

Remittance Receipts

Release date: 12 June 2020

January 2020

	Month Ended				Year Ended		Shares of totals*
	Jan-20	Dec-19	Nov-19	Oct-19	Jan-20	Jan-19	
Total	27.1	32.4	29.0	29.4	350.0	350.4	100.0
Private transfers	24.3	30.2	27.1	27.5	318.7	316.4	91.1
Compensation of Employees	1.9	1.7	1.7	1.4	23.4	22.9	6.7
Private capital transfers	0.8	0.4	0.2	0.3	6.1	9.4	1.8
Social benefits	0.1	0.1	0.1	0.2	1.7	1.7	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

Revisions to previously published reports are included as they occur.

Lower remittances in January following December festivities

In January 2020, total remittances declined by \$5.3 million (16.2%). This follows the high receipts in the December holiday season. The monthly decline largely stemmed from lower private transfers, while compensation of employees and private capital transfers increased.

In the year to January 2020, total remittances slightly fell by \$0.4 million (0.1%) to \$350.0 million. This resulted from a \$3.2 million (34.5%) decrease in private capital transfers outweighing the increase in private transfers and compensation of employees.

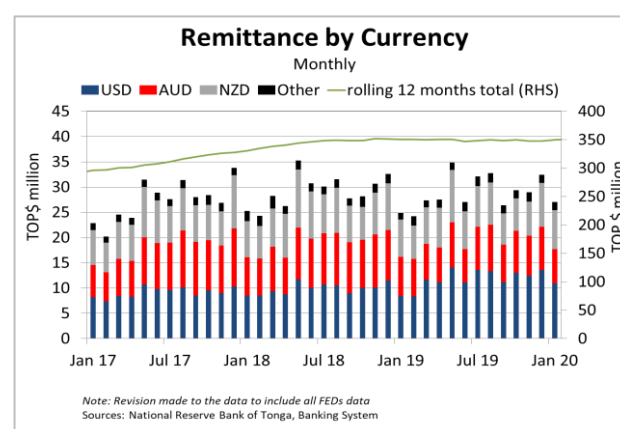
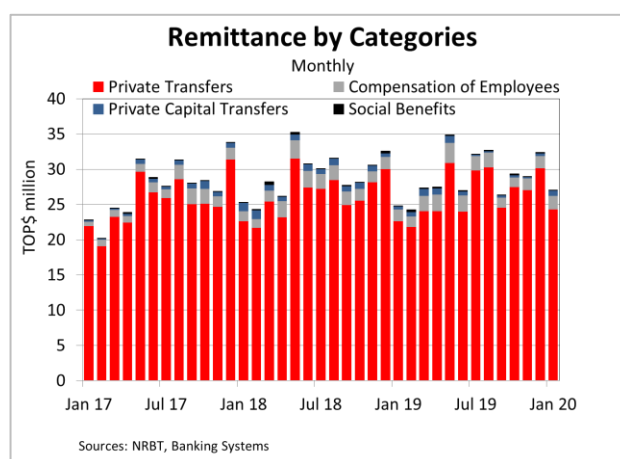
Total remittances receipts during the month accounted for 49.5% of the total Overseas Exchange Transaction (OET) receipts higher than the 44.0% recorded in December 2019. This was due to the overall decrease in total OET receipts for the month.

In terms of major trading currencies, the United States Dollar (USD) continued to be the dominant currency and accounted for 40.5% of total remittances in January 2020. The New Zealand Dollar (NZD) and Australian Dollar (AUD) receipts followed with 28.8% and 24.8% respectively. The receipts in these major currencies all decreased during the month with USD falling the most by \$2.6 million. In January 2020, the NZD depreciated whilst the USD and AUD appreciated against the TOP.

Foreign Exchange Dealers (FEDs) continued to be the preferred channel for receiving remittances which accounted for 83.6% share of total remittances receipts while the remaining 16.4% channeled via Banks. Public preference for sending and receiving money via FEDs is due mainly to convenience and accessibility.

Private Transfers

Private transfer receipts fell by \$5.9 million (19.5%) in January 2020. These are receipts mostly for family support and gifts from families and friends abroad. Private transfers accounted for 89.8% of the total

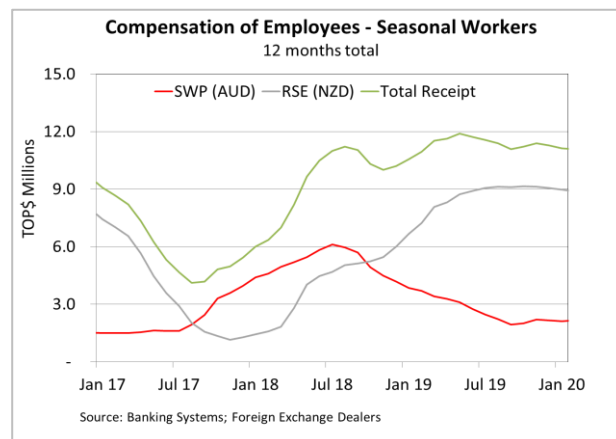


remittance receipts. Furthermore, it accounted for 44.5% of the total OET receipts which is higher than the 41.0% last month. However, private transfers slightly increased by \$2.3 million (0.7%) over the year to January 2020 mainly for receipts from relatives abroad.

Employee Compensation¹

The total compensation of employees slightly increased by \$0.2 million (12.3%) in January 2020. This accounts for 7.1% of the total remittance receipts which are mostly due to higher receipts from seasonal workers². The increase in receipts from seasonal workers was solely driven by the \$0.1 million rise in NZD receipts to \$0.7 million while the AUD receipts remained the same.

Over the year to January 2020, the total employee compensation receipts rose by \$0.6 million (2.5%). Other wages and salaries accounted for 52.5% of the employee compensation receipts while 47.5% were from RSE/SWP workers. New Zealand RSE workers contributed the most to the seasonal workers' receipts with \$9.0 million, while the seasonal workers from Australia contributed \$2.1 million.



Private capital transfers & social benefits

In January 2020, private capital transfers increased by \$0.4 million while social benefits fell by \$0.1 million. Private capital transfers are mostly funds for capital projects such as construction projects of private households whilst social benefits are mainly receipts of pension funds. The private capital transfers and social benefits receipts account for 2.8% and 0.3% respectively of the total remittances for January 2020. Moreover, during the year, the private capital transfers and social benefits receipts were both lower by \$3.2 million (34.5%) and \$0.04 million (2.5%) respectively.

Outlook

Remittance receipts are anticipated to remain steady but move at a slower pace in the upcoming months as the new year begins with its usual obligations. However, the COVID-19 outbreak and national lockdowns abroad poses a downside risk to the outlook. The Reserve Bank will continue to closely monitor remittance receipts given it is the largest source of foreign exchange inflow for the Tongan economy.

Remittance Receipts by Currency								
TOP\$ millions								
	Month Ended				Year Ended		Shares of totals*	
	Jan-20	Dec-19	Nov-19	Oct-19	Jan-20	Jan-19		
Total	27.06	32.42	29.00	29.36	350.01	350.39	100.0	
Australian Dollar (AUD)	6.70	8.56	7.88	8.30	93.55	111.40	26.7	
US Dollar (USD)	10.96	13.60	12.46	13.05	144.46	118.82	41.3	
New Zealand Dollar (NZD)	7.80	8.69	6.79	6.38	91.84	99.09	26.2	
Tongan Pa'anga (TOP)	1.03	0.86	1.18	0.97	12.34	13.30	3.5	
Euro (EUR)	0.13	0.16	0.28	0.17	1.86	1.91	0.5	
Japanese Yen (JPY)	0.13	0.20	0.10	0.17	1.84	1.83	0.5	
Fijian Dollar (FJD)	0.13	0.12	0.12	0.16	1.69	1.57	0.5	
British Pound (GBP)	0.04	0.06	0.04	0.04	0.63	0.96	0.2	
Chinese Yuan (CNY)	0.00	0.00	0.00	0.00	0.01	0.01	0.0	
Other	0.13	0.16	0.13	0.12	1.79	1.50	0.5	

*Based on year ended remittances receipts numbers
Sources: NRBT, Banking System, Foreign Exchange Dealers

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.

² The figures for receipts from Seasonal Employees are limited to the ability of the banks and FEDs to identify receipts from seasonal workers.