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Latam Daily: Small Rise in Peruvian Inflation

• Peru: Inflation—slight uptick in January, but outlook remains stable

Headline inflation rose 0.1% month-on-month in January, in line with the 0.1% expected by the Bloomberg analyst consensus, but contrasting with the -0.1% recorded in the same month of 2024. As a result, annual inflation increased from 1.5% in December 2025 to 1.7% in January 2026.

At a disaggregated level, the main contributors to monthly inflation were three categories:

- Restaurants and hotels (+0.33%), driven by higher prices for restaurant set menus.
- Food and non-alcoholic beverages (+0.11%), driven mainly by higher chicken prices.
- Transportation (-0.25%), reflecting a correction in domestic airfare and interprovincial bus fares, following seasonal increases in December.

Core inflation—the trend component that excludes food and energy—rose slightly by 0.04% in January, close to the 20-year historical average (-0.03%), but in contrast with the figure recorded in January 2024 (-0.15%). On an annual basis, core inflation increased from 1.8% in December to 2.0% in January.

It is important to mention that the increase in annual inflation in January was driven by specific products and services, and partly by a base effect (chart 1).

By consumption type, annual inflation for both goods and services increased (chart 2). Goods inflation rose significantly, surpassing the midpoint of the target range at 2.4%, while services inflation increased more moderately, reaching the lower bound of the target range at 1.0%.

Outlook

Monthly headline inflation in February is expected to remain positive. It could be similar to, or slightly above, the figure recorded in February 2024 (+0.2%). We estimate that the 12% increase in residential water tariffs announced by SUNASS will add 0.2 percentage points to annual inflation and will be reflected in February's data. Conversely, poultry prices are currently elevated and could correct downward, partially offsetting the impact of the water tariff increase. As a result, we preliminarily estimate that annual inflation will fall between 1.7% and 1.8% in February. We continue to expect inflation to remain below the midpoint of the target range (2.0%) during the first half of the year and to end 2026 at 2.2%.

Chart 1

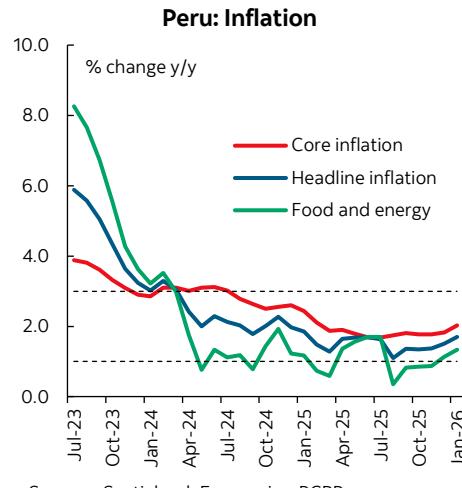
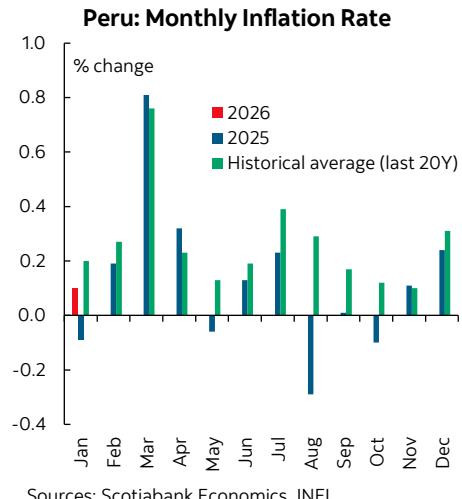


Chart 2



February 3, 2026

Regarding the policy rate, we maintain our expectation of an additional 25 bps cut, which would reduce the policy rate to 4.0%, a level we estimate to be the terminal rate. We estimate a higher likelihood that this cut will occur during the early months of 2026. The Central Bank's policy stance is currently neutral, as the real interest rate stands at 2.1%, close to the 2.0% level commonly considered neutral. An additional cut would not alter this stance.

—Ricardo Avila

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