

# Remittance Receipts

## May 2016

Release date: 28 July 2016

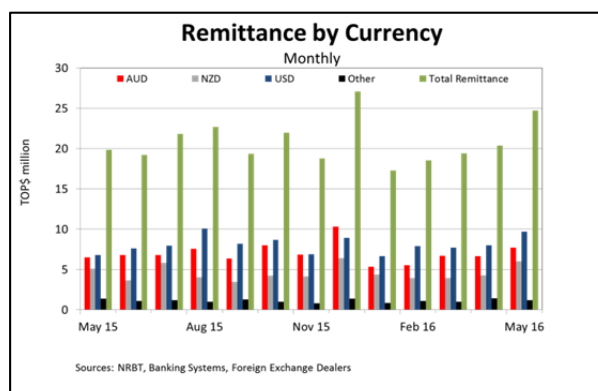
<b>*TOP \$m</b>	<b>May 16</b>	<b>Apr 16</b>	<b>Mar 16</b>	<b>Feb 16</b>
<b>Remittance Receipts</b>	<b>24.72</b>	<b>20.38</b>	<b>19.40</b>	<b>18.55</b>
Private Transfers	22.50	17.94	17.78	16.91
Employee Compensation	1.84	1.75	1.52	1.48
Private Capital Transfers	0.16	0.62	0.03	0.10
Social Benefits	0.22	0.07	0.08	0.06

*\*Month-ended*

### May, the month for family and high remittance receipts

Tonga celebrates Mother's Day, Father's Day and White Sunday all in the month of May. Tongans are known to have strong ties to their extended families so it is always expected that Tongans will mark these days by sending special gifts to their families and loved ones.

This has supported a marked increase in total remittances received in May 2016 by 21% (\$4.3 million) to \$24.7 million, representing 42% of total overseas exchange transaction (OET) receipts for the month. This was driven by a \$4.6 million increase in private transfers over the month due to receipts of funds for family support from friends and family abroad.



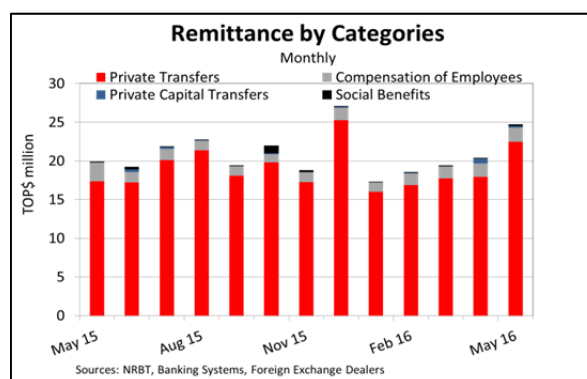
Over the year, remittance receipts were 25% (\$50.4 million) higher than it was a year ago, reaching an annual high record of \$251.3 million.

Remittances received over the month in New Zealand dollar (NZD), US Dollar (USD) and Australian dollar (AUD) increased, whilst remittances in Japanese YEN (JPY) and Fijian dollar (FJD) declined. Remittances received in NZD increased the most by \$1.8 million, followed by the USD by \$1.7 million and AUD by \$1.0 million. Remittance receipts denominated in USD remains dominant over other currencies, accounting for 39% (\$9.7 million) of total remittance receipts over the month, followed by AUD with 31% (\$7.7 million) and the NZD with 24% (\$6.0 million).

Foreign Exchange Dealers (FEDs) remains as the preferred channel for the receipt of remittances. 88% (\$21.8 million) of the total remittances were transferred through the FEDs in May, similar to the previous month.

## Private Transfers

Private transfers which are mostly personal receipts, represents 91% of total remittance receipts and 38% of the total OET receipts for the end of May. Over the month it rose by 25% (\$4.6 million) to \$22.5 million, driving the overall rise in total remittances. Family support received in USD rose by 25% to almost \$9.0 million during the month reflecting the



strengthening of the US Dollar against the Tongan pa'anga. In addition to the Special Sundays in May, were the annual conferences of the churches of Tonga, the celebration of the Queen Mother's Birthday and some family reunions, all contributing to the monthly increase in private transfers.

## Employee Compensation<sup>1</sup>

Compensation of employees slightly rose by 5% (\$0.09 million) over the month to \$1.8 million. Recognised Seasonal Employer Scheme (RSE) workers overseas increased by \$0.05 million, whereas the other wages and salaries rose by \$0.04 million mostly from local experts serving foreign organisations. Over the year, employee compensation reached a total of \$17 million, of which \$7.0 million are receipts from RSE workers and the remaining \$10 million was from other compensation of employees including local experts serving foreign organizations.

## Private capital transfers & Social benefits

Other private transfers for capital expenditures fell by \$0.5 million in June to \$0.2 million, whereas social benefits such as pensions received by individuals rose from \$0.07 million in April to \$0.2 million in May. Private capital transfers and social benefits represented only 2% of the total remittance receipts.

## Outlook

Remittance receipts are anticipated to remain at high levels in the upcoming months as it approaches the annual church conference of the Free Wesleyan Church and the Toloa 150<sup>th</sup> Anniversary in June. The NRBT will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow to the economy as well as the positive social safety net effect and the additional income it provides to households.

<sup>1</sup> 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*
	May-16	Apr-16	Mar-16	Feb-16	May-16	Apr-16	
Total	24.72	20.38	19.40	18.55	251.3	246.5	100.0
Private transfers	22.50	17.94	17.78	16.91	230.4	225.3	91.7
Compensation of Employees	1.84	1.75	1.52	1.48	16.95	17.49	6.7
Private capital transfers	0.16	0.62	0.03	0.10	1.86	1.75	0.7
Social benefits	0.22	0.07	0.08	0.06	2.08	1.88	0.8

Sources: NRBT, Banking System, Foreign Exchange Dealers

**Table 2:****Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	May-16	Apr-16	Mar-16	Feb-16	May-16	Apr-16	
Total	24.72	20.38	19.40	18.55	251.34	246.46	100.0
Australian Dollar (AUD)	7.72	6.67	6.72	5.55	84.86	83.68	33.8
US Dollar (USD)	9.72	8.01	7.73	7.94	98.52	95.59	39.2
New Zealand Dollar (NZD)	6.05	4.27	3.95	3.94	54.50	53.55	21.7
Tongan Pa'anga (TOP)	0.69	0.44	0.62	0.71	7.07	7.17	2.8
Euro (EUR)	0.14	0.07	0.13	0.12	1.39	1.40	0.6
Japanese Yen (JPY)	0.10	0.65	0.06	0.09	1.63	1.67	0.6
Fijian Dollar (FJD)	0.13	0.14	0.10	0.10	1.55	1.53	0.6
British Pound (GBP)	0.05	0.03	0.02	0.03	0.49	0.53	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other	0.13	0.11	0.07	0.07	1.34	1.35	0.5

Sources: NRBT, Banking System, Foreign Exchange Dealers