

Remittance Receipts

April 2019

Release date: 29 July 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Apr-19	Apr-18	
	Apr-19	Mar-19	Feb-19	Jan-19			
Total	27.5	27.3	24.3	24.8	350.8	340.4	100.0
Private transfers	24.1	24.1	21.8	22.7	316.1	310.2	90.1
Compensation of Employees	2.4	2.2	1.5	1.7	23.8	20.0	6.8
Private capital transfers	0.8	1.0	0.6	0.4	9.2	9.0	2.6
Social benefits	0.2	0.1	0.3	0.1	1.7	1.3	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

Steady flow of remittance in April

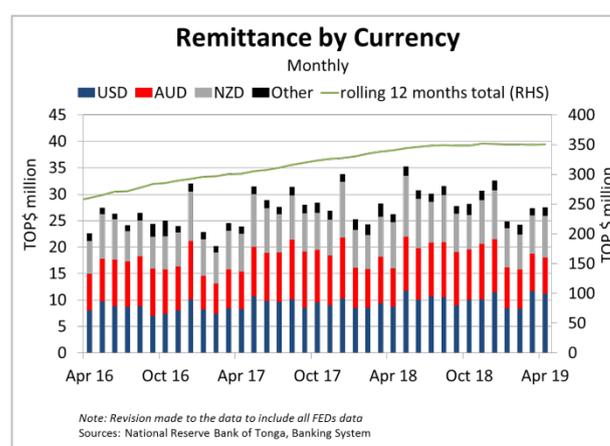
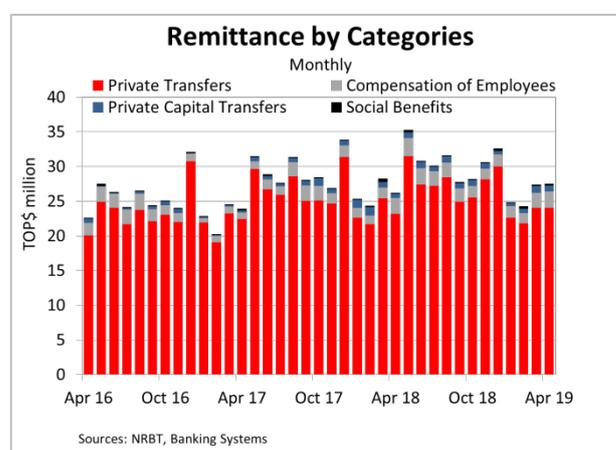
A slight rise in employees compensation by \$0.2 million (7.7%) over the month of April 2019 drove the total remittances higher by \$0.2 million. Social benefits rose by \$0.1 million but was offset by a decline in private capital transfers. Private transfers for family support remained at \$24.1 million similar to that of last month. Total remittances represented 44.8% of the total overseas exchange transaction (OET) receipts during the month compared to a 47.3% in March 2019, reflecting an overall rise in total OET receipts.

In year ended terms, total remittance receipts were 3.1% higher than the previous year, at \$350.8 million.

This was due to a rise in all remittance related receipts supported by family support, major events, and other social occasions which took place throughout the year. The consistent increase in receipts for family support and receipts from seasonal workers abroad continued to be key drivers in the yearly rise.

During April 2019, the US dollar (USD) remained the top currency for remittance receipts accounting for 40.8% of total remittance. Receipts in New Zealand dollar (NZD) and Australian dollar (AUD) followed with 28.7% and 24.7% respectively. However, remittance received in USD declined by \$0.4 million (3.5%) followed by a \$0.3 million (4.9%) in AUD receipts. The weaker AUD may have contributed to the fall in AUD receipts. Nonetheless, receipts in NZD rose by \$0.6 million (8.8%).

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receipt of remittance. A 84.8% share of total remittances were received via FEDs in April 2019 compared to 87.3% share recorded last month and 85.0% in April 2018. The general public continued to prefer sending and receiving money via FEDs compared to banks, as FEDs have more access points and their services are much quicker.



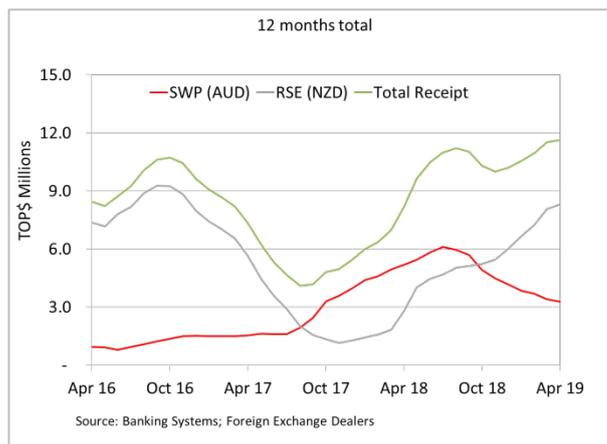
Private Transfers

Private transfers marginally rose by 0.1% to a total of \$24.1 million in April 2019, similar to the amount recorded in March 2019. Majority of private transfers are for family support and gifts from family abroad. It continued to hold the largest component of total receipts, representing 87.6% of the total remittance receipts and 39.2% of the total OET receipts. In year ended terms, the total receipts of private transfers continued to rise by 1.9% (\$5.9 million) to \$316.1 million, due mainly to receipts for family support.

Employee Compensation¹

Compensation of employees increased by \$0.2 million over the month (7.7%) to \$2.4 million which accounted for 8.6% of the total remittances in April 2019. Both receipts from the other wages & salaries and RSE /SWP workers rose over the month by \$1.0 million and \$0.07 million respectively. Previous liaison with the Ministry of Internal Affairs confirmed that seasonal workers return home mostly between November to April of every year which explained the high receipts recorded these past months.

In year ended terms, total employee compensation rose by \$3.9 million (19.4%) to \$23.8 million. Other wages and salaries accounted for 51.1% (\$12.2) of the employee compensation receipts over the year and the remaining 48.9% (\$11.6 million) were from RSE/SWP workers. New Zealand contributed the most to the seasonal workers' receipts of \$8.3 million while the seasonal workers from Australia only contributed \$3.3 million.



Private capital transfers & Social benefits

Lower private capital receipts for building and renovation of houses by \$0.1 million was recorded over the month. Receipts for social benefits on the other hand rose by \$0.1 million. Private capital transfers and social benefits receipts accounted for 3.1% and 0.8% respectively of the total remittance receipts in April 2019. Over the year, both the private capital transfers and social benefits receipts rose by \$0.2 million and \$0.4 million respectively.

Outlook

Remittance receipts are expected to rise significantly next month and the near term as Tonga is approaching the upcoming busy season particularly the family month of May and the annual church conferences. 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*
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18	
Total	27.51	27.34	24.25	24.84	350.78	340.39	100.0
Australian Dollar (AUD)	6.80	7.14	7.43	7.74	109.49	111.22	31.2
US Dollar (USD)	11.21	11.62	8.33	8.46	123.29	112.86	35.1
New Zealand Dollar (NZD)	7.90	7.26	6.56	7.33	98.10	95.64	28.0
Tongan Pa'anga (TOP)	1.04	0.78	1.31	0.84	12.33	13.22	3.5
Euro (EUR)	0.13	0.13	0.15	0.15	1.87	1.77	0.5
Japanese Yen (JPY)	0.13	0.12	0.14	0.09	1.83	1.36	0.5
Fijian Dollar (FJD)	0.12	0.11	0.09	0.10	1.55	1.47	0.4
British Pound (GBP)	0.03	0.05	0.09	0.04	0.79	0.99	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.15	0.14	0.15	0.09	1.51	1.85	0.4

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

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.