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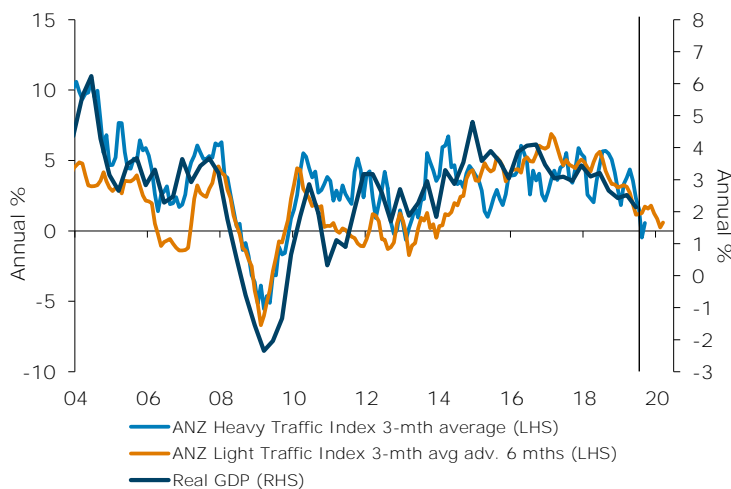
Losing traction

Summary

- In September, the Light Traffic Index fell 0.3% m/m while the Heavy Traffic rose 2.4% m/m, in only a partial bounce-back from last month's fall.
- Annual growth in the Light Traffic Index held steady in the month but remains in a trend decline, suggesting economic growth is going to continue to wane for a while yet.
- The Heavy Traffic Index has had its weakest quarterly growth in 7 years, suggesting GDP growth will be weak in Q3.

Annual growth in the three-month average of both the Light Traffic Index and the Heavy Traffic Index is currently sitting around zero. The Light Traffic Index gives a six-month lead on GDP growth while the Heavy Traffic Index is real-time, but they both agree that the economy is going to continue to lose momentum into the end of the year.

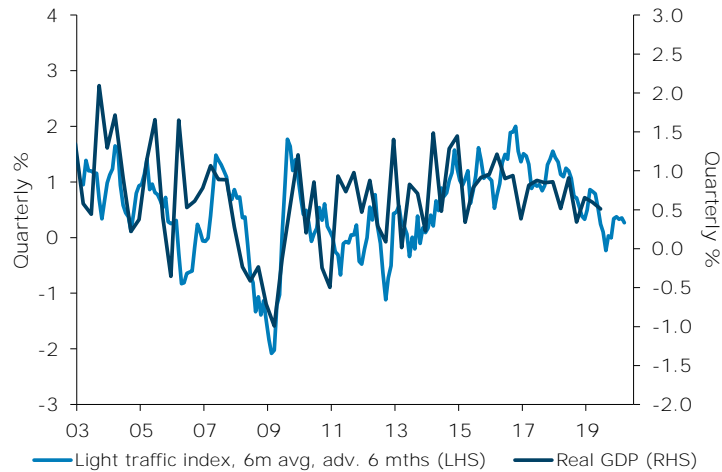
Figure 1. ANZ Truckometer Indexes and GDP growth



Source: ANZ Research, Statistics NZ

On a quarterly basis, the Light Traffic Index suggests that quarterly growth will continue to trend down over at least the next six months (figure 2). However, it is important to note that the growth in traffic is still consistent with positive GDP growth outturns, albeit modest ones. It looks nothing like 2008/09, when light traffic growth bottomed out at -2% q/q.

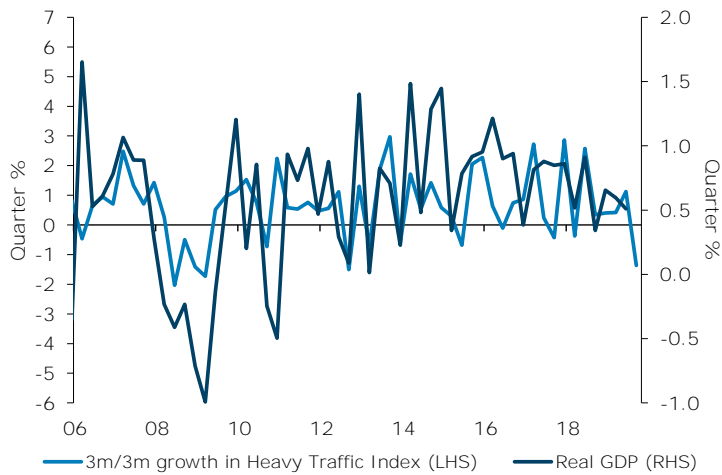
Figure 2. ANZ Light Traffic Index (adv. 6 months) and quarterly GDP growth



Source: ANZ, NZ Transport Agency

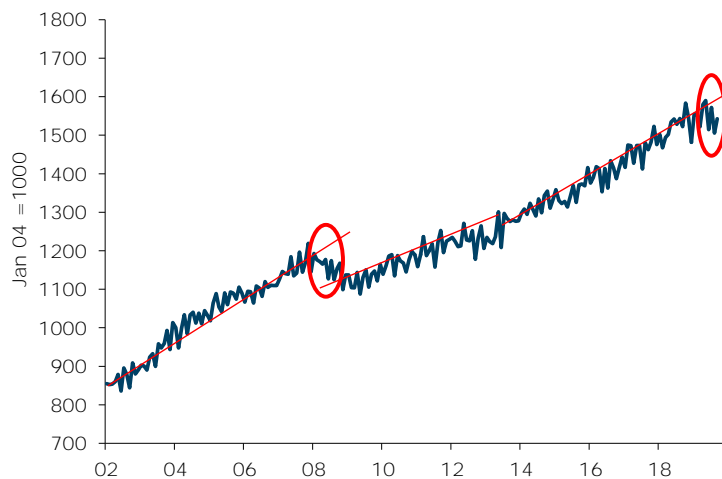
For its part, the quarterly change in the Heavy Traffic Index is sending a very weak signal for Q3 GDP growth (figure 3). In addition, there is the most convincing evidence of heavy traffic breaking under its trend since at least 2012 and arguably since 2008 (figure 4). It is volatile though, so this could yet abruptly turn around.

Figure 3. ANZ Heavy Traffic Index and quarterly GDP growth



Source: ANZ, NZ Transport Agency

Figure 4. ANZ Heavy Traffic Index



Source: ANZ, NZ Transport Agency



Tables and charts

After adjusting for seasonality, traffic flows lifted on all of the 11 roads in the Heavy Traffic Index in September, and on 4 of the 10 roads in the Light Traffic Index.

	Light Traffic Index			Heavy Traffic Index		
	Index Jan 04 = 1000	Monthly % chg	Annual % chg, 3m avg	Index Jan 04 = 1000	Monthly % chg	Annual % chg, 3m avg
Sep-18	1303	-0.8	3.1	1522	-1.4	5.5
Oct-18	1307	0.3	2.7	1583	4.0	5.1
Nov-18	1308	0.1	1.9	1547	-2.3	4.1
Dec-18	1285	-1.8	1.1	1482	-4.2	3.0
Jan-19	1311	2.0	1.2	1554	4.9	1.8
Feb-19	1301	-0.8	1.3	1556	0.1	3.3
Mar-19	1310	0.7	1.7	1522	-2.2	3.8
Apr-19	1313	0.2	1.6	1580	3.8	4.4
May-19	1322	0.7	1.8	1590	0.6	3.6
Jun-19	1295	-2.1	1.2	1515	-4.7	2.3
Jul-19	1313	1.4	0.9	1572	3.8	1.5
Aug-19	1317	0.3	0.2	1506	-4.2	-0.5
Sep-19	1313	-0.3	0.6	1543	2.4	0.6

Figure 5. ANZ Heavy Traffic Index and GDP

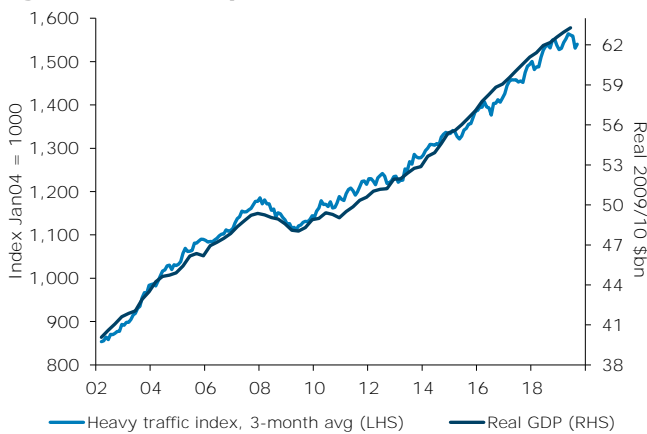


Figure 6. ANZ Light Traffic Index and GDP

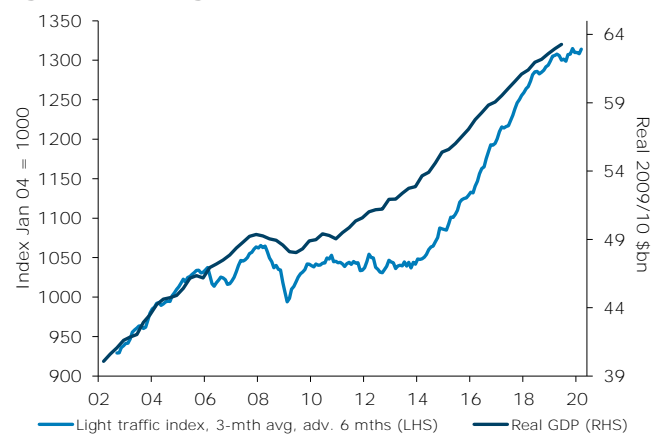


Figure 7. ANZ Heavy Traffic Index: raw vs. seas. adj.

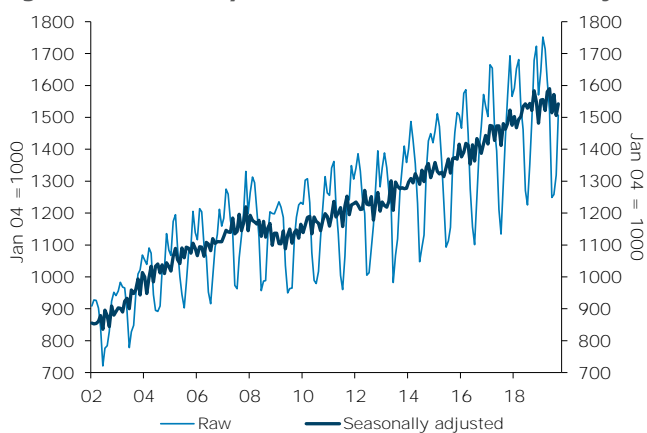
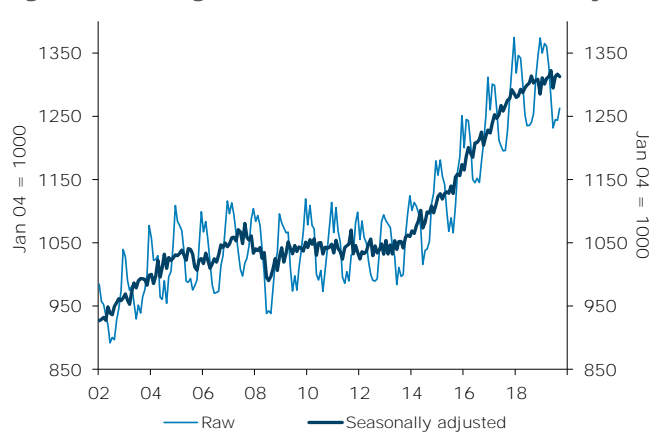


Figure 8. ANZ Light Traffic Index: raw vs. seas. adj.



Source: ANZ, NZ Transport Agency

Technical notes on the ANZ Truckometer were included in the initial release on 10 April 2012 and are available on the ANZ website or on request. The indexes' data history (subject to revision) is also available.



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