S&P Dow Jones Indices Reports U.S. Dividend Activity for Q4 2016 and Full-Year 2016

- **Q4 2016 indicated payments increased by $8.9 billion**
- **Dividend decreases fall significantly**
- **Energy sector appears to have stabilized in Q4, after turbulent year**

NEW YORK, JANUARY 10, 2017: S&P Dow Jones Indices today announced that the indicated **dividend net increases (increases less decreases) for U.S. domestic common stocks increased $8.9 billion** during Q4 2016. This is a 50% increase from Q3 2016, which netted a $6.0 billion gain, and 148% higher than the $3.6 billion gain of Q4 2015.

For Q4 2016, aggregate increases amounted to $11.3 billion, up from $10.3 billion in Q4 2015. Dividend decreases declined to $2.3 billion, from $6.7 billion, in Q4 2015.

For the full year ending in December 2016, net dividend increases fell 38.9% to $23.6 billion, compared to a $38.7 billion increase for full-year 2015. Dividend increases fell to $43.9 billion, from $54.7 billion; dividend decreases rose to $20.2 billion, from $15.9 billion during 2015.

Additional findings from S&P Dow Jones Indices' quarterly analysis of the dividend activity of U.S. traded issues include:

Dividend Increases (defined as an increase in dividend payments):

- 784 dividend increases were reported during Q4 2016, compared to 755 increases in Q4 2015, a 3.8% year-over-year increase.
- For 2016, 2,634 issues increased their payments, compared to 2,810 issues in 2015, a 6.3% decrease.

Dividend Decreases (defined as either a decrease or suspension in dividend payments):

- 134 issues decreased dividends in Q4 2016, compared to 142 in Q4 2015, a 5.6% year-over-year decrease.
- For 2016, 659 issues decreased their dividend payments, compared to 504 decreases in 2015, a 30.8% increase.

Non-S&P 500® domestic common issues paying a dividend:

- The percentage of non-S&P 500 domestic common issues paying a dividend rose to 54.7%, up from 52.2% in Q3 2016 and 47.4% in Q4 2015.
- The weighted dividend yield for paying issues was 2.59%, down from 2.67% in Q3 2016 and 2.72% in Q4 2015.

"Large-cap dividend cuts from Energy issues slowed significantly in Q4 2016, as smaller-cap issues struggled the most to increase or maintain its dividend payments," said **Howard Silverblatt, Senior**

Index Analyst at S&P Dow Jones Indices. “Oil’s recent 18-month high and OPEC’s planned production cut could add earnings stability to the sector, which could open a dividend recovery with measured increases.”

Large-, Mid-, and Small-Cap Dividends:

418 issues, or 82.8%, within the **S&P 500** currently pay a dividend, up from 82.2% at the end of Q3 2016. All 30 members of the **Dow Jones Industrial Average®** pay a dividend.

Silverblatt found that 68.5% of **S&P MidCap 400®** issues pay a cash dividend, down from 68.8% in Q3 2016. 50.2% of **S&P SmallCap 600®** issues pay a dividend, which is a decrease from the 52.4% of small-cap issues paying dividends in Q3 2016.

Yields continued to vary, with large-caps at 2.09% (2.12% in Q3 2016), mid-caps at 1.53% (1.64% in Q3 2016) and small-caps at 1.18% (1.31% in Q3 2016). The yields across dividend-paying market-size classifications continue to be compatible, with large-caps at 2.46% (2.52% in Q3 2016), mid-caps at 2.17% (2.34% in Q3 2016) and small-caps at 2.07% (2.27% in Q3 2016).

2016/2017

“For 2016, both the issues’ and aggregate dollars increase slowed, as the payment growth rate has halved since 2015,” said Silverblatt. “While fewer and smaller decreases hurt, it was significant Energy cuts, and some Materials issues, that led to the slowdown. Q4 2016 saw fewer dividend reductions and a rise in the amount and size of dividend increases.

“Within the S&P 500, the average dividend increase for 2016 was 10.51%, down from 13.08% in 2015; however, Q4 2016 was 11.71%, up from 10.14% in Q3 2016. At this point, large-cap Energy issues have stabilized, which should stop the pulldown in payments. Yet, adding them back– once oil and commodity prices have stabilized – will take time.

“**Absent a significant negative event, 2017 could be another record year for dividends**, as growth in both earnings and cash are expected on the Street. The key question, however, is whether dividend growth returns to a 10% rate from 2016’s 5%. That answer may be more dependent on events coming from Washington than from Wall Street, with repatriation and taxes at center stage.”

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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