

Remittance Receipts

June 2016

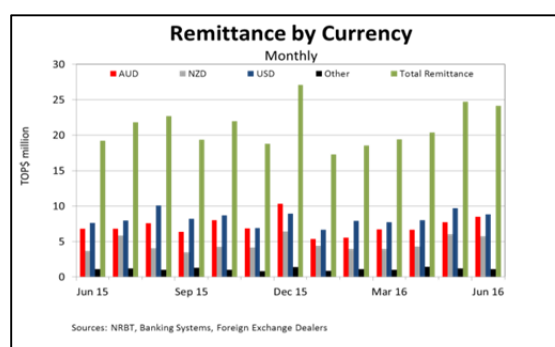
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*TOP \$m	June 16	May 16	Apr 16	Mar 16
Remittance Receipts	24.14	24.72	20.38	19.40
Private Transfers	22.02	22.50	17.94	17.78
Employee Compensation	1.94	1.84	1.75	1.52
Private Capital Transfers	0.08	0.16	0.62	0.03
Social Benefits	0.10	0.22	0.07	0.08

**Month-ended*

High remittances continues with the June festivities

Remittance receipts still remain at very high levels in June 2016, despite the slight fall of \$0.6 million (2.3%) to \$24.1 million over the month. Compared to the same month last year, remittances is now \$4.9 million (25.7%) higher than it was a year ago. The on-going celebration of the Queen Mother's birthday, Tupou College 150th anniversary, and the Free Wesleyan church conferences contributed to the high level of remittance receipts in June.



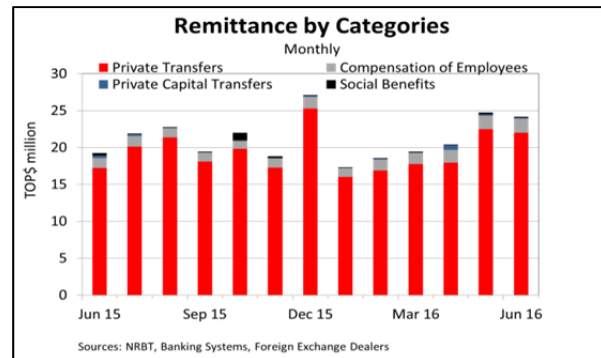
The slight decrease over the month was driven mostly by lower private transfers for family support. This may be attributed to the remitters visiting Tonga in June and is supported by the increase in the international arrival statistics of Tongans residing overseas. Remittance receipts represent 28% of total overseas exchange transaction (OET) receipts for the month. On year ended terms, remittance receipts were 26% (\$53.2 million) higher than it was a year ago, reaching an annual high record of \$256.3 million. This is roughly equivalent to \$116.4 million in United States Dollars (USD) which is \$8.7 million short of the amount projected by the IMF for the financial year 2015/16.

Remittances received over the month in Australian dollar (AUD), Japanese YEN (JPY) and Fijian dollar (FJD) increased, whilst the USD and New Zealand dollar (NZD) remittances declined. AUD remittances increased the most by \$0.8 million, however USD remittance receipts still remains dominant over other currencies, accounting for 37% (\$8.8 million) of total remittance receipts over the month, followed by the AUD with 35% (\$8.5 million) and the NZD with 24% (\$5.7 million).

Foreign Exchange Dealers (FEDs) remains as the preferred channel for the receipt of remittances. Similar to the previous month, 88% (\$21 million) of the total remittances were transferred through the FEDs in June..

Private Transfers

Private transfers which are mostly personal receipts, represent 91% (\$22 million) of total remittance receipts in June, similar to the previous month, and 26% of the total OET receipts. Over the month it slightly fell



by 2% (\$0.5 million) to \$22 million, driving the overall decline in total remittances. Despite the monthly fall, in terms of value, this month ranks as the second highest month so far throughout the year 2016. Family support received in USD fell by 9.6% (\$0.8 million) to \$7.6 million during the month reflecting the weakening of the USD against the Tongan pa'anga. This fall may also be related to the 53% (479 passengers) rise in total arrivals of non-residents from the US during the month whereby our US diaspora may now be contributing to the travel receipts instead of sending personal transfers. Travel receipts increased over the month by 41% (\$0.6 million).

Employee Compensation¹

Compensation of employees slightly rose by 6% (\$0.1 million) over the month to \$1.9 million. Recognised Seasonal Employer Scheme (RSE) workers overseas increased by 21% (\$0.2 million) offsetting the fall in other wages and salaries by \$0.09 million mostly from local experts serving foreign organisations. Over the year, employee compensation reached a total of \$17.5 million, of which \$7.5 million are receipts from RSEs and the remaining \$10 million was from other compensation of employees including local experts serving foreign organizations.

Private capital transfers & Social benefits

Other private transfers for capital expenditures fell from \$0.2 million in May to almost \$0.08 million in June, whereas social benefits such as pensions received by individuals also declined by \$0.1 million during the month. Private capital transfers and social benefits represent only 1% of the total remittance receipts.

Outlook

Remittances are anticipated to remain high as the Heilala festival in July approaches although it may be lower than that of previous months following the high season months in May and June. 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.

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:

Remittance Receipts							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jun-16	May-16	Apr-16	Mar-16	Jun-16	May-16	
Total	24.14	24.72	20.38	19.40	256.3	251.3	100.0
Private transfers	22.02	22.50	17.94	17.78	235.2	230.4	91.8
Compensation of Employees	1.94	1.84	1.75	1.52	17.51	16.95	6.8
Private capital transfers	0.08	0.16	0.62	0.03	1.60	1.86	0.6
Social benefits	0.10	0.22	0.07	0.08	1.91	2.08	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jun-16	May-16	Apr-16	Mar-16	Jun-16	May-16	
Total	24.14	24.72	20.38	19.40	256.27	251.34	100.0
Australian Dollar (AUD)	8.49	7.72	6.67	6.72	86.54	84.86	33.8
US Dollar (USD)	8.83	9.72	8.01	7.73	99.74	98.52	38.9
New Zealand Dollar (NZD)	5.73	6.05	4.27	3.95	56.54	54.50	22.1
Tongan Pa'anga (TOP)	0.60	0.69	0.44	0.62	7.01	7.07	2.7
Euro (EUR)	0.10	0.14	0.07	0.13	1.38	1.39	0.5
Japanese Yen (JPY)	0.12	0.10	0.65	0.06	1.69	1.63	0.7
Fijian Dollar (FJD)	0.13	0.13	0.14	0.10	1.60	1.55	0.6
British Pound (GBP)	0.02	0.05	0.03	0.02	0.47	0.49	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.11	0.13	0.11	0.07	1.31	1.34	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers