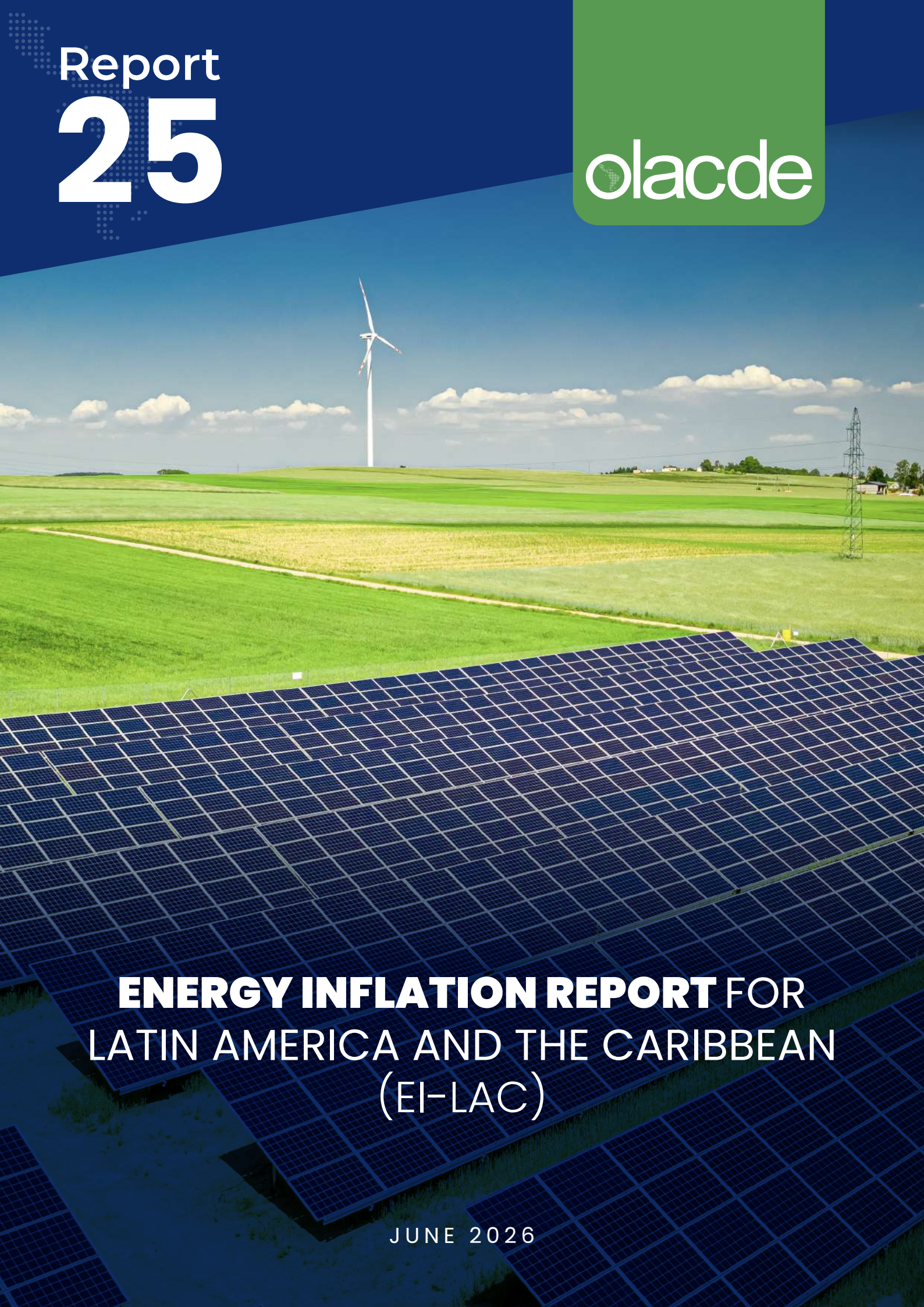


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**ENERGY INFLATION REPORT FOR
LATIN AMERICA AND THE CARIBBEAN
(EI-LAC)**

JUNE 2026

March 2026: Energy Inflation Rises to 1.42%

Latin America and the Caribbean Feel the Severe Impact of the Conflict in the Middle East

OLACDE presents the Energy Inflation for Latin America and the Caribbean for March.

March 2026 marks a turning point for regional energy inflation due to the impact of the conflict in the Middle East on oil and petroleum products.

1. Monthly energy inflation¹ (MEI)

The region's MEI increased sharply in March of this year due to the conflict in the Middle East; rising from 0.19% in February to 1.42% in March, the highest value recorded in the past 12 months.

The Strait of Hormuz is one of the main strategic points of global energy trade, as approximately 20% of the world's oil transits this route; therefore, any disruption or tension along it immediately affects international prices of oil and natural gas, as well as transportation and insurance costs. In this context, the countries of Latin America and the Caribbean (LAC) had to adopt adjustment, containment, or compensation measures in response to the rise in the price of oil, which reached USD 116 per barrel in March 2026.

Although Latin America and the Caribbean have a highly renewable electricity matrix, they still depend on oil and its derivatives, which makes them vulnerable to instability in the international market. While the effect is not uniform, importing countries face greater inflationary and fiscal pressure, whereas exporters obtain short-term additional revenues but are also exposed to volatility.

Meanwhile, total inflation², like energy inflation, rose sharply between February and March 2026, increasing from 0.38% to 0.75%, the highest value recorded in the past year.

The impact on total inflation follows the usual transmission mechanism from fuels to the rest of the economy. However, it should be noted that the pass-through of the energy shock to overall inflation was significant but incomplete, reflecting the heterogeneity of measures adopted by countries in the region. While some allowed a greater transfer of the international oil price increase to consumers, others resorted to subsidies, tax cuts, stabilization funds, or partial containment schemes. This diversity of policies explains why energy inflation surged much more strongly than total inflation, even though both rose significantly in March 2026.

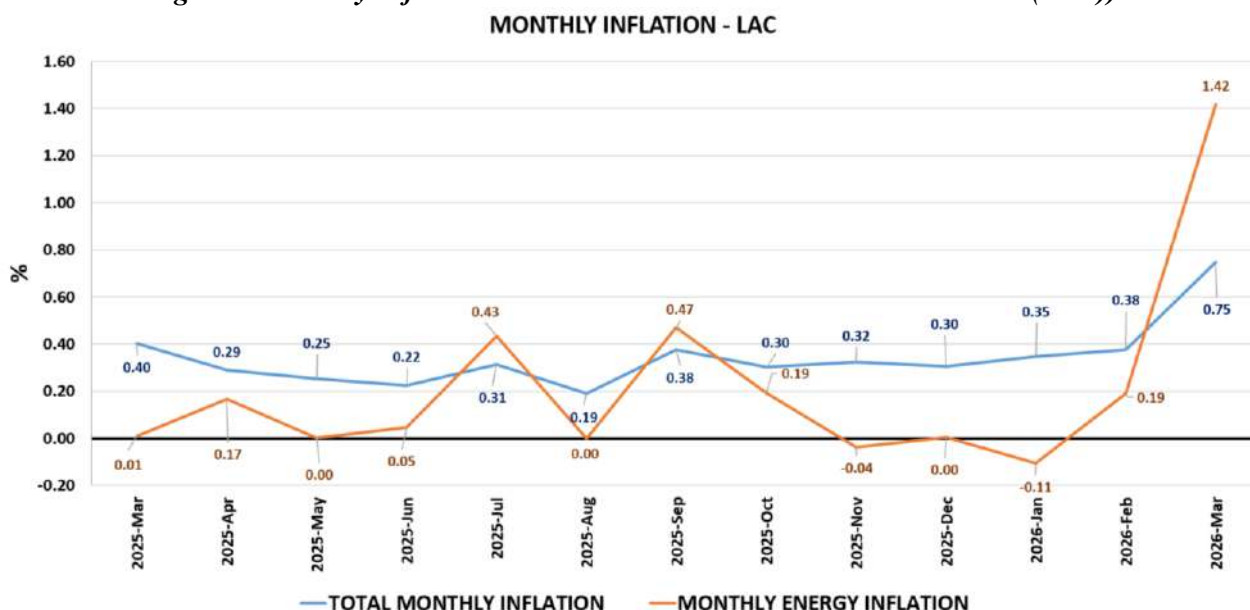
In March 2026, domestic gasoline prices in LAC ranged from USD 0.70 per liter to USD 2.07 per liter, and diesel from USD 0.80 per liter to USD 1.65 per liter. On average, gasoline prices in the region increased by 15% and diesel by 21%.

These price hikes were rapidly passed through to passenger and freight transport, increasing the costs of distribution of goods, logistics, and food.

¹ Monthly energy inflation (MEI) is the change in the CPI of the energy basket from one month to the next.

² Economy-wide inflation.

Figure 1. Monthly Inflation Trends in Latin America and the Caribbean (LAC)



Source: Own elaboration based on the information of the Institutes of Statistics and Central Banks of OLADE Member Countries

2. Energy prices

Figure 2, using January 2023 as the base period, presents the historical evolution of the international fuel price indices (IPIC) and the monthly energy inflation variation index for Latin America and the Caribbean (IEM).

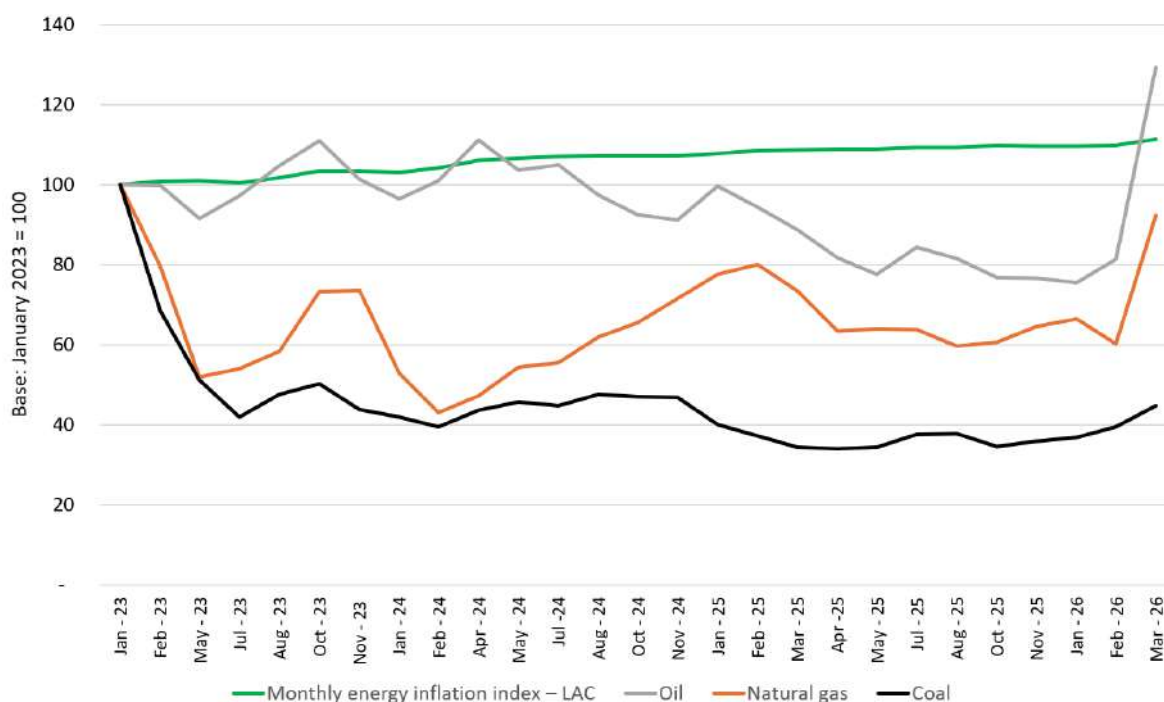
The figure shows that variations in international fuel prices are driven by different factors depending on the fuel. In the case of oil and natural gas, the decline observed between 2023 and much of 2025 is consistent with an environment of greater supply, weaker global demand growth, and market normalization following earlier geopolitical tensions.

The sharp rebound of both in March 2026 is attributable to the armed conflict in the Middle East, which caused the most significant recent disruption in the oil market: a collapse of flows through the Strait of Hormuz, production cuts in the Gulf, and disruptions to liquefied natural gas, all of which sharply pushed up international prices.

Regarding thermal coal, the trajectory is different: the downward trend through 2025 is consistent with weaker demand in China and India and with greater renewable generation, while its rebounds tend to be more moderate and usually occur when natural gas becomes more expensive for alternative thermal generation or when there are supply constraints.

The monthly energy inflation index for Latin America and the Caribbean (IEM) does not exhibit a direct, linear, or proportional relationship throughout the period analyzed. While oil, natural gas, and coal show wide fluctuations, the IEM behaves much more stably with a gentle upward slope, revealing a decoupling from the trajectory of international prices and showing that it depends more on national consumer-price policies than on external conditions. Therefore, the relationship exists but is mediated by subsidies, taxes, stabilization funds, and tariff bands in most cases; only in very intense shock episodes, such as March 2026, is clearer transmission from international prices to regional energy inflation observed, and even then, there is no one-to-one correspondence. An increase or decrease in international fuel prices does not automatically translate into a change of the same magnitude in the energy inflation index.

Figure 2: Contrast between Monthly Energy Inflation in LAC and International Fuel Price Index (IPIC)



Source: OLACDE, FMI (<https://www.imf.org/en/Research/commodity-prices>)

Concept	Unit	Mar - 24	Mar - 25	Mar - 26
Total monthly inflation	%	0.34	0.40	0.75
Monthly energy inflation index	%	0.90	0.01	1.42
Monthly variation in WTI price	%	5.22	3.45	71.38

Source: OLACDE, OPEC



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