

Remittance Receipts

Release date: 17 October 2019

June 2019

	TOP\$ millions				Year Ended		Shares of totals*
	Month Ended				Jun-19	Jun-18	
	Jun-19	May-19	Apr-19	Mar-19			
Total	27.0	34.9	27.5	27.3	346.6	346.1	100.0
Private transfers	24.0	30.9	24.1	24.1	312.0	312.8	90.0
Compensation of Employees	2.3	2.8	2.4	2.2	23.9	22.3	6.9
Private capital transfers	0.6	1.0	0.8	1.0	9.1	9.6	2.6
Social benefits	0.1	0.1	0.2	0.1	1.6	1.4	0.5

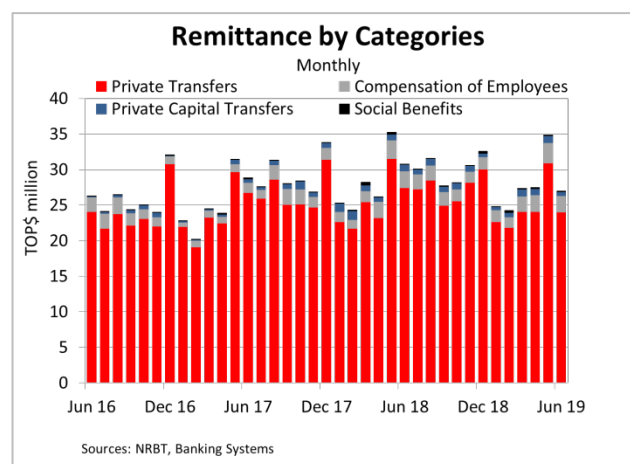
*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

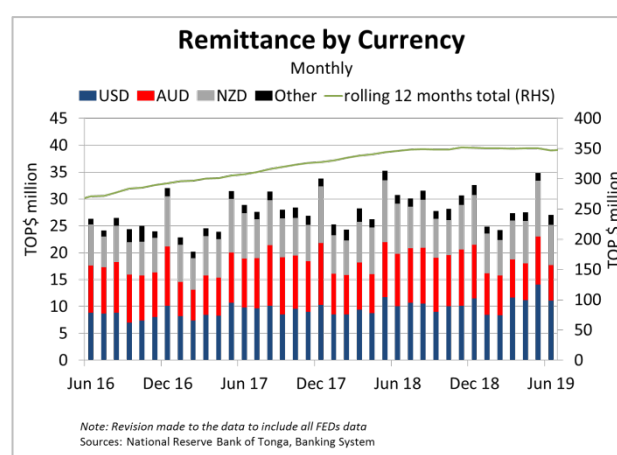
Note: Numbers may not add up precisely to the totals due to rounding errors

Private transfers fall in June

The total remittance receipts for June 2019 declined to \$27.0 million following the seasonal hike in May of each year. This was driven by lower receipts for private transfer, compensation of employees, and social benefits recorded over the month. The share of total remittances in the total OET receipts dropped to 26.8%, compared to 45.7% in May 2019 and was attributed to the boost in the total Overseas Exchange Transaction (OET) receipts in June on the receipt of official grants. Annually, total remittance receipts slightly rose by 0.2% to \$346.6 million. This was due to a rise in compensation of employees and social benefits which outweighed the decline in family support and private capital transfers.



Remittances received in all major trading currencies declined over the month coinciding with the fall in total remittance receipts. The strengthening of the New Zealand Dollar (NZD) and the Australian Dollar (AUD) against the TOP may have supported the amount of remittances received in these currencies. However, the US Dollar (USD) remained the top currency for remittance receipts accounting for 41.1% of total remittances. Receipts in NZD and AUD followed with 27.7% and 24.4%, respectively.



Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receipt of remittances as the share of total remittances received via FEDs in June 2019 was 83.3%, and the remaining 16.7% were received via the banks. The general public preference for sending and receiving money via FEDs is due to accessibility and faster services.

Remittance Receipts by Currency

TOP\$ millions

	Month Ended				Year Ended		Shares of totals*
	Jun-19	May-19	Apr-19	Mar-19	Jun-19	Jun-18	
Total	27.02	34.86	27.51	27.34	346.63	346.11	100.0
Australian Dollar (AUD)	6.60	8.96	6.80	7.14	105.08	112.68	30.3
US Dollar (USD)	11.10	14.06	11.21	11.62	126.71	114.15	36.6
New Zealand Dollar (NZD)	7.47	10.38	7.90	7.26	95.03	98.15	27.4
Tongan Pa'anga (TOP)	1.17	0.79	1.04	0.78	12.11	13.50	3.5
Euro (EUR)	0.13	0.15	0.13	0.13	1.90	1.75	0.5
Japanese Yen (JPY)	0.13	0.16	0.13	0.12	1.89	1.38	0.5
Fijian Dollar (FJD)	0.16	0.14	0.12	0.11	1.54	1.59	0.4
British Pound (GBP)	0.03	0.05	0.03	0.05	0.72	0.99	0.2
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.00	0.0
Other	0.22	0.17	0.15	0.14	1.62	1.91	0.5

*Based on year ended remittances receipts numbers

Sources: NRBT, Banking System, Foreign Exchange Dealers

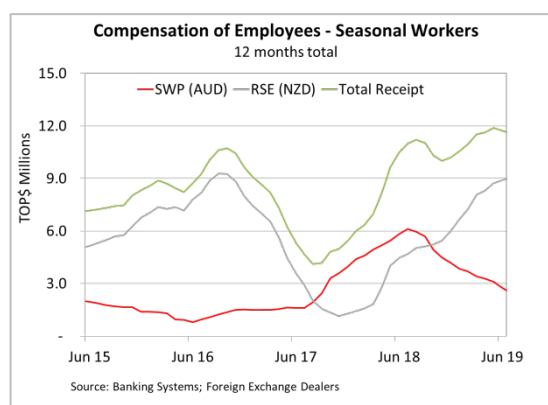
Private Transfers

The total private transfers fell by \$6.9 million (22.3%) to \$24.0 million, due mainly to lower receipts for family support following the hike in the month of May 2019. Compared to the April and March levels, private transfers are somewhat similar at \$24 million. Nonetheless, private transfer receipts are mostly for family support and gifts and the most significant component of total remittance receipts at 88.9% and 23.8% of the total OET receipts. In year ended terms, the total receipts of private transfers slightly declined by 0.2% (\$0.7 million) to \$312.0 million, due mainly to fewer receipts for family support.

Employee Compensation¹

Over the month, the total receipts from compensation of employees also slightly declined by \$0.6 million (20.4%) to \$2.3 million and accounted for 6.9% of the total remittances received. This was due to a \$0.9 million decline in receipts from seasonal workers abroad, which outweighed a \$0.3 million (30.8%) rise in receipts from the other wages & salaries.

In year ended terms, total employee compensation rose by \$1.6 million (7.1%) to \$23.9 million. Other wages and salaries accounted for 51.0% (\$12.2) of the employee compensation receipts over the year, and the remaining 49.0% (\$11.7 million) was from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts of \$8.9 million, while the seasonal workers from Australia only contributed \$2.8 million.



Private capital transfers & Social benefits

Private capital receipts for building and renovation of houses decreased by \$0.4 million over the month. Receipts for social benefits remained constant at \$0.1 million in June 2019. Over the month, private capital transfers and social benefits receipts accounted for 2.2% and 0.5%, of the total remittance receipts. Over the year, the social benefits receipts rose by \$0.2 million while the private capital transfers declined by \$0.5 million.

Outlook

Remittance receipts are expected to remain at high levels in the upcoming months due to annual events such as King Tupou VI's birthday, church conferences, Heilala festivities, Agricultural show, school anniversaries' celebration and other annual events. 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 seasonal workers abroad, Tongan residents working short term overseas, and resident employees serving foreign organizations.