



Equity market update and IPO compass

Capital Markets Team

—

May 2026



Executive summary

“Geopolitical headlines drove energy price swings and shifted rate expectations in April, but easing volatility and a constructive pipeline underline that well-prepared issuers can still access a selective European IPO window.”



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Volatility gradually eased in April, with the VIX averaging 19.8 and remaining below 20 for most of the month as investors increasingly looked past geopolitical headlines.

Source: FactSet.

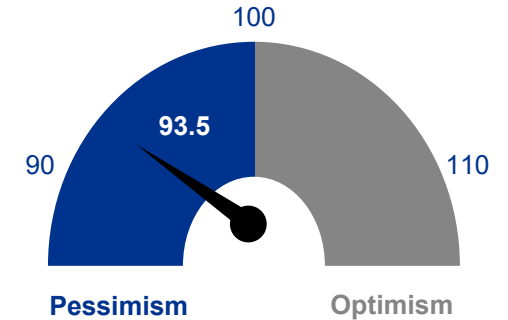


Q1-2026 defense issuance theme continues with electrovac AG listing

Electrovac AG, a defence-adjacent maker of hermetic glass-to-metal seals and packaging for safety-critical electronics, listed in the Prime Standard segment of the Frankfurt Stock Exchange on 30 April.

Source: Dealogic.

EU Economic Sentiment & Consumer Confidence ¹



Source: S&P Global.



US Policy rates are currently expected to stay higher for longer, with no Fed cuts expected, while flash Eurozone inflation rose to 3.0% (energy +10.9%) and Reuters polls point to a June ECB hike plus at least one more later this year as of mid of May.

Source: FactSet.

Index	L1M	L6M	LTM
STOXX 600	4.8%	6.9%	15.9%
DAX	7.1%	1.4%	8.0%
S&P 500	10.4%	5.4%	29.4%
NASDAQ	15.3%	4.9%	42.7%

Equity markets recovered from the March sell-off in April, with STOXX 600 up 4.8% and the S&P 500 10.4% over the month, as a fragile US-Iran ceasefire offered some near-term relief; however, stalled diplomacy kept Middle East risks in focus.

Source: FactSet.

European defense IPO trend could continue



Europe's IPO pipeline remains active, supported by private equity and defense candidates such as KNDS and WB Electronics, though geopolitical risk, volatility and elevated energy prices may increase execution uncertainty.

Source: Dealogic.



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Note 1) See slide 7 for index definitions.



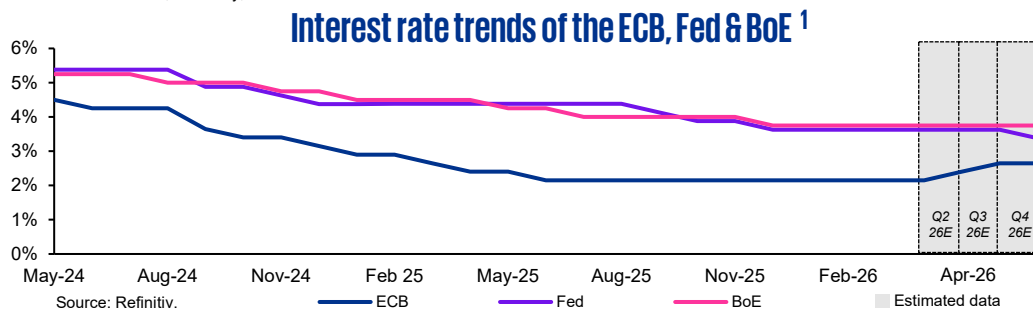
Macro environment and outlook

By late April 2026, macroeconomic conditions were still shaped by the unresolved Middle East conflict, with the US-Iran confrontation influencing markets mainly through energy prices rather than direct risk aversion. Periodic ceasefire signals reduced tail risks but failed to remove concerns around shipping through the Strait of Hormuz, leaving oil and gas prices volatile and inflation expectations elevated.

US markets moved toward a “higher for longer” interest rate narrative, with investors now expecting in no further Fed cuts by year end – down from late March, when markets still expected a small chance of additional rate cuts. In Europe, rate expectations also reversed abruptly – markets initially priced earlier ECB and BoE tightening, then pushed the path out as energy prices eased, ending the month with a more cautious, data dependent stance.

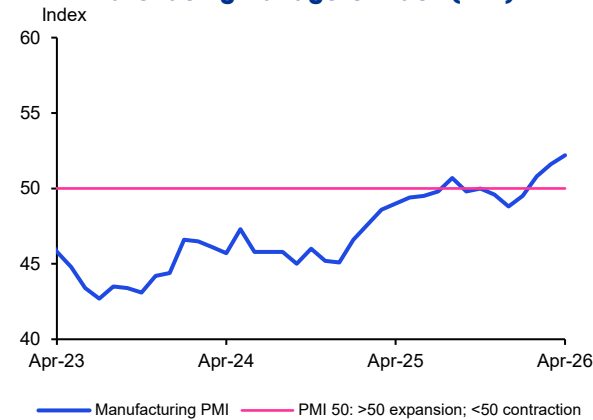
Meanwhile, Eurozone inflation firmed in April, with Eurostat’s flash estimate rising to 3.0% from 2.6% in March, driven by a sharp pickup in energy inflation (+10.9%). Going into May, Reuters polls suggest this energy shock is keeping the ECB on an even tighter path than expected at the end of April, with economists expecting a June hike and at least one more move later this year to prevent spillovers into core inflation.

Source: KPMG, Germany, 2026.



Notes: 1) ECB: refinancing rate, Fed: funds rate, BoE: bank rate; 2) See slide 8 for index definitions; 3) GDP growth: annual percentage growth rate of gross domestic products (GDP) at market prices based on constant local currency; 4) 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.

S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) ²



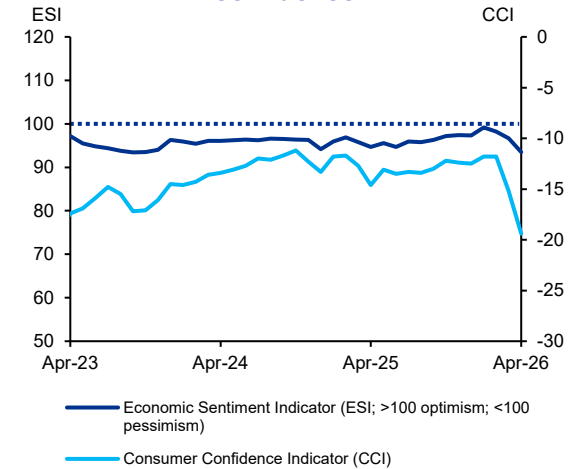
Source: S&P Global.

Real GDP growth in percent ³

%	2025	2026E	2027E
United States	2.1	2.4	2.0
Germany	0.3	0.9	1.5
United Kingdom	1.4	0.9	1.3
Eurozone	1.5	1.1	1.3
China	5.0	4.5	4.4
Japan	1.2	0.7	0.8

Source: FactSet. Closing prices as of 30 April 2026.

EU Economic Sentiment & Consumer Confidence ²



Source: European Commission.

CPI inflation in percent ⁴

%	2025	2026E	2027E
United States	2.7	2.8	2.4
Germany	2.2	2.1	2.0
United Kingdom	3.4	2.8	2.1
Eurozone	2.1	2.3	2.0
China	0.1	1.0	1.0
Japan	3.2	2.1	2.0

Source: FactSet. Closing prices as of 30 April 2026.

Equity market overview

In April 2026, European equities edged higher as a fragile US-Iran ceasefire offered some near-term relief; however, stalled diplomacy kept Middle East risks in focus, pushing oil and gas prices higher and complicating the rates outlook.

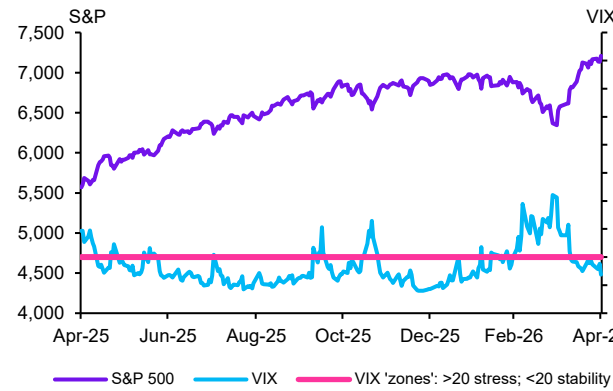
Europe closed April in positive territory, with the STOXX Europe 600 up 4.8%, but market conditions were uneven throughout the month. Trading was shaped by distinct phases: an early surge in oil and gas prices that reignited inflation concerns, a mid month rebound supported by ceasefire optimism, and renewed pressure toward month end as US-Iran talks lost momentum and risks around the Strait of Hormuz resurfaced.

The US market recovery also proved notably stronger, even without a definitive diplomatic breakthrough. In April, the S&P 500 rose 10.4% and the Nasdaq advanced 15.3%, both reaching new highs, underpinned by robust earnings momentum and supportive share buyback activity. Fears that geopolitical tensions would erode corporate profitability or weigh on consumer demand did not materialise; instead, results consistently exceeded expectations. The breadth and quality of earnings and revenue surprises, particularly across technology, reinforced investor confidence that underlying corporate fundamentals remain resilient.

Equity volatility eased steadily through April. After starting the month in the mid 20s and briefly spiking early on, the VIX moved decisively below the 20 threshold by mid April and remained largely contained thereafter, ending the month at 16.9. This trajectory indicates that markets increasingly looked through geopolitical risks, with volatility normalising despite intermittent headline-driven noise.

Source: FactSet. KPMG, Germany, 2026.

S&P & VIX: market trends and volatility LTM

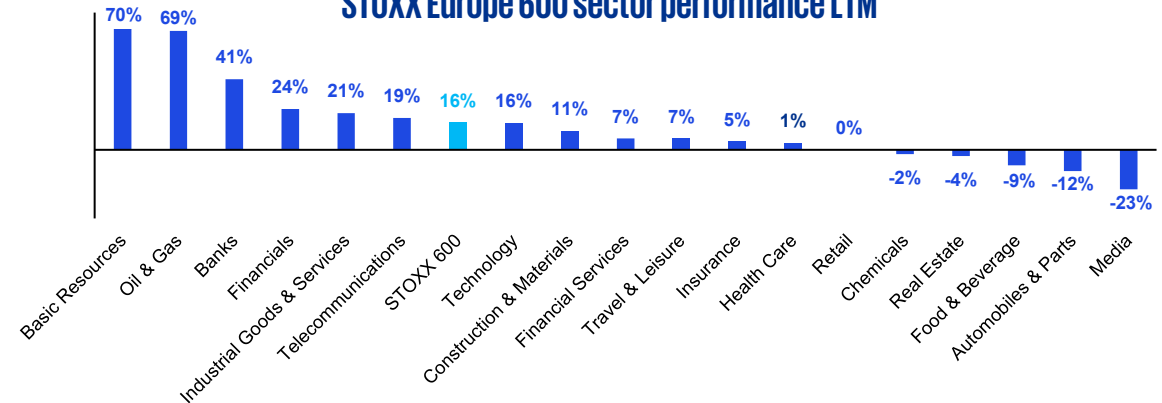


Performance of selected indices

	Value	L1M	L6M	LTM
DAX	24,292	7.1%	1.4%	8.0%
MDAX	30,590	8.7%	2.8%	6.4%
ATX	5,795	8.4%	20.5%	41.4%
SMI	13,136	2.8%	7.4%	8.4%
STOXX 600	611	4.8%	6.9%	15.9%
FTSE 100	10,379	2.0%	6.8%	22.2%
NASDAQ	24,892	15.3%	4.9%	42.7%
S&P 500	7,209	10.4%	5.4%	29.4%

Source: FactSet. Closing prices as of 30 April 2026.

STOXX Europe 600 sector performance LTM



Source: FactSet. Closing prices as of 30 April 2026.

Issuance activity

Throughout April, European equity markets showed more muted volatility than earlier in the year, but primary issuance remained highly selective. Investors leaned into well defined stories with disciplined pricing – particularly where demand drivers are visible – while risk appetite stayed sensitive to energy moves, macro headlines and shifting rate expectations.

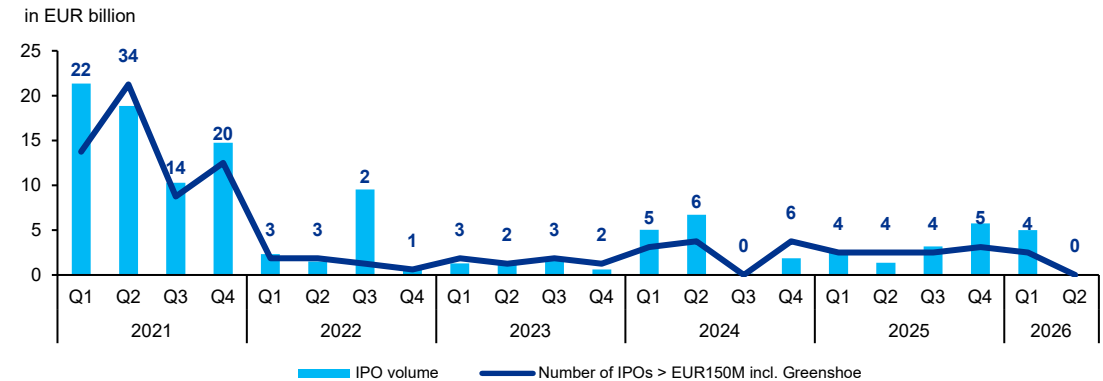
Against this backdrop, electrovac AG² completed its Prime Standard listing in Frankfurt on 30 April. The company, which specialises in hermetic glass to metal seals and packaging solutions for safety critical electronics, marketed its shares at €7.8 - €10.2 in a subscription period running from 17 to 27 April, targeting proceeds of roughly €30m to support international expansion. Pricing ultimately came at the bottom of the range, reflecting a cautious investor approach.

Electrovac is another example of the defence-tilted listing wave that has been building across Europe in 2026: a relatively small, sector-exposed group of issuers coming to market against a broadly supportive backdrop for defence assets. Rather than being led by only large, household-name corporates, recent activity has increasingly featured smaller, more specialised businesses – including companies like Vincorion, Gaber Group and the most recent issuer electrovac.

Looking ahead, momentum could remain constructive as the geopolitical backdrop keeps defence spending in focus, while the path of interest rates remains the key swing factor for broader risk appetite and IPO-window stability. Into May, conditions may start on a firmer footing with major indices still near recent highs and the VIX back in a more benign sub 20 range - supportive for sentiment and, in turn, a steadier issuance backdrop.

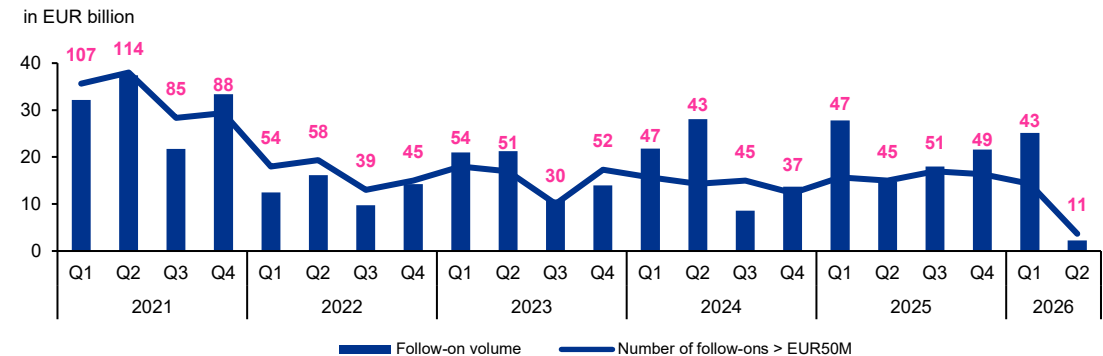
Source: Dealogic, KPMG, Germany, 2026.

European¹ IPO emission volume (in EUR billion) and no. of offerings per quarter



Note: 1) European = Transactions on exchanges in Western Europe, Benelux & Nordics. 2) Electrovac is not included in no. of IPOs (<150M Deal value)
Source: Dealogic.

European¹ follow-on emission volume (in EUR billion) and no. of offerings per quarter



Source: Dealogic.

IPO compass and outlook

Selected European IPO emission activity YTD ¹

Pricing	Issuer	Exchange country	Dealogic Sector	Market Cap. (€m) ²	Deal Value (€m) ³	Aftermarket perform.	
						First day ⁴	Current ⁴
Mar-26	Vincorion SE	DE	Defense	850	300	10.0%	14.2%
Feb-26	Capital Tankers Corp	NO	Transportation	1,562	370	(9.7%)	(6.0%)
Jan-26	ASTA Energy Solutions AG	DE	Metal & Steel	420	166	35.6%	93.2%
Jan-26	CSG BV	NL	Defense	25,000	3,800	31.4%	(26.2%)

Note: 1) Considering transactions with deal value >€150m excl. Greenshoe, excl. SPACs & excl. recent electrovac transaction, 2) At IPO, 3) Excl. Greenshoe, 4) Compared to issue price at IPO as of 30 April 2026. Source: Dealogic.

European IPO outlook

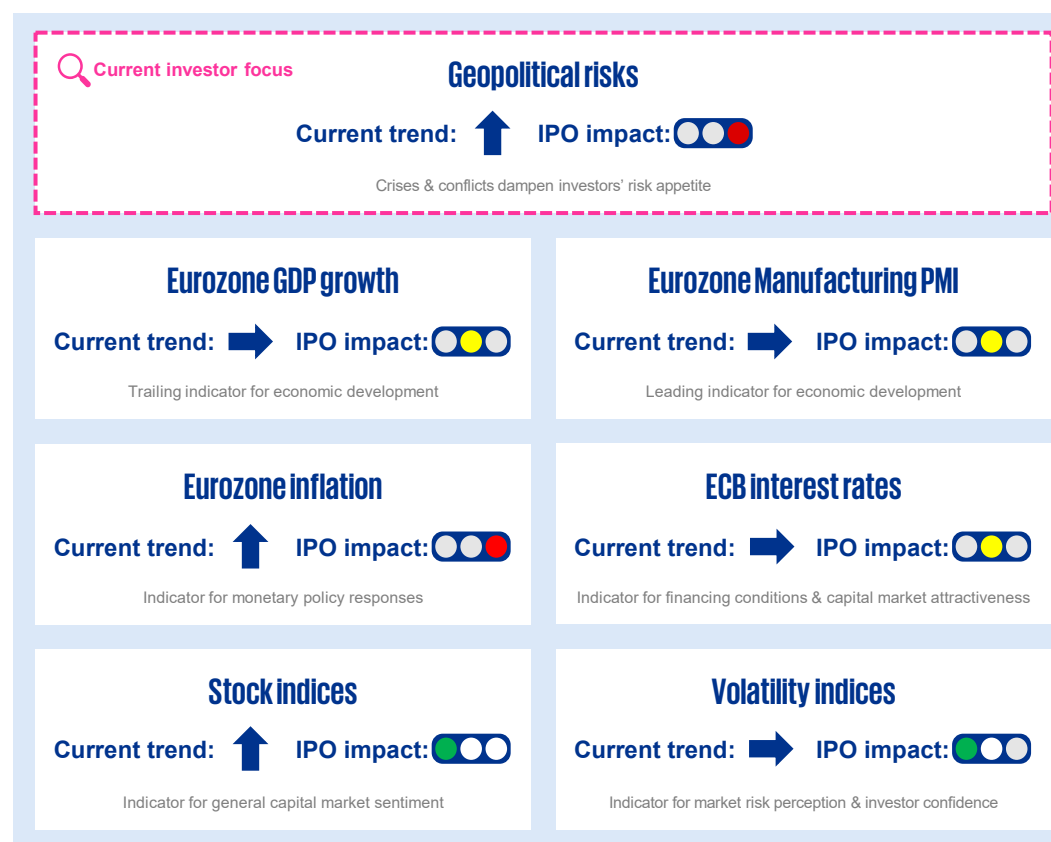
As of end-April 2026, Europe's IPO pipeline remains constructive, but some execution risk may still linger. Markets steadied through April, yet issuance windows are still headline-driven and investors remain selective, with tighter valuation discipline outside a few clearly supported themes.

Defence is still driving momentum following a strong Q1, with KNDS advancing IPO preparations for 2026 and WB Electronics in Poland potentially eyeing a listing as early as year end.

Private equity remains the main engine of the broader pipeline, with multiple sponsor-backed assets cited as potential candidates, while keeping alternative exit routes open. Names frequently discussed include Visma, IVC Evidensia, Odido, Leo Pharma, and mobile.de, reflecting a flexible approach until volatility and geopolitics allow more consistent deal execution.

Source: Dealogic, KPMG, Germany, 2026

Factors influencing IPO market activity



Note: ↑ ➡ ↓: Increase/ flat/ decrease in indicating factor; 🟢🟡🔴: positive/ neutral/ negative impact on IPO activity.
 Source: Dealogic, S&P Global, FactSet, Refinitiv, KPMG, Germany, 2026.

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. The PMI in the Eurozone is based on questionnaires sent to survey panels of manufacturers in Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece, totaling around 3,000 private sector 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.

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