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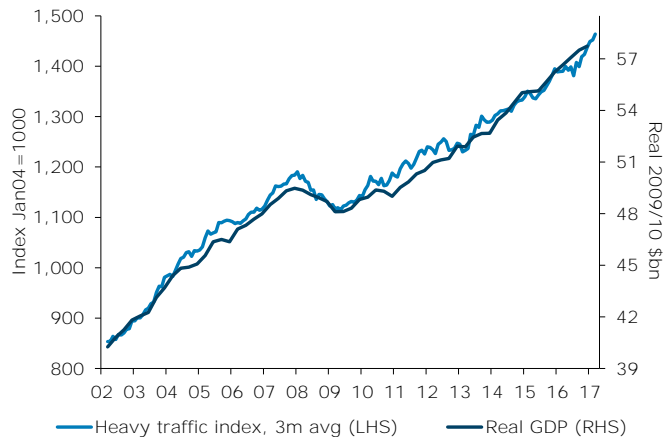
The next issue of the ANZ *Truckometer* is scheduled for release on 10 May 2017 at 10am.

## NO MARCH MADNESS

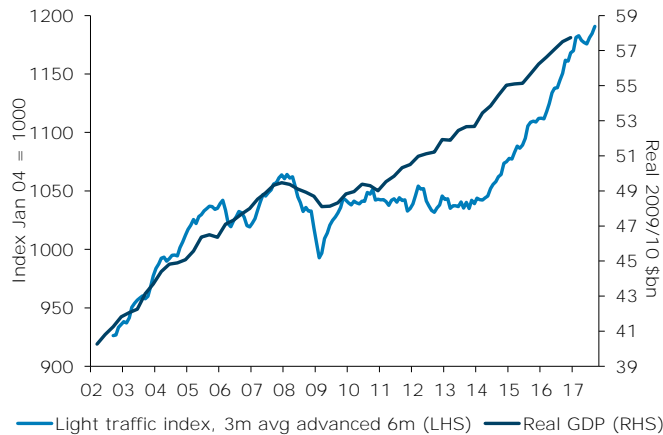
### KEY POINTS

- **Both ANZ Truckometer indexes lifted in March.**
- **The Heavy Traffic Index rose 1.7% m/m, while the Light Traffic Index lifted 1.0% m/m** (the charts below are a 3-month average).<sup>1</sup>
- **The Heavy Traffic Index continues to trend strongly upwards** after a lull in mid-2016. **The upward trend in the Light Traffic Index has shown a few wobbles of late, suggesting we may see economic growth moderate later in the year.**
- **There are a few reasons we expect to see modest growth in the second half of 2017.** The economy is facing capacity constraints; getting skilled employees is difficult. Increasingly expensive and harder-to-get credit across the economy will also dampen activity. It's not a bad thing. Easing off the accelerator will prevent overheating and allow the economy to go the distance.

### GDP AND THE ANZ HEAVY TRAFFIC INDEX 3-MONTH AVERAGE



### GDP AND THE ANZ LIGHT TRAFFIC INDEX 3-MONTH AVERAGE



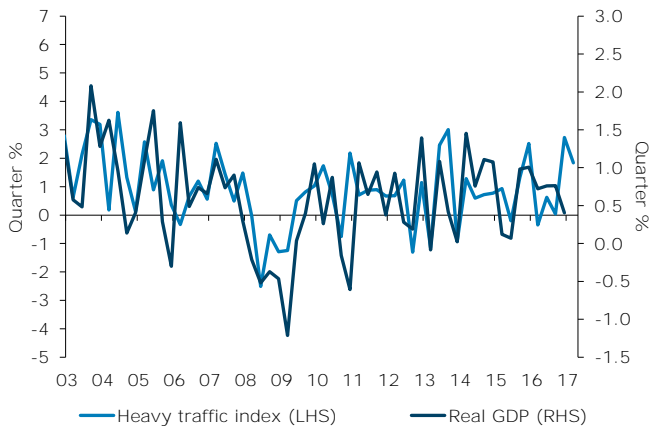
Source: ANZ, NZ Transport Agency, Statistics NZ

<sup>1</sup> The Kaikoura earthquake has seen a change in pattern of container freight at North Island ports, which has increased heavy traffic flows on State Highway 2. These impacts are likely to last for some time. We therefore make a statistical adjustment for this (2 sites).

## ANZ TRUCKOMETER

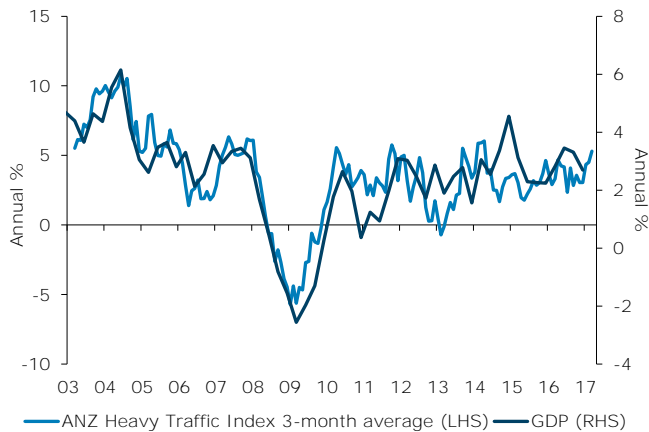
**The ANZ Heavy Traffic Index rose 1.7% m/m in March (seasonally adjusted – sa), on top of a similar lift in February.** The index is up 1.8% in Q1, suggesting the economy grew around 1%, give or take, a welcome bounce-back from a subdued end to 2016. The upward trend in the index is looking solid.

**FIGURE 1. ANZ HEAVY TRAFFIC INDEX AND GDP GROWTH**



Source: ANZ, NZ Transport Agency, Statistics NZ

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



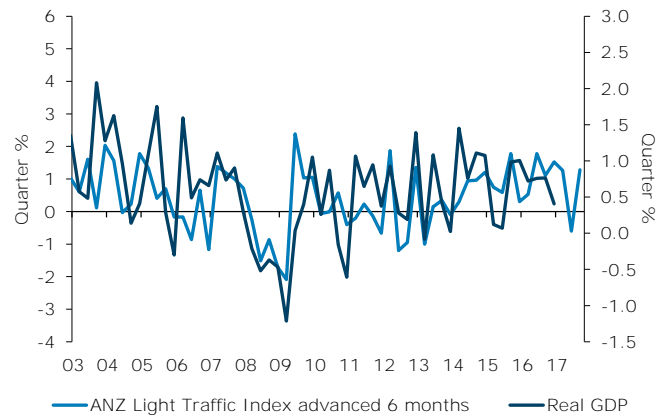
Source: ANZ, NZ Transport Agency, Statistics NZ

**The Light Traffic Index gives a 6-month lead on the direction of the economy** and is best interpreted as a measure of momentum. **The previously strong upward trend in the index has been a bit wobbly lately**, though it has been on the up again in the past two months (see chart page 1).

**The Light Traffic Index lifted 1.0% m/m in March (sa), on top of a rise in February.**

However, falls in four of the five preceding months are consistent with our expectation that the economy is set to slow, with growth potentially a little patchier as constraints bite (labour, debt levels, and credit availability).

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



Source: ANZ, NZ Transport Agency, Statistics NZ

**The New Zealand economy has peaked in terms of its annual growth rate.** This is not to say that the good times are over – indeed, in our view taking things a little more quietly will allow the economy to avoid overheating and to thereby truck on longer.

The conventional wisdom is that **New Zealand's** business cycles are brought to an end by offshore shock. **That's half true.** New Zealand had already rapidly moved down the gears prior to international shocks fully hitting during the previous two business cycles (Asian Financial Crisis 1998; Global Financial Crisis 2008/9). Unfettered credit-driven booms led to asset valuation excesses, misallocated risk, large current account deficits and debt-driven largesse, all followed by a policy-induced bust. **Easing off the accelerator now – particularly in the areas of housing and borrowing – is not a bad strategy.**

## 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.

After adjusting for altered heavy traffic patterns due to the Kaikoura earthquake, traffic flows lifted on 8 of 11 roads in the Heavy Traffic Index in February, and 7 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
Mar-16	1162	0.6	0.5	1416	2.2	0.0
Apr-16	1169	0.6	1.0	1398	-1.3	0.7
May-16	1152	-1.5	-0.1	1362	-2.6	-0.5
Jun-16	1183	2.6	0.6	1436	5.4	0.5
Jul-16	1175	-0.6	0.2	1345	-6.3	-1.3
Aug-16	1186	0.9	1.0	1442	7.2	1.9
Sep-16	1187	0.1	0.1	1411	-2.1	-0.6
Oct-16	1163	-2.0	-0.3	1404	-0.5	1.4
Nov-16	1181	1.5	-0.2	1455	3.7	0.3
Dec-16	1183	0.2	-0.1	1453	-0.2	1.0
Jan-17	1180	-0.3	0.5	1439	-0.9	0.8
Feb-17	1191	0.9	0.3	1463	1.7	0.2
Mar-17	1202	1.0	0.5	1488	1.7	0.8

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

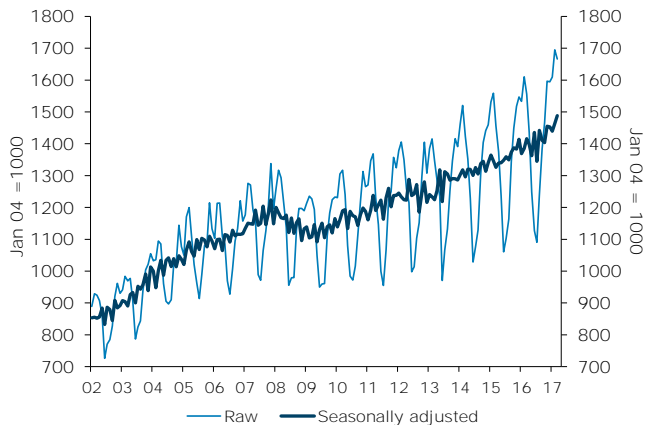
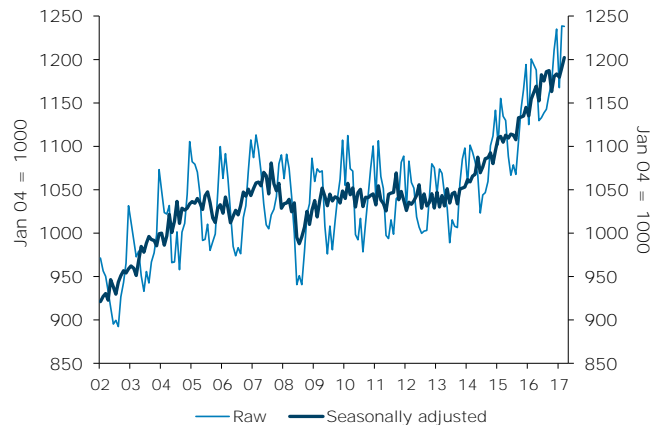


FIGURE 5. ANZ LIGHT TRAFFIC INDEX: RAW VS. SA



Source: ANZ, NZ Transport Agency

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