

Remittance Receipts

July 2015

Release Date: 22 December 2015

<i>*TOP \$m</i>	July 15	June 15	May 15	Apr 15
Remittance Receipts	21.8	19.2	19.9	16.3
Private Transfers	20.2	17.2	17.4	13.9
Employee Compensation	1.4	1.4	2.4	2.3
Private Capital Transfers	0.25	0.34	0.06	0.01
Social Benefits	0.02	0.28	0.01	0.01

*Month-ended

Remittances remain high during Coronation festivities

The total remittances receipt for the month of July was \$21.8 million, representing 44.4% of the Total Overseas Exchange Transaction (OET) Receipts. This was a \$2.6 million increase from the previous month, which was largely driven by the festive events such as the coronation, church conferences and school reunions that were taking place during the month. Over the year, total remittances rose by 2.4% to \$208.9 million, which NRBT estimates to represent 26% of GDP.

Majority of remittances were received in Tonga's main trading currencies over the month. Remittances received in US Dollar (USD) dominate at 37% followed by the Australian Dollar (AUD) at 31% and New Zealand Dollar (NZD) at 27%. Over the month of July, remittances received in (USD) rose by 4.9% supported by the Tongan pa'anga (TOP) weakening against the USD. On the other hand, despite the appreciation of the TOP against the NZD and AUD over the month, receipts in NZD continued to grow strongly while there was minimal impact on the level of remittances received in AUD.

Residents received 80% of Total Remittances in July 2015 through the Foreign Exchange Dealers (FEDs). This is due mainly to lower transaction fees, better exchange rates and easier access with widespread coverage of FEDs in mainland Tongatapu and the outer islands.

Private Transfers

Total private transfers, being gifts and transfers into Tongan bank accounts, represent 92% of Total Remittances Receipts and 41% of Total OET Receipts; the largest single type of foreign currency inflow. Private Transfers picked up over July by 17.1% to \$20.2 million. This is \$5.8 million higher than July 2014 and is the main contributor to the overall rise in Remittance Receipts for this month. This increase is due to a number of festive events such

as the coronation, school reunions and church conferences. The majority of transfers were denominated in USD, AUD and NZD.

Employee Compensation¹

Receipts of employee compensation increased by 2.8% over July to \$1.42 million, representing 6.5% of Total Remittances Receipts. However, employee compensation was 60.7% more in July 2015 compared to July 2014. The increases over the month and the year were due to higher receipts from other Tongan residents working short term overseas.

Figure 1:

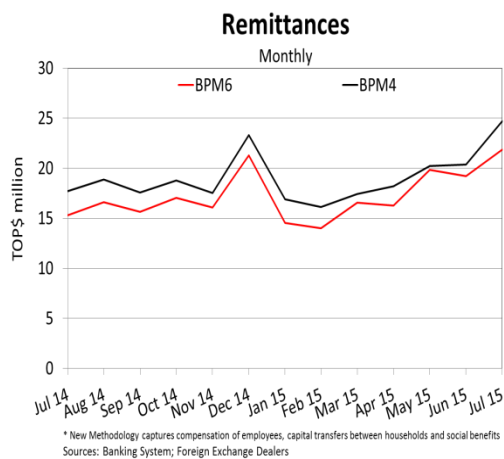
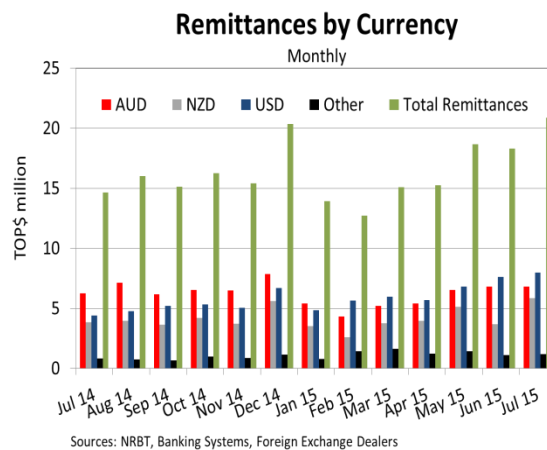


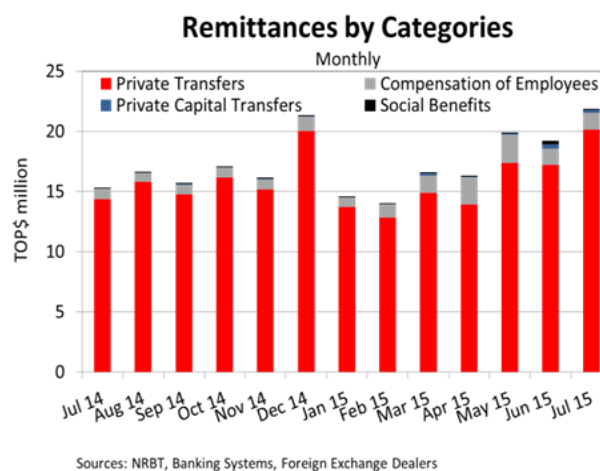
Figure 2:



Private Capital Transfers

Private grants for investments and capital projects received by individuals, mainly for private household construction, amounted to \$0.3 million. This represents only 1.2% of Total Remittance receipts; a slight fall from 1.8% in the previous month. In July, 54% of the Private Capital Transfers were denominated in Japanese YEN (JPY) and 34% were in USD.

Figure 3:



¹ Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program and other Tongan residents working short term overseas.

Social Benefits

Pensions and other social benefits received by Tongan residents from overseas dropped in July 2015 to \$0.02 million from \$0.28 million in the previous month. These payments, denominated in TOP and USD, represent less than 1% of Total Remittance Receipts.

Outlook

Remittance receipts are anticipated to remain high though may be lower than that of previous months after the coronation and other festivities. The NRBT will continue to closely monitor these receipts given they are one of the major inflows for Tonga's economy.

Table 1:

Remittances Receipts							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Jul-15	Jun-15	May-15	Apr-15	Jul-15	Jun-15	
Total	21.84	19.21	19.85	16.26	208.9	202.39	100.0
Private transfers	20.15	17.21	17.40	13.92	192.11	186.33	91.9
Compensation of Employees	1.42	1.38	2.38	2.32	15.33	14.79	7.3
Private capital transfers	0.25	0.34	0.06	0.01	1.10	0.85	0.5
Social benefits	0.02	0.28	0.01	0.01	0.41	0.41	0.2

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:

Remittances Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Jul-15	Jun-15	May-15	Apr-15	Jul-15	Jun-15	
Total	21.84	19.21	19.85	16.26	208.94	202.39	100.0
Australian Dollar (AUD)	6.82	6.82	6.53	5.41	74.63	74.04	35.7
US Dollar (USD)	7.98	7.61	6.79	5.68	71.57	67.99	34.3
New Zealand Dollar (NZD)	5.84	3.69	5.11	3.96	49.60	47.60	23.7
Tongan Pa'anga (TOP)	0.56	0.65	0.79	0.76	6.51	6.30	3.1
Euro (EUR)	0.11	0.11	0.15	0.12	1.59	1.58	0.8
Japanese Yen (JPY)	0.20	0.06	0.15	0.08	1.25	1.14	0.6
Fijian Dollar (FJD)	0.12	0.09	0.11	0.07	1.66	1.63	0.8
British Pound (GBP)	0.04	0.04	0.09	0.04	0.57	0.58	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.16	0.14	0.14	0.14	1.54	1.52	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers