

Better policymaking and increased capital inflows are supporting an economic recovery and higher levels of dealmaking in Argentina. That said, M&A values for 2017 were inflated by a few megadeals worth more than US\$1.5 billion combined. Even assuming these larger sized deals don't recur in the next three years, M&A activity in Argentina should remain robust at about US\$3 billion to US\$4 billion each year through 2020.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$M)	7,976.2	602.4	3,292.3	4,105.2	3,071.9	3,904.0	3,708.7
% of Global M&A transactions	0.3	0.0	0.1	0.2	0.1	0.1	0.2
· Domestic (US\$M)	5,497.8	469.0	1,326.9	1,000.0	1,159.9	1,366.8	1,325.0
· Cross-border, inbound (US\$M)	2,478.4	133.5	1,965.4	3,105.2	1,912.0	2,537.2	2,383.7
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	67	56	49	103	100	108	97
· Domestic (Number of deals)	28	28	22	44	34	35	29
· Cross-border, inbound (Number of deals)	39	28	27	60	67	73	68
TOTAL IPO TRANSACTIONS (US\$M)	15.1	0.0	32.4	0.0	162.7	263.0	138.8
% Global IPO transactions	0.0	0.0	0.0	0.0	0.1	0.1	0.1
· Domestic (US\$M)	15.1	0.0	32.4	0.0	162.7	263.0	138.8
· Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	-2.5	2.6	-2.2	2.5	3.5	3.8	3.5
CPI (% yoy)	38.0	26.7	41.2	26.6	17.4	12.0	8.5
Merchandise Trade (% of GDP)	35	34	36	38	39	39	39
FINANCIAL DRIVERS							
10-year government bond yield (%)	10.4	8.0	6.7	6.5	6.2	6.5	6.9
Equity prices (LCU, end of year % change)	56.3	15.7	55.8	38.5	20.0	10.1	-2.2
Stock market capitalization (US\$B)	74	56	64	72	83	90	87

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Argentina	Global
GDP growth (% annual)	2.2	2.7
Stock market capitalization (% of GDP)	10	108
Money supply (% of GDP)	21	102
Trade (% of GDP)	37	47
Ease of doing business (World Bank)	57	72
Legal structure (Fraser Institute)	4.1	6.5
Freedom to trade (Fraser Institute)	3.8	7.3

TRANSACTION ATTRACTIVENESS*

Size of stock market
Freedom to trade
Legal structure
Openness to trade
Business regulation
Money supply
GDP per capita
Sovereign credit risk
Government effectiveness
Ease of doing business

OVERALL
SCORE
1.0

0 1 2 3 4 5 6 7 8 9 10

*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.

M&A fell more than expected in 2017 compared to what we forecast in January, although prospects look brighter in 2018. Rebounding global commodity prices and a robust domestic economy, aided by interest rates remaining on hold until 2020, are forecast to boost Australia's M&A and IPO activity in 2018 and 2019.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	73.7	71.9	54.2	39.4	89.3	105.8	85.8
% of Global M&A transactions	3.0	2.1	1.9	1.5	2.8	3.6	3.6
· Domestic (US\$B)	38.4	41.3	36.8	21.6	53.8	66.6	55.0
· Cross-border, inbound (US\$B)	35.3	30.6	17.4	17.8	35.5	39.2	30.9
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	923	864	673	882	1,049	1,114	935
· Domestic (Number of deals)	580	530	417	542	608	643	559
· Cross-border, inbound (Number of deals)	343	334	256	340	441	472	376
TOTAL IPO TRANSACTIONS (US\$B)	15.4	6.4	4.3	2.7	6.6	7.5	5.3
% Global IPO transactions	5.6	3.1	3.2	1.5	2.3	2.7	2.8
· Domestic (US\$B)	12.1	5.5	4.1	2.6	5.3	5.8	4.4
· Cross-border (US\$B)	3.4	1.0	0.2	0.2	1.3	1.7	0.8

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.8	2.4	2.5	2.4	2.4	2.2	2.7
CPI (% yoy)	2.5	1.5	1.3	2.1	2.2	2.4	2.6
Merchandise Trade (% of GDP)	32	33	33	34	34	35	36
FINANCIAL DRIVERS							
10-year government bond yield (%)	3.7	2.7	2.3	2.7	2.8	3.2	3.5
Equity prices (LCU, end of year % change)	1.1	-2.1	7.0	2.9	2.9	-1.7	-8.1
Stock market capitalization (US\$B)	1,361	1,187	1,268	1,387	1,353	1,351	1,271

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Australia	Global
GDP growth (% annual)	2.4	2.7
Stock market capitalization (% of GDP)	85	108
Money supply (% of GDP)	108	102
Trade (% of GDP)	34	47
Ease of doing business (World Bank)	80	72
Legal structure (Fraser Institute)	8.0	6.5
Freedom to trade (Fraser Institute)	7.6	7.3

TRANSACTION ATTRACTIVENESS*



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The continued Eurozone recovery supported a rebound in Austria's M&A activity in 2017. We forecast this activity to accelerate to a peak of US\$8.6 billion in 2018, then drop as Eurozone growth cools thereafter.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	5.6	3.3	2.9	4.7	8.6	7.6	6.4
% of Global M&A transactions	0.2	0.1	0.1	0.2	0.3	0.3	0.3
· Domestic (US\$B)	1.5	0.5	0.9	0.6	1.3	1.1	0.9
· Cross-border, inbound (US\$B)	4.1	2.8	2.0	4.0	7.2	6.6	5.5
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	111	134	100	81	153	137	123
· Domestic (Number of deals)	48	61	37	28	72	58	53
· Cross-border, inbound (Number of deals)	63	73	63	53	82	79	69
TOTAL IPO TRANSACTIONS (US\$M)	263.6	0.0	0.0	0.0	0.0	0.0	0.0
% Global IPO transactions	0.1	0.0	0.0	0.0	0.0	0.0	0.0
· Domestic (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
· Cross-border (US\$M)	263.6	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.8	0.8	1.6	2.7	2.1	1.7	1.5
CPI (% yoy)	1.6	0.9	0.9	1.6	1.2	1.5	1.6
Merchandise Trade (% of GDP)	77	80	80	84	86	87	88
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.5	0.7	0.4	0.7	1.1	1.4	1.6
Equity prices (LCU, end of year % change)	-15.2	11.0	9.2	25.0	7.5	-5.4	-3.7
Stock market capitalization (US\$B)	96	96	121	146	157	148	144

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Austria	Global
GDP growth (% annual)	1.9	2.7
Stock market capitalization (% of GDP)	34	108
Money supply (% of GDP)	85	102
Trade (% of GDP)	84	47
Ease of doing business (World Bank)	79	72
Legal structure (Fraser Institute)	8.1	6.5
Freedom to trade (Fraser Institute)	7.7	7.3



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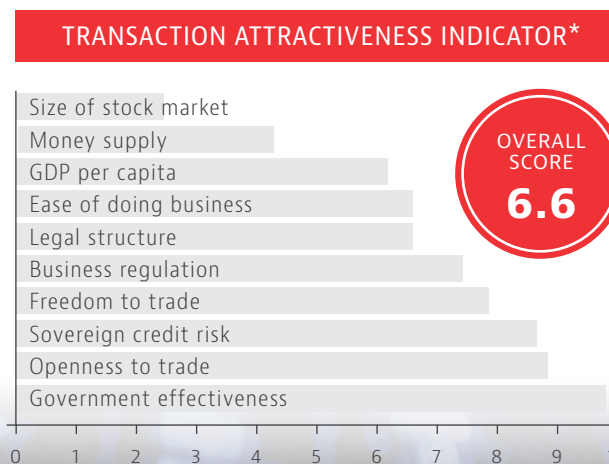
M&A activity in Belgium has not rebounded along with dealmaking in the rest of the Eurozone. But with high corporate profitability supporting equity prices and financial firepower, we expect activity to rise more aggressively in 2018, although well short of the megadeal-skewed totals in 2015 and 2016.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	3.4	11.5	15.8	6.4	11.6	8.9	6.6
% of Global M&A transactions	0.1	0.3	0.6	0.2	0.4	0.3	0.3
Domestic (US\$B)	0.7	1.6	0.4	0.5	1.8	1.1	0.8
Cross-border, inbound (US\$B)	2.8	10.0	15.4	5.9	9.9	7.8	5.8
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	195	254	162	183	207	165	136
Domestic (Number of deals)	70	90	59	47	84	54	38
Cross-border, inbound (Number of deals)	125	164	103	136	123	111	98
TOTAL IPO TRANSACTIONS (US\$M)	866.0	441.4	26.7	528.2	4,742.4	952.8	343.8
% Global IPO transactions	0.3	0.2	0.0	0.3	1.6	0.3	0.2
Domestic (US\$M)	811.5	441.4	26.7	300.0	4,742.4	952.8	343.8
Cross-border (US\$M)	54.5	0.0	0.0	228.2	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.6	1.5	1.2	1.7	1.6	1.6	1.6
CPI (% yoy)	0.3	0.6	2.0	2.0	1.6	1.9	2.0
Merchandise trade (% of GDP)	122	119	129	135	137	139	141
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.7	0.9	0.5	0.8	1.3	1.7	2.0
Equity prices (LCU, end of year % change)	12.4	12.6	-2.5	9.0	2.9	-6.8	-3.7
Stock market capitalization (US\$B)	409	415	378	485	499	465	452

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Belgium	Global
GDP growth (% annual)	1.5	2.7
Stock market capitalization (% of GDP)	94	108
Money supply (% of GDP)	113	102
Trade (% of GDP)	133	47
Ease of doing business (World Bank)	73	72
Legal structure (Fraser Institute)	7.8	6.5
Freedom to trade (Fraser Institute)	7.9	7.3



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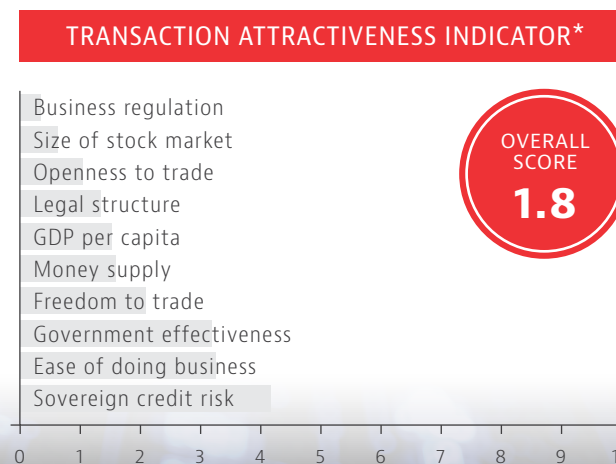
A couple of megadeals such as the US\$21 billion Vale-Valepar deal substantially boosted M&A activity in 2017. Fundamentals for future dealmaking have also improved. Inflation and interest rates are tumbling, commodity prices are stabilizing, and the country's GDP is set to grow by more than 2% in 2018, then more than 3% in 2019 and 2020.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	44.4	40.3	21.7	53.8	46.4	61.0	49.2
% of Global M&A transactions	1.8	1.2	0.8	2.0	1.4	2.1	2.1
Domestic (US\$B)	24.0	23.8	7.5	27.8	29.8	40.5	35.1
Cross-border, inbound (US\$B)	20.4	16.5	14.2	26.0	16.6	20.5	14.1
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	440	488	315	385	659	746	593
Domestic (Number of deals)	207	192	135	182	266	277	252
Cross-border, inbound (Number of deals)	233	296	180	204	393	468	341
TOTAL IPO TRANSACTIONS (US\$M)	171.6	192.6	214.9	3,823.0	3,161.3	4,578.3	3,138.6
% Global IPO transactions	0.1	0.1	0.2	2.0	1.1	1.7	1.7
Domestic (US\$M)	171.6	192.6	214.9	1,981.1	3,161.3	4,578.3	3,138.6
Cross-border (US\$M)	0.0	0.0	0.0	1,841.9	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.5	-3.8	-3.6	0.5	2.2	3.2	3.2
CPI (% yoy)	6.3	9.0	8.8	3.6	4.3	4.4	4.0
Merchandise trade (% of GDP)	25	24	24	25	25	26	26
FINANCIAL DRIVERS							
10-year government bond yield (%)	12.3	13.7	13.0	9.7	8.8	8.8	8.7
Equity prices (LCU, end of year % change)	-2.9	-13.3	38.9	11.1	14.4	1.0	-7.2
Stock market capitalization (US\$B)	830	491	759	753	780	770	697

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Brazil	Global
GDP growth (% annual)	1.1	2.7
Stock market capitalization (% of GDP)	37	108
Money supply (% of GDP)	41	102
Trade (% of GDP)	25	47
Ease of doing business (World Bank)	57	72
Legal structure (Fraser Institute)	4.7	6.5
Freedom to trade (Fraser Institute)	6.9	7.3



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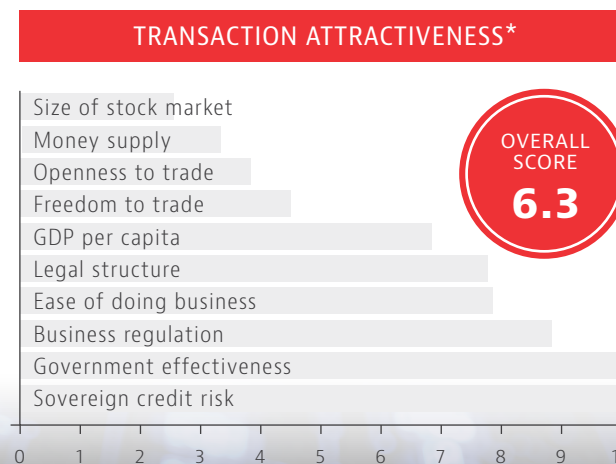
Like other major commodity producers, Canada experienced a rebound in deal activity in 2017 as confidence in the sector started to return. A robust domestic economy also contributed to a rise in dealmaking, with 2017 expected to post the fastest rate of GDP growth since 2011. Interest rates remain low despite the start of a tightening cycle, and we forecast deal values in Canada to rise in 2018.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	100.1	84.9	48.5	67.0	82.6	79.1	74.3
% of Global M&A transactions	4.0	2.5	1.7	2.6	2.6	2.7	3.1
· Domestic (US\$B)	56.4	60.5	28.2	48.9	42.4	40.0	38.8
· Cross-border, inbound (US\$B)	43.7	24.4	20.3	18.1	40.3	39.1	35.5
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,351	1,221	930	1,231	1,250	1,201	1,155
· Domestic (Number of deals)	860	725	578	712	650	608	603
· Cross-border, inbound (Number of deals)	491	496	352	518	600	593	552
TOTAL IPO TRANSACTIONS (US\$M)	5,297.1	4,745.7	541.3	4,641.3	8,196.4	8,073.2	7,063.2
% Global IPO transactions	1.9	2.3	0.4	2.5	2.8	2.9	3.8
· Domestic (US\$M)	4,535.2	4,745.5	541.3	4,641.3	7,403.5	7,299.6	6,702.3
· Cross-border (US\$M)	761.9	0.2	0.0	0.0	792.9	773.6	360.9

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.6	0.9	1.5	2.9	1.8	1.7	1.7
CPI (% yoy)	1.9	1.1	1.4	1.8	2.1	2.0	2.0
Merchandise Trade (% of GDP)	53	54	53	52	53	54	55
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.2	1.5	1.3	1.8	2.3	2.6	2.9
Equity prices (LCU, end of year % change)	7.4	-11.1	17.5	0.7	6.5	-1.8	-2.6
Stock market capitalization (US\$B)	2,129	1,593	1,994	1,860	1,966	1,945	1,896

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Canada	Global
GDP growth (% annual)	1.9	2.7
Stock market capitalization (% of GDP)	100	108
Money supply (% of GDP)	86	102
Trade (% of GDP)	54	47
Ease of doing business (World Bank)	79	72
Legal structure (Fraser Institute)	8.1	6.5
Freedom to trade (Fraser Institute)	7.5	7.3



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M&A activity fell sharply in 2017, although the strength of 2016 was largely due to four megadeals worth a total of US\$13.5 billion. Fundamental conditions for dealmaking in Chile remain good, with GDP growth set to rebound above 3% in 2018, and interest rates and inflation to remain low. The presidential election in November 2017 is expected to lead to a change in power that should further improve the country's economic performance and increase private investment.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	13.5	4.9	19.8	5.8	7.5	8.8	6.1
% of Global M&A transactions	0.5	0.1	0.7	0.2	0.2	0.3	0.3
· Domestic (US\$B)	0.6	1.4	15.1	0.8	2.0	2.2	1.8
· Cross-border, inbound (US\$B)	12.9	3.5	4.7	5.0	5.5	6.6	4.4
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	87	102	93	94	108	125	100
· Domestic (Number of deals)	36	37	38	42	44	51	43
· Cross-border, inbound (Number of deals)	51	65	55	52	64	74	57
TOTAL IPO TRANSACTIONS (US\$M)	0.0	0.0	0.0	0.0	51.9	302.5	129.5
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.1	0.1
· Domestic (US\$M)	0.0	0.0	0.0	0.0	51.9	302.5	129.5
· Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.9	2.2	1.5	1.3	3.1	3.0	2.9
CPI (% yoy)	4.4	4.3	3.8	2.5	2.7	2.9	3.0
Merchandise Trade (% of GDP)	54	51	50	50	50	50	50
FINANCIAL DRIVERS							
10-year government bond yield (%)	4.7	4.5	4.4	3.7	3.3	3.8	4.6
Equity prices (LCU, end of year % change)	3.5	-3.8	14.2	22.6	2.5	0.2	-7.1
Stock market capitalization (US\$B)	230	190	212	273	279	282	264

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Chile	Global
GDP growth (% annual)	2.4	2.7
Stock market capitalization (% of GDP)	80	108
Money supply (% of GDP)	61	102
Trade (% of GDP)	50	47
Ease of doing business (World Bank)	70	72
Legal structure (Fraser Institute)	6.9	6.5
Freedom to trade (Fraser Institute)	8.1	7.3



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As expected, tighter credit conditions for corporate China has slowed M&A activity in 2017. However, China's total M&A value in 2017 will likely be 10% higher than what we forecast in January because of a stronger yuan raising dollar valuations for domestic deals, and faster-than-expected economic growth. Looking ahead we forecast M&A and IPO activity to rise in 2018 and 2019, although M&A totals will likely remain short of previous peaks.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	183.2	357.9	377.0	240.2	278.0	297.1	271.8
% of Global M&A transactions	7.4	10.6	13.4	9.1	8.6	10.2	11.5
Domestic (US\$B)	156.4	326.2	361.1	212.1	230.1	241.2	228.5
Cross-border, inbound (US\$B)	26.8	31.8	15.9	28.1	47.9	56.0	43.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,770	1,910	2,322	2,156	1,969	2,003	1,874
Domestic (Number of deals)	1,457	1,660	2,064	1,807	1,694	1,672	1,617
Cross-border, inbound (Number of deals)	313	250	258	349	275	331	256
TOTAL IPO TRANSACTIONS (US\$B)	13.3	25.1	24.2	27.7	34.7	36.9	29.3
% Global IPO transactions	4.8	12.3	18.1	14.8	12.0	13.5	15.7
Domestic (US\$B)	12.7	24.6	23.8	27.3	34.3	36.4	28.9
Cross-border (US\$B)	0.6	0.5	0.4	0.3	0.4	0.5	0.4

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	7.3	6.9	6.7	6.8	6.2	5.8	5.6
CPI (% yoy)	2.0	1.4	2.0	1.5	2.0	2.6	2.8
Merchandise trade (% of GDP)	43	40	38	39	39	38	38
FINANCIAL DRIVERS							
10-year government bond yield (%)	4.2	3.4	2.9	3.5	3.9	4.1	4.3
Equity prices (LCU, end of year % change)	52.9	9.4	-12.3	4.4	-	-	-
Stock market capitalization (US\$B)	7,820	8,188	7,321	7,597	8,231	8,337	7,885

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	China	Global
GDP growth (% annual)	6.2	2.7
Stock market capitalization (% of GDP)	62	108
Money supply (% of GDP)	196	102
Trade (% of GDP)	39	47
Ease of doing business (World Bank)	64	72
Legal structure (Fraser Institute)	5.8	6.5
Freedom to trade (Fraser Institute)	6.7	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



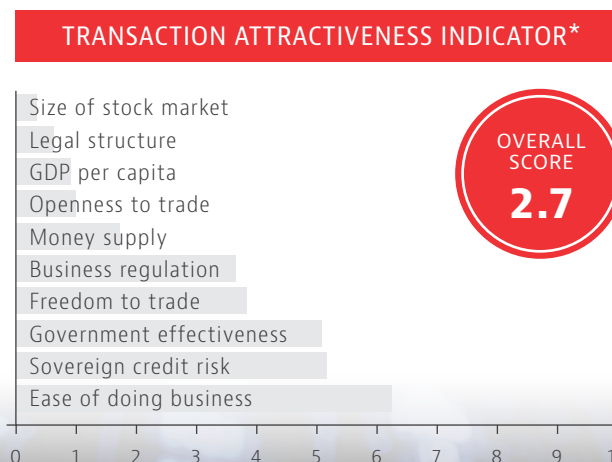
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After a year of transition, Colombia's economy has been gathering momentum in the final months of 2017. We expect GDP growth to accelerate in 2018, aided by a drop in interest rates as inflation has cooled. Against this positive economic backdrop, and building on Colombia's status as one of the most attractive jurisdictions for investment in Latin America, we forecast M&A activity to recover, rising to US\$4 billion in 2018, and US\$6.5 billion in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	2.7	1.4	4.3	1.4	4.2	6.5	4.6
% of Global M&A transactions	0.1	0.0	0.2	0.1	0.1	0.2	0.2
Domestic (US\$B)	1.2	1.2	1.2	0.9	2.2	2.6	2.0
Cross-border, inbound (US\$B)	1.4	0.3	3.0	0.4	1.9	3.9	2.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	68	55	48	50	88	91	63
Domestic (Number of deals)	22	19	12	11	23	26	20
Cross-border, inbound (Number of deals)	46	36	36	39	65	64	42
TOTAL IPO TRANSACTIONS (US\$M)	0.0	0.0	0.0	7.9	121.8	255.1	112.7
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Domestic (US\$M)	0.0	0.0	0.0	0.0	121.8	255.1	112.7
Cross-border (US\$M)	0.0	0.0	0.0	7.9	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	4.4	3.1	2.0	1.5	2.8	3.2	3.2
CPI (% yoy)	2.9	5.0	7.5	4.4	3.5	3.3	3.1
Merchandise trade (% of GDP)	37	35	32	32	32	32	33
FINANCIAL DRIVERS							
10-year government bond yield (%)	6.7	7.3	7.8	6.4	6.0	6.2	6.2
Equity prices (LCU, end of year % change)	-5.7	-21.0	1.5	8.5	7.2	5.0	-7.6
Stock market capitalization (US\$B)	149	86	78	87	92	99	92

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Colombia	Global
GDP growth (% annual)	2.5	2.7
Stock market capitalization (% of GDP)	24	108
Money supply (% of GDP)	44	102
Trade (% of GDP)	33	47
Ease of doing business (World Bank)	71	72
Legal structure (Fraser Institute)	4.1	6.5
Freedom to trade (Fraser Institute)	7.4	7.3



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The Czech economy is reaping the benefits of the economic rebound of its Eurozone trading partners, as well as supportive fiscal policy, robust consumer spending, and growing business confidence. The country's GDP growth in 2017 is forecast to be the fastest in the EU, at 4.7%. We forecast M&A activity in the Czech Republic to double in 2017, and accelerate further to more than US\$7 billion in 2018 and 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	8.0	5.1	2.2	4.3	7.5	7.7	6.5
% of Global M&A transactions	0.3	0.1	0.1	0.2	0.2	0.3	0.3
· Domestic (US\$B)	0.0	0.1	0.2	1.3	1.0	1.3	0.6
· Cross-border, inbound (US\$B)	8.0	5.0	2.0	2.9	6.5	6.5	5.9
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	88	138	140	63	281	384	248
· Domestic (Number of deals)	37	64	67	28	170	254	128
· Cross-border, inbound (Number of deals)	51	74	73	34	111	130	119
TOTAL IPO TRANSACTIONS (US\$M)	18.3	30.1	843.5	11.1	97.5	197.8	74.7
% Global IPO transactions	0.0	0.0	0.6	0.0	0.0	0.1	0.1
· Domestic (US\$M)	18.3	0.0	0.0	11.1	97.5	197.8	74.7
· Cross-border (US\$M)	0.0	30.1	843.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.7	5.4	2.5	4.7	3.6	2.5	1.9
CPI (% yoy)	0.3	0.3	0.7	2.3	2.1	2.1	1.9
Merchandise Trade (% of GDP)	131	132	134	137	142	146	148
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.6	0.7	0.5	0.8	1.1	1.4	1.9
Equity prices (LCU, end of year % change)	-4.3	1.0	-3.6	12.2	3.0	-0.8	-7.9
Stock market capitalization (US\$B)	48	45	40	51	53	53	49

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Czech Republic	Global
GDP growth (% annual)	3.0	2.7
Stock market capitalization (% of GDP)	21	108
Money supply (% of GDP)	78	102
Trade (% of GDP)	140	47
Ease of doing business (World Bank)	77	72
Legal structure (Fraser Institute)	6.4	6.5
Freedom to trade (Fraser Institute)	7.6	7.3

TRANSACTION ATTRACTIVENESS*



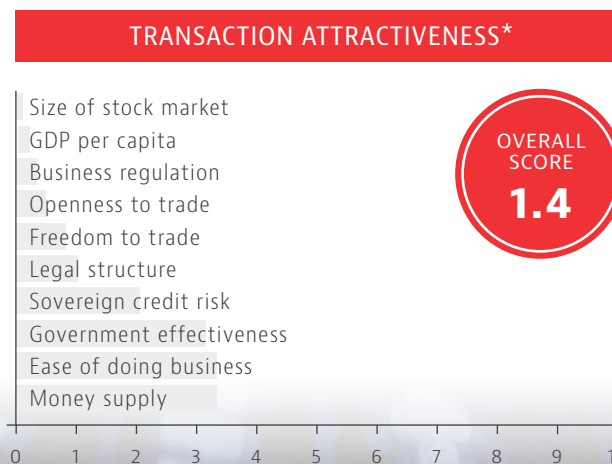
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A more flexible exchange rate is helping Egypt's export competitiveness, while gradual structural reform is boosting business confidence. But Egypt's economy is still weathering challenges, such as high unemployment and inflation. So although we forecast M&A activity to double, rising to US\$4.2 billion in 2018 and US\$5.4 billion in 2019, we expect these totals to fall short of the deal values reached in years prior to the Arab spring.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$M)	823.8	1,836.3	2,077.0	2,023.6	4,237.9	5,416.8	4,844.6
% of Global M&A transactions	0.0	0.1	0.1	0.1	0.1	0.2	0.2
· Domestic (US\$M)	335.9	704.3	1,513.9	534.0	1,084.4	1,550.9	1,050.7
· Cross-border, inbound (US\$M)	487.9	1,131.9	563.1	1,489.6	3,153.5	3,865.9	3,793.9
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	60	84	65	45	59	64	48
· Domestic (Number of deals)	38	30	31	20	17	22	14
· Cross-border, inbound (Number of deals)	22	54	34	25	42	42	34
TOTAL IPO TRANSACTIONS (US\$M)	235.2	635.3	202.8	226.2	331.8	549.0	275.2
% Global IPO transactions	0.1	0.3	0.2	0.1	0.1	0.2	0.1
· Domestic (US\$M)	126.5	151.3	162.2	226.2	331.8	549.0	275.2
· Cross-border (US\$M)	108.7	484.0	40.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.9	4.4	4.3	4.0	4.1	4.2	4.4
CPI (% yoy)	10.1	10.4	13.8	30.0	17.3	15.4	13.2
Merchandise Trade (% of GDP)	26	24	22	31	32	32	33
FINANCIAL DRIVERS							
10-year government bond yield (%)	11.8	11.8	14.1	20.2	18.3	17.8	16.9
Equity prices (LCU, end of year % change)	52.9	-4.0	-2.2	66.0	10.4	14.9	-1.5
Stock market capitalization (US\$B)	62	55	33	39	43	45	40

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Egypt	Global
GDP growth (% annual)	4.2	2.7
Stock market capitalization (% of GDP)	15	108
Money supply (% of GDP)	86	102
Trade (% of GDP)	29	47
Ease of doing business (World Bank)	57	72
Legal structure (Fraser Institute)	4.5	6.5
Freedom to trade (Fraser Institute)	6.5	7.3



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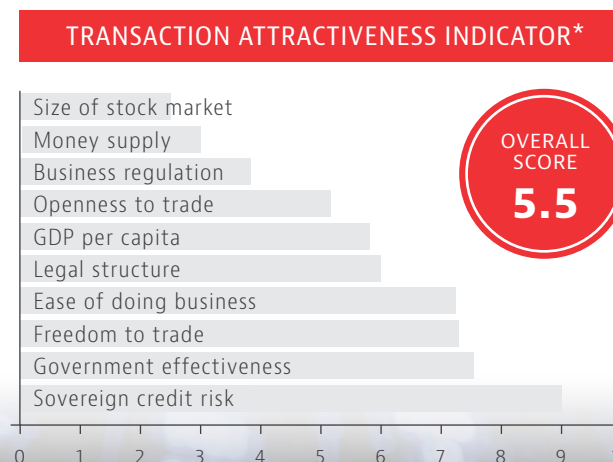
The rejection of populism in the presidential election and the new government's positive start on economic reform have both bolstered business confidence in France. The labor market continues to recover, supporting household spending. These positive drivers should push M&A activity higher in 2018, before easing in line with other advanced economies.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	94.1	98.4	46.9	83.7	115.2	94.1	77.2
% of Global M&A transactions	3.8	2.9	1.7	3.2	3.6	3.2	3.3
Domestic (US\$B)	49.8	26.1	16.4	40.5	56.5	46.1	35.6
Cross-border, inbound (US\$B)	44.3	72.3	30.6	43.3	58.7	48.0	41.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,988	2,518	1,827	1,572	2,451	2,118	1,761
Domestic (Number of deals)	1,578	2,022	1,430	1,182	1,985	1,713	1,384
Cross-border, inbound (Number of deals)	410	496	397	390	390	404	377
TOTAL IPO TRANSACTIONS (US\$M)	4,990.1	5,624.5	987.0	3,290.0	7,464.7	5,528.4	2,967.4
% Global IPO transactions	1.8	2.8	0.8	1.8	2.6	2.0	1.6
Domestic (US\$M)	3,697.4	5,487.4	525.0	2,376.8	6,417.1	5,000.7	2,716.7
Cross-border (US\$M)	1,292.7	137.1	462.0	913.2	1,047.7	527.7	250.7

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.0	1.0	1.1	1.8	1.8	1.6	1.5
CPI (% yoy)	0.5	0.0	0.2	1.0	0.9	1.2	1.5
Merchandise trade (% of GDP)	47	48	49	50	51	52	52
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.7	0.8	0.5	0.9	1.3	1.6	1.9
Equity prices (LCU, end of year % change)	0.8	9.4	4.8	9.3	2.4	-6.2	-5.3
Stock market capitalization (US\$B)	2,119	2,088	2,157	2,650	2,714	2,546	2,431

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	France	Global
GDP growth (% annual)	1.6	2.7
Stock market capitalization (% of GDP)	97	108
Money supply (% of GDP)	80	102
Trade (% of GDP)	50	47
Ease of doing business (World Bank)	76	72
Legal structure (Fraser Institute)	7.2	6.5
Freedom to trade (Fraser Institute)	7.8	7.3



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German equities have been among the strongest performers in 2017. Compared to France and other major Eurozone members, however, M&A activity has not followed suit. But with GDP growth topping 2% in 2017 for the first time since 2011, and business surveys suggesting investor confidence is at an all-time high, we forecast deal activity in Germany to accelerate in 2018 and 2019.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	76.3	71.7	40.7	62.7	132.3	126.7	113.3
% of Global M&A transactions	3.1	2.1	1.4	2.4	4.1	4.3	4.8
Domestic (US\$B)	13.5	24.7	13.1	20.2	45.5	39.3	34.6
Cross-border, inbound (US\$B)	62.8	47.0	27.6	42.6	86.8	87.4	78.7
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,331	1,295	989	996	1,387	1,429	1,304
Domestic (Number of deals)	745	726	485	498	759	693	625
Cross-border, inbound (Number of deals)	586	569	504	498	629	736	680
TOTAL IPO TRANSACTIONS (US\$B)	4.7	7.9	5.7	3.2	7.7	4.9	2.6
% Global IPO transactions	1.7	3.9	4.4	1.7	2.6	1.7	1.4
Domestic (US\$B)	4.1	6.7	5.3	2.6	5.7	3.3	1.7
Cross-border (US\$B)	0.6	1.2	0.4	0.6	1.9	1.3	0.9

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.9	1.5	1.9	2.1	2.0	1.4	1.1
CPI (% yoy)	0.9	0.2	0.5	1.7	1.8	2.4	2.3
Merchandise trade (% of GDP)	70	72	73	76	77	78	79
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.2	0.5	0.1	0.5	0.8	1.1	1.3
Equity prices (LCU, end of year % change)	2.7	9.6	6.9	13.2	1.5	-5.7	-3.7
Stock market capitalization (US\$B)	1,746	1,716	1,716	2,384	2,419	2,282	2,217

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Germany	Global
GDP growth (% annual)	1.7	2.7
Stock market capitalization (% of GDP)	61	108
Money supply (% of GDP)	84	102
Trade (% of GDP)	76	47
Ease of doing business (World Bank)	80	72
Legal structure (Fraser Institute)	7.7	6.5
Freedom to trade (Fraser Institute)	7.7	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Deal activity in Hong Kong dropped further in 2017, possibly feeling a knock-on effect from China's tighter credit conditions. But with this effect easing in the years ahead, and Hong Kong benefiting from a stronger global trade outlook, we forecast deal activity to rebound, reaching a peak of US\$50 billion in 2019.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	38.1	104.8	31.4	29.9	48.3	49.9	35.0
% of Global M&A transactions	1.5	3.2	1.1	1.1	1.5	1.7	1.5
Domestic (US\$B)	9.6	68.4	13.0	14.8	19.2	19.1	11.1
Cross-border, inbound (US\$B)	28.5	39.9	18.5	15.1	29.1	30.8	23.8
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	314	331	394	448	384	371	275
Domestic (Number of deals)	168	180	220	268	216	190	130
Cross-border, inbound (Number of deals)	146	151	174	180	168	181	144
TOTAL IPO TRANSACTIONS (US\$B)	28.9	23.6	21.1	12.6	30.4	39.7	21.4
% Global IPO transactions	10.5	11.6	16.1	6.8	10.5	14.5	11.4
Domestic (US\$B)	4.6	2.4	1.6	2.4	4.1	5.1	3.7
Cross-border (US\$B)	24.3	21.2	19.4	10.2	26.4	34.7	17.6

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.8	2.4	2.0	3.5	2.3	2.5	2.4
CPI (% yoy)	4.4	3.0	2.4	1.8	2.5	2.2	2.1
Merchandise trade (% of GDP)	347	332	330	336	339	344	350
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.1	1.7	1.3	1.6	2.0	2.4	2.8
Equity prices (LCU, end of year % change)	1.3	-7.2	0.4	20.8	-1.7	2.4	-11.2
Stock market capitalization (US\$B)	3,432	3,185	3,193	3,888	3,837	3,929	3,487

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Hong Kong	Global
GDP growth (% annual)	2.5	2.7
Stock market capitalization (% of GDP)	1,136	108
Money supply (% of GDP)	478	102
Trade (% of GDP)	338	47
Ease of doing business (World Bank)	84	72
Legal structure (Fraser Institute)	8.1	6.5
Freedom to trade (Fraser Institute)	9.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Russian state oil company Rosneft's US\$13 billion takeover of Essar Oil boosted India's M&A activity higher in 2017 than what we forecast earlier this year. This megadeal aside, however, the pickup in deal activity was in line with our previous January 2017 forecast. Looking ahead to 2018, we forecast M&A activity to gather pace, and reach a cyclical peak of US\$52 billion in 2019 before cooling thereafter as valuations become stretched and the cost of finance rises. Deal values could rise higher than our forecast if more ambitious economic reforms are pursued after the upcoming elections, including initiatives such as Smart Cities, Digital India, Made in India, and Startup India.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	17.7	23.4	17.5	46.5	47.8	52.8	40.1
% of Global M&A transactions	0.7	0.7	0.6	1.8	1.5	1.8	1.7
Domestic (US\$B)	6.1	12.8	7.2	13.1	22.3	24.1	17.8
Cross-border, inbound (US\$B)	11.6	10.6	10.3	33.4	25.6	28.6	22.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	684	813	553	944	878	911	714
Domestic (Number of deals)	417	507	358	664	527	539	412
Cross-border, inbound (Number of deals)	267	306	195	280	351	372	302
TOTAL IPO TRANSACTIONS (US\$M)	292.3	2,083.1	4,042.2	6,845.8	5,316.4	5,085.7	3,909.3
% Global IPO transactions	0.1	1.0	3.1	3.7	1.8	1.9	2.1
Domestic (US\$M)	292.3	2,083.1	3,982.8	6,844.6	5,316.4	5,085.7	3,909.3
Cross-border (US\$M)	0.0	0.0	59.5	1.2	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	7.1	7.5	7.9	6.9	7.4	7.1	6.8
CPI (% yoy)	6.7	4.9	5.0	3.5	5.5	5.9	6.0
Merchandise trade (% of GDP)	38	33	31	32	31	31	31
FINANCIAL DRIVERS							
10-year government bond yield (%)	8.6	7.8	7.2	6.6	7.2	7.7	7.7
Equity prices (LCU, end of year % change)	29.9	-5.0	1.9	21.9	4.6	3.7	-8.1
Stock market capitalization (US\$B)	1,673	1,516	1,567	1,844	1,954	1,949	1,728

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	India	Global
GDP growth (% annual)	7.2	2.7
Stock market capitalization (% of GDP)	67	108
Money supply (% of GDP)	17	102
Trade (% of GDP)	32	47
Ease of doing business (World Bank)	55	72
Legal structure (Fraser Institute)	5.2	6.5
Freedom to trade (Fraser Institute)	6.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Dealmaking has been more sluggish in 2017 than we anticipated earlier this year. However, with the US's monetary tightening moving more slowly, domestic interest rates are likely to remain lower than expected in the next few years. This should boost business confidence and deal appetite in Indonesia.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	5.3	4.0	6.5	3.5	13.4	15.2	12.0
% of Global M&A transactions	0.2	0.1	0.2	0.1	0.4	0.5	0.5
Domestic (US\$B)	2.6	0.2	4.5	1.5	3.7	4.0	2.6
Cross-border, inbound (US\$B)	2.7	3.7	2.1	2.0	9.7	11.2	9.4
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	92	71	71	86	108	130	105
Domestic (Number of deals)	26	13	26	23	24	27	17
Cross-border, inbound (Number of deals)	66	58	45	63	85	104	88
TOTAL IPO TRANSACTIONS (US\$M)	678.2	660.5	1,037.6	953.7	2,115.6	2,477.6	1,802.1
% Global IPO transactions	0.2	0.3	0.8	0.5	0.7	0.9	1.0
Domestic (US\$M)	629.4	597.6	952.8	953.7	2,115.6	2,477.6	1,802.1
Cross-border (US\$M)	48.8	62.9	84.8	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	5.0	4.9	5.0	5.1	5.3	5.3	5.3
CPI (% yoy)	6.4	6.4	3.5	4.1	4.2	4.1	4.0
Merchandise trade (% of GDP)	41	38	35	35	36	36	36
FINANCIAL DRIVERS							
10-year government bond yield (%)	8.1	8.1	7.6	7.1	7.5	8.1	8.5
Equity prices (LCU, end of year % change)	22.3	-12.1	15.3	10.4	5.7	7.3	-11.2
Stock market capitalization (US\$B)	448	353	426	445	460	487	429

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Indonesia	Global
GDP growth (% annual)	5.2	2.7
Stock market capitalization (% of GDP)	37	108
Money supply (% of GDP)	39	102
Trade (% of GDP)	36	47
Ease of doing business (World Bank)	62	72
Legal structure (Fraser Institute)	4.7	6.5
Freedom to trade (Fraser Institute)	7.2	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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We anticipate that Ireland's business-friendly environment and solid economic outlook will lead to a rebound in M&A and IPO activity in the next two years. Although total M&A activity in 2017 looks low, we forecast dealmaking to rise above US\$20 billion in 2018 as economic growth peaks, then ease thereafter.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	11.1	55.8	12.3	4.2	22.3	14.9	8.7
% of Global M&A transactions	0.4	1.6	0.4	0.2	0.7	0.5	0.4
Domestic (US\$B)	1.2	1.5	0.5	0.6	3.4	3.2	1.8
Cross-border, inbound (US\$B)	9.9	54.3	11.8	3.6	19.0	11.8	7.0
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	153	168	101	141	125	122	91
Domestic (Number of deals)	50	55	31	27	55	54	31
Cross-border, inbound (Number of deals)	103	113	70	114	70	68	60
TOTAL IPO TRANSACTIONS (US\$M)	1,061.3	350.5	0.0	0.0	585.0	560.0	114.5
% Global IPO transactions	0.4	0.2	0.0	0.0	0.2	0.2	0.1
Domestic (US\$M)	329.5	350.5	0.0	0.0	585.0	560.0	114.5
Cross-border (US\$M)	668.8	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	8.3	25.5	5.1	4.6	2.0	2.2	2.2
CPI (% yoy)	0.2	-0.3	0.0	0.6	1.3	1.5	1.8
Merchandise trade (% of GDP)	96	110	108	99	99	101	101
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.4	1.2	0.7	0.9	1.4	1.7	1.9
Equity prices (LCU, end of year % change)	15.1	30.0	-4.0	11.3	1.5	-5.9	-4.1
Stock market capitalization (US\$B)	95	112	120	139	141	133	128

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Ireland	Global
GDP growth (% annual)	3.2	2.7
Stock market capitalization (% of GDP)	68	108
Money supply (% of GDP)	100	102
Trade (% of GDP)	103	47
Ease of doing business (World Bank)	80	72
Legal structure (Fraser Institute)	8.0	6.5
Freedom to trade (Fraser Institute)	8.5	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



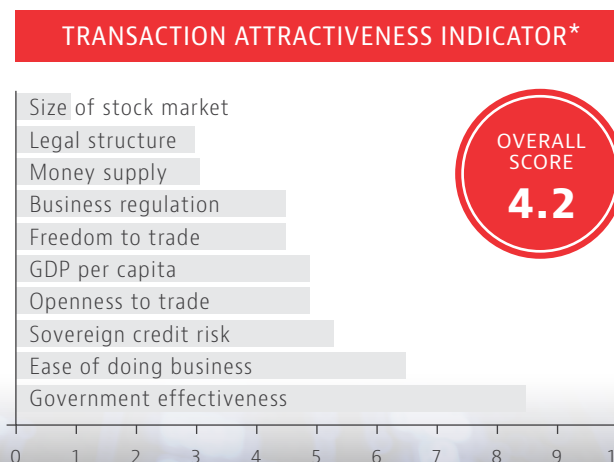
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Assuming the proposed US\$50 billion merger between Luxottica and Essilor closes in 2017, we forecast M&A activity in Italy to rise to US\$84.8 billion. Even setting that merger aside, deal values held up well in 2017, reflecting the easing of political risk and the resolution of some key risks in the banking sector. Although we forecast M&A activity to drop to US\$37 billion in 2018, that total is still robust compared to recent years.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	29.2	32.7	53.3	84.8	37.3	28.2	20.2
% of Global M&A transactions	1.2	1.0	1.9	3.2	1.2	1.0	0.9
Domestic (US\$B)	6.0	7.3	22.1	12.0	17.0	14.6	11.4
Cross-border, inbound (US\$B)	23.2	25.4	31.3	72.8	20.3	13.5	8.8
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	521	674	579	825	706	606	480
Domestic (Number of deals)	272	349	309	451	378	352	286
Cross-border, inbound (Number of deals)	249	325	270	374	327	254	194
TOTAL IPO TRANSACTIONS (US\$B)	3.5	6.1	1.6	2.4	3.9	2.1	1.1
% Global IPO transactions	1.3	3.0	1.2	1.3	1.3	0.8	0.6
Domestic (US\$B)	3.5	5.4	1.6	1.2	3.0	1.6	0.9
Cross-border (US\$B)	0.0	0.6	0.0	1.2	0.9	0.5	0.2

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.2	0.7	1.0	1.4	1.1	1.0	1.0
CPI (% yoy)	0.3	0.0	-0.1	1.4	1.0	1.7	1.9
Merchandise trade (% of GDP)	45	48	48	50	51	52	53
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.9	1.7	1.5	2.2	3.0	3.2	3.3
Equity prices (LCU, end of year % change)	0.2	12.7	-10.2	11.0	0.8	-8.7	-5.5
Stock market capitalization (US\$B)	602	610	484	729	735	671	639

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Italy	Global
GDP growth (% annual)	1.1	2.7
Stock market capitalization (% of GDP)	40	108
Money supply (% of GDP)	81	102
Trade (% of GDP)	50	47
Ease of doing business (World Bank)	72	72
Legal structure (Fraser Institute)	5.7	6.5
Freedom to trade (Fraser Institute)	7.5	7.3



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Japan's economy has greatly benefited from faster world trade growth, with GDP growth accelerating to 1.8% in 2017 and 1.5% in 2018. This will be the fastest two-year growth period since 2012-13, and should support a rebound in deal activity, with M&A activity forecast to edge above US\$100 billion in 2018.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	64.9	69.1	103.4	69.0	104.0	91.2	68.6
% of Global M&A transactions	2.6	2.0	3.7	2.6	3.2	3.1	2.9
Domestic (US\$B)	52.7	61.6	75.7	53.1	87.5	74.7	59.0
Cross-border, inbound (US\$B)	12.3	7.5	27.7	15.9	16.5	16.5	9.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,539	1,649	1,505	1,650	1,906	1,695	1,383
Domestic (Number of deals)	1,372	1,493	1,394	1,519	1,739	1,523	1,267
Cross-border, inbound (Number of deals)	167	156	111	132	168	172	117
TOTAL IPO TRANSACTIONS (US\$B)	12.0	15.8	10.1	5.6	10.6	14.4	9.4
% Global IPO transactions	4.3	7.8	7.7	3.0	3.7	5.3	5.0
Domestic (US\$B)	10.2	15.1	7.5	3.4	9.0	12.8	8.6
Cross-border (US\$B)	1.8	0.8	2.5	2.2	1.7	1.6	0.8

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.3	1.2	1.0	1.8	1.5	0.9	0.0
CPI (% yoy)	2.8	0.8	-0.1	0.4	0.7	1.2	1.8
Merchandise trade (% of GDP)	27	27	26	27	28	28	29
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.6	0.4	0.0	0.1	0.1	0.1	0.1
Equity prices (LCU, end of year % change)	8.1	9.9	-1.9	5.9	-	-	-
Stock market capitalization (US\$B)	4,453	4,895	4,955	6,022	5,937	5,501	5,292

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Japan	Global
GDP growth (% annual)	1.0	2.7
Stock market capitalization (% of GDP)	135	108
Money supply (% of GDP)	181	102
Trade (% of GDP)	28	47
Ease of doing business (World Bank)	76	72
Legal structure (Fraser Institute)	7.8	6.5
Freedom to trade (Fraser Institute)	7.6	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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M&A activity has been subdued in the past few years compared to other Eurozone economies. As an historically-important center for cross-border M&A, however, Luxembourg should see a pickup in deal activity in 2018.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	4.7	162.2	3.5	5.2	19.5	13.6	10.2
% of Global M&A transactions	0.2	4.8	0.1	0.2	0.6	0.5	0.4
Domestic (US\$B)	0.0	146.6	0.1	0.4	0.6	0.3	0.1
Cross-border, inbound (US\$B)	4.7	15.5	3.4	4.9	18.9	13.3	10.1
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	47	78	40	69	64	50	37
Domestic (Number of deals)	6	17	6	9	14	9	3
Cross-border, inbound (Number of deals)	41	61	34	60	50	41	34
TOTAL IPO TRANSACTIONS (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	5.6	4.0	4.2	3.8	3.8	3.5	3.2
CPI (% yoy)	0.7	0.1	0.0	1.7	1.8	2.0	2.0
Merchandise trade (% of GDP)	76	61	58	54	57	59	60
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.3	0.4	0.3	1.6	1.8	2.1	2.3
Equity prices (LCU, end of year % change)	10.7	-4.8	-12.6	16.8	-4.5	-6.4	-4.7
Stock market capitalization (US\$B)	59	47	61	74	75	70	67

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Luxembourg	Global
GDP growth (% annual)	3.7	2.7
Stock market capitalization (% of GDP)	114	108
Money supply (% of GDP)	490	102
Trade (% of GDP)	58	47
Ease of doing business (World Bank)	69	72
Legal structure (Fraser Institute)	8.4	6.5
Freedom to trade (Fraser Institute)	8.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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GDP growth in Malaysia has accelerated to 5.6% in 2017, 1.5 percentage points faster than in 2016, largely because of increased government support for household spending. Alongside major government infrastructure investments and the solid outlook for world trade, conditions support a rebound in deal activity. We forecast total M&A activity in Malaysia to rise in 2018 and 2019.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	6.9	7.1	7.2	6.1	13.1	15.2	12.3
% of Global M&A transactions	0.3	0.2	0.3	0.2	0.4	0.5	0.5
Domestic (US\$B)	3.9	4.4	2.5	2.5	7.8	9.9	8.7
Cross-border, inbound (US\$B)	3.0	2.7	4.7	3.6	5.3	5.4	3.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	321	331	254	255	390	448	376
Domestic (Number of deals)	230	259	183	171	295	351	312
Cross-border, inbound (Number of deals)	91	72	71	85	95	97	64
TOTAL IPO TRANSACTIONS (US\$M)	1,301.1	1,199.0	240.3	1,195.7	1,872.0	2,741.7	1,762.7
% Global IPO transactions	0.5	0.6	0.2	0.6	0.6	1.0	0.9
Domestic (US\$M)	1,301.1	1,199.0	240.3	1,195.7	1,872.0	2,741.7	1,762.7
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	6.0	5.0	4.1	5.0	4.4	4.3	4.0
CPI (% yoy)	3.1	2.1	2.1	3.9	2.9	2.6	2.5
Merchandise trade (% of GDP)	116	111	106	114	112	112	112
FINANCIAL DRIVERS							
10-year government bond yield (%)	4.0	4.1	3.8	4.0	4.4	4.7	4.8
Equity prices (LCU, end of year % change)	-5.7	-3.9	-3.9	9.3	2.5	5.1	-8.3
Stock market capitalization (US\$B)	489	383	360	374	376	412	395

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Malaysia	Global
GDP growth (% annual)	4.4	2.7
Stock market capitalization (% of GDP)	103	108
Money supply (% of GDP)	140	102
Trade (% of GDP)	111	47
Ease of doing business (World Bank)	78	72
Legal structure (Fraser Institute)	7.0	6.5
Freedom to trade (Fraser Institute)	7.7	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Mexico's economy has rebounded from the uncertainty following last year's US Presidential election and the fears of damaging protectionist measures. Assuming such measures are modest and targeted, we forecast dealmaking in Mexico to greatly improve in the next few years, with total M&A topping US\$30 billion in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	11.7	18.2	10.9	9.5	27.2	30.3	24.4
% of Global M&A transactions	0.5	0.5	0.4	0.4	0.8	1.0	1.0
Domestic (US\$B)	4.9	8.7	3.9	4.3	12.6	14.3	12.1
Cross-border, inbound (US\$B)	6.8	9.5	7.0	5.2	14.5	16.0	12.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	150	174	102	124	221	252	213
Domestic (Number of deals)	75	89	52	39	117	136	118
Cross-border, inbound (Number of deals)	75	85	50	85	104	115	95
TOTAL IPO TRANSACTIONS (US\$M)	1,543.8	1,764.4	280.0	3,372.8	2,823.5	2,084.4	1,623.2
% Global IPO transactions	0.6	0.9	0.2	1.8	1.0	0.8	0.9
Domestic (US\$M)	941.7	1,764.4	179.4	3,372.8	2,823.5	2,084.4	1,623.2
Cross-border (US\$M)	602.1	0.0	100.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.3	2.7	2.0	2.6	2.2	2.3	2.3
CPI (% yoy)	4.0	2.7	2.8	5.9	3.8	3.4	3.2
Merchandise trade (% of GDP)	62	66	65	69	69	70	70
FINANCIAL DRIVERS							
10-year government bond yield (%)	6.0	5.9	6.2	7.0	6.5	6.2	6.1
Equity prices (LCU, end of year % change)	1.0	-0.4	6.2	13.7	9.4	7.2	-9.1
Stock market capitalization (US\$B)	472	402	351	430	463	491	439

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Mexico	Global
GDP growth (% annual)	2.3	2.7
Stock market capitalization (% of GDP)	31	108
Money supply (% of GDP)	61	102
Trade (% of GDP)	68	47
Ease of doing business (World Bank)	72	72
Legal structure (Fraser Institute)	4.2	6.5
Freedom to trade (Fraser Institute)	7.2	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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The Netherlands' deal activity lagged other key Eurozone economies in 2017, despite experiencing its strongest GDP growth in a decade. Neither a lack of business confidence nor the delay in agreeing on a new government following the March general elections seems to have dampened the country's transaction climate. We expect a release of pent-up deals to push total M&A to US\$72 billion in 2018, and IPO values to rebound to US\$6 billion.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	21.9	42.3	25.5	30.7	71.6	66.0	46.4
% of Global M&A transactions	0.9	1.2	0.9	1.2	2.2	2.3	2.0
Domestic (US\$B)	1.5	8.6	6.6	6.6	14.4	11.4	9.1
Cross-border, inbound (US\$B)	20.4	33.6	18.9	24.0	57.2	54.6	37.2
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	424	500	447	440	587	550	443
Domestic (Number of deals)	202	208	178	157	256	215	181
Cross-border, inbound (Number of deals)	222	292	269	283	331	336	262
TOTAL IPO TRANSACTIONS (US\$B)	10.5	7.7	3.2	1.2	6.0	4.0	1.4
% Global IPO transactions	3.8	3.8	2.4	0.6	2.1	1.4	0.7
Domestic (US\$B)	3.6	7.0	2.7	1.2	6.0	4.0	1.4
Cross-border (US\$B)	7.0	0.6	0.5	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.4	2.3	2.1	2.2	1.9	1.4	1.1
CPI (% yoy)	1.0	0.6	0.3	1.3	1.4	1.8	2.1
Merchandise trade (% of GDP)	115	120	124	127	129	131	133
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.5	0.7	0.3	0.6	1.1	1.4	1.6
Equity prices (LCU, end of year % change)	6.6	5.0	7.3	13.8	-2.0	-6.8	-3.7
Stock market capitalization (US\$B)	771	728	854	971	952	887	861

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	The Netherlands	Global
GDP growth (% annual)	1.7	2.7
Stock market capitalization (% of GDP)	116	108
Money supply (% of GDP)	127	102
Trade (% of GDP)	127	47
Ease of doing business (World Bank)	76	72
Legal structure (Fraser Institute)	8.1	6.5
Freedom to trade (Fraser Institute)	8.4	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 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.

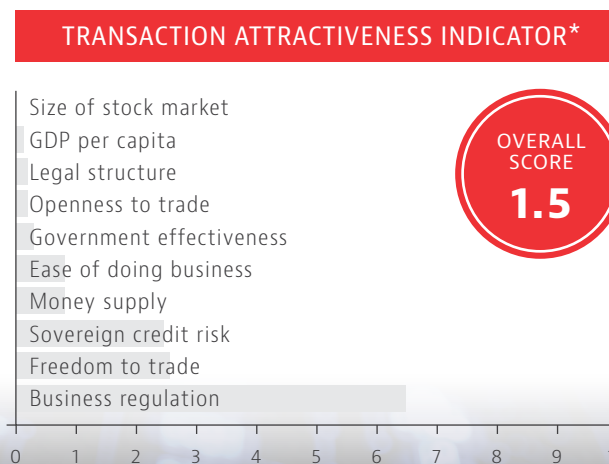
Policy and economic uncertainties have stalled dealmaking in Nigeria, including a lack of access to foreign exchange, blockages to the government budget process, and low oil production that has constrained GDP growth. As these conditions ease in the final months of 2017 and into 2018, we forecast M&A to rebound to US\$4 billion in both 2018 and 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$M)	6,380.4	3,369.8	1,202.5	716.4	3,977.4	3,936.1	2,703.9
% of Global M&A transactions	0.3	0.1	0.0	0.0	0.1	0.1	0.1
Domestic (US\$M)	4,972.9	846.9	0.9	591.1	1,420.9	1,419.0	714.6
Cross-border, inbound (US\$M)	1,407.4	2,522.9	1,201.6	125.3	2,556.5	2,517.1	1,989.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	35	41	28	28	35	40	32
Domestic (Number of deals)	16	16	5	17	18	20	13
Cross-border, inbound (Number of deals)	19	25	23	11	17	20	18
TOTAL IPO TRANSACTIONS (US\$M)	650.6	0.0	0.0	0.0	185.0	407.4	161.7
% Global IPO transactions	0.2	0.0	0.0	0.0	0.1	0.1	0.1
Domestic (US\$M)	650.6	0.0	0.0	0.0	185.0	407.4	161.7
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	6.3	2.7	-1.6	1.1	2.3	3.2	4.3
CPI (% yoy)	8.1	9.0	15.7	16.1	14.3	13.5	12.8
Merchandise trade (% of GDP)	31	28	26	27	28	29	29
FINANCIAL DRIVERS							
10-year government bond yield (%)	10.5	9.4	10.1	13.5	13.0	12.5	12.2
Equity prices (LCU, end of year % change)	9.5	-21.7	-13.5	15.1	10.2	10.8	-7.1
Stock market capitalization (US\$B)	77	50	30	61	57	56	47

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Nigeria	Global
GDP growth (% annual)	1.9	2.7
Stock market capitalization (% of GDP)	8	108
Money supply (% of GDP)	20	102
Trade (% of GDP)	28	47
Ease of doing business (World Bank)	45	72
Legal structure (Fraser Institute)	3.7	6.5
Freedom to trade (Fraser Institute)	7.0	7.3



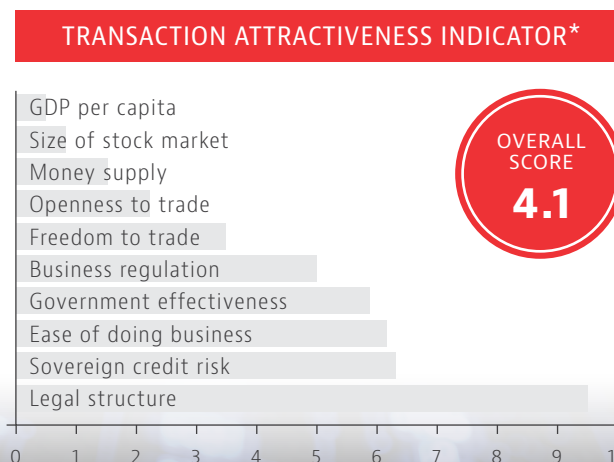
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Business confidence has been shaken by corruption scandals that have heightened political risk in Peru. M&A edged up from US\$3.5 billion in 2016 to an estimated US\$4 billion in 2017. But two large deals accounted for US\$2.9 billion of this total, with the rest consisting of much smaller transactions. With improving commodity prices and fiscal stimulus supporting growth, we forecast M&A activity to total US\$3.3 billion in 2018 and US\$3.7 billion in 2019, even without additional megadeals.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	17.3	2.3	3.5	4.0	3.3	3.7	2.4
% of Global M&A transactions	0.7	0.1	0.1	0.2	0.1	0.1	0.1
Domestic (US\$B)	0.6	0.6	0.0	0.1	0.9	1.2	0.6
Cross-border, inbound (US\$B)	16.7	1.7	3.5	3.9	2.4	2.6	1.8
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	64	58	44	60	84	92	62
Domestic (Number of deals)	26	21	13	16	29	34	19
Cross-border, inbound (Number of deals)	38	37	31	44	55	58	43
TOTAL IPO TRANSACTIONS (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% Global IPO transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.4	3.3	3.9	2.5	3.8	4.0	4.0
CPI (% yoy)	3.2	3.6	3.6	3.0	2.6	2.5	2.5
Merchandise trade (% of GDP)	44	43	43	46	46	46	47
FINANCIAL DRIVERS							
10-year government bond yield (%)	5.1	5.8	6.2	5.5	5.4	5.9	5.8
Equity prices (LCU, end of year % change)	-9.2	-24.0	12.4	5.5	9.8	7.6	5.4
Stock market capitalization (US\$B)	83	57	81	69	74	78	81

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Peru	Global
GDP growth (% annual)	3.6	2.7
Stock market capitalization (% of GDP)	38	108
Money supply (% of GDP)	38	102
Trade (% of GDP)	45	47
Ease of doing business (World Bank)	70	72
Legal structure (Fraser Institute)	8.7	6.5
Freedom to trade (Fraser Institute)	7.3	7.3



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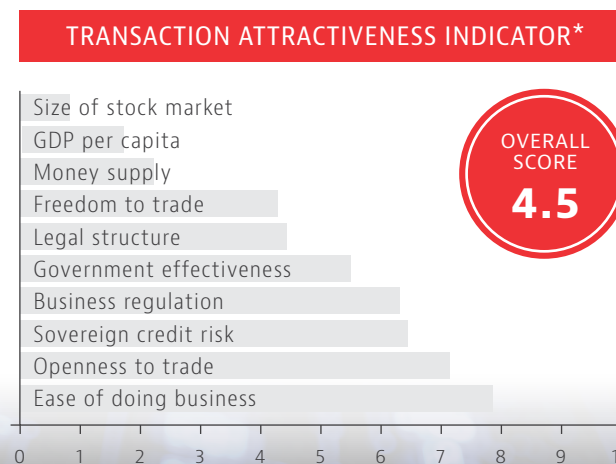
Three big deals (Grupa Allegro, Bank Pekao S.A. and Zabka Polska) pushed M&A activity well above Poland's peers in 2017, but even without these megadeals, it was a good year for dealmaking in Poland. Strong domestic demand and ongoing integration of supply chains with Eurozone economies should support business confidence and deal activity in the next three years.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	11.3	6.4	3.4	9.8	9.0	9.6	6.6
% of Global M&A transactions	0.5	0.2	0.1	0.4	0.3	0.3	0.3
Domestic (US\$B)	2.5	1.4	1.9	5.5	3.4	3.6	2.0
Cross-border, inbound (US\$B)	8.9	5.0	1.4	4.3	5.7	6.0	4.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	363	596	349	326	414	509	394
Domestic (Number of deals)	214	375	221	211	282	340	248
Cross-border, inbound (Number of deals)	149	221	128	114	132	169	146
TOTAL IPO TRANSACTIONS (US\$M)	391.6	444.4	285.9	2,396.8	1,946.2	2,448.5	1,683.1
% Global IPO transactions	0.1	0.2	0.2	1.3	0.7	0.9	0.9
Domestic (US\$M)	359.2	270.3	254.9	671.3	1,786.8	2,250.9	1,594.4
Cross-border (US\$M)	32.4	174.1	30.9	1,725.5	159.4	197.6	88.7

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.2	3.9	2.6	4.3	3.4	3.4	3.0
CPI (% yoy)	0.2	-0.9	-0.6	1.7	1.5	2.1	2.1
Merchandise trade (% of GDP)	75	77	81	85	88	89	91
FINANCIAL DRIVERS							
10-year government bond yield (%)	3.5	2.7	3.1	3.4	3.4	3.5	3.8
Equity prices (LCU, end of year % change)	0.3	-9.6	11.4	22.7	1.5	4.1	-11.2
Stock market capitalization (US\$B)	169	138	139	184	186	195	175

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Poland	Global
GDP growth (% annual)	3.3	2.7
Stock market capitalization (% of GDP)	31	108
Money supply (% of GDP)	60	102
Trade (% of GDP)	85	47
Ease of doing business (World Bank)	78	72
Legal structure (Fraser Institute)	6.4	6.5
Freedom to trade (Fraser Institute)	7.5	7.3



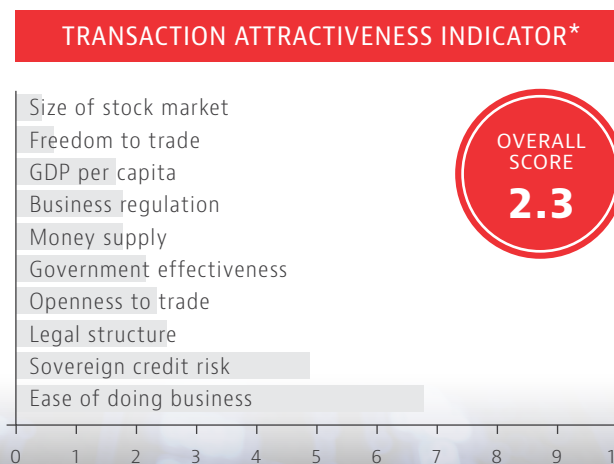
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The US\$10.8 billion sale of a portion of Rosneft to private investors boosted deal values in Russia. Even setting this deal aside, 2017 was a positive year given the new sanctions imposed by the US and GDP growth remaining well below historical norms. We forecast deal activity to strengthen in the next few years as a more stable rouble increases investor confidence and oil prices rise. We forecast total M&A to peak at US\$32 billion in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	26.5	16.7	21.8	24.7	25.8	32.3	25.5
% of Global M&A transactions	1.1	0.5	0.8	0.9	0.8	1.1	1.1
Domestic (US\$B)	21.3	8.5	14.3	9.1	2.0	27.5	21.7
Cross-border, inbound (US\$B)	5.2	8.2	7.5	15.5	3.8	4.7	3.9
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	1,515	1,334	1,061	1,054	1,733	1,908	1,375
Domestic (Number of deals)	1,236	1,057	845	844	1,492	1,639	1,151
Cross-border, inbound (Number of deals)	279	277	216	210	241	271	223
TOTAL IPO TRANSACTIONS (US\$M)	1,060.7	520.7	685.3	507.3	1,342.2	2,131.0	539.0
% Global IPO transactions	0.4	0.3	0.5	0.3	0.5	0.8	0.3
Domestic (US\$M)	1,060.7	228.6	0.0	507.3	1,228.8	1,779.3	377.8
Cross-border (US\$M)	0.0	292.1	685.3	0.0	113.4	351.7	161.2

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.7	-2.8	-0.3	1.3	1.3	1.2	1.2
CPI (% yoy)	7.8	15.6	7.1	4.3	4.1	4.0	4.0
Merchandise trade (% of GDP)	40	35	36	39	39	40	40
FINANCIAL DRIVERS							
10-year government bond yield (%)	9.4	11.2	8.9	7.9	7.6	7.5	7.5
Equity prices (LCU, end of year % change)	-71	26.1	26.8	-15.0	23.6	13.3	-7.8
Stock market capitalization (US\$B)	405	393	622	368	462	536	499

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Russia	Global
GDP growth (% annual)	1.0	2.7
Stock market capitalization (% of GDP)	29	108
Money supply (% of GDP)	46	102
Trade (% of GDP)	38	47
Ease of doing business (World Bank)	73	72
Legal structure (Fraser Institute)	5.4	6.5
Freedom to trade (Fraser Institute)	6.1	7.3



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M&A activity performed reasonably well in 2017 despite the cuts to output in the oil sector, and the spillover impacts on confidence in the wider economy. Financial conditions have remained good, with government debt issues ensuring domestic firms still have access to credit. Lower-than-expected interest rates in the US should also generate more dealmaking going forward, although we expect total M&A to remain below US\$2 billion through 2020.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$M)	747.6	1,541.2	1,089.4	1,180.9	1,555.1	1,794.3	1,124.3
% of Global M&A transactions	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Domestic (US\$M)	279.3	769.7	606.8	664.2	758.9	844.7	513.0
Cross-border, inbound (US\$M)	468.3	771.5	482.5	516.7	796.1	949.6	611.3
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	39	43	35	49	51	53	33
Domestic (Number of deals)	23	22	21	22	25	28	17
Cross-border, inbound (Number of deals)	16	21	14	27	26	25	17
TOTAL IPO TRANSACTIONS (US\$M)	6,409.3	1,107.2	241.6	400.9	1,666.7	2,477.7	1,429.5
% Global IPO transactions	2.3	0.5	0.2	0.2	0.6	0.9	0.8
Domestic (US\$M)	6,409.3	1,107.2	241.6	400.9	1,666.7	2,477.7	1,429.5
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.7	4.1	1.7	-1.4	1.3	4.1	4.8
CPI (% yoy)	2.7	2.2	3.5	0.9	4.0	3.5	3.5
Merchandise trade (% of GDP)	66	55	48	48	47	48	50
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.7	0.6	1.3	1.3	1.9	2.4	2.9
Equity prices (LCU, end of year % change)	-2.4	-171	4.6	4.1	6.3	0.9	-5.1
Stock market capitalization (US\$B)	508	421	449	357	379	383	363

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Saudi Arabia	Global
GDP growth (% annual)	2.1	2.7
Stock market capitalization (% of GDP)	53	108
Money supply (% of GDP)	54	102
Trade (% of GDP)	49	47
Ease of doing business (World Bank)	61	72
Legal structure (Fraser Institute)	7.4	6.5
Freedom to trade (Fraser Institute)	6.8	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



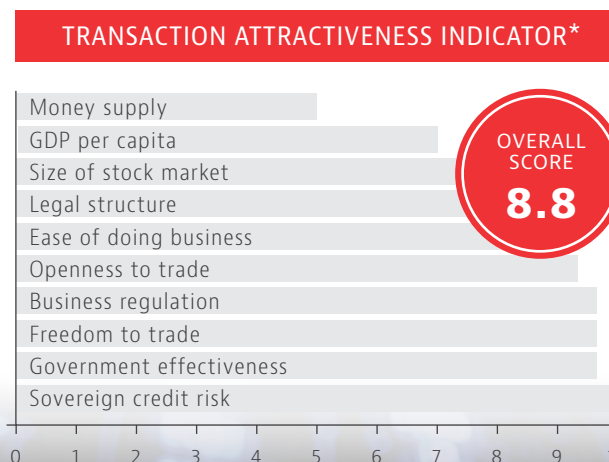
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Three separate deals with valuations of US\$6 billion pushed M&A activity sharply higher in 2017, but setting these transactions aside, M&A was in line with our expectations for the year. Looking forward, Singapore's GDP growth seems to have reached its cyclical peak, while a stronger Singaporean dollar from late 2018 onwards will also tame US dollar deal values.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	25.2	19.5	18.3	23.1	23.1	27.4	19.3
% of Global M&A transactions	1.0	0.6	0.6	0.9	0.7	0.9	0.8
Domestic (US\$B)	15.9	9.3	10.3	5.7	12.7	15.6	10.6
Cross-border, inbound (US\$B)	9.3	10.1	8.0	17.3	10.4	11.9	8.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	307	288	248	290	307	345	237
Domestic (Number of deals)	162	139	122	142	155	175	0.9
Cross-border, inbound (Number of deals)	145	149	126	147	152	169	128
TOTAL IPO TRANSACTIONS (US\$M)	2,752.9	450.2	2,294.4	4,567.0	5,980.3	5,903.3	3,374.8
% Global IPO transactions	1.0	0.2	1.8	2.4	2.1	2.2	1.8
Domestic (US\$M)	2,117.6	403.0	1,195.1	2,881.1	3,319.2	2,779.9	1,510.3
Cross-border (US\$M)	635.3	47.2	1,099.3	1,685.9	2,661.1	3,123.4	1,864.5

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.6	1.9	2.0	2.7	2.9	3.1	3.1
CPI (% yoy)	1.0	-0.5	-0.5	0.7	1.7	2.1	1.8
Merchandise trade (% of GDP)	268	269	264	269	266	268	270
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.4	2.4	2.0	2.2	2.3	2.6	3.0
Equity prices (LCU, end of year % change)	6.2	-14.3	-0.1	14.2	2.2	6.0	-11.3
Stock market capitalization (US\$B)	800	640	640	753	753	804	729

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Singapore	Global
GDP growth (% annual)	2.8	2.7
Stock market capitalization (% of GDP)	277	108
Money supply (% of GDP)	133	102
Trade (% of GDP)	268	47
Ease of doing business (World Bank)	85	72
Legal structure (Fraser Institute)	8.3	6.5
Freedom to trade (Fraser Institute)	8.8	7.3



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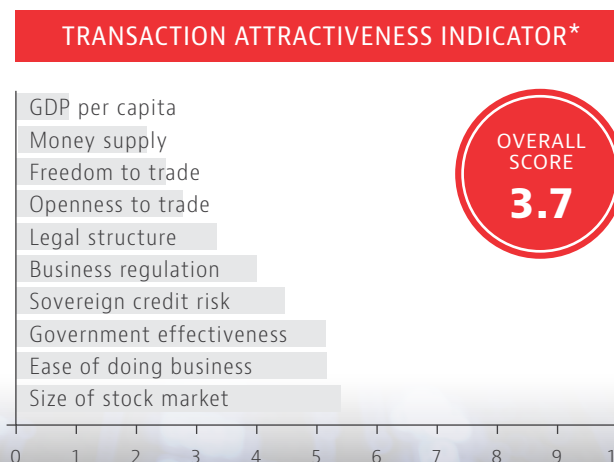
Growing political risk and a sluggish economy contributed to South Africa's M&A activity dropping by half in 2017 from 2016. The economy should improve in 2018 with monetary policy easing and stronger commodity prices. But we forecast M&A activity to peak at US\$9 billion in 2019, less than one-third of the level seen in 2015.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	4.1	29.7	10.7	4.5	8.5	9.2	4.1
% of Global M&A transactions	0.2	0.9	0.4	0.2	0.3	0.3	0.2
Domestic (US\$B)	3.0	8.2	1.0	2.5	6.5	7.2	3.1
Cross-border, inbound (US\$B)	1.1	21.5	9.7	2.1	1.9	2.0	1.0
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	181	211	115	172	273	295	186
Domestic (Number of deals)	111	126	70	111	171	184	106
Cross-border, inbound (Number of deals)	70	85	45	61	103	111	80
TOTAL IPO TRANSACTIONS (US\$M)	822.6	476.8	718.6	539.1	672.0	806.9	179.5
% Global IPO transactions	0.3	0.2	0.5	0.3	0.2	0.3	0.1
Domestic (US\$M)	822.6	476.8	718.6	539.1	672.0	806.9	179.5
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.7	1.3	0.3	0.5	1.4	1.7	2.0
CPI (% yoy)	6.1	4.6	6.3	5.4	5.1	5.7	5.6
Merchandise trade (% of GDP)	50	52	50	50	50	50	50
FINANCIAL DRIVERS							
10-year government bond yield (%)	8.1	8.1	9.0	8.7	8.8	9.2	9.5
Equity prices (LCU, end of year % change)	7.6	1.9	-1.0	3.9	9.9	6.0	-6.7
Stock market capitalization (US\$B)	972	736	951	667	692	704	632

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	South Africa	Global
GDP growth (% annual)	1.2	2.7
Stock market capitalization (% of GDP)	178	108
Money supply (% of GDP)	58	102
Trade (% of GDP)	50	47
Ease of doing business (World Bank)	65	72
Legal structure (Fraser Institute)	5.8	6.5
Freedom to trade (Fraser Institute)	7.0	7.3



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Deal activity in South Korea rebounded in 2017, but a range of factors seem likely to constrain further acceleration. Political and military tensions will remain a major worry for companies, and the government is planning to increase the corporate tax rate to pay for a boost in welfare payments. We forecast total M&A to peak at US\$68 billion in 2019.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	56.3	65.3	32.7	53.9	64.0	67.6	45.3
% of Global M&A transactions	2.3	1.9	1.2	2.1	2.0	2.3	1.9
Domestic (US\$B)	39.6	57.1	30.3	49.9	51.8	55.4	37.6
Cross-border, inbound (US\$B)	16.7	8.2	2.4	4.0	12.2	12.2	7.8
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	900	988	834	877	855	940	689
Domestic (Number of deals)	755	843	750	789	757	836	600
Cross-border, inbound (Number of deals)	145	145	84	88	98	105	90
TOTAL IPO TRANSACTIONS (US\$M)	1,013.0	1,781.2	1,896.6	2,154.5	1,860.6	1,488.9	986.1
% Global IPO transactions	0.4	0.9	1.4	1.2	0.6	0.5	0.5
Domestic (US\$M)	994.5	1,781.2	1,575.6	2,080.3	1,766.2	1,384.1	949.3
Cross-border (US\$M)	18.6	0.0	321.0	74.2	94.4	104.8	36.8

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.3	2.6	2.8	2.8	2.6	2.6	2.5
CPI (% yoy)	1.3	0.7	1.0	1.9	1.7	2.0	2.0
Merchandise trade (% of GDP)	91	88	88	91	91	91	91
FINANCIAL DRIVERS							
10-year government bond yield (%)	3.2	2.3	1.7	2.2	2.4	2.7	3.2
Equity prices (LCU, end of year % change)	-4.8	2.4	3.3	20.4	1.5	2.5	-5.6
Stock market capitalization (US\$B)	1,283	1,231	1,255	1,579	1,631	1,672	1,578

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	South Korea	Global
GDP growth (% annual)	2.7	2.7
Stock market capitalization (% of GDP)	86	108
Money supply (% of GDP)	140	102
Trade (% of GDP)	90	47
Ease of doing business (World Bank)	84	72
Legal structure (Fraser Institute)	5.8	6.5
Freedom to trade (Fraser Institute)	7.0	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Spain's economy grew by more than 3% for the third consecutive year in 2017, with M&A and IPO activity rising higher than expected. We forecast total M&A to rise to a peak of US\$52 billion in 2018, and IPOs to top US\$7.5 billion, with both easing in 2019 and 2020 in line with the wider Eurozone economy and dealmaking slowdown.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	42.4	37.4	29.6	37.7	51.7	47.0	41.1
% of Global M&A transactions	1.7	1.1	1.1	1.4	1.6	1.6	1.7
Domestic (US\$B)	12.9	14.2	8.9	18.6	21.2	19.6	15.4
Cross-border, inbound (US\$B)	29.5	23.2	20.7	19.1	30.6	27.5	25.7
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	853	890	509	689	895	868	770
Domestic (Number of deals)	451	475	234	354	523	513	422
Cross-border, inbound (Number of deals)	402	415	275	335	372	355	348
TOTAL IPO TRANSACTIONS (US\$M)	6,520.0	9,528.7	957.6	5,517.6	7,519.1	4,842.8	2,718.9
% Global IPO transactions	2.4	4.6	0.7	3.0	2.6	1.8	1.5
Domestic (US\$M)	3,577.5	8,882.4	192.9	5,517.6	7,519.1	4,842.8	2,718.9
Cross-border (US\$M)	2,942.6	646.4	764.7	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	1.4	3.2	3.3	3.2	2.7	2.4	2.1
CPI (% yoy)	-0.1	-0.5	-0.2	1.8	1.3	1.8	1.8
Merchandise trade (% of GDP)	45	46	46	48	49	49	50
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.7	1.7	1.4	1.7	2.3	2.6	2.9
Equity prices (LCU, end of year % change)	3.0	-7.4	-2.2	15.3	-0.4	-8.5	-2.8
Stock market capitalization (US\$B)	942	787	705	993	988	904	872

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Spain	Global
GDP growth (% annual)	2.7	2.7
Stock market capitalization (% of GDP)	72	108
Money supply (% of GDP)	95	102
Trade (% of GDP)	48	47
Ease of doing business (World Bank)	76	72
Legal structure (Fraser Institute)	6.5	6.5
Freedom to trade (Fraser Institute)	7.6	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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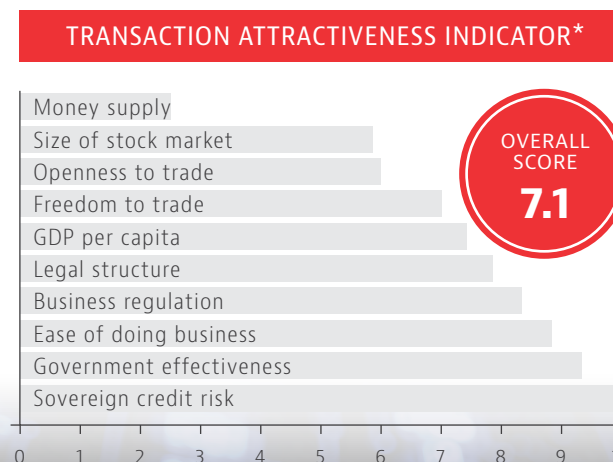
The US\$20 billion deal to split SCA into two separate firms caused deal values to spike in 2017, but even setting this transaction aside Sweden's deal landscape remained strong. Robust economic growth and the Riksbank keeping rates on hold at -0.5% should support M&A activity, with deal values rising to US\$17 billion in 2018 and easing thereafter.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	15.8	14.4	12.5	30.3	17.2	15.3	12.7
% of Global M&A transactions	0.6	0.4	0.4	1.2	0.5	0.5	0.5
Domestic (US\$B)	2.8	2.2	2.4	25.0	2.6	1.6	1.3
Cross-border, inbound (US\$B)	13.0	12.2	10.1	5.3	14.6	13.6	11.4
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	437	435	388	426	529	401	423
Domestic (Number of deals)	257	257	245	258	383	257	289
Cross-border, inbound (Number of deals)	180	178	143	168	146	144	134
TOTAL IPO TRANSACTIONS (US\$B)	3.8	5.9	2.7	2.7	3.5	2.2	1.4
% Global IPO transactions	1.4	2.9	2.1	1.5	1.2	0.8	0.8
Domestic (US\$B)	2.6	5.2	2.5	2.7	3.5	2.2	1.4
Cross-border (US\$B)	1.2	0.7	0.3	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.7	3.8	3.0	3.5	2.5	1.8	1.5
CPI (% yoy)	-0.2	0.0	1.0	1.7	1.8	2.5	2.9
Merchandise trade (% of GDP)	57	57	57	57	58	59	60
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.7	0.7	0.7	0.7	1.0	1.5	1.9
Equity prices (LCU, end of year % change)	11.9	6.6	6.6	9.8	0.4	-8.9	-5.4
Stock market capitalization (US\$B)	609	601	554	689	718	668	636

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Sweden	Global
GDP growth (% annual)	2.5	2.7
Stock market capitalization (% of GDP)	194	108
Money supply (% of GDP)	66	102
Trade (% of GDP)	58	47
Ease of doing business (World Bank)	82	72
Legal structure (Fraser Institute)	8.1	6.5
Freedom to trade (Fraser Institute)	7.7	7.3



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Dealmaking in 2017 was dominated by the US\$41.8 billion takeover of Syngenta and the US\$2.5 billion Landis IPO. Even putting these transactions aside, M&A and IPO activity was strong. Looking forward to 2018, a weaker Swiss Franc will curtail deal values in US dollars, but underlying conditions remain good, with a robust economic outlook and cheap borrowing expected for some time.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	46.9	99.3	12.8	87.0	61.7	48.3	39.9
% of Global M&A transactions	1.9	2.9	0.5	3.3	1.9	1.7	1.7
Domestic (US\$B)	24.0	67.9	2.2	7.0	29.8	20.9	17.4
Cross-border, inbound (US\$B)	22.9	31.4	10.6	80.0	31.9	27.4	22.4
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	301	290	228	255	333	267	234
Domestic (Number of deals)	186	158	123	125	230	176	159
Cross-border, inbound (Number of deals)	115	132	105	130	102	91	76
TOTAL IPO TRANSACTIONS (US\$M)	1,712.4	2,654.4	916.4	4,729.4	1,095.3	730.7	346.5
% Global IPO transactions	0.6	1.3	0.7	2.6	0.4	0.3	0.2
Domestic (US\$M)	1,712.4	0.0	916.4	4,729.4	1,095.3	730.7	346.5
Cross-border (US\$M)	0.0	2,654.4	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.0	0.8	1.3	1.5	2.1	1.8	1.6
CPI (% yoy)	0.0	-1.1	-0.4	0.3	0.4	0.9	1.1
Merchandise trade (% of GDP)	66	66	68	70	72	73	75
FINANCIAL DRIVERS							
10-year government bond yield (%)	0.7	-0.1	-0.3	0.0	0.3	0.6	0.9
Equity prices (LCU, end of year % change)	13.0	2.7	-1.4	15.8	1.6	-7.5	-3.9
Stock market capitalization (US\$B)	1,482	1,519	1,403	1,708	1,721	1,598	1,566

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Switzerland	Global
GDP growth (% annual)	1.6	2.7
Stock market capitalization (% of GDP)	247	108
Money supply (% of GDP)	140	102
Trade (% of GDP)	71	47
Ease of doing business (World Bank)	76	72
Legal structure (Fraser Institute)	8.5	6.5
Freedom to trade (Fraser Institute)	7.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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Dealmaking held up well in 2017 against an uncertain political backdrop and tight credit conditions. Thailand's economy remains in good shape, with the global trade upturn supporting manufacturing and tourism. We forecast a gradual pickup in M&A activity to about US\$10 billion in both 2018 and 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	3.9	5.3	7.5	6.4	9.9	10.6	6.0
% of Global M&A transactions	0.2	0.2	0.3	0.2	0.3	0.4	0.3
Domestic (US\$B)	2.1	4.4	5.5	3.6	6.4	7.1	3.6
Cross-border, inbound (US\$B)	1.8	0.9	2.0	2.8	3.5	3.6	2.5
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	113	80	84	106	129	143	85
Domestic (Number of deals)	67	47	41	60	69	79	40
Cross-border, inbound (Number of deals)	46	33	43	47	60	64	45
TOTAL IPO TRANSACTIONS (US\$B)	2.7	3.9	1.2	2.3	4.6	5.0	2.2
% Global IPO transactions	1.0	1.9	0.9	1.3	1.6	1.8	1.2
Domestic (US\$B)	2.7	3.5	1.1	2.3	4.6	5.0	2.2
Cross-border (US\$B)	0.0	0.4	0.2	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	0.9	2.9	3.2	3.4	3.4	3.1	3.1
CPI (% yoy)	1.9	-0.9	0.2	0.7	1.8	2.1	2.1
Merchandise trade (% of GDP)	120	115	110	111	112	113	115
FINANCIAL DRIVERS							
10-year government bond yield (%)	3.5	2.8	2.2	2.6	3.0	3.5	4.0
Equity prices (LCU, end of year % change)	15.3	-14.0	19.8	3.5	-1.7	3.4	-10.5
Stock market capitalization (US\$B)	444	349	433	450	437	452	404

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	Thailand	Global
GDP growth (% annual)	3.3	2.7
Stock market capitalization (% of GDP)	105	108
Money supply (% of GDP)	96	102
Trade (% of GDP)	113	47
Ease of doing business (World Bank)	73	72
Legal structure (Fraser Institute)	5.0	6.5
Freedom to trade (Fraser Institute)	6.8	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



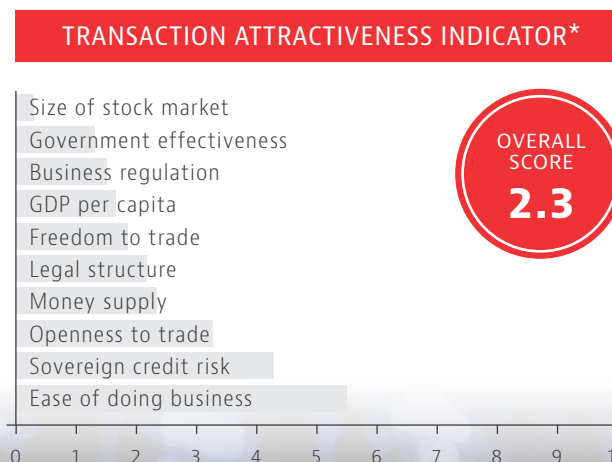
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Political risk remains a key concern for businesses in Turkey both domestically and in their relations with European partners. The domestic economy continues to perform strongly, however, with GDP growth of 4.1% in 2017. Dealmaking has performed well, and we forecast M&A to rise to US\$13.4 billion in 2018 and US\$15.3 billion in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	11.3	9.9	6.0	8.6	13.4	15.3	10.4
% of Global M&A transactions	0.5	0.3	0.2	0.3	0.4	0.5	0.4
Domestic (US\$B)	7.6	3.6	1.0	3.3	6.8	7.5	3.9
Cross-border, inbound (US\$B)	3.7	6.3	5.0	5.2	6.6	7.9	6.6
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	264	254	109	110	260	286	192
Domestic (Number of deals)	167	166	60	49	157	174	94
Cross-border, inbound (Number of deals)	97	88	49	61	103	112	97
TOTAL IPO TRANSACTIONS (US\$M)	310.0	45.0	119.9	477.5	1,482.6	2,035.2	1,258.9
% Global IPO transactions	0.1	0.0	0.1	0.3	0.5	0.7	0.7
Domestic (US\$M)	310.0	45.0	119.9	477.5	1,482.6	2,035.2	1,258.9
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	5.3	6.0	3.0	4.1	3.4	3.6	3.2
CPI (% yoy)	8.9	7.7	7.8	10.3	8.2	6.6	5.8
Merchandise trade (% of GDP)	39	38	38	39	38	38	38
FINANCIAL DRIVERS							
10-year government bond yield (%)	9.3	9.5	10.1	10.7	9.6	8.6	8.1
Equity prices (LCU, end of year % change)	26.4	-16.3	8.9	15.8	1.6	3.7	-6.8
Stock market capitalization (US\$B)	283	189	172	169	169	173	158

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Turkey	Global
GDP growth (% annual)	3.5	2.7
Stock market capitalization (% of GDP)	21	108
Money supply (% of GDP)	59	102
Trade (% of GDP)	38	47
Ease of doing business (World Bank)	67	72
Legal structure (Fraser Institute)	5.0	6.5
Freedom to trade (Fraser Institute)	6.9	7.3



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UAE has been one of the best-performing economies and deal markets in the Middle East in 2017, partly because of the First Gulf Bank and National Bank of Abu Dhabi megadeal, but also because of Dubai's diversified economy. Deal values will fall sharply in 2018 assuming no further megadeals, totaling US\$5 billion in both 2018 and 2019, which is still robust by regional standards.

M&A AND IPO TRANSACTIONS

	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	2.2	9.2	2.4	19.9	3.9	4.2	3.2
% of Global M&A transactions	0.1	0.3	0.1	0.8	0.1	0.1	0.1
Domestic (US\$B)	1.4	7.0	0.6	16.0	3.2	3.3	2.5
Cross-border, inbound (US\$B)	0.8	2.2	1.8	3.9	0.8	0.9	0.7
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	76	82	70	85	70	74	65
Domestic (Number of deals)	29	27	32	41	22	24	21
Cross-border, inbound (Number of deals)	47	55	38	44	48	50	44
TOTAL IPO TRANSACTIONS (US\$M)	2,908.6	0.0	0.0	0.0	559.9	1,061.7	130.2
% Global IPO transactions	1.1	0.0	0.0	0.0	0.2	0.4	0.1
Domestic (US\$M)	2,908.6	0.0	0.0	0.0	559.9	1,061.7	130.2
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY

	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.3	3.8	3.0	1.7	3.3	3.6	3.3
CPI (% yoy)	2.3	4.1	1.8	2.7	4.0	4.0	3.1
Merchandise trade (% of GDP)	143	146	152	153	157	165	172
FINANCIAL DRIVERS							
10-year government bond yield (%)	-	-	-	-	-	-	-
Equity prices (LCU, end of year % change)	5.6	-4.9	5.4	6.5	9.4	8.0	-6.0
Stock market capitalization (US\$B)	202	196	213	186	204	220	207

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	UAE	Global
GDP growth (% annual)	3.0	2.7
Stock market capitalization (% of GDP)	43	108
Money supply (% of GDP)	71	102
Trade (% of GDP)	158	47
Ease of doing business (World Bank)	77	72
Legal structure (Fraser Institute)	7.8	6.5
Freedom to trade (Fraser Institute)	8.3	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 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.

UK markets seem to have shrugged off last year's Brexit referendum, with equities making continued gains into 2017 despite an inconclusive general election and ongoing political uncertainty. M&A values fell sharply in 2017, but this reflects a natural correction after a record year of megadeals in 2016. With the economy set for slow but stable growth, we forecast M&A activity to rebound in 2018, but cool thereafter in line with other major European economies.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	126.9	141.3	340.3	101.6	161.9	152.2	138.9
% of Global M&A transactions	5.1	4.2	12.1	3.8	5.0	5.2	5.9
Domestic (US\$B)	61.9	33.2	48.3	31.5	52.7	48.8	45.0
Cross-border, inbound (US\$B)	65.0	108.1	292.0	70.1	109.2	103.5	93.9
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	2,213	2,284	1,607	2,297	1,741	1,686	1,675
Domestic (Number of deals)	1,382	1,358	859	1,383	1,177	1,104	942
Cross-border, inbound (Number of deals)	831	926	748	914	564	582	733
TOTAL IPO TRANSACTIONS (US\$B)	26.1	19.8	6.9	12.6	17.1	15.7	11.5
% Global IPO transactions	9.4	9.7	5.3	6.7	5.9	5.7	6.1
Domestic (US\$B)	17.5	14.6	5.3	8.3	10.7	9.8	6.8
Cross-border (US\$B)	8.6	5.2	1.6	4.2	6.4	5.9	4.7

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	3.1	2.2	1.8	1.7	1.5	1.6	2.1
CPI (% yoy)	1.5	0.1	0.6	2.7	2.0	1.7	1.9
Merchandise Trade (% of GDP)	41	43	43	44	44	44	44
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.6	1.9	1.3	1.3	1.7	2.1	2.5
Equity prices (LCU, end of year % change)	-2.1	-2.5	12.5	5.6	-0.6	-6.8	-4.2
Stock market capitalization (US\$B)	3,730	3,448	3,186	3,296	3,348	3,143	3,032

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	United Kingdom	Global
GDP growth (% annual)	1.7	2.7
Stock market capitalization (% of GDP)	140	108
Money supply (% of GDP)	119	102
Trade (% of GDP)	44	47
Ease of doing business (World Bank)	83	72
Legal structure (Fraser Institute)	7.8	6.5
Freedom to trade (Fraser Institute)	8.1	7.3

TRANSACTION ATTRACTIVENESS INDICATOR*



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M&A activity cooled in 2017 while the rebound in IPO transactions fell short of 2015 values, reflecting the impact of political uncertainty in the first half of the year as the new administration took office. GDP growth in 2017 will drop slightly because of business disruptions caused by extreme weather, but rebound in 2018, along with deal activity.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$B)	1,113.0	1,525.9	1,309.1	1,254.0	1,441.0	1,147.3	928.2
% of Global M&A transactions	44.9	45.1	46.6	47.4	44.5	39.3	39.1
Domestic (US\$B)	903.2	1,251.5	916.3	814.5	1,084.9	902.5	774.2
Cross-border, inbound (US\$B)	209.8	274.4	392.7	439.5	356.1	244.8	154.0
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	8,680	8,978	7,228	10,983	10,749	8,817	7,613
Domestic (Number of deals)	7,253	7,452	5,947	8,894	8,959	7,316	6,377
Cross-border, inbound (Number of deals)	1,427	1,526	1,281	2,089	1,790	1,500	1,237
TOTAL IPO TRANSACTIONS (US\$B)	100.7	40.5	23.0	48.3	92.5	75.1	60.3
% Global IPO transactions	36.9	19.8	17.6	25.9	31.9	27.4	32.3
Domestic (US\$B)	56.0	35.3	16.2	39.7	70.9	57.1	50.8
Cross-border (US\$B)	44.7	5.1	6.8	8.7	21.6	18.0	9.4

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	2.6	2.9	1.5	2.1	2.4	1.8	1.5
CPI (% yoy)	1.6	0.1	1.3	1.9	1.7	1.9	1.9
Merchandise Trade (% of GDP)	22	22	22	22	23	23	23
FINANCIAL DRIVERS							
10-year government bond yield (%)	2.5	2.1	1.8	2.3	2.4	2.7	3.1
Equity prices (LCU, end of year % change)	10.0	-2.3	10.6	7.4	1.5	-5.4	-0.7
Stock market capitalization (US\$B)	25,659	25,068	27,352	30,923	31,398	29,702	29,504

KEY DRIVER SUMMARY (AVERAGE 2016-2020)

	United States	Global
GDP growth (% annual)	1.8	2.7
Stock market capitalization (% of GDP)	146	108
Money supply (% of GDP)	66	102
Trade (% of GDP)	23	47
Ease of doing business (World Bank)	82	72
Legal structure (Fraser Institute)	7.1	6.5
Freedom to trade (Fraser Institute)	7.4	7.3

TRANSACTION ATTRACTIVENESS*



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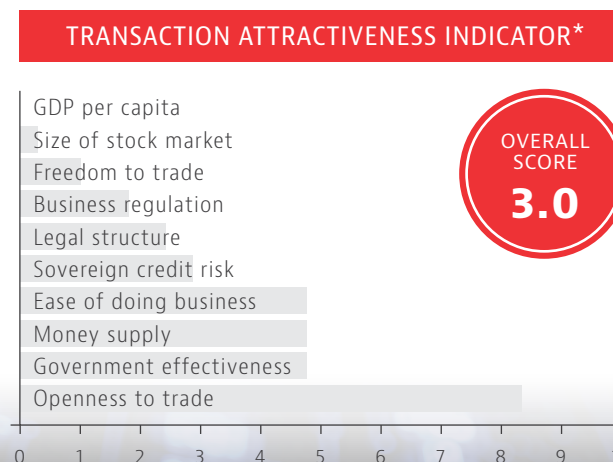
Dealmaking in Vietnam has suffered from a number of knocks to confidence in its economy, including weaker oil prices and the new US administration's rejection of the TPP. But domestic drivers are solid, and the program of economic liberalization, privatization of state enterprises, and new investment in the energy sector should support a recovery in M&A activity to US\$2 billion in 2018, and slightly higher in 2019.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017	2018	2019	2020
TOTAL M&A TRANSACTIONS (US\$M)	741.0	2,185.4	4,585.5	723.3	2,022.4	2,188.7	1,371.7
% of Global M&A transactions	0.0	0.2	0.2	0.0	0.1	0.1	0.1
Domestic (US\$M)	592.5	1,140.1	1,166.3	250.5	1,430.4	1,509.9	814.8
Cross-border, inbound (US\$M)	148.5	1,045.3	3,419.2	472.8	592.0	678.8	557.0
TOTAL VOLUME OF M&A TRANSACTIONS (Number of deals)	236	372	373	293	331	338	204
Domestic (Number of deals)	183	303	289	221	263	267	144
Cross-border, inbound (Number of deals)	53	69	84	72	68	71	60
TOTAL IPO TRANSACTIONS (US\$M)	427.5	50.2	172.0	271.1	578.0	766.5	264.9
% Global IPO transactions	0.2	0.0	0.1	0.1	0.2	0.3	0.1
Domestic (US\$M)	427.5	50.2	172.0	271.1	578.0	766.5	264.9
Cross-border (US\$M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017	2018	2019	2020
MACROECONOMIC DRIVERS							
Real GDP growth (% yoy)	6.0	6.7	6.2	6.7	6.7	6.5	6.2
CPI (% yoy)	4.1	0.6	2.7	3.9	4.0	4.0	4.0
Merchandise trade (% of GDP)	177	193	198	204	211	219	227
FINANCIAL DRIVERS							
10-year government bond yield (%)	1.9	1.1	1.8	1.8	1.8	1.8	1.8
Equity prices (LCU, end of year % change)	18.2	0.0	7.7	11.1	10.6	10.9	10.5
Stock market capitalization (US\$B)	54	52	66	60	65	71	76

Source: Oxford Economics

KEY DRIVER SUMMARY (AVERAGE 2016-2020)		
	Vietnam	Global
GDP growth (% annual)	6.4	2.7
Stock market capitalization (% of GDP)	26	108
Money supply (% of GDP)	127	102
Trade (% of GDP)	209	47
Ease of doing business (World Bank)	64	72
Legal structure (Fraser Institute)	5.5	6.5
Freedom to trade (Fraser Institute)	6.5	7.3



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