Treasurers get ready for a year like no other: how should you prepare for 2021?

Chart of the month | Treasurers’ analysis evolves throughout the pandemic

We investigated which apps were most popular with our customers at three different points in 2020: prior to the COVID-19 crisis in January, at its height in March, and as firms looked to build longer term resilience in November. Credit risk was a clear focus
in March, with analysis of economic indicators and market volatility also high on the agenda. CDS (credit default swap) Dashboard usage jumped an impressive 155% from February to March, whilst use of Economic Indicators was up 60% compared to the same time the previous year.

Private company overviews saw a spike in usage during the early stages of the crisis before dropping off, suggesting interest in analyzing the health of extended supply chains and client bases was of critical importance during the first stage of the pandemic. Watch the data.

**What Next?** | While 2020 is behind us, the pandemic has led to significant economic dislocation and a weaker economic outlook for 2021. This is a crisis of the real economy, and as such it poses a greater risk to corporate entities. Current app usage patterns strongly suggest that debt structure analysis and company fundamentals (balance sheets, income statements) will be a major focus for treasury teams over the coming weeks and months.

**How can you best prepare?** | There is likely to be significant pressure on corporate cashflow and solvency, with several forecasters predicting default rates for both high yield bonds and corporate loans will rise significantly. Against this backdrop, it will be critical for companies to identify risk stresses within their supply chains and amongst their clients.

Read on for a round-up of resources and insight to help you manage the risks ahead.

**Vaccine science could supercharge markets in 2021** | Let’s start with a positive! Reuters Breakingviews columnists share their predictions and prescriptions spanning the world of business, corporate finance, mergers, economics and more in a new, free to read e-book ‘the world emerges.’ Grab a coffee for this one.

**Term SONIA benchmark ready** | Earlier this week, we launched the Refinitiv Term SONIA benchmark, supporting market participants including lenders and borrowers with their migration away from LIBOR. Catch up on our expert-led LIBOR
transition webinar featuring the Head of Treasury for the London branch of Intesa Sanpaolo for practical advice on managing the transition.

NEW product enhancement automates treasury workflow

Users of our award-winning electronic trading platform, FXall, can now run fair value mark-to-market analysis of their FXall trades within Refinitiv’s multi asset and risk valuation app (MARVAL), available in the Eikon desktop.

Spotlight on... Spotting Credit Risk Red Flags

It might have come as a shock to see iconic rental car company Hertz filing for bankruptcy protection in May last year. But what if you could have found signs of distress a year in advance? Using StarMine Credit Risk Models, available in Refinitiv Eikon, would have indicated multiple red flags.

Using StarMine is like adding an entire research department of Ph-D-level experts to your team, with analysis showing that the Combined Credit Risk Model accurately predicts 90.4% of default events within a 12-month horizon.

Tell me more | We have a series of white papers on StarMine: the Structural Credit Risk Model, the Smart Ratios Credit Risk Model and the Text Mining Credit Risk Model. All three are integrated into the Combined Credit Risk Model, generating a single estimate of public company credit risk.
Refinitiv for Corporate Treasurers | Powering automation, analytics and insight

To find out how Refinitiv can support you across your entire workflow, from optimizing long-term funding, managing short-term liquidity and FX execution to risk management, check out our website or get in touch.

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