

Remittance Receipts

August 2015

Release Date: 4 January 2016

<i>*TOP \$m</i>	Aug 15	July 15	June 15	May 15
Remittance Receipts	22.72	21.84	19.21	19.85
Private Transfers	21.38	20.15	17.21	17.40
Employee Compensation	1.27	1.42	1.38	2.38
Private Capital Transfers	0.04	0.25	0.34	0.06
Social Benefits	0.03	0.02	0.28	0.01

*Month-ended

Remittances continue to rise even after coronation festivities

Remittance receipts have been growing steadily although coronation festivities are over. The total remittance receipts for the month of August were \$22.7 million, representing 41.2% of the Total Overseas Exchange Transaction (OET) Receipts. This was a \$0.9 million increase from the previous month, coinciding with a rise in Remittances in-kind. Over the year, total remittances rose by 6.4% to \$215.1 million, which represent an estimated 26% of GDP.

Remittances received in US dollar (USD) continue to dominate over other currencies, accounting for 44% of total remittances receipts over the month, followed by the Australian dollar (AUD) with 33% and the New Zealand dollar (NZD) with 18%. Over the month, remittances received in USD increased the most by 26.4%, supported by the further weakening of the Tongan Pa'anga (TOP) against the USD over the month, benefitting recipients in Tonga. On the other hand, despite the appreciation of the TOP against the NZD and the AUD, receipts in AUD continued to grow strongly while there was minimal impact on the level of remittances received in NZD.

Residents received 77% of Total Remittances through the FEDs in August 2015 compared with 80% in the previous month. This is due mainly to lower transaction fees, better exchange rates and easier access with widespread coverage of FEDs in mainland Tongatapu and the outer islands.

Private Transfers

Total private transfers, being gifts and personal transfers, represent 94% of Total Remittances Receipts and 39% of Total OET Receipts, the largest single type of foreign currency inflow. Private Transfers continue to rise over August by 6.1% to \$21.4 million,

which was the main cause for the overall rise in Remittance Receipts for this month, and was \$5.6 million higher than it was in August 2014. This increase over the month is due mainly to a \$1.2 million increase in Remittances in-kind. The majority of transfers were denominated in USD, AUD and NZD.

Employee Compensation¹

Employee compensation accounts for 5.6% of Total Remittances Receipts. Over August, it fell by 10.9% to \$1.3 million driven by a fall in all currencies except NZD. However, employee compensation was 59.3% more in August 2015 compared to August 2014.

Private Capital Transfers & Social Benefits

Private grants for capital expenditures, pensions and other social benefits received by individuals accounted for less than a percentage of total remittances receipts. In August, 63% of the Private Capital Transfers were denominated in US Dollar (USD) for funding of private household construction.

Outlook

Remittance receipts are anticipated to slow down in the following months as economic activities return back to its normal pace, after having to cater for the coronation festivities that took place last month. The NRBT will continue to closely monitor these receipts given they are one of the largest inflows for Tonga's economy.

Table 1:

Remittances Receipts							
TOP\$ millions							
	Month Ended				Year Ended		Shares of totals*
	Aug-15	Jul-15	Jun-15	May-15	Aug-15	Jul-15	
Total	22.72	21.84	19.21	19.85	215.1	208.94	100.0
Private transfers	21.38	20.15	17.21	17.40	197.69	192.11	91.9
<i>Personal transfers</i>	20.10	20.03	17.05	17.27	194.46	189.99	90.4
<i>Remittances in-kind</i>	1.28	0.12	0.17	0.13	3.23	2.12	1.5
Compensation of Employees	1.27	1.42	1.38	2.38	15.80	15.33	7.3
Private capital transfers	0.04	0.25	0.34	0.06	1.14	1.10	0.5
Social benefits	0.03	0.02	0.28	0.01	0.44	0.41	0.2

Sources: NRBT, Banking System, Foreign Exchange Dealers

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 2:

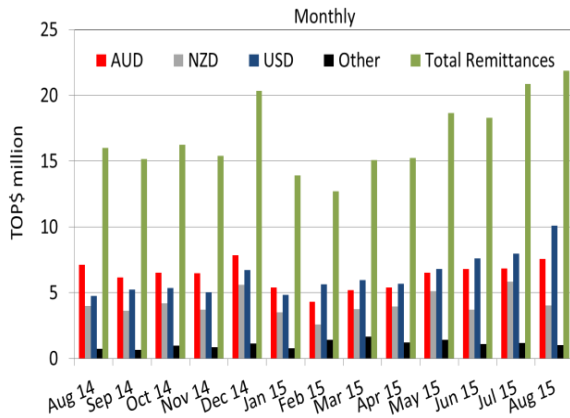
Remittances Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Aug-15	Jul-15	Jun-15	May-15	Aug-15	Jul-15	
Total	22.72	21.84	19.21	19.85	215.06	208.94	100.0
Australian Dollar (AUD)	7.58	6.82	6.82	6.53	75.07	74.63	34.9
US Dollar (USD)	10.09	7.98	7.61	6.79	76.92	71.57	35.8
New Zealand Dollar (NZD)	4.04	5.84	3.69	5.11	49.67	49.60	23.1
Tongan Pa'anga (TOP)	0.55	0.56	0.65	0.79	6.81	6.51	3.2
Euro (EUR)	0.12	0.11	0.11	0.15	1.59	1.59	0.7
Japanese Yen (JPY)	0.06	0.20	0.06	0.15	1.17	1.25	0.5
Fijian Dollar (FJD)	0.13	0.12	0.09	0.11	1.68	1.66	0.8
British Pound (GBP)	0.05	0.04	0.04	0.09	0.58	0.57	0.3
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0
Other	0.10	0.16	0.14	0.14	1.55	1.54	0.7

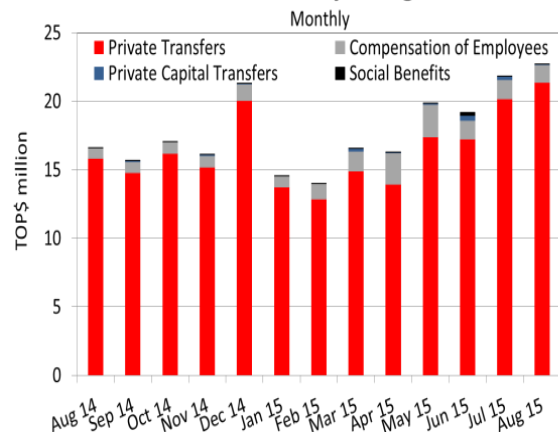
Sources: NRBT, Banking System, Foreign Exchange Dealers

Remittances by Currency



Sources: NRBT, Banking Systems, Foreign Exchange Dealers

Remittances by Categories



Sources: NRBT, Banking Systems, Foreign Exchange Dealers