

Remittance Receipts

October 2015

Release date: 1 February 2016

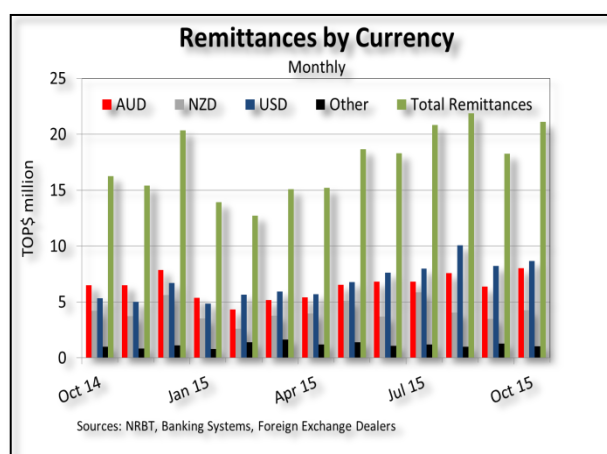
*TOP \$m	Oct 15	Sep 15	Aug 15	July 15
Remittance Receipts	21.97	19.38	22.72	21.84
Private Transfers	19.84	18.12	21.38	20.15
Employee Compensation	1.04	1.18	1.27	1.42
Private Capital Transfers	0.13	0.04	0.04	0.25
Social Benefits	0.97	0.04	0.03	0.02

*Month-ended

Family support transfers pushes up Remittances Receipts

Remittance received by the end of October 2015 rose by 13.4% to \$21.97 million, representing 38% of Total Overseas Exchange Transaction (OET) Receipts for the month. The rise is comprised of a 9.5% increase in private transfers over the month due to receipts of funds for family support from friends and family abroad. On year ended terms, remittance receipts were 10.7% higher than it was a year ago, reaching an annual high record of \$223.7 million.

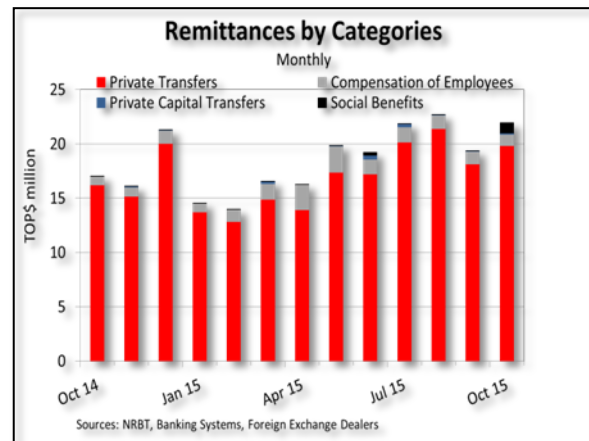
Remittance receipts in all major trading currencies increased over the month, with the Australian Dollar (AUD) increasing the most by 25.5%, followed by the New Zealand Dollar (NZD) with 21.8% and the US Dollar (USD) with 5.6%. Remittance receipts over the year denominated in USD still holds the largest share of the total receipts at 37% followed closely by the AUD at 34% and the NZD at 22%. This is supported by the continuous weakening of the TOP against the USD throughout the year.



Transfer of remittance receipts via Foreign Exchange Dealers (FEDs) is still higher than the transfers made via Banks, with 85% of remittances transferred through FEDs in October compared to 81% in September. This is due to lower transaction fees, easier access and wider coverage for the rural areas throughout Tonga.

Private Transfers

Private transfers which are mostly personal transfers is still the largest contributor to the overall remittances receipts, representing 92% of the total remittances and 34% of the total OET receipts by the end of October. The 9.5% increase in private transfers over the month was driven by a 20.9% rise in transfers for family support through FEDs. This reflects the improvement in the overseas economies like Australia and the US, reporting a drop in unemployment rate for the 3rd Quarter 2015 due to a surge in job growth, enabling friends and relatives to provide more support to their loved ones back home.



Employee Compensation¹

Compensation of employees slightly fell by \$0.1 million over the month and comes to a total of \$16.4 million at the end of the year up to October.

Private Capital Transfers & Social Benefits

Private grants for capital expenditures such as acquisition or construction of fixed assets rose by \$0.09 million in November to \$0.13 million, whereas social benefits such as pensions received by individuals rose to \$0.97 million from \$0.04 million over the month. Together, private capital transfers and social benefits represent 5.0% of total remittances.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months leading up to the holiday festive seasons. The NRBT will continue to closely monitor these receipts given they are one of the largest inflows for Tonga's economy.

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.

Table 1:

Remittances Receipts							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Oct-15	Sep-15	Aug-15	Jul-15	Oct-15	Sep-15	
Total	21.97	19.38	22.72	21.84	223.7	218.78	100.0
Private transfers	19.84	18.12	21.38	20.15	204.67	201.02	91.5
Compensation of Employees	1.04	1.18	1.27	1.42	16.42	16.20	7.3
Private capital transfers	0.13	0.04	0.04	0.25	1.20	1.07	0.5
Social benefits	0.97	0.04	0.03	0.02	1.42	0.48	0.6

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:

Remittances Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Oct-15	Sep-15	Aug-15	Jul-15	Oct-15	Sep-15	
Total	21.97	19.38	22.72	21.84	223.71	218.78	100.0
Australian Dollar (AUD)	8.02	6.39	7.58	6.82	76.82	75.32	34.3
US Dollar (USD)	8.68	8.22	10.09	7.98	83.25	79.92	37.2
New Zealand Dollar (NZD)	4.24	3.48	4.04	5.84	49.55	49.51	22.1
Tongan Pa'anga (TOP)	0.64	0.82	0.55	0.56	7.64	7.41	3.4
Euro (EUR)	0.13	0.12	0.12	0.11	1.53	1.59	0.7
Japanese Yen (JPY)	0.09	0.08	0.06	0.20	1.18	1.16	0.5
Fijian Dollar (FJD)	0.01	0.12	0.13	0.12	1.64	1.72	0.7
British Pound (GBP)	0.04	0.04	0.05	0.04	0.59	0.59	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.01	0.0
Other	0.12	0.11	0.10	0.16	1.52	1.56	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers