



3. Lower production costs weighing on output prices



Source: ECS, Eurostat, Deutsche Bank

4. As reported by firms



Source: Bloomberg Finance LP, Haver, Deutsche Bank

On the non-core side, food inflation has slowed, and more could be in store. Energy prices are likely to fall further in February, but at current oil prices could be expected to stabilise from March (which would still imply falling y/y energy inflation into the spring). These assumptions would mean headline y/y inflation close to zero in the coming two months, and a 2016 average around 0.2%.