

Merger Monthly

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Fueled by a surge in strategic investments and market confidence, July's US M&A activity witnessed a remarkable increase in deal value.

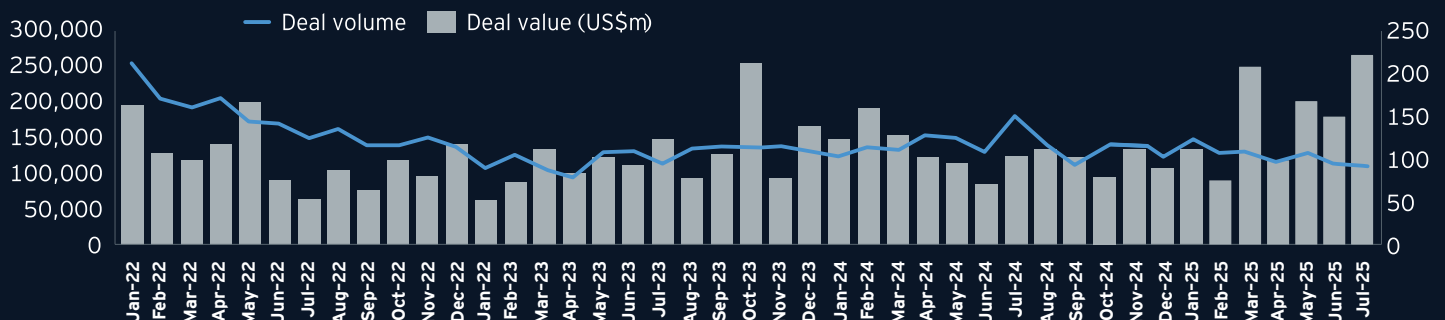
The US mergers and acquisitions (M&A) market saw a sharp increase in total deal value in July from a year earlier, picking up from a slow start to the year, driven by strategic consolidation, AI-led innovation bets, some infrastructure expansion in energy and investor appetite for yield and growth.

Despite fewer transactions, the value of deals more than US\$100m soared 91.7% compared with July 2024, even though the number of US\$100m+ deals showed a decrease of 21.9%.

Stable capital markets and steady interest rates provided a favorable backdrop for M&A activity, while rising economic confidence, expectations of interest rate cuts and positive trade developments further provided support.

US M&A trend analysis Monthly M&A trend (2022 onward)

Deal value (US\$100m+); deal volume (US\$100m+)



Source: EY Insights analysis and Dealogic

US sector breakdown for top deals (US\$100m+): July 2025

Sectors that fueled this month's US M&A activity:

Target sector	Deal value (US\$100m+)			Deal volume (US\$100m+)		
	July 2025 value (US\$b)	July 2024 value (US\$b)	% change YOY	July 2025 volume	July 2024 volume	% change YOY
Aerospace and defense, mobility	90	11	704.5%	8	8	0.00%
Technology	55	24	124.4%	33	41	-19.5%
Life sciences	34	14	136.2%	13	23	-43.5%
Oil and gas, chemicals	17	19	-11.6%	8	18	-55.6%

Source: EY Insights analysis and Dealogic

Below are key drivers, including the top sectors for M&A activity, AI and the pursuit of scale and growth.

Sector highlight

Aerospace, defense and mobility

This sector saw eight deals totaling US\$90.5b, a dramatic jump from US\$11.2b in July 2024, driven by investors acquiring space and propulsion innovators, transport infrastructure and advanced mobility platforms, as national security, space commercialization and resilient logistics infrastructure reshaped sector priorities.

Technology

In July, 33 deals worth US\$54.9b were announced in the sector, more than doubling its July 2024 deal value of US\$24.5b. The overarching driver in tech M&A now is digital transformation accelerated by AI. Companies are using acquisitions to obtain leading-edge tech and talent in areas like cloud computing, AI, fintech and cybersecurity.

Life sciences

This sector followed with 13 deals totaling US\$34b, up from US\$14.4b in July 2024. The drivers are a combination of pharma companies seeking growth via new drugs (as older patents expire) and a convergence between healthcare and technology that encourages acquisitions of innovative therapies and tools.

Oil and gas, chemicals

Oil and gas, chemicals experienced a decline, with eight deals worth US\$16.5b, down from US\$18.7b in July 2024. Deals in this sector were driven by a strategic push for scale, asset consolidation across high-performing basins, the need for specialized infrastructure and a focus on enhancing yield and cash flow stability.

Industrials

In July, industrials accounted for 41.8% of total deal value for transactions over US\$100m, reflecting strong sector momentum. This trend is expected to continue through 2025 and beyond, driven by strategic goals such as infrastructure upgrades, operational efficiency and technology adoption.

According to a recent [EY-Parthenon survey](#), while 80% of industrial manufacturing CEOs have paused or delayed investments due to geopolitical and trade policy uncertainty, 47% still plan to actively pursue M&A in the next 12 months, underscoring a resilient deal appetite. Key drivers of industrial M&A include tariff-driven onshoring, favorable deal conditions from lower valuations and rate cut prospects, as well as a strategic focus on bolt-on, consolidation, and digital capability acquisitions.

Private equity (PE) M&A activity declined

Acquisitions made by PE reflected a clear shift toward smaller deals. Volume rose by 7.7%, while overall deal value fell by ~41% compared to June. Among deals valued at more than US\$100m, the proportion of PE activity as compared to corporate activity in terms of deal value fell further to ~7% from ~19% in June.

Per the [EY PE Pulse survey](#), 40% of PE firms are still working to understand the impacts of tariffs across the portfolio assessing input costs, supply chains, manufacturing footprints, pricing strategies and other dynamics.

M&A as a strategic lever for growth and scale

In a climate of slower economic momentum, corporate boards increasingly view M&A as a means to reignite expansion and achieve scale efficiencies. Overall, year-on-year deal values indicate a shift toward larger, growth-oriented transactions. In July, M&A activity was also driven by portfolio expansion and market consolidation, as companies aimed to strengthen their strategic positioning and explore new growth opportunities.

Across sectors like healthcare, technology, infrastructure, oil and gas, chemicals, and power and utilities, firms pursued acquisitions to enhance geographic reach, diversify offerings, and scale operations. Portfolio expansion facilitated entry into adjacent or high-growth segments, while consolidation focused on streamlining capabilities and enhancing competitive advantage. These trends illustrate how companies are using M&A to adapt to changing market dynamics and pursue focused, scalable growth strategies.

Looking ahead

M&A is entering a phase marked by fewer but much larger deals, driven by a clearer tax environment for 2026 and beyond. The recently enacted “One Big Beautiful Bill Act,” a central component of President Donald Trump’s domestic agenda, is expected to create a more attractive environment for US M&A dealmaking, particularly in the energy, financial services, and manufacturing sectors. By extending many provisions from the Tax Cuts and Jobs Act of 2017, the new law provides greater certainty for dealmaking in an otherwise risky economic and policy climate. This clarity, coupled with the administration’s agenda, is poised to spur near-term activity in these industries.

Meanwhile, the “Democratizing Access to Alternative Assets for 401(k) Investors” executive order could be a major new growth channel for PE by giving fund managers access to a bigger fundraising pool. It opens a potentially transformative retail market for PE but could face a slow rollout as policy development and regulatory guidance take shape, alongside higher compliance and liquidity hurdles.

Summary

In July 2025, the US M&A market saw a notable rise in larger transactions, with the total value of deals over US\$100m achieving a tremendous increase from the previous year. However, deals exceeding US\$100b decreased. Key factors driving this growth included strategic consolidation, AI investments and energy sector expansion. The aerospace and defense sector led M&A activity with a very substantial increase in deal value. Meanwhile, PE activity declined, shifting toward smaller deals, as companies increasingly view M&A as a means to expand reach and enhance efficiency in a dynamic market.

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