Economic Intelligence Cell
- Shubham Kumar Singh, Economist

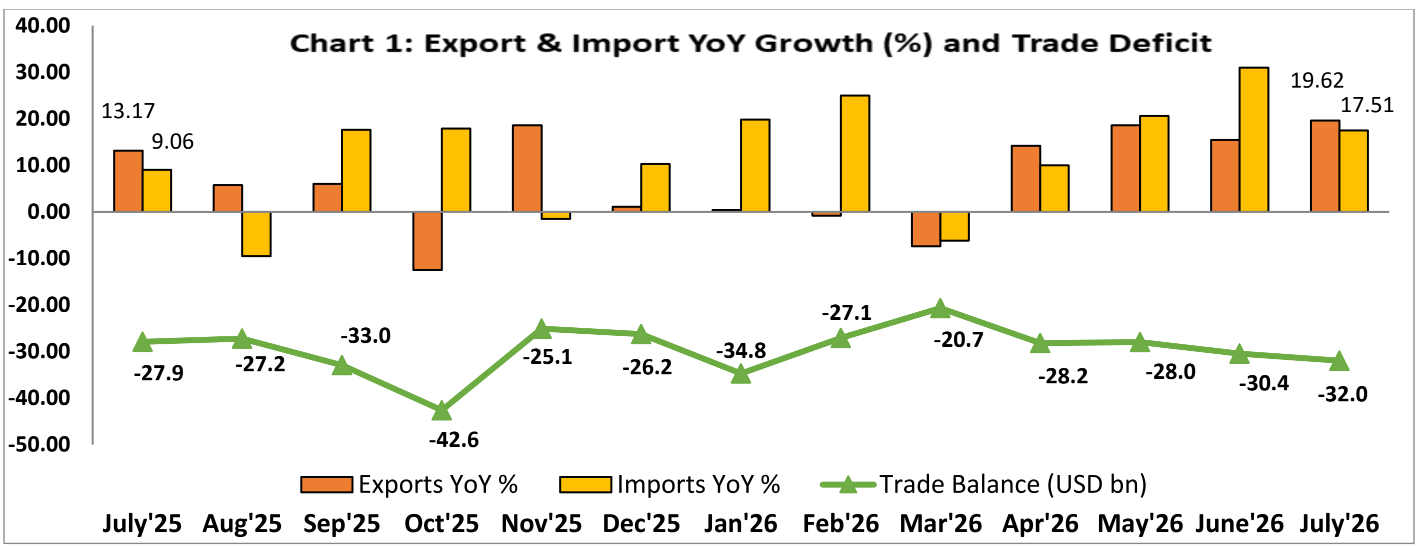
Macro Insights

Trade deficit jumped to a six-month high of 31.98 USD billion

The gap between imports and exports of goods stood at $31.98 billion in July 2026. It increased from $27.88 billion in July 2025. It was recorded at $30.44 billion in June 2026.

Highlights:

- *Merchandise exports increased to $44.24 billion in July 2026 from $36.98 billion in July 2025, registering a YoY growth of 19.6%.*
- *Exports of non-petroleum products rose by 13.6% YoY to $37.32 billion, while petroleum product exports surged 67.6% YoY to reach $6.92 billion.*
- *Merchandise imports grew by 17.5% YoY to $76.22 billion in Julys 2026, largely driven by higher imports of crude oil and electronic goods.*
- *Gold imports jumped 4.8% YoY, however, on sequential basis import value increased to $4.16 billion in July'26 from $1.97 billion in June'26. Silver imports declined sharply by 66.1% YoY to $171.7 million.*

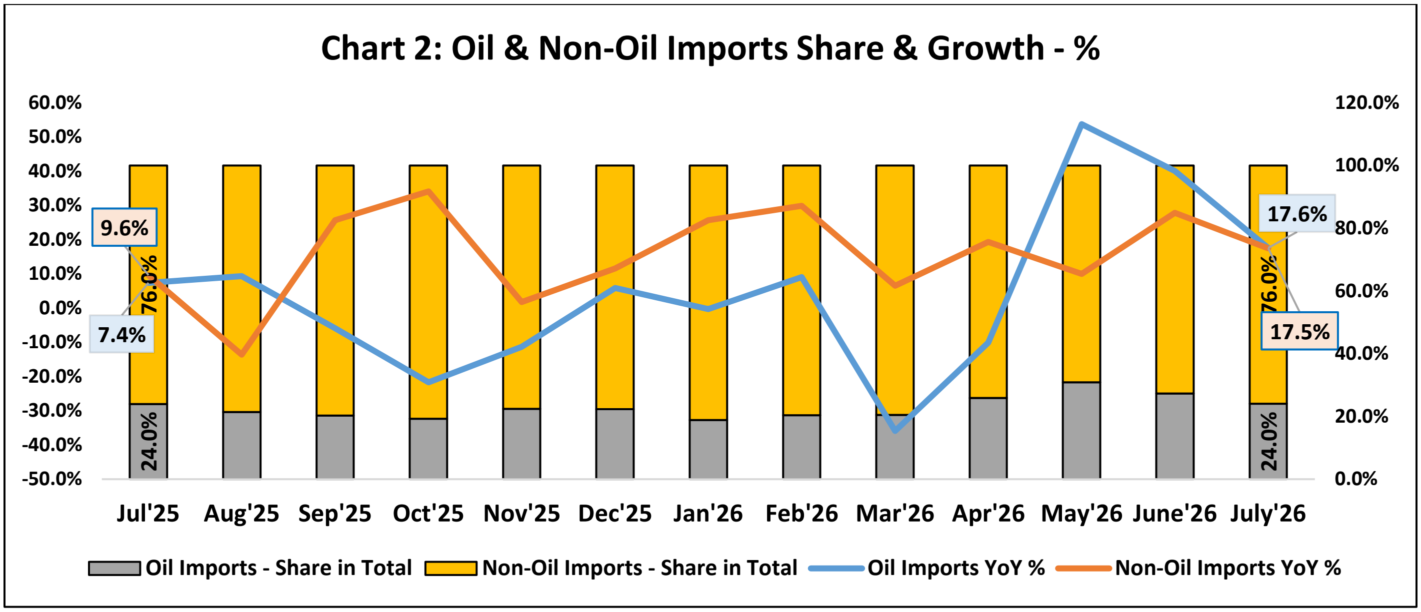


Source: Department of Commerce, Ministry of Commerce & Industry

Table: Merchandise Exports and Imports

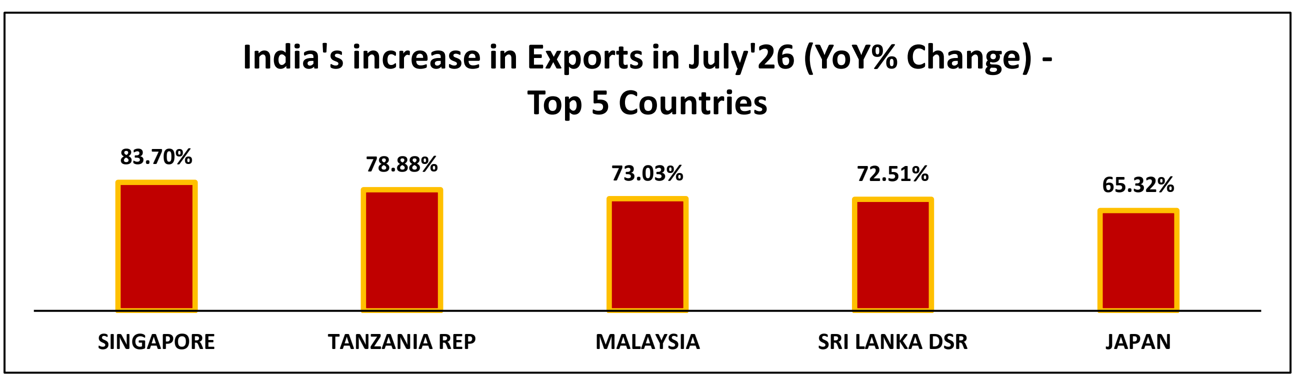
($ billion)

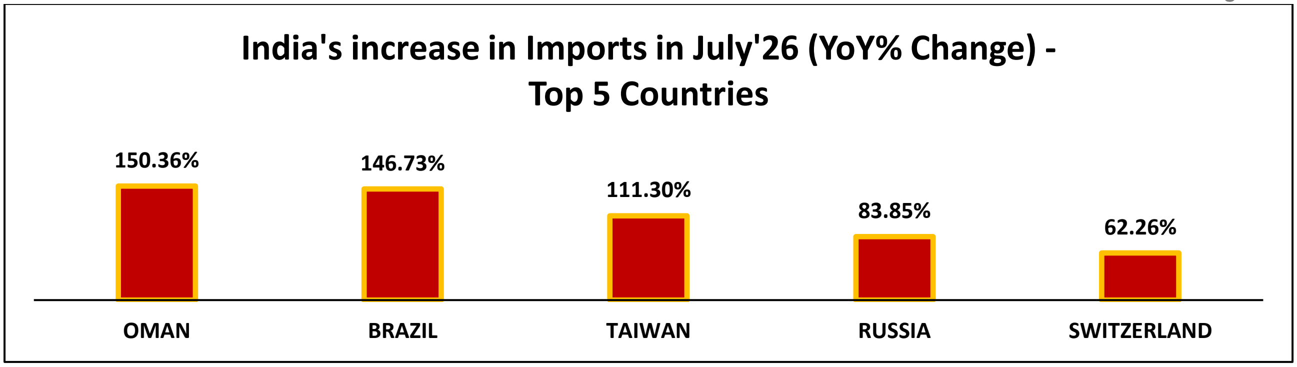
Month	Exports	Imports	Trade Balance
July'25	36.98	64.86	**-27.88**
Jun'26	40.38	70.82	**-30.44**
July'26	44.24	76.22	**-31.98**
YoY Growth (%)	**19.6%**	**17.5%**	



Insights:

- ✓ The share of oil imports within merchandise imports declined to 24.0% in July 2026 from 27.3% in the previous month. Correspondingly, the share of non-oil imports increased to 76.0% from 72.7% during the same period. On cumulative basis, the share of oil imports increased to 27.0% during Apr–July FY'27, from 26.4% in the corresponding period last year.
- ✓ Out of the 30 major commodity groups, 15 registered a YoY increase in exports. Major drivers of merchandise export growth include Petroleum Products, Electronic Goods, Engineering Goods, Organic & Inorganic Chemicals, and Cotton Yarn/Fabs./made-ups, Handloom Products. Despite persistent geopolitical tensions in West Asia, India's exports remained resilient reflecting exporters' adaptability to the changing global economic environment and the success of ongoing market diversification efforts.
- ✓ Out of the 30 major commodity group, 23 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in July 2026 were Pulses, Project goods and Fertilisers. Major commodities that saw decline were silver, Sulphur & Newsprint.
- ✓ Services exports are estimated to reach $35.89 billion in July 2026 as compared to $33.74 billion in July 2025 while estimated services imports increased to $18.94 billion from $17.30 billion a year earlier.





Views:

- ✓ India’s merchandise exports surged 19.6% year-on-year to $44.24 billion in July’26, the fastest growth in over four years, with growth led by petroleum products, electronic goods, engineering goods and chemicals. Shipments to the United States, China and Singapore and recorded healthy gains. The India-UK trade agreement came into force in mid-July, opening duty-free access for the bulk of India's export basket.
- ✓ The widening of the merchandise trade deficit was driven mainly by petroleum, electronics, fertilizers, coal and non-ferrous metals. Record purchases of discounted Russian crude, which made up more than half of total crude imports during the month, along with continued shipping risks in West Asia, added to the import bill. Gold imports, however, rose only marginally and silver imports fell sharply, easing pressure from precious metals.
- ✓ Higher electronics imports reflect robust domestic demand and increased procurement of intermediate inputs for manufacturing, reflecting deeper participation in global value chains. Imports of fertilizers, pulses and raw cotton also rose, on account of sowing-season requirements and the duty relief extended on raw cotton.
- ✓ External sector risks remain manageable. A rising services surplus continues to absorb a substantial part of the goods deficit and RBI's foreign exchange management measures provide a cushion against external vulnerabilities. Movements in global oil prices, freight rates on West Asian routes and the cumulative deficit for the first four months nevertheless warrant close monitoring for their implications for the trade balance and current account position.
- ✓ Going forward, trade performance is expected to draw support from the operationalisation of recently concluded FTAs and early ratification of the India-EU agreement, sustained gains in electronics and engineering under domestic manufacturing incentives, preparing exporters for emerging non-tariff requirements in European markets, identifying import-substitution opportunities in components and fertilizers along with widening the export base through the Districts as Export Hubs programme.

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

Exports (Non POL*)				
Major Commodities exhibiting positive growth				
Sl. No.	**Commodities**	**(Values in Million USD)**		**% Change**
		July'25	**July'26**	
1	**Iron Ore**	87	155	**78.35%**
2	**Electronic Good**	3759	5916	**57.40%**
3	**Meat, dairy & poultry products**	484	681	**40.84%**
Major Commodities exhibiting negative growth				
Sl. No.	**Commodities**	**(Values in Million USD)**		**% Change**
		July'25	**July'26**	
1	**Oil Meals**	85	43	**-49.35%**
2	**Oil seeds**	151	79	**-47.62%**
3	**Tobacco**	153	116	**-24.46%**

Imports (Non POL)				
Major Commodities exhibiting positive growth				
Sl. No.	**Commodities**	**(Values in Million USD)**		**% Change**
		July'25	**July'26**	
1	**Project goods**	32	91	**179.90%**
2	**Pulses**	142	245	**72.76%**
3	**Fertilisers, Crude & manufactured**	1593	2476	**55.41%**
Major Commodities exhibiting negative growth				
Sl. No.	**Commodities**	**(Values in Million USD)**		**% Change**
		July'25	**July'26**	
1	**Silver**	506	172	**-66.10%**
2	**Sulphur & Unroasted Iron Pyrites**	113	60	**-47.00%**
3	**Newsprint**	35	26	**-26.31%**

** POL - Petroleum, Oil and Lubricants*

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