

Remittance Receipts

February 2017

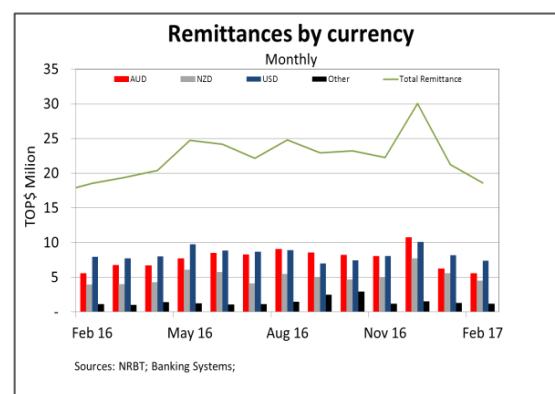
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<i>*TOP \$m</i>	Feb 17	Jan 17	Dec 16	Nov 16
Remittance Receipts	18.59	21.23	30.01	22.26
Private Transfers	17.49	20.36	28.75	20.30
Employee Compensation	0.92	0.62	1.08	1.32
Private Capital Transfers	0.14	0.15	0.10	0.59
Social Benefits	0.04	0.09	0.08	0.05

**Month-ended*

Remittances declined driven by a drop in family support receipts

In February 2017, total remittance receipts fell by \$2.6 million (12.4%) to \$18.6 million, which resulted from a decrease in all categories of remittances except compensation of employees. Private transfers declined the most by \$2.9 million (14.1%) due mainly to lower receipts for family support. Over the year, total remittances rose by \$38.3 million (16.3%) to \$273.8 million due mainly to higher receipts for family support compared to the previous year.



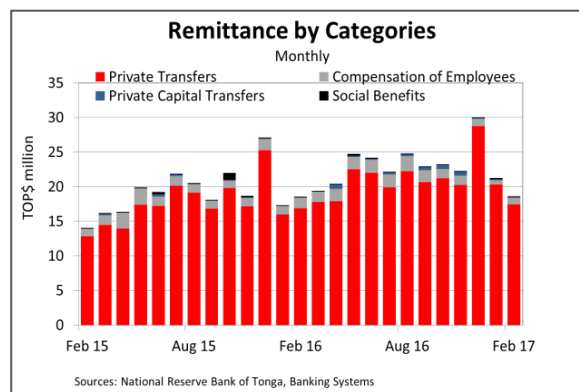
Total remittances represented 42% of the total overseas exchange transaction (OET) receipts during the month, compared to 37% in the previous month. This indicates that other receipts also declined over the month, outpacing the decline in remittance receipts.

Remittance receipts in the major currencies fell over the month with New Zealand dollar (NZD) declining the most by \$1.1 million (19.1%). United States dollar (USD) and Australian dollar (AUD) receipts followed with declines of \$0.8 million (9.5%) and \$0.7 million (10.9%) respectively. The USD continued to be the dominant currency for receipts of remittances in February, representing 39.7% of the total remittances. AUD followed with 29.8% and NZD with 24.1%. This coincided with the TOP depreciating against USD and AUD over the month.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for the receipt of remittances. Around 85% (\$15.9 million) of the total remittance receipts were received via FEDs during the month, compared to 88% (\$18.7 million) in the previous month and 87% (\$16.1 million) in February 2016.

Private Transfers

Private transfers which are mostly receipts for family support, hold the largest component of total remittance receipts, representing 94% (\$17.5 million) of the total remittance receipts and 39% of the total OET receipts. Family support receipts via FEDs in NZD, USD and AUD fell by \$1.1 million, \$0.9 million and \$0.8 million respectively.



Employee Compensation¹

Compensation of employees rose by \$0.3 million (105.4%) over the month, representing 5% of the total remittances. This was mainly receipts from other wages and salaries whereas the receipt from Recognised Seasonal Employer (RSE) Scheme workers slightly rose by \$0.03 million. Over the year to February 2017, total employee compensation rose by \$0.2 million (0.9%) to \$18.1 million. Majority of the employee compensation over the year was for other wages and salaries at \$10.4 million (57%) and the remaining 43% were from RSE workers.

Private capital transfers & Social benefits

Other private transfers for capital expenditures slightly fell by \$0.01 million (8.9%) to \$0.1 million in February. During the month, receipts by households for house construction and renovation related activities were lower compared to the previous month. Social benefits also declined by \$0.05 million (54.4%) over the month. Private capital transfers and social benefits accounted for only 1% of the total remittance receipts.

Outlook

Remittance receipts are expected to increase in the near terms as the busy season approaches. The NRBT 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*
	Feb-17	Jan-17	Dec-16	Nov-16	Feb-17	Feb-16	
Total	18.59	21.23	30.01	22.26	273.8	235.5	100.0
Private transfers	17.49	20.36	28.75	20.30	251.2	214.4	91.8
Compensation of Employees	0.92	0.62	1.08	1.32	18.14	17.99	6.6
Private capital transfers	0.14	0.15	0.10	0.59	3.45	1.32	1.3
Social benefits	0.04	0.09	0.08	0.05	0.96	1.78	0.4

Sources: NRBT, Banking System

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Feb-17	Jan-17	Dec-16	Nov-16	Feb-17	Feb-16	
Total	18.59	21.23	30.01	22.26	273.78	235.48	100.0
Australian Dollar (AUD)	5.54	6.21	10.73	8.05	94.17	80.37	34.4
US Dollar (USD)	7.39	8.16	10.09	8.04	99.92	88.50	36.5
New Zealand Dollar (NZD)	4.48	5.54	7.66	4.96	61.71	52.84	22.5
Tongan Pa'anga (TOP)	0.66	0.84	0.93	0.69	11.40	7.79	4.2
Euro (EUR)	0.12	0.14	0.16	0.15	1.47	1.43	0.5
Japanese Yen (JPY)	0.15	0.09	0.10	0.07	1.85	1.11	0.7
Fijian Dollar (FJD)	0.11	0.09	0.17	0.12	1.47	1.44	0.5
British Pound (GBP)	0.04	0.05	0.05	0.05	0.42	0.58	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.11	0.11	0.13	0.13	1.36	1.43	0.5

Sources: NRBT, Banking System