Trade Deficit in Jul'26 likely narrowed to $27.0 bln as correction expected in NONG deficit; while crude prices remain unchanged from previous month.

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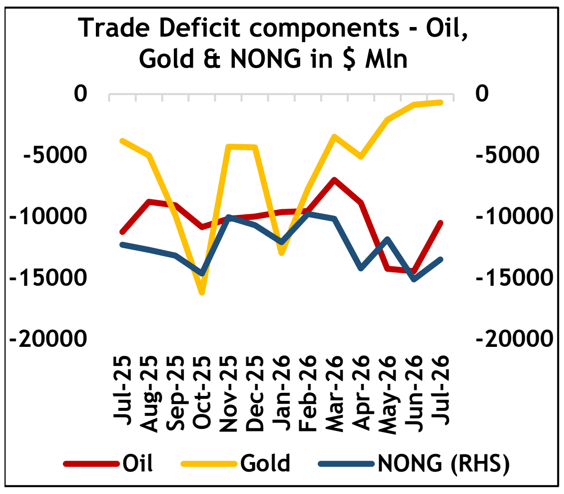
Data release	Jan'26	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Aug'26 (projected)
Trade Balance ($ bln)	-34.8	-27.1	-20.7	-28.4	-28.2	(-) 30.43	(-) 27.0

Fig 1: Jul'26 Trade Deficit likely narrowed



Source: CEIC & UBI research

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

Year	April	May	June	July
2026-27	114.48	106.23	83.22	82.04

Source: PPAC & UBI research

Fig 3: India's Oil import volumes: Share of countries. Russia remains the highest

Top Suppliers	Jun'26 Imports %	Jul'26 Imports %
Russia	48%	55%
UAE	12%	10%
Venezuela	4%	5%
Saudi Arabia	8%	10%
US	2%	3%

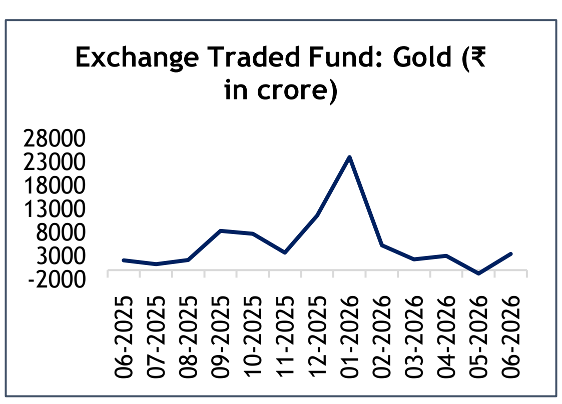
Source: media sources, The Print & UBI research

Fig 4: India's Gold demand narrowed in Jul'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-Jul)	110.4

Source: CEIC & UBI research

Fig 5: India's Gold ETF re-emerged in positive zone from previous month low:



Source: CEIC & UBI research

Jul'26 Trade Deficit narrowed to $27.0 bln

- **India's merchandise trade deficit** likely narrowed to ***$27.0 bln*** in Jul'26, compared to ***$30.43 bln*** in Jun'26, as Brent crude prices remains flat while Gold imports marginally narrow-down and Non-Oil Non-Gold deficit to see some corrections amid balancing global price dynamics. Within NONG, metal prices remain checked in Jul'26. Retail gold demand remains subdued due to inauspicious time in Hindu calendar and higher import duties imposed on the precious metals.
- **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 Jul'26. ***Reuter's CRB Index stood partially higher at 377 in Jul'26 from 368*** a month earlier, despite softening metal prices in global markets mainly due to spike in prices of agri commodities during the month. 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.
- **NONG deficit to correct in Jul'26,** led by chemicals and electronics which recorded sharp spike in deficit in Jun'26 at (-) $3.0 Bn and (-) $8.4 Bn from (-) $1.8 Bn and (-) $7.2 Bn in May'26 respectively.
- **Oil deficit** likely narrow as crude prices remained flat at Avg. 84 $/bbl in both June and July 2026 amid expected moderation in oil import volume. ***Indian crude oil basket too averaged $82.04/bbl. in Jul'26*** vis-a-vis $83.22/bbl. in Jun'26. Research reports sourced from Kpler stated that, India imported 4.55/mbpd in Jul'26, lower from 4.93/mbpd in Jun'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 narrowed in Jul'26. We estimate, gold imports likely historical low at ~16 metric tonnes/month in Jul'26, low from 19 metric tonnes/month in Jun'26. Gold prices seen decline in global markets at (-)3.7% m/m (from 4228/oz.in Jun'26 to 4072/oz in Jul'26). 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 reversed their previous month outflow and recorded net inflow of Rs.3443 crore in Jun'26 from outflow of ₹ (-) 725 crore in May'26, the largest outflow since 2019.
- **Volatility to even out:** 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 re-emerging wars and volatile global crude prices remained flat in July from previous month's level. We expect India's CAD could narrow down to **1.1% of GDP in FY27** (contingent upon oil price at Avg.$90 bn) any change in oil price corrections as a result of 'war-normalization' may change the outlook. Despite wars and negotiations going hand-in-hand, markets have priced-in supply corrections and helped balancing the crude oil prices. Average oil prices to remain range-bound at ~$85-90/bbl in Aug.
- **India-UK Trade deal to support exports**. 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.
- **Going forward:** India's trade balance is seen to be narrowed in July mainly supported by moderation in gold and few sub-segments of NONG imports. India stands at a more stable and strategically significant position with its oil supplies diversified. India is importing more than 50% of its crude oil from Russia and gradually away from the war prone regions of west Asia which helped India manage the supplies. India-UK trade deal has positioned India at a better place with export competence in its textile, Gems & Jewellry and chemical sector. **We expect India's NONG exports to see upward tick from coming months that can help balance the overall deficit in NONG and thereby reducing the overall merchandise deficit.**

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