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The next issue of the ANZ *Truckometer* is scheduled for release on 12 March 2019 at 10am.

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Downs and ups

Summary

- The ANZ Truckometer indexes bounced in January, but the lift in the Heavy Traffic Index in particular was half-hearted. Time will tell if it's just a pothole or something more meaningful.
- The Heavy Traffic Index rose 3.5% m/m, regaining around half its falls in the preceding two months. It is suggesting modest Q4 GDP growth.
- The Light Traffic Index bounced 2.2% m/m, but the trend suggests waning momentum.

Figure 1: ANZ Heavy Traffic Index and GDP

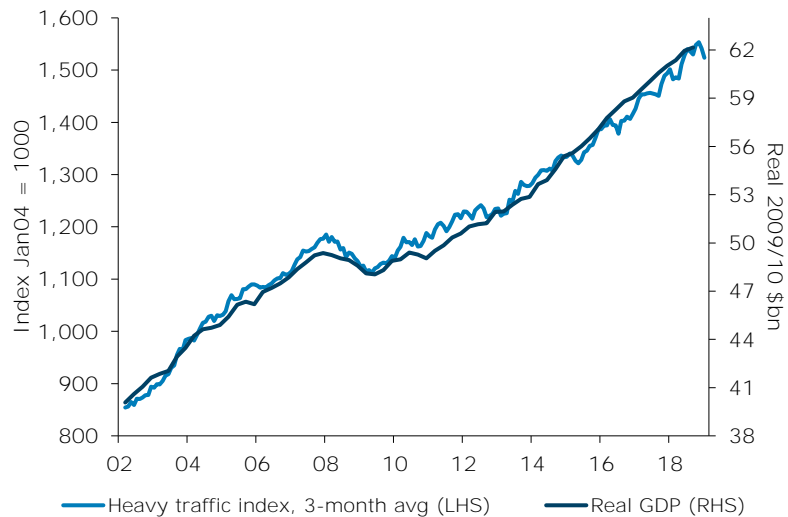
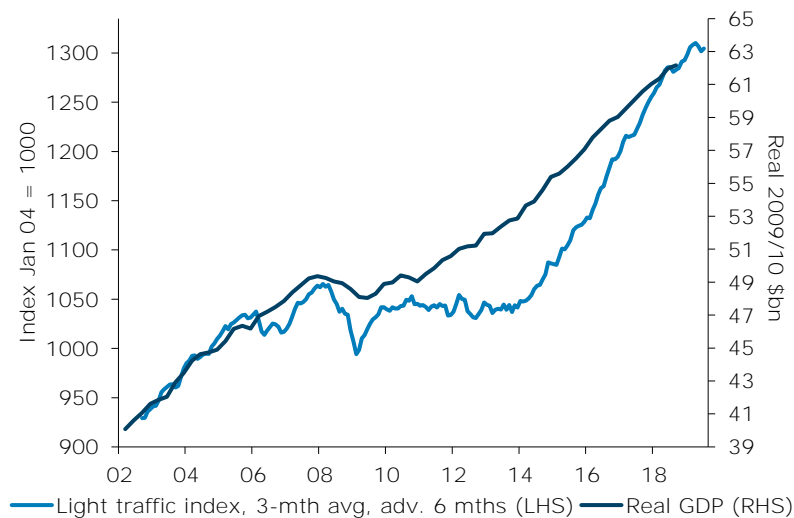
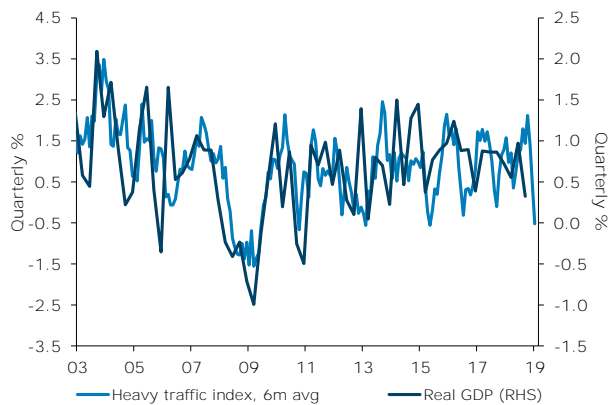


Figure 2: ANZ Light Traffic Index and GDP



Source: ANZ Research, Statistics NZ

Figure 3. Heavy Traffic Index and quarterly GDP growth



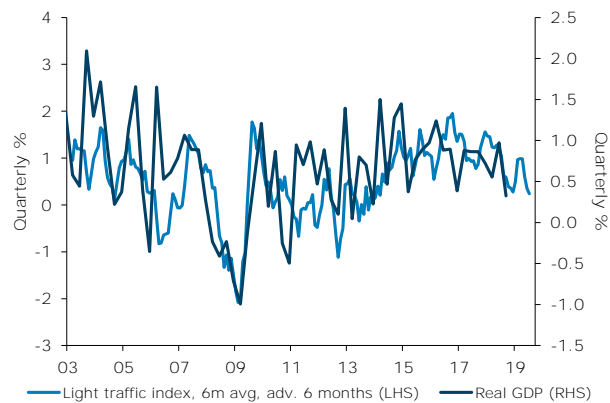
A six-month average of the ANZ Heavy Traffic Index **doesn't suggest a significant bounce-back** from the modest 0.3% growth seen in Q3, but rather something in a 0-0.5% range. This is consistent with other indicators for Q4 GDP, including lacklustre QES and HLFS hours paid/worked data out last week, and the relatively **small rebound in firms' experienced activity in the NZIER's Quarterly Survey of Business Opinion**. We've pencilled in GDP growth of 0.6% q/q for Q4, but so far forward-looking indicators suggest risks are skewed to the downside.

Figure 4. Heavy Traffic Index and annual GDP growth



Annual growth in the Heavy Traffic Index is towards the bottom end of the range that has been seen over recent years **but isn't sending any strong signals** just yet.

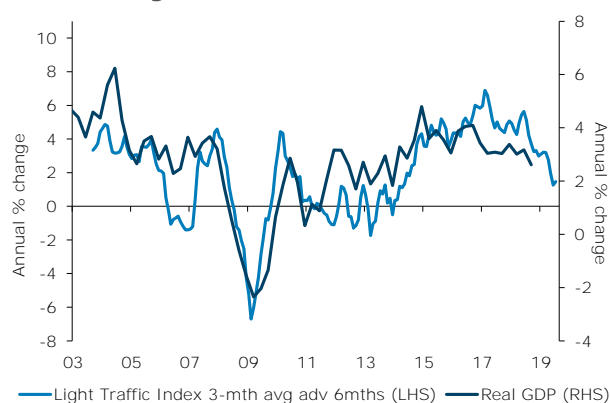
Figure 5. ANZ Light Traffic Index (adv. 6 months) and quarterly GDP growth



The Light Traffic Index gives a six-month lead on the direction of the economy and is best interpreted as a measure of momentum.

Quarterly growth in the 6-month average is noisy but has a gradual downward trend.

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



The slippage is more evident in the annual growth data, which are the clearest red flag. The Light Traffic Index is suggesting that the recent loss of economic momentum is set to continue – if not worsen – over the coming six months.

Source: ANZ, NZ Transport Agency, Statistics NZ



Tables and charts

Appendix

After adjusting for seasonality, traffic flows lifted on 10 of the 11 roads in the Heavy Traffic Index in January, and on 8 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
Jan-18	1279	-0.5	5.1	1506	2.1	5.3
Feb-18	1277	-0.2	4.2	1467	-2.6	2.6
Mar-18	1292	1.2	3.7	1486	1.3	2.2
Apr-18	1285	-0.6	3.3	1499	0.9	2.1
May-18	1297	0.9	3.3	1548	3.3	3.8
Jun-18	1296	-0.1	3.0	1539	-0.6	5.0
Jul-18	1302	0.5	3.1	1532	-0.4	5.8
Aug-18	1319	1.3	3.2	1537	0.3	5.7
Sep-18	1304	-1.1	3.2	1520	-1.1	5.4
Oct-18	1308	0.3	2.8	1588	4.5	5.1
Nov-18	1309	0.1	1.9	1552	-2.2	4.3
Dec-18	1288	-1.6	1.3	1483	-4.4	3.2
Jan-19	1317	2.2	1.5	1535	3.5	1.5

Figure 7. ANZ Light Traffic Index: raw vs. seasonally adjusted

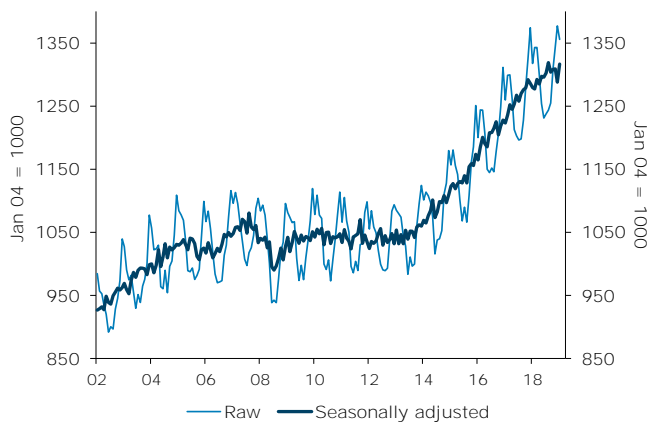
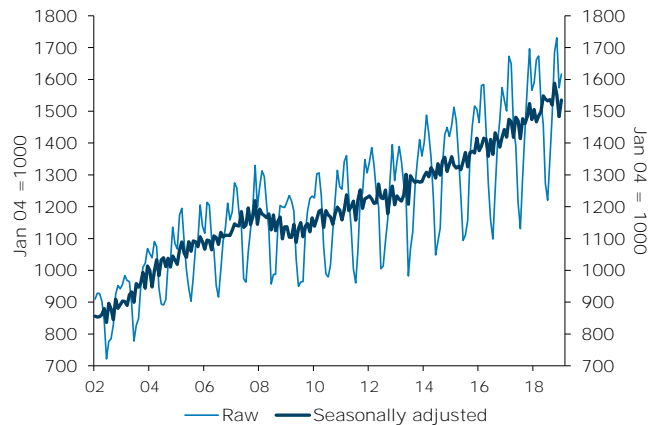


Figure 8. ANZ Heavy Traffic Index: raw vs. seasonally adjusted



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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