



Contact:  
Kyle O'Connor  
312.628.6927  
[kyle\\_oconnor@TreasuryStrategies.com](mailto:kyle_oconnor@TreasuryStrategies.com)

For Immediate Release

## **Treasury Strategies Warns Corporate Treasurers to be Wary of Inflation and Rising Rates in 2011**

Chicago, Illinois – February 2, 2011 – Corporate treasury must prepare for changes to low interest rates and low inflation in order to be successful in 2011, according to Treasury Strategies. These are the “Elephants in the Room” because relatively few people are talking about them, asserts the treasury consultancy, which made these statements this week during its annual “[State of the Treasury Profession](#)” message delivered to treasury professionals from over 30 countries.

“The new year brings new challenges,” said Cathy Gregg, Partner of Treasury Strategies. “Low interest rates and low inflation are ‘The Elephants in the Room’ because of their potential to dramatically impact global treasury operations, and no one is talking about them. Issues such as [regulatory reform](#), Eurozone instability and [counterparty risk](#) are still around, but **the elephants are low interest and inflation.**”

These two elephants are likely to shift rapidly. There is a real risk that treasury departments are not adequately prepared for the challenges they will face when interest rates and inflation change.

“When these elephants move, an ill-prepared treasury will be trampled,” said Mike Gallanis, a Partner with Treasury Strategies. “For example, if your treasury is invested too heavily in long-term instruments and rates spike up, you’re trampled.”

It is possible to prepare for these elephants through proactive planning which includes assessing your capabilities as well as implementing appropriate technology. Any opportunities or threats uncovered through this process should be addressed immediately.

“Treasury technology that automates processes and integrates various systems will provide intelligence into cash positions and counterparty exposures. Implementing that sort of intelligence will enable treasury to make informed decisions,” said Ray Benson, a Managing Director with Treasury Strategies.

“After the turmoil our industry experienced throughout the financial crisis, **treasury can no longer execute what comes along.** Treasury must proactively prepare for the next set of challenges,” said Gallanis. “Waiting to assess capabilities will just make it easier for the situation to spiral out of control when these elephants start to change.”

Download the presentation, “[Facing the Elephants in the Room.](#)”

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### Treasury Strategies, Inc.

309 W. Washington Street  
13th Floor  
Chicago, Illinois 60606

† 312.443.0840  
f 312.443.0847

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61 Broadway  
Suite 905  
New York, New York 10006

† 212.292.0856  
f 212.292.0863

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1 Northumberland Avenue  
Trafalgar Square  
London  
WC2 N5BW  
Great Britain

† +44 207 872 5551  
f +44 207 872 5611

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[www.TreasuryStrategies.com](http://www.TreasuryStrategies.com)

[Access a recording](#) of the 30-minute webcast.

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