesirable outputs to the user while simultaneously requiring the operator to input as little as possible to produce the desired output.

We have included a user interface in our project to make it easier for users to forecast the price of crude oil in the future. Users simply need to visit the website to access the interface and can click a button to forecast the price. Once the button has been clicked, the user will be taken to another website where they can enter the price of crude oil for 10 days. In that case, the user should click Predict. The user can then view the price of crude oil after ten days.

#### **7.2 Cloud Integration**

The on-demand availability of computer system resources, in particular data storage (cloud storage) and processing power, without direct active supervision by the user, is known as cloud computing. Functions in large clouds are frequently dispersed over several sites, each of which is a data centre. Cloud computing often uses a "pay as you go" model, which can help reduce

capital expenses but may also result in unanticipated running expenses for users. Cloud computing depends on resource sharing to accomplish coherence.

Our project is cloud-integrated, allowing it to run anywhere and be accessible at any time. Anytime the user desires, they will be able to forecast the price of crude oil. Through the IBM Cloud, this is accomplished. On the IBM Watson Studio, which makes use of the Watson Machine Learning Platform, we developed and trained the model. We generated a deployment space and ran the code using the API key to deploy the model. The Flask app, which is used to link to the backend and frontend, was then finally integrated.

# **CHAPTER 8**

## **TESTING**

# CHAPTER 8

## TESTING

### 8.1 Test Cases

The following test scenarios were tested successfully.

#### Test Scenarios

- 1 Verify the UI elements on the home page
- 2 Verify whether the user can navigate to the prediction page
- 3 Verify the UI elements in the prediction page
- 4 Verify user is able to enter a value in the text box.
- 5 Verify user is able to enter numbers in the text box
- 6 Verify model can handle no inputs
- 7 Verify model can handle multiple input
- 8 Verify model can handle unsupported input
- 9 Verify model can predict the output
- 10 Verify the predicted results are displayed
- 11 Verify user can enter the value after the prediction

1	Date			05-Nov-22							
2	Team ID			PNT2022TMD18478							
3	Project Name			Crude Oil Price Prediction							
Test Data ID	Feature Type	Component	Test Scenario	Steps to execute	Test Data	Expected result	Actual Result	Status	BUG ID	Executed By	
COPP_TC_001	UI	index.html	Verify the UI elements in home page	1. Enter the URL 2. Check whether the user can navigate to the prediction element are displayed .	<a href="https://localhost:5000/">https://localhost:5000/</a>	The UI elements should be displayed properly.	Working as expected.	Pass		Rahul RM	
COPP_TC_002	Functional	index.html	Verify whether the user can navigate to the prediction page	1. Enter the URL 2. Check whether the user can navigate to the prediction page after clicking predict.	<a href="https://localhost:5000/">https://localhost:5000/</a>	The user should be able to navigate to the prediction page	Working as expected.	Pass		Prince Patrick	
COPP_TC_001	UI	web.html	Verify the UI elements in prediction	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/">https://localhost:5000/</a>	The UI elements should be displayed properly.	Working as expected.	Pass	BUG 1234	Ragul kannan s	
COPP_TC_003	Functional	web.html	Verify user is able to enter the value in text box	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/">https://localhost:5000/</a>	The user should be able to enter the values in the text box	Working as expected.	Pass		Sanjith S	
COPP_TC_004	Functional	web.html	Verify model is able to enter the value in text box	1. Enter the URL 2. Check whether the user can navigate to the prediction element are displayed .	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	The prediction should be displayed.	Working as expected.	Pass		Rahul RM	
COPP_TC_005	Functional	Model	Verify model can handle with no input	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	The model should determine the output of the data.	Error Thrown .	Pass		Prince Patrick	
COPP_TC_006	Functional	Model	Verify model can handle multiple input	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	The model should determine the output of the data.	Working as expected.	Pass	DPP_TC_00	Prince Patrick	
COPP_TC_007	Functional	Model	Verify model can handle multiple input	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	ed output should be	Error Thrown .	Pass		Rahul RM	
COPP_TC_008	Functional	Model	Verify model can predict the output	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	The model should determine the output of the data.	Working as expected.	Pass	DPP_TC_00	Rahul RM	
COPP_TC_0019	Functional	web.html	Verify the predicted output is	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	ed output should be	Working as expected.	Pass		Ragul kannan s	
COPP_TC_003	Functional	web.html	Verify the user can enter the value after the prediction	1. Enter the URL 2. Check whether the user enter values in text box.	<a href="https://localhost:5000/predict">https://localhost:5000/predict</a>	The model should determine the output of the data.	Working as expected.	Pass		Ragul kannan s , sanjith s	



Figure 13 – Test Cases

## 8.2 User Acceptance Testing:

### Defect Analysis

Resolution	Severit y1	Severit y2	Severit y3	Severit y4	Subtota l
By Design	1	0	0	1	0
Duplicate	0	0	0	0	0
External	0	0	2	0	2
Fixed	4	1	0	1	6
Not Reproduced	0	0	0	0	0
Skipped	1	0	0	0	1
Won't Fix	1	0	1	1	3
Totals	7	1	3	3	12

Table 9 – Defect Analysis

### Test Case Analysis

Section	Total Case s	Not Teste d	Fa il	Pas s
Print Engine	10	0	2	8
Client Application	5	0	0	5
Security	1	0	0	1
Outsource Shipping	3	0	0	3
Exception Reporting	2	0	2	0
Final Report Output	4	0	0	4

Table 10 – Test Case Analysis

# **CHAPTER 9**

## **RESULTS**

## CHAPTER 9

### RESULTS

#### 9.1 Performance Metrics:

We attempted to forecast the output of the crude oil by entering various input variables in order to assess the accuracy and performance of this project. These are the input values.

[0.44172960165852215, 0.48111950244335855, 0.49726047682511476, 0.4679401747371539, 0.4729749740855915, 0.47119798608026064, 0.47341922108692425, 0.4649785280616022, 0.4703835332444839, 0.47149415074781587]

The anticipated outcome after providing the input values is 0.46976325.

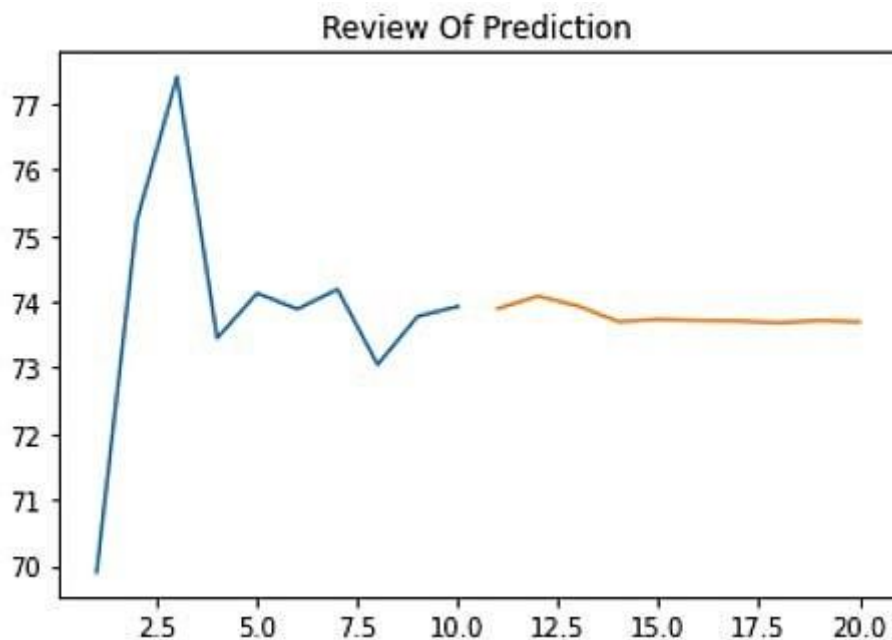


Figure 14 – Review of Prediction

Figure 13 gives a review of prediction how the system has predicted the future price

based on the given input values.

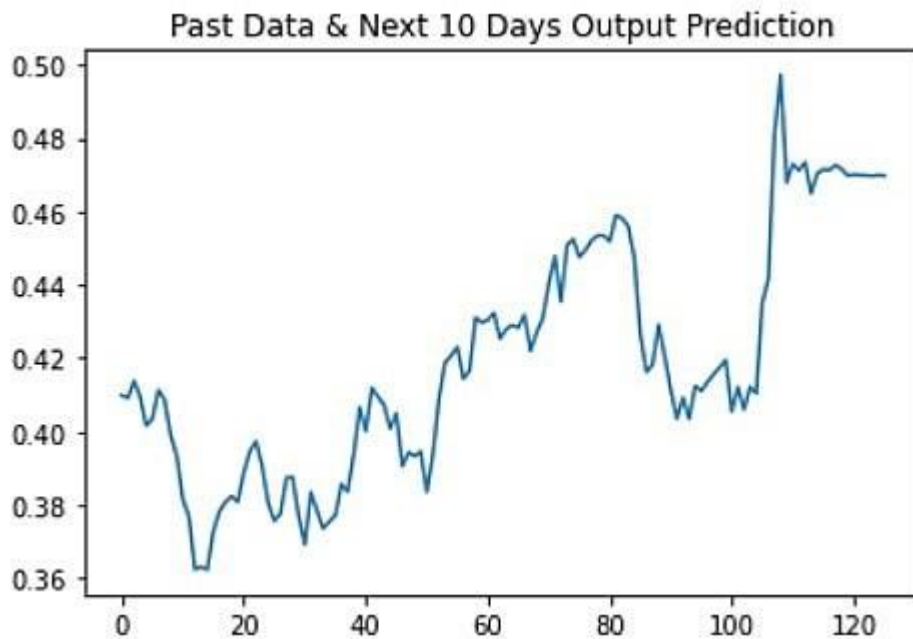


Figure 15 – Next 10 Days Prediction

It can be seen that the graph was drawn using the provided data and a projection for the next 10 days. There was a little discrepancy between the output and the real pricing.

The developed system shows a clear prediction of the future prices which has very less deviations from the true prices by using LSTM in tensorflow and keras in python. There is always a thin line between the overfitting of the model and its best performance. This project helps a lot to learn about the developed model and the algorithm and using this model as a base, a much more complicated model can be easily developed. The facet of more prediction algorithms for crude oil can concoct with the help of this system.

This system concludes that the machine learning model LSTM (Long Short- Term Method) predicts the future price of crude oil by bordering the actual price of the crude oil price.

### Model Performance Testing:

S.No.	Parameter	Values	Screenshot															
1.	Model Summary		<div>Model: "sequential"</div> <table><thead><tr><th>Layer (type)</th><th>Output Shape</th><th>Param #</th></tr></thead><tbody><tr><td>lstm (LSTM)</td><td>(None, 10, 10)</td><td>480</td></tr><tr><td>lstm_1 (LSTM)</td><td>(None, 10, 10)</td><td>840</td></tr><tr><td>lstm_2 (LSTM)</td><td>(None, 10)</td><td>840</td></tr><tr><td>dense (Dense)</td><td>(None, 1)</td><td>11</td></tr></tbody></table> <div>Total params: 2,171 Trainable params: 2,171 Non-trainable params: 0</div>	Layer (type)	Output Shape	Param #	lstm (LSTM)	(None, 10, 10)	480	lstm_1 (LSTM)	(None, 10, 10)	840	lstm_2 (LSTM)	(None, 10)	840	dense (Dense)	(None, 1)	11
Layer (type)	Output Shape	Param #																
lstm (LSTM)	(None, 10, 10)	480																
lstm_1 (LSTM)	(None, 10, 10)	840																
lstm_2 (LSTM)	(None, 10)	840																
dense (Dense)	(None, 1)	11																
2.	Accuracy	<div>Training Accuracy - 1.9685525432167308</div> <div>Validation Accuracy - 2.201959455277266</div>	<div>Train Mean Absolute Error: 1.2571759644915208 Train Root Mean Squared Error: 1.9685525432167308 Test Mean Absolute Error: 1.7191186880846367 Test Root Mean Squared Error: 2.201959455277266</div> <div></div>															

# **CHAPTER 10**

## **ADVANTAGES & DISADVANTAGES**

## CHAPTER 10

### ADVANTAGES & DISADVANTAGES

#### Advantages

- High Accuracy
- Removes the investment bias
- Develop the habit of complete analysis
- Minimise our losses
- Allows smart way of making money

#### High Accuracy:

The model which we predicted had a high accuracy of above 90 per cent in all aspects. The other advantages of predicting the price of crude oil are discussed below.

#### Removes the investment bias:

The Indian stock market offers a variety of chances for traders and investors, but it is also helpful to be aware of the market environment before taking a position in a particular stock. Take the weather prediction as an example to help you comprehend this; being aware of the weather forecast for the coming week enables you to make appropriate plans. The situation with stock market investments is comparable. Let's look at a few of the major benefits connected with stock market prediction now to help you grasp.

#### Develop the habit of complete analysis:

Investors don't always conduct a thorough research of the stock before learning how to anticipate the stock market and putting what they have learned into practise. They only start to establish the habit of comprehensive analysis

before making any investing decisions after they learn how to apply formulae and procedures to forecast



stock market movements. Once or initially, making a successful stock market prediction gives investors the confidence to form the habit of conducting a thorough analysis each time. Here, "complete analysis" refers to both the fundamental and the technical analysis of the stocks because the combination of these two forecasting methods results in predictions that are more precise.

### **Minimise our losses:**

Another benefit of stock market prediction is that it significantly reduces your losses or restricts them. Investors sometimes make the error of not doing their studies thoroughly before learning how to anticipate, which results in them frequently employing the incorrect prediction strategies. As a result, many put their money into the stocks based solely on intuition or merely wild estimates in the hopes that the prices will rise, and they will profit. They lose most of the time because it doesn't happen. They can reduce their losses by correctly implementing and using the appropriate forecast strategies. The converse of this is also true, and given the information provided, you can make wise selections.

### **Allows smart way of making money:**

Making steadily increasing profits through the use of your trading expertise and knowledge is the smart method to make money. The most desired and ideal approach to make money in the stock market is to become a day trader and make money every day, unless of course a person has long-term aspirations. But in order to do that, you must be aware of the various difficulties and difficulties that come with intraday trading, as well as how to deal with them. That can only occur when you understand how to forecast the stock market using a variety of tools and tactics and how to maximise intraday trading, enabling yourself to consistently make money.

## **Disadvantages**

- Forecasts are never 100% accurate
- It can be time-consuming and resource-intensive

### **Forecasts are never 100% accurate:**

Let's face it: it's hard to predict the future. Even if you have a great process in place and forecasting experts on your payroll, your forecasts will never be spot on. Some products and markets simply have a high level of volatility. And in general, there is just an endless number of factors that influence demand.

### **It can be time-consuming and resource-intensive:**

Forecasting involves a lot of data gathering, data organizing, and coordination. Companies typically employ a team of demand planners who are responsible for coming up with the forecast. But in order to do this well, demand planners need substantial input from the sales and marketing teams. In addition, it's not uncommon for processes to be manual and labour-intensive, thus taking up a lot of time. Fortunately, if you have the right technology in place, this is much less of an issue.

# **CHAPTER 11**

## **CONCLUSION**

## **CHAPTER 11**

### **CONCLUSION**

In today's world and in such a dynamic atmosphere where everyone wants to know what will happen in the future, artificial intelligence and deep learning are the foundation for upgrading technology. The path to future prediction has been established by several facilities. It previously hard to predict the prices of cryptocurrencies since they change randomly, but machine learning has made it feasible.

By integrating LSTM in TensorFlow and keras in Python, the constructed model demonstrates a clear prediction of the future prices with very little variance from the genuine prices. Between the model being overfitted and performing at its optimum, there is always a fine line. With a few minor adjustments, the model may be applied to different time series data. With the knowledge gained from this research, a far more complex model may be created with relative ease utilising the generated model and algorithm as a foundation. With the aid of this model, more prediction algorithms for bitcoin may be developed.

This project comes to the conclusion that the LSTM (Long Short-Term Method) machine learning algorithm predicts the future price of crude oil by edging the current price of the oil with high accuracy.

# **CHAPTER 12**

## **FUTURE SCOPE**

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### **FUTURE SCOPE**

The Long Short-Term Method (LSTM) machine learning algorithm is shown to have a high degree of accuracy in predicting the future price of crude oil by edging the current price of the oil.

In the future, it will be possible to estimate crude oil prices by taking into account additional variables that influence the price, such as tweets, national news, natural disasters, the cost of forecasting, conflict, demand, and floods. By doing this, the model's precision and accuracy would both be enhanced.

The dataset will be obtained from Kaggle, a sizable platform that is frequently used for data mining and doing analysis. The model would similarly be created using these elements. If this is carried out, the accuracy of forecasting the price of crude oil will exceed 98 percent.

# **CHAPTER 13**

## **APPENDIX**

## CHAPTER 13

### APPENDIX

#### Source Code

##### Building the model:

```
import numpy as
npimport pandas
as pd
import matplotlib.pyplot as plt

data = pd.read_excel("Crude Oil Prices Daily.xlsx")
data.head()

data.isnull().any()

data.isnull().sum()

data.dropna(axis=0,inplace=True)
data.isnull().sum()

data_oil = data.reset_index()["Closing Value"]
data_oil

from sklearn.preprocessing import
MinMaxScalerscaler = MinMaxScaler (
feature_range = (0,1) )
data_oil = scaler.fit_transform(np.array(data_oil).reshape(-1,1))
```



```
plt.title('Crude Oil  
Price')plt.plot(data_oil)
```

```
training_size = int(len(data_oil)*0.65)
test_size = len(data_oil)-training_size
train_data, test_data = data_oil[0:training_size:],
data_oil[training_size:len(data_oil),:1]
```

```
training_size, test_size
```

```
train_data.shape
```

```
import numpy
def create_dataset(dataset,
    time_step=1):dataX, dataY = [], []
    for i in range(len(dataset)-time_step-
        1): a = dataset[i:(i+time_step), 0]
        dataX.append(a)
        dataY.append(dataset[i+time_step,
            0])
    return np.array(dataX), np.array(dataY)
```

```
time_step = 10
X_train, y_train = create_dataset(train_data, time_step)
X_test, ytest = create_dataset(test_data, time_step)
```

```
print(X_train.shape), print(y_train.shape)
```

```
print(X_test.shape), print(ytest.shape)
```

```
X_train
```

```
X_train = X_train.reshape(X_train.shape[0],X_train.shape[1],1)
X_test = X_test.reshape(X_test.shape[0],X_test.shape[1],1)
```

```
from tensorflow.keras.models import
Sequentialfrom tensorflow.keras.layers
import Dense
from tensorflow.keras.layers import LSTM
```

```
model = Sequential()
```

```
model.add(LSTM(50,return_sequences = True, input_shape =
(10,1)))model.add(LSTM(50,return_sequences = True))
model.add(LSTM(50))
```

```
model.add(Dense(1))
model.summary()
```

```
model.compile(loss='mean_squared_error', optimizer = 'adam')
```

```
model.fit(X_train, y_train, validation_data = (X_test, ytest), epochs = 10,
batch_size =64, verbose = 1)
```

```
train_predict=model.predict(X_train)
test_predict=model.predict(X_test)
```

```
train_predict = scaler.inverse_transform(train_predict)
test_predict = scaler.inverse_transform(test_predict)
import math
from sklearn.metrics import mean_squared_error
```

```

from tensorflow.keras.models import load_model
model.save("Crude_oil.h5")

look_back = 0
trainPredictPlot = np.empty_like(data_oil)
trainPredictPlot[:, :] = np.nan
trainPredictPlot[look_back:len(train_predict) + look_back, :] = train_predict

testPredictPlot = np.empty_like(data_oil)
testPredictPlot[:, :] = np.nan
testPredictPlot[len(train_predict)+(look_back*2)+1: len(data_oil)-1, :] = test_predict

plt.plot(scaler.inverse_transform(data_oil))
plt.plot(trainPredictPlot)
plt.plot(testPredictPlot)
plt.title("Testing The Model")
plt.show()

len(test_data)

x_input = test_data[2866:].reshape(1,-1)
x_input.shape

temp_input = list(x_input)
temp_input = temp_input[0].tolist()

lst_output = []
n_steps = 10
i=0

```

```

while(i<10):
    if(len(temp_input)>10):
        x_input = np.array(temp_input[1:])
        print("{} day input {}".format(i,x_input))
        x_input = x_input.reshape(1,-1)
        x_input = x_input.reshape((1,n_steps, 1))

        yhat = model.predict(x_input, verbose =
0)print("{} day output {}".format(i,yhat))
        temp_input.extend(yhat[0].tolist())
        temp_input = temp_input[1:]
        lst_output.extend(yhat.tolist())
        i=i+1

    else:
        x_input = x_input.reshape((1, n_steps,1))
        yhat = model.predict(x_input, verbose =
0)print(yhat[0])
        temp_input.extend(yhat[0].tolist())
        print(len(temp_input))
        lst_output.extend(yhat.tolist())
        i=i+1

day_new =
np.arange(1,11) day_pred
= np.arange(11,21)

len(data_oil)

plt.plot(day_new,scaler.inverse_transform(data_oil[8206:]))

```

```
plt.plot(day_pred, scaler.inverse_transform(lst_output))
plt.show()
```

```
df3 = data_oil.tolist()
df3.extend(lst_output)
plt.title("Past Data & Next 10 Days Output Prediction")
plt.plot(df3[8100:])
```

```
df3 = scaler.inverse_transform(df3).tolist()
plt.title("Past Data & Next 10 Days Output Prediction After Reversing The
ScaledValues")
plt.plot(df3)
```

### **Deploying on IBM Cloud:**

```
get_ipython().system('pip install ibm_watson_machine_learning')
```

```
from ibm_watson_machine_learning import APIClient
wml_credentials = {
    "url": "https://us-south.ml.cloud.ibm.com",
    "apikey": "uVEty-CB4dYcccQ_Jq9V-atVXmL1dByE_wiDm95lcyTQ"
}
```

```
client = APIClient(wml_credentials)
```

```
def guid_from_space_name(client,
    NewSpace):space =
    client.spaces.get_details()
    return(next(item for item in space['resources'] if item['entity']['name'] ==
    NewSpace)['metadata']['id'])
```

```
space_uid = guid_from_space_name(client, 'NewSpace')
print("Space UID = " + space_uid)
```

```

client.software_specifications.list()

software_spec_id =
client.software_specifications.get_id_by_name('tensorflow_rt22.1-
py3.9') print(software_spec_id)

model.save('crude.h5')

get_ipython().system('tar -zcvf crude-oil.tgz Crude.h5')

software_space_uid =
client.software_specifications.get_uid_by_name('tensorflow_rt22.1-
py3.9') software_space_uid

model_details = client.repository.store_model(model='crude.tgz',meta_props={
client.repository.ModelMetaNames.NAME:"crude_oil_model",
client.repository.ModelMetaNames.TYPE:"tensorflow_2.7",
client.repository.ModelMetaNames.SOFTWARE_SPEC_UID:software_spec_id }
)
model_id = client.repository.get_model_uid(model_details)
model_id

client.repository.download(model_id,'crude_oil_model.tar.gb')

```

## INTEGRATE FLASK WITH SCORING END POINT

### **App.py**

```

from flask import
Flask,render_template,request,redirectimport pandas
as pd
import numpy as np
from flask import Flask, render_template, Response,
requestimport pickle
from sklearn.preprocessing import
LabelEncoderimport requests

```

```
# NOTE: you must manually set API_KEY below using information retrieved
from your IBM Cloud account.
API_KEY = "uVEty-CB4dYcccQ_Jq9V-atVXmL1dByE_wiDm95lcyTQ"
token_response = requests.post('https://iam.cloud.ibm.com/identity/token',
data={"apikey":API_KEY, "grant_type": 'urn:ibm:params:oauth:grant-
type:apikey'})mltoken = token_response.json()["access_token"]
header = {'Content-Type': 'application/json', 'Authorization': 'Bearer ' + mltoken}
```

```
app = Flask(__name__)
```

```
@app.route('/', methods=["GET"])
def index():
    return render_template('index.html')
```

```
@app.route('/predict', methods=["POST", "GET"])
def predict():
```

```
    if request.method == "POST":
        string = request.form['val']
        string = string.split(',')
        temp_input = [eval(i) for i in string]
```

```
    x_input = np.zeros(shape=(1, 10))
    x_input.shape
```

```
    lst_output =
    []n_steps =
    10 i=0
    while(i<10):
        if(len(temp_input)>10):
            x_input = np.array(temp_input[1:])
            x_input = x_input.reshape(1,-1)
            x_input = x_input.reshape((1,n_steps, 1))
            yhat = model.predict(x_input, verbose =
0)temp_input.extend(yhat[0].tolist())
            temp_input = temp_input[1:]
```



```

lst_output.extend(yhat.tolist())
)i=i+1

```

else:

```

x_input = x_input.reshape((1, n_steps,1))
yhat = model.predict(x_input, verbose =
0)temp_input.extend(yhat[0].tolist())
lst_output.extend(yhat.tolist())
i=i+1

```

# NOTE: manually define and pass the array(s) of values to be scored in thenext line

```

payload_scoring = {"input_data": [{ "values": [[x_input]] }]}

```

```

response_scoring = requests.post('https://us-
south.ml.cloud.ibm.com/ml/v4/deployments/7f67cbcd-6222-
413b-9901-b2a72807ac82/predictions?version=2022-10-30',
json=payload_scoring, headers={'Authorization': 'Bearer ' +
mltoken})

```

```

predictions = response_scoring.json()
print(response_scoring.json())

```

```

val = lst_output[9]
return render_template('web.html' , prediction = val)

```

```

if request.method=="GET":
    return render_template('web.html')

```

```

if __name__=="__main__":
    model = load_model('C:/Users/rkara/IBM/Sprint -
4/Crude_oil.tar.gz')app.run(debug=True)

```

## INDEX.HTML

```
<!DOCTYPE html>
<head>
  <title>Crude Oil Price Prediction </title>
  <link rel="stylesheet" href="{{ url_for('static', filename='css/index.css') }}">
</head>
<body>
  <h1> Crude Oil Price Prediction</h1>
  <p> Demand for oil is inelastic, therefore the rise in price is good
  newsfor producers because they will see an increase in their
  revenue. Oil importers, however, will experience increased costs
  of purchasing oil.
  Because oil is the largest traded commodity, the effects
  are quitesignificant. A rising oil price can even shift
  economic/political
  power from oil importers to oil exporters. The crude oil price
  movementsare subject to diverse influencing factors.
  </p><br><br>
  <a href="{{url_for('predict')}}">
  Predict Future Price</a>
</body>
```

## WEB.HTML

```
<!DOCTYPE html>
<head>
  <title>Crude Oil Price Prediction </title>
  <link rel="stylesheet" href="{{ url_for('static', filename='css/web.css') }}">
</head>
```

```
<body>
  <h1>
    Crude Oil Price Prediction </h1>
    <form action="/predict" method="POST" enctype = "multipart/form-data">
      <input type="text" name="val" placeholder="Enter the crude oil price for
first 10days" >
        <br> <br> <br>
        <input type="submit"/>
    </form><br> <br>
    <div>
      {{prediction}}
    </div>

</body>
```

### **Github & Demo Link :**

<https://github.com/IBM-EPBL/IBM-Project-39252-1660402594>

<https://drive.google.com/file/d/1B43lUBtixnQapE-qUTb4A4elqNE5nPj9/view?usp=sharing>