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## Latam Daily: Mexico CPI Surprises Lower, Peru's Vote Is Too Close to Call

- **Mexico: Headline inflation slows to 3.94%, below expectations, producer prices rise to 2.98% y/y, formal employment falls by 29,922 jobs, and wholesale heavy vehicle sales jump 20.1%**
- **Peru: A country politically divided (almost) in half**

### MEXICO: MAY HEADLINE INFLATION SLOWS TO 3.94%, BELOW EXPECTATIONS

In May, headline inflation surprised to the downside, falling from 4.45% to 3.94%, below the 4.03% consensus forecast (charts 1 and 2). Core inflation declined from 4.26% to 4.19%, slightly below the 4.21% consensus. Within it, goods inflation fell from 3.99% to 3.78%, while services remained under pressure and edged higher to 4.57% from the previous 4.52%. Meanwhile, non-core inflation slowed from 5.08% to 3.10% because, although fruit and vegetable prices remained elevated at 14.38%, livestock prices offset part of the pressure (-4.74%), bringing agricultural inflation to 2.90%.

Among the products with the strongest upward impact—ranked by incidence—were potatoes and other tubers, with a monthly increase of 12.8%, owner-occupied housing at 0.31%, low-cost restaurants and taquerias at 0.51%, and household gas at 2.04%. By contrast, electricity, green tomatoes, and eggs posted lower prices during the month. On a sequential monthly basis, headline inflation fell -0.21%, core inflation rose 0.22%, and non-core inflation dropped -1.65%.

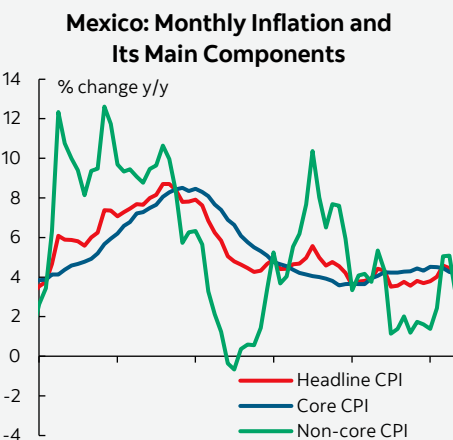
### MAY PRODUCER PRICES RISE TO 2.98% Y/Y

The National Producer Price Index accelerated in May, rising from an annual rate of 2.56% to 2.98%. By sector, the most notable development was a -9.33% drop in primary activities, while services increased 4.55%, up from the previous 3.98%. Within industrial activities, prices remained at 3.24%, with sharp increases in mining (32.04%) and construction (4.59%), while manufacturing (0.84%) and utilities (-0.03%) showed little change.

### MAY FORMAL EMPLOYMENT FALLS BY 29.9K JOBS

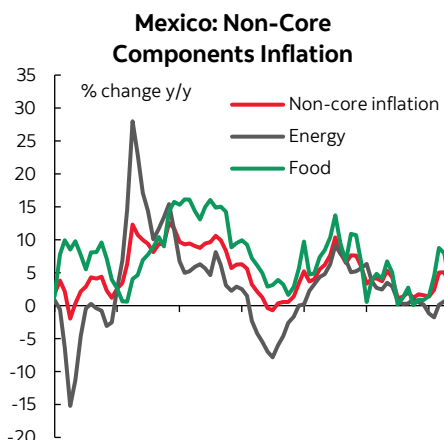
In May, the total number of jobs registered with the IMSS recorded a monthly decline of 29,922 positions (chart 3), bringing the total to 22,718,681. According to the official release, this result was affected by a seasonal decline in temporary jobs in the agricultural sector, as well as the cancellation of a fraudulent employer registration that included individuals without a genuine employment relationship. As a result, over the past twelve

Chart 1



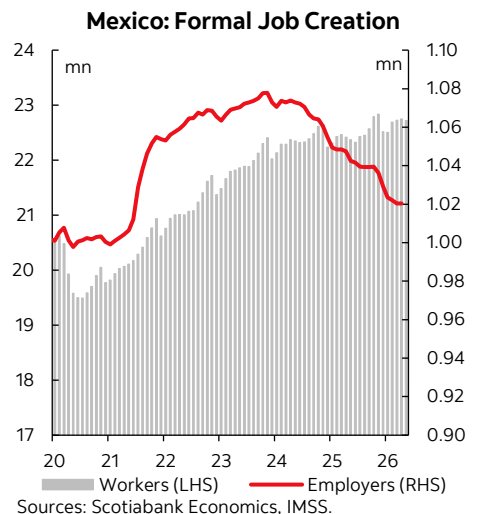
Sources: Scotiabank Economics, INEGI.

Chart 2



Sources: Scotiabank Economics, INEGI.

Chart 3



Sources: Scotiabank Economics, IMSS.

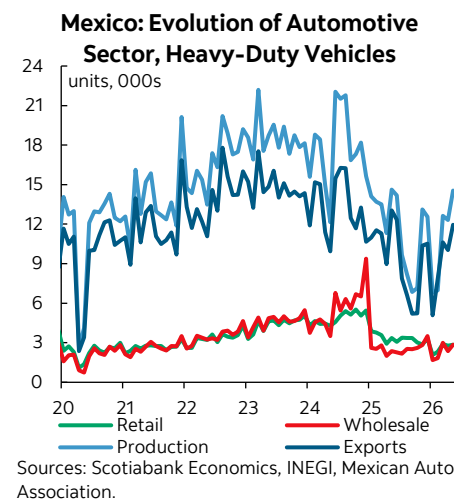
June 9, 2026

months, formal employment accumulated 236,637 new jobs, equivalent to an annual growth rate of 1.5%, maintaining the same pace as the previous month and marking the strongest rate since September 2024. On the other hand, the total number of registered employers fell by 3,231, extending a streak of twenty-five consecutive months of decline and bringing the total to 1,015,999 employers, equivalent to a 2.5% decrease. Finally, the average base contribution wage stood at 671.3 pesos, equivalent to a nominal annual increase of 6.6%, maintaining the moderation trend observed since 2022.

#### MAY WHOLESALE HEAVY VEHICLE SALES JUMP 20.1%

In May, wholesale heavy vehicle sales rebounded after fourteen negative months (chart 4), although retail sales, production, and exports remained in decline. Wholesale sales rose 20.1% year over year, while retail sales fell 15.6%. Meanwhile, production eased its contraction, declining 0.6% and extending a streak of consecutive declines since September 2024, while exports still showed a negative picture, with an 8.5% drop. On a cumulative basis, despite this month's increase, wholesale sales averaged a 4.7% decline at 11,701 units, while retail sales averaged a 26.3% decline at 12,878 units. Likewise, production and exports posted double-digit average declines of 17.3% and 18.4%, with 55,614 and 45,530 units, respectively.

Chart 4



—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

#### PERU: A COUNTRY POLITICALLY DIVIDED (ALMOST) IN HALF

Political uncertainty in Peru remains elevated following the second round of presidential elections held on June 7<sup>th</sup>, as the outcome continues to be too close to call.

According to quick counts conducted by leading polling firms, the difference between the two candidates falls within the margin of error, effectively resulting in a statistical tie. Ipsos estimates place Roberto Sánchez at 50.3% of valid votes and Keiko Fujimori at 49.7%, with a margin of error of  $\pm 1.9$  percentage points, precluding a definitive result at this stage.

Preliminary official results from the National Office of Electoral Processes (ONPE), with 95.8% of ballots processed, show Sánchez with 50.07% of valid votes (8.908 million votes) and Fujimori with 49.91% (8.884 million votes). The difference—approximately 24,000 votes—is exceptionally narrow, representing less than 0.2% of total votes cast.

The remaining uncounted votes are expected to play a decisive role. Ballots from Peruvians residing abroad—historically more favourable to Fujimori—and votes from remote rural areas—typically supportive of Sánchez—have not yet been fully incorporated.

In addition, approximately 1,500 tally sheets, representing an estimated 300,000 votes, have been challenged or flagged for review. These will be assessed by electoral authorities, including Special Electoral Juries in the first instance and the National Elections Board (JNE) as the final arbiter. As a result, the official determination of the election outcome could extend until mid-July, depending on the resolution timeline of these contested ballots.

Given the extremely narrow margin and the volume of disputed votes, the final result may depend not only on the completion of vote counting but also on the JNE's decisions. This significantly prolongs the period of political uncertainty.

Market reaction has reflected this uncertainty, albeit within relatively contained ranges. During the trading session, the Peruvian sol initially depreciated, with the exchange rate reaching S/3.52 before reversing and closing at S/3.44, below the previous session's close. The equity market followed a similar pattern, opening with declines of up to 1.8% before recovering toward the end of the session. Sovereign bond yields also exhibited volatility, briefly incorporating a higher risk premium before retracing.

Overall, market movements suggest that investors are adjusting expectations as the probability of each candidate's victory evolves, rather than pricing in a clear directional outcome.

In summary, Peru faces a highly polarized electoral environment, with a deeply divided electorate and an outcome that remains uncertain. The combination of a statistically tied result, unresolved votes, and a potentially prolonged adjudication process suggests that political clarity may take several weeks to materialize, maintaining short-term volatility in local financial markets.

—Pablo Nano

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