

# Overseas Exchange Transactions (OET)

## April 2019

Release Date: 29 July 2019

Overseas Exchange Transactions						
Net Change to Foreign Reserves (TOP\$ millions)						
	Month Ended				Year Ended	
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18
<b>Overall Balance</b>	<b>-0.8</b>	<b>-8.5</b>	<b>-5.5</b>	<b>0.4</b>	<b>18.3</b>	<b>74.2</b>
Net Current Account	-0.8	-11.3	-12.6	-9.7	-4.6	20.7
Net Capital Account	2.7	2.2	1.3	8.8	34.4	43.3
Net Financial Account	-2.7	0.6	5.8	1.4	-11.5	10.2
<b>Foreign Reserve Levels</b>	<b>464.2</b>	<b>465.0</b>	<b>473.5</b>	<b>478.9</b>	<b>464.2</b>	<b>445.9</b>

Sources: Banking System; NRBT

## Lower payments of imports and services over the month

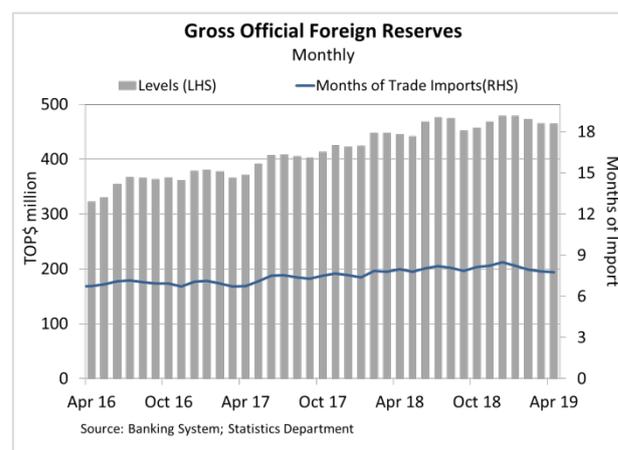
### Overall Balance & Foreign Reserve

In April 2019, payments from the current account for imported goods and services declined by \$8.4 million over the month mostly on import and services payments. The total receipts rose by \$3.6 million due to higher receipts for services, funds and donations to non-profit organizations and receipts for both official and individual construction. These movements attributed to the improvement in the overall balance which recorded a much lower deficit over the month compared to March 2019. Despite the favourable monthly movement, the surplus in

the overall balance decreased to \$18.3 million over the year and was attributed mainly to higher imports and services payments and interbank transfers. Lower receipts for capital investments such as construction projects also declined over the year.

The official foreign reserves slightly declined to \$464.2 million over the month equivalent to 7.8 months of import cover. However, the official foreign reserves increased over the year by \$18.3 million as a result of higher receipts for budget support, grants and cyclone relief funds from development partners.

Hence, the Reserve Bank continues to expect the level of foreign reserves will remain at comfortable levels and above 3 months of imports cover in the upcoming months. However, delays to the inflow of aid and budget support from development partners, and expected transfer of offshore investments pose a risk to the foreign reserves outlook. Global uncertainties in oil and commodities prices are also risks to the expectations above.



## Current Account

Current Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18
Net Current Account	<b>-0.8</b>	<b>-11.3</b>	<b>-12.6</b>	<b>-9.7</b>	<b>-4.6</b>	<b>20.7</b>
Merchandise Trade	-31.5	-34.7	-34.3	-32.3	-423.8	-385.1
Services	6.6	1.1	-2.3	1.1	22.4	45.3
Income	1.3	-0.2	1.5	1.5	8.2	-12.5
Transfers	22.8	22.6	22.6	20.0	388.7	373.1

Sources: Banking System; NRBT

Payments from the current account significantly dropped over the month by \$8.4 million coupled with a \$2.1 million increase in total current account receipts, has resulted in the improvement in the current account balance to a much lower deficit over the month. Lower payments were noted for imported goods and services, and income payments. Higher receipts were for services, transfers to non-profit organizations, and income receipts.

The merchandise trade deficit contracted over the month by \$3.3 million due to less payments for wholesale & retail goods which declined by \$5.0 million outweighing a \$2.5 million increase in oil import payments. Export receipts continued to remain constant at \$1.2 million, noting a slight rise in marine and other export offsetting a \$0.1 million decline in agricultural exports.

Services account surplus rose by \$5.5 million over the month as payments from the services account declined whilst the receipts increased. Lower payments were noted for airfares, travel allowances, freight, telecommunication and manufacturing services amongst other services. Contrastingly, services receipts rose by \$1.5 million mainly for postal and courier services.

Additionally, the surplus in the income account rose by \$1.5 million as income payments dropped by \$1.2 million over the month from interest payments on government loans in the previous month, whilst the income receipt increased by \$0.3 million. The slight rise was mostly for compensation of employees which includes other wages & salaries, and earnings paid under the Recognized Seasonal Employee and Seasonal Workers Programme schemes.

The surplus in the transfers account slightly increased by \$0.3 million over the month mainly driven by a \$1.4 million rise in receipts by non-profit organizations mostly donations for churches and schools. This was partly offset by a \$1.1 million decline in official transfer receipts for the purposes of government budget support and funded projects from development partners. Private transfers, mainly for family support remain unchanged at \$24.1 million over the month.

Over the year to April 2019, the current account balance recorded a \$4.6 million deficit compared to a surplus in the previous year. More specifically, the merchandise trade deficit and higher services payments outweighed the rise in income and transfers receipts. Import payments increased by \$39.4 million due to higher payments for all categories of imports such as wholesale & retail, government imports, motor vehicles, oil and construction materials. Higher service payments were for travel related expenses (airfares & travel allowances), freight, maintenance & repair, professional services and insurance premium pay-outs.

Net income recorded a surplus of \$8.2 million compared to a deficit recorded in the previous year. This was attributed to higher income receipts over the year whilst income payments declined. The higher receipts were for other wages & salaries, pension funds and other social benefits. Additionally, receipts for compensation of employees also increased by \$4.4 million underpinned by wages paid under the RSE/SWP schemes. The transfers account surplus was higher by \$15.6 million due to a \$15.7 million rise in transfer receipts which outweighed a slight \$0.1 rise in transfer payments. Official transfer receipts increased by \$7.7 million particularly for government projects, aid, and budget support funds. Private transfer receipts rose by \$5.9 million due to higher remittances for family support from abroad. Receipts by non-profit organizations also contributed to the yearly surplus, rising by \$2.2 million.

### Capital Account

Capital Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18
Net Capital Account	2.7	2.2	1.3	8.8	34.4	43.3
Official	1.9	1.3	0.7	0.3	16.3	16.3
Private	0.7	0.9	0.6	8.5	18.1	27.0

Sources: Banking System; NRBT

Higher receipts in the capital account drove the increase in the total capital account surplus to \$2.7 million, over the month. Both official and private capital receipts rose by \$0.7 million and \$0.3 million respectively. These receipts are mainly for investment projects and capital expenditures by the government and receipts by private households for construction purposes. Private capital transfer payments recorded a \$0.5 million increase due to the repatriation of unspent project funds.

However, the capital account surplus fell over the year by \$8.9 million mainly due to lower private capital receipts. Private receipts and grants for investment and capital expenditures declined by \$10.8 million. The official capital transfer receipts slightly declined by \$0.3 million. Despite on-going project works funded by multi-national donors, the decline over the year could reflect the implementation of the projects.

### Financial Account

Financial Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18
Net Financial Account	-2.7	0.6	5.8	1.4	-11.5	10.2
Direct Investment	0.0	0.1	0.0	0.1	-0.6	-11.8
Portfolio Investment	0.0	0.0	0.0	0.0	0.1	0.0
Other Investment	-2.7	0.5	5.7	1.3	-11.1	21.9

Note: The Net Financial Account figures incorporate also the net reconciliation items which is not reflected in the

Sources: Banking System; NRBT

The surplus in the financial account continued to fall over the month, to record a \$2.7 million deficit compared to a \$0.6 million surplus last month. This is a result of higher interbank payments by commercial banks to settle foreign exchange deals for their underlying customers. Consequently, the

financial account recorded an \$11.5 million deficit over the year compared to a surplus in the previous year. The principal repayment of Government loan to EXIM Bank of China and higher inter-bank payments contributed to the yearly deficit.

### Overseas Exchange Transactions

TOP\$ millions

	Month Ended				Year Ended		Monthly Change	Annual Change
	Apr-19	Mar-19	Feb-19	Jan-19	Apr-19	Apr-18		
Total Payments	55.7	62.8	59.5	57.5	760.3	705.0	-11.3%	7.8%
Current Account	50.4	58.8	55.0	55.5	707.0	658.9	-14.3%	7.3%
Imports	32.7	35.9	35.5	33.8	444.3	404.9	-9.1%	9.7%
Services	10.5	14.5	13.6	15.2	177.9	152.9	-27.6%	16.3%
Primary Income	1.3	2.5	0.4	0.3	17.6	34.0	-47.0%	-48.2%
Transfers	5.9	5.8	5.5	6.3	67.2	67.1	0.8%	0.2%
Official	0.1	0.0	0.1	0.2	2.5	8.7	0.0%	-70.8%
Private	5.5	5.5	5.0	5.9	64.4	57.8	0.6%	11.3%
Non-Profit	0.3	0.4	0.4	0.2	0.3	0.5	-11.0%	-44.6%
Capital Account	0.6	0.1	0.0	0.0	2.4	4.0	804.1%	-40.3%
Official	0.0	0.0	0.0	0.0	0.5	0.8	0.0%	-35.1%
Private	0.6	0.1	0.0	0.0	1.9	3.3	787.7%	-41.6%
Financial Account	4.8	3.9	4.5	2.0	50.9	42.1	21.4%	20.9%
Direct Investment	0.0	0.0	0.0	0.0	1.6	12.9	0.0%	-87.4%
Portfolio Investment	0.0	0.0	0.0	0.0	0.2	0.0	0.0%	22260.4%
Other Investment	4.8	3.9	4.5	2.0	49.2	29.2	21.2%	68.6%
<b>Total Receipts</b>	<b>61.4</b>	<b>57.8</b>	<b>48.1</b>	<b>57.4</b>	<b>847.8</b>	<b>810.7</b>	<b>6.3%</b>	<b>4.6%</b>
Current Account	49.6	47.5	42.4	45.8	702.4	679.6	4.4%	3.4%
Exports	1.2	1.2	1.2	1.5	20.4	19.8	-2.3%	3.3%
Agriculture	0.3	0.5	0.5	1.0	10.9	9.6	-27.6%	13.7%
Marines	0.8	0.7	0.6	0.5	7.6	5.9	3.6%	27.5%
Other	0.1	0.0	0.1	0.1	1.7	4.0	593.9%	-57.8%
Services	17.1	15.6	11.3	16.3	200.3	198.2	9.8%	1.1%
Travel	8.6	8.5	7.6	11.7	124.5	113.1	1.9%	10.1%
Other	8.5	7.1	3.8	4.5	75.8	85.1	19.2%	-11.0%
Primary Income	2.6	2.3	1.8	1.8	25.8	21.5	12.4%	20.4%
Transfers	28.7	28.4	28.1	26.3	455.9	440.1	1.1%	3.6%
Official	1.0	2.1	1.7	0.1	94.4	86.8	-51.7%	8.8%
Private	24.1	24.1	21.8	22.7	316.1	310.2	0.1%	1.9%
Non-Profit	3.6	2.2	4.6	3.5	45.4	43.2	61.3%	5.0%
Capital Account	3.2	2.3	1.3	8.8	36.8	47.4	42.4%	-22.3%
Official	1.9	1.3	0.7	0.3	16.8	17.1	50.7%	-1.6%
Private	1.3	1.0	0.6	8.5	20.0	30.3	31.4%	-33.9%
Financial Account	8.6	8.0	4.4	2.8	108.6	83.8	7.1%	29.5%
Direct Investment	0.0	0.1	0.0	0.1	1.0	1.2	-100.0%	-13.5%
Portfolio Investment	0.0	0.0	0.0	0.0	0.3	0.0	0.0%	0.0%
Other Investment	8.6	7.9	4.4	2.7	107.3	82.6	8.6%	29.8%

Sources: Banking System; NRBT