



Bundesrepublik Deutschland  
Finanzagentur GmbH

# Repo activities of the German Finance Agency

Federal Republic of Germany – Finance Agency  
September 2022

# What we manage / What we do

## Cash balance

Two sources:

- a) cash buffer and
  - b) cash received from Bond-driven-outright-repos
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- Cash-driven-outright-repos  
*short term funding*
  - Bond-driven-outright-repos  
*supporting liquidity in Bunds / increasing the real or perceived free float*

# Current situation

- On the one hand:
  - Cash balance at Bundesbank of ~ € 70 bn
  - From ~~tomorrow~~ May 2023 onwards remuneration will be zero for government deposits.
- On the other hand:
  - Our mandate to manage cash economically, including the avoidance of opportunity costs
  - and our self-perception to support the liquidity in Bunds

# Consequence of current situation

Relief for the time being:

leaving cash surplus at Bundesbank is economical.

Therefore:

- Cash buffer can stay at Bundesbank's account.
- Keep on doing Bond-driven-outright-repos /  
no neutralization via spread trades necessary.

# Beyond April 2023

Cash from Bond-driven-repos:

- Scenario 1  
negative cash balance: outright repos
- Scenario 2  
positive cash balance: repos + reverse repos (spreads)

Cash due to buffer: unknown variable

# Appendix: Framework for reverse repos

Tools: Reverse repos via Eurex

Collateral universe: Core / Semi-Core / Supras / Agencies /  
GC Pooling classic basket

Banks can choose from that scheme.

In the process of expanding our bilateral repo and setting up  
Triparty for reinvestment.

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