
Float shrink: US firms continue to buy stock

By Kerry Pechter *Thu, Mar 22, 2018*

New cash takeovers have totaled \$48.1 billion, and they would have been \$136.9 billion had Broadcom's bid for Qualcomm succeeded, said TrimTabs research.

New stock buybacks have already totaled \$226.6 billion in 2018, according to a TrimTabs Research release this week. The average daily volume of announced corporate buying (new cash takeovers plus new stock buybacks) has been \$5.4 billion, not far below the record \$5.8 billion daily in 2015.

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The \$5.4 billion daily in announced corporate buying this year amounts to \$1.35 trillion on an annualized basis. The latter amount equals 15% of the \$8.99 trillion in pre-tax wages and salaries earned by all U.S. workers subject to income tax withholding in 2017 (assuming a blended tax rate of 27%).

"We doubt companies will be using anywhere near \$1.35 trillion to hire or boost compensation this year. Like the Federal Reserve's monetary policy, the federal government's tax policy has become a major driver of inequality," the release said.

"If corporate actions early this year are any indication, far more of the savings from the corporate tax cut is likely to find its way into mergers and stock buybacks than into new jobs and fatter worker paychecks."

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