
Pace of stock buybacks slows: TrimTabs

By Editorial Staff *Wed, Jun 29, 2016*

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Stock buyback announcements by U.S. companies have fallen sharply this year, sending a longer-term negative signal for U.S. equities, according to TrimTabs Investment Research.

“Corporate America announced \$2.8 trillion in stock buybacks in the past five years, and these buybacks have provided a key source of fuel for the bull market,” said David Santschi, CEO of TrimTabs, in a release. “Corporate actions this year suggest this support is going to diminish.”

U.S. companies have announced only \$11.8 billion in stock buybacks in June through Friday, June 24, according to TrimTabs. It is the lowest monthly pace this year. Buyback announcements by U.S. companies have totaled \$291.7 billion this year, or 32% lower than the \$432.0 billion in the same period last year. Only four companies have announced plans to repurchase at least \$1 billion this month.

“The sharp decline in buyback announcements suggests corporate leaders are becoming more cautious, and it doesn’t bode well for the U.S. stock market,” said Santschi. “Even if some of the too-big-to-fails roll out buybacks after the release of the second part of the Fed’s stress test results, this month’s volume is likely to be among the lowest in the past three years.”

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