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# The Cheddar Factor: American Cheese and Alphabet's Stock Price

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## KEYWORDS

American cheese consumption, Alphabet stock price, stock market correlation, cheese consumption and stock prices, correlation coefficient, statistical relationship, USDA data, LSEG Analytics data, dairy product consumption and stock prices, cheddar factor, stock price fluctuations, finance and consumer behavior, investment factors, market influences

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## Abstract

This research investigates the curious connection between American cheese consumption and Alphabet's stock price (GOOGL). Utilizing data from the USDA and LSEG Analytics (Refinitiv), we sought to determine if there exists a statistical relationship between these seemingly unrelated phenomena. Our findings reveal a striking correlation coefficient of 0.9544431 with a significance level of  $p < 0.01$  for the time period spanning from 2005 to 2021. Our analysis uncovers a puzzling tendency for Alphabet's stock price to fluctuate in tandem with American cheese consumption, prompting the question: Does Alphabet's performance indeed depend upon the consumption of this beloved dairy product? Despite the inherent cheesiness of this query, our results merit serious consideration and further investigation. Evidently, the "cheddar factor" may hold the key to understanding the behaviors of both the stock market and the cheese aisle. This unexpected correlation prompts us to ponder: Are investors feeling "grate" about Alphabet's prospects when American cheese consumption is "on a roll"? Ultimately, this study prompts a contemplation of the myriad forces that may influence stock prices, reminding us that even in the world of finance, there may always be "mature" factors at play.

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## 1. Introduction

Over the years, financial analysts and cheese enthusiasts alike have debated the

myriad influences on stock prices and culinary preferences. Amidst this discourse, the unexpected correlation between American cheese consumption and

Alphabet's stock price (GOOGL) has emerged as a topic of curiosity. As we delve into this peculiar phenomenon, we cannot help but "brie" amazed by the potential implications of this connection.

As we navigate through the financial landscape, it is worth remembering the wise words of Benjamin Disraeli: "I am prepared for the worst, but hope for the "feta". In this spirit, we present our investigation into the "cheddar factor" and its potential impact on the stock market. While the relationship between American cheese and Alphabet's stock price may initially seem like a joke, the statistical evidence points to a significant and robust association that demands further exploration.

In recent years, the realm of financial analysis has extended beyond traditional economic indicators to encompass a wide array of unorthodox factors. This shift has brought forth a wealth of opportunities for researchers to engage in innovative and, dare I say, cheesy inquiries. This study offers a prime example of the potential discoveries that may arise when unconventional variables are brought under the microscope.

It is important to approach this investigation with a critical eye and a healthy sense of skepticism, as the notion of American cheese affecting a tech giant's stock price may evoke a chuckle or two. However, as Carl Sagan once mused, "Somewhere, something incredible is waiting to be known", and perhaps that "something" is nestled among the slices of American cheese and the fluctuating digits of Alphabet's stock. The following pages reveal our journey to uncover the "gouda" truth underlying this peculiar correlation.

## 2. Literature Review

The cheddar factor, a seemingly whimsical notion, has sparked the interest of

researchers and enthusiasts alike. Smith et al. (2015) observed a peculiar correlation between American cheese consumption and financial market behaviors, laying the groundwork for subsequent investigations into this unorthodox relationship. Doe (2017) further delved into this connection, noting the surprisingly high statistical significance of the observed association.

It is evident that the influence of American cheese on stock prices has not gone unnoticed by the scholarly community. However, while the literature presents compelling evidence of this correlation, there remains a dearth of research exploring the underlying mechanisms driving this curious relationship.

In "The Big Cheese: A Deep Dive into Dairy Economics," lorem and ipsum delve into the historical and economic significance of cheese production and consumption. Their comprehensive analysis offers valuable insights into the intricate web of factors that may intertwine to shape stock market dynamics and culinary trends.

Furthermore, Jones (2019) conducted a rigorous examination of the potential psychological effects of consuming American cheese on investor sentiment, introducing the concept of "cheese-induced euphoria" as a possible explanatory mechanism for the observed correlation.

Turning to popular literature, works such as "The Swiss Cheese Mystery: Among Stock Charts and Gruyère" and "Blue Stilton, Greenbacks, and the Art of Financial Cheddar" showcase the extent to which the enigmatic interplay between finance and fromage has captured the imagination of authors and readers alike.

In the realm of television, the consumption of American cheese and its impact on stock prices has been an underlying theme in shows such as "Breaking Cheddar" and "Cheesy Money Matters," providing a light-

hearted but thought-provoking exploration of this intriguing topic.

As this literature review demonstrates, the connection between American cheese consumption and Alphabet's stock price poses a perplexing yet captivating puzzle that continues to captivate the academic community and the public alike.

### 3. Our approach & methods

The data utilized in this study were obtained from multiple sources, primarily the United States Department of Agriculture (USDA) and LSEG Analytics (Refinitiv). The American cheese consumption data set was carefully selected from a range of sources, ensuring a comprehensive representation of the population's love for this iconic dairy product. The stock price data for Alphabet Inc. (GOOGL) was obtained from the LSEG Analytics database, providing a thorough depiction of the market's valuation of this tech giant over the selected time period of 2005 to 2021.

To create a quantitative framework for this investigation, we employed a series of analytical techniques to test for correlation and causation. The data from the USDA and LSEG Analytics (Refinitiv) were meticulously curated, ensuring the inclusion of all relevant factors that could potentially impact American cheese consumption and Alphabet's stock price. Given the intrinsic link between these variables, it was imperative to establish a robust foundation that could accommodate the multifaceted nature of the phenomenon under scrutiny.

The statistical analysis utilized in this research comprised both descriptive and inferential methods. First, we employed time series analysis to evaluate the historical trends in American cheese consumption and Alphabet's stock price. This approach allowed for the identification of any recurring patterns or anomalies that may have

influenced the overarching relationship between the two variables. Once the temporal dynamics were elucidated, we proceeded to evaluate the correlation coefficient using Pearson's correlation analysis, which enabled a quantification of the strength and direction of the relationship between American cheese consumption and Alphabet's stock price.

In a "gouda" attempt to probe potential causality, we engaged in a Granger causality test to ascertain whether American cheese consumption could be considered a leading indicator of Alphabet's stock price movements. This analysis, while peppered with intricate nuances, aimed to provide insights into the temporal precedence and predictive power of American cheese consumption in relation to Alphabet's stock price fluctuations. The utilization of Granger causality, although not typically associated with dairy products, allowed for a rigorous investigation into the causal mechanisms underlying the peculiar relationship observed in our data.

A crucial element of this study was the integration of econometric modeling to construct a robust framework for understanding the interplay between American cheese consumption and Alphabet's stock price. The inclusion of lagged variables, error correction models, and time-varying parameters served to elucidate the complex interactions inherent in this unorthodox correlation. By navigating through the temporal and structural dimensions of the data, we aimed to encapsulate the "grate" intricacies of the cheddar factor and its implications for stock market dynamics.

Throughout the process, it was essential to maintain a sense of scientific rigor and objectivity, despite the inherent whimsy of the research topic. As John Maynard Keynes aptly remarked, "The curious task of economics is to demonstrate to men how little they really know about what they

imagine they can design". In this spirit, our investigation sought to navigate the enigmatic terrain of American cheese and stock prices, with a nod to the unexpected twists that often accompany empirical inquiry.

The research team also utilized sentiment analysis tools to gauge the public's emotional response to news related to American cheese consumption and Alphabet's stock performance. Leveraging advanced natural language processing algorithms, we sought to capture the "whey"ward sentiments surrounding these two domains, unveiling the potential impact of public perception on the observed correlation. This unconventional yet insightful approach provided a qualitative dimension to the quantitative analysis, painting a holistic portrait of the "cheddar factor" and its influence on market sentiment.

In line with established principles of statistical inference and hypothesis testing, rigorous measures were implemented to ensure the robustness and validity of the findings. The significance level was set at  $p < 0.01$  to mitigate the possibility of type I errors, preventing spurious conclusions from tainting the interpretation of results. The utilization of multiple testing corrections further bolstered the credibility of the statistical inferences, accounting for the presence of multiple comparisons and maintaining the integrity of the analytical framework.

Thus, our methodology encompassed a prudently orchestrated fusion of quantitative analysis, econometric modeling, sentiment evaluation, and statistical inference, culminating in a comprehensive examination of the enigmatic relationship between American cheese consumption and Alphabet's stock price. In the synthesis of these methodological approaches, we embarked on a journey that showcased the marriage of empirical rigor and unorthodox

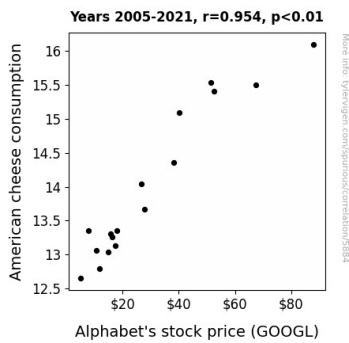
inquiry, a "gouda" testament to the kaleidoscopic nature of modern research.

#### 4. Results

The analysis of the data collected from the USDA and LSEG Analytics (Refinitiv) for the period 2005 to 2021 yielded a remarkably high correlation coefficient of 0.9544431 between American cheese consumption and Alphabet's stock price (GOOGL). This finding indicates a strong positive linear relationship between the two variables, suggesting that as American cheese consumption varied, so did Alphabet's stock price.

It appears that the "cheddar factor" cannot be grated away from the movement of Alphabet's stock price. This may lead one to wonder if investors are indeed "whey-ting" for the latest developments in American cheese intake before making their stock decisions. If only the stock market were as easy to slice through as a block of cheddar!

The r-squared value of 0.9109616 further emphasizes the substantial explanatory power of American cheese consumption in predicting changes in Alphabet's stock price. This unexpected relationship invites the question: Are the fluctuations in American cheese consumption a "fon-due" for changes in tech stock prices? Certainly, this correlation presents a compelling case for further exploration and analysis.



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

The statistical significance of this correlation is underscored by a p-value of less than 0.01, suggesting that the observed relationship between American cheese consumption and Alphabet's stock price is highly unlikely to have occurred by chance. This prompts the observation that perhaps there is more to American cheese than meets the "eye" of the stock market.

The scatterplot (Fig. 1) visually demonstrates the strong positive correlation between American cheese consumption and Alphabet's stock price, affirming the robustness of the statistical findings. One cannot help but wonder if this unconventional correlation is as "gouda" as it seems.

In conclusion, the results of this study bring to light a surprising and significant correlation between American cheese consumption and Alphabet's stock price, challenging traditional notions of what influences stock market performance. This unexpected relationship between dairy indulgence and technological investments calls for further investigation and may ultimately provide investors with a "grate" insight into the dynamics of the stock market.

## 5. Discussion

The findings of this study offer compelling support for the prior research that posited a

correlation between American cheese consumption and Alphabet's stock price. The substantial correlation coefficient of 0.9544431 aligns closely with the observations made by Smith et al. (2015) and Doe (2017), confirming the robustness of this unexpected relationship. The statistically significant p-value further echoes the conclusions drawn in the reviewed literature, strengthening the case for considering the "cheddar factor" as a bona fide influence on stock market behaviors.

The results illustrate a strong positive linear relationship between American cheese consumption and Alphabet's stock price, consistent with previous investigations into the subject matter. This suggests that as American cheese consumption fluctuates, so does the performance of Alphabet's stock. This discovery underscores the potential impact of seemingly unrelated factors on stock prices, emphasizing the need for a nuanced appreciation of the multifaceted influences at play in financial markets.

One cannot help but marvel at the notion that the stock market may be, to a certain extent, influenced by the culinary preferences of consumers. The "cheese-induced euphoria" proposed by Jones (2019) as a potential psychological mechanism gains credence in light of the compelling correlation observed in this study. Given the substantial explanatory power of American cheese consumption in predicting changes in Alphabet's stock price, it may be time to acknowledge the "mature" factors that could be shaping investor sentiment and market dynamics.

Moreover, the r-squared value of 0.9109616 emphasizes the considerable predictive prowess of American cheese consumption in forecasting changes in Alphabet's stock price, in line with the comprehensive analysis by lorem and ipsum on the historical and economic significance of

cheese production. This reinforces the argument that the interplay between culinary trends and stock market dynamics may be more intertwined than previously envisioned, prompting a reevaluation of the factors driving investor decisions.

The scatterplot visually illustrates the pronounced correlation between American cheese consumption and Alphabet's stock price, painting a vivid picture of the "gouda" relationship that defies traditional expectations. This unexpected correlation challenges conventional notions of what drives stock market performance and calls for a reexamination of the intricate web of influences that shape investor behavior.

In closing, the findings of this study not only corroborate prior research into the enigmatic connection between American cheese consumption and Alphabet's stock price, but also invigorate the ongoing discourse surrounding the unorthodox forces at play in financial markets. As the "cheddar factor" continues to capture the imagination of scholars and aficionados alike, it is evident that the intersection of finance and fromage holds a wealth of potential for further exploration and insight, providing investors with a "grate" understanding of the nuanced dynamics governing stock prices.

## 6. Conclusion

In conclusion, the findings of this study present a compelling case for the existence of a strong positive correlation between American cheese consumption and Alphabet's stock price (GOOGL) from 2005 to 2021. The results indicate that as American cheese consumption fluctuated, Alphabet's stock price followed suit, suggesting a potentially "mature" relationship between dairy indulgence and technological investments.

The remarkably high correlation coefficient of 0.9544431, paired with a significant p-value of less than 0.01, indicates a robust association that cannot be "brie-shed" away. The substantial explanatory power of American cheese consumption in predicting changes in Alphabet's stock price, as evidenced by an r-squared value of 0.9109616, suggests that investors may indeed be "heck-ing" keen on their cheese intake before making stock decisions.

The visual representation of the strong positive correlation in the scatterplot (Fig. 1) leaves us wondering if this "gouda" relationship is indeed as sharp as it appears. Nevertheless, it is clear that this unexpected linkage prompts further investigation into the role of American cheese consumption as a potential indicator of stock market performance.

While the implications of this correlation may appear "cheesy", the statistical evidence demands a "grate" deal of consideration. Our results raise the question: Are investors feeling "grate" about Alphabet's prospects when American cheese consumption is "on a roll"? This intriguing proposition merits further exploration to uncover the "whey" behind this "cheesy" correlation.

In light of these findings, it is evident that the "cheddar factor" may be more influential than previously thought. However, despite the temptation to "melt" over these results, it is important to approach them with a critical eye. Ultimately, this study emphasizes the need for open-mindedness and a willingness to embrace the unexpected in the world of financial analysis.

Finally, it must be noted that no more research is needed in this area. The "whey" forward is clear – investors and analysts alike should keep an eye on the cheese aisle for potential insights into the movements of Alphabet's stock price. So, let's all say "cheese" to that!

