

Remittance Receipts

January 2016

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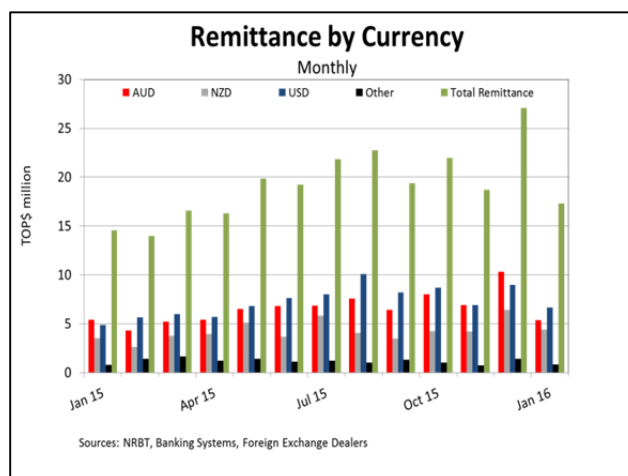
*TOP \$m	Jan 16	Dec 15	Nov 15	Oct 15
Remittance Receipts	17.30	27.09	18.68	21.97
Private Transfers	16.01	25.29	17.21	19.84
Employee Compensation	1.23	1.61	1.23	1.04
Private Capital Transfers	0.02	0.11	0.03	0.13
Social Benefits	0.04	0.08	0.20	0.97

*Month-ended

Remittance declined following the peak in December 2015

Remittance received during the month of January 2016 dropped by 36% to \$17.3 million, representing 44% of Total Overseas Exchange Transaction (OET) Receipts for the month. The decline in Remittance was driven by a \$9.3 million decrease in private transfers. However remittance receipts were 19% higher in comparison to the same month last year, reaching an annual high record of \$234.9 million.

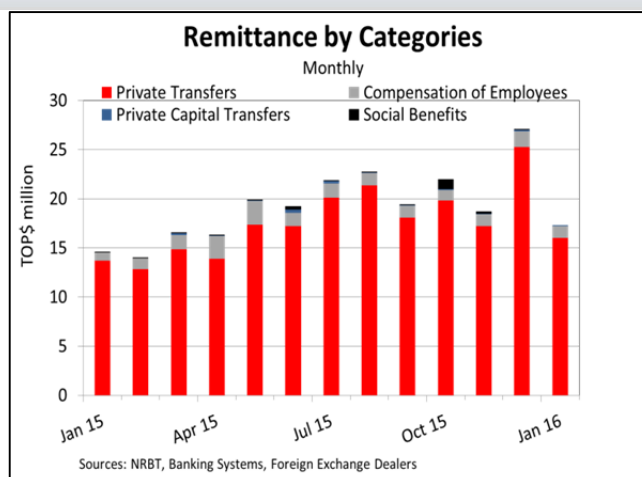
Remittance receipts in all major trading currencies decreased over the month of January except for the Chinese Yuan (CNY). Remittance received in Australian dollar (AUD) declined the most by \$5.0 million, followed by the US dollar by \$2.3 million, and the New Zealand dollar (NZD) by \$2.0 million. USD Denominated remittance still dominates over other currencies, accounting for 38% of total remittance receipts over the month, followed by the AUD with 34% and the NZD with 22%.



Foreign Exchange Dealers (FEDs) are still more commonly used for the receipt of remittance rather than via Banks, with 91% of remittance transferred through FEDs in January compared with 90% in the previous month and in the same month last year.

Private Transfers

Private transfers, which are mostly personal transfers, is still the largest component of Foreign currency inflow, representing 93% of the total remittance and 41% of the total OET receipts by the end of January. Private transfers decreased over January by 37% to \$16 million driving the overall decline in remittance receipts. The main reason for the fall in private transfers



was a decline in the Family Support Receipts of \$8.4 million over the month of January. This also reflects the end of Christmas holiday and the New Year festivities.

Employee Compensation¹

Compensation of employees fell by 23.6% over the month to \$1.2 million. The decline coincides with a 24.7% drop in Recognised Seasonal Employees (RSE) sending money home, compared to the increases in the past two months. Over the year, employee compensation reached a total of \$17.6 million, of which \$7.7 million are receipts from RSEs.

Private Capital Transfers & Social Benefits

Private grants for capital expenditures such as acquisition or construction of fixed assets decreased by \$0.09 million in January to almost \$0.02 million, whereas social benefits such as pensions received by individuals fall by 47% into \$0.04 million over the month. Private capital transfers and social benefits represent 1% of total remittance.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months with the start of the new academic year and churches activities. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow to Tonga's economy.

¹ Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program and other Tongan residents working short term overseas.

Table 1:

Remittance Receipts							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jan-16	Dec-15	Nov-15	Oct-15	Jan-16	Dec-15	
Total	17.30	27.09	18.68	21.97	234.9	232.1	100.0
Private transfers	16.01	25.29	17.21	19.84	214.3	212.0	91.2
Compensation of Employees	1.23	1.61	1.23	1.04	17.62	17.20	7.5
Private capital transfers	0.02	0.11	0.03	0.13	1.22	1.20	0.5
Social benefits	0.04	0.08	0.20	0.97	1.73	1.69	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:

Remittance Receipts by Currency							
TOP\$ millions							
	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jan-16	Dec-15	Nov-15	Oct-15	Jan-16	Dec-15	
Total	17.30	27.09	18.68	21.97	234.86	232.10	100.0
Australian Dollar (AUD)	5.37	10.32	6.87	8.02	79.66	79.68	33.9
US Dollar (USD)	6.67	8.96	6.91	8.68	89.20	87.38	38.0
New Zealand Dollar (NZD)	4.41	6.41	4.18	4.24	51.70	50.81	22.0
Tongan Pa'anga (TOP)	0.46	0.53	0.40	0.64	7.83	7.74	3.3
Euro (EUR)	0.10	0.15	0.10	0.13	1.49	1.48	0.6
Japanese Yen (JPY)	0.07	0.11	0.04	0.09	1.08	1.08	0.5
Fijian Dollar (FJD)	0.12	0.40	0.00	0.01	1.83	1.80	0.8
British Pound (GBP)	0.02	0.08	0.05	0.04	0.58	0.62	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.08	0.13	0.12	0.12	1.48	1.50	0.6

Sources: NRBT, Banking System, Foreign Exchange Dealers