

# S&P Dow Jones Indices

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## S&P Dow Jones Indices Reports U.S. Common Indicated Dividend Payments Increased \$14.6 Billion During Q4 2022 and \$68.2 Billion in 2022

- Q4 2022 U.S. common dividend increases were \$16.3 billion, down 14.6% from \$19.1 billion in Q3 2022 and down 20.6% from \$20.6 billion in Q4 2021.
- Q4 2022 U.S. common dividend decreases were \$1.7 billion, up 21.6% from \$1.4 billion in Q3 2022, down 34.5% from \$2.6 billion in Q4 2021.
- Q4 2022 net indicated dividend rate change increased \$14.6 billion, compared to \$17.7 billion in Q3 2022, and \$18.0 billion in Q4 2021.
- For all of 2022, U.S. common dividend increases were \$82.5 billion, up 5.0% from 2021's \$78.6 billion; decreases were up 63.0% to \$14.3 billion in 2022, compared to \$8.8 billion in 2021.
- The net indicated dividend gain in 2022 was \$68.2 billion, compared to \$69.8 billion for 2021.

**NEW YORK, January 4, 2023:** S&P Dow Jones Indices announced today that the indicated **dividend net changes (increases less decreases) for U.S. domestic common stocks increased \$14.6 billion** during Q4 2022, compared to \$17.7 billion in Q3 2022 and \$18.0 billion in Q4 2021.

For all of 2022, the net dividend rate increased \$68.2 billion, compared to the net \$69.8 billion in 2021. Increases were \$82.5 billion versus \$78.6 billion, and decreases were \$14.3 billion compared to \$8.8 billion in 2021. Excluding AT&T's \$6.9 billion reduction in Q1 2022, associated with its WarnerMedia spinoff, the 2022 decreases have been \$7.4 billion, a 16.1% decline from 2021.

"Dividend payments continue at record levels. The strength of the increases has declined, as concerns over interest rates, inflation and slowing consumer spending have made companies more measured and cautious in their commitment to dividend increases. At this point, 2023 appears set to increase, setting another record," said **Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices**. "For 2023, the number of increases is expected to grow, with February being the most popular month for increases, even as the average increase is expected to be limited when measured against recent inflationary metrics."

Within the S&P 500, Q4 cash dividends set a record payment, and were up 10.2% over Q4 2021. For all of 2022, dividends set a new record, posting a 10.8% increase in the actual cash payment over 2021. S&P 500 dividend payments have increased for 13 consecutive years, and set a payment record for the last 11 consecutive years.

"2023 appears set for another record payment, with the key question being by how much as the answer may depend on the state of the economy and corporate profits. The uncertain forecast for 2023 dividend payments is also driven by several factors including changes in inflation, interest rates, and consumer spending. Overall, it is clear that companies are currently protecting their dividends, even if it means reducing buybacks," Silverblatt concluded.

Buybacks, which set a record in Q1 2022 at \$281 billion, declined in Q2 to \$220 billion and in Q3 to \$211 billion, with Financial issues pulling back on their expenditures. For Q4 2022, buyback activity appears to have increased as companies accelerated their purchases to avoid the new 1% buyback tax set to start in 2023.

### **S&P 500 Dividends**

On a per share basis, S&P 500 Q4 2022 dividend payments set a record, increasing 4.4% to \$17.39 from Q3 2022's \$16.66, and were up 10.2% from Q4 2021 \$15.78 payment. On an aggregate basis, index constituents paid \$146.1 billion in dividends in the quarter, compared to \$140.3 billion in Q3 2022 and up from \$133.9 billion in Q4 2021. For 2022, the index paid a record \$66.92 per share, up from \$60.40 in 2021, with an aggregate \$564.6 billion payment to shareholders, compared to \$511.2 billion in 2021.

Additional findings from S&P Dow Jones Indices' quarterly analysis of U.S. dividend activity include:

#### **Dividend Increases (defined as either an increase or initiation in dividend payments):**

- 780 dividend increases were reported during Q4 2022 compared to 852 during Q4 2021, an 8.5% year-over-year decrease.
- Total dividend increases were \$16.3 billion for the period, down from \$20.6 billion for Q4 2021.
- For 2022, 2,827 issues increased their payments, compared to 2,910 issues for the prior period, a 2.9% decrease.
- Total dividend increases for 2022 period were \$82.5 billion, up from \$78.6 billion in 2021.

#### **Dividend Decreases (defined as either a decrease or suspension in dividend payments):**

- 134 issues decreased dividends in Q4 2022, compared to 50 during Q4 2021, a 168% year-over-year increase.
- Dividend decreases were \$1.7 billion in Q4 2022, down from \$2.6 billion in Q4 2021.
- In 2022, 316 issues decreased their dividend payments, compared to 170 decreases in 2021, an 85.9% decrease.
- Dividend decreases were \$14.3 billion in 2022, a 63.0% increase from the \$8.8 billion in 2021.

#### **Non-S&P 500 Domestic Common Issues (for issues yielding 10% or less):**

- The percentage of non-S&P 500 domestic dividend-paying common issues increased to 20.0% in Q4 2022, compared to 19.4% in Q3 2022, and 19.6% in Q4 2021.
- The weighted indicated dividend yield for paying issues was 3.01% in Q4 2022, down from 3.17% in Q3 2021 and up from 2.50% in Q4 2021. The average indicated yield decreased to 3.21% in Q4 2022, compared to Q3 2021's 3.34% and up from 2.84% in Q4 2021.

#### **Large-, Mid-, and Small-Cap Dividends:**

- 399 issues, or 79.3%, within the **S&P 500** currently pay a dividend, the same as in Q3 2022, and up from 394 (78.0%) in Q4 2021; 27 of the 30 members of the **Dow Jones Industrial Average**<sup>®</sup> pay a dividend.
- 63.8% of **S&P MidCap 400**<sup>®</sup> issues now pay a dividend, down from 64.3% in Q3 2022 and down from 64.3% in Q4 2021; 52.9% of **S&P SmallCap 600**<sup>®</sup> issues pay a dividend, up from 52.1% in Q3 2022 and up from 50.6% in Q4 2021.
- Yields varied and were lower than Q3 2022, as markets increased faster for Q4 2022 than dividends. Large-cap yields decreased to 1.77% (1.85% for Q3 2022 and 1.31% for Q4 2021), mid-caps decreased to 1.70% (1.81% for Q3 2022 and 1.26% for Q4 2021), and small-caps decreased to 1.69% (1.75% for Q3 2022 and 1.18% for Q4 2021).

- The yields across **dividend-paying** market-size classifications also varied, with large-caps at 2.19% (2.38% in Q3 2022 and 1.74% in Q4 2021), mid-caps at 2.58% (2.76% in Q3 2022 and 1.98% in Q4 2021) and small-caps at 2.92% (3.13% in Q3 2022 and 2.16% in Q4 2021).

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