

## Macro Insights

18 June 2022

### Exports grew by 20.55% YoY and imports grew by 62.83% YoY in May 2022.

Ministry of Commerce & Industry has released the monthly statistics on India's foreign trade for the month of May 2022. India's trade deficit jumped to \$24.29 billion in May 2022 from \$6.53 billion in May 2021. Exports grew by 20.55% YoY to \$38.94 billion and imports grew by 62.83% YoY to \$63.22 billion in May 2022.



India's trade deficit jumped to \$24.29 bn in May'22 from \$6.53 bn in May'21



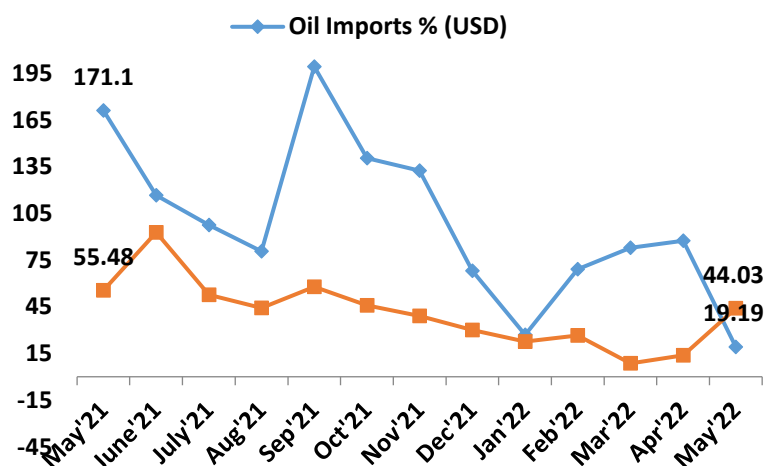
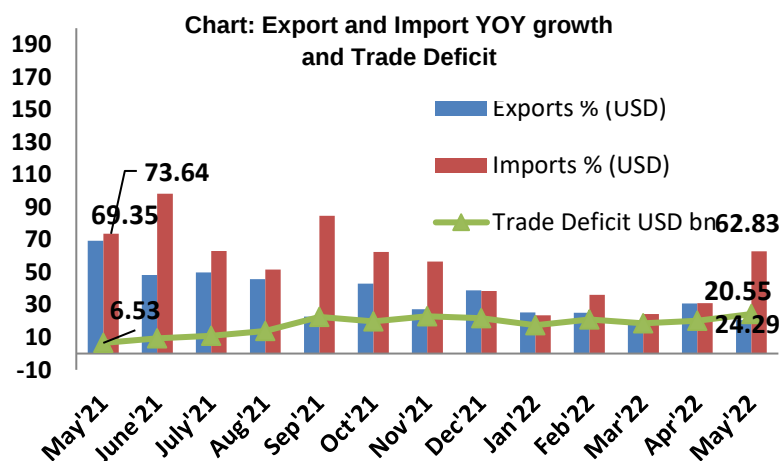
Oil imports increased by 102.72% Year on Year to \$19.19 Billion



The High trade deficit owing to high oil prices & current account deficit expectations along with capital outflow have put pressure on India's external position.

### 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.



**Views:**

- The trade deficit during the first two months of this fiscal widened to \$44.69 billion against USD 21.82 billion in the year-ago period.
- Export of iron ore, cashew, handicrafts, plastics, carpet and spices showed a negative growth over previous year.
- Non-petroleum and non-gems and jewellery imports in May 2022 were \$34.79 billion, up 31.66% year-on-year shows strong domestic demand which will create pressure on current account deficit. CAD is expected to widen to 3.0% of GDP in FY23 from 1.3% of GDP in FY22.
- High trade deficit owing to high oil prices & current account deficit expectations along with capital outflow for nine straight months have put pressure on India's external position. Rupee is expected to remain under pressure in near term but with government and RBI's intervention in the forex market, Rupee is expected to be around USD/INR 78-79 in coming months.

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