

# Topical Study #84: The Truth About Stock Buybacks

Yardeni Research, Inc.

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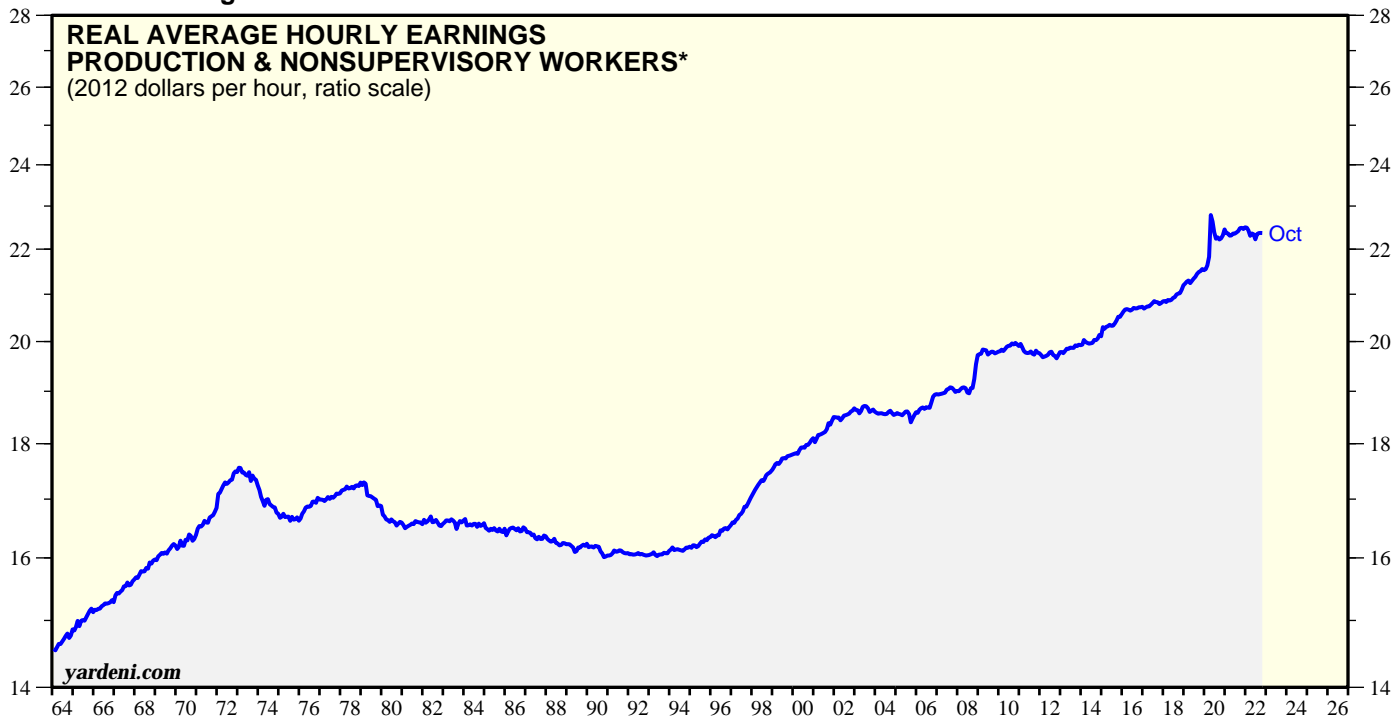
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*thinking outside the box*

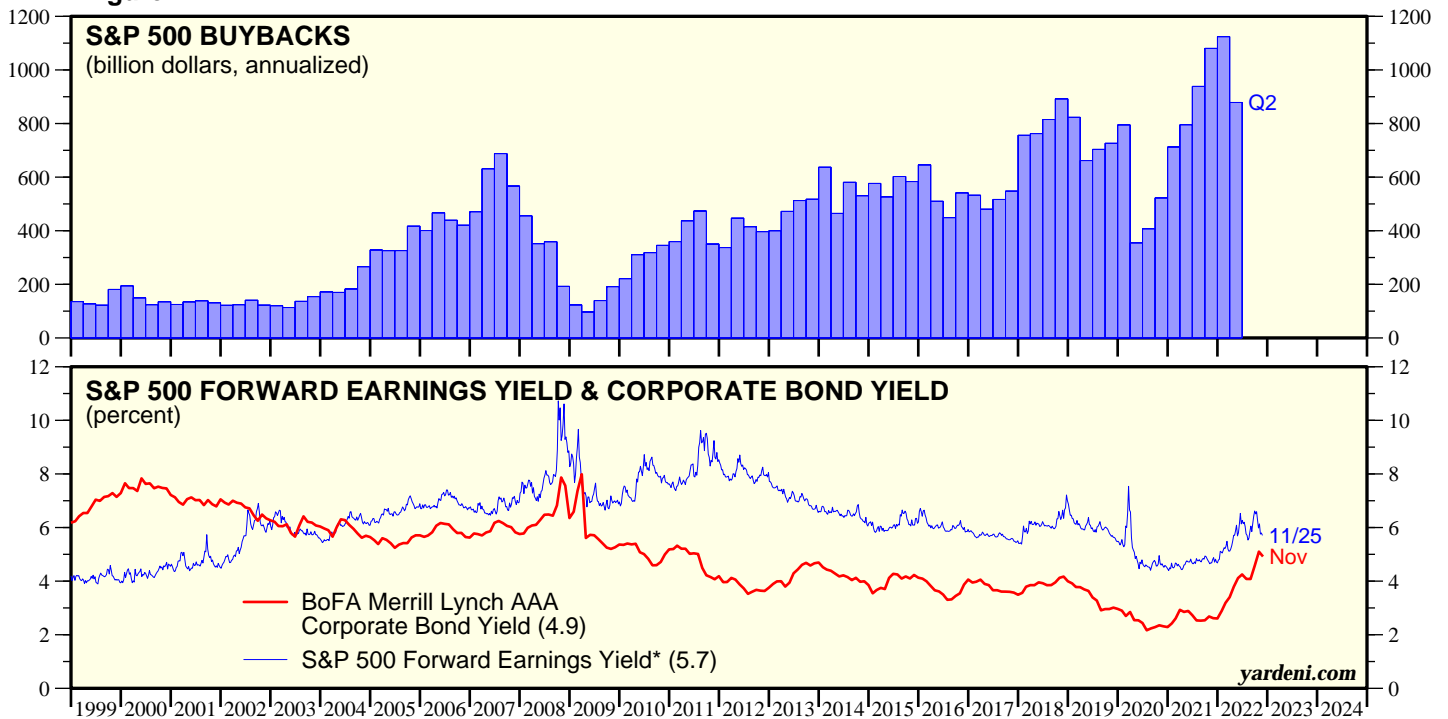
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Figure 1.



\* Average hourly earnings deflated by personal consumption expenditures deflator.  
Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Haver Analytics.

Figure 1.



\* 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.

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Figure 2.

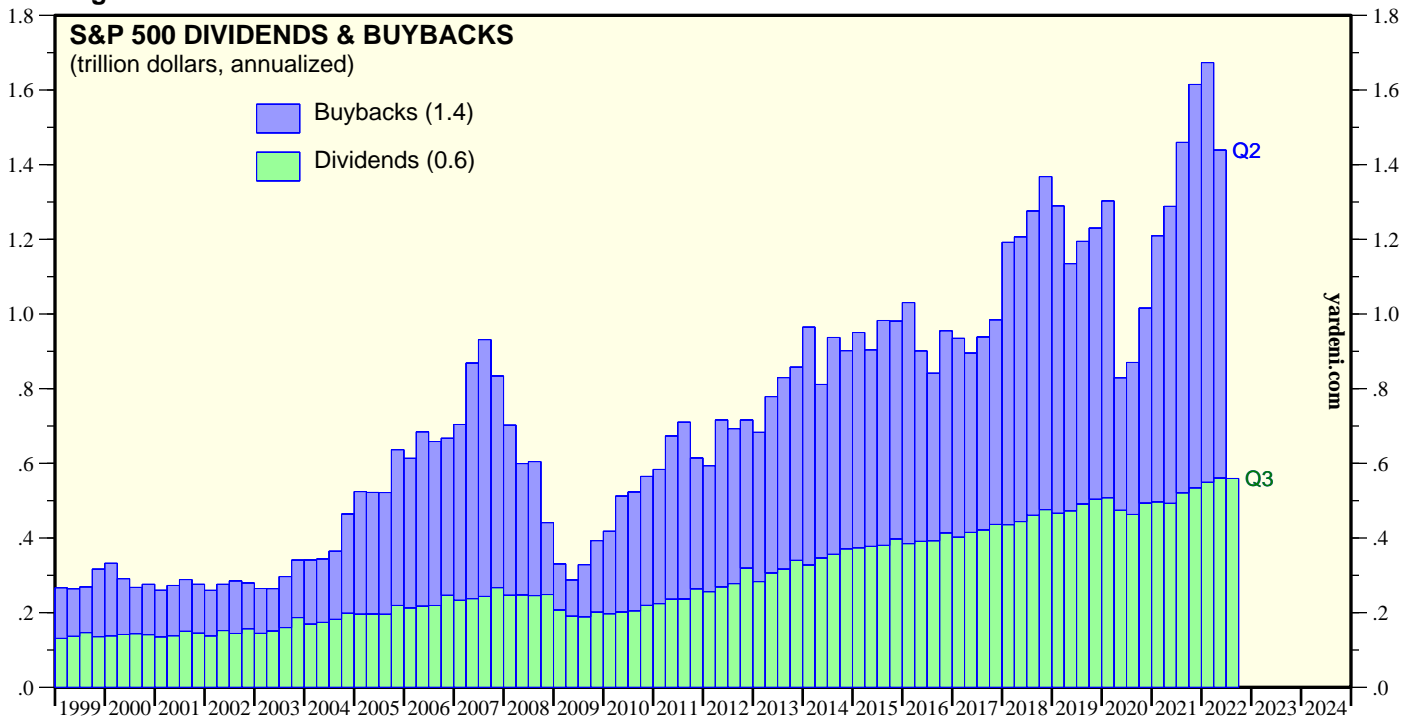
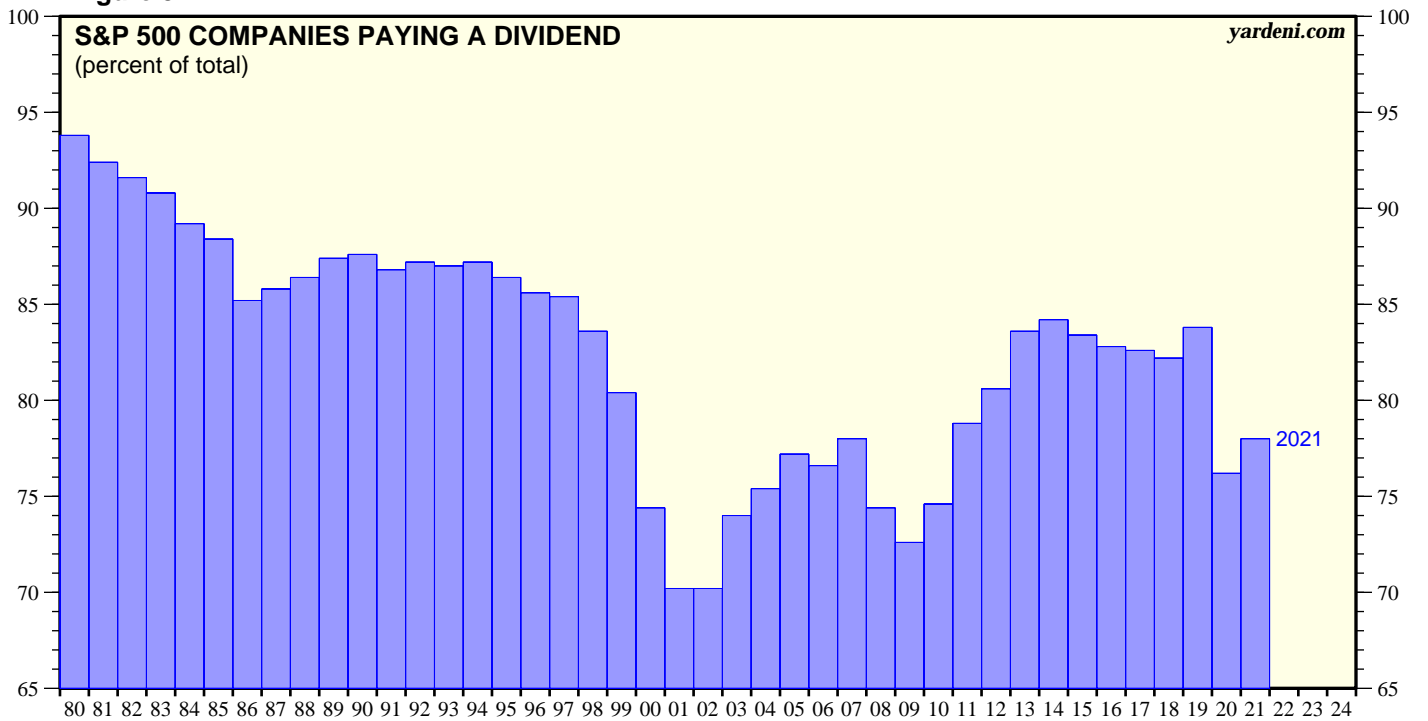
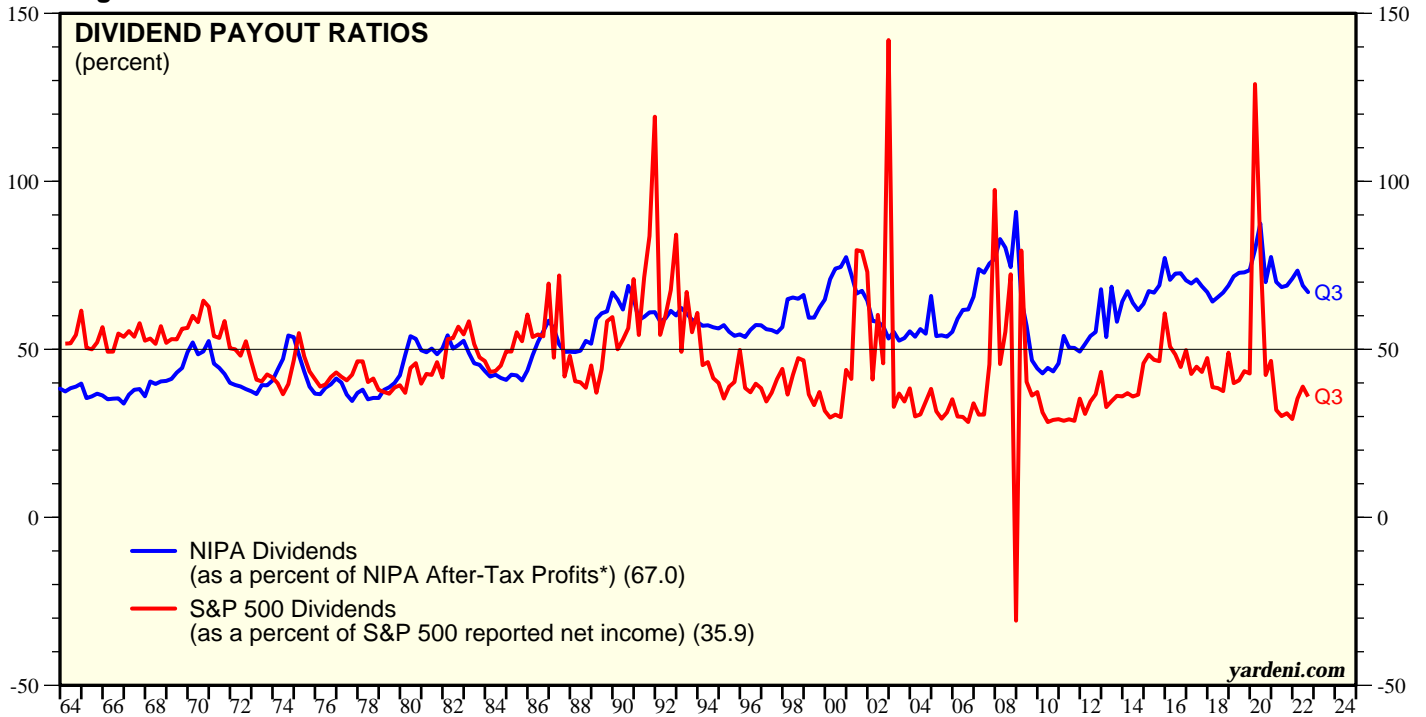


Figure 3.



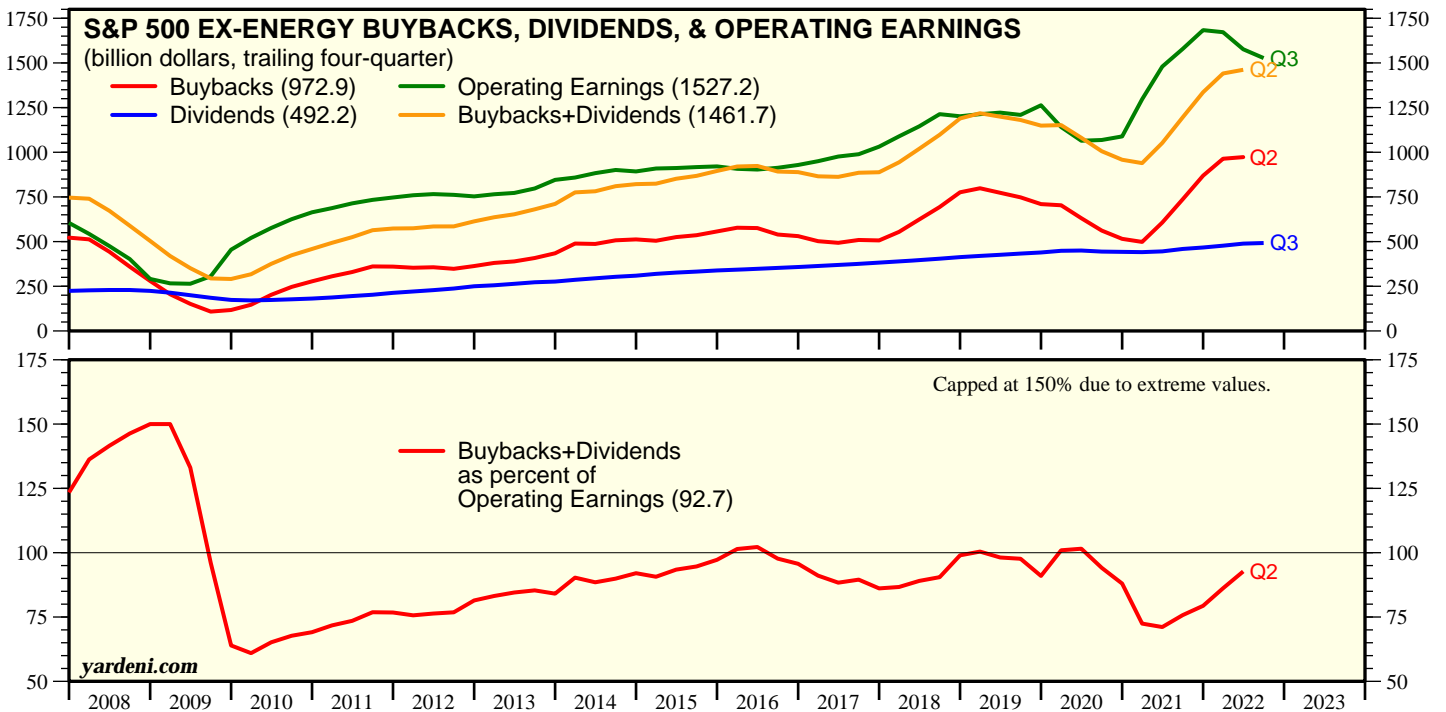
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Figure 4.



\* 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.

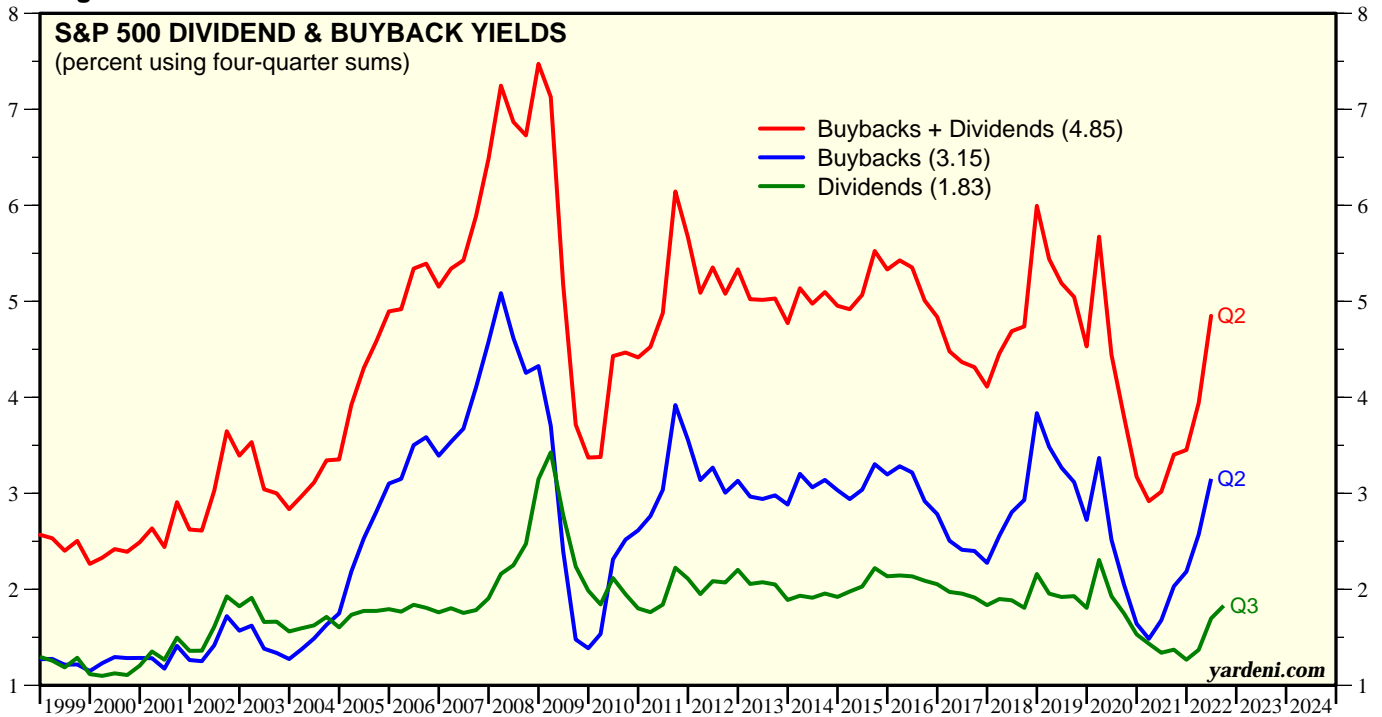
Figure 5.



Source: Standard & Poor's.

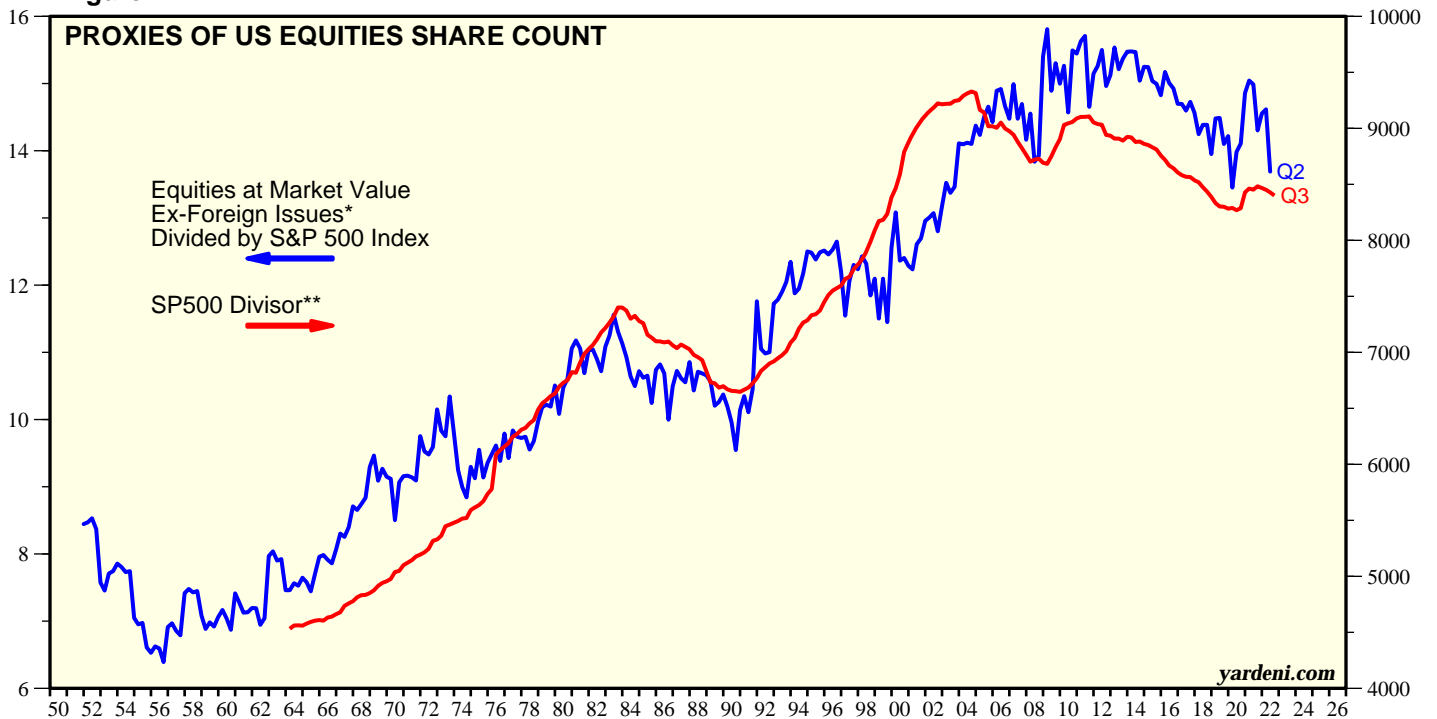
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Figure 6.



Source: Standard & Poor's.

Figure 7.



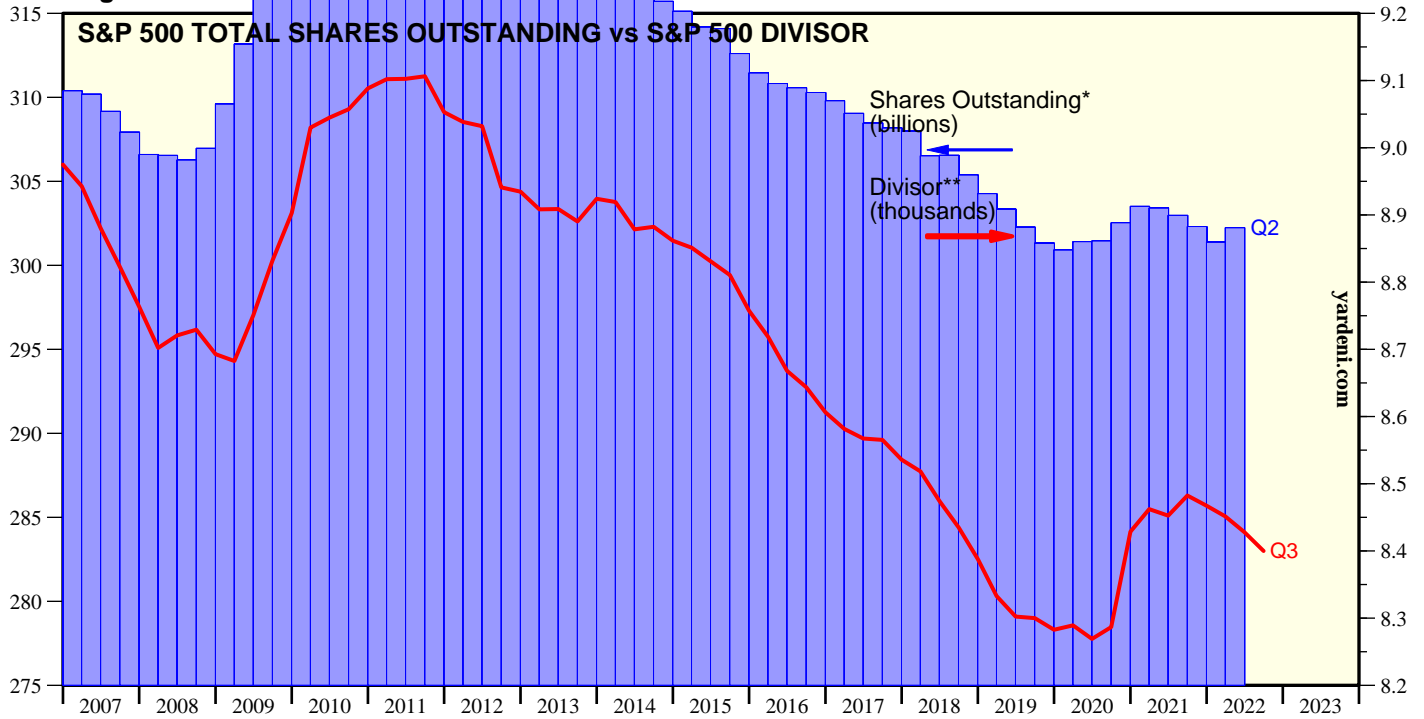
\* Excludes holdings by US residents of foreign corporate equities, investment fund shares, and ADRs.

\*\* 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: Federal Reserve Board and Standard & Poor's.

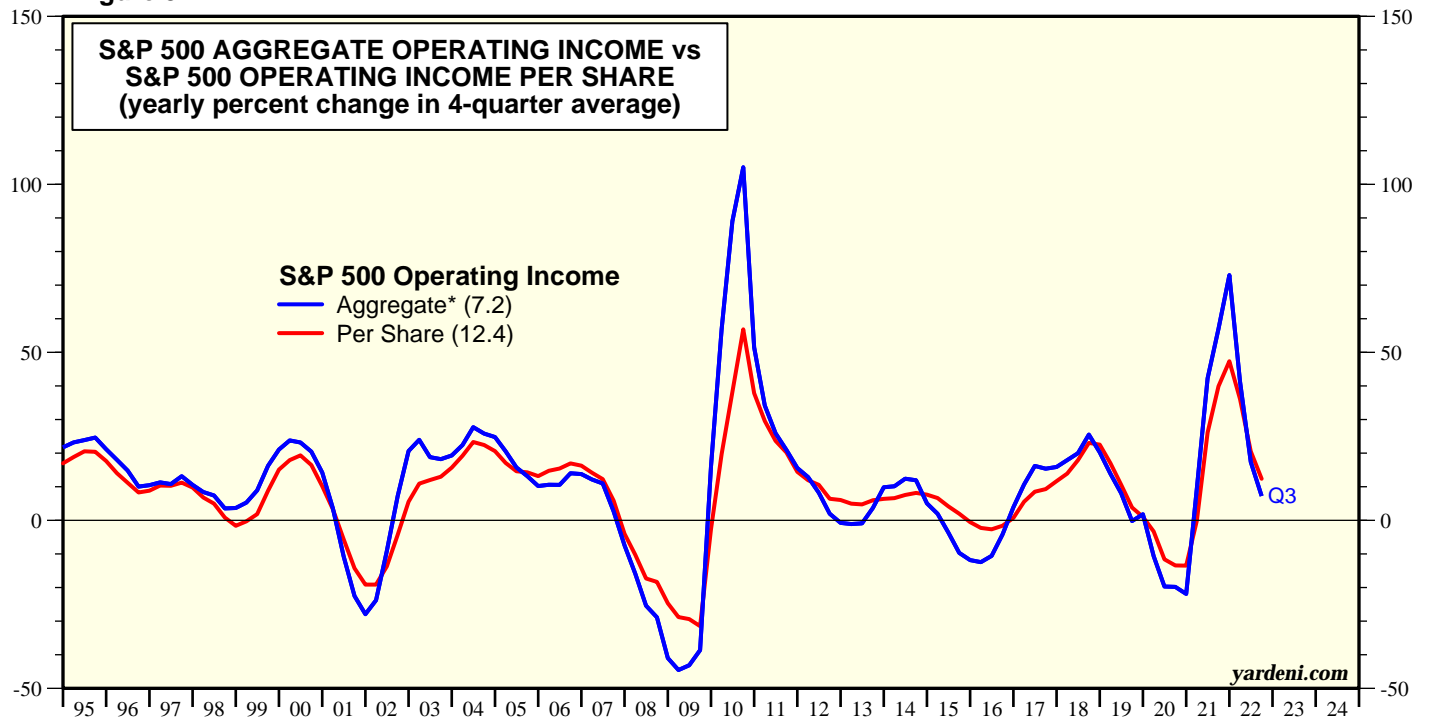
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Figure 8.



\* Total basic shares outstanding (billions) for current S&P 500 companies with data for all periods and adjusted for stock splits and stock dividends.  
 \*\* 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: Yardeni Research, I/B/E/S data by Refinitiv, and Standard & Poor's.

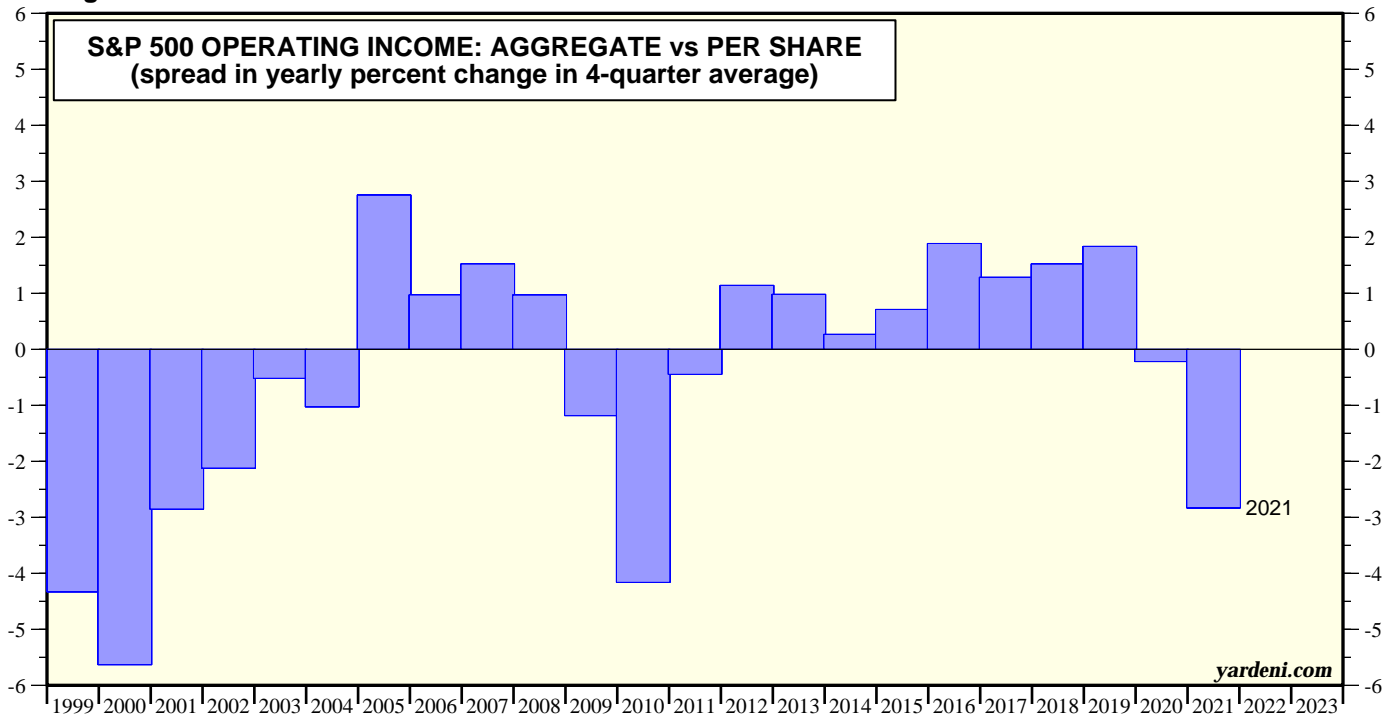
Figure 9.



\* Aggregate earnings is derived by multiplying S&P 500 earnings per share by the S&P 500 divisor for each quarter.  
 Source: I/B/E/S data by Refinitiv and Standard & Poor's.

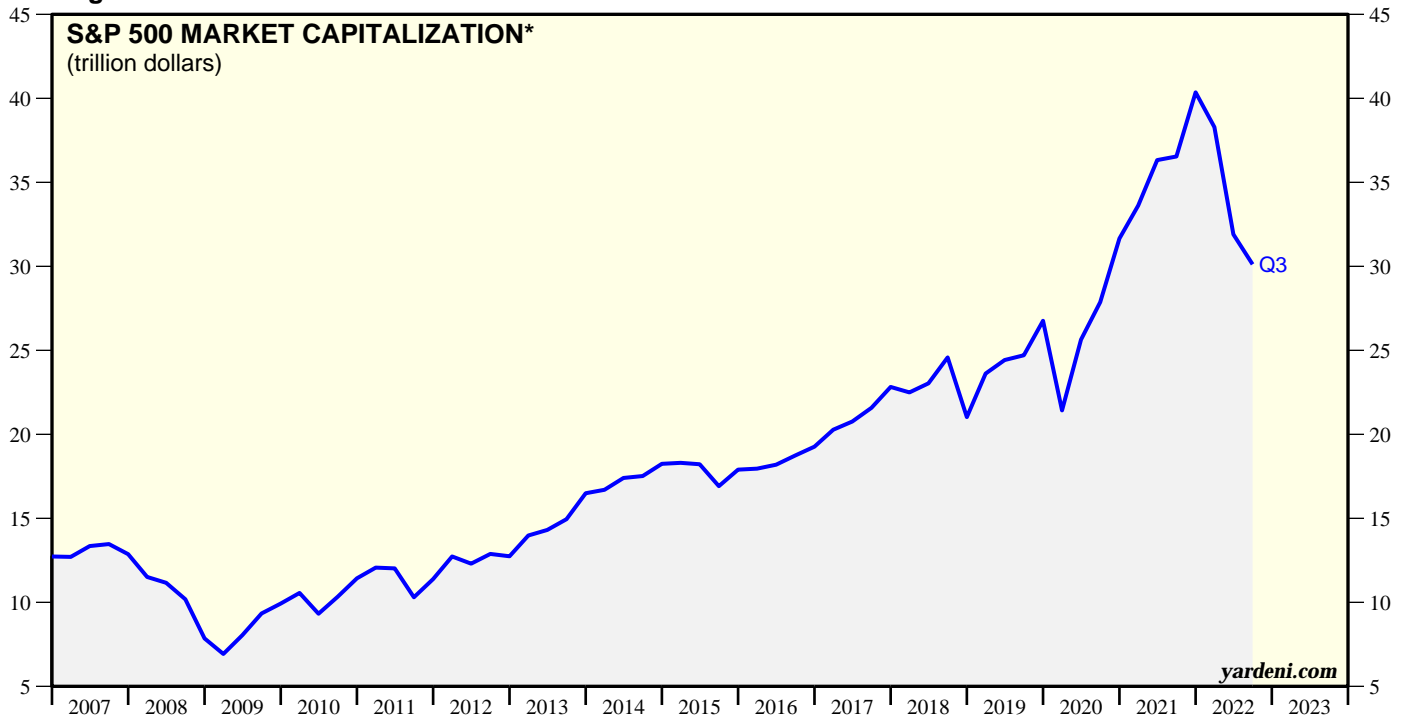
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Figure 10.



Source: I/B/E/S data by Refinitiv and Standard & Poor's.

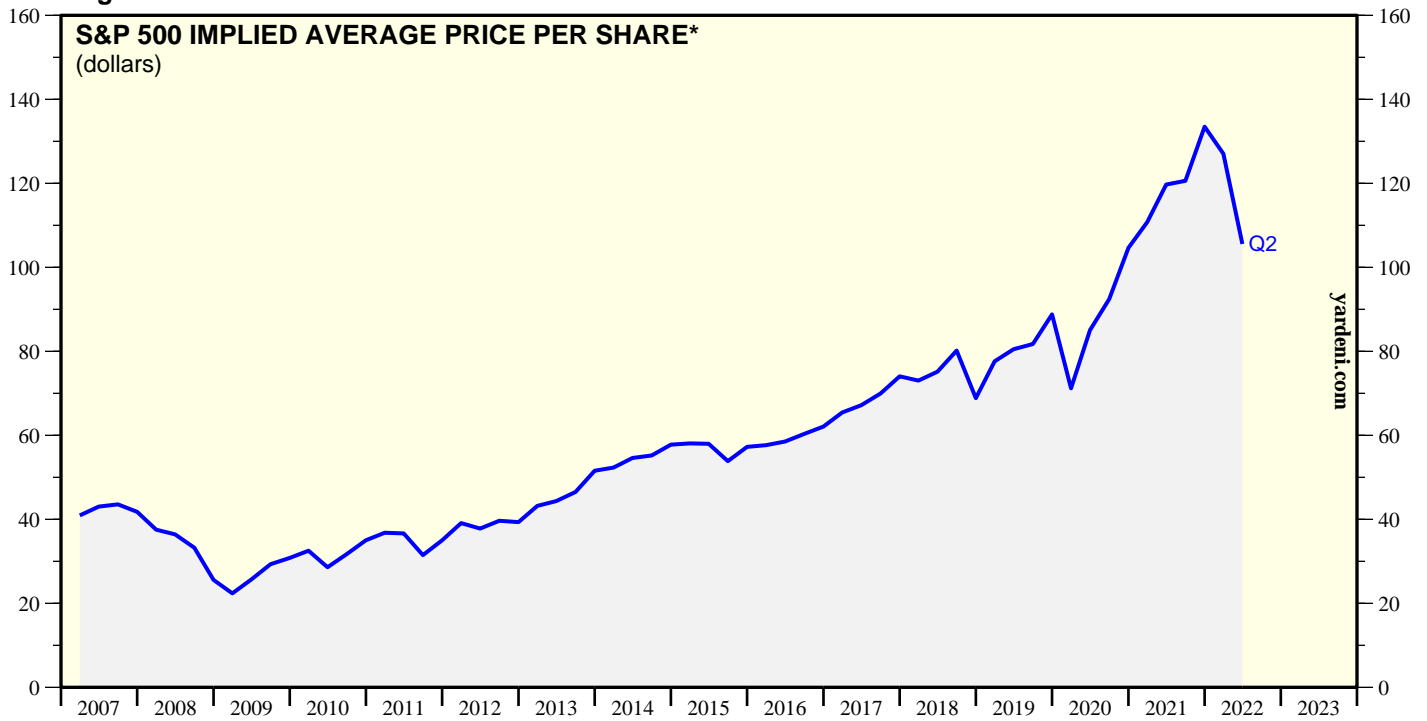
Figure 11.



\* Data shown are daily averages for each quarter.  
Source: Standard & Poor's and Haver Analytics.

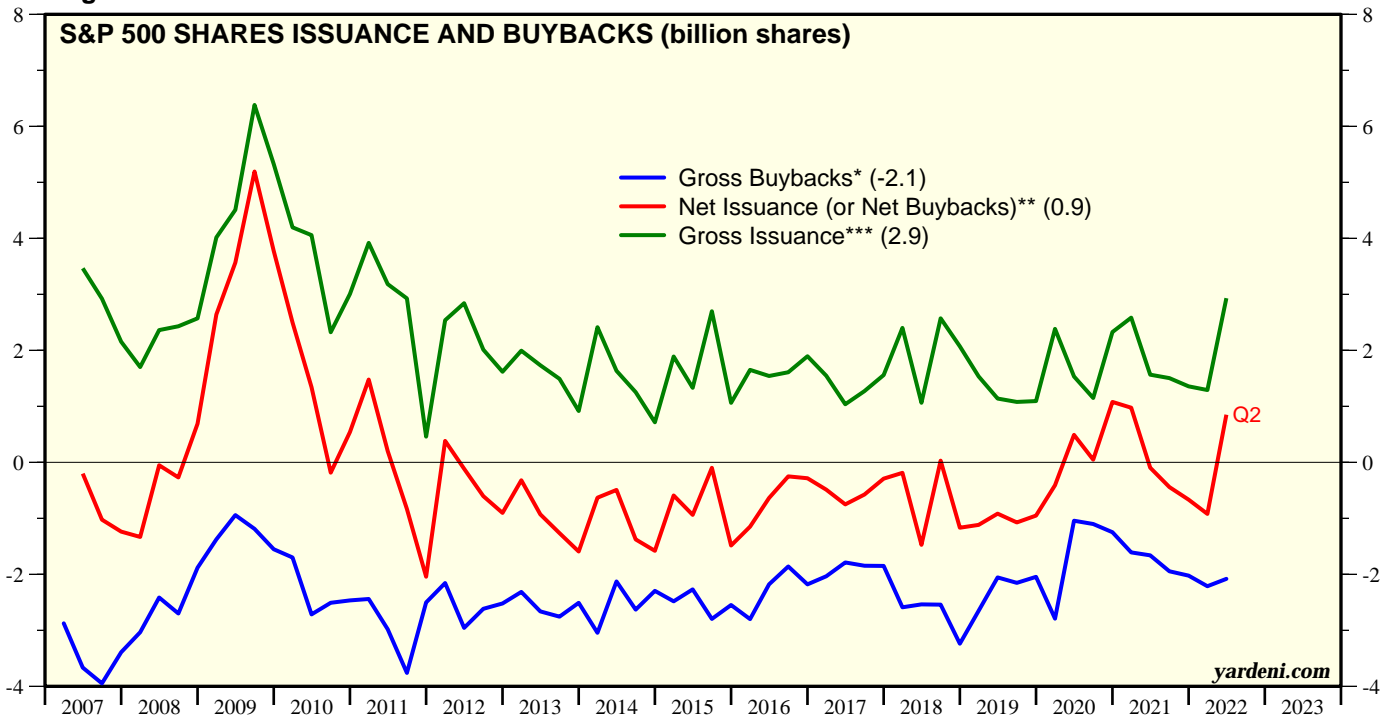
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Figure 12.



\* Derived using daily averages for each quarter of market capitalization for S&P 500 divided by basic shares outstanding for all S&P 500 companies at the end of each quarter.  
Source: Yardeni Research and I/B/E/S data by Refinitiv.

Figure 13.

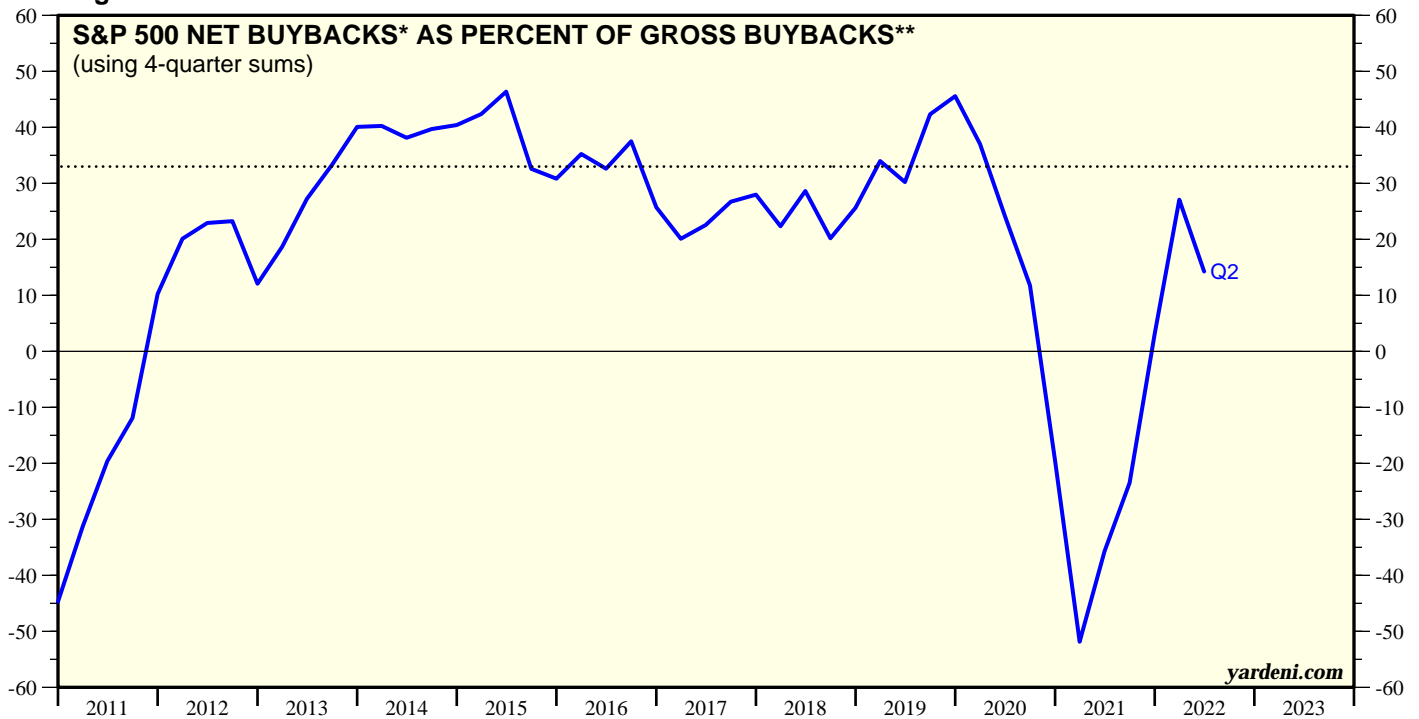


\* Series compiled using S&P's total buybacks and YRI's basic shares outstanding for all S&P 500 companies at the end of each quarter.  
\*\* Series derived by YRI using quarterly changes in basic shares outstanding for all S&P 500 companies at the end of each quarter.  
\*\*\* Series derived by YRI as Net Issuance + Gross Buybacks.  
Source: Yardeni Research and I/B/E/S data by Refinitiv.



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Figure 14.

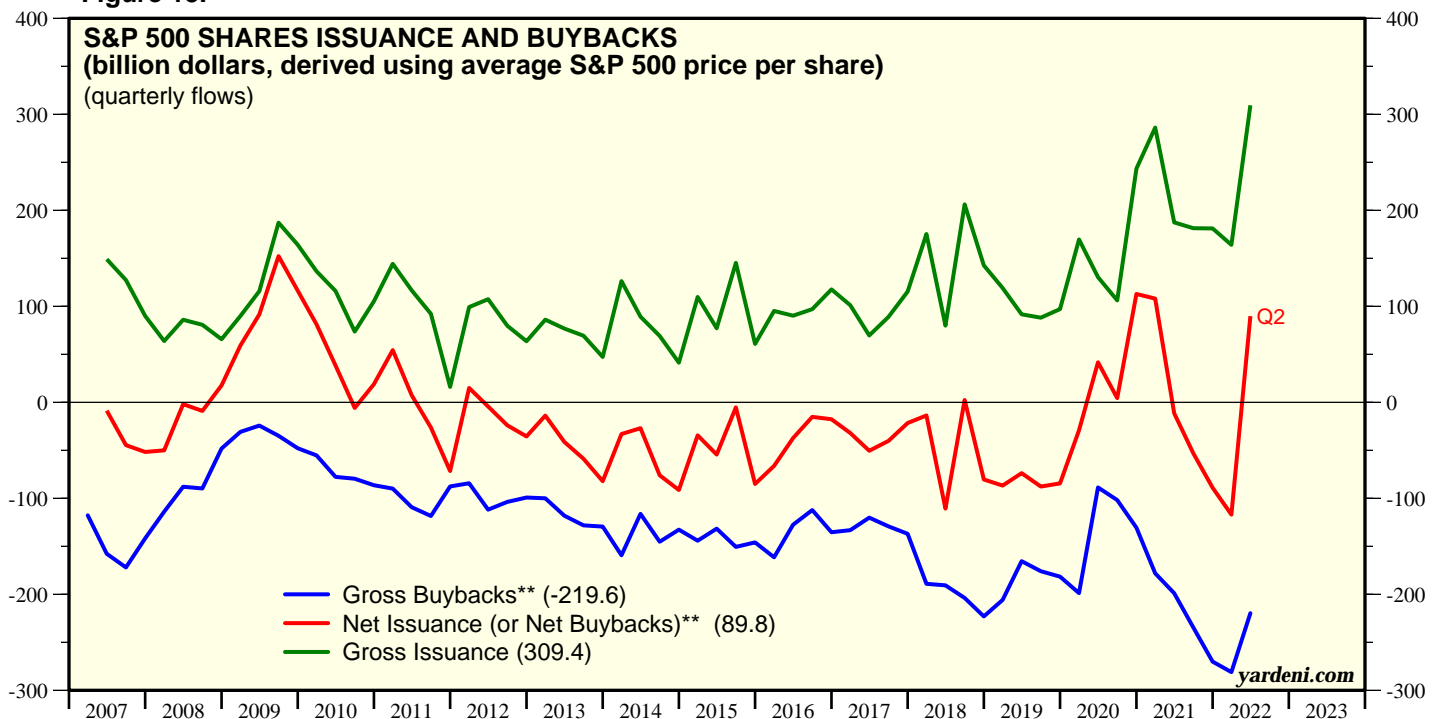


\* Series derived by YRI using quarterly changes in basic shares outstanding for all S&P 500 companies at the end of each quarter.

\*\* Series compiled by S&P.

Source: Yardeni Research and I/B/E/S data by Refinitiv.

Figure 15.



\* Series compiled using S&P's total buybacks and YRI's basic shares outstanding for all S&P 500 companies at the end of each quarter.

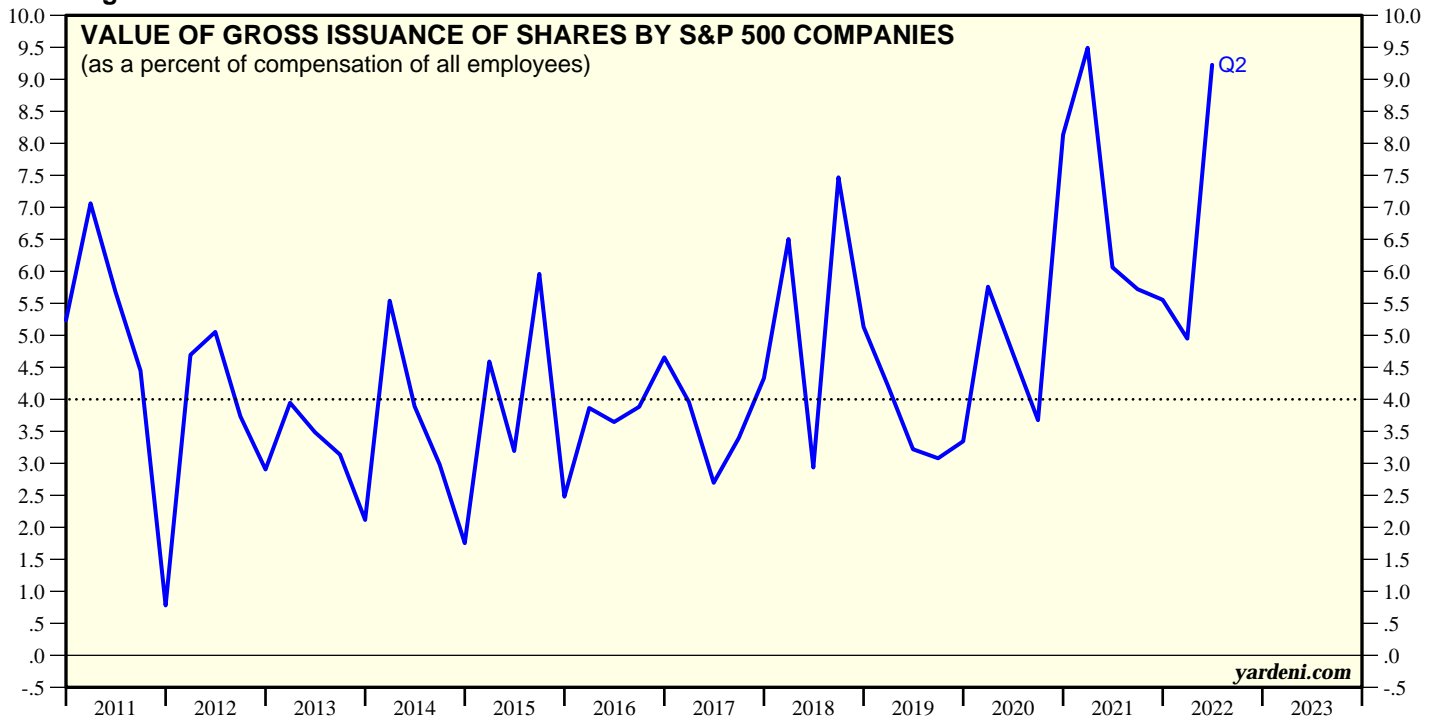
\*\* Series derived by YRI using quarterly changes in basic shares outstanding for all S&P 500 companies at the end of each quarter.

\*\*\* Series derived by YRI as Net Issuance + Gross Buybacks.

Source: Yardeni Research and I/B/E/S data by Refinitiv.

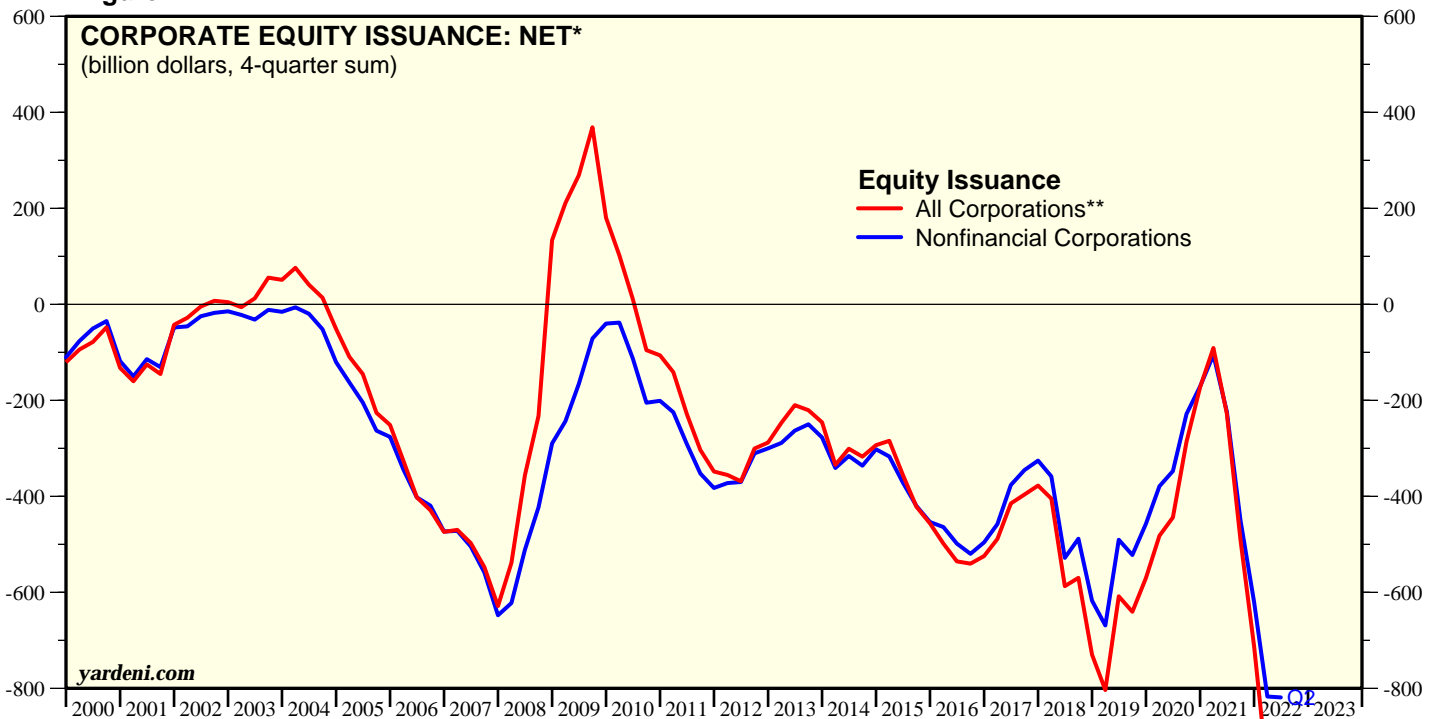
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Figure 16.



Source: Bureau of Labor Statistics and Federal Reserve Board Financial Accounts of the United States.

Figure 17.

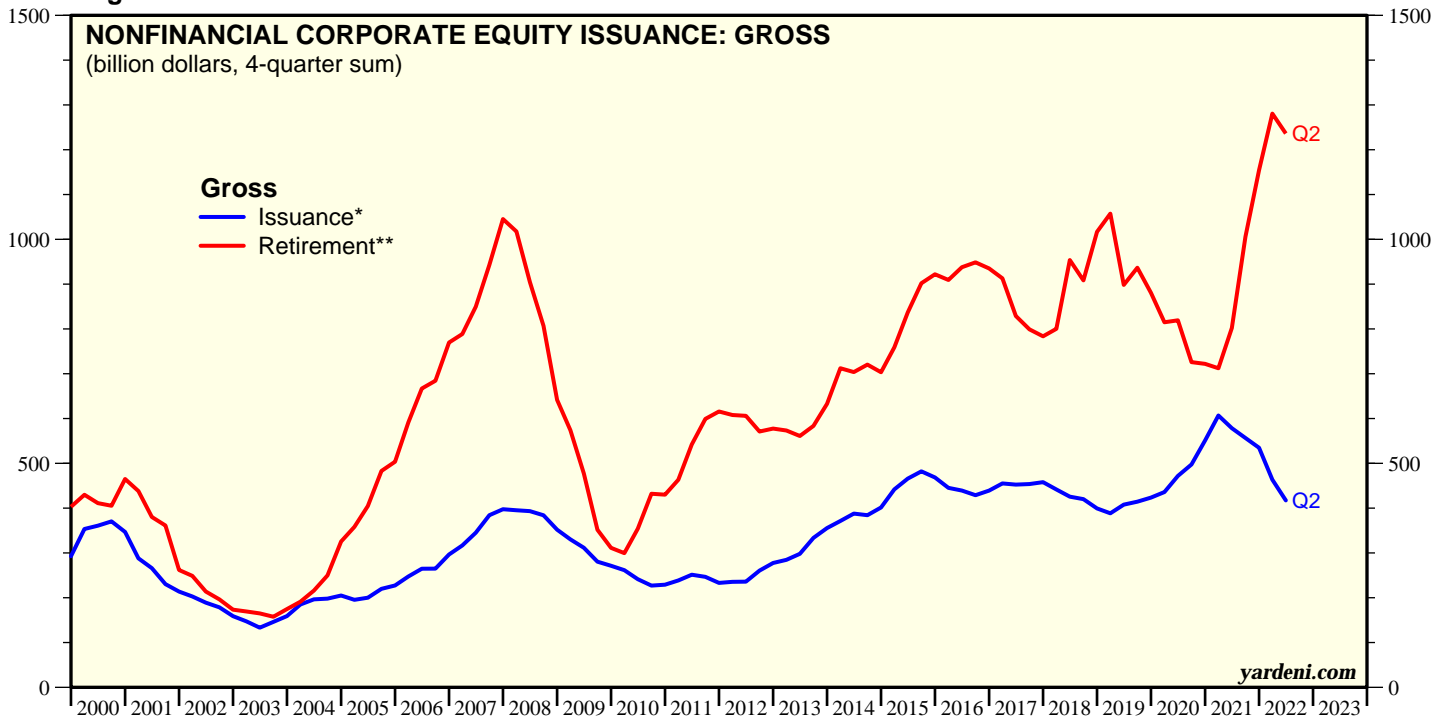


\* Gross issuance (including initial public offerings, seasoned equity offerings, and private equity) minus retirements (including buybacks and M&A activity). Does not include employee stock plans.

\*\* Net issues excluding exchange-traded funds and rest of the world.  
Source: Federal Reserve Board, Financial Accounts of the United States.

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Figure 18.

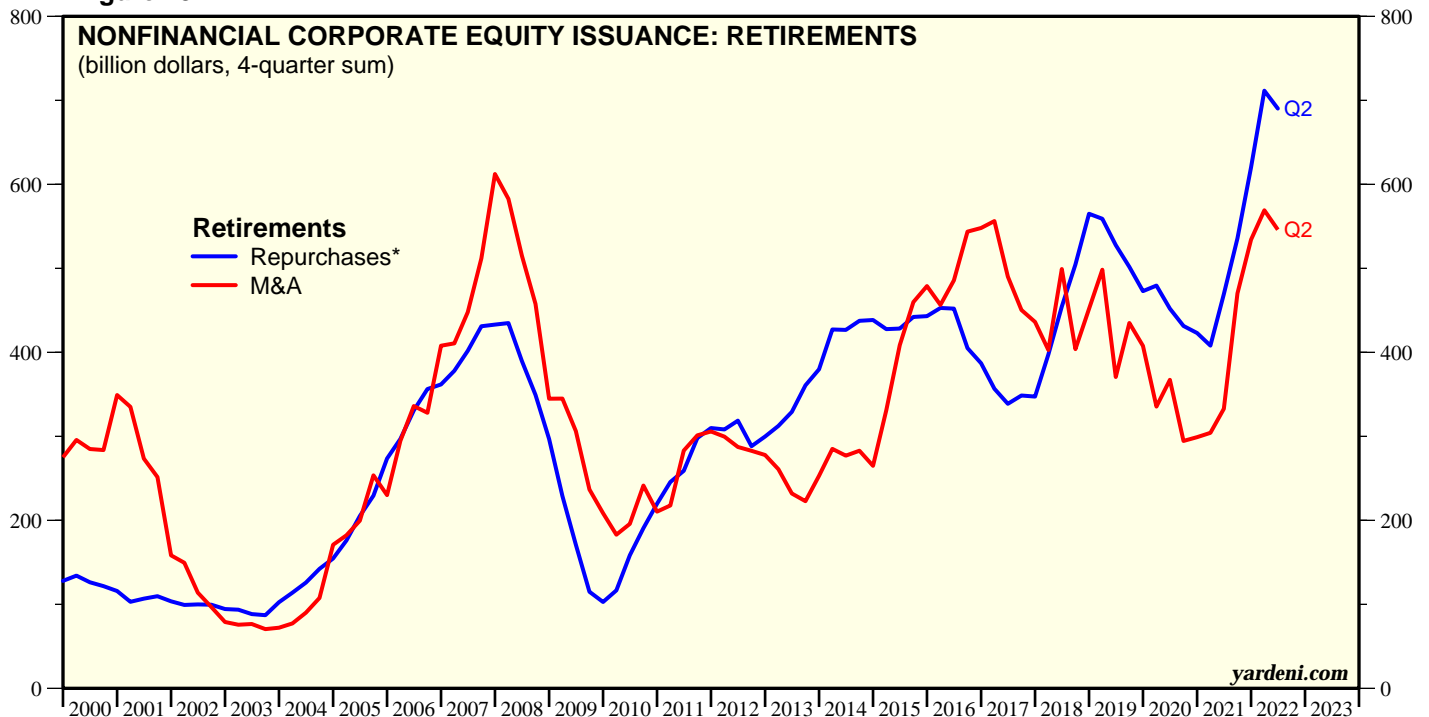


\* Issuance includes initial public offerings, seasoned equity offerings, and private equity. Retirements includes buybacks and M&A activity. Does not include employee stock plans.

\*\* Repurchases plus M&A.

Source: Federal Reserve Board Financial Accounts of the United States.

Figure 19.

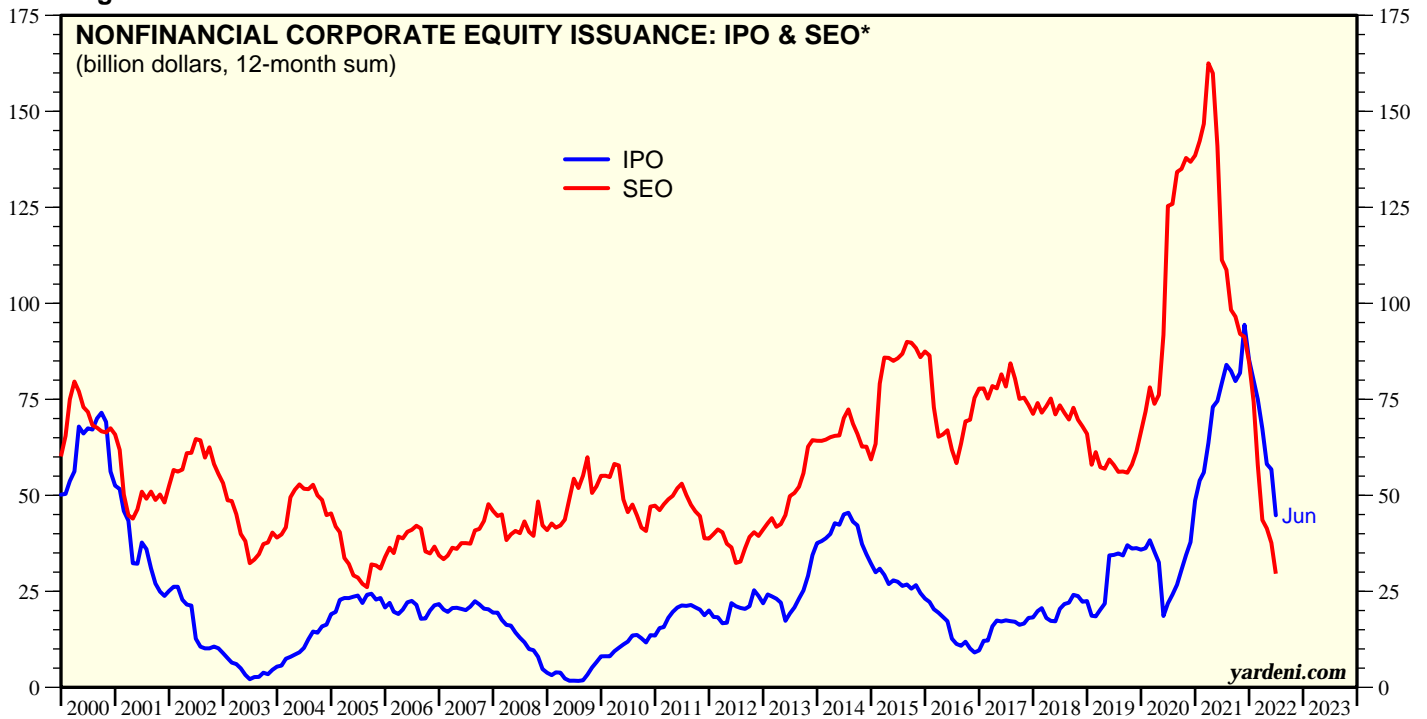


\* Mostly attributable to S&P 500 buybacks by nonfinancial corporations.

Source: Federal Reserve Board Financial Accounts of the United States.

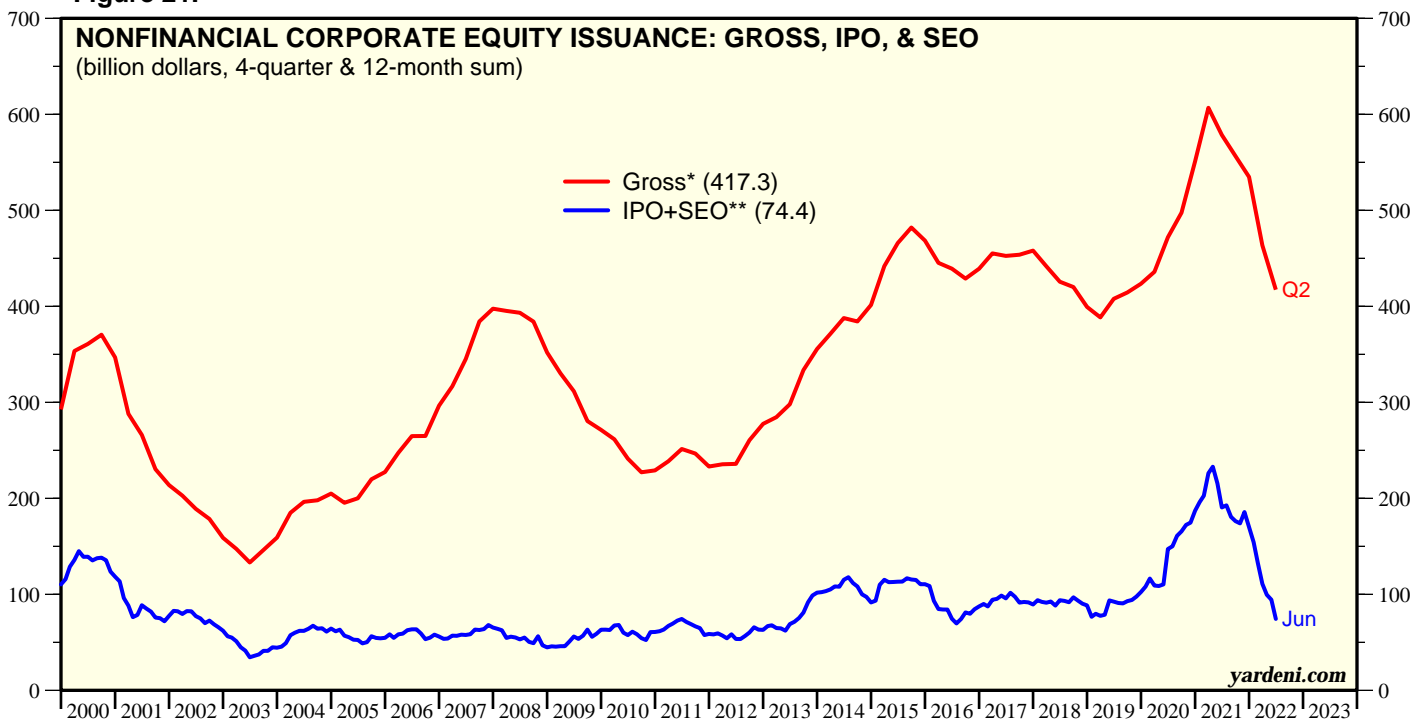
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Figure 20.



\* IPO = initial public offerings. SEO = seasoned equity offerings.  
Source: Federal Reserve Board Financial Accounts of the United States.

Figure 21.

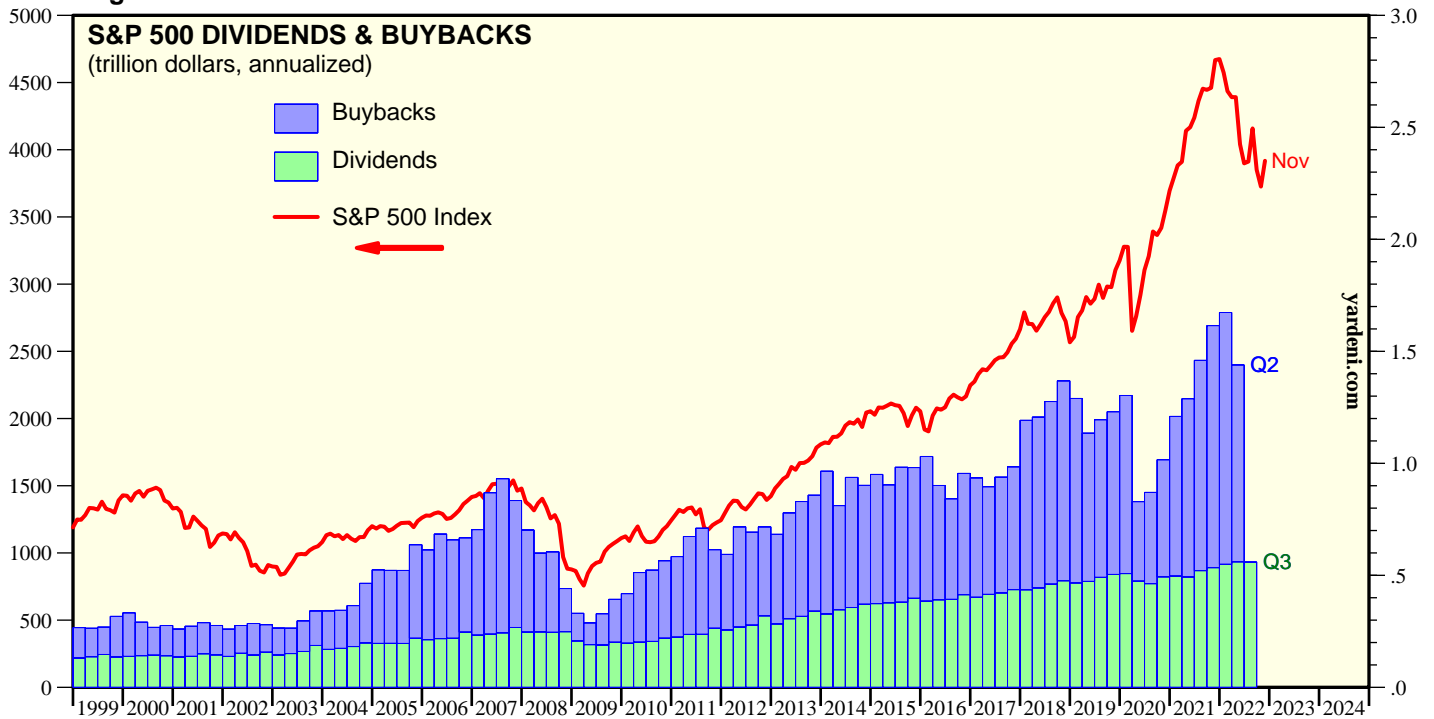


\* Issuance includes initial public offerings, seasoned equity offerings, and private equity. Retirements includes buybacks and M&A activity. Does not include employee stock plans.

\*\* IPO = initial public offerings. SEO = seasoned equity offerings.  
Source: Federal Reserve Board Financial Accounts of the United States.

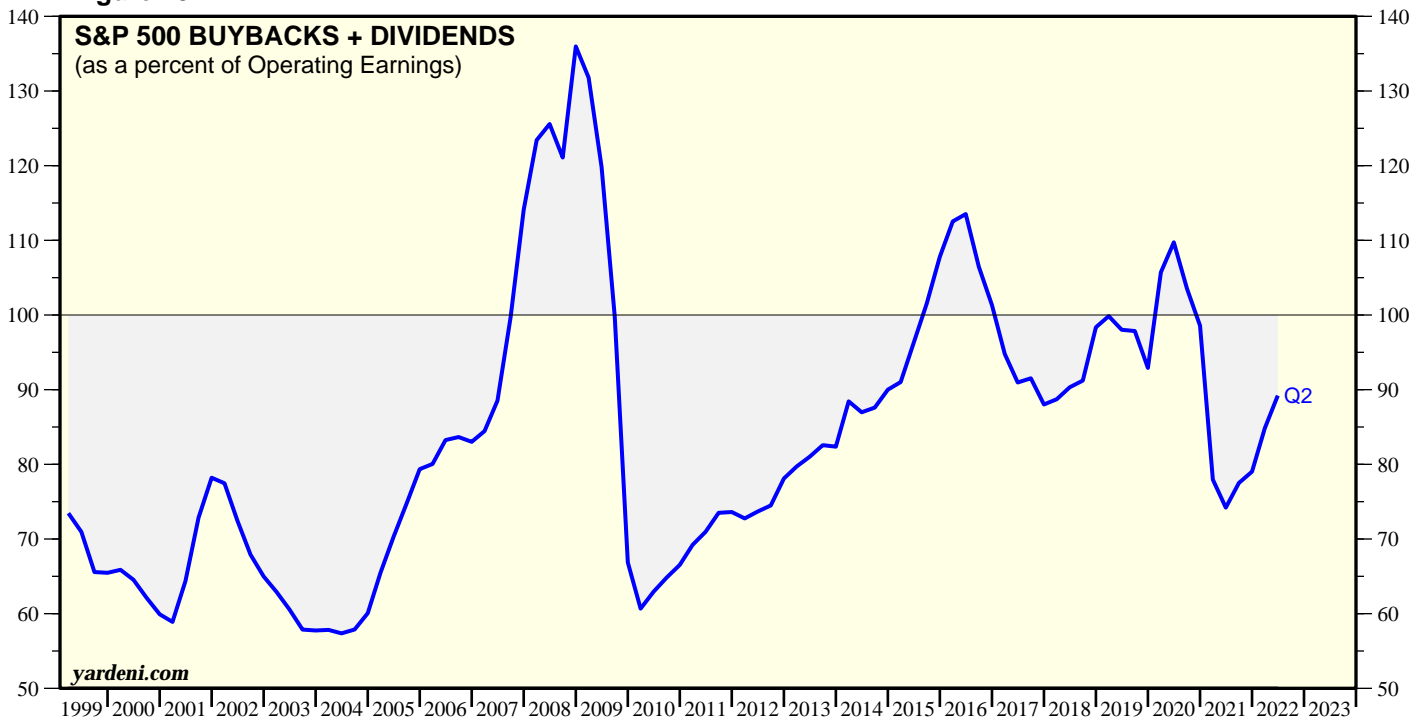
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Figure 22.



Source: Standard & Poor's.

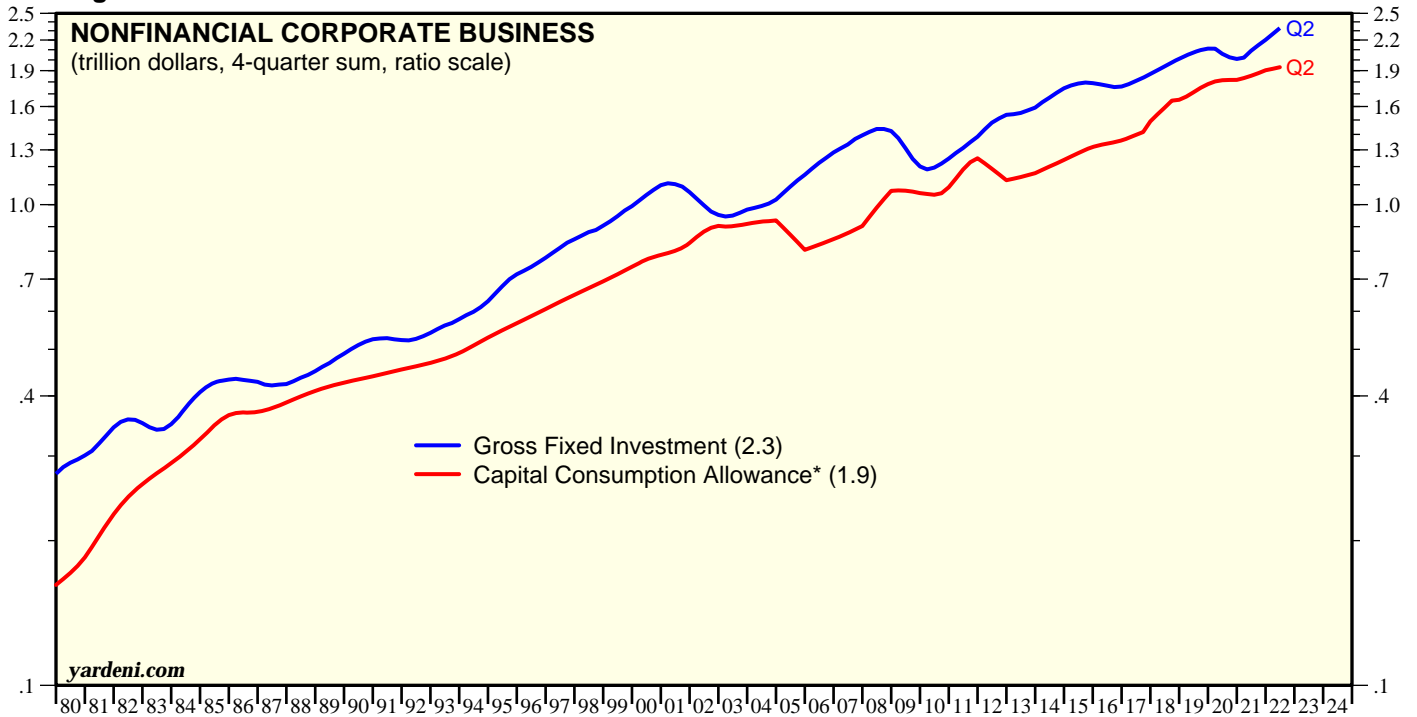
Figure 23.



Source: Standard & Poor's.

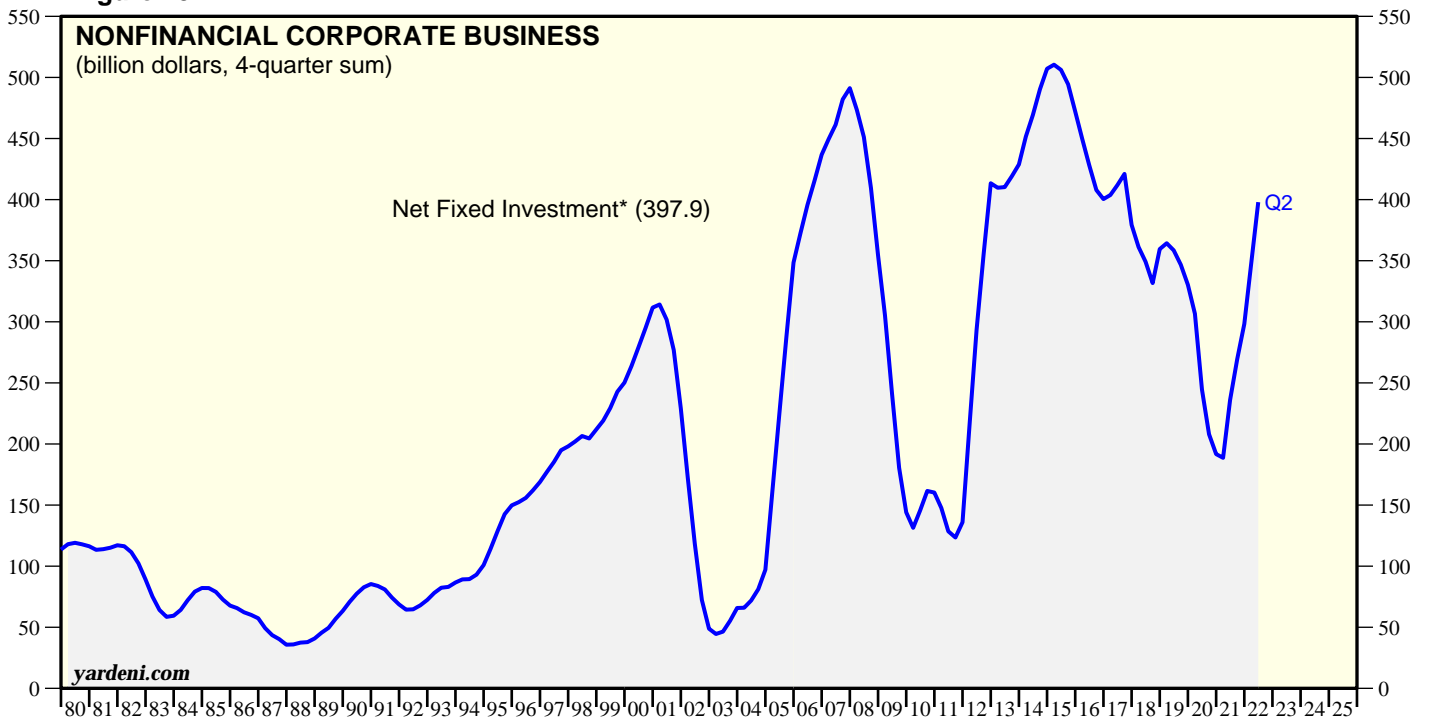
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Figure 24.



\* Consumption of fixed capital plus the capital consumption adjustment.  
Source: Federal Reserve Board, Financial Accounts of the United States.

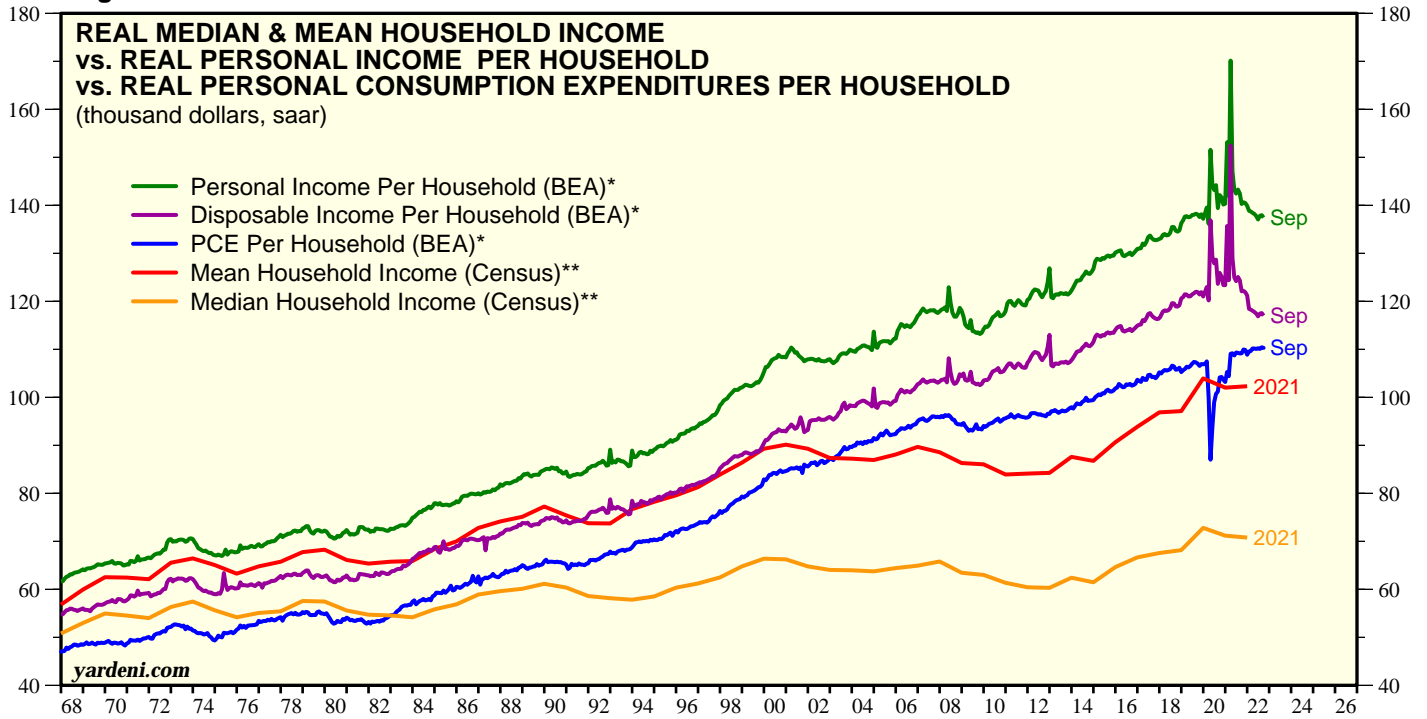
Figure 25.



\* Gross fixed investment less consumption of fixed capital plus the capital consumption adjustment.  
Source: Federal Reserve Board, Financial Accounts of the United States.

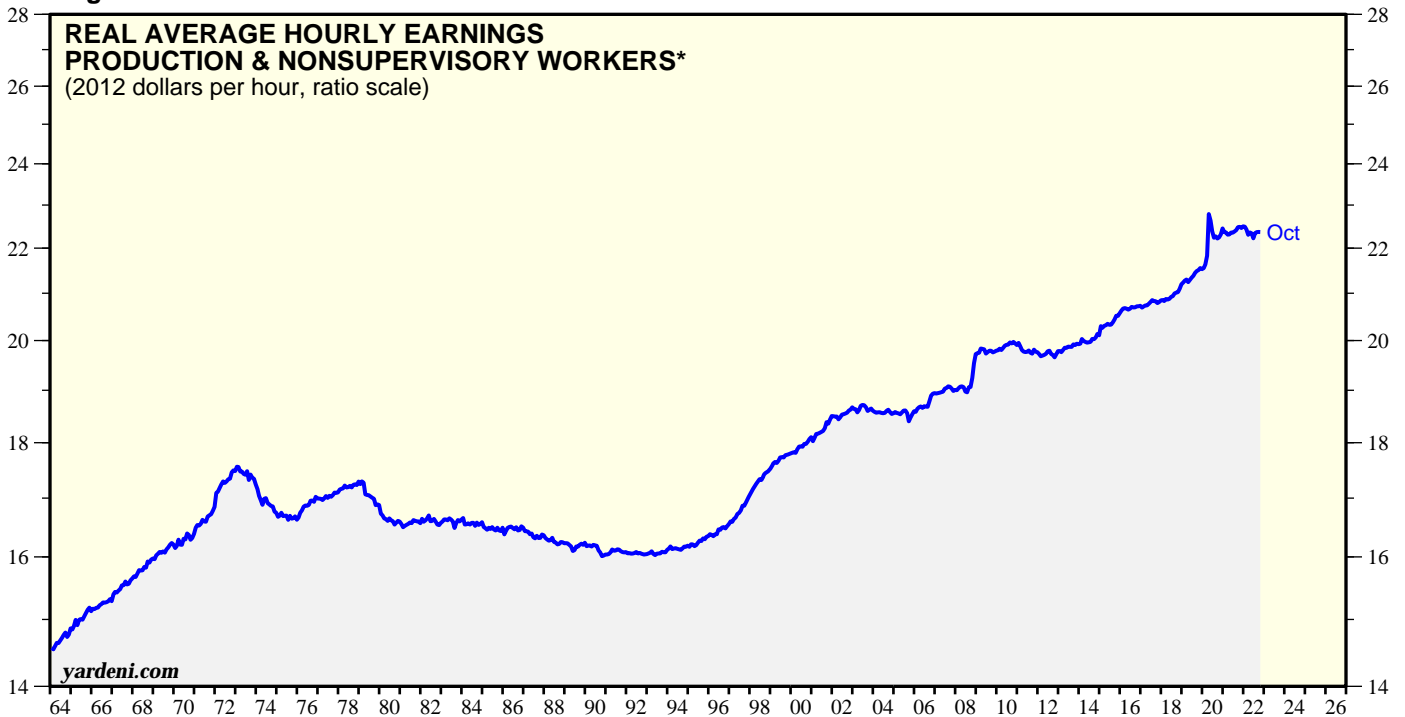
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Figure 26.



\* 2009 dollars using PCED. \*\*2015 dollars using CPI.  
Source: Bureau of Economic Analysis, Census Bureau and Current Population Reports.

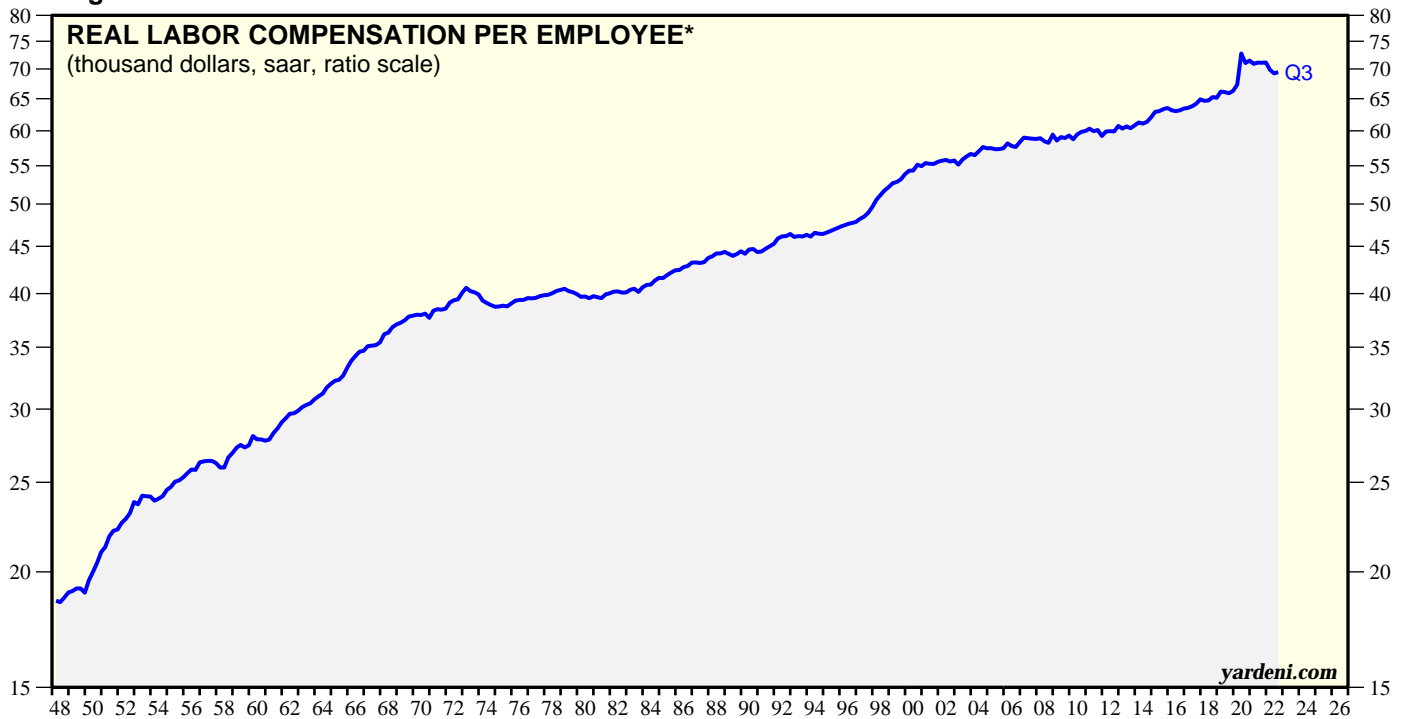
Figure 27.



\* Average hourly earnings deflated by personal consumption expenditures deflator.  
Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Haver Analytics.

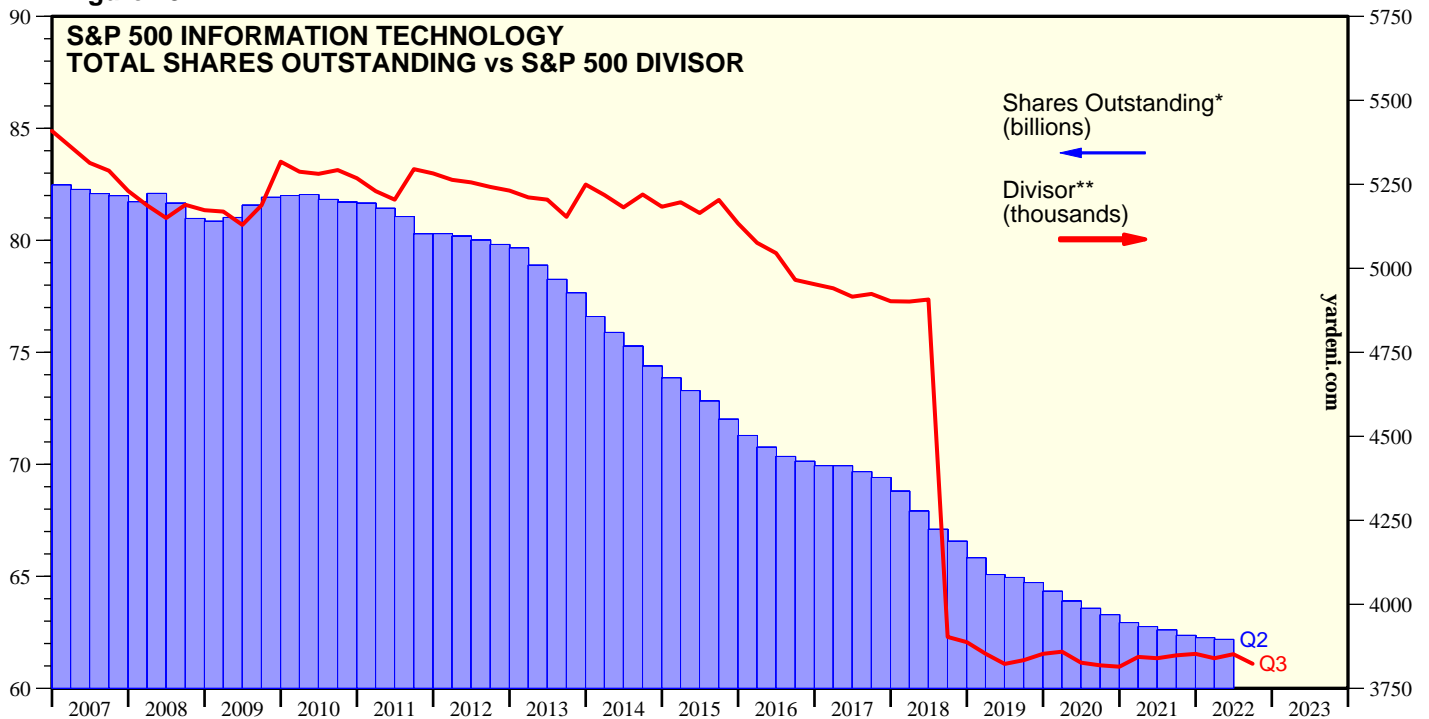
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Figure 28.



\* Total inflation-adjusted wages, salaries, and benefits (using PCE deflator) divided by the household measure of employment.  
Source: Bureau of Economic Analysis.

Figure 29.



\* Total basic shares outstanding (billions) for current S&P 500 companies with data for all periods and adjusted for stock splits and stock dividends.

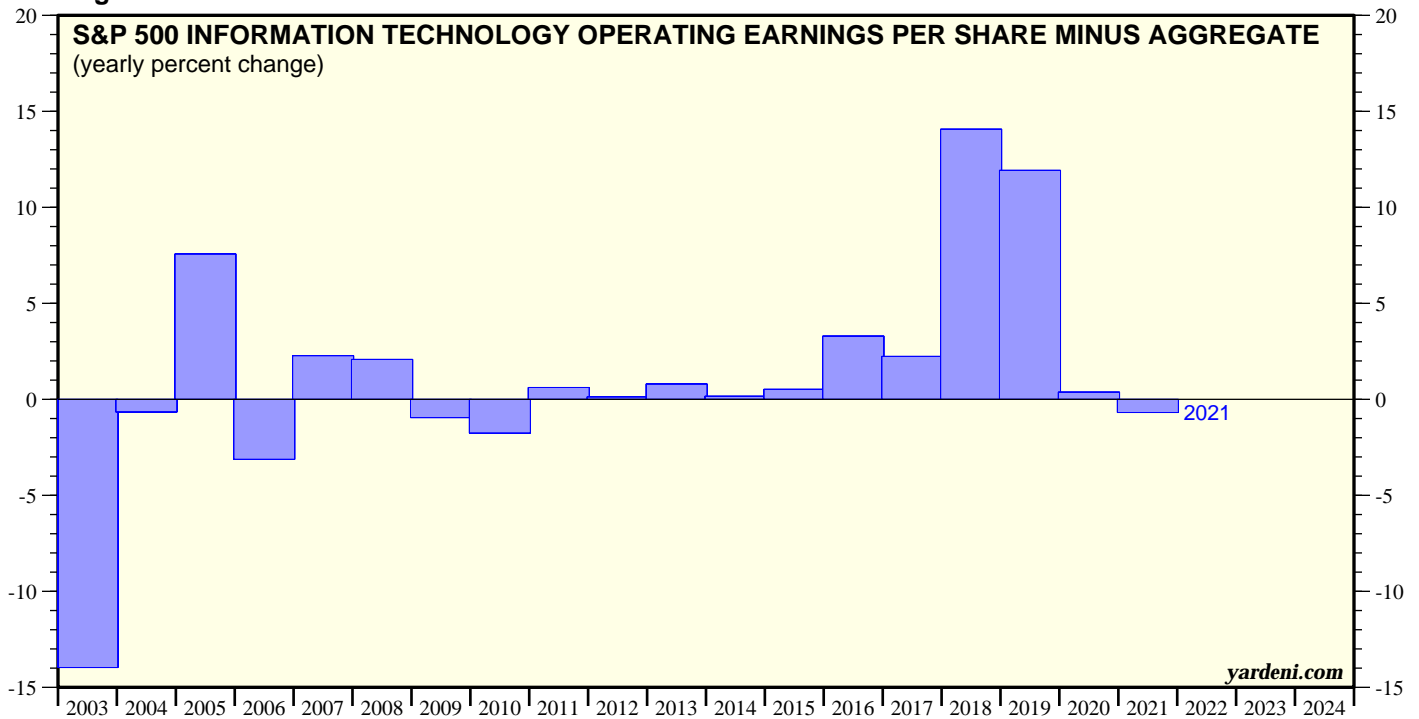
\*\* Divisor is used to ensure that changes in shares outstanding, capital actions, and the addition or deletion of stocks to the index do not change the level of the index.

Source: Yardeni Research, I/B/E/S data by Refinitiv, and Standard & Poor's.



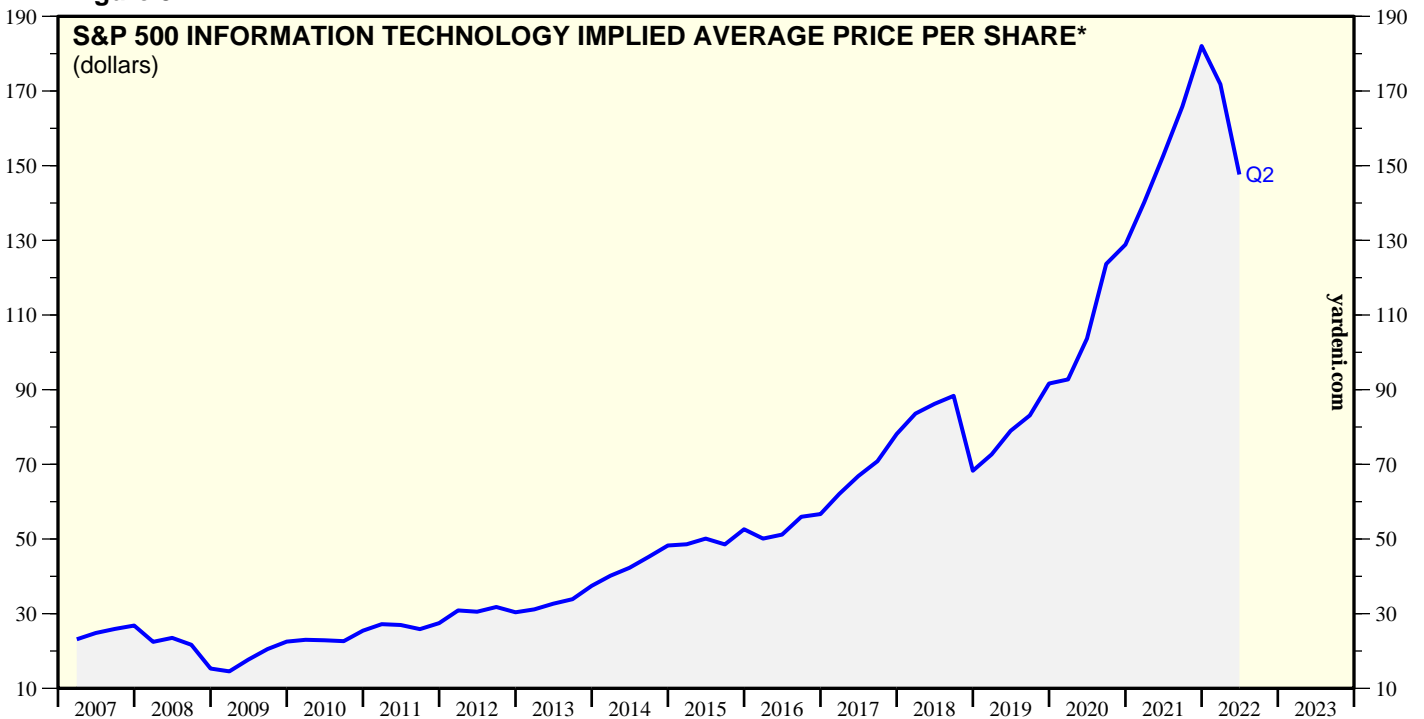
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Figure 30.



Source: Standard & Poor's.

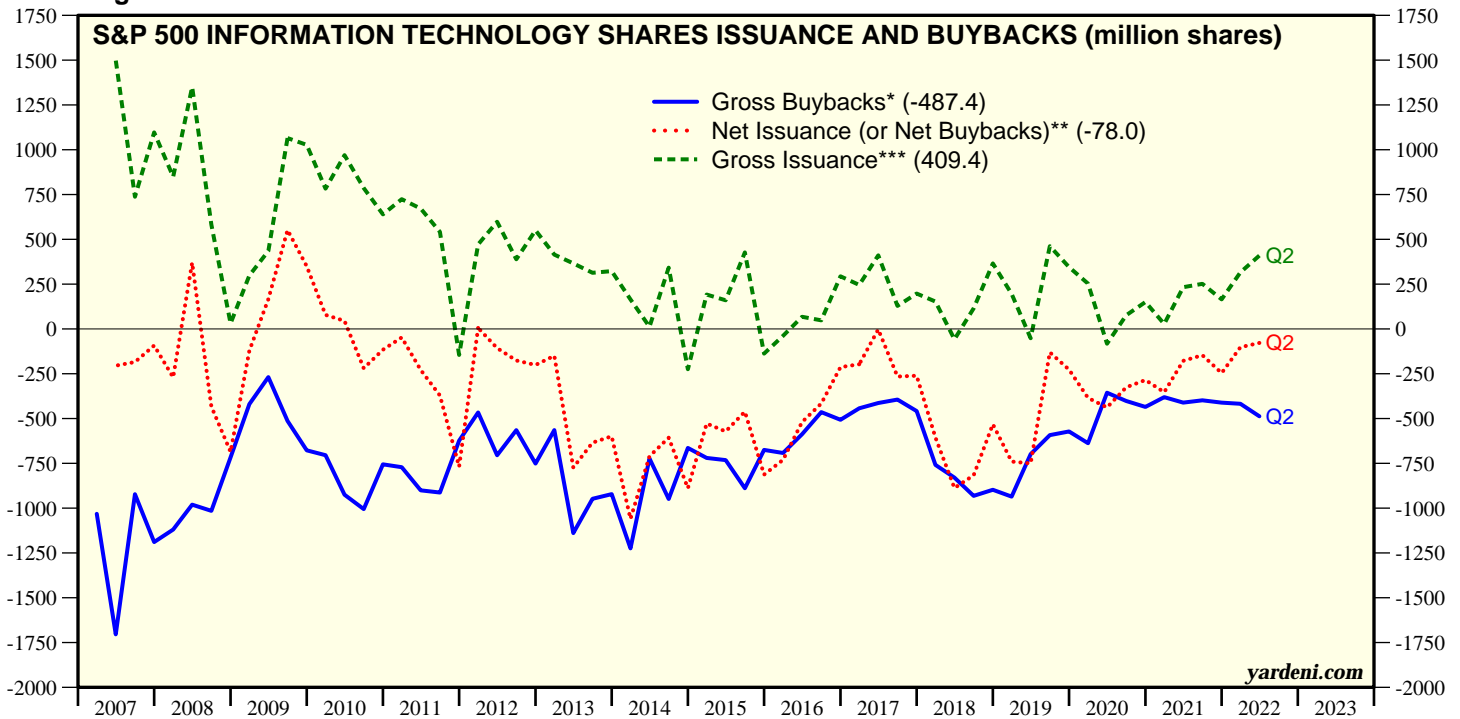
Figure 31.



\* Derived using daily averages for each quarter of market capitalization for S&P 500 divided by basic shares outstanding for all S&P 500 companies at the end of each quarter.  
Source: Yardeni Research and I/B/E/S data by Refinitiv.

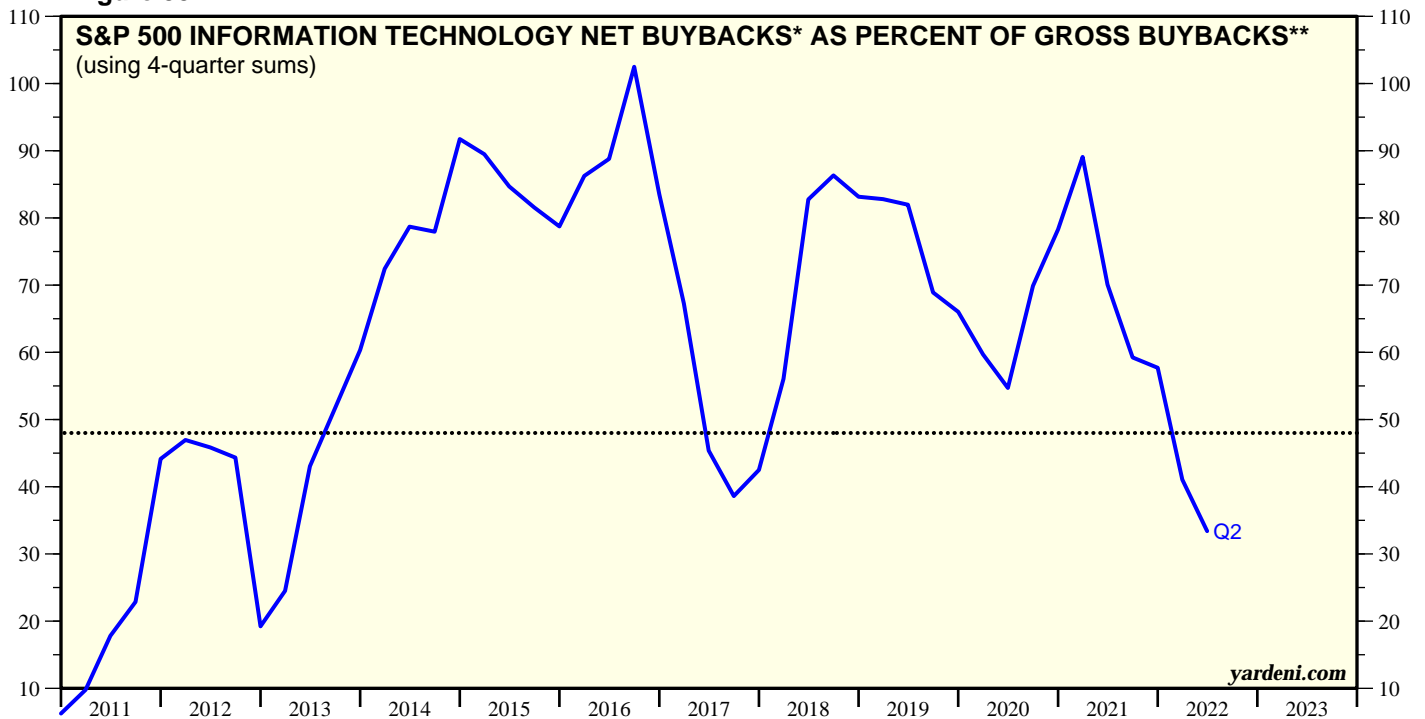
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Figure 32.



\* Series compiled using S&P's total buybacks and YRI's basic shares outstanding for all S&P 500 Tech companies at the end of each quarter.  
 \*\* Series derived by YRI using quarterly changes in basic shares outstanding for all S&P 500 Tech companies at the end of each quarter.  
 \*\*\* Series derived by YRI as Net Issuance + Gross Buybacks.  
 Source: Yardeni Research and I/B/E/S data by Refinitiv.

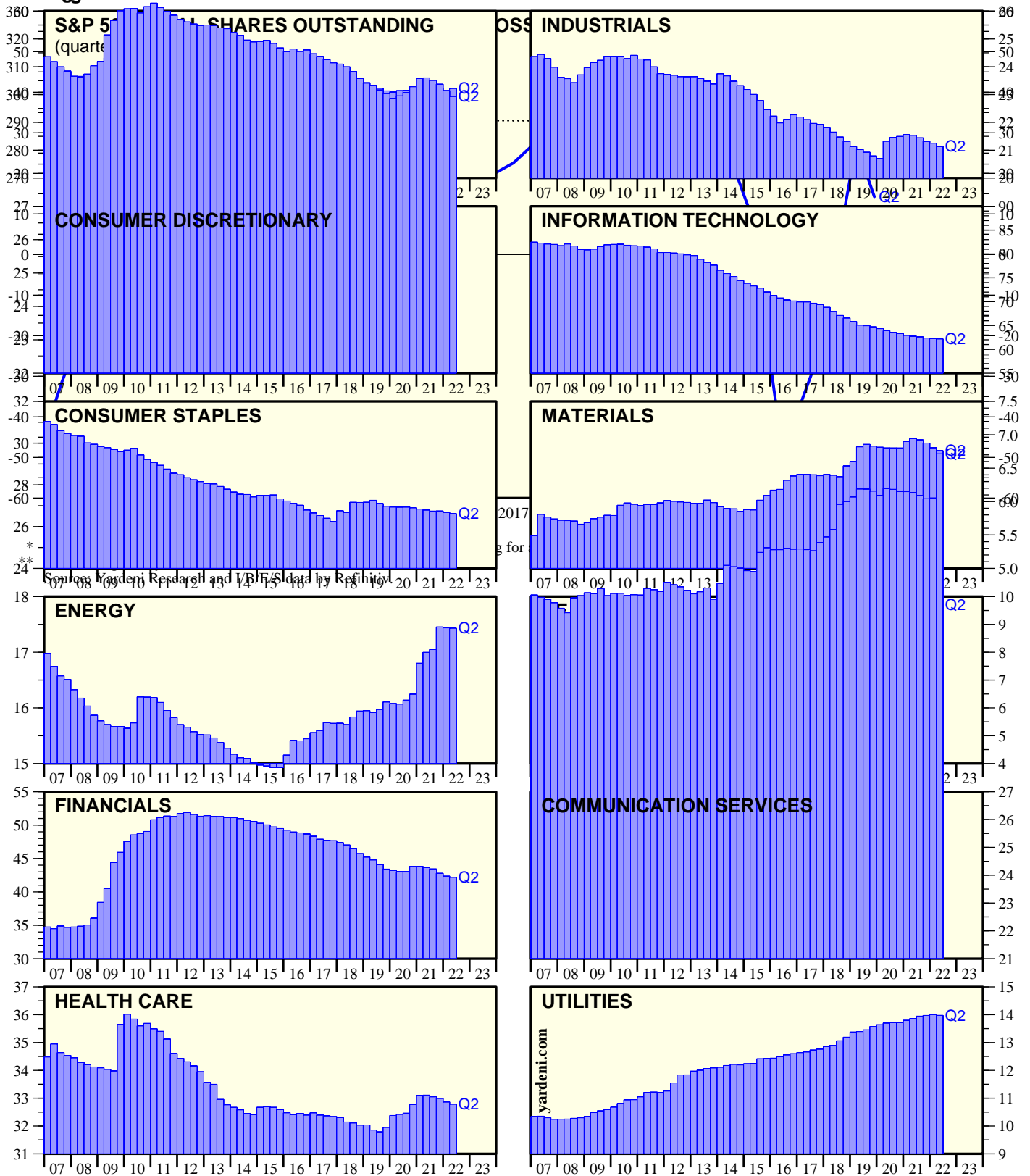
Figure 33.



\* Series derived by YRI using quarterly changes in basic shares outstanding for all S&P 500 Tech companies at the end of each quarter.  
 \*\* Series compiled by S&P.  
 Source: Yardeni Research and I/B/E/S data by Refinitiv.

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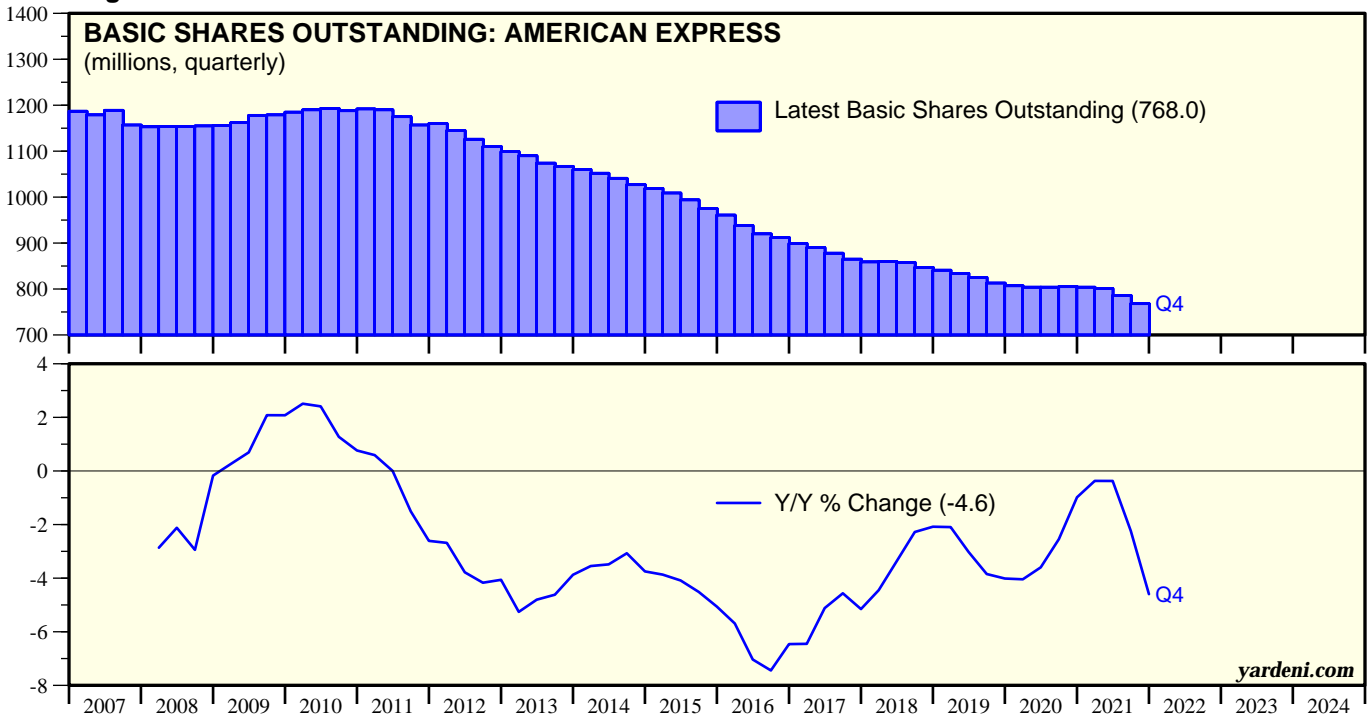
Figure 34.



\* Total basic shares outstanding for current S&P 500 companies with data for all periods and adjusted for stock splits and stock dividends.  
Source: Yardeni Research and I/B/E/S data by Refinitiv.

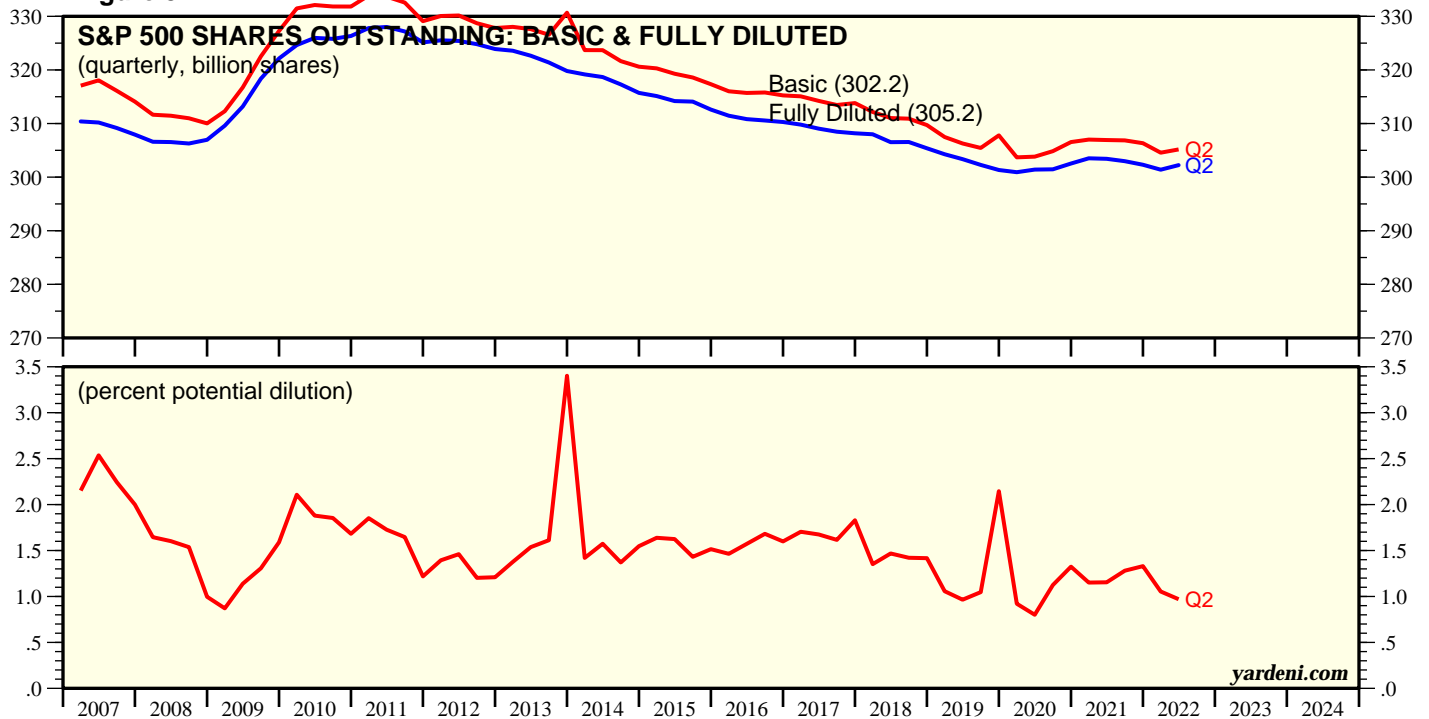
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Figure 36.



Source: I/B/E/S data by Refinitiv.

Figure 37.



\* Total shares outstanding for current S&P 500 companies with data for all periods and adjusted for stock splits and stock dividends.  
Source: Yardeni Research and I/B/E/S data by Refinitiv.

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