



December 2023

Inflation in the Midwest Region

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All of the data discussed in this report come from the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) database. This source does not produce estimates of price levels in Iowa nor any metropolitan area within Iowa, so this report references data from the Midwest region (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin).

Prices Fell over the Last Two Months

Abnormally high inflation since early 2021 has cost the average Midwestern family almost \$21,000 over its 2020 spending. Between September and November, however, prices in the Midwest region fell by 0.26%—the first period of deflation in a year—due in part to a substantial decrease in energy prices. The region’s price level is now 17.3% higher than it was at the start of 2021.

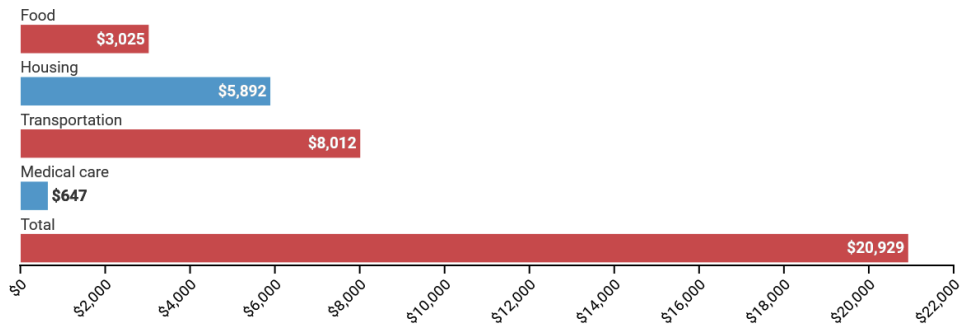
Over the two months prior to this decline, the price level in the Midwest region grew by .22%; across the whole prior year, it increased by 2.9%, which is below the national average of 3.1%. The prices of food (-0.19%), transportation (-1.58%), entertainment (-0.68%), education (-0.16%), and utilities and household fuels (-0.91%) decreased while those of housing (0.21%) and medical care (0.91%) rose over the last two months.

- **Between Sept ‘23 and Nov ‘23, prices in the Midwest region fell by 0.26%.** This was the first two-month period of deflation since November of last year.
- **From Nov ‘22 to Nov ‘23, the price of services grew by 5.1% in the Midwest region while the price of energy fell by 8.8%.**
- **In Oct ‘23 and Nov ‘23, the average Midwestern region household spent \$1,865 more due to inflation—an average of \$933 per month.** The average Midwestern region household has spent \$20,929 more since 2020 because of higher inflation.ⁱ
- Midwest region inflation has slightly trailed the national average over the last 12 months—**2.9% in the Midwest region compared to 3.1% across the U.S.**

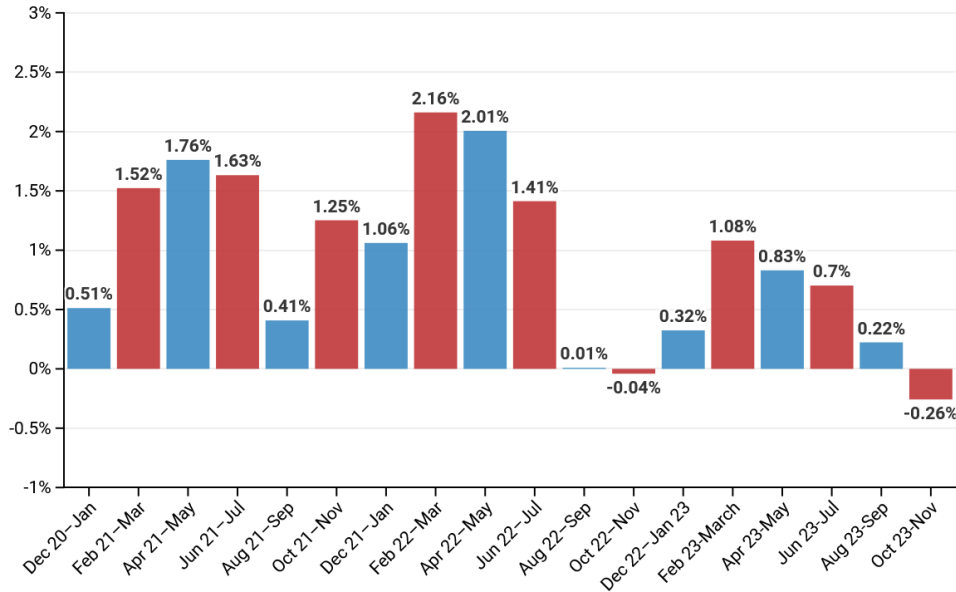
Of the four major U.S. regional consumer price indices tracked by the BLS (Northeast, Midwest, South, and West), the Midwest region ranks third in total growth since January 2021. Since September, the Federal Reserve has held its key interest rate steady; if inflation continues to abate, the Reserve is unlikely to resume raising rates.

Inflation's Impact on What We Buy

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



Bi-monthly Inflation in the Midwest Region since January 2021



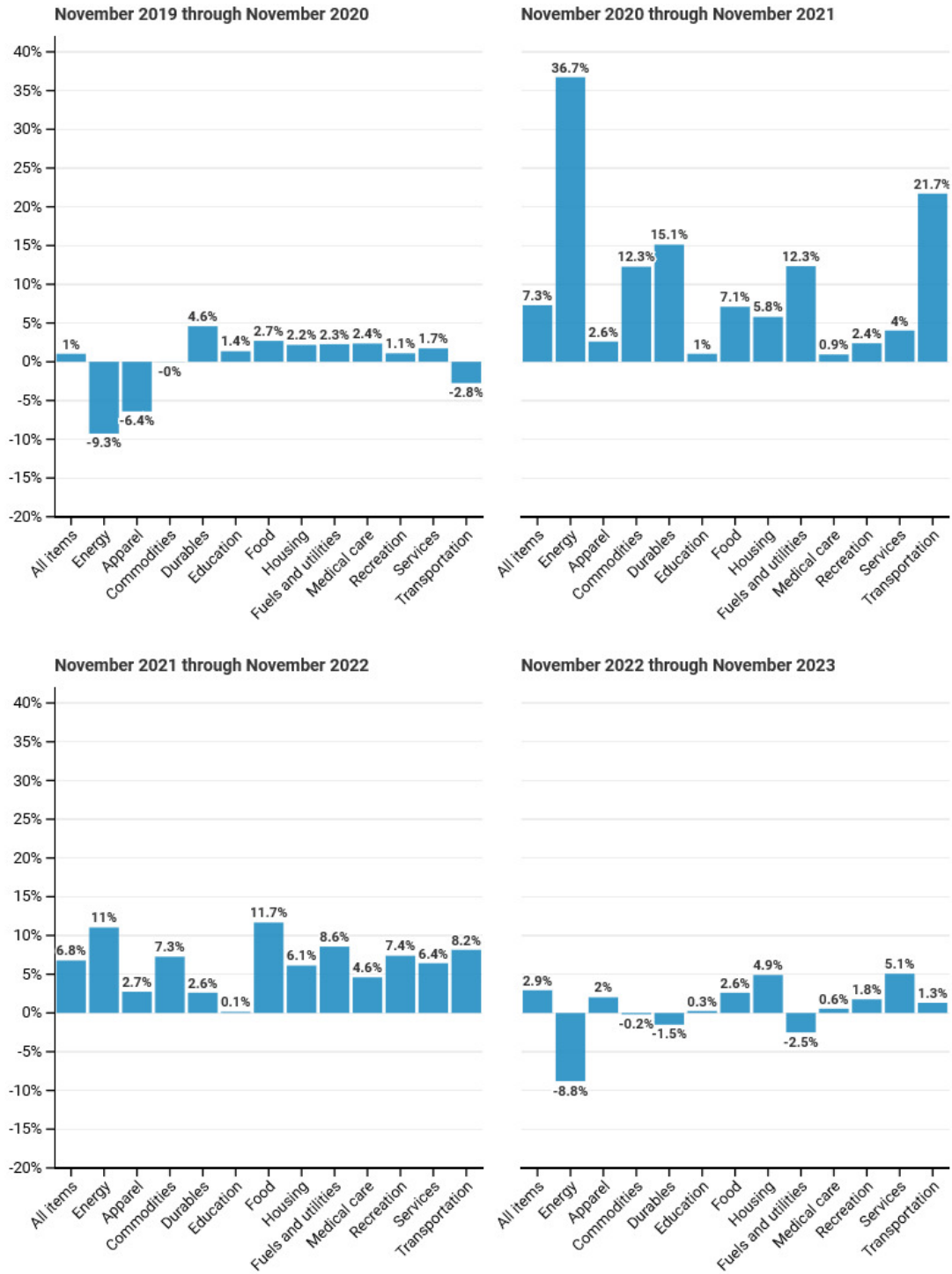
Source: BLS CPI-U Data

Inflation in the Midwest over the last 12 months was 2.9%—0.2 of a percentage point below the national average (BLS CPI Survey)ⁱⁱ

- Of the four major U.S. regional consumer price indices tracked by the BLS (Northeast, Midwest, South, and West), the Midwest’s ranks third in total growth since January 2021.
- Average annual inflation between 2010 and 2020 was 1.54%. Since November 2022, 6 of the categories shown on page 4 have grown by more than that and 7 have grown by less.
- The two price categories that grew the fastest over the last 12 months are services and housing, which grew by 5.1% and 4.9%, respectively.

Price Changes in the Midwest over Previous Years

Source: BLS CPI-U Data



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 <https://www.bls.gov/cpi/>