

Chart of the Day

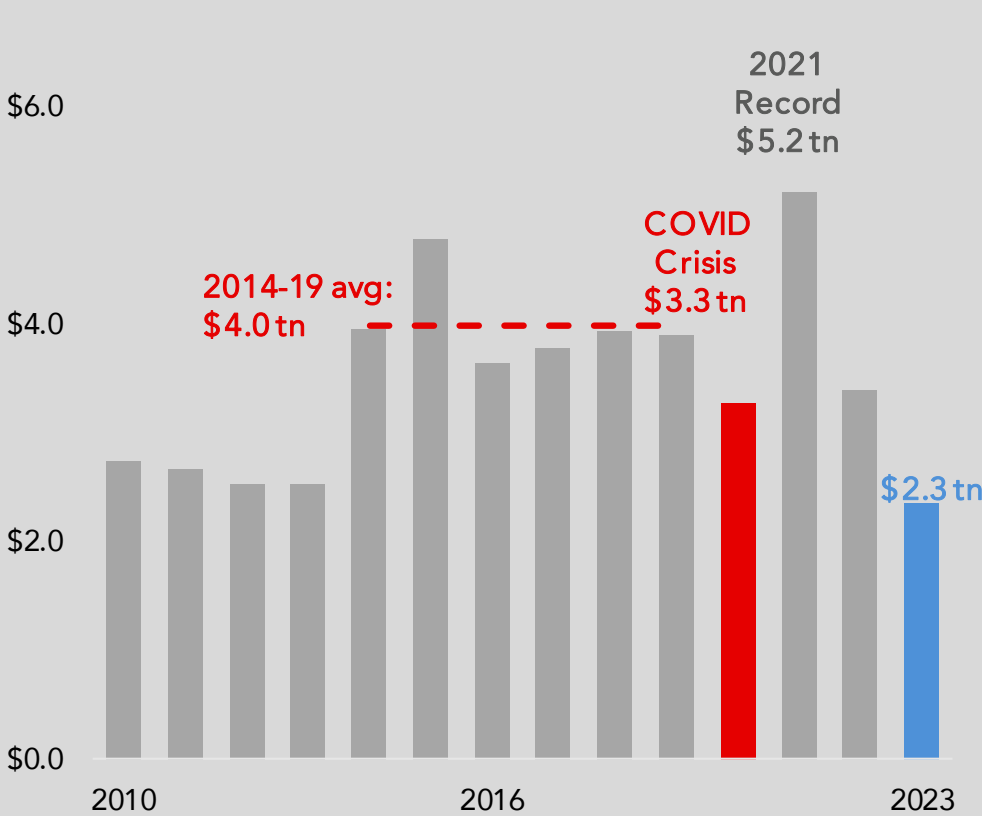


Click or scan to view our website and access past reports, policy notes and more.

mufgamericas.com/insights-and-experience/insights/capital-markets-strategy

Global M&A volumes in 2023 slowed to the lowest levels in more than a decade (\$2.3 trillion), less than half the record volumes of just two years ago. Key contributors to the decline included access and cost of capital, as well as a challenging regulatory environment. Even with rising recession risk in 2024, we expect global M&A volumes to improve in anticipation of the recovery, though not likely to the level of deal activity in the five years preceding COVID.

Global M&A volumes, USD tn

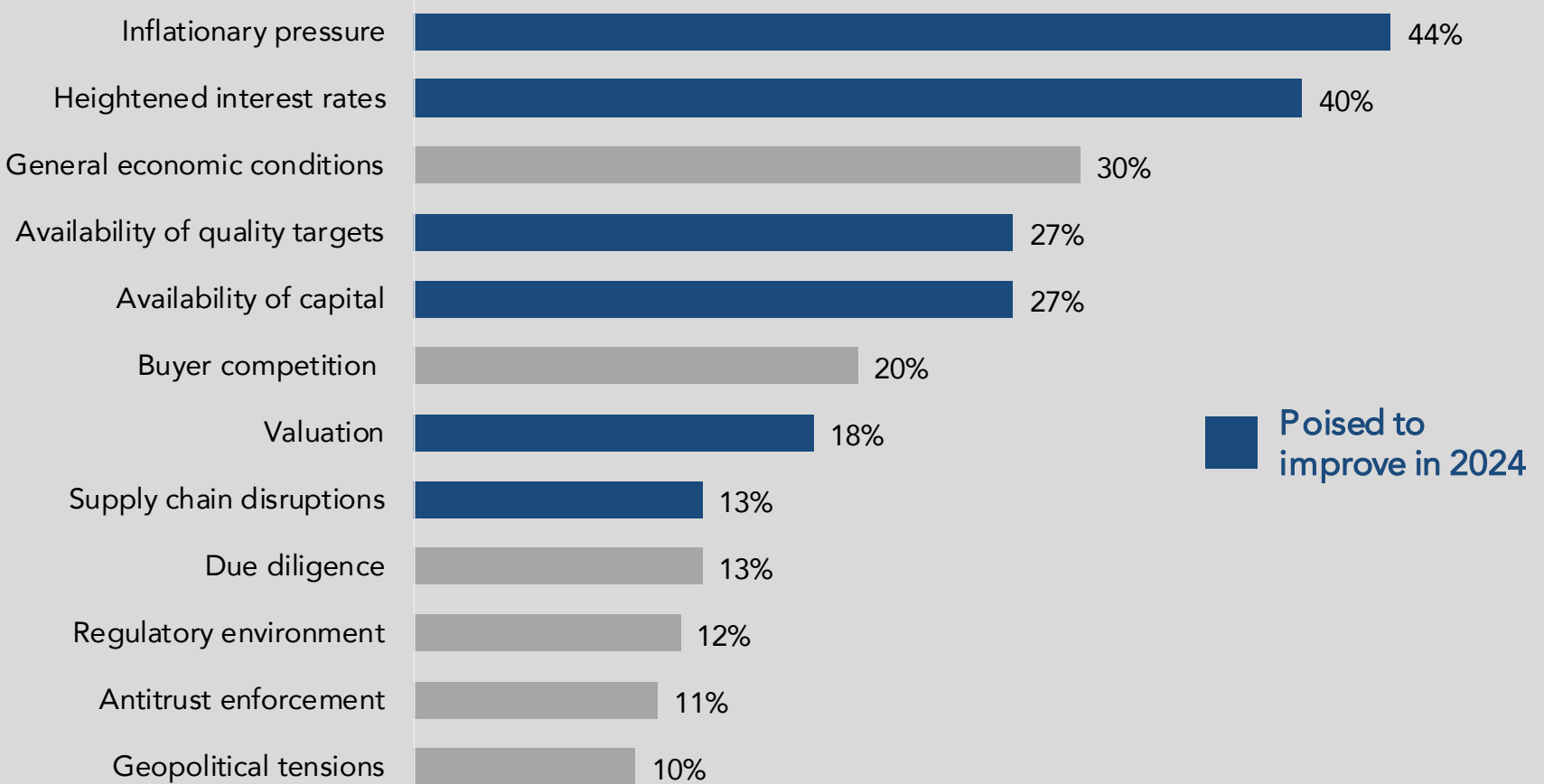


Catalysts for 2024 Deal Activity

- Moderating inflation; lower rates
- Earnings recovery; equity market strength
- Resilience & depth of IG financing markets
- Generate growth > organic alternatives
- Strong, cash-rich balance sheets
- Record PE dry powder (\$2.5 trillion)
- Converging buyer / seller price expectations
- Access to technology, innovation (digital, AI, fintech)
- Higher energy prices; energy transition; infrastructure
- Pent up demand following low 2023 M&A

Dampened 2023 M&A Should Rebound in 2024

Question: Which of the following were the top obstacles to M&A over the past 12 months?



Source: (1) Bloomberg. Data as of December 20, 2023. Institute for Mergers, Acquisitions & Alliances. 2023 data through November 30, 2023. SP Global "End of rate hikes can trigger M&A turnaround". PWC "US Deals 2024 Outlook". (2) Dykema, "M&A 19th Annual Mergers & Acquisitions Outlook Survey." 2023 Gossett PLLC. Survey of group of 263 CEOs, CFOs, and other senior company officers and executives, as well as professional advisors engaged in the M&A industry. Represents a cross section of executives and M&A advisors engaged in more than a dozen sectors representing companies with annual revenues from less than \$1 million to more than \$1 billion.

Global Corporate & Investment Banking Capital Markets Strategy Team



Tom Joyce
Managing Director
Tom.Joyce@mufgsecurities.com
(212) 405-7472



Hailey Orr
Managing Director
Hailey.Orr@mufgsecurities.com
(212) 405-7429



Stephanie Kendal
Vice President
Stephanie.Kendal@mufgsecurities.com
(212) 405-7443



Angela Sun
Analyst
Angela.Sun@mufgsecurities.com
(212) 405 - 6952