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Dealogic

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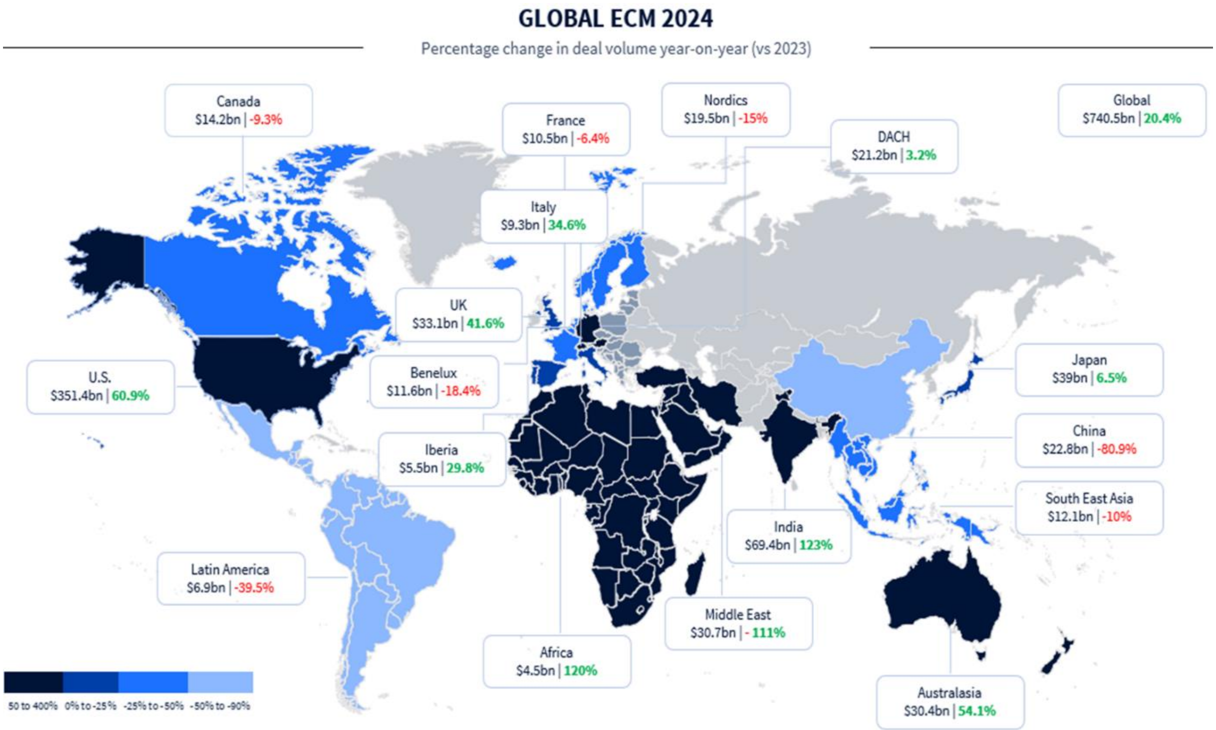
ECM Highlights 2024: A year of renewal ahead of Trump 2.0

Powered by Dealogic data, ECM Highlights reviews ECM activity across Americas, EMEA and APAC in 2024. All data updated as of 16 December 2024 at 18:00pm IST. Find more on the latest and upcoming ECM activity at Dealogic | ECM.

Global: M.E.G.A (Making ECM Great Again)



*Source: Dealogic; Data correct as of 16 Dec 2024.

Huge growth in US ECM volumes ensured that 2024 will be remembered as a year of revival for the equity capital markets ahead of the possible tumult of a second Trump administration, starting in 2025.

Falling global inflation, and the start of interest rate easing from major central banks, meant that equity issuers and investors were in a far better mood to deal in 2024, leading to the best year in three for ECM.

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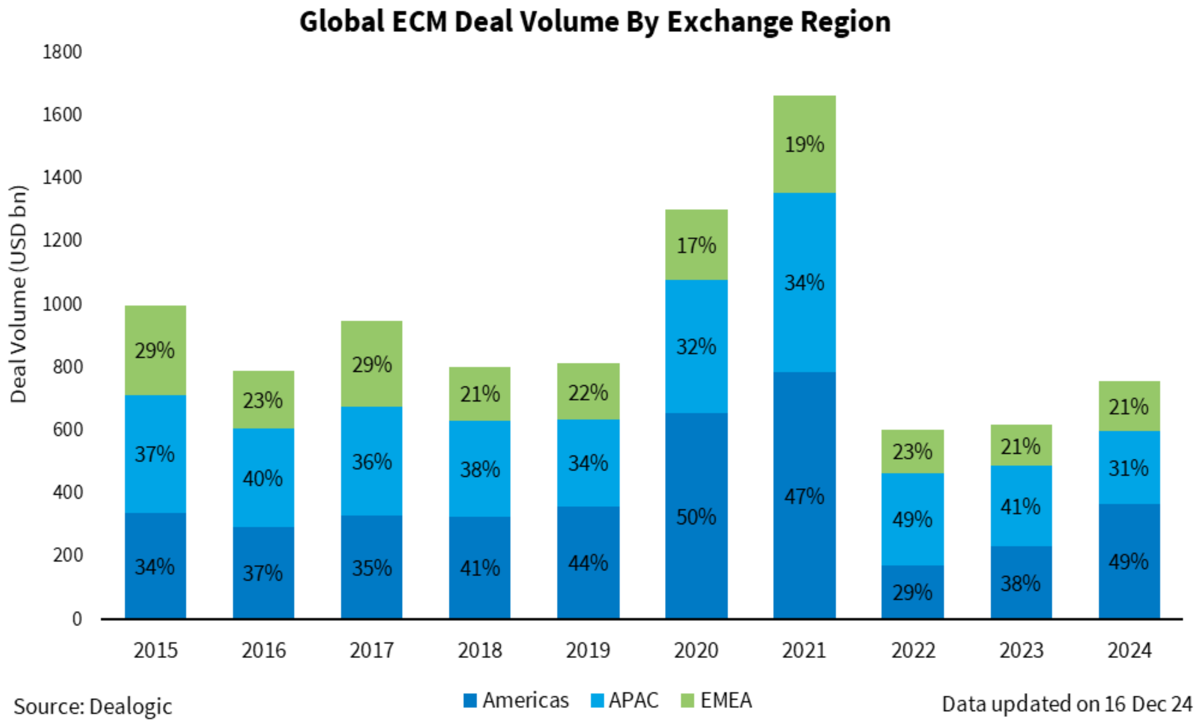

There has been around USD 740bn of issuance, as of 16 December, meaning that 2024 global ECM volumes end the year 20% higher than 2023. This is a remarkable result considering a monumental fall in Chinese ECM volumes, in line with a broader economic slowdown in the world's second largest economy.

Fourth quarter volumes of USD 201bn were 45% higher than the same period in 2023, showing a growing desire to deal into the end of the year, as issuers and their advisors took advantage of an uplift in equity indices following a clear result in the US election.

The star of the show for global ECM this year was the Americas, particularly the US. Issuance of USD 366.7bn across the region was up over 56% from 2023; US issuance was up over 60% over last year.

The capacity for equity markets to absorb gargantuan deals was also a key theme of the year.

US volumes were boosted by a mammoth capital raise by **Boeing** [NYSE:BA] in the fourth quarter that consisted of a USD 18.5bn follow-on and a USD 5.75bn convertible bond deal. Other global large deals this year included a USD 9bn capital raise by **National Grid** [LON:NG] and a USD 12.5bn share sale in **Saudi Aramco** [TADAWUL:2222].

The return of the US and European IPOs was also a feature of 2024 but global IPO volumes of USD 123bn was just slightly above USD 122.2bn in 2023. US listings were 67% higher than last year and Europe IPOs were up around 64%.

IPO volumes were also significantly up in the Middle East. Large new listings were a particular theme in EMEA, with six of the top ten IPOs coming from the region, but mid-cap issuers struggled to gain traction, meaning that IPO issuance in the EMEA was 42% higher than 2023.

APAC ECM was down 7.9% in 2024, driven by an 83% fall in China A-Share listings.

The decline in China was somewhat mitigated by the rise of India.

Indian ECM issuance of USD 69.4bn was the best in APAC and the second-best market globally after the US.

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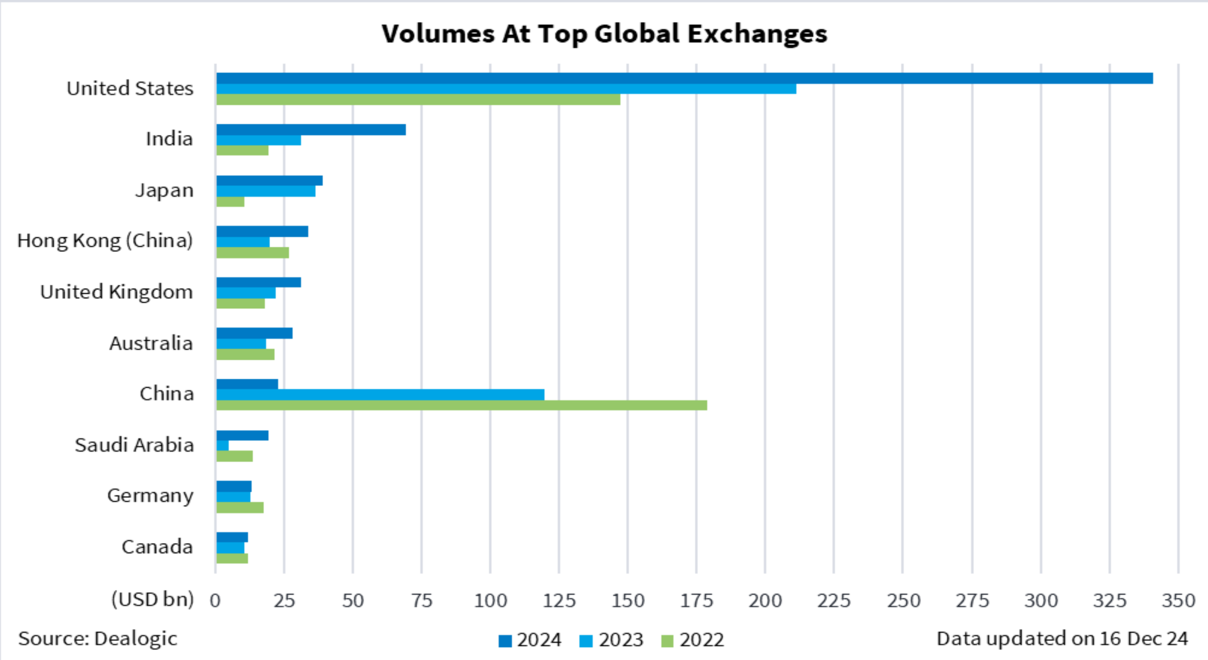

Finally, a revival in both Americas and APAC convertible bonds led to USD 127bn of issuance globally, 27% higher than in 2023.

It was also higher than global IPO volumes and marks the first time in a decade where convertible bond issuance outpaced new listings.

With a strong equity market rally following the US presidential election, and the re-election of former president Donald Trump, there are hopes that this will lead to even better days in 2025 for ECM.

But market participants will have some concern over the protectionist rhetoric of the president-elect and whether this might lead to global trade hostilities, which then act as a damper on an otherwise robust backdrop for global ECM.

Issuance in 2025 is going to depend on what kind of administration new US president Donald Trump wishes to lead.

If Trump repeats the tax cutting, pro-business policies of the first year of his last administration, it will likely be a boon for global ECM. In 2017, global volumes grew by 20% from 2016.

However, a US universal tariff regime that disrupts global business and prompts an international trade war, as proposed by Trump during the campaign, will undoubtedly harm markets as President Trump's trade hostility with China did during the second year of his first term.

Global ECM volumes declined 15% Y-O-Y in 2018 from 2017, due to increasing trade hostility between China and the US.

"This year, we saw some improvement in the IPO markets, but definitely not a broad reopening. The secondary overnight market continued to work particularly well," said Andrew Briscoe Head of EMEA ECM Syndicate at Bank of America. "Next year things are expected to continue to improve a bit more. Not a sea change, but an incremental one.

"It is encouraging. There is still a long way before the IPO market is fully open. We need to see what President-elect Trump and his team will do, and particularly what this means for Europe when it comes to trade."

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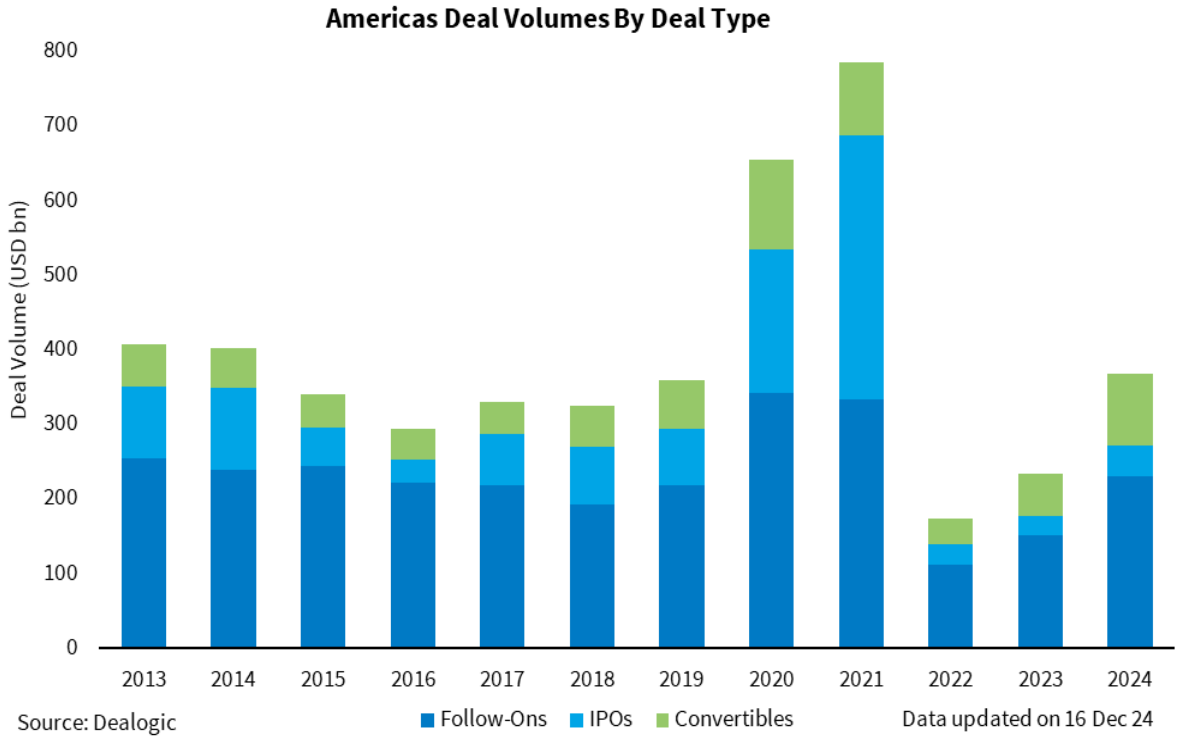
Americas: US animal spirits unleased

Green shoots sprouted across the US markets in 2024, creating a more accommodating atmosphere for the animal spirits that awakened from a near two-year slumber after the presidential election.



There was more than USD 366.7bn of volume across 1,902 ECM transactions in the Americas this year, the most since 2021. Follow-ons led the way with USD 229.7bn raised from 1,395 deals. Convertible bond issuance reached USD 95bn across 253 deals, while IPO volumes were USD 41.8bn from 254 listings.

The increase in follow-on volumes was a 52% uplift from last year's USD 151bn and significantly outpaced the USD 112bn recorded in 2022.

This robust performance harks back to the follow-on issuance peaks of the 2010s and, in certain cases, even surpasses them.

However, the record years of 2020 and 2021, with issuance exceeding USD 330bn and USD 340bn, respectively, remain unmatched, reflecting the extraordinary market conditions during those periods.

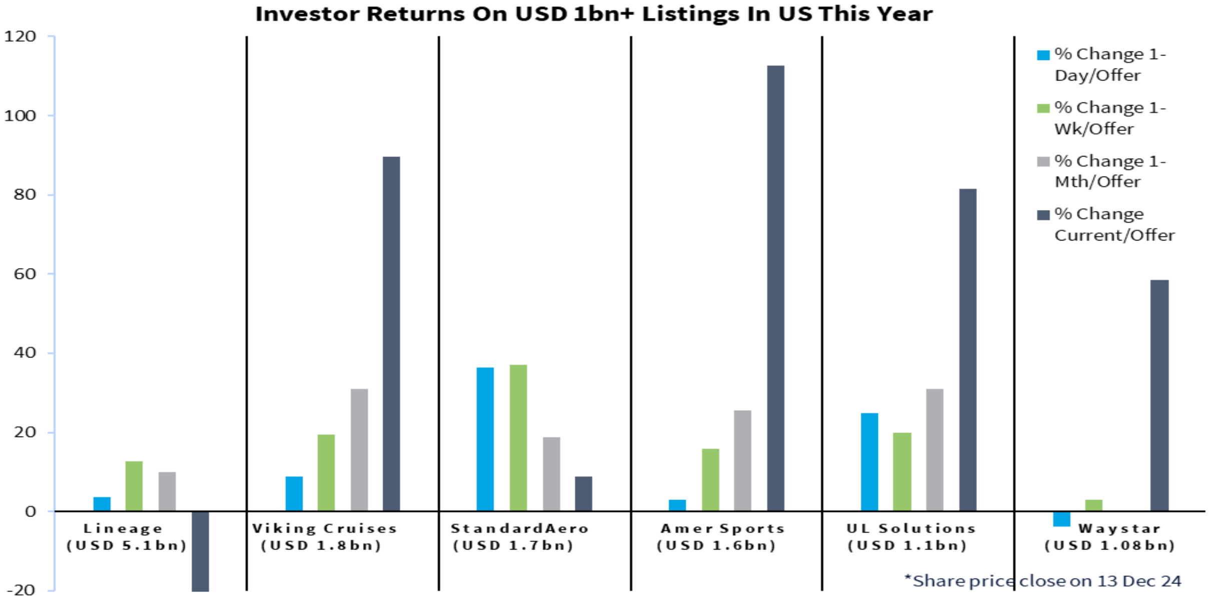
On an annual basis, US convertible bond issuance surpassed last year's USD 57bn by 65% and USD 34bn in 2022 by 175%.

The steady year-over-year increases mark a consistent growth trajectory, bringing this year's volumes close to 2021's USD 98bn, though still below the record USD 120bn issued during the pandemic peak. The exceptional volumes of that year remain a rarity, while 2024 reflects a positive and sustainable progression.

Even though IPOs accounted for the smallest share of US ECM, they remain the highest profile product. They are the best barometer of how human emotion drives market – a phenomenon economist John Keynes famously referred to as "animal spirits."

Lineage [NASDAQ:LINE], a logistics warehouse REIT, was the largest listing of the year in an IPO worth USD 5.1bn. Other notable IPOs included cruise company **Viking** [NYSE:VIK], **StandardAero** [NYSE:SARO], **Amer Sports** [NYSE:AS], UL **Solutions** [NYSE:ULS], **Waystar** [NASDAQ:WAY], **Rubrik** [NYSE:RBRK], **Reddit** [NYSE:RDDT], and **Astera Labs** [NASDAQ:ALAB].

Nine of this year's top US 10 IPOs are trading above their offering price. Lineage is the sole laggard, while most of the others have seen their valuations soar. The market cap of message board provider Reddit, for example, has more than quadrupled since the meme stock started trading in March.



"Investors are showing a much more "risk-on" approach to investment opportunities particularly given the strong backdrop in equity markets we have seen in the fourth quarter," said Angus Whelchel, Managing Director and Head of Private Capital Markets at **Moelis**.

He, and other advisors, expect a long list of prospective issuers that have been biding their time on the sidelines before taking the plunge in 2025.

The next administration is expected to reduce regulation and lower corporate taxes, which advisors hope will fan the flames of an increasingly hot market.

"There is a pipeline of big assets lined up for 2025 IPOs," said Steven Halperin, Head of Equity Public Markets at **Moelis**.

But to ensure high quality issuers come to market "pricing needs to improve because we are still seeing a prevalence of up to 25-30% IPO discounts to fully distributed value, especially across software and other technology companies," he cautioned.

There were 71 IPOs that collectively raised USD 9.1bn in 4Q, slower than the previous two quarters during the year. Election-related uncertainty slowed market activity, particularly in the fall, which was then followed by the Thanksgiving holidays.

Follow-on and convertible bond issuance remained relatively positive, as they generated USD 67bn and over USD 29bn in 4Q proceeds, respectively. There were 321 total ECM transactions in 4Q. "The valuation reset since the high multiples of 2021 has created a healthier equilibrium. Both serve as good indicators of growing confidence in the equity capital markets," said Truist Head of Equity Capital Markets West Riggs.

The market has been selective, added David Koch, who leads **Brown Gibbons Lang**'s ECM activities. Multiples, especially in tech, are still recovering, and private capital availability allowed several companies to delay public listings. Investor hesitation has been noticeable in smaller deals, he added.

The valuation reset since the high multiples of 2021 has created a healthier equilibrium that has helped align issuer and investor expectations, Riggs said. While this this has allowed the market to function more efficiently, there is still more to be done, he added.

Issuers benefitting from the artificial intelligence boom are receiving a warmer welcome. Investors are particularly keen on AI chipmaker **Cerebras Systems**, which is expected to launch its IPO in 1Q.

Traditional energy businesses are also attractive given the incoming administration's fondness for fossil fuels and President Trump's desire to "drill baby drill."

Liquefied natural gas supplier **Venture Global LNG** is the next IPO issuer preparing to test this thesis.

Crypto is also making a comeback. Now that bitcoin has breached USD 100,000 apiece, if only temporarily, advisors point to **Circle**, **Kraken** and **Ledger** as IPO names to watch in the space.

With stock indices making new highs, bulls are the dominant animal spirits, leaving the bears to skulk off into hibernation.

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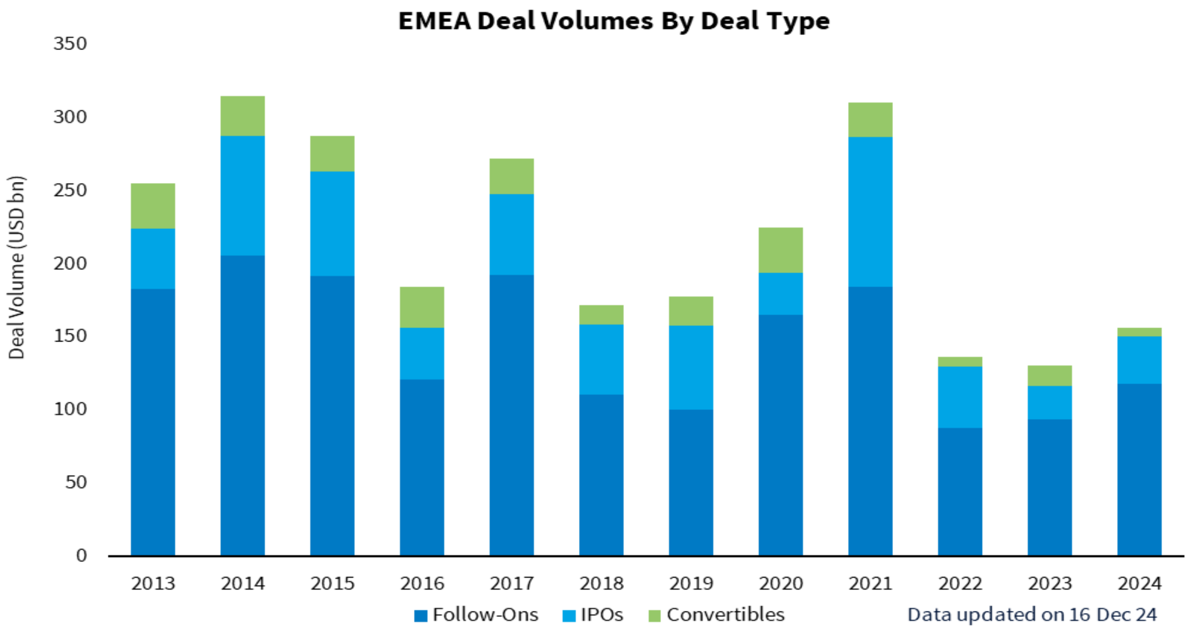
EMEA: Recovery interrupted

In EMEA, 2024 ECM volumes recovered following tepid activity in the previous two years, reaching USD 156.5bn YTD, up from USD 130.7bn last year and USD 136bn in 2022.



While volumes were still below pre-2022 levels, the market showed resilience despite challenging conditions, Gareth McCartney, Global Co-Head of Equity Capital Markets at **UBS** said.

“Markets have demonstrated remarkable resilience this year, absorbing significant event risk,” he said. “Notably, large blocks have cleared well, investors are sitting on substantial cash reserves and deals have performed well in the aftermarket.”

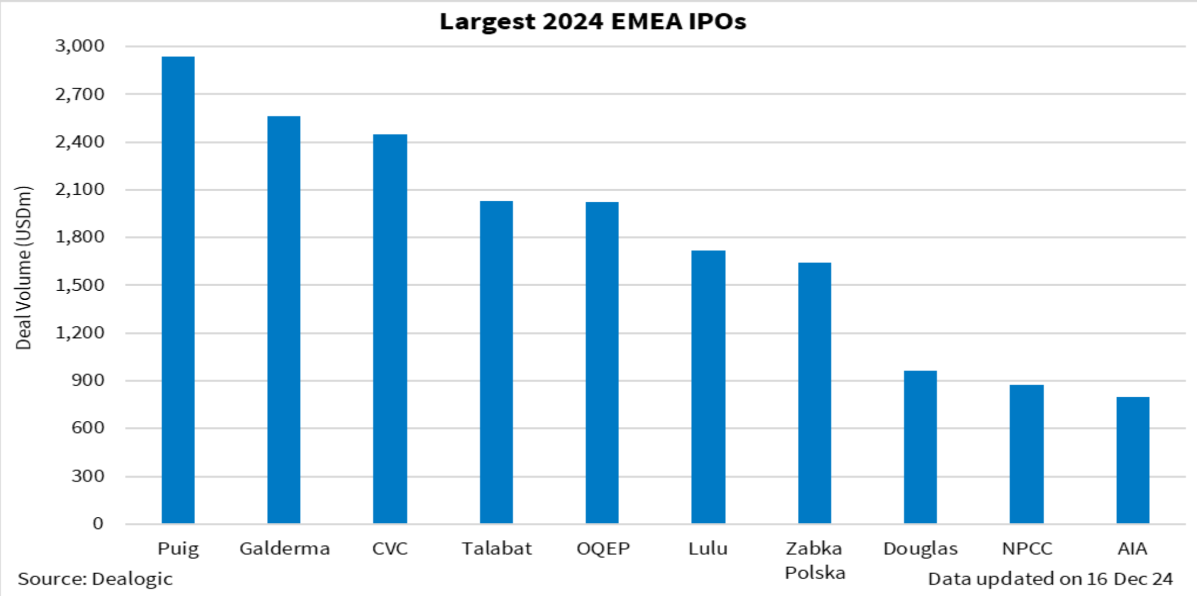
Volume growth this year came despite challenging market conditions, including elections in France and the US, which dampened ECM activity in the second half of the year.

The IPO market showed signs of life, with the listings of **Puig** [BME:PUIG], **Galderma Group** [SWX:GALD], **CVC Capital Partners** [AMS: CVC], **Talabat Holding** [DFM:TALABAT] and **OQ Exploration & Production LLC** [XMUS: OQEP] among the top IPOs priced this year.

Those transactions helped lift volumes to USD 32.3bn in 2024, up from USD 22.7bn last year. Despite the uplift this year, volumes in 2024 remained below those in 2022, which stood at USD 41.7bn.

While the pipeline for the year was strong, the volatility in the second half of the year led to some issuers postponing listing plans for now, notably luxury shoemaker **Golden Goose** and frozen baked good company **Europastry**.

“Many postponed IPOs are set to return next year which we expect to see normalised levels of issuance,” McCartney noted.



Follow-ons, meanwhile, have bounced back, reaching USD 118.1bn in 2024, up from USD 93.7bn last year.

This year's volumes were boosted by Saudi Aramco's USD 12bn block trade and National Grid's USD 9.2bn rights issue alongside a USD 5.5bn share sale from **DSV** [CPH: DSV]

While follow-ons recovered, equity-linked issuance stagnated, despite ideal market conditions for the asset class.

In 2024, converts volumes reached USD 6bn, down from USD 14.4bn in 2023 and USD 7bn in 2022.

"Despite conducive market conditions, European issuers did not seize opportunities, largely due to supply-side preferences," McCartney says. "Companies opted for alternative financing instruments over convertibles, with no specific cause behind the subdued activity."

Despite a summer flurry of issuance over the summer from **Schneider Electric SE** [EPA: SU], **TUI AG** [ETR:TUI1], **Ocado Group plc** [LON: OCDO] and **LEG Properties BV** [ETR: LEG], converts issuance volumes have largely disappointed this year.

Looking ahead, 2025 promises to be a further normalisation of the equity markets if inflation remains low and interest rates are cut further, according to Andreas Bernstorff, Head of Equity Capital Markets EMEA at BNP Paribas.

"We think 2025 will bring many elements that could combine to create a great window for new issuance, led by the US," he says. "Only twice in recent decades has the Fed cut rates when the S&P is at or near all-time highs: 1998 and 2021 so there is a fair chance that markets move sharply up from here."

However, the election of Donald Trump, who promises to implement a raft of tariffs, could upend the markets.

Weak oil prices and China's stimulus are likely to absorb inflationary pressures from additional tariffs, reducing the need for monetary re-tightening and encouraging businesses to resume plans previously delayed by election-year uncertainty, Bernstorff adds.

Joelle Assouad, Head of Equity Capital Markets at **Crédit Agricole Corporate and Investment Bank**, also downplayed the effect of tariffs on the ECM.

"We believe that the impact [of tariffs] will be contained. Some sectors such as luxury might be affected. Tariffs need an answer via the impact on margins. The rationale for the issuance far outweighs the effect of tariffs so the effect will be contained," Assouad says.

Private equity will play a larger role as firms exit assets, while increased M&A activity will drive capital raises. Tariffs will affect certain sectors but not uniformly and will create opportunities, McCartney notes.

In terms of the most active regions in 2024, the UK (USD 31bn) continues to be the most valuable market, followed in order by: Saudi Arabia (USD 19bn), Germany (USD 13bn), France (USD 10bn) and Italy (USD 9bn).

Meanwhile, in terms of sectors, the most active in 2024 were: Healthcare (USD 22bn), Oil & Gas (USD 20bn), Finance (USD 18bn), Technology (USD 15bn), and Transportation (USD 13bn).

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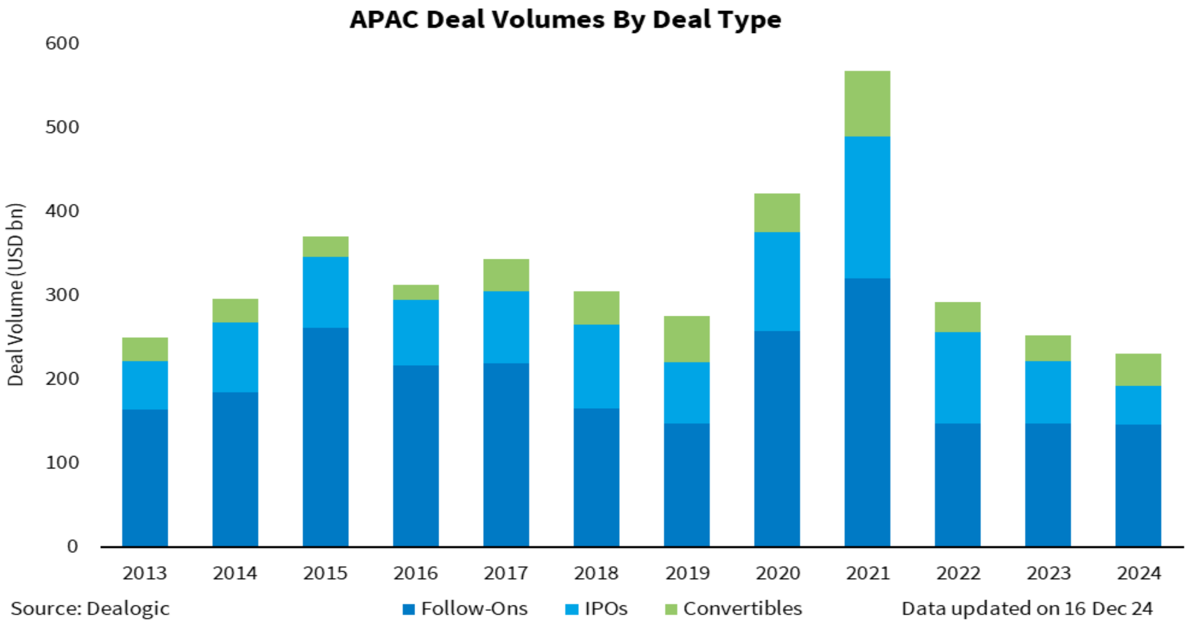
APAC: A Diminished Dragon

China, comfortably one of Asia Pacific's, and the world's, top ECM nationalities for years, dropped out of the regional top three in 2024 ending the year as the region's No.5 deal market. This is China's worst annual ECM showing since 2009, when the country was APAC's fourth largest equity capital market.



The world's second largest economy remains mired by years of sluggish property markets, which has hit consumption hard alongside nearly all other economic aspects of the export-oriented country. It was overtaken by India, Japan, and Australia in 2024, There was also more activity in Hong Kong than there was in mainland China.

There was just USD 22.8bn worth of ECM paper printed in mainland China in 2024, a far cry from nearly USD 120bn last year. The country's onshore IPO market shrank to near non-existence, with merely USD 8bn worth of new listings at home, compared with approximately USD 46bn the year before.

The decline was far too steep for any gains in other geographies to offset the decline of such a major deal market.

That said, India closed as the region's ECM champion, with USD 69.4bn worth of issuance, more than doubling last year's USD 31.16bn.

Japan, where corporates continued to shed cross-shareholding stakes as they seek to tidy up governance, while improving shareholder returns, was second, with USD 39bn worth of deals, slightly higher than the USD 36.6bn recorded in 2023.

Weighed mainly by China, Indonesia and Hong Kong, Asia Pacific IPO volumes dropped for a third straight year in 2024, to a total of USD 48.5bn, from USD 73.7bn in 2023. This is despite stark advances in India, with nearly USD 19.4bn worth of IPOs, more than double last year's USD 7.9bn.

Among the top Indian IPOs in the fourth quarter were **NTPC Green Energy Ltd** [NSE: NTPCGREEN], India-based state-run power producer **NTPC Ltd**'s [NSE:NPTC] renewable-energy subsidiary, which has rallied 34% since late-November listing.

Swiggy [NSE:SWIGGY], another major Indian IPO, has swung 41% higher since debut.

If quarterly numbers can be an indicator, the market may have hit a bottom, nonetheless.

The region priced USD 10bn worth of IPOs in 4Q as of 16 December, doubling the third quarter's USD 4.4bn.

"The recovery will come more gradually," said John C. Lee, Vice Chairman and Co-Head of Asia Country Coverage, Global Banking, at UBS. "The consensus view is that we have seen the bottom of the market, with clear shifts in the tone and measures from the government."

Lee was referring to a series of economic and market stimulus Beijing has unveiled or promised since September.

"China will be fine in two to three years," he said.

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In a sign of improving investor confidence, **Mao Geping** [HKG: 1318] closed 10.4% higher as the Chinese makeup products maker debuted on the Hong Kong Exchange on 10 December.

Follow-on issuance in the region fell marginally to USD 145.6bn in 2024 from USD 147.5bn last year. Chinese follow-on volumes of USD 10.8bn worth of follow-ons, were not even one fifth of 2023's USD 53.9bn issuance.

Indian follow-on volumes doubled to USD 49.6bn from USD 23.0bn, Australian follow-ons spiked to USD 23.3bn from USD 12.8bn, South Korea jumped to USD 7.2bn from USD 1.9bn while Taiwan increased to USD 3.7bn from USD 1.6bn.

The equity-linked bond market was a great hive of activity for APAC equity linked issuers, both domestically and cross-border, thanks in no small part to Japan, Taiwan and Australia, while China/Hong Kong managed to remain stable.

Backed by a handful of jumbo offers from investment-grade first-time issuers, Chinese and Hong Kong-based issuers together printed USD 18.6bn worth of convertible paper, versus last year's USD 21bn.

Japanese issuers, meanwhile, sold USD 6.59bn worth of notes, versus last year's USD 3.77bn, while Taiwan issued USD 5.8bn worth of papers, more than 6x last year's USD 870m.

Akshay Sawhney, Co-Head of APAC ECM at Bank of America, said he expects the major markets that have performed well in 2024 – including Japan - to continue shining into 2025.

Though he acknowledged that with the Lunar New Year holidays and earnings-related blackouts, activity is likely to ramp up a couple of months into the year.

With Trump 2.0 around the corner, all dealmakers will be watching closely, to see how the US president's second term reshapes global trade, and the markets.

By Sam Kerr and Taku Dzimwasha in London Troy Hooper in Los Angeles Cristiano Dalla Bona in New York and Perris Lee in Taiwan with analytics by Raj Saiya in Mumbai.