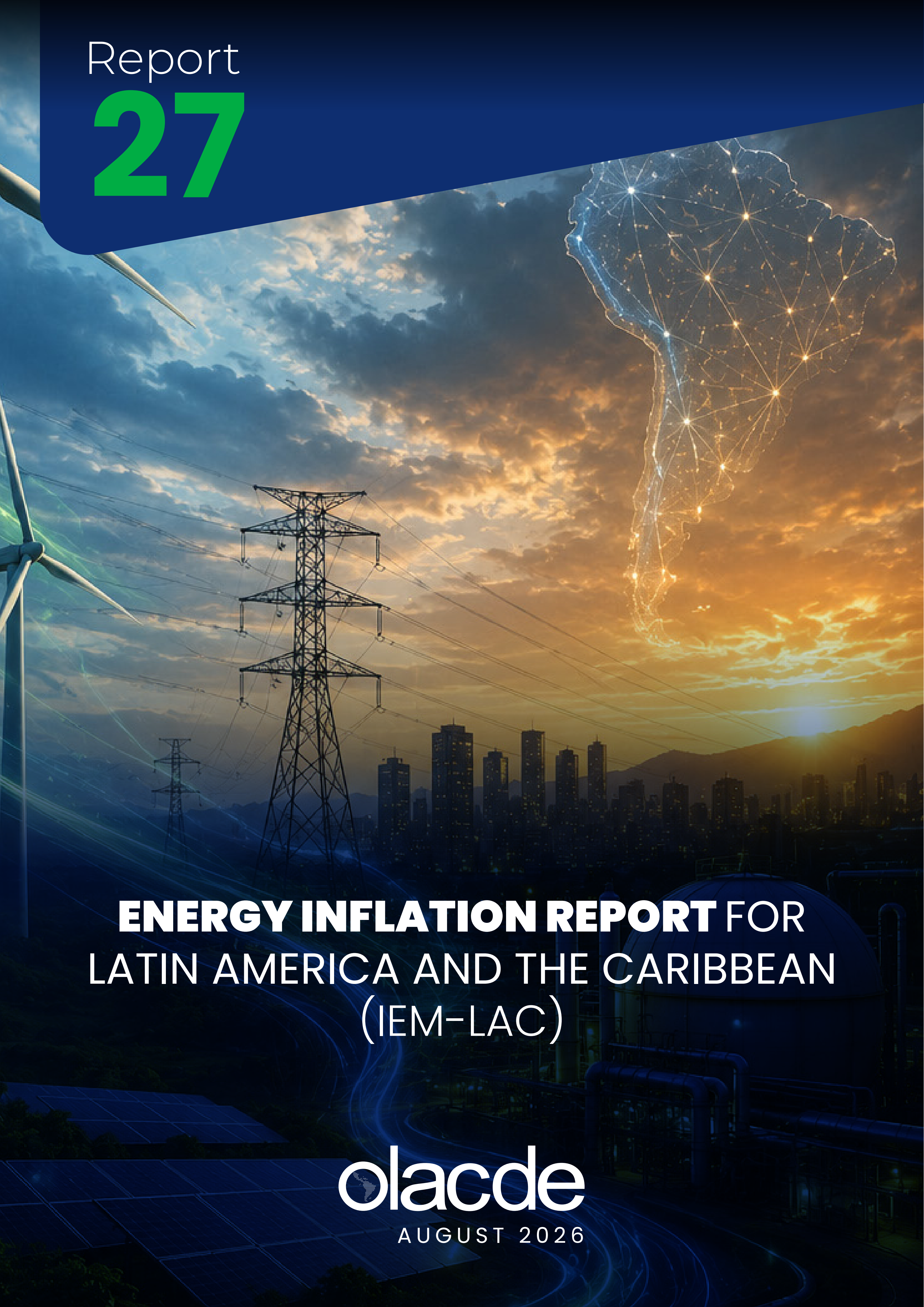

Report
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ENERGY INFLATION REPORT FOR LATIN AMERICA AND THE CARIBBEAN (IEM-LAC)

olacde

AUGUST 2026

Energy inflation continues to rise in Latin America and the Caribbean

In June 2026, it reached its peak at 8.03%, significantly surpassing total inflation, which stood at 4.49%.

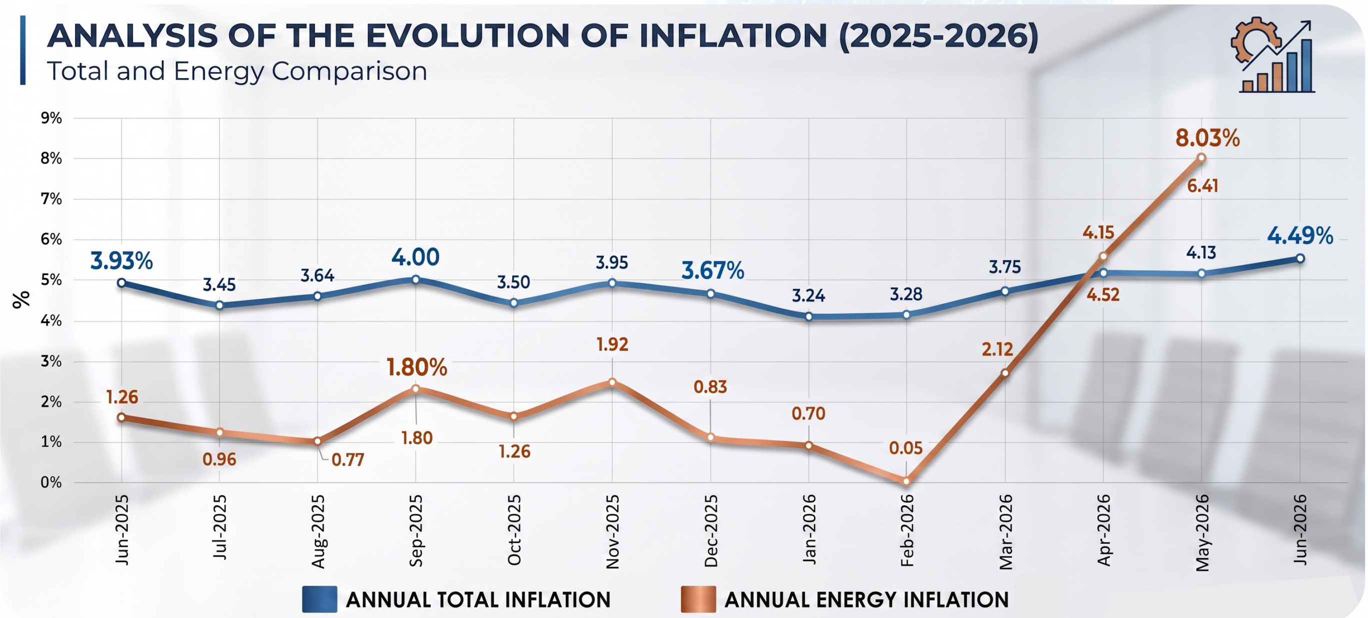
OLACDE presents the evolution of annual total and energy inflation in Latin America and the Caribbean (LAC) for June 2026. The results show that energy inflation is almost twice as high as total inflation, indicating that energy costs (fuels and electricity) are rising at a much faster rate than the other components of the Consumer Price Index (CPI) basket.

1. Year-on-year total and energy inflation in LAC [1]

At the end of June 2026, annual energy inflation in LAC reached 8.03%, significantly exceeding the total inflation of 4.49%. This trend became particularly critical starting in April 2026, when energy inflation (4.52%) surpassed total inflation (4.15%) for the first time, reversing the stability observed throughout most of 2025 and part of 2026.

This trend was mainly associated with geopolitical tensions in the Middle East and risks to oil supply, which increased import, refining, and transportation costs. In addition, domestic fuel prices increased, particularly gasoline prices, which reached their highest average level of the first half of 2026 in June.

Figure 1. Annual Inflation Trends in LAC



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

1. *Year-on-year inflation is defined as the percentage change in the index for a given month compared with the same month of the previous year.*

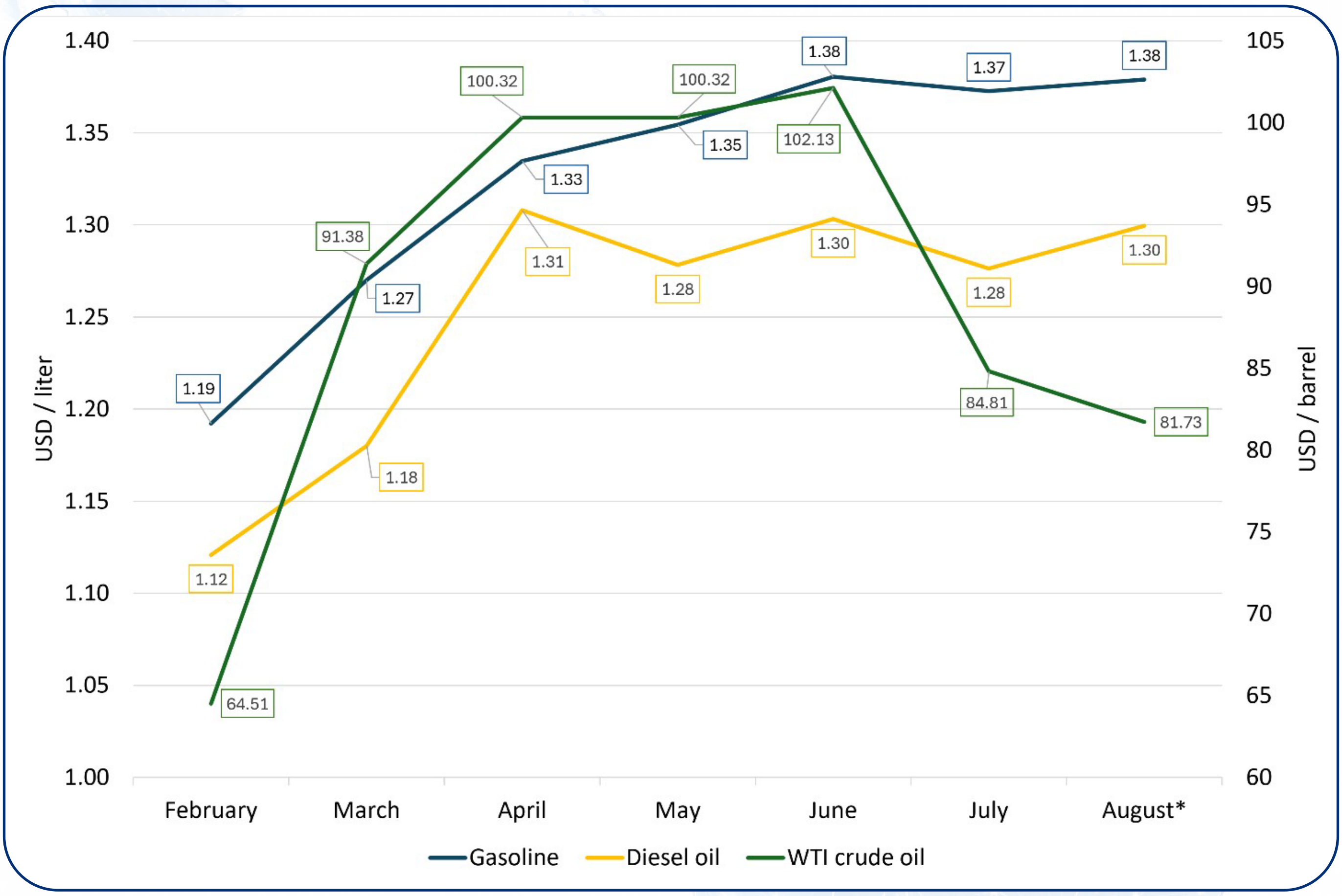
2. Impact of gasoline and diesel prices on energy inflation in LAC

Figure 2 shows the monthly evolution of average gasoline and diesel prices in the region. Although both fuels exhibited different dynamics, neither returned to the levels recorded in February 2026. The region displays marked heterogeneity in domestic fuel prices: some markets maintain low values due to subsidy schemes and price controls, while others show significantly higher prices linked to their pricing structures and to greater logistical and operational costs.

This behavior is driven by factors such as the time lag in the use of inventories purchased at previous prices, along with refining, transportation, insurance, commercial margins, taxes, subsidies, and local price-stabilization cost mechanisms. In addition, the pass-through of international crude price fluctuations is conditioned by regulatory rigidities, exchange-rate volatility, and market structures that tend to slow downward adjustments. For this reason, even in the face of temporary declines in international crude oil prices, pressure on final consumer prices tends to persist. This directly affects households, transportation, and productive activity, making liquid fuels the main driver of regional energy inflation, pushing it well above total inflation.

In other words, crude oil and fuel prices do not move in perfect symmetry. During the first weeks of the conflict, the price of oil increased by 60%, which had a strong impact on fuel prices, pushing them up by roughly 20%. ***Although crude oil is no longer at the levels reached at the onset of the conflict, fuel prices in the region remain elevated.***

Figure 2: Evolution of average gasoline and diesel prices in LAC in 2026



* The August data correspond to the average of the first two weeks of the month
Source: Own elaboration based on the information published weekly in GlobalPetrolPrices.com

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