



# Equity market update and IPO compass

Capital Markets team

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July 2025

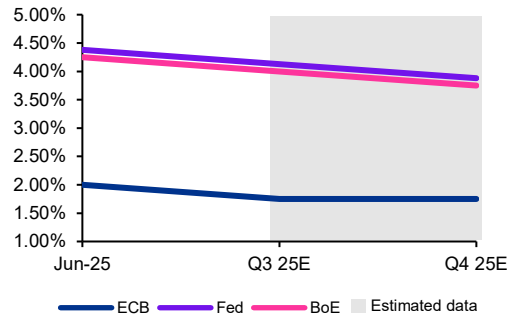


# Executive summary

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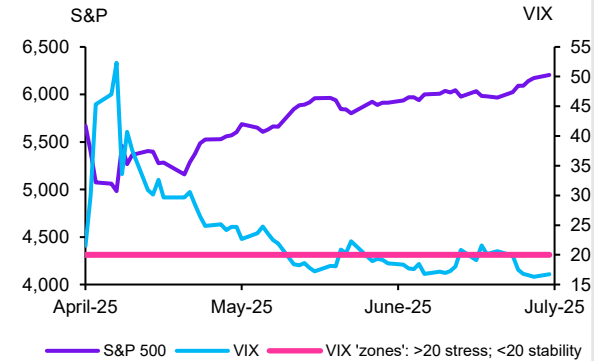
On 11 June, the ECB cut its key rates by 25 basis points, lowering the deposit rate to 2.00%. The decision reflects lower inflation forecasts and improved monetary policy transmission - meaning rate changes are effectively influencing borrowing, spending and price dynamics.

### Central bank outlook: expected rates<sup>1</sup> in 2025



### S&P & VIX: market trends and volatility L3M

Since the start of April, the VIX (CBOE Volatility Index) has trended downward, reflecting a sustained decline in market volatility and growing investor confidence. As of 30 June, the index stood at 16.7, down from the peak of 52.3 in April, signaling a calmer market environment despite ongoing geopolitical developments.



“Despite early optimism, IPO activity in H1 2025 remained flat. While Germany saw limited local listings, broader European markets were constrained by geopolitical tensions, elections and trade disputes - offsetting the impact of supportive monetary conditions.”



**Ralf Pfennig**

Partner  
Head of Deal & Capital Markets Services

	L1M	L6M	LTM
DAX	(0.4%)	20.1%	30.7%
STOXX 600	(2.0%)	7.2%	5.5%
S&P 500	5.0%	5.0%	13.3%

In H1 2025, European equities outperformed the US, driven by attractive valuations and a shift toward stability. US markets lagged amid tariff shocks, fiscal concerns and waning confidence in US exceptionalism.

## 29 Follow-on offerings >\$50m in June

With tariff deadlines approaching and geopolitical tensions persisting, investors appear to prefer established names over new issuances. This shift was evident in Q2, where follow-on activity gained traction - 29 European transactions in June - highlighting a focus on familiarity and reduced perceived risk.



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

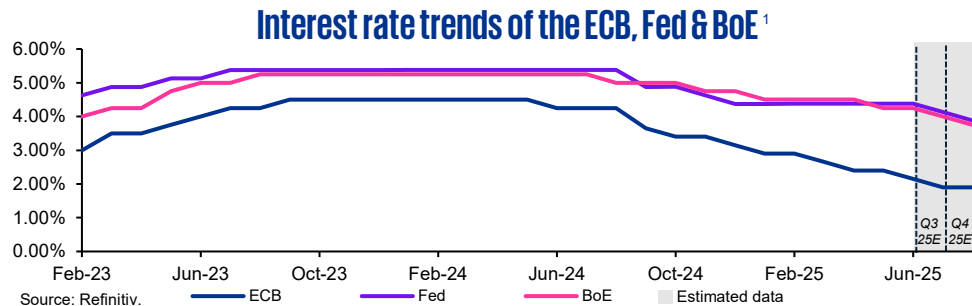
# Macro environment and outlook

On 11 June, the ECB cut its key rates by 25 basis points, lowering the deposit rate to 2.00%. The decision reflects lower inflation forecasts and improved monetary policy transmission - meaning rate changes are effectively influencing borrowing, spending and price dynamics. The ECB reaffirmed its commitment to a 2.00% inflation target and will adjust policy as needed, guided by incoming data and economic conditions. Meanwhile, the Fed held rates steady after their meeting on 18 June.

June's macro backdrop was shaped by elevated geopolitical and policy uncertainty, though market volatility remained contained. Tensions in the Middle East briefly flared following US and Israeli strikes on Iran, but a swift ceasefire helped ease risk sentiment. Trade talks showed mixed progress ahead of the 9 July tariff deadline, with constructive developments in US-China negotiations, while discussions with the EU remained more complex.

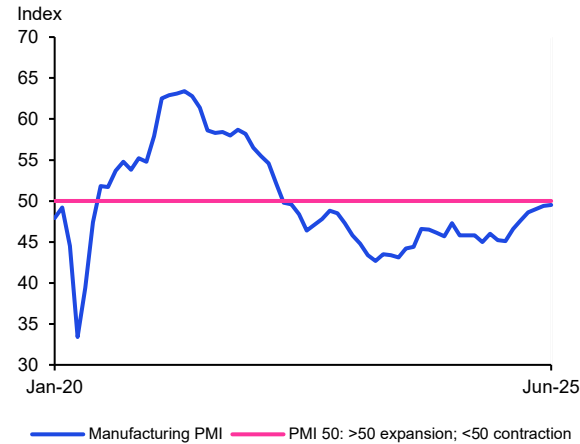
EU-US trade talks remain active but unresolved, with tech regulation a key sticking point. Markets expect a partial deal or deadline extension, likely resulting in imbalanced terms, including a proposed 10.0% baseline US duty on EU exports, which could ease short-term uncertainty but weigh on long-term competitiveness.

Source: FactSet. KPMG Germany 2025.



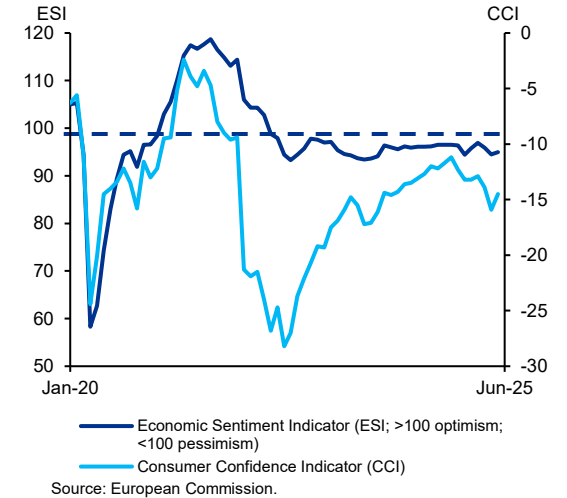
Notes: 1) ECB: refinancing rate, Fed: funds rate, BoE: bank rate; 2) GDP growth: annual percentage growth rate of gross domestic products (GDP) at market prices based on constant local currency; 3) The CPI inflation measures the year-over-year change in prices paid by consumers and is calculated as a 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)<sup>4</sup>



Source: S&P Global.

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



Source: European Commission.

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

%	2024	2025E	2026E
United States	2.8	1.5	1.8
Germany	(0.2)	0.2	1.2
United Kingdom	1.1	1.1	1.4
Eurozone	0.8	0.8	1.2
China	5.0	4.4	4.2
Japan	0.2	0.9	0.8

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

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

%	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	1.9
China	0.2	0.3	1.1
Japan	2.7	2.8	1.9

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

# Equity market overview

US equities climbed in June with the S&P 500 and Nasdaq hitting record highs on strong tech gains, while European markets declined after a stellar May, weighed down by renewed Middle East tensions despite solid earnings.

The S&P 500 rose 5.0% in June, supported by easing geopolitical tensions and resilient investor sentiment despite lingering trade and fiscal uncertainty. While no major deals were finalised, progress in US–China talks and expectations of a partial EU–US agreement - likely involving a 10.0% US tariff on EU exports - helped steer markets.

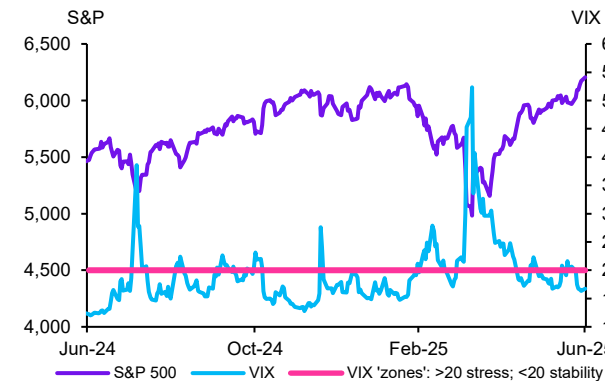
Volatility remained subdued, with the VIX hovering below 20.0 for most of the month, even as headlines around Middle East tensions and the US budget bill stirred brief market jitters. The bill, which is nearing passage, raised deficit concerns due to its projected \$3.3 trillion cost over 10 years, but helped ease market worries by removing key overhangs—most notably the proposed ‘revenue tax’ (taxes on foreign investments), which was dropped following G7 negotiations.

The STOXX Europe 600 declined by 2.0% in June, retreating from May’s historic rally - the strongest since 1990 - amid renewed geopolitical tensions. Despite market pressures in June, the outlook for European equities remained resilient and optimistic. Investor sentiment held firm, supported by attractive valuations and strong fund inflows.

To sum up the first half of 2025, European equities outperformed their US counterparts on a L6M basis, supported by attractive valuations and a growing investor tilt toward stability amid global uncertainty. In contrast, US markets faced headwinds from tariff shocks, rising fiscal concerns and diminishing confidence in US exceptionalism.

Source: FactSet. KPMG Germany, 2025.

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



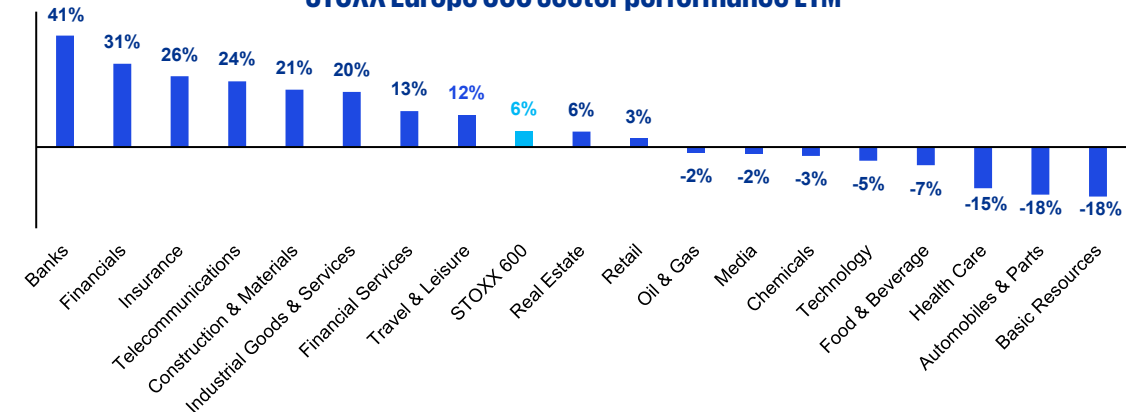
Source: FactSet. Closing prices as of 30 June 2025.

## Performance of selected indices

	Value	L1M	L6M	LTM
DAX	23,910	(0.4%)	20.1%	30.7%
MDAX	30,484	(0.4%)	19.1%	20.8%
ATX	4,430	0.1%	20.9%	21.4%
SMI	11,921	(2.5%)	2.8%	(1.1%)
STOXX 600	541	(2.0%)	7.2%	5.5%
FTSE 100	8,761	(0.1%)	7.9%	7.3%
NASDAQ	20,370	6.6%	4.5%	13.9%
S&P 500	6,205	5.0%	5.0%	13.3%

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

## STOXX Europe 600 sector performance LTM



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





# Issuance activity

In June, ongoing geopolitical tensions continued to weigh on European IPO activity, prompting several companies to delay or reconsider listing plans. In contrast, the US IPO market showed selective strength, with strong investor appetite for high-growth names.

On 24 June, German online car parts retailer Autodoc postponed its planned 25 June IPO due to unfavorable conditions—reflecting broader market hesitation. In addition, Brainlab, also postponed its anticipated 3 July listing on 1 July.

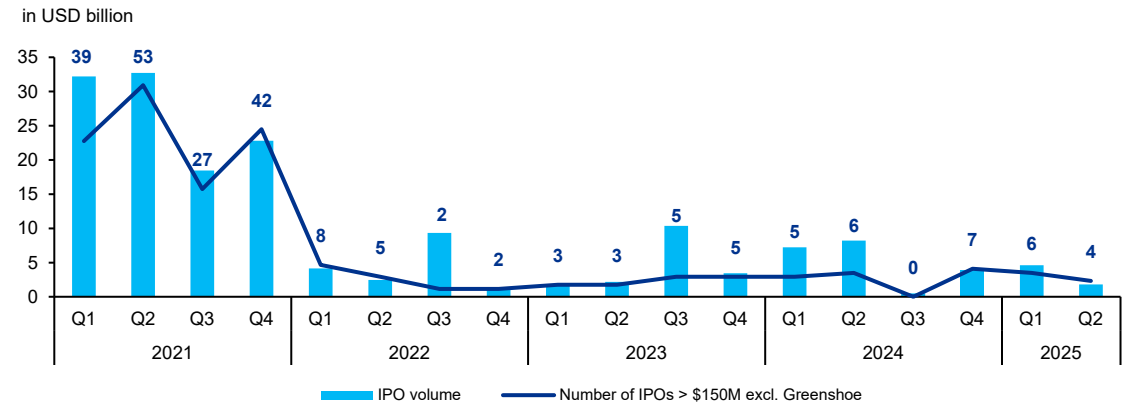
Meanwhile in the US, Circle Internet Group Inc.—a leading provider of digital payments infrastructure and issuer of the USDC stablecoin—debuted on 5 June, opening 122.58% higher and closing up 168.48%. Moreover, Chime Financial Inc., a fully digital neobank offering fee-free banking services, followed on 12 June, opening up 59.26% and ending the day up 37.44%. These standout performances highlight continued momentum in fintech and digital finance, even amid broader market uncertainty.

By contrast, the decisions by Autodoc and Brainlab to pause their IPOs underscore the prevailing market caution in European investments. With tariff deadlines approaching and geopolitical tensions persisting, investors appear to prefer established names over new issuances. This shift was evident in Q2, where follow-on activity gained traction - 29 transactions in June - highlighting a focus on familiarity and reduced perceived risk.

Thus, the anticipated recovery in European IPO activity during H1 2025 has yet to materialise. Aside from a few local listings in Germany, pan-European markets remained subdued throughout the first six months of the year as geopolitical tensions, elections, and escalating trade disputes continued to weigh on sentiment—limiting the impact of otherwise supportive monetary conditions.

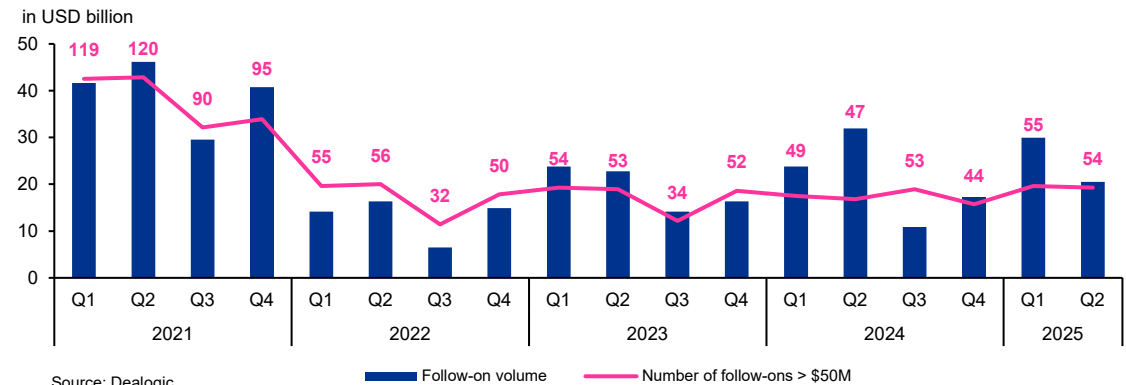
Source: Dealogic, KPMG Germany, 2025.

## 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 H2 2025 remains cautiously optimistic, though increasingly dependent on geopolitical and macroeconomic stability. The recent escalation in Middle East tensions—particularly the Israel-Iran conflict—has added fresh uncertainty, prompting companies like Autodoc and Brainlab to delay listings.

Despite these headwinds, a robust pipeline persists, supported by ongoing central bank rate cuts and elevated public and defense spending. While markets continue to weigh the benefits of accommodative monetary policy against the risks of rising tariffs and fiscal strain, investor appetite could recover if volatility subsides.

Private equity firms, many of which are nearing or exceeding typical holding periods, may drive a wave of strategic exits—provided political and regulatory conditions stabilise. Several companies that postponed IPOs earlier in the year may re-enter the market, with names like StubHub still on watchlists.

Notably, over half of the pipeline is concentrated in consumer cyclicals, tech, and financials, pointing to sector-specific momentum if sentiment improves.

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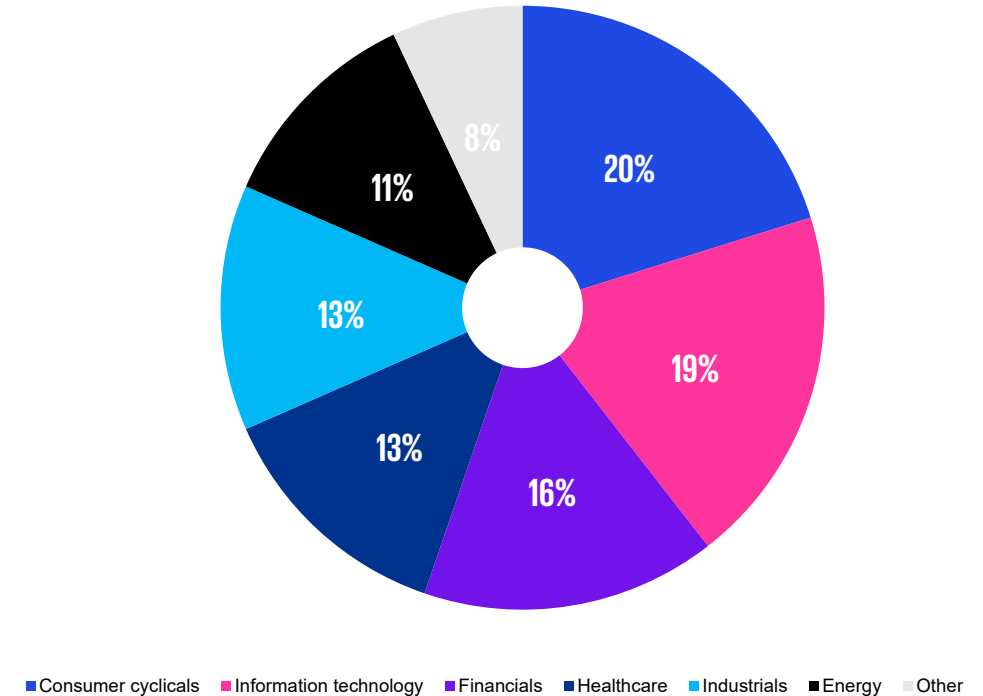
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Source: KPMG Germany, 2025.

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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**Publisher:**

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