

Remittance Receipts

May 2018

Release date: 20 August 2018

	Month Ended				Year Ended		Shares of totals*
	May-18	Apr-18	Mar-18	Feb-18	May-18	May-17	
TOTAL	35.1	26.2	28.0	24.2	342.5	305.3	100.0
Private transfers	31.5	23.2	25.4	21.7	311.5	284.0	91.0
Compensation of Employees	2.5	2.3	1.5	1.1	20.3	16.7	5.9
Private capital transfers	0.8	0.6	0.7	1.2	9.1	3.8	2.7
Social benefits	0.3	0.1	0.4	0.1	1.5	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

Celebrations of family month pushed remittances to a new high level

May of every year is usually known as the month for family when the country celebrates the importance of family members such as the Children's White Sunday as well as the remembrance of Mothers' Day and Fathers' Day. These events always triggered a peak in total remittance receipts every year and a new high level of \$35.1 million was reached in May 18, a \$9.0 million (34.3%) rise from last month. All categories of remittances rose which supported the overall monthly rise.

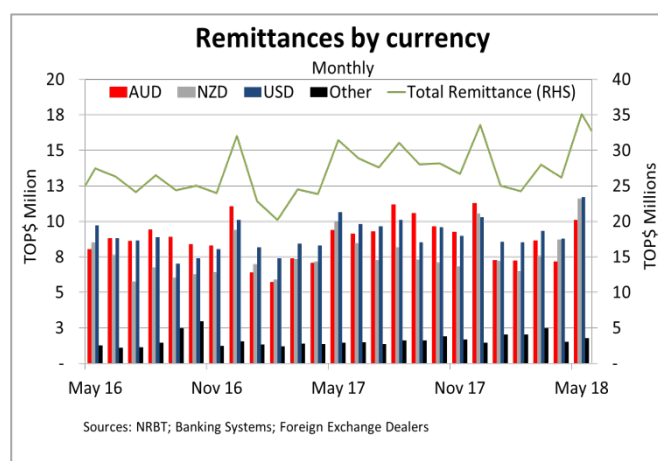
Over the month, total remittance receipts accounted for almost half (49.8%) of the total Overseas Exchange Transactions (OET) receipts compared to 44.5% in the previous month. During the month, the continuous favourable exchange rates of US dollar (USD) against Tongan Pa'anga (TOP) caused the USD to remain the top currency for remittance receipts. At the end of the month, 33.3% of receipts were in USD, followed by a 32.9% and 28.7% share of total remittances being receipts in New Zealand dollar (NZD) and Australian dollar (AUD) respectively, among others.

Over the year, total remittances continued to rise by \$37.2 million (12.2%) to a new high record of \$342.5 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.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. A 87.0% share of total remittances were received via FEDs in May 2018 compared to a 85.0% share recorded last month and 89.5% in May 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

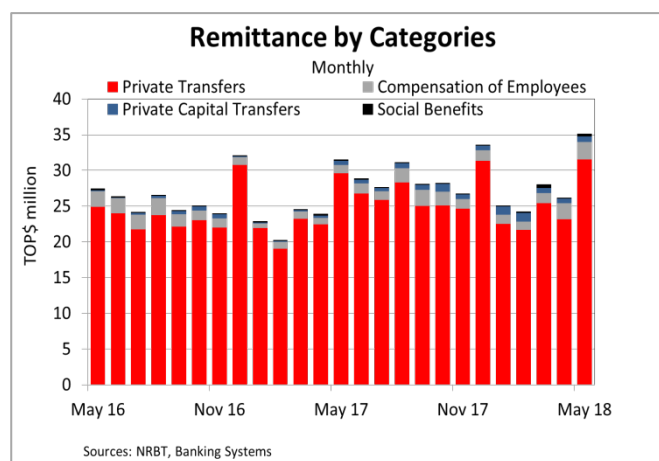
Total private transfers rose significantly by \$8.4 million (36.1%) to \$31.5 million over the month, due mainly to higher receipts for family support for the family month of May. The total private transfer receipts in USD increased the most by \$2.9 million followed by the receipts in AUD and NZD with a rise of \$2.8 million and \$2.6 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 44.7% of total OET receipts over the month.



In year ended terms, the total receipts of private transfers continued to rise by \$27.6million (9.7%) to \$342.5 million, due mainly to receipt for family supports.

Employee Compensation¹

The total receipts for compensation of employees slightly rose by \$0.2 million (8.8%) to \$2.5 million, which accounted for 7.0% of the total remittances received over the month. The rise in receipts for compensation of employees was driven mainly by the receipts from seasonal workers abroad and wages & salaries paid from international organisations. This reflects workers sending money to their family in support of celebrating special Sundays. Similarly, the receipts for compensation of employees also increased by \$3.6 million (21.9%) over the year, also due to an increased in the receipts from seasonal workers abroad during the year.



Private capital transfers & Social benefits

The total receipts for private capital transfers and social benefits both increased by \$0.2 million over the month. The increase in total private capital transfers receipts was due mainly to a rise in receipts for purchasing of construction materials for building and renovation of houses reflecting the continuous support from families and relatives abroad for the recovery after tropical cyclone GITA that hit the country in February 2018. In addition, total private capital transfers and social benefits receipts accounted for 2.2% and 0.9% respectively of the total remittance receipts in May 2018. Over the year, 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 \$0.3 million.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months as annual events such as church conferences and Heilala festivities approach in addition to the school anniversaries' celebration. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

Table 2: Remittance Receipts by Currency

	TOP\$ millions							Shares of totals*
	Month Ended				Year Ended			
	May-18	Apr-18	Mar-18	Feb-18	May-18	May-17		
Total	35.11	26.15	28.00	24.22	342.49	305.31	100.0	
Australian Dollar (AUD)	10.09	7.16	8.64	7.22	110.69	99.36	32.3	
US Dollar (USD)	11.70	8.77	9.34	8.52	113.85	101.83	33.2	
New Zealand Dollar (NZD)	11.56	8.70	7.54	6.47	96.98	85.40	28.3	
Tongan Pa'anga (TOP)	1.14	1.05	1.71	1.34	13.40	12.22	3.9	
Euro (EUR)	0.14	0.12	0.17	0.16	1.80	1.52	0.5	
Japanese Yen (JPY)	0.10	0.10	0.14	0.14	1.37	1.44	0.4	
Fijian Dollar (FJD)	0.15	0.11	0.12	0.10	1.52	1.41	0.4	
British Pound (GBP)	0.08	0.05	0.14	0.15	0.99	0.71	0.3	
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0	
Other	0.15	0.09	0.20	0.13	1.89	1.41	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.