Factoids for the week of February 27th – March 2nd

Monday, February 27, 2011

Investors fed up with low interest rates on savings vehicles are purchasing dividend-paying stocks, and money managers believe this universe of people is huge and growing, according to The Los Angeles Times. The good news is companies in the S&P 500 are flush with cash and are boosting their payouts in dollar terms. S&P 500 dividends are expected to total $263 billion in 2012, according to Howard Silverblatt, senior index analyst at Standard & Poor's. If so, that total would eclipse the previous record of $248 billion in 2008.

Tuesday, February 28, 2012

Consumer confidence in the economy is appearing to grow based on the recent pop in nonfarm payrolls and decent retail sales data. The Conference Board’s Consumer Confidence Index has jumped from a reading of 40.9 in 10/11 to 70.8 in 2/12. Its five-year high was 111.9 in 2/07. The average over that span was 63.2. While there is debate over just how useful confidence levels are as a predictor of future spending, they are widely followed. Banks are loosening standards on car loans and credit cards, but not home equity loans and cash-out refinancing of mortgages, according to Kiplinger.com. It expects consumers to borrow $2.5 trillion in 2012, on par with 2007 levels, when consumer spending drove fairly robust economic growth.

Wednesday, February 29, 2012

Data from the Investment Company Institute shows that investors liquidated roughly $490 billion from domestic equity funds over the past five years, according to SmartMoney.com. The key event that seemed to trigger the mass exodus was the Lehman Brothers bankruptcy filing on September 15, 2008. Investors pulled out $45 billion in October 2008. SmartMoney.com estimates that the $45 billion pulled from the funds would have grown to $70 billion (including dividends) today.

Thursday, March 1, 2012

The number of bank failures in 2011 totaled 92, down from 157 in 2010, according to CNNMoney.com. There are 7,357 banks in the U.S. The Federal Deposit Insurance Corporation (FDIC) announced that the number of banks on its “troubled list” declined by 31 to 813 in Q4 ’11. Loan balances increased for the third consecutive quarter in Q4 ’11 to $130.1 billion – the largest increase since 2007. While the S&P 500 Banks Index lost 10.6% of its value in 2011, it was up 12.1% in the first two months of 2012.

Friday, March 2, 2012

In February, the dividend-payers (396) in the S&P 500 (equal weight) posted a total return of 3.84%, vs. 5.55% for the non-payers. The number of dividend-paying stocks, and money managers believe this universe of people is huge and growing, according to The Los Angeles Times. The good news is companies in the S&P 500 are flush with cash and are boosting their payouts in dollar terms. S&P 500 dividends are expected to total $263 billion in 2012, according to Howard Silverblatt, senior index analyst at Standard & Poor’s. If so, that total would eclipse the previous record of $248 billion in 2008.

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