

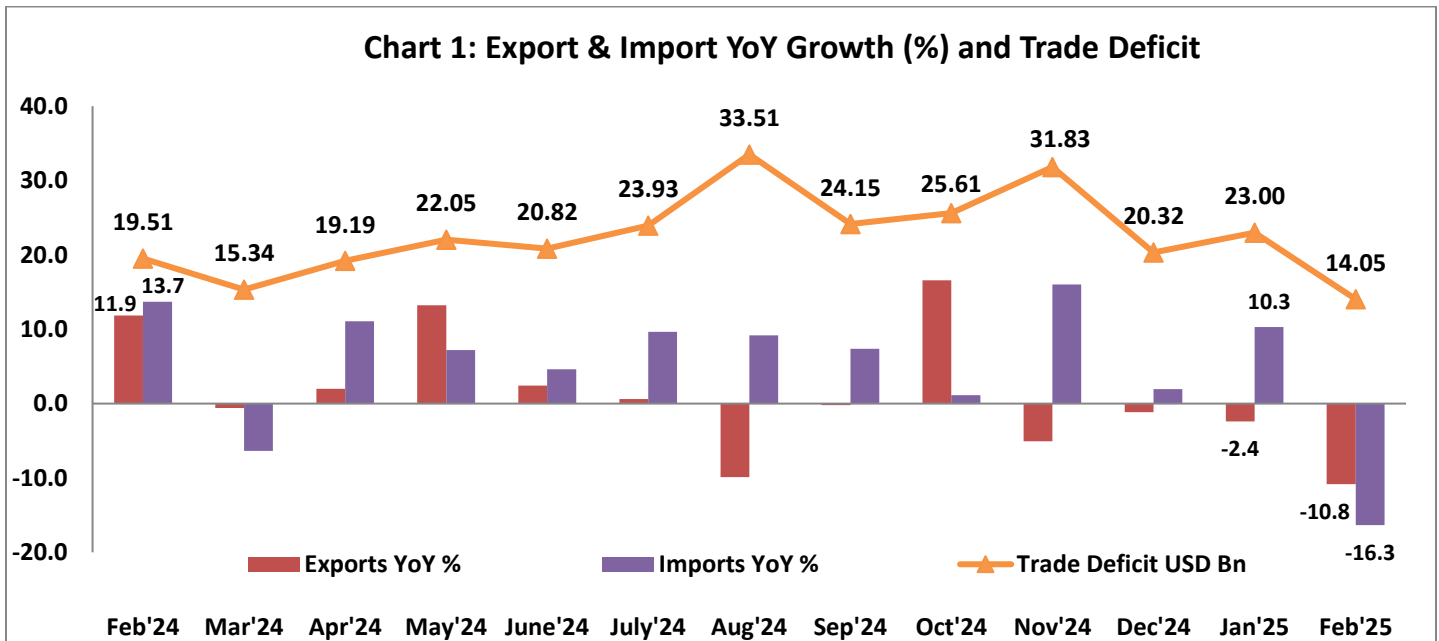
# Macro Insights

## Highlights:

### Trade Deficit Narrows to three and a half year low at 14.05 billion USD

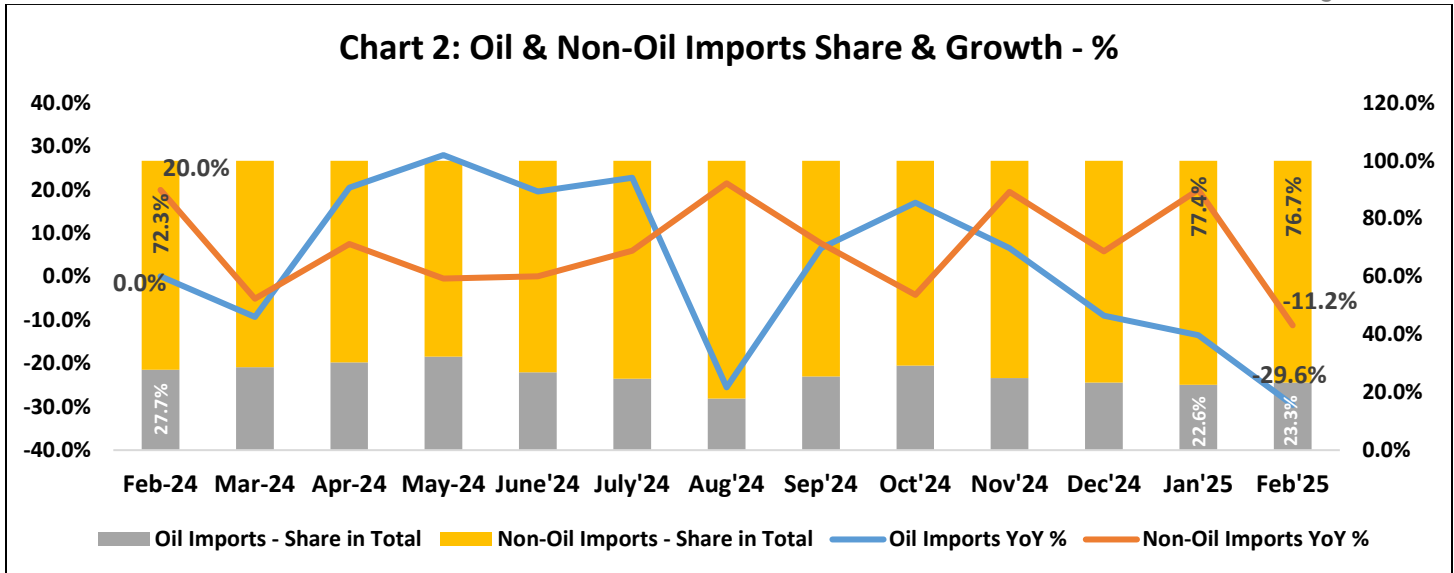
India's merchandise trade deficit narrowed to a 42 month low of \$14.05 billion in February 2025 from \$23 billion in January 2025. The difference between imports and exports of goods stood at \$19.51 billion in February 2024.

- Merchandise exports contracted sharply for the fourth consecutive month in Feb'25 by 10.8% YoY to \$36.91 billion, largely due to a 29.22% YoY decline in petroleum and crude product exports.
- On a cumulative basis, merchandise exports were flat at \$395.76 billion for April-February 2025 compared to \$395.42 billion in the same period last year.
- Meanwhile, merchandise imports declined by 16.3% YoY – the first drop in 10 months, driven by 64.8% decline in gold and silver imports and 29.6% fall in imports of crude oil and petroleum products.



(\$ billion)

Month	Exports	Imports	Trade Deficit
Feb'24	41.40	60.91	-19.51
Feb'25	36.91	50.97	-14.05
YoY Growth (%)	-10.84	-16.33	



**Insights:**

- ✓ In Feb'25, merchandise exports decreased by 10.8% YoY, while imports declined by 16.3% YoY, leading to a trade deficit of \$14.05 billion (bn).
- ✓ The deficit is mainly due to a significant drop in imports of petroleum products and gold and silver imports. Crude and petroleum products stood at \$11.9 bn, recording a decline of 29.6% YoY, whereas imports of gold and silver were at \$2.8 bn, the lowest since June 2024.
- ✓ However, non-oil and non- gold and silver imports grew marginally at 0.43% YoY.
- ✓ Merchandise exports fell mainly due to a 29.2% decline in oil exports on the back of softening global crude oil prices. Non-oil exports, declined by 6.3% on a YoY basis to \$31.1 bn. Major commodities that saw a decline in exports were gems and jewellery (-20.7% YoY), organic and inorganic chemicals (-24.5% YoY) and engineering goods (-8.6% YoY).
- ✓ However, exports of electronic goods (26.5% YoY), rice (13.2% YoY) and ready-made garments (4% YoY) posted gains.

**Views:**

- ✓ Estimates of services exports stood at \$35.03 bn, recording a YoY growth of 23.6% in Feb'25, whereas services imports grew by 8.7% YoY to \$16.55 bn, resulting in a surplus of \$18.5 bn.
- ✓ Goods exports have shown a decrease in the month of February due to base effect and growing uncertainty surrounding reciprocal tariff measures to be imposed on trading partners by the US. This assumes significance as the United States is India's largest exports market (\$76.38 bn ~ 19.3% of total exports). However, India is proactively engaged in trade talks with the US to work out a multi-sector Bilateral Trade Deal by end of this year.
- ✓ India's cumulative trade deficit stands at \$260.8 bn (15.4% YoY) in April-February of the current fiscal year. However, this is not a cause for concern, as the trade surplus in services and steady remittances are expected to maintain Current Account Deficit (CAD) within manageable limit in FY25.

**Top commodity groups exhibiting the most positive and negative growths YoY:**

<b>Exports</b>				
<b>Commodity groups exhibiting positive growth</b>				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Tobacco	111.9	141.8	26.8%
2	Electronic goods	2,997.6	3,791.3	26.5%
3	Mica, Coal and other ores, minerals incl. processed materials	399.4	496.4	24.3%
<b>Commodity Groups exhibiting negative growth</b>				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Iron Ore	411.5	191.0	-53.6%
2	Oil Meals	170.8	107.3	-37.2%
3	Petroleum & crude products	8,215.3	5,815.0	-29.2%
<b>Imports</b>				
<b>Commodity groups exhibiting positive growth</b>				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Sulphur & unroasted iron pyrites	11.8	54.9	367.1%
2	Project goods	32.5	149.2	359.2%
3	Cotton Raw & Waste	31.4	99.9	217.8%
<b>Commodity Groups exhibiting negative growth</b>				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'24	Jan'25	
1	Gold & Silver	7,875.2	2,769.0	-64.8%
2	Pearls, Precious & Semi-Precious Stones	2,192.9	1,280.6	-41.6%
3	Coal, coke & briquettes, etc.	3,194.7	2,056.8	-35.6%

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