

Macro Insights

Trade Deficit narrows to 26.49 USD billion in August 2025

The difference between imports and exports of goods stood at \$26.49 billion in August 2025. It narrowed from \$27.36 billion in July 2025. It was recorded at \$35.64 billion in August 2024.

Highlights:

- ☞ Merchandise exports stood at \$35.10 billion in August 2025, increased by 6.72% on year-on-year basis, from \$32.89 billion in August 2024.
- ☞ Non-petroleum and non-gems & jewellery exports in August 2025 were US\$ 28.31 billion compared to US\$ 26.68 billion in August 2024, growing at a rate of 6.10%.
- ☞ Meanwhile, merchandise imports declined by 10.13% YoY for the month of August 2025 to \$61.59 billion.
- ☞ Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports in August 2025 were US\$ 41.02 billion compared to US\$ 41.41 billion in August 2024, showed a decline of 0.9%.

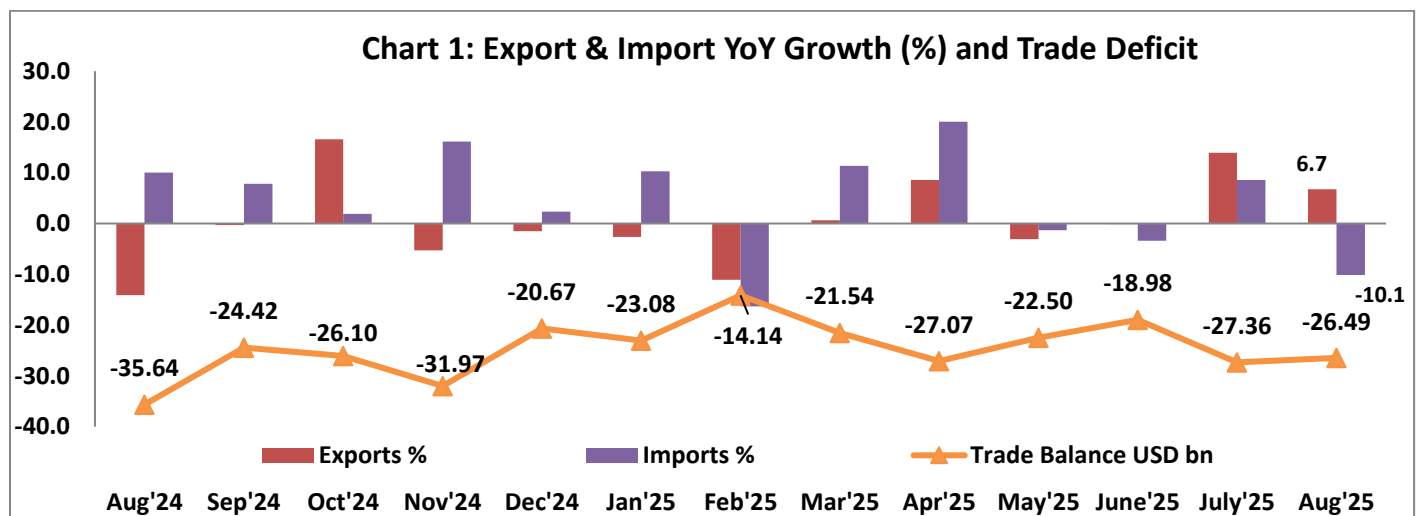
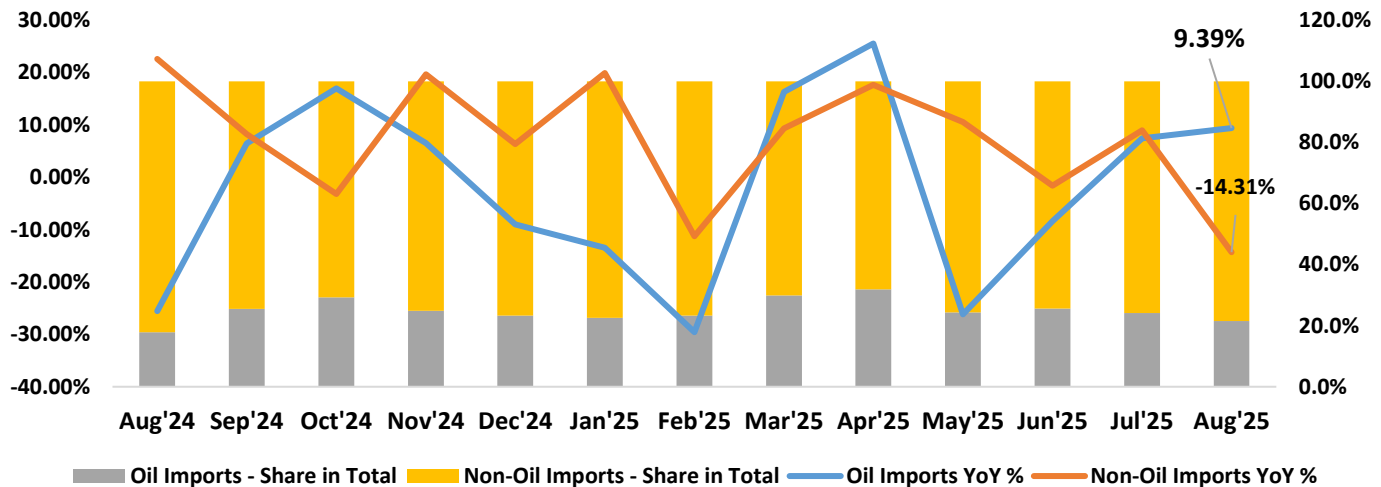


Table: Merchandise Exports and Imports

Month	Exports	Imports	Trade Balance
Aug'24	32.89	68.53	-35.64
Jul'25	37.23	64.59	-27.36
Aug'25	35.10	61.59	-26.49
YoY Growth (%)	6.72	-10.13	

(\$ billion)

Chart 2: Oil & Non-Oil Imports Share & Growth - %



Insights:

- ✓ The share of oil imports within merchandise decreased to 21.5% in August 2025 from 24.1% in the previous month. Correspondingly, the share of non-oil imports increased to 78.5% from 75.9% during the same period.
- ✓ Major drivers of merchandise exports growth in August 2025 include Electronic Goods, Engineering Goods, Gems & Jewellery, Petroleum Products and Drugs & Pharmaceuticals

Key Observations:

- ✓ Top 5 export destinations, in terms of change in value, exhibiting positive growth in August 2025 vis a vis August 2024 are United Arab Emirates (23.42%), USA (7.15%), Netherland (17.87%), Hong Kong (62.46%) and China (22.38%).
- ✓ Top 5 export destinations, in terms of change in value, exhibiting positive growth in April-August 2025 vis a vis April-August 2024 are U S A (18.06%), China (19.82%), United Arab Emirates (6.53%), Hong Kong (26.19%) and Germany (11.73%).
- ✓ Top 5 import sources, in terms of change in value, exhibiting growth in August 2025 vis a vis August 2024 are Russia (21.7%), Saudi Arab (38.43%), Ireland (150.15%), Iraq (8.85%) and Qatar (15.25%).
- ✓ Top 5 import sources, in terms of change in value, exhibiting growth in April-August 2025 vis a vis April-August 2024 are China (10.19%), Ireland (266.67%), United Arab Emirates (9.18%), Hong Kong (24.05%) and USA (8.54%).

Way Forward

- ✓ The outlook for India's trade balance is influenced by tariffs. Despite external challenges, the

trade balance has been relatively stable over the past five months. Goods exports to the US have supported overall growth, but higher US tariffs are expected to impact exports negatively in the coming months. Imports have seen lower momentum, mainly due to reduced gold imports.

- ✓ GST Reforms may aid exports of India via lower input costs and simpler compliance as Indian exporters are expected to become more price-competitive in markets such as the UK, USA, and beyond.

Top commodity groups exhibiting the most positive and negative growth (YoY) in Aug'25:

Exports (Non POL*)				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Aug'24	Aug'25	
1	Other cereals	12.2	23.1	89.69
2	Electronic goods	2,323.7	2,926.3	25.93
3	Mica, coal & other ores, minerals including processed materials	365.5	455.4	24.58
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Aug'24	Aug'25	
1	Iron ore	100.5	67.0	-33.36
2	Tobacco	206.0	157.2	-23.70
3	Oil meals	111.9	98.9	-11.59

Imports (Non POL)				
Commodity groups exhibiting positive growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Aug'24	Aug'25	
1	Fertilisers, crude & manufactured	533.9	1,659.6	210.86
2	Sulphur & unroasted iron pyrites	10.4	27.4	164.93
3	Vegetable oil	1,575.7	2,026.7	28.62
Commodity Groups exhibiting negative growth				
Sl. No.	Commodities	(Values in Million USD)		% Change
		Aug'24	Aug'25	
1	Project goods	245.3	23.0	-90.63
2	Pulses	320.3	114.9	-64.14
3	Gold & silver	13,672.9	5,890.8	-56.92

*Non-Petroleum, Oil and Lubricants

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