



April 2025

Inflation in the Midwest

March 2025

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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

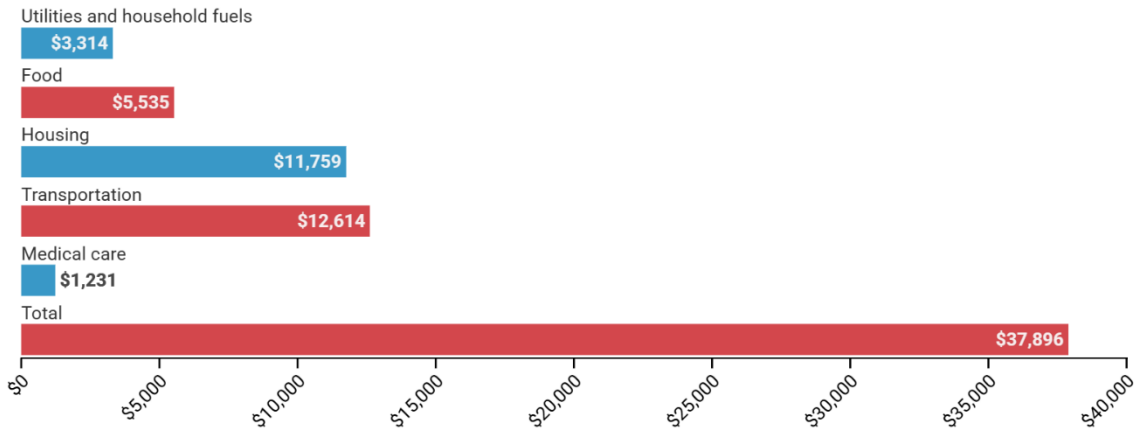
- **Year-over-year inflation fell sharply in March, dropping by 0.4% to 2.7% in the Midwest.** United States inflation also fell, hitting 2.4% (-0.4%) in March.
- **From February to March, prices across all consumer goods grew by 0.3% in the Midwest—or an annualized rate of 3.6%.**
- **Because of inflation, the average Iowa household has spent over \$37,000 more since 2020 to maintain the same standard of living.**
- In March, the average Iowa household spent about \$1,171 more due to inflation relative to 2020.
- **Since the pandemic, overall inflation in the Midwest is 23.97%—slightly higher than the United States' 23.59%.**
- Prices for fuels and utilities, housing, and services grew the most in the Midwest with 5.6%, 5.1%, and 4.3% year-over-year increases; only 2 of 12 major consumer categories, energy and transportation, showed a year-over-year decline.
- Month-over-month price inflation for food grew at 0.7%—up from -0.06% in February.

Iowa households lost \$37,000 to inflation since 2020

The typical Iowa household must now spend \$1,171 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$37,895 in total since 2020 to maintain the same standard of living.¹ This amounts to a 23.8% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$426, \$282, and \$171 per month, respectively. In March, food and fuels and utilities were the hottest items, both growing in price by 0.7% over last month. Following that was housing and recreation growing 0.48% and 0.33% over the last month. Transportation and medical care declined in the last month, both falling by 0.1% 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?



Inflation remains higher in the Midwest than nationally

Year-over-year inflation for March came in hotter for the Midwest than nationally for the fourth month in a row. Nationally, year-over-year inflation fell to 2.4% (-0.4%), while in the Midwest inflation fell to 2.7% (-0.4%). This month's national print continues a rapid slowdown, dropping more than investors expected.ⁱⁱ Despite the disinflation, the Midwest continues to see persistent price pressures, particularly in categories like housing and fuels. Investors remain mostly confident the Federal Reserve will not continue with a rate cut in May as ongoing tariff negotiations threaten upward pressures on prices.ⁱⁱⁱ

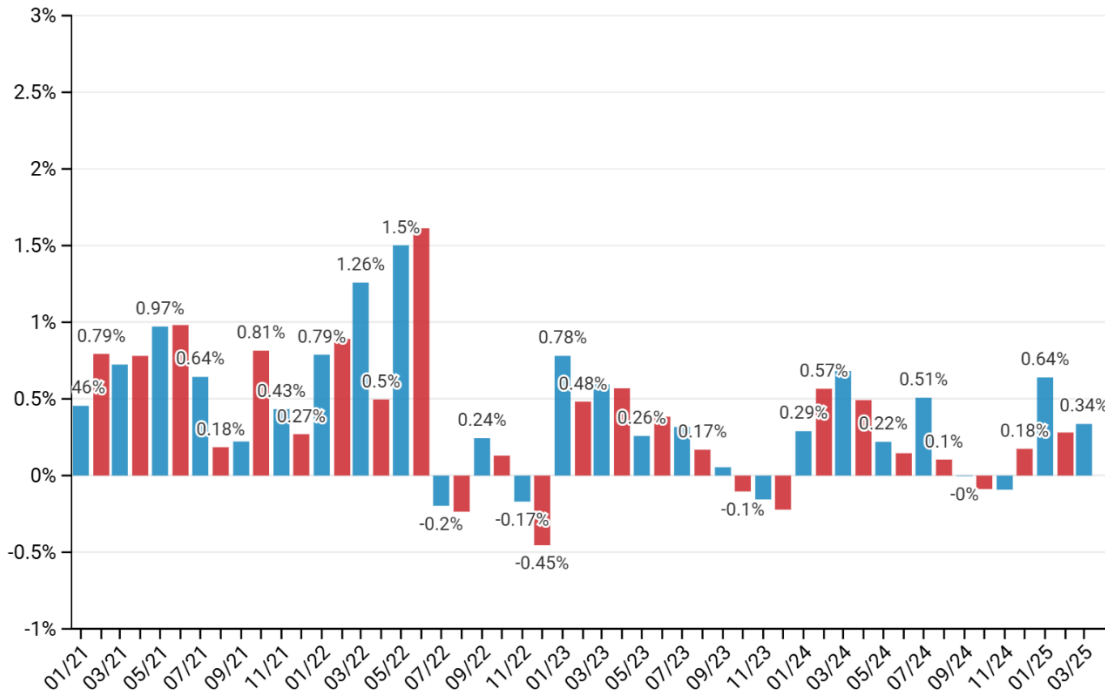
Annual Rate of Inflation Since January 2020



Source: BLS: CPI-U Data

Monthly inflation in the Midwest grew from 0.28% in February 2025 to 0.34% in March 2025 (+0.06%). This month's print is an improvement from the prior two March prints, where month-over-month inflation came in at 0.6% in 2023 and 0.6% in 2024. The Midwest needs to avoid major inflationary months to keep inflation growth low in 2025. For Midwest inflation to reach the Fed's 2% target by December 2025, month-over-month inflation will need to average no more than 0.11% for the rest of the year. Nationwide month-over-month, non-seasonally adjusted inflation hit 0.22% in March, down from 0.44% in February.

Monthly Inflation in the Midwest Region since January 2021



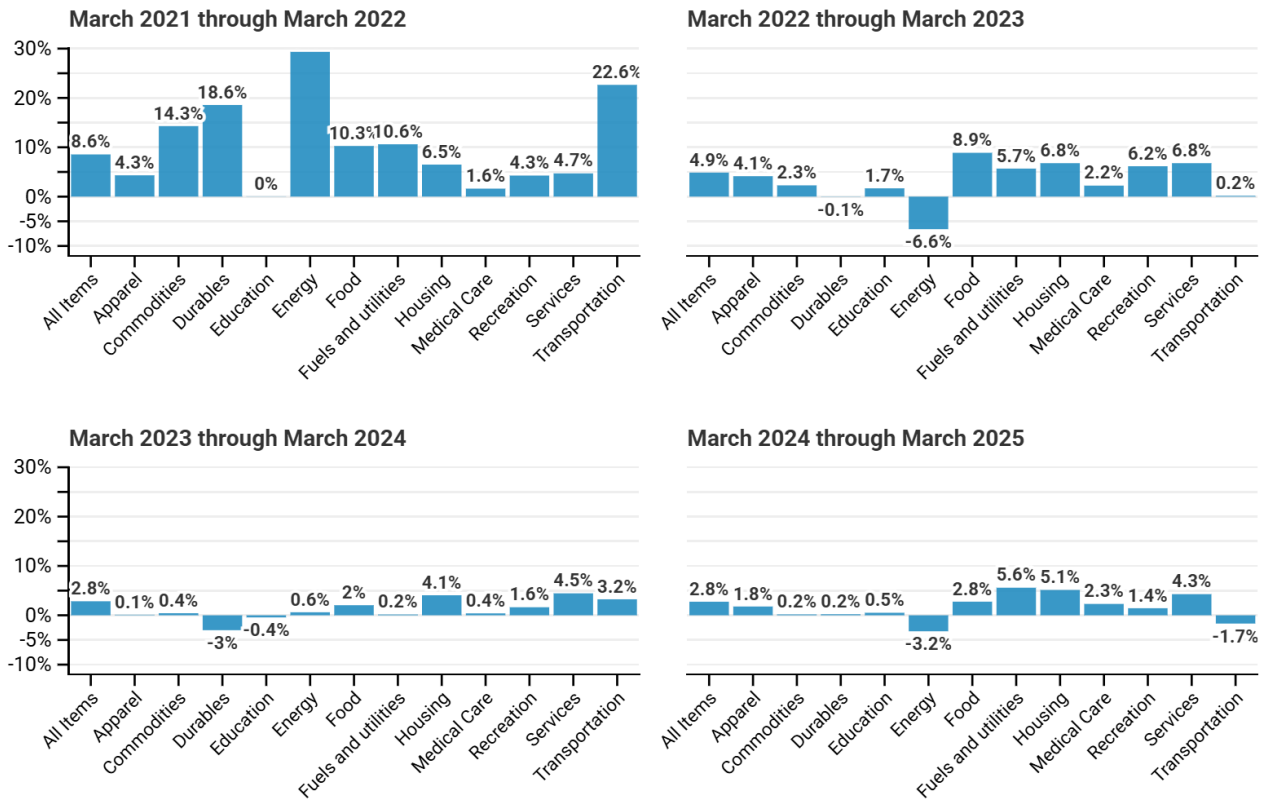
Source: BLS CPI-U Data

Fuels and utilities lead inflation growth

All but two key items grew year-over-year in March’s print. Notably, the costs of fuels and utilities, housing, and services continue to be disproportionately impacted across the Midwest. They have increased by 5.6%, 5.1%, and 4.3% between March 2024 and March 2025. Housing and fuels and utilities reported slightly higher than last month’s print. Year-over-year inflation for food (2.8%) medical care (2.3%) also grew by over 2%. Only energy (-3.2%) and transportation (-1.7%) costs fell. All other items not mentioned range between 0.2% and 1.8%. Despite the rapid slowdown in all-item inflation, this print shows higher price growth in 2024/25 than in 2023/24. If the Midwest hopes to reach the Federal Reserve’s 2% goal, year-over-year inflation in some of these items needs to reverse back to deflationary territory.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Despite a slowdown in inflation, Midwest inflation remains elevated and continues to outpace the national average. Midwest and U.S. inflation stay stubbornly higher than the Fed’s 2% target, which has not been seen since February 2021. Nonetheless, inflation in March printed some of the lowest numbers in the last four years. However, economists and investors worry the slowdown in inflation may be short-lived amid ongoing tariff policies that could place upward pressure on prices and keep economic uncertainty high.^{iv} In the meantime, some relief has come from modest declines in energy and transportation costs, but price growth in categories like housing and utilities continues to strain Midwest household budgets. While the region has made progress in cooling inflation, sustained declines will be needed to move closer to the Federal Reserve’s long-term target.

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_s

[electedareas table.htm](#) across individual months, weighting them according to their corresponding CPI levels, and adjusting them according to the latter’s growth history.

ⁱⁱ Jeff Cox, “Inflation rate eases to 2.4% in March, lower than expected,” CNBC, April 10, 2025,

<https://www.cnbc.com/2025/04/10/inflation-rate-eases-to-2point4percent-in-march-lower-than-expected.html>.

ⁱⁱⁱ CME Group, “FedWatch,” accessed April 10, 2025 at 7:39 am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.

^{iv} Kathryn Mayer, “March Inflation Falls, But Won’t ‘Provide Much Comfort to Businesses,” SHRM, April 10, 2025.

<https://www.shrm.org/topics-tools/news/benefits-compensation/cpi-inflation-real-earnings-march-2025>