



**Comments on:
Trade Data - April 2021**

Steady normalization in external trade since Dec 2020

- The performance of the external sector has been relatively better in April 2021 compared to the domestic demand given the slowdown in the nascent growth momentum aggravated by the highly intense Covid 2.0 wave.
- The trade data for April 2021 reinforces the path of normalization for both exports and imports despite the threat of the second wave of Covid.
- Overall, the merchandise trade deficit at USD 15.1 billion is slightly higher than the pre pandemic 3 year monthly average of USD 14.1 billion
- There hasn't been much disruption on the external trade front yet due to the lockdowns in some states from April 2021.
- However, the sustainability of such a healthy trade trajectory will need to be seen with stricter imposition of lockdown by several states in May 2021.

Export buoyancy in April beyond the YoY base effect

- While the YoY growth figures are not really meaningful due to the complete national lockdown in April 2020, an analysis of the past 5 year data for April does indicate that there has been a buoyancy on the export front in April 2021.
- At USD 30.63 billion, India's exports have clocked the highest ever for the month of April and is only lower than the levels in March 2019 and March 2021 in the last 5 yr period.
- In our opinion, the continuing momentum in exports is both on account of the global pickup in trade and the increased commodity prices.
- As compared to April 2019, non petroleum and non gems and jewellery exports have grown encouragingly by 20.5%; such growth is fairly broad based in nature across product groups.
- Imports have also registered the highest level for the last 5 years in April at USD 45.72 billion which is mainly due to a pickup in non-oil imports; non oil and non gold imports grew by 6.6% vis-à-vis that in April 2019, this can be attributed to an inventory build up for the expected domestic demand growth.