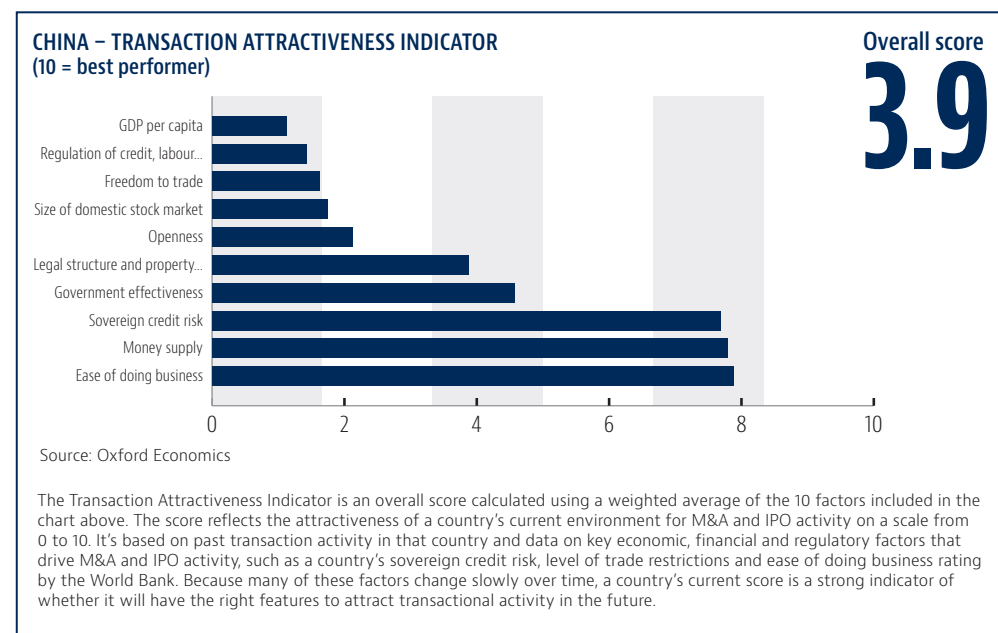


The economic outlook remains challenging in the near term amid the re-escalation of trade tensions with the US, while the impact of domestic policy easing so far has been muted. Slower growth and trade headwinds continue to weigh on M&A activity, with total M&A expected to decline to \$248bn this year and \$218bn in 2020. We see a more supportive global trade backdrop and favourable stock market valuations supporting an upswing in deal making in 2021-22.

### SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)

	China	Global
GDP growth (% annual)	5.8	2.8
Stock market capitalization (% of GDP)	48	97
Money supply (% of GDP)	203	111
Trade (% of GDP)	35	45
Ease of doing business (World Bank, DTF score, higher=better)	74	77
Legal structure (Fraser Institute)	3.9	6.6
Freedom to trade (Fraser Institute)	1.6	7.4

Source: Oxford Economics



### CHINA – M&A AND IPO TRANSACTIONS

	2016	2017	2018	2019	2020	2021	2022
<b>Total M&amp;A transactions (US\$bn)</b>	<b>476.2</b>	<b>315.5</b>	<b>301.3</b>	<b>248.2</b>	<b>218.1</b>	<b>287.8</b>	<b>338.4</b>
<b>% of Global M&amp;A transactions</b>	<b>14.4</b>	<b>11.1</b>	<b>9.0</b>	<b>8.7</b>	<b>10.3</b>	<b>10.6</b>	<b>11.3</b>
Domestic (US\$bn)	435.5	284.9	264.1	223.3	194.6	254.3	299.0
Cross-border, inbound (US\$bn)	40.7	30.5	37.1	24.8	23.5	33.5	39.4
<b>Total volume of M&amp;A transactions (Number of deals)</b>	<b>3,932</b>	<b>3,373</b>	<b>2,869</b>	<b>3,108</b>	<b>2,772</b>	<b>3,118</b>	<b>3,176</b>
Domestic (Number of deals)	3,407	2,926	2,533	2,858	2,527	2,825	2,848
Cross-border, inbound (Number of deals)	525	447	336	250	245	293	328
<b>Total IPO transactions (US\$bn)</b>	<b>24.2</b>	<b>30.7</b>	<b>16.9</b>	<b>16.4</b>	<b>15.6</b>	<b>22.2</b>	<b>26.1</b>
<b>% Global IPO transactions</b>	<b>17.8</b>	<b>15.5</b>	<b>7.8</b>	<b>10.8</b>	<b>7.3</b>	<b>11.6</b>	<b>11.9</b>
Domestic (US\$bn)	23.8	30.3	16.0	16.1	15.2	21.7	25.5
Cross-border (US\$bn)	0.4	0.4	0.9	0.3	0.3	0.5	0.6

Source: Oxford Economics, Reuters

### CHINA – FORECAST FOR THE ECONOMY

	2016	2017	2018	2019	2020	2021	2022
<b>Macroeconomic drivers</b>							
Real GDP growth (% yoy)	6.7	6.8	6.6	6.2	5.9	5.7	5.6
CPI (% yoy)	2.0	1.5	2.1	2.5	2.6	2.6	2.7
Merchandise trade (% of GDP)	38%	39%	38%	37%	36%	35%	35%
<b>Financial drivers</b>							
10-year government bond yield (%)	2.9	3.6	3.6	3.2	3.2	3.5	3.8
Equity prices (LCU, end of year % change)	-12.3	6.6	-24.6	20.5	-6.1	7.1	6.4
Stock market capitalisation (US\$bn)	7,320.7	8,711.3	6,324.9	7,726.3	7,393.6	8,099.8	8,850.6

Source: Oxford Economics

IPO calculations account for the tentative Aramco listing in 2020 that has the potential to raise up to US 100 billion.