

Next Year's Cash-Flow Forecasting

The Problem

Accurate cash flow forecasting is crucial for budgeting, managing liquidity, and identifying investment opportunities. The challenge is to develop a model that includes both internal financial metrics and external economic indicators (e.g., market trends, inflation).

The Solution

We will develop a forecasting model using advanced time series forecasting techniques:

- ▶ ARIMA for historical trend analysis,
- ▶ Prophet for seasonal components,
- ▶ LSTM for deep learning on sequential data.

This will provide the finance department with reliable forecasts for budget planning and liquidity management.

Illustrative Example: Forecasting Solution

1. Historical Data: 5 years of monthly cash flow data.
2. External Factors: Market trends, inflation rates.
3. Time Series Models: ARIMA, Prophet, LSTM.

