Trade Deficit for Apr’26 widens sharply to $28.38bln as West Asia conflict fuels import surge

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Apr’26 Trade Gap print shows spike in record exports as well as imports led by NONG

Merchandise trade deficit widened to ***$28.38bln in Apr’26*** vis-à-vis ***$20.67bln in Mar’26***. That said, the data stayed way above the market’s expectations of $27bln and above our estimates of $25.7bln, marking a resilient & surging exports and in imports as well. The data clearly highlights that exports (both for goods & services) have remained resilient in FY26 & the momentum continues in FY27, despite West-Asia led trade tensions. Meanwhile, imports spiked significantly, resulting in widening in the merchandise trade deficit, led by Gold (~47% Up MoM), Oil (~29% Up) and NONG (~40% Up).

In terms of sectoral drivers of trade dynamics, oil deficit went up significantly widening, with the latest number at **$9.03bln compared to $7.00bln** the previous month, gold deficit to **$5.12bln vis-a-vis $3.49bln** in Mar’26. Notably, non-oil non-gold deficit widened to record highs, levels last seen in Aug’24 to **$14.23bln vis-a-vis $10.18bln** on the back of volatile sub-segments like Chemicals, Machinery, electronics, etc.

3 sources of data surprises in this trade number:

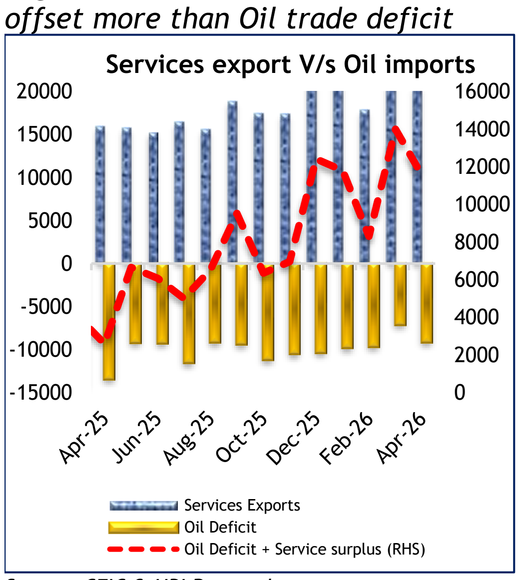
1. Gold imports did not dip in line with media reports (claimed halving of imports from ~33 tonnes in March), as our estimates show a spike in imports to ~50 tonnes in April.
2. Exports clocked $43.6bn, highest since March 2022, primarily due to spike in oil / petroleum product exports, as domestic refineries got attractive business opportunity amid global supply disruptions.
3. Oil import volumes stayed flat versus March despite price spike, driving widening in oil deficit by ~$2bn MoM to $9bn

Fig 1: Despite exports resilience in FYTD27, trade dynamics stays elevated

USD (bln)	Goods trade bal.	Services trade bal.	Total trade bal.
April'25	-26.6	15.9	-10.7
May'25	-22.1	15.8	-6.3
June'25	-18.7	16.2	-2.5
July'25	-27.4	16.5	-10.9
Aug'25	-27.2	15.6	-11.6
Sep'25	-32.9	18.8	-14.1
Oct'25	-42.0	17.4	-24.6
Nov'25	-24.7	17.4	-7.3
Dec'25	-25.0	22.7	-2.4
Jan'26	-34.7	21.5	-13.2
Feb'26	-27.1	17.8	-9.54
Mar'26	-20.7	20.9	+0.20
Apr'26	-28.4	20.6	-7.8

Source: CEIC & UBI Research

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



Source: CEIC & UBI Research

Net Services stays resilient; Mar’26 data revised upward

- Services trade surplus stayed flat at **$20.58bln** in Apr’26 from **$20.99bln (revised upside from $18.24bln)** in Feb’26, versus **$15.94bln** in **Apr’25**. That said, it remains broadly resilient and continues to provide a buffer for C/A dynamics.
- Total trade deficit (goods and services combined) continues to be in single-digit levels in Apr’26, to ***$7.8bln vis-a-vis $0.33bln of trade surplus*** last month. However, **the merchandise trade deficit in Apr’26 is $28.38bln,** continues to remain elevated compared with **$27.10bln in Apr’25.**

NONG was the prime driver in widening of trade deficit; Oil & Gold also inched up

- **Oil deficit** stayed elevated amid on-going West-Asia war. As per Kpler, India’s crude imported nearly 4.4mbpd in Apr’26, marginally lower than 4.5mbpd in Mar’26 and about 85% of February’s 5.2 mbpd imports; with transit through the Strait of Hormuz disrupted since the beginning of the conflict. Brent oil prices averaged at ***$102.40/bbl. vis-à-vis $99.60/bbl.*** a month ago. However, ***Indian crude oil basket averaged $114.48/bbl. in Apr’26*** vis-a-vis $111.4/bbl. in Mar’26. Russia remained India’s largest crude oil supplier in Apr’26, supplying around 1.6mbpd, followed by Saudi Arabia, the UAE, Venezuela and Qatar, according to Kpler shipment data. Russian supplies declined nearly 20% from ~2mbpd in March, which had marked the highest level since May last year. Meanwhile, Saudi Arabia and the UAE increased supplies to about 685,000bpd and 575,000bpd respectively, while India also resumed imports from Iran and Venezuela to offset supply disruptions from other West Asian nations. Notably, no shipments arrived from Iraq, Kuwait, Qatar or the Saudi-Kuwait neutral zone during April, despite Iraq typically being among India’s top crude suppliers. India has further raised a windfall tax on exports of diesel and aviation turbine fuel it imposed last month to ensure adequate domestic supply. ***We anticipate oil prices to continue to trade higher in May’26 amid the West-Asia war and imports are likely to remain robust in volume terms amid steady demand, however the import bill may shoot higher as the global prices surge along with the Indian Crude oil Basket.***
- **Gold deficit** has surged in Apr’26 in both value terms and volumes, amid uncertainty of volatile prices. Notably, gold prices retraced from highs averaging ***$4721/oz in Apr’26 vs 4934/oz in Mar’26***. Domestic demand remains elevated, even as imports appear to be ***~49 tons* vis-à-vis our estimate of *~15 tons* and up from *~33 tons*** in Mar’26. Gold ETF inflows marginally increased to ₹3,040 crore in April up from ₹2,267 crore in March (AMFI). India's April gold imports are set to fall to a near 30-year low of around 15 metric tons, industry and government sources said, because banks have been hit by an unexpected tax demand. ***Going forward, gold imports are expected to drop significantly after PM Narendra Modi urged Indians to stop buying Gold for a year. Moreover, Govt. raised effective gold import duty from 6% to 15%, DGFT capped duty-free gold imports under the Advance Authorisation (AA) scheme at 100 kgs/licence and 50% export obligations. Gold itself is likely to trade sideways with volatility. That said, any measures to curb discretionary imports would remain on close watch.***
- **NONG deficit** has widened, due to positive seasonality as volatile sub-segments like Chemicals, Machinery and Electronics deficit went north amid surge in metal prices. Coking coal imports through major ports declined 5.8% YoY to 5.33 million tonnes in April, while iron ore freight traffic, including pellets, fell 2.8% YoY to 4.08 million tonnes. *Meanwhile, government announced a* ***temporary zero Basic Customs Duty waiver*** *on 40 key petrochemical products from 2nd April to 30th June, 2026, covering products such as Methanol, Toluene, Styrene, VCM, Acetic Acid, Phenol and PTA, to ease supply pressures amid the West Asia conflict*. The widening in the NONG trade deficit was primarily driven by **Chemicals ($1499mln), Machinery ($1074mln) and Electronics ($758mln) MoM** amid surge in some commodity prices during the month. ***Going forward, trends in commodity prices remain key to watch while volatile segments like machinery, electronics & metals may continue to see a spike amid the ongoing West-Asia War.***
- **Our estimates suggest India’s CAD could widen beyond 2% of GDP in FY27.**
  On an annual basis, we continue to see CAD more than doubling to 2% of GDP with risks on close watch. In case government’s gold import curbs are successful, then we may see a lower number, with dip in gold demand helping offset the potential deterioration in oil deficit this year. 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 and in Apr’26 Oil prices continue to go higher MoM. However, elevated services exports provide a cushion against oil price spike even as we cautiously watch out for impact from both trade and sentiment channels.

Fig 3: Trade deficit continue to be in single digits in Apr'26 (in $ mio)

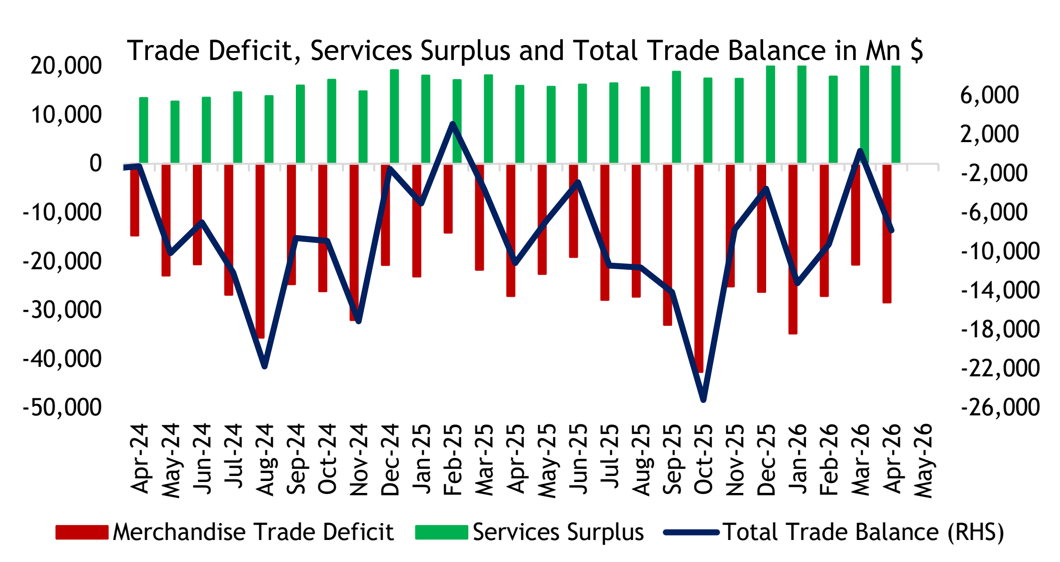
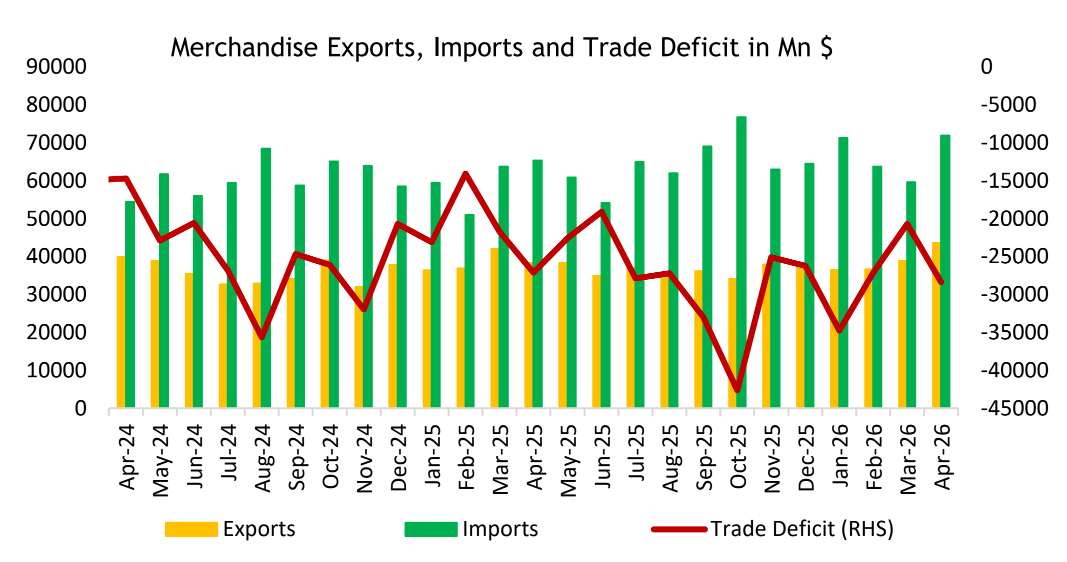


Fig 4: Exports stay resilient, meanwhile Imports also spiked (in $ mio)



Source: CEIC & UBI Research

Fig 5: Trade widening primarily led by NONG (in $ mio)

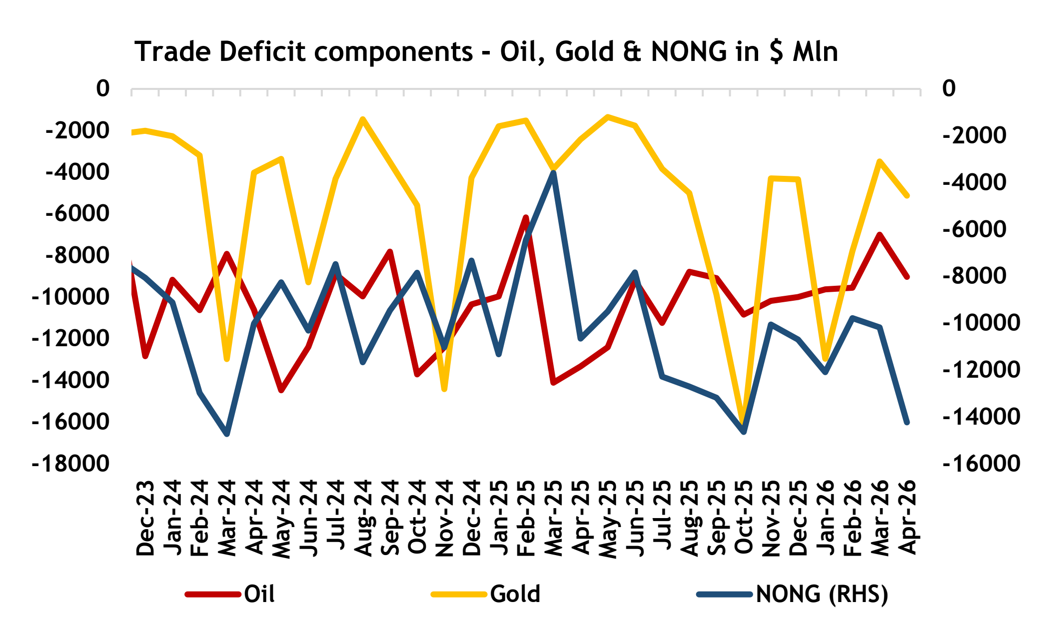
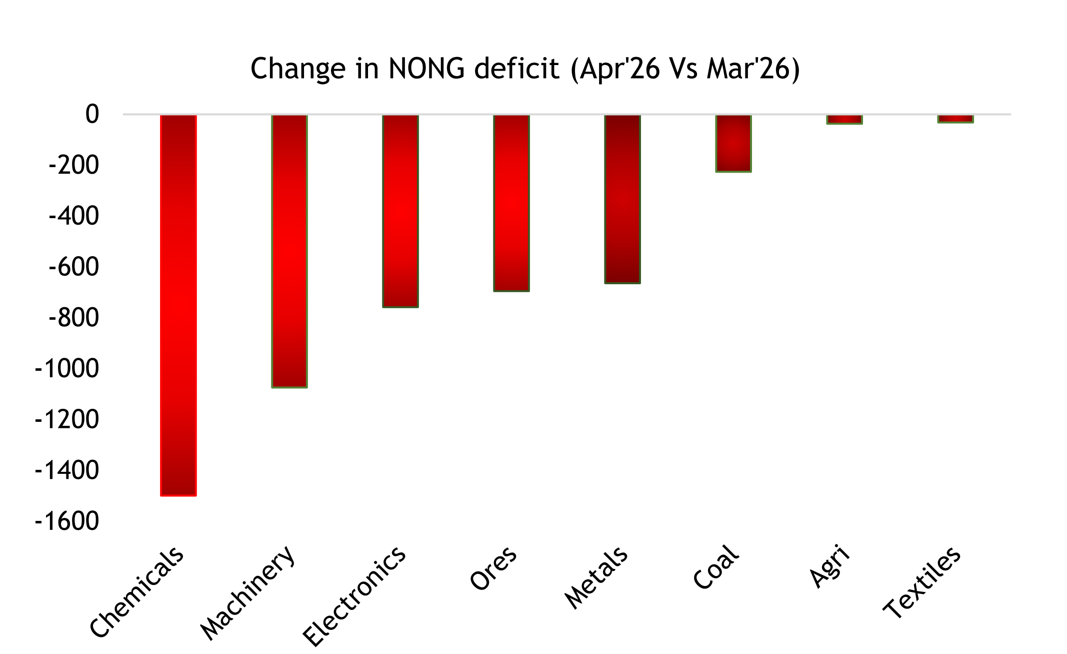


Fig 6: NONG widening led by Chemicals & Machinery (in $ mio)



Source: CEIC & UBI Research

Fig 7: Data Table (monthly trade deficit)

All figures in ($ bln)	Exports	Imports	Trade deficit	Oil deficit	Gold / Jewellery deficit	Non-Oil Non-Gold deficit
FY20	23.2	32.1	-9.0	-5.7	-0.8	-2.5
FY21	29.8	40.9	-11.1	-5.7	-3.3	-3.0
FY22	37.8	58.7	-20.8	-9.2	-3.6	-8.2
FY23	36.0	56.8	-20.9	-8.4	-2.6	-9.8
FY24	36.7	58.3	-21.6	-8.8	-3.8	-9.0
FY25	36.5	60.0	-23.6	-10.2	-4.2	-9.2
FY26	36.8	64.6	-27.8	-10.0	-7.1	-11.3
Apr-26	43.6	71.9	-28.4	-9.0	-5.1	-14.2

Source: CEIC & UBI Research

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