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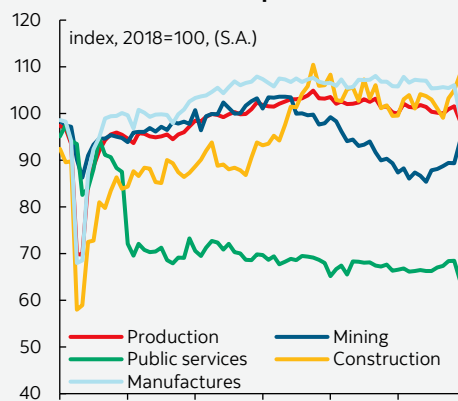
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Chart 1
Mexico: Industrial Production and its Components


Sources: Scotiabank Economics, INEGI.

Latam Daily: Mexican Industrial Production Rebounds, Peru Retail Sales Strength

- **Mexico: Industrial activity moves into positive territory after 8 months of declines**
- **Peru: Retail sales could approach PEN 55 billion by end-2026**

MEXICO: INDUSTRIAL ACTIVITY MOVES INTO POSITIVE TERRITORY AFTER 8 MONTHS OF DECLINES

In December, the Monthly Indicator of Industrial Activity (IMAI) improved in its year-over-year variation at original figures of 2.4%, entering positive territory after eight months. By component and in annual terms, generalized positive movements were also observed. Mining posted slight growth of 0.6%, driven by oil extraction (4.0%) and offset by mining services (-17.3%). The energy industry grew 3.9%, and construction rose 6.6%, continuing this positive trend for the third consecutive month. Manufacturing increased 1.3%, driven by the production of petroleum-derived products (34.9%).

Regarding the month-to-month comparison in seasonally adjusted terms (chart 1), industrial activity grew only 0.2%, with mining (0.5%), utilities (0.7%), and construction (1.2%) showing modest gains, while manufacturing registered a slight decline (-0.1%). Thus, for the whole of the year, industrial activity and its components sat in negative territory: total -1.3%, mining -6.5%, utilities -0.3%, construction -1.0%, and manufacturing -0.5%.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

PERU: RETAIL SALES COULD APPROACH PEN 55 BILLION BY END-2026

Retail sales are estimated to have reached PEN 52.5 billion by the end of 2025, marking a growth rate of roughly 5% year-over-year (chart 2)—the strongest expansion since 2021, according to our estimates. Between January and November 2025, retail sales rose 4.7% compared to the same period in 2024, based on data from the Ministry of Production (Produce). Our full-year estimate incorporates an acceleration in December, supported by additional income available to households—most notably the eighth withdrawal from private pension funds (AFP)—which boosted retail consumption from mid-November onward. The robust performance observed in 2025 was driven by several factors:

- solid growth in formal private employment (+6.2% between January and November),
- increased purchasing power as inflation pressures eased (retail inflation rose just 1.5% in 2025, below the 2.0% recorded in 2024),
- appreciation of the Peruvian sol against the US dollar, which reduced the relative price of imported goods (the sol strengthened by about 10% by year-end 2025),
- access to extraordinary funds (CTS withdrawals in May and November, AFP withdrawals at the end of 2025),
- normal weather conditions, which help sustain physical sales of consumer goods, and
- expansion of retail locations, particularly supermarkets.

Outlook for 2026

For 2026, we project retail sales to grow around 4%, bringing the annual total close to PEN 55 billion. This projection reflects our expectation that several of the drivers that supported 2025 growth will continue into the new year. We anticipate a favourable performance in Q1- 2026, extending the momentum seen in Q4-2025. That said, we

expect a temporary moderation in Q2-2026, associated with the presidential and congressional elections scheduled for April—a period that typically leads consumers to adopt a more cautious spending stance. Once this phase concludes, retail activity should regain traction in the second half of the year. At an annual level, we expect: continued improvement in formal employment, in line with our projection for private investment growth, a low-inflation environment, provided no adverse climate events emerge, a sol/dollar exchange rate below levels seen in previous years, and sustained expansion of retail supply, led by smaller-format stores and regional deepening of retail networks.

Sector Detail as of November 2025

The retail sector expanded 4.7% year-over-year through November 2025, supported by the previously mentioned fundamentals. By category (chart 3):

- Supermarkets (+4.6%). Growth was driven by higher demand for food and beverages—which account for nearly 60% of sales in this segment—alongside lower inflationary pressures on these products (food and beverages inflation rose just 1% in 2025) and an increase in store openings, now totaling slightly more than 1,450 discount-format locations.
- Department Stores (+5.6%). Sales benefited from stronger demand for clothing and footwear (representing slightly over 55% of total sales), a more favourable exchange rate that reduced the price of imported apparel, and stable weather conditions.
- Home Improvement Stores (+1.7%). Growth reflected a dynamic real estate sector—new mortgage loans expanded 22% in 2025, according to the SBS—and lower average prices for materials, as the construction materials price index declined 1.8% in 2025, according to the INEI.

—Carlos Asmat

Chart 2

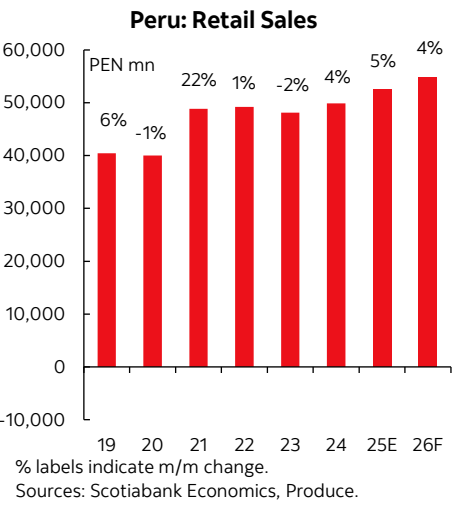
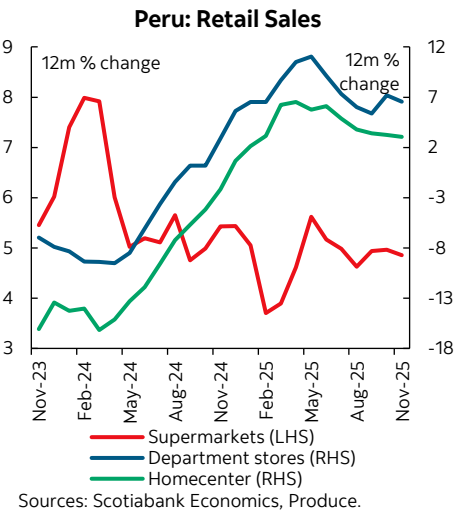


Chart 3



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