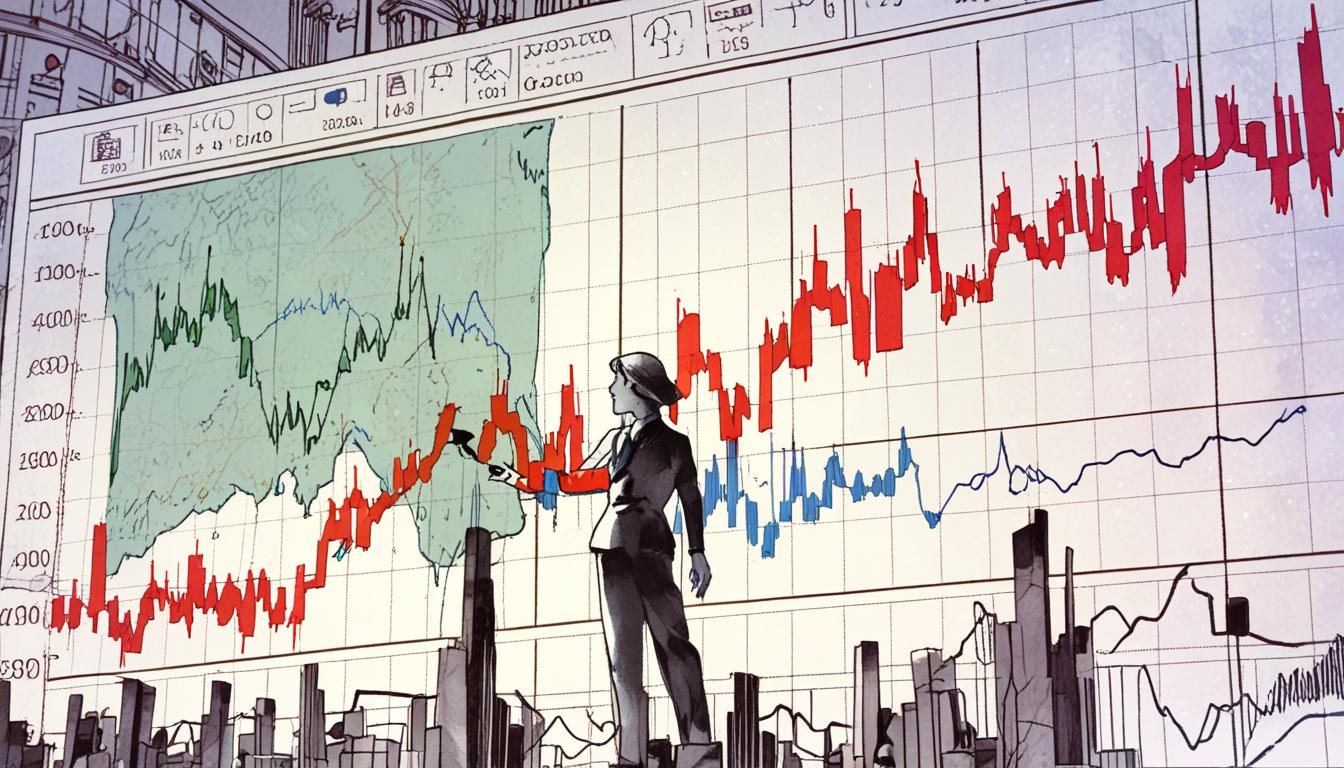
# European stock markets outperform US indices in 2024 as company listings shift



Donald Trump’s tenure and related US market dynamics have provided a context for revisiting the comparative performance of US versus European stock markets. In an environment marked by tariff disputes, public remarks about potentially dismissing the Federal Reserve chair, and general market unpredictability, European markets have demonstrated a comparatively stronger performance in 2024 so far.

The S&P 500 index, a benchmark for US equities, has declined by 6% this year. In contrast, the UK's FTSE 100 index has experienced a gain of 2.5%, while the pan-European Stoxx Europe 600 index has risen by 3%. While these differences are modest, they represent a departure from recent years in which US markets have generally outperformed their European counterparts.

This shift in performance raises questions about the longstanding trend of European companies relocating their primary stock listings to the US, a move often seen as a route to achieving higher valuations and greater liquidity. Companies such as Ashtead (plant hire), Ferguson (plumbing), and Flutter (owner of Paddy Power) have made this transition in recent years. The prevailing narrative has framed these departures as setbacks for European financial centres, particularly London’s Stock Exchange.

A new report from the New Financial thinktank provides a detailed reassessment of this trend. It tracks 130 European companies—including 51 from the UK—that have moved to US markets over the past decade. These transactions include switching their listing, initial listings, or merging with US-listed entities, and represent an aggregate valuation of approximately $676 billion (£504 billion) at the time of their moves. Despite the sizeable total value, these companies constitute only around 2% of all European-listed firms.

The report’s findings on post-move performance are notable. Approximately 70% of these companies trade below their stock price at the time they moved to US markets. Fewer than 20% have outperformed the S&P 500 since their relocation, and three-quarters have not surpassed European market returns after switching. The data is influenced by the poor outcomes of firms that underwent public listings through Special Purpose Acquisition Companies (SPACs), a process which saw losses for many, including companies like Cazoo and the electric vehicle manufacturer Arrival. However, excluding these SPAC-linked firms, about 44% of mature companies that switched listings have outperformed the European markets.

The report suggests that the premium often attributed to US markets—estimated at around 30%—is largely driven by highly valued technology giants rather than the listing location itself. As New Financial explains, “US stocks have a higher valuation because they have higher growth and higher return on equity, not because they happen to be listed in the US.”

The New Financial report does not dismiss the strategic rationale behind some European firms moving their listing to the US. For example, Ashtead and Ferguson had substantial US business operations, Spotify had outgrown its Swedish home market, and SoftBank’s decision to relist Arm Holdings in the US placed the UK’s prominent chip designer alongside industry leaders like Nvidia. The US market also offers distinct advantages for biotechnology companies.

Nevertheless, the report cautions against assuming that moving to US markets is an automatic solution to achieving better valuations or market outcomes. Boardroom compensation differences may influence some decisions, but the overall evidence suggests that relocation is not a panacea for companies seeking improved market performance.

Rather than focusing solely on the movement of listings to the US, the report points to a more significant concern: the acquisition and privatisation of approximately 1,000 European-listed companies by private equity and privately held firms over the past decade. These companies collectively had a market value exceeding $1 trillion. The increasing prevalence of private equity buyouts represents a more substantial threat to the breadth and dynamism of Europe's public equity markets than the ongoing drift of companies to the US.

The Guardian is reporting that the dynamics of stock market performance, company listings, and ownership structures are complex and influenced by broader economic and regulatory factors, rather than the presumed inherent superiority of one market over another.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/21ff41b7-b4eb-4a51-8f8d-bfd83acf6372> - This article reports that in the first 100 days of Donald Trump's second term, U.S. stock markets experienced their worst performance since Gerald Ford's presidency, with the S&P 500 falling 7.2%. This decline is attributed to market volatility stemming from Trump's aggressive and unpredictable trade policies, including sweeping tariffs that have raised concerns about inflation and America's economic outlook.
2. <https://www.reuters.com/markets/us/hsbc-becomes-latest-brokerage-cut-sp-500-annual-target-below-6000-mark-2025-04-29/> - HSBC has revised its year-end target for the S&P 500 index, reducing it from 6700 to 5600, citing slower U.S. economic growth and pressures on corporate earnings due to ongoing tariff policies. This adjustment aligns with a similar forecast by BofA Global Research. The S&P 500 has already declined 6% in 2025.
3. <https://www.ft.com/content/f3a7d677-bdf1-4a85-8ae3-aaea668d8c07> - In 2025, U.S. stocks have significantly underperformed compared to international markets, marking the widest gap since 1993. The MSCI USA index dropped 11% in the year’s first 16 weeks, while the MSCI All World ex-US index rose by 4%. This divergence is largely attributed to investor concerns over U.S. President Donald Trump's unpredictable economic policies and aggressive tariff strategies, which have stoked fears of stagflation—rising inflation coupled with stagnant growth.
4. <https://www.ft.com/content/15aa0ba7-e06c-4dd6-a7f5-cbd33dcdccac> - Over the past decade, more than $1 trillion has been removed from European equity markets due to private acquisitions, reveals a report by HSBC Global Research and New Financial. The study highlights that 1,013 publicly listed European companies were acquired by private equity or unlisted firms, far surpassing the 130 that relocated to US exchanges. This trend illustrates a broader shift from public to private markets, fueled by European equities' underperformance compared to soaring US markets, particularly in tech stocks.
5. <https://www.ft.com/content/6706615d-d254-4fcf-94d3-17bd9d08e686> - According to the Financial Times, European companies that add US stock listings do not necessarily see an uplift in their valuations, challenging the notion that a New York presence guarantees higher share prices. An analysis of 12 companies showed that only half benefited from increased valuations, while others saw little to no change in analyst coverage. However, two-thirds of the companies experienced greater liquidity in their stocks post-US listing.
6. <https://www.ft.com/content/aef053ce-c94d-4a72-8dce-bdbf56dd67e1> - The London Stock Exchange is facing its worst year for company departures since 2009, with 88 firms delisting or transferring their primary listing from London's main market, against only 18 new additions. Significant companies opting for New York over London include Ashtead, Flutter, and CRH, reflecting a wider trend of UK companies seeking better liquidity and investor bases in the US. This shift has resulted in a 14% loss in the FTSE 100's market value, around £280 billion.
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