

Remittance Receipts

February 2018

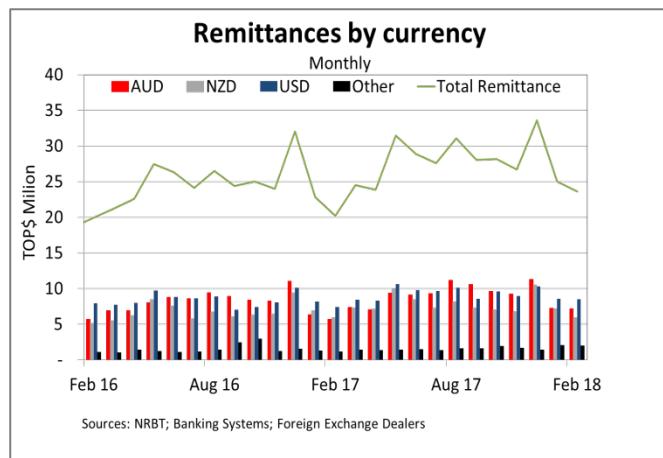
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Table 1: Remittance Receipts TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Feb-18	Jan-18	Dec-17	Nov-17	Feb-18	Feb-17	
TOTAL	23.6	25.1	33.6	26.7	332.5	296.7	100.0
Private transfers	21.1	22.6	31.3	24.6	306.2	273.2	92.1
Compensation of Employees	1.1	1.3	1.5	1.4	17.2	19.1	5.2
Private capital transfers	1.2	1.2	0.7	0.7	8.2	3.4	2.5
Social benefits	0.1	0.0	0.1	0.0	0.9	1.0	0.3

*Based on year ended remittance receipts numbers

Monthly receipts for family support remained above \$20 million

The total monthly remittances fluctuate on a monthly basis but has remained above \$20 million since February 2016. In February 2018, remittances continued to decline by \$1.4 million (5.7%) to \$23.6 million yet much higher than what was recorded in the same period of previous years. The monthly trend was driven by a decline in private transfer receipts particularly for family support and compensation of employees outweighing a slight increase in receipts for social benefits. Remittances accounted for 33.0% of the total Overseas Exchange Transactions (OET) receipts in February compared to 45.0% in the previous month. The big drop in the share was attributed to the receipt of Tropical Cyclone (TC) Gita Relief Fund which was classified under private capital transfers. The US dollar (USD) remained the most popular currency for remittances as family abroad benefited from the favourable exchange rates. USD receipts has a monthly share of 36.0%, followed by a 30.5% and 24.9% share of total remittances being receipts in Australian dollar (AUD) and New Zealand dollar (NZD) respectively, among others.

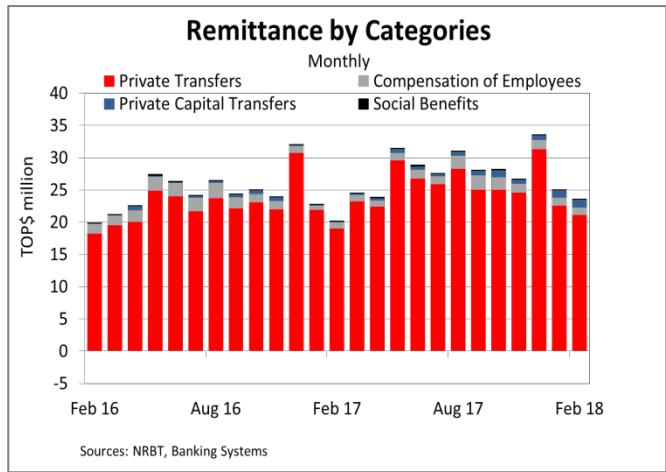


Total remittances however continued to rise over the year to February 2018 by \$35.8 million (12.1%) and again to a new record high of \$332.5 million supported by the events that took place during the year as well as higher receipts of family support sent from families, relatives and friends staying abroad. Additionally, two new Foreign Exchange Dealers (FEDs) that commenced business during the year may have contributed to this new high record.

FEDs continued to be the preferred channel for receiving of remittances. Over the month, 86.8% share of total remittances were received via FEDs compared to 86.7% share recorded last month and 86.6% a year ago. This reflected using of FEDs for sending money are still more convenient than banks, as FEDs have more access points and their services are much quicker.

Private Transfers

Total private transfers continued to decline by \$1.4 million (6.3%) to \$21.1 million due to lower family support received over the month. This is a similar trend for February over the last two years. Total private transfer receipts in NZD decreased the most by \$1.2 million followed by USD and AUD receipts with a decline of \$0.2 million and \$0.1 million respectively. Receipts of private transfers continued to be the main purpose of remittances which accounted for 89.4% of total remittance receipts and 29.5% of total OET receipts. In year ended terms, the total receipts of private transfers however continued to rise by 12.1% to \$306.2 million, due mainly to higher receipts for family support.



Employee Compensation¹

Compensation of employees slightly fell by \$0.1 million (10.5%) to \$1.1 million, which accounted for 4.8% of the total remittances received in February 2018. This was driven by a fall in the receipts from seasonal workers abroad and for wages and salaries over the month. In year ended terms, receipts for compensation of employees also declined by \$1.9 million (10.0%) to \$17.2 million, due to a fall in the receipts from seasonal workers abroad. Australia contributed the most seasonal workers' receipts of \$4.0 million while the seasonal workers from New Zealand only contributed \$1.4 million. According to liaison with the Ministry of Internal Affairs, the seasonal workers send in-kind remittances to Tonga in the form of containers of goods supporting the decline in receipts.

Private capital transfers & Social benefits

Total receipts for private capital transfers slightly increased by \$0.1 million over the month due to rise in transfers for building, renovating and constructing of houses. In addition, private capital transfers and social benefits receipts accounted for 5.2% and 0.6% respectively of the total remittance receipts over the month. Over the year, private capital transfers rose by \$4.7 million drove by project and working capital funds received during the year, whereas social benefits declined by \$0.02 million.

Outlook

Remittance receipts are anticipated to increase in the following months due to expected support from families and relatives abroad following the aftermath of Tropical Cyclone Gita. Additionally, the expected rise in total remittance receipts in the near term is supported by 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.

¹ 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.

Table 2: Remittance Receipts by Currency
TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Feb-18	Jan-18	Dec-17	Nov-17	Feb-18	Feb-17	
Total	23.6	25.1	33.6	26.7	332.5	296.7	100.0
Australian Dollar (AUD)	7.2	7.3	11.3	9.2	108.6	97.4	32.7
US Dollar (USD)	8.5	8.6	10.3	9.0	111.4	99.9	33.5
New Zealand Dollar (NZD)	5.9	7.2	10.5	6.8	93.0	81.2	28.0
Tongan Pa'anga (TOP)	1.3	1.4	0.8	1.0	12.1	11.4	3.6
Euro (EUR)	0.2	0.1	0.2	0.1	1.8	1.5	0.5
Japanese Yen (JPY)	0.1	0.1	0.1	0.1	1.4	1.9	0.4
Fijian Dollar (FJD)	0.1	0.1	0.1	0.1	1.4	1.5	0.4
British Pound (GBP)	0.1	0.1	0.1	0.1	0.9	0.7	0.3
Chinese Yuan (CNY)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.3	0.1	0.1	1.8	1.4	0.5

*Based on year ended numbers

Sources: NRBT, Banking Systems