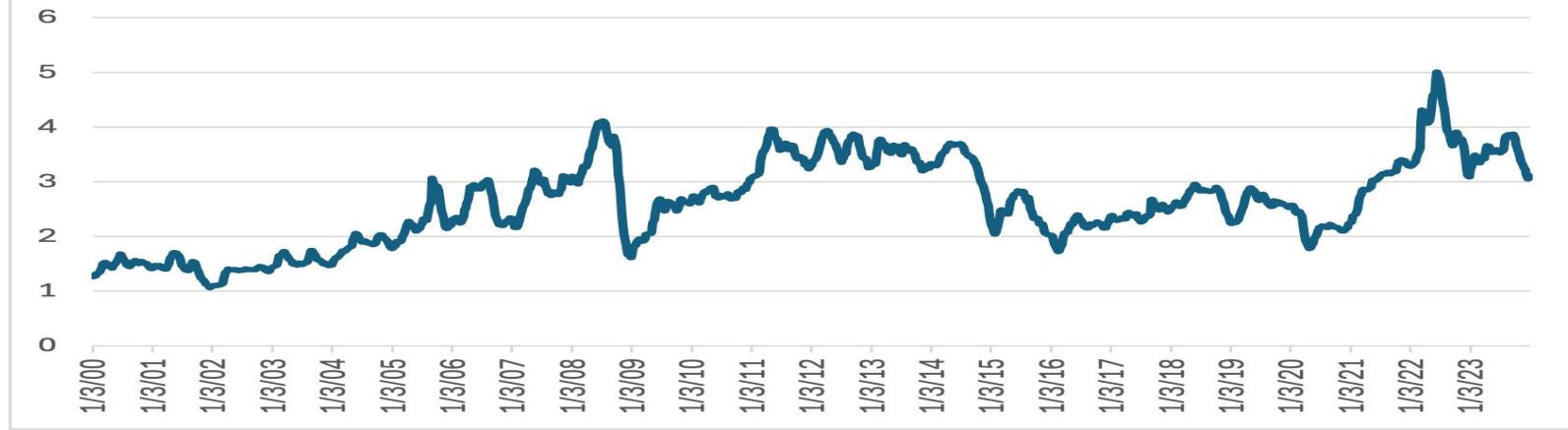

The Effect of Gas Prices on Consumer Spending in the US

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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

GASREGW



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