



December 2025

Inflation in the Midwest

November 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

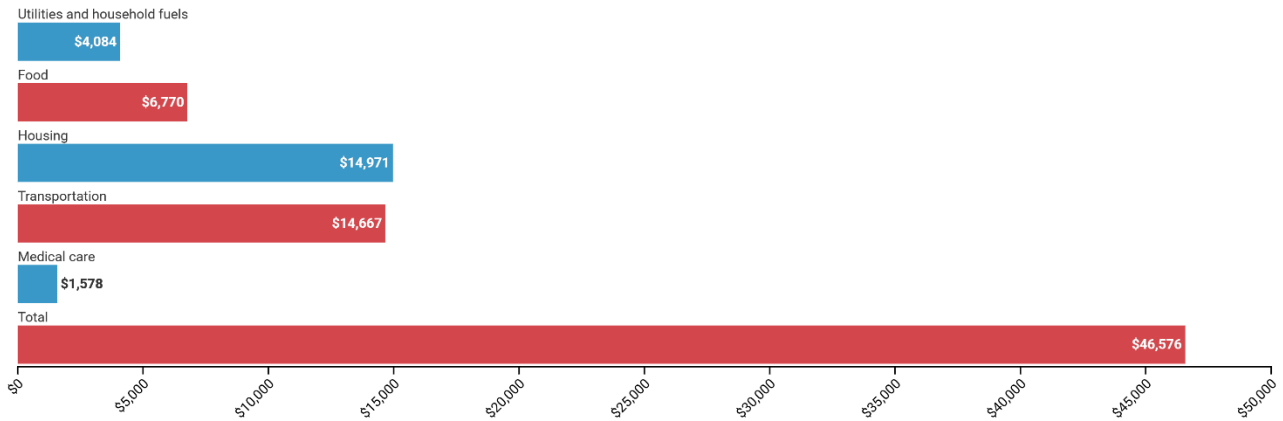
- **In November, year-over-year inflation in the Midwest fell to 3.0%, down from 3.1% in September.** National inflation also fell, from 3.0% to 2.7%.
- **Consumer prices in the Midwest are up 25.8% since January 2020.**
- **Because of inflation, the average Iowa household has spent over \$46,000 more since 2020 to maintain the same standard of living.**
 - The typical Iowa household is now spending about \$1,266 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- Midwest monthly inflation edged down from 0.28% in September to -0.27% in November, marking the first deflationary reading for 2025.
- **November 2025 marked the second consecutive month in which every major spending category increased year-over-year.** From November 2024 to November 2025,
 - Fuels and utilities (9.3%), energy (6.3%) and housing (4.6%) **rose over 4%,**
 - Services (3.7%) and recreation (3.5%) **rose at least 3%,**
 - Medical care (2.6%), durables (2.5%), energy (2.8%), and food (2.3%) **rose at least 2%,**
 - Commodities (1.9%), education (1.8%), apparel (0.6%), and transportation (0.5%) **rose under 2%.**

Iowa households lost over \$46,000 to inflation since 2020

The typical Iowa household must now spend \$1,266 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$46,576 in total since 2020 to maintain the same standard of living.¹ This amounts to a 25.8% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$476, \$283, and \$178 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 Iowans Buy

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



Midwest and national inflation ease but remain above target

Inflation pressures eased in November for both the Midwest and United States. Year-over-year inflation in the Midwest declined modestly from 3.1% to 3.0%, while national inflation fell more sharply from 3.0% to 2.7%. These data point to continued progress on disinflation, particularly at the national level. However, inflation remains above the Federal Reserve's 2% target, signaling that underlying price pressures have not been fully resolved. Given these conditions, the Federal Reserve cut the federal funds rate by 25 basis points at its December FOMC (Federal Open Market Committee) meeting, extending its pivot toward monetary easing. While the move reflects confidence that inflation is trending in the right direction, it also raises the risk that easing policy too quickly could slow or reverse recent progress, leaving inflation elevated for longer in both the U.S. and Midwest. Consistent with that concern, most investors now expect the Fed to pause at its January meeting, anticipating no additional rate cut following December's decision.ⁱⁱ

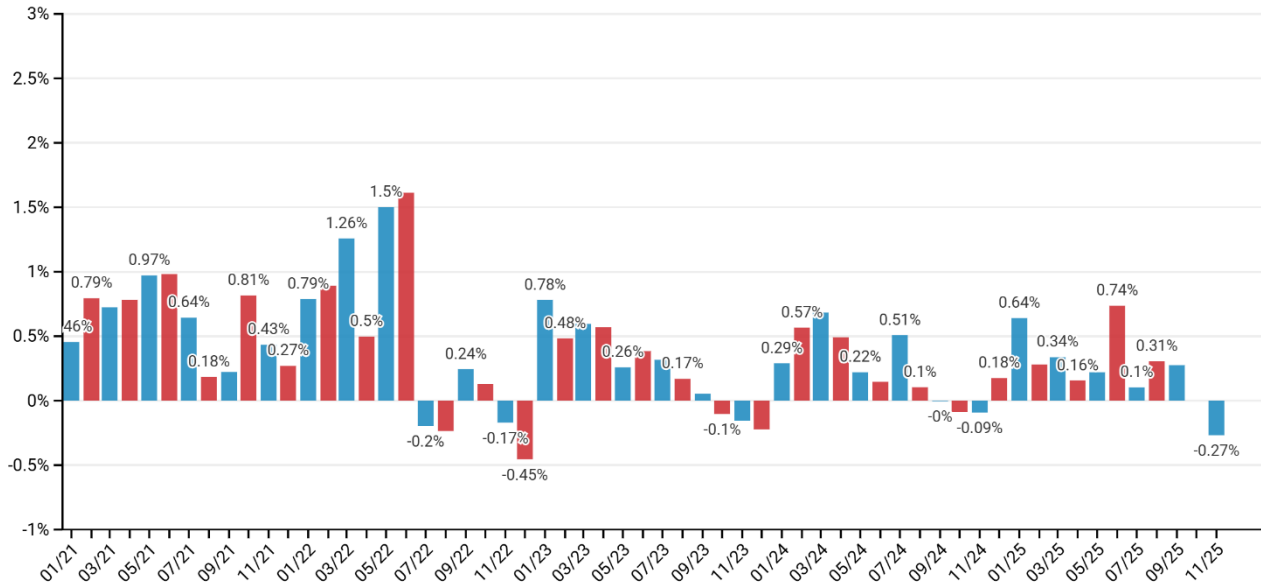
Annual Rate of Inflation Since January 2020



Source: BLS: CPI-U Data

Monthly inflation in the Midwest ticked down from 0.28% in September 2025 to -0.27% in November 2025 (-0.57%). October is omitted due to the federal government shutdown that occurred earlier this year, which prevented data collection. November's monthly inflation marked the year's first deflationary month-over-month print and the lowest November reading in the post-pandemic period. In comparison, November 2021 (0.43%), 2022 (-0.17%), 2023 (-0.15) and 2024 (-0.09%) all recorded higher monthly inflation. The Midwest also slightly outperformed the national trend. Nationwide, non-seasonally adjusted inflation declined from 0.25% in September to -0.21% in November, remaining marginally above the Midwest's deflationary reading. While the Midwest continues to post a higher year-over-year inflation rate than the United States overall, recent monthly data indicate that cost pressures eased more rapidly in the region entering late 2025.

Monthly Inflation in the Midwest Region since January 2021



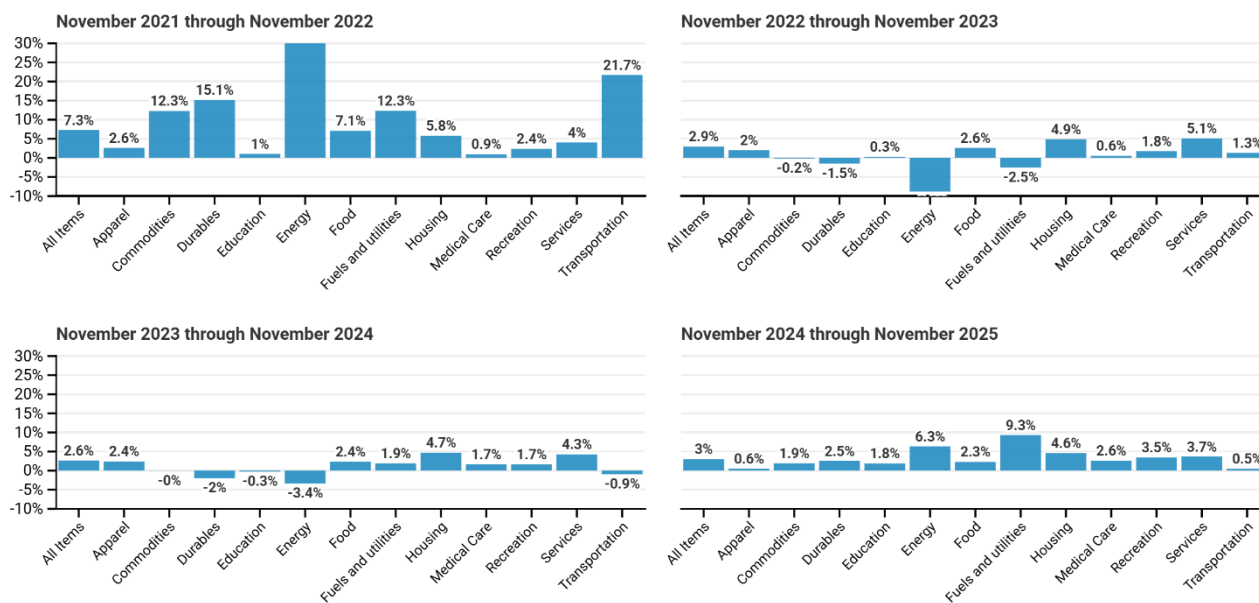
Source: BLS CPI-U Data

Inflation spread across all major categories

Every major category saw year-over-year price increases in the Midwest, particularly among fuels and utilities, energy, and housing, which continue to be disproportionately impacted across the Midwest. They have increased by 9.3%, 6.3%, and 4.6% between November 2024 and November 2025. Year-over-year inflation for services (3.7%), recreation (3.5%), medical care (2.6%), durables (2.5%), and food (2.3%) also grew by at least 2%. Commodities (1.9%), education (1.8%), apparel (0.6%), and transportation (0.5%) grew under 2%.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Midwest inflation cooled further entering late 2025, reflecting meaningful improvement in short-term price dynamics even as overall price levels remain elevated. By November, the Midwest's year-over-year inflation rate had eased to 3.0%, down from 3.1% in September, while national inflation declined more sharply to 2.7%. Although the Midwest continues to run hotter than the national average, recent month-over-month data signal a clear deceleration in regional cost pressures, including the first deflationary monthly reading of the year.

Even so, the cumulative burden on Midwest households remains substantial. The typical Iowa family is still spending roughly \$1,266 more per month than in 2020, with total added costs exceeding \$46,000 since then. Housing, transportation, and food continue to account for the largest share of these increases, and every major spending category remains more expensive than a year ago. Inflation has slowed materially from its 2022 peak, but price increases continue to weigh on household budgets.

The Federal Reserve's 25-basis-point rate cut at the December FOMC meeting introduces additional risk at this stage of the inflation cycle. While recent data show encouraging disinflation, monetary easing before inflation is near 2% could slow progress and leave regional price growth elevated for longer. With markets now expecting a pause in January, the path forward will hinge on whether recent monthly cooling persists.

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 CME Group, "FedWatch," accessed December 18, 2025 at 8:00am CST,
<https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.