

Euro zone inflation hits 2.0 per cent in June: Eurostat

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INFLATION in the euro zone rose to the symbolically important level of 2.0 per cent in June, data showed, fuelled by high oil prices.

Eurostat said consumer prices in the 19-country single currency bloc edged higher from 1.9 per cent in May, leaving inflation right on par with the European Central Bank's (ECB) target of near or lower than 2.0 per cent.

Inflation was on level with forecasts and will confirm expectations that the ECB's massive stimulus programme to prop up prices in the euro zone will come to a close in December.

The ECB's bond buys – currently set at 30 billion (Bt1.15 trillion) a month – and ultra-low interest rates are designed to stoke growth in the 19-nation single currency area and power inflation to the bank's now reached target.

More than three years after ECB head Mario Draghi unleashed the "quantitative easing" programme, he said last month that economic data convinced policymakers they were on course to reach the inflation goal.

"After September 2018... we will reduce the monthly pace of the net asset purchases to 15 billion until the end of December 2018 and then end net purchases," ECB President Draghi said.

Oil prices have risen from around \$46 (Bt1,512) this time last year to \$78.77 as of Friday afternoon. The dollar is slightly weaker against the single currency than it was in June 2017, although the US currency has risen in value.