



July 2026

Inflation in the Midwest

June 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

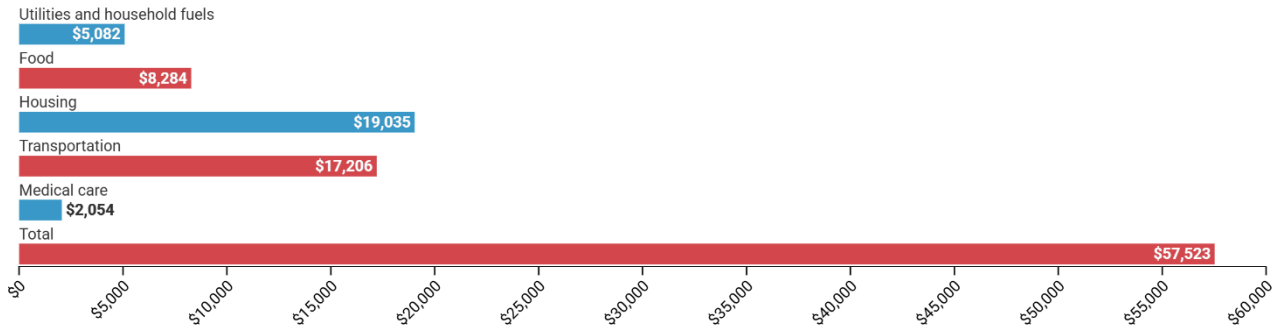
- **Year-over-year inflation fell from 4.2% to 3.5% for the U.S. and from 5.0% to 3.8% for the Midwest in June 2026.**
- Consumer prices in the Midwest are up 30.0% since January 2020.
- **Because of inflation, the typical Iowa household has spent over \$57,000 more since 2020 to maintain the same standard of living.**
 - The typical Iowa household is now spending about \$1,478 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- Monthly inflation in the Midwest fell from 1.12% in May 2026 to -0.45% in June 2026. **This marks the region's lowest monthly reading since December 2022, its largest single-month decline since July 2022, and the first negative June print of the post-pandemic period.**
 - Nationwide, non-seasonally adjusted monthly inflation fell from 0.63% in May to -0.35% in June—above the Midwest's reading.
- **Nearly every major spending category increased year-over-year.** From June 2025 to June 2026,
 - Energy (16.0%) and transportation (6.4%) **rose at least 6%,**
 - Recreation (5.2%), fuels and utilities (4.9%), and apparel (4.4%) **rose by at least 4%,**
 - Housing (3.9%), commodities (3.8%), and services (3.8%) **rose by at least 3%,**
 - Food (2.6%) and medical care (2.5%) **rose by at least 2%,**
 - Education (-0.1%) was **roughly flat**, while durable goods (-0.4%) **declined slightly.**

Iowa households lost over \$57,000 to inflation since 2020

The typical Iowa household must now spend \$1,478 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$57,522 in total since 2020 to maintain the same standard of living.ⁱ This nominal increase corresponds to a 30.0% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$539, \$369, and \$197 per 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 eases but remains above target

Inflation pressures eased in June across the United States and the Midwest. Year-over-year inflation for the nation fell from 4.2% to 3.5%, while the Midwest's rate declined from 5.0% to 3.8%. Despite the improvement, both rates remain well above the Federal Reserve's 2% target, indicating that price stability is far from restored. The Federal Reserve has held rates steady throughout 2026, and most investors expect it to continue that pattern at its July meeting—though a growing share now sees a 25-basis-point hike as possible.ⁱⁱ

Annual Rate of Inflation Since January 2020

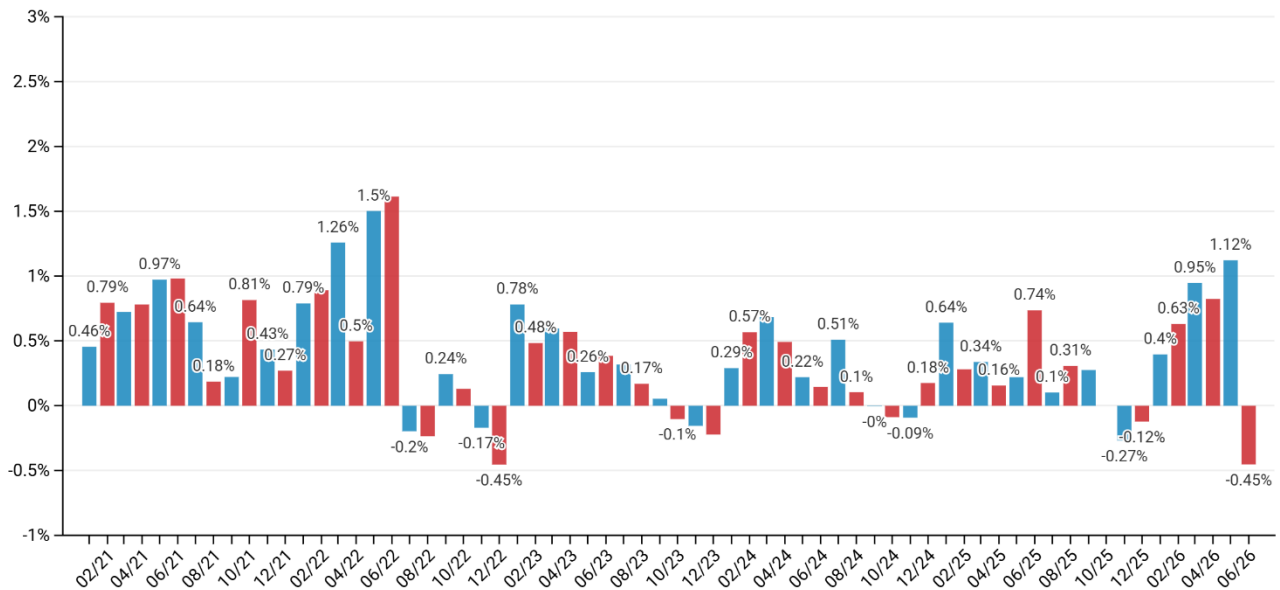


Source: BLS: CPI-U Data

Monthly inflation in the Midwest fell from 1.12% in May 2026 to -0.45% in June 2026—the largest single-month drop since prices swung from June to July of 2022. June's reading also marks the region's lowest monthly print since December 2022 (-0.45%) and the first negative June in the post-pandemic period. The

June figures in 2021 (0.98%), 2022 (1.61%), 2023 (0.38%), 2024 (0.15%), and 2025 (0.74%) all came in above this year's. Nationwide, non-seasonally adjusted monthly inflation fell from 0.63% in May 2026 to -0.35% in June 2026—above the Midwest's monthly reading.

Monthly Inflation in the Midwest Region since January 2021



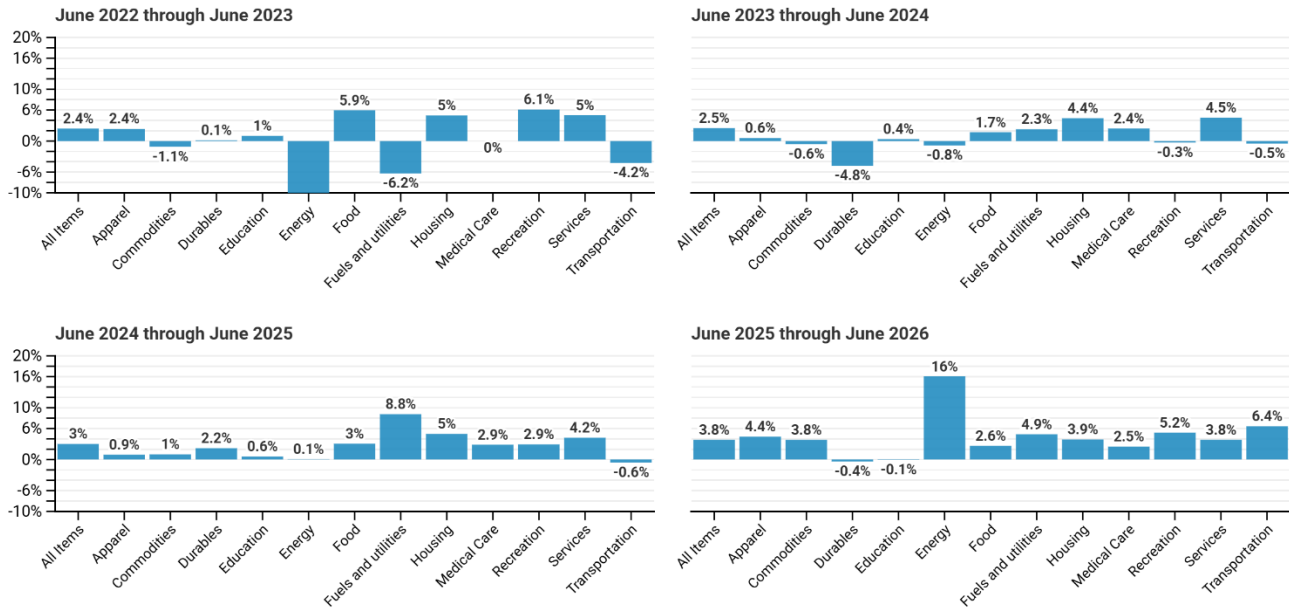
Source: BLS CPI-U Data

Inflation spread across nearly all major categories

Between June 2025 and June 2026, nearly every major category posted year-over-year price increases in the Midwest. The largest gains occurred in energy (16.0%), transportation (6.4%), recreation (5.2%), fuels and utilities (4.9%), apparel (4.4%), housing (3.9%), commodities (3.8%), and services (3.8%). Food (2.6%) and medical care (2.5%) rose more moderately. Education prices were roughly flat (-0.1%), while durable goods declined slightly (-0.4%). Energy remained the primary driver of the region's elevated annual inflation. Energy prices rose more than twice as fast as any other category, and the second- and fourth-largest increases—transportation and fuels and utilities—are themselves heavily energy-dependent, suggesting that fuel costs are carrying through energy-intensive categories. Still, with housing and services—the categories that weigh most heavily in household budgets—both rising at nearly double the Federal Reserve's 2% target, Midwest consumers face broad-based cost increases even apart from the energy spike.ⁱⁱⁱ

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Inflation pressures eased in June 2026, with year-over-year price growth falling both nationally and in the Midwest. National inflation declined from 4.2% to 3.5%, while Midwest inflation fell from 5.0% to 3.8%. Monthly inflation in the Midwest reversed sharply, swinging from 1.12% in May to -0.45% in June. This marks the region's lowest monthly reading since December 2022, its largest single-month decline since July 2022, and the first negative June print of the post-pandemic period. June's relief is welcome, but one month does not make a trend. The acceleration through the first five months of 2026 pushed annual inflation to its highest levels since early 2023, and even after June's decline, both regional and national rates remain nearly double the Federal Reserve's 2% target.

Price increases still span nearly every major spending category. Energy (16.0%) led year-over-year gains in the Midwest by a wide margin, followed by transportation (6.4%), recreation (5.2%), and fuels and utilities (4.9%). Apparel (4.4%), housing (3.9%), commodities (3.8%), and services (3.8%) each rose by nearly 4% or more, while food (2.6%) and medical care (2.5%) added further pressure on household budgets. Only education (-0.1%) and durable goods (-0.4%) posted declines. While energy is doing the most to drive the elevated annual figure, the broad-based nature of these increases shows inflationary pressure still moving through the wider Midwest economy.

The cumulative effect of inflation since 2020 continues to weigh heavily on Iowa households. Consumer prices across the Midwest have risen 30% since January 2020, requiring the typical Iowa household to spend approximately \$1,478 more per month to maintain the same standard of living. Since January 2020, that household has spent an additional \$57,522 altogether just to stand still. As price levels are unlikely to reverse, 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 July 14, 2026 at 8:00am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.

ⁱⁱⁱ "Relative Importance and Weight Information for the Consumer Price Indexes Weight Information," U.S. Bureau of Labor Statistics, accessed July 14, 2026, <https://www.bls.gov/cpi/tables/relative-importance/>.