

Remittance Receipts

October 2017

Release date: 25 January 2018

<i>*TOP \$m</i>	Oct 17	Sept 17	Aug 17	Jul 17
Remittance Receipts	26.18	25.99	28.42	25.46
Private Transfers	23.05	23.02	25.67	23.78
Employee Compensation	1.94	2.26	2.03	1.25
Private Capital Transfers	1.10	0.67	0.65	0.40
Social Benefits	0.08	0.04	0.06	0.04

**Month-ended*

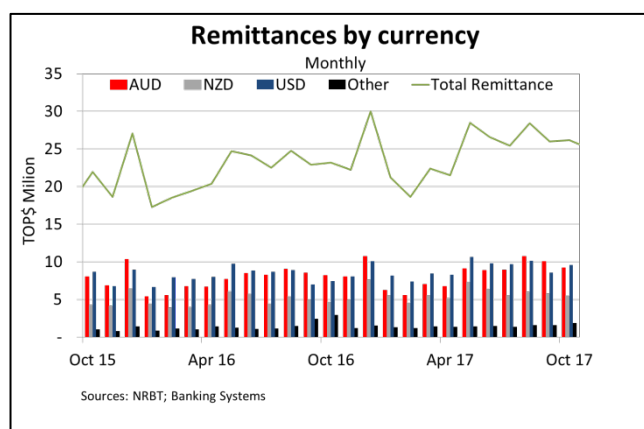
Receipts for construction related activities drove the remittance trend

In October 2017, total remittance receipts slightly rose by 0.7% to \$26.2 million. Total private capital transfers which is particularly individual households receipts for construction related activities drove the monthly movement in remittance in addition to total private transfers. Total remittance receipts during the month accounted for 38% of the total OET receipts.

In year ended terms, total remittance rose by 12.7% to \$297.2 million particularly higher receipts for family support.

The United States dollar (USD) took over the Australian Dollar (AUD) as the dominant currency in remittance receipts (accounting for 37% of the total remittance) in October 2017. AUD and New Zealand Dollar (NZD) receipts followed with 35% and 21% respectively. Over the month, the USD picked up by \$1.0 million whereas both of the AUD and NZD receipts were reduced by \$0.8 million and \$0.3 million respectively.

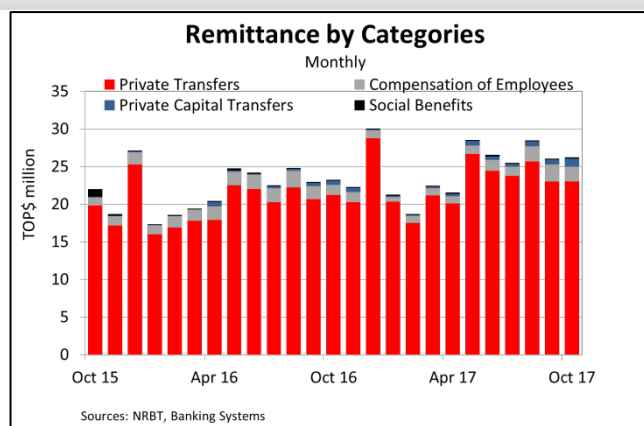
Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. In October 2017, around 86% of the total remittance receipts were received via FEDs similar to that in the previous month, and 89% in October 2016.



Private Transfers

In October 2017, total private transfers slightly rose by 0.1% to \$23.1 million, particularly receipts from individuals transfers to own account. Total private transfers accounted for 88% of the total remittance receipts and 33% of the total OET receipts.

In year ended terms, private transfers rose by 14.5% (\$34.8 million) to \$274.9 million, particularly higher receipts of family support from friends and relatives abroad.



Employee Compensation¹

Employee compensation fell by 14.1% to \$1.9 million over the month. Receipts from other wages & salaries declined by \$0.2 million whereas receipts from Recognised Seasonal Employer (RSE) fell by \$0.1 million. Total employee compensation represented 7% of the total remittance receipts in October. Over the year to October 2017, total compensation of employees declined by 19.5% to \$15.9 million, due mainly to lower receipts from RSE workers.

Private capital transfers & Social benefits

In October, both private transfers for capital expenditures and social benefits rose by \$0.4 million and \$0.05 million respectively. Both categories of remittance only accounted for 5% of the total remittances receipt compared to 3% of the previous month. This was mainly due to higher receipts by households for house construction and renovation related activities during the month compared to September. In year ended terms, receipts for private capital transfers rose by \$2.7 million whereas receipts from social benefits fell by \$0.2 million.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months as Christmas and holiday festivities approaches. 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>
	Oct-17	Sep-17	Aug-17	Jul-17	Oct-17	Oct-16	
Total	26.18	25.99	28.42	25.46	297.2	263.7	100.0
Private transfers	23.05	23.02	25.67	23.78	274.9	240.1	92.5
Compensation of Employees	1.94	2.26	2.03	1.25	15.90	19.76	5.4
Private capital transfers	1.10	0.67	0.65	0.40	5.43	2.72	1.8
Social benefits	0.08	0.04	0.06	0.04	0.93	1.08	0.3

Sources: NRBT, Banking Systems

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Oct-17	Sep-17	Aug-17	Jul-17	Oct-17	Oct-16	
Total	26.18	25.99	28.42	25.46	297.15	263.65	100.0
Australian Dollar (AUD)	9.23	10.07	10.71	8.91	101.17	91.75	34.0
US Dollar (USD)	9.58	8.54	10.11	9.67	108.75	96.59	36.6
New Zealand Dollar (NZD)	5.48	5.78	5.99	5.54	69.90	58.38	23.5
Tongan Pa'anga (TOP)	1.11	1.13	1.02	0.78	10.66	10.39	3.6
Euro (EUR)	0.23	0.13	0.14	0.11	1.69	1.37	0.6
Japanese Yen (JPY)	0.09	0.10	0.14	0.13	1.38	1.77	0.5
Fijian Dollar (FJD)	0.15	0.14	0.14	0.12	1.45	1.70	0.5
British Pound (GBP)	0.04	0.03	0.03	0.03	0.56	0.42	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.26	0.08	0.14	0.18	1.59	1.28	0.5

Sources: NRBT, Banking Systems