

Although the Eurozone economy has remained relatively unaffected by Brexit, political volatility and vulnerabilities in the banking sector have undermined business confidence in Italy in recent months. Greater clarity about Italy's political outlook and more ambitious efforts to boost its labor-force participation and productivity could improve the country's weak outlook for M&A and IPO transactions, which are forecast to peak in 2018 at US\$31 billion and US\$4 billion respectively.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	29.2	32.7	53.3	24.3	30.6	24.5	18.8
% of Global M&A transactions	1.2	1.0	1.9	1.0	1.0	0.9	0.8
Domestic (US\$B)	6.0	7.3	22.1	10.3	14.8	13.3	11.3
Cross-border, inbound (US\$B)	23.2	25.4	31.3	14.0	15.9	11.1	7.4
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	521	674	579	540	623	521	423
Domestic (Number of deals)	272	349	309	290	350	316	269
Cross-border, inbound (Number of deals)	249	325	270	250	273	205	154
TOTAL IPO TRANSACTIONS (US\$B)	3.5	6.1	1.6	2.6	4.0	2.2	1.3
% Global IPO transactions	1.3	3.0	1.2	1.5	1.5	0.8	0.7
Domestic (US\$B)	3.5	5.4	1.6	2.0	3.3	1.8	1.1
Cross-border (US\$B)	0.0	0.6	0.0	0.6	0.7	0.4	0.2

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.2	0.6	0.9	0.6	1.1	1.1	1.1
CPI (% yoy)	0.3	0.0	-0.1	1.5	1.4	1.6	1.9
Merchandise trade (% of GDP)	45	46	45	46	46	47	48
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.9	1.7	1.5	2.2	2.5	2.9	3.2
Equity prices (LCU, end of year % change)	0.2	12.7	-17.9	16.8	9.0	-7.8	-3.3
Stock market capitalization (US\$B)	587	610	501	541	575	551	539

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Italy	Global
GDP growth (% annual)	0.9	2.6
Stock market capitalization (% of GDP)	29	98
Money supply (% of GDP)	84	124
Trade (% of GDP)	46	42
Ease of doing business (World Bank)	68	62
Legal structure (Fraser Institute)	5.7	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.