

Overseas Exchange Transactions (OET) October 2019

Release Date: 15 May 2020

Overseas Exchange Transactions Net Change to Foreign Reserves (TOP\$ millions)						
	Month Ended				Year Ended	
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18
Overall Balance	-1.5	-0.9	-1.1	8.6	32.0	43.7
Net Current Account	6.9	-12.8	-1.5	0.4	11.5	-3.3
Net Capital Account	1.2	1.7	1.2	0.2	36.0	34.4
Net Financial Account	-9.7	10.2	-0.8	8.0	-15.4	12.7
Foreign Reserve Levels	489.3	490.8	491.8	492.9	489.3	457.3

Sources: Banking System; NRBT

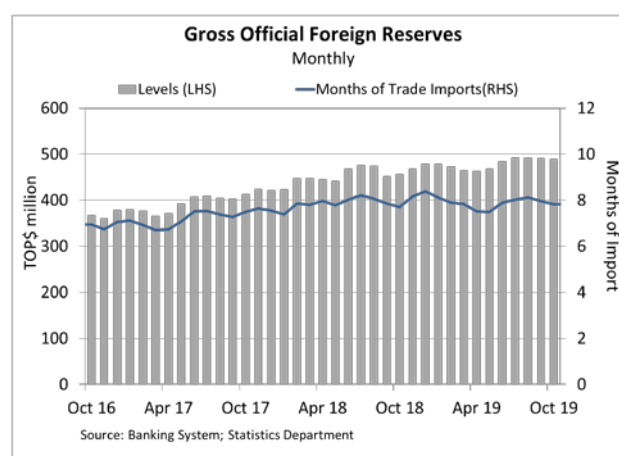
Outward offshore investments offset inflow of official receipts

Overall Balance & Foreign Reserves

The overall OET balance was a deficit of \$1.5 million in October 2019, a higher deficit compared to \$0.9 million last month. Higher payments over the month were for investments, services and private transfers. Total receipts also grew mainly driven by official transfer receipts. Over the year to October 2019, the overall balance surplus fell by \$11.7 million to \$32.0 million. Total OET payments increased by \$10.1 million for offshore investments, imports, and private transfers. Total receipts were lower by \$17.1 million as receipts for inter-bank transfers, professional services, and both official and private capital receipts declined over the year.

The official foreign reserves was at \$489.3 million in October 2019 equivalent to 7.5 months of import cover. This is higher by \$32.0 million compared to \$457.3 million in October 2018 and is attributed to receipts of budget support, grants, and project funds from development partners. Furthermore, remittance receipts from family and friends abroad also contributed to the higher foreign reserves.

On the outlook, the Reserve Bank continues to expect the level of foreign reserves to remain at comfortable levels, and 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 downside risks to these expectations.



Current Account

Current Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18
Net Current Account	6.9	-12.8	-1.5	0.4	11.5	-3.3
Merchandise Trade	-33.9	-35.4	-36.2	-33.9	-409.4	-407.9
Services	-0.2	2.0	1.7	6.0	27.9	17.2
Income	-0.1	-2.0	0.8	1.2	4.3	4.7
Transfers	41.0	22.7	32.3	27.1	388.6	382.7

Sources: Banking System; NRBT

Higher official transfer receipts contributed to the improvement in the current account deficit in previous months to a \$6.9 million surplus in October 2019. The deficits in the merchandise trade and income accounts have improved over the month and is attributed to lower imports and income payments. However, the \$0.2 million deficit in the services account was driven by higher payments.

The transfers account surplus increased by \$18.4 million mainly due to a \$11.4 million increase of official transfer receipts during the month mostly for budget support and project funds. Private transfer receipts increased by \$7.56 million to \$34.2 million of which \$27.5 million were for individuals (mainly remittances) and \$6.7 million were donations to non-profit organizations.

The income account deficit improved over the month by \$2.0 million due to lower income payments. This follows the interest payments on government loans last month.

In addition, the merchandise trade deficit fell by \$1.6 million due to a \$1.6 million fall in import payments over the month. Import payments for oil and government imports declined by \$3.8 million and \$3.5 million, respectively. These outweighed a rise in payments for wholesale & retail goods, construction material, and motor vehicle imports. However, the total export proceeds remained constant at \$2.1 million in October 2019, similar to that of September 2019.

The service account recorded a \$0.2 million deficit over the month following a \$2.0 million surplus last month. This was driven by higher payments for telecommunication and government services. Service receipts slightly rose over the month by \$0.6 million as travel receipts increased by \$0.4 million. However, international air arrivals declined by 5.7% (550 passengers).

Annually, the current account recorded an \$11.5 million surplus compared to a \$3.3 million deficit in October 2018. Although the merchandise trade deficit slightly widened over the year, this was outweighed by the surpluses recorded for the services, income, and transfer accounts. The services account surplus increased by \$10.7 million due mainly to higher travel receipts by \$21.1 million. This coincides with higher air arrivals (4.6%) and passengers arriving by yacht (25.7%) over the year, indicating an active tourism sector. The transfers account surplus also rose by \$5.9 million (1.6%) attributed mainly to private transfer receipts (including private remittances & non-profit organizations) which rose by \$9.4 million annually. Meanwhile, payments for family support and transfers to own account also increased by \$4.4 million.

However, the income account surplus slightly declined by \$0.4 million due to income payments rising by \$1.1 million compared to a \$0.8 million increase in income receipts over the year. The higher

payments for imported government goods, wholesale & retail goods, and motor vehicles amounted to \$11.6 million, drove the higher merchandise trade deficit. This coincided with a rise in business container registrations by 1,083 (16.1%) to a total of 7790 containers, indicating growth in the trade sector. Total export proceeds over the year was \$21.5 million, higher by \$3.2 million (17.5%) and was mainly due to higher receipts for marine exports. Agricultural exports slightly rose over the year by \$0.7 million.

Capital Account

Capital Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18
Net Capital Account	1.2	1.7	1.2	0.2	36.0	34.4
Official	0.7	1.1	0.1	0.3	17.1	17.2
Private	0.5	0.6	1.1	0.0	18.9	17.2

Sources: Banking System; NRBT

The decline in official and private capital receipts lowered the capital account surplus over the month. Official capital receipts fell by \$0.4 million, and private capital receipts declined by \$0.1 million. There was no capital payment recorded for the month. These transactions are for government-funded projects and households' construction purposes by individuals (including non-profit organizations).

Nonetheless, the capital account surplus rose by \$1.6 million to \$36.0 million, the highest surplus in the overall OET balance. Capital account payments declined by \$4.1 million for both private and official, which outweighed a \$2.5 million fall in capital account receipts over the year to October 2019.

Financial Account

Financial Account (TOP\$ millions)						
	Month Ended				Year Ended	
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18
Net Financial Account	-9.7	10.2	-0.8	8.0	-15.4	12.7
Direct Investment	0.6	0.3	0.2	-2.0	-3.7	-2.4
Portfolio Investment	-11.2	0.0	0.0	0.0	-22.4	0.3
Other Investment	0.9	10.0	-1.0	10.0	10.6	14.8

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 \$9.7 million deficit over the month owing to higher payments for offshore investments and intercompany lending funds which rose by \$12.0 million. This was partially offset by movements in other investments (interbank transfers). Direct investment receipts rose by \$1.0 million while portfolio investments continued to record no receipts. The rise in other investment receipts are mainly interbank receipts.

However, the financial account recorded a \$15.4 million deficit over the year compared to a surplus in the previous year. This was largely owed to lower inter-bank receipts, offshore investment transfers, and the principal repayment of the Government loan to EXIM Bank of China.

Overseas Exchange Transactions

TOP\$ millions

	Month Ended				Year Ended		Monthly Change	Annual Change	Shares of totals*
	Oct-19	Sep-19	Aug-19	Jul-19	Oct-19	Oct-18			
Total Payments	74.9	63.2	64.9	60.7	753.1	743.0	18.6%	1.4%	100.0
Current Account	60.8	61.0	63.1	57.3	697.4	694.0	-0.2%	0.5%	92.6
Imports	36.0	37.5	38.4	35.7	430.9	426.2	-4.1%	1.1%	57.2
Services	17.0	14.2	16.2	14.6	174.3	176.4	19.6%	-1.2%	23.1
Primary Income	1.6	3.6	1.5	0.9	20.7	19.6	-54.6%	5.7%	2.8
Transfers	6.3	5.7	6.9	6.1	71.4	71.7	10.2%	-0.5%	9.5
Official	0.0	0.2	0.6	0.0	4.2	8.9	-100.0%	-52.5%	0.6
Private	6.1	5.5	6.3	6.1	67.0	62.6	11.7%	6.9%	8.9
Non-Profit	0.2	0.0	0.0	0.0	0.2	0.3	848.2%	-12.9%	0.0
Capital Account	0.0	0.1	0.0	0.2	1.3	5.4	-100.0%	-76.6%	0.2
Official	0.0	0.0	0.0	0.0	0.1	1.3	0.0%	-93.8%	0.0
Private	0.0	0.1	0.0	0.2	1.2	4.1	-100.0%	-71.1%	0.2
Financial Account	14.1	2.1	1.8	3.2	54.4	43.6	585.5%	24.9%	7.2
Direct Investment	0.6	0.0	0.0	2.4	6.2	3.8	0.0%	62.5%	0.8
Portfolio Investment	11.2	0.0	0.0	0.0	22.4	0.0	0.0%	0.0%	3.0
Other Investment	2.2	2.1	1.8	0.7	25.8	39.8	8.5%	-35.1%	3.4
Total Receipts	76.6	55.9	69.4	66.3	826.0	843.1	37.2%	-2.0%	100%
Current Account	67.8	48.2	61.6	57.8	708.9	690.7	40.7%	2.6%	88%
Exports	2.1	2.1	2.2	1.8	21.5	18.3	0.3%	17.5%	2.8%
Agriculture	0.9	0.9	1.2	0.8	10.6	9.9	3.9%	6.7%	1%
Marines	1.1	0.9	1.0	0.7	9.2	6.1	20.2%	52.4%	1%
Other	0.1	0.2	0.0	0.2	1.5	2.1	-73.9%	-30.9%	0%
Services	16.8	16.2	17.9	20.6	202.2	193.6	3.6%	4.4%	22%
Travel	12.4	12.0	13.5	15.1	134.5	113.4	3.4%	18.6%	16%
Other	4.3	4.2	4.4	5.5	67.7	80.2	4.3%	-15.6%	6%
Primary Income	1.6	1.5	2.3	2.1	25.1	24.3	2.5%	3.1%	2%
Transfers	47.3	28.4	39.2	33.3	460.0	454.4	66.9%	1.2%	62%
Official	13.1	1.7	3.5	0.4	92.4	96.2	662.4%	-3.9%	17%
Private	27.5	24.6	30.3	29.9	318.1	314.2	12.0%	1.2%	36%
Non-Profit	6.7	2.1	5.3	3.0	49.6	44.0	224.8%	12.7%	9%
Capital Account	1.2	1.8	1.2	0.5	37.2	39.7	-31.2%	-6.3%	2%
Official	0.7	1.1	0.2	0.3	17.2	18.5	-37.4%	-7.2%	1%
Private	0.5	0.7	1.1	0.2	20.1	21.2	-21.2%	-5.4%	1%
Financial Account	7.6	5.9	6.6	8.1	79.9	112.6	29.2%	-29.1%	10%
Direct Investment	1.3	0.3	0.2	0.4	2.6	1.4	408.2%	78.6%	2%
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.3	0.0%	-99.3%	0%
Other Investment	6.4	5.7	6.4	7.7	77.3	110.9	12.4%	-30.3%	8%

Sources: Banking System; NRBT