

# Remittance Receipts

Release date: 07 February 2019

## October 2018

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Oct-18	Oct-17	
	Oct-18	Sep-18	Aug-18	Jul-18			
Total	28.2	27.7	31.6	30.1	348.3	323.1	100.0
Private transfers	25.6	24.9	28.5	27.2	314.2	300.7	90.2
Compensation of Employees	1.7	1.9	2.1	2.1	22.5	16.1	6.5
Private capital transfers	0.9	0.8	0.9	0.7	10.1	5.4	2.9
Social benefits	0.1	0.1	0.0	0.1	1.5	0.9	0.4

\*Based on year ended remittances receipts numbers

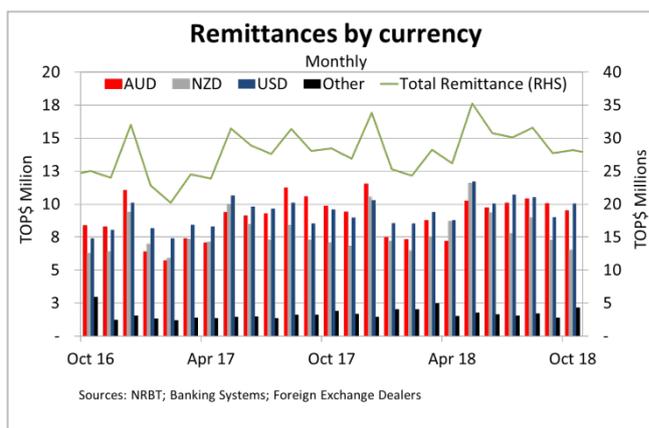
Sources: NRBT, Banks, Foreign Exchange Dealers

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

### Slight increase in private transfers drive remittances up in October

Over the month, total remittances rose slightly by \$0.5 million to \$28.2 million. This resulted from slightly higher receipts from families abroad and private capital transfers. These increases had offset declines in compensation of employees receipts. Meanwhile, social benefit receipts remained stable over the month.

The increase in private transfers over October contributed somewhat to the overall rise in Overseas Exchange Transaction (OET) receipts. Despite this, the OET receipts rose a lot higher in October stemming from other means such as official transfers and services receipts. Therefore, the share of total remittances (in the total OET receipts) fell to 40.7% in October from 41.6% last month. The USD appreciated against the Tongan Pa'anga (TOP) in October which may have contributed to it being the most favourable currency for remittance receipts, with a total of \$10.0 million. The AUD and the NZD both depreciated against the TOP which may have explained the declines in their respective currency receipts over the month. The AUD and NZD followed the USD and recorded respective levels of \$9.5 million and \$6.5 million.



Annually, total remittances rose as a result of increases in all categories. This led to a balance of \$348.3 million which 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.

In October, the Foreign Exchange Dealers (FEDs) remained as the most popular channel for remittance receipts accounting for 86.3% share of total remittances. Despite being lower than the share of 88.5% last month and the share of October 2017 which was 87.1%, it still reflects the convenience of sending money via FEDs compared to banks as they have more access points.

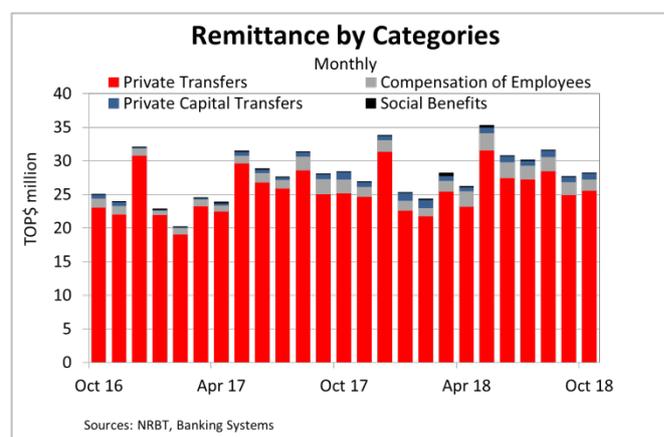
### Private Transfers

Over the month, total private transfer receipts rose slightly by \$0.6 million (2.6%) to \$25.6 million. This was driven mainly by a rise in receipts of private transfers as gifts and for family support. The USD was the most favourable currency used for private transfers recording a total of \$9.1 million in October

2018. The AUD and NZD followed the same trend with a total of \$8.8 million and \$6.2 million respectively. Receipts of private transfers continued to be the main purpose of remittances which accounted for 90.7% (a little higher than 89.9% last month) of total remittance receipts. Furthermore, private transfers recorded a share of 36.9% (lower than 37.4% last month) of total OET receipts in October 2018 reflecting the greater increase in the overall OET receipts. The total receipts of private transfers over the year to October increased yet again by \$13.5 million (4.5%) driven mainly by receipts for family support.

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

The total compensation of employees receipts declined in October to \$1.7 million from last month. This resulted from declines of both AUD and NZD receipts over the month. However, over the year, total receipts for compensation of employees continued to increase and recorded a rise of \$6.5 million (40.3%). This indicates that workers abroad such as RSE workers continue to remit wages and salaries to their respective local families.



### Private capital transfers & Social benefits

The private capital transfer receipts rose slightly by \$0.1 million. This was higher receipts of private grants for home and household projects (particularly for construction and renovation purposes by families). However, social benefits receipts remained stable over the month noting no significant movements. The private capital transfer and the social benefits receipts account for 3.2% and 0.2% respectively of the total remittances for the month of October 2018. Annually, the private capital transfers rose by \$4.7 million resulting in higher receipts of project and working capital funds, and for construction purposes. The receipts for social benefits rose also over the year by \$0.5 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 school anniversaries, family reunions, end of year prizegiving awards as well as the upcoming 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							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Oct-18	Sep-18	Aug-18	Jul-18	Oct-18	Oct-17	
Total	28.20	27.72	31.57	30.11	348.31	323.14	100.0
Australian Dollar (AUD)	9.49	10.04	10.40	10.09	111.72	105.37	32.1
US Dollar (USD)	10.03	9.01	10.52	10.72	116.54	108.75	33.5
New Zealand Dollar (NZD)	6.52	7.27	8.95	7.76	98.66	91.47	28.3
Tongan Pa'anga (TOP)	1.05	0.82	1.05	0.95	13.34	10.66	3.8
Euro (EUR)	0.34	0.13	0.15	0.13	1.91	1.69	0.5
Japanese Yen (JPY)	0.45	0.13	0.16	0.14	1.80	1.38	0.5
Fijian Dollar (FJD)	0.12	0.13	0.17	0.17	1.61	1.45	0.5
British Pound (GBP)	0.07	0.09	0.06	0.04	1.06	0.78	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.12	0.10	0.11	0.11	1.68	1.59	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

<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.