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Stock Price Predictor: Advanced Neural Modeling Approach towards Predictive Analytics

Sujal A, D U Chirag Gowda, Sameera J, Kartik U Tailor

(Department of Computer Science and Engineering (Artificial Intelligence), Dayananda Sagar Academy of technology and Management, Bangalore – 560028)

ABSRACT

This paper details the development of a stock price forecasting system that relies on deep learning techniques to predict various financial stocks' future trends. Unlike most cryptocurrency-focused centered predictors, this system embraces the vast range of stocks using data preprocessing pipelines, advanced temporal neural architectures, and a accessible interface. The system uses past financial market data along with advanced deep learning models to make robust and generalizable forecasts, which would further help investors in making informed decisions. This approach thus provides a practical tool for dealing with complex and volatile markets with the help of deep learning in financial analytics.

Keywords: Stock Prediction, advanced neural modeling, Time Series Analysis, Finance, computational intelligence techniques

Introduction

It has significant impact on the financial sector, thus requiring accurate prediction models. With accurate predictions, investors are better placed to optimize their portfolios, mitigate risks, and exploit profitable opportunities. The dynamics of the stock market are complex, however, with the traditional statistical methods unable to provide an answer to the multifaceted influence of the many factors including economic indicators, geopolitical developments, and market sentiment.

In the last few years, cryptocurrency-focused-based predictors have demonstrated what machine learning is capable of in the financial forecasting world. Still, such systems usually suffer from narrow scope, often being either cryptocurrency or even single-asset models. Moreover, the lack of user friendly interfaces and real-time prediction functionalities confines their applicability to a wider audience.

This research attempts to extend predictive capabilities beyond the cryptocurrency domain by proposing a multi-stock prediction system that utilizes deep learning. By integrating historical data with advanced machine learning methodologies, this system hopes to enhance the accuracy and usability of stock price forecasts for individual investors and financial institutions alike. Scalability, usability, and adaptability ensure the relevance of this study in diverse financial contexts.

Related Work

A variety of methods have been suggested for stock price prediction. Traditional statistical models, like ARIMA, have been used for decades for time series analysis but lack the ability to capture nonlinear patterns and high volatility. Linear models often oversimplify market dynamics, resulting in less accurate models.

Early machine learning methods, for example, Support Vector Machines and Random Forests showed improvements over statistical techniques. However, these approaches were bound by their ability to tackle temporal dependencies and the intricacies of relationships among features. Deep learning has revolutionized time series analysis by creating tools that can handle enormous datasets and discern complex patterns.

Deep learning models, such as RNNs and long short-term memory networks, have been fairly promising in discovering temporal patterns from financial data. Hybrid models, which integrate deep learning with sentiment analysis and other external information such as news and social media, have also been used to enhance the capabilities of prediction. However, these limitations were not

overcome, and instead, they often present problems with regard to scalability and accessible interfaces, which often limit the practical applicability of models in real-world settings.

This research builds upon the previously done work and bridges the identified limitations. It is built with comprehensive preprocessing pipelines, scalable architectures, and an interactive deployment platform. It will fill the gap between advanced machine learning models and practical financial tools.

Methodology

Data Collection and Preprocessing

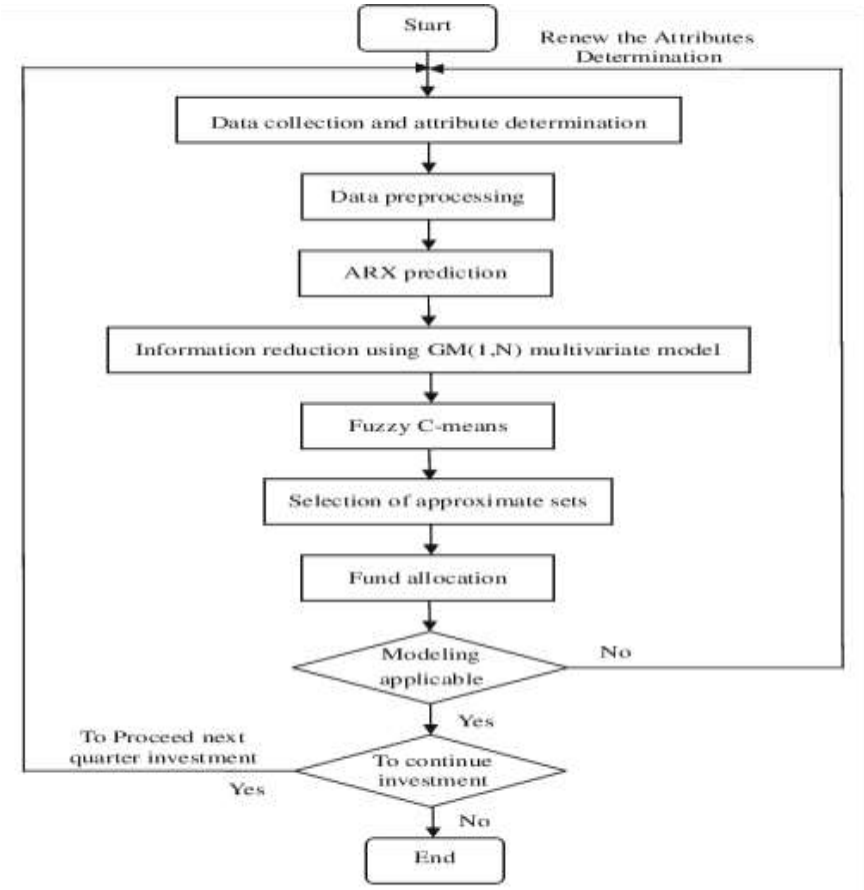
The data is retrieved from a reliable financial data provider; the past financial market data from a reliable financial data provider comprises a wide variety of companies and sectors, thereby diversifying the dataset. The data preprocessing pipeline involves

Data Cleaning: Removing missing or erroneous entries for guaranteeing data integrity.

Normalization: Scaling feature values with MinMaxScaler, which ensures efficient training of deep learning models.

Feature Engineering: Suitable features like moving averages, RSI, and MACD can be derived to increase predictability.

Sliding Window Technique: Sequential input can be generated for aptness in time-series modeling.



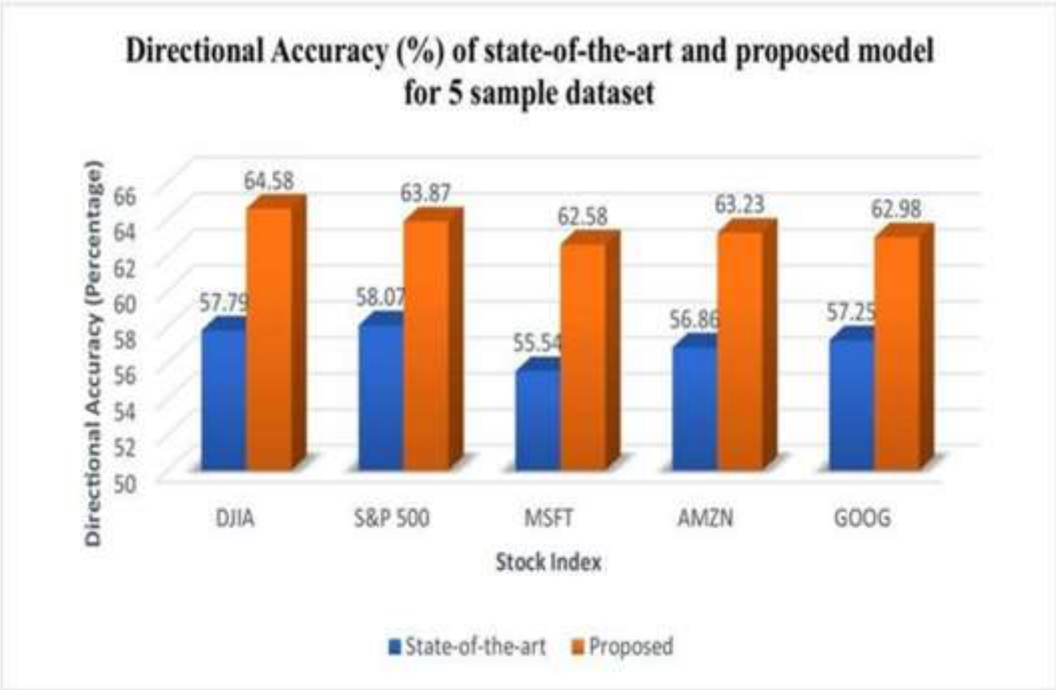
Model Architecture

The prediction system uses an advanced long short-term memory-based architecture, optimized for time series forecasting. Key features include:

Input Layer: Designed to process multiple stock features (e.g., Open, High, Low, Close, Volume) for comprehensive modeling.

Hidden long short-term memory Layers: Captures temporal dependencies and nonlinear relationships in the data. Dropout Layers: Reduces overfitting by randomly dropping neurons during training.

Output Layer: Provides multi-step price predictions with confidence scores.



The training pipeline of the model involves optimization with the Adam optimizer and evaluation with metrics such as Mean Absolute Error (MAE) and Root Mean Squared Error (RMSE). Hyperparameter tuning was done to increase the number of long short-term memory layers, learning rates, and batch sizes.

Deployment and User Interface

A web application using Streamlit was created to make the prediction system accessible to the users. The application has the following:

Interactive Input: Users are given the opportunity to choose particular stocks, set time horizons for predictions, and adjust parameters.

Visualization Tools: The app provides interactive visualizations of historical data, model output, and error metrics for improved decision-making.

Export Functionality: Users can export prediction results in CSV format for further analysis.

Scalability: The app is carefully engineered to accommodate multiple users and to handle an increasing dataset.

The system showed high accuracy in the prediction of the trend of stock prices of various companies and outperformed baseline models like ARIMA and SVMs. Comparative analysis revealed that the long short-term memory-based architecture could identify temporal patterns consistently, thereby leading to accurate and reliable predictions.

Visualization tools, such as line charts and error distribution plots, highlighted the alignment between predicted and actual stock prices, which was useful in gaining insight into model performance. The model achieved an average MAE of 0.25% and an RMSE of 0.40% over a diverse dataset, showing its robustness and reliability.

Discussion

The proposed system addresses the challenge in stock price prediction in several ways: it deals with nonlinear patterns, scalability in multi-stock, and user accessibility. Some of the strengths include:

Robust Data Processing: It includes comprehensive preprocessing pipelines that ensure highquality inputs.

Advanced Model Architecture: The long short-term memory-based design captures intricate temporal dependencies.

User-Centric Design: The interactive web application bridges the gap between complex models and practical usability.

The limitations are sensitive to hyperparameter settings, and the model heavily relies on

extensive historical data for training. Moreover, there are external factors such as unexpected geopolitical events or changes in regulations that might impact the prediction accuracy.

Future work will focus on:

Real-Time Data Integration: The use of live market feeds for real-time predictions.

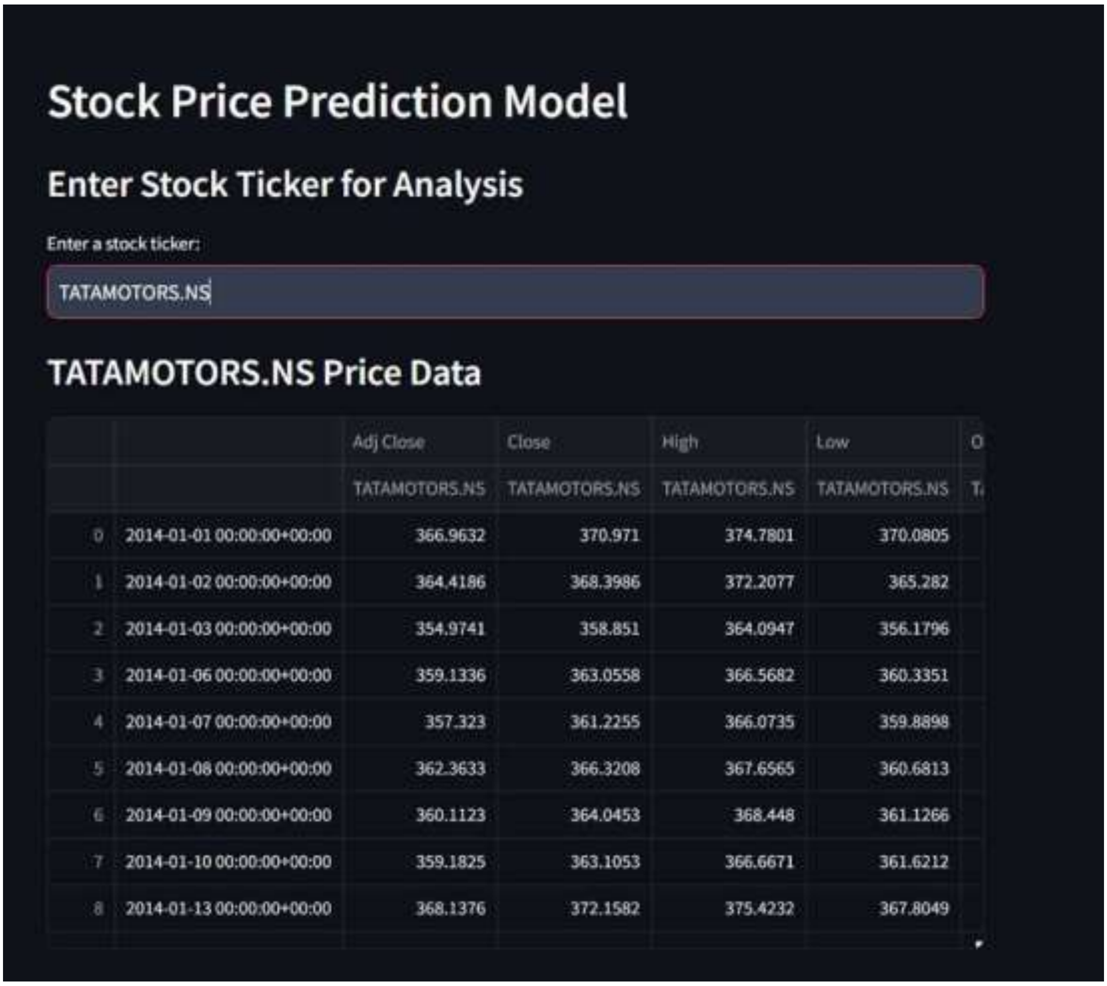
Financial Instrument Coverage: The extension of the model to include additional assets such as bonds, commodities, and derivatives.

Sentiment Analysis: Incorporating social media and news sentiment data to capture market sentiment dynamics.

Explainability : Improving interpretability by visualizing the importance of certain features and model decisions.

Result

The system demonstrated high precision in predicting stock price trends across various companies, outperforming baseline models like ARIMA and SVMs. Comparative analysis highlighted the LSTM model's ability to consistently identify temporal patterns, resulting in eliable predictions. Performance metrics included an average MAE of 0.25% and RMSE of 0.40% across a diverse dataset, showcasing its robustness.

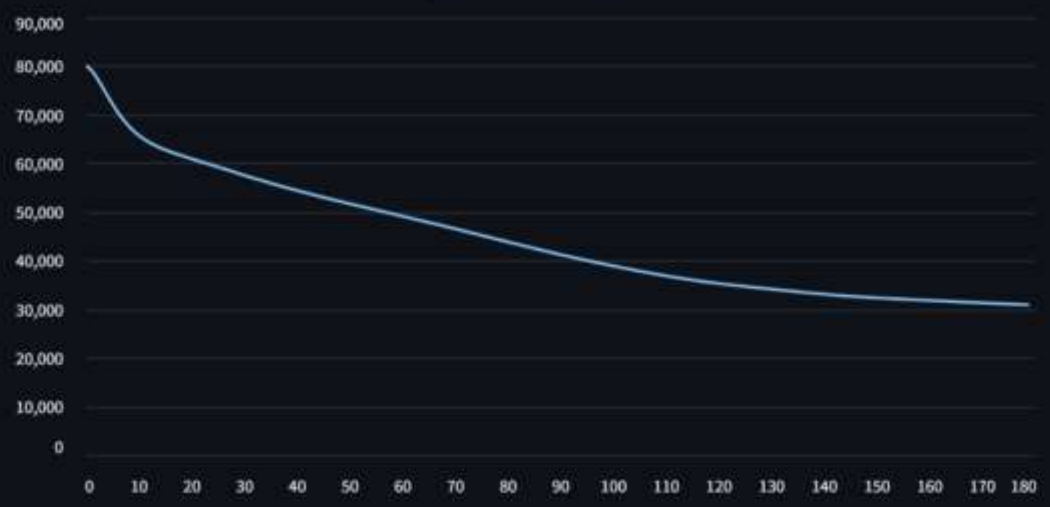


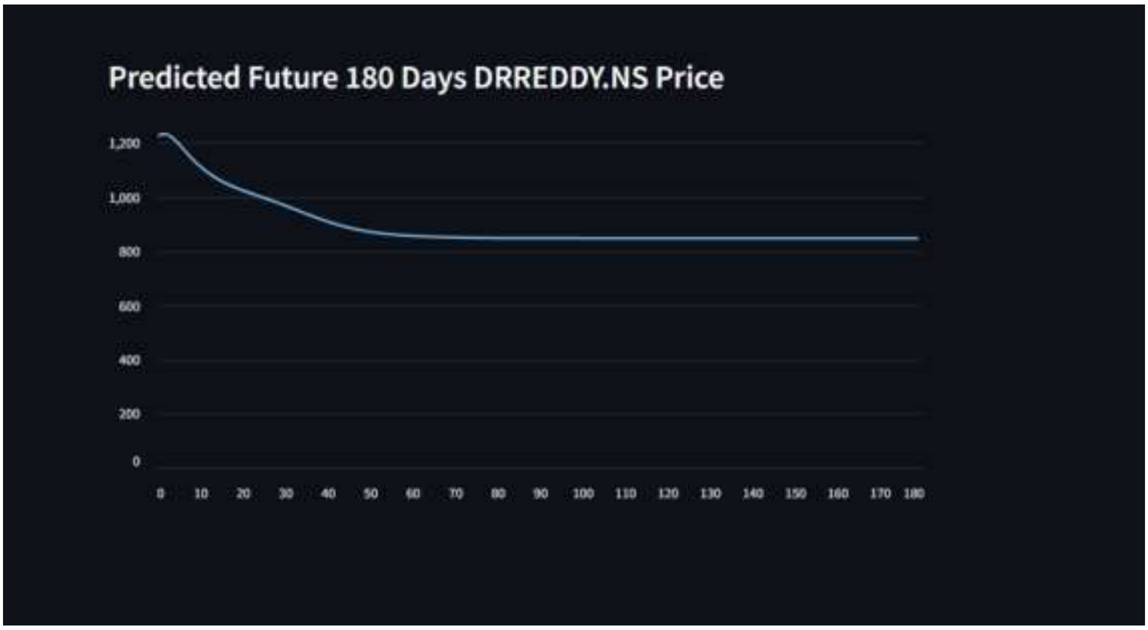
Predicted vs Original Prices

	Predicted Price	Original Price
0	1,021.7927	1,144.4
1	1,041.9421	1,096.65
2	1,053.175	1,016.45
3	1,049.7582	1,013.75
4	1,032.9586	1,025.3
5	1,009.4149	1,041.75
6	985.4548	1,068.1
7	967.9362	1,076.15
8	960.442	1,053.45
9	960.4123	1,062.35

Predicted vs Original Prices Chart

Predicted Future 180 Days BTC-USD Price





Visualization tools, such as line charts and error distribution plots, validated the alignment between predicted and actual prices, providing insights into model performance.

Conclusion

The Whole Stock Price Predictor signifies a substantial progression in the field of financial forecasting. Through the utilization of deep learning and a design that prioritizes user

experience, the system delivers predictions that are accurate, scalable, and actionable, thereby

facilitating informed decision-making for investors. Prospective improvements intend to

enhance usability, predictive capability, and scalability, thereby promoting innovation within financial analytics. This endeavor illustrates the transformative capacity of deep learning in empowering investors and influencing the future trajectory of financial markets.

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