

At a Glance-December 2012

HIGHLIGHTS

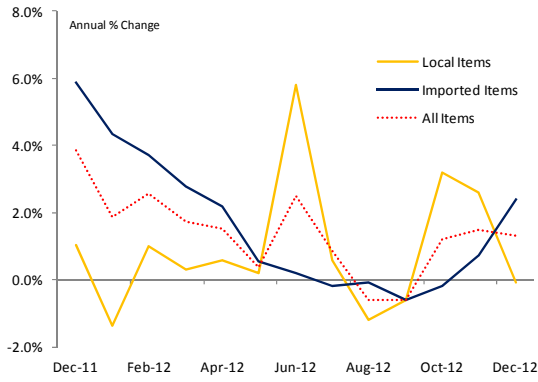
- Annual inflation rate fell to 1.3% in December 2012 down from 1.5% recorded in the previous month (*Figure 1*). The lower increase in the December 2012 prices was mainly driven by a significant decline in domestic food prices that offset an increase in imported food prices – particularly in the meat, fish and poultry sub-group. The decline in domestic food prices owed mainly to more favourable weather conditions earlier in the year.
- Cash remittances reach it highest point evry year round about December of every year. (*Figure 3*) However remittances has continued to decline since 2008 i.e a record value of \$20 million in comparison to \$13 million in December 2012. Furthermore the continous strengthening of the Tongan Pa'anga against the U.S dollar¹(*Figure 4*) fuelled the constant decline in remittances.
- Earning from goods exports continued to increase in December 2012 from the previous month (*Figure 5*) mainly due to an increase in proceeds fromsquash and seaweed exports. Payments for imported goods however declinedduring the same period due to loweroil payments.
- Despite a slight decline in the tourism receipts recorded in December 2012 from the previous month, the annual amount reached around \$74 million(*Jan 12 to Dec 12*), which was 30% higher than the level in the same period last year(*Figure 6*).
- The level of gross foreign reservescontinued to increase in December 2012 from the previous month(*Figure 7*). It ismainly due toreceipts from private remittances and official capital inflows plus the decline in imports for the same period. The continuance surge in the foreign reserves sees import coverage increase from 8.8 to9.3 months of import cover.
- Recurrent revenue increased in December 2012 from the previous month due to more tax receipts, at the same token expenditure on purchases of goods and servicesincreased– one of the main contributing factor is the payment of land rental for the Fua'amotu airport.

¹Around 50% to 60% of total cash remittances received are mainly from the United States

	(T\$m unless otherwise indicated)			% change from		YEAR TO DATE (YTD) July 2012-December 2012		
	Dec 2011	Nov 2012	Dec 2012	Nov 2012	Dec 2011	Values (T\$m)	% of Budget (2012/13)	% of GDP ² (2012/13)
FISCAL INDICATORS(Government Financial Statistics Basis)(50% of year 2012/13)								
Total Revenue & Grants	30.75	16.36	16.92	+3.4%	-45.0%	90.53	41.56%	11.54%
Total Revenue	13.24	12.31	13.93	+13.2%	+5.2%	77.29	51.77%	9.85%
Grant (cash grants)	17.51	4.05	2.99	-26.2%	-82.9%	13.24	19.31%	1.69%
Total Expenditure & Net Lending	14.78	15.29	19.12	+25.0%	+29.4%	95.15	44.99%	12.13%
Expenditure (incl. cash grants)	14.66	15.30	19.11	+24.9%	+30.4%	95.13	45.09%	12.13%
Total Net Lending	0.12	(0.01)	0.01			0.52		
Total Public Debt	342.2	354.9	356.9	+0.6%	+4.3%			45.5%
ECONOMIC ACTIVITY INDICATORS						YTD Values (July 2012-Dec 2012)	% change from prev. YTD (July 2011-Dec 2011)	YTD Values (July 12-Nov 12) as % of GDP
Exports (OET Basis)	1.1	1.6	1.7	+6.3%	+54.5%	6.2	+34.6%	0.8%
Imports (OET Basis)	19.1	16.7	13.0	-22.2%	-31.9%	96.6	-22.7%	12.3%
Cash Remittances	14.4	10.0	13.0	+30.0%	-9.7%	59.4	-7.5%	7.6%
Tourism Receipts ³	3.9	6.3	5.6	-11.1%	+43.6%	37.8	+26.9%	4.8%
MONETARY INDICATORS								
Official Foreign Reserves	226.0	253.7	257.3	+1.4%	+13.8%	Note: (i) Under the Fiscal Indicators, the Overall Balance is not shown because it does not include total expenditure i.e. In-kind expenditure and transactions funded by the Chinese loan which this data is not available on a monthly basis.		
Import Cover (months)	8.2	8.8 ^r	9.3	+5.7%	+13.4%			
Inflation (annual % change)	3.8%	1.5%	1.3%	-0.2% point change	-2.5% point change			
Retail Fuel Prices Petrol (T\$/litre) Diesel (T\$/litre)	2.71 2.92	2.85 2.94	2.80 2.90	-1.8% -1.4%	+3.3% -0.7%			

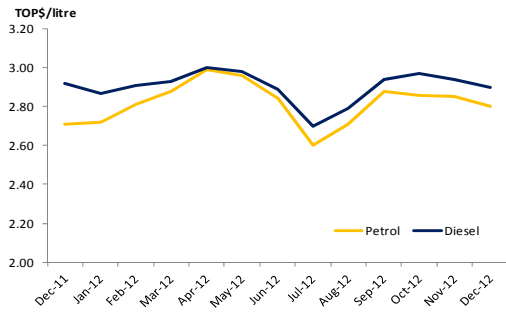
²Nominal GDP 2012/13: T\$784.5 million (estimate)³Note There is difficulty in disaggregating tourism receipts from private remittances^r Revised figures

Figure 1: Consumer Price Index (Inflation)



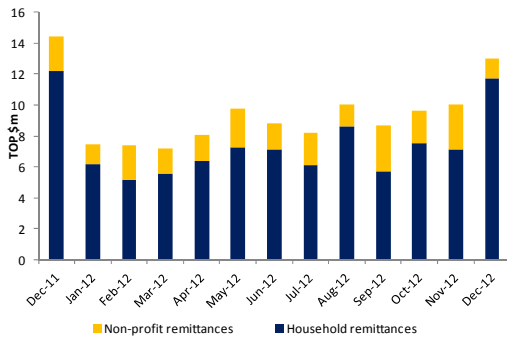
Source: Tonga Bureau of Statistics

Figure 2: Retail Fuel Prices



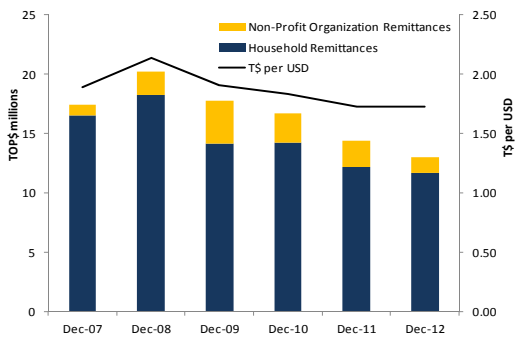
Source: Ministry of Commerce, Tourism & Labor

Figure 3: Cash Remittances



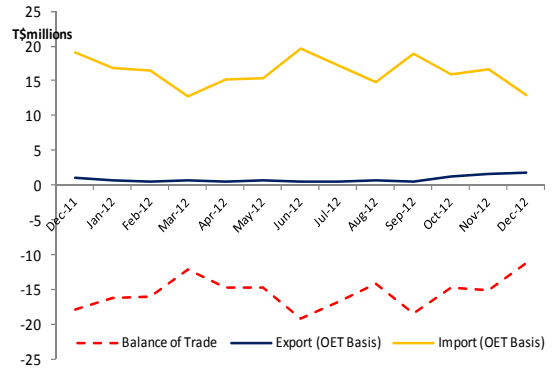
Source: National Reserve Bank of Tonga

Figure 4: Cash remittances for December months in previous years



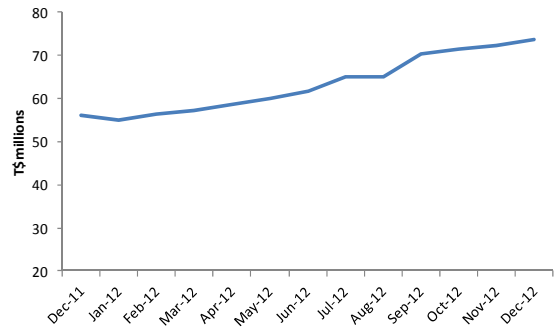
Source: National Reserve Bank of Tonga

Figure 5: Balance of Trade (OET Basis)



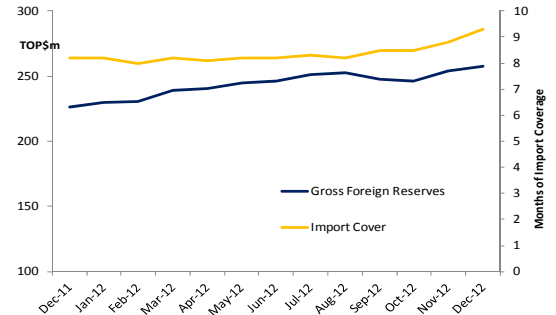
Source: National Reserve Bank of Tonga

Figure 6: Tourism Receipts (12-months total)



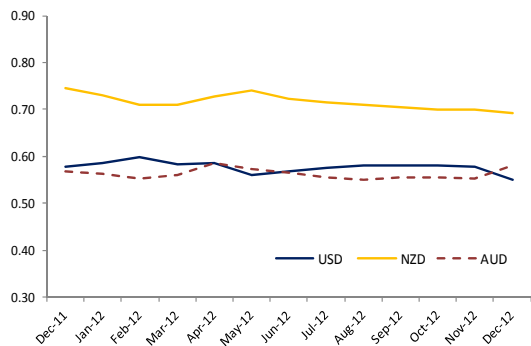
Source: National Reserve Bank of Tonga

Figure 7: Foreign Reserves & Import Coverage



Source: National Reserve Bank of Tonga

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



Source: National Reserve Bank of Tonga