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The next issue of the ANZ *Truckometer* is scheduled for release on 11 February 2020 at 10am.

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## December dip

### Summary

- In December, the Light Traffic Index fell 2.0% m/m, while the Heavy Traffic fell 2.5% m/m, on top of a fall in November.
- Annual growth in light traffic is still lifting but that of heavy traffic has now plateaued. The Light Traffic Index is the better economic indicator of the two; it suggests annual GDP growth will bounce around the 2% mark into the middle of next year.

The two ANZ Truckometer indexes reflect economic activity. The Light Traffic Index gives an indication of where GDP growth is headed in six months' time, while the Heavy Traffic Index is real-time. They agree that the slowdown in economic momentum may be finding a floor, consistent with our economic forecasts.

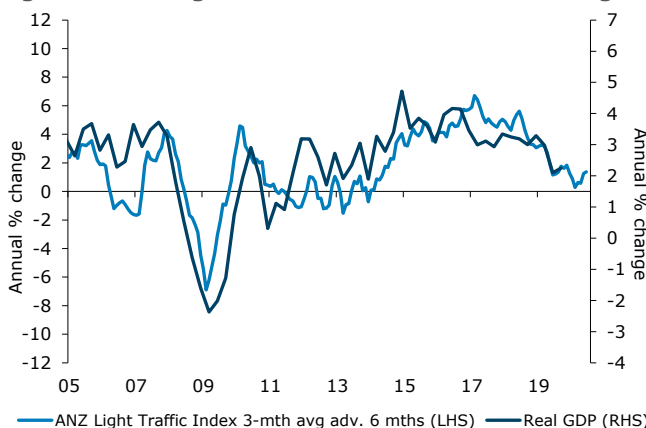
**Figure 1. ANZ Heavy Traffic Index and annual GDP growth**



Source: ANZ Research, Statistics NZ

But that said, the recent lift in annual growth in the two indexes is supportive of our view that annual GDP growth is set to bottom out around the current level of 2%.

**Figure 2. ANZ Light Traffic Index and annual GDP growth**

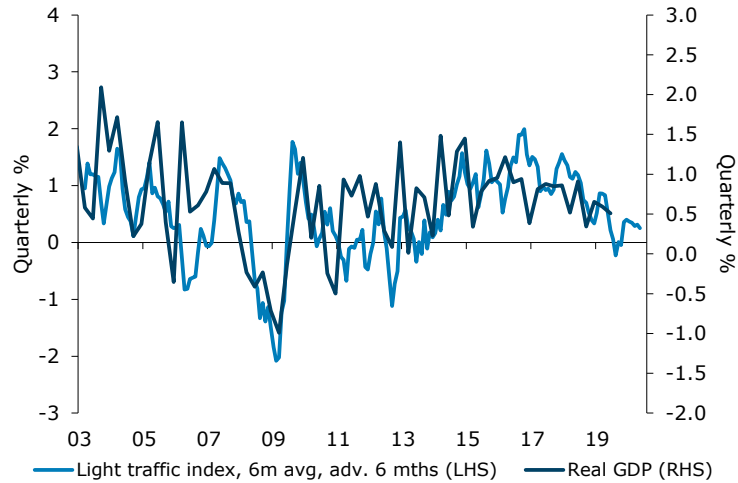


Source: ANZ Research, Statistics NZ

We have undergone the annual process of recalculating historical weights in the indexes following historical GDP revisions. We also took the opportunity to swap out 1-2 roads in each index for more useful ones. The resulting revisions are minor.

The Light Traffic Index is suggesting modest positive GDP growth outturns over the next six months (figure 3).

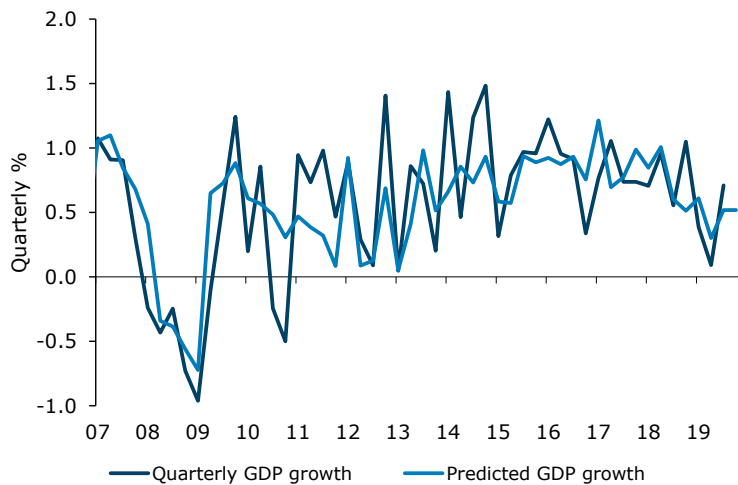
**Figure 3. ANZ Light Traffic Index (adv. 6 months) and quarterly GDP growth**



Source: ANZ, NZ Transport Agency

We now have complete data for the December quarter. A model using the Heavy Traffic Index both contemporaneous and lagged one quarter, and the Light Traffic Index lagged two quarters, suggests growth of 0.5% q/q.

**Figure 4. Quarterly GDP: historical and modelled using ANZ Truckometer indexes**



Source: ANZ, Statistics NZ, NZ Transport Agency

	Constant	HTI	HTI_1	LTI_2
Coefficient	0.26	0.12	0.12	0.31
T-Statistic	3.62	2.38	2.61	5.07

R<sup>2</sup> 0.55. Sample: March 2007 – September 2019 (quarterly data)



## Tables and charts

After adjusting for seasonality, traffic flows lifted on 3 of the 11 roads in the Heavy Traffic Index in December, and on 1 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
Dec-18	1266	-0.8	1.2	1529	-0.8	2.6
Jan-19	1285	1.5	1.2	1568	2.6	1.7
Feb-19	1275	-0.8	1.4	1563	-0.4	3.3
Mar-19	1284	0.7	1.8	1537	-1.6	3.3
Apr-19	1286	0.2	1.6	1578	2.6	3.5
May-19	1296	0.8	1.8	1591	0.8	2.5
Jun-19	1271	-2.0	1.3	1553	-2.4	1.8
Jul-19	1288	1.4	0.9	1589	2.3	1.5
Aug-19	1292	0.3	0.3	1533	-3.5	0.1
Sep-19	1288	-0.3	0.6	1584	3.3	1.1
Oct-19	1290	0.2	0.6	1628	2.8	1.2
Nov-19	1306	1.2	1.3	1602	-1.6	3.2
Dec-19	1280	-2.0	1.4	1562	-2.5	3.1

Figure 5. ANZ Heavy Traffic Index and GDP

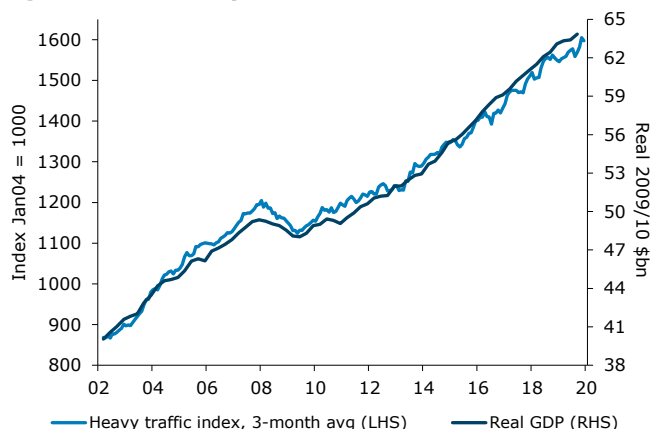


Figure 6. ANZ Light Traffic Index and GDP

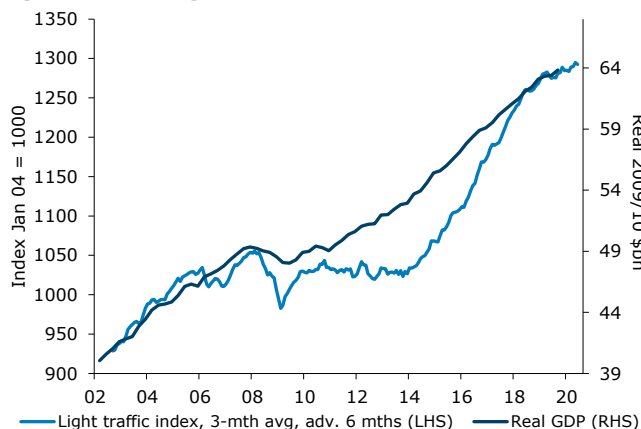


Figure 7. ANZ Heavy Traffic Index: raw vs. seas. adj.

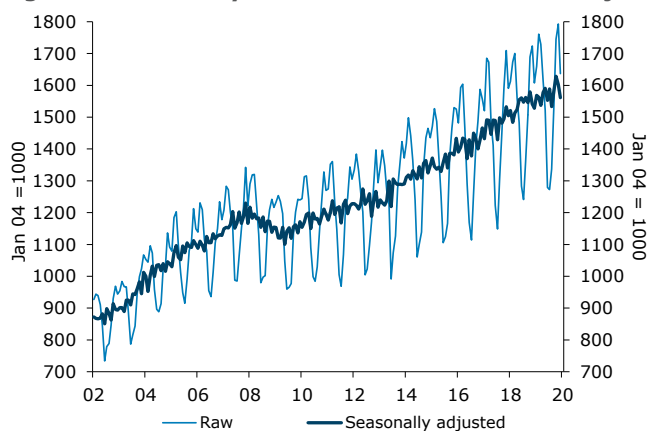
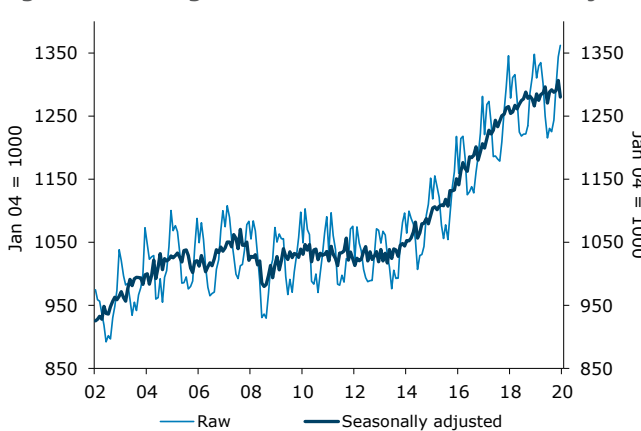


Figure 8. ANZ Light Traffic Index: raw vs. seas. adj.



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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