

Remittance Receipts

March 2016

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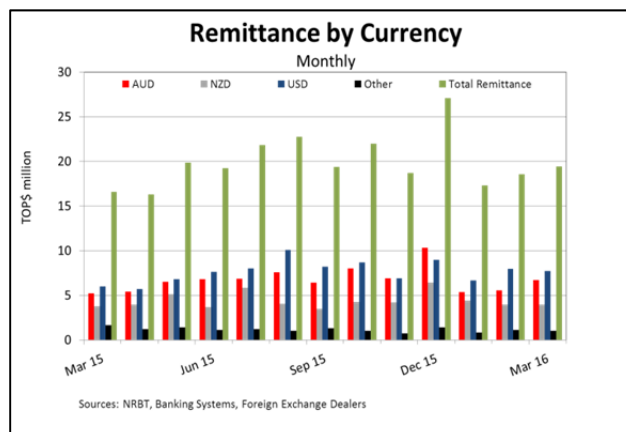
*TOP \$m	Mar16	Feb 16	Jan 16	Dec 15
Remittance Receipts	19.40	18.55	17.30	27.09
Private Transfers	17.78	16.91	16.01	25.29
Employee Compensation	1.52	1.48	1.23	1.61
Private Capital Transfers	0.03	0.10	0.02	0.11
Social Benefits	0.08	0.06	0.04	0.08

*Month-ended

Remittance benefits from the weaker Tongan Pa'anga

Remittances received continued to rise over the month of March 2016 by 5% (\$0.9 million) to \$19.4 million, representing 43% of total overseas exchange transaction (OET) receipts for the month. A 5% (\$0.9 million) increase in private transfers contributes to the overall rise in remittance. Over the year to March 2016, remittance receipts were 23% (\$45.7 million) higher, reaching an annual high record of \$242.3 million.

Remittances received over the month in Australian dollar (AUD), New Zealand dollar (NZD) and Euro (EUR) increased, whilst the US dollar (USD) remittances fell. This reflected the weakening of the Tongan Pa'anga (TOP) against the NZD and the AUD and its appreciation against the USD. Remittances received in AUD increased the most by \$1.2 million, followed by the NZD by \$0.01 million. Despite the fall in remittance receipts in USD over the month, remittance receipts in USD remained dominant over other currencies, accounting for 40% (\$7.7 million) of total remittance receipts over the month. This was followed by the AUD remittances with 35% (\$6.7 million) and the NZD remittances with 20% (\$4.0 million).

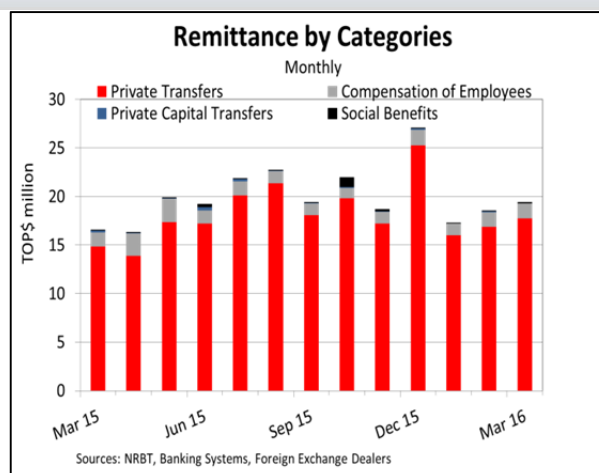


Foreign Exchange Dealers (FEDs) are still more commonly used for the receipt of remittance rather than via banks, with 89% (\$17.2 million) of the total remittances were transferred through the FEDs in March 2016, compared with 87% (\$16.1 million) in the previous month and 86% (\$14.3 million) in the same month of last year.

Private Transfers

Private transfers which are mostly personal receipts, is still the largest component of foreign currency inflow, representing 92% of total remittance receipts and 40% of the total OET receipts by the end of March. Over the month it rose by 5% (\$0.9 million) to almost \$18 million, driving the rise in total remittances. Personal transfers received in AUD rose by 20% (\$1.1 million) reflecting the impact of Australia's positive

growth in employment and the weaker Tongan Pa'anga. Transfer receipts in USD however, fell by 2% (\$0.1 million) coinciding with the weaker US dollar due mainly to the softer economic activities in the US.



Employee Compensation¹

Compensation of employees slightly rose by 2.5% (\$0.04 million) over the month to \$1.5 million. Receipts from the Recognised Seasonal Employer Scheme (RSE) workers overseas increased by 21.2% (\$0.09 million), offsetting a 6% (\$0.06 million) drop in receipts from other local experts serving foreign organisations. Over the year, employee compensation reached a total of \$18.1 million, of which \$7.8 million are receipts from RSEs.

Private capital transfers & Social benefits

Private grants for capital expenditures such as acquisition or construction of fixed assets fell by \$0.07 million in March to almost \$0.03 million, while the social benefits such as pensions received by individuals rose by 36% (\$0.02 million) to \$0.08 million over the month. Private capital transfers and social benefits only represent 1% of the total remittance receipts.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months as it approaches the special Sundays in May, followed by the church conferences and other celebration such as school's anniversaries later on. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow to the economy.

¹ Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program and other Tongan residents working short term overseas.

Table 1:

Remittance Receipts							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Mar-16	Feb-16	Jan-16	Dec-15	Mar-16	Feb-16	
Total	19.40	18.55	17.30	27.09	242.3	239.4	100.0
Private transfers	17.78	16.91	16.01	25.29	221.2	218.3	91.3
Compensation of Employees	1.52	1.48	1.23	1.61	18.07	17.98	7.5
Private capital transfers	0.03	0.10	0.02	0.11	1.14	1.32	0.5
Social benefits	0.08	0.06	0.04	0.08	1.83	1.78	0.8

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Mar-16	Feb-16	Jan-16	Dec-15	Mar-16	Feb-16	
Total	19.40	18.55	17.30	27.09	242.26	239.42	100.0
Australian Dollar (AUD)	6.72	5.55	5.37	10.32	82.41	80.89	34.0
US Dollar (USD)	7.73	7.94	6.67	8.96	93.26	91.49	38.5
New Zealand Dollar (NZD)	3.95	3.94	4.41	6.41	53.24	53.04	22.0
Tongan Pa'anga (TOP)	0.62	0.71	0.46	0.53	7.49	8.08	3.1
Euro (EUR)	0.13	0.12	0.10	0.15	1.45	1.45	0.6
Japanese Yen (JPY)	0.06	0.09	0.07	0.11	1.11	1.11	0.5
Fijian Dollar (FJD)	0.10	0.10	0.12	0.40	1.37	1.35	0.6
British Pound (GBP)	0.02	0.03	0.02	0.08	0.54	0.58	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.07	0.07	0.08	0.13	1.39	1.43	0.6

Sources: NRBT, Banking System, Foreign Exchange Dealers