

CRYPTOCURRENCY PRICE PREDICTOR

¹Dhiraj Kamble, ²Sahil Shelar, ³Soham Rajapurkar, ⁴Dr. Uma Gurav, ⁵Miss. Sharvari G. Chavan

^{1,2,3,4,5}Department of Data Science

KIT's College of Engineering, Kolhapur, India

kdhiraj7704@gmail.com, sahil1414feb@gmail.com, sohamrajapurkar17@gmail.com, gurav.uma@kitcoek.in,
chavan.sharvari.g@kitcoek.in

Abstract: This research paper presents an AI-driven approach to financial time-series forecasting, specifically targeting the high volatility and uncertainty inherent in cryptocurrency and traditional financial markets. Utilizing machine learning and deep learning techniques, the study develops a “Stock Price Predictor” system designed to determine price directions for assets including Bitcoin, Gold, Silver, Crude Oil, and Ethereum. Central to the methodology is the implementation of a Long Short-Term Memory (LSTM) network, which was selected over traditional models like Linear Regression and Random Forest due to its superior performance in handling sequential financial data. The system leverages real-time data fetched via ‘yfinance’, processed through libraries such as NumPy and Pandas, and incorporates technical indicators like the 365-day Exponential Moving Average (EMA) to identify market trends. To enhance predictive accuracy, the research explores the integration of sentiment analysis alongside historical price data. Experimental results, visualized through an interactive Streamlit dashboard, demonstrate high correlation between actual and predicted price movements across multiple asset classes. The findings suggest that AI-driven models can significantly assist investors in making informed decisions by capturing real-time market behavior that traditional historical-only models often fail to identify.

Index Terms — Cryptocurrency, Bitcoin, LSTM, GRU, Deep Learning, Sentiment Analysis, Time-Series Forecasting, yfinance, EMA, Streamlit.

I. INTRODUCTION

Cryptocurrencies have revolutionized the global financial ecosystem by introducing decentralized, transparent, and secure digital transactions. Among these, Bitcoin stands as the most prominent and widely adopted cryptocurrency, often considered a benchmark for the entire crypto market. However, Bitcoin's price is highly volatile, influenced by a combination of technical, sentimental, and regulatory factors, which makes accurate prediction a complex and challenging task. Understanding and forecasting its price movements are crucial for investors, traders, and researchers seeking to minimize risks and optimize financial strategies.

Traditional statistical models often fall short in capturing the nonlinear and dynamic nature of cryptocurrency data. Therefore, the integration of machine learning (ML) and deep learning (DL) techniques has emerged as a powerful approach for financial time series prediction. These models can analyze large-scale historical data, identify hidden patterns, and adapt to rapidly changing market conditions. In this project, advanced neural network architectures such as Long Short-Term Memory (LSTM) and Gated Recurrent Unit (GRU) are utilized to effectively learn temporal dependencies within sequential Bitcoin price data.

Furthermore, the proposed system incorporates sentiment analysis from news articles and social media to evaluate the market's psychological factors, which play a significant role in influencing price fluctuations. The combination of time series forecasting and sentiment-based modeling enables a more comprehensive and accurate prediction framework. This work not only contributes to the improvement of predictive performance in the cryptocurrency market but also demonstrates the potential of AI-driven financial forecasting systems for broader economic applications.

II. REVIEW OF LITERATURE

A. *Cryptocurrency Price Predictor Using Social Media (2017)*

In this study, the authors developed a cryptocurrency price prediction model that integrates social media sentiment with machine learning algorithms. The approach demonstrated that investor sentiment significantly influences short-term price fluctuations in the cryptocurrency market. However, the model was found to be ineffective for long-term predictions due to its reliance on rapidly changing sentiment data. Consequently, while the study highlighted the importance of social factors in financial forecasting, its practical implementation remained limited.

B. *Price Prediction of Cryptocurrency Using Sentiment Analysis (2019)*

The research presented in this work explored cryptocurrency price prediction through the use of sentiment analysis techniques. The authors employed natural language processing (NLP) to quantify public sentiment from social media and news sources, correlating emotional tone with market performance. Although this study successfully demonstrated the relationship between sentiment and price volatility, it neglected key technical and historical indicators, thereby reducing the accuracy and robustness of the predictive model.

C. *Krypto Oracle: Real-Time Cryptocurrency Prediction Using Big Data and Machine Learning (2020)*

This study proposed a big data-driven framework named Krypto Oracle, designed to analyze real-time cryptocurrency data using sentiment analysis and machine learning. The model aimed to integrate large-scale data streams for improved forecasting efficiency. Despite its innovative approach, the authors did not provide detailed accuracy evaluations or comparative analysis with existing models, limiting the credibility and scalability of the proposed system in real-world applications.

D. *Bitcoin Price Prediction Using Artificial Neural Networks and Its Variant Methods (2018)*

The authors of this research implemented Artificial Neural Networks (ANNs) and their various backpropagation-based variants to forecast Bitcoin prices. The model effectively captured nonlinear dependencies in financial time-series data, yielding promising

short-term predictions. However, it required significant computational resources for training and was not optimized for real-time analysis. Additionally, it did not consider external market or sentiment factors, reducing the model's predictive generalization.

E. Use of LightGBM and Model Optimization

While traditional models such as Decision Tree and KNN are common, newer gradient boosting algorithms like LightGBM have been explored for their efficiency and accuracy. LightGBM, with its histogram-based training and speed optimization, is especially effective for large-scale data and could further enhance prediction reliability if applied in future iterations of this system.

F. Hybrid LSTM and GRU Based Deep Learning Model for Cryptocurrency Prediction (2021)

This study introduced a hybrid deep learning model combining Long Short-Term Memory (LSTM) and Gated Recurrent Unit (GRU) architectures for enhanced cryptocurrency price prediction. The hybrid approach effectively learned sequential dependencies in historical data, outperforming traditional ML models. Despite its high accuracy, the system was limited by its dependence solely on historical prices, excluding external sentiment and news-based indicators that could further improve model precision and real-world adaptability.

G. Machine Learning-Based Cryptocurrency Forecasting Using Regression and Ensemble Models (2020)

In this study, the authors explored the application of traditional regression algorithms such as Linear Regression, Random Forest, and Gradient Boosting for cryptocurrency price prediction. The ensemble-based methods improved stability and reduced overfitting compared to single models. The research highlighted the potential of ensemble learning for handling noisy financial data. However, it was constrained by its inability to capture long-term temporal dependencies inherent in sequential data, which limited its forecasting accuracy for rapidly fluctuating cryptocurrencies like Bitcoin.

III. PROBLEM STATEMENT

The rapid evolution of decentralized digital currencies and global commodities has introduced unprecedented levels of market volatility. This research addresses the following critical challenges in financial time-series forecasting:

Inability to Capture Market Dynamics: Traditional forecasting models that rely exclusively on historical data often fail to capture real-time market behavior. This is particularly evident in the cryptocurrency market, where technical, sentimental, and legal factors contribute to high unpredictability.

Handling High Volatility: There is a persistent difficulty in developing models that can effectively handle the high volatility and uncertainty present in both cryptocurrency and traditional financial markets, such as Gold, Silver, and Crude Oil.

Algorithmic Precision in Sequential Data: Conventional algorithms, including Linear Regression, Decision Trees, and Random Forests, frequently lack the precision required to process sequential financial data accurately.

Integration of Real-Time Indicators: Many existing systems do not adequately incorporate real-time datasets or technical indicators, such as the 365-day Exponential Moving Average (EMA), which are essential for identifying current market trends and liquidity.

Accessibility for Stakeholders: There is a lack of integrated, user-friendly platforms that provide traders and investors with clear visualizations of actual versus predicted price trends to facilitate informed decision-making. The objective of this study is to overcome these limitations by implementing a deep learning-based framework utilizing Long Short-Term Memory (LSTM) networks to provide more accurate and actionable financial insights.

IV. PROPOSED METHODOLOGY

The proposed Crypto Currency Price Prediction leverages machine learning algorithms to recommend the most suitable predictions of the prices. The methodology is structured into the following five key components.

A. Data Collection and Preprocessing

Source: Historical Bitcoin price data were collected from financial sources such as Yahoo Finance, CoinMarketCap, and Binance API. Sentiment data were gathered from social media platforms (Twitter, Reddit) and cryptocurrency-related news sites to capture real-time market emotions.

Cleaning: Missing values were addressed using imputation methods, and outliers were removed to ensure high-quality input.

Normalization: Price data were scaled using Min-Max normalization to ensure faster convergence during model training.

B. Feature Engineering

Feature Extraction: Relevant features such as opening price, closing price, high, low, and trading volume were extracted from the historical data.

Sentiment Integration: The computed sentiment scores were combined with historical price features to form a unified dataset.

Correlation Analysis: Correlation heatmaps and feature importance graphs were used to determine relationships between sentiment and price movement.

C. Deep Learning Model Development

Long Short-Term Memory (LSTM): Implemented to capture long-range temporal dependencies in sequential Bitcoin price data.

Gated Recurrent Unit (GRU): Used in conjunction with LSTM to enhance model efficiency and reduce computational cost.

Training Parameters: The model was trained using the Adam optimizer with Mean Squared Error (MSE) as the loss function and a batch size optimized for convergence.

Hybrid Architecture: A combination of LSTM and GRU layers was developed to improve accuracy and stability in volatile markets.

D. Model Evaluation and Selection

Performance Metrics: The models were evaluated using Mean Absolute Error (MAE), Root Mean Squared Error (RMSE), and R^2 score to measure prediction accuracy.

Comparative Analysis: The hybrid LSTM-GRU model's performance was compared against standalone LSTM, GRU, and baseline regression models.

Validation Strategy: K-fold cross-validation was used to ensure generalization and avoid overfitting.

Result: The hybrid model achieved the lowest prediction error and demonstrated superior stability across multiple testing intervals.

E. System Deployment and Visualization

Web Framework: The trained model was deployed using the Flask web framework for real-time Bitcoin price prediction.

User Interface: A user-friendly dashboard was developed to display predicted and actual Bitcoin prices with interactive charts using Matplotlib and Plotly.

Scalability: The system was tested in Google Colab and Jupyter Notebook environments to ensure performance and extendability for other cryptocurrencies.

Output: The final model provides real-time visual predictions, enabling traders and analysts to make informed, data-driven decisions.

V. PROJECT OVERVIEW

The Bitcoin Price Predictor project aims to design and develop an intelligent forecasting system that accurately predicts Bitcoin's future price trends using advanced machine learning (ML) and deep learning (DL) techniques. Bitcoin, being the first decentralized cryptocurrency, is characterized by extreme price volatility influenced by multiple factors such as technological developments, market sentiment, and regulatory policies. This project addresses the inherent unpredictability of cryptocurrency markets by integrating time-series analysis and sentiment analysis to enhance the precision of price forecasting.

The system framework involves collecting and preprocessing historical Bitcoin price data along with sentiment data extracted from financial news articles and social media platforms. The use of Natural Language Processing (NLP) enables the conversion of textual information into numerical sentiment scores, which are then combined with market features such as opening price, closing price, trading volume, and volatility. The hybrid deep learning model—comprising Long Short-Term Memory (LSTM) and Gated Recurrent Unit (GRU) architectures—forms the core of the prediction engine. These recurrent neural networks are chosen for their ability to capture complex sequential dependencies and temporal trends in financial time series.

The proposed system not only forecasts Bitcoin prices but also visualizes predictions through a Flask-based web interface that allows users to interact with real-time prediction outputs. By combining both quantitative and qualitative data sources, the model achieves greater interpretability and reliability compared to traditional models that rely solely on historical prices. The project ultimately contributes to the advancement of AI-driven financial analytics, providing a scalable foundation for forecasting other cryptocurrencies and enhancing decision-making for investors, traders, and financial researchers.

VI. CONCLUSION

This research presented a Bitcoin Price Prediction System that integrates machine learning and deep learning techniques to forecast cryptocurrency price trends with improved accuracy. By combining time-series analysis with sentiment analysis, the proposed hybrid model—featuring Long Short-Term Memory (LSTM) and Gated Recurrent Unit (GRU) architectures—effectively captured both historical price patterns and market sentiment dynamics. Experimental results demonstrated that the hybrid model outperformed traditional approaches in handling volatility and uncertainty within the cryptocurrency market.

The proposed framework not only enhances prediction accuracy but also provides a foundation for AI-driven financial analytics that can be extended to other cryptocurrencies and market instruments. Future work will focus on incorporating additional macroeconomic indicators, optimizing computational efficiency, and improving interpretability to build more transparent and adaptive financial forecasting systems.

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