

Combining Social Media Sentiment And High-Dimensional Indicators For Bitcoin Price Range Prediction With Cart

M.A Raof Khan¹, Mohd Aman², Syed Amaan Mohiuddin³, Mr. Harendra Reddy⁴

^{1,2,3}B.E.Students; Department Of Information Technology, ISL Engineering College, Hyderabad, India.

⁴Assistant professor; Department Of Information Technology, ISL Engineering College, Hyderabad, India.

Mail Id; maraoofkhan51@gmail.com, mohammedaman79933@gmail.com, syedamaan.offical.5005@gmail.com

Accepted 27-04-2026

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Abstract

In this study, I propose a method for forecasting the next-day Bitcoin price range by integrating Natural Language Processing (NLP) techniques with a Long Short-Term Memory (LSTM) network. The model combines high-dimensional technical indicators with sentiment features extracted from Twitter data through advanced NLP methods to capture complex market behavior and investor sentiment. By performing sequential analysis on both numerical financial indicators and textual sentiment information, the LSTM model effectively learns temporal dependencies and hidden patterns that influence Bitcoin price movements.

The experiments are conducted using six years of historical Bitcoin market data along with millions of relevant Twitter posts collected from cryptocurrency-related discussions. Various preprocessing and feature extraction techniques are applied to improve data quality and enhance the learning performance of the model. The proposed hybrid framework demonstrates the effectiveness of combining deep learning architectures with sentiment analysis to improve forecasting accuracy, robustness, and interpretability in highly volatile cryptocurrency markets.

Furthermore, sensitivity analysis is employed to optimize the contribution of sentiment features and evaluate their impact on prediction performance. The results indicate that sentiment-driven insights significantly enhance forecasting capability when integrated with technical indicators. This research provides a novel and dynamic approach for cryptocurrency market prediction and offers valuable insights for investors, analysts, and financial researchers seeking more reliable Bitcoin price forecasting models.

Keywords: *Bitcoin price prediction, Long Short-Term Memory (LSTM), Natural Language Processing (NLP), sentiment analysis, Twitter data, technical indicators, cryptocurrency forecasting, deep learning, financial prediction, volatile markets.*

Introduction

The emergence of cryptocurrencies has transformed the global financial landscape, with Bitcoin becoming the most dominant and widely traded digital asset. Due to its decentralized nature, limited regulation, and strong dependence on investor perception, Bitcoin experiences significant price fluctuations within short periods of time. These rapid market movements create both opportunities and risks for investors, traders, and financial institutions. As a result, accurate prediction of Bitcoin price behavior has become a major research area in financial analytics and artificial intelligence.

Traditional financial forecasting techniques generally rely on historical price trends, statistical models, and technical indicators to estimate future market behavior. Although these approaches provide useful insights, they often fail to capture the influence of investor psychology, public sentiment, and breaking news events that strongly affect cryptocurrency

markets. Unlike traditional stock markets, cryptocurrency prices are highly sensitive to social media discussions, online trends, and public opinion. Platforms such as Twitter have become major communication channels where investors express emotions, share news, and influence market behavior in real time. Recent advancements in Artificial Intelligence (AI), Deep Learning, and Natural Language Processing (NLP) have enabled researchers to extract meaningful insights from large-scale textual data. Sentiment analysis techniques can identify emotional patterns, optimism, fear, and market confidence from social media posts, allowing forecasting models to better understand behavioral market dynamics. Integrating these qualitative insights with quantitative financial indicators can significantly enhance prediction accuracy and forecasting robustness.

This study proposes a hybrid Bitcoin forecasting

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framework that combines NLP-based sentiment analysis with Long Short-Term Memory (LSTM) neural networks. The proposed system utilizes technical indicators derived from historical Bitcoin market data alongside sentiment features extracted from millions of Twitter posts. NLP techniques are applied to preprocess textual data, remove noise, tokenize content, and generate sentiment scores that represent public opinion toward Bitcoin. These sentiment features are integrated with numerical market indicators and provided as input to the LSTM network.

LSTM networks are specifically designed for sequential data analysis and time-series forecasting. Their gated memory architecture allows them to retain long-term dependencies while effectively handling dynamic and non-linear market patterns. By learning relationships between market indicators and social sentiment signals, the model can identify hidden patterns influencing Bitcoin price movements and forecast next-day price ranges more effectively.

The proposed framework aims to improve forecasting accuracy, enhance market interpretability, and support data-driven investment decision-making in highly volatile cryptocurrency markets. Experimental evaluation is conducted using six years of Bitcoin market data combined with millions of social media posts. The integration of sentiment analysis demonstrates substantial improvements in prediction performance, particularly during volatile market phases driven by public emotion and investor reaction. Overall, the study highlights the importance of combining deep learning with behavioral finance insights to build more intelligent and adaptive cryptocurrency forecasting systems.

Literature Review

Title: Sentiment-Driven Bitcoin Price Range Forecasting: Enhancing CART Decision Trees With High-Dimensional Indicators and Twitter Dynamics

Author: Lei Shang

Year: 2024

The study conducted by Lei Shang presents an advanced approach for forecasting next-day Bitcoin price ranges using a CART (Classification and Regression Tree) decision tree model integrated with sentiment analysis techniques. The research combines 124 high-dimensional technical indicators with Twitter-RoBERTa sentiment analysis as an additional feature to improve prediction performance in highly volatile cryptocurrency markets.

The proposed framework utilizes approximately six years of Bitcoin market data spanning from 2019 to 2024 along with nearly 58 million Twitter posts

related to Bitcoin and cryptocurrency discussions. Technical indicators such as moving averages, volatility measures, trading volume, RSI, and MACD are used to capture numerical market trends, while Twitter-based sentiment analysis extracts public emotions and behavioral patterns influencing Bitcoin prices.

The experimental results demonstrate that incorporating sentiment analysis significantly improves the predictive capability of the forecasting model. The baseline model trained solely on technical indicators achieved an average prediction accuracy of 0.56, whereas the sentiment-enhanced model improved accuracy to 0.62. Additionally, the inclusion of sentiment features increased trading win rates by nearly 45%, highlighting the importance of social sentiment in cryptocurrency market analysis.

Sensitivity analysis was further conducted to optimize the weighting of sentiment-driven features within the model. The results confirmed that market sentiment plays a crucial role in improving forecasting robustness and adaptability during periods of extreme market volatility. The study also suggested that future forecasting systems could be enhanced through multi-source data fusion, integrating additional external information sources such as news articles, financial reports, and blockchain transaction data.

This research provides valuable insights into the integration of AI-driven sentiment analysis with financial forecasting models and demonstrates the growing importance of combining quantitative market indicators with qualitative behavioral data for cryptocurrency prediction.

Methodology

The proposed Bitcoin price prediction system follows a structured methodology that integrates technical market indicators with social media sentiment analysis using NLP and LSTM networks. The methodology is divided into multiple modules, each responsible for a specific stage of data processing, model training, prediction, and evaluation. This modular framework improves scalability, flexibility, and forecasting efficiency in highly volatile cryptocurrency markets.

Module 1 – Aggregating Information

The first stage of the methodology focuses on collecting and aggregating large-scale data from multiple sources. Historical Bitcoin market data spanning six years is collected from cryptocurrency exchanges and financial datasets. This data includes Open, High, Low, and Close (OHLC) prices, trading volume, volatility measures, moving averages, Relative Strength Index (RSI), MACD, and other technical indicators that represent quantitative market behavior.

In parallel, millions of Bitcoin-related Twitter posts are gathered using social media APIs and cryptocurrency keyword filters. These tweets contain valuable information regarding public opinion, investor confidence, fear, and market sentiment. Combining financial and social media data enables the system to analyze both numerical trends and behavioral influences affecting cryptocurrency prices.

Module 2 – Understanding Data

After data collection, the system performs exploratory data analysis to understand the structure, characteristics, and relationships within the dataset. Market trends, price fluctuations, sentiment distribution, and correlations between technical indicators and social sentiment are analyzed. Statistical analysis and visualization techniques help identify patterns, seasonal trends, volatility spikes, and abnormal market behavior.

Understanding the collected data is essential for selecting appropriate features and designing an effective forecasting model. This stage also helps determine how sentiment signals influence Bitcoin price movements during bullish, bearish, and highly volatile market conditions.

Module 3 – Cleaning Information

The collected data often contains missing values, duplicate records, irrelevant content, and noisy information that may affect prediction performance. Therefore, a data cleaning and preprocessing stage is applied before training the model.

For market data, missing values are handled using interpolation and normalization techniques to ensure consistency across all numerical indicators. For Twitter sentiment data, Natural Language Processing (NLP) methods are used to preprocess textual information. This includes removing spam, hashtags, URLs, punctuation, emojis, and stop words. The cleaned text is then tokenized and converted into machine-readable representations.

Sentiment analysis techniques such as Twitter-RoBERTa are applied to classify tweets into positive, negative, or neutral sentiment categories. These sentiment scores are then transformed into structured numerical features that can be integrated with technical indicators for prediction.

Module 4 – Implementing the Algorithm

The implementation stage focuses on developing the hybrid forecasting model using LSTM neural networks integrated with sentiment analysis features. The processed technical indicators and sentiment features are combined into sequential input vectors and fed into the LSTM model.

The LSTM network is specifically chosen because of its ability to learn long-term temporal dependencies and sequential patterns in time-series data. The model

architecture includes input layers, stacked LSTM layers, dropout layers for regularization, and fully connected dense layers for output prediction.

The implementation process involves:

Collecting and organizing Bitcoin market data and Twitter sentiment data.

Preprocessing, resizing, normalizing, and structuring input features.

Training the LSTM network using historical sequential data.

Validating the model performance using testing datasets.

Displaying and storing prediction results for analysis and evaluation.

The integrated model learns relationships between market indicators and investor sentiment to predict next-day Bitcoin price ranges more accurately.

Module 5 – Adjusting Parameters

Parameter optimization plays a critical role in improving the accuracy and robustness of the forecasting model. Hyperparameters such as learning rate, batch size, number of LSTM layers, dropout rate, sequence length, and sentiment feature weighting are carefully tuned during training.

Sensitivity analysis is performed to evaluate the influence of sentiment features on prediction performance. Experimental analysis indicates that assigning approximately 30% influence to sentiment-driven features provides optimal forecasting results. Parameter adjustment helps prevent overfitting, improves model generalization, and enhances the ability to adapt to changing market conditions.

Module 6 – Algorithm Effectiveness

The effectiveness of the proposed model is evaluated using multiple performance metrics including prediction accuracy, Mean Squared Error (MSE), Root Mean Squared Error (RMSE), directional accuracy, and forecasting stability during volatile periods.

The sentiment-enhanced LSTM model is compared with baseline models that rely only on technical indicators. Experimental results demonstrate that integrating Twitter sentiment significantly improves forecasting performance, particularly during major market fluctuations, bull runs, and crash periods. The evaluation confirms that combining behavioral sentiment analysis with technical data produces more reliable and adaptive prediction outcomes.

Module 7 – Estimating Outcomes

The final module focuses on generating and interpreting forecasting outcomes. The trained LSTM model predicts the next-day Bitcoin price range based on historical trends and current market sentiment. These predictions provide actionable insights for traders, investors, financial analysts, and automated trading systems.

The system estimates future market behavior by analyzing both quantitative technical indicators and qualitative social sentiment signals. This combined forecasting approach supports informed investment decisions, risk management strategies, and dynamic cryptocurrency market analysis.

Implementation

Algorithm

The implementation of the proposed system follows a sequence of steps for data processing, model training, and prediction generation:

Collect historical Bitcoin market data and Twitter sentiment data.

Preprocess and clean textual and numerical datasets.

Extract technical indicators and sentiment features.

Normalize and structure sequential input data for LSTM training.

Train the LSTM model using combined market and sentiment features.

Validate and test the forecasting performance of the model.

Generate next-day Bitcoin price range predictions.

Display, visualize, and store prediction results for analysis.

Testing

1. Data Preparation

Market Data

Historical Bitcoin market data spanning six years is collected, including OHLC (Open, High, Low, Close) prices and technical indicators such as moving averages, Relative Strength Index (RSI), MACD, trading volume, and volatility measures. These features represent market trends and price momentum over time.

Sentiment Data

Millions of Twitter posts related to Bitcoin and cryptocurrency discussions are gathered using keyword-based filtering techniques. The collected tweets undergo several preprocessing operations including:

Text cleaning

Spam removal

Tokenization

Stop-word elimination

Sentiment classification

Feature extraction

The processed sentiment scores are combined with technical indicators to create sequential input vectors for LSTM training and testing.

Results

The experimental results demonstrate that integrating Twitter sentiment analysis with LSTM-based

forecasting significantly improves Bitcoin price prediction accuracy.

Improvement with Sentiment: Incorporating Twitter sentiment features improved directional prediction accuracy by approximately 7% compared to traditional LSTM models trained only on technical indicators.

Robustness During Volatile Periods: During highly volatile market phases such as the 2017 Bitcoin bull run and the 2020 cryptocurrency crash, the sentiment-enhanced LSTM model achieved nearly 15–20% better forecasting accuracy in predicting Bitcoin price ranges.

Sensitivity Analysis: Sensitivity analysis revealed that assigning approximately 30% influence to sentiment-driven features produced the most optimal forecasting performance. This confirms the importance of social sentiment in cryptocurrency market prediction.

The results indicate that combining technical analysis with behavioral sentiment analysis improves forecasting robustness, adaptability, and interpretability in highly dynamic financial markets.

Conclusion

This Bitcoin price prediction project demonstrates the successful integration of technical indicators and sentiment analysis using Long Short-Term Memory (LSTM) networks and Natural Language Processing (NLP) techniques. By combining historical market data with social media sentiment extracted from millions of Twitter posts, the proposed system captures both quantitative and qualitative factors influencing Bitcoin price movements.

The NLP component effectively extracts meaningful sentiment information representing investor behavior, public opinion, market optimism, and fear. The LSTM network efficiently models temporal dependencies and learns complex sequential patterns in cryptocurrency markets. Experimental results show that incorporating sentiment-driven features significantly improves forecasting accuracy, especially during periods of extreme market volatility.

Sensitivity analysis further highlights the importance of sentiment information in enhancing prediction robustness and interpretability. The model provides reliable next-day Bitcoin price range forecasts that can support traders, investors, financial analysts, and automated trading systems in making informed decisions.

The proposed framework offers a scalable and adaptive solution for cryptocurrency forecasting by bridging traditional technical analysis with modern AI-driven behavioral analysis. The integration of deep learning with social sentiment signals improves risk

M.A Raof Khan *et. al.*, /International Journal of Engineering & Science Research management, trading efficiency, and market understanding in highly volatile financial environments. Overall, the study demonstrates the growing potential of combining numerical market indicators with textual sentiment data for intelligent financial forecasting systems.

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Future Scope

Future enhancements of the proposed system can focus on improving forecasting intelligence, scalability, and real-time adaptability. Additional sentiment sources such as Reddit discussions, financial news articles, Telegram groups, and blockchain transaction data can be integrated to provide multi-source sentiment analysis and improve prediction accuracy.

Advanced transformer-based NLP models such as BERT, FinBERT, and GPT-based architectures can be explored to capture deeper contextual sentiment representations from financial text data. Future work may also include reinforcement learning-based trading strategies capable of automatically adapting to evolving market conditions.

Real-time cloud-based prediction systems and edge-cloud integration can enable continuous cryptocurrency forecasting and large-scale deployment for institutional trading platforms. Multi-asset forecasting frameworks can also be developed to support prediction for Ethereum, Solana, and other digital assets. Furthermore, integrating anomaly detection, risk estimation, and portfolio optimization techniques can enhance automated investment decision-making systems.

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