

Remittance Receipts

January 2019

Release date: 18 June 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Jan-19	Jan-18	
	Jan-19	Dec-18	Nov-18	Oct-18	Jan-19	Jan-18	
Total	24.8	32.6	30.6	28.2	350.4	330.2	100.0
Private transfers	22.7	30.0	28.2	25.6	316.4	304.6	90.3
Compensation of Employees	1.7	1.8	1.5	1.7	22.9	17.7	6.5
Private capital transfers	0.4	0.5	0.8	0.9	9.4	7.1	2.7
Social benefits	0.1	0.3	0.1	0.1	1.7	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

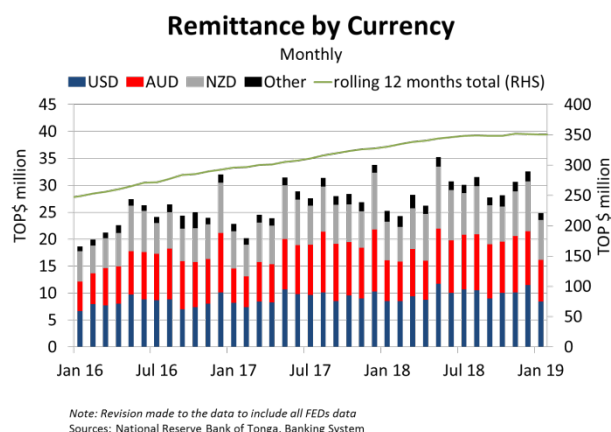
Remittances follow its usual January trend

It is a normal trend for total remittances to fall at the start of each year following the very high receipts in the month of December which was to cater for various occasions and families' received gifts for the Christmas season. Remittance received during the month of January 2019 dropped by 23.7% to \$24.8 million, representing 43.3% of the Total Overseas Exchange Transaction (OET) receipts. This is still above the monthly average of \$20.8 million for January of the past 4 years. All categories of remittance declined led by a \$7.4 million decrease in private transfers, attributed mainly to the end of the holiday festivities.

Remittance receipts in all major trading currencies decreased over the month of January, except for receipts in EUR, CNY and the WST (Samoan Tala). Remittance received in US dollar (USD) declined the most by \$3.1 million, followed by the Australian dollar (AUD) by \$2.2 million and the New Zealand dollar (NZD) by \$2.0 million. USD denominated remittance still dominates over other currencies, accounting for 34.1% of total remittance receipts over the month, followed by the AUD with 31.1% and the NZD with 29.5%. These coincide with the strengthening of the TOP against the USD.

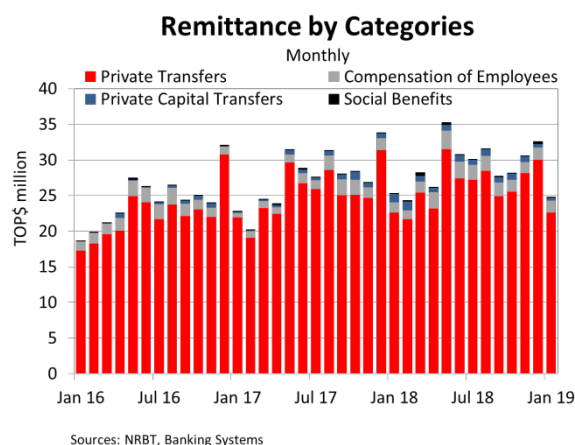
Foreign Exchange Dealers (FEDs) are still more commonly preferred for the receipt of remittance rather than via Banks, with 86.3% of remittance transferred through FEDs in January compared to 88.0% in the previous month and 86.8% in January 2018.

Nonetheless, remittance receipts were 6.1% higher in comparison to the annual value of the same month last year with a total of \$350.4 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

Private transfers remain the largest component of foreign currency inflow, representing 91.2% of the total remittance and 39.5% of the total OET receipts by the end of January. Total private transfers decreased to \$22.7 million and were the major driver for the lower overall decrease in remittances over the month. However, this was slightly higher than \$22.6 million recorded in the same month of last year. This monthly decline is similar to previous years' trend reflecting the slow down after the peak in receipts during the Christmas holidays. Receipts of family support in USD decreased by \$2.9 million followed by \$2.1 million each in both NZD and AUD receipts. Annual movements in the total private transfers continued to rise to a total \$316.4 million (3.9%) in January 2019 driven mainly by receipts for family support.



Employee Compensation¹

Compensation of employees slightly fell by 5.7% over the month to \$1.7 million. This resulted largely from a decline in USD, and AUD receipts for January which outweighed a rise in the NZD and JPY receipts. It also coincides with a 17.7% drop in Seasonal Workers Program (SWP) receipt in AUD whilst the Recognised Seasonal Employees (RSE) receipts rose by 23.3%. Over the year, employee compensation rose by \$5.2 million (29.3%) to a total \$22.9 million of which \$10.0 million are receipts from SWP & RSEs.

Private capital transfers & Social benefits

Other private transfers for capital expenditures slightly declined by \$0.1 million (12.6%) to \$0.4 million in January. This was due to lower receipts by households for house construction and renovation related activities compared to the previous month. Social benefits also declined by \$0.2 million (75.0%) over the month, falling to its monthly average of \$0.1 million. Annually, the private capital transfers rose by \$2.3 million and social benefits by \$0.9 million and accounted for 2.7% and 0.5% respectively of the total yearly remittances.

Outlook

Remittance receipts are anticipated to fall in the upcoming months due to less busy and eventful months after the new academic year and church activities which occurred in January. 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*	
	Jan-19	Dec-18	Nov-18	Oct-18	Jan-19	Jan-18		
Total	24.84	32.58	30.63	28.20	350.39	330.25	100.0	
Australian Dollar (AUD)	7.74	9.93	10.47	9.49	111.40	108.09	31.8	
US Dollar (USD)	8.46	11.53	10.11	10.03	118.82	110.28	33.9	
New Zealand Dollar (NZD)	7.33	9.30	8.31	6.52	99.09	93.27	28.3	
Tongan Pa'anga (TOP)	0.84	1.23	1.07	1.05	13.30	11.37	3.8	
Euro (EUR)	0.15	0.14	0.19	0.34	1.91	1.72	0.5	
Japanese Yen (JPY)	0.09	0.14	0.12	0.45	1.83	1.44	0.5	
Fijian Dollar (FJD)	0.10	0.13	0.11	0.12	1.57	1.46	0.4	
British Pound (GBP)	0.04	0.06	0.10	0.07	0.96	0.84	0.3	
Chinese Yuan (CNY)	0.00	0.00	0.01	0.00	0.01	0.01	0.0	
Other	0.09	0.12	0.15	0.12	1.50	1.77	0.4	

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

Note: Numbers may not add up due 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.