March 2026

Inflation in the Midwest

February 2026

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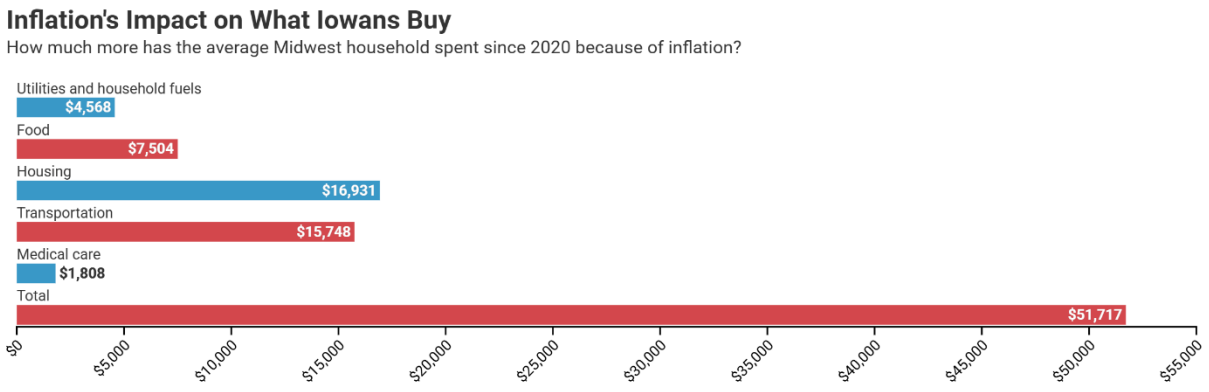
All the data referenced in this report come from the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) database. This source produces estimates of price levels neither for Iowa exclusively nor for any metropolitan area within Iowa; therefore, this report references data from the Midwest region (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

- **Year-over-year inflation rose from 2.4% to 2.8% for the Midwest in February 2026, while holding steady at 2.4% for the U.S.**
- Consumer prices in the Midwest are up 26.9% since January 2020.
- **Because of inflation, the average Iowa household has spent over $51,000 more since 2020 to maintain the same standard of living.**
    - The typical Iowa household is now spending about $1,323 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- Midwest monthly inflation rose from 0.40% in January 2026 to 0.63% in February 2026, the third highest monthly reading for the Midwest in the post-pandemic period.
- **All but two major spending categories increased year-over-year.** From February 2025 to February 2026,
    - Fuels and utilities (9.9%), housing (4.6%), and recreation (4.1%) **rose over 4%,**
    - Services (3.8%, medical care (3.7%), food (3.1%) and apparel (3%) **rose by at least 3%**,
    - Energy (2.6%) **rose by at least 2%,**
    - Commodities (1.2%) and durables (0.6%) **rose under 2%.**
    - Transportation (-1.6%) **saw deflation.**

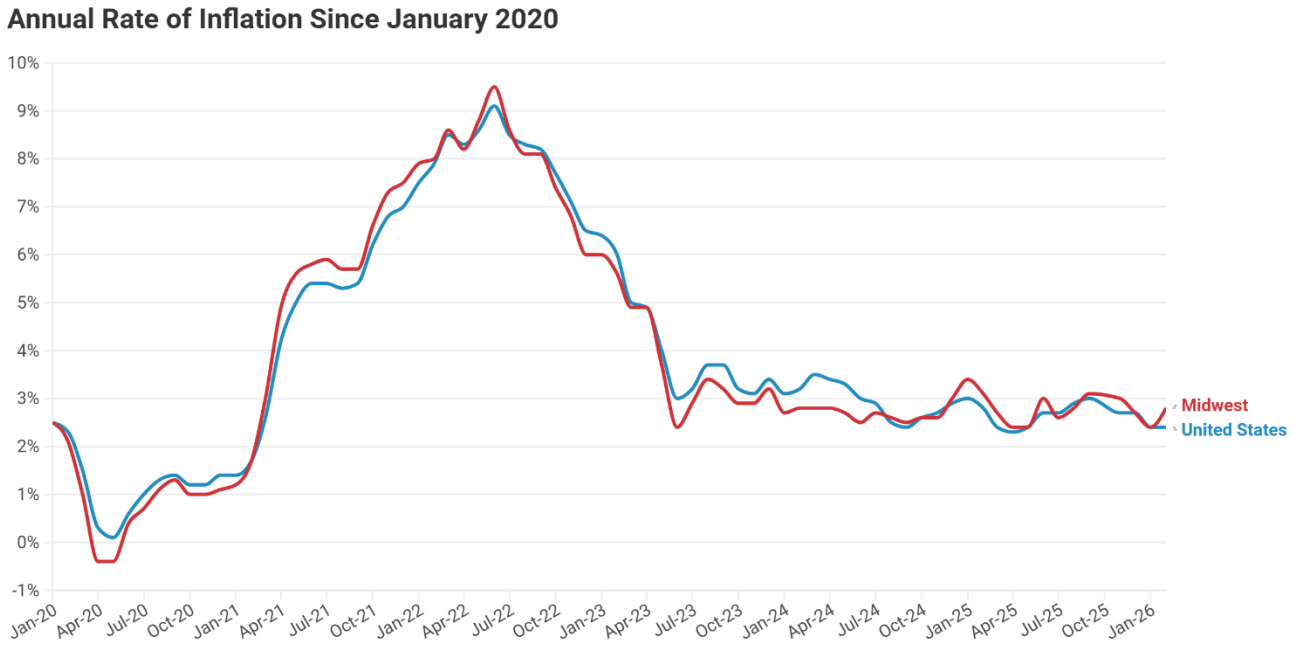
Iowa households lost over $51,000 to inflation since 2020

The typical Iowa household must now spend $1,323 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional $51,716 in total since 2020 to maintain the same standard of living.[i] This nominal increase corresponds to a 26.90% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by $508, $265, and $190 per month, respectively, for the typical Midwest household. Figure 1 shows the increase in costs for Iowans in five key consumer categories and the cumulative increases in costs since 2020.



Midwest inflation rises and remains above target

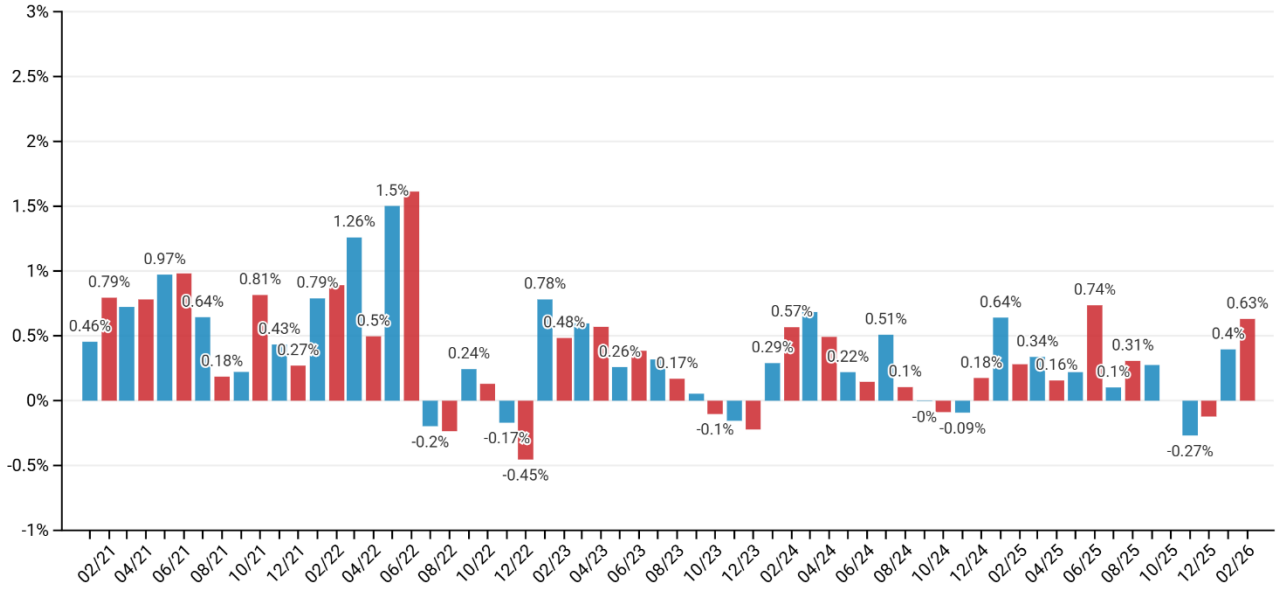
Inflation pressures showed mixed signals in February across the United States and Midwest. Year-over-year inflation for the nation held steady at 2.4%, while the Midwest region rose to 2.8%, diverging from the national reading. Inflation continues to run above the Federal Reserve's 2% target, indicating that price stability has not yet been fully restored. The Federal Reserve lowered the federal funds rate by 25 basis points at its December Federal Open Market Committee meeting, signaling confidence that inflation is trending in the right direction while balancing risks to the job market. At its January meeting, rates were held steady, and the Federal Reserve is widely expected to maintain current levels at its March meeting as it continues monitoring inflation and economic data.[ii]



Source: BLS: CPI-U Data

Monthly inflation in the Midwest rose from 0.40% in January 2026 to 0.63% in February 2026 (+0.23%). The February increase marks a continuation of positive month-over-month price growth following the return to positive territory in January, after two consecutive deflationary readings late in 2025. Compared to prior post-pandemic February readings, the latest increase sits below the elevated prints observed in February 2021 (0.79%) and 2022 (1.26%), but above February 2023 (0.48%), 2024 (0.22%) and 2025 (0.34%). Nationwide, non-seasonally adjusted inflation moved from 0.38% in January 2026 to 0.47% in February 2026, below the Midwest's monthly reading. The recent monthly data suggests price pressures are building modestly at the start of 2026, though both regional and national readings remain well below the elevated levels seen during the peak inflation period earlier in the decade.

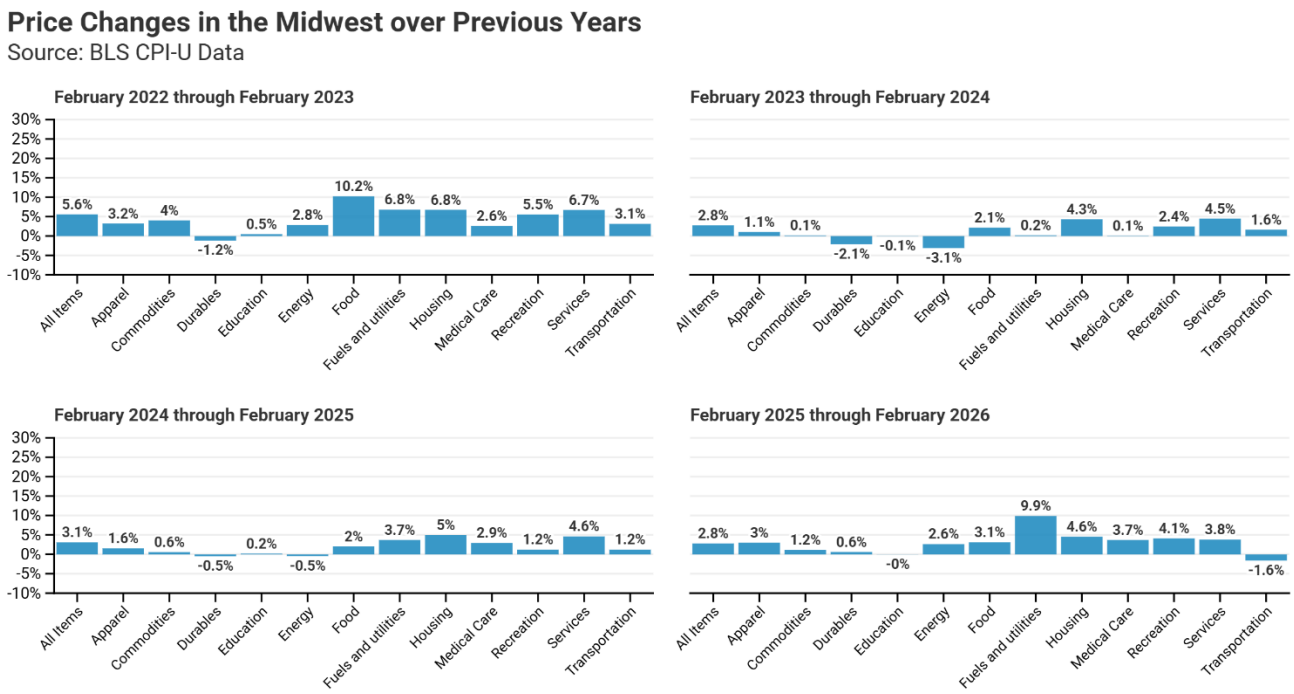
Monthly Inflation in the Midwest Region since January 2021



Source: BLS CPI-U Data

Inflation spread across all major categories

Between February 2025 and February 2026, nearly every major category posted year-over-year price increases in the Midwest. The largest gains occurred in fuels and utilities (9.9%), housing (4.6%), recreation (4.1%), services (3.8%), and medical care (3.7%). Food (3.1%), apparel (3.0%), and energy (2.6%) also grew over 2% year-over-year, while commodities (1.2%) and durables (0.6%) rose at more moderate rates. Education was roughly flat, while transportation (-1.6%) was the only category to experience a meaningful year-over-year decline, posting the sharpest deflation among major components.



Bottom Line

Inflation pressures showed mixed signals early in 2026, with year-over-year price growth holding steady nationally but accelerating in the Midwest. National inflation remained at 2.4%, while Midwest inflation rose to 2.8%, reflecting a regional divergence that suggests uneven progress toward price stabilization following several years of elevated cost growth. Monthly inflation trends show a pickup in both the Midwest (0.63%) and nationally (0.47%) in February, with the Midwest posting its third highest monthly reading in the post pandemic period. While these figures remain well below the surge seen during the peak inflation period earlier in the decade, the recent acceleration is a reminder that the path back to the Fed's 2% target is unlikely to be linear.

Despite slowing inflation from pandemic-era peaks, price increases remain broad-based. Most major spending categories continue to rise year-over-year in the Midwest, led by fuels and utilities (9.9%), housing (4.6%), and recreation (4.1%). Transportation (-1.6%) provided the only meaningful relief among major categories, offering modest offset to persistent cost pressures elsewhere.

The cumulative effect of inflation since 2020 continues to have a substantial financial impact on Iowa households. Consumer prices across the Midwest have increased nearly 27% since 2020, requiring the typical Iowa household to spend approximately $1,323 more per month to maintain the same standard of living. Since January 2020, the typical Iowa household has spent an extra $51,000 altogether just to maintain their standard of living. With the Federal Reserve expected to hold rates steady at its March meeting, price levels are unlikely to reverse and the cumulative toll on Iowa household budgets will continue to grow.

[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 March 11, 2026 at 8:00am CST, https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html.