

Macro Insights

17 August 2022

Exports grew by 2.14% YoY and imports grew by 43.61% YoY in July 2022.

Ministry of Commerce & Industry has released the monthly statistics on India's foreign trade for the month of July 2022. India's trade deficit jumped to \$30 billion in July 2022 from \$10.63 billion in July 2021. Exports grew by 2.14% YoY to \$36.27 billion and imports grew by 43.61% YoY to \$66.27 billion in July 2022.

Highlights:

- India's Trade Deficit showed an increase and widened to the level of \$24.29 billion up 271.96 per cent year-on-year in May 2022 driven by elevated global commodity prices, especially of oil.
- Merchandise exports grew to \$38.94 billion, up 20.55 per cent year-on-year in May 2022. Meanwhile Merchandise imports grew to \$63.22 billion, up 62.83 per cent year-on-year in May 2022. It was the third consecutive month when imports are more than \$60 Billion.
- Import of gold increased manifold to \$6 Billion with 789.20% YOY growth in May'22. Also, Oil imports increased by 102.72% Year on Year to \$19.19 Billion and Coal, Coke & Briquettes, etc. increased by 172.10% to \$5.42 Billion
- The export growth being driven by high demand for petroleum products (60.9%), electronic goods (47%) and garments (28%)
- Non-petroleum and non-gems and jewellery exports in May 2022 were \$27.16 billion, up 13.10% year-on-year.



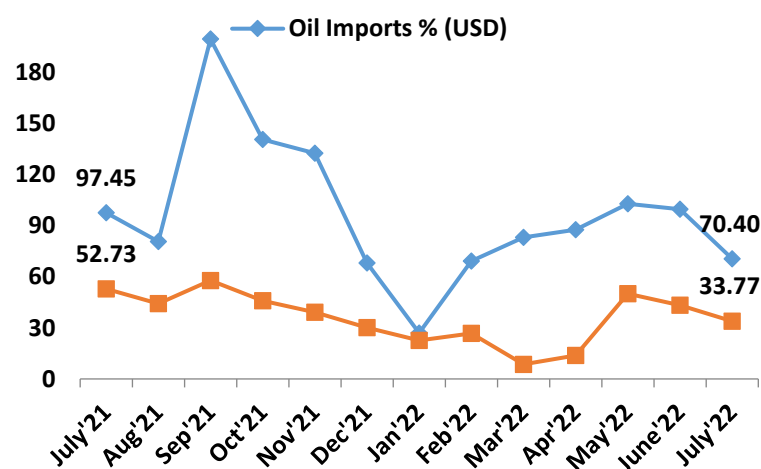
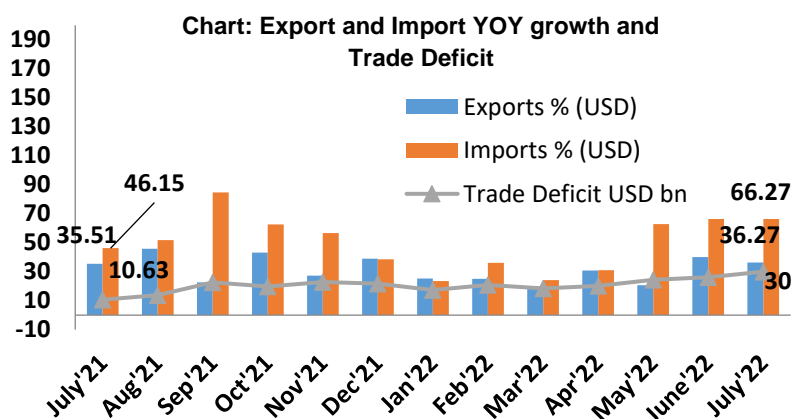
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Oil imports increased by 102.72% YoY to \$19.19 Billion



A rising import bill due costlier food and energy commodities amid ongoing geopolitical tensions and tepid merchandise exports could push up India's current account deficit (CAD)



Views:

- Slow growth in exports indicates that global inventories are pretty high and the merchandise exports are facing the impact of rising inflation and recession in advanced economies.
- Coal and petroleum products continued to drive up imports, like they did in June, silver imports shot up exponentially in July.
- Trade deficit is expected to widen to an all-time high with the current account deficit expected to deteriorate due to adverse terms of trade.
- A rising import bill due costlier food and energy commodities amid ongoing geopolitical tensions and tepid merchandise exports could push up India's current account deficit (CAD) further during the current financial year

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