Share Market Prediction

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Abstract: **In this project, the proposed system will use candlestick pattern to predict Indian share market price. our system will analysis the shares cost using candlestick pattern. This project will help us to understand how the shares Cost is Changing, how does the forecasting of shares take place. By using this module, we are going to learn the candlestick analysis.**

Keywords: **Shares, Candlestick, Prediction**

1. Introduction

Share Market is an untidy place for predicting since there are no significant rules to estimate or predict the price of share in the share market. Many methods like technical analysis, fundamental analysis, time series analysis and statistical analysis etc. are all used to attempt to predict the price in the share market but none of these methods are proved as a consistently acceptable prediction tool. Our project aims to design a prediction system for the shares of company in order to help them for taking better decision in the process of gaining Profit. Moreover, this project will display the outputs of forecasting, which makes it easier to plan the strategies. We are about to predict shares for company to help the company in taking much better data driven decisions for inventory planning and channel optimization.

2. Objective

The main objective of the study is to statistically examine the predictive power and profitability of candlestick charting analysis. In essence to determine if candlestick patterns can be used to attain significant returns or predict future price trends. Thereby the objective is to contribute to the existing research on technical analysis by testing if the Indian stock market over the period, and to check weather Indian stock market is weakly efficient or not. This study tests the profitability of technical analysis indicators which are based on candlestick charting. Moreover, the trend reversal ability of these technical analysis indicators is tested.

3. Literature survey

In [1] Laveena M, Jindal S and Dhiman M, they said that stock business of online trading business has been increasing since its existence in India, at the start it has a gradual improve but later on it has have expanded a lot much and even market share of online traders is increasing. Stock exchange business is now rightfully going to take peace place in the business world as it has been lowered with its substantive costs, various expenditures, etc.

In [2] we have studied about conclusions many of which validate popular beliefs. The objective of the whole research was to try and compare the various stock exchanges based on certain parameters in order to understand the impact of integration of the financial world on the various entities within it especially in the context of globalization and increased interest in the capital markets fuelled by surging growth.

In [3] We look at various aspects of the structured product markets including the motivation to buy, the risks of the products, the hedging behavior and the effect of hedging on exchange traded products. We conclude the hedging would be volatility supportive in a sell off and would be volatility suppressing in significant rally.

In [4] the authors have said something about the Investment and Trading Strategies in Indian Stock Market the paper explores the investment and trading strategies for the Indian stock market using daily data for the CNX 100 companies over the period 01 April 2009 to 31 March 2014 The paper sets up the argument for beta and debt-equity ratio as the important variables for explaining the investment and trading strategies for Indian stock market.

In [5] we made a study of Indian Stock Market Scenario. The main objective of stock market in India was to contribute to raising capital and assisting its allocation process in order to strength the Indian economy. Instead of showing high growth, high public savings and a high degree of self-reliance, India was actually showing one of the lowest rates of growth in the developing world with a rising public deficit and a periodic balance of payment crises.

In [6] we get know about Indian Stock Market Performance and Economic Growth, our study investigated empirically the causal nexus between stock market performance and economic growth. This study also examined the short-run and long-run dynamics of the observed variables for the Indian context. This suggests the variables of the study are non-stationary (unit root) at their levels and then stationary at their first difference. The results of Granger causality test show that there is a bidirectional relationship between IIP and stock prices (BSE and NSE). This indicates that causality runs in both directions such as; from stock market performance (stock prices) to economic growth (IIP) and vice versa.

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In [7] the Authors has said about the Textual Analysis of Stock Market Prediction Through this approach, we investigated 9,211 financial news articles and 10,259,042 stock quotes covering the S&P 500 stocks during a five-week period. They have applied their analysis to estimate a discrete stock price twenty minutes after a news article was released. We further investigated the different textual representations and found that a Proper Noun scheme performs better than the de facto standard of Bag of Words in all three metrics.

In [8] we get know about candlestick patterns, the results show that bullish patterns are marginally more profitable and display slightly higher predictive power than bearish patterns. Whether this is a result of the bullish patterns being better predictors or random chance is difficult to say. The holding periods are shown to be irrelevant in terms of which generate the higher daily returns. Large price-trends which occur over long periods of time have a no apparent effect on the profitability of candlestick pattern analysis.

4. Proposed system

The proposed system will use candlestick pattern to predict Indian share market price. our system will analysis the shares cost using candlestick pattern. The main objective of the study is to statistically examine the predictive power and profitability of candlestick charting analysis. In essence to determine if candlestick patterns can be used to attain significant returns or predict future price trends. Thereby the objective is to contribute to the existing research on technical analysis by testing if the Indian stock market over the period, and to check weather Indian stock market is weakly efficient or not

5. Implementation

The planning process of development of any research-based project includes a system design architecture. The Candlestick charting is in essence a more descriptive and visually easier way to grasp financial data. Its popularity no doubt results from the fact that even if an investor does not use candlesticks as a technical analysis tool, the charting method can still be used to attain a more comprehensive picture of price movements than most other charting methods can. The reason for this is that candlestick charting uses the open, high, low and close prices to represent a trading day instead of only using the closing price.

Fig. 1. System design

Fig. 2. Output

6. Conclusion

The purpose of the study is two-fold, to test if candlestick patterns can predict future price movements and to ascertain if they can be used to gain excess returns over the short term. To this end, three separate statistical tests, one for predictive power and two for profitability are carried out. The project aims at the completion of the remaining portion of its development and application in the coming semester. A perfectly structured database for the system would be made. The designing part of the dashboard would be processed completely. The connectivity of the Data with the Cloud database would be established. Furthermore, the project will undergo various testing before its final deployment.

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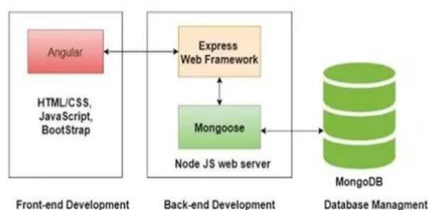[8] Max Jonsson, "The Predictive Power of Candlestick Patterns," Department of Economics NEKH01, Bachelor Thesis, Spring 2016.