U.S. Merger & Acquisition (M&A) Activity Tops $1 Trillion In 2013

View from the Observation Deck

1. Today’s blog post is just one more example of how the recovery following the 2008 financial crisis has broadened.
2. If stock dividends are a barometer of the financial strength of a company, M&A activity is a barometer of the strength of the overall economy, in our opinion.
3. Year-to-date through 11/22/13, the dollar volume of announced U.S. M&A deals totaled $1.007 trillion. It is the first trillion dollar year since the $1.303 trillion posted in 2007, just before the financial crisis.
4. The 15,180 deals announced this year already surpassed the 12,296 deals made in 2007. That is a sign of confidence in the state of the economy, in our opinion.
5. S&P Capital IQ reported that the typical deal announced this year was valued at a multiple of 5.4 times revenue, compared to 5.1 times revenue for all the announced deals in 2012.
6. By this measure, companies are paying more for acquisitions in 2013.

This chart is for illustrative purposes only and not indicative of any actual investment.