Baker McKenzie.

OXFORD ECONOMICS

Global Transactions Forecast 2019

DEALING WITH THE UNCERTAINTY

TRANSACTIONAL POWERHOUSE

Leading and closing three deals a day

Foreword

Cautious optimism towards 2019

The global transactions market remained remarkably robust in 2018 – despite all the macro uncertainty we read about every day. Dealmakers have been taking the long view, in a world where sitting on your hands and waiting for volatility to die down is no longer an option. As such, we are taking a cautiously optimistic view of the year ahead in this, our fourth Global Transactions Forecast in conjunction with Oxford Economics.

We predict that this year's momentum will continue into 2019, though in all regions, the first half of the year is likely to be more active than the second. At a regional level, we expect to see Europe down in transaction activity, but the Americas and Asia Pacific are set to post modest growth.

As we identified 12 months ago, there are still real threats to free trade and investment flows and there remains potential for a much more serious outbreak of protectionism and isolation. It is incumbent on business, regulators and government to try to guard against that risk and their success in doing so will determine how well the business community fares over next year.

So please take the time to read the report. As always our views on what will happen in the 42 countries that it covers are just as relevant as the overall global and regional picture.

PAUL RAWLINSON
Global Chair, Baker McKenzie

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Executive summary

2018 has been a strong year for dealmaking despite increased trade tensions between the major economies.

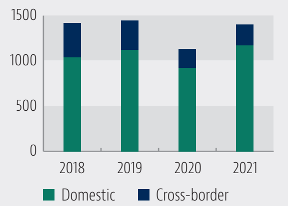
Corporates and investors have refused to be mired in the macroeconomic uncertainty and have instead taken a strategic view, capitalizing on continued global growth and the closing window of low interest rates. That momentum is likely to carry into next year, meaning 2019 will begin strongly. But rising rates and cooling global growth will follow, so a slowdown in M&A activity is likely in the second half of 2019, followed by a more pronounced easing in 2020, as equity markets pause for breath. We see potential for the start of the next up-cycle thereafter.

GLOBAL DEAL OUTLOOK

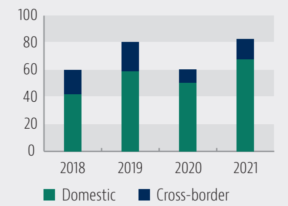
- **Global:** We forecast completed M&A globally to close 2018 at USD 3.1 trillion, with over-performers and underperformers in both advanced and emerging markets. At the global level, 2019 could be a year of two halves. Several major deals announced in 2018 are set to complete in the first half of 2019, while underlying economic conditions should remain strong throughout this period. However, macro drivers will cool the market through the latter half of 2019. We forecast total values at USD 2.9 trillion for 2019, falling to USD 2.3 trillion in 2020. With some major IPOs scheduled for 2019, we foresee total proceeds at USD 232 billion, easing to USD 160 billion in 2020. In 2021 and beyond, with borrowing costs settling at their 'neutral' rates and equity markets enjoying better growth, we see the potential for the start of a new upturn.
- **North America:** Dealmakers in both the US and Canada have shrugged off concerns over the future of NAFTA and turned in another strong year for both M&A and IPOs in 2018. We expect another strong year in 2019, as dealmakers respond to the successful conclusion of trilateral trade talks. But with US interest rates potentially on their way back towards a neutral level, and limited scope for further cyclical growth in the economy, the second half of 2019 will see less activity than the first, and 2020 is likely to mark a low in deals.
- **Europe:** With the Eurozone economy now clearly entering a cyclical slowdown, we forecast a relatively substantial easing in M&A activity in 2019, albeit with one cross-border megadeal likely to support the aggregate value. In selected European economies though, including Spain and the UK, the market has remained robust in the last 12 months and prospects for 2019 look reasonable – though a poorly handled Brexit could torpedo that progress. In aggregate, we forecast total M&A in Europe to end 2018 at USD 806 billion, easing to USD 530 billion in 2019, and USD 436 billion the following year. Our forecast is also for a gradual cyclical easing in IPO volumes, as liquidity starts to tighten and growth cools.
- **Asia Pacific:** M&A and IPO turned in another strong year in 2018, with dealmakers in the region again focusing on economic fundamentals rather than the potential for disruption to world trade flows. Much of this momentum can be maintained into 2019 despite slower world trade growth, which is key for many economies in the region. More positively, emerging markets look less vulnerable to rising Fed rates than in the past, meaning US monetary policy will drag less on Asia Pacific dealmaking in 2019 than during previous cycles. Our forecast is for a robust increase in M&A, and sustained strength in IPO activity in 2019, before a cyclical cooling in both through 2020.

- **Latin America:** Domestic M&A was significantly down in 2018, reflecting the political and financial turmoil affecting individual firms' finances as well as the broader economy. However, inbound M&A held up rather better, as did IPO activity, suggesting that particularly overseas investors are taking a longer view. With new governments taking office in Brazil and Mexico, and the resolution of NAFTA uncertainty, we expect stronger dealmaking activity in the coming couple of years, with M&A in the region rising to USD 94 billion in 2019 and USD 98 billion in 2020.
- **Middle East and Africa:** A recovery in oil prices has helped economies in both regions through 2018, although the global oil market has become more volatile as we head into 2019. In the Middle East, continued gradual progress towards more-diversified economies should help build confidence and dealmaking from 2019 onwards, while in Africa signs of financial and economic stability will do likewise. At USD 38 billion in 2019, we forecast total M&A in the two regions to remain impressive in a historical context, albeit with comparisons against 2018 distorted by three megadeals in the UAE.
- **Sectors:** In 2019, we expect M&A and IPO activity to be led by the consumer, technology and communications, and finance industries, with positive macroeconomic and structural drivers in each case. We see energy forming a diminishing share of total M&A, with a pivot in the basic materials sector to metals and other minerals key to new technologies.

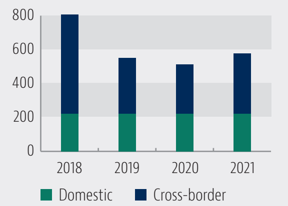
NORTH AMERICA: M&A USD billion



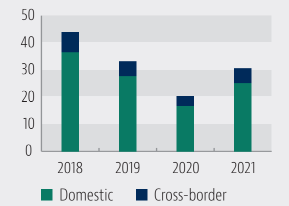
NORTH AMERICA: IPO USD billion



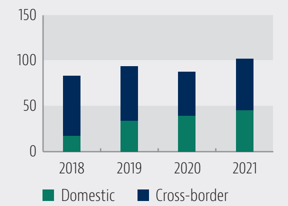
EUROPE: M&A USD billion



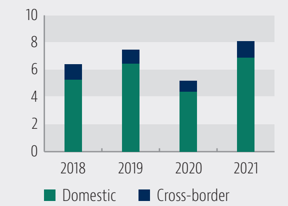
EUROPE: IPO USD billion



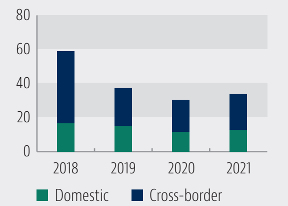
LATIN AMERICA: M&A USD billion



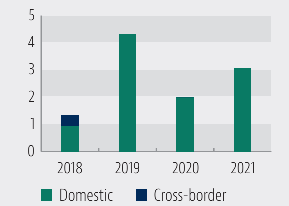
LATIN AMERICA: IPO USD billion



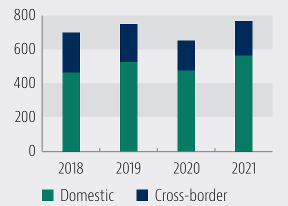
MIDDLE EAST/AFRICA: M&A USD billion



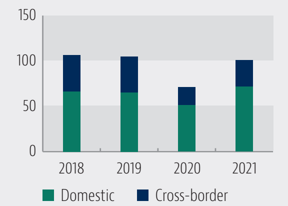
MIDDLE EAST/AFRICA: IPO USD billion



ASIA PACIFIC: M&A USD billion



ASIA PACIFIC: IPO USD billion



Executive summary

GLOBAL TRANSACTIONS FORECAST 2019 DEAL DASHBOARD

Geography	Transaction type	Change in aggregate USD value versus previous year		Forecast cycle peak year
		2018 (est)	2019 (f)	
World	M&A: Total	▲	▼	2018
World	M&A: Domestic	▼	▲	2019
World	M&A: Cross-border	▲	▼	2018
World	IPO: Total	▼	▲	2019
World	IPO: Domestic	▼	▲	2019
World	IPO: Cross-border	▲	▲	2019
North America	M&A: Total	▲	▲	2019
Europe	M&A: Total	▲	▼	2018
Asia Pacific	M&A: Total	▲	▲	2019
Latin America	M&A: Total	▼	▲	2021
Africa and Middle East	M&A: Total	▼	▼	2017
North America	IPO: Total	▲	▲	2019
Europe	IPO: Total	▼	▼	2017
Asia Pacific	IPO: Total	▲	▼	2018
Latin America	IPO: Total	▼	▲	2017
Africa and Middle East	IPO: Total	▼	▲	2017
World	M&A: Pharma & Health	▼	▲	2019
World	M&A: Finance	▼	▲	2019
World	M&A: Tech & Telecoms	▲	▲	2019
World	M&A: Consumer	▲	▼	2018
World	M&A: Energy	▼	▼	2017
World	M&A: Basic Materials	▲	▼	2018
World	M&A: Industry & Utility	▲	▼	2018
World	IPO: Pharma & Health	▲	▲	2019
World	IPO: Finance	▼	▲	2019
World	IPO: Tech & Telecoms	▲	▼	2018
World	IPO: Consumer	▼	▲	2019
World	IPO: Energy	▼	▼	2016
World	IPO: Basic Materials	▼	▲	2017
World	IPO: Industry & Utility	▼	▲	2017

Introduction

1

Introduction

2018 has been a year of contrasting fortunes across the global economy, with most advanced economies – particularly the US – enjoying continued robust growth, while several emerging markets endured increased financial and economic volatility. Trade barriers have been rising around the globe, with fears of worse to come.

Nevertheless, this backdrop has not deterred firms from making major strategic decisions for the longer term. We have seen some interesting pockets of strength in M&A, including in cross-border deals into Latin America and domestic UK deals ahead of the country's exit from the EU. Our current expectation is that total M&A values in 2018 will amount to USD 3.1 trillion – very modestly lower than the prediction in our 2017 Global Transactions Forecast. However, the year will close with a high degree of momentum as several major deals announced this year are due to complete in the first half of 2019.

That said, it has not been a uniformly strong year. While dealmaking in the US, China and several other major economies has performed well and in line with last year's forecast, some Eurozone economies have underperformed. In one or two major emerging economies, dealmaking substantially undershot our expectations. Moreover, while the aggregate picture for M&A has remained strong, the IPO scene has also been robust, with total gross proceeds coming in for the year at just over USD 291 billion.

From a more regulatory perspective, 2018 has seen a heightened degree of scrutiny over inbound M&A, particularly in advanced economies with cutting-edge technology. The legislative framework for scrutinizing inbound deals to the US has been strengthened, the UK government has proposed measures for a similar policy shift, and political concerns over the potential loss of technological advantage have become an increased concern in Germany. So the pace of cross-border dealmaking in 2018 may be partly motivated by a desire to get deals done ahead of the introduction of administrative and logistical barriers in the years ahead.

In this report, the fourth edition of our Global Transactions Forecast with our colleagues from Oxford Economics, we examine the role of all these issues in the dealmaking environment. We set out our latest predictions for M&A and IPO activity from 2019 through to 2021, and the macroeconomic, financial, and political drivers underpinning them. By providing this outlook, we aim to provide corporate leaders and investors with a greater understanding of the global and regional economic trends, so they can anticipate and better prepare for what lies ahead.

AI AI WONG
Transactions Leader, Baker McKenzie

Global economy deal drivers

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The world economy has had another strong year in 2018, with GDP growth expected to come in at 3.1% – the fastest pace of growth since 2011. This is particularly impressive considering China's growth rate has slowed over this period from 9.5% in 2011 to 6.5% in 2018, as it seeks more sustainable avenues for long-term economic growth.

In our view, however, growth is likely to slow from its current high watermark, owing to several macro and financial factors affecting the economy in 2019 and beyond.

TRADE BOOM NOW IN THE REAR-VIEW MIRROR...

The 2017-18 global trade boom is clearly starting to cool, as measures of trade compiled from container shipping, air and rail freight have demonstrated in recent months.

After expanding by 5% in 2017 (the fastest since 2011), we expect world trade to grow by a more modest 3.7% in 2018, and cool further to 3.3% in 2019. This pace of growth is expected to persist in the following couple of years, meaning slower supply-chain integration across borders and a drag on cross-border acquisitions.

WORLD TRADE AND WORLD TRADE INDICATORS
% year

Source: Oxford Economics/ Nederland CPB

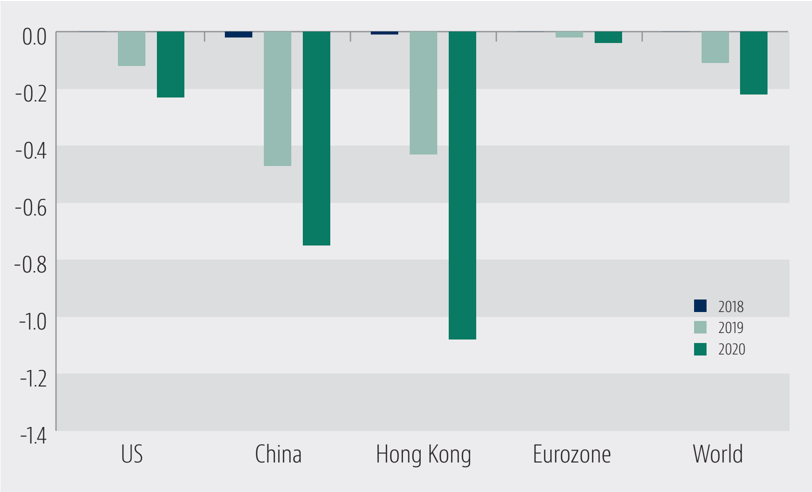
PROTECTIONISM COULD TIE DEALMAKERS' HANDS

The risk is that much worse is to come. Global investors and dealmakers have largely overlooked the acceleration of trade tensions between the US and China, and to a lesser degree, between the US and a range of other economies. But the global consensus that trade disputes should be handled via the multilateral framework has clearly broken down, and there is a risk of a damaging spiral into protectionism.

Our simulations demonstrate how damaging this could be for the global economic environment. A full-blown trade war between the US and China (simulated in the interactive database accompanying this report) would cut world GDP by around 0.8pp by 2020, and severely undermine firms' abilities to operate across borders. Even if current tensions do not spill over into a full trade war, they could still give dealmakers pause for thought over cross-border acquisitions.

A FULL BLOWN TRADE WAR WOULD HAVE DRAMATIC CONSEQUENCES
GDP level, cumulative % from baseline

US imposes 25% tariffs on USD 50 billion of imports and then an additional 10% on USD 400 billion of imports. China imposes 25% on all imports from US

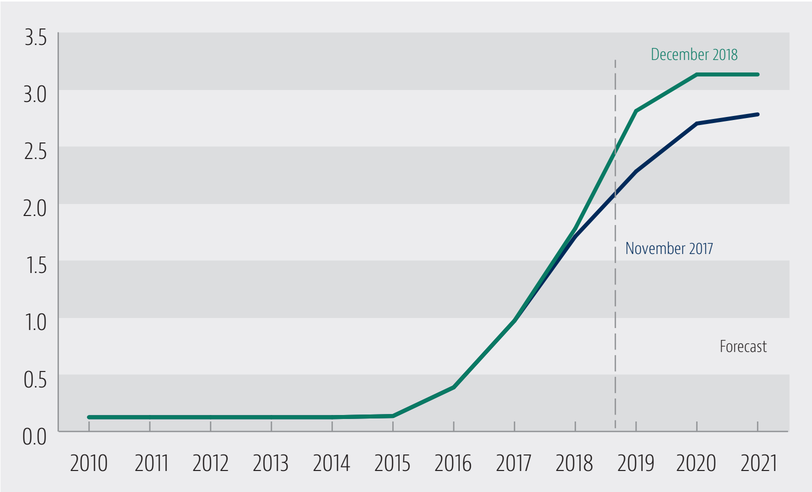


Source: Oxford Economics

FED PICKS UP ITS PLAN FOR RATE HIKES

With the US economy growing at an annualized rate of 3% (well above its long-term trend rate), the Federal Reserve has starting hiking rates more aggressively. September's rise was the eighth in a relatively slow tightening phase that began in 2015, but despite recent comments from the Fed's chair that interest rates were closing in on 'neutral levels' we still expect one more hike in 2018, followed by three in 2019. This would take rates notably higher into our forecast period than seemed likely at the time of last year's Global Transactions Forecast.

UNITED STATES: FED FUNDS RATE
%



Source: Oxford Economics/ Haver Analytics

The pace of Fed rate tightening matters for the global deal landscape from three perspectives. Firstly, higher US rates will increase borrowing costs in the US, but also across much of the rest of the world, given that US rates are used as a global benchmark. Secondly, faster Fed tightening will pressurize currencies in emerging markets where firms have borrowed in dollars. This will force them to increase their own rates to contain inflation, thereby cooling deal activity. Thirdly, the Fed's rate path will influence the strength of the dollar, which we expect to appreciate modestly in 2019 but more noticeably in 2020, undermining the dollar value of local deals around the world.

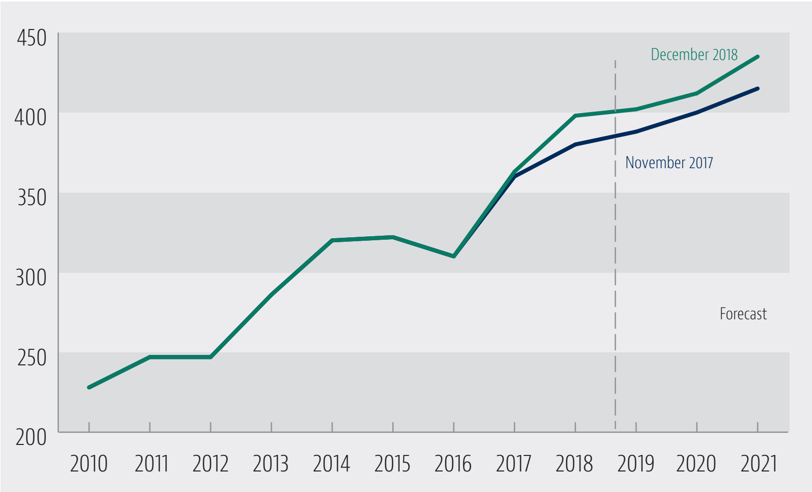
Global economy deal drivers

EQUITY MARKETS LOSING MOMENTUM 2019-2020

Equity markets experienced a period of unexpected volatility through the late autumn of 2018 but recovered most of their losses in the final months of the year. Fundamental drivers of equity valuations remain favorable though. Corporates continue to reap the rewards of strong growth, while markets remain buoyed by the liquidity provided by central bank assets purchases and low borrowing costs, as well as the impact on company valuations of reforms to corporate tax. This has boosted listed firms' ability to issue equity and finance further acquisitions, and we expect some of this momentum to persist into the first half of 2019.

But with the Fed accelerating its asset sales back to market in 2019 and the European Central Bank stopping its asset purchases towards the end of this year, some of the tailwinds behind equities will turn to headwinds for the coming couple of years – 2020 in particular. From 2021, our forecast is for the start of more sustainable equity price growth, supporting an upturn in dealmaking.

WORLD EQUITY PRICES
31 Dec 1991=100

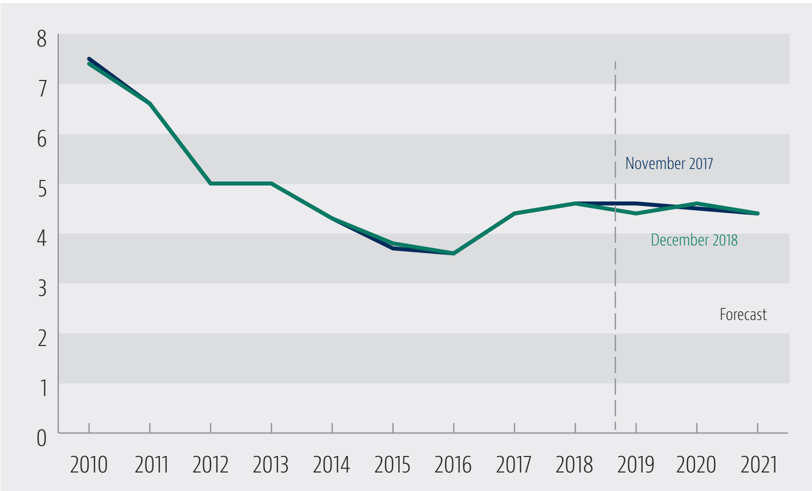


Source: Oxford Economics/ Haver Analytics

BIG EMERGING MARKETS AFFECTED BY EXCHANGE RATE CRISES

In some major emerging economies, a worsening global financial and economic outlook is being compounded by domestic economic and political factors. This is pushing economies close to (or into) recession in 2018-2019. In Argentina, Brazil and Turkey, interest rates are having to rise sharply to deal with a combination of higher global borrowing costs and the market impacts of domestic political volatility. In South America, the problems affecting the two regional powerhouses (Argentina and Brazil) are undermining growth in much of the rest of the continent.

EMERGING MARKETS: GDP GROWTH
% change on year ago



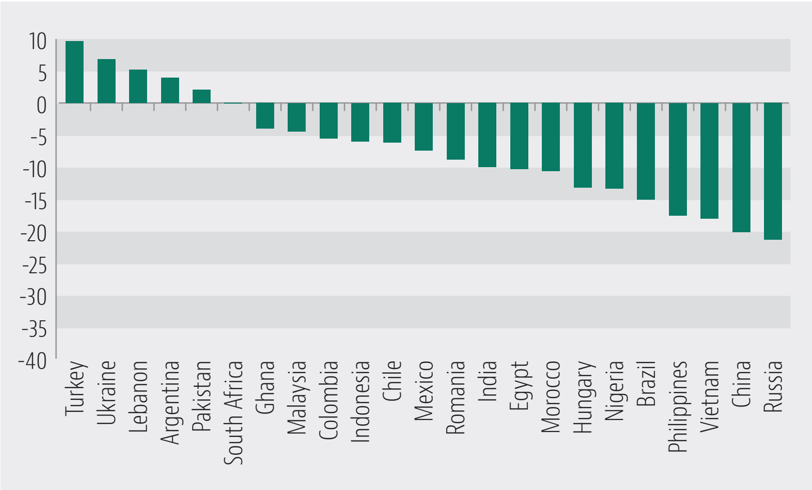
Source: Oxford Economics/ Haver Analytics

MOST EMERGING ECONOMIES ARE IN GOOD SHAPE

Despite the challenges facing South America, most emerging markets are in rather better shape during this Fed tightening phase than they were during previous cycles. (During the late 1990s, and early-mid 2000s, Fed rate tightening contributed to regional crises in Asia and Latin America). Across much of Asia in particular, the Fed hikes are likely to give policymakers the choice between following suit to support the currency or allowing a depreciation and higher inflation. However, it seems unlikely they will be faced with a financing challenge on the scale of that facing Turkey and Argentina as we head into 2019.

TURKEY'S FINANCING NEEDS ON A PAR WITH THOSE OF MUCH WEAKER EMS

External financing requirements (%GDP, 2017) (external debt – current account – reserves)

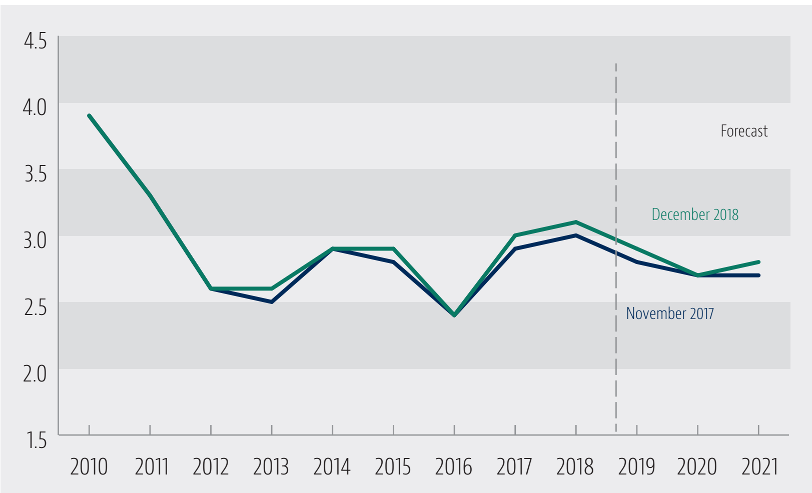


Source: Oxford Economics

KEY GLOBAL MACRO DRIVERS SET TO SLOW IN 2019

Taking all factors combined, our forecast is for GDP growth to ease modestly in the year ahead, reaching 2.9% in 2019. But barring the realization of one of our key risk scenarios, we do not expect a major global slowdown. For one thing, although monetary policy around advanced economies is clearly entering a tightening phase, policymakers have been at pains to stress that the priority will be to avoid tightening too quickly. Meanwhile households around the world are typically less-indebted than a decade or so ago, and so less sensitive to rising borrowing costs. Finally, after climbing steadily through 2018, oil prices fell sharply in the final quarter – partly due to exemptions granted to countries reliant on Iranian supply, as well as supply growth in other producers. We expect prices to average around USD 70 per barrel through 2019-2020. Our forecast therefore assumes a similar pace of global economic growth in both 2020 and 2021.

WORLD: GDP GROWTH
% change on year ago



Source: Oxford Economics/ Haver Analytics

POTENTIAL RISKS

A range of upside and downside risks could affect the global economy and lead to a rise or drop in deal values and volumes that differ from our transactions forecast. Those risks include:

Trade war hits global growth: Trade tensions continue to escalate, culminating in the US implementing 25% tariffs on all imports from China — and lower tariffs on other major Asian economies. China then retaliates in kind. World GDP growth slips to 2.4% in 2019, with damaging impacts on cross-border deal flows.

Synchronized global slowdown: While business confidence and activity remain robust moving into 2019, cyclical factors such as rising interest rates, higher energy costs and falling spare labor could combine to trigger a sharper-than-expected slowdown over the coming couple of years.

A "no-deal" Brexit: A failure on the part of the UK and EU to agree an orderly exit would substantially increase trade frictions and undermine business investment. UK GDP would be 2% lower than baseline by the end of 2020. The UK's key European trading partners would also be affected, albeit less so than the UK itself, with a knock-on effect on cross border deals in particular.

Market turmoil as inflation surge prompts faster Fed tightening: Investors reassess their expectations for US policy rates and markets sell off sharply, as capacity pressures in the late-cycle economy and a supply-driven surge in oil prices trigger a spike in US inflation. Tighter monetary policy in the US and elsewhere sharply curtails dealmaking.

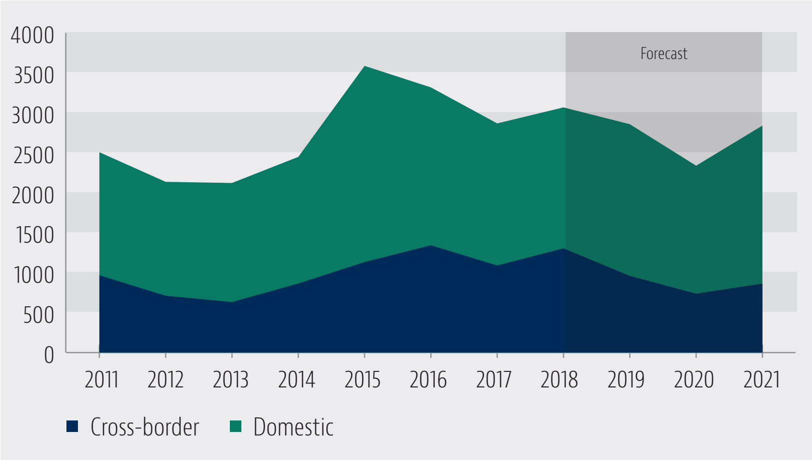
Trade fears dissipate: The recent escalation in trade barriers has weighed on business and market sentiment, but there is also a possibility of a more virtuous risk cycle emerging. If trade tensions were to ease, there could be a powerful confidence impact, unlocking investment flows and boosting growth in the coming couple of years.

GLOBAL DEAL MOMENTUM HAS ONE MORE YEAR TO RUN

In last year's GTF, we anticipated an acceleration in M&A dealmaking in 2018, as a range of positive economic factors underpinned confidence before a slowdown in 2019. This picture has largely been borne out. However, some of the activity we had penciled in for 2018 has been pushed back into 2019, particularly a slew of megadeals that have been announced but are yet to complete. Our forecast is for global M&A volumes of USD 2.9 trillion in 2019.

With the world economy cooling from 2019, however, we predict that global M&A values will slip back to USD2.3 trillion in 2020. As we move into 2021, we will see more stabilization after a period of adjustments: interest rates should have reached a stable level in the US; equity markets will be in a more sustainable position and, barring further escalation in trade tensions in the meantime, firms will have more certainty about their ability to trade across borders. As such, our analysis of key macro drivers – and the historical pattern of M&A cycles – suggests a new upcycle could begin in 2021.

WORLD: TOTAL M&A ACTIVITY
USD billion



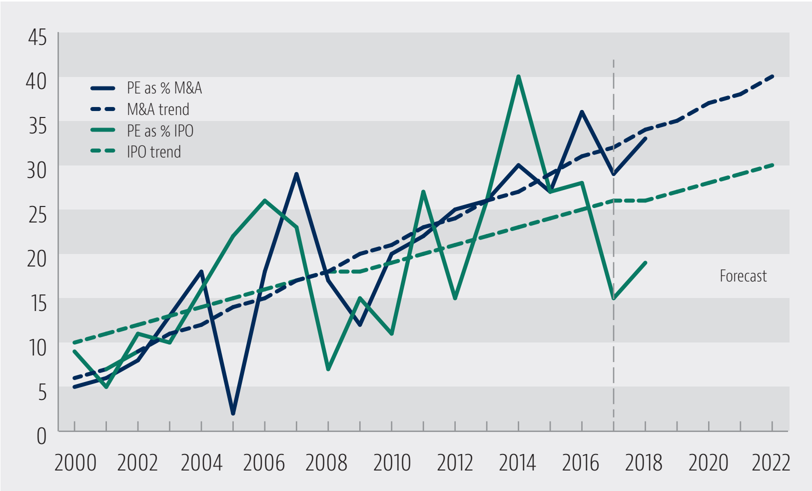
Source: Oxford Economics/ Thomson Reuters

PRIVATE EQUITY CONTINUES TO PLAY A KEY ROLE

2018 has seen private equity (PE) investors play an increasingly influential role in M&A activity, with the proportion (by value) of M&A having PE involvement on either buy or sell side ticking up from 29% in 2017 to 34% in 2018. On the IPO side, 2017 was a weaker year for PE exit, but this has rebounded back in line with broader trends through a busy 2018. Dry powder under management continues to climb, reaching USD 1.1 trillion in June 2018 according to Prequin. The fact dry powder continues to climb suggests (in aggregate at least) that investors approve of the sector's approach. As such, we maintain our forecast that PE shares of both M&A and IPO activity will continue to increase in the years ahead.

PRIVATE EQUITY: ROLE IN GLOBAL DEALMAKING

% of IPO which is PE exit, or M&A which has PE involvement on buy or sell side



Source: Oxford Economics/ Haver Analytics

CONSUMER, TECH AND TELECOMS SECTORS DRIVING DEALS IN 2019

As anticipated in last year's GTF, consumer-facing sectors have had a strong year for M&A in 2018, with a 25% acceleration in values from 2017. Megadeals, such as the EUR 50 billion Essilor-Luxottica tie-up (expected to complete at the end of 2018), have played a role, but buoyant consumer markets around the world have supported dealmaking.

In the sector more generally, accelerating wage growth in advanced economies will boost household spending in 2019. Though we expect a cooling in M&A in the consumer industry thereafter, it is nevertheless likely to remain the largest deal sector by value.

Tech and telecoms have also seen accelerating activity in 2018, but growth has been more muted than anticipated, reflecting an increase in regulatory scrutiny. Major deals in the microchip sector have been blocked by regulators. Nevertheless, with some key megadeals set for completion in 2019 (including Sprint/T-Mobile and CA Tech/Broadcom), we expect another strong year in 2019 and the sector will remain important in the longer term.

Pharma and health deal completions have disappointed in 2018 versus our last forecast. However, with a number of significant deals announced, including a major tie-up between Cigna Corp and Express Scripts, we forecast a modest acceleration into 2019. Likewise, in the finance sector, where deal values cooled in 2018, scope remains for consolidation, and traditional banks' desire to access fintech will also drive growth.

Finally, a rebounding oil price has likely eased the need for further consolidation in the energy sector, and we expect this industry to continue to ebb as a deal driver. But the basic materials sector has been more active, and there is evidence that new metals and minerals (such as those used in electric vehicles) will be key resources driving dealmaking in the year ahead.

TABLE 1: SECTORAL OUTLOOK FOR GLOBAL M&A

GLOBAL: M&A TRANSACTIONS BY SECTOR (USD BILLION)

	2015	2016	2017	2018 (F)	2019 (F)	2020 (F)	2021 (F)
Pharma and health	465	267	303	285	300	234	271
Finance	679	605	557	489	514	397	457
Tech and telecom	624	639	364	439	457	397	505
Consumer goods and services	753	709	547	700	629	503	589
Energy	283	198	306	255	171	164	232
Basic materials	223	208	263	288	243	175	188
Industrial and utility	559	692	528	610	543	468	599
Total	**3586**	**3317**	**2867**	**3067**	**2857**	**2338**	**2840**

Cyclical peak
Cyclical trough

Regional M&A outlook

3

"We remain cautiously optimistic about the environment for M&A in the years ahead."

MICHAEL DEFRANCO
Chair of the Global M&A Practice Group

NORTH AMERICA: IN THE SWEET SPOT FOR DEALMAKING

In 2018, the North American deal landscape has been boosted by a combination of an extremely robust macro and financial environment, and the 2017 Tax Cuts and Jobs Act, which has spurred firms to repatriate between USD 1.5 and USD 2 trillion.

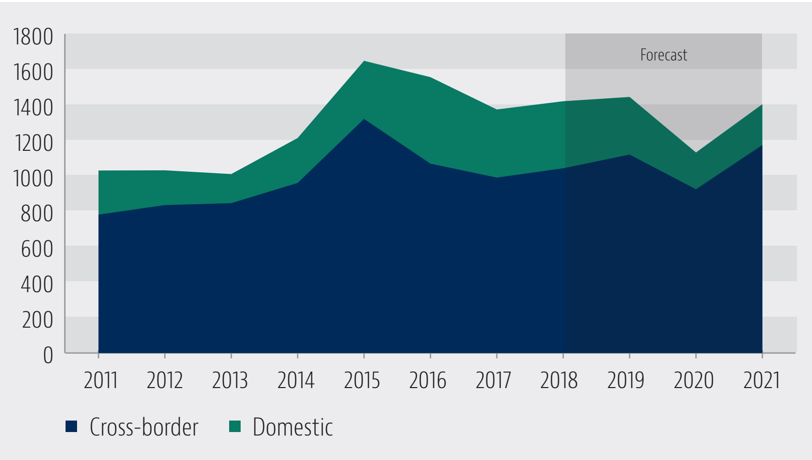
Activity remains well short of the M&A peak seen in 2015, but with the benefit of hindsight, that does look like a rather exceptional year, which was characterized by especially large megadeals such as the USD 100 billion Kraft-Heinz deal and the USD70 billion Activis-Allergan tie-up. However, domestic M&A looks set to top USD 1 trillion in 2018.

Cross-border M&A has been more subdued owing to increased scrutiny of inbound deals by the Committee on Foreign Investment in the United States (CFIUS), and because of rising trade tensions. Yet, at an estimated USD 378 billion for 2018, cross-border deals have remained broadly consistent with 2017 deal value in the region.

Several key megadeals are set to complete early in 2019, and US growth looks set to remain around 3% annualized through the first half of the year. But the deal cycle will cool through the latter half of 2019 as the Fed picks up the pace of its exit from quantitative easing (removing liquidity from markets) and GDP growth slows to 2%. Nevertheless, with a strong first half and a cooler second, we forecast total M&A to remain at USD 1.4 trillion for 2019 as a whole.

We expect a cyclical cooling in M&A to continue in 2020 as dealmakers take a pause to adjust to new financing conditions. But with agreement having been reached on a successor agreement to NAFTA, the threat to trade and investment flows between the US, Mexico and Canada does seem to have eased. Assuming the deal passes the US Congress, we feel the longer-term outlook remains positive and expect the start of a new cycle to begin in 2021.

N AMERICA: TOTAL M&A ACTIVITY
USD billion



Source: Oxford Economics/ Thomson Reuters

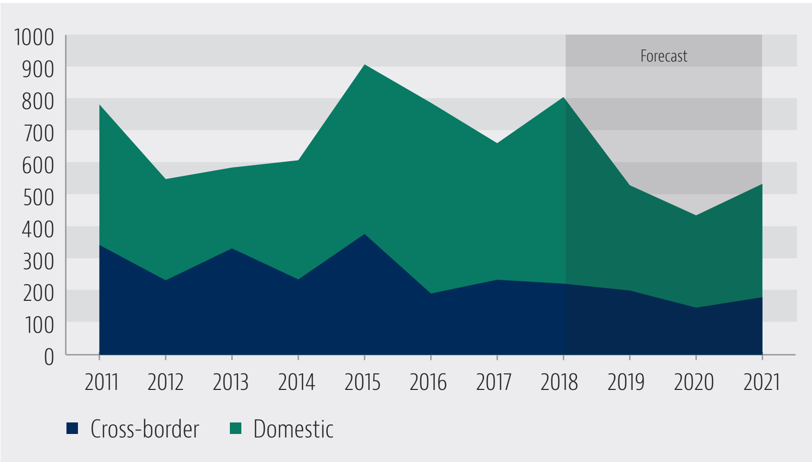
EUROPE: MIXED FORTUNES ACROSS A DIVERSE CONTINENT

European cross-border M&A has been boosted by a handful of USD 20 billion+ deals late in 2018 (most notably the anticipated completion of Luxottica-Essilor at EUR 48 billion), but this masks a weaker year for cross-border deal volumes. Meanwhile, domestic M&A values were modestly weaker versus 2017. Performance has diverged markedly across countries; in the UK, there has been a 20% increase in the value of inbound deals (to almost USD 130 billion) with the weakness of sterling tempting overseas investors and the hope of a smooth Brexit underpinning long-term value. In contrast, both domestic and cross-border deals in France have disappointed against expectations, with a similar picture across most other Eurozone economies (Spain being a notable exception).

In 2019, the expected completion of E.ON's takeover of RWE should provide a sizeable boost to M&A in Germany, but otherwise our view is for a cooling in deal activity across the Eurozone.

With the UK's growth performance likely to improve in 2020, however, we forecast both cross-border and domestic M&A to hold up a little better than in continental Europe. 2020 is expected to mark the low point of the current European deal cycle, with 2021 seeing the start of an upturn, as borrowing costs stabilize and equity markets improve.

EUROPE: TOTAL M&A ACTIVITY
USD billion



Source: Oxford Economics/
Thomson Reuters

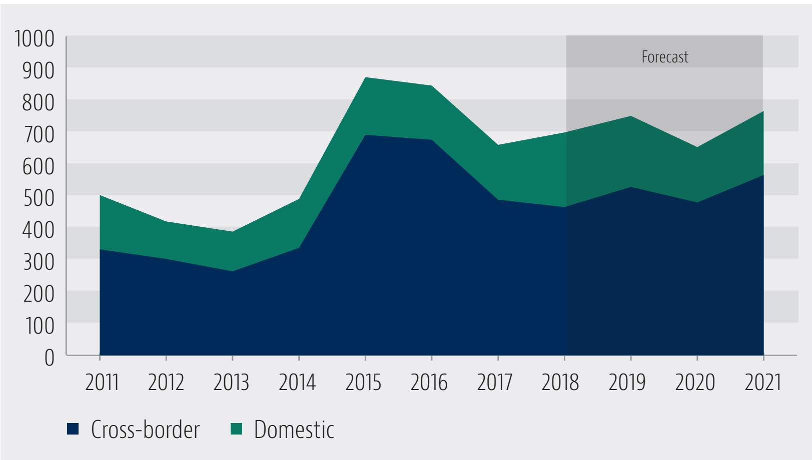
ASIA PACIFIC: CHINESE SPENDING SET TO SUPPORT ACTIVITY

M&A in Asia Pacific has increased in value in 2018, in line with our expectations. Chinese domestic M&A cooled, partly driven by tighter credit conditions, but inbound M&A has gathered pace as overseas firms' move to protect access to the Chinese market in the event of future trade barriers. India has seen a particularly strong year, with total M&A of around USD 80 billion. Japan and Australia have both seen stronger inbound and domestic activity in 2018.

Moving into 2019, underlying conditions for M&A appear solid, with most APAC emerging economies better insulated against Fed hikes than in the past – although they remain vulnerable to US protectionism. Japan is set for an economic rebound and Australia is expected to enjoy robust growth. M&A in Vietnam and India will benefit from important policy reforms, which should make inbound investment more attractive. Meanwhile, in China, consolidation in heavy industry and upgrading manufacturing capabilities will be key structural drivers of M&A in 2019 and beyond. But with growth shifting towards a new normal of around 6%, and the government seeking to further reduce financial risk via slower credit growth, M&A values in China are forecast to remain noticeably lower than through 2015-2016.

The depreciation of several key currencies in the region (including the RMB) versus the dollar in late 2018 will also undermine the dollar value of Asia-Pacific deals in 2019. We forecast total M&A in the region to rise to USD 751 billion in 2019. But as in other parts of the world, APAC growth is slowing, meaning equity markets and deals are likely to take a pause in 2020. A modest upturn in growth in 2021 and the stabilization of global liquidity conditions point to a cyclical deal upturn the following year.

ASIA PACIFIC: TOTAL M&A ACTIVITY
USDbillion



Source: Oxford Economics/ Thomson Reuters

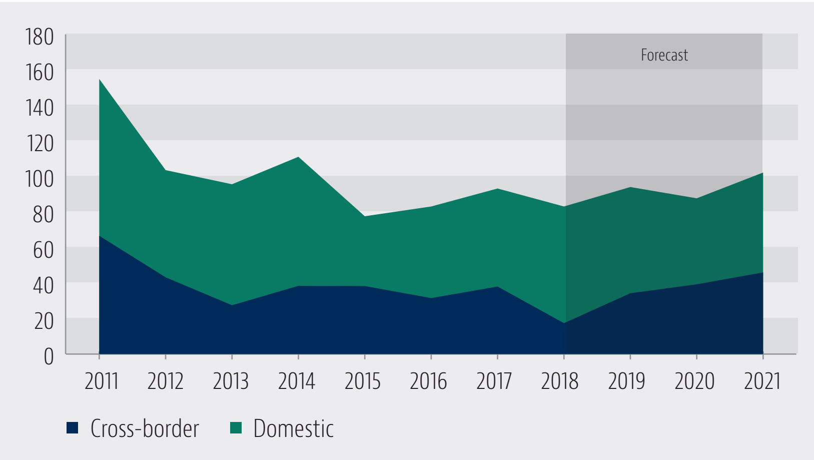
LATIN AMERICA: RECOVERY FROM CRISES TO SUPPORT DEALMAKING

Latin America has bucked the otherwise positive trend in global M&A markets in 2018, largely due to crises in Argentina and Brazil. In both cases, domestic and total M&A is down sharply – although cross-border deals have performed much better, possibly reflecting investors' optimism that current economic and political risk will be overcome. M&A in Mexico also saw a significant decrease compared to 2017, reflecting uncertainty over the outcome of talks to renew or amend NAFTA as well as market volatility surrounding the presidential election.

With US-Mexico talks successfully concluded – albeit with slightly less favorable terms for Mexico's auto sector – the outlook for business investment and M&A in Mexico is much-improved and we expect a rebound in M&A in 2019. Argentina's recent agreement with the IMF offers hope for a stabilization in business conditions and economic recovery, though that stabilization is more likely to occur in 2020 than 2019. Meanwhile, in Brazil, the economy is forecast to grow at its fastest rate since 2013 next year, before accelerating further in 2020.

Recoveries in these three regional powerhouses will support stronger economic prospects and dealmaking in other countries in the region. In aggregate, our forecast is for total M&A to rebound from USD 83 billion in 2018 to USD 94 billion in 2019, and on to USD 102 billion by 2021, when we expect the region's recovery from the crisis years to have largely run its course.

LATIN AMERICA: TOTAL M&A ACTIVITY
USDbillion

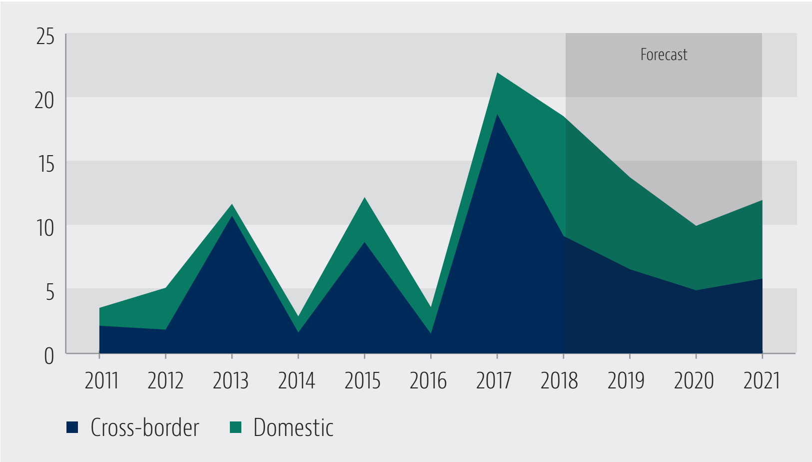


Source: Oxford Economics/ Thomson Reuters

MIDDLE EAST: DIVERSIFICATION EFFORTS SPUR DEAL ACTIVITY

2018 has been a good year for deal activity in the Middle East, largely as a result of three sizeable deals in the UAE. Dealmaking in Saudi Arabia was much more muted by comparison. However, steady progress is being made to diversify the economy and to improve the business environment in the region's largest market. We expect an acceleration in deal activity in Saudi Arabia thanks to an increase in oil production and a strengthening non-oil sector. At the same time, deal activity in the UAE is likely to return to normal levels. In aggregate, we expect the average level of deal activity in the region to run a little above average in the coming years – though it won't compare to 2017, which was distorted by the USD 15 billion takeover of First Gulf Bank by National Bank of Abu Dhabi.

MIDDLE EAST: TOTAL M&A ACTIVITY
USDbillion



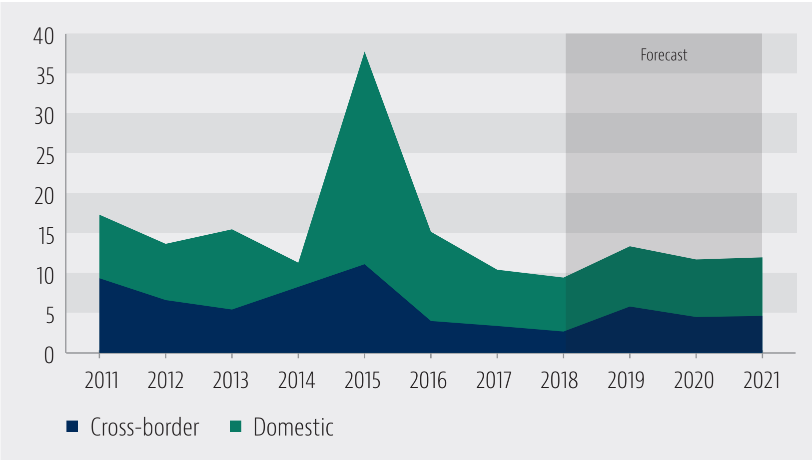
Source: Oxford Economics/ Thomson Reuters

AFRICA: RETURN TO NORMALITY SHOULD TRIGGER RECOVERY

Several major African economies in our forecast have had a turbulent 2017-2018, and though conditions remain difficult in the short term, there are signs that 2019 should be a better year. In South Africa, the economy slipped into recession in the first half of 2018, but markets expect a more business-friendly approach from the government in 2019. In Nigeria, the recovery in oil production and prices should push GDP growth towards 3% in 2019, supporting confidence and dealmaking. Meanwhile in Egypt, fiscal stimulus and inward investment are supporting an ongoing recovery from the turmoil of recent years.

Therefore, overall, we expect a rebound in M&A values in 2019 to around USD 13 billion in total. This is broadly in line with the average over the past decade, with the exception of 2015 when the USD 20 billion takeover of Steinhoff Holdings of South Africa inflated deal values.

AFRICA: TOTAL M&A ACTIVITY
USD billion



Source: Oxford Economics/ Thomson Reuters

Global and regional IPO outlook

4

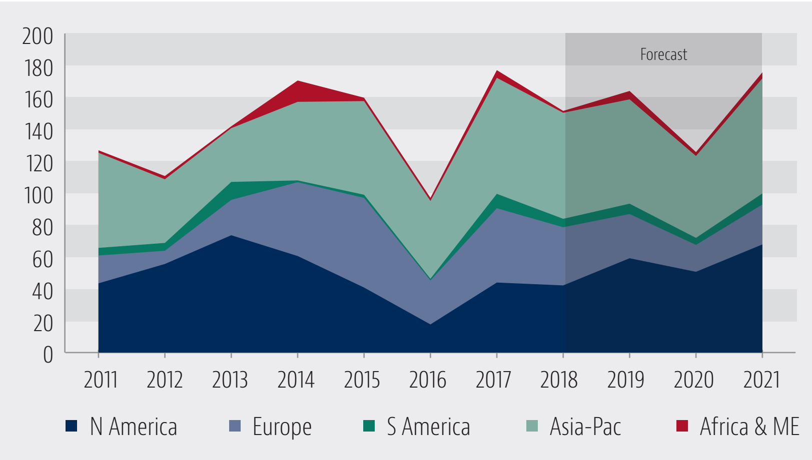
"We expect a similar picture next year but overall remain optimistic there are significant opportunities."

KOEN VANHAERENTS
Chair of the Global Capital Markets Practice Group

GLOBAL: DOMESTIC IPO MARKET ACCELERATES INTO 2018

Domestic IPO markets have weakened during 2018, with total value falling from USD 177 billion in 2017 to USD 151 billion in 2018. However, a number of flagship issues are due to come to market in 2019. So, while the cooling equities cycle will constrain activity in 2019, we nevertheless forecast an uptick to USD 164 billion. Thereafter, IPOs take a temporary pause in 2020, as potential issuers wait for the adjustment in equity markets to finish.

WORLD: DOMESTIC IPO BY REGION
USD billion



Source: Oxford Economics/ Haver Analytics

North America: Further growth in domestic IPO in 2019

IPO markets have seen a decrease in activity in 2018, with domestic IPOs raising USD 42 billion (a USD 2 billion decrease from 2017), with suggestions that potential issuers have preferred cheaper debt finance or sought private funds.

But with economic growth remaining buoyant and certain key issues – including Uber and Airbnb – expected in 2019, we expect domestic IPO proceeds to accelerate to close to USD 60 billion in total. A pause in equity markets and the adjustment to higher Fed rates will slow issuance in 2020, but there is scope for the start of an upswing thereafter.

Europe: Cooler conditions ahead for IPO

Domestic IPOs decreased from USD 47 billion in 2017 to USD 37 billion in 2018, with a large contribution from the USD 5 billion listing of Siemens Healthineers Ag. Indeed, with stock markets in the region losing momentum and the European Central Bank ending its asset purchases later this year, before raising rates in 2019, it seems that peak financial conditions for IPOs have passed. We expect a further cooling in volumes through 2019-2020. Rising equity prices from 2021, along with UK GDP growth finally pushing back above 2%, could support the start of an upturn thereafter.

Asia Pacific: Chinese tech to drive rebound in 2019

Hong Kong continues to lead the way as a location for IPO in Asia-Pac, with over USD 35 billion in proceeds in 2018, but other money centers are gaining ground. One standout performer in this respect was Vietnam, where the listings of Vietnam Technological & Commercial Joint Stock Bank and property developer Vinhomes helped push proceeds to an impressive USD 2.3 billion for the year. India's market was also lively, raising USD 6 billion in domestic issues. Activity in China was far weaker than last year, despite several major tech firms going public, with more expected to list in 2019. As recent emerging market volatility eases, we expect domestic IPO in Asia Pacific to post another robust year: USD 60 billion in 2019, before cooling the following year.

Latin America: Robust IPO despite the volatility

Latin America's two major IPO markets – Mexico and Brazil – fared reasonably well in 2018, particularly considering the wider malaise in both economies. Given the expected improvement in economic and financial conditions in 2019, underlying prospects for IPO should improve. However, Mexico's 2018 figure was boosted by the USD 1.8 billion listing of Grupo Aeroportuario de la Ciudad de Mexico SA de CV, so the pickup in aggregate proceeds may appear relatively modest. We forecast total domestic IPO to rise from USD 5.3 billion in 2018, to USD 6.5 billion in 2019, before cooling the following year.

Middle East: Reforms to governance to prompt increased activity

Though plans for the long-awaited Saudi Aramco IPO have not yet been outlined – and we continue to refrain from explicitly incorporating this into our forecast – the IPO scene has seen some interesting developments through 2018. Important reforms to governance in Saudi Arabia have been warmly received by investors and should make it more attractive for both investors and firms to participate in IPOs from 2019. Meanwhile, the recovery in oil prices should make oil-related stocks more attractive for listing, boosting activity in the region. We forecast domestic IPO in the Middle East to rebound to USD 2.4 billion in 2019, slightly higher than its previous peak in 2017.

Africa: Recovery in confidence to support issuance

Impacted by financial and economic volatility, the region's main exchange of South Africa had a good year for listings, raising just USD 300 million (down from USD 1.3 billion in 2017). With South Africa's currency and interest rates set to be more stable in 2019 though, plus more market-oriented economic and financial policies, we expect a rebound in the coming year – helping push total proceeds across Africa from just USD 600 million in 2018 to USD 1.8 billion in 2019.

FINANCING CONDITIONS IN KEY MONEY CENTERS

For firms considering an IPO, conditions in key global money centers are an important factor in determining where and when to list. The cost of local capital, the degree of confidence and optimism among local investors, and openness to overseas investors, are all important drivers of the potential proceeds of a listing and, therefore, the impact the IPO can have in shifting the firm into its next growth phase.

These conditions are changing in several key respects as we move into 2019. In New York, for example, the recent tax reform has boosted confidence and could spur dividend payments from repatriated earnings. Both would auger well for appetite for new IPO.

But on the other side of the ledger, rising borrowing costs and increased scrutiny over investment in US firms both have the potential to reduce liquidity. In our view, the former will predominate in 2019, and the latter in 2020.

In London, the threat of Brexit has deterred cross-border listings more than domestic activity in 2018. We do expect a slowdown in domestic IPO in early 2019 as investors become increasingly focused on the UK's departure from the EU. But if a deal is struck, the likelihood that borrowing costs will stay low (and sterling may rebound to something closer to "fair value") would support IPO in the coming few years.

Finally, in Hong Kong and China, a key consideration for firms and investors will be the extent to which China liberalizes capital inflows in the coming couple of years. Better access to overseas capital in domestic markets may obviate the need to list in Hong Kong. This is particularly important in light of tighter liquidity conditions in China, as the government aims to reduce the build-up of bad debt and financial risk.

TABLE 2: SECTORAL OUTLOOK FOR GLOBAL IPO

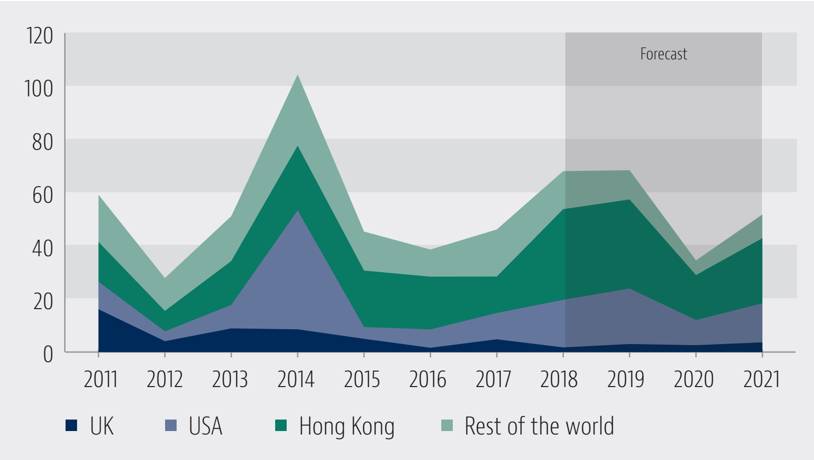
GLOBAL: IPO PROCEEDS BY SECTOR (USD BILLION)	2015	2016	2017	2018 (F)	2019 (F)	2020 (F)	2021 (F)
Pharma and health	16	14	16	23	31	16	24
Finance	73	47	70	63	73	48	68
Tech & telecom	29	12	21	68	61	29	47
Consumer goods and services	32	26	45	19	21	20	25
Energy	4	11	10	8	7	8	11
Basic materials	8	5	13	5	5	4	5
Industrial and utility	43	22	48	34	34	34	46
Total	**205**	**136**	**223**	**220**	**232**	**160**	**227**

Cyclical peak
Cyclical trough

CROSS-BORDER IPO SURGES IN 2018

In contrast to domestic IPO, cross-border issues accelerated markedly in 2018, topping USD 68 billion for the year overall. Both the US and Hong Kong markets were particularly buoyant, and both should benefit from increased overseas listings by Chinese tech firms next year. We forecast 2018-19 to be the peak of the cycle, with cross-border listings cooling in line with global equity markets in 2020, before a partial rebound the following year.

WORLD: CROSS-BORDER IPO BY REGION
USD billion



Source: Oxford Economics/ Haver Analytics

CHINESE TECH A KEY IPO DRIVER IN 2019

As anticipated, the Tech sector was a key driver of IPO activity in 2018, with seven of the eight largest listings by proceeds coming from Chinese issues across a range of jurisdictions. With Uber and Airbnb also expected to list shares in 2019, there is scope for acceleration. The listing of Siemens Healthineers Ag was behind increases in the pharma and health industry, but there was also a broader momentum in the sector, which we expect to continue for one more year. Finally, the finance sector had another strong year in 2018, and we predict a similar rate of activity in 2019, as issuers make the most of the closing window of liquidity.

Concluding remarks

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Our report presents a cautiously optimistic outlook for M&A dealmaking in the years ahead. We are cautious, because the threats to free trade and investment flows identified in last year's GTF are indeed materializing, and there remains potential for a much more serious outbreak of protectionism and isolation.

But we are also optimistic, because by and large, dealmakers have taken the long view, and rather than being deterred by these risks, firms are pushing ahead with deals to restructure and reposition their business for the years ahead.

Meanwhile in the IPO market, domestic activity has maintained most of its pace from 2017 into 2018. Rising cross-border IPO demonstrates that markets and fast-growing firms are still thinking globally, even if the prevailing political currents are against global capital flows.

This suggests that global capital flows and dealmaking can prevail in a climate more skeptical of the benefits of globalization. But it may require more effort. As we move into 2019, it will be increasingly important for firms and investors to work with policymakers, to ensure that where there is increased scrutiny over trade and investment flows, economic considerations are properly understood.

Appendices

A: Transactions Attractiveness Indicator
B: Country forecasts

A: Transactions Attractiveness Indicator

In addition to our M&A and IPO forecast, we have updated our Transaction Attractiveness Indicator, which rates the attractiveness of a country's environment for M&A and IPO activity on a scale from 0 to 10.

The score is based on a weighted average of 10 key economic, financial and regulatory factors that are typically associated with higher M&A and IPO activity.

Key factors include the country's economic growth, stock market size, size of the economy, openness to trade, sovereign credit risk, political stability, ease of doing business, legal structure, freedom to trade, and business regulation. 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. The table below ranks the 42 countries included in this edition of the GTF based on their Transaction Attractiveness Indicator scores, including four countries (Taiwan, Hungary, Philippines and Ukraine) that we included for the first time.

A: Transactions attractiveness indicator

TRANSACTIONS ATTRACTIVENESS INDICATOR 2019			
Ranking	(rank in 2018)	Country	Overall score
1	(1)	Hong Kong	8.9
2	(2)	Singapore	8.7
3	(5)	Netherlands	7.6
4	(4)	Switzerland	7.5
5	N/A	Taiwan	6.9
6	(7)	Ireland	6.8
7	(9)	United Kingdom	6.7
8	(6)	Sweden	6.5
9	(8)	Belgium	6.5
10	(10)	Canada	6.4
11	(16)	Austria	6.2
12	(11)	United Arab Emirates	6.1
13	(17)	Germany	6.0
14	(20)	Chile	5.9
15	(13)	United States of America	5.8
16	(18)	France	5.8
17	(12)	Australia	5.7
18	(14)	Japan	5.6
19	(21)	South Korea	5.3
20	(24)	Italy	5.2
21	(15)	Malaysia	5.2
22	(22)	Spain	5.2
23	(23)	Poland	4.5
24	N/A	Hungary	4.4
25	(28)	Thailand	4.0
26	(25)	Peru	3.9
27	(27)	South Africa	3.9
28	(29)	China	3.8
29	(30)	Vietnam	3.6
30	(31)	Mexico	3.4
31	N/A	Philippines	3.3
32	(26)	Saudi Arabia	3.2
33	(33)	Russia	2.8
34	(34)	Indonesia	2.7
35	(35)	Turkey	2.6
36	(32)	Colombia	2.3
37	(37)	Brazil	2.2
38	(36)	India	2.0
39	N/A	Ukraine	1.9
40	(39)	Egypt	1.6
41	(40)	Argentina	1.2
42	(38)	Nigeria	0.9

N/A = 2019 marks first year in Global Transactions Forecast flagship report

B: Country forecasts

NORTH AMERICA: M&A TRANSACTIONS (USD BILLION)									
		2014	2015	2016	2017	2018	2019	2020	2021
United States	Domestic	903.2	1260.0	1037.5	935.1	990.1	1077.3	883.6	1123.5
	Cross-border	209.8	302.8	466.1	360.8	326.1	284.0	170.6	184.5
Canada	Domestic	56.4	60.5	30.7	54.5	52.1	42.2	40.2	49.9
	Cross-border	43.7	25.3	22.0	23.7	52.3	41.2	36.8	46.1
Regional Total	Domestic	959.6	1320.5	1068.3	989.5	1042.2	1119.5	923.9	1173.3
	Cross-border	253.5	328.1	488.1	384.5	378.3	325.2	207.4	230.6

EUROPE: M&A TRANSACTIONS (USD BILLION)									
Austria	Domestic	1.5	0.4	12.5	0.4	0.0	0.7	0.5	0.5
	Cross-border	4.1	3.0	2.9	4.1	13.5	4.0	3.4	4.5
Belgium	Domestic	0.7	1.8	1.0	0.3	1.0	1.1	0.8	0.8
	Cross-border	2.8	10.0	15.9	5.4	8.2	5.2	4.4	5.5
France	Domestic	49.8	27.4	44.0	59.8	32.2	26.8	26.7	34.5
	Cross-border	44.3	73.1	33.8	51.2	48.4	37.2	33.2	41.6
Germany	Domestic	13.5	25.6	15.6	19.5	19.8	59.4	15.5	22.5
	Cross-border	62.8	48.0	31.9	46.6	74.3	46.3	42.3	54.1
Hungary	Domestic	0.7	0.7	0.5	0.6	0.1	0.3	0.2	0.2
	Cross-border	0.0	0.5	0.0	1.2	4.2	0.2	0.2	0.2
Italy	Domestic	6.0	7.8	20.7	12.5	14.8	12.1	11.2	13.5
	Cross-border	23.2	26.0	42.2	15.4	79.3	14.0	9.4	8.9
Ireland	Domestic	1.2	2.9	0.5	0.4	4.6	2.3	1.5	1.2
	Cross-border	9.9	55.0	14.1	4.6	6.1	8.6	4.8	3.8
Netherlands	Domestic	1.5	9.6	7.2	7.5	1.6	8.1	7.0	7.9
	Cross-border	20.4	34.2	28.5	24.3	52.7	33.3	26.7	30.0
Poland	Domestic	2.5	1.5	3.0	5.2	1.0	2.4	1.7	2.1
	Cross-border	8.9	5.1	2.0	5.0	5.3	6.1	4.7	5.2
Russia	Domestic	21.3	8.0	15.7	17.0	7.2	9.4	11.7	12.4
	Cross-border	5.2	9.7	8.7	17.5	5.3	5.2	3.7	3.7
Spain	Domestic	12.9	14.4	9.9	14.1	7.7	13.6	11.7	13.0
	Cross-border	29.5	24.1	23.2	23.6	61.1	28.0	26.6	30.5
Sweden	Domestic	2.8	3.4	3.5	25.5	22.0	3.5	2.2	2.6
	Cross-border	13.0	12.3	11.9	7.2	9.0	8.0	6.4	7.1
Switzerland	Domestic	24.0	69.1	1.2	3.8	4.1	10.8	7.8	7.3
	Cross-border	22.9	31.5	13.1	78.8	14.0	11.0	8.6	9.5
Turkey	Domestic	7.6	3.7	1.9	2.6	0.9	2.7	3.3	4.3
	Cross-border	3.7	7.4	5.7	4.5	3.2	4.5	4.9	7.7
Ukraine	Domestic	0.0	0.0	0.0	0.2	0.1	0.1	0.1	0.2
	Cross-border	0.0	0.5	0.0	0.3	0.0	0.0	0.0	0.1
United Kingdom	Domestic	61.9	38.9	41.4	49.4	85.9	45.9	44.3	55.5
	Cross-border	65.0	119.9	317.4	86.9	127.4	97.3	92.4	122.8
Regional Total	Domestic	235.6	377.7	191.5	234.7	222.3	200.9	147.3	180.1
	Cross-border	372.8	530.6	596.6	427.2	583.9	329.3	288.7	354.6

B: Country forecasts

ASIA PACIFIC: M&A TRANSACTIONS (USD BILLION)									
		2014	2015	2016	2017	2018	2019	2020	2021
Australia	Domestic	38.4	42.0	48.4	27.9	29.1	51.5	42.4	49.9
	Cross-border	35.3	33.4	21.0	20.4	40.5	41.7	32.7	35.9
China	Domestic	156.4	405.2	435.5	276.4	231.7	248.4	242.6	292.7
	Cross-border	26.8	45.6	40.7	27.7	47.2	53.9	39.9	53.4
India	Domestic	6.1	13.7	11.9	19.8	36.6	26.8	23.3	26.4
	Cross-border	11.6	11.8	13.1	34.6	44.4	30.4	26.2	29.3
Indonesia	Domestic	2.6	0.2	4.6	1.8	0.5	2.3	1.6	1.7
	Cross-border	2.7	4.1	3.6	5.1	3.0	5.3	5.1	6.1
Japan	Domestic	52.7	63.8	80.4	46.7	63.6	76.7	72.9	90.1
	Cross-border	12.3	9.9	29.4	12.6	25.0	20.3	11.8	9.7
Hong Kong	Domestic	9.6	72.1	15.5	34.9	20.6	19.0	11.3	11.4
	Cross-border	28.5	44.7	23.7	29.2	25.9	30.6	24.3	26.9
Malaysia	Domestic	3.9	4.6	3.3	3.4	8.1	7.5	7.8	9.9
	Cross-border	3.0	3.2	4.8	3.1	5.1	4.7	3.7	4.9
Philippines	Domestic	1.7	1.6	4.2	0.6	3.5	3.7	3.8	5.0
	Cross-border	1.0	0.6	1.1	1.9	0.2	0.9	1.2	2.0
Singapore	Domestic	15.9	9.3	10.5	6.2	8.7	12.3	10.3	11.2
	Cross-border	9.3	11.1	11.3	19.4	27.5	13.9	10.4	10.9
South Korea	Domestic	39.6	60.1	41.2	52.9	39.4	58.0	46.4	48.3
	Cross-border	16.7	8.9	3.4	9.1	6.5	11.0	9.6	11.8
Taiwan	Domestic	4.5	5.9	4.2	3.6	11.9	8.5	5.9	6.9
	Cross-border	1.4	0.4	7.6	2.1	0.6	0.5	0.6	0.9
Thailand	Domestic	2.1	4.7	8.2	3.5	5.7	5.6	4.1	3.9
	Cross-border	1.8	1.0	2.1	2.0	1.3	2.8	1.9	1.7
Vietnam	Domestic	0.6	1.2	1.2	5.0	0.6	2.1	1.9	2.3
	Cross-border	0.1	2.3	4.4	1.2	1.8	2.0	2.4	2.9
Regional Total	Domestic	336.8	691.1	675.7	487.6	464.7	527.9	479.2	565.1
	Cross-border	153.4	180.8	169.8	172.1	233.9	222.6	173.5	200.7

LATIN AMERICA: M&A TRANSACTIONS (USD MILLION)									
Argentina	Domestic	5498	642	1685	1119	294	622	700	1025
	Cross-border	2478	154	2178	3286	10443	1820	2064	3279
Brazil	Domestic	24013	23964	9919	32267	11460	21678	26414	27841
	Cross-border	20428	17040	19537	32273	23523	25162	19865	21957
Chile	Domestic	555	1490	13112	819	1492	2221	1701	1693
	Cross-border	12902	3509	7397	3792	10303	7860	5572	5530
Colombia	Domestic	1240	1390	1231	350	22	2014	1295	1407
	Cross-border	1434	630	3094	547	1269	4053	2562	2267
Mexico	Domestic	4853	9013	4659	2287	3622	5982	7417	11953
	Cross-border	6828	10144	7802	5637	4778	8379	8569	12270
Peru	Domestic	593	822	101	200	75	841	743	855
	Cross-border	16695	1684	3526	1057	5135	3208	2235	2180
Regional Total	Domestic	38413	38313	31522	38026	17416	34245	39287	45963
	Cross-border	72654	39280	51567	55188	65683	59796	48408	56244

AFRICA & MIDDLE EAST: M&A TRANSACTIONS (USD MILLION)									
		2014	2015	2016	2017	2018	2019	2020	2021
Egypt	Domestic	336	700	1479	354	644	1372	1087	1120
	Cross-border	488	2122	298	2140	1796	2930	3141	3770
Nigeria	Domestic	4973	1174	1	377	150	284	372	632
	Cross-border	1407	2593	1176	93	2564	2633	2148	2453
Saudi Arabia	Domestic	279	986	734	2744	624	823	491	381
	Cross-border	468	883	483	576	966	1357	855	754
South Africa	Domestic	2969	9247	2524	2647	1888	4160	3042	2891
	Cross-border	1145	21949	9716	4826	2407	1995	1931	1117
UAE	Domestic	1355	7716	809	15971	8561	5756	4446	5463
	Cross-border	798	2638	1596	2685	8396	5842	4186	5400
Regional Total	Domestic	14276	26909	8220	27755	16703	15151	11535	12818
	Cross-border	11225	53481	36103	50556	42215	22601	18779	20668

NORTH AMERICA: DOMESTIC IPOS (USD BILLION)								
United States	56.0	36.0	17.1	40.4	40.9	53.0	45.1	60.0
Canada	4.5	4.7	0.6	3.5	1.2	6.2	5.6	7.8
Regional Total	60.5	40.8	17.6	43.9	42.1	59.1	50.6	67.8

EUROPE: DOMESTIC IPOS (USD BILLION)								
Austria	0.0	0.0	0.0	2.0	0.0	0.2	0.1	0.2
Belgium	0.8	0.4	0.0	0.2	0.0	0.8	0.3	0.5
France	3.7	5.5	0.5	2.2	0.8	3.9	2.2	3.1
Germany	4.1	6.7	5.3	2.8	13.0	2.3	1.2	1.8
Hungary	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Italy	3.5	5.5	1.6	6.0	1.5	1.3	0.8	1.2
Ireland	0.4	0.4	0.0	4.8	0.0	0.3	0.1	0.1
Netherlands	3.6	7.0	2.7	0.8	1.8	3.1	1.1	1.7
Poland	0.4	0.2	0.3	0.7	0.1	1.8	1.3	2.1
Russia	1.1	0.1	0.5	2.1	0.0	0.9	0.2	0.4
Spain	3.6	9.5	0.3	4.3	0.9	3.9	2.2	3.3
Sweden	2.6	5.2	2.8	2.5	0.6	1.6	1.1	1.7
Switzerland	1.7	0.0	0.9	4.6	3.4	0.6	0.3	0.4
Turkey	0.3	0.0	0.1	0.3	1.2	1.0	0.6	1.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	17.5	14.9	5.5	10.1	9.0	6.0	5.3	7.7
Regional Total	46.3	56.2	27.6	46.6	36.5	27.7	16.9	25.1

B: Country forecasts

ASIA PACIFIC: DOMESTIC IPOS (USD BILLION)	2014	2015	2016	2017	2018	2019	2020	2021
Australia	12.1	5.5	5.3	4.6	5.6	4.5	3.4	5.2
China	12.7	22.8	23.8	31.4	17.6	25.4	21.3	30.1
India	0.3	2.2	4.0	10.1	6.0	5.0	4.0	6.1
Indonesia	0.6	0.6	1.0	0.6	1.1	1.9	1.3	2.0
Japan	10.2	15.1	7.6	6.2	26.0	9.5	7.4	11.0
Hong Kong	4.6	2.4	1.5	2.6	2.0	4.0	3.0	4.4
Malaysia	1.3	1.2	0.2	1.8	0.1	1.7	1.3	2.1
Philippines	0.3	0.1	0.1	0.5	0.2	0.5	0.4	0.6
Singapore	2.1	0.4	1.5	3.1	0.5	2.2	1.2	1.8
South Korea	1.0	1.8	1.6	6.9	2.2	1.4	1.1	1.5
Taiwan	0.8	1.1	0.8	0.5	0.4	0.4	0.6	0.7
Thailand	2.7	3.5	1.1	3.5	2.3	4.3	2.0	3.1
Vietnam	0.4	0.1	0.2	0.8	2.3	4.5	4.1	3.5
Regional Total	49.3	58.7	48.8	72.7	66.5	65.4	51.4	72.2

LATIN AMERICA: DOMESTIC IPOS (USD MILLION)								
Argentina	15	0	32	30	0	96	53	81
Brazil	172	193	221	5400	2021	4495	3002	4740
Chile	0	0	0	340	531	289	132	205
Colombia	0	0	0	0	0	211	90	139
Mexico	942	1764	805	3247	2729	1394	1119	1733
Peru	0	0	0	0	0	0	0	0
Regional Total	1128	1957	1058	9017	5281	6485	4395	6898

AFRICA & MIDDLE EAST: DOMESTIC IPOS (USD MILLION)								
Egypt	126	151	203	137	317	555	304	471
Nigeria	651	0	0	0	0	341	140	216
Saudi Arabia	6409	1107	639	129	332	1932	1094	1695
South Africa	823	477	762	1285	293	966	349	541
UAE	2909	0	0	2138	0	523	100	156
Regional Total	13364	2116	1956	4806	1149	5264	2424	3755

CROSS-BORDER IPO TRANSACTIONS (USD BILLION)								
Hong Kong	24.3	21.2	19.8	13.7	34.1	33.5	16.9	24.5
Singapore	0.6	0.0	0.6	0.8	0.0	1.6	0.8	1.4
United Kingdom	8.6	5.0	1.6	4.8	1.8	3.0	2.6	3.7
United States	44.7	4.4	6.9	9.9	17.9	20.9	9.5	14.7
Total	104.4	45.3	38.6	46.1	68.1	68.4	34.5	51.7

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