

INVESTMENT BANKING AUGUST 11

M&A on track for record year despite market turbulence and tariffs

Global deals hit \$2tn in H1, with the number of deals rising 14% according to PitchBook

by Sally Hickey



Global M&A activity surged in H1, defying tariffs and economic uncertainty with a 16% year-on-year rise in value © AFP via Getty

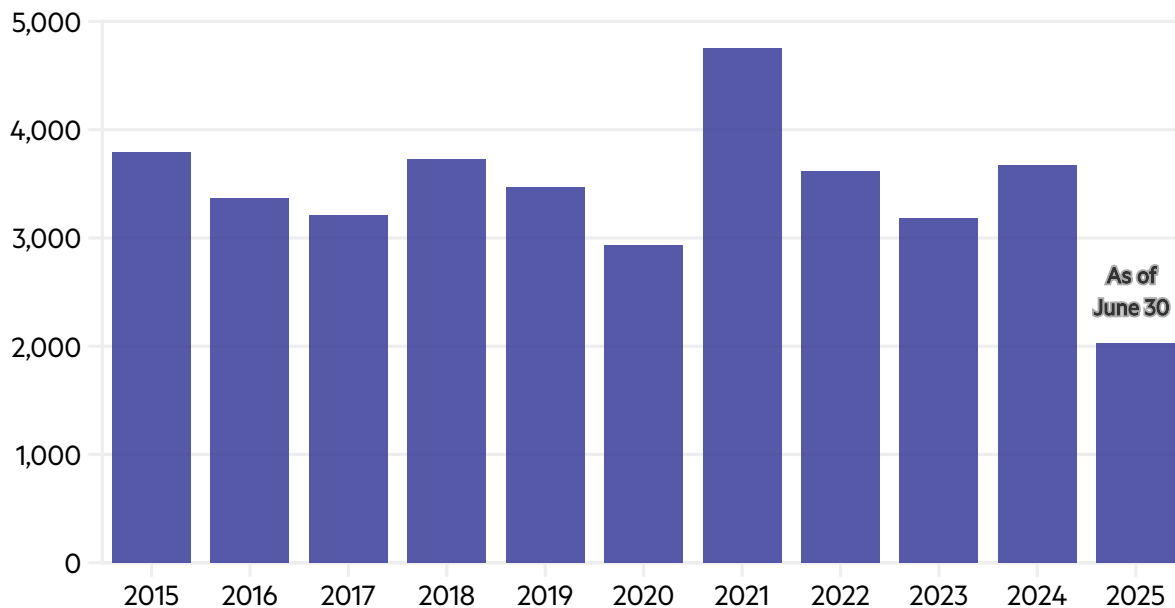
The global M&A market is on track for a record year despite the impact of tariffs, recession and geopolitical instability. The total value of global deals in the first half of the year hit \$2tn, a 16 per cent

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The health of the deals market continued in the face of shockwaves caused by US President Trump's unprecedented tariffs, many of which were introduced in February this year, kick-starting a trade war which was followed by swift climbdowns and reversals by the White House.

Global M&A is on track for a record year

Total global deal value, \$bn



Source: PitchBook

The [chaotic rollout](#) of these tariffs, which included a 10 per cent tariff on goods imported from a group of uninhabited islands near Antarctica, prompted fears of a forced reorganisation of global trade.

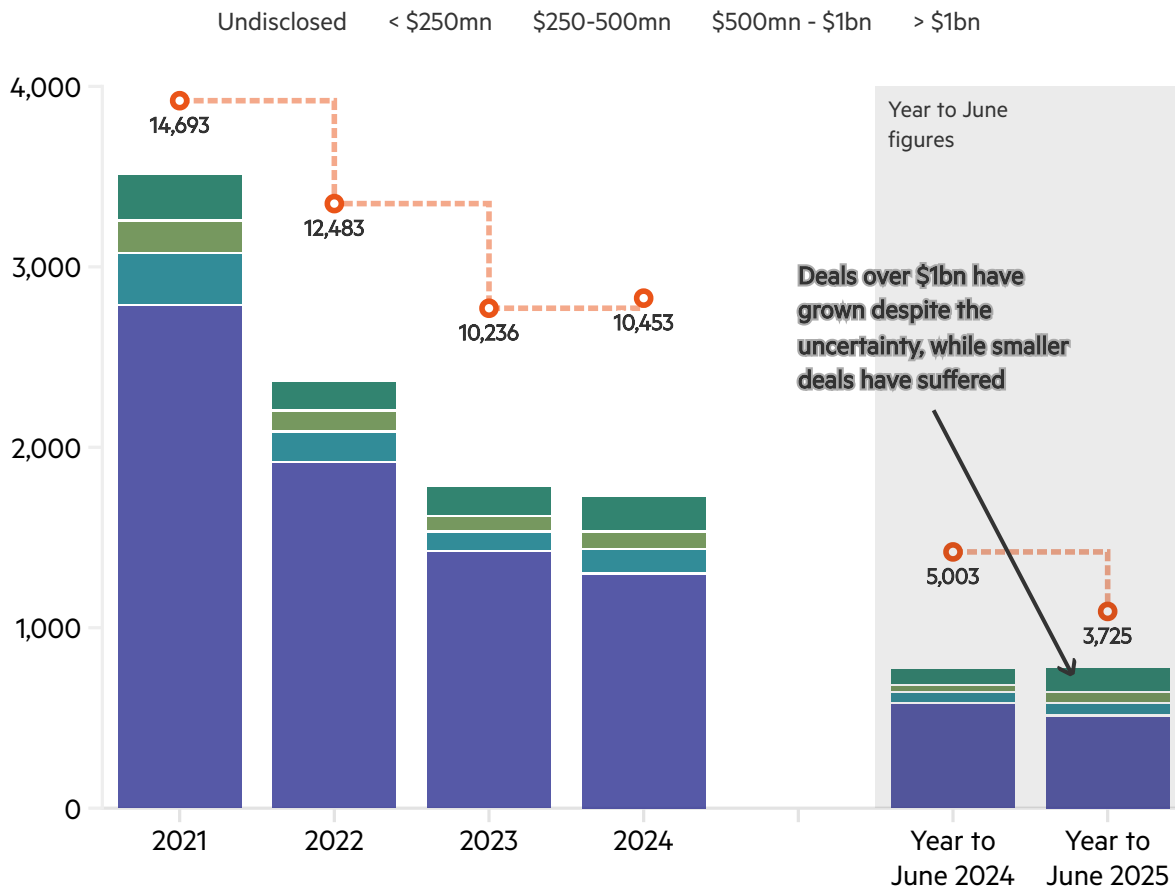
The turbulence was shortlived, however, with Trump quickly backing down from the most severe tariffs. The US economy is now

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During that uncertainty the M&A market in the US remained resilient, with the number of transactions worth more than \$1bn soaring by 44 per cent in the first half of the year, according to PitchBook.

US M&A deals have remained resilient in the face of tariffs

Number of transactions by deal size



Source: PitchBook

But smaller deals suffered more from the volatility, with the volume of deals worth below \$250mn in the US dropping by 12 per cent in the half year, as smaller companies suffered from the outsized impact of uncertainty on their costs.

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said Michael Mufson, managing partner at Mufson Howe Hunter.

“Smaller businesses typically have weaker balance sheets and limited liquidity, making it difficult to withstand prolonged downturns. While large companies may be able to operate at a loss for an extended period of time, smaller firms don’t have that luxury,” he said.

“The impact of external pressures like rising tariffs can be much more severe when you don’t have the financial cushion to absorb them.”

Mufson said he is “guardedly optimistic” about the second half of the year, with a “silver tsunami” of baby boomer-owned businesses needing to cash in, as well as a “growing backlog” of middle market, private equity-owned companies looking for exits.

“Fortunately, this dynamic is supported by over \$1tn in private equity dry powder seeking quality investments and half a billion in private credit focused on the middle market,” he added.

Banking M&A in Europe in particular will benefit from continuing strong structural trends, Fitch said in a report this week, which will remain focused on domestic acquisitions. Although political intervention poses a barrier to cross-border M&A, stronger finances and a motivation to increase scale and diversification amid limited growth opportunities are driving a wave of deals.

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entities seeking scale and improved efficiency,” Fitch said, warning that acquisitions can sometimes significantly deplete capital or expose buyers to risks, weighing on credit profiles.

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Somewhat

Very Insightful

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