

Data release	Due date	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25 (Projected)
Trade Balance (Bln \$)	15 <sup>th</sup> Jul'25	-32.0	-21.9	-23.0	-14.1	-21.5	-26.4	-21.9	-20.7

### Trade Deficit likely narrowed further in Jun'25

- **Merchandise trade deficit** likely narrowed marginally in Jun'25 to \$20.7bln vis-à-vis \$21.9bln a month ago. This was probably led by oil prices cooling down immediately after ceasefire in Middle-East war & rising OPEC+ output outweighed earlier supply fears. Last month Gold imports stayed muted and was primarily driven by essential or need-based buying. However, commodity prices saw a uptrend, amid the 12 day Israel - Iran war, metals saw an uptick. (Refer our report: [Trade deficit narrows in May'25 to \\$21.88bln primarily led by Oil](#))
- **Oil deficit** likely saw marginal improvement amid quick recovery in global Brent crude oil prices after the war of \$69.80/bbl. vis-à-vis \$64.01/bbl. a month ago. However, the extent of narrowing in deficit was capped on higher oil prices. As per shipping analytics firm Vortexa, India imported **4.66mbpa of crude oil in Jun'25, slightly down from 4.72mbd in May'25**. India has increased its oil imports from Russia and the US in June, outpacing combined purchases from traditional Middle Eastern suppliers. According to Kpler, Indian refiners are expected to import 2-2.2mbpd of Russian crude in June – the highest volume in 2 years. This exceeds the total volume of crude imported from Iraq, Saudi Arabia, the UAE, and Kuwait, which is projected to stand at around 2mbpd this month. Imports from the US jumped over 270% YoY in the first 4 months of 2025, underscoring Delhi's strategy of enhancing American imports amid trade pact negotiations. India's shift in sourcing reflects a broader post-2022 trend, driven by discounted Russian oil following Western sanctions. These shipments, avoiding Hormuz via alternate routes like the Suez, Cape of Good Hope, or Pacific, help reduce risk exposure. India's petroleum product exports fell nearly 10% in June to 1.19mbpd, down from 1.32mbpd in May, according to Kpler. Compared to Jun'24, exports also dropped 3.7% from 1.24mbpd. The UAE, Singapore, and Australia were the top export destinations during the month.
- **Gold deficit** expected to narrow in Jun'25 amid soaring prices, stricter import rules, and rising recycling have sharply reduced India's gold imports. Policy uncertainty in US, a weaker dollar, and rising inflation expectations offered support to the gold prices. In June, gold regained momentum, climbing 5%, fueled by renewed geopolitical tensions and a rebound in ETF demand. YTD, gold is up 32% in \$ terms, remaining a top performer. Investment demand for gold bars and coins remained strong, driven by price optimism and low fabrication costs—mainly in coins under 10g. Domestic gold prices have continued to trade at a discount to international benchmarks, mainly due to weak jewellery demand. Gold ETFs experienced increase in inflows last month, the highest level since Jan'25—driven by renewed investor interest amid global uncertainties. Notably, gold prices hovering near record highs – averaging \$3,353/oz in Jun'25, vs \$3,283/oz in May'25 likely continued to act as constraint on import volumes. The domestic demand has been sluggish and weighed on demand as imports dipped from 34.87 tonnes to 30.56 tonnes in May'25.
- **Non-Oil-Non-Gold** deficit probably saw modest decline on positive seasonality; on likely surge in metal prices amid the middle-east tensions. Major ports imported 16.59 MT of coal—a 1.2% rise YoY but 2.1% lower than May. Thermal coal made up 11.64MT, or 70.2% of the total, increasing 7.2% YoY and 1.1% from May. India has imposed anti-dumping duties on 4 Chinese chemicals to protect domestic manufacturers from unfairly priced imports. Also, announced a ban on importing jute products and woven fabrics from Bangladesh via all land routes. This decision comes amid increasing concerns over Dhaka's strengthening ties with Beijing and ongoing trade violations by Bangladeshi exporters, such as evading anti-dumping duties (ADD). India's Iron-Ore pellet makers urge a ban on imports via Oman, citing Iranian origin and risk to local industry. Hence, segment wise impact within NONG will be closely watched after machinery (volatile sub-segment) and chemicals (linked to oil prices) explained ~60% of MoM widening in NONG trade deficit. Volatility remained high across commodities, reflecting ongoing economic uncertainties and supply-demand shifts. Average commodity prices rose sharply in Jun'25 vs May'25 amid geopolitical tensions (Refer report: [Beyond the Barrel: Global & Indian Macro at the crossroads](#))
- **Going forward**, commodity prices especially oil and metals will remain on close watch to assess trends in trade deficit. Donald Trump's announcement of a 50% tariff on imported copper, set to take effect on 1<sup>st</sup> Aug'25, has caused a major upheaval in global and US metal markets. The uptrend seen in commodity prices, if sustained, would dampen trade dynamics while global growth and export worries may limit impact. Going forward, geopolitical risks especially tariff concerns and any trade deals signed by India with US/Europe will influence trade-dynamics.

By:  
Kanika Pasricha  
kanika.pasricha@unionbankofindia.bank

Akash Deb  
akash510@unionbankofindia.bank

Fig 1: India's gold demand subdued in FY26 on elevated prices

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
H1TDFY26	65.43

Source: CEIC, UBI research

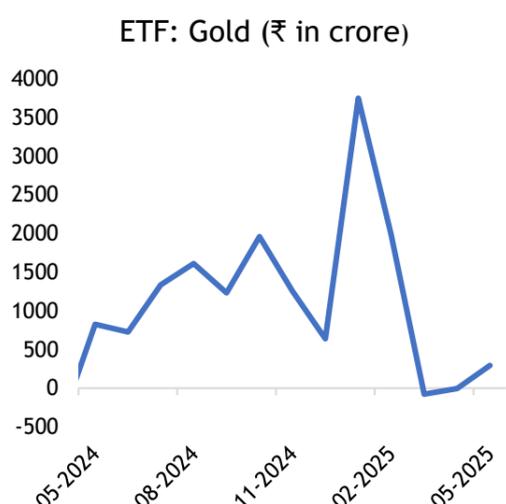


Fig 2: Marginal improvement in trade dynamics seen in Jun'25

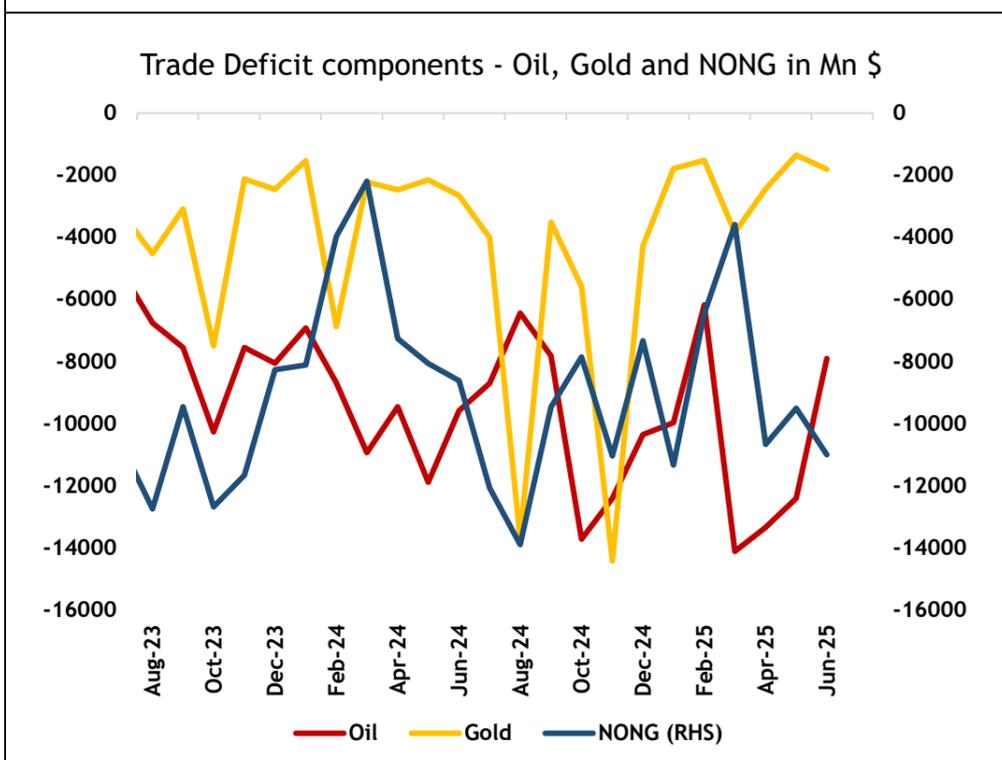


Fig 3: Goods trade deficit estimated to be narrower in Jun'25 while strong services surplus to persist

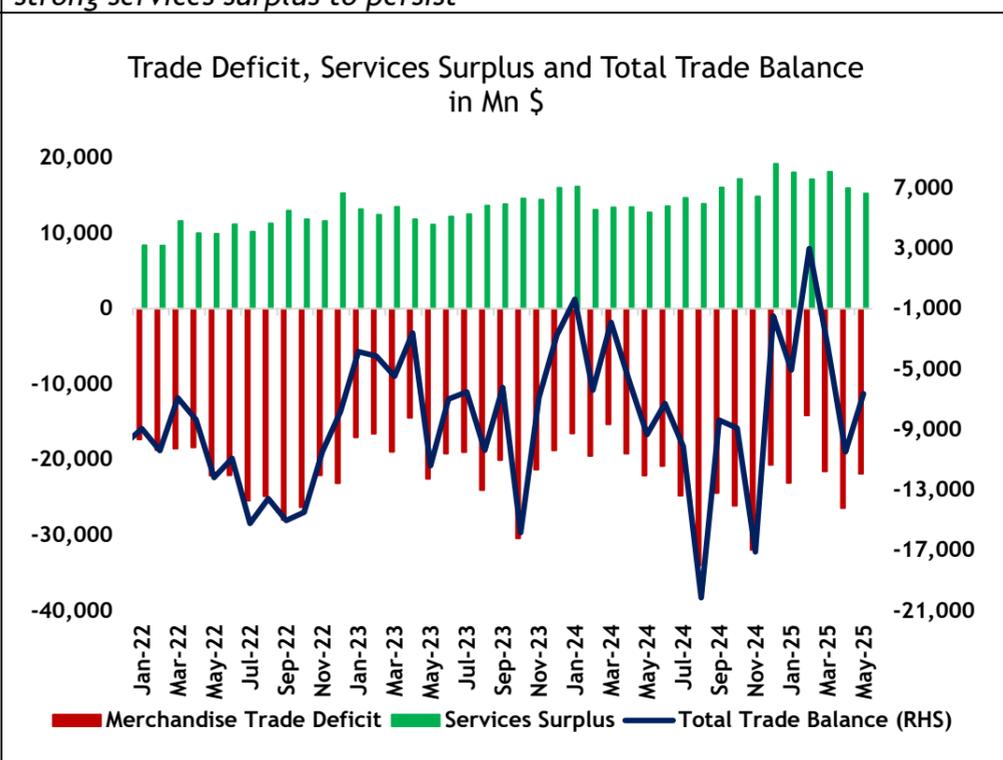


Fig. for Jun-25 is our estimate; Source: CEIC, RBI & UBI research

Banking & Economic Research Team	
Kanika Pasricha Chief Economic Advisor	kanika.pasricha@unionbankofindia.bank
Suneesh K	suneeshk@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Jovana Luke George	jovana.george@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Dhiraj Kumar	dhirajkumar@unionbankofindia.bank
Akash Deb	akash510@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank
Rohit Yarmal	rohitdigambar@unionbankofindia.bank

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