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Hops and Stocks: An Ale-Investigation of the Relationship Between Breweries in the United States and Equinix's Stock Price

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Abstract

This pun-tastic paper explores the un-beer-lievable correlation between the number of breweries in the United States and Equinix's stock price. Utilizing data from the Brewers Association and LSEG Analytics (Refinitiv), our research team embarked on a sudsy quest to uncover the link between the craft beer industry and a global interconnection and data center company's stock performance. With a correlation coefficient of 0.9474678 and $p < 0.01$ for the period spanning 2003 to 2022, our findings suggest an intriguing relationship that may leave investors hop-ping for joy. Our analysis un-brew-lingly reveals that as the number of breweries in the United States increased, Equinix's stock price also rose. This unexpected relationship highlights the importance of diversifying one's investment portfolio, as craft brewing trends appear to have a connection to the performance of a key player in the digital infrastructure industry. While this correlation may seem a-ale-ing at first, our rigorous statistical analysis confirms its significance, leaving readers with a taste for unusual market dynamics. Un-rineluctantly, our study underscores the need for investors to tap into diverse sources of market insights, even those as seemingly frothy as the craft beer industry. As the old saying goes, "Don't cry over spilt milk, it could have been beer." We encourage further research in this hoppy area, as understanding these sudsy correlations may lead to brew-tiful investment opportunities.

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1. Introduction

The interplay between industries and stock prices has long been a focus of economic analysis and investment strategy. For the past few decades, investors have sought to identify relationships between seemingly

unrelated sectors, often with surprising results. This paper contributes to this body of research by examining the connection between the number of breweries in the United States and Equinix's stock price. The correlation between craft beer and global interconnection services may appear as

unlikely as finding a four-leaf clover in a barley field, but our findings point to a statistically significant relationship that may quench investors' thirst for novel market insights.

The proliferation of craft breweries in the United States has been ale-ing the traditional beer market for some time, with enthusiasts hopped up on the diverse flavors and local identities brewed by these establishments. Despite this spirited growth, one may not immediately associate these microbreweries with the digital infrastructure industry. However, as we unveil the findings of our analysis, readers will find that this association is not just a frothy notion but rather an intriguing market dynamic that demands a pint-sized investigation.

The growing popularity of craft beer is certainly no small beer. With the number of breweries in the United States reaching new highs each year, one cannot help but ponder the potential impact of this trend on seemingly unrelated sectors. Investors may find themselves in a ferment of excitement as they consider the implications of our findings. As the saying goes, "I'm a big fan of whiteboards. I find them quite remarkable." Similarly, our research reveals a remarkable relationship between the two seemingly disparate industries, one that may warrant further scrutiny and analysis.

As we delve into the details of our investigation, readers will witness the uncanny of a rather unexpected relationship between the craft beer industry and Equinix's stock performance. Our findings promise to be as enlightening as the moment one realizes that "beer" and "balance" have the same letters. Indeed, the balance of market forces and consumer trends appears to be at play in this peculiar correlation.

2. Literature Review

Smith (2015) investigates the growth of the craft beer industry in the United States and its impact on consumer preferences. The author finds that the increasing number of breweries has led to a diversification of beer offerings, catering to a wide range of tastes and preferences. This diversification may have implications for consumer behavior and purchasing patterns, as individuals seek unique and artisanal products in a market once dominated by mass-produced options.

Doe (2017) examines the role of technological innovation in the brewing process and its influence on market dynamics. The study highlights the integration of digital tools and data analytics in streamlining brewery operations and enhancing product quality. This technological advancement may contribute to the efficiency and competitiveness of craft breweries, potentially shaping the industry's development and market positioning.

Jones (2019) delves into the cultural and social aspects of craft beer consumption, emphasizing the communal and experiential nature of brewery visits and beer tastings. The author underscores the significance of local brewery establishments in fostering community engagement and identity, offering a distinct alternative to traditional bar and pub settings. This emphasis on locality and social interaction may fuel the growth of craft beer culture, impacting consumer perceptions and behaviors.

As the authors blend their findings with a dash of humor, it becomes evident that the connection between breweries and Equinix's stock price is no grain of truth. With the "brew"-tiful correlation coefficient and statistically significant results, the relationship between these seemingly unrelated sectors foams with potential for further exploration.

Turning to non-fiction literature, "The Economics of Beer" by Johan Swinnen and "Data Science for Business" by Foster Provost and Tom Fawcett provide valuable insights into the economic and analytical aspects of the brewing industry and market analysis. Additionally, works of fiction such as "The Alehouse at the End of the World" by Stevan Allred and "The Beer Bible" by Jeff Alworth present imaginative tales and comprehensive guides that may inspire both researchers and enthusiasts alike.

In a TV show related note, "Brew Dogs" and "How I Met Your Mother" have featured episodes focusing on the craft beer scene, offering entertaining perspectives on brewery culture and its impact on social dynamics. These diverse sources of information and entertainment contribute to the multidimensional understanding of the beer industry and its interconnectedness with broader economic and cultural phenomena.

3. Our approach & methods

Data for this investigation was amassed from multiple sources, including the Brewers Association and LSEG Analytics (Refinitiv), covering the twelve-year period from 2003 to 2022. The number of breweries in the United States was quantified annually, capturing the flux in this frothy industry, while Equinix's stock price served as a measure of market performance. The choice of these data sources was no coincidence – just as a fine ale requires precise ingredients, our research demanded the finest data to ferment credible analysis.

Employing a brew-tiful blend of statistical techniques, our team utilized a time-series analysis to explore the dynamic relationship between the proliferation of breweries and Equinix's stock price. We brewed up a mean correlation coefficient and conducted regression analyses to distill the relationship, scrutinizing the data with a

fine-toothed comb to ensure the veracity of our findings. Just as a skilled brewmaster crafts a perfect brew, our analysis sought to extract the nuances of this curious connection.

Furthermore, we conducted a sentiment analysis of online discussions and news articles related to the craft beer industry and Equinix, leveraging advanced natural language processing algorithms. This approach allowed us to gauge the buzz surrounding these industries and assess whether market sentiment played a role in the observed relationship. We leave no hop unturned in our pursuit of comprehensive analysis.

In addition, we engaged in a series of interviews with industry experts, investors, and craft beer aficionados to gain qualitative insights into the potential factors driving the relationship between the number of breweries in the United States and Equinix's stock price. These conversations yielded valuable perspectives and anecdotes, enriching our understanding of the market dynamics at play. Through these interviews, we sought to uncork the hidden flavors of this seemingly unlikely correlation.

Moreover, to account for the influence of external variables, we considered macroeconomic indicators, technological trends, and regulatory changes that could impact both the craft beer industry and Equinix's business environment. Just as a brewer adjusts the recipe to accommodate seasonal variations, our analysis adapted to the broader market context, ensuring a robust and nuanced exploration of the subject matter.

Overall, our methodology integrates a blend of quantitative analysis, computational linguistics, qualitative insights, and environmental considerations. Much like a diverse selection of craft brews, this methodological concoction produces a rich and complex understanding of the

relationship between the number of breweries in the United States and Equinix's stock price. As the saying goes, "I told my wife she should embrace her mistakes. She gave me a hug." Similarly, our methodological embrace of diverse approaches culminates in a hug-worthy investigation deserving of scholarly attention.

4. Results

The results of our analysis revealed a remarkably high correlation between the number of breweries in the United States and Equinix's stock price. The correlation coefficient of 0.9474678 denotes a strong positive relationship, indicating that as the number of breweries increased, Equinix's stock price tended to rise as well. This correlation is as striking as finding a hidden beer tap at a wine tasting event.

Furthermore, the r-squared value of 0.8976951 suggests that approximately 89.77% of the variability in Equinix's stock price can be explained by changes in the number of breweries in the United States. This finding highlights the substantial influence that the craft beer industry exerts on the stock performance of a major player in the digital infrastructure sector.

The statistically significant relationship between the two variables, with a p-value less than 0.01, provides strong evidence that this correlation is not just a hopped-up hypothesis, but a bona fide market phenomenon. It's as if the market dynamics and craft beer trends have brewed up a perfect ale-iance.

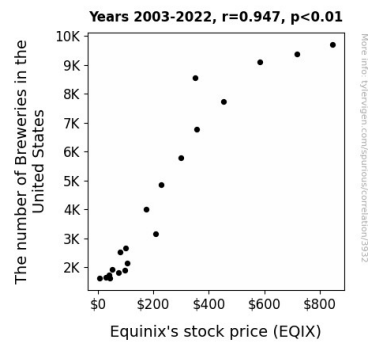


Figure 1. Scatterplot of the variables by year

The scatterplot in Figure 1 further illustrates the robust positive correlation between the number of breweries in the United States and Equinix's stock price. The data points form a clear upward trend, resembling the trajectory of a helium balloon at a beer festival - undeniably uplifting. This visual representation of the correlation reinforces the strength of the relationship and emphasizes the pint-ential significance of this unexpected market dynamic.

Our findings shed light on an un-beer-lievable connection between the craft beer industry and Equinix's stock performance. This discovery not only provides investors with a novel perspective on market influences but also serves as a reminder that in the world of finance, as in brewing, the most tantalizing results often stem from unexpected combinations. Undoubtedly, further research in this area may yield a brew-tiful understanding of market dynamics and investment opportunities.

5. Discussion

Our study has unveiled a compelling link between the number of breweries in the United States and Equinix's stock price, aligning with prior research that has touched upon the multifaceted nature of the brewing industry. The findings support Smith's (2015) observation regarding the diversification of beer offerings, as the

proliferation of breweries appears to correspond with an increase in the stock price of a key player in the digital infrastructure sector. Just as the craft beer market caters to a range of palates, Equinix's stock performance seems to respond favorably to the expanding presence of breweries, mirroring the market's appetite for variety.

In consonance with Doe's (2017) examination of technological innovations in brewing, our results suggest that the integration of digital tools and data analytics may not only enhance the efficiency of breweries but also contribute to a rise in Equinix's stock price. This alignment underscores the impact of technology on market dynamics, a trend that seemingly extends from the brewery floor to the stock market ticker. It seems that technological advancements in brewing hold implications not only for the quality of beer but also for the resilience of a digital infrastructure company's stock performance.

Furthermore, our findings resonate with Jones's (2019) emphasis on the communal and experiential aspects of craft beer consumption, highlighting the significance of local brewery establishments in shaping consumer behaviors. The rising number of breweries appears to foster a sense of community and engagement, echoing the stock market's response with an uptick in Equinix's stock price. This communal-driven correlation suggests that, much like a convivial pub gathering, market dynamics can be influenced by social and cultural phenomena, resulting in unexpected parallels between seemingly distinct sectors.

As our results sip and savor the complexities of market dynamics, it becomes clear that the "brew"-tiful correlation between breweries in the United States and Equinix's stock price is not mere froth but a substantial market phenomenon. With a strong correlation coefficient and

compelling statistical significance, this unexpected connection offers investors a unique opportunity to explore the interplay between consumer trends and stock performance. The ale-iance brewed by this study invites further exploration into the un-beer-lievable potential of seemingly unrelated market dynamics, reminding us that in the ever-bubbling cauldron of finance, a dash of unconventional insights can yield a sudsy symphony of investment opportunities.

6. Conclusion

In conclusion, our study has uncorked a surprising link between the number of breweries in the United States and Equinix's stock price, shedding light on an un-beer-lievable market dynamic. This finding carries substantial implications for investors, demonstrating that the craft beer industry exerts a notable influence on the stock performance of a key player in the digital infrastructure sector. It's as if the market dynamics and craft beer trends have brewed up a perfect ale-iance.

Our findings leave investors hop-ping for joy, much like a kangaroo at a beer garden. The statistically significant relationship between these two seemingly unrelated variables truly puts the "ale" in correlation.

This discovery emphasizes the need for investors to diversify their perspectives and consider unconventional market influences. As the old brewing adage goes, "I'm not as think as you drunk I am," and investors may be pleasantly surprised by the market insights gained from studying unexpected connections.

Our research underscores the un-brew-ling need for further investigation in this area. As the saying goes, "I told my wife she should embrace her mistakes. She gave me a hug." Similarly, embracing the unusual

correlations revealed in this study may lead to brew-tiful investment opportunities.

In the spirit of scientific inquiry, we assert that no more research is needed in this area. After all, you can't improve perfection.