

# Overseas Exchange Transactions (OET) August 2015

Release date: 8 January 2016

Table 1

| <i>T\$m</i>            | Aug 15     | July 15     | June 15    | May 15     |
|------------------------|------------|-------------|------------|------------|
| <b>Overall balance</b> | <b>8.3</b> | <b>12.9</b> | <b>7.9</b> | <b>9.7</b> |
| Total inflows          | 55.1       | 49.2        | 58.5       | 53.0       |
| Total outflows         | 44.0       | 38.5        | 44.9       | 45.0       |

## Higher imports drive overall surplus lower.

### Total OET Receipts

The total OET receipts over the month of August were \$55.1 million, around 12% more than over July and 8% higher when compared to the same period of last year.

### Current Account Receipts

The total receipts in the Current Account were \$43.9 million, which was higher than July by 12%. This was brought about by more official and private transfers.

Total export receipts were around the same levels as in July. It is anticipated to rise in the next few months with the expected proceeds of squash. In year ended terms, export proceeds were 11% lower than last year. The ongoing effects of El Nino, are likely to weigh down on export proceeds for some time.

Travel receipts were about 10% lower than in July at \$8.4 million. This coincides with international arrivals falling in August after recording the highest record of air arrivals for this year in July. Travel receipts are used as an indication of tourist receipts, in addition to international arrivals. However foreign card transactions in Tonga are also recorded as travel receipts, so the series should be used with caution.

Transfers rose by 22% over July to \$30 million driven by both private and official transfers from donor partners.<sup>1</sup>

<sup>1</sup> Further information on remittances can now be found on our Remittances Data flash, available on the NRBT website.

### **Financial and Capital Account Receipts**

The Capital account receipts for July were \$0.4 million, these were mainly official capital transfers. The total receipts in the Financial Account amounted to \$10.8 million, 13% more than in July and came mostly in the form of interbank transfers.

### **Total OET Payments**

The total OET payments over the month of August amounted to \$44 million, 14% more than in July and around 9% more in year-ended terms.

### **Current Account Payments**

The total payments in the Current Account were \$40.8 million, a rise of 17% from July and 7% more than the same period last year.

Import payments rose by 17% to \$24.8 million over the month, driven mainly by payments for oil and construction materials. Falling global oil prices and a rise in construction activity in central Nukualofa and the airport support the higher import payments.

### **Financial and Capital Account Payments**

There were no significant Capital account receipts for August. The Financial account payments amounted to \$3.2 million, 11% less than in July, and this was due to interbank transfers and transfers from the accounts of residents to their banks abroad.

### **Foreign reserves and Overall Balance**

The balance of Overseas Exchange Transactions which is equivalent to the net change to foreign reserves over the month of August, was a surplus of \$8.3 million, less than the surplus in July of \$12.9 million. The outcome stemmed from a lower current account surplus as a result of more imports, there was also a notable rise in net unclassified outflows.

Foreign reserves therefore rose to \$302.6 million at the end of August, sufficient to cover 8.6 months of imports, well above the NRBT's minimum range. Looking forward, the level of foreign reserves is expected to pick up largely as a result of on-going aid in the form of budget support from donor partners. Although delays to the inflow of these funds will pose a risk to the outlook, the level of foreign reserves is likely to remain comfortably above the minimum range.

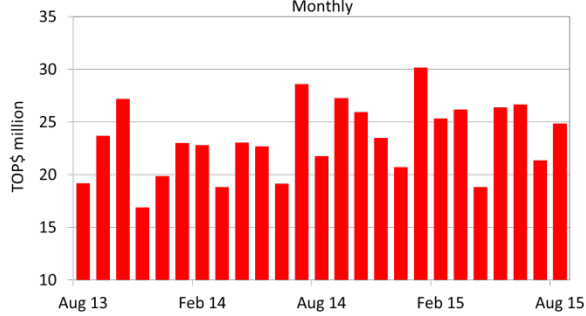
**Table 2****Overseas Exchange Transactions**

TOP\$ millions

|                          | Month Ended |             |             |             | Year Ended   |              |
|--------------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|                          | Aug-15      | Jul-15      | Jun-15      | May-15      | Aug-15       | Aug-14       |
| <b>Total Payments</b>    | <b>44.0</b> | <b>38.5</b> | <b>44.9</b> | <b>45.0</b> | <b>504.6</b> | <b>464.5</b> |
| <b>Current Account</b>   | <b>40.8</b> | <b>34.9</b> | <b>42.3</b> | <b>41.3</b> | <b>466.3</b> | <b>436.8</b> |
| Imports                  | 24.8        | 21.3        | 26.6        | 26.4        | 297.0        | 267.3        |
| Services                 | 10.5        | 9.2         | 10.0        | 9.3         | 107.1        | 110.0        |
| Primary Income           | 0.6         | 0.4         | 0.6         | 0.8         | 14.3         | 17.5         |
| Transfers                | 4.9         | 3.9         | 5.1         | 4.8         | 47.9         | 42.0         |
| Official                 | 0.0         | 0.0         | 0.0         | 0.0         | 1.7          | 1.4          |
| Private                  | 4.5         | 3.9         | 4.2         | 4.6         | 46.1         | 40.3         |
| Non-Profit               | 0.3         | 0.1         | 0.9         | 0.2         | 0.1          | 0.2          |
| <b>Capital Account</b>   | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>3.8</b>   | <b>4.2</b>   |
| Official                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 2.3          |
| Private                  | 0.0         | 0.0         | 0.0         | 0.0         | 3.8          | 1.9          |
| <b>Financial Account</b> | <b>3.2</b>  | <b>3.6</b>  | <b>2.6</b>  | <b>3.7</b>  | <b>34.5</b>  | <b>23.5</b>  |
| Direct Investment        | 0.0         | 0.0         | 0.0         | 0.1         | 1.1          | 0.0          |
| Portfolio Investment     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| Other Investment         | 3.2         | 3.6         | 2.6         | 3.6         | 33.4         | 23.5         |
| <b>Total Receipts</b>    | <b>55.1</b> | <b>49.2</b> | <b>58.5</b> | <b>53.0</b> | <b>549.6</b> | <b>511.2</b> |
| <b>Current Account</b>   | <b>43.9</b> | <b>39.1</b> | <b>41.7</b> | <b>45.2</b> | <b>430.2</b> | <b>386.5</b> |
| Exports                  | 0.7         | 0.6         | 1.0         | 1.0         | 14.6         | 16.4         |
| Agriculture              | 0.2         | 0.3         | 0.2         | 0.2         | 4.7          | 7.1          |
| Marines                  | 0.4         | 0.2         | 0.4         | 0.5         | 5.4          | 4.1          |
| Other                    | 0.1         | 0.1         | 0.4         | 0.2         | 1.7          | 2.8          |
| Services                 | 11.8        | 12.4        | 13.1        | 11.7        | 115.9        | 110.9        |
| Travel                   | 8.4         | 9.4         | 7.0         | 5.4         | 75.2         | 75.6         |
| Other                    | 3.4         | 3.0         | 6.1         | 6.4         | 40.7         | 35.3         |
| Primary Income           | 1.4         | 1.4         | 1.8         | 2.4         | 18.7         | 21.2         |
| Transfers                | 30.0        | 24.6        | 25.8        | 30.1        | 280.9        | 238.0        |
| Official                 | 4.9         | 0.4         | 6.0         | 11.2        | 50.6         | 35.0         |
| Private                  | 21.4        | 20.2        | 17.2        | 17.4        | 204.1        | 182.4        |
| Non-Profit               | 3.7         | 4.1         | 2.5         | 1.5         | 32.7         | 26.4         |
| <b>Capital Account</b>   | <b>0.4</b>  | <b>0.6</b>  | <b>2.4</b>  | <b>1.8</b>  | <b>22.1</b>  | <b>34.8</b>  |
| Official                 | 0.3         | 0.0         | 1.5         | 1.3         | 6.2          | 10.7         |
| Private                  | 0.1         | 0.6         | 0.9         | 0.5         | 15.9         | 24.1         |
| <b>Financial Account</b> | <b>10.8</b> | <b>9.5</b>  | <b>14.4</b> | <b>6.0</b>  | <b>97.3</b>  | <b>89.9</b>  |
| Direct Investment        | 0.0         | 0.5         | 0.1         | 0.3         | 2.5          | 14.2         |
| Portfolio Investment     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0          | 0.0          |
| Other Investment         | 10.8        | 9.1         | 14.3        | 5.8         | 94.8         | 75.6         |

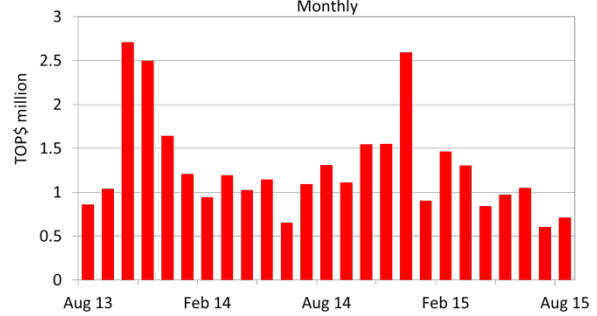
Sources: banking system; foreign exchange dealers, NRBT

**Graph 1**  
**Import Payments**  
Monthly



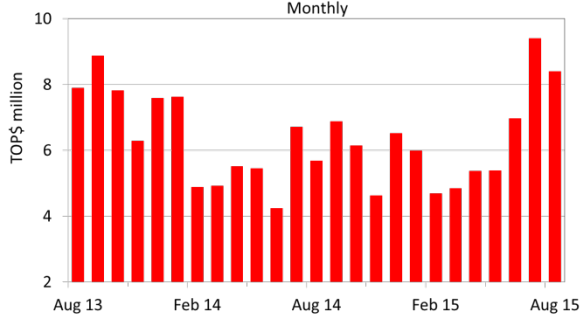
Source: Banking System; Foreign Exchange Dealers

**Graph 2**  
**Export Receipts**  
Monthly



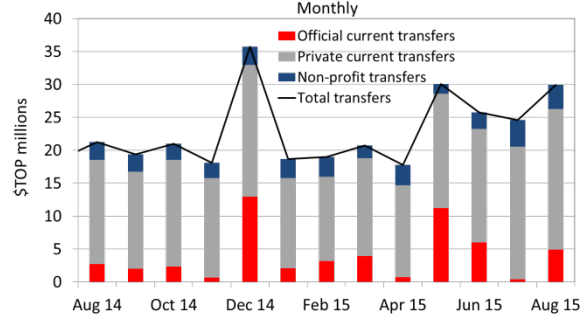
Source: Banking System; Foreign Exchange Dealers

**Graph 3**  
**Travel Receipts**  
Monthly



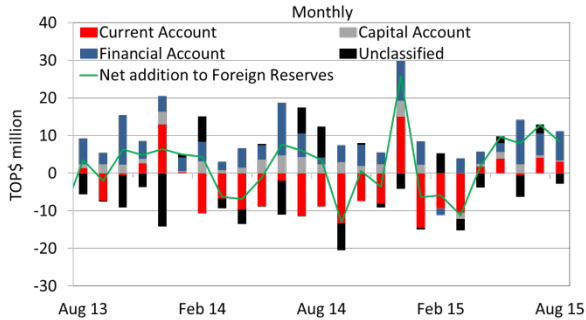
Source: Banking System; Foreign Exchange Dealers

**Graph 4**  
**Transfer Receipts**  
Monthly



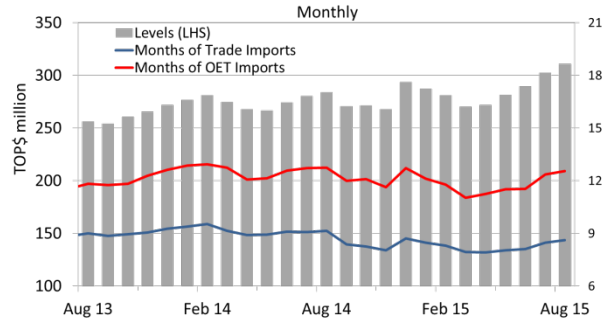
Source: Banking System; Foreign Exchange Dealers

**Graph 5**  
**Balance of Overseas Exchange Transactions**  
Monthly



Source: NRBT; Banking System; Foreign Exchange Dealers

**Graph 6**  
**Gross Official Foreign Reserves**  
Monthly



Source: Banking System; Statistics Department; Foreign Exchange Dealers