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## Latam Daily: Peru's New President, Mixed Mexican Trade

- **Peru: A shift in politics ... we hope not in the economy**
- **Mexico: Mixed signals in commerce—strong retail momentum and wholesale recovery**

### PERU: A SHIFT IN POLITICS ... WE HOPE NOT IN THE ECONOMY

Peru's political landscape underwent a 180-degree turn on the night of Thursday, February 19<sup>th</sup>. Following the censure of President José Jerí the previous day, Congress elected José Balcázar as the new President of Congress, thereby assuming the Presidency of the Republic on an interim basis until July 28<sup>th</sup>, 2026.

Balcázar is the eighth president in the last ten years. While the development may appear destabilizing to some external observers, it is important to note that the process has fully adhered to constitutional procedures and has unfolded in an orderly and peaceful manner.

The newly elected president comes from the left-wing political party Perú Libre, in contrast to Jerí, who was backed by a center-right political coalition. It is worth noting that Perú Libre won the 2021–2026 presidential elections; however, President Pedro Castillo was removed from office in December 2022 after a failed attempt to dissolve Congress. In other words, Perú Libre returns to power after five years, albeit for a brief five-month period leading up to July 28<sup>th</sup>.

In his initial remarks, the newly appointed president has adopted a conciliatory tone. He has pledged to ensure a transparent democratic transition, preserve economic continuity, and pursue what he described as a “genuine pacification” process, in reference to ongoing public security concerns.

The key question is whether Balcázar will govern alongside his close political allies or whether Perú Libre will exert broader influence over the administration. The party's platform advocates for a stronger role of the state in the economy and higher public spending positions that could weigh on business expectations and potentially widen the fiscal deficit.

In the coming days, the appointment of the new Prime Minister (Head of the Cabinet) is expected. The profile of this individual will offer important signals as to whether key ministers—particularly in strategic portfolios such as economy and finance—will remain in place or whether Perú Libre will consolidate its influence within the executive.

Financial variables have so far reflected limited market disruption. At the end of the session, the local currency had depreciated by 0.2% against the U.S. dollar (from 3.35 to 3.36), while yields on Sovereign Bonds, Global Bonds, and Credit Default Swaps (CDS) showed only marginal fluctuations. It should be noted that Peru has international reserves of around US\$90 billion, equivalent to 30% of GDP, one of the highest levels among emerging economies.

The return of a left-leaning administration could nonetheless affect business sentiment. Prior to this development, expectations had been trending positively despite the ongoing pre-election period, reflecting the economic momentum with which Peru entered 2026. While Balcázar's abbreviated tenure makes sweeping structural reforms unlikely—such as convening a constituent assembly—policy measures that weaken fiscal discipline or introduce tighter regulation in specific sectors cannot be ruled out.

Moreover, significant turnover across ministries could delay the execution of public investment projects, given the learning curve faced by incoming authorities.

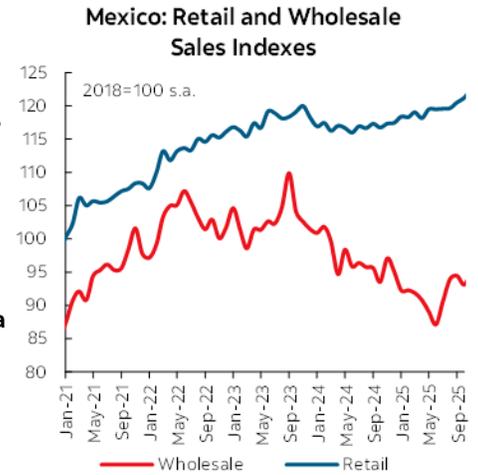
—Pablo Nano

**MEXICO: MIXED SIGNALS IN COMMERCE—STRONG RETAIL MOMENTUM AND WHOLESALE RECOVERY**

According to INEGI’s Monthly Commercial Enterprises Survey, in December, retail sales revenues maintained their annual dynamism (chart 1), posting a 4.3% real annual increase (vs. 4.4% previously), while wholesale sales returned to positive territory at 0.6%, up from -3.7% previously. Within retail sales, the rebound in sales of household appliances and computers (17.8%) stands out, surpassing the increase in online and catalog sales (11.3%), while groceries, food, and beverages recorded a modest 0.9% rise. On the other hand, within wholesale trade, the 8.1% increase in machinery and equipment was notable, though it was offset by declines in trucks and auto parts (-10.2%) and in intermediation (-7.5%).

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

Chart 1



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