

# Predicting the future behavior of stocks in equity markets

An entirely different approach to predicting future behavior of stocks, using a unique algorithm

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This presentation describes the basic process used in stock prediction. The process is described in two steps:

- 1 A diagram which graphically shows the inputs, the processing algorithm, and the outputs obtained.
- 2 A sample output on a test run of the program.

It does not give the details of the underlying algorithm.

# Basic Workflow of the Stock Prediction

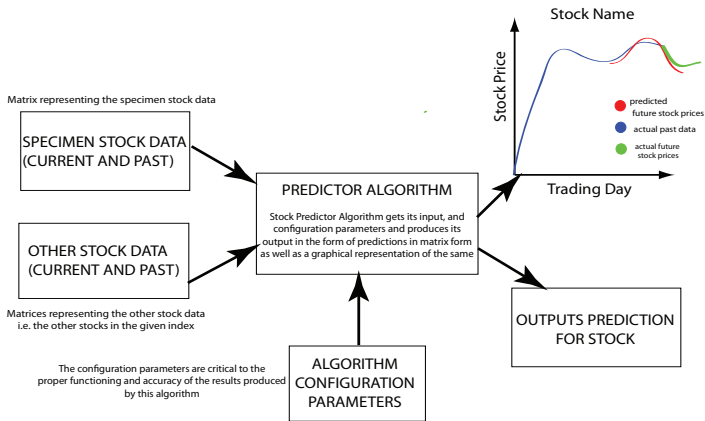
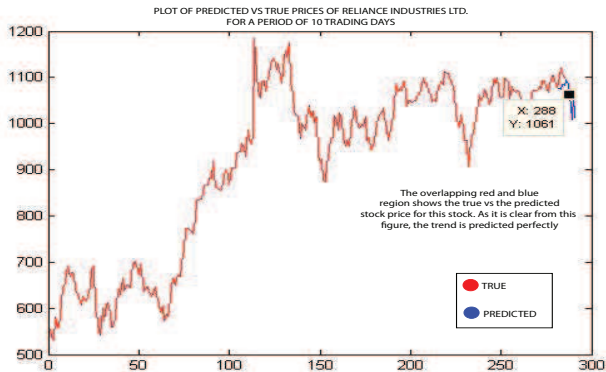
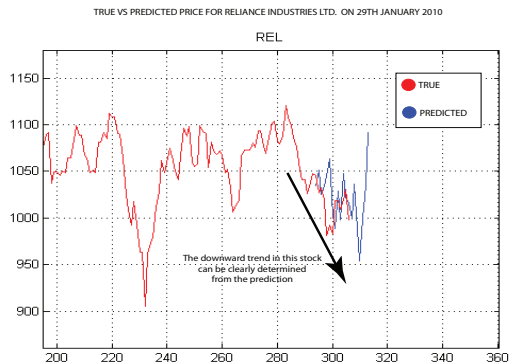


Figure 1: The process of Stock Prediction, the related inputs and outputs.

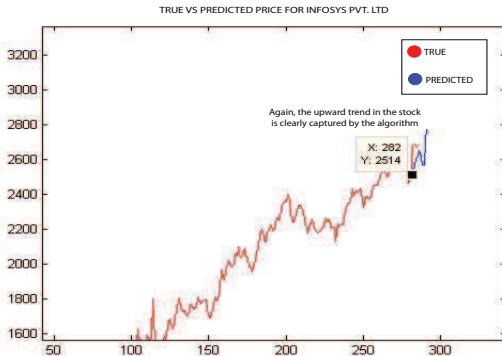
# Test Runs : Reliance Industries Ltd.



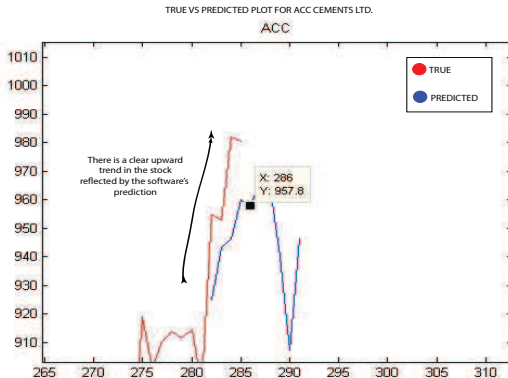
# Test Runs : Reliance Industries Ltd.



# Test Runs : Infosys Technologies Pvt. Ltd

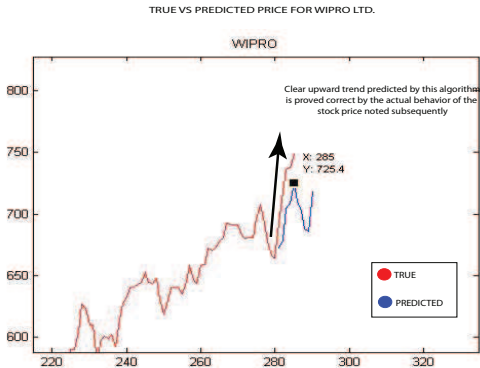


# Test Runs : ACC Cements Ltd.





# Test Runs : Wipro Technologies Pvt. Ltd



# Further Advances possible in this algorithm

- 1 Although this algorithm is very sophisticated from the point of view of its concept, but it can be made much more powerful. One of the most desired situations would be to run this algorithm every second during the trading time of the market, and get future predictions. e.g. one can get predictions of the next 10 mins from the last 5 min data of all the stocks in the market. However, such a real-time prediction would require very high computational power and hardware resources to realize in practice.
- 2 The concept behind this algorithm, however, is very general, and is not specific to equity markets. It can be applied to any other market, such as mutual funds, commodities, bullion without any problem.

# Conclusion

This algorithm gives surprisingly accurate results under normal market conditions i.e. when the market is no sudden news of any market changing event. These results make this algorithm a very promising way of looking at stock markets and predicting the future stock prices. Not only can one maximize one's profits, but can also change his/her portfolio according to the cues provided by this algorithm.

Ideally, this algorithm should be used in conjunction with the **StockRank** algorithm, in order to maximize the probability of getting a profit out of an investment in equity markets.