

Macro Insights

Highlights:

Trade Deficit widens to a three-month high of 34.68 USD billion in January 2026

The difference between imports and exports of goods stood at \$34.68 billion in January 2026. It expanded from \$25.07 billion in December 2025. It was recorded at \$23.43 billion in January 2025.

- 👉 Merchandise exports declined to \$36.56 billion in January 2026, compared with \$38.48 billion in December 2025, registering a decline of 5.00%.
- 👉 Exports of non-petroleum products declined to \$32.78 billion in January 2026, registering a YoY decline of 0.23%. In contrast exports of petroleum products increased by 8.55% YoY, amounting to \$3.78 billion.
- 👉 Meanwhile, merchandise imports surged by 19.19% YoY to \$71.24 billion in January 2026, driven largely by higher gold and silver imports amid elevated global precious-metal prices.
- 👉 Gold and silver imports rose sharply in January 2026, with gold up 349.24% YoY and silver increasing by 127.00%.

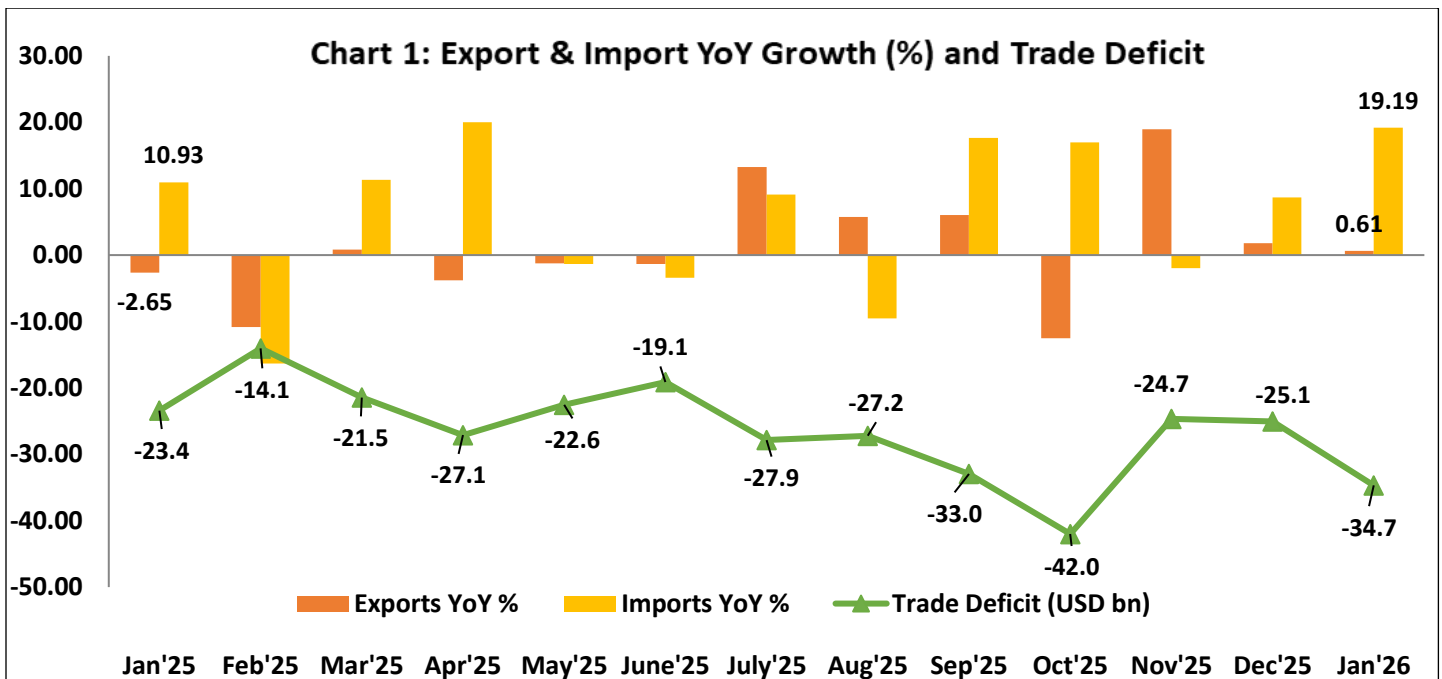
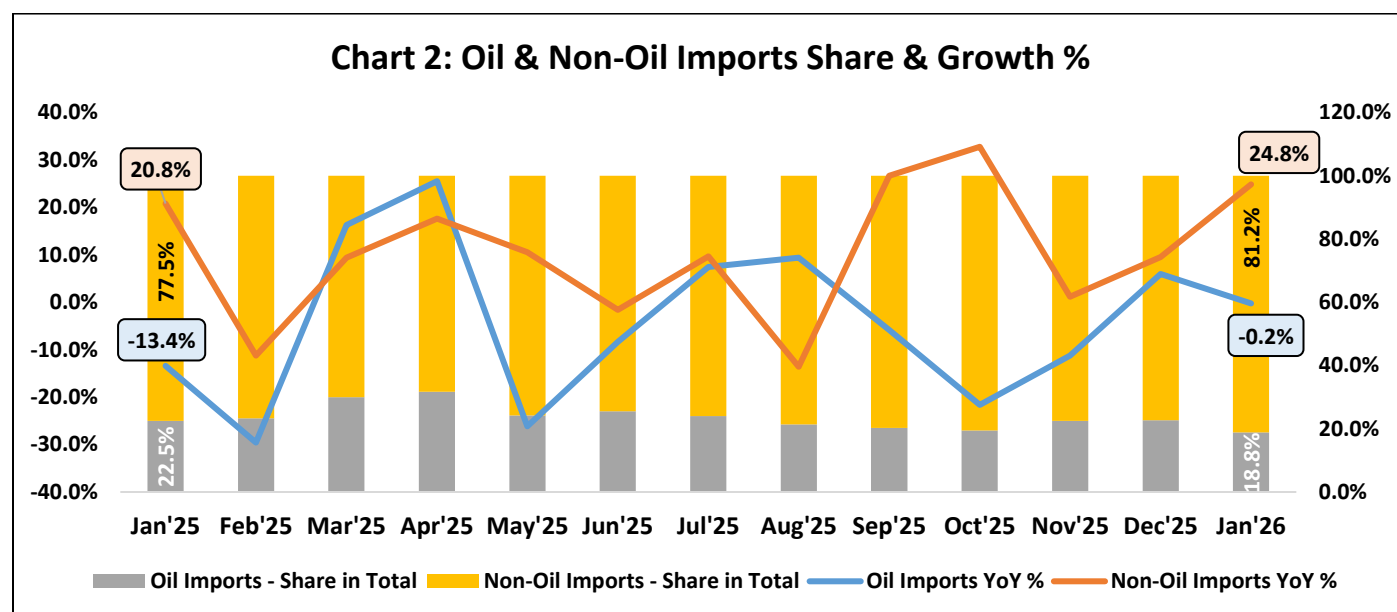


Table: Merchandise Exports and Imports

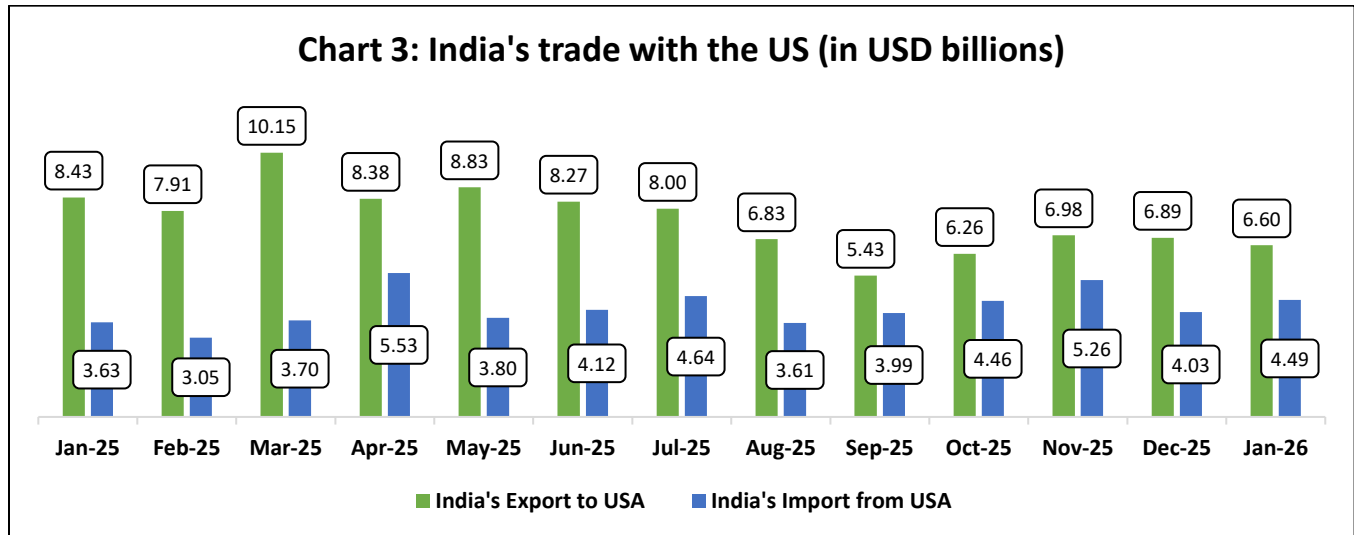
(\$ billion)			
Month	Exports	Imports	Trade Balance
Jan'25	36.34	59.77	-23.43
Dec'25	38.48	63.55	-25.07
Jan'26	36.56	71.24	-34.68
YoY Growth (%)	0.61	19.19	



Insights:

- ✓ The share of oil imports within merchandise imports declined to 18.8% in January 2026 from 22.7% in the previous month. Correspondingly, the share of non-oil imports increased to 81.2% from 77.3% during the same period. The share of cumulative oil imports declined to 22.90% during April 2025–January 2026, from 25.55% in the corresponding period last year.
- ✓ Owing to challenges faced by manufacturers amid the US tariff regime and global volatility, export growth registered a modest increase of 0.61% YoY during the month. Out of the 30 major commodity group, only 13 recorded a YoY increase in exports. Major commodities that saw an increase in exports were other cereals (88.5% YoY), coffee (36.0% YoY) and iron ore (31.5% YoY). Major commodities that saw decline were oil meals (-45.4% YoY), cashew (-28.8% YoY) and rice (-24.8% YoY).
- ✓ In January 2026, crude and petroleum product imports declined marginally by 0.24% YoY due to elevated crude prices (\$57-64 bbl), while non-crude and non-petroleum imports surged by 24.83% YoY, driven by high international prices of precious metals.
- ✓ Out of the 30 major commodity group, 18 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in January 2026 were gold (349.2% YoY), Sulphur and unroasted iron pyrites (223.1% YoY) and silver (127.0% YoY).
- ✓ Services exports are estimated to reach a record \$43.90 billion in January 2026, up 26.3% YoY, while estimated services imports rose to \$19.60 billion from \$16.71 billion a year earlier.

- ✓ India's exports to markets such as Hong Kong (98.72%), China (55.65%), Italy (32.1%), UAE (29.27%) and Netherland (20.47%) recorded the most significant growth in January 2026 compared to the previous year.
- ✓ India's imports for January 2026 grew the most from Switzerland (836.85%), UK (75.38%), UAE (48.38%), USA (23.71%) and China (16.67%) compared to the previous year.



Views:

- ✓ Despite global headwinds, cumulative merchandise exports up to January 2026 exceeded \$366.63 billion, compared with \$358.75 billion in the corresponding period last year. Key export segments—including electronics goods, meat, dairy and poultry products, drugs and pharmaceuticals, engineering goods and marine products — continued to support this expansion, aided by greater market diversification.
- ✓ Rising gold and silver prices, rather than higher consumption volumes, is a key reason of volatility in India's trade deficit.
- ✓ Exports to the US moderated to \$6.60 billion in January from \$6.89 billion in December amid tariff-related pressures. Cumulative exports amounted to \$45.74 billion during April–September 2025 and \$26.73 billion during September 2025–January 2026, indicating a moderation in shipments after the imposition of reciprocal tariffs.
- ✓ January 2026 marked the last full impact of steep US tariffs on Indian exports, with tariff rates subsequently reduced to 18% following the proposed India–US trade agreement, providing relief to exporters despite short-term moderation in shipments to the US.
- ✓ India's growing network of trade-pact including the India-EU FTA, India-UK CEPA, India-Oman CEPA and India-New Zealand FTA underscores a strategic effort to boost export market access and reduce trade barriers.
- ✓ India's export performance is expected to remain resilient, supported by stable policy frameworks and continued diversification of export destinations. Improved market access and enhanced tariff competitiveness under recent trade agreements with the EU and the US are likely to further strengthen export prospects.

Top commodity groups exhibiting the most positive and negative growth (YoY) in Jan'26:

Exports (Non POL*)				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'25	Jan'26	
1	Other Cereals	28.3	53.4	88.49
2	Coffee	115.8	157.5	36.03
3	Iron Ore	163.1	214.6	31.54
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'25	Jan'26	
1	Oil Meals	102.8	56.1	-45.41
2	Cashew	34.5	24.5	-28.83
3	Rice	1,372.8	1,032.7	-24.78
Imports (Non POL)				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'25	Jan'26	
1	Gold	2687.0	12070.6	349.22
2	Sulphur & Unroasted Iron Pyrites	27.1	87.7	223.08
3	Silver	882.8	2003.8	127.00
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Jan'25	Jan'26	
1	Pulses	756.0	401.1	-46.94
2	Newsprint	25.73	18.18	-29.33
3	Chemical material & products	1350.0	1017.9	-24.60

*Non-Petroleum, Oil and Lubricants

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