

Remittance Receipts

Release date: 20 January 2020

August 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Aug-19	Aug-18	
	Aug-19	Jul-19	Jun-19	May-19			
Total	32.8	32.1	27.0	34.9	349.9	348.8	100.0
Private transfers	30.4	29.9	24.0	30.9	316.6	313.9	90.5
Compensation of Employees	2.1	2.1	2.3	2.8	23.9	23.3	6.8
Private capital transfers	0.1	0.1	0.6	1.0	7.7	10.2	2.2
Social benefits	0.2	0.1	0.1	0.1	1.7	1.4	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

Total remittances continued on a positive trend

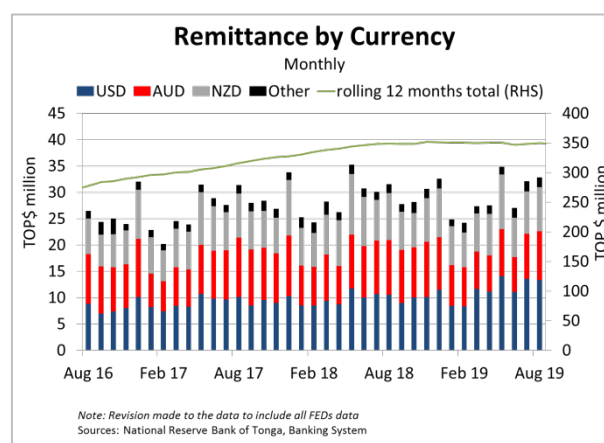
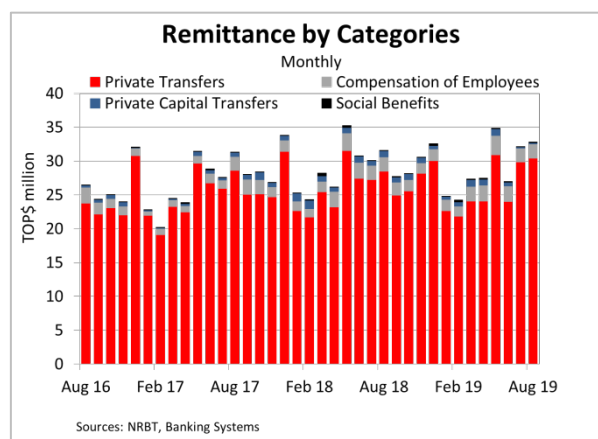
The total remittances slightly rose in August 2019 by \$0.7 million (2.3%) to \$32.8 million. The rise in remittances was attributed to higher private transfer receipts which are mainly for family support. Social benefits and seasonal workers wages' receipts also rose and contributed to the monthly rise in total remittances. The share of total remittances in the total OET receipts fell to 47.2% in August 2019, compared to 48.4% in July 2019 and was due to a rise in the overall total Overseas Exchange Transaction (OET) receipts driven by official transfer receipts. Annually, total remittance receipts grew by \$1.1 million (0.3%) to a total \$349.9 million. Private capital transfers declined by \$2.5 million and partially offset the rise in private transfers, compensation of employees and social benefits.

Remittances received in the New Zealand Dollar (NZD) and the Australian Dollar (AUD) increased over the month, whilst receipts in the US Dollar (USD) declined. This may have been supported by the depreciation of the AUD and NZD against the TOP. However, the USD remained the top currency for remittance receipts accounting for 40.7% of total remittances. Receipts in AUD and NZD followed with 28.0% and 25.7%, respectively.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel and is reflected in the marginal rise in the share of total remittances received via FEDs by 0.1% to 87.2% in August 2019. The remaining 12.8% remittances were received via the banks. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services.

Private Transfers

The total private transfers slightly rose by \$0.6 million (1.9%) to \$30.4 million, which are mostly for family support and gifts, and it is the most significant component of total remittance receipts at 92.7% and 43.8%

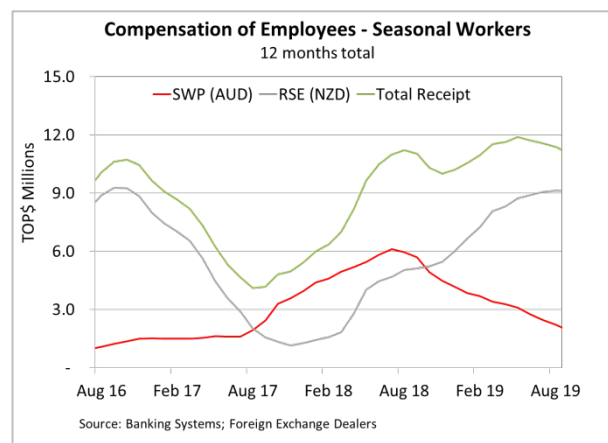


of the total OET receipts. The total receipts of private transfers for the year ended August 2019 rose by \$2.7 million (0.9%) driven mainly by receipts for family support.

Employee Compensation¹

The total employee compensation remained constant at \$2.1 million over the month of August 2019 and accounted for 6.4% of the total remittances received over the month. Receipts from seasonal workers abroad rose by \$0.2 million (23.5%) over the month, and was offset by a decline in receipts from other wages & salaries.

Annually, total employee compensation rose by \$0.6 million (2.6%) to \$23.9 million. Other wages and salaries accounted for 52.3% (\$12.5 million) of the employee compensation receipts over the year, and the remaining 47.7% (\$11.4 million) was from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts of \$9.1 million, while the seasonal workers from Australia only contributed \$2.2 million.



Private capital transfers & Social benefits

Over the month of August 2019, social benefits receipts increased by \$0.1 million to a total of \$0.2 million, resulting from more receipts of pension funds. However, private capital transfer receipts stood at a total of \$0.1 million, similar to the total of July 2019. Private capital receipts were mainly for construction purposes by individual families. The social benefits and the private capital transfer receipts account for 0.5% and 0.4%, respectively, of the total remittances for August 2019. Over the year, the private capital transfers decreased by \$2.5 million while the social benefits receipts increased by \$0.2 million.

Outlook

Remittance receipts are projected to remain at high levels in the upcoming months supported by annual events such as the women's September roll-call of respective churches (Katoanga Tali Ui Sepitema 'a e Kakai Fefine) and preparations leading to the festive month of December. 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*
	Aug-19	Jul-19	Jun-19	May-19	Aug-19	Aug-18	
Total	32.84	32.11	27.02	34.86	349.90	348.84	100.0
Australian Dollar (AUD)	9.20	8.58	6.60	8.96	102.38	112.63	29.3
US Dollar (USD)	13.37	13.56	11.10	14.06	132.39	115.62	37.8
New Zealand Dollar (NZD)	8.43	8.00	7.47	10.38	94.76	99.21	27.1
Tongan Pa'anga (TOP)	1.00	1.14	1.17	0.79	12.25	13.71	3.5
Euro (EUR)	0.16	0.15	0.13	0.15	1.93	1.79	0.6
Japanese Yen (JPY)	0.25	0.16	0.13	0.16	2.00	1.41	0.6
Fijian Dollar (FJD)	0.20	0.26	0.16	0.14	1.67	1.66	0.5
British Pound (GBP)	0.08	0.07	0.03	0.05	0.77	1.01	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.14	0.19	0.22	0.17	1.74	1.80	0.5

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

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.