Research

DECEMBER 2025

Economic Outlook – Peru

Contents

Key points: global macro outlook

The global economy remains unstable but is faring better than expected. The AI boom is boosting aggregate demand, adding to other tailwinds like fiscal stimulus, lower interest rates, financial wealth effects, and low energy prices. Together, they are offsetting the negative—but so far milder than expected—effects of protectionism, migration curbs, and uncertainty.

Global growth will likely be around 3.2% between 2025 and 2027—higher than previously anticipated, but slightly below the two-decade average. Growth is projected to stay near 2% in the US, slightly above 1% in the Eurozone, and to slow in China from 5% in 2025 to 4% in 2027. Short-term forecasts have been revised slightly upwards, mainly due to positive incoming data.

Inflation prospects remain broadly unchanged. In the US, tariffs and other shocks will likely keep inflation near 3%, limiting the Fed's room to further cut rates. In the Eurozone, inflation is expected to stay around 2%, with no further monetary easing anticipated. In China, deflation concerns may prompt some (limited) rate cuts.

Risks are now somewhat more balanced. Tariffs, migration policies, US policy uncertainty, and geopolitical tensions remain key concerns. However, upside risks linked to AI are growing. Beyond boosting demand, AI could eventually lift productivity. A stock market correction, however, remains a distinct possibility.

Key points: domestic macro outlook

Economic activity

The Peruvian economy continued to perform well in the third quarter, when it grew 3.4% year-on-year. Domestic demand accelerated, particularly private spending. This outperformed expectations. In this way, GDP accumulated an expansion of 3.3% in the first three quarters of 2025.

The strength of private spending and the start of pension fund withdrawals since the end of November suggest that economic growth in the fourth quarter will also exceed 3.0%. With this, the economy will expand to reach 3.3% in 2025, a forecast that exceeds the 3.1% expected three months ago.

In 2026, some moderation will occur, and GDP will grow by 3.1%. The natural uncertainty associated with the electoral process—which will take place in the second quarter of 2026—should moderate private spending, particularly investment. In contrast, the release of private pension funds will support economic growth, especially on the side of households' spending.

In the medium term (2027 onward), the Peruvian economy will grow between 2.5% and 3.0% as an annual average. Raising that potential output growth continues to be the challenge.

Fiscal accounts

The deficit has continued to narrow and in October it reached a level equivalent to 2.3% of GDP accumulated over 12 months (3.4% at the end of 2024 and 2.5% in September 2025).

The high terms of trade and the strong dynamism of domestic demand have supported an improvement in fiscal revenues. There was also a certain decrease in current and capital expenditures. We expect the fiscal deficit to end the year at 2.2% of GDP, that is, at the ceiling established in the fiscal rule.

The deficit will continue to decrease in 2026 and will stand at 1.8% of GDP at year end, a scenario that assumes a more moderate increase in public sector wages than in previous years and a lower deficit in the state oil company. As a result, gross public debt will stand at around 32% of GDP, a level that compares favorably to regional peers.

The fiscal outlook, however, is not without risks. Continued losses at the state oil company and potential congressional measures—whether increasing spending or reducing revenue—could strain fiscal accounts in 2026 and beyond.

Key points: domestic macro outlook

External accounts

Despite robust domestic demand—and the associated rise in imports—elevated terms of trade continue to bolster the trade balance, with both metrics remaining at all-time highs. Consequently, the current account surplus (on a four-quarter rolling basis) reached 2.2% of GDP in the third quarter of 2025.

With high copper and gold prices expected for the remainder of the year and into 2026, terms of trade will remain elevated and the external accounts outlook will not change much going forward.

In this context, the current account surplus will exceed 2.5% of GDP this year, and it will still be slightly above 1.5% next year.

Exchange rate

The domestic currency continues to gain strength. The global weakness of the US dollar, together with high terms of trade and external accounts surpluses, has provided support. The central bank intervened in the spot foreign exchange market in November to moderate the speed of appreciation.

In the coming months, with domestic elections approaching, the Peruvian sol is likely to weaken slightly; the extent will depend on how polls change.

After elections, and assuming that the newly elected authorities are not market-unfriendly, there should be a reversal of the exchange rate. The high external surplus that will persist, together with the Fed's expected interest rate cuts, will support this post-election downward trend.

In this context, we expect the exchange rate to close 2025 at a level between 3.35 and 3.45 soles per dollar. In 2026, it is expected to close in a similar range, probably in the lower half of that range.

Key points: domestic macro outlook

Inflation

Inflation has been at the lower end of the target range (2%, +/- one percentage point) for several months, in an environment of strong appreciation of the local currency and a decline in international input prices, including oil. Inflation excluding food and energy, and inflation expectations, are around the center of the range.

We do not foresee a major change in the year-on-year inflation rate for the rest of the year. It will end 2025 at around 1.5 %.

In 2026, the appreciation of the Peruvian sol will be more contained and the price of oil will show greater stability, so inflation is expected to increase but also to remain comfortably within the target range (2.5% in December 2026).

Monetary policy interest rate

After cutting the monetary policy interest rate by 25 bp in each of the first three quarters of the year, the central bank has set it at 4.25% since September. This level, neutral according to our estimates, is consistent with the inflation outlook and the cyclical position of the Peruvian economy.

We do not foresee additional rate cuts in the coming months. Inflation is at the lower end of the target range only temporarily, and domestic demand remains strong—especially private spending—and starting in the fourth quarter it will find additional support in the release of pension funds.

Main risks to output growth forecasts

Among the main external risks that may divert economic growth forecasts are (i) new negative supply shocks (tariffs and migration policy in the U.S.); (ii) financial tensions due to the Trump administration's pressures on the Fed or a sovereign debt crisis in a major economy; and (iii) upside risks from accelerated investment in AI and associated productivity gains.

Among the main domestic risks that could derail economic growth forecasts are: (i) an increase in political or social unrest; (ii) a market-unfriendly electoral outcome; (iii) higher insecurity associated with rising crime; (iv) the expansion of illicit economic activities; (v) worsening weather conditions in early 2026 (El Niño phenomenon); and (vi) further pension fund withdrawals in 2026.

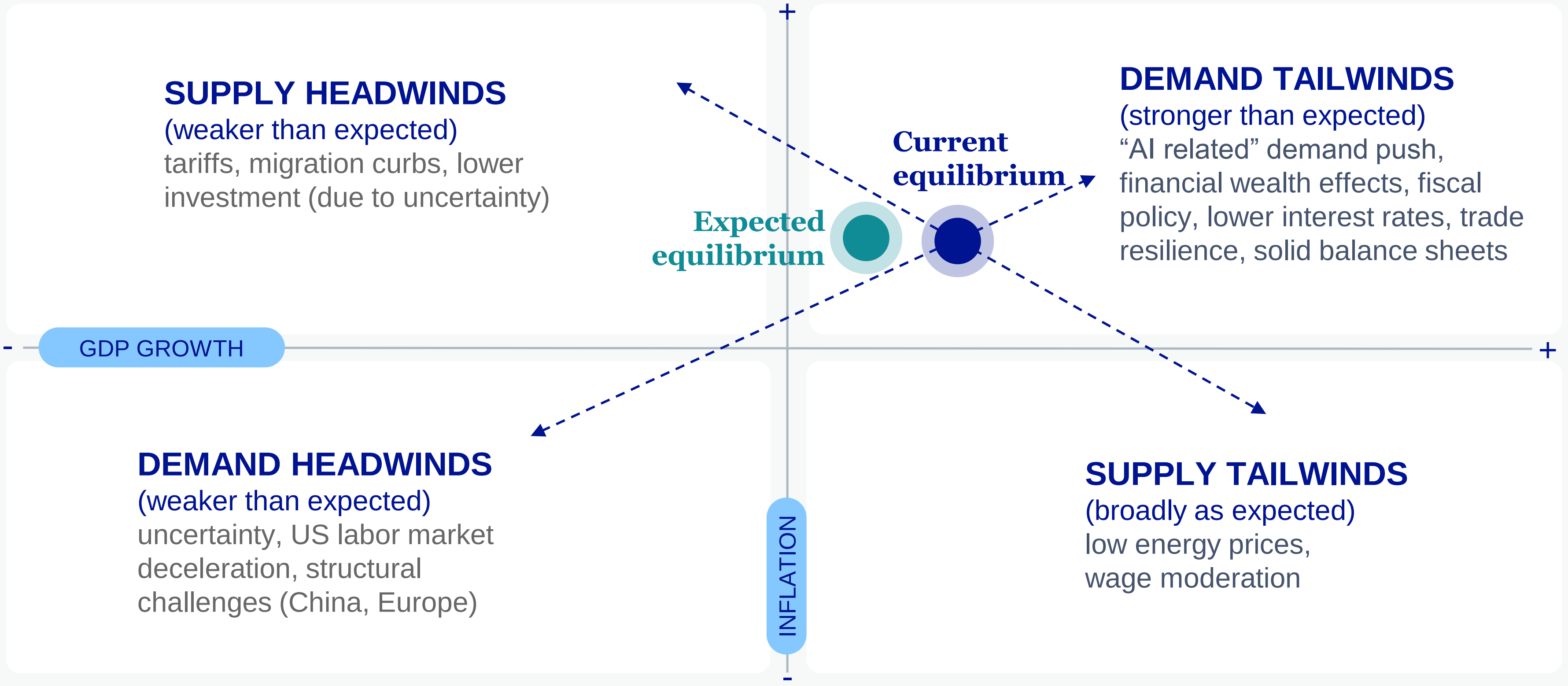
BBVA Research

1. Context and forecasts

Global scenario

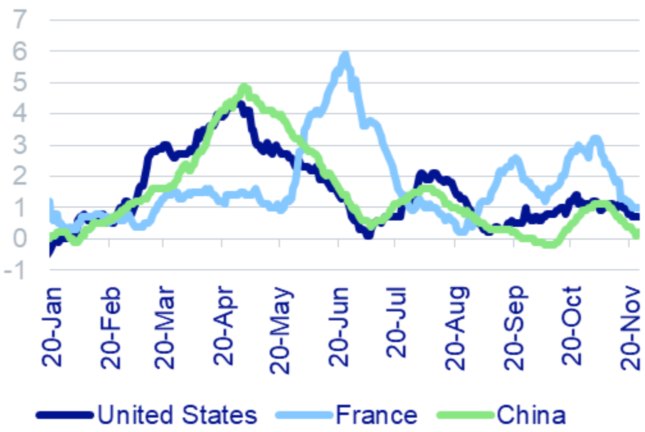
The global economy remains unstable, but is faring better than expected

GLOBAL ECONOMY: KEY DRIVERS OF THE CURRENT EQUILIBRIUM



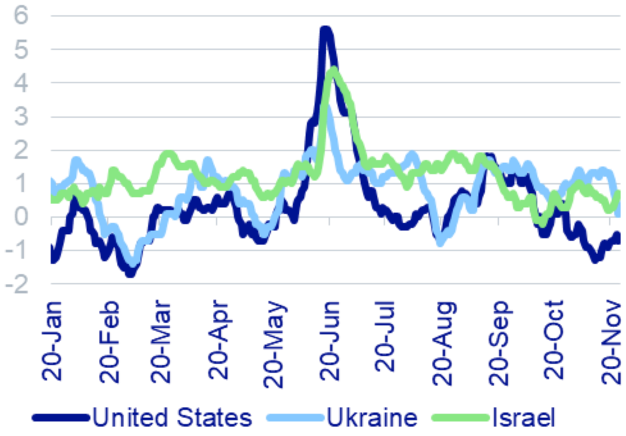
Supply and demand headwinds: uncertainty remains in place, despite recent signs of easing

ECONOMIC POLICY UNCERTAINTY INDEX: 2025 (HISTORICAL AVERAGE = 0; 28-DAY MOVING AVERAGE)



Source: BBVA Research

GEOPOLITICAL RISK INDEX: 2025 (HISTORICAL AVERAGE = 0; 28-DAY MOVING AVERAGE)

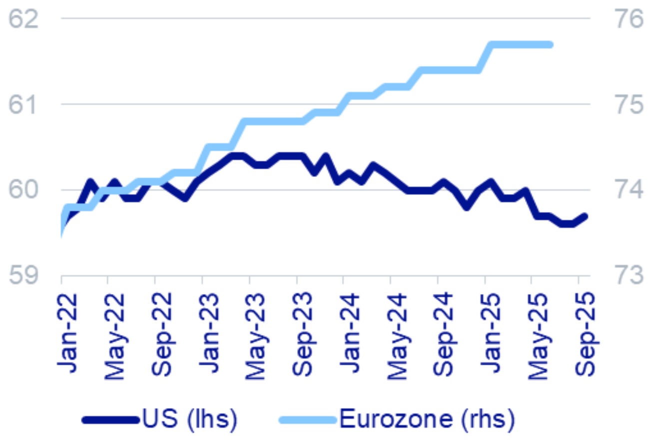


Source: BBVA Research

The US-China trade deal, US tariff cuts (mostly on some agricultural goods), the Gaza ceasefire, talks about a peace deal in Ukraine, among other factors, have contributed to reduce concerns on economic policies and geopolitics in the last few months

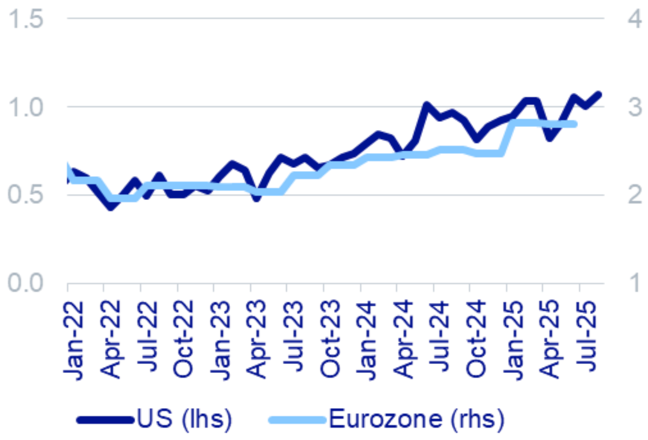
Demand headwinds: labor markets are losing steam, mainly in the US

EMPLOYMENT-POPULATION RATIO (%)



Source: BBVA Research based on data from Fred and Eurostat

UNEMPLOYED PERSONS PER JOB VACANCY (NUMBER OF PERSONS)

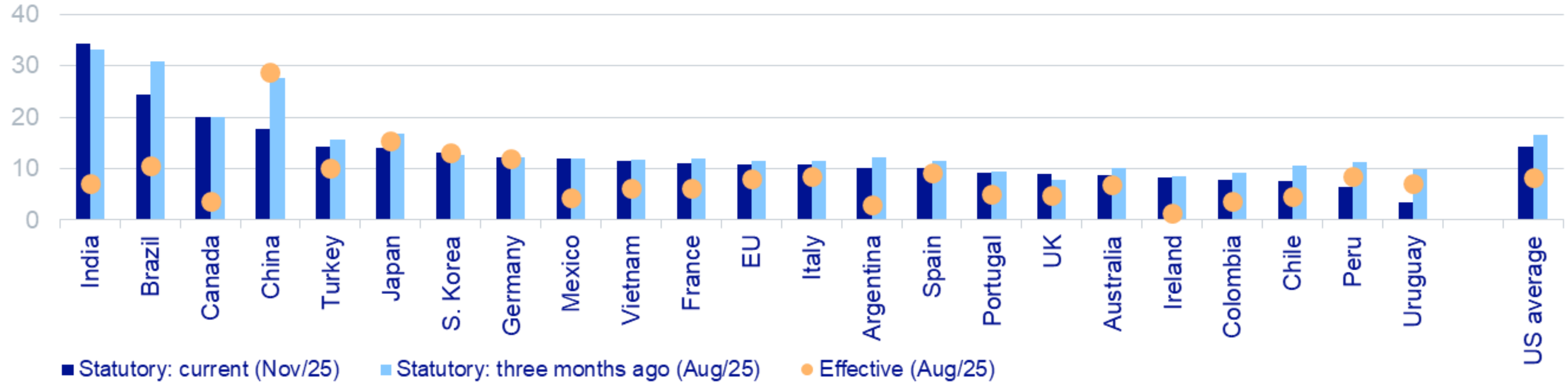


Source: BBVA Research based on data from Fred and Eurostat

The unemployment rate has reached 4.4% in Sep/25 in the US, 1pp higher than the post-pandemic low, but still relatively low; in the Eurozone, it remains close to historical lows (6.3% in Sep/25)

Supply headwinds: US tariffs have recently declined, with effective rates in general below statutory levels

US STATUTORY AND EFFECTIVE TARIFFS: ESTIMATED INCREASE SINCE THE BEGINNING OF 2025 (*) (PP)



(*) Statutory tariffs: BBVA Research calculation following recent trade deals and US announcements. Based on general tariffs set for each country (reciprocal and/or fentanyl), specific tariffs on some sectors (steel, aluminum, automobiles, autoparts, pharma...) and exempted goods (selected electronics, oil...). Considering measures announced untill November 26. Sectoral weights are calculated according to 2024 trade flows. Effective tariffs: BBVA Research calculations (total US tariff revenues divided by total US imports, by country) based on data from the USITC.
Source: BBVA Research

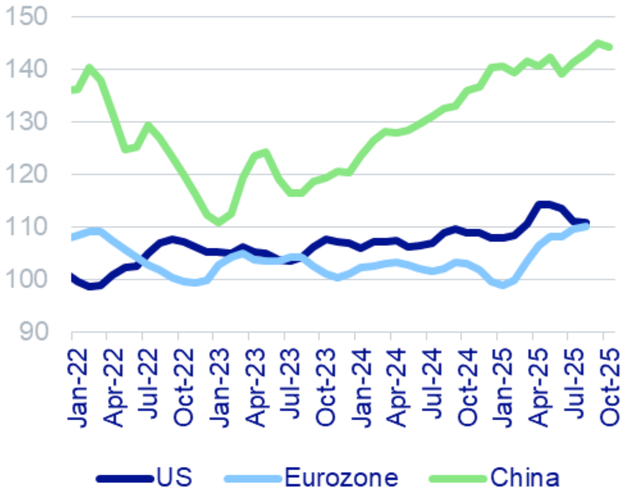
US trade deals—including with China—and exemptions for some goods (mainly agricultural) imply lower tariff levels; yet uncertainty persists, mainly due to possible legal overruling of reciprocal and fentanyl tariffs

Demand tailwinds: global trade has surged ahead of tariffs; and it remains resilient despite moderation signs

EXPORTS OF GOODS (VOLUME): WORLD
(4Q19=100; THREE-MONTH MOVING AVERAGE)

Source: BBVA Research based on data from Haver

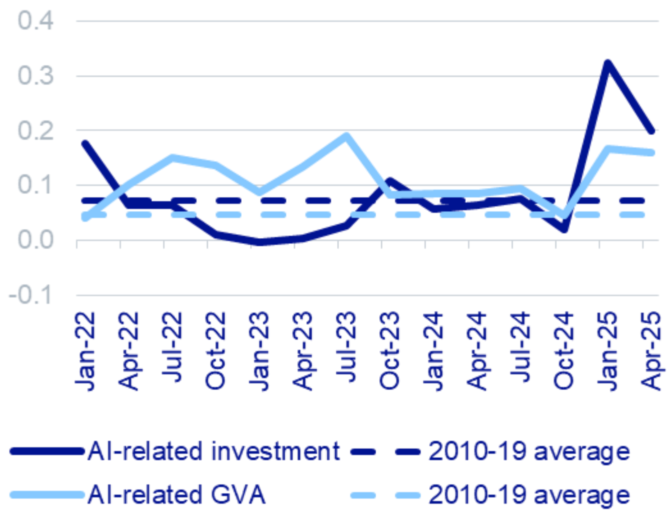
EXPORTS OF GOODS (VOLUME): US, CHINA AND EUROZONE
(4Q19=100; THREE-MONTH MOVING AVERAGE)



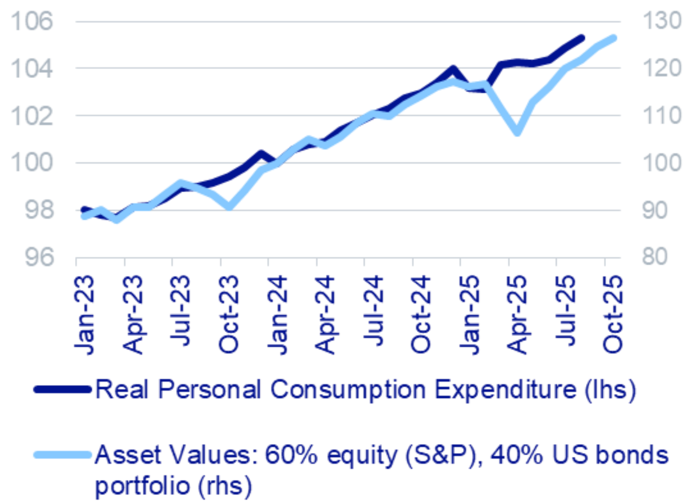
Source: BBVA Research based on data from Haver

Demand tailwinds: the AI boom is supporting US demand

US: AI-RELATED INVESTMENT AND GROSS VALUE ADDED (GVA) (*)
(CONTRIBUTION TO QUARTERLY GDP GROWTH: PP)



US: PERSONAL CONSUMPTION AND ASSET VALUES: IN REAL TERMS (*)
(INDEX: JAN/24=100)

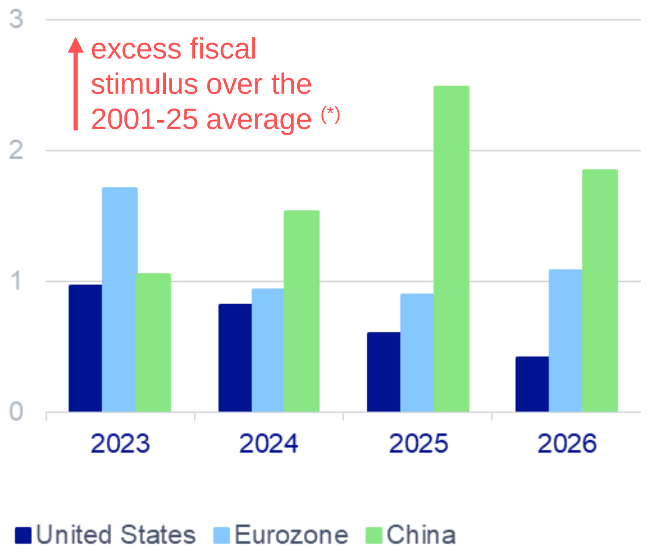


(*) AI-related investment defined as investment in information processing and investment in softwares.
Source: BBVA Research based on data from FRED and US Census Bureau

Source: BBVA Research based on data from FRED and Haver

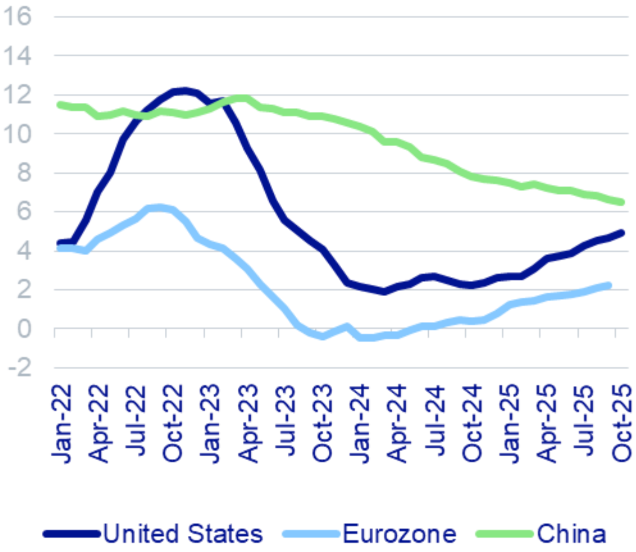
Demand tailwinds: fiscal policy remains supportive, and lower interest rates are now feeding through the economy

CYCLICALLY-ADJUSTED PRIMARY FISCAL BALANCE GAP (*) (% OF GDP)



(*) Deviation of the cyclically-adjusted primary balance (CAPB) from its estimated equilibrium (average relationship between the CAPB and GDP growth over 2001–2025). 2025 and 2026 estimates are based on GDP and fiscal forecasts by the IMF.
Source: BBVA Research based on data from the IMF

BANKING CREDIT: STOCK
(Y/Y %)



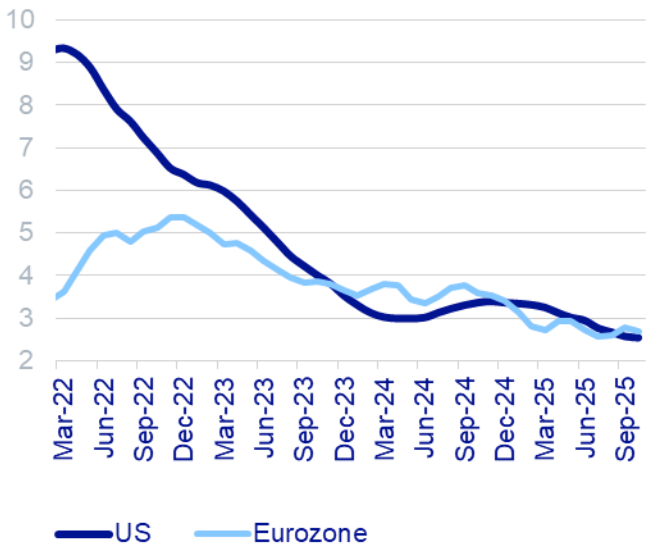
Source: BBVA Research based on data from FRED and Eurostat

Supply tailwinds: energy prices remain at low levels, while wages continue to slow

BRENT PRICES
(USD PER BRENT BARREL)

Source: BBVA Research based on data from Haver

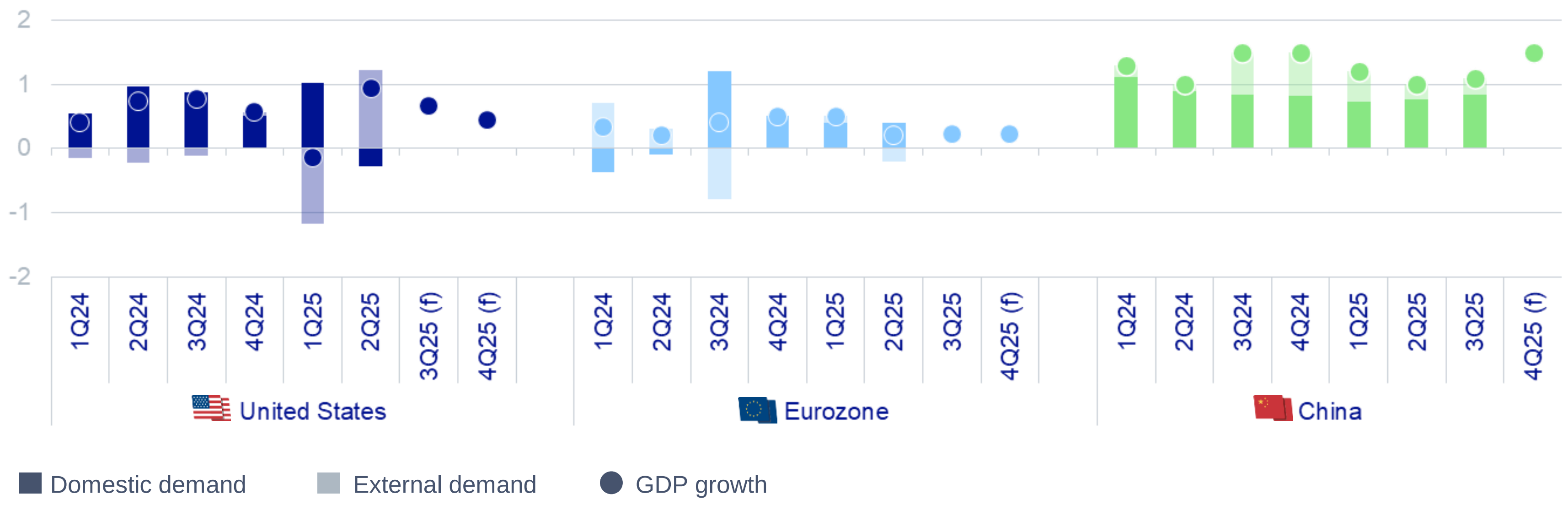
NOMINAL WAGES: INDEED WAGE TRACKER
(Y/Y %, 3-MONTH MOVING AVERAGE)



Source: BBVA Research based on data from Indeed

Activity: GDP growth has remained broadly resilient, in general beating expectations

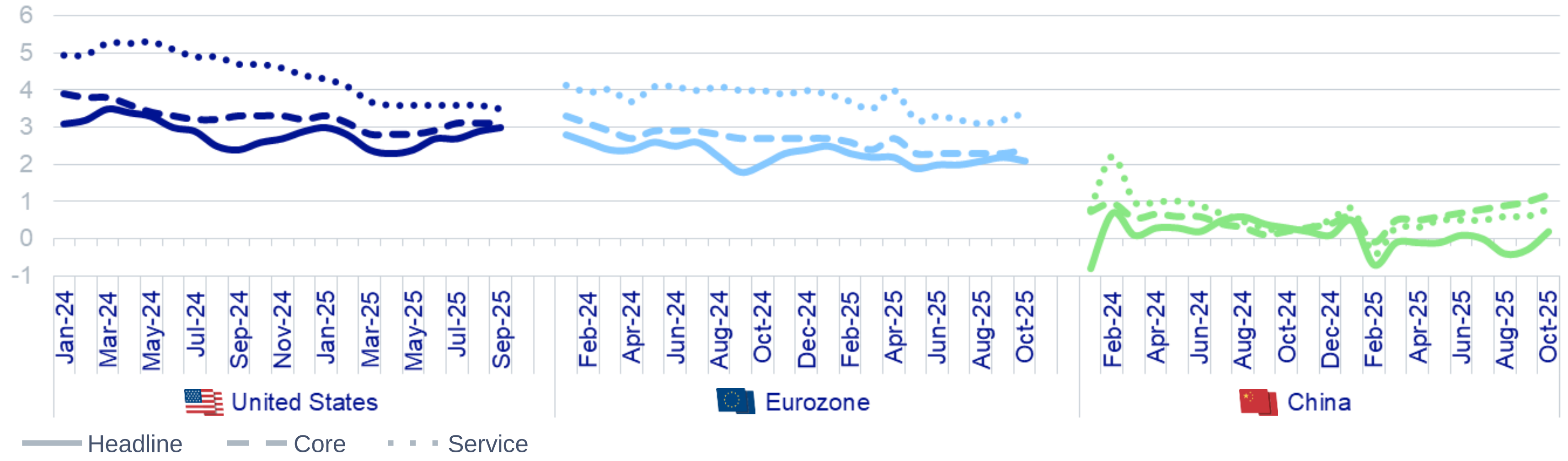
GDP GROWTH: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS(*)
(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)



(*) BBVA Research forecast for 3Q25 in the US, and for the 4Q25 in the US, Eurozone and China
Source: BBVA Research based on data from Haver and China's NBS

Inflation: increasing due to tariff effects in the US, stable around 2% in the Eurozone, and still very low in China

CPI INFLATION: HEADLINE, CORE AND SERVICE (Y/Y %)

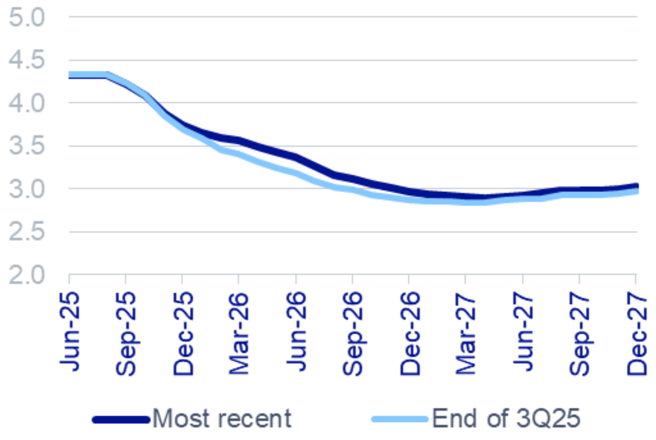


Source: BBVA Research based on data from Haver

In the US, goods inflation is rising amid high tariffs, offsetting the deceleration in services, led by a moderation in shelter prices; in contrast, industrial prices are under control and service prices are increasing at a faster pace in the Eurozone, and to some extent also in China

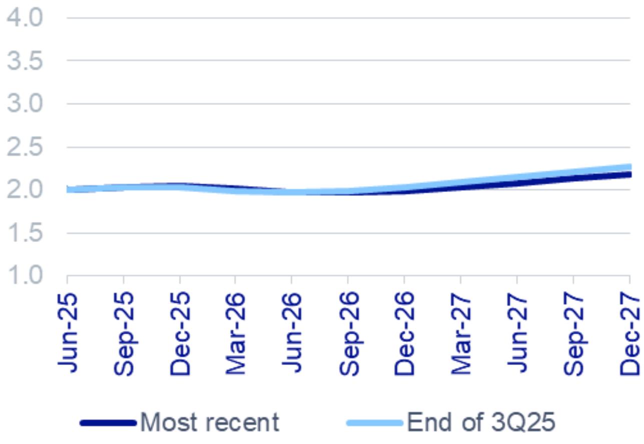
Interest rate expectations: a more gradual easing and a higher terminal rate for the Fed and stability for the ECB

US: IMPLICIT RATE IN FED FUND FUTURES
(%)



Source: BBVA Research based on data from Haver

EZ: IMPLICIT RATE IN EURIBOR FUTURES
(%)

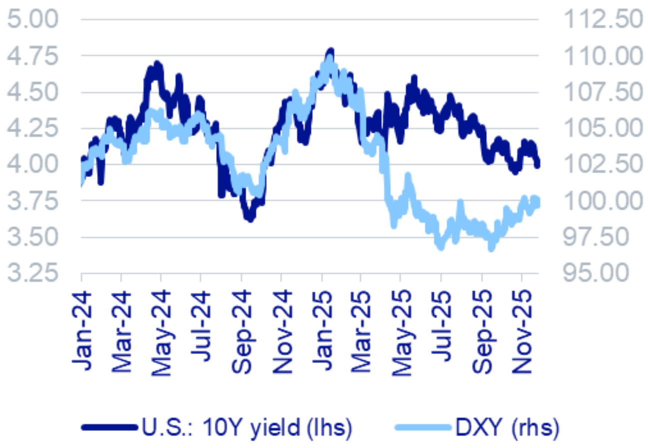


Source: BBVA Research based on data from Haver

The Fed has cut rates by 25 bps in each of its last two meetings to reduce risks of labor market deceleration, but has recently sounded more hawkish de to rising inflation; the ECB has kept rates unchanged at 2% lately and suggested risks are now more balanced

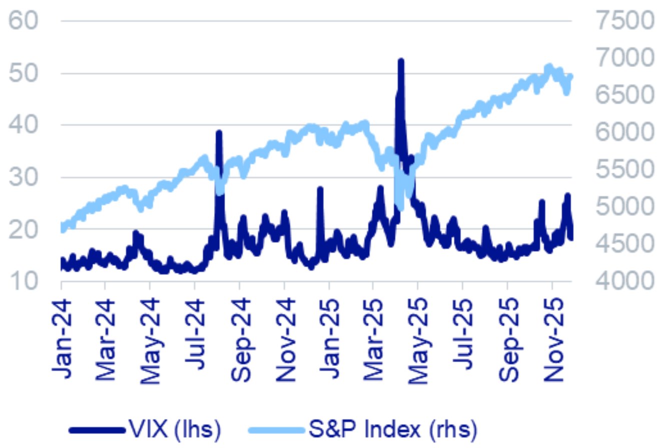
Markets: prospects of higher US rates have driven yields up, backed the USD, and helped trigger an equity correction

US SOVEREIGN YIELDS; US DOLLAR (DXY)
(%)



Source: BBVA Research based on data from Haver

VOLATILITY (VIX); US EQUITY (S&P)
(INDEXES)

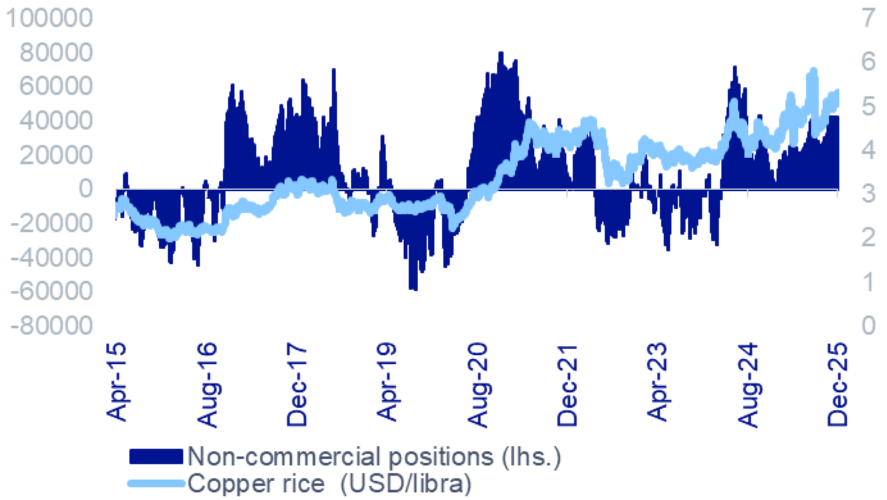


Source: BBVA Research based on data from Haver

Following a rally in US equity markets, driven by AI-related stocks, concerns have recently emerged over excessive valuations, with subsequent market corrections and increased volatility

Copper price extends an upward trend, supported by expectations of growing demand, supply disruptions…

COPPER PRICE AND NON-COMMERCIAL POSITIONS[1]
(DOLLARS PER POUND, COMEX MARKET)

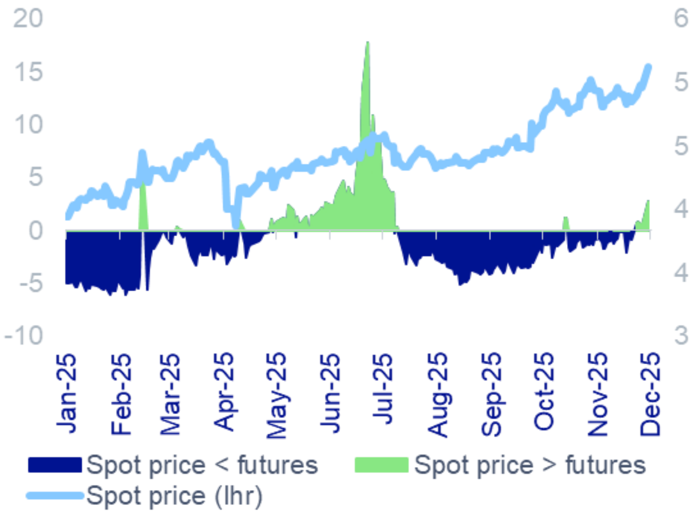


/1: information as of December 1.
Source: COMEX and BCRP

- The price of copper has increased by 30% so far this year.
- The increase in non-commercial positions has contributed to this rise. There is confidence in the continuity of high prices.
- Expectations of additional rate cuts by the Fed and a relatively weak dollar continue to be two of the main supports for the price of copper. They add to the more structural demand related to the energy transition, AI, and the weapons industry.
- On the supply side, disruptions at large mines (Kamoa-Kakula, El Teniente, Grasberg), that will take time to resolve, also supported the price.
- In the process, there have been occasional corrections, especially during periods of dollar strengthening and a slowdown in the pace of Chinese imports. The upward trend, however, has not changed.

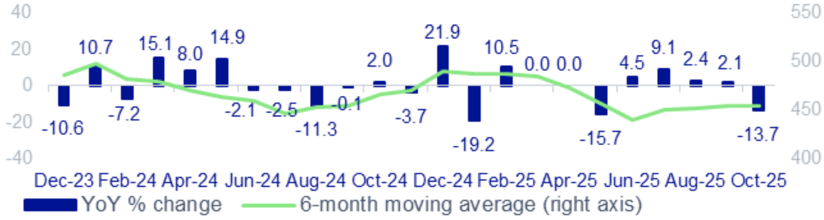
… that will take time to resolve, and rearrangement of inventories (greater demand in COMEX due to potential tariffs)

COPPER PRICE, SPREAD SPOT-3M[1]
(DOLLARS PER POUND, LME)



COPPER INVENTORIES BY COMPONENT
(THOUSANDS OF METRIC TONS IN STOCK)

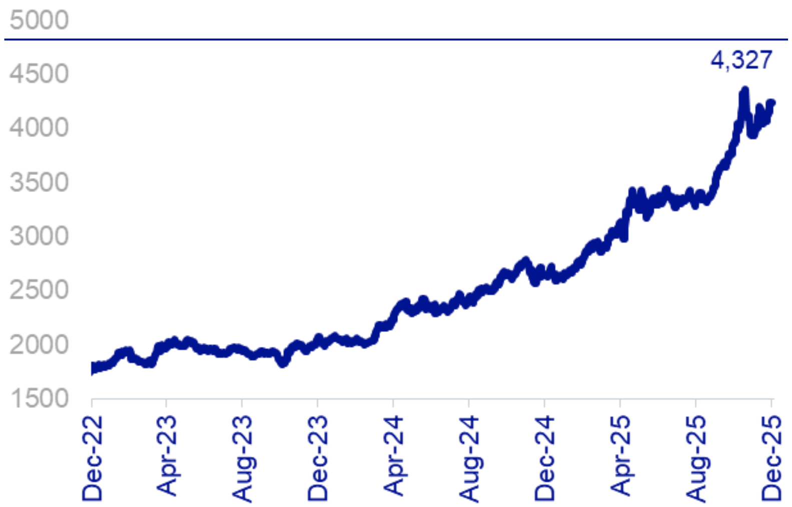
CHINESE IMPORTS OF RAW COPPER
(YOY % CHG., THOUSANDS OF METRIC TONS)



* Information as of December 1
/1: Spot price < futures price (ample market), spot price > futures (perceived scarcity)
Source: International Copper Study Group and Cochilco

The price of gold remains at historically high levels,
driven by global dollar weakness and geopolitical and trade uncertainty

GOLD PRICE[1]
(USD PER TROY OUNCE)

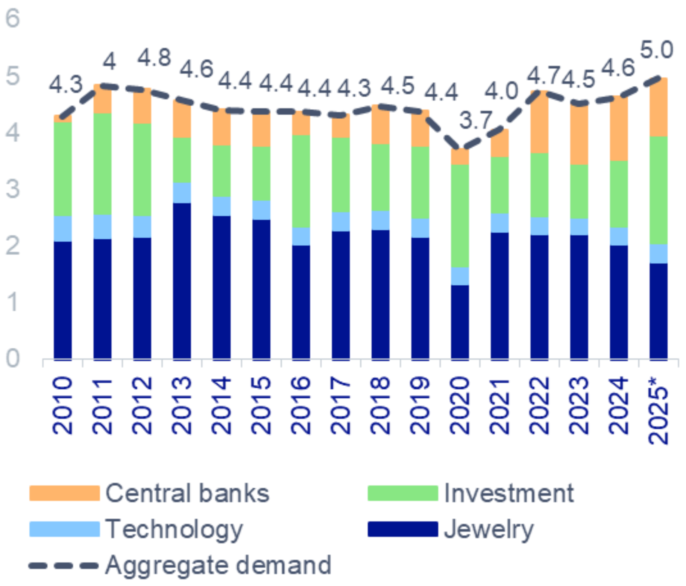


- Gold has surged more than 60% year-to-date, hovering near its recently registered all-time high.
- It reflects a greater global preference for safe-haven assets in a context of macro and geopolitical uncertainty.
- The persistence of the rally in the year suggests that there are factors beyond the cyclicals that have been supporting the price of gold, including the diversification of global demand for assets that preserve value in portfolios.
- Expectations of Fed rate cuts also support gold prices, as well as heightened concerns about high levels of government debt in the U.S. and other advanced economies.

/1: Information as of December 1
Source: BCRP

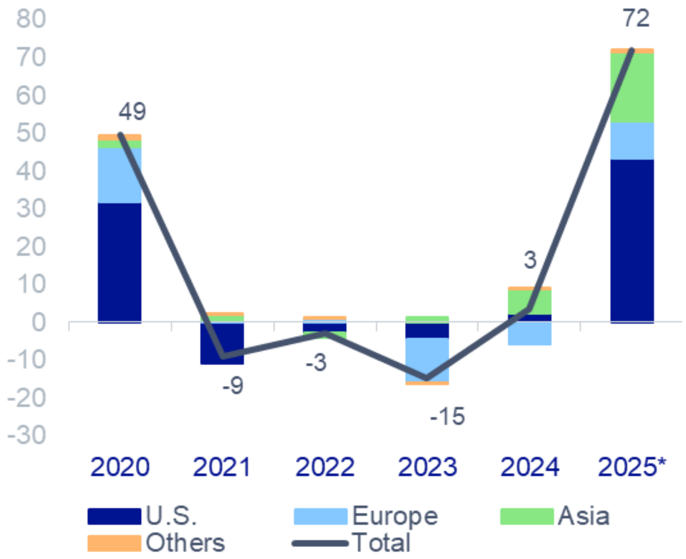
Demand for gold comes from both central banks and increased investment flows

GLOBAL GOLD DEMAND BY SECTOR
(THOUSANDS OF METRIC TONS)



*/ sum of the last four quarters, as of the third quarter of 2025

GOLD-BACKED ETF FLOWS
(BILLIONS OF DOLLARS)

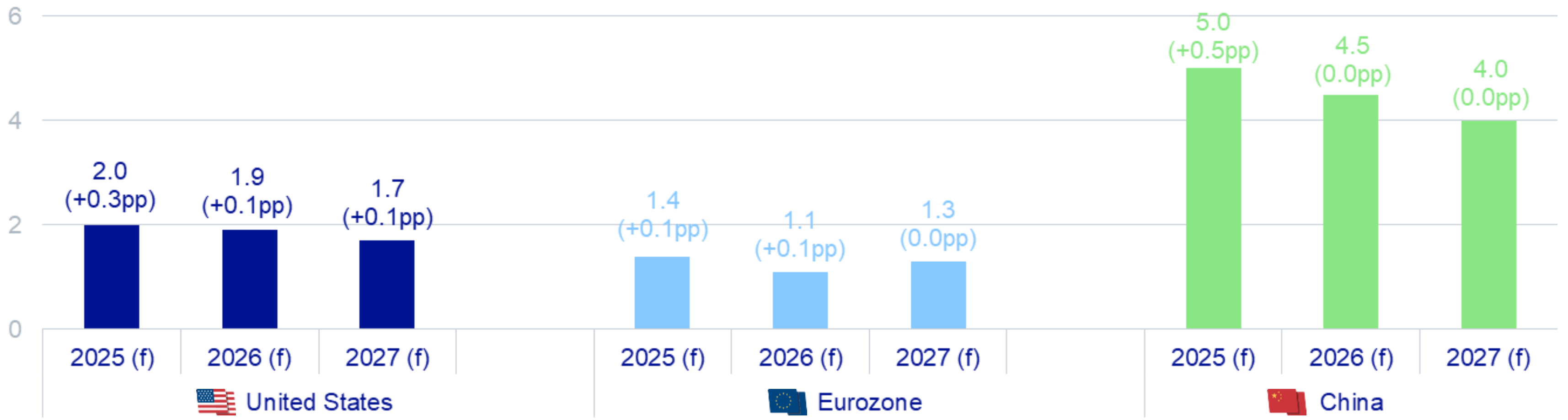


*/ Flows represent the accumulated amount for the year so far, as of October 2025

Source: World Gold Council

Growth forecasts have been revised slightly to the upside, mostly on the back of favorable incoming data

GDP GROWTH (*) (%, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

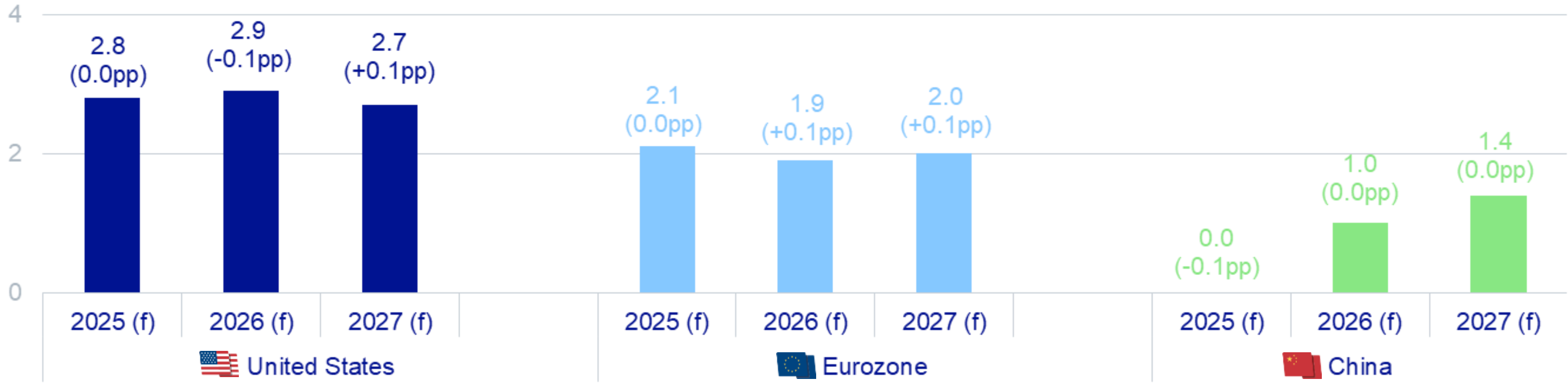


(*) Global GDP is forecast to grow 3.2% in 2025, 3.1% in 2026 and 3.2% in 2027, respectively 0.2pp, 0.0pp and 0.0 higher than the previous forecasts.
(f): forecast.
Source: BBVA Research

The negative impact of tariffs and other supply shocks is expected to be broadly offset by AI demand (mainly in the US) and fiscal spending (mainly in the Eurozone); higher AI-driven productivity is an upward risk in the medium term; a structural slowdown is still expected in China

Inflation prospects remain broadly unchanged, with smaller downside risks in Europe and upward risks in the US

HEADLINE CPI INFLATION (Y/Y %, PERIOD AVERAGE, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

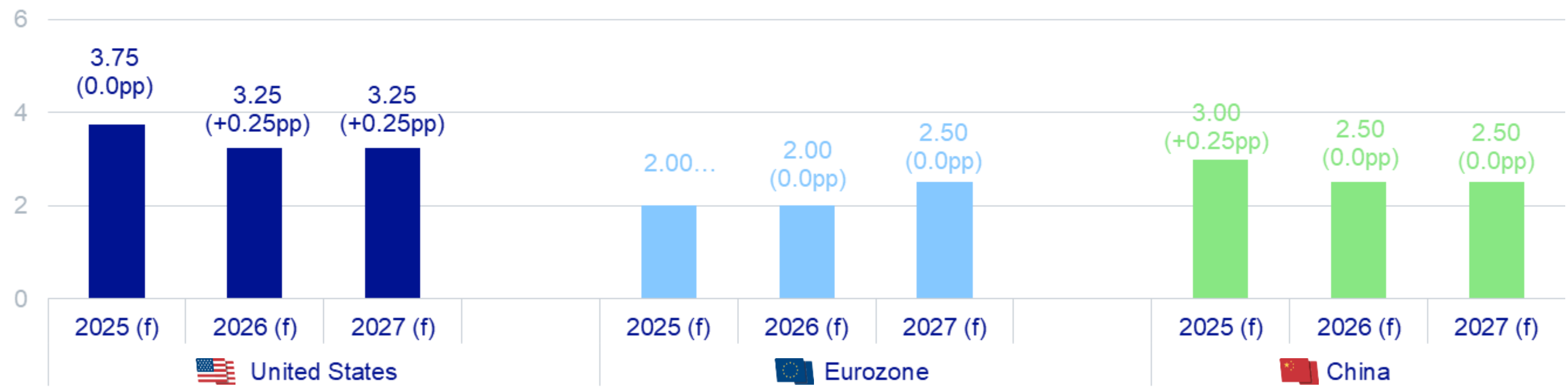


(f): forecast.
Source: BBVA Research

Inflation is still expected to hover around 3% in the US, driven by tariffs, and near 2% in the Eurozone; in China, while further government measures are anticipated to address deflation concerns, risks remain tilted to the downside

Growth resilience and inflation pressures will limit the Fed easing; no additional cuts by the ECB are expected

POLICY INTEREST RATES (*) (%, END OF PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

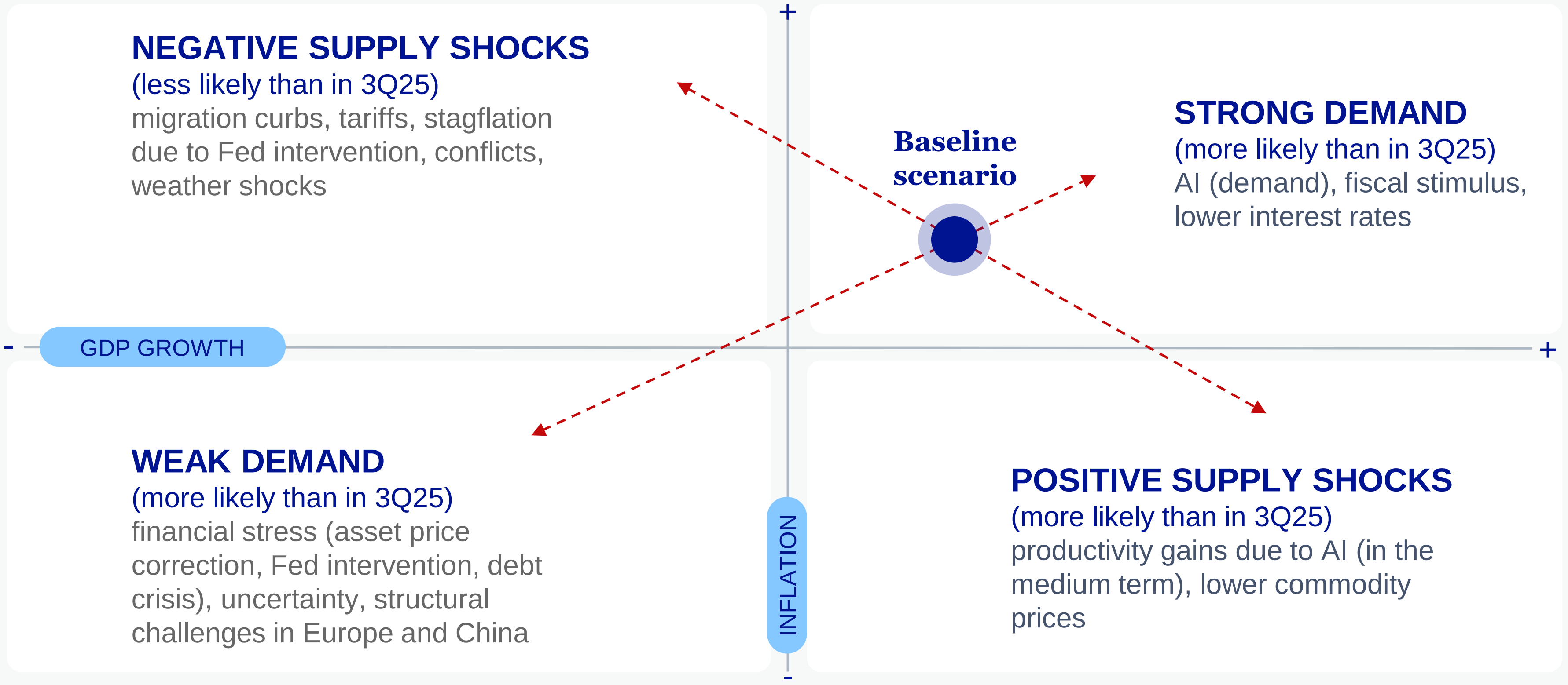


(f): forecast.
(*) In the case of the Eurozone, interest rates of the deposit facility.
Source: BBVA Research.

US rates are now closer to neutral levels and the convergence to the (higher-than-expected) terminal rate could be more gradual, but there is uncertainty related to the upcoming changes in the Fed board; in the Eurozone, there is room for rates to get closer to the estimated neutral rate in the medium run

More balanced risks: rising odds of medium-term AI productivity gains amid persistent supply concerns

GLOBAL ECONOMY: MAIN RISKS AROUND BBVA RESEARCH BASELINE SCENARIO



Research

2.1 Considerations under the baseline scenario

Forecasts for the Peruvian economy

Baseline scenario: Positive international environment for Peru, release of pension funds, and electoral uncertainty

International environment

Relatively positive international environment for Peru: Terms of trade will remain at elevated levels and the Fed will conclude its monetary normalization process. In addition, uncertainty has decreased, although it persists and will continue to weigh on global growth.

Upward revision of the terms of trade (higher prices of metals, in particular copper and gold). The decrease in external financing costs (Fed rate) is now less accentuated.

Release of pension funds

Families began withdrawing funds starting from the end of November 2025. Positive impact on GDP starting in the fourth quarter of this year, but more noticeable in the first few months of 2026.

Part of the withdrawals of pension funds, which in the previous baseline scenario were fully considered in 2026, are brought forward to 2025.

Change from the previous scenario

Source: BBVA Research

Baseline scenario: Positive international environment for Peru, release of pension funds, and electoral uncertainty

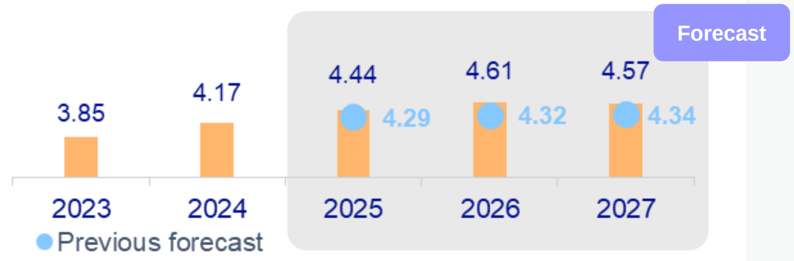
Meteorological conditions	**Relatively normal** on the forecast horizon.
Political context	It is assumed that President Jerí will complete his term (until mid-2026). **High electoral uncertainty**: the number of parties participating is high, the dispersion of voting intentions continues to be observed, and the number of undecided voters is high. This uncertainty **will become increasingly visible in the economy as the elections approach**.
Infrastructure	**Investment flows in large-scale projects will increase**. Tía María is one of them (2026), followed by Zafranal (2027). In 2026, the modernization of airports in the interior of the country will begin, along with the construction of road accesses to the new airport in Lima.

Source: BBVA Research

Terms of trade: metal prices will remain high, even higher than expected in the previous baseline scenario

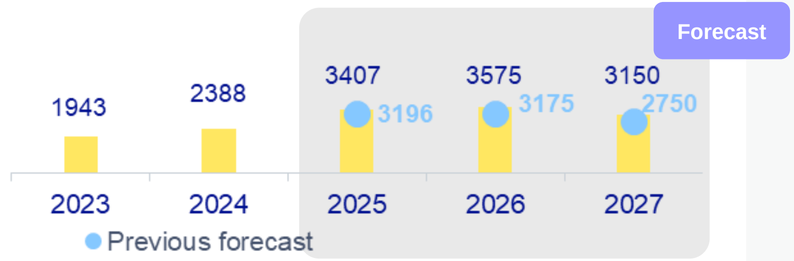
COPPER PRICE
(USD PER POUND, LME)

	YTD as of October	November*
Daily average	4.39	4.92

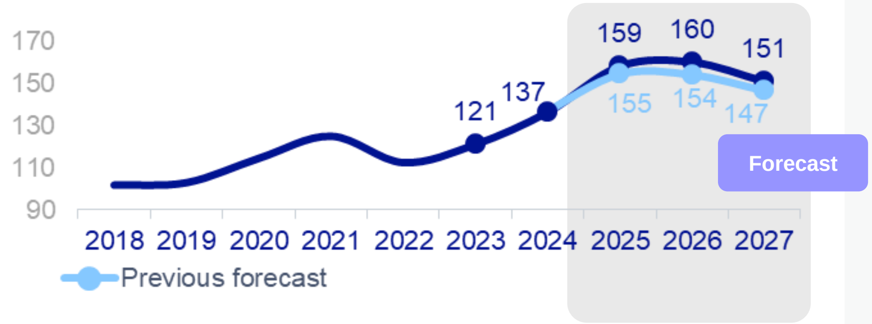


GOLD PRICE
(USD PER TROY OUNCE)

	YTD as of October	November*
Daily average	3291	4084



TERMS OF TRADE
(INDEX, 2007 = 100)



Copper price:
it will continue to be supported by the energy transition, investment in AI, and increased military spending in some regions of the world. Further tailwinds include a weaker US dollar and, on the supply side, persistent disruptions at major mines.

Gold Price:
global weakness of the dollar as a reserve and safe-haven asset, Fed rate cuts, and sustained geopolitical tensions support gold prices, going forward.

*/ Information as of November 30
Source: BCRP and BBVA Research (forecasts)

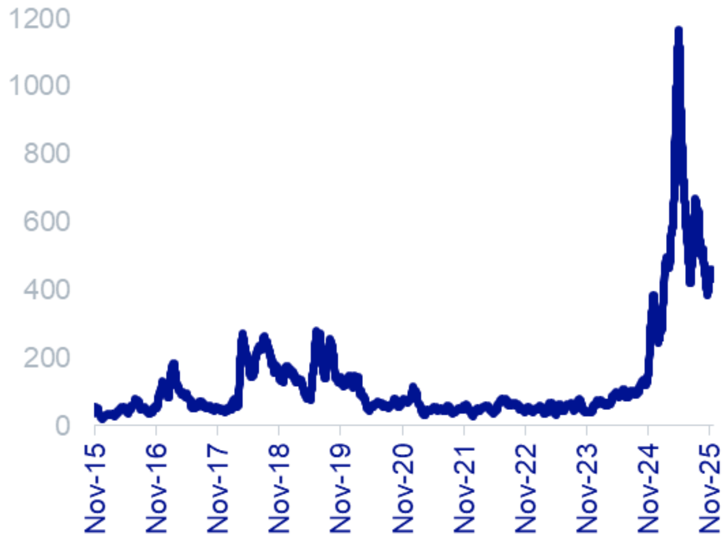
Global financial conditions: falling interest rates; uncertainty, however, will continue to weigh on growth

U.S. | MONETARY POLICY INTEREST RATE
(%)

U.S. | 10-YEAR TREASURY BOND YIELD
(%, DAILY AVERAGE IN THE MONTH)

Dec-23	Dec-24	Oct-25	Dec-25 (f)	Dec-26 (f)	Dec-27 (f)
4.02	4.39	4.06	4.17	4.09	4.03

U.S. TRADE POLICY UNCERTAINTY INDEX[1]
(POINTS, 30-DAY MOVING AVERAGE)

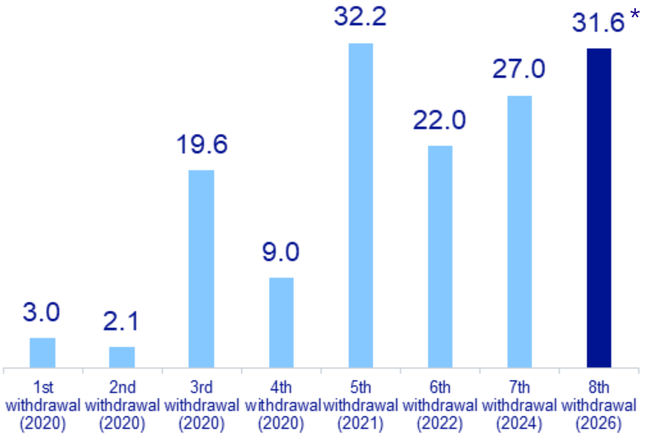


(f) forecast
Source: FED and BBVA Research (forecasts)

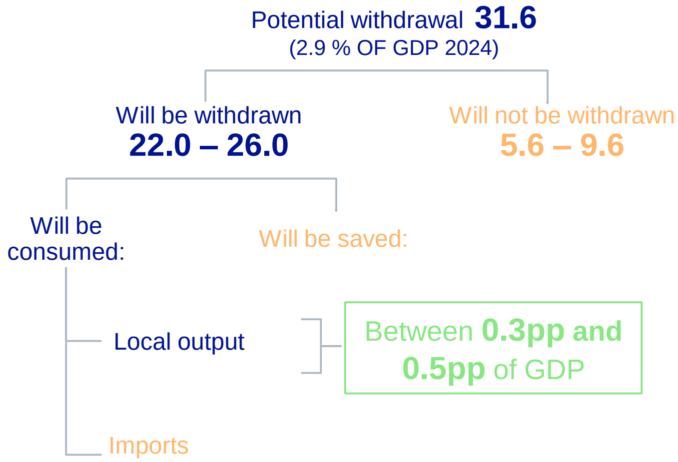
1: Information as of December 1.
Source: Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino and Andrea Raffo (2020), "The Economic Effects of Trade Policy Uncertainty", Journal of Monetary Economics, 109, pp. 38-59

Release of pension funds: From the end of 2025, with a more noticeable impact on activity at the beginning of 2026

PRIVATE PENSION FUND | AMOUNTS WITHDRAWN IN RECENT YEARS
(BILLIONS OF PEN)



NEW PENSION FUNDS RELEASE | CONSIDERED IMPACT
(BILLIONS OF PEN)



*: Corresponds to the potential withdrawal estimated by the SBS

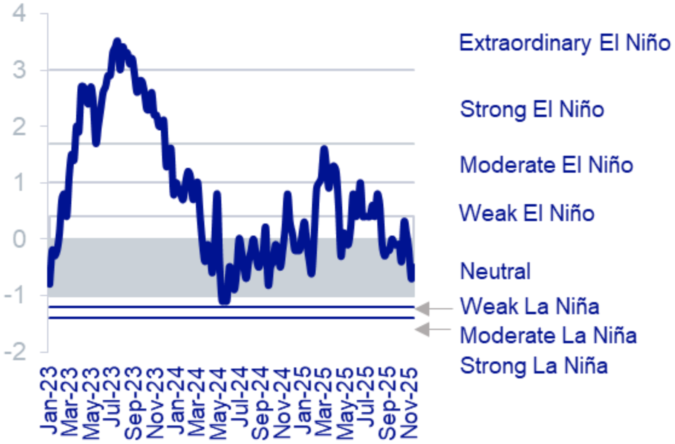
Source: SBS and BBVA Research (estimates)

For the marginal propensity to consume from temporary income—such as the funds to be released—we used the study by Céspedes and Talledo (2024), "Economic Shocks and Strategies for Softening Household Consumption", BCRP Working Papers. Thus, for transitory revenues in environments with negative economic shocks according to income quintiles, an aggregate impact of 0.5pp of GDP is obtained; for transitory revenues in a normal environment, an impact of 0.3pp of GDP is calculated.

Meteorological conditions: relatively normal over the forecast horizon

SEA SURFACE TEMPERATURE ANOMALY ON THE NORTHERN PERUVIAN COAST (REGION 1+2)

(DEGREES CELSIUS, WEEKLY MOVING AVERAGE)



PROBABILITY OF EL NIÑO AND LA NIÑA EVENTS DURING THE RAINY SEASON IN PERU (DEC25-MAR26) (%)

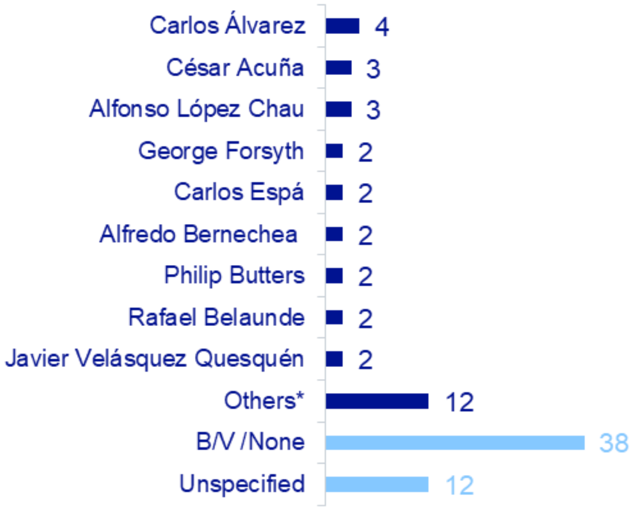
	Region 3.4 (central equatorial Pacific Ocean)	Region 1+2 (sea off the northern Peruvian coast)		
	Nov 25	Aug 25	Oct 25	Nov 25
Extreme El Niño	0	0	0	0
Strong El Niño	0	1	0	0
Moderate El Niño	0	3	5	8
Weak El Niño	12	**21**	**30**	**22**
Neutral	**53**	**65**	**55**	**60**
Weak La Niña	**35**	9	10	10
Moderate La Niña	0	1	0	0
Strong La Niña	0	0	0	0

Source: ENFEN with NOAA data

Political context: high uncertainty regarding the electoral result (wide dispersion of voting intentions and many undecided voters)

VOTING INTENTION — NOVEMBER 2025

(%)



1/: Other: Fernando Olivera, José Luna Gálvez, José Reynaldo López, Álvaro Paz de la Barra, Ronald Atencio, Rosario del Pilar Fernández, Ricardo Belmont, Fiorella Molinelli, Francisco Diez Canseco, Javier Velásquez Quesquén, Armando Massé, Álex González, Wolfgang Grozo, Vladimir Cerrón, Charlie Carrasco, Jorge Nieto, Julio Chavez, Roberto Chiabra, Walter Chirinos, Roberto Sánchez, Paul Jaimes, Herbert Caller, Mariano González, Marisol Pérez Tello, Mesías Guevara, Napoleón Becerra

VOTING INTENTION — UNDECIDED

(INCLUDES BLANK, VOID, NONE, AND UNSPECIFIED)

	Year before the election (November)	First round of elections
2011 Elections	12 %	12 %
2016 Elections	17 %	20 %
2021 Elections	35 %	19 %
2026 Elections	**48 %**	

WHAT'S NEXT

2025

December 7
primary elections (to elect candidates) with the participation of delegates from each party.

December 23
deadline to submit registration application for presidential tickets and candidate lists.

2026

March 14, 2026
deadline for candidacies to be registered (after appeals regarding exclusions and challenges have been resolved).

April 12
First round of elections.

June 7
second round of elections.

Source: Ipsos (Nov. 28 2025)

Investment flows in large-scale projects: increase going forward

Tía María
Mining project

Operation: 2027

- Estimated investment: **USD 1.8 billion.**
- Copper project in Arequipa.
- Start of construction: **2H25** (already under construction).

Lima Metro, line 2
Transport infrastructure

Operation: 2029

- Estimated investment: **USD 5.5 billion.**
- General progress of civil works: 80%.
- Investment flows accelerate **in 2025 and 2026**. (Construction began in 2014).

Expressway and Santa Rosa bridge
Transport infrastructure

- Estimated investment: **USD 750 million.**
- Scheme: Government-to-Government (G2G), with France.
- Start of construction: **2026.**

Regional airports
Transport infrastructure

- Estimated investment: **USD 875 million[1].**
- Scheme: Co-financed PPPs.
- Start of construction: **2026.** (expansion and modernization).

Zafranal
Mining project

Operation: 2029

- Estimated investment: **USD 1.9 billion.**
- Gold and copper project in Arequipa.
- Start of construction: the most important investment flows will begin to occur in **2027.**

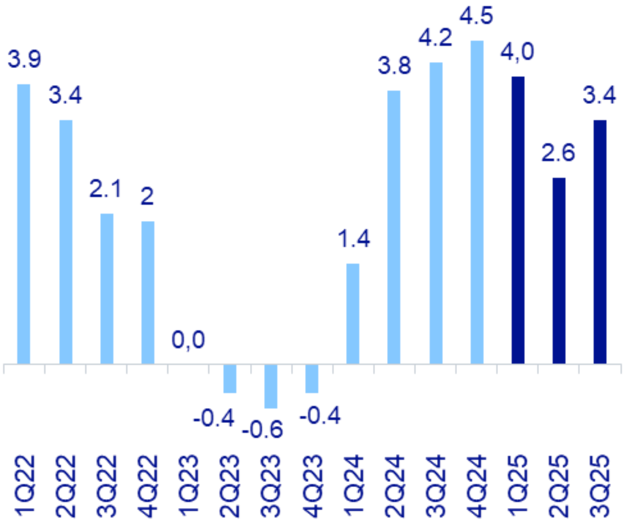
1: The airports considered are Piura, Pucallpa, Pisco, Talara, Iquitos, Cajamarca, Tumbes, and Trujillo
Source: MINEM, MEF, Apoyo Consultoría, press media and BBVA Research

2.2 Economic activity

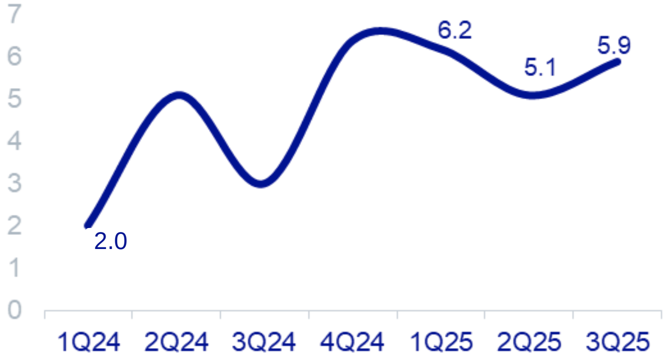
Forecasts for the Peruvian economy

Activity continued to perform well in the third quarter, supported by the momentum of domestic demand

GDP
(Y/Y % CHANGE)



DOMESTIC DEMAND
(Y/Y % CHANGE)

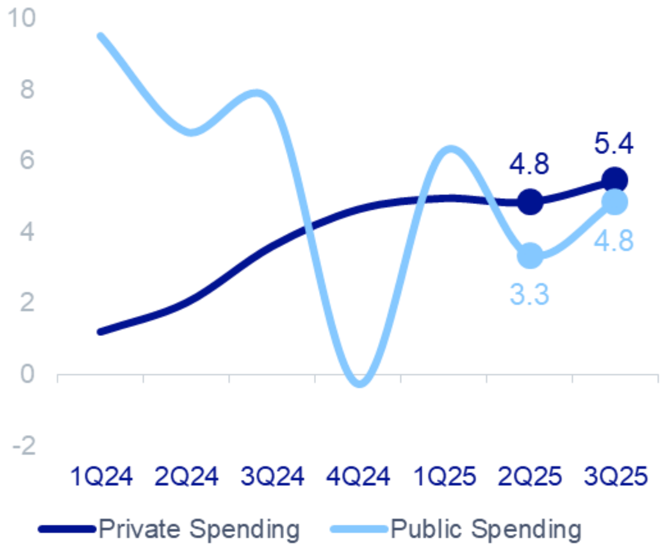


	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Domestic demand (excluding inventory chg., y/y % chg.)	2.8	4.3	3.5	5.2	4.6	**5.3**
Net exports (contribution to growth, pp of GDP)	-1.3	1.1	-1.9	-2.3	-2.6	**-2.5**

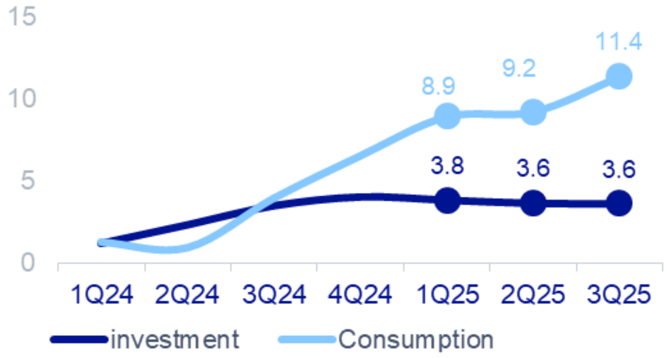
Source: BCRP

Within domestic demand, the performance of private spending, especially in investment, stands out

PRIVATE AND PUBLIC SPENDING
(Y/Y % CHG.)



PRIVATE SPENDING: COMPONENTS
(Y/Y % CHANGE)

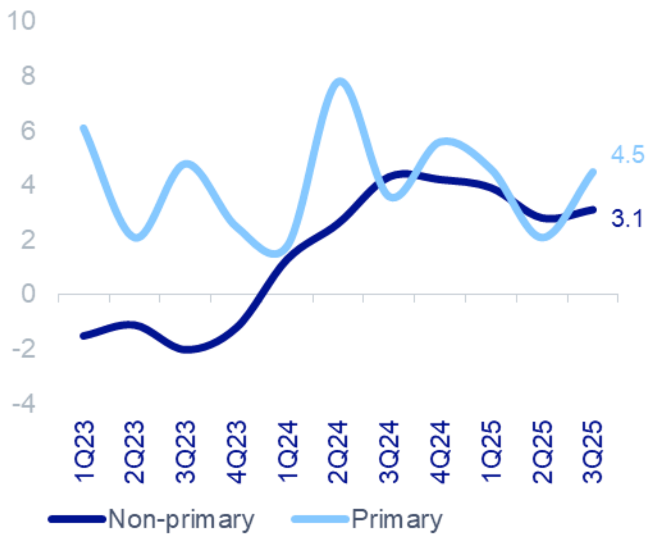


Gross fixed private investment	2024	1Q25	2Q25	3Q25
Residential investment	-7.3	2.8	3.2	2.4
Non-residential investment	8.0	10.9	11.0	15.3
Mining	0.9	2.5	8.0	23.9
Non-mining	9.3	12.4	11.4	14.0

Source: BCRP

The growth in domestic demand is reflected, by sector, in non-primary activities; manufacturing continues to lag behind

GDP BY SECTORS
(Y/Y % CHANGE)



SECTORAL GDP 3Q25 and 2Q25
(Y/Y % CHANGE)

	3Q25	2Q25
GDP	3.4	**2.6**
Primary	4.5	**2.1**
Agriculture	10.9	**4.2**
Fishing	8.2	**-5.1**
Mining[1]	2.1	**1.0**
Primary mfg.	2.5	**3.0**
Non-primary	3.1	**2.8**
Non-primary mfg.	-0.6	**-1.4**
Construction	6.4	**4.8**
Trade	3.5	**3.0**
Other services	2.9	**2.7**

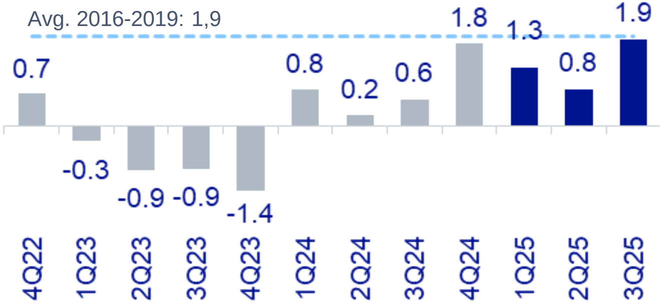
Source: BCRP

1: Includes metal mining and hydrocarbons

The acceleration of private spending coincides with the improvement in labor market indicators: more employment, high-quality…

EMPLOYMENT AT NATIONAL LEVEL[1]

(Y/Y % CHANGE)

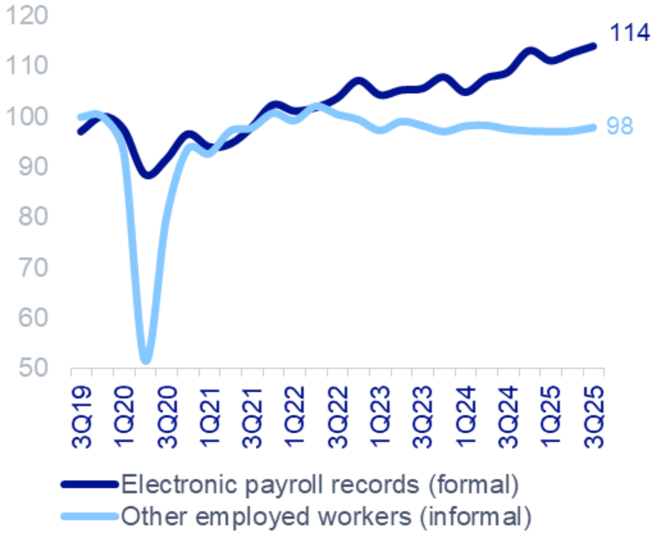


	3Q23	3Q24	1Q25	2Q25	3Q25
WAP*	**1.7**	**1.4**	1.2	1.2	**1.2**
EAP*	**-0.1**	**0.8**	0.3	0.8	**0.7**
Employed	**-0.9**	**0.6**	1.3	0.8	**1.9**
Unemployment rate (%)	**5.1**	**5.3**	5.5	5.9	**4.3**

Avg. 3Q 2016-2019: **3.8**

EMPLOYMENT BY CATEGORY

(INDEX, 4Q19 = 100)

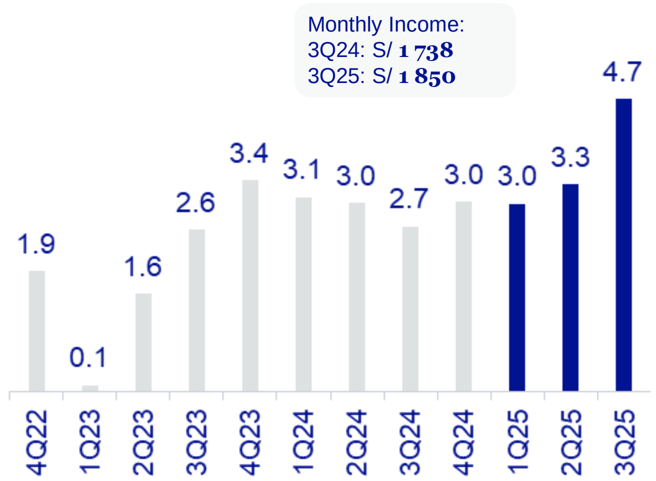


1: Until December 2022, information from ENAHO is used; thereafter, the EPEN is used.
*WAP: Working-age population (between 14 and 65 years old). EAP: Economically active population, that is, those who have a job or are looking for one
** It is calculated as the difference between the number of people employed nationwide minus formal jobs on electronic payrolls
Source: INEI (ENAHO, EPEN). Prepared by: BBVA Research

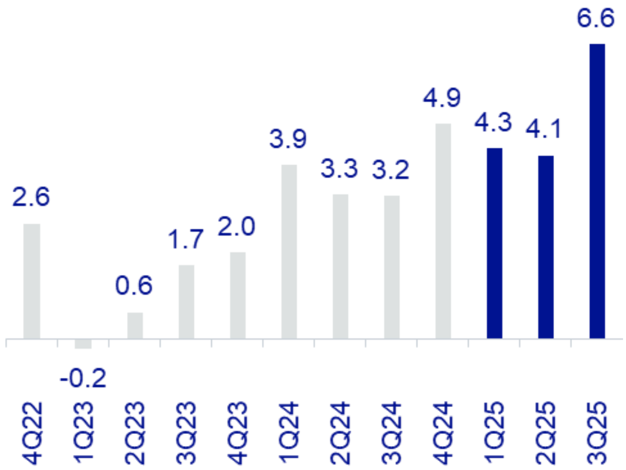
… wages are growing faster and so is the total wage bill

AVERAGE MONTHLY INCOME FROM WORK [1.2]
(Y/Y % CHG., AVERAGE LAST 4 QUARTERS)

Adjusted for inflation



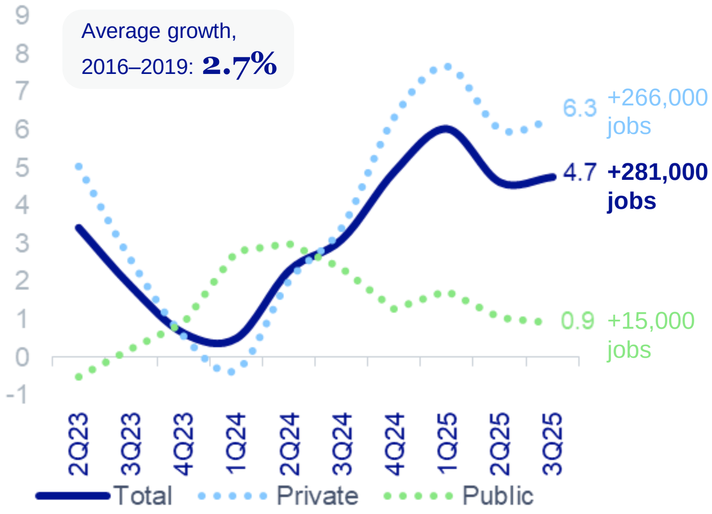
NATIONAL EMPLOYMENT TOTAL WAGE BILL [1.2]
(Y/Y % CHG.)



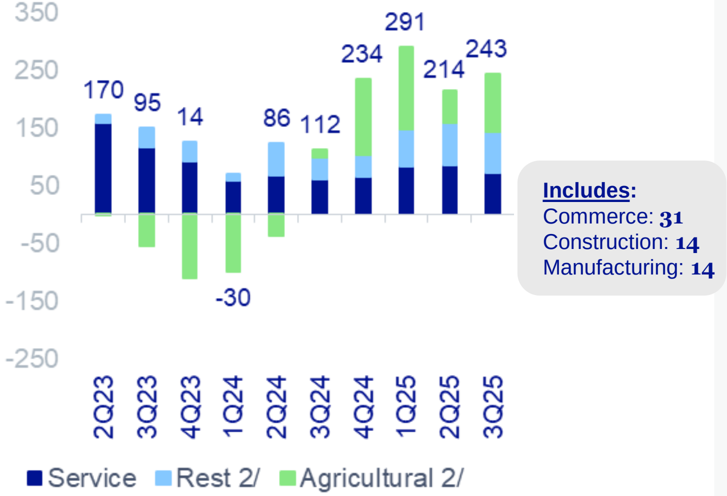
*WAP: Working-age population (between 14 and 65 years old). EAP: Economically active population, that is, those who have a job or are looking for one
1: Until December 2022, ENAHO information is used. For 2023, 2024 and 2025, the EPEN is used.
2: For the calculation of the total wage bill, the national employment of the quarter is multiplied by the average income from work over the last four quarters.
Source: INEI (ENAHO, EPEN). Prepared by: BBVA Research

Formal employment, in particular, is increasing steadily, especially in the private sector…

FORMAL JOBS
(Y/Y % CHG.)



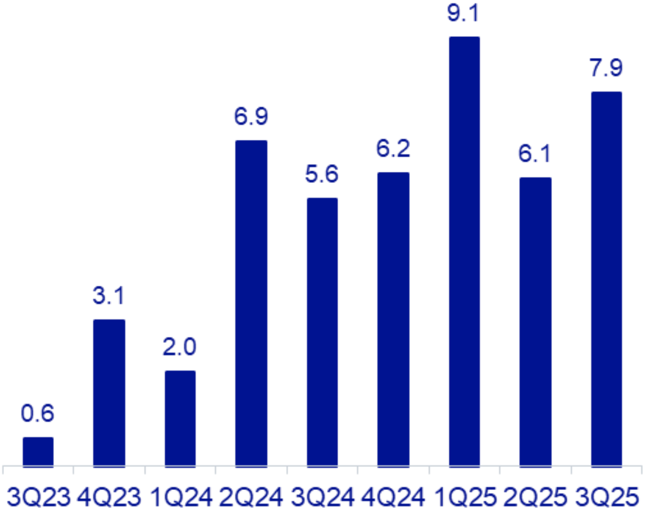
FORMAL JOBS IN THE PRIVATE SECTOR[1]
(Y/Y CHANGE, IN THOUSANDS)



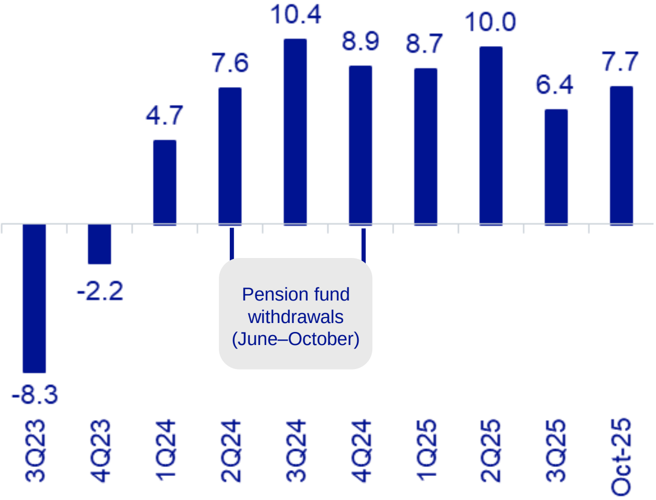
1: Other includes Trade, Construction, Manufacturing, Mining, Fishing and Electricity
2: The Agricultural sector includes processing and preservation of fruits and vegetables
Source: SUNAT (Electronic Records) and BCRP

… and the formal total wage bill, adjusted for inflation, remains solid, supporting household spending

TOTAL WAGE BILL, FORMAL LABOR
(Y/Y % CHANGE, ADJUSTED FOR INFLATION)



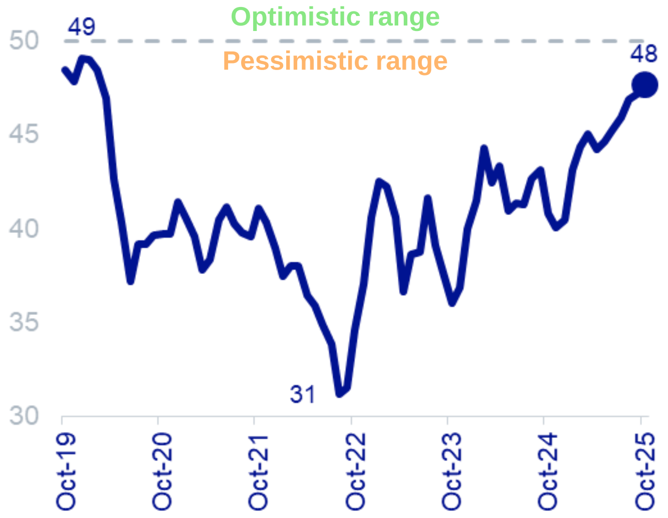
BIG DATA INDEX OF PRIVATE CONSUMPTION [1]
(Y/Y % CHANGE, ADJUSTED FOR INFLATION)



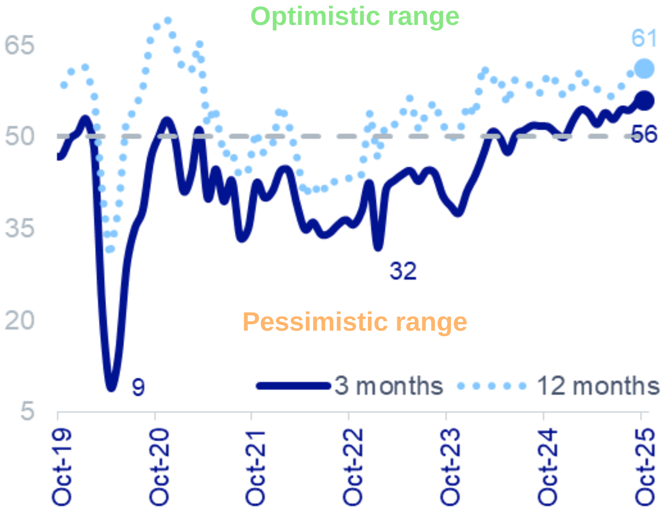
1: Relies on information on the amount of credit and debit card purchases made by households and cash withdrawals through ATMs and teller windows
Source: BBVA Research

The acceleration of private spending also coincides with the upward trend in confidence

CONSUMER CONFIDENCE
(THREE-MONTH MOVING AVERAGE, POINTS)



BUSINESS CONFIDENCE
(POINTS)

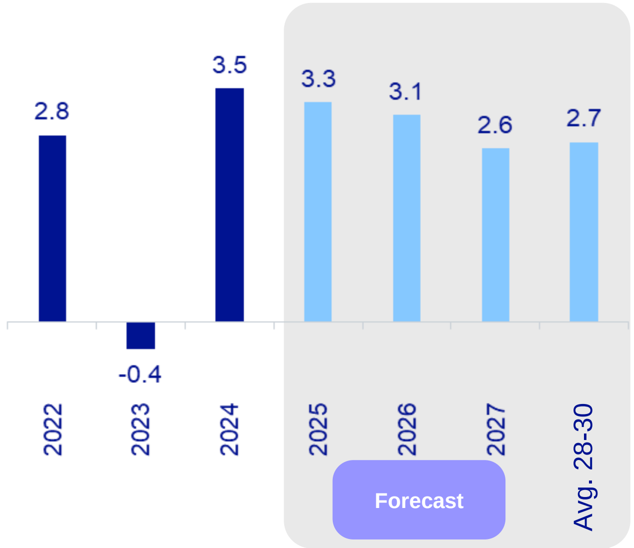


Source: Apoyo Consultoría and BCRP

In this context, the Peruvian economy will grow 3.3% in 2025 and 3.1% in 2026

- The behavior of private spending and the positive impact it will receive from the release of pension funds suggests that **growth in the fourth quarter will exceed 3.0% year-on-year**.
- With this, and after the post-El Niño rebound of 2024, **the Peruvian economy will grow 3.3% in 2025**. This year, **private spending is expected to show sustained growth**, while **public expenditure will lose momentum** following the greater support provided last year.
- This **forecast exceeds the previous baseline scenario (September)** by two-tenths of a percentage point, mainly because private spending has performed better than expected and because the start of pension fund withdrawals has been brought forward to November 2025 (early 2026 in the previous forecast).
- **Growth in 2026 is expected be 3.1%**. The electoral noise will surely moderate investment, but the withdrawals of pension funds will support private consumption.
- **In 2027** , the basis of comparison for private consumption will be high (due to the withdrawals of pension funds from the previous year) and public investment by subnational administrations will probably suffer in a context in which new authorities are installed. We expect GDP **to expand by 2.6%** in 2027.
- **Growth is thus expected to converge toward its potential rate, which we currently estimate to be in a range between 2.5% and 3.0%**. The challenge for the authorities elected in 2026 will be to raise that rate, part of which calls for greater stability and predictability in politics and in the justice system.

GDP
(Y/Y % CHANGE)



Source: BCRP and BBVA Research (forecasts)

On the sectoral side, in 2025 the set of non-primary activities will stand out… and the sustained growth of agriculture

Construction: (i) positive residential investment (-7.3% in 2024) in a context of a strong labor market, low inflation, and falling construction material prices; (ii) high metal prices favor mining investment; and (iii) investment flows accelerate in some large-scale projects.

Trade and Other services: these are supported by the strength of formal employment and the total wage bill. Better performance in the second half of the year, with the release of pension funds.

Agriculture: good performance of agro-exports (blueberries, grapes, avocados) in a context of improved climatic conditions.

Fishing: following the post-El Niño rebound in 2024, the quota set for the second anchovy fishing season in the north-central zone was lower than usual.

2025 SECTORAL GDP PROJECTION
(ANNUAL % CHG.)

	2025	2024
GDP	3.3	3.5
Primary	3.1	4.8
Agriculture	5.1	5.4
Fishing	-4.4	27.2
Mining[1]	2.2	3.0
Primary mfg.	4.0	8.3
Non-primary	3.1	3.2
Non-primary mfg.	0.8	5.8
Construction	5.6	3.6
Trade	3.4	3.0
Other services	3.2	2.3

1: Includes metal mining and hydrocarbons
Source: BBVA Research

On the expenditure side, in 2025 the demand from the private sector stands out, particularly investment

Private investment: a rebound in residential and mining investment (contraction in 2024), while the notable progress in non-residential, non-mining investment continues — all within a context of improving employment, contained inflation, declining interest rates, peak confidence levels, and high metal prices.

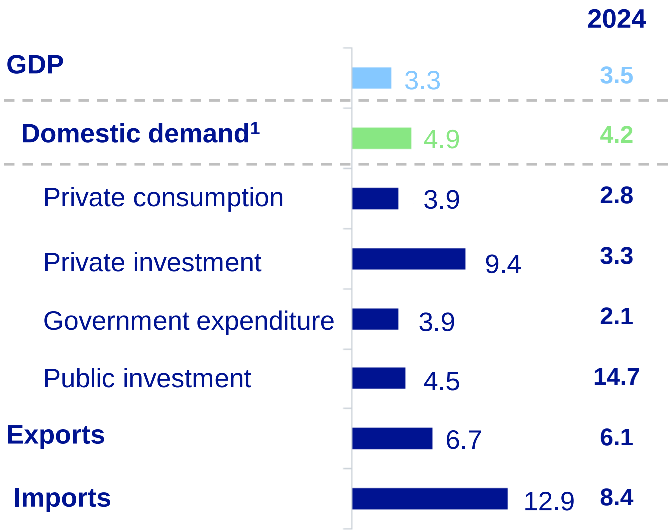
Private consumption: reflects the strength of the labor market. It accelerates in the last quarter of the year due to the use of pension funds.

Imports: Part of the dynamism of domestic demand is met by the supply of imported goods and services, something that is supported by the appreciation of the local currency.

Exports: strong growth in agricultural exports in 2025.

Public investment: Moderation because some major works (education) are completed and some measures are taken in the second half of the year so as not to exceed the ceiling established for the fiscal deficit for the year.

EXPENDITURE-SIDE GDP FORECAST FOR 2025 (ANNUAL % CHANGE)



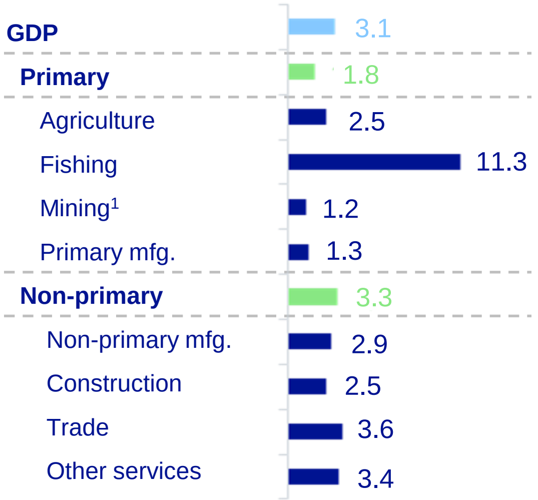
1: Does not include inventory change
Source: BBVA Research

In 2026, electoral uncertainty will predominate, but so will the impact of the release of pension funds

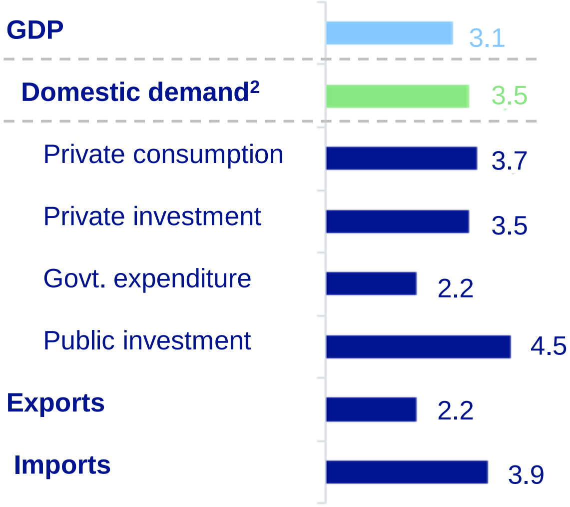
- The release of pension funds will support private consumption, which will be reflected in non-primary activities sectorally. Strong rebound in fishing (normalization) after the unusually low quota set for the second anchoveta fishing season in 2025.

- In contrast, uncertainty during the electoral period will limit the advance of private investment, despite the support that it will continue to have from the construction of mines, the decline in interest rates and the favorable terms of trade. This will be reflected sectorally in the lag of construction and non-primary manufacturing within the set of non-primary activities.

2026 SECTORAL GDP PROJECTION
(ANNUAL % CHG.)



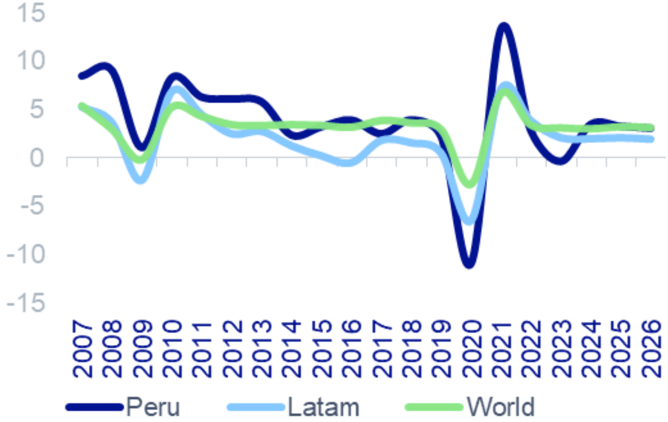
PROJECTED GDP BY EXPENDITURE SIDE — 2026
(ANNUAL % CHG.)



1: Includes metal mining and hydrocarbons. 2: Does not include inventory change
Source: BBVA Research

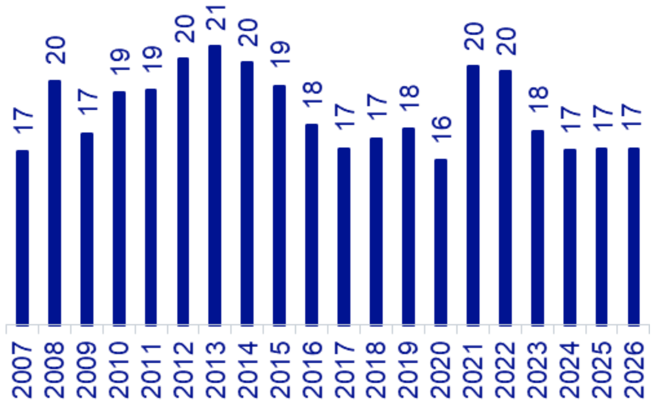
While the projected growth rates for Peru exceed the regional average, they barely match the world average...

GDP: PERU, LATAM*, AND THE WORLD
(ANNUAL % CHANGE IN REAL TERMS)



	2007-2018	2023	2024	2025	2026
Peru	**5.1**	-0.4	3.5	**3.3**	**3.1**
LatAm*	**2.3**	2.1	2.0	**2.1**	**2.0**
World	**3.6**	3.2	3.1	**3.3**	**3.2**

PERU: PRIVATE INVESTMENT
(IN NOMINAL TERMS, AS % OF GDP)



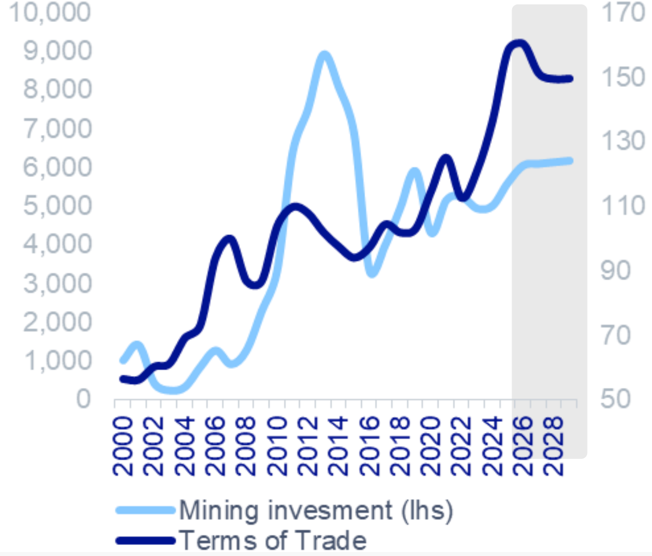
Between 2007 and 2018, Peru's growth exceeded the LatAm average by almost 3 pp (and the world average by 1.5 pp). In that period, private investment increased as a proportion of GDP. Now, with much higher terms of trade, that is not expected.

Why?

(*) Consider Argentina, Brazil, Chile, Colombia, Mexico, Peru, Paraguay and Uruguay.
Source: BBVA Research (projections for 2025 and 2026)

... in the context of terms of trade at all-time highs: Why doesn't Peru grow faster?

TERMS OF TRADE AND MINING INVESTMENT
(MILLIONS OF USD AND 2007 INDEX = 100)



The mining investment channel has weakened

- Although the terms of trade have reached record levels and are expected to remain around them, **a mining investment cycle similar to that of 2010-2016 is not in our baseline scenario**.
- It is true that **there are over USD 40 billion in mining projects in the pipeline, but they are not showing significant progress**, in a context where construction permits are moving slowly and conflicts with communities near the mines persist.
- Doubts about the sustainability of high metal prices, **preference of major mining companies for** brownfield projects (moderate expansion of existing mines rather than construction of large new ones), growth of illegal mining, and **ongoing local political instability (with frequent changes in authorities) increase uncertainty about the profitability of large new projects**?
- **Challenge for incoming authorities in 2026**: To increase the potential growth of the Peruvian economy. **Unlocking the terms of trade channel for mining investment** should be one of the key items on the agenda.

Source: MINEM and BBVA Research (forecasts)

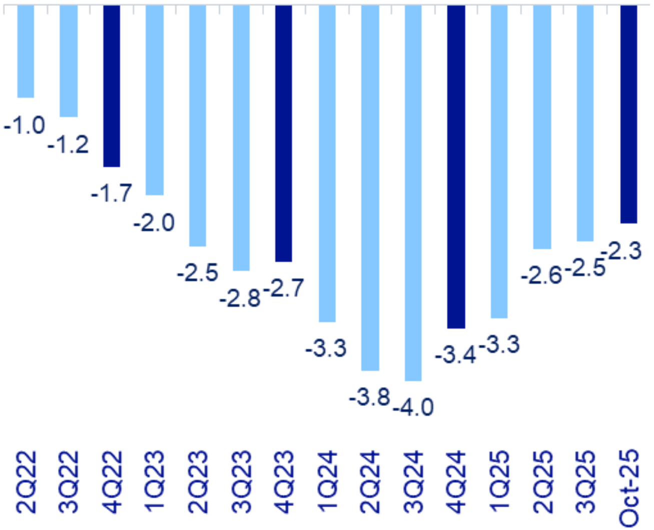
Research

2.3 Fiscal balance and public debt

Forecasts for the Peruvian economy

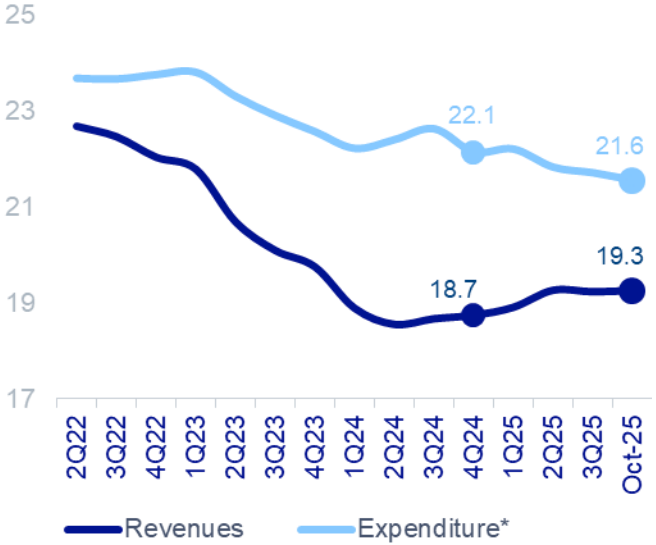
The public deficit narrows: high terms of trade and strong domestic demand boost revenues

FISCAL RESULT
(NFPS, CUM. LAST 12 MONTHS, % OF GDP)



Gross public debt (3Q25): **31.0 %**

FISCAL REVENUE AND EXPENDITURE
(NFPS, CUM. LAST 12 MONTHS, % OF GDP)

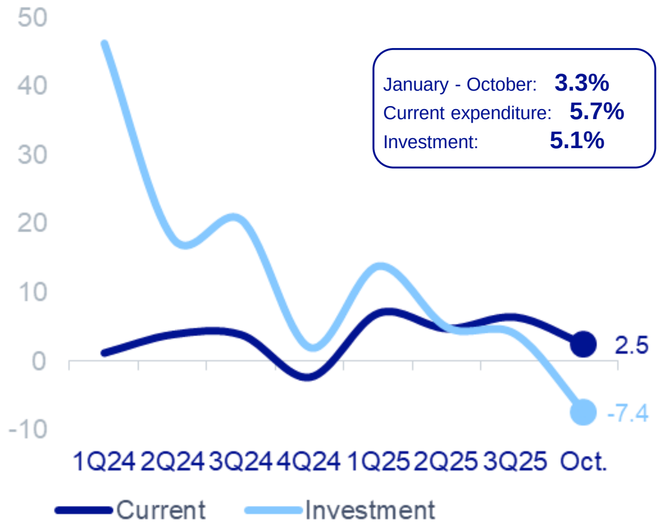


NFPS: Non-financial public sector
Source: BCRP

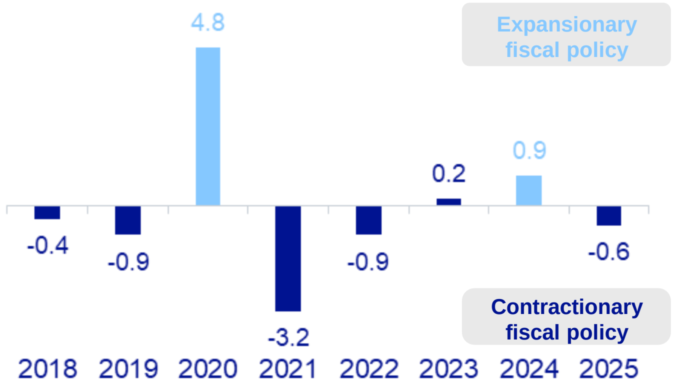
*Includes general government expenditure, the results of non-financial public enterprises, and interest expenses

On the expenditure side, moderation, especially in investment; fiscal policy stimulus decreases

GENERAL GOVERNMENT EXPENDITURE
(IN REAL TERMS, Y/Y % CHANGE)



FISCAL IMPULSE
(% OF POTENTIAL GDP)



	2019	2020	2021	2022	2023	2024	2025
GDP gap (%)	0.0	-5.2	0.1	0.8	-1.5	-0.5	-0.1

Source: BCRP

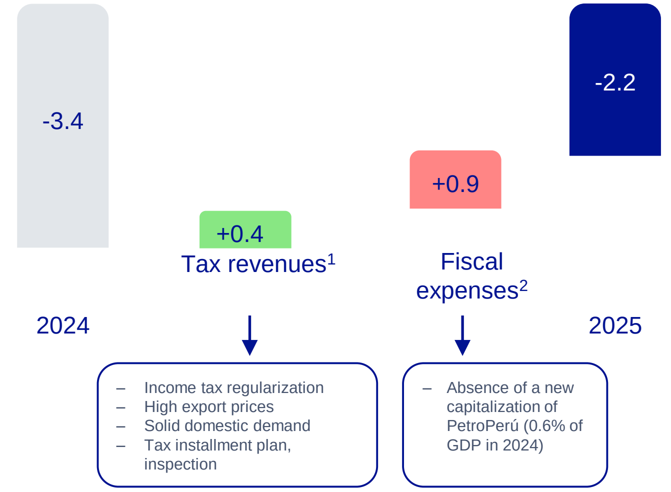
Source: BBVA Research

In our 2025 scenario, the fiscal deficit decreases until it reaches the ceiling established in the fiscal rule

– **The fiscal deficit will be reduced in 2025 to a level equivalent to 2.2 % of GDP (from 3.4 % in 2024). The decline is explained by the increase in revenues** in a context of high metal prices, strong dynamism in private spending, and tax control measures and actions.

– **On the expenditure side of the General Government, spending is expected to moderate as a percentage of GDP**, mainly because the forecast does not include a new capitalization of PetroPerú (although it does account for the honoring of certain guarantees by the Treasury), an operation that represented around 0.6% of GDP in 2024 However, the state-owned oil company continues to be a relevant risk for public finances. The moderation of spending in 2025 also takes into account the austerity measures recently announced by the government (spending cuts equivalent to 0.2% of GDP), aimed at complying with the fiscal rule that sets a ceiling for the deficit of 2.2% of GDP.

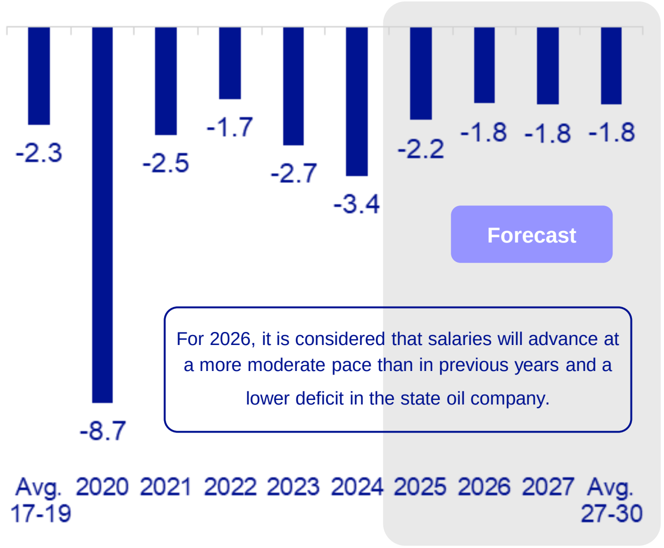
FISCAL RESULT (NON-FINANCIAL PUBLIC SECTOR, PP OF GDP)



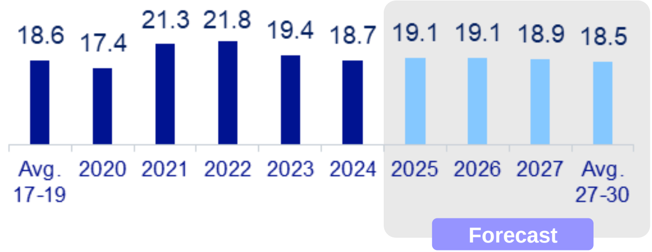
1/ Reflects the change in General Government tax revenues in 2025.
2/ Reflects the change in General Government expenses in 2025, earnings of non-financial public companies, and interest expenses.
Source: BBVA Research

The fiscal deficit will fall somewhat further in 2026, considering a contained increase in spending

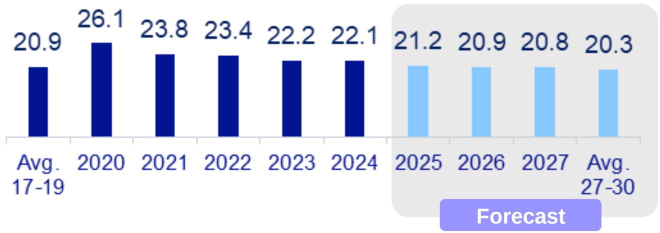
FISCAL RESULT
(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



REVENUES
(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



EXPENDITURE[1]
(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)

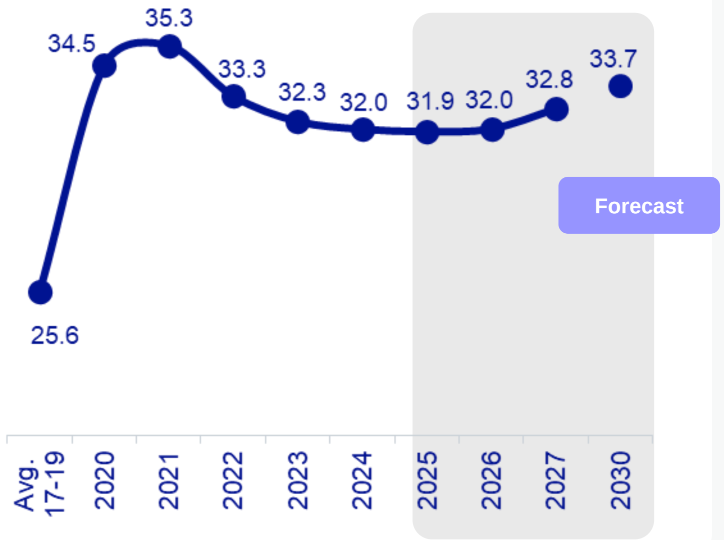


Source: BCRP and BBVA Research (forecasts)

1/ Includes general government expenditure, the earnings of non-financial public enterprises, and interest expenses

In this scenario, gross public debt will rise but still remain at relatively low levels in the coming years

GROSS PUBLIC DEBT
(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



PRIMARY BALANCE REQUIRED TO STABILIZE GROSS PUBLIC DEBT

Level at which to stabilize public debt (% of GDP)	d	33.7%
Real GDP growth rate (real % chg.)1/	g	2.7
Real interest rate (%) 2/	r	3.0
Required primary result (% of GDP)	f*	**0.10**
Interest payments (% of GDP) 3/		**1.8**
Economic result required (% of GDP)		**-1.7**

$$f^* = \frac{(r - g)}{1+g} d$$

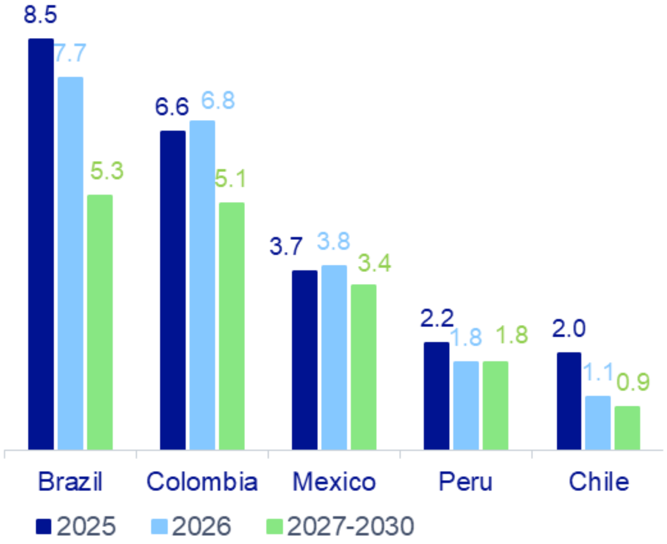
1/ Consider the annual average for GDP growth rates projected for 2026-2030.
2/ Considers the annual average between 2026 and 2030 for the implied interest rate discounted for inflation.
3/ Considers the average annual interest payment between 2026 and 2030 (1.8 % of GDP), which is consistent with the forecast of gross public debt of 33.7% of GDP by 2030.

– Gross public debt is projected to reach a level equivalent to 33.7% of GDP by 2030 (32.0% in 2024). Based on economic growth and real interest rate forecasts, a fiscal deficit of approximately 1.7% of GDP would be needed to stabilize the debt at that level.

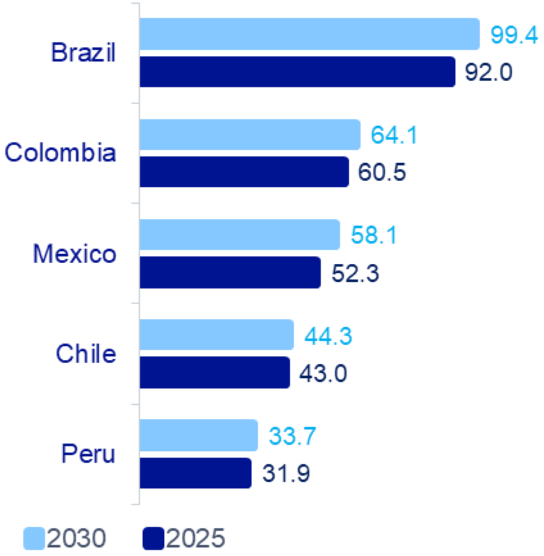
Source: BCRP and BBVA Research (forecasts)

Peru's fiscal outlook continues to compare favorably with that of other countries in the region

FISCAL DEFICIT*
(% OF GDP)



GROSS PUBLIC DEBT*
(% OF GDP)



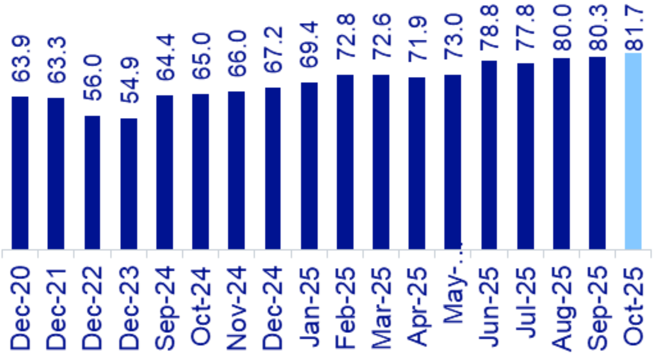
*For Peru, it corresponds to the non-financial public sector

*Peru's gross public debt forecast corresponds to the non-financial public sector

Source: BBVA Research and FMI

In this context, foreign investors maintain a steady appetite for Peruvian sovereign bonds

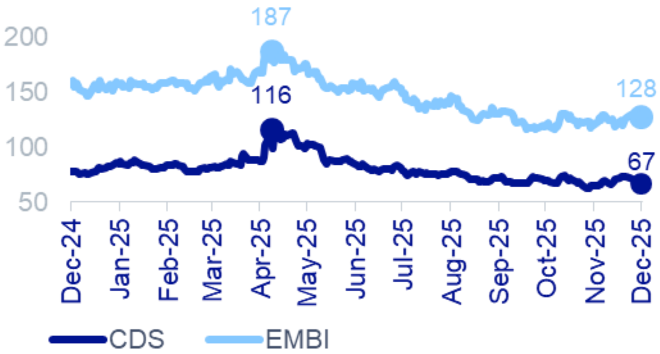
SOVEREIGN BONDS IN THE HANDS OF NON-RESIDENTS
(BILLIONS OF SOLES)



SOVEREIGN BONDS IN THE HANDS OF NON-RESIDENTS (% OF TOTAL BALANCE)

Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Oct-25
48.7	51.9	49.4	41.1	36.4	35.5	34.9	40.4	40.9	43.2	44.5	44.7	44.6

SOVEREIGN RISK PREMIUMS*
(POINTS)



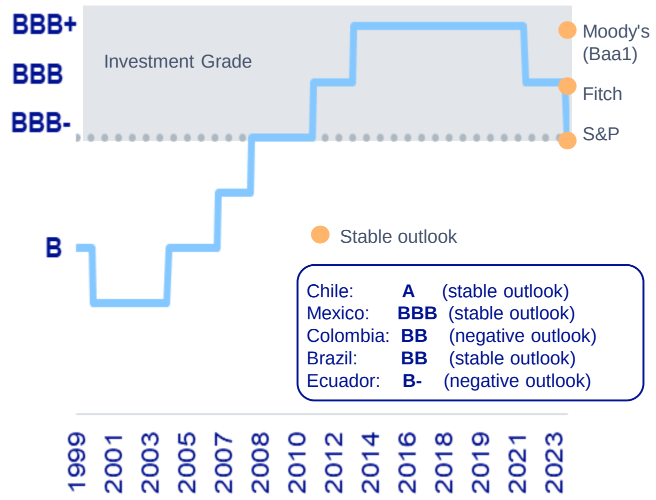
	01/12	Chg. (bp) vs...		
		2Q25	1Q25	YTD
EMBI	**128**	-26	-42	-29
CDS	**67**	-14	-22	-18

Source: MEF, BCRP and Investing

*: as of December 1

Macrofiscal foundations allow Peru to retain one of the best sovereign credit ratings in the region

S&P SOVEREIGN CREDIT RATING



- In November 2024, Fitch maintained Peru's sovereign credit rating at "BBB" but upgraded the outlook to "stable". A key factor was that, notwithstanding the political noise, the level of public debt remains relatively low and the country maintains buffers to face shocks and its capacity to formulate policies that guarantee macro stability, something that the prolonged political instability put at risk.
- In September 2024, Moody's maintained the sovereign credit rating at Baa1 (and upgraded the outlook from negative to stable), reflecting fiscal strength, despite governance challenges. The improvement in the outlook was based on greater institutional stability, especially when compared to that of early 2023.
- In April 2024, Standard & Poor's downgraded Peru's sovereign credit rating (and kept the outlook stable) from BBB to BBB-. This was due to the deterioration of fiscal accounts and sustained political instability.

Source: Datosmacro and S&P Global

However, risks remain, with a bias toward a deficit a few tenths of a percentage point higher in 2026.

Risks

Financial losses at the state-owned oil company PetroPerú

Between June and October, the Public Treasury honored guarantees totaling S/ 2.3 billion (0.2% of GDP), linked to foreign-trade credit lines that Banco de la Nación had extended to PetroPerú.

New measures approved in Congress that entail lower revenues or higher expenditures

According to forecasts by the Fiscal Council, if the high-spending legislative initiatives currently under consideration were ultimately passed, the fiscal deficit (currently 2.3% of GDP) could rise to annual levels between 5.5% and 6.4% of GDP over the next ten years. With this deficit trajectory, public debt would stand at 70% of GDP (currently at 32%).

Forecast for the main fiscal indicators

NON-FINANCIAL PUBLIC SECTOR INDICATORS

	2019	2021	2022	2023	2024	2025(f)	2026(f)	2027(f)
Economic result (% of GDP)	-1.6	-2.5	-1.7	-2.7	-3.4	-2.2	-1.8	-1.8
Assets (% of GDP)	13.4	13.9	12.6	10.2	8.6	8.2	7.9	7.6
Gross public debt (% of GDP)	26.2	35.3	33.3	32.4	32.0	31.9	32.0	32.8
Net public debt (% of GDP)	12.7	21.4	20.7	22.1	23.4	23.7	24.1	25.2
Gross public debt (% of fiscal revenues)	136	171	153	166	171	167	168	173
Dollarization of public debt (%)	32	54	52	48	47	47	44	40
Interest on debt (% of GDP)	1.4	1.5	1.6	1.7	1.7	1.6	1.7	1.8
Interest (% of fiscal revenues)	7.0	7.2	7.1	8.4	8.9	8.5	8.6	9.5

(f) forecasts
Source: BCRP and BBVA Research (forecasts)

Research

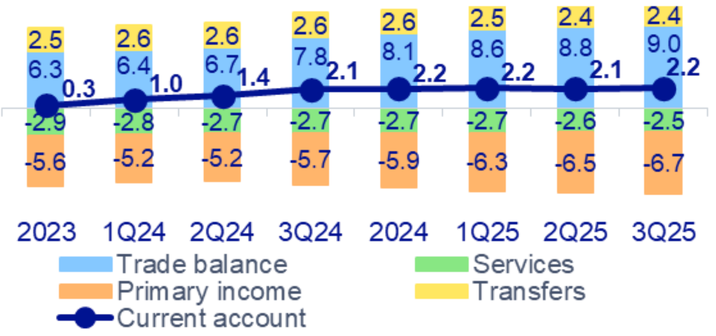
2.4 External sector

Forecasts for the Peruvian economy

The Peruvian economy maintains a solid external position: Surplus in the current account of the balance of payments

- The surplus in the trade balance remains high, reaching around USD 29 billion in 3Q25.
- Main support factors: High prices of exported metals, good performance of the volume of exports of goods, particularly non-traditional goods, and lower import prices (oil). On the other hand, the strong dynamism of domestic demand, and with it of imported volumes, has contained the trade surplus.
- Profits of foreign companies favored by high metal prices and the dynamism of domestic demand. This increases primary income (in absolute terms) and moderates the positive impact of the trade balance on the current account surplus, which increased slightly in 3Q25.
- The upward trend in private savings is the main factor that explains the lower external savings needs (savings-investment gap).

CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS (ROLLING LAST FOUR QUARTERS, % OF GDP)

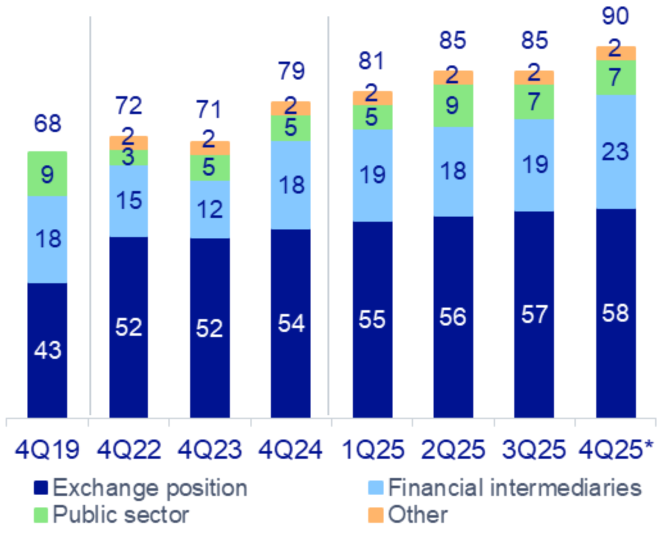


% of GDP (cum. 4Q)	4Q22	4Q23	4Q24	2Q25	3Q25
National savings	18.8	19.2	21.7	21.9	22.1
Public sector	4.3	2.9	2.4	3.2	3.2
Private sector	14.5	16.3	19.3	18.7	18.9
External savings	4.0	-0.3	-2.2	-2.1	-2.2
Investment[1]	22.8	18.9	19.5	19.7	19.9

1: Includes inventory accumulation
Source: BCRP

The external vulnerability of the Peruvian economy is low: Indicators suggest resilience

CENTRAL BANK NET INTERNATIONAL RESERVES (BILLIONS OF USD)



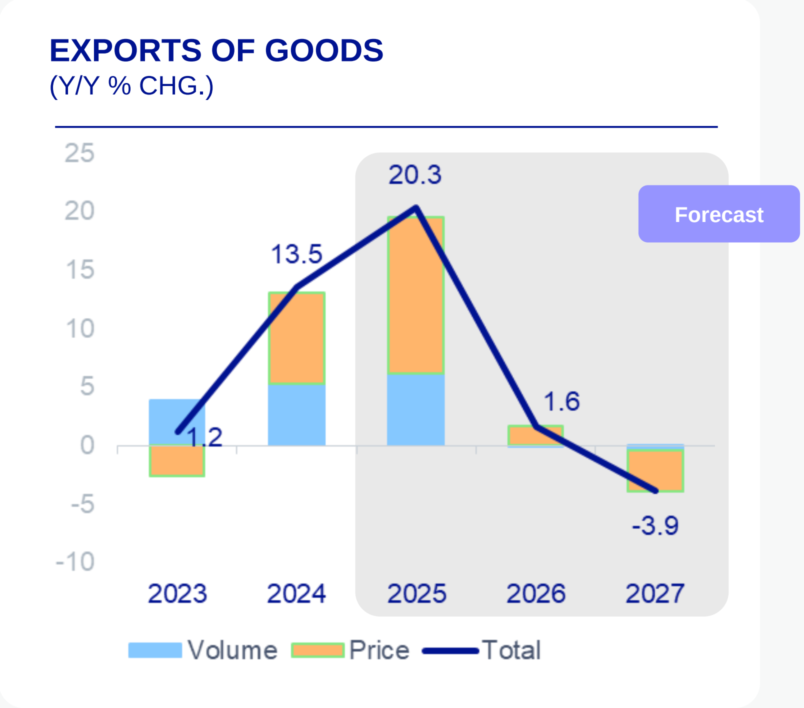
INTERNATIONAL LIQUIDITY INDICATORS

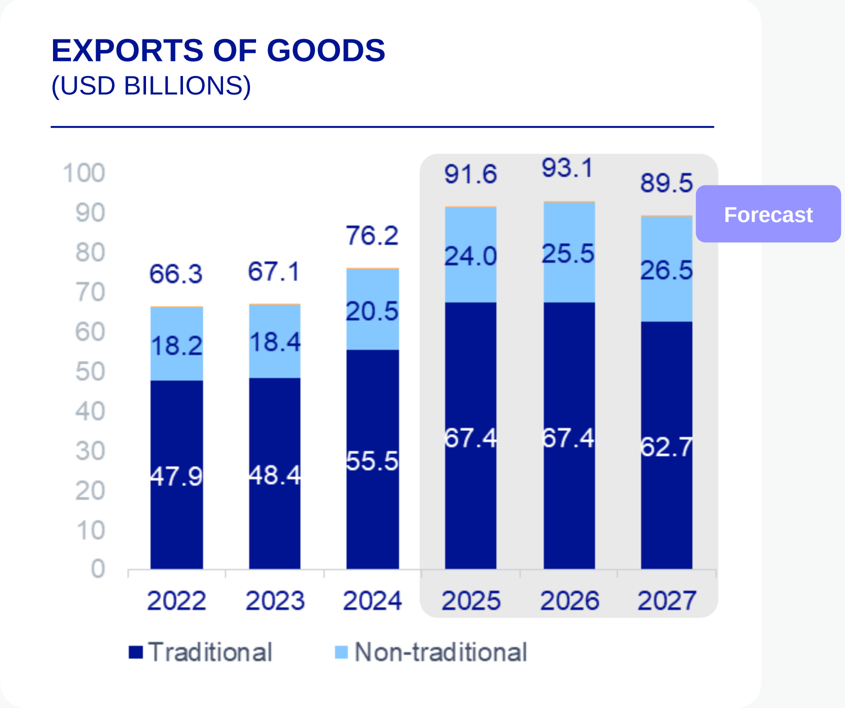
	4Q19	4Q23	4Q24	1Q25	2Q25	3Q25	26Nov[1]
Net International Reserves (NIR) (% of GDP)	28.9	26.1	26.8	26.7	27.4	26.4	28.1
NIR / Monthly imports (times)	16	13	14	14	14	14	15
NIR / Short-term external debt (times)	8.6	6.0	8.2	8.1	9.1	8.7	9.3
Medium and long-term liabilities (% of GDP)	30.8	34.3	33.6	33.3	33.7	32.8	N/A
Private (% of GDP)	14.2	12.1	11.4	11.2	10.2	10.2	N/A
Public (% of GDP)	16.6	22.2	22.1	22.2	23.5	22.6	N/A
Short-term liabilities (% of GDP)	3.4	4.3	3.2	3.3	3.0	3.0	N/A

* Information as of November 26
Source: BCRP

1/ The November figures use data from 3Q25 as the denominator
Source: BCRP

Looking ahead, the upward trend in metal prices dissipates and the advance of exported volumes moderates…



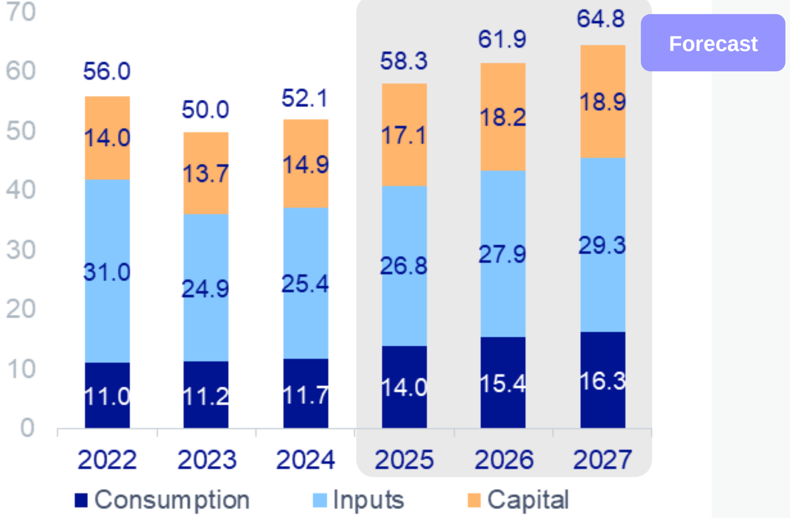


Source: BCRP and BBVA Research (forecasts)

… and on the side of goods imports, expansion of volumes reflecting dynamism of domestic demand

IMPORTS OF GOODS
(Y/Y % CHG.)

IMPORTS OF GOODS
(USD BILLIONS)



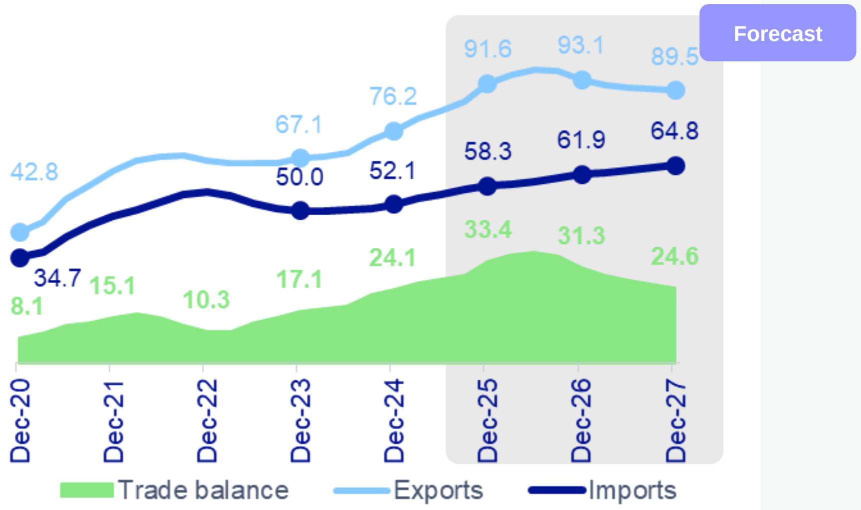
Source: BCRP and BBVA Research (forecasts)

Thus, the trade surplus will increase again this year and, with some setbacks, should remain high next year

- In 2025, the trade surplus will rise due to the increase in the terms of trade (high metal prices, lower international prices of inputs, including oil) and despite the dynamism of imported volumes (reflecting the strength of domestic demand) and the tariffs introduced by the Trump administration in the U.S.

- By 2026 , the increase in the volume of imports (associated with the sustained growth in domestic demand) will be the main factor behind the reduction in the trade surplus. Additionally, we expect a small increase in the terms of trade: although there will be some decrease in export prices (some metals, in particular) throughout the year, the average level will exceed that of 2025.

TRADE BALANCE
(USD BILLIONS, ROLLING LAST 12 MONTHS)

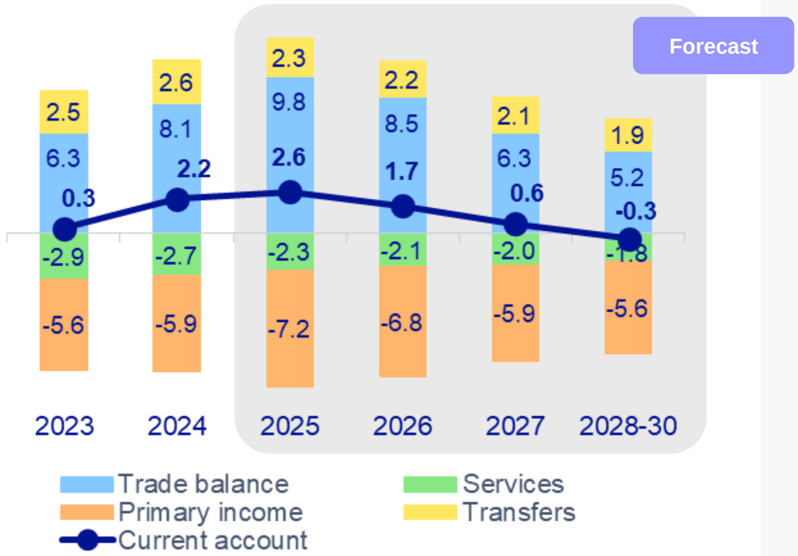


Source: BCRP and BBVA Research (forecasts)

The current account of the balance of payments will also continue to show a surplus for the next two years

- The current account surplus will increase in 2025 because the trade surplus will be higher and despite the higher profits expected to be generated by foreign companies operating in the country (primary income).
- In 2026, the trade surplus will decrease, and although the profits generated by foreign companies will also decrease (as a percentage of GDP) and the services account (inbound tourism) will improve, the surplus in the current account will decrease.
- This moderation process will continue from 2027 onward, with a surplus of 0.6% of GDP that year and then a limited deficit of 0.3% of GDP as an annual average for 2028-30. The decline in the trade surplus explains this behavior, in line with a growth in import volumes that exceeds that of exports.

CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS (% of GDP)

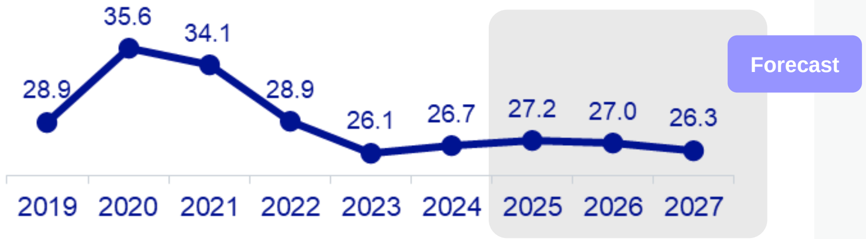


Source: BCRP and BBVA Research (forecasts)

In this context, the soundness of the external position will be preserved, keeping external financing needs limited

MEDIUM-AND LONG-TERM EXTERNAL LIABILITIES
(% OF GDP)

NET INTERNATIONAL RESERVES
(% OF GDP)



– Current account surplus in the 2025/27 period and a decline in international interest rates underpin Peru's continued external strength.

– In the same vein, medium- and long-term external liabilities will be gradually reduced as obligations are amortized in the absence of significant financing needs.

NET INTERNATIONAL RESERVES

	2020	2021	2022	2023	2024	2025	2026	2027
NIR/GDP (%)	35.6	34.1	28.9	26.1	26.7	27.2	27.0	26.3
NIR/Short-term external debt	7.5	8.1	7.4	6.0	8.2	9.5	10.2	10.5

Source: BCRP and BBVA Research (forecasts)

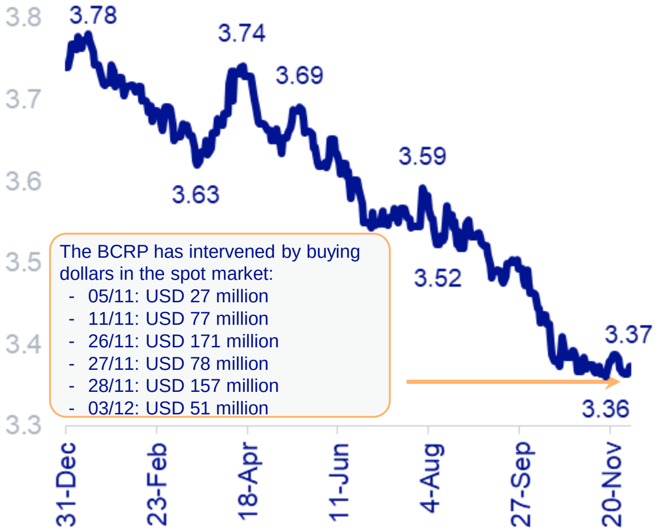
Research

2.5 Exchange rate, inflation, and monetary policy

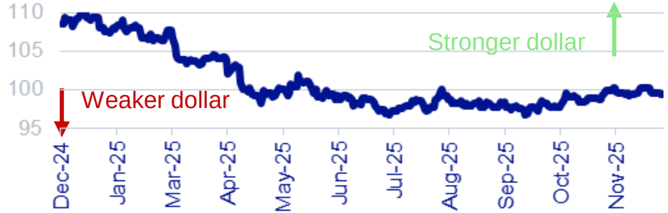
Forecasts for the Peruvian economy

Exchange rate: PEN has appreciated in an environment of global dollar weakness and high metal prices

EXCHANGE RATE
(PEN-USD)



DXY
(INDEX)



BCRP: BALANCE OF FX SALE SWAPS*
(BILLIONS OF USD)

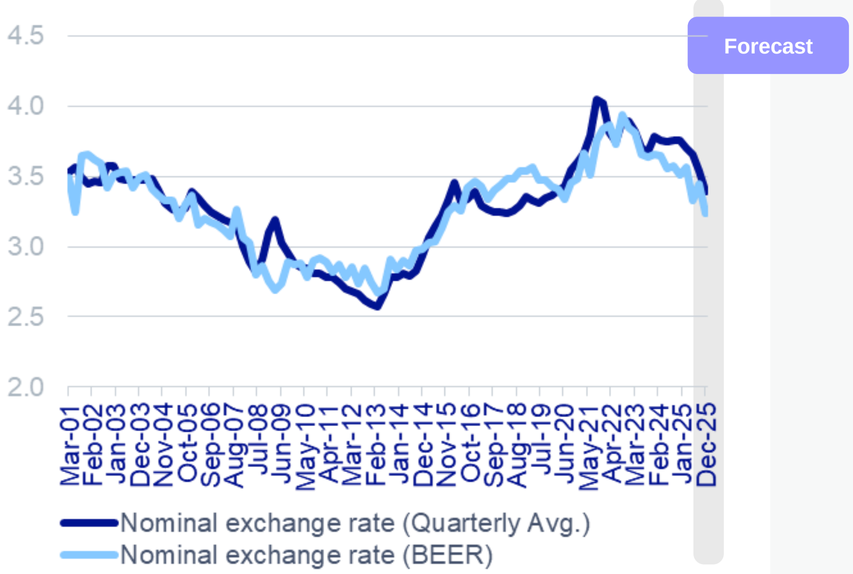
* Information as of November 26

Source: BCRP and Haver

The strengthening of the Peruvian sol is consistent with what macro fundamentals suggest

- Estimates of the exchange rate level (BEER model), consistent with other macroeconomic variables (net external assets, terms of trade, trade openness, and interest rate differential), indicate that it is between 3.20 and 3.30 soles per dollar.
- Net foreign assets as a percentage of GDP, generated by the accumulation of positive trade balances and record terms of trade, have reached a decade high.
- The range of the fundamental value of the nominal exchange rate coincides with the average exchange rate for that period (3Q15: 3.22 soles per dollar).
- It should be noted that the model does not reflect the impact of the political cycle.

EXCHANGE RATE - BEER MODEL
(QUARTERLY AVG.)



Source: BCRP and BBVA Research (forecasts)

Looking ahead, the PEN is expected to exhibit a temporary weakening trend as the electoral process progresses

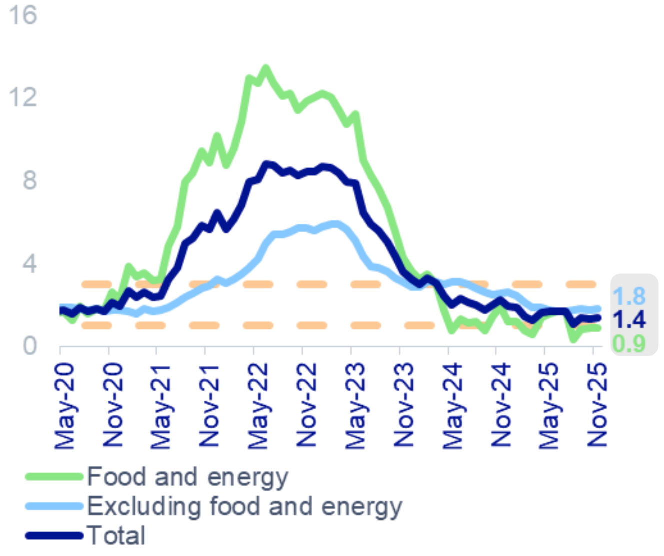
– External accounts will continue to support the PEN.
– The electoral noise will surely weaken the local currency temporarily in the coming months; the extent will depend on developments in the polls.
– After the elections, with the sustained support of the surplus in the external accounts and with the Fed in the process of normalizing its monetary policy interest rate, the local currency will strengthen.
– The USDPEN will close 2025 in a range between 3.35 and 3.45 soles per dollar. At the end of next year, after the elections, the exchange rate will be in a similar range, probably in the lower half of that range.

EXCHANGE RATE
(SOLES PER USD, DAILY AVERAGE IN THE MONTH)

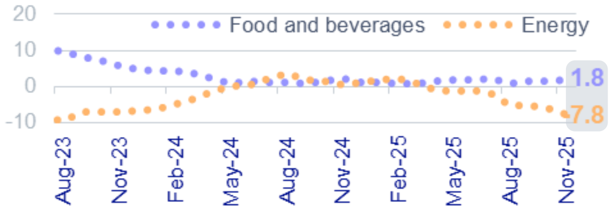
Source: BCRP and BBVA Research (forecasts)

Contained inflation in a context of strong PEN and lower international input prices

HEADLINE & CORE INFLATION*
(Y/Y % CHANGE IN THE CPI)

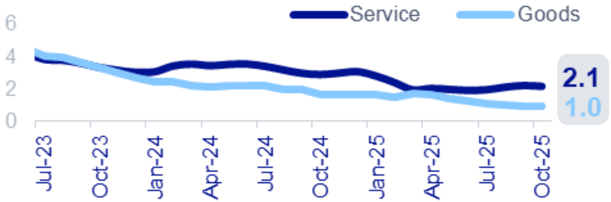


INFLATION: FOOD & ENERGY
(Y/Y % CHANGE)



The slow increase in food prices and the decline in energy prices keep inflation at the lower end of the target range

CORE INFLATION*: GOODS AND SERVICES (Y/Y % CHG.)

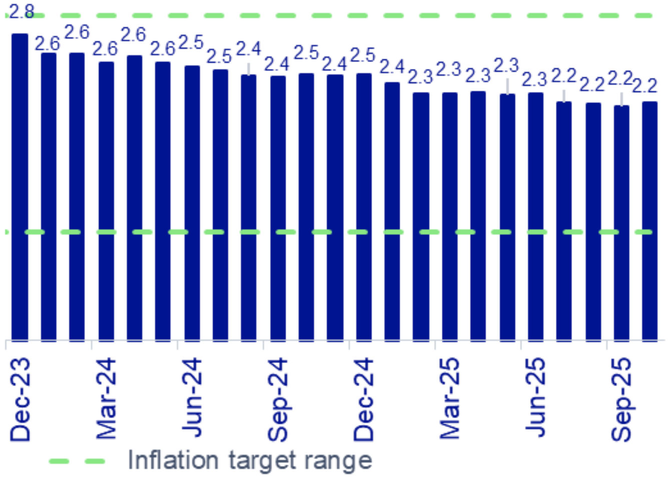


Appreciation of the local currency supports contained core inflation

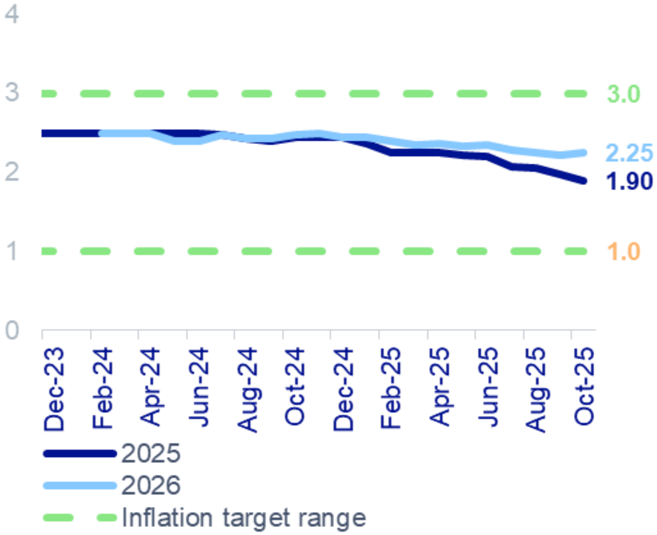
*: Excludes food and energy from the consumption basket
Source: INEI and BCRP

Inflation expectations remain anchored at the Central Bank's target range

12-MONTH INFLATION OUTLOOK
(Y/Y % CHANGE EXPECTED FOR THE CPI)



INFLATION FORECASTS
(FOR YEAR-END, %)



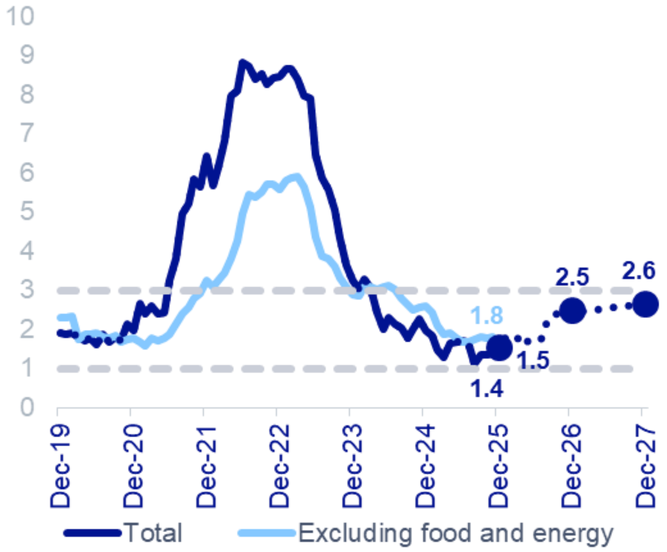
Source: BCRP

We expect inflation to rise, but remain comfortably within the target range

- Headline inflation has been at the lower end of the target range (2%, +/- one percentage point) for several months in an environment of strong appreciation of the local currency and a decline in international input prices, including oil.
- However, inflation excluding food and energy and inflation expectations are around the middle of the range, while economic activity is not far from its potential level (absence of demand pressures on prices).
- We do not foresee a major change in the year-on-year inflation rate for the rest of the year. It will end 2025 at around 1.5%.
- In 2026, the appreciation of the Peruvian sol will be more contained and the price of oil will show greater stability, so inflation will increase but will remain comfortably within the target range (2.5% in December of that year).

Y/y % chg. (EOP)	Oct-25	Dec-25 (f)	Dec-26 (f)
Exchange rate	-9.1	-9.1	-0.7
WTI Oil	-15.7	-15.7	0.8
Wheat	-10.8	-9.1	10.6
Corn	3.1	6.6	7.8

INFLATION
(Y/Y % CHANGE IN THE CPI)

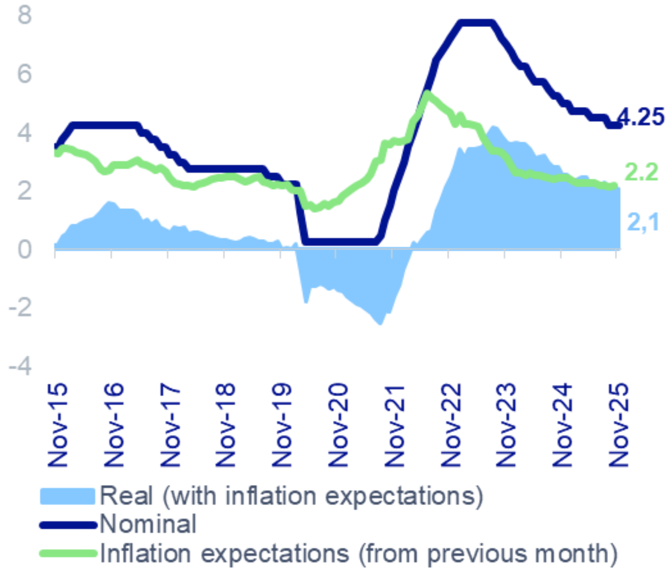


Source: INEI, BCRP, and BBVA Research (forecasts)

Monetary policy rate: Remains around its neutral level

- After the September cut, the Central Bank has kept its policy rate at 4.25% This reflects, according to our estimates, a neutral monetary position.
- Inflation remains at the lower end of the target range due to transitory supply factors, which contain food, energy, and fuel prices. But core inflation and inflation expectations remain around 2%.
- According to the central bank, economic activity is around its potential level, while the BCRP's macroeconomic expectations survey shows that the current outlook indicators are improving and that business confidence is trending upward.
- The monetary stance is therefore consistent with the price outlook and with the cyclical position of the Peruvian economy.

MONETARY POLICY INTEREST RATE (%)

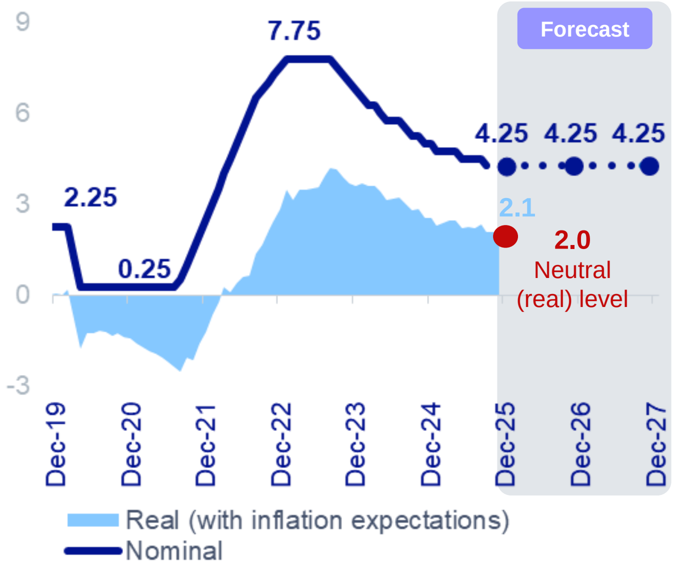


Source: BCRP

In our baseline scenario, the policy rate will remain unchanged going forward

- In our baseline scenario, inflation will increase going forward but will remain within the target range. Economic activity, on the other hand, will be close to its potential level.
- This scenario is consistent with a policy interest rate at its neutral level. Our estimate for the neutral rate measured in nominal terms is a range between 4.00% and 4.50%.
- As a result, we expect the reference interest rate to remain at 4.25% over the coming months.
- Additional rate cut? Difficult to rule out due to the current persistently low inflation (which may put pressure on inflationary expectations in the same direction) and the strength of the local currency (which may affect the price formation process).
- In our baseline scenario, however, there are no additional rate cuts: Inflation will rise going forward, domestic demand is solid (5.9% in the third quarter), the release of pension funds will further boost private spending, and electoral noise will surely put some upward pressure on the exchange rate.

MONETARY POLICY RATE
(%)



Source: BCRP and BBVA Research (forecasts)

BBVA Research

3. Main risks for forecasts of the Peruvian economy

Main risks

Main risks to the growth forecasts of the Peruvian economy in 2025 and 2026

EXTERNAL RISKS

- New negative supply shocks (tariffs and immigration policy in the U.S.
- Financial tensions due to the pressure of the Trump administration on the Fed or debt crises in some major economy.
- Greater investment in AI or greater productivity that results from it.

LOCAL RISKS

- An increase in political or social conflict.
- Electoral result contrary to the market economy.
- Greater insecurity associated with increased crime.
- Advance of illegal economies.
- Deterioration of weather conditions at the beginning of 2026 (El Niño phenomenon).
- A new withdrawal of pension funds in 2026.

4. Summary of macroeconomic forecasts

Forecasts

Summary of macroeconomic forecasts

	2023	2024	2025 (f)	2026(f)
GDP (chg. %)	-0.4	3.5	3.3	3.1
Domestic demand (excluding inventories, chg. %)	-0.4	3.3	4.9	3.5
Private spending (chg. %)	-1.4	2.9	5.2	3.7
Private consumption (chg. %)	0.1	2.8	3.9	3.7
Private investment (chg. %)	-6.1	3.3	9.4	3.5
Public expenditure (chg. %)	4.3	5.3	4.1	2.8
Public consumption (chg. %)	4.9	2.1	3.9	2.2
Public investment (chg. %)	2.4	14.7	4.5	4.5
Exports (chg. %)	4.1	6.1	6.7	2.2
Imports (chg. %)	1.3	8.4	12.9	3.9
Exchange rate (vs. USD, EOP)	3.74	3.74	3.35 - 3.45	3.35 - 3.45
Inflation (% y/y, EOP)	3.2	2.0	1.5	2.5
Monetary policy interest rate (%, EOP)	6.75	5.00	4.25	4.25
Fiscal balance (% of GDP)	-2.7	-3.4	-2.2	-1.8
Current account balance of payments (% of GDP)	0.7	2.2	2.6	1.7
Exports (USD billion)	67.5	76.2	91.6	93.1
Imports (USD billion)	49.8	52.1	58.3	61.9

(f) Forecast. Forecast closing date: November 28 2025.
Source: BBVA Research.

Summary of macroeconomic forecasts

	2023	2024	2025 (f)	2026(f)	2027(f)
GDP (chg. %)	-0.4	3.5	3.3	3.1	2.6
Primary GDP (chg. %)	3.7	4.8	3.1	1.8	1.1
Agricultural	-2.1	5.4	5.1	2.5	3.0
Fishing	-21.2	27.2	-4.4	11.3	0.0
Mining[1]	9.4	3.0	2.2	1.2	0.0
Primary manufacturing	-2.3	8.3	4.0	1.3	2.0
Non-primary GDP (chg. %)	-1.4	3.2	3.1	3.3	2.9
Non-primary manufacturing	-8.0	5.8	0.8	2.9	2.5
Construction	-8.2	3.6	5.6	2.5	3.7
Commerce	2.4	3.0	3.4	3.6	3.0
Other services	0.1	2.3	3.2	3.4	3.1

1/ Includes Metal mining and Hydrocarbons

(f) Forecast. Forecast closing date: November 28 2025.
Source: BBVA Research.

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