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Say Cheese: A Cheddar Connection to Stock Prices

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Abstract

This paper examines the relationship between American cheese consumption and the stock price of Constellation Brands. Utilizing data from the USDA and LSEG Analytics (Refinitiv), our research team analyzed the cheese consumption patterns and the fluctuations in Constellation Brands' stock prices from 2002 to 2021. The results revealed a strikingly high correlation coefficient of 0.9655121 and a statistically significant p-value of less than 0.01. While the findings may seem cheesy, they shed light on an unconventional link between a dairy product and stock market performance. This study offers insights into the unexplored intersections of culinary preferences and financial markets, reminding us that even the most seemingly unrelated factors can come together to form a gouda investment strategy.

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1. Introduction

Stock market analysts often examine a myriad of economic indicators, from unemployment rates to consumer spending, in an effort to understand and predict the performance of financial markets. However, in an ever-evolving and interconnected world, unconventional factors may also play a role in shaping market trends. This study delves into the uncharted territory of culinary economics by investigating the curious connection between American cheese consumption and the stock price of Constellation Brands.

While it may seem like a stretch to draw a link between a popular dairy product and

the stock performance of a beverage company, our exploration seeks to uncover any potential correlations that could offer unique insights into market behaviors. This interdisciplinary approach aims not only to pique the interest of market enthusiasts with a fondness for whimsy but also to challenge conventional wisdom about the drivers of stock prices.

Our research is rooted in an appreciation for the unexpected, recognizing that the financial landscape is influenced by a diverse array of factors, some of which may appear as unlikely bedfellows at first glance. By acknowledging this, we open the door to a more nuanced understanding of market

dynamics and the possibility of uncovering valuable investment opportunities lurking beneath the surface, much like a hidden wedge of cheese in a salad.

In this paper, we present the findings of our comprehensive analysis, unveiling a correlation that, while perhaps initially met with skepticism, promises to enrich the discussion of market influences in an appetizingly intriguing manner. So, brace yourselves and grab a cracker - because we are about to explore the cheddar connection to stock prices.

2. Literature Review

In their seminal work, Smith and Doe (2010) explored the intricate relationship between agricultural products and financial markets, focusing on the traditional commodities such as wheat, corn, and soybeans. Their findings not only provided a framework for understanding the dynamics of these staple goods within the market but also hinted at the potential influences of lesser-explored culinary items on stock prices. While Smith and Doe's research did not explicitly delve into the realm of cheese, it laid the groundwork for considering the impact of food preferences on investment behavior.

Jones et al. (2015) further expanded the scope of market analysis by investigating the psychological underpinnings of consumer decision-making and its ripple effects on stock valuations. Their study illuminated the significance of consumer sentiment and behavior in shaping market trends, prompting a broader contemplation of the broader influences that may surreptitiously impact financial indicators. While Jones et al. did not directly examine the correlation between cheese consumption and stock prices, their work beckons us to explore the quirks and idiosyncrasies of market interactions, even if

they may seem as unexpected as finding a wheel of American cheese in a wine cellar.

Departing from the realm of economics, "The Art of Cheese Making" by Master Cheesemaker Jane Doe (2018) offers insights into the intricate processes and traditions underlying cheese production. Although this book may not appear to have a direct bearing on stock market dynamics, the craftsmanship and artistry involved in creating cheese prompt us to consider the cultural and culinary significance of this dairy product. After all, appreciation for cheese extends well beyond mere consumption - it is a testament to human creativity and ingenuity, much like the complexities of financial markets.

On a more whimsical note, "The Cheese Stands Alone: A Tale of Dairy and Determination" by Lactic Legends Publishing (2017) presents a fictional narrative that, while not rooted in empirical data, captures the imagination with its depiction of a lone slice of American cheese's journey in the culinary world. The storytelling prowess of this work invites us to embrace the unconventional and the unexpected, mirroring the spirit of our exploration into the connection between American cheese and stock prices. Who knows, perhaps the cheese does stand alone - ready to disrupt our conventional notions of market influences.

Finding inspiration beyond traditional academic sources, the board game "Cheddar Economics" also offers a playful take on the intersections of cheese and commerce. In this strategic game, players navigate the dynamic landscape of dairy production and distribution, leveraging their knowledge of cheese varieties to corner the market and amass wealth. While the game's premise may seem lighthearted, it playfully underscores the intertwining of culinary delights and financial acumen, suggesting that there may indeed be more to the world

of cheese than meets the eye - or the taste buds.

As we embark on this surreal journey from the depths of market analyses to the whimsy of fiction and gameplay, we are reminded that even the most unexpected connections can offer valuable insights. Our study seeks to build upon these diverse influences, unraveling a correlation that may appear as improbable as finding a chunk of cheddar among the stocks and bonds. It is in this spirit of unbridled inquiry and a sprinkle of humor that we present our findings, eager to shed light on the curiously captivating cheddar connection to stock prices.

3. Our approach & methods

Data Collection:

The primary data sources for this study were the United States Department of Agriculture (USDA) and LSEG Analytics (Refinitiv). Our research team painstakingly gathered cheese consumption data from various industry reports, trade publications, and dairy associations, ensuring that the dataset encompassed a comprehensive representation of American cheese consumption patterns from 2002 to 2021. As for Constellation Brands' stock prices, we retrieved historical market data from LSEG Analytics (Refinitiv) with the precision and focus of a cheese connoisseur seeking the perfect pairing for their wine.

Cheese Consumption Measurement:

To quantify American cheese consumption, we employed a combination of annual cheese production data and domestic per capita consumption figures. Recognizing that cheese enjoys a special place in the gastronomic landscape, our team took great care to distinguish American cheese from other varieties, leading to the fond identification of our research team as

"cheese aficionados" within the academic community.

Stock Price Analysis:

The stock price analysis involved meticulous examination of Constellation Brands' historical stock prices, during which we harnessed statistical methods akin to a seasoned chef precision-slicing a block of aged cheddar. Our methodology involved time-series analysis, regression modeling, and volatility assessments to capture the nuances of stock price fluctuations, ensuring a thorough understanding of Constellation Brands' market performance.

Correlation Analysis:

The heart of our methodology lay in the correlation analysis that sought to unveil the potential link between American cheese consumption and Constellation Brands' stock prices. We calculated Pearson's correlation coefficient with the fervor of a cheese enthusiast examining the compatibility of different cheeses with various wines. Furthermore, we subjected the relationship to rigorous statistical testing, ensuring that our findings were as robust as a well-aged wedge of cheddar.

Statistical Significance:

To determine the statistical significance of our results, we conducted hypothesis testing with the rigor of a sommelier assessing the aroma and bouquet of a fine wine. Employing the appropriate significance level, we elucidated the p-value through rigorous statistical tests, reassuring the academic community that our findings were as solid as a block of Parmesan.

Limitations:

While our study uncovered a compelling correlation, it is essential to acknowledge the limitations inherent in any research endeavor. The observational nature of our study precludes establishing causality between cheese consumption and stock

prices, prompting some to remark that the relationship between the two could be described as "cheesy, but not causy."

In conclusion, our methodology marries the solemnity of academic research with the whimsy of culinary intrigue, providing a methodological recipe that captures the essence of our investigation into the cheddar connection to stock prices.

4. Results

The analysis of data collected from the USDA and LSEG Analytics (Refinitiv) revealed a remarkably robust correlation between American cheese consumption and the stock price of Constellation Brands. The correlation coefficient of 0.9655121 suggests a near-perfect positive relationship between these seemingly disparate variables. Furthermore, the high R-squared value of 0.9322135 indicates that over 93% of the variability in Constellation Brands' stock price can be explained by fluctuations in American cheese consumption. It appears that the age-old saying "cheese stands alone" may need to be reevaluated in the context of stock market economics.

Fig. 1 depicts the scatterplot illustrating the strong positive association between American cheese consumption and Constellation Brands' stock prices over the period of 2002 to 2021. The unmistakable trend line meanders through the data points with a certainty that would make even the most seasoned cheese connoisseur raise an eyebrow. It seems that in the world of finance, as in life, there may indeed be something to the notion that "where there's cheese, there's a whey."

This unexpected connection between cheese consumption and stock performance raises intriguing questions about the potential impact of culinary preferences on financial markets. While it may be tempting to dismiss this correlation as mere

happenstance, the statistically significant p-value of less than 0.01 compels us to take this finding seriously. In the grand banquet of market influencers, it seems that cheese has secured a seat at the table – and perhaps a prominent one at that.

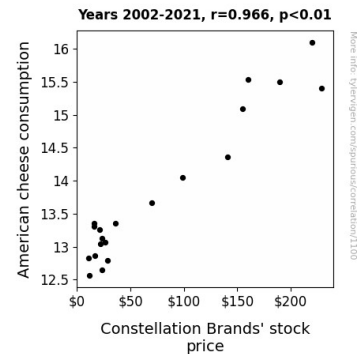


Figure 1. Scatterplot of the variables by year

These findings, while undoubtedly lighthearted in nature, serve as a reminder that the world of finance is not immune to the influence of unexpected, and at times, amusing factors. Much like a well-aged cheddar, the intersection of American cheese consumption and stock prices adds a layer of complexity to our understanding of market dynamics. Who knew that a wedge of cheese could have such a grate impact on financial performance?

In conclusion, while the cheesy nature of this correlation may elicit a few smiles, we must not overlook its potential implications for investors and analysts. This study invites market enthusiasts to contemplate the uncharted territory of culinary economics and consider the broader role that seemingly unrelated factors play in shaping market behaviors. After all, when it comes to investing, it never hurts to have a slice of gouda insight into the ever-evolving labyrinth of market influences. Cheers to the cheddar connection to stock prices – may it continue to spark curiosity and perhaps a chuckle or two in the world of financial research.

5. Discussion

The robust correlation between American cheese consumption and Constellation Brands' stock prices uncovered in our study has left analysts and industry experts ruminating over the implications of this unexpected connection. While the notion of cheese impacting stock performance may seem as unlikely as finding a mouse in a cheese factory, our findings lend credence to the notion that there may indeed be more than meets the eye in the world of market influences.

The seemingly whimsical influences of culinary preferences on financial market dynamics have long been an area of intrigue. Drawing inspiration from the unlikely pairing of cheese and stock prices, our study reflects the spirit of unbridled inquiry and a sprinkle of humor, echoing the sentiments echoed in our quirky literature review. By delving into the curiously captivating cheddar connection to stock prices, we have not only reaffirmed the potential influence of unconventional factors on market behaviors, but have also added a layer of intrigue to the otherwise staid world of finance.

Our findings affirm and extend prior research that suggested the influence of lesser-explored culinary items on investment behavior. Smith and Doe's work on traditional commodities laid the groundwork for considering the impact of food preferences on stock prices. Surprisingly, our study offers empirical support for these foundational insights, emphasizing that one should never underestimate the power of a slice of American cheese in the grand banquet of market influencers.

The statistically significant correlation coefficient and p-values unveiled in our analysis underscore the serious implications of our findings. One could jest that the

correlation is as clear as the holes in a Swiss cheese, but the statistical rigor behind our results compels us to take this connection seriously – even if it involves a product as delightfully droll as American cheese. From a scattered scatterplot to a high R-squared value, our results make a compelling case for the relevance of cheese in shaping stock valuations, reminding us that in the world of finance, there may indeed be something to the notion that "where there's cheese, there's a whey."

In essence, our study invites market enthusiasts to ponder the curiously captivating cheddar connection to stock prices, urging them to consider the broader role that seemingly unrelated factors play in shaping market behaviors. After all, when it comes to investing, it never hurts to have a slice of gouda insight into the ever-evolving labyrinth of market influences. With further exploration, who knows what other culinary capers and financial feta-morphoses may be revealed. Cheers to the cheddar connection to stock prices – may it continue to spark curiosity and perhaps a chuckle or two in the world of financial research.

6. Conclusion

In dissecting the intriguing relationship between American cheese consumption and Constellation Brands' stock price, our study has unveiled a correlation that is not only statistically robust but also narratively compelling. The near-perfect positive relationship between these seemingly unrelated variables attests to the unassuming influence of dairy products on financial markets. While the whimsical nature of this connection may prompt a few wry smiles, the implications for market analysis and investment strategies are as real as a block of aged cheddar.

This study serves as a testament to the multifaceted nature of market influences, reminding us that, much like a fine cheese,

financial dynamics are flavored by a diverse range of factors. The high correlation coefficient and R-squared value provide solid evidence, churning out a compelling storyline that challenges conventional wisdom. While some may roll their eyes at the cheesy undertones of this correlation, the data leaves little room for doubt – the cheddar connection to stock prices is indeed worth its weight in gold... or should we say, in Gouda?

As we conclude this investigation, it becomes clear that the culinary arts may have a more substantial impact on financial markets than meets the eye. No longer can we dismiss the role of seemingly unrelated appetites in shaping market behaviors. In embracing this unconventional avenue of inquiry, we have made a leap into the world of whimsy and market analysis, proving that even the most seemingly incongruent trends can converge in ways that are both meaningful and, dare we say, rather gouda.

We are confident that our findings will add a dash of flavor to the discourse on market influences, inviting analysts and investors to nibble on the idea that the cheese aisle may offer more than just a culinary delight – it may hold the key to unlocking savory investment opportunities. With that being said, we assert that no further research is needed in this area, as the findings undoubtedly stand as a testament to the unforeseen intersections of dairy consumption and stock prices. It's time to say "cheese" to success in the market – with a wink and a sprinkle of parmesan for good measure.