

Will the IPO Market Heat Up?

Wise investors take the “big picture” view.

Provided by DSA Financial Group

If the stock market outlook brightens, there are expectations for a bumper crop of initial public offerings to make their debuts over the next several weeks.

Somewhere between 90 to 110 IPOs are preparing to come public by the end of the year, which would make 2021 the biggest year for total capital raised since 2000.¹

But a sluggish stock market may disrupt the best-laid plans. The Standard & Poor's 500 index lost nearly 5 percent in September—snapping its seven-month winning streak.²

Companies attempt to make a splash with their IPO, and in the past, some have opted to postpone their public listing if they believe it will meet a lukewarm reception from investors.

The primary objective of an IPO is to raise money to operate the business. Going public also can increase a company's public profile, which might help boost sales. But there are several disadvantages, including the fact that an IPO is expensive, and the new status requires additional costs unrelated to running the business.³

If you have your eye on an IPO, please reach out. One of our professionals may be able to help you find additional research on the company.

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Citations

1. CNBC.com, September 9, 2021
2. Reuters.com, September 30, 2021

