

Overseas Exchange Transactions

April 2015

Table 1

<i>T\$m*</i>	Apr 15	Mar 15	Feb 15	Jan 15
Overall balance	1.9	-11.2	-5.8	-6.4
Current account	0.7	-11.0	-13.3	-17.4
Capital account	5.0	2.5	2.0	9.6
Unclassified	-3.8	-2.7	5.4	4.4

*Month-ended

Strong Current Account balance pushes surplus.

Over the month of April, the Current account was in surplus of \$1.9 million, a turnaround from a deficit of \$11 million in March (Table 1). In year ended terms the current account was also in surplus, though not as much as a year ago.

Import payments, which make up a significant portion of the Current account, fell by 30.2% over the month of April (Graph 1). This was due to fewer payments made for oil, wholesale & retail goods and motor vehicles. In year-ended terms, import payments remain at high levels of \$294.5 million over the year to April, 10.5% more than a year ago.

Total Export receipts were 35.9% less than last month, with a decline in the proceeds for fish and other marines offsetting the rise in proceeds of agricultural exports (Graph 2). In year ended terms, exports were slightly lower than a year ago.

Travel receipts, rose over the month by around 15% supported by a rise in international air arrivals data from the Air Terminal Services (ATS) (Graph 3). With the coronation fast approaching, we expect this figure to climb in the next few months. In year-ended terms remain lower than that of last year by around 28%.

Remittances rose over the month by around 4%, with funds from NZ sources rising the fastest followed closely by Australian sources (Graph 4). Like travel receipts, this figure is expected to pick up in the next few months with Tongans abroad likely to

remit money to assist in upcoming church conferences and the King's coronation. In year-ended terms, remittances rose by around 7% to \$225.6 million, the highest on record.

Capital Account and Unclassified Transactions

Over the month, the capital account was in surplus of \$5 million, twice the size of the surplus in March. The larger surplus stemmed from fewer payments over the month from both official and private individuals; together with more official capital receipts (Graphs 5 & 6).

The balance of unclassified transactions was a net outflow of \$3.8 million over April. Over the year to March 2015, unclassified transactions amounted to a net outflow of \$10.0 million.

Overall Balance

The balance of Overseas Exchange Transactions over the month of April was a surplus of \$0.7 million, a turnaround from a deficit of \$11.0 million in March. This surplus in the overall balance stemmed from a surplus in the Current Account, which was a deficit last month (Table 2). In year-ended terms, the overall balance was also in surplus of \$4.1 million (Graph 7), around half the size of the surplus from the previous year.

Foreign Reserves

The Gross official foreign reserves amounted to \$272.1 million over April (Graph 8), an increase of around 0.7% from March. Nevertheless, the level of Foreign reserves are sufficient to cover 7.5 months of imports, well above the 3-4 months range target. Looking forward, the level of foreign reserves is expected to pick up in June from aid in the form of budget support from donor partners. Although delays to the inflow of these funds will pose a risk to the outlook, the level of foreign reserves is likely to remain comfortably above the minimum range.

Table 2:

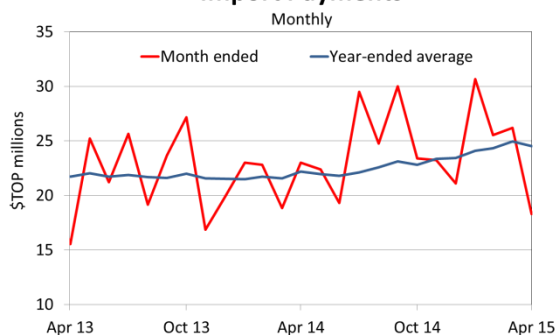
Overseas Exchange Transactions

\$TOP millions

	Month ended			Year-ended	
	Apr-15	Mar-15	Feb-15	Apr-15	Apr-14
Overall balance	1.9	-11.2	-5.8	4.1	9.5
Current account	0.7	-11.0	-13.3	-71.0	-47.2
Merchandise trade	-17.5	-24.9	-24.1	-279.3	-251.0
Services	-0.6	-2.3	-0.1	-19.7	3.6
Investment	1.2	-0.8	-0.8	13.7	6.0
Transfers	17.6	17.0	11.7	214.3	194.2
Official	0.7	3.8	2.7	34.1	20.4
Private	16.9	13.2	9.0	180.2	173.9
Capital account	5.0	2.5	2.0	85.3	95.4
Unclassified	-3.8	-2.7	5.4	-10.1	-38.7

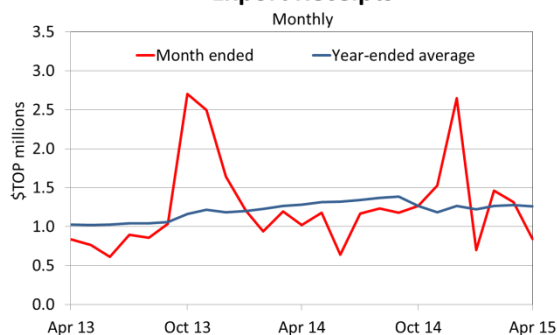
Sources: Banking system; Foreign exchange dealers; NRBT

Graph 1

Import Payments

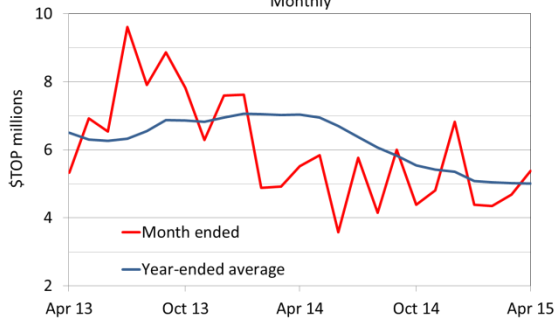
Sources: Banking system; Foreign exchange dealers; NRBT

Graph 2

Export Receipts

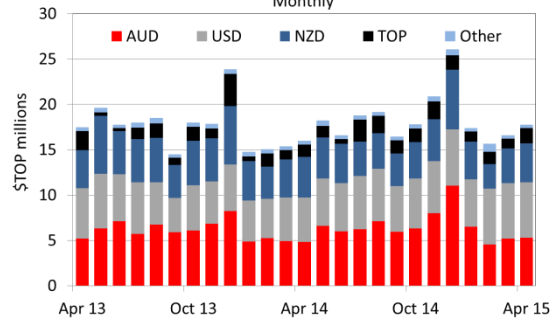
Sources: Banking system; Foreign exchange dealers; NRBT

Graph 3
Travel Receipts
Monthly



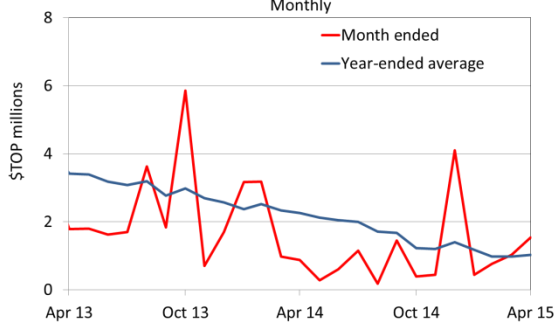
Sources: banking system; foreign exchange dealers; NRBT

Graph 4
Remittances
Monthly



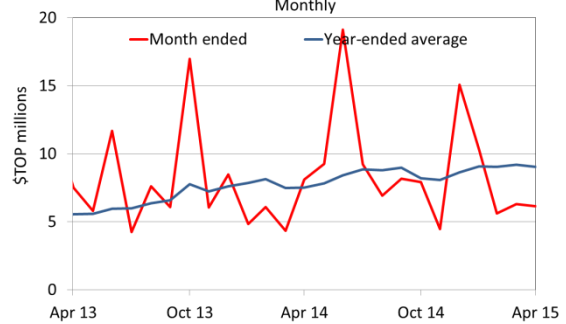
Sources: banking system; foreign exchange dealers; NRBT

Graph 5
Official Capital Receipts
Monthly



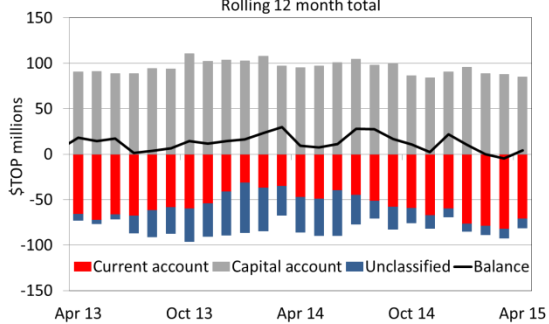
Source: banking system

Graph 6
Private Capital Receipts
Monthly



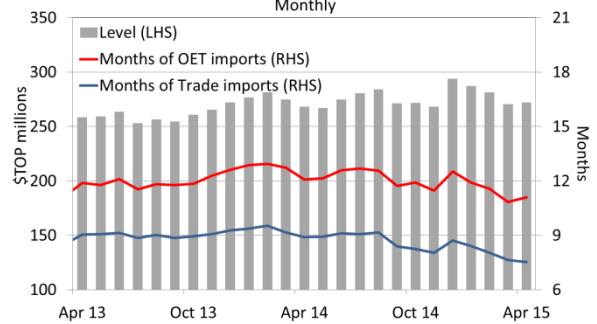
Source: Banking system

Graph 7
Balance of Overseas Exchange Transactions
Rolling 12 month total



Sources: Banking system; Foreign exchange dealers; NRBT

Graph 8
Gross Official Foreign Reserves
Monthly



Sources: Banking system; Foreign exchange dealers; NRBT