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Policy Responses to heightened uncertainty on policy and fundamentals

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Copper prices have recently surged, driven by demand from green industries and data center expansion. In 2024, non-traditional agricultural exports ranked just behind gold in boosting Peru’s export prices.

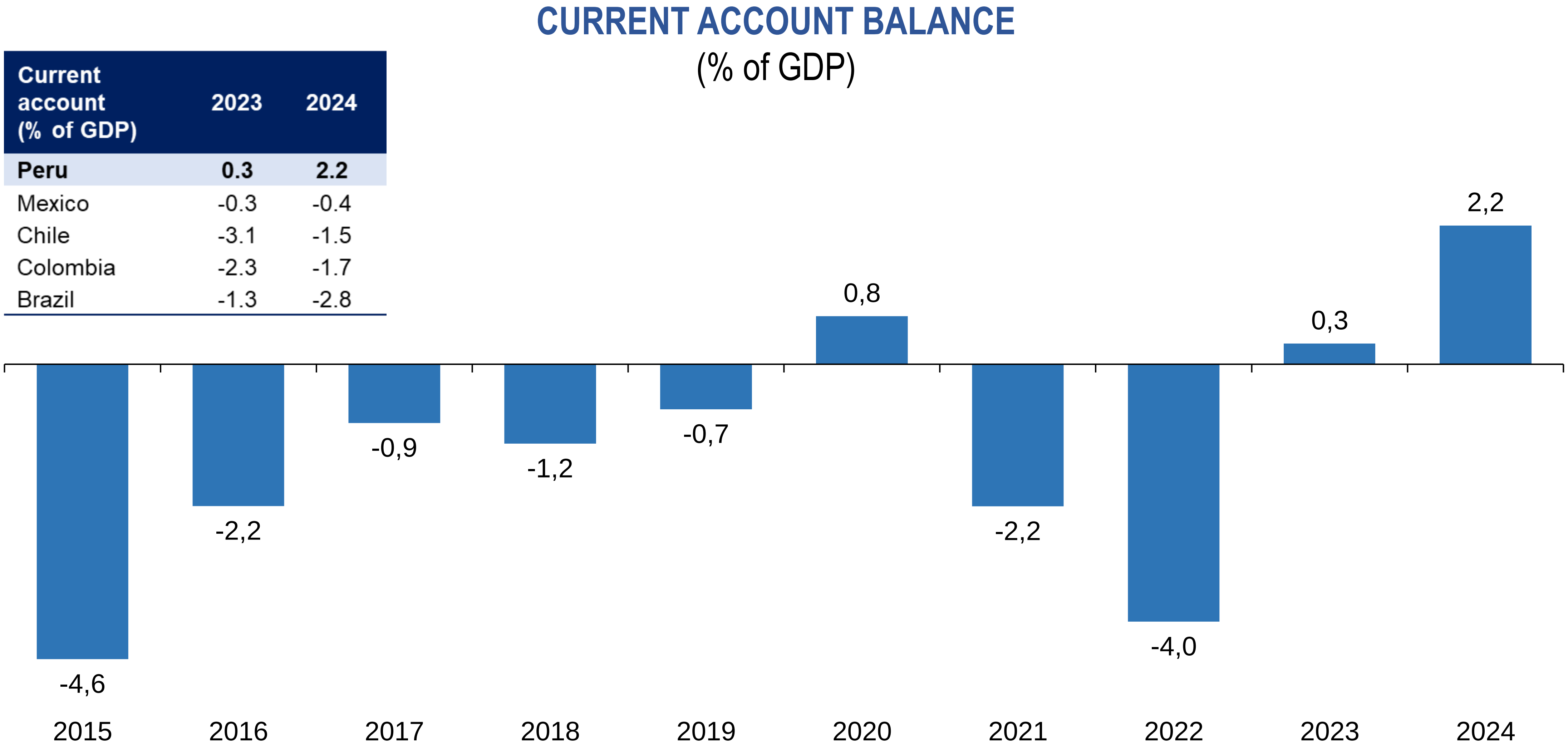
TERMS OF TRADE
(Index 100 = 2007)

Annual average % chg.	2020	2021	2022	2023	2024
Terms of trade	11.2	9.2	-10.0	7.7	12.6
Export prices	*3.7*	*31.5*	*2.5*	*-2.6*	*7.9*
Import prices	*-6.7*	*20.5*	*13.9*	*-9.6*	*-4.2*
Memo:					
Copper (ctv. USD / lb.)	*280*	*422*	*400*	*385*	*415*
Gold (USD / oz.)	*1770*	*1799*	*1801*	*1943*	*2388*
WTI (USD / bl.)	*39*	*68*	*95*	*78*	*77*

Source: BCRP.

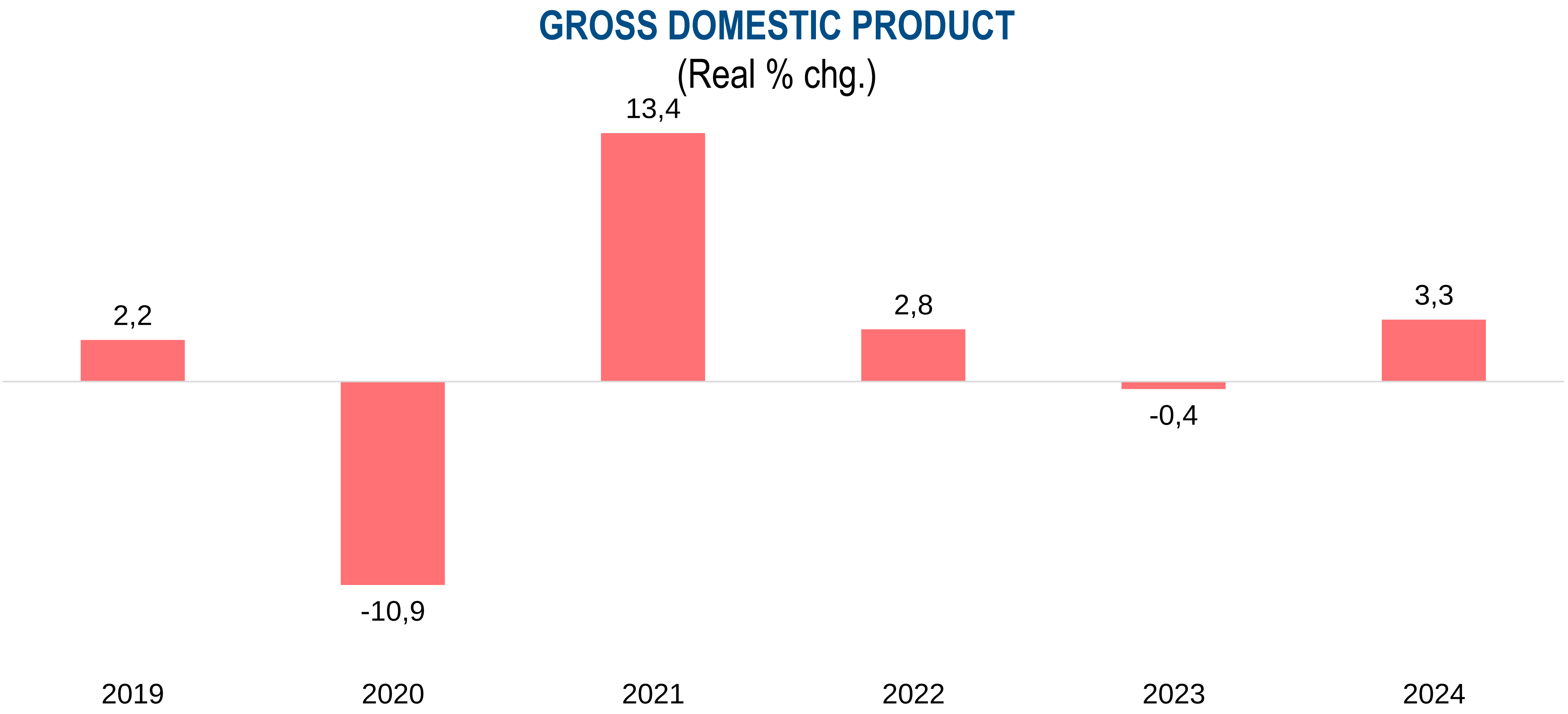
The current account is expected to remain in surplus in 2025 and 2026, supported by a higher trade surplus and a recovery in tourism.

Current account (% of GDP)	2023	2024
Peru	**0.3**	**2.2**
Mexico	-0.3	-0.4
Chile	-3.1	-1.5
Colombia	-2.3	-1.7
Brazil	-1.3	-2.8



Source: Central banks.

Peru experienced a sharp decline in economic activity during the pandemic, but the country managed to recover its pre-pandemic level in 2021.



Source: BCRP.

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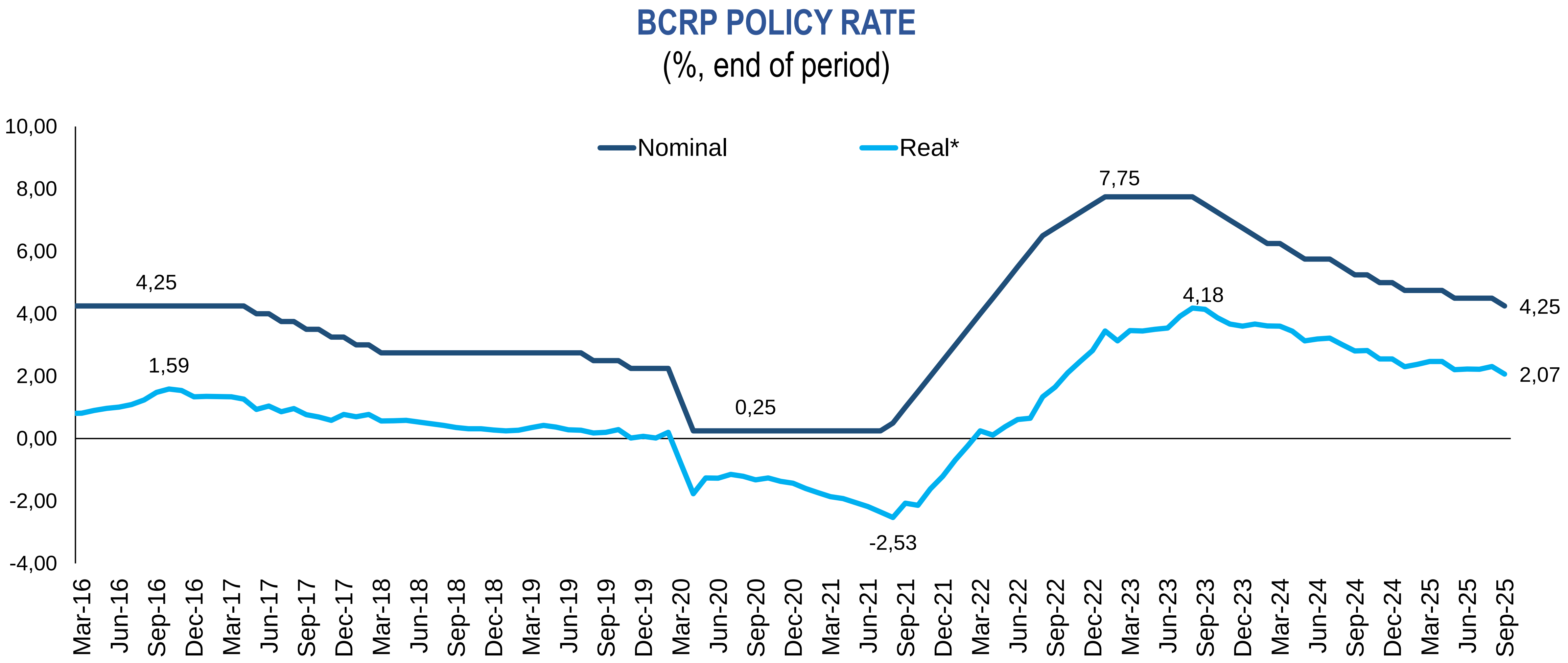
The BCRP policy rate was reduced to 4.25% in September, while real rate is close to the neutral level.

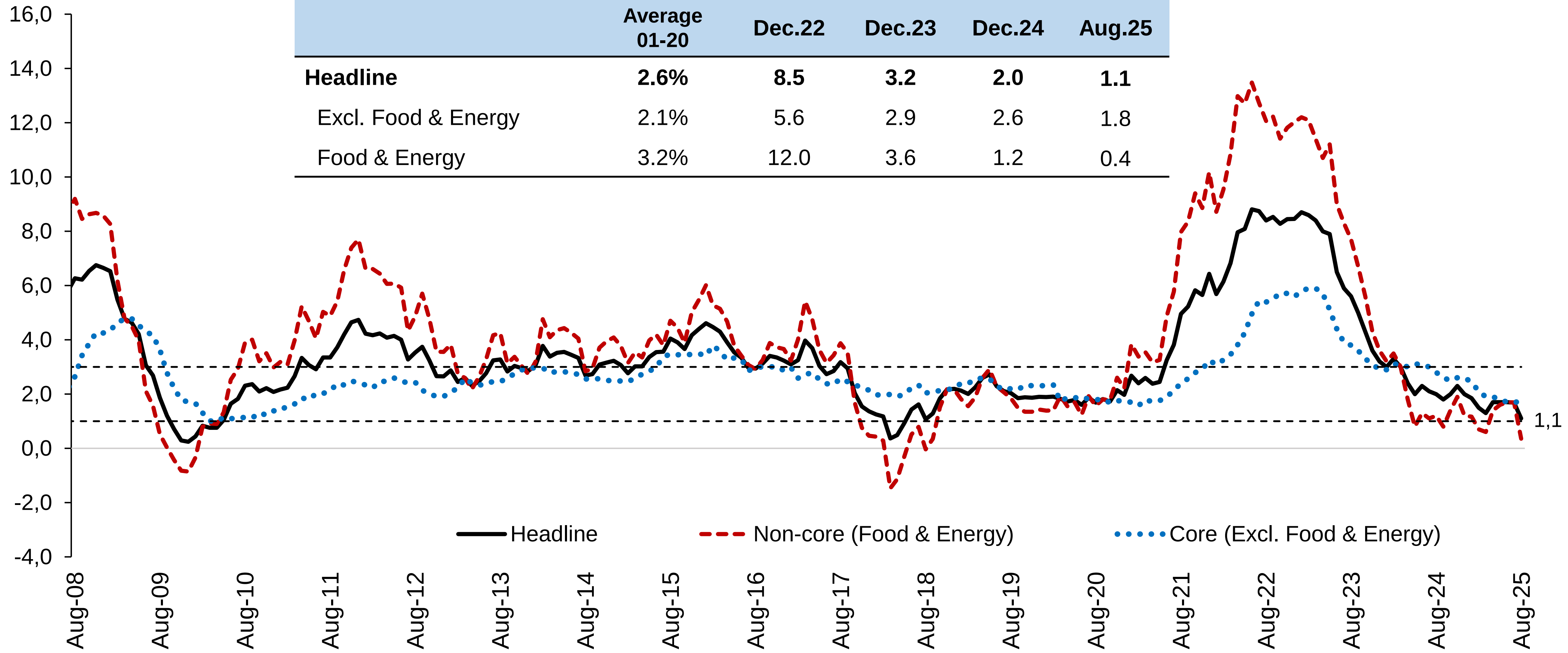


*With inflation expectations.
Source: BCRP.

Headline inflation consistently remained within the target range since April 2024. Core inflation reached 1.75% in August 2025.

INFLATION

(YoY % chg.)



	Average 01-20	Dec.22	Dec.23	Dec.24	Aug.25
Headline	**2.6%**	**8.5**	**3.2**	**2.0**	**1.1**
Excl. Food & Energy	2.1%	5.6	2.9	2.6	1.8
Food & Energy	3.2%	12.0	3.6	1.2	0.4

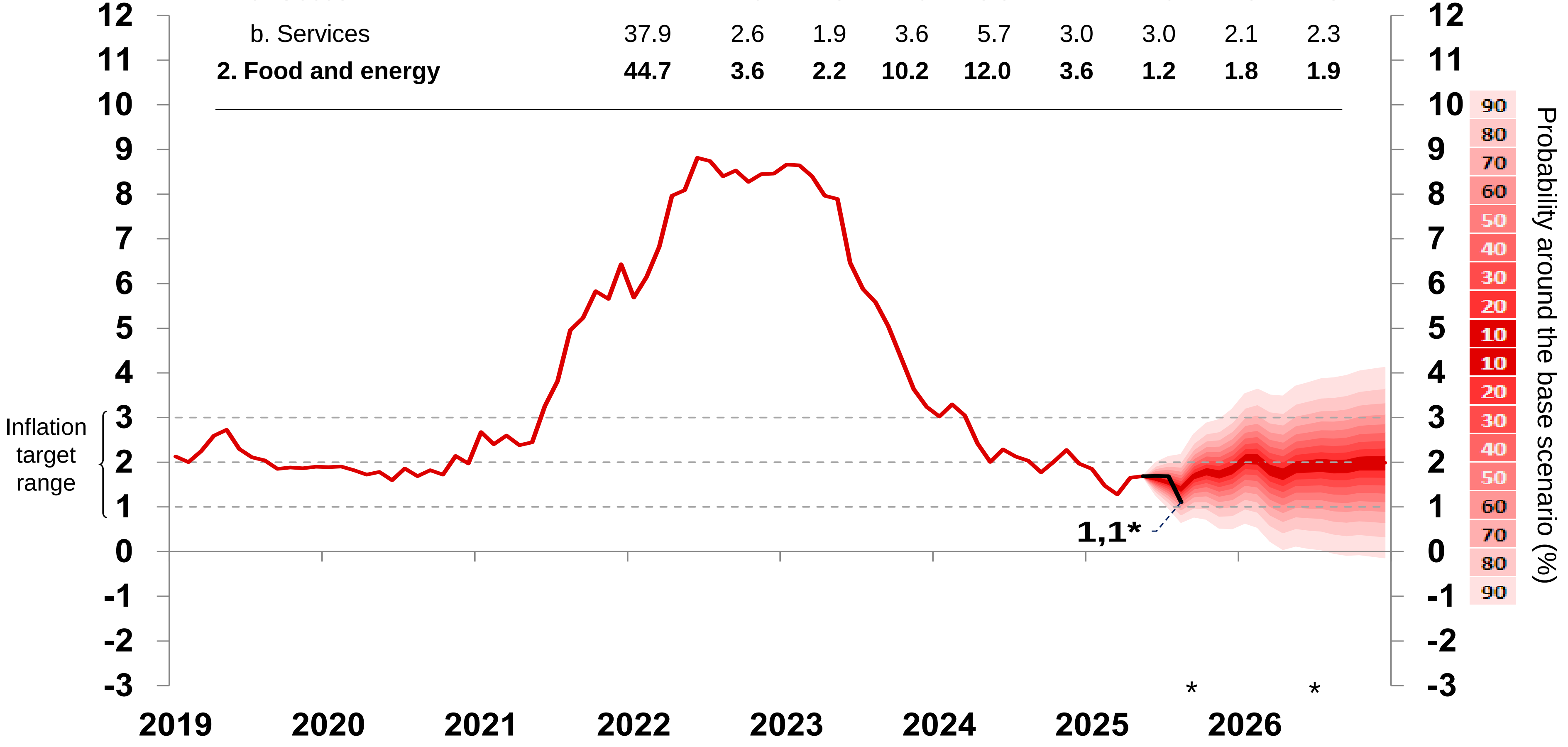
Source: INEI, BCRP.

Inflation is projected at 1.8% in 2025 and is expected to hover around 2.0% in 2026.

INFLATION FORECAST FOR 2025 – 2026

(YoY % chg.)

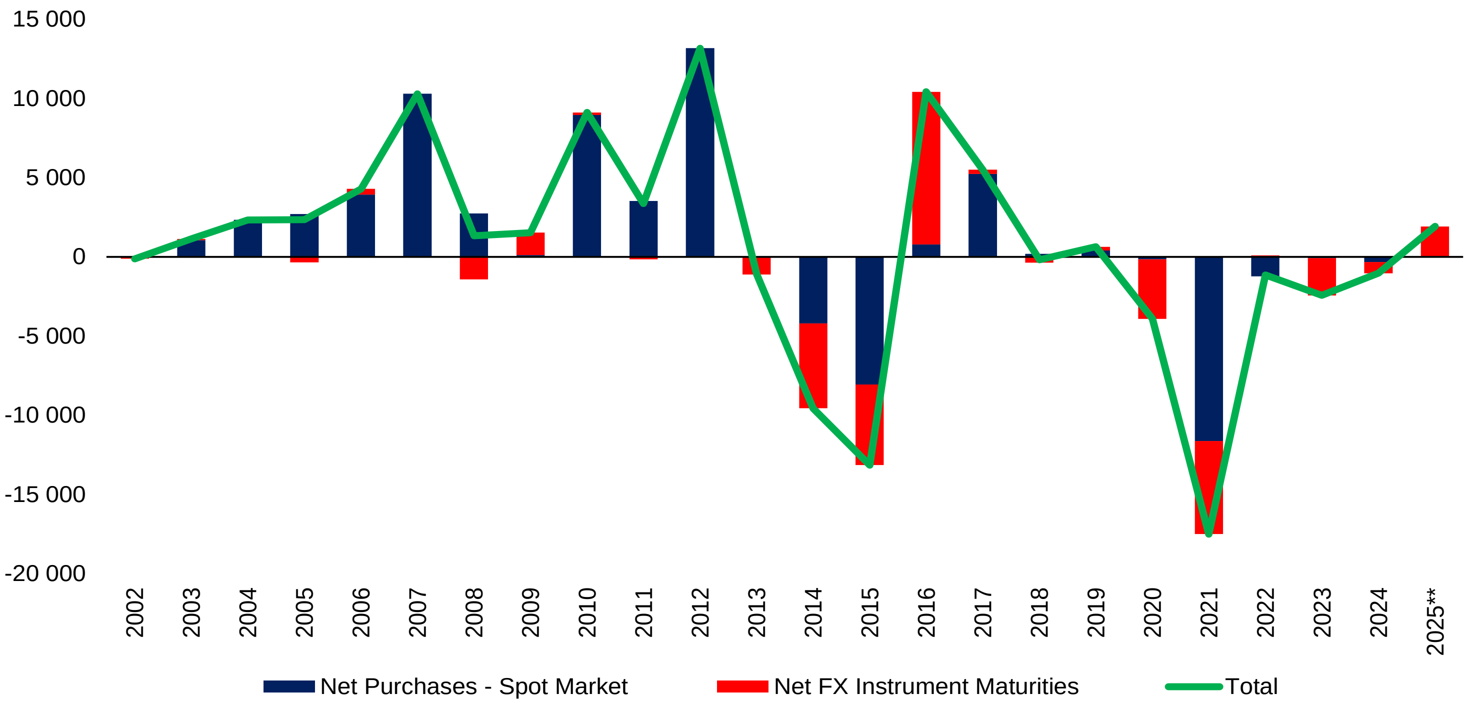
	Pond.	2001-24	2020	2021	2022	2023	2024	2025*	2026*
Headline Inflation	**100.0**	**3.0**	**2.0**	**6.4**	**8.5**	**3.2**	**2.0**	**1.8**	**2.0**
1. CPI excl. food and energy	**55.3**	**2.4**	**1.8**	**3.2**	**5.6**	**2.9**	**2.6**	**1.9**	**2.0**
a. Goods	17.4	2.0	1.5	2.6	5.3	2.7	1.6	1.3	1.5
b. Services	37.9	2.6	1.9	3.6	5.7	3.0	3.0	2.1	2.3
2. Food and energy	**44.7**	**3.6**	**2.2**	**10.2**	**12.0**	**3.6**	**1.2**	**1.8**	**1.9**



*Forecast.

Foreign Exchange intervention have been done to limit excessive volatility in FX markets.

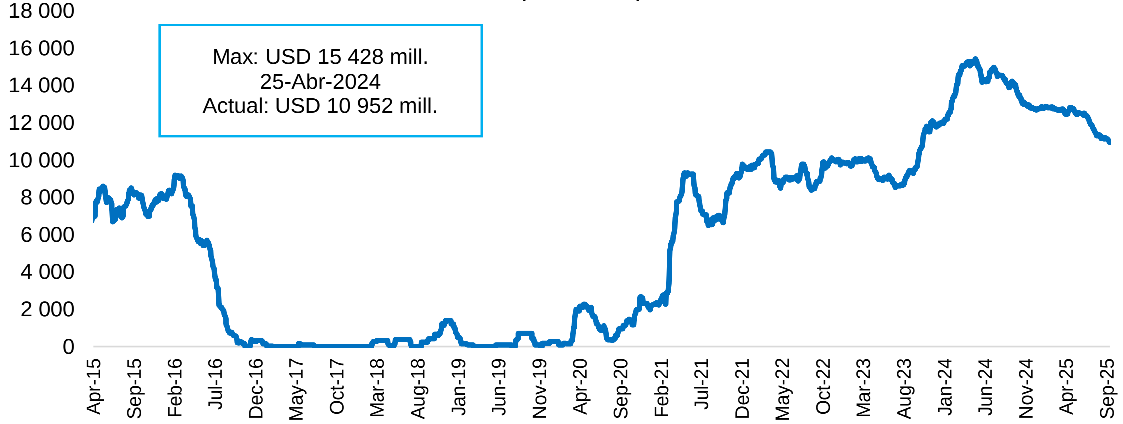
Foreign Exchange Intervention by the BCRP
(In millions of USD)



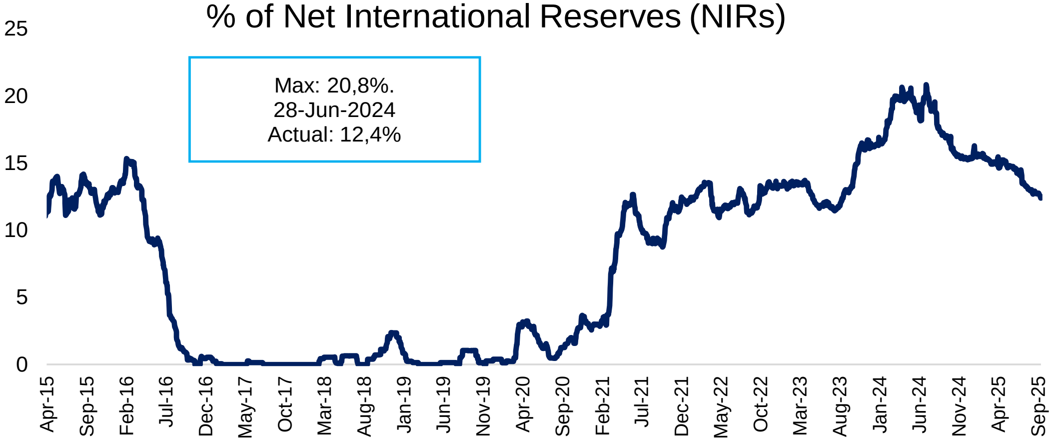
** As of September 11.
Source: BCRP.

While stock of FX swaps has been slowing decreasing during the first half of 2024, BCRP has been active in FX markets with FX swaps renewals.

Swap Cambiario Venta
(Mill. USD)



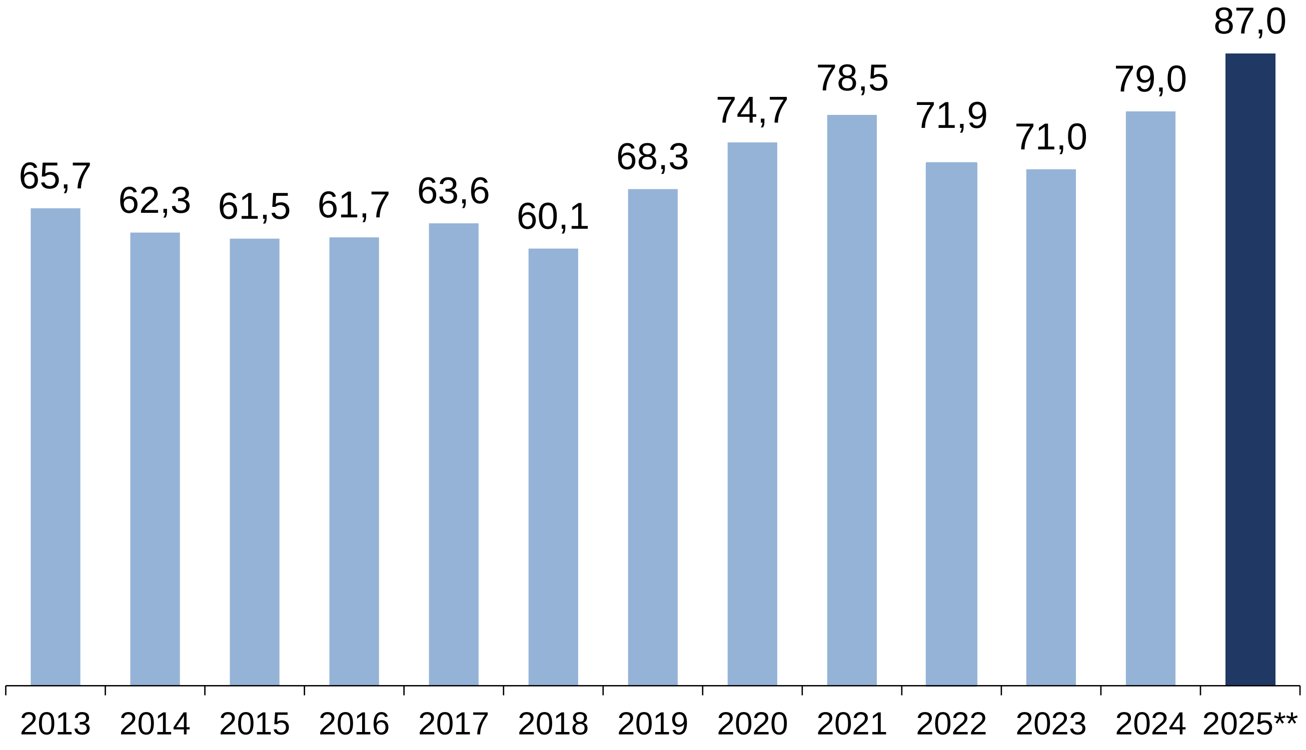
Swap Cambiario Venta
% of Net International Reserves (NIRs)



As of September 11.
Source: BCRP.

The BCRP's FX reserves stood at 27% of GDP in 2024, the highest in the region. This is an important source of strength for the Peruvian economy.

FOREIGN EXCHANGE RESERVES
(USD Billion)



*As of September 12.

INTERNATIONAL COVERAGE INDICATORS

	2024*	2025*	2026*
NIR as percentage of:			
a) GDP	26.8	26.9	27.6
b) Short term external debt [1/]	486	508	545
c) Short term external debt + current account deficit	802	783	1 004

[1/] Includes the stock of short-term debt plus 1 year ahead amortization of private and public debt.
*Forecast.

Reserve assets (% of GDP)	2024
Peru	**26.8**
Brazil	15.2
Colombia	14.9
Chile	13.5
Mexico	12.5
Argentina	3.9

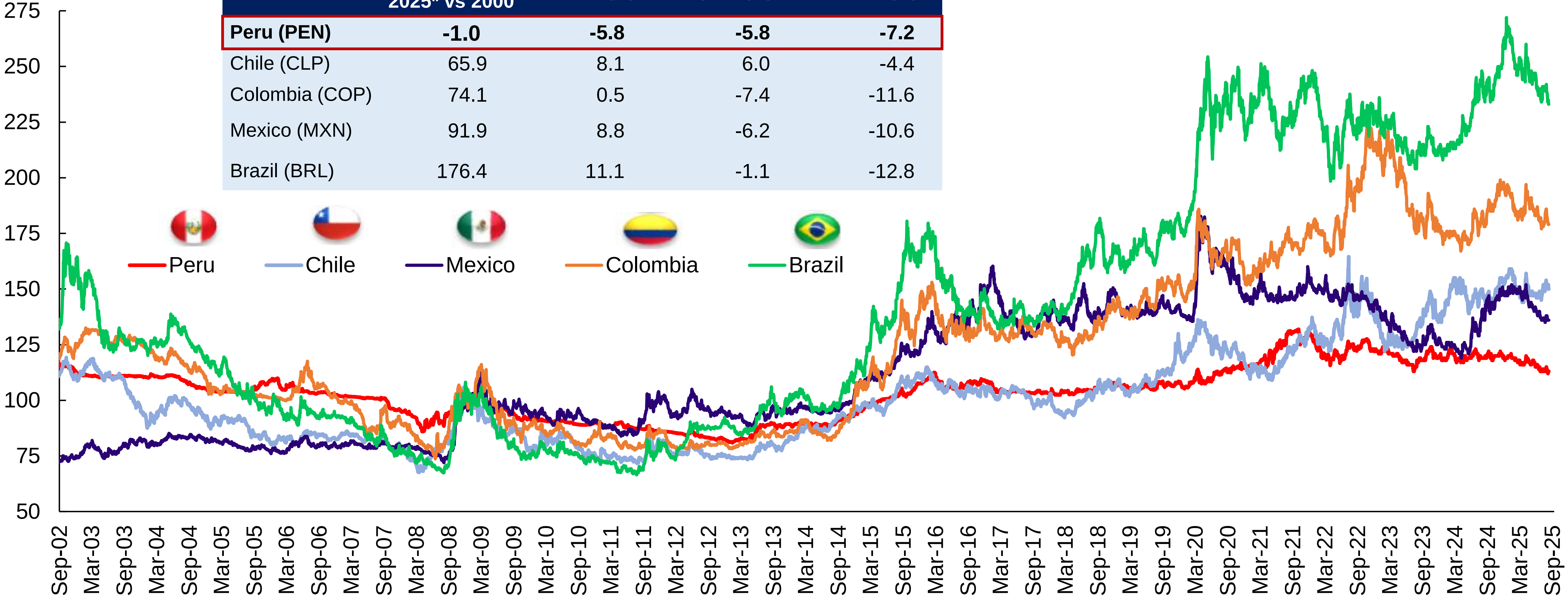
Source: Reserve assets is obtained from each central bank. GDP is obtained from the IMF – WEO (April 2025), except for Peru (BCRP).

As a result, the Peruvian sol has maintained relatively stable so far this century, in contrast to the high depreciation rates in the rest of the region.

LATAM: FOREIGN EXCHANGE

(Monetary unit per US Dollar, index 100 = 31-Dec-2008)

	Cummulative % change 2025* vs 2000	Sep.25*/ Dec.23 (%)	Sep.25*/ Sep.24 (%)	Sep.25*/ Dec.24 (%)
Peru (PEN)	**-1.0**	**-5.8**	**-5.8**	**-7.2**
Chile (CLP)	65.9	8.1	6.0	-4.4
Colombia (COP)	74.1	0.5	-7.4	-11.6
Mexico (MXN)	91.9	8.8	-6.2	-10.6
Brazil (BRL)	176.4	11.1	-1.1	-12.8



*As of September 10.
Source: Reuters.

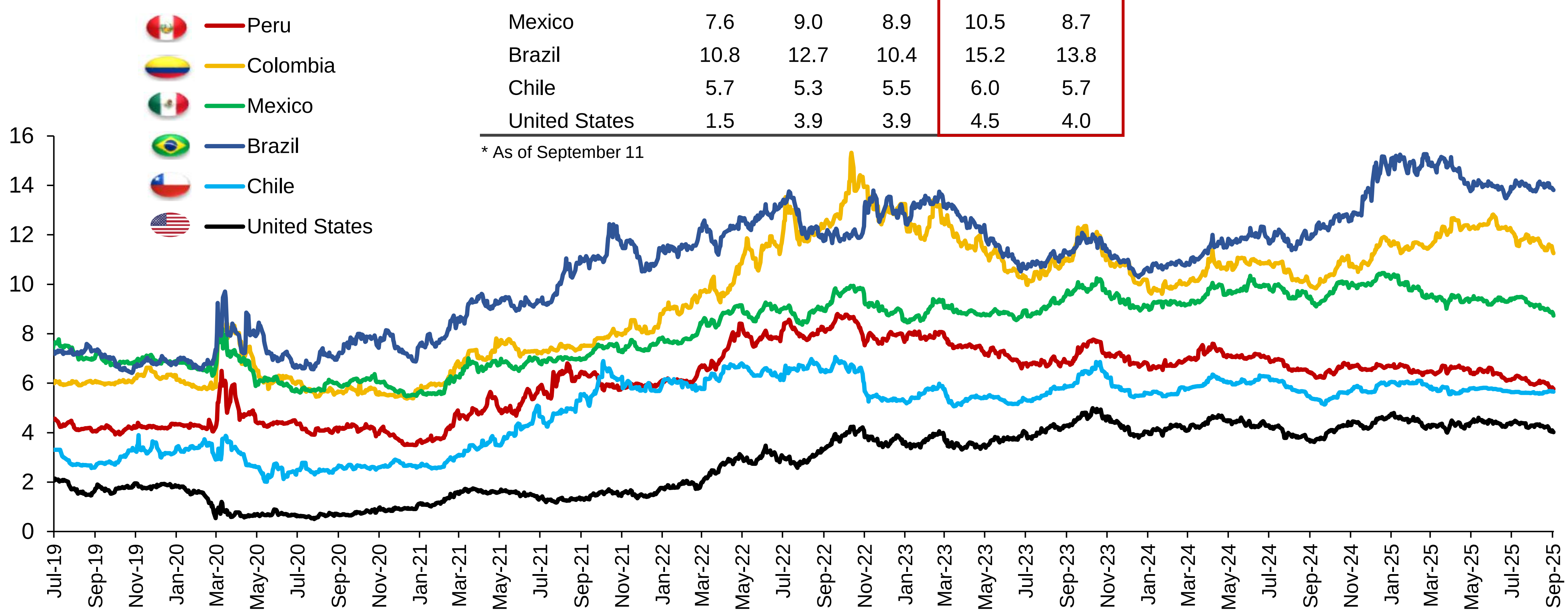
In 2025, regional yield rates declined in line with global interest rate trends, while Peru's sovereign bond rate remained the second lowest in the region.

10 YEAR SOVEREIGN BOND YIELDS

(%, end of period)

	Dec.21	Dec.22	Dec.23	Dec.24	Sep.25*
Peru	5.9	8.0	6.7	6.6	5.8
Colombia	8.3	13.1	10.0	11.9	11.3
Mexico	7.6	9.0	8.9	10.5	8.7
Brazil	10.8	12.7	10.4	15.2	13.8
Chile	5.7	5.3	5.5	6.0	5.7
United States	1.5	3.9	3.9	4.5	4.0

* As of September 11

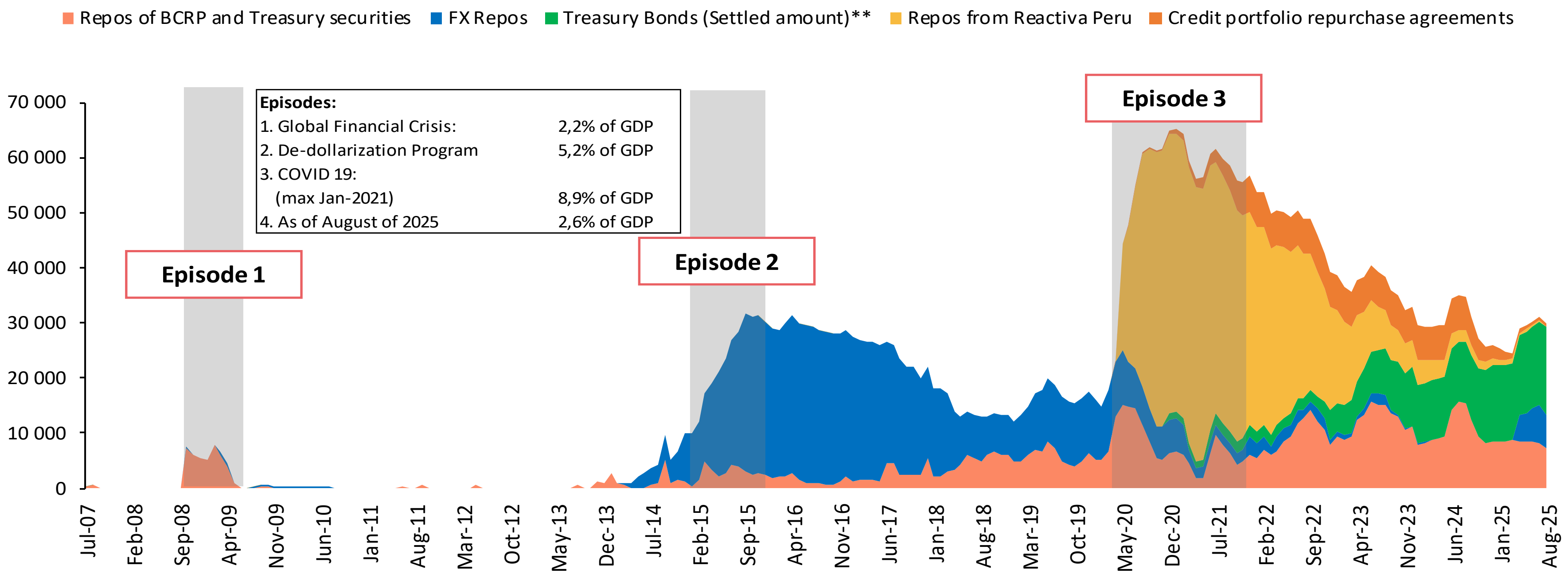


Source: Reuters.

Additionally, as a precautionary measure, BCRP is replacing the maturing liquidity facilities implemented during the pandemic with term securities repos, Treasury bond purchases, and FX repos.

Balance of BCRP Injection Operations

(In millions of PEN)



* As of the end of August.
** Purchase of Treasury bonds, according to the 61th article of the Organic Law of the BCRP.
Source: BCRP.

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