

As one of Latin America's better regulated and less risky economies, Peru continues to attract inbound M&A even as commodity prices remain historically low. Domestic M&A activity will remain subdued in 2017 as the government raises interest rates in response to inflationary pressure, but transactions are forecast to recover in 2018 and 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
<b>TOTAL M&amp;A TRANSACTIONS (US\$B)</b>	<b>17.3</b>	<b>2.3</b>	<b>3.5</b>	<b>2.2</b>	<b>3.2</b>	<b>3.7</b>	<b>2.4</b>
% of Global M&A transactions	0.7	0.1	0.1	0.1	0.1	0.1	0.1
Domestic (US\$B)	0.6	0.6	0.0	0.5	0.9	1.1	0.6
Cross-border, inbound (US\$B)	16.7	1.7	3.5	1.7	2.3	2.5	1.8
<b>TOTAL VOLUME OF M&amp;A TRANSACTIONS (Number of deals)</b>	<b>64</b>	<b>58</b>	<b>44</b>	<b>66</b>	<b>84</b>	<b>92</b>	<b>62</b>
Domestic (Number of deals)	26	21	13	22	29	34	19
Cross-border, inbound (Number of deals)	38	37	31	44	55	58	43
<b>TOTAL IPO TRANSACTIONS (US\$M)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
<b>MACROECONOMIC DRIVERS</b>							
Real GDP growth (% yoy)	2.4	3.2	3.7	4.0	4.0	4.0	4.0
CPI (% yoy)	3.2	3.6	3.6	2.6	2.8	2.7	2.6
Merchandise trade (% of GDP)	40	37	38	39	40	40	41
<b>FINANCIAL DRIVERS</b>							
10-year government bond yield (%)	5.1	5.8	6.5	6.3	5.9	5.9	5.8
Equity prices (LCU, end of year % change)	-6.1	-33.4	12.9	7.0	6.7	6.2	6.3
Stock market capitalization (US\$B)	79	57	60	67	72	78	82

### KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Peru	Global
<b>GDP growth</b> (% annual)	<b>3.8</b>	<b>2.6</b>
<b>Stock market capitalization</b> (% of GDP)	<b>33</b>	<b>98</b>
<b>Money supply</b> (% of GDP)	<b>44</b>	<b>124</b>
<b>Trade</b> (% of GDP)	<b>40</b>	<b>42</b>
<b>Ease of doing business</b> (World Bank)	<b>72</b>	<b>62</b>
<b>Legal structure</b> (Fraser Institute)	<b>4.7</b>	<b>6.4</b>
<b>Freedom to trade</b> (Fraser Institute)	<b>7.7</b>	<b>7.3</b>

### 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.