

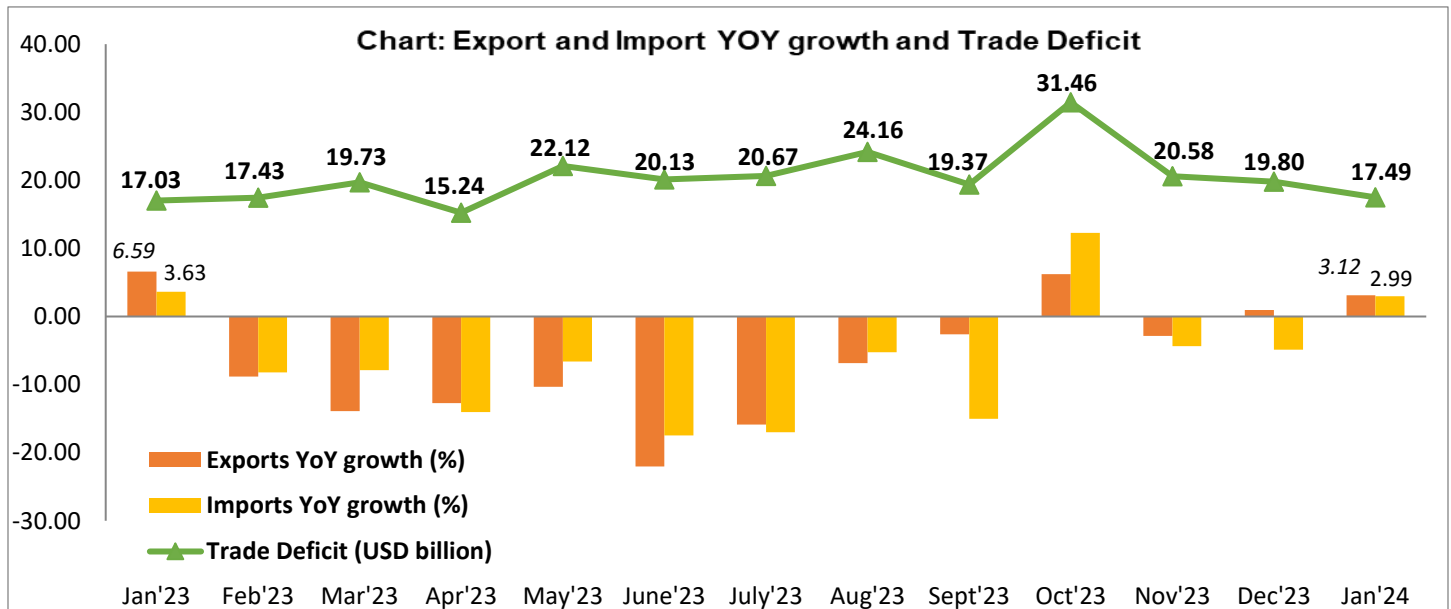
Macro Insights

Trade Deficit narrows to \$17.49 billion

India's merchandise trade deficit reduced from \$19.8 billion in Dec'23 but remained little higher at \$17.49 billion in Jan'24 compared to \$17.03 billion in Jan'23.

Highlights:

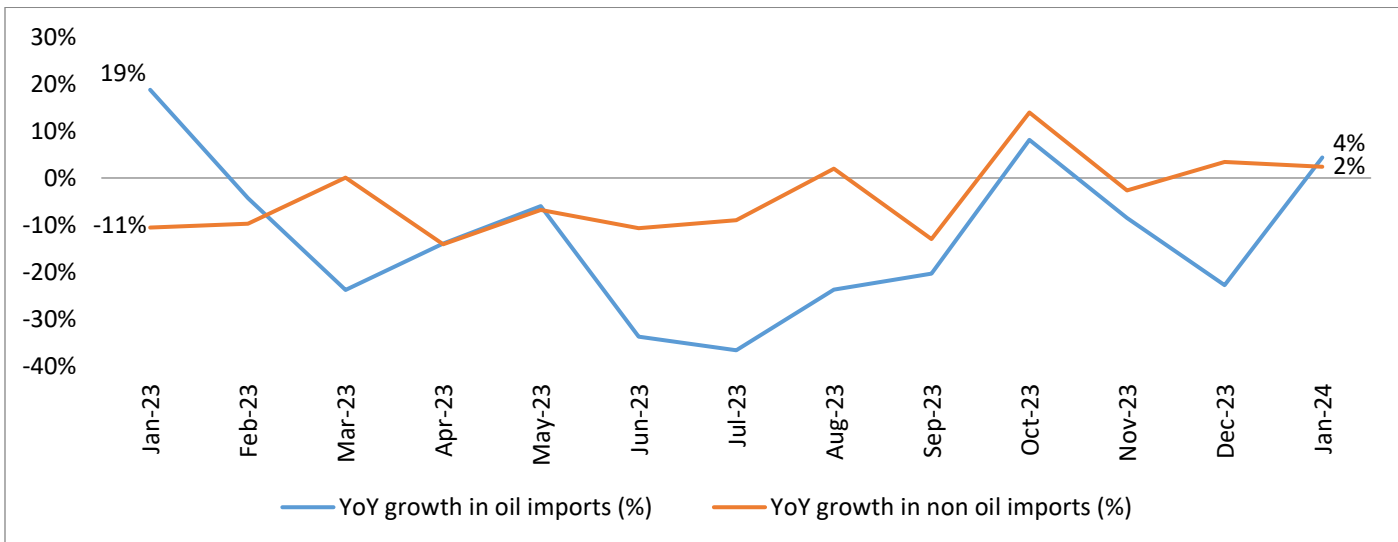
- Merchandise exports rose to \$36.92 billion from \$35.80 billion, up 3.12% YoY in January'24. Meanwhile Merchandise imports rose to \$54.41 billion from \$52.83 billion, up by 2.99 % YoY in January'24.
- Imports expanded after contracting for two consecutive months. Exports expanded for 2nd consecutive months.
- This is only the 2nd month in this financial year where both exports and imports exhibited a positive growth.
- Non-oil imports rose to \$37.84 billion with 2.41% YoY rise. Non-Oil exports rose to \$28.71 billion with 2.17% YoY rise.
- During April'23 to Jan'23, Merchandise exports contracted to \$353.92 billion, down 4.89% YoY. Meanwhile during the same period, Merchandise imports also declined to \$561.12 billion, down by 6.71% YoY.



Month	Exports	Imports	Trade Deficit
Jan'23	35.80	52.83	17.03
Jan'24	36.92	54.41	17.49
YoY Growth (%)	3.12	2.99	2.70%

(\$ bn)

Chart: Import Growth % - Oil & Non-Oil



Views:

- ✓ India's merchandise trade deficit narrowed to \$17.49 billion in January'24 from \$17.03 billion in Dec'2023 as imports fell at a greater pace than exports in comparison to Dec'23. This is the lowest trade deficit in the last 9 months.
- ✓ India's export saw a healthy growth of 3.12% YoY amid global slowdown and uncertainty (especially the Red sea crisis), Major contributors to export growth in Jan'24 include petroleum products, engineering goods, iron ore, electronic goods, drugs and pharmaceuticals, which is a good sign as most of these sectors are labour-intensive giving boost to employment creation in the country.
- ✓ Agricultural exports continue to grow in Jan'2024 ----Tobacco (47.32%), Meat, Dairy & Poultry Products (26.12%), Spices (20.50%)
- ✓ Exports increased even though shipments from India to Europe faced a massive disruption owing to attacks in the Red Sea shipping route as it led to rerouting of the shipments and higher insurance cost.
- ✓ The merchandise trade deficit during Apr'23-Jan'24 stood at USD 207.2 Billion compared to USD 229.37 Billion during Apr'22-Jan'23, registering a decline of 9.67 percent.
- ✓ Lower Trade volume for Jan'24 was expected as WTO had downgraded its forecast for growth in world trade in 2023 from 1.7% predicted in April'23 to 0.7%. Trade growth is expected to pick up in 2024 as WTO predicts a 3.3% global trade growth in 2024.
- ✓ Imports slowed at a higher pace than exports easing downward pressure on Rupee. At the beginning of Jan'24 Rupee stood at Rs. 83.2/\$, it recovered and stood at Rs.83.08/\$ at end of Jan'24. Rupee is expected to moderate owing to lower trade deficit and higher investments on account of inclusion of India in MSCI bond index.

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

Exports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'23	Jan'24	
1	Iron Ore	278.41	584.09	109.79
2	Tobacco	71.77	105.73	47.32
3	Meat, dairy & poultry products	301.29	380	26.12
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'23	Jan'24	
1	Other cereals	124.94	13.96	-88.83
2	Cashew	41.81	33.1	-20.83
3	Jute	30.85	24.85	-19.45

Imports				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'23	Jan'24	
1	Silver	114.05	483.02	323.52
2	Gold	697.41	1908.35	173.63
3	Pulses	214.44	309.1	44.14
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'23	Jan'24	
1	Fertilisers, Crude & manufactured	1572.45	486.22	-69.08
2	Newsprint	47.7	20.4	-57.23
3	Sulphur & Unroasted Iron Pyrites	21.33	11.48	-46.18

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