

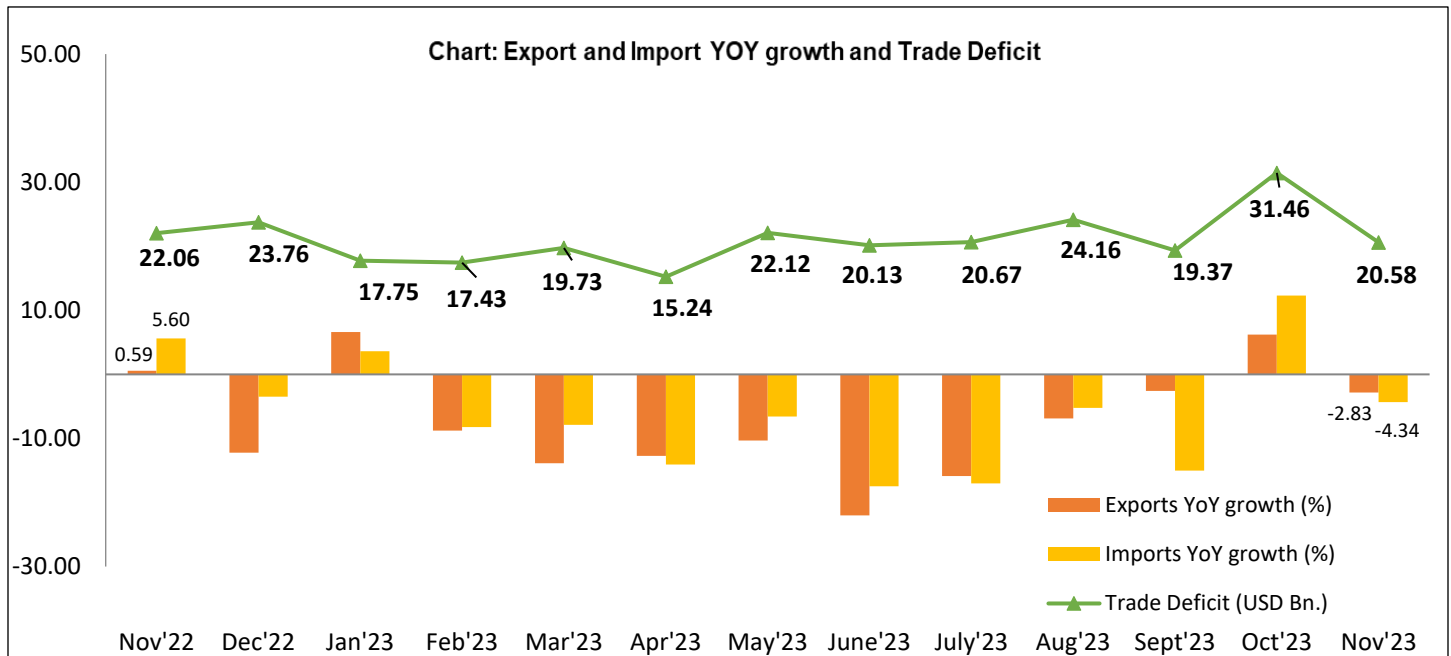
Macro Insights

Trade Deficit narrows to \$20.58 billion

India's merchandise trade deficit reduced sharply from \$31.46 billion in Oct'23 and remained slightly lower at \$20.58 billion in Nov'23 compared to \$22.06 billion in Nov'22.

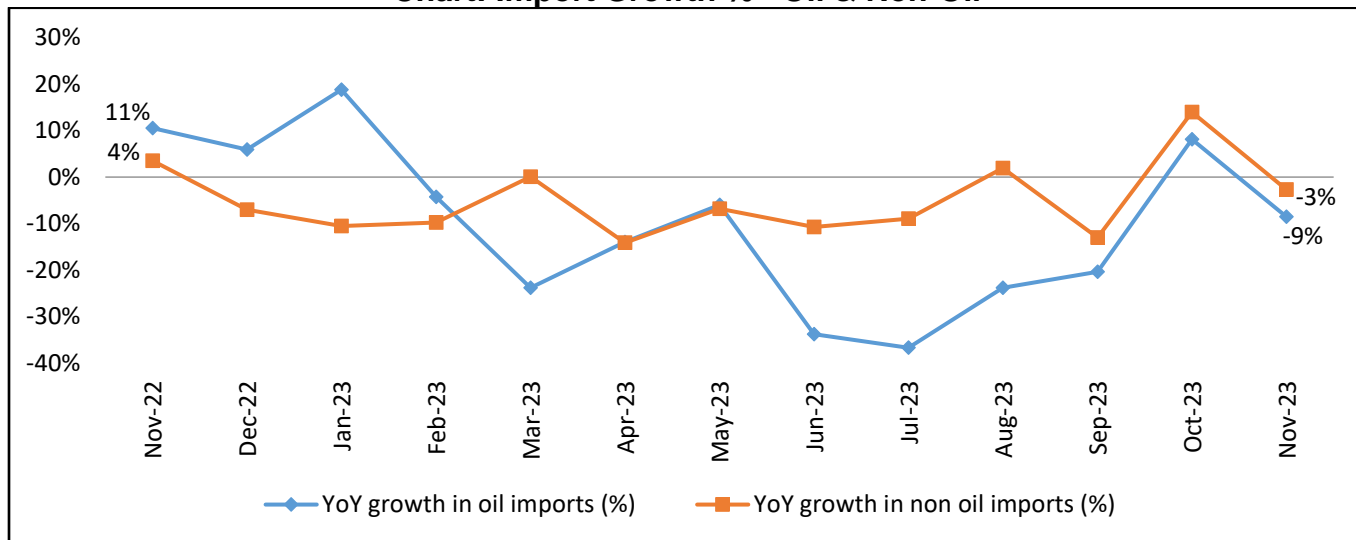
Highlights:

- Merchandise exports fell slightly to \$33.90 billion, down 2.8% YoY in November'23. Meanwhile Merchandise imports also fell to \$54.48 billion, down by 4.3 % YoY in November'23.
- Both exports and imports contracted after rising in October'23 following 8 consecutive months of contraction.
- During April'23 to Nov'23, Merchandise exports contracted to \$278.80, down 6.5% YoY. Meanwhile during the same period, Merchandise imports also declined to \$445.15 billion, down by 8.7% YoY.
- Non-oil exports fell to \$26.41 billion with 1.5% YoY fall. Non-Oil imports fell to \$39.55 billion with 2.7% YoY fall.



Month	Exports	Imports	Trade Deficit
Nov' 22	34.89	56.95	22.06
Nov' 23	33.90	54.48	20.58
YoY Growth (%)	-2.84	-4.34	-6.71%

(\$ bn)

Chart: Import Growth % - Oil & Non-Oil


Views:

- ✓ India's merchandise trade deficit narrowed sharply to \$20.58 billion in November'23 from the previous month's record levels as imports of gold, petroleum and electronic goods moderated.
- ✓ Gold imports nearly halved month on month to \$3.45 billion in November'23. Gold imports for October'23 were at \$7.2 billion. Imports of petroleum products were 22% lower in November'23 than the previous month at nearly \$13.71 billion.
- ✓ Under merchandise exports, 15 of the 30 key sectors exhibited positive growth in November'23 as compared to November'22. Iron Ore (2207.38%), Fruits & Vegetables (31.14%), Meat, Dairy & Poultry Products (19.91%)
- ✓ Under merchandise imports, 15 out of 30 key sectors exhibited negative growth in November'23. Pearls, Precious & Semi-Precious Stones (-56.71%), Fertilisers (-38.91%) and Cotton (-37.4%)
- ✓ Lower Trade volume for Nov'23 was expected as WTO had downgraded its forecast for growth in world trade in 2023 from 1.7% predicted in April to 0.7%. Trade growth is expected to pick up in 2024 as WTO predicts a 3.3% global trade growth in 2024.
- ✓ Imports slowed at a higher pace than exports easing downward pressure on rupee posed by Oct'23 trade deficit. Rupee hit an all-time low of Rs. 83.39/\$ on 28/11/2023 and recovered to 83.35/\$ by end of November'23. The rupee is expected to depreciate for next few months amid rising US bond yield. Steady growth in forex reserves helps in curbing exchange rate volatility and reinforces the INR's stability. India's forex reserves are adequate to cover 11 months of import.
- ✓ India's top merchandise export destinations during April-November 2023 were the US, the UAE, the Netherlands, China, the UK, Singapore, Saudi Arabia, and Bangladesh. Top import sources were China, Russia, the US, the UAE, Saudi Arabia and Iraq.

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
		Nov'22	Nov'23	
1	Iron Ore	15.59	359.72	2207.38
2	Fruits & Vegetables	237.30	311.19	31.14
3	Meat, dairy & poultry products	311.96	374.06	19.91
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Nov'22	Nov'23	
1	Other cereals	129.74	24.93	-80.78
2	Oil seeds	188.72	114.36	-39.40
3	Rice	800.53	585.78	-26.83

Imports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Nov'22	Nov'23	
1	Silver	136.10	482.82	254.75
2	Pulses	255.32	392.14	53.59
3	Fruits & vegetables	211.84	318.11	50.17
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Nov'22	Nov'23	
1	Pearls, precious & Semi-precious stones	2302.10	996.71	-56.71
2	Fertilisers, Crude & manufactured	1738.00	1061.76	-38.91
3	Cotton Raw & Waste	48.88	30.60	-37.40

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