

Remittance Receipts

July 2017

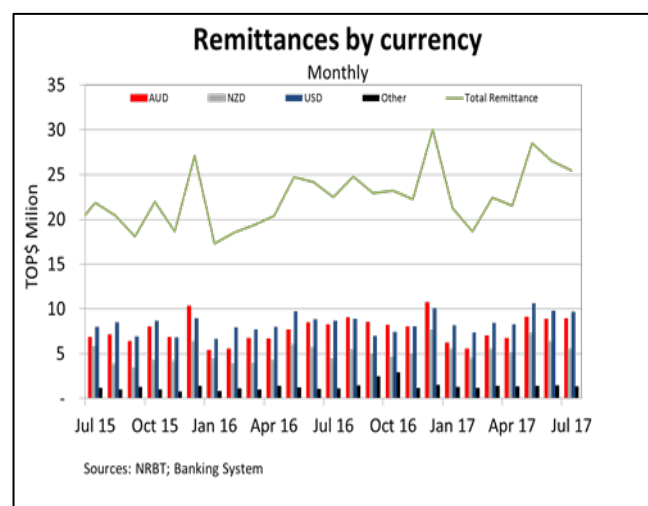
Release date: 16 October 2017

<i>*TOP \$m</i>	Jul 17	Jun 17	May 17	Apr 17
Remittance Receipts	25.46	26.54	28.50	21.52
Private Transfers	23.78	24.46	26.67	20.13
Employee Compensation	1.25	1.42	1.16	0.91
Private Capital Transfers	0.40	0.50	0.59	0.34
Social Benefits	0.04	0.16	0.08	0.14

**Month-ended*

Remittances continued to remain high despite the slight decrease

Total remittance receipts for the month of July 2017 decreased to \$25.6 million, 4.1% lower than the previous month. All categories of remittances declined over the month with private transfer receipts decreasing the most. However, the Heilala festivities and other scheduled events including the Agricultural show during the month assist in maintaining the high level of remittances. In year ended terms, total remittance receipts rose by \$34.2 million (13.5%) to \$287.5 million due mainly to rise in private transfer receipts. The private transfers' accounts for around 93% of the total remittances receipt.

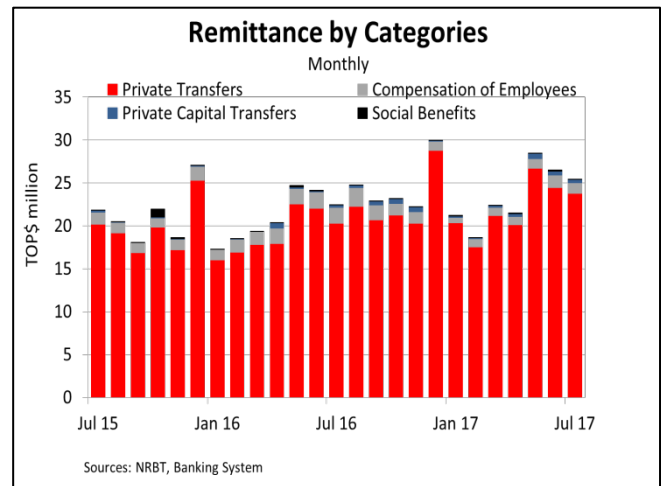


The United States Dollar (USD) continued to be the dominant currency during the month, representing 38% of the total remittance receipts. Australian Dollar (AUD) and New Zealand Dollar (NZD) receipts followed with 35% and 22% respectively. Over the month, remittances received in NZD declined the most by \$0.9 million and also USD receipts decreased by \$0.1 million. On the other hand, remittances received in AUD rose by \$0.04 million.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving of remittances. In July 2017, around 88% of the total remittance receipts were received via FEDs compared to 87% in the previous month and 88% in July 2016.

Private Transfers

Private transfers over the month accounted for around 93% of the total remittance receipts and 38% of the total OET receipts. Over the month, private transfers fell by \$0.7 million (2.8%) to \$23.8 million, particularly lower receipts of family support from friends and families abroad. Family support receipts via FEDs in the major currencies fell, with the NZD declining the most by \$0.6 million. In addition to USD and AUD receipts followed by \$0.3 million and \$0.05 million respectively.



In year ended terms, private transfers rose by around 15% (\$35.6 million), largely owing to higher receipts for family support.

Employee Compensation¹

Employee compensation fell by \$0.2 million (12.1%) over the month and accounted for around 5% of the total remittances receipts. Receipts from other wages & salaries fell over the month by \$0.2 million whereas the receipts from the Recognised Seasonal Employer (RSE) Scheme workers rose by \$0.02 million.

Similarly in the 12-month period to July 2017, total compensation of employees declined by \$3.1 million mainly due to lower receipts from RSE workers. Around 70% of the total compensation was for other wages and salaries whereas the remaining 32% were from RSE workers.

Private capital transfers & Social benefits

Private transfers for capital expenditures and social benefits received by individuals both declined by \$0.1 million each over the month. Both categories of remittances only accounted for 2% of the total remittances receipt. There were lower.

In year ended terms, private capital transfers rose by \$2.7 million, mainly due to higher receipts by households for house construction and renovation related activities compared to the previous year. Social benefits on the other hand, fell by \$1.0 million over the period.

Outlook

Remittance receipts are anticipated to slow down in the upcoming months as economic activities return to its normal pace. However, scheduled events later on in the year such as the churches annual offerings (misinale) and Christmas may sustain the level of remittances. The Reserve Bank will continue to closely monitor the remittance receipts given it is the largest source of foreign exchange inflow for the economy.

¹ Employee compensation is the sum of wages and salaries from the Recognised Seasonal Employer (RSE) program, Tongan residents working short term overseas, and resident employees serving foreign organizations.

Table 1:**Remittance Receipts**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jul-17	Jun-17	May-17	Apr-17	Jul-17	Jul-16	
Total	25.46	26.54	28.50	21.52	287.5	253.3	100.0
Private transfers	23.78	24.46	26.67	20.13	267.3	231.7	93.0
Compensation of Employees	1.25	1.42	1.16	0.91	14.93	17.98	5.2
Private capital transfers	0.40	0.50	0.59	0.34	4.30	1.63	1.5
Social benefits	0.04	0.16	0.08	0.14	0.93	1.95	0.3

Sources: NRBT, Banking System

Table 2:**Remittance Receipts by Currency**

TOP\$ millions

	Month Ended				Year Ended		<i>Shares of totals*</i>
	Jul-17	Jun-17	May-17	Apr-17	Jul-17	Jul-16	
Total	25.46	26.54	28.50	21.52	287.48	253.26	100.0
Australian Dollar (AUD)	8.91	8.87	9.08	6.74	96.94	87.51	33.7
US Dollar (USD)	9.67	9.80	10.66	8.29	103.81	97.41	36.1
New Zealand Dollar (NZD)	5.54	6.39	7.32	5.15	67.64	54.94	23.5
Tongan Pa'anga (TOP)	0.78	0.94	0.96	0.76	12.78	7.02	4.4
Euro (EUR)	0.11	0.15	0.11	0.13	1.55	1.40	0.5
Japanese Yen (JPY)	0.13	0.12	0.09	0.19	1.44	1.61	0.5
Fijian Dollar (FJD)	0.12	0.09	0.10	0.09	1.37	1.60	0.5
British Pound (GBP)	0.03	0.06	0.06	0.06	0.52	0.47	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.18	0.11	0.11	0.11	1.43	1.30	0.5

Sources: NRBT, Banking System