

## Canadian M&A edged higher in Q1: Crosbie

*Deal volume rises, transaction value stable to start the year*

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Merger-and-acquisition activity rebounded a bit in the first quarter, according to data from Crosbie & Co. Inc.

The number of deals announced in the first quarter of 2024 rose by 11% from the previous quarter, and total deal value edged up to \$41 billion from \$40 billion, the Toronto-based, mid-market investment bank reported Thursday.

“Despite the tepid economic environment, characterized by high interest rates and reduced availability of debt financing, the uptick in both deal volume and value suggests a cautious optimism among dealmakers,” the firm said in a release, adding it appears that players in the merger-and-acquisition market have seemingly adjusted to the prevailing economic environment.

According to Crosbie’s data, there were seven mega deals (transactions valued at over \$1 billion) in the first quarter, representing a combined value of \$32.1 billion.

The tech sector led the way in the first quarter, with deal volume rising, “mirroring the strong start to the year in the broader stock market and the [artificial intelligence] surge,” it said.

Conversely, deal activity declined in the financial sector, consumer staples and industrials.

“First quarter M&A activity remained stable, suggesting a bottoming with evidence of a potential recovery forming as financial sponsor activity increased and capital markets conditions improved,” said Stephen Ng, managing director of Crosbie & Co., in a release.

“Businesses and dealmakers continue to adapt to the prevailing interest rate environment while the proposed increase in capital gains taxes in Canada could be a near-term catalyst for M&A discussions and activity,” Ng added.

Looking ahead, the prospect of lower interest rates amid easing inflation “are expected to boost deal activity, bolstered by the substantial dry powder held by private equity firms eager to deploy capital,” Crosbie said.

“Stabilizing economic conditions are likely to continue driving the rebound in the M&A market,” it noted.