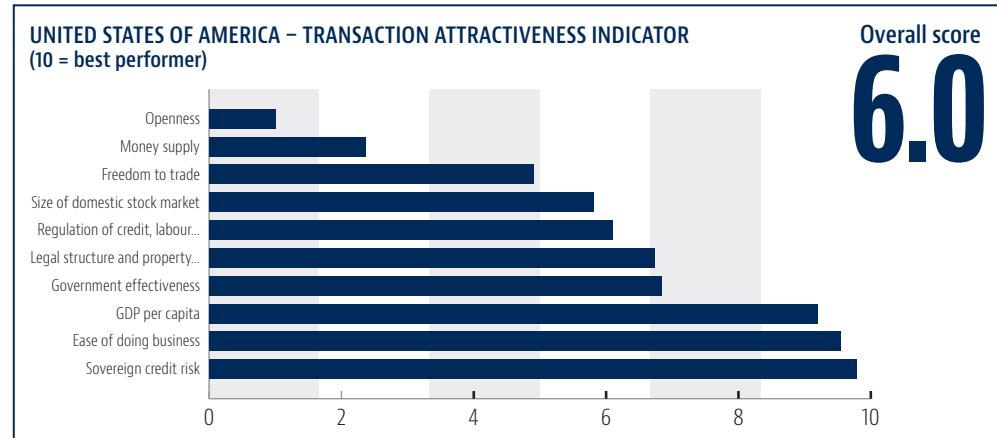


M&A activity in the US has proved surprisingly resilient this year, despite growing unease over high valuation levels as well as increased regulatory scrutiny of deals. But there are signs that investor enthusiasm for deals is beginning to weaken and a downturn may be on the horizon following a lengthy period of elevated activity. Our expectation is that this downturn in deal-making will materialise over the coming year, coinciding with a slowing economy.

SUMMARY OF KEY DRIVERS (AVERAGE 2019-2022)		
	USA	Global
GDP growth (% annual)	1.9	2.8
Stock market capitalization (% of GDP)	155	97
Money supply (% of GDP)	70	111
Trade (% of GDP)	25	45
Ease of doing business (World Bank, DTF score, higher=better)	83	77
Legal structure (Fraser Institute)	6.7	6.6
Freedom to trade (Fraser Institute)	4.9	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.

UNITED STATES OF AMERICA – M&A AND IPO TRANSACTIONS							
	2016	2017	2018	2019	2020	2021	2022
Total M&A transactions (US\$bn)	1503.6	1334.7	1526.8	1416.3	987.4	1219.1	1268.6
% of Global M&A transactions	45.3	47.0	45.5	49.6	46.6	45.0	42.5
Domestic (US\$bn)	1,037.5	961.0	1,210.4	1,165.9	834.2	1,044.7	1,079.4
Cross-border, inbound (US\$bn)	466.1	373.7	316.4	250.4	153.2	174.4	189.2
Total volume of M&A transactions (Number of deals)	10,453	12,293	11,216	10,249	8,496	9,600	9,913
Domestic (Number of deals)	8,223	9,788	8,775	8,239	7,254	8,258	8,490
Cross-border, inbound (Number of deals)	2,230	2,505	2,441	2,010	1,242	1,342	1,423
Total IPO transactions (US\$bn)	24.0	48.6	61.3	68.4	50.8	66.2	71.6
% Global IPO transactions	17.7	24.6	28.4	44.8	23.7	34.6	32.6
Domestic (US\$bn)	17.1	37.6	39.5	57.7	40.8	50.6	52.3
Cross-border (US\$bn)	6.9	11.0	21.7	10.7	10.0	15.6	19.3

Source: Oxford Economics, Reuters

UNITED STATES OF AMERICA – FORECAST FOR THE ECONOMY							
	2016	2017	2018	2019	2020	2021	2022
Macroeconomic drivers							
Real GDP growth (% yoy)	1.6	2.4	2.9	2.3	1.8	1.8	1.8
CPI (% yoy)	1.3	2.1	2.4	1.7	2.0	2.0	2.0
Merchandise trade (% of GDP)	24%	25%	25%	25%	25%	25%	25%
Financial drivers							
10-year government bond yield (%)	1.8	2.3	2.9	2.2	1.9	2.0	2.3
Equity prices (LCU, end of year % change)	9.5	19.4	-6.2	17.4	-6.8	5.4	4.3
Stock market capitalisation (US\$bn)	27,352.2	32,120.7	30,436.3	35,733.9	33,288.8	35,089.7	36,589.8

Source: Oxford Economics

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