S&P Dow Jones Indices Reports $2.3 Billion Decrease in U.S. Indicated Dividend Payments for Q3 2020, up from Q2's $42.5 billion decline

- Q3 2020 U.S. common dividend increases were $8.4 billion, up from $6.7 billion in Q2 2020 and down from $15.8 billion in Q3 2019
- Q3 2020 U.S. common dividends decreases were $10.8 billion, down from $49.2 billion in Q2 2020 and up from $1.1 billion in Q3 2019
- Net indicated dividend rate change was -$2.3 billion, compared to Q2 2020's $42.5 billion decline and Q3 2019's $14.6 billion increase
- Average Q3 2020 dividend increase in the S&P 500 was 4.17%, down from 4.84% in Q2 2020 and down from the 10.00% in Q3 2019

NEW YORK, Oct. 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 $2.3 billion** during Q3 2020 compared to a decline of $42.5 billion in Q2 2020, and a gain of $14.6 billion in Q3 2019.

For Q3 2020, aggregate increases amounted to $8.4 billion, up 26.0% from the $6.7 billion increase of Q2 2020 and down 46.5%, from Q3 2019's $15.8 billion. Aggregate dividend cuts decreased 78.1% to $10.8 billion from Q2 2020's $49.2 billion in cuts, and was up 853% from the $1.1 billion in cuts for Q3 2019.

For the 12 months ending in September 2020, net dividends fell $39.7 billion, compared to a gain of $42.2 billion for the 2019 period, as increases were $39.5 billion versus $56.5 billion, and decreases were $79.2 billion compared to $14.3 billion for the prior period.

"The massive $49.2 billion in dividend cuts in Q2 2020 didn't extend far into Q3 as dividend increases picked up 26% in aggregate, even as the average increase declined," said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices. "**The $10.8 billion in Q3 cuts would have been only $4.0 billion without Wells Fargo's July $6.8 billion cut. For ongoing companies, dividends appear to have stabilized, with most holding their payments, and those with good cash-flow slightly increasing – especially those which have a history of doing so."

Silverblatt continued, **"**The current working view for S&P 500 dividends continues to improve, as the lack of significant negative news, issues holding their dividend rate, and the increases (which are lower than typical), are viewed as positive. Q4 2020 will continue to be dependent on the impact of the virus as politics, and the view of 2021 tax policy, may come into play for Q4 2020 actions.

S&P 500 Dividends

On a per share basis, S&P 500 Q3 2020 dividend payments for the S&P 500 decreased 2.6% to $13.97, down from the Q2 2020 $14.35, and down 5.6% from Q3 2019's $14.80 payment. On an aggregate basis, index components paid $115.5 billion in dividends in the quarter, down from $119.0 billion in Q2 2020 and $123.1 billion of Q3 2019. For the 12-month period ending in September 2020, the index paid $58.85 per share, up from the 2019 period's $57.22, with an aggregate $487.9 billion to shareholders, compared to $478.9 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):

- 309 dividend increases were reported during Q3 2020 compared to 426 during Q3 2019, a 27.5% year-over-year decline.
- Total dividend increases were $8.4 billion for the period, down from $15.8 billion for Q3 2019.
- For the 12-month period, 1,967 issues increased their payments, compared to 2,482 issues for the prior period, a 20.7% decrease.
- Total dividend increases were $39.5 billion for the 12-month period, down from $56.5 billion for the prior period.

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

- 102 issues decreased dividends during Q3 2020, compared to 94 during Q3 2019, an 8.5% year-over-year increase.
- Dividend decreases were $10.8 billion for the period, up from $1.2 billion for Q3 2019.
- For the 12-month period, 949 issues decreased their dividend payments, compared to 341 decreases during the prior period, a 178% year-over-year increase.
- Dividend decreases were $43.5 billion for the 12-month period, up from $1.2 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 23.4% in Q3 2020 from 24.2% in Q2 2020 from 27.0% in Q1 2020.
- The weighted indicate dividend yield for paying issues was 2.76% in Q3 2020, down from 3.23% in Q2 2020 and down from 3.68% for Q1 2020. The average indicated yield decreased to 2.76% for Q3 2020, down from 3.28% in Q2020, and down from 3.62% for Q1 2020.

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

- 383 issues, or 75.8%, within the **S&P 500** currently pay a dividend, down from 480 in Q2 2020, as 27 of the 30 members of the **Dow Jones Industrial Average®** pay a dividend.
- 59.0% of **S&P MidCap 400®** issues now pay a dividend, up from 58.8% for Q2 2020; 45.4% of **S&P SmallCap 600®** issues pay a dividend, down from 45.8% in Q2 2020.
- Yields across market-cap sizes decreased from Q2 2020, as prices rebounded. Large-cap yields decreased to 1.68% (1.84% for Q2 2020 and 2.31% for Q1 2020), mid-caps to 1.55% (1.62% for Q2 2020 and 2.32% for Q1 2020), and small-caps to 1.47% (1.44% for Q2 2020 and 2.20% for Q1 2020).
- The yields across **dividend-paying** market-size classifications were closer, but varied, with large-caps down to 2.26% (2.45% for Q2 2020 and 2.91% for Q1 2020), mid-caps at 2.63% (2.67% for Q2 2020 and 3.40% for Q1 2020) and small-caps at 2.97% (2.80% for Q2 2020 and 2.72% for Q1 2020).

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

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