

## S&P 500 buybacks decline significantly in Q2 2019; expenditures still remain higher than the pre-2018 levels

- Q2 2019 share repurchases were \$164.5 billion – 20.1% lower than Q1 2019, 13.7% lower than Q2 2018, and 26.2% lower than the record Q4 2018.
- Apple continues to lead, spending \$18.2 billion – down from last quarter’s issue level record \$23.8 billion, but still the 6<sup>th</sup> highest expenditure historically.
- Buybacks remain concentrated among the top 20 companies, accounting for 50.4% of the total.
- Buybacks for the 12-month period ending in June 2019 were \$797.0 billion – down from \$823.2 billion in Q1 2019, but up 23.4% from the same period last year.
- Buyback impact remains broad, as one in four companies used buybacks to reduce their share count by at least four percent and increase their EPS.

**NEW YORK, September 16, 2019:** S&P Dow Jones Indices (“S&P DJI”) announced today that preliminary **Q2 2019 S&P 500<sup>®</sup> stock buybacks**, or share repurchases, were \$164.5 billion. This was the second consecutive quarterly decline after four consecutive quarters of record buybacks. Q2 2019 buybacks were 20.1% lower than Q1 2019’s \$205.6 billion, 13.7% lower year-over-year from Q2 2018’s \$190.6 billion, and 26.2% lower than the Q4 2018 record expenditure of \$223.0 billion.

Historical data on S&P 500 buybacks are available at [www.spdji.com/indices/equity/sp-500](http://www.spdji.com/indices/equity/sp-500).

### **Key Takeaways:**

- While companies significantly reduced their Q2 2019 buyback expenditures from the record setting quarters of 2018, levels remain higher than 2017 and prior periods.
  - The 2018 tax rate decline may have pushed companies to overspend on buybacks, posting a 55% gain over 2017 and a 39% gain over the prior record in 2015.
- The cumulative rolling four quarters of repurchases continued to impact EPS as 24.2% of the issues reduced share counts by at least 4% year-over-year, slightly down from the Q1 2019 24.9% rate, and substantially up from the Q2 2018’s 15.6%, giving 1-in-4 issues at least a 4% EPS tailwind.
- S&P 500 Q2 2019 dividends totaled \$118.7 billion, up 6.3% from the Q2 2018 of \$111.6 billion; Q3 2019 is set to post a new record, in the \$122 billion range.
- Total shareholder return of buybacks and dividends for the quarter came in at \$283.2 billion, down 12.4% from the Q1 2019 period expenditure of \$323.1 billion and down 6.3% from the \$302.2 billion reported for Q2 2018.
- Total shareholder return for the 12-month period ending June 2019 declined to \$1.269 trillion, from the record 12-month March 2019 level of \$1.288 trillion, and was up 17.3% from the year-over-year 12-month Q2 2018 of \$1.081 trillion.

“In what may have been a reaction to their tax-inspired record-setting buying spree of 2018, companies significantly pulled back on their Q2 2019 buybacks, said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**. “While the decline is significant compared to 2018, it remains higher than the pre-2018 levels. Estimates vary, but a base amount of \$170 billion a quarter has been emerging as the consensus level of buybacks going forward.”

Silverblatt also found that buybacks continue to be top heavy, with the top 20 issues accounting for 51.4% of the buybacks, up a tick from the Q1 2019 51.2%, as the 10-year average is 44.1%.

### **Q2 2019 GICS® Sector Analysis:**

**Information Technology** buybacks continued to dominate, even as they decreased 20.3% to \$54.2 billion compared to \$68.0 billion for Q1 2019. Twelve-month expenditures were up 33.8% to \$265.8 billion from \$198.7 billion spent for the same period in 2018. The sector represents 33.0% of the index’s buybacks for the quarter, flat from last quarter.

**Materials** buyback declined 49.3% to \$2.4 billion compared to \$4.8 billion for Q1 2018. **Utilities** declined 40.4%, to 0.9 billion from 1.5 billion in Q1 2019.

**Health Care** buybacks continued to be volatile, as they decreased 44.5% to \$17.1 billion, down from \$30.7 billion for Q1 2019, as the 12-months ending in Q2 2019, buybacks were \$93.6 billion, up 6.1% from the \$88.2 billion spent in the corresponding 2018 period.

### **Issues:**

The five issues with the highest total buybacks for Q2 2019 are:

- **Apple (AAPL)** again led in buybacks spending \$18.2 billion in Q2 2019, ranking 6<sup>th</sup> in S&P 500 history, as the level was down 23.8% from the record \$23.8 billion spent in Q1 2019. Over the past 12-months, Apple has spent \$71.4 billion on buybacks, almost twice the value of Ford Motor Company, up from \$63.9 billion in the prior 12-month period.
- **Bank of America (BAC)**: \$6.5 billion for Q2 2019, up from \$6.3 billion for Q1 2019; in the last 12-months they spent \$23.0 billion, up from \$17.7 billion.
- **Oracle (ORCL)**: \$6.3 billion for Q2 2019, down up from their \$10.0 billion Q1 2019 expenditure; in the last 12 months they spent \$36.6 billion, up from \$11.9 billion.
- **JP Morgan (JPM)**: \$5.2 billion for Q2 2019, up from the \$5.1 billion spent in Q1 2019; in the last 12-months they spent \$20.6 billion, up from \$19.2 billion.
- **Cisco Systems (CSCO)**: \$4.9 billion for Q2 2019, down from \$6.1 billion for Q1 2019; in the last 12-months they spent \$21.6 billion, up from \$18.3 billion.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

S&P Dow Jones Indices								
S&P 500, \$ U.S. BILLIONS (preliminary and estimates in bold)								
PERIOD	MARKET VALUE	OPERATING EARNINGS	AS REPORTED EARNINGS	DIVIDENDS	BUYBACKS	DIVIDEND YIELD	BUYBACK YIELD	DIVIDEND & BUYBACK YIELD
	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS	\$ BILLIONS			
<b>12 Mo Jun,'19 Prelim.</b>	\$24,423.49	<b>\$1,295.01</b>	<b>\$1,132.67</b>	<b>\$471.54</b>	<b>\$797.03</b>	1.93%	<b>3.26%</b>	<b>5.19%</b>
12 Mo Jun,'18	\$23,036.32	\$1,196.08	\$1,043.63	\$435.69	\$645.81	1.89%	2.80%	4.69%
2018	\$21,026.90	\$1,281.66	\$1,119.43	\$456.31	\$806.41	2.17%	3.84%	6.01%
2017	\$22,821.24	\$1,066.00	\$940.86	\$419.77	\$519.40	1.84%	2.28%	4.12%
2016	\$19,267.93	\$919.85	\$818.55	\$397.21	\$536.38	2.06%	2.78%	4.85%
<b>6/28/2019 Prelim</b>	\$24,423	<b>\$335.58</b>	<b>\$291.25</b>	\$118.68	<b>\$164.48</b>	1.93%	<b>3.26%</b>	<b>5.19%</b>
3/29/2019	\$23,619	\$316.48	\$291.23	\$117.33	\$205.81	1.97%	3.49%	5.45%
12/31/2018	\$21,027	\$293.82	\$242.91	\$119.81	\$222.98	2.17%	3.84%	6.01%
9/30/2018	\$24,579	\$349.04	\$306.70	\$115.72	\$203.76	1.81%	2.93%	4.75%
6/30/2018	\$23,036	\$327.53	\$288.55	\$111.60	\$190.62	1.89%	2.80%	4.69%
3/29/2018	\$22,496	\$311.26	\$281.28	\$109.18	\$189.05	1.90%	2.56%	4.46%
12/29/2017	\$22,821	\$288.93	\$230.12	\$109.46	\$136.97	1.84%	2.28%	4.12%
9/29/2017	\$21,579	\$268.35	\$243.68	\$105.45	\$129.17	1.92%	2.40%	4.32%
6/30/2017	\$20,762	\$261.39	\$231.40	\$104.01	\$120.11	1.96%	2.41%	4.37%
3/31/2017	\$20,276	\$247.32	\$235.65	\$100.86	\$133.15	1.98%	2.51%	4.49%
12/31/2016	\$19,268	\$240.11	\$207.93	\$103.82	\$135.29	2.06%	2.78%	4.85%
9/30/2016	\$18,742	\$247.98	\$219.46	\$98.43	\$112.20	2.10%	2.92%	5.01%
6/30/2016	\$18,193	\$222.77	\$201.79	\$98.30	\$127.50	2.14%	3.22%	5.36%
3/31/2016	\$17,958	\$208.99	\$189.37	\$96.67	\$161.39	2.15%	3.28%	5.43%
12/31/2015	\$17,900	\$201.95	\$163.76	\$99.39	\$145.88	2.14%	3.20%	5.33%
9/30/2015	\$16,917	\$224.14	\$204.58	\$95.07	\$150.58	2.22%	3.30%	5.52%
6/30/2015	\$18,219	\$230.84	\$201.35	\$94.45	\$131.56	2.03%	3.04%	5.07%

S&P Dow Jones Indices								
S&P 500 SECTOR BUYBACKS								
SECTOR \$ MILLIONS	Q2,'18	Q1,'19	Q2,'18	12MoJun,'19	12MoJun,'18	5-YEARS	10-YEARS	
<b>Consumer Discretionary</b>	\$15,764	\$17,721	\$22,656	\$78,825	\$86,352	\$429,464	\$728,807	
<b>Consumer Staples</b>	\$7,114	\$9,786	\$6,580	\$36,512	\$39,904	\$211,298	\$439,981	
<b>Energy</b>	\$4,552	\$4,294	\$4,285	\$24,874	\$21,922	\$92,142	\$263,972	
<b>Financials</b>	\$37,819	\$42,845	\$29,968	\$166,948	\$131,925	\$593,911	\$813,978	
<b>Healthcare</b>	\$17,066	\$30,749	\$27,241	\$93,633	\$88,210	\$408,431	\$686,549	
<b>Industrials</b>	\$16,967	\$19,426	\$23,426	\$74,578	\$64,702	\$356,504	\$543,959	
<b>Information Technology</b>	\$54,210	\$67,986	\$71,511	\$265,787	\$198,677	\$864,307	\$1,333,335	
<b>Materials</b>	\$2,420	\$4,771	\$3,237	\$16,062	\$8,998	\$67,230	\$108,265	
<b>Real Estate</b>	\$555	\$409	\$884	\$2,963	\$3,888	\$9,334	\$9,334	
<b>Communication Services</b>	\$7,132	\$6,345	\$419	\$33,125	\$601	\$41,328	\$72,197	
<b>Utilities</b>	\$882	\$1,479	\$413	\$3,720	\$631	\$8,517	\$18,596	
<b>TOTAL</b>	<b>\$164,481</b>	<b>\$205,811</b>	<b>\$190,621</b>	<b>\$797,028</b>	<b>\$645,811</b>	<b>\$3,082,465</b>	<b>\$5,018,974</b>	

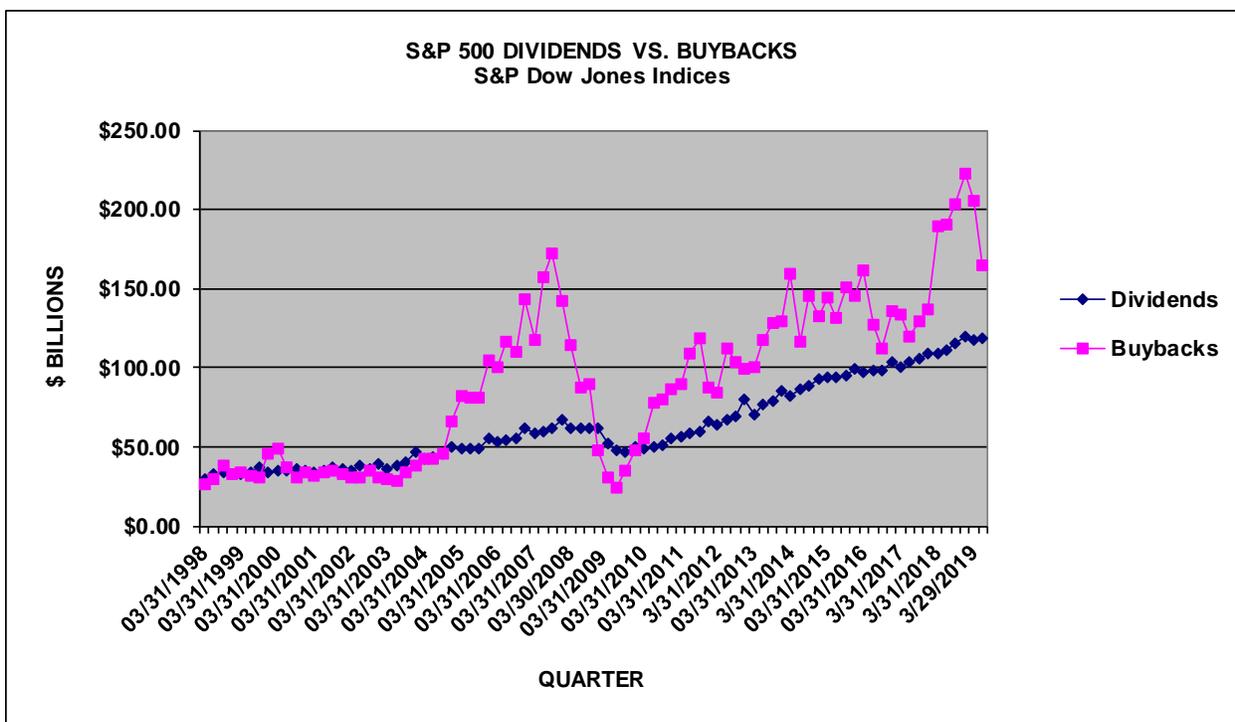
S&P Dow Jones Indices								
S&P 500 20 LARGEST Q2 2019 BUYBACKS, \$ MILLIONS								
Company	Ticker	Sector	Q2 2019	12-Months	12-Months	5-Year	10-Year	Indicated
			Buybacks	Jun,'19	Jun,'18	Buybacks	Buybacks	Dividend
			\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Apple	AAPL	Information Technology	\$18,154	\$71,443	\$63,924	\$247,481	\$302,414	\$14,917
Bank of America	BAC	Financials	\$6,507	\$23,041	\$17,673	\$53,164	\$58,059	\$7,361
Oracle	ORCL	Information Technology	\$6,301	\$36,643	\$11,853	\$70,970	\$99,812	\$4,621
JPMorgan	JPM	Financials	\$5,210	\$20,645	\$19,210	\$63,391	\$83,456	\$11,678
Cisco Systems	CSCO	Information Technology	\$4,936	\$21,579	\$18,250	\$53,425	\$85,891	\$5,993
Wells Fargo	WFC	Financials	\$4,906	\$24,691	\$11,734	\$63,997	\$79,914	\$10,187
Microsoft	MSFT	Information Technology	\$4,633	\$19,543	\$10,721	\$72,464	\$112,993	\$14,100
Johnson Controls Internat'l	JCI	Industrials	\$4,125	\$5,154	\$484	\$8,011	\$9,537	\$828
Alphabet	GOOGL	Communication Services	\$3,577	\$11,452	\$6,326	\$25,996	\$26,914	\$0
Citigroup	C	Financials	\$3,464	\$13,043	\$16,071	\$49,206	\$52,920	\$4,717
Intel	INTC	Information Technology	\$3,049	\$10,037	\$6,920	\$34,109	\$62,342	\$5,641
Booking Holdings	BKNG	Consumer Discretionary	\$2,718	\$9,557	\$3,178	\$18,043	\$19,578	\$0
Johnson & Johnson	JNJ	Health Care	\$2,486	\$8,971	\$2,715	\$36,423	\$58,932	\$10,089
Amgen	AMGN	Health Care	\$2,415	\$9,426	\$15,730	\$32,349	\$51,126	\$3,538
Biogen	BIIB	Health Care	\$2,402	\$4,410	\$3,000	\$15,325	\$20,316	\$0
Visa	V	Information Technology	\$2,152	\$8,178	\$7,418	\$31,863	\$44,473	\$1,739
Lowe's Companies	LOW	Consumer Discretionary	\$1,944	\$3,961	\$2,535	\$18,373	\$34,586	\$1,722
Mastercard	MA	Information Technology	\$1,921	\$5,920	\$4,824	\$20,322	\$28,488	\$1,498
Honeywell Internat'l	HON	Industrials	\$1,900	\$4,946	\$3,601	\$13,875	\$16,396	\$2,387
Facebook	FB	Communication Services	\$1,752	\$12,083	\$10,230	\$24,262	\$28,017	\$0
<b>Top 20</b>			<b>\$84,552</b>	<b>\$324,723</b>	<b>\$236,397</b>	<b>\$953,050</b>	<b>\$1,276,164</b>	<b>\$101,017</b>
<b>S&amp;P 500</b>			<b>\$164,481</b>	<b>\$797,028</b>	<b>\$645,811</b>	<b>\$3,082,465</b>	<b>\$5,073,953</b>	<b>\$530,924</b>
<b>Top 20 % of S&amp;P 500</b>			<b>51.40%</b>	<b>40.74%</b>	<b>36.60%</b>	<b>30.92%</b>	<b>25.15%</b>	<b>19.03%</b>

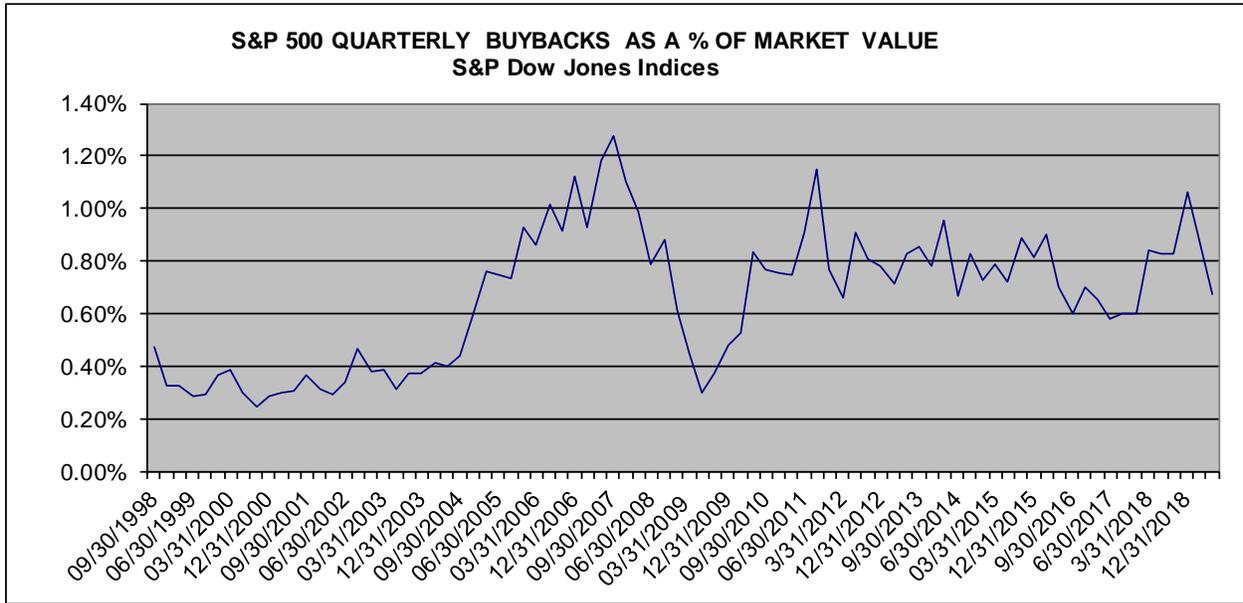
Gross values are not adjusted for float

S&P Dow Jones Indices				
S&P 500 20 Largest Quarterly Buybacks, \$ Millions, as of Q2 2019; Apple added at #6				
\$ MILLIONS	QUARTER	COMPANY	SECTOR	
\$23,811	Q1 2019	Apple	Information Technology	1
\$22,908	Q1 2018	Apple	Information Technology	2
\$21,860	Q2 2018	Apple	Information Technology	3
\$21,162	Q2 2006	QUALCOMM	Information Technology	4
\$19,364	Q3 2018	Apple	Information Technology	5
<b>\$18,154</b>	<b>Q2 2019</b>	<b>Apple</b>	<b>Information Technology</b>	<b>6</b>
\$18,036	Q1 2014	Apple	Information Technology	7
\$17,319	Q3 2014	Apple	Information Technology	8
\$16,413	Q2 2013	Apple	Information Technology	9
\$15,707	Q3 2007	International Business Machines	Information Technology	10
\$13,420	Q3 2015	Apple	Information Technology	11
\$12,852	Q4 2013	Johnson & Johnson	Healthcare	12
\$12,318	Q4 2016	Allergan plc (AGN)	Healthcare	13
\$12,183	Q2 2012	Johnson & Johnson	Healthcare	14
\$11,480	Q4 2016	Apple	Information Technology	15
\$11,133	Q4 2017	Apple	Information Technology	16
\$10,776	Q2 2016	Apple	Information Technology	17
\$10,724	Q2 2015	Apple	Information Technology	18
\$10,723	Q1 2016	Home Depot	Consumer Discretionary	19
\$10,697	Q1 2018	Amgen	Healthcare	20

<b>S&amp;P Dow Jones Indices</b>			
<b>S&amp;P 500 Q2 2019 Buyback Report</b>			
<b>SECTOR</b>	<b>DIVIDEND</b>	<b>BUYBACK</b>	<b>COMBINED</b>
	<b>YIELD</b>	<b>YIELD</b>	<b>YIELD</b>
<b>Consumer Discretionary</b>	<b>1.43%</b>	<b>3.12%</b>	<b>4.54%</b>
<b>Consumer Staples</b>	<b>3.74%</b>	<b>1.97%</b>	<b>5.71%</b>
<b>Energy</b>	<b>4.03%</b>	<b>2.11%</b>	<b>6.15%</b>
<b>Financials</b>	<b>2.53%</b>	<b>5.04%</b>	<b>7.58%</b>
<b>HealthCare</b>	<b>1.87%</b>	<b>2.77%</b>	<b>4.64%</b>
<b>Industrials</b>	<b>2.10%</b>	<b>3.22%</b>	<b>5.32%</b>
<b>Information Technology</b>	<b>1.52%</b>	<b>4.90%</b>	<b>6.42%</b>
<b>Materials</b>	<b>2.35%</b>	<b>2.46%</b>	<b>4.82%</b>
<b>Real Estate</b>	<b>3.17%</b>	<b>0.38%</b>	<b>3.55%</b>
<b>Communications Services</b>	<b>1.60%</b>	<b>1.50%</b>	<b>3.10%</b>
<b>Utilities</b>	<b>3.18%</b>	<b>0.44%</b>	<b>3.62%</b>
<b>S&amp;P 500</b>	<b>2.18%</b>	<b>3.25%</b>	<b>5.43%</b>
Uses full values (unadjusted for float)			
Dividends based on indicated; buybacks based on the last 12-months ending Q2,'19			

Share Count Reduction (SCR) (Y/Y diluted shares used for EPS)	SCR	SCR
	>=4%	<=-4%
Q2 2019	8.00%	24.20%
Q1 2019	8.03%	24.90%
Q4 2018	8.45%	18.71%
Q3 2018	6.43%	17.67%
Q2 2018	6.20%	15.60%
Q1 2018	7.01%	13.63%
Q4 2017	6.83%	15.06%
Q3 2017	8.62%	14.23%
Q2 2017	10.00%	14.00%
Q1 2017	12.00%	14.80%
Q4 2016	10.48%	19.35%
Q3 2016	9.94%	23.73%
Q2 2016	10.48%	26.61%
Q1 2016	10.06%	28.17%
Q4 2015	9.48%	25.81%
Q3 2015	9.64%	22.69%
Q2 2015	9.04%	21.08%





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