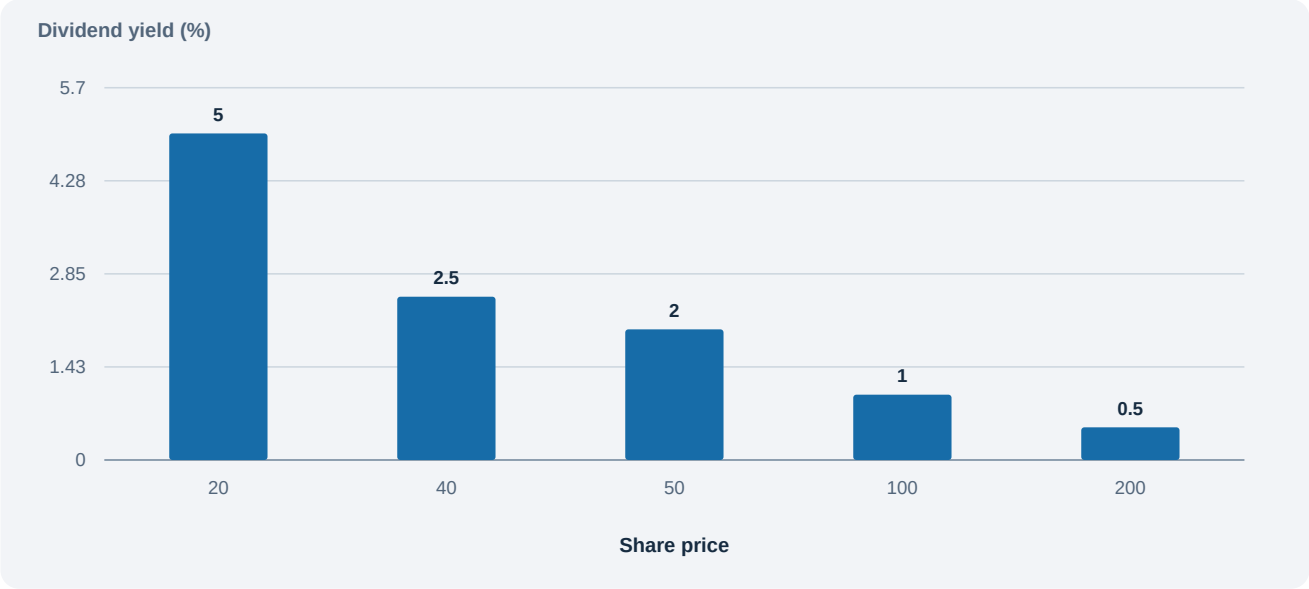
Dividend yield at a purchase price

Fundamental ratios | Original synthetic example | Edition 2026-11-26

A stated annual cash dividend per share divided by share price gives dividend yield. Declared, trailing and forecast dividend figures are different inputs and future payments can change.

FORMULA Dividend yield = annual dividend per share / share price

SCENARIO 01: Stated annual cash dividend per share 1



WORKED EXAMPLE

At price 50, dividend 1 implies yield 2%. Future payments may be changed or omitted.

COMMON MISTAKE

Treating a high yield as a guaranteed payment ignores the possibility of dividend cuts and capital loss.

BEFORE YOU USE THE CALCULATION

1. State the dividend period.
2. Distinguish declared from forecast payments.
3. Consider total return and sustainability.

COMPARE TWO MORE INPUT SETS

Scenario 05: Stated annual cash dividend per share 3. At price 50, dividend 3 implies yield 6%. Future payments may be changed or omitted.

Scenario 10: Stated annual cash dividend per share 5.5. At price 50, dividend 5.5 implies yield 11%. Future payments may be changed or omitted.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.