

# Overseas Exchange Transactions (OET) December 2019

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Overseas Exchange Transactions Net Change to Foreign Reserves (TOP\$ millions)						
	Month Ended				Year Ended	
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18
<b>Overall Balance</b>	<b>-2.1</b>	<b>0.2</b>	<b>-1.5</b>	<b>-0.9</b>	<b>8.9</b>	<b>56.0</b>
Net Current Account	-2.2	-1.2	6.9	-12.8	-19.9	28.2
Net Capital Account	3.1	1.9	1.2	1.7	38.0	27.9
Net Financial Account	-3.0	-0.5	-9.7	10.2	-9.2	-0.1
<b>Foreign Reserve Levels</b>	<b>487.4</b>	<b>489.5</b>	<b>489.3</b>	<b>490.8</b>	<b>487.4</b>	<b>478.5</b>

Sources: Banking System; NRBT

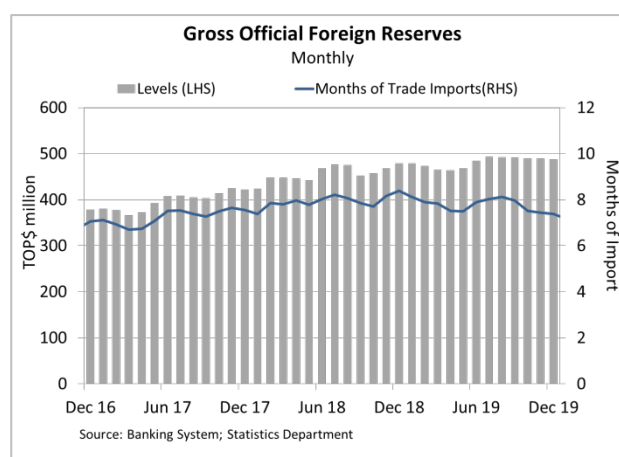
## Higher services and import payments led to an overall deficit

### Overall Balance & Foreign Reserves

The overall OET balance recorded a deficit of \$2.1 million in December 2019, compared to a surplus of \$0.2 million last month. Higher payments over the month were for services, interbank transfers, imports, and investments. Total receipts also grew over the month, mainly driven by increased private transfer receipts. Over the year to December 2019, the overall balance surplus fell by \$47.1 million to \$8.9 million. Total receipts decreased by \$68.5 million mainly for official transfers, inter-bank transfers, and other services receipts. Total OET payments increased by \$14.9 million due to higher payments for portfolio and direct investments, private transfers and services over the year.

The official foreign reserves was a total of \$487.4 million in December 2019, equivalent to 7.4 months of imports cover. This is an increase of \$8.9 million from \$478.5 million recorded in December 2018, attributing to receipts of budget support, grants, and project funds from development partners.

On the outlook, the Reserve Bank continues to expect the level of foreign reserves to remain at comfortable levels in the upcoming months, thus above 3 months of imports cover. However, external debt repayments, implementation of infrastructure projects, and expected transfer of offshore investments poses a risk to the foreign reserves outlook. Global uncertainties in oil and commodity prices are also downside risks to these expectations. Additionally, the new coronavirus pandemic also poses a risk to the level of foreign as a downturn in global economic activities is expected.



## Current Account

Current Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18
Net Current Account	-2.2	-1.2	6.9	-12.8	-19.9	28.2
Merchandise Trade	-32.5	-31.3	-33.9	-35.4	-407.9	-413.5
Services	0.2	3.6	-0.2	2.0	24.1	29.5
Income	1.6	1.6	-0.1	-2.0	4.7	5.6
Transfers	28.5	24.9	41.0	22.7	359.1	406.7

Sources: Banking System; NRBT

The deficit in the current account increased further to \$2.2 million over the month of December 2019. The merchandise trade deficit widened and offset the surpluses recorded in the transfer, income, and services accounts. Over the year, the current account recorded a deficit of \$19.9 million compared to a surplus of \$28.2 million in December 2018. Lower surpluses were recorded in the transfer, services and income accounts. The merchandise trade deficit improved yet still outweighed the other surpluses.

The merchandise trade deficit widened by \$1.2 million over the month, however, narrowed by \$5.7 million over the year to December 2019. The import payments fell over the month by \$1.6 million while export proceeds slightly rose by \$0.4 million. Higher proceeds were received from marine and agricultural exports. Import payments for wholesale and government imports rose by \$2.4 million and \$1.9 million respectively. Over the year, the total import payments decreased by \$5.8 million. Additionally, the export proceeds slightly declined by \$0.1 million, mainly on lower agricultural and other export proceeds. Lower import payments for construction materials, motor vehicles, and oil imports, outweighed a rise in payments for wholesale & retail goods, and government goods. The rise in wholesale & retail import payments coincided with a rise in business container registrations which increased by 1,070 (15.5%) to a total 7994 containers, indicating growth in the trade sector.

The transfers account surplus rose by \$3.6 million in December 2019, however, dropped by \$47.5 million over the year. The monthly rise was due mainly to a \$3.1 million increase in private transfer receipts, mainly remittances, supported by \$0.9 million rise in official transfer receipts mostly for budget support and project funds. Over the year, the lower surplus in the transfers account was attributed mainly to official transfer receipts which fell by \$49.1 million and outweighed the rise in both private and non-profit organisation transfer receipts. Additionally, private transfer payments increased over the year by \$4.9 million and was mainly for family support and transfers to own account.

The service account recorded a lower surplus of \$0.2 million and \$24.1 million respectively over the month and year to December 2019. Both the travel and other services receipts increased over the month but was partially offset by higher service payments made during the month. Annually, travel receipts increased by \$17.2 million in line with a 13.4% rise in international air arrivals (1,648 passengers), while other service receipts declined by \$18.4 million. The service payments made during the year increased by \$4.2 million.

In December 2019, the income account also recorded a slightly lower surplus of \$1.6 million and \$4.7 million respectively over the month and annually. Both income receipts and payments over the month rose with almost the same proportion of \$0.1 million. Over the year, income receipts slightly rose by \$0.4 million while income payments also increased by \$1.2 million.

### Capital Account

Capital Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18
Net Capital Account	3.1	1.9	1.2	1.7	38.0	27.9
Official	1.7	0.5	0.7	1.1	18.1	14.7
Private	1.4	1.4	0.5	0.6	19.9	13.2

Sources: Banking System; NRBT

The capital account surplus increased further in December 2019, due to higher official and private capital receipts over the month. The official capital receipts increased by \$0.9 million whereas private capital receipts rose by \$0.2 million. These offset the \$0.2 million rise in private capital payments while official capital payment recorded a NIL balance for the month. These transactions are for government-funded projects and households' construction purposes by individuals (including non-profit organizations).

Over the year, the capital account surplus boosted by \$10.2 million to \$38.0 million, as a result of \$6.5 million rise in private capital receipts and \$2.5 million increase in official capital receipts. On the other hand, the capital account payments decreased by \$1.1 million and supported the annual rise.

### Financial Account

Financial Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18
Net Financial Account	-3.0	-0.5	-9.7	10.2	-9.2	-0.1
Direct Investment	-0.5	1.2	0.6	0.3	-2.9	-1.8
Portfolio Investment	0.0	0.0	-11.2	0.0	-22.4	0.3
Other Investment	-2.5	-1.6	0.9	10.0	16.1	1.5

Note: The Net Financial Account figures incorporate also the net reconciliation items which is not reflected in the table below

Sources: Banking System; NRBT

The financial account recorded a \$3.0 million deficit over the month owing mostly to an increase in interbank transfer payments. This was also supported by higher offshore investments and intercompany lending funds.

Over the year, the financial account deficit widened from \$0.1 million to \$9.2 million, largely driven by higher portfolio and direct investments offshore.

### Overseas Exchange Transactions

TOP\$ millions

	Month Ended				Year Ended		Monthly Change	Annual Change	Shares of totals*
	Dec-19	Nov-19	Oct-19	Sep-19	Dec-19	Dec-18			
<b>Total Payments</b>	<b>67.5</b>	<b>56.6</b>	<b>74.9</b>	<b>63.2</b>	<b>759.3</b>	<b>744.4</b>	<b>19.2%</b>	<b>2.0%</b>	<b>100.0</b>
Current Account	<b>61.4</b>	<b>53.1</b>	<b>60.8</b>	<b>61.0</b>	<b>700.7</b>	<b>696.3</b>	<b>15.4%</b>	<b>0.6%</b>	<b>92.3</b>
Imports	34.7	33.1	36.0	37.5	427.7	433.5	4.9%	-1.3%	<b>56.3</b>
Services	19.5	13.4	17.0	14.2	179.6	175.4	45.3%	2.4%	<b>23.7</b>
Primary Income	0.3	0.2	1.6	3.6	20.3	19.1	71.4%	6.4%	<b>2.7</b>
Transfers	6.8	6.4	6.3	5.7	73.1	68.4	5.6%	7.0%	<b>9.6</b>
Official	0.0	0.1	0.0	0.2	4.7	4.9	-100.0%	-3.3%	<b>0.6</b>
Private	6.3	5.9	6.1	5.5	68.1	63.2	5.9%	7.7%	<b>9.0</b>
Non-Profit	0.5	0.4	0.2	0.0	0.3	0.3	31.9%	18.2%	<b>0.0</b>
Capital Account	<b>0.2</b>	<b>0.4</b>	<b>0.0</b>	<b>0.1</b>	<b>1.7</b>	<b>2.9</b>	<b>-40.9%</b>	<b>-39.7%</b>	<b>0.2</b>
Official	0.0	0.3	0.0	0.0	0.4	1.3	-100.0%	-68.4%	<b>0.1</b>
Private	0.2	0.1	0.0	0.1	1.3	1.6	173.9%	-15.8%	<b>0.2</b>
Financial Account	<b>5.9</b>	<b>3.0</b>	<b>14.1</b>	<b>2.1</b>	<b>56.8</b>	<b>45.2</b>	<b>92.4%</b>	<b>25.6%</b>	<b>7.5</b>
Direct Investment	1.1	0.0	0.6	0.0	7.3	2.8	0.0%	162.7%	<b>1.0</b>
Portfolio Investment	0.0	0.0	11.2	0.0	22.4	0.0	0.0%	0.0%	<b>3.0</b>
Other Investment	4.7	3.0	2.2	2.1	27.1	42.5	54.7%	-36.1%	<b>3.6</b>
<b>Total Receipts</b>	<b>73.7</b>	<b>63.2</b>	<b>76.6</b>	<b>55.9</b>	<b>804.2</b>	<b>872.6</b>	<b>16.7%</b>	<b>-7.8%</b>	100%
Current Account	<b>59.1</b>	<b>51.9</b>	<b>67.8</b>	<b>48.2</b>	<b>680.8</b>	<b>724.5</b>	<b>13.9%</b>	<b>-6.0%</b>	80%
Exports	2.2	1.7	2.1	2.1	19.9	20.0	25.4%	-0.5%	3.0%
Agriculture	0.8	0.6	0.9	0.9	8.6	11.0	40.1%	-22.4%	1%
Marines	1.2	0.9	1.1	0.9	9.7	6.4	33.2%	51.2%	2%
Other	0.1	0.2	0.1	0.2	1.4	2.3	-41.0%	-40.3%	0%
Services	19.8	17.1	16.8	16.2	203.7	204.9	15.9%	-0.6%	27%
Travel	11.8	10.7	12.4	12.0	135.4	118.1	10.3%	14.6%	16%
Other	7.9	6.3	4.3	4.2	68.3	86.7	25.4%	-21.3%	11%
Primary Income	1.9	1.8	1.6	1.5	25.0	24.7	4.9%	1.4%	3%
Transfers	35.3	31.3	47.3	28.4	432.3	475.0	12.7%	-9.0%	48%
Official	1.3	0.4	13.1	1.7	65.6	114.7	256.0%	-42.8%	2%
Private	30.2	27.1	27.5	24.6	317.1	316.4	11.6%	0.2%	41%
Non-Profit	3.8	3.9	6.7	2.1	49.5	43.9	-2.6%	12.7%	5%
Capital Account	<b>3.4</b>	<b>2.3</b>	<b>1.2</b>	<b>1.8</b>	<b>39.8</b>	<b>30.7</b>	<b>46.6%</b>	<b>29.4%</b>	5%
Official	1.7	0.8	0.7	1.1	18.5	16.0	105.4%	15.7%	2%
Private	1.7	1.5	0.5	0.7	21.2	14.7	13.0%	44.3%	2%
Financial Account	<b>11.2</b>	<b>9.0</b>	<b>7.6</b>	<b>5.9</b>	<b>83.6</b>	<b>117.4</b>	<b>25.2%</b>	<b>-28.8%</b>	15%
Direct Investment	0.6	1.2	1.3	0.3	4.4	1.0	-47.6%	345.0%	1%
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.3	0.0%	-99.3%	0%
Other Investment	10.6	7.8	6.4	5.7	79.2	116.1	36.2%	-31.8%	14%

Sources: Banking System; NRBT