

March 2026

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# **Economic Outlook — Peru**

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# Key points: external macro outlook

**Global growth soft-landed in 2025**, despite slowdown fears linked to geopolitical tensions, policy uncertainty, and US tariffs. The economy proved resilient thanks to easing inflation and interest rates, a weaker US dollar, fiscal stimulus, AI investment, and low energy prices.



**The outbreak of war in Iran adds a new headwind for the global economy.** A short-lived conflict with limited macro impact remains the baseline, but uncertainty has risen. A more prolonged war that keeps energy prices elevated could lift inflation while also weakening demand.



**Growth in the G3 could exceed earlier forecasts**, supported by stronger incoming data and a larger AI contribution, provided the war in Iran is brief. While inflation has recently surprised to the downside, several factors, especially in the US, could keep it more persistent than expected.



**The Fed still looks set to cut rates after pausing in 1H26**, which favors a weaker US dollar. The ECB is not expected to deliver further cuts. Still, if Middle East turmoil persists, central banks would again face the trade-off between higher energy prices and weaker demand.



# Key points: domestic macro outlook

## Economic activity



The Peruvian economy continued to perform relatively well in the last quarter of 2025, with an expansion of 3.2%. The main driver was private spending—both consumer spending and investment—against a backdrop in which labor market indicators and confidence levels continued to show positive trends, despite the approaching general election. With this, growth in 2025 closed at 3.4%.

The recent deterioration in weather conditions, the restriction of local fuel supply, and the sharp increase in the international price of oil will surely have a significant negative impact on the macroeconomic figures for 2026, especially those of the first half of the year. In this context, and despite the upward revision of U.S. growth and terms of trade, the growth forecast for Peru in 2026 has been lowered from 3.1% to 2.9%.

Next year, after the supply shocks dissipate, Peruvian economic growth will rebound, reaching 3.1%.

## Fiscal accounts



The deficit fell to 2.2% of GDP in 2025—from 3.4% in 2024—thus meeting the ceiling of the fiscal rule for the first time since 2022. High metal prices, robust private spending, tax enforcement measures and extraordinary revenues contributed to the increase in tax revenue. There was also a decline in capital expenditures, particularly to support the state-owned oil company.

Despite the upward revision of terms of trade, the fiscal deficit forecast for the next couple of years (2026 and 2027) has deteriorated. This takes into account, for instance, the sharp increase in public sector payroll expenses in 2026 and military procurement. Even so, gross public debt would be around 32% of GDP in 2027, which will continue to compare well with the figures of other countries in the region.

The fiscal outlook, however, continues to present risks: the possibility that Congress will approve measures that increase expenses and the losses of the state oil company are two of the main ones.

# Key points: domestic macro outlook

## External accounts



In a context of high terms of trade that continue to favor the trade balance (both at an all-time high) and despite the dynamism of domestic demand (and, in this context, the volume of imports), the current account of the balance of payments surplus reached a level equivalent to 3.1% of GDP in 2025, the highest since 2006.

With high copper and gold prices expected for the remainder of the year and in 2027, and assuming that the sharp increase in international oil prices is transitory, the outlook will not change much from now on and the terms of trade will remain elevated.

In this context, the current account surplus will exceed 3.5% of GDP this year and will still be around 2.0% next year.

## Exchange rate



The recent conflict in the Middle East changed the Peruvian sol's appreciation trend, which was being contained by the Central Bank. With the increase in geopolitical tensions, the dollar has strengthened globally. The domestic currency has weakened abruptly and strongly.

In the baseline scenario, the peak reached by these tensions will be brief and with limited macroeconomic impact. In this context, following the general election, and assuming that the newly elected officials are not market unfriendly, we expect the Peruvian sol to trend stronger again, supported by the continued high current account surplus and the widening interest rate differential (the Fed will resume cutting its policy rate in the second half of the year).

The exchange rate is projected to close 2026 in a range between 3.25 and 3.35 soles per dollar (as a daily average for December). In 2027 it will end in a similar range.

# Key points: domestic macro outlook

## Inflation



Inflation remains within the target range (2%, +/- one percentage point) and in February stood at 2.2%. Core inflation and inflation expectations are also around the center of the target range.

The negative supply shocks that have been affecting the Peruvian economy will probably have, however, an upward impact on inflation in the coming months, more clearly in the short term.

The transitory nature of these shocks suggests that the increase in the year-on-year rate of inflation will tend to dissipate toward the end of the year. We thus expect inflation to end 2026 within the target range, at 2.6%, and at a not very different level in 2027.

## Monetary policy interest rate



After taking it to 4.25% in September of last year, the Central Bank has since maintained the policy rate at that level.

The supply shocks that have been affecting the Peruvian economy weaken activity but raise inflation in the coming months. In this environment, we do not foresee changes in the policy rate.

This forecast is conditional on inflation expectations not being greatly compromised by the transitory increase in the pace at which prices are rising.

## Main risks to economic growth forecasts



Among the main external risks that may divert growth forecasts are (i) a prolonged conflict in the Middle East; (ii) further negative supply shocks; (iii) a correction in financial markets associated with artificial intelligence (or further expansion); (iv) financial tensions stemming from pressure exerted by the Trump administration on the Fed or a debt crisis in a major economy.

Among the main domestic risks are (i) more intense weather anomalies than those considered; (ii) a longer interruption of the domestic supply of natural gas; (iii) an increase in political or social conflict; (iv) an electoral result which is market unfriendly; (v) greater insecurity associated with increased crime; (vi) the advance of illegal economies; (vii) a more favorable impact of terms of trade; and (viii) a new withdrawal of pension funds in 2026.

1. Context and forecasts

# Global scenario

# Despite negative shocks, the world economy has showed resilience, backed by policy tailwinds and the AI boom

**GLOBAL GDP GROWTH: QUARTERLY**  
(Y/Y %, SEASONALLY ADJUSTED, CONSTANT PRICES)



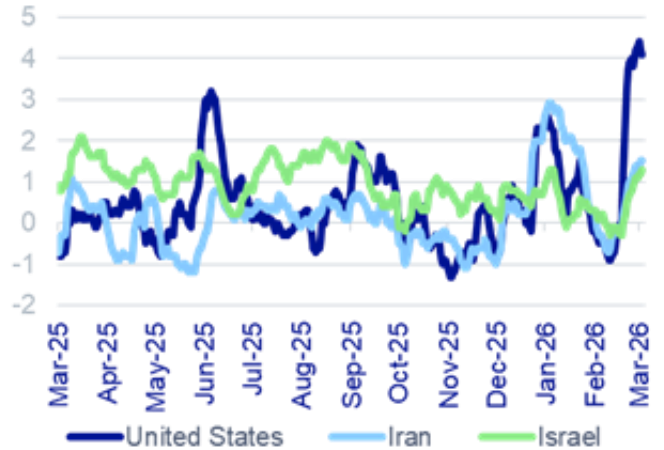
**Global growth soft-landed** in 2025 despite deceleration fears, underpinned by several factors:

- limited impact of geopolitical tensions, protectionism and policy uncertainty, so far.
- fall in inflation and interest rates.
- weak USD.
- fiscal stimuli.
- AI spending.
- low energy prices.

**Early-2026 macro data is broadly positive**, but the **war in Iran** has increased uncertainty ahead.

# The outbreak of an armed conflict in Iran has lifted energy prices, reinforcing global uncertainty and risks

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



Source: BBVA Research

**BRENT PRICES**  
(USD PER BRENT BARREL)

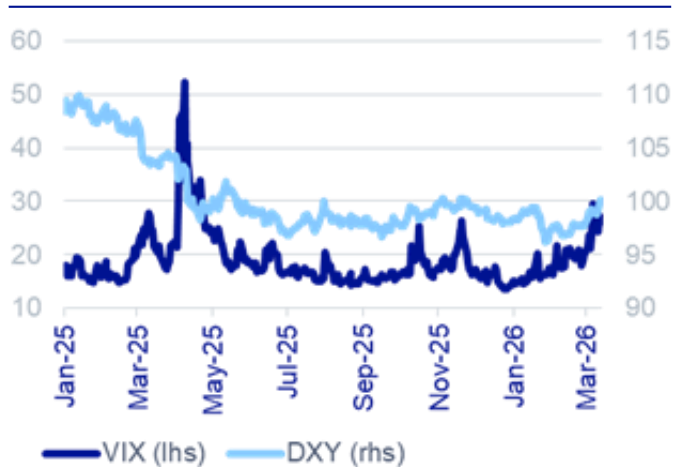


Source: BBVA Research based on data from Haver

**US-Israel attacks on Iran, and the ensuing escalation of the conflict reignited geopolitical tensions in the Middle East; energy prices have jumped amid production and transportation disruptions across the region**

# The market impact of the Middle East conflict has been strong but contained, consistent with a short-lived war view

**VOLATILITY (VIX); US DOLLAR (DXY)  
(INDEXES)**



**US SOVEREIGN YIELDS  
(%)**



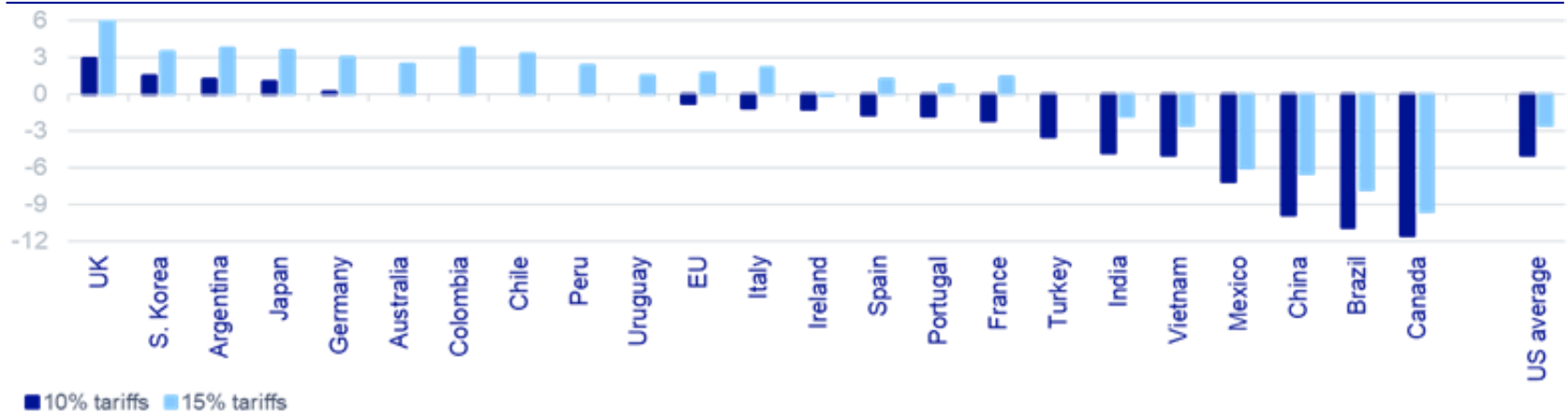
Source: BBVA Research based on data from Haver

Source: BBVA Research based on data from Haver

**Following initial attacks on Iran, volatility has increased, the USD has appreciated (while remaining relatively weak), and US yields rose as inflation fears outweigh safe haven demand; markets are now pricing in fewer US rate cuts this year and higher odds of an ECB rate hike**

# US tariffs continue at historically high levels despite the decline following the IEEPA-tariffs overruling

US STATUTORY TARIFFS: CHANGE DUE TO THE SHIFT FROM IEEPA TO SECTION 122 (\*) (PP)



(\*) These estimations are based on 2024 trade flows. They assume that previously announced trade deals do not remain in place.  
Source: BBVA Research

**Statutory US tariffs fell somewhat, from an overall level around 15%, following the announcement of new import duties, based on Section 122 of the Trade Act of 1974, to replace overruled reciprocal and fentanyl tariffs; these temporary duties could be eventually replaced by more permanent ones**

# Tariff-related uncertainty persists but appears to be a diminishing source of concern; global trade remains solid

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



Source: BBVA Research

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

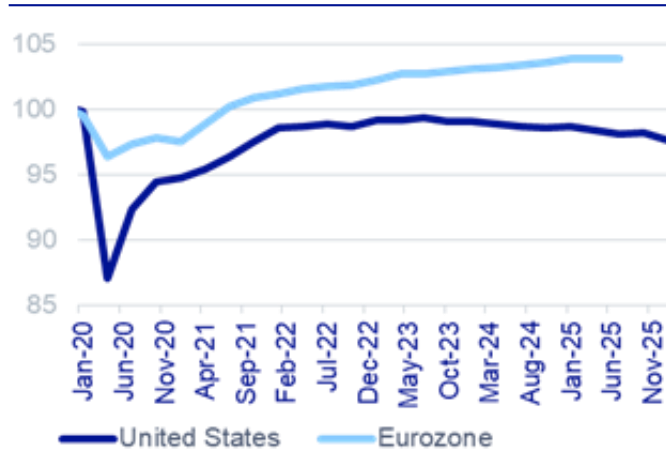


Source: BBVA Research based on data from Haver

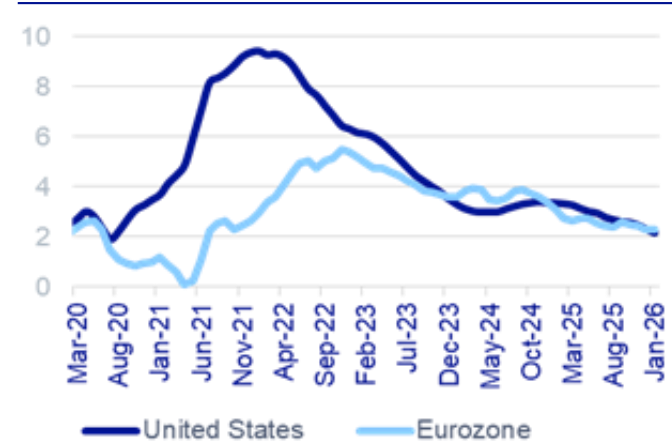
**Global trade remains resilient, particularly in China, but also in the US; the incipient impact of higher tariffs is being offset by factors such as import frontloading effects, effective tariffs below statutory levels, and the boom in AI-related imports**

# Lower immigration could be contributing to lower employment in the US; wages, however, continue to ease

**EMPLOYMENT-POPULATION RATIO (\*)**  
(INDEX: 2019 AVERAGE = 100)



**NOMINAL WAGES**  
(Y/Y %, 3-MONTH MOVING AVERAGE)



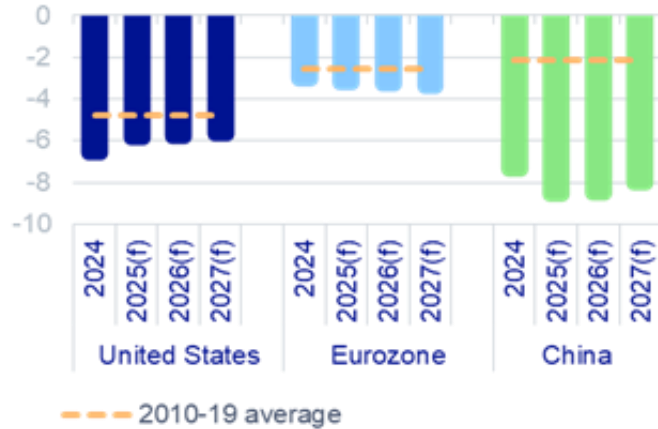
(\*) US: 16 y ears and over; EZ: from 15 to 74 years.  
Source: BBVA Research based on data from Fred and Eurostat

Source: BBVA Research based on data from Indeed

**The US unemployment rate has fallen more recently (4.4% in Feb/26) easing labor deceleration concerns; in the Eurozone, it continues at low levels (6.2% in Dec/25) and real wages are growing at a positive rate**

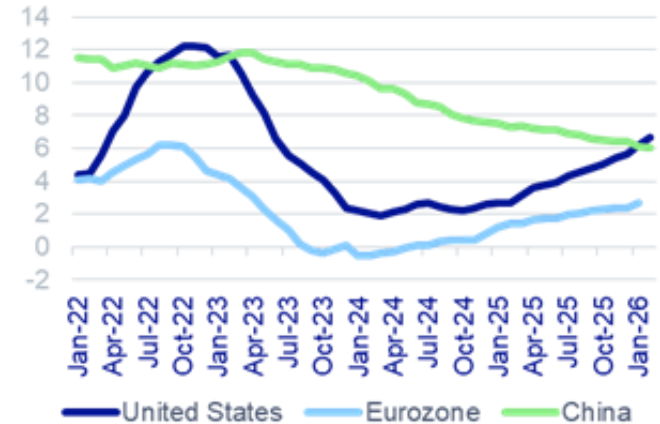
# Economic policies are providing a significant cyclical support to economic activity

**FISCAL BALANCE (\*)**  
(% OF GDP)



(f): forecast  
 (\*) Forecasts by BBVA Research for the Eurozone, by the CBO for the US and by the IMF for China.  
 Source: BBVA Research based on data from the IMF

**BANKING CREDIT: STOCK**  
(Y/Y %)



Source: BBVA Research based on data from FRED and Eurostat

**Supportive fiscal policies remain in place, led by defense spending in the Eurozone and tax cuts (partially offset by tariff revenues) in the US; policy rates have fallen by 175 bps in the US and 200bps in the Eurozone since mid-2024, contributing to growth resilience**

# AI spending has been one of the main drivers of US growth

## US: AI-RELATED INVESTMENT (\*)

(CONTRIBUTION TO GDP GROWTH; 12-MONTHS MOVING AVERAGE: PP)



## US: LABOR PRODUCTIVITY PER HOUR

(INDEX: 2005-2019 AVERAGE = 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

**AI-adoption has been contributing to investment and private consumption (due to wealth effects from AI-equity gains); AI-related imports are also increasing**

# 2025 growth was higher than expected; preliminary data suggest that dynamism persisted at the start of 2026

## GDP: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS TO GDP GROWTH (\*)

(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)



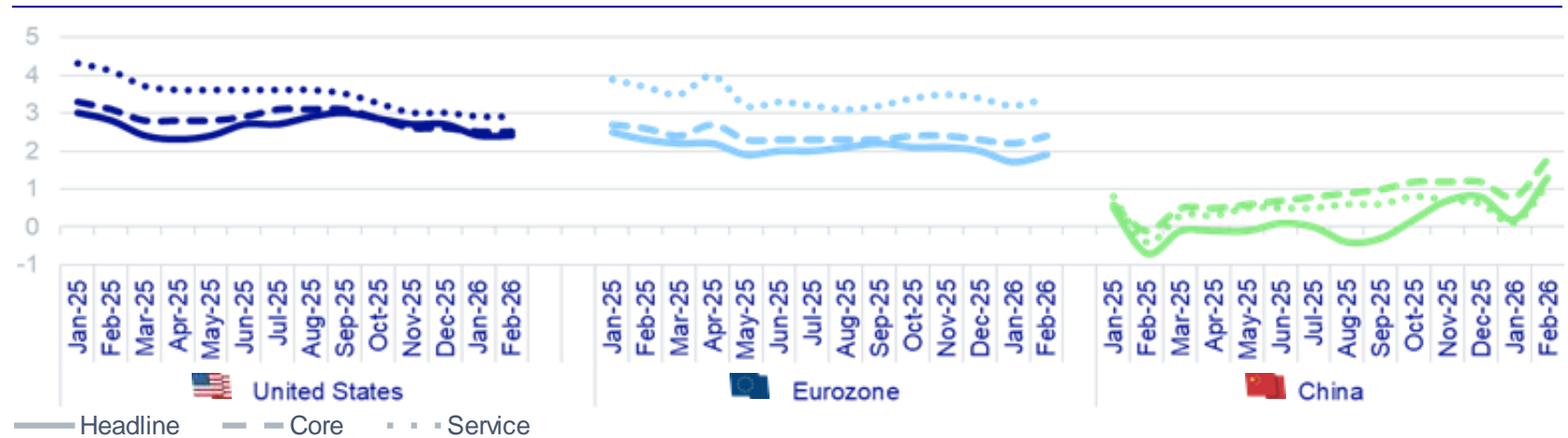
(\*) 1Q26: BBVA Research forecasts

Source: BBVA Research based on data from Haver and China's NBS

**Growth has been backed mostly by domestic demand and the service sector in the US and the Eurozone; external demand has been key to keep growth relatively stable in China**

# Inflation had in general moderated more than expected ahead of the recent surge in energy prices

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

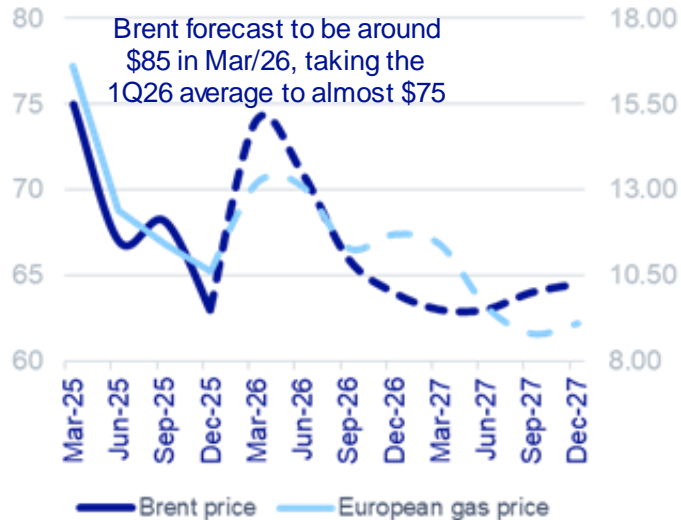


Source: BBVA Research based on data from Haver

**Inflation moderation was driven by low energy prices ahead of the conflict in Iran, smaller pressure from service (mainly shelter) prices in the US, and controlled goods inflation in the Eurozone**

# Middle-East tensions: a temporary conflict, with limited macro impact, is likely, despite large uncertainty

## ENERGY PRICES: BBVA RESEARCH FORECASTS (BRENT: USD/BARREL, GAS: USD/MMBtu; QUARTERLY AVERAGES)



Source: BBVA Research based on data from Haver

The war in Iran can affect the global economy through different channels: i) higher energy prices, ii) supply disruptions, iii) financial risk-off, and iv) weaker confidence.

Measures to reduce the transmission of global energy prices to domestic markets and support economic activity are likely.

A short war would allow energy prices, financial conditions and confidence to normalize soon, limiting negative effects on inflation and growth.

A more prolonged conflict would imply a sharp negative shock to the global economy, mainly for net energy importers (Europe, China) and riskier assets (particularly in emerging markets).

# Beyond the evolution of the conflict in Iran, many other factors will shape the global economy moving ahead

## Main drivers of macroeconomic dynamics

### United States



- continued **fiscal stimulus**.
- potentially lower **Fed** rates.
- **AI** support to demand and eventually to productivity.
- structurally weaker **dollar**.
- robust **consumption**, led by top earners (wealth effects).
- **tariffs** to remain in place.
- large **uncertainty** on domestic policy-making.

### Eurozone



- **fiscal impulse**, mainly through **defense spending**.
- stable **interest rates**.
- large exposure to higher **energy prices**.
- stronger **euro**.
- gradual **AI** adoption.
- challenging adaptation to **new global order**.

### China



- **supply-demand imbalance**.
- strong **exports**, but likely to decelerate.
- still weak **yuan**.
- production **overcapacity**.
- “**anti-involution**” campaign.
- measured **policy stimulus**.
- subdued **confidence**.
- **housing market** correction.

# Global growth is likely to remain dynamic, driven by policy tailwinds and AI, at least if the Iran war proves short-lived

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



(\*) Global GDP is forecast to grow 3.2% in 2025, 3.2% in 2026 and 3.3% in 2027, respectively 0.0pp, 0.1pp and 0.1 higher than the previous forecasts.

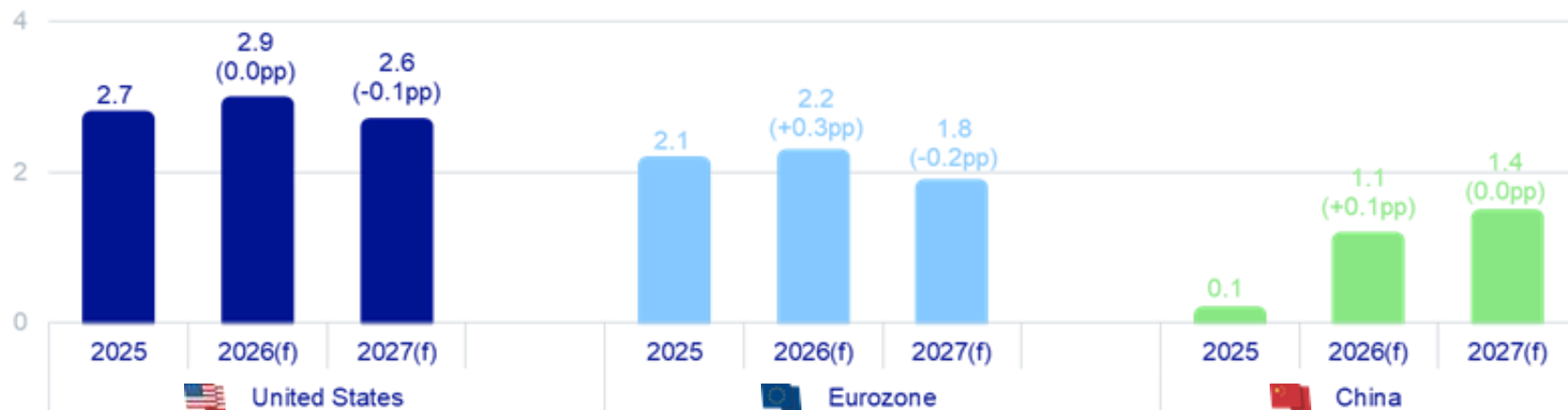
(f): forecast.

Source: BBVA Research

**Incoming data and expectations of a larger AI-driven contribution support growth prospects, especially in the US, and offset the negative effects of a temporary rise in energy prices, which weighs more on the Eurozone than on the US or China**

# Inflation will remain relatively high in the US, and is likely to be slightly above 2% in the Eurozone and to edge up in China

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

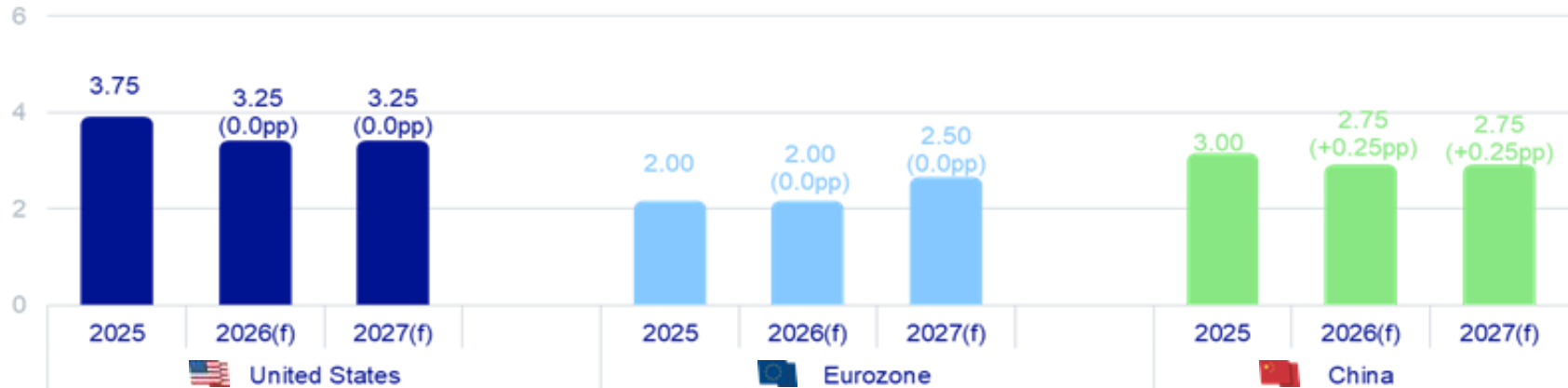


(f): forecast.  
Source: BBVA Research

**Energy prices, resilient demand, US tariff pass-through, sticky euro-area services inflation, and China's "anti-involution" drive, among other factors, are likely to keep global inflation under pressure**

# Higher energy prices could reduce the room for monetary easing, especially if they prove persistent

## POLICY INTEREST RATES <sup>(\*)</sup> (% , 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.

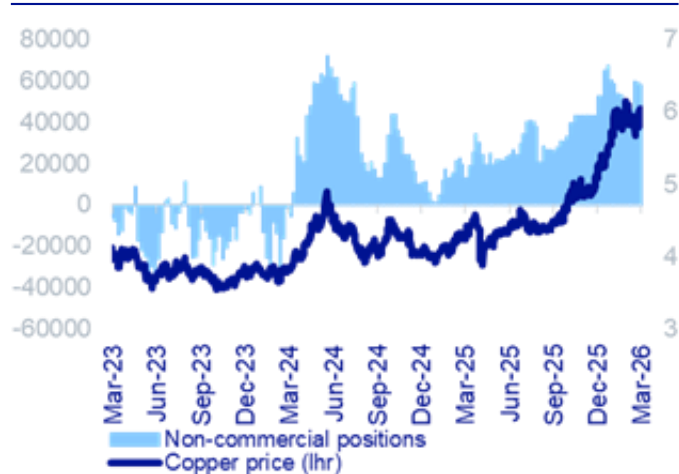
Source: BBVA Research

**A more prolonged war in Iran would lift inflation and weaken demand, posing a dilemma for central banks, which would nonetheless be more likely to turn hawkish, especially the Fed, given greater inflation concerns in the US**

# The price of copper stabilizes at high levels...

## COPPER PRICE AND NON-COMMERCIAL POSITIONS<sup>1</sup>

(USD PER POUND - NUMBER OF CONTRACTS)



- At the beginning of the year, copper prices extended the gains observed in 2025, supported by a favorable financial environment and medium-term fundamentals. In particular, expectations of rate cuts by the Fed, a relatively weak dollar, and tariff risk continued to provide support to copper prices, short-term factors that added to structural factors such as the energy transition, investment in AI (data centers), and higher defense spending.
- This trend, however, faced episodes of correction in an environment of greater volatility due to the nomination of Kevin Warsh as Fed chairman – which raised expectations of a more hawkish stance – and, more recently, due to the conflict in the Middle East, which increased risks to global activity. In this context, non-commercial positions have shown some moderation in recent months.
- Even with these episodes of volatility, the price of copper remains at high levels: On average so far this year it stands at USD 5.88/lb, which implies a 5% increase so far in 2026 and 35% above its level a year ago, suggesting that supportive factors continue to outweigh risk factors.

<sup>1</sup>: Information as of March 11  
Source: BCRP, COMEX and BBVA Research

# ... despite the increase in inventories

## COPPER PRICE, SPREAD SPOT-3M<sup>1</sup> (DOLLARS PER POUND, LME)



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



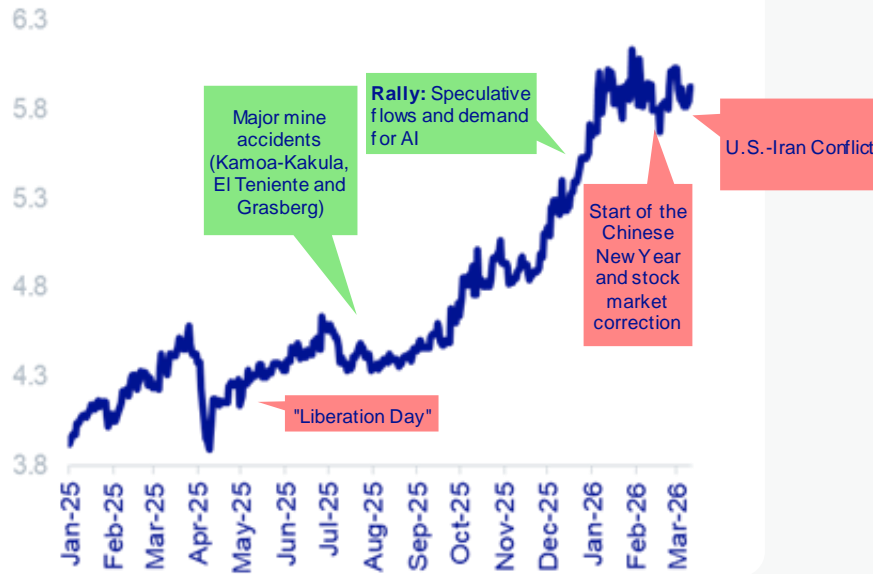
\* Information as of March 11

/1: Spot price < futures price (ample market), spot price > futures price (perceived scarcity)

Source: *International Copper Study Group* and *Cochilco*

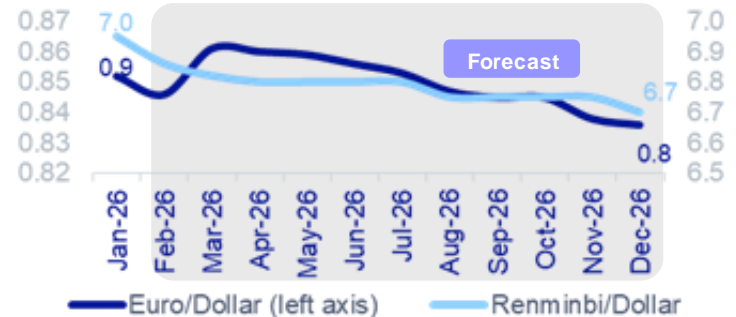
# We expect copper prices to moderate throughout the year, but will still be higher on average than in 2025...

**COPPER PRICE<sup>1</sup>**  
(DOLLARS PER POUND, LME)



- After the supply disruptions recorded in 2025, a gradual recovery in copper production is expected throughout the year, which will induce a moderation in the price.
- This trend is expected to continue despite the anticipated weakening of the dollar, which supports stronger demand for the metal by lowering its cost in other currencies (such as the RMB) for consumers worldwide.
- Although the price of copper is expected to decline throughout the year, on an annual average it will be higher in 2026 than in 2025, consistent with a more pronounced market deficit.

**BILATERAL EXCHANGE RATE**  
(EUR/USD-RENMINBI/USD)



# ... consistent with a more pronounced metal deficit in 2026

## WORLD REFINED COPPER BALANCE (DOLLARS PER POUND, LME)

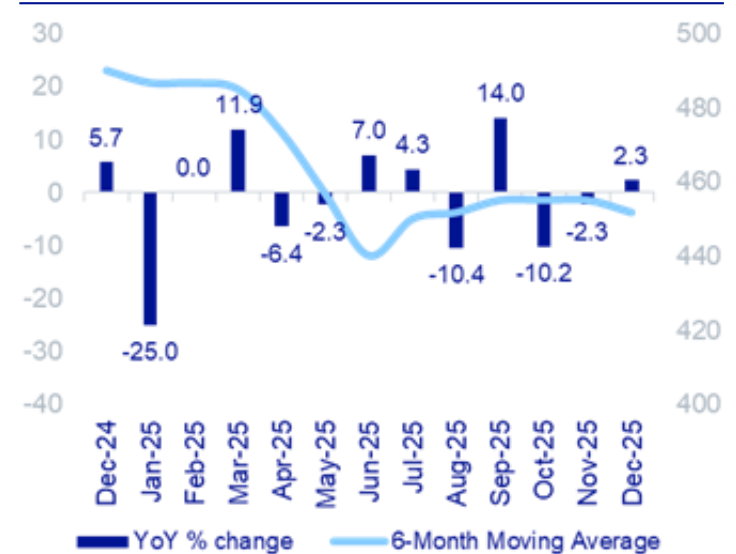
	2025		2026 e		2027 e	
	KTMF	Chg.	KTMF F	Chg.	KTMF	Chg.
<b>(1) Mine Product</b>	23.231	0,7%	23.738	2,2%	25.029	5,4%
<b>(2) Refined supply</b>	27.594	2,4%	28.235	2,3%	29.328	3,9%
Primary	23.579	2,7%	24.008	1,8%	25.038	4,3%
Secondary	4.015	0,7%	4.227	5,3%	4.290	1,5%
<b>(3) Refined demand</b>	27.718	3,8%	28.473	2,7%	29.277	2,8%
China	16.202	4,9%	16.580	2,3%	16.945	2,2%
RM	11.516	2,2%	11.893	3,3%	12.332	3,7%
<b>(2)-(3): Refined balance</b>	-123		-238		51	

Source: Cochilco, as of the fourth quarter of 2025

—The projected refining deficit for 2026 (-238 Ktmf) represents less than 1% of total demand, so its impact on prices would not be immediate. However, it would act as a floor in the face of downward pressures as the physical market begins to internalize the shortage of refined material.

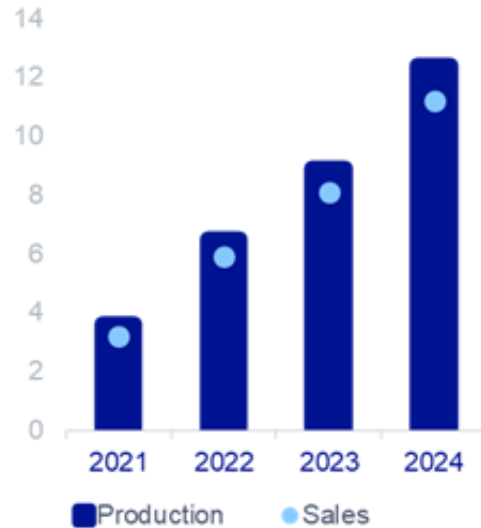
Source: International Copper Study Group and Cochilco

## CHINESE COPPER IMPORTS (THOUSANDS OF METRIC TONS)

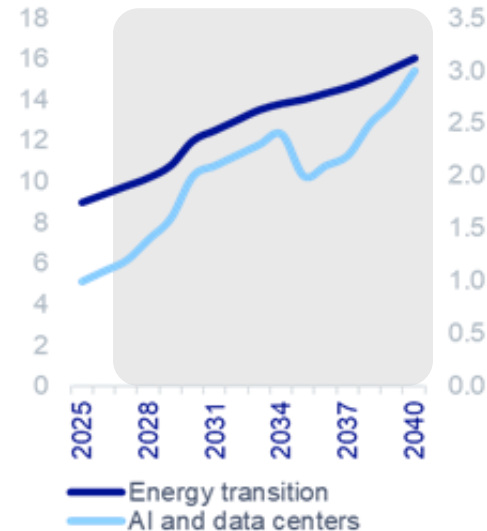


# In the medium term, investment in AI and data centers, as well as the energy transition, provide structural support

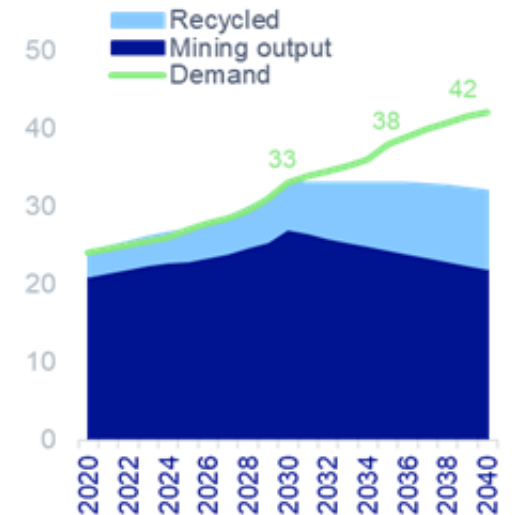
**ELECTRIC CAR OUTPUT AND SALES**  
(MILLIONS OF CARS)



**GLOBAL COPPER DEMAND BY SECTOR** (MILLIONS OF METRIC TONS)



**MARKET BALANCE BY 2040**  
(MILLIONS OF METRIC TONS)



# Gold Price: the rally continues, supported by risk aversion and favorable financial conditions

**GOLD PRICE<sup>1</sup>**  
(USD PER TROY OUNCE)

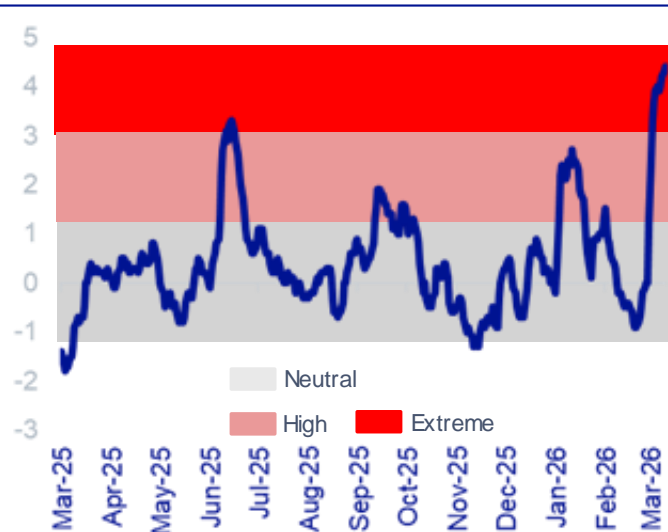


<sup>1</sup>: Information as of March 11  
Source: BCRP

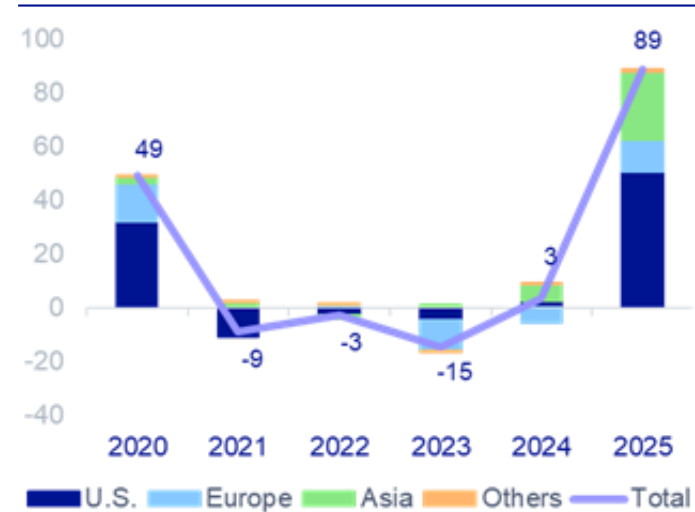
- Gold is up 20% so far this year and is 78% above its level a year ago, after closing 2025 with a gain of 65%. It is one of the best-performing assets of the period.
- The demand for protection in an environment of geopolitical tensions and greater risk aversion has been the main driver of the sustained rise.
- Expectations of additional rate cuts by the Fed, high levels of public debt in developed economies, and the relative weakness of the dollar reinforce gold's attractiveness as a store of value and hedging asset.

# Uncertainty drives demand for gold, reflected in higher flows into gold-backed ETFs

**U.S. GEOPOLITICAL RISK <sup>1</sup>**  
(INDEX, 28-DAY MOVING AVERAGE)



**GOLD-BACKED ETF FLOWS**  
(BILLIONS OF TONS)



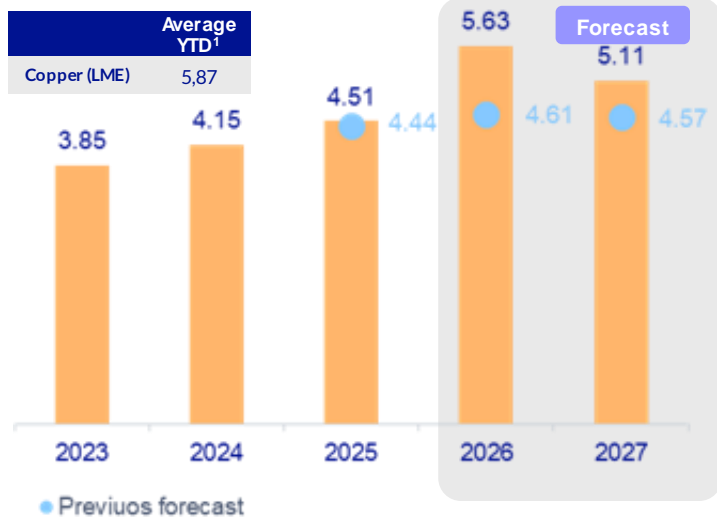
\* Information as of March 10.

/1: Index constructed by BBVA Research based on the tone and coverage associated with the GDELT search of the intersection of two sets of keywords, according to the methodology of Caldara, Dario and Matteo Iacoviello (2022).

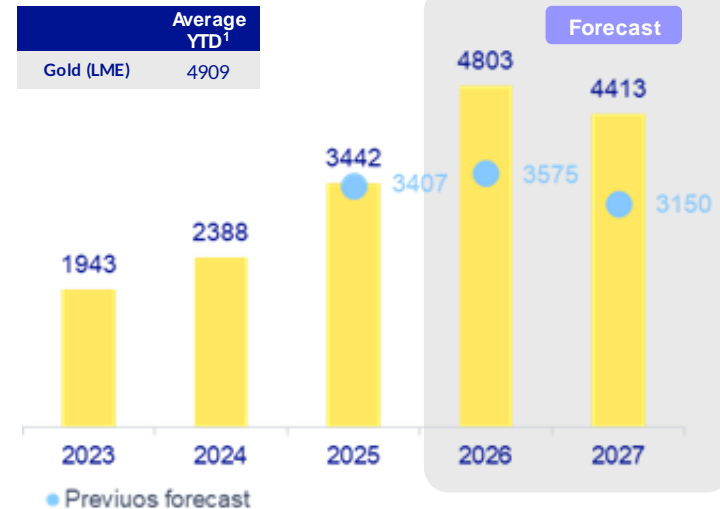
Source: BBVA Research and World Gold Council

# Copper and gold prices have been revised upward for 2026 and 2027 in our baseline scenario

## COPPER PRICE (USD PER POUND, LME)



## GOLD PRICE (USD PER TROY OUNCE)



<sup>1</sup>: Information as of March 11.  
Source: BCRP and BBVA Research (forecasts)

# Balance of risks of the external environment skewed to the downside

Risks	Potential impacts
<b>Geopolitical tensions</b>	<ul style="list-style-type: none"><li>— Iran: Energy prices, supply disruptions, financial tensions, migratory flows.</li><li>— war in Ukraine, U.S.-China rivalry, China-Japan tensions, Venezuela.</li></ul>
<b>AI</b>	<ul style="list-style-type: none"><li>— higher demand, GDP growth and inflation due to AI-related expenditure (short-term).</li><li>— higher productivity and potential GDP (medium-term).</li><li>— wealth effects on private consumption driven by AI shares.</li></ul>
<b>U.S.: policies and institutions</b>	<ul style="list-style-type: none"><li>— monetary policy mistakes: persistence of inflation, recession.</li><li>— erosion of the Fed's independence: lower rates, higher inflation, weaker dollar, volatility.</li><li>— deterioration of institutional checks and balances.</li></ul>
<b>Debt and credit markets</b>	<ul style="list-style-type: none"><li>— high public debt: sovereign debt crises, fiscal dominance leading to higher inflation.</li><li>— commercial real estate, shadow banking, leveraged credit, exposure to the Middle East.</li></ul>
<b>Protectionism</b>	<ul style="list-style-type: none"><li>— higher costs and lower trade volumes: lower global growth.</li><li>— fragmentation, reconfiguration of supply chains.</li></ul>
<b>Labor supply</b>	<ul style="list-style-type: none"><li>— lower labor supply due to migration policy and aging: pressures on wages and inflation.</li></ul>
<b>China</b>	<ul style="list-style-type: none"><li>— structural slowdown in growth, housing market crisis, deflation.</li></ul>
<b>Climate change</b>	<ul style="list-style-type: none"><li>— extreme events: price spikes, interruptions in output.</li><li>— investment in energy transition, adjustment costs.</li></ul>

2.1 Considerations in the baseline scenario

# Forecasts for the Peruvian economy

# Key considerations in the baseline scenario: three negative supply shocks appear, but also...

... the outlook for U.S. growth and terms of trade is improving

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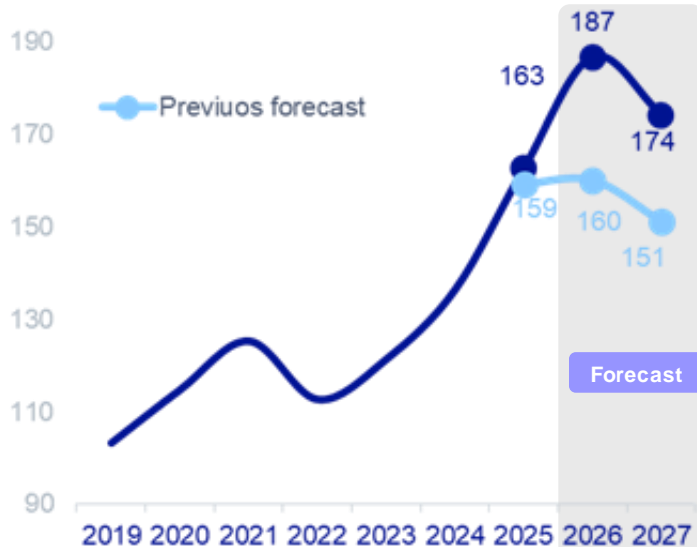
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# We anticipate a positive external scenario for Peru, assuming a short-lived conflict in the Middle East

## TERMS OF TRADE

(INDEX, 2007 = 100)



- The **conflict in the Middle East** has led to a fast and significant rise in the international price of oil, a commodity of which Peru is a net importer. In the baseline scenario, it is assumed that the conflict will last a **relatively short duration, likely a few weeks. Its macro impact at the global level will thus be limited.**
- The **outlook for U.S. growth for the next two years has risen** by more than half a percentage point. Recent data and the expectation of greater contribution from AI support the review.
- Average **prices of copper and gold, Peru's two main export products, will remain at high levels** in 2026 and 2027, even higher than in the previous projection: The price of copper will continue to be supported by the energy transition and investment in AI, which will result in a supply deficit that will be accentuated in 2026, and the price of gold in a geopolitical environment that sustains its attractiveness as a safe-haven asset. In this context, **Peru's terms of trade will not only remain at historically high levels but are higher than those of the previous base scenario.**

# Key considerations in the baseline scenario: three negative supply shocks appear, but also...

... the outlook for U.S. growth and terms of trade is improving

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# The Peruvian economy continued to perform relatively well in the last quarter of 2025

Private spending backed by a strong labor market and positive consumer confidence

## Growth sustained by domestic demand



- GDP 2025:** 3.4 %, a rate similar to that of the previous year. Boost in domestic demand (+5.8%), in particular private spending.
- GDP 1Q26:** Expected expansion of around 2.5% year-on-year. Consider the impact of negative supply-side shocks in March: weather anomalies, restrictions in the supply of natural gas and a sharp increase in the international price of oil.

## The labor market continues to perform well, with improvements in quality



- Employment is not only growing, but it is doing so with higher quality: Formal employment is increasing steadily, led by the private sector.
- Wages accelerate their growth, driving up the wage bill.

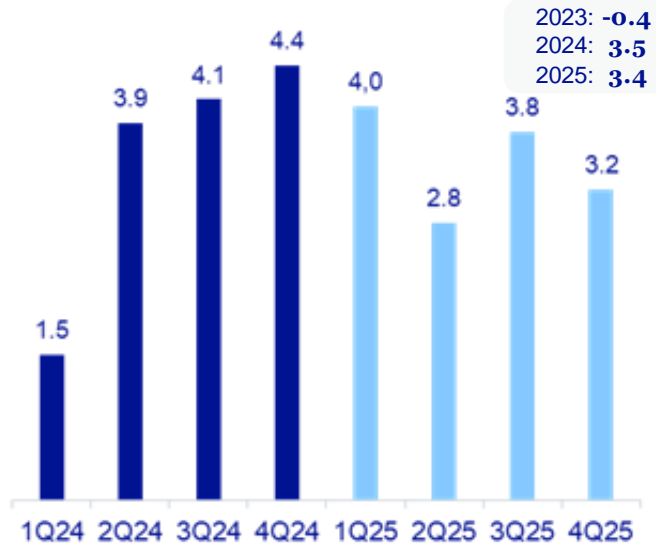
## Positive confidence, supporting the dynamism of private spending



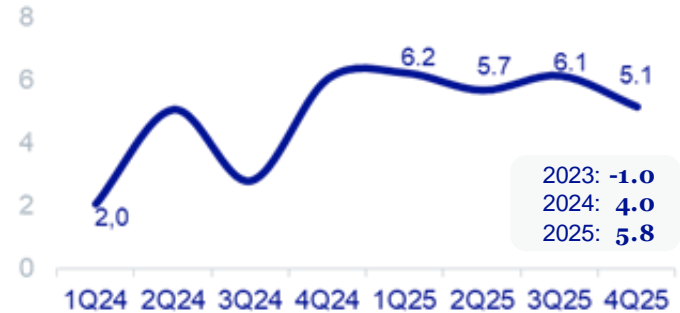
- Despite the proximity of the general elections, the change of government administration, and the onslaught of climate anomalies, business confidence remained positive at the beginning of the year.
- Consumer confidence reached 51 points in February, its highest level since early 2019, driven by improved employment prospects and a more positive outlook on future household finances.

# GDP continued to expand by more than 3.0%, while growth in domestic demand exceeded 5.0%

**GDP**  
(Y/Y % CHG.)



**DOMESTIC DEMAND**  
(Y/Y % CHG.)

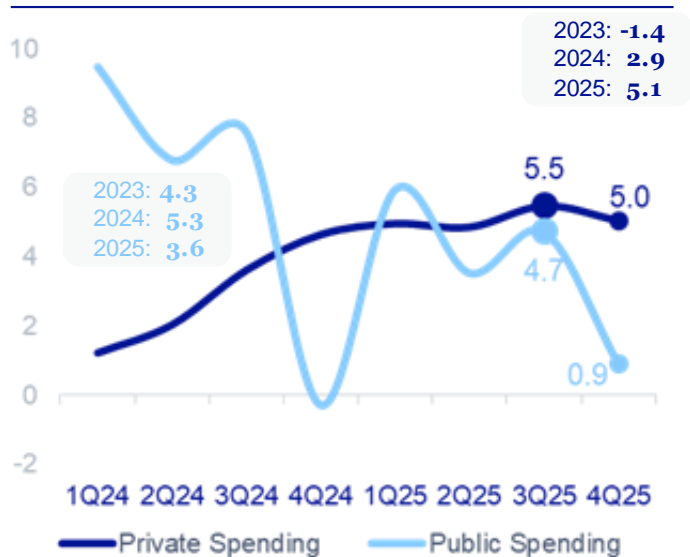


	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Domestic demand (excluding inventory, chg., % year-on-year chg.)	4.3	3.5	5.1	4.6	5.3	4.2
Net exports (contribution to growth, pp of GDP)	1.3	-1.6	-2.3	-2.9	-2.4	-2.1

# Within domestic demand, the performance of private spending, particularly investment, stands out

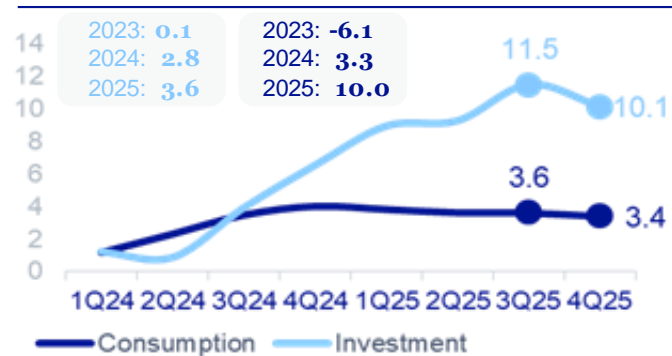
## PRIVATE AND PUBLIC SPENDING

(Y/Y % CHG.)



## PRIVATE SPENDING: COMPONENTS

(Y/Y % CHG.)

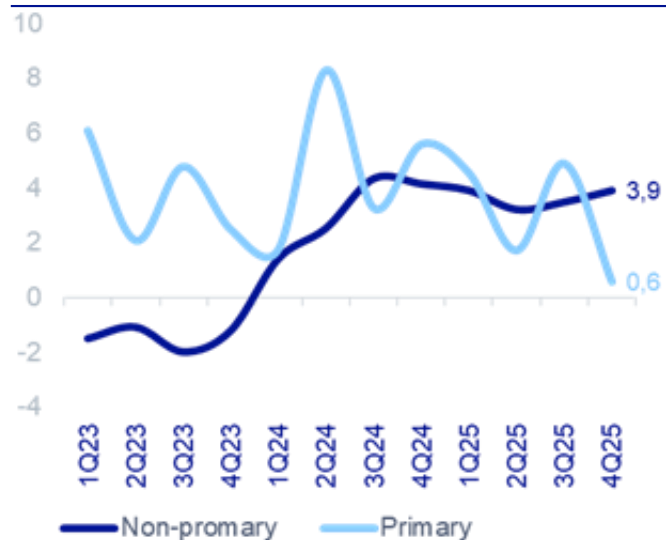


Gross fixed private investment	2024	1Q25	2Q25	3Q25	4Q25	2025
Residential investment	1.2	2.7	2.1	2.5	5.3	3.3
Non-residential investment	4.2	12.4	12.2	15.5	12.1	13.0
Mining	0.9	2.7	8.6	24.7	33.7	19.3
Non-mining	4.8	13.9	12.8	14.1	7.7	11.9

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

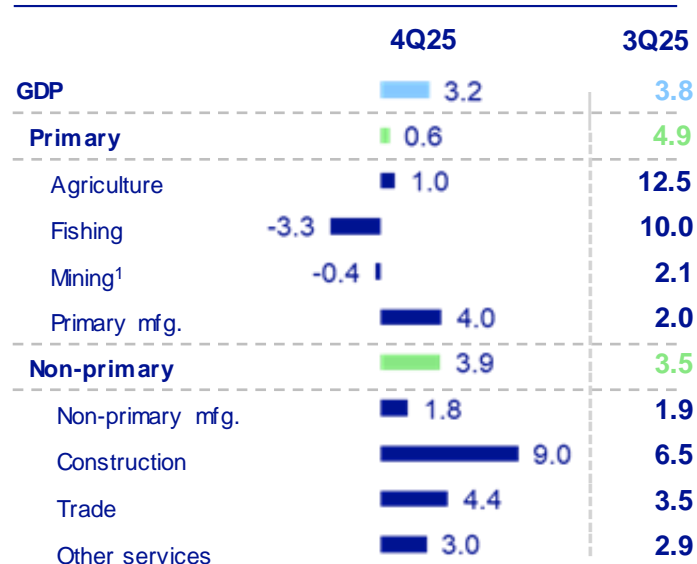
## GDP BY SECTOR

(Y/Y % CHG.)



## SECTORAL GDP 3Q25 AND 4Q25

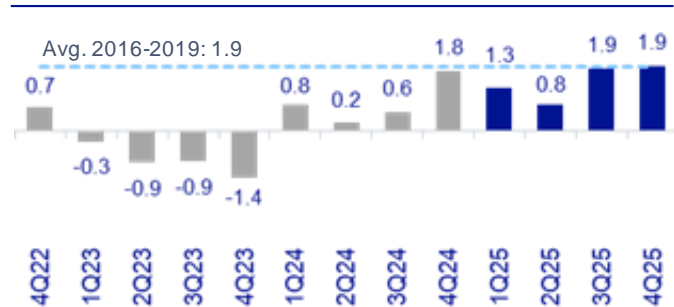
(Y/Y % CHG.)



# The labor market continued to show strong performance in 4Q25:

not only is employment on the rise, but it is doing so primarily in higher-quality jobs ...

**EMPLOYMENT AT NATIONAL LEVEL<sup>1</sup>**  
(Y/Y % CHG.)



y/y % chg.	4Q23	4Q24	1Q25	2Q25	3Q25	4Q25
WAP*	1.7	1.2	1.2	1.2	1.2	1.3
EAP*	0.0	1.2	0.3	0.8	0.7	1.1
Unemployment rate (%)	5.2	4.7	5.5	5.9	4.3	3.9

3.5: Avg. 4\*<sup>T</sup> 16-19

**PLANILLA ELECTRÓNICA SUNAT<sup>1</sup>**  
(THOUSANDS)



1: Until December 2022, ENAHO information is used; from now on, 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  
 \*\* Adjusted for inflation.  
 Source: INEI (ENAHO, EPEN). Prepared by: BBVA Research

1: Formal employment indicator  
 Source: SUNAT & BCRP

# ... while wages are growing faster and so is the total wage bill

## AVERAGE MONTHLY INCOME FROM WORK<sup>1,2</sup>

(CHG. % YEAR-ON-YEAR, AVERAGE LAST 4 QUARTERS)

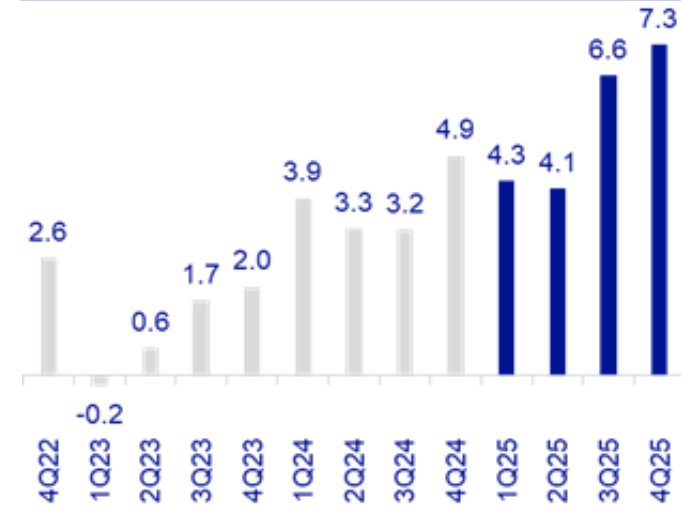
Adjusted for inflation



## NATIONAL EMPLOYMENT TOTAL WAGE BILL<sup>1,2</sup>

(Y/Y % CHG.)

Adjusted for inflation

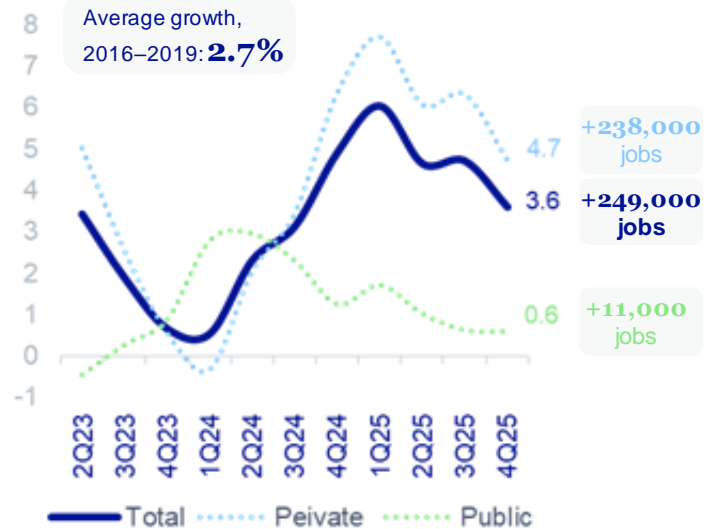


\*WAP: Working-age population (between 14 and 65 years old). EAP: Economically active population, that is, those who have a job or are looking for one  
1: Until December 2022, ENAHO information is used. For 2023, 2024 and 2025, the EPEN is used.  
2: For the calculation of the total wage bill, the national 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

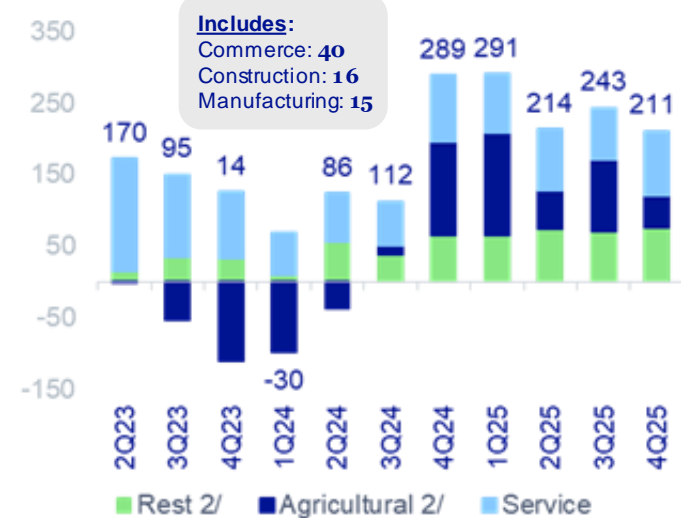
# Formal employment, in particular, continues to increase steadily, particularly in the private sector

## FORMAL JOBS

(Y/Y % CHG.)



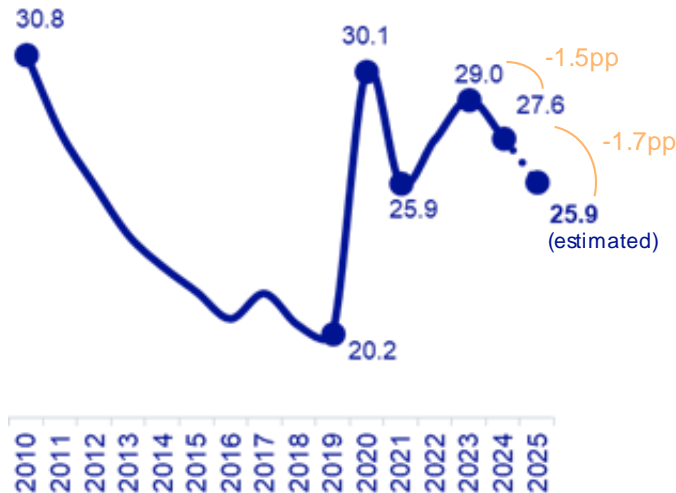
## FORMAL JOBS IN THE PRIVATE SECTOR<sup>1</sup> (Y/Y CHANGE, IN THOUSANDS)



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

# In this context, we estimate that the fraction of the population in a condition of monetary poverty decreased in 2025

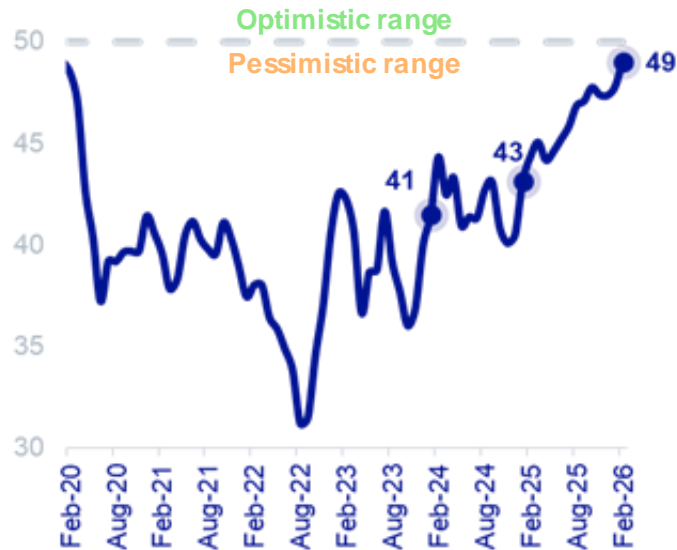
**MONETARY POVERTY RATE**  
(% POPULATION)



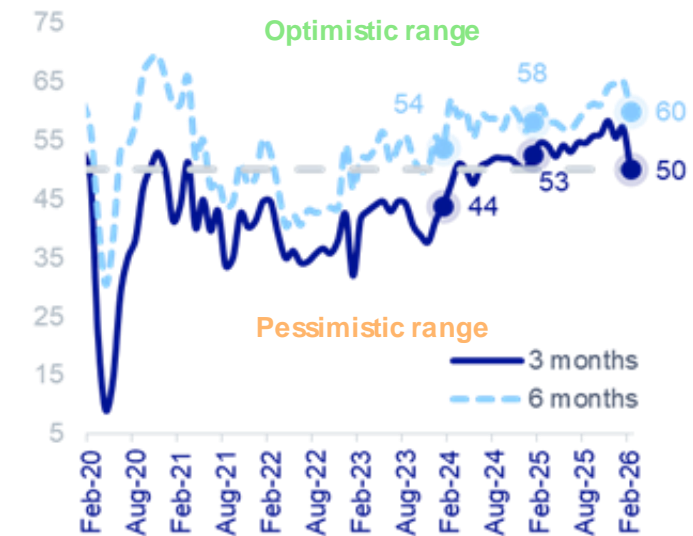
- We estimate that monetary poverty would stand at **25.9%** in **2025**, a reduction of 1.7 p.p. compared to 2024, which would imply that about half a million people would have left this situation.
- **This result reflects the good performance of the economy**, particularly the labor market, and the moderation of inflation, factors that have favored an improvement in the purchasing power of households.
- However, monetary poverty remains **nearly 6 points above pre-pandemic** levels (20.2% in 2019), revealing that the recovery is still incomplete.
- In this sense, the fact that one in four people does not have enough income to cover a basic basket (food and non-food) shows that **the challenge is still significant**.
- If the current rate of reduction continues, the country could approach pre-pandemic levels in 2028, although achieving this will require not only growth, but also policies focused on the most vulnerable households.

# The acceleration of private spending coincided with the upward trend in confidence

**CONSUMER CONFIDENCE**  
(THREE-MONTH MOVING AVERAGE, POINTS)



**BUSINESS CONFIDENCE**  
(POINTS)



# Key considerations in the baseline scenario: three negative supply shocks appear, but also...

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# Negative supply shock: the outlook for weather conditions has deteriorated

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## ENFEN

Bulletins:

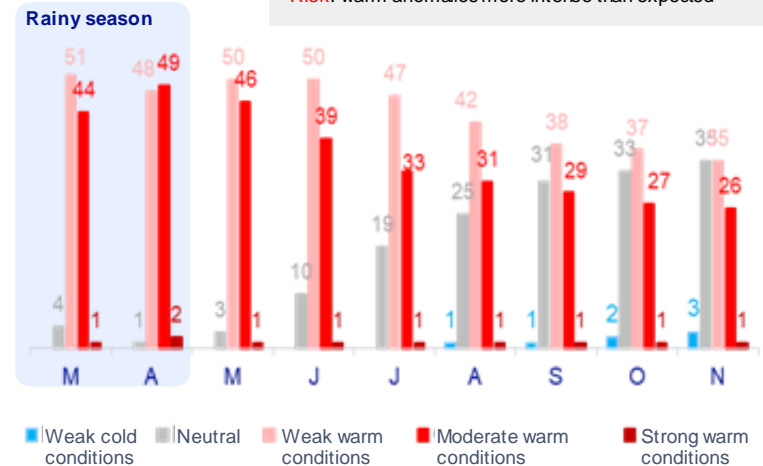


## SEA SURFACE TEMPERATURE ANOMALY ON THE NORTHERN PERUVIAN COAST (DEGREES CELSIUS, WEEKLY MOVING AVERAGE)



## ANOMALY IN THE TEMPERATURE OF THE PERUVIAN SEA: PROBABILITY OF SCENARIOS

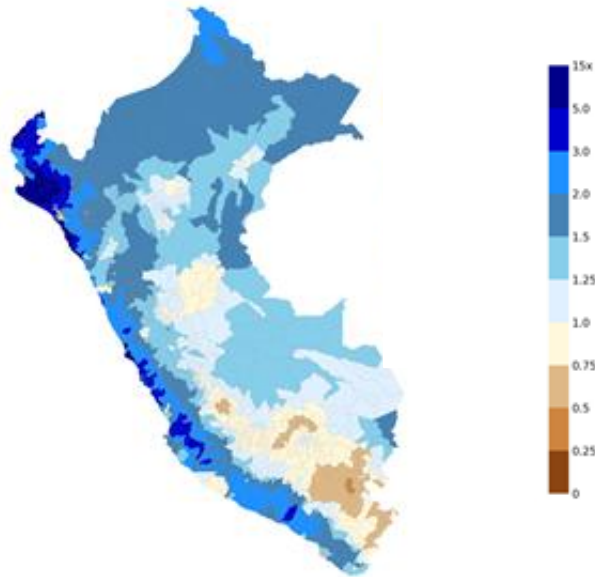
Weak warm conditions since late February.  
 Risk: warm anomalies more intense than expected



# Regional impact of rainfall in 2026: excess rainfall on the northern coast

## FEB 2026 | RAINFALL ANOMALIES

(REGARDING THE HISTORICAL AVERAGE OF FEBRUARY 1981-2010, > 1x: EXCESS RAINFALL)\*



	Risk level	Affected sectors
<b>Tumbes</b>	Very high	Agriculture, infrastructure, trade
<b>Piura</b>	Very high	Agriculture (mango), fishing, trade
<b>Lambayeque</b>	Very high	Agriculture (rice, sugar cane),
<b>La Libertad</b>	High	Agroexport (blueberry)
<b>Cajamarca</b>	High	Dairy farming
<b>Ica</b>	High	Agroexport (grapes, avocados, asparagus)
<b>Lima</b>	Average	Heat Stress in Birds

\*As of February 27. A value of 1 indicates average rainfall; a value greater than 1 indicates excess rainfall.  
Source: SENAMHI and BBVA Research

# Anomalous weather conditions will affect the performance of primary sector activities

## AFFECTED SECTORS

(NEGATIVE IMPACT)

### Fishing



Lower anchovy extraction in 2026

### Agriculture



Agro-exports affected: blueberry, mango, grape

### Primary manufacturing



Fishmeal/fish oil falls due to lower anchovy availability. In non-primary manufacturing: textile (warm winter)

The damage is concentrated in the second quarter of 2026. Normalization in 2027 favors growth rate of that year.

## AFFECTED SECTORS

(NEGATIVE IMPACT)

### Services (transportation)



Road closures on some routes along the northern coast for the remainder of the rainy season (March–April)

## AFFECTED SECTORS

(MIXED IMPACT)

### Construction



Less progress in the first quarter due to rains in the north; 2H26 rebound due to reconstruction work

**The final magnitude of the impact will depend on the intensity and duration of the event, and the public policy response. It is recommended to monitor ENFEN bulletins and sea conditions in the coming weeks.**



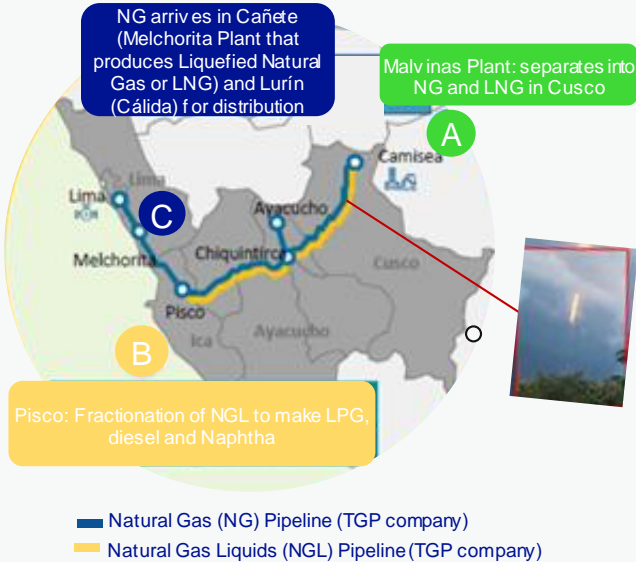
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# Negative supply shock: gas supply disruption in March

## NATURAL GAS TRANSPORTATION AND PROCESSING



- Estimated **14-day of energy emergency** (reduced national electricity generation capacity by 27%).
- Priority was given to **households, mass public transport, and essential industries.**
- The government eased the ban on the use of LPG in industrial processes.
- 70% of the national LPG ceased production.
- The spot price of electricity increased sixfold.

## ECONOMIC IMPACTS

The negative effect is transitory and would be reversed with the normalization of supply.

### ↓ GDP

- **Direct impact** on hydrocarbon **production.**
- **Indirect impact** on sectors such as: **manufacturing, transportation, and services,** which depend on natural gas and its derivatives as an input or source of energy.

### ↑ Inflation

**March prices pressured** by the increase in the price of LPG, fuels and urban transport, as well as their impact on other sectors.

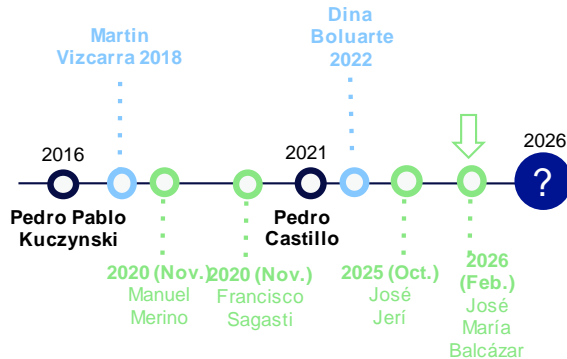
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# In the political context, Congress appoints a new President in Peru, the eighth change in the last 10 years

## PRESIDENTS OF PERU IN THE LAST 10 YEARS



- Elected in general elections
- Takes office by succession as Vice President
- Takes office by succession as President of Congress



February 18, 2026

- Congress elected José María Balcázar Zelada, congressman of Perú Libre, as President of Congress and, by constitutional succession, interim President of the Republic.
- Balcázar obtained 64 votes in the second round, beating María del Carmen Alva (Acción Popular), who obtained 46 votes. There were 3 void votes.



## Economic impact?

Political surprise, but the macroeconomic outlook does not change

**Transitional government.** Term of office ends on July 28: There is no time or political capital for structural changes in economic policy.

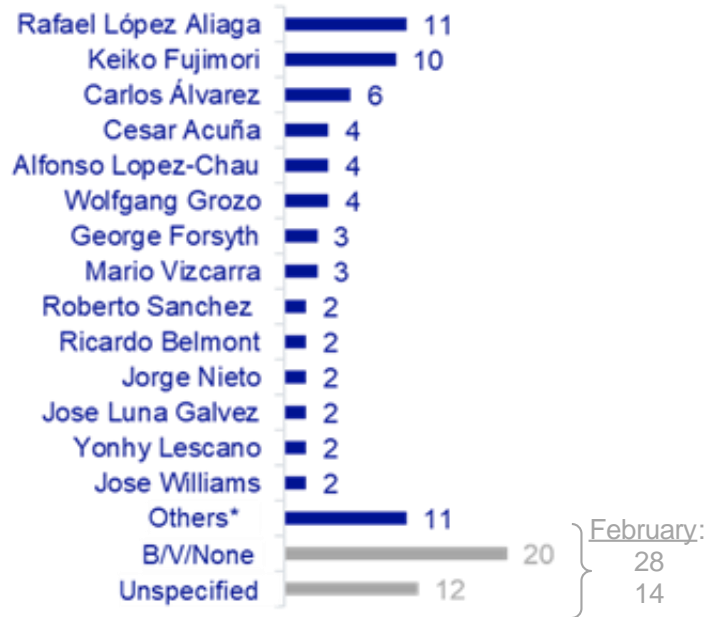
**Institutional anchors intact.** Record net international reserves of USD 99 billion and a shrinking fiscal deficit (low public debt). The monetary and fiscal policy framework remains unchanged.

**The market is already internalizing political instability.** Changes of president have been frequent in recent years and the possibility of this situation repeating was not ruled out.

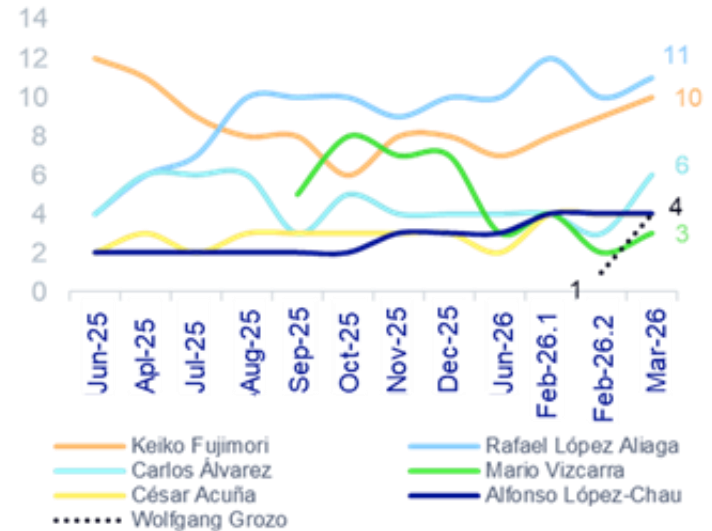
**External fundamentals provide a lot of support.** Record terms of trade, record trade balance.

# Electoral process: high uncertainty about the outcome due to the high fraction of undecided voters

VOTING INTENTION — MARCH 2026  
(%)



TREND IN VOTING INTENTION (%)



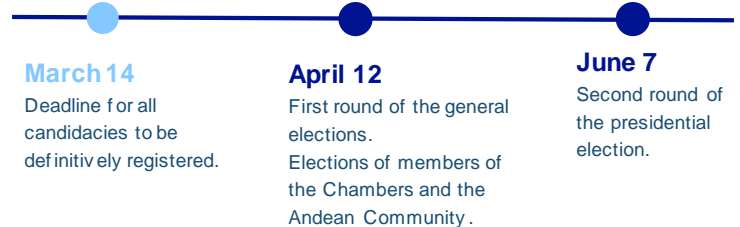
# Electoral process: high uncertainty about the outcome due to the high fraction of undecided voters

## VOTING INTENTION — UNDECIDED

(INCLUDES BLANK, VOID, NONE AND UNSPECIFIED)

	Year of Election (March)	First round of elections
2011 Elections	13%	12%
2016 Elections	22%	17%
2021 Elections	27%	19%
<b>2026 Elections</b>	<b>32%</b>	<b>?</b>

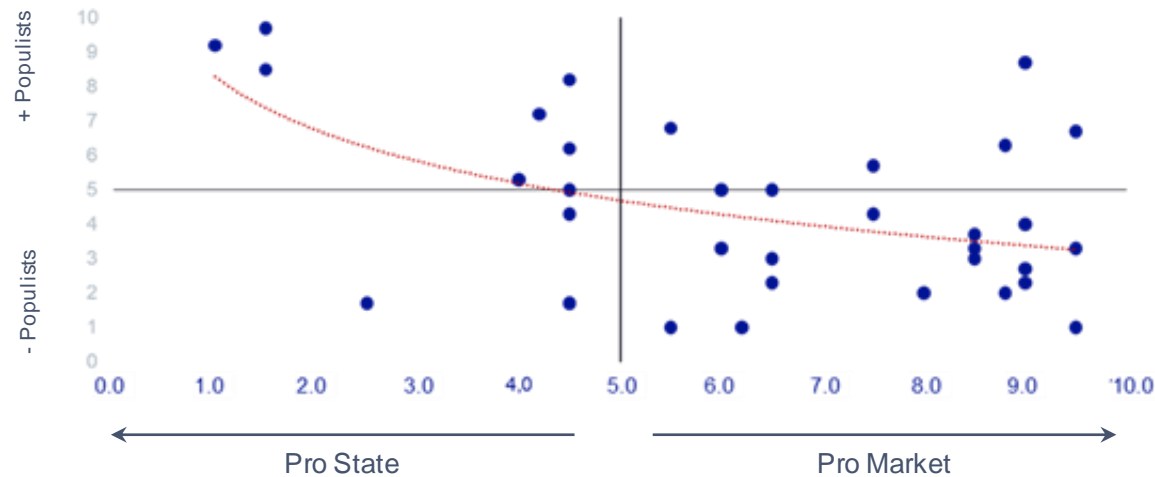
## ELECTIONS 2026 | IMPORTANT MILESTONES



# Populism, to a greater or lesser degree, is also present in the Government Plans

## POPULISM AND THE ECONOMIC POLICY ORIENTATION OF GOVERNMENT PLANS 1.2

(EACH DOT REPRESENTS A POLITICAL PARTY)



In the baseline scenario, it is assumed that President Balcázar completes his term in July (with no new presidential change until the winner of the electoral process takes office) and that, although there is uncertainty regarding the election outcome—which tends to be more pronounced in a context of a high number of undecided voters—the newly elected officials are not anti-market.

1: 35 Government Plans of the 36 candidacies are evaluated. To score whether a plan is Pro State or Pro Market, ChatGPT 5.2 and Notebook LM are used to evaluate plans in aspects such as: Role of the State, fiscal policy, taxation, regulation and labor market, external openness, and management of natural resources. A prompt is used to rate plans on those dimensions. Robustness exercises were performed.

2: To determine the populism score, ChatGPT 5.2 and Notebook LM are used, and three dimensions are evaluated: i) discursive (narrative "people vs. elite", anti-institutional tone, "them vs. us"), programmatic (simplified and unfeasible maximalist promises) and institutional (respect or weakening of democratic checks and balances). Each measures the degree to which the plan presents typical features of populism without conf using them with its ideological orientation.

Source: BBVA Research and government plans.

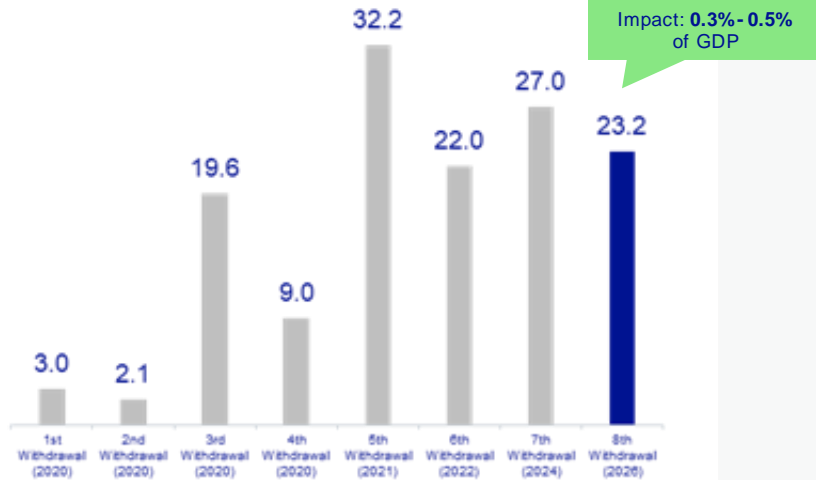
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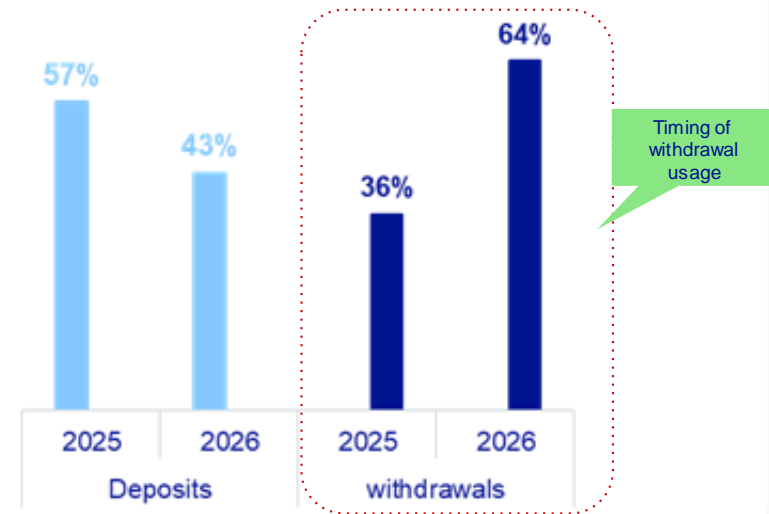
- **Positive international scenario in general for Peru.** Supply shock due to the **conflict in the Middle East** (sharp increase in the price of oil), but it is assumed that **it will be transitory** and with limited macro impact. In contrast, the outlook for U.S. growth and terms of trade is more favorable.
- **On the local side, the starting point of the forecasts considers that the Peruvian economy has been showing a relatively positive performance**, with growth of around 3.0%. However, in March activity has been affected by negative supply shocks.
- **Negative supply shock: the outlook for weather conditions has deteriorated.** In line with the latest available ENFEN report (27/02), it is now considered that, from the end of February, the sea temperature on the north coast will be warm (weak) for most of the year. Downward impact on GDP and upward impact on inflation in 2026.
- **Negative supply shock: gas supply interruption in March.** Temporary downward impact on activity and upward impact on inflation.
- **Uncertainty about the election result in the first half of the year.** It is assumed that the newly elected authorities are not anti-market, although the space they will have to implement reforms is limited.
- **The release of pension funds will have a positive impact on activity (private consumption) at the beginning of 2026.**
- Over the next two years, **investment flows in large projects will increase.**

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

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



## 8TH PRIVATE PENSION FUND WITHDRAWAL | TEMPORARY DISTRIBUTION OF ACCOUNT DEPOSITS AND WITHDRAWALS FOR VARIOUS USES <sup>1</sup> (% OF THE TOTAL AMOUNT OF WITHDRAWALS REQUESTED)



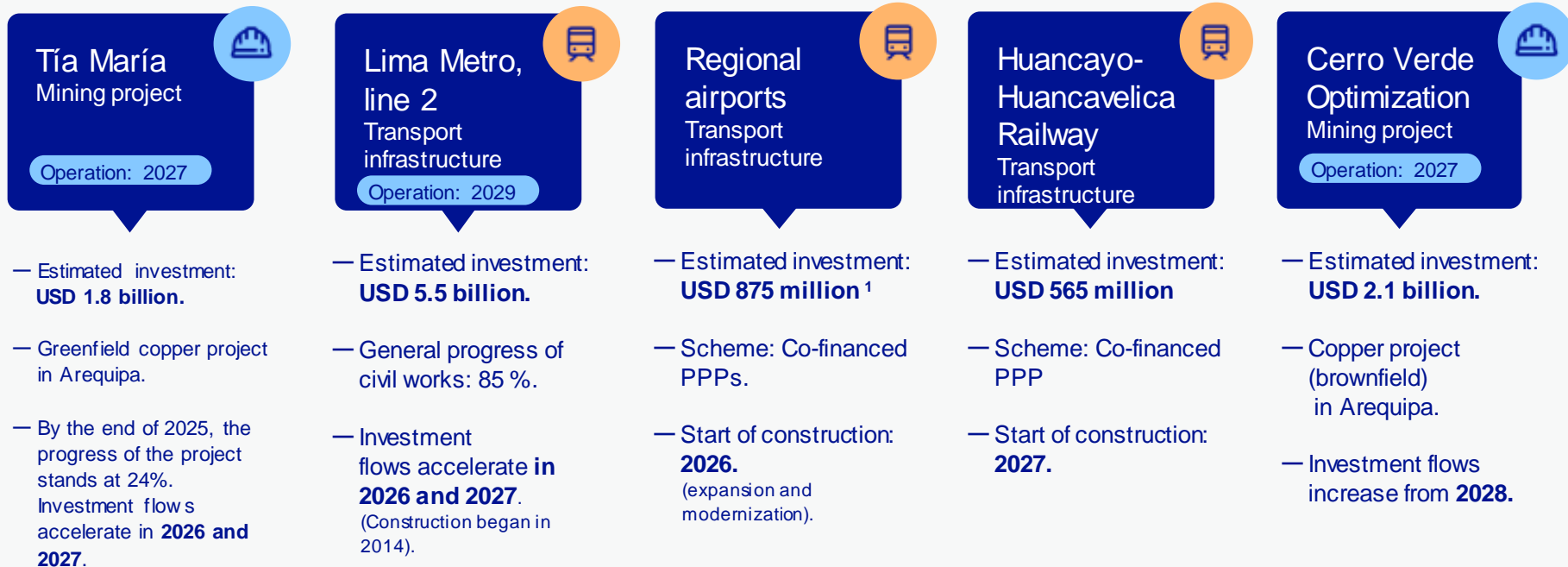
1: ESTIMATED DISTRIBUTION.  
Source: SBS and BBVA Research (estimates)

# Key considerations in the baseline scenario: three negative supply shocks appear, but also...

... the outlook for U.S. growth and terms of trade is improving

- **Positive international scenario in general for Peru.** Supply shock due to the **conflict in the Middle East** (sharp increase in the price of oil), but it is assumed that **it will be transitory** and with limited macro impact. In contrast, the outlook for U.S. growth and terms of trade is more favorable.
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- **The release of pension funds will have a positive impact on activity (private consumption) at the beginning of 2026.**
- Over the next two years, **investment flows in large projects will increase.**

# Investment flows in large-scale projects: investment intensifies between 2026 and 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

# In this context, the Peruvian economy will grow 2.9% in 2026 and 3.1% in 2027

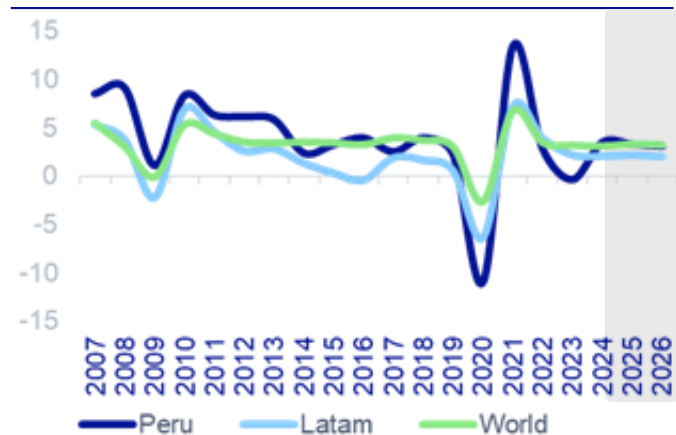
- The deterioration of weather conditions, the restriction of local fuel supply in March, and the sharp increase in the international price of oil will surely have a significant negative impact on the macroeconomic figures for 2026, especially those of the first half of the year. In addition, U.S. growth and terms of trade have been revised upward. As a result of these elements, the growth projection for Peru in 2026 has been lowered from 3.1% to 2.9%.
- We project 3.1% growth next year as supply shocks subside, though this is partly offset by a slowdown in spending by subnational governments, which typically occurs during the first year of a new administration.



Source: BCRP and BBVA Research (forecasts)

# 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	2027
<b>Peru</b>	<b>5.1</b>	-0.4	3.5	3.4	2.9	3.1
<b>LatAm*</b>	<b>2.3</b>	2.1	2.0	2.2	2.1	2.3
<b>World</b>	<b>3.6</b>	3.5	3.3	3.2	3.2	3.3

Between 2007 and 2018, Peru grew almost 3 pp above LatAm, with private investment on the rise as a proportion of GDP. Today, despite higher terms of trade, this dynamism is not replicated:

## Institutional deterioration

- High turnover of ministers and key officials erodes policy continuity and project execution.
- Increased bureaucracy.

## Governance crisis

- Nine presidents since 2016, with persistent political instability.
- Clashes between the executive branch and Congress, and the proliferation of laws with fiscal implications that lack technical justification.

## Citizen insecurity

- Criminality and extortion have escalated, raising operating costs and discouraging investment, especially in commerce, tourism and construction.

(\*) Considers Argentina, Brazil, Chile, Colombia, Mexico, Peru, Paraguay and Uruguay.  
Source: BBVA Research (forecasts for 2026 and 2027)

# If political instability subsides after the election, it could trigger the start of construction of large mines

## TERMS OF TRADE AND MINING INVESTMENT

(MILLIONS OF USD AND 2007 INDEX = 100)



### At the moment, a weak mining investment channel, but...

- With terms of trade remaining at high levels and with a sensible and more stable government administration from mid-2026, **a mining investment cycle similar to that of 2010/16** could begin.
- Although the **portfolio of mining projects is large** (USD 64 billion), **most of them still do not have a construction start** date (more than USD 40 billion) in a context in which authorizations to start construction are moving slowly and in conflict with the communities adjacent to the mines.
- Higher terms of trade still have a limited impact on mining investment, which may be related to:
  - the preference of large mining companies for brownfield projects (moderate expansion of existing mines, not construction of large new mines), responding, for example, to doubts about the sustainability of high metal prices;
  - expansion of illegal mining;
  - ongoing local political instability (and frequent changes in leadership) that heightens uncertainty regarding the profitability of large new projects;
  - increased bureaucratic hurdles to begin construction on new projects; and
  - lower grades of Peruvian mines compared to competitors.
- **Challenge for incoming authorities in 2026: unlocking the terms of trade channel for mining investment, thus increasing the growth potential of the Peruvian economy.**

2.3 Fiscal balance and public debt

# Forecasts for the Peruvian economy

# Fiscal deficit: unlikely to decline again in the next two years, despite higher terms of trade

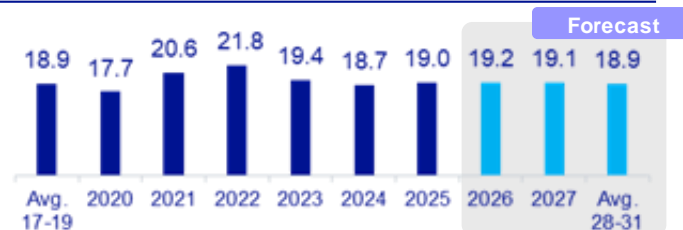
## FISCAL RESULT

(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



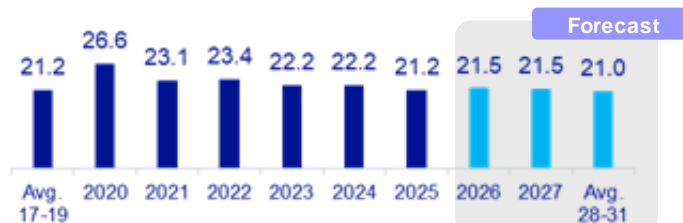
## REVENUES

(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



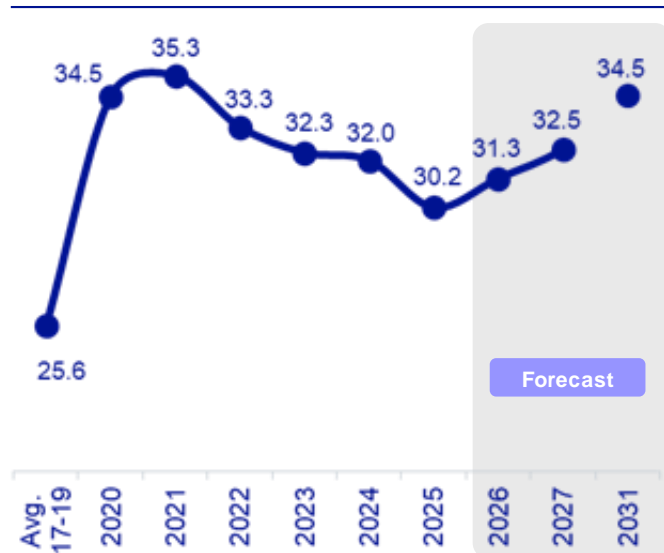
## EXPENDITURE<sup>1</sup>

(NON-FINANCIAL PUBLIC SECTOR, % OF GDP)



# In our forecast, 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	34.5%
Real GDP growth rate (real % chg.) <sup>1/</sup>	g	3.0
Real interest rate (%) <sup>2/</sup>	r	3.0
<b>Required primary result (% of GDP)</b>	<b>f*</b>	<b>0.0</b>
<b>Interest payments (% of GDP)<sup>3/</sup></b>		<b>1.8</b>
<b>Economic result required (% of GDP)</b>		<b>-1.8</b>

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

1/ Consider the annual average for GDP growth rates projected for 2026-2031.

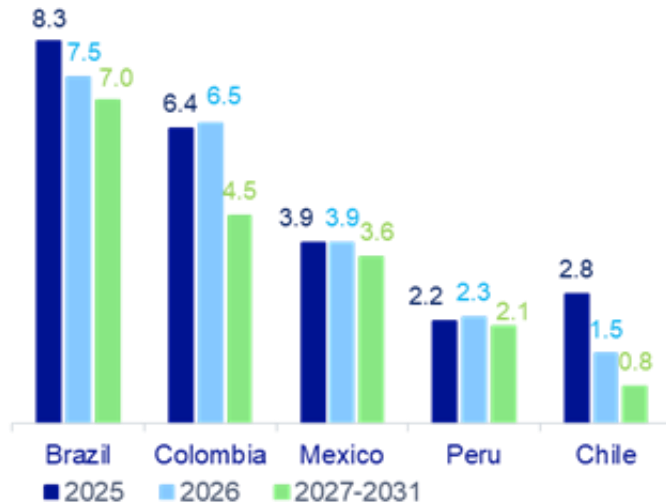
2/ Consider the annual average between 2026 and 2031 for the implied interest rate discounted for inflation.

3/ Takes into account the average annual interest payment between 2026 and 2031 (1.8% of GDP), which is consistent with the projection of gross public debt at 34.5% of GDP by 2031.

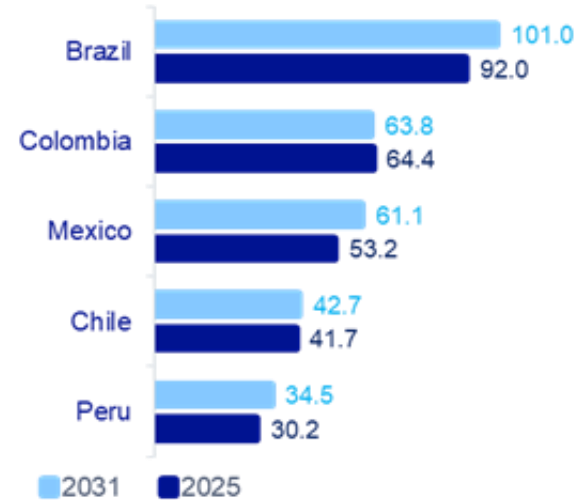
- Gross public debt is projected to reach a level equivalent to 34.5% of GDP by 2031 (30.2% in 2025). Based on economic growth and real interest rate forecasts, a fiscal deficit of approximately 1.8% of GDP would be needed to stabilize the debt at that level.

# Peru's fiscal outlook will continue to compare well with that of other countries in the region

**FISCAL DEFICIT\***  
(% OF GDP)



**GROSS PUBLIC DEBT\***  
(% OF GDP)

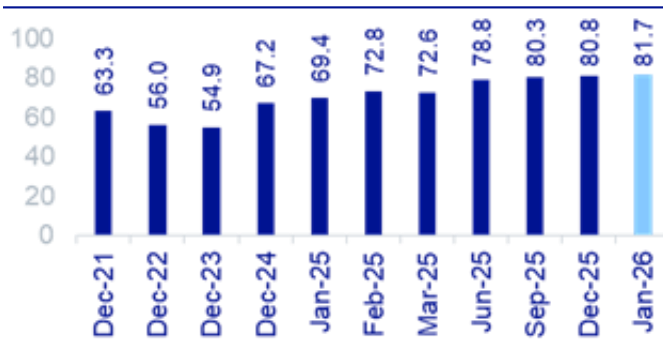


\*For Peru, it corresponds to the non-financial public sector  
Source: BBVA Research, IMF and the Directorate of Budgets (Dipres) in their Public Finance Report (IFP)

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

# In this context, foreign investors' appetite for Peruvian sovereign bonds continues

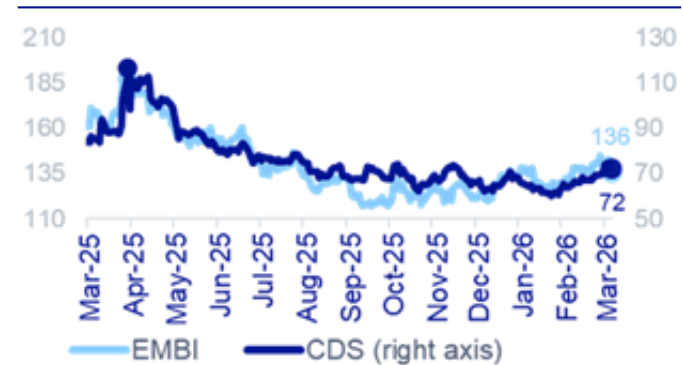
## SOVEREIGN BONDS IN THE HANDS OF NON-RESIDENTS (BILLIONS OF SOLES)



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



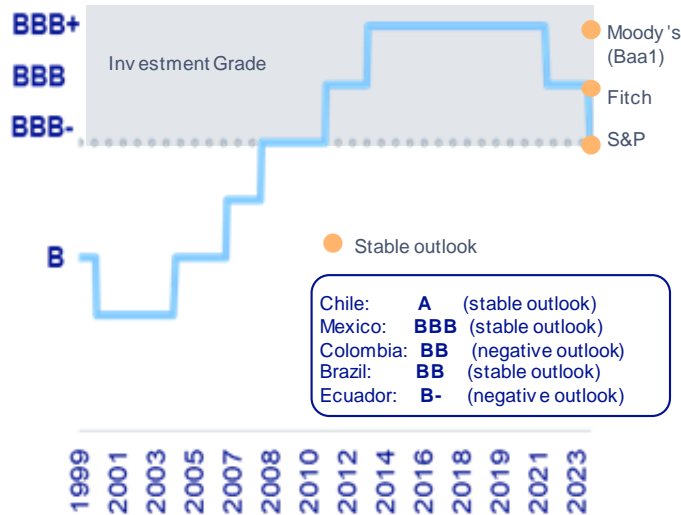
## SOVEREIGN RISK PREMIUMS\* (POINTS)



	11/03/2026	Chg. (bp) vs...	
		31/12/2025	11/03/2025
EMBI	136	+1	-26
CDS	72	+2	-12

# Macro and fiscal 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". What likely played an important role in this was that, despite everything, the level of public debt remains relatively low and that 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.

# However, this outlook is not free of risks, and the bias is toward the deficit being higher in 2026

## RISKS



### **Financial losses at the state-owned oil company PetroPerú**

In 2025 the Public Treasury honored guarantees totaling PEN 3.1 billion (0.3% of GDP), linked to foreign-trade credit lines that Banco de la Nación had extended to PetroPerú.

### **New measures approved by Congress that result in lower revenues or higher expenditures**

According to the Fiscal Council's projections, if the legislative proposals for increased spending currently under consideration are ultimately enacted, the fiscal deficit (2.1% of GDP in January 2026) could rise to annual levels between 5.5% and 6.4% of GDP over the next 10 years. With this deficit trajectory, public debt would stand at 70% of GDP (currently at 30%).

# Forecast for the main fiscal indicators

## NON-FINANCIAL PUBLIC SECTOR INDICATORS

	2019	2021	2022	2023	2024	2025	2026 (f)	2027 (f)
<b>Economic result (% of GDP)</b>	-1.6	-2.5	-1.7	-2.8	-3.5	-2.2	-2.3	-2.4
<b>Assets (% of GDP)</b>	13.4	13.9	12.6	10.2	8.6	7.4	7.0	6.8
<b>Gross public debt (% of GDP)</b>	26.2	35.3	33.3	32.3	32.0	30.2	31.3	32.5
<b>Net public debt (% of GDP)</b>	12.7	21.4	20.7	22.1	23.4	23.8	24.3	25.7
<b>Gross public debt (% of fiscal revenues)</b>	136	171	153	166	171	159	163	170
<b>Dollarization of public debt (%)</b>	32	54	52	48	47	43	40	36
<b>Interest on debt (% of GDP)</b>	1.4	1.5	1.6	1.7	1.7	1.6	1.6	1.7
<b>Interest (% of fiscal revenues)</b>	7.0	7.2	7.1	8.4	8.9	8.3	8.1	8.8

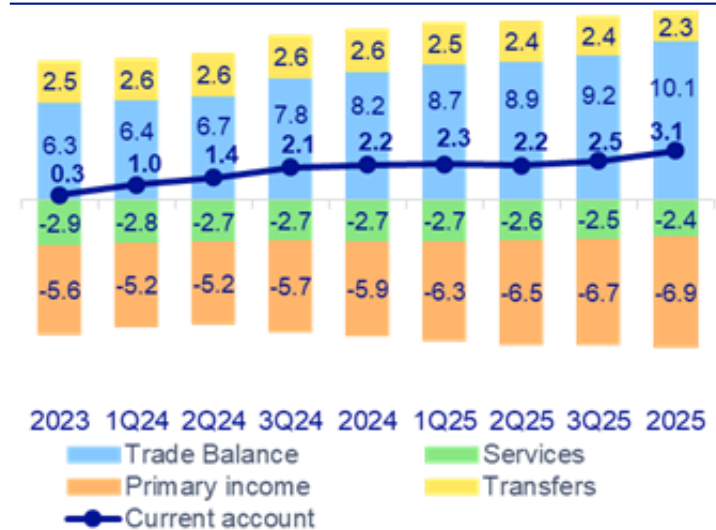
## 2.4 External sector

# 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 at high levels, close to USD 34,600 million in 2025.
- Main support factors: High prices of exported metals, good performance in the volume of exports of goods, particularly non-traditional goods, and lower import prices. On the other hand, the strong dynamism of domestic demand, and with it of imported volumes, has contained the trade surplus.
- Profits from foreign companies, boosted by high metal prices and strong domestic demand, led to an increase in primary income (in absolute terms) and tempered the positive impact of the trade balance on the current account surplus, which rose again in 4Q25.

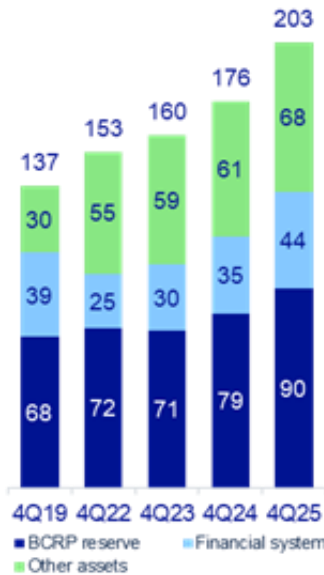
**CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS** (ROLLING LAST FOUR QUARTERS, % OF GDP)



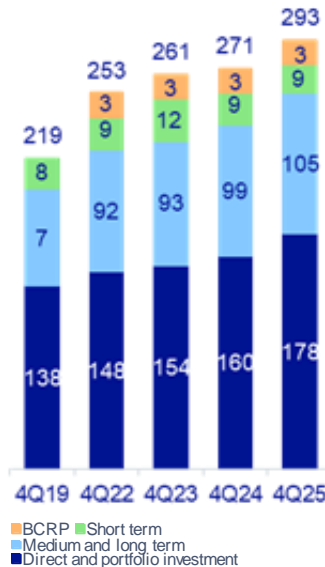
1: Includes inventory accumulation  
Source: BCRP

# ... ample international liquidity, and ...

## EXTERNAL ASSETS (BILLIONS OF USD)



## EXTERNAL LIABILITIES (BILLIONS OF USD)



## As of the fourth quarter of 2025 (BILLIONS OF USD)

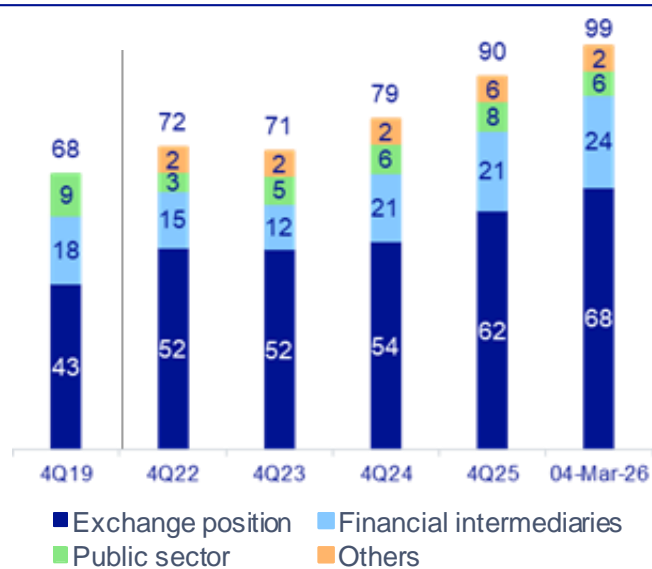
Assets	203	59% GDP
External liabilities	293	86% GDP
Net external liabilities	90	27% GDP

Good balance between external assets and liabilities

\* As of March 4, 2026, net international reserves reached USD 99.4 billion.  
Source: BCRP.

# ... low external vulnerability: Peruvian economic indicators suggest resilience

## CENTRAL BANK NET INTERNATIONAL RESERVES (BILLIONS OF USD)



Source: BCRP

## INTERNATIONAL LIQUIDITY INDICATORS

	4Q19	4Q23	4Q24	4Q25
Net International Reserves (NIR) (% GDP)	28.9	26.1	26.8	26.5
NIR / Monthly imports (times)	16	13	14	15
NIR / Short-term external debt (times)	8.6	6.0	8.2	12.9
Medium and long-term liabilities (% of GDP)	30.8	34.3	33.6	31.4
Private (% of GDP)	14.2	12.1	11.4	9.9
Public (% of GDP)	16.6	22.2	22.1	21.5
Short-term liabilities (% GDP)	3.4	4.3	3.2	2.0

Source: BCRP.

# Looking ahead, the upward trend in metal prices dissipates and the pace of export volumes moderates...

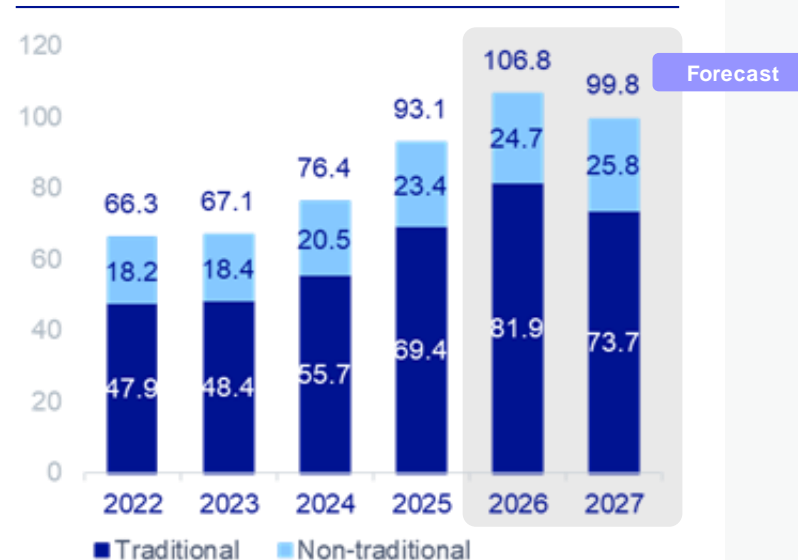
## EXPORTS OF GOODS

(Y/Y % CHG.)



## EXPORTS OF GOODS

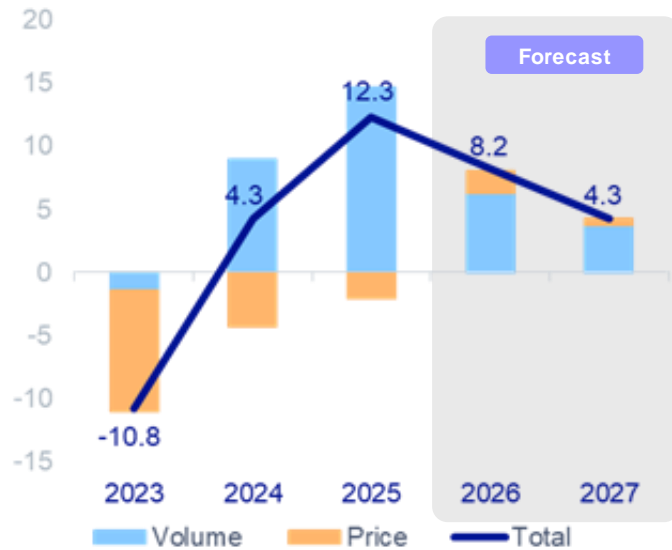
(USD BILLIONS)



# ... and on the side of goods imports, volumes expand reflecting the dynamism of domestic demand

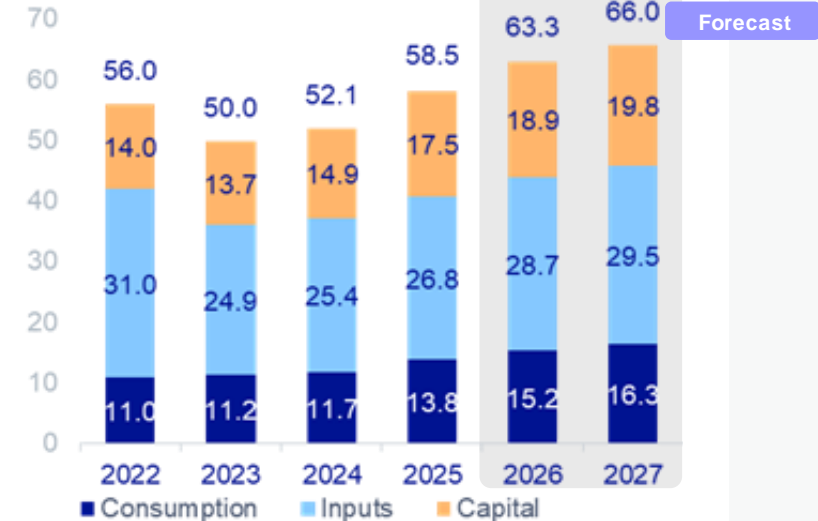
## IMPORTS OF GOODS

(Y/Y % CHG.)



## IMPORTS OF GOODS

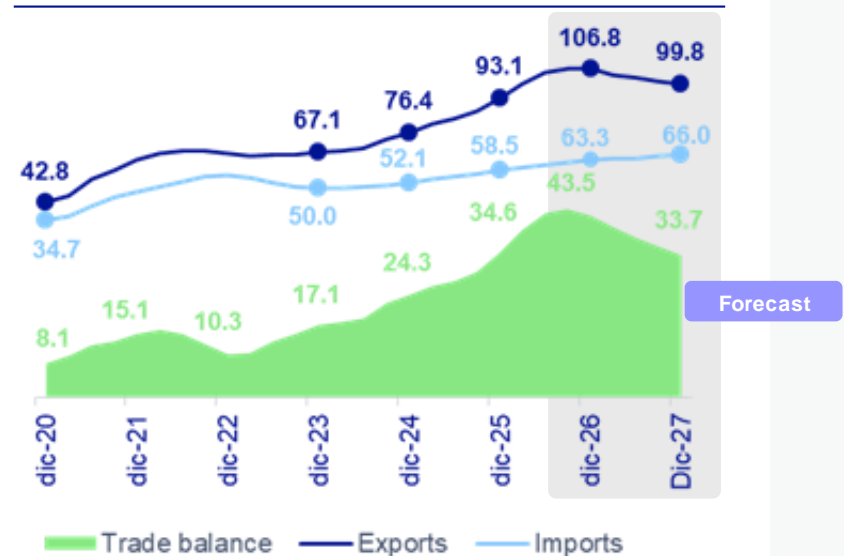
(USD BILLIONS)



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

- The trade surplus will rise in 2026 due to the increase in the terms of trade (high metal prices, which more than offset the rise in oil prices) and despite strong import volumes (reflecting the strength of domestic demand) and the tariffs introduced by the Trump administration in the U.S.
- For 2027 the increase in the volume of imports (associated with the sustained advance in domestic demand) will be the main factor behind the reduction in the trade surplus. In addition, we expect a moderation in the terms of trade: Throughout the year there will be some decrease in export prices (some metals, in particular).

**TRADE BALANCE**  
(USD BILLIONS, ROLLING LAST 12 MONTHS)



Source: BCRP and BBVAResearch (forecasts)

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

- The current account surplus will increase in 2026 because the trade surplus will be higher; however, the higher profits expected to be generated by foreign companies operating in the country (primary income) will temper this increase.
- In 2027, the trade surplus will decrease, and although the profits generated by foreign companies (as % of GDP) will also decrease, the surplus in the current account will decline.
- This moderation process will continue from 2028 onward, with a limited deficit of 0.3% of GDP as an annual average for 2028-31. The decline in the trade surplus explains this behaviour, 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 BBVAR research (forecasts)

# In this context, the soundness of the external accounts and the limited need for external financing will be maintained

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



- Current account surplus in the 2026/27 period and a decline in international interest rates support the maintenance of Peru's 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 (% OF GDP)



## NET INTERNATIONAL RESERVES

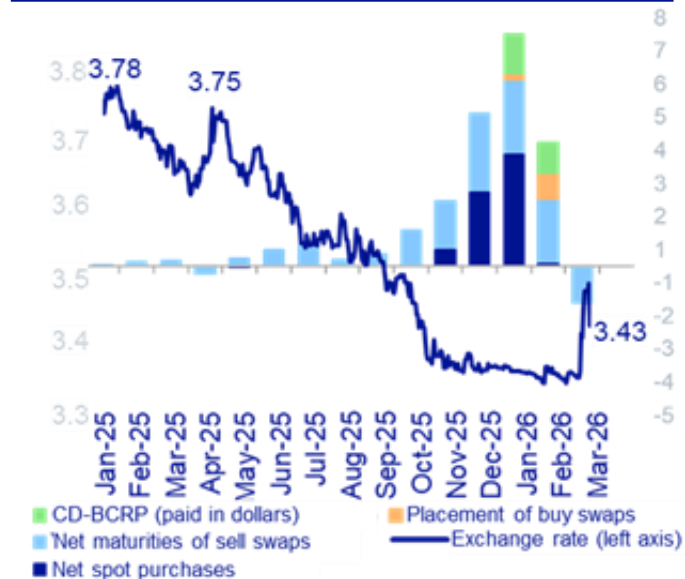
	2020	2021	2022	2023	2024	2025	2026	2027
NIR/GDP (%)	35.6	34.1	28.9	26.1	26.7	26.5	29.8	31.5
NIR/Short-term external debt	7.5	8.1	7.4	6.0	8.2	12.9	16.1	17.8

2.5 Exchange rate, inflation, and monetary policy

# Forecasts for the Peruvian economy

# The PEN weakened in the context of the recent conflict in the Middle East, contained by the intervention of the BCRP

## EXCHANGE RATE AND BCRP INTERVENTION (SOLES PER USD AND BILLIONS OF USD)



## BCRP FOREIGN EXCHANGE INTERVENTION (MILLIONS OF USD)

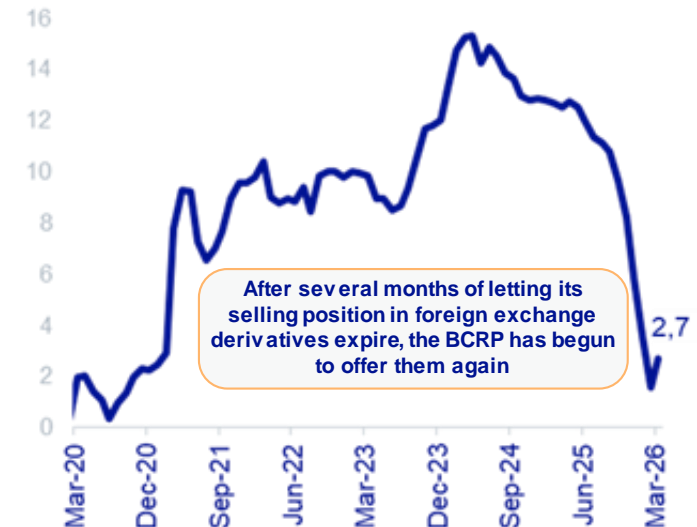
	Jan-Oct 25	Nov-Dec 25	Jan-Mar-26
Spot Purchases	-1	2 750	3 461
Maturities of sell swaps	3 175	3 834	3 170
Placement of buy swaps	0	0	985
CD-BCRP (paid in USD)	0	0	2 081
<b>Total</b>	<b>3 174</b>	<b>6 584</b>	<b>9 698</b>

# Reversal of banks' short position and the net short position in currency swaps

**NET OUTSTANDING NON-DELIVERABLE FORWARDS OF THE BANKING SYSTEM**  
(MILLIONS OF USD)



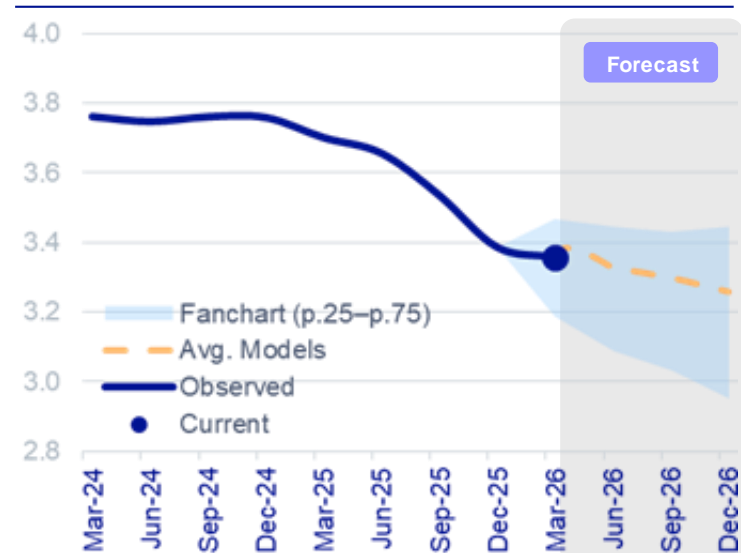
**BCRP: BALANCE OF FX SALE SWAPS\***  
(BILLIONS OF USD)



# According to macroeconomic fundamentals, the Peruvian sol will experience a slight appreciation during 2026

- Nine models are estimated and divided into three groups:
  - **Fundamentals** models, which capture the improvement in net foreign assets and terms of trade as the main drivers of the PEN's appreciation.
  - **External equilibrium models**, which capture both current account surpluses and the higher level of net foreign assets.
  - **Time series** models, which capture the historical dynamics of the exchange rate.
- These models estimate that the exchange rate consistent with macroeconomic fundamentals is currently 3.35 and is projected to be 3.25 by the end of the year.
- It is important to mention that these models do not incorporate the Central Bank's exchange rate interventions, the impact of the political cycle, or geopolitical tensions.

## EQUILIBRIUM EXCHANGE RATE — MODEL AVERAGE (QUARTERLY AVG.)

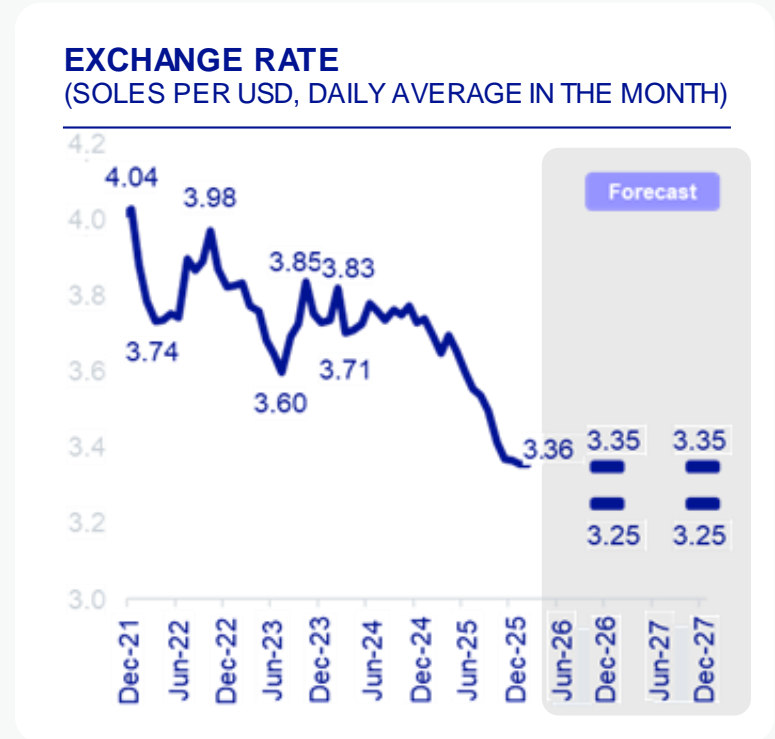


Source: BCRP and BBVAR research (forecasts)

Note: Fan chart constructed using bootstrap mixture-of-experts ( $B = 2,000$  draws). 9 models are considered: BEER, ARDL, VECM, UC, TVP-BEER, BVARX-ECM, PPP, EBA-Lite and ESNFA. In each draw, an m model with probability proportional to its average  $MSE^{-1}$  weight is drawn, and a vector of historical errors extracted by blocks of the pseudo out-of-sample backtest (37 origins since 2013Q4) is added. The bands represent the 25th and 75th percentiles of the simulated distribution. The dotted line corresponds to the  $MSE^{-1}$  weighted combined forecast. The uncertainty reflects two sources: (i) model uncertainty (which specification is correct) and (ii) forecast uncertainty (historical error of each model)

# In our forecast, the PEN will appreciate after the election process

- Recent weakening of the PEN associated with the conflict in the Middle East (generates risks to global activity). In the base scenario, it is assumed that this is a transitory event, of short duration, with limited macro impact.
- The election buzz will likely also weaken the local currency temporarily in the coming months; the extent of this will depend on how the polls develop.
- 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 2026 in a range between 3.25 and 3.35 soles per dollar. By the end of 2027, with the Fed rate at its neutral level, the exchange rate will be in a similar range.



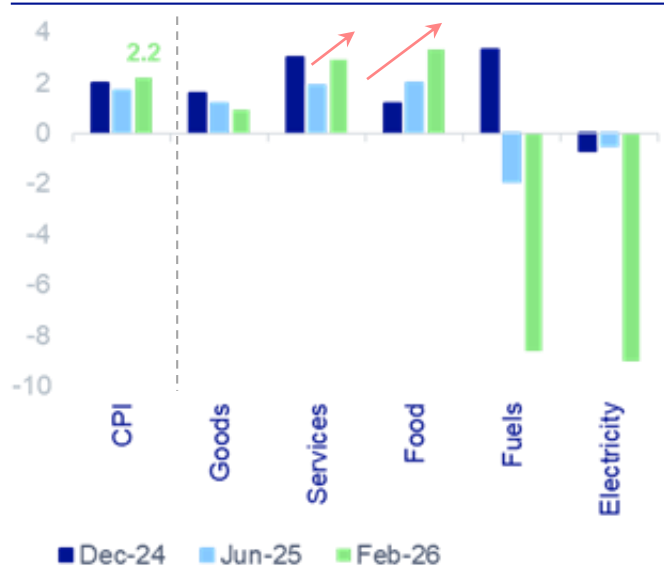
Source: BCRP and BBVA Research (forecasts)

# Inflation remains contained,

although in February it increased mainly due higher food prices and a readjustment of water rates

## COMPONENTS OF INFLATION

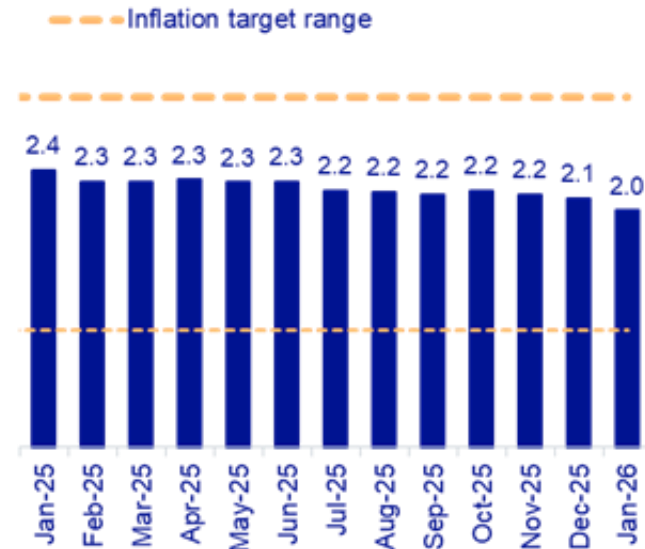
(Y/Y % CHG.)



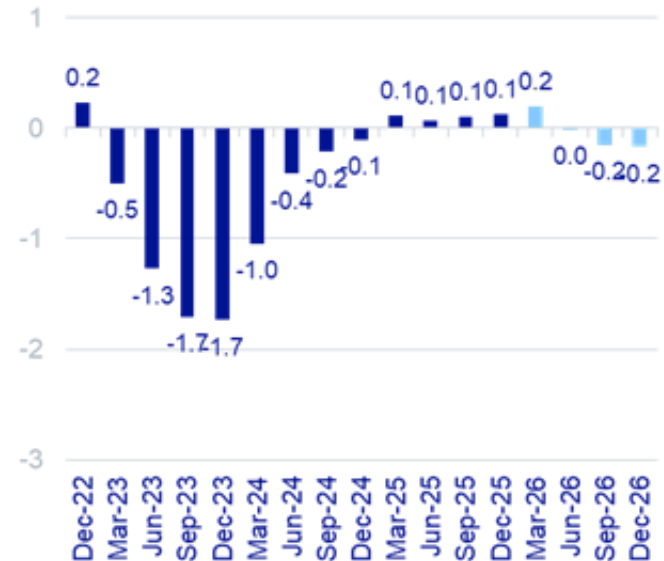
- Inflation is contained thanks to the reduction in fuel and electricity prices.
- In addition, the goods component continues to benefit from the appreciation of the PEN in the tradable component.
- However, recent supply shocks have boosted the growth of the food component and the dynamism of domestic demand favors the expansion of the services component.

# Inflation expectations remain anchored within the Central Bank's target range

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



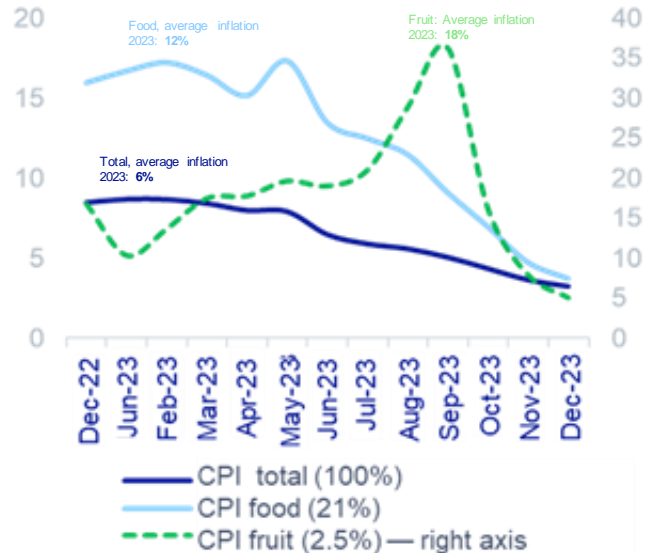
## OUTPUT GAP (% OF POTENTIAL GDP)



# Weather anomalies are a (transitory) risk factor on inflation as shown by past events

In addition, it is assumed that the conflict in the Middle East will be short-lived, so oil prices are expected to normalize over the remainder of 2026. Impact of natural gas restrictions are expected to be limited to March.

**CONSUMER PRICE INDEX 2023**  
(AT THE NATIONAL LEVEL, Y/Y % CHG.)



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(AT THE NATIONAL LEVEL, Y/Y % CHG.)

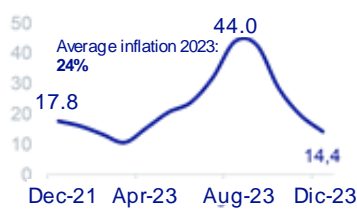
**Lemon (wholesale price)**



**Avocado**



**Apple**



**Grape**



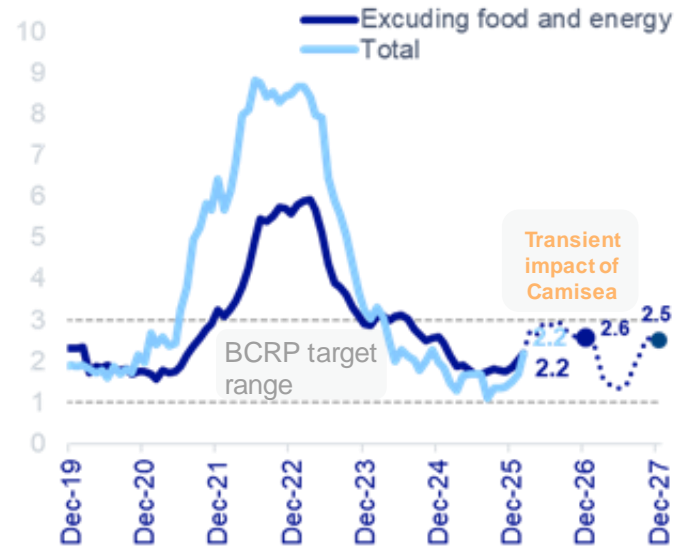
# We expect inflation to rise, but still remain comfortably within the target range

- Headline inflation is not far from the centre of the target range (2%, +/- one percentage point). It continues to reflect the strong year-on-year appreciation of the local currency and the decline in the international price of oil.
- Inflation excluding food and energy and inflation expectations are also around the middle of the range, while economic activity is not far from its potential level (absence of demand pressures on prices).
- In the short term, inflation will rise due to the supply shocks that have been affecting the Peruvian economy (conflict in the Middle East, local restriction of gas supply, weather anomalies).
- This year, the appreciation of the Peruvian sol will be more contained, and the price of oil will rise slightly (at the close of 2026 compared to the previous year), so inflation will increase but will remain within the target range at the end of 2026 (2.6% in December).

Chg. % year-on-year (EOP)	Oct-25	Dec-25	Dec-26 (f)
Exchange rate	-9.1	-10.8	-2.0
WTI Oil	-15.7	-17.2	2.6
Wheat	-10.8	-1.9	10.3
Corn	3.1	-0.1	5.1



## INFLATION (Y/Y % CHANGE IN THE CPI)



Source: INEI, BCRP and BBVA Research (forecasts)

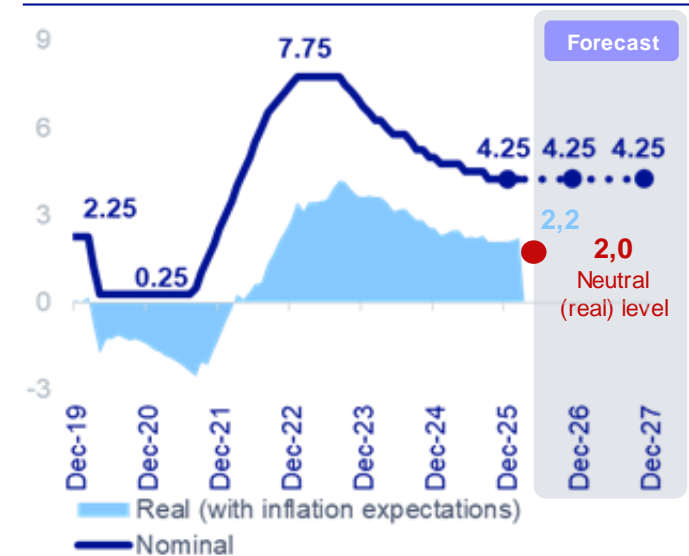
# Monetary policy rate: remains around its neutral level

**BCRP maintained its rate at 4.25% in February.** The statement stressed that inflation will approach the center of the target range in the coming months and that external conditions are favorable.

## Comments

- Reference rate (real) is close to its neutral level.
- GDP is growing around its potential level.
- Inflation is expected to trend upward in the coming months.
- Inflation expectations anchored at 2%.
- The supply shocks that have been affecting the Peruvian economy will have a downward impact on activity and temporarily upward on prices (food and fuel).
- In this context, **the BCRP would maintain the rate at 4.25% in the coming months.**
- It is worth mentioning that, under the inflation targeting scheme, central banks do not use the policy rate to contain exchange rate volatility (thus avoiding subordinating the price stability objective to an exchange rate level).

## MONETARY POLICY RATE (%)



Source: BCRP and BBVA Research (forecasts).

### 3. Main risks for forecasts of the Peruvian economy

# Main risks

# Main risks to the growth forecasts of the Peruvian economy in 2026 and 2027



## EXTERNAL RISKS

- A more protracted conflict in the Middle East.
- New negative supply shocks (tariffs, geopolitics, weather).
- Correction associated with artificial intelligence (or, on the contrary, further expansion).
- Financial tensions due to the pressure of the Trump administration on the Fed or the debt crisis in some economies.



## LOCAL RISKS

- Climatological anomalies with an intensity other than that considered.
- A longer interruption of the local supply of natural gas.
- The increase in political or social conflict.
- An electoral result contrary to the market economy.
- Greater insecurity associated with increased crime.
- Advance of legal economies.
- More favorable impact of the upward revision of the terms of trade.
- A new withdrawal of pension funds in 2026.



#### 4. Summary of macroeconomic forecasts

# Forecasts

# Summary of macroeconomic forecasts

	2023	2024	2025	2026(f)	2027(f)
GDP (% chg.)	-0.4	3.5	3.4	2.9	3.1
Domestic demand (excluding inventories, % chg.)	-0.4	3.3	4.8	3.9	3.3
Private spending (% chg.)	-1.4	2.9	5.1	4.1	3.5
Private consumption (% chg.)	0.1	2.8	3.6	3.7	3.0
Private investment (% chg.)	-6.1	3.3	10.0	5.3	5.0
Public expenditure (% chg.)	4.3	5.3	2.9	2.6	2.4
Public consumption (% chg.)	4.9	2.1	2.8	2.3	2.2
Public investment (% chg.)	2.4	14.7	5.7	4.5	3.5
Exports (% chg.)	4.1	6.6	4.4	1.4	2.3
Imports (% chg.)	1.3	8.4	12.8	5.1	3.6
Exchange rate (vs. USD, EOP)	3.74	3.74	3.37	3.25 - 3.35	3.25 - 3.35
Inflation (% y/y, EOP)	3.2	2.0	1.5	2.6	2.5
Monetary policy interest rate (% , EOP)	6.75	5.00	4.25	4.25	4.25
Fiscal balance (% of GDP)	-2.7	-3.5	-2.2	-2.3	-2.4
Current account balance of payments (% of GDP)	0.7	2.2	3.1	3.8	2.0
Exports (USD billion)	67.5	76.2	93.1	106.7	99.8
Imports (USD billion)	49.8	52.1	58.5	63.3	66.0

# Summary of macroeconomic forecasts

	2023	2024	2025	2026(f)	2027()
<b>GDP (% chg.)</b>	-0.4	3.5	3.4	2.9	3.1
<b>Primary GDP (% chg.)</b>	3.7	4.8	2.8	-0.7	2.0
Agricultural	-2.1	5.6	4.8	-0.1	4.8
Fishing	-21.2	27.2	2.9	-12.7	39.3
Mining <sup>1</sup>	9.4	3.0	1.4	-0.2	-0.5
Primary manufacturing	-2.3	8.3	4.6	-2.4	2.6
<b>Non-primary GDP (% chg.)</b>	-1.4	3.1	3.1	3.3	2.9
Non-primary manufacturing	-8.0	3.3	2.0	2.3	3.5
Construction	-8.2	3.6	6.7	4.6	3.9
Commerce	2.4	3.0	3.6	3.9	3.3
Other services	0.1	3.0	3.0	3.4	3.1

1/ Includes Metal mining and Hydrocarbons

(f) Forecast. Forecast closing date: March 10, 2026.  
Source: BBVA Research.

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