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Stock Market Prediction

Kartik Sunil Kute[1], Aryan Vilas Khankar[2], Pranay Dnyandev Davkhar[3], Siddarth Balasaheb Kunjir[4], Prof. Nawale S.K[5]
[#]*Computer Engineering Department, Samarth Polytechnic Belhe*

Abstract: ***Stock market investments are inherently risky and volatile, making accurate prediction of stock prices a valuable tool for investors. This research proposes an AI-based stock market prediction web application that forecasts future stock prices and provides actionable insights such as Buy/Sell/Hold signals, trend analysis, risk assessment, and portfolio simulation. The system integrates deep learning models like LSTM, GRU, or Transformer networks for predictive analytics and includes interactive dashboards with charts and real-time notifications. Additionally, the platform offers multi-stock comparison, sentiment analysis, and downloadable reports for decision support. The proposed system aims to assist both novice and experienced investors in making informed decisions and understanding market trends effectively.***

Keywords: Stock Market Prediction, LSTM, GRU, Transformer, Portfolio Simulation, Trend Analysis, Sentiment Analysis, Web Application

I. INTRODUCTION

Stock markets play a pivotal role in global financial systems, providing investors opportunities for wealth generation. However, stock prices are highly dynamic and influenced by numerous factors such as company performance, macroeconomic indicators, investor sentiment, and global events. Traditional statistical methods for forecasting often fail to capture the non-linear, temporal dependencies inherent in financial time series.

Artificial Intelligence (AI) and deep learning techniques have demonstrated superior performance in modeling complex sequential data. Models like Long Short-Term Memory (LSTM)**,** Gated Recurrent Units (GRU)**, and** Transformers capture temporal dependencies and non-linear patterns in stock price movements. Incorporating AI into a web-based platform allows real-time predictions along with actionable insights for investors.

The proposed web application integrates AI-powered prediction models with an interactive and user-friendly interface, providing:

- Historical and predicted stock price charts
- Buy/Sell/Hold signals
- Risk and trend analysis
- Portfolio simulation
- Alerts for significant predicted market changes
- Optional news sentiment analysis

By combining predictive analytics, visualization, and portfolio simulation, the system enhances investor decision-making, reduces uncertainty, and supports academic and practical learning objectives.

II. LITERATURE REVIEW

Stock market prediction has been an active area of research for decades due to its high economic significance. Accurate forecasting helps investors reduce risk and make informed decisions. Traditional statistical models such as ARIMA, GARCH, and linear regression were widely used for stock prediction but often fail to capture non-linear patterns and temporal dependencies inherent in financial time series [1], [2].

A. Machine Learning in Stock Prediction

With the advancement of AI, machine learning and deep learning techniques have shown significant improvements in predicting stock prices. Models such as Support Vector Machines (SVM), Random Forests, and Gradient Boosting are capable of capturing complex non-linear relationships between historical prices and stock returns [3].

B. 2.2 Deep Learning Models

Deep learning models, especially Recurrent Neural Networks (RNNs), have become popular in financial forecasting:

- Long Short-Term Memory (LSTM): Captures long-term dependencies in sequential data and is effective for time series prediction [4].
- Gated Recurrent Units (GRU): Simplifies LSTM architecture while maintaining similar performance, reducing computational complexity [5].
- Transformers: Originally designed for NLP, Transformers have recently been applied to time series forecasting due to their ability to model global dependencies and parallelize computations efficiently [6].

Studies have shown that LSTM and GRU outperform classical models in predicting stock prices for intraday, short-term, and long-term horizons [7]. Transformer-based models can further enhance prediction accuracy, especially for multi-stock comparison and trend detection [6], [8].

C. Technical Indicators and Feature Engineering

Technical indicators such as SMA, EMA, RSI, MACD, Bollinger Bands are widely used for feature engineering in stock prediction models [9]. Incorporating these indicators allows models to consider not just historical prices but also trend strength, momentum, and market volatility. Combining technical indicators with deep learning improves prediction accuracy and supports the generation of actionable insights such as Buy/Sell/Hold signals.

D. Portfolio Simulation and Risk Analysis

Portfolio simulation tools allow investors to visualize potential profits or losses based on predicted stock prices. Integrating risk assessment modules, which classify stocks as Low/Medium/High risk, helps in decision-making and mitigates financial losses. Research indicates that combining predictive models with portfolio simulations increases practical usability of stock prediction applications [10].

E. Sentiment Analysis in Stock Prediction

Investor sentiment plays a significant role in market movement. Recent studies highlight the value of analyzing social media posts, financial news, and tweets to improve stock predictions. Sentiment analysis classifies market sentiment as positive, neutral, or negative, which can be used as an additional feature in prediction models [11]. Although optional, sentiment-aware models tend to perform better during volatile market conditions.

F. Visualization and Interactive Dashboard

Interactive visualization of historical and predicted prices enhances user comprehension. Graphical representations like candlestick charts, line charts, and overlayed Buy/Sell/Hold signals provide immediate insight into market trends and investment strategies. Dashboards also allow multi-stock comparison, time-frame selection, and alert notifications for significant predicted price changes [12].

III. PROBLEM STATEMENT

Investors face multiple challenges:

- Inability to accurately predict short-term and long-term stock price movements
- Lack of actionable recommendations (Buy/Sell/Hold signals)
- Difficulty in comparing multiple stocks simultaneously
- Inadequate risk and trend assessment tools
- Limited visualization for predicted vs actual stock performance

There is a need for an AI-powered stock prediction platform that integrates deep learning models, visualization, and portfolio simulation in a user-friendly web application.

IV. PROPOSED SYSTEM ARCHITECTURE

A. System Architecture

1) Frontend:

- HTML, CSS, JavaScript (React optional) / Streamlit / Dash
- Interactive charts: candlestick, line graphs, moving averages
- Multi-stock comparison and portfolio input

- Risk indicator with color codes (Green/Yellow/Red)

2) Backend:

- Python-based prediction engine using Flask/FastAPI/Django
- Machine Learning models: LSTM/GRU/Transformer
- Database: SQLite/PostgreSQL for storing user data, predictions, and logs
- API integration: Yahoo Finance, NSEpy, Alpha Vantage

3) Modules:

- Data Collection Module: Fetch historical stock data (Open, High, Low, Close, Volume) via APIs.
- Data Preprocessing Module: Clean missing data, handle outliers, generate technical indicators, normalize data.
- Prediction Module: Run LSTM/GRU/Transformer models to forecast stock prices and provide Buy/Sell/Hold signals.
- Advanced Features Module: Multi-stock comparison, timeframe selection, trend & risk analysis, portfolio simulation, sentiment analysis (optional), alerts/notifications.
- Visualization Module: Interactive charts, predicted vs actual comparison, signals highlighted.
- Evaluation Module: Display error metrics such as RMSE, MAE, Accuracy %, and graphical performance analysis.

B. Workflow

1) User selects stock(s) and timeframe (Intraday/Short-term/Long-term).
2) System fetches historical stock data via APIs.
3) Data preprocessing and technical indicator generation.
4) Prediction module forecasts future prices and generates Buy/Sell/Hold signals.
5) Dashboard displays historical vs predicted charts, trend/risk indicators, portfolio simulation, and alerts if thresholds are exceeded.

V. LIMITATIONS

1) Prediction accuracy depends on quality of historical data
2) AI models may fail during market shocks or unexpected events
3) Sentiment analysis optional, requiring external data collection
4) Computationally intensive for multi-stock real-time prediction

VI. ADVANTAGES

1) Accurate AI-based prediction using advanced deep learning models
2) Multi-stock and multi-timeframe analysis
3) Interactive visualization for better comprehension
4) Portfolio simulation for investment strategy planning
5) Risk analysis and alert notifications
6) User-friendly web interface for academic and practical demonstration

VII. RESULTS AND PROJECT OUTPUT

The AI-Based Stock Market Prediction Web Application was developed and tested using historical stock data. The system includes multiple modules such as Prediction Module (LSTM/GRU/Transformer), Portfolio Simulation, Trend & Risk Analysis, and Interactive Visualization. The following results were observed during testing

8.1 Prediction Module Output

Fig.Stock Prince Chart

Fig. Demo Trading Account

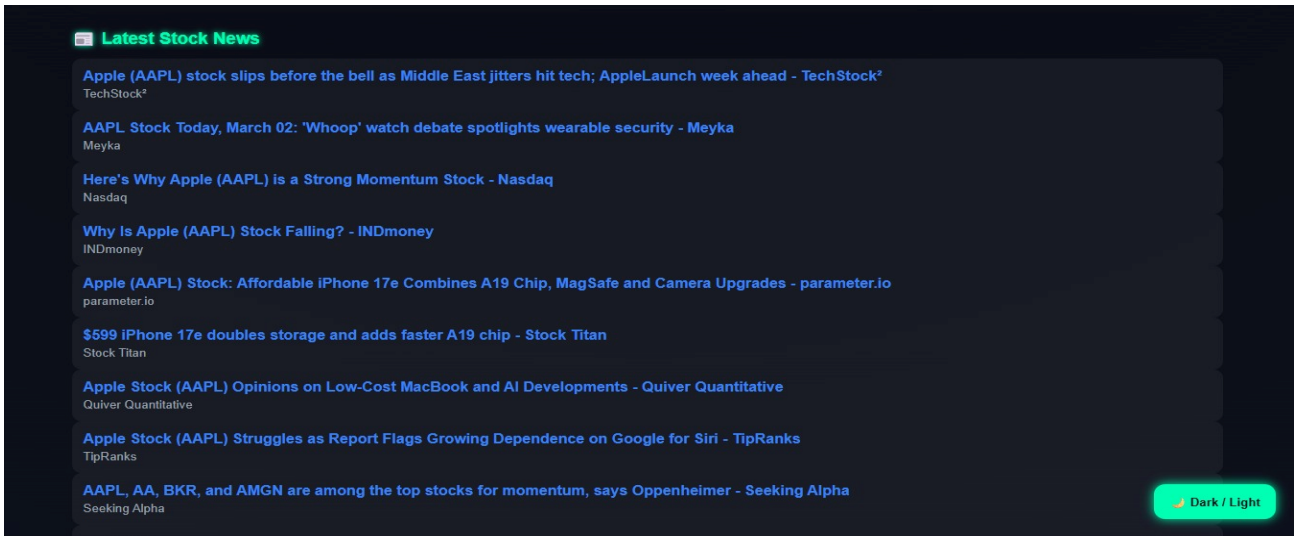

Fig. Latest Stock News

Fig. Trade History

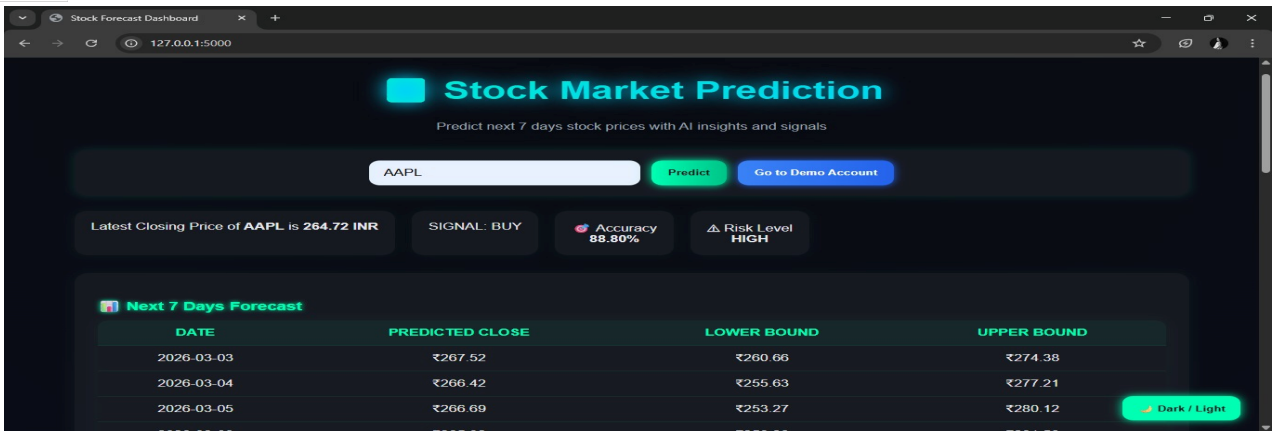

Fig. Home Page Stock Market Prediction

VIII. CONCLUSION

The Stock Market Prediction Web Application integrates machine learning with an interactive, user-friendly web interface to forecast stock prices and generate actionable insights. By combining LSTM/GRU/Transformer models, portfolio simulation, trend and risk analysis, and visualization modules, the system assists investors in making informed decisions and understanding market behavior. The platform demonstrates the potential of AI to enhance investment planning and academic research in financial markets.

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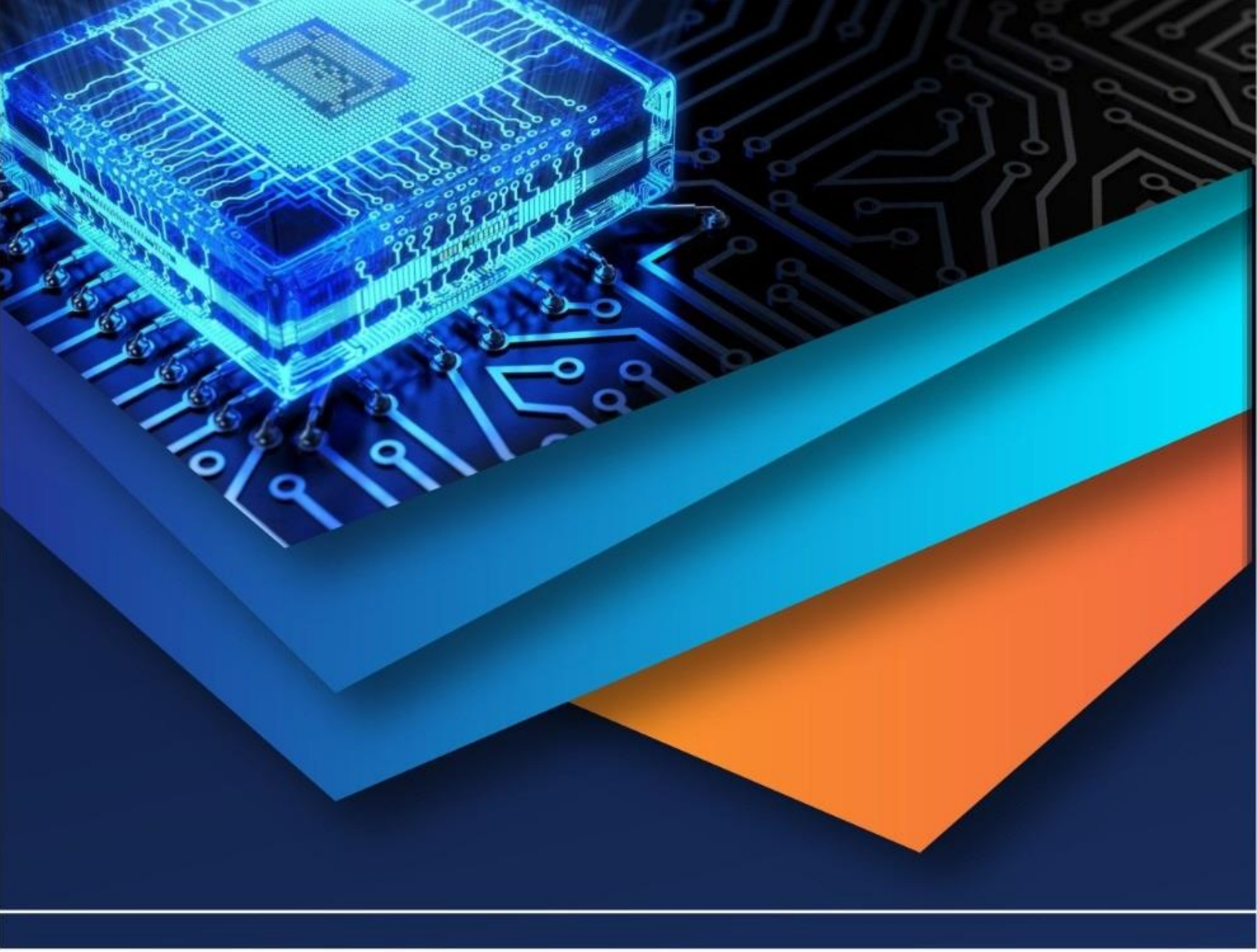

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