



Discussion

What Signals RBI's High Frequency Indicators are sending for GDP?

Data Source

RBI Website

Reflections

- ✓ *HFI (High Frequency Indicators) point to continued expansion in Q3 FY26, but with clear moderation compared to the very strong Q2 (July–September 2025, which recorded actual GDP growth of 8.2% YoY)*
- ✓ *Positive momentum in consumption proxies i.e. Two-wheeler sales (+20.9% in Q3), domestic PV sales (+20.9%), cement production (+11.1%, accelerating),*
- ✓ *However, softer spots persist in electricity demand (near flat at -0.2%), decelerating steel consumption (+4.6%), and volatile passenger traffic, reflecting subdued heavy industry and power-intensive activity amid an unfavorable base effect and some government spending moderation*

High Frequency Indicators ( Q1 : Q3),2025

Decrease Increase

Indicators /Quarters	Electricity Demand	Domestic Passenger traffic activation	Exports	Petrol and Diesel Consumption	Steel Consumption	Index of Industrial Production	Import	Cement Production	Domestic PV sales	Two Wheeler Sales	Manufacturing PMI	Services PMI
Q1	-1.4	5.3	-2.1	3.93	7.8	2	5.1	8.1	-1.43	-5.97	58.07	59.3
Q2	3.3	-1.8	8.3	4.37	8.7	4.3	5.7	7.3	-1.53	7.5	58.7	61.43
Q3	-0.2	1.87	2.8	3.97	4.6	5.1	7.9	11.1	20.9	20.9	56.93	58.9

GDP NowCasting from HFI Dataset For Q3– Summary Table

GDP Component	Indicators	Q3 Trend Assessment	Estimated Contribution to GDP Growth	Impact on Growth
Private Consumption (PFCE) (60% GDP share)	Domestic PV sales, two-wheeler sales, passenger traffic, petrol & diesel consumption, services PMI	Very strong demand, vehicle sales surged (21%), fuel demand stable, services activity strong	+3.8 to +4.2 pp	✓ Strong positive driver
Investment (GFCF) (30% GDP share)	Cement production, steel consumption, imports (capital goods demand proxy)	Strong infrastructure and construction activity, cement growth very high (11.1%)	+2.0 to +2.3 pp	✓ Strong positive driver
Industrial Output	Index of Industrial Production (IIP), electricity demand, manufacturing PMI	Industrial growth improving but uneven, electricity weak, PMI moderating	+0.9 to +1.2 pp	Moderate support
Services Sector	Services PMI, passenger traffic	Strong expansion but slight moderation in Q3	Included mainly under consumption contribution	✓ Positive support
Net Exports (External Sector)	Exports vs imports	Imports rising faster than exports → trade drag	-0.3 to -0.6 pp	✗ Negative impact

Key Takeaway:

The high-frequency indicators for Q3 FY2025-26 (October-December 2025) present a mixed but resilient picture of India's economy, signalling a moderation in GDP growth from the strong 8.2% YoY recorded in Q2 to an expected range of 7.0-7.5%, as forecasted by many economists.