

Remittance Receipts

February 2016

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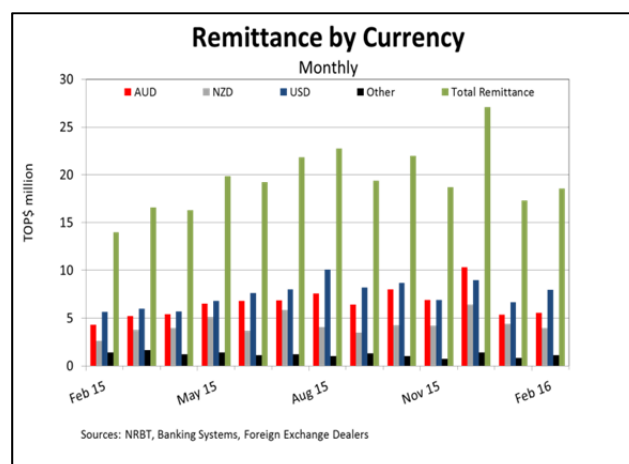
<i>*TOP \$m</i>	Feb 16	Jan 16	Dec 15	Nov 15
Remittance Receipts	18.55	17.30	27.09	18.68
Private Transfers	16.91	16.01	25.29	17.21
Employee Compensation	1.48	1.23	1.61	1.23
Private Capital Transfers	0.10	0.02	0.11	0.03
Social Benefits	0.06	0.04	0.08	0.20

*Month-ended

Employee compensation contribute to the rise in remittances

Remittances received picked up during the month of February 2016 by 7% (\$1.3 million) to \$18.6 million, representing 34% of Total Overseas Exchange Transaction (OET) Receipts (\$54.7 million) for the month. The increase in remittances was driven by a 6% (\$0.9 million) increase in private transfers. Over the year, remittance receipts were 31% (4.6 million) higher, reaching an annual high record of \$239.4 million.

Remittance received in US dollar (USD) increased the most by \$1.3 million, followed by receipts in Australian dollar (AUD) by \$0.2 million while the remittance receipts in New Zealand dollar (NZD), Fijian dollar (FJD) and Chinese yuan (CNY) declined. Contributing to the rise were strong growth in employment in Australia and the United States and the weakening of the Tongan pa'anga against the US dollar and Australian dollar. USD denominated remittances still



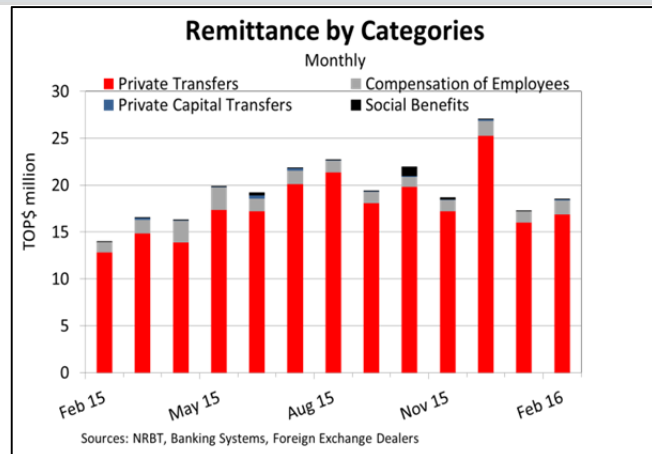
dominates over other currencies, accounting for 43% of total remittance receipts during the month, followed by the AUD with 30% and the NZD with 21%.

Foreign Exchange Dealers (FEDs) are still more commonly used for the receipt of remittances rather than via banks, although the remittances transferred through the FEDs declined to 87% of the total remittance receipts in February compared with 91% in the previous month and 88% in the same month last year.

Private Transfers

Private transfers, which are mostly personal transfers, is still the largest component of foreign currency inflow, representing 91% of the total remittances and 31% of the total OET receipts by the end of February. Private transfers increased over the month by 6% (\$0.9 million) to almost \$17 million driving the overall rise in remittance receipts. The main driver for the

increase in private transfers was an increase in the family support receipts of \$0.3 million over the month of February. This increase over the month is due mainly to a 66% increase in personal transfers.



Employee Compensation¹

Compensation of employees rose by 20.4% (\$0.3 million) over the month to \$1.5 million. The increase coincides with a 50% rise in Tongan workers sending money home offsetting a 16% (\$0.09 million) drop in the Recognised Seasonal Employee (RSE) receipts. Over the year, employee compensation reached a total of \$18 million, of which \$7.9 million are receipts from RSEs.

Private Capital Transfers & Social Benefits

Private grants for capital expenditures such as acquisition or construction of fixed assets increased by \$0.08 million in February to almost \$0.1 million, and the social benefits such as pensions received by individuals rose by 29% (\$0.01 million) to \$0.06 million over the month. Private capital transfers and social benefits represent 1% of the total remittance.

Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months with the School Anniversary and churches activities. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow to Tonga's economy.

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 1:**Remittance Receipts**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Feb-16	Jan-16	Dec-15	Nov-15	Feb-16	Jan-16	
Total	18.55	17.30	27.09	18.68	239.4	234.9	100.0
Private transfers	16.91	16.01	25.29	17.21	218.3	214.3	91.2
Compensation of Employees	1.48	1.23	1.61	1.23	17.98	17.62	7.5
Private capital transfers	0.10	0.02	0.11	0.03	1.32	1.22	0.6
Social benefits	0.06	0.04	0.08	0.20	1.78	1.73	0.7

Sources: NRBT, Banking System, Foreign Exchange Dealers

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Feb-16	Jan-16	Dec-15	Nov-15	Feb-16	Jan-16	
Total	18.55	17.30	27.09	18.68	239.42	234.86	100.0
Australian Dollar (AUD)	5.55	5.37	10.32	6.87	80.89	79.66	33.8
US Dollar (USD)	7.94	6.67	8.96	6.91	91.49	89.20	38.2
New Zealand Dollar (NZD)	3.94	4.41	6.41	4.18	53.04	51.70	22.2
Tongan Pa'anga (TOP)	0.71	0.46	0.53	0.40	8.08	7.83	3.4
Euro (EUR)	0.12	0.10	0.15	0.10	1.45	1.49	0.6
Japanese Yen (JPY)	0.09	0.07	0.11	0.04	1.11	1.08	0.5
Fijian Dollar (FJD)	0.10	0.12	0.40	0.00	1.35	1.83	0.6
British Pound (GBP)	0.03	0.02	0.08	0.05	0.58	0.58	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.07	0.08	0.13	0.12	1.43	1.48	0.6

Sources: NRBT, Banking System, Foreign Exchange Dealers