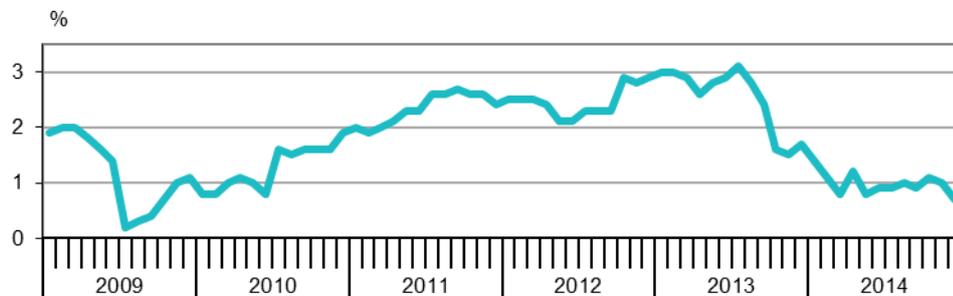


Statistics Netherlands: Inflation in December down to lowest level in more than 5 years

- Inflation in December down to 0.7 percent
- Cheaper motor fuels have downward effect on inflation
- Eurozone inflation rate down to - 0.2 percent

Statistics Netherlands announced today that inflation fell from 1.0 percent in November to 0.7 percent in December, the lowest level since October 2009. The low rate was mainly caused by declining petrol prices.

Inflation



Source: CBS

Petrol station prices further down

Just as in November, lower motor fuel prices pushed down inflation in December. For the third month in a row, fuel prices at the petrol station have fallen substantially. In December, the price of a litre of unleaded petrol averaged 1.55 euros, i.e. 0.14 euros below the level of one year previously. The average monthly price level of petrol has not been this low since November 2010. Price developments for food products also pushed inflation down; in December, the average price of food products was lower than in December 2013.

Average inflation rate over 2014 at 1.0 percent

The inflation rate over 2014 averaged 1 percent, which is significantly lower than the average rate of 2.5 percent over 2013. The average inflation in 2014 is the lowest in more than 25 years. In 1988, the rate averaged 0.7 percent.

Lower oil prices cause negative inflation rate in the eurozone

The European harmonised consumer price index (HICP) is used to facilitate comparison between the inflation rates in the various EU member states. A major difference between inflation calculated according to the Dutch method and the HICP is that costs related to house ownership are not incorporated in the HICP.

Dutch inflation according to the HICP has fallen to - 0.1 percent in December. Yesterday, Eurostat announced that the inflation rate in the eurozone stands at - 0.2 percent, i.e. 0.5 percentage points below the level recorded in November. A negative inflation rate also occurred in 2009. Then, too, the negative rate was caused by low oil prices.

According to the European Central Bank (ECB), prices are stable, if the inflation rate is below, but close to 2 percent. The eurozone inflation rate has been below 1 percent since October 2013.