



# At a Glance - March 2011-

## SUMMARY

- \* Government's overall fiscal position recorded an accumulated deficit of T\$6.54 million.
- \* Compared to previous month, local food prices made the largest contribution towards the annual inflation rate.
- \* Level of remittances continue to increase in March 2011 since Jan 2011, however at a higher rate than in the same period last year due to slight falls in the United States' unemployment rate and their improved growth.
- \* Although foreign reserves declined from last month mainly due to import payments, it still remains well above adequate level.

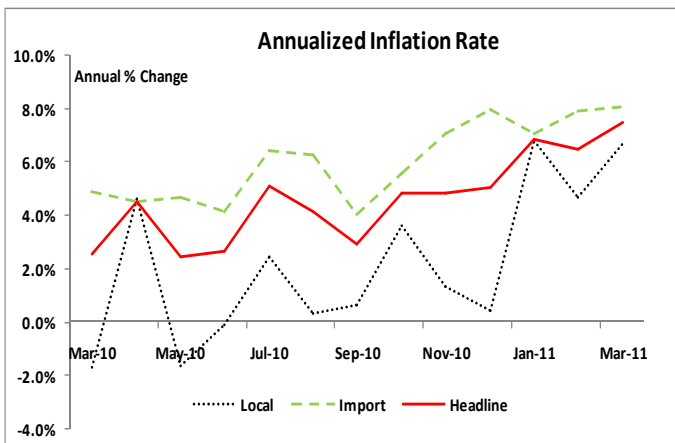
	March 2011 Values (T\$m unless otherwise indicated)	% change from March 2010	YEAR TO DATE (July 2010-Mar 2011)		
			Values (TOP\$m)	% of Budget (2010/11)	% of GDP (2010/11)
<b>FISCAL INDICATORS</b>				(75% of year)	
<b>Total Revenue &amp; Grants</b>	<b>11.76</b>	<b>-49.7%</b>	<b>130.06</b>	<b>67.2%</b>	18.4%
Total Revenue	11.31	-13.5%	100.00	75.4%	14.2%
Total Grants	0.45		30.06	49.4%	4.3%
<b>Total Expenditure &amp; Net Lending</b>	<b>12.65</b>	<b>-24.6%</b>	<b>136.60</b>	<b>66.4%</b>	19.3%
Total Expenditure	8.91	-40.0%	105.60	87.1%	14.9%
Aid Expenditure	3.74		31.00	36.7%	4.4%
<b>OVERALL BALANCE</b>	<b>-0.89</b>		<b>-6.54</b>		0.9%
Total Public Debt	314.09 ( <i>cumulative</i> )		64.65		44.4% ( <i>cumulative</i> )
<b>ECONOMIC ACTIVITY</b>					
Export (OET Basis)	0.6	+108.6%	6.0		0.8%
Import (OET Basis)	17.7	-16.5%	177.3		25.1%
Remittances	11.0	-10.6%	110.4		15.6%
<b>MONETARY INDICATORS</b>					
Official Foreign Reserves	157.1	+1.0%			22.5%
Import Cover	6.4 months	+3.2%			
Annualized Inflation	7.5	+5(% point change)			
Retail Fuel Prices: Petrol	2.79/litre	+13%			
Diesel	2.88/litre	+20%			

### Key Statistics:

- \* Population: 101,991 (*natural growth rate = 0.4%*)
- \* GDP/capita: T\$6,424 (*real GDP growth rate 2010/11 = 1.5% (p)*)
- \* Land Area: 748 sq km (*Archipelago of 176 islands, 52 inhabited*)
- \* Health: *Infant mortality rate (2008)—16/1000*

### Exchange Rates (end period):

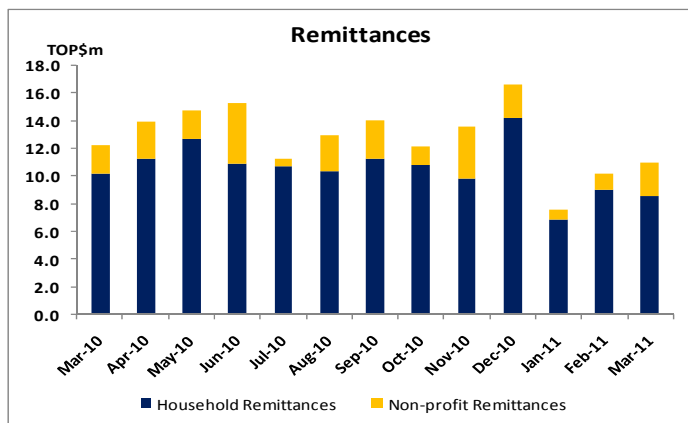
	<u>March 2011</u>	<u>March 2010</u>
USD/TOP	0.5471	0.5232
AUD/TOP	0.5375	0.5690
NZD/TOP	0.7317	0.7372



Source: Tonga Statistics Department

Annual inflation rate for March 2011 stood at 7.5%, the highest since 7.9% in November 2008.

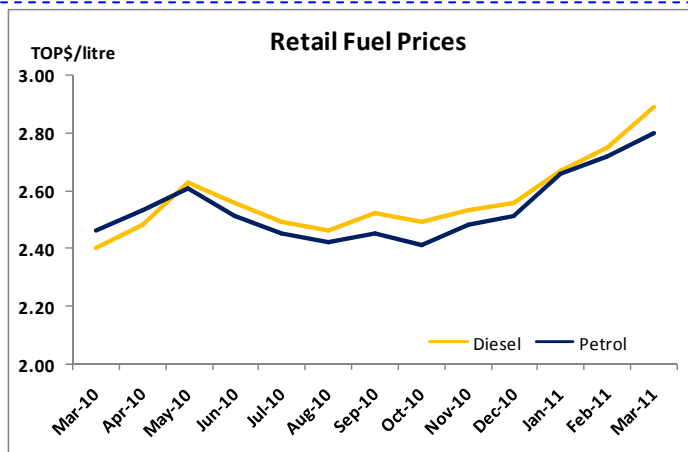
Compared to previous month, local food prices particularly fruits & vegetables plus imported meats marked the largest price increase in March 2011, followed by rising fuel prices.



Source: National Reserve Bank of Tonga

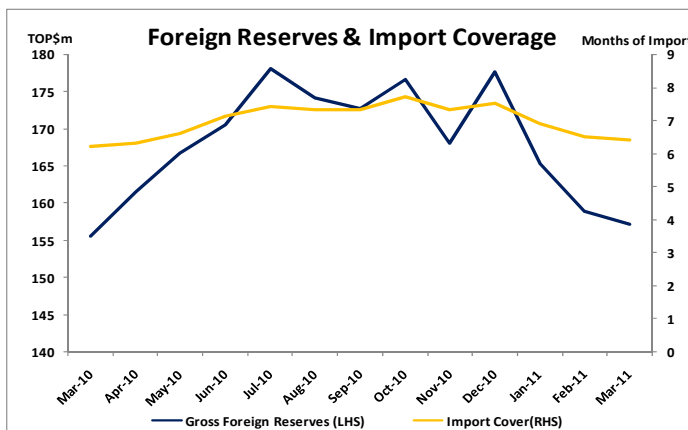
As over 50% of household remittances come from the United States, level of remittances have continued to rise since Jan 2011, reflecting slight falls in the U.S's unemployment rates and experiencing positive growth in its first quarter of 2011.

However in comparison to March 2010, the current level of remittances in March 2011 is relatively low.



Source: Ministry of Labour, Commerce & Industries

In March 2011, petrol prices was increased by T\$0.07 per litre and diesel prices by T\$0.13 per litre from the previous month due to the obvious global disruptions.



Source: National Reserve Bank of Tonga

The slight fall in official foreign reserves held during March 2011 was mainly due to import payments particularly for fuel.

Foreign reserves when measured as a ratio of imports have remained above adequate level at 6.4 months of import coverage as at the end of March 2011.