

Remittance Receipts

November 2017

Release date: 2 February 2018

<i>*TOP \$m</i>	Nov 17	Oct 17	Sept 17	Aug 17
Remittance Receipts	25.08	26.18	25.99	28.42
Private Transfers	23.03	23.05	23.02	25.67
Employee Compensation	1.35	1.94	2.26	2.03
Private Capital Transfers	0.65	1.10	0.67	0.65
Social Benefits	0.04	0.08	0.04	0.06

**Month-ended*

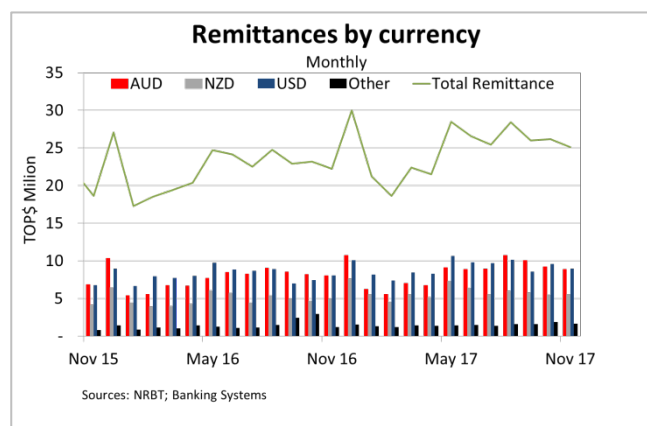
Remittances slowed lead by a fall in Receipts from Recognised Seasonal Employers (RSE) workers.

Receipts for Private and Capital transfers, Compensation of Employees, and Social Benefits categories of remittance receipts fell in November 2017 with compensation of employees particularly, receipts from Recognised Seasonal Employer (RSE) decreasing the most. The total remittance receipts then, slightly fell by 4.2% to \$25.1 million over the month and thus accounted for 45.4% of the total OET receipts.

In year ended terms, total remittances reached a record high of \$300.0 million, 12.2% higher than the previous year. Higher receipts for family support over the year supported the annual growth.

The United States dollar (USD) continued to be the dominant currency in remittance receipts which represented 36% of the total remittance compared to 37% of the previous month. The remittance receipts in Australian Dollar (AUD) and New Zealand Dollar (NZD) followed with a share of 35% and 22% respectively. Over the month, remittance receipts in both United States dollar (USD) and Australian Dollar (AUD) fell by \$0.6 million and \$0.3 million respectively. NZD receipts on the other hand rose by \$0.07 million over the month.

In November 2017, Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. Remittance receipts via FEDs accounted for 87% of the total remittances compared to 86% of the previous month and 89% in November 2016.



Private Transfers

Total private transfers is the largest category of remittance receipts which accounted for 92% of the total remittance receipts and 42% of the total OET receipts. During the month, total private transfers slightly dropped by 10.3% to \$23.0 million, particularly lower remittance receipts via banks.

In year ended terms, private transfers rose by 14.4% (\$34.4 million) to \$273.1 million, particularly higher

receipts of family support from friends and relatives abroad. This was supported also by the celebrations and events throughout the year such as the school anniversaries' celebration (Tonga High School & Mailefihi Siu'ilikutapu College), family reunions, and the churches' annual conferences.

Employee Compensation¹

Employee compensation fell by \$0.6 million to \$1.4 million over the month. This accounted for 5% of the total remittance receipts in November. Both the receipts from Recognised Seasonal Employer (RSE) and other wages & salaries fell by \$0.4 million and \$0.2 million respectively.

In year ended terms, total receipts from compensation of employees declined by \$3.9 million, particularly due to lower receipts from RSE workers.

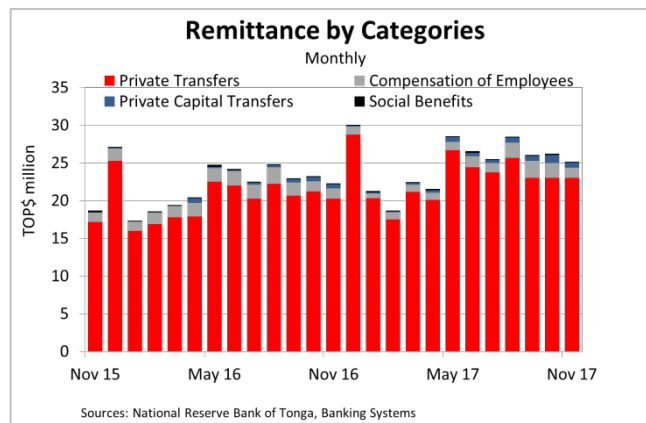
Private capital transfers & Social benefits

Private transfers for capital expenditures and social benefits fell by \$0.4 million and \$0.04 million respectively during the month and accounted for 2.6% and 0.2% of the total remittance receipts, declining from 4.2% and 0.3% last month. Lower receipts by households for house construction related activities during the month compared to the previous month.

Over the year to November 2017, private capital transfers rose by \$2.2 million whereas receipts from social benefits fell by \$0.01 million.

Outlook

Remittance receipts are anticipated to escalate to a higher level in the following month as we move into the Christmas festive season coupled with the improving economic growth in remittance source countries. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for 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>
	Nov-17	Oct-17	Sep-17	Aug-17	Nov-17	Nov-16	
Total	25.08	26.18	25.99	28.42	300.0	267.3	100.0
Private transfers	23.03	23.05	23.02	25.67	277.6	243.2	92.5
Compensation of Employees	1.35	1.94	2.26	2.03	15.94	19.84	5.3
Private capital transfers	0.65	1.10	0.67	0.65	5.49	3.27	1.8
Social benefits	0.04	0.08	0.04	0.06	0.92	0.93	0.3

Sources: NRBT, Banking System

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Nov-17	Oct-17	Sep-17	Aug-17	Nov-17	Nov-16	
Total	25.08	26.18	25.99	28.42	299.98	267.25	100.0
Australian Dollar (AUD)	8.90	9.23	10.07	10.71	102.01	92.94	34.0
US Dollar (USD)	8.97	9.58	8.54	10.11	109.68	97.84	36.6
New Zealand Dollar (NZD)	5.55	5.48	5.78	5.99	70.49	59.16	23.5
Tongan Pa'anga (TOP)	1.04	1.11	1.13	1.02	11.00	10.67	3.7
Euro (EUR)	0.14	0.23	0.13	0.14	1.68	1.42	0.6
Japanese Yen (JPY)	0.12	0.09	0.10	0.14	1.43	1.79	0.5
Fijian Dollar (FJD)	0.14	0.15	0.14	0.14	1.47	1.72	0.5
British Pound (GBP)	0.12	0.04	0.03	0.03	0.63	0.42	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.12	0.26	0.08	0.14	1.58	1.29	0.5

Sources: NRBT, Banking System