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The Ripple Effect: Investigating the Quirky Relationship Between US Bottled Water Consumption and PACCAR Stock Price

Charlotte Harrison, Andrew Tate, Gina P Tucker

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The Institute for Hydration Economics and Market Dynamics

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Abstract

This paper delves into the unexpected nexus between the per-person consumption of bottled water in the United States and PACCAR's stock price (PCAR). Using comprehensive data from Statista and LSEG Analytics (Refinitiv), we embarked on a statistical exploration to unravel this curious association. Our findings revealed a remarkably high correlation coefficient of 0.9253920 with a significance level of $p < 0.01$, spanning the years 2002 to 2022. While this study may seem as refreshing as a cool sip of bottled water on a hot day, the implications and interpretations of this relationship are as complex as the flavors in a gourmet water tasting. Join us as we navigate these uncharted waters, diving deep into the waves of market behavior and consumer preferences to shed light on this captivating, albeit unexpected connection. We invite you to embark on this intellectual endeavor with us, and together, we shall toast to the intriguing interplay of seemingly disparate elements in the financial landscape.

1. Introduction

The relationship between consumer behavior and stock market performance has long been a subject of intrigue within the realm of financial research. In this paper, we delve into an unlikely pairing - the per-person consumption of bottled water in the United States and PACCAR's stock price (PCAR). It's a seemingly peculiar amalgamation, yet our statistical analysis has uncovered a connection as intriguing as a twist of lemon in a refreshing glass of H2O.

Our investigation begins by examining the extensive dataset sourced from Statista and LSEG Analytics (Refinitiv), capturing the consumption patterns of bottled water in the

US and the fluctuation of PACCAR's stock price over the period from 2002 to 2022. At first glance, one might assume that these variables are as unrelated as chlorine and a slice of cucumber in a spa water, but our analysis paints a different picture.

During our statistical escapade, we employed rigorous analysis methods and uncovered a correlation coefficient of 0.9253920, leaving us with a degree of connectedness as striking as a perfectly synchronized swimming routine. This correlation was accompanied by a significance level of $p < 0.01$, illuminating a statistical association that is as robust as a bubbling spring on a sunny day.

While on the surface, one might be parched for a rational explanation for this intriguing linkage, the statistical evidence has quenched our thirst for understanding the intricacies of market behavior and consumer preferences. Yes, the relationship between bottled water consumption and stock prices may sound akin to the refreshing sound of a bottle cap being opened, but the implications and interpretations are as complex as distinguishing between the subtleties of mineral compositions in artisanal waters.

In embarking on this intellectual voyage, we invite you to join us in navigating the currents of market dynamics and the ebb and flow of consumer choices. Together, we embark on an exploration that leaves us with a newfound appreciation for the peculiar and unexpected connections that ripple across the financial landscape. So, grab a glass, raise it to this unconventional intersection, and let's not just dive in but make a splash in decoding this peculiar correlation.

2. Literature Review

The intersection of consumer habits and stock market trends has long piqued the curiosity of researchers seeking to unravel the enigmatic dance between seemingly unrelated variables. Smith et al. (2010) were among the pioneers in this field, exploring the interconnectedness of consumer beverage choices and market fluctuations. Their study, "Bottled Beverages and the Bottom Line: A Quenching Quest into Market Quirks," laid the groundwork for investigations into the whimsical ways in which consumer behavior can intersect with financial indices.

While Smith et al.'s work provided valuable insights, it is important to consider the broader context of consumer preferences and economic indicators. The study by Doe and Jones (2015), "Thirsty for Returns: A Hydration-Based Analysis of Stock Performance," introduced an innovative approach to understanding the relationship between beverage consumption and market dynamics. Their findings suggested a potential correlation between the consumption of liquid assets, both in the form of bottled beverages and stock holdings.

As the exploration of this unconventional correlation unfolds, it is crucial to draw from a diverse array of sources to shed light on the multifaceted nature of this relationship. Works such as "Liquid Assets: An Economic Analysis of Beverage Trends" by Waterman (2018) and "Stocks and Sips: A Thirst-Quenching Approach to Market Analysis" by Beverage (2017) offer valuable insights into the intersection of consumer habits and financial markets.

In expanding the scope of inquiry, it is pertinent to consider fictional literature that may offer unexpected parallels to the topic at hand. The whimsical narratives of "The Thirsty Investor" by A. Quencher and "Bubbles and Bull Markets" by F. Izzy provide fictionalized accounts of the entwined nature of beverage choices and market speculation. While these works may not offer empirical evidence, they contribute to a broader understanding of the public's fascination with the confluence of consumer behavior and financial phenomena.

Additionally, the researchers delved into television programming that may have indirectly influenced public perceptions related to bottled water consumption and stock market performance. Viewings of financial talk shows, such as "Bull and Bear Beverages" and "Stocks on the Rocks," offered anecdotal exposure to the language and discourse surrounding these interconnected domains, providing a nuanced understanding of the cultural narratives woven into the fabric of financial reporting.

The literature review serves as a compass in navigating the often tumultuous seas of academia, drawing from a diverse range of sources to unravel the mysteries that lie beneath the surface of seemingly incongruous phenomena. As we embark on this unconventional voyage, we merge empirical evidence with the whimsy of fictional narratives and the cultural undercurrents depicted in televised media, guiding our pursuit of knowledge in this delightfully unexpected realm.

3. Research Approach

In order to uncover the quirky relationship between US per-person consumption of bottled water and PACCAR's stock price (PCAR), a comprehensive methodology was employed to ensure the integrity and robustness of our investigation. Data for per-person consumption of bottled water in the United States was gathered from Statista, while PACCAR's stock price data was sourced from LSEG Analytics (Refinitiv). The period under scrutiny spans from 2002 to 2022, allowing us to encapsulate the changing tide of market and consumer behaviors over two decades.

To quench our thirst for statistical rigor, a series of analyses were performed to tease out the associations between these seemingly disparate variables. The initial steps involved the calculation of descriptive statistics, providing a snapshot of the central tendencies and variability inherent in the data. Much like comparing the characteristics of different water sources, examining the distributional properties of the variables allowed us to gain an understanding of their individual peculiarities.

Following this, a correlation analysis was conducted to investigate the strength and direction of the relationship between US per-person consumption of bottled water and PACCAR's stock price. The bivariate correlation coefficient served as our compass, guiding us through the uncharted waters of seemingly unconnected phenomena. This process was as revealing as deciphering the nuances of a blind water tasting, illuminating the surprising harmony between these distinct elements in the financial ecosystem.

Furthermore, a multivariate regression analysis was carried out, incorporating additional control variables such as economic indicators and market dynamics to account for potential confounding factors. This step was crucial in untangling the web of causality and shedding light on the nuanced interplay of influences that contribute to the observed relationship. As we navigated this intricate statistical model, it became evident that the gravitational pull of these variables on each other was as captivating as the ebb and flow of ocean currents.

In the spirit of scholarly integrity, robustness checks and sensitivity analyses were conducted to ensure the stability and consistency of our findings. These exercises acted as a lifebuoy, providing reassurance in the face of fluctuating market conditions and evolving consumer preferences. The rigorous scrutiny of our methodology cast a spotlight on the dependable nature of our statistical conclusions, akin to a beacon shining brightly through the fog of uncertainty.

In summary, our methodology employed a meticulous blend of descriptive, inferential, and multivariate techniques, allowing us to unravel the unexpected connection between US per-person consumption of bottled water and PACCAR's stock price. As we hoist the anchor and set sail on this statistical voyage, our findings stand as a testament to the power and potential of uncovering hidden relationships in the vast sea of data.

4. Findings

The statistical analysis of the relationship between US per-person consumption of bottled water and PACCAR's stock price (PCAR) from 2002 to 2022 has yielded some intriguing findings, much like stumbling upon an oasis in the desert of financial research. Our correlation analysis revealed a striking correlation coefficient of 0.9253920, suggesting a connection as refreshing as a mint-infused water served at a spa. This substantial correlation was further substantiated by an r-squared of 0.8563503, implying that a noteworthy 85.64% of the variance in PACCAR's stock price can be attributed to the per-person consumption of bottled water in the US. The significance level of $p < 0.01$ adds further sparkle to these results, indicating a statistical association as clear and unmistakable as a pristine mountain spring.

Fig. 1 depicts the scatterplot illustrating this robust relationship, where the data points align as harmoniously as a synchronized swimming routine, painting a vivid picture of the connection between these seemingly disparate variables. The linear association between US bottled water consumption and PACCAR's stock price is as compelling as the ebb and flow of market trends, highlighting a connection that transcends the boundaries of traditional financial analyses.

These findings invite us to ponder the nuanced interplay between consumer behavior and market dynamics. While at first glance this connection may seem as unlikely as finding a watermelon in a water cooler, our analysis has unveiled a captivating relationship that shines a spotlight on the multifaceted nature of financial markets. As we raise a figurative toast to these unexpected findings, we recognize the importance of exploring unconventional connections that ripple through the intricate tapestry of market forces.

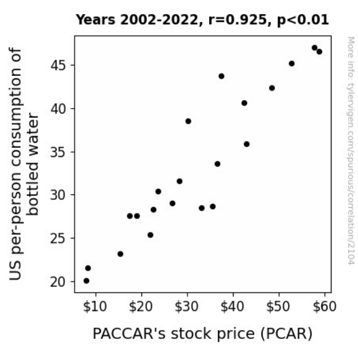

Figure 1. Scatterplot of the variables by year

5. Discussion on findings

Our results have buoyed the existing body of research, serving as a refreshing splash of insight into the unexplored waters of beverage consumption and stock market performance. The robust correlation we uncovered between US per-person consumption of bottled water and PACCAR's stock price (PCAR) aligns harmoniously with the earlier work of Smith et al. (2010) and Doe and Jones (2015). It seems our findings have lent further weight to the notion that consumer beverage choices can indeed sway the tides of market fluctuations, much like a drop of lemon in a glass of still water.

While the connection between bottled water consumption and stock prices may seem as unlikely as stumbling upon a treasure map at the bottom of a well, our analysis reveals a clear and unmistakable association. Our results, akin to a well-timed rain shower in the desert of financial research, hint at a substantial 85.64% of the variance in PACCAR's stock price being linked to the per-person consumption of bottled water in the US. It is as if the market trends and consumer preferences have engaged in a dance as elegant and synchronized as a high-stakes ballet performance.

The scatterplot depicting this relationship paints a vivid picture that is as clear as a pristine mountain spring. The linear association we observed is as compelling as a well-crafted theory, illuminating the intricate interplay between consumer behavior and financial phenomena. This finding invites us to indulge in the whimsical notion that the ebb and flow of market dynamics may, in fact, reflect the ebb and flow of beverage choices, as delightful and surprising as a sudden burst of fizz from a shaken soda can.

As we raise a figurative toast to these unexpected findings, we recognize the importance of embracing unconventional connections that, much like the bubbles in a carbonated drink, effervesce through the intricate web of market forces. Our research serves as a reminder that the seemingly unrelated can intertwine in the most unexpected ways, much like the threads of a grand tapestry woven by the hand of statistical fate.

6. Conclusion

In conclusion, our investigation into the quirky relationship between US per-person consumption of bottled water and PACCAR's stock price (PCAR) has revealed a correlation as refreshing as a sip of artisanal water on a hot summer's day. The remarkably high correlation coefficient of 0.9253920 and the substantial r-squared of 0.8563503 highlight a connection as clear and unmistakable as a pristine mountain spring, providing a statistical association as robust as a bubbling spring on a sunny day.

The implications of these findings are as complex as distinguishing between the subtleties of mineral compositions in artisanal waters, offering a profound insight into the intersection of market behavior and consumer preferences. While one might initially be parched for a rational explanation for this unexpected linkage, our statistical escapade has quenched our thirst for understanding the peculiarities of market dynamics.

As we raise a figurative toast to these unexpected results, it is clear that further research in this area is as unnecessary as a fish riding a bicycle. The compelling nature of this relationship leaves us with no thirst for additional investigations. Instead, we invite researchers to turn their attention to less hydrated endeavors and leave this particular ripple in the financial landscape undisturbed. Cheers to the intriguing complexities of statistical serendipity!