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M&A in a period of turbulence

PART OF OUR REPORT

Global M&A Insights: Lateral thinking in fast-moving markets

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Macroeconomic volatility, shifting trade policies, and regulatory change continue to shape the dealmaking landscape. Here we explore the challenges and opportunities for buyers and sellers navigating uncertain markets.

The rapidly changing macro landscape through the first six months of the year has made M&A deals, challenging to execute. Global M&A by value stood at USD1.6 trillion during the first half of the year, which although higher than during the same period last year masks a significant drop between Q1 and Q2. The 18% fall in deal value over this period was the biggest quarterly drop for three years, while deal volumes for H1 were the lowest since H1 2020 at the height of the COVID-19 lockdown.

Global M&A activity

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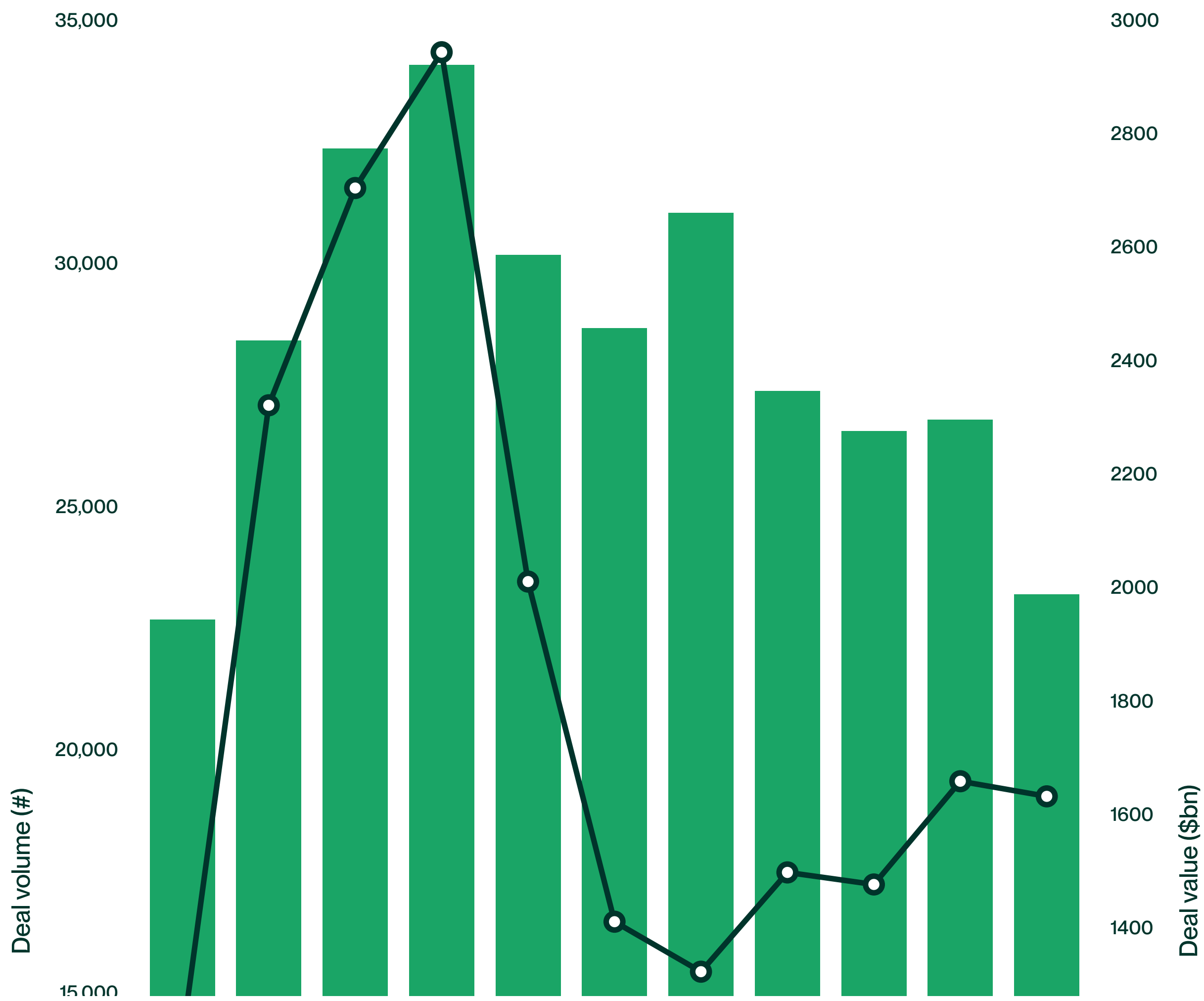
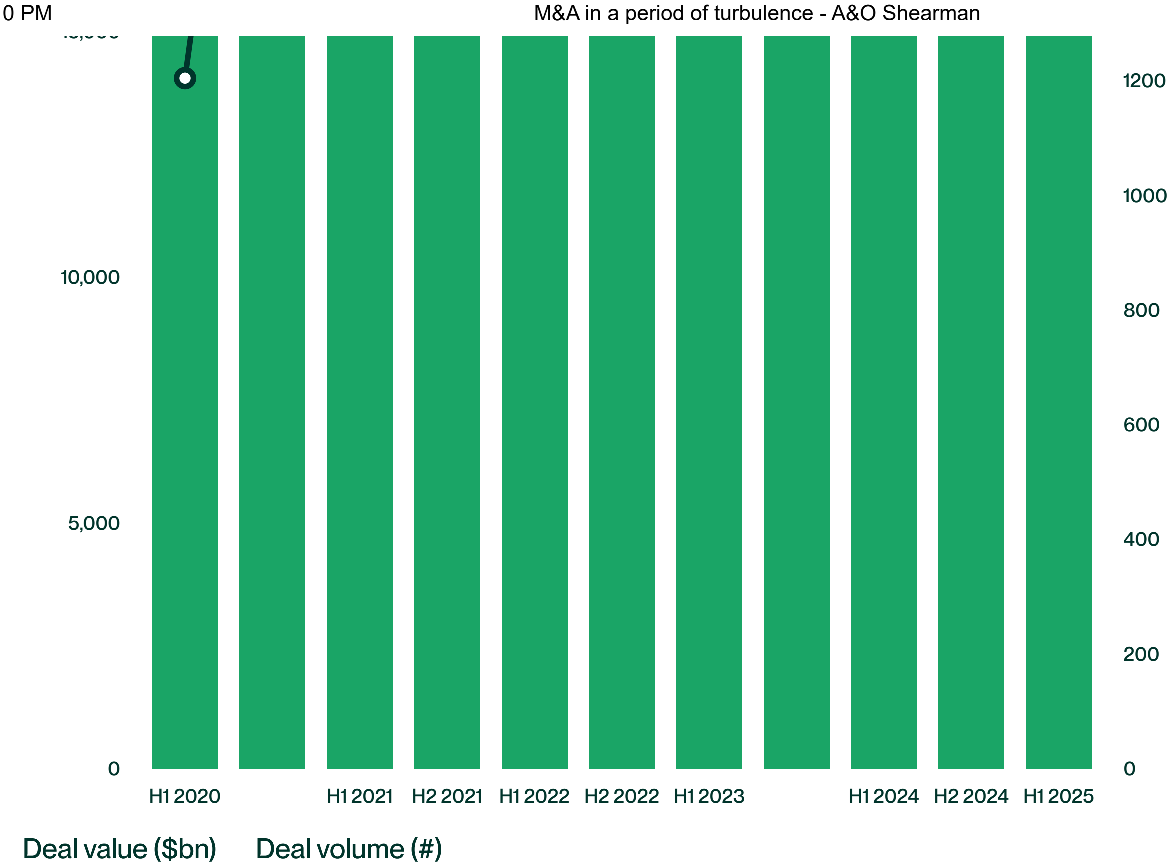
Global M&A by value for H1 2025 remained relatively robust compared to previous periods, but deal volumes were lower than at any point since H1 2020.

Macro uncertainty drives deal count lower

Global M&A volume in H1 2025 lowest since COVID-19 pandemic





Source: Refinitiv • Data correct to June 30

Dealmakers attempting to price assets have been forced to adjust their revenue and cost projections around the impact of significant shifts in trade policy, while in public markets, equity price volatility has acted as a barrier to stock-for-stock deals.

Boards have been reluctant to put businesses up for sale if they are not assured of finding a buyer at an acceptable price. Meanwhile, long periods between signing and closing deals exacerbate the prevailing nervousness as conditions change seemingly by the day.

Private equity funds pursue opportunities

Private equity buyers are affected by these forces but are still looking to do deals. Lower stock prices in some jurisdictions are creating opportunities for take-privates, especially in the mid-market segment (businesses valued at below USD1 billion). We may also see PE firms exploring distressed acquisitions where firms are unable to ride out the uncertainty.

As far as leveraged finance is concerned, private credit providers are stepping in to support acquisitions that banks are unable to fund. In terms of sponsor financing, while issuance of broadly syndicated loans is subdued, there is liquidity available in the unitranche market.

Sectoral dynamics and regulatory shifts

Unsurprisingly, the shifting trade landscape is weighing heaviest on acquisitions of businesses with complex cross-border supply chains, for example in logistics, shipping and manufacturing. However, interest has remained strong in infrastructure assets, where revenue streams are more predictable, and in industries where there are few substitutes, such as pharma, minerals and ultra high-tech such as AI, nanotechnology and advanced materials. Likewise financial institutions M&A—particularly among banks and insurers—should continue given the strong fundamental drivers for consolidation.

Overhaul of U.S. merger notification regime

As dealmakers are adapting to this new landscape, they are also having to contend with a major change to the Hart-Scott-Rodino pre-merger notification regime in the U.S., via which parties file details of proposed transactions with the Department of Justice Antitrust Division (DOJ) or the Federal Trade Commission (FTC) when seeking U.S. antitrust approval of their transactions.

The previous regime had remained unchanged for nearly 50 years, but in response to a growing unease among the federal agencies that they were receiving too little information to assess whether certain transactions warranted an investigation, a new filing form has been introduced.

The changes place a significantly higher burden on parties in terms of the data they need to provide and include a requirement for affirmative statements around potential overlaps and the strategic rationale for transactions. The antitrust agencies are also requesting additional information on non-compete agreements and other types of employee practices under their new Antitrust Guidelines for Business Activities Affecting Workers, creating a further challenge for organizations to navigate.

The new regime is more time-consuming and costly to navigate, particularly for multinationals that have complex operations in multiple sectors and markets. As a result, many organizations that are frequent M&A participants have used the period since the changes were introduced to invest in processes that enable them to compile the necessary data in preparation for future deals.

For further information on how the U.S. administration is impacting merger reviews, read out latest analysis.

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