Economic Intelligence Cell

- Mansi Wahi, Economist

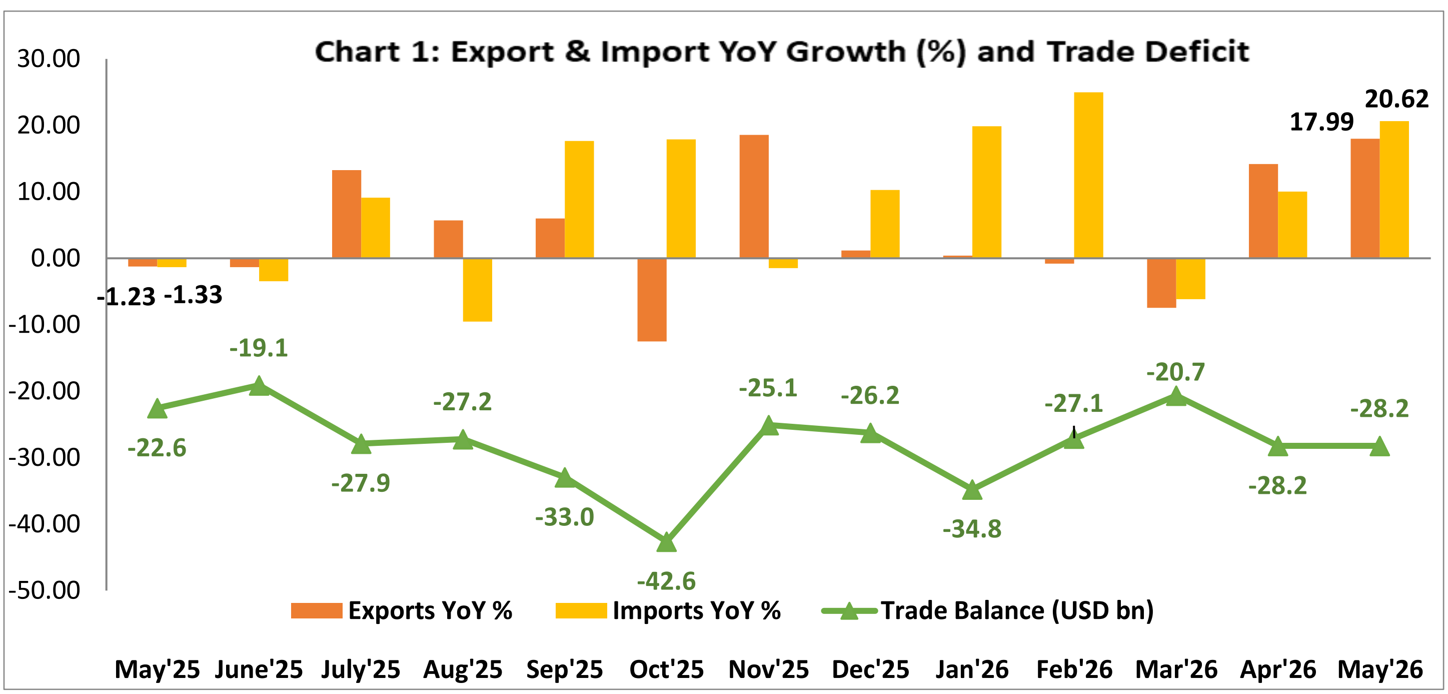
Macro Insights

Trade deficit remained nearly flat at 28.2 USD billion in May 2026

The gap between imports and exports of goods stood at $28.21 billion in May 2026. It increased from $22.56 billion in May 2025. It was recorded at $28.23 billion in April 2026.

Highlights:

- *Merchandise exports increased to $45.20 billion in May 2026 from $38.30 billion in May 2025, registering a robust YoY growth of 18.0%.*
- *Exports of non-petroleum products rose by 11.9% YoY to $36.78 billion, while petroleum product exports surged 54.9% YoY to reach $8.42 billion.*
- *Merchandise imports grew by 20.6% YoY to $73.41 billion in May 2026, largely driven by higher imports of crude oil and electronic goods.*
- *Gold imports jumped 34.0% YoY, however, on sequential basis import value moderated to $3.42 billion in May'26 from $5.63 billion in Apr'26.*
- *Silver imports declined sharply by 86.7% YoY to $75.6 million, primarily reflecting the impact of higher customs duties and subdued import demand.*

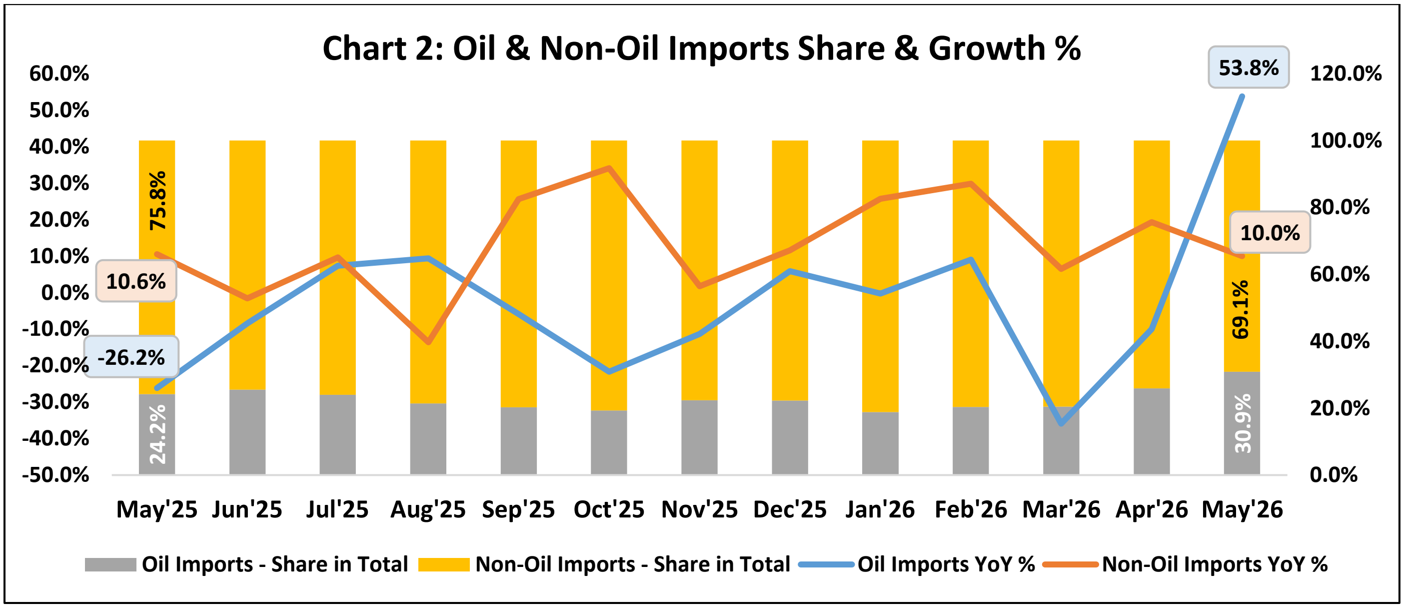


Source: Department of Commerce, Ministry of Commerce & Industry

Table: Merchandise Exports and Imports

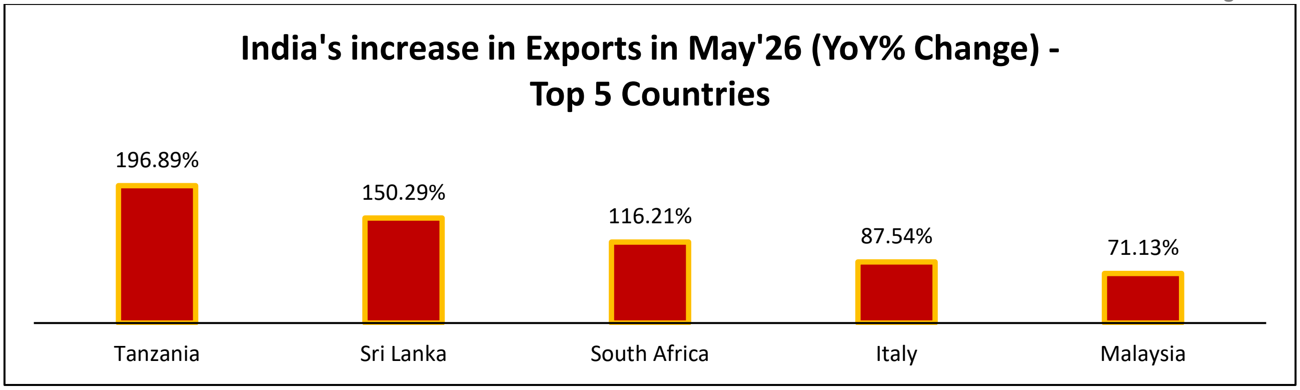
($ billion)

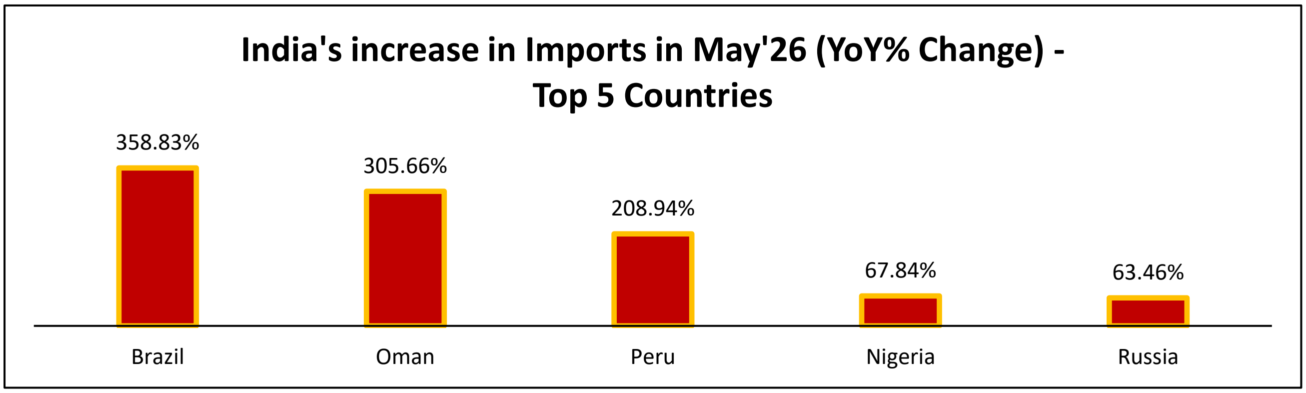
Month	Exports	Imports	Trade Balance
May'25	38.30	60.86	-22.56
Apr’26	43.71	71.94	-28.23
May’26	45.20	73.41	-28.21
YoY Growth (%)	17.99	20.62	



Insights:

- ✓ The share of oil imports within merchandise imports increased to 30.9% in May 2026 from 25.9% in the previous month. Correspondingly, the share of non-oil imports decreased to 69.1% from 74.1% during the same period. On cumulative basis, the share of oil imports declined to 28.4% during Apr–May FY’27, from 28.1% in the corresponding period last year.
- ✓ Despite persistent geopolitical tensions in West Asia, India’s exports remained resilient and touched a record high, reflecting exporters’ adaptability to the changing global economic environment and the success of ongoing market diversification efforts.
- ✓ Out of the 30 major commodity groups, 16 registered a YoY increase in exports, indicating resilience of our export sector despite facing headwinds. Major commodities that saw positive growth include Petroleum Products, Engineering Goods, Organic & Inorganic Chemicals, Electronic Goods and Gems & Jewellery.
- ✓ Out of the 30 major commodity group, 20 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in March 2026 were Metaliferrous ores & other minerals, Sulphur & Unroasted Iron Pyrts and Cotton Raw & Waste. Major commodities that saw decline were silver, project goods and chemical material & products.
- ✓ Services exports are estimated to reach $36.76 billion in May 2026 as compared to $32.46 billion in May 2025 while estimated services imports increased to $19.06 billion from $16.70 billion a year earlier.





Views:

- ✓ India's merchandise trade performance remained resilient in May 2026, with strong export growth helping to partially offset the rise in imports despite geopolitical uncertainties and volatile energy prices.
- ✓ Robust export growth during the first two months of FY27 underscores the growing competitiveness of Indian industry, increasing diversification of the export basket, and sustained demand for Indian products in global markets.
- ✓ India's export ecosystem continues to benefit from structural reforms, including the operationalization of Free Trade Agreements (FTAs) with the UAE, Australia and European Free Trade Agreement (EFTA) and the progressive digitalization of trade administration through the Directorate General of Foreign Trade (DGFT) platform. Production-Linked Incentive (PLI) schemes and proactive export promotion efforts are expected to further strengthen India's export competitiveness and support export growth.
- ✓ The easing of geopolitical tensions in West Asia and the consequent moderation in energy prices could provide relief to India's import bill, thereby supporting an improvement in the trade deficit and broader external sector balances going forward.
- ✓ With exports and imports both maintaining strong momentum in April and May, India's trade outlook for FY27 remains constructive, provided global demand conditions remain supportive and geopolitical risks continue to recede.

Major commodities exhibiting the most positive and negative growth (YoY%) in May'26:

Exports (Non POL*)

Sl. No.	Commodities	(Values in Million USD)		% Change
		May'25	May'26	
Major Commodities exhibiting positive growth				
1	**Other Cereals**	21.06	76.39	**262.73**
2	**Meat, dairy & poultry products**	442.15	630.10	**42.51**
3	**Oil Meals**	89.09	111.02	**24.61**
Major Commodities exhibiting negative growth				
1	**Ceramic products & glassware**	368.33	269.70	**-26.78**
2	**Tobacco**	177.36	140.22	**-20.94**
3	**Tea**	66.09	56.13	**-15.07**

Imports (Non POL)

Sl. No.	Commodities	(Values in Million USD)		% Change
		May'25	May'26	
Major Commodities exhibiting positive growth				
1	**Metaliferrous ores & other minerals**	844.75	1330.39	**57.49**
2	**Sulphur & Unroasted Iron Pyrts**	59.37	92.29	**55.44**
3	**Cotton Raw & Waste**	102.30	146.47	**43.17**
Major Commodities exhibiting negative growth				
1	**Silver**	566.22	75.57	**-86.65**
2	**Project goods**	144.60	51.99	**-64.05**
3	**Chemical material & products**	3433.69	1250.55	**-63.58**

** POL - Petroleum, Oil and Lubricants*

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