Capital Markets Strategy

Essential inCights for the C-Suite

MUFG

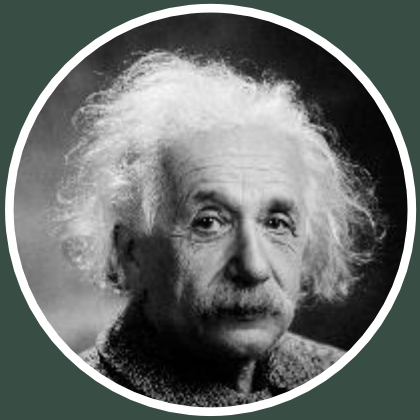
Merger Momentum Accelerates Amid Complicated Backdrop

Q1 2026 Deal Review

APR 2026

"The tragedy of old age is not that one is old, but that one is young."

Oscar Wilde, Irish author, poet & playwright
(1854 – 1930)



"I live in that solitude which is painful in youth, but delicious in the years of maturity."

Albert Einstein, German Nobel Prize Winning Physicist
(1879 – 1955)

Global Corporate & Investment Banking
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

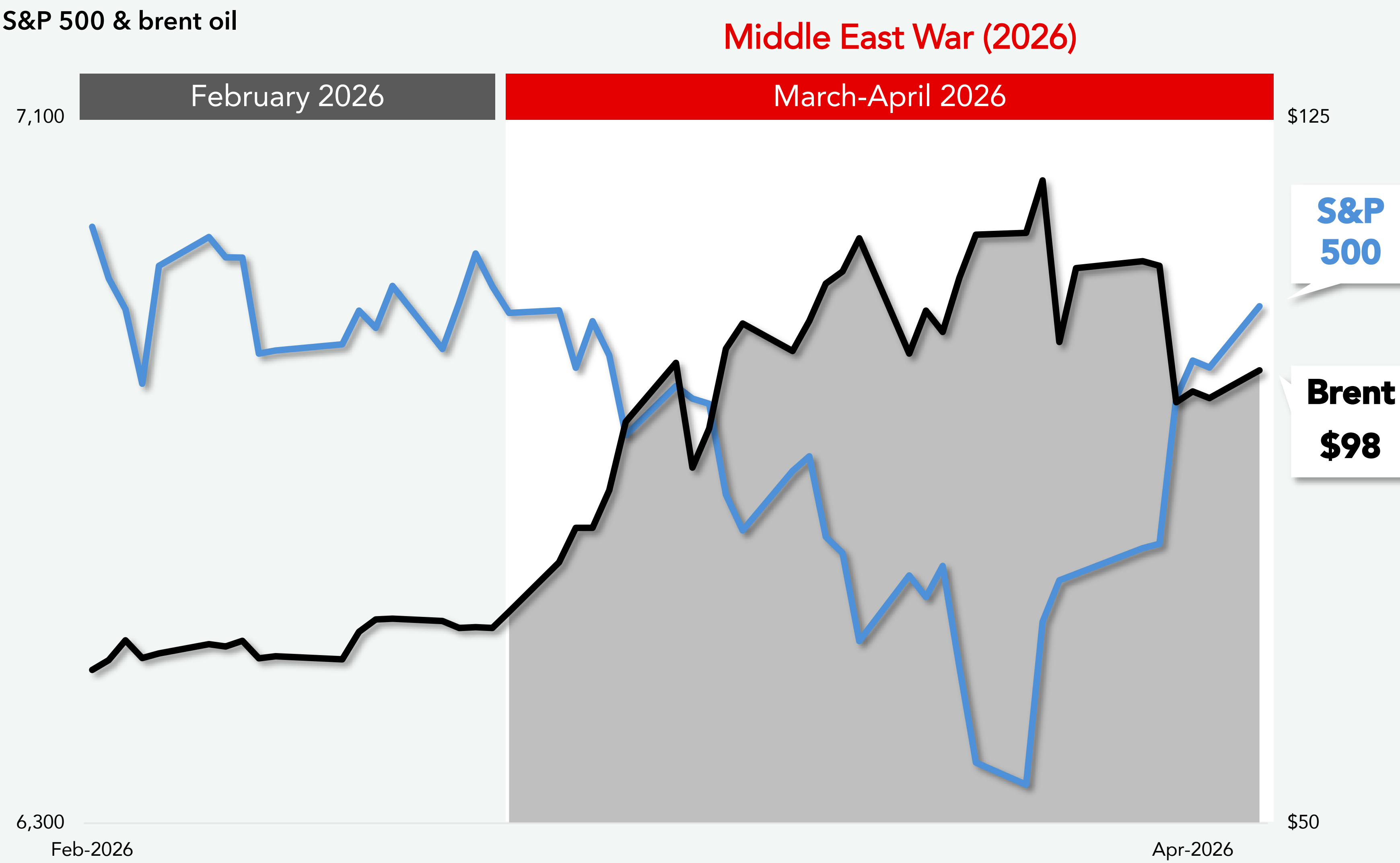
Click or scan to view our website and access past reports, policy notes and more.

AUTHORS

Contents

1 Complicated Backdrop for M&A

Geopolitical Risk Remains Elevated

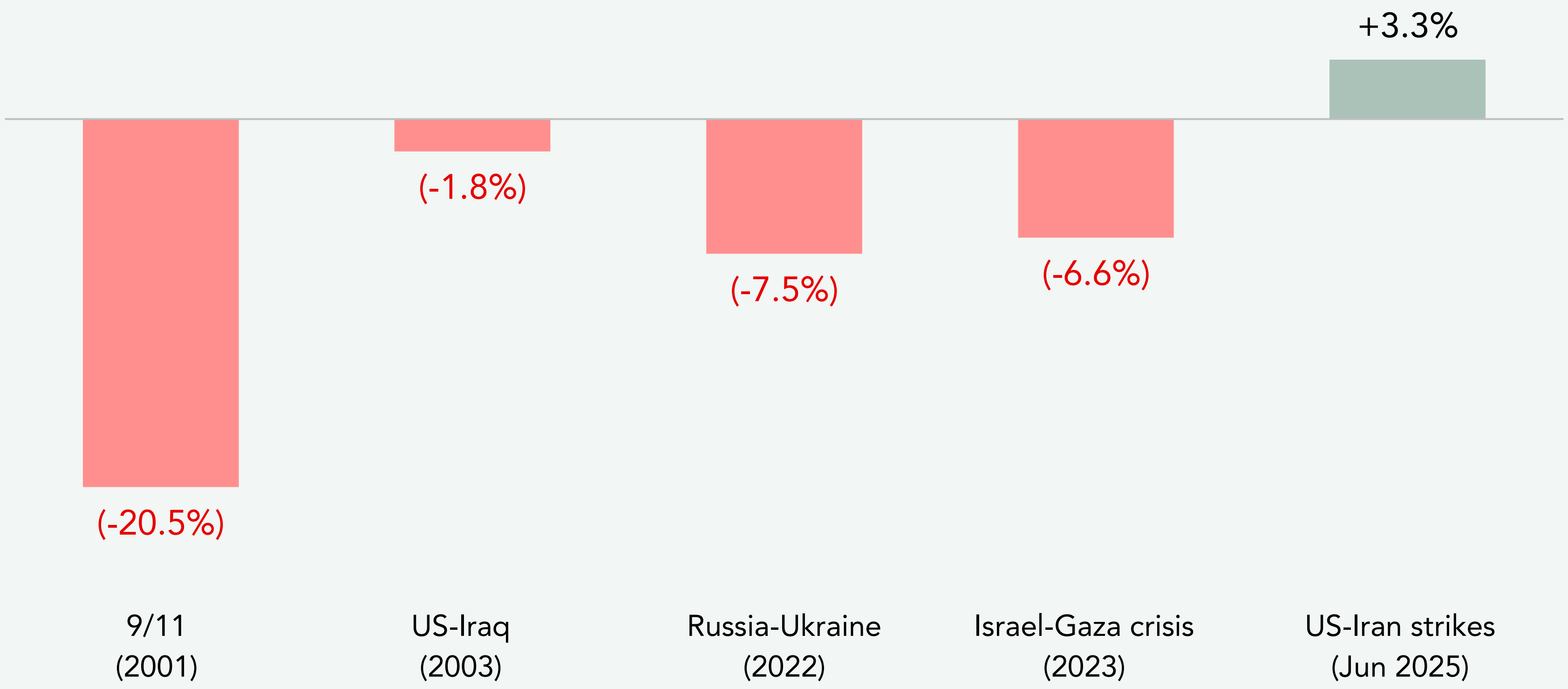


Source: (1) Bloomberg. Data as of April 13, 2026.

M&A Activity Typically Slows Down During Periods of Elevated Geopolitical Risk

Historically, M&A deal announcements have declined in the six months following a major geopolitical event. While there were also other factors at play, such as the Dotcom recession in 2001 and Fed tightening in 2022/23, global M&A is highly correlated with equity market valuations and CEO confidence, both of which typically decline during geopolitical risk events.

Change in announced M&A deals in the six months after the risk event, y/y

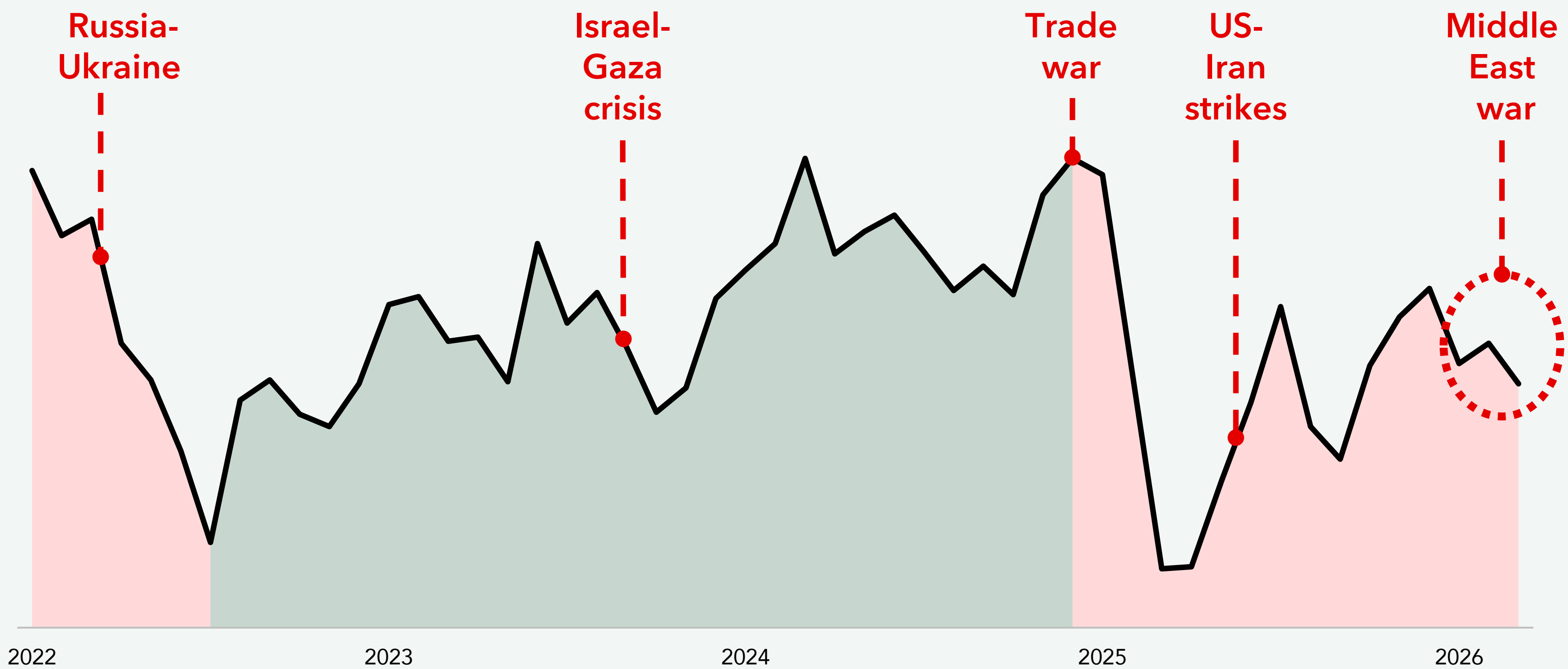


Source: (1) Bloomberg, "How M&A Behaves in Times of Conflict".

CEO Confidence Has Been Up & Down

Global M&A volumes are over 20% higher in Q1 2026 y/y as the strategic necessity for dealmaking overrode geopolitical uncertainty and periodic declines in confidence over the last few months. In early 2025, M&A activity came to a temporary halt driven by the trade war before bouncing back strongly in the 2H. While M&A volumes are 10% lower since the Middle East War started, compared to the same time last year, many companies are now more comfortable pursuing M&A during periods of elevated volatility.

CEO confidence index

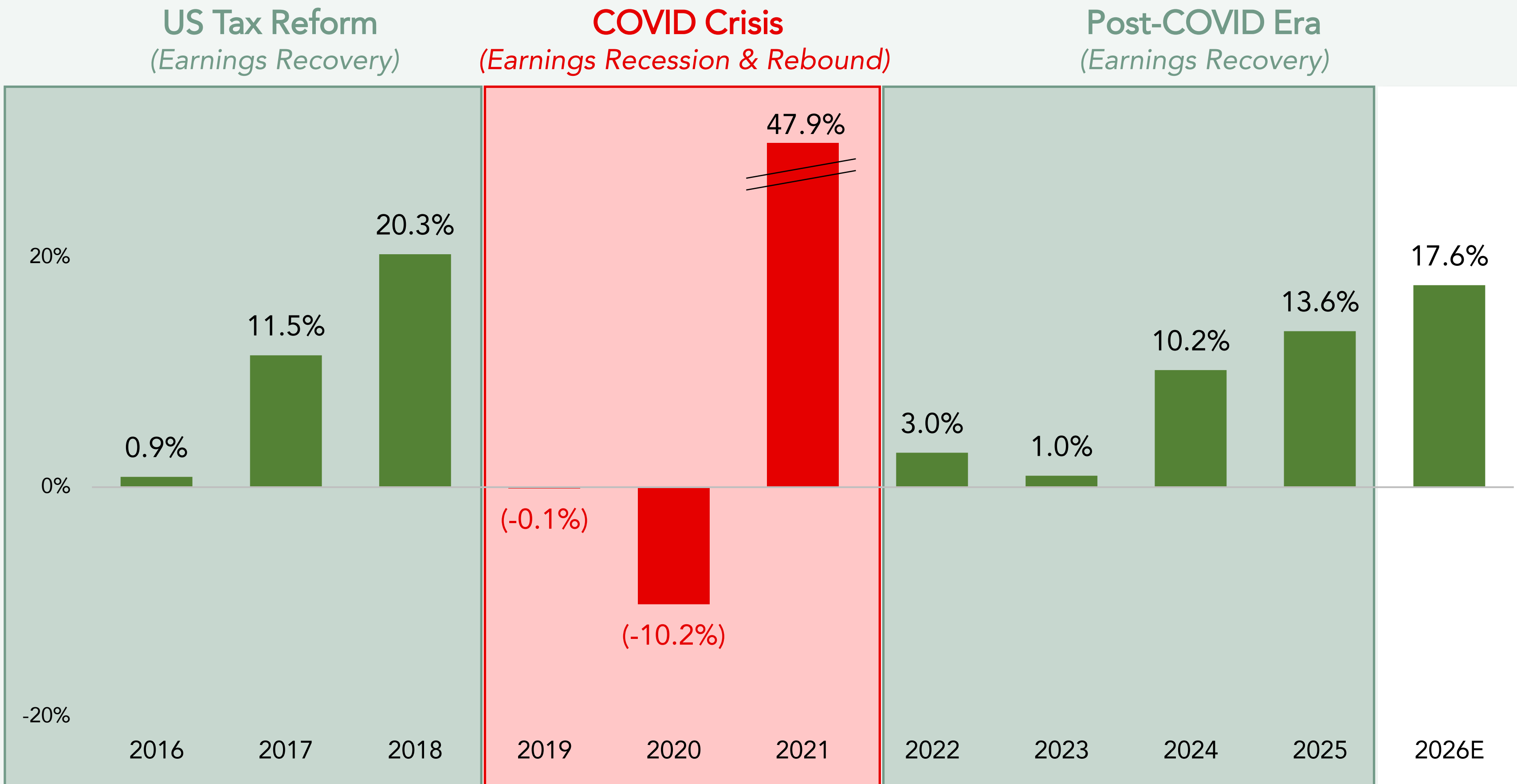


Source: (1) Bloomberg. Data as of April 13, 2026. CEO Confidence Index measures confidence in economy 1 year from now.

Corporate Earnings Remain Strong Despite Uncertainty

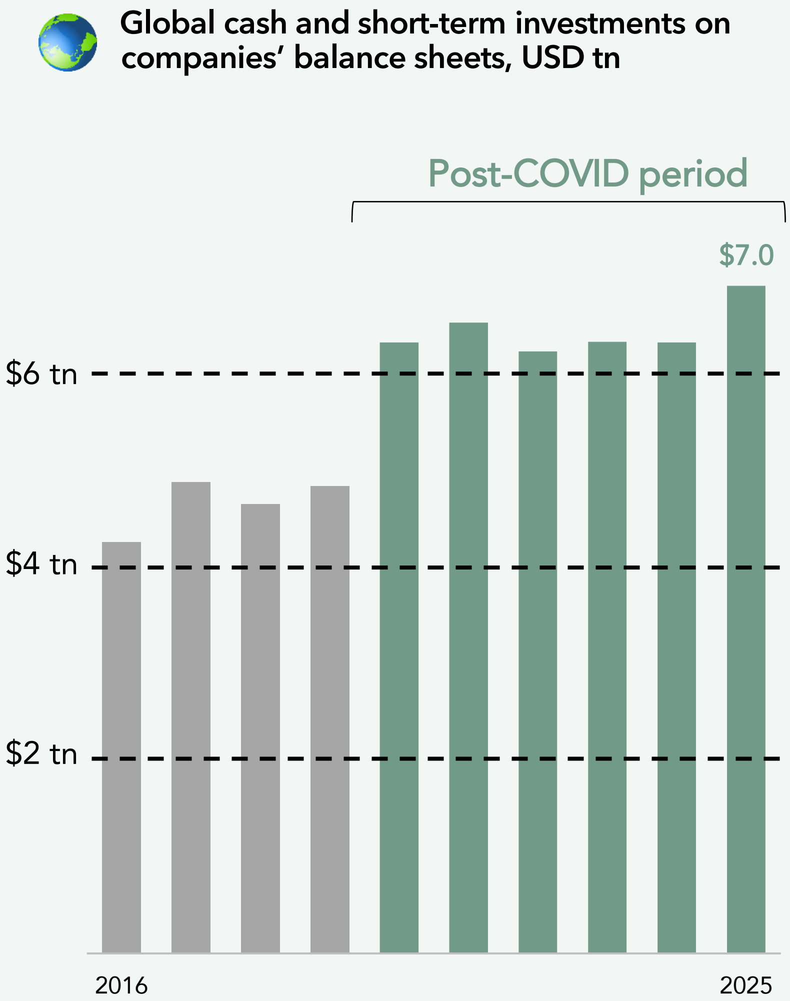
Defying elevated policy uncertainty and the largest trade war in a century, 74% and 73% of S&P 500 companies beat on earnings and revenue, respectively, in Q4 2025 – well above five-year averages.

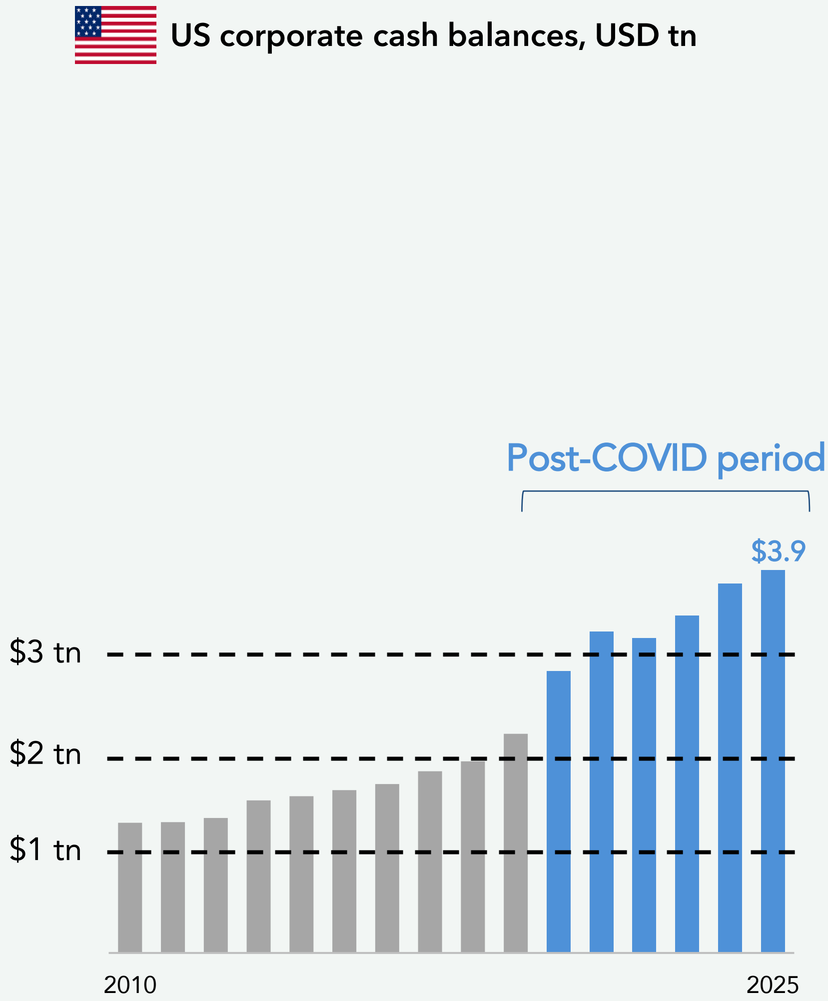
S&P 500 annual earnings growth, y/y



Source: (1) FactSet, Earnings Insight Report (April 10, 2026).

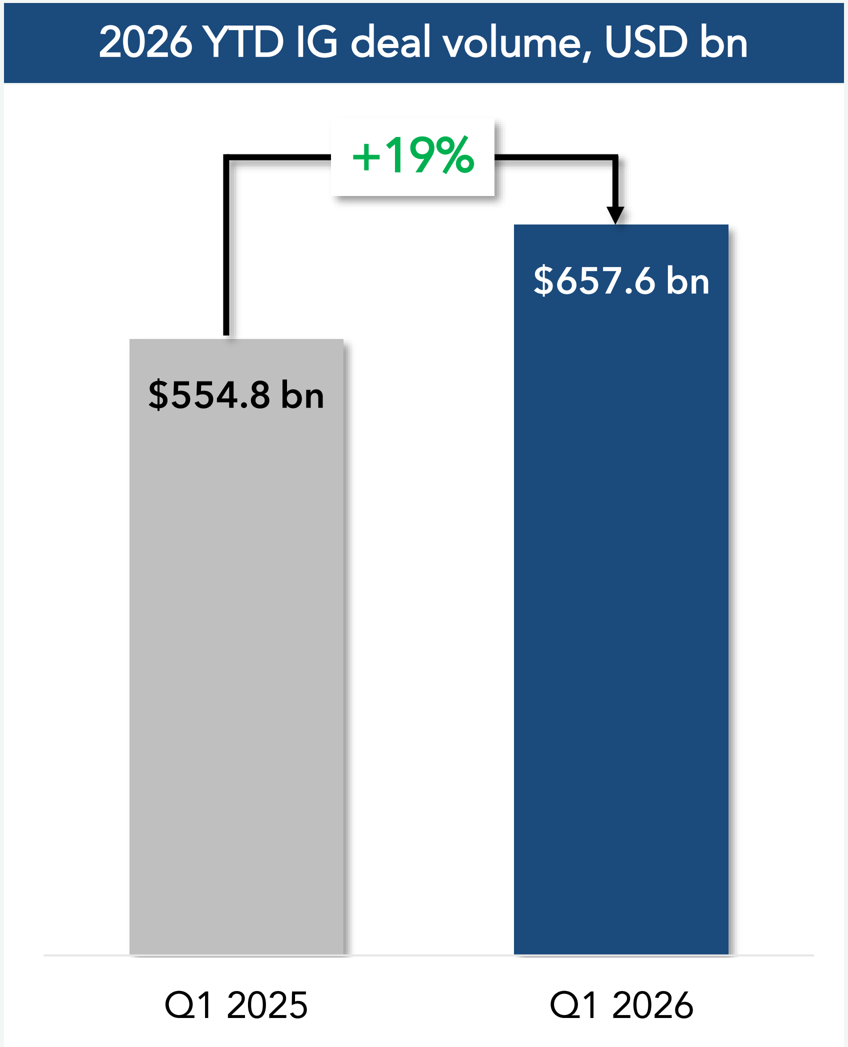
Corporate Balance Sheets Remain Strong

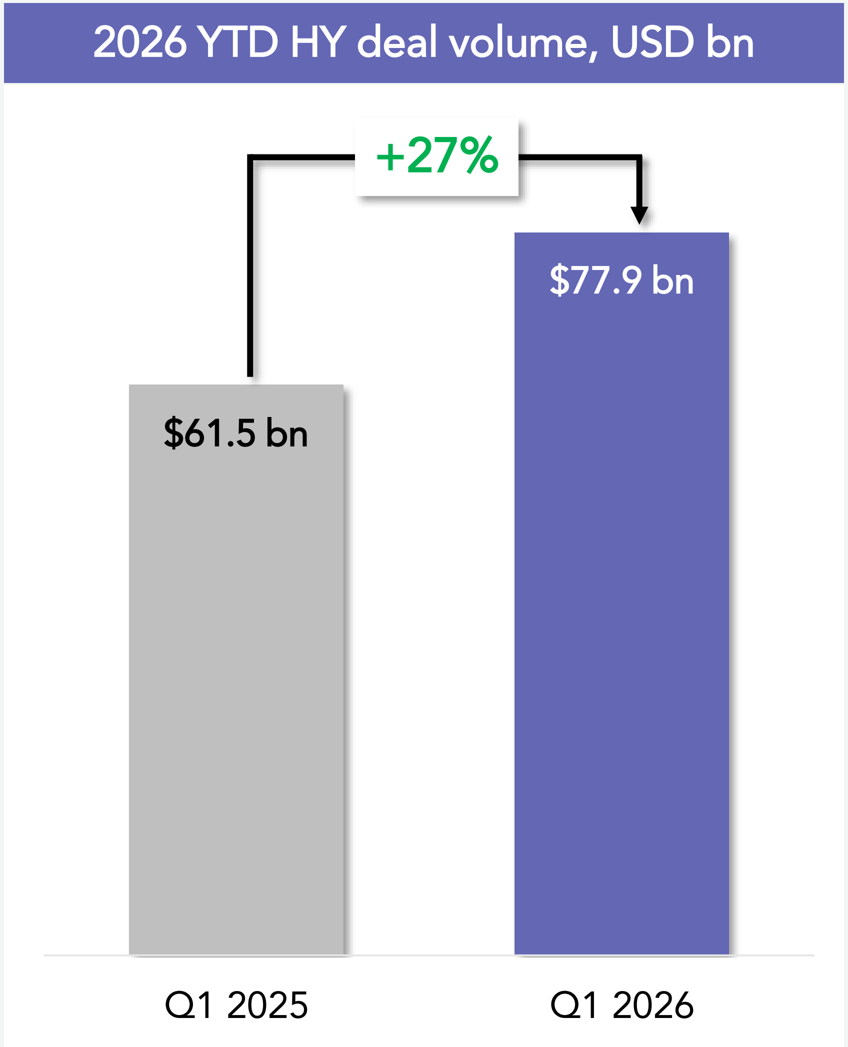




Source: (1) S&P Global Market Intelligence, S&P Global Ratings. Data through Q4 2025. Refers to nonfinancial corporates rated by S&P Global Ratings globally. (2) Federal Reserve. US corporate cash balance is nonfinancial corporate business foreign deposits, checkable deposits and currency, time and savings deposits, and money market funds. Data is latest through Q4 2025.

Corporate Financing Activity Remains Robust



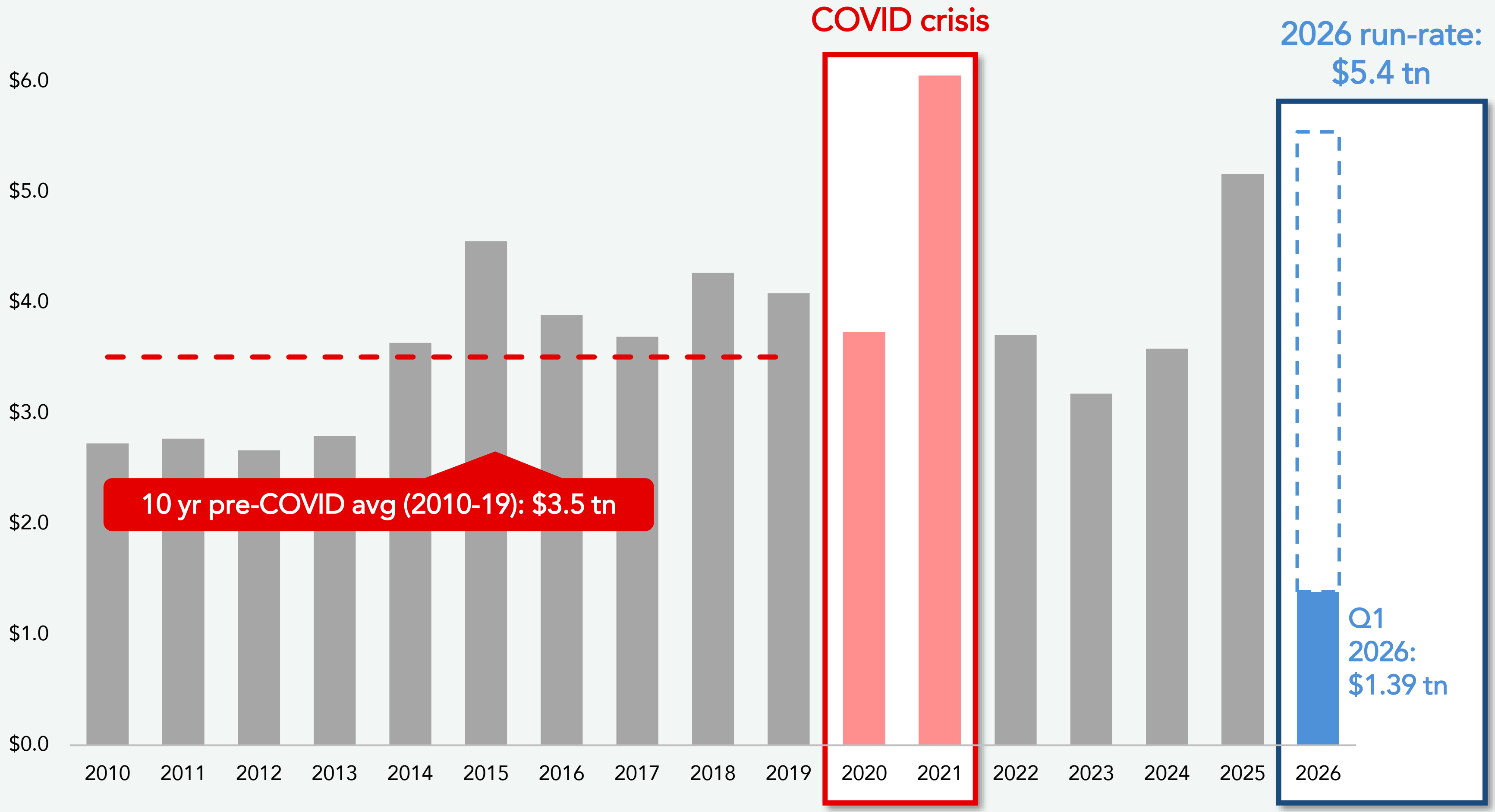


Source: (1-2) IG and HY bond data are CFR. 2026 YTD data through March 31, 2026.

2 Record Pace of Q1 Global M&A Volumes

Global M&A Continues its Torrid Pace

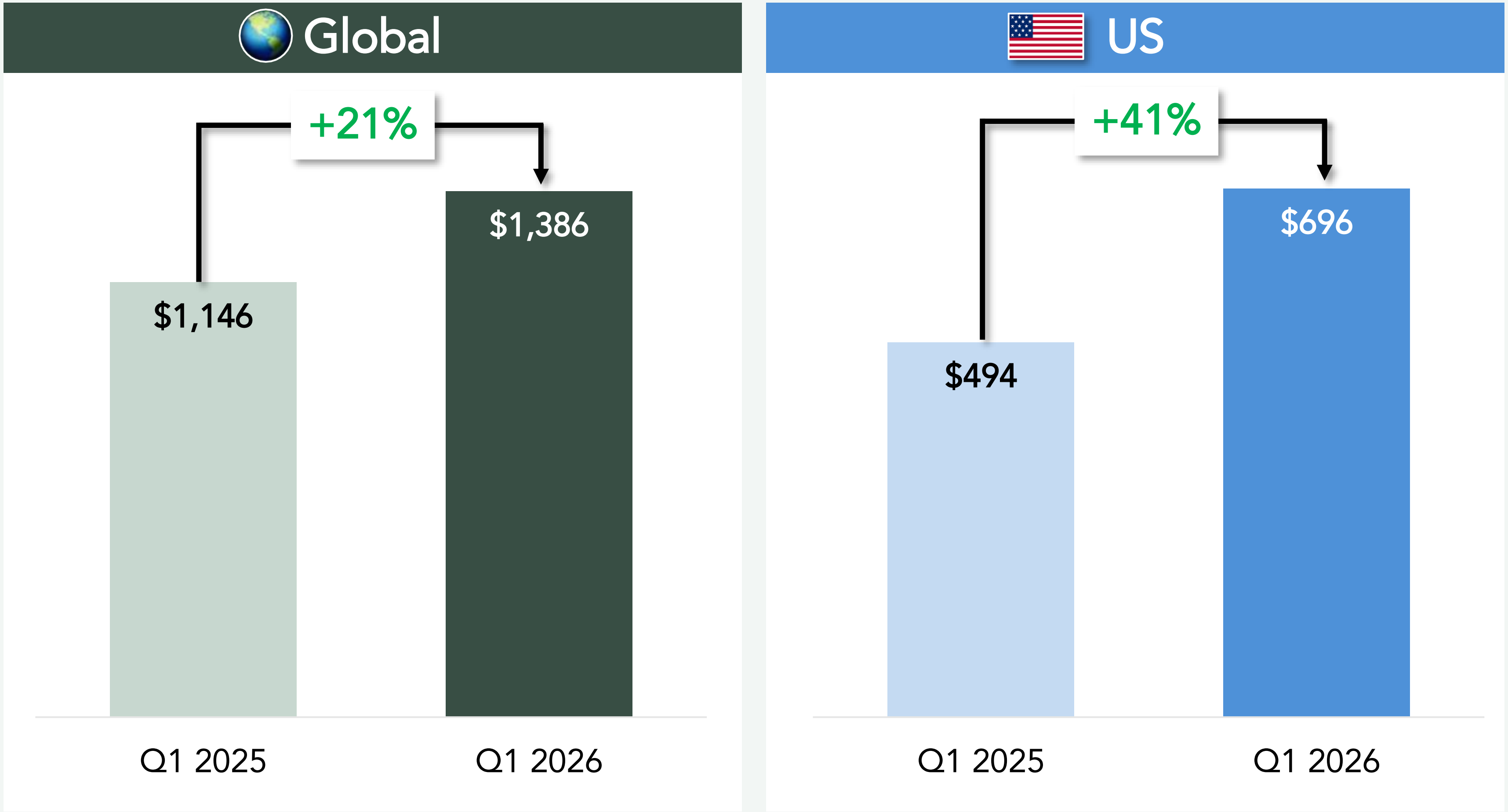
Annual global M&A volumes, USD tn



Source: (1) Dealogic. Cortex. Data through March 31, 2026, accessed on April 7, 2026.

Largest Q1 for Global M&A on Record

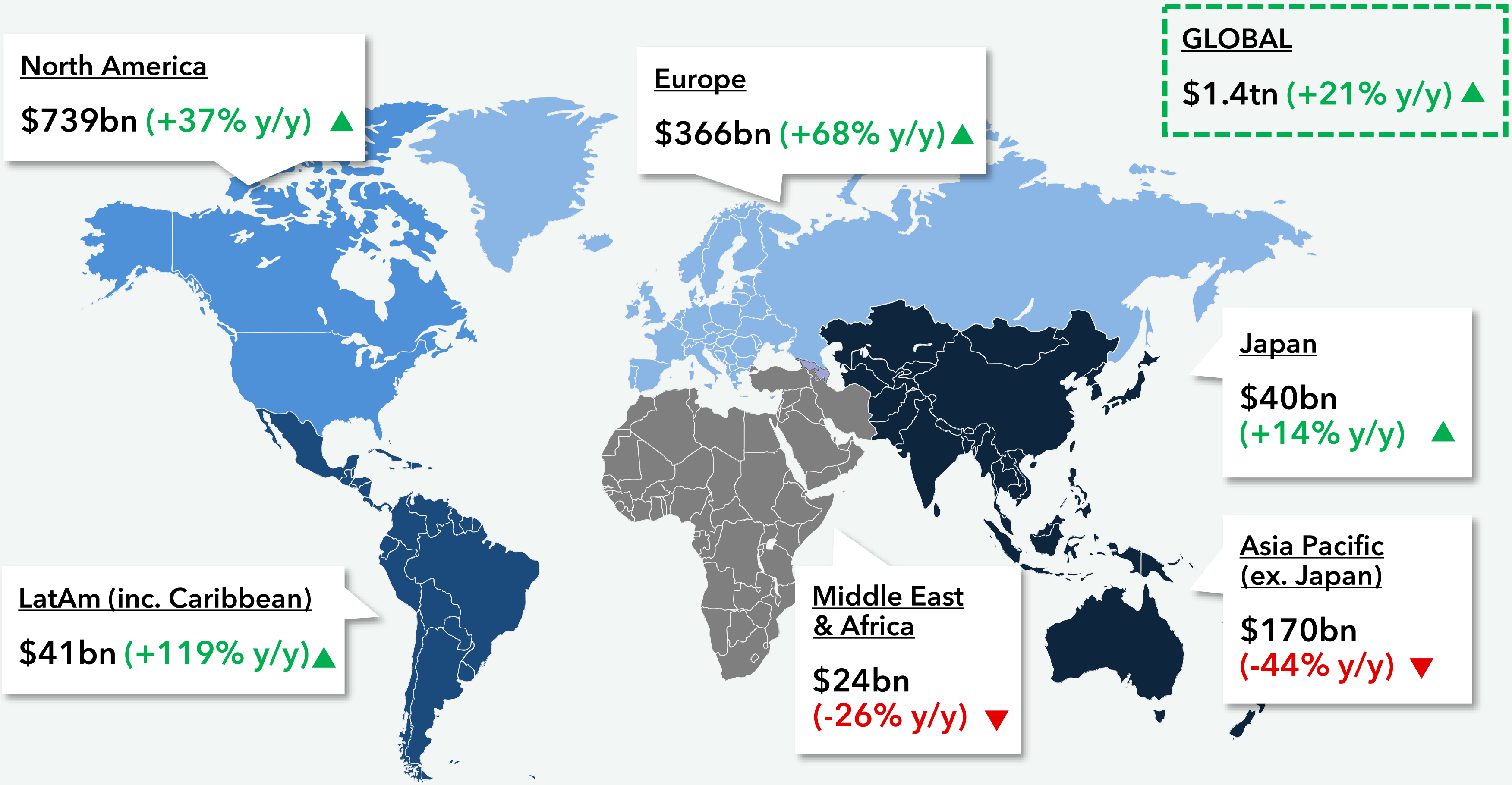
M&A volumes in Q1 2025 vs. Q1 2026 (USD, bn)



Source: Dealogic. Cortex. Data through March 31, 2026, accessed on April 7, 2026. Region is by target.

Q1 2026 Global M&A Activity by Region

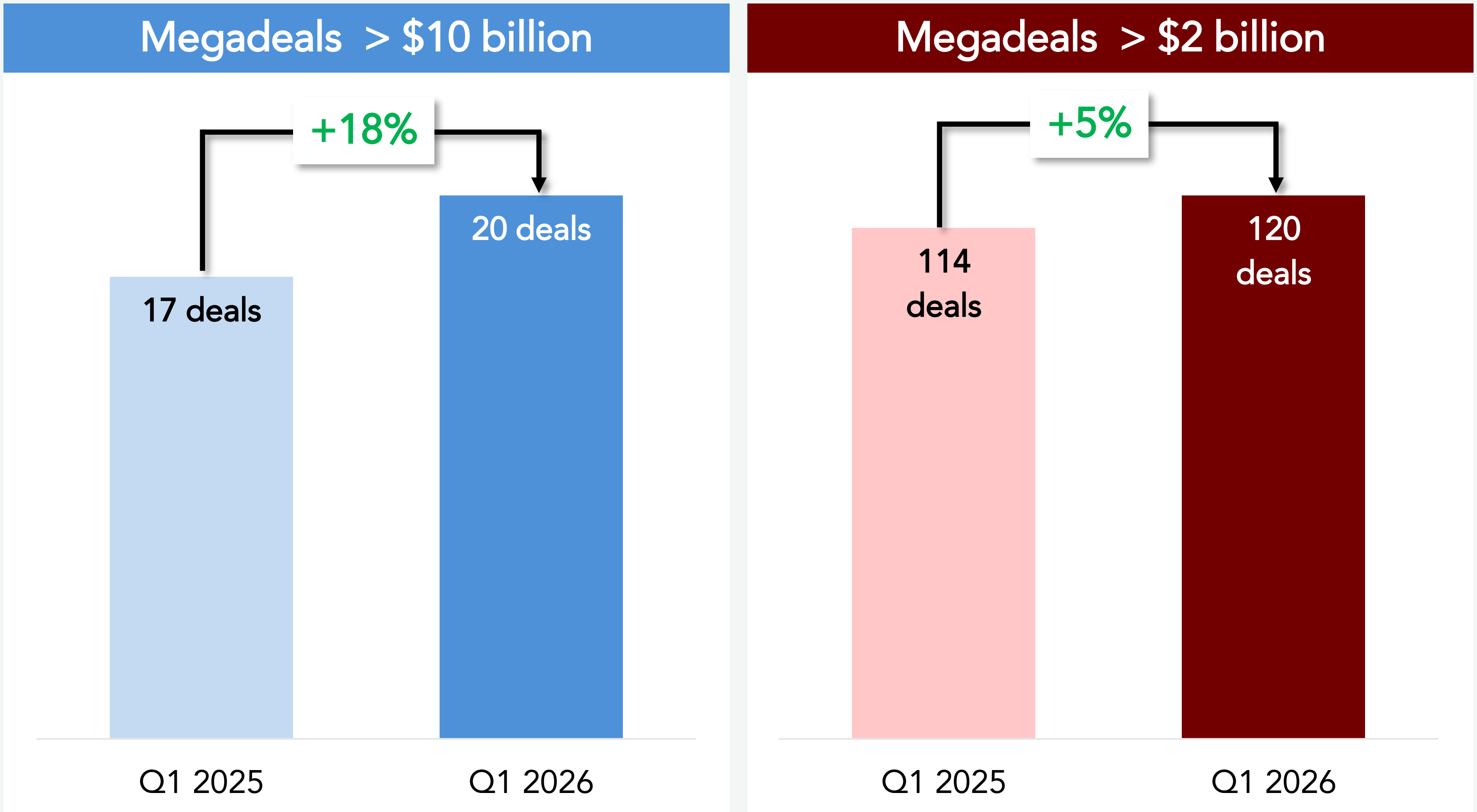
M&A volumes in Q1 2026 vs. Q1 2025 and y/y increase (based on target region)



Source: (1) Dealogic. Cortex. Data through March 31, 2026, accessed on April 10, 2026. Region is by target.

Megadeals Driving Resurgent Deal Activity

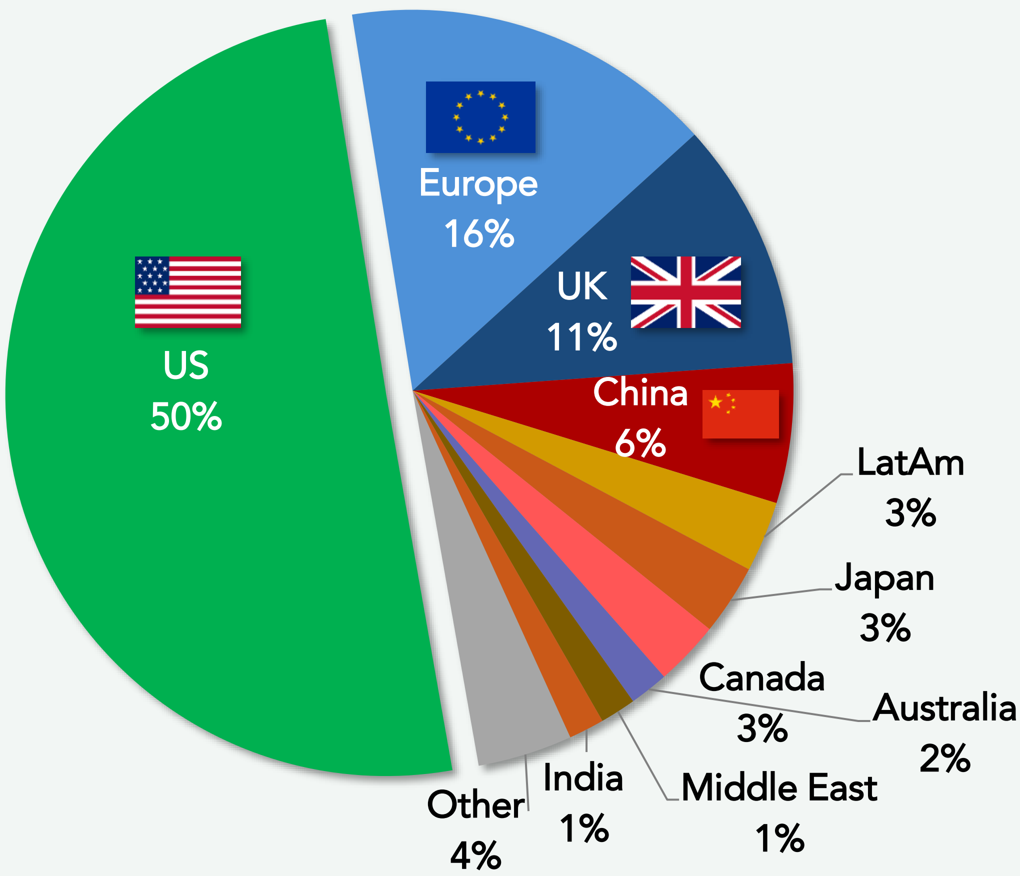
Global M&A Megadeals Q1 2025 vs. Q1 2026 (# of deals)



Source: Dealogic. Cortex. Data through March 31, 2026, accessed on April 7, 2026. Region is by target. Greater than or equal to $2bn and $10bn.

US 50% of YTD Deal Activity

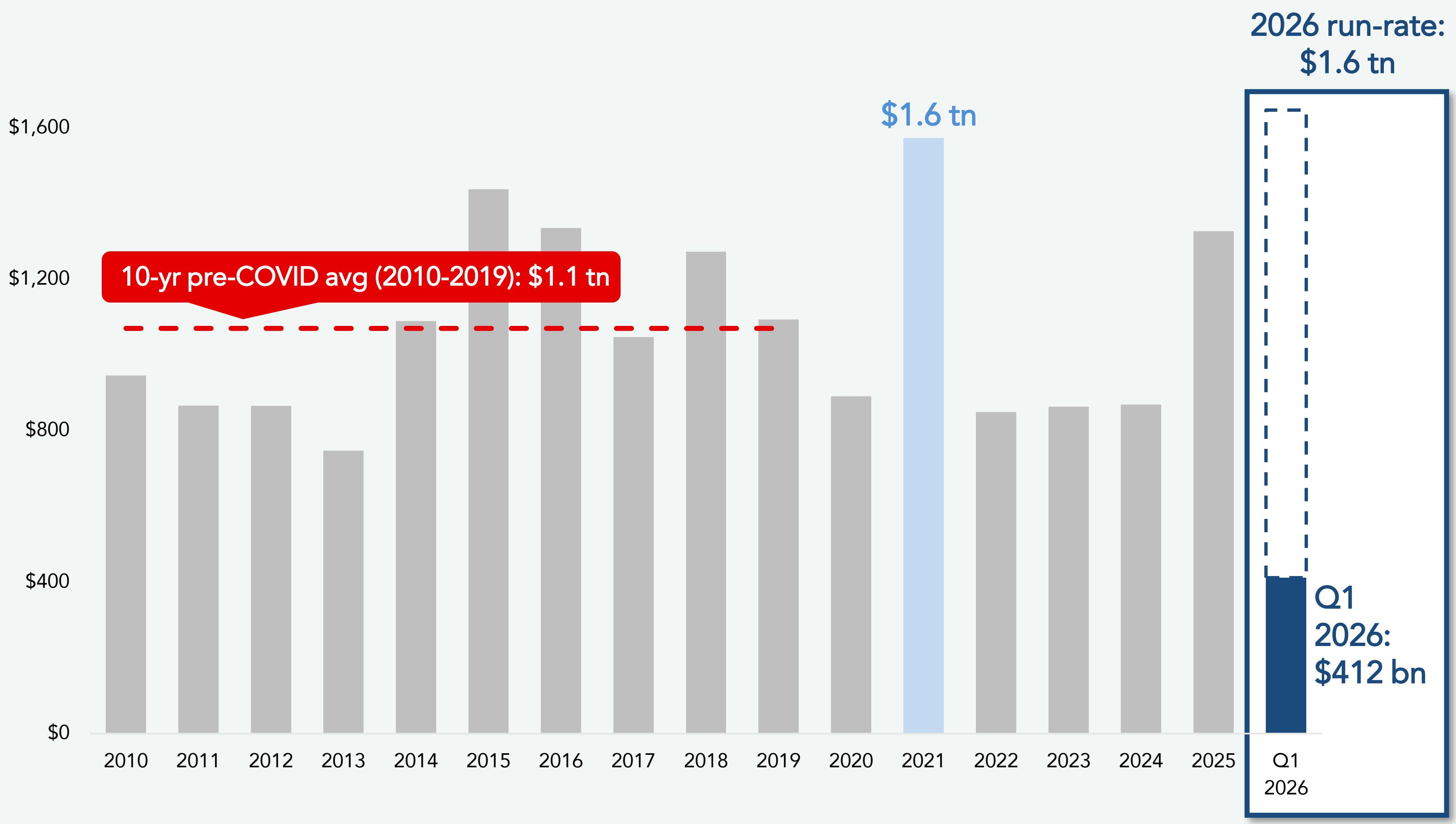
Global M&A activity, by region (Q1 2026)



Source: (1) Cortex. Dealogic. Data through March 31, 2026. Data accessed April 7, 2026. Includes rank eligible, M&A deals. China includes HK. By target region.

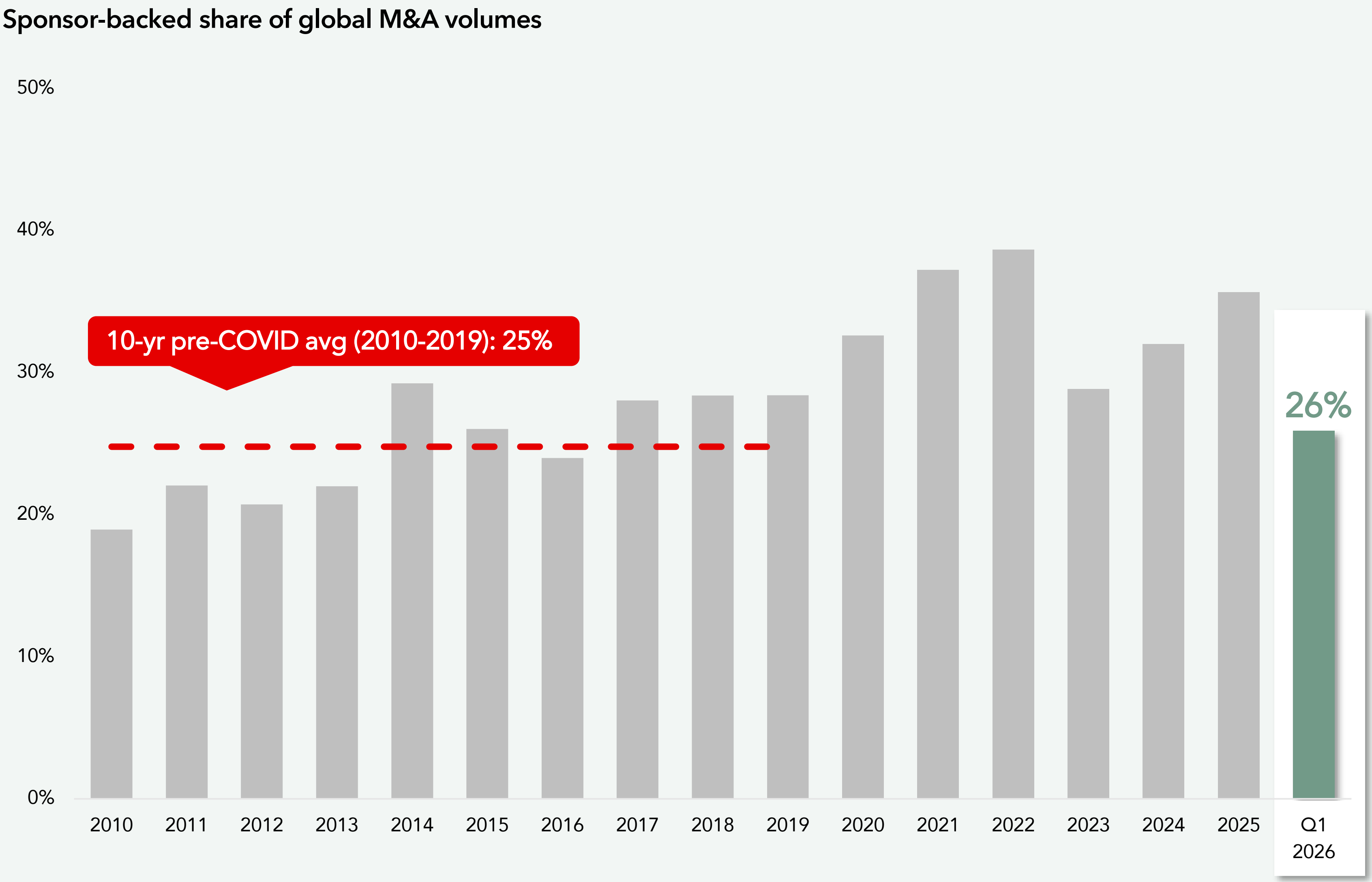
Cross-Border Resilience Despite Trade War

Global cross-border M&A volumes, USD bn



Source: (1) Cortex. Dealogic. Data through March 31, 2026. Data accessed April 7, 2026. Includes rank eligible, M&A deals.

Modest Slowdown in Private Equity Activity

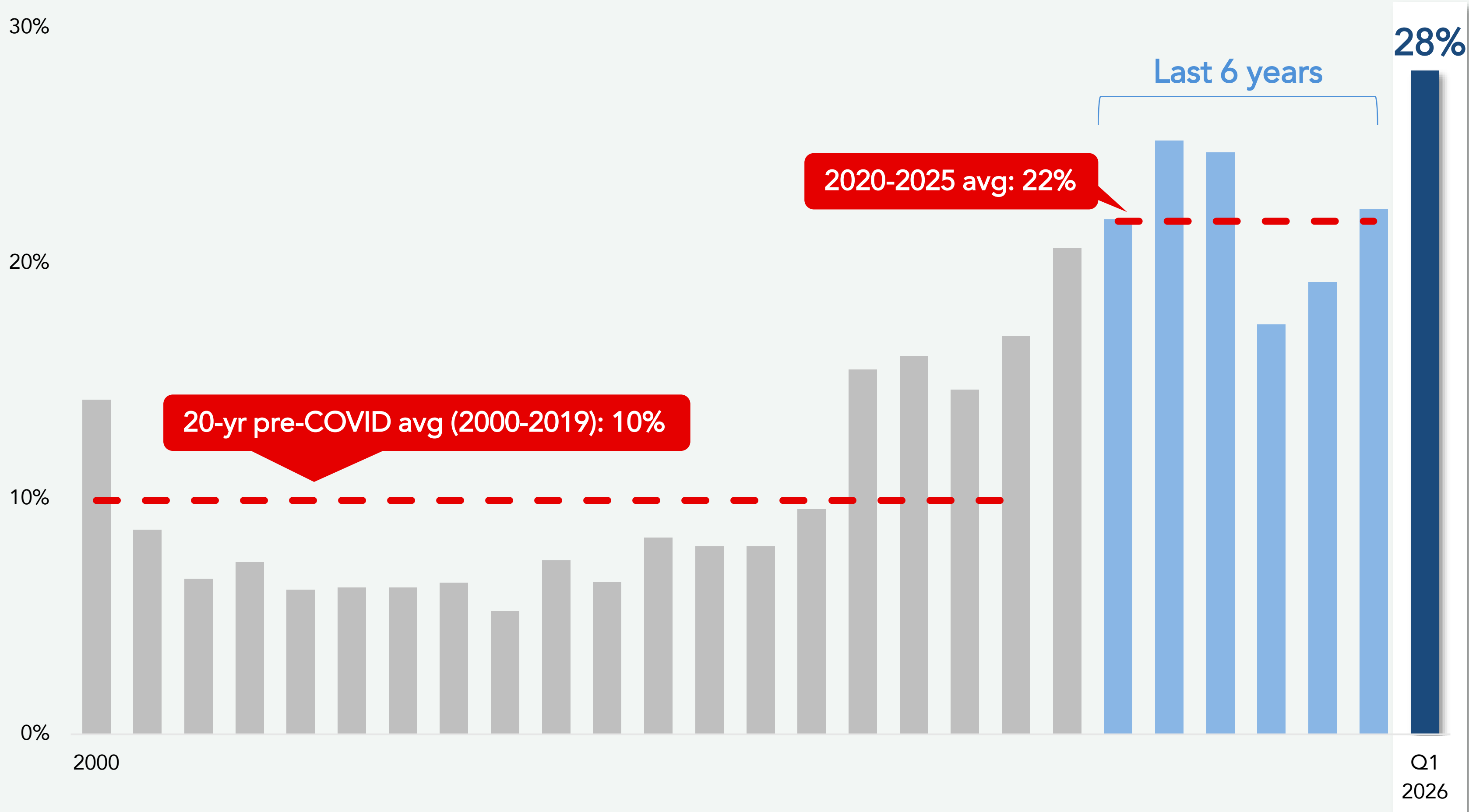


Source: (1) Cortex. Dealogic. Data through March 31, 2026. Data accessed April 7, 2026. Includes rank eligible, M&A deals.

3 Technology as Pervasive M&A Driver

Technology as Pervasive M&A Driver

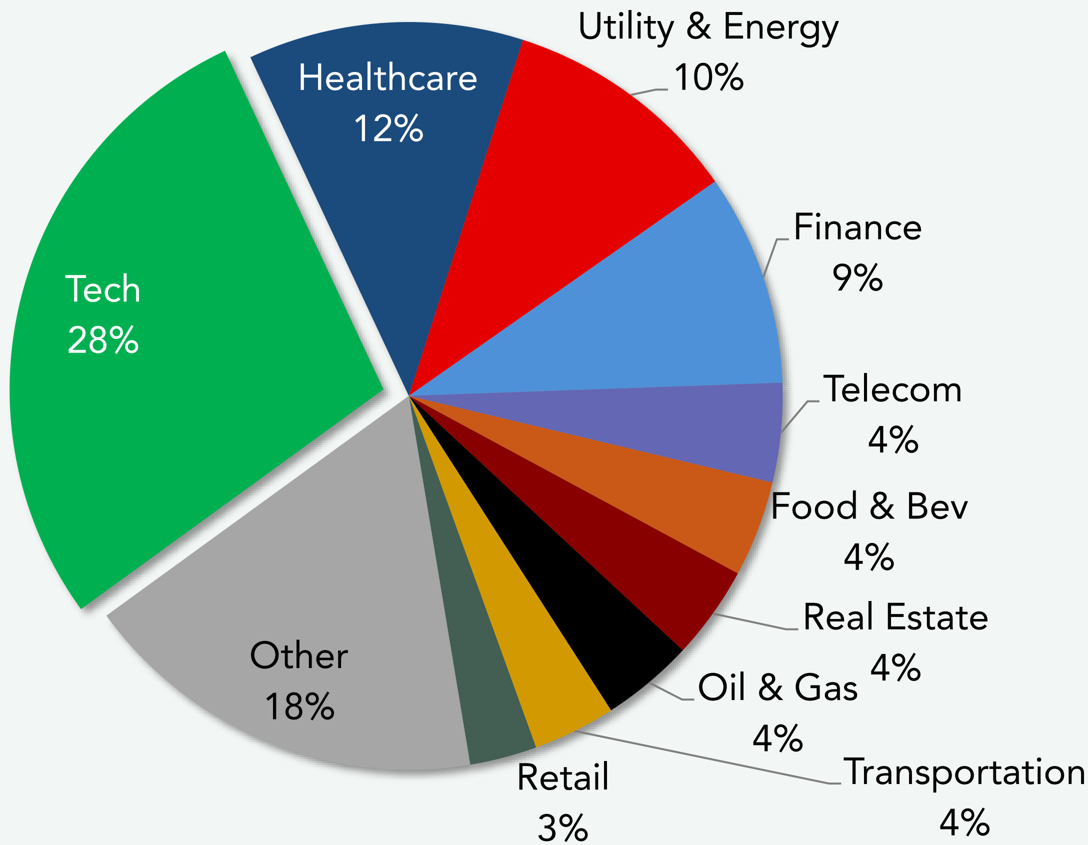
Tech as a % of global M&A



Source: (1) Cortex. Dealogic. Data is through March 31, 2026. Data accessed April 7, 2026. Includes rank eligible, M&A deals. Technology is computers and electronics as target sector.

Tech Sector Nearly 30% of YTD M&A

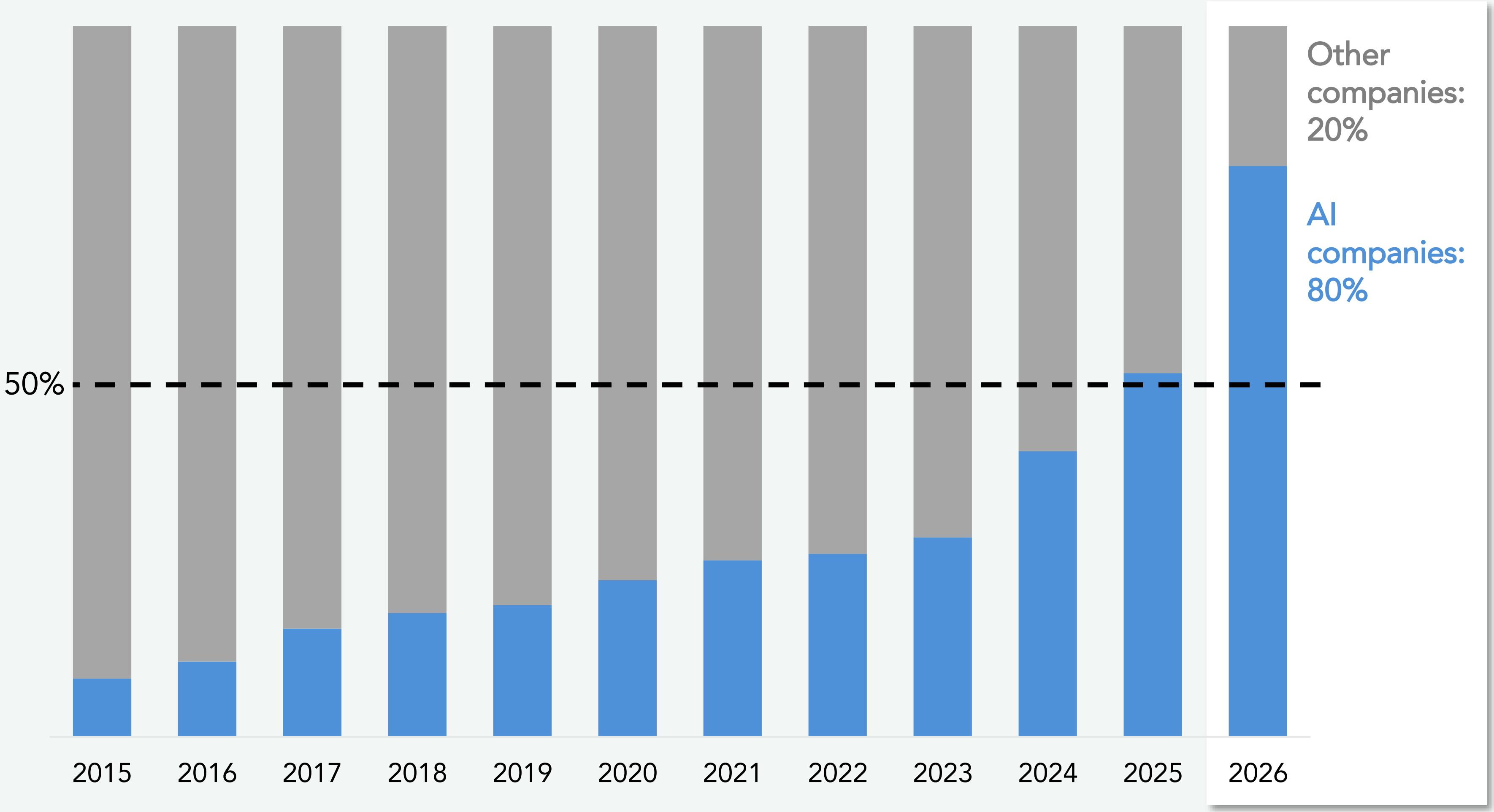
Global M&A activity, by sector (Q1 2026)



Source: (1) Dealogic. Cortex. Data through March 31, 2026, accessed on April 7, 2025.

Majority of Global VC Investment is Now AI

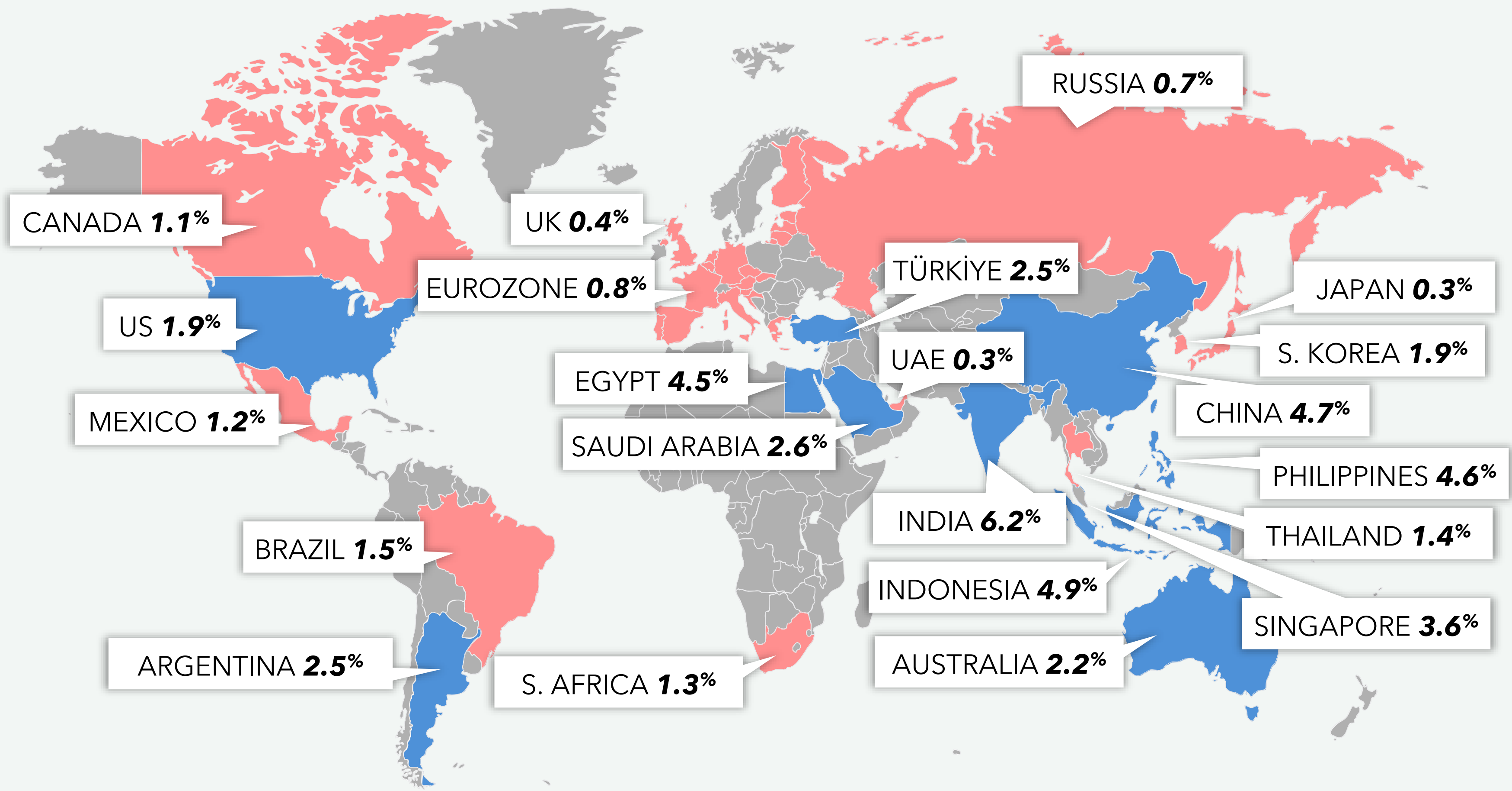
Share of global VC deal value, by company type



Source: (1) Pitchbook, "Q1 2026 Global VC First Look." Data through March 31, 2026.

Resilient Though Subdued Global Growth in 2026

2026 GDP growth, y/y



Source: (1) Oxford Economics. Data as of April 13, 2026.

2026 Global Growth Revised Lower

GDP growth forecasts, y/y (January 2026 vs. April 2026)

Region	Jan 2026	Apr 2026
North America		
US	2.5%	1.9%
Mexico	1.4%	1.2%
Canada	0.9%	1.1%
Eurozone	0.9%	0.8%
Spain	2.4%	2.4%
France	0.8%	0.7%
Italy	0.6%	0.4%
Germany	0.7%	0.3%
Other Europe		
Poland	3.8%	3.6%
Sweden	2.4%	2.2%
Norway	2.2%	1.2%
Denmark	0.6%	1.0%
Switzerland	0.9%	0.8%
Russia	(-0.1%)	0.7%
UK	1.0%	0.4%
LatAm	1.9%	1.8%
Colombia	3.0%	3.0%
Argentina	2.3%	2.5%
Chile	2.2%	2.0%
Brazil	1.6%	1.5%

Region	Jan 2026	Apr 2026
MENA		
Iran	2.1%	?
Israel	4.2%	3.1%
Saudi Arabia	4.3%	2.6%
UAE	4.5%	0.3%
Qatar	6.4%	(-17.4%)
Kuwait	3.4%	(-6.9%)
Oman	2.3%	1.9%
Bahrain	3.0%	(-4.6%)
Egypt	4.9%	4.5%
Türkiye	3.0%	2.5%
APAC		
India	6.5%	6.2%
Indonesia	5.1%	4.9%
China	4.5%	4.7%
Philippines	5.4%	4.6%
Singapore	3.1%	3.6%
Australia	2.5%	2.2%
South Korea	2.1%	1.9%
Thailand	1.5%	1.4%
Japan	0.7%	0.3%

Source: (1) Oxford Economics. Data as of April 13, 2026. Bahrain, Iran, Israel Jan 2026 forecast is Bloomberg consensus.

2026 Global Currency Forecasts

Currency pair	Spot (Apr 13)	Q2 2026	Q3 2026	Q4 2026	Q1 2027
EUR / USD	**1.17**	1.15	1.18	1.20	1.20
GBP / USD	**1.35**	1.31	1.33	1.35	1.33
USD / JPY	**160**	158	156	154	152
USD / CNY	**6.83**	6.85	6.83	6.80	6.78
AUD / USD	**0.71**	0.70	0.71	0.72	0.72
NZD / USD	**0.58**	0.58	0.59	0.60	0.60
USD / CAD	**1.38**	1.37	1.36	1.35	1.34
USD / NOK	**9.49**	9.74	9.58	9.50	9.50
USD / SEK	**9.25**	9.48	9.15	8.92	8.92
USD / CHF	**0.79**	0.79	0.77	0.76	0.77
USD / MXN	**17.34**	18.00	17.75	17.50	17.50
USD / BRL	**5.03**	5.30	5.35	5.25	5.20
USD / CLP	**901**	930	910	890	870

Source: (1) MUFG Foreign Exchange Monthly – April 2026. (Derek Halpenny). Bloomberg.

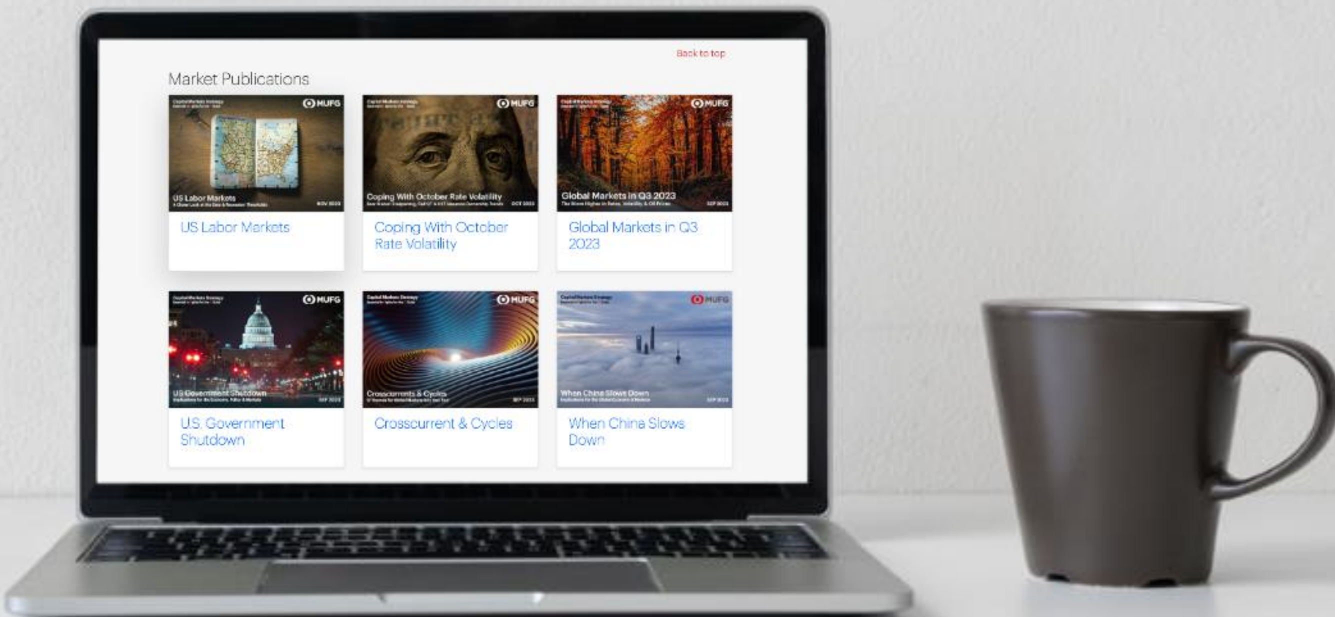
2026 MUFG Global Rates Forecasts

	Spot (Apr 13)	Q2 2026		Q3 2026		Q4 2026		Q1 2027	
		MUFG	Consensus	MUFG	Consensus	MUFG	Consensus	MUFG	Consensus
Fed Funds	3.75%	3.75%	3.69%	3.25%	3.52%	3.00%	3.37%	3.00%	3.32%
2 yr UST	3.78%	3.50%	3.55%	3.13%	3.47%	3.00%	3.42%	3.00%	3.37%
5 yr UST	3.92%	3.75%	3.76%	3.38%	3.70%	3.25%	3.68%	3.25%	3.65%
10 yr UST	4.30%	**4.00%**	**4.20%**	**3.88%**	**4.15%**	**3.75%**	**4.14%**	**3.75%**	**4.13%**
30 yr UST	4.90%	4.75%	4.78%	4.38%	4.70%	4.25%	4.68%	4.25%	4.67%

Source: (1) MUFG Global Macro Research (George Goncalves). Bloomberg. Data as of April 13, 2026. Fed funds is upper bound.

LEARN MORE

Click or scan the QR code to view past reports, policy notes and more.



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.

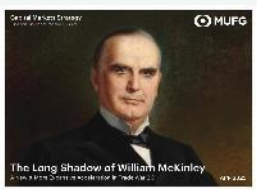
Experience

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.

Click or scan the QR code to view past reports, policy notes and more.



Disclaimer

The information herein provided is for information purposes only, and is not to be used or considered as investment research, a proposal or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Neither this nor any other communication prepared by MUFG Bank, Ltd. (“MUFG Bank”), MUFG Securities Americas Inc., or other MUFG group companies (collectively, "MUFG") is or should be construed as investment advice, a recommendation or proposal to enter into a particular transaction or pursue a particular strategy, or any statement as to the likelihood that a particular transaction or strategy will be effective in light of your business objectives or operations. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. In any event, any decision to enter into a transaction will be yours alone, not based on information prepared or provided by MUFG. MUFG hereby disclaims any responsibility to you concerning the characterization or identification of terms, conditions, and legal or accounting or other issues or risks that may arise in connection with any particular transaction or business strategy. MUFG is not acting and does not purport to act in any way as an advisor or in a fiduciary capacity.

Certain information contained in this presentation has been obtained or derived from third party sources and such information is believed to be correct and reliable but has not been independently verified. While MUFG believes that factual statements herein and any assumptions on which information herein are based, are in each case accurate, MUFG makes no representation or warranty regarding such accuracy and shall not be responsible for any inaccuracy in such statements or assumptions. Note that MUFG may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and/or analytical methods of the analysts who prepared them, and MUFG is under no obligation to ensure that such other reports are brought to your attention. Furthermore, the information may not be current due to, among other things, changes in the financial markets or economic environment and MUFG has no obligation to update any such information contained in this presentation. This presentation is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Any prices provided herein (other than those identified as being historical) are indicative only and do not represent firm quotes as to either price or size. This presentation has been prepared by members of our capital markets strategy team and does not necessarily represent the MUFG “house” view.

This presentation is proprietary to MUFG Securities and may not be quoted, circulated or otherwise referred to without our prior written consent. Notwithstanding this, MUFG Securities shall not be liable in any manner whatsoever for any consequences or loss (including but not limited to any direct, indirect or consequential loss, loss of profits and damages) arising from any reliance on or usage of this presentation and accepts no legal responsibility to any investor who directly or indirectly receives this material.

IRS Circular 230 Disclosure: MUFG Securities does not provide tax advice. Accordingly, any discussion of U.S. tax matters included herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone not affiliated with MUFG Securities of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

The MUFG logo and name is a service mark of Mitsubishi UFJ Financial Group, Inc., and may be used by it or other MUFG group companies for branding or marketing purposes. Group companies include MUFG Bank, MUFG Americas Capital Leasing & Finance, LLC, Mitsubishi UFJ Trust and Banking Corporation, MUFG Securities Americas Inc., and deposit activities performed by banking affiliates of MUFG, including, in the United States, MUFG Bank.

MUFG Bank is NOT a member of the FDIC and its deposit products are NOT insured by the FDIC or by any other government agency.