

Pitchbook, a database of private equity transactions, recently published their 2022 Q1 Global M&A Report in which they cited that, although previously announced deals closed on time, new deal announcements were lower due to the uncertainty created by Russia's invasion of Ukraine.

European M&A during the first quarter of 2022 saw record breaking deal value with 4,138 closed transactions worth \$479.0 billion. Robust economic growth spurred corporate investors to pursue M&A transactions to add new capacities, grow geographically, and enter new markets. European PE investors were also aggressively seeking to put investment capital to work. Because of geopolitical and macroeconomic uncertainties, we will likely see a decline in European M&A activity in the coming quarters. However, private equity investing will still appear historically strong because of the sheer volume of "dry powder" that needs to be deployed.



Figure 1



Figure 2

One bright spot in the global M&A outlook is the energy sector, which has begun to attract serious capital for the first time in many years.

While European M&A broke deal value records, North American M&A saw a slight dip in value and volume in Q1 of 2022. Approximately 4,739 deals closed with a combined value of \$611.3 billion, about a 20% decline from the prior quarter. Higher interest rates and inflation across the U.S. and Canada contributed to the dip. With the U.S. Federal Reserve and the Bank of Canada planning additional rate hikes, lower valuations and higher borrowing costs could stifle M&A activity moving forward.

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