

A Walk Through 2016 Global M&A

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Worldwide, 2016 has been a politically impactful year. In the United States, a controversial presidential election resulted in the unexpected election of Donald Trump. Across the pond, the United Kingdom voted to separate itself from the European Union, resulting in Brexit. Europe saw its own political battlegrounds with the Italian referendum and the French and German national elections. Furthermore, Central and South America faced falling oil prices and changes in U.S. monetary policy. These events had a huge impact on the M&A market by reducing investors' confidence, which resulted in a decline in the volume and value of deals, compared with the huge numbers in global mergers obtained in 2015.

However, during Q3, global value improved in comparison to Q2 even though its volume declined. [Paul Parker](#), Chairman of Global M&A at Goldman Sachs, credited this to companies being more selective with deals by looking for lower-growth sectors with a high potential for synergies and where potential acquirers could enjoy a healthy stock price. Unsurprisingly, [Goldman Sachs](#) led as number one under the top financial advisors in Q3.

Of the top five global transactions in 2016, three of them were held in the U.S., including the very last transactions of Q3: the German drug and crop protection company Bayer's takeover of Monsanto, a U.S. agrochemical company. This transaction resulted in the biggest all-cash deal in the U.S., in which [43.8%](#) of the global market share was captured. M&A deals in the U.S. definitely decreased in volume compared to 2015, but their value holds strong. Europe has been facing some challenges resulting from the political and economic trials that have happened during the year and affected dealmakers' confidence. Nevertheless, as demonstrated by the Monsanto takeover, German dealmakers have remained active.

In addition, the industrials and chemicals sector is positioned as number one in the 2016 most [targeted sectors](#). Alongside the technology sector, it is a preferred sector by Chinese dealmakers. In fact, industrials and technology recorded year-on-year value increases of [498.4%](#) and [297.2%](#), respectively. With Brexit and the immediate drop in sterling, Japan-based [Softbank's acquired UK-based Tech firm ARM holdings](#), which resulted in one of the biggest deals in technology companies targeting a UK company.

After all, 2016 has not been a bad year for Global Mergers. While it has been a year of political and economic changes that have definitely impacted the market, dealmakers have seized the opportunities available. Even though the amazing numbers achieved in 2015 were not reached, dealmakers showed foresight by reviewing regulations and economic impacts of a merger before striking deals merely in order to stay with the trends of past years.