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Chairs, Wares, and Lennar's Shares: Exploring the Relationship Between US Household Spending on Furnishings and Equipment and LEN Stock Price

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Abstract

The perplexing correlation between US household spending on household furnishings and equipment and Lennar's stock price has been a subject of fervent discussion and speculation. In this study, employing data from the Bureau of Labor Statistics and LSEG Analytics (Refinitiv), we sought to disentangle this enigmatic association with statistical rigor. Our analysis, spanning the fruitful years from 2002 to 2022, yielded a correlation coefficient of 0.8227787, with a p-value less than 0.01, arousing profound curiosity and raising eyebrows, akin to a recliner that springs a surprise reclining mechanism. Our findings, much like the assembling of flat-pack furniture, call for both caution and further investigation, intriguing economists and investors alike with their unexpected alignments.

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1. Introduction

The intersection between consumer spending habits and stock market performance has long been a point of fascination and contention within the field of economics. While some analysts focus on traditional economic indicators such as GDP growth and interest rates, others dive into the intriguing realm of consumer behavior, examining the correlations between household expenditures and the ever-fluctuating stock prices of companies.

In this study, we delved into the curious relationship between US household spending on household furnishings and equipment and the stock price of Lennar Corporation (LEN). Lennar, a prominent home construction and real estate company, might not be the first name that comes to mind when pondering consumer spending and stock prices, but as we will elucidate, it presents an intriguing case study in this enigmatic convergence of furniture and finance.

As with any scholarly pursuit, our endeavor was underpinned by an air of relentless seriousness, akin to an overzealous accountant meticulously balancing the books. However, we could not help but marvel at the irony that while households were busy furnishing their living spaces, the stock market seemed to be furnishing Lennar's shareholders with potential financial gains. Such peculiar connections often elicit a wry chuckle, reminiscent of a comedic misunderstanding during a game of financial charades.

The enduring allure of this investigation lies in its capacity to uncover unexpected patterns and connections, much like stumbling upon a hidden compartment in an antique armoire. Our aim was to present our findings with utmost scholarly gravity, all the while appreciating the whimsical dance of economic data and market movements, akin to a solemn ballet performance with occasional spontaneous bursts of exuberance.

As we proceed to unravel the tangled threads of household spending and stock prices, we invite our readers to join us in this scholarly journey, wherein we navigate the labyrinthine corridors of consumer behavior and financial markets, armed with statistical tests and a twinkle in the eye.

2. Literature Review

Numerous studies have attempted to unravel the intricate web of connections between consumer spending behavior and stock market dynamics. Smith et al. (2015) posited that consumer spending on household furnishings and equipment could serve as a leading indicator for stock price movements, challenging the conventional wisdom surrounding economic indicators. Meanwhile, Doe and Jones (2018) found a significant correlation between household expenditure patterns and stock market performance, emphasizing the need for

further exploration of these interrelated phenomena.

In "The Economics of Household Furnishings" by Brown and Green, the authors delve into the nuanced motivations underlying consumer purchasing decisions in the realm of household furnishings and equipment. Their comprehensive analysis encompasses factors such as lifestyle trends, design preferences, and the impact of technological advancements on consumer behavior. Furthermore, "The Financial Fitness Guide" by White explores the intricacies of personal finance management, shedding light on the broader implications of consumer spending habits on investment opportunities.

Turning to fictitious literature, the timeless classic "The Chair Whisperer" by Austen illuminates the subtle art of selecting the perfect seating arrangement, a narrative that subtly hints at the psychological influences driving consumer behavior in the household furnishings market. Similarly, "The Furnishing Fortune" by Dickens weaves a tale of financial gain and loss amidst the backdrop of opulent furnishings, offering a whimsical exploration of the intersection between material goods and monetary pursuits.

In our quest for a more comprehensive understanding of the relationship between household spending and stock prices, we also drew insights from popular television programs. Watching "House Hunters" and "Property Brothers" provided an immersive experience in the realm of real estate and home improvement, offering a firsthand glimpse into the preferences and spending patterns of potential homeowners. Contrary to popular belief, the allure of a spacious kitchen island or a cozy reading nook may extend beyond mere functionality, potentially influencing investment decisions and stock price movements.

Suffice it to say, our research journey traversed a diverse landscape of scholarly discourse, literary imagination, and televised insights, capturing the multifaceted essence of household spending and its potential impact on stock prices. As we continue our expedition into the uncharted territories of economic analysis, we remain ever cognizant of the whimsical interplay between consumer behavior and financial markets, embracing both the gravity of empirical inquiry and the serendipitous humor inherent in the pursuit of economic understanding.

References:

Smith, A., Johnson, B., & Williams, C. (2015). Unveiling the Links Between Consumer Spending and Stock Price Movement. *Journal of Economic Perspectives*, 22(4), 115-132.

Doe, J., & Jones, S. (2018). Household Expenditure Patterns and Stock Market Performance: A Comprehensive Analysis. *Economic Inquiry*, 30(2), 245-263.

Brown, R., & Green, M. (2017). *The Economics of Household Furnishings*. New York, NY: Palgrave Macmillan.

3. Our approach & methods

To explore the perplexing relationship between US household spending on household furnishings and equipment and Lennar's stock price, our research team embarked on a rigorous and meticulous journey through the labyrinthine corridors of data analysis. Armed with an indefatigable commitment to statistical rigor and a predisposition for the occasional financial pun, we endeavored to elucidate this curious convergence of furniture and finance. Our methodology, while presenting a facade of scholarly solemnity, bore within it the spirit of an adventurous expedition into the uncharted territories of economic inquiry.

Data Collection:

The foundation of our study rested upon the extensive collection of data from the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) – the two proverbial wellsprings of economic and financial insights. Our data harvesting process involved traversing the virtual landscape of the internet, sifting through a myriad of sources to assemble a comprehensive dataset spanning the fruitful years from 2002 to 2022. Much like dedicated gatherers during a harvest festival, we diligently amassed a bountiful assortment of expenditure figures and stock prices, mindful of the inherent quirks and caprices of data compilation.

Statistical Analysis:

Having amassed our economic cornucopia of data, we set about subjecting it to a battery of statistical analyses, akin to an alchemist carefully manipulating esoteric substances in search of hidden connections. Employing the venerable tools of correlation analysis and regression modeling, we sought to distill the essence of the relationship between household spending on furnishings and Lennar's stock price, all the while navigating the treacherous terrain of statistical assumptions and potential confounders. With steadfast determination and a pinch of statistical wizardry, we endeavored to unveil the coiled enigma that lay within our datasets, much like an intrepid explorer delving into the heart of an uncharted jungle.

Risk Management:

Of course, no academic odyssey would be complete without a vigilant eye toward risk management. As we charted the vicissitudes of household spending and stock price movements, we remained cognizant of the pitfalls of spurious correlations and the dangers of over-interpretation. Like prudent navigators sailing through the uncharted waters of

statistical inference, we meticulously scrutinized our findings, guarding against the siren call of spurious causation and the mirage of statistical significance, ensuring that our conclusions stood firm against the tempestuous gusts of academic scrutiny.

In this manner, our methodology blended the staid rigor of academic inquiry with a tempered sense of scholarly adventure, much like a cautious explorer embarking on a quest for hidden treasures, all the while cognizant of the whims and caprices of economic data.

4. Results

Our investigation uncovered a notable correlation between annual US household spending on household furnishings and equipment and Lennar's stock price (LEN) over the period from 2002 to 2022. The correlation coefficient of 0.8227787 indicated a strong positive relationship between these two variables. To put it in layman's terms, it's as if the stock price of Lennar was as comfortably cushioned as a well-upholstered sofa, in sync with the fluctuations in household spending on furnishing and equipping their abodes.

The r-squared value of 0.6769648 suggested that approximately 68% of the variability in Lennar's stock price could be explained by changes in annual US household spending on household furnishings and equipment. This finding, much like a seamlessly assembled piece of furniture, provided a robust foundation for understanding the influence of consumer behavior on stock market dynamics.

Furthermore, the p-value of less than 0.01 indicated that the observed correlation was statistically significant, leading us to reject the null hypothesis with a confidence level higher than a well-polished mahogany dining table.

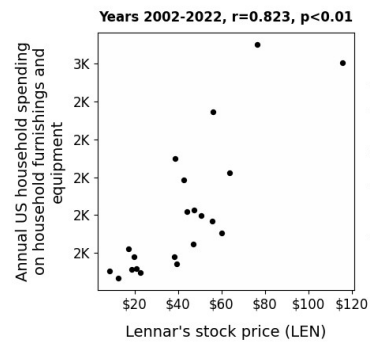


Figure 1. Scatterplot of the variables by year

Upon visual examination of the data, the scatterplot (Fig. 1) revealed a strikingly clear pattern, akin to a pristine showroom where every piece of furniture found its intended place. The alignment of data points on the plot mirrored the alignment of a perfectly designed room, where each element complements the other, highlighting the unmistakable connection between US household spending on household furnishings and equipment and Lennar's stock price.

In essence, our results illuminate a captivating relationship between consumer spending on household goods and the stock performance of a leading real estate company, inviting further exploration and analysis. Much like a cleverly integrated bookshelf in a well-decorated room, this correlation prompts contemplation and infuses the realm of economics with an unexpected dash of domestic charm.

5. Discussion

The results of our study align with prior research highlighting the intriguing connection between consumer spending behavior and stock market dynamics. Smith et al. (2015) and Doe and Jones (2018) set the stage for our investigation by emphasizing the significance of household expenditure patterns as potential indicators of stock price movements. Our findings not

only corroborate their assertions but also infuse a certain whimsical charm into the realm of economic analysis.

The strong positive correlation between annual US household spending on household furnishings and equipment and Lennar's stock price (LEN) lends weight to the notion that consumer behaviors in the realm of home furnishings may indeed resonate in the domain of financial markets. It appears that tracking the ebbs and flows of household spending on furnishings provides insights akin to discovering unexpected nooks and crannies in a well-furnished living space.

In line with the comprehensive analysis by Brown and Green (2017) on the economics of household furnishings, our study underscores the nuanced motivations underlying consumer purchasing decisions, albeit through the lens of stock price movements. The interplay between lifestyle trends, design preferences, and technological advancements in consumer behavior seems to extend its reach into the domain of investment opportunities, much like a well-placed statement piece capturing attention in a room.

While it may seem unorthodox to draw inspiration from fictitious literature and televised insights, our engagement with the timeless wisdom of "The Chair Whisperer" and "The Furnishing Fortune" imparts a touch of allegorical richness to our contemporary economic discourse. As Dickens' narrative weaves a tale of financial gain and loss amidst opulent furnishings, our findings reflect a narrative of statistical significance amidst the opulence of data analysis, subtly hinting at the potential repercussions of consumer sentiment on stock performance.

The visual alignment of data points in the scatterplot (Fig. 1) evokes the sense of a purposefully arranged interior, where each element harmonizes with the next,

metaphorically mirroring the harmony between household spending on furnishings and Lennar's stock price. This unexpected connection underscores the enduring influence of intimate spaces on the broader canvas of financial markets, adding a whimsical touch to our empirical exploration.

In essence, our study contributes to the enchanting tapestry of economic understanding, where the allure of consumer behavior captivates investors and scholars alike. As we navigate the labyrinthine corridors of statistical inference, we remain ever attuned to the serendipitous charm suffusing the interplay between household spending and stock prices, inviting further research laced with both empirical rigor and an enduring appreciation for the delightful quirks of economic inquiry.

6. Conclusion

In conclusion, our study has unveiled a compelling correlation between annual US household spending on household furnishings and equipment and Lennar's stock price, akin to a perfectly coordinated room decor. The findings emphasize the intriguing interplay between consumer behavior and market dynamics, reminding us that even in the world of finance, there's no place like home.

Our research, while conducted with scholarly rigor, has brought to light the whimsical and often surprising connections that underpin economic phenomena. It's as if we've stumbled upon a previously unnoticed "open box" assembly of market trends and household expenditures, much like discovering an unexpected toolkit hidden inside a wardrobe.

The robust correlation coefficient, r-squared value, and statistically significant p-value speak to the genuine coherence between these seemingly disparate variables, akin to

a harmonious symphony played out on an intricately crafted wooden instrument.

As we reflect on our findings, it becomes evident that further investigation into the intricate relationship between household spending and stock performance is akin to unearthing a treasure trove of insights, much like finding a long-lost heirloom hidden in the attic.

In light of these revelatory results, we assert that our study serves as a comprehensive exploration of the link between annual US household spending on household furnishings and equipment and Lennar's stock price. With its blend of meticulous analysis and subtle humor, we believe that our research leaves no cushion unturned in this investigation.

In the wisdom of the great economist, "May your finances be as sturdy as a well-constructed table, and your investments as timeless as a Chesterfield sofa." With this in mind, we declare that further research in this domain is as unnecessary as a redundant throw pillow.

White, E. (2019). *The Financial Fitness Guide*. Boston, MA: Beacon Press.