Scotiabank

GLOBAL ECONOMICS

LATAM DAILY

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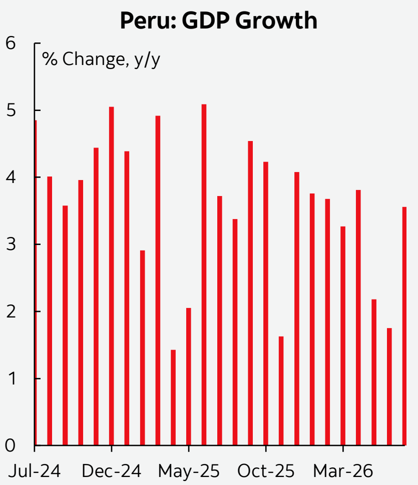
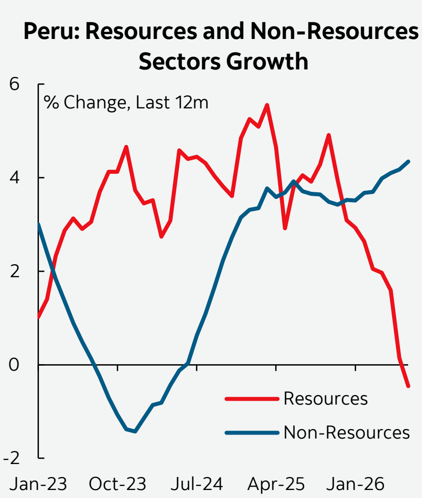
Chart 1



Sources: Scotiabank Economics, INEI.

Chart 2



Sources: Scotiabank Economics, BCRP.

Latam Daily: Peru's Economy Grows Strongly in July

- **Peru: Economy grows at two speeds as domestic demand offsets El Niño's impact**

The Peruvian economy grew by 3.6% y/y in July, its fastest pace in the last three months (chart 1), and recorded a cumulative expansion of 3.3% over the 12 months ending in July. The result for July was slightly higher than our estimate of 3.3%, but it came in well above the 2.2% expected by the median of analysts surveyed by Bloomberg.

Economic activity has been evolving at uneven rates (chart 2 and table 1). On one hand, primary sectors fell by approximately 1% in July, subtracting 0.2 percentage points (p.p.) from total GDP growth due to the negative effects of the El Niño event. On the other hand, non-primary sectors linked to domestic demand expanded by nearly 5%, contributing to 3.8 p.p. to overall GDP growth.

The Coastal El Niño has been developing in Peru over recent months, evolving from a "weak" warming event in March to a "strong" event by July. The warming of sea waters has prompted anchovy, the main species in Peru's fishing industry, to migrate southward or move to deeper waters, making them harder to catch. This is the primary reason for the decline in the fishing sector (-27.4% y/y). El Niño is also affecting the agricultural sector (-1.2% y/y), as high temperatures are reducing yields for crops such as olives, coffee, and onions, and, to a lesser extent, potatoes, avocados, and hard yellow corn.

The other primary sector, mining and hydrocarbons, showed relative stability (+0.2% y/y), recovering from the drop seen in June. The mining sub-sector (+1.1% y/y) was driven by higher copper production, supported by increased output at Antamina, one of Peru's largest copper mines, which has been extracting ore with higher copper content and lower zinc content. Gold production also rose, benefiting from elevated prices, while molybdenum and tin output increased due to higher production at Cerro Verde and Minsur, respectively. The hydrocarbons subsector (-5.1% y/y) was primarily affected by a drop in oil production due to maintenance work at Block 95, the country's largest oil field.

The construction sector (+9.9% y/y) led the expansion of non-primary sectors, driven by dynamic private investment, which continues to grow at a double-digit rate across residential housing, infrastructure, mining, and energy, among other areas. Public investment also contributed positively, particularly through projects executed by regional and local governments.

The commerce sector (+6.8% y/y) maintained its momentum, supported by the expansion of formal employment, rising incomes, and robust consumer credit activity. These factors are driving significant growth in retail and new vehicle sales; both indicators

Table 1: Peru — GDP By Sector July 2026 (% Change)

	y/y	m/m	ytd.
GDP	**3.6**	**1.7**	**3.1**
Agriculture	-1.2	4.4	-0.7
Fishing	-27.4	48.7	-32.6
Mining & Oil	0.2	1.8	-0.7
Manufacturing	-1.8	6.2	-1.7
Electricity & Water	7.3	1.0	4.7
Construction	9.9	1.3	10.7
Commerce	6.8	0.1	6.3
Telecom	0.3	-0.2	0.8
Transport	2.9	0.5	2.7
Enterprise Services	4.1	0.5	3.7
Accommodation & Food Services	3.5	3.1	5.1
Financial Services	3.1	1.2	0.9
Other Services	5.1	N.A.	4.6

Sources: Scotiabank Economics, INEI.

are on track to reach record levels by the end of 2026. These same drivers boosted the services sector, particularly in areas such as accommodation and food services (+3.5% y/y) and personal services (+5.1% y/y).

For the third quarter of 2026, we project the Peruvian economy will grow by 3.3%, up from 2.6% in the second quarter, when the impact of the El Niño event was most visible. According to ENFEN, the local agency responsible for monitoring El Niño, the event's intensity is expected to reach "Extraordinary" levels between September 2026 and January 2027; consequently, the negative impact on primary sectors could intensify in the fourth quarter. As a result, while we maintain our 2026 GDP growth forecast of 3.5%, the balance of risks remains tilted to the downside.

—Pablo Nano