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IPO Market Dynamics: Geographical and Sectoral Dimensions

V.A. Belyaev
Moscow State Institute of International Relations (MGIMO University), Moscow, Russia

ABSTRACT

The IPO (Initial Public Offering) is a widely used financing tool worldwide, but the scientific community has not extensively analyzed the dynamics of the IPO market. **The purpose** of the paper is to identify the absence of clustering in certain industries during "hot" IPO markets from January 1990 to December 2022, as well as to identify IPO waves in the Chinese market. The research **methodology** included analytical methods for collecting and processing information, comparative and graphical analysis of an author-collected database covering over 16,000 IPO transactions with a placement size of over 50 million USD. The study includes a comparison of IPO transactions in China and the rest of the world, as well as an industry and geographical analysis, with explanations for differences in dynamics. The paper also illustrates IPO waves on the analyzed horizon and explains why they formed. Companies globally raised over 5 trillion dollars through IPO transactions during the analyzed period, with developed countries raising the majority of funds. However, the dynamics of the IPO market show a significant increase in China's and developing countries' share in the last decade. During this period, five IPO waves occurred, characterized by significant growth in placement volumes and first-day trading returns. It has been **concluded** that clustering in the IPO market was not specific to certain sectors, but coincided with the global increase in the number of transactions and IPO returns, while clustering in the Chinese IPO market coincided with the dynamics of the global IPO market.

Keywords: Initial Public Offering (IPO); IPO cycles; IPO Waves; IPO clustering

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INTRODUCTION

The initial public offering (IPO) is an important tool for managing capital structure and a significant milestone in the development of a company. Moreover, IPO deals are of great interest to both retail and institutional investors, as the first-day returns of an IPO can sometimes reach several dozen, and at times even hundreds, of percent.

The IPO market has undergone significant changes over the past 30 years — following the acceleration of globalization since the 1990s, emerging economies have begun to play an increasingly important role in the IPO market. China has become the largest financial center in the Asian region, and in certain years, the share of Chinese companies in the IPO market exceeded 50% in terms of raised funds. Moreover, the rapid development of technology has also significantly affected the structure of the IPO market — the share of companies in the technology sector has steadily increased for funds raised.

The number of companies listing their shares on the stock exchange, as well as the total amount of funds raised, has been steadily increasing and reached a record size of 600 billion USD in 2021. This article focuses on a critical analysis of the dynamics of the IPO market from 1990 to 2022. In addition, the formation of the so-called "hot" IPO markets during this period is examined separately.

Various aspects of the IPO market have been addressed by several economists, such as F. Bancel [1], J. Brau [2], and S. Benninga [3]. However, the issue of analyzing the overall dynamics of the IPO market in the contemporary context has received very little attention, despite the record volume of the IPO market in recent years, with the focus being directed towards regional IPO markets.

REVIEW OF RESEARCH

Attracting additional capital to finance the company's activities or providing current shareholders with the opportunity to exit the company's capital may not be the only motives for conducting an IPO. According to a study by F. Bancel and U. Mittoo conducted among financial directors of European companies, factors such as increased brand recognition and prestige of the company, as well as financing growth projects, are the most common goals for conducting an IPO. It is worth noting that depending on the size of the company and the country of operation, the motivation of companies may vary. For example, managers of large European companies highlight external monitoring of the company's activities by analysts and investors as the main advantage of being listed on the stock exchange, while smaller firms go public primarily to attract capital for development. It is noteworthy that company leaders in the U.S. consider that external monitoring is not an advantage, but a fundamental cost of being listed on the stock exchange. Moreover, financial directors point out benefits of listing, such as the opportunity for current shareholders to exit the company's capital, as well as reducing the cost of the company's debt financing [1].

J. C. Brau, P. A. Ryan, and I. DeGraw, in which the authors attempted to uncover the motivations of companies for going public, conducted a similar study. In their paper, they conduct a survey of 380 financial directors of companies that listed their shares on the stock exchange between 1996 and 2002. Based on the survey results, a list of the main reasons for going public was compiled, among which the authors highlight two key factors: the desire to increase transparency and improve the company's reputation, as well as the presence of the right timing for entering the market. In other words, the management of companies made the decision to go public based on the presence of a "hot" market and the opportunity to place the company's shares at the highest price [2].

However, it is worth noting that a number of studies have shown that the need for capital is often not the primary reason why companies decide to go public. S. Benninga, M. Helmantel and O. Sarig in their research demonstrate that the need to raise funds for financing capital expenditures is often not a sufficient reason for a company to list its shares on the stock exchange [3]. The conclusions drawn in the paper of W. Kim and M. S. Weisbach also support this hypothesis: companies are often inclined to go public not to raise funds for investment projects, but to take advantage of market conditions in order to sell their shares at an inflated price [4]. A. Alti draws similar conclusions. The author's research results confirm the fact that companies entered the market to take advantage of the favorable moment for attracting financing on advantageous terms during a "hot" market [5].

However, despite all the mentioned advantages of conducting a listing on the stock exchange, this process is also associated with significant direct and indirect costs.

Direct costs include commission fees for placement organizers (investment banks, legal consultants, auditors, etc.); listing fees; costs for the technical preparation of the company for listing (preparation of special reports, establishment of an investor relations department, attracting independent directors, etc.).

Indirect costs include the time of top management spent on preparing for the IPO, the undervaluation of the company's shares upon going public.

The costs that the company incurs after going public include: expenses related to interactions with minority shareholders (potential lawsuits, "investment activism"); exchange fees; costs for the IR department; and the time spent by top management interacting with investors. Moreover, it is worth considering that a lengthy preparation process for an IPO does not guarantee its successful execution.

R. G. Ibbotson and J. F. Jaffe were the first to notice the clustering of transactions in the

market for initial public offerings of companies. The authors define a "hot" market as a situation in which the average return of stocks from companies that have gone public in the first month of trading is abnormally high compared to the overall market return [6].

In the scientific literature, significant attention is given to the issue of "hot" IPO waves; however, there is still no consensus on the reasons for their occurrence. Numerous studies are dedicated to the relationship between "hot" IPO markets and stock market dynamics. For example, L. Pastor and P. Veronesi attempted to explain the change in the number of IPOs based on stock market returns and company profitability. The authors concluded that "hot" IPO waves are preceded by higher stock market returns compared to cold periods in the IPO market [7]. The paper of F. Batnini and M. Hammami confirms the positive relationship between stock market dynamics and the number of IPO transactions — a rise in the stock market over a period of 6 months positively influences the decision-making process regarding preparing a company for an IPO [8].

Another important variable, the influence of which on the IPO market has also been studied quite frequently, is the dynamics of economic growth. The main hypothesis that the authors sought to substantiate and test was that during periods of high economic growth, companies require additional financing and use the issuance of shares on the stock market as a source of funds to expand their production capacities. In his paper, M. Lowry analyzes the relationship between the number of IPOs, GDP dynamics, the growth of real investments, changes in the number of companies, and the real average growth rate of revenue. According to the research findings, these factors are significant in explaining the dynamics of IPO volumes [9].

Many researchers on the topic of IPO market cyclicality associate the formation of "hot" markets with an increased risk appetite among investors [8, 10–12]. The increase in first-day returns during "hot" markets is an indirect confirmation of a higher risk appetite among investors. Moreover, the successful placement of one company may encourage other companies in the sector to go public [13].

IPO MARKET DYNAMICS

To conduct a detailed analysis of the market for initial public offerings, the author has created a database that includes key information about the transactions carried out: the name of the company, the date of the transaction, the geographical location of the company, the economic sector, the size of the offering, and the first-day return. The database includes IPOs with a placement size of over 50 million dollars. The sources of information were the Bloomberg Terminal system and the PREQVECA database. The total number of transactions in the utilized database amounted to 16000, with a total value of 5.376 trillion USD.

During the analyzed period, the market experienced 5 "hot" IPO waves — periods when the volume of raised funds and the number of IPO deals significantly increased compared to previous periods (*Fig. 1*). The average duration of such "hot" IPO waves was 2 years. Variables such as first-day return and the average size of IPO deals also tended to increase during "hot" markets (*Fig. 2*).

The analysis of the data used indicates that the correlation between the volume of raised funds and the average first-day return stands at 32%, which does not allow for a definitive relationship between these variables. However, graphical analysis shows a clear increase in the average first-day return during 4 out of 5 "hot" IPO waves in the analyzed period (*Fig. 3*).

During the analyzed period, five IPO waves were observed — 1999–2000, 2005–2007, 2010–2011, 2013–2016, and 2020–2021. The first IPO wave during this period was driven by the excitement among investors in the Internet company market. The investors' risk appetite during this period was at a record high, as evidenced by the average first-day IPO return, which soared to 45% in 2000 — an

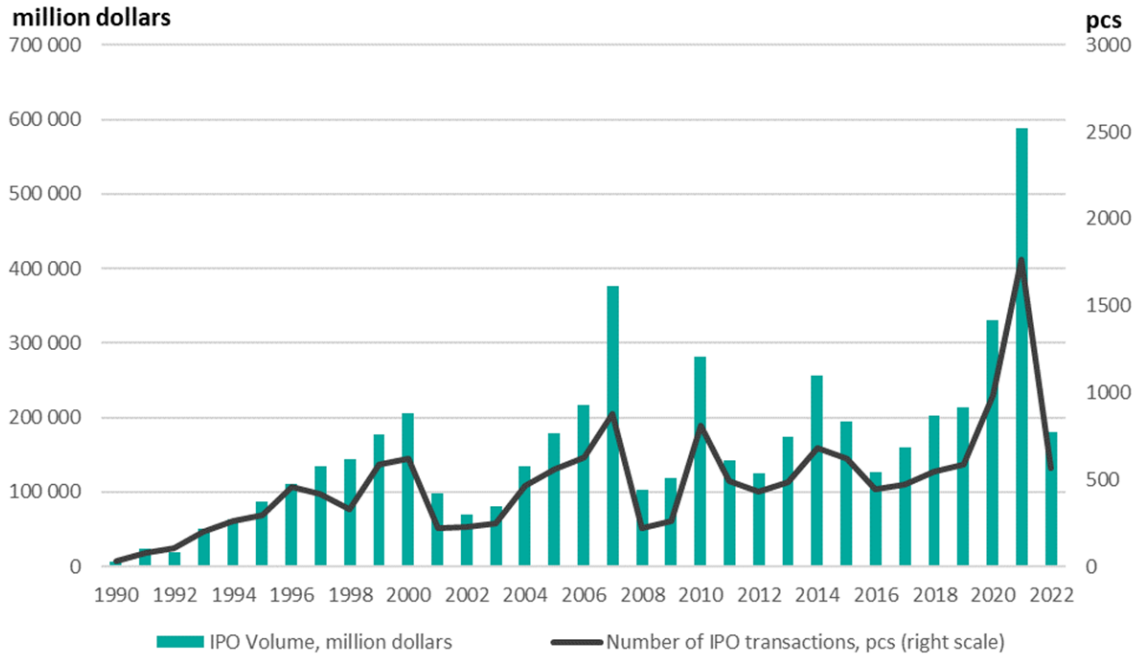

Fig. 1. **IPO Volume and Number of IPO Transactions**

Source: Bloomberg Terminal, PREQVECA.

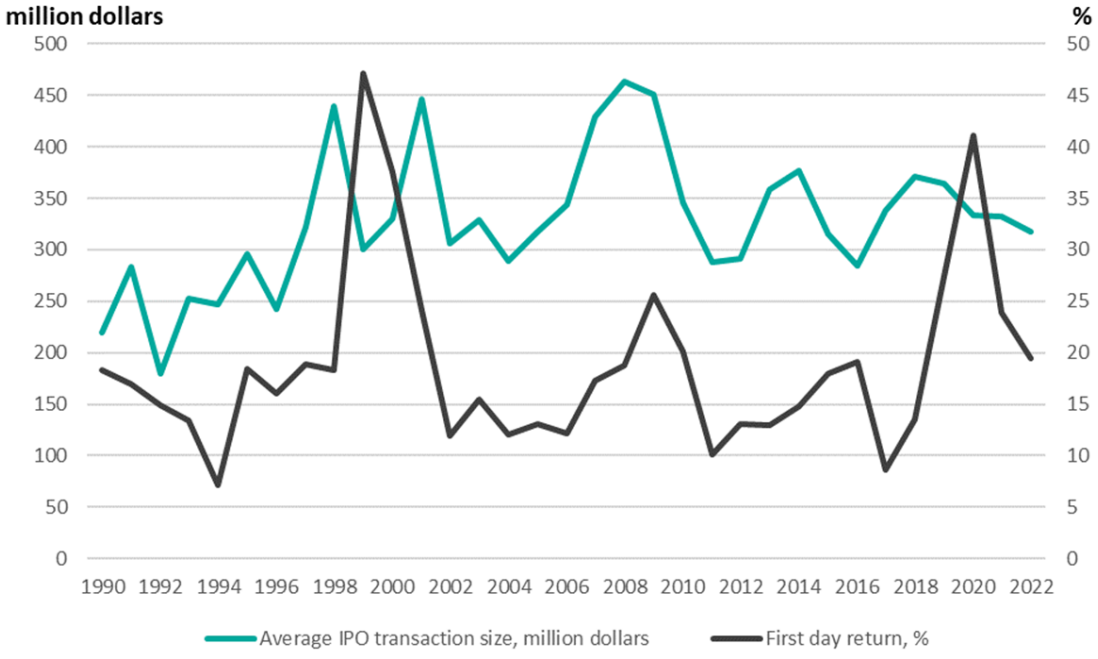

Fig. 2. **First-Day Return and Average IPO Transaction**

Source: Bloomberg Terminal, PREQVECA.

absolute record for the IPO market (*Fig. 3*). It is worth noting that the volume of the IPO market during this period increased not as significantly as the average returns or the number of IPO deals, which doubled during this time — reaching 600 deals per year compared to an average of 300 before the onset of the IPO wave. The main share of companies in the IPO market was represented by issuers from the U.S. (39%) and Europe (35%), which together raised

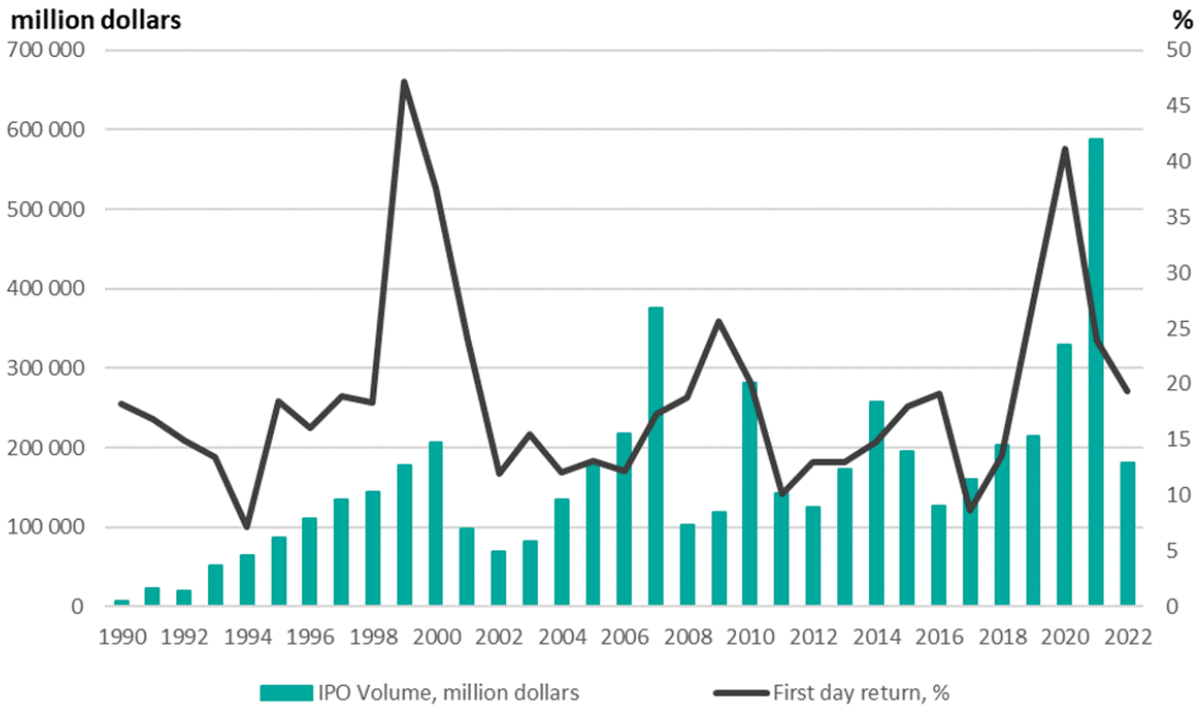

Fig. 3. **IPO Volume and First-Day Return**

Source: Bloomberg Terminal, PREQVECA.

284 billion USD — 74% of the total IPO volume during that time. This wave was accompanied by a significant increase in the NASDAQ index — from 1999 to September 2000, the index rose by 128%. The "hot" wave of IPOs ended with the onset of the dot-com crisis, when the NASDAQ index plummeted by 77% from its peak values in September 2000 over the course of two years due to the overvaluation of internet-related companies and inflated expectations for rapid revenue growth. Many of these companies did not have real business models and could not ensure sustainable profits.

The next wave of IPOs from 2005 to 2007 became the record-breaking period for the IPO market in its history up to that point. Among the main reasons for the formation of the IPO wave was the increased risk appetite of investors due to the global economic upturn, largely driven by the double-digit growth rate of the Chinese economy, as well as a number of successful large placements. Primarily of Chinese banks (China Construction Bank at 9 billion dollars in 2005 and Industrial & Commercial Bank of China at 19 billion dollars in 2006). During this period, the Russian IPO market was also at its record highs — in 2007, during the IPOs of Sberbank and VTB, they collectively raised over 16 billion dollars.

It is worth noting that during this period, there was a significant increase in the average size of IPO deals, largely due to a number of mega-deals by banks from China — 3 Chinese banks (Industrial & Commercial Bank of China, China Construction Bank, China CITIC Bank) raised a total of over 43 billion dollars. The average deal size in the world increased during this period to 420 million dollars compared to 300 million dollars before the start of the IPO wave. The average first-day IPO return has also increased to 20% compared to 12% before the start of the "hot" market. This wave ended due to the onset of the global financial crisis, triggered by the bankruptcy of several American banks and the rapid decline of the stock market — the S&P 500 index fell by 37% in 2008, with a minimum drop of 53%, forcing many companies to postpone their IPOs to a later date.

The improvement of the macroeconomic situation following the acute phase of the

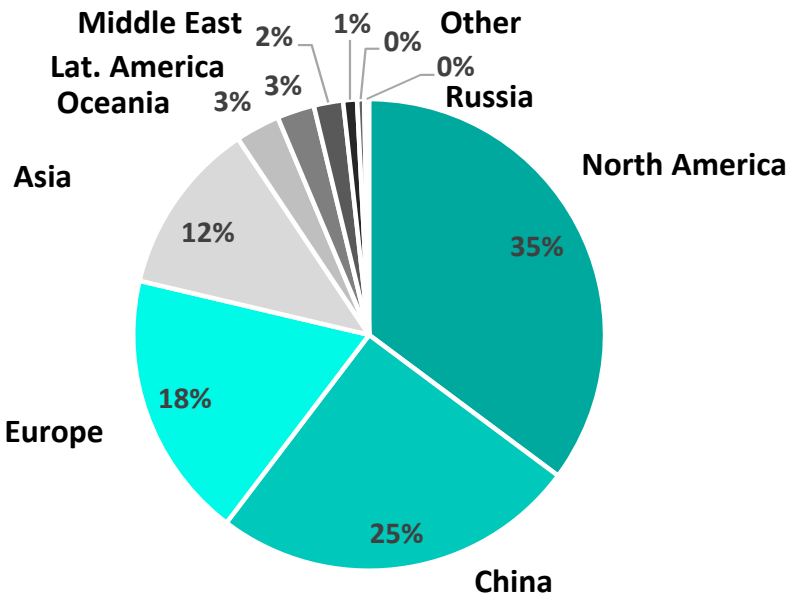

Fig. 4. **Number of IPO by Country in 1990–2022**

Source: Bloomberg Terminal, PREQVECA.

global financial crisis and the return of leading economies to a growth trajectory led to the third wave of IPOs, which occurred in 2010–2011. The volume of attracted funds increased by 2.5 times, and the number of deals increased by 4 times compared to the crisis period for the IPO market in 2008–2009. During this period, the mega-placement by the Chinese bank Agricultural Bank of China played a significant role again, attracting a record-breaking 19.2 billion dollars at that time. This wave of IPOs lasted only one year and ended due to events such as the debt crisis in Greece, the acute phase of the military conflict in Libya, and the accident at the nuclear power plant in Japan [14].

The third IPO wave took place from 2013 to 2016, and it was initiated by the successful placement of shares by the Chinese company Alibaba, which raised a record 25 billion dollars during its IPO. It is worth noting that this wave of raised funds was smaller in volume than the wave of 2005–2007, primarily because a number of significant geopolitical events that reduced investors' risk appetite accompanied this period. For example, the UK's exit from the EU, the slowdown in China's GDP growth, the collapse of oil prices, and the presidential elections in the U.S.

The wave of IPOs in 2020–2021 turned out to be the largest in the history of the IPO market in terms of the raised funds and the number of conducted IPOs. In total, over the course of two years, nearly 1 trillion dollars was raised in the IPO market, and more than 2 700 companies conducted their initial public offerings. The return on the first day of trading was also significantly higher than the average values of previous periods, reaching 41% in 2020, which is only slightly below the record set in 1999. This wave of IPOs coincided with the COVID-19 pandemic, which was accompanied by a significant decline in industrial production and a stock market crash — the S&P 500 index plummeted by 33% in just one month, from February to March 2020. However, the emergency measures taken by central banks, primarily the Federal Reserve, led to a significant increase in market liquidity, which provided substantial support to financial markets. The lowering of key interest rates worldwide during this period, aimed at supporting business, has also increased investors' risk appetite, leading them to prefer participation in IPOs in search of higher-yield investments. The acceleration of inflation against the backdrop of problems in global

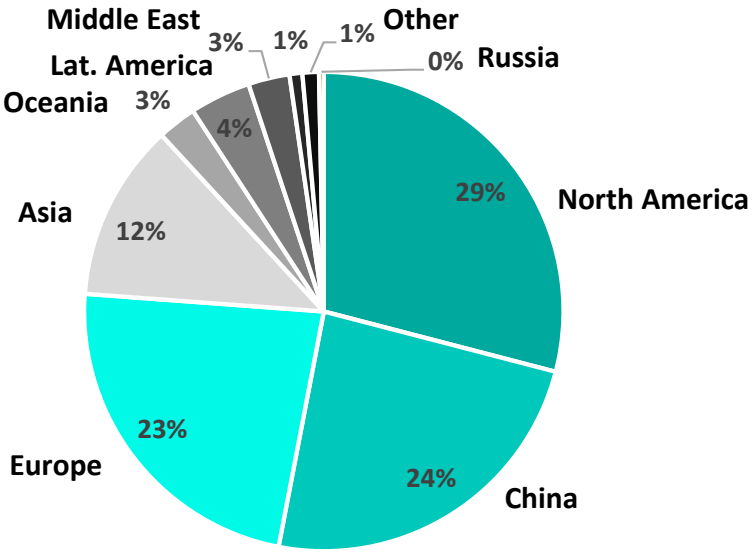

Fig. 5. **IPO Volume by Country in 1990–2022**

Source: Bloomberg Terminal, PREQVECA.

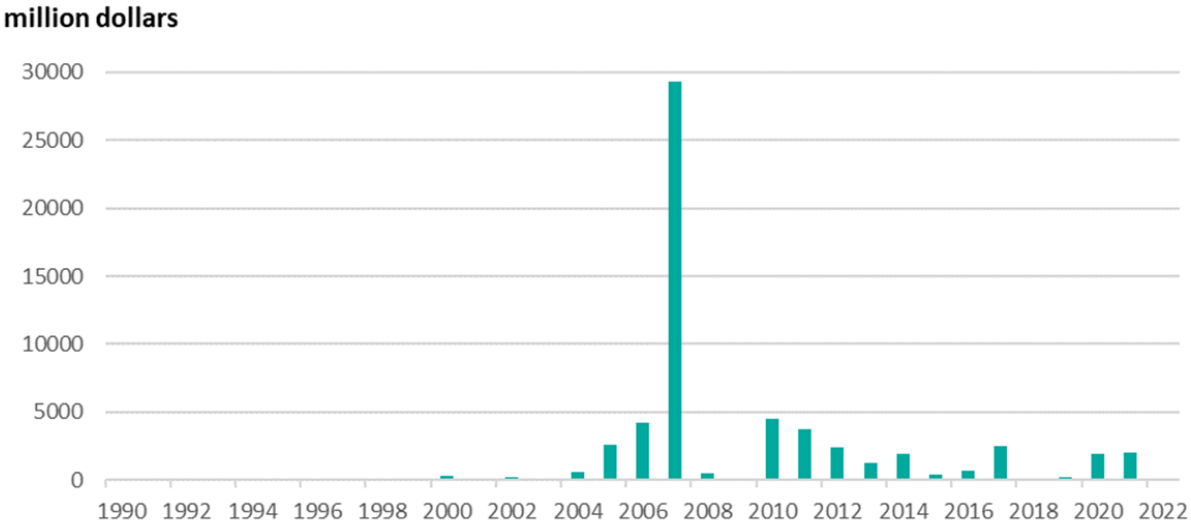

Fig. 6. **IPO Volume in Russia 1990–2022**

Source: Bloomberg Terminal, PREQVECA.

supply chains, as well as the beginning of tightening monetary policy by central banks to combat inflation, has led to a decrease in investors' risk appetite and the end of the "hot" IPO market.

In geographical terms, companies from the U.S., China, and Europe dominated the IPO market (*Fig. 4, 5*). The U.S. holds a leading position both in terms of raised funds and the number of IPOs conducted. It is worth noting that the share of the U.S. in the number of IPOs is greater than its share in the volume of raised funds, which indicates that the average size of an IPO deal in the U.S. was lower compared to the global average — 152 million USD versus 336 million USD. The opposite situation is observed for IPO deals in Europe, where the size of IPO deals was larger than the global average (424 million USD). The large number of IPO deals in the U.S. may be due to a simpler process for companies going public and a liquid market compared to other regions.

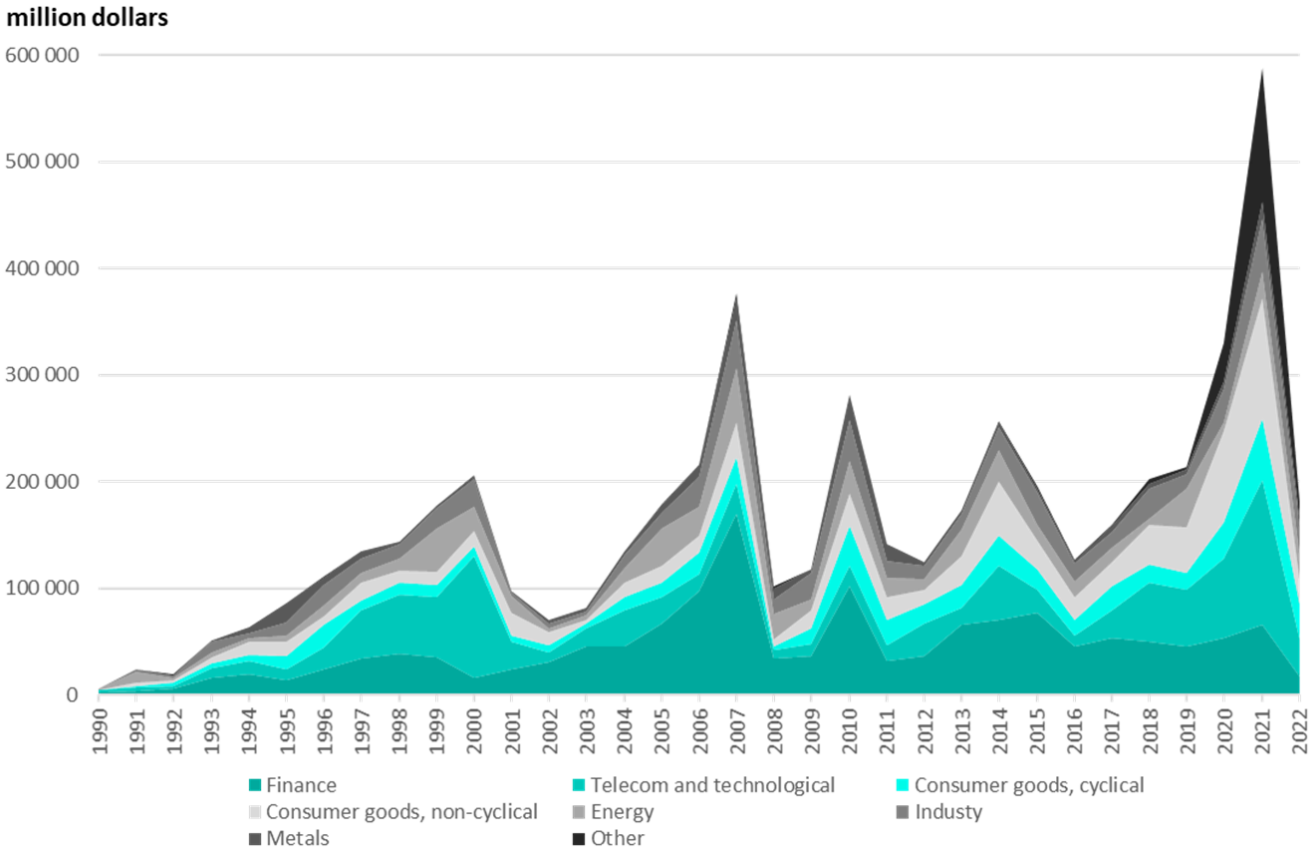

Fig. 7. **IPO Volume by Sector 1990–2022**

Source: Bloomberg Terminal, PREQVECA.

During this period, companies from Russia conducted 77 IPO deals with raised capital exceeding 50 million dollars, which accounts for less than 1% of the total number of deals. However, in terms of the total amount of funds raised, Russian companies attracted just over 1%, as the average deal size was 776 million dollars, significantly higher than the global average. This dynamic is explained by the large placements of shares of Sberbank and VTB in 2007. This year has turned out to be the most successful for the Russian IPO market; at other times, the volume of shares raised by Russian companies did not exceed 5 billion dollars per year (*Fig. 6*). It is worth noting that a number of Russian "blue chip" stocks (Gazprom, Rosneft, etc.) did not conduct an IPO in the classical sense of the word; instead, the shares of these companies began trading on the stock exchange in the mid-90s through direct listing.

The analysis of the dynamics of attracted funds across different sectors of the economy is of significant interest. Companies from the financial sector, mainly banks, attracted the largest share of funds during the analyzed period. In total, financial institutions attracted 1 470 trillion USD, or 27% of the overall IPO market. It is worth noting the pronounced increase in the volumes of funds attracted by financial institutions during three out of the five observed waves of IPOs, as well as the weak dynamics during the "hot" market periods of 1999–2000 and 2020–2021. The relatively low volume of raised funds during the IPO wave of 2020 can be explained by the fact that the banking sector was receiving a significant amount of cheap liquidity from central banks, which meant that financial institutions did not require additional financing. On the other hand, during the COVID pandemic, banks tightened their requirements for borrowers due to the increased global uncertainty regarding economic prospects, which negatively affected forecasts for the profitability of the financial

sector. Moreover, insurance companies found themselves in a difficult position, as a number of costly risks materialized during this period, which also significantly worsened the profit outlook for this sector [15, 16].

The technology sector, in turn, demonstrated strong dynamics during the "hot" markets of 1999–2000 and 2020–2021 (*Fig. 7*). If the boom of internet companies drove the first IPO wave during the COVID-19 pandemic, companies in the technology sector once again actively entered the IPO market, as the demand for a number of IT products significantly increased due to the urgent transition of most companies to remote work. Investors were willing to pay substantial premiums for these companies, which provided shareholders and management of technology firms with an excellent opportunity to attract funding on favorable terms. The first-day return during the period of 2020–2021 for technology sector companies was 37% compared to 21% for all other sectors. In total, the technology sector attracted 20% of the overall IPO market volume during the analyzed period, or 1,047 billion USD. Unlike the financial sector, technology companies have not conducted their initial public offerings as consistently during this period.

In the paper of J. Helwege and N. Liang, the authors analyze the IPO market from 1975 to 2000 and conclude that there are no signs of clustering in certain sectors of the economy. In other words, during a "hot" market, companies from all sectors of the economy strive to go public, even though investors may prefer companies from specific sectors [11]. The empirical data used by the author indicates that during the IPO wave of 1999–2000, technology sector companies attracted 44% of the total volume of the primary public offerings market, while the dynamics of the amounts raised by companies from other sectors grew only slightly. A similar situation was observed in the IPO market from 2005 to 2007, when the financial sector accounted for 42% of the total IPO market during that period; however, the dynamics of funds raised by companies from other sectors also significantly increased. For example, the volume of funds raised by companies in the energy sector increased from 14 billion USD at the beginning of the IPO wave in 2003 to 51 billion USD at the peak of the "hot" market in 2007. A similar trend was observed in later IPO waves. Thus, the author's data confirms the hypothesis of J. Helwege and N. Liang regarding the absence of pronounced clustering in the IPO market during "hot" waves in certain sectors of the economy. Companies from several sectors can indeed attract the majority of the overall IPO market volume; however, companies from other sectors are also inclined to conduct listings during these periods.

IPO MARKET IN CHINA

From the era of Deng Xiaoping's, China has set a course for attracting foreign investments into the country. The Chinese economy has undergone a process of gradual liberalization and integration into the global economy. After China's accession to the WTO in 2001, this process significantly accelerated, as did the influx of foreign direct investment into the economy — from 40 billion USD in 2000 to over 100 billion USD in 2010.[1] Accession to the WTO also imposed certain obligations on China, such as reducing tariff barriers on imports of goods and services, decreasing government support for exports, expanding access for foreign companies to the Chinese market, and so on. Moreover, one of the important conditions was to increase the transparency of the banking sector in China and to expand foreign banks' access to the local market.

The Chinese government has made significant efforts to reform the banking sector — a bad asset fund was created to which the problematic loans of the largest state banks were transferred, and the banks themselves were recapitalized (1 180 billion yuan in 2004–2005 and 30 billion dollars for the Agricultural Bank of China in 2009). China has used the IPO tool

[1] China Statistic Yearbook, 1979–2010. URL: http://www.stats.gov.cn/sj/ndsj/2010/left_.htm (accessed on 16.05.2023).

Fig. 8. **IPO Volume in China and RoW, Share of China**

Source: Bloomberg Terminal, PREQVECA.

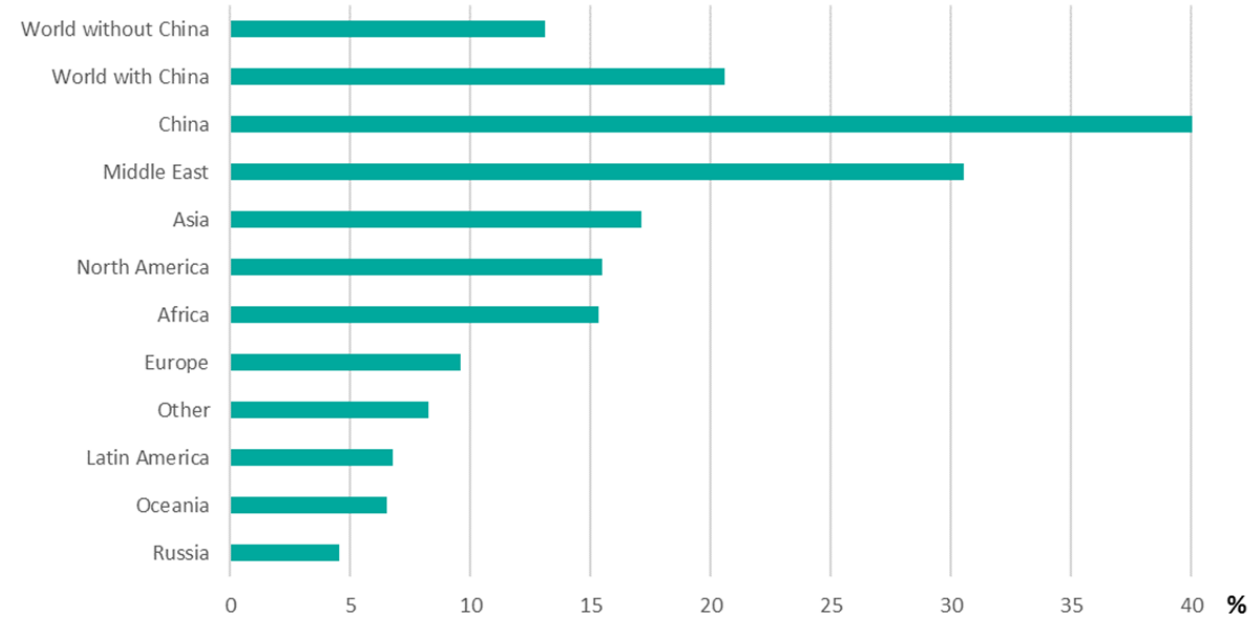

Fig. 9. **Average First Day Return by Country**

Source: Bloomberg Terminal, PREQVECA.

as an effective way to reduce the state's share in the banking system, increase transparency, and attract new resources for the sector's development. The initial public offerings of the largest state-owned banks in China have become the main driver of the local primary public offering market, and besides the banks, the government has privatized stakes in other assets through IPOs [17–19].

The Chinese IPO market demonstrated rapid growth in its volume, with the share of Chinese companies in the total IPO market approaching 50% in 2009 and 2010, and in 2022, it even surpassed this mark (*Fig. 8*). If in the period from

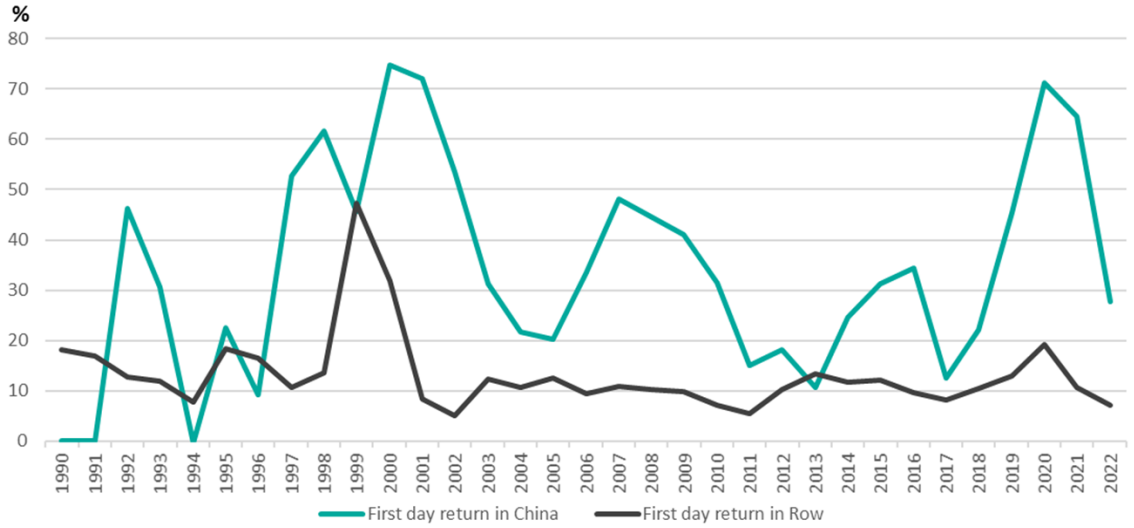

Fig. 10. **First-Day Return in China and RoW**

Source: Bloomberg Terminal, PREQVECA.

1990 to 2000, China's share was only 5% of the IPO market volume during that time, then from 2000 to 2010 it increased to 25%, and in the period from 2010 to 2022, it reached 29%.

It is important to emphasize that, despite the fact that the main demand for the placements of Chinese companies on local platforms comes from local investors, Chinese companies tend to follow global trends and prefer to go public during "hot" market periods (*Fig. 8*). Moreover, it is worth noting that China's share in the IPO market has significantly increased during periods of "hot" markets, which indicates a high sensitivity of the Chinese IPO market to sentiments in global financial arenas.

However, it is worth noting that the Chinese IPO market has a number of distinctive features, one of which is the high first-day return on offerings (*Fig. 9, 10*). Researchers link this phenomenon to the characteristics of state regulation of the process of preparing and conducting IPOs, which affects the placement price of companies. A lower level of unsuccessful IPOs compared to the rest of the world attracts investors to participate in new offerings with the aim of achieving high returns with minimal risk. At the same time, the long-term dynamics of the stocks of companies going public in China remain negative [20, 21]. According to the author's database, the share of IPOs of Chinese companies with negative first-day returns is 18% compared to 26% for companies from the rest of the world. For example, in Europe, the share of IPOs with negative first-day returns is 27%, while in the U.S. it is 24%.

As noted, the average return on investments in China is significantly higher compared to the rest of the world, and this trend continues to this day. The process of companies going public in China has undergone a series of regulatory changes that have directly impacted the first-day returns of Chinese companies listed on local exchanges. According to the research by A. Azevedo, Y. Guney, and J. Leng, China underwent a gradual transition from a fixed-price share allocation mechanism to book building, which ultimately reduced first-day returns in the local market. The authors also provide data indicating that the first-day returns of companies with state participation are higher compared to private companies conducting IPOs in China. The authors explain this phenomenon by stating that maximizing the placement price for the state is often not the primary goal of conducting an IPO, unlike private companies. The quota system also had a significant impact on the Chinese IPO market, where the China Securities Regulatory Commission (further CSRC) determined which companies in each province should go public.

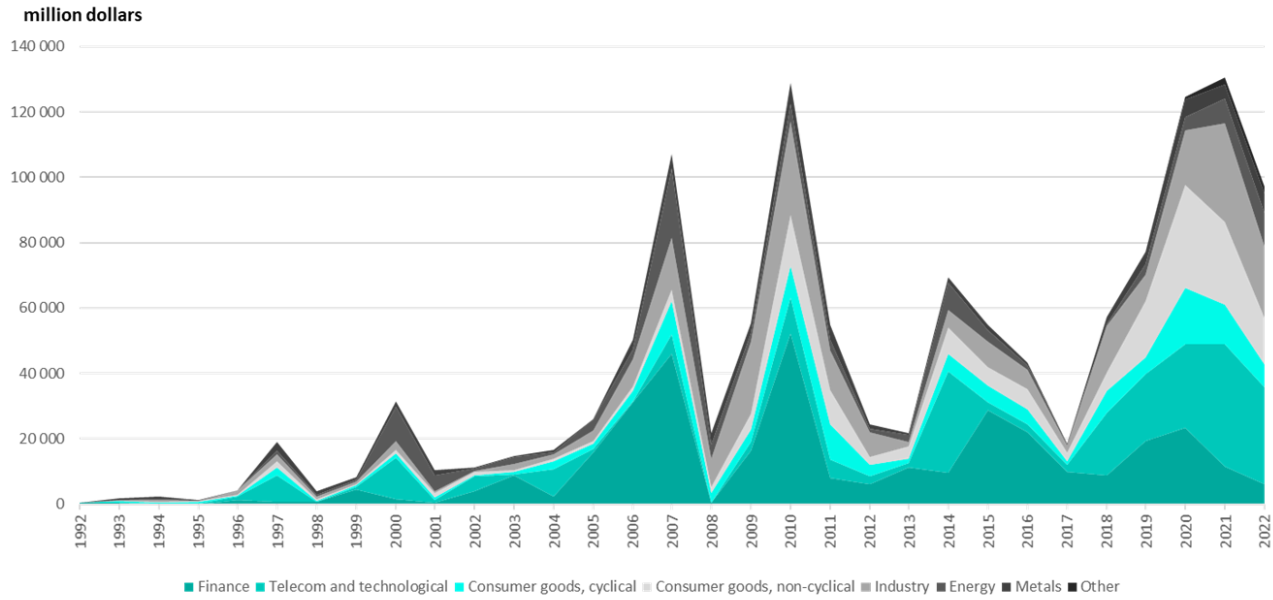

Fig. 11. **IPO Volume in China by Sector**

Source: Bloomberg Terminal, PREQVECA.

However, within this system, the demand for shares of these companies typically far exceeded the supply, leading to high first-day trading returns [22].

It is noteworthy that the Chinese IPO market followed global trends in initial public offerings even before the country joined the WTO — as seen in *Fig. 11*, there is a clear increase in the volume of raised funds during the "hot" IPO market of 1999–2000. However, a large part of this increase in the volume of attracted funds is explained by the successful placement of the Chinese telecommunications company China Unicom on the Hong Kong and New York stock exchanges, during which the company raised a record 10.5 billion USD at that time for the Chinese market.

It is also worth noting that the Chinese IPO market demonstrated significant resilience during the global financial crisis of 2008, and the subsequent wave of IPOs in the market in 2010–2011 turned out to raise even more funds for the Chinese market than the IPO wave of 2006–2008. This phenomenon is explained by the weak impact of the global crisis on the Chinese economy compared to the rest of the world — China's GDP growth in 2008 was 9.7%, slowing down from 14.2% in 2007, and in 2010 it returned to double digits, increasing to 10.6%.[2]

As mentioned above, the financial sector played a leading role in the development of the IPO market in China during the period from 2000 to 2010 — this sector accounted for 38% of the total raised volume, while from 2010 to 2022, the share of the financial sector was 28%. The share of industrial companies has always remained stable at around 19%, while the share of technology companies has significantly increased: from just 11% before 2010, it grew to 21% from 2010 to 2022. As in the rest of the world, the technology sector experienced the highest growth during the IPO wave of 2021–2022, when the demand for the services of these companies significantly increased against the backdrop of the COVID-19 pandemic.

Given the slowdown in China's economic growth to 5% in recent years, as well as the increased geopolitical risks and the associated rise in sanctions and restrictions from the US and Europe, which complicate access for Chinese companies to global financial markets.

[2] World Bank database. URL: https://datacatalog.worldbank.org/search/dataset/0037712 (accessed on 16.05.2023).

It can be assumed that this may have a negative impact on the Chinese IPO market in the medium-term. In addition, the unpredictable policies of the Chinese regulator regarding local companies planning to conduct an initial public offering (IPO) are often a highly negative factor for the development of the local IPO market. For example, the investigations surrounding the planned IPO of Ant Group in 2020, the ban on registering new users for Didi after its listing on the NYSE in 2021, etc.

Taking into account the changes in the industry structure of the Chinese IPO market, one can assume that in the next decade, technology companies will dominate the market rather than those from the financial sector. The Chinese banking sector has been the driving force of the IPO market for the past 20 years, marked by a number of record-breaking fundraising deals. However, nearly all of China's largest banks have already gone public, and the potential for further growth in IPO volumes in the sector is limited. Traditional financial institutions in the IPO market may be replaced by financial technology companies (such as the already mentioned Ant Group, which planned to raise a record 34.5 billion USD in 2020). The Chinese economy is transitioning from extensive to a more qualitative development, and we can expect that the structure of the IPO market will also shift towards more technological companies. This trend is also confirmed by empirical data — the share of Chinese technology companies in the structure of raised capital in IPO markets has been steadily increasing over the past 10 years (*Fig. 11*).

CONCLUSION

The analysis of the database collected by the author confirms the absence of clustering in certain sectors during "hot" IPO markets. In other words, this paper confirms the hypothesis of J. Helwege and N. Liang at a new time horizon — during "hot" IPO markets, companies from various sectors strive to list their shares on the exchange.

Another important conclusion of the work is the illustration of the high correlation between the global and Chinese IPO markets during "hot" waves. The author's data also shows the increasing share of Chinese companies in the total amount of funds raised in the initial public offering market. The IPO waves in the Chinese market coincided with the global dynamics of initial public offering markets.

The presence of Chinese banks has provided significant support to the global IPO market over the past 20 years. However, considering that nearly all of China's largest banks have already listed their shares on the stock exchange, along with a shift away from extensive economic development, the industry structure of China's IPO market is expected to change towards technology companies in the next 10 years.

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ABOUT THE AUTHOR

Vladimir A. Belyaev — Cand. Sci. (Econ.), Research Fellow at the International Research Laboratory "New Trends in International Finance", Moscow State Institute of International Relations (MGIMO University), Moscow, Russia
https://orcid.org/0000-0002-7422-5515
v.a.belyaeff@gmail.com

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