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For Immediate Release

U.K. Corporate Cash Declines, Five-Year Growth Trend Consistent with Eurozone and U.S.

Chicago, IL, June 28, 2012 – U.K. corporate cash declined more than 2% during the first quarter, as reported by the Office for National Statistics this morning. Although central banks around the world are pumping funds into their respective economies, the cash is not showing up on corporate balance sheets, according to Treasury Strategies, the leading treasury and liquidity consulting firm.

The Office of National Statistics reported today that corporate cash balances decreased last quarter to £737 billion, a 2% decrease from the previous 4Q 2011 figure.

"Our clients have implemented cash and working capital practices that enable efficient operations in today's uncertain environment," says Monie Lindsey, a Managing Director of Treasury Strategies U.K. Limited. "We have assisted many companies in structuring their banking relationships and implementing treasury technology to optimize their cash flow."

Treasury Strategies conducts quarterly conversations with several hundred corporate treasurers. "We hear several positive signs from our clients, such as the emerging strength of capital spending and relatively strong cash flow. We are also hearing strong concerns about the impact of regulatory changes," says Lindsey.

Anthony J. Carfang, a Partner of Treasury Strategies, notes that corporate cash has been following a similar pattern across the U.K., Eurozone and the U.S. Since late 2007, at the onset of the financial crisis, corporate cash is up 10% in both the U.K. and Eurozone, and it is up 14% in the U.S. In all cases, cash is tracking closely with local GDP.

"However, the same can't be said for bank reserves in these three regions," says Carfang. "U.S. bank reserves have been at 10% of GDP for the past year, reflecting the high levels of stimulus and quantitative easing. Stimulus in the U.K. is catching up, rising from 6% of GDP to 10% over the past year. Lagging the group, Eurozone bank reserves stood at only 2% of Eurozone GDP a year ago and are now approaching 8%."

Corporations are also asking about the stability of their financial services providers. "Will credit be there when we need it? Will our banks be able to honor their commitments? Will financial markets remain flexible to meet our requirements? These are questions that keep our clients up at night," says Cathy Gregg, a Partner of Treasury Strategies.

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The combined impact of higher regulatory cost, less liquid and robust capital markets, and the ability of financial institutions to meet their funding requirements in the longer term has triggered many corporations to raise their own cash in order to “bank” themselves.

Download the presentation deck from today’s webinar, or access a recording of the event.

Note to Editors, Reporters: Monie Lindsey, Anthony Carfang, and Cathy Gregg are available for comment on this matter.

About Treasury Strategies, Inc.
Treasury Strategies, Inc. is the leading Treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions. Visit TreasuryStrategies.com for more information.

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