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By:

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Data release	Due date	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26 (Projected)
Trade Balance ($ bln)	15th Jul'26	-32.9	-42.6	-25.1	-26.2	-34.8	-27.1	-20.7	-28.4	-28.2	(-) 22.35

Jun'26 Trade Deficit likely narrow to $22.35 bln

- **India's merchandise trade deficit** likely narrow to ***$22.35bln*** in Jun'26, compared to ***$28.2bln*** in May'25, primarily driven by moderation in Brent crude prices, Gold imports, and marginal narrow-down of Non-Oil Non-Gold deficit amid seasonal export re-balancing. Retail gold demand remains subdued due to inauspicious time in Hindu calendar and higher import duties imposed on the precious metals. In gold, price effect to be seen in June 2026. While prices see sharp jump (in India due to duty hikes, despite stable prices in global markets), seasonal demand shortfall added to lower volumes.
- **Non-Oil-Non-Gold deficit** likely to narrow due to seasonality as sub-segments including metals like copper, aluminum, Tin and others have shown monthly fall in Jun'26. ***Reuter's CRB Index narrowed to 368 in Jun'26 from 395*** a month earlier, broadly reflecting the softening metal prices in global markets mainly driven by easing West Asia conflicts. Trade data outlook carries a higher risk of volatility relative to estimates, with the impact likely to be more pronounced, when trade dynamics remained broadly driven by seasonal volatilities and frequently changing geo-political landscape.
- 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. However, in June, more than supplies, price corrections were to be the driving factor for lower NONG deficits mainly driven by easing war concerns in West Asia.
- **Oil deficit** likely narrow amid cooling down of West-Asia war and agreed peace talks, causing crude price decline of ~19% m-o-m (from 104 $/bbl in May 2026 to 84.4 $/bbl in June 2026). ***Indian crude oil basket too averaged $83.22/bbl. in Jun'26*** vis-a-vis $106.23/bbl. in May'26. Research reports sourced from Kpler stated that, India imported 4.93/mbpd in Jun'26, largely unchanged from 4.90/mbpd in May'26.
- **Research reports sourced from Kpler quoted that, more than 50%** of the India's crude oil imports were sourced from Russia, making it the single largest supplier of oil. Also, India's recent shift towards Russia for crude supplies placed it strategically strong in terms of its reduced dependence on war prone west-Asia.
- **Gold Deficit** likely to marginally increase in Jun'26. Reports quoted that, Gold imports were at ~26 metric tonnes per month in Jun'26, low from 29 metric tonnes per month in May'26. Gold prices seen sharp jump in India due to duty hikes, despite stable prices in global markets. Gold demand was skewed by 'volatility effect' and the 'wait and watch' approach of consumers, though retail demand was largely contained by inauspicious season and import duty impact. Gold ETFs recorded their first monthly net outflow in May 2026 since April 2025 reporting at ₹ (-) 725 crore, the largest outflow since 2019.
- **India-UK Trade deal to become effective from July 15, 2026**. The big sized deal and its potential to place India at the strategic advantage, can add positively to India's NONG trade in the coming months by providing access to India's textile and other NONG components to UK markets.
- **Volatility to continue.** 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. Despite volatile global markets, efforts for MOUs and ceasefires helped in build some resilience helping crude prices record (-) 18.8% m-o-m corrections in the war prone times. We expect India's CAD could narrow down to **1.5% of GDP in FY27** due to crude oil price corrections as a result partially easing conflicts in West Asia. However, MOUs and other agreements are seen to be short-lived with disturbances in West-Asia again re-emerge in early weeks of July, adversely impacting the crude prices going forward. Average oil prices to remain range-bound at ~$82-84/bbl in July.
- **Going forward**: India stands at a more stable and strategically significant position with its oil supplies diversified and FTAs implemented. India-UK trade deal coming in force from July 15, would position India at a better place with export competence in its textile, Gems & Jewellry and chemical sector. India also stands upfront in signing trade deals with its south Asian trade partners, Australia and New-Zealand, which can further diversify its export markets and ensure stable export amidst trade ambiguity in West Asia. **We expect India's gold and NONG exports to see upward tick from coming months.**

Fig 1: Crude Oil FOB Price (Indian Basket) ($/bbl.)

Year	April	May	June
2026-27	114.48	106.23	83.22

Source: PPAC & UBI research

Fig 2: India's Oil import volumes lower in Jun'26, price-effect felt

Top Suppliers	May'26 Imports (Mn Bbl)	Jun'26 Imports (Mn bbl)
Russia	59.2	78.0
UAE	29.22	15.3
Venezuela	16.55	10.8
Saudi Arabia	18.8	9.9
Total	**163.3**	**147.9**

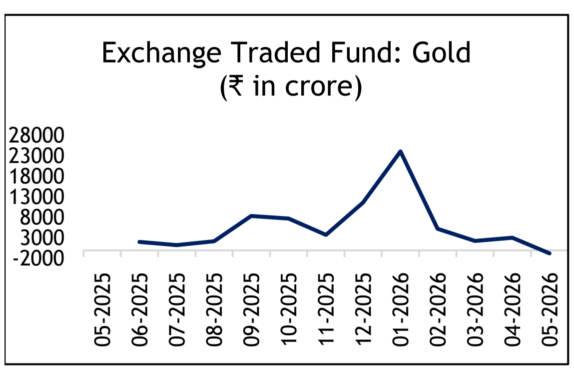
Source: media sources, The Print & UBI research

Fig 3: India's FY27 Gold demand narrowed in Jun'26

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
FY27 (Apr-Jun)	101.06

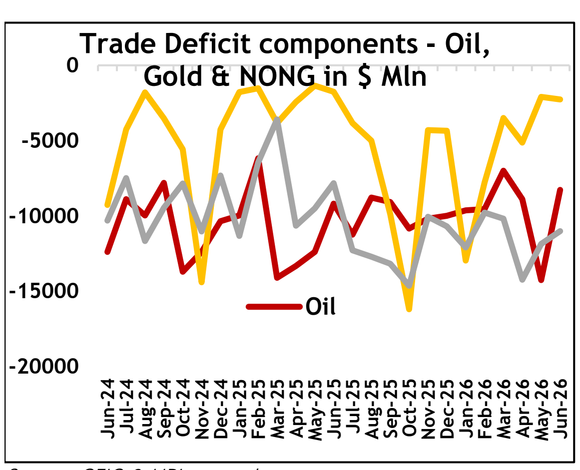
Source: CEIC & UBI research

Fig 4: India's Gold ETF demand entered into negative zone for the 1st time since 2019:



Source: CEIC & UBI research

Fig: 5 Jun'26 Trade Deficit likely narrow



Source: CEIC & UBI research

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