Trade Deficit likely widened to $33.3bln in Oct'25, driven by higher Oil purchases & a probable record in NONG imports

12th November 2025

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Data release	Due date	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25 (Projected)
Trade Balance ($ bln)	14th Nov'25	-21.5	-26.6	-22.1	-18.8	-27.4	-26.5	-32.2	-33.3

Trade Deficit is estimated to have widened further in Oct'25

India's merchandise trade deficit likely widened marginally to **$33.3bln** in Oct'25, compared to **$32.2bln** in Sep'25, driven primarily by a surge in oil imports; up 3% from the previous month, reflecting ongoing diversification efforts and a probable record in NONG imports amid U.S. tariff pressures and moderating global demand. Gold imports remained elevated although lower than last month, as gold prices rallied with rising domestic premiums, supported by strong festive season investment and jewellery demand, while record ETF inflows sustained market momentum. While global commodity prices saw only a marginal increase — with the ***CRY Index edging little down to 298.60 from 301.78*** a month earlier — overall trade dynamics were likely pressured by a stalemate in the US-India trade deal, which continue to weigh on outbound shipments. (Refer report: Sep'25 Trade Deficit hits 13-Month high (near record highs) at $32.15bln — Exports Steady, Imports soared to historic highs)

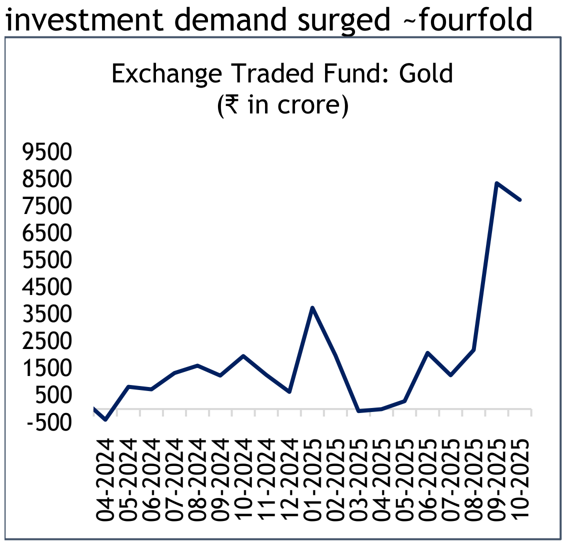
- **Oil deficit** likely surged amid higher imports; highlighting strategic diversification efforts. Oil prices fell sharply in Oct'25, pressured by a global supply glut as non-OPEC+ added 1.6mbpd and OPEC+ eased cuts, pushing inventories to a four-year high. Weak demand growth amid slow manufacturing in China and the U.S. and rising EV adoption further weighed on prices. Brent oil prices averaged at ***$63.95/bbl. vis-à-vis $67.58/bbl.*** a month ago. India imported ***4.81mbpd*** of crude oil in Oct'25, **up ~3%** higher than September's ***4.67mbpd***, according to data from Kpler. ***Russia*** continued to be India's largest crude supplier in October, ~***1.62mbpd***, or ~34% of total imports. The standout development was a sharp increase in ***U.S. crude*** imports, which rose to ***568,000bpd*** the highest since Mar'21 accounting for 12% of India's total imports. Imported ***826,000bpd from Iraq***, making it the second-largest crude supplier, followed by ***Saudi Arabia at 669,000bpd***, according to Kpler data. Imports from the ***UAE declined to 363,000bpd***, while shipments from ***Nigeria fell slightly*** and those from ***Brazil more than doubled*** compared with the previous month. Petroleum product exports fell ***21% MoM*** to ***1.25mbpd*** in October, driven by a post-sanction decline in shipments and the diversion of fuel to the domestic market to cover supply gaps, according to Kpler data. On a YoY basis, exports rose 2.4% from 1.22mbd in Oct'24. The UAE, Netherlands, and Singapore were the top destinations for India's refined products, with exports to the UAE down 27% to 132,000bpd, while shipments to the Netherlands surged 255% to 156,000bpd and exports to Singapore jumped 81% to 113,000bpd.
- **Gold deficit** has likely eased after the surge in September, but the festive season has started strongly, driven by investment and jewellery buying despite prices in India have surged in 2025. Despite elevated prices, demand is expected to remain robust, supported by seasonal buying, rising incomes, and sustained investment interest as ***₹77.4bln flowed into gold ETFs in Oct'25***. Notably, gold prices hovering near record highs averaging ***$4055.46/oz in Oct'25 vs $3,671/oz in Sep'25***. Domestic demand remains strong, even as imports appear to have eased to ***~81 tons*** (our estimate) ***from ~102 tons*** in Oct'25. Going forward, gold imports in November are expected to moderate in volume but remain elevated in value, supported by strong investment demand despite high prices.
- **Non-Oil-Non-Gold deficit** likely widened further as India's commodity markets face mixed pressures in 2025. Chemical demand is weak due to anti-dumping probes, US tariffs, high inventories, and GST changes, pushing PE, acetic acid, VAM, and MIBK prices to five-year lows. Manufacturing gained in Oct'25 (***PMI 59.2***), while reliance on Chinese machinery for rare-earth and mining equipment hit $1.1bln, nearly half of total imports. Coal imports showed a mixed trend, and cotton imports are set to reach a record 4.5 million bales amid low domestic output and duty-free purchases. Overall, policy, trade, and supply challenges continue to shape India's key commodity markets. Hence, segment wise impact within NONG will be closely watched after electronics (volatile sub-segment) and chemicals (linked to oil prices) explained MoM widening in NONG trade deficit. Volatility remained high across commodities, reflecting ongoing economic uncertainties and supply-demand shifts.
- **Going forward** trade deficit is expected to stay elevated at monthly through Nov-Dec 2025 due to festive gold and oil imports, before easing in Jan-Mar 2026 as demand normalizes. On a full year basis, we expect widening of CAD in FY26, almost double from 0.6% in FY25 to 1.2% in GDP. With the India-US BTA nearing finalization potentially by late November, cutting tariffs from 50% to 15-16% exports could gain. Though the near-term impact may be limited, the deal is expected to strengthen India's export base over time, partially offsetting pressures on the trade balance in the quarters ahead.

Fig 1: India's gold demand in FY26

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
Apr-Sep'24	401.27
Apr-Sep'25	299.77

Source: CEIC, UBI research

Fig 2: Monthly Gold ETF data shows investment demand surged ~fourfold



Source: CEIC, UBI research

Fig 3: Trade dynamics likely widened further in Oct'25	Fig 4: NONG deficit is estimated to be at record levels in Oct'25

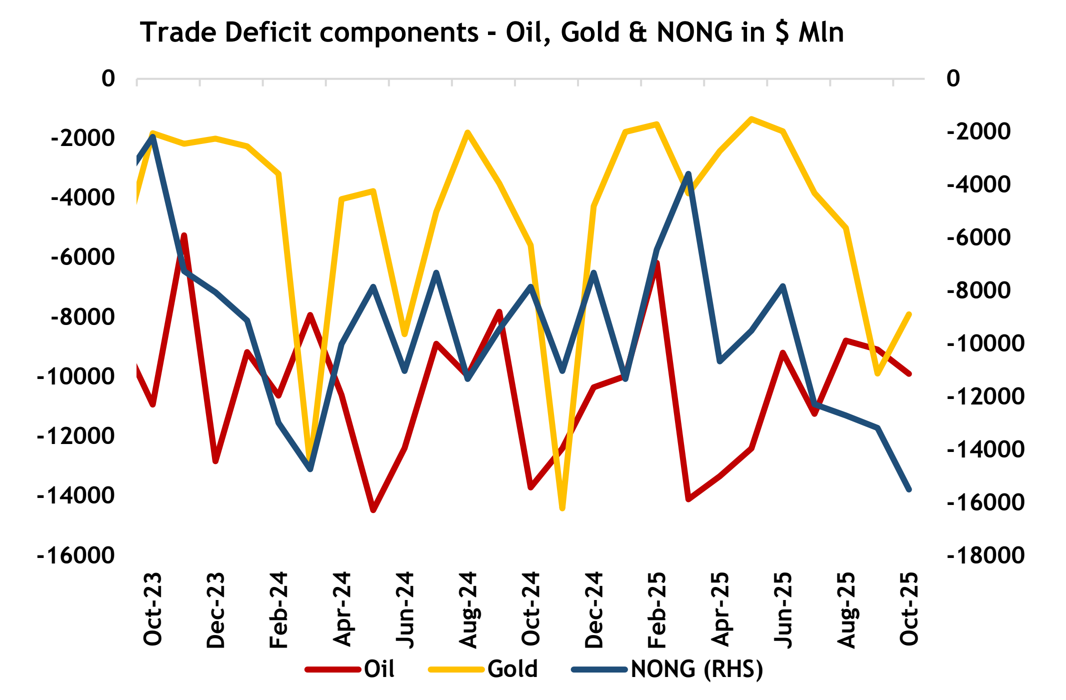
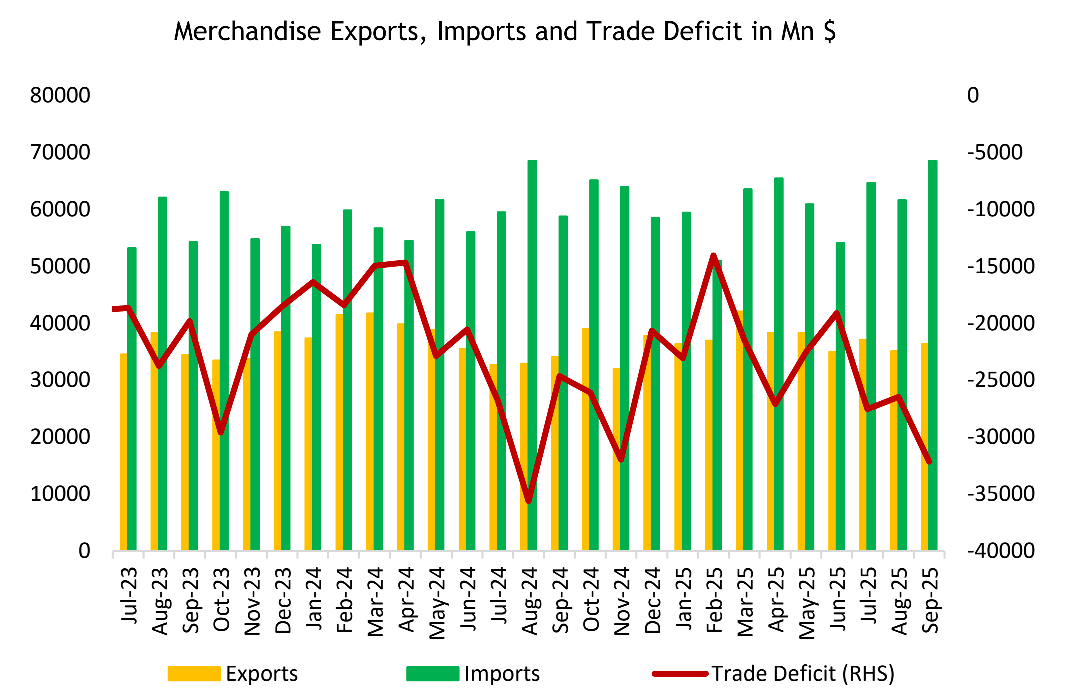

	

Fig. for Oct-25 is our estimate; Source: CEIC, RBI & UBI research	

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Classification: Internal