



June 2026

# Inflation in the Midwest

May 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

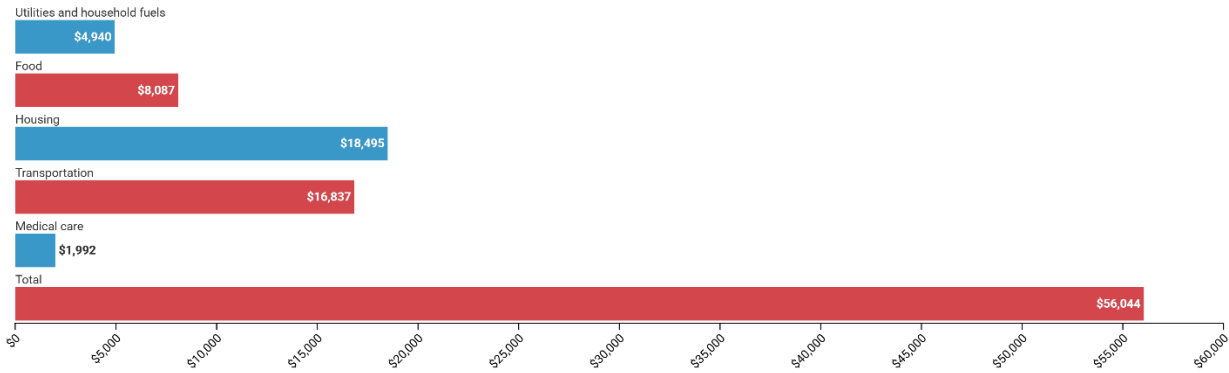
- **Year-over-year inflation rose from 3.8% to 4.2% for the U.S. and from 4.1% to 5.0% for the Midwest in May 2026.**
  - Year-over-year inflation last reached these levels in April 2023 for the United States, and in February 2023 for the Midwest.
- Consumer prices in the Midwest are up 30.6% since January 2020.
- **Because of inflation, the typical Iowa household has spent over \$56,000 more since 2020 to maintain the same standard of living.**
  - The typical Iowa household is now spending about \$1,508 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- Monthly inflation in the Midwest rose from 0.82% in April 2026 to 1.12% in May 2026—the region's largest monthly increase since June 2022 and the second-highest post-pandemic May reading on record.
  - Prices in the Midwest rose faster than in any other major U.S. region in May, ahead of the Northeast (0.8%), the South (0.5%), and the West (0.4%).
- **Every major spending category increased year-over-year.** From May 2025 to May 2026,
  - Energy (26.8%), transportation (10.1%), fuels and utilities (7.0%), apparel (6.1%), and commodities (6.0%) **rose at least 6%**,
  - Recreation (4.8%), housing (4.6%), and services (4.5%) **rose by at least 4%**,
  - Medical care (3.6%) and food (3.3%) **rose by at least 3%**,
  - Education (1.1%) **rose modestly**, and durable goods (0.2%) **were roughly flat**.

## Iowa households lost over \$56,000 to inflation since 2020

The typical Iowa household must now spend \$1,508 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$56,044 in total since 2020 to maintain the same standard of living.<sup>i</sup> This nominal increase corresponds to a 30.6% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$531, \$406, and \$198 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.

### Inflation's Impact on What Lowans Buy

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



## Midwest inflation rises and remains above target

Inflation pressures continued through May across the United States and the Midwest. Year-over-year inflation for the nation rose from 3.8% to 4.2%, while the Midwest's rate climbed from 4.1% to 5.0%. The last time inflation reached these levels was April 2023 for the United States and February 2023 for the Midwest. Inflation has run 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 is expected to continue that pattern at its June meeting.<sup>ii</sup>

### Annual Rate of Inflation Since January 2020

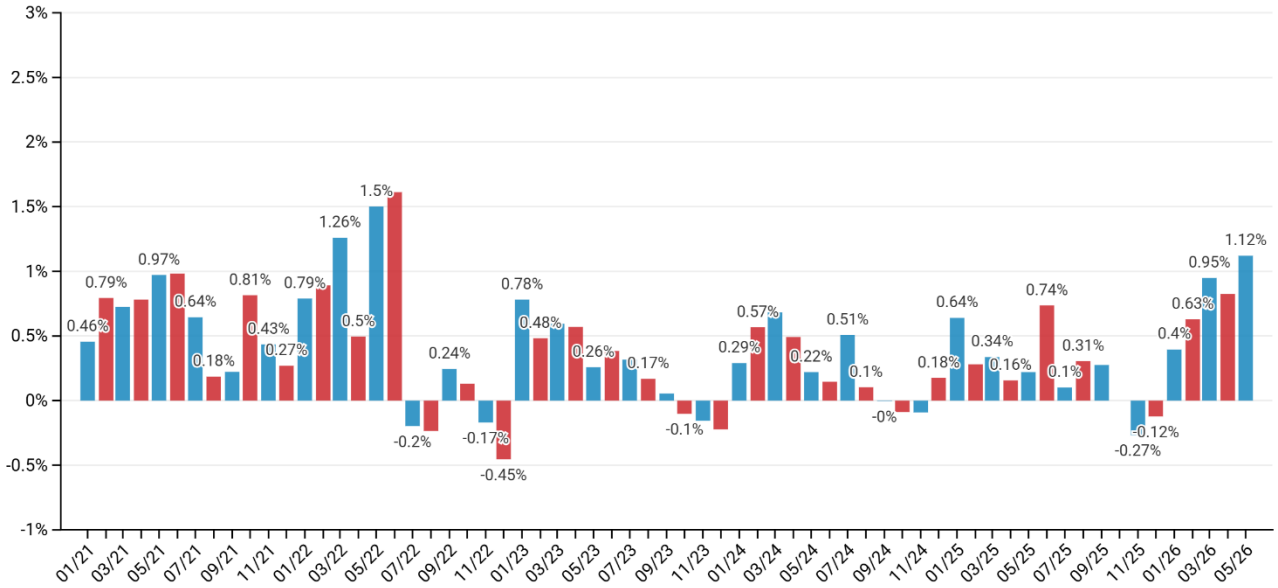


Source: BLS: CPI-U Data

Monthly inflation in the Midwest rose from 0.82% in April 2026 to 1.12% in May 2026, an increase of 0.30 percentage points. May's reading remains elevated relative to recent years: the May prints in 2021 (0.97%),

2023 (0.26%), 2024 (0.22%), and 2025 (0.22%) all came in below this year's figure, making it the second-highest post-pandemic May reading on record, behind only 2022 (1.5%). It also marks the Midwest's largest monthly increase since June 2022. Prices in the Midwest rose faster than in any other major U.S. region, ahead of the Northeast (0.8%), the South (0.5%), and the West (0.4%). Nationwide, non-seasonally adjusted inflation moved in the opposite direction, falling from 0.85% in April 2026 to 0.63% in May 2026—below the Midwest's monthly reading.

**Monthly Inflation in the Midwest Region since January 2021**



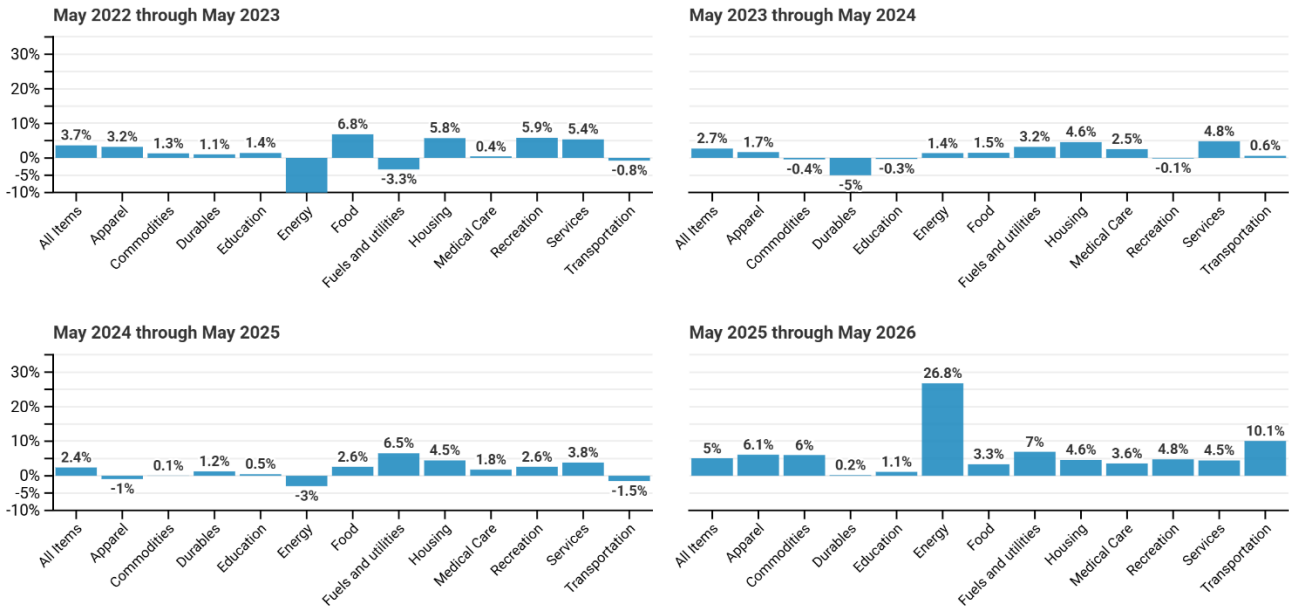
Source: BLS CPI-U Data

## Inflation spread across all major categories

Between May 2025 and May 2026, every major category posted year-over-year price increases in the Midwest. The largest gains occurred in energy (26.8%), transportation (10.1%), fuels and utilities (7.0%), apparel (6.1%), commodities (6.0%), recreation (4.8%), housing (4.6%), and services (4.5%). Medical care (3.6%) and food (3.3%) also rose by more than 3% year-over-year. Education prices grew by a more modest 1.1%, while durable goods were roughly flat (0.2%). Energy was the primary driver of the region's elevated annual inflation. Energy prices rose more than twice as fast as any other category, and the next-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 more than double the Federal Reserve's 2% target, Midwest consumers face broad-based cost increases even apart from the energy spike.

## Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



## Bottom Line

Inflation pressures intensified in May 2026, with year-over-year price growth rising both nationally and in the Midwest. National inflation rose from 3.8% to 4.2%, while Midwest inflation climbed from 4.1% to 5.0%—the highest year-over-year readings since April 2023 nationally and February 2023 regionally. Unlike in April, monthly inflation in the Midwest accelerated as well, rising from 0.82% to 1.12%—the region's largest monthly increase since June 2022 and the second-highest post-pandemic May reading on record. Prices in the Midwest also rose faster than in any other major U.S. region. Both regional and national figures remain below the peak inflation period earlier in the decade, but the acceleration through the first half of 2026 indicates that price stability remains well out of reach of the Federal Reserve's 2% target.

Price increases now span every major spending category. Energy (26.8%) led year-over-year gains in the Midwest by a wide margin, followed by transportation (10.1%), fuels and utilities (7.0%), and apparel (6.1%). Commodities (6.0%), recreation (4.8%), housing (4.6%), and services (4.5%) each rose by at least 4.5%, while medical care (3.6%) and food (3.3%) added further pressure on household budgets. While energy is doing the most to drive the elevated annual inflation figure, the breadth of these increases shows inflationary pressure 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 30.6% since January 2020, requiring the typical Iowa household to spend approximately \$1,508 more per month to maintain the same standard of living. Since January 2020, that household has spent an additional \$56,044 altogether just to stand still. With the Federal Reserve expected to hold rates steady at its June meeting, price levels are unlikely to reverse, and the cumulative toll on Iowa household budgets will continue to grow.

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<sup>i</sup> 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](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.

<sup>ii</sup> CME Group, “FedWatch,” accessed June 10, 2026 at 8:00am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.