



July 2025

Inflation in the Midwest

June 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

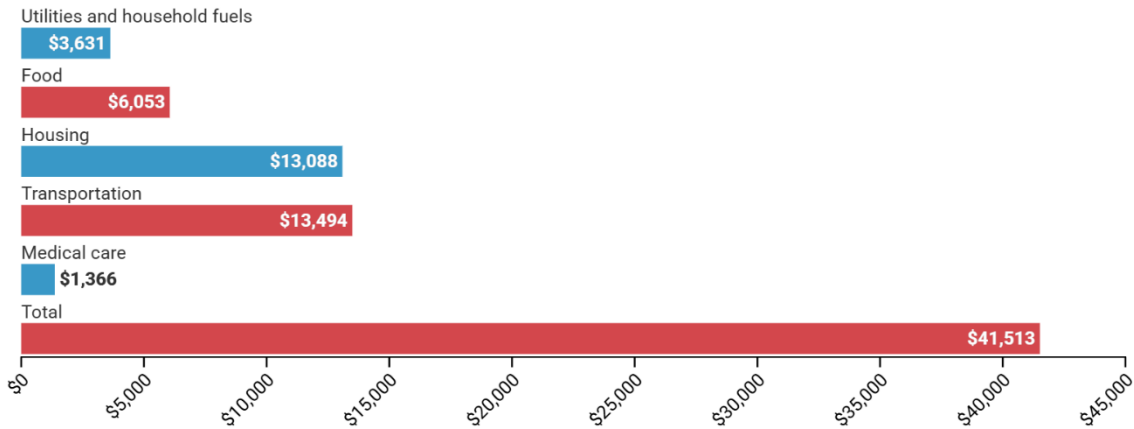
- **Because of inflation, the average Iowa household has spent over \$41,500 more since 2020 to maintain the same standard of living.**
- **Year-over-year inflation grew to 3% (+0.6%) in the Midwest.** United States inflation grew less, hitting 2.7% (+0.3%) in June.
- **From May to June, prices across all consumer goods grew by 0.74% in the Midwest—the highest monthly jump since January 2023.**
- In June, the average Iowa household spent about \$1,240 more due to inflation relative to 2020.
- **Since the pandemic, overall inflation in the Midwest is 25.2%—slightly higher than the United States' 25.0%.**
- Prices for fuels and utilities, housing, and services grew the most in the Midwest with 8.8%, 5.0%, and 4.2% year-over-year increases; only 1 of 12 major consumer categories, transportation, showed a year-over-year decline.

Iowa households lost \$41,500 to inflation since 2020

The typical Iowa household must now spend \$1,240 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$41,513 in total since 2020 to maintain the same standard of living.¹ This amounts to a 25.2% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$460, \$296, and \$176 per month, respectively. In June, utilities and household fuels was the hottest item, growing in price by 4.2% over last month. Following that was medical care and housing, which grew 1.11% and 1.08% over the last month, respectively. 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

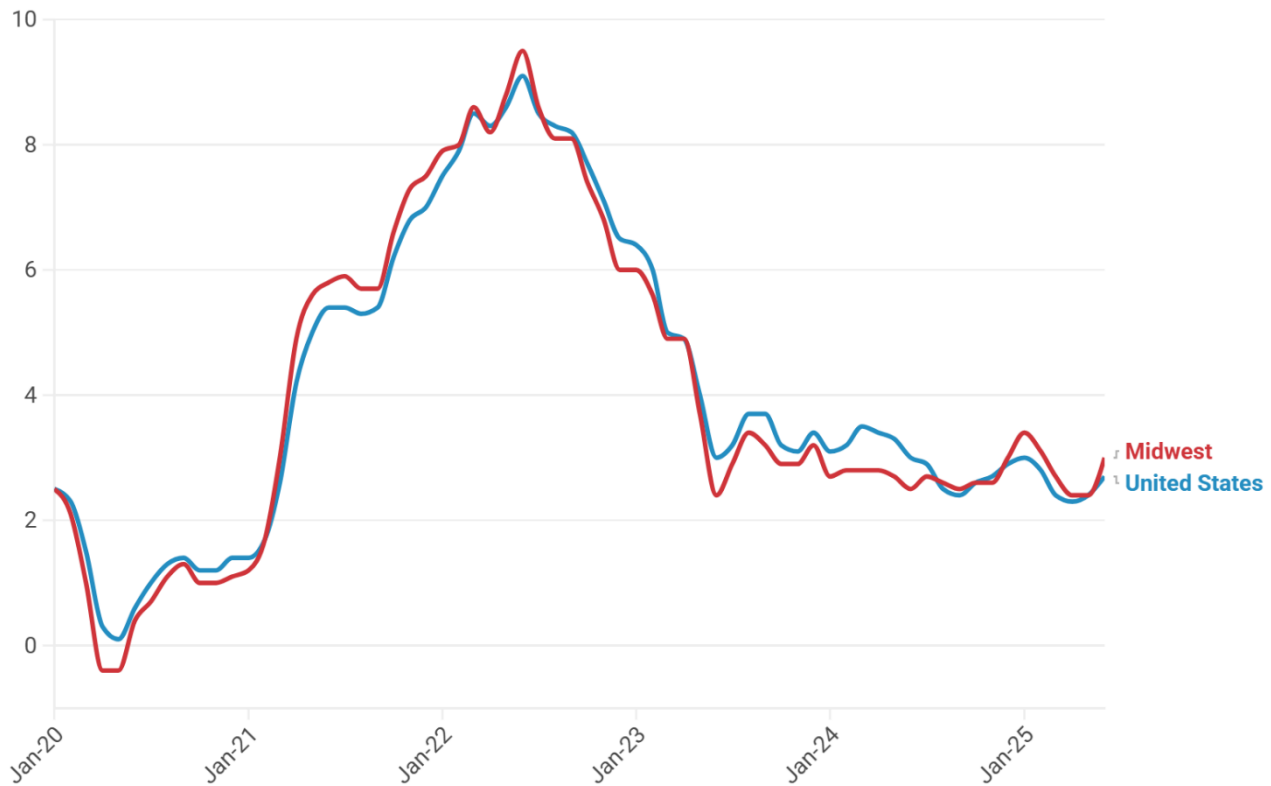
How much more has the average Midwest household spent since 2020 because of inflation?



Midwest inflation accelerates quicker than the nation

Year-over-year inflation for June grew 0.6%, from 2.4% to 3%, in the Midwest. The nation grew at a slower rate of 0.3%, from 2.4% to 2.7%. This marks the seventh consecutive month where Midwest inflation has matched or exceeded the national rate. While the region had seen price growth gradually slow, June's jump aligns with analysts' expectations that tariffs would start driving prices higher. Investors remain confident the Federal Reserve will hold interest rates steady at their next meeting.ⁱⁱ

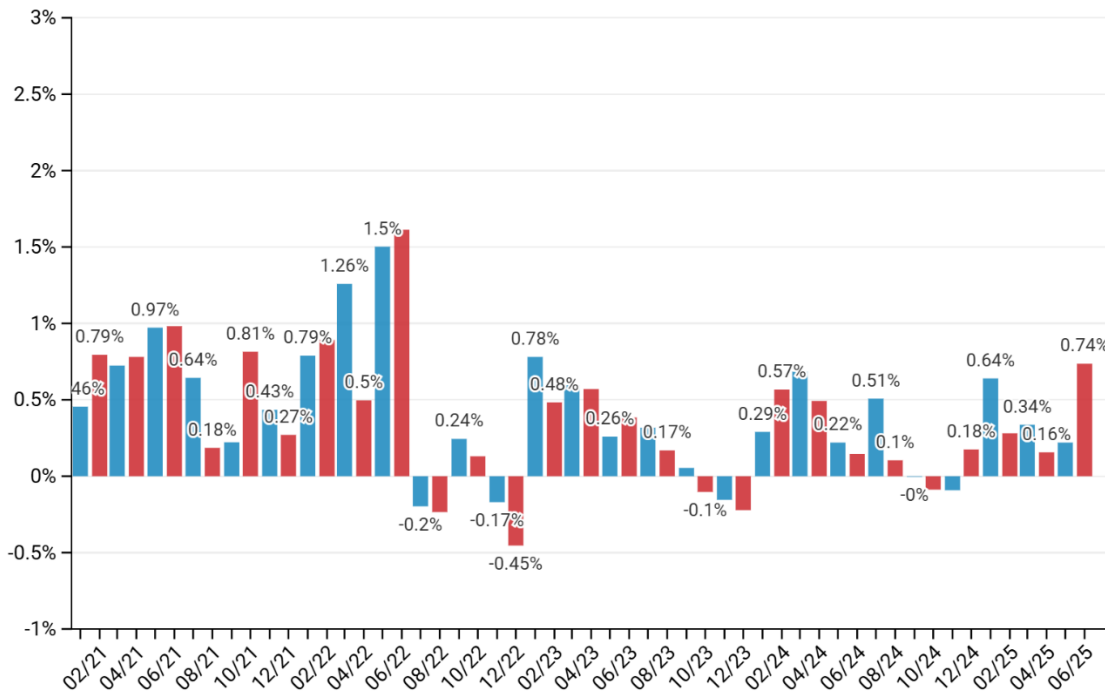
Annual Rate of Inflation Since January 2020



Source: BLS: CPI-U Data

Monthly inflation in the Midwest rose from 0.22% in May 2025 to 0.74% in June 2025 (+0.52%). This monthly jump is the highest since January 2023. While this marks a clear break from the recent cooling trend, it remains below the Midwest's record monthly surges of 0.98% in June 2021 and 1.61% in June 2022. Despite keeping inflation relatively low through the first half of 2025, this latest reading could put the region's chances of meeting the Federal Reserve's 2% annual target by December at risk. To stay on track, month-over-month inflation in the Midwest will need to deflate for the remainder of the year. Nationwide, non-seasonally adjusted month-over-month inflation also picked up, hitting 0.34% in June compared to 0.21% in May.

Monthly Inflation in the Midwest Region since January 2021



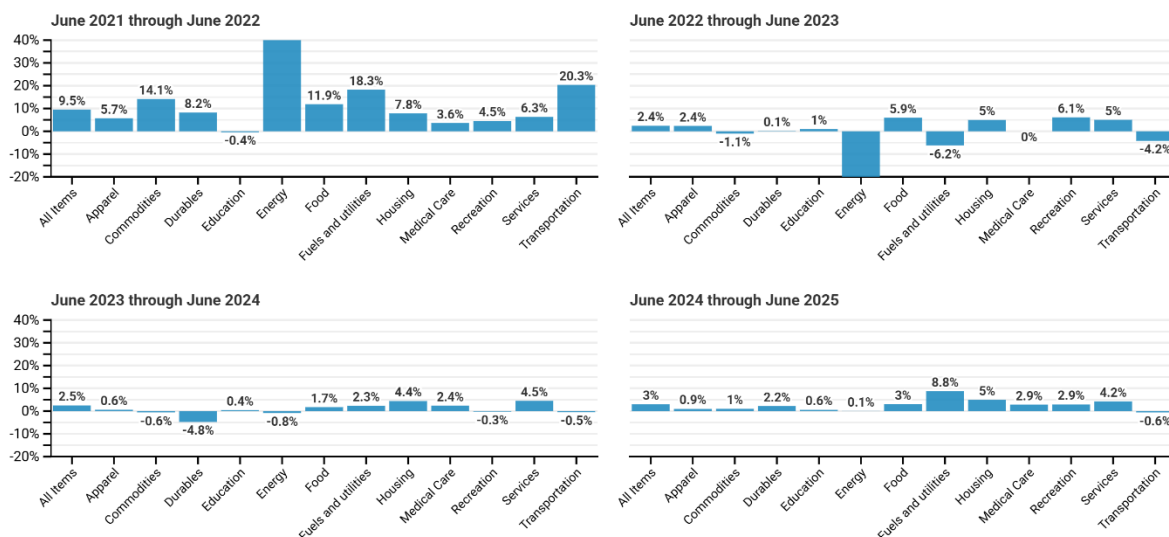
Source: BLS CPI-U Data

Fuels and utilities lead inflation growth

Nearly every major spending category saw year-over-year price increases in the Midwest. Notably, the costs of fuels and utilities, housing, and services continue to be disproportionately impacted across the Midwest. They have increased by 8.8%, 5%, and 4.2% between June 2024 and June 2025. Year-over-year inflation for food (3%), medical care (2.9%), recreation (2.9%), and durables (2.2%) also grew by over 2%. Transportation (-0.6%) fell. All other items not mentioned range between 0.1% and 0.9%. Many of these core categories remain stubbornly high, and the abrupt end to the prior cooling trend in other items helped drive the broad-based uptick in overall inflation compared to last year.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Midwest inflation is no longer easing—instead, price growth is re-accelerating just as households were beginning to feel some relief. June’s sharp monthly increase was the largest since early 2023 and pushed the region’s year-over-year rate back up to 3%, outpacing the national average for the seventh consecutive month. Key categories like housing, utilities, and food remain persistently high, continuing to strain household budgets. The typical Iowa household is now spending nearly \$1,240 more per month compared to 2020, having lost over \$41,500 cumulatively to inflation.

While cooling in transportation and energy prices had previously helped moderate overall inflation, that progress has been undercut by fresh price pressures—particularly from tariffs now filtering through supply chains. Many economists expected this inflationary rebound, but it nonetheless raises the stakes for the Federal Reserve’s path forward. Achieving the Fed’s 2% target is now highly unlikely without month-over-month price declines—an outcome that has yet to materialize.

Without sustained and broad-based disinflation, Midwest households will continue to feel the financial strain elevated inflation rates 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 July 15, 2025 at 8:00 am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.