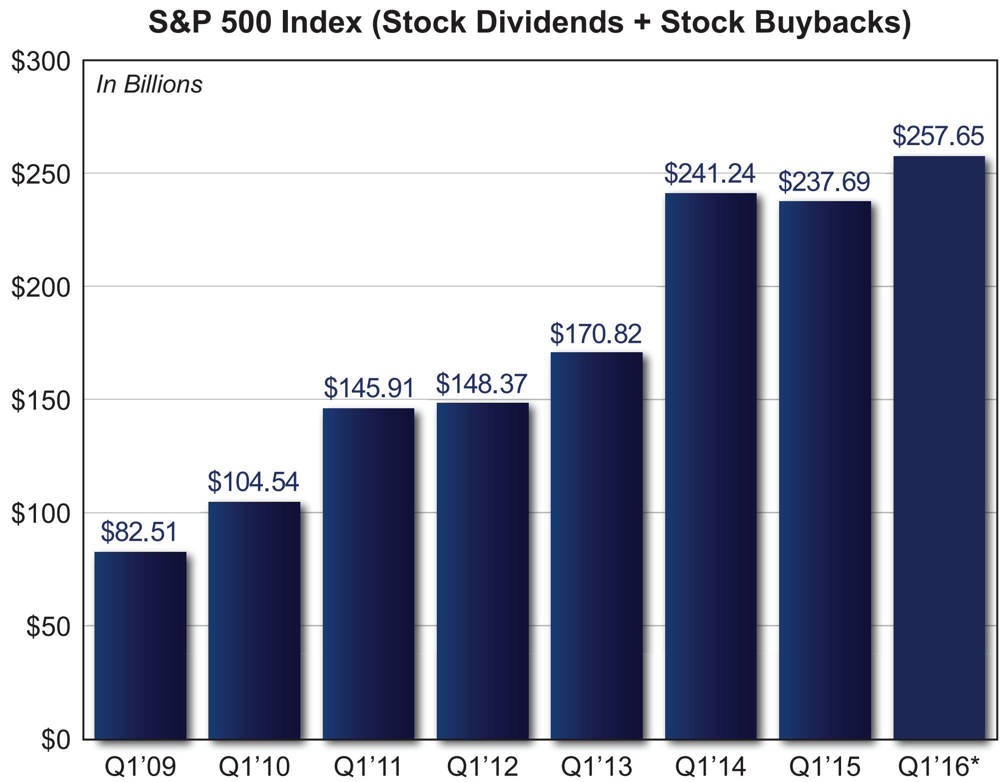
S&P 500 Index Companies Continue To Reward Shareholders



*Source: S&P Dow Jones Indices. *Q1'16 is a preliminary figure.*

View from the Observation Deck

1. Today's blog post shows the surge in the amount of capital that S&P 500 Index companies have committed to stock dividends and stock buybacks since the quarter (Q1'09) in which the index bottomed in the last bear market.
2. As indicated in the chart, using first quarter data points, the S&P 500 Index increased its combined outlays (dividends + buybacks) from $82.51 billion in Q1'09 to $257.65 in Q1'16 (preliminary), or an increase of 212.27%.
3. For the 12-month period ended Q1'16 (not in chart), S&P 500 Index companies spent a combined $974.58 billion – a record amount, according to S&P Dow Jones Indices.
4. As of Q1'16, preliminary data puts cash and equivalents held by the companies in the S&P Industrials (Old), defined as the S&P 500 minus Financials, Utilities and Transportation companies, at a record $1.34 trillion, according to S&P Dow Jones Indices.
5. The S&P 500 Index closed 6/22/16 at 2,085.45, which was 2.13% below its all-time high of 2,130.82 established on 5/21/15, according to Bloomberg.
6. Bloomberg's 2016 and 2017 earnings growth rate estimates for the S&P 500 Index were 8.82% and 13.42%, respectively, as of 6/23/16.
7. The S&P 500 Index's estimated price-to-earnings (P/E) ratios for 2016 and 2017 were 17.90 and 15.79, respectively, as of 6/23/16, according to Bloomberg. It's average P/E over the past 50 years (thru 6/23/16) was 16.57.

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