



# Mastering markets in motion: why clarity is the new currency

*In volatile global markets, clarity is the new currency. Bloomberg's Chintan Shah explains why treasurers who integrate authoritative data, analytics and real-time visibility can outperform those relying on fragmented or manual systems.*



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Managing risk is at the heart of the treasurer's role – and in recent years, treasurers have been expected to manage an increasingly broad range of risks, from FX, commodity and interest rate risks to operational, geopolitical and cyber threats.

These risks can interact with each other in complex and multifaceted ways. As Chintan Shah, Global Head, Buyside Treasury, ALM and Finance at Bloomberg explains, “The markets today are buffeted by a mix of geopolitical and systemic risks that can severely move the FX, interest rate and commodity markets.”

As recent months have demonstrated, trade wars and rapidly evolving tariff regimes can play a significant role in fuelling exchange rate volatility. A **2025 report by the Bank of England** found that “exchange rates react to US tariff shocks in systematically different ways depending on whether there is retaliation: the US dollar (USD) appreciates if the tariff is imposed unilaterally, but depreciates if other countries retaliate.”

At the same time, sovereign debt levels are continuing to rise, with the **IMF forecasting** that global public debt will exceed 100% of gross domestic product by 2029. Today's landscape is also being shaped by industrial innovations, such as more complex just-in-time supply chains, as well as the **record levels of assets under management (AUM)** being held by asset managers and asset owners.

## Mitigating the impact of market movements

Market moves can rapidly impact margins that are already thin – and for corporate treasurers, protecting cash and earnings from excessive market movements is more critical than ever in times of volatility. But the techniques treasurers have long used to mitigate risk are fraught with shortcomings.

“FX tends to present the most salient risk to most treasurers, as operations and widely diversified investment portfolios generate cash in many currencies,” says Shah. “When combined with market volatility, funding and repatriation risk continue to be a significant source of angst among treasurers.”

## Shortcomings of traditional techniques

In addressing these risks, many treasurers continue to use traditional techniques such as FX forwards or commodity and interest rate futures that are rolled every one-to-three months.

But as Shah explains, these strategies suffer from persistent ‘market slippage’, as returns are eroded at each roll. “Rather than truly hedging long-term exposures, the roll policy merely defers FX

impacts, reducing returns over time, and thus impacting firm margins,” he says.

Shah notes that this issue can be addressed by using more sophisticated hedging methods, such as cross-currency swaps whereby FX cash flows are matched to the swap instrument.

“Such an approach is most beneficial across treasury functions at firms such as insurers, asset owners and many resource extraction-focused corporations,” he observes, adding that such firms can bundle both their interest and FX risk “as long as their processes and tools allow them to hedge in this manner.”

Other drawbacks of traditional methods include fragmented data, manual spreadsheet bridges and operational risk due to re-keying, with many treasury teams still using manual processes to manage their FX exposures.

## Connectivity is key

To mitigate risks effectively, it's clear that treasurers need full visibility over their firms' investment portfolios, hedges, liability obligations and cash flow projections. “A flexible workspace should be able to bring together such a view with real-time information on market moves, trading activity and any substantial impacts to expected cash flows due to geopolitical risks,” explains Shah.

But while many treasury systems can do this within a reasonable margin of error, the workflows associated with these different activities often require too much manual intervention.

The solution: a connected workflow that enables treasurers to hedge and mitigate risk across FX, interest rates and commodities, with automation of reporting, electronic trading and hedge accounting.

As well as acting as an aggregator for real-time information, this type of connected workflow also layers in sophisticated projection, valuation and risk models to provide deeper analytics and insights.

As Shah explains, treasurers usually have stated hedging and funding policies that they follow in the vast majority of situations. “A connected workflow should capture these policies and directly propose rational hedges and funding trades that a treasurer can affirm and execute,” he says.

This ‘smart treasury’ approach reduces the noise and effect of a large amount of real-time financial data and allows treasurers to operate by exception, increasing operational efficiency. In addition, a system that produces automated proposals

for hedging and funding can significantly reduce manual interventions, freeing up treasurers' time to focus on strategic decision-making.

Key to this approach is a system that's integrated with the firm's TMS/ERP system. In order to make effective decisions, treasurers need to have a near-real-time view of their investment portfolio and hedges. Shah argues that this is particularly critical for asset managers, asset owners and corporations with significant investment portfolios, since this can materially impact their returns.

"Liability projections at insurers and pensions, or ERP cash flow projections, tend to be slower moving, but can often represent the bulk of a firm's balance-sheet," he adds. "Having regular updates from those systems into a treasury workspace is critical but can be on a slower cadence."

## Atypical destabilisation

Of course, not all actions are ripe for automation. Taking a step back, Shah says that treasurers are increasingly concerned about the "atypical destabilisation of public markets due to geopolitical risks, trade tensions and unexpected interventions."

In particular, he highlights the recent divestment of US treasury bonds by some Danish pensions. Anders Schelde, Investment Director of AkademikerPension, said in a written statement that the firm's decision to sell off its US\$100m holding "is rooted in the poor US government finances, which makes us think that we need to make an effort to find an alternative way of conducting our liquidity and risk management."

Other notable developments include Dutch pension reform, which is seeing pension funds moving to a defined contribution model ahead of a 2028 deadline. Around €550bn in assets have already transitioned to the new model, prompting a significant unwinding of long-dated interest rate hedges as pension funds modify their investment strategies.

As Shah explains, developments like this "result in significant one-way demand in the FX and the interest rates and bond markets in a short period of time. Executing these trades to reduce their impact on firm balance-sheets requires a clear view of spot and forward prices, interest rates and crucially, liquidity."

As such, a combination of human and data intelligence is needed to adapt to these changes, with active decision-making by those responsible for the balance sheet health of the firm. "Equipping the treasurers and other decision makers with easy

to aggregate data, and removing friction to their workflows are vital to optimal firm outcomes," says Shah.

## Striking a balance

Against this backdrop, Bloomberg developed sophisticated solutions to help treasurers interpret and respond to market volatility. According to Shah, the firm empowers its treasury clients to handle their hedging, liquidity and funding needs efficiently by focusing on the "big, exceptional moves", rather than every change.

The value of Bloomberg's offering was highlighted in the 2025 Adam Smith Awards Asia, when IHH Healthcare was recognised as Overall Winner in the Judges' Choice category.



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As part of a broader transformation journey, IHH Healthcare, one of the largest private healthcare providers, simplified and automated its FX trading and hedging processes by adopting Bloomberg's FX aggregator platform to automate orders, reduce manual work and mitigate operational risk. In this award-winning project, Bloomberg's platform was also integrated seamlessly with IHH's treasury management system, Kyriba.

"Bloomberg continues to innovate in this space by providing summary liquidity analytics, market data within easy-to-use tools that allow clients to go deep when needed," comments Shah.

Taking a step back, Shah argues that "clarity is the new currency" in today's volatile global markets. "Modern treasury is a balance of instinct and intelligence – and treasurers who integrate authoritative data, analytics and real-time visibility will far outperform those relying on fragmented or manual systems," he concludes. ■