

Macroeconomics | **FIRST CUT**

Exports rebound, imports soften

October 2024

Exports rose 0.5%, while imports grew 1.6% on year in September

Merchandise exports rebounded in September after shrinking for two months, including a 9.3% contraction in August. At \$34.6 billion, they were up 0.5% on-year as core¹ exports rose 9.2%, compared with a 2.4% rise in August.

Sequentially, gems & jewellery exports also displayed some improvement in September after remaining weak in previous few months.

Brent crude oil prices averaged \$74.3 per barrel in September 2024, compared with \$94 in the same month of 2023. Any fall in crude oil prices reduces India's oil import bill but affects the value of its exports.

In September, exports of petroleum products — a major exports item — fell 26.8%, dragging down the overall performance.

On the other hand, exports of drugs and pharmaceuticals, engineering goods, organic and inorganic chemicals and readymade garments were supportive.

Growth in merchandise imports softened, however. At \$55.4 billion in September, imports rose 1.6% on year as oil imports remained in the contractionary zone in September on easing crude oil prices. Oil imports fell 10.5% in September, following a 32.4% fall in the previous month. Merchandise exports had recorded an average 5.6% growth in the previous three months.

Gems and jewellery imports, though robust, stabilised in September after the surge in August. Core imports, too, maintained their momentum.

With exports growing marginally and merchandise imports slowing, India's trade deficit narrowed to \$20.8 billion in September from \$29.7 billion in August and was stable compared with \$20.1 billion in September 2023.

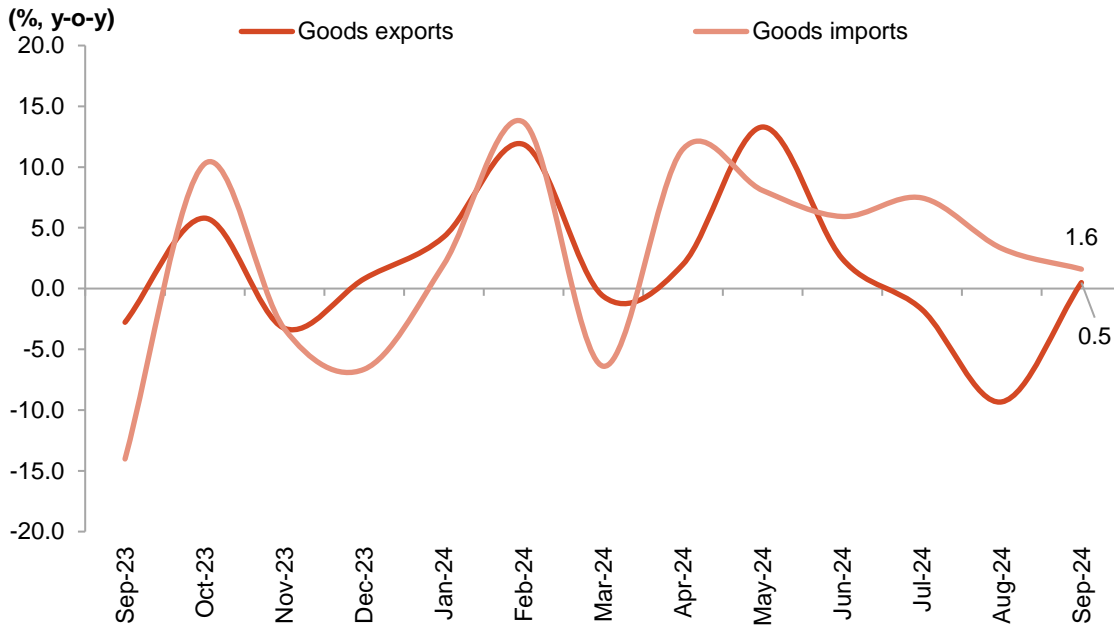
Cumulatively, merchandise exports rose 1% to \$213.22 billion during April-September from \$211.08 billion in the year-ago period. Cumulative imports grew faster at 6.2% to \$350.7 billion from \$330.3 billion. As a result, trade deficit during the period widened to \$137.4 billion from \$119.2 billion in the previous year.

Services exports saw a modest 5.7% growth in August², compared with 16.6% in July. Services imports grew faster than exports, clocking 8.8% on-year in August, versus 15.7% in July. Net-net services trade surplus stood at \$13.9 billion in August, compared with \$13.6 billion in August 2023 but marginally lower from \$14.7 billion in July 2024.

¹ Non-oil and non-gold

² The latest data released by the RBI for the services sector is for August 2024

Exports turn positive in September, while imports moderate



Source: Ministry of Commerce and Industry, CEIC, CRISIL

Data highlights

- Oil exports contracted for the fourth consecutive month in September (-26.8% on year).
- Growth in non-oil exports was stronger at 6.8% (vs 0.1% in August).
- Among the main export segments, growth was strong in drugs and pharmaceuticals (7.2% vs 4.7%), engineering goods (10.6% vs 4.4%), organic and inorganic chemicals (11.2% vs 8.3%) and readymade garments (17.3% vs 11.9%), plastic and linoleum (28.3% vs 11.1%).
- Among other labour-intensive sectors, exports seem to be showing signs of improvement, barring gems and jewellery (-11.5% on-year in September over -23.1% in August) and ceramic products and glassware (-10.9% vs -23.2%). On the other hand, exports of cotton yarn, fabrics, handloom products (3.5% vs -9.4%), handicrafts (48.1% vs 7.2%), leather and leather products (8.9% vs 0.1%) were higher than previous month.
- The agriculture segment also recorded a significant growth in exports. Among agricultural exports, coffee (74.7% vs 69.6%), fruits and vegetables (8.4% vs -1.8%), oil meals (13% vs -10.5%) and oil seeds (14.7% vs 8.1%), spices (26.7% vs 19.1%) and tobacco (50.9% vs 34.4%) saw higher positive growth. That said, growth slowed down for cashew (2.2% vs 6.8%), meat, dairy and poultry products (7.8% vs 9.8%) and tea (5.7% vs 14.9%). Rice exports surged 24.9% on year in September, compared with a 16.1% decline previous month, reflecting the impact of the government's decision to remove the floor price for Basmati rice exports.

Outlook

This fiscal started on a good note, with merchandise exports growing steadily in the first quarter. Then came the contraction in July and August. While the data for September shows some improvement, container shortages and geopolitical uncertainties continue to pose risks.

Growth in imports so far has surpassed exports this fiscal, causing the trade deficit to widen. This will be monitorable, especially because the United States has announced tariff hikes on Chinese imports, which, coupled with the slowdown in the Chinese economy, is triggering aggressive exports from there to the Asian markets, including India.

Higher merchandise trade deficit thus bears watching.

The surplus in services trade and robust remittances flow provide some comfort and should help keep the current account in the safe zone.

Analytical contacts

Dharmakirti Joshi

Chief Economist, CRISIL Ltd
dharmakirti.joshi@crisil.com

Adhish Verma

Senior Economist, CRISIL Ltd
adhish.verma@crisil.com

Meera Mohan

Economic Analyst, CRISIL Ltd
meera.mohan@crisil.com

Media contacts

Prakruti Jani

Media Relations
CRISIL Limited
M: + 91 98678 68976
prakruti.jani@crisil.com

Roma Gurnani

Media Relations
CRISIL Limited
M: +91 70662 92142
roma.gurnani@ext-crisil.com

Sanjay Lawrence

Media Relations
CRISIL Limited
M: +91 89833 21061
sanjay.lawrence@crisil.com

About CRISIL Market Intelligence & Analytics

CRISIL Market Intelligence & Analytics, a division of CRISIL, provides independent research, consulting, risk solutions, and data & analytics. Our informed insights and opinions on the economy, industry, capital markets and companies drive impactful decisions for clients across diverse sectors and geographies.

Our strong benchmarking capabilities, granular grasp of sectors, proprietary analytical frameworks and risk management solutions backed by deep understanding of technology integration, make us the partner of choice for public & private organisations, multi-lateral agencies, investors and governments for over three decades.

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong, UAE and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [LINKEDIN](#) | [TWITTER](#) | [YOUTUBE](#) | [FACEBOOK](#) | [INSTAGRAM](#)

CRISIL Privacy Notice

CRISIL respects your privacy. We may use your personal information, such as your name, location, contact number and email id to fulfil your request, service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com/privacy.

Disclaimer

Argentina | Australia | China | Hong Kong | **India** | Japan | Poland | Singapore | Switzerland | UAE | UK | USA

CRISIL Limited: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India

Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | www.crisil.com

in/company/crisil [@CRISILlimited](https://twitter.com/CRISILlimited) [f/CRISILlimited](https://facebook.com/CRISILlimited) [yt/user/CRISILlimited](https://youtube.com/user/CRISILlimited) [ig/lifeatcrisil](https://instagram.com/lifeatcrisil)

CRISIL
An S&P Global Company

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval