Corporate Finance Briefing: S&P 500 Buybacks & Dividends

Yardeni Research, Inc.

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Dr. Edward Yardeni
516-972-7683
eyardeni@yardeni.com

Joe Abbott
jabbott@yardeni.com

Mali Quintana
480-664-1333
aquintana@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com

thinking outside the box
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Figure 1.

S&P 500 BUYBACKS
(billion dollars, annualized)

- Actual x 4 (862.1)
- 4-Quarter Sum (857.2)

Source: Standard & Poor’s.

Figure 2.

S&P 500 DIVIDENDS
(billion dollars, annualized)

- Actual x 4 (572.2)
- 4-Quarter Sum (575.0)

Source: Standard & Poor’s.
Figure 3.
S&P 500 BUYBACKS
(billion dollars, quarterly, nsa)
Source: Standard & Poor’s.

Figure 4.
S&P 500 DIVIDENDS
(billion dollars, quarterly)
Source: Standard & Poor’s.
Figure 5.

S&P 500 DIVIDENDS & BUYBACKS (trillion dollars, annualized)

Source: Standard & Poor’s.

Figure 6.

S&P 500 BUYBACKS (billion dollars, annualized)

S&P 500 FORWARD EARNINGS YIELD & CORPORATE BOND YIELD (percent)

* Forward earnings (time-weighted average of consensus operating earnings estimates for current and next year) divided by S&P 500 stock price index.

Source: Thomson Reuters I/B/E/S, Standard & Poor’s and Bank of America Merrill Lynch.
Figure 7.

S&P 500 BUYBACKS & DIVIDENDS
(billion dollars, annualized)

Total* (1429.3)

Buybacks* (857.2)

Dividends* (575.0)

*4-quarter sum.

Source: Standard & Poor’s.
Figure 8.

TOTAL GROSS ISSUANCE OF STOCKS MINUS S&P 500 BUYBACKS
(billion dollars)

-1200 -1000 -800 -600 -400 -200 0 200 400 600

Source: Federal Reserve Board and Standard & Poor’s Corporation.
S&P 1500/500/400/600 Divisors

* Divisor is used to ensure that changes in shares outstanding, capital actions, and the addition or deletion of stocks to the index do not change the level of the index.

Source: Standard & Poor’s Corporation.

* S&P 1500 DIVISOR*

* S&P 1500 DIVISOR* (yearly percent change)

* S&P 400 MIDCAP DIVISOR*

* S&P 400 MIDCAP DIVISOR* (yearly percent change)

* S&P 600 SMALLCAP DIVISOR*

* S&P 600 SMALLCAP DIVISOR* (yearly percent change)
Figure 10.

S&P 500 YIELD FROM BUYBACKS & DIVIDENDS

- Buybacks + Dividends (billion dollars, trailing four-quarter)
  (1429.34)

Yield (%)
- Buybacks (2.50)
- Dividends (1.55)
- Buybacks + Dividends (4.16)

Source: Standard & Poor’s.

Figure 11.

S&P 500 BUYBACKS (billion dollars, quarterly)

- Buybacks as a % of S&P 500 Market Cap (0.63)

Source: Standard & Poor’s.
**Buybacks & Dividends as % of Operating Earnings**

**Figure 12.**

*S&P 500 BUYBACKS, DIVIDENDS, & OPERATING EARNINGS* (billion dollars, trailing four-quarter)

- Buybacks (857.2)
- Operating Earnings (1678.6)
- Dividends (575.0)
- Buybacks+Dividends (1429.3)
- Buybacks+Dividends as percent of Operating Earnings (85.2)

Source: Standard & Poor’s.

**Figure 13.**

*S&P 500 EX-ENERGY BUYBACKS, DIVIDENDS, & OPERATING EARNINGS* (billion dollars, trailing four-quarter)

- Buybacks (782.7)
- Operating Earnings (1464.3)
- Dividends (507.3)
- Buybacks+Dividends (1289.9)
- Buybacks+Dividends as percent of Operating Earnings (88.1)

Capped at 150% due to extreme values.

Source: Standard & Poor’s.
Figure 14.

S&P 500 SECTORS BUYBACKS
(quarterly, billion dollars)

- **Total** (215.5)
- **Health Care** (23.2)
- **Communication Services** (35.8)
- **Industrials** (14.2)
- **Consumer Discretionary** (18.3)
- **Information Technology** (45.9)
- **Consumer Staples** (6.3)
- **Materials** (3.8)
- **Energy** (19.3)
- **Real Estate** (0.5)
- **Financials** (46.9)
- **Utilities** (1.3)

Note: Real Estate sector data start Q3-2016.
Source: Standard & Poor’s.
S&P 500 Sectors Cumulative Buybacks Since Q1-2009

Note: Real Estate sector data start Q3-2016.
Source: Standard & Poor’s.
S&P 500 Sectors Quarterly Dividends

Source: Standard & Poor’s.
Note: Real Estate sector data start Q2-2017.
Source: Standard & Poor’s.
Source: Standard & Poor’s.