

Dealmaking expanded in April but not as rapidly as in March, according to Mergers & Acquisitions' M&A Conditions Index (MACI). The MACI composite score was 54.0, down from 57.5 the previous month.

The index component that dropped the most was Divestitures, which fell 12 points. Corporate spin-offs fueled activity in 2016, especially in the first half of the year, but they may be tapering off in 2017.

Leads for new deals declined nearly 5 points but remained robust, with a score of 65.6. M&A business activity fell more than 5 points and staffing 3.5 points, while completed deals stayed flat.

Contributing to the slower pace were concerns about the federal budget, tax policy, healthcare legislation, trade agreements and global politics, dealmakers said. Nonetheless, most who participated predicted that regulatory hurdles and taxes will be reduced by the federal government, moves expected to boost M&A. ■

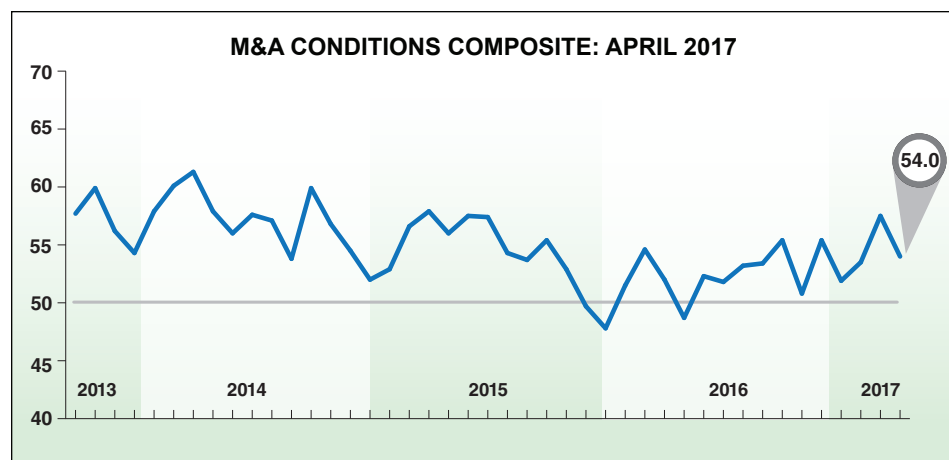
ABOUT THE MID-MARKET MERGERS AND ACQUISITIONS CONDITIONS INDEX (MACI)

The MACI is a composite index of mergers and acquisitions activity and conditions in the U.S. It is the result of the Mergers & Acquisitions' survey of executives in private equity firms, investment banks, lenders and advisor firms to track activity such as deals announced and deals completed, as well as acquisitions and divestitures.

Each sub-indicator is based on survey responses that describe a change from the previous month (e.g., increase, decrease, or no change). Respondents are also asked to elaborate on any of the changes and provide their opinions about other internal or external conditions that affect their firm's operations or business outlook. A diffusion index is produced for each sub-indicator by calculating the sum of percentages of those indicating "higher" (for positive sub-indicators) and "lower" (for negative sub-indicators) and half of those indicating the "same." A reading of over 50 indicates an expansion relative to the prior month, and a reading below 50 indicates a contraction.

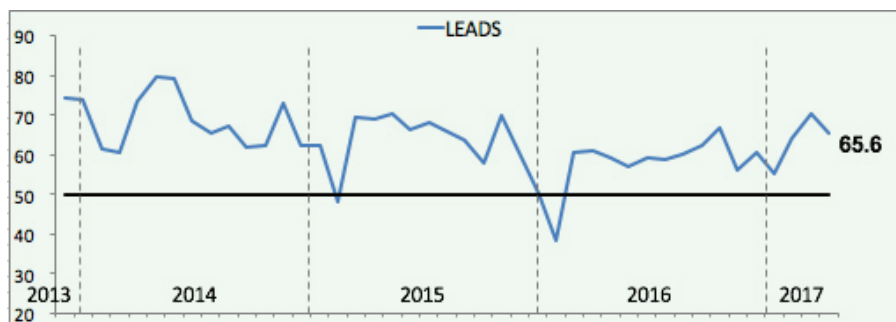
April composite at 54.0

The composite was high in April but 3.5 points lower than it was in March. Dealmakers expressed some concern about a range of economic and political factors but remained optimistic overall.



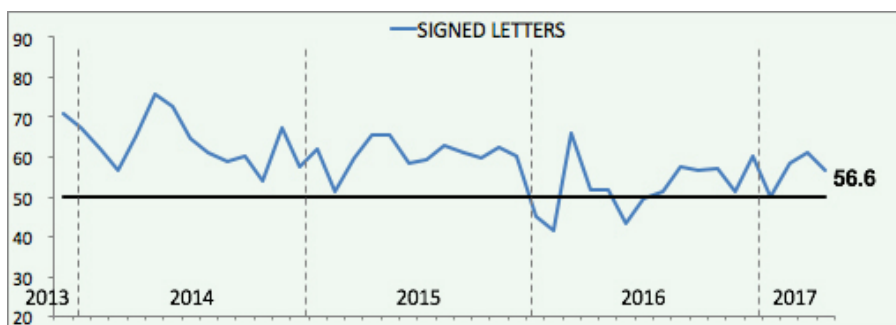
Month to Month Trends

Index	April Index	March Index	% Point Change	Direction	Rate of Change	Trend (months)
Composite	54	57.5	-3.5	Slower	Expansion	59
Leads	65.6	70.4	-4.8	Slower	Expansion	3
Signed Letters	56.6	61.1	-4.4	Slower	Expansion	15
Completed Deals	50.0	50.0	0	Unchanged	Expansion	3
Divestitures	46.6	58.6	-12	From Expansion	Contraction	1
Financing Availability	53.4	56.1	-2.6	Slower	Expansion	30
M&A Business Activity	54.5	59.8	-5.2	Slower	Expansion	30
M&A Business Staffing	52.3	55.8	-3.5	Slower	Expansion	15
Bidders	46.6	38.4	8.3	Slower	Expansion	59



► Leads

Leads for new deals declined nearly 5 points but remained robust.



► Signed Letters

Signed Letters, which represent the next stage in the dealmaking process, declined more than 4 points.



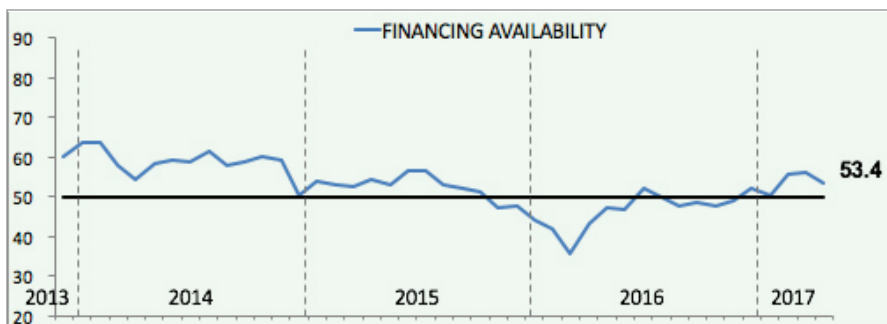
► Completed Deals

This component remained flat.



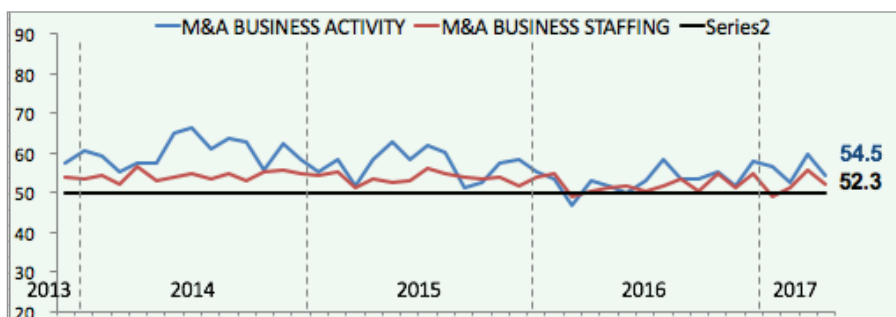
► Divestitures

Divestitures fell 12 points. Corporate spin-offs fueled activity in 2016, especially in the first half of the year, but they may be tapering off in 2017.



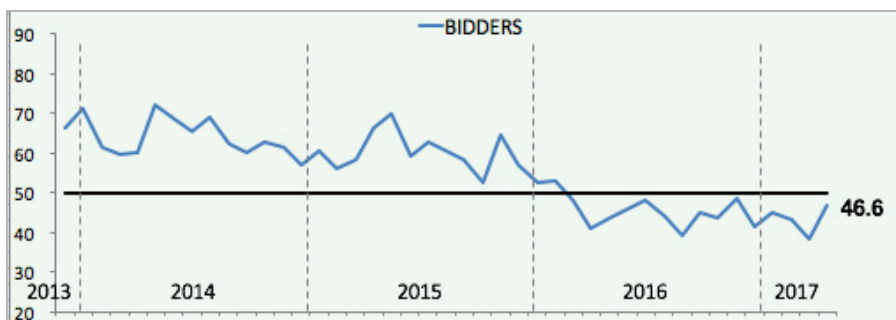
► Financing Availability

This component dipped but remained healthy.



► Business Activity & Staffing

M&A business activity fell more than 5 points and staffing 3.5 points, suggesting that middle-market firms may be at capacity.



► Bidders*

The score for Bidders improved more than 8 points but remained in contraction.

*Note: When survey respondents report increases in a contrary indicator (bidders) the composite index numbers drop, reflecting worsening business conditions. Contrary indicators are thus calculated inversely to quantify this effect.