MULTIPLE REGRESSION: A DATA MINING APPROACH FOR PREDICTING THE STOCK MARKET TRENDS BASED ON OPEN, CLOSE AND HIGH PRICE OF THE MONTH

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ABSTRACT

Stock market is basically non linear in nature and the research on stock market is one of the most important issue in recent years. People invest in stock market based on some prediction. For predict, the stock market prices people search such methods and tools which will increase their profits, while minimize their risks. Prediction plays a very important role in stock market business which is very complicated and challenging process. Employing traditional methods like fundamental and technical analysis may not ensure the reliability of the prediction. To make predictions using two variables the linear regression analysis is used mostly. The drawback of this approach is that it works only for two variables. In this paper we applied well known efficient multiple regression approach to predict the stock market price from stock market data based on three variables. In future the results of multiple regression approach could be improved using more number of variables.

KEYWORDS: Stock Market, Prediction, Data Mining, Multiple Regression, Standard Error of the Estimate