

# Investigating the Frequency of Stock Buybacks

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(Preliminary Findings)

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## Research Questions

How frequently do companies conduct stock buybacks? Using SEC 10-K and 10-Q filings from 2016-2021, we investigate how frequently companies conduct stock buybacks, looking at all companies with publicly-traded stock; at firms in Finance, Insurance, and Real Estate (FIRE) and non-financial firms; and at the largest companies, defined by those in the top quarter and top decile of companies by revenue for that quarter.

We look at this question from several perspectives:

1. For a given company that conducts buybacks, in how many quarters are they conducting buybacks, out of our sample period of 24 quarters?
2. For a given quarter, how many companies are conducting buybacks?
3. For a given year, how many companies are conducting buybacks?

Our dataset includes 103,020 observations; there are 6,229 unique companies, with approximately unique 4,000 firms in each quarter.

## Findings

### 1. In how many quarters do companies conduct buybacks?

#### All Companies

- This table lists the number of quarters in which a company with positive buyback activity in any quarter conducted buybacks out of the total 24 quarters in the sample period.

- 15.6 percent, or 4,488 of firms filing 10-Qs across the sample period, conducted buybacks in all 24 quarters.

. tab BQ

| BQ    | Freq.  | Percent |
|-------|--------|---------|
| 1     | 279    | 0.97    |
| 2     | 400    | 1.39    |
| 3     | 393    | 1.37    |
| 4     | 524    | 1.82    |
| 5     | 590    | 2.05    |
| 6     | 708    | 2.46    |
| 7     | 917    | 3.19    |
| 8     | 768    | 2.67    |
| 9     | 855    | 2.97    |
| 10    | 1,060  | 3.69    |
| 11    | 836    | 2.91    |
| 12    | 960    | 3.34    |
| 13    | 1,079  | 3.75    |
| 14    | 854    | 2.97    |
| 15    | 1,080  | 3.75    |
| 16    | 1,088  | 3.78    |
| 17    | 1,258  | 4.37    |
| 18    | 1,224  | 4.26    |
| 19    | 1,501  | 5.22    |
| 20    | 1,220  | 4.24    |
| 21    | 1,785  | 6.21    |
| 22    | 2,068  | 7.19    |
| 23    | 2,829  | 9.84    |
| 24    | 4,488  | 15.60   |
| Total | 28,764 | 100.00  |

### Non-financial companies

- This table shows in how many quarters a company with positive buyback activity in any quarter conducted buybacks out of the total 24 quarters in the sample period, for this sub-sample of non-financial companies.
- For non-financial companies, 14.2 percent conducted buybacks in all 24 quarters.

```
. tab BQ if financetag==0
```

| BQ    | Freq.  | Percent |
|-------|--------|---------|
| 1     | 209    | 1.07    |
| 2     | 266    | 1.37    |
| 3     | 246    | 1.26    |
| 4     | 324    | 1.67    |
| 5     | 385    | 1.98    |
| 6     | 426    | 2.19    |
| 7     | 588    | 3.02    |
| 8     | 472    | 2.43    |
| 9     | 558    | 2.87    |
| 10    | 730    | 3.75    |
| 11    | 517    | 2.66    |
| 12    | 612    | 3.15    |
| 13    | 650    | 3.34    |
| 14    | 560    | 2.88    |
| 15    | 750    | 3.86    |
| 16    | 752    | 3.87    |
| 17    | 935    | 4.81    |
| 18    | 828    | 4.26    |
| 19    | 1,045  | 5.37    |
| 20    | 860    | 4.42    |
| 21    | 1,386  | 7.13    |
| 22    | 1,452  | 7.47    |
| 23    | 2,139  | 11.00   |
| 24    | 2,760  | 14.19   |
| Total | 19,450 | 100.00  |

**For companies in the top quarter by revenue with some buyback activity:**

```
. tab BQ if revenue_quartile==4
```

| BQ    | Freq.  | Percent |
|-------|--------|---------|
| 1     | 154    | 1.01    |
| 2     | 247    | 1.62    |
| 3     | 251    | 1.64    |
| 4     | 343    | 2.24    |
| 5     | 375    | 2.45    |
| 6     | 411    | 2.69    |
| 7     | 568    | 3.72    |
| 8     | 466    | 3.05    |
| 9     | 542    | 3.55    |
| 10    | 607    | 3.97    |
| 11    | 489    | 3.20    |
| 12    | 623    | 4.08    |
| 13    | 636    | 4.16    |
| 14    | 454    | 2.97    |
| 15    | 558    | 3.65    |
| 16    | 553    | 3.62    |
| 17    | 685    | 4.48    |
| 18    | 678    | 4.44    |
| 19    | 760    | 4.97    |
| 20    | 631    | 4.13    |
| 21    | 847    | 5.54    |
| 22    | 971    | 6.35    |
| 23    | 1,218  | 7.97    |
| 24    | 2,215  | 14.49   |
| Total | 15,282 | 100.00  |

**For companies in the top ten percent by revenue with some buyback activity:**

- This table shows in how many quarters a company with positive buyback activity in any quarter conducted buybacks out of the total 24 quarters in the sample period, for this sub-sample of the top ten percent of companies by revenue.

```
. tab BQ if revenue_quartile==5
```

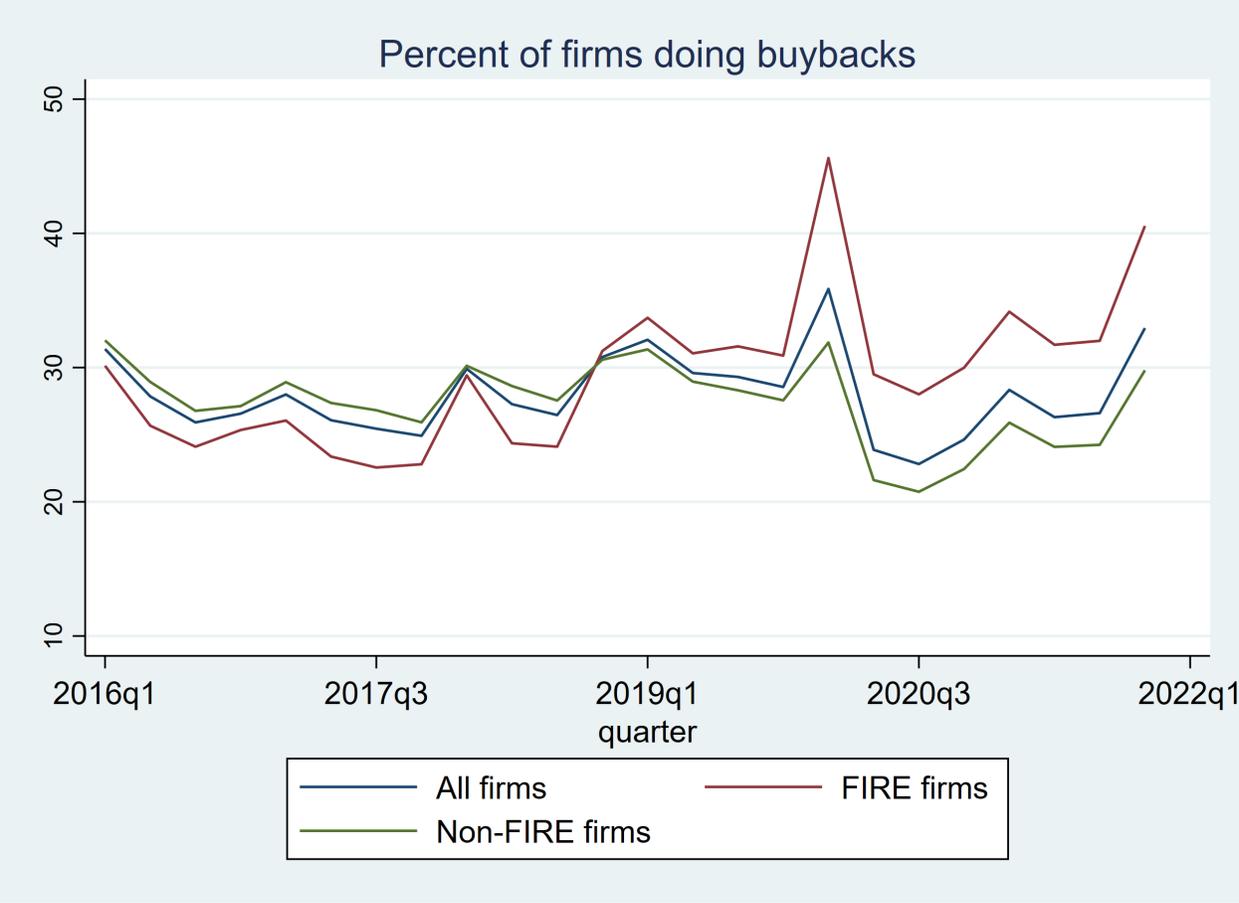
| BQ    | Freq.  | Percent |
|-------|--------|---------|
| 1     | 43     | 0.42    |
| 2     | 69     | 0.67    |
| 3     | 79     | 0.77    |
| 4     | 103    | 1.00    |
| 5     | 103    | 1.00    |
| 6     | 177    | 1.72    |
| 7     | 197    | 1.91    |
| 8     | 143    | 1.39    |
| 9     | 205    | 1.99    |
| 10    | 272    | 2.64    |
| 11    | 219    | 2.12    |
| 12    | 214    | 2.07    |
| 13    | 291    | 2.82    |
| 14    | 270    | 2.62    |
| 15    | 368    | 3.57    |
| 16    | 403    | 3.91    |
| 17    | 416    | 4.03    |
| 18    | 430    | 4.17    |
| 19    | 565    | 5.48    |
| 20    | 523    | 5.07    |
| 21    | 791    | 7.67    |
| 22    | 954    | 9.25    |
| 23    | 1,484  | 14.39   |
| 24    | 1,995  | 19.34   |
| Total | 10,314 | 100.00  |

## 2. How many companies conduct buybacks in a given quarter?

Next, we want to determine how many firms, and what percentage of firms overall or in a specific category, conduct buybacks in a given quarter in our sample period.

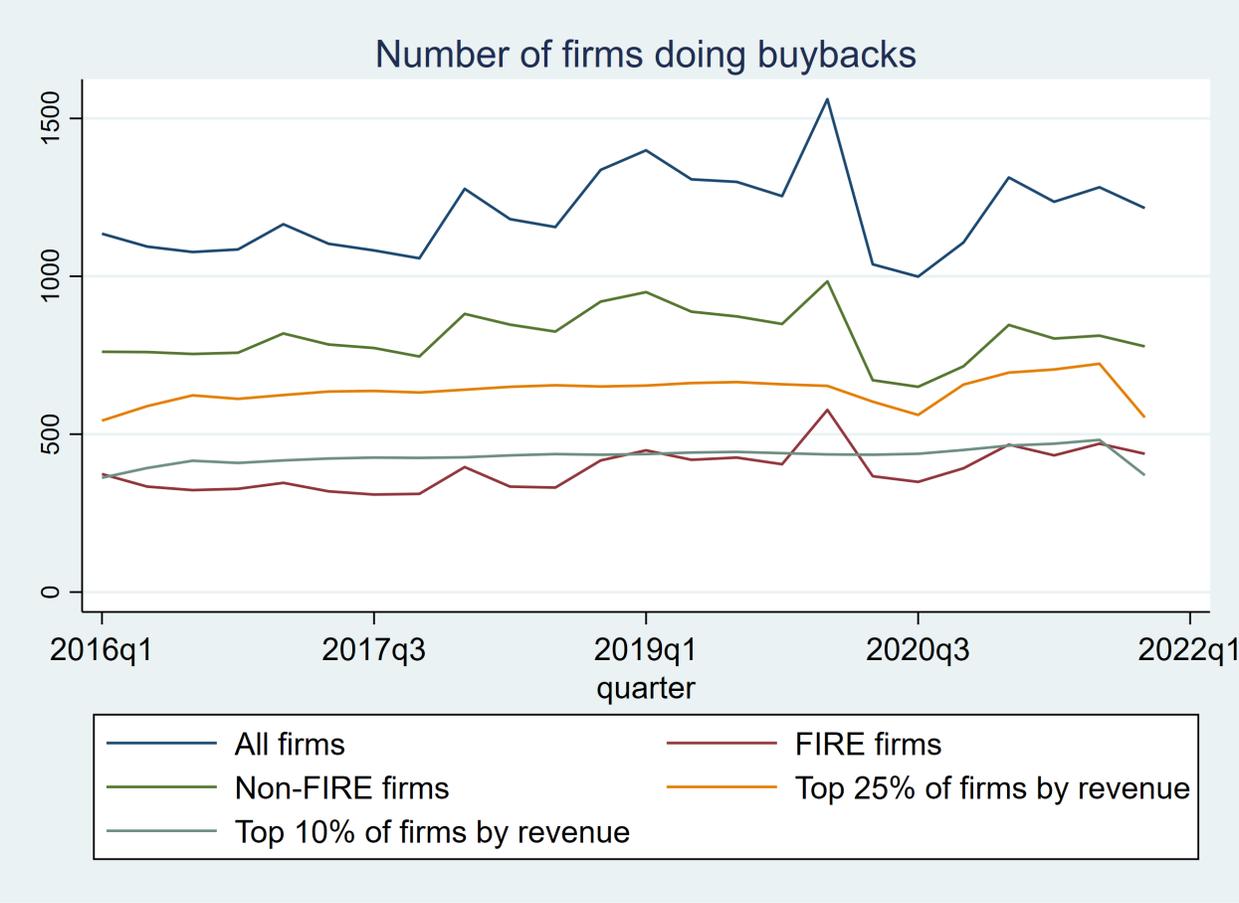
### Percent of Companies Conducting Buybacks in a Given Quarter

The graph below reports the percentage of firms overall and in specific categories— by revenue size and by sector (financial and nonfinancial)— that are conducting buybacks in a given quarter.



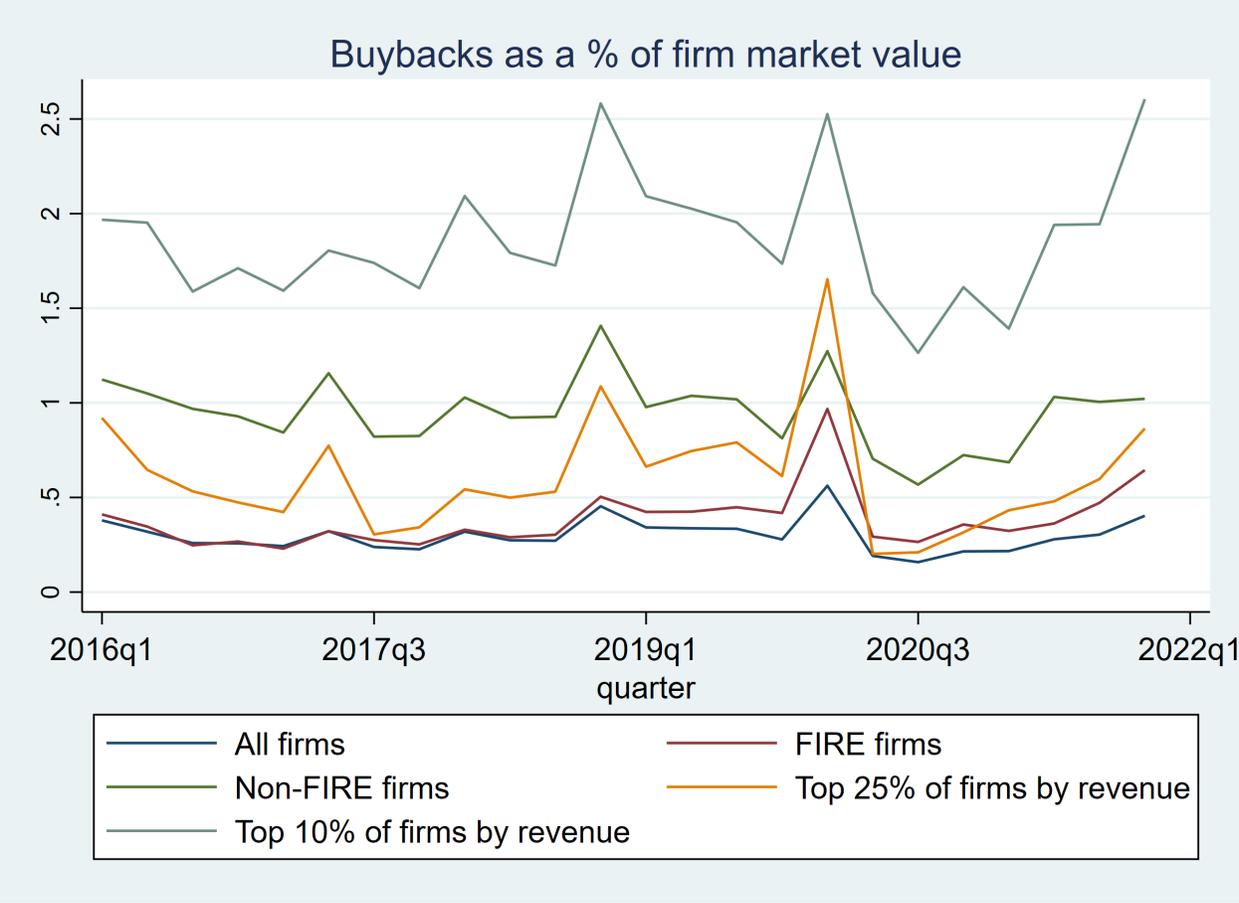
**Number of Firms Conducting Buybacks in a Given Quarter**

The graph below shows the number of firms conducting buybacks in a given quarter, overall and by different categories.



**Buybacks as a Percentage of Market Value**

Below we show the percentage of a firm’s market value that they spend on buybacks in a given quarter, for all firms and broken out by categories.



### 3. How many companies conduct buybacks in a given year?

This table shows the frequency of companies conducting buybacks across years, for all firms and for the non-financial firms in our sample.

| Year | # of Firms Conducting Buybacks | All Firms | % of All Firms Conducting Buybacks | # of Non Financial Firms Conducting Buybacks | # of NonFinancial Firms | % of NonFinancial Firms that Conduct Buybacks |
|------|--------------------------------|-----------|------------------------------------|--|-------------------------|---|
| 2016 | 1587                           | 4330      | 37%                                | 1085   | 2901                    | 37%   |
| 2017 | 1521                           | 4415      | 34%                                | 1069   | 2962                    | 36%   |
| 2018 | 1715                           | 4488      | 38%                                | 1176   | 3058                    | 38%   |
| 2019 | 1827                           | 4582      | 40%                                | 1220   | 3162                    | 38%   |
| 2020 | 1845                           | 4722      | 39%                                | 1183   | 3296                    | 35%   |
| 2021 | 1806                           | 5177      | 35%                                | 1166   | 3509                    | 33%   |

The tables shows in how many quarters specific companies were conducting buybacks across rolling two year periods.

“Buyback1” = Quarters from 2016q1 - 2017q4 in which a given company conducted buybacks. “Frequency” shows the number of companies in our sample that fell into the given category of number of quarters with buybacks (including companies that conducted

no buybacks in the two-year period.)

2016-2017

| buyback1 | Freq.  | Percent |
|----------|--------|---------|
| 0        | 18,565 | 56.80   |
| 1        | 2,100  | 6.43    |
| 2        | 1,609  | 4.92    |
| 3        | 1,400  | 4.28    |
| 4        | 1,306  | 4.00    |
| 5        | 1,106  | 3.38    |
| 6        | 1,320  | 4.04    |
| 7        | 1,541  | 4.71    |
| 8        | 3,736  | 11.43   |
| Total    | 32,683 | 100.00  |

2017-2018

| buyback2 | Freq.  | Percent |
|----------|--------|---------|
| 0        | 19,440 | 56.82   |
| 1        | 2,052  | 6.00    |
| 2        | 1,480  | 4.33    |
| 3        | 1,442  | 4.21    |
| 4        | 1,354  | 3.96    |
| 5        | 1,286  | 3.76    |
| 6        | 1,207  | 3.53    |
| 7        | 1,550  | 4.53    |
| 8        | 4,393  | 12.84   |
| 9        | 9      | 0.03    |
| Total    | 34,213 | 100.00  |

2018-2019

| buyback3 | Freq.  | Percent |
|----------|--------|---------|
| 0        | 18,931 | 54.21   |
| 1        | 1,891  | 5.41    |
| 2        | 1,781  | 5.10    |
| 3        | 1,421  | 4.07    |
| 4        | 1,600  | 4.58    |
| 5        | 1,502  | 4.30    |
| 6        | 1,509  | 4.32    |
| 7        | 1,638  | 4.69    |
| 8        | 4,640  | 13.29   |
| 9        | 9      | 0.03    |
| Total    | 34,922 | 100.00  |

