

# Remittance Receipts

## August 2016

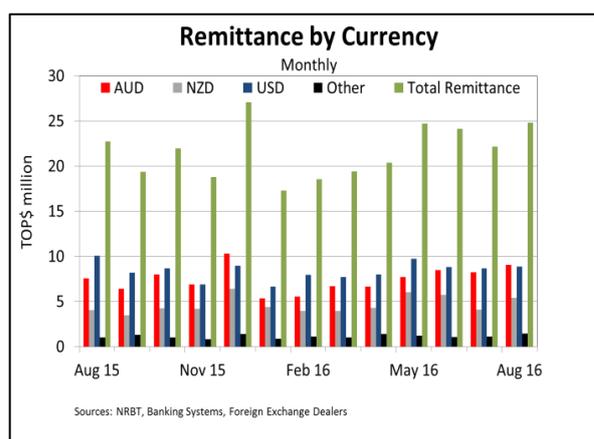
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<i>*TOP \$m</i>	Aug 16	July 16	June 16	May 16
<b>Remittance Receipts</b>	<b>24.79</b>	<b>22.14</b>	<b>24.14</b>	<b>24.72</b>
Private Transfers	22.27	19.91	22.02	22.50
Employee Compensation	2.15	1.89	1.94	1.84
Private Capital Transfers	0.33	0.28	0.08	0.16
Social Benefits	0.05	0.05	0.10	0.22

*\*Month-ended*

## Highest monthly record of remittance receipts so far throughout 2016

Remittance receipts grew even though the June and July's festivities are over. August 2016 recorded total remittance receipts of \$24.8 million, \$2.7 million (12.0%) higher than July, and \$4.3 million (21.1%) higher than August 2015. This is the highest monthly record of remittance receipts so far in 2016. In addition, this is the second highest level of remittance receipts since December 2015.

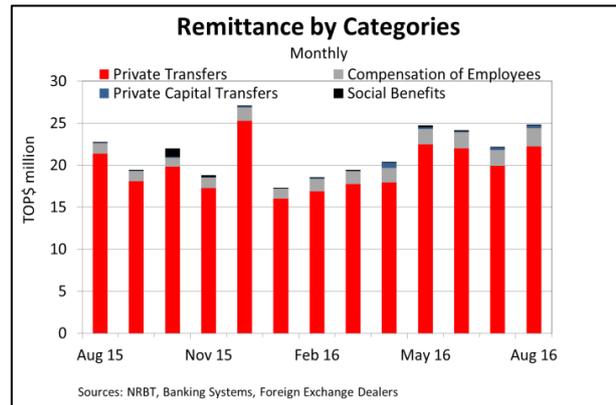


Growth over the month was driven mostly by private transfers, mainly receipts for family support and gifts. The celebration of the Latter Day Saints (LDS) Tonga Mission 100<sup>th</sup> anniversary and Tonga's Agricultural show may have contributed to the monthly trend. Remittance receipts represented 41% of the total overseas exchange transaction (OET) receipts for the month. Over the year, remittance receipts were 22% (\$46.1 million) higher than it was a year ago, reaching an annual high record of \$257.2 million.

In August 2016, majority of remittances receipts in the major currencies rose with the exception of British Pound (GBP) and other currencies. Bulk of the increase was receipts denominated in New Zealand Dollar (NZD) which rose by \$1.3 million, followed by the Australian Dollar (AUD) with \$0.8 million, and the Tongan Pa'anga (TOP) with \$0.3 million. Both the share of the USD and AUD fell over the month, with USD falling the most. As a result, AUD took over the United States dollar (USD) as the dominant currency in remittance receipts, accounting for 37% (\$9.1 million) of the total remittances. USD receipts followed

closely at 36% (\$8.3 million) decreasing from 39% last month whereas the NZD receipts rose from 18% to 22% (\$5.4 million). The depreciation of the USD against the TOP while the NZD appreciated against the TOP over the month, may have contributed to the trend.

Foreign Exchange Dealers (FEDs) continue to be the most preferred channel for receipt of remittances. Around 89% (\$22.0 million) of the total remittances receipts during the month were received via FEDs.



### Private Transfers

Total private transfers rose by 12% (\$2.4 million) which triggered the overall increase in remittances over the month. Private transfers represented 90% (\$22.3 million) of the total remittance receipts and 36% of the total OET receipts. Family support receipts in NZD rose by 30% (\$1.0 million) to \$4.4 million in August. Both receipts in AUD and USD also increased by 8.0% (\$0.6 million) and 7.0% (\$0.5 million) respectively. According to the Consensus forecasts both Australia and New Zealand experienced strong economic growth in the previous quarters supporting our Tongan families and relatives residing there to send more funds back home. The LDS Centennial celebration also contributed to the higher receipts of personal transfers in August.

### Employee Compensation<sup>1</sup>

Compensation of employees rose by 14% (\$0.3 million) over the month to \$2.1 million. This was driven mostly by a 38% (\$1.2 million) increase in receipts from the Recognised Seasonal Employer (RSE) Scheme workers over the month from New Zealand supporting the hike in NZD receipts. This more than offset the decline in other wages and salaries by \$0.1 million, particularly local experts serving foreign organisations. Employee compensation for the last 12 months reached a total of \$18.9 million, of which \$8.5 million were receipts from RSE workers and the remaining \$10.4 million was from other compensation of employees including local experts abroad and locally serving foreign organizations.

### Private capital transfers & Social benefits

Other private transfers for capital expenditures rose by \$0.04 million to \$0.3 million in August, which resulted from individuals receiving funds for house renovation and construction activities. Social benefits, on the other hand, remained at \$.05 million, during the month. Private capital transfers and social benefits accounted for only 2% of the total remittance receipts.

<sup>1</sup> Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program, Tongan residents working short term overseas, and resident employees serving foreign organizations.

## Outlook

Remittances are anticipated to remain high and may build up towards the end of the year. The scheduled events include the Tongan churches' annual roll call and their annual offerings, individuals' preparation for the Christmas season and also the whale watching season may give rise to higher remittances. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow to the economy as well as the positive social safety net effect and the additional income it provides to households.

**Table 1**

### Remittance Receipts TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-16	Jul-16	Jun-16	May-16	Aug-16	Jul-16	
Total	24.79	22.14	24.14	24.72	258.6	256.6	100.0
Private transfers	22.27	19.91	22.02	22.50	235.9	235.0	91.2
Compensation of Employees	2.15	1.89	1.94	1.84	18.87	17.98	7.3
Private capital transfers	0.33	0.28	0.08	0.16	1.92	1.63	0.7
Social benefits	0.05	0.05	0.10	0.22	1.96	1.95	0.8

Sources: NRBT, Banking System, Foreign Exchange Dealers

**Table 2:**

### Remittance Receipts by Currency TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-16	Jul-16	Jun-16	May-16	Aug-16	Jul-16	
Total	24.79	22.14	24.14	24.72	258.64	256.57	100.0
Australian Dollar (AUD)	9.05	8.27	8.49	7.72	89.45	87.98	34.6
US Dollar (USD)	8.88	8.66	8.83	9.72	99.20	100.42	38.4
New Zealand Dollar (NZD)	5.41	4.08	5.73	6.05	56.15	54.78	21.7
Tongan Pa'anga (TOP)	0.88	0.56	0.60	0.69	7.35	7.02	2.8
Euro (EUR)	0.13	0.13	0.10	0.14	1.40	1.40	0.5
Japanese Yen (JPY)	0.18	0.13	0.12	0.10	1.74	1.61	0.7
Fijian Dollar (FJD)	0.12	0.12	0.13	0.13	1.59	1.60	0.6
British Pound (GBP)	0.02	0.04	0.02	0.05	0.45	0.47	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.12	0.15	0.11	0.13	1.32	1.30	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers