

Macro scenario - Peru



March 30, 2026

Strong growth momentum, albeit with rising headwinds

- ▶ Economic activity started the year on a strong footing, leading indicators continue to grow at a healthy clip, and still elevated terms of trade are supporting a recovery in investment and business confidence. However, recent transitory disruptions to local gas supply, the risk of a mild coastal El Niño lingers and effects of higher international oil prices may weigh on economic activity. In this context, we maintained our 3.1% GDP growth forecast for 2026 and 3% for 2027, around potential.
- ▶ Inflation turned the corner and is projected to end the year at 2.5%, up from our previous 2.0% forecast, amid higher oil prices and risks from weather shocks. We now expect the BCRP to keep the policy rate at the current level of 4.25%, slightly above neutral.

The final elections countdown

As in previous elections, a significant share of Peruvians remains undecided (57%) a few weeks ahead of the congressional elections and the first round of the presidential election (April 12, 2026).

However, the electorate shows a slight tilt toward right-leaning candidates in a presidential race with 35 candidates. Datum Poll show four-time presidential contender Keiko Fujimori of Fuerza Popular and conservative right-wing candidate, former Mayor of Lima Rafael López Aliaga of Renovación Popular leading preferences in a technical tie with slightly above 10%. In terms of potential electorate, Rafael López Aliaga has the lowest rejection rate, which could give him an advantage if he secures a spot in the June 7 runoff.

Peru has repeatedly shown that elections can shift dramatically in the final days before voting. We therefore expect the race to remain highly competitive, and the large share of undecided voters leaves ample room for a surprise candidate to emerge.

Unlike the previous congressional elections, voters will also elect senators, marking a return to a bicameral Congress for the first time since 1992. The Senate race also remains wide open, although Fujimori's Fuerza Popular currently leads voter preferences, followed by López Aliaga's Renovación Popular.

In our view, a return to a bicameral system would help reduce tensions between the current unicameral Congress and the executive branch. To obtain congressional representation in the next term, parties

would be required to secure more than 5% of the nationwide vote in the relevant chamber, as well as at least 5% of the elected officials in each chamber. Simulations conducted by political analysts suggest that this rule would lead to a substantial reduction in the number of parties represented in Congress, thereby decreasing fragmentation and polarization. See our primer on the elections [here](#).

Strong growth momentum, albeit with rising headwinds

Economic activity started the year on a strong footing with the monthly GDP proxy rising 3.5% YoY in January. On a sequential basis, activity expanded by 0.6% MoM/SA, adding to the 0.6% recorded in the previous month. Holding activity levels constant for the rolling quarter ending in January leads to an elevated 2026 carryover of 1.1%.

Looking ahead, leading indicators such as imports of capital goods, cement consumption, and payment transactions continue to grow at a healthy clip. The real wage bill and formal job creation also continue to expand well above long-term averages, supporting the outlook for private consumption. However, transitory disruptions to local gas supply in February–March are likely to weigh on energy production, manufacturing, and potentially services. Separately, the risk of a mild coastal El Niño lingers and higher international oil prices may weigh on economic activity. In this context, we maintained our 3.1% GDP growth forecast for 2026 and 3% for 2027, around potential.

Spending pressures temper fiscal improvement ahead

In line with seasonal patterns, the nominal fiscal balance posted a surplus of 1.8% of GDP in February, though the 12-month rolling balance remains in a deficit at 2.1% of GDP. Real revenue momentum remains solid, up 5.4% YoY in the February moving quarter, outpacing the 4.0% increase in real non-financial expenditures.

Supportive commodity prices and resilient economic activity should continue to underpin fiscal dynamics; however, consolidation is likely to proceed at a measured pace. Rising public-sector wage commitments and higher defense-related capital spending are likely to offset part of the revenue gains. As a result, we see the nominal fiscal deficit stabilizing around 2.0% of GDP in 2026.

FX volatility increases amid geopolitical tensions

The Middle East conflict partially reversed the PEN's appreciation trend. The currency weakened sharply amid renewed U.S. dollar strength and is now trading slightly above to our year-end forecast of 3.40 per dollar.

Against this backdrop, the BCRP has remained absent from the foreign exchange market since the onset of the conflict. Nevertheless, cumulative reserve purchases have reached USD 6.02 billion since operations resumed in early November 2025.

The central bank retains ample buffers to confront external shocks. International reserves stood at approximately USD 99 billion in March 2026, around 30% of GDP, making them the largest in the region. Given persistent geopolitical risks and heightened domestic political uncertainty, we expect reserve accumulation to remain on hold in the short term.

Renewed inflationary pressures

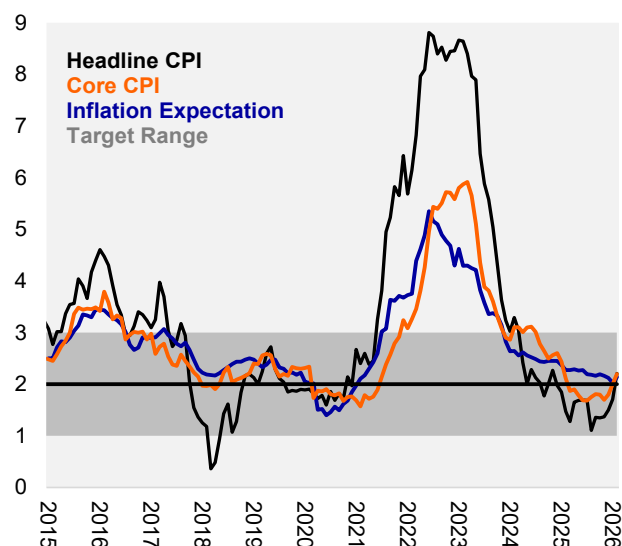
Inflation increased by 51 bps to 2.21% in February, moving slightly above the midpoint of the central bank's 2% ± 1% target range for the first time since October 2024. Core inflation (excluding food and energy) rose by 20 bps to 2.2% YoY, while 12-month inflation expectations edged up slightly to 2.14% in February, with both remaining close to the center of the target range.

Sequential price pressures strengthened in February. Headline inflation rose to 3.3% QoQ (SAAR), while core inflation increased to 2.9% QoQ (SAAR), up from 2.0% and 2.1%, respectively, in 4Q25.

Looking ahead, the sizeable gas supply shock and higher oil prices stemming from escalating geopolitical tensions are expected to put upward pressure on inflation in the coming months. In addition, the Coastal El Niño weather phenomenon is expected to have a moderate impact on food inflation. Against this backdrop, we raised our 2026 year-end inflation forecast by 50 bps to 2.5%. For 2027, we also increased our year-end inflation forecast to 2.3%.

Inflation is above the midpoint of the BCRP's target range for the first time since Oct.24.

(%, YoY)



Source: BCRP, Itaú

No more cuts

At its March monetary policy meeting, the Central Bank of Peru (BCRP) kept the benchmark interest rate unchanged at 4.25% for the seventh consecutive month. Forward guidance also remained unchanged and explicitly data-dependent. The assessment of the external environment turned more cautious, reflecting heightened global risks stemming from energy market disruptions and increased financial market volatility. That said, the BCRP continues to view the global growth outlook as positive, while Peru's terms of trade remain favorable—although no longer described as “exceptionally favorable,” as at the previous meeting. On the domestic front, the BCRP acknowledged that

inflation is likely to hover around the upper bound of the 2±1% target range over the medium term.

We expect the BCRP to maintain a cautious stance, supported by a closed output gap, elevated geopolitical tensions, and ongoing global energy shocks. Our revised international scenario—now assuming no Fed rate cuts this year—has led us to remove the final 25 bp

cut previously embedded in our forecast. We now expect the easing cycle to conclude at 4.25%, slightly above the BCRP's estimated neutral rate.

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Peru | Forecasts and Data

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Economic Activity								
Real GDP growth - %	2.8	-0.4	3.5	3.4	3.1	3.1	3.0	3.0
Nominal GDP - USD bn	248	272	296	341	360	358	379	376
Population (millions)	34.2	34.5	34.9	35.2	35.2	35.2	35.2	35.2
Per Capita GDP - USD	7,159	7,764	8,305	9,685	10,228	10,179	10,770	10,688
Unemployment Rate - year avg	7.7	6.9	6.6	6.0	6.1	6.1	6.2	6.2
Inflation								
CPI - %	8.5	3.2	2.0	1.5	2.5	2.0	2.3	2.0
Interest Rate								
Monetary Policy Rate - eop - %	7.50	6.75	5.00	4.25	4.25	4.00	4.25	4.00
Balance of Payments								
PEN / USD - eop	3.81	3.70	3.80	3.36	3.40	3.40	3.40	3.40
Trade Balance - USD bn	10.3	17.1	24.3	34.6	32.0	34.0	32.0	33.0
Current Account - % GDP	-4.0	0.3	2.2	3.1	2.4	2.5	2.0	2.1
Foreign Direct Investment - % GDP	4.9	1.4	2.0	3.1	3.0	3.0	3.0	3.0
International Reserves - USD bn	72.2	71.3	79.0	90.0	94.0	94.0	92.0	92.0
Public Finance								
NFPS Nominal Balance - % GDP	-1.7	-2.7	-3.5	-2.2	-2.0	-2.0	-2.0	-2.0
NFPS Primary Balance - % GDP	-0.1	-1.1	-1.8	-0.6	-0.2	-0.2	-0.2	-0.2
NFPS Debt - % GDP	33.9	32.3	32.0	30.2	32.7	32.7	33.1	33.1

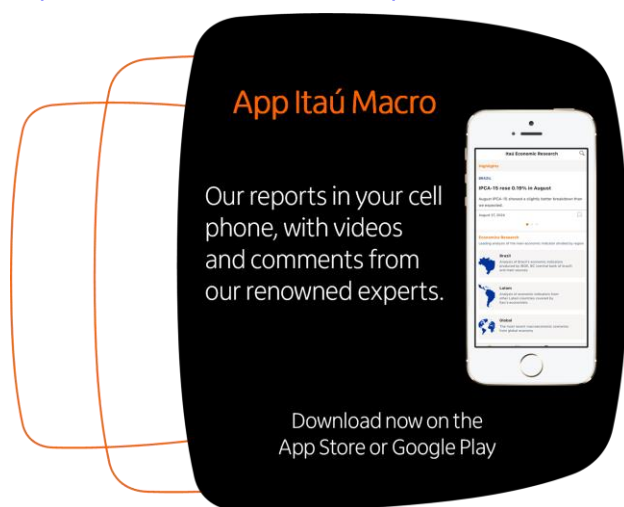
Source: IMF, INEI, BCRP, Itaú

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