

# Remittance Receipts

Release date: 23 November 2018

## August 2018

### Remittance Receipts TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-18	Jul-18	Jun-18	May-18	Aug-18	Aug-17	
Total	31.6	30.1	30.8	35.3	348.8	316.1	100.0
Private transfers	28.5	27.2	27.4	31.5	313.9	295.8	90.0
Compensation of Employees	2.1	2.1	2.4	2.6	23.3	14.8	6.7
Private capital transfers	0.9	0.7	0.9	0.8	10.2	4.6	2.9
Social benefits	0.0	0.1	0.1	0.3	1.4	0.9	0.4

\*Based on year ended remittances receipts numbers

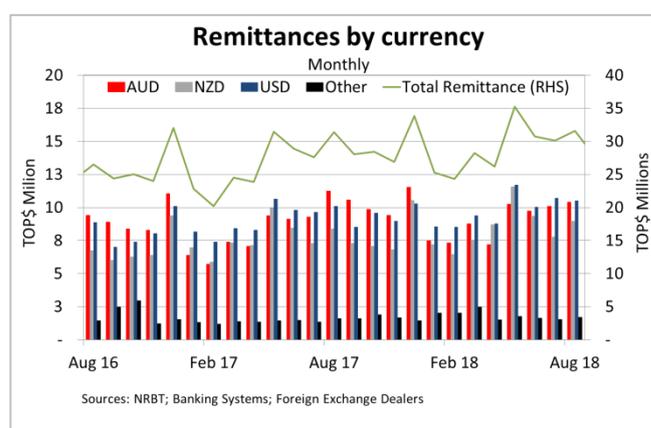
Sources: NRBT, Banking System, Foreign Exchange Dealers

Note: Numbers may not add up precisely to the totals due to rounding errors

### August remittances remain above \$30 million

Over August 2018, total remittances increased by \$1.5 million (4.9%) to \$31.6 million. This mainly reflects the higher receipts from families abroad for church contributions, funeral expenses, and support towards other family and household matters. Meanwhile, compensation of employees and private capital transfer receipts slightly rose over the month whilst social benefits receipts declined.

Over the month, the official transfer receipts declined which contributed to the overall fall in the total Overseas Exchange Transaction (OET) receipts. However, the private transfer receipts particularly receipts for family support increased resulting in the share of total remittances (in the total OET receipts) to rise to 47.8% in August 2018 from 41.1% last month. The US Dollar appreciated against the Tongan Pa'anga (TOP) in August which allowed it to remain as the most popular currency for remittance receipts, with a total of \$10.5 million. This was followed closely by receipts in AUD and NZD with \$10.4 million and \$9.0 million respectively.



In year ended terms, total remittances increased as a result of rises in all categories of remittances. This led to a new high record of \$348.8 million which was supported by the events and occasions taking place throughout the year. The continuous increase in receipts for family support and from seasonal workers abroad continued to be key drivers in the annual rise.

The Foreign Exchange Dealers (FEDs) remained as the preferred channel for receiving of remittances. This accounted for 87.7% share of total remittances slightly lower than the share of 88.3% last month. However, this is higher than the share of August 2017 which was 84.5%. This continues to reflect the convenience of sending money via FEDs compared to banks. This is due to the FEDs having more access points which allows them to offer more convenient services.

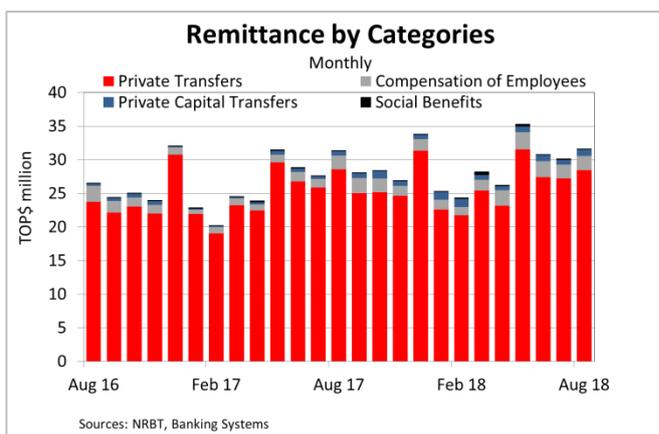
### Private Transfers

Over the month, the total private transfer receipts increased by \$1.3 million (4.6%) to \$28.5 million. This was mainly due to higher receipts of private transfers for family support. The USD continued to be the

most favourable currency used for private transfer receipts recording a total of \$9.8 million in August 2018. The receipts in AUD and NZD followed the same trend with a total of \$9.6 million and \$8.2 million respectively over the month. Receipts of private transfers continued to be the main purpose of remittances which accounted for 90.2% (slightly lower than 90.4% last month) of total remittance receipts. However, private transfers recorded a share of 43.1% (higher than 37.2% last month) of total OET receipts in August 2018 reflecting that private transfers increased despite the overall OET receipts declining. The total receipts of private transfers for the year ended to August 2018 rose yet again by \$18.2 million (6.1%) driven mainly by receipts for family support.

### Employee Compensation<sup>1</sup>

Over the month of August, the total compensation of employees receipts remained unchanged at \$2.1 million from last month. Despite the stagnant level for compensation of employees receipts over the month, receipts recorded a minimal increase of \$0.02 million (1.2%) which remains positive. However, the annual total receipts for compensation of employees continued to rise by \$8.5 million (57.2%) indicating that financial assistance from seasonal workers abroad were still being remitted to their respective local families.



### Private capital transfers & Social benefits

Over the month, the private capital transfer receipts increased by \$0.2 million to \$0.9 million. This resulted from a rise in receipts of private grants for investment projects (particularly for construction purposes by families). However, social benefits receipts declined slightly by \$0.1 million to \$0.04 million due to a decline in receipts of pension funds. The private capital transfer and the social benefits receipts accounts for 2.9% and 0.1% respectively of the total remittances for August 2018. Over the year, the private capital transfers rose by \$5.5 million due to receipts of project and working capital funds as well as funds for construction purposes received during the year. The receipts for social benefits rose also over the year by \$0.5 million.

### Outlook

Remittance receipts are projected to remain at high levels in the next few months supported by events which include family reunions, preparations for September month (Katoanga Sepitema 'a e Kakai Fefine) for the women of respective churches as well as the upcoming festive season. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

<sup>1</sup> Employee compensation is the sum of wages and salaries from the seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Aug-18	Jul-18	Jun-18	May-18	Aug-18	Aug-17	
Total	31.57	30.11	30.77	35.26	348.84	316.14	100.0
Australian Dollar (AUD)	10.40	10.09	9.72	10.25	112.63	102.21	32.3
US Dollar (USD)	10.52	10.72	10.04	11.70	115.62	105.05	33.1
New Zealand Dollar (NZD)	8.95	7.76	9.36	11.56	99.21	89.40	28.4
Tongan Pa'anga (TOP)	1.05	0.95	1.05	1.14	13.71	12.92	3.9
Euro (EUR)	0.15	0.13	0.11	0.14	1.79	1.55	0.5
Japanese Yen (JPY)	0.16	0.14	0.13	0.10	1.41	1.39	0.4
Fijian Dollar (FJD)	0.17	0.17	0.16	0.15	1.66	1.39	0.5
British Pound (GBP)	0.06	0.04	0.08	0.08	1.01	0.75	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.11	0.11	0.13	0.15	1.80	1.45	0.5

\*Based on year ended remittances receipts numbers  
Sources: NRBT, Banking System, Foreign Exchange Dealers

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