

NJ inflation spiked in March, driven by grocery, gas prices

Updated April 13, 2026, 1:24 p.m. ET

Key Points

- Gas prices in the region surged 18.2% between March 2025 and March 2026.
- While energy prices have seen the largest increase, costs for groceries, rent, and medical care have also risen.
- Wages have not kept pace with the rising cost of living, and consumer sentiment has reached an all-time low.

North Jersey inflation surged 4.5% in March, driven by motor fuel price increases triggered by the U.S.-Israeli war against Iran.

The numbers released by the federal Labor Department's research arm — known as the Bureau of Labor Statistics — on Friday, April 10, were in line with what many economists expected: that the Iran conflict would drive up the cost of living, also known as the consumer price index.

In North Jersey, gas prices shot up 18.2% between March 2025 and March 2026, according to federal data.

AAA figures show that the average cost of a gallon of gas was \$4.03 on Monday, April 13, down from \$4.09 a week ago but still up from \$3.53 a month ago.

WTI crude oil — the primary oil used in the United States — was trading at \$103.69 a barrel as of Monday morning, versus just over \$67 at the start of the war. The international standard — Brent crude oil — was trading at nearly \$102 on Monday, versus just over \$70 at the start of the conflict.

Oil prices briefly dropped amid last week's announcement of a U.S.-Iran ceasefire.

But they're likely to jump after negotiations collapsed over the weekend, Patrick De Haan, head of petroleum analysis at GasBuddy.com, said in a Monday post.

At issue has been the Strait of Hormuz, a narrow strip of water that passes by Iran, and through which 20% of the world's oil and natural gas passes.

The strait had been effectively closed during the conflict, and this past weekend, President Donald Trump said the U.S. Navy would block any ships attempting to traverse the strait.

Wages not keeping pace with cost of living

The inflation numbers come as wages failed to keep up, and economic experts have talked about a so-called “K-shaped economy,” with one trend line pointing up for wealthier consumers and another heading down for middle- and lower-income earners.

In other words, wealthier earnings are driving consumer spending, while lower-income workers are tightening their belts.

Meanwhile, the labor market has cooled, especially in New Jersey, where only 5,100 jobs were added to the workforce in 2025, and unemployment stands at 5.2%, one of the highest of any state in the nation.

In 2022, inflation rose to a 40-year high coming out of the COVID-19 pandemic and ensuing lockdown and recession, as well as the Russian invasion of Ukraine, but it gradually tapered as the U.S. central bank hiked interest rates.

Inflation is the rate at which prices increase, so slowing inflation does not mean prices are going down, said Jeffrey Otteau, chief economist at the Otteau Group Inc., based in Matawan.

It just means costs are not going up as fast.

The Consumer Sentiment reading from the University of Michigan's Survey of Consumers sank 11% to an all-time low of 47.6 in early April 2026, far below market expectations of 52. That was 9% lower than last year.

Consumers “across age, income, and political party all posted setbacks in sentiment, as did every component of the index, reflecting the widespread nature of this month’s fall,” the survey director, Joanne Hsu, said in a release.

Consumers and economists also feared that Trump's tariffs would drive up inflation, but that scenario didn't pan out.

Most of the tariff costs “get absorbed into the profit margins for the exporter and importer,” Otteau said.

“If they pass it all on, the consumers are just going to throttle back on their purchasing,” he said in a March interview.

What do grocery prices look like in North Jersey?

“The silver lining is that the energy shock has not pushed up the prices of core commodities yet,” said Fwdbonds Chief Economist Chris Rupkey.

Bread prices increased 3%, dairy prices increased 2%, fruits and vegetables increased 10.9% and drinks increased 5.3%. Inflation slowed 1.1% for meat, poultry, fish and eggs.

A remodeled grocery department inside a Walmart "Store of the Future." But the conflict is likely to continue pushing up the price of diesel, which is more ingrained in the grocery supply chain, thereby increasing the cost of groceries.

“A loaf of bread requires diesel to harvest the grain, move the grain to a mill, move the flour to a bakery, and move the bread to the store,” said Kevin Lyons, who leads the Rutgers Center for Local Supply Chain Resiliency in Newark. “Every leg adds a new surcharge.”

What else went up?

Rent prices increased 3.7% year-over-year, the federal inflation data shows. Energy prices such as electricity and natural gas increased 17.1% from last year.

Clothing costs rose 1.1%, and medical care costs were up 2.6%.

New car prices increased 1.2%, but inflation slowed 3.3% for used cars. In February, the average cost of a new vehicle was \$49,353, reported Kelley Blue Book.

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