

9 August 2017

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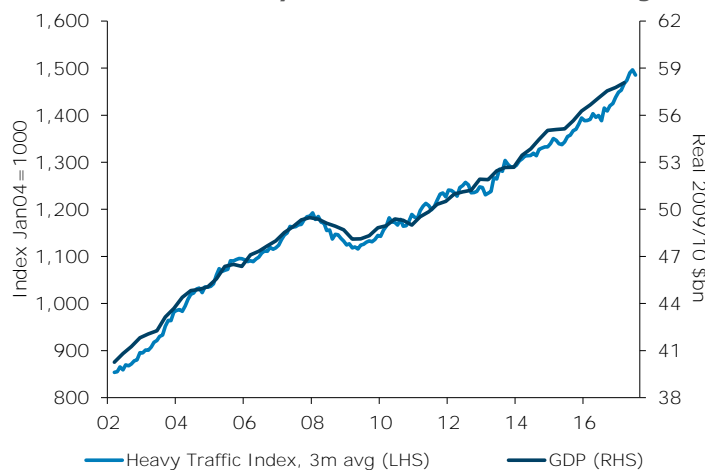
The next issue of the ANZ *Truckometer* is scheduled for release on 12 September 2017 at 10am.

STORMY WEATHER

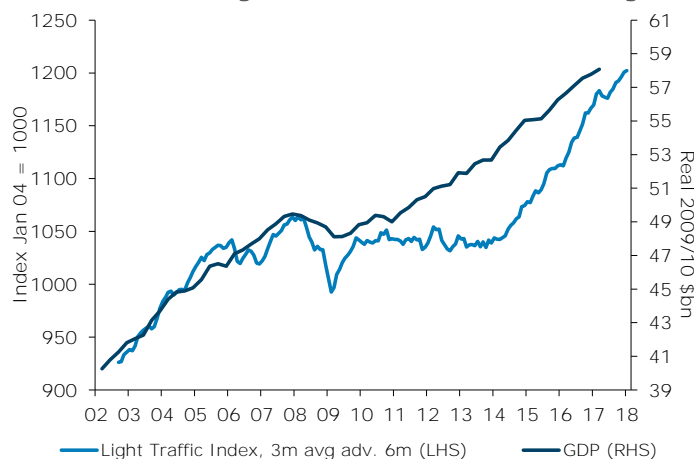
KEY POINTS

- **The ANZ Truckometer indexes were weak in July, though looking through the monthly noise, continue to signal a strong economy.**
- **The Heavy Traffic Index fell 5.5% in the month (seasonally adjusted), while the Light Traffic Index fell 2.2% m/m** (the charts below are a 3-month average).¹
- **The monthly fall in the Heavy Traffic Index was hefty, but likely reflects unusually dire weather over July.** Two thirds of the fall was due to two South Island roads. Accordingly, we would not be surprised to see a bounce-back in August.
- **The upward trend in the Light Traffic Index continues, despite monthly volatility,** suggesting solid activity over the remainder of the year.

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

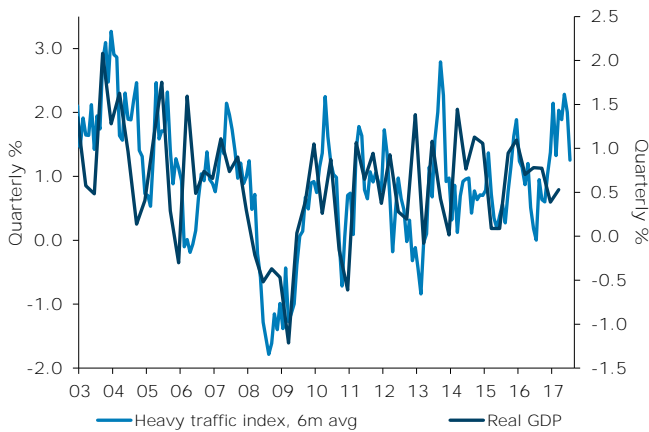
¹ The Kaikoura earthquake has seen a change in pattern of container freight at North Island ports, which has increased heavy traffic flows on State Highway 2. These impacts are likely to last for some time. We therefore make a statistical adjustment for this (2 sites).

ANZ TRUCKOMETER

The ANZ Heavy Traffic Index fell a hefty 5.5% in July (seasonally adjusted – sa). Given three severe winter storms in four weeks, one would suspect that the weather influenced traffic flows, and indeed, two thirds of the monthly fall can be explained by two South Island roads. Of course, broader economic activity would also likely have been disrupted by the weather, but traffic will be subject to an outsized impact.

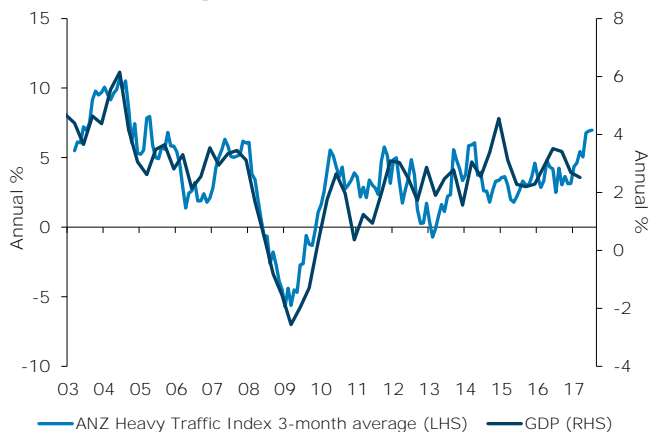
The Heavy Traffic Index is up 2% q/q in Q2, suggesting quarterly GDP growth of a bit north of 1%. **Looking through monthly volatility the upward trend in the Heavy Traffic Index is still looking strong.**

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



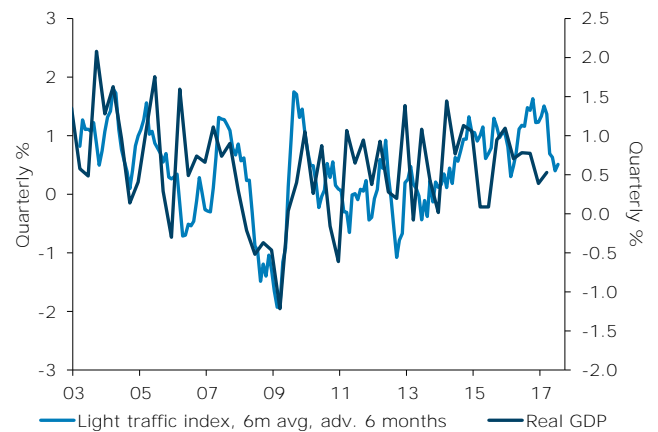
Source: ANZ, NZ Transport Agency, Statistics NZ

The Light Traffic Index fell 2.2% m/m in July (sa), in what may also be a partly weather-affected result (one South Island road was responsible for 40% of the monthly fall).

This index gives a 6-month lead on the direction of the economy and is best interpreted as a measure of momentum.

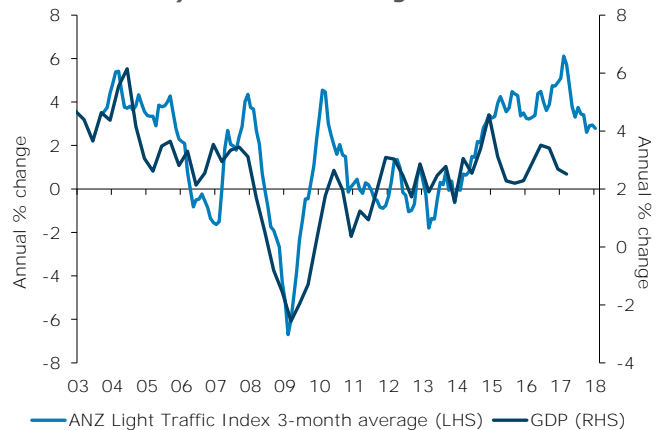
Looking through the monthly volatility, the Light Traffic Index is trending up strongly (see chart page 1). This suggests the New Zealand economy has plenty of momentum. Despite capacity constraints, we expect annual GDP growth to reaccelerate above 3% by the end of the year.

Figure 3. ANZ Light Traffic Index and GDP growth



Source: ANZ, NZ Transport Agency, Statistics NZ

Figure 4. ANZ Light Traffic Index (6-month average, adv. 6 months) and annual GDP growth



Source: ANZ, NZ Transport Agency, Statistics NZ

ANZ TRUCKOMETER

APPENDIX

After adjusting for seasonality and altered heavy traffic patterns due to the Kaikoura earthquake, traffic flows lifted on none of the 11 roads in the Heavy Traffic Index in July, and only 1 of 10 roads in the Light Traffic Index.

	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
Jul-16	1178	0.0	0.3	1373	-4.0	-0.8
Aug-16	1185	0.6	0.9	1443	5.1	1.9
Sep-16	1187	0.2	0.3	1411	-2.2	-0.4
Oct-16	1163	-2.0	-0.4	1406	-0.4	0.8
Nov-16	1181	1.5	-0.1	1456	3.6	0.3
Dec-16	1184	0.3	-0.1	1451	-0.3	0.9
Jan-17	1180	-0.3	0.5	1438	-0.9	0.8
Feb-17	1190	0.8	0.2	1469	2.1	0.3
Mar-17	1202	1.0	0.5	1493	1.6	1.0
Apr-17	1185	-1.4	0.1	1460	-2.2	0.5
May-17	1201	1.3	0.3	1517	3.9	1.1
Jun-17	1216	1.3	0.4	1511	-0.4	0.4
Jul-17	1190	-2.2	0.1	1428	-5.5	-0.7

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

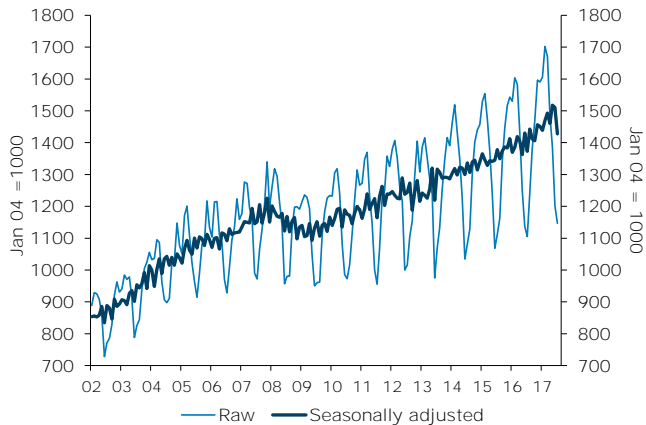
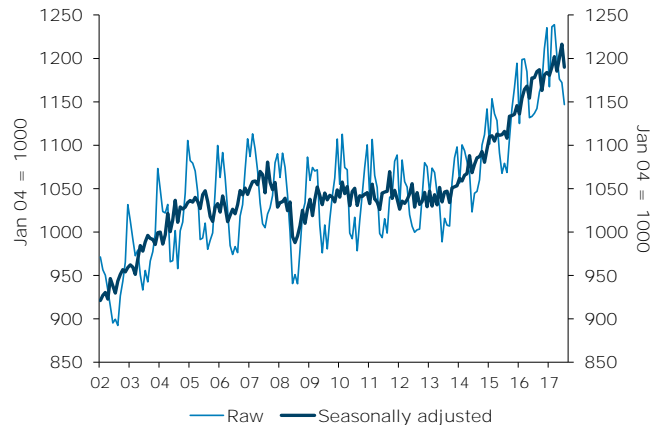


FIGURE 5. ANZ LIGHT TRAFFIC INDEX: RAW VS. SA



Source: ANZ, NZ Transport Agency

Technical notes on the ANZ Truckometer 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.

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