

ANZ NZ Truckometer

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The next issue of the ANZ
Truckometer is scheduled for
release on 10 December 2019 at
10am.

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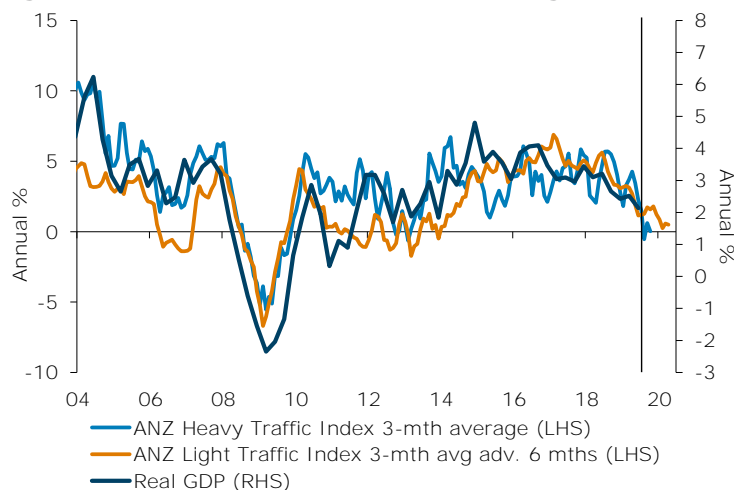
Hanging in there

Summary

- In October, the Light Traffic Index rose 0.1% m/m while the Heavy Traffic lifted 2.5% m/m, its second strong monthly lift in a row.
- Annual growth in both indexes remains tepid, suggesting GDP growth is going to continue to be unimpressive for a while yet. But the indexes are far from ringing recession alarm bells.

The two ANZ Truckometer indexes provide measures of economic momentum. The Light Traffic Index gives an indication of where GDP growth will be in six months' time, while the Heavy Traffic Index is real-time. They both agree that the economy is going to continue to lose momentum into the end of the year, but in annual growth terms they **didn't decline further this month**.

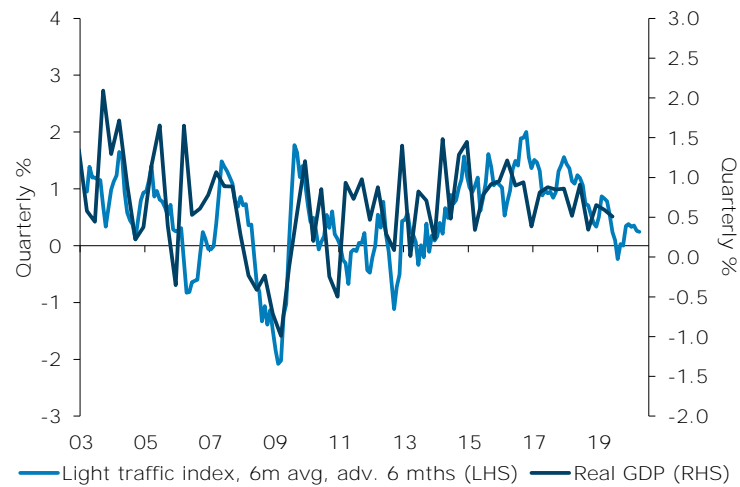
Figure 1. ANZ Truckometer Indexes and GDP growth



Source: ANZ Research, Statistics NZ

Quarterly growth in the Light Traffic Index is still consistent with positive GDP growth outturns, albeit modest ones, over the next six months (figure 2, over). September quarter GDP will be released just before Christmas.

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

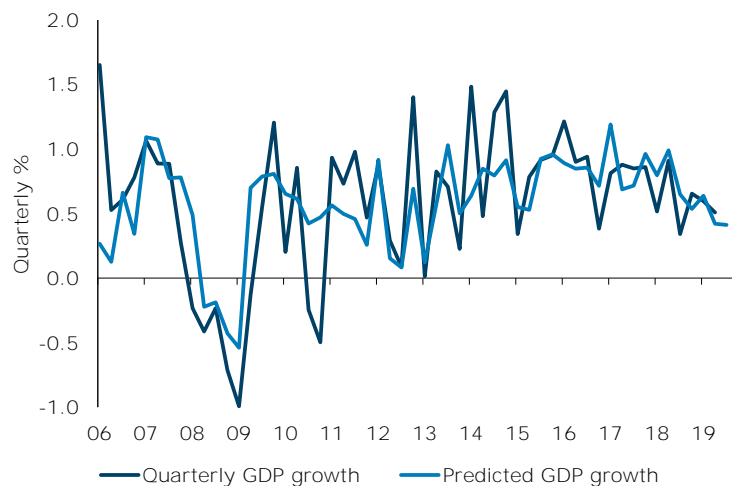


Source: ANZ, NZ Transport Agency

As mentioned previously, the Heavy Traffic Index on its own is sending a very weak signal for September quarter GDP growth. However, it may be over-exposed to the logging slowdown that has occurred in response to lower prices.

A forecasting model that uses not only the current and previous quarterly Heavy Traffic Index but also the Light Traffic Index lagged two quarters is much more sanguine about Q3 GDP. **We'll finalise our GDP pick after the full suite of indicators has come in, but our preliminary pick is consistent with the traffic model below. But GDP can certainly throw some curveballs.**

Figure 3. Quarterly GDP growth and prediction using both Truckometer indexes



Source: ANZ, NZ Transport Agency

	Constant	HTI	HTI_1	LTI_2
Coefficient	0.3172	0.1345	0.1101	0.2393
T-Statistic	3.9470	2.2218	2.0663	3.5654
R ² 0.44				



Tables and charts

After adjusting for seasonality, traffic flows lifted on 9 of the 11 roads in the Heavy Traffic Index in October, and on 6 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
Oct-18	1307	0.3	2.7		1572	3.1	5.0
Nov-18	1308	0.1	1.9		1547	-1.5	4.0
Dec-18	1285	-1.7	1.1		1482	-4.2	2.8
Jan-19	1311	2.0	1.2		1553	4.8	1.8
Feb-19	1301	-0.8	1.3		1555	0.1	3.3
Mar-19	1310	0.7	1.7		1522	-2.1	3.7
Apr-19	1313	0.2	1.6		1579	3.8	4.3
May-19	1322	0.7	1.8		1589	0.6	3.5
Jun-19	1295	-2.1	1.2		1513	-4.8	2.2
Jul-19	1313	1.4	0.9		1573	3.9	1.5
Aug-19	1317	0.3	0.2		1505	-4.3	-0.5
Sep-19	1312	-0.3	0.6		1549	2.9	0.6
Oct-19	1314	0.1	0.5		1588	2.5	0.0

Figure 4. ANZ Heavy Traffic Index and GDP

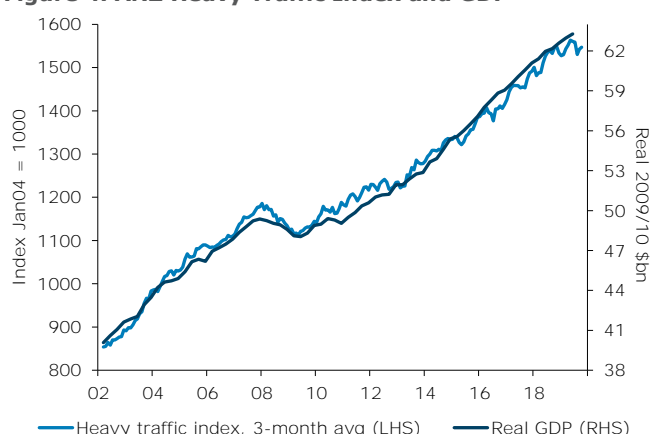


Figure 5. ANZ Light Traffic Index and GDP

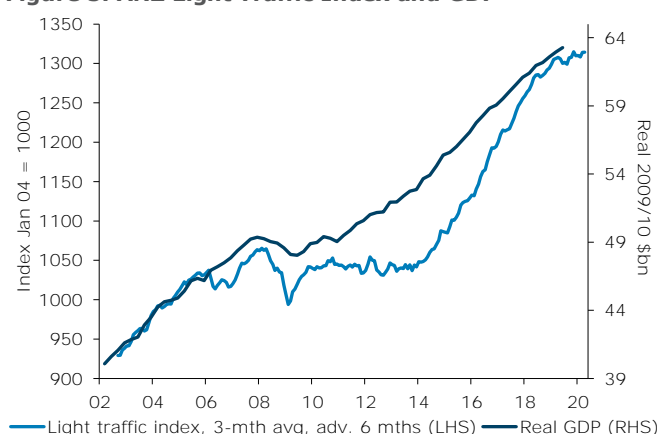


Figure 6. ANZ Heavy Traffic Index: raw vs. seas. adj.

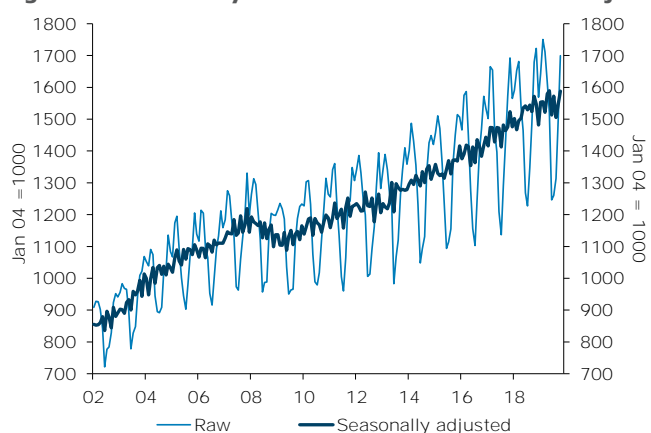
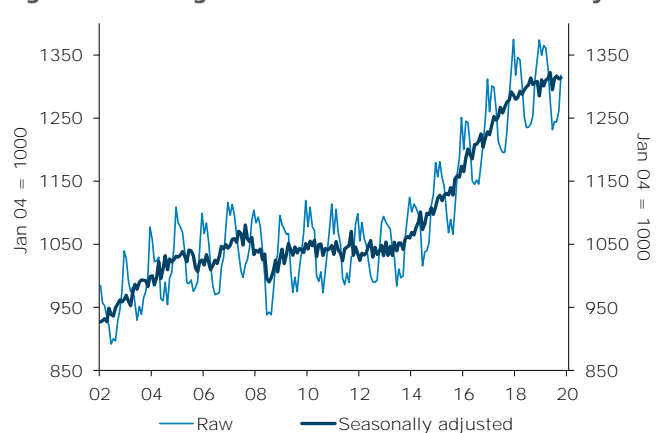


Figure 7. ANZ Light Traffic Index: raw vs. seas. adj.



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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