

Remittance Receipts

November 2019

Release date: 29 May 2020

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Nov-19	Nov-18	
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18	
Total	29.0	29.4	26.4	32.7	347.9	352.1	100.0
Private transfers	27.1	27.5	24.6	30.3	316.9	317.8	91.1
Compensation of Employees	1.7	1.4	1.5	2.1	23.3	22.5	6.7
Private capital transfers	0.2	0.3	0.3	0.1	5.9	10.3	1.7
Social benefits	0.1	0.2	0.1	0.2	1.8	1.5	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.

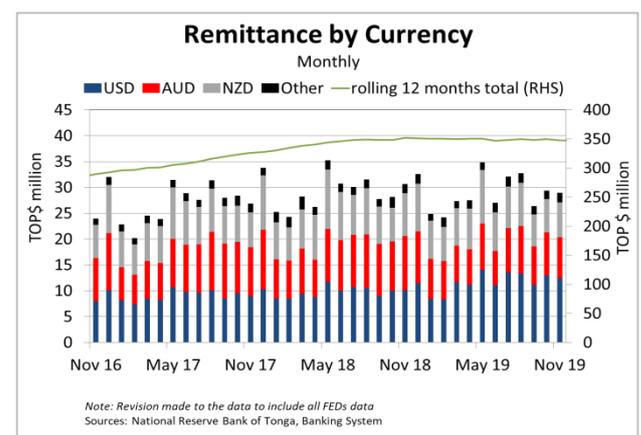
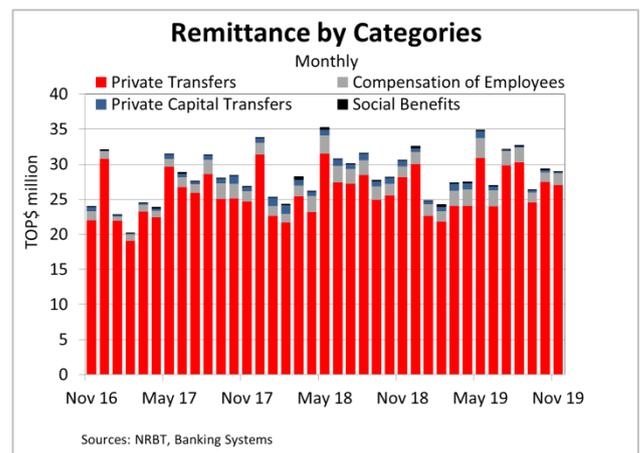
Total remittances remain high at \$29.0 million

Despite a slight decline in remittances by \$0.4 million (1.2%), it was at a total of \$29.0 million in November 2019. Compensation of employees slightly rose over the month and was outweighed by the decline in private transfers, private capital transfers, and social benefits. However, total remittances fell over the year by \$4.1 million (1.2%) to a total \$347.9 million. Private capital transfer receipts and private transfers declined by \$4.3 million (42.2%) and \$0.8 million (0.3%) respectively. These outweighed a rise in receipts for compensation of employees and social benefits.

Total remittances receipts during the month accounted for 45.9% of the total Overseas Exchange Transaction (OET) receipts, a rise from 38.3% in October 2019. This was due to the overall decrease in the OET receipts driven by lower official receipts.

The United States Dollar (USD) continued to be the dominant currency in remittance receipts and accounted for 43.0% of the total monthly remittances. The Australian Dollar (AUD) and New Zealand Dollar (NZD) receipts followed with 27.2% and 23.4% respectively. Receipts in USD and AUD decreased by \$0.6 million and \$0.4 million respectively while receipts in NZD increased by \$0.4 million. Over the month, the USD depreciated whilst the NZD and AUD appreciated against the TOP.

Although the Foreign Exchange Dealers (FEDs) remained as the preferred channel for receipt of remittances, its share has slightly declined both over the month and year. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services. Hence, FEDs share of total remittances was 85.8% and the remaining 14.2% are remitted via banks.



Private Transfers

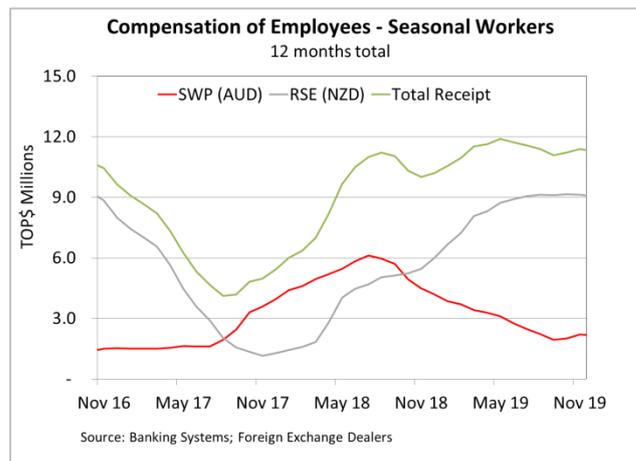
Private transfers receipts slightly declined over the month by \$0.4 million (1.2%) to a total \$27.1 million. These are mainly receipts for family support and gift from families and friends abroad. Private transfers accounted for 93.3% of the total remittance receipts and 42.8% of the total OET receipts, higher than 35.9% last month as the overall OET receipts decreased in November 2019. The total receipts of private transfers for the year ended November 2019 also fell by \$0.8 million (0.3%) driven mainly by receipts for family support.

Employee Compensation¹

The total compensation of employees' receipts rose by \$0.3 million during November 2019 to \$1.7 million and represented 5.7% of the total remittance receipts. Receipts from both seasonal workers² abroad and other wages & salaries increased over the month by \$0.1 million and \$0.2 million respectively. The rise in receipts from seasonal workers was due mainly to receipts in NZD which increased by \$0.1 million while receipts in AUD remained constant.

Similarly, total employee compensation receipts rose over the year by \$0.7 million (3.2%) to \$23.3 million.

Other wages and salaries accounted for 51.1% (\$11.9 million) of the employee compensation receipts over the year, and the remaining 48.9% (\$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 contributed \$2.2 million.



Private capital transfers & social benefits

Both private capital transfers and social benefits receipts declined over the month by \$0.1 million each. Private capital transfers are mostly funds for capital projects such as construction projects of private households. Social benefits are mainly pension funds. The private capital transfer and the social benefits receipts account for 1.7% and 0.5% respectively of the total remittances for November 2019. Annually, the private capital transfers receipts declined by \$4.3 million (42.2%) while the social benefits receipts increased by \$0.3 million (21.4%).

Outlook

Remittance receipts are anticipated to remain high in the upcoming months as the holiday season and the Christmas festivities approaches. The Reserve Bank will continue to closely monitor remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

Remittance Receipts by Currency

	TOP\$ millions							Shares of totals*
	Month Ended				Year Ended			
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18		
Total	29.00	29.36	26.36	32.72	347.95	352.07	100.0	
Australian Dollar (AUD)	7.88	8.30	7.42	9.17	95.95	112.77	27.6	
US Dollar (USD)	12.46	13.05	11.15	13.34	139.89	117.68	40.2	
New Zealand Dollar (NZD)	6.79	6.38	6.23	8.36	91.99	100.16	26.4	
Tongan Pa'anga (TOP)	1.18	0.97	1.04	1.00	12.51	13.37	3.6	
Euro (EUR)	0.28	0.17	0.12	0.16	1.85	1.96	0.5	
Japanese Yen (JPY)	0.10	0.17	0.15	0.25	1.73	1.80	0.5	
Fijian Dollar (FJD)	0.12	0.16	0.09	0.20	1.68	1.58	0.5	
British Pound (GBP)	0.04	0.04	0.05	0.08	0.63	1.03	0.2	
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.01	0.0	
Other	0.13	0.12	0.10	0.14	1.71	1.71	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.

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