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Contact

Sharon Zollner for more details.

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

Stop-start

Summary

- The Light Traffic Index bounced back 12.3% in September, while the Heavy Traffic lifted 4.1% as the Alert Level restrictions eased.
- Both indexes are higher versus a year ago, reflecting catch-up activity rather than an economy running hot. But still, it's encouraging.

Traffic volumes lifted again over September as alert levels eased and catch-up activity was evident. The data is very volatile at present, understandably. We'd view the overshoot from the previous trend as more a story of catch-up than sustainably higher activity, but it's a story of resilience nonetheless.

In the broadest terms, heavy traffic primarily reflects the movement of goods; light traffic captures the movement of people. As a general rule, light traffic provides a lead on momentum in the economy (and population growth), whereas heavy traffic is a real-time indicator of production.

In the charts below it is clear that the first lockdown represented a much more significant disruption than the second, which was regionalised, peaked at a much lower level, and was significantly briefer. Less lockdown implies less bounce-back, logically, but nonetheless both the Heavy Traffic Index and the Light Traffic Index are higher than a year ago (by 9.1% and 5.7% respectively). It would be unsurprising to see this overshoot dissipate over coming months as the economy settles into its new sustainable path. We estimate the closed border knocks out about 5% of GDP, though the impact on traffic is even more difficult to estimate.

The next few months will provide a stiff test for the economy: the winding down of wage subsidies, the narrowing of the mortgage deferment scheme, the lost summer of tourism, and the lagged impacts of net migration abruptly falling to zero. But the ANZ Truckometer is consistent with the preliminary ANZ Business Outlook for October released yesterday, indicating that the economy for now at least has regained momentum, albeit in a slightly stop-start way due to COVID briefly re-emerging. There's a large hill looming but at least we've got some speed up.

Figure 1. ANZ Heavy Traffic Index and GDP

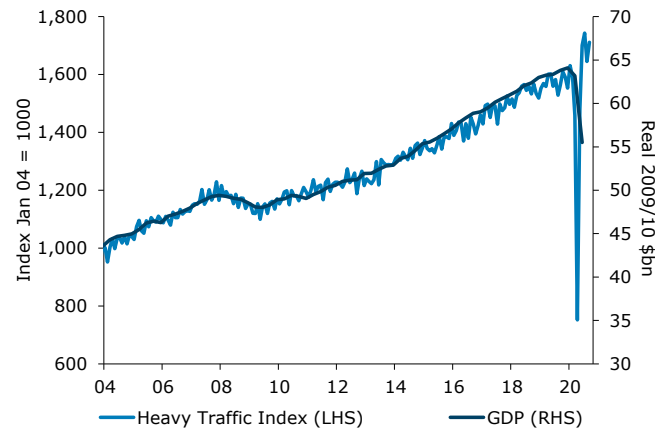
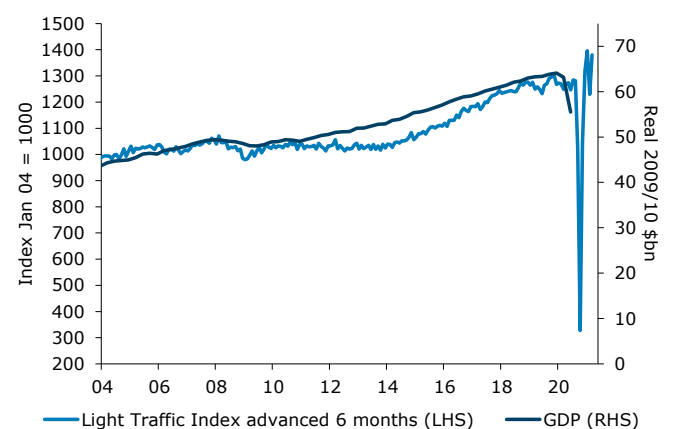


Figure 2. ANZ Light Traffic Index and GDP



Source: NZTA, Statistics NZ, ANZ Research



Tables and charts

Figure 3. ANZ Heavy Traffic Index and GDP

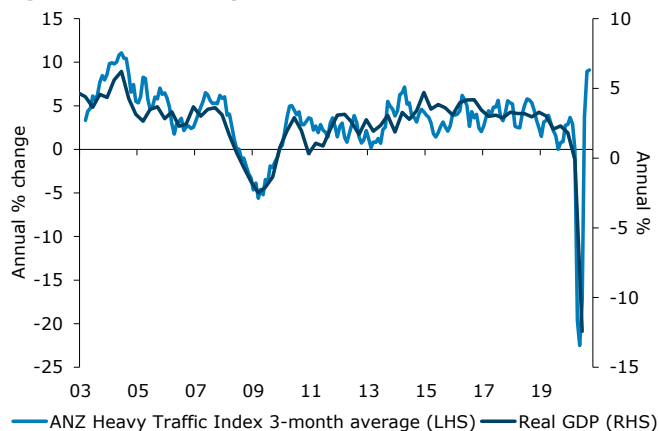


Figure 4. ANZ Light Traffic Index and GDP

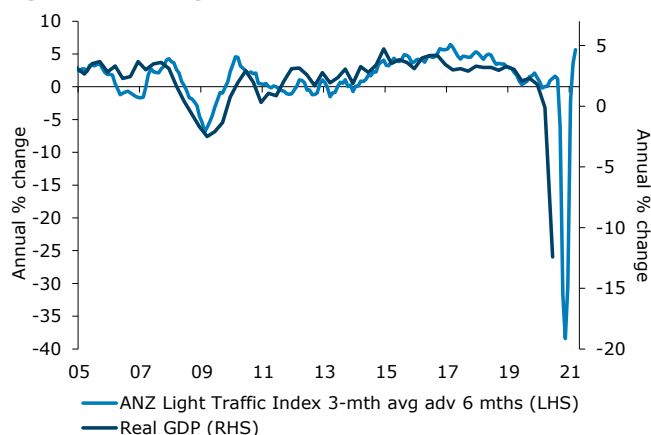


Figure 5. ANZ Heavy Traffic Index: raw vs. seas. adj.

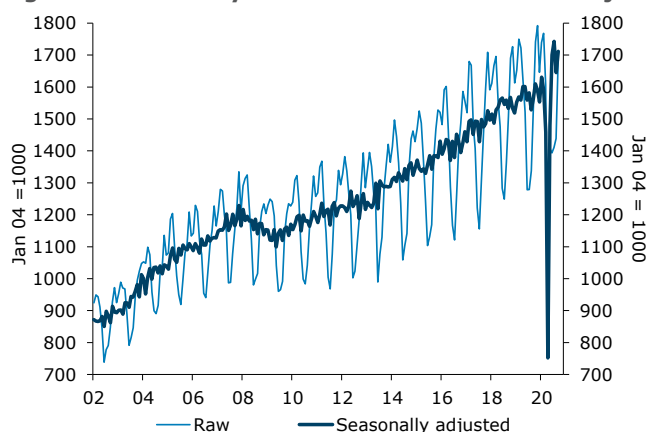
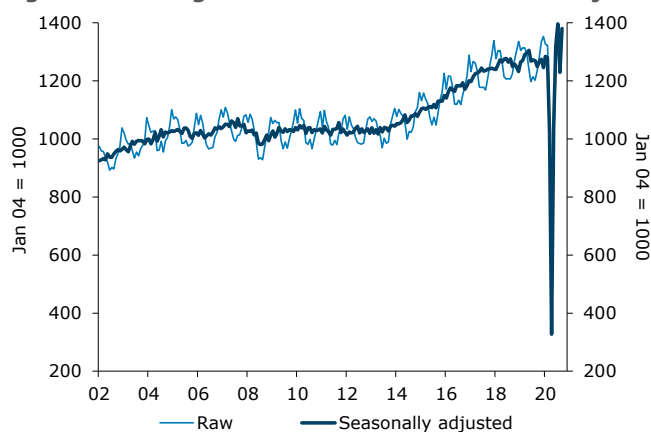


Figure 6. ANZ Light Traffic Index: raw vs. seas. adj.



Source: ANZ, NZ Transport Agency

After adjusting for seasonality, traffic flows rose on 10 of the 11 roads in the Heavy Traffic Index in September, and on all 10 of the 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-19	1249	-1.6	0.0	1563	2.2	0.8
Oct-19	1267	1.4	0.0	1610	3.0	0.9
Nov-19	1275	0.6	0.9	1590	-1.2	2.8
Dec-19	1246	-2.2	1.3	1553	-2.3	2.9
Jan-20	1285	3.1	1.6	1631	5.0	3.7
Feb-20	1281	-0.3	1.2	1590	-2.5	2.9
Mar-20	1025	-20.0	-6.1	1459	-8.2	0.0
Apr-20	328	-68.0	-31.7	752	-48.5	-19.6
May-20	1045	218.9	-38.4	1479	96.8	-22.5
Jun-20	1321	26.3	-30.4	1700	14.9	-17.4
Jul-20	1396	5.7	-2.2	1743	2.5	3.8
Aug-20	1229	-11.9	3.6	1645	-5.6	8.9
Sep-20	1380	12.3	5.7	1712	4.1	9.1

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



Contact us

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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 27 664 3554
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Liz Kendall
Senior Economist

Research co-ordinator, publication strategy, property market analysis, monetary and prudential policy.

Telephone: +64 27 240 9969
Email: elizabeth.kendall@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, fiscal policy, economic risk assessment and credit developments.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 253 6808
Email: natalie.denne@anz.com



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