# Data Preview: Trade Data & WPI Mar’25

यूनियन बैंक ऑफ इंडिया
अच्छे लोग, अच्छा बैंक
Union Bank of India
Good people to bank with

**08th April 2025**

| Data release | Due date | Sep’24 | Oct’24 | Nov’24 | Dec’24 | Jan’25 | Feb’25 | Mar’25 (Proj.) |
|---|---|---|---|---|---|---|---|---|
| WPI (YoY %) | 15th Apr’25 | 1.84% | 2.36% | 1.89% | 2.37% | 2.31% | 2.38% | **2.1%** |
| Trade Balance (bln US$) | 15th Apr’25 | -19.69 | -24.13 | -31.83 | -21.94 | -22.99 | -14.05 | **-13.0** |

## Trade deficit likely further narrowed in Mar’25

- **Merchandise trade deficit** likely narrowed in Mar’25 to $13.0 bln vis-à-vis $14.1 bln a month ago. This was probably led by moderation in the Non-Oil-Non-Gold (NONG) segment on positive seasonality during the quarter *(Fig 1)* and supported by fall in gold import due to rise in prices. The extent of improvement in trade dynamics may however be capped amid concerns of trade restrictions and tariff increases by the US administration.
- **Oil deficit** likely widened although global Brent crude oil prices moderated to $71.5/bbl vis-à-vis $75.0/bbl a month ago. As per market analytics firm Kpler (sourced from Reuters), India’s imported a record 5.13 million barrels per day (mb/d) of crude oil in Mar’25, compared to 4.78 mb/d in Feb’25 and 4.95 mb/d during Mar’24. This was the highest monthly volume in over 15 years, aided by strong domestic demand coupled with high refining capacity and availability of discounted Russian oil. Also, March being the end of FY, oil marketing companies typically accumulate stocks which is a recurring seasonal pattern.
- Oil trade dynamics may receive a favorable push from the downward trend in oil prices. US tariffs imposed across countries are expected to curb global economic activity and hence, demand for energy which will weigh on oil prices.
- In the **NONG** segment, deficit likely narrowed on positive seasonality in last quarter of fiscal. Lower energy prices may drive favorable trade dynamics in sectors like chemicals, coal etc. Meanwhile, factors like dumping effects from some countries amid ongoing trade wars may cap the narrowing in NONG deficit.
- We expect a fall in quantity of gold imports for Mar’25. Gold demand may have fallen as the persistent rise in gold prices (price rose 38% YoY in March) may have likely weakened the demand for gold. However, given the elevated global macro uncertainty under Trump 2.0, safe haven demand for gold may persist.
- Commodity prices especially oil will remain on close watch to assess trends in trade deficit. The cooling seen in oil prices, if sustained, would support trade dynamics while global growth and export worries may limit impact. Going forward, geopolitical risks especially tariff concerns will continue to influence trade dynamics.

**Fig 1: Quarterly trends in trade deficit shows positive seasonality in Q4**

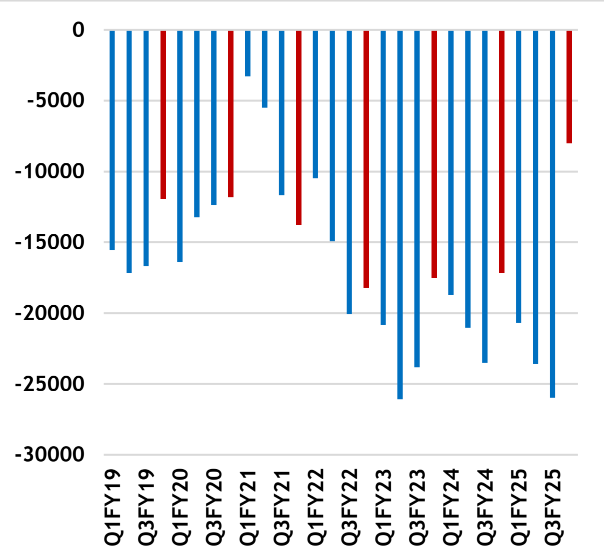



**Fig 2: India’s gold demand remains steady in FY25 despite elevated prices**

| 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 |
| H1FY25 | 370.29 |
| H2TDFY25 | 303.43 |

*Note: H2 TDFY25 is estimate up to Feb’25*
*Source: CEIC, UBI research*

**Fig 3: NONG likely drove improvement in trade dynamics in Mar’25**

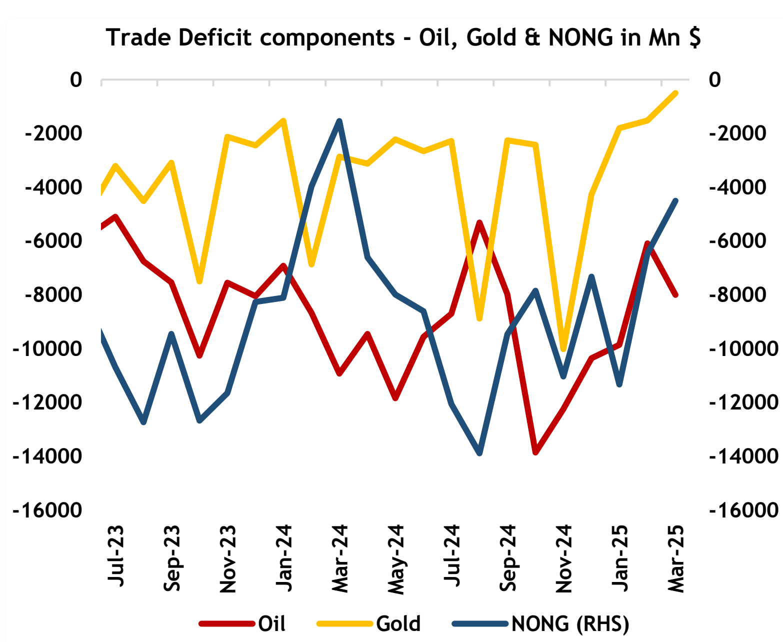
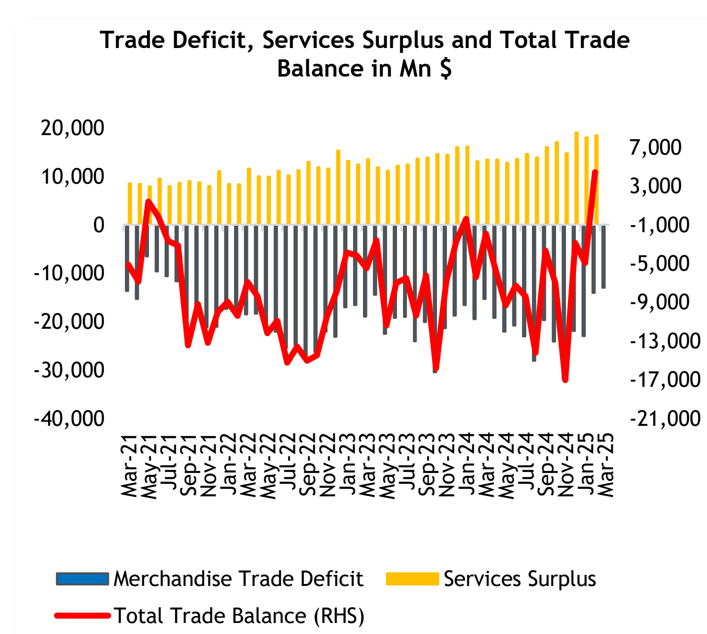



**Fig 4: Goods trade deficit likely narrowed in Mar’25 with sustained support from strong services surplus**




*Note: Figure for Mar’25 is our estimate*

*Source: RBI, Ministry of Commerce, CEIC, UBI research*


By:

Kanika Pasricha
kanika.pasricha@unionbankofindia.bank

Jovana Luke George
jovana.george@unionbankofindia.bank

S. Jaya Laxmi
s.jayalaxmi@unionbankofindia.bank

## Wholesale Price Index likely to moderate to 2.1% in Mar'25

- **Wholesale Price Index (WPI)** is expected to moderate to 2.1% y/y in Mar'25, low from 2.4% in previous month, due to seasonal drop in food prices. Fuel WPI is to see a decline during Mar'25 due to sequential moderation in crude prices in international markets. However, core WPI may see a slight uptick due to spike in global metal prices in Mar'25 even as lower oil prices capped the impact.
- **Food WPI** saw a sustained downtick on seasonal trends. Within food, vegetable prices continued to see sequential drop during the month but at a slower pace (-) 4% m/m. However, edible oil prices are showing marginal increase of 1.3% m/m sequentially. Manufactured food prices are expected to record slight increase during the month as edible oil prices showed increase during the month and sugar prices are increasing at 1% m/m (edible oil and sugar are primary inputs in manufactured food products).
- **Fuel Index is expected to** show decline in Mar'25 due to sequential fall in global oil prices. Fuel prices are seen to record monthly decrease during Mar'25 touching one of its lowest levels in last four years due to demand concerns amid changing global orders of 'oil' after Trump's policies. Meanwhile, adverse base effects likely led to slight uptick in y/y fuel WPI inflation levels.
- **Core WPI** which reflects inflation excluding food and fuel, is expected to witness a sequential increase in Mar'25, due to spike in global metal prices, even as downward pressure on other commodity prices led by oil helped cushion the impact. Core WPI reflects price movements in non-food manufactured products which closely track commodity prices as more than 40% manufacturing raw materials are imported. Commodity prices (metals) seen to jump during the month due to anticipated supply shocks amid tariff wars.
- **A comparative analysis of China's Producer Price Index (PPI) and Wholesale Price Index in India** reflects that, there exists a strong correlation between the two. China PPI likely stayed in deflation zone (Feb'25: -2.3%), we would continue to see moderation in India WPI inflation amid supply corrections both globally and domestically.
- **Going forward,** WPI is expected to see slight moderation amid softening fuel prices globally. Meanwhile, global metal prices are on rise amid tariff wars along with seasonal rise in food prices from April onwards. Nevertheless, exact impact of on-going trade wars on global supply chains will be on close watch for observing future price trends.

**Fig 5: WPI to moderate in Mar'25**

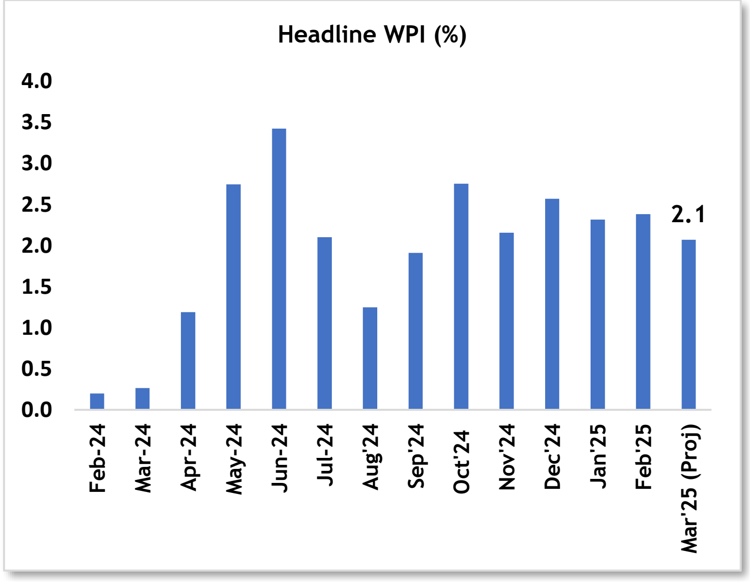



**Fig 6: High correlation between China PPI & India, moderation resumes**

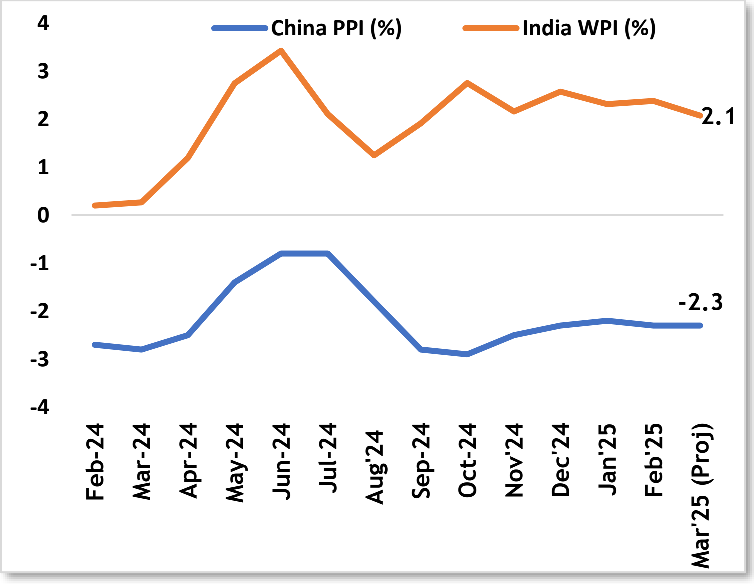
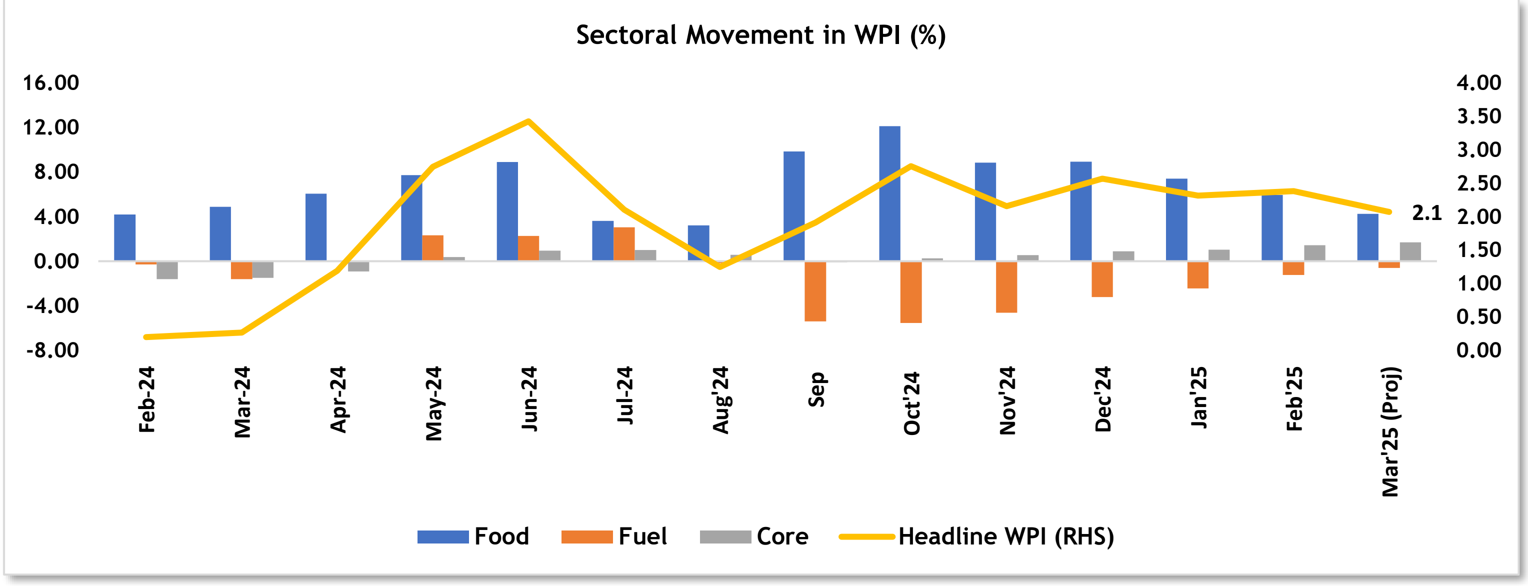



**Fig 7: While food moderate, fuel continues in negative zone amid global cues (y/y)**




*Source: CEIC, UBI research*

| Banking Research Team | |
|---|---|
| **Kanika Pasricha**<br>**Chief Economic Advisor** | **kanika.pasricha@unionbankofindia.bank** |
| Suneesh K | suneeshk@unionbankofindia.bank |
| R Gunaseelan | gunaseelan@unionbankofindia.bank |
| Nidhi Arora | nidhiarora@unionbankofindia.bank |
| Rajesh Ranjan | rajeshranjan@unionbankofindia.bank |
| Jovana Luke George | jovana.george@unionbankofindia.bank |
| Amit Srivastava | asrivastava@unionbankofindia.bank |
| Rohit Yarmal | rohitdigambar@unionbankofindia.bank |
| S. Jaya Laxmi | s.jayalakshmi@unionbankofindia.bank |
| Dhiraj Kumar | dhirajkumar@unionbankofindia.bank |
| Akash Deb | akash510@unionbankofindia.bank |
| Shreyas Bidarkar | shreyas.bidarkar@unionbankofindia.bank |