



September 2025

Inflation in the Midwest

August 2025

Author: Andrzej Wieciorkowski

All the data referenced in this report come from the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) database. This source produces estimates of price levels neither for Iowa exclusively nor for any metropolitan area within Iowa; therefore, this report references data from the Midwest region (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin) to represent changes in consumer prices in Iowa.

Key Findings

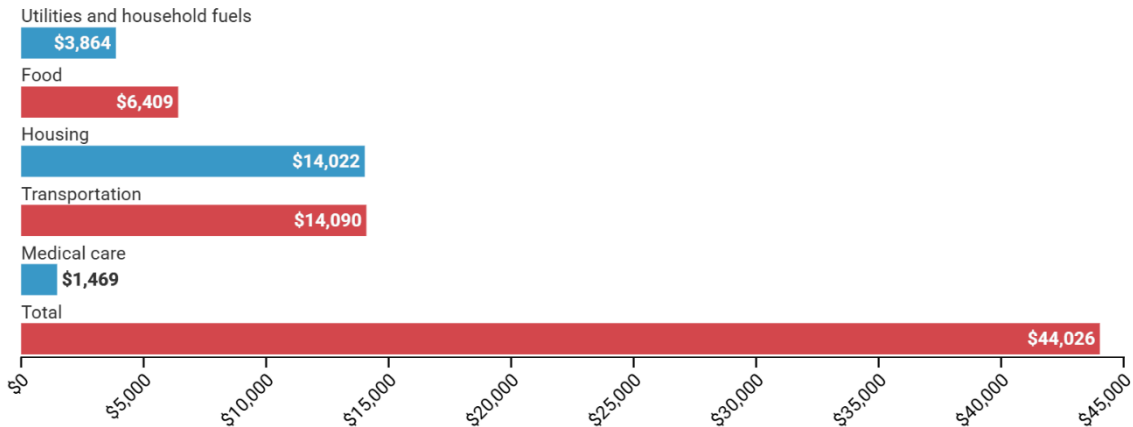
- **In August, year-over-year inflation in the Midwest rose to 2.8%, up from 2.6% in July.** National inflation also increased, from 2.7% to 2.9%.
- **Monthly inflation in the Midwest accelerated to 0.31% in August, the sharpest August reading in the post-pandemic period.**
- **Consumer prices in the Midwest are up 25.75% since January 2020.**
- **Because of inflation, the average Iowa household has spent over \$44,000 more since 2020 to maintain the same standard of living.**
 - The typical Iowa household is now spending about \$1,266 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- **Inflation was spread across most major categories.**
 - **Food prices increased 3.2% year-over-year, with August alone showing a 0.71% month-over-month rise, the largest among major categories.**
 - From August 2024 to August 2025, fuels and utilities rose 7.3%, housing increased 4.4%, and services rose 3.5%.
 - Only three major consumer categories—transportation (-0.1%), education (-0.1%), and energy (-0.3%)—saw modest year-over-year declines.

Iowa households lost over \$44,000 to inflation since 2020

The typical Iowa household must now spend \$1,266 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$44,000 in total since 2020 to maintain the same standard of living.¹ This amounts to a 25.75% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$468, \$299, and \$181 per month, respectively, for the typical Midwest household. In August, food was the hottest item, growing in price by 0.71% over last month, followed by transportation, which grew 0.26%. Figure 1 shows the increase in costs for Iowans in five key consumer categories and the cumulative increases in costs since 2020.

Inflation's Impact on What Iowans Buy

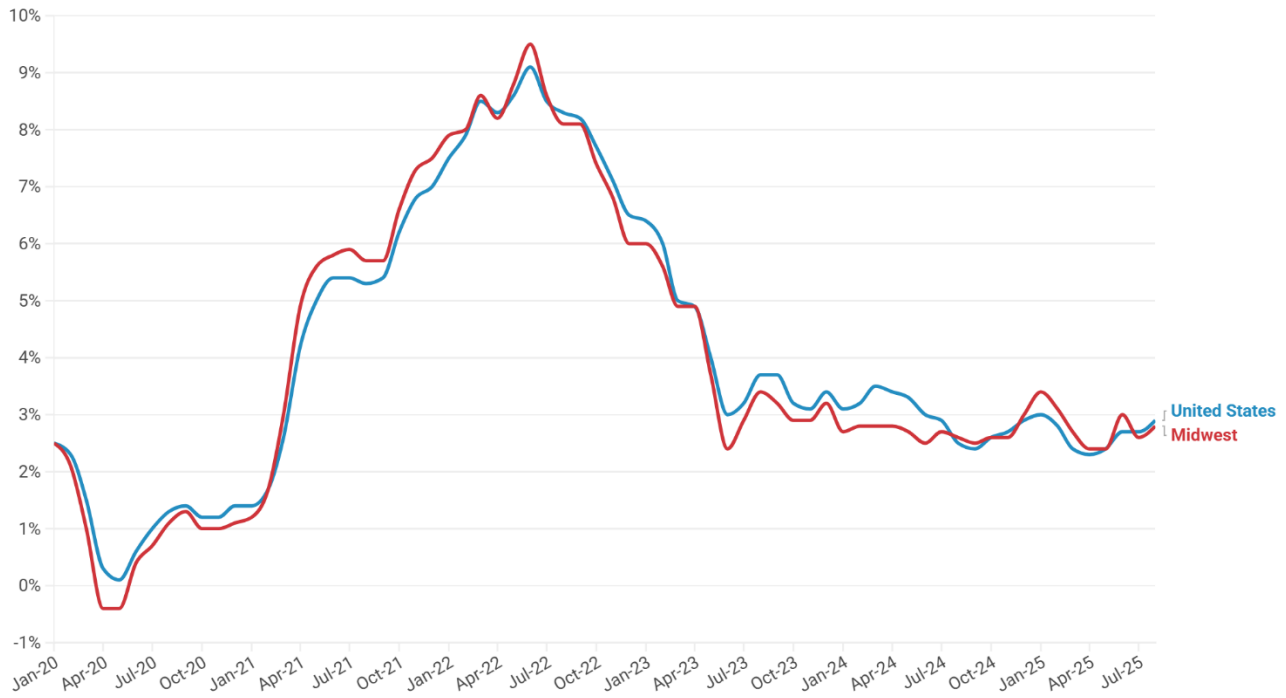
How much more has the average Midwest household spent since 2020 because of inflation?



Midwest and national inflation remain persistently high

Inflation pressures showed no signs of easing in August. Year-over-year inflation in the Midwest grew from 2.6% to 2.8%. Nationally, year-over-year inflation grew from 2.7% to 2.9%. Despite inflation remaining persistently above the Federal Reserve's 2% target rate, investors continue to believe the Fed will likely announce plans to lower the federal funds rate by 25 basis points during their September FOMC (Federal Open Market Committee) meeting next week.ⁱⁱ Such a move could put the U.S. at risk of higher inflation for longer.

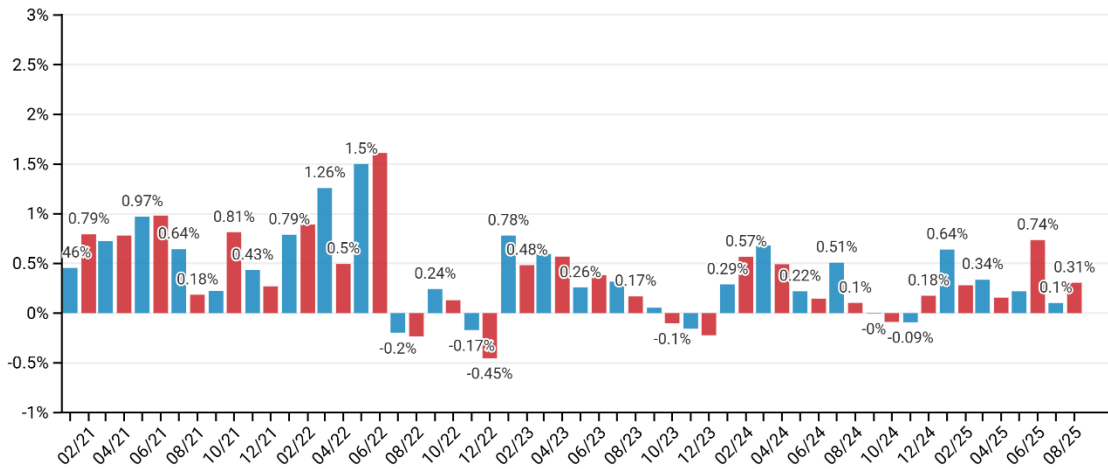
Annual Rate of Inflation Since January 2020



Source: BLS: CPI-U Data

Monthly inflation in the Midwest increased from 0.10% in July 2025 to 0.31% in August 2025 (+0.21%). This was the sharpest August month-over-month reading in the post-pandemic period. The Midwest rate also came in slightly higher than the national figure, where non-seasonally adjusted inflation increased from 0.15% in July to 0.29% in August.

Monthly Inflation in the Midwest Region since January 2021



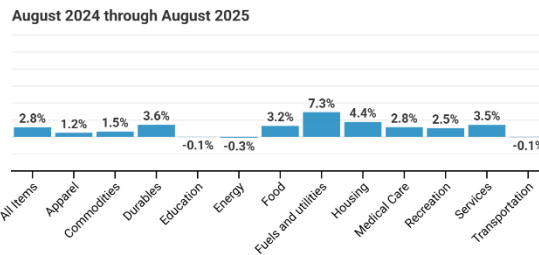
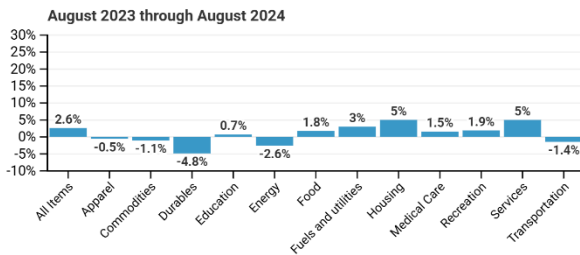
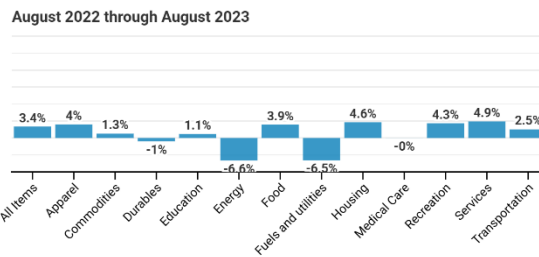
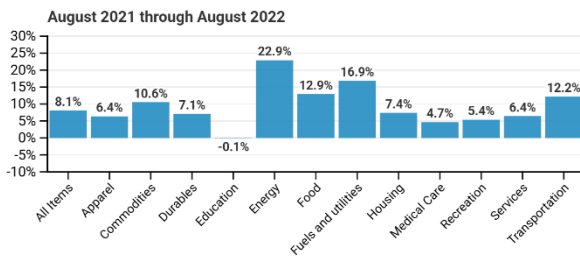
Source: BLS CPI-U Data

Inflation spread across most major categories

Nearly every major category saw year-over-year price increases in the Midwest, particularly among fuels and utilities, housing, and services, which continue to be disproportionately impacted across the Midwest. They have increased by 7.3%, 4.4%, and 3.5% between August 2024 and August 2025. Year-over-year inflation for durables (3.6%), food (3.2%), medical care (2.8%), and recreation (2.5%) also grew by more than 2%. Transportation (-0.1%), education (-0.1%), and energy (-0.3%) fell.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Midwest inflation rose again in August after July's brief cooldown, underscoring the persistence of price pressures. August's increase marked the sharpest month-over-month August reading in the post-pandemic period, leaving inflation above the Federal Reserve's 2% target. Key categories such as housing, utilities, and food drove this month's uptick and continue to weigh heavily on household budgets.

For the typical Iowa household, the cumulative impact has been substantial. Families are now spending about \$1,266 more per month than in 2020, with total costs up more than \$44,000 since then. These increases have been led by higher housing, transportation, and food costs, which together account for the bulk of added monthly expenses.

If investors are correct and the Federal Reserve lowers rates in September, the move may support job growth, but it puts the U.S. at risk of higher inflation for longer. Without broad and sustained disinflation, Iowa households are likely to continue facing significant financial strain well into 2025.

ⁱ Impacts on household spending are generated by distributing the consumer expenditure estimates from https://web.archive.org/web/20220121095708/https://www.bls.gov/regions/midwest/data/consumerexpenditures_selectedareas_table.htm across individual months, weighting them according to their corresponding CPI levels, and adjusting them according to the latter's growth history.

ⁱⁱ CME Group, "FedWatch," accessed September 11, 2025 at 7:45am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.