

The Swiss Franc remains overvalued, dampening Switzerland's export competitiveness and business confidence in its economy. As a result, deal activity will remain subdued by historical standards, with M&A activity peaking at levels consistent with 2014, and IPO activity falling below this level. Switzerland will continue to attract inbound M&A activity, however, because of its institutional strength and low-risk investment environment.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	46.9	99.3	12.8	45.0	51.1	40.9	34.1
% of Global M&A transactions	1.9	2.9	0.5	1.8	1.7	1.5	1.5
Domestic (US\$B)	24.0	67.9	2.2	20.9	24.7	17.7	14.9
Cross-border, inbound (US\$B)	22.9	31.4	10.6	24.1	26.4	23.2	19.2
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	301	290	228	309	347	276	242
Domestic (Number of deals)	186	158	123	211	240	182	164
Cross-border, inbound (Number of deals)	115	132	105	98	107	94	78
TOTAL IPO TRANSACTIONS (US\$m)	1,712.4	2,654.4	916.4	495.2	908.0	618.3	296.5
% of Global IPO transactions	0.6	1.3	0.7	0.3	0.3	0.2	0.2
Domestic (US\$m)	1,712.4	0.0	916.4	495.2	908.0	618.3	296.5
Cross-border (US\$m)	0.0	2,654.4	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)	2.0	0.8	1.4	1.8	1.8	1.6	1.4
CPI (% yoy)	0.0	-1.1	-0.4	0.3	0.7	1.0	1.2
Merchandise trade (% of GDP)	63	60	62	63	66	68	70
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.7	-0.1	-0.3	0.0	0.3	0.5	0.9
Equity prices (LCU, end of year % change)	13.0	2.7	-4.8	7.4	3.7	-6.8	-3.6
Stock market capitalization (US\$b)	1,495	1,519	1,414	1,405	1,427	1,352	1,340

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Switzerland	Global
GDP growth (% annual)	1.5	2.6
Stock market capitalization (% of GDP)	216	98
Money supply (% of GDP)	145	124
Trade (% of GDP)	66	42
Ease of doing business (World Bank)	78	62
Legal structure (Fraser Institute)	8.3	6.4
Freedom to trade (Fraser Institute)	7.1	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.