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Latam Daily: Peruvian Construction Strength

- **Peru: Cement sales maintain positive momentum, strengthening construction sector outlook**

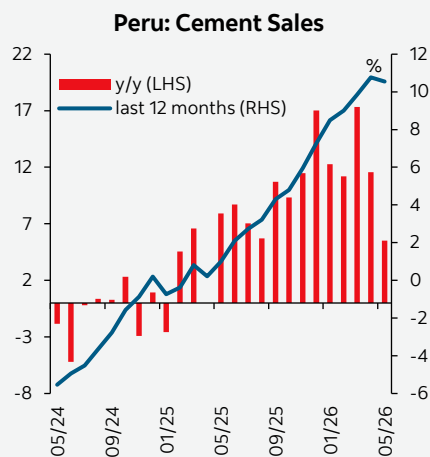
Cement sales reached nearly 1.2 million tons in May, up close to 8% year-on-year, according to INEI (Intituto Nacional de Estadística e Informática). As a result, May posted the highest monthly volume since October 2025. In terms of annual growth, cement demand has maintained a sustained expansion trend since January 2025. Although May's growth remained in single digits, it is important to note the base effect as May 2025 recorded one of the strongest growth rates of 2025 (chart 1).

From a qualitative standpoint, May's performance was another positive signal for the sector, particularly considering that the first round of the presidential elections introduced the possibility of changes in the country's economic policy framework. While this development could have weighed more heavily on construction activity and cement demand, the impact proved limited, as cement dispatches reached their highest level of the year (chart 2).

Several factors supported cement demand in May. First, the self-construction segment remained resilient, supported by continued growth in formal private-sector employment, which expanded by 5% year-on-year in April, adding approximately 234,000 jobs. Second, the formal housing market continued to perform well, with new mortgage lending by the banking system increasing 6.4% year-on-year in April. Third, cement prices remained broadly stable, particularly in Lima, where the average retail price increased only marginally from PEN 30.4 per bag to PEN 31.1 per bag, according to INEI. Nonetheless, overall growth was partially offset by a 7% decline in public investment in May, mainly due to lower spending by the national government, partly offset by stronger execution by regional and local governments.

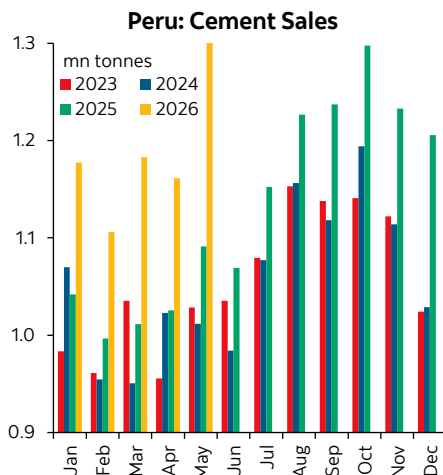
Through May, cement sales reached 5.6 million tons, 14% above year-ago levels. The drivers behind this expansion were broadly the same as those supporting April's results. By region, cumulative cement sales through May showed the strongest growth in southern Peru (+15%), supported by mining-related investment activity, followed by the northern region (+13%), where self-construction remains particularly dynamic, and the central region (+12%), benefiting from ongoing real estate development and transportation infrastructure projects (chart 3).

Chart 1



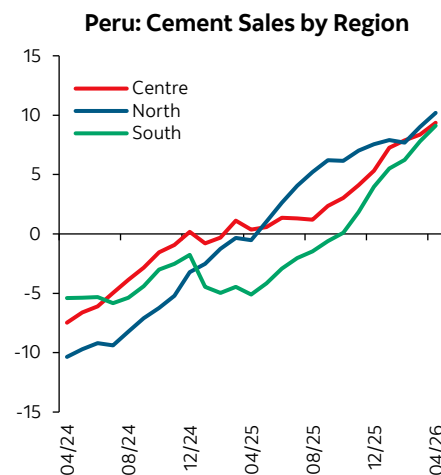
Sources: Scotiabank Economics, ASOCEM.

Chart 2



Sources: Scotiabank Economics, INEI.

Chart 3



Sources: Scotiabank Economics, INEI.

July 3, 2026

2026 OUTLOOK

Based on cumulative results through May, we expect cement sales to expand at a pace broadly consistent with our 9.4% growth forecast for the overall construction sector in 2026.

This outlook is supported by three main factors. First, self-construction activity is expected to remain solid, underpinned by favourable formal employment trends and improving household income. Second, demand for higher-value residential properties—particularly in Lima—should remain strong, supported by mortgage rates that remain below the levels observed in previous years. Third, significant cement demand is expected from large-scale infrastructure projects, both through concession-based schemes and, to a lesser extent, projects executed under Peru's *Works for Taxes* framework.

However, several risks could moderate cement demand. Public investment growth is expected to decelerate, particularly at the national government level, as the country transitions to a new administration in July. In addition, adverse weather conditions associated with a potential El Niño event, particularly during Q4-26, remain a key downside risk, as severe weather can delay construction activity and weaken household spending capacity.

Finally, the outlook also depends on maintaining relative geopolitical stability in the Strait of Hormuz. A renewed escalation of military tensions could trigger renewed volatility in global oil prices, increasing inflationary pressures on food and energy—especially fuel costs—and potentially constraining spending on labour and building materials within the self-construction segment.

—Carlos Asmat

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