

Macro scenario - Peru



April 30, 2026

Political uncertainty lingers amid resilient growth and rising inflation

- ▶ Peru's general elections have heightened political uncertainty, with June's runoff candidates still unclear, amid a contentious vote counting process. However, congressional results point to a less fragmented and more market oriented legislature, which may support consensus-based reforms and reduce institutional frictions.
- ▶ We maintained our GDP growth forecast at 3.1% for 2026 and 3.0% for 2027, on the back of activity rising at a healthy clip at the margin. While temporary domestic and international supply shocks may weigh on activity, elevated terms of trade continue to support a recovery in investment and business confidence.
- ▶ A significant upside inflation surprise prompted us to revise our 2026 inflation forecast up to 2.8%, from 2.5%. Against this backdrop, we expect the BCRP to keep the policy rate unchanged at 4.25%, slightly above the estimated neutral level.

Political uncertainty lingers

Peru held general elections on Sunday, April 12, amid a highly fragmented presidential race. The vote was also notable for the reintroduction of a Senate (60 seats) following a constitutional reform, reversing the country's long-standing unicameral system.

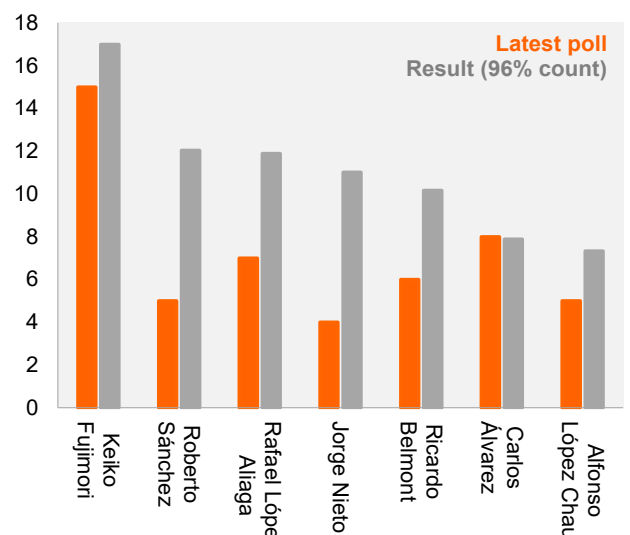
Preliminary results point to a June 7 runoff between perennial candidate Keiko Fujimori and Roberto Sánchez, a former minister under Pedro Castillo.

However, the margin between Sánchez and former Lima mayor Rafael López Aliaga remains extremely narrow, leaving the final runoff configuration unresolved for now. Fujimori currently leads with 17% of the vote, followed by Sánchez (12.04%) and López Aliaga (11.89%). The ongoing vote-counting process has been contentious, and the head of the National Office of Electoral Processes (ONPE) recently resigned amid reports of irregularities, adding to political uncertainty.

Looking ahead to the runoff, polling suggests that Fujimori's rejection rate remains at 48%, slightly below the early-April survey, but still reflecting the persistence of a broad anti-Fujimorista coalition. Meanwhile, Sánchez has significantly increased his name recognition, with the share of voters unfamiliar with his profile falling from roughly 30% in early April to 5%. Surveys consistently identify public safety, crime, and extortion as top voter concerns.

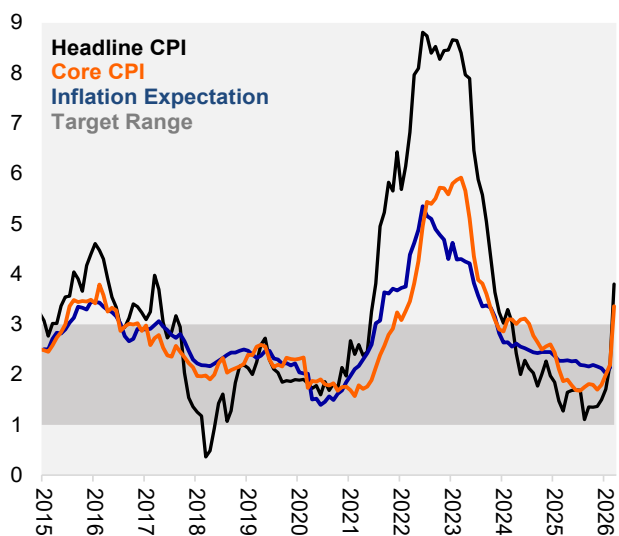
The new Congress is set to become less fragmented and inclined toward market-friendly reforms. In our view, this configuration could help to reduce the historically high level of tension between the executive and legislative branches.

Fujimori and Sánchez favorites to advance to June 7 runoff (%)



Source: ONPE, Ipsos

Inflation is above the BCRP's target range (%)



Source: BCRP

Inflation pressures re-emerge as economic activity remains strong

Prior to the outbreak of the Middle East conflict, the inflation outlook appeared well contained, with the BCRP projecting headline inflation to converge toward the midpoint of its 2% ± 1% target range by year-end. However, a sharp rise in global oil prices combined with local gas supply disruptions triggered a significant upside shock in March, with inflation surging to a record 2.38% MoM. On an annual basis, headline inflation jumped by 159 bp to 3.8% YoY, breaching the upper bound of the target range for the first time since March 2024. Sequential pressures also intensified meaningfully, accelerating from 2.0% QoQ in 4Q25 to 5.8% QoQ in 1Q26. Core inflation also surprised sharply to the upside, rising 2.07% MoM and increasing by 142 bp to 3.36% YoY.

On the activity front, Peru's monthly GDP proxy expanded 3.7% YoY in February, beating market expectations and confirming continued macroeconomic resilience at the start of the year. On a sequential basis, economic activity was broadly flat month-on-month, following two consecutive months of strong expansion. The February print implies a solid growth carryover of 1.2% QoQ SA into 1Q26, while the carryover for full-year 2026 stands at 1.5%, providing a supportive starting point for annual growth.

Strong terms of trade and improving private-sector sentiment continue to underpin mining investment. Household consumption has also benefited from favorable labor-market dynamics and lingering tailwinds from the eighth pension-fund withdrawal. That said, we expect some moderation in March activity, driven by temporary disruptions to local gas supply, which are likely to weigh on energy generation, manufacturing output, and potentially services activity.

The Peruvian sol depreciated by around 5% from pre-conflict levels, before stabilizing somewhat in early April. The currency then came under renewed pressure following the elections, as investors accelerated risk-off positioning and repriced rising political uncertainty. While the BCRP has remained absent from the FX spot market since late February, exchange rate volatility has been contained via interventions in the NDF market. Nevertheless, cumulative reserve purchases have reached USD 6.02 billion since intervention operations resumed in early November 2025. As a result, international reserves climbed to approximately USD 100 billion by April 2026, equivalent to around 30% of GDP, positioning Peru as the country with the largest reserve buffer in the region.

Against this backdrop, the Central Bank of Peru (BCRP) has adopted a wait-and-see stance. At its April monetary policy meeting, the BCRP kept its benchmark policy rate unchanged at 4.25% for a seventh consecutive month, acknowledging that the recent uptick in inflation has been driven largely by transitory global and domestic supply shocks, which are expected to fade in the coming months. The BCRP now expects both headline and core inflation to re-enter the 1–3% target range by year-end, with convergence toward the midpoint of the range delayed until 2027, as current supply-side pressures gradually dissipate. This represents a more cautious inflation trajectory than in previous guidance, which had anticipated inflation fluctuating around the midpoint over the policy horizon. The central bank's assessment of the external environment remained cautious, reflecting heightened global risks stemming from geopolitical tensions in the Middle East and increased financial market volatility.

Inflation revised up

We revised our year-end inflation forecast upward from 2.5% to 2.8%, reflecting recent inflation tracking surprises and higher international oil prices. For 2027, we continue to expect inflation to gradually converge toward the midpoint of the target

range, as current supply-side pressures fade. The BCRP's well deserved credibility should help bring about disinflation.

We maintained our 2026 growth forecast at 3.1%. While elevated oil prices and the risk of a mild El Niño event could weigh on activity, strong momentum in the context of favorable terms of trade should largely offset these downside risks.

With terms of trade still supportive and the medium-term growth outlook constructive, we expect the PEN to appreciate toward 3.40 per USD by year-end. However, given persistent geopolitical risks and elevated domestic political uncertainty.

We continue to expect the easing cycle to end at 4.25%, slightly above the BCRP's estimated neutral rate of around 4%. In fact, amid rising inflationary pressures and still-favorable external conditions, the balance of risks appears increasingly tilted toward a potential rate hike rather than further cuts.

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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	361	360	380	379
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	10,257	10,228	10,790	10,770
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	2.8	2.5	2.2	2.3
Interest Rate								
Monetary Policy Rate - eop - %	7.50	6.75	5.00	4.25	4.25	4.25	4.25	4.25
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	32.0	32.0	32.0
Current Account - % GDP	-4.0	0.3	2.2	3.1	2.4	2.4	2.0	2.0
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	95.0	94.0	93.0	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

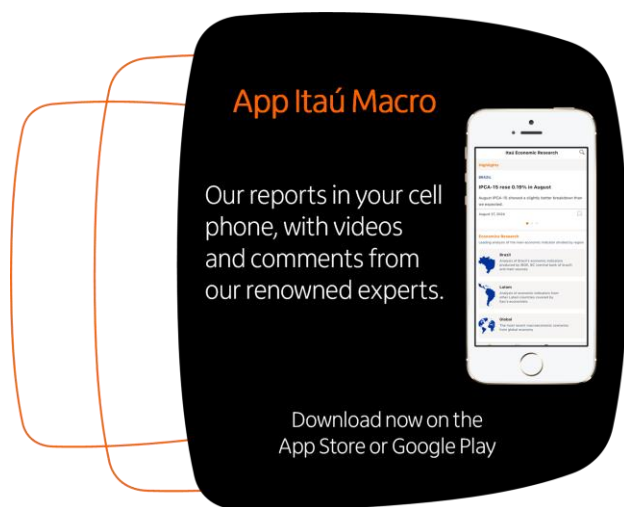
Source: IMF, INEI, BCRP, Itaú

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