

# Remittance Receipts

Release date: 20 August 2018

## April 2018

	Month Ended				Year Ended		Shares of totals*
	Apr-18	Mar-18	Feb-18	Jan-18	Apr-18	Apr-17	
<b>TOTAL</b>	26.2	28.0	24.2	25.1	338.9	301.3	100.0
Private transfers	23.2	25.4	21.7	22.6	309.6	279.3	91.4
Compensation of Employees	2.3	1.5	1.1	1.3	19.0	17.7	5.6
Private capital transfers	0.6	0.7	1.2	1.2	8.9	3.3	2.6
Social benefits	0.1	0.4	0.1	0.0	1.3	1.0	0.4

\*Based on year ended remittance receipts numbers

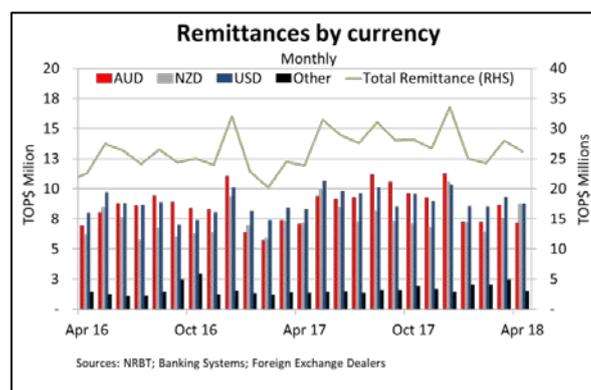
Note: Numbers may not add up precisely to the totals due to rounding errors

### High receipts for compensation of employees over April 2018

An increase in receipts of wages and salaries, and the receipts from seasonal workers abroad had increased the total receipts for compensation of employees, which was higher compared to the same period of the last two years. However, the decline in the receipts of private transfers, private capital transfers and social benefits more than offset the rise in total receipts for compensation of employees, resulting in a fall in total remittances for the month of April.

The total remittance receipts declined by \$1.9 million (6.6%) to \$26.2 million in April 2018 and yet was still higher by \$2.3 million (9.6%) compared to the same period of last year. The private transfer receipts decreased the most, particularly receipts for family support. In addition, the private capital transfer and social benefit receipts slightly declined over the month.

In April 2018, remittances accounted for 44.5% of the total Overseas Exchange Transactions (OET) receipts, compared to 44.9% in the previous month. During the month, the US dollar (USD) remained the top currency for remittance receipts as family abroad benefited from the continued favourable exchange rates. At the end of the month, 33.5% of receipts were in USD, followed by a 33.3% and 27.4% share of total remittances being receipts in New Zealand dollar (NZD) and Australian dollar (AUD) respectively, among others.



In the year ended April 2018, total remittances continued to rise by \$37.5 million (12.5%) to a new record level of \$338.9 million, supported by the events and occasions that took place during the year as well as continuous higher receipts for family support and from seasonal workers abroad. Additionally, two new Foreign Exchange Dealers (FEDs) that commenced business during the year may have contributed to the high record.

FEDs continued to be the preferred channel for receiving of remittances. A 85.0% share of total remittances were received via FEDs in April 2018 compared to 89.4% share recorded last month and 87.8% in April 2017. The decline in shares stemmed from lower number and volume of transactions over the month. The general public continued to prefer sending and receiving money via FEDs compared to banks, as FEDs have more access points and their services are much quicker.

## Private Transfers

Total private transfers declined in April 2018, driven by lower receipts for family support. The largest decline was in the AUD private transfer receipts which fell by \$1.3 million, followed by the receipts in USD with a decline of \$0.7 million mainly due to lower number and volume of transaction receipts over the month. Receipts of private transfers continued to be the main purpose of remittances which accounted for 88.6% of total remittance receipts and 39.4% of total OET receipts over the month. In year ended terms, the total receipts of private transfers continued to rise by 10.9% (\$30.4 million) to \$309.6 million, due mainly to receipts for family support.

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

Compensation of employees rose by \$0.8 million over the month (55.7%) to \$2.3 million which accounted for 8.7% of the total remittances received over the month. This is the highest monthly record since September 2016. This was

largely driven by a rise in the receipts of wages and salaries over the month. In addition, receipts from seasonal workers abroad also increased. Liaison with the Ministry of Internal Affairs confirmed that seasonal workers are returning home mostly in between November to April of every year which explained the high receipts recorded for seasonal workers in April. Similarly, in year ended terms, receipts for compensation of employees also rose by \$1.3 million (7.5%) driven by the increase in the receipts from seasonal workers abroad.

### Private capital transfers & Social benefits

Lower transfer receipts for building, renovation and construction of houses was recorded and has resulted in a fall in the total receipts for private capital transfers over the month. Receipts for social benefits also declined by \$0.3 million during the month. Private capital transfers and social benefits receipts accounted for 2.4% and 0.3% respectively of the total remittance receipts in April 2018. Over the year, private capital transfers rose by \$5.6 million due to project and working capital funds received during the year. The receipts for social benefits also rose by \$0.3 million.

### Outlook

Remittance receipts are projected to rise significantly next month and the near term as Tonga approaching the upcoming busy season particularly the family month of May and annual church conferences. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

### Remittance Receipts by Currency

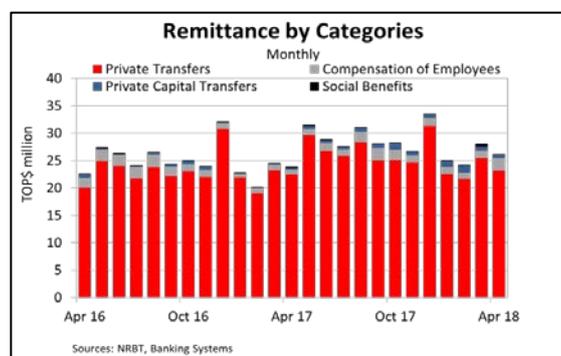
TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Apr-18	Mar-18	Feb-18	Jan-18	Apr-18	Apr-17	
Total	26.2	28.1	24.2	25.1	338.9	301.3	100.0
Australian Dollar (AUD)	7.2	8.6	7.2	7.3	110.0	98.0	32.5
US Dollar (USD)	8.8	9.4	8.5	8.6	112.9	100.9	33.3
New Zealand Dollar (NZD)	8.7	7.5	6.5	7.2	95.4	83.9	28.1
Tongan Pa'anga (TOP)	1.1	1.7	1.3	1.4	13.2	11.9	3.9
Euro (EUR)	0.1	0.2	0.2	0.1	1.8	1.5	0.5
Japanese Yen (JPY)	0.1	0.1	0.1	0.1	1.4	1.5	0.4
Fijian Dollar (FJD)	0.1	0.1	0.1	0.1	1.5	1.4	0.4
British Pound (GBP)	0.0	0.1	0.1	0.1	1.0	0.7	0.3
Chinese Yuan (CNY)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.1	0.3	1.8	1.4	0.5

\*Based on year ended numbers

Note: Numbers may not add up precisely to the totals due to rounding errors

Sources: NRBT, Banking Systems



<sup>1</sup> Employee compensation is the sum of wages and salaries from the seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.