

A Snapshot Of Dividend Yields

S&P 500 Index & Sector Index Dividend Yields

Indices	12/30/16	12/29/17	11/14/18
Comm. Services	4.52%	5.10%	1.54%
Cons. Discretionary	1.54%	1.35%	1.34%
Cons. Staples	2.79%	2.67%	2.99%
Energy	2.51%	2.70%	3.33%
Financials	1.71%	1.67%	2.15%
Health Care	1.84%	1.68%	1.69%
Industrials	2.23%	1.83%	1.96%
Info. Tech.	1.56%	1.28%	1.66%
Materials	2.16%	1.82%	2.20%
Real Estate	4.18%	3.32%	3.45%
Utilities	3.61%	3.38%	3.42%
S&P 500	2.09%	1.87%	2.03%

Source: S&P Dow Jones Indices. As of 9/28/18, the Global Industry Classification Standard (GICS) was reconstituted and the Telecommunications Services sector was renamed Communication Services. GICS sector information for periods prior to 9/28/18 may not necessarily be comparable to the reconstituted sectors. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post reflects the fluctuation in the dividend yields on the S&P 500 and its 11 sector indices since the close of 2016. The S&P 500 is a market-capitalization weighted index.
2. The significant decline in the yield on the S&P 500 Communication Services Index in 2018 was a result of it being reconstituted from the S&P 500 Telecommunication Services Index on 9/28/18. The new index is comprised of 26 stocks, the majority of which were formerly members of either the S&P 500 Information Technology Index or the S&P 500 Consumer Discretionary Index.
3. For comparative purposes, the yields on the 10-year Treasury note for the dates cited in the table were as follows: 2.45% (12/30/16), 2.41% (12/29/17) and 3.13% (11/14/18), according to Bloomberg. The financial media often compares the yields on dividend-paying stocks to what investors could earn on Treasuries.
4. The dividend yield on the S&P 500 Financials Index has been trending higher of late in large part due to the Federal Reserve's ruling in 2017 that allowed banks to begin hiking their dividend payouts. We expect payouts to rise moving forward. Banks had been restricted in doing so following the 2008-2009 financial crisis. The yield on the S&P 500 Financials Index stood above the yield on the S&P 500 Index on 11/14/18.
5. For the 12-month period ended 6/30/18 (most recent data), the S&P 500 Index paid out a record high \$435.69 billion in dividends, up 7.02% from the \$407.11 billion distributed for the 12-month period ended 6/30/17, according to S&P Dow Jones Indices.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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