



# Equity market update and IPO compass

Capital Markets team



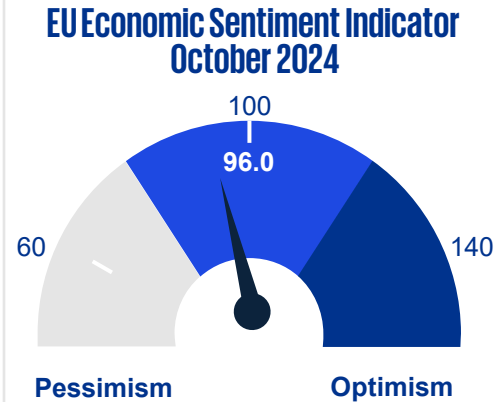
November 2024



# Executive summary

**25 bps** ↓

On 17 October, the ECB cut rates by 25 basis points to 3.25% (deposit facility), marking the first consecutive month-to-month cut in 13 years and signalling a new easing phase. Internal discussions have now switched their focus to growth risks.

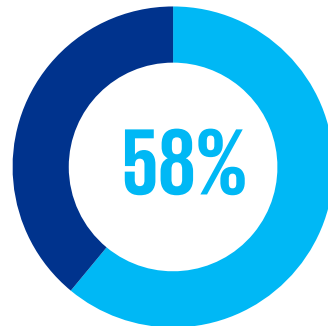


“Following the result of the US election, the outlook for the IPO market appears increasingly optimistic.”



**Ralf Pfennig**

Partner  
Head of Deal & Capital  
Markets Services



Most (58.3%) of the IPO pipeline consists of Consumer Cyclical, Information Technology and Industrials companies (GICS<sup>1</sup> sectors).

 **+ 50bps**

The market now anticipates fewer Fed rate cuts in the coming months, as shown by a 50-basis point increase in the 10-year US Treasury yield in October.



Assess whether your business is ready to go public at:

**Initial Public Offering (IPO) | KPMG Atlas**

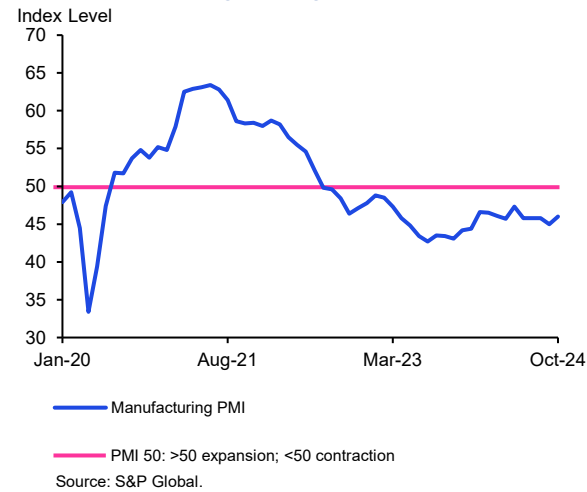
Note: 1) See slide 7 for sector definitions.

# Macro environment and outlook

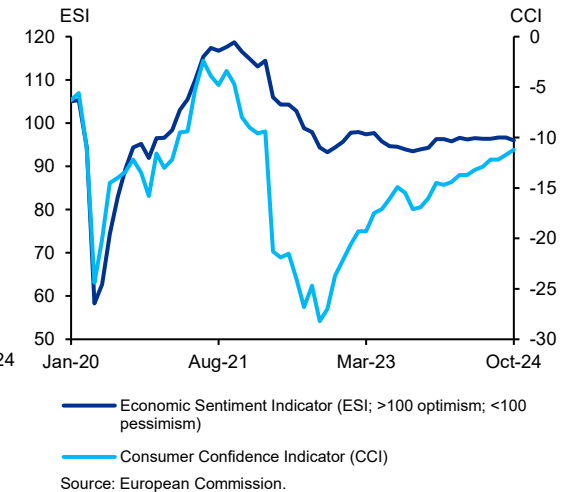
On 17 October, the European Central Bank (ECB) cut its key rates by 25 basis points, marking the first consecutive month-to-month rate cut in 13 years. This brought the deposit facility to 3.25%, signalling a new phase in the easing cycle. The discussions within the ECB are increasingly shifting toward growth risks, with some officials preferring gradual 25-basis-point cuts while some support more substantial adjustments to mitigate economic downturn. Germany, Europe's largest economy, saw a significant drop in service sector activity and persistently low confidence levels, despite hints of stabilisation. Nevertheless, Eurozone Q3 GDP grew by 0.4%, surprising to the upside, with Germany contributing positively.

In the US, the Federal Reserve (Fed) was initially expected to cut interest rates by successive 25-basis point steps in each of its November and December meetings, but the market now anticipates fewer rate cuts in the coming months, indicated by a 50-basis-point increase of the 10-year US Treasury yield in October. The shift in market expectations was predominantly driven by strong labour market data, persistent inflation and election dynamics, which, taken together, lower the chances of rate cuts, with many investors expecting that a Trump presidency could drive both higher growth and inflation.

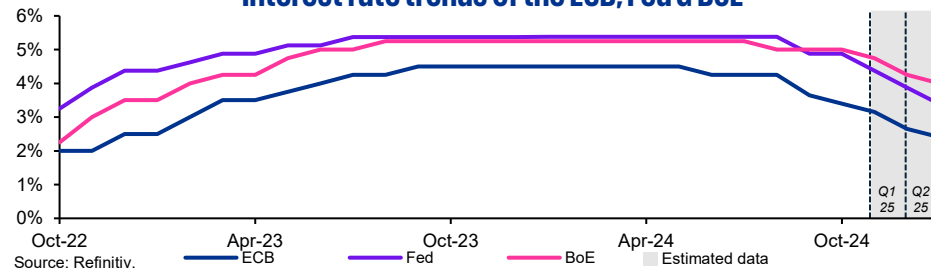
## HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI) <sup>4</sup>



## EU Economic Sentiment & Consumer Confidence <sup>4</sup>



## Interest rate trends of the ECB, Fed & BoE <sup>1</sup>



## Real GDP growth <sup>2</sup>

	2023	2024E	2025E
United States	2.9%	2.6%	1.8%
Germany	-0.1%	0.0%	0.9%
United Kingdom	0.3%	1.0%	1.4%
Eurozone	0.5%	0.7%	1.3%
China	5.2%	4.8%	4.5%
Japan	1.7%	0.0%	1.2%

Source: FactSet. Closing prices as of 31 October 2024.

## CPI inflation <sup>3</sup>

	2023	2024E	2025E
United States	4.1%	2.9%	2.2%
Germany	6.0%	2.4%	2.0%
United Kingdom	7.3%	2.6%	2.3%
Eurozone	5.4%	2.4%	2.1%
China	0.2%	0.5%	1.5%
Japan	3.3%	2.5%	2.0%

Source: FactSet. Closing prices as of 31 October 2024.

Notes: 1) Central Bank Rates: The interest rate on the main refinancing; 2) GDP growth: Annual percentage growth rate of gross domestic products (GDP) at market prices based on constant local currency; 3) The CPI Inflation measures the year-over-year change in prices paid by consumers and is calculated as a weighted average of prices for a basket of goods and services representative of aggregate consumer spending; 4) See slide 7 for index definitions.



# Equity market overview

Amid this month's mixed macroeconomic signals, the looming US election remained a primary concern as political uncertainty weighs on market sentiment. Investors are closely monitoring policy positions and potential effects on trade, fiscal policy and regulations.

For instance, European investors focused on the potential impact of a second Trump presidency immediately before the election. Prior to winning the election on 5 November, Trump warned that the EU could face significant repercussions over its limited US imports, thus intensifying concerns about strained trade relations. Market participants are particularly concerned that the Trump presidency, due to potential new tariffs, could negatively impact European GDP, raise inflation and harm sectors such as automotive and chemicals.

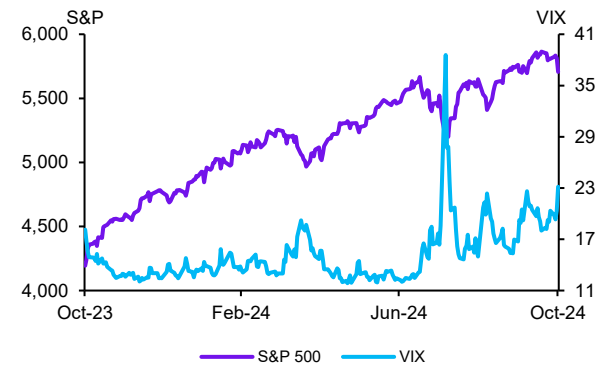
It remains to be seen how the election result will impact the equity markets over the medium- and long-term. However, the prevailing trend suggests that expectations of tax cuts are likely to support US equities, while a more protectionist US trade policy could have a generally negative impact on stock markets in Europe and emerging markets.

In the US, October saw a decline in stocks, with the S&P 500 breaking its five-month winning streak and the NASDAQ recording its first monthly loss in three months. Despite signs of resilience, growth risks remained the main concern for investors.

Europe's STOXX 600 fell over 1% on 31 October, marking its sharpest monthly drop in a year, weighed down by disappointing corporate earnings and investor uncertainty over macroeconomic conditions and the US election results. Pressure also came from the waning optimism regarding China's economic outlook, along with sector-specific concerns in the chemical and technology industries.

Source: FactSet. KPMG, Germany.2024.

## S&P & VIX: market trends and volatility LTM



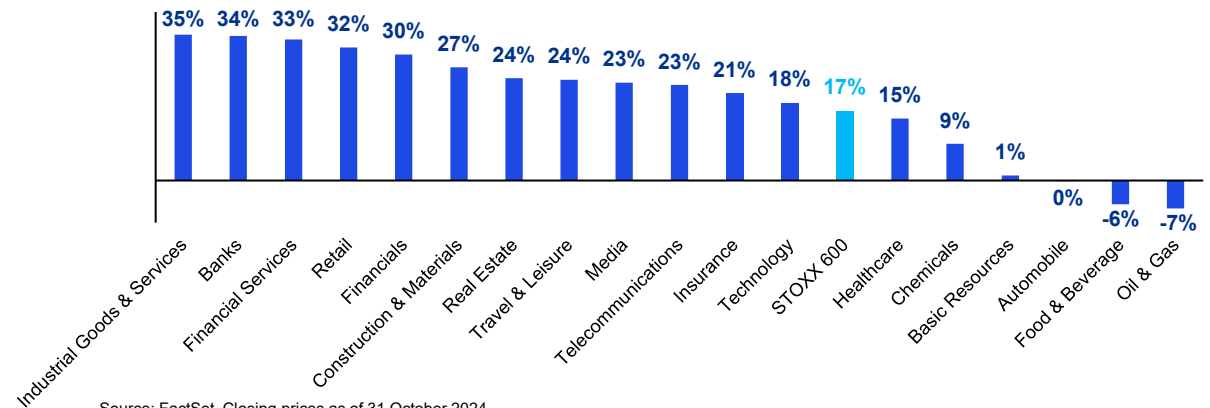
Source: FactSet. Closing prices as of 31 October 2024.

## Performance of selected equity indices

	Value	L3M	L6M	LTM
DAX	19,078	3.1%	6.4%	28.8%
MDAX	26,327	3.8%	0.2%	9.5%
ATX	3,527	(4.7%)	(0.9%)	14.3%
SMI	11,793	(4.3%)	4.7%	13.5%
STOXX 600	505	(1.7%)	0.1%	16.5%
FTSE 100	8,110	(3.1%)	(0.4%)	10.8%
NASDAQ	18,095	2.8%	15.6%	40.8%
S&P 500	5,705	3.3%	13.3%	36.0%

Source: FactSet. Closing prices as of 31 October 2024.

## STOXX Europe sector performance LTM



Source: FactSet. Closing prices as of 31 October 2024.



# Issuance activity

The IPO market in 2024 continues to navigate a complex situation, caught between geopolitical tensions, economic uncertainty and the aftermath of the US presidential election, while also facing expectations of monetary policy easing. These conflicting factors create a delicate balance of risks and opportunities, shaping investor sentiment and market conditions.

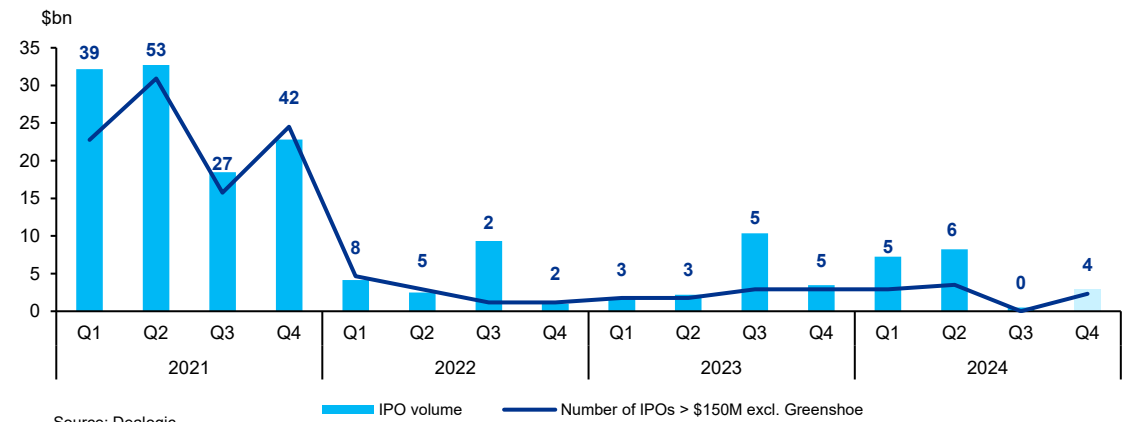
After a slow Q3 2024, the outlook at the start of October was promising when Springer Nature went public on 4 October 2024, pricing its shares at EUR 24.00 on the Frankfurt Stock Exchange, about 7% above the issue price of EUR 22.50, with a market cap of approximately EUR 4.8 billion. The strong debut boosted market sentiment and set a positive tone for the month.

Moreover, a notable IPO outside the EU captured the attention of investors. Tokyo Metro's IPO raised JPY 348.6 billion (EUR 2.1 billion) as shares soared 45% above the JPY 1,200 issue price, marking Japan's largest IPO since SoftBank in 2018. Demand was strong, with the offering oversubscribed 15 times, especially from foreign and retail investors.

With the conclusion of the US election, the IPO market is expected to resume its activity. Historically, IPO volumes tend to decline in the immediate election period as the uncertainty surrounding elections prompts companies to defer or avoid launching or pricing transactions. Even though geopolitical uncertainties continue to pose challenges, the end of the election may help mitigate some of this uncertainty and support a recovery in the market.

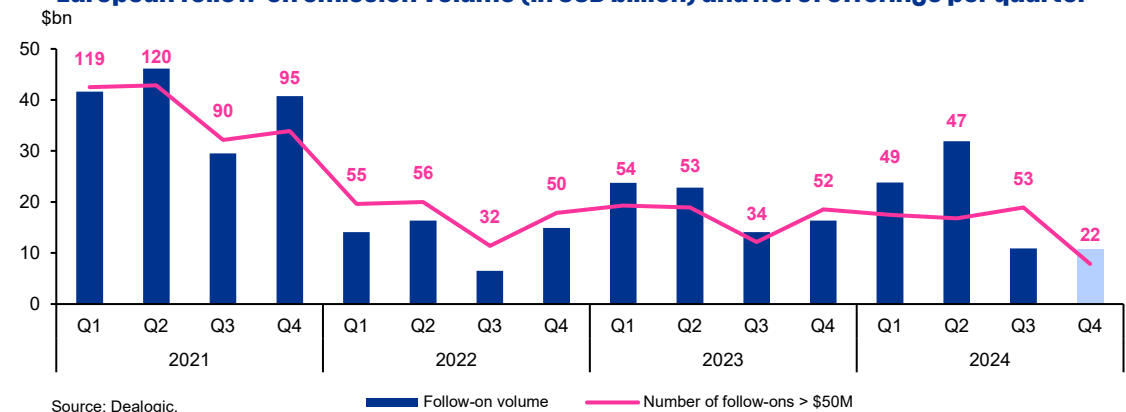
Source: Dealogic, KPMG, Germany, 2024

### European IPO emission volume (in USD billion) and no. of offerings per quarter



Source: Dealogic.

### European follow-on emission volume (in USD billion) and no. of offerings per quarter



Source: Dealogic.

# Estimated IPO outlook by GICS sectors

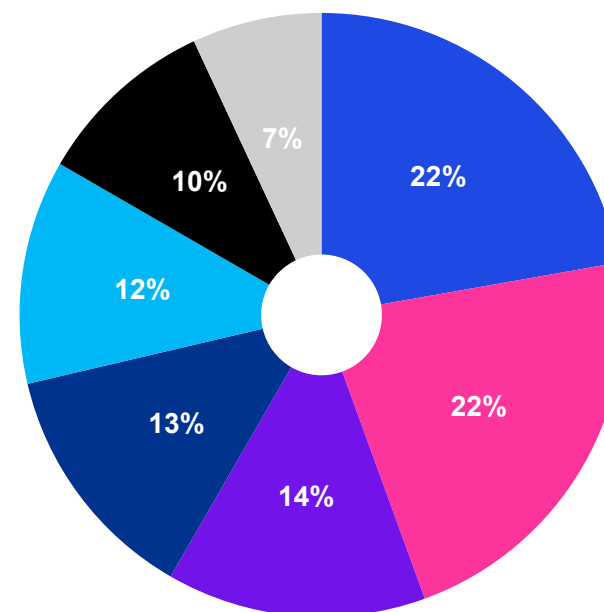
While the market for sponsor-backed IPOs is gaining momentum and recent successes have been promising, overall activity remains below normal levels. As we move into Q4, the IPO calendar enters what will likely be a tentative phase, influenced by the immediate impacts of the election and ongoing geopolitical tensions.

The US & European IPO pipeline includes sizable, potential IPO candidates headquartered in continental Europe and the US. Of the 72 companies considered, the majority (58.3%) fall under the GICS<sup>1</sup> sectors of Consumer Cyclical, Information Technology and Industrials, which gives us an insight into the emerging market landscape and investment opportunities in the respective regions.

The outlook for the IPO market in 2025 is cautiously optimistic as central banks continue to cut rates after a period of high interest rates in recent years. This shift is expected to boost IPO activity by lowering borrowing costs, improving valuations and easing financial pressures, particularly for smaller companies burdened by floating-rate debt. While challenges such as geopolitical tensions and economic uncertainty remain, the easing of interest rates could provide a strong foundation for a recovery in IPO activity in 2025.

**Assess whether your business is ready to go public at the following link:**  
[Initial Public Offering \(IPO\) | KPMG Atlas.](#)

US & European IPO pipeline by sector (potential listings in 2025)



■ Consumer Cyclical ■ Information Technology ■ Industrials ■ Financials ■ Healthcare ■ Energy ■ Other

Source: KPMG, Germany 2024.

Note: 1) See slide 7 for sector definitions.

Source: KPMG, Germany 2024.



# Appendix - Definitions

## Definitions and methodologies of referenced survey data indices

### Purchasing Managers' Index (PMI)

The Purchasing Managers' Index (PMI) is an economic indicator that measures the health of the manufacturing and services sectors through surveys of purchasing managers, focusing on factors like new orders, production and employment. The PMI ranges from 0 to 100, with a value above 50 indicating expansion and below 50 indicating contraction. Hamburg Commercial Bank (HCOB) and S&P Global collaborated to calculate the PMI in the Eurozone (Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece). The PMI is based on a representative sample of around 5,000 industrial and service companies.

### Economic Sentiment Indicator (ESI)

The Economic Sentiment Indicator (ESI) reflects overall economic confidence, particularly in the European Union, based on surveys of various sectors such as industry, services and households. Expressed as an index with a long-term average of 100, an ESI above 100 indicates optimism and stronger confidence, while a value below 100 suggests pessimism and weaker confidence. The ESI helps gauge economic trends and outlooks.

### Consumer Confidence Index (CCI)

The Consumer Confidence Index (CCI) measures how optimistic or pessimistic consumers are about the overall economy, based on their perceptions of current and future economic conditions. A higher index value indicates greater consumer confidence, while a lower value signals decreased confidence. It is used as an economic indicator to gauge consumer spending behavior. Values above zero percent indicate positive views of the economy, values below zero percent indicate negative views, and a value of zero reflects an equal balance of positive and negative views.

Source: European Commission, S&P Global, MSCI.

## Sector definition

### The Global Industry Classification Standard (GICS)

The Global Industry Classification Standard (GICS) categorizes companies into distinct sectors and industries based on their primary business activities. It includes 11 sectors, which are further divided into industry groups, industries and sub-industries.

# Capital Markets team



**Ralf Pfennig**

Partner  
Head of Deal & Capital Markets Services

T +49 221 2073 5801  
M +49 173 576 4695  
ralfpfennig@kpmg.com



**Till Karrer**

Partner  
Head of Debt Advisory

T +49 69 9587 4607  
M +49 160 97891143  
tkarrer@kpmg.com



**Susanne Gatzweiler**

Senior Manager

T +49 221 2073 1159  
M +49 151 567 49271  
sgatzweiler@kpmg.com



**Amin Qazi**

Manager

T +49 69 9587 2395  
M +49 160 948 36734  
aminqazi1@kpmg.com



**Philip Evermann**

T +49 69 9587 0  
M +49 151 414 06208  
pevermann@kpmg.com





## Legal notice:

### Author:

**Ralf Pfennig**

Partner, Head of Deal & Capital Markets Services

T +49 221 2073 5801

ralfpfennig@kpmg.com

### Publisher:

KPMG AG Wirtschaftsprüfungsgesellschaft

50674 Cologne

Germany



[kpmg.de/socialmedia](https://kpmg.de/socialmedia)

[kpmg.de](https://kpmg.de)

Die enthaltenen Informationen sind allgemeiner Natur und nicht auf die spezielle Situation einer Einzelperson oder einer juristischen Person ausgerichtet. Obwohl wir uns bemühen, zuverlässige und aktuelle Informationen zu liefern, können wir nicht garantieren, dass diese Informationen so zutreffend sind wie zum Zeitpunkt ihres Eingangs oder dass sie auch in Zukunft so zutreffend sein werden. Niemand sollte aufgrund dieser Informationen handeln ohne geeigneten fachlichen Rat und ohne gründliche Analyse der betreffenden Situation.

© 2024 KPMG AG Wirtschaftsprüfungsgesellschaft, eine Aktiengesellschaft nach deutschem Recht und ein Mitglied der globalen KPMG-Organisation unabhängiger Mitgliedsfirmen, die KPMG International Limited, einer Private English Company Limited by Guarantee, angeschlossen sind. Alle Rechte vorbehalten. Der Name KPMG und das Logo sind Marken, die die unabhängigen Mitgliedsfirmen der globalen KPMG-Organisation unter Lizenz verwenden.