

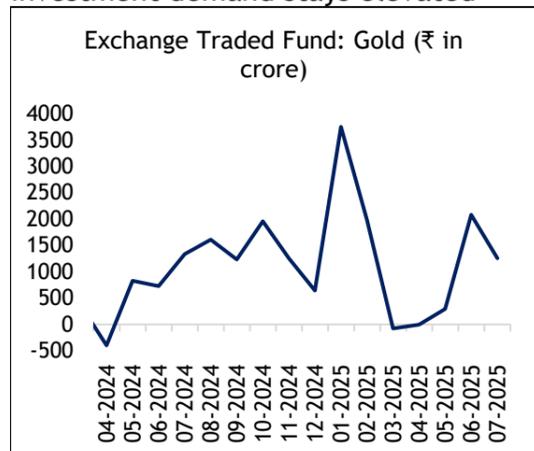
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Fig 1: India's gold demand subdued in FY26 on elevated prices

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
FY25	757.09
H1TDFY26	90.21

Fig 2: Monthly Gold ETF data shows investment demand stays elevated



Source: CEIC, UBI research

Fig 3: Progress, if any, on India-US trade deal, on close watch with key meetings in Aug'25

Timeline of upcoming events	
Date	Event
August 15, 2025	U.S. President Trump & Russian President Putin are scheduled to meet in Alaska
August 27, 2025	Additional Tariff - Extra 25% tariff, raising total to 50%; some exemptions apply
August 31 to September 1, 2025	Modi's Scheduled Visit to China to attend Shanghai Cooperation Organisation (SCO) Summit in Tianjin

Data release	Due date	Dec'24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25 (Projected)
Trade Balance (Bln \$)	18 <sup>th</sup> Aug'25	-21.9	-23.0	-14.1	-21.5	-26.4	-21.9	-18.8	-23.9

### Trade Deficit likely widened in Jul'25

- **Merchandise trade deficit** likely widened substantially in Jul'25 to \$23.9bn vis-à-vis \$18.8bn a month ago. This was probably led by upward movement in oil prices driven by tighter global supply conditions, resilient demand from Asia and geopolitical tensions. Last month Gold imports stayed muted and was primarily driven by essential or need-based buying. However, commodity prices showed mixed but generally moderating movements; metals rose ~1.5% & Precious metals edged up ~0.4%. (Refer report: [Trade deficit narrows in Jun'25 led by sharp drop in NONG imports](#))
- **Oil deficit** likely surged, even as prices ended flat after sharply higher mid-month volatility driven by geopolitical uncertainties, OPEC+ policy shifts, and trade tensions especially between US and Russia. Brent oil prices averaged at \$69.55/bbl. vis-à-vis \$69.80/bbl. a month ago. According to shipping analytics firm Kpler, India imported **4.68mbpd** of crude in July down slightly from **4.72mbpd** in June, reflecting a shift in sourcing as suppliers from West Asia, Africa, and the U.S. gained market share at Russia's expense. According to maritime intelligence firms Vortexa and Kpler; Crude oil imports from Russia dropped to ~1.5mbpd in July the lowest since Feb'25 down from 1.95-2.1mbpd in Jun'25. Russian crude's share fell to ~33% in July, from a record 45% in June and 43% a year ago. India's oil imports from Iraq rose 8.7% to 908k bpd, while Saudi imports jumped 21% to 702k bpd, Nigerian imports surged 67% & US volumes surged 20% to 364k bpd an 11-month high reflecting India's continued diversification & price-arbitrage strategy ([as per media reports](#)). Meanwhile, EU sanctions on Indian Energy firms linked with Russian refineries, imposed on 18<sup>th</sup> Jul'25, have restricted European export access and financial services, putting ~\$5bn of India's petroleum product exports to the EU at risk.
- **Gold deficit** likely stayed muted in Jul'25 as gold market saw subdued jewellery demand amid seasonal factors and soaring prices, but strong investment flows helped somewhat. Gold ETFs recorded strong sentiment, pushing AUM to INR 648 billion (US\$ 7.5 billion) and holdings to 66.7 tons. The RBI also resumed gold purchases, raising reserves to 880 tons—over 12% of total forex reserves and a record high levels. Meanwhile, drop in gold imports, reflect a shift from physical consumption to investment-led demand. Anecdotal reports suggest demand has been concentrated in lower-grammage coins, especially those under 10 grams. Notably, gold prices hovering near record highs – averaging \$3,343/oz in Jul'25 vs \$3,353/oz in Jun'25 likely continued to act as constraint on import volumes. The domestic demand has been sluggish as imports dipped from ~31 tons to ~25 tons in Jun'25 and we have assumed similar numbers for July'25.
- **Non-Oil-Non-Gold** deficit probably saw widening on positive seasonality; on likely surge in metal prices amid the trade tariff truce. Moreover, in sectors like chemicals (primary driver of narrowing NONG deficit last month), the government eased compliance by **withdrawing Quality Control Orders for key chemicals** like acetic acid, methanol, and aniline, benefiting industries such as pharma, textiles, and agrochemicals. That said, some sectors like coal, machinery etc. may face downward pressure on imports. In July 2025, **coal's share in India's power mix dropped to a 5-year low** as hydropower and renewables surged by 22.4% and 14.4%, respectively. Coal inventories at power plants fell 13%, prompting reduced purchases amid declining output. **On the machinery front**, new import rules came into effect, mandating detailed compliance documentation and BIS certification for heavy machinery. Additionally, an anti-dumping duty ranging from 0% to 63% was imposed on plastic processing machines from China and Taiwan to protect domestic manufacturers. Hence, segment wise impact within NONG will be closely watched after machinery (volatile sub-segment) and chemicals (linked to oil prices) explained ~60% of MoM widening in NONG trade deficit. Volatility remained high across commodities, reflecting ongoing economic uncertainties and supply-demand shifts. Average commodity prices showed a mixed trade scenario in Jul'25 vs Jun'25 amid geopolitical tensions (Refer report: [Uni-FX: Currency contours: From Tariff tussles to Fed Signals](#))
- **Going forward**, commodity prices especially oil and metals will remain on close watch to assess trends in trade deficit. Trump's announcement a fresh 25% levy on Indian exports, from 7th Aug'25, and announcing a further 25% penalty effective 27th Aug'25, especially targeting India over its oil imports from Russia. The uptrend seen in commodity prices, if sustained, would dampen trade dynamics while global growth and export worries may limit impact. Going forward, geopolitical risks especially tariff concerns and any progress on trade deals for India with US/Europe will influence trade-dynamics.

Fig 4: Trade dynamics broadly widened in Jul'25

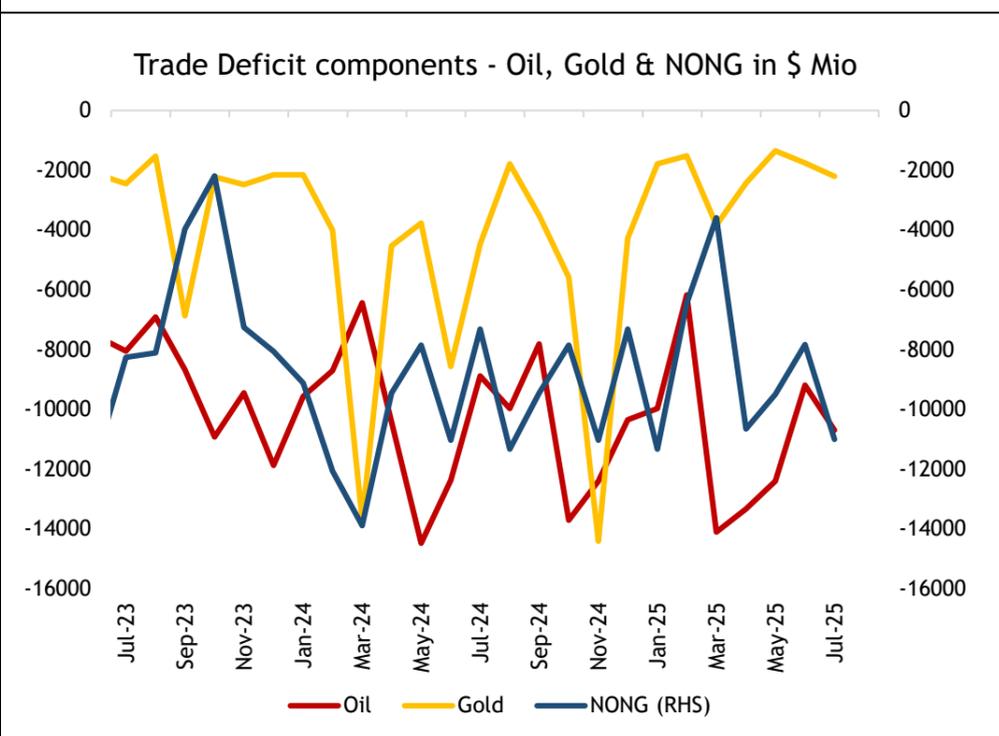


Fig 5: Oil & NONG trade deficit estimated to be widened in Jul'25 while strong services surplus to persist

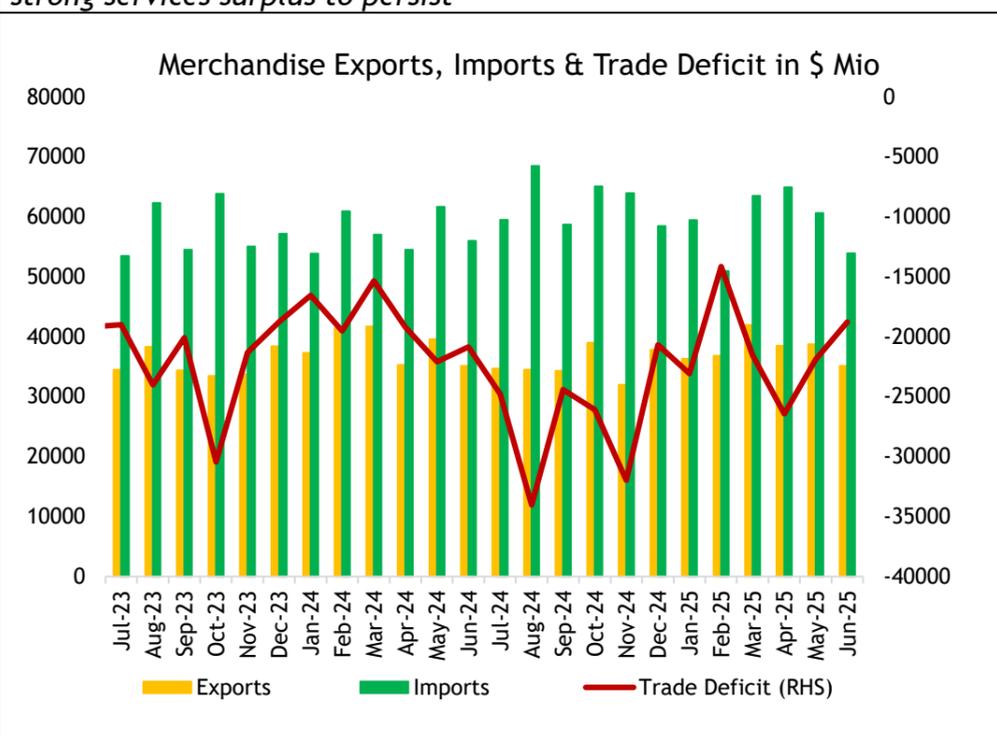


Fig. for Jul-25 is our estimate; Source: CEIC, RBI & UBI research

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