

CRUDE OIL PRICE PREDICTION: PROBLEM STATEMENT

STATEMENT 1:

There are five main problems identified based on investigations made on previous research. Firstly, data used in the previous predictions are majority employed from WTI or Brent crude oil price without taking into consideration other inputs that are involved together in the market. The crude oil price market volatiles from the contributions made by other factors surround it and neglecting these factors will demote the capability of a prediction tool. A good prediction is the one that can comprehend and correlates between factors, sparks information on the trend and finally, predict it accurately.

STATEMENT 2:

Secondly, there are scarce numbers of research that implement the verification and validation technique on the main factors involving in the fluctuation. Besides the global crude oil price, other popular factors that being used in previous research are demand and supply. Although, demand and supply of oil plays vital role to the market volatility, the use of these observations only is not enough to comprehensively render the information offered by the trend. There are also other factors that contributed to the trend and gave impact to the price. Therefore, by embracing appropriate key factors and later correlate them will help to achieve a thorough and comprehensive prediction for the market.

STATEMENT 3:

Thirdly, time-series data are mainly used for prediction. Nevertheless, data pre-processing and data representation process are made absent in some of the previous research. These two processes are important to cleanse and reduce errors and noises in data set and uniform it. Later, these will help to organise the process of prediction, make it more systematic and finally, generates more stable result. Without these processes, the prediction tool will be less reliable.

STATEMENT 4:

Fourthly, the crude oil price movement was the popular topic studied previously and not the crude oil price itself. Predicting the movement of the price only is not sufficient to characterise the market where else, crisp prediction will offer far more persona. A prediction on the movement together with the price itself will tender more usable, discrete and practical implementation to the real worlds problem.

STATEMENT 5:

Sincerely, the practicability of the previous study is still dubious as the crude oil market itself is chaotic. Still, there are opportunities for improvement in the future as the advancement of our world technology is rapid.