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Data release	Due date	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25 (Projected)
Trade Balance (Bln \$)	15 th Oct'25	-14.1	-21.5	-26.6	-22.1	-18.8	-27.4	-26.5	-28.0

India's Trade Deficit likely widened in Sep'25

India's merchandise trade deficit likely widened to \$28.0bln in Sep'25, compared to \$26.5bln in Aug'25, driven primarily by a surge in gold imports, which nearly doubled MoM despite record-high prices. The rise in demand came despite elevated gold prices, as the onset of the festive and wedding season boosted bullion buying. While global commodity prices saw only a marginal increase – with the **CRY Index edging up to 301.78 from 296.64** a month earlier – overall trade dynamics were likely pressured by a stalemate in the US-India trade deal, which may have weighed on outbound shipments. The US accounts for roughly 20% of India's goods exports, making it a significant drag in case of slowed bilateral trade momentum. (Refer report: [Aug'25 Trade Deficit narrowed as expected yet stayed elevated to \\$26.49bln, despite services surplus at 6-month high](#))

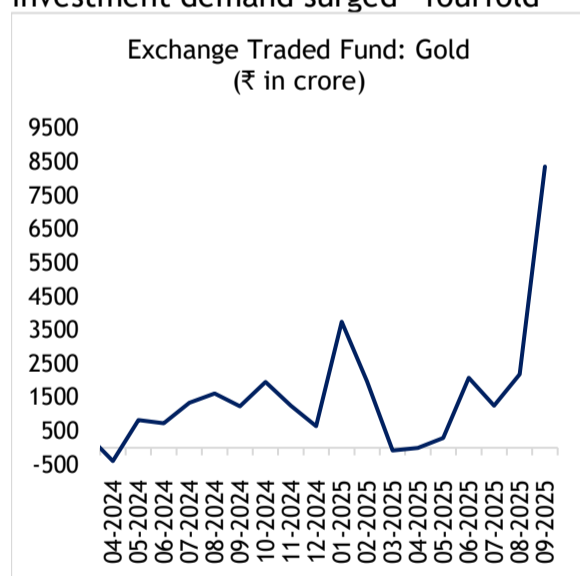
- **Oil deficit** likely remained contained due to lead-lag effects, even as prices ended marginally higher this month amid stronger demand, limited OPEC+ supply increases, and a persistent geopolitical risk premium. Brent oil prices averaged at \$67.58/bbl. vis-à-vis \$67.26/bbl. a month ago. India imported 4.8mbpd of crude oil in Sep'25, up 6% from August, according to data from Kpler. Imports from **Russia declined to 1.6mbpd**, down 6% from the previous month, following a 50% U.S. tariff that triggered a steady drop from the June peak of 2.1mbpd. Despite the fall, Russia remained India's top supplier, with a 33.3% share. The moderation suggests gradual diversification by Indian refiners amid ongoing U.S. pressure. Crude imports from **Iraq rose to 904,000 bpd** (from 730,000), while flows from the **U.S. eased to 212,000 bpd** (from 230,000). Imports from **Saudi Arabia and the UAE stood at 606,000 bpd and 609,000 bpd**, respectively. Looking ahead, Kpler expects robust refinery runs in Q4, supported by strong demand and fewer maintenance turnarounds than last year. Meanwhile, **diesel exports to Europe likely hit a record high in September**, with volumes estimated at 1.3-1.4 million metric tons (or 9.7-10.4mb), as traders leveraged strong Western margins during the region's refinery maintenance season.
- **Gold deficit nearly doubled in Sep'25 despite record-high prices**, driven by banks and jewellers stocking up ahead of the festive season and tax changes. **Gold ETFs saw a record inflow**, pushing assets to \$8.36bln (282% rise) reflecting strong investor demand. Festive demand is led by investment in bars and coins, outpacing jewellery purchases, which remain uneven due to high prices. Bullion dealers are also buying more ahead of a GST cut effective September 22, boosting seasonal demand. Notably, gold prices hovering near record highs – averaging \$3,671/oz in Sep'25 vs \$3,359/oz in Aug'25. The domestic demand has strengthened as imports rose from ~64 tons to ~100 tons (our estimate) in Sep'25. Going forward, gold demand is set to rise during the festive season, driven by investment, weddings, and tax cuts, though high prices may temper growth.
- **Non-Oil-Non-Gold deficit** likely narrowed as finished steel imports dropped 36.3% YoY, supported by steady growth in exports like electronics and engineering goods. To curb **steel imports**, mainly from China, India has proposed a **3-year tariff of 11%-12%**. Import restrictions on a **key pharma chemical**, mostly from China, are in place **until Sep'26**, exempting certain units. Meanwhile, the government is reviewing duty-free yellow pea imports amid concerns over domestic pulse prices and has **raised import duties on crude soybean, palm, and sunflower oils**. Hence, segment wise impact within NONG will be closely watched after electronics (volatile sub-segment) and chemicals (linked to oil prices) explained MoM widening in NONG trade deficit. Volatility remained high across commodities, reflecting ongoing economic uncertainties and supply-demand shifts.
- **Going forward**, trade deficit is expected to remain elevated in the near term, driven by strong gold imports ahead of the festive season, firm energy demand, and continued reliance on electronics and capital goods imports. While some relief may come from softening global commodity prices and ongoing import substitution efforts, export growth remains muted due to weak global demand and tariff headwinds. India and the U.S. are inching closer to a trade deal, with talks progressing and [a possible first-phase agreement expected by November 2025](#). Ministers Goyal and Jaishankar noted constructive engagement but stressed the need to protect India's core interests as negotiations continue. By reducing tariff barriers, the agreement could support export recovery to the U.S., India's key trade partner. Though the near-term impact may be limited, the deal is expected to strengthen India's export base over time, partially offsetting pressures on the trade balance in the quarters ahead.

Fig 1: India's gold demand in FY26

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
Apr-Aug '24	339.37
Apr-Aug '25	197.52

Source: CEIC, UBI research

Fig 2: Monthly Gold ETF data shows investment demand surged ~fourfold



Source: CEIC, UBI research

Fig 3: Trade dynamics likely widened in Sep'25

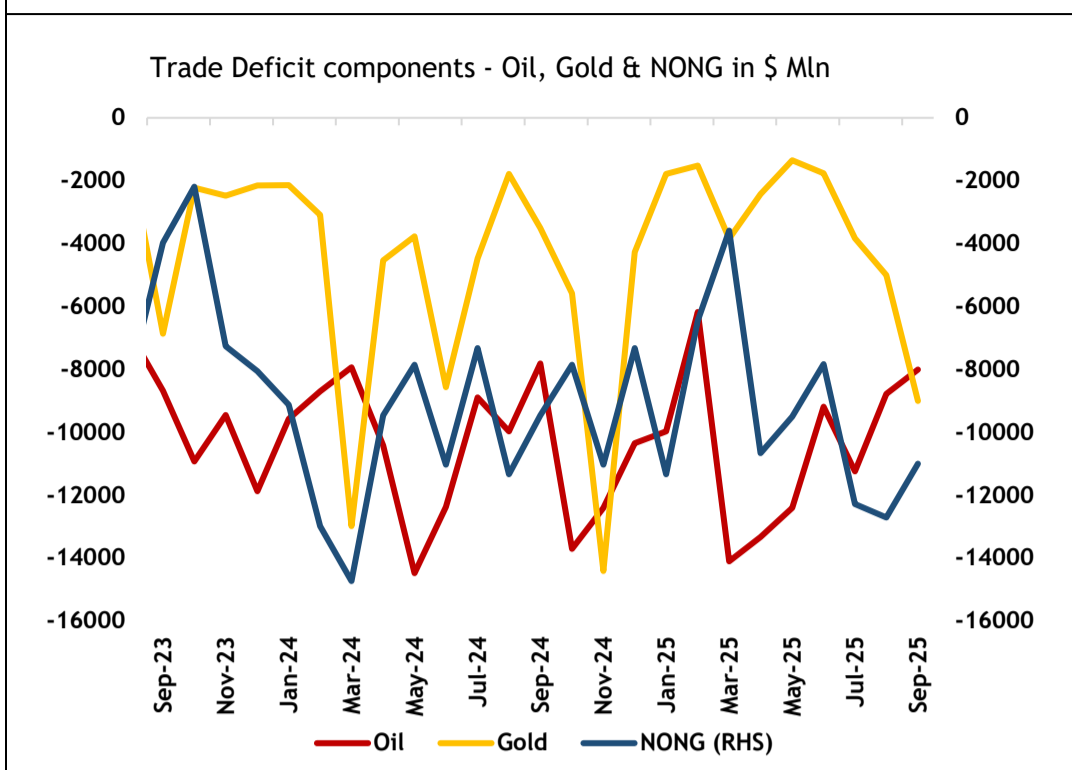
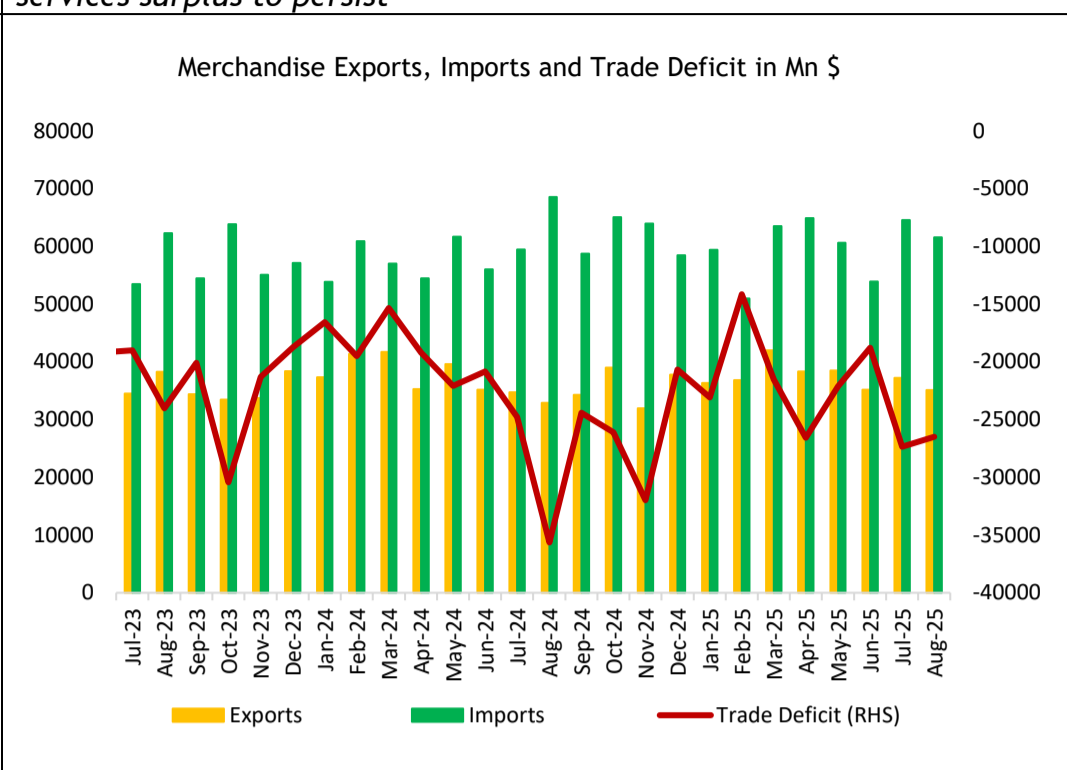


Fig. for Sep-25 is our estimate; Source: CEIC, RBI & UBI research

Fig 4: Gold deficit is estimated to be doubled in Sep'25 while strong services surplus to persist



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