Comment

February 2025

Consensus forecast for UK dividends rises

After a strong start to the year in January, UK equities only just managed to deliver a positive return in February. Only two sectors, Financials and Health Care, recorded healthy gains in mid-single digits while the rest either had small gains or losses. Only one sector, Information Technology, was down in mid-single digits.

There was little economic news during the month and political developments, especially from the United States, dominated the news flow. Concerns about the effects of tariffs was paramount.

Sterling made gains against both the US Dollar and the euro in February even though bank rate was reduced by twenty-five basis points to 4.5% at the beginning of the month. A sluggish economy, a benign inflation outlook and slightly weaker oil prices were the background for this move.

Most large UK companies have now declared their results for 2024. And it is these companies that provide the bulk of the dividend income into the UK equity market. As 2024 recedes into history the index starts to include forecasts that apply to the next forecast period, which is 2026. As a consequence of this rollover, the consensus forecast for total dividends from UK-listed companies increased by about 1% to nearly £98 billion. The main increases came from the banks and were enough to offset reductions in forecasts from the oil and mining companies.

Valu-Trac Investment Management Limited

VT Munro Smart-Beta UK Fund

© 2025 Valu-Trac Investment Management Limited. Authorised and regulated by the Financial Conduct Authority (UK), registration number 145168. This status can be checked with the FCA on 0800 111 6768 or on the FCA website (UK). All rights reserved. Valu-Trac is a registered trademark.

Visit our website at https://www.munrofunds.co.uk