

## NEW ZEALAND ECONOMICS ANZ TRUCKOMETER

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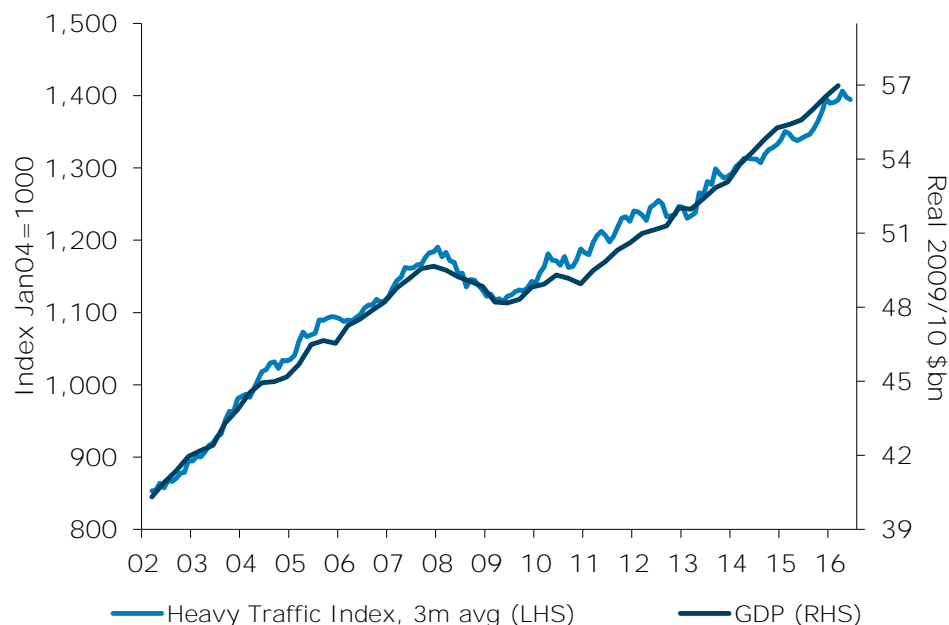
The next issue of the ANZ *Truckometer* is scheduled for release on 9 August 2016 at 10am.

### FAST CARS

#### KEY POINTS

- **Both the Heavy Traffic Index and the Light Traffic Index lifted in June.** The upward trend has flattened out somewhat for the Heavy Traffic Index, but the Light Traffic Index is back in the fast lane.
- **Despite the strong increase in the Heavy Traffic Index in the month of June it suggests weaker economic growth in Q2 than was seen in Q1.** That said, the Heavy Traffic Index has been volatile recently, likely reflecting mixed fortunes in the agriculture sector.
- **After a dip in May the Light Traffic Index jumped again in June, suggesting strong momentum in the economy is set to continue.** Annual growth in the 3-month average of this index is the strongest since 2003 – strong population growth will no doubt be a factor here.
- **By the numbers: the Heavy Traffic Index<sup>1</sup> rose 4.7% m/m (-0.2% m/m on a 3-month rolling average basis – levels charted below) in June. The Light Traffic Index<sup>2</sup>, which leads growth in the economy by six months, lifted 2.8% m/m (+0.6% m/m, 3-month average).**

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



Source: ANZ, NZ Transport Agency, Statistics NZ

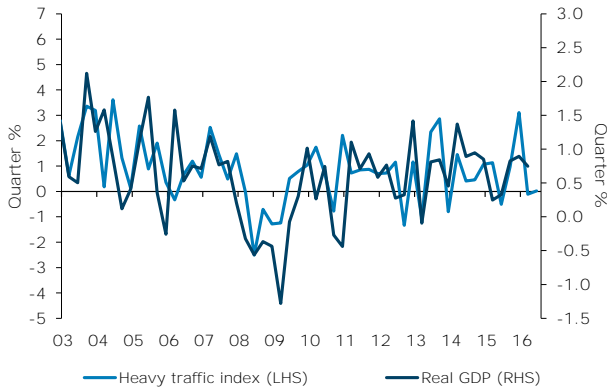
<sup>1</sup> **The ANZ Heavy Traffic Index** comprises flows of vehicles weighing more than 3.5 tonnes (primarily trucks) on 11 selected roads around NZ. It is contemporaneous with GDP growth. Because of monthly volatility we have started charting the 3-month average to make the signal clearer.

<sup>2</sup> **The ANZ Light Traffic Index** is made up of light or total traffic flows (primarily cars and vans) on 10 selected roads around the country. It gives a six month lead on GDP growth in normal circumstances.

# ANZ TRUCKOMETER

The **ANZ Heavy Traffic Index** is a timely, concurrent GDP indicator. It **rose 4.7% in the month of June (seasonally adjusted – sa), unwinding its falls in April and May to make for a flat quarter.** The index accordingly suggests Q2 GDP growth was weaker than that seen in Q1, but the index has been volatile lately.

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



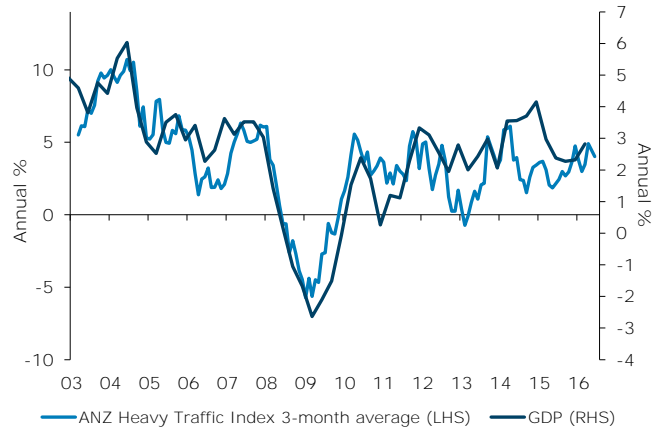
Source: ANZ, NZ Transport Agency, Statistics NZ

**Annual growth in the Heavy Traffic Index (3-month average) eased a touch to 4.0%, suggesting annual GDP growth in a 2-3% range** (figure 2). Confidence surveys suggest a higher growth range.

**The Light Traffic Index gives a 6-month lead on the economy** and is best interpreted as a measure of momentum. **It rose 2.8% in June (sa)**, while its 3-month average rose 0.6%. The index has had a very strong upward trend in recent years, and suggests the economy has a good head of steam up. Indeed, annual growth in the 3-month average of this index is the strongest since 2003, which will partly be a reflection of very strong population growth.

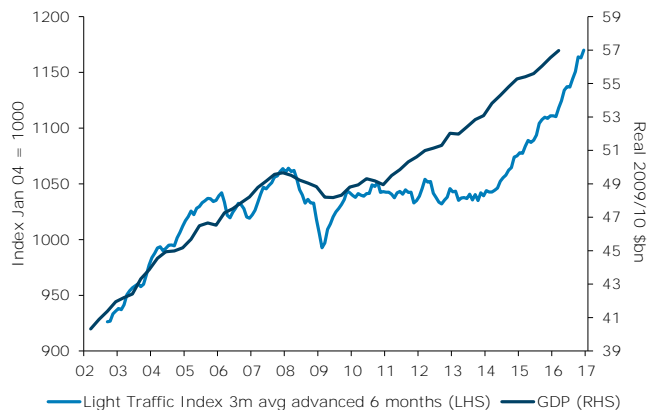
**Economic indicators are suggesting interest rate-sensitive parts of the New Zealand economy are accelerating, offsetting dairy sector challenges.** However, the quality of overall growth is deteriorating accordingly, becoming more dependent on borrowing. With exceptionally easy monetary policy globally limiting the Reserve Bank’s ability to raise rates without putting a rocket under the NZD, we are anticipating a prompt macroprudential response to the housing boom. This could cool activity. Developments offshore are also a key risk factor for the economy. We will continue to watch our forward indicators such as the Truckometer closely for any sign the economy may be close to turning.

**FIGURE 2. ANZ HEAVY TRAFFIC INDEX AND ANNUAL GDP GROWTH**



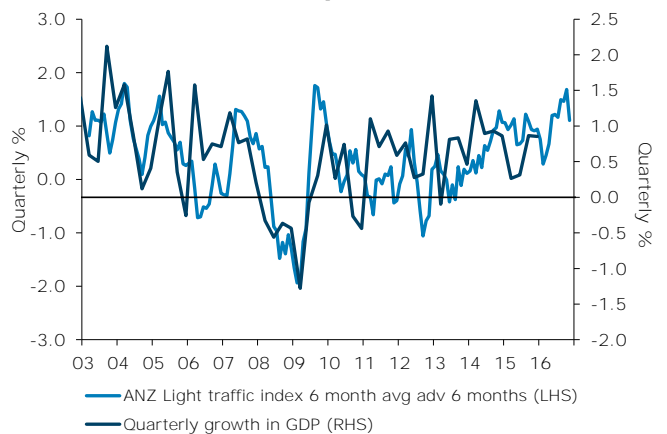
Source: ANZ, NZ Transport Agency, Statistics NZ

**FIGURE 3. ANZ LIGHT TRAFFIC INDEX (ADVANCED 6 MONTHS) AND REAL GDP**



Source: ANZ, NZ Transport Agency, Statistics NZ

**FIGURE 4. ANZ LIGHT TRAFFIC INDEX (6-MONTH AVERAGE, ADV. 6 MONTHS) AND GDP GROWTH**



Source: ANZ, NZ Transport Agency, Statistics NZ



# ANZ TRUCKOMETER

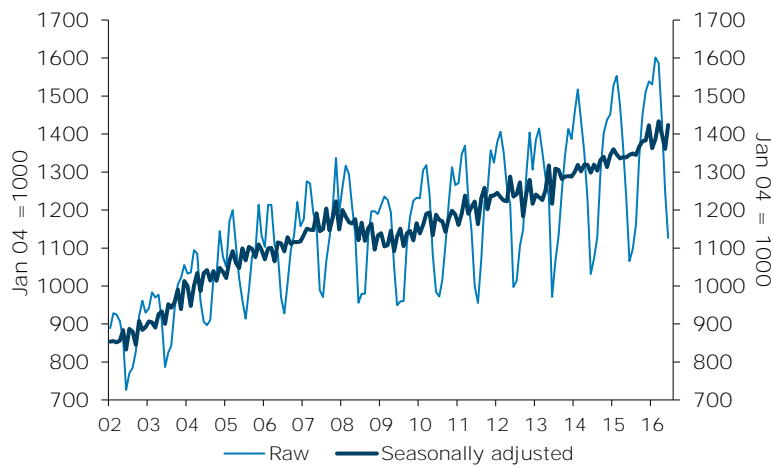
## APPENDIX

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 on request.

In June, traffic flows rose on all 11 roads in the Heavy Traffic Index, and 9 of 10 roads in the Light Traffic Index (seasonally adjusted).

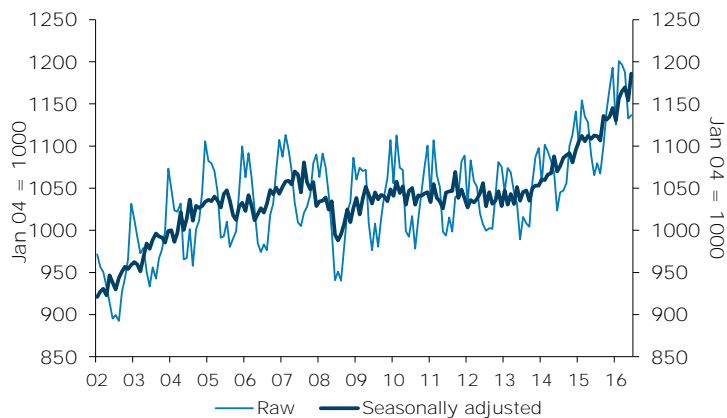
	Light Traffic Index			Heavy Traffic Index		
	Index Jan 04=1000	Monthly % chg	Monthly % chg, 3m avg	Index Jan 04=1000	Monthly % chg	Monthly % chg, 3m avg
Jun-15	1112	0.4	0.2	1345	0.5	0.2
Jul-15	1112	-0.1	0.0	1349	0.3	0.3
Aug-15	1107	-0.5	-0.1	1345	-0.3	0.2
Sep-15	1136	2.6	0.7	1367	1.6	0.5
Oct-15	1131	-0.4	0.6	1381	1.0	0.8
Nov-15	1135	0.3	0.8	1383	0.2	0.9
Dec-15	1145	0.9	0.3	1423	2.9	1.4
Jan-16	1130	-1.3	0.0	1363	-4.2	-0.4
Feb-16	1157	2.4	0.6	1386	1.7	0.1
Mar-16	1165	0.7	0.6	1434	3.4	0.3
Apr-16	1170	0.4	1.1	1399	-2.4	0.9
May-16	1154	-1.3	-0.1	1361	-2.7	-0.6
Jun-16	1186	2.8	0.6	1424	4.7	-0.2

**FIGURE 5. ANZ HEAVY TRAFFIC INDEX: RAW VS SA**



Source: ANZ, NZ Transport Agency

**FIGURE 6. ANZ LIGHT TRAFFIC INDEX: RAW VS SA**



Source: ANZ, NZ Transport Agency



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