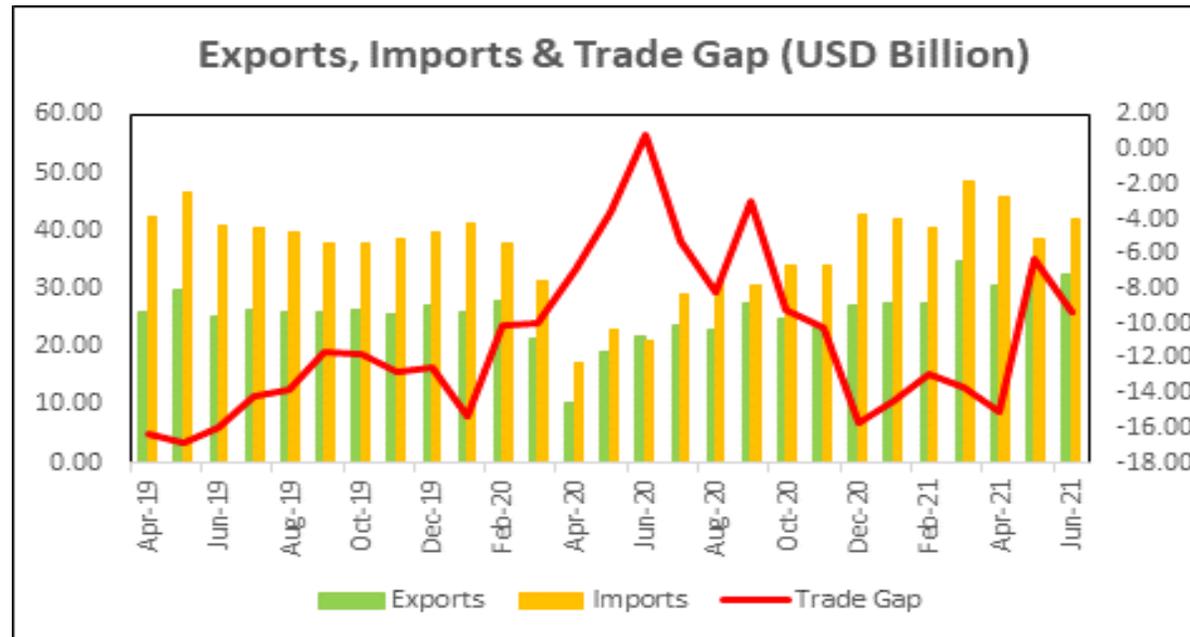




**Comments on:  
Trade Balance- June'21**

## Structural and broadbased growth in exports driven by global economic revival



- There hasn't been much disruption on the export front due to the state level lockdowns in Apr-May. The revival in the global economy and increased commodity prices have thrown open export opportunities.
- India's merchandise exports in Q1FY22 has been its highest ever in a quarter at USD 95.4 billion recording a growth of 18.0% over Q1FY20 (86% over Q1FY21).
- Excluding petroleum and gems and jewellery exports, the growth in Q1FY22 vs Q1FY19 stands at 21.4%.

## **Monthly trade deficit set to revert to the range of USD 11-12 billion**

- Trade data for Jun-21 reinforces the path of normalization for both exports and imports with the decline in the intensity of the second Covid wave.
- Performance of the external sector has been clearly, better in Q1FY22 compared to the domestic demand given the disruption in the nascent growth momentum
- Non-oil and non-gold imports are getting back on track which is encouraging for the economy
- Such imports grew by 11.4% in Jun-21 vs Jun-19 and for the first quarter as a whole, the growth over this 2 yr period stood at 4.8% despite the impact of the lockdowns in second Covid wave.
- Merchandise trade deficit at USD 9.4 billion in Jun-21 is still lower than the normalised levels due to both lower quantum of crude oil imports and the unexpected export buoyancy.
- With the recovery in the domestic economy over the next few quarters, the average monthly trade deficit is expected to revert to the range of USD 11-12 billion.