Economic Environment

- Eurozone returns to deflation

The eurozone unexpectedly slipped back into deflation in February, increasing the likelihood of more stimulus from the European Central Bank at its meeting on 10 March.

Consumer prices in the bloc fell by 0.2 percent year on year. This was down on inflation of 0.3 percent in January and weaker than economists' expectations of a zero reading for the month. It was the first negative figure for inflation in the 19 member currency zone since last September.

Most of the price fall was accounted for by an 8 percent year-on-year collapse in the price of energy, reflecting the ongoing weakness of the global oil price. But core inflation - excluding volatile items such as energy and alcohol - also slipped back to 0.8 percent, down from 1 percent in January.

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