

# Remittance Receipts

January 2017

Release date: 2 June 2017

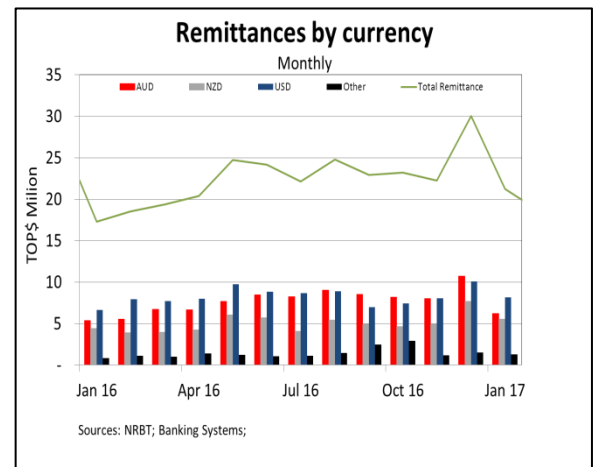
<b>*TOP \$m</b>	<b>Jan 17</b>	<b>Dec 16</b>	<b>Nov 16</b>	<b>Oct 16</b>
<b>Remittance Receipts</b>	<b>21.23</b>	<b>30.01</b>	<b>22.26</b>	<b>23.20</b>
Private Transfers	20.36	28.75	20.30	21.23
Employee Compensation	0.62	1.08	1.32	1.36
Private Capital Transfers	0.15	0.10	0.59	0.54
Social Benefits	0.09	0.08	0.05	0.07

*\*Month-ended*

## Remittance fell as Christmas and holiday festivities cease

Remittance receipts during the month of January 2017 declined to \$21.23 million, \$8.8 million (29.3%) lower than the peak in December 2016, attributed mainly to the end of the Christmas and holiday festivities. Private transfers remained the major category for receipts.

Over the 12 months period to January 2017, remittances reached a new all-time of \$273.7 million, \$42.8 million (18.5%) higher than the previous year which due mainly to higher receipts for family support compared to the previous year.



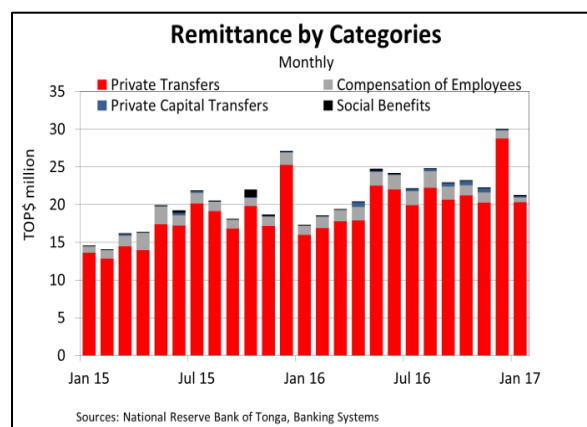
Total remittances represented 37% of the total overseas exchange transaction (OET) receipts during the month, compared to 33% in the previous month. This indicates that even though remittances dropped, the inflow from other receipts fell as well.

Remittance receipts in all major trade currencies fell over the month with Australian dollar (AUD) receipts decreasing the most by \$4.5 million (42.1%). The remittances received in New Zealand dollar (NZD) followed with a \$2.1 million (27.7%) decline and the United States dollar (USD) receipts fell by \$1.9 million (19.1%). USD took over AUD as the dominant currency for receipts of remittances over the month, contributing 38.4%, The AUD followed with 29.3% and the NZD with 26.1%. These were supported with the weakening of USD against TOP and the strengthening of AUD & NZD against TOP.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for the receipt of remittances. Around 88% (\$18.7 million) were received via FEDs during the month, compared to 90% (\$27.1 million) in the previous month and 91% (\$15.7 million) in January 2016.

## Private Transfers

Total private transfers decreased by \$8.4 million to \$20.4 million driving the overall decrease in remittances over the month, but was still higher compared to \$16.0 million in the same month last year. This monthly decline is similar to previous years' trend reflecting the slow down after the peak in December. Private transfers represented 96% of the total remittance receipts and 35% of the total OET receipts. Receipts of family support via FEDs in AUD, NZD and USD decreased also by \$4.3 million, \$2.2 million and \$1.7 million respectively.



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

Compensation of employees fell by 42.9% (\$0.5 million) to \$0.6 million over the month, representing 3% of the total remittances. Receipts from Recognised Seasonal Employer (RSE) Scheme workers fell by \$0.1 million (76.4%), while other wages and salaries rose by \$0.4 million (37.3%). In the 12 months period to January 2017, employee compensation reached a total of \$18.7 million, which was 1.1% higher than the previous year. Majority of the employee compensation over the year was for other wages and salaries at \$10.6 million and the remaining 43% were from RSE workers.

## Private capital transfers & Social benefits

Other private transfers for capital expenditures slightly rose by \$0.1 million (57.2%) to \$0.2 million in January. During the month, there were higher receipts by households for house construction and renovation related activities compared to the previous month. Social benefits also rose slightly by \$0.01 million (18.8%) over the month. Private capital transfers and social benefits accounted for only 1.2% of the total remittance receipts.

## Outlook

Remittance receipts are expected to decline in the following months of February and March after the beginning of the new academic year and catering for church activities. 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

	<b>Month Ended</b>				<b>Year Ended</b>		<i>Shares of totals*</i>
	<b>Jan-17</b>	<b>Dec-16</b>	<b>Nov-16</b>	<b>Oct-16</b>	<b>Jan-17</b>	<b>Jan-16</b>	
Total	21.23	30.01	22.26	23.20	273.7	230.9	100.0
Private transfers	20.36	28.75	20.30	21.23	250.7	210.3	91.6
Compensation of Employees	0.62	1.08	1.32	1.36	18.70	17.62	6.8
Private capital transfers	0.15	0.10	0.59	0.54	3.40	1.22	1.2
Social benefits	0.09	0.08	0.05	0.07	0.98	1.74	0.4

Sources: NRBT, Banking System

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

TOP\$ millions

	<b>Month Ended</b>				<b>Year Ended</b>		<i>Shares of totals*</i>
	<b>Jan-17</b>	<b>Dec-16</b>	<b>Nov-16</b>	<b>Oct-16</b>	<b>Jan-17</b>	<b>Jan-16</b>	
Total	21.23	30.01	22.26	23.20	273.74	230.91	100.0
Australian Dollar (AUD)	6.21	10.73	8.05	8.18	94.18	79.13	34.4
US Dollar (USD)	8.16	10.09	8.04	7.42	100.48	86.21	36.7
New Zealand Dollar (NZD)	5.54	7.66	4.96	4.65	61.17	51.50	22.3
Tongan Pa'anga (TOP)	0.84	0.93	0.69	2.47	11.45	7.54	4.2
Euro (EUR)	0.14	0.16	0.15	0.11	1.46	1.47	0.5
Japanese Yen (JPY)	0.09	0.10	0.07	0.11	1.79	1.08	0.7
Fijian Dollar (FJD)	0.09	0.17	0.12	0.14	1.46	1.91	0.5
British Pound (GBP)	0.05	0.05	0.05	0.02	0.41	0.57	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.11	0.13	0.13	0.11	1.32	1.48	0.5

Sources: NRBT, Banking System