

Remittance Receipts

Release date: 4 October 2018

June 2018

Remittance Receipts							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Jun-18	May-18	Apr-18	Mar-18	Jun-18	Jun-17	
Total	30.5	35.1	26.2	28.1	344.7	307.8	100.0
Private transfers	27.3	31.5	23.2	25.4	312.1	286.7	90.5
Compensation of Employees	2.1	2.5	2.3	1.5	21.6	16.0	6.3
Private capital transfers	0.9	0.8	0.6	0.8	9.6	4.2	2.8
Social benefits	0.1	0.3	0.1	0.4	1.4	0.9	0.4

*Based on year ended remittance receipts numbers

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

Remittances remained above \$30 million

The total remittance receipts for June 2018 remained above \$30 million at \$30.5 million. The events during the month like the annual church conferences contributed to maintain the high remittances level in June. The slight decrease from the previous month was triggered mainly by lower private transfers given the high receipts for the family month of May. Lower receipts for compensation of employees and social benefits also supported the trend.

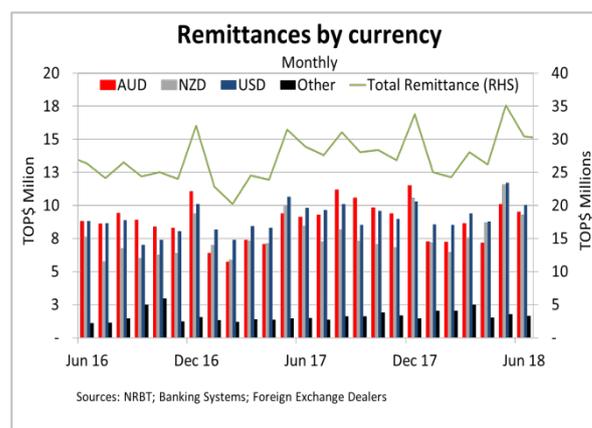
As the large amount of official grants receipts boosted the total Overseas Exchange Transaction (OET) receipts in June, the share of total remittances in the total OET receipts dropped to 26.0%, compared to 49.8% last month. The continuous strengthening of the US dollar (USD) against the Tongan Pa'anga (TOP) caused the USD to remain the top favourable currency for remittance receipts, with a total of \$10.0 million. This was followed closely by AUD and NZD with \$9.5 million and \$9.2 million respectively.

The total remittances continued to rise over the year to June 2018, due to a rise in all categories of remittances. This marked a new record high of \$344.7 million which was supported by the events and occasions during the year and the continuous higher receipts for family support and from seasonal workers abroad.

In June 2018, the Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances and accounts for 87.1% share of total remittances, compared to a share of 89.0% last month- and a share of 86.0% in June 2017. This reflects the convenience of sending money via FEDs compared to banks, as FEDs have more access points and their services are much quicker.

Private Transfers

Over the month of June 2018, the total private transfers slightly fell by 13.3% to \$27.3 million, due mainly to lower receipts for family support after the hike in the month of May 2018. The USD continued to be the most favourable currency used, although it slightly fell by 14% to a total of \$9.4 million over the month. The AUD and NZD followed the same trend with a total of \$8.8 million and \$8.4 million respectively over the month. Receipts of private transfers continued to be the main purpose of remittances which accounted for 89.8% of total remittance receipts and 29.8% of total OET receipts over the month.



The total receipts of private transfers for the year ended June 2018 continued to rise by \$25.4 million (8.9%), due mainly to receipt for family support.

Employee Compensation¹

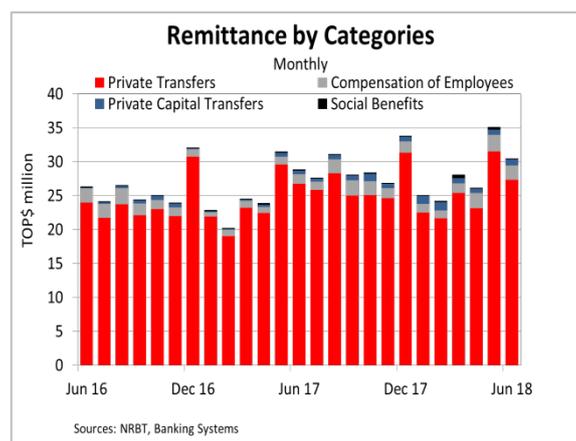
Over the month of June 2018, the total compensation of employees receipts was \$2.1 million, slightly declined by \$0.3 million (13.1%), and accounted for 7.0% of the total remittances received over the month. In year ended terms, the total receipts for compensation of employees continued to rise by \$5.6 million (34.9%), driven by receipts from seasonal workers.

Private capital transfers & Social benefits

In June 2018, the private capital transfer receipts slightly rose again over the month by \$0.1 million, due mainly to higher receipts for construction purposes by individual families and thus reflected the continuous support from families and relatives abroad for the recovery from tropical cyclone GITA while social benefits fell by \$0.2 million. The private capital transfer and the social benefits receipts accounted for 2.9% and 0.2% respectively of the total remittances for June 2018. In year ended terms, the private capital transfers rose by \$5.4 million due to project and working capital funds as well as funds for constructions materials received during the year. The receipts for social benefits also rose by \$0.5 million.

Outlook

Remittance receipts are expected to remain at high levels in the upcoming months due to annual events such as church conferences, Heilala festivities, Agricultural show, school anniversaries' celebration and other events. 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*
	Jun-18	May-18	Apr-18	Mar-18	Jun-18	Jun-17	
Total	30.45	35.11	26.15	28.06	344.72	307.83	100.0
Australian Dollar (AUD)	9.50	10.09	7.16	8.64	111.62	99.69	32.4
US Dollar (USD)	10.04	11.70	8.77	9.40	114.15	102.80	33.1
New Zealand Dollar (NZD)	9.27	11.56	8.70	7.54	97.82	86.25	28.4
Tongan Pa'anga (TOP)	1.05	1.14	1.05	1.71	13.50	12.56	3.9
Euro (EUR)	0.11	0.14	0.12	0.17	1.75	1.57	0.5
Japanese Yen (JPY)	0.13	0.10	0.10	0.14	1.38	1.44	0.4
Fijian Dollar (FJD)	0.16	0.15	0.11	0.12	1.59	1.37	0.5
British Pound (GBP)	0.08	0.08	0.05	0.14	0.99	0.75	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.13	0.15	0.09	0.20	1.91	1.40	0.6

*Based on year ended numbers

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

Sources: NRBT, Banking Systems

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.