

Remittance Receipts

Release date: 21 June 2019

February 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Feb-19	Feb-18	
	Feb-19	Jan-19	Dec-18	Nov-18			
Total	24.3	24.8	32.6	30.6	350.3	334.4	100.0
Private transfers	21.8	22.7	30.0	28.2	316.5	307.3	90.3
Compensation of Employees	1.5	1.7	1.8	1.5	23.1	18.0	6.6
Private capital transfers	0.6	0.4	0.5	0.8	8.8	8.2	2.5
Social benefits	0.3	0.1	0.3	0.1	1.9	0.9	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

Monthly receipts of family support continues above \$20 million average

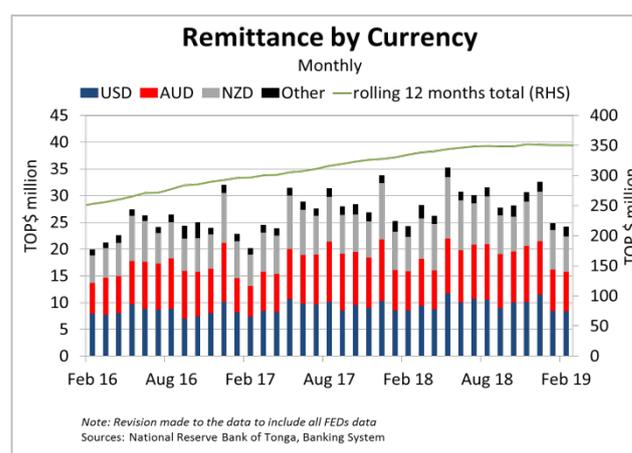
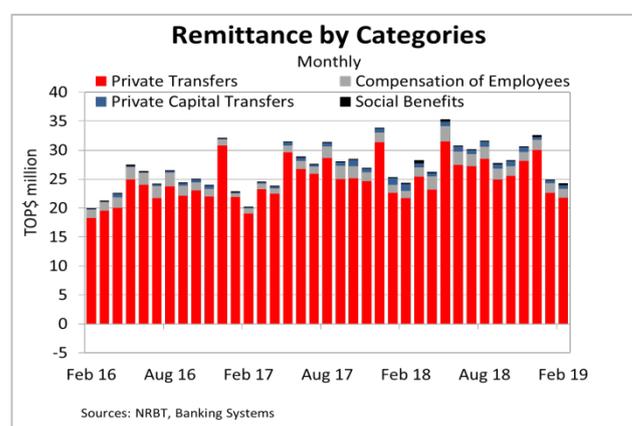
In February 2019, total remittance receipts fell by \$0.6 million (2.4%) to \$24.3 million, however, remained above the \$20.0 million monthly average for February of the past 4 years. This was attributed to lower receipts for family support and from seasonal workers. Total remittances represented 50.4% of the total overseas exchange transaction (OET) receipts during the month, compared to 43.3% in the previous month. This reflects an overall decline in OET receipts during the month.

Remittance receipts in major trading currencies continue to fall over the month of February, receipts in New Zealand dollar (NZD) declined the most by \$0.8 million followed by the Australian dollar (AUD) and US dollar (USD) by \$0.3 million and \$0.1 million respectively. These movements may also have been supported by the depreciation of the NZD and AUD against the TOP. USD denominated remittance still accounts for most of the total remittance receipts at 33.9% during the month, followed by the AUD with 31.8% and the NZD with 28.3%.

Foreign Exchange Dealers (FEDs) remains as the preferred channel for the receipts of remittance rather than via Banks. 86.3% of remittance were transferred through FEDs in February 2019 compared to 87.2% in February 2018.

In year ended terms, total remittance receipts grew by 4.8% in comparison to the annual value of the same month last year with a total of \$350.3 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 rise in receipts for family support and from seasonal workers abroad continued to be key drivers in the yearly increase.

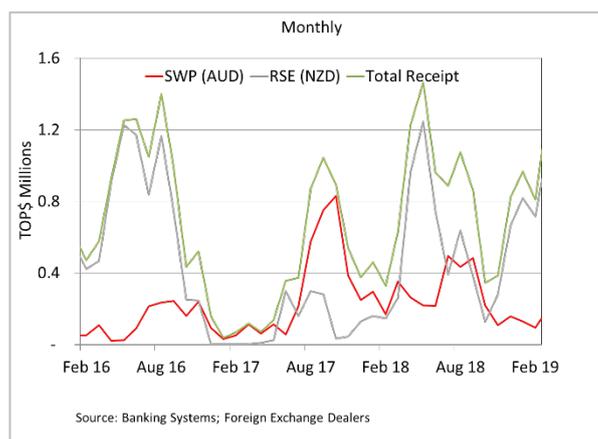
Private Transfers



Total private transfers continued to decline by \$0.8 million (3.7%) to \$21.8 million due to lower family support & gifts received over the month. This is a similar trend for February over the past four years with an average of \$18.4 million. Total private transfer receipts in NZD decreased the most by \$0.6 million followed by USD and AUD receipts with a decline of \$0.3 million each. Receipts of private transfers continued to be the main purpose of remittances which accounted for 90.0% of total remittance receipts and 45.3% of total OET receipts over the month. In year ended terms, the total receipts of private transfers however, continued to rise by 3.0% to \$316.5 million, due mainly to higher receipts for family support.

Employee Compensation¹

Compensation of employees slightly fell by \$0.2 million (9.2%) to \$1.5 million, which accounted for 6.3% of the total remittances received in February 2019. This was solely driven by a fall in the receipts from seasonal workers over the month. Receipts in NZD declined the most by \$0.1 million followed by receipts in AUD and JPY which outweighed a rise in USD receipts. In year ended terms, receipts for compensation of employees rose by \$5.2 million (28.7%) to \$23.1 million of which \$10.4 million are receipts from seasonal workers abroad. Australia contributed the most seasonal workers' receipts of \$7.2 million while the seasonal workers from New Zealand only contributed \$3.2 million.



Private capital transfers & Social benefits

Despite the decline in the private transfers and compensation of employees over the month, the private capital transfers and social benefits increased. Other private transfers for capital expenditures rose by \$0.2 million (36.1%) due to higher receipts by households for house construction and renovation related activities. Social benefits also increased by \$0.2 million over the month. Annually, the private capital transfers rose by \$0.6 million and social benefits by \$1.0 million and accounted for 2.5% and 0.5% respectively of the total yearly remittances.

Outlook

Remittance receipts are expected to increase in the near term supported by the rising number of seasonal employees, upcoming busy season which consists of Easter, family month and 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					Year Ended		Shares of totals*
	Month Ended					Feb-19	Feb-18	
	Feb-19	Jan-19	Dec-18	Nov-18				
Total	24.25	24.84	32.58	30.63		350.33	334.38	100.0
Australian Dollar (AUD)	7.43	7.74	9.93	10.47		111.52	109.69	31.8
US Dollar (USD)	8.33	8.46	11.53	10.11		118.63	111.41	33.9
New Zealand Dollar (NZD)	6.56	7.33	9.30	8.31		99.18	93.85	28.3
Tongan Pa'anga (TOP)	1.31	0.84	1.23	1.07		13.27	12.05	3.8
Euro (EUR)	0.15	0.15	0.14	0.19		1.90	1.76	0.5
Japanese Yen (JPY)	0.14	0.09	0.14	0.12		1.83	1.43	0.5
Fijian Dollar (FJD)	0.09	0.10	0.13	0.11		1.56	1.45	0.4
British Pound (GBP)	0.09	0.04	0.06	0.10		0.90	0.94	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.01		0.01	0.01	0.0
Other	0.15	0.09	0.12	0.15		1.51	1.80	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.