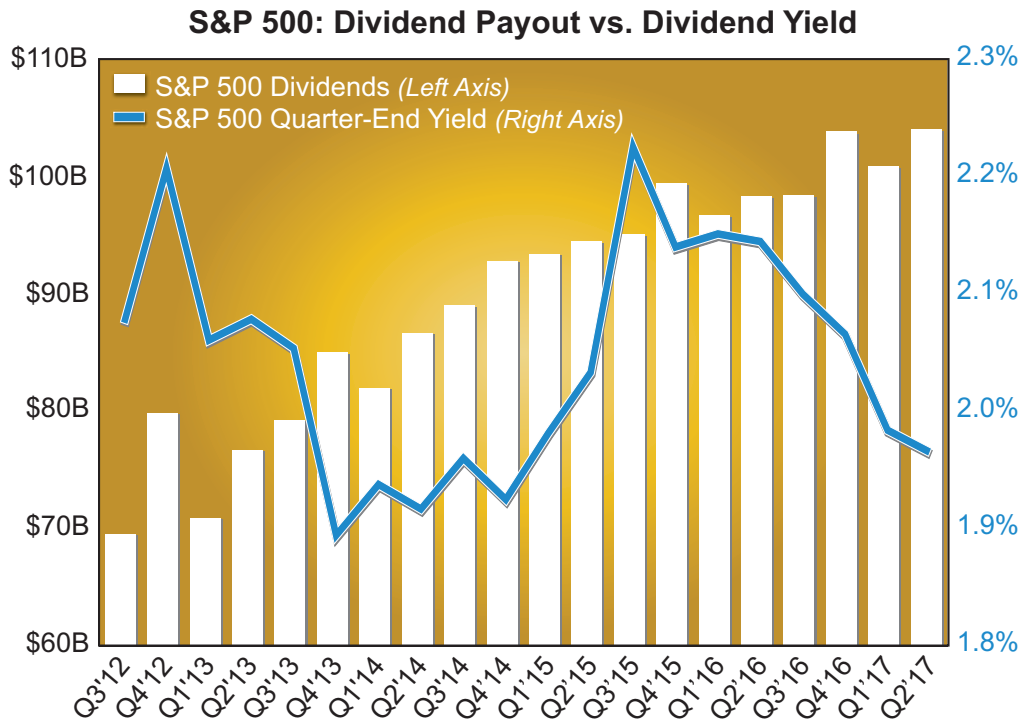


# S&P 500 Index Stock Dividends Are Still Rising But The Index's Dividend Yield Isn't



Source: S&P Dow Jones Indices. Q2'17 is preliminary. Past performance is no guarantee of future results.

## View from the Observation Deck

- Over the past 20 calendar quarters, the S&P 500 Index stock dividend payout rose from \$69.48 billion in Q3'12 to a record high \$104.01 billion in Q2'17, or an increase of 49.70% (see chart).
- The stock dividend yield (quarter-end) on the S&P 500 Index dipped from 2.07% to 1.96% over the same period. The dividend yield as of midday 10/26/17 was 1.94%, according to Bloomberg.
- The number of companies paying a quarterly dividend rose from 403 on 9/30/12 to 415 on 6/30/17, according to S&P Dow Jones Indices.
- The dividend payout ratio (percentage of a dollar's worth of earnings paid out as a dividend) for the companies in the S&P 500 Index rose from 37.17% in Q3'12 to 51.04% in Q2'17, according to Bloomberg. The 51.04% payout ratio was in line with the 53% historical average at the start of 2012, according to data from CNBC.
- S&P 500 companies, in aggregate, have been raising their stock dividend payouts just enough to offset the increase in stock prices. As a result, the index's dividend yield has not trended higher with payouts.
- From 9/30/12-6/30/17 (period in chart), the S&P 500 posted a price-only return of 68.21%, according to Bloomberg. That is markedly higher than the 49.70% increase in stock dividend distributions.
- For many years, low interest rates and low bond yields have allowed S&P 500 Index companies to maintain lower than normal dividend payout ratios, in our opinion. It will be interesting to see if that changes should bond yields rise in the months and years ahead.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.*

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