

Capital Markets Strategy

Essential inCights for the C-Suite



Recovery, Optimism & Complacency

Global Markets Rebound into New Territory in 1H 2025

JUL 2025



"To think I might have died without having read it."

William F. Buckley, Jr, American Conservative writer, after reading
Moby Dick in his later years (1925 - 2008)

**"There's a wisdom that is woe; but there's a woe
that is madness. And there's a Catskill eagle in some souls
that can alike dive down into the blackest gorges,
and soar out of them again and be strong."**

Ishmael, in Herman Melville's *Moby Dick* (1851)

Global Corporate & Investment Bank

Capital Markets Strategy Team



Tom Joyce

Managing Director
Capital Markets Strategist
New York, NY

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



Stephanie Kendal

Vice President
Capital Markets Strategist
New York, NY

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



Angela Sun

Associate
Capital Markets Strategist
New York, NY

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

AUTHORS



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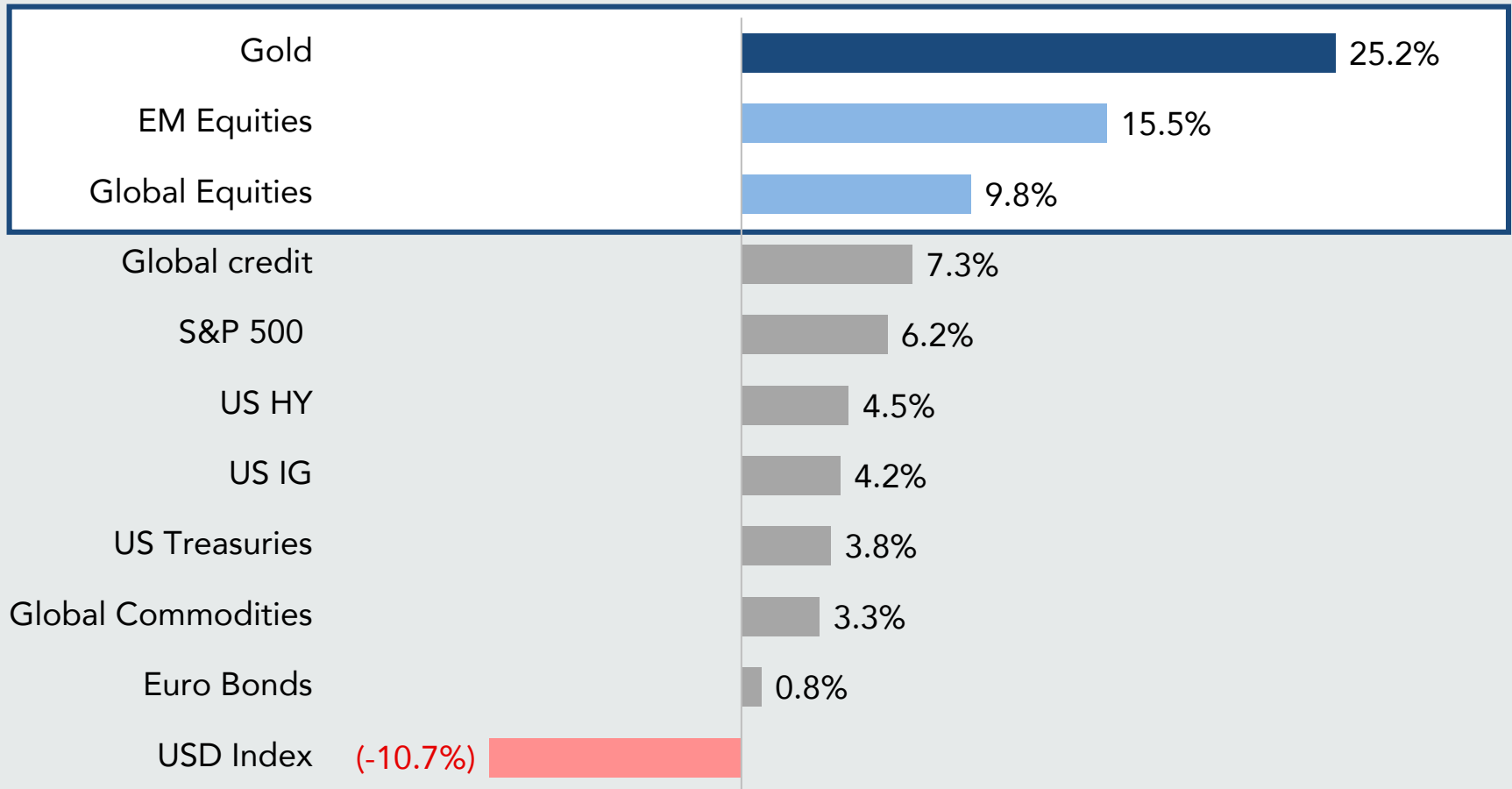
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Gold & Global Equities Outperform USD Asset Classes

Gold and global equities strongly outperformed USD credit and equity markets by one of the widest margins in decades.

1H 2025 total returns



Source: (1) Bloomberg. Data as of June 30, 2025.

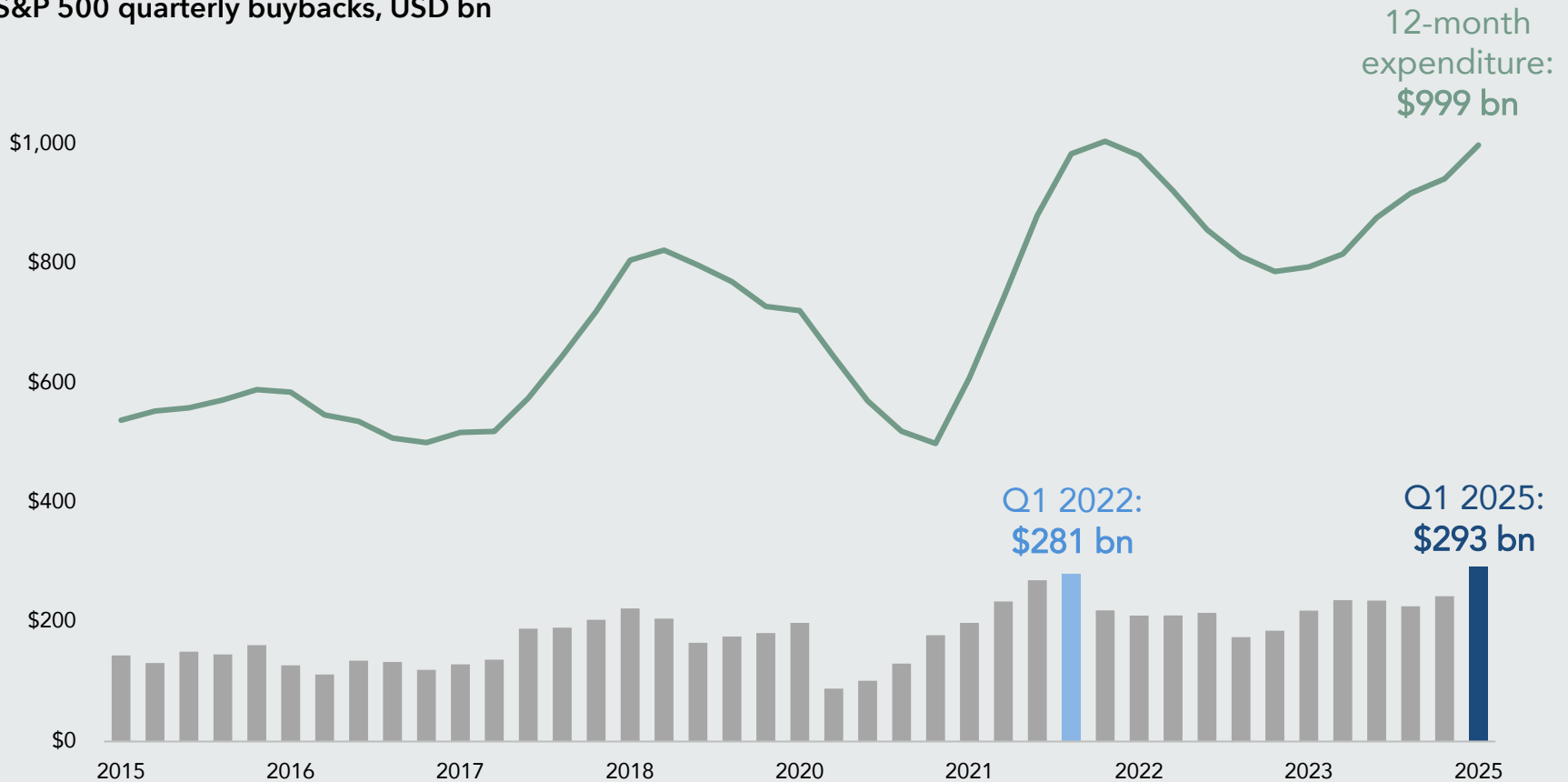
1 Strategic Activity Defies Policy Uncertainty



Record Quarterly Buybacks

Q1 2025 S&P 500 buybacks set a new quarterly record at \$293 billion, up 20.6% from Q4 2024. The 12-month buyback expenditure through Q1 was nearly \$1 trillion, a 22% increase y/y. IT led buybacks with 27% of total expenditure.

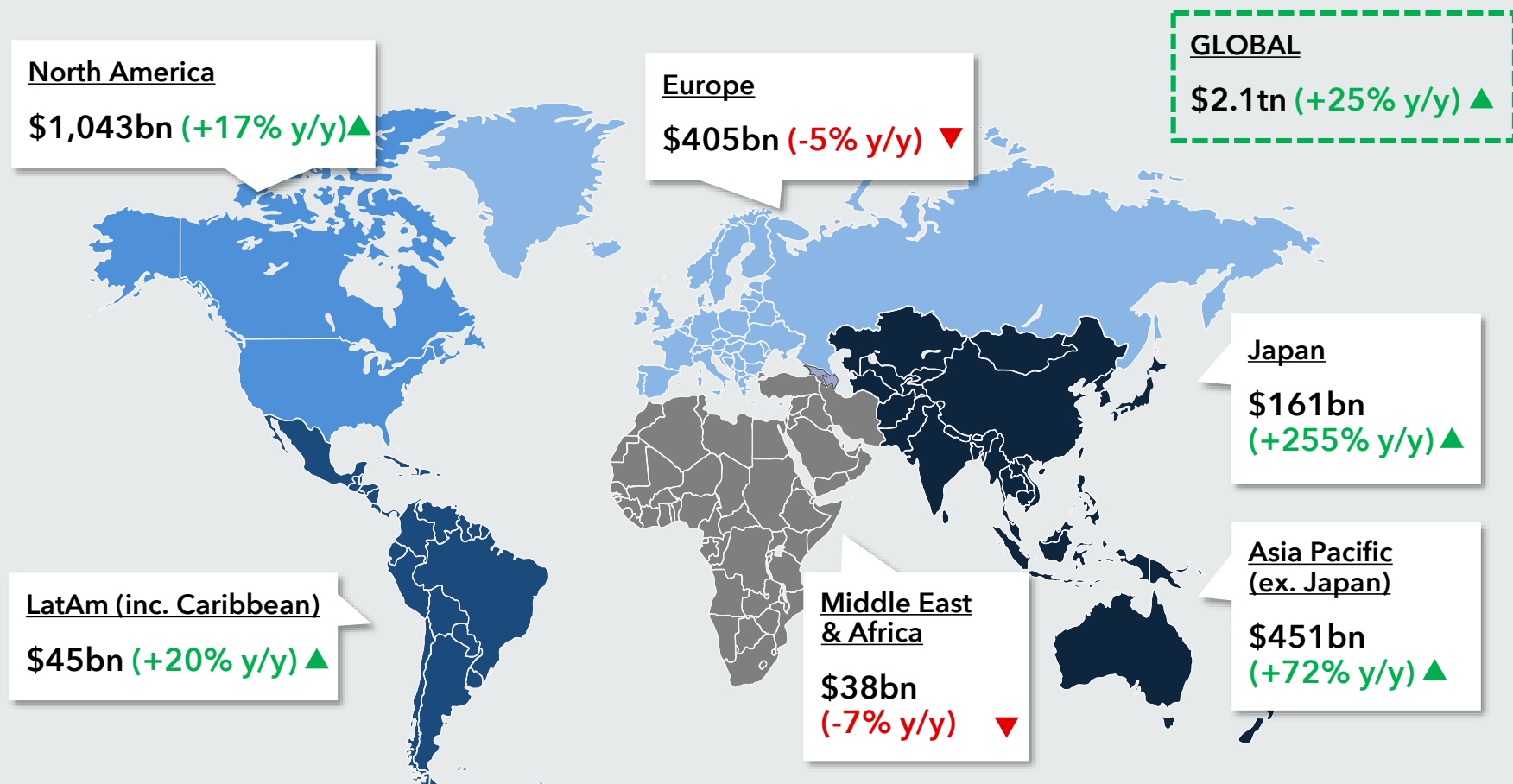
S&P 500 quarterly buybacks, USD bn



Source: (1) S&P Global. Data as of June 25, 2025. 12-month expenditure is rolling sum.

Global M&A Volumes up 25% YTD Despite Uncertainty

M&A volumes in 1H 2025 vs. 1H 2024 and y/y increase (based on target region)



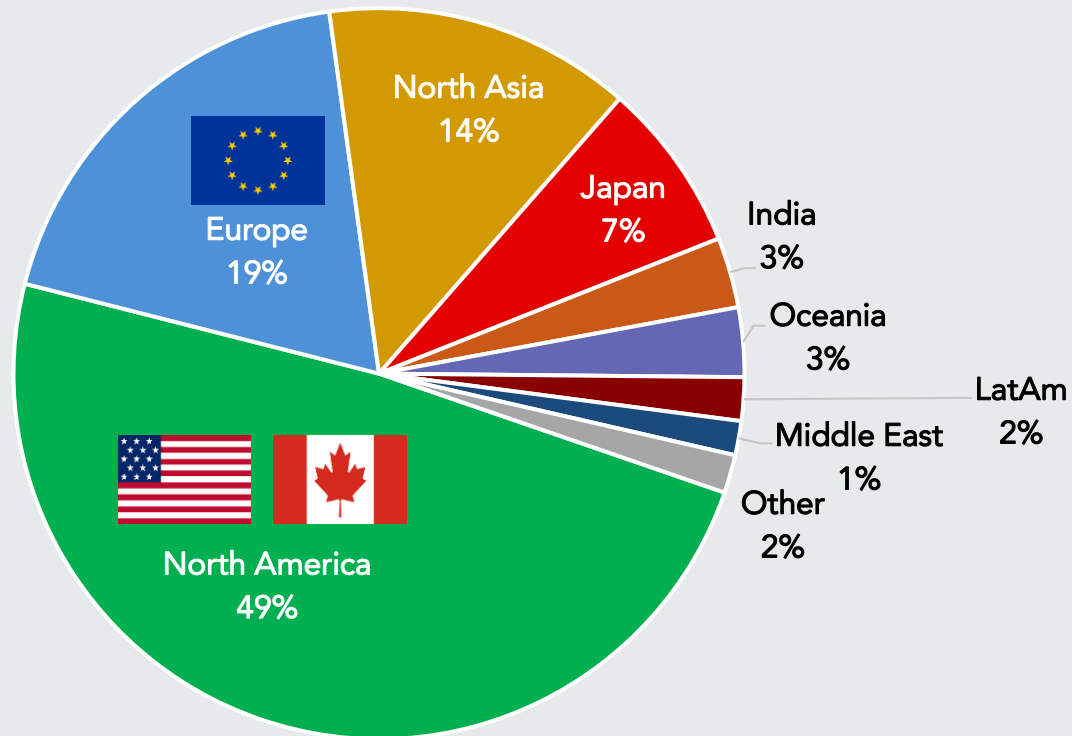
Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025. Region is by target.

Nearly 70% of Global M&A in US & Europe



M&A activity in North America and Europe accounted for nearly 70% of total deal volumes in 1H 2025.

Breakdown of global M&A activity, by region (1H 2025)



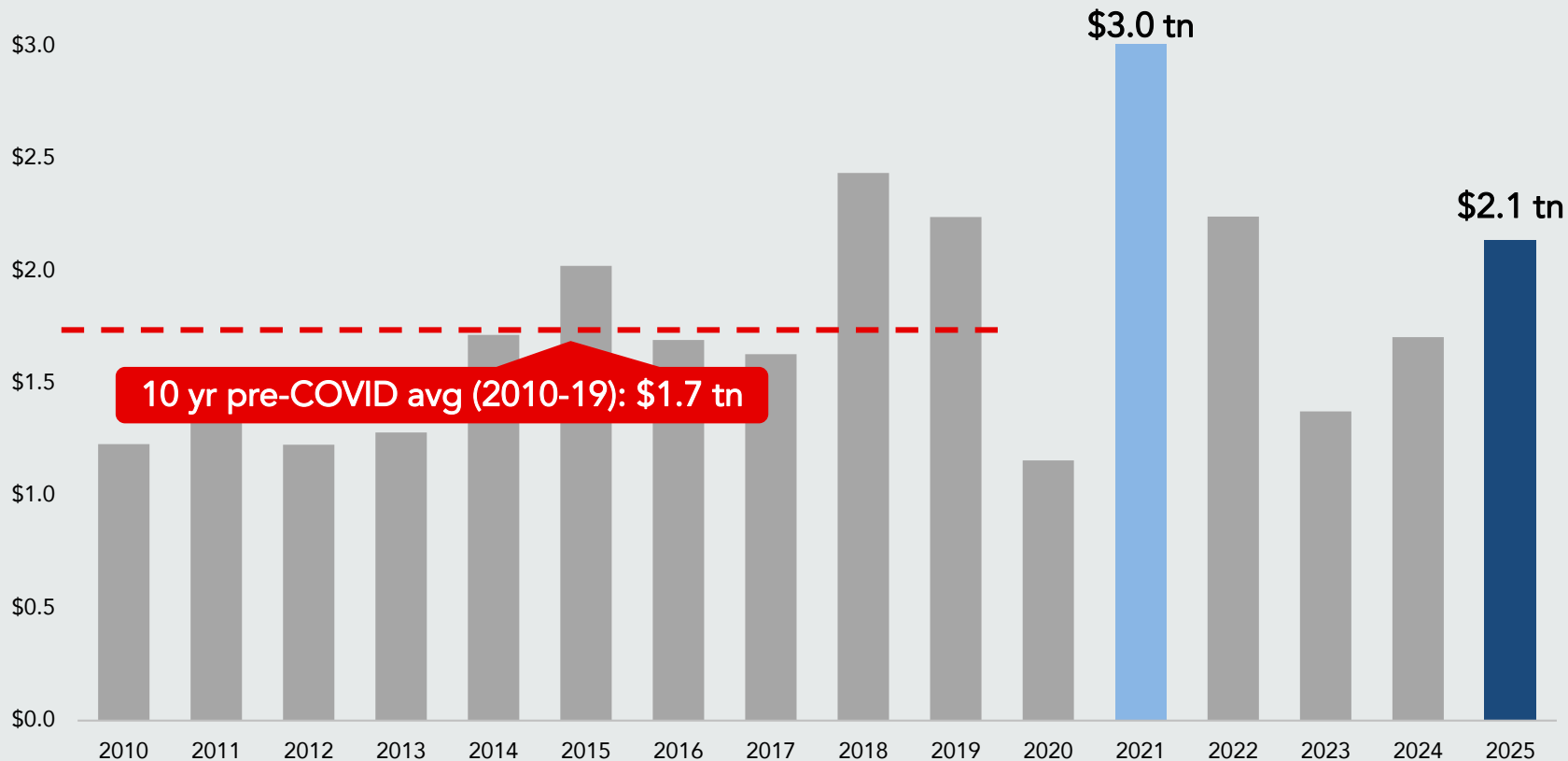
Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025.

1H 2025 Global M&A Volumes up 25% Despite Geopolitical & Policy Uncertainty



Following a slower start to the year, global M&A volumes are now trending 25% higher compared to 1H 2024.

1H global M&A volume, USD tn



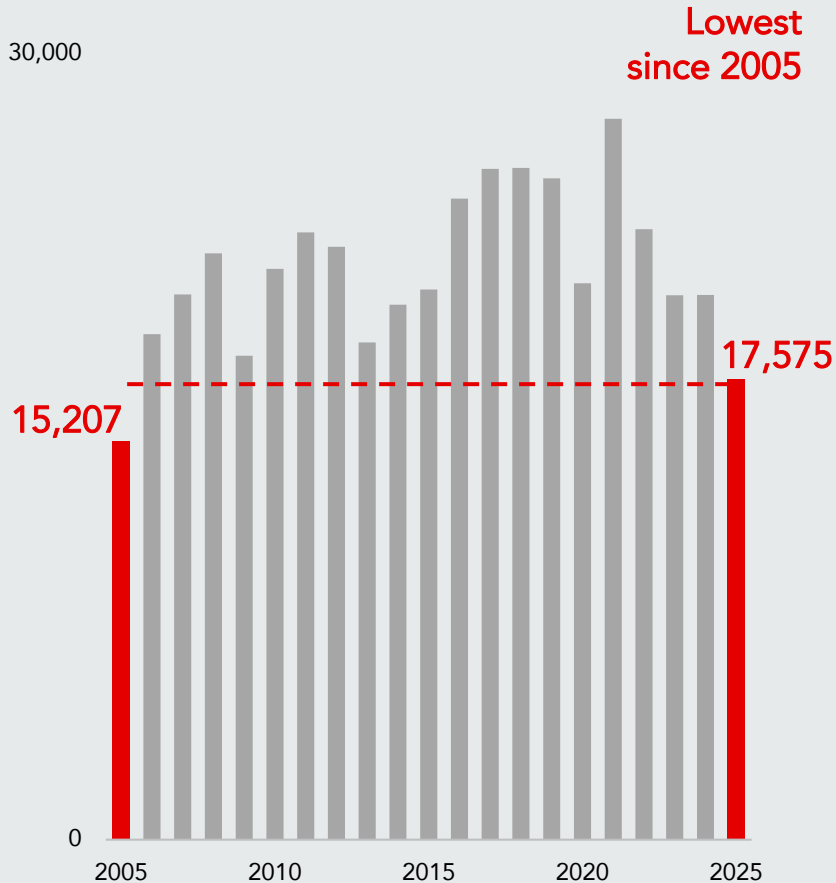
Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025.

1H 2025 Deal Count Lowest in 20 Years

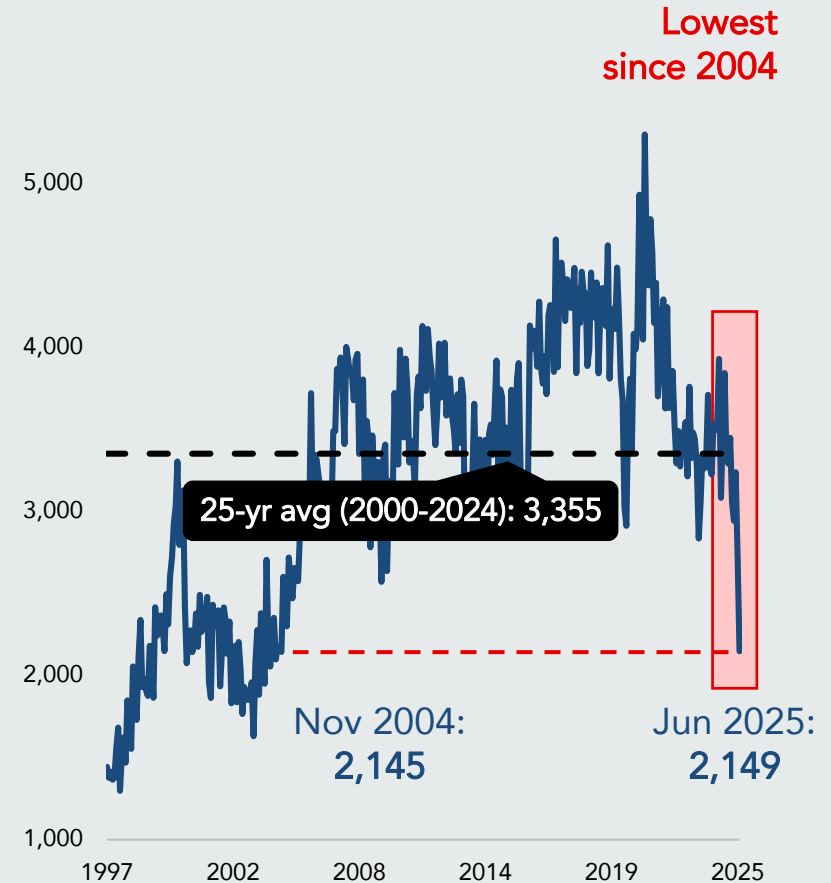


Lower M&A deal count does suggest some knock-on effect from policy uncertainty, with strong mega-deal volumes perhaps masking some of the tepid tone in the C-Suite. In fact, despite higher deal volume, global M&A deal count in the 1H 2025 was the lowest since 2005.

1H global M&A deal count



Monthly M&A deal count



Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025.

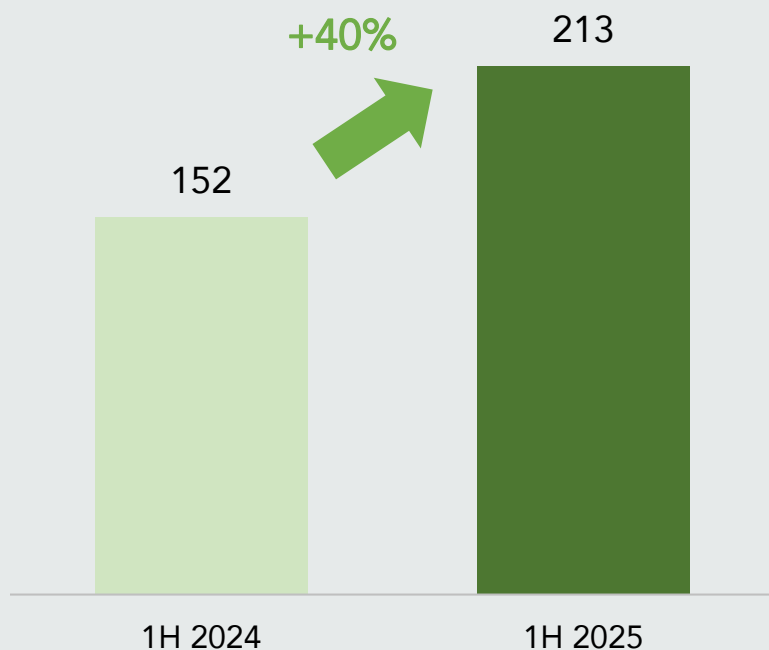
1H 2025 Megadeal Resurgence



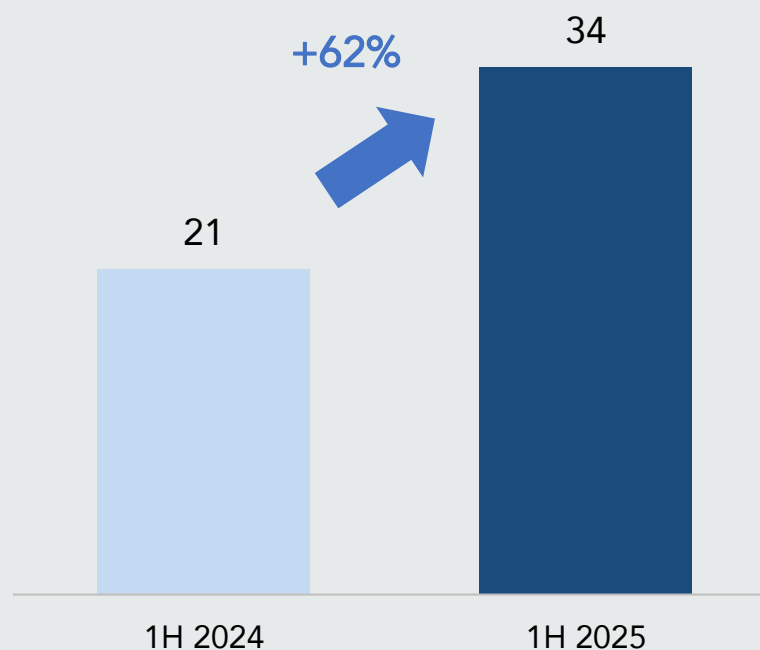
Though the total number of transactions has declined in 1H 2025, global deal volumes have risen on the significant increase in large M&A deals. Globally, the number of megadeals > \$2 and \$10 billion have increased 40% and 62%, respectively.

Global M&A Megadeals (1H 2024 vs. 1H 2025)

Megadeals > \$2 billion



Megadeals > \$10 billion

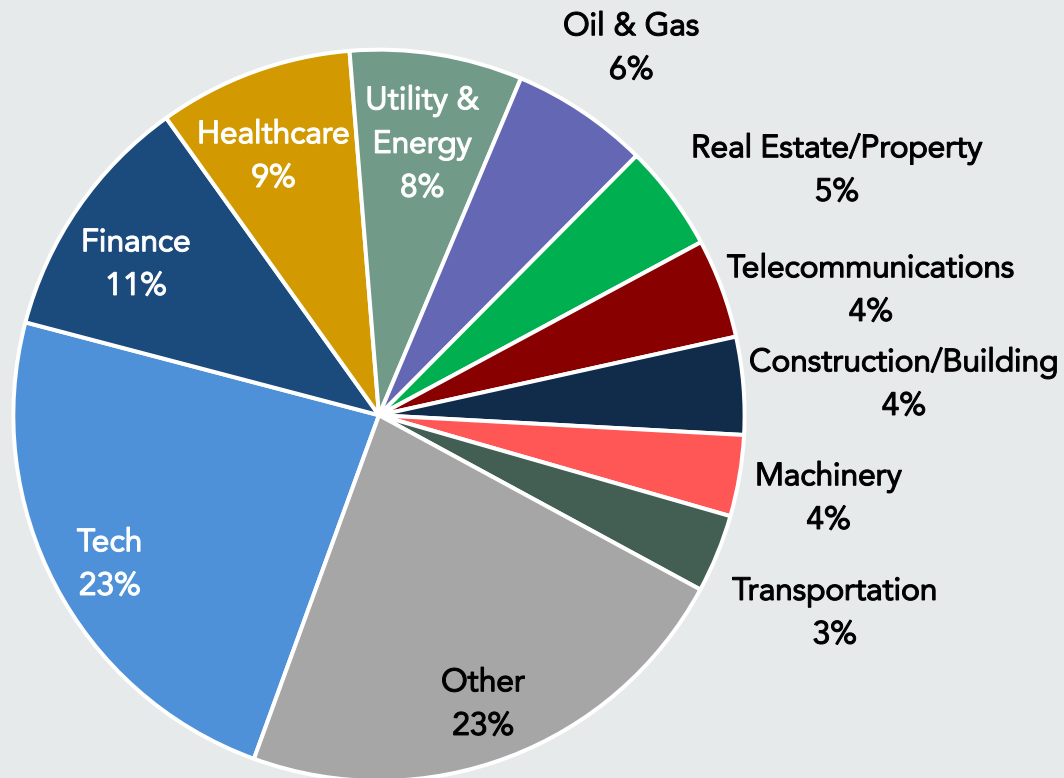


Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025. Greater than or equal to \$2bn and \$10bn.

Tech Sector Leading M&A Activity in 1H 2025

Tech led all industry sectors in 1H 2025 M&A volumes, accounting for more than double the volume in other leading sectors including financials, healthcare and utilities.

Breakdown of global M&A activity, by sector (1H 2025)



Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025.

2 Divergent Paths for Financing Activity



Largest 1H Issuance on Record (ex-COVID)

1H 2025 USD IG issuance surpassed 1H 2024 levels to become the largest first half on record (ex-2020) with \$941bn of issuance. Corporate credit fundamentals remain strong with credit spreads still well below their historic average. Technical demand for strong corporate balance sheets is also robust, despite elevated geopolitical uncertainty.

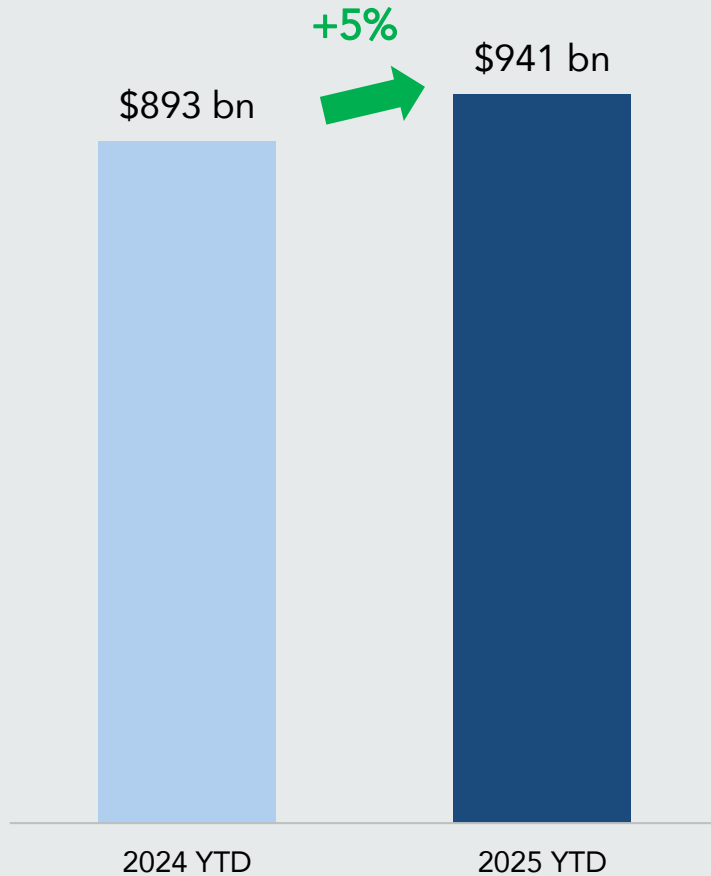
All time largest 1H USD IG issuance, bn



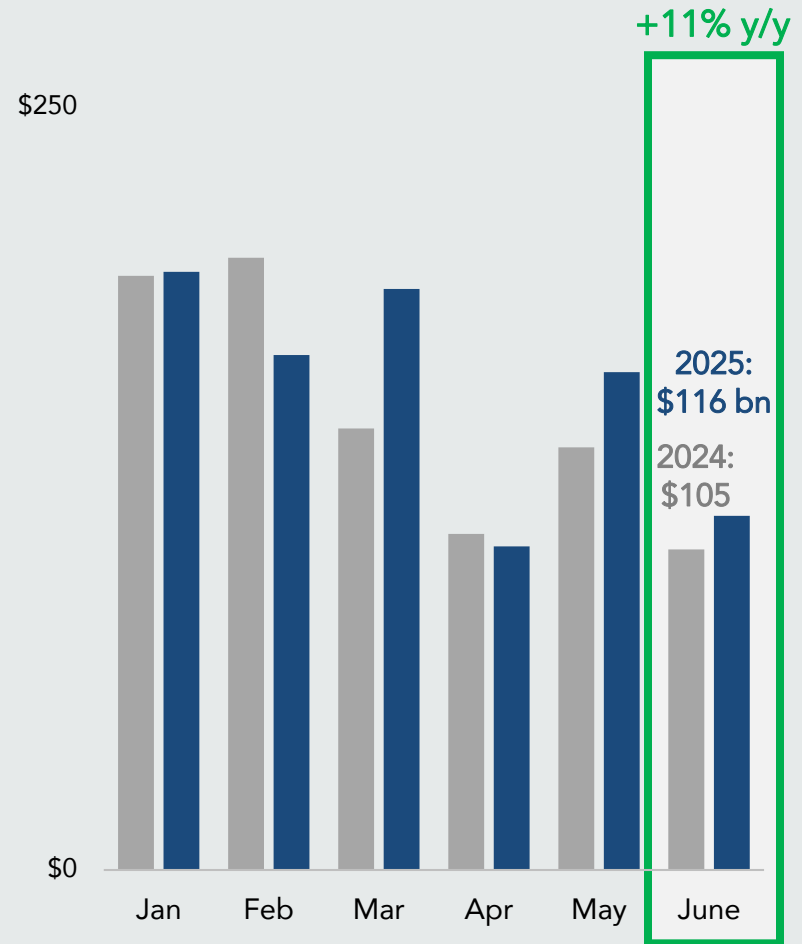
Source: (1) CFR. Data as of June 30, 2025.

USD IG Issuance Ahead of Historic 2024 Pace

USD IG issuance, bn



2024 vs. 2025 USD IG issuance, bn



Source: (1-2) CFR. Data as of June 30, 2025.

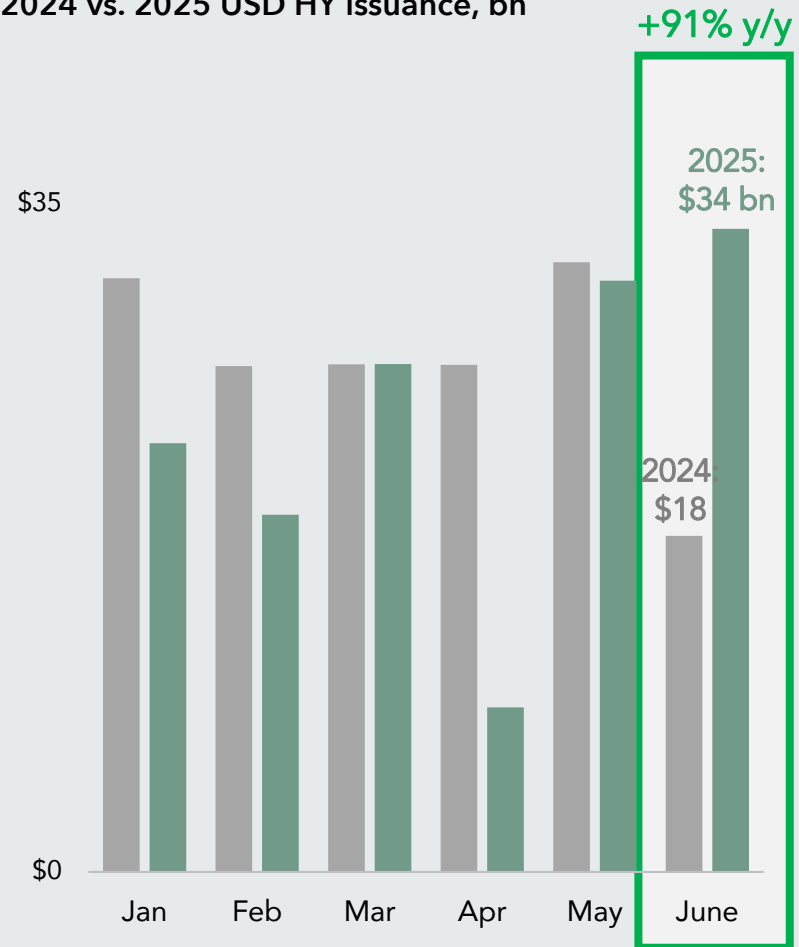
USD HY Issuance Rebounds in May-June

Tariff escalation and policy uncertainty hit risk assets harder in 2025. While 1H 2025 activity declined 12% y/y, HY issuance rebounded sharply in May and June, which bodes well for issuance expectations in the second half.

USD HY issuance, bn



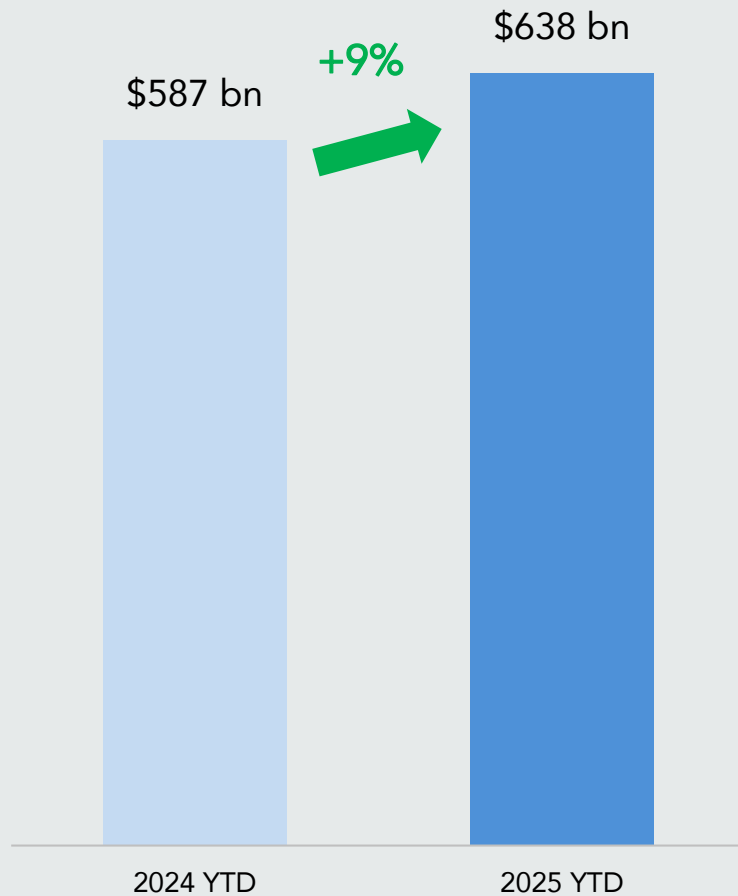
2024 vs. 2025 USD HY issuance, bn



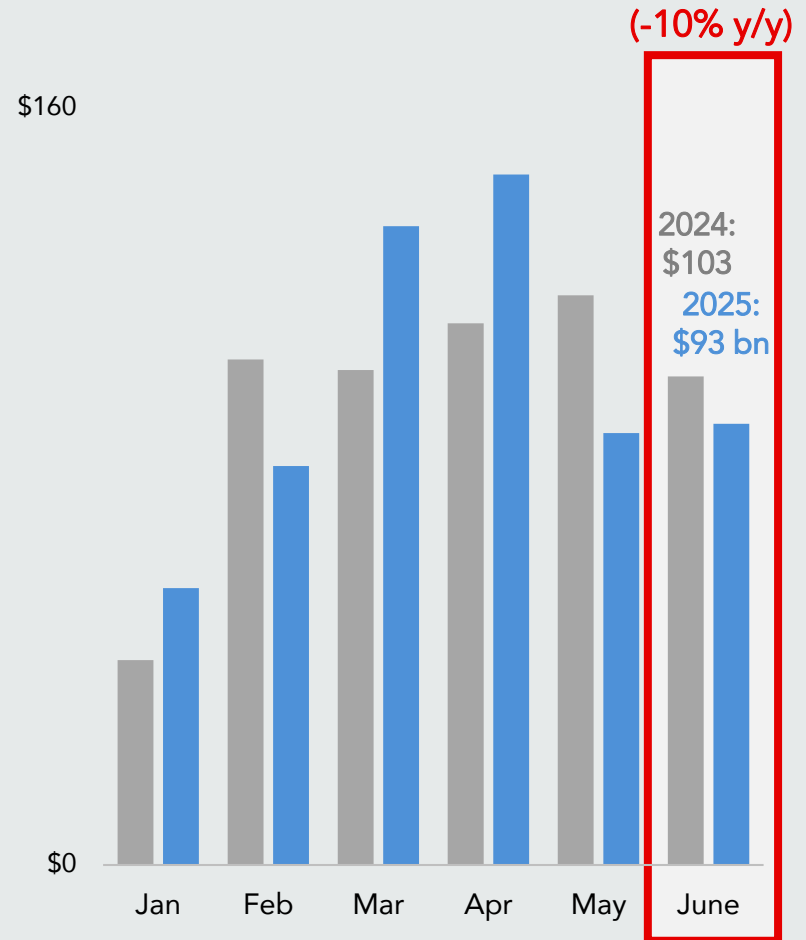
Source: (1-2) CFR. Data as of June 30, 2025.

2025 IG Loan Issuance up 9% YTD

USD IG loan issuance, bn



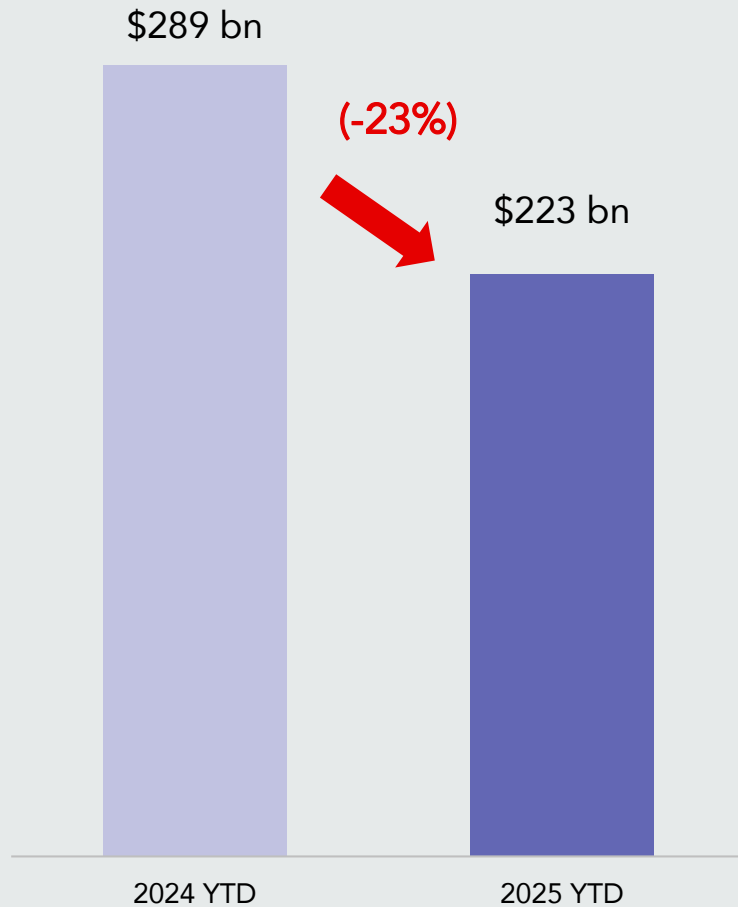
2024 vs. 2025 USD IG loan issuance, bn



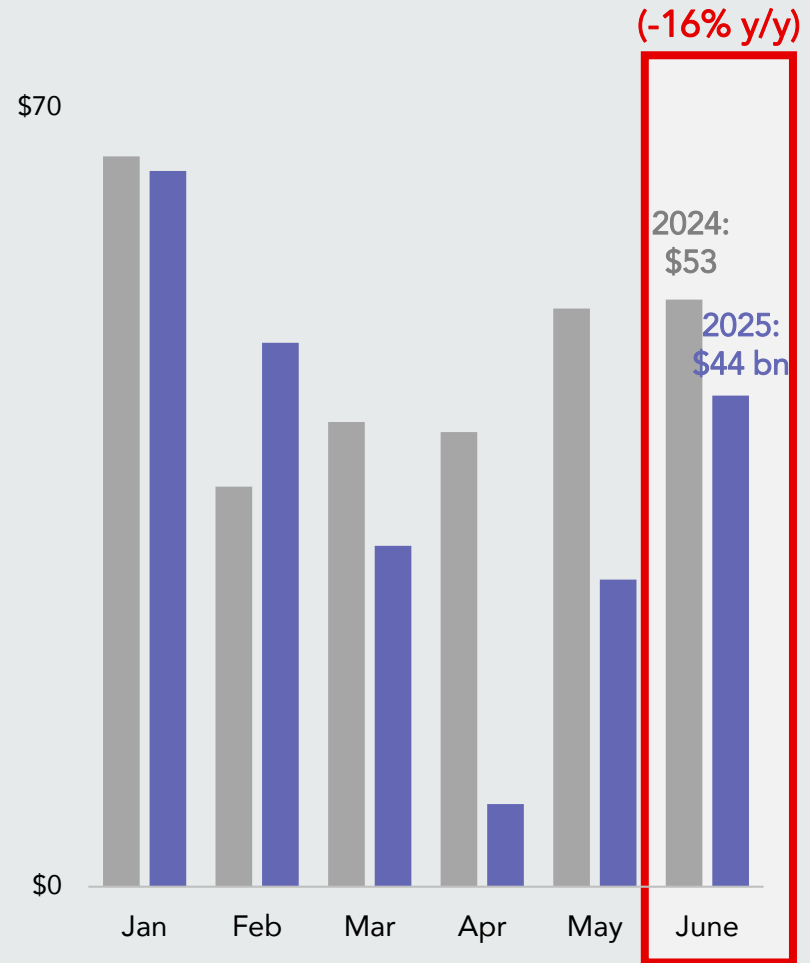
Source: (1-2) LSEG. Data as of June 30, 2025.

Lev Loan Issuance Rebounds in May-June, Though Down YTD

USD leveraged loan issuance, bn



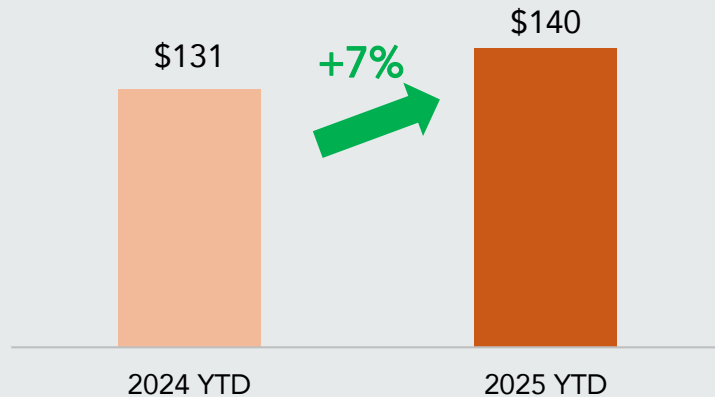
2024 vs. 2025 USD leveraged loan issuance, bn



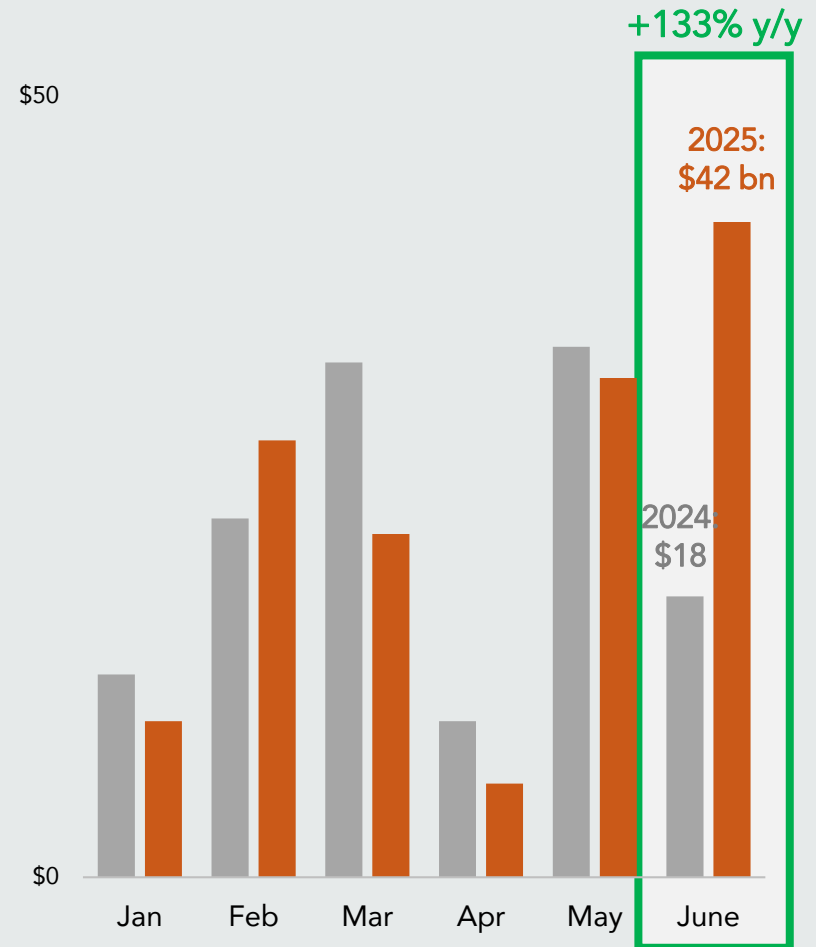
Source: (1-2) LCD. Data through June 26, 2025.

USD Equity Issuance Improves, IPOs Lag

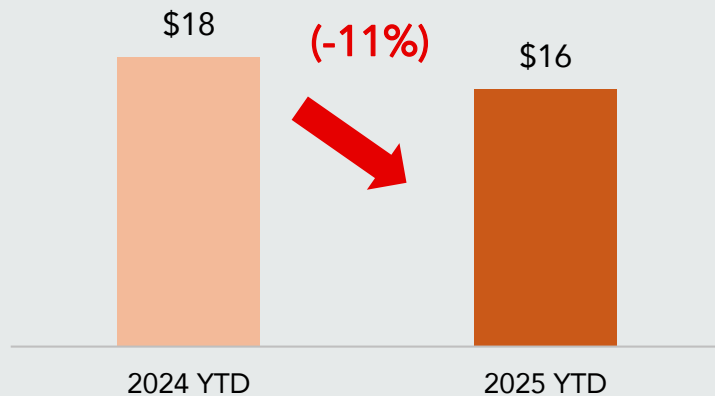
USD ECM issuance, bn



2024 vs. 2025 USD ECM issuance, bn



USD IPO issuance, bn



Source: (1-3) Dealogic. Excludes SPACs, close-end funds and deals less than \$50mn. Data as of June 30, 2025.

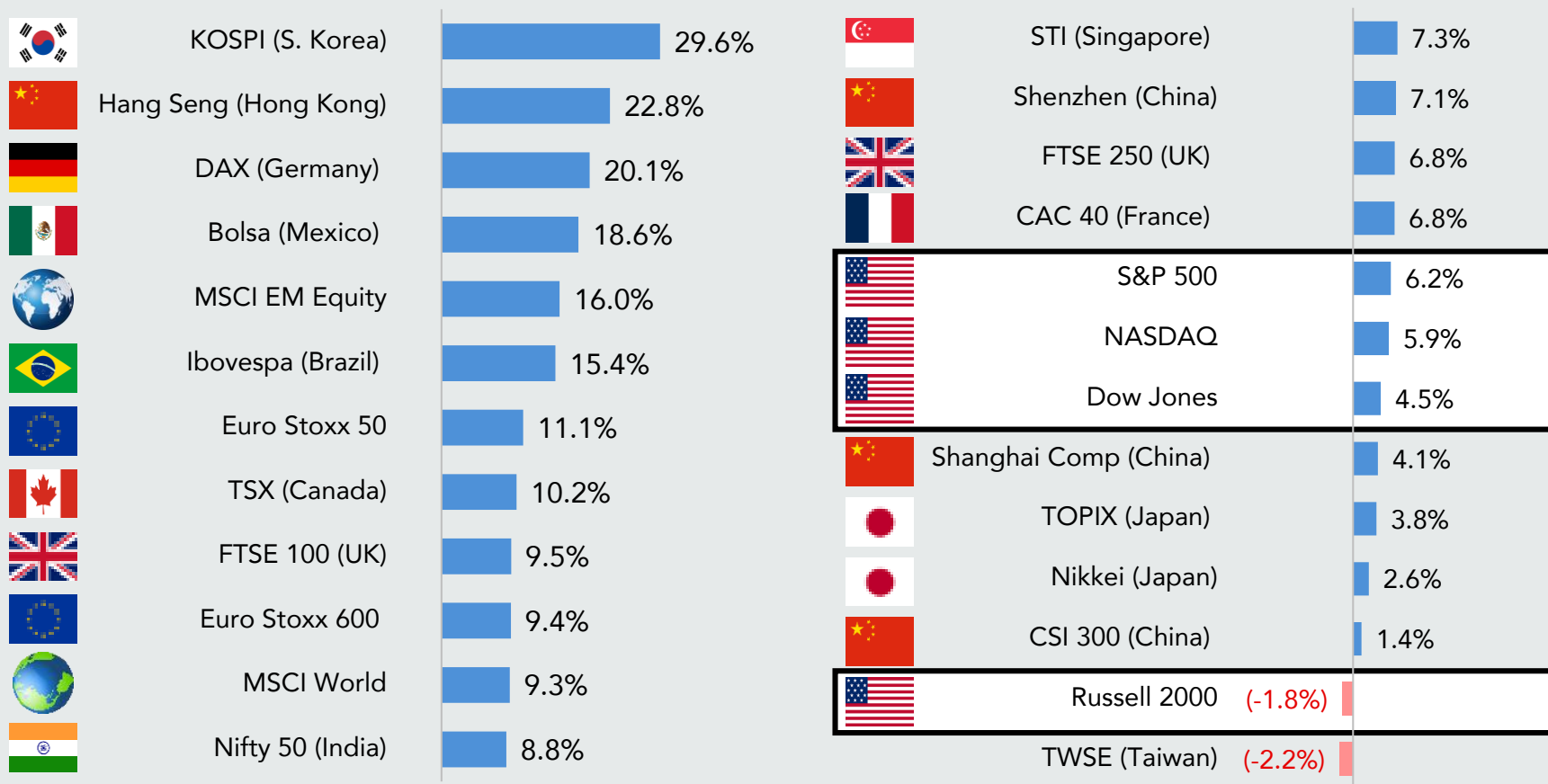
3 Equities Test Record Highs



Global Equities Significantly Outperform US Stocks

In the face of elevated US policy risk, global equities have risen to record highs, outperforming US equity markets by one of the largest margins in decades.

Regional equity market performance in 1H 2025 (total return)

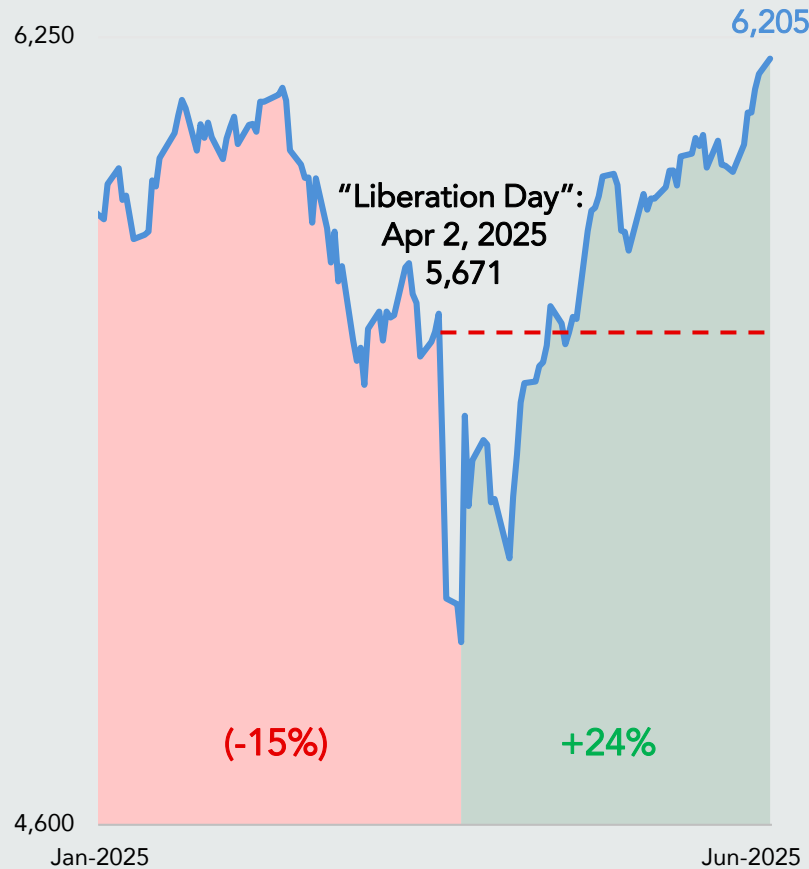


Source: (1) Bloomberg. Data as of June 30, 2025. Equity market performance is total returns.

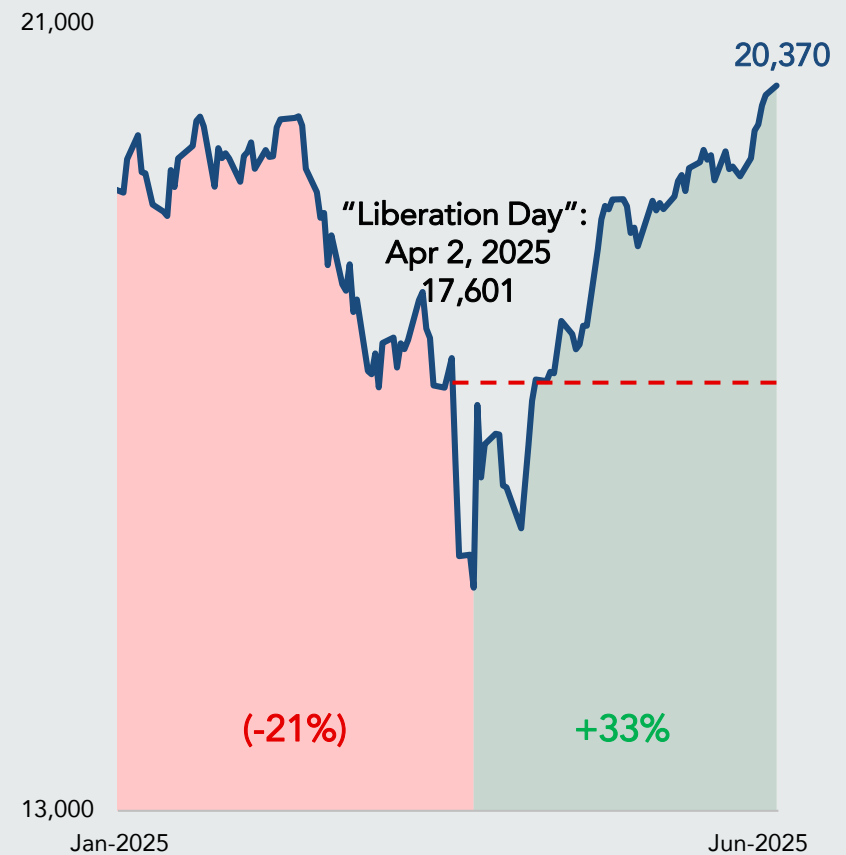
Full Roundtrip for US Equities in 1H 2025

Both the S&P 500 and the NASDAQ had corrections following tariff escalation in early April, but have since rebounded to above their pre-Liberation Day peaks. Since WW2, there have only been three occasions where the market was down more than 10% and still finished positive.

S&P 500



Nasdaq

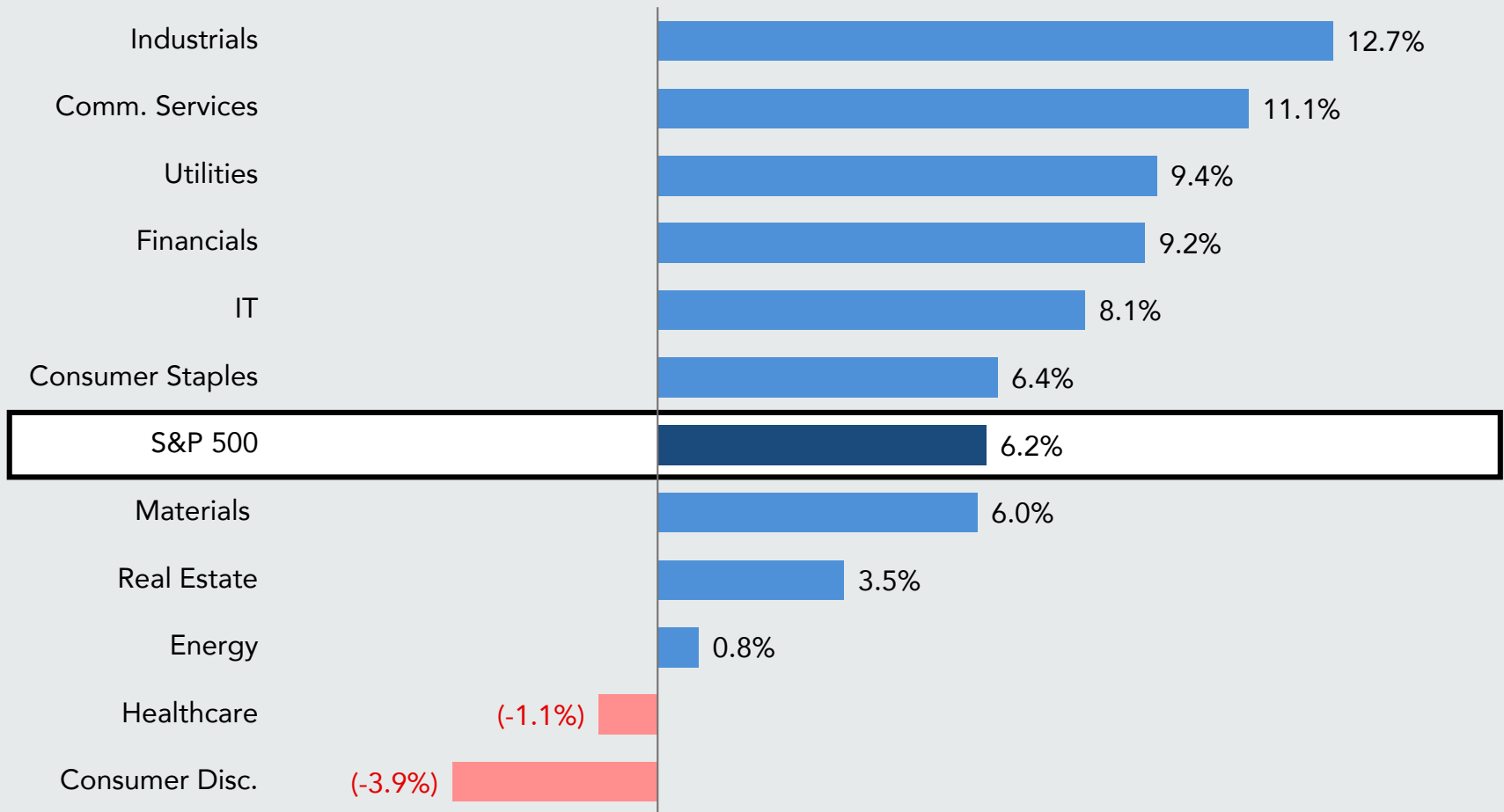


Source: (1-2) Bloomberg. Data as of June 30, 2025.

Defensive Stocks Outperform in 1H 2025

Services sectors outperformed in the 1H 2025 with consumer discretionary stocks notable laggards.

S&P 500 industry sector performance in 1H 2025 (total return)



Source: (1) Bloomberg. Data as of June 30, 2025.

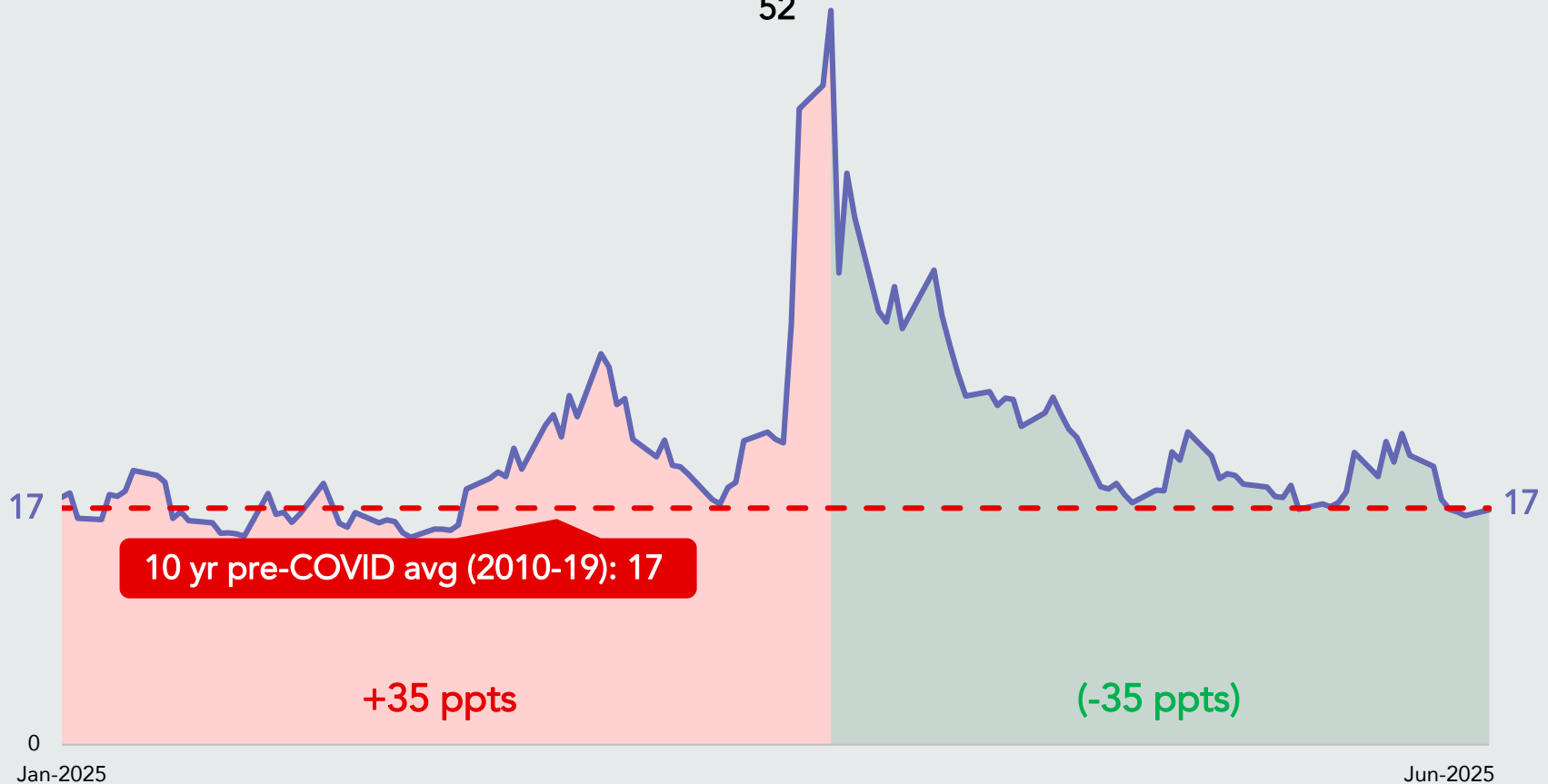
VIX Volatility Resets Below Stress Thresholds

The VIX volatility index approached levels of extreme stress in early April but has since settled lower in line with its pre-COVID average.

VIX index

55

Peak:
Apr 8, 2025
52



Source: (1) Bloomberg. Data as of June 30, 2025.

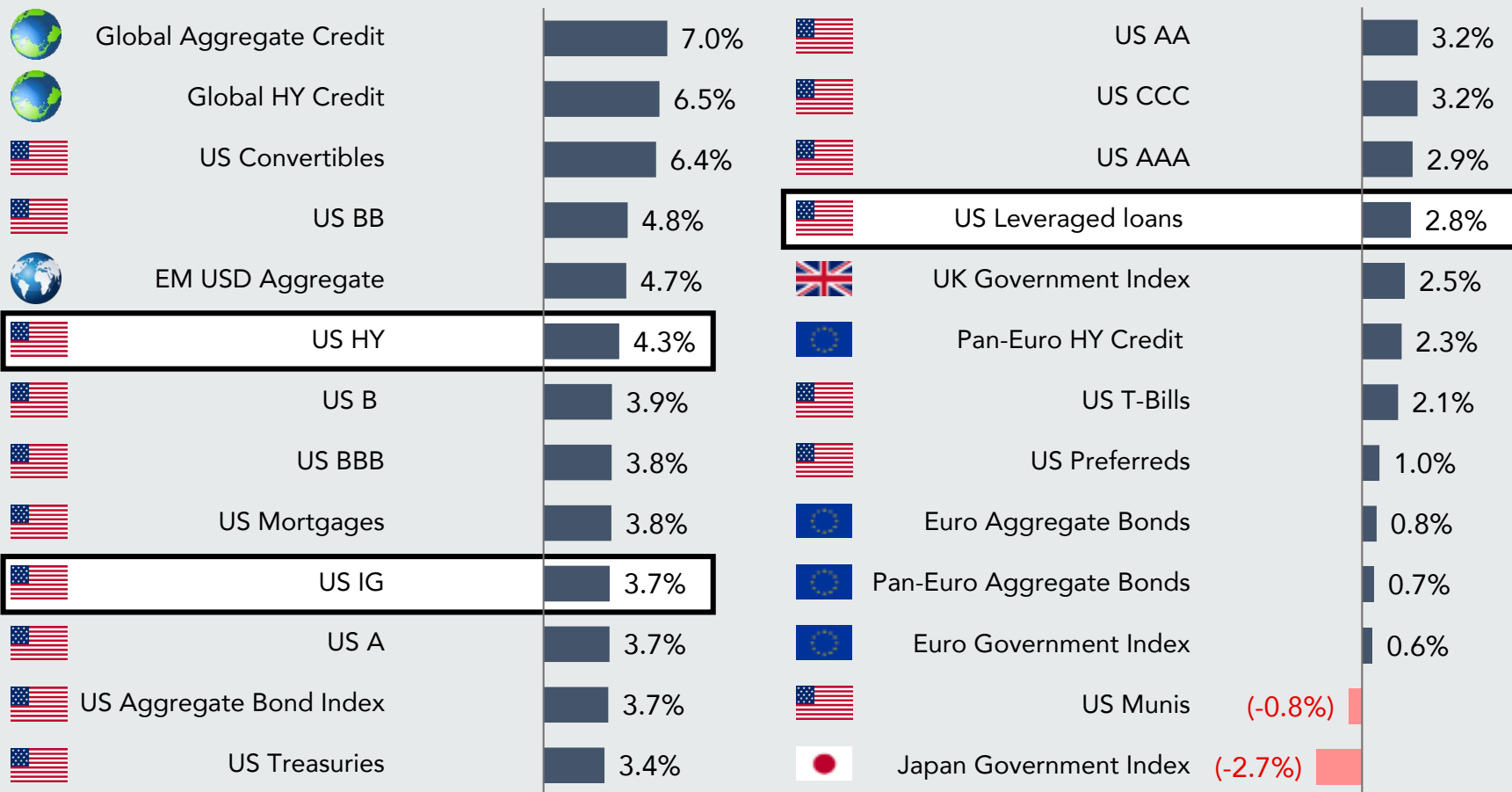
4 Robust Demand for Corporate Credit



Robust Returns Across Global Credit Spectrum

Similar to equities, global credit market benchmarks outperformed their US counterparts in the 1H 2025. Within USD credit, convertibles and high yield outperformed IG. Government bonds posted close to their strongest 1H returns in five years.

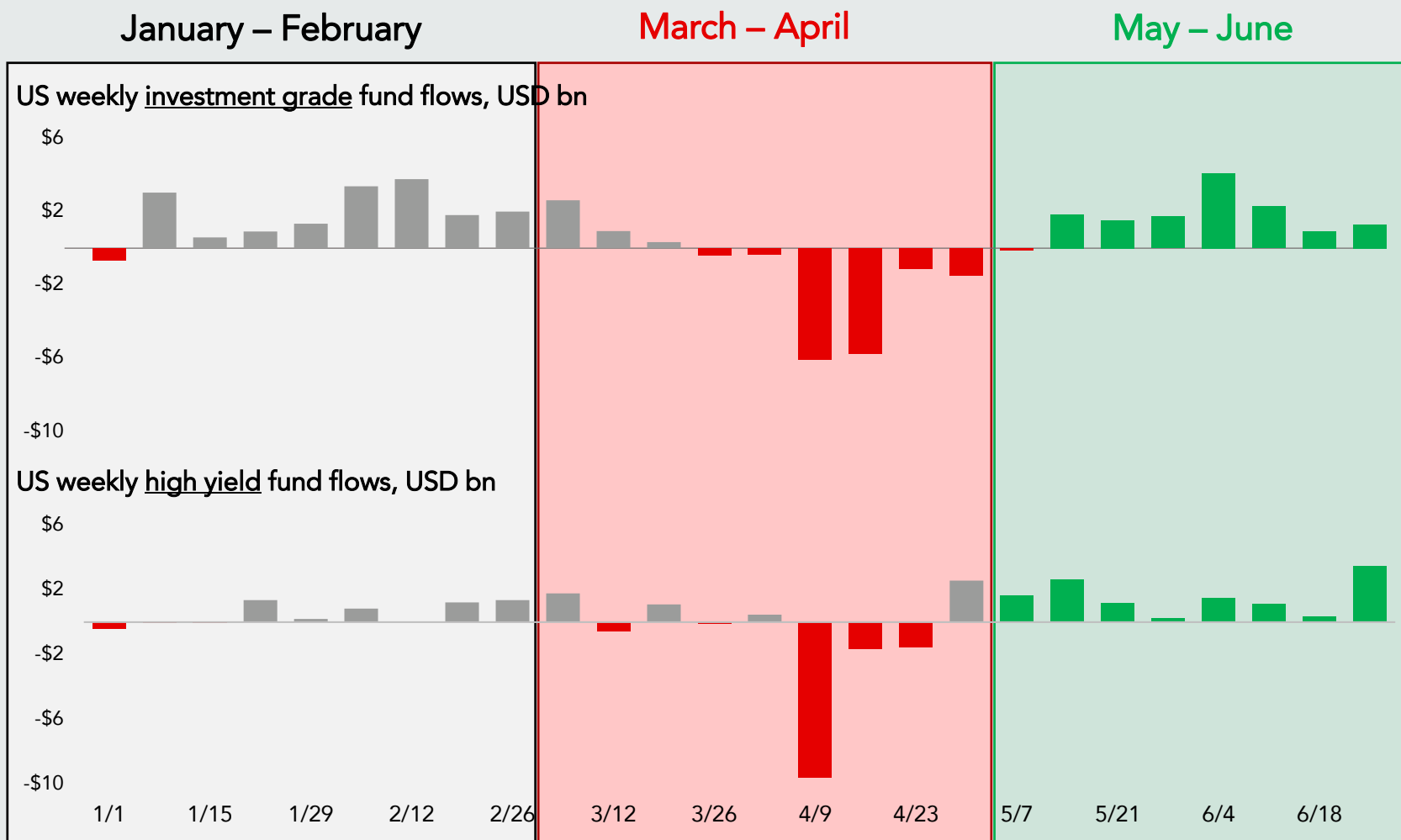
Credit market total returns in 1H 2025



Source: (1) Bloomberg. Data as of June 30, 2025.

Resurgent USD Corporate Bond Flows in 1H 2025

As risk appetite recovered in May-June, global investors favored the additional yield of strong corporate balance sheets over increasingly levered sovereigns.



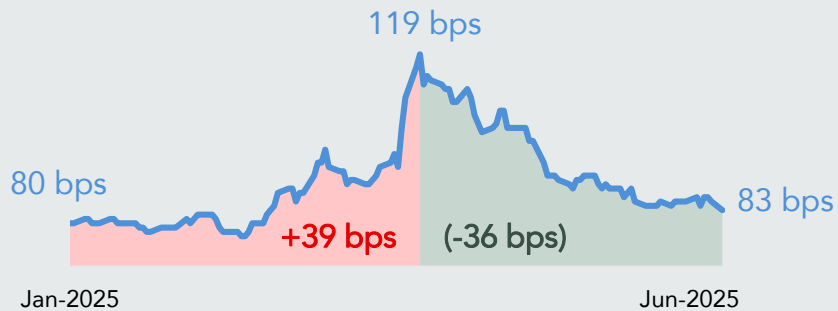
Source: (1-2) IFR. Data through the week ending June 25, 2025.

Credit Spreads Remain Well Below Historic Averages

USD investment grade credit spreads 2025 YTD

Recession threshold: 250 bps

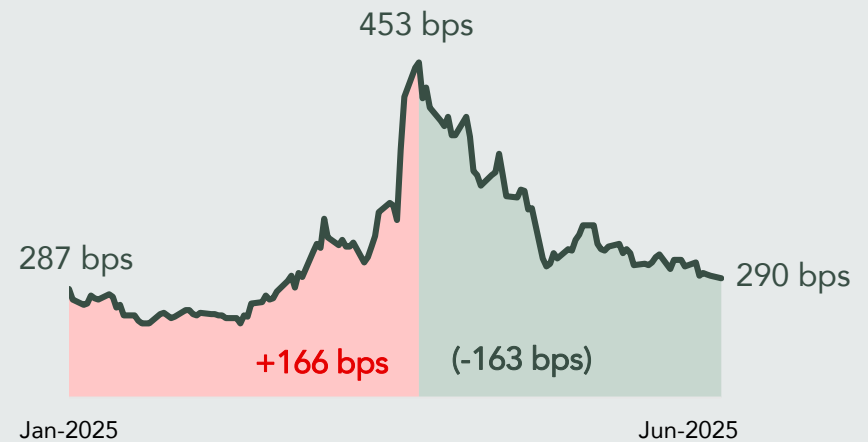
Long term avg: 150 bps



USD high yield credit spreads 2025 YTD

Recession threshold: 800 bps

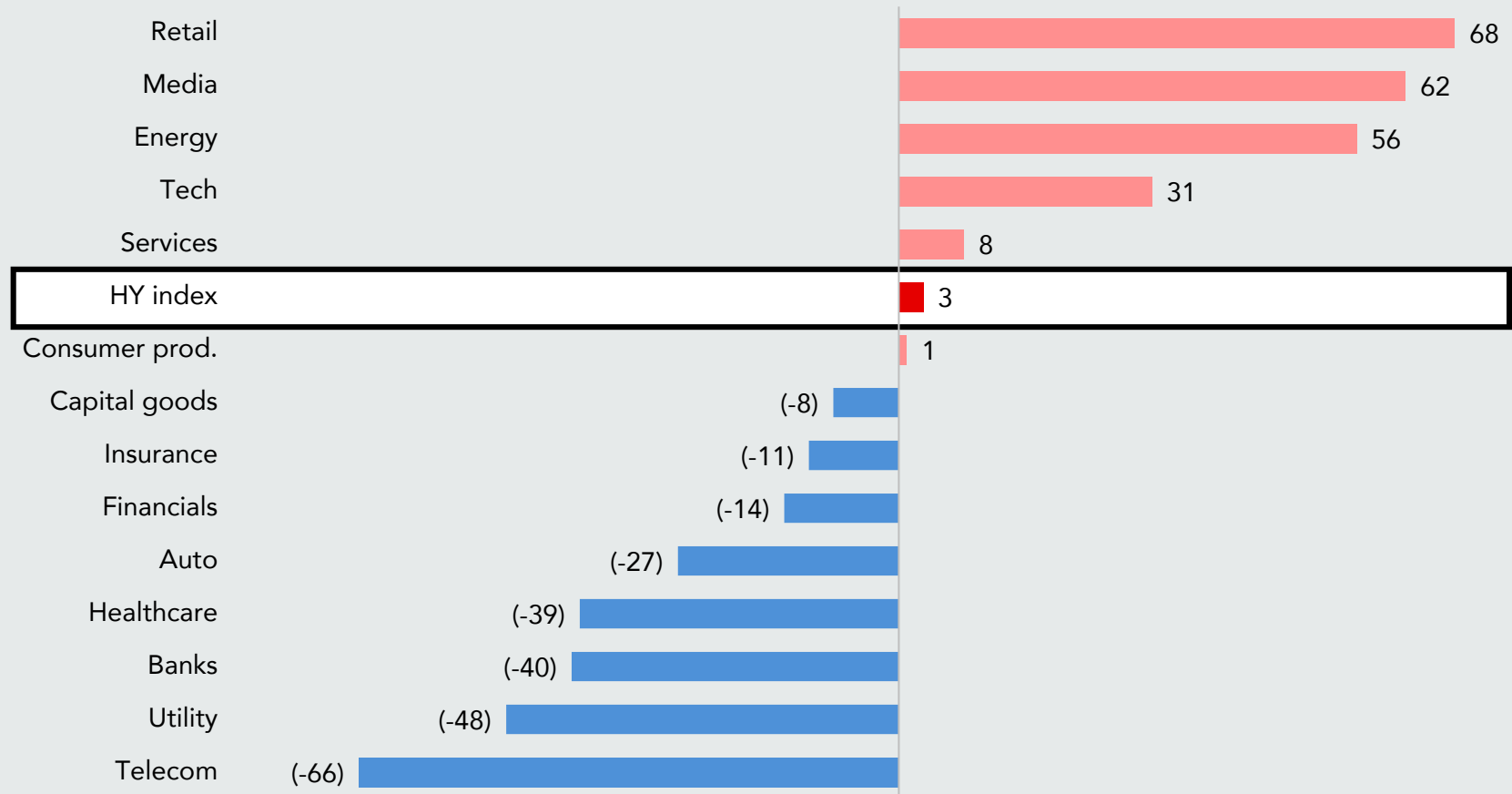
Long term avg: 525 bps



Source: (1-2) Bloomberg. Data as of June 30, 2025.

Credit Spread Tightening Varied by Sector

Change in HY spreads by sector in 1H 2025, bps



Source: (1) IFR. Data through June 30, 2025. HY index is Bloomberg US Corporate HY Average OAS. Sector indices are ICE BofA.

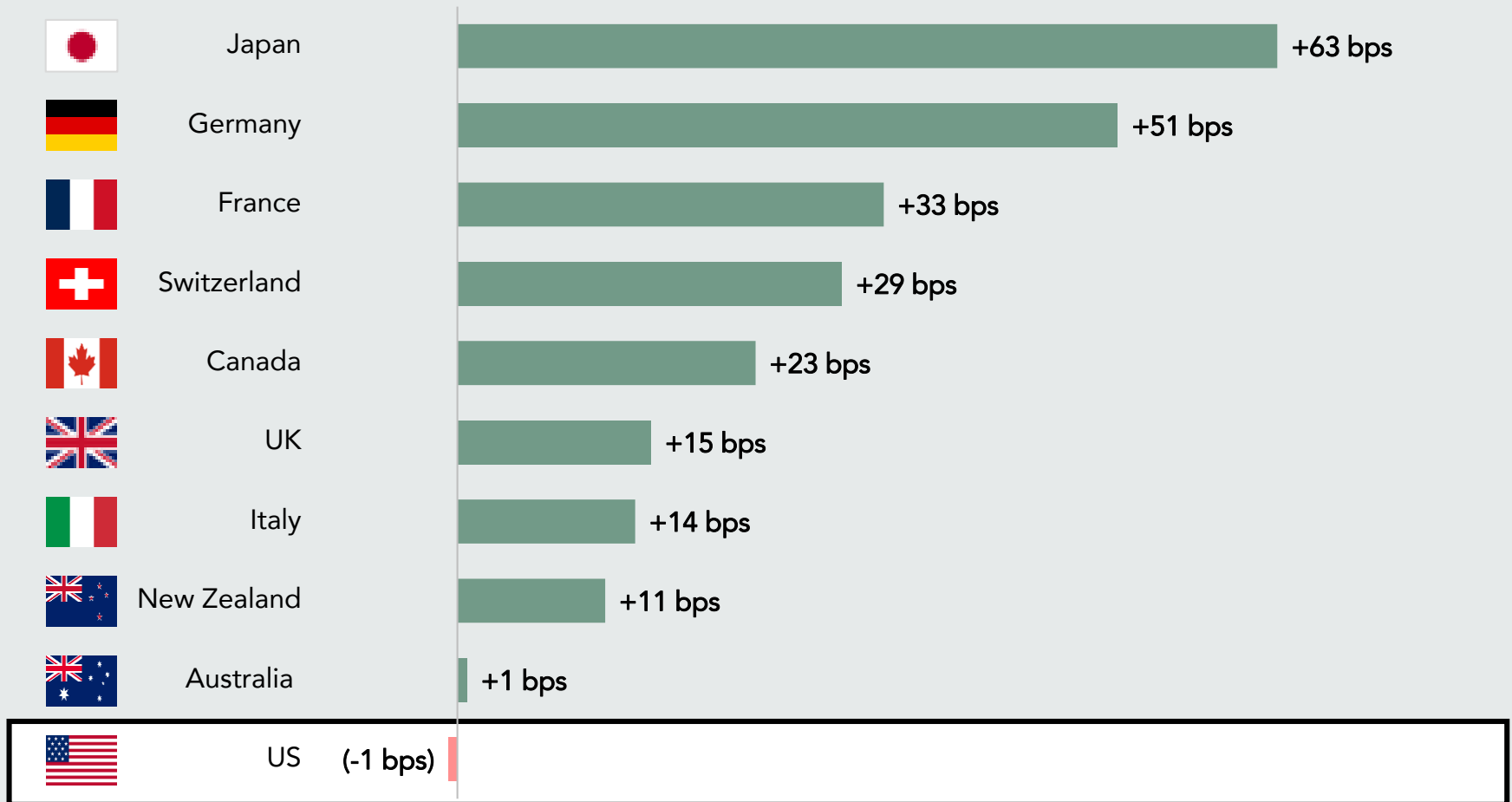
5 Tighter Treasury Yields Across the Curve



Longer Duration Maturities More Vulnerable

Across global credit curves, longer duration maturities generally underperformed the front end in the 1H 2025.

Change in global government 30 year yields in 1H 2025

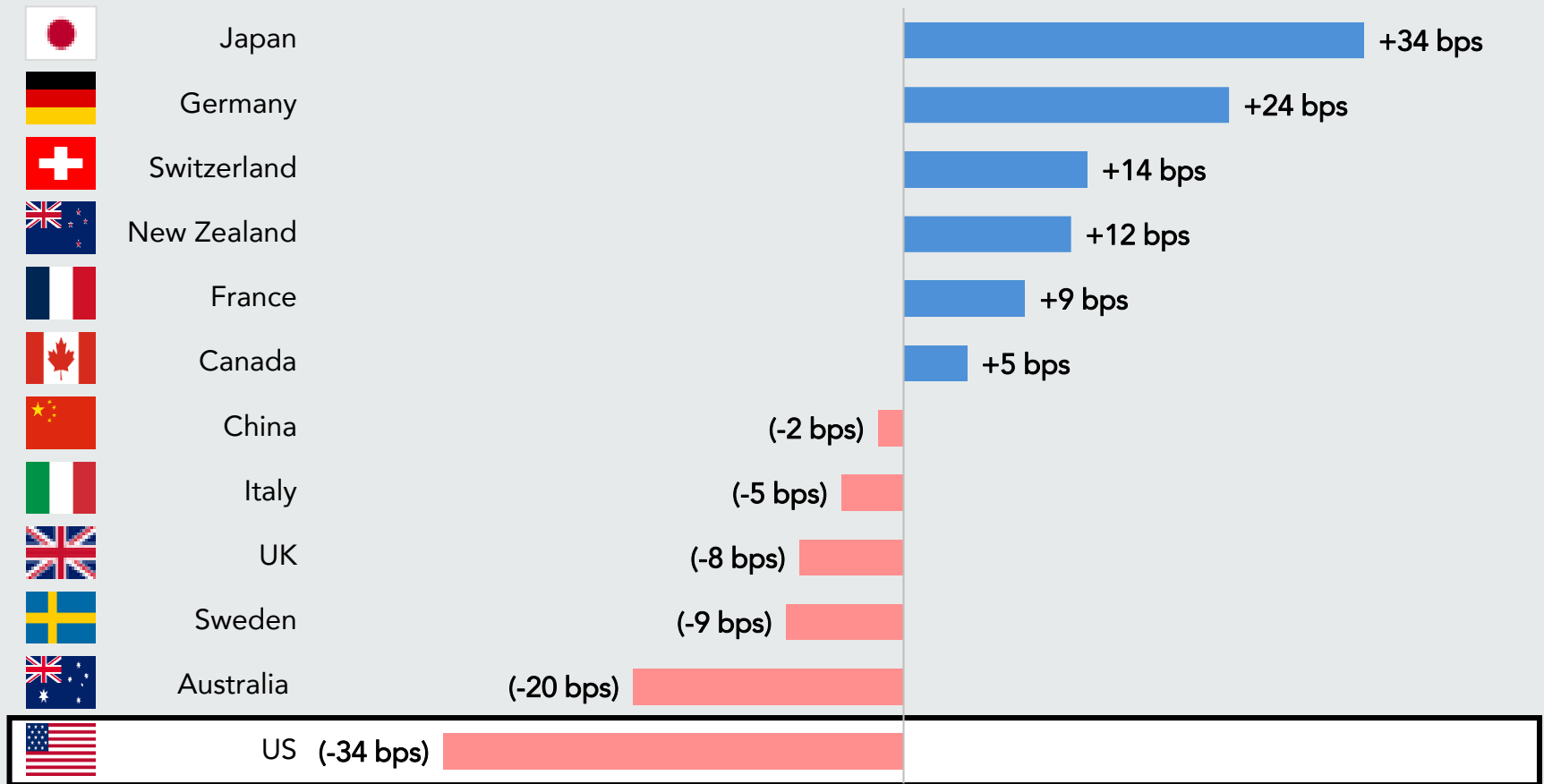


Source: (1) Bloomberg. Data as of June 30, 2025.

Longer Duration Maturities More Vulnerable

10 Year UST yields tightened notably in recent weeks, especially compared to global peers, due to: (1) weaker economic data; (2) subdued inflation; and (3) comments from US Treasury Secretary Bessent favoring shorter end maturities.

Change in global government 10 year yields in 1H 2025

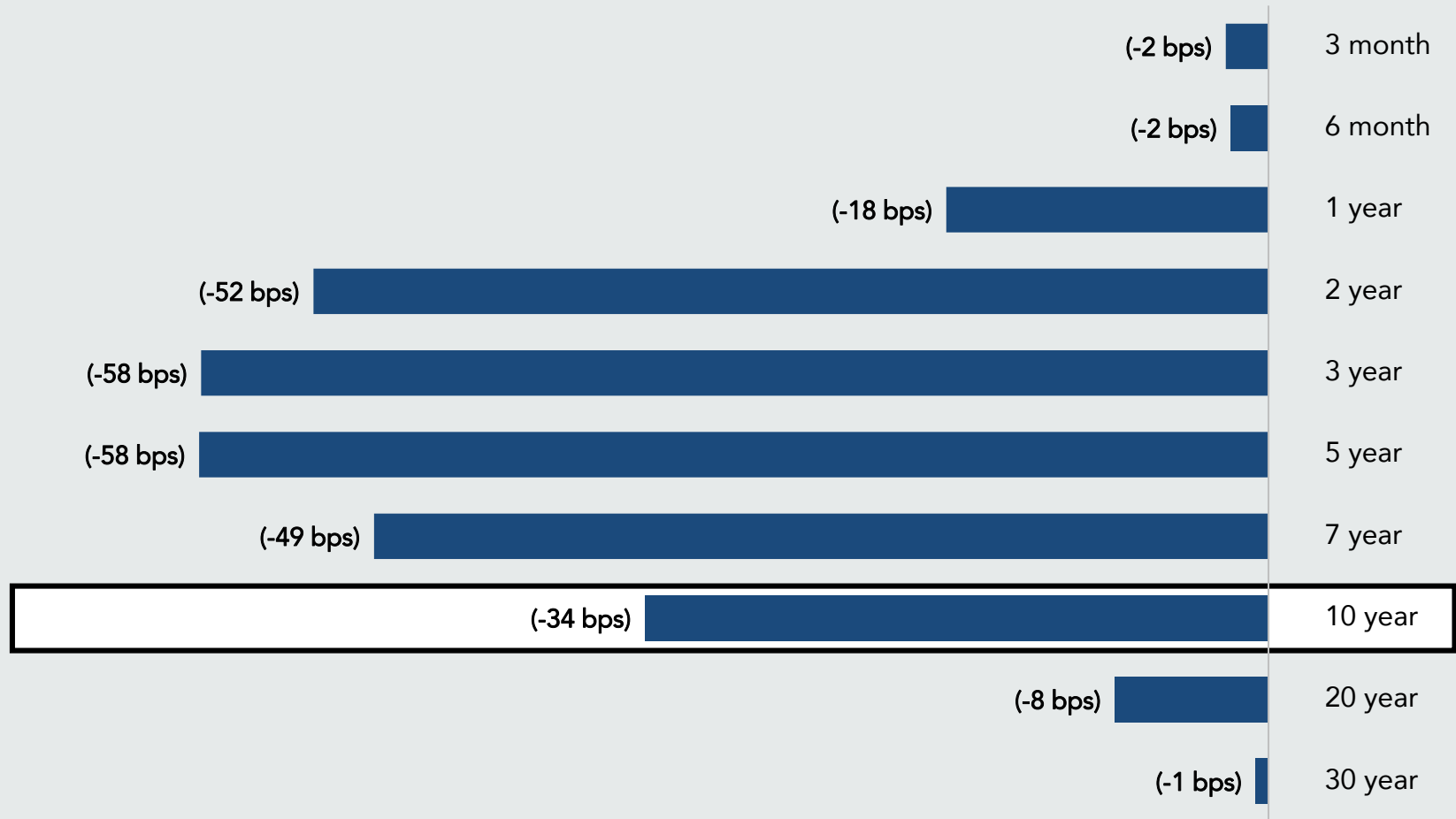


Source: (1) Bloomberg. Data as of June 30, 2025.

UST Yields Tighter Across the Curve in 1H 2025



Change in UST rates in 1H 2025



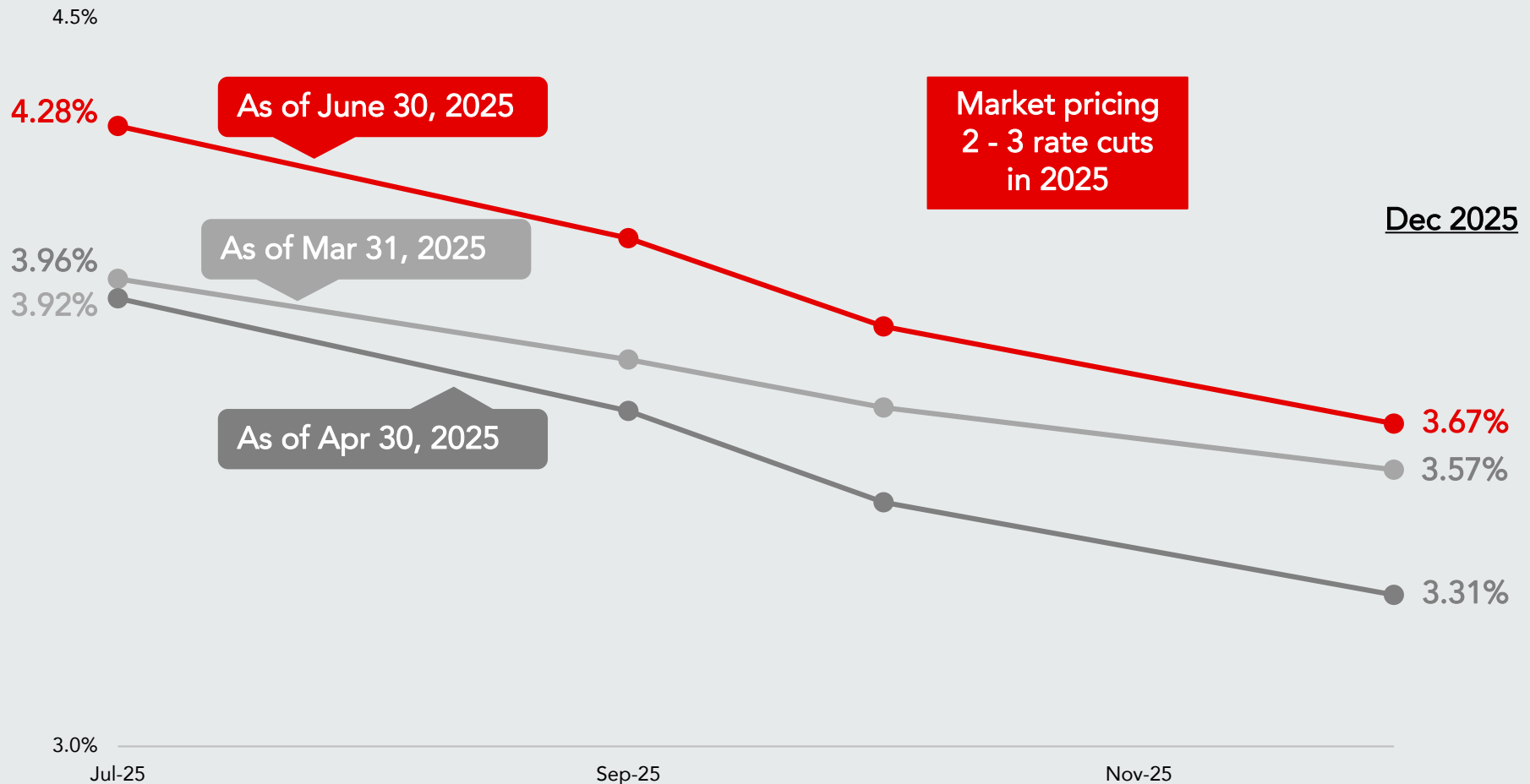
Source: (1) Bloomberg. Data as of June 30, 2025.

Fed Funds Pricing Modest US Deceleration



In recent weeks, investors have begun to price in more US growth deceleration, though recession risk in 2H 2025 still remains relatively low.

Marked implied Fed Funds rate



Source: (1) Bloomberg. Data as of June 30, 2025.

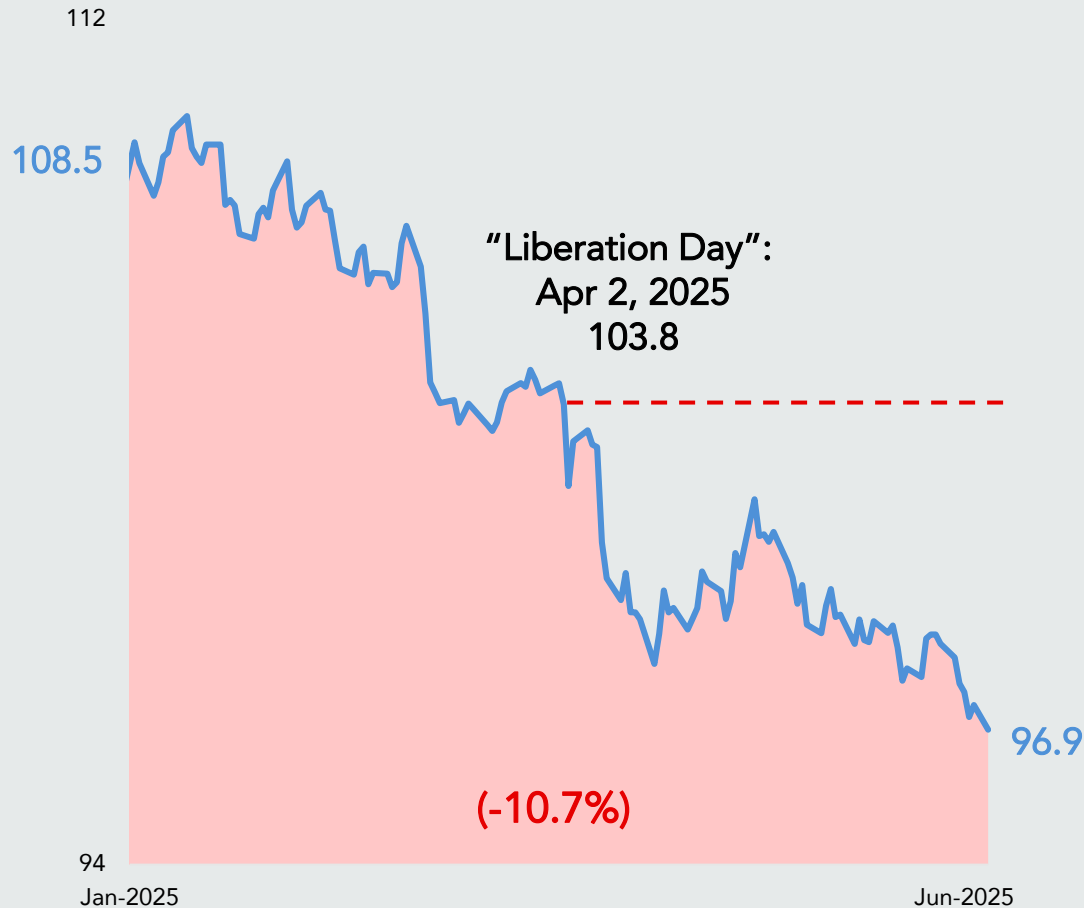
6 Historic Dollar Depreciation



Largest US Dollar Selloff in 50 Years



USD index



The USD selloff has not reversed

- Over-valuation, repricing
- Cyclical weakness
- Debt sustainability concerns
- Trade policy retaliation
- US sanctions policy
- Less reliable safe haven

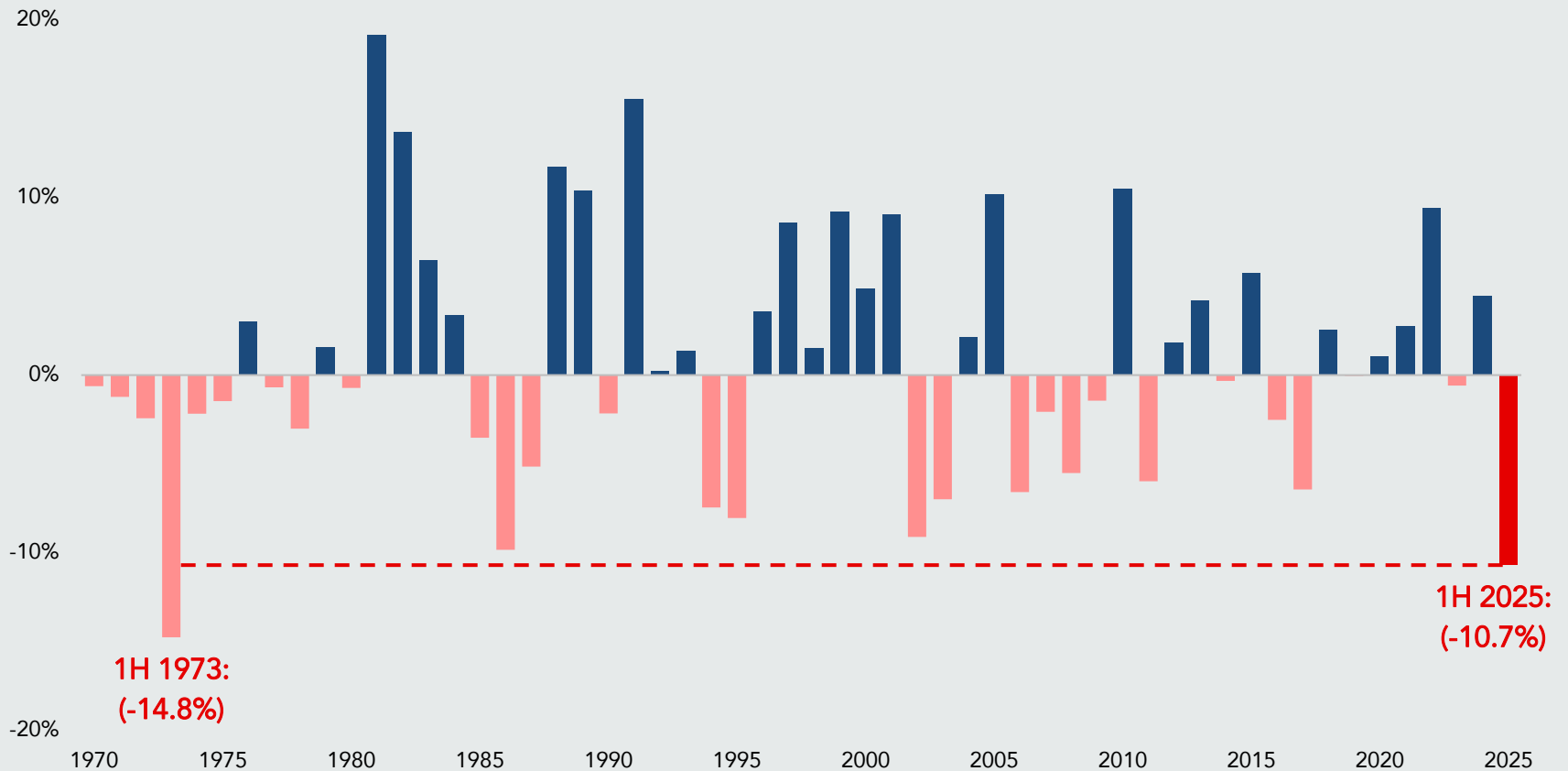
Source: (1) Bloomberg. Data as of June 30, 2025.

Weakest 1H for USD Since 1973



The US Dollar had its largest first half depreciation since 1973, and its weakest 6 months since 2009.

1H USD index performance



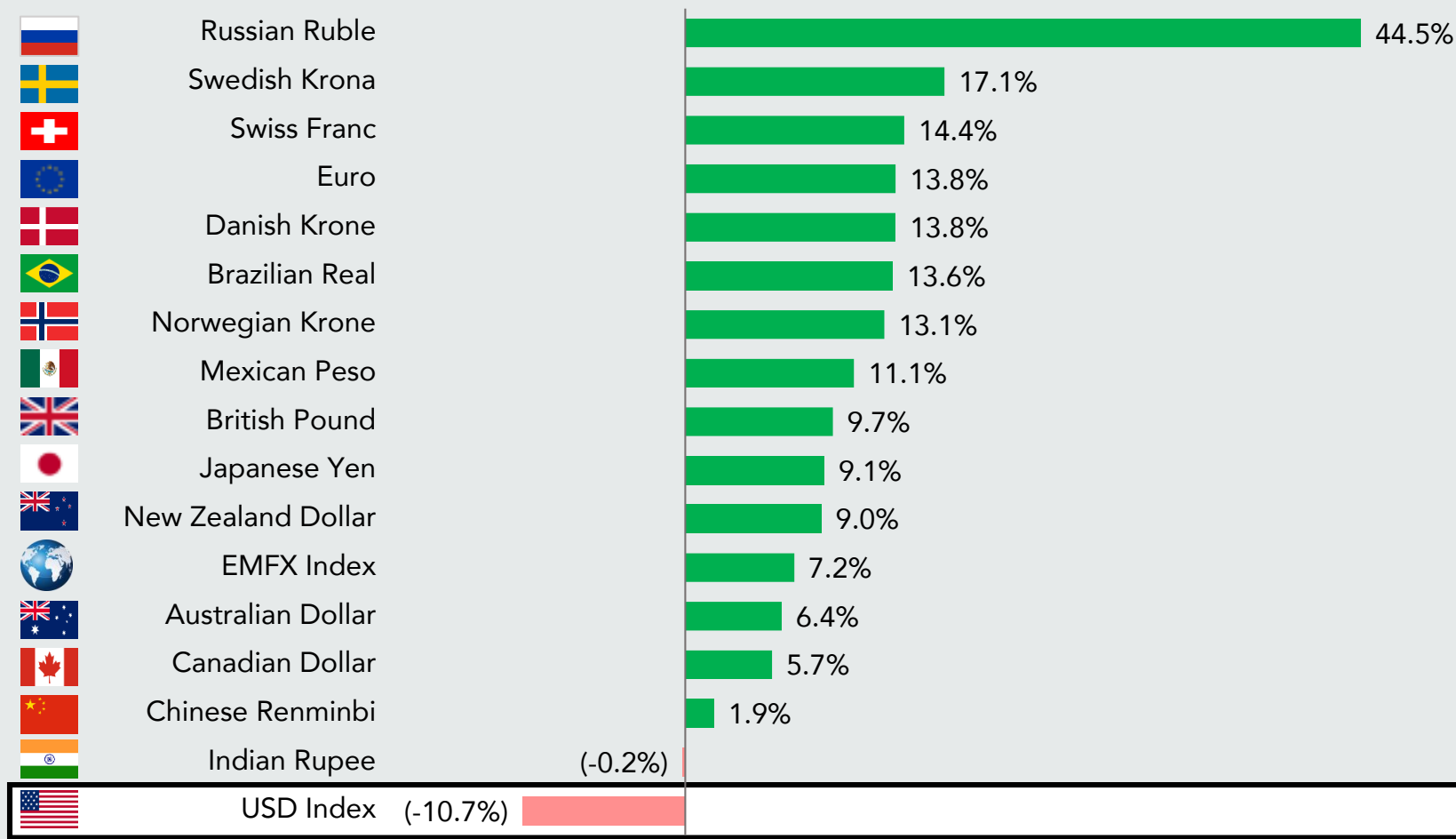
Source: (1) Dealogic. Cortex. Data through June 30, 2025, accessed on June 30, 2025.

Global FX in 1H 2025



The US Dollar weakened considerably vis-a-vis both G20 and EMFX counterparts.

Currency performance vs. USD in 1H 2025



Source: (1) Bloomberg. Data as of June 30, 2025.

7

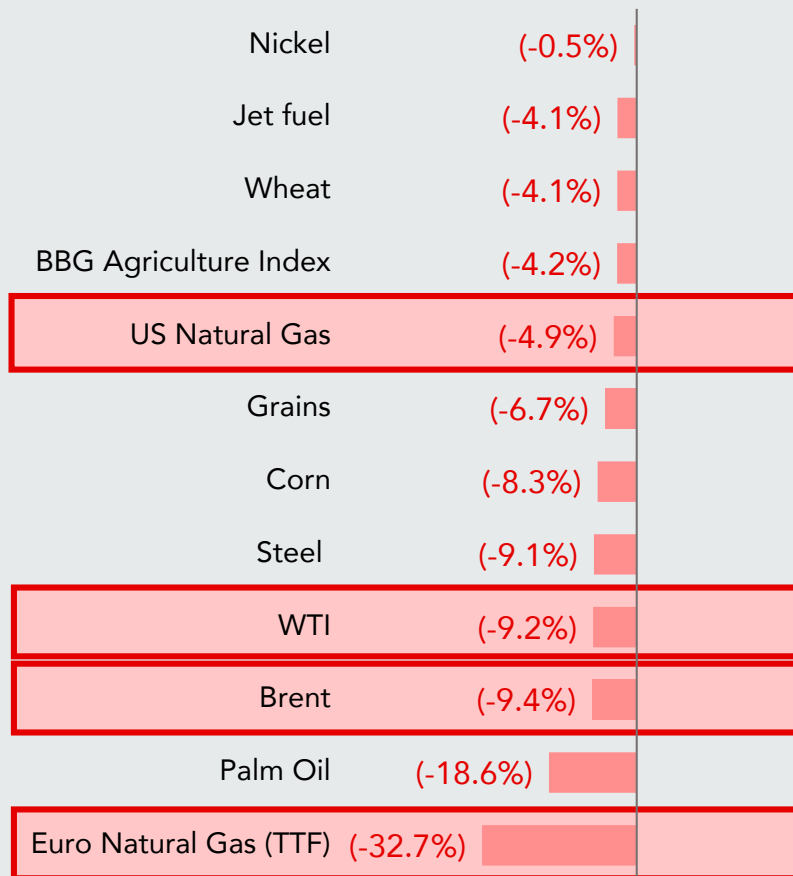
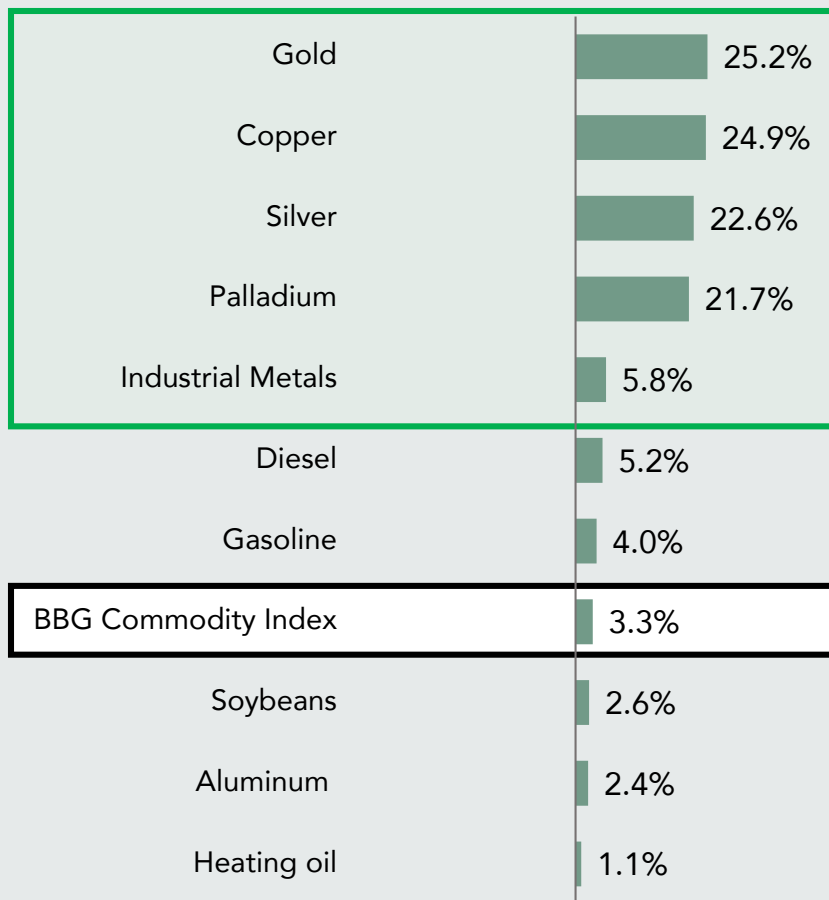
Metals Outshine Commodity Complex



Metals Outperform in 1H 2025

Precious metals led commodities in 1H 2025 with gold having its best start to a year since 1979 and silver since 2016. Despite elevated geopolitical risk in June, OPEC+ supply increases and slowing global demand pushed energy prices lower in the first half of the year.

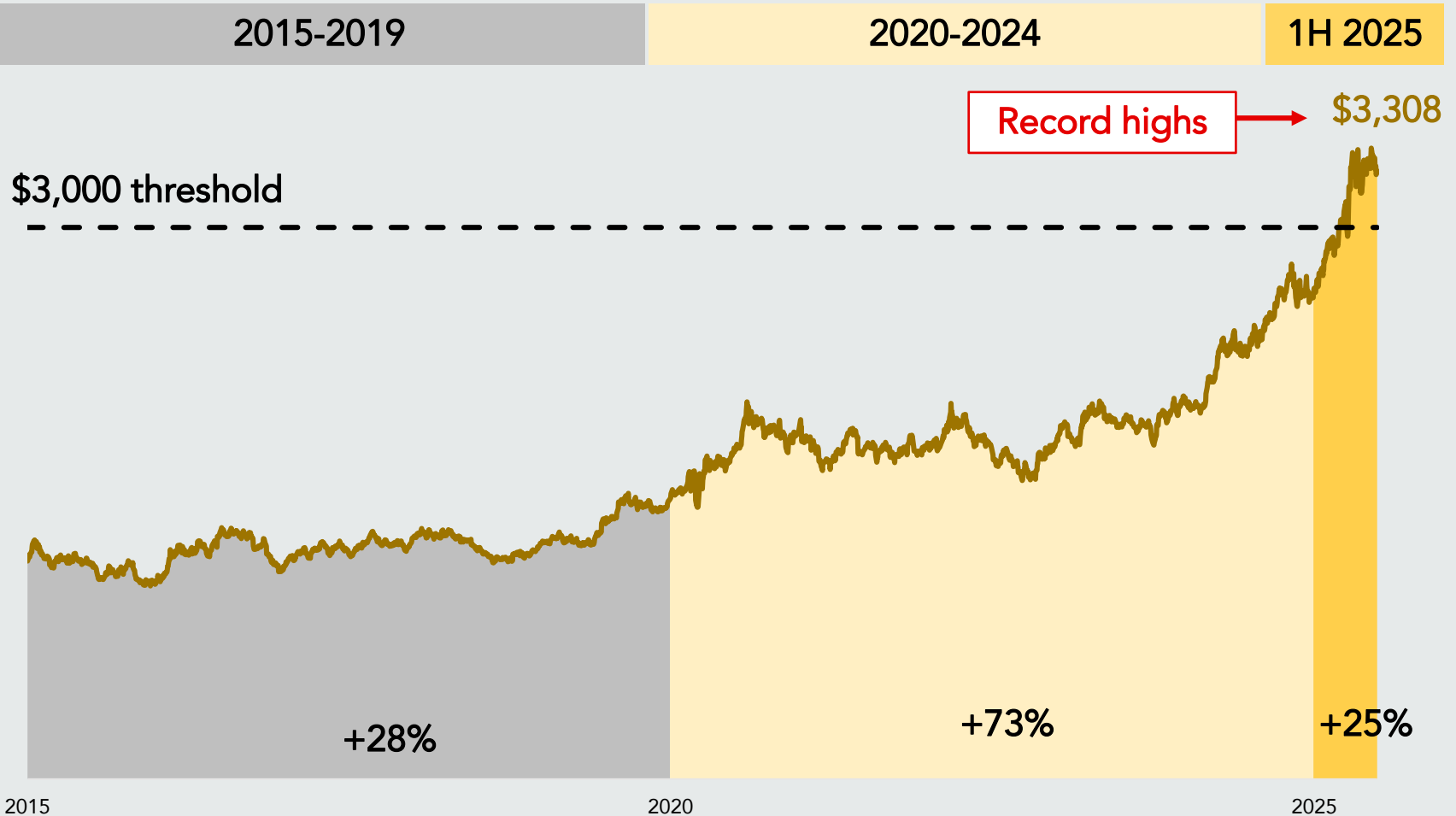
Commodity market performance in 1H 2025



Source: (1) Bloomberg. Data as of June 30, 2025. Commodities Index and Agriculture Index are total return.

Best Start to a Year for Gold Since 1979

Gold since 2015



Source: (1) Bloomberg. Data as of June 30, 2025.







Appendix









2025 Global Economic Forecasts

The global economy is expected to grow at about 2.4% in 2025, well below its long term 3.5% average

GDP growth forecasts, y/y

Region	2024	2025E	
North America			
 US	2.8%	1.5%	↓
 Canada	1.6%	0.8%	↓
 Mexico	1.2%	0.1%	↓
Eurozone			
 Ireland	1.3%	9.0%	↑
Spain	3.2%	2.5%	↓
Netherlands	1.0%	1.1%	↑
Finland	(-0.1%)	0.8%	↑
France	1.1%	0.5%	↓
Italy	0.5%	0.5%	↓
Germany	(-0.2%)	0.2%	↑
Other Europe			
Poland	2.9%	3.4%	↑
Türkiye	3.2%	2.7%	↓
Czech Republic	1.0%	2.1%	↑
Denmark	3.7%	2.0%	↓
Sweden	1.0%	1.4%	↑
 UK	1.1%	1.1%	↓
Switzerland	1.4%	0.8%	↓
 Russia	4.3%	0.8%	↓
Norway	2.1%	(-1.0%)	↓

Region	2024	2025E	
APAC			
 India	6.7%	6.5%	↓
Indonesia	5.0%	4.8%	↓
 China	5.0%	4.7%	↓
 Australia	1.0%	1.5%	↑
Singapore	4.4%	2.0%	↓
New Zealand	(-0.1%)	0.8%	↑
 Japan	0.2%	0.8%	↑
South Korea	2.0%	0.8%	↓
LatAm			
Argentina	(-1.7%)	4.2%	↑
 Brazil	3.0%	2.5%	↓
Chile	2.4%	2.4%	↓
Colombia	1.6%	2.3%	↑
MENA			
UAE	3.8%	5.1%	↑
Egypt	3.1%	3.8%	↑
Sub-Saharan Africa	3.7%	3.6%	↓
 Saudi Arabia	2.0%	3.5%	↑
Qatar	2.3%	2.4%	↑
Kuwait	(-2.6%)	2.3%	↑
Oman	1.7%	2.1%	↑
South Africa	0.5%	0.8%	↑

Source: (1) Oxford Economics. Data as of June 30, 2025.

2025 Global Currency Forecasts

Currency pair	Spot (Jun 30)	Q3 2025	Q4 2025	Q1 2026	Q2 2026
EUR / USD	1.17	1.18	1.20	1.22	1.23
GBP / USD	1.37	1.38	1.40	1.41	1.41
USD / JPY	144	142	140	138	136
USD / CNY	7.16	7.25	7.25	7.23	7.20
AUD / USD	0.66	0.65	0.66	0.67	0.68
NZD / USD	0.61	0.60	0.61	0.62	0.63
USD / CAD	1.36	1.36	1.35	1.33	1.32
USD / NOK	10.12	10.00	9.83	9.59	9.43
USD / SEK	9.54	9.49	9.25	9.02	8.86
USD / CHF	0.80	0.80	0.79	0.78	0.78
USD / MXN	18.90	18.50	18.75	19.00	19.00
USD / BRL	5.46	5.30	5.35	5.40	5.50
USD / CLP	934	925	930	935	940

Source: (1) MUFG Annual Foreign Exchange Outlook - July 2025. (Derek Halpenny). Bloomberg.

2025 MUFG Global Rates Forecasts

	Spot (Jun 30)	Q3 2025		Q4 2025		Q1 2026		Q2 2026	
		MUFG	Consensus	MUFG	Consensus	MUFG	Consensus	MUFG	Consensus
Fed Funds	4.50%	4.00%	4.35%	3.50%	4.05%	3.50%	3.85%	3.50%	3.65%
2 yr UST	3.72%	3.63%	3.83%	3.38%	3.70%	3.50%	3.59%	3.50%	3.56%
5 yr UST	3.79%	3.88%	3.97%	3.63%	3.91%	3.75%	3.84%	3.75%	3.82%
10 yr UST	4.23%	4.25%	4.36%	4.13%	4.29%	4.00%	4.22%	4.00%	4.20%
30 yr UST	4.78%	4.88%	4.81%	4.63%	4.70%	4.50%	4.64%	4.50%	4.63%

Source: (1) MUFG Global Macro Research (George Goncalves). Bloomberg. Data as of June 30, 2025. Fed funds is upper bound.

2025 Commodities Forecasts

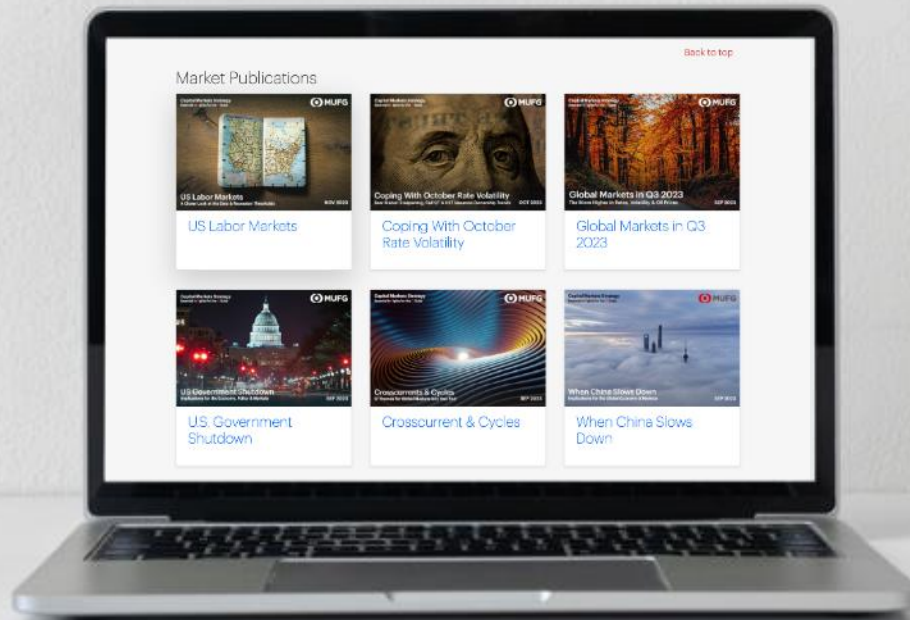
	Spot (Jun 30)	Q3 2025	Q4 2025	Q1 2026	Q2 2026
WTI	\$65	\$64	\$62	\$61	\$60
Brent	\$68	\$67	\$65	\$65	\$64
US Nat Gas	\$3.45	\$3.75	\$4.00	\$4.13	\$3.75
Euro Nat Gas	€33	€37	€39	€36	€30

Source: (1) Bloomberg. Data as of June 30, 2025. Forecasts are Bloomberg Consensus.



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About the Authors



Tom Joyce

Managing Director
Capital Markets Strategist
New York, NY

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

Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

About the Authors



Stephanie Kendal

Vice President
Capital Markets Strategist
New York, NY

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

Role

Stephanie Kendal is a Vice President in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Stephanie has spent nearly eight years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.



Angela Sun

Associate
Capital Markets Strategist
New York, NY

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

Role

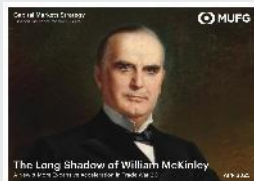
Angela Sun is an Associate in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.



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