

Increased political risk caused a major slowdown in M&A activity in 2016 despite Turkey's solid economic performance. Monetary policy will likely remain tight through the first half of 2017 because of persistent inflation, before easing later in the year and into 2018. Transactional activity is expected to recover more vigorously in 2018, with M&A activity peaking in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	11.3	9.9	6.0	8.7	13.3	16.2	11.6
% of Global M&A transactions	0.5	0.3	0.2	0.3	0.4	0.6	0.5
Domestic (US\$B)	7.6	3.6	1.0	4.6	6.8	7.9	4.3
Cross-border, inbound (US\$B)	3.7	6.3	5.0	4.2	6.5	8.3	7.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	264	254	109	229	260	287	193
Domestic (Number of deals)	167	166	60	151	157	175	95
Cross-border, inbound (Number of deals)	97	88	49	78	103	112	98
TOTAL IPO TRANSACTIONS (US\$M)	310.0	45.0	119.9	1,052.1	1,965.2	2,152.9	1,402.2
% Global IPO transactions	0.1	0.0	0.1	0.6	0.7	0.8	0.7
Domestic (US\$M)	310.0	45.0	119.9	1,052.1	1,965.2	2,152.9	1,402.2
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)	3.0	4.0	2.8	2.9	3.3	3.4	3.5
CPI (% yoy)	8.9	7.7	7.7	8.5	7.1	6.1	5.3
Merchandise trade (% of GDP)	50	49	47	50	48	46	46
FINANCIAL DRIVERS							
10-year government bond yield (%)	9.3	9.5	10.2	10.8	9.5	8.6	8.1
Equity prices (LCU, end of year % change)	26.4	-16.3	2.5	6.7	4.3	9.2	-7.3
Stock market capitalization (US\$B)	220	189	175	155	168	182	176

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	Turkey	Global
GDP growth (% annual)	3.3	2.6
Stock market capitalization (% of GDP)	22	98
Money supply (% of GDP)	61	124
Trade (% of GDP)	47	42
Ease of doing business (World Bank)	69	62
Legal structure (Fraser Institute)	5.3	6.4
Freedom to trade (Fraser Institute)	6.9	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.