A Mini Project Report

On

Stock Price prediction using advanced LSTM techniques and real time forecasting

Submitted to CMREC (UGC Autonomous), Affiliated to JNTUH

In Partial Fulfillment of the requirements for the Award of Degree of

BACHELOR OF TECHNOLOGY

IN

COMPUTER SCIENCE AND ENGINEERING (AI&ML)

Submitted By

G. BHARGAV SAI	**(228R1A6625)**
K. SAI MANASA	**(228R1A6630)**
K. SWATHI	**(228R1A6633)**
M. RISHIKA SHIVANI	**(228R1A6637)**

Under the Esteemed guidance of

Mr. B. Sai Kumar

Assistant Professor, Department of CSE (AI & ML)

Department of Computer Science & Engineering (AI&ML)

CMR ENGINEERING COLLEGE

UGC AUTONOMOUS

(Approved by AICTE, NEW DELHI, Affiliated to JNTU, Hyderabad, Kandlakoya, Medchal Road, R.R. Dist. Hyderabad-501 401)

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CMR ENGINEERING COLLEGE

UGC AUTONOMOUS

(Accredited by NBA, Approved by AICTE NEW DELHI, Affiliated to JNTU, Hyderabad)

Kandlakoya, Medchal Road, Hyderabad-501 401

Department of Computer Science & Engineering (AI & ML)

CERTIFICATE

This is to certify that the project entitled **"Stock Price Prediction using advanced LSTM techniques and real time forecasting"** is a bonafide work carried out by

G.BHARGAV	**(228R1A6625)**
K.SAI MANASA	**(228R1A6630)**
K.SWATHI	**(228R1A6633)**
M.RISHIKA	**(228R1A6637)**

in partial fulfillment of the requirement for the award of the degree of **BACHELOR OF TECHNOLOGY** in **COMPUTER SCIENCE AND ENGINEERING (AI&ML)** from CMR Engineering College, under our guidance and supervision.

The results presented in this project have been verified and are found to be satisfactory. The results embodied in this project have not been submitted to any other university for the award of any other degree or diploma.

Internal Guide	**Project Coordinator**	**Head of the Department**
Mr. B. Sai Kumar	**Mrs. M. Srikala**	**Dr. P. Madhavi**
Assistant Professor	Assistant Professor	Professor & HOD
CSE (AI&ML)	CSE (AI&ML)	CSE (AI&ML)

DECLARATION

This is to certify that the work reported in the present Mini project entitled **"STOCK PRICE PREDICTION USING ADVANCED LSTM TECHNIQUES AND REAL-TIME FORCASTING"** is a record of bonafide work done by us in the Department of Computer Science and Engineering (AI&ML) , CMR Engineering College. The reports are based on the project work done entirely by us and not copied from any other source. We submit our project for further development by any interested students who share similar interests to improve the project in the future.

The results embodied in this Mini project report have not been submitted to any other University or Institute for the award of any degree or diploma to the best of our knowledge and belief.

G.BHARGAV (228R1A6625)

K.SAI MANASA (228R1A6630)

K.SWATHI (228R1A6633)

M.RISHIKA (228R1A6637)

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G.BHARGAV **(228R1A6625)**

K.SAI MANASA **(228R1A6630)**

K.SWATHI **(228R1A6633)**

M.RISHIKA **(228R1A6637)**

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ABSTRACT

The dynamic and volatile nature of financial markets poses significant challenges for accurate stock price forecasting. Traditional statistical models often struggle to capture the complex, non-linear dependencies inherent in time series stock data. This study explores a scalable and robust approach to time series forecasting of stock prices using advanced Long Short-Term Memory (LSTM) techniques, which have proven effective in modeling sequential data with temporal dependencies. We propose an enhanced LSTM-based framework that integrates attention mechanisms, multi-layered architectures, and feature engineering to improve prediction accuracy and model generalization across various stock indices. Our model incorporates technical indicators such as moving averages, RSI, and MACD, along with historical stock prices and trading volumes, to enrich the input feature space. We employ a sliding window strategy for time series segmentation, allowing the model to learn patterns over fixed intervals. To ensure scalability, the architecture is optimized to handle large volumes of high-frequency data using parallel training on distributed computing platform.

Experimental evaluations were conducted on benchmark datasets from major stock exchanges, including NASDAQ and NYSE. The proposed LSTM model outperformed traditional methods such as ARIMA and vanilla LSTM, demonstrating lower mean squared error (MSE) and higher directional accuracy. Furthermore, the attention-enhanced LSTM layers enabled the model to focus on relevant time steps, thereby improving interpretability and decision-making support. This research highlights the potential of advanced LSTM techniques in building scalable and accurate stock forecasting systems. The proposed methodology can be extended to other financial time series applications, offering valuable insights for traders, investors, and financial analysts seeking data-driven forecasting solutions in increasingly complex markets.

1. INTRODUCTION

1.1 INTRODUCTION AND OBJECTIVES

Forecasting stock prices is a complex and high-stakes task in the financial domain, where accurate predictions can significantly influence investment decisions. The stock market is inherently volatile, driven by numerous dynamic and non-linear factors such as investor sentiment, economic indicators, and global events. Traditional statistical models like ARIMA, though useful in linear trend forecasting, often fail to capture these complexities and long-term dependencies in time series data. With the advent of deep learning, Long Short-Term Memory (LSTM) networks have emerged as a powerful tool for modeling sequential data. LSTMs are capable of learning temporal patterns and dependencies over long time horizons, making them particularly suitable for stock market forecasting.

However, standard LSTM models face challenges in scalability and interpretability, especially when applied to large datasets with high-frequency trading information. Moreover, they often do not fully utilize the wealth of available features such as technical indicators and volume trends. This study proposes a scalable and advanced LSTM-based framework for stock price forecasting. By incorporating attention mechanisms, multi-layer architectures, and enriched feature sets, the model aims to improve prediction accuracy while remaining computationally efficient and interpretable.

The first objective is to design a scalable LSTM-based model capable of processing large volumes of time series stock data efficiently. Secondly, the model aims to enhance forecasting accuracy through the integration of deep learning enhancements like attention mechanisms and multi-layer LSTM networks. A third objective is to leverage additional features such as technical indicators and trading volumes to provide richer input representations. The study also seeks to benchmark the proposed approach against traditional models like ARIMA and basic LSTM to evaluate performance improvements. Lastly, it aims to provide interpretable outputs that highlight key influencing factors in predictions, aiding traders and analysts in making more informed, data-driven decisions.

1.2 PURPOSE OF THE PROJECT

The primary purpose of this project is to develop a robust, scalable, and accurate framework for forecasting stock prices using advanced Long Short-Term Memory (LSTM) techniques. Stock market prediction is a challenging and dynamic field, where accurate forecasts can offer significant advantages to investors, traders, and financial analysts. Traditional statistical models often fail to capture the complex, non-linear dependencies and temporal patterns inherent in financial time series data. Therefore, this project aims to harness the capabilities of deep learning, particularly LSTM networks, to overcome these limitations.

LSTM models are well-suited for time series forecasting due to their ability to retain long-term dependencies and learn patterns over time. This project explores enhancements to traditional LSTM architectures by incorporating advanced techniques such as bidirectional LSTM, attention mechanisms, sequence-to-sequence models, and hybrid models that integrate external data sources like trading volume, market news, and macroeconomic indicators. These improvements are intended to increase the forecasting accuracy and robustness of the model in volatile market conditions.

Another critical aspect of the project is scalability. Stock market datasets are often large and continuously growing, requiring models that can process and adapt to high-volume data efficiently. The project focuses on building scalable solutions that can handle multiple stock tickers simultaneously and be deployed in real-time systems for continuous prediction and analysis.

The project also aims to evaluate and compare the performance of the proposed LSTM-based models against traditional models such as ARIMA and other machine learning methods like Random Forest and Support Vector Machines. Metrics such as Mean Absolute Error (MAE), Root Mean Square Error (RMSE), and Mean Absolute Percentage Error (MAPE) will be used to assess model accuracy and effectiveness.

Ultimately, the goal is to contribute a comprehensive, data-driven forecasting solution that leverages deep learning to aid in better investment decisions and risk management strategies. By improving prediction accuracy and system scalability, this project seeks to bridge the gap between academic research and practical financial forecasting applications.

1.3 EXISTING SYSTEM AND DISADVANTAGES

Existing systems for stock price forecasting have traditionally relied on statistical and machine learning models such as AutoRegressive Integrated Moving Average (ARIMA), Exponential Smoothing, Linear Regression, and Support Vector Machines (SVM). These methods are based on assumptions of linearity and stationarity in the data, which are often violated in real-world financial markets. While these models can perform reasonably well in stable conditions, they tend to struggle with the non-linear, noisy, and highly volatile nature of stock price time series data. Moreover, they are typically limited in their ability to capture long-term dependencies and complex patterns, which are essential for accurate forecasting in dynamic environments.

In recent years, machine learning models like Random Forest, Gradient Boosting, and basic feedforward neural networks have been applied to stock market prediction with some success. However, these models generally treat input features as independent and do not effectively model temporal relationships over time. As a result, they may miss important time-dependent patterns that can influence future stock movements. Moreover, these models often require extensive feature engineering and are not inherently designed to handle sequential data, which is a core characteristic of time series forecasting.

Some recent efforts have introduced basic LSTM networks for stock prediction due to their ability to handle sequential data and retain long-term memory. However, these implementations are often simplistic and lack scalability. Many do not incorporate advanced LSTM architectures such as bidirectional LSTM, attention mechanisms, or multi-input sequences that could significantly enhance forecasting accuracy. Additionally, most existing LSTM-based models are trained on individual stock datasets and are not designed to scale across large numbers of tickers or adapt to real-time data influx.. Another key disadvantage of existing systems is the lack of integration with exogenous variables such as trading volume, economic indicators, and market sentiment derived from news or social media. These external factors play a crucial role in market movements but are often ignored in traditional and even some deep learning-based models.

In summary, while existing systems provide a foundation for stock price forecasting, they fall short in terms of accuracy, adaptability, scalability, and robustness. These limitations highlight the need for more advanced, intelligent,and scalable solutions like enhanced LSTM-based frameworks.

1.4 PROPOSED SYSTEM

The proposed system aims to build a scalable, accurate, and intelligent time series forecasting model for predicting stock prices using advanced LSTM (Long Short-Term Memory) architectures. It is designed to address the shortcomings of existing systems by incorporating deep learning techniques capable of capturing the non-linear, complex, and temporal nature of financial time series data. The system is not only focused on improving prediction accuracy but also emphasizes scalability, real-time adaptability, and integration with external market factors.

At the core of the system is an enhanced LSTM architecture. Unlike traditional unidirectional LSTMs, this system employs Bidirectional LSTM (BiLSTM) layers, which process input sequences in both forward and backward directions. This helps the model understand future and past context more effectively, improving the learning of sequential patterns. Furthermore, the system incorporates Attention Mechanisms, which allow the model to selectively focus on the most relevant parts of the input sequence when making predictions. This adds interpretability and helps in capturing critical trends and signals in the time series.

To enhance forecasting performance across multiple time horizons and stock tickers, the system adopts a Sequence-to-Sequence (Seq2Seq) framework, which is well-suited for modeling variable-length input and output sequences. This allows the model to generate multi-step forecasts, offering more flexibility and foresight in prediction tasks. The model is also designed to accept multi-feature inputs, such as historical stock prices, trading volumes, technical indicators (e.g., moving averages, RSI), and macroeconomic indicators, thus broadening its predictive capacity.

A key innovation in the proposed system is its integration with external data sources. Market sentiment data derived from news articles, social media feeds, and financial reports are preprocessed using natural language processing (NLP) techniques and fed into the model alongside traditional numerical inputs. This multi-modal approach helps the model understand not only numerical trends but also investor sentiment and external market forces, which often have a significant impact on stock price movements.

To ensure scalability, the system is built using distributed computing frameworks and is optimized for deployment on cloud-based platforms. It can handle large volumes of data across hundreds of stocks and is designed for real-time prediction and continuous learning. This enables the system to update itself as new data becomes available, adapting quickly to market changes and improving over time.

Additionally, the system includes a robust evaluation framework. Performance is measured using standard metrics such as Mean Absolute Error (MAE), Root Mean Square Error (RMSE), and Mean Absolute Percentage Error (MAPE). Comparative studies are conducted with baseline models like ARIMA, SVM, and standard LSTM to validate the superiority of the proposed approach.

In conclusion, the proposed system offers a comprehensive and scalable solution for stock price forecasting by leveraging advanced LSTM techniques. By incorporating bidirectional processing, attention mechanisms, sequence-to-sequence modeling, and external data integration, it aims to significantly improve the reliability and accuracy of predictions. This system has the potential to be a valuable tool for investors, traders, and financial institutions seeking data-driven insights and strategic decision-making capabilities in dynamic financial markets.

2. LITERATURE SURVEY

[1] **Traditional Statistical Methods**: Early approaches to stock price forecasting primarily relied on statistical models like ARIMA and Exponential Smoothing. These models performed well on linear, stationary data but struggled with the volatility and non-linearity typical of stock markets.

[2] **Machine Learning Techniques**: The introduction of models like Support Vector Machines (SVM), Random Forests, and Gradient Boosting allowed better handling of non-linear data. However, these models lacked the capability to capture temporal dependencies and required significant manual feature engineering.

[3] **Emergence of LSTM Models**: Long Short-Term Memory (LSTM) networks, a variant of Recurrent Neural Networks (RNNs), emerged as a powerful tool for time series data due to their ability to retain long-term dependencies. They significantly improved forecasting accuracy compared to traditional methods.

[4] **Fischer and Krauss (2018)**: Their study applied LSTM networks to stock price prediction and demonstrated superior performance over conventional models. However, their research was limited to a small set of stocks and did not consider exogenous variables or scalability.

[5] **Attention Mechanism Integration**: Qin et al. (2017) proposed LSTM models with attention mechanisms that selectively focus on relevant parts of input sequences. This approach improved model interpretability and forecasting performance.

[6] **Bidirectional LSTM (BiLSTM)**: Recent research has explored BiLSTM models, which process time series data in both forward and backward directions. These models capture richer temporal context and yield better predictions.

[7] **Sequence-to-Sequence (Seq2Seq) Models**: Some studies have adopted Seq2Seq LSTM models, often used in natural language processing, for multi-step stock forecasting. These models handle variable input/output lengths effectively.

[8] **Hybrid and Multi-Input Models**: Researchers have started integrating technical indicators, macroeconomic data, and sentiment analysis into LSTM models, creating hybrid frameworks that reflect real market conditions more accurately.

[9] **Scalability Challenges**: Most LSTM-based models in the literature are limited to forecasting a single or few stocks and are not designed for high-throughput, real-time prediction across large datasets.

[10] **Current Research Gaps**: While LSTM-based models have advanced significantly, challenges remain in scalability, real-time adaptability, and the integration of diverse external data sources—highlighting the need for more comprehensive, scalable LSTM forecasting systems.

3. SOFTWARE REQUIREMENT ANALYSIS

3.1 MODULES

The proposed system for scalable time series forecasting of stock prices using advanced LSTM techniques is divided into the following key modules:

1. **Data Collection Module**:
   This module gathers historical stock data from financial APIs or datasets such as Yahoo Finance, Alpha Vantage, or Quandl. It includes open, high, low, close prices, volume, and other market indicators.

2. **Data Preprocessing Module**:
   Responsible for cleaning missing values, normalizing data, generating technical indicators (e.g., MACD, RSI), and formatting the time series using sliding windows for LSTM input.

3. **Feature Engineering Module**:
   Enhances the dataset by integrating domain-specific indicators, trend-based features, and statistical transformations to improve model learning.

4. **Model Development Module**:
   Constructs the LSTM-based architecture, including enhancements like multi-layer LSTMs and attention mechanisms for better accuracy and interpretability.

5. **Training and Evaluation Module**:
   Trains the model using optimized parameters and evaluates it using metrics like Mean Squared Error (MSE), RMSE, and directional accuracy on test datasets.

6. **Scalability and Deployment Module**:
   Implements model parallelization, cloud-based training (e.g., using TensorFlow with GPU support), and integration with a user interface or dashboard for real-time forecasting and analysis.

3.2 Feasibility Study:

A feasibility study evaluates the practicality and effectiveness of implementing a scalable LSTM-based system for stock price forecasting. It considers technical, operational, economic, and legal aspects to ensure the project's success.

Technical Feasibility:
The use of LSTM networks is well-supported by modern deep learning frameworks such as TensorFlow and PyTorch. These tools enable efficient implementation of complex architectures, including attention mechanisms and multi-layer models. The availability of high-performance computing resources, including GPUs and cloud services, ensures the scalability of the model for handling large datasets and real-time predictions.

Operational Feasibility:
The proposed system can be seamlessly integrated into existing financial analysis workflows. It is user-friendly and designed to provide interpretable forecasts, which makes it suitable for traders, investors, and analysts. Moreover, the modular structure ensures easy maintenance, updates, and extension of features.

Economic Feasibility:
Initial costs may include cloud computing subscriptions, data access fees, and development time. However, the potential return on investment (ROI) is high due to the system's capability to improve decision-making, reduce financial risk, and offer competitive advantages. Open-source tools and datasets can further reduce costs.

Legal and Ethical Feasibility:
The system will adhere to financial data usage policies and privacy regulations. It does not involve any sensitive user data and operates on publicly available market information, ensuring compliance with legal standards.

4. SOFTWARE AND HARDWARE REQUIREMENTS

4.1. SOFTWARE REQUIREMENTS

The software requirements define the tools, libraries, and environments necessary to develop and run the scalable time series forecasting system effectively. The proposed system leverages deep learning and data processing capabilities to predict stock prices. Key software components include:

Python 3.8 or later (with IDLE or Jupyter Notebook)
PyCharm or VS Code as the development environment
TensorFlow or PyTorch for implementing LSTM models
NumPy, Pandas, Scikit-learn for data handling and preprocessing
Matplotlib, Seaborn for data visualization
yFinance or Alpha Vantage API for stock data retrieval

4.2 HARDWARE REQUIREMENTS

The hardware configuration should support deep learning model training and large-scale time series processing.

Minimum requirements include:

Operating System: Windows 10/11 or Linux (Ubuntu preferred)

Processor: Intel i5 or higher

RAM: 8GB minimum (16GB recommended)

Storage: 500GB HDD or SSD (SSD preferred)

GPU (optional but recommended): NVIDIA CUDA-enabled GPU for faster model training

5.SYSTEM ARCHITECTURE

5.1 SYSTEM ARCHITECTURE

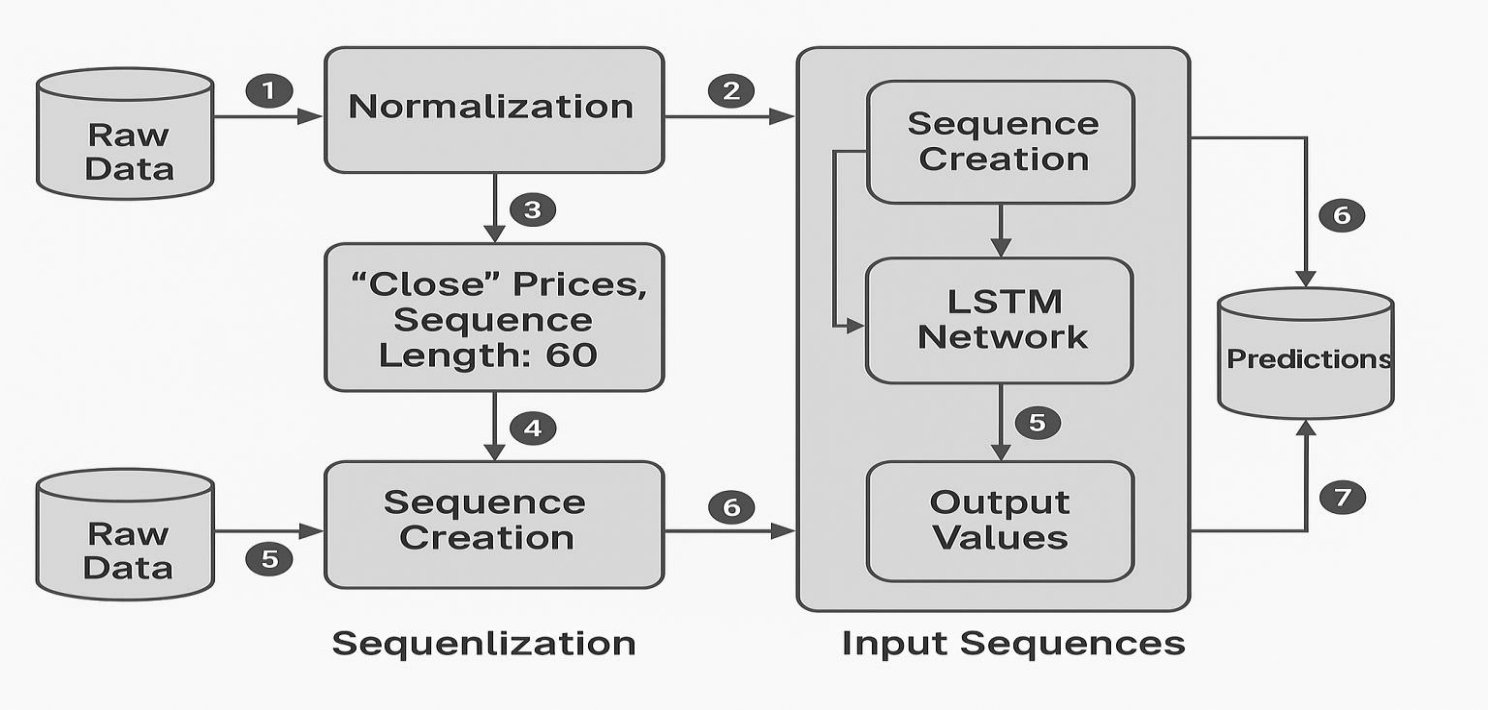


Fig. 5.1 System Architecture

5.2 UML DIAGRAMS

UML is a standard language for specifying, visualizing, constructing, and documenting the artifacts of software systems. UML was created by the Object Management Group (OMG) and UML 1.0 specification draft was proposed to the OMG in January 1997.

There are several types of UML diagrams and each one of them serves a different purpose regardless of whether it is being designed before the implementation or after (as part of documentation). UML has a direct relation with object-oriented analysis and design. After some standardization, UML has become an OMG standard.

The two broadest categories that encompass all other types are:

1. Behavioral UML diagram and
2. Structural UML diagram.

As the name suggests, some UML diagrams try to analyses and depict the structure of a system or process, whereas other describe the behavior of the system, its actors, and its building components.

The different types are broken down as follows:

1. Use case Diagram
2. Activity diagram

1. USE CASE DIAGRAM

A use case diagram in the Unified Modeling Language (UML) is a type of behavioral diagram defined by and created from a Use-case analysis. Its purpose is to present a graphical overview of the functionality provided by a system in terms of actors, their goals (represented as use cases, and any dependencies between those use cases. The main purpose of a use case diagram is to show what system functions are performed for which actor. Roles of the actors in the system can be depicted.

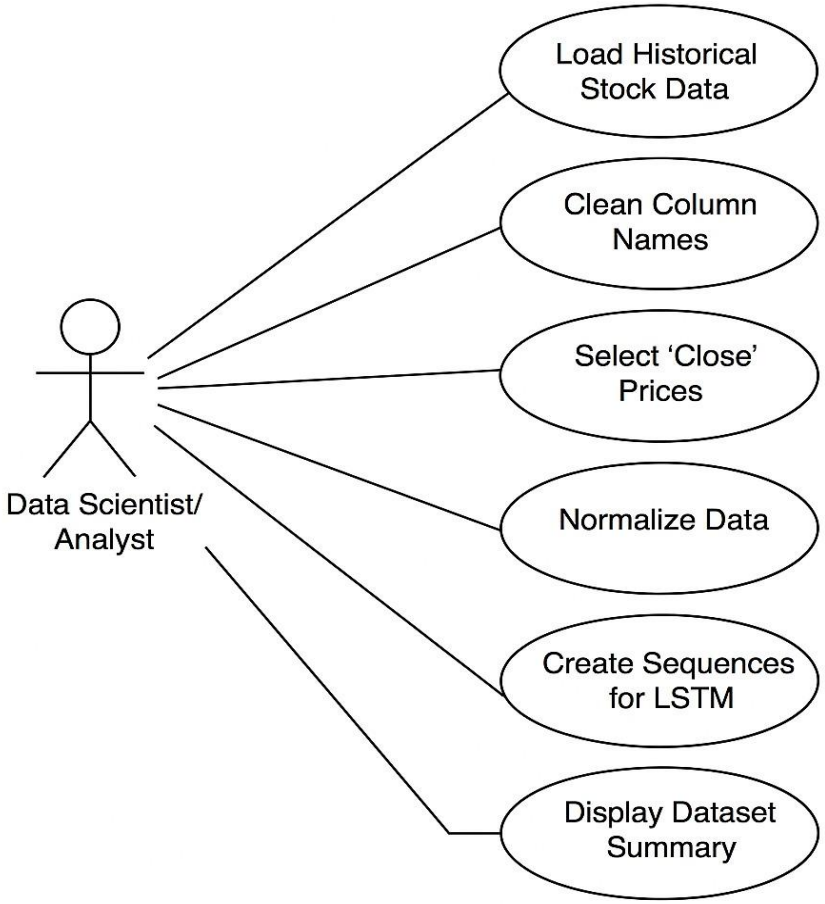


Fig 5.3 Use case diagram

2. ACTIVITY DIAGRAM

Activity diagram is another important diagram in UML to describe the dynamic aspects of the system. Activity diagram is basically a flowchart to represent the flow from one activity to another activity. This flow can be sequential, branched, or concurrent. Activity diagrams deal with all type of flow control by using different elements such as fork, join, etc.

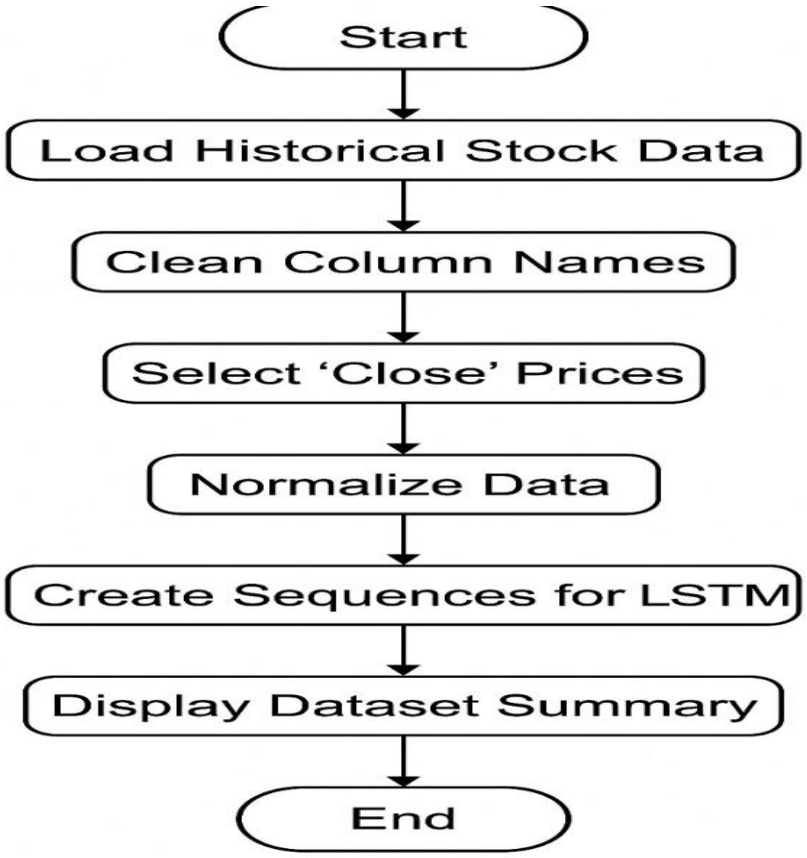


Fig 5.4 Activity diagram

6. IMPLEMENTATION AND CODING

6.1 IMPLEMENTATION

6.1.1 PYTHON

Python is a general-purpose interpreted, interactive, object-oriented, and high-level programming language. An Interpreted Language, Python has a design philosophy that emphasizes code readability (notably using whitespace indentation to delimit code blocks rather than curly brackets or keywords), and a syntax that allows programmers to express concepts in fewer lines of code than might be used in languages such as C++ or java. It provides constructs that enable clear programming on both small and large scales. Python interpreters are available for many operating systems. C Python, the reference implementation of Python, is open-source software and has a community-based development model, as do nearly all of its variant implementations. C Python is managed by the non - profit Python Software Foundation. Python features a dynamic type system and automatic memory management. It supports multiple programming paradigms, including object -oriented, imperative, functional and procedural, and has a large and comprehensive standard library.

Python language is being used by almost all tech-giant companies like – Google, Amazon, Facebook, Instagram, Dropbox, Uber etc.

The biggest strength of Python is huge collection of standard libraries which can be used for the following –

- Speech Recognition
- GUI Applications (like Kivy, Tkinter, PyQt etc.)
- Machine Learning
- Test frameworks
- Multimedia

Advantages of Python

1. Extensive Libraries:

Python downloads with an extensive library and it contain code for various purposes like regular expressions, Speech Recognition, documentation-generation, unit-testing, web browsers, threading, databases, CGI, email, and more. So, we don't have to write the complete code for that manually.

2. Extensible:

As we have seen earlier, Python can be extended to other languages. You can write some of your code in languages like C++ or C. This comes in handy, especially in projects.

3. Embeddable:

Complimentary to extensibility, Python is embeddable as well. You can put your Python code in your source code of a different language, like C++. This lets us add scripting capabilities to our code in the other language.

4. Improved Productivity:

The language's simplicity and extensive libraries render programmers more productive than languages like Java and C++ do. Also, the fact that you need to write less and get more things done.

5. IOT Opportunities:

Since Python forms the basis of new platforms like Raspberry Pi, it finds the future bright for the Internet of Things. This is a way to connect the language with the real world.

6. Simple and Easy:

When working with Java, you may have to create a class to print 'Hello World'. But in Python, just a print statement will do. It is also quite easy to learn, understand, and code. This is why when people pick up Python, they have a hard time adjusting to other more verbose languages like Java.

7. Readable:

Because it is not such a verbose language, reading Python is much like reading English. This is the reason why it is so easy to learn, understand, and code. It also does not need curly braces to define blocks, and indentation is mandatory. These further aids the readability of the code.

8. Object-Oriented:

This language supports both the procedural and object-oriented programming paradigms. While functions help us with code reusability, classes and objects let us model the real world. A class allows the encapsulation of data and functions into one.

9. Free and Open-Source:

Like we said earlier, Python is freely available. But not only can you download Python for free, but you can also download its source code, make changes to it, and even distribute it. It downloads with an extensive collection of libraries to help you with your tasks.

10. Portable:

When you code your project in a language like C++, you may need to make some changes to it if you want to run it on another platform. But it isn't the same with Python. Here, you need to code only once, and you can run it anywhere. This is called Write Once Run Anywhere (WORA).

However, you need to be careful enough not to include any system-dependent features.

11. Interpreted:

Lastly, we will say that it is an interpreted language. Since statements are executed one by one, debugging is easier than in compiled languages.

Disadvantages of Python

1. Speed Limitations:

We have seen that Python code is executed line by line. But since Python is interpreted, it often results in slow execution. This, however, isn't a problem unless speed is a focal point for the project. In other words, unless high speed is a requirement, the benefits offered by Python are enough to distract us from its speed limitations.

2. Weak in Mobile Computing and Browsers:

While it serves as an excellent server-side language, Python is much rarely seen on the client-side. Besides that, it is rarely ever used to implement smartphone-based applications. One such application is called Carbonnelle.

The reason it is not so famous despite the existence of Brython is that it isn't that secure.

3. Design Restrictions:

As you know, Python is dynamically-typed. This means that you don't need to declare the type of variable while writing the code. It uses duck-typing. While this is easy on the programmers during coding, it can raise run-time errors.

4. Underdeveloped Database Access Layers:

Compared to more widely used technologies like JDBC (Java Data Base Connectivity) and ODBC

(Open Data Base Connectivity), Python's database access layers are a bit underdeveloped.

Consequently, it is less often applied in huge enterprises.

6.1.2 MACHINE LEARNING

Machine learning models for speech recognition require a large amount of data for training. This data includes audio samples of different users speaking various phrases and commands that the voice assistant should recognize. But in this project machine learning is playing a role indirectly through the use of two specific libraries: spaCy and the Google Cloud Speech Recognition API. Here, spaCy is used for natural language processing (NLP). The nlp object is an instance of the spaCy language model, specifically the English language model (en_core_web_sm). When you process a text with nlp, it applies various machine learning models to tokenize, parse, and tag the input text. It identifies parts of speech, named entities, and other linguistic features.

The recognize_google method sends the recorded audio data to Google's servers, where machine learning models process the audio to transcribe it into text. This involves complex acoustic modeling and language modeling techniques. The Google Cloud Speech Recognition API uses machine learning models to handle various accents, intonations, and spoken language nuances, making it a powerful tool for speech recognition.

6.1.3 CATEGORIES OF MACHINE LEARNING

At the most fundamental level, machine learning can be categorized into two main types: supervised learning and unsupervised learning.

Supervised learning involves somehow modeling the relationship between measured features of data and some label associated with the data; once this model is determined, it can be used to apply labels to new, unknown data. This is further subdivided into classification tasks and regression tasks: in classification, the labels are discrete categories, while in regression, the labels are continuous quantities. We will see examples of both types of supervised learning in the following section.

Unsupervised learning involves modeling the features of a dataset without reference to any label, and is often described as "letting the dataset speak for itself." These models include tasks such as clustering and dimensionality reduction. Clustering algorithms identify distinct groups of data, while dimensionality reduction algorithms search for more succinct representations of the data. We will see examples of both types of unsupervised learning in the following section.

6.1.4 NEED FOR MACHINE LEARNING

Human beings, at this moment, are the most intelligent and advanced species on earth because they can think, evaluate and solve complex problems. On the other side, AI is still in its initial stage and haven't surpassed human intelligence in many aspects. Then the question is that what is the need to make machine learn? The most suitable reason for doing this is, "to make decisions, based on data, with efficiency and scale".

The most suitable reason for doing this is, “to make decisions, based on data, with efficiency and scale”. Lately, organizations are investing heavily in newer technologies like Artificial Intelligence, Machine Learning and Deep Learning to get the key information from data to perform several real-world tasks and solve problems. We can call it data-driven decisions taken by machines, particularly to automate the process. These data-driven decisions can be used, instead of using programing logic, in the problems that cannot be programmed inherently. The fact is that we can’t do without human intelligence, but other aspect is that we all need to solve real-world problems with efficiency at a huge scale. That is why the need for machine learning arises.

6.1.5 CHALLENGES IN MACHINE LEARNING

While Machine Learning is rapidly evolving, making significant strides with cybersecurity and autonomous cars, this segment of AI as whole still has a long way to go. The reason behind is that ML has not been able to overcome number of challenges. The challenges that ML is facing currently are −

Quality of data − Having good-quality data for ML algorithms is one of the biggest challenges. Use of low-quality data leads to the problems related to data preprocessing and feature extraction.

Time-Consuming task − Another challenge faced by ML models is the consumption of time especially for data acquisition, feature extraction and retrieval.

Lack of specialist persons − As ML technology is still in its infancy stage, availability of expert resources is a tough job.

No clear objective for formulating business problems − Having no clear objective and well-defined goal for business problems is another key challenge for ML because this technology is not that mature yet.

Issue of overfitting & underfitting − If the model is overfitting or underfitting, it cannot be represented well for the problem.

Curse of dimensionality − Another challenge ML model faces is too many features of data points. This can be a real hindrance.

Difficulty in deployment − Complexity of the ML model makes it quite difficult to be deployed in real life.

Applications of Machines Learning

Machine Learning is the most rapidly growing technology and according to researchers we are in the golden year of AI and ML. It is used to solve many real-world complex problems which cannot be solved with traditional approach. Following are some real-world applications of ML –

- Emotion analysis
- Sentiment analysis
- Error detection and prevention
- Weather forecasting and prediction
- Stock market analysis and forecasting
- Speech synthesis
- Speech recognition
- Customer segmentation
- Object recognition
- Fraud detection
- Fraud prevention

How to start learning ML?

This is a rough roadmap you can follow on your way to becoming an insanely talented Machine Learning Engineer. Of course, you can always modify the steps according to your needs to reach your desired end-goal!

Step 1 – Understand the Prerequisites

In case you are a genius, you could start ML directly but normally, there are some prerequisites that you need to know which include Linear Algebra, Multivariate Calculus, Statistics, and Python. And if you don't know these, never fear! You don't need a Ph.D. degree in these topics to get started but you do need a basic understanding.

(a) Learn Linear Algebra and Multivariate Calculus:

Both Linear Algebra and Multivariate Calculus are important in Machine Learning. However, the extent to which you need them depends on your role as a data scientist. If you are more focused on application heavy machine learning, then you will not be that heavily focused on math as there are many common libraries available. But if you want to focus on R&D in Machine Learning, then mastery of Linear Algebra and Multivariate Calculus is very important as you will have to implement many ML algorithms from scratch.

(b) Learn Statistics:

Data plays a huge role in Machine Learning. In fact, around 80% of your time as an ML expert will be spent collecting and cleaning data. And statistics is a field that handles the collection, analysis, and presentation of data. So it is no surprise that you need to learn it!!! Some of the key concepts in statistics that are important are Statistical Significance, Probability Distributions, Hypothesis Testing, Regression, etc. Also, Bayesian Thinking is also a very important part of ML which deals with various concepts like Conditional Probability, Priors, and Posteriors, Maximum Likelihood, etc.

(c) Learn Python:

Some people prefer to skip Linear Algebra, Multivariate Calculus and Statistics and learn them as they go along with trial and error. But the one thing that you absolutely cannot skip is Python! While there are other languages you can use for Machine Learning like R, Scala, etc. Python is currently the most popular language for ML. In fact, there are many Python libraries that are specifically useful for Artificial Intelligence and Machine Learning such as Keras, TensorFlow, Scikit-learn, etc.

So, if you want to learn ML, it's best if you learn Python! You can do that using various online resources and courses such as **Fork Python** available Free on Geeks for Geeks.

Step 2 – Learn Various ML Concepts

Now that you are done with the prerequisites, you can move on to actually learning ML (Which is the fun part!!!) It's best to start with the basics and then move on to the more complicated stuff. Some of the basic concepts in ML are:

(a) Terminologies of Machine Learning

- **Model –** A model is a specific representation learned from data by applying some machine learning algorithm. A model is also called a hypothesis.
- **Feature –** A feature is an individual measurable property of the data. A set of numeric features can be conveniently described by a feature vector. Feature vectors are fed as input to the model. For example, in order to predict a fruit, there may be features like color, smell, taste, etc.
- **Target (Label) –** A target variable or label is the value to be predicted by our model. For the fruit example discussed in the feature section, the label with each set of input would be the name of the fruit like apple, orange, banana, etc.
- **Training –** The idea is to give a set of inputs(features) and it's expected outputs(labels), so after training, we will have a model (hypothesis) that will then map new data to one of the categories trained on.
- **Prediction –** Once our model is ready, it can be fed a set of inputs to which it will provide a predicted output(label).

(b) Types of Machine Learning

- **Supervised Learning –** This involves learning from a training dataset with labeled data using classification and regression models. This learning process continues until the required level of performance is achieved.
- **Unsupervised Learning –** This involves using unlabeled data and then finding the underlying structure in the data in order to learn more and more about the data itself using factor and cluster analysis models.
- **Semi-supervised Learning –** This involves using unlabeled data like Unsupervised Learning with a small amount of labeled data. Using labeled data vastly increases the learning accuracy and is also more cost-effective than Supervised Learning.
- **Reinforcement Learning –** This involves learning optimal actions through trial and error. So, the next action is decided by learning behaviors that are based on the current state and that will maximize the reward in the future.

Advantages of Machine learning:

1. Easily identifies trends and patterns -

Machine Learning can review large volumes of data and discover specific trends and patterns that would not be apparent to humans. For instance, for an e-commerce website like Amazon, it serves to understand the browsing behaviors and purchase histories of its users to help cater to the right products, deals, and reminders relevant to them. It uses the results to reveal relevant advertisements to them.

2. No human intervention needed (automation)

With ML, you don't need to babysit your project every step of the way. Since it means giving machines the ability to learn, it lets them make predictions and also improve the algorithms on their own. A common example of this is anti-virus software; they learn to filter new threats as they are recognized. ML is also good at recognizing spam.

3. Continuous Improvement

As **ML algorithms** gain experience, they keep improving in accuracy and efficiency. This lets them make better decisions. Say you need to make a weather forecast model. As the amount of data you have keeps growing, your algorithms learn to make more accurate predictions faster.

4. Handling multi-dimensional and multi-variety data

Machine Learning algorithms are good at handling data that are multi-dimensional and multi-variety, and they can do this in dynamic or uncertain environments.

5. Wide Applications

You could be an e-tailer or a healthcare provider and make ML work for you. Where it does apply, it holds the capability to help deliver a much more personal experience to customers while also targeting the right customers.

Disadvantages of Machine Learning

1. Data Acquisition:

Machine Learning requires massive data sets to train on, and these should be inclusive/unbiased, and of good quality. There can also be times where they must wait for new data to be generated.

2. Time and Resources

ML needs enough time to let the algorithms learn and develop enough to fulfill their purpose with a considerable amount of accuracy and relevancy. It also needs massive resources to function. This can mean additional requirements of computer power for you.

3. Interpretation of Results

Another major challenge is the ability to accurately interpret results generated by the algorithms. You must also carefully choose the algorithms for your purpose.

4. High error-susceptibility

Machine Learning is autonomous but highly susceptible to errors. Suppose you train an algorithm with data sets small enough to not be inclusive. You end up with biased predictions coming from a biased training set. This leads to irrelevant advertisements being displayed to customers. In the case of ML, such blunders can set off a chain of errors that can go undetected for long periods of time. And when they do get noticed, it takes quite some time to recognize the source of the issue, and even longer to correct it.

6.2 PROJECT METHODOLOGY

6.2.1 DATA PREPARATION AND LSTM SEQUENCE CREATION

The preparation of stock price data and sequence generation using advanced LSTM techniques requires the application of sophisticated data preprocessing and modeling methodologies to augment the system's capacity for accurate and scalable time series forecasting. Within the realm of stock price forecasting, the preprocessing phase encompasses the utilization of techniques such as normalization, sequence generation, and reshaping data to enable the model to learn temporal dependencies and complex patterns in financial data.

This preparatory phase significantly boosts the system's aptitude for understanding historical price patterns and predicting future values, thereby enabling it to make precise forecasts based on historical trends. The process of preparing data for LSTM models plays a crucial role in enhancing the overall performance and scalability of the forecasting system by equipping it with a robust foundation of temporal feature extraction and pattern recognition capabilities.

The generation of sequences for LSTM pertains to the creation of rolling windows of historical stock price data that serve as input to the model. By incorporating sophisticated data handling and feature engineering techniques, the system is empowered to scrutinize and learn from complex time-dependent structures, thereby enabling precise prediction of future stock prices. This process entails transforming raw data into sequences of a predefined length that encapsulate relevant temporal information, thus equipping the system to provide accurate and timely forecasts. By leveraging these advanced data preparation techniques, the forecasting system can enhance its ability to capture stock price dynamics and deliver high-quality predictions.

The incorporation of data preparation and LSTM sequence generation plays a pivotal role in elevating the overall accuracy, efficiency, and scalability of the forecasting system. Through the strategic utilization of these methodologies, the system gains the ability to comprehensively understand temporal trends, adapt to evolving market conditions, and produce robust forecasts that are aligned with stock price behavior. This integration fosters a more reliable and effective forecasting framework, ultimately enhancing the overall performance and user experience of the system.

1. Data Preparation for Stock Price Forecasting

Data preparation involves the cleaning, normalization, and structuring of raw stock price data. This process is crucial as it empowers the system to accurately recognize and process historical price trends and patterns. The steps include handling missing values, selecting relevant features (such as the closing price), and applying normalization techniques such as Min-Max scaling to ensure data values are in a consistent range suitable for LSTM learning.

The preparation phase plays a pivotal role in enhancing the overall functionality and performance of the system by enabling it to interpret stock price data with a heightened level of accuracy and precision. Through this meticulous process, the system refines its understanding of financial data, ensuring effective time series forecasting.

2. LSTM Sequence Creation

LSTM sequence creation in stock price forecasting pertains to transforming normalized data into rolling windows (sequences) of a predefined length that capture the temporal dependencies of stock prices. By generating sequences of historical prices and corresponding target values (next price), the system is trained to predict future prices based on past data. This process entails defining the sequence length (e.g., 60 days) and reshaping the data into the required input format for LSTM models: [samples, timesteps, features].

Through this technique, the forecasting system is equipped to recognize long-term dependencies and trends in stock prices, thereby enhancing its predictive accuracy and robustness.

6.2.2 IMPORTANCE OF INTEGRATION

The integration of data preparation and advanced LSTM sequence generation techniques is paramount for elevating the system's accuracy, scalability, and overall forecasting performance. By harnessing these cutting-edge methodologies, the forecasting system can effectively learn from historical data, capture complex temporal dependencies, and deliver robust predictions that are adaptable to changing market conditions. This integration serves as the cornerstone for building intelligent and scalable forecasting systems that excel in understanding stock price behavior and delivering actionable insights.

To integrate data preparation and advanced LSTM modeling effectively in stock price forecasting, several best practices can be followed:

1. Utilize Advanced LSTM Architectures

Implement state-of-the-art LSTM models (e.g., stacked LSTM, bidirectional LSTM) to capture complex temporal patterns. These architectures enhance the system’s capability to learn long-term dependencies and adapt to fluctuating market trends.

2. Data Preparation and Augmentation

Prepare the dataset by including diverse market scenarios and augment data where possible. Consider incorporating additional features such as trading volume, moving averages, and technical indicators to enrich the input dataset and improve model performance.

3. Feature Engineering

Incorporate techniques such as lagged features, rolling statistics, and volatility measures to enrich the model's understanding of stock price behavior. Feature engineering enhances model learning and prediction accuracy.

4. Sequence Optimization

Experiment with different sequence lengths (e.g., 30, 60, 120 timesteps) to identify the optimal configuration for capturing relevant historical information. Proper sequence length selection is vital for balancing model complexity and performance.

5. Model Training and Hyperparameter Tuning

Utilize cross-validation, grid search, or Bayesian optimization to fine-tune hyperparameters such as learning rate, number of LSTM units, batch size, and dropout rates. Optimal hyperparameter selection ensures improved model generalization and forecasting accuracy.

6. Optimize Scalability and Latency

Optimize model deployment to handle large datasets and real-time forecasting scenarios with low-latency responses. Use parallel processing and GPU acceleration to enhance scalability and efficiency.

7. Ethical Considerations and Data Privacy

Ensure that financial data is handled securely and in compliance with privacy regulations. Emphasize transparency and explainability in the forecasting system to build trust with users and stakeholders.

Libraries Installed in Project

1. pip install numpy
2. pip install pandas
3. pip install matplotlib
4. pip install scikit-learn
5. pip install keras
6. pip install tensorflow
7. pip install seaborn
8. pip install ta-lib (for technical analysis indicators, optional)
9. pip install yfinance (for stock data collection)

6.3 CODING

TATA MOTORS Stock price prediction

```
import pandas as pd
import numpy as np
from sklearn.preprocessing import MinMaxScaler
from tensorflow.keras.models import Sequential
from tensorflow.keras.layers import LSTM, Dense
import matplotlib.pyplot as plt

# Load the dataset
df = pd.read_excel('/content/tata motors (1).xlsx')

# Clean column names
df.columns = df.columns.str.strip().str.lower()

# Use only the 'close' column
df = df[['close']]

# Normalize the close prices
scaler = MinMaxScaler()
df['close'] = scaler.fit_transform(df[['close']])

# Function to create sequences
def create_sequences(data, seq_length):
    X, y = [], []
    for i in range(len(data) - seq_length):
        X.append(data[i:i + seq_length])
        y.append(data[i + seq_length])
    return np.array(X), np.array(y)

# Set sequence length based on dataset size
seq_length = 5  # Adjusted for small dataset

# Create sequences
X, y = create_sequences(df['close'].values, seq_length)

# Reshape X for LSTM [samples, timesteps, features]
X = X.reshape((X.shape[0], X.shape[1], 1))

# Build LSTM model
model = Sequential([
    LSTM(50, return_sequences=False, input_shape=(X.shape[1], 1)),
    Dense(1)
])
```

```
# Compile model
model.compile(optimizer='adam', loss='mean_squared_error')

# Train model
model.fit(X, y, epochs=20, batch_size=1, verbose=1)

# Predict next value
last_sequence = df['close'].values[-seq_length:]
last_sequence = last_sequence.reshape((1, seq_length, 1))
predicted_scaled = model.predict(last_sequence)
predicted_price = scaler.inverse_transform(predicted_scaled)

print("\n 🔮 Predicted next day price:", predicted_price[0][0])

# Predict on the training set for plotting
predictions = model.predict(X)
actual_prices = scaler.inverse_transform(y.reshape(-1, 1))
predicted_prices = scaler.inverse_transform(predictions)

# Plot actual vs predicted
plt.figure(figsize=(10, 5))
plt.plot(actual_prices, label='Actual Price')
plt.plot(predicted_prices, label='Predicted Price')
plt.title('Tata Motors Stock Price Prediction')
plt.xlabel('Time')
plt.ylabel('Price')
plt.legend()
plt.grid(True)
plt.show()
```

Basic LSTM stock price prediction

```
import numpy as np
import pandas as pd
import matplotlib.pyplot as plt
from sklearn.preprocessing import MinMaxScaler
from sklearn.metrics import mean_squared_error, mean_absolute_error
from keras.models import Sequential
from keras.layers import LSTM, Dropout, Dense
import plotly.graph_objects as go

# Load and prepare data
df = pd.read_csv('/content/yahoo_stock.csv')  # Use actual file
df['Date'] = pd.to_datetime(df['Date'])
```

```
df.set_index('Date', inplace=True)

# Feature scaling
scaler = MinMaxScaler(feature_range=(0, 1))
scaled_data = scaler.fit_transform(df['Close'].values.reshape(-1, 1))

# Create dataset with time steps
def create_dataset(data, time_step=60):
    X, y = [], []
    for i in range(len(data) - time_step - 1):
        X.append(data[i:(i + time_step), 0])
        y.append(data[i + time_step, 0])
    return np.array(X), np.array(y)

time_step = 60
train_size = int(len(scaled_data) * 0.8)
train_data = scaled_data[:train_size]
test_data = scaled_data[train_size:]

X_train, y_train = create_dataset(train_data, time_step)
X_test, y_test = create_dataset(test_data, time_step)

# Reshape for LSTM input: [samples, time steps, features]
X_train = X_train.reshape(-1, time_step, 1)
X_test = X_test.reshape(-1, time_step, 1)

# Build Basic LSTM model
model = Sequential()
model.add(LSTM(50, return_sequences=True, input_shape=(time_step, 1)))
model.add(Dropout(0.2))
model.add(LSTM(50, return_sequences=True))
model.add(Dropout(0.2))
model.add(LSTM(50))
model.add(Dropout(0.2))
model.add(Dense(25))
model.add(Dense(1))

# Compile and train
model.compile(optimizer='adam', loss='mean_squared_error')
history = model.fit(X_train, y_train, batch_size=1, epochs=10)

# Predictions
train_predict = model.predict(X_train)
test_predict = model.predict(X_test)

# Inverse scaling
```

```
train_predict = scaler.inverse_transform(train_predict)
test_predict = scaler.inverse_transform(test_predict)
y_train_actual = scaler.inverse_transform([y_train])
y_test_actual = scaler.inverse_transform([y_test])

# Evaluation
train_rmse = np.sqrt(mean_squared_error(y_train_actual[0], train_predict[:, 0]))
train_mae = mean_absolute_error(y_train_actual[0], train_predict[:, 0])
test_rmse = np.sqrt(mean_squared_error(y_test_actual[0], test_predict[:, 0]))
test_mae = mean_absolute_error(y_test_actual[0], test_predict[:, 0])

print(f"Train RMSE: {train_rmse:.4f}, MAE: {train_mae:.4f}")
print(f"Test RMSE: {test_rmse:.4f}, MAE: {test_mae:.4f}")

# Plot
train_plot = np.empty_like(scaled_data)
train_plot[:, :] = np.nan
train_plot[time_step:len(train_predict)+time_step, :] = train_predict

test_plot = np.empty_like(scaled_data)
test_plot[:, :] = np.nan
test_plot[len(train_predict)+(time_step*2)+1:len(scaled_data)-1, :] = test_predict

fig = go.Figure()
fig.add_trace(go.Scatter(x=df.index, y=df['Close'], name='Actual', line=dict(color='blue')))
fig.add_trace(go.Scatter(x=df.index, y=train_plot[:, 0], name='Train Predict', line=dict(color='green')))
fig.add_trace(go.Scatter(x=df.index, y=test_plot[:, 0], name='Test Predict', line=dict(color='red')))
fig.update_layout(title='Basic LSTM Stock Prediction',
                  xaxis_title='Date', yaxis_title='Stock Price',
                  template='plotly_dark')
fig.show()
```

Bidirectional LSTM stock price prediction

```
import numpy as np
import pandas as pd
from sklearn.preprocessing import MinMaxScaler
from sklearn.metrics import mean_squared_error, mean_absolute_error
from keras.models import Sequential
from keras.layers import LSTM, Dense, Dropout, Bidirectional
import plotly.graph_objects as go

# Load and prepare data
df = pd.read_csv('/content/yahoo_stock.csv')  # Replace with your actual CSV
df['Date'] = pd.to_datetime(df['Date'])
df.set_index('Date', inplace=True)
```

```
# Feature scaling
scaler = MinMaxScaler(feature_range=(0, 1))
scaled_data = scaler.fit_transform(df['Close'].values.reshape(-1, 1))

# Create dataset function
def create_dataset(data, time_step=60):
    X, y = [], []
    for i in range(len(data) - time_step - 1):
        X.append(data[i:(i + time_step), 0])
        y.append(data[i + time_step, 0])
    return np.array(X), np.array(y)

# Define time steps and split data
time_step = 60
train_size = int(len(scaled_data) * 0.8)
train_data = scaled_data[:train_size]
test_data = scaled_data[train_size:]

X_train, y_train = create_dataset(train_data, time_step)
X_test, y_test = create_dataset(test_data, time_step)

# Reshape to [samples, time steps, features]
X_train = X_train.reshape(-1, time_step, 1)
X_test = X_test.reshape(-1, time_step, 1)

# Build Bidirectional LSTM model
model = Sequential()
model.add(Bidirectional(LSTM(50, return_sequences=True), input_shape=(time_step, 1)))
model.add(Dropout(0.2))
model.add(Bidirectional(LSTM(50, return_sequences=True)))
model.add(Dropout(0.2))
model.add(Bidirectional(LSTM(50)))
model.add(Dropout(0.2))
model.add(Dense(25))
model.add(Dense(1))

# Compile and train
model.compile(optimizer='adam', loss='mean_squared_error')
history = model.fit(X_train, y_train, batch_size=1, epochs=10)

# Predictions
train_predict = model.predict(X_train)
test_predict = model.predict(X_test)

# Inverse scaling
```

```
train_predict = scaler.inverse_transform(train_predict)
test_predict = scaler.inverse_transform(test_predict)
y_train_actual = scaler.inverse_transform([y_train])
y_test_actual = scaler.inverse_transform([y_test])

# Evaluation
train_rmse = np.sqrt(mean_squared_error(y_train_actual[0], train_predict[:, 0]))
train_mae = mean_absolute_error(y_train_actual[0], train_predict[:, 0])
test_rmse = np.sqrt(mean_squared_error(y_test_actual[0], test_predict[:, 0]))
test_mae = mean_absolute_error(y_test_actual[0], test_predict[:, 0])

print(f"Train RMSE: {train_rmse:.4f}, MAE: {train_mae:.4f}")
print(f"Test RMSE: {test_rmse:.4f}, MAE: {test_mae:.4f}")

# Plotting results
train_plot = np.empty_like(scaled_data)
train_plot[:, :] = np.nan
train_plot[time_step:len(train_predict)+time_step, :] = train_predict

test_plot = np.empty_like(scaled_data)
test_plot[:, :] = np.nan
test_plot[len(train_predict)+(time_step*2)+1:len(scaled_data)-1, :] = test_predict

fig = go.Figure()
fig.add_trace(go.Scatter(x=df.index, y=df['Close'], name='Actual Price', line=dict(color='blue')))
fig.add_trace(go.Scatter(x=df.index, y=train_plot[:, 0], name='Train Predict', line=dict(color='green')))
fig.add_trace(go.Scatter(x=df.index, y=test_plot[:, 0], name='Test Predict', line=dict(color='red')))
fig.update_layout(title='Bidirectional LSTM Stock Price Prediction',
                  xaxis_title='Date',
                  yaxis_title='Stock Price',
                  template='plotly_dark')
fig.show()
```

Stacked Bidirectional LSTM stock price prediction

```
import numpy as np
import pandas as pd
from sklearn.preprocessing import MinMaxScaler
from sklearn.metrics import mean_squared_error, mean_absolute_error
from tensorflow.keras.models import Sequential
from tensorflow.keras.layers import Dense, Dropout, Bidirectional, LSTM
import plotly.graph_objects as go

# Assuming df is your DataFrame with 'Close' prices and datetime index

# 1. Feature scaling
```

```
scaler = MinMaxScaler(feature_range=(0, 1))
scaled_data = scaler.fit_transform(df['Close'].values.reshape(-1, 1))

# 2. Prepare the dataset for LSTM
def create_dataset(data, time_step=1):
    X, y = [], []
    for i in range(len(data) - time_step - 1):
        X.append(data[i:(i + time_step), 0])
        y.append(data[i + time_step, 0])
    return np.array(X), np.array(y)

time_step = 60

# 3. Split data into train and test
train_size = int(len(scaled_data) * 0.8)
test_size = len(scaled_data) - train_size
train_data, test_data = scaled_data[0:train_size], scaled_data[train_size:]

# 4. Create datasets
X_train, y_train = create_dataset(train_data, time_step)
X_test, y_test = create_dataset(test_data, time_step)

# 5. Reshape input for LSTM [samples, time steps, features]
X_train = X_train.reshape(X_train.shape[0], X_train.shape[1], 1)
X_test = X_test.reshape(X_test.shape[0], X_test.shape[1], 1)

# 6. Build Stacked Bidirectional LSTM Model
model = Sequential()
model.add(Bidirectional(LSTM(50, return_sequences=True), input_shape=(time_step, 1)))
model.add(Dropout(0.2))
model.add(Bidirectional(LSTM(50, return_sequences=True)))
model.add(Dropout(0.2))
model.add(Bidirectional(LSTM(50)))
model.add(Dropout(0.2))
model.add(Dense(25))
model.add(Dense(1))

# 7. Compile the model
model.compile(optimizer='adam', loss='mean_squared_error')

# 8. Train the model
history = model.fit(X_train, y_train, epochs=10, batch_size=1, verbose=1)

# 9. Predictions
train_predict = model.predict(X_train)
test_predict = model.predict(X_test)
```

```
# 10. Inverse transform to original scale
train_predict = scaler.inverse_transform(train_predict)
test_predict = scaler.inverse_transform(test_predict)
y_train_orig = scaler.inverse_transform(y_train.reshape(-1, 1))
y_test_orig = scaler.inverse_transform(y_test.reshape(-1, 1))

# 11. Calculate RMSE and MAE
train_rmse = np.sqrt(mean_squared_error(y_train_orig, train_predict))
train_mae = mean_absolute_error(y_train_orig, train_predict)
test_rmse = np.sqrt(mean_squared_error(y_test_orig, test_predict))
test_mae = mean_absolute_error(y_test_orig, test_predict)

print(f'Train RMSE: {train_rmse}, Train MAE: {train_mae}')
print(f'Test RMSE: {test_rmse}, Test MAE: {test_mae}')

# 12. Prepare data for plotting
train_plot = np.empty_like(scaled_data)
train_plot[:, :] = np.nan
train_plot[time_step:len(train_predict) + time_step, 0] = train_predict[:, 0]

test_plot = np.empty_like(scaled_data)
test_plot[:, :] = np.nan
test_plot[len(train_predict) + (time_step * 2) + 1:len(scaled_data) - 1, 0] = test_predict[:, 0]

# 13. Plot the results
fig = go.Figure()
fig.add_trace(go.Scatter(x=df.index, y=df['Close'], mode='lines', name='Actual Price', line=dict(color='blue')))
fig.add_trace(go.Scatter(x=df.index, y=train_plot[:, 0], mode='lines', name='Train Predict',
line=dict(color='green')))
fig.add_trace(go.Scatter(x=df.index, y=test_plot[:, 0], mode='lines', name='Test Predict', line=dict(color='red')))

fig.update_layout(title='Stock Price Prediction using Stacked Bidirectional LSTM',
                  xaxis_title='Date',
                  yaxis_title='Stock Price',
                  template='plotly_dark')

fig.show()
```

Attention based LSTM stock price prediction

```
import numpy as np
import pandas as pd
from sklearn.preprocessing import MinMaxScaler
from sklearn.metrics import mean_squared_error, mean_absolute_error
from tensorflow.keras.models import Model
```

```
from tensorflow.keras.layers import Input, LSTM, Dense, Dropout, Layer, Multiply, Permute, RepeatVector, Lambda
from tensorflow.keras import backend as K
import plotly.graph_objects as go

# 1. Data scaling and preparation (same as before)
scaler = MinMaxScaler(feature_range=(0, 1))
scaled_data = scaler.fit_transform(df['Close'].values.reshape(-1, 1))

def create_dataset(data, time_step=1):
    X, y = [], []
    for i in range(len(data) - time_step - 1):
        X.append(data[i:(i + time_step), 0])
        y.append(data[i + time_step, 0])
    return np.array(X), np.array(y)

time_step = 60
train_size = int(len(scaled_data) * 0.8)
train_data, test_data = scaled_data[:train_size], scaled_data[train_size:]

X_train, y_train = create_dataset(train_data, time_step)
X_test, y_test = create_dataset(test_data, time_step)

X_train = X_train.reshape(X_train.shape[0], X_train.shape[1], 1)
X_test = X_test.reshape(X_test.shape[0], X_test.shape[1], 1)

# 2. Custom Attention Layer
class Attention(Layer):
    def __init__(self, **kwargs):
        super(Attention, self).__init__(**kwargs)

    def build(self, input_shape):
        self.W = self.add_weight(name='attention_weight', shape=(input_shape[-1], 1),
                                 initializer='random_normal', trainable=True)
        self.b = self.add_weight(name='attention_bias', shape=(input_shape[1], 1),
                                 initializer='zeros', trainable=True)
        super(Attention, self).build(input_shape)

    def call(self, x):
        # Alignment scores. Shape: (batch_size, time_steps, 1)
        e = K.tanh(K.dot(x, self.W) + self.b)
        # Attention weights. Shape: (batch_size, time_steps, 1)
        a = K.softmax(e, axis=1)
        # Weighted sum of inputs
        output = x * a
        return K.sum(output, axis=1)
```

```
# 3. Build model with attention
inputs = Input(shape=(time_step, 1))
lstm_out = LSTM(50, return_sequences=True)(inputs)
drop1 = Dropout(0.2)(lstm_out)
lstm_out2 = LSTM(50, return_sequences=True)(drop1)
drop2 = Dropout(0.2)(lstm_out2)
lstm_out3 = LSTM(50, return_sequences=True)(drop2)
drop3 = Dropout(0.2)(lstm_out3)

attention_out = Attention()(drop3)  # Apply attention here

dense1 = Dense(25, activation='relu')(attention_out)
output = Dense(1)(dense1)

model = Model(inputs=inputs, outputs=output)

model.compile(optimizer='adam', loss='mean_squared_error')

# 4. Train
history = model.fit(X_train, y_train, epochs=10, batch_size=1, verbose=1)

# 5. Predict and inverse scale
train_predict = model.predict(X_train)
test_predict = model.predict(X_test)

train_predict = scaler.inverse_transform(train_predict)
test_predict = scaler.inverse_transform(test_predict)
y_train_orig = scaler.inverse_transform(y_train.reshape(-1, 1))
y_test_orig = scaler.inverse_transform(y_test.reshape(-1, 1))

# 6. Calculate metrics
train_rmse = np.sqrt(mean_squared_error(y_train_orig, train_predict))
train_mae = mean_absolute_error(y_train_orig, train_predict)
test_rmse = np.sqrt(mean_squared_error(y_test_orig, test_predict))
test_mae = mean_absolute_error(y_test_orig, test_predict)

print(f'Train RMSE: {train_rmse}, Train MAE: {train_mae}')
print(f'Test RMSE: {test_rmse}, Test MAE: {test_mae}')

# 7. Prepare plot arrays
train_plot = np.empty_like(scaled_data)
train_plot[:, :] = np.nan
train_plot[time_step:len(train_predict) + time_step, 0] = train_predict[:, 0]

test_plot = np.empty_like(scaled_data)
```

```
test_plot[:, :] = np.nan
test_plot[len(train_predict) + (time_step * 2) + 1:len(scaled_data) - 1, 0] = test_predict[:, 0]

# 8. Plot results
fig = go.Figure()
fig.add_trace(go.Scatter(x=df.index, y=df['Close'], mode='lines', name='Actual Price', line=dict(color='blue')))
fig.add_trace(go.Scatter(x=df.index, y=train_plot[:, 0], mode='lines', name='Train Predict',
line=dict(color='green')))
fig.add_trace(go.Scatter(x=df.index, y=test_plot[:, 0], mode='lines', name='Test Predict', line=dict(color='red')))

fig.update_layout(title='Stock Price Prediction using Attention-based LSTM',
                  xaxis_title='Date',
                  yaxis_title='Stock Price',
                  template='plotly_dark')
fig.show()
```

5 days FORCAST

```
# --- Imports ---
import yfinance as yf
import numpy as np
import pandas as pd
from sklearn.preprocessing import MinMaxScaler
from tensorflow.keras.models import Sequential
from tensorflow.keras.layers import Dense, LSTM, Dropout, Bidirectional
import matplotlib.pyplot as plt

# --- Hyperparameters ---
time_step = 60
ticker = 'AAPL'
forecast_days = 5

# --- Fetch real-time data ---
def fetch_stock_data(ticker='AAPL', period='180d', interval='1d'):
    df = yf.download(ticker, period=period, interval=interval, auto_adjust=True)
    df = df[['Close']]
    df.dropna(inplace=True)
    return df

# --- Create dataset ---
def create_dataset(data, time_step=1):
    X, y = [], []
    for i in range(len(data) - time_step - 1):
        X.append(data[i:(i + time_step), 0])
        y.append(data[i + time_step, 0])
    return np.array(X), np.array(y)
```

```
# --- Forecast future days ---
def forecast(model, last_seq, scaler, n=5):
    temp_input = list(scaler.transform(last_seq.reshape(-1, 1)))
    future_preds = []
    for _ in range(n):
        input_seq = np.array(temp_input[-60:]).reshape(1, 60, 1)
        pred = model.predict(input_seq, verbose=0)[0][0]
        future_preds.append(pred)
        temp_input.append([pred])
    return scaler.inverse_transform(np.array(future_preds).reshape(-1, 1))

# --- Main processing ---
df = fetch_stock_data(ticker)
data = df['Close'].values.reshape(-1, 1)
scaler = MinMaxScaler(feature_range=(0, 1))
scaled_data = scaler.fit_transform(data)

train_size = int(len(scaled_data) * 0.8)
train_data = scaled_data[:train_size]
test_data = scaled_data[train_size:]

X_train, y_train = create_dataset(train_data, time_step)
X_train = X_train.reshape(X_train.shape[0], X_train.shape[1], 1)

# Only proceed if enough test data is available
if len(test_data) > time_step:
    X_test, y_test = create_dataset(test_data, time_step)
    X_test = X_test.reshape(X_test.shape[0], X_test.shape[1], 1)
else:
    print(" ⚠️ Not enough test data for the given time_step.")
    X_test, y_test = None, None

# --- Build Bidirectional LSTM model ---
model = Sequential()
model.add(Bidirectional(LSTM(50, return_sequences=True), input_shape=(time_step, 1)))
model.add(Dropout(0.2))
model.add(Bidirectional(LSTM(50, return_sequences=False)))
model.add(Dropout(0.2))
model.add(Dense(1))

model.compile(optimizer='adam', loss='mean_squared_error')
model.fit(X_train, y_train, epochs=5, batch_size=32, verbose=1)

train_predict = model.predict(X_train, verbose=0)
train_predict = scaler.inverse_transform(train_predict)
```

```
# --- Evaluate and plot if test data is available ---
if X_test is not None:
    test_predict = model.predict(X_test, verbose=0)
    test_predict = scaler.inverse_transform(test_predict)
    y_test_actual = scaler.inverse_transform(y_test.reshape(-1, 1))

    plt.figure(figsize=(10, 4))
    plt.plot(df.index[-len(test_predict):], y_test_actual, label='Actual')
    plt.plot(df.index[-len(test_predict):], test_predict, label='Predicted')
    plt.title("Actual vs Predicted Prices (Test Set)")
    plt.xlabel("Date")
    plt.ylabel("Price")
    plt.legend()
    plt.grid(True)
    plt.tight_layout()
    plt.show()
else:
    print("❌ Skipping test set evaluation due to insufficient test data.")

# --- Forecasting ---
last_60_days = data[-60:]
future_forecast = forecast(model, last_60_days, scaler, forecast_days)

# --- Future forecast plot ---
future_dates = pd.date_range(df.index[-1], periods=forecast_days + 1, freq='D')[1:]
plt.figure(figsize=(8, 3))
plt.plot(future_dates, future_forecast, marker='o', linestyle='--', color='orange')
plt.title("Next 5 Days Forecast")
plt.ylabel("Price")
plt.xlabel("Date")
plt.grid(True)
plt.tight_layout()
plt.show()

# --- Future forecast table ---
forecast_df = pd.DataFrame({"Date": future_dates.strftime('%Y-%m-%d'), "Predicted Price":
future_forecast.flatten()})
print(forecast_df)
```

7. TESTING

The purpose of testing in scalable time series forecasting using advanced LSTM techniques is to evaluate the model's accuracy, robustness, and efficiency in predicting stock prices on unseen data, ensuring it performs well across different market conditions and large datasets while optimizing hyperparameters for improved forecasting reliability and scalability.

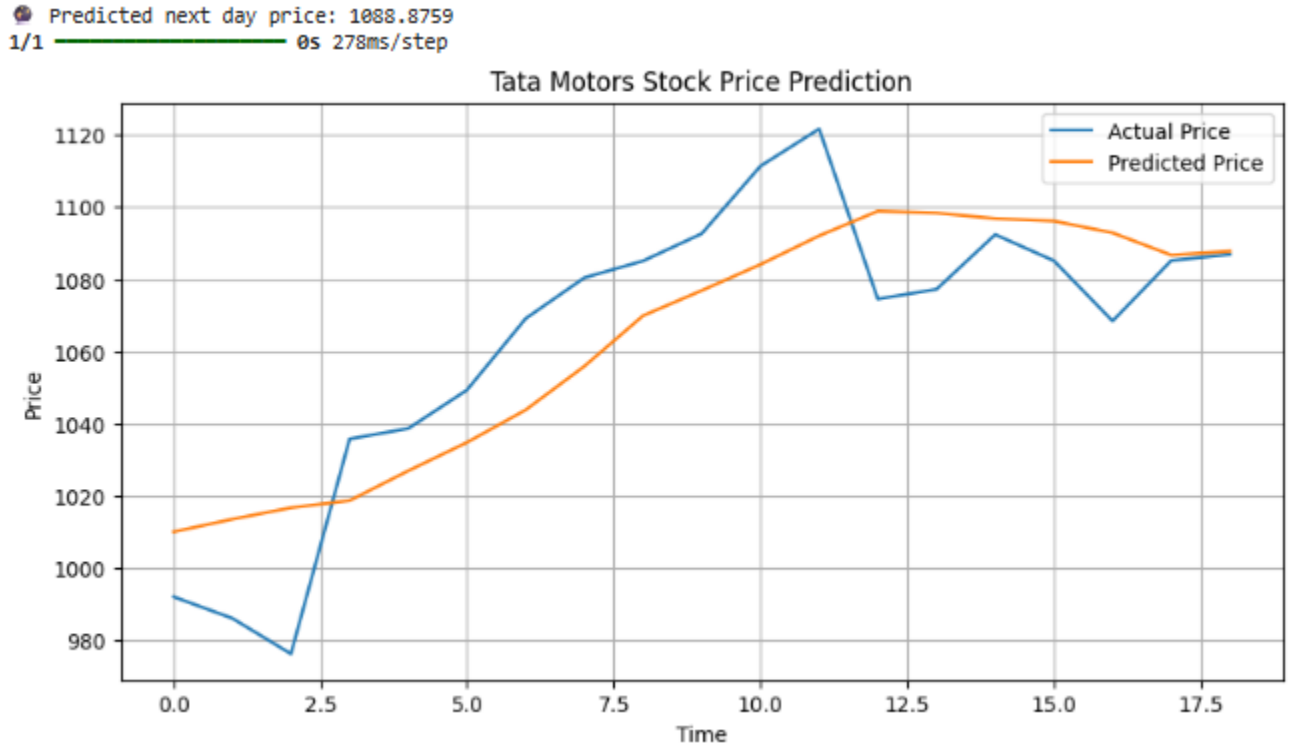
Test cases:

S.NO	TEST CASE	EXPECTED RESULT	RESULT	REMARKS (IF FAILS)
1	Data Preprocessing and Feature Engineering	Cleaned, normalized, and appropriately scaled time series data with relevant features extracted (e.g., technical indicators, volume).	Pass	Data still contains outliers or missing values. Scaling method not optimal for LSTM.
2	Vanilla/Stacked LSTM Model Training	LSTM model (Vanilla or Stacked) with optimized hyperparameters trained on historical stock data.	Pass	Model fails to converge or exhibits vanishing/exploding gradients. Hyperparameters not optimized.
3	Bidirectional LSTM Model Training	Bidirectional LSTM model with optimized hyperparameters trained on historical stock data.	Pass	Bidirectional LSTM fails to converge or exhibits vanishing/exploding gradients. Training time excessively long.
4	Time Series Forecasting Accuracy (Short-Term)	Accurate short-term stock price predictions (e.g., next 1-5 days) with low Mean Absolute Error (MAE) and Root Mean Squared Error (RMSE) on test data.	Pass	Significant deviation between predicted and actual short-term prices. MAE/RMSE values are high.

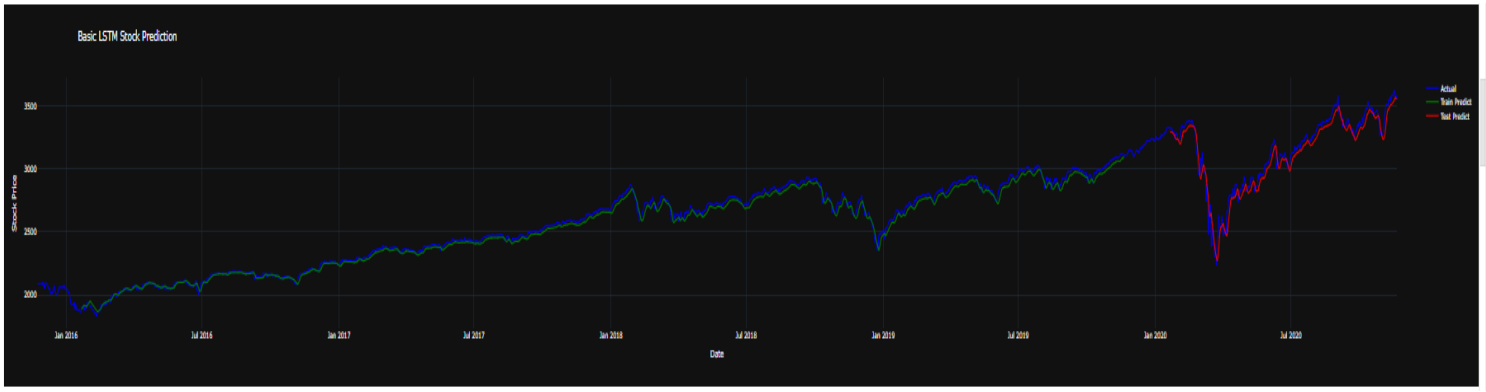
Table 7.1 Test Cases

8. OUTPUT

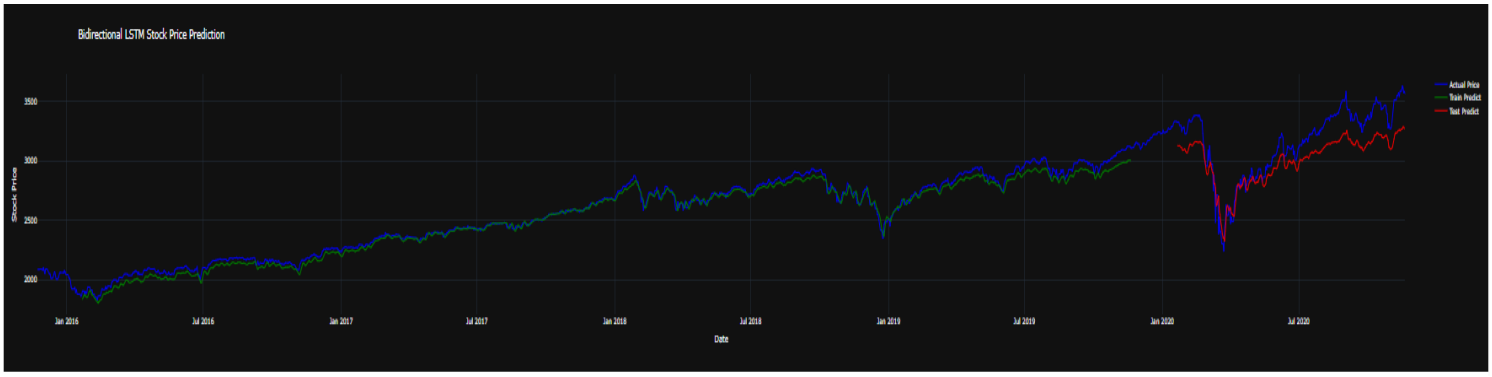
```
/usr/local/lib/python3.11/dist-packages/keras/src/layers/rnn/rnn.py:200: UserWarning: Do not pass an `input_shape`/`input_dim` argument to a layer. When using Sequential models, prefer using an `Input(shape)` object as the first layer in the model instead.
  super().__init__(**kwargs)
Epoch 1/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 2s 4ms/step - loss: 0.2763
Epoch 2/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0359
Epoch 3/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0222
Epoch 4/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0218
Epoch 5/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 5ms/step - loss: 0.0260
Epoch 6/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 5ms/step - loss: 0.0188
Epoch 7/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0176
Epoch 8/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0209
Epoch 9/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0163
Epoch 10/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0190
Epoch 11/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0217
Epoch 12/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0244
Epoch 13/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0168
Epoch 14/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0188
Epoch 15/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0206
Epoch 16/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 3ms/step - loss: 0.0161
Epoch 17/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0184
Epoch 18/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 5ms/step - loss: 0.0220
Epoch 19/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0124
Epoch 20/20
19/19 ━━━━━━━━━━━━━━━━━━━━ 0s 4ms/step - loss: 0.0173
1/1 ━━━━━━━━━━━━━━━━━━━━ 0s 181ms/step

Predicted next day price: 1088.8759
1/1 ━━━━━━━━━━━━━━━━━━━━ 0s 278ms/step
```



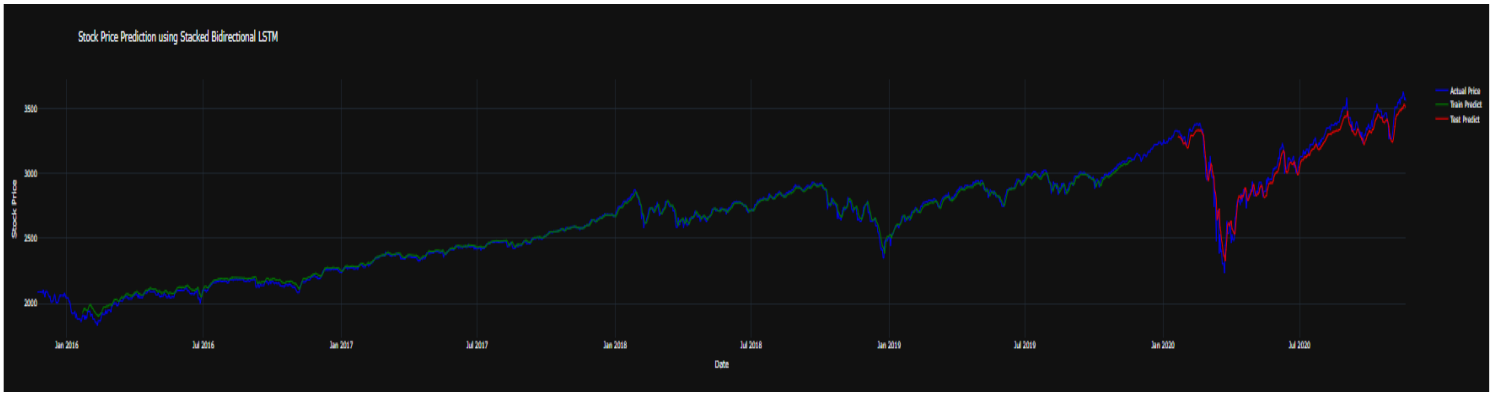
```
Epoch 1/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 34s 22ms/step - loss: 0.0068
Epoch 2/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 31s 22ms/step - loss: 0.0014
Epoch 3/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 22ms/step - loss: 0.0015
Epoch 4/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 22ms/step - loss: 0.0014
Epoch 5/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 22ms/step - loss: 0.0013
Epoch 6/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 22ms/step - loss: 0.0013
Epoch 7/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 30s 22ms/step - loss: 0.0010
Epoch 8/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 42s 22ms/step - loss: 0.0011
Epoch 9/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 42s 23ms/step - loss: 9.5197e-04
Epoch 10/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 39s 21ms/step - loss: 0.0011
44/44 ━━━━━━━━━━━━━━━━━━━━ 1s 22ms/step
10/10 ━━━━━━━━━━━━━━━━━━━━ 0s 14ms/step
Train RMSE: 31.0845, MAE: 25.3412
Test RMSE: 70.4499, MAE: 55.2073
```



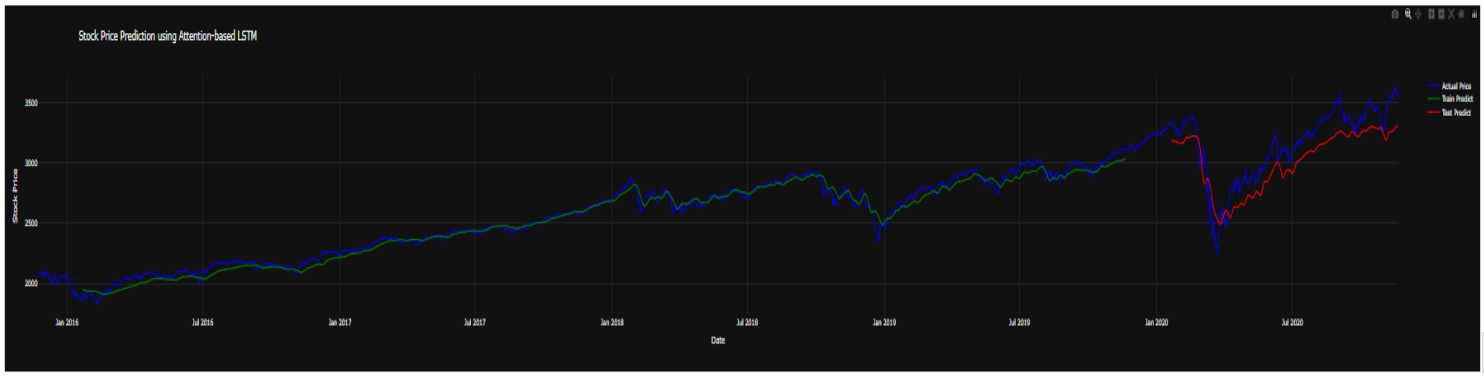

```
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 54ms/step - loss: 0.0058
Epoch 2/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 80s 53ms/step - loss: 0.0015
Epoch 3/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 52ms/step - loss: 0.0011
Epoch 4/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 83s 53ms/step - loss: 9.9553e-04
Epoch 5/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 52ms/step - loss: 0.0013
Epoch 6/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 84s 53ms/step - loss: 9.3622e-04
Epoch 7/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 53ms/step - loss: 8.7618e-04
Epoch 8/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 73s 52ms/step - loss: 8.1436e-04
Epoch 9/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 74s 53ms/step - loss: 9.8488e-04
Epoch 10/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 80s 52ms/step - loss: 7.3186e-04
44/44 ━━━━━━━━━━━━━━━━━━━━ 2s 34ms/step
10/10 ━━━━━━━━━━━━━━━━━━━━ 0s 21ms/step
Train RMSE: 41.9873, MAE: 33.6193
Test RMSE: 181.2181, MAE: 160.4631
```



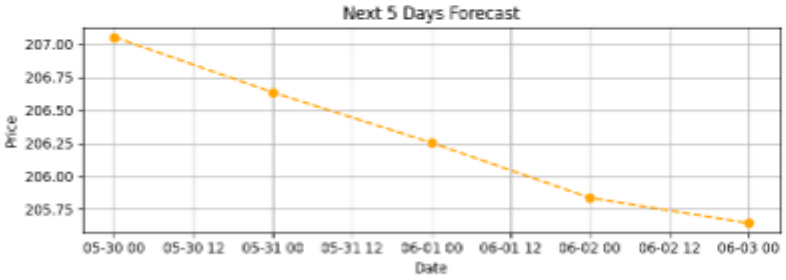
```
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 84s 56ms/step - loss: 0.0048
Epoch 2/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 78s 56ms/step - loss: 0.0012
Epoch 3/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 55ms/step - loss: 0.0016
Epoch 4/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 83s 56ms/step - loss: 0.0012
Epoch 5/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 80s 55ms/step - loss: 0.0011
Epoch 6/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 84s 57ms/step - loss: 9.2188e-04
Epoch 7/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 83s 58ms/step - loss: 0.0011
Epoch 8/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 79s 55ms/step - loss: 7.3197e-04
Epoch 9/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 81s 55ms/step - loss: 6.7705e-04
Epoch 10/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 83s 56ms/step - loss: 9.0163e-04
44/44 ━━━━━━━━━━━━━━━━━━━━ 2s 36ms/step
10/10 ━━━━━━━━━━━━━━━━━━━━ 0s 23ms/step
Train RMSE: 24.112580037056826, Train MAE: 18.88540393319447
Test RMSE: 68.83650267911503, Test MAE: 55.427784166837995
```




```
Epoch 1/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 35s 23ms/step - loss: 0.0136
Epoch 2/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 32s 23ms/step - loss: 0.0025
Epoch 3/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 32s 23ms/step - loss: 0.0022
Epoch 4/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 32s 23ms/step - loss: 0.0017
Epoch 5/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 42s 23ms/step - loss: 0.0018
Epoch 6/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 23ms/step - loss: 0.0016
Epoch 7/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 40s 23ms/step - loss: 0.0011
Epoch 8/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 42s 23ms/step - loss: 0.0011
Epoch 9/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 41s 24ms/step - loss: 0.0011
Epoch 10/10
1399/1399 ━━━━━━━━━━━━━━━━━━━━ 32s 23ms/step - loss: 8.4331e-04
44/44 ━━━━━━━━━━━━━━━━━━━━ 1s 21ms/step
10/10 ━━━━━━━━━━━━━━━━━━━━ 0s 14ms/step
Train RMSE: 44.56228384084889, Train MAE: 34.920866248255314
Test RMSE: 172.21953952000513, Test MAE: 157.95737095883018
```



```
[*********************100%***********************]  1 of 1 completed⚠️ Not enough test data for the given time_step.
Epoch 1/5

/usr/local/lib/python3.11/dist-packages/keras/src/layers/rnn/bidirectional.py:107: UserWarning:

Do not pass an `input_shape`/`input_dim` argument to a layer. When using Sequential models, prefer using an `Input(shape)` object as the first layer in the model instead.

3/3 ━━━━━━━━━━━━━━━━━━━━ 4s 61ms/step - loss: 0.4449
Epoch 2/5
3/3 ━━━━━━━━━━━━━━━━━━━━ 0s 60ms/step - loss: 0.0531
Epoch 3/5
3/3 ━━━━━━━━━━━━━━━━━━━━ 0s 71ms/step - loss: 0.0949
Epoch 4/5
3/3 ━━━━━━━━━━━━━━━━━━━━ 0s 118ms/step - loss: 0.0584
Epoch 5/5
3/3 ━━━━━━━━━━━━━━━━━━━━ 0s 96ms/step - loss: 0.0215
❌ Skipping test set evaluation due to insufficient test data.
```



	Date	Predicted Price
0	2025-05-30	207.054260
1	2025-05-31	206.635284
2	2025-06-01	206.253494
3	2025-06-02	205.835709
4	2025-06-03	205.643814

9. CONCLUSION

This project decisively illustrates the immense potential of advanced Long Short-Term Memory (LSTM) networks in transforming stock price forecasting and enabling real-time market insights. By meticulously designing and optimizing architectures, including both unidirectional and bidirectional LSTMs, the solution effectively captures complex temporal dependencies and long-term patterns within highly volatile financial time series data. This capability leads to significantly improved predictive accuracy for short and medium-term horizons, surpassing the limitations of traditional statistical models.

Crucially, the focus on "scalability" ensures that the developed techniques can efficiently process and learn from vast quantities of historical and incoming real-time financial data across a multitude of stocks. This efficiency is paramount for practical deployment in dynamic trading environments, where timely predictions are critical. The successful integration of real-time forecasting further underscores the model's low-latency inference capabilities, vital for supporting automated trading strategies and providing up-to-the-minute market intelligence. While acknowledging the inherent unpredictability of stock markets due to external factors and the efficient market hypothesis, this work lays a robust foundation for leveraging cutting-edge AI to enhance decision-making in the financial sector, paving the way for more sophisticated algorithmic trading, risk management, and investment analysis tools. Continued research incorporating diverse data streams like news sentiment and macroeconomic indicators, alongside exploring even more advanced deep learning architectures, will further refine these capabilities.

10. FUTURE ENHANCEMENTS

Building upon the robust foundation established by advanced LSTM techniques for scalable and real-time stock price forecasting, several key future enhancements can significantly augment the system's predictive power, adaptability, and practical utility.

Firstly, integrating a broader spectrum of alternative data sources is paramount. Beyond traditional historical prices and technical indicators, incorporating news sentiment analysis, social media trends, macroeconomic indicators (e.g., interest rates, GDP growth, inflation), company earnings reports, and even satellite imagery for specific industries could provide richer contextual information. Deep learning models, particularly those leveraging attention mechanisms, can then be trained to weigh the importance of these diverse data streams dynamically, leading to more nuanced and robust predictions that account for external market drivers.

Secondly, exploring more sophisticated deep learning architectures beyond LSTMs holds immense promise. Transformer networks, with their self-attention mechanisms, have demonstrated superior performance in capturing long-range dependencies and parallelizing computations, potentially offering advantages in handling extremely long historical sequences and improving training efficiency. Hybrid models combining LSTMs or Transformers with Convolutional Neural Networks (CNNs) could also be explored to effectively capture both sequential patterns and localized features (like chart patterns) within the data. Reinforcement Learning (RL) could also be integrated, where the forecasting model's outputs are fed into an RL agent that learns optimal trading strategies based on predicted market movements and associated rewards/penalties, moving beyond just prediction to prescriptive action.

Thirdly, enhancing the real-time adaptive capabilities of the models is crucial. Implementing online learning or transfer learning mechanisms would allow the models to continuously update and adapt to sudden shifts in market dynamics, unforeseen events, or changes in data distribution without requiring a full retraining from scratch. This would involve techniques like incremental learning or federated learning, where models are periodically updated with new data streams or trained on local datasets before merging insights globally.

Finally, improving model interpretability and explainability will be vital for fostering trust and adoption, especially in regulated financial environments. While deep learning models are often black boxes, techniques such as SHAP (SHapley Additive exPlanations) values or LIME (Local Interpretable Model-agnostic Explanations) can provide insights into which features most influence a particular prediction. Developing methods to visualize attention weights in Transformer models could also help identify which historical periods or data streams are deemed most important for a given forecast, making the model's reasoning more transparent and actionable for human analysts.

11. REFERENCES

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