

M&A activity in the US slowed considerably from 2015 to 2016, driven by global and domestic economic and political factors. Until President Trump starts to clarify his policy agenda, investor uncertainty will prevail through 2017 and deal making will remain subdued. Assuming the new administration adopts more moderate policies than those Trump proposed during his campaign, deal activity should rebound in 2018. IPO activity will also pick up in 2018, in line with business investment and equity prices. Transactional activity should begin to drop in 2019 as the cost of financing rises.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
TOTAL M&A TRANSACTIONS (US\$B)	1,113.0	1,525.9	1,309.1	1,200.1	1,314.1	1,072.6	884.0
% of Global M&A transactions	44.9	45.1	46.6	47.9	44.3	38.9	38.2
Domestic (US\$B)	903.2	1,251.5	916.3	946.3	1,049.2	893.1	766.7
Cross-border, inbound (US\$B)	209.8	274.4	392.7	253.8	264.9	179.4	117.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	8,680	8,978	7,228	8,028	8,727	7,329	6,663
Domestic (Number of deals)	7,253	7,452	5,947	6,741	7,474	6,363	5,798
Cross-border, inbound (Number of deals)	1,427	1,526	1,281	1,287	1,253	966	865
TOTAL IPO TRANSACTIONS (US\$B)	100.7	40.5	23.0	54.9	90.6	74.3	59.7
% Global IPO transactions	36.9	19.7	17.3	32.3	33.5	27.1	31.4
Domestic (US\$B)	56.0	35.3	16.2	46.1	68.6	56.5	50.4
Cross-border (US\$B)	44.7	5.1	6.8	8.8	22.0	17.8	9.4

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.4	2.6	1.6	2.3	2.5	1.7	1.6
CPI (% yoy)	1.6	0.1	1.3	2.3	2.2	2.0	1.9
Merchandise trade (% of GDP)	23	21	20	20	19	20	20
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.5	2.1	1.8	2.6	2.9	3.1	3.2
Equity prices (LCU, end of year % change)	12.2	-2.3	11.6	2.8	5.6	-3.8	-0.6
Stock market capitalization (US\$B)	26,331	25,068	27,971	28,755	30,365	29,393	29,217

KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	United States	Global
GDP growth (% annual)	2.1	2.6
Stock market capitalization (% of GDP)	144	98
Money supply (% of GDP)	72	124
Trade (% of GDP)	20	42
Ease of doing business (World Bank)	82	62
Legal structure (Fraser Institute)	7.0	6.4
Freedom to trade (Fraser Institute)	7.4	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.