



Strategic Horizons Live: Global markets and M&A outlook

SPOT ON | JULY 2026

EXPLORING THE INTERNATIONAL ECONOMY AND DEAL TRENDS IN THE FACE OF UNCERTAINTY

Although an initial US-Iran deal has now been agreed, wariness remains around the situation in the Middle East, likely to impact global economic and business strategy for some time to come. A few weeks before this development, in May 2026, a panel of Oaklins experts from around the world gathered for a Strategic Horizons webinar. The focus was on what's happening in global markets and M&A, and on assessing what companies should be considering in these complicated times, now and going forward.

This newsletter features selected highlights from the session. You can watch the full recording [here](#), and make sure to stay tuned for upcoming webinars from Oaklins covering key topics.

“The USA has a very positive outlook compared to the rest of the world — we hope that continues in the short and medium term.”

– Juan Pablo Bayter, chairman of Oaklins

GLOBAL OUTLOOK

Impact of conflict

An update on the economic situation in light of the Middle East war and supply constraints in the Strait of Hormuz.



Roger Lee, in-house economist,
Oaklins Cavendish

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EXPERT INSIGHTS

An overview of the USA and Europe

Oaklins specialists discuss the trends and challenges affecting M&A and debt advisory across these regions.

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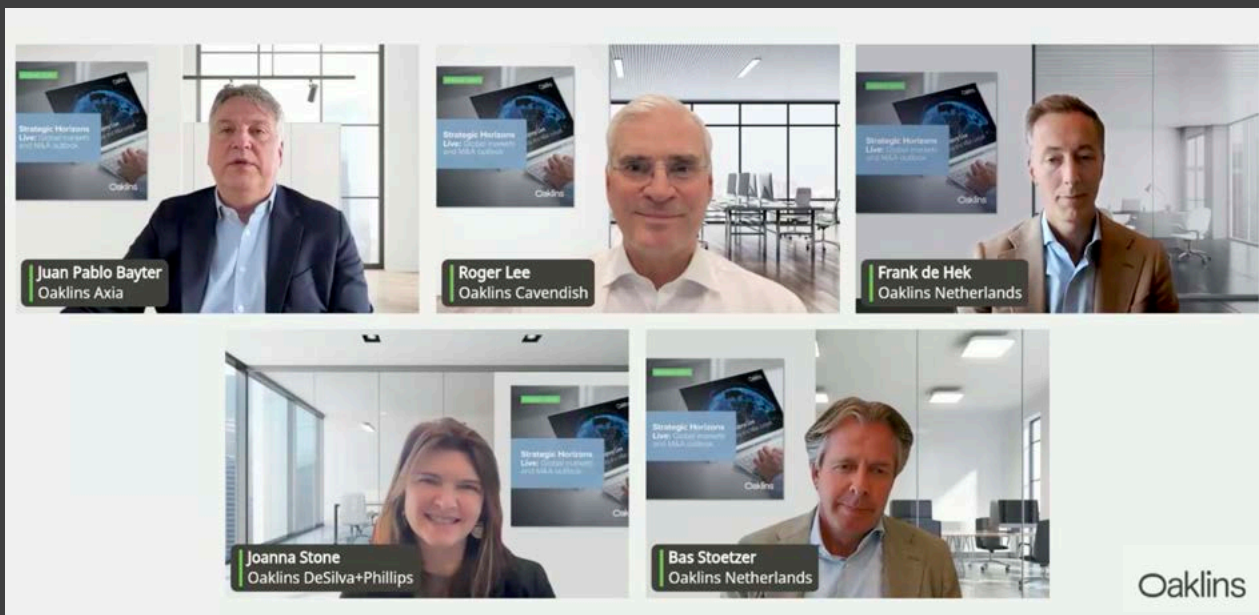
AUDIENCE Q&A

Getting into specifics

The panelists respond to questions from the floor, looking at what could happen in the coming months.

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Our Strategic Horizons webinar panel



Clockwise from top left: **Juan Pablo Bayter** (Chairman and Partner, Oaklins Axia), **Roger Lee** (Partner, Oaklins Cavendish), **Frank de Hek** (Managing Partner, Oaklins Netherlands), **Bas Stoetzer** (Partner, Oaklins Netherlands) and **Joanna Stone** (Partner, Oaklins DeSilva+Phillips).

GLOBAL MARKETS & ECONOMIC UPDATE

Oaklins' chief strategist and partner at Oaklins Cavendish in the UK, Roger Lee, kicked the event off with an overview of the economy at the moment, looking at the role of the conflict in the Middle East and resulting supply constraints in the Strait of Hormuz:

- The past 50 years have seen various oil crises, some caused by wars in the Middle East
- The current crisis also creates a buying opportunity, as was the case on most of the previous occasions
- Markets and central banks are concerned about impact on interest rates and, especially, inflation — higher oil prices lead to inflationary impulses which then feed into the broader economy, resulting in wage growth and increased consumer prices
- This conflict has led to a complete reversal of interest rate expectations, causing a major rotation in prices as asset classes move from underperformance to outperformance

“Everything I’m about to talk about is really determined by one number, and one number only, and that’s the oil price.”

– Roger Lee

Based on these dramatic reversals and continued uncertainty, investors are asking what’s going to happen next?

Will the themes seen prior to the conflict, policy volatility and the attractions of diversification away from the USA, reassert themselves? Or will the trends from the last few weeks (March–May) persist, with a reversion back to the USA and US exceptionalism?

Markets have shown what could happen in the future through their response to a recent social media claim by US President Donald Trump that a deal with Iran was happening and the Strait of Hormuz was set to reopen. Ultimately, neither had come to pass — but the market reaction was instructive. This way of thinking is evident in the two asset classes that have defined markets over the past 18 months — gold and the US dollar:

- In 2025 and early 2026, gold was rising and the US dollar was weakening, indicating asset flows out of the USA due to an “anything but the USA” approach taken by markets
- When the conflict started, this reversed — gold started weakening and the US dollar began to rise
- This flipped again when the possibility of a peace deal or opening of the strait seemed close to happening

Another perspective considers what could happen to oil prices specifically. In the first Gulf War of 1991–92, once the conflict was perceived to be over, the price of oil fell very sharply in a matter of days. There’s even a chance it could fall more this time around following the departure of the UAE from OPEC on 1 May this year. This effectively means the end of the OPEC cartel — and with it, the risk of supply constraints through that organization.

UPDATES ON GLOBAL M&A

To broaden the conversation, the focus next turned to M&A across the world, looking in particular at activity, valuations and trends in Europe and the USA, as well as what's been happening in the European debt advisory market.

EUROPE

M&A activity

- Deal activity has stabilized following 2022 peak
- Buyers remain active, though focused on high-quality assets
- Global uncertainty is influencing buyer sentiment towards certain assets

M&A transaction value

- Deal value has recovered from 2023 low
- Volatility and geopolitical tensions have not stopped dealmaking
- Large deals continued to drive total transaction value in 2024 and 2025

Sector activity

- Focus shifted in 2025, with financials emerging as the largest contributor to overall M&A deal value
- Cyclical sectors became less dominant, with deal values in segments like materials and industrials being relatively small

“The outlook is that there are a lot of deals that can take place as soon as calm returns to the European market and energy prices stabilize once the Iran war is over, especially on the private equity side.”

– Frank de Hek

USA

M&A activity

- M&A has been rebounding after a slower 2023–2024, with deal value and volume both increasing
- AI is one of the biggest drivers of M&A activity, as companies acquire innovation rather than build it in-house
- Both private equity and strategics are fueling M&A growth, with private equity sitting on significant undeployed capital (dry powder)
- Cross-border deals continue to grow significantly: the USA and broader Americas region are attracting inbound M&A activity, while US companies are simultaneously expanding abroad to gain access to new customers, technology and supply chains

M&A trends

- Corporate divestitures and carve-outs are increasing
- Particular trends are fueling deals and growth in healthcare/biotech (innovative therapies and AI-driven drug development platforms), energy (consolidation to gain scale, reduce costs and strengthen positions), manufacturing (automation, robotics, supply chain resilience), defense (geopolitical tensions and rising national security spending), and tech (cybersecurity, cloud computing, data platforms)
- Talent acquisition (acqui-hiring) is accelerating, as companies seek to bolster innovation capacity and stay competitive in AI

“One of the really big key themes across markets is this idea of strategic transformation. Companies are using M&A not just for growth, but to reshape their businesses around digital transformation, AI adoption and long-term resilience.”

– Joanna Stone

DEBT ADVISORY

Key trends in the European debt financing market

- The market remains constructive despite macro uncertainty, as strong liquidity persists
- Private credit and banks are actively competing, keeping financing broadly available for high-quality assets and strong sponsors
- Lenders remain highly selective, with greater scrutiny for cyclical, volatile, AI-disrupted and energy-sensitive sectors
- Pricing and leverage levels are stabilizing, and terms and conditions remain attractive for high-quality assets
- Private credit and syndicated lending increasingly overlap, with sponsors prioritizing certainty, flexibility, speed and long-term support alongside pricing
- Growing use of tailored and hybrid financing structures
- Lender selection becoming more granular
- Interest rate uncertainty impacting outlook
- Credit scrutiny and execution requirements increasing
- Market bifurcation between high-quality and more challenging credits continues to widen

“Despite ongoing geopolitical uncertainty, inflation concerns and broader economic volatility, the debt financing market for M&A in Europe remains constructive and very much open for business.”

– Bas Stoetzer

AUDIENCE Q&A

The political situation in the UK seems fragile, to say the least. What is causing that, and is there any read-across to Europe?

Roger Lee: “Yes, the UK situation does seem extremely fragile. We’re in the midst of another political crisis, where it looks as if our prime minister will have to step down after only being elected in July 2024. This is quite unprecedented for the UK. If the current prime minister goes, we will have had eight prime ministers in the last 20 years. [Note: Sir Keir Starmer did indeed resign on 22 June.] We had seven in the previous 40. So the political turbulence in the UK continues.

The reasons for this, I think, do apply across Europe, because if you look at the polling of what people are concerned about in the UK, two issues absolutely dominate any polling, and have done now for the last 10 years, and it’s the same in Europe: the cost of living and the economy, and immigration. Both of the major British parties have failed to deliver on those issues, so the electorate keeps looking for other answers, which now seem to be with the extremes: Reform or the Greens.

I think it’s that theme that we’re very much seeing across Northern Europe. The centrist parties are unable to deliver economic growth, and they are unable to control immigration, so electorates are looking for more extreme answers. Until our politicians actually deliver a better standard of living, I suspect it is probably going to continue.”

What do you think is going to happen with the M&A market in the next few months? How is M&A going to perform in the face of these geopolitical headwinds?

Joanna Stone: “It’s important to drill down a little on the drivers we’re seeing that are actually promoting more deal activity, despite the political uncertainty and geopolitical volatility. I think large corporations, whether they need talent and are willing to pay a lot of money for

it, or are trying to get the data or the special semiconductors or whatever else they need to avoid falling behind, are under real, intense pressure right now. I don’t see that going away anytime soon. It has been driving activity in 2026, and I think it will continue for a while.

I also think that, because of geopolitical pressures and instability, there has been pressure to localize supply chains. That is creating some acquisition activity within the USA of industrial and manufacturing assets, to allow for less dependency and to avoid interruptions to operations.

We also just happen to be coming out of a period when there was a lot of pause and private equity firms were not putting capital to work. Now they have a lot of dry powder. A lot of the investments they are holding, because of downward pressure on multiples, are well beyond their typical timelines. That is creating intense pressure both to put capital to work and also to sell assets that may now be in a good position, especially if they are in an area where they can benefit from interest in AI or any of the other trends.”

Frank de Hek: “To touch upon the European situation, I think in the USA, people always think big in terms of opportunity, whereas in Europe, we’re a bit more conservative. I also think that on the AI side, the number of deals we see here is not as big as in the USA. Obviously, it’s going to impact all businesses heavily, but from an M&A perspective, I think we have more downward pressure because of the uncertainty around AI.

I’m fully in line with Joanna about the number of deals we should be seeing from private equity firms. We expected that to kick in last year, but because of all the uncertainty around the trade tariffs that America imposed, it didn’t take place.

But those deals will come when markets stabilize. We already have some companies in our portfolio of private

equity firms that simply need to sell because the fund is closing. I think we’ll see that increasingly.

At the same time, these private equity firms have a lot of dry powder, and when the uncertainty is gone, they will be even more eager to deploy that. So I’m optimistic about this year, as well as the next.”

Juan Pablo Bayter: “Certainly, in Latin America, we have a similar picture. Whereas in 2025, tech and AI-related deals were the top-performing sectors, this quarter they are now way below that, and we’re seeing increased activity in all traditional sectors, like natural resources and financials, etc. So it’s a similar picture to Europe.”

What are the trends in the cost and availability of debt finance in M&A currently? And what are your expectation for the coming months?

Bas Stoetzer: “What we see is that for good and high-quality assets, there is still a lot of interest. We see pricing at the lower end still, if you compare it to a couple of months ago. The big difference is that, if we go to market with credits, we probably have to invite twice as many potential lenders as we did, for example, a year ago, to make sure that we get to the finish and have something to choose from at the end.

It’s quite black and white in the lending landscape at the moment, especially if you look at the portfolios of direct lenders, as they are already quite overexposed to TMT-related financings. If you come to the market with a TMT deal, it’s far more difficult these days than with a more classic company, such as a manufacturing business. So we go broad to get to the finish.

There is still appetite, there is still dry powder, so funds have to be deployed. It’s still a very active market. If you compare direct lending with banks in Europe, you see the former now overtaking banking. It’s the other way

around in the USA, where direct lenders already dominate the market. Here in Europe, in a more classic way, the banks were running the show, but that is changing as well.”

Where do you think interest rates will be when the conflict ends?

Roger Lee: “I guess that depends on when the conflict ends. I think this is where the market may be wrong. Europe is definitely looking for rate rises, and it’s the same in the UK. Obviously, the USA is a bit more mixed, probably a flatter rate environment rather than cuts. I think what we’re hearing more and more from central banks is that they are waiting to see what happens. They’re reluctant to pull the trigger too quickly on rate rises.

So the first point I would make is that the market is probably being overly aggressive in terms of the appetite for

central banks to raise rates. Although that does depend on the duration of the conflict. If the oil price stays above US\$100 for an extended period of time, and here we are talking about a year, then that would obviously force central banks to raise rates.

If the conflict is resolved, I think the interest rate environment will change very quickly, not least because the oil price will change quickly. That will relieve a lot of pressure from central banks to raise rates.

Then the question becomes, how much will they have to cut rates? Clearly, there is an economic cost from elevated oil prices, both in the labor market, as we’ve seen in the UK and in Europe, and for corporates. That damage to corporate confidence may perhaps require a looser monetary environment.

If you have any further questions around the global economic outlook, M&A or debt advisory, don’t hesitate to contact one of our specialists — see page 6 for details.

So I think the interest rate market at the moment is overly cautious. I suspect that when the conflict ends, it will again be overly cautious about how much rates may have to fall.”



“The consequences for global oil markets could be catastrophic if the Strait of Hormuz remains blocked.”

AMIN NASSER, CEO SAUDI ARAMCO

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