Stock Market Analysis Using Artificial Intelligence

Prof. Ashwini Tadkal[1], Om Sarpane[2], Sahil Soni[3], Rohan Wagh[4], Om Wakchaure[5], Yugandhar Chaudhari[6]
[1,2,3,4,5,6]*Department of Information Technology, JSPM's JSCOE, Pune*

***Abstract*—Stock markets generate large volumes of rapidly changing data that require timely interpretation and systematic analysis. Manual analytical methods struggle to keep pace with this volatility and often lack personalization. StockAI is a web-based intelligent system designed to streamline stock market interpretation through machine learning (ML), natural language processing (NLP), and real-time market data integration. The platform incorporates predictive time-series models, sentiment-aware decision components, and a conversational interface capable of interpreting user queries in natural language. A modular architecture comprising a real-time data aggregator, prediction engine, reinforcement-based preference model, and interactive dashboard enables users to obtain personalized and data-driven insights. By integrating the National Stock Exchange (NSE) API with advanced ML models such as LSTM, XGBoost, and BERT-based NLP, StockAI supports short-term forecasting, trend visualization, and adaptive recommendations. The platform aims to democratize financial intelligence by providing systematic, transparent, and user-centric analytics for retail investors.**

Index Terms—Stock Forecasting, NSE API, Machine Learning, Time-Series Analysis, NLP, Chatbot Systems, Reinforcement Learning, Financial Recommendation Systems.

I. INTRODUCTION

Financial markets exhibit nonlinear, stochastic, and high-frequency behaviour influenced by global events, economic shifts, and investor sentiment. Interpreting such dynamic environments requires tools capable of processing real-time streams, identifying latent patterns, and adapting to contextual changes. Traditional analytical approaches, often dependent on manual chart study or static rule-based indicators, are susceptible to delays and cognitive bias.

Modern advancements in ML have enabled models to capture sequential patterns, assess sentiment, and support automated decision systems. However, most publicly accessible investor tools lack personalization, real-time intelligence, and interactive guidance. Static dashboards or conventional mobile apps cannot account for individual behaviour or adapt their outputs based on evolving user patterns.

To address this gap, StockAI is proposed as an intelligent stock analysis platform that combines predictive modelling, NLP-driven user interaction, and reinforcement-based personalization. The system integrates live market data from the NSE API, processes historical and real-time trends, and provides actionable insights through an AI-assisted interface.

StockAI focuses on:

1. Real-time insights: integration with NSE data sources to provide current price movements, volume shifts, and trend indicators.
2. Predictive analytics: ML models forecast short-term and medium-term stock behaviour.
3. Conversational access: users interact through a chatbot instead of navigating complex tools.
4. Personalized suggestions: reinforcement learning (RL) and collaborative filtering track user behaviour to refine recommendations over time.

The system is intended to support novice traders by simplifying analysis and enable experienced investors to enhance decision-making with evidence-backed projections.

II. LITERATURE REVIEW

A. Machine Learning for Stock Prediction

Recent literature demonstrates that ML models outperform traditional statistical approaches in short-term market forecasting. Recurrent neural networks (RNNs) and their variants—LSTM and GRU—have been particularly successful in modelling sequential financial data due to their ability to capture long-range dependencies. Agarwal & Khanna (2024) showed that LSTMs significantly improve predictive stability during periods of high volatility. Similarly, hybrid models combining ML classifiers with technical indicators (Patel & Mehta, 2023) demonstrate improved robustness across diverse market conditions. However, several studies note that ML models often rely on static datasets and lack real-time adaptability, limiting practical application in live trading environments. Most implementations also overlook personalization and user-specific trend analysis.

B. Natural Language Interfaces in Financial Systems
Financial advisory platforms increasingly employ NLP to interpret user queries. BERT-based intent classification models (Sharma & Rao, 2024) have shown strong performance in parsing domain-specific financial terminology. These systems provide explanatory responses, but many rely on predefined rule-based structures or lack integration with live market data. Personalization and dynamic learning are seldom implemented in such conversational systems.

C. Reinforcement Learning in Investment Systems
RL has gained traction for algorithmic trading and dynamic portfolio optimization. Li & Zhang (2023) demonstrated that RL agents can learn optimal trading actions by interacting with simulated market environments. While powerful, RL models often require extensive exploration and may struggle with real-world deployment due to unpredictable market changes. Few studies integrate RL strictly for user behaviour modelling, which StockAI adopts to refine suggestions according to user engagement patterns rather than executing trades.

D. Data Visualization and User-Cantered Analytics
Visual analytics remains central to investor decision support. Systems employing Chart.js, D3.js, and similar libraries provide interactive visualizations, enabling intuitive understanding of long-term patterns, volume distributions, and volatility index. While widely adopted in fintech dashboards, such tools lack AI-driven context generation. StockAI augments visualization with predictive overlays and sentiment scores derived from ML pipelines.

III. DATA SOURCES AND TECHNOLOGY STACK

A. Data Sources
1. Real-Time Data:
Live price, volume, and change percentage fetched via the NSE API.

2. Historical Data:
Archival datasets obtained from Yahoo Finance and Quandl for training ML models.

3. Sentiment Data:
News headlines and social sentiment extracted using publicly accessible financial feeds.

4. User Interaction Data:
Chat logs, preferences, and watchlist activity used for adaptive personalization.

B. System Architecture Overview
StockAI is structured around six interconnected modules:
1. User Interface (React.js): Responsible for dashboards, chatbot interaction, and data visualization.
2. Backend Services (Node.js + Express.js): Handles API routing, database operations, request processing, and model orchestration.
3. Data Aggregator: Periodically pulls and updates stock market data.
4. Prediction Engine (Python): Runs ML models for time-series forecasting and sentiment classification.
5. Recommendation System: Combines collaborative filtering with RL-based preference learning.
6. NLP Chatbot: Uses BERT to interpret queries and generate contextual explanations.

Communication across these components is facilitated via REST APIs.

C. Technologies Used

Component	Technology
Frontend	React.js, Redux, Chart.js
Backend	Node.js, Express.js
ML Models	LSTM, XGBoost
NLP	BERT-based intent classification
Sentiment Analysis	VADER, TextBlob
Database	MongoDB Atlas
Security	JWT, AES-256, HTTPS/TLS

IV. PROPOSED SYSTEM DESIGN

A. Real-time Data Aggregation

The data aggregator continuously fetches stock updates through the NSE API. Incoming data is cleaned, validated, and stored in a time-stamped repository. The system supports incremental updates to reduce overhead and ensures that prediction models always operate on current values.

B. Prediction Engine

StockAI applies a hybrid forecasting pipeline consisting of:

1. LSTM:
Captures nonlinear patterns and long-term dependencies.

2. XGBoost:
Used for directional prediction (i.e., price up/down classification).

3. ARIMA:
Provides baseline statistical comparison.

Prediction outputs include:
1. Short-term price movement projections
2. Confidence scores
3. Volatility indicators

Model performance is evaluated using RMSE, MAPE, and directional accuracy.

C. Natural Language Interaction Module

The chatbot enables conversational access to financial analytics. When a user enters a query:
1. BERT extracts intent and key entities (e.g., stock symbol, timeframe).
2. The query router forwards interpreted data to relevant modules.
3. The response generator assembles explanations, charts, and predictions.

Example queries:
- *"Predict Reliance movement for tomorrow"*
- *"Show TCS 6-month trend"*
- *"Is market sentiment positive today?"*

This mechanism simplifies interactions for inexperienced users.

D. Personalized Recommendation System

StockAI employs two adaptive layers:

1. Collaborative Filtering:
Identifies similarities in user preferences, watchlists, and past interactions.

2. Reinforcement Learning Layer:
Continuously fine-tunes recommendations based on user actions such as:
- Query frequency
- Watchlist patterns
- Feedback on predictions
- Time spent analysing specific charts

This approach personalizes the platform without automating trading decisions.

E. Dashboard and Analytics

The dashboard visualizes:
- Candlestick charts
- Moving averages
- Volume patterns
- Forecast overlays
- Sentiment index
- Sector-based performance

Chart rendering uses dynamic scaling to accommodate varying data densities.

F. Security and Data Privacy

To ensure user privacy and system reliability:
- AES-256 encryption secures all stored user data.
- JWT authentication regulates access to private endpoints.
- TLS/HTTPS encrypts all communication channels.
- Role-based access control differentiates admin, registered users, and guests.

V. IMPLEMENTATION AND WORKFLOW

The operational flow proceeds in the following stages:
1. User logs in or enters as guest.
2. The interface loads personalized dashboard components.
3. User sends a query or selects a stock.
4. Backend processes request and pulls required data.
5. Prediction engine runs models and returns outputs.
6. NLP chatbot or dashboard displays insights.

7. User interaction is logged for adaptive personalization.
8. Alerts are triggered if configured thresholds are reached.

Screenshots of Web Application:

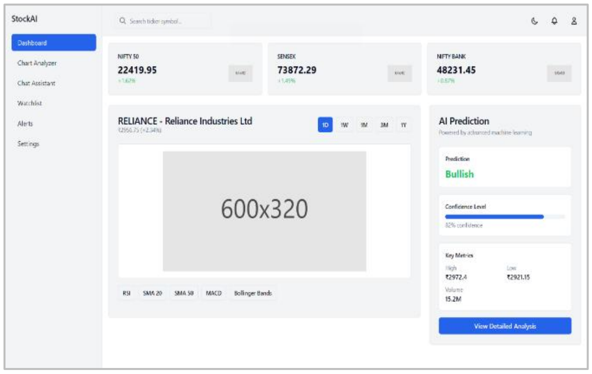

Fig.1 Dashboard Module

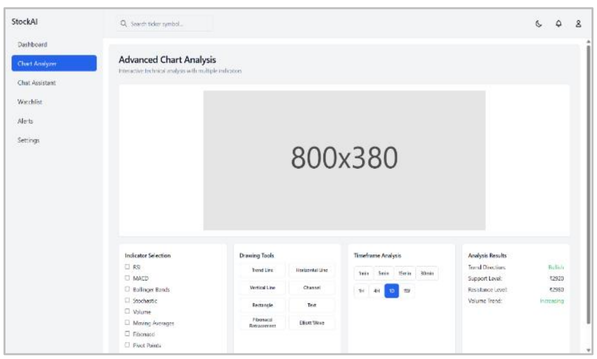

Fig.2 Chart Analyzer Module

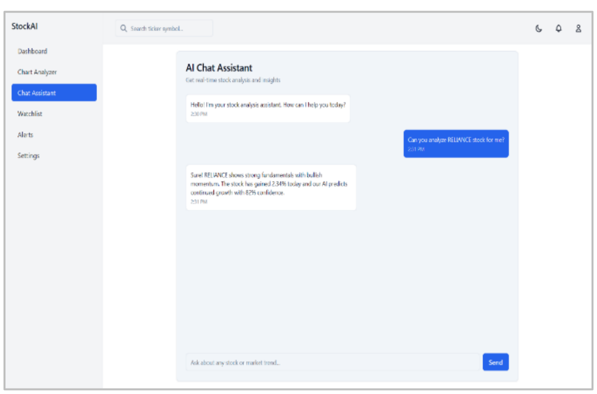

Fig.3 Chat Assistant Module

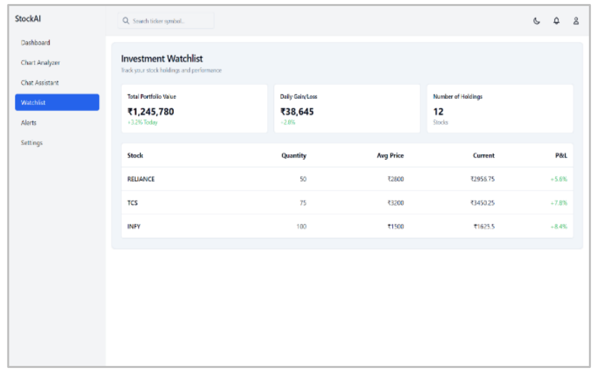

Fig.4 Wishlist Module

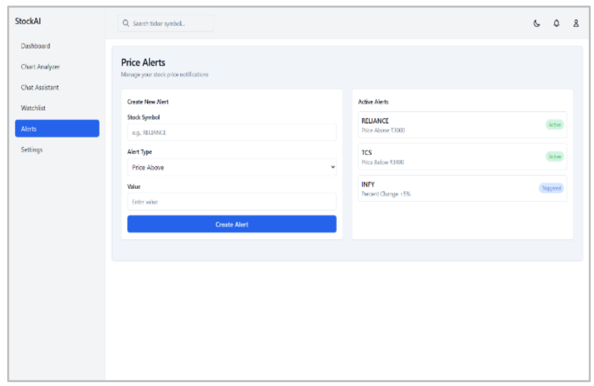

Fig.5 Alerts Module

VI. RESULTS AND DISCUSSION

StockAI was evaluated using historical datasets across multiple stocks from sectors including IT, banking, and energy. The LSTM model demonstrated higher predictive alignment for short-term trends compared to ARIMA, especially during high-volatility periods. Sentiment-integrated predictions showed improved directional accuracy for news-sensitive stocks.
User interaction trials indicated that the conversational interface significantly reduced time spent navigating charts, particularly for novice users. Reinforcement-based personalization improved recommendation relevance over repeated sessions.

VII. FUTURE ENHANCEMENTS

StockAI is designed to evolve. Planned additions include:

1. Multilingual NLP using XLM-R for Indian regional languages.
2. Portfolio simulator for strategy testing before real investments.

3. Mobile app built on React Native for broader accessibility.
4. AI-generated weekly summaries delivered via email or notifications.
5. Voice-enabled assistant for hands-free analysis.
6. Blockchain-based data audit layer for institutional-grade transparency.

VIII. CONCLUSION

StockAI presents a comprehensive approach to AI-driven stock market analysis by integrating time-series forecasting, sentiment analysis, natural language interaction, and personalization. Its modular design ensures scalability and adaptability to evolving market conditions and user requirements. By simplifying access to complex financial insights and providing data-driven predictions, StockAI contributes to enhancing financial literacy and supporting informed decision-making for retail investors.

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