

February inflation surprised on the upside driven by higher regulated price incidence

BBVA Research Argentina

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Summary

February inflation printed at 2.9% m/m (33.1% y/y, 5.9% YTD), coming in above market expectations (BCRA-consensus: 2.7% m/m). The monthly reading mirrored January's figures, albeit with a shift in composition: in February, core inflation and regulated prices served as the primary drivers, while seasonal components acted as a drag, preventing a sharper acceleration. It is critical to highlight that this **stickiness in inflation over recent months is occurring against a backdrop of relative price realignment (regulated prices have outpaced core inflation by 3 pp. since last August)**.

In light of recent prints exceeding forecasts—which leave a higher inflationary inertia (due to contract indexation and the pegging of FX crawl bands to trailing inflation)—and recent developments in the Middle East conflict, which we expect to impact fuel prices (and, to a lesser extent, inputs and logistics), **we are revising our 2026 inflation projection upward from 22% to 24%**.

Component analysis

Core inflation stood at 3.1% m/m (34% y/y), accelerating from 2.6% m/m in January (following an average of 2.2% m/m between August and November 2025). Recent food price dynamics (3.3% m/m in February, 3.7% m/m average since Dec-25) explain a significant portion of this core acceleration. Beef prices once again played a leading role, rising 6.5% m/m and contributing 0.6 pp. to the headline figure.

Regulated prices rose 4.3% m/m (37% y/y), already outperforming core inflation by 1 pp. in the first two months of 2026. This is attributable to the aforementioned correction in relative prices, such as the prints seen in February for Housing, Water, Electricity, Gas, and Other Fuels, which surged 6.8% m/m, primarily fueled by adjustments in natural gas tariffs.

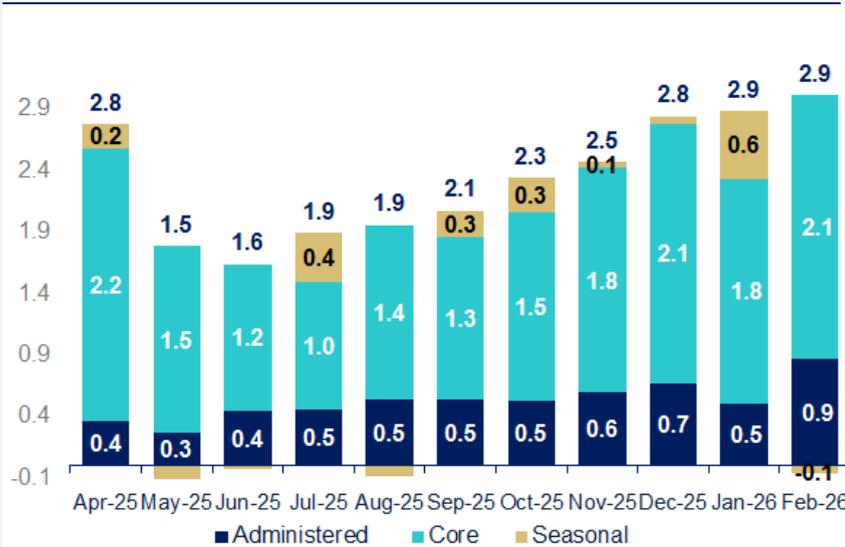
Finally, seasonal prices fell -1.3% m/m (+23% y/y) in February, following a 5.7% m/m increase in January.

Outlook

For March, price hikes have already been announced for public transportation (5% and 7% in the AMBA region), prepaid health plans (3%), private schools (10% to 15%), water (4%), electricity (12% to 17%), and telecommunications (3%). These adjustments establish a floor of 0.7 percentage points for March inflation. We expect the March CPI print to land at 2.7% m/m.

Given the recent higher-than-anticipated inflation readings—which imply stronger inertia for the coming months—and the potential for additional price shocks stemming from the Middle East conflict and its impact on fuel, we are raising our 2026 annual forecast from 22% to 24%. We continue to expect inflation to decelerate as long as monetary and fiscal balances are maintained; however, disinflationary processes have historically been non-linear, and short-term monthly dynamics are subject to volatility.

CONTRIBUTION TO HEADLINE (MONTHLY RECORD)



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