



October 2025

Inflation in the Midwest

September 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

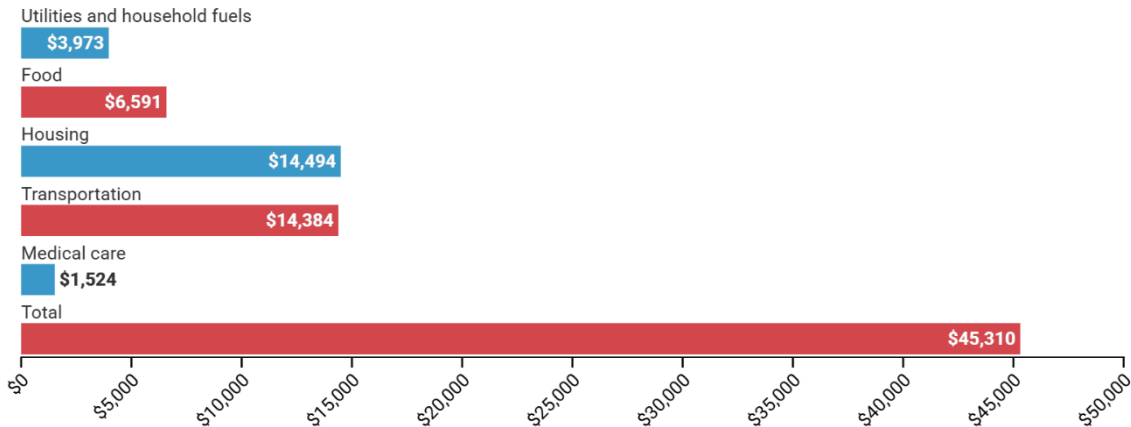
- **In September, year-over-year inflation in the Midwest rose to 3.1%, up from 2.8% in August.** National inflation also increased, from 2.9% to 3.0%.
- **Consumer prices in the Midwest are up 26.10% since January 2020.**
- **Because of inflation, the average Iowa household has spent over \$45,000 more since 2020 to maintain the same standard of living.**
 - The typical Iowa household is now spending about \$1,283 more per month than in 2020, driven largely by higher housing, transportation, and food costs.
- Midwest monthly inflation edged down from 0.31% in August to 0.28% in September but marked the hottest post-pandemic September to date.
- **September 2025 marked the first post-pandemic September in which every major spending category rose year-over-year.** From September 2024 to September 2025,
 - Fuels and utilities (6.5%), recreation (4.7%) and housing (4.4%) **rose over 4%,**
 - Services (3.7%) **rose by over 3%,**
 - Food (2.9%), medical care (2.9%), energy (2.8%), durables (2.8%), and commodities (2%), **rose at least 2%,**
 - Apparel (1.2%), education (0.6%), and transportation (0.5%) **rose under 1%.**

Iowa households lost over \$45,000 to inflation since 2020

The typical Iowa household must now spend \$1,283 per month more than it did in 2020 to maintain the same standard of living. That same household has spent an additional \$45,310 in total since 2020 to maintain the same standard of living.¹ This amounts to a 26.10% rise in consumer prices. The cost increases have been led by a surge in housing, transportation, and food prices, which have risen by \$472, \$293, and \$182 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 remain persistently high

Inflation pressures showed no signs of easing in September. Year-over-year inflation in the Midwest grew from 2.8% to 3.1%, the highest rate since February 2025. Nationally, year-over-year inflation grew from 2.9% to 3.0%, the highest rate since January 2025. Despite inflation ticking up and remaining persistently above the Federal Reserve's 2% target rate, investors continue to believe the Fed will likely announce plans to lower the federal funds rate by 25 basis points during their October FOMC (Federal Open Market Committee) meeting next week.ⁱⁱ Such a move could put the U.S. and Midwest region at risk of higher inflation for longer.

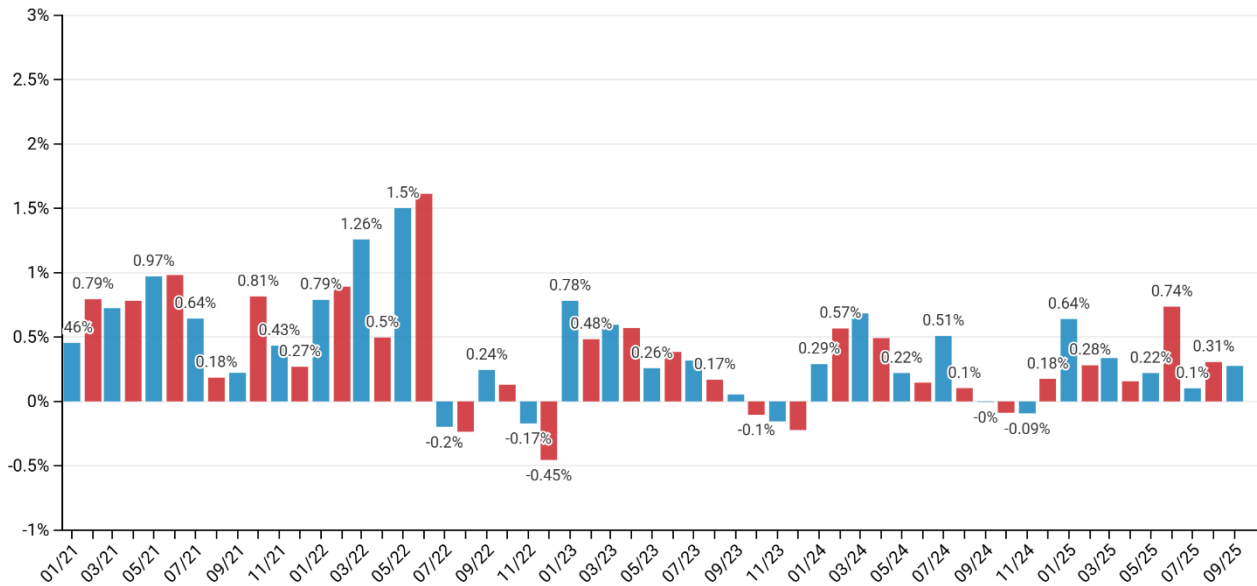
Annual Rate of Inflation Since January 2020



Source: BLS: CPI-U Data

Monthly inflation in the Midwest ticked down from 0.31% in August 2025 to 0.28% in September 2025 (-0.03%). Though a decline, September’s monthly inflation marked the hottest post-pandemic September print. In comparison, September 2021 (0.22%), 2022 (0.24%), 2023 (0.05%) and 2024 (0.27%) all recorded lower monthly inflation. The Midwest rate also came in slightly higher than the national figure, where non-seasonally adjusted inflation decreased from 0.29% in August to 0.25% in September. The Midwest’s persistently high inflation suggests that regional cost pressures are weighing more heavily on lowans than on households in other parts of the country.

Monthly Inflation in the Midwest Region since January 2021



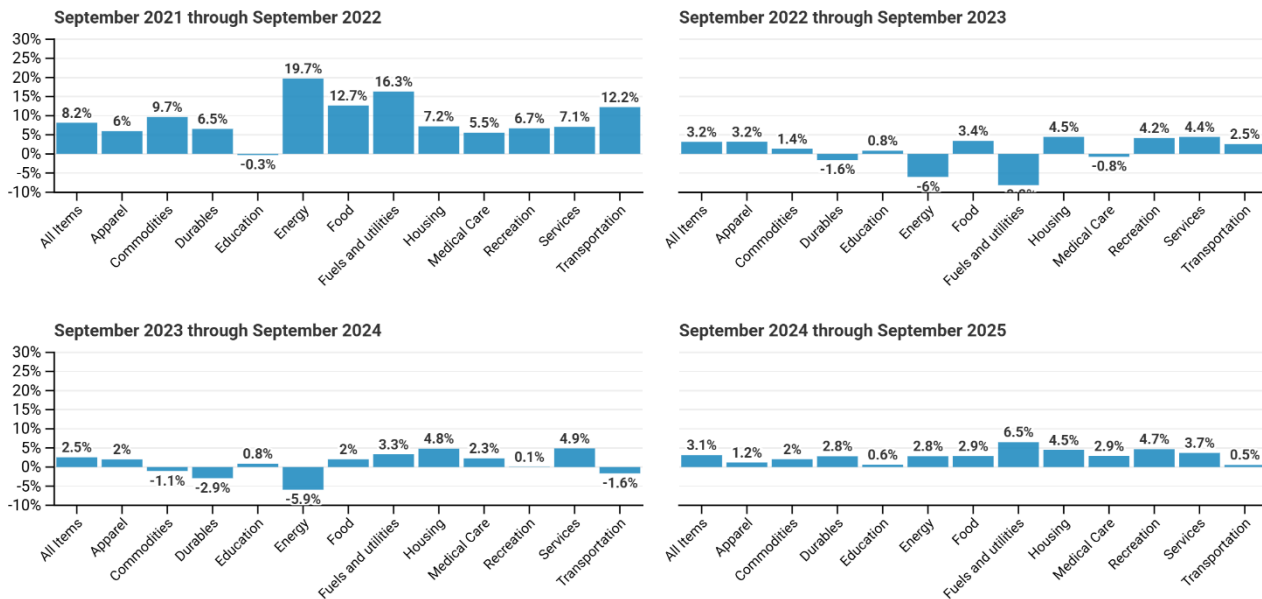
Source: BLS CPI-U Data

Inflation spread across most major categories

Every major category saw year-over-year price increases in the Midwest, particularly among fuels and utilities, recreation, and housing, which continue to be disproportionately impacted across the Midwest. They have increased by 6.5%, 4.7%, and 4.4% between September 2024 and September 2025. Year-over-year inflation for services (3.7%), food (2.9%), medical care (2.9%), energy (2.8%), durables (2.8%), and commodities (2%) also grew by at least 2%. Apparel (1.2%), education (0.6%), and transportation (0.5%) grew under 2%. September 2025 marks the first post-pandemic September in which all major expenditure categories recorded year-over-year price growth.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



Bottom Line

Midwest inflation remained elevated in September, even as the month-over-month inflation rate eased slightly from August. The Midwest's year-over-year inflation of 3.1% again outpaced the national rate of 3.0%, extending a trend of stronger regional inflation through 2025. This comes at a time when the Fed has abandoned its mandate to keep inflation below 2% as it lowers interest rates and returns to monetary easing.

For the typical Iowa household, the cumulative burden continues to deepen. Families are now spending about \$1,283 more per month than in 2020, with cumulative costs up more than \$45,000 since then. These increases have been led by higher housing, transportation, and food costs, which together account for the bulk of added monthly expenses. While inflation has moderated from its 2022 peaks, its persistence across all major spending categories signals that the Midwest's price environment remains faster growing than the nation.

If the Federal Reserve proceeds with an October rate cut amid these conditions, it risks prolonging regional cost pressures that have already eroded household purchasing power. Without a sustained and broad-based slowdown in inflation, Iowa families are likely to face continued real income decline through the end of 2025 and beyond.

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 October 24, 2025 at 8:00am CST, <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>.