

Remittance Receipts

September 2016

Release date: 11 January 2017

*TOP \$m	Sept 16	Aug 16	July 16	June 16
Remittance Receipts	22.93	24.79	22.14	24.14
Private Transfers	20.68	22.27	19.91	22.02
Employee Compensation	1.76	2.15	1.89	1.94
Private Capital Transfers	0.43	0.33	0.28	0.08
Social Benefits	0.06	0.05	0.05	0.10

**Month-ended*

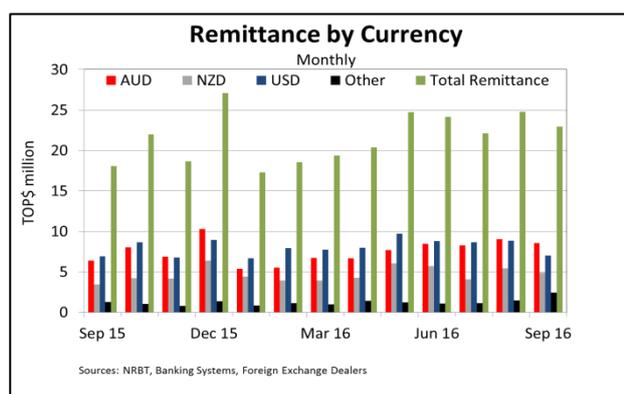
Moderate inflow of personal transfers in September

Remittances have eased from \$24.8 million in August 2016 to \$22.9 million in September 2016. In year ended terms, total remittances reached \$262.1 million, which is \$48.6 million (22.7%) higher than the previous year.

The decline over the month was driven mostly by lower private transfers, mainly receipts for family support. The

centennial celebration of the Latter Day Saints Church contributed to the high inflow of remittances last month. Nevertheless, events during the month such as the churches' annual roll call for the women, and the tertiary schools' graduation (University of the South Pacific and Tupou Tertiary Institute) supported the high level of remittances being maintained. Remittance receipts represented 37% of the total overseas exchange transaction (OET) receipts for the month which is lower than last month's 41%. Over the year to September 2016, remittances represented 39% of the total OET receipts .

Over the month of September, the remittance receipts in the major currencies fell with the largest decline in the United States Dollar (USD) receipts which decreased by \$1.9 million, followed by the receipts in Australian Dollar (AUD) and New Zealand Dollar (NZD) declining by \$0.5 million each. The AUD again became the dominant currency for remittance receipts reflecting the appreciation of the AUD against the TOP over the month, and represented 37% (\$8.5 million) of the total remittances. USD receipts followed at 31% (\$7.0 million) decreasing from 36% last month whereas the NZD receipts slightly declined to 21% (\$4.9 million) from 22% last month.

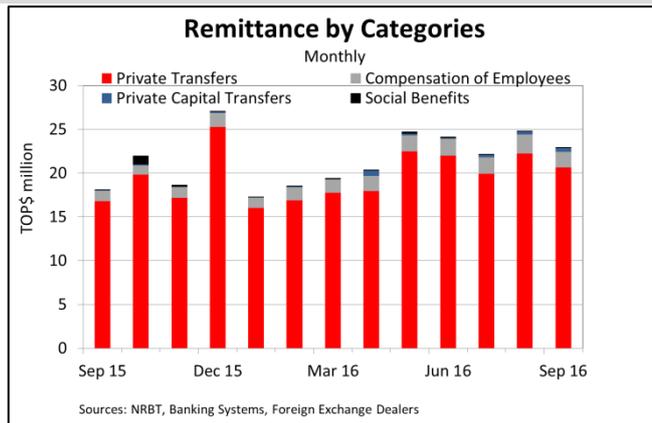


The preferred channel for receipt of remittances continued to the Foreign Exchange Dealers (FEDs). Around 90% (\$20.7 million) of the total remittances receipts during the month were received via FEDs.

Private Transfers

Total private transfers fell by 7.1% (\$1.6 million) to \$20.7 million driving the overall decline in remittances over the

month. However, private transfers remain relatively high as the receipts in September ranked as the fourth highest in 2016. Private transfers represented 90% (\$20.7 million) of the total remittances receipts and 33% of the total OET receipts. Receipts of family support in both USD and AUD fell by 21.2% (\$1.9 million) and 5.6% (\$0.5 million) respectively, which more than offset an increase in TOP receipts by \$1.2 million over the month. The monthly trend may be a result of activities normalising following the LDS celebration last month.



Employee Compensation¹

Compensation of employees fell by 18% (\$0.4 million) over the month to \$1.8 million. This was driven mostly by a 21% (\$0.2 million) decrease in receipts of other wages and salaries, particularly local experts serving foreign organisations. Receipts from Recognised Seasonal Employer (RSE) Scheme workers also declined over the month. Employee compensation for the last 12 months reached a total of \$19.4 million, of which \$9.1 million were receipts from RSE workers and the remaining \$10.3 million were from other employee compensations including local experts abroad and local experts serving foreign organizations locally.

Private capital transfers & Social benefits

Other private transfers for capital expenditures rose by \$0.1 million (30%) to \$0.4 million in September, as a result of households receiving funds for house renovation and construction activities. Social benefits, on the other hand, slightly rose by \$0.01 million (11%) to \$0.06 million during the month. Private capital transfers and social benefits accounted for only 2% of the total remittance receipts.

Outlook

Remittances are anticipated to remain high and may build up in the upcoming months as we are nearing Christmas festivities and the holiday season. Meanwhile 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, Tongan residents working short term overseas, and resident employees serving foreign organizations.

Table 1

Remittance Receipts							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Sep-16	Aug-16	Jul-16	Jun-16	Sep-16	Sep-15	
Total	22.93	24.79	22.14	24.14	262.1	213.5	100.0
Private transfers	20.68	22.27	19.91	22.02	238.3	195.8	90.9
Compensation of Employees	1.76	2.15	1.89	1.94	19.44	16.21	7.4
Private capital transfers	0.43	0.33	0.28	0.08	2.31	0.99	0.9
Social benefits	0.06	0.05	0.05	0.10	1.98	0.48	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>
	Sep-16	Aug-16	Jul-16	Jun-16	Sep-16	Sep-15	
Total	22.93	24.79	22.14	24.14	262.07	213.52	100.0
Australian Dollar (AUD)	8.55	9.05	8.27	8.49	91.60	74.59	35.0
US Dollar (USD)	7.00	8.88	8.66	8.83	97.87	76.32	37.3
New Zealand Dollar (NZD)	4.92	5.41	4.08	5.73	57.60	48.91	22.0
Tongan Pa'anga (TOP)	2.04	0.88	0.56	0.60	8.56	7.09	3.3
Euro (EUR)	0.10	0.13	0.13	0.10	1.38	1.57	0.5
Japanese Yen (JPY)	0.09	0.18	0.13	0.12	1.75	1.17	0.7
Fijian Dollar (FJD)	0.11	0.12	0.12	0.13	1.57	1.71	0.6
British Pound (GBP)	0.03	0.02	0.04	0.02	0.44	0.59	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.01	0.0
Other	0.09	0.12	0.15	0.11	1.30	1.56	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers