Scotiabank

GLOBAL ECONOMICS

LATAM DAILY

May 26, 2026

## Contributors

**Juan Manuel Herrera,** Senior Economist
+52.55.2299.6675 (Mexico)
juanmanuel.herrera@scotiabank.com

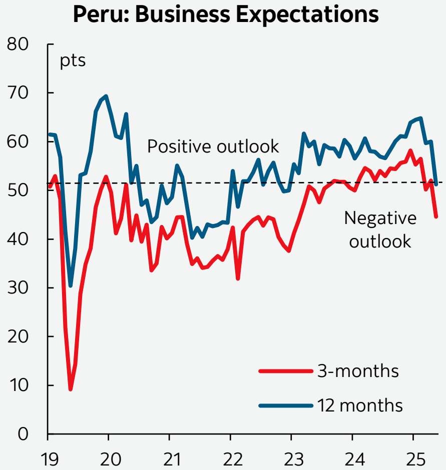
**Jorge Selaive,** Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

**Eduardo Suárez,** VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

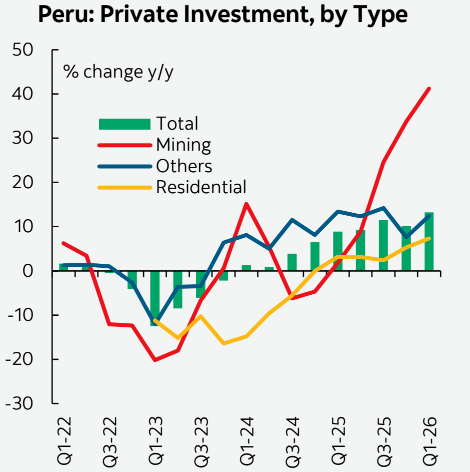
**Pablo Nano,** Deputy Head Economist
pablo.nano@scotiabank.com.pe

**Chart 1**




Sources: Scotiabank Economics, BCRP.

**Chart 2**




Sources: Scotiabank Economics, BCRP.

# Latam Daily: Peruvian Private Investment Drives Q1 Growth

- **Peru: Private investment accelerated its expansion rate in Q1 2026**

Domestic demand grew 6.6% during the first quarter of 2026, its largest quarterly expansion since 2013—excluding the post-pandemic rebound of 2021—according to figures from the Central Reserve Bank (BCRP). This result exceeded the overall 3.5% pace of GDP growth, as the latter was affected by the minimal increase in export volume (table 1).

The dynamism of domestic demand was primarily driven by the expansion of private investment—fueled by favourable business expectations, high metals prices, and relatively low interest rates—and private consumption—benefiting from improved consumer expectations, increased employment, and greater liquidity associated with the eighth withdrawal from pension funds. On the public spending side, increased public consumption stood out, while public investment showed practically no change.

**Table 1: Peru = Domestic Demand (% Change y/y)**

| | Q1-25 | Q4-25 | Q1-26 |
|---|---|---|---|
| Domestic Demand | 6.2 | 4.8 | 6.6 |
| Private Consumption | 3.8 | 3.4 | 3.5 |
| Public Consumption | 4.4 | 0.9 | 7.4 |
| Private Investment | 8.9 | 10.1 | 13.2 |
| Public Investment | 11.3 | 5.6 | -0.2 |
| Inventories Change | 0.9 | 0.3 | 0.7 |
| Exports | 9.5 | 4.9 | 0.8 |
| Imports | 17.2 | 10.7 | 11.4 |
| GDP | 4.1 | 3.2 | 3.5 |

Sources: Scotiabank Economics, BCRP.

For the second quarter, we project that domestic demand will expand by around 5%, a slightly lower rate than in Q1-26. This would be supported by slower growth in private investment. While we anticipate continued growth in mining investment—driven by high metal prices—and residential investment—given the positive trend in self-construction—the results of the first round of the presidential elections in April have led to a deterioration in business expectations (chart 1), which could be reflected in greater caution in non-mining investment. On the other hand, we expect private consumption to continue expanding at a similar pace to that recorded in Q1-26.

## EVOLUTION OF DOMESTIC DEMAND DURING Q1 2026

Private investment (+13.2%) marked its ninth consecutive quarter of expansion (chart 2), driven by strong momentum in mining investment (+41.2%), fueled by high metal prices—which increased capital expenditures for companies in the sector—as well as the execution of mining projects—notably Ferrobamba by Las Bambas and Tía María by Southern Copper. Additionally, residential investment accelerated (+7.3%), thanks to the expansion of self-construction and the formal real estate segment, resulting from higher incomes and lower mortgage interest rates, respectively. Finally, diversified investment—the "Other" category (+12.4%)—benefited from the positive evolution of business expectations during Q1-26—prior to the first round of elections in April—which was reflected in increased investment in sectors such as energy, infrastructure, and industry.

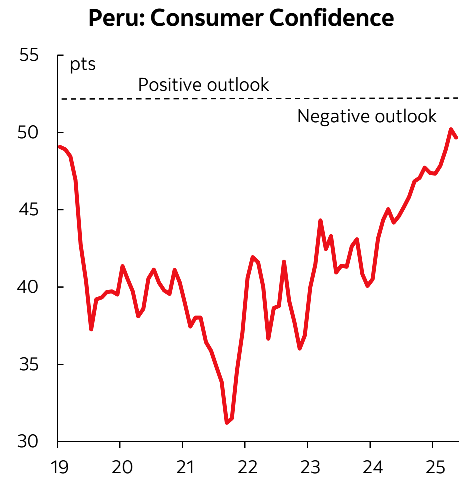
Private consumption (+3.6%) registered ten consecutive months of expansion, driven by the positive trend in employment—238,000 jobs were created in the private sector in Q1, especially in agriculture, services, and commerce—and income (+4.7% nominal), the availability of greater liquidity—linked to the eighth withdrawal of funds from pension funds (AFPs) and the payment of profit-sharing to formal employees—and the increase in consumer credit—due to the greater risk appetite of financial institutions given the low levels of delinquency and the increased demand for credit for the purchase of durable goods—new vehicle sales reached a record high in Q1-26. It should be noted that the acceleration of economic activity and the downward trend in inflation until February—before the start of the oil price surge in March due to the intensification of the war in the Middle East—favoured the recovery of consumer confidence to pre-pandemic levels (chart 3).

Public consumption accelerated (+7.4%), registering its highest growth rate since Q4-23. This performance was primarily driven by higher payroll expenses, particularly in the Education, Public Order and Security, Health, Defense, and Justice sectors. Increased expenditures on leased goods and maintenance services by the National Government were also reported.

Public investment (-0.2%) showed a mixed performance in Q1-26. Subnational government spending (+16%) was mainly driven by projects in the Transportation, Health, and Education sectors, especially in regions such as Pasco, Amazonas, and Arequipa. Local government investment in projects related to Culture, Sports, and Education also stood out. This was offset by a decline in National Government investment (-16.8%) due to lower disbursements for sanitation projects and projects managed by the National Infrastructure Authority (ANIN).

**—Pablo Nano**

**Chart 3**



Sources: Scotiabank Economics, BCRP.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V, Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.