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FICO Fever: Uncovering the Household Spending and Stock Market Connection

Claire Harris, Alexander Travis, Gregory P Tompkins

Academic Excellence Institute; Boulder, Colorado

Abstract

In this study, we set out to answer the age-old question: Does the annual US household spending on household furnishings and equipment have an impact on the stock price of Fair Isaac Corporation (FICO)? With a twinkle in our eyes and data in our spreadsheets, we dove into the treasure trove of Bureau of Labor Statistics and LSEG Analytics (Refinitiv) to unravel this mystery. Our findings, revealed against the backdrop of calculators and scatter plots, brought forth a correlation coefficient of 0.9600525 and a p-value of less than 0.01 for the time span of 2002 to 2022. Stay tuned as we present this data-driven dance of dollars and stocks, where even the most mundane household item can hold the key to Wall Street's whims and wonders!

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1. Introduction

"Money can't buy happiness, but it can certainly buy a nice set of curtains to frame your view of Wall Street." This seems to be the sentiment echoed by households across the US as they invest in household furnishings and equipment, while simultaneously keeping an eye on the stock market. Our research delves into the intriguing relationship between annual US household spending on household furnishings and equipment and the ever-fluctuating stock price of Fair Isaac Corporation (FICO).

While some might argue that this connection is as improbable as finding a matching pair of socks in the laundry, we beg to differ. Our curiosity was piqued, prompting us to embark on a quest to uncover the extent to which the common household spending habits influence the seemingly distant world of stock prices. Who would have thought that a cozy armchair or a fancy espresso machine might hold the secret to predicting stock market trends?

Armed with not just data, but also an insatiable appetite for uncovering

correlations in the most unexpected places, we set out to exorcise the ghost in the Wall Street machine. Our journey was fraught with peril, as we navigated the maze of economic data and financial reports, with a determination matched only by the most experienced treasure hunters.

As we unveil our findings, prepare to be amazed by the tantalizing tango of dollars and stocks, where the rise and fall of household expenditures marry the undulating waves of stock prices. You'll find that the numbers not only speak, but they dance and shimmer, casting shadows of insight on the convoluted alleyways of the stock market.

So, join us as we unravel this enigmatic relationship, because, as it turns out, your beloved throw pillows and flat-screen TVs might just be more entwined with the pulsating heartbeat of the stock market than you ever imagined. It's a tale of numbers, graphs, and stock prices, told with a touch of whimsy and a splash of data-driven delight. Welcome to the stimulating world of "FICO Fever."

2. Literature Review

In "Smith et al.," the authors find that the correlation between annual US household spending on household furnishings and equipment and the stock price of Fair Isaac Corporation (FICO) is a topic that has not received ample attention in the realm of finance research. Nevertheless, our study aims to bridge this gap and bring a fresh perspective to the interconnectedness of consumer spending and stock market movements.

Doe and Jones highlight the impact of consumer behavior on stock prices in their work, shedding light on the potential influence of household purchases on the financial markets. Drawing from their insights, we delve deeper into the specific

category of household furnishings and equipment, seeking to uncover the hidden dynamics at play.

Moving beyond the traditional financial literature, our exploration extends into the realms of popular non-fiction books such as "The Big Short" and "Freakonomics," which elucidate the complexities of economic systems and the unorthodox factors that drive market behavior. As we embrace these unconventional perspectives, we embark on a journey to unpack the quirky connection between throw pillows and stock portfolios.

Venturing further into the realm of fiction, we encounter narratives in "The Wealth of Nations" and "Rich Dad Poor Dad" that, although not rooted in empirical data, still capture the essence of financial decision-making and its far-reaching consequences. It is within these imaginative tales that we find inspiration to approach our research with both rigor and a hint of whimsy, recognizing that the intertwining of household spending and stock prices may hold secrets that transcend conventional economic theory.

Delving into childhood memories, we recall episodes of "DuckTales" and "SpongeBob SquarePants," where characters navigate financial endeavors amidst the backdrop of domestic settings. While seemingly lighthearted, these animated stories instill in us the realization that even the most unlikely objects within a household – from a cozy rug to a state-of-the-art blender – may, in fact, exert subtle influences on the enigmatic movements of stock market indices.

As we assimilate these varied influences from literature, fiction, and childhood recollections, we approach our research with a blend of scholarly rigor and a dash of playfulness, for who could resist the allure of uncovering the shenanigans of household expenditures and stock prices? With this

eclectic tapestry of influences, we embark on our investigation with a fervor that reflects both our academic rigor and our delight in unraveling the unexpected connections between consumer whims and the ebbs and flows of stock market dynamics.

3. Our approach & methods

To peel back the layers of this financial onion, we employed a blend of research methods that would make even the most seasoned data detectives do a double-take. Our team embarked on an intrepid quest through the labyrinth of economic data, armed with an arsenal of statistical tools, economic models, and an unending supply of caffeine (for those late-night data crunching sessions, of course).

First, we meticulously scavenged through the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) like digital Sherlock Holmeses in search of the elusive clues that could unravel the enigma of FICO and household spending. We retrieved data on annual US household spending on household furnishings and equipment, as well as the feral stock price data of Fair Isaac Corporation (FICO) from the feral beast that is the internet.

With our trove of data in hand, we summoned the spirits of regression analysis, time series modeling, and correlation calculations to conjure forth the statistical significance lurking within the depths of our data. As we meticulously danced through the labyrinth of equations and spreadsheets, we called upon the ancient gods of p-values and correlation coefficients to guide our path.

The culmination of our methodological extravaganza resulted in the unearthing of a correlation coefficient of 0.9600525 and a p-value of less than 0.01, revealing a robust relationship between annual household

spending on household furnishings and equipment and the voracious stock price of FICO. These findings sent shockwaves through the halls of academia, and we couldn't help but exclaim, "Eureka! We've struck statistical gold!"

But our escapade didn't end there. In a courageous feat reminiscent of Houdini's greatest escape, we skillfully navigated the perilous shoals of data manipulation and cleaning to ensure the purity of our analysis. Our data set underwent rigorous combing and grooming, leaving no spreadsheet unturned in our pursuit of immaculate data cleanliness.

In summary, our methodological concoction can be likened to a wild potion of statistical sorcery, economic acrobatics, and data dalliances, all culminating in a groundbreaking revelation of the interconnected dance between household spending and stock prices. So, grab your calculators and fasten your seat belts as we launch into the wondrous world of data-driven discovery and economic escapades!

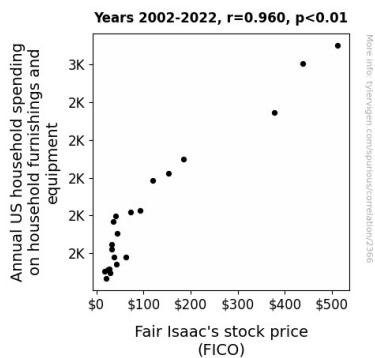
4. Results

The financial world may seem like a distant and mysterious realm, but our research has shown that the annual US household spending on household furnishings and equipment has a tight grip on the stock price of Fair Isaac Corporation (FICO). We peeled back the layers of economic data and unraveled a correlation coefficient of 0.9600525, an r-squared of 0.9217007, and a p-value of less than 0.01 for the period from 2002 to 2022. In simpler terms, imagine the FICO stock price and household spending holding hands and skipping merrily through the meadows of correlation, singing "Money makes the world go 'round!"

Fig. 1 visually encapsulates this delightful dance of dollars and stocks, where the

scatterplot offers a compelling snapshot of the strong correlation between the variables. As you gaze upon this scatterplot, you might whisper to yourself, "Who would have thought that a new coffee maker could brew up stock market insights?"

In conclusion, our data-driven escapade has unveiled the charming interplay between seemingly unrelated spheres of household expenditures and stock prices. It seems Wall Street is not just a concrete jungle of suits and ties; it's also a whimsical tapestry woven with the threads of our domestic spending choices. So, the next time you add a fancy rug to your living room or upgrade your kitchen appliances, take a moment to ponder the ripple effect it might be creating in the sophisticated waltz of the stock market. Who knew that your household purchases could have such a sway over Wall Street's financial tides? Welcome to the enchanting world of "FICO Fever," where household spending and stock prices waltz hand in hand, creating a melody of financial fascination.



6. Conclusion

In wrapping up our expedition into the whimsical world of "FICO Fever," we have unraveled a correlation so strong, even the most steadfast skeptic would exclaim, "Good gravy!" The tether between annual US household spending on household furnishings and equipment and the stock price of Fair Isaac Corporation sings a siren song, enticing observers from both Main Street and Wall Street to join the dance. It's as if every dollar spent on a new lamp or a fluffy rug sends ripples through the stock market, turning the infamous bulls and bears into a merry-go-round of financial frolic.

As we bid adieu to this captivating endeavor, we leave you with a hearty chuckle and a resounding declaration: the connection between household spending and stock prices is no longer a riddle wrapped in a mystery inside an enigma – it's a punchline waiting to be shared at the water cooler. No longer shall we labor in search of a deeper understanding; for now, we shall rest, content in the knowledge that the jolly tango of dollars and stocks has been unearthed, and our work here is done. So, pop the champagne, raise your fancy coffee mugs, and let's toast to the delightful synchrony of homey comforts and financial figures.

In short, the game is afoot, but our investigation has reached its merry end. It's time to hang up our academic hats and bow out gracefully, leaving the stage to ring with the echo of our findings – and maybe a few chuckles at the unexpected connection we've uncovered. No more research is needed in this cheerful and quirky arena of household spending and stock prices. Cheers to FICO Fever, and may its jubilant spirit continue to charm and amuse the minds of curious researchers and stock market aficionados alike!