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Latam Daily: Mexican Economy Rebounds, Peruvian Infrastructure Momentum

- **Mexico: Economic activity strengthened in April, supported by gains in industry; Commercial activity showed resilience in April; Non-financial services continue to show weakness**
- **Peru: On solid ground—Infrastructure investment momentum builds**

MEXICO: ECONOMIC ACTIVITY STRENGTHENED IN APRIL, SUPPORTED BY INDUSTRIAL STRENGTH

In April, the Global Indicator of Economic Activity (IGAE) showed annual economic activity growth of 2.3% (compared with 1.4% in March), based on original figures—its strongest growth in a year. By component (chart 1), primary activities grew 4.4%. Industrial activity broke its negative trend from the previous three months and grew 2.3%, while public services declined only -0.4%. Services expanded 2.2%, driven by wholesale trade (10.6%) and health and social assistance services (3.5%). On a seasonally adjusted monthly basis, the IGAE increased 1.4% (vs. 0.1% previously), with gains in industrial activities (2.1%) and services (0.7%), and declines in primary activities (-0.4%).

COMMERCIAL ACTIVITY SHOWED RESILIENCE IN APRIL

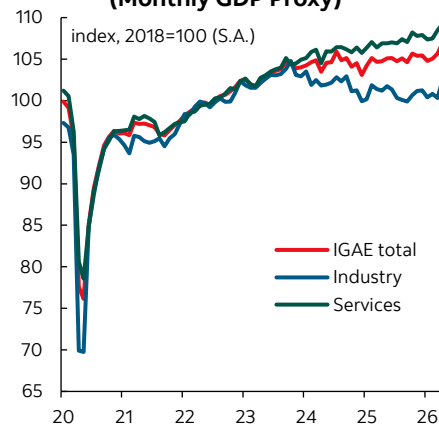
According to INEGI's Monthly Survey of Commercial Enterprises (EMEC), commercial activity in Mexico posted a favourable performance in April (chart 2). Based on original figures, real wholesale trade revenues rose 9.0%, while retail sales increased 4.4%, reflecting a sustained expansion in consumption and goods distribution. In wholesale trade, employment continued to show weakness, falling -0.5%, although wages increased 8.5%. Meanwhile, retail trade recorded gains in both employment (0.7%) and wages (7.0%). At the sector level, notable increases were observed in sales of machinery and equipment in wholesale trade (16.6%), as well as household goods (12.7%), online commerce within the retail sector (9.3%), and textile products (9.0%).

NON-FINANCIAL SERVICES CONTINUE TO SHOW WEAKNESS

In the same month, according to the Monthly Services Survey, total revenues from non-financial services fell by -1.9% in real annual terms, based on original figures. Within the sector, mixed signals were observed across activities, with growth in other activities excluding legislative activities (6.7%) and a decline in real estate services (-1.9%). Cumulatively, in the first quarter, services revenues contracted -1.5% in real annual terms.

Chart 1

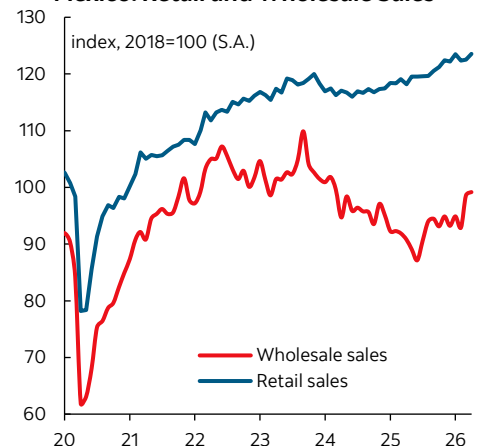
Mexico: IGAE and its Main Components (Monthly GDP Proxy)



Sources: Scotiabank Economics, INEGI.

Chart 2

Mexico: Retail and Wholesale Sales



Sources: Scotiabank Economics, INEGI.

—Rodolfo Mitchell, Miguel Saldaña, Martha Cordova

PERU: ON SOLID GROUND—INFRASTRUCTURE INVESTMENT MOMENTUM BUILDS

Concessioned transport infrastructure investment in Peru continues to advance, with cumulative flows reaching US\$495 million as of May 2026, according to Ositran, slightly above expectations and reflecting a sustained trajectory in recent months. While execution moderated in May to US\$16 million, the lowest since August 2025, this appears to be a temporary dip rather than a structural slowdown, suggesting activity should normalize in the near term as project pipelines remain active.

Looking ahead, investment is expected to remain supported by improved political visibility, following the resolution of presidential elections for the next five years and, importantly, no anticipated changes in the country’s economic policy framework. In this context, we forecast total investment to reach around US\$1,350 million in 2026 (chart 3), marking the third consecutive year above the US\$1,000 million threshold. Encouragingly, trailing twelve-month investment through May already exceeds this level, highlighting potential upside if execution momentum holds.

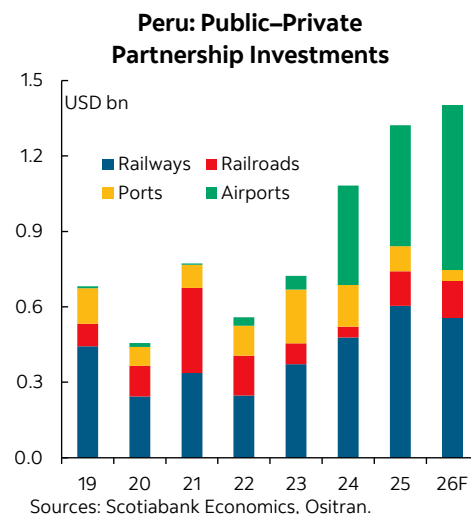
The sectoral composition reveals a clear bias toward large-scale assets, driven by airports (US\$266 million) and railways (US\$173 million), followed by highways (US\$48 million) and ports (US\$7 million). Key projects include the Jorge Chávez International Airport expansion (US\$252 million) and Lima Metro Line 2 (US\$173 million), alongside road concessions such as IIRSA Norte (US\$16 million), IIRSA Sur-Tramo 4 (US\$11 million), Autopista del Sol (US\$9 million), Red Vial N°6 (US\$8 million) and Muelle Norte (US\$4.1 million), highlighting the concentration of capital in core infrastructure assets.

At the project level, execution continues to be supported by major urban transport developments. In particular, the Lima Metro Line 2 and the Line 4 branch remain key drivers, with tunneling works progressing steadily. According to Ositran, the TBM “Delia” initiated excavation at a ventilation shaft in mid-June and is currently operating between Quilca and Morales Duárez stations, reaching 16% progress, with completion expected in early 2027. Meanwhile, the TBM “Micaela” has reached Station 17 (N. Ayllón), underscoring continued advancement. In the aviation segment, Ositran confirmed the completion of Phase 1B of the new passenger terminal at Jorge Chávez International Airport, facilitating the transition from Phase 1A (209,000 m²) to Phase 1B (adding 63,000 m²), bringing total operational area to 272,000 m². This expansion is structurally significant, enabling the terminal to accommodate up to 40 million passengers by 2030, a target that appears achievable given throughput exceeded 25 million passengers in 2025 and reached 6.35 million in 1Q26, suggesting demand fundamentals remain robust.

The bottom line is that Peru’s concessioned infrastructure cycle remains on a constructive path, supported by strong execution and improving political certainty. However, sustaining this momentum will depend on continued capital deployment and execution discipline across complementary projects, which remains key to unlocking broader efficiency gains in the transport network.

—Carlos Asmat

Chart 3



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