

A settlement between Argentina and its largest creditors, along with the government's efforts to relax exchange controls and remove taxes on some exports should pave the way for stronger growth in the next three to five years. Assuming progress continues, a more predictable regulatory environment should attract greater domestic and foreign direct investment from 2017 to 2019. As a result, M&A activity in Argentina is forecast to peak in 2019 and drop gradually thereafter.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$M)	7,976.2	602.4	3,292.3	1,578.3	2,267.3	2,926.4	2,738.8
% of Global M&A transactions	0.3	0.0	0.1	0.1	0.1	0.1	0.1
Domestic (US\$M)	5,497.8	469.0	1,326.9	724.6	856.1	955.6	878.8
Cross-border, inbound (US\$M)	2,478.4	133.5	1,965.4	853.7	1,411.2	1,970.8	1,860.0
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	67	56	49	57	81	97	88
Domestic (Number of deals)	28	28	22	22	26	29	26
Cross-border, inbound (Number of deals)	39	28	27	35	55	68	62
TOTAL IPO TRANSACTIONS (US\$M)	15.1	0.0	32.4	0.0	120.1	183.9	92.1
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Domestic (US\$M)	15.1	0.0	32.4	0.0	120.1	183.9	92.1
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	-2.5	2.5	-2.3	2.6	3.8	3.2	3.4
CPI (% yoy)	38.1	26.5	40.2	25.2	16.7	11.3	6.3
Merchandise trade (% of GDP)	24	18	21	18	16	16	15
FINANCIAL DRIVERS							
10-year government bond yield (%)	10.4	8.0	6.6	6.7	6.7	6.9	7.1
Equity prices (LCU, end of year % change)	56.3	15.7	59.0	13.0	7.5	4.0	-7.0
Stock market capitalization (US\$B)	60	56	56	59	61	63	58

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Argentina	Global
GDP growth (% annual)	2.2	2.6
Stock market capitalization (% of GDP)	8	98
Money supply (% of GDP)	13	124
Trade (% of GDP)	17	42
Ease of doing business (World Bank)	57	62
Legal structure (Fraser Institute)	4.0	6.4
Freedom to trade (Fraser Institute)	3.8	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



*The Transaction Attractiveness Indicator is an overall score calculated using a weighted average of the 10 factors included in the chart above. The score reflects the attractiveness of a country's current environment for M&A and IPO activity on a scale from 0 to 10. It's based on past transactional activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity. Because many of these factors change slowly over time, a country's current score is a strong indicator of whether it will have the right features to attract transactional activity in the future.