S&P Dow Jones Indices Reports U.S. Dividend Activity for Q2 2018

- Q2 2018 indicated payments increased by $13.0 billion
- S&P 500 quarterly dividend payments set record

NEW YORK, July 5, 2018: S&P Dow Jones Indices today announced that the indicated dividend net increases (increases less decreases) for U.S. domestic common stocks increased $13.0 billion during Q2 2018, down from the increase of $18.8 billion for Q1 2018 but up from $6.7 billion for Q2 2017.

For Q2 2018, aggregate increases amounted to $14.7 billion, up from $9.2 billion for Q2 2017. Aggregate dividend decreases fell to $1.8 billion, down from $2.5 billion for Q2 2017.

For the 12-month period ending June 2018, net dividend increases rose to $51.3 billion, compared to $32.5 billion for the corresponding 2017 period. Total dividend increases were $62.5 billion, up from $42.1 billion; dividend decreases were $11.2 billion, up from $9.6 billion, a comparison affected by the General Electric (GE) $4.2 billion decrease.

“There were record earnings during Q1 2018, and forward earnings indicate more records in the near future,” said Howard Silverblatt, Senior Index Analyst, S&P Dow Jones Indices. “Though record amounts have been paid, payouts (dividends as a percentage of as-reported GAAP earnings) appear to have declined when compared to the prior five-year average of 43.8%. The Q1 2018 S&P 500® level was 38.7% and the estimate for Q2 2018 is 35.2%.”

“Q2 2018 dividend payments for the S&P 500 set a record at $13.10 per share, a 2.4% increase from the record Q1 2018 record of $12.79 per share and up 8.1% year-over-year. On an aggregate basis, payments also set a record; index components issued record $111.6 billion this quarter, up from $109.2 billion for Q1 2018 and displacing the prior record of $109.5 billion set during Q4 2017.”

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):**

- 573 dividend increases were reported during Q2 2018, compared to 522 during Q2 2017, a 9.8% year-over-year increase.
- For the 12-month period ending June 2018, 2,760 issues increased their payments, compared to 2,614 issues for the 12-month period ending June 2017, a 5.6% year-over-year increase.

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

- 92 issues decreased dividends during Q2 2018, compared to 72 during Q2 2017, a 27.8% year-over-year increase.
- For the 12-month period ending June 2018, 466 issues decreased their dividend payments, compared to 487 decreases during the 12-month period ending June 2017, a 4.3% year-over-year decrease.

**Non-S&P 500 domestic common issues:**
• The percentage of non-S&P 500 domestic dividend-paying common issues decreased to 55.6%, down from 55.8% for Q1 2018.
• The weighted dividend yield for paying issues was 2.52%, up from 2.51% for Q1 2017. The average yield increased to 2.97%, slightly up from 2.96% for Q1 2018.

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

413 issues, or 81.8%, within the S&P 500 currently pay a dividend, down from 415 for Q1 2018. All 30 members of the Dow Jones Industrial Average® pay a dividend.

Silverblatt found that 69.8% of S&P MidCap 400® issues pay a dividend, down from 70.8% for Q1 2018; 51.8% of S&P SmallCap 600® issues pay a dividend, up from 50.8% for Q1 2017.

Large-cap yields were flat from Q1 2018, at 1.92%. Mid-caps at 1.55% (1.62% for Q1 2018), and small-caps at 1.32% (1.30% for Q1 2018), were steady.

The yields across dividend-paying market-size classifications varied, with large-caps at 2.41% (2.37% for Q1 2018), mid-caps at 2.14% (2.20% for Q1 2018) and small-caps at 2.44% (2.41% for Q1 2018).

Q2 2018

Silverblatt calculated that within the S&P 500, the average dividend increase during Q2 2018 was 13.55%, down from 13.92% during Q1 2018 yet up from 10.50% during Q2 2017.

The median increase was 10.00% during Q2 2018, down from 10.34% during Q1 2018 yet up from 8.16% during Q2 2017.

2018

“Using the current declared dividend rates for the S&P 500, 2018 year-to-date has seen a 7.2% increase of dividend payments over 2017, up from 5.5% at the end of Q1 2018 and 2.3% at year-end 2017,” said Silverblatt.

“The record-setting earnings levels posted during Q1 2018 and expected earnings for the rest of the year indicate that 2018 is well on its way to post its seventh consecutive year of record dividend payments. There is even a potential for a return to double-digit gains, last seen during 2015.

“Given the reduced income for dividend holders over the past few years, nearing a double-digit increase is significant.”

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

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