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THE ROLE OF ADAPTIVE FORECASTING IN STOCK PERFORMANCE PREDICTION UNDER FINANCIAL UNCERTAINTY

Oybek Abdukhamidov
Master's Student, Turin Polytechnic University

Abstract

Modern financial markets are characterized by increasing uncertainty resulting from economic fluctuations, technological innovations, geopolitical developments, and changing investor behavior. Under such conditions, forecasting stock performance has become increasingly complex, requiring analytical approaches capable of responding to rapidly changing market environments. Traditional forecasting methods, which often rely on historical data and fixed assumptions, may not adequately capture the dynamic nature of contemporary financial markets.

Financial uncertainty directly influences the reliability of forecasting outcomes. Increased volatility, unexpected market events, and information asymmetry frequently reduce the predictive power of conventional models. Consequently, investors and financial analysts face significant challenges when attempting to evaluate future stock performance using static forecasting techniques.

Adaptive forecasting has emerged as a promising alternative approach. Unlike traditional models, adaptive forecasting systems continuously adjust their parameters according to changes in market conditions. This flexibility allows forecasting frameworks to incorporate new information more effectively and respond to evolving uncertainty levels. As a result, adaptive approaches may provide more realistic and practical forecasts in dynamic market environments.

Technology-oriented financial markets represent an especially relevant context for adaptive forecasting. Companies operating in technology sectors are highly

sensitive to innovation cycles, competitive pressures, regulatory changes, and investor expectations. These factors contribute to elevated levels of market volatility and forecasting complexity. Therefore, forecasting systems applied to technology firms must remain responsive and capable of adapting to changing circumstances.

An effective adaptive forecasting framework should integrate several analytical dimensions. These include environmental monitoring, volatility assessment, behavioral analysis, market interaction evaluation, and continuous feedback mechanisms. Such integration allows analysts to evaluate both quantitative and qualitative factors affecting stock performance. Furthermore, adaptive frameworks support scenario-based decision-making, enabling investors to prepare for multiple possible market outcomes rather than relying on a single prediction.

The practical significance of adaptive forecasting extends beyond investment decision-making. Portfolio managers can improve risk management strategies through adaptive volatility assessment, while corporate managers may use forecasting outputs to support strategic planning and resource allocation. Consequently, adaptive forecasting serves as both a predictive and a managerial tool.

In conclusion, financial uncertainty has become a permanent feature of modern capital markets, making adaptability an essential component of effective forecasting. Adaptive forecasting approaches provide a flexible and comprehensive framework for evaluating stock performance under changing market conditions. Their ability to integrate uncertainty, volatility, and behavioral influences makes them particularly valuable for technology-oriented financial markets. Future research should focus on combining adaptive forecasting

principles with artificial intelligence and real-time data analytics to further improve forecasting effectiveness.

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