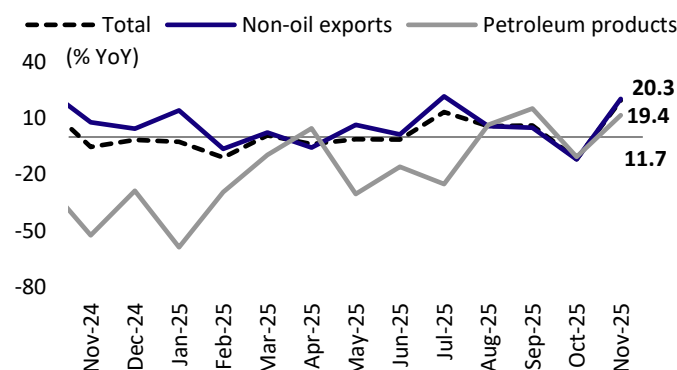


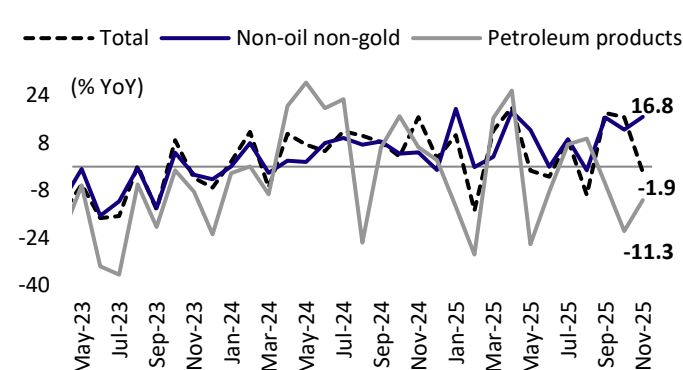
## November trade deficit the lowest in five months

- Trade deficit narrowed sharply to USD24.5b in Nov'25, the lowest in five months, down from USD41.7b in Oct'25. This improvement was driven by a strong rise in exports (to the US) and a moderate decline in imports (gold, oil, and coal).
- Nov'25 merchandise exports marked the highest monthly export figure in the past decade, supported by strong demand for engineering goods (the highest growth in 13 months), RMG of all textiles (marking its first expansion after three consecutive months of contraction), drugs & pharma (the highest growth in eight months), and an improvement in gems & jewelry exports.
- Goods exports (particularly textiles and G&J) to the US increased to USD6.9b (10% MoM) in Nov'25, contributing to the improved trade balance.
- Imports declined modestly, supported by lower shipments of gold, crude oil, and coal.
- If export growth sustains and import pressures remain contained, the trade deficit should remain manageable in the near term. However, on a full-year basis, the wider trade gap is expected to push CAD to 1.2% of GDP in FY26 from a modest 0.6% in FY25, and remain steady at 1.2% in FY27, assuming oil prices average USD 60/bbl.
- The CAD trajectory has a direct bearing on USDINR depreciation. USDINR closed at 90.7 on 15<sup>th</sup> December, reflecting a 5.6% depreciation FYTD. We continue to expect depreciation pressure on rupee due to sustained FII outflows and no trade deal in sight. Any appreciation from a potential trade deal is likely to be bought in by the RBI to rebuild lost FX reserves, along with market participation. Exporters are selling on any upside to the pair, while importers are buying on any downside, keeping USDINR range-bound between 90 and 91. For FY27, we expect USDINR to average 91 per US dollar.

**Exhibit 1: India's exports increased 19.4% in Nov'25**

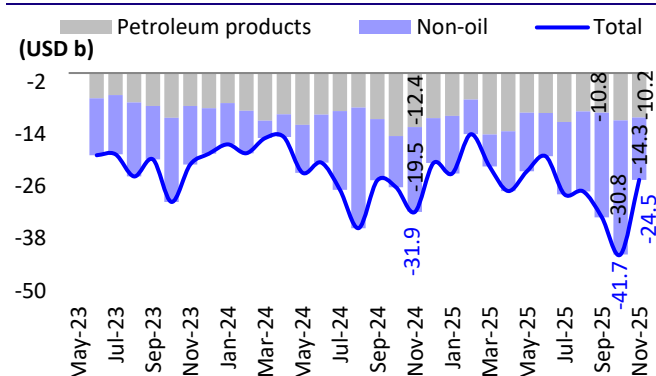


**Exhibit 2: Imports declined modestly by 1.9% in Nov'25**

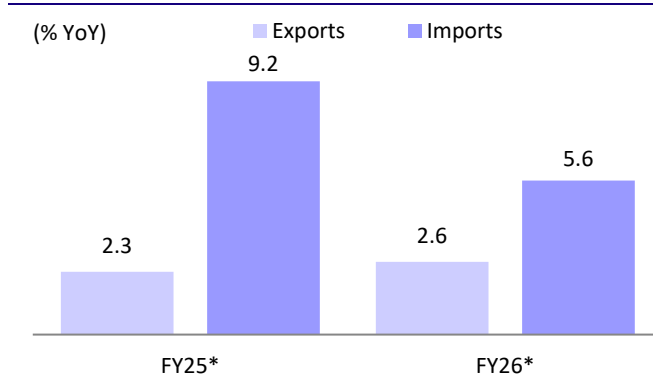


Source: CEIC, MOFSL

**Exhibit 3: Trade deficit at a five-month low in Nov'25**



**Exhibit 4: Imports grew faster than exports in FY26\***



Source: CEIC, MOFSL

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## Highlights of trade data in Sep'25

### Acceleration in exports was broad-based

- In Nov'25, India's exports increased 19.4% YoY to USD38.1b vs. a contraction of 11.8% in Oct'25. Acceleration in exports was broad-based. Oil exports increased 11.7% YoY to USD3.9b, whereas non-oil exports increased 20.3% (the highest in four months) to USD34.2b.
- Nov'25 merchandise exports marked the highest monthly export figure in the past decade, supported by strong demand for engineering goods (the highest growth in 13 months), RMG of all textiles (marking its first expansion after three consecutive months of contraction), drugs & pharma (the highest growth in eight months), and improvement in gems & jewelry exports.
- Goods exports (particularly textiles and G&J) to the US increased to USD6.9b (10% MoM) in Nov'25, contributing to the improved trade balance.
- In Apr-Nov'25, exports grew 2.6% compared to a growth of 2.3% in Apr-Nov'24.

### Imports declined modestly

- In Nov'25, imports declined modestly by 1.9% YoY, reaching USD62.6b, led by lower shipments of gold (-59% YoY), crude oil (third consecutive contraction), and coal.
- On the other hand, non-oil-non-gold imports remained strong, recording a seven-month high of 16.8% YoY in Nov'25.
- In Apr-Nov'25, imports grew 5.6% vs. a growth of 9.2% in Apr-Nov'24.

### Outlook

- If export growth sustains and import pressures remain contained, the trade deficit should remain manageable in the near term. However, on a full-year basis, the wider trade gap is expected to push CAD to 1.2% of GDP in FY26 from a modest 0.6% in FY25, and remain steady at 1.2% in FY27, assuming oil prices average USD 60/bbl.
- The CAD trajectory has a direct bearing on USDINR depreciation. USDINR closed at 90.7 on 15th December, reflecting a 5.6% depreciation FYTD. We continue to expect depreciation pressure on rupee due to sustained FII outflows and no trade deal in sight. Any appreciation from a potential trade deal is likely to be bought in by the RBI to rebuild lost FX reserves, along with market participation. Exporters are selling at any upside to the pair, while importers are buying on any downside, keeping USDINR range-bound between 90 and 91. For FY27, we expect USDINR to average 91 per US dollar.

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