

July inflation came in at 2.1% m/m, slightly above expectations

BBVA Research Argentina

August 13th 2026

Summary

National CPI inflation stood at 2.1% m/m in July (33.8% y/y; 19.3% YTD in 2026), slightly above both market and BBVA Research expectations (CB consensus: 2.0% m/m; BBVA Research: 1.9% m/m).

The acceleration from 1.9% m/m in June was mainly driven by seasonal price dynamics during the winter holiday period, particularly in tourism, food services and leisure-related categories. **Disinflation is not a linear process, and temporary episodes of acceleration should therefore be expected.**

We maintain our 2026 inflation forecast at 29%, consistent with average monthly inflation of 1.6% over the remainder of the year, although we now see a modest upside bias to our forecast.

Component analysis

Core inflation came in at 1.8% m/m (32% y/y), remaining below 2% m/m for the third consecutive month. The continued moderation in this underlying component is the main reason why, at this stage, we are maintaining our expectations for the disinflation path ahead. Food prices rose 2.0% m/m (35% y/y), despite a 7.6% m/m increase in vegetable prices, which also contributed to higher seasonal inflation (see below).

Regulated prices increased by 2.1% m/m (44% y/y), decelerating for the fourth consecutive month. Price increases in Healthcare (2.5% m/m; 32% y/y) and Communications (2.4% m/m; 36% y/y) were the main drivers within this component.

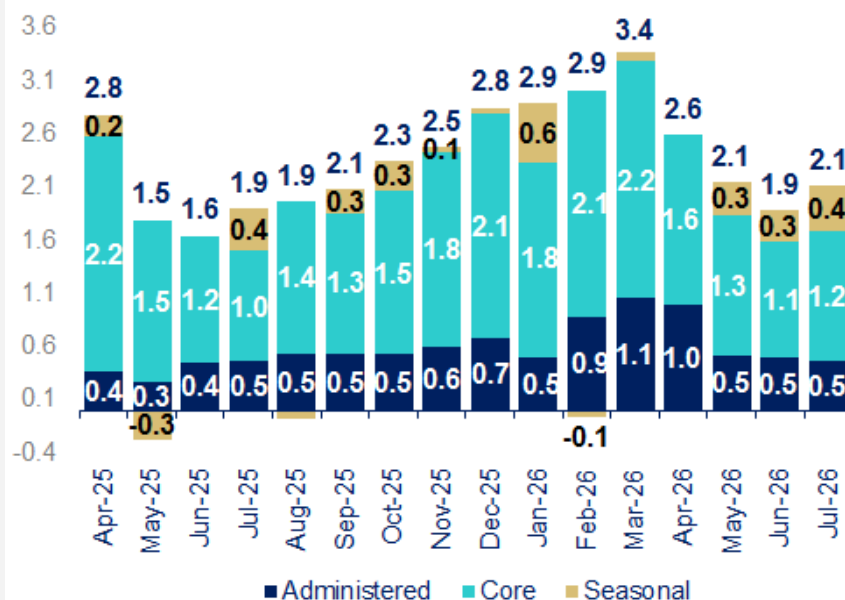
Lastly, seasonal prices rose 4.5% m/m (24% y/y), exceeding 3% m/m for the third consecutive month. This was driven by the aforementioned increase in vegetable prices—which averaged 7.3% m/m over the past two months—as well as by Recreation and Culture prices (5.0% m/m; 32% y/y). The latter recorded the highest monthly increase across CPI categories for the second consecutive month.

Outlook

High-frequency indicators point to some moderation in inflation during the first weeks of August. While increases have been announced for private-school fees (5.5% m/m) and public transportation fares in the Buenos Aires metropolitan area (4% m/m), we expect seasonal price pressures to ease following the end of the winter holiday period. **We forecast August inflation at 1.8% m/m, in line with the CB consensus of 1.8% m/m.**

Conditions remain supportive of further CPI disinflation over the coming months, although, as noted above, the process is unlikely to be linear or uniform. We expect inflation to average 1.6% m/m over the remainder of the year. On this basis, **we forecast year-end 2026 inflation at 29% y/y, with a modest upside bias.**

CONTRIBUTION TO HEADLINE (MONTHLY RECORD)



Source: BBVA Research and INDEC

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