

## At a Glance-September 2012

### HIGHLIGHTS

- The annual inflation rate for September 2012 was -0.6%, the same deflation rate as the previous month and the third month of deflation since -0.4% in October 2009. The decline in imported food prices (particularly meat, fish & poultry) offset an increase in fuel prices, and were complemented by a significant declines in prices for local fruits & vegetables and electricity contributing to the September 2012 deflation.
- Despite an increase in fuel prices in September 2012 from the previous month, electricity prices fell by 5 seniti/kilowatts – due to the newly launched solar power farm.
- Although non-profit organization remittances more than double in September 2012 from the previous month, it was not enough to offset a decline in household remittances by 34%, which resulted in a fall in monthly cash remittances compared to August. Compared to September last year, however, remittances were a little higher. Unemployment rate in the U. S was down significantly in September 2012 which might have been expected to have some positive affects on overall remittances.
- Despite export receipts remaining steady in September 2012 compared to the previous month, this amount was twice the receipts recorded in the same month last year, mainly because of proceeds from squash exports. Import payments on the other hand increased in September 2012 from the previous month mainly due to oil imports. Hence the September 2012 trade deficit widened at around \$18 million in comparison to the previous month.
- Tourism receipts<sup>1</sup> showed an increase in September 2012 compared to the previous month, however this pick up was seasonal and compares to similar increases in the past two years. Overall the level for September 2012 was down on September last year.
- Gross foreign reserves fell slightly in September 2012 from the previous month, the first decline this year, largely due to official overseas loan repayments and import payments mainly for oil.
- A decline in both tax and non-tax revenue contributed to the fall in September 2012 total recurrent revenue compared to the previous month, while recurrent expenditure also fell mainly due to a decline in capital expenditure.

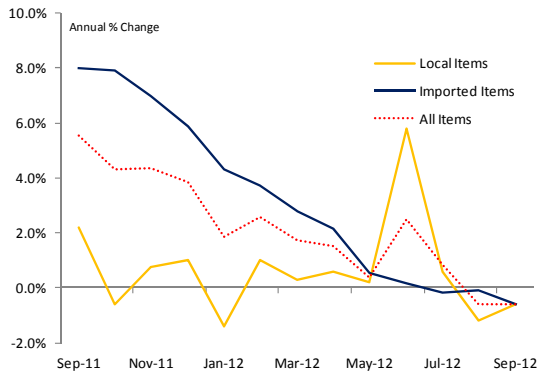
---

<sup>1</sup>Note there is difficulty in separation of tourism receipts from private remittances

	(T\$m unless otherwise indicated)			% change from		YEAR TO DATE (YTD) July 2012-September 2012		
	Sept 2011	August 2012	Sept 2012	August 2012	Sept 2011	Values (T\$m)	% of Budget (2012/13)	% of GDP <sup>2</sup> (2012/13)
<b>FISCAL INDICATORS (Government Financial Statistics Basis)</b>						(25% of year)		
<b>Total Revenue &amp; Grants</b>	<b>13.66</b>	<b>15.16</b>	<b>10.58</b>	<b>-30.2%</b>	<b>-22.5%</b>	<b>40.65</b>	<b>18.66%</b>	<b>5.18%</b>
Total Revenue	11.74	13.69	9.90	-27.7%	-15.7%	36.23	24.27%	4.62%
Grant (cash grants)	1.92	1.47	0.68	-53.7%	-64.6%	4.42	6.44%	0.56%
<b>Total Expenditure &amp; Net Lending</b>	<b>17.94</b>	<b>16.98</b>	<b>15.14</b>	<b>-10.8%</b>	<b>-15.6%</b>	<b>46.97</b>	<b>22.21%</b>	<b>5.99%</b>
Expenditure (incl. cash grants)	17.63	16.87	15.20	-9.9%	-13.8%	47.06	22.30%	6.00%
Total Net Lending	0.31	0.11	-0.06			-0.09		
<b>Total Public Debt</b>	<b>327.3</b>	<b>355.2</b>	<b>351.6</b>	<b>-1.0%</b>	<b>+7.4%</b>			<b>44.8%</b>
<b>ECONOMIC ACTIVITY INDICATORS</b>						YTD Values (July 2012-Sept 2012)	% change from prev. YTD (July 2011-Sept 2011)	YTD Values (July 12-Sept 12) as % of GDP
Exports (OET Basis)	0.3	0.6	0.6	-	+100%	8.0	-20.8%	1.0%
Imports (OET Basis)	19.5	14.8	19.0	+28.4%	-2.6%	209.8	-7.5%	26.7%
Cash Remittances	8.6	10.1	8.7	-13.9%	+1.2%	108.5	-22.2%	13.8%
Tourism Receipts <sup>3</sup>	6.6	4.5	5.4	+20.0%	-18.2%	63.8	+9.0%	8.1%
<b>MONETARY INDICATORS</b>								
Official Foreign Reserves	208.1	252.7	247.9	-1.9%	+19.1%	<b>Note:</b> (i) 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.  (ii) Economic & Monetary data for the month of September 2012 are still provisional numbers.		
Import Cover (months)	7.8	8.2	8.1	-1.2%	+3.8%			
Inflation (annual % change)	5.6%	-0.6%	-0.6%	-	-6.2% point change			
Retail Fuel Prices (monthly average)	2.76	2.72	2.79	+2.6%	+1.1%			
Petrol (T\$/litre)	2.82	2.80	2.87	+2.5%	+1.8%			
Diesel (T\$/litre)								

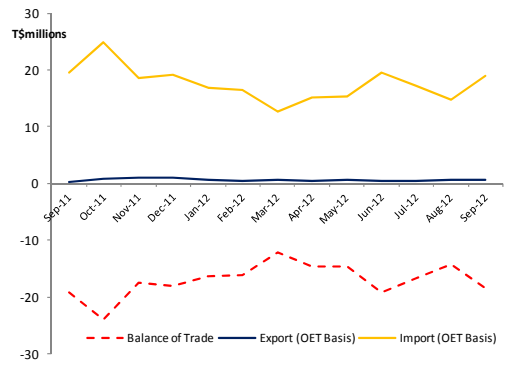
<sup>2</sup> Nominal GDP 2012/13: T\$784.5 million (estimate)

Figure 1: Consumer Price Index (Inflation)



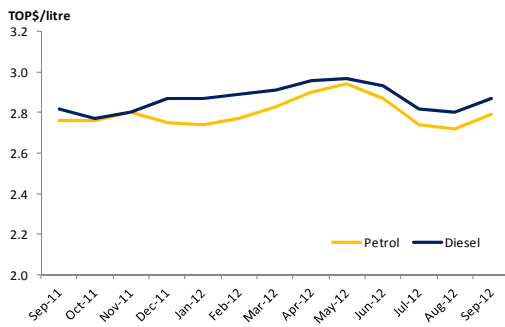
Source: Tonga Bureau of Statistics

Figure 6: Balance of Trade (OET Basis)



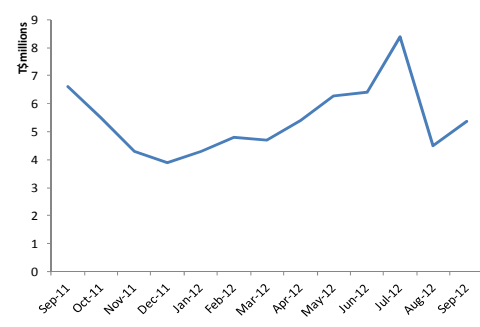
Source: National Reserve Bank of Tonga

Figure 2: Retail Fuel Prices (monthly average)



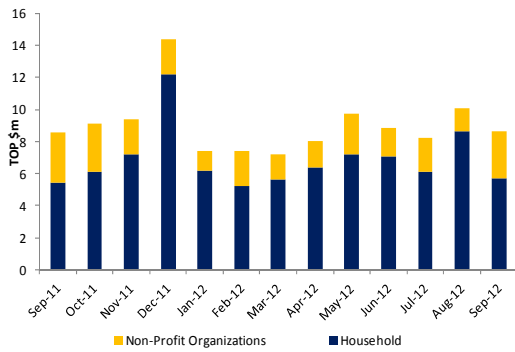
Source: Tonga Bureau of Statistics

Figure 7: Tourism Receipts



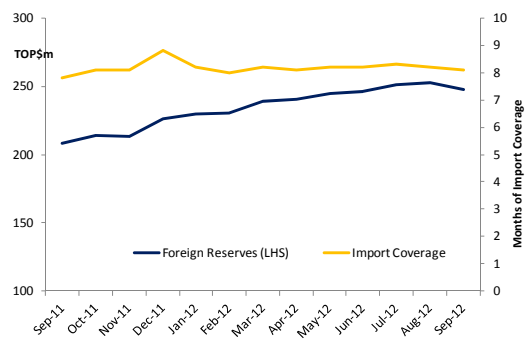
Source: National Reserve Bank of Tonga

Figure 3: Cash Remittances



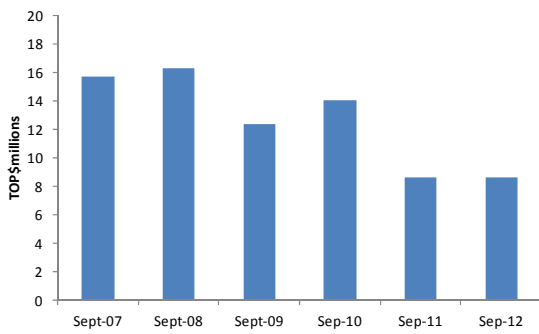
Source: National Reserve Bank of Tonga

Figure 5: Foreign Reserves & Import Coverage



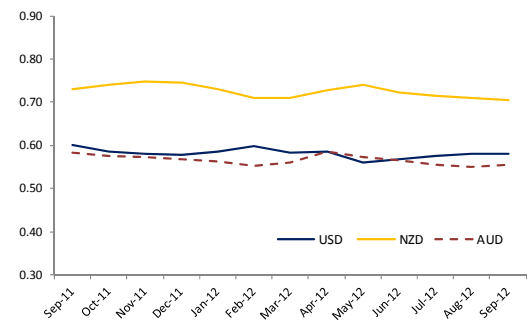
Source: National Reserve Bank of Tonga

Figure 4: Cash remittances in September months of previous years



Source: National Reserve Bank of Tonga

Figure 8: Tongan Pa'anga Exchange Rates



Source: National Reserve Bank of Tonga