

S&P Dow Jones Indices Reports Slower Growth in U.S. Dividend Activity for Q2 2017

- Q2 2017 indicated dividends increased \$6.7 billion, down from \$7.3 billion for Q2 2016
- Dividend decreases continue to slow, enabling overall gains
- Stabilization of Energy sector dividends amid concern over oil prices

NEW YORK, July 12, 2017 /PRNewswire/ -- S&P Dow Jones Indices today announced that the indicated **dividend net increases (increases less decreases) for U.S. domestic common stocks increased \$6.7 billion** during Q2 2017. This is a 7.9% decrease from Q2 2016, which netted a \$7.3 billion gain.

For Q2 2017, aggregate increases amounted to \$9.8 billion, down 11.6% from the \$11.0 billion for Q2 2016. Dividend decreases declined to \$3.0 billion, from \$3.7 billion for Q2 2016, an 18.8% reduction.

For the 12-month period ending June 2017, net dividend increases were up 30.9%, to \$32.5 billion, compared to a \$24.8 billion increase for the 12-month period ending June 2016. Dividend increases fell 8.0% to \$42.1 billion for the 12-month period ending June 2017, from \$45.7 billion for the 12-month period ending June 2016. Dividend decreases declined 54.0% to \$9.6 billion, from \$20.9 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):

- 552 dividend increases were reported for Q2 2017, compared to 504 increases for Q2 2016, a 3.6% year-over-year increase.
- For the 12-month period ending June 2017, 2,614 issues increased their payments, compared to 2,675 issues for the 2016 period, a 2.3% decrease.

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

- 72 issues decreased dividends for Q2 2017, compared to 158 for Q2 2016, a 54.4% year-over-year decrease.
- For the 12-month period ending June 2017, 487 issues decreased dividend payments, compared to 657 decreases for the 12-month period ending June 2016, a 25.9% 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 55.6%, down from 56.0% for Q1 2017.
- The weighted dividend yield for paying issues was 2.51%, down from 2.53% for Q1 2017 and 2.69% for Q2 2016; the average yield is 3.04%, unchanged from Q1 2017.

"Dividend cuts, especially from the Energy sector, continue to decelerate with overall dividend growth remaining positive, but slow," said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**. "With a more stable dividend base, and interest rates starting to increase, the rate of dividend growth may pick up. Adding some fuel to yield for the third quarter will be the major banks, which received approval for increased shareholders return through dividends and buybacks. Furthermore, repatriation, if approved, could add to dividends via increases, and potentially one-time extras."

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

415 issues, or 82.2%, within the **S&P 500** currently pay a dividend, down from 82.6% for Q1 2017. All 30 members of the **Dow Jones Industrial Average®** pay a dividend.

Silverblatt found that 67.8% of **S&P MidCap 400®** issues pay a cash dividend, up from 67.7% for Q1 2017; 51.2% of **S&P SmallCap 600®** issues pay a dividend, which is an increase from the 50.7% of small-cap issues

paying dividends for Q1 2017.

Yields continued to vary, with large-caps at 1.99% (2.01% for Q1 2017), mid-caps at 1.53% (flat from Q1 2017) and small-caps at 1.30% (1.21% for Q1 2017).

The **yields across dividend-paying** market-size classifications continue to be led by larger issues, with large-caps at 2.39% (2.40% for Q1 2017), mid-caps at 2.19% (2.20% for Q1 2017) and small-caps at 2.30% (2.12% for Q1 2017).

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Silverblatt notes that within the S&P 500, the average dividend increase for Q2 2017 was 10.5%, up from 10.2% for Q1 2017 and 10.4% in Q2 2016. The median increase was 8.2%, up from Q1 2017's 7.9%, but trailed the 8.3% of Q2 2016.

"The second quarter dividend payments for the S&P 500 set a new record, at \$104 billion, but at this point the record may not last in the third quarter or for year-end," said Silverblatt. "At the current rate of increases, dividends are on track to post a 7% gain in 2017, compared to a 5.6% gain in 2016. Moreover, the Street expects continued gains in earnings and cash flow, as well as the potential for repatriation, all of which stimulate dividend growth."

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

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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

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