Macro scenario - Peru

June 26, 2026

Resilient Growth, Sticky Inflation

- The outlook for Peru remains constructive, supported by resilient domestic demand and favorable external conditions, even as the economy navigates political noise and emerging supply-side risks.
- Inflation is expected to remain somewhat elevated in the near term, reflecting recent upside surprises and supply-driven pressures, before gradually converging toward target by 2027, as these shocks fade.
- In this context, the BCRP is likely to maintain a cautious stance, beginning a tightening cycle towards year-end, while continuing to actively manage FX dynamics amid appreciation pressures on the Sol.

Another razor-thin runoff

Peru held its presidential runoff election on Sunday, June 7, in a highly polarized contest between Keiko Fujimori and Roberto Sánchez. With 99.88% of ballots processed, Fujimori maintains an extremely narrow lead (50.12% vs. 49.88%). Final results are expected only by mid-July, given the large number of contested ballots still under review. The incoming administration is set to take office on July 28 for a five-year term.

Governability concerns stemming from the near equal vote are partially mitigated by Congress' party composition and the return of a Senate, which could provide institutional backing and reduce tail risks, particularly impeachment scenarios, given her party's blocking capacity.

Looking ahead, the new administration will need to make key appointments, including the Minister of Economy and Finance, as well as appointing the President of the Central Bank (BCRP), alongside three additional board members.

El Niño is approaching

The National Study of the El Niño Phenomenon (ENFEN) increased the probability that a coastal El Niño event could reach strong intensity between June and September 2026, before gradually moderating and extending into 1Q2027. Under this scenario, above-normal coastal temperatures are expected, along with episodes of light rainfall in northern regions. In its 2Q26 Monetary Policy Report, the BCRP estimates that an El Niño shock could subtract between 0.7pp and 0.8pp from 2026 growth. For 2027, the growth impact is projected at around 0.8pp–0.9pp. On inflation, the BCRP notes that risks have tilted further to the upside, increasingly driven by historically higher food prices associated with El Niño episodes.

Strong activity momentum

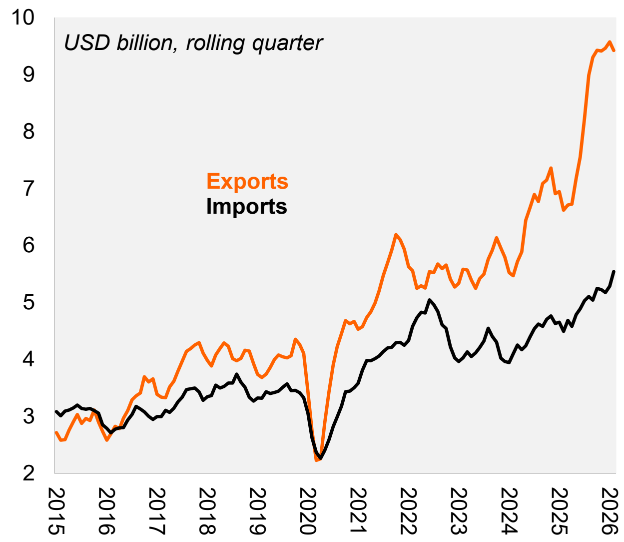
Economic activity continued to strengthen, with the monthly GDP proxy expanding 3.7% YoY, driven by construction, commerce, manufacturing, and services, which more than offset temporary contractions in the mining and agricultural sectors. In seasonally adjusted terms, activity rose 0.6% m/m, pointing to firmer underlying growth momentum at the start of 2Q, while the statistical carryover for 2026 increased to 1.9%.

Labor market conditions also showed notable strength, with the unemployment rate in Metropolitan Lima (3MMA) remaining low at 5.3% in May, while employment expanded by 6.7% YoY.

External sector dynamics remained a key pillar of support. Total exports surged 51.1% YoY in April, driven by a strong 61% YoY increase in mining shipments, particularly copper and gold. At the same time, imports rose a robust 34% YoY, with sustained strength in consumer goods (+31% YoY) and capital goods (+39% YoY), signaling resilient domestic demand and continued investment momentum.

Fiscal revenues continued to outperform. The fiscal balance gradually improved in May, with the 12-month rolling deficit narrowing to 1.6% of GDP from 1.9% in April. On a year-to-date basis, the nominal surplus reached 0.7% of GDP, broadly in line with seasonal patterns. Real revenues continued to expand at a solid pace, rising 22.8% YoY in the rolling quarter through May, supported by solid domestic activity and elevated metal prices, while real non-financial expenditure increased 10.8% YoY over the same period.

A large trade surplus on mining export surge



Source: BCRP

BCRP back in the FX market

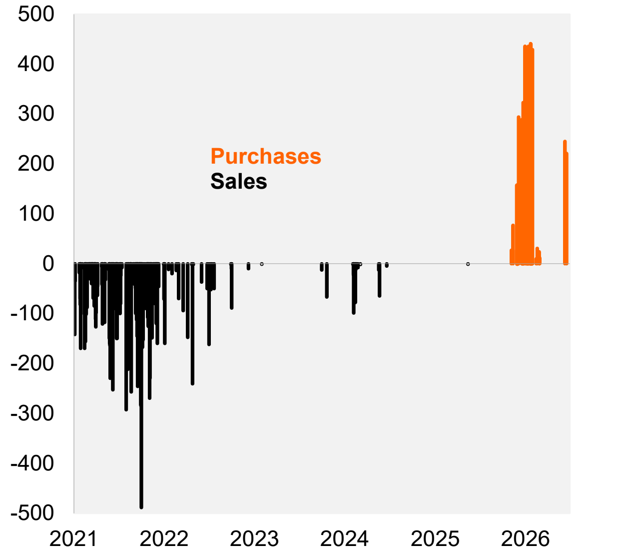
Following a pause in FX spot operations since late February, the BCRP resumed USD purchases in June, acquiring USD 446 million over the past week, signaling a renewed effort to lean against currency volatility.

Cumulative reserve accumulation has reached USD 3.9 billion year-to-date and USD 6.5 billion since November 2025. The rebound in metal prices, has pushed terms of trade close to record highs. This combined with a resilient macro background has led the currency to trade near its strongest levels in five years.

In parallel, the central bank continues to manage FX volatility primarily through NDF interventions. International reserves stood at around USD 100 billion in June (approximately 28% of GDP), the highest ratio in the region.

BCRP spot interventions

USD million, per day



Source: BCRP

Core inflation continues to climb

On the inflation front, following two large upside surprises, consumer prices in Lima fell by 0.16% m/m in May, driven by declines in food prices. On an annual basis, headline inflation fell by 10 bps to 3.91% YoY, remaining above the 1-3% target range for a third consecutive month. Meanwhile, core inflation (excluding food and energy) edged up to 4.46% YoY in May, from 4.40% in April, marking its highest level since May 2023, with services CPI rising 6.1% YoY, led by transport.

On a sequential basis, headline inflation accelerated to 9.8% QoQ (SAAR) in the rolling quarter ending in May, up from 5.7% in 1Q26. Core inflation followed a similar pattern, rising to 9.9% QoQ (SAAR), well above the 4.8% recorded in 1Q26. The BCRP's analyst survey shows one-year ahead inflation expectations edging higher, reaching 2.9% in May.

BCRP on hold, flags persistent inflation pressures

At its June Monetary Policy Meeting, the BCRP kept the policy rate unchanged at 4.25% for the ninth consecutive meeting, maintaining data-dependent forward guidance. The June Monetary Policy Report was broadly in line with expectations, highlighting a constructive macro backdrop alongside more persistent inflationary pressures, with the El Niño phenomenon adding further uncertainty to the outlook. GDP growth for

2026 was revised up to 3.4% (+20 bps), driven by stronger performance in non-primary sectors, while growth for 2027 remains at 3.2%.

Inflation is now projected at 3.8% by end-2026 (+140 bps vs. March). Convergence to the 1-3% target range is expected only in early 2027, with the year-end 2027 forecast unchanged at 2%. Overall, inflation risks have tilted further to the upside, increasingly driven by domestic supply shocks. Still, convergence back to the target after the supply shock is expected to be comparatively rapid, thanks to a credible and vigilant central bank.

Monetary tightening cycle back in focus

Lower headline inflation in May offers only limited relief for the BCRP, as the decline was largely driven by food prices, while core inflation continued to edge higher.

We maintain our above consensus end-2026 inflation forecast at 4.4%. Looking ahead to 2027, inflation should gradually converge toward the midpoint of the target range as supply-side shocks fade, although the disinflation process is likely to remain gradual amid persistent El Niño risks.

Following last month’s upward revision, we keep our 2026 GDP growth forecast at 3.3%, reflecting stronger activity at the start of the year, a high statistical carry-over, and resilience in both the labor market and capital goods imports, which should continue to support consumption and investment. We lower our unemployment rate forecast to 5.8%, in line with recent favorable dynamics. For 2027, we expect growth to moderate to 3.0%.

Lower oil prices, along with our constructive copper price outlook, should continue to support favorable terms of trade and strengthen the external position. We raised our current account surplus forecast to 3.4% of GDP for this year, supported by a record-high trade balance and elevated metal prices.

On the fiscal front, revenues should continue to underpin gradual consolidation. We revised down our 2026 nominal fiscal deficit forecast to 1.8% of GDP, from 2.0% previously, in line with the MoF's official target.

On the monetary policy side, we expect the BCRP to resume its tightening cycle, delivering a cumulative 50bps of rate hikes by year-end, bringing the policy rate to 4.75%.

Finally, we expect the BCRP to remain active in the FX market, with continued reserve accumulation as strong terms of trade sustain appreciation pressures on the Sol.

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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	**3.3**	3.3	**3.0**	3.0
Nominal GDP - USD bn	248	272	296	341	**367**	367	**388**	388
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	**10,432**	10,432	**11,016**	11,016
Unemployment Rate - year avg	7.7	6.9	6.6	6.0	**5.8**	6.1	**5.8**	6.2
Inflation								
CPI - %	8.5	3.2	2.0	1.5	**4.4**	4.4	**2.6**	2.6
Interest Rate								
Monetary Policy Rate - eop - %	7.50	6.75	5.00	4.25	**4.75**	4.75	**4.75**	4.75
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	**44.0**	40.0	**43.0**	42.0
Current Account - % GDP	-4.0	0.3	2.2	3.1	**3.4**	2.8	**3.1**	2.6
Foreign Direct Investment - % GDP	4.9	1.4	2.0	3.1	**3.8**	3.8	**3.5**	3.5
International Reserves - USD bn	72.2	71.3	79.0	90.0	**97.0**	95.0	**98.0**	93.0
Public Finance								
NFPS Nominal Balance - % GDP	-1.7	-2.7	-3.5	-2.2	**-1.8**	-2.0	**-1.8**	-2.0
NFPS Primary Balance - % GDP	-0.1	-1.1	-1.8	-0.6	**-0.1**	-0.2	**-0.1**	-0.2
NFPS Debt - % GDP	33.9	32.3	32.0	30.2	**31.0**	32.7	**31.5**	33.1

Source: IMF, INEI, BCRP, Itaú

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