



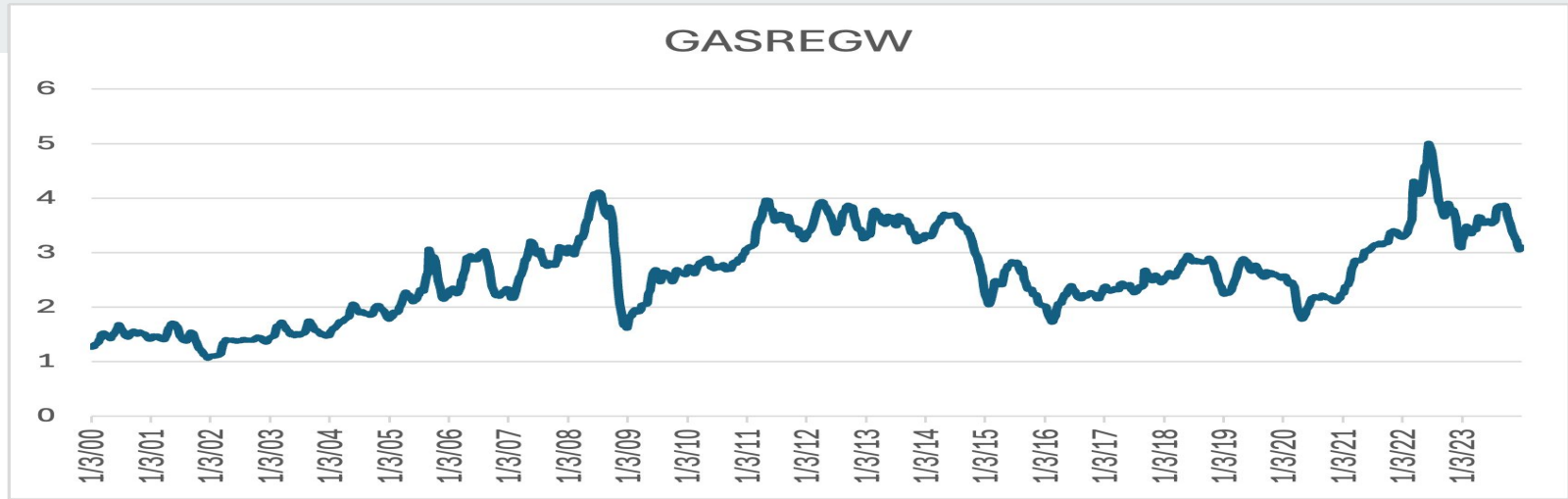
# The Effect of Gas Prices on Consumer Spending in the US

Will Brubaker



# Gas Prices and Consumer Spending in the United States (2000–2024)

- Research Question: How are Gas Prices related to real consumer spending in the US?
- Data Sources
  - FRED: U.S. Retail Gasoline Price
  - BEA: Real Personal Consumption Expenditures
  - BLS: Unemployment Rate
- Model
  - $\text{Real PCE}_t = \beta_0 + \beta_1 \text{GasPrice}_t + \beta_2 \text{Unemployment}_t + \epsilon_t$
- Key Idea
  - Gas prices affect disposable income and may influence household spending



- Interpretation
  - Higher Gas prices appear to coincide with low consumer spending
  - Suggest Gas prices may crowd out other household purchases
- Limitations
  - Correlation  $\neq$  Causation
  - Consumer spending is influenced by multiple macroeconomic factors
- Conclusion
  - Gas price fluctuations may have great influence on US consumer spending habits over time.