


At a Glance - February 2015

HIGHLIGHTS

- **Increase Grant receipts from foreign governments**
Increasing grants by 389.3% for the month of February 2015 from \$0.6 million in January to \$2.7 million. This increase was mainly due to receiving grants from New Zealand Bilateral. The purpose of the grants is to cater for Director of Public Prosecution's salaries of \$0.1 million and \$2.0 million for training, mentor, and support Tonga Police. This would help reduce the crime rate, domestic violence, alcohol related crime, and road safety but also help increase the level of public confidence in the Tonga Police Service..
- **Increase spending for the month caused by transfer value and salaries.**
Expenditure recorded for February 2015 with an increase of 41.9% from \$15.5 million in January to \$22.0 million. However, expenses remain increase by 12.2% as comparing to the same period in 2014. Overspending mostly due to paying of transfer value of \$5.2 million as for liabilities to Retirement Fund and around \$1.3 million was on salaries which were catered for the arrears also for the first pay of March.
- **Deflation for the month of February.**
Headline inflation recorded a deflation of -1.1 since May 2013. Inflation is low for both imported and local components. The falls in global oil prices over the last six months has led to this weak inflation.
This was significantly evident from the falling to household operation and transportation prices. As comparing to the previous month ,Household operation was -3% and -1.8% to local and imported prices respectively and was determined from a -8.5 decreasing in domestic fuel and power locally as well as -5.7% imported. For the transportation components recorded a -0.3% local and -7.2% imported dominant from a decrease in public transportation of -0.3% and -9.7 in private transportation.
It is anticipated that inflation will pick-up for the next few months as the effects of rebounding in the global oil prices continue to work through the economy.
- **Weak receipts and earnings caused a decrease in foreign reserves**
The level of gross foreign reserves decreased by 2.1% in February 2015 to \$281.3 million. However, reserves remain no change in a year ago.The monthly decrease is a consequence of the drop in export and travel receipts. Import cover decreased slightly to 9.3 months from 9.6 months in the previous month. Depreciate in Tongan pa'anga can be an evident to increase our total debt repayment. It is expected that with recovering travel receipts, increases in remmitances and budget support, reserves will maintain the average level of 9 months in import coverage.

	(T\$m unless otherwise indicated)			% change from		YEAR TO DATE (YTD) JUL 2014/15 - FEB 2014/15		
	Feb 2014	Jan 2014	Feb 2015	Feb 2014 to Feb 2015	Jan 2014 to Feb 2015	Values (T\$m)	% of Budget (2014/15)	% of GDP ¹ 2014/15
FISCAL INDICATORS (Government Financial Statistics (GFS) Basis)								
Total Revenue & Grants	21.8	15.1	12.6	-42.2%	-16.3%	145.0	80.5%	
Total Revenue	10.7	14.5	9.9	-7.5%	-31.7%	121.3	71.6%	
Grant (cash grants)	11.1	0.6	2.7	-75.7%	389.3%	23.7	8.9%	
Total Expenditure & Net Lending	19.6	14.8	11.9	-39.3%	-19.6%	141.6	47.5%	
Expenditure (incl. cash grants)	19.6	15.5	22.0	12.2%	41.9%	140.0	47.5%	
Total Net Lending	0.0	-0.7	-10.1	#DIV/0!	14.4	1.6		
Total Public Debt	385.8	392.6	398.5	3.3%	1.5%	3094.3		46.6%
ECONOMIC ACTIVITY INDICATORS						YTD Values (July 2014-to Date)	% change from prev. YTD (July 2013 - Feb 2014)	YTD Values (July 14 - Feb 15) as % of GDP
Exports ² (OET Basis)	1.0	0.7	1.5	50.0%	114.3%	11.3	-4.2%	1.3%
Imports ³ (OET Basis)	22.8	30.7	25.5	11.8%	-16.9%	208.3	16.9%	24.4%
Travel Receipts ⁴	4.9	4.3	4.4	-10.2%	2.3%	40.6	-37.9%	4.8%
Adjusted Cash Remittances								
MONETARY & PRICE INDICATORS								
Official Foreign Reserves	281.1	287.2	281.3	0%	-2%			
Retail Fuel Prices:								
Petrol (T\$/litre)	2.9	2.3	2.0	-29.0%	-10.2%			
Diesel (T\$/litre)	2.9	2.4	2.1	-27.2%	-9.3%			
Import Cover (months)	9.4	9.6	9.3					
Inflation (annual % change)	4.7	0.1	-1.2					

¹ Nominal GDP 2014/15: T\$854.4 million (estimate)

² Exports of goods (f.o.b) only, *Overseas Exchange Transactions (OET)*

³ Imports of goods (f.o.b) only, *Overseas Exchange Transactions (OET)*

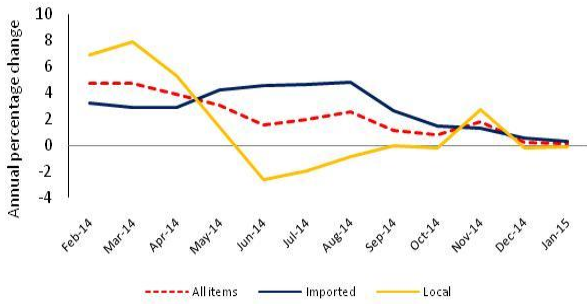
⁴ New methodology with the inclusive of Foreign Exchange Dealer differ from the old methodology which was based on central banks Reports only.(no data is being available as a result from this revision method)

⁵ Note there is difficulty in disaggregating tourism receipts from private remittances

Note Total Budget Estimate for 14/15: T\$302.7 million (cash only including Government and Donor fun

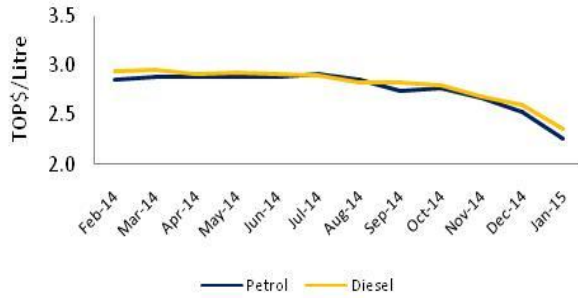
N/A : refer to not available.

Figure 1: Consumer Price Index (Inflation)



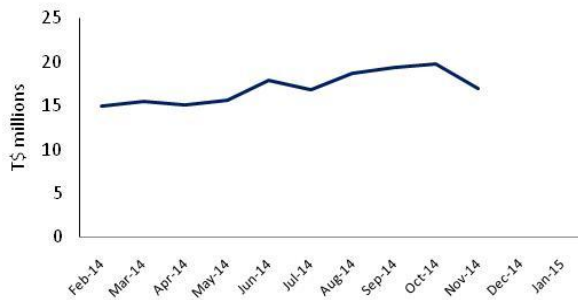
Source: Tonga Bureau of Statistics

Figure 2: Retail Fuel Prices



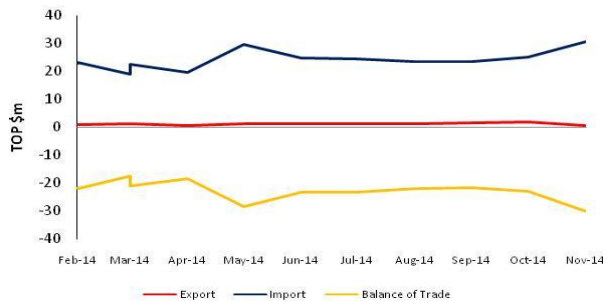
Source: Ministry of Labour, Commerce and Tourism

Figure 3: Cash Remittances



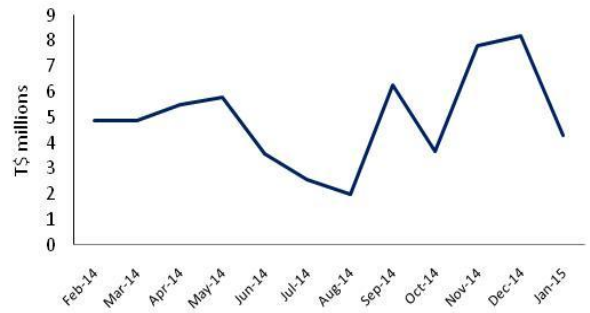
Source: National Reserve Bank of Tonga

Figure 4: Balance of Trade (OET Basis)



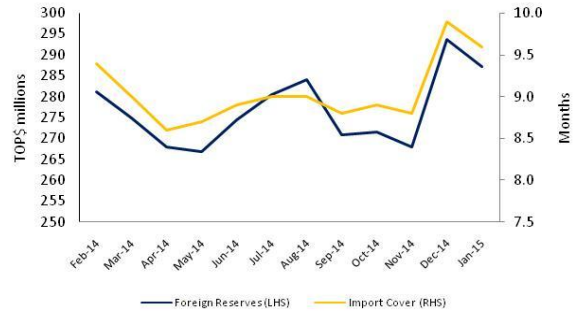
Source: National Reserve Bank of Tonga

Figure 5: Travel Receipts (monthly)



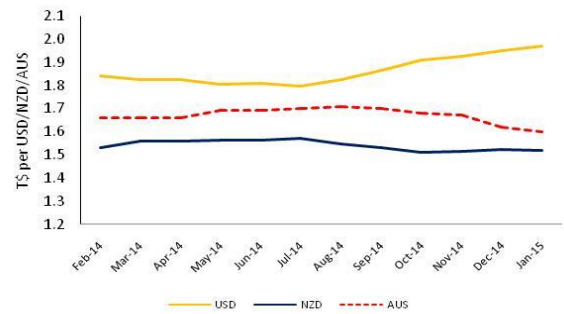
Source: National Reserve Bank of Tonga

Figure 6: Foreign Reserves & Import Coverage



Source: National Reserve Bank of Tonga

Figure 7: Tongan Pa'anga Exchange Rates



Source: National Reserve Bank of Tonga

Note: All data reported are as per the most recent publication. Cash remittances are not included in this publication due to data issues, which we anticipate having resolved in order to include this information in the next At A Glance report.