

Remittance Receipts

December 2017

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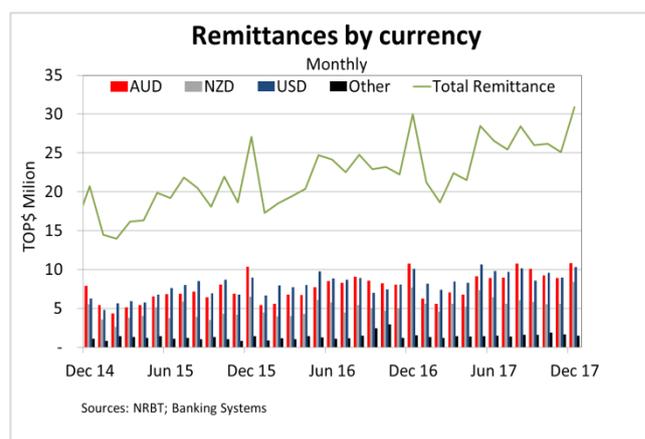
<i>*TOP \$m</i>	Dec 17	Nov 17	Oct 17	Sept 17
Remittance Receipts	30.90	25.08	26.18	25.99
Private Transfers	28.71	23.03	23.05	23.02
Employee Compensation	1.47	1.35	1.94	2.26
Private Capital Transfers	0.66	0.65	1.10	0.67
Social Benefits	0.06	0.04	0.08	0.04

**Month-ended*

Christmas & festive season boosted the level of remittances to its highest

Friends and relatives abroad sending money to their loved ones here in Tonga during these festive season, boosted the level of remittances to its highest level in both the monthly and yearly records.

In December 2017, remittance receipts rose to \$30.9 million (accounted for 45% of the total OET receipts), which was 23% higher than the previous month. All categories of remittances rose over the month with receipts from private transfers (mainly family support) being the highest, and the receipts from compensation of employees, social benefits and private capital transfers followed.



In year ended terms, total remittances reached \$300.9 million, 11% higher than the previous year. This was mainly due to higher receipts for family support over the year in addition to receipts by individuals for house construction and renovation related activities.

The Australian Dollar (AUD) took over the United States dollar (USD) as the dominant currency in remittance receipts which accounted for 35% of the total remittances. The depreciation of Tongan Pa'anga (TOP) against the AUD over the month may have contributed to the trend. USD followed closely with a share of 33% and New Zealand Dollar (NZD) with a share of 27%. Over the month, remittance receipts in these major currencies rose with NZD increasing the most with \$2.8 million in addition to the AUD and USD which rose by \$1.9 million and \$1.3 million respectively.

In December 2017, Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances, which represented 89% of the total remittance receipts compared to 87% in the previous month and 90% in December 2016.

Private Transfers

Total private transfers rose over the month by 25% to \$28.7 million. This was mainly due to higher receipts of family support via FEDs as it rose by \$5.5 million over the month. The family support receipts in NZD increased the most by \$2.4 million in addition to the AUD and USD receipts which rose by \$2.0 million and \$1.1 million respectively.

Total private transfers is the largest component of remittances which accounted for 93% of the total remittance receipts and 41% of the total OET receipts.

In year ended terms, private transfers rose by 12.5% to \$277.6 million, particularly higher receipts of family support from friends and relatives abroad. The main events during the year including the family month of May, June's festivities (churches' annual conferences and schools' anniversaries celebration – Tonga High School & Mailefihi Siu'ilikutapu College) and the Christmas and holiday festivities contributed to the trend.

Employee Compensation¹

Employee compensation rose by 8.6% to \$1.5 million over the month which accounted for 5% of the total remittance receipts in December 2017. Receipts from other wages & salaries rose by \$0.3 million whereas receipts from Recognised Seasonal Employers (RSE) declined by \$0.2 million over the month.

Over the year to December 2017, total receipts from compensation of employees fell by \$3.0 million, mainly due to lower receipts from RSE workers.

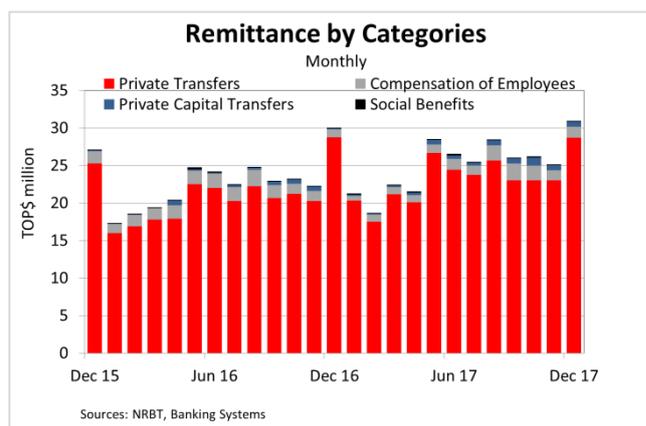
Private capital transfers & Social benefits

In December 2017, social benefits and private capital transfers rose by \$0.02 million and \$0.01 million respectively. Both categories of remittances represented 2% of the total remittance receipts compared to 3% of the previous month.

In year ended terms, private capital transfers increased by \$2.8 million whereas social benefits decreased by \$0.03 million.

Outlook

Remittance receipts are anticipated to decline from this high monthly level in the following months as the Christmas and holiday season has reached an end. In year ended terms, the Reserve Bank is expected higher receipts of remittances. 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*
	Dec-17	Nov-17	Oct-17	Sep-17	Dec-17	Dec-16	
Total	30.90	25.08	26.18	25.99	300.9	270.2	100.0
Private transfers	28.71	23.03	23.05	23.02	277.6	246.7	92.3
Compensation of Employees	1.47	1.35	1.94	2.26	16.33	19.31	5.4
Private capital transfers	0.66	0.65	1.10	0.67	6.06	3.26	2.0
Social benefits	0.06	0.04	0.08	0.04	0.90	0.93	0.3

Sources: NRBT, Banking Systems

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Dec-17	Nov-17	Oct-17	Sep-17	Dec-17	Dec-16	
Total	30.90	25.08	26.18	25.99	300.87	270.17	100.0
Australian Dollar (AUD)	10.79	8.90	9.23	10.07	102.07	93.34	33.9
US Dollar (USD)	10.29	8.97	9.58	8.54	109.88	98.99	36.5
New Zealand Dollar (NZD)	8.37	5.55	5.48	5.78	71.20	60.40	23.7
Tongan Pa'anga (TOP)	0.78	1.04	1.11	1.13	10.86	11.06	3.6
Euro (EUR)	0.20	0.14	0.23	0.13	1.73	1.43	0.6
Japanese Yen (JPY)	0.10	0.12	0.09	0.10	1.43	1.78	0.5
Fijian Dollar (FJD)	0.13	0.14	0.15	0.14	1.43	1.49	0.5
British Pound (GBP)	0.10	0.12	0.04	0.03	0.68	0.39	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.14	0.12	0.26	0.08	1.59	1.30	0.5

Sources: NRBT, Banking Systems