

NEW ZEALAND ECONOMICS ANZ TRUCKOMETER

6 December 2016

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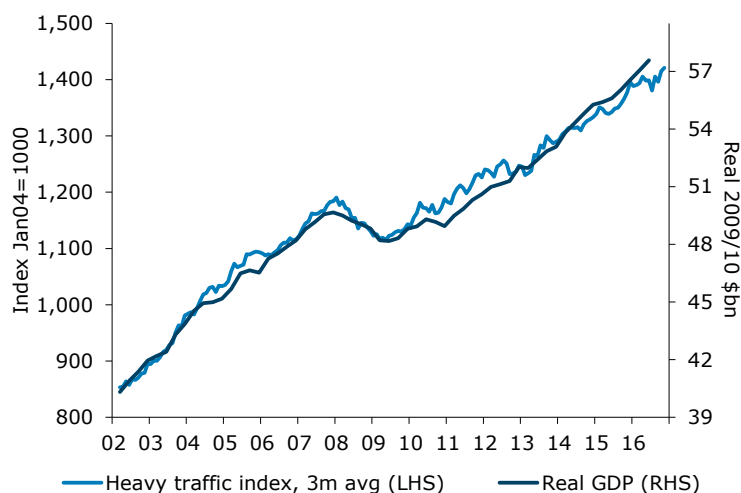
The next issue of the ANZ *Truckometer* is scheduled for release on 12 January 2017 at 10am.

HITTING THE SPEED LIMITS

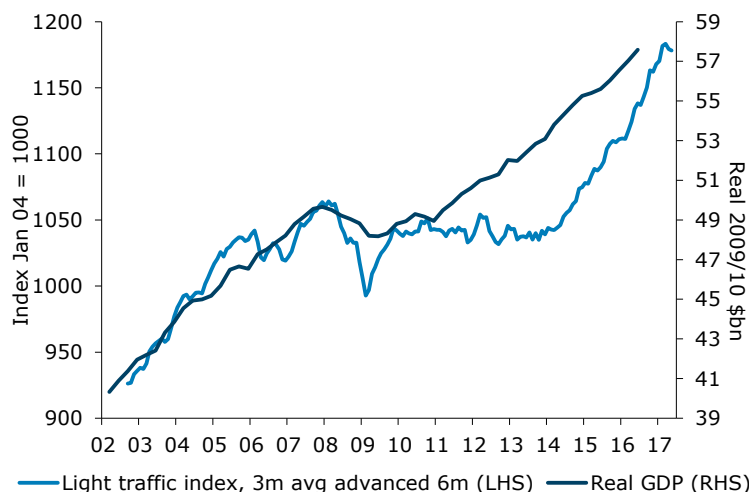
KEY POINTS

- **The ANZ Heavy Traffic Index rose 4% in November**, more than recovering falls in the previous two months. The index continues to trend upward. **The Light Traffic Index rose 1.7%**, recovering much of its October fall (the charts below are a 3-month average).
- It is notable that the Heavy Traffic Index is trucking along, albeit with volatility, but **the upward trend in the Light Traffic Index, which leads the economy by six months, has flattened out**.
- Firms report that the availability of labour is restraining growth, and credit is also becoming a constraint. Given the economy's speed limits, **it would not be at all surprising or concerning to see growth moderate** over the next six months.

GDP AND THE ANZ HEAVY TRAFFIC INDEX 3-MONTH AVERAGE



GDP AND THE ANZ LIGHT TRAFFIC INDEX 3-MONTH AVERAGE

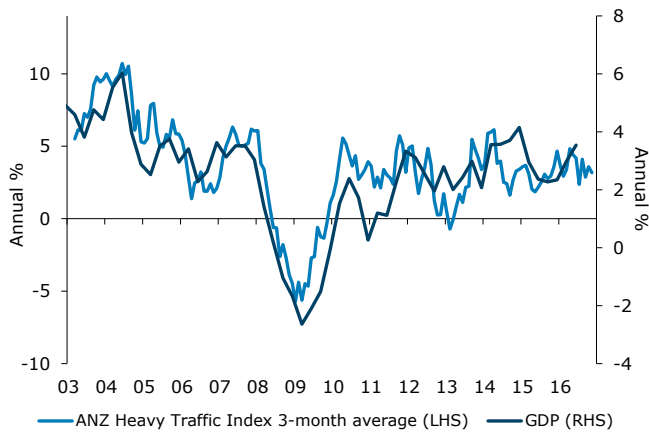


Source: ANZ, NZ Transport Agency, Statistics NZ

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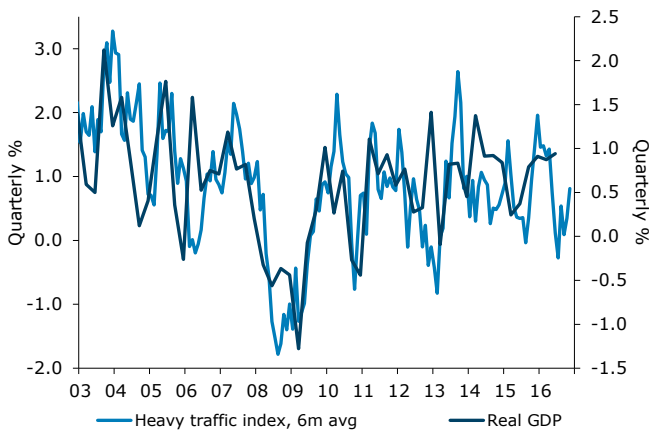
The ANZ Heavy Traffic Index rose 4% in November (seasonally adjusted – sa), bouncing to new highs after falls in the previous two months. It suggests growth in the economy has continued over the second half of the year (figure 1), though possibly not without some quarterly volatility (figure 2).

FIGURE 1. ANZ HEAVY TRAFFIC INDEX AND ANNUAL GDP GROWTH



Source: ANZ, NZ Transport Agency, Statistics NZ

FIGURE 2. ANZ HEAVY TRAFFIC INDEX (6-MONTH AVERAGE) AND GDP GROWTH



Source: ANZ, NZ Transport Agency, Statistics NZ

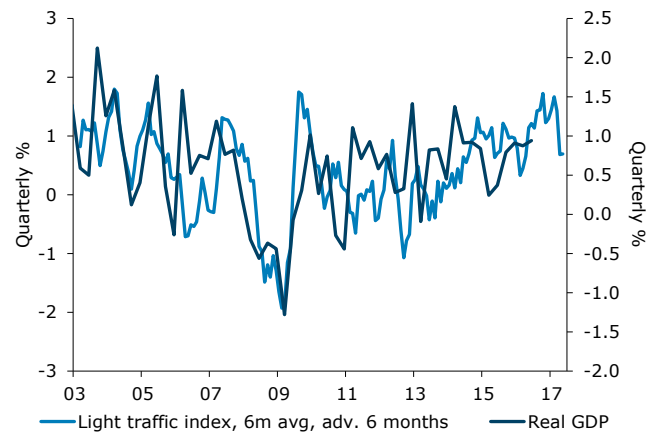
The Light Traffic Index gives a 6-month lead on the economy and is best interpreted as a measure of momentum. **It rose 1.7% in November, after falling 2.0% in October (sa).** Despite the most recent increase, the recent very strong upward trend in the index seems to be faltering, albeit at very strong levels (see chart page 1).

This suggests that **the economy may be starting to hit some speed limits.** Three candidates for these are:

- labour shortages (despite strong migration),
- high debt levels limiting further borrowing capacity, and
- constrained availability of credit at both the wholesale end (eg demand from property developers for bank credit outpacing supply) and the retail sector (ie Reserve Bank LVR restrictions cooling the housing market).

It could be that economy's momentum is not far from peaking. **This is a far cry from saying that the end of the economy's strong run is nigh,** given that apart from house prices and stretched levels of household debt – admittedly rather large considerations to put aside – the economy is in better structural shape than it has typically been at this stage of the economic cycle.

FIGURE 3. ANZ LIGHT TRAFFIC INDEX (6-MONTH AVERAGE, ADV. 6 MONTHS) AND GDP GROWTH



Source: ANZ, NZ Transport Agency, Statistics NZ

ANZ TRUCKOMETER

APPENDIX

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

In November, traffic flows lifted on 10 of 11 roads in the Heavy Traffic Index, and 8 of 10 roads in the Light Traffic Index (seasonally adjusted).

| | Light Traffic Index | | | Heavy Traffic Index | | |
|--------|---------------------|---------------|-----------------------|---------------------|---------------|-----------------------|
| | Index Jan 04=1000 | Monthly % chg | Monthly % chg, 3m avg | Index Jan 04=1000 | Monthly % chg | Monthly % chg, 3m avg |
| Nov-15 | 1137 | 0.3 | 0.9 | 1380 | -0.3 | 0.8 |
| Dec-15 | 1145 | 0.7 | 0.4 | 1423 | 3.1 | 1.3 |
| Jan-16 | 1129 | -1.4 | -0.1 | 1363 | -4.2 | -0.5 |
| Feb-16 | 1156 | 2.3 | 0.5 | 1386 | 1.7 | 0.1 |
| Mar-16 | 1166 | 0.9 | 0.6 | 1433 | 3.4 | 0.2 |
| Apr-16 | 1169 | 0.3 | 1.1 | 1398 | -2.4 | 0.8 |
| May-16 | 1152 | -1.4 | -0.1 | 1365 | -2.4 | -0.5 |
| Jun-16 | 1183 | 2.7 | 0.5 | 1434 | 5.1 | 0.0 |
| Jul-16 | 1176 | -0.6 | 0.2 | 1344 | -6.3 | -1.3 |
| Aug-16 | 1186 | 0.9 | 1.0 | 1438 | 7.0 | 1.8 |
| Sep-16 | 1188 | 0.1 | 0.1 | 1406 | -2.2 | -0.7 |
| Oct-16 | 1163 | -2.0 | -0.3 | 1401 | -0.4 | 1.4 |
| Nov-16 | 1184 | 1.7 | -0.1 | 1456 | 4.0 | 0.4 |

FIGURE 4. ANZ HEAVY TRAFFIC INDEX: RAW VS. SA

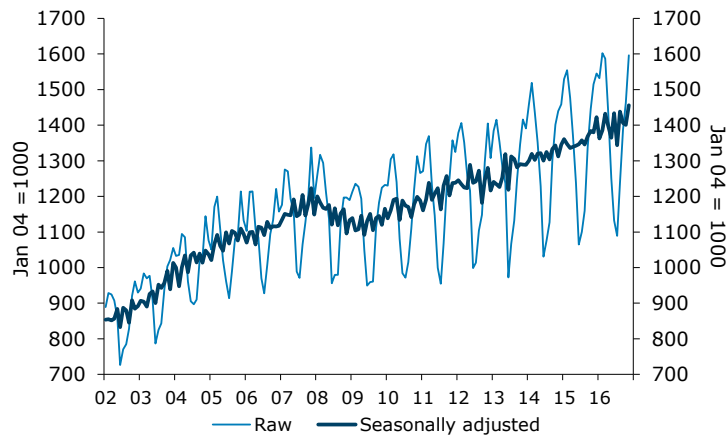
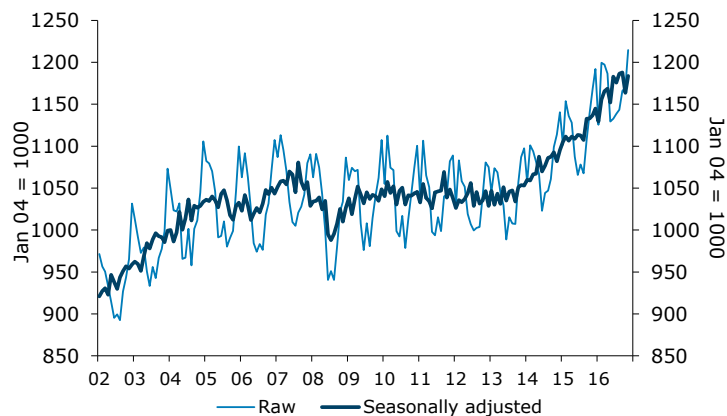


FIGURE 5. ANZ LIGHT TRAFFIC INDEX: RAW VS. SA



Source: ANZ, NZ Transport Agency

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