

S&P Dow Jones Indices Reports Significant Increase in U.S. Dividend Activity for Q1 2017

- Q1 2017 indicated dividends increased \$10.9 billion, up from \$3.9 billion for Q1 2016
- Dividend decreases fall significantly, permitting gains across the board
- Energy sector dividends stabilize

NEW YORK, APRIL 5, 2017: S&P Dow Jones Indices today announced that the indicated **dividend net increases (increases less decreases) for U.S. domestic common stocks increased \$10.9 billion** during Q1 2017. This is a 177% increase from Q1 2016, which netted a \$3.9 billion gain, but a 13.9% decline from Q1 2015 (\$12.6 billion) and a 39.2% decline from Q1 2014 (\$17.2 billion), before oil prices started to decline.

For Q1 2017, aggregate increases amounted to \$11.9 billion, slightly up from \$11.4 billion for Q1 2016. Dividend decreases declined significantly to \$1.1 billion, from \$7.4 billion for Q1 2016, an 85.4% reduction.

For the 12-month period ending March 2017, net dividend increases were up 9.9%, to \$33.0 billion, compared to a \$30.1 billion increase for the 12-month period ending March 2016. Dividend increases fell to \$42.4 billion for the 12-month period ending March 2017, from \$48.8 billion for the 12-month period ending March 2016. Dividend decreases declined to \$10.3 billion, from \$18.7 billion, for the 2016 period.

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

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

- 881 dividend increases were reported for Q1 2017, compared to 919 increases for Q1 2016, a 4.1% year-over-year decrease.
- For the 12-month period ending March 2017, 2,596 issues increased their payments, compared to 2,733 issues for the 2016 period, a 5.0% decrease.

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

- 166 issues decreased dividends for Q1 2017, compared to 252 for Q1 2016, a 34.1% year-over-year decrease.
- For the 12-month period ending March 2017, 573 issues decreased dividend payments, compared to 584 decreases for the 12-month period ending March 2016, a 1.9% decrease.

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

- The percentage of non-S&P 500 domestic common issues paying a dividend declined to 56.0%, down from 56.5% for Q4 2016.

- The weighted dividend yield for paying issues was 2.53%, down from 2.59% for Q4 2016 but more than 2.49% for Q1 2016; the average yield is 3.04%, down from 3.08% for Q4 2016.

“Large-cap dividend cuts from the Energy sector have been limited, which is adding stability to the sector,” said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**. “With a more stable base, the challenge facing dividends is now the slower rate of increases, as overall payment growth has slowed.”

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

417 issues, or 82.6%, within the **S&P 500** currently pay a dividend, down from 82.8% for Q4 2016. All 30 members of the **Dow Jones Industrial Average®** pay a dividend.

Silverblatt found that 67.7% of **S&P MidCap 400®** issues pay a cash dividend, down from 68.5% for Q4 2016.; 50.7% of **S&P SmallCap 600®** issues pay a dividend, which is an increase from the 50.2% of small-cap issues paying dividends for Q4 2016.

Yields continued to vary, with large-caps at 2.01% (2.09% for Q4 2016), mid-caps at 1.53% (1.53% for Q4 2016) and small-caps at 1.21% (1.18% for Q4 2016).

The **yields across dividend-paying** market-size classifications continue to be led by larger issues, with large-caps at 2.40% (2.46% for Q4 2016), mid-caps at 2.20% (2.17% for Q4 2016) and small-caps at 2.12% (2.07% for Q4 2016).

2017

Silverblatt notes that within the S&P 500, the average dividend increase for Q1 2017 was 10.2%, down from 10.8% for Q1 2016. While Energy dividends have stabilized, slower growth and recent market gains have limited yields.

“Rising interest rates could add pressure on companies to raise dividends,” said Silverblatt.

“However, with one rate increase behind us and the Street expecting two more this year, fixed-income yields have actually declined from year-end 2016. While some bank instruments have inched up, most are still uncompetitive with yields, especially given the reduced tax treatment of qualified dividends. Income seekers currently have few alternatives.

“**Absent a significant negative event, 2017 could see another increase of dividends**, as stronger growth in both earnings and cash are expected on the Street, as well as the potential for repatriation, either separately or coupled with tax reform. At the current rate of increases, dividends are on track to post a similar increase in 2017 as it did in 2016 (5.4%). The last repatriation, in 2004, saw substantial increases in both buybacks and dividends.”

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

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than based on any other provider in the world. With over 1,000,000 indices and more than 120 years of experience constructing innovative and transparent solutions, S&P Dow Jones Indices defines the way investors measure and trade the markets.

S&P Dow Jones Indices

S&P Global

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit www.spdji.com.

S&P DJI MEDIA CONTACTS:

Luke Shane, US Communications
(+1) 212 438 8184 luke.shane@spglobal.com

INDEX INVESTMENT STRATEGY:

Howard Silverblatt, Senior Index Analyst
(+1) 212 438 3916 howard.silverblatt@spglobal.com