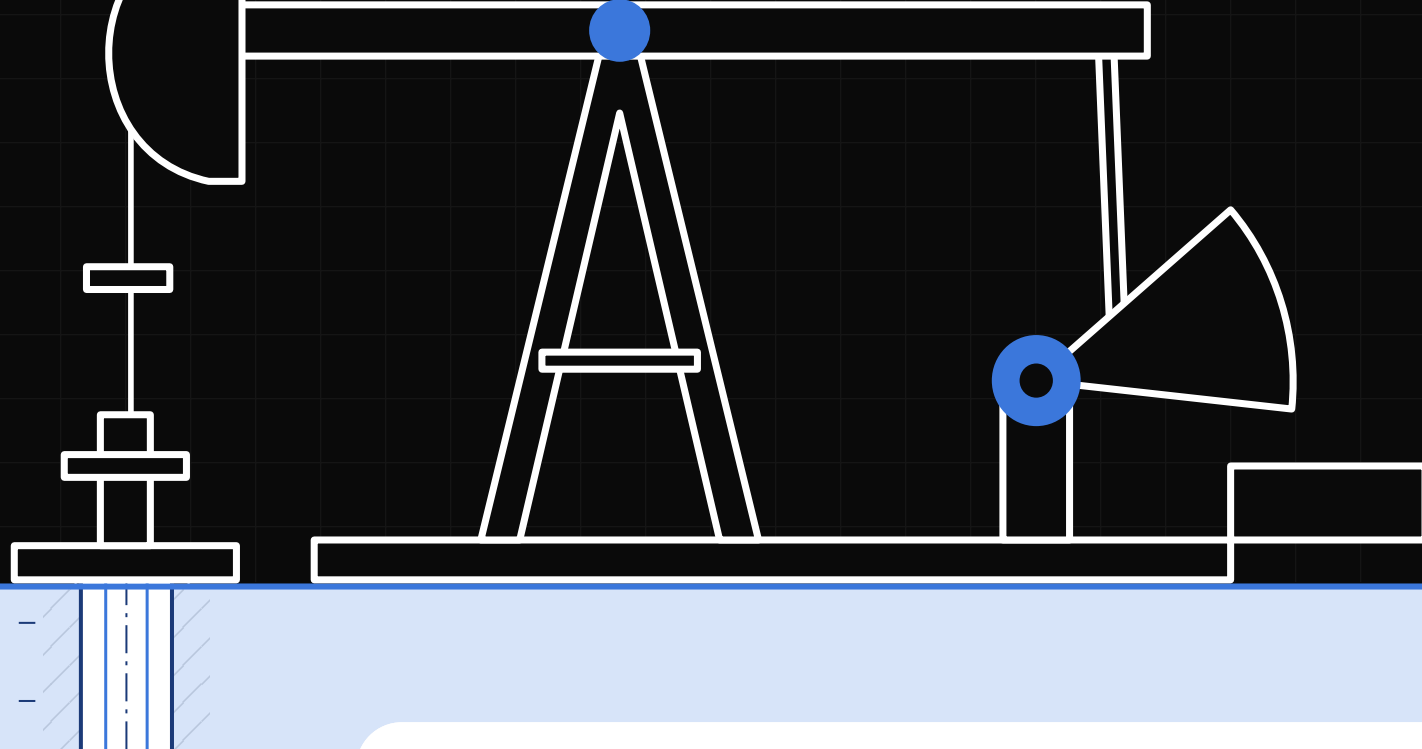


The Cost of Crude

We know the cost of oil impacts a myriad of products and services we touch everyday: gasoline, airline tickets, heating bills, shipping expenses, and more. But are there other less obvious connections to the price of oil? Other seemingly unrelated industries or metrics that appear to follow the price of oil? Let's take a look...



5
odd
correlations

26
years of
data

1
well to
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Follow the well ↓

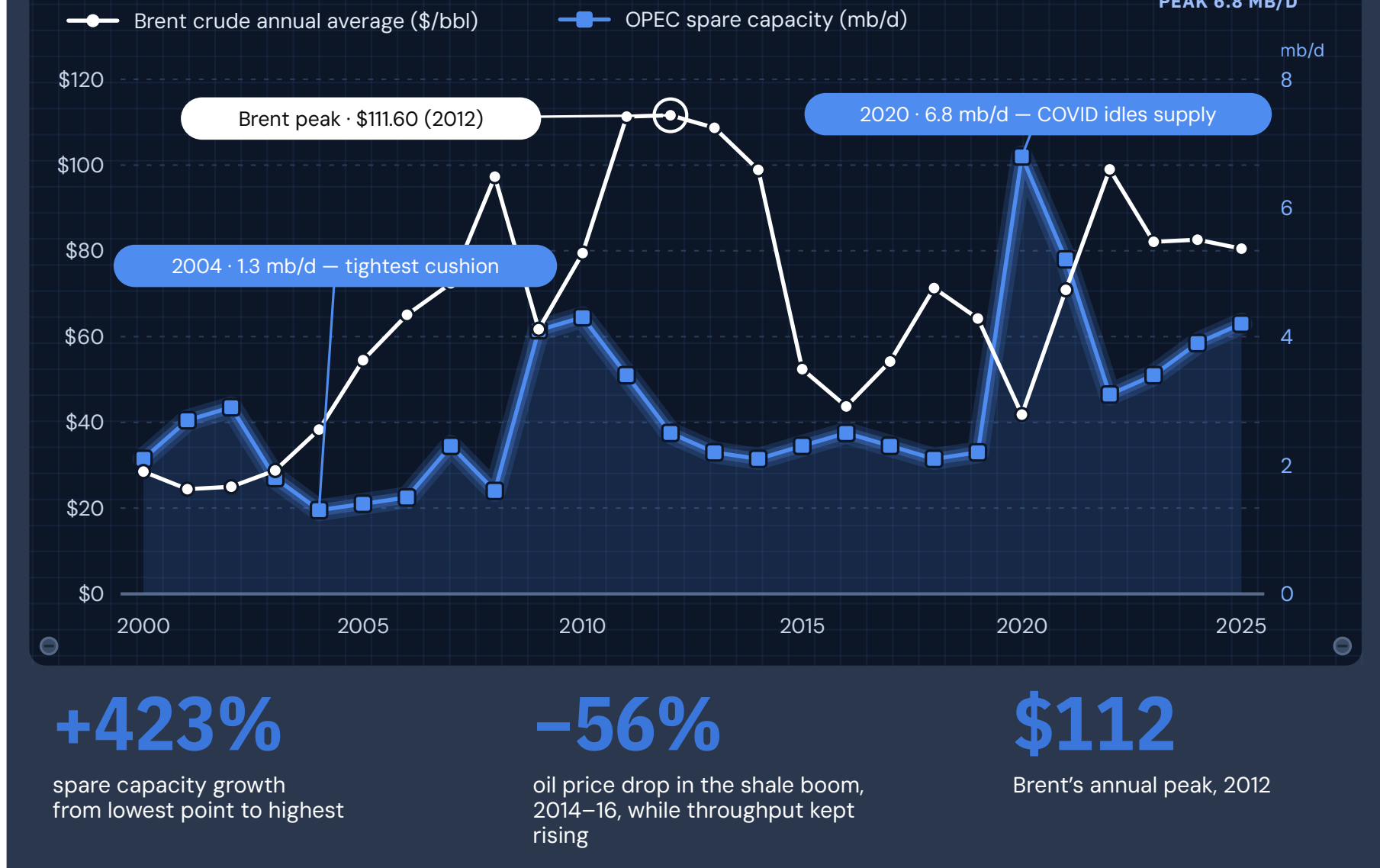


01 REFINERY CAPACITY

Crude vs. Capacity

Spare refining capacity vs. Brent crude price, 2000–2025

Ok, in theory this one is a gimme: As the price of oil rises, the world's refineries would naturally process more crude to produce gasoline, jet fuel, propane, and the like, leading to an increase in spare capacity (i.e., the volume of crude production refineries can quickly bring online). What's interesting about this chart, however, is the span from 2014 to 2016 where the price of oil plummets but refinery throughput continues to rise. The reason? The U.S. shale boom. As horizontal drilling and hydraulic fracking came to the fore, refining margins improved, so even with the price of oil down, refineries continued to produce at high capacity.



Source: Data compiled from the U.S. Energy Information Administration (EIA) Short-Term Energy Outlook, with supplementary historical estimates from the International Energy Agency (IEA) and Energy Institute Statistical Review of World Energy.

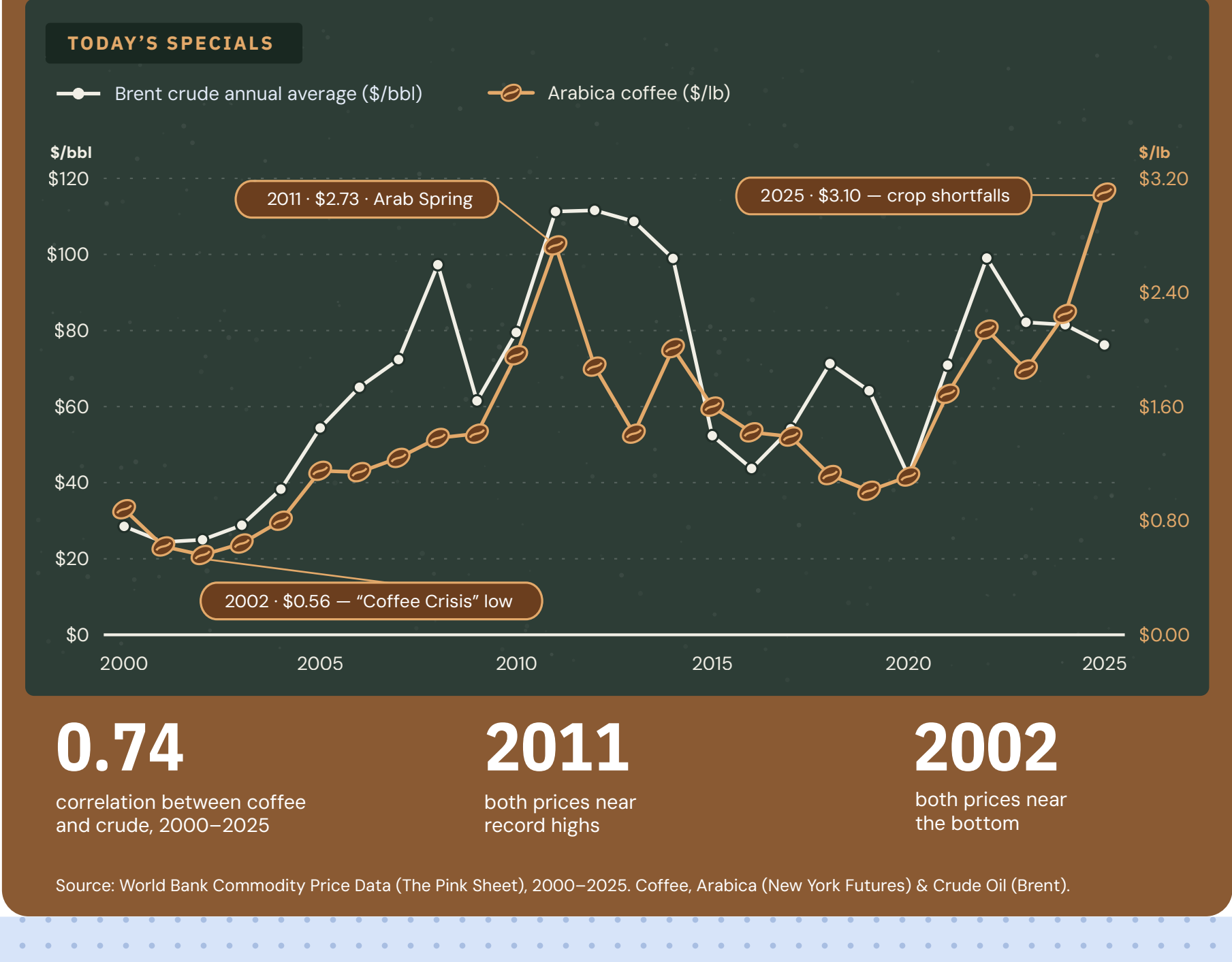


02 COMMODITIES

Crude vs. Coffee

Arabica coffee vs. Brent crude price, 2000–2025

In general, the price of coffee over the past 25 years has followed a very similar curve to that of crude oil prices. While there is no direct causal link between the two products, both are highly traded global commodities driven by emerging market demand, global logistics, and inflation metrics. When the global economy booms, the demand (and logistical cost) for both crude oil and coffee beans spikes.

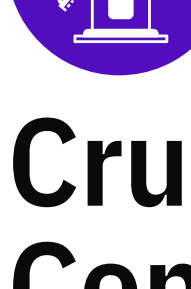
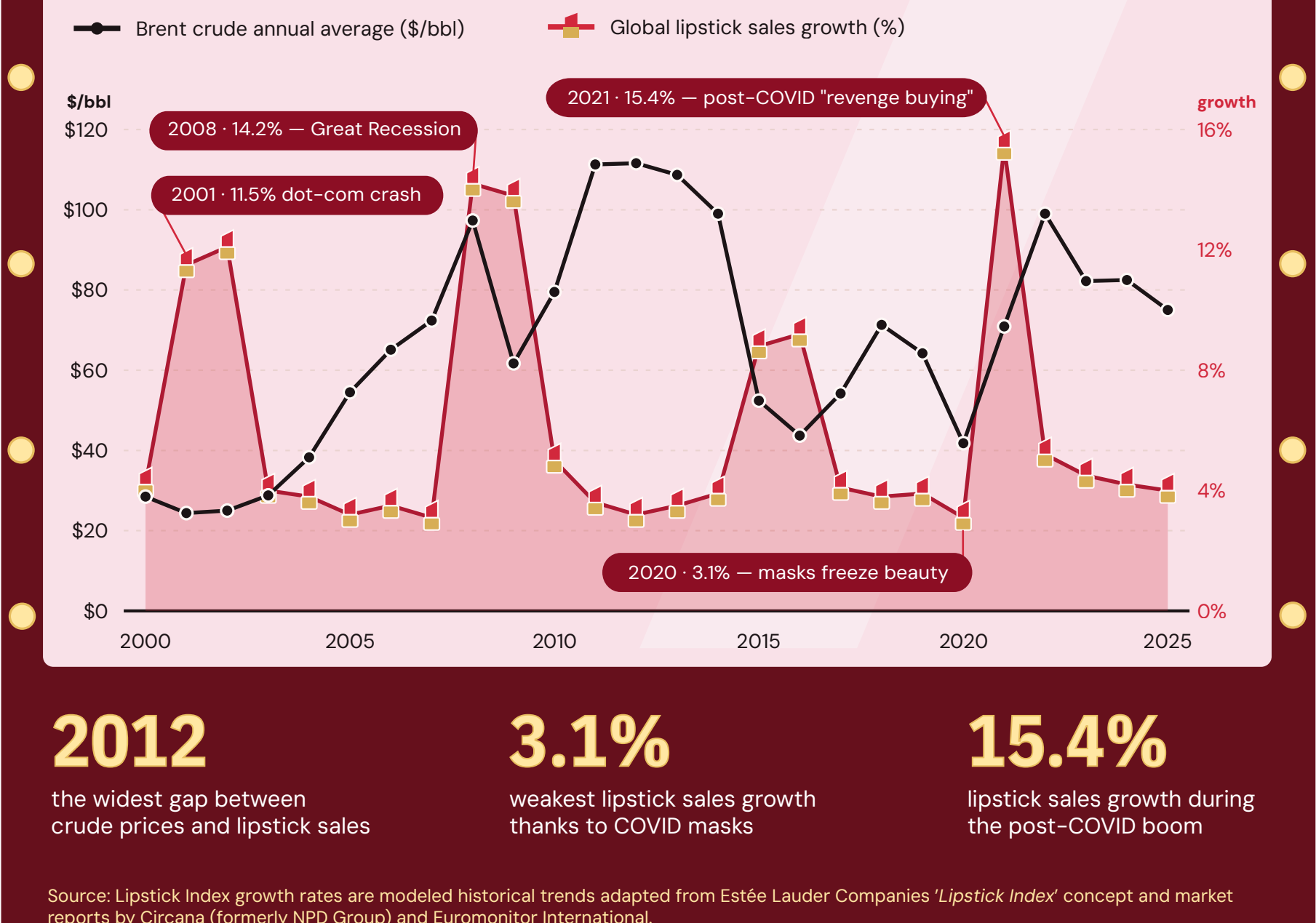


03 THE LIPSTICK INDEX

Crude vs. Cosmetics

Lipstick sales index (inverted axis) vs. Brent crude price, 2000–2020

Here's where things start to get a little weird. These two graphs show that sales of cosmetics are a direct inverse of the price of oil. When oil is high, cosmetic sales take a dip. When it's low, they spike. In fact, the correlation is so strong that the relationship is commonly known as The Lipstick Index. Why does this happen? We don't know for sure, but the conventional wisdom is that during economic crises (i.e., low points for oil prices), lipstick sales actually rise because consumers cut back on big-ticket luxuries (like vacations, cars, or designer bags) and instead buy small, affordable comforts to feel good.

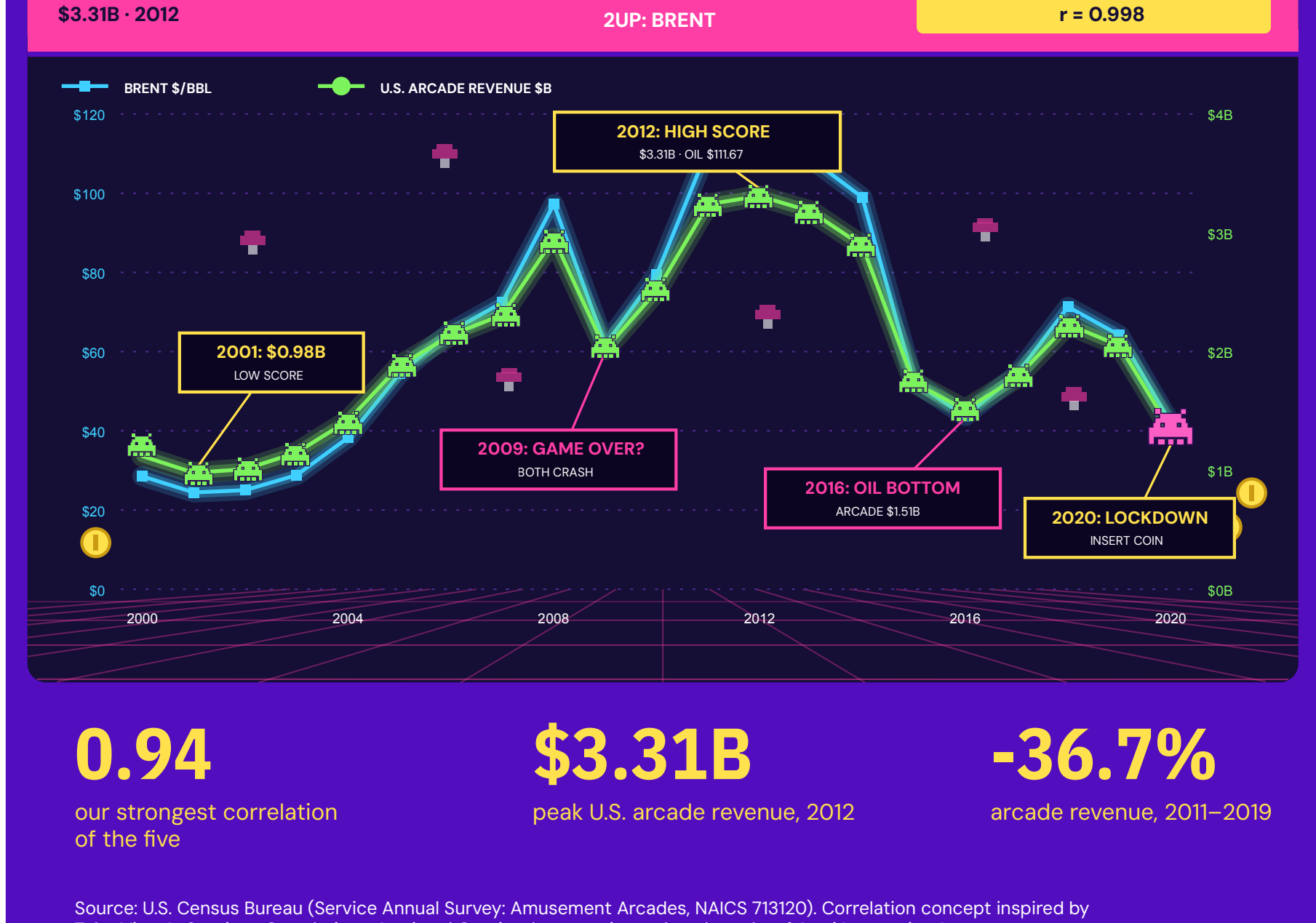


04 DISPOSABLE INCOME

Crude vs. Centipede

U.S. Arcade industry revenue vs. Brent crude price, 2000–2019

Yep, one of our strongest correlations to the price of oil is ... arcade revenue. In fairness, this data set doesn't go back far enough to actually include the classic Atari® game Centipede®, but we had to stick with the theme of aliteration. While disposable income for things like arcade games naturally goes down during challenging economic times, there isn't actually a direct relationship between these two data sets. In other words, correlation does not equal causation. But it's still a fun conversation starter.



05 PURE COINCIDENCE

Crude vs. ... Checkdowns?

Matthew Stafford's interceptions vs. Brent crude price, 2009–2025

Finally, let's look at a relationship with absolutely no corollary significance (at least as far as we can tell). Why 2025 NFL MVP and future Hall of Fame Quarterback Matthew Stafford tends to throw more interceptions when the price of oil is high and fewer when its low is a question we will likely never answer. Could it be the extra intensity his NFC rival the Dallas Cowboys bring to the field when oil prices are high (6 of those INTs have come at the hands of the Cowboys)? Sounds as good to us as any other explanation....

