

Eurozone | Falling inflation eases in March for the second consecutive month

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Inflation in the eurozone fell by -0.1% YoY in March and core moderated 0.1pp to 0.6% YoY

While we have yet to see the final data, moderation in the fall in headline inflation responded to a smaller reduction in prices of energy products (-5.8% YoY from -7.9% YoY in February) and the acceleration of fresh food prices (0.7% YoY after 0.4% YoY in February), while prices continued to fall in non-energy industrial goods (-0.1% YoY after -0.1% YoY) and accelerated slightly in processed foods (0.6% YoY after 0.5% YoY). However, the surprise came from the moderation in core inflation by 0.1pp to 0.6% YoY (Figure 1) which was mainly observed in services (1% after 1.2% YoY), although, given the volatility of this component in recent months and the Easter effect in April, this decline could be reversed next month.

Figure 1

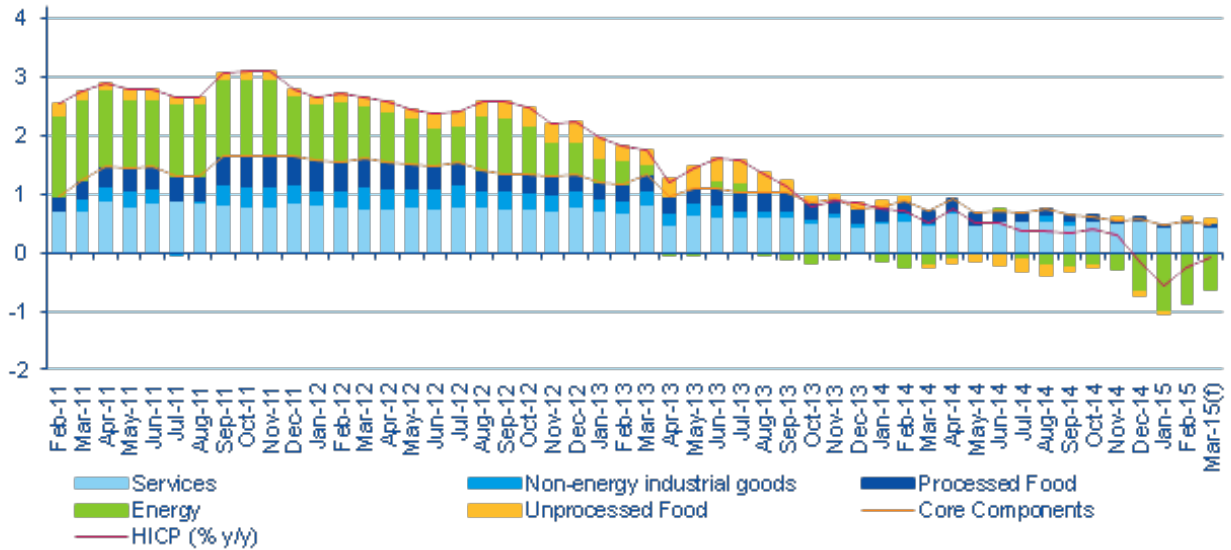
Eurozone. HCPI inflation (% YoY)

	Observed		March 2015	
	January 2015	February 2015	Flash Estimate	BBVA Research
HCPI	-0,6	-0,3	-0,1	0,0
Energy	-9,3	-7,9	-5,8	-5,7
Fresh Food	-0,1	0,5	0,6	0,9
HCPI excluding energy and food	0,6	0,7	0,6	0,7
Core excluding Fresh Food and Energy	0,6	0,7	0,6	0,7
Services	1,0	1,2	1,0	1,2
Non-Energy Industrial Goods	-0,1	-0,1	-0,1	-0,1
Processed Food	0,4	0,5	0,6	0,6

Source: BBVA Research

Figure 2

Eurozone. Annual HICP inflation rate. Contribution by component



Source: Eurostat and BBVA Research

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