

S&P Dow Jones Indices Reports Record \$58.4 Billion Increase in U.S. Dividend Payments for 2018

- Q4 2018's U.S. common dividends increased \$7.4 billion helping total FY 2018 indicated dividend payments increase a record \$58.4 billion
- Total S&P 500 quarterly dividend payments also set a new record at \$14.19 per share, or \$119.8 billion total
- Average Q4 2018 dividend increase in the S&P 500 was 10.24%, down from 10.41% during Q4 2017; 2018 average is 13.48%, up from 2017's 11.36%

NEW YORK, January 3, 2019: S&P Dow Jones Indices today announced that the indicated **dividend net increases (increases less decreases) for U.S. domestic common stocks increased \$7.4 billion** during Q4 2018, up from Q4 2017's \$4.5 billion increase.

For Q4 2018, aggregate increases amounted to \$11.9 billion, down from Q4 2017's \$12.4 billion. Aggregate dividend cuts decreased to \$4.5 billion from \$7.9 billion for Q4 2017.

For 2018, net dividends rose \$58.4 billion, compared to a gain of \$37.1 billion in 2017, as increases were \$66.5 billion versus \$49.6 billion, and decreases were \$8.1 billion compared to \$12.5 billion for 2017.

"2018 was a banner year for dividend increases as corporations used their savings from lower tax rates to push dividends and buybacks to record levels. Based on their current payout policies, S&P 500 2019 dividends already have a 3.5% tailwind built in, setting the stage for potentially another record year, with the increase again expected to outpace wage growth and inflation. While the ability is there, uncertainty over economic growth, interest rates, trade, tariffs, and government policy may limit commitment toward higher dividends until those issues are resolved. At this point, however, Q1 is expected to post a strong showing of dividend increases, as they do historically, with the key question for holders being the size of the increases," said **Howard Silverblatt, Senior Index Analyst, S&P Dow Jones Indices**.

"Though record amounts have been paid in dividends and buybacks, buybacks remain the favorite, as dividend payouts (dividends as a percentage of as-reported GAAP earnings) have declined for 2018 to below 40%, compared to the quarterly mid-40% range for 2017, and longer-term 51% rate (from 1936)."

Q4 2018 dividend payments for the S&P 500 set a record at \$14.19 per share, a 3.9% increase from the Q3 2018 record of \$13.66 per share, and an 11.0% year-over-year gain, with 2018 up 9.8% over 2017 (\$53.74 per share versus \$48.93 per share). On an aggregate basis, index components paid a record \$119.8 billion this quarter, up from \$115.7 billion for Q3 2018 and up to \$456.3 billion for 2018 from 2017's \$419.8 billion.

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):

- 787 dividend increases were reported during Q4 2018, compared to 801 during Q4 2017, a 1.7% year-over-year decline.
- For 2018, 2,768 issues increased their payments, compared to 2,642 issues for 2017, a 4.8% increase.
- Total dividend increases were \$66.5 billion for 2018, up from \$49.6 for 2017.

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

- 77 issues decreased dividends during Q4 2018, compared to 114 during Q4 2017, a 32.5% year-over-year decrease.
- For 2018, 403 issues decreased their dividend payments, compared to 445 decreases during 2017, a 9.4% year-over-year decrease.
- Dividend decreases were \$8.1 billion for 2018, down from \$12.5 billion for the corresponding 2017 time period, as **General Electric** (GE) significantly reduced its dividends in both years.

Non-S&P 500 domestic common issues:

- The percentage of non-S&P 500 domestic dividend-paying common issues increased to 57.8%, up from 55.7% for Q3 2018.
- The weighted dividend yield for paying issues was 2.82%, up from 2.41% for Q3 2018. The average yield increased to 3.16%, up from 3.02% for Q3 2018.

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

- 415 issues, or 82.2%, within the **S&P 500** currently pay a dividend, up from 411 (81.4%) for Q3 2018. All 30 members of the **Dow Jones Industrial Average®** pay a dividend.
- 69.8% of **S&P MidCap 400®** issues now pay a dividend, down from 70.3% for Q3 2018; 51.9% of **S&P SmallCap 600®** issues pay a dividend, flat from Q3 2018.
- Yields across market-cap sizes increased from Q3 2018 as the market declined quicker than dividends were increased. Large-cap yields increased to 2.22% (1.88% for Q3 2018), mid-caps to 1.87% (1.51% for Q3 2018), and small-caps to 1.67% (1.30% for Q3 2018).
- The yields across **dividend-paying** market-size classifications varied, with large-caps at 2.72% (2.33% for Q3 2018), mid-caps at 2.58% (2.12% for Q3 2018) and small-caps at 2.95% (2.43% for Q3 2018).

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“Companies were quick to showcase their higher shareholder returns, as strong earnings permitted record payouts in buybacks and dividends. While buybacks remain discretionary, dividends, once paid, are typically viewed as a corporate requirement, with increases dependent on expected future earnings and cash-flow growth. The 2018 headline tax-inspired earnings growth of over 20% is gone, as comparisons for 2019 will be tougher, with more needed from organic growth. The street consensus calls for high single-digit growth in 2019, and has been trending downward,” said Silverblatt.

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

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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 products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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