

# Remittance Receipts

## July 2016

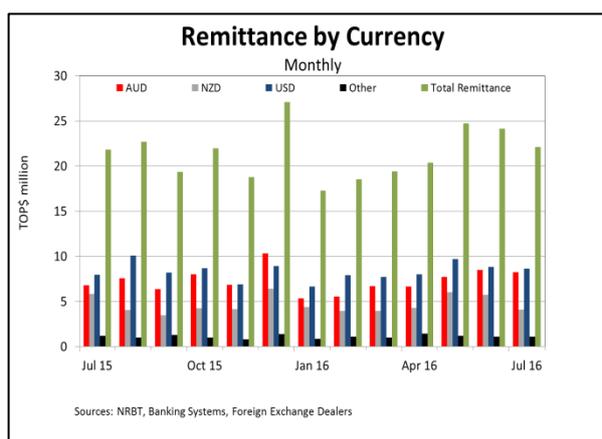
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<b>*TOP \$m</b>	<b>July 16</b>	<b>June 16</b>	<b>May 16</b>	<b>Apr 16</b>
<b>Remittance Receipts</b>	<b>22.14</b>	<b>24.14</b>	<b>24.72</b>	<b>20.38</b>
Private Transfers	19.91	22.02	22.50	17.94
Employee Compensation	1.89	1.94	1.84	1.75
Private Capital Transfers	0.28	0.08	0.16	0.62
Social Benefits	0.05	0.10	0.22	0.07

*\*Month-ended*

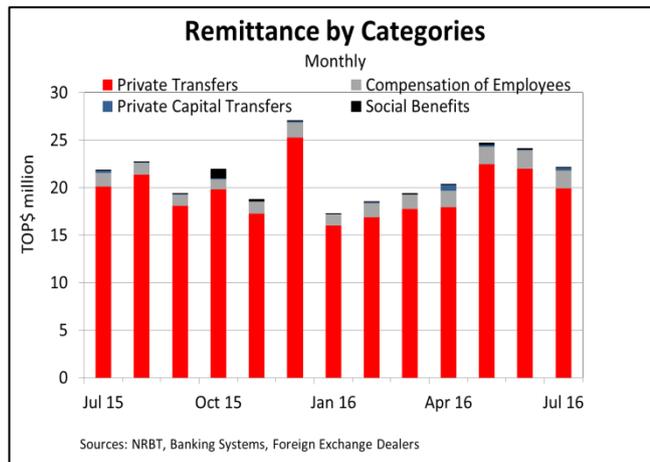
### Monthly remittances remain above \$20m for the fourth month in a row

Over the month of July 2016, remittances receipts fell by \$2.0 million (8.3%) to \$22.1 million. In year ended terms total remittances were higher by \$0.3 million (0.1%) than the previous year. Remittance receipts represent 39% of the total overseas exchange transaction (OET) receipts for the month compared with 28% in the previous month and 44% in July 2015.



The decline over the month was driven mostly by lower private transfers, mainly receipts for family support, after a busy month with major events taking place such as the Queen Mother’s birthday, Tupou College 150<sup>th</sup> anniversary and annual church conferences. Year on year, total remittances were higher by \$0.3 million (1.4%) than in July 2015. Over the last 12 months, total remittance receipts were at \$256.6 million, a slight increase from \$256.3 million recorded in the previous month.

Over the month of July, remittances receipts in the major currencies fell with the exception of receipts in Euro (EURO), British pound (GBP) and Japanese Yen (JNY). The bulk of the decline was denominated in the New Zealand Dollar (NZD) of \$1.7 million, followed by the Australian Dollar (AUD) which fell by \$0.228 million and remittances in United States Dollar (USD) decreased by \$0.17 million. USD continues to be the dominant currency for receipts of remittances, representing 39% (\$8.7 million) of the total remittances compared to 37% in June. AUD followed closely at 37% (\$8.3 million) rising from 35% last month, while the remittances received in NZD fell from 24% to 18% (\$4.1 million). Recognised seasonal employees (RSE) groups returning from New Zealand in May and June largely attributed to the decline in remittances received in NZD in July.



Foreign Exchange Dealers (FEDs) continue to be the most preferred channel for receipt of remittances. Around 88% (\$19 million) of the total remittances for the month were received via FEDs.

### Private Transfers

Total private transfers decreased by 10% (\$2.1 million) which contributed to the overall decline in remittances over the month. Despite the monthly decline in private transfers, July ranks as the third highest month so far throughout 2016. Private transfers represent 90% (\$20 million) of the total remittance receipts and 35% of the total OET receipts in July. Family support received via FEDs in NZD fell by 27% (\$1.2 million) to \$3.2 million during the month; the depreciation of the NZD against the TOP in July may have contributed to this declining trend. Receipts via FEDs in AUD, on the other hand, rose by 1.5% (\$0.1 million), which may be a result of the appreciation of the AUD against the TOP.

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

Compensation of employees slightly fell by 3% (\$0.05 million) over the month to \$1.9 million. This was driven mostly by a 23% (\$0.3 million) decrease in receipts from the Recognised Seasonal Employer Scheme (RSE) over the month, which more than offset an increase in other wages and salaries of \$0.2 million, particularly local experts serving foreign organisations. Consolidated total for the last 12 months for employee compensation reached a total of \$18.0 million, of which \$7.8 million are receipts from RSEs and the

<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.

remaining \$10.2 million was from other compensation of employees including local experts serving foreign organizations.

### Private capital transfers & Social benefits

Other private transfers for capital expenditures rose by \$0.2 million (248%) to \$0.3 million in July, particularly individual households receiving funds for house construction and renovation activities. However, social benefits including pensions received by individuals fell by \$0.05 million (49%) during the month. Private capital transfers and social benefits account for 2% of the total remittance receipts.

### Outlook

Remittances are anticipated to slow down in the upcoming months as economic activities return to its normal pace. However, scheduled events later on in the year such as the Tongan churches annual offerings (misinale) and Christmas may sustain the level of 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*
	Jul-16	Jun-16	May-16	Apr-16	Jul-16	Jun-16	
Total	22.14	24.14	24.72	20.38	256.6	256.3	100.0
Private transfers	19.91	22.02	22.50	17.94	235.0	235.2	91.6
Compensation of Employees	1.89	1.94	1.84	1.75	17.98	17.51	7.0
Private capital transfers	0.28	0.08	0.16	0.62	1.63	1.60	0.6
Social benefits	0.05	0.10	0.22	0.07	1.95	1.91	0.8

Sources: NRBT, Banking System, Foreign Exchange Dealers

**Table 2:**

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Jul-16	Jun-16	May-16	Apr-16	Jul-16	Jun-16	
Total	22.14	24.14	24.72	20.38	256.57	256.27	100.0
Australian Dollar (AUD)	8.27	8.49	7.72	6.67	87.98	86.54	34.3
US Dollar (USD)	8.66	8.83	9.72	8.01	100.42	99.74	39.1
New Zealand Dollar (NZD)	4.08	5.73	6.05	4.27	54.78	56.54	21.4
Tongan Pa'anga (TOP)	0.56	0.60	0.69	0.44	7.02	7.01	2.7
Euro (EUR)	0.13	0.10	0.14	0.07	1.40	1.38	0.5
Japanese Yen (JPY)	0.13	0.12	0.10	0.65	1.61	1.69	0.6
Fijian Dollar (FJD)	0.12	0.13	0.13	0.14	1.60	1.60	0.6
British Pound (GBP)	0.04	0.02	0.05	0.03	0.47	0.47	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.15	0.11	0.13	0.11	1.30	1.31	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers