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Latam Daily: Peru's New Cabinet

• Peru: New cabinet—the kids are alright

In our October 10th [Latam Daily](#) article on the new government we stated that the impact of the change in government on the economy would depend on the profile of the new cabinet, on how markets would react, and on how public opinion would react. The market reaction came first, and markets have treated the new situation pretty much like a non-event. For instance, the FX rate, which is the bellwether on market opinion regarding political events is today, five days into the new regime, at the same level it was in the days before the change in government took place.

The second point of reference, the new cabinet, has now been announced. The original hope we had stated, that the members of the new cabinet would come from within the corresponding ministries themselves, has proven to be the case to a large extent. Moreover, even many of those that were not working currently at ministry positions, do have public sector experience.

There are three cabinet positions that are key, in our view: the head of the cabinet, the finance minister, and, given how sensitive crime issues are, the minister of the interior. The names appointed to all three positions are satisfactory from a business confidence perspective.

Let's start with Denisse Miralles, the new Minister of Finance. She was Vice-Minister of Finance from February to May 2025. Before that she worked at Proinversión from 2014 to 2025, and has had a long and strong association with Proinversión infrastructure tenders. The latter aspect is positive as one of our concerns with the change of government had been that the tendering of infrastructure projects through public-private partnerships could lose momentum. During the Boluarte government, government tendered infrastructure projects had become a moderately important driver of the economy. Approximately US\$13bn in infrastructure projects were tendered from 2023 to date, and the goal of the previous administration was to announce another US\$13bn by the end of 2026. The appointment of Miralles suggests that this policy will continue.

In other regards, it is not clear how much emphasis Minister Miralles will place on keeping the fiscal deficit within the reasonable bounds of the legal fiscal rule (the fiscal rule is 2.2% of GDP for 2025, whereas the fiscal deficit to August was 2.4% of GDP and falling). There is little real cause for concern, however, since metal prices remain high, ensuring a strong flow in fiscal revenues. In broader terms, the tenure that Minister Miralles had as Vice-Minister of Economy suggests overall continuity in economic policy.

Another cabinet position which is very sensitive in Peru today is the Minister of the Interior, as crime is the main issue of concern that pops up in polls. The new Minister of the Interior, Vicente Tiburcio, was General Commander of the police force from February to May 2022. He was famously given his discharge by then President Castillo, allegedly for ordering the arrest of individuals close to Castillo. His credentials include leading the Counterterrorism Unit as well as the Criminal Investigation Unit, within the police force. These and other credentials make him a credible figure for designing and executing a policy to combat crime in the country.

According to law, the President of the cabinet is the person responsible for putting together a cabinet. That is not always the way these are designated, however, and with regards to the new cabinet, it is not clear to what extent it was proposed by President of the cabinet (popularly called the Prime Minister) Ernesto Alvarez, and to what extent it represents the decisions of Peru's President himself, José Jerí. This is important to determine who the cabinet will primarily respond and report to, whether to Prime Minister Alvarez or to President Jerí.

October 15, 2025

However this may be, in the end both Alvarez and Jerí needed to agree to the appointments. This suggests that both agreed that the cabinet designations should be based on the technical formation and experience of the candidates, and not on their political bias or connections.

Cabinet Head Alvarez brings an additional element to the table. Until his recent designation, he was a member of Partido Popular Cristiano, PPC, which is a very pro-business party. Cabinet Head Alvarez has appropriate, if not exciting, credentials though some of his views regarding gender issues may prove damaging at some point from a social policy perspective. He is 64 years old, a lawyer, and recently was a Director of Judicial Investigation at a local university. His specialty is Constitutional Law, and he was a member of the Constitutional Court between 2007 and 2014, including presiding the Court in 2012–2013.

The bottom line regarding the cabinet is that it is not disruptive nor populist, it has state management experience, and it appears capable of adequately bridging the transition phase until the next government is inaugurated in July 2025.

Thus, two of the three key questions to determine the capability of the new Jerí government to perform without disruption and last out the transition term seem to have been answered satisfactorily: market reaction, and cabinet profile.

The third is public opinion. Congress is hugely unpopular in Peru, and it is likely that any member of the current Congress that would have been appointed President of the country would have been controversial. José Jerí, in particular, has a history of accusations of mistreating women, on the one hand, and of belonging to the caucus of members of Congress that provided support to former president Dina Boluarte, on the other. A day of protests has been called for today, October 15th, and this should give us a better view of how much opposition to the Jerí government exists. If the day of protests underwhelms, and given the relative proximity of the April 2026 elections, then it seems likely that the Jerí transitional government will likely be able to conclude the current term.

The upshot of these recent events is that, on balance, we continue to see no need to change our forecasts for 2025–2026 due to these recent and current political events.

—Guillermo Arbe

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