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# Economic Influences on the Stock Market

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Oral Presentation 5.2

**ECONOMIC INFLUENCES ON THE STOCK MARKET**

Nathan Taulbee and Carolyn Stumph\*

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This paper examines the relationship between a number of economic factors and the stock market. Using financial and economic theory, this paper assesses how some economic factors impact the S&P 500 as well as the stock prices of various industries. Specifically, how do unemployment rates, real GDP, and the Fisher effect (the one-for-one relation between nominal interest rates and expected inflation) impact the overall market as well as cyclical, defensive, interest-sensitive, and growth stocks? Generalized difference regressions will serve as the methodology to assess these relationships. Conclusions from this study will assist investors in their portfolio decision-making.