

# Remittance Receipts

## August 2017

Release date: 27 November 2017

<i>*TOP \$m</i>	Aug 17	Jul 17	Jun 17	May 17
<b>Remittance Receipts</b>	<b>28.42</b>	<b>25.46</b>	<b>26.54</b>	<b>28.50</b>
Private Transfers	25.67	23.78	24.46	26.67
Employee Compensation	2.03	1.25	1.42	1.16
Private Capital Transfers	0.65	0.40	0.50	0.59
Social Benefits	0.06	0.04	0.16	0.08

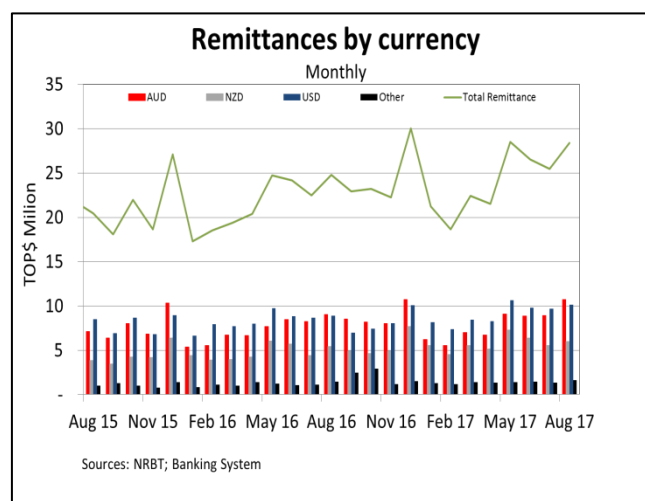
*\*Month-ended*

### Private transfers drove the overall increase in Remittance

Remittance receipts reached \$28.4 million in August 2017, 11.6% higher than the previous month. Total private transfers which accounts for around 90% of the total remittances, drove the overall increase in remittances during the month. Other categories of remittances also increased over the month. In year ended terms, total remittance receipts rose by 13.0% to \$291.1 million, again private transfer receipts contributed mainly to the overall growth.

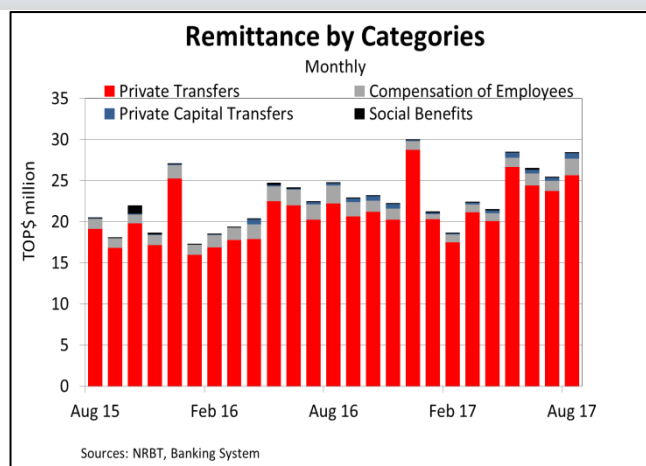
The Australian Dollar (AUD) took over the United States Dollar (USD) as the dominant currency in remittance receipts (accounting for 38% of the total remittances) in August 2017. United States Dollar (USD) and New Zealand Dollar (NZD) receipts followed with 36% and 21% respectively. Over the month, the receipts in these major currencies all rose with AUD increasing the most by \$1.8 million whereas the receipts in the USD and NZD followed with an increase of \$0.4 million each.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. In August 2017, around 83% of the total remittance receipts were received via FEDs compared to 88% in the previous month and 89% in August 2016.



## Private Transfers

Private transfers during the month of August 2017 accounted for around 39% of the total OET receipts. Total private transfers rose over the month by \$1.9 million (8.0%) to \$25.7 million, particularly higher receipts of family support from friends and families abroad. Family support receipts via FEDs in the major currencies rose over the month with the AUD receipts increasing the most by \$0.8 million in addition to NZD and USD receipts which went up by \$0.2 million and \$0.08 million respectively.



In year ended terms, private transfers rose by around 15.3% to \$270.7 million, largely owing to higher receipts for family support.

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

Employee compensation rose by \$0.8 million (62.9%) over the month and accounted for around 7% of the total remittances receipts. Both receipts under this category rose over the month with receipts from the Recognised Seasonal Employer (RSE) Scheme workers increasing by \$0.5 million whereas other wages & salaries rose by \$0.3 million.

However, in the 12-month period to August 2017, total compensation of employees declined by 21.5% to \$14.8 million mainly due to lower receipts from RSE workers.

## Private capital transfers & Social benefits

Private transfers for capital expenditures and social benefits received by individuals both rose by \$0.25 million and \$0.02 million respectively over the month. Both categories of remittances only accounted for 3% of the total remittance receipts.

In year ended terms, private capital transfers rose by \$2.7 million, mainly due to higher receipts by households for house construction and renovation related activities compared to the previous year. Social benefits, on the other hand, fell by \$1.0 million over the period.

## Outlook

Remittance receipts are anticipated to remain high in the upcoming months given the churches' annual offerings (misinale) in addition to the scheduled events later on in the year such as the Christmas festivities. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

<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.

**Table 1:****Remittance Receipts**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-17	Jul-17	Jun-17	May-17	Aug-17	Aug-16	
Total	28.42	25.46	26.54	28.50	291.1	257.6	100.0
Private transfers	25.67	23.78	24.46	26.67	270.7	234.8	93.0
Compensation of Employees	2.03	1.25	1.42	1.16	14.81	18.87	5.1
Private capital transfers	0.65	0.40	0.50	0.59	4.63	1.92	1.6
Social benefits	0.06	0.04	0.16	0.08	0.94	1.96	0.3

Sources: NRBT, Banking System

**Table 2:****Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-17	Jul-17	Jun-17	May-17	Aug-17	Aug-16	
Total	28.42	25.46	26.54	28.50	291.11	257.59	100.0
Australian Dollar (AUD)	10.71	8.91	8.87	9.08	98.59	89.45	33.9
US Dollar (USD)	10.11	9.67	9.80	10.66	105.05	97.78	36.1
New Zealand Dollar (NZD)	5.99	5.54	6.39	7.32	68.21	56.51	23.4
Tongan Pa'anga (TOP)	1.02	0.78	0.94	0.96	12.92	7.35	4.4
Euro (EUR)	0.14	0.11	0.15	0.11	1.55	1.40	0.5
Japanese Yen (JPY)	0.14	0.13	0.12	0.09	1.39	1.74	0.5
Fijian Dollar (FJD)	0.14	0.12	0.09	0.10	1.39	1.59	0.5
British Pound (GBP)	0.03	0.03	0.06	0.06	0.53	0.45	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.14	0.18	0.11	0.11	1.45	1.32	0.5

Sources: NRBT, Banking System