

Remittance Receipts

Release date: 5 April 2019

November 2018

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Nov-18	Nov-17	
	Nov-18	Oct-18	Sep-18	Aug-18			
Total	30.6	28.2	27.7	31.6	352.1	326.0	100.0
Private transfers	28.2	25.6	24.9	28.5	317.8	303.4	90.3
Compensation of Employees	1.5	1.7	1.9	2.1	22.5	16.2	6.4
Private capital transfers	0.8	0.9	0.8	0.9	10.3	5.5	2.9
Social benefits	0.1	0.1	0.1	0.0	1.5	0.9	0.4

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

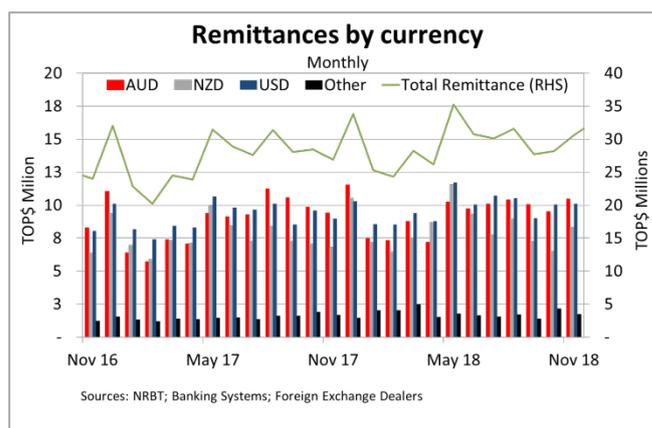
Note: Numbers may not add up precisely to the totals due to rounding errors

Please note November 2018 data was revised due to inclusion of new data submitted by the Foreign Exchange Dealers

Remittances climb in November reflective of preparations for festive season

Total remittances increased by \$2.4 million to \$30.6 million in November which is in contrast to the normal monthly trend for November in the past five years. However, this monthly rise was driven mostly by higher private transfers and reflects households possibly gearing up for Christmas celebrations, end of year prize giving ceremonies for schools, and other festivities during the holiday season.

The increase in private transfers resulted in driving the overall rise in Overseas Exchange Transaction (OET) receipts. However, the share of total remittances (in the total OET receipts) declined to 37.6% in November from 40.7% last month due to the higher receipts of official transfers outweighing the increase in remittances. The AUD currency was the most favourable for remittance receipts and recorded a total of \$10.5 million. This coincides with the appreciation of the AUD against the TOP supportive of the movement in remittances. This was followed by the USD receipts with \$10.1 million (USD depreciated) and then the NZD which recorded a balance of \$8.3 million for November (NZD appreciated).



In year ended terms, total remittances rose to \$352.1 million as a result of increases in all categories. The increase was supported by family support, events, and various occasions which took place throughout the year. The continuous increase in receipts for family support and from seasonal workers abroad continued to be key drivers in the annual rise.

Over the month, the Foreign Exchange Dealers (FEDs) remained as the most popular channel for remittance receipts accounting for 87.2% share of total remittances which is higher than the share of 86.3% last month yet slightly lower than the share of November 2017 which was 87.9%. The current share reflects the convenience of sending money via FEDs compared to banks as they have more access points.

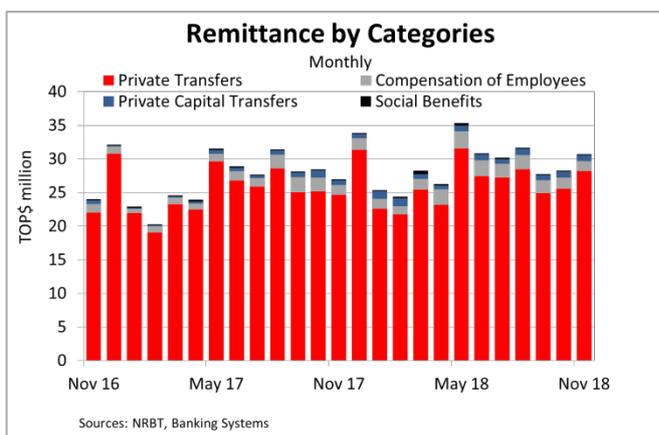
Private Transfers

In November, total private transfer receipts increased by \$2.6 million (10.3%) to \$28.2 million. This was a result of higher receipts of private transfers as gifts and for family support especially as the festive season nears. The AUD was the most favourable currency used for private transfers recording a total of

\$9.9 million over the month. The USD and NZD followed with a total of \$9.4 million and \$7.8 million respectively. Receipts of private transfers continued to be the main purpose of remittances which accounted for 91.8% (higher than 90.7% last month) of total remittance receipts. However, private transfers recorded a share of 34.6% (lower than 36.9% last month) of total OET receipts in November reflecting the greater increase in the overall OET receipts from other sources. The annual total receipts of private transfers rose yet again by \$11.6 million (3.8%) driven mainly by receipts for family support.

Employee Compensation¹

The total compensation of employees' receipts declined further over the month to \$1.5 million from last month. This resulted largely from a decline in AUD receipts offsetting a rise in NZD receipts over the month. The annual movement, however, remained positive recording an increase in total receipts for compensation of employees continued by \$6.2 million (38.8%). This indicates the consistent financial assistance from abroad which are still being remitted to respective local families.



Private capital transfers & Social benefits

The private capital transfer receipts declined slightly by \$0.1 million. This was due to lower receipts of private funds for home and household projects (particularly for construction and renovation purposes by families). On the other hand, social benefits receipts remained stable over the month noting no significant movements. The private capital transfer and the social benefits receipts account for only 2.8% and 0.2% respectively of the total remittances for November 2018. Over the year, the private capital transfers increased by \$4.8 million reflecting on-going financial assistance from families overseas to finance a local home and household improvements. The receipts for social benefits rose also over the year to November by \$0.6 million.

Outlook

Remittance receipts are forecasted to remain at high levels in the upcoming months, however, to increase at a slower pace. This is expected to be supported by events which include increase in number of labourers which can be sent abroad on the Recognised Seasonal Employer (RSE) and Seasonal Worker Programme (SWP) schemes, school anniversaries, family reunions, end of year prizegiving awards as well as the upcoming christmas and festive season. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

Remittance Receipts by Currency							
TOPS millions							
	Month Ended				Year Ended		Shares of totals*
	Nov-18	Oct-18	Sep-18	Aug-18	Nov-18	Nov-17	
Total	30.63	28.20	27.72	31.57	352.07	326.03	100.0
Australian Dollar (AUD)	10.47	9.49	10.04	10.40	112.77	106.48	32.0
US Dollar (USD)	10.11	10.03	9.01	10.52	117.68	109.68	33.4
New Zealand Dollar (NZD)	8.31	6.52	7.27	8.95	100.16	91.88	28.4
Tongan Pa'anga (TOP)	1.07	1.05	0.82	1.05	13.37	11.00	3.8
Euro (EUR)	0.19	0.34	0.13	0.15	1.96	1.68	0.6
Japanese Yen (JPY)	0.12	0.45	0.13	0.16	1.80	1.43	0.5
Fijian Dollar (FJD)	0.11	0.12	0.13	0.17	1.58	1.47	0.4
British Pound (GBP)	0.10	0.07	0.09	0.06	1.03	0.83	0.3
Chinese Yuan (CNY)	0.01	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.15	0.12	0.10	0.11	1.71	1.58	0.5

*Based on year ended remittances receipts numbers
Sources: NRBT, Banking System, Foreign Exchange Dealers

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

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.