S&P Dow Jones Indices Reports $42.5 Billion Decrease in U.S. Indicated Dividend Payments for Q2 2020; Worst Quarter since Q1 2009

- The Good: Total S&P 500® Q2 2020 dividend payments ticked up 0.3% to $119.0 billion from Q2 2019's $118.7 billion as companies fulfilled pre-COVID declarations, but declined 6.2% from the record Q1 2020 payment of $127.0 billion.
- The Bad: Fifty S&P 500 issues decreased or suspended their forward rate by $29.0 billion in Q2 2020, pointing to a lower Q3 2020 payment.
- The Hope: The major damage was done in March, April and May, as June appeared to have leveled off; 2020 expected to be down, but limited, if overall reopening succeeds.

NEW YORK, July 8, 2020 /PRNewswire/ -- S&P Dow Jones Indices announced today that indicated **dividend net changes (increases less decreases) for U.S. domestic common stocks declined $42.5 billion** during Q2 2020 compared to a gain of $8.4 billion in Q2 2019. The decline was the worst since the $43.8 billion decline of Q1 2009 and comes after a $5.5 billion decline in Q1 2020.

For Q2 2020, aggregate increases amounted to $6.7 billion, down 45.7%, from Q2 2019's $12.3 billion. Aggregate dividend cuts increased 1,156% to $49.2 billion from $3.9 billion in Q2 2019.

For the 12 months ending in June 2020, net dividends fell $22.7 billion, compared to a gain of $46.8 billion for the 2019 period, as increases were $46.9 billion versus $60.7 billion, and decreases were $69.6 billion compared to $14.0 billion for the prior period.

"There were massive dividend suspensions in Q2 2020 as companies had no time to ride out the virus, as sales were cut off and positive cash-flow turned to burn-rate analysis," said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices.** "The actual payments for Q2 2020 were not as bad as the announcements since Q1 increases stood and most companies continued with their higher rate. However, Q3 will feel the full impact in payments, with most of the cuts being suspensions as opposed to decreases."

Silverblatt continued, **"**The cuts, however, appear to have subsided, as those most impacted have taken their actions and those currently able to ride through the initial downturn are continuing to pay. If the overall reopening improves and regions act to limit any upturns, we would expect to see fewer and smaller dividend increases in the second half, and a significant decrease in cuts and suspension, which could limit the overall 2020 damage to a low single-digit decline. It's not the high-single-digit dividend gain expected for 2020 at year-end 2019, but for a diversified portfolio the damage could be limited. If, however, the virus flairs up and is unchecked, we could see a return to significant cuts."

S&P 500 Dividends

On a per share basis, S&P 500 Q2 2020 dividend payments for the S&P 500 decreased 6.4% to $14.35, down from the record Q1 2020 of $15.32, and up 0.7% from Q2 2019's $14.24 payment. On an aggregate basis, index components paid $119.0 billion in dividends in the quarter, down from the record $127.0 billion in Q1 2019. For the 12-month period ending in June 2020, the index paid a record $59.68 per share (surpassing the prior 12-month record set in Q1 2020 of $59.58), up from the 2019 period's $56.08, with an aggregate $495.5 billion to shareholders, compared to $471.5 billion.

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

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

- 244 dividend increases were reported during Q2 2020, compared to 492 during Q2 2019, a 50.4% year-over-year decline.
- Total dividend increases were $6.7 billion for the period, down from $12.3 billion for Q2 2019.
- For the 12-month period, 2,084 issues increased their payments, compared to 2,516 issues for the prior period, a 17.2% decrease.
- Total dividend increases were $46.9 billion for the 12-month period, down from $60.7 billion for the prior period.

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

- 639 issues decreased dividends during Q2 2020, compared to 62 during Q2 2019, a 931% year-over-year increase.
- Dividend decreases were $49.2 billion for the period, up from $3.9 billion for Q2 2019.
- For the 12-month period, 941 issues decreased their dividend payments, compared to 314 decreases during the prior period, a 200% year-over-year increase.
- Dividend decreases were $69.6 billion for the 12-month period, up from $14.00 billion for the prior period.

Non-S&P 500 domestic common issues (for issues yielding 10% or less):

- The percentage of non-S&P 500 domestic dividend-paying common issues decreased to 24.2% in Q2 2020 from 27.0% in Q1 2020.
- The weighted dividend yield for paying issues was 3.23%, down from 3.68% for Q1 2020. The average yield decreased to 3.28%, down from 3.62% for Q1 2020.

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

- 380 issues, or 75.2%, within the **S&P 500** currently pay a dividend, down from 413 in Q1 2020. 28 of the 30 members of the **Dow Jones Industrial Average®** pay a dividend.
- 58.8% of **S&P MidCap 400®** issues now pay a dividend, down from 68.0% for Q1 2020; 45.8% of **S&P SmallCap 600®** issues pay a dividend, down from 52.4% in Q1 2020.
- Yields across market-cap sizes decreased from Q1 2020, as prices rebounded, and were more in line with those at year-end 2019. Large-cap yields decreased to 1.84% (2.31% for Q1 2020 and 1.86% for Q4 2019), mid-caps to 1.62% (2.32% for Q1 2020 and 1.68% for Q4 2019), and small-caps to 1.44% (2.20% for Q1 2020 and 1.56% for Q4 2019).
- The yields across **dividend-paying** market-size classifications were closer, but varied, with large-caps down to 2.45% (2.91% for Q1 2020 and 2.28% for Q4 2019), mid-caps at 2.67% (3.40% for Q1 2020 and 2.38% for Q4 2019) and small-caps at 2.80% (3.72% for Q1 2020 and 2.64% for Q4 2019).

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

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