

Remittance Receipts

Release date: 07 February 2019

September 2018

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Sep-18	Sep-17	
	Sep-18	Aug-18	Jul-18	Jun-18	Sep-18	Sep-17	
Total	27.7	31.6	30.1	30.8	348.5	319.8	100.0
Private transfers	24.9	28.5	27.2	27.4	313.8	298.7	90.0
Compensation of Employees	1.9	2.1	2.1	2.4	23.0	15.3	6.6
Private capital transfers	0.8	0.9	0.7	0.9	10.3	4.9	2.9
Social benefits	0.1	0.0	0.1	0.1	1.5	0.9	0.4

*Based on year ended remittances receipts numbers

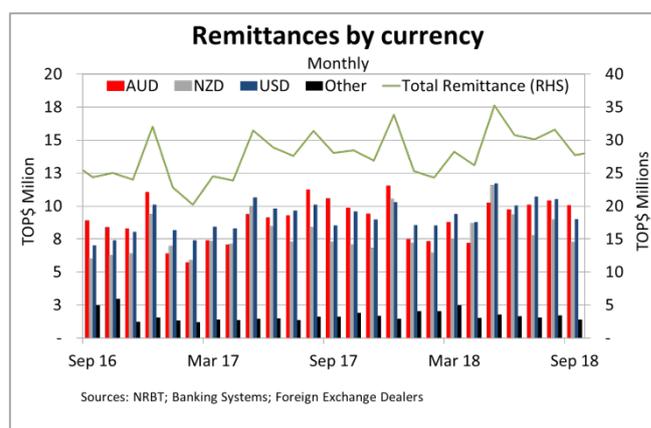
Sources: NRBT, Banks, Foreign Exchange Dealers

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

Remittances dip in September similar to monthly trend in previous years

Over the month of September, total remittances fell by \$3.9 million to \$27.7 million. This resulted from lower receipts from families abroad and a decline in receipts from the compensation of employees. Additionally, private capital transfer receipts slightly declined contributing further to the monthly decrease. However, these respective declines had offset the minimal increase in social benefit receipts.

Over the month, official grants receipts declined which contributed to the overall fall in the total Overseas Exchange Transaction (OET) receipts. This is in addition to the decrease in private transfers particularly receipts for family support resulting in the share of total remittances (in the total OET receipts) to fall to 41.6% in September from 47.8% last month. The USD depreciated slightly against the Tongan Pa'anga (TOP) in September which may have contributed to it being a lesser favorable currency for remittance receipts, with a total of \$9.0 million. The AUD was the more favorable currency for remittance receipts with \$10.0 million and the NZD followed the USD with \$7.3 million.



Over the year, total remittances increased as a result of rises in all categories of remittances. This resulted in a balance of \$348.5 million which was supported by family support, events, and various occasions which took 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.

Over the month, the Foreign Exchange Dealers (FEDs) remained as the preferred channel for receiving of remittances accounting for 88.5% share of total remittances. This is higher than the share of 87.7% last month and the share of September 2017 which was 86.6%. This continues to reflect the convenience of sending money via FEDs compared to banks as they have more access points.

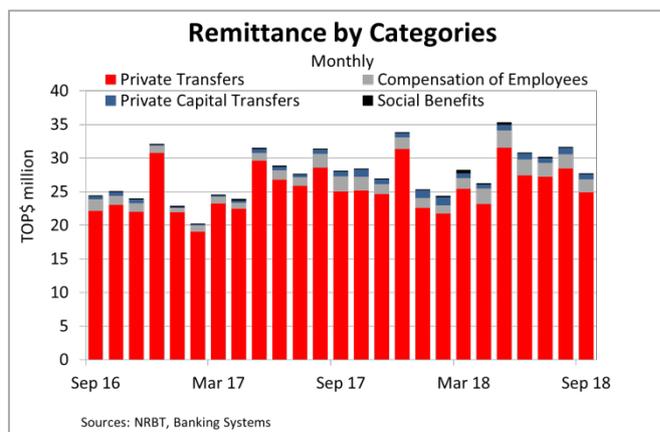
Private Transfers

Over the month, the total private transfer receipts declined by \$3.6 million (12.5%) to \$24.9 million. This was driven mainly by lower receipts of private transfers for family support. The AUD was the most favourable currency used for private transfers recording a total of \$9.0 million in September 2018. The USD and NZD followed the same trend with a total of \$8.4 million and \$6.7 million respectively over the month. Receipts of private transfers continued to be the main purpose of remittances which accounted

for 89.9% (a little lower than 90.2% last month) of total remittance receipts. Furthermore, private transfers recorded a share of 37.4% (lower than 43.1% last month) of total OET receipts in September 2018 reflecting the decline in private transfers and the slight increase in the overall OET receipts. The total receipts of private transfers for the year ended September 2018 increased yet again by \$15.2 million (5.1%) driven mainly by receipts for family support.

Employee Compensation¹

The total compensation of employees receipts continued to decline in September to \$1.9 million from last month. NZD receipts led this decline and offsetting the AUD receipts which increased over the month. However, over the year, total receipts for compensation of employees continued to rise by \$7.6 million (49.9%) indicating that financial assistance from abroad is still being remitted to their respective local families.



Private capital transfers & Social benefits

The private capital transfer receipts declined slightly by \$0.1 million. This was due to lower receipts of private grants for investment projects (particularly for construction purposes by families). However, social benefits receipts rose slightly by \$0.1 million driven by an increase in receipts of pension funds. The private capital transfer and the social benefits receipts account for 2.8% and 0.3% respectively of the total remittances for September 2018. In the year ended terms, the private capital transfers rose by \$5.4 million resulting in higher receipts of the project and working capital funds, and for construction purposes. The receipts for social benefits rose also over the year by \$0.6 million.

Outlook

Remittance receipts are forecasted to remain at high levels in the upcoming months, however, to increase at a slower pace. This is expected to be supported by events which include school anniversaries, family reunions, end of year prizegiving awards 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.

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Sep-18	Aug-18	Jul-18	Jun-18	Sep-18	Sep-17	
Total	27.72	31.57	30.11	30.77	348.54	319.76	100.0
Australian Dollar (AUD)	10.04	10.40	10.09	9.72	112.09	103.88	32.2
US Dollar (USD)	9.01	10.52	10.72	10.04	116.09	106.58	33.3
New Zealand Dollar (NZD)	7.27	8.95	7.76	9.36	99.19	90.68	28.5
Tongan Pa'anga (TOP)	0.82	1.05	0.95	1.05	13.40	12.01	3.8
Euro (EUR)	0.13	0.15	0.13	0.11	1.80	1.58	0.5
Japanese Yen (JPY)	0.13	0.16	0.14	0.13	1.44	1.40	0.4
Fijian Dollar (FJD)	0.13	0.17	0.17	0.16	1.64	1.43	0.5
British Pound (GBP)	0.09	0.06	0.04	0.08	1.06	0.75	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.10	0.11	0.11	0.13	1.82	1.44	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.