

# Overseas Exchange Transactions (OET)

## November 2015

Release Date: 21 April 2016

**Table 1**

<i>T\$ m</i>	Nov 15	Oct 15	Sep 15	Aug 15
<b>Overall balance</b>	<b>3.1</b>	<b>4.1</b>	<b>0.9</b>	<b>8.3</b>
Total inflows	41.0	58.4	54.6	55.1
Total outflows	44.1	49.0	57.5	44.0
<b>Foreign Reserves</b>	<b>319.0</b>	<b>315.8</b>	<b>311.7</b>	<b>310.9</b>

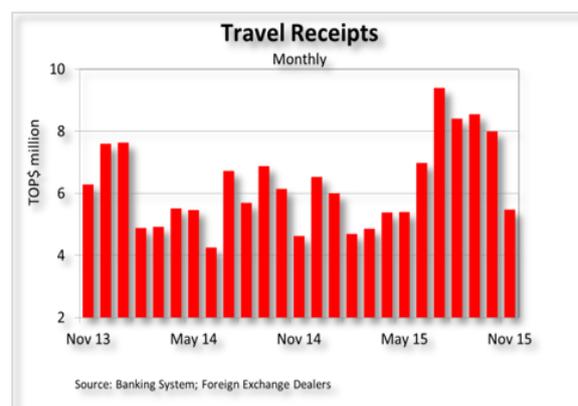
## Sharp drop in financial account inflows reduces surplus

### Total OET Receipts

Total OET receipts took a tumble in November 2015, to only \$41.0 million from \$58.4 million in the previous month, after it has stayed above \$50 million for the past 3 months. This is a 29.7% fall from the previous month and was mainly due to a sharp drop of 77.2% in financial account receipts. On year ended terms, OET receipts still managed to rise by 18.5% to \$587.6 million from \$495.9 million at the end of November 2014. Contributing to this annual rise were higher services and transfer receipts, together with other investment receipts from financial corporations, indicating a more active economy in the current period. Majority of the receipt transactions were received by businesses and denominated in the US dollar (USD).

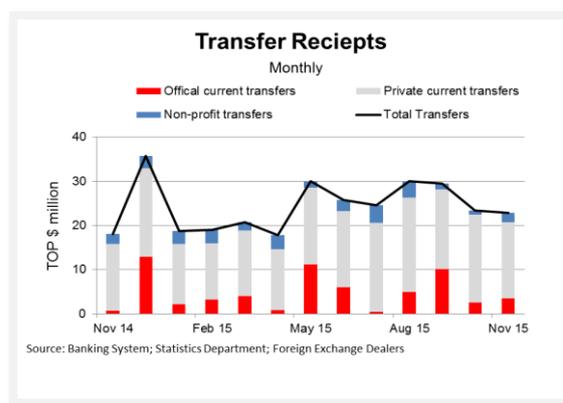
### **Current Account Receipts**

Current account receipts further declined in November by 5.2% to \$36.7 million, driven mostly by lower receipts from travel services, representing 90% of the total OET receipts. All other components of the current account fell over the month except for exports receipts. Current account receipts at the year ending November 2015 rose by 21.4% to \$458.5 million.

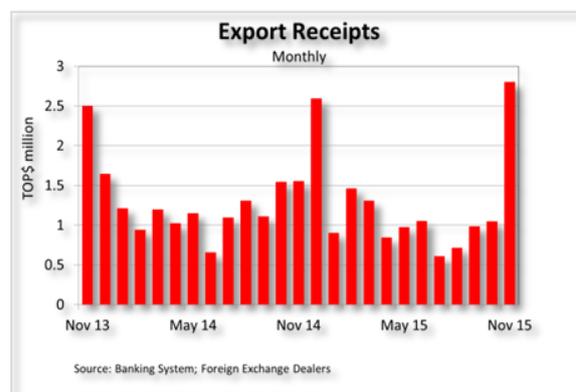


Service receipts fell by 22.4% to \$9.5 million, driving the overall decline in current account receipts. This was due to lower receipts from travel services, particularly personal travel over the month by 31.5%, coinciding with a 12.2% decrease reported in visitor arrivals for the month of November. Over the year to November 2015, service receipt was 26.7% higher than it was the same period last year. The coronation festivities last year contribute to the rise in travel services over the year by 13.3%, whereas transport, telecommunication, professional and construction services contributed to the 60.0% rise in other service receipts.

Transfer receipts also fell by 2.5% to \$22.9 million in November, representing 56% of the total OET receipts. Private transfers were slightly lower during the month due to lower personal transfers for family support and specified use, outweighing the increase in both official and non-profit transfers. Over the year, transfer receipts increased by 20.8% to \$298.1 million.<sup>1</sup>



Export receipts grew strongly over the month by \$1.8 million owing largely to the proceeds from squash exports, taking the total value of proceeds from agricultural exports to \$2.0 million compared to only \$0.3 million last month. Over the year, export receipts increased by 6.0% due mainly to higher proceeds from fish and marine exports.



### Financial Account & Capital Account Receipts

Financial account receipts significantly dropped from its very high level last month of \$17.4 million to only \$3.9 million. Driving this drop were transactions in the form of interbank transfers with its overseas correspondent banks. Capital account receipts for November were \$1.9 million lower than the previous month as there were lower receipts of official grants for capital projects during the month.

<sup>1</sup> Further information on remittances can now be found on our Remittances Data flash, available on the NRBT website.

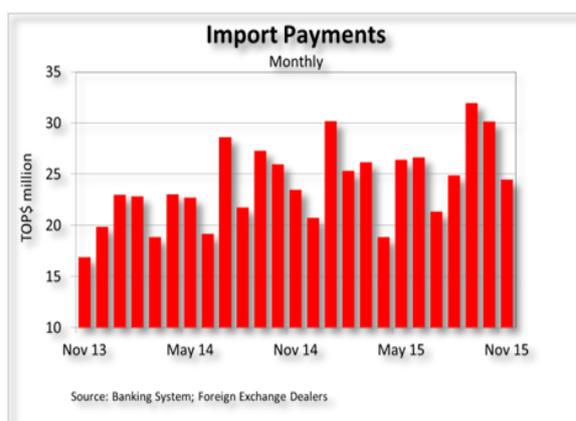
## **Total OET Payments**

Total OET payments dropped in November 2015 by 10.0% to \$44.1 million, mainly due to lower import payments reported for the month. On year ended terms however, total OET payments continues to rise by 10.8% to \$530.9 million, due mainly to higher import and other financial investment payments.

## **Current Account Payments**

Current account payments for the month were 12.1% lower than last month, falling to \$39.3 million, representing 89% of total OET payments. Over the year, current account payments increased by 6.9% to \$483.0 million due to higher annual import payments.

Import payments fell by 18.8% to \$24.5 million over the month driving the overall decline in current account payments. Despite an increase in payments for imports of oil by \$2.8 million, significant cutbacks were recorded in the payments for imports of wholesale & retail trade by \$5.1 million. In year-ended terms, import payments still remain very high at \$306.8 million over the year to November 2015 which is 11.1% higher than the previous year.



Service payments slightly fell over the month by 4.5% to \$8.8 million mainly from lower payments of government goods and services, transport and insurance services.

On the other hand, primary income and transfer payments slightly increased by \$0.6 and \$0.1 million respectively. Over the year, primary income payments decreased by 20.5% to \$16.2 million, whereas transfer payments grew by 13.8% to \$50.9 million.

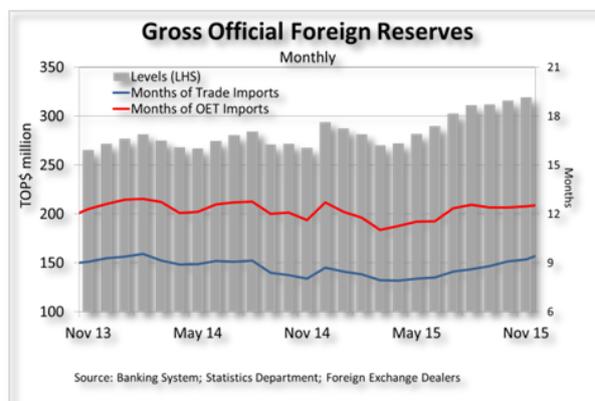
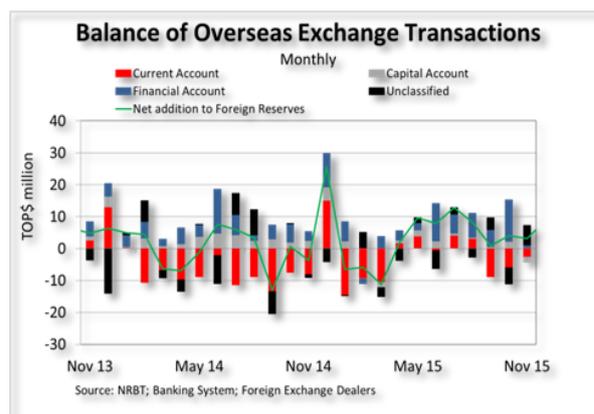
## **Capital & Financial Account Payments**

Capital account payments increased to \$2.0 million as there was no payment made last month. This is to purchase capital assets overseas. Financial account payments, on the other hand, dropped by \$1.5 million to \$2.8 million which were mostly transactions in the form of interbank transfers.

## Overall Balance & Foreign reserves

The balance of Overseas Exchange Transactions, which is equivalent to the net change to foreign reserves over the month of November, was a surplus of \$3.1 million. This is lower compared to a surplus of \$4.1 million in the previous month as the net financial account fell significantly over the month. In year-ended terms, the overall balance was a surplus of \$51.1 million compared to only \$2.5 million in the previous year.

Foreign reserves reached another record high of \$319.0 million in November, sufficient to cover 9.2 months of imports, well above the NRBT's minimum range of 3-4 months. Looking forward, the level of foreign reserves is expected to pick up largely as a result of on-going aid in the form of budget support and other assistance from donor partners and the Christmas Festivities coming up next month. 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	
	Nov-15	Oct-15	Sep-15	Aug-15	Nov-15	Nov-14
<b>Total Payments</b>	<b>44.1</b>	<b>49.0</b>	<b>57.5</b>	<b>44.0</b>	<b>530.9</b>	<b>479.1</b>
<b>Current Account</b>	<b>39.3</b>	<b>44.7</b>	<b>53.6</b>	<b>40.8</b>	<b>483.0</b>	<b>451.7</b>
Imports	24.5	30.1	31.9	24.8	306.8	276.3
Services	8.8	9.3	12.1	10.5	109.1	110.4
Primary Income	1.0	0.5	5.0	0.6	16.2	20.3
Transfers	4.9	4.8	4.6	4.9	50.9	44.7
Official	0.0	0.0	0.0	0.0	2.0	1.3
Private	4.8	4.6	4.5	4.5	48.8	43.3
Non-Profit	0.2	0.2	0.1	0.3	0.2	0.1
<b>Capital Account</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.6</b>	<b>2.9</b>
Official	0.0	0.0	0.0	0.0	0.0	2.3
Private	2.0	0.0	0.0	0.0	5.6	0.5
<b>Financial Account</b>	<b>2.8</b>	<b>4.3</b>	<b>3.8</b>	<b>3.2</b>	<b>42.2</b>	<b>24.5</b>
Direct Investment	1.1	0.3	0.3	0.0	2.8	0.1
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	1.7	4.0	3.5	3.2	39.5	24.5
<b>Total Receipts</b>	<b>41.0</b>	<b>58.4</b>	<b>54.6</b>	<b>55.1</b>	<b>587.6</b>	<b>495.9</b>
<b>Current Account</b>	<b>36.7</b>	<b>38.7</b>	<b>44.8</b>	<b>43.9</b>	<b>458.5</b>	<b>377.7</b>
Exports	2.8	1.0	1.0	0.7	15.3	14.4
Agriculture	2.0	0.3	0.2	0.2	5.3	5.0
Marines	0.4	0.6	0.7	0.4	6.1	4.0
Other	0.2	0.2	0.1	0.1	1.2	3.0
Services	9.5	12.2	13.1	11.8	125.0	98.7
Travel	5.5	8.0	8.5	8.4	79.6	70.3
Other	4.0	4.3	4.6	3.4	45.5	28.4
Primary Income	1.6	2.0	1.2	1.4	20.0	17.9
Transfers	22.9	23.4	29.5	30.0	298.1	246.8
Official	3.5	2.6	10.1	4.9	61.8	39.7
Private	17.2	19.8	18.1	21.4	214.0	184.3
Non-Profit	2.1	1.0	1.2	3.7	29.7	27.4
<b>Capital Account</b>	<b>0.4</b>	<b>2.3</b>	<b>0.5</b>	<b>0.4</b>	<b>17.6</b>	<b>34.8</b>
Official	0.1	1.6	0.4	0.3	7.3	10.4
Private	0.3	0.6	0.2	0.1	10.4	24.4
<b>Financial Account</b>	<b>3.9</b>	<b>17.4</b>	<b>9.2</b>	<b>10.8</b>	<b>111.5</b>	<b>83.4</b>
Direct Investment	0.1	0.0	0.0	0.0	2.2	14.7
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	3.8	17.3	9.2	10.8	109.3	68.7

Sources: banking system; foreign exchange dealers, NRBT