

ANZ NZ Truckometer

20 January 2022



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The next issue of the ANZ *Truckometer* is scheduled for release on 9 February 2022 at 10am.

A window of relative normality

Summary

- The Light Traffic Index lifted 15.7% in December as the Auckland border opened, while the Heavy Traffic eased 0.6% m/m.
- COVID disruptions are likely to continue to cause volatility in both traffic data and economic activity.

December brought more volatility in traffic flows. The lifting of the Auckland boundary saw car traffic bounce. The Light Traffic Index jumped 15.7% on top of a 10.9% increase in November, while the Heavy Traffic Index eased 0.6% but that was on the back of a strong lift in November. Heavy traffic is not far off pre-Delta levels but light traffic still has a way to go.

Regional travel restrictions have lessened the usefulness of light traffic in particular as an economic indicator. Flows should normalise now, but whether the economic impact of the looming Omicron outbreak is captured in traffic data is a lottery. Also, typically the light traffic gives a six-month lead on the economy, but due to lockdowns, has become contemporaneous.

Heavy traffic is the more useful indicator in these strange times. Over Q4 as a whole the index was up 5.3%. As figure 3 (over) shows, this is consistent with our early Q4 GDP pick for a 2.5% increase (heavy traffic moves roughly twice as much as GDP). This represents a partial bounce-back from the lockdown-induced 3.7% fall in GDP in Q3.

Both traffic and other economic data are going to remain volatile for a few months yet as the impacts of the previous lockdown work through and inevitably, Omicron hits. When the dust settles, we expect a slower pace of growth as consumers digest the new reality of higher interest rates, and the housing boom recedes. But that's not a bad thing – getting the economy back on a more sustainable path is important. The challenge is that inflation pressures are looking extreme, giving the RBNZ limited headroom to take downside risks into account as they reaffirm their inflation-targeting prowess. After a whopping, highly inflationary boom, risks of an eventual hard landing are very real – and certainly not just in New Zealand.

Figure 1. ANZ Heavy Traffic Index and GDP

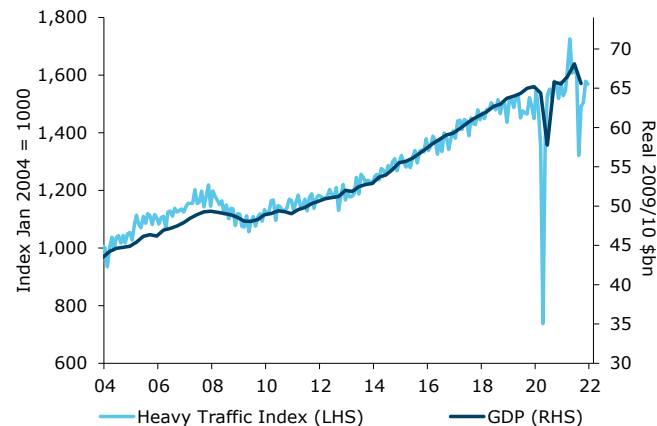
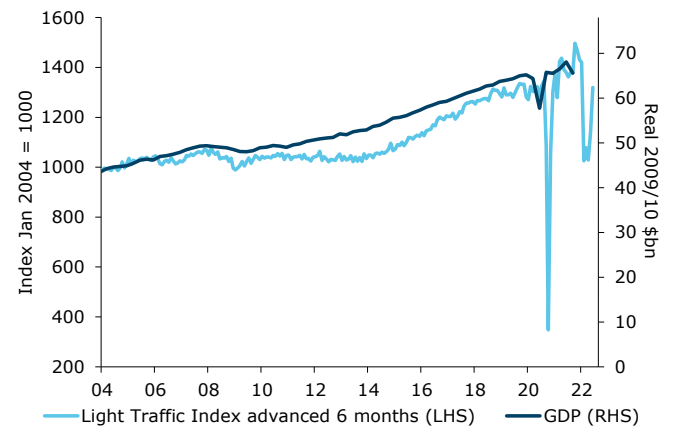


Figure 2. ANZ Light Traffic Index and GDP



Source: NZTA, Statistics NZ, ANZ Research

Figure 3. ANZ Heavy Traffic Index and GDP

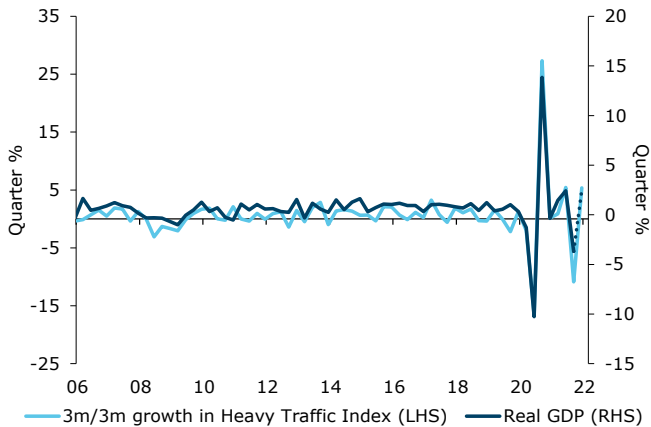


Figure 4. ANZ Light Traffic Index and GDP

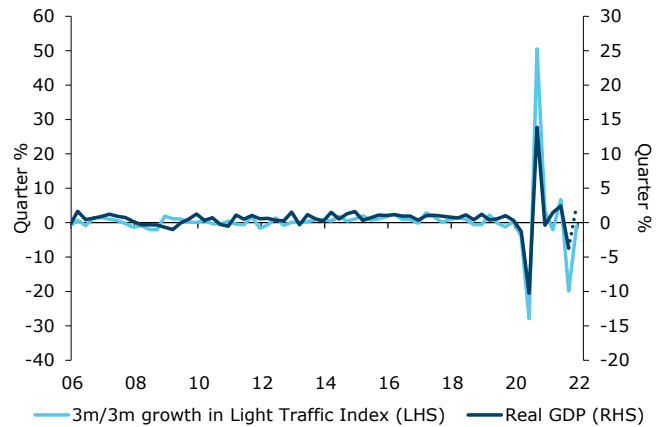


Figure 5. ANZ Heavy Traffic Index: raw vs. seas. adj.

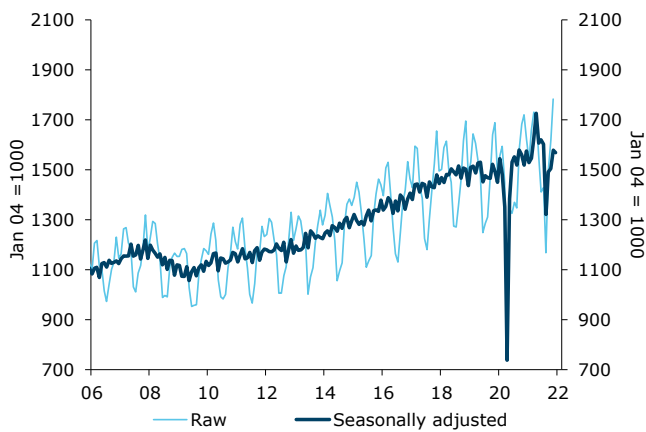
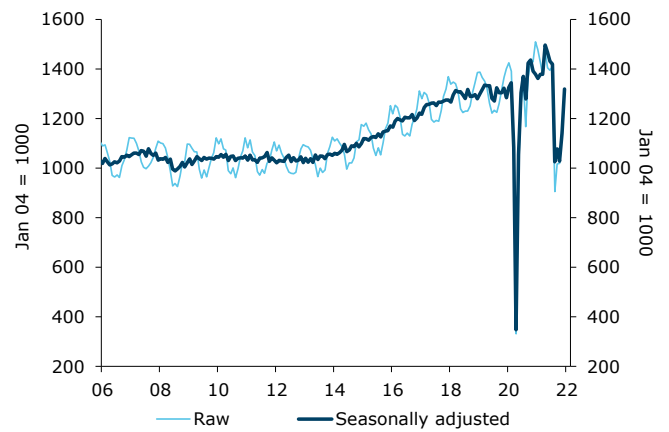


Figure 6. ANZ Light Traffic Index: raw vs. seas. adj.



Source: NZTA, Statistics NZ, ANZ Research

Traffic flows lifted on 4 of the 11 roads in the Heavy Traffic Index and 7 of the 10 roads in the Light Traffic Index (seasonally adjusted).

	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-20	1380	-0.8	7.6	1575	3.7	4.3
Jan-21	1362	-1.3	5.1	1529	-3.0	3.0
Feb-21	1379	1.2	4.2	1546	1.1	3.9
Mar-21	1379	0.0	9.8	1622	4.9	7.3
Apr-21	1497	8.5	53.3	1726	6.4	37.1
May-21	1469	-1.9	74.7	1607	-6.9	42.7
Jun-21	1431	-2.5	62.4	1620	0.8	35.6
Jul-21	1420	-0.8	15.8	1602	-1.1	8.1
Aug-21	1026	-27.8	-1.9	1322	-17.5	-1.3
Sep-21	1078	5.0	-13.5	1491	12.8	-5.0
Oct-21	1029	-4.6	-24.3	1504	0.9	-7.3
Nov-21	1140	10.9	-23.6	1579	4.9	-1.8
Dec-21	1320	15.7	-17.1	1569	-0.6	-0.1

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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