STIFEL | Institutional Group

COLLECTION OF OUTLOOKS ACROSS INDUSTRIES

2025

EQUITY STRATEGY

BARRY BANNISTER
Chief Equity Strategist

"After a year of new highs and near record valuation measures, stocks may be pressured in 2025 as investors face headwinds. U.S. inflation has been sticky and fiscal stimulus and tariffs loom, the outcome of which may be less Federal Reserve policy easing. With the U.S. political transition, there is also geopolitical risk, which could spill over to the oil market, among other factors. This is *not* the time to be overly bullish on the U.S. large capitalization stock market. Indeed, that time was in the past two years."

WASHINGTON POLICY

BRIAN GARDNER
Chief Washington Policy Strategist

"Following the 2024 election of Donald Trump as President, Republicans will also have control of Congress, albeit by a thin majority in the House. We predict that Congress will seek to extend the Tax Cuts and Jobs Act of 2017 but may run into hurdles given budget realities and voting outcomes. Similarly, promises of drastic cuts in spending will also be difficult to achieve. The incoming Trump administration will likely have more success as it seeks to impose new tariffs on imports, reduce illegal immigration, and deregulate key sectors like energy and financials."

ECONOMY

DR. LINDSEY PIEGZA, PH.D.
Chief Economist

"Ongoing consumer resilience paired with strong labor market conditions underscore the strength of domestic activity, perpetuating expectations for a soft landing and the need for a more tempered approach to monetary policy going forward. We expect investors will continue to reshape expectations for higher longer-term rates and anticipate real rates to remain stubbornly elevated, resulting in a more normal shaped curve as we look out further into the new year."

RETAIL & CONSUMER

"We expect a significant increase in consumer M&A activity, driven by financial sponsors holding record levels of dry powder and experiencing longer-than-usual holding periods (with a median of 5.8 years across all industries). Debt maturities, the potential for tariffs, and the shift in market share to Amazon, Walmart, and Costco will continue to pressure retailers and consumer wholesalers, driving an increase in velocity of restructurings and liability management exercises (LME). This shift to e-commerce, along with the challenges facing traditional retail and traditional wholesale channels, will also spur increased activity among brand managers who acquire iconic brands and have been highly acquisitive in recent years."

MICHAEL KOLLENDER
Co-Head of Investment Banking

HEALTHCARE

"Despite market downturns in recent weeks, we still see plenty of cause for optimism in the biotech industry in 2025. Whenever we have a relatively slow M&A/Licensing year, it is usually followed by a more robust period of activity and allied with what we expect to be a pro-competitive anti-trust environment in the New Year. We expect to see an increase in M&A and collaboration activity – a historical key driver of the broader biotech market performance. We are bullish on biotech dealmaking and financing as we look to 2025 and beyond."

DECLAN QUIRKE
Co-Head of Healthcare Investment Banking

TECHNOLOGY

"We are starting to see a return in middle market activity driven by a multitude of factors, including improved business performance, meaningful private equity dry powder, and strong public company valuations. There has also been an overall heightened conviction in M&A as a growth strategy. We expect these elements to contribute to increased dealmaking and capital markets endeavors in technology in 2025."

CHANAN GLAMBOSKY
Co-Head Global Technology Group

PRIVATE EQUITY

ZEESHAN MEMON
Head of Financial Sponsors

"We expect to see robust activity among the Private Equity community in 2025. A combination of significant dry powder, longer holds on assets, and a need for DPI (Distributed to Paid-In Capital) should lead to increased M&A volume. A continued strengthening of the credit markets for both syndicated and direct lending deals should help fuel M&A growth. Additionally, the steady reopening of the IPO market should also provide more liquidity options for PE-backed businesses."

FUNDRAISING

ERIC DEYLE
Global Co-Head, Eaton Partners

"We expect growing confidence in deal-making, investor liquidity, and capital raising across the private equity, private credit, and real assets sectors. Investors are expressing confidence in backing independent sponsors and first-time fund/emerging managers. Momentum in secondary deal volume is expected to continue as the use of secondary market solutions by LPs and GPs is now common practice. GP-led capital solutions (continuation vehicles in particular) have proven to be highly effective, and all signals suggest this will continue in 2025."

RESTRUCTURING

JIM DOAK
Head of Miller Buckfire

"Liability management and restructurings will continue to be driven by higher interest rates, weakened consumer spending, and prior peak multiples paid. We expect pre-default, senior secured lender liability management exercises to represent a larger share of restructuring activity as stakeholders recognize the opportunity to capitalize on less protective credit documentation. Private credit will continue to be prevalent, and while refinancing some challenged situations, these newer private credit vehicles will begin to see their own defaults."

BANKING INDUSTRY

"While the banking sector has had down earnings for two years straight, we believe a reset is coming and we're starting to see improving revenues. In the third quarter of this year, the longest inverted yield curve in 47 years began to reverse. That normalization, paired with a soft landing, should bolster financials heading into 2025. Additionally, a more balanced regulatory environment under a second Trump term should have a materially positive impact on the economy and will likely include increased M&A activity."

TOM MICHAUD
KBW President & CEO

EQUITY CAPITAL MARKETS

"Looking to 2025, we are bullish on both continued capital formation and liquidity opportunities in the public equity markets. We expect institutional investors to resume looking for opportunities to back their winners and refocus their portfolios. The IPO market, particularly technology and fintech, has been rebuilding for a number of quarters, and we expect the market to open up more broadly next year across all of our core sectors, including Healthcare, FIG, Industrials, and Consumer."

SETH RUBIN
Head of Global Equity Capital Markets

CANADA INVESTMENT BANKING

"We expect a very active 2025 in Canadian financial markets. The threat of USA tariffs and a Canadian federal election will drive increased volatility. Lower interest rates, corporates searching for growth, and notable private equity dry power will fuel a continuation of increased M&A activity that started in H2 2024. Canada has an IPO pipeline for the first time in several years, however this remains limited to larger profitable companies in established industries."

GARY SKENE
Head of Investment Banking Canada

STIFEL

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