

Issue 31 – June 22, 2026



M&A Conviction Outruns Macro Clarity

Insights Engine | Investment Banking



Table of Contents

01

Mega Deals Reward Conviction

US M&A value is rising because strategic megadeals are advancing despite weak broad-market participation

02

Strategic Necessity Sets Timing

Buyers transact when delaying critical capabilities costs more than financing uncertainty or economic weakness

03

Financing Follows Deal Conviction

Investment banks win by converting strategic urgency into resilient, executable and scenario-tested capital structures

04

Execution Replaces Macro Tailwinds

Without macro tailwinds, transaction returns depend on disciplined underwriting and operational delivery

Executive Summary

Macro-insensitive M&A is concentrating capital around strategically necessary assets that can create growth, protect margins and strengthen competitive positioning without relying on rate cuts, faster GDP growth or policy certainty.

"CEOs and Boards are taking a long-term strategic view, despite the complex backdrop, to capture scale and amplify their competitive advantages."

Matt McClure

Global Co-Head of Investment
Banking Goldman Sachs

US M&A is entering a conviction-led phase in which the strongest transactions no longer require immediate rate cuts, faster economic growth or complete trade-policy clarity.

Announced US deal value reached \$1.2 trillion during the first five months of 2026 even as volume declined, with \$957 billion concentrated in transactions above \$5 billion. This divergence shows that the market is not experiencing a uniform recovery; it is selectively funding acquisitions supported by strategic necessity, scarce assets and durable growth.

Macro-insensitive dealmaking is strongest where buyers must secure intellectual property, replace future revenue, consolidate capacity, strengthen supply chains or respond to structural disruption.

For investment banks, this shifts the mandate from waiting for better markets to designing resilient capital structures and scenario-tested execution plans. For private equity, returns must increasingly come from operational improvement rather than cheaper leverage or multiple expansion.



\$1.2 T

US M&A Value

\$957 B

Megadeal Value

\$603 B

Prior-Year M&A Value

\$28 B

Traditional IPO Proceeds



Mega Deals Reward Conviction

US M&A value is rising because strategic megadeals are advancing despite weak broad-market participation

US mergers and acquisitions are recovering in value, but not through a broad rise in transaction volume. During the first five months of 2026, 4,653 US deals generated \$1.2 trillion of announced value, compared with 4,851 deals worth \$603 billion a year earlier. The 4% decline in volume alongside a 99% increase in value shows that capital is concentrating in fewer, larger transactions.

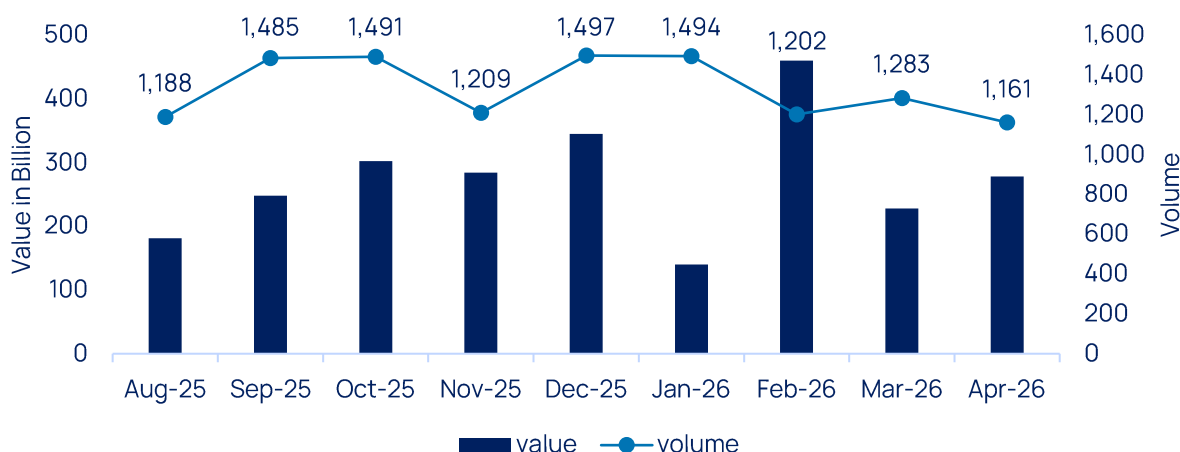
Thirty-nine deals valued above \$5 billion accounted for \$957 billion, nearly three times the prior-year megadeal value. This is the clearest signal of macro-insensitive dealmaking: boards are approving acquisitions whose strategic logic remains defensible even if interest rates remain elevated, economic growth

moderates or trade policy remains unsettled. These transactions typically secure scarce intellectual property, replenish product pipelines, consolidate fragmented sectors, expand infrastructure capacity or protect supply chains. Their timing is driven by the cost of strategic delay rather than confidence in the next economic cycle.

For investment banks and investors, headline M&A value therefore requires careful interpretation. The current cycle is not lifting every company equally; it is rewarding well-capitalized buyers pursuing assets with durable growth, strategic scarcity and measurable value-creation pathways. The strongest deal flow is increasingly conviction-led, not condition-led.

Megadeals Drive US M&A Value

Deal value nearly doubled despite lower volume as capital concentrated in transactions above \$5 billion



Source: PwC



Strategic Necessity Sets Timing

Buyers transact when delaying critical capabilities costs more than financing uncertainty or economic weakness

Macro-insensitive transactions begin with a business problem that cannot be solved by waiting. A pharmaceutical buyer facing a future revenue gap, an industrial company lacking critical capacity, or a technology platform confronting disruption may need to transact before financing conditions improve. The relevant comparison is not simply acquisition price versus current borrowing cost.

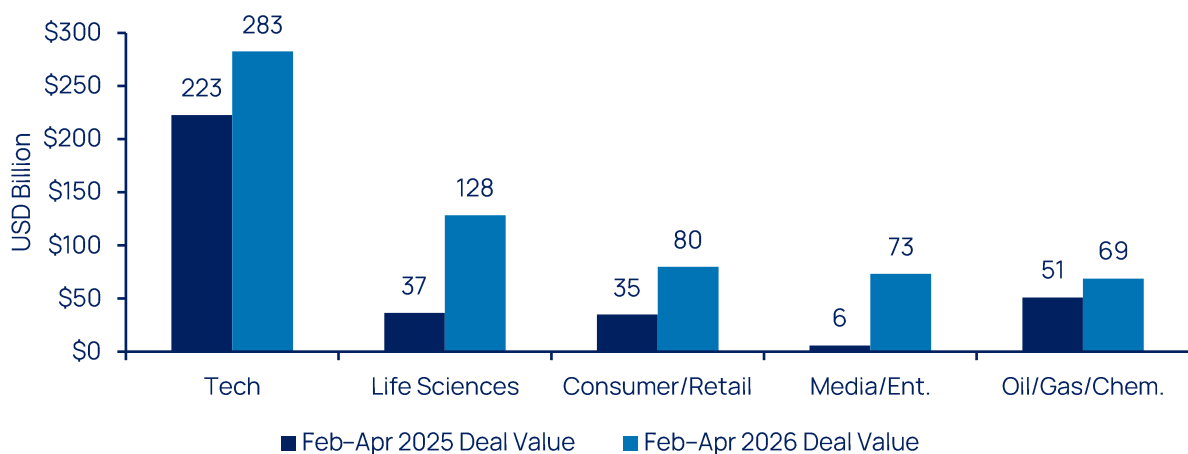
It is acquisition price versus the long-term cost of losing market position, product leadership. This urgency is visible in recent US activity. From February through April 2026, transactions above \$100 million increased 65% in value and 17% in volume from a year earlier.

Deals above \$5 billion recorded a 149% increase in value and a 94% rise in volume, showing that strategic buyers are committing capital where scale, innovation and resilience can reshape earnings. Such transactions are strongest when the investment thesis works across persistent inflation and limited rate relief.

Sponsors must identify operational levers, pricing power, consolidation potential and technology-enabled margin improvement before signing. Strategic necessity now sets deal timing, while scenario-tested value creation determines whether the transaction deserves capital.

Strategic Sectors Sustain Deal Conviction

Capital is concentrating where technology, intellectual property and scale create urgent strategic value



Source: EY

Financing Follows Deal Conviction

Investment banks win by converting strategic urgency into resilient, executable and scenario-tested capital structures



Macro-insensitive does not mean financing-insensitive. Higher capital costs still affect leverage, valuation and accretion, but they increasingly change deal structure rather than eliminate strategically necessary transactions. This shifts investment banking from market-timing advice toward capital-structure engineering. Banks must test whether acquisition cash flows can support debt without immediate rate cuts, whether the buyer can preserve its credit profile, and whether funding remains executable under weaker revenue, higher input-cost and delayed-synergy scenarios.

The resulting financing mix can combine bridge loans, syndicated term debt, investment-grade bonds, private credit, equity issuance, seller financing, earn-outs, asset-sale proceeds and minority capital. All-equity structures and private credit have re-emerged as important alternatives where traditional bank debt alone cannot provide sufficient certainty or speed. Capital markets are also providing more optionality. Through May 2026, 46 traditional US IPOs raised \$28.2 billion, compared with 25 offerings that raised \$11.1 billion in the prior-year period.

Selectively improving equity issuance gives sponsors and corporates another route to fund acquisitions, monetize assets or reduce post-deal leverage. However, an open market is not the same as an unconditional market: investors are favoring profitable growth, strategic clarity and credible integration plans. For investment banks, the fee opportunity extends well beyond M&A advice. Macro-insensitive transactions can generate acquisition financing, debt underwriting, equity issuance, hedging, ratings advisory, divestiture and liability-management mandates.

They also increase demand for fairness opinions, scenario analysis and cross-border structuring expertise. The competitive advantage lies in connecting strategic rationale with financing certainty. A bankable transaction is no longer one that works only in the base case; it must remain executable if rates stay higher, synergies arrive later and macroeconomic support remains limited. Financing resilience has become part of the deal thesis itself.

Execution Replaces Macro Tailwinds

Without macro tailwinds, transaction returns depend on disciplined underwriting, integration speed and operational delivery

When macroeconomic tailwinds are limited, returns depend more heavily on what the buyer controls after signing. Recent transaction analysis shows that 82.9% of buyers in the latest period had positive revenue growth, indicating that financially stronger acquirers are driving activity.

Historically, buyers with positive revenue growth generated a 0.6% median excess return, while buyers with declining revenue produced a negative 0.2%. The implication is not that growth guarantees success, but that a healthy core business provides greater capacity to finance, integrate and improve an acquisition. This makes due diligence and post-merger integration central to macro-insensitive M&A.

Buyers must quantify three to five value levers before signing, including revenue synergies, procurement savings, pricing improvement, capacity utilization and technology-enabled cost reduction. AI must be assessed both as an earnings accelerator and as a threat to the target's competitive moat.

Integration planning is also moving forward: the traditional 100-day plan is being replaced by a 30-day execution agenda designed during diligence. For private equity and investment research, the critical question is no longer whether the economy will rescue the underwriting case. It is whether management can deliver value without macro assistance.



Macro-insensitive dealmaking does not remove economic risk; it raises the standard for strategic logic, financing resilience and execution. In a bifurcated US M&A market, capital will continue moving toward scarce assets and well-capitalized buyers whose transactions create durable value without depending on a favorable macroeconomic turn.

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