Treasury Trends

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Stocking Up on Strategy: Treasury Priorities for 2026

Global Backdrop: Stockings Half-Full

As 2025 draws to a close, treasurers face a landscape marked by uncertainty and fast-shifting expectations. Trade-policy tensions and rising sovereign debt burdens have shaped market dynamics throughout the year, alongside a surge in technology and AI-related investment that continues to influence the broader economic outlook. Concerns are building around stretched US equity valuations, with warning signs that prices may be outpacing fundamentals. Meanwhile, US–China tensions remain a defining force for trade routes, supply-chain strategy and commodity markets.

Australasian currencies have struggled against a robust USD, with both the NZD/USD and AUD/USD experiencing +10% ranges over the year – movements well within historical norms but still challenging from a hedging perspective. Diverging monetary policy has added to this volatility: the Reserve Bank of Australia has maintained a cautious, higher-for-longer stance, in contrast with the Reserve Bank of New Zealand's deeper easing cycle. Volatility in the economic data continues to hamper a clear direction of travel for policymakers.

Adding to global uncertainty are upcoming personnel changes at the US Federal Reserve. With Chair Jerome Powell's term expiring in May and political pressure to lower US borrowing costs intensifying, any shift in policy direction, or even shifts in tone, could ripple through global rates, bond yields and currency markets. And that agreement, which recently ended the prolonged US Government shutdown, extends funding only until the end of January, meaning the next shutdown could be just around the corner.

In short, treasurers should prepare for a 2026 defined by mixed signals: areas of stability tempered by persistent fragility, and markets highly sensitive to sudden changes.

Key Points

- Agility is essential: macro, geopolitical, and financial market risks remain elevated
- Liquidity flexibility and early refinancing planning are critical. Funding markets are currently very attractive for borrowers
- Governance matters: Treasury policy and reporting must support clear, timely decision-making
- Ensure risk management strategies are reviewed regularly and strike the right balance between minimising cost and delivering greater financial certainty
- Talent is the differentiator: continuous skills development is the best preparation for the unexpected.

Treasury Strategy Review: Keeping Steady in a Sleigh Full of Moving Targets

For many organisations, the treasury strategies set at the start of 2025 have required continuous recalibration. Forecasts for interest rates, inflation and currency markets have shifted materially over the year, challenging even the most robust planning frameworks. Market volatility, geopolitical tensions and divergent central-bank policy paths have all contributed to an environment where assumptions made only months ago no longer hold. In this context, treasurers have needed to balance agility with discipline, adjusting forecasts and exposures, updating risk parameters and reassessing banking and funding needs in response to evolving conditions.

As 2026 approaches, the ability to revisit, adapt and realign strategy has become a defining characteristic of high-performing treasury management. Treasurers should take stock of their core objectives and reassess whether current hedging, liquidity and investment frameworks remain fit for purpose. Strategies anchored in last year's expectations risk being out of step with the realities of today's markets. A deliberate and structured recalibration process, grounded in scenario analysis, stress testing and clear decision-making criteria, will help ensure treasuries remain resilient amid ongoing uncertainty.

'Tis the Season for Surprises

Treasury clients often ask how they can prepare for the unexpected. While no organisation can predict every trend or shock, resilience can be supported by three foundational elements:

1. Liquidity & Funding Optimisation

A robust funding strategy remains the cornerstone of corporate resilience and one of the most critical business requirements for keeping operations moving. This includes a well-structured funding plan, diversified borrowing sources and funding maturity profile, and clear visibility of cash buffers, working capital and upcoming investment needs.

Australasian borrowers continue to benefit from an extremely competitive bank lending environment, with a strong appetite among lenders and extremely tight pricing for good quality names. However, this favourable funding backdrop can shift quickly if offshore shocks occur, underscoring the need for proactive planning.

For treasurers with upcoming debt maturities (or those looking to reprice to more favourable terms), planning for 2026 should include:

- Assessing refinancing windows early and evaluating pre-funding opportunities to reduce exposure to sudden market shifts
- Reviewing banking-group composition and lender appetite to ensure the relationship mix remains fit for purpose
- Ensuring documentation, covenants and financial metrics remain aligned with current lender expectations

Waiting until the last moment is rarely a winning strategy. Funding early or staggering maturities can help shield against abrupt repricing. Recent years have shown that liquidity can tighten rapidly, even when domestic conditions appear stable.

With cost pressures across many sectors, cash optimisation should also remain a priority. Treasurers should revisit cash-forecasting frameworks, payment cycles and working-capital levers to identify efficiency gains. Modern forecasting tools, automation and improved data integration across ERP and banking systems can significantly enhance visibility. Better insights enable treasurers to support both strategic decision making and day-to-day liquidity management with greater confidence. Our advisory team has had a busy year helping clients optimise transactional banking structures and pricing, small changes that can generate meaningful, recurring savings.

2. Governance and reporting

Policies, reporting and oversight mechanisms must clearly highlight exposures, risks and opportunities, supported by consistent data and the right level of detail for both management and the Board. Strong governance ensures risks are understood early and acted on decisively.

We frequently encounter examples of weak Board reporting, an area where even a small investment of time and focus can deliver significant value. Information should be presented in a clear, structured manner, highlighting key metrics and insights without overwhelming directors with unnecessary detail. Use visuals, executive summaries, and dashboards to make the data digestible. Reporting should also align with the internal governance requirements, i.e. the controls outlined in the treasury policy.

3. Future-Proofing Capability

The most effective treasury outcomes are delivered by well-trained teams supported by clear, consistent internal communication. Regular upskilling, scenario-based training, and policy refreshers equip staff to respond confidently and decisively to shifting market and operational conditions.

While treasury cannot eliminate uncertainty, it can significantly reduce an organisation's exposure and vulnerability. The critical question is not whether circumstances will change, but whether the organisation is capable of responding quickly and in a controlled, orderly manner. In this context, treasury plays a central role in enabling organisational agility and resilience. With more than 30 years in treasury advisory, our structured approach - regular client dialogues anchored in monthly or quarterly meetings with clear agendas - has proven effective in supporting proactive, better-informed decisions rather than clients scrambling to respond to problems after they arise. Our *Partnership Plans* set out key treasury-related workstreams, timeframes and actions to ensure key deliverables are planned for and managed. A goal without a plan is just a Christmas wish.

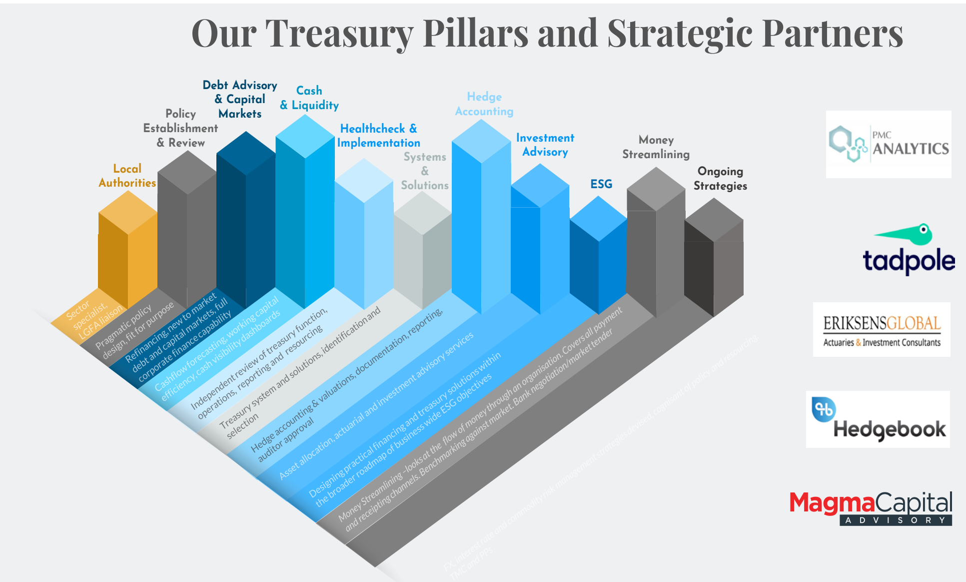
Wrapping Up

As we move into 2026, uncertainty will continue to shape the economic and geopolitical landscape. Treasurers will need to balance liquidity, funding, risk management and cost, while remaining ready to adjust quickly as conditions evolve.

If your team would benefit from a structured review of treasury risks, funding strategies, or policy frameworks, our treasury specialists can provide support. We work closely with clients to assess exposures, strengthen governance, refine strategies, and ensure readiness for the year ahead.

Please reach out to your trusted advisor for guidance on building a resilient and agile treasury in 2026 and beyond. In the meantime, we wish all of our readers a Merry Christmas!

WHAT WE DO



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