



# Peru: Top themes for 2026

Macroeconomic Research

# Peru: Top themes for 2026

## 1. General elections are just around the corner

- The presidential race remains wide open ahead of the April 12 election.
- Security and corruption are the primary concerns for voters.
- Structural changes to the political system are likely to reduce polarization and fragmentation.

## 2. Strong activity momentum to persist

- Favorable business confidence combined with a solid labor market and record terms of trade will support the investment-led recovery, leading the economy to expand roughly at potential.

## 3. Despite the commodity boom, fiscal consolidation has been gradual

- We project the nominal deficit to reach 2% of GDP in 2026, somewhat above the 1.8% target.

## 4. With inflation under control and growth at potential, the BCRP is likely to remain at neutral this year.

- Our baseline scenario assumes that the BCRP will reduce the policy rate to the 4% neutral level this year. Since the policy stance is only mildly restrictive and domestic demand remains robust, the threshold for cutting rates below neutral is high.

## 5. BCRP will continue to bolster reserves

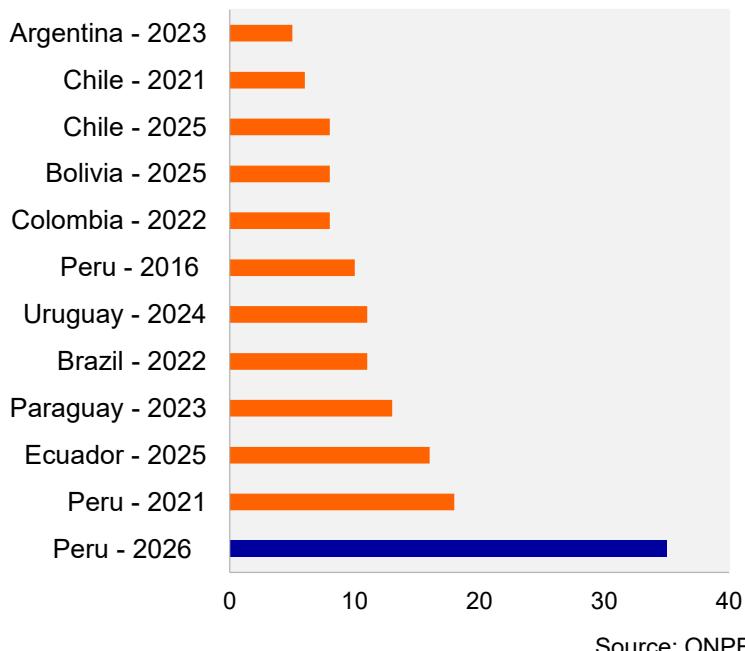
- Reserve purchases are likely to continue as the PEN outperforms amid record-high terms of trade.

# 1. General elections are just around the corner

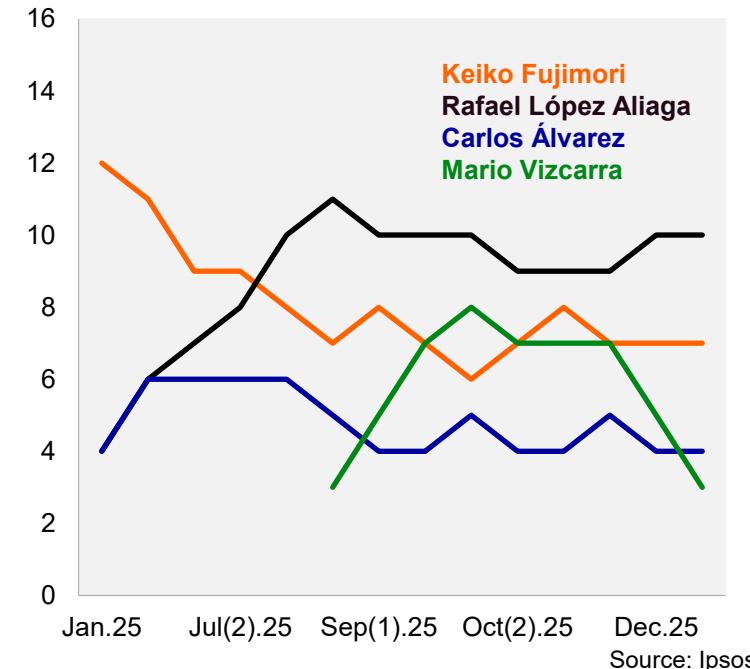
## Polls show elevated levels of undecided voters.

- Peru has had eight presidents over the past decade. The most recently elected president, Pedro Castillo, was removed from office in December 2022 after attempting to dissolve Congress and stage a coup. His successor, Dina Boluarte, was impeached in October 2025 amid a security crisis. Interim president José Jerí, then head of Congress, is expected to serve until July 2026.
- 36 presidential candidates are confirmed, further increasing uncertainty about who will earn a spot in the potential presidential runoff on June 7. Elected officials will take office on July 28.

Number of presidential candidates in the first round of the elections



If the presidential election were tomorrow, who would you vote for? (%)



# 1. General elections are just around the corner

## A brief summary of the current Top 4 Names in the Polls



**Rafael López Aliaga**, a 64-year-old Peruvian engineer and politician, that currently leads the Popular Renewal party. He is widely recognized for his business background and conservative stance on social issues. He previously ran for president in 2021 but did not advance to the runoff. His program prioritizes fighting corruption, improving security, boosting the economy, and simplifying taxes.



**Keiko Fujimori**, a 50-year-old Peruvian business administrator, politician, and daughter of former president Alberto Fujimori. She is also the founder of the Fuerza Popular party and has run for the presidency four times, most recently in 2021, when she lost in the runoff against Pedro Castillo. Her political platform focuses on restoring security, reactivating the economy, and modernizing the state.



**Carlos Álvarez**, a 62-year-old Peruvian comedian, is beginning his political career with the País para Todos party. With no prior experience in public office, he has stated that he does not align himself with any specific political position. Álvarez's program proposes that security should be the foundation of all economic and social progress. The program advocates for macro-fiscal stability, regulatory streamlining, and efficient public investment.



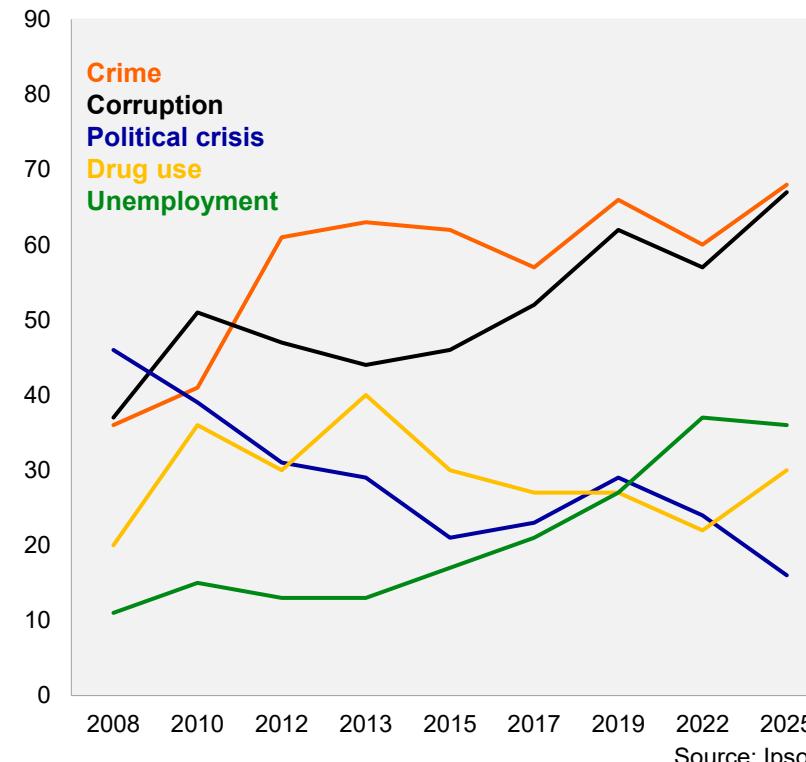
**Mario Vizcarra**, a 71-year-old Peruvian engineer, businessman, and politician, is known for being the brother of former President Martín Vizcarra. He represented the Peru Primero party. He is currently under investigation for corruption, and his candidacy was initially ruled inadmissible, but the National Jury of Elections accepted his appeal. Vizcarra's program proposes a modern state aimed at reducing poverty, improving the quality of education and health, and promoting sustainable economic development.

# 1. General elections are just around the corner

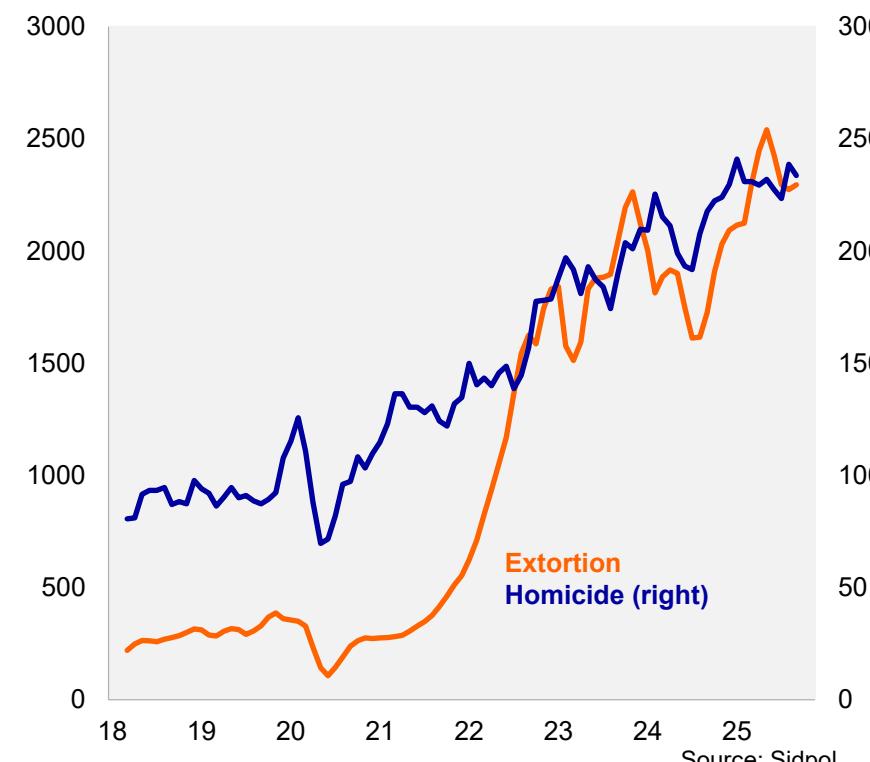
## Security and corruption are the main concerns for voters

- Violence and crime have increased sharply in recent years. On December 2, a presidential candidate was attacked when individuals fired at his car.
- Corruption remains a major concern, as scandals over the past decade have eroded institutional confidence.

What problem affects you the most?



Number of extortions and homicides in Peru

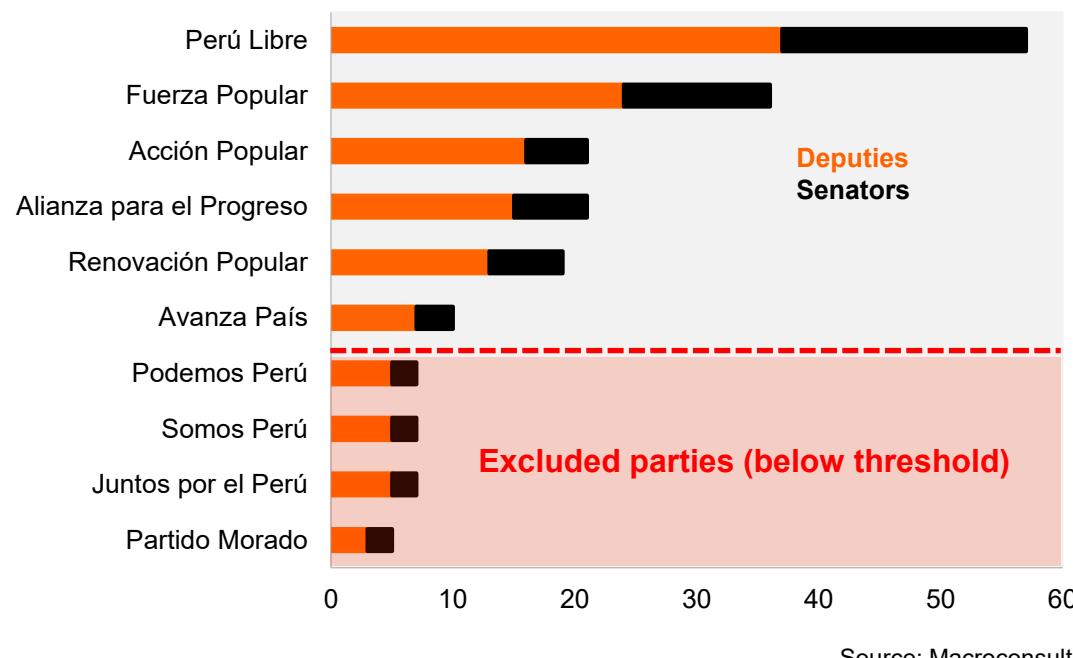


# 1. General elections are just around the corner

## Structural changes to the political system are likely to reduce polarization and fragmentation

- Peru will reinstate a Senate this year, returning to a bicameral system for the first time since 1992.
- Separately, parties in the 2026 election must exceed 5% of the votes and the number of elected officials in each house to maintain their presence in the new bicameral congress.

We expect fewer political parties, facilitating governability  
Bicameral election simulation



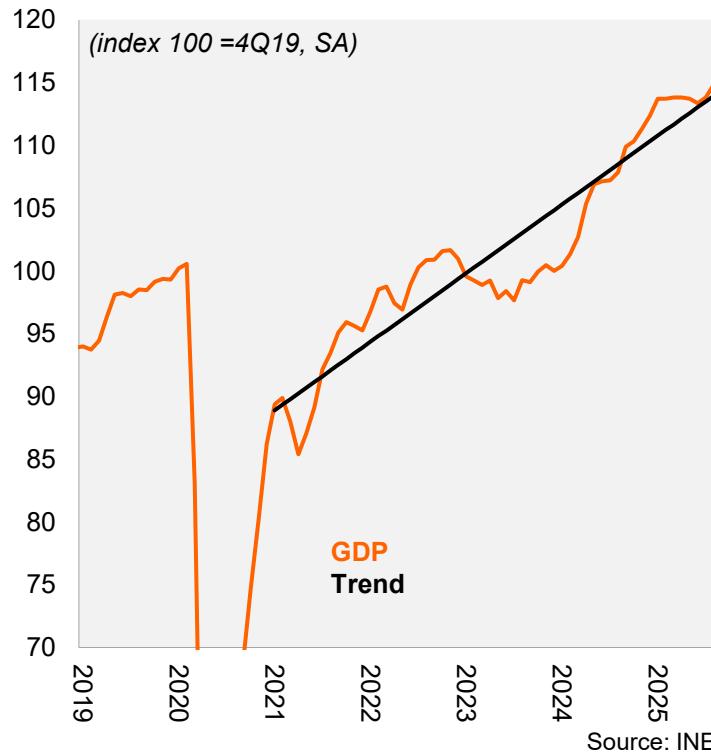
Source: Macroconsult

## 2. Strong activity momentum to persist

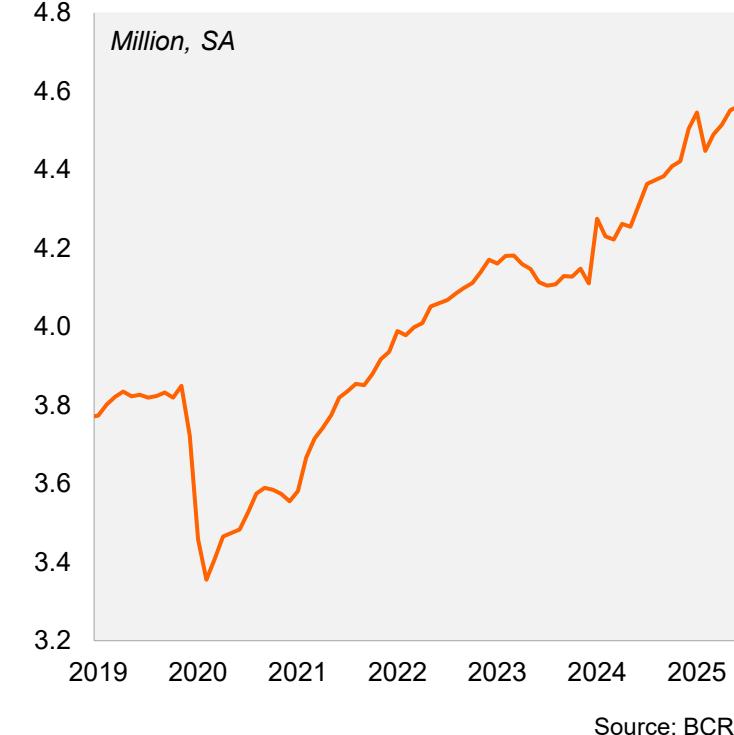
Activity should grow around its potential of 3% this year, with risks tilted to the upside

- Household consumption will benefit from a solid labor market, the recovery of real incomes, and lower interest rates.
- The favorable external backdrop is reflected in record terms of trade and the external accounts.

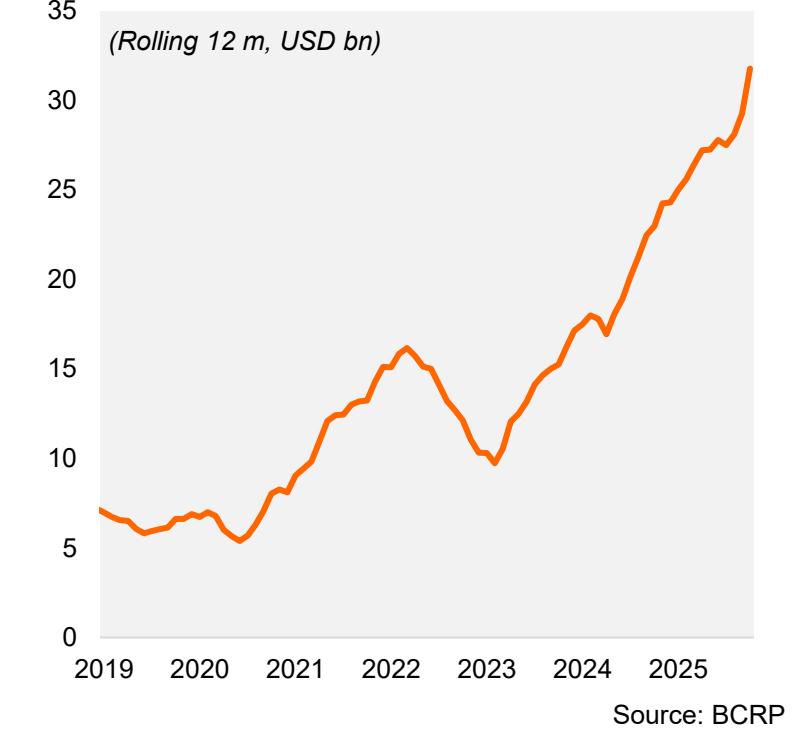
Monthly GDP



Private Employment



Trade Balance



## 2. Strong activity momentum to persist

### Upbeat business sentiment and investment outlook

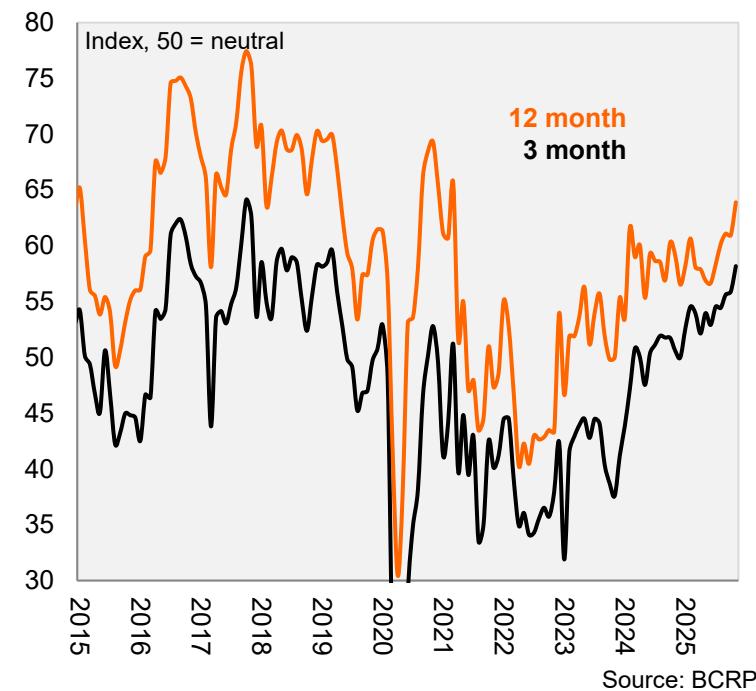
- Higher copper and gold prices will sustain the mining sector.
- However, as elections approach, political uncertainty may weigh on business sentiment.

#### Investment outlook

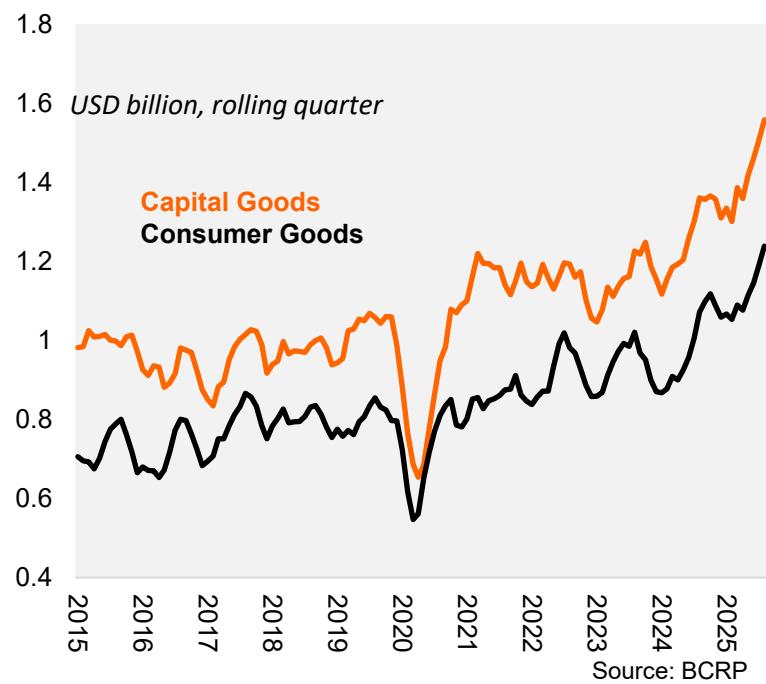
Projects	Operation	Estimated Investment
Mining Projects		
Antamina Replacement	-	USD 2.0 billion
Tía María	2029	USD 1.8 billion
Zafranal	2029	USD 1.9 billion
Transport Infrastructure		
Lima Metro: Line 2	2029	USD 5.7 billion
Regional Airports	-	USD 640 million
Santa Rosa Road Project	-	USD 350 million
Lima Peripheral Ring Road	-	USD 3.4 billion
Irrigation Project		
Chavimochic III	2029	USD 750 million
<b>Total</b>		<b>USD 16.54 billion</b>

Source: BCRP, ProInversión

#### Business confidence



#### Imports

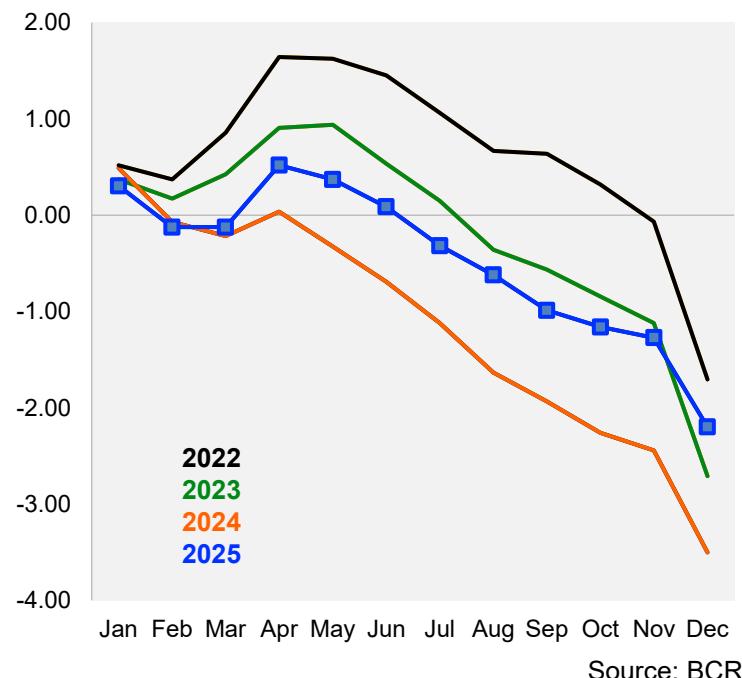


### 3. Despite the commodity boom, fiscal consolidation has been gradual

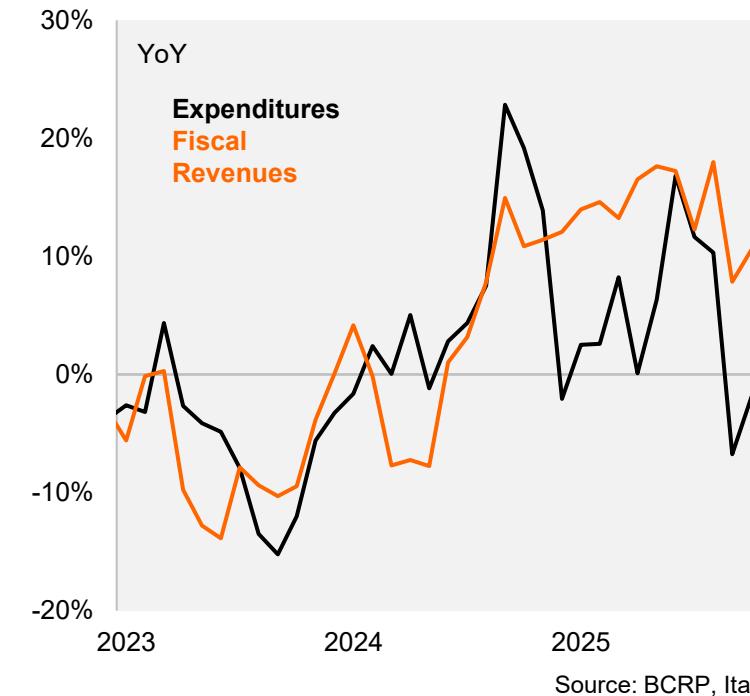
We project the nominal fiscal deficit at 2% of GDP in 2026, somewhat above the 1.8% target.

- The fiscal deficit has been gradually falling driven by a recovery in revenues, supported by high metal prices and increased VAT collection.
- Elevated metal prices and domestic demand dynamics should support the ongoing improvement in revenues.

Accumulated Fiscal deficit



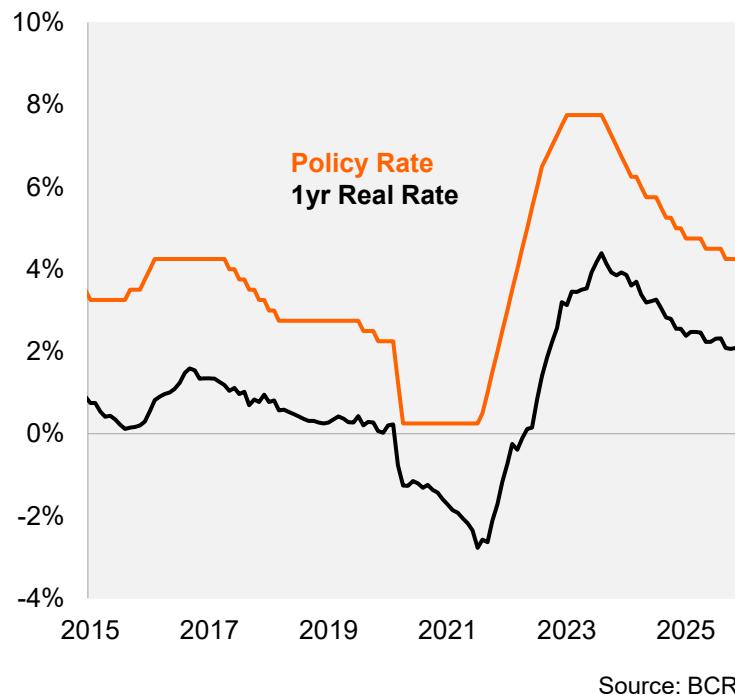
Fiscal Revenues and expenditures



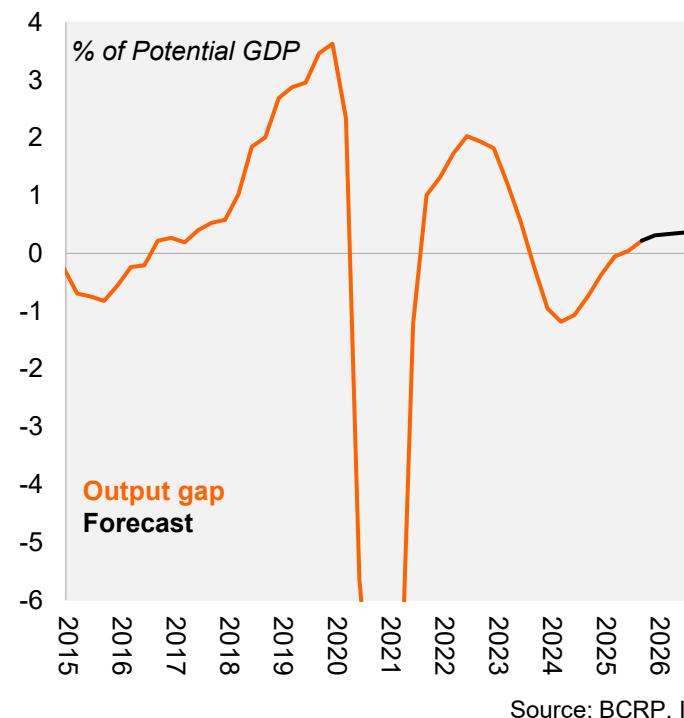
## 4. With inflation under control and growth at potential, the BCRP is likely to remain at neutral this year.

- The tailwinds, such as the appreciation of the PEN and oil prices, that have kept inflation at the lower end of the target range should gradually dissipate. We foresee inflation edging up to the center of the BCRP's target range (1-3%).
- Given that the current policy stance is only mildly restrictive and domestic demand remains robust, the threshold for cutting rates below neutral is high, with risks tilted towards the need to hike rates if activity outperforms.

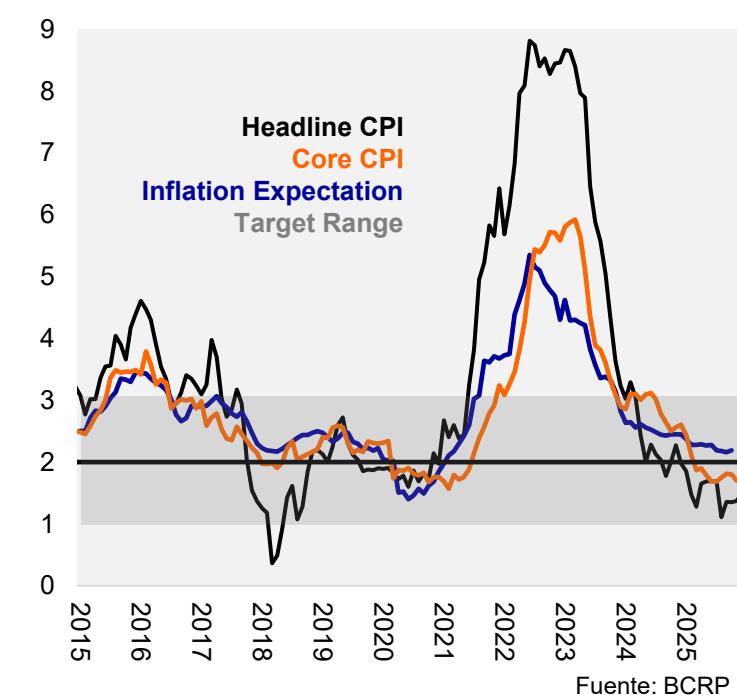
Monetary Policy Rate and Ex ante real rate



Output Gap



Headline and Core Inflation

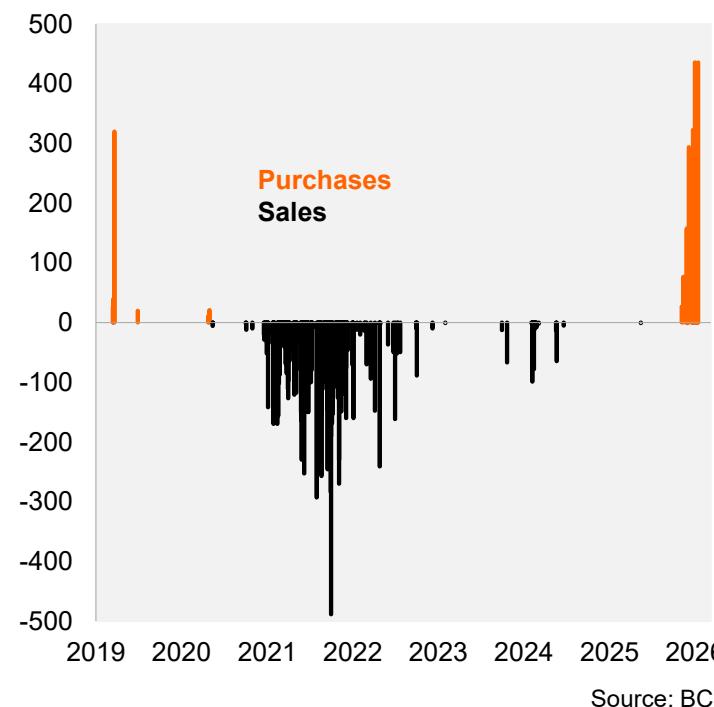


## 5. BCRP will continue to bolster reserves

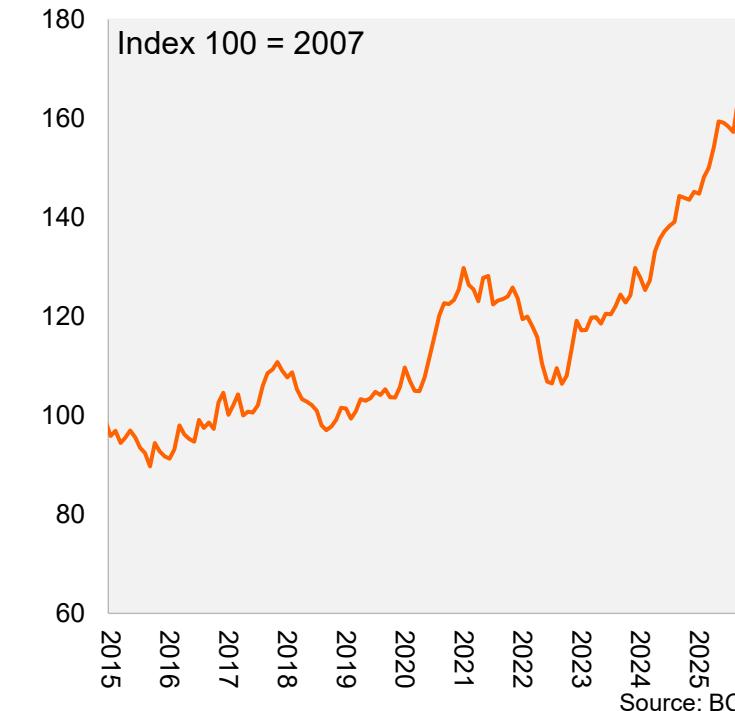
Reserve purchases are likely to continue, as record-high terms-of-trade strengthen the currency

- The Central Bank's actions continue to signal concern about the pace of the currency's strengthening in the context of persistent downside inflation surprises.
- Reserves are approximately USD 90 billion, 28% of GDP, the highest ratio in the region.
- We forecast the PEN at 3.40 per USD in 2026.

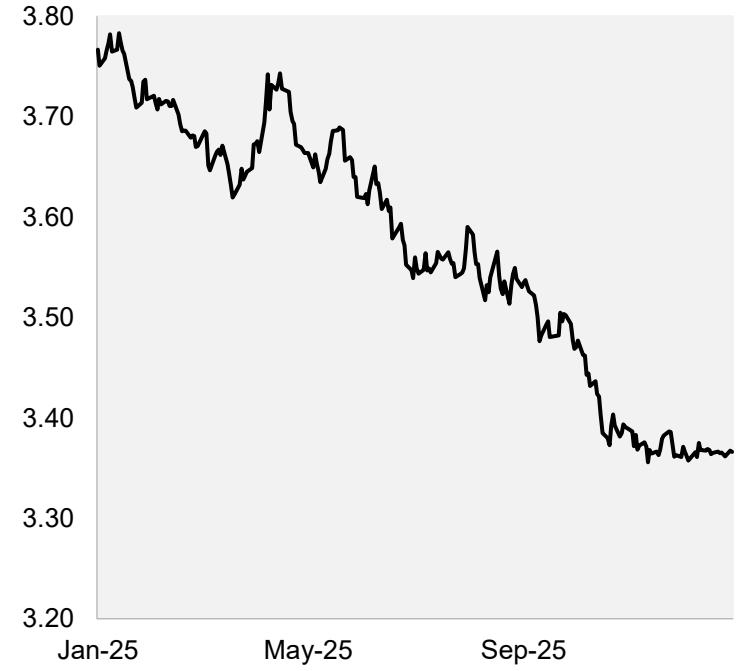
**BCRP spot interventions**  
(USD million)



**Terms of trade**



**USD/PEN**



	2022	2023	2024	2025F		2026F		2027F	
				Current	Previous	Current	Previous	Current	Previous
<b>Economic Activity</b>									
Real GDP growth - %	2.8	-0.4	3.3	<b>3.2</b>	3.2	<b>2.9</b>	2.9	<b>2.9</b>	2.9
Nominal GDP - USD bn	248	272	295	<b>334</b>	334	<b>354</b>	351	<b>368</b>	368
Population (millions)	34.2	34.5	34.9	<b>35.2</b>	35.2	<b>35.2</b>	35.2	<b>35.2</b>	35.2
Per Capita GDP - USD	7,159	7,764	8,305	<b>9,236</b>	9,236	<b>9,675</b>	9,675	<b>10,463</b>	10,463
Unemployment Rate - year avg	7.7	6.9	6.6	<b>6.0</b>	6.2	<b>6.2</b>	6.2	<b>6.2</b>	6.2
<b>Inflation</b>									
CPI - %	8.5	3.2	2.0	<b>1.5</b>	-	<b>2.0</b>	2.0	<b>2.0</b>	2.0
<b>Interest Rate</b>									
Monetary Policy Rate - eop - %	7.50	6.75	5.00	<b>4.25</b>	-	<b>4.00</b>	4.00	<b>4.00</b>	4.00
<b>Balance of Payments</b>									
PEN / USD - eop	3.81	3.70	3.80	<b>3.36</b>	-	<b>3.40</b>	3.40	<b>3.40</b>	3.40
Trade Balance - USD bn	10.2	17.7	24.0	<b>32.0</b>	28.0	<b>28.0</b>	26.0	<b>26.0</b>	25.0
Current Account - % GDP	-4.0	0.8	2.2	<b>2.0</b>	1.8	<b>1.5</b>	1.2	<b>1.2</b>	1.0
Foreign Direct Investment - % GDP	4.6	1.5	2.4	<b>3.0</b>	3.0	<b>3.0</b>	3.0	<b>3.0</b>	3.0
International Reserves - USD bn	72.2	71.3	79.0	<b>90.0</b>	-	<b>90.0</b>	85.0	<b>90.0</b>	85.0
<b>Public Finances</b>									
NFPS Nominal Balance - % GDP	-1.7	-2.8	-3.6	<b>-2.2</b>	-	<b>-2.0</b>	-2.1	<b>-2.0</b>	-2.0
NFPS Primary Balance - % GDP	-0.1	-1.1	-1.9	<b>-0.6</b>	-0.6	<b>-0.2</b>	-0.2	<b>-0.2</b>	-0.2
NFPS Debt - % GDP	33.9	32.9	32.7	<b>32.3</b>	32.3	<b>32.7</b>	32.7	<b>33.1</b>	33.1

Source: IMF, INEI, BCRP, Itaú

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