

Remittance Receipts

Release date: 14 June 2021

March 2021

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Mar-21	Mar-20	
	Mar-21	Feb-21	Jan-21	Dec-20			
Total	43.5	32.9	32.3	43.8	428.7	349.6	100.0
Private transfers	38.3	28.9	28.6	39.3	385.5	319.2	89.9
Compensation of Employees	4.8	3.5	3.5	3.9	37.7	23.6	8.8
Private capital transfers	0.3	0.3	0.2	0.4	4.0	5.3	0.9
Social benefits	0.1	0.1	0.1	0.2	1.5	1.5	0.3

*Based on year ended remittances receipts numbers

Sources: NRB, Banking System, Foreign Exchange Dealers

Remittance hiked in line with domestic activities

The total remittance receipts for March 2021 increased significantly by \$10.6 million (32.4%) to a total of \$43.5 million and is the second-highest level of monthly remittance receipts recorded to date. All categories of remittance receipts except for private capital transfers increased over the month.

Remittance receipts accounted for 68.6% of the total Overseas Exchange Transactions (OET), and is higher than the 58.3% share in February 2021, mainly due to the rise in private transfers receipts.

In year ended-terms, remittance receipts increased substantially by \$79.1 million (22.6%) to a new record high of \$428.7 million.

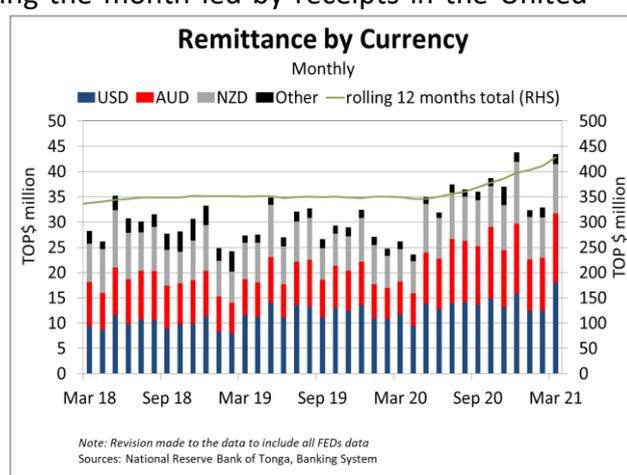
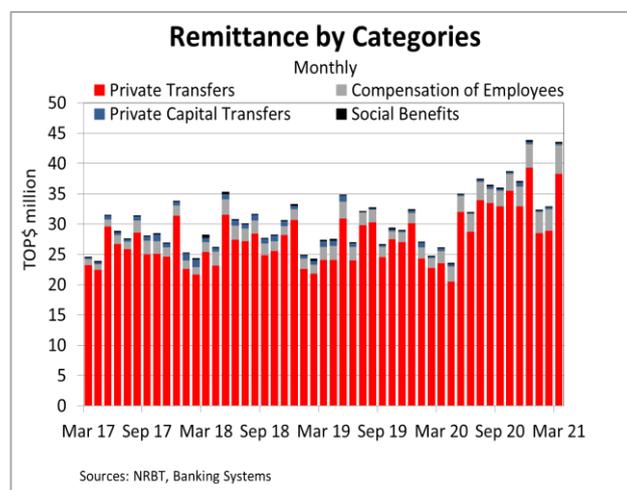
Remittance receipts in Tonga's major currencies rose during the month led by receipts in the United States Dollar (USD) by \$5.6 million (45.2%), followed by the Australian Dollar (AUD), and New Zealand Dollar (NZD) by \$3.1 million (30.0%) and \$1.8 million (22.8%) respectively.

In addition, 41.6% of remittance receipts were in USD, while the AUD and NZD accounted for 31.3% and 22.5% shares of the total remittance receipts, respectively.

Due to its convenience, ease of access, and affordable services, Foreign Exchange Dealers (FEDs) continued to be the preferred choice for transferring remittances, particularly for seasonal workers abroad. Hence, 87.1% (compared to 86.3% in February 2021) of remittance receipts were channelled via FEDS, while 12.9% were (lower than the 13.7% share in the previous month) through the banks.

Private Transfers

In March 2021, private transfer receipts rose substantially by \$9.4 million (32.5%), an unusual hike for the month of March. These receipts are mostly for family support and monetary gifts from relatives abroad. Domestic activities such as the Kava Idol and the fundraisings by the Queen Salote and Tonga High School

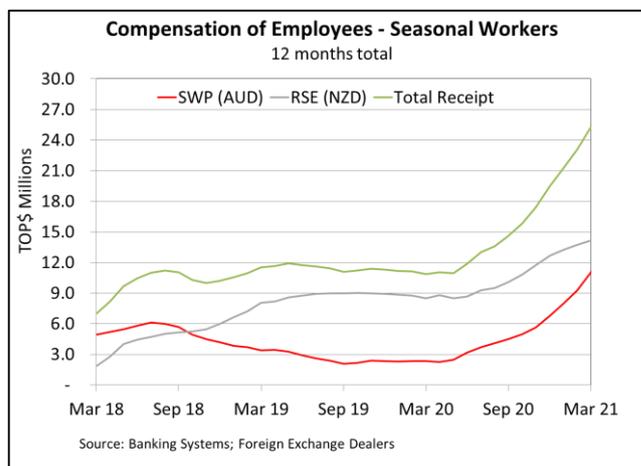


ex-students were the main drivers of the inflow of private transfers. Receipts of private transfers in USD, AUD and NZD all increased by \$5.6 million (48.1%), \$2.4 million (27.1%), and \$1.6 million (23.6%), respectively.

Over the year to March 2021, private transfer receipts significantly rose by \$66.3 million (20.8%) and continues to hold the highest share of remittance receipts at 89.9%.

Employee Compensation¹

The total compensation of employees increased by \$1.2 million (34.8%) in March 2021. This was supported by higher receipts from seasonal workers, from Australia, rising by \$0.6 million (40.1%), followed by New Zealand at \$0.2 million (18.9%). The total receipts from seasonal workers increased by \$0.8 million (30.8%). Other wages and salaries mostly for expatriates of international organizations in Tonga, also rose over the month by \$0.5 million. In March, 143 seasonal workers departed for Australia and are expected to continue supporting higher receipts from seasonal workers.



Annually for March 2021, the total compensation of employee receipts increased by \$14.0 million (59.4%). Receipts from seasonal workers remained the largest component of employee compensation receipts at 67.1% share (compared to 66.0% share in February 2021). The remaining 32.9% share attributes to other wages and salaries. Seasonal workers receipts from Australia and New Zealand both increased by \$8.7 million (374.9%) and \$5.7 million (66.7%), respectively.

Private capital transfers & Social benefits

Private capital transfers receipts are mostly for households constructions and renovations, which slightly fell by \$0.03 million (11.1%) in March 2021. Meanwhile, social benefits slowly increased by \$0.1 million (55.3%), mostly pension funds. In year-ended terms, private capital transfers dropped by \$1.3 million (24.8%), while social benefits slightly picked up by \$0.02 million (1.4%).

Outlook

Remittance receipts are projected to increase in the near future due to the Easter holidays in April and the family month of May. The recent departure of seasonal workers abroad and ongoing fundraising activities by schools and communities contribute positively to the outlook. The Reserve Bank will continue to closely monitor movements in remittance receipts as it is the highest 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.

Remittance Receipts by Currency								
TOP\$ millions								
	Month Ended				Year Ended		<i>Shares of totals*</i>	
	Mar-21	Feb-21	Jan-21	Dec-20	Mar-21	Mar-20		
Total	43.49	32.86	32.33	43.82	428.68	349.62	100.0	
Australian Dollar (AUD)	13.63	10.49	10.24	13.87	136.57	91.67	31.9	
US Dollar (USD)	18.09	12.46	12.42	15.78	164.55	147.04	38.4	
New Zealand Dollar (NZD)	9.79	7.97	8.35	12.29	106.54	90.79	24.9	
Tongan Pa'anga (TOP)	1.36	0.94	0.85	1.10	12.21	12.44	2.8	
Euro (EUR)	0.19	0.14	0.12	0.22	2.05	1.79	0.5	
Japanese Yen (JPY)	0.11	0.09	0.12	0.17	1.32	1.82	0.3	
Fijian Dollar (FJD)	0.07	0.06	0.05	0.09	0.79	1.68	0.2	
British Pound (GBP)	0.10	0.10	0.08	0.13	1.02	0.60	0.2	
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.01	0.0	
Other	0.14	0.61	0.11	0.18	3.63	1.76	0.8	

*Based on year ended remittances receipts numbers
Sources: NRBT, Banking System, Foreign Exchange Dealers