Apr'26 Trade Deficit likely widened to $25.7bln as crude oil prices spiked amid West Asia conflict, partially offset by softer gold imports

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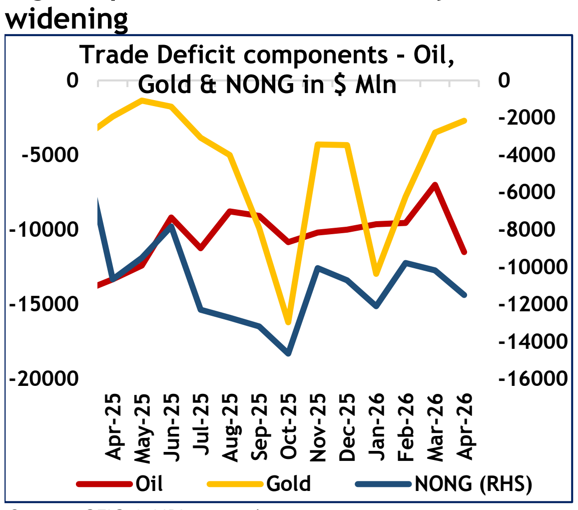
Fig 1: Apr'26 Trade Deficit likely saw widening



Source: CEIC & UBI research

Fig 2: Crude Oil FOB Price (Indian Basket) ($/bbl.)

Year	February	March	April
2025-26	69.01	111.4	114.48

Source: PPAC & UBI research

Fig 3: India's Oil import volumes marginally lower in Apr'26

Supplier	Mar'26 Imports (mbpd)	Apr'26 Imports (mbpd)
Russia	1.96	1.60
Iraq	0.40	-
Saudi Arabia	0.55	0.69
USA	0.35	0.25
UAE	0.40	0.58
Others	0.84	0.44
Total	4.50	4.40

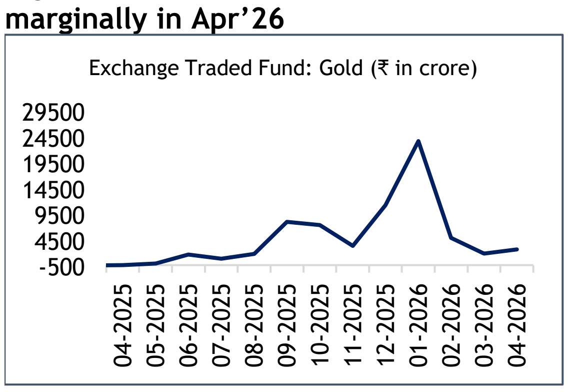
Source: Vortexa, Kpler, The Print & UBI research

Fig 4: India's FY26 Gold demand narrowed in volume but spiked in Value

India's Gold Imports	
Year	Gold Imports (In metric tonnes)
FY19	982.71
FY20	719.93
FY21	651.24
FY22	879.05
FY23	678.35
FY24	795.32
FY25	757.09
FY26	721.05

Source: CEIC & UBI research

Fig 5: India's Gold ETF demand increased marginally in Apr'26



Source: CEIC & UBI research

Data release	Due date	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26 (Projected)
Trade Balance ($ bln)	15th Apr'26	-32.2	-41.7	-24.5	-25.0	-34.7	-27.1	-20.7	-25.7

Apr'26 Trade Deficit likely widened to $25.7bln

- **India's merchandise trade deficit** likely surged to ***$25.7bln*** in Apr'26, compared to ***$20.7bln*** in Mar'25, driven primarily by record-high Brent crude prices, moderating Gold imports, and widening Non-Oil Non-Gold deficit amid supply disruptions-led demand. Despite weddings being a key driver of gold purchases in India, demand remains subdued this season, while investment demand continues to remain muted after last couple of months normalization. That said, import demand broadly at ~15tonnes (our estimate). However, global commodity prices continually making rise – with the ***CRY Index edging higher to 376.76 from 355.04*** a month earlier. The trade data outlook carries a higher risk of volatility relative to estimates, with the impact likely to be more pronounced than in March, when trade dynamics remained broadly supported by favorable seasonal trends. [Refer report: India's Mar'26 Trade Deficit narrowed to $20.67bln as West-Asia war led to sharper drop in imports vis-à-vis exports]
- **Oil deficit** likely widened amid on-going West-Asia war. As per Kpler, India's crude imported nearly 4.4mbpd in Apr'26, marginally lower than 4.5mbpd in Mar'26 and about 85% of February's 5.2 mbpd imports; with transit through the Strait of Hormuz disrupted since the beginning of the conflict. Brent oil prices averaged at ***$102.40/bbl. vis-à-vis $99.60/bbl.*** a month ago. However, ***Indian crude oil basket averaged $114.48/bbl. in Apr'26*** vis-a-vis $111.4/bbl. in Mar'26. Russia remained India's largest crude oil supplier in Apr'26, supplying around 1.6mbpd, followed by Saudi Arabia, the UAE, Venezuela and Qatar, according to Kpler shipment data. Russian supplies declined nearly 20% from ~2mbpd in March, which had marked the highest level since May last year. Meanwhile, Saudi Arabia and the UAE increased supplies to about 685,000bpd and 575,000bpd respectively, while India also resumed imports from Iran and Venezuela to offset supply disruptions from other West Asian nations. Notably, no shipments arrived from Iraq, Kuwait, Qatar or the Saudi-Kuwait neutral zone during April, despite Iraq typically being among India's top crude suppliers. India has further raised a windfall tax on exports of diesel and aviation turbine fuel it imposed last month to ensure adequate domestic supply.
- **Gold Deficit** likely narrowed in both value terms and volumes, rather almost halved. Notably, gold prices retraced from highs averaging ***$4721/oz in Apr'26 vs 4934/oz in Mar'26***. Domestic demand remains subdued, even as imports appear to ***~15 tons*** (our estimate) ***from ~33 tons*** in Mar'26. Gold ETF inflows marginally increased to ₹3,040 crore in April up from ₹2,267 crore in March (AMFI). India's April gold imports are set to fall to a near 30-year low of around 15 metric tons, industry and government sources said, because banks have been hit by an unexpected tax demand. In 2017, when India adopted the IGST, gold-importing banks were exempted from paying the 3% levy. Banks, which import most of India's refined gold, have halted shipments since Indian customs began demanding a 3% integrated goods and services tax on the metal. India likely spent ~$2.7bln on gold imports in April, well below the monthly average of $7bln in the FY26, despite Akshaya Tritiya, the second-biggest gold buying festival after Dhanteras.
- **Non-Oil-Non-Gold deficit** likely widened due to seasonality as volatile sub-segments like machinery and electronics along with chemicals deficit probably went north amid surge in metal prices. Coking coal imports through major ports declined 5.8% YoY to 5.33 million tonnes in April, while iron ore freight traffic, including pellets, fell 2.8% YoY to 4.08 million tonnes. Meanwhile, government announced a temporary zero Basic Customs Duty waiver on 40 key petrochemical products from 2nd April to 30th June, 2026, covering products such as Methanol, Toluene, Styrene, VCM, Acetic Acid, Phenol and PTA, to ease supply pressures amid the West Asia conflict. In the textile sector, industry bodies urged the government to remove cotton import duties and build a strategic cotton reserve, citing falling domestic output and elevated domestic prices that have hurt export competitiveness. Additionally, India allowed SEZ-based manufacturers to sell selected goods including chemicals, engineering products, heavy machinery, textiles, pharmaceuticals and electronics in the domestic market at concessional customs duties from Apr'26 to Mar'27, as policymakers sought to cushion the impact of rising freight costs, higher oil prices and geopolitical disruptions on trade and industry.
- **Looking ahead →** Sensitivity of C/A deficit to oil prices stays high with every $10/bbl. move in oil price affecting annual C/A balance by close to $15bln. Hence given the spike in geopolitical tensions, if average oil prices settle higher at ~$85/bbl., our estimates suggest India's CAD could widen beyond 2% of GDP in FY27. We are all watching the duration for the WAR and its implication on the Trade Dynamics, yet once the WAR concludes the reversal may be sharp on positive spill-over impact from Trade Agreements related negotiations underway with USA and several partner countries with lower tariffs supporting export demand for various labor-intensive sectors.

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