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Machine learning's algorithm profoundly impacts predicting the share market stock's price

Rejuwan Shamim

Student of CSE, Data Science
Maharishi University of Information Technology, Noida, India
shamimrejuwan@gmail.com
orcid: 0000-0002-8016-7729

Abstract:

The stock market is a type of trading where an investor invests their money in a company's share. In the stock market, an investor with fast and accurate decisions can make money hand over fist. But the inconsistent nature of the stock market makes the decision critical and investment risky. To sort out it, the researcher has developed an Artificial intelligence and machine learning model with the lowest error percentage to forecast the stock price. The author discusses the importance and benefits of forecasting in the share market. The main aim of this paper is to explore the various technologies used to predict the share market stocks. The report also highlights the factors why prediction is not 100% accurate and whether it is possible or not.

Keywords: Machine learning, Stock market, Dataset, Artificial Intelligence

Introduction: These days the share market has become a huge subject for making a living. The dynamic nature of the marketplace makes the complexities of prediction more hard occasionally. Researchers worldwide have made many scientific attempts to predict the share market price. They have developed artificial intelligence and machine learning to get the minor error prediction model.

In the 21st century, Artificial Intelligence and machine learning are widely used in the business sector to make more profit. In past years, many technicians and researchers analyzed the stock market share price with the help of statistics and probability. These approaches have for diagnosing stock prices. They represent the outcomes in front of the investor through a chart or graph. The whole process is time-consuming and tedious; it is also error-prone. But now, the researcher uses public datasets and records to train a model to identify the patterns. These methods are faster and more accurate.

Unfortunately, these machine learning methods for price prediction are also not 100% accurate because the share market fluctuates widely at every moment. French mathematics Louise Bachelier suggested the Random walk theory, which states that stock fee actions have the same distribution and are unbiased for each other. Therefore, it is impossible to predict future charge moments based on ancient records. Although it is impossible to get a 100% accurate result, the researcher is available to get the method to identify the trends and patterns for share market forecasting. The advanced machine learning models are programmed to learn and recognize the way of the share market to get the closest accurate results.

Stock Market: A stock market is a type of trading where buyers and sellers meet to exchange shares in public companies.

Machine Learning: Machine learning is a research field of artificial intelligence in which computers learn from the study of data and statistics.

Dataset: A dataset is a set of associated, discrete objects of related information that may be accessed individually or in combination or controlled as a whole entity.

Artificial Intelligence: Artificial intelligence is the branch of computer science that enables devices to think and act intelligently like humans.

Methodology:

An enormous amount of research papers are available over the internet from researchers from different regions. It is not possible to study all of them. That's why a well-planned strategy is required for the research to complete in time. The author follows three steps to publish the paper.

The author starts the first step by searching some key terms online like the title of the paper, stock market prediction, share price prediction, machine learning in the stock market role, Artificial intelligence in the stock market, review on stock market prediction, and Machine learning in Real estate price prediction. The author can find the right article and journal for a systematic literature review through these critical terms. Later, the author needs to select and collect all the authentic journals and articles relating to the stock market price prediction. These papers are generally taken from reputed sources. The final step of the author is the information abstraction evaluation. The collected data will discover and analyze the class sorts of machine learning at the actual share market rate prediction.

Literature review:

Meghna et al paper [1] conclude that prognostications are made using Linear Retrogression. After applying the star element Analysis (PCA) to the data, the model has an enhanced delicacy rate for picking out the most relevant factors. SVM demonstrates high delicacy on non-linear bracket data; Linear retrogression is preferred for direct data because of its high confidence value. A high Delicacy rate was observed on a double bracket model using Random Forest Approach, and the Multilayer Perceptron (MLP) yielded the most negligible quantum of error while making prognostications.

Sarode et al, in the paper[2], proposes a system recommending stock purchases to the buyers. The approach decided by the authors combines the vaticination from literal and real-time data using LSTM for forecasting. In the RNN model, rearmost trading data and specialized pointers are given input in the first subcaste, followed by the LSTM, a compact sub caste. Eventually, the affair subcaste gives the prognosticated value. These prognosticated values are further integrated with the epitomized data collected from news analytics to induce a report showing the change of change.

Via the accumulated records, the category styles of ML on the actual property price prediction are discovered and proceeded to analysis. [3] makes a specialty of the effect of the tips within the stock fee prophecy. The model identifies the variables and courting among the guidelines, overcomes the limitations of the conventional direct version, and uses LSTM to apprehend the dynamics of the S&P 500 Index. The paper additionally analyses the keenness of the internal memory of LSTM modeling.

Nonetheless, the observation has a few limitations. The difference between the predictive and original prices becomes huge after a particular factor cannot be used to expand a machine to offer a profitable buying and selling approach.

The author, Kim et al [4], proposed a Hierarchical attention network for stock prediction (HATS) to forge share charges and stock indicator request stir by using the generality of Graph conception and Graph Neural Networks. The authors proposed this new device to appreciably cluster the available data on the distinctive members of the family and add that data to the representation. The Hierarchical interest community is vital to perfecting the overall performance and is used to assign one-of-a-kind weight values for the choice of statistics rested on its significance and connection.

Another important work in this route is finished with the aid of experimenters Yang Lieu et al [5] wherein they used statistics traits of tuples to erect an information graph later used for point choice. inside the proposed paintings the authors have used the CNN to prize functions and make semantic records of the information related to the stock. The mixture of deep literacy and information graph has proven to be beneficial for effective factor start retaining semantics. still, due to the restricted schooling sets of economic facts, the know-how graph beginning seems grueling.

The paper [6] represented the inventory fee in the form of a time series and avoided the headaches continued via the version within the schooling process. The paper used normalized records and an intermittent Neural network model for making the prognostications that prognosticated values that have been veritably near the authentic bones and therefore, the writer's taken into consideration device mastering algorithms elegant for vaticinating the stock prices.

The authors of the paper [7] noticed an impact of the daily sentiment scores of many companies on the values of their stock prices. The information or news that gets posted on different social media platforms about/ by an organization can impact the investors to buy the company's stocks, affecting its stock value. The authors, therefore, proposed a model for stock request vaticination that employed novelettish analysis as one of the pointers. The algorithm made use of data collected from colourful online platforms similar to Yahoo Finance and positive/ negative/ neutral tweets as features for the vaticination and reckoned the stock price movement using the opening and ending price of the stock for the separate company. Another intriguing aspect noted by the authors was the effect of leaves, seasonality, trends, and non-periodic data, and designed a wind time series model which took all these factors into account. This is crowned in the authors employing the Generalized Additive Model for maximizing vaticination quality and accommodating new elements. Eventually, Multiple Linear Retrogression was used to train the model and forecast the prices of stocks for the coming ten days.

Numerous of the forenamed ways aren't just limited to stock price vaticination but can also be used astronomically in fiscal requests, as the authors in the paper[8] conclude by studying the operation of machine literacy models to dissect fiscal trading and designing optimal strategies for the same. After performing a quantitative analysis in different ways, the authors recommend a Probe into behavioral finance to estimate requests or investor psychology to understand request oscillations. The authors propose using textbook mining and machine literacy styles to cover public commerce on digital fiscal trading platforms.

Shoveling into unique ways patterns similar to the multi-Layer Perceptron model (MLP), successional minimal Optimizations, and the Partial Least Forecourt Classifier (PLS) were studied and carried out on the inventory change of Thailand information in the paper's stock ending fee vaticination using device literacy [9] via Pawee Werawithayaset where SET100 shares had been utilized by using one year 'well worth of facts. even though the paper doesn't give attention to long-term investment opinions, it does present conclusive substantiation that the Partial Least Forecourt gadget yielded minimal error fee accompanied with the aid of successional minimum Optimization and the Multilayer Perceptron confirmed the most blunders value out of the three algorithms elected for the particular dataset.

The paper[10] used various TF- IDF functions to read the prices of the shares of the coming day predicated on the statistics that became gathered from exclusive news channels. The authors reckoned TF- IDF weights to remember the phrase score. In the end, an HMM version becomes generated to calculate the possibility of a sequence and contains the option of switching values. From this model, the authors determined a fashion of high quality and terrible prognostications which had been partially matching and showed mistakes of0.2 to 4, still including the scale of the dataset, using various gadgets gaining knowledge of algorithms, or including the range of technical tips and input features can cause superior delicacy.

Traditionally, only literal data was applied for soothsaying share prices. still, judges now fete that counting purely on literal data is inaccurate because many other factors are crucial to determining the stock price. In the paper[11], the authors study and apply different styles to foretell stock prices but a high rate of delicacy is still not achieved indeed after assaying major factors affecting the stock price. The authors have reviewed major ways similar to SVM, Regression, Random Forest, etc., and anatomized mongrel models by combining two or further ways. According to the authors, some models work more with literal data than with sentiment data. Fusion algorithms yielded results with advanced prognostications.

Table 1. Various methods and their overall outcomes to forecast the stock market price.

Sl. no.	Author	Paper's title	Method	Result
1	S Chen, YJJ Goo, ZD Shen	A Hybrid Approach of Stepwise Regression, Logistic Regression, Support Vector Machine, and Decision Tree for Forecasting Fraudulent Financial Statements[12]	Decision Tree	Performance Accuracy = 85.71%
2	W Huang, KK Lai, Y Nakamori, S Wang	Neural Networks in Finance and Economics Forecasting [13]	Hybrid model combination of LR, KNN, C4.5, BPNN, and SVM	Accuracy = 76.06%

3	Chih-Fong Tsai; Yu-Chieh Hsiao	Combining multiple feature selection methods for stock prediction: Union, intersection, and multi-intersection approaches[14]	Hybrid decision tree	Accuracy= 86%
4	T Mehpare, DNCER Hasan, Şenol EMİR	Performance Comparison of Artificial Neural Network (ANN) and Support Vector Machines (SVM) Models for the Stock Selection Problem: An Application on the Istanbul Stock Exchange (ISE) -30 Index in Turkey[15]	SVM	Performance Accuracy = 84.40%
5	E Kita, M Harada, T Mizuno - Artif.	Application of Bayesian Network to Stock Price Prediction[16]	Bayesian Network	Accuracy = 82.46%
6	Lili Wang; Zitian Wang; Shuai Zhao; Shaohua Tan	Stock Market Trend Prediction Using Dynamic Bayesian Factor Graph[17]	Hybrid decision tree	Accuracy = 88%
7	Chung Haur Koh; Xiaotian Zhu; P.K.H. Phua	Forecasting Stock Index Increments Using Neural Networks with Trust Region Methods[18]	Neural Network	Accuracy = 71%
8	S. O. Olatunji, Mohammad Saad Al-Ahmadi, Moustafa Elshafei, Yaser Ahmed Fallatah	Forecasting the Saudi Arabia Stock Prices based on Artificial Neural Networks Model[19]	Neural network	Accuracy = 90%
9	Salim Lahiri	A Comparison of PNN and SVM for Stock Market Trend Prediction Using Economic and Technical Information[20]	SVM with Macroeconomics	Accuracy = 64%
			PNN with strategy	Accuracy = 88.84%
10	Efstathios Kirkos; Charalambos Spathis; Yannis	Data Mining Techniques for the Detection of Fraudulent Financial Statements," Expert Systems with	Decision Tree	Accuracy = 73.60%

	Manolopoulos	Applications[21]		
11	CF Tsai, YH Lu, DC Yen	Determinants of Intangible Assets Value: The Data Mining Approach [22]	Multi-Layer Perceptron (MLP)	Accuracy = 75%
12	FA De Oliveira, CN Nobre, LE Zárate	Applying Artificial Neural Networks to prediction of Stock Price and Improvement of the Directional Prediction Index- Case Study of PETR4, Petrobras, Brazil[23]	Neural Network	Accuracy = 87.50%
13	R. Bisoi, PK. Dash	A Hybrid Evolutionary Dynamic Neural Network for Stock Market Trend Analysis and Prediction Using Unscented Kalman Filter[24]	Hybrid Dynamic ANN	Accuracy =96%
14	W. Huang, Y. Nakamori, SY Wang	Forecasting Stock Market Movement Direction with Support Vector Machines[25]	SVM	Accuracy = 73%
15	Samant	Prediction of Financial Performance Using Genetic Algorithm and Associative Rule Mining[26]	GA (Genetic Algorithm)	Accuracy = 95%
16	L Wang, Z Wang, S Zhao, S Tan	Stock Market Trend Prediction Using Dynamic Bayesian Factor Graph[27]	DBN	Accuracy = 89%
17	S Bogle, W Potter	A Machine Learning Predictive Model for the Jamaica Frontier Market[28]	BN(Bayesian Network)	Accuracy = 76%
18	MR Hassan, B Nath, M Kirley	A Fusion Model of HMM, ANN and GA for Stock Market Forecasting[29]	Hybrid GA	Accuracy = 93%

DISCUSSION:

While studying the different journal papers and articles regarding stock market price forecasting using artificial intelligence and machine learning, many drawbacks have been observed. Factors like war, crisis, economic news, social media rumours, and sudden changes in a country's law can fluctuate the stock price. Because of the instant events, prediction is quite challenging to get 100% accurate.

The present system wishes for a few forms of input interpretation and, as a result, wants to scale. It does not take advantage of facts pre-processing techniques to put off inconsistency and incompleteness of the data.

Besides these challenges, investors are curious about the best time to buy and sell the stock. Prediction benefits most of the time to do a profitable and intelligent way of making money. There are exclusive varieties of investors inside the stock market when you plan your investments, it is not smooth to no longer follow the behavioural bias as an investor. You often fall into the entice of choosing your preferred shares as opposed to selecting a stock that has the eventuality of providing you with better problems grounded in your analysis. After understanding how to forecast the stock request through the use of various algorithms, investors can get relieved of this bias because it makes sure to take reviews analytically rather than going on gut passions or making an investment in just preferred shares.

Another advantage of stock prediction is that it limits, or in different words, minimizes, your losses to a tremendous extent. Before knowing how to predict, buyers frequently make the mistake of not doing their homework correctly. Because of this, they often make the mistake of not using precise prediction techniques. For this reason, informed selections using the proper stock market prediction techniques additionally maximizes income to an enormous extent.

CONCLUSION AND FUTURE SCOPE:

The share market plays a vital role in the country's economy. Share market price forecasting is an arduous area to master its concept. There are huge advantages of price prediction. In this paper, we proposed a comparative examination of numerous algorithms for forecasting the fees of different stocks. This observation summarizes a few tips for potential machine learning rules for destiny studies. The authors strongly trust that this examination is acceptable due to the outlined primary facts of the preceding.

The author believes that 100% prediction of the share market is not possible as factors like natural disasters can't be predicted. Still, researchers should add more characteristics and parameters to get more accurate predictions in the future. Machine learning-based approaches may also be exploited for higher and more efficient feature extraction techniques. The advanced feature can make the novice trader trade without facing severe losses in the stock market compared to experienced traders.

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