

## Macro Insights

### Highlights:

#### Trade Deficit narrows to 21.88 USD billion in May 2025

India's merchandise trade deficit stood at \$21.88 billion in May 2025. It narrowed from \$26.37 billion in April 2025. The difference between imports and exports of goods was recorded at \$22.08 billion in May 2024.

- Merchandise exports stood at \$38.73 billion in May 2025, down 2.18% on year-on-year basis, from \$39.59 billion in May 2024.
- Exports of petroleum products stood at \$5.6 billion in May 2025, recording a YoY contraction of 30.32%.
- Exports of non-petroleum products increased by 5.06% on a YoY basis in May 2025 to \$33.09 billion.
- Meanwhile, merchandise imports declined by 1.73% YoY for the month of May to \$60.61 billion.
- Imports of crude oil contracted sharply by 26.14% YoY to 60.61 billion in May 2025.

Chart 1: Export & Import YoY Growth (%) and Trade Deficit

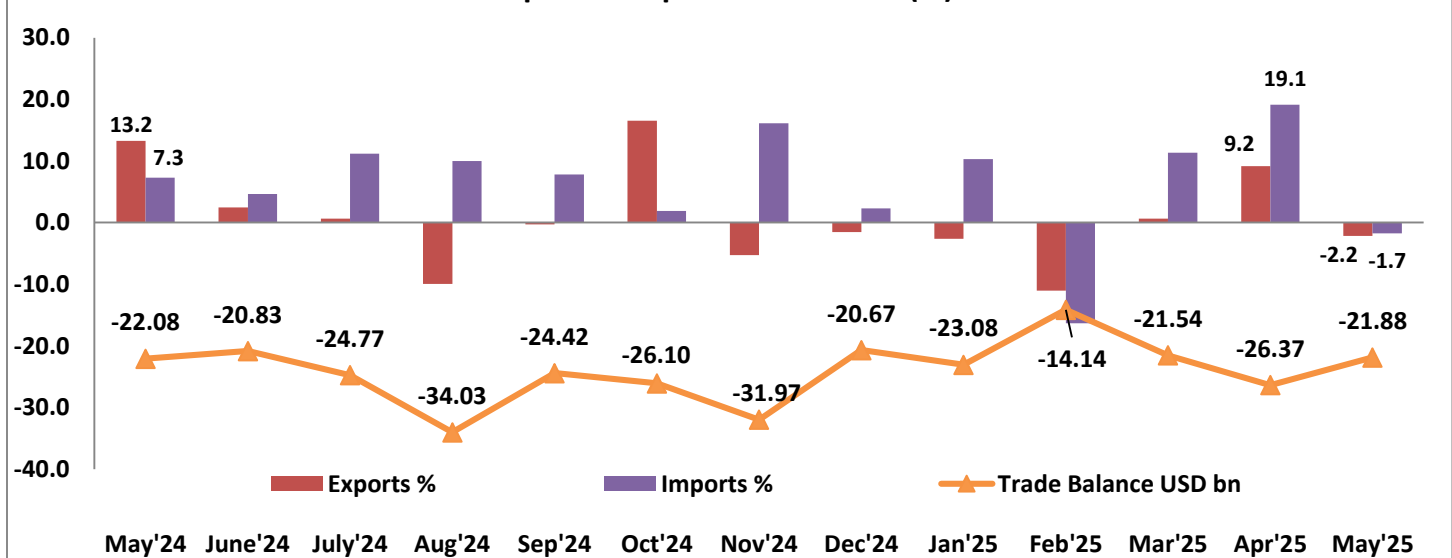
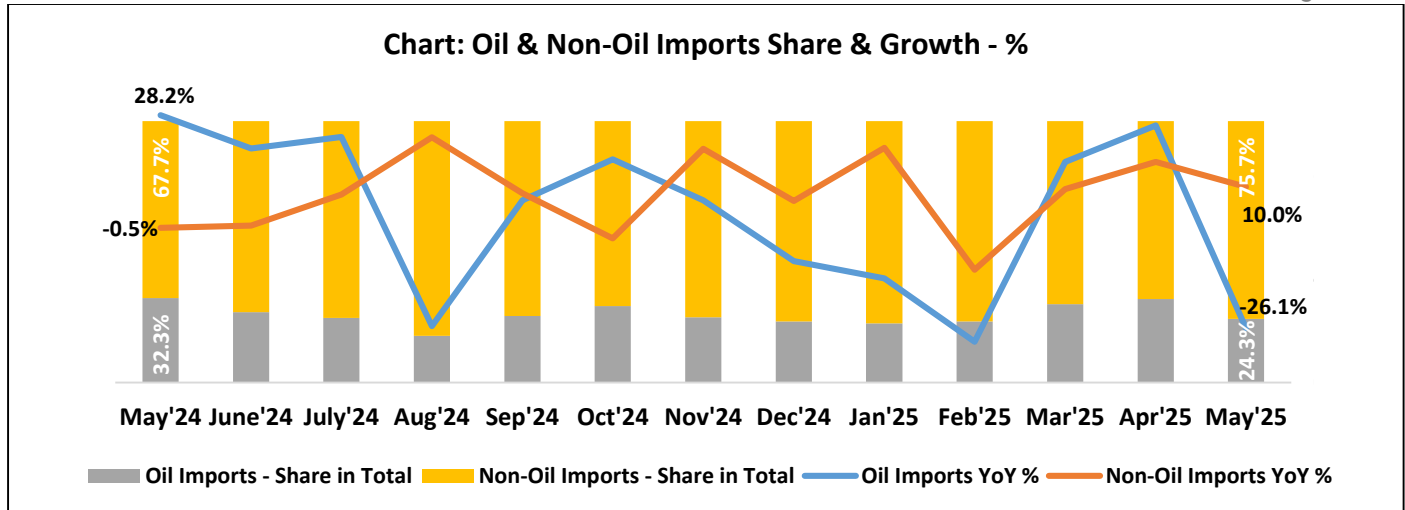


Table: Merchandise Exports and Imports (USD Bn)

Month	Exports	Imports	Trade Deficit
May'24	39.59	61.68	-22.08
May'25	38.73	60.61	-21.88
YoY Growth (%)	-2.18	-1.73	



### Insights:

- ✓ The share of oil imports within merchandise imports decreased to 24.3% in May 2025 from 31.9% in the previous month. Correspondingly, the share of non-oil imports increased to 75.7% from 68.1% during the same period.
- ✓ A decline in global crude oil prices led to a 30.3% YoY decline in exports of crude and petroleum products to \$5.6 billion (bn) in May 2025.
- ✓ However, exports of non-petroleum products saw a 5.1% YoY increase in the month of May. Major commodities that saw an increase in exports were electronic goods (54.1% YoY), organic and inorganic chemicals (16.0% YoY) and drugs and pharmaceuticals (7.4% YoY).
- ✓ While imports of crude oil and petroleum products witnessed a contraction (26.1% YoY), the imports of non-crude oil and non-petroleum products rose by 10.0% on YoY basis in May 2025. Imports of silver stood at \$566.2 million, recording a YoY increase of 589.4%.
- ✓ Other major commodities among non-oil imports which recorded a positive growth in May 2025 were chemicals (260.0% YoY), electronic goods (27.2% YoY) and non-ferrous metals (15.3% YoY).

### Views:

- ✓ Estimates of services exports during May 2025 stood at \$32.39 bn, recording a YoY growth of 9.4%, whereas services imports grew by 1.5% YoY to \$17.14 bn, resulting in a surplus of \$15.25 bn in May 2025.
- ✓ Exports saw most significant growth in markets like USA (16.93%), China (25.04%), Australia (35.36%), Russia (48.11%) and Germany (17.05%) in May 2025 compared to the same period last year.
- ✓ Exports to the US for the April-May period expanded to \$17.25 bn compared to \$14.17 bn in the same period last fiscal, suggesting limited impact of tariff hikes on exports.
- ✓ Geopolitical uncertainty poses risks for future outlook in global trade, especially with escalation in West Asia. The push for FTAs by policymakers in India is likely to mitigate the impact of rising uncertainty.

### Top commodity groups exhibiting the most positive and negative growths YoY:

Exports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		May'24	May'25	
1	Electronic goods	2,965.4	4,569.5	54.09%
2	Marine products	575.9	730.1	26.79%
3	Tobacco	144.6	177.4	22.69%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		May'24	May'25	
1	Iron ore	268.6	164.2	-38.87%
2	Petroleum & crude products	8,099.5	5,643.8	-30.32%
3	Oil meals	113.0	89.1	-21.10%

Imports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		May'24	May'25	
1	Sulphur & unroasted iron pyrites	5.2	59.4	1,039.79%
2	Project goods	31.6	144.6	357.37%
3	Chemical material & products	953.8	3,434.0	260.04%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		May'24	May'25	
1	Pulses	370.9	178.4	-51.90%
2	Transport equipment	3,299.7	2,368.1	-28.23%
3	Fertilisers, crude & manufactured	936.7	687.1	-26.65%

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