

ANZ NZ Truckometer

8 July 2022



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The next issue of the ANZ *Truckometer* is scheduled for release on 9 August 2022 at 10am.

Confused by acronyms or jargon? See a glossary [here](#).

Struggling to grow

- The Light Traffic Index fell 3.4% in June, while Heavy Traffic fell 2.7%. The new public holiday may have caused a bit of noise in the data.
- Q2 data is now complete; the Heavy Traffic Index suggests it's a line ball call whether GDP managed to grow at all in the quarter. That suggests a chance of a technical recession, given the economy shrank 0.2% in Q1. But there are lots more GDP indicators to come.

Both the Light and Heavy Traffic Indexes fell in the month of June. The Heavy Traffic Index has dipped below trend (figure 1), showing the economy struggling somewhat to regain momentum. We'd primarily put this down to supply-side challenges, but demand is also set to fall as the Reserve Bank's inflation-fighting efforts kick in. That's a story for later in the year.

The small fall in GDP in the March quarter was all about supply constraints – firms couldn't find workers, and many of the ones they did have were sick or isolating. And we suspect those supply-side themes have persisted into the June quarter. On the plus side, that suggests lost activity can to some extent be made up later. But on the downside, it does mean that it can't be assumed at present that anaemic growth is going to lower capacity and cost pressures – rather, it might reflect them.

Variation in light traffic (motorbikes, cars and vans) is a good indicator of consumers' willingness to spend, as opposed to production. Lockdowns have caused havoc with the usual 6-month lead, but light traffic is holding up well – the June decline just takes it back to trend (figure 2).

Figure 3 (over) shows that the Heavy Traffic Index was flat overall in Q2, suggesting, all else equal, that GDP may have been too. The Light Traffic Index is more optimistic (figure 4) but did have a miss in Q1. Given GDP fell in Q1, that means we can't rule out a technical recession in the first half of this year. But it would be a story of disruption rather than weak demand. We're currently forecasting GDP to have grown more than 1% in Q2. Traffic data is a red flag, but there are plenty more indicators to come before we make our final GDP prediction (Q2 GDP data is released mid-September).

Figure 1. ANZ Heavy Traffic Index and GDP

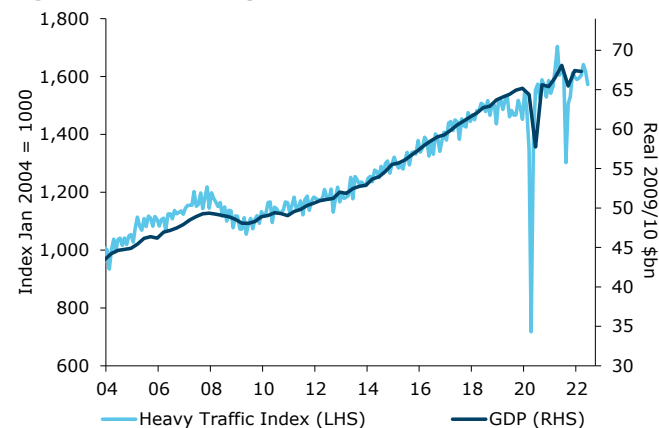
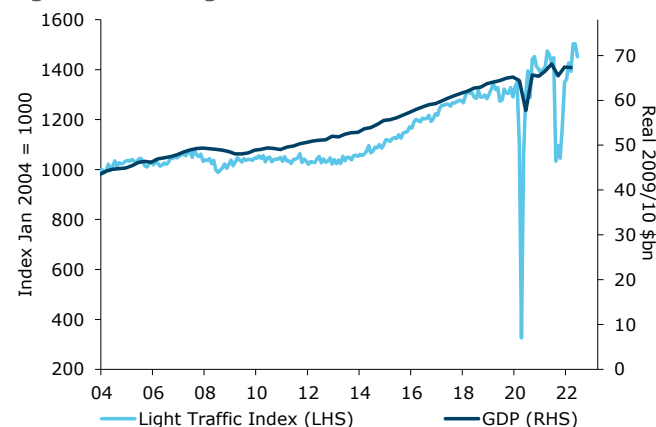


Figure 2. ANZ Light Traffic Index and GDP



Source: NZTA, Statistics NZ, ANZ Research

Figure 3. ANZ Heavy Traffic Index and GDP

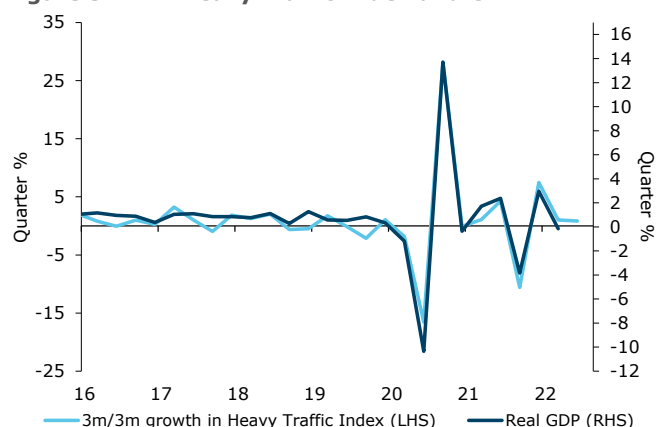


Figure 4. ANZ Light Traffic Index and GDP

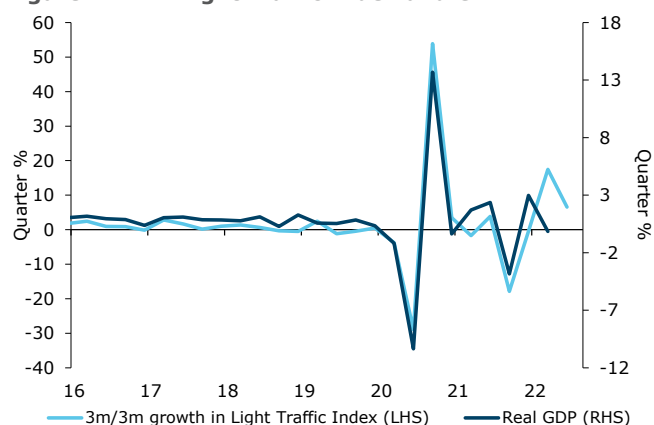


Figure 5. ANZ Heavy Traffic Index: raw vs. seas. adj.

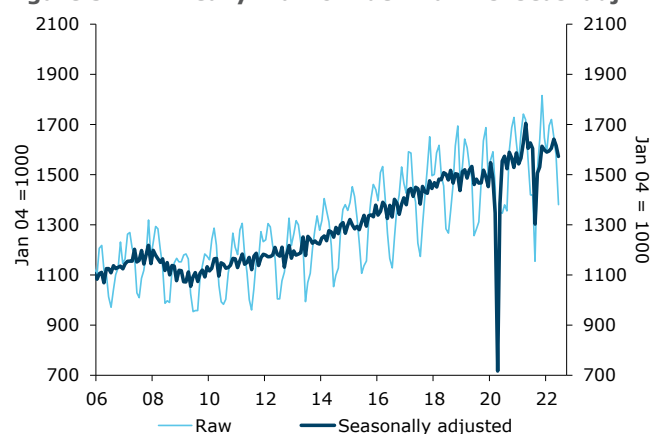
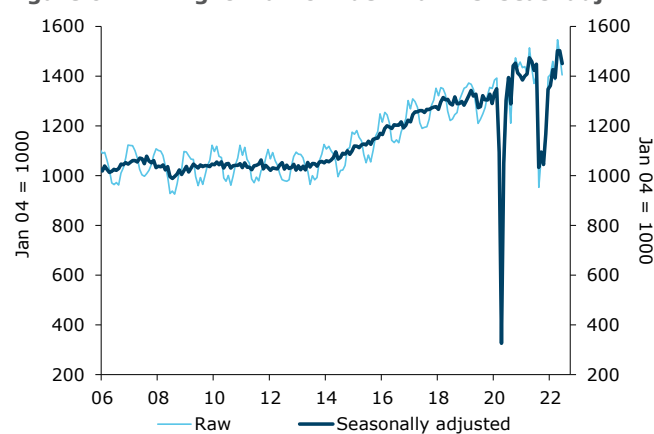


Figure 6. ANZ Light Traffic Index: raw vs. seas. adj.



Source: NZTA, Statistics NZ, ANZ Research

Traffic flows lifted on 2 of the 11 roads in the Heavy Traffic Index and none of the 10 roads in the Light Traffic Index (seasonally adjusted).

Light Traffic Index				Heavy Traffic Index		
	Index Jan 04 = 1000	Monthly % chg	Annual % chg, 3m avg	Index Jan 04 = 1000	Monthly % chg	Annual % chg, 3m avg
Jun-21	1423	-2.4	62.5	1627	1.4	35.0
Jul-21	1448	1.8	15.5	1604	-1.4	7.2
Aug-21	1033	-28.6	-2.1	1303	-18.8	-2.5
Sep-21	1096	6.0	-13.3	1506	15.6	-5.8
Oct-21	1045	-4.6	-24.1	1530	1.6	-7.3
Nov-21	1168	11.7	-23.2	1613	5.4	-0.8
Dec-21	1348	15.4	-16.6	1599	-0.9	1.3
Jan-22	1363	1.1	-7.7	1590	-0.5	3.1
Feb-22	1427	4.7	-1.2	1595	0.3	1.9
Mar-22	1393	-2.4	-0.3	1605	0.7	1.2
Apr-22	1503	7.9	0.9	1642	2.3	-1.1
May-22	1503	0.0	1.3	1616	-1.6	-1.5
Jun-22	1451	-3.4	2.3	1572	-2.7	-2.2

Technical notes on the ANZ Truckometer were included in the initial release in 2012 and are available on request. The indexes' data history (subject to revision) is also available.

Does this data square with your firms' experience? Either way, we'd love for you to have your say in our monthly Business Outlook survey. Email kyle.uerata@anz.com to join up.



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