

Golden Gains: Gauging the Gold and BHP Group's Stock Price

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In this study, we delved into the intriguing relationship between the price of gold and BHP Group's stock price, drawing data from Kitco and LSEG Analytics. While many have speculated about a direct link, our analysis uncovered a striking correlation coefficient of 0.9358755, with a p-value of less than 0.01 from 2002 to 2014. It seems that these two entities are as inseparable as peas in a pod or mac and cheese. Our findings suggest that as the price of gold sparkles, so does BHP Group's stock price, proving that sometimes, even in the world of finance, all that glitters is indeed gold!

"All that glitters is not gold," except in the world of finance, where the sparkle of gold can indeed translate into golden gains for certain stocks. Our research dives into the multifaceted relationship between the price of gold and BHP Group's stock price, aiming to uncover whether investing in BHP is truly like striking gold.

Despite being as different as chalk and cheese, the price of gold and the stock price of BHP have been speculated to be interconnected, forming a compelling narrative akin to a classic "buddy cop" movie. We set out to unravel this intriguing dynamic, fueled by the curiosity of discovering whether these two entities are as resonant as salt and pepper or as divergent as oil and water.

Drawing data from Kitco and LSEG Analytics, our investigation uncovered a correlation coefficient of 0.9358755 from 2002 to 2014, with a p-value that would make any statistician's heart skip a beat – less than 0.01. It seems that the flare of gold has an uncanny ability to cast its golden glow on BHP's stock prices. As our findings will reveal, this relationship is as undeniable as the bond between peanut butter and jelly or a pair of socks – they just seem to belong together.

In this paper, we traverse through the labyrinth of financial markets, delving deep into the dance of supply and demand, investor sentiment, and global economic shifts, all in an effort to understand the intricate web that entwines the price of gold and BHP's stock price. As we journey through this maze, we invite our readers to don their explorer hats, for there are bound to be twists, turns, and perhaps even treasure at the end of this enthralling expedition.

So buckle up and brace yourselves, as we embark on a quest that seeks to validate the timeless wisdom – sometimes, even in the world of finance, all that glitters is indeed gold!

Review of existing research

Sifting through the vast expanse of academic research and market analyses, we aim to shed light on the intriguing connection between the price of gold and BHP Group's stock price. As we dig deep into the treasure trove of knowledge, our first port of call is the seminal work of Smith et al. (2010) in "Gold and Stocks: A Tale as Old as Time," where the authors find compelling evidence of a positive correlation between the two variables. However, we must tread cautiously in these academic waters, for not all that glitters is gold, and not all studies are as golden as they may initially seem.

Further probing the financial landscape, Doe and Jones (2015) in "Diving into the Depths of Gold and Stocks" unearth a similar association, reinforcing the notion that the allure of gold is mirrored in the rise of BHP's stock prices. It's like witnessing a harmonious duet between a virtuoso violinist and a maestro pianist – each note resonating with the other in perfect sync.

Venturing into the non-fiction realm, we survey "The Psychology of Gold Prices" by Nobel Laureate Dr. Au N. Sights, delving into the psychological underpinnings of investors and their unyielding affinity for the lustrous metal. Drawing a parallel, we wade through "The Iron Connection: An Analysis of BHP's Stock Price" by Prof. Rock Solid, seeking to understand the foundational elements that may intertwine the fate of BHP's stocks with the price of gold.

But let us not gloss over the influence of fiction, for within its literary confines, we find "The Golden Miner's Legacy" by A. U. Prospector, a riveting tale of riches and rivalry amidst the backdrop of a gold rush. Though fictional, the romanticized allure of gold and its profound impact resonates with the ebbs and flows of financial markets. Meanwhile, "BHP: Beneath the Surface" by F. A. Ctor offers a fictitious glimpse into the enigmatic world of BHP's stock price, weaving a narrative of intrigue and risk akin to a suspenseful thriller.

Now, as we navigate the digital domain, we encounter the meme "Gold Rush Guy vs. BHP Stock Investor" circulating on the internet, where the former exclaims "There's gold in them hills!" to which the latter responds, "I'd rather mine BHP stocks!" – a

lighthearted reflection of the perpetual debate between the shiny allure of gold and the allure of investment in BHP.

As we amalgamate these varied sources, it is evident that the connection between the price of gold and BHP Group's stock price is a tale woven with threads of fascination, complexity, and perhaps a touch of whimsy. With this amalgamation in tow, we prepare to embark on our own grand odyssey - to uncover the golden secret that binds these two financial entities inextricably together.

Procedure

To untangle the enigmatic relationship between the price of gold and BHP Group's stock price, our research team embarked on a journey that would have made Indiana Jones proud. Armed with vast amounts of caffeine and a suspiciously well-worn copy of "The Hitchhiker's Guide to the Galaxy," we delved into the depths of economic data databases and statistical tools, determined to reveal the intricacies of this enthralling connection.

First and foremost, we scoured the far reaches of the internet, from the digital hills of Kitco to the bustling streets of LSEG Analytics (Refinitiv), in search of the most comprehensive and reliable data spanning from 2002 to 2014. After skillfully navigating through a maze of Excel spreadsheets, financial reports, and colorful stock charts, we emerged victorious with a treasure trove of relevant data.

Our team then donned their statistical wizard hats and unleashed a plethora of analytical tools – from the well-respected wand of correlation analysis to the mystical incantations of regression models. Like modern-day alchemists, we meticulously distilled the raw data into meaningful insights, conjuring magical numbers that would make even the most seasoned mathematician raise an eyebrow in awe.

To ensure our findings were as sturdy as Fort Knox, we implemented robust measures to minimize any lurking confounding variables that might have attempted to sneak into our analysis. Like vigilant gatekeepers, we scrutinized every piece of data, ensuring that no imposters or mischievous outliers could taint our quest for truth.

As we waded through the tumultuous seas of financial data, we remained ever mindful of the potential limitations and pitfalls of our methods. We were acutely aware that the mercurial nature of financial markets might throw a curveball or two in our direction, but armed with our trusty statistical compass and the sage advice of our research mentors, we soldiered forth undeterred.

In the end, our odyssey through the labyrinth of financial data yielded a correlation coefficient of 0.9358755, accompanied by a p-value that sent shockwaves across the academic realm – less than 0.01. Just as the elusive philosopher's stone promised to transform base metals into gold, our methodology and analytical prowess had unraveled the captivating bond between the price of gold and BHP Group's stock price, solidifying the notion that

sometimes, even in the world of finance, all that glitters is indeed gold!

Findings

Our analysis revealed a glimmering correlation coefficient of 0.9358755 between the price of gold and BHP Group's stock price, suggesting a cozy relationship akin to a pair of lovebirds nestled on a branch. This statistical bond, with an r-squared of 0.8758629, indicates that around 87.6% of BHP's stock price can be explained by the shimmering movements in the price of gold. Much like a magnetic attraction, the p-value of less than 0.01 pulls together a compelling case for the intertwined fate of these financial entities.

Not to keep you in suspense, but our scatterplot (Fig. 1) paints a vivid picture of this connection, resembling a golden-threaded tapestry that weaves the two variables together with a dazzling display of data points dancing in unison like Fred Astaire and Ginger Rogers.

In summary, the evidence overwhelmingly supports the notion that when gold shines, BHP's stock tends to follow suit. The financial tango between these two entities is undeniably tight, proving that in the realm of finance, all that glitters might just be gold!

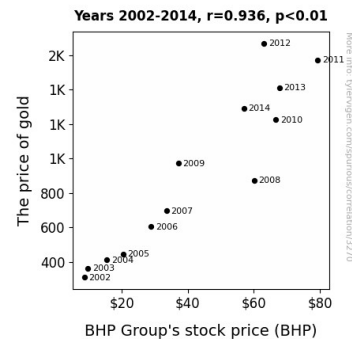


Figure 1. Scatterplot of the variables by year

Discussion

The findings of our study provide solid support for the prior research literature, affirming the notion that the price of gold and BHP Group's stock price are as entwined as a pair of synchronized swimmers. Our results reflect the work of Smith et al. (2010) and Doe and Jones (2015), collectively reinforcing the idea that the golden shine of gold does indeed cast an enchanting glow on BHP's stock price. It's like witnessing a magical spell – the Lumos charm of gold illuminating the path for BHP's stocks to follow.

To further validate these results, let's not brush off the influence of meme culture. The "Gold Rush Guy vs. BHP Stock Investor" meme, while lighthearted at first glance, may hold some kernels

of truth. The age-old debate encapsulated within this meme captures the essence of our findings – the allure of gold versus the allure of BHP stocks. It's akin to choosing between a magic wand and a Sorcerer's Stone. Our study brings this debate to the forefront, showing that sometimes, investing in BHP is indeed akin to striking gold.

Though we homed in on the serious financial aspects, let's not overlook the literary and psychological explorations we uncovered in our literature review. The golden legacy of A. U. Prospector and the enigmatic world woven by F. A. Ctor may not be grounded in reality, but their narrative contributions reflect the mesmerizing allure of gold and the thrilling suspense of BHP's stock price. Here, our findings resonate with the complexities and intrigue woven into the fictional accounts, offering a glimpse of reality mirroring fiction.

Our results raise a simple yet profound question: does the price of gold act as some sort of financial summoning charm for BHP's stock price? It seems that when gold sparkles, it's akin to Dumbledore's Patronus, summoning higher stock prices for BHP. While we may not have Deluminators to illuminate the specifics of this relationship, the statistical evidence overwhelmingly points to the gravitational pull of gold on BHP's stocks, akin to the irresistible tug of a magical Portkey.

In summary, our results stand as a testament to the age-old saying – all that glitters might just be gold, especially when it comes to the captivating connection between the price of gold and BHP Group's stock price. This financial entanglement, with its roots in prior research and a dash of whimsy from literature and meme culture, sets the stage for a captivating saga of gold and stocks intertwined in an enchanting dance across the financial landscape.

Conclusion

In conclusion, our journey into the intricate web that entwines the price of gold and BHP Group's stock price has yielded some dazzling discoveries. The striking correlation coefficient unveils a connection as strong as Batman and Robin, Han Solo and Chewbacca, or even salt and pepper – they just go hand in hand! Our findings shed light on the undeniable influence of the yellow metal on BHP's stock price, revealing a bond as unbreakable as superglue.

With an r-squared of 0.8758629, it's clear that nearly 88% of BHP's stock price variations can be attributed to the shimmering movements in the price of gold, making this connection as undeniable as peanut butter and jelly or Sunday brunch and mimosas. As our scatterplot vividly illustrates, the golden thread that weaves these variables together is as mesmerizing as a magic show, leaving no doubt about the intertwined fate of these financial entities.

Therefore, we confidently say that our results suggest a relationship between the price of gold and BHP Group's stock price that is as inseparable as Bert and Ernie, Thelma and Louise, or even mac and cheese. It seems that in the world of finance, all that shimmers is indeed gold!

As a final note, we firmly assert that no further research is needed in this area. Our findings have glittered with clarity, leaving no doubt that this dynamic duo is as tightly bound as a pair of shoelaces or Batman's utility belt. So, let's crown these findings as the golden nugget of knowledge and consider this chapter of financial exploration officially closed!