



Equity market update and IPO compass

Capital Markets team

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June 2025

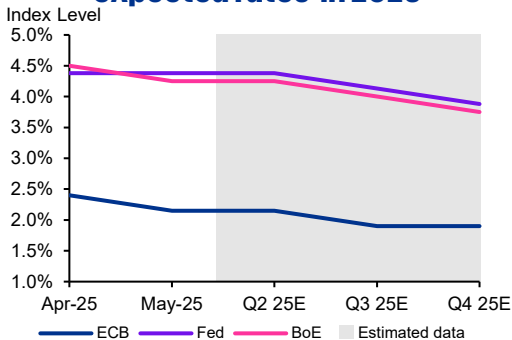


Executive summary

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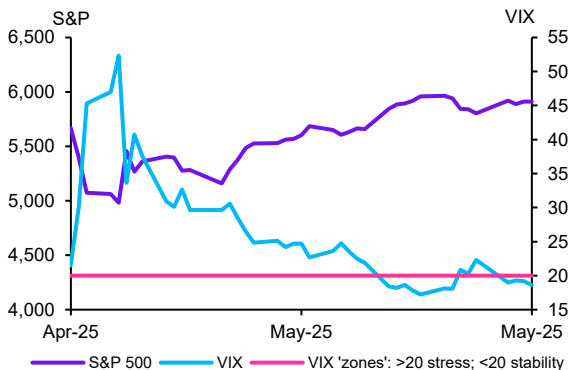
On 8 May, the Bank of England (BoE) cut rates from 4.5% to 4.25% (the lowest since May 2023) to support growth by easing borrowing costs, although this may reduce returns for savers. Central bank activity was otherwise quiet in May.

Central bank outlook: expected rates' in 2025



S&P & VIX: market trends and volatility L2M

The CBOE Volatility Index (VIX) trended lower through May despite briefly rising above the 20-point 'stress threshold' on 23 May following the US announcement of 50% tariffs on EU imports. Although tensions have eased with an extended negotiation window, market conditions remain fragile.



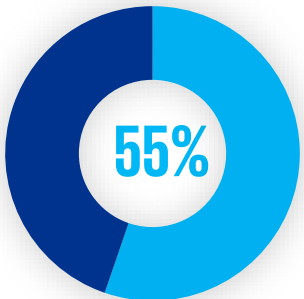
“Amid cautious market sentiment improvement from eased trade tensions, investors and corporate issuers remain observant. Stronger investor confidence, driven by policy stability, will be essential to sustain momentum and unlock IPO opportunities.”



Ralf Pfennig
Partner
Head of Deal & Capital
Markets Services

	L3M	L6M	LTM
DAX	6.4%	22.3%	29.7%
STOXX 600	(1.5%)	7.5%	6.2%
S&P 500	(0.7%)	(2.0%)	12.9%

L3M equity performance reflects regional divergence, with the DAX up 6.4%, STOXX Europe 600 down 1.5% and the S&P 500 down 0.7%, driven by tariff uncertainty and differing market fundamentals.



More than half of the initial public offerings ('IPOs') expected for 2025 and 2026 are from consumer cyclicals, information technology and financial companies (GICS sectors).



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Note: 1) ECB: refinancing rate, Fed: funds rate (middle of the target range depicted), BoE: bank rate, 2) See slide 7 for definitions and methodology.

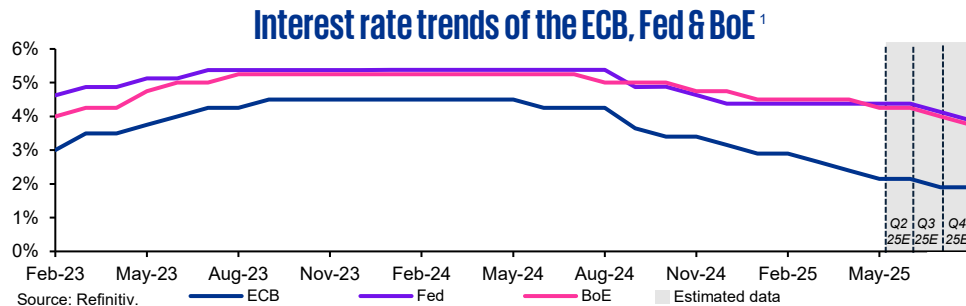
Macro environment and outlook

On 8 May, the Bank of England (BoE) cut rates from 4.5% to 4.25% (the lowest since May 2023) to support growth by easing borrowing costs, although this may reduce returns for savers. Central bank activity was otherwise quiet in May.

Recent easing of trade tensions between China and the US, along with some progress in US-EU relations, has helped support positive market momentum. Specifically, US-EU trade risks have abated to a certain extent after a delay in planned tariffs, opening a brief window for negotiations until 9 July. The proposed 50% tariff on all EU imports is widely seen as a strategic move to increase pressure ahead of critical deliberations. Analysts concur, viewing it as a tactic to secure a baseline tariff rate of 20%. While Europe has shown limited flexibility, significant disagreements remain over digital taxes and food standards among other aspects. Despite recent easing, the situation remains fragile, with steel and aluminum US tariffs set to rise on 4 June and potential EU retaliation imminent.

Economists emphasize that ongoing trade conflicts remain key impediments to the Eurozone's economic recovery, with real GDP growth projected at 0.9% in 2025 and 1.2% for 2026.

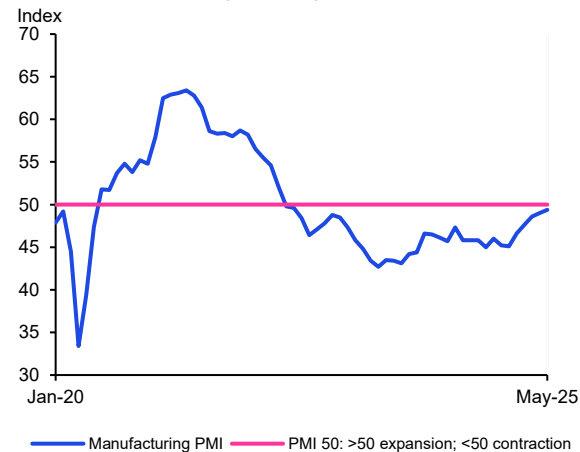
Source: FactSet. KPMG Germany 2025.



Notes: 1) ECB: refinancing rate, Fed: funds rate, BoE: bank rate; 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.

HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI)⁴

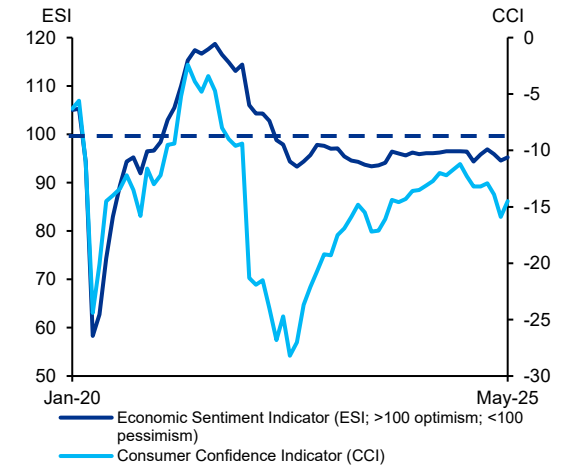


Real GDP growth in percent²

%	2024	2025E	2026E
United States	2.8	1.5	1.8
Germany	(0.2)	0.1	1.2
United Kingdom	1.1	1.0	1.4
Eurozone	0.8	0.9	1.2
China	5.0	4.5	4.2
Japan	0.2	1.0	0.8

Source: FactSet. Closing prices as of 30 May 2025.

EU Economic Sentiment & Consumer Confidence⁴



CPI inflation in percent³

%	2024	2025E	2026E
United States	3.0	3.0	2.8
Germany	2.3	2.1	2.0
United Kingdom	2.5	3.1	2.3
Eurozone	2.4	2.1	2.0
China	0.2	0.5	1.1
Japan	2.7	2.8	1.8

Source: FactSet. Closing prices as of 30 May 2025.

Equity market overview

May saw a broad rebound in global equities, with both US and European markets advancing on easing trade tensions and solid corporate earnings. Sentiment improved as tariff risks between the US and China temporarily receded, supporting risk assets across regions.

The S&P 500 gained 6.2% in May (biggest monthly percentage gain since November 2023), driven largely by a temporary easing of US-China tariffs, which remains under close review. The US reduced tariffs on Chinese goods from 145% to 30% for 90 days, while China lowered its duties on US products to 10%. Additionally, the US reached a tariff reduction agreement with the UK and is reportedly nearing similar deals with other key partners, including Japan, South Korea, and India.

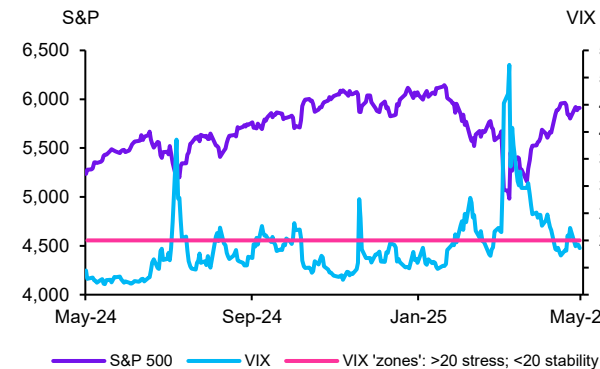
Despite progress, securing broad trade agreements by the July deadline remains uncertain, with market volatility continuing to pose a significant risk. The CBOE Volatility Index (VIX) trended lower through May despite briefly rising above the 20-point 'stress threshold' on 23 May following the US announcement of 50% tariffs on EU imports. Although tensions have eased with an extended negotiation window, market conditions remain fragile.

The STOXX Europe 600 rose 4.9% in May, supported by easing trade tensions and investor shifts away from US assets amid fiscal concerns. Germany's historic fiscal stimulus and a stronger Euro further boosted the market. Strong corporate earnings and attractive valuations continue to draw investors seeking stability amid ongoing US trade and debt uncertainties.

The European Automobiles & Parts sector remains highly exposed to the imposition of tariffs (-18% LTM), though leading German automakers are currently in negotiations with the US government, aiming to leverage their existing US investments and export flows to limit potential trade risks.

Source: FactSet. KPMG Germany, 2025.

S&P & VIX: market trends and volatility LTM



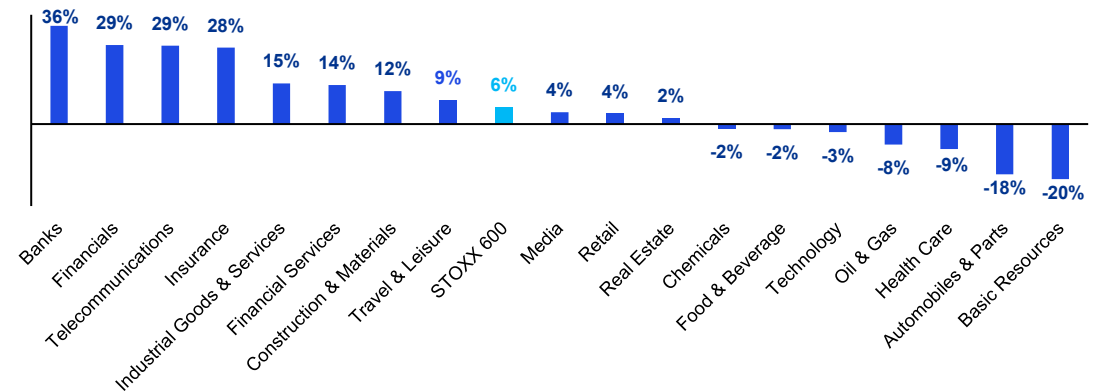
Source: FactSet. Closing prices as of 30 May 2025.

Performance of selected indices

	Value	L3M	L6M	LTM
DAX	23,997	6.4%	22.3%	29.7%
MDAX	30,594	8.1%	16.2%	14.1%
ATX	4,427	6.7%	25.1%	21.2%
SMI	12,227	(6.0%)	3.9%	2.9%
STOXX 600	549	(1.5%)	7.5%	6.2%
FTSE 100	8,772	(0.4%)	5.9%	6.6%
NASDAQ	19,114	1.4%	(0.5%)	14.2%
S&P 500	5,912	(0.7%)	(2.0%)	12.9%

Source: FactSet. Closing prices as of 30 May 2025.

STOXX Europe 600 sector performance LTM



Source: FactSet. Closing prices as of 30 May 2025.

Issuance activity

In April, escalating trade tensions triggered a slowdown across major markets, prompting many companies to stall planned mergers, acquisitions, and IPOs. However, the recent easing of tariff disputes in May has rekindled some optimism for new listings.

The US IPO market is beginning to show tentative signs of recovery following a period of uncertainty linked to trade policy shifts. This renewed confidence is exemplified by eToro's strong NASDAQ debut, with shares closing nearly 29% above the IPO price on the first day of trading on 14 May. Adding to the momentum, mobile banking firm Chime filed for a NASDAQ listing in mid-May—both developments suggesting a potential revival in IPO activity. While valuations remain under close scrutiny, improving macroeconomic conditions and a broader equity rally point to a more favorable environment for larger offerings moving forward.

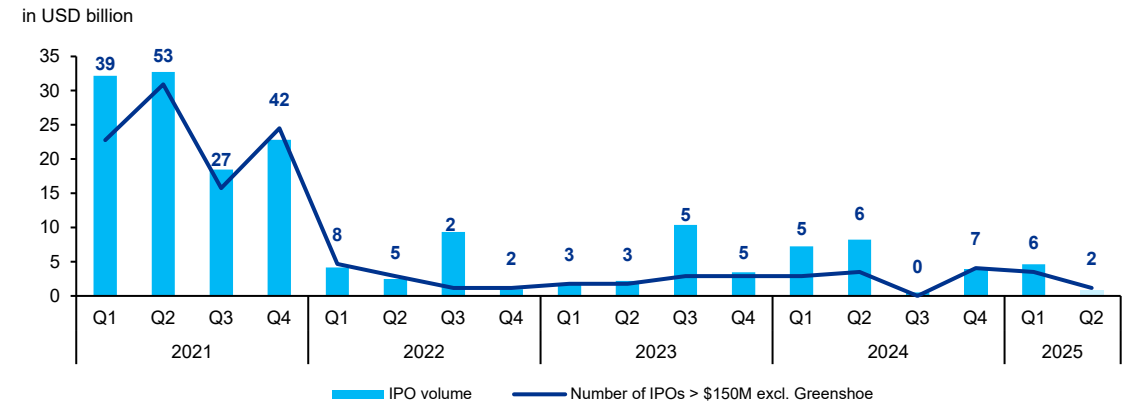
While the US IPO market is showing cautious signs of recovery, the European IPO landscape remains less certain, with no definitive evidence yet of comparable momentum. Recent listings on Frankfurt's Scale segment, such as Pfisterer and Innoscripta, demonstrate localized investor interest, though overall European IPO activity has yet to establish a consistent upward trend.

Pfisterer, a German family-owned electrical components manufacturer, marked a notable debut on 14 May, raising nearly €100 million in the first German IPO of 2025. Its shares opened and closed at €30 on the first day, a c11% premium to the €27 issue price, valuing the company at over €500 million. In addition, Munich-based software firm Innoscripta began trading on 24 May, with shares closing around €109.2, roughly 9% below the €120 issue price.

Together, these listings highlight mixed investor reactions within the European IPO market, underscoring that broader momentum is still evolving.

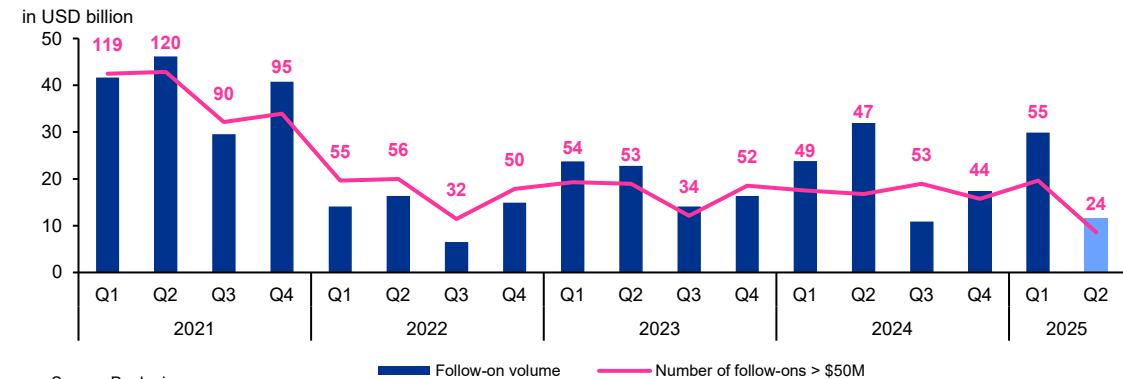
Source: Dealogic, KPMG Germany, 2025.

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.

IPO outlook by GICS sectors

The IPO market outlook for the second half of 2025 is cautiously positive, supported by a robust pipeline, contingent on a favourable macroeconomic environment and a relative stabilisation and easing of tariff tensions.

Since early 2025, markets have been balancing the benefits of favourable interest rates and heightened public and defense spending against the challenges posed by escalating tariffs and intensified US trade tensions, which peaked in volatility in April before easing somewhat in May.

Against this backdrop, ongoing central bank rate cuts are expected to support economic growth. Furthermore, with many private equity firms exceeding typical holding periods, a rise in strategic exits may materialise, contingent on improved political and regulatory stability. Additionally, several companies that delayed plans amid April's heightened volatility may now be poised to proceed.

The US and European IPO pipeline include a large number of potential IPO candidates headquartered in continental Europe and the US. More than half of the potential targets can be categorised to the GICS¹ sectors of consumer cyclicals, information technology and financials. Some key names being rumoured currently are Chime, StubHub, Brainlab and Autodoc.

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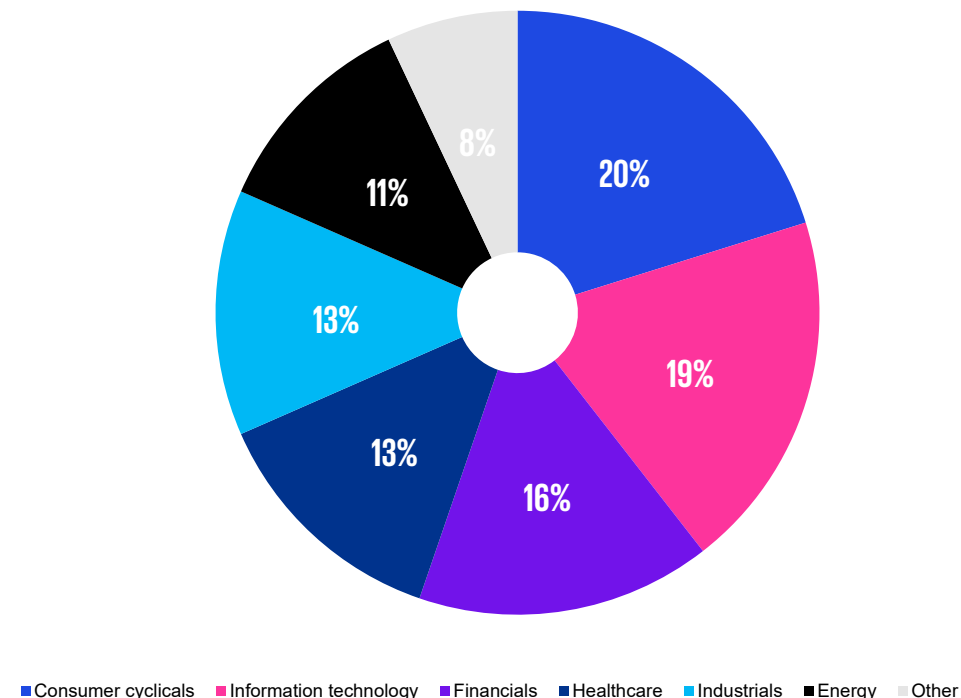
[Initial Public Offering \(IPO\) | KPMG Atlas](#)



Source: KPMG Germany, 2025.

Note: 1) See slide 7 for sector definitions.

US & European IPO pipeline by sector based on public information



Source: KPMG Germany, 2025.

Appendix - definitions

Definitions and methodologies of referenced survey data indices

Purchasing Managers' Index (PMI)

The PMI is an economic indicator that measures the health of the manufacturing and service 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 ESI reflects overall economic confidence, particularly in the European Union, based on surveys of various sectors such as industry, services and consumers. Expressed as an index with a long-term mean 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 CCI is the arithmetic average of the balances (in percentage points) of the answers to the questions on the past and expected financial situation of households, the expected general economic situation and the intentions to make major purchases over the next 12 months. It is used as an economic indicator to gauge consumer spending behaviour. Values above zero percent (percentage points) indicate positive views of the economy, whereas values below zero percent (percentage points) 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 GICS categorises 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.

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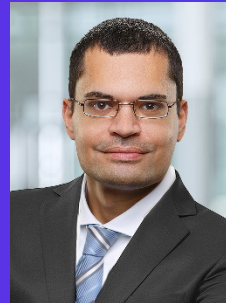
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