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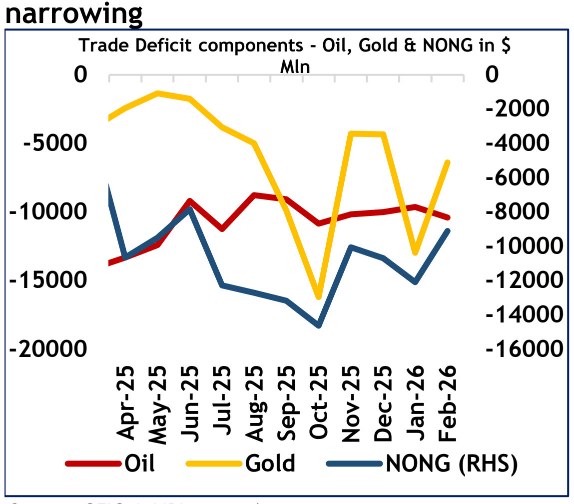
Data release	Due date	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26 (Projected)
Trade Balance ($ bln)	16th Mar’26	-27.4	-26.5	-32.2	-41.7	-24.5	-25.0	-34.7	-25.9

Feb’26 Trade Deficit likely narrowed to $25.9bln

- **India’s merchandise trade deficit** likely inched down to ***$25.9bln*** in Feb’26, compared to ***$34.7bln*** in Jan’25, driven primarily by a lackluster demand in Gold imports amid record high Gold price, marginal uptick in Oil imports, and NONG narrows on seasonal demand. Despite weddings being a key driver of gold purchases in India, demand remains subdued this season, while investment demand has normalized after last month’s spike. That said, import demand broadly at ~45tonnes (Our estimate). However, global commodity prices saw a moderate rise — with the ***CRY Index edging higher to 309.16 from 307.98*** a month earlier. India’s trade deals with the USA, EU, UK, Oman, New Zealand, and strategic mineral partners are set to boost high-value exports and diversify imports, reshaping trade flows from 2026 onward. [Refer report: Jan’26 Trade Deficit widens sharply to $34.68bln, overshooting street estimates on Gold-led import spike; NONG deteriorates]
- **Oil deficit** likely widened moderately. As per Vortexa, India’s crude imports hit a record 5.3mb/d in February, driven by higher arrivals of non-Russian crude, mainly from the Middle East; highlighting high energy demand & strategic diversification efforts. Brent oil prices averaged at ***$69.37/bbl. vis-à-vis $64.73/bbl.*** a month ago. According to commodity analytics firm Kpler, India’s total crude imports in February stood relatively higher, with Russian crude accounting for about 1.042mb/d of the total. Saudi Arabia emerged as the second-largest supplier, sharply raising shipments to 1.009mb/d, followed by Iraq at 0.981mb/d. Among other key exporters, the United Arab Emirates supplied 0.554mb/d, while imports from the United States and Nigeria stood at 0.216mb/d and 0.211mb/d, respectively. Kpler data further showed that India’s crude imports from Russia rose roughly 6% in Feb’26 from the previous month, despite increasing diplomatic and economic pressure from the United States to curb purchases of Russian oil.
- **Gold Deficit** likely narrowed in both value terms and volumes, amid record high prices. Notably, gold prices hovering near fresh record highs averaging ***$5026/oz in Feb’26 vs 4702/oz in Jan’26***. Domestic demand remains subdued, even as imports appear to ***~45 tons*** (our estimate) ***from ~99 tons*** in Jan’26. Demand for physical gold in India softened this week as sharp price volatility linked to the escalating Middle East conflict discouraged buyers. Retail buyers in India have been reluctant to absorb the steep rise in prices, with domestic gold trading around ₹160,000/10 grams. At the same time, demand linked to the ongoing wedding season remains subdued as buyers delay purchases amid heightened price volatility as weddings traditionally drive a large share of gold consumption in India. Moreover, gold ETF flows showed signs of normalization in Feb’26 after the sharp surge seen in the previous month. Globally, spot gold rose more than 8% in Feb’26, extending gains for a 7th consecutive month amid heightened geopolitical and economic uncertainty.
- **Non-Oil-Non-Gold deficit** likely narrowed on seasonality as volatile sub-segments like machinery and electronics along with chemicals deficit probably stable amid flat metal prices. India’s coking coal imports through all major ports during April-February FY2025-26 were provisionally estimated at 60.278 million tonnes, marking an 11.32% YoY increase, with Feb’26 shipments alone estimated at 6.598 million tonnes. Meanwhile, total iron ore freight traffic including pellets handled at major ports stood at 47.756 million tonnes, up 3.45% YoY. Alongside firm industrial activity, other sectors also signaled strong demand dynamics. While most segments of the automobile industry recorded robust growth in February, the construction equipment segment remained the only exception, according to Federation of Automobile Dealers Associations data. In contrast, the tractor and agricultural machinery segment posted strong momentum, indicating heightened demand for agricultural machinery components and related manufacturing inputs. Electronics imports also remained elevated amid strong domestic demand for smartphones and semiconductor components, highlighting the sector’s continued import dependence despite localization efforts. At the same time, fertilizer imports remained substantial as the government secured supplies to support agriculture, importing 98 lakh metric tonnes of finished fertilizers up to Feb’26, with an additional over 17 lakh metric tonnes scheduled over the next three months. On the policy front, India has also moved to protect domestic industry, with the Directorate General of Trade Remedies imposing anti-dumping duties on monoisopropylamine imports from China to safeguard local chemical manufacturers from unfair trade practices.
- **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 Current Account Deficit could widen beyond 2% of GDP in FY27. While in current fiscal year, it is tracking at sub 1% of GDP, it is key to note that March may spoil C/A arithmetic amid spike in oil prices and war led trade disruptions. 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.

Fig 1: Feb'26 Trade Deficit likely saw narrowing



Source: CEIC & UBI research

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

Year	January	February	March
2025-26	63.08	69.01	93.52

Last updated Date on: 10-03-2026
Source: PPAC & UBI research

Fig 3: India’s Oil import volumes rise in Feb’26

Supplier	January 2026 Imports (mbpd)	February 2026 Imports (mbpd)
Russia	1.16	1.04
Iraq	1.03	0.98
Saudi Arabia	0.79	1.01
United States	0.3	0.22
UAE	0.4	0.55
Others	1.52	1.5
Total	5.2	5.3

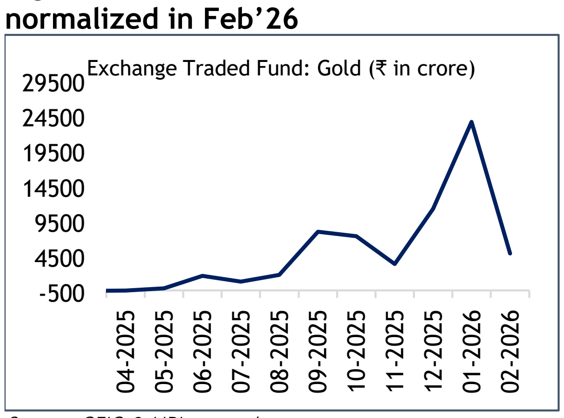
Source: Vortexa, Kpler, The Print & UBI research

Fig 4: India’s gold demand continues to be lower in FY26 amid record high prices

India's Gold Imports	
Year	Gold Imports (In metric tonnes)
FY20	719.93
FY21	651.24
FY22	879.05
FY23	678.35
FY24	795.32
FY25	757.09
Apr-Jan'25	675.86
Apr-Jan'26	621.78

Source: CEIC & UBI research

Fig 5: India’s Gold ETF demand normalized in Feb’26



Source: CEIC & UBI research

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