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Contact

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The next issue of the ANZ *Truckometer* is scheduled for release on 26 September 2023 at 10am.

Confused by acronyms or jargon? See a glossary [here](#).

Heavy traffic sinking

- The Light Traffic Index (LTI) rose 0.6% m/m in July, while the Heavy Traffic Index (HTI) fell 3.0% m/m.
- The fall in the Heavy Traffic Index over the past two months accords with anecdotal evidence of momentum in the domestic economy taking a leg lower. Weaker logging activity likely also played a part.

The Light Traffic Index rose 0.6% m/m in July, while the Heavy Traffic Index fell 3.0% (figures 1 and 2).

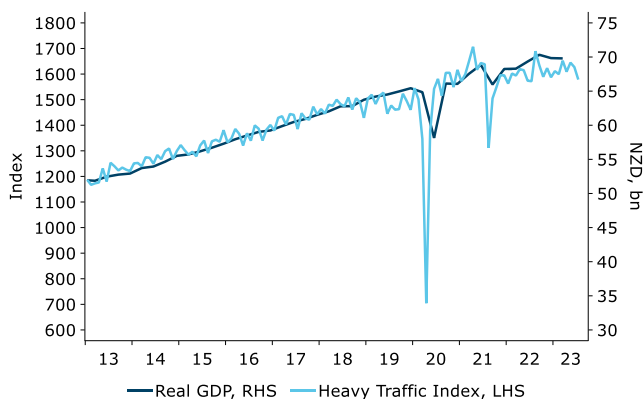
Light traffic (motorbikes, cars and vans) is generally a good indicator of demand, and in particular consumers' willingness to spend, as opposed to production. Typically, the data provides a 6-month lead on momentum in the economy, COVID lockdowns aside.

Light traffic lifted in July, and has only a mild upward trend despite strong growth in the population. This is consistent with discretionary spending being under pressure as tighter monetary policy bites (figure 2).

Heavy traffic (mostly trucks) tends to provide a good steer on production GDP. The primary export sector is under particular pressure at the moment. Agricultural production, and thus transport needs, are mostly determined by the weather (particularly rainfall) in the short run, with demand determining the prices. But logging activity can be turned on and off to a greater extent, and lower activity in this sector is likely contributing to the drop in heavy traffic (wet weather likely hasn't helped logging activity either). More generally, less restocking of wholesale goods is a sign of weaker actual and expected demand.

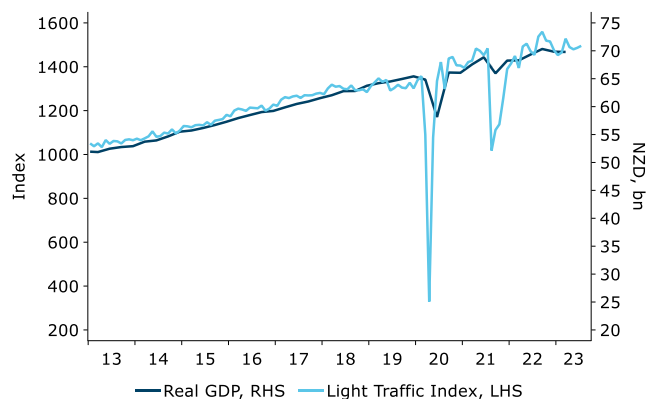
We will be watching the Heavy Traffic index closely to see whether the July fall is start of a recessionary pattern. The lockdowns make the monthly move look small, but it is potentially a meaningful signal. Figure 4 (next page) shows that heavy traffic is threatening to break out of the 'normal' range into recessionary territory (lockdown years are excluded from the chart). It could just be normal monthly volatility. We'll see what next month brings.

Figure 1. ANZ Heavy Traffic Index and GDP



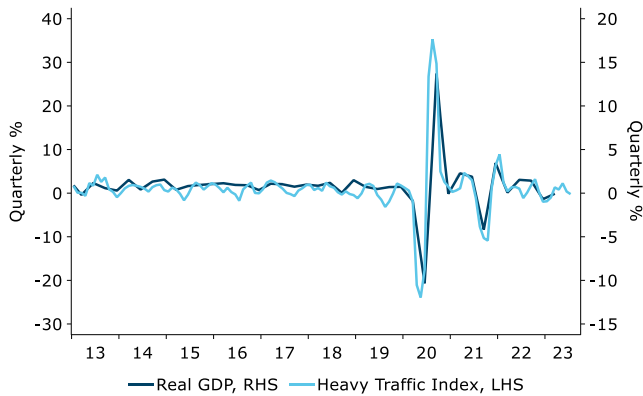
Source: NZTA, Stats NZ, Macrobond, ANZ Research

Figure 2. ANZ Light Traffic Index and GDP



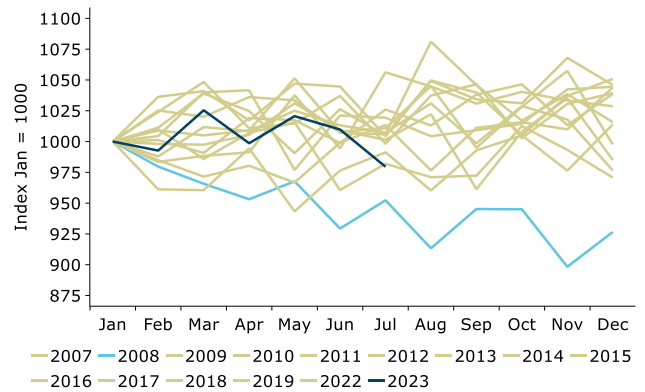
Source: NZTA, Stats NZ, Macrobond, ANZ Research

Figure 3. ANZ Heavy Traffic Index and GDP



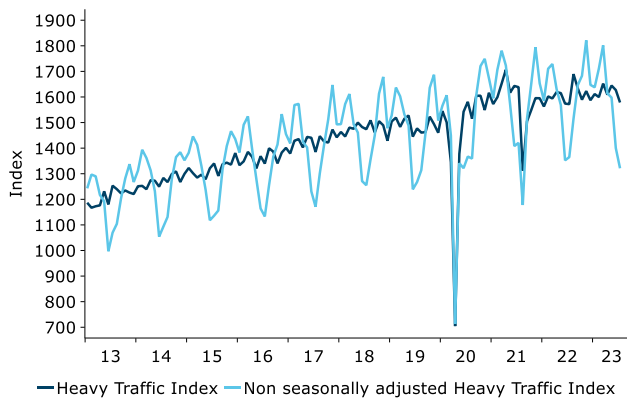
Source: Stats NZ, NZTA, Macrobond, ANZ Research

Figure 4. ANZ Heavy Traffic Index 2008 vs. 2023



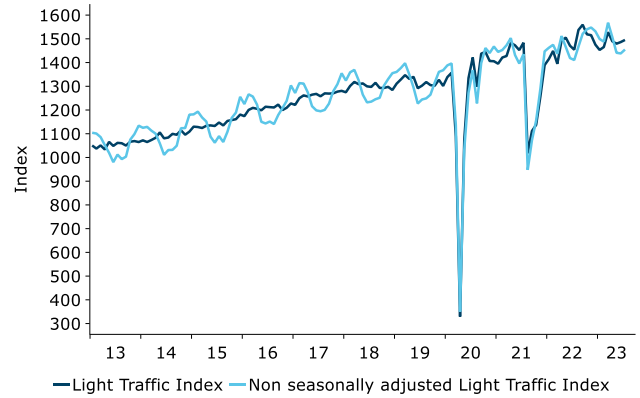
Source: NZTA, Macrobond, ANZ Research

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



Source: Stats NZ, NZTA, Macrobond, ANZ Research

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



Source: Stats NZ, NZTA, Macrobond, ANZ Research

In July, traffic flows lifted on 4 of 11 roads in the Heavy Traffic Index and on 4 of 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
Jul-22	1454	-1.1	0.5	1572	-0.1	-2.8
Aug-22	1537	5.7	12.9	1689	7.5	5.3
Sep-22	1560	1.4	26.0	1634	-3.3	9.9
Oct-22	1519	-2.6	41.3	1589	-2.8	12.6
Nov-22	1515	-0.2	31.0	1623	2.1	4.3
Dec-22	1476	-2.6	19.2	1587	-2.2	1.3
Jan-23	1453	-1.5	9.4	1611	1.5	1.4
Feb-23	1465	0.8	3.3	1600	-0.7	0.8
Mar-23	1528	4.3	4.4	1652	3.3	2.2
Apr-23	1490	-2.5	3.4	1609	-2.6	0.9
May-23	1480	-0.7	2.4	1645	2.2	1.6
Jun-23	1486	0.5	-0.3	1627	-1.1	1.5
Jul-23	1495	0.6	0.7	1578	-3.0	1.9

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

Does this data square with your firms' experience? Either way, we'd love for you to have your say in our monthly Business Outlook survey. Email nzeconomics@anz.com to join up.



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