

Remittance Receipts

April 2017

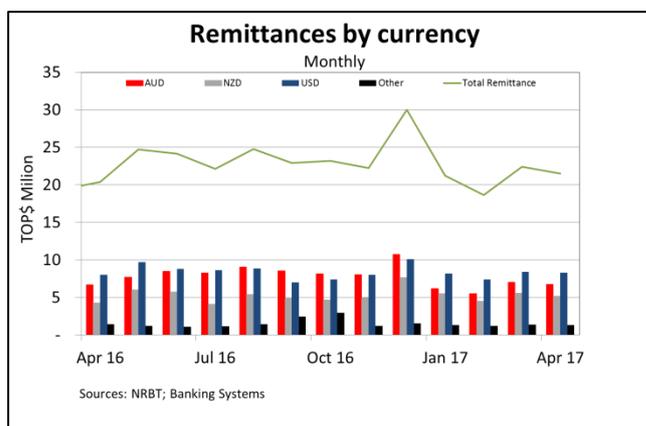
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<i>*TOP \$m</i>	Apr 17	Mar 17	Feb 17	Jan 17
Remittance Receipts	21.52	22.42	18.64	21.23
Private Transfers	20.13	21.16	17.53	20.36
Employee Compensation	0.91	0.99	0.92	0.62
Private Capital Transfers	0.34	0.21	0.14	0.15
Social Benefits	0.14	0.06	0.04	0.09

**Month-ended*

Reduction in receipts for family support drive remittance receipts to fall

In April 2017, total remittance receipts fell by \$0.9 million (4.0%) to \$21.5 million, representing 40% of total overseas exchange (OET) receipts. The decrease in total remittances included a 4.9% decline in private transfers due mainly to lower receipts of funds for family support and a 7.4% decrease in employee compensation. In year ended terms, total remittance receipts rose by 14.6% (\$35.5 million), reaching an annual high record of \$278.3 million.

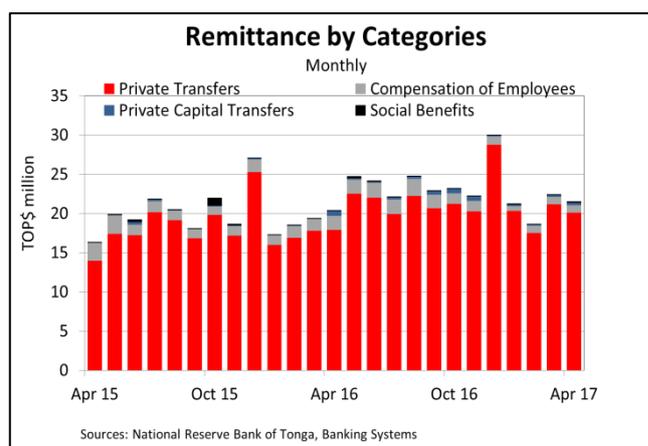


Remittances received in US dollar (USD) continued to dominate over other currencies, which accounted for 39% of the total remittances over the month. Australian dollar (AUD) receipts followed with 31% and New Zealand dollar (NZD) receipts with 24%. Over the month, remittances received in the major currencies decreased with NZD receipts declining the most by \$0.4 million, AUD with \$0.3 million and the USD with \$0.1 million. Majority of the annual remittance receipts were in USD (36%) and AUD (34%) which were supported by the depreciation of the Tongan pa'anga (TOP) against these currencies.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. During the month, around 86% of the total remittance receipts were received via FEDs, compared to 88% in the previous month and 88% in April 2016.

Private Transfers

Private transfers, which are mostly receipts for family support and gifts, hold the largest component of total receipts, representing 94% of the total remittance receipts and 37% of the total OET receipts. Private transfers fell by \$1.0 million (4.9%) supported by lower receipts of family support from friends and families abroad. Family support receipts via FEDs in NZD and AUD fell by \$0.4 million each and the USD receipts also decreased by \$0.3 million. In year ended terms, private transfers increased by \$35.5 million (16.0%) to \$257.2 million largely due to higher receipts for family support.



Employee Compensation¹

Employee compensation fell by \$0.07 million (7.4%) over the month and accounted for around 4% of the total remittances receipts. Both receipts from the Recognised Seasonal Employer (RSE) Scheme workers and other wages & salaries fell over the month by \$0.05 million and \$0.02 million respectively. For the 12 months period to April 2017, around 62% (\$10.3 million) of the total compensation of employees was for other wages and salaries whereas the remaining 38% were from RSE workers.

Private capital transfers & Social benefits

Private transfers for capital expenditures, pensions and other social benefits received by individuals accounted for only 2% of the total remittance receipts. There were higher receipts by households for house construction and renovation related activities compared to the previous month, which resulted in a \$0.1 million (64.1%) increase in private transfers for capital expenditures. Social benefits also rose by \$0.07 million (118.7%) over the month. Over the year, private capital transfers rose by \$1.6 million (90.5%) whereas social benefits fell by \$0.9 million (45.8%).

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months as annual events such as the children's White Sunday, Mother's Day, Father's Day, church conferences and Heilala festivities approaches. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

¹ 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.

Table 1**Remittance Receipts**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Apr-17	Mar-17	Feb-17	Jan-17	Apr-17	Apr-16	
Total	21.52	22.42	18.64	21.23	278.34	242.80	100.0
Private transfers	20.13	21.16	17.53	20.36	257.21	221.68	92.4
Compensation of Employees	0.91	0.99	0.92	0.62	16.78	17.49	6.0
Private capital transfers	0.34	0.21	0.14	0.15	3.34	1.75	1.2
Social benefits	0.14	0.06	0.04	0.09	1.02	1.88	0.4

Sources: NRBT, Banking System

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Apr-17	Mar-17	Feb-17	Jan-17	Apr-17	Apr-16	
Total	21.52	22.42	18.64	21.23	278.34	242.80	100.0
Australian Dollar (AUD)	6.74	7.03	5.54	6.21	94.55	83.21	34.0
US Dollar (USD)	8.29	8.43	7.39	8.16	100.91	92.58	36.3
New Zealand Dollar (NZD)	5.15	5.56	4.53	5.54	64.60	53.36	23.2
Tongan Pa'anga (TOP)	0.76	0.83	0.66	0.84	11.94	7.17	4.3
Euro (EUR)	0.13	0.15	0.12	0.14	1.54	1.40	0.6
Japanese Yen (JPY)	0.19	0.12	0.15	0.09	1.45	1.67	0.5
Fijian Dollar (FJD)	0.09	0.11	0.11	0.09	1.44	1.53	0.5
British Pound (GBP)	0.06	0.05	0.04	0.05	0.48	0.53	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	0.11	1.42	1.36	0.5

Sources: NRBT, Banking System