

Cash Management Outcomes in Hungary



- The most important objective of liquidity management is to ensure necessary cash in the TSA
- No borrowing or credit-line from the Central Bank since the late 1990s (EU membership)

Indicator	July 2024	August 2024	Sept 2024
Percentage of the total amount (by value) of monthly payments due that are not made on the due date (as a result of the lack of liquidity)	0	0	0
Ratio of outstanding advances or other borrowing from the central bank to total monthly expenditure, %	-	-	-

TSA Coverage



- ❑ TSA balance provides the necessary liquidity of the central government
- ❑ The Debt Management Agency can/authorized to and will issue such amount of debt which ensures the necessary liquidity
- ❑ Other cash is owned by other public independent entities (local governments, state owned enterprises) – government has no intention to collect those funds now

Indicator	December 2023	March 2024	June 2024	Average
A. Cash balances in the TSA under control of the Treasury and available to meet commitments (in local currency, HUF billion)*	1528	2732	3221	2494
A. Total of other general government balances in the banking system (in local currency, HUF billion) **	4005	4179	3441	3875
A. = A/(A+B) x 100 percent	27.6%	39.5%	48.3%	38.5%

Cash Flow Forecasting

- ❑ Similar metrics (revenue and expenditure errors) are calculated by MoF and used in evaluating budgetary planning.
- ❑ Since cash management in Hungary calculates with daily positions this calculation is less relevant for the Debt Agency .

Indicator	June 2024	July 2024	August 2024	Average for 3 months
Revenue (forecast), in local currency R_F	3514	3104	2465	x
Revenue (actual*), in local currency R_A	3548	3142	2576	x
Error, revenue $E_R = \frac{ R_A - R_F }{R_A} \times 100\%$	1.0%	1.2%	4.3%	2.2%
Expenditure (forecast), E_F	3879	3084	2872	x
Expenditure (actual*), E_A	3656	2929	2990	x
Error, expenditure $E_E = \frac{ E_A - E_F }{E_A} \times 100\%$	6,1%	5,3%	3,9%	5.1%
Net Deviation $E_b = \frac{[(R_A - R_F) - (E_A - E_F)]}{R_A} \times 100\%$	7.26%	6.14%	-0.27%	4.38%

Summary



- ❑ Daily cash management is done together by the Debt Agency and the State Treasury in Hungary
- ❑ Authorisation by Law and liquid domestic government securities market allow the Debt Agency to ensure the continuous liquidity of the TSA
- ❑ Other funds of local governments and SOEs exist, few government initiative to increase the scope of TSA (e.g. FX funds in the CB, local governments can buy government securities)