

Consumption Reconfiguration: Key Decisions in a Low-Inflation Economy

BAC Consumption Index – IC-BAC





IC-BAC

By leveraging the power of BAC's network, we have created the BAC Consumption Index (IC-BAC), an indicator that monitors consumption throughout the region based on real-time, depersonalized transaction data from credit and debit card purchases.

Targeted toward businesses, executives, and managers, this index aims to fill a significant gap in the timely tracking and monitoring of economic activity. Unlike national account statistics, which are published with longer delays, this indicator is released just weeks after the close of each month. It will enable companies to refine their strategies by optimizing planning and decision-making with relevant and up-to-date information.

The indicator is prepared on a monthly basis, comparing the number of consumer individuals in the current month against the same month of the previous year; it is also broken down by type of consumption – Essential and Complementary – and by the following activities: Food, Retail, Health, Services, Transportation, and Tourism & Leisure.

The index is centered at 100, meaning that a level above 100 indicates accelerated consumption, while a level below 100 indicates a slowdown in consumption compared to the previous 12 months.

When interpreting the IC-BAC, two concepts are established: monthly variation and year-over-year variation. The first refers to the most immediate trend evolution for the indicator, as compared to the previous month, offering a short-term view of how consumption has evolved.

The year-over-year variation is intended to study the evolution of the indicator's medium-term trend, in order to monitor whether changes are lasting over time or influenced by the seasonal behaviors attributed to each month



Categories

Complementary: restaurants, fast food, electronics, jewelry, office supplies, wholesale stores, hardware stores, household goods, clothing and footwear, department stores, garden centers, cinemas and entertainment, club memberships, insurance, professional services, airlines, travel agencies, hotels, and car rentals.

Essential: purchases at retail stores, pharmacies, education, public services, supermarkets, gas stations, and public transportation.

Activities: Food, Retail, Health, Services, Transportation, and Tourism & Leisure.



Methodology

The BAC Consumption Index (IC-BAC) measures year-over-year consumption behavior for the countries where BAC operates. Its objective is to serve as a pulse check to monitor where households are consuming more and where they are consuming less compared to the same period twelve months prior.

This allows for the analysis of where consumption remains stable, is trending upward, or is declining, using techniques that extract information regarding the direction of consumption for each country throughout the region.

The IC-BAC is a diffusion index with value assignments ranging from 0 to 200, indicating that values above 100 signify that more consumers are spending more than they did in the same month of the previous year. Values below 100 represent a contraction in year-over-year consumption, while values around 100 reflect stability in consumption behavior.



Disclaimer

The data used for the IC-BAC comes from a proprietary sampling of BAC's consumption data in each country throughout the region. This data is anonymized and aggregated.

Although this tool enables the tracking of economic behavior, this document does not reflect BAC's financial outlook in the referenced countries and therefore should not be considered a projection.

BAC is not responsible for the use of the information contained in this report, nor for any business or investment decisions made based on it. This document does not constitute advice of any kind.

Additionally, BAC reserves the right to discontinue its publication at its discretion.



Executive Summary

In June 2025, consumption in Central America showed mixed behavior, with signs of **widespread moderation** but important differences between countries. While **Nicaragua, El Salvador, and Honduras** maintained an expansionary trajectory, Costa Rica and Panama registered significant declines in their consumption indices, reflecting an environment of greater caution and pressure on households. In this context, **the BAC Consumption Index (IC-BAC, from its acronym in Spanish)** becomes an even stronger key tool in anticipating changes in the region's economic dynamics.

Nicaragua led growth with an IC-BAC of **104.04 (+1.02 pts)**, driven by dynamism in complementary goods (+1.47) and sectors such as tourism (104.48) and health (102.27). This performance is supported by historically low inflation (0.89%), GDP growth (+3%), and a stable price environment. **El Salvador** also showed slight improvement (**102.94, +0.18 pts**), favored by negative inflation (-0.17%), which has improved purchasing power, though consumption focused on essential goods (+0.16) and showed declines in services and tourism. **Honduras** maintained its expansionary phase, though with signs of slowing. The index remained above 100, with gains in construction (+0.59) and services (+0.45), but declined in tourism (-1.70) and complementary goods (-0.22), reflecting the impact of rising cost of living.

In contrast, **Costa Rica** recorded a monthly drop of **-2.79 points**, settling at **100.9**, with setbacks in both essential goods (-2.05) and complementary goods (-2.18). Negative inflation (-0.22%) and lower income expectations have weakened consumer confidence, especially affecting sectors like health and tourism. **Panama** showed the weakest performance, with an IC-BAC of **94.97 (-3.69 pts)**, reflecting a widespread contraction in consumption amid social tensions, loss of confidence, and logistical disruptions. The decline was deepest in complementary goods (-3.89) but also affected essential categories such as food and health.

Regionally, consumption remains positive in most countries but shows a clear **trend toward selectivity and spending restraint**. Low or negative inflation has provided relief in several markets but has not been enough to reverse the perception of economic vulnerability among households. The contrast between countries with stable macroeconomic environments and those with social tensions or political uncertainty underscores the importance of monitoring consumption indicators as early signals of the economic cycle.

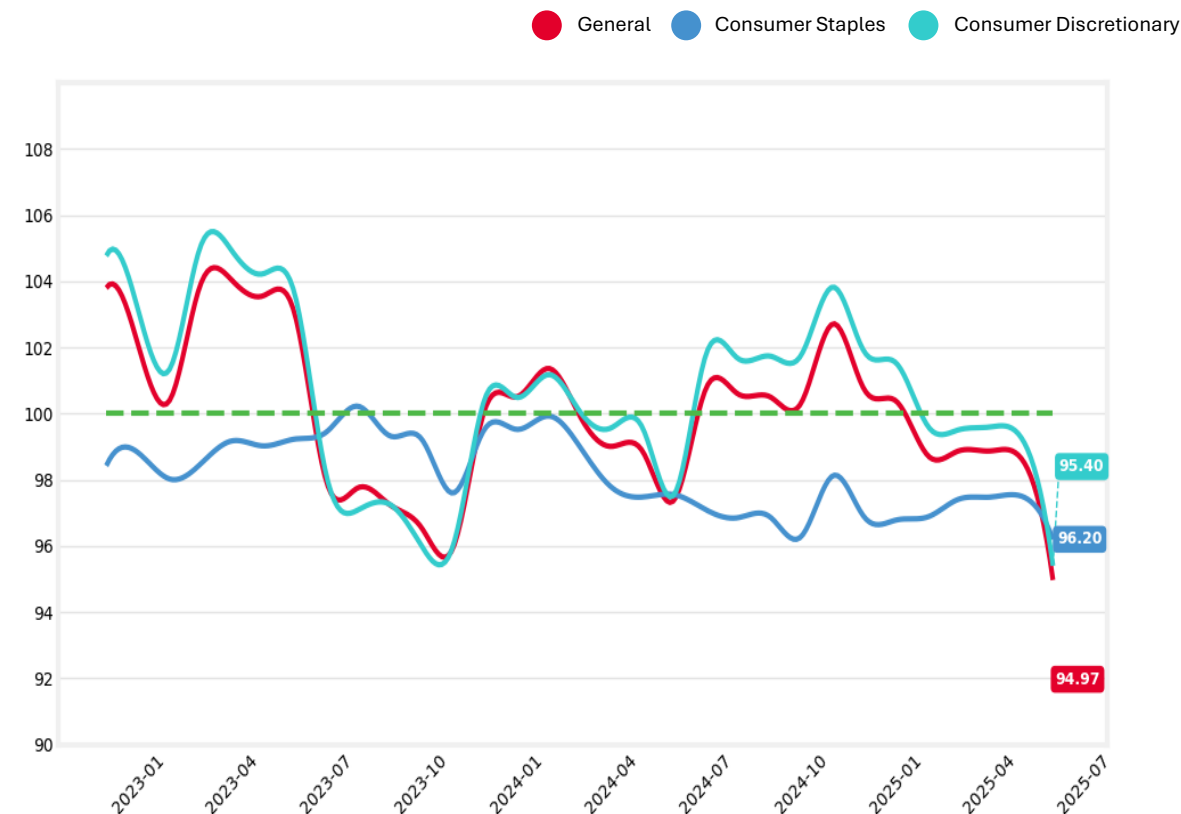




Consumption slows in June: IC-BAC anticipates reduced economic dynamism in households

In June, the BAC Consumption Index (IC-BAC) stood at 94.97, representing a monthly drop of -3.69 points and reflecting effects on household spending across multiple categories. This setback occurs mainly in a context of social tensions due to pension law reforms and a loss of consumer confidence, constituting an early signal regarding economic cycle's evolution.

This data aligns with reports from various media outlets documenting that many families have been affected by the decline in economic activity. Simultaneously, land route closures have caused disruptions in supply chains and services, impacting the demand for consumer goods.



94.97
General Level



-3.69
Monthly Change



-1.31
Essential









-3.89
Complementary



The decline was widespread but deeper in the complementary goods segment (-3.89 points), including entertainment, tourism, and technology goods, where consumers adjust spending first in times of uncertainty. Essential goods also contracted, reflecting adjustments even in priority categories such as food and health.

By sector, the most pronounced changes occurred in health, construction, food, and local tourism, consistent with media reports of reduced goods mobility and spending restraint.

These results highlight the value of the IC-BAC in detecting turning points in private consumption and anticipating possible sectoral impacts.

	Jun 2024	Jun 2025
 Retail	98.94	96.75
 Tourism & Leisure	98.79	97.01
 Food	97.17	95.83
 Construction	98.07	96.60
 Services	97.14	98.63
 Health	93.19	90.39

Month	Total	Δ Monthly	Essential	Complementary
Jan 2025	100.37	-0.36	96.78	101.52
Feb 2025	98.71	-1.66	96.88	99.59
Mar 2025	98.86	0.15	97.40	99.50
Apr 2025	98.87	0.01	97.47	99.59
May 2025	98.66	-0.21	97.51	99.29
Jun 2025	94.97	-3.69	96.20	95.40



Costa Rica

BAC Consumption Index

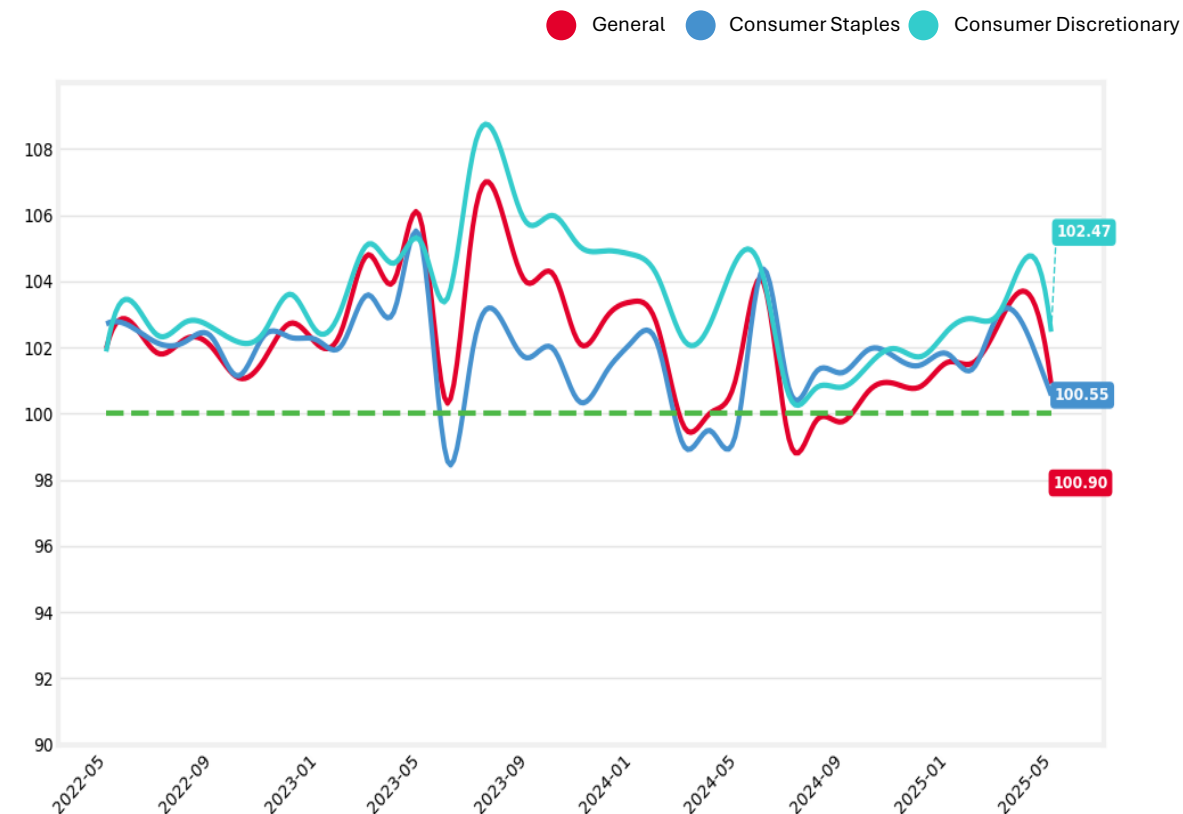
June 2025

Consumption loses strength in June: IC-BAC retreats amid weaker health and tourism

During June, the BAC Consumption Index (IC-BAC) recorded a monthly decline of -2.79 points, decreasing to 100.9. This decrease suggests a moderation in the spending pace of Costa Rican households, especially in essential goods (-2.05) and complementary goods (-2.18).

Although the index remains positive, the slowdown reflects a less optimistic economic environment influenced by factors such as low inflation and a more uncertain perception of future income.

According to the Consumer Confidence Index (CCI) from IICE-UCR, although confidence remains above 50 points (52.3 in May), the percentage of people expecting an income increase fell from 57.7% in February to 45.5% in May. Additionally, year-over-year inflation was negative in June (-0.22%), which, while reducing price pressure, may also reflect weakness in demand. Added to this is the rising cost of products like medications and tourism packages, influenced by a preference for original brand-name products and high import dependence.



100.90

General Level



-2.79

Monthly Change



-2.05

Essential



-2.18

Complementary



Costa Rica

BAC Consumption Index

June 2025

By economic activity, the sharpest declines were seen in health and local tourism – sectors facing pressures from high prices and a reduced willingness to spend. In health, the increase in prices for original brand-name medications has impacted access, while in tourism, rising package and airfare costs have limited domestic consumption (INEC, June 2025). These factors partially explain the index's deceleration in June.



Retail

Jun 2024

103.87

Jun 2025

103.00



Tourism & Leisure

103.94

101.55



Food

100.99

100.61



Construction

100.28

102.57



Services

101.45

101.58



Health

100.95

98.57

Month

Total

Δ Monthly

Essential

Complementary

Jan 2025

100.82

-0.09

101.47

101.72

Feb 2025

101.55

0.73

101.80

102.51

Mar 2025

101.51

-0.04

101.33

102.87

Apr 2025

102.70

1.19

103.01

103.02

May 2025

103.70

1.00

102.61

104.65

Jun 2025

100.90

-2.79

100.55

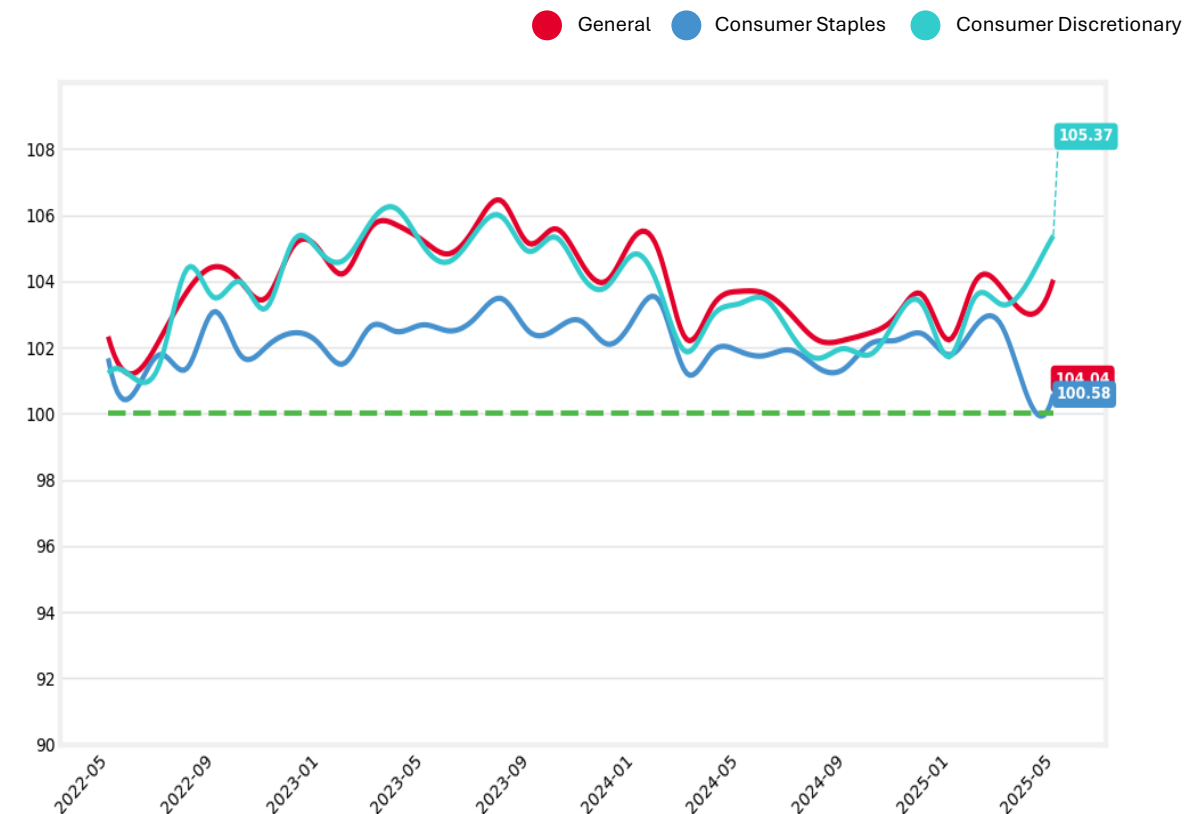
102.47



Consumption Persists: Nicaraguan households sustain demand

In June, Nicaragua's BAC Consumption Index (IC-BAC) reached **104.04** points, with a monthly increase of **+1.02 points**, consolidating a positive trend in household spending. This increase is explained by greater dynamism in **complementary goods (+1.47)**, suggesting increased consumer confidence and a gradual recovery of non-essential consumption, while the **essential goods component remained stable**.

This behavior takes place within a favorable macroeconomic environment: **annual inflation dropped to 0.89%**, its lowest level since 2009, allowing a **real improvement in purchasing power**. Meanwhile, GDP growth in the first quarter was 3%, driven by a **5.2% increase in domestic consumption**, accompanied by a stable price environment and growing investment. **Family remittances**, which represent significant support for household income, continue to be a key driver of private consumption.

**104.04**

General Level

**+1.02**

Monthly Change

**-0.00**

Essential

**+1.47**

Complementary



The index's expansion was primarily driven by tourism (104.48) and healthcare (102.27), two sectors that show more active consumption – likely tied to domestic mobility and wellness spending. Positive signs were also observed in commerce (102.4), services (101.36), and construction (101.06), all of which remain above the 100-point threshold. While food (99.26) posted a slight contraction, this may reflect a high comparison base or seasonal adjustments. Overall, consumption remains resilient and diversified, supported by a stable price environment and a solid base rooted in domestic demand.

Its evolution in June aligns with what the official data reveals: sustained and moderate consumption growth, especially in non-essential goods – often interpreted as a sign of improving consumer confidence. This early reading is key for projecting continued economic growth and for informing business interventions and/or public policy.



Retail

Jun 2024

101.98

Jun 2025

102.04



Tourism & Leisure

102.32

104.48



Food

101.61

99.26



Construction

100.37

101.06



Services

100.13

101.36



Health

101.29

102.27

Month

Total

Δ Monthly

Essential

Complementary

Jan 2025

103.56

0.61

102.40

103.27

Feb 2025

102.23

-1.33

101.78

101.72

Mar 2025

103.92

1.69

102.59

103.47

Apr 2025

103.83

-0.09

102.70

103.30

May 2025

103.02

-0.81

100.58

103.90

Jun 2025

104.04

1.02

100.58

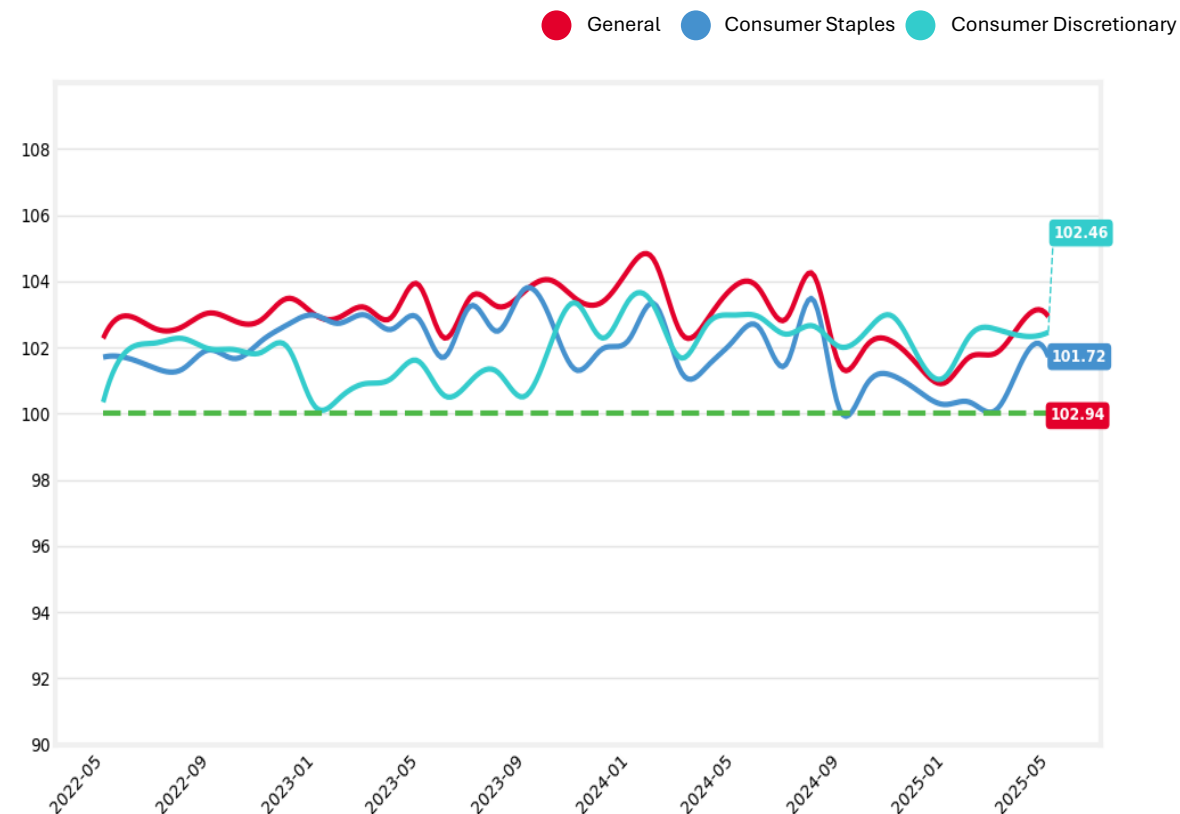
105.37



Consumption on the rise, but signs of caution remain: The BAC consumption index climbs in June, driven by Consumer Staples

In June 2025, BAC's Consumption Index (IC-BAC) reached **102.94**, a monthly increase of +0.18 points. This uptick suggests a modest boost in consumption, particularly for essential goods, which rose by **+0.16** points, while complementary goods advanced by **+0.11**. Although the overall index reflects an improvement, the broader economic context reveals important nuances: negative inflation for the third consecutive month (−0.17% in June) has enhanced short-term purchasing power (La Prensa Gráfica, 2025).

Despite economic challenges, the current environment presents conditions that have supported recovery in consumption. Price stability – underscored by June's negative inflation (−0.17%) and IMF projections anticipating an annual rate of just 1% – has improved household purchasing power in the short term. While constraints remain, such as the use of credit to cover basic expenses and many families' struggles to meet all their needs (ElSalvador.com, 2025), the stable price environment appears to offer breathing room that enables consumers to prioritize purchases and maintain a degree of economic activity, especially in essential categories.

**102.94**

General Level

**+0.18**

Monthly Change

**+0.16**

Essential

**+0.11**

Complementary



By economic activity, the index shows that the greatest dynamism was concentrated in essential goods consumption, while services and domestic tourism recorded the sharpest slowdowns. This suggests a shift in spending toward essentials, aligned with households' perception of economic vulnerability. Although the overall index grew, the composition of consumption reflects a preference for meeting basic needs before allocating resources to recreational or non-priority activities.



Retail

Jun 2024

100.35

Jun 2025

100.23



Tourism & Leisure

102.84

100.16



Food

101.25

101.57



Construction

100.27

100.15



Services

102.29

99.73



Health

99.97

99.56

Month

Total

Δ Monthly

Essential

Complementary

Jan 2025

101.45

-0.73

100.68

101.71

Feb 2025

100.93

-0.53

100.27

101.10

Mar 2025

101.70

0.77

100.35

102.32

Apr 2025

101.82

0.13

100.10

102.55

May 2025

102.75

0.93

101.56

102.35

Jun 2025

102.94

0.18

101.72

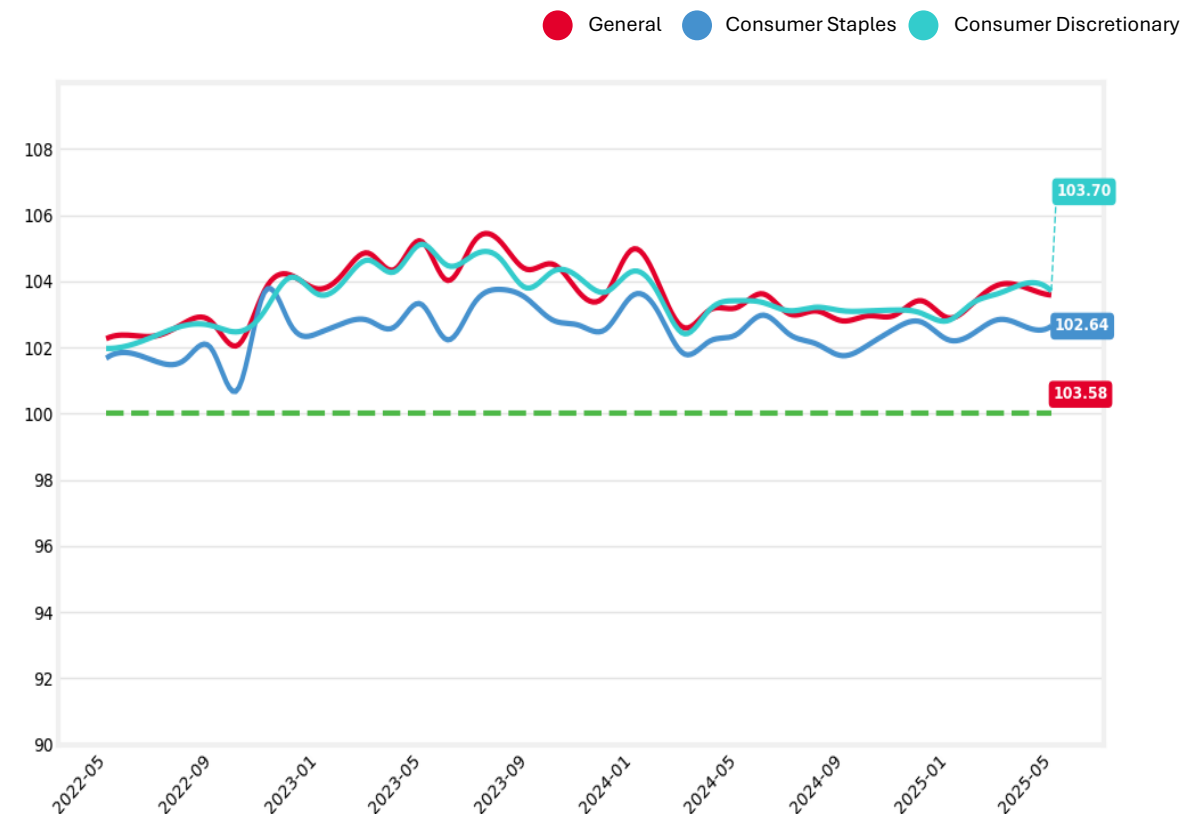
102.46



Consumption in Honduras Slows Slightly, But Remains on a Path of Growth

In June, consumption in Honduras continued to expand, albeit with a slight moderation in growth pace – consistent with the trend observed since February. The BAC Consumption Index (IC-BAC) remains above the 100-point threshold, indicating that domestic demand is still active, though pressured by the cumulative rise in the cost of living. The basic food basket has increased by more than L460 over the past year, reducing the spending margin for more vulnerable households.

Despite this challenging landscape, consumption is being sustained by measures such as subsidies for electricity and fuel, which have helped contain year-over-year inflation at 4.67%. Additionally, support from the IMF and economic growth expectations have bolstered consumer confidence. Over \$9.8 billion entered the foreign exchange market in the first half of the year – driven by exports, remittances, and services – stimulating key sectors of the economy.



103.58
General Level



-0.24
Monthly Change



+0.01
Essential



-0.22
Complementary



Honduras

BAC Consumption Index

June 2025

In terms of composition, essential goods posted a slight monthly increase of +0.01 points, while complementary goods declined by -0.22 points, reflecting greater caution around non-essential spending. This dynamic suggests that households are adjusting their consumption decisions, prioritizing essential spending in the face of elevated prices.

By economic activity, performance was mixed. Construction (+0.59) and services (+0.45) posted gains, while commerce remained stable. Tourism was the most affected sector, falling by -1.70 points – possibly due to seasonal factors or weaker domestic demand. Food also recorded a slight decline (-0.09), while healthcare continued to edge upward. All sectors remained above 100 points, confirming that despite these adjustments, consumption remains in positive territory.



Retail

Jun 2024

102.29

Jun 2025

102.30



Tourism & Leisure

103.09

101.39



Food

102.08

101.99



Construction

101.24

101.83



Services

101.29

101.74



Health

100.03

100.59

Month

Total

Δ Monthly

Essential

Complementary

Jan 2025

103.41

0.44

102.77

103.03

Feb 2025

102.89

-0.52

102.23

102.80

Mar 2025

103.31

0.41

102.39

103.33

Apr 2025

103.89

0.58

102.84

103.63

May 2025

103.82

-0.07

102.63

103.93

Jun 2025

103.58

-0.24

102.64

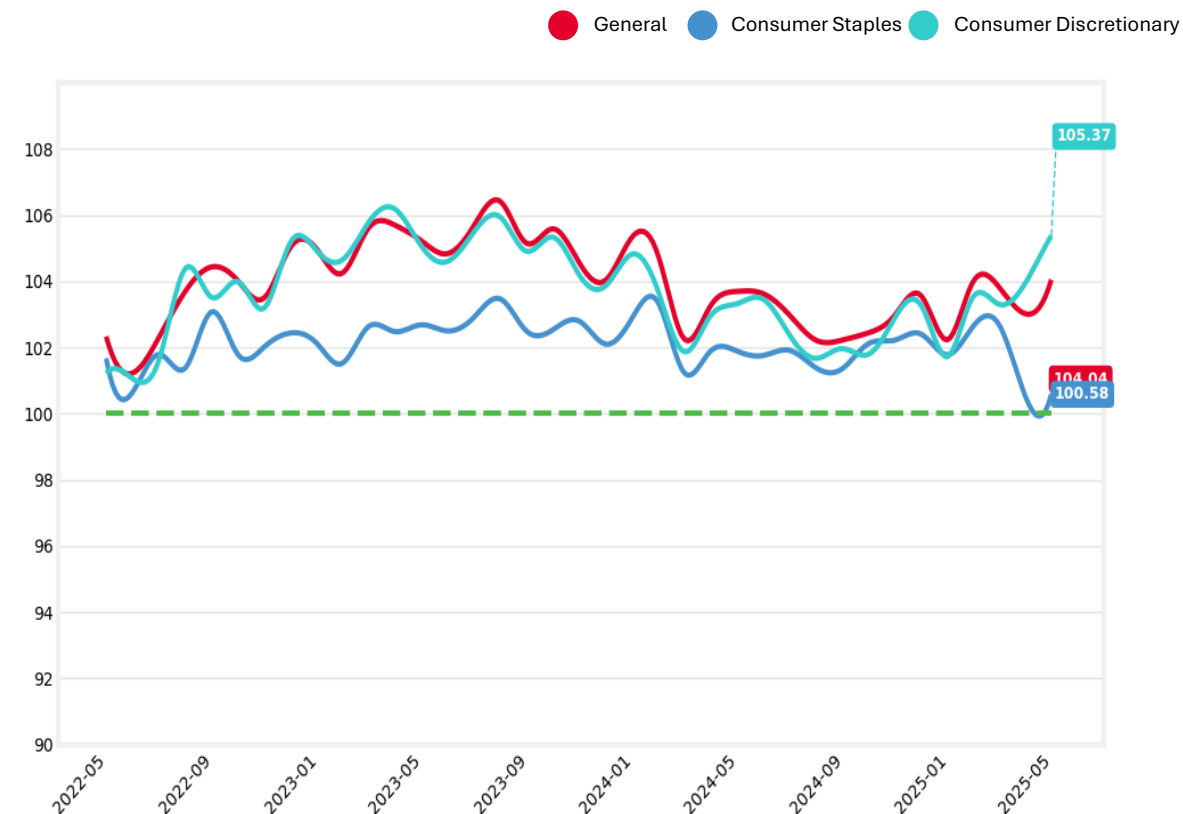
103.70



Spending Moderation: IC-BAC Reflects stable dynamism in guatemala

In June, Guatemala's BAC Consumption Index (IC-BAC) stood at 102.6, reflecting a slight slowdown compared to the previous quarter (103.3), though still in expansion territory. Both essential goods (101.7) and complementary goods (102.7) maintained year-over-year growth, albeit with less momentum. The deceleration was broad-based, with the exception of slight accelerations in commerce and local services – suggesting that domestic demand continues to provide some forward momentum.

The macroeconomic environment remains favorable for consumption. Annual inflation held at a moderate 1.78%, with a monthly variation of just 0.24%, helping to preserve household purchasing power. Price relief has been observed in categories such as food and textiles, while pressure persists in housing and services. In this context, consumers have adjusted their spending decisions, prioritizing essentials without entirely giving up on non-vital goods.



103.58

General Level



-0.24

Monthly Change



+0.01

Essential



-0.22

Complementary



By activity type, essential consumption saw a more pronounced slowdown than complementary consumption, which indicates greater selectivity in spending. Commerce and local services are benefiting from a possible improvement in domestic supply or proximity-based consumption, while sectors such as tourism, healthcare, and construction remain stable. Overall, domestic consumption continues to be a pillar of the Guatemalan economy, though with clear signs of adjustment and caution.



Retail

Jun 2024

100.44

Jun 2025

101.30



Tourism & Leisure

101.51

101.11



Food

100.55

100.51



Construction

100.49

100.33



Services

101.36

102.17



Health

99.26

99.65

Month	Total	Δ Monthly	Essential	Complementary
Jan 2025	102.61	0.57	101.50	102.82
Feb 2025	101.56	-1.04	100.42	102.16
Mar 2025	101.72	0.16	100.24	102.51
Apr 2025	103.33	1.61	101.61	103.54
May 2025	102.68	-0.65	101.37	103.10
Jun 2025	102.64	-0.04	101.71	102.65