

# At a Glance

## January 2011



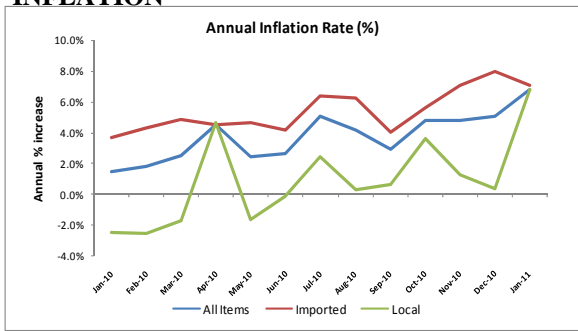
### SUMMARY

- \* Annual inflation rate increased to 6.9%, the highest since 7.9% in November 2008
- \* Fuel prices are still continuously rising both petrol and diesel
- \* Remittances have dropped by over 50% from previous month
- \* Foreign Reserves has significantly declined from previous month by 6.9%, the biggest fall since -10% in Feb 2008
- \* Government's overall fiscal position for July 2010-Jan 2011 recorded a deficit of \$5.88 million

Gross Domestic Product	2008/09	2009/10 (r)	2010/11 (r) (forecast)
GDP Growth (at constant prices)	-0.4	-1.4	-0.5

HEADLINE INDICATORS	Jan 2011 Values (TOP\$m unless otherwise indicated)	% change from Dec 2010	% of GDP (2010/11)
<b>ECONOMIC ACTIVITY</b>			
Export (OET basis)	\$0.4	0%	.05%
Import (OET basis)	\$24.6	+52.8%	3.2%
Remittances	\$7.6	-55.0%	1.0%
<b>MONETARY INDICATORS</b>			
Foreign Reserves	\$165.2	-6.9%	21.6%
Import Cover	6.9 months	-8.0%	
Annualized Inflation	6.9%	+38.0%	
Fuel Prices: Petrol	\$2.66/litre	+ 6.0%	
Diesel	\$2.67/litre	+ 4.3%	
<b>FISCAL INDICATORS</b>		<b>YTD Values (TOP\$m)</b>	<b>YTD Values as a % of Budget (2010/11)</b>
<b>REVENUE &amp; GRANTS</b>			
<b>Total Revenue &amp; Grants</b>	<b>\$10.39</b>	<b>\$103.77</b>	
Recurrent Revenue	\$10.00	\$79.29	41.0%
Aid Revenue received	\$0.39	\$24.48	12.7%
<b>EXPENDITURE</b>			
<b>Total Expenditure &amp; Net Lending</b>	<b>\$12.20</b>	<b>\$109.65</b>	
Recurrent Expenditure	\$8.47	\$86.16	41.9%
Aid Expenditure	\$3.73	\$23.49	11.4%
<b>OVERALL BALANCE</b>	<b>-\$1.81</b>	<b>-\$5.88</b>	
Total Public Debt	\$3.28	\$303.04	

### INFLATION

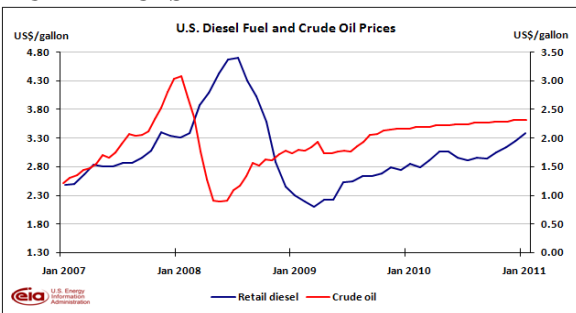


Source: Tonga Statistics Department

Annual inflation rate stands at **6.9%** compared to only 1.5% for the same period in the previous year. The 38% increase from December 2010 to January 2011 was due to rise in prices of fuel, airline fares and clothing particularly school uniforms.

Local and Imported Indices for January 2011 compared to those of the previous month, local index increased by 2.9% while imported index rose by 1.2%. Local index was higher than the imported index because of significant increase in prices of local fruits & vegetables.

### FUEL PRICES

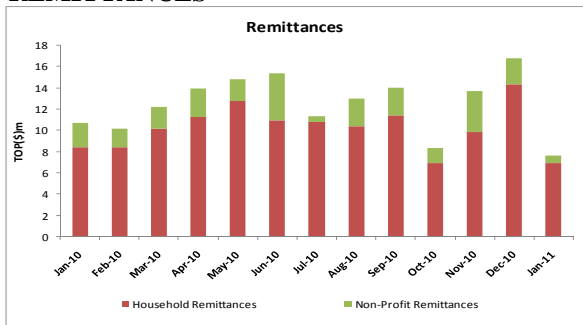


Source: EIA, Short-Term Energy Outlook

Fuel prices continued to increase from December 2010 to January 2011. Petrol prices had increased from TOP\$2.51 to TOP\$2.66 and diesel prices had also risen from TOP\$2.56 to TOP\$2.67.

West Texas Intermediate (WTI) crude oil prices in January 2011 averaged about the same as in the previous month's at US\$89/barrel.

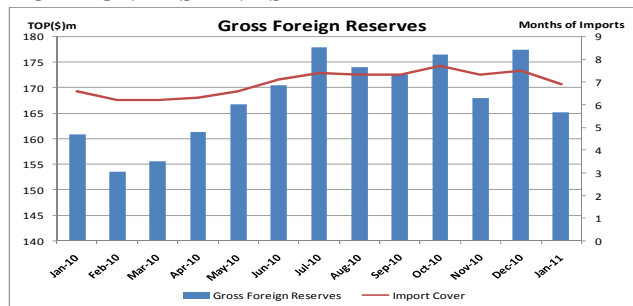
### REMITTANCES



Source: National Reserve Bank of Tonga

Total Private remittances fell by more than 50%, from December 2010's TOP\$16.7m to just TOP\$7.6m in January 2011, whereby household remittances decreased by 51% and non-profit remittances had declined by 73%.

### FOREIGN RESERVES



Source: National Reserve Bank of Tonga

Official foreign reserves held by the National Reserve Bank of Tonga has declined by TOP\$12.3m to TOP\$165.2m in January 2011 from the previous month. Worth of 6.9 months of imports of goods, this decline in foreign reserves was mainly due to higher import payments during this month, mostly for fuel.