iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 13 **Issue:** V **Month of publication:** May 2025

DOI: https://doi.org/10.22214/ijraset.2025.66672

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue V May 2025- Available at www.ijraset.com

Stock Sphere Analysis and Forecasting

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Abstract: ***The Stock Market Prediction System leverages advanced machine learning techniques and Python to forecast stock price movements with improved accuracy. Developed using libraries like TensorFlow, Scikit-learn, and Pandas, this system processes historical data, technical indicators, and market trends to predict stock prices in real time. It features an intuitive user interface for data visualization and provides actionable insights through predictive analytics. By automating data analysis and forecasting, this solution empowers investors with data- driven decision-making, reduces risks, and enhances portfolio management efficiency.***

I. INTRODUCTION

The stock market application offers a powerful yet user-friendly platform for stock sphere analysis and forecasting. It provides interactive tools to visualize key technical indicators, including Bollinger Bands, MACD, RSI, SMA, and EMA, helping users understand market trends and potential trade opportunities. The app also integrates stock news and sentiment analysis to keep users updated on the latest market developments. Financial statements, such as balance sheets and income statements, are available for assessing a company's financial health. Additionally, users can leverage machine learning models like Linear Regression, Random Forest, and XGBoost to forecast stock prices. The application's intuitive interface caters to both novice and experienced investors, allowing for easy navigation and interaction with complex data. By combining detailed analytics with predictive modelling, it helps users make informed investment decisions. With its accessible design, the app democratizes advanced stock market tools, making sophisticated investment strategies available to a broader audience. This empowers users to navigate the stock market with greater confidence and insight.

II. LITERATURE REVIEW

[1] : Brock et al. (1992) conducted a seminal study evaluating the performance of various technical trading rules, including moving averages and trading range breakouts, on the Dow Jones Industrial Average Index from 1897 to 1986. Their findings suggested that these technical rules can generate significant returns, even after adjusting for transaction costs and risk. Specifically, the moving average and trading range breakout rules exhibited the most consistent profitability across various stock market conditions.

[2] : Gençay (1998) investigated the predictive power of technical indicators, such as moving averages and momentum indicators, using non-linear models. The study employed artificial neural networks and found that these indicators can improve the accuracy of stock price predictions when combined with non-linear models. The results demonstrated that technical indicators could capture non-linear patterns in stock price movements, which are often challenging for traditional linear models.

[3] : Tetlock (2007) conducted a pioneering study examining the relationship between media sentiment and stock returns. The research analyzed the content of a popular Wall Street Journal column and quantified the negativity of the language used. The study found that negative sentiment in news articles could predict lower returns for Dow Jones Industrial Average stocks, suggesting that sentiment analysis can provide valuable insights into stock price movements.

[4] : Ranco et al. (2016) explored the application of deep learning techniques for stock news sentiment analysis and its impact on stock price prediction. Their study utilized convolutional neural networks and recurrent neural networks to analyze news articles and extract sentiment scores. The researchers demonstrated that incorporating sentiment data from news articles could improve the accuracy of stock price prediction models, particularly in the short-term.

[5] : Ou and Penman (1989) developed a model for predicting stock returns based on financial statement analysis. Their study utilized various financial ratios and accounting data to identify potential mispriced stocks. The model demonstrated the ability to generate superior returns compared to a simple buy-and-hold strategy, highlighting the importance of incorporating financial information in investment decision-making.

[6] : Lev and Thiagarajan (1993) examined the relationship between fundamental signals derived from financial statements and future stock returns. Their research focused on identifying specific fundamental signals, such as changes in inventory levels and gross margins, that could predict future earnings and stock price movements. The study found that these fundamental signals exhibited significant predictive power, reinforcing the value of financial statement analysis in stock analysis.

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[7]: Atsalakis and Valavanis (2009) employed neural networks and neuro-fuzzy systems for predicting stock prices. Their study compared the performance of these techniques with traditional forecasting methods, such as ARIMA models and exponential smoothing. The results showed that neural networks and neuro-fuzzy systems outperformed traditional methods, particularly in capturing non-linear patterns and handling noisy data, which are common characteristics of stock price time series.
[8]: Patel et al. (2015) combined technical indicators with machine learning algorithms, such as support vector machines and random forests, to predict stock prices. Their research demonstrated the potential of integrating technical analysis with machine learning techniques. By combining the insights from technical indicators with the predictive power of machine learning models, the study achieved improved stock price prediction accuracy compared to using either approach individually.
[9]: Qian and Rasheed (2007) investigated the use of ensemble learning techniques, such as bagging and boosting, for stock price prediction. Their study focused on exploiting the strengths of multiple models by combining their predictions through ensemble methods. The results showed that ensemble learning techniques could improve prediction accuracy and robustness compared to individual models, highlighting the potential of combining multiple models for stock price prediction

III. PROBLEM DEFINITION

Traditional approaches to stock market analysis often involve manual interpretation of charts, financial reports, and trends. These methods are not only time-intensive but also subjective, making them prone to inaccuracies and human biases. Additionally, the unpredictable nature and volatility of the stock market can make it challenging for investors to make timely and informed decisions, leading to higher financial risks and missed opportunities. This project aims to overcome these limitations by developing a stock market prediction and analysis system utilizing Python and machine learning algorithms. The system will analyze historical stock data, technical indicators, and market trends to build predictive models using libraries like TensorFlow, Scikit-learn, and Pandas. By automating data processing and prediction, the system will deliver real-time insights, accurate forecasts, and easy-to-understand visualizations. This solution is designed to empower investors with data-driven decision-making, minimize risks, and enhance the efficiency of portfolio management, making advanced analytical tools accessible to a broader range of users.

IV. METHODOLOGY

The proposed system is built using multiple modules:

1) Data Retrieval Module:

- ⇨ This module is responsible for fetching real-time stock data, news articles, and financial statements from external APIs such as Yahoo Finance, StockNews, and Alpha Vantage.
- ⇨ It utilizes libraries like `yfinance`, `stocknews`, and `alpha_vantage` to retrieve the required data based on user input (e.g., stock ticker symbol, date range).

2) Data Processing Module

- ⇨ The Data Processing Module processes the fetched data to prepare it for analysis and visualization.
- ⇨ It performs tasks such as parsing the raw data, cleaning and formatting it, and calculating relevant metrics and indicators (e.g., technical indicators like Bollinger Bands, MACD, RSI).

3) Visualization Module

- ⇨ This module is responsible for visualizing the processed data and presenting it to the user in an interactive and informative manner.
- ⇨ It utilizes the `Streamlit` library to create a web-based user interface with interactive charts, graphs, and tables for displaying stock data, technical indicators, and news articles.

4) Prediction Module

- ⇨ The Prediction Module implements various machine learning models for predicting future stock prices based on historical data.
- ⇨ It includes regression models such as Linear Regression, Random Forest Regressor, Extra Trees Regressor, K-Neighbors Regressor, and XGBoost Regressor.
- ⇨ This module trains the models on historical stock data, evaluates their performance, and generates predictions for a specified number of future days.

5) News Sentiment Analysis Module

- The News Sentiment Analysis Module analyzes the sentiment of news articles related to selected stocks.
- It processes the text of news articles using natural language processing (NLP) techniques to determine the sentiment (positive, negative, neutral) of each article.
- The sentiment analysis results are presented to the user, providing insights into market sentiment and potential impact on stock prices.

6) Financial Statements Module

- This module retrieves and presents detailed annual financial statements, including balance sheets, income statements, and cash flow statements, for selected stocks.
- It utilizes the `alpha_vantage` library to fetch financial data from the Alpha Vantage API and formats the data for display to the user.

7) User Interface Module

- The User Interface Module integrates all other modules and provides a user- friendly interface for interacting with the application.
- It includes features such as sidebar options for selecting different functionalities, input fields for entering stock ticker symbols and date ranges, and buttons for triggering data retrieval, analysis, and visualization. The user interface is developed using the `Streamlit` library, enabling easy deployment as a web application user to select the type of chart, and creates interactive charts based on the user's selection, displaying them using Streamlit's charting capabilities.

V. RESULTS AND EVALUATION

The stock price prediction application is implemented using Python, with Streamlit serving as the primary framework for creating an interactive web interface. The application leverages several key libraries and APIs to provide comprehensive fu nctionality, including data retrieval, visualization, prediction, and financial analysis.

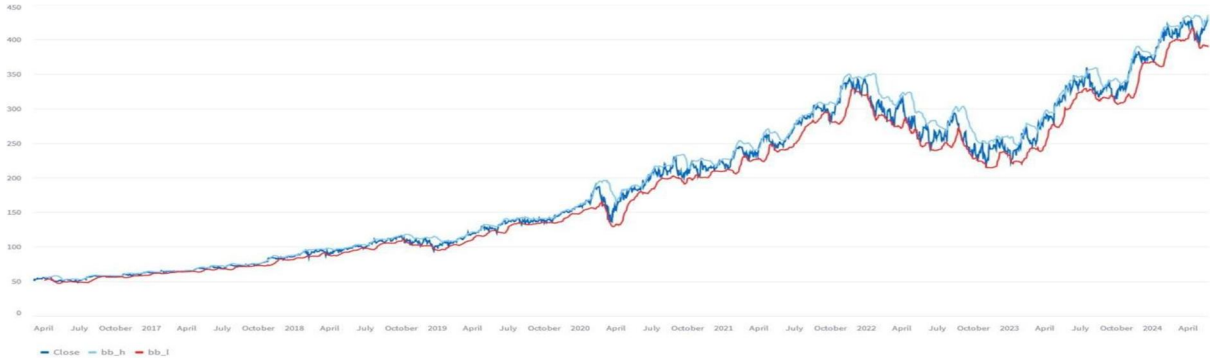


Fig1: Analyzing Microsoft's Historical Stock Performance with Bollinge Bands

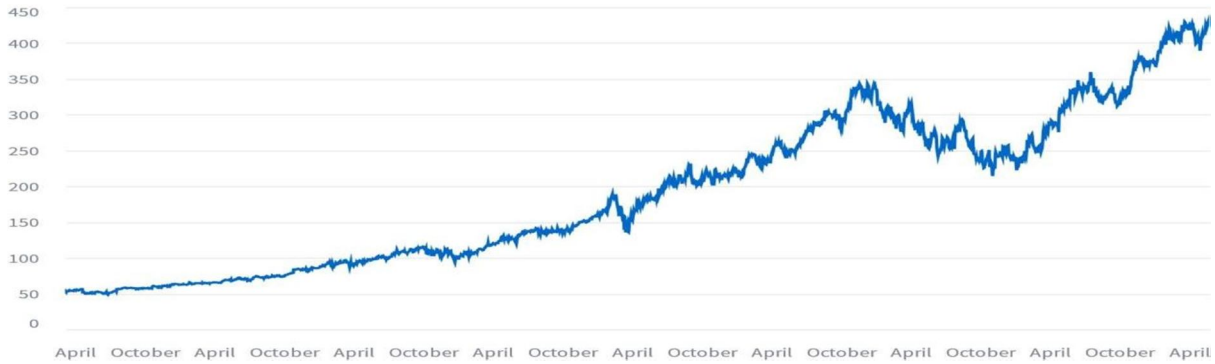


Fig2: Analyzing Microsoft's Historical Stock Performance with Close Prices

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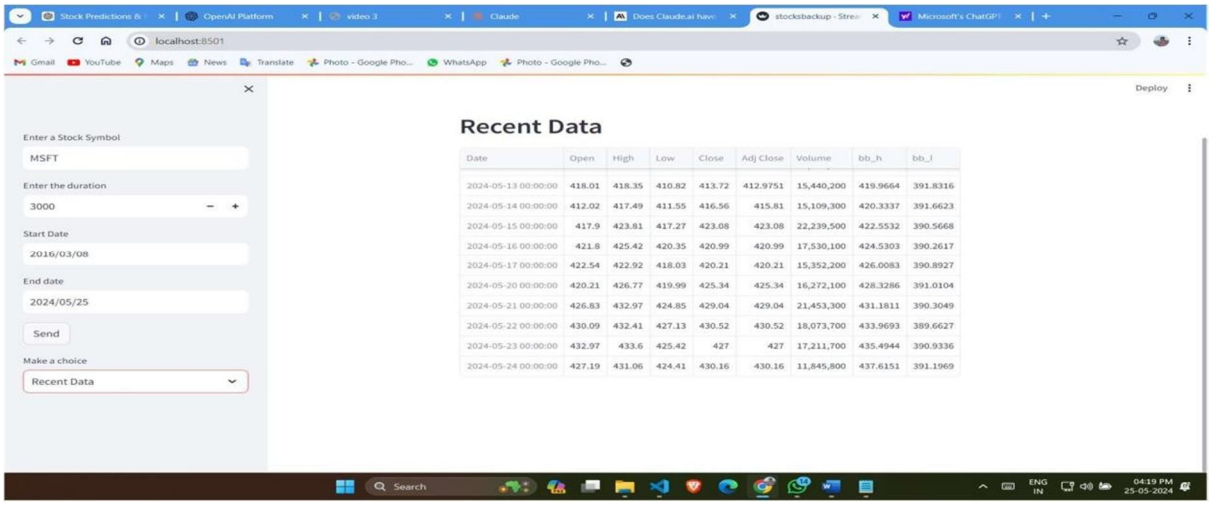


Fig3: Examining Microsoft's Recent Share Price Trends

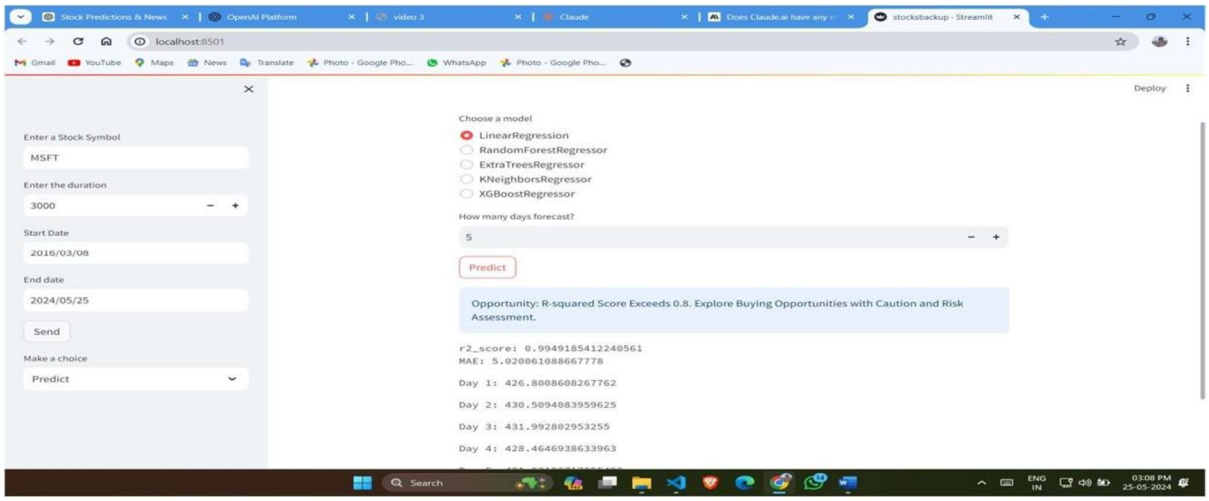


Fig4: **:** Forecasting Microsoft's Share Prices for the Next 5 Days Using a Linear- Regression Algorithm

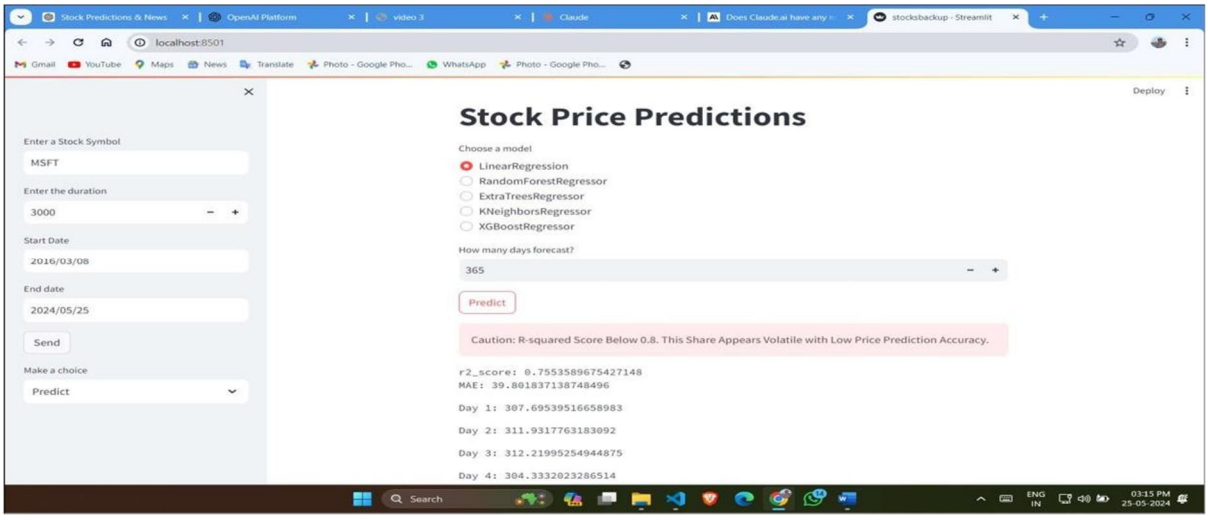


Fig5: **:** Forecasting Microsoft's Share Prices for the Next 365 Day Using a Linear- Regression Algorithm

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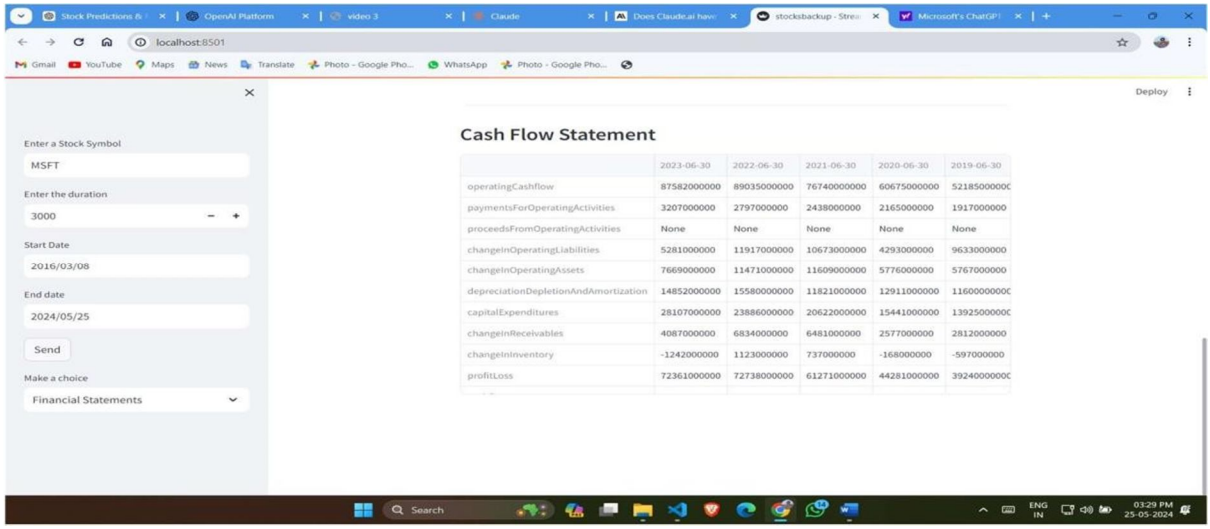


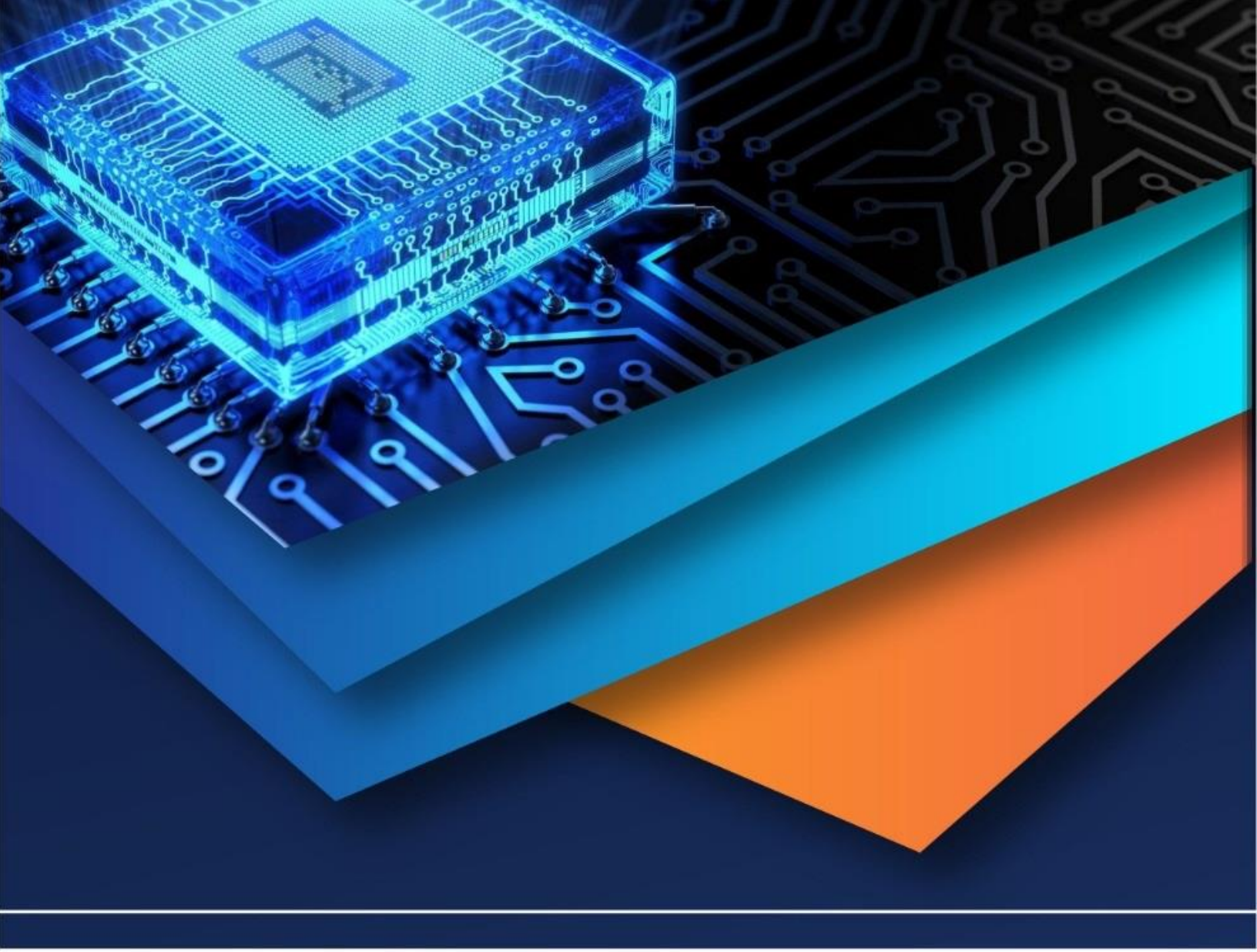
Fig6: Displaying Microsoft's Financial Statements (Cash Flow)

VI. CONCLUSION

The Streamlit application for stock price predictions and analysis serves as a comprehensive toolkit for investors and traders, empowering them with a user-friendly interface and a range of powerful features. By seamlessly integrating technical indicators, sentiment analysis, financial statement analysis, and machine learning models, this application bridges the gap between the complexities of the stock market and the needs of users. Through the visualization of technical indicators, integration of stock news and sentiment analysis, fetching and displaying financial statements, and leveraging the power of machine learning algorithms for stock price prediction, the application equips users with valuable tools for informed decision- making.

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