Jun'26 Trade Deficit widens sharply to $30.4 bln as NONG deficit touched historic highs

14th July 2026

By:
Kanika Pasricha
kanika.pasricha@unionbankofindia.bank.in

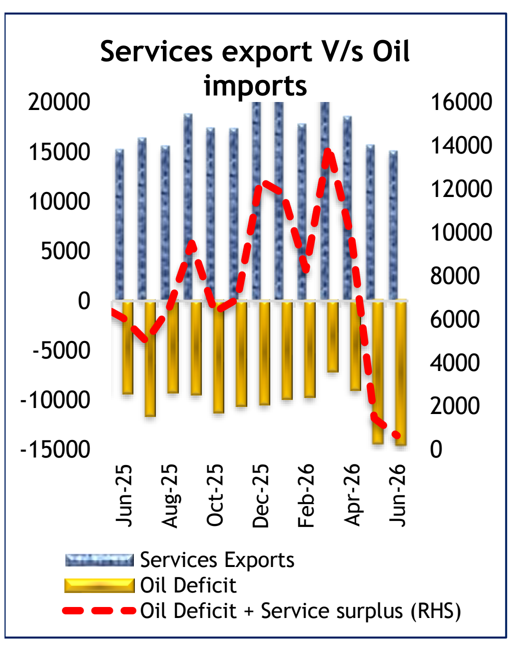
Jaya laxmi Sarepalli
s.jayalaxmi@unionbankofindia.bank.in

Fig 1: *Trade deficit at 4-month high, while services maintain surplus, good deficit widened in Jun'26*

USD (bln)	Goods trade bal.	Services trade bal.	Total trade bal.
June'25	-19.1	16.2	-2.9
July'25	-27.9	16.4	-11.4
Aug'25	-27.2	15.6	-11.6
Sep'25	-33.0	18.8	-14.1
Oct'25	-42.6	17.4	-25.2
Nov'25	-25.1	17.4	-7.7
Dec'25	-26.2	22.7	-3.6
Jan'26	-34.8	21.5	-13.2
Feb'26	-27.1	17.8	-9.3
Mar'26	-20.7	21.0	0.3
Apr'26	-28.2	18.6	-9.6
May'26	-28.2	15.7	-12.5
Jun'26	**-30.4**	**15.1**	**-15.3**

Source: CEIC & UBI Research

Fig 2: *Services exports continue to offset more than Oil trade deficit*



Source: CEIC & UBI Research

Jun'26 Trade deficit led by sharp spike in NONG deficit

Merchandise trade deficit widened sharply to ***$30.43bln in Jun'26*** vis-à-vis ***$28.21bln in May'26***, above the consensus estimates of (-)$26 Bln; goods trade deficit was sharply higher than our estimates of $22.3bln, mainly clocked by the sequential moderation in exports (m/m exports recorded 10.6% decline). While goods deficit widened, services surplus remained almost flat sequentially at 15.1 USD Bn, thereby widening the overall trade deficit to (-) 15.0 USD Bn in Jun'26. Impact of wars and geo-political uncertainties weighted on both good and services trade in June.

In terms of sectoral drivers of trade dynamics, oil deficit remained almost flat at **$14.4bln in Jun'26**, gold deficit narrowed to **$0.86 bln vis-a-vis $2.1 bln** in Jun'26. Notably, non-oil non-gold deficit (NONG) widened to historic highs, at **$15.12 bln** in Jun'26 **vis-a-vis $11.85 bln in previous month** due to increased imports of Chemicals and electronics.

Data surprises this month:

- **Sharp rise in NONG deficit due to increased imports in chemical and electronics segment.**
- **Gold deficit narrowed, retail demand remains weak.**

Services surplus, remained flat at previous month level, not adding much to even-out the goods deficit;

- **Services trade surplus** was contained at **$15.11bln** in Jun'26 from **$15.71bln** in May'26, versus **$16.21bln** in **Jun'25**. Due to marginal increase in services surplus from previous month, overall deficit was widened (-) $15.32 Bln, with merchandise deficit at $ 30.43 bln.
- **Overall trade deficit** widened in Jun'26, due to the combined effect of increased goods deficit and stagnant services surplus.

NONG was the prime driver in widening of trade deficit;

- **Oil deficit** remained almost flat at $ 14.45 bln. in Jun'26, despite crude oil price correction in June (m/m decline of 18.8% in Jun'26 from $104/bbl in May'26 to $84.4/bbl in Jun'26) once the war in West Asia partially faded. ***Indian crude oil basket too averaged down to $83.22/bbl. in Jun'26* vis-a-vis $106.23/bbl. in May'26.** Russia remained India's largest crude oil supplier in Jun'26, with more than 50% of supplies at ~ 78Mn bbl, followed by the UAE, Venezuela and Saudi Arabia, according to Kpler shipment data. Data showed that India moved ahead in reducing its oil dependence on West-Asia, which can somewhat minimize the volatility in coming times.
  - ***We anticipate oil prices to average around $80-85/bbl in coming month amid corrections in West-Asia wars and undersigned MoUs. However, volatility continues in volume terms as the case of demand fluctuations.***
- **Gold deficit** sharply narrowed in Jun'26, due to seasonal demand shortfall as inauspicious months continue, also gold prices in India saw sharp jump due to duty hikes, despite stable prices in global markets.
  - **Gold ETF** inflows sharply spiked to ₹3,443 crore in Jun'26 up from outflow of ₹725 crore in May'26 (AMFI). The decline in retail demand due to inauspicious season was seen to compensate for the Gold ETF demand in the month.
- **NONG deficit** has widened, led by increased imports of Chemicals and Electronics segments. Despite metal price corrections deficits widened mainly due to volume effect.
  - Deficit recorded in **Chemicals ($3018mln) and Electronics ($8436mln) in Jun'26** despite fall in commodity prices during the month (Reuter's CRB Index narrowed to 368 in Jun'26 from 395 a month earlier). ***Going forward, trends in commodity prices remain key to watch while Free trade agreements to place India at a strategic position in terms of its export volumes.***
- **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.***

Our estimates suggest India's CAD could be contained at 1-1.5% of GDP in FY27; contingent upon crude oil price hovering around $80-85/bbl.

- India's CAD% to GDP at 1-1.5% in FY 27, if oil prices sustain in the range of $80-85/bbl, however, the MOUs have been called-off and wars seem to resume in West Asia, adding more volatility to crude prices. 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. However, volatility persists in gold import volumes and metal prices which tend to put upward pressure in coming times and calls for a keen watch. Trade agreements and improved global positioning too can make India stand strong in building a balanced trade. While India's goods deficit needs corrections going forward, services surplus too must move up to balance the deficits.

Fig 3: *Trade deficit widens in Jun'26 (in $ mn), goods deficit widens, while services surplus flat*

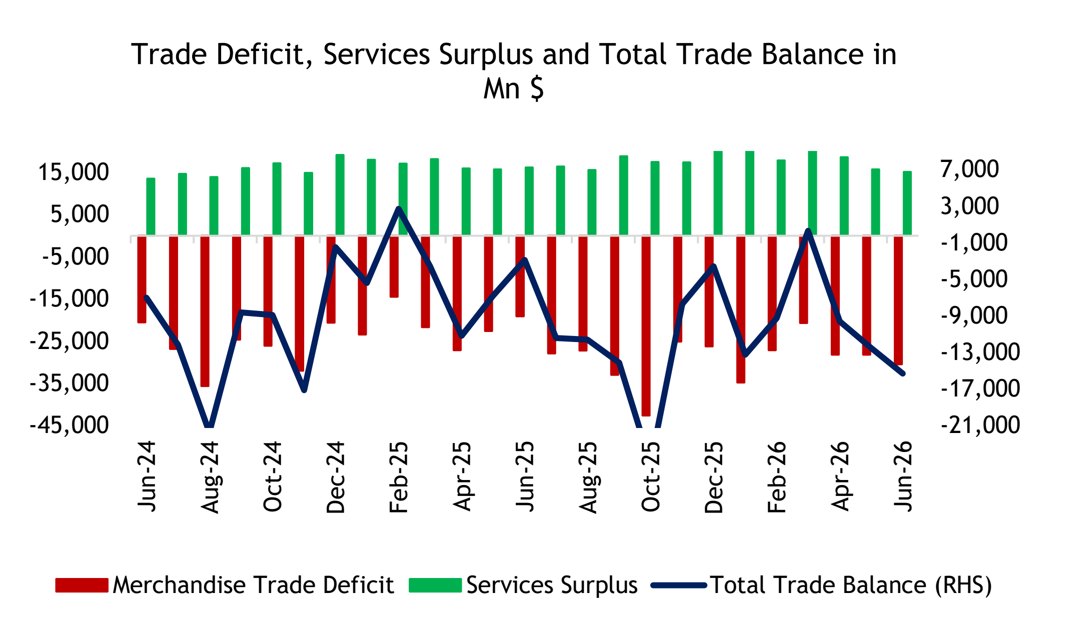
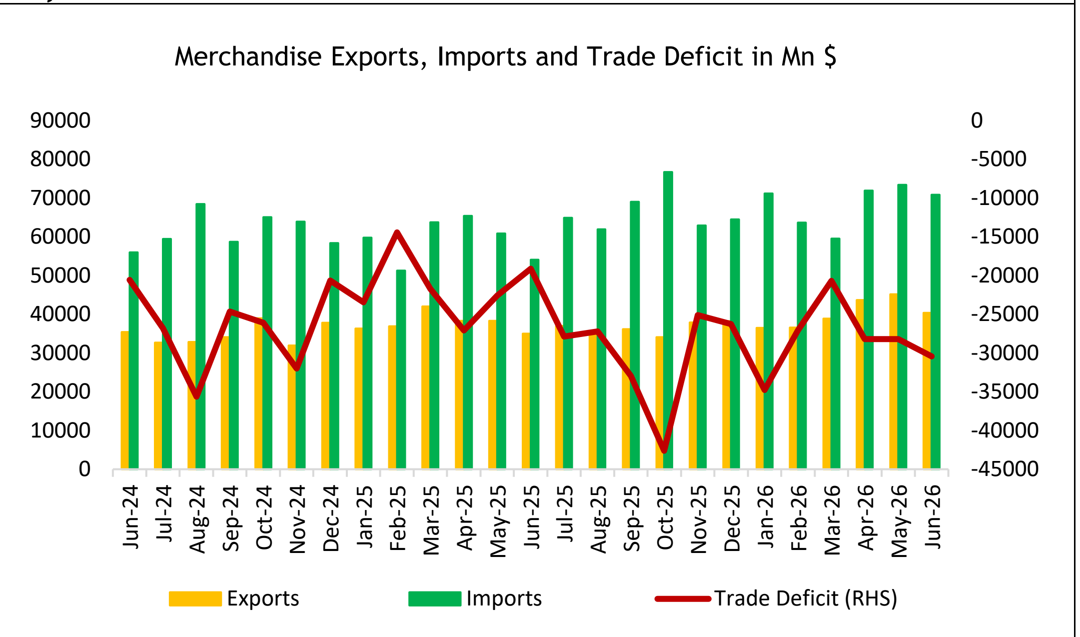


Fig 4: *Both exports and imports report lower in Jun'26 (in $ mn), deficit widens*



Source: CEIC & UBI Research

Fig 5: *Trade deficit widened primarily led by NONG (in $ mn)*

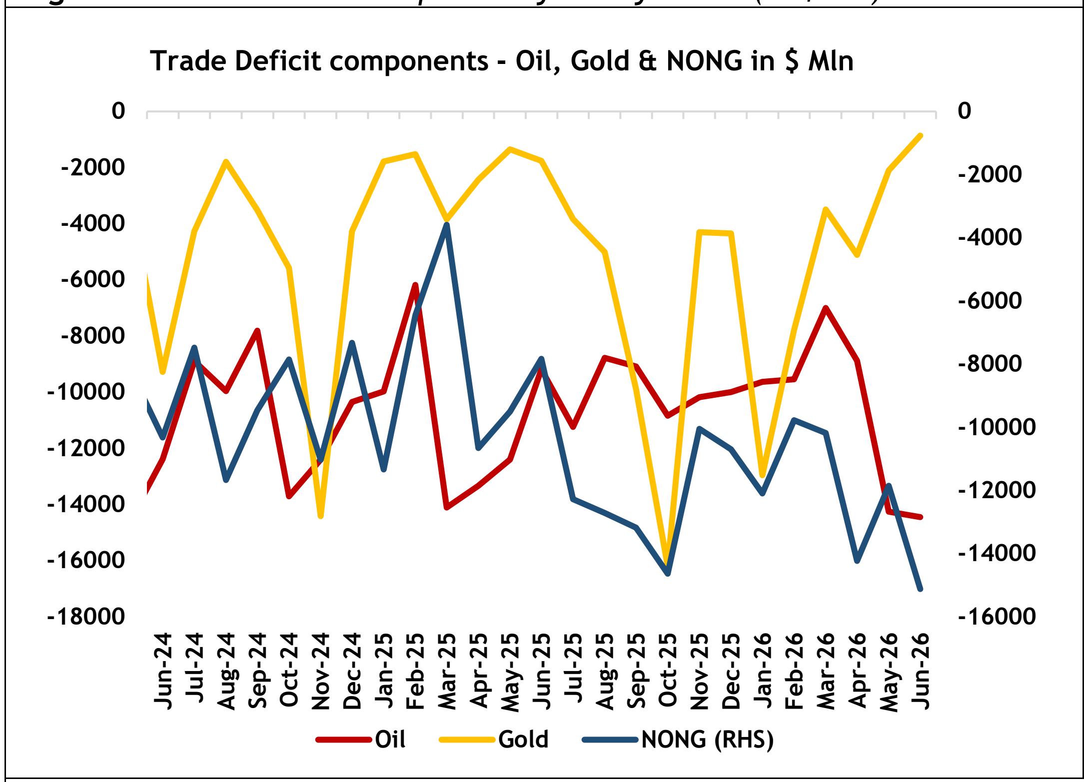
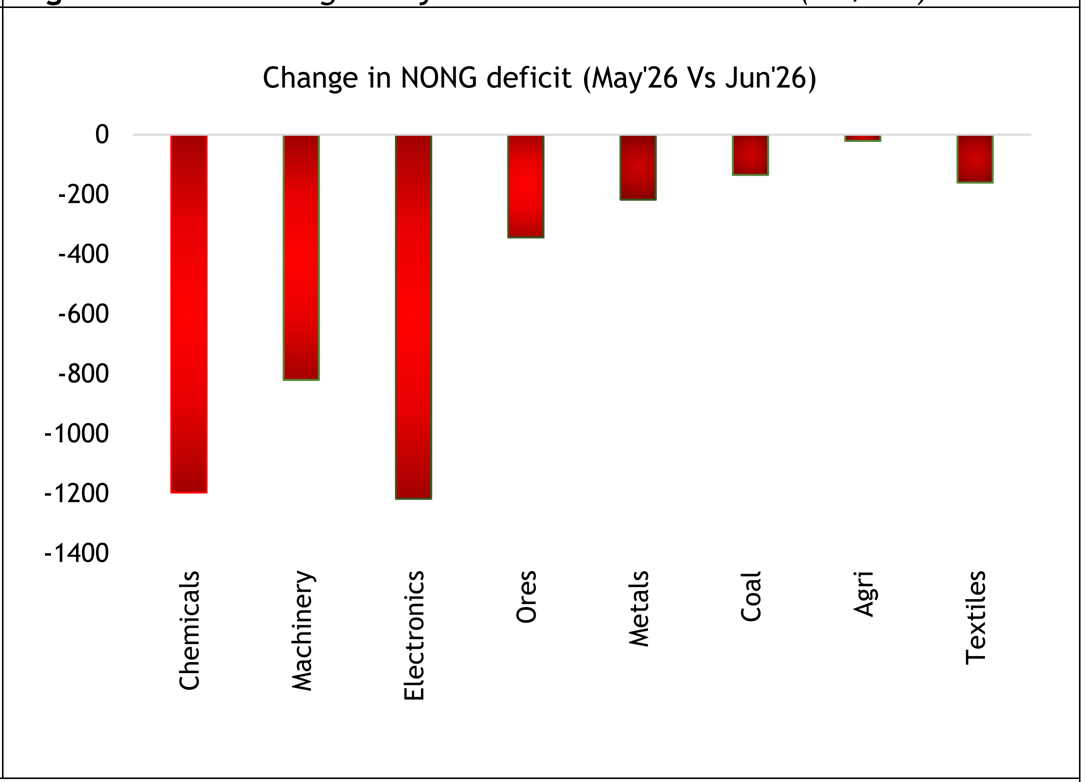


Fig 6: *NONG widening led by Chemicals & Electronics (in $ mn)*



Source: CEIC & UBI Research

Fig 7: *Data Table (trade deficit)*

All figures in ($ bln)	Exports	Imports	Trade deficit	Oil deficit	Gold / Jewellery deficit	Non-Oil Non-Gold deficit
Jun-25	35.0	54.1	-19.1	-9.3	-1.8	-8.0
Jul-25	37.0	64.9	-27.9	-11.4	-4.1	-12.3
Aug-25	34.8	62.0	-27.2	-9.1	-5.4	-12.7
Sep-25	36.1	69.1	-33.0	-9.3	-10.5	-13.2
Oct-25	34.1	76.7	-42.6	-11.1	-16.9	-14.6
Nov-25	37.9	63.0	-25.1	-10.4	-4.6	-10.1
Dec-25	38.2	64.5	-26.2	-10.3	-5.3	-10.7
Jan-26	36.5	71.2	-34.8	-9.7	-12.9	-12.1
Feb-26	36.6	63.7	-27.1	-9.5	-7.8	-9.8
Mar-26	38.9	59.6	-20.7	-7.0	-3.5	-10.2
Apr-26	43.7	71.9	-28.2	-8.9	-5.1	-14.2
May-26	45.2	73.4	-28.2	-14.3	-2.1	-11.9
Jun-26	***40.4***	***70.8***	***-30.4***	***-14.5***	***-0.9***	***-15.1***

Source: CEIC & UBI Research

Banking Research Team	
Kanika Pasricha **Chief Economic Advisor**	**kanika.pasricha@unionbankofindia.bank**
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Chetan Saraogi	Chetan.saraogi@unionbankofindia.bank.in
Jovana Luke George	jovana.george@unionbankofindia.bank
Ashish Dhanraj Dhok	ashish.dd@unionbankofindia.bank.in
Rohit Yarmal	rohitdigambar@unionbankofindia.bank
S. Jaya laxmi	s.jayalaxmi@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank