Dividend Dashboard

June 2026

FTSE 100 dividend forecasts march higher once more

AJ Bell's latest Dividend Dashboard report shows:

- Analysts think the FTSE 100's members will pay out an all-time high of £88.8 billion in dividends in 2026 (with a further increase expected in 2027)
- Aggregate dividend forecasts continue to see upgrades, not downgrades
- Consensus dividend estimates mean the FTSE 100 offers a forward dividend yield of 3.4% for 2026
- FTSE 100 firms have already unveiled plans for £36 billion in share buybacks, which is 60% of the total registered in 2025 (itself a new all-time high)
- The total cash return represented by buybacks, special dividends and ordinary dividends from the FTSE 100 is expected by analysts to reach almost £125 billion in 2026, or 4.7% of the index's market capitalisation
- That beats the Bank of England base rate of 3.75% and May's inflation reading of 2.8%, but the benchmark 10-year gilt yield is around 4.8% and fixed income could attract more interest as a source of yield, although gilt yields remain very sensitive to UK political developments

Dividend Dashboard explained

Each quarter, AJ Bell takes the forecasts for the FTSE 100 companies from all the leading City analysts and aggregates them to provide the dividend outlook for each company and the entire index. The data relates to the outlook for 2026 and 2027. Data correct as of 12 June 2026.

AJ Bell's Investment Director Russ Mould comments:

The FTSE 100's closing all-time high of 10,911 reached on 27 February – the day before war broke out in the Middle East – is back within touching distance as America and Iran hash out the terms of their peace deal.

Ever since the ceasefire began on 8 April, equity markets worldwide have taken the view that military escalation had ended and de-escalation begun, with a peace deal seen as the inevitable end result. The path towards a deal has not been smooth but thus far increases in headline stock indices, and decreases in oil prices, have served to justify this view.

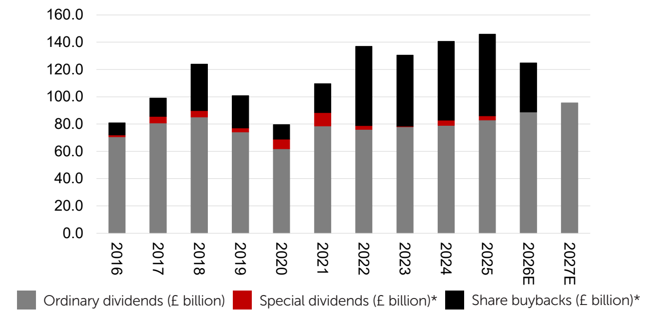
Nor have forecasts for company profits and dividends suffered thanks to the war in the Middle East, despite lingering concerns over the risk of long-term supply disruption of not just oil, but liquefied natural gas, sulphur, and helium. Company earnings reports have been strong as upside surprises have comfortably outnumbered profit warnings on both sides of the Atlantic. This is permitting equity markets in particular to further enthuse over anything related to artificial intelligence, prompting fresh questions about whether markets could be in bubble territory.

That may be a risk for another day, and for the moment the path to a Middle Eastern peace is supporting sentiment and analysts' forecasts alike.

Forecasts for aggregate FTSE 100 earnings and dividend payments for 2026 are up slightly over the last three months. Analysts now expect total ordinary dividend payments of £88.8 billion this year, compared to £88 billion in March and £86 billion at the turn of the year. Estimates for 2027 are also higher than they were three and six months ago.

As a result, consensus analysts' estimates suggest that 2018's all-time high FTSE 100 dividend payment of £85.2 billion will finally be exceeded in each of this year and next.

Share buybacks could yet supplement this total. The FTSE 100's members have already declared cash returns worth



*Source: Company accounts, Marketscreener, consensus analysts' forecasts. *Announced in aggregate as of 12 June 2026.*

£36 billion via this mechanism for 2026. Add that to the forecast dividend payments and the total cash return from the FTSE 100 is currently expected to be £124.8 billion in 2026, or 4.7% of the FTSE 100's total £2.7 trillion stock market valuation. That cash yield beats inflation and the Bank of England base rate. However, the benchmark 10-year gilt yield is still slightly higher, at around 4.8%, and the fixed-income asset class could attract more investor attention as a result, especially from yield hunters.

The 10-year gilt yield has retreated from levels above 5.00%, as the Bank of England has not raised interest rates and has expressed reservations about doing so, while the potential challengers to become the next prime minister have thus far been careful with any statements on taxation or spending, so as to avoid vexing bond vigilantes.

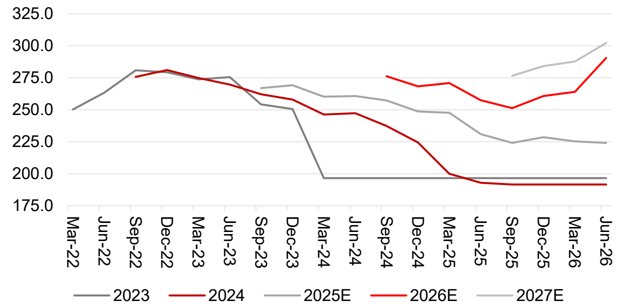
Gilt yields remain sensitive to both Bank of England and political pronouncements, as well as inflation readings. Elevated yields from fixed income mean the investment case for UK equities based on their total cash yield, as represented by dividends and share buybacks, does not look quite as compelling by comparison as it did a year ago, but further increases to earnings and dividend forecasts could help.

Profit forecasts offer welcome upgrades

In this respect, a lasting peace in the Middle East and a sustained drop in oil and gas prices could be helpful, even allowing for the sizeable forecast contribution from BP and Shell to the FTSE 100's profit and dividend totals for 2026 and 2027.

Lower input costs would ease pressure on company profit margins across many industries and also potentially boost revenues for others if consumers find themselves with more disposable income than expected once fuel and other bills are paid.

FTSE 100 aggregate consensus pre-tax profit estimates (£ billion)

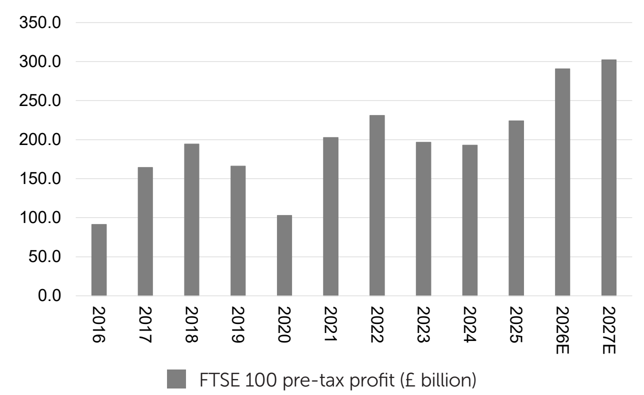


Source: Company accounts, Marketscreener, consensus analysts' forecasts. Data as of 12 June 2026.

Oil's rapid retreat from its high of $120 a barrel in the spring is therefore good news, and the retreat below $80 at the time of writing does not unduly puncture profit estimates for the two oil majors either. Crude traded at $70 a barrel before the war began and futures markets have yet to price in a return to that mark, to reflect lingering doubts over the Middle Eastern peace deal.

The good news is that profit forecasts are not showing any strain. Since March, analysts have actually upgraded their FTSE 100 profit forecasts for 2026 and 2027, for a second consecutive quarter of upgrades.

Both this year and next are expected to set a new all-time high for pre-tax income, at £291 billion in 2026 and £302 billion in 2027 respectively, well ahead of 2022's peak of £231 billion.



Source: Company accounts, Marketscreener, consensus analysts' forecasts. Data as of 12 June 2026.

Concentrated dividend growth a risk

For income-seekers, the FTSE 100's yield may be a key part of the UK stock market's appeal, but investors will be aware of how the forward yield is lower than in the past few years, owing to the strong gains made by the index this decade. Quite simply, the index has gone up faster than dividends, so the available dividend yield has contracted.

There also remains a fair degree of concentration risk within the UK's headline index. Just 10 companies are forecast to pay out 53% of the forecast total for 2026, at £46.7 billion, while the top 20 are expected to chip in £61.9 billion, or 70% of the estimated total.

The top 10 list includes three stocks in the Banks sector and two apiece from Oil, Pharmaceutical and Consumer Staples sectors, as well as one from Mining.

2026E

Ten biggest forecast dividend payments	£ billion	Ten biggest forecast dividend increases	£ billion
HSBC	10.8	Glencore	1.0
Shell	6.5	HSBC	0.8
British American Tobacco	5.3	Rio Tinto	0.8
Rio Tinto	4.6	Barclays	0.8
BP	4.0	Anglo American	0.4
AstraZeneca	3.9	Lloyds	0.3
Unilever	3.5	NatWest	0.3
NatWest	2.9	Fresnillo	0.3
GSK	2.8	Rolls Royce	0.2
Lloyds	2.5	Shell	0.1

Source: Company accounts, Marketscreener, consensus analysts' forecasts. Ordinary dividends only. Data as of 12 June 2026.

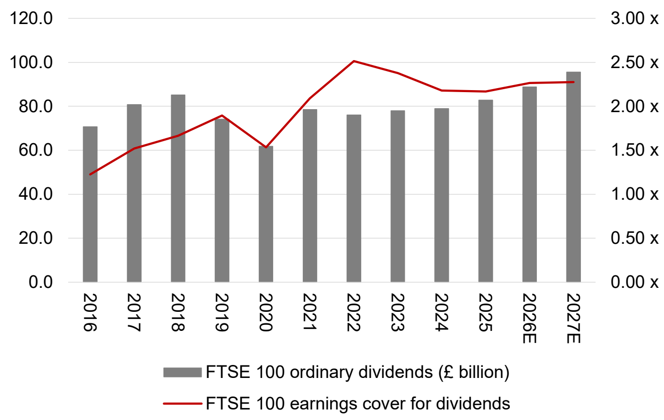
Dividend cover is still above two

Those investors who are of a nervous disposition may look to earnings cover for the FTSE 100's aggregate forecast dividend payments for reassurance.

For 2026 and 2027, analysts see earnings cover coming in at 2.26 times and 2.28 times, respectively. This is not as high as 2022's reassuring level, which exceeded 2.50 times, but it does still come in above 2.00 times, the mark traditionally seen as one that offers comfort and protection in the event of any unforeseen economic setback.

Even so, there have been 129 dividend cuts across the current crop of FTSE 100 constituents in the past decade. More than half of those may have hailed from the Covid-19 blighted years of 2019 and 2020, but both Anglo American and index newcomer Metlen Energy & Metals cut their payment for 2025.

Investors must therefore continue to thoroughly check earnings cover and free cash flow cover, as well as balance sheets and interest cover in the profit and loss account, as part of their research to assess how secure dividends may be in the event of any unexpected economic downturn.

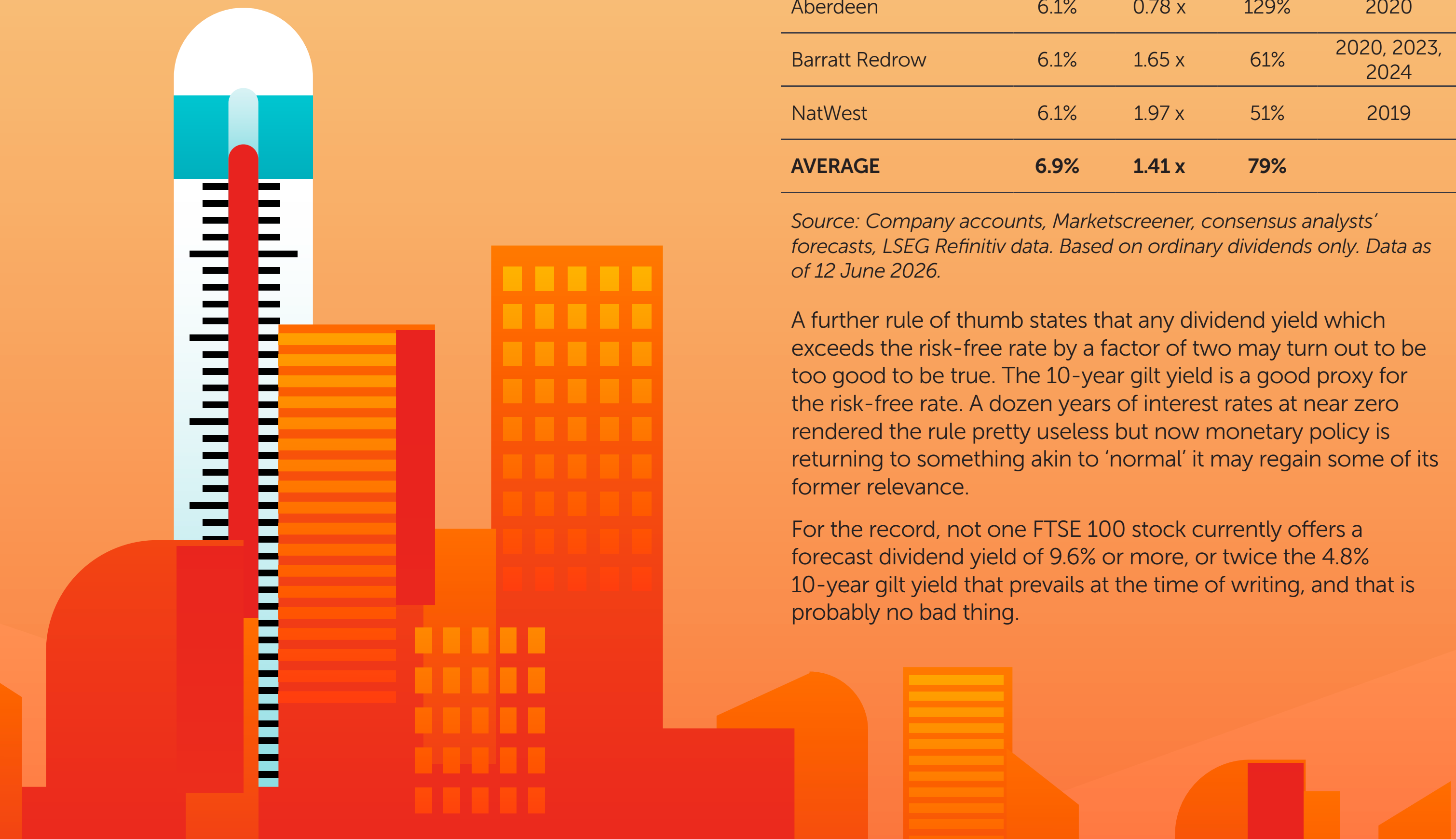


Source: Company accounts, Marketscreener, consensus analysts' forecasts. Data as of 12 June 2026.

Many dividend yields compare less favourably to gilts

Financial and real estate stocks continue to dominate the list of the stocks which offer the highest forecast dividend yield within the FTSE 100. Only housebuilder Barratt Redrow is not a bank, life insurer, fund management giant, or commercial property play among the top 10.

In fact, the 10 highest dividend yields on offer within the FTSE 100 all come from financial services companies or real estate plays. They represent 8% of the index's total forecast dividend payment for 2026 and offer an average forward dividend yield between them of 6.9%. The banks Investec, an index newcomer in June, and NatWest come closest to the two-times dividend cover threshold.



	2026E			
Company	**Dividend yield (%)**	**Dividend cover (x)**	**Pay-out ratio (%)**	**Cut in last decade?**
Investec	8.5%	1.88 x	53%	2019
Legal and General	8.1%	1.42 x	70%	No
Standard Life	7.3%	0.72 x	138%	2018
LondonMetric Property	7.0%	1.46 x	68%	No
Aviva	6.7%	1.28 x	78%	2019
M & G	6.6%	1.15 x	87%	No
Land Securities	6.5%	1.81 x	55%	2019
Aberdeen	6.1%	0.78 x	129%	2020
Barratt Redrow	6.1%	1.65 x	61%	2020, 2023, 2024
NatWest	6.1%	1.97 x	51%	2019
AVERAGE	**6.9%**	**1.41 x**	**79%**	

Source: Company accounts, Marketscreener, consensus analysts' forecasts, LSEG Refinitiv data. Based on ordinary dividends only. Data as of 12 June 2026.

A further rule of thumb states that any dividend yield which exceeds the risk-free rate by a factor of two may turn out to be too good to be true. The 10-year gilt yield is a good proxy for the risk-free rate. A dozen years of interest rates at near zero rendered the rule pretty useless but now monetary policy is returning to something akin to 'normal' it may regain some of its former relevance.

For the record, not one FTSE 100 stock currently offers a forecast dividend yield of 9.6% or more, or twice the 4.8% 10-year gilt yield that prevails at the time of writing, and that is probably no bad thing.

Serial dividend growers

A really fat dividend yield is not necessarily a good sign anyway, as it can mean that investors are demanding such a juicy return to compensate themselves for what they see as substantial risks at a company, either in terms of its business model, balance sheet, or boardroom acumen. The list of FTSE 100 firms which, on paper, were offering a 10%-plus dividend yield only to then deliver nothing of the sort as investors' worst fears were realised is not a short one, and over the past decade it includes Centrica, Marks & Spencer, Shell, Imperial Brands, Persimmon and Vodafone.

If anything, history suggests that it is dividend growth that is the real secret sauce for a share price, as a growing pay-out will drag it higher over time.

Severn Trent and LondonMetric Property have both just completed a sequence of 10 consecutive increases in their annual dividend, so 18 FTSE 100 members have built an unbroken dividend growth streak of at least a decade.

This grouping has, on average, provided premium capital returns and total returns relative to the FTSE 100. Ten of the 18 have generated premium capital returns and 11 have done so in terms of total returns (including dividend reinvestment).

However, the number of underperformers has increased in the past two to three years, as previously highly valued stocks such as Croda, DCC and Sage have suffered a de-rating, to show that valuation really does matter in the end.

Moreover, only nine of the 18 were members of the FTSE 100 a decade ago. Any investor looking for the next generation of dividend growth winners may therefore need to dig into the FTSE 250 (or below).

		Total return 2016-26	Dividend CAGR 2016-25	Dividend growth 2026E	Dividend growth 2027E
1	Diploma	961.1%	13.1%	4.8%	5.4%
2	Scottish Mortgage	476.8%	4.4%	9.4%	7.0%
3	Halma	438.0%	6.8%	13.8%	8.4%
4	Coca-Cola Hellenic Bottling	340.1%	14.4%	8.5%	9.8%
5	ICG	318.5%	14.2%	4.8%	4.9%
6	London Stock Exchange	297.6%	15.3%	11.4%	11.3%
7	F&C Investment Trust	258.2%	5.6%	5.4%	4.3%
8	Alliance Witan	216.6%	9.9%	2.4%	3.4%
9	RELX	160.4%	8.6%	7.2%	8.3%
10	SEGRO	140.3%	7.1%	5.5%	4.8%
11	Spirax Group	133.4%	9.4%	5.8%	6.1%
12	United Utilities	118.2%	3.4%	3.3%	2.6%
13	British American Tobacco	109.1%	4.5%	2.0%	2.6%
14	Severn Trent	103.1%	4.6%	3.1%	2.9%
15	LondonMetric Property	85.3%	5.6%	3.1%	7.0%
16	Sage	72.5%	5.2%	6.9%	6.7%
17	DCC	29.3%	9.9%	1.8%	4.4%
18	Croda	29.0%	4.9%	1.3%	1.6%
	AVERAGE	**238.2%**	**8.2%**	**5.7%**	**5.6%**
	FTSE 100	**127.1%**	**3.3%**	**6.6%**	**7.0%**

LSEG Refinitiv data, company accounts, Marketscreener, consensus analysts' forecasts. Ordinary dividends only. Data to 12 June 2026.