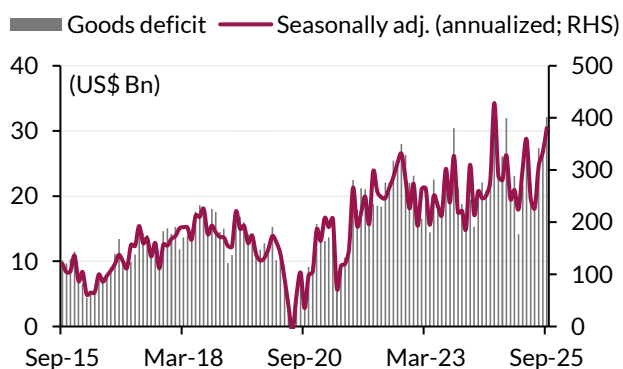


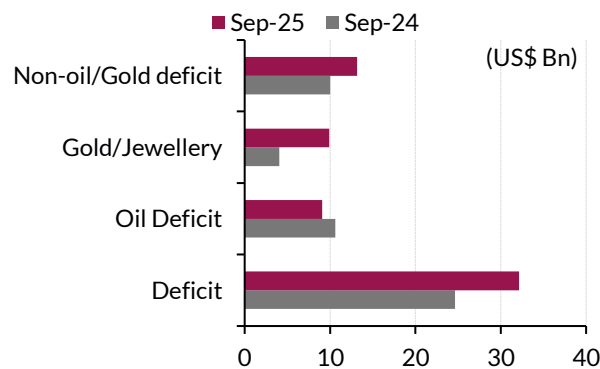
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Sep trade deficit higher on gold imports; US tariff impact limited

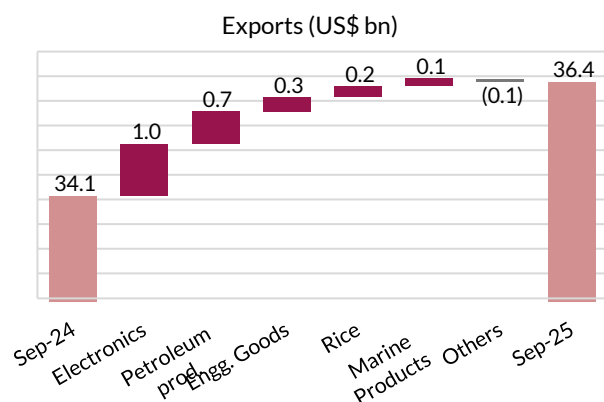
- In Sep 2025, of the US\$7 Bn YoY increase in India's goods trade deficit (\$32Bn; Fig 1), \$6 Bn is due to higher gold imports in an early-Diwali season (implied volume: +79% YoY, 50% above normal; Fig 5). Imports (+17% YoY) outpaced exports (6%).
- Electronics, petroleum, and engineering goods drove YoY growth in exports; imports of gold, silver, fertilizers and electronics were strong (Fig 3, 4). Exports to the US fell 20% MoM (50% tariffs); among sectors most exposed (US share >30%), while exports of clothing & textiles and chemicals suffered; exports of gems & jewelry and marine products remained resilient.
- Given the near-term stagnation in services exports (Fig 7), a surge in goods deficit implies CAD run rate at 2.4% of GDP (1.6% adjusting for excess gold imports). As the economy gathers pace in Q3 and Q4, non-oil/gold imports could widen the CAD (Fig 9). However, given foreign capital flows into India are sensitive to growth, BoP financing is unlikely to be a concern.

Exhibit 1 - Trade deficit at US\$32 Bn in Sep-2025; seas. adj. annualized deficit at \$381 Bn is 9.9% of GDP


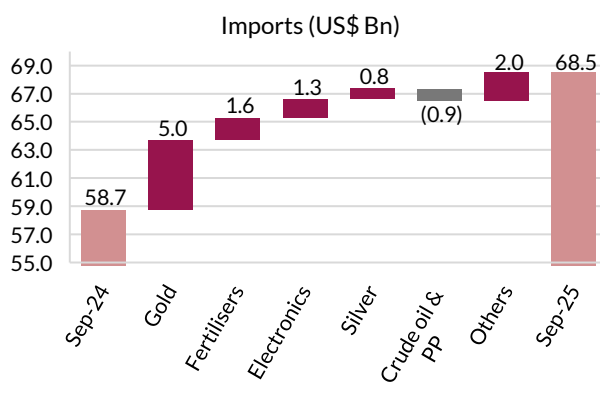
Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 2 - YoY deficit for gold (+\$6 Bn) and non-oil/gold (+\$3 Bn) rose; oil deficit fell (-\$2 Bn)


Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 3 - YoY exports grew the most in electronics, petroleum, engineering goods, rice and marine goods


Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 4 - YoY rise in imports led by gold, silver fertilizers and electronics; crude oil imports fell


Source: Ministry of Commerce & Industry; Axis Bank Research

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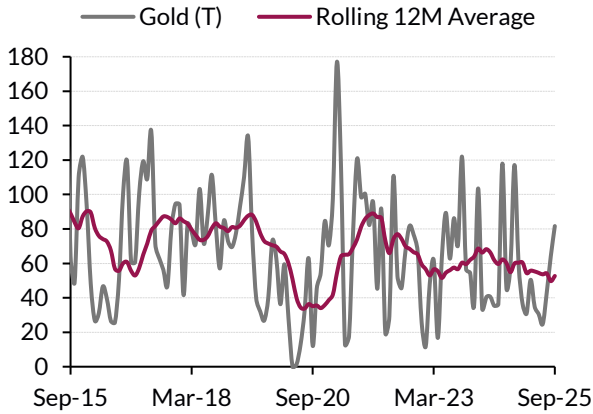
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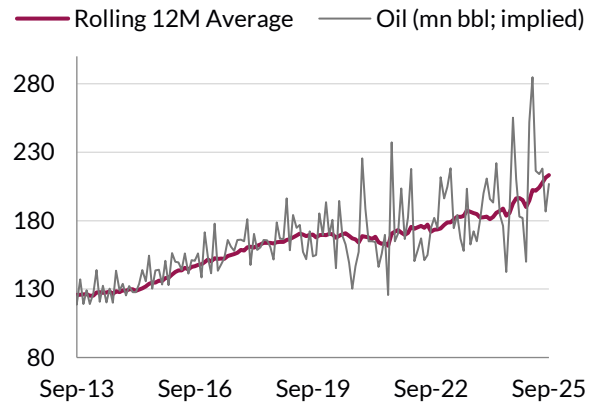
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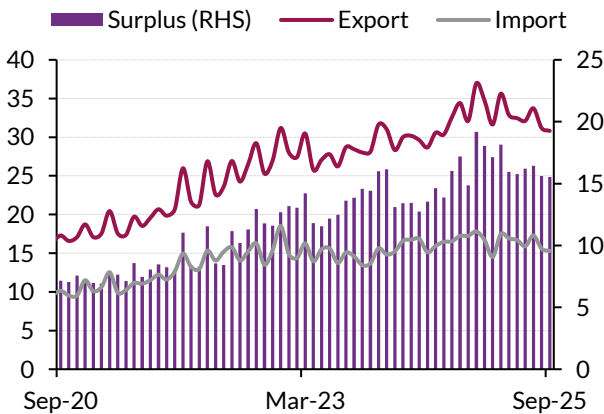
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Exhibit 5 - Gold import volume jumped 79% YoY implying 50% higher than normal imports (early Diwali)


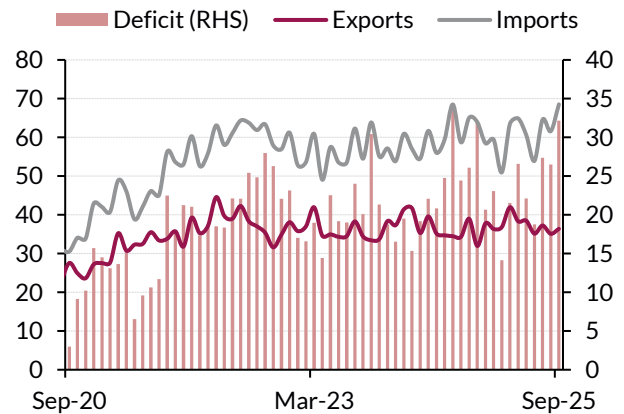
Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 6 - In Sep-2025, implied oil & gas imports rose 11% YoY; FYTD implied imports are up 12% vs. 2024


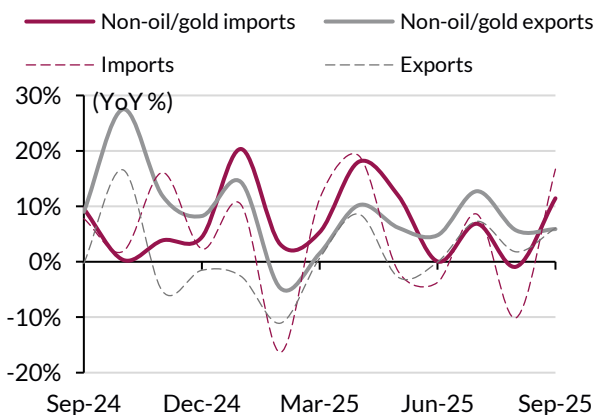
Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 7 - A services surplus of US\$ 200 Bn (12M sum) implies total invisibles surplus of \$278 Bn annually


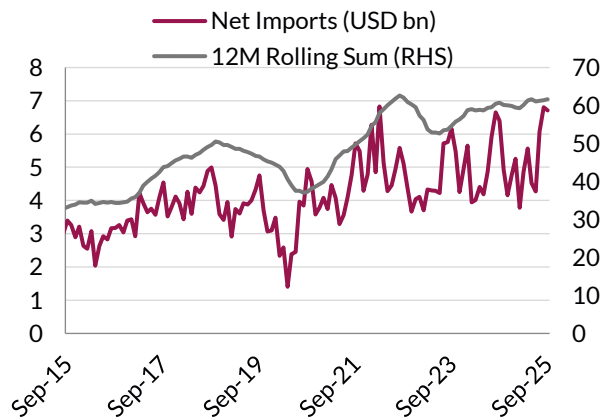
Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 8 - Goods deficit widened due to a surge in gold imports


Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 9 - Non-oil/precious imports growth show recovery; exports growth stable despite US tariffs


Source: Ministry of Commerce & Industry; Axis Bank Research

Exhibit 10 - Net imports of electronics is stable at US\$ 60 Bn annually


Source: Ministry of Commerce & Industry; Axis Bank Research

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