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Peruvian Inflation Rises Further

- **Peru: Annual inflation continues uptrend in September, but monthly readings show no signs of deviation**

Headline inflation rose by 0.12% m/m in September, broadly in line with Bloomberg consensus expectations, which anticipated an increase of 0.14%. As a result, annual inflation increased from 4.4% in August to 4.6% y/y in September, remaining above the BCRP's target range (1%–3%) for the sixth consecutive month.

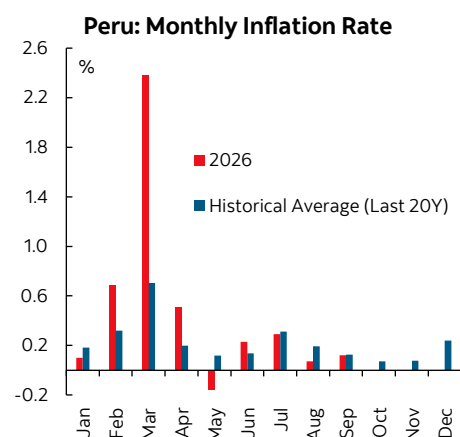
At this stage, this latest increase in annual inflation does not constitute a cause for concern. Part of the rise reflects a statistical base effect, as inflation in September 2025 was 0.0%. Moreover, over the past five months, from May to September, monthly inflation readings have remained broadly in line with their historical averages of the last 20 years, excluding the pandemic period, and in some cases have even been below those levels (chart 1). Following the price shocks observed in March and April, recent inflation dynamics do not currently point to significant inflationary pressures.

Regarding core inflation, prices increased by 0.07% in September, while the annual rate remained unchanged at 4.5%. Persistent pressures in non-volatile components appear to have moderated somewhat, although they remain elevated. However, it is important to note that the transportation component is included within core inflation and has been affected by higher oil prices. Excluding transportation inflation from the core measure provides a cleaner gauge of non-volatile inflationary pressures. This adjusted indicator remains within the target range and is even below the midpoint of the target range (chart 2), standing at 1.8% in September, unchanged from August.

At a more disaggregated level, the main contributors to the overall inflation result were three categories:

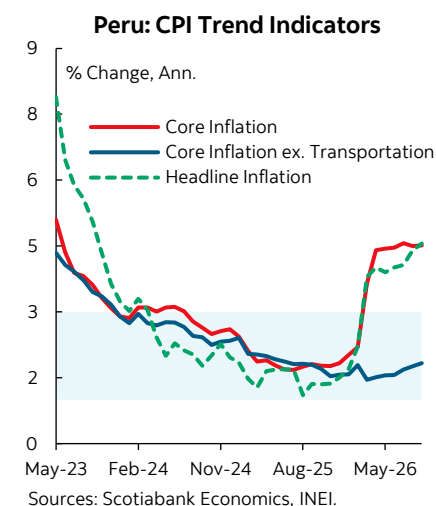
1. Transportation: Prices increased by 0.3%. While land transportation fares declined slightly, higher fuel prices accounted for the largest increase within the category.
2. Restaurants and hotels: Prices rose by 0.2%, extending the upward pressures observed since March.
3. Partially offset by food and non-alcoholic beverages: Prices declined by 0.1%, driven by a correction in meat prices, particularly poultry and fish.

Chart 1



* The Figure for August 2026 is an Estimate
Sources: Scotiabank Economics, INEI.

Chart 2



October 2, 2026

The latest monthly inflation reading for September (0.12%), together with the favourable comparison base expected for October—monthly inflation stood at -0.10% in October 2025—is consistent with our forecast that inflation will close 2026 at around 4.8% y/y.

—Ricardo Avila

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