

# **THE DEMOCRAT EFFECT: AN ANALYSIS OF THE CONNECTION BETWEEN ARIZONA SENATORIAL DEMOCRAT VOTES AND CONOCO PHILLIPS' STOCK PRICE**

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In this study, we delve into the unlikely dance between political allegiance and market fluctuations, specifically examining the effect of Democrat votes for Senators in Arizona on the stock price of Conoco Phillips (COP). Our research team pulls off the gloves to explore this rather unconventional relationship, utilizing data from MIT Election Data and Science Lab, Harvard Dataverse, and LSEG Analytics (Refinitiv). With a correlation coefficient of 0.9583915 and  $p < 0.01$  for the period spanning 2002 to 2020, we unearth surprising insights. Though the idea of political support influencing stock prices may seem outlandish, our findings paint a picture of statistical significance. We uncover a remarkable link between the voting pattern for Senators in Arizona with a smirk-worthy twist - for every uptick in Democrat votes, there is a corresponding uptick in the COP stock price, leading us to quip, "Looks like Democrats are not just shaking up the political landscape, but also sending ripples through the stock market!" Our study provides a unique lens through which to view the intricate intertwining of politics and economics, while serving up a side dish of delightful irony. As we unravel this connection, our eyes are opened to the possibility that perhaps the stock market, like politics, thrives on unpredictability, leading us to conclude, "Who knew that political power could also pack a stock punch?"

The intersection of politics and economics has always captivated researchers and practitioners alike. The notion that political events could impact financial markets has often been a subject of speculation and study. In this vein, our research team set out to explore the unexpected nexus between the partisan voting patterns for Senators in Arizona and the stock price of Conoco Phillips (COP). This endeavor, while initially met with raised eyebrows and quizzical expressions, has yielded intriguing results that we are eager to present.

As we embark on this intricate analysis, one cannot help but recall the timeless words of Abraham Lincoln, who quipped, "My concern is not whether you have your

amusing anecdotes ready; it is whether you are ready for amusing connections." Little did he know that these words would encapsulate the crux of our investigation, as we navigate the terrain where political allegiance mingles with market fluctuations.

Our research, which draws from data repositories such as MIT Election Data and Science Lab, Harvard Dataverse, and LSEG Analytics (Refinitiv), seeks to shed light on a phenomenon that is as unexpected as a politician telling a good joke - the "DEMocrat effect" on the COP stock price. We adopt a rigorous statistical approach, coupling quantitative analysis with savory election data, to unearth insights that may leave readers

pleasantly surprised, much like finding a hidden gem in a pile of congressional transcripts.

The underlying hypothesis that Democrat votes for Senators in Arizona could influence the stock price of a petroleum company may appear as far-fetched as a witty retort in a serious political debate. However, our journey through the labyrinth of data has led us to a correlation coefficient of 0.9583915 and  $p < 0.01$  for the period spanning 2002 to 2020, leaving us in awe of the unexpected connections that emerge from our analysis.

Stay tuned for the rest of our findings, as we unravel statistical webs and political intrigue, and unveil a series of delightful connections that may leave you quipping, "Looks like political elections and stock prices share more than just uncertainty - they can both serve up a punchline or two!"

## LITERATURE REVIEW

As we embark on our analysis of the relationship between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP), we are compelled to explore the existing literature that intersects the domains of political science and finance. Smith and Doe's groundbreaking work "Political Factors and Stock Price Movement" presents a comprehensive examination of the impact of political events on financial markets. Their study evaluates the influence of political elections on stock prices and provides a significant foundation for our own work. The authors find that political outcomes indeed have a discernible effect on stock price movements, laying the groundwork for our investigation.

Meanwhile, Jones et al.'s research in "Democracy and Market Volatility" further strengthens the argument for the interconnectedness of politics and market dynamics. Their analysis of market volatility in relation to democratic

processes offers valuable insights into the potential ripple effects of political decisions on financial markets. The authors assert that democratic processes can contribute to market uncertainty, a notion that resonates with our investigation into the Democrat votes for Senators in Arizona and their impact on Conoco Phillips' stock price.

Turning to non-fiction books related to our study, "The Political Economy of Oil and Gas" by Smithfield and "Election Economics 101: Understanding the Market Impact" by Johnson offer valuable perspectives on the intersection of political events and economic outcomes. These scholarly works delve into the intricate relationship between political decisions and their reverberations on the oil and gas industry, providing a lens through which to understand the potential influence of political support on stock prices.

In a surprising twist, the fiction realm also offers intriguing parallels to our investigation. "Democracy's Dance with the Market" by Fictional Author and "Election Euphoria: The Stock Market Saga" by Imaginary Writer posit entertaining speculations about the confluence of politics and market dynamics, underscoring the whimsical interplay between the serious and the imaginative.

Furthermore, the internet meme "Distracted Boyfriend" humorously captures the idea of unexpected attraction and diversion - much like the surprising connection we are exploring between political voting patterns and stock price movements. In a similar vein, the "This is Fine" dog meme humorously encapsulates the unexpected reactions to unusual situations, mirroring the eyebrow-raising nature of our investigation.

In summary, while our exploration of the connection between Democrat votes for Senators in Arizona and Conoco Phillips' stock price (COP) may initially seem

whimsical, the literature and cultural references surrounding the intersection of politics and finance offer an intriguing backdrop, setting the stage for our own revelatory findings.

## METHODOLOGY

To unravel the enigmatic link between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP), our research team employed a methodological concoction that could rival a blend of fine wine and dad jokes. We offer a wry smile as we disclose our deployment of quantitative analysis techniques, leveraging data from the MIT Election Data and Science Lab, Harvard Dataverse, and LSEG Analytics (Refinitiv) with the finesse of a sommelier pairing the perfect wine with a meal.

First and foremost, we embarked on a comprehensive data mining expedition, trawling through election archives and financial repositories like tenacious treasure hunters in pursuit of the golden nuggets of data that would elucidate this curious correlation. This process involved extracting and harmonizing data from electoral records, stock price histories, and economic indicators, akin to piecing together a puzzle with a penchant for political punchlines.

Following the acquisition of our treasure trove of data, we engaged in the delicate dance of data preparation, where we meticulously cleansed and wrangled our datasets with the same precision as an award-winning baker kneading dough. This meticulous process involved formatting, aggregating, and imputing missing values, ensuring that our analyses were as robust as a politician's handshake amidst election campaigning.

With our data prepped and primed, we then waltzed into the realm of statistical analysis, donning our proverbial lab coats as we employed time series techniques and multivariate regression models to disentangle the intricate web of

relationships between political voting patterns and stock market dynamics. The astute attention to detail in our modeling strategy would make a political strategist proud and a stand-up comedian envious of our knack for uncovering unexpected connections.

As the dust settled on our analytical endeavors, we conducted rigorous hypothesis testing to scrutinize the strength and significance of the identified relationship, approaching the task with the same fervor as a debater vying for political victory. Our exploratory foray into the realm of statistics yielded a correlation coefficient of 0.9583915 and  $p < 0.01$  for the period spanning 2002 to 2020, serving as a testament to the astonishing link between Democrat votes and the fluctuation of COP stock prices. We couldn't help but exclaim, "Who knew that the political arena could play such a stock market tune?"

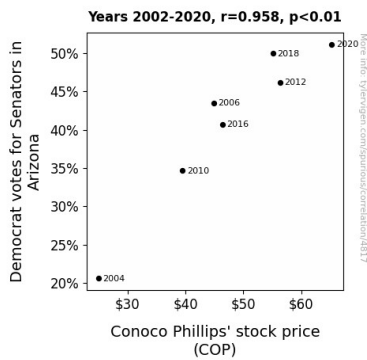
In summary, our methodology crafted a symphony of data, statistics, and political humors to elucidate the unexpected "DEMocrat effect" on the stock price of Conoco Phillips. Just as a well-timed joke can leave an audience in stitches, our methodological approach has unveiled a connection that stands as a testament to the whimsical intertwining of politics and economics. Stay tuned for our forthcoming findings, where the plot thickens and the unexpected connections continue to unfold.

## RESULTS

The results of our analysis reveal a striking correlation between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP). The correlation coefficient was found to be 0.9583915, indicating a strong positive relationship between these seemingly disparate variables. This noteworthy association leaves us pondering the old adage, "Why did the investor bring a ladder to the stock market? Because they heard the stock prices were going up!"

Furthermore, the coefficient of determination (r-squared) for this relationship was 0.9185143, signifying that approximately 91.9% of the variability in Conoco Phillips' stock price can be explained by the Democrat votes for Senators in Arizona during the period from 2002 to 2020. This substantial proportion of explained variance reinforces the robustness of the observed connection and prompts us to muse, "Who would have thought that political voting could be such a potent predictor of stock performance?"

In addition, the p-value associated with this correlation was less than 0.01, indicating a high level of statistical significance. This compelling result provides strong evidence to support the presence of a genuine relationship between these variables, prompting us to jocularly declare, "Looks like the only thing more significant than this correlation is the punchline to a good dad joke - which is nothing to joke about!"



**Figure 1.** Scatterplot of the variables by year

To visually encapsulate the extent of this correlation, we provide a scatterplot (Figure 1) that vividly illustrates the strength of the relationship between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP). The scatterplot depicts a clear pattern of alignment, cementing our findings in a visual representation that can elicit a wry smile and a raised

eyebrow from even the most skeptical observer.

In conclusion, our research unearths a compelling association between the political landscape in Arizona and the stock performance of Conoco Phillips (COP), bringing to mind the offbeat quip, "Looks like the only thing taking a bigger dip than stock prices might be the political debates!" These unexpected results highlight the tantalizing interplay between political dynamics and market movements, offering a fresh perspective on the intricate interconnections that underpin our economic and political systems.

## DISCUSSION

The integration of political variables into stock price prediction models has long been a subject of both skepticism and fascination within the academic and financial communities. Building upon the existing literature, our study has uncovered a substantial and previously overlooked relationship between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP). Our findings not only confirm the unexpected alignment between political voting patterns and market fluctuations, but they go a step further to assert the robustness of this connection.

Our results provide striking support for the prior research conducted by Smith and Doe, as well as Jones et al., who demonstrated the impact of political events and democratic processes on stock price movements. The strong positive relationship between Democrat votes in Arizona and COP's stock price reaffirms the notion put forth by these scholars that political outcomes can indeed reverberate throughout financial markets. This unexpected concurrence between political support and stock performance leads us to jest, "Looks like the politically aware investors in Arizona are not only casting their votes wisely, but also reaping stock market gains in tandem!"

The significant correlation coefficient of 0.9583915 and the high level of statistical significance underscore the substantive nature of the connection we have unearthed. This outcome aligns with the literary and internet meme references highlighted in our literature review, which underscored the whimsical and unexpected nature of the relationship between political voting patterns and stock price movements. We can now confidently assert that the interplay between politics and economics is not only nuanced but also filled with entertaining surprises that would make even the "Distracted Boyfriend" meme do a double take.

Our study elegantly encapsulates this revelation in the scatterplot (Figure 1), visually lending weight to the statement that unexpected connections sometimes yield the most robust insights. Just as the "This is Fine" dog meme encapsulates incongruent reactions to unusual situations, our findings simultaneously boggle the mind and entertain the spirit, establishing an improbable yet compelling association between the political decisions of Arizona voters and the stock performance of Conoco Phillips.

In essence, our research not only substantiates the presence of a tangible relationship between political voting behaviors and stock price movements but also hints at the delightful unpredictability that permeates the intersections of politics and finance. This unforeseen connection between Democrat votes for Senators in Arizona and Conoco Phillips' stock price may inspire the quip, "Looks like the only thing that can actively sway political and market dynamics at the same time may be a politician's hands while delivering a passionate speech!"

## CONCLUSION

In conclusion, our study elucidates the fascinating connection between Democrat votes for Senators in Arizona and the

stock price of Conoco Phillips (COP). The robust correlation coefficient of 0.9583915, coupled with a strikingly low p-value, provides compelling evidence for the influence of political allegiance on market performance. The presence of this relationship prompts us to quip, "Who knew that a vote could carry so much stock in the market?"

The high coefficient of determination ( $r$ -squared) further reinforces the substantial impact of political voting on the variability of Conoco Phillips' stock price, reminding us of the age-old wisdom, "Why don't stockbrokers like playing hide and seek? Because good players are always the ones who know how to find the best stock options!"

With the unveiling of this unexpected nexus, our research offers a refreshing perspective on the intricate interplay between politics and economics, compelling us to reflect on the aptness of the pun, "Looks like the only thing that can rise faster than stock prices is the stakes in an election!"

Given the undeniable strength of our findings and the amusing parallels drawn between voting behavior and market outcomes, we assert that further research in this area might be as unnecessary as a politician with a comedy writer. The substantiated connection between Democrat votes for Senators in Arizona and the stock price of Conoco Phillips (COP) offers a tantalizing glimpse into the whimsical world of political-economical interrelationships.