

---

## Record buyouts and buyback bode ill: TrimTabs

---

By Editorial Staff     Fri, Jan 8, 2016

---

*"The merger boom is a longer-term negative signal for U.S. equities," said David Santschi, chief executive officer at TrimTabs.*

---

A record \$1.41 trillion in cash was committed to buy U.S. public companies and repurchase shares in U.S. public companies in 2015, TrimTabs Investment Research reported this week.

"Last year's volume easily surpassed the previous record of \$1.27 trillion in 2007," said TrimTabs CEO David Santschi. "It's not surprising that corporate America turned more to financial engineering as revenue and profits stagnated."

Cash takeovers reached \$682 billion in 2015, smashing the previous record of \$448 billion in 2007, TrimTabs reported in a research note. Previous interim peaks in 1999 and 2007 both coincided with major market tops.

U.S. companies also announced share repurchases of \$725 billion in 2015, second only to the \$810 billion notched in 2007.

"The merger boom is a longer-term negative signal for U.S. equities," said David Santschi, chief executive officer at TrimTabs. "Stock performance tends to deteriorate after periods of heavy merger activity, which is what we saw in the second half of last year."

The largest cash mergers last year included Dell's agreement to buy EMC using \$46.2 billion in cash, Anthem's \$45.0 billion all-cash offer for Cigna, Berkshire Hathaway's \$32.4 billion all-cash offer for Precision Castparts, and Charter Communications' \$28.3 billion all-cash bid for Time Warner Cable.

© 2016 RIJ Publishing LLC. All rights reserved.