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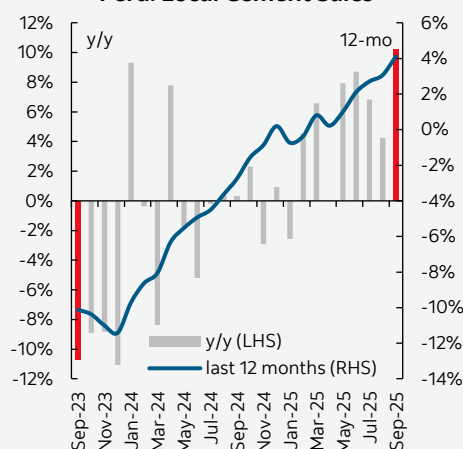
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Chart 1

Peru: Local Cement Sales



Sources: Scotiabank Economics, ASOCEM.

Latam Daily: Strong Peru Domestic Indicators in September

- Peru: Domestic demand sectors signal strong September growth; Direct lending extends uptrend in September

DOMESTIC DEMAND SECTORS SIGNAL STRONG SEPTEMBER GROWTH

Domestic demand-related sectors remain a key engine of economic activity in the short term, and September has once again confirmed this positive trend. Encouragingly, indicators such as domestic cement and new vehicle sales have not only maintained their momentum but have exceeded our expectations.

CEMENT SALES

In September, domestic cement consumption reached 1.17 million metric tons—the highest monthly volume since September 2022—representing a 10% increase, YoY, according to ASOCEM, the private sector cement producers' association. With this result, cumulative cement sales for the year have grown by 5.2%, supporting our forecast projection of around 4% growth for 2025 (chart 1).

Cement sales have shown consistent growth in recent months, and we anticipate this upward trajectory will continue through the remainder of 2025 and into the Q126. This outlook is supported by the recent measure to allow for pension funds withdrawals, which are expected to be partially directed toward consumption—particularly in housing improvements and new construction. Cement demand growth is further reinforced by public investment initiatives and major infrastructure projects under concession.

Overall, the outlook remains constructive, with domestic demand continuing to provide a solid foundation for economic activity and investment.

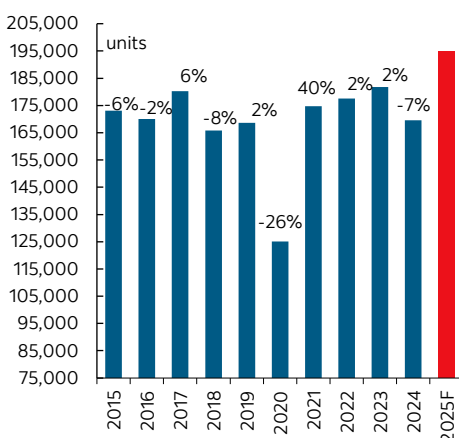
NEW VEHICLE SALES

The new vehicle sector has continued to show impressive momentum in recent months, and we expect this strength to carry through into Q4 25 (charts 2 and 3). While growth rates may moderate slightly due to the high comparison base from Q4 2024, the sector is on track to expand by approximately 17% year-over-year. If realized, this would mark the highest annual growth rate since 2021—highlighting a robust post-pandemic recovery.

According to data provided by Peru's automobile association, AAP (Asociación Automotriz del Perú), vehicle sales surged by 18% in September, with heavy vehicle sales posting an exceptional 50% increase—the highest monthly growth rate since July 2021. This reflects a growing tendency among companies in mining, construction, and

Chart 2

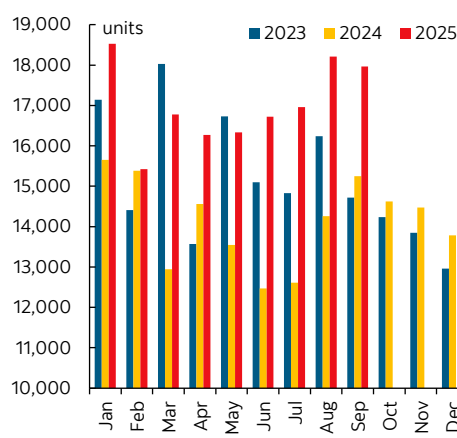
Peru: Vehicle Sales



Sources: Scotiabank Economics, AAP.

Chart 3

Peru: Vehicle Sales



Sources: Scotiabank Economics, AAP.

transportation to renew and expand their fleets. Cumulative sales through September have risen by 21%, reinforcing the sector's strong upward trajectory.

We anticipate that total vehicle sales will reach a historic milestone this year, with volumes approaching 195,000 units—a clear sign of renewed consumer and business confidence. This strong performance is underpinned by several favourable factors: sustained growth in formal private employment, easing inflationary pressures, and a notable improvement in business sentiment, which has particularly boosted demand in the heavy vehicle segment. Additionally, the appreciation of the sol against the dollar has made imported vehicles—especially light vehicles—more affordable in local currency, further stimulating demand.

The factors behind robust cement demand growth include: the expansion of formal private employment, easing inflationary pressures, improved financing conditions—especially in the real estate sector—and relative stability in the prices of construction materials, particularly those of imported origin. Despite recent external market turbulence, including the imposition of tariffs in the U.S. on products such as steel, the impact on imported construction material prices has been limited. The appreciation of the sol against the dollar has facilitated a higher volume of imports, especially for high-value real estate developments and large-scale infrastructure works.

In summary, the automotive market is experiencing a dynamic recovery, supported by solid fundamentals and favourable macroeconomic conditions. The outlook remains bright as both consumer and corporate demand continue to drive growth.

—Carlos Asmat

DIRECT LENDING CONTINUES ITS UPWARD TREND IN SEPTEMBER

Direct lending grew by 5.1% year-on-year in September, above the 4.4% y/y recorded in August and throughout the year, reinforcing its steady growth path since January. The acceleration in direct lending is supported by the favourable performance of the local economy, mainly domestic demand that grew 6.2% in the first half of the year. Business lending increased by 3.7% y/y, marking eight consecutive months in positive territory, while household lending grew by 7.3% y/y, consolidating a strong rise since October 2024.

Business lending shows a solid recovery linked to the growth of private investment (9.0%) in 1H25 (chart 4). The monthly flow is positive compared to the same month in previous years, reflecting strong performance in corporate and large business loans, which grew by 9.5% y/y in September, and a recovery in loans to medium, small, and micro enterprises, improving from -7.8% y/y in August to -6.5% y/y in September.

On the household side, lending continues to expand, reaffirming its positive trajectory in line with the growth of private consumption (3.7%) in 1H25.

Mortgage loans remain robust, with growth rates consistently above 6.0% y/y (chart 5). Consumer loans are beginning to grow at a good pace, increasing by 7.6% y/y in September. One factor that could impact the dynamics of consumer loans through short-term amortization is the disbursement of pension funds that begins in November. However, we expect consumer lending to continue to grow due to lower levels of delinquencies. The eighth withdrawal finds a lower delinquency rate of 4.4% on credit cards as of September compared to the delinquency rate of May 2024, a month before the disbursement of the seventh withdrawal, located at 6.4%.

We expect total loans to continue expanding at solid rate, growing around 5.9% by the end of the period. Business lending is projected to grow by 5.3% and household lending by 6.5% despite the impact of pension fund withdrawals (table 1).

—Grecia Fajardo

Chart 4

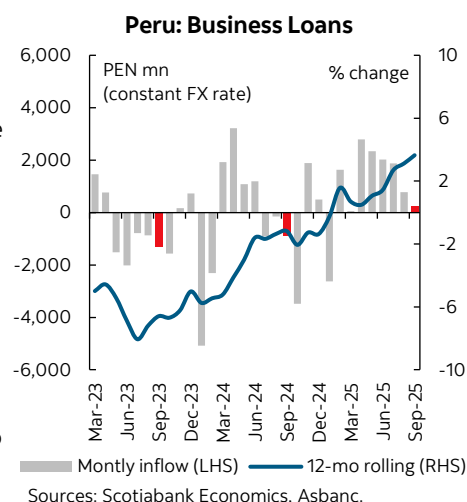


Chart 5

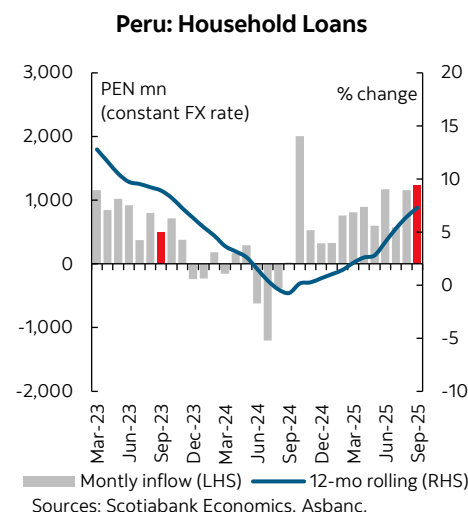


Table 1: Peru - Loans Growth

Loan Type	m/m % change	y/y % change	2025F
Business Loans	0.1	3.7	5.3
Household Loans	0.8	7.3	5.9
Onshore Loans	0.4	5.1	5.5

Sources: Scotiabank Economics, Asbanc.

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