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Euro-Zone Inflation Slows

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LONDON—The rate of inflation in the euro zone slowed more than expected in May, giving the European Central Bank more breathing space to loosen its monetary policy stance and offer some relief to the region's struggling economy as it labors under the debt crisis.

The annual rate of consumer-price growth in the 17 nations that use the euro slowed to 2.4% in May from 2.6% in April, European Union statistics office Eurostat said Thursday. That was a faster drop than expected by analysts, who had penciled in a 2.5% reading for the latest month.

The statistics office's preliminary release didn't give a breakdown to show why inflation fell. But data this week from Germany, the region's biggest economy, showed a slowdown in inflation there was caused in part by falling oil prices.

May's reduction in the euro-zone inflation rate still leaves price growth above the ECB's target level of just below 2%. But the direction of movement gives the bank more leeway, if it sees fit, to bring its monetary policy tools to bear on the economy and shore up growth.

Many economists believe the ECB is best placed to support the economy as governments around the currency bloc pursue austerity programs to cut their debts.

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