

# Remittance Receipts

## December 2019

Release date: 5 June 2020

	Month Ended				Year Ended		Shares of totals*
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18	
Total	32.4	29.0	29.4	26.4	347.8	350.8	100.0
Private transfers	30.2	27.1	27.5	24.6	317.1	316.4	91.2
Compensation of Employees	1.7	1.7	1.4	1.5	23.2	22.6	6.7
Private capital transfers	0.4	0.2	0.3	0.3	5.8	10.1	1.7
Social benefits	0.1	0.1	0.2	0.1	1.7	1.7	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  
Revisions to previously published reports are included as they occur.

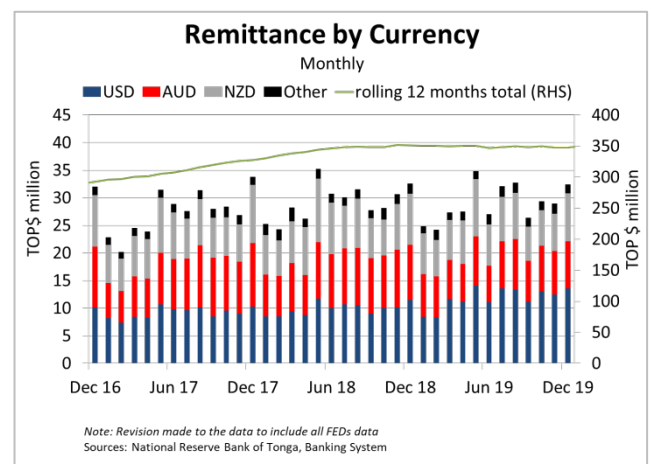
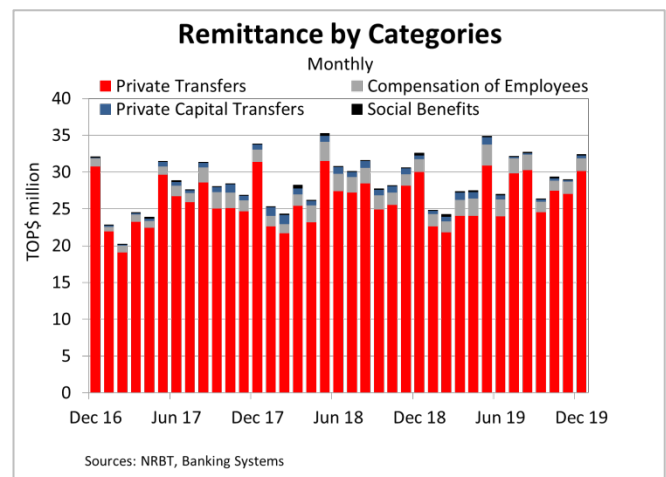
### Remittances rise during Christmas yet lower than previous years

In December 2019, total remittance receipts rose by \$3.4 million (11.8%) to \$32.4 million. This largely stemmed from higher private transfers which were mainly receipts for family support and monetary gifts from families living abroad. This was followed by an increase in private capital transfer. Christmas and other festivities like weddings, birthdays, family/school reunions may have contributed to the monthly rise in remittances.

However, over the year, total remittances fell by \$3.0 million (0.9%) to \$347.8 million. This was a result of a \$4.3 million (42.3%) decrease in private capital transfer receipts. These increases were partly offset by the increases in both private transfer and compensation of employees receipts.

Total remittances receipts during the month accounted for 44.0% of the total Overseas Exchange Transaction (OET) receipts, lower than the 45.9% recorded in November 2019. This was due to the overall increase in the total OET receipts from higher receipts for private transfers, services, and interbank receipts.

In terms of major trading currencies, the United States Dollar (USD) continued to be the dominant currency and accounted for 42.0% of the total remittances in December 2019. The New Zealand Dollar (NZD) and Australian Dollar (AUD) receipts followed with 26.8% and 26.4% respectively. The receipts in these major currencies all increased during the month with NZD rising the most by \$1.9 million, whereas USD and AUD followed with an increase of \$1.1 million and \$0.7 million respectively. Over the month, the USD depreciated whilst the NZD and AUD appreciated against the TOP.



Foreign Exchange Dealers (FEDs) remained as the preferred channel for receipt of remittances accounting for 87.4% share of total remittances with the remaining 12.4% via banks. Generally, public preference for sending and receiving money via FEDs is due to accessibility and faster services.

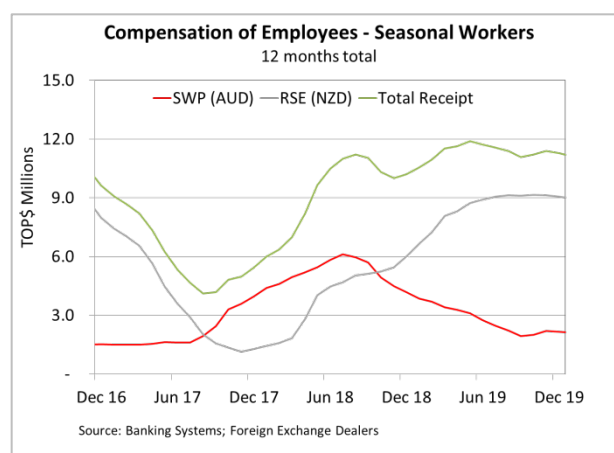
### Private Transfers

Private transfer receipts rose over the month by \$3.1 million (11.6%) to a total \$30.2 million. These are mainly receipts for family support and gift from families and friends abroad. Private transfers accounted for 93.1% of the total remittance receipts. Moreover, it also accounts for 41.0% of the total OET receipts which is lower than the 42.8% last month as the overall OET receipts increased in December 2019. The total receipts of private transfers for the year ended December 2019 increased by \$0.7 million (0.2%) driven mainly by the receipts for family support.

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

The total compensation of employees' slightly rose in December 2019 by \$0.04 million to \$1.7 million. The monthly rise accounts for 5.2% of the total remittance receipts and resulted mainly from higher receipts from seasonal workers<sup>2</sup>. The increase in receipts from seasonal workers was solely driven by a \$0.3 million rise in NZD receipts which outweighed a decline of \$0.2 million in AUD receipts.

Over the year, the total employee compensation rose again by \$0.6 million (2.5%) to \$23.2 million. Other wages and salaries accounted for 51.3% (\$11.9 million) of the employee compensation receipts over the year, and the remaining 48.7% (\$11.3 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

In December 2019, both private capital transfer and social benefits receipts increased over the month by \$0.2 million and \$0.1 million respectively. Private capital transfers are mostly funds for capital projects such as construction projects of private households whilst social benefits are mainly receipts of pension funds. The private capital transfer and the social benefits receipts account for 1.2% and 0.5% respectively of the total remittances for December 2019. However, during the year, private capital transfers and social benefit receipts both declined by \$4.3 million (42.3%) and \$0.04 million (2.3%) respectively.

### Outlook

Remittance receipts are anticipated to remain high but at a slower pace in the upcoming months as the New Year approaches along with the opening of a new academic year. The Reserve Bank will continue to closely monitor remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

<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.

<sup>2</sup> The figures for receipts from Seasonal Employees are limited to the ability of the banks and FEDs to identify receipts from seasonal workers.

## Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18	
Total	32.42	29.00	29.36	26.36	347.79	350.83	100.0
Australian Dollar (AUD)	8.56	7.88	8.30	7.42	94.58	111.16	27.2
US Dollar (USD)	13.60	12.46	13.05	11.15	141.96	118.91	40.8
New Zealand Dollar (NZD)	8.69	6.79	6.38	6.23	91.38	98.93	26.3
Tongan Pa'anga (TOP)	0.86	1.18	0.97	1.04	12.14	13.82	3.5
Euro (EUR)	0.16	0.28	0.17	0.12	1.88	1.89	0.5
Japanese Yen (JPY)	0.20	0.10	0.17	0.15	1.79	1.84	0.5
Fijian Dollar (FJD)	0.12	0.12	0.16	0.09	1.67	1.58	0.5
British Pound (GBP)	0.06	0.04	0.04	0.05	0.62	0.98	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.16	0.13	0.12	0.10	1.76	1.69	0.5

\*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers