

## NEW ZEALAND ECONOMICS ANZ TRUCKOMETER

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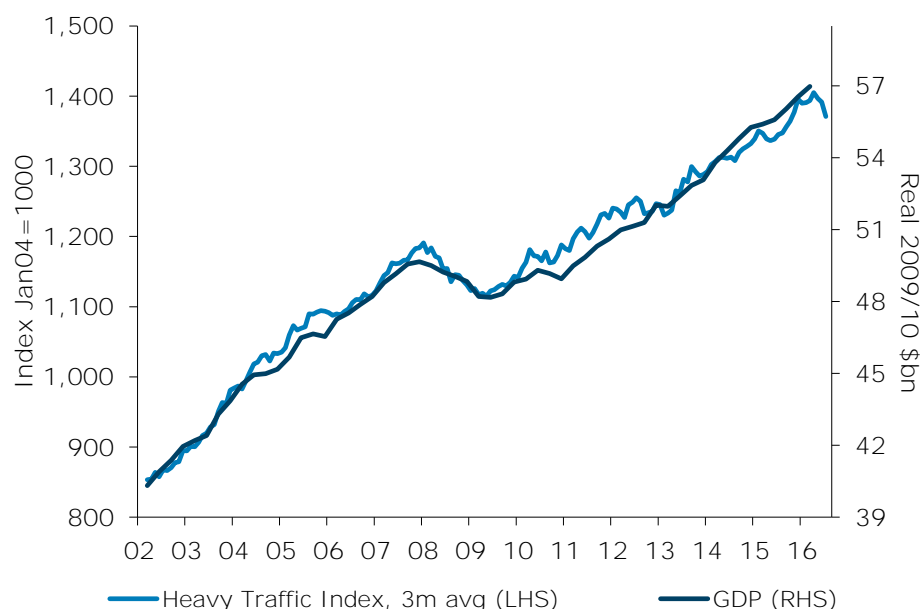
The next issue of the ANZ *Truckometer* is scheduled for release on 6 September 2016 at 10am.

## DETOUR

### KEY POINTS

- **Due to a 5.7% fall in July, the slowdown in the Heavy Traffic Index has become conspicuous. It runs counter to almost all other economic indicators and anecdote.** The Light Traffic Index, on the other hand, was little changed in July.
- **The Heavy Traffic Index was already suggesting weaker economic growth in Q2 than was seen in Q1.** The sharp fall in July represents a poor start to Q3, though it is only one month of three.
- Given the weight of other positive evidence regarding the state of the economy **we are not reading too much into the turn in the index at present.** Indeed, the data is volatile, and a solid bounce-back in August seems the most likely outcome. However, it is worth noting that due to its timeliness the Heavy Traffic Index would be expected to be out of synch with other indicators precisely at turning points.
- **Detail: the Heavy Traffic Index<sup>1</sup> fell 5.7% m/m (-1.5% m/m on a 3-month rolling average basis – levels charted below) in July. The Light Traffic Index<sup>2</sup>, which broadly leads growth in the economy by six months, fell -0.6% m/m (+0.2% m/m, 3-month average).**

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



Source: ANZ, NZ Transport Agency, Statistics NZ

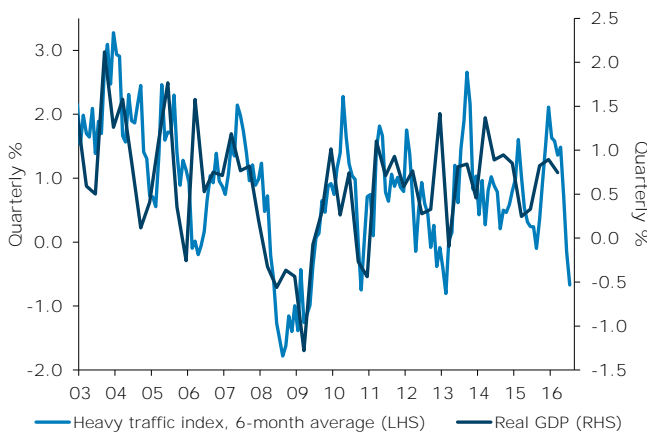
<sup>1</sup> **The ANZ Heavy Traffic Index** comprises flows of vehicles weighing more than 3.5 tonnes (primarily trucks) on 11 selected roads around NZ. It is contemporaneous with GDP growth. Because of monthly volatility we have started charting the 3-month average to make the signal clearer.

<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 **fell 5.7% in the month of July (seasonally adjusted – sa) after rising in June**. The index was already suggesting Q2 GDP growth was weaker than that seen in Q1, and such a large fall in July marks an unpromising start to Q3. Mid-winter is the trough for raw truck movements (see chart p.3), and timing/weather effects could be at play. **But if August doesn't bring the expected solid bounce-back we'll start to wonder what's going on under the hood of this economy.**

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



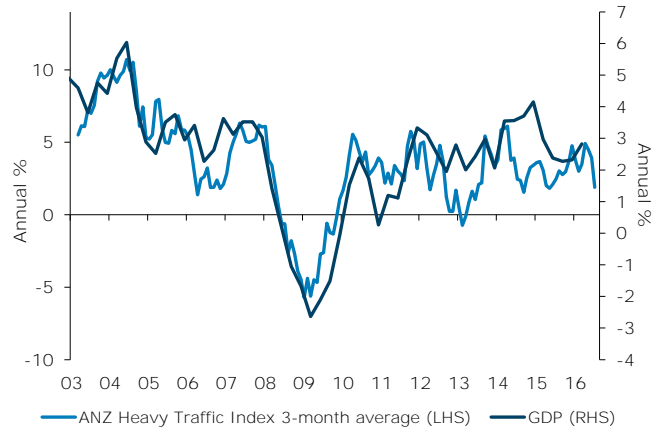
Source: ANZ, NZ Transport Agency, Statistics NZ

**Annual growth in the Heavy Traffic Index (3-month average) eased to 1.9% from 4.0%, suggesting annual GDP growth may slow** (figure 2). The Heavy Traffic Index is the only indicator that is currently so pessimistic.

**The Light Traffic Index gives a 6-month lead on the economy** and is best interpreted as a measure of momentum. **It fell 0.6% in July (sa)**, largely holding onto its June rise. The index has had a very strong upward trend in recent years, and suggests the economy is on a roll. It is not sending any warning signals about an impending slowdown.

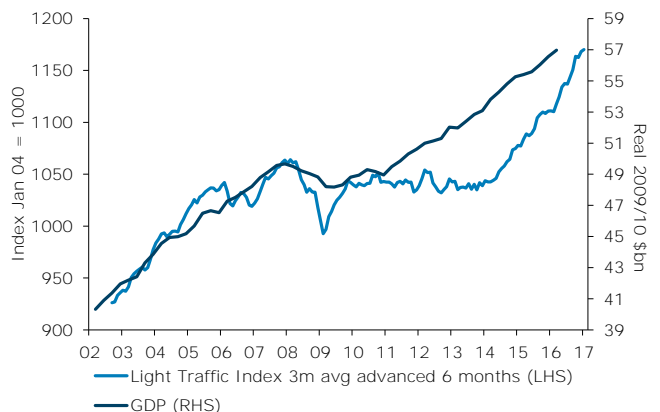
**Truck movements capture primarily the goods producing/consuming side of the economy**, whereas services (tourism, construction, housing more broadly) are performing particularly strongly at present. These sectors do of course contribute to heavy traffic, but truck movements are a less accurate proxy for these sectors than for agriculture, for example. It is therefore possible that the Heavy Traffic Index is currently overly pessimistic about the economy as a whole. Nonetheless, **we'll be watching the August Heavy Traffic Index unusually closely** for signs that the economic wind may be changing.

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



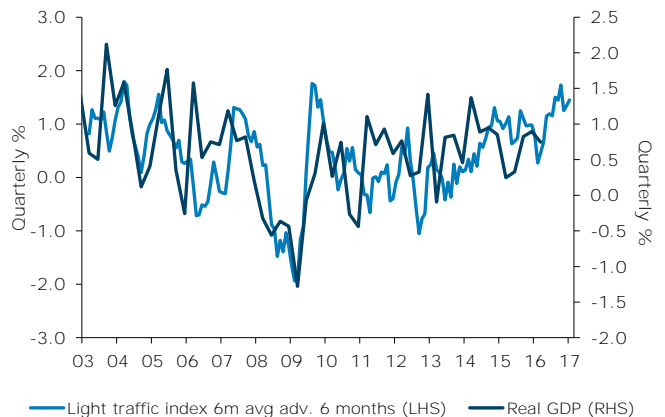
Source: ANZ, NZ Transport Agency, Statistics NZ

**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 fell on 10 out of 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
Jul-15	1112	-0.1	0.0	1357	1.2	0.5
Aug-15	1106	-0.5	-0.1	1344	-0.9	0.2
Sep-15	1136	2.6	0.7	1368	1.7	0.7
Oct-15	1131	-0.4	0.6	1381	1.0	0.6
Nov-15	1135	0.3	0.9	1383	0.2	1.0
Dec-15	1146	0.9	0.3	1423	2.9	1.3
Jan-16	1130	-1.4	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	1432	3.3	0.2
Apr-16	1169	0.3	1.1	1397	-2.5	0.8
May-16	1154	-1.3	-0.1	1361	-2.6	-0.6
Jun-16	1182	2.4	0.5	1417	4.1	-0.4
Jul-16	1175	-0.6	0.2	1335	-5.7	-1.5

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

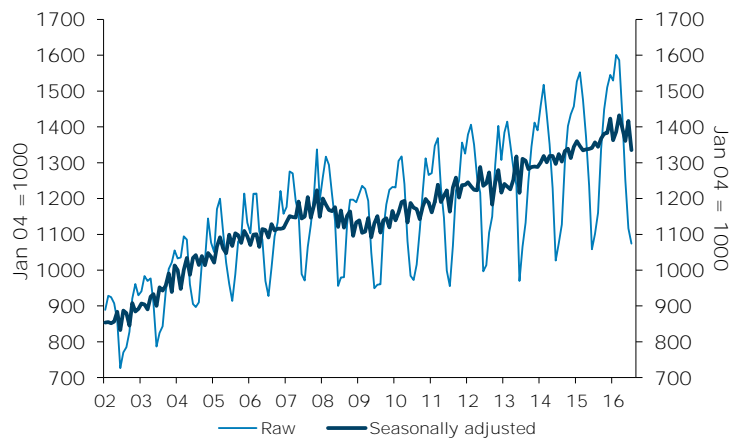
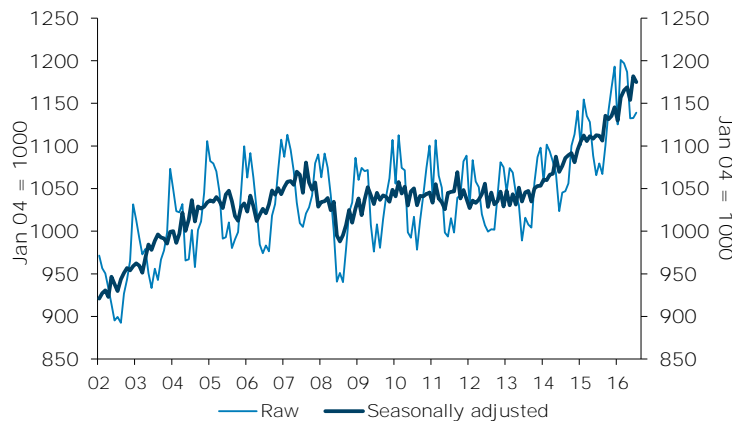


FIGURE 6. ANZ LIGHT TRAFFIC INDEX: RAW VS. SA



Source: ANZ, NZ Transport Agency

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