IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 5, Issue 8, April 2025
Impact Factor: 7.67

AI Enabled Stock Analysis

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Abstract: *The financial markets have experienced a significant transformation with the advent of artificial intelligence (AI) and machine learning (ML) technologies. This survey paper presents an extensive review of the methodologies, techniques, and algorithms employed in AI-enabled stock analysis. We explore various AI models, including machine learning (ML), natural language processing (NLP), and deep learning (DL), that are leveraged to predict stock prices, analyze market trends, and identify investment opportunities. The paper also highlights the key challenges in data handling, feature engineering, and real time market prediction, while providing a critical assessment of current research and emerging trends in this domain. Additionally, we examine the practical applications of these technologies in financial markets and the impact of AI on stock trading strategies. Finally, the paper identifies future research directions and the potential of AI to further revolutionize stock market analysis.*

Keywords: Stock Analysis, Artificial Intelligence, Machine Learning, Deep Learning, Natural Language Processing, Financial Markets, Stock Prediction, Data Science

I. INTRODUCTION

The stock market operates as a complex and highly dynamic system influenced by a diverse array of factors, including global economic conditions, company performance, investor sentiment, and geopolitical events. Predicting stock prices and identifying market trends have traditionally posed significant challenges due to the inherent volatility and uncertainty within financial markets. While classical statistical methods have been employed for decades, their predictive accuracy often falls short in today's rapidly evolving market landscape. Recent advancements in artificial intelligence (AI) and machine learning (ML) have transformed the field of stock analysis, enabling more sophisticated methods that can capture intricate market patterns, interpret sentiment from real-world data, and adapt to real-time changes. In particular, machine learning techniques such as supervised learning and deep learning have shown strong potential for predicting stock prices by analyzing historical data, chart patterns, and technical indicators. Natural language processing (NLP) models have opened up new avenues for understanding investor sentiment by processing large volumes of financial news, social media posts, and economic reports. These approaches are especially valuable given that sentiment—a driving force behind market movements—can often influence stock prices before traditional data reflects changes. Additionally, reinforcement learning (RL) has been applied to develop automated trading systems that not only make decisions based on historical data but also learn optimal strategies through real-time feedback from the market.

II. LITERATURE SURVEY

In our literature survey, we reviewed 10 research papers to understand the latest ideas and methods related to our project.

[1] Naser Alshakhoori, "Stock Price Prediction Using Artificial Intelligence: A Literature", IEEE, DOI-10.1109/ICETSIS61505.2024.10459442, 2024 This study provides a comprehensive review of AI-based techniques for predicting stock price movements, focusing on research papers from 2020 to 2023. Fourteen influential papers were analyzed, highlighting various approaches such as technical, fundamental, and sentiment analysis, with a strong focus

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on hybrid models that combine multiple techniques. The review shows that hybrid models, particularly those utilizing deep learning, outperform traditional methods by effectively managing non-linear complexities and temporal patterns. This study reviews stock market prediction techniques, focusing on AI-based approaches like machine learning and deep learning. It discusses two primary forecasting methods: fundamental analysis, which evaluates a company's value, and technical analysis, which examines price patterns. The paper highlights the superior performance of hybrid AI models and outlines future trends in AI development, noting the potential improvements in stock price prediction. The study benefits both researchers and practitioners by presenting recent advancements and challenges in this field. This literature review explores stock price prediction methods, focusing on sentiment analysis, technical analysis, fundamental analysis, and combined approaches. Conventional models like ARIMA struggle with stock market complexities, while AI-based models, particularly deep learning techniques like CNN, LSTM, and hybrid models, show improved accuracy. Technical analysis leverages AI to automate trend identification, while fundamental analysis evaluates a company's financial and economic health to forecast stock prices. Recent AI advancements, including deep neural networks and genetic algorithms, offer superior performance in handling complex, nonlinear relationships in stock market data analysis.

[2] Ashish Ruke, "Predictive Analysis of Stock Market Trends: A Machine Learning Approach", IEEE, DOI-10.1109/ICDECS59733.2023.10503557, 2023 The research paper focuses on utilizing Long Short-Term Memory (LSTM) neural networks to improve stock market prediction accuracy. The evolving nature of financial markets has created a demand for better forecasting strategies, and this research aims to contribute to the existing literature by demonstrating the potential of LSTM models in financial predictions. The LSTM model used in the study achieved an R-squared score of 0.89 and a cross-validation score of 0.84, showing strong performance on both training and testing datasets. The model was saved as an HDF5 file and deployed using Streamlit, with a user-friendly interface that accepts a stock ticker and provides a predicted price based on the trained model. The paper discusses how lstms excel in sequence learning, particularly for time-series data like stock prices, due to their memory capabilities. This allows the model to identify patterns, trends, and correlations in the data, which are essential for forecasting dynamic markets. Lstms' ability to capture long-term dependencies in stock price data makes them well-suited for such predictions, as compared to traditional financial models that often struggle with the complex and ever-changing nature of financial markets. The research also presents a brief literature survey, comparing different machine learning models like the Stock Sequence Array Convolutional LSTM (SACLSTM), LSTM-xgboost hybrids, and other approaches.

[3] Aanjey Mani Tripathi, "improving Long Short-Term Memory (LSTM)-Based Stock Market Price Predictions in the Machine Learning Era", IEEE, DOI-10.1109/IC2PCT60090.2024.10486391, 2024 The stock market in India has seen a surge in investor activity. The stock market, being a core part of the global economy, offers numerous opportunities for profit, but predicting stock prices is a complex task. Traditionally, analysts and investors have relied on method Like technical and fundamental analysis to make predictions, but these approaches have limitations. Human emotions, such as fear and greed, can also influence decision-making, Leading to inaccurate predictions. In an effort to improve the accuracy and efficiency of stock price predictions, machine learning (ML) and artificial intelligence (AI) have been explored. One particularly promising ML technique is the Long Short-Term Memory (LSTM) neural network. LSTM networks excel at learning from historical data and capturing patterns that may indicate future price movements. By training LSTM models on past stock market data, researchers aim to overcome the shortcomings of traditional prediction methods. The research concludes that LSTM networks hold great potential for stock price prediction. By learning from a vast amount of past market activity, LSTM models can identify intricate patterns that humans might miss, offering more precise and reliable forecasts. This technology represents a significant advancement in financial forecasting, and as ML techniques continue to evolve, the future of stock market predictions will become increasingly accurate and data-driven.

III. GAP ANALYSIS

[1] Naser Alshakhoori, "Stock Price Prediction Using Artificial Intelligence: A Literature", IEEE, DOI-10.1109/ICETSIS61505.2024.10459442, 2024 This paper provides a comprehensive overview of AI-based techniques used in stock price prediction, comparing traditional methods like linear regression with newer models such as LSTM,

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CNN, and random forests. It highlights key methodologies and trends in AI-driven stock analysis, offering a broad understanding of the field. However, the paper is purely theoretical, focusing on summarizing existing works rather than offering empirical validation or real-world implementation. The review lacks detailed comparisons of model performances on current datasets. In our project, this gap can be addressed by implementing and validating some of the methods discussed, conducting hands-on experiments, and analyzing performance on real-world financial data to offer concrete evidence. In our project, we will implement key AI models discussed in the literature and perform empirical tests on real-world datasets. We will compare their performance on modern stock data using metrics such as accuracy, precision, and computational efficiency, providing hands-on insights beyond theoretical reviews.

[2] Ashish Ruke, "Predictive Analysis of Stock Market Trends: A Machine Learning Approach", IEEE, DOI-10.1109/ICDECS59733.2023.10503557, 2023 This paper investigates the application of traditional machine learning algorithms like Support Vector Machines (SVM), Random Forests, and Decision Trees in stock market trend prediction. It provides an analysis of their efficiency and accuracy in predicting stock price movements based on historical data. While this work presents a solid comparison of traditional machine learning models, it doesn't delve into more advanced deep learning models like LSTM or attention mechanisms. Also, the models focus on past price movements without incorporating more nuanced market factors like news sentiment or economic indicators. Our project can overcome this by integrating advanced deep learning techniques and incorporating external data sources (e.g., news, sentiment analysis) to enhance prediction accuracy. We will improve on this by incorporating advanced deep learning models like LSTM, GRU, or Transformer models, which are better at capturing complex, non-linear relationships.

[3] Aanjey Mani Tripathi, "improving Long Short-Term Memory (LSTM)-Based Stock Market Price Predictions in the Machine Learning Era", DOI-10.1109/IC2PCT60090.2024.10486391, 2024 This paper emphasizes improving the performance of LSTM networks for stock market predictions, presenting methods to enhance training speed and accuracy. LSTM is highly suitable for time-series forecasting, making this paper valuable for its practical approaches to optimizing LSTM models. The focus on LSTM, while valuable, overlooks newer architectures that could offer even better performance, such as Transformer models, which excel in handling long-term dependencies. Moreover, LSTM's interpretability remains a challenge, limiting its utility in real-world financial applications where transparency is key. In our project, you could address these issues by incorporating Transformer-based models and applying explainable AI techniques to improve interpretability. We will overcome this gap by implementing more modern architectures such as Transformer models, which can capture long-term dependencies more effectively than LSTM. Additionally, we will hybridize LSTM with attention mechanisms to enhance performance in complex market scenarios.

IV. CONCLUSION

AI- enabled stock analysis represents a major advance in the way fiscal requests operate, offering enhanced decision-making tools, real- time analysis, and robotization that were preliminarily unattainable with traditional styles. By usingmachine literacy and big data, AI systems can reuse vast quantities of information at high speed, identify retired patterns in the request, and give more accurate prognostications. The operations are far- reaching — from algorithmic trading, portfolio operation, and threat mitigation to sentiment analysis and fraud discovery — enabling dealers and investors to make further informed, data- driven opinions. AI- driven tools, similar as robo- counsels and stock screeners, further homogenize access to sophisticated investment strategies, allowing indeed retail investors to contend with institutional players. still, while AI offers significant advantages, it is n't without its limitations. Its effectiveness depends heavily on data quality, and its capability to understand broader request fundamentals or prognosticate rare events is still limited. The" black box" nature of numerous AI models also raises enterprisesover translucency and responsibility in decision- timber. also, ethical enterprises, similar as the impact of high- frequence trading on request volatility and fairness, need to be addressed through nonsupervisory oversight. AI's tendency to overfit literal data also presents a challenge when conforming to new, unlooked-for request conditions.

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[5]. Dr Subba Rao Polamuri, "Stock Market Price Prediction using Machine Learning", DOI-0.1109/ICAIT61638.2024.10690737, 2024