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The Regression based Stock Market Closing Cost Predication Approach

Sourabh Jain, Dr.Navdeep Kaur Saluja, Dr. Mohd. Shahnwaz Ansari
Eklavya University Damoh India

Abstract:-Predicting the stick market price is a critical area of study for accurate investing. Stock market prices can be learned and predicted using regression models. The goal of this project was to use regression modeling to build a mathematical relationship involving an underlying opening stock price along with independent parameters like closure costs and company earnings and revenues. The final goal is to establish manufacturing accuracy using regression models and rising polynomial orders. It is necessary to identify the most optimal regression order as well as the highest R2 measures. The modeling may aid in establishing fundamental relationships between dependent as well as independent cost components. With diverse orders, paper provides significant accuracy ranging from 70% to 88%.with training phase and 99% with testing phase model with data sample.

Keywords: **Image Watermarking, Spatial Domain, Transform domain methods, DWT, SVD, Attacks.**

I. INTRODUCTION

The prediction of market prize is the essential step for the stock marbles. There are many learning based methods available for accurate cost prediction. But most of the users are not technologically sound. Thus, it is required to design a simple and accurate mathematical model for stock market prediction (SMP). The reliability of a regression based SMP algorithms is determined by several parameters, notably quality of data, complexity of models, as well as training interval length. More complicated models are generally accurate; however they also demand more data and training time. .

There are numerous types of regression which might be applied when predicting the stock market, includes linear [1, and 2] and polynomial regression [3, and 4], as well as logistic regression. The linear regression (LR) is the most basic sort of regression since it requires a linear modeling amongst the independent and dependent elements. Polynomial regression offers an even more adaptable sort of regression which allows for non-linear associations [5]. Logistic regression is employed for predicting the direction of an identifiable variable, for instance whether a stock's price will raise or fall.

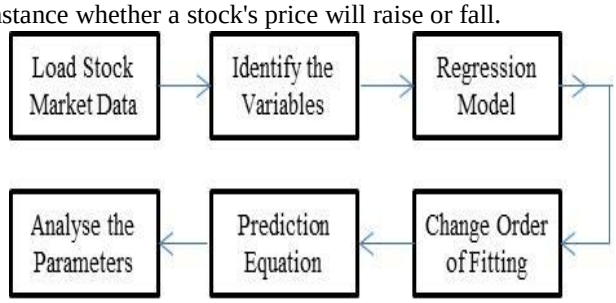

Fig.1 Systematic research methodology adopted for propped SMP prediction model

It is vital to highlight since no regression model may forecast stock market values accurately. The stock market gets a complicated system which is impacted by several variables; therefore a regression model cannot adjust for every one of these elements. Regression, on the other hand, may prove beneficial for recognizing the patterns and trends underlying stock market prices in addition to making informed investing decisions. A stock is a sort of the commodity that represents ownership within a corporation and comprises a claim over the firm's holdings including revenues. Other abbreviations for stocks are stakes, which signify equality. An investor's entitlements included the opportunity of trading shares, attend meetings with shareholders, and earn incentives. A person might indirectly affect a company's activities by having more voting power if they hold more shares, increasing their ownership. Nevertheless, the amount of a stock is the most important consideration for the stock trader**.**

II. REGRESSION METHODOLOGIES

Regression modeling may emphasize the importance of the link between several independent factors as well as a dependent variable in additional to displaying a significant relationship amongst many different variables. This might have proved to be an important consideration in the statistical analysis of regression done for this research. As input, we use stock data, news items, connected stocks, and market data. As standalone and stock-specific traits go, they are now all relevant variables, or at very least, they are.

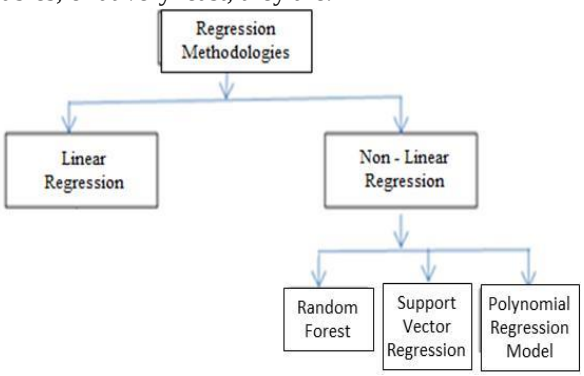

Fig. 2 Classification of Regression Models

Several of the popular regression-based SMP algorithms as regression techniques that have more frequently used include incremental regression, probabilistic regression, regression using polynomial, and support vector regression. As a result, given their nonlinear nature, it might be beneficial for analyzing as well as predicting predictive models with stock price predictions. A modeling approach suggested is

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polynomial regression. The classification is shown I the Figure 2 and discretion is preseted below.

Linear Regression: The most fundamental type of regression approach is linear regression, which makes the assumption that the association amongst the two groups of variables is linear mathematically given as.

$$y = x * p_1 + p_0$$

Polynomial Regression: Regression models that are more adaptable and might be employed for fitting nonlinear interactions are polynomial regression.

$$y = x^n * p_{n-1} + \cdots + x^2 * p_2 + x * p_1 + p_0$$

Where $p_n, p_{n-1}, p_{n-2} - - - p_1, p_0$ are the coefficients of the regression model? The major task of the any regression based analysis is the optimal finding of the best possible order and the coefficients.

Logistic Regression (LR): A method known as LR can be used to forecast a continuous variable, such as when the price of a stock will rise or fall.

Support vector regression (SVR): Employing a non-parametric regression methodology may be used to deal with outliers or noisy data.

Stepwise regression, stochastic regression, polynomial regression, and linear regression are regression methods that are more widely utilized. As a result, it may be a useful tool for analyzing as well as predict regression models for stock price predictions given their nonlinear character. Polynomial regression is suggested as a modeling technique.

III. REVIEW OF STOCK PREDICTION

This paper has given a general review of several regression based SMP estimation techniques. Singh, T et al. accurately predicting the potential price of commodities traded on exchanges is the main difficulty in empirically price determination of assets. It is not shocking that artificial intelligence (AI) methods have demonstrated announcing results in forecasting and significantly outperformed conventional regression techniques. Results for CAT bond premier projections in the primary marketplace were in line with expectations. It is not apparent, though, if the findings of initial market investigations can be extended to the second-hand market since second marketplace information sets contain a panel data format.

Berk et al [2] have proposed to use the statistical learning approach for the SMP using regressions modeling. Dash et al [3] adjusted variation on a support vector regression model is used in this research to offer an innovative machine learning (ML) method for SMP using time series data. The grid-based search approach is performed for optimum training of dataset. Optimizing parameters results in a model that is more accurate overall and uses less memory and computation time.ParshvChhajer et al [4] provided the summary of machine learning and artificial intelligence, as well as SMP analytics techniques in this article. They discuss the benefits and drawbacks of prediction methods/They focused on research that uses deep learning technologies using artificial neural networks (ANN), in the prediction of movements in the stock market.

Abdullah Bin Omar et al. [5] have solved the difficult mathematical issue to resolve is stock market forecasting. Covid-19 has adversely impacted the stock markets around the world for two years in a row, which resulted in significant issues for shareholders. This study's main goal is to use ML to predict stock index prices accurately over three time periods: The recommended ML models self-regressive neural network models with deep learning (AR-DNN for the whole time frame, for the period prior to Covid-19, and during the Covid-19 period.

Cheng Zhang et al. [6] proposed time series forecasting a difficult issue that have evolved dramatically with recent advances in models based on deep learning, and these changes are frequently challenging to keep up with. In order to provides a thorough evaluation of the most recent studies. Hen, J et al [7] uses deep learning to forecast the price of stocks and trends has grown much more famous compared to earlier in the age of big data. Chinese stock market study provided a thorough customization of a feature-engineered and deep learning-based model.

Zubair M et al. [8] stated an effective way of considering risk and reward is through SMP trends. The information gleaned from sources is typically of a limited scope. Additionally, the predictor variables chosen are poorly chosen, which ultimately lowers the effectiveness of the forecast model.Shukla et al [9] created the most intricate and cutting-edge way of collaboration, which is most likely associated with the securities or the stock exchange. This body is employed to produce money and fill openings by small enterprises, corporations, including the financial industry; this is a very intricate notion. This article offers employing AI calculations to anticipate the ultimate stock cost for trading employing free software as well as prior computations to make this chaotic company setup a bit less alarming.

Chandola et al. [10] studied, innovative deep learning model that combines the Word2Vec along with LSTM algorithms is proposed. The goal is to create a smart tool that uses time series data from stock markets and news headlines as inputs to forecast the direction of stock value shifts. The recommended algorithm's binaries predicted result would help investors make better decisions. The proposed model's efficiency is measured by how effectively it forecasts the pattern of changes in the share prices of five companies from distinct industries.

The primary challenge in empirical asset pricing is that tze et al [11] successfully forecasted the potential worth of the commodities traded through financial markets. It's comprehensible that machine learning approaches have outperformed traditional regression techniques in terms of announcing forecasts. This is because equipment learning approaches can use complicated, non-linear, more/or non-parametric structures to simulate linkages between clarifying and relying aspects. Caterpillar bond premier predictions in the primary market performed as expected.

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It is not apparent, from the review of literature that if the findings of initial market research can be extended to other markets because secondary market information sets contain a panel data format and required efficient prediction and learning.

IV. DATA SET

This paper has considered the dataset of the Meta Platforms, Inc. formally named as the FaceBook (FB). The company is IT based Mata data Management Company and is growing on the continuous basis. For the evaluation the Closing cost and the opening cost are considered for the evaluation.

The calculation for Closing Stock price additionally referred to as closing assets, is defined as

$$Opening\ cost + Purchases - Cost\ of stocks\ sold.$$

The cost regarding opening stock, additionally referred to as the starting point asset cost, should be encompassed in the total purchasing costs for the time frame. This is the cost of the items that will be reimaging for sale on next day.

The plot of the small data of the Closing and opening cost for the 60 random days for the FB stocks 2017 is shown in the Figure 3. It can be observed that red colour with closing cost I most of the time is below opening cost blue mark. This signifies the relative sell is good for the stocks.

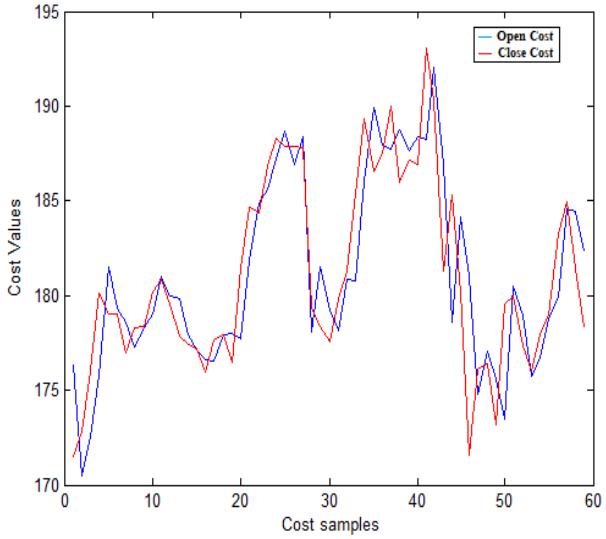


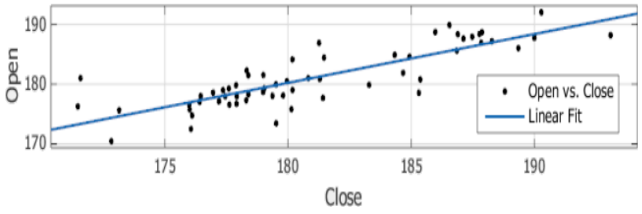
Fig.3.Data of the Closing and opening cost for the 60 random days for the FB stocks 2017

V. RESULTS AND PREDICTION

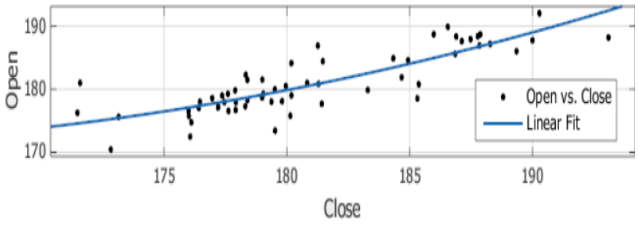
In this section some of the expected prediction results for regression models are repressed for the stocks of the FB Inc.

Experiment 1

The regression models are tested for the full length of the closing cost and opening cost data. The linear and second order regression is evaluated. The order is resected as after word data is badly contaminated. It can be observed that the simple regression single phase has less efficiency due to variations on the mate data. The R^2 value is just 70.06 % and due to less data correlation.



a) Linear regression



b) Second order Polynomial Regression

Fig.4. Experiments using the full data length of 60 simples for regression models.

Experiment 2

Therefore in the second experiments sample size is considered to be small thus 65 % length fata is used for the training and Full data is used for the testing phase. The training on 65 % data is carried out with bad condemnation and the 6^{th} order regression equation is proposed as the solution and the predicted the mathematical model.

The regression model fit is shown in the eq form as below and the coefficient of Fit at=re shown as P1 to P7.

Linear model Poly6:

f(x) = p1*x^6 + p2*x^5 + p3*x^4 + p4*x^3 + p5*x^2 +

p6*x + p7

Coefficients (with 95% confidence bounds):

p1 = 4.997e-05 , p2 = -0.05466 , p3 = 24.91 , p4 =-6050

p5= 8.265e+05, p6=-6.019e+07, p7 = 1.826e+09

The training fit model is shown in the Figure 5.Fro the 6 h order regression.

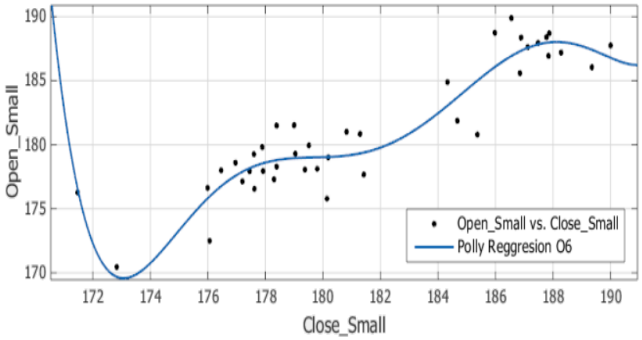


Fig.5. Regression Trailing fit model order 6 for 65 % initial data

The accuracy and R^2 values are compared in the table 1.

It can be clearly observed from the Table 1 that the considering the reduced filtered 65% data samples may offers the higher R^2 values and gives nearly 18 % hick to the accuracy of the production during the training phase.

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Table 1. Comparison of parameters

Models	R^2 Values	RMSE
Linear Regressions	**0.69645**	**2.7413**
Ploy Regressions O2	**0.7045**	**2,7287**
Ploy Regressions O6	**0.8852**	**1.828**

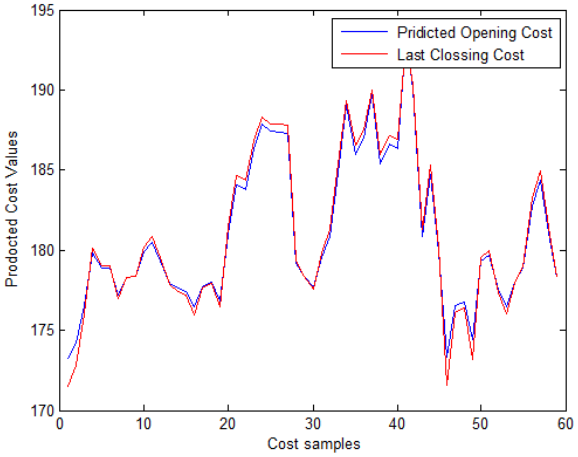

Fig.6. Prediction model Tested on the full length of the data and the compared to closing cost

Linear model Poly2:
f(x) = p1*x^2 + p2*x + p3
Coefficients (with 95% confidence bounds):
p1 = -0.01676 (-0.01766, -0.01586)
p2 = 7.193 (6.863, 7.522)
p3 = -571.4 (-601.4, -541.3)

Goodness of fit:
SSE: 0.3548
R-square: 0.9998
Adjusted R-square: 0.9998
RMSE: 0.0796

Fig.7.Testing accuracy for 2 degree model.

The testing model is remodeled as mathematical equation after testing phase as shown in Figure 7.

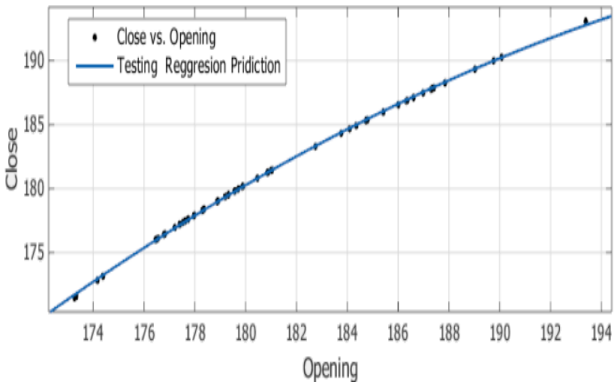

Fig.8. Represent the 99.9 % accurate prediction based on proposed training + testing approach.

VI. CONCLUSION AND FUTURE SCOPE

The purpose of this paper was to apply regression modeling to create a mathematical relationship including an underlying opening stock price as well as independent parameters such as closing costs and corporate earnings and revenues. The ultimate goal is to achieve manufacturing precision through the use of regression models and increasing polynomial orders. It is vital to determine the best regression order as well as the highest R^2 values.

The modeling could help establish fundamental links between dependent and independent cost components. Paper delivers significant accuracy ranging from 70% to 88% with training phase model and 99% with testing phase model with data sample with diverse ordering.

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