

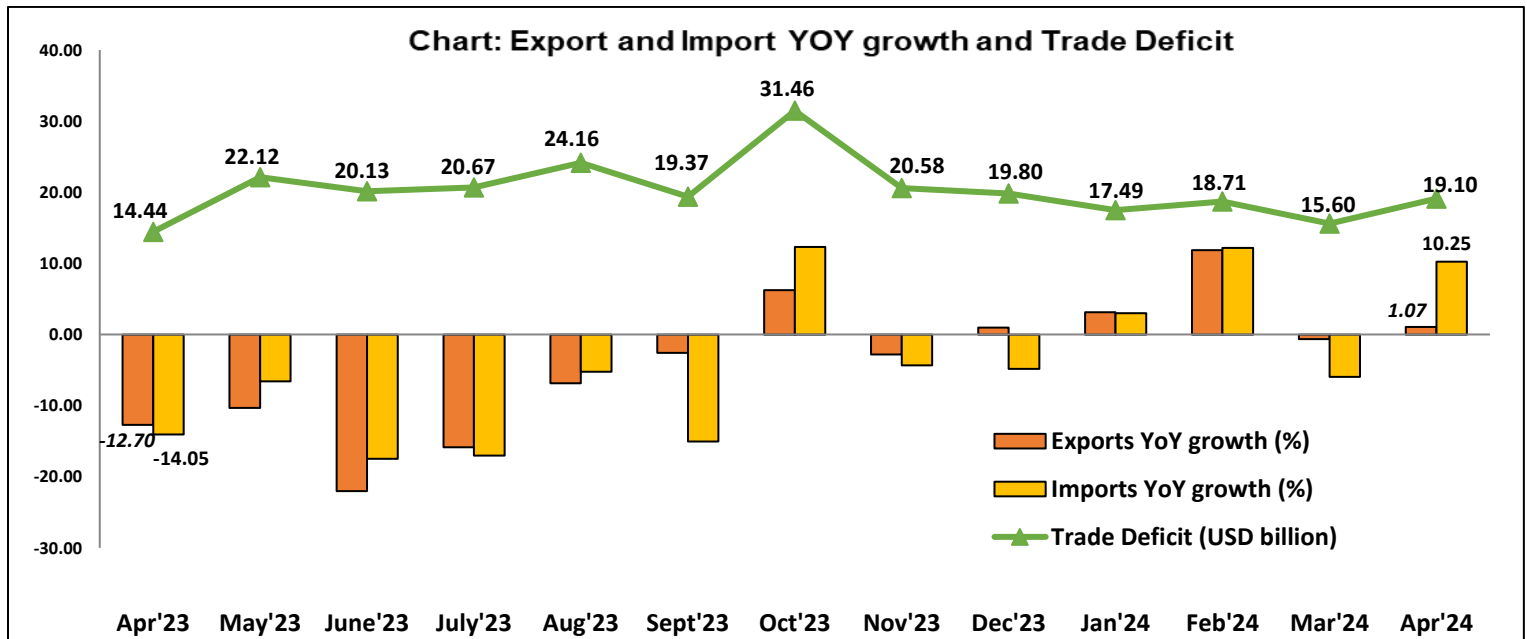
Macro Insights

Trade Deficit widens to \$19.10 billion

India's merchandise trade deficit increased from \$15.60 billion in Mar'24 and remained higher at \$19.10 billion in Apr'24 compared to \$14.44 billion in Apr'23.

Highlights:

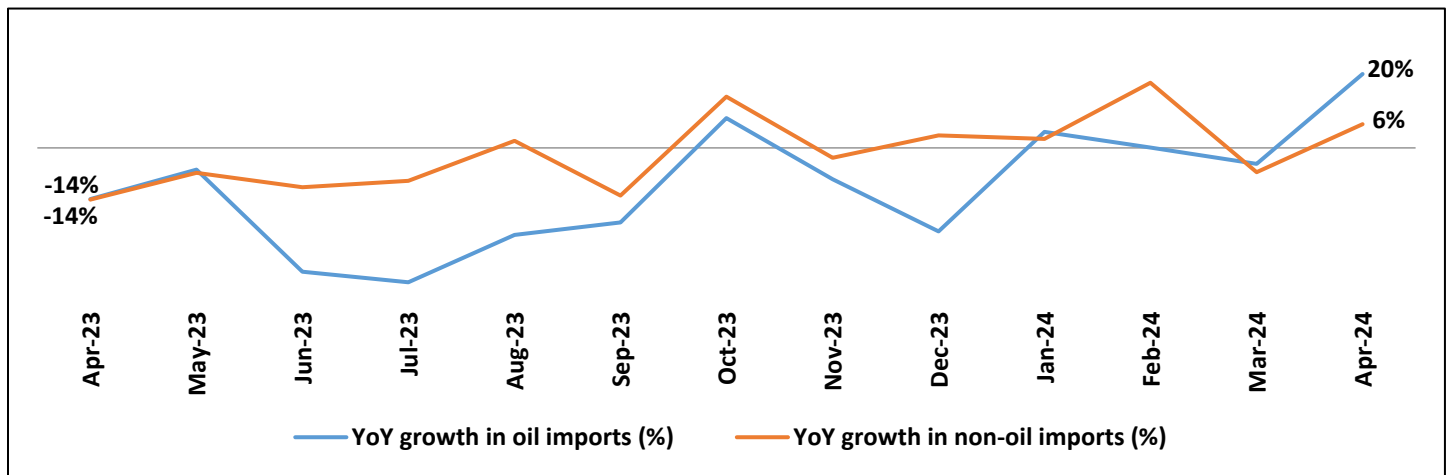
- Merchandise exports rose to \$34.99 billion from \$34.62 billion, up 1.07% YoY in April'24. Meanwhile Merchandise imports rose to \$54.09 billion from \$49.06 billion, up by 10.25 % YoY in April'24.
- Both exports and Imports expanded in April'24 after contracting in March'24.
- India's merchandise trade hit a four-month high of \$19.10 billion in April'24
- Non-oil imports rose to \$37.63 billion with 6.42% YoY rise. Non-Oil exports rose to \$28.37 billion with 0.60% YoY rise.
- The widening in the non-oil deficit in April'24 compared to April'23 was driven by a tripling in gold imports, aided by the surge in gold prices



Month	Exports	Imports	Trade Deficit
Apr'23	34.62	49.06	14.44
Apr'24	34.99	54.09	19.10
YoY Growth (%)	1.07%	10.25%	32.27%

(\$ bn)

Chart: Import Growth % - Oil & Non-Oil



Insights:

- ✓ India's merchandise trade deficit widened to \$19.1 billion in Apr'24 from \$15.6 billion in Mar'24. Exports grew at a much slower pace of 1.07% than imports that grew at 10.25%. Indian exports have been impacted by a slowdown in global growth and hit by factors such as geopolitical tensions and export curbs on foodstuffs such as rice to curb domestic inflation.
- ✓ India's merchandise export saw a growth of 1.07% YoY. Major contributors to export growth in Apr'24 include Electronic Goods (25.8%), Tea (25.74%), Organic & Inorganic Chemicals (16.75%), Drugs & Pharmaceuticals (7.36%), Tobacco (13.22%) which is a good sign as most of these sectors are labour-intensive giving boost to employment creation in the country.
- ✓ India's merchandise import saw a growth of 10.25% YoY. Under merchandise imports, 14 out of 30 key sectors exhibited negative growth in April'24. These include Sulphur & Unroasted Iron Pyrites (-71.75%), Pearls, Precious & Semi-Precious Stones (-21.12%), Cotton Raw & Waste (-16.31%), Wood & Wood Products (-14.11%), Coal, Coke & Briquettes, etc. (-11.71%).
- ✓ India, the world's third-biggest consumer of oil, imported \$16.46 billion in oil in April'24 compared to \$17.23 billion in March'24 and \$13.69 billion in April'23. The imports of precious metals (gold) more than doubled to USD 3.11 billion in April'24.

Views:

- ✓ Exports grew at a slower pace due to slowdown in global economy and restrictions on agricultural exports and this is expected to continue in the near term. Gold imports rose on account of rising global tensions which is expected to get subdued in the coming times leading to narrowing of the trade deficit.
- ✓ India's merchandise trade is expected to rise as WTO had predicted a 2.6% growth world trade volume in 2024 after falling 1.2% in 2023. However, regional conflicts, geopolitical tensions and economic policy uncertainty pose substantial downside risks to global trade in 2024.
- ✓ Merchandise imports remain higher than merchandise exports putting a downward pressure on Rupee. At the beginning of Apr'24 Rupee stood at ₹83.36/\$, it fell to ₹83.52/\$ at end of Apr'24. Rupee is expected to moderate in near time owing to lower overall trade deficit (including services) and higher capital inflows on account of India's inclusion in MSCI bond index.

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
		Apr'23	Apr '24	
1	Electronic Goods	2,108	2,651	26%
2	Tea	48	60	26%
3	Organic & Inorganic Chemicals	2,138	2,496	17%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Apr'23	Apr '24	
1	Other cereals	63	22	-65%
2	Iron Ore	355	146	-59%
3	Oil Meals	198	133	-33%
Imports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Apr'23	Apr '24	
1	Gold	1,008	3,115	209%
2	Pulses	151	411	172%
3	Vegetable Oil	1,078	1,337	24%
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Apr'23	Apr '24	
1	Sulphur & Unroasted Iron Pyrites	22	6	-72%
2	Pearls, precious and semi-precious stones	2,108	1,663	-21%
3	Cotton, Raw & Waste	45	38	-16%

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