

MaxDividends

By BeatMarket team

Free Edition

Dividend Monthly Macro Overview the US Market

📅 November 2024



Introduction

” *“The true...investor will do better if he forgets about the stock market and pays attention to his dividend returns and to the operation results of his companies.”*

Benjamin Graham

Why do dividend investors tend to outperform other strategies in the market?

In the financial world today, we’re constantly told that the most important thing about an asset is its price movement. News outlets are always hyping stock market swings, with daily updates on index moves, top gainers, and biggest losers. But not much attention is given to dividend changes, which are essential for long-term investing.

Most investors never reach real wealth, and a huge reason for this is their tendency to panic every time prices take a dip. Many investors get thrilled when an asset jumps but struggle to handle a simple 5% drop—they often sell in a panic. Price swings happen every day in a market full of speculators, but companies paying dividends to shareholders offer stability. There are over 211 U.S. companies that have maintained or even boosted their dividends over the past 10 years!

When you focus on dividends, you’re getting consistent, reliable returns on your capital, which brings peace of mind and confidence in your investments.

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Dividend Macro View



Global. Latest Dividend Data

The cumulative global dividend payout for Q2 2024 continued the upward trend of Q2 2020. This suggests that most dividend companies have calmly endured the effects of the 2020 crisis and adapted their businesses to the new reality. As a consequence, they continued to increase their dividend payouts.

Q2 ANNUAL DIVIDENDS
(US\$ BILLIONS)

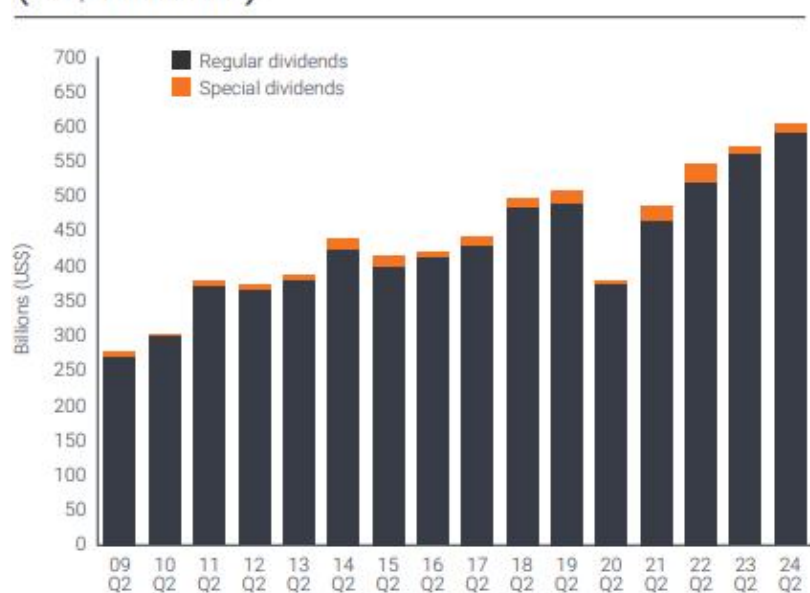


Figure 1. The total amount of dividends in Q2 of 2024.. Source: janushenderson.com

Companies paid out \$606.1 billion in dividends in the second quarter of 2024. For comparison, in Q2 2023, companies collectively paid out \$572.7 billion (Figure 1).

The dividend growth leaders in the second quarter were UK and Europe ex UK. They showed an increase of 13.8% and 7.7%, respectively. Among those regions that showed negative dynamics in dividend growth, Asia Pacific ex Japan is the leader. The drop in dividend payments was 5.1%, respectively.

Region	2020	%*	2021	%*	2022	%*	2023	%*	Q2 2023	%*	Q2 2024	%*
Emerging Markets	\$103.7	-2.7%	\$135.2	30.4%	\$153.9	13.8%	\$167.5	8.8%	\$39.5	-8.6%	\$42.4	7.3%
Europe ex UK	\$168.8	-33.0%	\$235.5	39.6%	\$259.0	10.0%	\$305.8	18.1%	\$189.9	10.9%	\$204.6	7.7%
Japan	\$80.5	-5.1%	\$81.8	1.6%	\$73.3	-10.3%	\$78.9	7.6%	\$36.7	6.0%	\$37.2	1.4%
North America	\$551.0	2.8%	\$572.7	3.9%	\$631.4	10.2%	\$664.6	5.3%	\$168.1	5.8%	\$177.5	5.6%
Asia Pacific ex Japan	\$129.2	-19.1%	\$174.5	35.1%	\$186.2	6.7%	\$171.0	-8.2%	\$41.6	4.8%	\$39.5	-5.1%
UK	\$63.1	-39.3%	\$87.5	38.6%	\$89.6	2.4%	\$86.9	-3.0%	\$32.3	-10.4%	\$36.7	13.8%
Total	\$1,096.2	-11.8%	\$1,287.2	17.4%	\$1,393.5	8.3%	\$1,474.8	5.8%	\$508.2	5.1%	\$537.9	5.8%
Divs outside top 1,200	\$139.1	-11.8%	\$163.3	17.4%	\$176.8	8.3%	\$187.1	5.8%	\$64.5	5.1%	\$68.2	5.8%
Grand total	\$1,235.2	-11.8%	\$1,450.5	17.4%	\$1,570.3	8.3%	\$1,661.9	5.8%	\$572.7	5.1%	\$606.1	5.8%

Fig. 2. Dividend payments in Q2 by region. Source: janushenderson.com

Dividend Macro View

The US Dividend Data

Dividend	Current dividend yield ETF VOO	Average 5 year dividend yield ETF VOO	Div. growth (TTM) ETF VOO	Dividend growth 5 years ETF VOO	Dividend growth 10 years ETF VOO
Yield	1,24%	1,52%	8,64%	4,49%	7,19%

Table 1: Overall performance. Source: seekingalpha.com

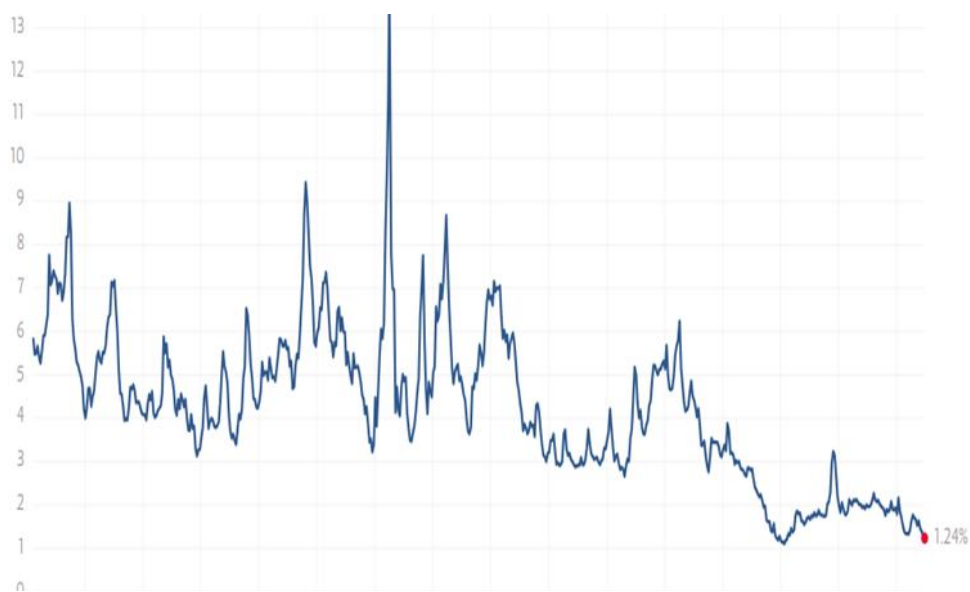


Figure 3. Dividend yield of the S&P 500. Source: multpl.com

The dividend yield of the S&P 500 has halved over the past 10 years. It is now 1.24%, which suggests that the price of stocks relative to dividends is higher than normal. Therefore, dividend yield is at a lower lows.

Inflation growth rate is high and exceeds the rate of dividend growth. Therefore, the S&P 500 dividend chart is showing a correction. However, high inflation will not hold forever. Once the correction ends, the chart will turn around again. Thus, over the last reporting periods, inflation has been steadily declining.

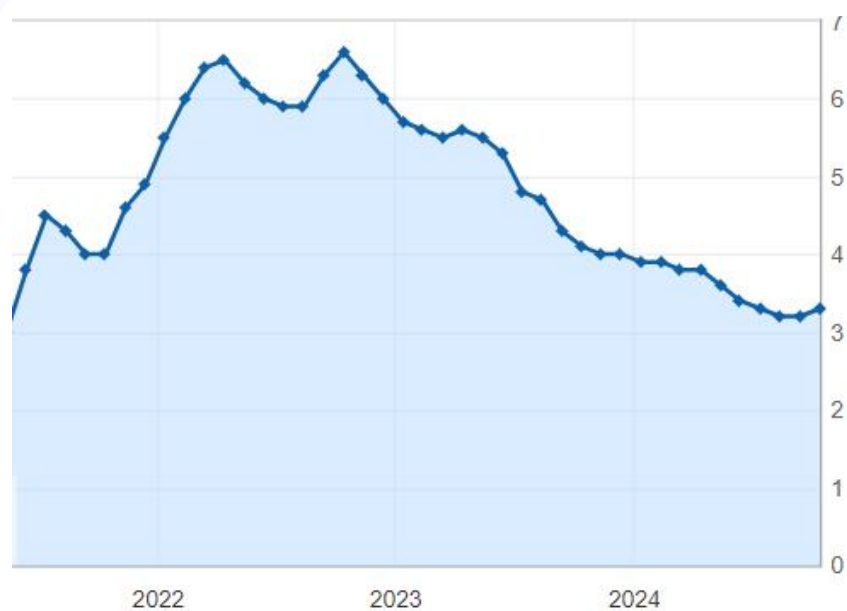


Figure 4. Inflation in the United States. Source: investing.com

Dividend Macro View

The US Dividend Data

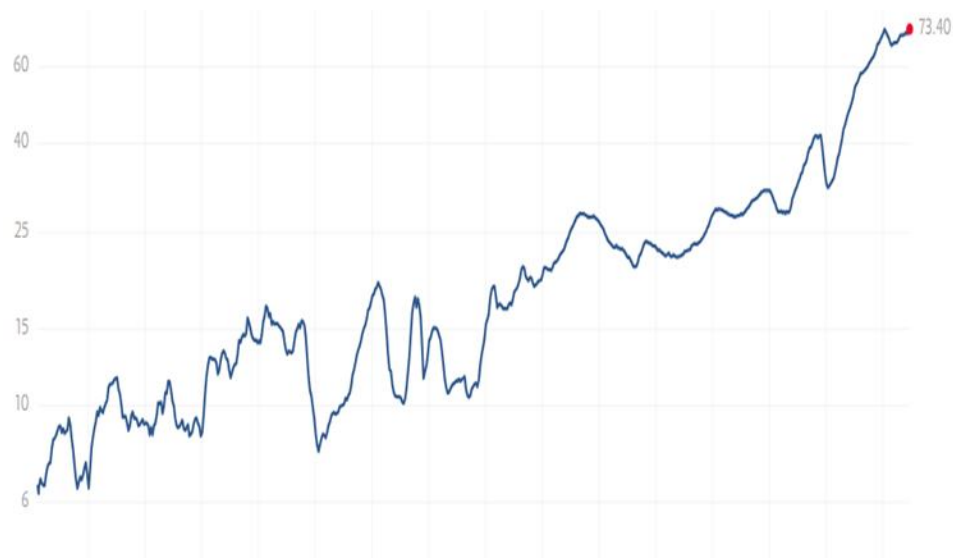


Figure 5. S&P 500 dividends adjusted for inflation. Source: multpl.com

Historical dividends from stocks that are part of the S&P 500 Index are shown in Figure 5. The data are adjusted for inflation. At the current inflation rate (Figure 4), there is a gradual acceleration in the growth of dividends on the S&P 500 index. The previous peak was in May 2020, when dividend was 73.09. At the moment, this figure is 73.40.

Month	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
Yield	71.12	71.60	72.01	71.79	71.53	71.24	71.35	71.62	71.98	72.63	73.04	73.40

Table 2. S&P 500 dividends adjusted for inflation. Source: multpl.com

The S&P 500 dividend growth is shown in Figure 6. Over the past 32 years, the chart has been negative only three times. All of those periods were associated with crises. Over the last month, dividend growth has outpaced inflation to 5.90%. However, over the past 12 months, these indicators almost always show the same dynamics.

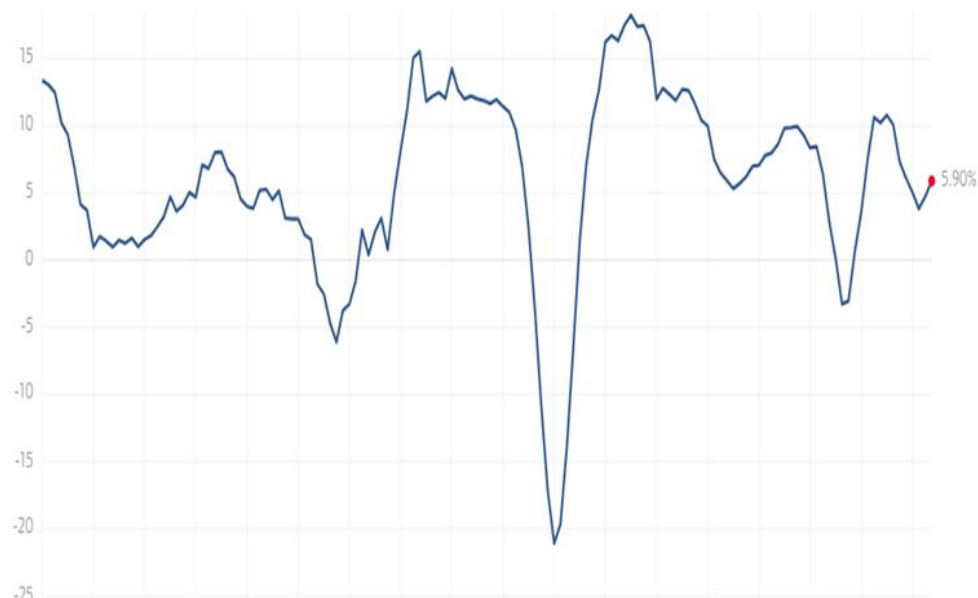


Figure 6. S&P 500 Dividend Growth. Source: multpl.com

Dividend Macro View



The US Dividend Stocks List Changes

Here is a table showing the US stock market companies that increased their dividends last month. However, some companies reduced or suspended their dividend payments. The table includes only companies that have consistently paid dividends for five years or more. The data reflects only decisions made in the past month.

List of Dividend Increases in October'24:

- Accenture plc (ACN) 14.73%
- Broadcom Inc. (AVGO) 0.95%
- Bank of Utica (BKUTK) 2.78%
- Brady Corporation (BRC) 2.13%
- City Holding Company (CHCO) 10.49%
- First American Financial Corp (FAF) 1.89%
- Fifth Third Bancorp (FITB) 5.71%
- Farmers & Merchants Banc, Inc. (FMAO) 0.57%
- First United Corporation (FUNC) 10.00%
- Honeywell International Inc. (HON) 4.63%
- Investar Holding Corporation (ISTR) 5.00%
- JPMorgan Chase & Co. (JPM) 8.70%
- Logitech International S.A. (LOGI) 6.38%
- McDonald's Corporation (MCD) 5.99%
- Microsoft Corporation (MSFT) 10.67%
- New Jersey Resources Corporation (NJR) 7.14%
- Realty Income Corporation (O) 0.19%
- OGE Energy Corp. (OGE) 0.73%
- Philip Morris International Inc. (PM) 3.85%
- Texas Instruments Incorporated (TXN) 4.62%
- U.S. Bancorp (USB) 2.04%
- VICI Properties Inc. (VICI) 4.22%
- Verizon Communications Inc. (VZ) 1.88%

Late in Increasing Dividends:

Citizens Financial Services. (CZFS), Dillard's, Inc. (DDS).

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