

Because of the slump in commodity prices, Canada's total M&A deal values dropped by half from 2014 to 2016. A gradual recovery in oil and metals prices should stimulate M&A activity in those sectors in 2017 and 2018, while transactions in Canada's non-energy sectors such as manufacturing and services should rise as the US economy rebounds. Equity activity is forecast to peak in 2018, dropping thereafter as borrowing costs start to rise.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	100.1	84.9	48.5	53.4	80.8	76.6	73.6
% of Global M&A transactions	4.0	2.5	1.7	2.1	2.7	2.8	3.2
Domestic (US\$B)	56.4	60.5	28.2	32.2	41.4	38.7	38.4
Cross-border, inbound (US\$B)	43.7	24.4	20.3	21.2	39.4	37.8	35.2
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,351	1,221	930	907	1,223	1,173	1,128
Domestic (Number of deals)	860	725	578	506	651	6.8	603
Cross-border, inbound (Number of deals)	491	496	352	401	572	565	525
TOTAL IPO TRANSACTIONS (US\$M)	5,297.1	4,745.7	541.3	4,716.6	8,017.1	7,814.3	6,995.8
% Global IPO transactions	1.9	2.3	0.4	2.8	3.0	2.9	3.7
Domestic (US\$M)	4,535.2	4,745.5	541.3	4,389.0	7,241.6	7,065.6	6,638.4
Cross-border (US\$M)	761.9	0.2	0.0	327.6	775.5	748.8	357.5

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.6	0.9	1.3	1.7	1.6	1.7	1.8
CPI (% yoy)	1.9	1.1	1.5	1.7	1.8	2.1	2.2
Merchandise trade (% of GDP)	53	54	53	53	53	54	55
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.2	1.5	1.2	1.7	1.9	2.2	2.4
Equity prices (LCU, end of year % change)	7.4	-11.1	16.0	2.7	4.4	-3.8	-2.1
Stock market capitalization (US\$B)	2,095	1,593	1,788	1,828	1,923	1,883	1,878

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Canada	Global
GDP growth (% annual)	1.5	2.6
Stock market capitalization (% of GDP)	110	98
Money supply (% of GDP)	83	124
Trade (% of GDP)	54	42
Ease of doing business (World Bank)	79	62
Legal structure (Fraser Institute)	8.0	6.4
Freedom to trade (Fraser Institute)	7.5	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.