

At a Glance-November 2012

HIGHLIGHTS

- The annual inflation rate increased in November 2012 up to 1.5% from 1.2% in the previous month (*Figure 1*), mainly driven by an increase in imported food prices, particularly the meat, fish & poultry sub-group which more than offset a decline in fuel prices (*Figure 2*). The local component of the November 2012's annual inflation rate however, declined compared to the previous month's mainly driven by a fall in prices for local fruits and vegetables. This was mainly due to favourable weather conditions which increased production and enabled competition to drive down prices.
- An increase in cash remittances to non-profit organizations¹ in November 2012 compared to the previous month (up by almost 50%), managed to offset a 5% fall in household remittances which resulted in a slight increase in Total Remittances for November 2012 (*Figure 3*). The main drive in the increase of remittances came from Australia². Intensifying the increase of remittances from Australia was the strengthening of the Australian dollar against the Tongan Pa'anga. Further, over 60% of Tongan migrants in Australia³ are in New South Wales, where the unemployment rate is lower than the national average. However despite this month's level being higher than November last year, it still remains lower than what it was received in November 2010 (*Figure 4*).
- Earning from goods exports significantly increased in November 2012 (*Figure 5*) mainly due to an increase in proceeds from agricultural, fish and sea cucumber exports. Payments for imported goods also increased in November 2012 from the previous month due to higher payments for oil and motor vehicles, but fell year-on-year in November 2012, partially due to the continued strengthening of the New Zealand and Australian dollars against the Tongan Pa'anga.
- Despite a slight decline in the tourism receipts recorded in November 2012 from the previous month, the same level almost doubled the amount a year earlier supported by an increase in the number of visitors mainly from Australia & New Zealand (*Figure 6*). While the decline from the previous month in November 2012 was largely due to less usage of foreign card transactions in addition to less number of visitors from New Zealand (down by 7%)– particularly those travelling on holiday/ vacation which offset those visiting friends and relatives (*Figure 7*).

¹ Note remittances to non-profit organizations usually comprises on average, below 30% of total cash remittances per month

² In terms of the amount of Australian dollars converted to Tongan Pa'anga

³ Australian Census, 2006

- Gross foreign reserves continued to increase in November 2012 from the previous month (*Figure 8*) mainly due to private capital inflows and remittances receipts, in addition to lower imports during the same period which resulted in an increase in the months of import coverage to 8.8 in November 2012, up from 8.5 in the previous month.
- Although there was a slight decline in recurrent revenue in November 2012 from the previous month mainly due to lower receipts from consumption taxes, total revenue and grants increased, largely supported by donor funding from the New Zealand Aid worth around T\$3 million provided for the Tonga Education Support Program (TESP).

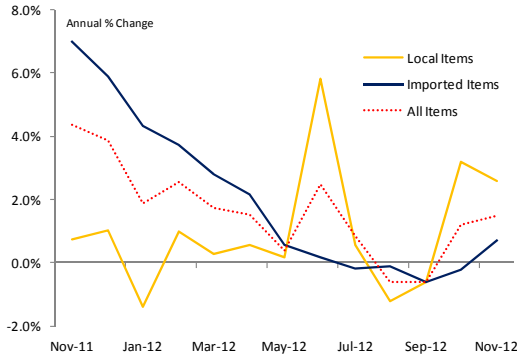
	(T\$m unless otherwise indicated)			% change from		YEAR TO DATE (YTD) July 2012- November 2012		
	Nov 2011	Oct 2012	Nov 2012	Oct 2012	Nov 2011	Values (T\$m)	% of Budget (2012/13)	% of GDP ⁴ (2012/13)
FISCAL INDICATORS (Government Financial Statistics Basis)						(42% of year)		
Total Revenue & Grants	15.75	16.6	18.3	+10.2	+16.2%	75.56	34.7%	9.63%
Total Revenue	12.69	14.8	14.3	-3.4%	+12.7%	65.31	43.7%	8.33%
Grant (cash grants)	3.06	1.8	4.0	+122.2%	+30.7%	10.25	15.0%	1.31%
Total Expenditure & Net Lending	18.79	13.5	15.0	+11.1%	-20.2%	81.29	37.5%	10.36%
Expenditure (incl. cash grants)	18.76	13.4	15.0	+11.9%	-20.0%	81.29	37.6%	10.36%
Total Net Lending	0.03	0.1	0.0			0.00		
Total Public Debt	328.8	355.2	354.9	-0.1%	+7.9%			45.24%
ECONOMIC ACTIVITY INDICATORS						YTD Values (July 2012-Nov 2012)	% change from prev. YTD (July 2011-Nov 2011)	YTD Values (July 12-Nov 12) as % of GDP
Exports (OET Basis)	1.1	1.2	1.6	+33.3%	+45.5%	4.5	+26.5%	0.57%
Imports (OET Basis)	18.6	16.0	16.7	+4.4%	-10.2%	83.7	-21.1%	10.67%
Cash Remittances	9.4	9.5	10.0	+5.3%	+6.4%	46.4	-6.8%	5.91%
Tourism Receipts ⁵	4.3	7.7	6.3	-18.2%	+46.5%	32.2	+24.4%	4.10%
MONETARY INDICATORS								
Official Foreign Reserves	212.9	246.2	253.7	+3.0%	+19.2%	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)	7.8	8.5 ^r	8.8 ^r	+2.5%	+6.4%			
Inflation (annual % change)	4.3%	1.2%	1.5%	+0.3% point change	-2.8% point change			
Retail Fuel Prices (monthly average)	2.80	2.87	2.86	-0.3%	+2.1%			
Petrol (T\$/litre)	2.80	2.95	2.95	0.0%	+5.4%			
Diesel (T\$/litre)								

⁴Nominal GDP 2012/13: T\$784.5 million (estimate)

⁵Note there is difficulty in separation of tourism receipts from private remittances

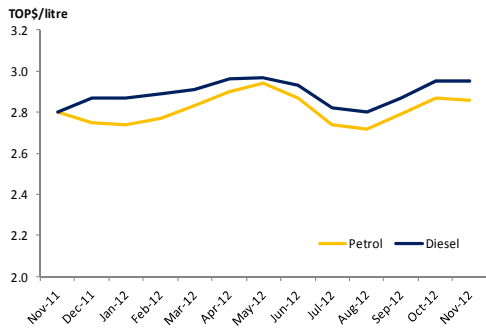
^r Revised figures

Figure 1: Consumer Price Index (Inflation)



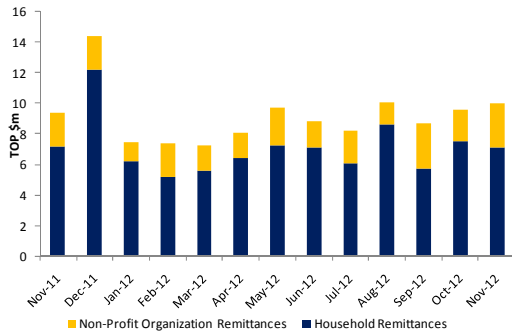
Source: Tonga Bureau of Statistics

Figure 2: Retail Fuel Prices (monthly average)



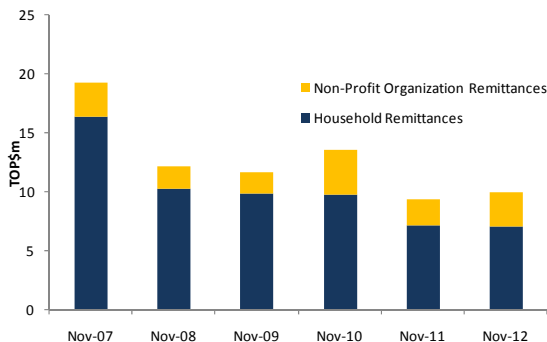
Source: Tonga Bureau of Statistics

Figure 3: Cash Remittances



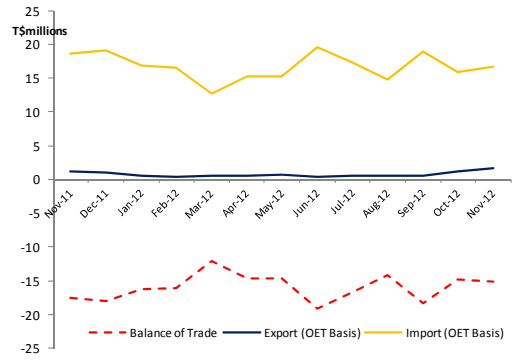
Source: National Reserve Bank of Tonga

Figure 4: Cash remittances for November months in previous years



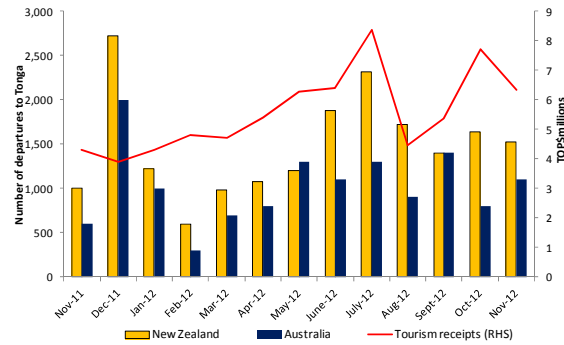
Source: National Reserve Bank of Tonga

Figure 5: Balance of Trade (OET Basis)



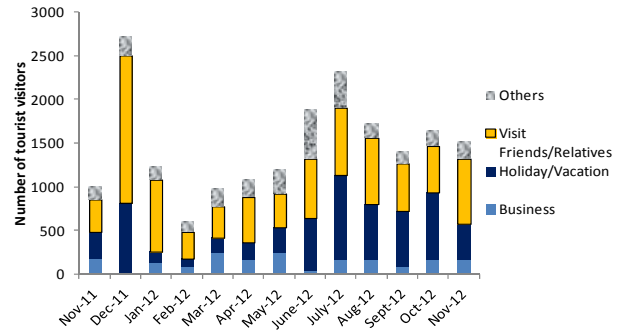
Source: National Reserve Bank of Tonga

Figure 6: Tourist departures to Tonga vs. Tourism receipts



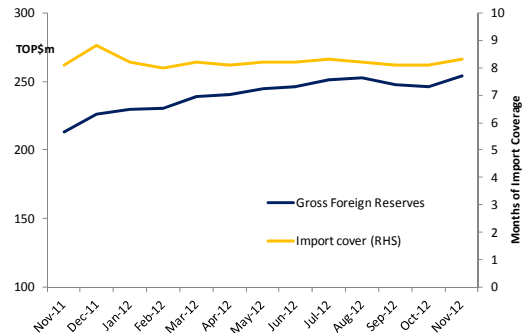
Sources: Australian Bureau of Statistics and Statistics New Zealand

Figure 7: NZ tourist visitors to Tonga by Purpose of Visit



Source: Statistics New Zealand

Figure 8: Foreign Reserves & Import Coverage



Source: National Reserve Bank of Tonga