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For Immediate Release

U.S. Corporate Cash Jumps to All-Time Record

Chicago, IL, December 12, 2013 – Bolstered by one of its largest quarterly increases on record, cash held by corporations in the U.S. rose by over 6% in the third quarter. Corporate cash now stands at \$1.925 trillion, up from \$1.811 trillion at the end of June.

Treasury Strategies' analysis of data released this week by the Federal Reserve showed that much of the increase was the result of companies going into the market and issuing bonds. Rather than companies immediately deploying that cash, over \$80 billion went into bank deposits. Interestingly, reserves that banks have deposited at the Fed grew by \$250 billion, demonstrating that banks had little use for the new corporate deposits.

"This is a matter of concern," says Anthony J. Carfang, a Partner at Treasury Strategies. "Funds continue to slosh around the financial system with nowhere to go. Corporations raise money to take advantage of current rates and simply hold that money idly in bank accounts. Banks then turn it over at a small spread to the Fed where it sits as idle reserves."

According to Treasury Strategies Partner Cathy Gregg, "We believe companies are moving toward longer-term funding of their balance sheets for two reasons. First, long-term funding is currently inexpensive, even if there is no immediate use for the cash. Second, corporate CFOs are increasingly concerned that regulation and particularly the Basel III requirements for banks will result in banks becoming less reliable sources of short-term borrowing in the future."

Treasury Strategies will discuss these and other important treasury and cash issues at its upcoming Quarterly Corporate Cash Briefing on January 9, 2014.

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