

May Merger Monthly

EY Parthenon
Shape the future with confidence

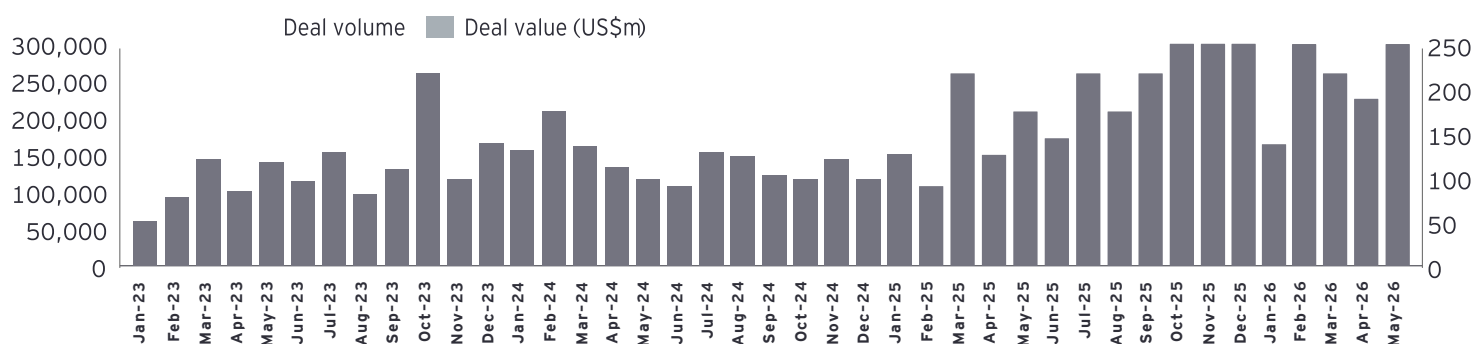
Corporate dealmaking strengthened in the last three months (March to May 2026) with over \$100m in transactions, rising 44% in value and 16% in volume year over year (YoY) and signaling sustained activity levels. This momentum reflects the increasing complexity for corporates in how deals are structured, financed and executed, securing AI-driven capabilities amid structural industry shifts. Notably, this increased activity comes despite rising inflationary pressures, underscoring the resilience of the market and the strategic urgency behind these transactions.

This reflects a market where M&A is being used as a deliberate, strategy-led lever to acquire capabilities and strengthen long-term competitive positioning rather than broad-based opportunistic activity.

According to EY-Parthenon Chief Economist Gregory Daco, [inflationary dynamics](#) have increased, even as broader activity remains resilient, reflecting intensifying supply-side pressures. Energy and food costs, tied to the conflict in the Middle East, are exerting widespread upward pressure, with inflation potentially exceeding 4% in the near term. At the same time, labor markets remain stable, supported by low unemployment and moderate job growth. This combination reinforces a more hawkish policy bias, with the Federal Reserve likely to retain flexibility amid the risk of persistent inflation.

US M&A trend analysis Monthly M&A trend (2023 onward)

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



Source: EY Insights analysis and Dealogic.

Vertical integration

Acquirers are increasingly building platforms with stronger distribution, denser customer coverage and better operating leverage. The goal is to combine overlapping or adjacent businesses into more efficient systems that support higher output, deeper customer relationships and more resilient earnings. Value creation is expected to come from capturing synergies, better utilizing of assets and pricing over time.

This underscores a clearer alignment between strategic priorities and deal activity, with organizations deploying capital more selectively toward assets that directly support portfolio transformation.

Continued focus on portfolio enhancement to unlock value

Companies are also continuing to refine their portfolios through rationalization. The goal is to reduce complexity, exit noncore assets, and redirect investments toward higher-return or better-aligned areas. This reflects a disciplined approach to capital deployment focused on strengthening the core business, improving shareholder returns and reducing risk through simplification.

US sector breakdown for top deals (US\$100m+): last 3 months, March to May 2026 (L3M)

	Deal value (US\$100m+)			Deal volume (US\$100m+)		
Target sector	L3M 2026 value (US\$b)	Last year (LY) L3M 2025 value (US\$b)	% change in value	L3M 2026 volume	Last year (LY) L3M 2025 volume	% change in volume
Technology	213,916	235,343	-9%	127	125	2%
Power and utilities	180,319	34,827	418%	29	16	81%
Life sciences	111,534	39,355	183%	78	46	70%
Media and entertainment	97,216	42,735	128%	19	10	90%
Consumer products and retail	89,268	50,213	78%	20	18	11%

Source: EY Insights analysis and Dealogic.

Sector highlights

M&A activity in the last three months, compared with the same period last year, showed significant growth in the deal value across most of the following sectors.

Power and utilities

M&A deal values surged 418%, largely skewed by one acquisition (including debt), which materially lifted the aggregate value in the period. Volumes also rose 81%, pointing to a broader pickup in activity. Buyers focused on scaled regulated utility platforms, dispatchable generation and integrated power infrastructure linked to rising data center and electrification demand.

Life sciences

The M&A momentum continued, with deal values up 183% and volumes rising 70%, reflecting sustained strong strategic activity. The M&A activity reflected stronger interest in platform-enabling technologies that improve delivery, manufacturing efficiency and modality control. Buyers prioritized differentiated therapeutic platforms, clinically de-risked pipeline assets and commercial-stage products.

Media and entertainment

M&A accelerated sharply, with deal values up 128% and volumes rising 90%, driven by strong strategic activity across content, rights and live entertainment assets. Activity pointed to growing interest in unlocking value through simpler capital structures and renewed public market repositioning. Buyers focused on scaled music and entertainment businesses; recurring revenue assets; and platforms with stronger monetization, distribution and customer cross-selling potential.

Consumer products and retail

M&A activity in the sector remained healthy, with deal values up 78% and volumes rising 11%, reflecting continued interest in scaled assets with stronger margin potential. Buyers targeted category leadership, specialty ingredients, premium brands and multichannel distribution platforms, while also pursuing carve-outs and lighter operating models that sharpen the portfolio focus and improve monetization

Technology

M&A activity was broadly stable by volume, with deal activity up 2%, indicating continued strategic interest alongside more selective capital deployment. Activity pointed to a stronger push toward vertical integration, capacity control and adjacency expansion in data center and electrification-linked ecosystems. Buyers concentrated on AI-enabling infrastructure, proprietary data assets and workflow platforms that deepen enterprise embedment.

Looking ahead

The US M&A market is expected to remain active, with [~8% growth forecast](#) in the 2026 deal volume for transactions over \$100m, supported by demand for AI-ready capabilities, stronger market positioning and ongoing portfolio reshaping. Corporate M&A is projected to lead this recovery as strategic buyers continue to use acquisitions and divestitures to accelerate access to technology, talent and operating capabilities.

At the same time, the backdrop for deal execution has become more complex. Evolving inflation dynamics, geopolitical uncertainty and ongoing supply-side pressures are introducing greater variability into capital allocation decisions, financing conditions and cross-border transactions. However, rather than slowing activity, these forces are reinforcing a more disciplined approach. Organizations are using M&A not as an opportunistic lever but as a deliberate tool to reshape portfolios, build scale and access differentiated capabilities. This is evident in the continued focus on horizontal integration, portfolio rationalization, and targeted investments in platform-driven and technology-enabled assets across sectors.

While confidence is improving, it remains selective and uneven, with continued strength in large-cap strategic transactions alongside a more measured recovery in mid-market activity.

Overall, 2026 appears set to be a year of resilient but disciplined dealmaking. Large strategic transactions and tech-driven investment themes are likely to remain active, alongside the growing momentum in FinTech, data, pharmaceuticals and industrials.

In this environment, outcomes will increasingly depend on disciplined execution, including a clear deal thesis definition, robust capital allocation and early integration planning to ensure value realization.



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