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Latam Daily: Strong Start for Peruvian Construction in 2026

- **Peru: Construction sector—strong start to the year as cement consumption reaches historic high in January**

Peru’s construction sector opened 2026 on a notably positive footing. Domestic cement consumption reached 1.13 million metric tons in January, a 14.1% year-on-year increase (chart 1), according to the Peruvian Cement Producers Association (ASOCEM). This marked the highest volume ever recorded for the month of January and extended the sector’s streak to twelve consecutive months of growth.

This solid performance appears to have been driven by several supportive factors: i) resilient self-construction activity, particularly in northern Peru, supported by an ongoing improvement in formal employment and rising real wages, ii) a dynamic formal real-estate market, sustained by continued expansion in mortgage lending—especially in Lima—favoured by a downtrend in interest rates, iii) progress in major transportation infrastructure projects, including concession-backed investments such as Metro de Lima’s Line 2, iv) a lower PEN/USD exchange rate, which has reduced the local-currency cost of housing units priced in U.S. dollars, and v) stable cement prices, with Lima registering a 1% year-on-year decline in January, according to INEI.

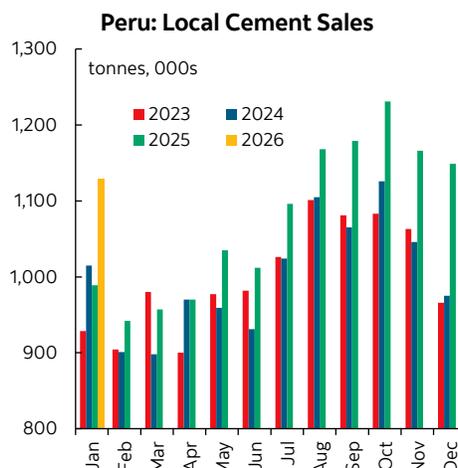
Despite the favourable momentum, two important segments constrained potential demand. Most notably, public investment weakened, with Gross Fixed Capital Formation—used as a proxy for public investment—contracting 5.3% year-on-year in January, according to the Central Bank of Peru (BCR). The decline was more pronounced among national and local governments.

Outlook for 2026: Cement Consumption to Outperform the Broader Construction Sector

Looking ahead to 2026, we project domestic cement consumption to expand at a pace slightly above our 3.7% growth forecast for the overall construction sector. The outlook remains constructive, underpinned by:

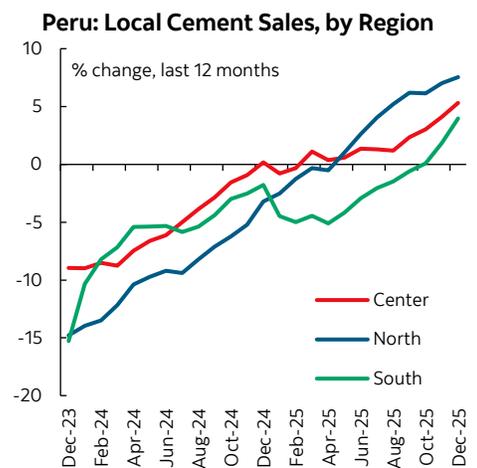
- Ongoing strength in self-construction, supported by continued job creation aligned with private investment dynamics, and by the expected use of liquidity released through the eighth AFP pension withdrawal.
- Sustained momentum in the formal housing market, particularly in Lima, driven by gradually declining mortgage rates.

Chart 1



Sources: Scotiabank Economics, ASOCEM.

Chart 2



Sources: Scotiabank Economics, INEI.

- Higher demand from concession-backed infrastructure projects, such as the continued implementation of Metro de Lima’s Line 2.

However, downside risks remain. Adverse weather conditions associated with El Niño could create localized inflationary pressures and reduce household disposable income, limiting the funds available for self-construction.

2025 Cement Consumption Performance

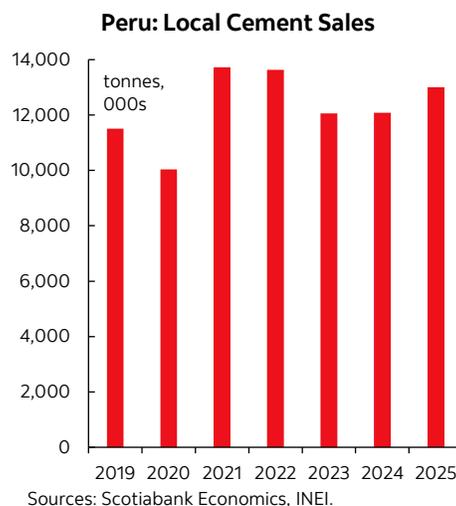
In 2025, domestic cement consumption reached approximately 13 million metric tons, a 7.5% increase versus 2024 and the highest level since 2022 (INEI). Regionally, demand grew fastest in northern Peru—which accounts for roughly 21% of national dispatches—followed by the central and southern regions (charts 2 and 3).

Demand dynamics in 2025 were shaped by:

- Robust self-construction activity, supported by improved formal employment conditions and stable construction-material prices—the Construction Materials Price Index fell 1.1% in 2025.
- Reinforcing signals from related industries, including a 5.1% rise in local brick manufacturing and a 12% increase in construction-steel bar sales (INEI).
- Strong formal real-estate investment, with new mortgage loans expanding 24% in 2025, marking the second consecutive year of growth.
- Higher public investment, driven mainly by local governments.

On the downside, weaker demand for cement used in social-housing programs provided some offset. Mivivienda loan placements fell 23% in 2025, marking their third consecutive annual decline.

Chart 3



—Carlos Asmat

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