

Economic Data Analysis Final

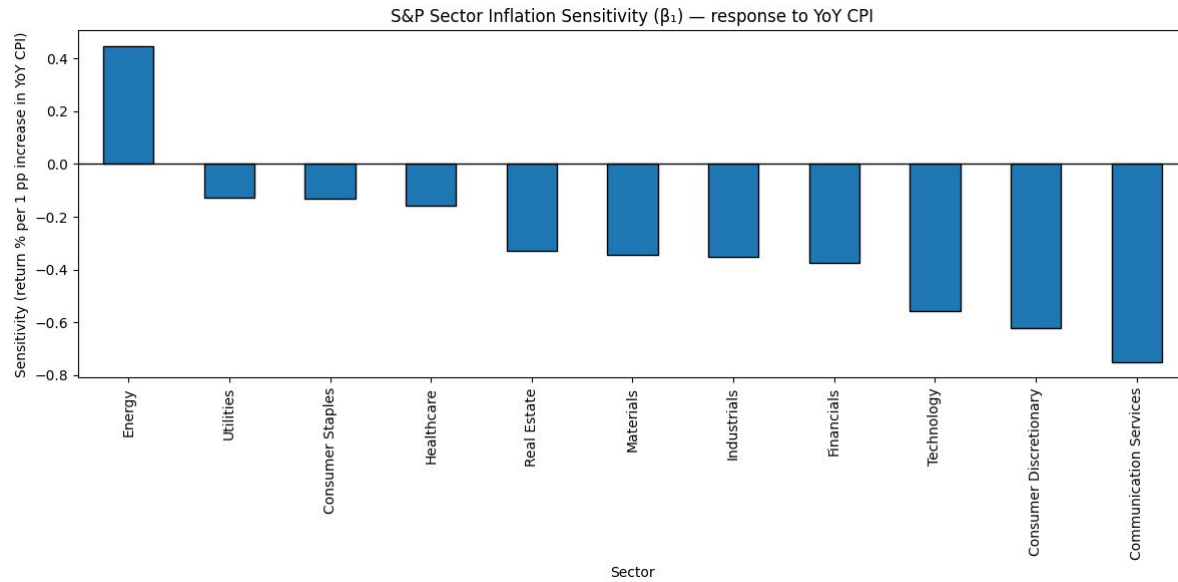
Lukas Jones

Consumer Price Index Inflation and S&P 500 Sector Returns

Research Question: Which S&P 500 sectors perform best when CPI inflation increases?

Why this matters:

- Inflation changes consumer behavior, commodity prices, and discount rates.
- Each sector reacts differently during high inflation, which is very important when diversifying a portfolio.
- Periods of high inflation tend to create clear winners and losers in the S&P 500.



Main Takeaway:
When inflation rises, energy performs best and growth sectors struggle.

Key Findings:

- Energy is the only sector with a positive inflation sensitivity.
- Utilities, consumer staples and healthcare show slightly negative inflation sensitivity.
- Tech, consumer discretionary, and communication services show the most negative inflation sensitivity.