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Research

August inflation printed at 1.7%, marking the lowest reading in 14 months

BBVA Research Argentina
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Summary

August national inflation (1.7% MoM, 33.5% YoY, 21.3% YTD in 2026) aligned with market consensus (REM-BCRA: 1.7% MoM; BBVA Research: 1.8% MoM) and decelerated from the 2.1% MoM recorded in July, primarily driven by seasonal price dynamics, while core inflation remained stable relative to July.

We maintain our full-year 2026 inflation forecast at 29%. This projection implies an average monthly rate of 1.55% for the remainder of the year; consequently, we maintain a slight upward bias on this forecast.

Component analysis

August core inflation came in at 1.8% MoM (32% YoY), matching July's figure and maintaining a four-month average of 1.8% MoM. The recent performance of this component is positive, as it underscores the solid ongoing disinflation process despite volatility in seasonal prices; however, it also points to downside stickiness at current levels. Food prices rose 1.7% MoM (35% YoY), though fruit prices saw a sharp surge of 7.4% MoM.

Regulated prices increased by 2.2% MoM (44% YoY), hovering near July's 2.1% MoM level. Price adjustments in Housing, water, electricity, gas, and other fuels (2.8% MoM, 49% YoY) alongside Education (2.5% MoM, 40% YoY) led monthly gains and partially explain why regulated prices outpaced core inflation.

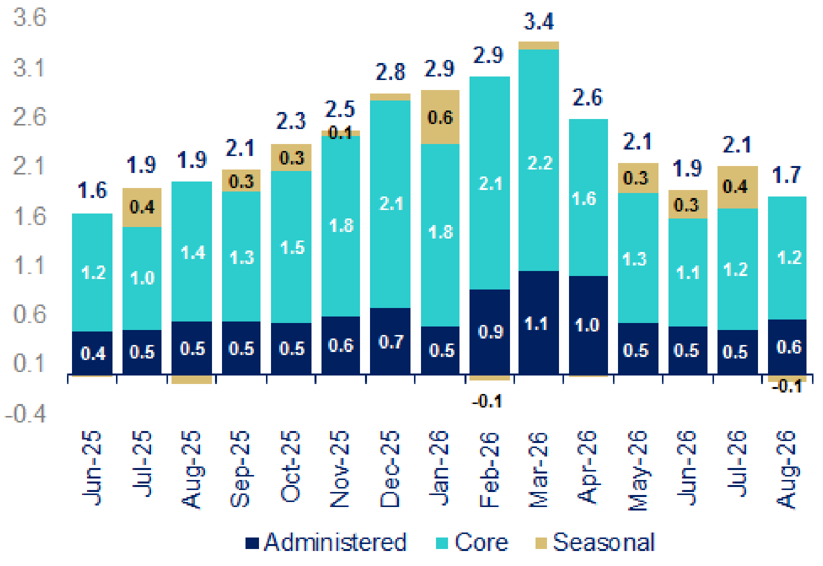
Finally, seasonal prices fell 0.9% MoM (24% YoY) following a 4.5% MoM spike in July. This deceleration was driven by a downward correction in tourism-related items that had fueled July's reading. Recreation and culture slowed from 5.0% MoM in July to 0% MoM in August.

Outlook

Although rate hikes were announced for the current month across AMBA public transportation (4% MoM), private health insurance (~2.5% MoM), mobile and internet services (~2.5% MoM), and electricity (1.8% MoM), **we project September inflation at 1.6% MoM** (REM-BCRA: 1.8% MoM), anchored by a slight moderation in core inflation compared to August. Soft overall economic activity and the exchange rate stability maintained by the government in recent months should support further disinflation from these levels.

We project an average monthly inflation rate of 1.55% over the remainder of the year, consistent with a cumulative inflation rate of 29% for 2026, with the balance of risks slightly tilted to the upside.

CONTRIBUTION TO HEADLINE (MONTHLY RECORD)



Source: BBVA Research and INDEC

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