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The next issue of the ANZ Truckometer is scheduled for release on 9 September at 10am.

Back in business

Summary

- The Light Traffic Index lifted 5.6% in July, while the Heavy Traffic rose 2.7%. Light traffic in the month of July was 9.5% higher than the same month the previous year, while heavy traffic is up 10.2% on year-ago levels.
- There is still significant 'noise' in the traffic data at present; volatility can be expected. However, the basic story is that New Zealand is back in business and enjoying a slight overshoot after the lockdown plunge.

The two ANZ Truckometer indexes usually reflect economic activity. However, the lockdown period temporarily broke the link between traffic and GDP. One can add the Truckometer to the list of economic indicators experiencing wild swings.

It'll take some time for the dust to settle, but having traffic there or thereabouts versus where it was this time last year certainly sets New Zealand apart from the rest of the world, where 'normality' remains a distant dream.

At present there is some catch-up overshoot occurring in both the heavy and light traffic indexes (see charts 5 and 6 on page 2). On a three-month average basis we usually report, light traffic is still slightly lower than a year ago, whereas heavy traffic is higher – pretty impressive, considering the three-month average captures two weeks of alert level 3 and nearly four weeks of level 2.

In the broadest terms, heavy traffic reflects the movement of goods; light traffic the movement of people. The latter was much more impacted by lockdown, but as a general rule it provides a lead on momentum in the economy (and population growth), whereas heavy traffic is a real-time indicator of production.

In that context, it's very encouraging to see both indexes bounce back so strongly – heavy traffic likely reflects a degree of restocking, and light traffic enthusiast domestic holiday-making, given the lack of alternatives. However, it is too early to draw any conclusions about where the data will settle in trend terms.

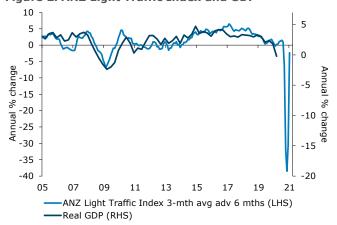
Just as business and consumer confidence and activity measures have started to wobble, traffic may also give up its overshoot in coming months. But the data certainly highlights how lightly New Zealand has gotten off in terms of disruption to everyday life for most people. Touch wood.

Figure 1. ANZ Heavy Traffic Index and GDP



Source: NZTA, Statistics NZ, ANZ Research

Figure 2. ANZ Light Traffic Index and GDP

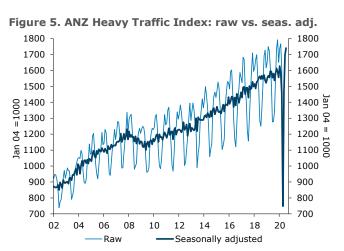


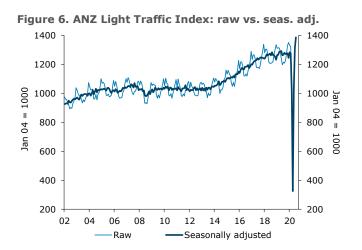


Tables and charts

Figure 3. ANZ Heavy Traffic Index and GDP Index Jan 04 = 100056 Real 2009/10 47 🕏

Figure 4. ANZ Light Traffic Index and GDP Index Jan Light traffic index, 3-mth avg, adv. 6 mths (LHS) ——Real GDP (RHS)





Source: ANZ, NZ Transport Agency

06 08 10 12 14 16 18 20

Heavy traffic index, 3-month avg (LHS)

After adjusting for seasonality, traffic flows rose on 7 of the 11 roads in the Heavy Traffic Index in July, and also on 9 of the 10 roads in the Light Traffic Index.

Real GDP (RHS)

	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
Jul-19	1266	0.3	0.4	1579	1.6	1.4
Aug-19	1280	1.1	-0.3	1536	-2.7	-0.1
Sep-19	1272	-0.6	0.2	1582	3.0	0.9
Oct-19	1271	-0.1	0.3	1612	1.9	1.0
Nov-19	1276	0.4	1.1	1592	-1.2	2.9
Dec-19	1244	-2.5	1.2	1556	-2.3	2.9
Jan-20	1283	3.1	1.5	1627	4.6	3.6
Feb-20	1274	-0.7	1.0	1585	-2.6	2.8
Mar-20	1019	-20.0	-6.3	1457	-8.1	0.0
Apr-20	325	-68.1	-31.8	749	-48.6	-19.6
May-20	1033	217.3	-38.5	1470	96.4	-22.5
Jun-20	1313	27.1	-30.5	1695	15.3	-17.5
Jul-20	1386	5.6	-2.3	1740	2.7	3.8

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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