

Agricultural Exports Volume September 2014

Release date: 12 December 2014

	Sep 14	Aug 14	Jul 14	Jun 14
Total volume (tonnes)	803.9	597.2	723.5	642.9

September showing strong growth

Since the last release in June 2014, the volume of agricultural exports has, on average, been on the rise. The month of July recorded increases in export volumes for all major categories except for 'other' but then eased off again in August in spite of the early-season squash exports coming on-line.

Total volumes increased again over the month of September due to lifts in all of the major categories, particularly taro. Total export volume was also higher than September of last year due to lift in squash, taro, coconut and yam. The higher squash export volume was due to the recent introduction of the new 'butterkin' squash. New lending via the Government's Agriculture Marketing Fund also assisted squash growers. Agricultural export proceeds, as recorded in the banks' overseas exchange transactions (OET) data, also doubled over the month owing to receipts for exports of kava, root crops and squash supporting growth in agricultural activities. Tonga's real trade-weighted exchange rate index (REER) fell by 1.3% over the month supporting the competitiveness of Tongan produce in overseas markets.

In year-ended terms, total volumes increased by 9.4% driven by lifts in all of the major categories except for yam and vanilla. The main increases in volumes were for taro, cassava, coconut and squash. Agricultural export proceeds, as recorded in the banks' OET data also increased over the year. The REER fell by 2.9% over the year again contributes to the competitiveness of Tongan produce in overseas markets.

Looking forward, activity in the agricultural sector is expected to grow only modestly, as liaison suggests that squash exports, which has the biggest share of total exports, was affected adversely by the recent droughts and unfavorable weather conditions. However, the REER appears to continue depreciating, promoting the competitiveness

of Tongan produce in overseas markets. Growers are also expanding the range of crops they export to Australia, New Zealand, Fiji and Samoa. The opening of Nishi Trading's produce packing facility and training facility for farmers is expected to support export. The developments in this release have not been material enough to change our foreign reserves forecast, or imply pressure to the NRBT's monetary policy stance.

Agricultural Export Volumes

Tonnes

	Month Ended			Sep 13	Year-ended		Memo: Share*
	Sep 14	Aug 14	Jul 14		Sep 14	Sep 13	
Total	803.9	597.2	723.5	622.2	10,633.3	9,721.7	100
Squash	68.5	32.6	0.0	58.7	3,838.0	3,700.0	36
Taro	224.2	145.0	200.4	131.3	1,838.4	1,647.9	17
Coconut	141.6	116.5	143.0	118.8	1,813.2	1,440.7	17
Yam	167.6	155.0	207.5	89.0	1,331.3	1,382.6	13
Cassava	128.4	92.9	140.9	137.4	393.6	207.3	9
Vanilla	0.9	0.0	0.0	2.1	0.9	6.3	0
Other	73.6	55.2	29.3	86.9	814.0	623.6	8

* Based on the most recent 12 months data

Source: Ministry of Agriculture, Forestry, Food, and Fisheries

