

Macro Insights

15th October 2022

Trade Deficit

India's trade deficit jumped to \$25.71 billion in September 2022 from \$22.47 billion in September 2021. Exports grew by 4.82% YoY to \$35.45 billion and imports grew by 8.66% YoY to \$61.16 billion in September 2022.

Highlights:

- ☞ India's Trade Deficit widened to the level of \$25.71 billion up 14.42 per cent year-on-year in September 2022 as import growth slowed.
- ☞ Merchandise exports grew to \$35.45 billion, up 4.82 per cent year-on-year in September 2022. Meanwhile Merchandise imports grew to \$61.61 billion, up by 8.66 per cent year-on-year in September 2022 leading to the reversing of earlier estimate of contraction for the first time in 19 months.
- ☞ Non-petroleum and non-gems and jewellery exports contracted 4.6% in September 2022 from a year before to \$24.2 Billion. It is the worst monthly slide since May 2020.
- ☞ The trade deficit during the first Six months of this fiscal widened to \$148.46 billion against \$76.25 billion during the year-ago period.
- ☞ Exports of High value segments like electronics grew by 72% to \$2 billion in September 2022, followed by petroleum products (43% to \$7.4 billion), gems and jewellery (17% to \$3.8 billion)

Chart: Export and Import YOY growth and Trade Deficit

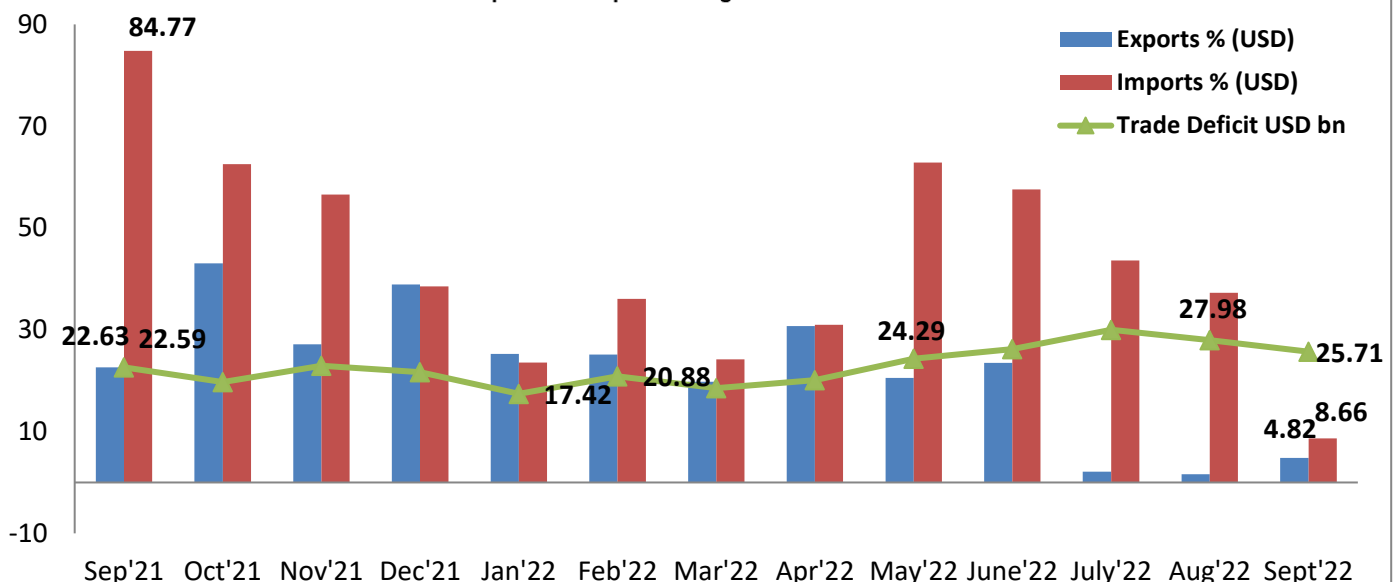
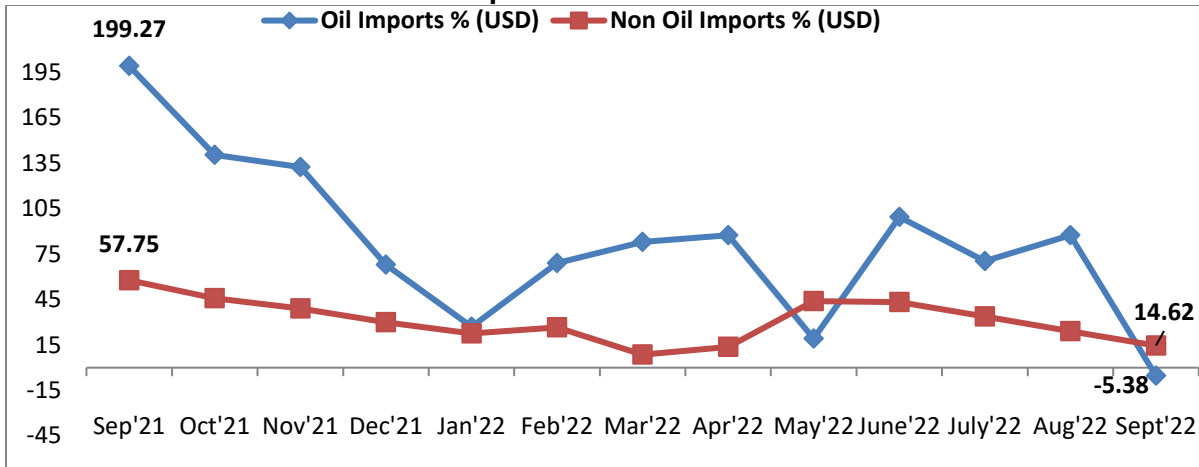


Chart: Import Growth % - Oil & Non-Oil



Views:

(\$ bn)

Month	Exports	Imports	Trade Deficit
September'21	33.81	56.29	22.47
September'22	35.45	61.16	25.71
YoY Growth (%)	4.82%	8.66%	14.42%

- ✓ Exports of gems and jewellery, petroleum products, leather, pharmaceuticals, chemicals, and rice have recorded positive growth during the month.
- ✓ Non-petroleum and non-gems and jewellery exports in September 2022 shows contraction. The quarterly trade deficit of around \$84 billion in the three months through September will further create pressure on Current Account. CAD is expected to widen to around 2.5%-3.0% of GDP in FY23.
- ✓ Rupee is expected to remain under pressure. Going ahead the dollar index is expected to see a further uptick owing to rate hikes and rupee is expected to trade between 84-85 against the US Dollar in mid-term.

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