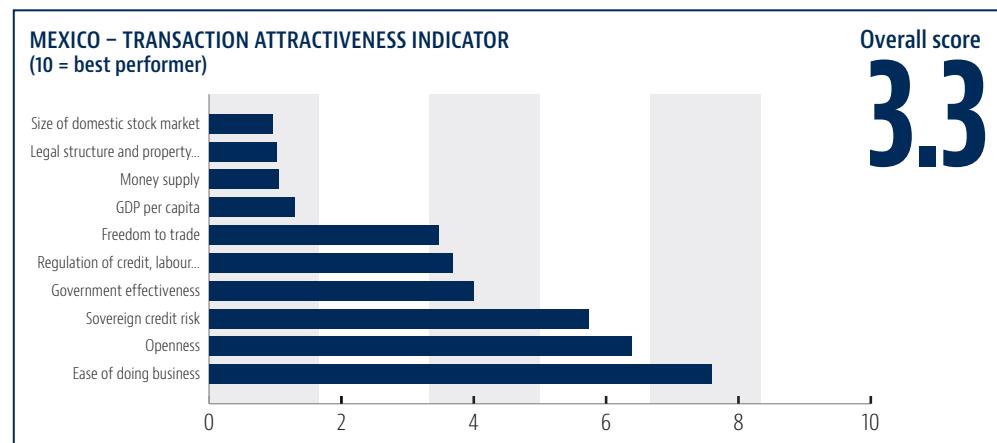


Total M&A transactions are expected to remain stable at around \$73bn this year, after \$7.2bn in 2018. We forecast deal making to slow to \$4.9bn in 2020, as the weak external backdrop contains the chances of a rapid economic recovery. A renewed pick-up is forecast in 2021-22, thanks to stronger economic growth prospects and more favourable stock market trends.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	Mexico	Global
GDP growth (% annual)	1.6	2.8
Stock market capitalization (% of GDP)	30	97
Money supply (% of GDP)	38	111
Trade (% of GDP)	68	45
Ease of doing business (World Bank, DTF score, higher=better)	72	77
Legal structure (Fraser Institute)	1.0	6.6
Freedom to trade (Fraser Institute)	3.5	7.4

Source: Oxford Economics



Source: Oxford Economics

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 transaction activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity, such as a country's sovereign credit risk, level of trade restrictions and ease of doing business rating by the World Bank. 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.

MEXICO – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	12.5	8.0	7.2	7.3	4.9	10.8	13.8
% of Global M&A transactions	0.4	0.3	0.2	0.3	0.2	0.4	0.5
Domestic (US\$bn)	4.7	2.4	2.9	1.7	1.7	5.5	6.6
Cross-border, inbound (US\$bn)	7.8	5.7	4.4	5.7	3.2	5.2	7.3
Total volume of M&A transactions (Number of deals)	161	146	144	97	102	145	168
Domestic (Number of deals)	79	50	57	28	34	65	77
Cross-border, inbound (Number of deals)	82	96	87	69	68	80	91
Total IPO transactions (US\$mn)	905.1	3,247.1	2,728.7	1,364.4	1,606.1	2,479.0	2,661.5
% Global IPO transactions	0.7	1.6	1.3	0.9	0.7	1.3	1.2
Domestic (US\$mn)	804.6	3,247.1	2,728.7	1,364.4	1,606.1	2,277.9	2,445.6
Cross-border (US\$mn)	100.5	0.0	0.0	0.0	0.0	201.1	215.9

Source: Oxford Economics, Reuters

MEXICO – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	2.6	2.4	2.0	0.5	1.6	1.9	2.4
CPI (% yoy)	2.8	6.0	4.9	3.9	3.6	3.5	3.4
Merchandise trade (% of GDP)	64%	66%	69%	68%	68%	68%	68%
Financial drivers							
10-year government bond yield (%)	6.2	7.2	7.9	7.9	7.8	7.8	7.6
Equity prices (LCU, end of year % change)	6.2	8.1	-15.6	7.0	-6.2	7.1	4.4
Stock market capitalisation (US\$bn)	352.0	417.0	385.1	424.8	398.3	423.5	437.6

Source: Oxford Economics

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