**Dividends**

**Figure 1.**

DIVIDENDS IN CORPORATE PROFITS
(billion dollars, 4-quarter sum)

- All Corporations (1340.8)
- Nonfinancial Corporations (476.8)
- S&P 500 (469.1)

Source: Federal Reserve Board, Financial Accounts of the United States, Standard & Poor’s and Bureau of Economic Analysis.

**Figure 2.** Forget about market timing: Buy and hold companies that pay dividends.

S&P 500 DIVIDEND YIELD
(trailing 4-quarter sum)

- Invested in 1970 (65.0)
- Invested in 1980 (41.7)
- Invested in 1990 (17.0)
- Invested in 2000 (4.1)

Source: Standard & Poor’s.
Figure 3.
TREASURY BILL YIELD VS S&P 500 DIVIDEND YIELD
(percent)

- Three-Month Treasury Bill Yield
- S&P 500 Dividend Yield*

* S&P 500 four-quarter trailing dividends per share divided by quarterly closing value of the S&P 500 index.
Source: Standard & Poor's and Federal Reserve Board.

Figure 4.
S&P 500 DIVIDENDS & RETAINED EARNINGS PER SHARE
(dollars, trailing 4-quarter sum, ratio scale)

- Dividends
- Retained Earnings*

* Reported earnings minus dividends per share.
Source: Standard & Poor’s Corporation.
Dividends

Figure 5.
S&P DIVIDEND PAYOUT RATIOS*
(percent)

S&P 500
S&P Industrials

S&P 500 COMPANIES PAYING A DIVIDEND
(percentage of total)

* Four-quarter trailing dividends per share divided by four-quarter trailing reported earnings.
Source: Standard & Poor’s Corporation and FactSet.

Figure 6.
DIVIDEND PAYOUT RATIOS
(percentage)

NIPA Dividends
(as a percentage of NIPA After-Tax Profits*) (71.5)
S&P 500 Dividends
(as a percentage of S&P 500 reported net income) (40.6)

* From Current Production. Including IVA & CCadj. These two adjustments restate the historical cost basis used in profits tax accounting for inventory withdrawals and depreciation to the current cost measures used in GDP.
Source: Federal Reserve Board, Financial Accounts of the United States, Standard & Poor’s and Bureau of Economic Analysis.
Dividends

Figure 7.

S&P 500 DIVIDEND YIELD vs. S&P 500 FORWARD EARNINGS YIELD

(percent)

- S&P 500 Dividend Yield* (1.91)
- S&P 500 Forward Earnings Yield** (6.06)

* S&P 500 four-quarter trailing dividends per share divided by quarterly closing value of the S&P 500 index.
** S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
Source: Standard & Poor’s and Federal Reserve Board.

Figure 8.

THREE-MONTH TREASURY BILL YIELD vs. S&P 500 FORWARD EARNINGS YIELD

(percent)

- Three-Month Treasury Bill Yield (1.97)
- S&P 500 Forward Earnings Yield* (6.06)

* S&P 500 12-month forward consensus expected operating earnings divided by S&P 500 stock price index.
Source: Standard & Poor’s and Federal Reserve Board.
Figure 9. Dividends and dividend yields driving the market.

* Blue lines show hypothetical values of S&P 500 stock price index using actual S&P 500 dividend (4-quarter trailing sum) divided by dividend yields from 1.0% to 6.0%. Source: Standard & Poor’s.

Figure 10.

* Blue lines show hypothetical values of S&P 500 stock price index using actual S&P 500 dividend (4-quarter trailing sum) divided by dividend yields from 1% to 6%. Source: Standard & Poor’s.
Figure 11.

CORPORATE DIVIDENDS: TOTAL vs S CORPORATIONS
(billion dollars)

* Annual sum of quarterly data.
Source: Bureau of Economic Analysis and IRS Statistics of Income.

Figure 12.

S CORPORATION DIVIDENDS
(as a percent of Corporate Dividends*)

* Annual sum of quarterly data.
Source: Bureau of Economic Analysis and IRS Statistics of Income.
Figure 13.

S&P 500 DIVIDEND PAYOUT RATIO*
(percent)

* Four-quarter trailing total dividends divided by four-quarter aggregate operating earnings.
Source: Standard & Poor’s.

Figure 14.

S&P 500 DIVIDEND YIELD vs 10-YEAR BOND YIELD
(percent)

* S&P 500 four-quarter trailing dividends per share divided by quarterly closing value of the S&P 500 index.
Source: Standard & Poor’s Corporation and Board of Governors of the Federal Reserve System.
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