**STOCK MARKET ANALYSIS AND PREDICTION**

**Introduction**

Historical stock prices are used to predict the direction of future stock prices. The developed stock price prediction model uses a novel two-layer reasoning approach that employs domain knowledge from technical analysis in the first layer of reasoning to guide a second layer of reasoning based on machine learning. The model is supplemented by a money management strategy that use the historical success of predictions made by the model to determine the amount of capital to invest on future predictions. Based on a number of portfolio simulations with trade signals generated by the model, we conclude that the prediction model successfully outperforms the Oslo Benchmark Index (OSEBX)

**Objectives**

Our aim is to create software that analyzes previous stock data of certain companies, with help of certain parameters that affect stock value. We are going to implement these values in data mining algorithms and we will be able to decide which algorithm gives the best result. This will also help us to determine the values that particular stock will have in near future. We will determine the patterns in data with help of data mining algorithms. The software will be developed using .Net and will be cross checked and verified. Analysis of stocks using data mining will be useful for new investors to invest in stock market based on the various factors considered by the software. Stock market includes daily activities like Sensex calculation, exchange of shares. The exchange provides an efficient and transparent market for trading in equity, debt instruments and derivatives. This software will be analyzing Sensex based on company’s stock value.

**Existing System**

Trading stocks is the process of buying and selling shares of a company on a stock exchange with the aim of generating profitable returns. The stock exchange operates like any other economic market; when a buyer wants to buy some quantity of a particular stock at a certain price, there needs to be a seller willing to sell the stock at the offered price. Transactions in the stock market are processed by brokers who mediate sales between buyers and sellers. Brokers typically charge a commission fee for completed transactions (e.g., a fixed amount for each transaction or a small percentage of the order total). Naturally, buyers want to minimize the price paid for the stock and sellers want to maximize the selling price for the stock. The stock market is thus governed by the same fundamental economic principles as any other economic market, namely supply and demand.

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