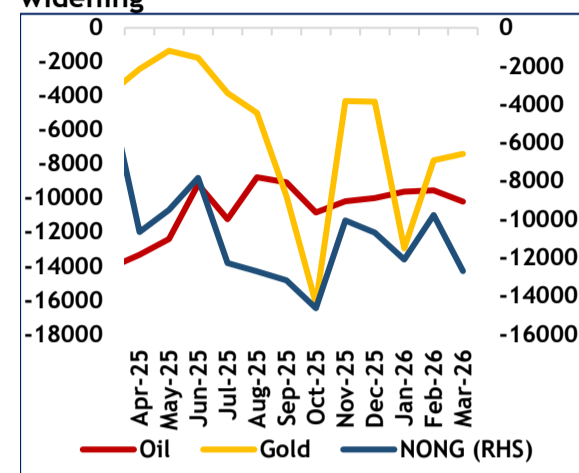


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Data release	Due date	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26 (Projected)
Trade Balance (\$ bln)	15 <sup>th</sup> Apr'26	-26.5	-32.2	-41.7	-24.5	-25.0	-34.7	-27.1	-30.3

Fig 1: Mar'26 Trade Deficit likely saw widening



Source: CEIC & UBI research

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

Year	January	February	March
2025-26	63.08	69.01	111.4

Source: PPAC & UBI research

Fig 3: India's Oil import volumes fall in Mar'26

Supplier	February 2026 Imports (mbpd)	March 2026 Imports (mbpd)
Russia	1.04	1.60
Iraq	0.98	1.00
Saudi Arabia	1.01	1.00
USA	0.22	0.30
UAE	0.55	0.60
Others	1.50	0.01
Total	5.30	4.50

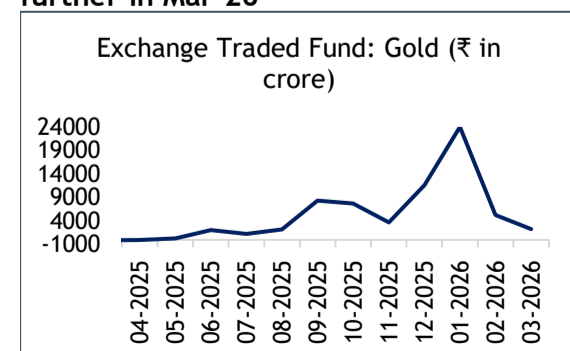
Source: Vortexa, Kpler, The Print & UBI research

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

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
Apr-Feb'25	706.63
Apr-Feb'26	688.19

Source: CEIC & UBI research

Fig 5: India's Gold ETF demand dropped further in Mar'26



Source: CEIC & UBI research

### Mar'26 Trade Deficit likely widened to \$30.3bln

- **India's merchandise trade deficit** likely surged to **\$30.3bln** in Mar'26, compared to **\$27.1bln** in Feb'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 has remained muted after last month's normalization. That said, import demand broadly at ~52tonnes (our estimate). However, global commodity prices saw a sharp surge – with the **CRY Index edging higher to 355.04 from 309.16** 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: [Feb'26 Trade Deficit narrows to \\$27.1bln, on slight normalization in Gold & NONG imports](#)]
- **Oil deficit** likely widened amid on-going West-Asia war. As per Kpler, India's crude imports hit a **record 4.5mb/d in March**, with transit through the Strait of Hormuz disrupted since the beginning of the conflict. Brent oil prices averaged at **\$99.60/bbl. vis-à-vis \$69.37/bbl.** a month ago. However, **Indian crude oil basket averaged \$111.4/bbl. in Mar'26**, 61.4% higher than February's average of \$69.01/bbl., raising inflationary concerns in India. India's oil purchases from Russia have increased by nearly 45% in March highlighting high energy demand & strategic diversification efforts. This month's figures are a dramatic pivot from the last two months', when Russian imports hit a three-year low due to US sanctions and tariffs. Iraq also delivered nearly 1 mbpd to India last month, while the UAE supplied 0.6 mbpd. In the first 11 days of March, India received 0.6 mbpd from Iraq, 0.4 mbpd from Saudi Arabia and 0.1 mbpd from the UAE. Saudi Arabia was the second-largest supplier of crude, in Feb, with daily supplies of a little over 1 mbpd.
- **Gold Deficit** likely narrowed in both value terms and volumes, amid easing prices. Notably, gold prices retraced from record highs averaging **\$4934/oz in Mar'26 vs 5026/oz in Feb'26**. Domestic demand remains subdued, even as imports appear to **~52 tons** (our estimate) **from ~66 tons** in Feb'26. Gold ETF inflows declined sharply by 57% MoM to ₹2,265 crore in March from ₹5,254 crore in February (AMFI), while silver ETFs saw outflows for the second consecutive month. Consumer buying, which was stronger during the earlier price uptrend (especially bars and coins), has since softened as volatility prompted purchase deferrals, with some retailers also liquidating inventory to meet tax obligations. Policy support remained intact with India-UAE CEPA TRQ authorizations extended till June 30, 2026, while curbs on select jewellery imports continue till April 30, 2026. Despite this near-term weakness, underlying demand remains resilient, supported by affluent buyers and rising interest from younger consumers in lightweight, investment-oriented jewellery, with limited evidence of profit-booking. Overall, elevated gold prices (above ₹1.5mio/10gms) continue to cap demand, suggesting moderation in imports during the month.
- **Non-Oil-Non-Gold deficit** likely widened despite seasonality as volatile sub-segments like machinery and electronics along with chemicals deficit probably spiked amid surge in metal prices. In Mar'26, the government approved 29 electronic component manufacturing proposals under ECMS involving ₹7,104 crore (\$751mln) to reduce import dependence, even as machinery imports remained robust, supported by strong industrial demand and a ~173% surge in EPCG EODCs, indicating higher duty-free capital goods imports for export manufacturing. Demand was further reinforced by ~25% YoY growth in passenger vehicles and tractor sales, while German machinery exports to India are expected to rise 10-15% in 2026 amid improving trade ties. Meanwhile, chemical imports saw sharp price-led pressures, driven by supply disruptions around the Strait of Hormuz, with key inputs like acetone, IPA, methanol, and acetic acid witnessing steep MoM price spikes (50-150%+), highlighting rising import costs and supply tightness.
- **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.

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