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The next issue of the ANZ *Truckometer* is scheduled for release on 9 March 2021 at 10am.

Back to trend

Summary

- The Light Traffic Index was unchanged in January, while the Heavy Traffic fell 3.8% m/m.
- A fall in heavy traffic isn't the strongest start to the year, but in the bigger picture it's just a return to trend.
- Both traffic indexes are higher than a year ago, but the overshoot is easing.

In broad terms, heavy traffic (trucks but also buses) primarily reflects the movement of goods, while light traffic is all about the movement of people. In normal times, light traffic provides a six-month lead on momentum in the economy, but at times of abrupt events such as seen in 2020, the Light Traffic Index will of course not see them coming, temporarily breaking the correlation. The Heavy Traffic Index is a real-time indicator of goods production.

In January, the Light Traffic Index was flat, while the Heavy Traffic fell 3.8%.

The Heavy Traffic Index was still 1.5% higher than a year earlier (3-month average), but the overshoot is fading as catch-up dynamics wane. Figure 1 tells the same story in level terms – it's back to trend.

Similarly, the Light Traffic Index (figure 2) was still 5.3% higher than a year ago in the final three months of the year, but the overshoot was as large as 8.8% back in November.

Figure 1. ANZ Heavy Traffic Index and GDP

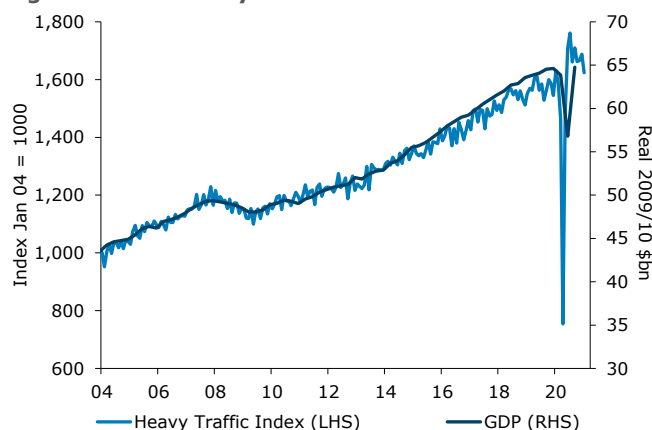
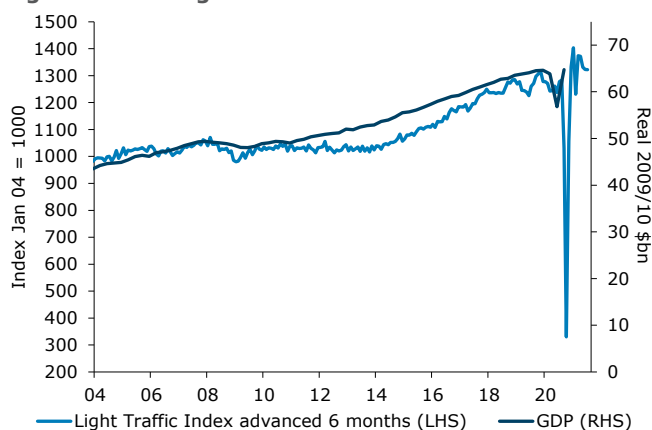


Figure 2. ANZ Light Traffic Index and GDP



Source: NZTA, Statistics NZ, ANZ Research

The recovery in the New Zealand economy has been remarkable, with fiscal and monetary policy proving highly effective. The medicine is causing a few side effects, with sectors such as housing and construction booming while tourism withers, reflecting that monetary policy in particular is a very blunt tool that can't tailor its impact on different parts of the economy. But overall, it's done its job of restoring economic momentum, albeit via increasing debt.

Part of the recent economic growth has been catch-up after the lockdowns, however, and that has naturally nearly run its course. We expect a few wobbles in the economy this year as that part of activity drops out and the real impact of the lost tourism earnings starts to be felt. But there's a housing juggernaut that's obscuring any nuance for now.



Tables and charts

Figure 3. ANZ Heavy Traffic Index and GDP

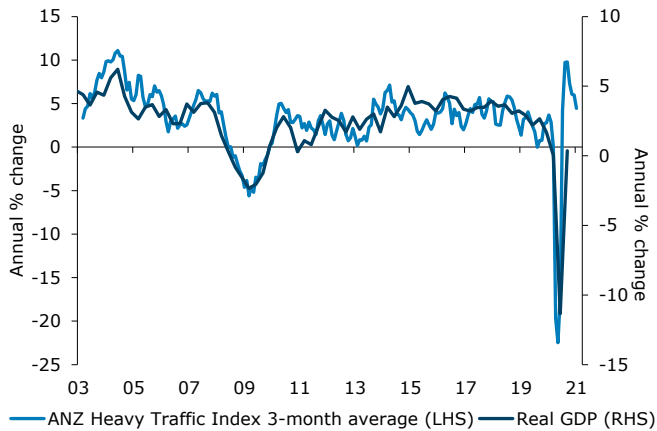


Figure 4. ANZ Light Traffic Index and GDP

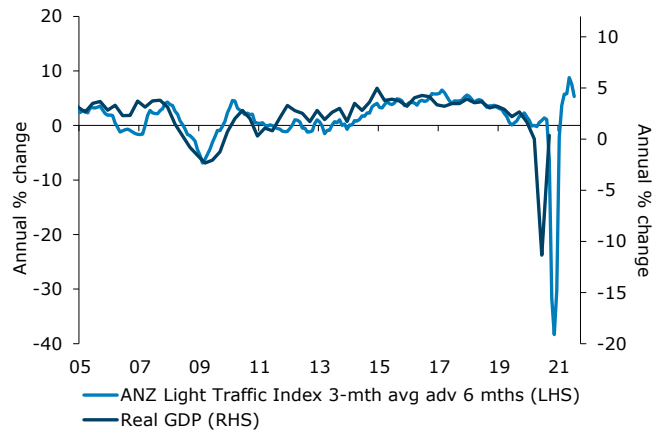


Figure 5. ANZ Heavy Traffic Index: raw vs. seas. adj.

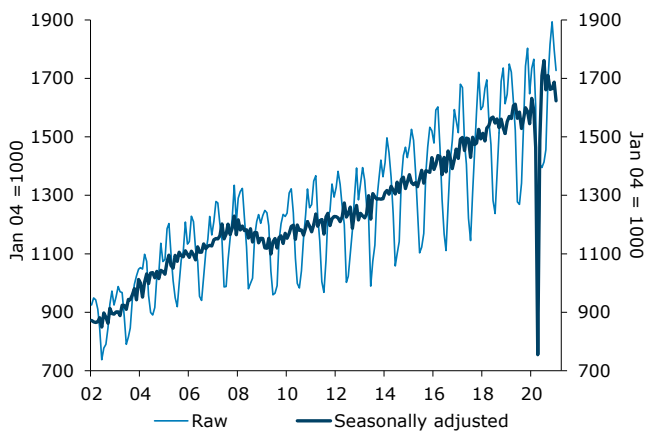
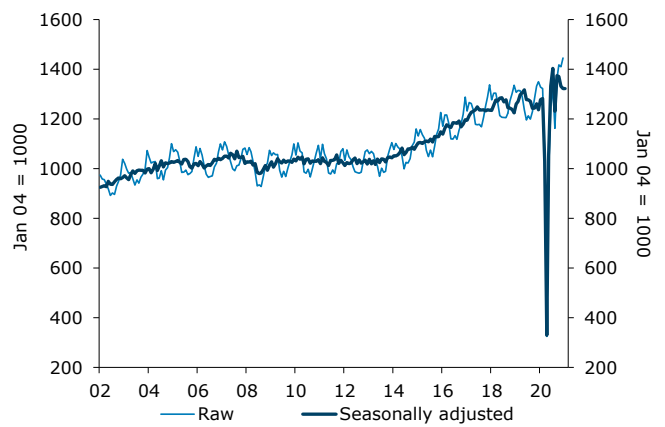


Figure 6. ANZ Light Traffic Index: raw vs. seas. adj.



Source: ANZ, NZ Transport Agency

After adjusting for seasonality, traffic flows rose on 1 of the 11 roads in the Heavy Traffic Index in January, and on 4 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-20	1278	3.3	1.4	1632	5.6	3.7
Feb-20	1283	0.3	1.1	1590	-2.5	2.9
Mar-20	1031	-19.6	-6.2	1464	-8.0	0.0
Apr-20	330	-67.9	-31.8	755	-48.4	-19.6
May-20	1056	219.7	-38.3	1489	97.4	-22.5
Jun-20	1333	26.1	-30.3	1709	14.7	-17.3
Jul-20	1404	5.3	-2.1	1761	3.0	4.2
Aug-20	1231	-12.3	3.7	1661	-5.7	9.7
Sep-20	1374	11.6	5.7	1710	2.9	9.8
Oct-20	1371	-0.2	5.8	1662	-2.8	7.3
Nov-20	1331	-2.9	8.8	1665	0.2	6.1
Dec-20	1323	-0.7	7.6	1687	1.3	6.0
Jan-21	1322	0.0	5.3	1623	-3.8	4.5

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



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