

Overseas Exchange Transactions (OET) November 2019

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Overseas Exchange Transactions Net Change to Foreign Reserves (TOP\$ millions)						
	Month Ended				Year Ended	
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18
Overall Balance	0.2	-1.5	-0.9	-1.1	20.9	43.9
Net Current Account	-1.2	6.9	-12.8	-1.5	-10.9	17.2
Net Capital Account	1.9	1.2	1.7	1.2	36.8	33.2
Net Financial Account	-0.5	-9.7	10.2	-0.8	-5.0	-6.6
Foreign Reserve Levels	489.5	489.3	490.8	491.8	489.5	468.7

Sources: Banking System; NRBT

Total payments declined more than total receipts

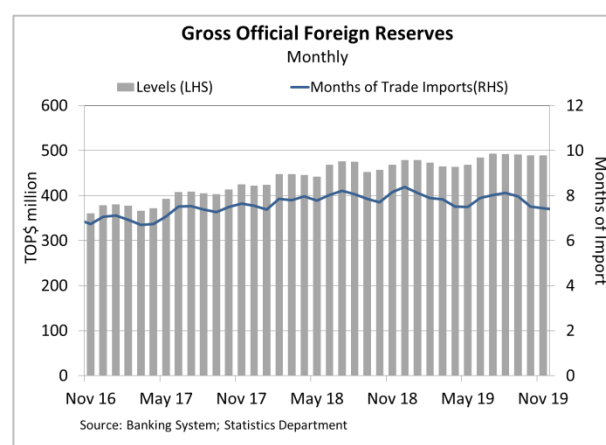
Overall Balance & Foreign Reserves

The overall OET balance recorded a \$0.2 million surplus in November 2019 after three consecutive months of deficit in the overall balance. This was attributed to the total OET payments falling over the month by \$18.3 million, which is more than the decline of \$13.4 million in total receipts. The financial account recorded a lower deficit attributed to lower payments for offshore investment. The increase in the capital account surplus is due to an increase in capital receipts. However, the current account deficit recorded for the month was driven by lower transfers' receipts. Over the year to November 2019, the overall balance surplus fell by \$23.0 million as total receipts fell by \$59.8 million (6.9%) while total payments rose by \$1.7 million (0.2%).

Official foreign reserves level was at \$489.5 million in November 2019 equivalent to 7.4 months of imports cover. This is higher by \$20.9 million in comparison to a \$468.7 million in November 2018 attributed 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 above 3 months of imports cover

in the upcoming months. However, external debt repayments, implementation of infrastructure projects, and expected transfer of offshore investments pose a risk to the foreign reserves outlook. Global uncertainties in oil and commodity prices are also risks to these expectations.



Current Account

Current Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18
Net Current Account	-1.2	6.9	-12.8	-1.5	-10.9	17.2
Merchandise Trade	-31.3	-33.9	-35.4	-36.2	-407.1	-417.9
Services	3.6	-0.2	2.0	1.7	27.3	23.6
Income	1.6	-0.1	-2.0	0.8	4.7	5.4
Transfers	24.9	41.0	22.7	32.3	364.1	406.2

Sources: Banking System; NRBT

After the high inflow of official transfer receipts in October 2019, the transfer account surplus fell considerably over the month of November 2019 contributing to the deficit in the current account. The transfer account surplus decreased by \$16.2 million mainly due to a \$12.7 million fall of official transfer receipts during the month. Private receipts also fell by \$3.3 million for individuals (mainly remittances) and donations/funds to non-profit organizations.

However, the services, merchandise trade, and income accounts all improved over the month. The service account recorded a \$3.6 million surplus in November 2019 after a \$0.2 million deficit in the last month, driven by lower payments. Service payments fell by \$3.5 million to a total \$13.4 million as most service payments declined over the month. However, service receipts slightly rose over the month by \$0.3 million due to higher receipts for construction services.

In addition, the merchandise trade deficit improved by \$2.5 million due to a \$2.9 million fall in import payments over the month. Import payments for wholesale & retail goods, construction material, and motor vehicle imports fell and outweighed a rise in payments for oil and government imports by \$1.1 million and \$1.0 million respectively. Export proceeds also decreased by \$0.4 million as receipts from both agricultural and marine exports declined whilst proceeds for other imports (recycled materials) rose over the month.

Moreover, the income account rose by \$1.7 million to a \$1.6 million surplus. This was due to lesser income payments of about \$1.4 million. Dividend payments fell by \$1.2 million over the month. Income receipts slightly rose by \$0.2 million mainly on receipts for compensation of employees. Receipts from seasonal workers abroad and other wages & salaries rose over the month.

In the year to November 2019, the current account recorded a \$10.9 million deficit compared to a \$17.2 million surplus in November 2018. This was driven mainly by official transfer receipts falling by \$41.6 million. Additionally, payments for family support and transfers to own account also increased by \$4.4 million and contributed to the overall current account deficit. Income payments rose by \$1.5 million compared to a \$0.8 million increase in income receipts over the year.

Annually, import payments declined by \$7.8 million (1.8%) and due to fewer payments for oil, construction, and motor vehicles which noted an improvement in the merchandise trade deficit. Nonetheless, imported wholesale & retail goods, government goods, and construction material import payments increased. This coincided with a yearly rise in business container registrations by 940 (13.6%) to a total of 7,833 containers, indicating growth in the trade sector. Total export proceeds over the

year was \$20.9 million, higher by \$3.0 million (16.6%) and mainly attributed to higher receipts for marine exports. Agricultural exports slightly rose over the year by \$0.1 million.

The services account balance increased by \$3.8 million due mainly to higher travel receipts which rose by \$19.6 million.

Capital Account

Capital Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18
Net Capital Account	1.9	1.2	1.7	1.2	36.8	33.2
Official	0.5	0.7	1.1	0.1	17.6	16.6
Private	1.4	0.5	0.6	1.1	19.3	16.7

Sources: Banking System; NRBT

Capital account surplus rose in November 2019 by \$0.7 million as both private and official capital receipts increased over the month by \$0.9 million and \$0.1 million respectively. Capital payments also rose by \$0.4 million for both official and private payments. These transactions are for government-funded projects and households' construction purposes by individuals (including non-profit organizations).

In year ended terms, the capital account surplus rose by \$3.6 million to \$36.8 million. Capital account payments declined by \$3.4 million for both private and official, while capital account receipts slightly increased by \$0.1 million for official receipts.

Financial Account

Financial Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18
Net Financial Account	-0.5	-9.7	10.2	-0.8	-5.0	-6.6
Direct Investment	1.2	0.6	0.3	0.2	-2.4	-1.5
Portfolio Investment	0.0	-11.2	0.0	0.0	-22.4	0.3
Other Investment	-1.6	0.9	10.0	-1.0	19.8	-5.3

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 deficit fell over the month to \$0.5 million, attributed to lower payments by \$11.0 million following the offshore investments in October 2019. Receipts increased by \$1.3 million mainly on higher receipts for intercompany lending funds.

Similarly, the financial account deficit improved by \$1.6 million in the year to November 2019 to a \$5.0 million deficit. This was largely owed to lower inter-bank payments and a slight rise in direct investment receipts.

Overseas Exchange Transactions
TOP\$ millions

	Month Ended				Year Ended		Monthly Change	Annual Change	Shares of totals*
	Nov-19	Oct-19	Sep-19	Aug-19	Nov-19	Nov-18			
Total Payments	56.6	74.9	63.2	64.9	750.8	749.1	-24.4%	0.2%	100.0
Current Account	53.1	60.8	61.0	63.1	695.5	699.1	-12.7%	-0.5%	92.6
Imports	33.1	36.0	37.5	38.4	428.0	435.8	-8.0%	-1.8%	57.0
Services	13.4	17.0	14.2	16.2	174.9	176.3	-20.8%	-0.8%	23.3
Primary Income	0.2	1.6	3.6	1.5	20.5	19.0	-88.7%	7.9%	2.7
Transfers	6.4	6.3	5.7	6.9	72.1	68.1	2.5%	5.9%	9.6
Official	0.1	0.0	0.2	0.6	4.4	4.8	0.0%	-8.3%	0.6
Private	5.9	6.1	5.5	6.3	67.4	63.0	-3.0%	7.0%	9.0
Non-Profit	0.4	0.2	0.0	0.0	0.3	0.3	118.2%	3.9%	0.0
Capital Account	0.4	0.0	0.1	0.0	1.7	5.1	0.0%	-67.2%	0.2
Official	0.3	0.0	0.0	0.0	0.4	1.3	0.0%	-68.4%	0.1
Private	0.1	0.0	0.1	0.0	1.3	3.8	0.0%	-66.8%	0.2
Financial Account	3.0	14.1	2.1	1.8	53.6	44.8	-78.4%	19.6%	7.1
Direct Investment	0.0	0.6	0.0	0.0	6.1	2.8	-100.0%	119.6%	0.8
Portfolio Investment	0.0	11.2	0.0	0.0	22.4	0.0	-100.0%	0.0%	3.0
Other Investment	3.0	2.2	2.1	1.8	25.1	42.0	36.7%	-40.3%	3.3
Total Receipts	63.2	76.6	55.9	69.4	807.8	867.6	-17.5%	-6.9%	100%
Current Account	51.9	67.8	48.2	61.6	684.6	716.4	-23.4%	-4.4%	82%
Exports	1.7	2.1	2.1	2.2	20.9	17.9	-17.9%	16.6%	2.7%
Agriculture	0.7	0.9	0.9	1.2	9.7	9.5	-24.7%	2.5%	1%
Marines	0.9	1.1	0.9	1.0	9.4	6.2	-21.4%	51.3%	1%
Other	0.2	0.1	0.2	0.0	1.5	2.0	159.7%	-24.2%	0%
Services	17.1	16.8	16.2	17.9	202.3	199.8	1.9%	1.2%	27%
Travel	10.7	12.4	12.0	13.5	135.7	116.1	-13.6%	16.9%	17%
Other	6.3	4.3	4.2	4.4	66.6	83.8	46.0%	-20.5%	10%
Primary Income	1.8	1.6	1.5	2.3	25.2	24.4	13.0%	3.5%	3%
Transfers	31.3	47.3	28.4	39.2	436.2	474.2	-33.8%	-8.0%	50%
Official	0.4	13.1	1.7	3.5	69.5	111.1	-97.2%	-37.5%	1%
Private	27.1	27.5	24.6	30.3	316.9	317.8	-1.6%	-0.3%	43%
Non-Profit	3.9	6.7	2.1	5.3	49.8	45.4	-42.1%	9.7%	6%
Capital Account	2.3	1.2	1.8	1.2	38.5	38.4	88.9%	0.3%	4%
Official	0.8	0.7	1.1	0.2	18.0	17.9	21.4%	0.5%	1%
Private	1.5	0.5	0.7	1.1	20.5	20.5	176.4%	0.2%	2%
Financial Account	9.0	7.6	5.9	6.6	84.7	112.9	17.4%	-24.9%	14%
Direct Investment	1.2	1.3	0.3	0.2	3.7	1.3	-7.6%	194.9%	2%
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.3	0.0%	-99.3%	0%
Other Investment	7.8	6.4	5.7	6.4	81.0	111.3	22.4%	-27.3%	12%

Sources: Banking System; NRBT