

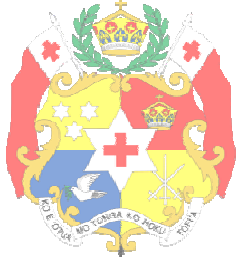
At a Glance - August 2013

HIGHLIGHTS

- Annual inflation rate for August 2013 increased to 0.8 percent from 0.2 percent in the previous month and up by 1.5 percentage points compared to the same period last year. The August 2013 inflation was fueled by an increase in imported food (meat, fish & poultry sub-group) and fuel prices - particularly diesel, which lead to a 2 percent increase in electricity prices.
- Recorded cash remittances slightly increased by half a million in August 2013 from the previous month to \$11.3 million, 13 percent higher than its corresponding month last year. The increase mainly reflected some continued positive signs of recovery in the economic growth of main remitting countries (NZ, US, AUS) coupled with declines in their respective unemployment rates – particularly in New Zealand and the United States.
- Export earnings (OET basis) slowed down in August 2013 from the previous month as it entered the usual low season particularly for agricultural exports, however it was still a slight improvement year-on-year, increasing by 5 percent. This was in line with a significant increase in the volume of yams exported by more than 70% to around 150 tonnes¹. Import payments (OET basis) fell to \$16 million in August 2013 from \$22 million in the previous month but was almost unchanged year-on-year. August 2013 ended with an improved merchandise trade deficit of \$15 million compared to \$21 million trade deficit in the previous month.
- Tourism receipts² in August 2013 slightly declined to \$7 million, from a peak of \$9 million in the previous month – this reflected an ease after the festivity season and other special events which occurred during the June-July period. While a year-on-year comparison of August 2013 tourism receipts showed over 60 percent increase.
- The level of gross foreign reserves in August 2013 increased by 1.4% to \$256.2 million from the previous month. Compared to the same period last year, foreign reserves also increased by 1.4%. The increase in foreign reserves in August, combined with the decrease in import payments, saw import cover increase slightly to 8.5 months in July 2013 from 8.4 months in the previous month.
- Despite an overall increase in total revenue & grants in August 2013 up to \$3 million due to a \$2 million project grant from the New Zealand Bilateral fund, recurrent revenue however slightly declined. Was down by 3% from the previous month mainly due to a decline in non-tax revenue and down by 9% year-on-year – largely due to a fall in receipts from consumption tax on imports. Recurrent expenditure however remained relatively unchanged in August 2013 compared to a year ago, but increased from the previous month mainly due to spending on salaries and other purchases of goods & services.

¹ Source: Quarantine data, Ministry of Agriculture, Food, Forestry & Fisheries

² Note there is difficulty in disaggregating tourism (travel) receipts from private remittances and export receipts

	(T\$m unless otherwise indicated)			% change from		YEAR TO DATE (YTD) July 2013/14 - Aug 2013/14		
	Aug 2012	July 2013	Aug 2013	July 2013	Aug 2012	Values (T\$m)	% of Budget (2013/14)	% of GDP ³ (2013/14)
FISCAL INDICATORS [Government Financial Statistics (GFS) Basis]						(17% of year 2013/14)		
Total Revenue & Grants	15.17	13.85	15.49	+11.8%	+2.1%	29.34	12.1%	3.3%
Total Revenue	13.70	12.79	12.46	-2.6%	-9.1%	25.25	16.1%	2.9%
Grant (cash grants)	1.47	1.06	3.03	+185.8%	+106.1%	4.09	4.8%	0.5%
Total Expenditure & Net Lending	16.86	12.15	16.09	+32.4%	-4.6%	28.25	10.2%	3.2%
Expenditure (incl. cash grants)	16.76	12.41	16.88	+36.0%	+0.7%	29.28	12.9%	3.3%
Total Net Lending	0.10	-0.26	-0.78			-1.03		
Total Public Debt	355.2	374.2	379.2	+1.3%	6.8%			43.0%
ECONOMIC ACTIVITY INDICATORS						YTD Values (July 2013- August 2013)	% change from prev. YTD (July 2012 - Aug 2012)	YTD Values (July 13 - Aug 13) as % of GDP
Exports ⁴ (OET Basis)	0.6	0.8	0.6	-25.0%	+0%	1.4	+25.5%	0.1%
Imports ⁵ (OET Basis)	14.8	21.5	15.5	-27.9%	+4.7%	37.0	+15.4%	1.8%
Cash Remittances	10.1	10.9	11.3	+3.7%	+11.9%	17.8	+21.7%	1.3%
Tourism Receipts ⁶	4.5	9.0	7.2	-20.0%	+60.0%	16.2	+26.6%	0.8%
MONETARY & PRICE INDICATORS								
Official Foreign Reserves	252.7	252.7	256.2	+1.4%	+1.4%			
Import Cover (months)	8.6	8.4	8.5	+4.5%	-1.2%			
Inflation (annual % change)	-0.7%	0.2%	0.9%	+0.7% point change	+1.6% point change			
Retail Fuel Prices: Petrol (T\$/litre) Diesel (T\$/litre)	2.71 2.79	2.85 2.89	2.91 2.94	+2.1% +1.7%	+7.4% +5.4%			

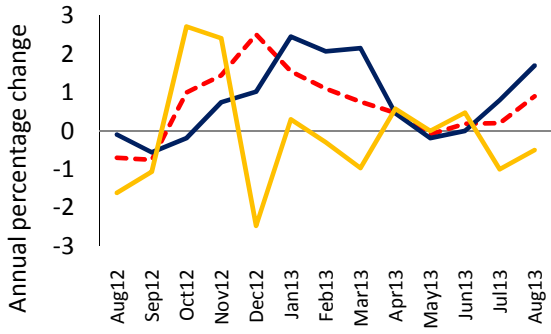
³ Nominal GDP 2012/13: T\$881.2 million (estimate)

⁴ Exports of goods (f.o.b) only, *Overseas Exchange Transactions (OET)*

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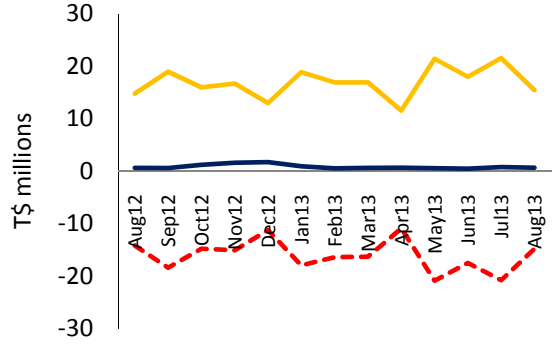
⁶ Note there is difficulty in disaggregating tourism receipts from private remittances

Figure 1: Consumer Price Index (Inflation)



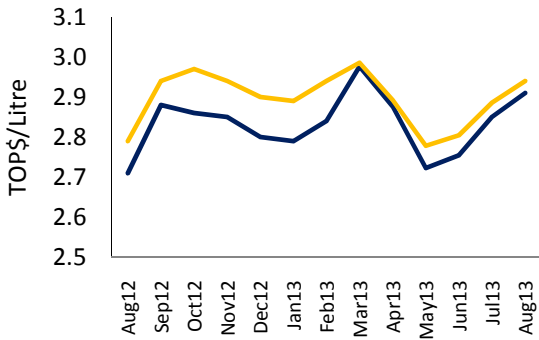
Source: Tonga Bureau of Statistics

Figure 5: Balance of Trade (OET Basis)



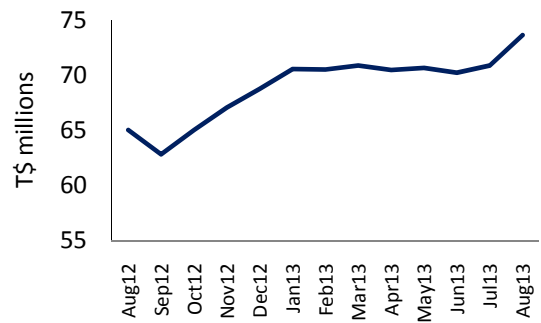
Source: National Reserve Bank of Tonga

Figure 2: Retail Fuel Prices



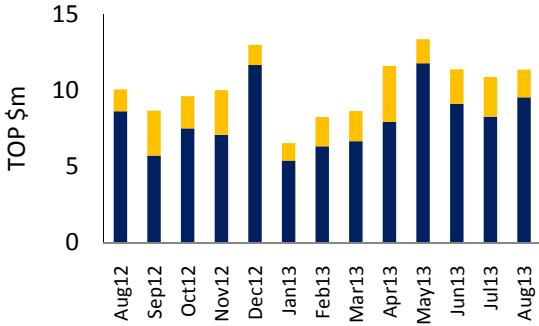
Source: Competent Authority, Ministry of Commerce, Tourism & Labour

Figure 6: Tourism Receipts (12 months total)



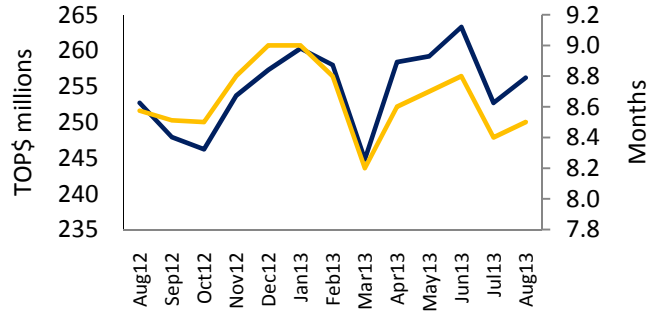
Source: National Reserve Bank of Tonga

Figure 3: Cash Remittances



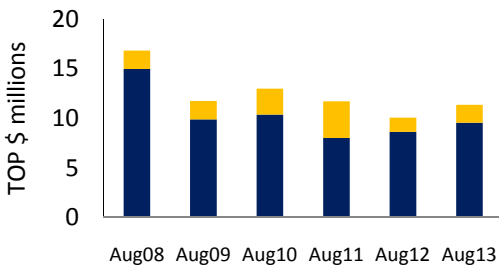
Source: National Reserve Bank of Tonga

Figure 7: Foreign Reserves & Import Coverage



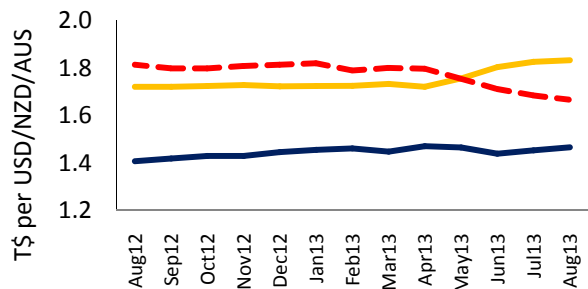
Source: National Reserve Bank of Tonga

Figure 4: Cash Remittances for July month in previous years



Source: National Reserve Bank of Tonga

Figure 8: Tongan Pa'anga Exchange Rates (end of period)



Source: National Reserve Bank of Tonga