



NATIONAL RESERVE BANK OF TONGA

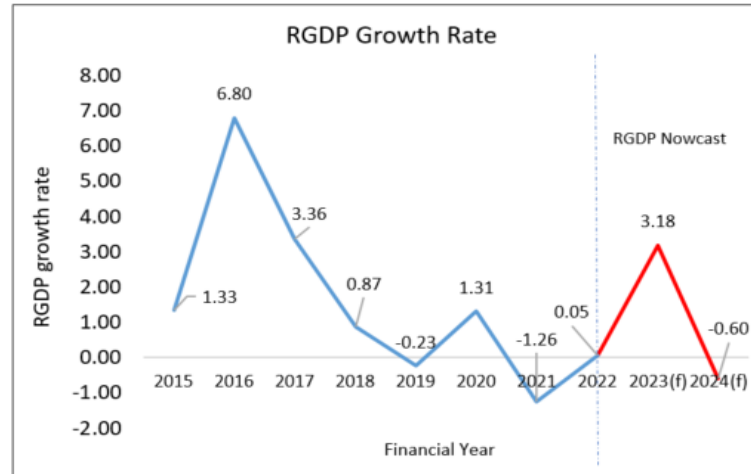
Tonga GDP Nowcast

The Tonga GDP Nowcast is an estimate of GDP based on a specific econometric model. GDP nowcast estimates are revised on a monthly basis based on the update of available monthly indicators used as explanatory variables. The variables used for estimation are:

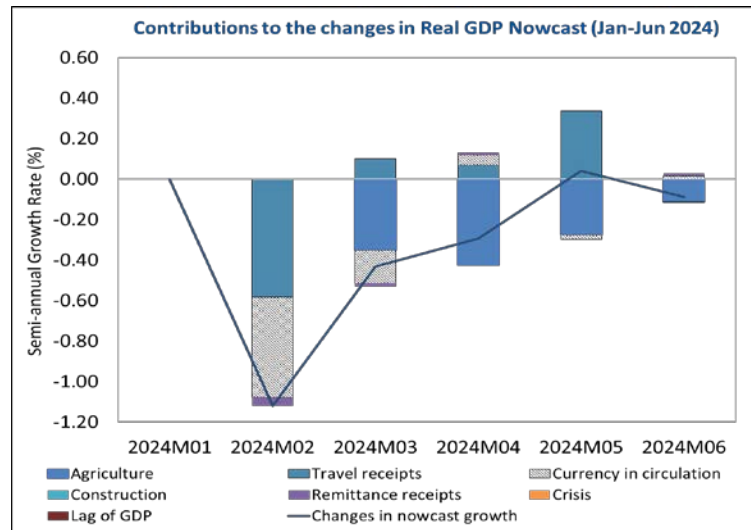
- Total volume of agriculture production
- Construction permits
- Remittances
- Currency in circulation
- Travel Receipts

This estimate of GDP is based solely on the movement of these variables and this specific model. Hence, GDP estimates provided herewith are not the finalized official forecast of the NRBT for 2023 but rather a recurring monthly estimate for the current estimated period. Please note that the latest GDP update is FY2021/2022, hence, chosen monthly indicators are subject to change upon re-estimation of the model once GDP figures for FY 2022/2023 are released by the Statistics Department, Tonga.

The GDP Nowcast estimates are not based on subjective views and opinions but purely on the calculations of the model as new data are updated.



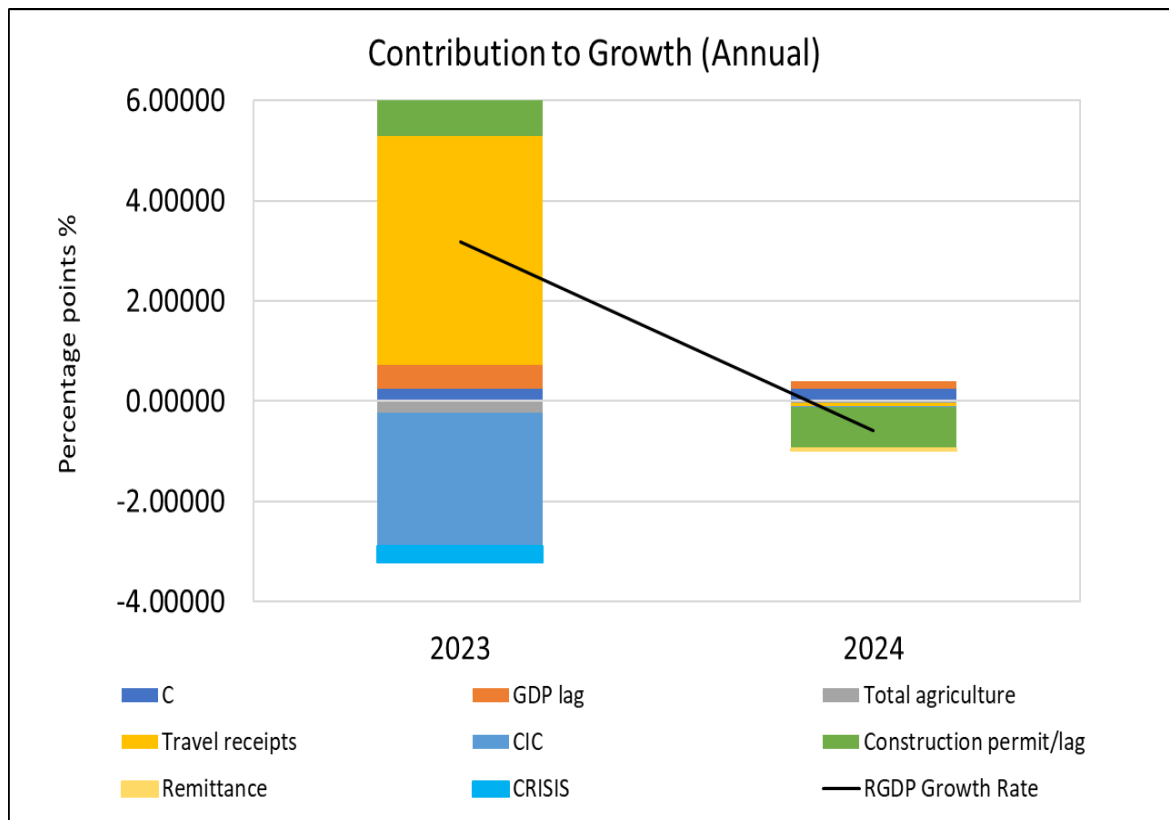
- The semi-annual GDP Nowcast real growth based on the June 2024 data update was -1.56% compared to a negative growth of 1.45% in the previous month GDP nowcast.
- The change in this GDP Nowcast slightly fell by 0.09 percentage points change from the first round nowcast growth of -1.47%.
- The revised nowcast changes in growth was significantly driven by a decline in both agricultural productions and travel receipts by 0.11 ppt and 0.003 ppt, respectively.





Tonga GDPNow Report

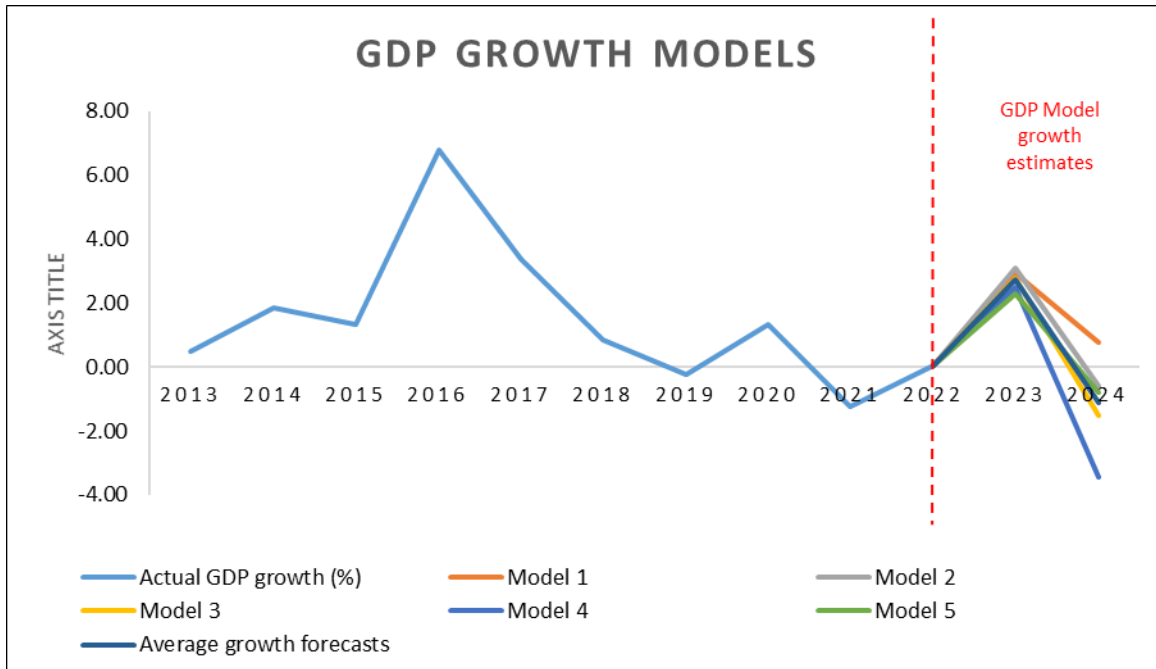
Contribution to GDP Growth (annual)



- The contribution to growth (annual movement) for FY2024 is nowcasted to trend below the negative region. This is significantly influenced by the nowcasted negative growth for construction activities (-0.81%), travel receipts (-0.06%), remittance (-0.06%) and agricultural productions (-0.04%) compared to the FY2023.
- It is important to note that these figures are subject to change and revision and so does the growth estimates.
- The performance of economic activities in FY2022/23 is estimated to contribute positively to overall growth for FY2024, however, it is nowcasted to be pressured by downward growth in the agriculture and construction sector. Construction activities is estimated based on construction permits value.



Range of GDP Model forecasts



GDP Growth forecast models							
	Actual GDP growth	Model 1	Model 2	Model 3	Model 4	Model 5	Average growth forecasts
2013	0.49						
2014	1.85						
2015	1.33						
2016	6.80						
2017	3.36						
2018	0.87						
2019	-0.23						
2020	1.31						
2021	-1.26						
2022	0.05						
2023		2.93	3.10	2.77	2.50	2.27	2.72
2024		0.78	-0.60	-1.53	-3.43	-0.81	-1.12

- The GDP models above provides an estimate of GDP growth using different variables. The average forecast for FY2023 is 2.7% while FY2024 is -1.1%. These models are computed and calculated using E-views software.
- These figures are subject to change upon update and revision of actual data up to June 2024.