

June's Inflation printed at 1.9% m/m, the lowest in ten months

BBVA Research Argentina

July 14th 2026

Summary

National inflation in June stood at 1.9% m/m, 33.5% y/y, and 16.8% YTD in 2026. This figure was slightly below both market expectations and BBVA Research's forecast (CB-consensus: 2.0% m/m; BBVA: 2.0% m/m) and marked the third consecutive monthly deceleration. Monthly inflation has fallen below 2% once again, a level last recorded in August 2025.

We maintain our 2026 inflation forecast at 29%, with a downside bias, and expect inflation to average 1.7% per month during the remainder of the year.

Component analysis

Core inflation reached 1.6% m/m (32% y/y) in June, its lowest reading in the past eleven months. It averaged 1.9% m/m in 2Q26, compared with 3.0% m/m in 1Q26, implying that approximately 70% of the CPI basket increased at an annualized pace of 25% during the second quarter of 2026.

Regulated prices increased 2.3% m/m (45% y/y), with the main contributors being Housing, Water, Electricity, Gas and Other Fuels (+3.3% m/m) and Health (+2.9% m/m). These categories drove regulated inflation above the core inflation rate.

Seasonal prices rose 3.4% m/m (24% y/y), remaining above 3% m/m for the second consecutive month. This was once again largely explained by a significant increase in vegetable prices (+7% m/m), which is estimated to have contributed approximately 0.2 percentage points to overall monthly inflation.

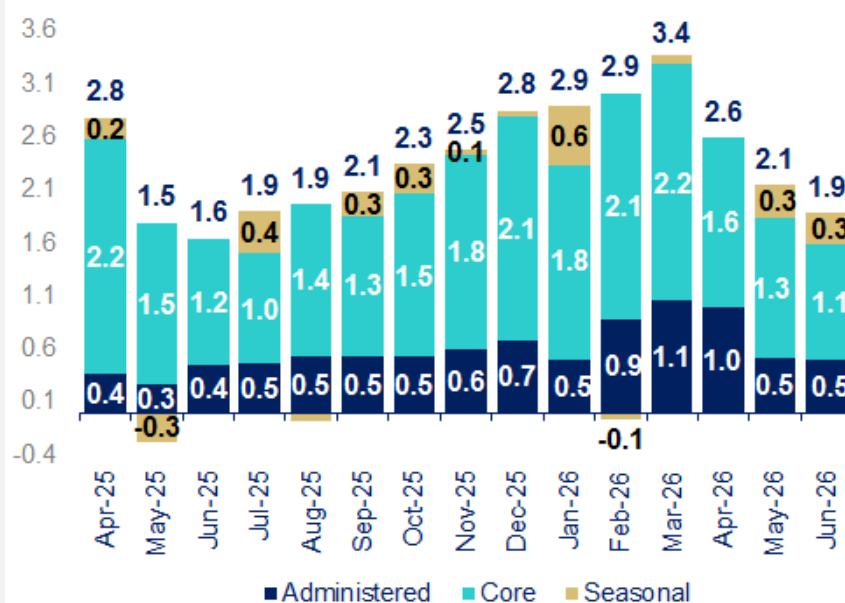
Among the CPI categories, Recreation and Culture recorded the largest monthly increase (+4.2% m/m), while Clothing and Footwear posted the smallest (+0.4% m/m). The Food and Non-Alcoholic Beverages category increased by only 1.3% m/m, supported by a 2.9% m/m decline in fruit prices and stable meat prices (0.0% m/m), which offset the previously mentioned increase in vegetable prices.

Outlook

High-frequency indicators point to a further slowdown during the first weeks of July. However, announced increases in private school tuition (between 3.5% and 5.0% m/m), public transportation fares (+4.0% m/m), private health insurance premiums (around +2.5% m/m), and communication services (+2.5% m/m) are expected to keep monthly inflation close to the June reading. These regulated price adjustments are difficult to capture in high-frequency indicators and may therefore lead consulting firms to underestimate the monthly inflation figure. **We expect July inflation to reach 1.9% m/m (CB-consensus: 2.0% m/m).**

Looking ahead, the conditions remain in place for the CPI disinflation process to continue over the coming months, with monthly inflation averaging 1.7% during the second half of the year. Accordingly, we project year-end 2026 inflation at 29% y/y, with a downside bias.

CONTRIBUTION TO HEADLINE (MONTHLY RECORD)



Source: BBVA Research and INDEC

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