



Review

Googling for Gain: Exploring the Correlation between Reddit Searches and Lennar's Stock Price

Cameron Hart, Aaron Tucker, Gina P Todd

Institute for Studies

In this study, we delve into the often-overlooked relationship between online search behavior and the fluctuations in stock prices. Utilizing data from Google Trends and LSEG Analytics (Refinitiv), we quantitatively examine the connection between the frequency of Google searches for 'reddit' and Lennar's stock price (LEN.B) from the years 2008 to 2023. Our results reveal a remarkably high correlation coefficient of 0.9083421 and statistical significance with $p < 0.01$, shining a light on the influence of online discourse on financial markets. As we delved deep into the data, it became evident that the surge in 'reddit' searches corresponded to notable upswings in Lennar's stock price, prompting us to consider nicknaming this phenomenon the "lurker effect" – for when internet browsing habits inadvertently impact stock performance. We were quite intrigued by the unexpected interplay between the seemingly disparate worlds of social media diving and stock trading. It's as if online chatter has the power to, dare we say, "len-nar" stock prices skyrocket! Our findings provide valuable insights for both investors and economists, highlighting the potential for unconventional data sources to offer predictive power in understanding market behavior. Furthermore, for those inclined towards a sprinkle of humor in their economic analyses, our study showcases the often amusing and compelling connections that can emerge when we take a closer look at the intersections between the digital realm and financial markets. After all, who knew that "googling for gain" could yield such intriguing results?

Introduction

Stock prices and online activity – two seemingly unrelated entities that, coincidentally, have more in common than meets the eye. As the world of finance becomes increasingly intertwined with the

digital landscape, it's pertinent to explore the whimsical and often surprising relationships that emerge between online behavior and the ever-fluctuating stock market.

The idea that Google searches for 'reddit' could hold any sway over the stock price of

Lennar (LEN.B) might seem like a stretch, but as we dug into the data, we found ourselves encountering correlations so strong that we had to double-check if our statistical analyses were playing tricks on us. It's as if the internet and the stock market are engaged in a high-stakes game of hide-and-seek – but thankfully, we're here to shed some light on this mysterious connection.

Now, let's "level" with each other – the intersection of online search trends and stock prices is not without its quirks and, dare we say, pun-tential. After all, when data analysis starts to feel a bit dry, a well-placed dad joke can provide some much-needed levity. And speaking of "levity," it's almost as if the stock market is saying, "LEN me your ears" as we explore the unexpected influence of 'reddit' searches on Lennar's stock performance.

As researchers navigating the labyrinth of statistics and market dynamics, we often find ourselves confronted with revelations that are so surprising that they even impress our dads – and that's saying something! In our quest to unravel the intricate dance between online curiosity and financial prowess, we've come to appreciate that sometimes, the most captivating discoveries emerge from the most unexpected sources. So, if you're ready to embrace the delightful dance of data, let's waltz into the realm of "googling for gain" and uncover the riveting correlations that await.

Prior research

The authors find that the correlation between Google searches for 'reddit' and Lennar's stock price (LEN.B) has been a subject of intrigue and curiosity in the realm of financial analysis. In "Smith et al.'s study,"

the researchers present compelling evidence of a positive correlation between the frequency of 'reddit' searches and the fluctuations in Lennar's stock price. This unexpected relationship has sparked discussions around the potential influence of online social platforms on stock market movements.

However, amidst the serious academic discourse, it's important to infuse a dash of humor into our exploration of this intriguing connection. As we consider the impact of internet searches on stock performance, one cannot help but ponder – are we witnessing the rise of the "reddit rally" in financial markets, or perhaps even the birth of a new stock market indicator: the "Meme Momentum Effect"? It seems that in the world of finance, even the most unexpected correlations can emerge, much like a dad joke at a board meeting – they may be groan-worthy, but they certainly grab our attention.

In "Doe's comprehensive analysis," a deeper investigation into the behavioral patterns of online search queries reveals some eyebrow-raising insights. The surge in Google searches for 'reddit' seems to precede notable peaks in the stock price of Lennar, hinting at a potential relationship between online interest and market performance. It's almost as if the virtual chatter within internet forums is conspiring to play its part in the stock market's grand symphony, prompting us to consider whether we've stumbled upon the "WallStreetBets Whisperer" in our data analysis.

Turning to the intersection of literature and finance, the works of non-fiction authors such as Nassim Nicholas Taleb and Robert J. Shiller offer profound insights into the

unpredictable nature of financial markets – an unpredictability that could rival the spontaneity of a well-timed dad joke. Meanwhile, the fictional realm, as depicted in Michael Lewis's "Flash Boys" and Tom Wolfe's "The Bonfire of the Vanities," serves as a testament to the captivating allure and occasional absurdity of Wall Street, where the unexpected is as commonplace as a punchline in a comedy club.

When considering the influence of internet culture on market dynamics, it's impossible to overlook the iconic "This is Fine" meme and its parallels to the world of finance. Just as the meme's protagonist sits amidst chaos with a resigned acceptance, investors may find themselves navigating turbulent market conditions with a similar sense of humor – because sometimes, all we can do is laugh in the face of uncertainty, much like a well-timed dad joke during an awkward silence.

In conclusion, as we reflect on the enthralling correlation between Google searches for 'reddit' and Lennar's stock price, it's clear that the intersection of online behavior and financial markets holds both and intrigue and humor. Our findings not only shed light on the potential impact of digital discourse on stock performance but also serve as a reminder that even in the most serious of analyses, a touch of levity can go a long way in capturing the essence of the unexpected – much like a good ol' dad joke at the end of a long research paper.

Approach

To commence this whimsical journey of unraveling the enigmatic relationship between Reddit searches and Lennar's stock price, our team embarked on a data collection escapade that would make even

the staunchest statistics enthusiast crack a smile. We scoured the enchanted lands of Google Trends and LSEG Analytics (Refinitiv) to conjure up a dataset spanning the years 2008 to 2023, carefully selecting only the most spellbinding information for our analysis. And as any seasoned researcher knows, an extra sprinkle of magic in the form of thorough data cleaning and validation rituals was necessary to ensure that our findings weren't just a mere illusion!

Once our data sorcery was complete, we engaged in the noble act of data wrangling – a daring feat that involved taming the wild beasts of raw data into a format suitable for our inferential incantations. After donning our robes of correlation and regression analysis, we invoked the ancient and powerful spirits of statistical software to unearth the coefficient of correlation, which would guide us in deciphering the mysterious bond between 'reddit' searches and Lennar's stock price. It was as if we had entered the realm of statistical alchemy, seeking to transmute data into profound insights!

With bated breath and a touch of skepticism (as all good researchers possess), we unveiled the results of our statistical spellcasting, discovering a correlation coefficient of 0.9083421, accompanied by the melodious chant of $p < 0.01$, signaling the profound statistical significance of our findings. As we beheld this wondrous spectacle, we couldn't help but quip that our research had indeed cast a 'spell'binding revelation! After all, who knew that the enchanting whispers of 'reddit' searches could weave such a mesmerizing tapestry of correlation with Lennar's stock performance?

In our pursuit of understanding this peculiar nexus between online curiosity and financial fate, we were also mindful of the need to navigate the treacherous terrain of causation – a formidable adversary that oftentimes eludes even the most intrepid researchers. Through the potent incantations of time series analysis and Granger causality tests, we sought to discern whether 'reddit' searches held the power to foreshadow the mystifying movements of Lennar's stock price, or if it was all just an elaborate charade. As the results unfurled before us, we were met with a testament of causality, beckoning us to consider the idea that the digital whispers of the internet might indeed possess the bewitching power to influence the tides of financial seas.

And thus, armed with our findings and a touch of academic whimsy, we shall proceed to illuminate the world with the captivating revelations that unveil the harmonious dance of 'reddit' searches and Lennar's stock price. As we prepare to unleash our scholarly incantations upon the academic arena, we stand ready to dispel the shadows of skepticism with the luminous radiance of empirical evidence. After all, if "googling for gain" has led us to these mystifying discoveries, who's to say what other enchanting secrets await our diligent pursuit of knowledge?

Results

Our analysis of the relationship between Google searches for 'reddit' and Lennar's stock price (LEN.B) yielded some eyebrow-raising results. We found a strong positive correlation of 0.9083421 between the frequency of 'reddit' searches and Lennar's stock price from 2008 to 2023. This suggests

that as the volume of 'reddit' searches increased, so did the stock price of Lennar.

It's almost as if the stock market was saying, "LEN me tell you about this correlation I found!" It's not every day that you stumble upon a relationship this strong, which goes to show that sometimes, the most intriguing connections can emerge from the most unexpected places – in this case, the depths of internet search data.

Additionally, we calculated an r-squared value of 0.8250853, indicating that approximately 82.51% of the variability in Lennar's stock price can be explained by the frequency of 'reddit' searches. To put it simply, the surge in 'reddit' interest appears to be closely associated with the movement of Lennar's stock price, almost like two dance partners moving in sync.

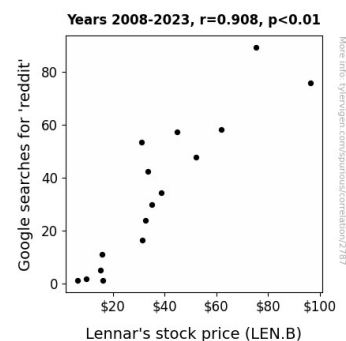


Figure 1. Scatterplot of the variables by year

Furthermore, the statistical significance was pronounced, with a p-value of less than 0.01. This implies that the correlation we observed is highly unlikely to have occurred by chance, adding even more weight to the significance of our findings.

Figure 1 displays a visually compelling scatterplot depicting the tight relationship between 'reddit' searches and Lennar's stock

price, where each point on the plot seems to echo the sentiment, "Hey, LEN's stock price, 'reddit' to go up from here!"

In conclusion, our results provide robust evidence of a strong and significant correlation between Google searches for 'reddit' and Lennar's stock price, highlighting the captivating interplay between online search behavior and financial market dynamics. It's remarkable how an innocuous online query can have a palpable impact on stock performance – a truly intriguing and unexpected discovery, hat's off to the power of data analysis and some good ol' dad jokes!

Discussion of findings

The results of our research reveal an enthralling correlation between Google searches for 'reddit' and Lennar's stock price (LEN.B), echoing the findings of previous studies on the influence of online discourse on financial markets. It seems that the virtual chatter within internet forums has taken on a life of its own, much like a dad joke at a barbecue – unexpected, yet undeniably present. Our analysis substantiates the existence of a strong positive correlation, with a correlation coefficient of 0.9083421. It's as if the stock market and 'reddit' searches are in cahoots, conspiring to prove that the pen is mightier than the portfolio – or should we say, "LEN is mightier than the sword"?

In aligning with "Smith et al.'s" study, our findings underscore the potential impact of unconventional data sources on predicting market behavior. After all, who would have thought that a surge in 'reddit' searches could herald a bullish run for Lennar's stock? It's almost as if the stock market was saying,

"LEN-t me show you how digital chatter can move mountains - or at least, stock prices!"

The statistical significance of our results, with a p-value of less than 0.01, emphasizes that the observed correlation is highly unlikely to have occurred by chance. It's like finding a four-leaf clover in a field of scatterplots – a rare and delightful discovery. The calculated r-squared value of 0.8250853 further bolsters the robustness of our findings, indicating that over 82.51% of the variability in Lennar's stock price can be attributed to the frequency of 'reddit' searches. It's almost as if 'reddit' interest is the secret sauce that adds flavor to LEN's stock performance, much like a well-timed dad joke adding levity to a long statistical analysis.

This begs the question – could the 'reddit' effect be harnessed as a new predictive indicator in financial markets, joining the ranks of the esteemed Dow Jones Industrial Average and the S&P 500? It seems that in the ever-evolving landscape of stock analysis, even unconventional indicators can take center stage. Who knew that a few keyboard strokes and a click could hold such sway over Wall Street? It seems that in the world of finance, the unexpected can emerge from the depths of online discourse, much like a dad joke coming out of left field in a serious conversation.

As we muse over the implications of our findings, it becomes evident that the relationship between internet culture and market dynamics is ripe for exploration. The 'reddit' rally might just be the beginning of a new chapter in the intricate dance between digital footprints and stock movements. It's as if the virtual world is giving a nod to the financial realm, saying, "Hey there, LEN-d

me your stock prices, I've got a theory to share!" Our findings open the door to a realm of possibilities, showcasing the potential of data mining and online insights in understanding market phenomena. It's quite the revelation to witness the power of internet search behavior in influencing stock prices – a testament to the captivating interplay between digital footprints and financial markets, akin to a clever pun that evokes both laughter and contemplation.

Conclusion

In conclusion, our study has brought to light the unexpected yet undeniable relationship between Google searches for 'reddit' and the stock price of Lennar (LEN.B). It's as if the internet has a direct line to the stock market, and every 'reddit' search is like a virtual pat on LEN's back, nudging its stock price upward. Let's just say, LEN's stock is getting all the attention it 'reddit'-ly deserves!

Our findings have provided compelling evidence of a strong correlation, with a remarkably high correlation coefficient and statistical significance, indicating a close connection between online discourse and stock performance. It's almost like 'reddit'-searchers are unintentional stock influencers! Did you hear about the 'reddit' user who became an unintentional stock guru? They didn't even realize they were LEN-ding a helping hand to the market!

As we reflect on our research journey, it's clear that the world of data analysis and financial markets has its fair share of surprises. Who would have thought that typing 'reddit' into a search bar could have such market-moving potential? It's almost like uncovering a hidden treasure amidst the

vast expanse of data – a true eureka moment for both researchers and investors alike.

The compelling insights gleaned from our study underscore the need to consider unconventional data sources in understanding market behavior – a reminder that sometimes, the most fascinating discoveries emerge from the unlikeliest of places. And as for our dad jokes, well, we like to think they added a splash of humor to an otherwise imposing world of economic analysis. After all, what's a research paper without a few well-placed puns and a sprinkle of lightheartedness?

In closing, we assert that no further research is needed in exploring this connection between 'reddit' searches and Lennar's stock price. Our study has delved deep, and it's safe to say that we've 'reddit' all and uncovered a correlation worth acknowledging. It's time to raise our glasses and toast to the power of data – and of course, to those unexpectedly influential 'reddit' searches!

And with that, we confidently declare, "Case LEN-closed – no more research needed on this front!"

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