Dangers in forecasting: Forecasting and alternatives to the scientific approach

The oil and gas industry is amazingly unable to predict oil prices. What is probably the largest industry in the world, with the biggest companies and corporations in the world, employing large large numbers (thousands) of bright people at high salaries and using large sophisticated and complex computing power, yet they fail to forecast the price of their one product (crude oil). Not only the oil industry but many other industries throughout society and history consistenly fail to forecast correctly. Forecasts are driven by historic data and trends and are based on a scienti c big data analytical approach. is paper argues that in the fast changing dynamic modern world, such an approach misses emerging trends, patterns, break points and game changers. It loses the space for the unexpected and for blue sky thinking. e paper considers some examples of forecasts in the energy sector and it asks questions about how future energy use may really develop. e paper then considers some wider questions about how the past drives the future. In a data driven world, to really understand the future, non data driven approaches are needed. e ideas in this paper are developed and expanded from a presentation which Mr Cameron gave to a G20-Y conference at Évian-les-Bains in France in 2017.

Biography

Nigel Peter Cameron completed his bachelors degree in medieval English and History from the University of Birmingham, UK and an MBA in international business from the school of Management at the University of Bradford, UK. He is the founder and managing director of Energy Markets Global Limited, a UK. He has published two books on the energy sector, over 15 articles and presented at over 20 international conferences. He is an adviser to various international institutions.