

Remittance Receipts

July 2019

Release date: 6 December 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Jul-19	Jul-18	
	Jul-19	Jun-19	May-19	Apr-19			
Total	32.1	27.0	34.9	27.5	348.6	348.6	100.0
Private transfers	29.9	24.0	30.9	24.1	314.7	314.1	90.3
Compensation of Employees	2.1	2.3	2.8	2.4	23.9	23.2	6.9
Private capital transfers	0.1	0.6	1.0	0.8	8.5	9.9	2.4
Social benefits	0.1	0.1	0.1	0.2	1.6	1.5	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

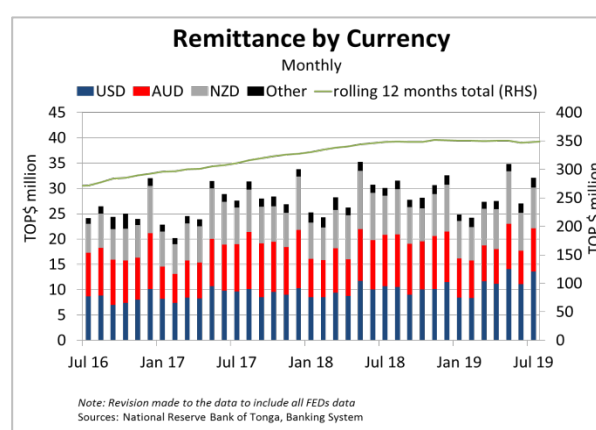
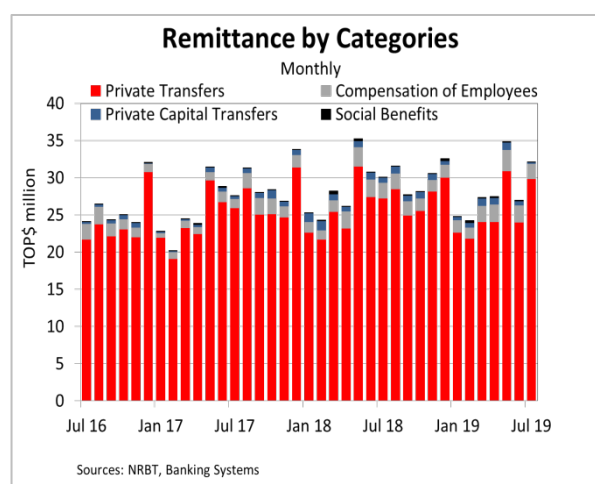
Higher remittances for family support and gifts

The total remittances for July 2019 rose by \$5.1 million (18.9%) to a total \$32.1 million, attributed to higher private transfer receipts which are mainly family support. The events during the month contributed to this high level which included various events of the Heilala Week Festival, and other church and family events. Private transfers receipts outweighed the declines in private capital transfer, compensation of employees, and social benefits recorded over the month.

The share of total remittances in the total OET receipts rose to 48.4% in July 2019, compared to 26.8% in June 2019 and was due to the overall decline total Overseas Exchange Transaction (OET) receipts whilst the total remittances increased. Annually, total remittance receipts was stable at \$348.6 million similar to that recorded in July 2018. Private capital transfers declined by \$1.4 million and offset the rise in private transfers, compensation of employees and social benefits.

Remittances received in all major trading currencies increased over the month coinciding with the rise in total remittance receipts. The strengthening of the New Zealand Dollar (NZD) and the Australian Dollar (AUD) against the TOP may have supported the amount of remittances received in these currencies. However, the US Dollar (USD) remained the top currency for remittance receipts accounting for 42.2% of total remittances. Receipts in AUD and NZD followed with 26.7% and 24.9%, respectively.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receipt of remittances as the share of total remittances received via FEDs in July 2019 rose by 3.8 percentage points to 87.1%, and the remaining 12.9% were received via the banks. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services.



Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Jul-19	Jun-19	May-19	Apr-19	Jul-19	Jul-18	
Total	32.11	27.02	34.86	27.51	348.63	348.63	100.0
Australian Dollar (AUD)	8.58	6.60	8.96	6.80	103.57	113.48	29.7
US Dollar (USD)	13.56	11.10	14.06	11.21	129.55	115.21	37.2
New Zealand Dollar (NZD)	8.00	7.47	10.38	7.90	95.27	98.63	27.3
Tongan Pa'anga (TOP)	1.14	1.17	0.79	1.04	12.30	13.68	3.5
Euro (EUR)	0.15	0.13	0.15	0.13	1.93	1.78	0.6
Japanese Yen (JPY)	0.16	0.13	0.16	0.13	1.91	1.40	0.5
Fijian Dollar (FJD)	0.26	0.16	0.14	0.12	1.63	1.63	0.5
British Pound (GBP)	0.07	0.03	0.05	0.03	0.75	1.00	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.19	0.22	0.17	0.15	1.70	1.83	0.5

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

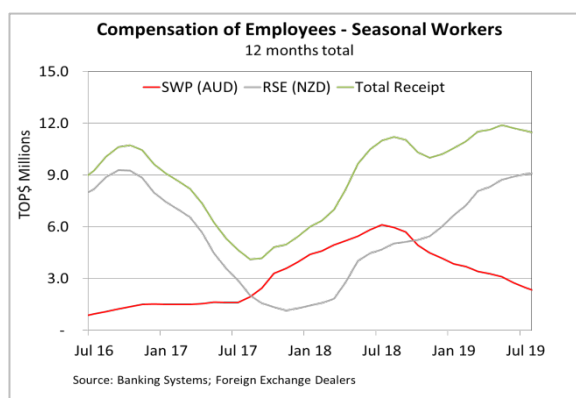
Private Transfers

The total private transfers increased by \$5.8 million (24.2%) to \$29.9 million which are mostly for family support and gifts, and it is the most significant component of total remittance receipts at 93.0% and 45.0% of the total OET receipts. This may have also been supported by celebrations during the July 2019 such as King Tupou VI's birthday and Heilala Week festivities. The total receipts of private transfers for the year ended July 2019 rose at a slower pace by \$0.6 million (0.2%) driven mainly by receipts for family support.

Employee Compensation¹

Over the month of July 2019, the total compensation of employees receipts was \$2.1 million, slightly declined by \$0.2 million (8.0%), and accounted for 6.5% of the total remittances received over the month. This was owed to a \$0.3 million decline in receipts from seasonal workers abroad, which outweighed a \$0.1 million (7.4%) rise in receipts from the other wages & salaries.

In year ended terms, total employee compensation rose by \$0.7 million (3.1%) to \$23.9 million. Other wages and salaries accounted for 51.6% (\$12.3 million) of the employee compensation receipts over the year, and the remaining 48.4% (\$11.6 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 \$2.5 million.



Private capital transfers & Social benefits

The private capital transfer receipts declined by \$0.5 million, due mainly to lower private capital receipts particularly for construction purposes by individual families. Additionally, social benefits receipts fell by \$0.1 million resulting from lower receipts of pension funds. The private capital transfer and the social benefits receipts accounts for 0.4% and 0.2% respectively of the total remittances for July 2019. Over the year, the private capital transfers decreased by \$1.4 million while the social benefits receipts increased by \$0.1 million.

Outlook

Remittance receipts are projected to remain at high levels in the upcoming months supported by annual events such as the preparations for September month (Katoanga Sepitema 'a e Kakai Fefine) for the women of respective churches and other celebrations. 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.

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.