

Remittance Receipts

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January 2018

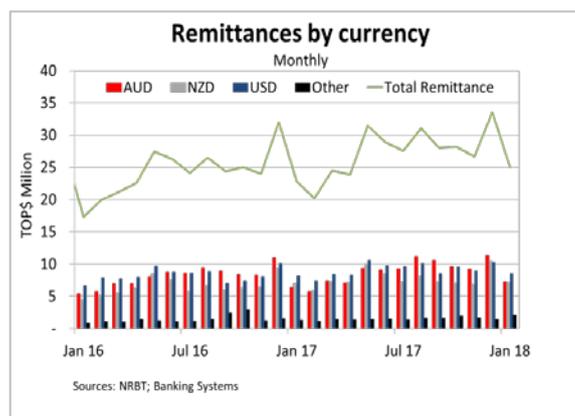
| Table 1: Remittance Receipts TOP\$ millions | | | | | | | |
|--|-------------|-------------|-------------|-------------|--------------|--------------|-------------------|
| | Month Ended | | | | Year Ended | | Shares of totals* |
| | Jan-18 | Dec-17 | Nov-17 | Oct-17 | Jan-18 | Jan-17 | |
| TOTAL | 25.1 | 33.6 | 26.7 | 28.2 | 329.0 | 296.4 | 100.0 |
| Private transfers | 22.6 | 31.3 | 24.6 | 25.1 | 304.1 | 272.4 | 92.4 |
| Compensation of Employees | 1.3 | 1.5 | 1.4 | 1.9 | 16.99 | 19.69 | 5.2 |
| Private capital transfers | 1.2 | 0.7 | 0.7 | 1.1 | 7.10 | 3.40 | 2.2 |
| Social benefits | 0.0 | 0.1 | 0.0 | 0.1 | 0.85 | 0.98 | 0.3 |

*Based on year ended remittance receipts numbers

Note that numbers in this report reflect changes in coverage of remittance data. Refer to Table 3 of this report for revised figures for 2017. Remittance data published by the Reserve Bank prior to this release may not reflect this revised statistics.

Lower private transfers reflects the end of christmas festivities

Remittances decreased over the month by \$8.5 million (25.4%) to \$25.1 million yet much higher than what was recorded in the same period of previous years. The monthly trend was driven by a decline in all categories of remittances with the exception of private capital transfers. The largest decline was in receipts of private transfers, particularly family support which reflected the end of the christmas and holiday festivities. Despite the new year events including church feasts for the Prayer week, family reunion and the preparation for the new academic year, the fall in total remittances was due to the hike in receipts recorded in December 2017 which is also the highest monthly record. Remittances accounted for 45.0% of the total Overseas Exchange Transactions (OET) receipts in January compared to 46.6% in the previous month. Remittance receipts in US dollar (USD) surpassed the Australian dollar (AUD) share of 29.0% over the month and recorded a 34.1% share, followed by a 28.7% being receipts in New Zealand dollar (NZD), among others.

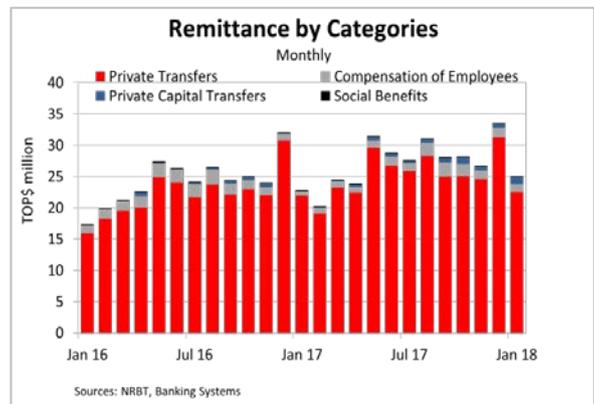


Over the year to January 2018, total remittances however continued to rise by \$32.6 million (11%) to a new record high of \$329.0 million supported by the events that took place during the year as well as higher receipts of family support sent from families, relatives and friends staying abroad. Additionally, two new Foreign Exchange Dealers that commenced business during the year may have contributed to this new high record.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. Over the month, 86.7% of total remittances were received via FEDs compared to 90.0% in December 2017 and 88.8% in January 2017.

Private Transfers

Total private transfers declined by \$8.8 million (28.0%) to \$22.6 million in January, driven particularly by lower family support receipts as the Christmas and holiday festivities end. This was due to lower receipts for family support received via FEDs. Receipts in AUD decreased the most by \$4.0 million followed by NZD and USD receipts with a decline of \$3.2 million and \$1.7 million respectively. Receipts of private transfers continued to be the main purpose of remittances which accounted for 90.0% of total remittance receipts and 40.5% of total OET receipts. In year ended terms, the total receipts of private transfers however continued to rise by 12% to \$304.1 million, due mainly to receipts for family support.



Employee Compensation¹

Compensation of employees slightly fell by \$0.2 million (13.3%) to \$1.3 million, which accounted for 5.1% of the total remittances received over the month. This was driven by a \$0.27 million fall in wages and salaries which was partially offset by a \$0.07 million rise in receipts from seasonal workers abroad. In year ended terms, receipts for compensation of employees also declined by \$2.7 million (13.7%), due to a fall in the receipts from seasonal workers abroad.

Private capital transfers & Social benefits

Total receipts for social benefits declined by \$0.01 million whilst receipts for private capital transfers rose by \$0.5 million over the month. In addition, private capital transfers and social benefits receipts accounted for 4.7% and 0.2% respectively of the total remittance receipts in January 2018. Over the year, private capital transfers rose by \$3.7 million whereas social benefits declined by \$0.1 million.

Outlook

Remittance receipts are anticipated to continue to decline in the following months as the Christmas and holiday season has ended. In year ended terms, the Reserve Bank is expecting higher receipts of remittances. 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 seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.

Table 2: Remittance Receipts by Currency
TOP\$ millions

| | Month Ended | | | | Year Ended | | Shares of totals* |
|--------------------------|-------------|--------|--------|--------|------------|--------|-------------------|
| | Jan-18 | Dec-17 | Nov-17 | Oct-17 | Jan-18 | Jan-17 | |
| Total | 25.05 | 33.56 | 26.69 | 28.20 | 329.05 | 296.44 | 100.0 |
| Australian Dollar (AUD) | 7.27 | 11.27 | 9.23 | 9.65 | 107.13 | 97.40 | 32.6 |
| US Dollar (USD) | 8.55 | 10.29 | 8.97 | 9.58 | 110.28 | 100.47 | 33.5 |
| New Zealand Dollar (NZD) | 7.18 | 10.53 | 6.81 | 7.06 | 93.03 | 80.42 | 28.3 |
| Tongan Pa'anga (TOP) | 1.36 | 0.78 | 1.04 | 1.11 | 11.37 | 11.45 | 3.5 |
| Euro (EUR) | 0.12 | 0.20 | 0.14 | 0.23 | 1.72 | 1.46 | 0.5 |
| Japanese Yen (JPY) | 0.09 | 0.10 | 0.12 | 0.09 | 1.44 | 1.79 | 0.4 |
| Fijian Dollar (FJD) | 0.12 | 0.13 | 0.14 | 0.15 | 1.46 | 1.46 | 0.4 |
| British Pound (GBP) | 0.06 | 0.11 | 0.13 | 0.07 | 0.84 | 0.65 | 0.3 |
| Chinese Yuan (CNY) | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.0 |
| Other | 0.29 | 0.14 | 0.12 | 0.26 | 1.77 | 1.32 | 0.5 |

*Based on year ended numbers

Sources: NRBT, Banking Systems

Table 3: Revised remittance figures for 2017

| TOP \$m | Jan 17 | Feb 17 | Mar 17 | Apr 17 | May 17 | Jun17 | Jul17 | Aug17 | Sep17 | Oct17 | Nov17 | Dec17 |
|---------------------------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| Remittance Receipts | 22.83 | 20.19 | 24.52 | 23.86 | 31.47 | 28.85 | 27.57 | 31.07 | 28.02 | 28.20 | 26.69 | 33.56 |
| Private Transfers | 21.97 | 19.08 | 23.27 | 22.47 | 29.64 | 26.77 | 25.89 | 28.32 | 25.05 | 25.08 | 24.64 | 31.34 |
| Employee Compensation | 0.62 | 0.92 | 0.99 | 0.91 | 1.16 | 1.42 | 1.25 | 2.03 | 2.26 | 1.94 | 1.35 | 1.47 |
| Private Capital Transfers | 0.15 | 0.14 | 0.21 | 0.34 | 0.59 | 0.50 | 0.40 | 0.65 | 0.67 | 1.10 | 0.65 | 0.69 |
| Social Benefits | 0.09 | 0.04 | 0.06 | 0.14 | 0.08 | 0.16 | 0.04 | 0.06 | 0.04 | 0.08 | 0.04 | 0.06 |

Note: The coverage of the remittances data changed commencing in January 2018. The data for previous periods were revised accordingly, the revised data for 2017 is reflected in this table.