

**Ideation Phase**  
**Problem Statement**

Date	19 September 2022
Team ID	PNT2022TMID45237
Project Name	Crude Oil Price Prediction
Maximum Marks	2 Marks

**Customer Problem Statement Template:**

There are three main problems faced in the Crude oil Price Prediction. They are supply, demand and Geopolitics.

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. This is a big deal because European and British companies account for about 85% to 90% of the business of insuring, reinsuring, and financing seaborne Russian oil. 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.

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. And then there's the question of how the market will react to renewable energy. "Right now, renewables are still more expensive than non-renewable and As all our machines are made to run on non-renewable it is a tedious and high investment process to change, so consumers aren't going to voluntarily make the switch."

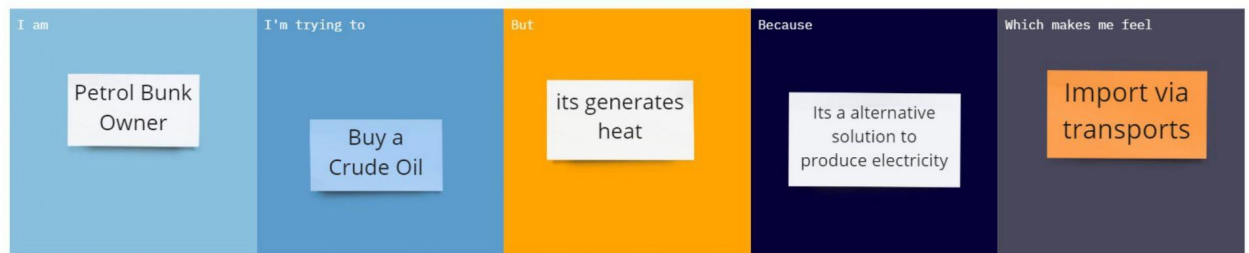
Since supply is determined by the big oil-producing countries, tension with one of those nations can cause major problems. So if there's war or conflict in an oil-producing region, crude inventories could seem threatened, and that could ultimately alter the price of oil.

"Geopolitics has traditionally been a factor in the oil price," Essner said.

"Particularly when situations in the Middle East or other oil-rich regions of the world would flare up and there would be conflict, you would generally speaking see a little bit of an uptick in the price of oil as a result, just by virtue of the risk of supply being disrupted, or of means of transportation being disrupted, such as a canal or pipeline or workers going on protest, things like that."

As the oil price is not stable we should not only focus on the period changes in it. we also note the other parameters which indirectly affect the flow of the price of crude oil.

## Example:



Problem Statement (PS)	I am (Customer)	I'm trying to	But	Because	Which makes me feel
PS-1	Petrol Bunk Owner	Buy a Crude Oil	Its generates heat in the surrounding	Its a alternative solution to produce electricity	Import via transports
PS-2	Business man	Invest in Crude Oil	It's too Expensive and may face loss in business	Oil is a Non-renewable source of energy	Thing to invest