

Overseas Exchange Transactions (OET)

May 2017

Release Date: 15 August 2017

Table 1

T\$ m	May 17	Apr 17	Mar 17	Feb 17
Overall balance	20.6	5.7	-11.5	-3.2
Total inflows	71.2	53.7	49.4	44.8
Total outflows	55.0	45.6	59.0	45.9
Foreign Reserves	392.3	371.7	366.0	377.7

Overall surplus soared due to large inflows of foreign aid

Total OET Receipts

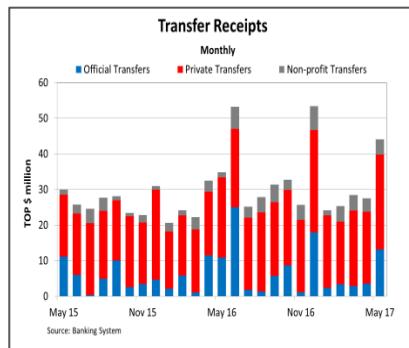
Total OET receipts for the month of May 2017 rose by \$17.5 million (32.6%) to \$71.2 million attributed mainly to large inflows of foreign aid. Capital account receipts also rose over the month while the financial account receipts declined. In year ended terms, total OET receipts increased by \$119.3 million (19.0%) to \$747.8 million, driven mostly by higher transfer and service receipts. Transactions received in US dollar (USD) hold the highest share of total OET receipts at 45% although it slightly fell from 47% last month, followed by the receipts in Australian dollar (AUD) with a share of 27%, and 14% were denominated in New Zealand dollar (NZD).

Current Account Receipts

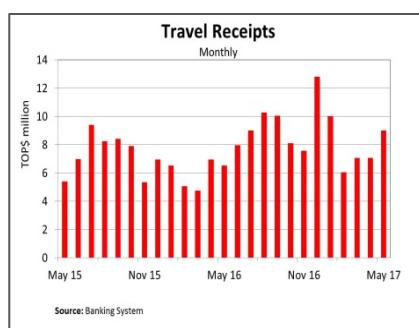
Current account receipts rose over the month by \$18.6 million (44.4%) to \$60.5 million. The rise was attributed to an increase in official transfers mostly government grants and budget support, supported by higher receipts of remittances, and services and primary income receipts. The export proceeds remained the same over the month. Current account receipts represented 85% of total OET receipts. Over the year, receipts in the current account rose by \$115.9 million (23.6%) to \$607.1 million, driving the annual increase in total OET receipts.

Transfer receipts rose to \$44.1 million in May 2017, \$16.5 million (59.9%) higher than the previous month, and were driven by higher inflow of Government grant and budget support funds from its development partners. Official transfers rose by \$9.6

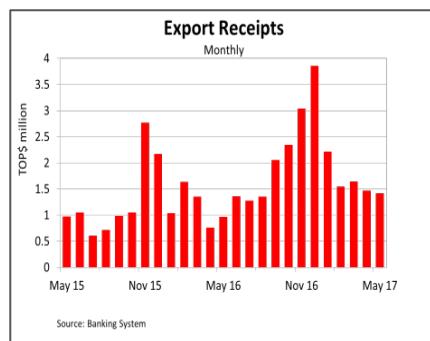
million (266.4%) to \$13.1 million and contributed to the bulk of the overall rise in total OET receipts. Private transfer receipts, mainly remittances, also grew by \$6.5 million (32.5%) to \$26.7 million and non profit transfers rose slightly by \$0.4 million (11.0%) to \$4.3 million. The transfer receipts represented 62% of total OET receipts. Over the year, transfer receipts increased to \$399.1 million, \$81.2 million (25.5%) higher than last year, due mainly to higher receipts of private remittances, and government and non-government grants.



Service receipts also rose over the month by \$1.9 million (16.1%) to \$13.7 million. Personal travel receipts drove this rise while other receipts remained the same from last month at \$4.8 million. Over the year, service receipts rose by \$29.0 million (21.0%) to \$166.7 million, driven mainly by higher receipts for personal travel which corresponded to both the rise in international arrivals and the growth in the tourism sector.



Export receipts for May 2017 slightly declined by \$0.1 million from last month. Both marine and other export proceeds decreased by \$0.1 million (13.3%) and \$0.2 million (41.3%) respectively which was partially offset by an increase in agricultural export proceeds. Total export proceeds over the year however, increased by \$8.5 million due mainly to an increase in agricultural export proceeds which coincided with the increase in the volume of agricultural exports by 34.4% to 11,357 tonnes over the year.



Financial Account & Capital Account Receipts

Over the month of May 2017, capital account receipts rose by \$2.1 million (94.3%) to \$4.3 million, due to higher private grants for capital expenditure such as constructions by individuals and churches. In year ended terms, capital account receipts rose by \$11.8 million (65.1%) to \$29.8 million which again reflected higher private grants for capital expenditures such as constructions by individuals and churches. Official government grants for construction purposes remained the same over the year.

Financial account receipts however, declined by \$3.2 million over the month to \$6.4 million. This was due mainly to lower interbank transfers and lower receipts for direct investment compared to the previous month. In year ended terms, financial

account receipts declined by \$8.3 million (7.0%) to \$110.8 million. This was due mainly to a decline in interbank transfers' receipts during the year, which were partly offset by a rise in the receipt of direct investment funds.

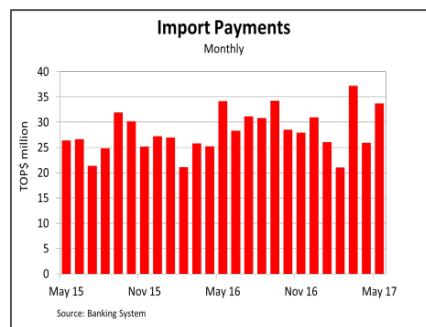
Total OET Payments

Total OET payments for May 2017 rose by \$9.4 million (20.7%) to \$55.0 million. This was largely attributed to higher payments in the current account underpinned by a rise in import payments. In year ended terms, total OET payments continued to rise by \$55.2 million (9.8%) to \$619.2 million due mainly to higher import and service payments. The US dollar (USD) remained the major currency for payment transactions over the month with a share of 50% (\$27.5 million); followed by the New Zealand dollar (NZD) with a share of 27% (\$15.1 million), and both the Australian dollar (AUD) and the Fijian dollar (FJD) hold a share of 9% each.

Current Account Payments

Current account payments rose to \$51.6 million in May 2017, which was \$7.4 million (16.8%) higher than it was in April 2017 and represented 93.8% of total OET payments. All major categories rose except for primary income payments. Higher import payments drove the overall rise in the current account payments. Over the year to May 2017, current account payments increased by \$66.1 million (12.8%) to \$583.0 million, owing to higher import and service payments.

Import payments for May 2017 rose by \$7.8 million (29.9%) to \$33.7 million. Payments for all categories of imports rose except for construction imports. Payment for wholesale and retail imports rose the most by \$4.2 million (27.7%), followed by a \$3.0 million (128.1%) rise in payments for government imports. Payments for importing vehicles and oil rose by \$0.6 million and \$0.4 million respectively while payments for construction imports declined by \$0.4 million (9.6%). In year-ended terms, import payments rose by \$35.3 million (11.0%) to \$355.7 million due mainly to a rise in payments for wholesale & retail goods and construction materials, and accounted for 57.4% of total OET payments.



Service payments rose by \$0.6 million (20.3%) to \$10.8 million over the month, underpinned by higher payments for travel and freight services. Over the year, service payments were \$24.2 million (20.3%) higher than the previous year, driven by higher payments for travel and freight services.

Transfer payments rose by \$1.6 million (41.7%) due to higher private and non-profit transfer payments such as workers' remittances and family support payments which were partly offset by the decline in official transfer payments. In year ended terms, transfer payments declined by \$2.6 million (4.3%) due mainly to lower official and private transfer payments.

On the other hand, primary income payments declined by \$2.5 million (56.9%) to \$1.9 million due to lower payments of dividends and interest on external loans in May 2017 compared to the previous month. Over the year, primary income payments rose by \$9.3 million (56.4%) to \$25.8 million driven by higher dividends and interest on external loans sent abroad.

Capital & Financial Account Payments

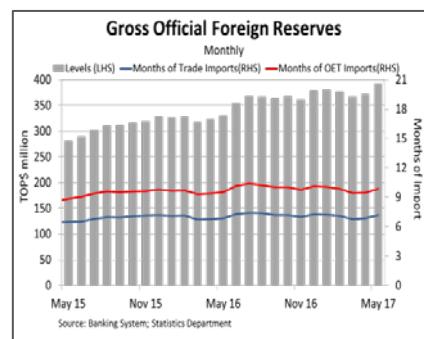
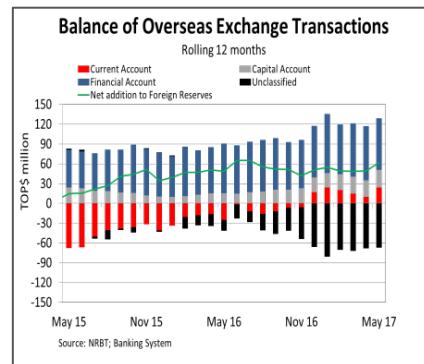
In May 2017, capital account payments continued to record no payment in April 2017. However in year ended terms, capital payments rose by \$0.4 million (16.9%) to \$2.7 million due to higher private grants for capital expenditures such as constructions by individuals and churches.

Financial account payments rose by \$2.0 million (145.2%) over the month to \$3.4 million due mainly to higher interbank transfers. Over the year, financial account payments declined by \$11.2 million (25.1%) again, due mainly to lower interbank transfers.

Overall Balance & Foreign reserves

In May 2017, the balance of Overseas Exchange Transactions was a surplus of \$20.6 million. This contributed to the rise in the official foreign reserves to \$392.3 million in May 2017, sufficient to cover 7.2¹ months of imports, which remained above the Reserve Bank's minimum range of 3-4 months of imports.

The outlook for the foreign reserves is to remain comfortably above the minimum range, given the expectation of on-going remittance receipts, Government aid in the form of budget support, and other assistance from donor partners partly offset by the higher anticipated import payments. However, delays to the inflow of these funds will pose a risk to the outlook.



¹ Method of calculation changed in February 2017 to include imports of both goods and services (previous method used imports of goods only)

Table 2

Overseas Exchange Transactions
TOP\$ millions

	Month Ended				Year Ended	
	May-17	Apr-17	Mar-17	Feb-17	May-17	May-16
Total Payments	55.0	45.6	59.0	45.9	619.2	564.0
Current Account	51.6	44.2	56.5	38.2	583.0	516.9
Imports	33.7	25.9	37.2	21.0	355.7	320.4
Services	10.8	10.2	11.9	13.5	143.2	119.0
Primary Income	1.9	4.4	1.5	0.5	25.8	16.5
Transfers	5.3	3.7	5.9	3.1	58.4	61.0
Official	0.0	0.1	0.4	0.0	2.8	4.0
Private	4.5	3.5	4.6	3.1	55.4	56.8
Non-Profit	0.8	0.1	0.9	0.1	0.2	0.2
Capital Account	0.0	0.0	0.1	0.0	2.7	2.3
Official	0.0	0.0	0.1	0.0	0.0	0.0
Private	0.0	0.0	0.0	0.0	2.7	2.3
Financial Account	3.4	1.4	2.5	7.7	33.5	44.7
Direct Investment	0.1	0.1	0.0	6.4	11.7	3.1
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	3.3	1.3	2.5	1.3	21.8	41.7
Unclassified Payments	0.0	0.0	0.0	0.0	0.0	0.0
Total Receipts	71.2	53.7	49.4	44.8	747.8	628.5
Current Account	60.5	41.9	42.8	37.1	607.1	491.3
Exports	1.4	1.5	1.6	1.5	23.5	15.1
Agriculture	0.5	0.1	0.2	0.2	10.6	6.1
Marines	0.6	0.7	1.0	0.9	9.0	6.7
Other	0.3	0.6	0.4	0.3	3.9	2.2
Services	13.7	11.8	11.6	9.3	166.7	137.7
Travel	9.0	7.1	7.1	6.0	105.0	83.1
Other	4.7	4.8	4.5	3.2	61.7	54.7
Primary Income	1.3	1.1	1.1	1.0	17.8	20.6
Transfers	44.1	27.6	28.5	25.3	399.1	317.9
Official	13.1	3.6	2.9	3.4	87.1	63.6
Private	26.7	20.1	21.2	17.5	261.4	226.8
Non-Profit	4.3	3.8	4.4	4.4	50.7	27.5
Capital Account	4.3	2.2	2.3	3.6	29.8	18.1
Official	1.7	1.2	0.7	0.8	8.1	8.1
Private	2.6	1.0	1.6	2.8	21.7	9.9
Financial Account	6.4	9.6	4.4	4.0	110.8	119.2
Direct Investment	0.2	0.5	0.0	0.0	22.8	0.8
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investment	6.2	9.0	4.4	4.0	88.0	118.3
Unclassified Receipts	0.0	0.0	0.0	0.0	0.0	0.0

Sources: banking system; NRBT