Equity market update and IPO compass

Capital Markets Team

—

June 2026

Executive summary

"European IPO activity picked up in May as geopolitical tensions seemed to ease and volatility calmed, but with central banks leaning toward higher rates amid persistent inflation, the window for new listings remains timing-dependent."

Ralf Pfennig
Partner
Head of Deal & Capital Markets Services

AVG. VIX 17.3

The VIX averaged 17.3 in May and finished on its lowest reading (15.3) since the US-Iran conflict began, as an anticipated preliminary agreement drove a steady decline in the final two weeks.

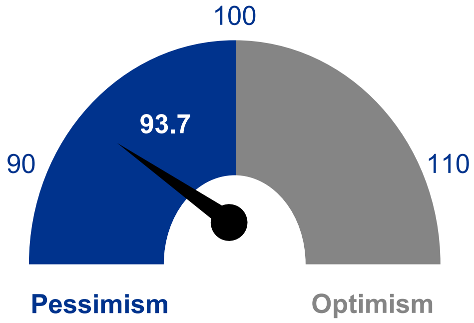
Source: FactSet.

Silex Microsystems AB ranks among Europe's strongest IPO debuts in two decades

Silex Microsystems AB, a Swedish micro-electro-mechanical systems (MEMS) foundry, saw its shares rising by +178% on the first day of trading versus issue price - marking one of the strongest first-day performances for European IPOs in the past 20 years.

Source: Dealogic.

EU Economic Sentiment & Consumer Confidence [1]



Source: S&P Global.

In Europe, the ECB is widely expected to raise rates in June as energy costs feed through into broader inflation, though the path beyond remains uncertain with persistent inflation on one side and weakening growth on the other.

Source: FactSet.

Index	L1M	L6M	LTM
STOXX 600	2.4%	8.6%	14.3%
DAX	3.3%	5.3%	4.9%
S&P 500	5.1%	10.7%	28.2%
NASDAQ	8.4%	15.4%	40.7%

Equity markets gained in May on perceived easing US-Iran tensions, however negotiations remain fragile. US indices led, driven by AI momentum (S&P 500 +5.1%), while Europe followed more modestly (STOXX 600 +2.4%).

Source: FactSet.

European IPO pipeline gains traction

Beyond defence names such as KNDS, the new issuance pipeline is diversifying across Europe, though issuers and financial sponsors remain flexible on timing and execution will likely depend on short windows of stability rather than sustained calm.

Source: Dealogic.

Check whether your business is ready to go public at:

Initial Public Offering (IPO) | KPMG Atlas

Note 1) See slide 7 for index definitions.

Macro environment and outlook

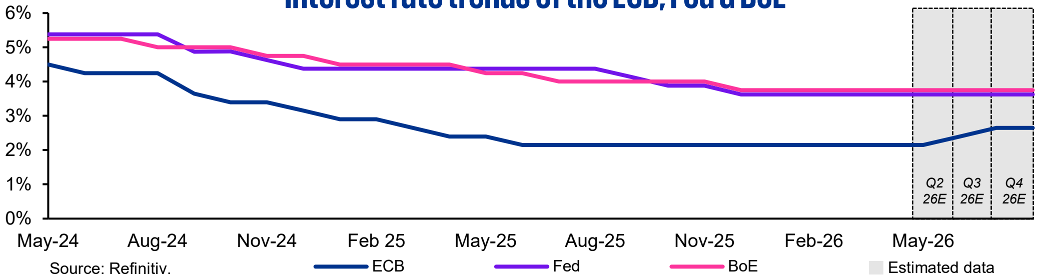
In May 2026, a fragile US-Iran ceasefire and an anticipated preliminary agreement to secure shipping routes drove Brent crude from over c. USD 118 per barrel at the start of the month to around c. USD 92 by month-end – a sharp retreat, though still well above the c. USD 72 level seen before the conflict began.

In the US, inflation remained elevated as April CPI came in at 3.8% and core CPI at 2.8%, both exceeding expectations and well above the Fed's 2% target. Markets increasingly expect rates to stay higher for longer. In Europe, ECB officials signaled a clear shift toward tighter monetary policy, warning that elevated energy costs were feeding through into broader price pressures even as geopolitical risks seemed to ease. A rate hike at the June meeting is now widely expected, though the path beyond remains uncertain – with persistent inflation on one side and weakening growth on the other.

The Eurozone manufacturing PMI indicated fading momentum, with new orders weakening as firms faced the sharpest rise in energy and raw material costs in four years, compounded by supply chain delays at their highest since 2022.

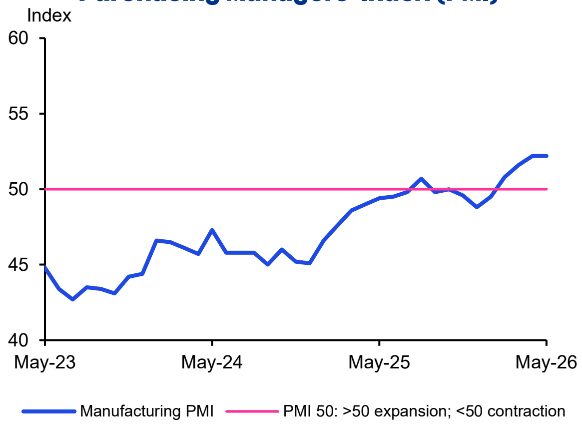
Source: KPMG, Germany, 2026.

Interest rate trends of the ECB, Fed & BoE [1]



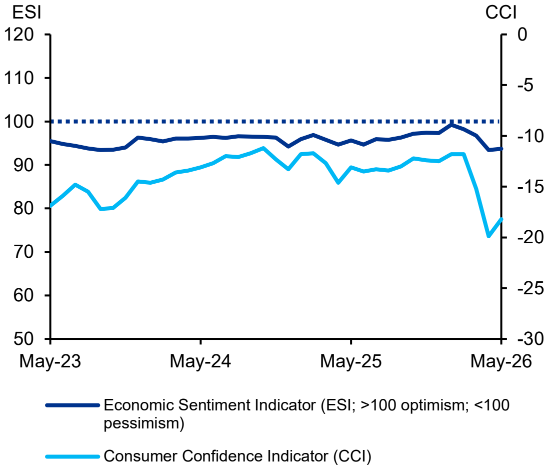
Source: Refinitiv.

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



Source: S&P Global.

EU Economic Sentiment & Consumer Confidence [2]



Source: European Commission.

Real GDP growth in percent [3]

%	2025	2026E	2027E
United States	2.1	2.3	2.0
Germany	0.3	0.7	1.4
United Kingdom	1.4	0.8	1.3
Eurozone	1.5	1.0	1.3
China	5.0	4.5	4.4
Japan	1.1	0.7	0.9

Source: FactSet. Closing prices as of 29 May 2026.

CPI inflation in percent [4]

%	2025	2026E	2027E
United States	2.7	3.0	2.4
Germany	2.2	2.6	2.0
United Kingdom	3.4	3.1	2.1
Eurozone	2.1	2.4	2.0
China	0.1	1.0	1.1
Japan	3.2	2.1	2.0

Source: FactSet. Closing prices as of 29 May 2026.

Notes: 1) ECB: refinancing rate, Fed: funds rate, BoE: bank rate; 2) See slide 7 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.

Equity market overview

European equities advanced in May, navigating a volatile mix of geopolitical headlines and weaker macro signals, while US markets proved even more resilient – with the S&P 500 and NASDAQ reaching new all-time highs by month-end, underpinned by strong earnings momentum and corporate fundamentals that continued to outweigh macro headwinds.

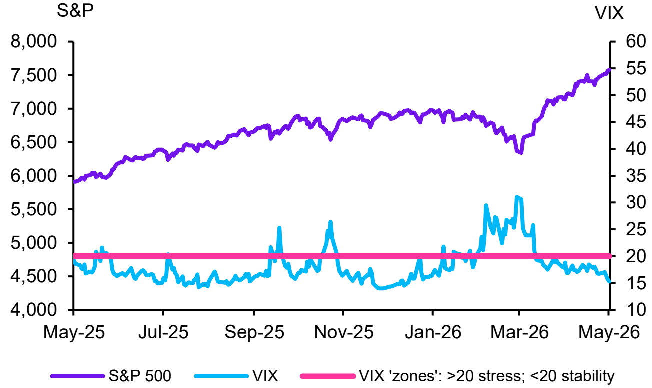
The STOXX Europe 600 gained 2.4% in May, led by AI as the standout theme with tech stocks rising over 10% and narrowing the gap to US peers. By month-end, the index had recovered nearly all losses since the start of the Iran conflict, supported by Q1 earnings that looked solid at the headline level (+11.7% year-on-year), though growth was heavily concentrated in Energy while underlying revenue excluding the sector turned negative.

The S&P 500 gained 5.1% in May on the back of Q1 earnings growth of nearly 29%, the strongest since Q4 2021. The rally was broad at the index level but driven disproportionately by the seven largest tech names, whose earnings grew roughly four times faster than the rest of the market. AI and semiconductors continued to lead, but the consensus is growing cautious as a Reuters poll projects the S&P 500 ending the year just 1.3% above current levels given elevated energy costs and a restrictive rate outlook.

Equity volatility continued to normalise through May. After trading in a 17 to 18 range for much of the month with intermittent spikes on geopolitical headlines, the VIX declined steadily in the final two weeks as the anticipated US-Iran preliminary agreement seemed to take shape, ending at 15.3 and well below the 20-threshold associated with elevated uncertainty. It was the lowest close since the conflict began.

Source: FactSet. KPMG, Germany, 2026.

S&P & VIX: market trends and volatility LTM



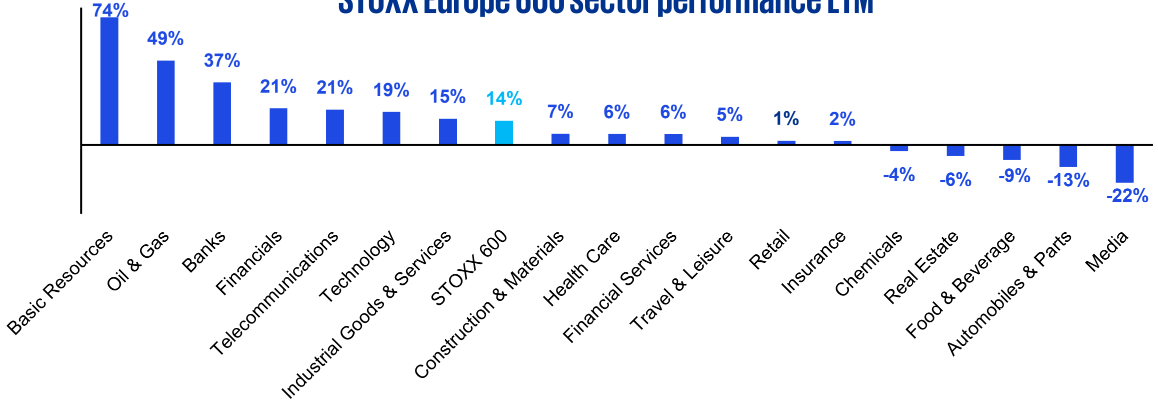
Source: FactSet. Closing prices as of 29 May 2026.

Performance of selected indices

	Value	L1M	L6M	LTM
DAX	25,105	3.3%	5.3%	4.9%
MDAX	33,353	9.0%	11.4%	8.6%
ATX	6,149	6.1%	22.7%	39.0%
SMI	13,543	3.1%	5.5%	11.1%
STOXX 600	626	2.4%	8.6%	14.3%
FTSE 100	10,409	0.3%	7.1%	19.4%
NASDAQ	26,973	8.4%	15.4%	40.7%
S&P 500	7,580	5.1%	10.7%	28.2%

Source: FactSet. Closing prices as of 29 May 2026.

STOXX Europe 600 sector performance LTM



Source: FactSet. Closing prices as of 29 May 2026.

Issuance activity

Despite continued geopolitical uncertainty, equity capital markets in Europe and the US recorded a clear uptick in activity in May.

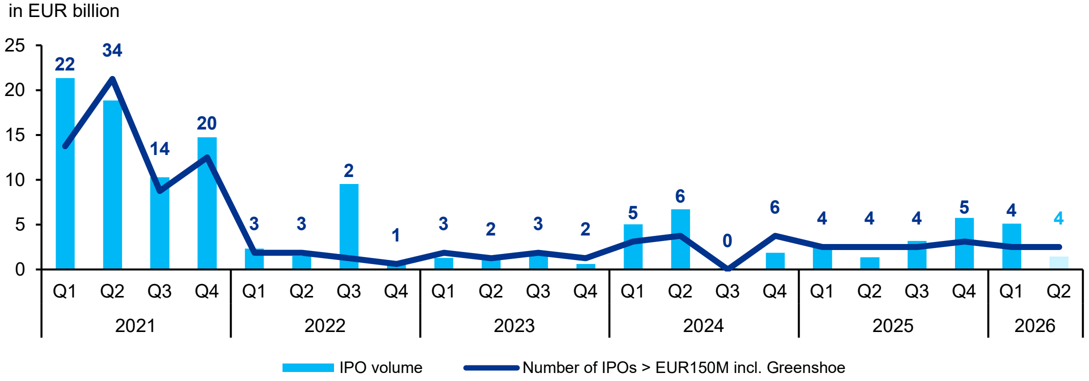
European equity capital markets saw four IPOs price during the month. The standout transaction was the IPO of Swedish micro-electro-mechanical systems (MEMS) foundry Silex Microsystems, which raised c. EUR 184m at an implied market capitalisation of c. EUR 892m. The offering was supported by strong cornerstone demand, accounting for c. 75% of the allocation, with shares rising by +178% on the first day of trading versus issue price - one of the strongest first-day performances for a European[1] IPO in the past 20 years. With the company's MEMS positioning and exposure to semiconductor-adjacent assets, the stock ended the month still up +139% versus issue price. Other sizeable European IPOs were spread across sectors and regions, with engineering and technology firm TSK Group (ES), the dual listing of the National Investment Fund of the Republic of Uzbekistan – UzNIF (UK/ UZ), and aquafeed solutions provider Biomar Group (DK).

Separately, Austrian INNIO Group, a manufacturer of gas engines for critical infrastructure such as data centres, announced the launch of its roadshow for its US IPO. Backed by private equity firm Advent, the company is reportedly targeting a valuation of up to USD 20bn, seeking to capitalize on investor appetite towards companies powering the AI boom.

This comes against a wider backdrop of continued IPO momentum in the US. US equity capital markets have already recorded their strongest quarter for IPOs by deal volume since the 2021 IPO wave, with May marking the strongest month by deal volume since November 2021. Deal count, however, remained broadly in line with post-2021 averages, highlighting the increase in larger scale deals. Several mega-IPOs in the US are reportedly in preparation, with SpaceX having filed for its IPO in mid-May and reportedly targeting a trillion-dollar valuation, alongside artificial intelligence players OpenAI and Anthropic.

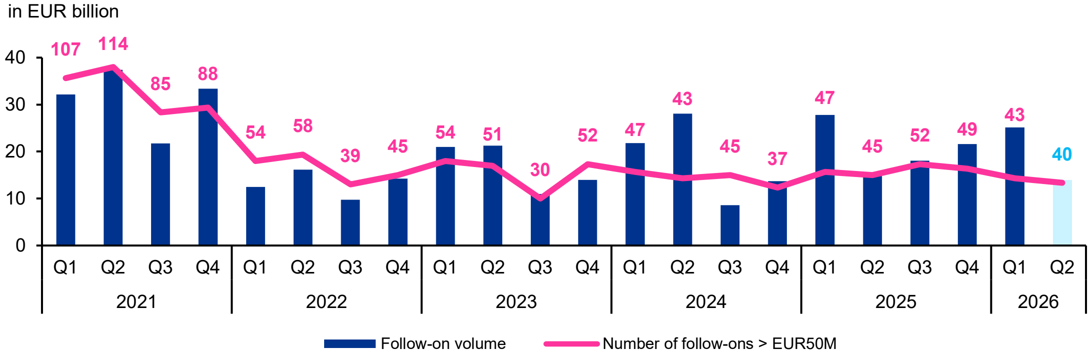
Note: 1) European = Transactions on exchanges in Western Europe, Benelux & Nordics.
Source: Dealogic, KPMG, Germany, 2026.

European[1] IPO emission volume (in EUR billion) and no. of offerings per quarter



Note: = Current status for Q2-2026 as of 29 May 2026; 1) European = Transactions on exchanges in Western Europe, Benelux & Nordics (excl. Electrovac)
Source: Dealogic.

European[1] follow-on emission volume (in EUR billion) and no. of offerings per quarter



Note: = Current status for Q2-2026 as of 29 May 2026; 1) European = Transactions on exchanges in Western Europe, Benelux & Nordics.
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]	Aftermarket perform. Current[4]
May-26	Biomar Group AS	DK	Food & Beverage	1,452	364	4.6%	4.2%
May-26	UzNIF JSC	UK/UZ	Government	1,667	591	4.0%	18.8%
May-26	TSK Group	ES	Construction/ Building	587	172	5.0%	15.0%
May-26	Silex Microsystems AB	SE	Computers & Electronics	892	184	178.5%	138.8%
Mar-26	Vincorion SE	DE	Defense	850	336	10.0%	11.8%
Feb-26	Capital Tankers Corp	NO	Transportation	1,562	402	(9.7%)	(7.3%)
Jan-26	ASTA Energy Solutions AG	DE	Metal & Steel	420	166	35.6%	131.2%
Jan-26	CSG BV	NL	Defense	25,000	3,800	31.4%	(28.1%)

Note: 1) Considering transactions with deal value >€150m excl. Greenshoe, excl. SPACs, 2) At IPO, 3) Excl. Greenshoe, 4) Compared to issue price at IPO as of 29 May 2026. Source: Dealogic.

European IPO outlook

As of late May 2026, Europe's IPO pipeline continues to gain traction as momentum improves, with volatility declining materially throughout the month, though issuance windows remain subject to macro headlines and the evolving rate outlook.

Looking ahead, defence continues to lead with KNDS advancing its dual listing in Frankfurt and Paris for summer 2026. Following the publication of 2025 figures on 26 May, the company confirmed that the IPO remains on track and in line with the original timeline. Further, German aerospace and technology group OHB, which is already listed but with limited free float, is reportedly exploring a Re-IPO through a share sale.

Beyond defence, the new issuance pipeline is diversifying across Europe, though issuers and financial sponsors remain flexible on timing and execution will likely depend on short windows of stability rather than sustained calm.

Source: Dealogic, KPMG, Germany, 2026

Factors influencing IPO market activity

Current investor focus

Geopolitical risks

Current trend: ↑ IPO impact: negative

Crises & conflicts dampen investors' risk appetite

Eurozone GDP growth

Current trend: → IPO impact: neutral

Trailing indicator for economic development

Eurozone Manufacturing PMI

Current trend: → IPO impact: neutral

Leading indicator for economic development

Eurozone inflation

Current trend: ↑ IPO impact: negative

Indicator for monetary policy responses

ECB interest rates

Current trend: → IPO impact: neutral

Indicator for financing conditions & capital market attractiveness

Stock indices

Current trend: ↑ IPO impact: positive

Indicator for general capital market sentiment

Volatility indices

Current trend: ↓ IPO impact: positive

Indicator for market risk perception & investor confidence

Note: ↑ → ↓: Increase/ flat/ decrease in indicating factor; (red/yellow/green): 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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