

Remittance Receipts

October 2019

Release date: 15 May 2020

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Oct-19	Oct-18	
	Oct-19	Sep-19	Aug-19	Jul-19			
Total	29.4	26.4	32.7	32.1	349.6	348.3	100.0
Private transfers	27.5	24.6	30.3	29.9	318.1	314.2	91.0
Compensation of Employees	1.4	1.5	2.1	2.1	23.1	22.5	6.6
Private capital transfers	0.3	0.3	0.1	0.1	6.6	10.1	1.9
Social benefits	0.2	0.1	0.2	0.1	1.8	1.5	0.5

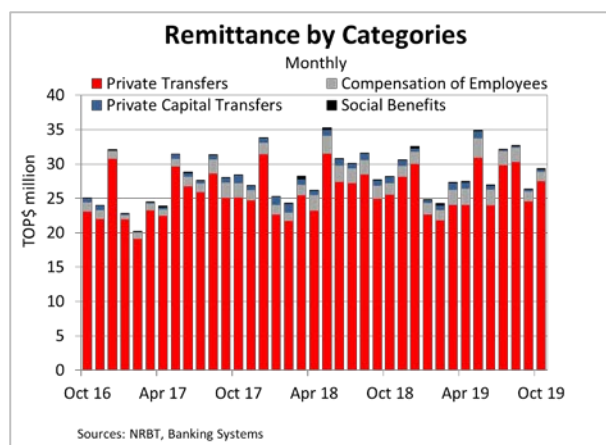
*Based on year ended remittances receipts numbers

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.

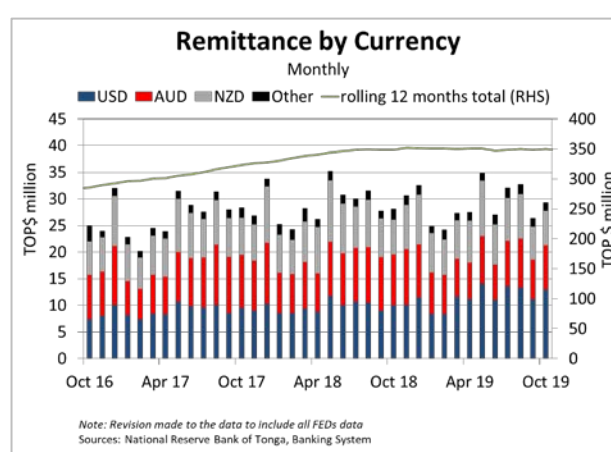
More receipts from the US and Australia for family support

In October 2019, total remittance receipts rose by \$3.0 million (11.4%) to \$29.4 million. Total private transfers which are mainly receipts for family support and monetary gifts from families living abroad drove the monthly increase. Social benefits also contributed to this movement. These increases had offset a decline in compensation of employees receipts. Meanwhile, private capital transfer receipts remained stable over the month. In year ended terms, total remittances rose by \$1.3 million (0.4%) to a total \$349.6 million. Private transfer receipts rose by \$3.8 million (1.2%) followed by increases in compensation of employees and social benefits receipts which outweighed a \$3.5 million decline in private capital transfers.



Total remittances receipts during the month accounted for 38.3% of the total Overseas Exchange Transaction (OET) receipts, a decline from 47.2% in September 2019. This was due to the overall increase in the OET receipts driven by higher official receipts.

In terms of major trading currencies, the United States Dollar (USD) continued to be the dominant currency. It accounted for 44.5% of the total remittances in October 2019. The Australian Dollar (AUD) and New Zealand Dollar (NZD) receipts followed with 28.3% and 21.7%, respectively. The receipts in these major currencies all increased during the month with USD rising the most by \$1.9 million, whereas AUD and NZD followed with an increase of \$0.9 million and \$0.2 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 87.2% share of total remittances with the remaining 12.8% via banks. Nonetheless, annually, the banks' share in total remittances rose by 1.2 percentage points. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services.

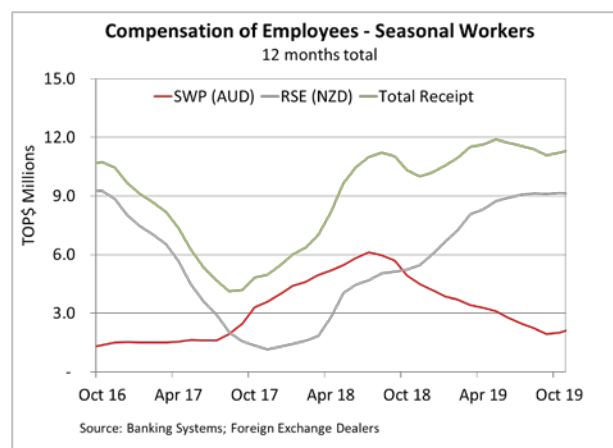
Private Transfers

Private transfers receipts rose over the month by \$2.9 million (12.0%) to a total of \$27.5 million. These are mainly receipts for family support and gifts from families and friends abroad. Private transfers accounted for 93.7% of the total remittance receipts and 35.9% of the total OET receipts, lower than 44.0% last month as the overall OET receipts increased in October 2019. The total receipts of private transfers for the year ended October 2019 increased by \$3.8 million (1.2%) driven mainly by receipts for family support.

Employee Compensation¹

The total compensation of employees' receipts declined by \$0.1 million in October 2019 to \$1.4 million and represented 4.7% of the total remittance receipts. Receipts from both seasonal workers² abroad and other wages & salaries fell slightly over the month. The fall in receipts from seasonal workers was due mainly to receipts in NZD which declined by \$0.2 million outweighing a slight \$0.1 million rise in AUD receipts.

However, total employee compensation rose over the year by \$0.6 million (2.7%) to \$23.1 million. Other wages and salaries accounted for 51.5% (\$11.9 million) of the employee compensation receipts over the year, and the remaining 48.5% (\$11.2 million) was from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts of \$9.1 million. In comparison, the seasonal workers from Australia only contributed \$2.0 million.



Private capital transfers & social benefits

Social benefits receipts rose over the month by \$0.1 million which are mainly receipts of pension funds, while private capital transfers changed little over the month. Private capital transfers are mostly funds for capital projects such as construction projects of private households. The private capital transfer and the social benefits receipts account for 1.1% and 0.6% respectively of the total remittances for October 2019. In year ended terms, the private capital transfers receipts declined by \$3.5 million (34.5%) while the social benefits receipts increased by \$0.3 million (20.7%).

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

	Month Ended				Year Ended		Shares of totals*
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18	
Total	29.36	26.36	32.72	32.11	349.58	348.31	100.0
Australian Dollar (AUD)	8.30	7.42	9.17	8.58	98.54	111.72	28.2
US Dollar (USD)	13.05	11.15	13.34	13.56	137.53	116.54	39.3
New Zealand Dollar (NZD)	6.38	6.23	8.36	8.00	93.51	98.66	26.7
Tongan Pa'anga (TOP)	0.97	1.04	1.00	1.14	12.40	13.34	3.5
Euro (EUR)	0.17	0.12	0.16	0.15	1.76	1.91	0.5
Japanese Yen (JPY)	0.17	0.15	0.25	0.16	1.74	1.80	0.5
Fijian Dollar (FJD)	0.16	0.09	0.20	0.26	1.67	1.61	0.5
British Pound (GBP)	0.04	0.05	0.08	0.07	0.70	1.06	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.12	0.10	0.14	0.19	1.73	1.68	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.