

Everyday items cost more than ever – how much prices have risen since 2020

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Shoppers are still feeling the pinch.

Across America, the same grocery carts, clothing racks, and car lots are ringing up 25.1 percent higher than they did just five years ago, according to analysis of the government inflation data.

Each month, the Bureau of Labor Statistics sends researchers into stores, gas stations, restaurants, bars, cafes and car dealerships nationwide to track what Americans are actually paying.

They measure the cost of a basket of 80,000 items — things like eggs, rent, gas, coffee, and clothing — and compare today's price tag to last months and last years. That snapshot becomes the Consumer Price Index.

In November, that basket rose by 2.7 percent compared to the same month in 2024.

It was slightly lower than the 3.1 percent expected but still means items that cost \$100 a year ago now cost \$102.70.

And that is after two years when prices were rising by more than 5 percent and peaked at 9.1 percent.

"We're all comparing our grocery bills to what our money could buy in 2019 and not walking away with a warm and fuzzy feeling," Scott Anderson, the chief economist at BMO Bank, told CNBC.

The 25.1 percent consumer price increases are massive compared to other five-year periods. For example, between 2015 and 2020, retailers raised prices by just 10 percent.

Yet not every American has felt that pricing increase the same way.

Wage gains for middle- and high-income earners have largely kept pace with inflation, helping six-figure households absorb higher prices without cutting back as sharply.

That's helped keep America's economy hot. Gross domestic product — a broad measure of economic activity — jumped by 4.3 percent from July through September.

But for lower-income Americans and hourly workers, the math has been far less forgiving.

"Wage gains tend to be higher for higher-skilled workers than lower-skilled workers, and in industries like financial services, information services, and manufacturing sectors," Anderson said.

The result is an economy increasingly split in two: one where rising prices are inconvenient for high earners, and another where they are destabilizing for people who are scraping by.

That divide is now showing up in more economic data.

In December, the Consumer Confidence Index — a key measure of Americans' economic outlook from The Conference Board — fell for the fifth straight month, dropping 3.8 points to 89.1, the second-lowest reading of 2025.

"Consumer confidence fell again in December and remained well below this year's January peak," Dana Peterson, the chief economist at the organization, said.

Americans are now most anxious about their ability to find a new job if prices continue to rise — a warning sign economists watch closely.

And it helps explain why many analysts believe higher prices are here to stay.

The Federal Reserve, led by Chair Jerome Powell, is the federal government's primary tool to help stave off massive price increases.

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But it's long tried to walk a tightrope by raising interest rates when inflation runs hot, and cutting them when the job market weakens.

While the central bank publicly maintains a 2 percent inflation target, some market watchers say that goal has quietly shifted.

"This will never be formalized or admitted publicly," said Tom Hulick, CEO of Strategy Asset Managers.

"But the Federal Reserve's inflation target has effectively been raised to 3 percent."

For shoppers already stretched thin, that shift carries a clear implication: even if inflation cools, prices are unlikely to come back down — even after their 25.1 percent five-year increase.