

Remittance Receipts

July 2018

Release date: 23 November 2018

Remittance Receipts

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Jul-18	Jun-18	May-18	Apr-18	Jul-18	Jul-17	
Total	30.1	30.8	35.3	26.2	348.6	311.3	100.0
Private transfers	27.2	27.4	31.5	23.2	314.1	290.9	90.1
Compensation of Employees	2.1	2.4	2.6	2.3	23.2	15.2	6.7
Private capital transfers	0.7	0.9	0.8	0.6	9.9	4.3	2.8
Social benefits	0.1	0.1	0.3	0.1	1.5	0.9	0.4

*Based on year ended remittances receipts numbers

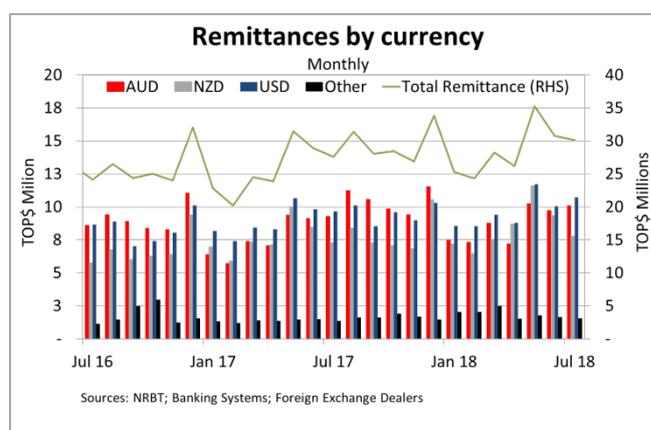
Sources: NRBT, Banking System, Foreign Exchange Dealers

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

Remittances continued to remain high despite the slight decrease

The total remittances for July 2018 continued to remain above \$30 million. However, this is a slight decrease from the previous month of \$0.7 million given minimal declines in private transfers and compensation of employees. The events during the month contributed to this high level which included the Heilala Festival, Galaxy Pageant, Agricultural Shows throughout the Tonga islands, and other church and family events.

The lower official grants receipts received over July led to a lower surplus and overall fall in the total Overseas Exchange Transaction (OET) receipts. This drove the increase in the share of total remittances in the total OET receipts in July to 41.1% compared to 26.0% recorded for last month. The USD slightly depreciated against the Tongan Pa'anga (TOP) in July. However, USD still remained the favourable currency for remittance receipts, with a total of \$10.7 million. This was followed closely by AUD and NZD with \$10.1 million and \$7.8 million respectively.



Over the year to July 2018, total remittances recorded an increase driven by rises in all categories of remittances. This marked a new high record of \$348.6 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 also contribute to the consistent annual rise.

In July 2018, the Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances, accounting for 88.3% share of total remittances. This is compared to a share of 87.7% last month and a share of 88.6% in July 2017. This reflects the convenience of sending money via FEDs compared to banks, as FEDs have more access points and their services are a lot faster and more convenient.

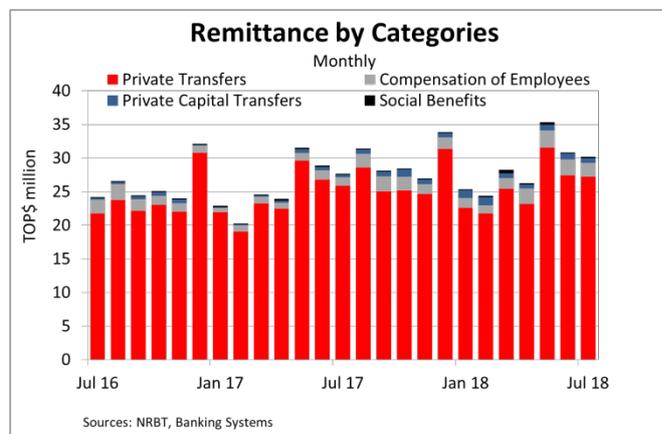
Private Transfers

Over July 2018, the total private transfer receipts slightly fell by \$0.2 million (0.8%) to \$27.2 million, due mainly to lower receipts for private transfers and family support. The USD continued to be the most favourable currency used recording a total of \$10.0 million in July 2018. The AUD and NZD followed the

same trend with a total of \$9.3 million and \$7.2 million respectively over the month. Receipts of private transfers continued to be the main purpose of remittances which accounted for 90.4% (from 89.2% last month) of total remittance receipts and 37.2% (from 23.2 last month) of total OET receipts in July 2018. The total receipts of private transfers for the year ended July 2018 rose yet again by \$23.2 million (8.0%) driven mainly by receipts for family support.

Employee Compensation¹

Over the month of July 2018, the total compensation of employees receipts was \$2.1 million, slightly declined by \$0.3 million (11.1%), and accounted for 7.0% of the total remittances received over the month. Despite the lower compensation of employees receipts over the month, it still remained generally positive indicating that financial assistance from abroad are still being remitted to their respective local families. On that note, the annual total receipts for compensation of employees continued to rise by \$8.0 million (53.0%), driven by receipts from seasonal workers.



Private capital transfers & Social benefits

Over July 2018, the private capital transfer receipts declined by \$0.2 million, due mainly to lower receipts of private grants for investment projects (particularly for construction purposes by individual families). Meanwhile, social benefits receipts rose slightly by \$0.02 million resulting from higher receipts of pension funds. The private capital transfer and the social benefits receipts accounts for 2.3% and 0.3% respectively of the total remittances for July 2018. Over the year, the private capital transfers rose by \$5.6 million due to receipts of project and working capital funds as well as funds for construction purposes received during the year. Similarly, receipts for social benefits rose over the year by \$0.5 million.

Outlook

Remittance receipts are projected to remain at high levels in the upcoming months supported by annual events such as church conferences, school anniversaries' celebrations, and the preparations for September month (*Katoanga Sepitema 'a e Kakai Fefine*) for the ladies of respective churches. 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.

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Jul-18	Jun-18	May-18	Apr-18	Jul-18	Jul-17	
Total	30.11	30.77	35.26	26.19	348.63	311.27	100.0
Australian Dollar (AUD)	10.09	9.72	10.25	7.19	113.48	100.37	32.5
US Dollar (USD)	10.72	10.04	11.70	8.77	115.21	103.81	33.0
New Zealand Dollar (NZD)	7.76	9.36	11.56	8.70	98.63	87.78	28.3
Tongan Pa'anga (TOP)	0.95	1.05	1.14	1.05	13.68	12.78	3.9
Euro (EUR)	0.13	0.11	0.14	0.12	1.78	1.55	0.5
Japanese Yen (JPY)	0.14	0.13	0.10	0.10	1.40	1.44	0.4
Fijian Dollar (FJD)	0.17	0.16	0.15	0.11	1.63	1.37	0.5
British Pound (GBP)	0.04	0.08	0.08	0.05	1.00	0.73	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.11	0.13	0.15	0.09	1.83	1.43	0.5

*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

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.