

Q2 2017 S&P 500 Buybacks Fall 9.8% from Q1, to \$120.1 Billion

- Buybacks fall 14.5% for the 12-month year-over-year period
- EPS support via discretionary share count reductions again declines
- Cash reserves set another record

NEW YORK, SEPT. 18, 2017: S&P Dow Jones Indices (“S&P DJI”) today announced preliminary results indicating that **S&P 500[®] stock buybacks**, or share repurchases, **totaled \$120.1 billion for Q2 2017. This is a 9.8% decrease from the \$133.1 billion reported for Q1 2017, a 5.8% decrease from the \$127.5 billion reported for Q2 2016 and a 25.6% decrease from the \$161.4 billion for Q1 2016**, when companies were supporting share prices in a declining market.

For the 12-month period ending June 2017, S&P 500 issues spent **\$500.8 billion on buybacks**, down 14.5% from the \$585.4 billion set during the 12-month period ending June 2016.

Historical data on S&P 500 buybacks is available at: www.spdji.com/indices/equity/sp-500.

Key Takeaways:

- The number of S&P 500 issues substantially reducing their year-over-year share count, which is used to calculate EPS, declined to 13.8% for Q2 2017, compared to 14.8% for Q1 2017 and 26.6% for Q2 2016.
- Total shareholder return totaled \$224.1 billion, down 4.2% from \$234.0 billion for Q1 2017.
- S&P 500 dividends set a new record payment, at \$104.0 billion, up from \$100.9 billion for Q1 2017; for the 12-month period ending June 2017, the total shareholder return was \$907.9 billion, down 6.9% from \$974.8 billion for the 12-month period ending June 2016.
- 268 S&P 500 issues reduced their share count for Q2 2017, compared to 255 for Q1 2017 and 275 for Q2 2016.
- Year-over-year share count reductions of at least 4%, which are seen as affecting EPS, declined to 66 issues for Q2 2017, compared to 71 for Q1 2017 and 134 for Q2 2016.

“Share buyback expenditures for Q2 2017 declined, as share prices increased, resulting in fewer share repurchases and a weaker tailwind for EPS,” said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**.

“The going rate for the last two years was that more than 20% of S&P 500 issues provided at least a 4% tailwind to EPS via reduced share counts. For 2017, that rate has dropped significantly. The Street is interpreting the decline in discretionary buybacks, which reduce share counts and increase EPS, as a positive sign; while there is less support for EPS growth, companies are showing an ability to meet their EPS targets without the buyback tailwind, as their Q2 2017 record earnings show.”

Buyback concentration declined for the quarter, as the top 20 issues accounted for 38.6% of all share repurchases, down from 42.1% for Q1 2017; it is the lowest recording for the top 20 since 37.6% for Q4 2015.

“The ability of companies to increase buybacks remains strong, as available cash set a new record, surpassing \$1.5 trillion for the first time,” said Silverblatt. “Net income improved, with Q2 2017 setting a record, and current Q3 2017 estimates projecting additional gains.”

GICS® Sector Analysis:

Energy buybacks increased the most, up 47.5% to \$3.1 billion, up from \$2.1 billion for Q1 2017; expenditures still significantly trailed the pre-June 2014 oil price fall, when the sector spent \$13.1 billion for Q1 2014.

Financials, which exhibited strength during Q1 2017 with a 10.2% increase, posted a 9.1% decrease for Q2 2017 with \$26.8 billion, compared to \$29.5 billion for Q1 2017, accounting for 22.3% of all buybacks. Of note, in June 2017 major banks received approval to increase their shareholder returns, leading to potentially higher buybacks and dividend expenditures.

Information Technology was steady, as expenditures rose 0.5% to \$27.6 billion from the prior period's \$27.5 billion. The sector represents 23.0% of all buybacks but has 46% of the index's cash reserves.

Issues:

Apple (AAPL) spent \$7.1 billion for Q2 2017, down from \$7.2 billion for Q1 2017 and down from \$10.2 billion for Q2 2016.

Charter Communications (CHTR) was second, with \$3.3 billion, up from \$0.9 billion for Q1 2017 and \$0.08 billion for Q2 2016.

J. P. Morgan (JPM) was third, with \$3.0 billion, up from \$2.8 billion for both Q1 2017 and Q2 2016.

Home Depot (HD) came in fourth, with \$2.6 billion, up from \$1.3 billion for Q1 2017.

Boeing (BA) rounded out the top five, at \$2.5 billion, flat from Q1 2017.

Total Shareholder Return:

Silverblatt determined that **total shareholder return**, through regular cash dividends and buybacks, **decreased 4.2% to \$224.1 billion** for Q2 2017, down from \$234.0 billion for Q1 2017. For the 12-month period ending June 2017, shareholder return totaled \$907.8 billion, down 6.9% from the record \$974.8 billion set during the 12-month period ending June 2016.

Dividends posted a 3.1% increase for Q2 2017, to a record \$104.0 billion, up from \$100.9 billion for Q1 2017. Payments totaled \$407.1 billion for the 12-month period ending June 2017, up 4.5% from \$389.3 billion for the 12-month period ending June 2016. With Q3 2017 nearing its end, the quarter is expected to post another record for cash dividend payments.

According to Silverblatt, preliminary **cash reserves increased from Q1 2017**. S&P 500 Industrial (Old), which consists of the S&P 500 less Financials, Transportations and Utilities, available cash and equivalent surpassed \$1.5 trillion for the first time, standing at \$1.534 trillion. Available cash stood at \$1.496 trillion for Q1 2017. The current cash level is 1.6 times greater than expected 2018 operating income.

“The key question remaining is whether companies will aid EPS through discretionary buybacks or through old-fashioned earnings growth,” said Silverblatt.

“Income tax reform and potential cash repatriation are other key factors to watch, as new legislation could lead to a potential increase of shareholder returns.”

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

S&P Dow Jones Indices									
S&P 500, \$ U.S. BILLIONS									
(preliminary in bold)									
PERIOD	MARKET	OPERATING	AS REPORTED					DIVIDEND &	DIVIDENDS
	VALUE	EARNINGS	EARNINGS	DIVIDENDS	BUYBACKS	DIVIDEND	BUYBACK	BUYBACK	& BUYBACKS
	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	YIELD	YIELD	YIELD	\$ BILLION
12 Months Jun 2017	\$20,762	\$996.81	\$894.36	\$407.11	\$500.75	1.96%	2.41%	4.37%	\$907.87
12 Months Jun 2016	\$18,193	\$857.84	\$759.50	\$389.43	\$585.35	2.14%	3.22%	5.36%	\$974.78
2016	\$19,268	\$919.85	\$818.55	\$397.21	\$536.38	2.06%	2.78%	4.85%	\$933.60
2015	\$17,900	\$885.38	\$762.74	\$382.32	\$572.16	2.14%	3.20%	5.33%	\$954.47
2014	\$18,245	\$1,004.22	\$909.09	\$350.43	\$553.28	1.92%	3.03%	4.95%	\$903.71
6/30/2017 Preliminary	\$20,762	\$261.39	\$231.32	\$104.01	\$120.11	1.96%	2.41%	4.37%	\$224.12
3/31/2017	\$20,276	\$247.32	\$235.65	\$100.86	\$133.15	1.98%	2.51%	4.49%	\$234.01
12/31/2016	\$19,268	\$240.11	\$207.93	\$103.82	\$135.29	2.06%	2.78%	4.85%	\$239.11
9/30/2016	\$18,742	\$247.98	\$219.46	\$98.43	\$112.20	2.10%	2.92%	5.01%	\$210.63
6/30/2016	\$18,193	\$222.77	\$201.79	\$98.30	\$127.50	2.14%	3.22%	5.36%	\$225.81
3/31/2016	\$17,958	\$208.99	\$189.37	\$96.67	\$161.39	2.15%	3.28%	5.43%	\$258.05
12/31/2015	\$17,900	\$201.95	\$163.76	\$99.39	\$145.88	2.14%	3.20%	5.33%	\$245.27
9/30/2015	\$16,917	\$224.14	\$204.58	\$95.07	\$150.58	2.22%	3.30%	5.52%	\$245.66
6/30/2015	\$18,219	\$230.84	\$201.35	\$94.45	\$131.56	2.03%	3.04%	5.07%	\$226.01
3/31/2015	\$18,303	\$228.45	\$193.05	\$93.41	\$144.13	1.98%	2.94%	4.92%	\$237.54
12/30/2014	\$18,245	\$237.14	\$202.31	\$92.80	\$132.63	1.92%	3.03%	4.95%	\$225.43
9/30/2014	\$17,519	\$262.92	\$244.00	\$89.02	\$145.19	1.96%	3.14%	5.10%	\$234.22
6/30/2014	\$17,404	\$260.50	\$240.96	\$86.65	\$116.17	1.91%	3.06%	4.98%	\$202.82
3/31/2014	\$16,700	\$243.67	\$221.82	\$81.96	\$159.28	1.93%	3.20%	5.14%	\$241.24
12/31/2013	\$16,495	\$252.10	\$236.31	\$84.98	\$129.41	1.89%	2.88%	4.77%	\$214.40
9/30/2013	\$14,960	\$239.50	\$219.13	\$79.26	\$128.16	2.05%	2.98%	5.03%	\$207.42
6/30/2013	\$14,310	\$234.84	\$221.56	\$76.67	\$118.05	2.07%	2.94%	5.02%	\$194.72
3/31/2013	\$13,979	\$229.57	\$215.76	\$70.86	\$99.97	2.06%	2.97%	5.02%	\$170.82
12/31/2012	\$12,742	\$206.84	\$184.50	\$79.83	\$99.15	2.20%	3.13%	5.33%	\$178.98
9/30/2012	\$12,881	\$214.58	\$189.64	\$69.48	\$103.72	2.07%	3.01%	5.08%	\$173.20
6/30/2012	\$12,303	\$229.69	\$195.27	\$67.31	\$111.75	2.08%	3.27%	5.35%	\$179.05

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S&P 500 SECTOR BUYBACKS						
SECTOR \$ MILLIONS	Q2,'17	Q1,'17	Q2,'16	12MO JUN,'17	12MO JUN,'16	5-YEARS
Consumer Discretionary	\$22,357	\$16,196	\$20,283	\$81,126	\$97,195	\$402,527
Consumer Staples	\$10,296	\$14,469	\$11,720	\$44,776	\$49,706	\$223,775
Energy	\$3,107	\$2,107	\$1,386	\$7,538	\$9,604	\$123,038
Financials	\$26,815	\$29,497	\$25,666	\$108,297	\$103,127	\$416,479
Healthcare	\$12,636	\$27,010	\$14,974	\$81,633	\$76,892	\$352,978
Industrials	\$14,799	\$14,113	\$21,897	\$56,952	\$90,943	\$325,270
Information Technology	\$27,628	\$27,477	\$30,066	\$109,815	\$143,425	\$641,819
Materials	\$1,020	\$1,359	\$1,269	\$7,104	\$12,400	\$66,398
Real Estate	\$1,150	\$574		\$2,483	\$0	\$2,483
Telecommunication Services	\$282	\$191	\$201	\$789	\$1,084	\$32,505
Utilities	\$20	\$158	\$38	\$243	\$974	\$6,258
TOTAL	\$120,109	\$133,150	\$127,501	\$500,754	\$585,350	\$2,593,531

S&P Dow Jones Indices								
S&P 500 20 LARGEST Q2 2017 BUYBACKS, \$ MILLIONS								
Company	Ticker	Sector	Q2,'17	12MO Jun,'17	12MO Jun.'16	5-Year	10-year	Indicated
			Buybacks	Buybacks	Buybacks	Buybacks	Buybacks	Dividend
			\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Apple	AAPL	Information Technology	\$7,093	\$31,131	\$36,949	\$157,940	\$90,992	\$13,139
Charter Communications	CHTR	Consumer Discretionary	\$3,328	\$5,686	\$114	\$5,864	-\$15,573	\$0
JPMorgan	JPM	Financials	\$3,007	\$10,385	\$7,003	\$30,086	\$58,379	\$7,958
Home Depot	HD	Consumer Discretionary	\$2,632	\$8,360	\$6,356	\$34,701	\$50,303	\$4,256
Boeing	BA	Industrials	\$2,500	\$6,500	\$7,751	\$26,554	\$17,546	\$3,428
Walt Disney	DIS	Consumer Discretionary	\$2,444	\$7,535	\$9,180	\$31,125	\$27,548	\$2,467
American Internat'l Gr	AIG	Financials	\$2,415	\$11,212	\$13,196	\$41,650	\$50,418	\$1,185
Wells Fargo	WFC	Financials	\$2,296	\$8,703	\$8,827	\$38,703	\$57,975	\$7,796
Wal-Mart Stores	WMT	Consumer Staples	\$2,262	\$7,893	\$7,681	\$27,498	-\$46,050	\$6,150
Bank of America	BAC	Financials	\$2,236	\$7,693	\$3,982	\$17,345	\$34,367	\$4,777
Johnson & Johnson	JNJ	Healthcare	\$1,890	\$9,460	\$6,947	\$30,241	\$40,482	\$9,051
Citigroup	C	Financials	\$1,781	\$10,696	\$6,553	\$22,555	\$14,875	\$3,524
Microsoft	MSFT	Information Technology	\$1,765	\$11,788	\$15,969	\$54,876	\$114,003	\$12,044
Visa	V	Information Technology	\$1,708	\$6,933	\$5,562	\$25,317	\$40,721	\$1,219
Alphabet	GOOGL	Information Technology	\$1,618	\$2,745	\$5,473	\$8,218	-\$42,412	\$0
Intel	INTC	Information Technology	\$1,610	\$3,982	\$3,588	\$25,175	-\$8,427	\$5,133
Internat'l Bus Machines	IBM	Information Technology	\$1,529	\$4,599	\$4,193	\$38,217	\$92,256	\$5,637
Comcast	CMCSA	Consumer Discretionary	\$1,480	\$5,091	\$5,801	\$22,228	-\$28,219	\$2,982
Goldman Sachs Group	GS	Financials	\$1,466	\$5,753	\$5,934	\$27,600	\$50,484	\$1,181
Cisco Systems	CSCO	Information Technology	\$1,291	\$4,304	\$4,466	\$26,542	\$71,971	\$5,800
Top 20			\$46,351	\$170,449	\$165,525	\$692,435	\$671,639	\$97,726
S&P 500			\$120,109	\$500,754	\$585,351	\$2,593,531	\$4,284,417	\$439,791
Top 20 % of S&P 500			38.59%	34.04%	28.28%	26.70%	15.68%	22.22%
Gross values are not adjusted for float								

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S&P 500 20 Largest Quarterly Buybacks, \$ Millions, as of Q2 2017, no issue was added for Q2 2017				
\$ MILLIONS	QUARTER	COMPANY	SECTOR	
\$17,971	Q1 2014	Apple	Information Technology	1
\$17,000	Q3 2014	Apple	Information Technology	2
\$16,000	Q2 2013	Apple	Information Technology	3
\$15,707	Q2 2007	International Business Machines	Information Technology	4
\$13,253	Q3 2015	Apple	Information Technology	5
\$12,852	Q2 2012	Johnson & Johnson	Healthcare	6
\$12,318	Q4 2016	Allergan plc (AGN)	Healthcare	7
\$12,183	Q3 2012	Johnson & Johnson	Healthcare	8
\$10,851	Q4 2016	Apple	Information Technology	9
\$10,723	Q3 2007	Home Depot	Consumer Discretionary	10
\$10,166	Q2 2016	Apple	Information Technology	11
\$10,000	Q2 2015	Apple	Information Technology	12
\$9,859	Q4 2007	Transocean	Energy	13
\$9,179	Q4 2006	Exxon Mobil	Energy	14
\$9,465	Q1 2008	Exxon Mobil	Energy	15
\$8,845	Q4 2008	Exxon Mobil	Energy	16
\$8,761	Q2 2008	Exxon Mobil	Energy	17
\$8,663	Q3 2008	Exxon Mobil	Energy	18
\$8,463	Q3 2007	Exxon Mobil	Energy	19
\$8,166	Q1 2014	International Business Machines	Information Technology	20
\$230,425		TOP 20		
\$7,093	Q2 2017	Apple	Information Technology	32

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S&P Dow Jones Indices			
S&P 500 Q2 2017 Buyback Report			
SECTOR	DIVIDEND	BUYBACK	COMBINED
	YIELD	YIELD	YIELD
Consumer Discretionary	1.56%	3.22%	4.77%
Consumer Staples	3.12%	2.51%	5.63%
Energy	3.08%	0.61%	3.68%
Financials	2.02%	3.73%	5.74%
HealthCare	1.61%	2.66%	4.27%
Industrials	2.20%	2.70%	4.90%
Information Technology	1.48%	2.38%	3.85%
Materials	2.22%	1.01%	3.23%
Real Estate	3.32%	0.44%	3.76%
Telecommunication Services	5.29%	0.18%	5.47%
Utilities	3.34%	0.03%	3.38%
S&P 500	2.12%	2.43%	4.54%
Uses full values (unadjusted for float)			
Dividends based on indicated; buybacks based on the last 12-months ending Q2, '17			

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

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