

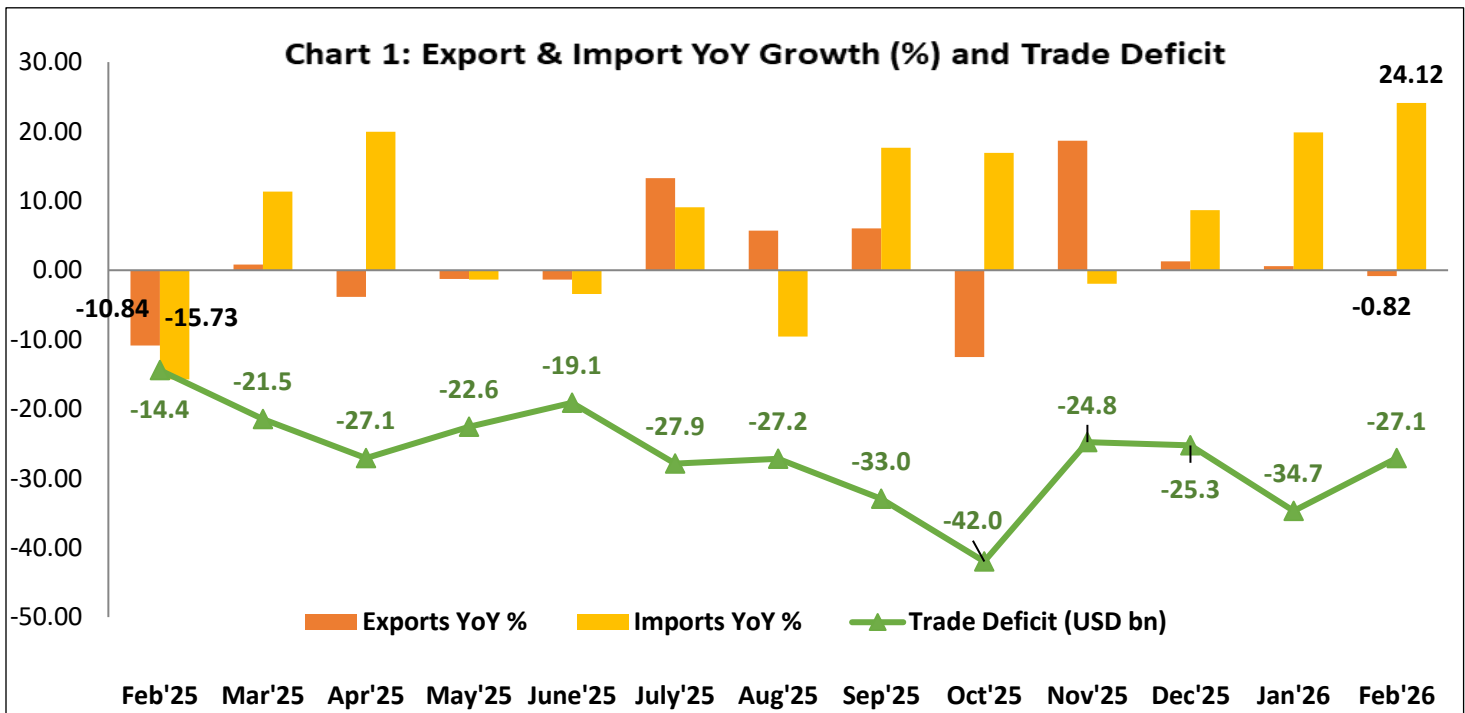
Macro Insights

Highlights:

Trade deficit narrows month-on-month to 27.1 USD billion in February 2026

The gap between imports and exports of goods stood at \$27.1 billion in February 2026. It widened from \$14.4 billion in February 2025. It was recorded at \$34.7 billion in January 2026.

- Merchandise exports edged down to \$36.61 billion in February 2026 from \$36.91 billion in February 2025, registering a YoY decline of 0.82%.
- Exports of non-petroleum products increased to \$33.18 billion in February 2026, registering a YoY growth of 6.38%. In contrast exports of petroleum products declined sharply by 40.09% YoY, amounting to \$3.43 billion.
- Meanwhile, merchandise imports surged by 24.12% YoY to \$63.71 billion in February 2026. However, imports declined from \$71.22 billion in January 2026.
- Gold and silver imports declined in February 2026 compared with January 2026. However, gold and silver recorded YoY increase of 218.54% and 285.21%, respectively.

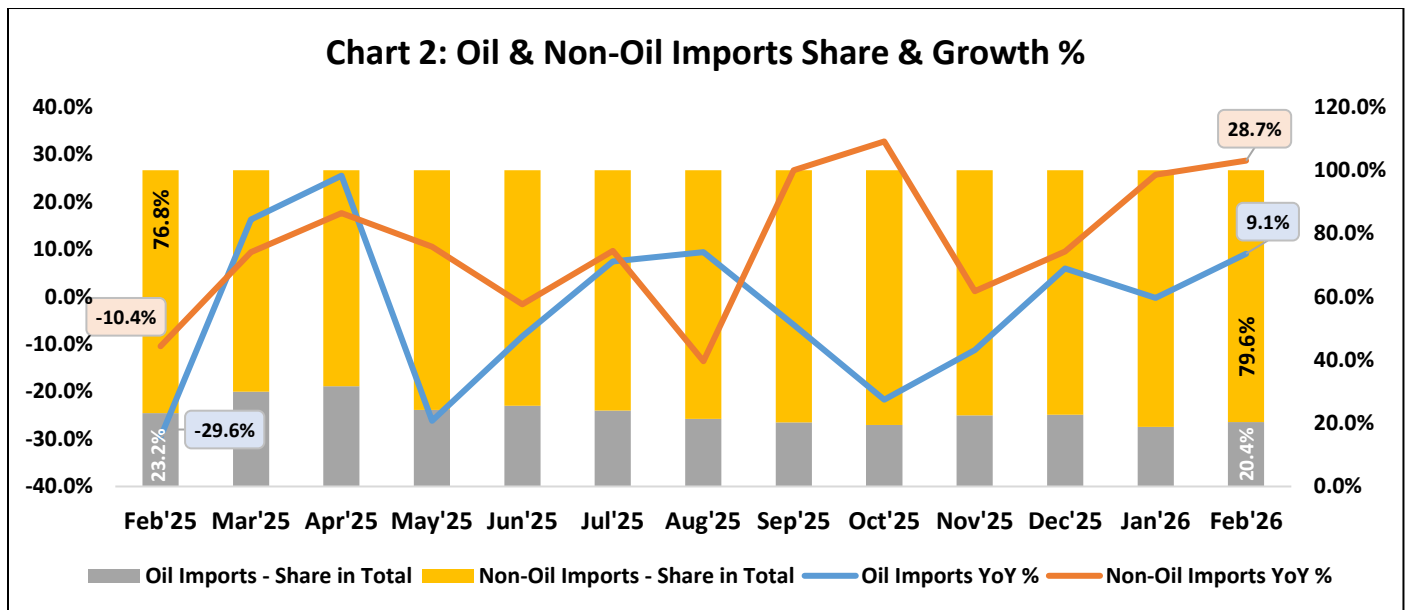


Source: Department of Commerce, Ministry of Commerce & Industry

Table: Merchandise Exports and Imports

(\$ billion)

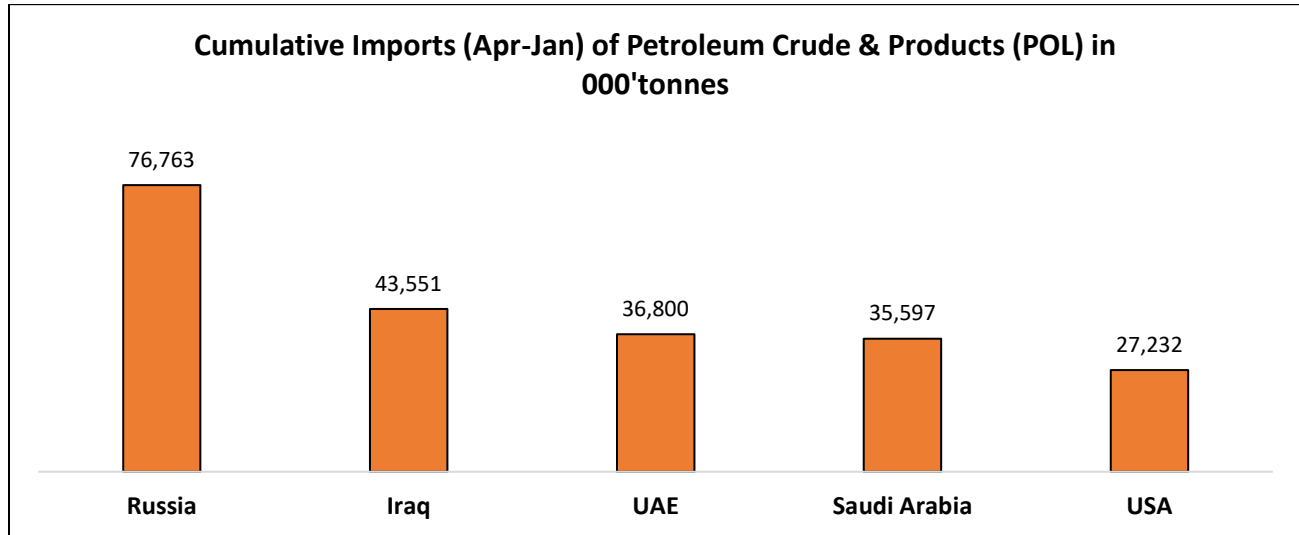
Month	Exports	Imports	Trade Balance
Feb'25	36.91	51.33	-14.42
Jan'26	36.54	71.22	-34.68
Feb'26	36.61	63.71	-27.10
YoY Growth (%)	-0.82	24.12	



Insights:

- ✓ The share of oil imports within merchandise imports increased to 20.4% in February 2026 from 18.8% in the previous month. Correspondingly, the share of non-oil imports declined to 79.6% from 81.2% during the same period. On cumulative basis, the share of oil imports declined to 22.6% during Apr–Feb FY26, from 25.3% in the corresponding period last year.
- ✓ Merchandise exports remained broadly flat in February 2026 but are expected to face pressure in March amid ongoing geopolitical tensions in West Asia. Out of the 30 major commodity group, 15 recorded a YoY increase in exports. Major commodities that saw an increase in exports were other cereals (170.1% YoY), coffee (31.9% YoY) and meat, dairy & poultry products (22.7% YoY). Major commodities that saw decline were petroleum products (-40.1% YoY), oil meals (-33.1% YoY), iron ore (-30.6% YoY) and oil seeds (-30.3% YoY).
- ✓ Out of the 30 major commodity group, 22 showed a YoY increase in imports. Major commodities among non-oil imports which recorded a positive growth in February 2026 were silver (285.2% YoY), gold (218.6% YoY) and sulphur & unroasted iron pyrites (128.4% YoY). Major commodities that saw decline were project goods (-81.3% YoY), cotton raw & waste (-59.4% YoY) and pulses (-38.5% YoY).

- ✓ Services exports are estimated to reach \$39.53 billion in February 2026, up 24.9% YoY, while estimated services imports rose to \$16.38 billion from \$14.51 billion a year earlier.
- ✓ India's exports to markets such as China (32.4%), Hong Kong (32.1%), Vietnam (49.5%), Togo (111.0%) and Sri Lanka (57.3%) recorded the most significant growth in February 2026 compared to the previous year.
- ✓ India's imports for February 2026 grew the most from China (30.5%), Switzerland (719.3%), UK (202.6%), USA (36.5%) and Peru (377.7%) compared to the previous year.



Views:

- ✓ India's cumulative trade deficit (Apr–Feb FY'26) widened to \$311.20 billion from \$261.57 billion in the corresponding period last year, reflecting strong import demand (8.6% YoY) and modest export growth (1.81% YoY).
- ✓ Elevated crude prices (above \$100/barrel) are increasing India's import bill, posing risks of a widening trade deficit and to the inflation outlook. Given India's heavy reliance on Gulf energy, any prolonged disruption could significantly strain the balance of trade.
- ✓ Higher oil prices linked to the conflict are adding to India's import bill and may further widen the trade deficit if the situation persists. The resulting trade imbalance may also exert pressure on the rupee and dampen investor sentiment leading to outflow of foreign investments.
- ✓ India's exports continue to exhibit resilience despite rising geopolitical uncertainty and logistical disruptions across key global shipping routes, following the closure of the Strait of Hormuz. However, higher freight and insurance costs, along with rerouting-related delays, are expected to weigh on competitiveness.
- ✓ The full impact of the West Asian crisis is likely to become more evident in the coming months, potentially weighing on export momentum while elevating import bills, thereby exerting pressure on the trade balance.

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

Exports (Non POL*)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Feb'25	Feb'26	
1	Other Cereals	23.43	63.29	170.14
2	Coffee	178.70	235.74	31.92
3	Meat, dairy & poultry products	450.31	552.36	22.66
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Feb'25	Feb'26	
1	Oil Meals	107.22	71.77	-33.07
2	Iron Ore	191.01	132.50	-30.63
3	Oil seeds	105.81	73.79	-30.26
Imports (Non POL)				
Major Commodities exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Feb'25	Feb'26	
1	Silver	430.72	1659.26	285.23
2	Gold	2337.60	7446.53	218.55
3	Sulphur & Unroasted Iron Pyrites	54.89	125.34	128.36
Major Commodities exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Feb'25	Feb'26	
1	Project goods	149.23	27.90	-81.31
2	Cotton Raw & Waste	99.86	40.50	-59.44
3	Pulses	494.14	303.93	-38.49

*Non-Petroleum, Oil and Lubricants

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