

Remittance Receipts

May 2019

Release date: 1 October 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				May-19	May-18	
	May-19	Apr-19	Mar-19	Feb-19			
Total	34.9	27.5	27.3	24.3	350.4	344.2	100.0
Private transfers	30.9	24.1	24.1	21.8	315.4	312.1	90.0
Compensation of Employees	2.8	2.4	2.2	1.5	24.0	21.4	6.9
Private capital transfers	1.0	0.8	1.0	0.6	9.4	9.2	2.7
Social benefits	0.1	0.2	0.1	0.3	1.5	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

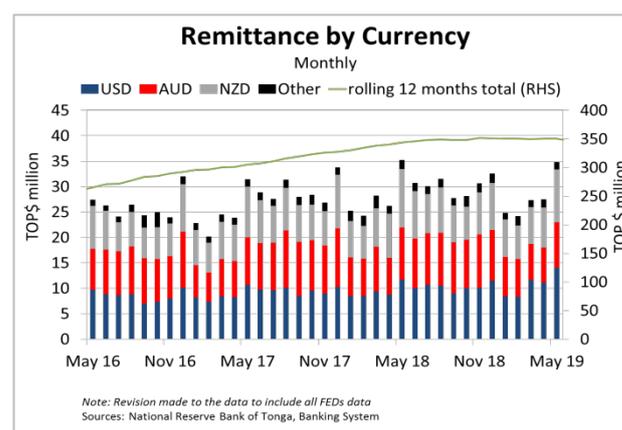
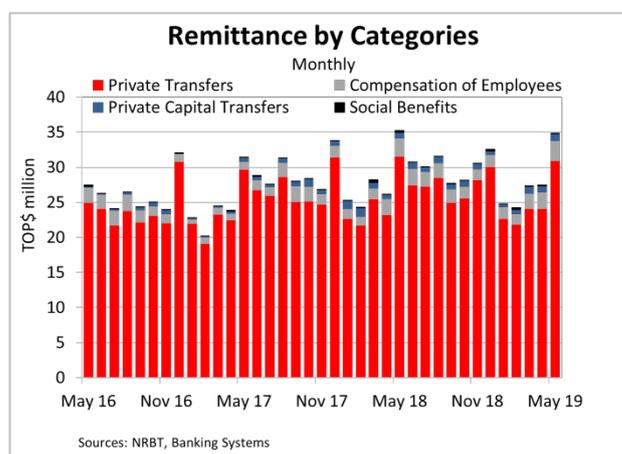
Remittance receipts rise significantly for the May church activities

It is the usual trend for total remittances receipts to rise significantly in May as Tonga celebrates the importance of family with Children's White Sunday, Mother's Day and Father's Day. Other events such as annual church conferences held during the month also contributed to the rise in remittances. Hence, total remittances rose over the month by \$7.4 million (26.7%) to a total \$34.9 million although lower than \$35.3 million in May 2018. Other categories of remittances (except for social benefit) also rose over the month and contributed to the monthly upward trend. Total remittances represented 45.7% of the total overseas exchange transaction (OET) receipts during the month compared to 45.3% in April 2019, reflecting an overall rise in total OET receipts.

Annually, total remittance receipts were 1.8% higher than the previous year at a total \$350.4 million. This was due to a rise in all remittance related receipts supported by family support, major events, and other social occasions which took place throughout the year. The consistent increase in receipts for family support and receipts from seasonal workers abroad continued to be key drivers in the yearly rise.

In May 2019, the US Dollar (USD) remained the top currency for remittance receipts accounting for 40.3% of total remittances. Receipts in New Zealand Dollar (NZD) and Australian Dollar (AUD) followed with 29.8% and 25.7% respectively. Remittance received in all these three currencies rose over the month as follows, USD increased by \$2.9 million (25.5%), NZD by \$2.5 million (31.3%) and AUD by \$2.2 million (31.8%). The appreciation of the USD against the TOP may have supported the rise in USD receipts.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receipt of remittances as the share of total remittances received via FEDs in May 2019 rose to 86.1% from 84.8% share recorded last month. The general public continued to prefer sending and receiving money via FEDs compared to banks, as FEDs have more access points and their services are much quicker.



Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	May-19	Apr-19	Mar-19	Feb-19	May-19	May-18	
Total	34.86	27.51	27.34	24.25	350.38	344.19	100.0
Australian Dollar (AUD)	8.96	6.80	7.14	7.43	108.21	112.08	30.9
US Dollar (USD)	14.06	11.21	11.62	8.33	125.65	113.91	35.9
New Zealand Dollar (NZD)	10.38	7.90	7.26	6.56	96.92	97.23	27.7
Tongan Pa'anga (TOP)	0.79	1.04	0.78	1.31	11.99	13.40	3.4
Euro (EUR)	0.15	0.13	0.13	0.15	1.88	1.80	0.5
Japanese Yen (JPY)	0.16	0.13	0.12	0.14	1.89	1.37	0.5
Fijian Dollar (FJD)	0.14	0.12	0.11	0.09	1.54	1.52	0.4
British Pound (GBP)	0.05	0.03	0.05	0.09	0.76	0.99	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.17	0.15	0.14	0.15	1.53	1.89	0.4

*Based on year ended remittances receipts numbers

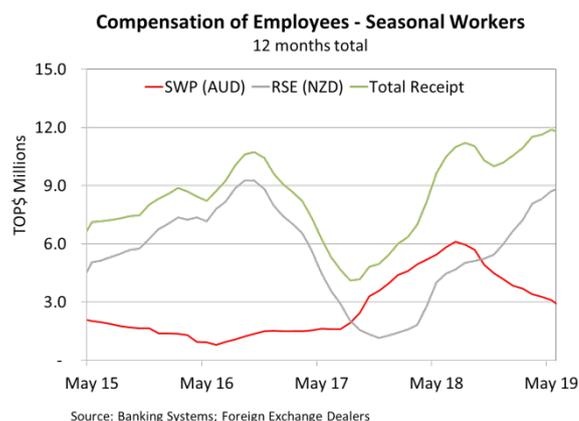
Sources: NRBT, Banking System, Foreign Exchange Dealers

Private Transfers

Private transfers receipts which are mostly for family support and gifts, holds the largest component of total receipts, representing 88.7% of the total remittance receipts and 40.4% of the total OET receipts. Private transfers rose by \$6.8 million (28.3%) to \$30.9 million in May. In year ended terms, the total receipts of private transfers continued to rise by 1.1% (\$3.4 million) to \$315.4 million, due mainly to receipts for family support.

Employee Compensation¹

The total receipts for compensation of employees rose by \$0.5 million (20.3%) to \$2.8 million, which accounted for 8.1% of the total remittances received over the month. The rise in receipts for compensation of employees was solely driven by the receipts from seasonal workers abroad which rose by \$0.5 million over the month and outweighed a 1.4% decline in receipts from the other wages & salaries. This reflects workers sending money to their family in support of the May church celebrations.



In year ended terms, total employee compensation rose by \$2.6 million (12.3%) to \$24.0 million. Other wages and salaries accounted for 50.5% (\$12.1) of the employee compensation receipts over the year, and the remaining 49.5% (\$11.9 million) was from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts of \$8.7 million while the seasonal workers from Australia only contributed \$3.1 million.

Private capital transfers & Social benefits

Private capital receipts for building and renovation of houses slightly rose by \$0.1 million over the month. Receipts for social benefits, on the other hand, declined by \$0.1 million. Private capital transfers and social benefits receipts accounted for 2.8% and 0.4% respectively of the total remittance receipts in May 2019. Over the year, both the private capital transfers and social benefits receipts rose by \$0.2 million and \$0.02 million respectively.

Outlook

Remittance receipts are expected to decline in the upcoming months following the significant rise in May but remain at high levels supported by annual events such as church conferences and the Heilala Week festivities. 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.