

Asda Income Tracker

Report: April 2025



Making Business Sense

Centre for Economics and
Business Research Ltd

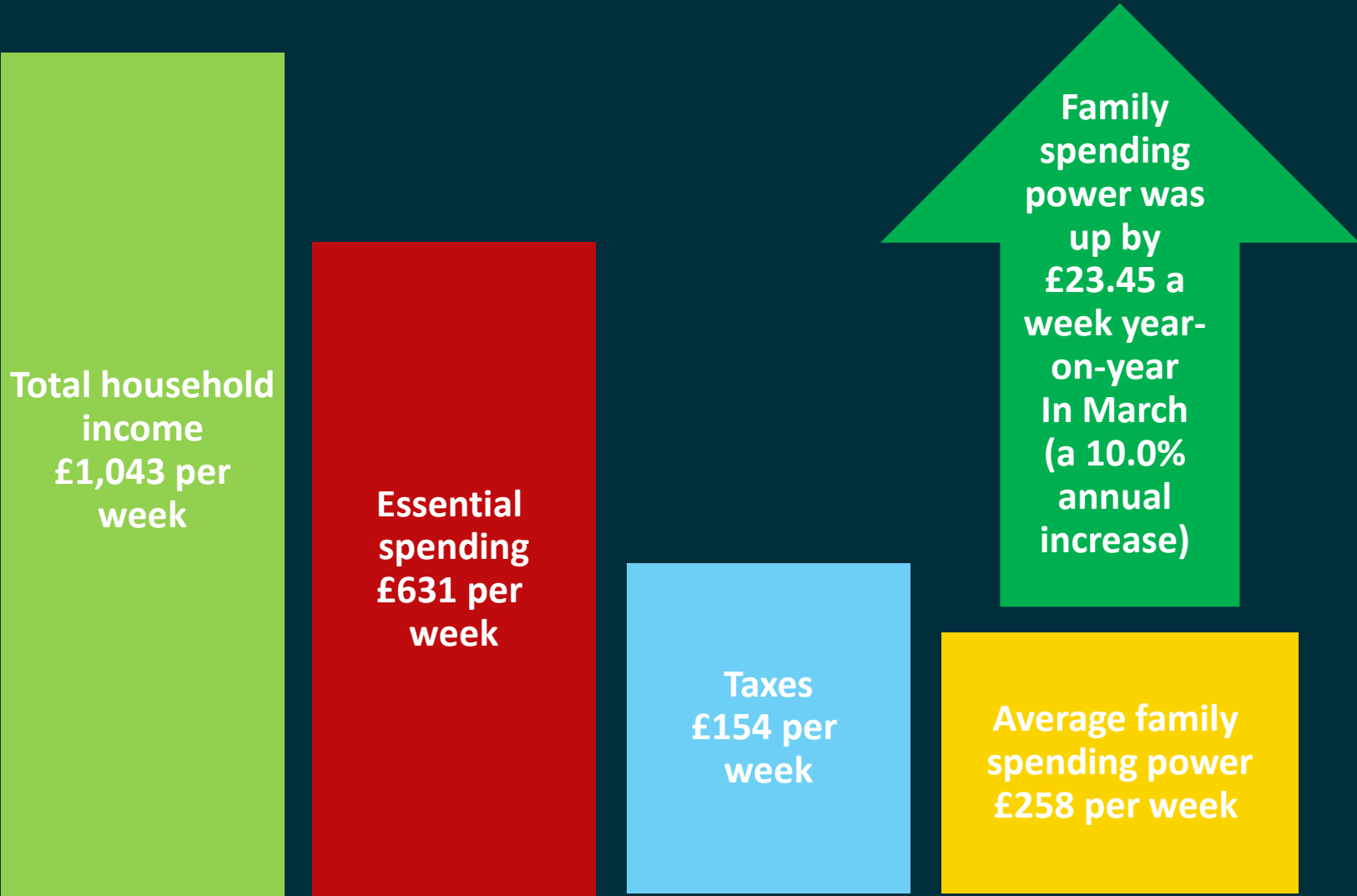
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Asda Income Tracker – Key Figures

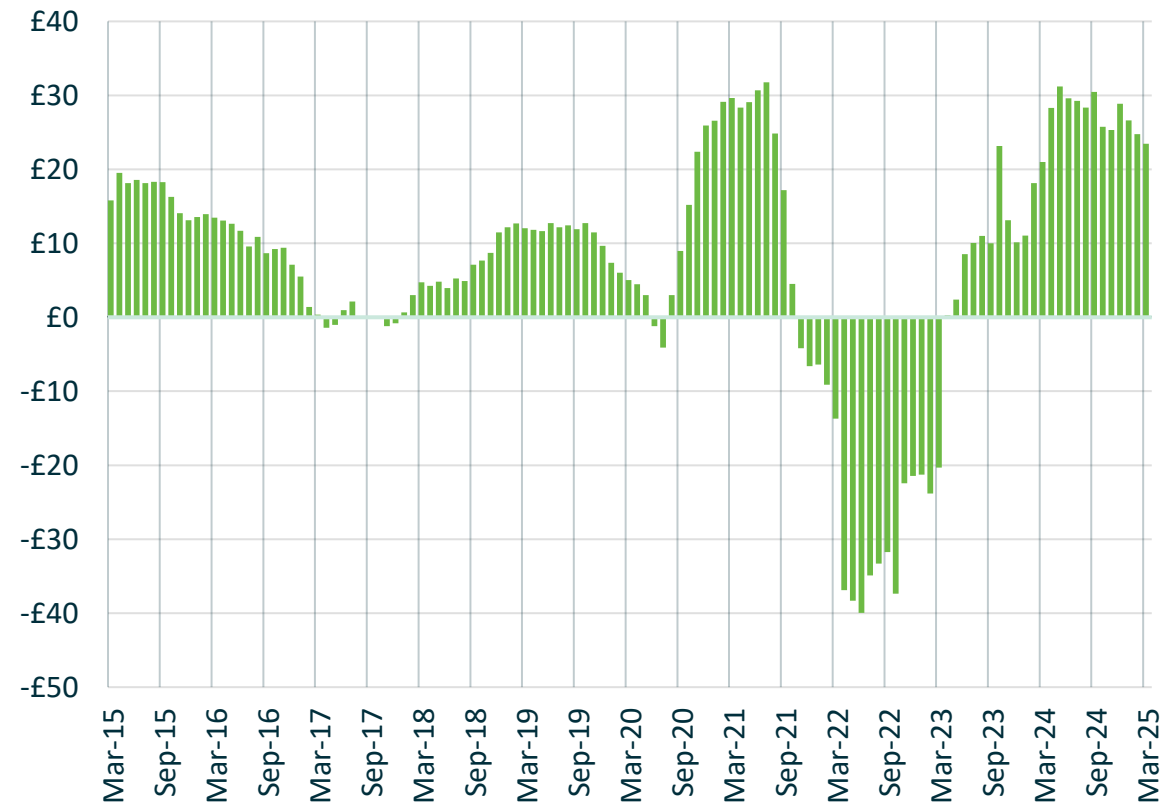


Annual growth in Income Tracker continues to slowdown

The Asda Income Tracker was £23.45 a week higher in March 2025 than a year before

- The Asda Income Tracker recorded annual growth of 10.0% in March, marking the third consecutive month of deceleration.
- Nevertheless, on a month-on-month basis, the tracker rose by £0.78, bringing average weekly household spending power to £258 in March. Despite the monthly slowdown, annual growth remained higher than the 9.8% recorded in March of last year.
- The easing in spending power growth was primarily driven by weaker gross income growth, alongside a rise in taxation. However, the easing of inflation in March helped cushion households from a steeper decline in spending power growth.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target, largely due to elevated energy prices. This is likely to weigh on future growth in household spending power. Furthermore, a cooling labour market is expected to offset the impact of the National Living Wage (NLW) rise over the medium term, leading to a slowdown in income growth in the coming months.
- Nonetheless, earnings are still projected to grow faster than inflation. As such, the Income Tracker is expected to continue showing annual growth, albeit at a slowing pace.

Year-on-year change in Asda Income Tracker, £

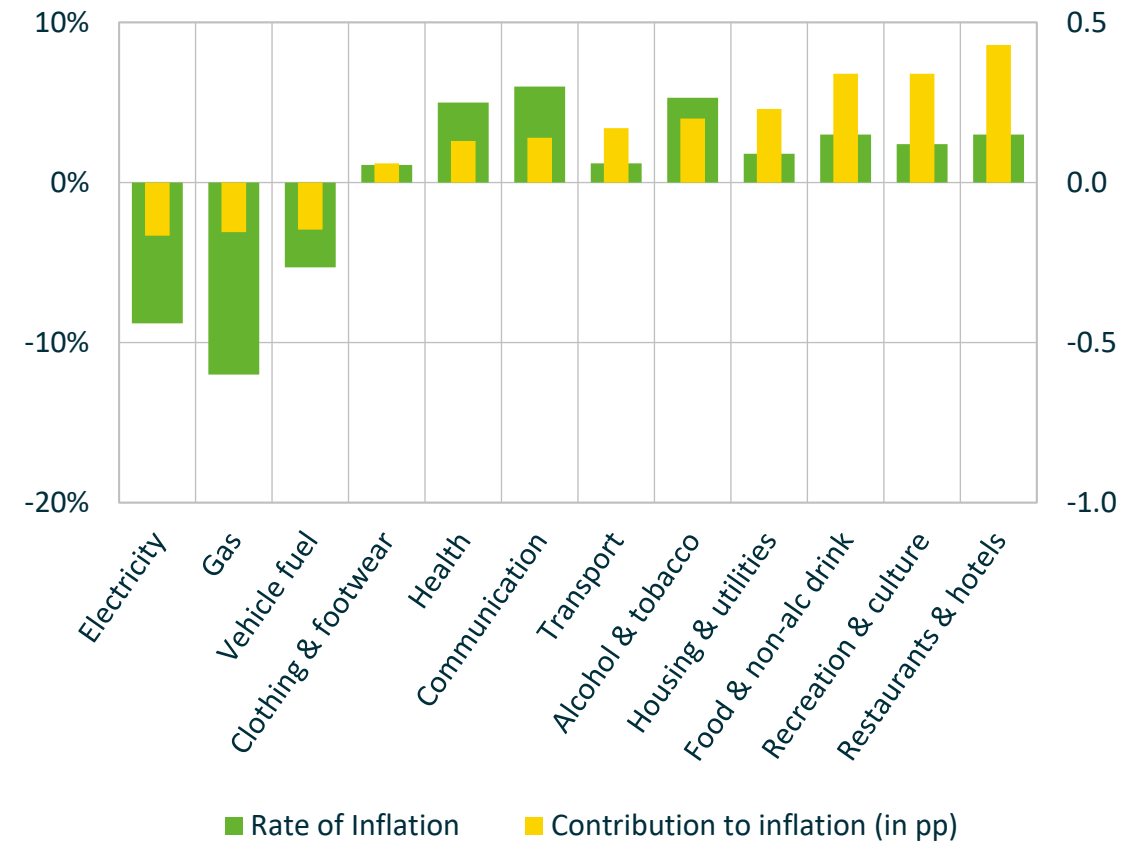


Inflation eases to 2.6% in March, ahead of expected uptick

The main factors affecting family costs in March were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), decelerated to 2.6% in March. Inflation has decelerated consistently across the first quarter of the year.
- The slowdown in price growth this month was primarily driven by falling fuel prices. Both petrol and diesel saw steeper declines, with petrol prices dropping by 5.0% compared to 2.1% in the previous month, and diesel prices falling by 6.0% compared to 3.2%.
- Slower price growth in food and non-alcoholic beverages, which rose by 3.0% compared to 3.3% last month, also helped ease inflation in March.
- In contrast, clothing and footwear prices returned to growth, increasing by 1.1% this month following a decline in the previous period.
- The slowdown in inflation in March is unlikely to be sustained in the coming months. Rising energy bills and increasing employment costs are expected to push inflation back above 3.0%.
- These factors mean that inflation is forecast to remain above the Bank of England's 2.0% target for the remainder of 2025.

Inflation of selected goods, annual rate (LHS) and contribution to headline inflation (RHS), March 2025



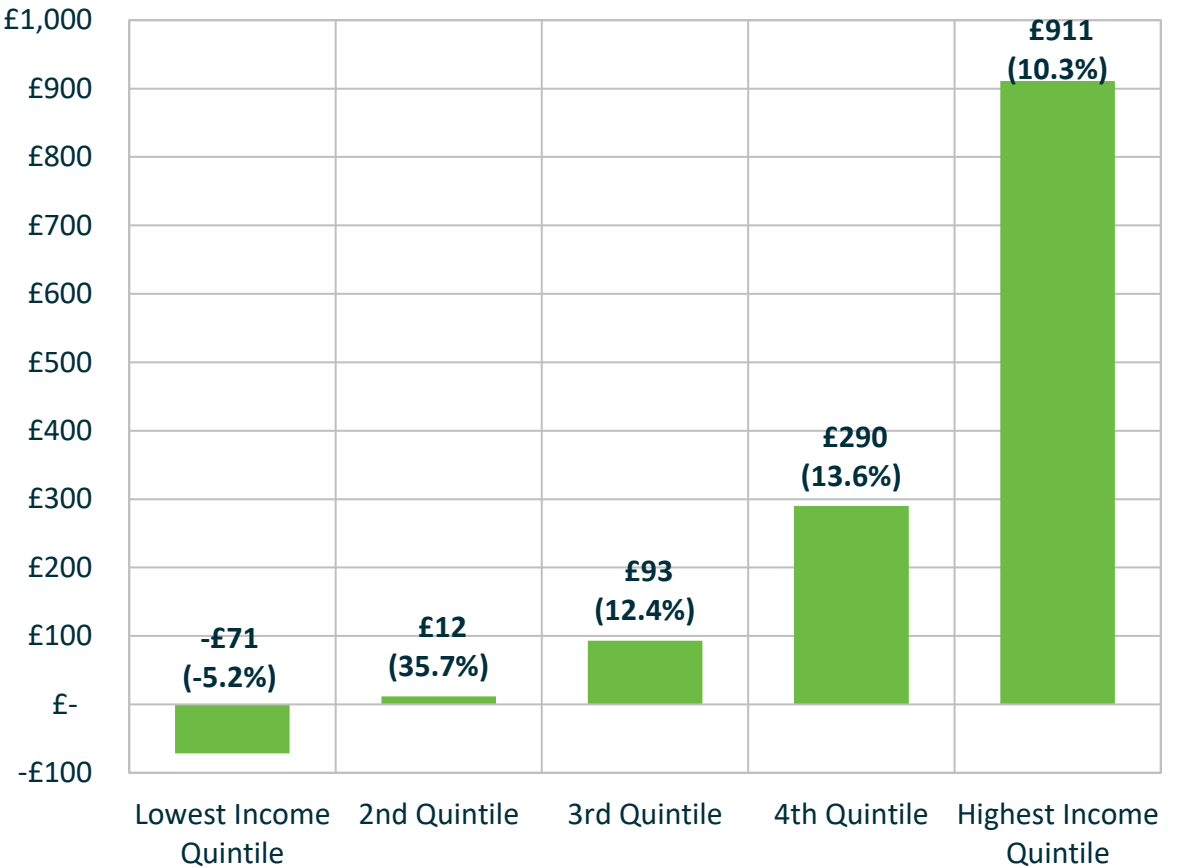
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

All but the highest income quintile record monthly slowdowns in spending power growth

Lowest income quintile recorded falling spending power across the entire first quarter

- The lowest income quintile recorded a 5.2% decline in spending power. This group has recorded falls in spending power across Q1 2025.
- The second and third income quintiles recorded monthly slowdowns in spending power growth. Higher income groups experienced smaller decreases. The fourth quintile saw a marginal 0.1 percentage point drop in spending power growth, while the highest quintile recorded no change.
- In absolute terms, the three lowest income quintiles experienced a fall in discretionary income during the month. However, the declines were relatively modest, at £0.53 for the second quintile and £0.07 for the third. In contrast, the top income quintiles saw increases in spending power levels.
- These trends underscore how lower-income households are more acutely affected by the cooling labour market. Indeed, these groups also experienced larger monthly declines in gross income growth compared to higher-income households.
- Looking ahead, the lowest income quintile may receive some relief when the increase in the NLW takes effect. However, this rise is unlikely to be sufficient to offset their ongoing spending power deficit. Additionally, cuts to welfare spending announced in the Spring Budget are expected to further adversely affect lower-income households, who are more likely to rely on such support.

Average weekly discretionary income by household income group, March 2025, YoY growth in brackets



*2nd Quintile saw discretionary income rise from £8.6 to £11.7 over the past year, explaining the anomalous annual growth rate.

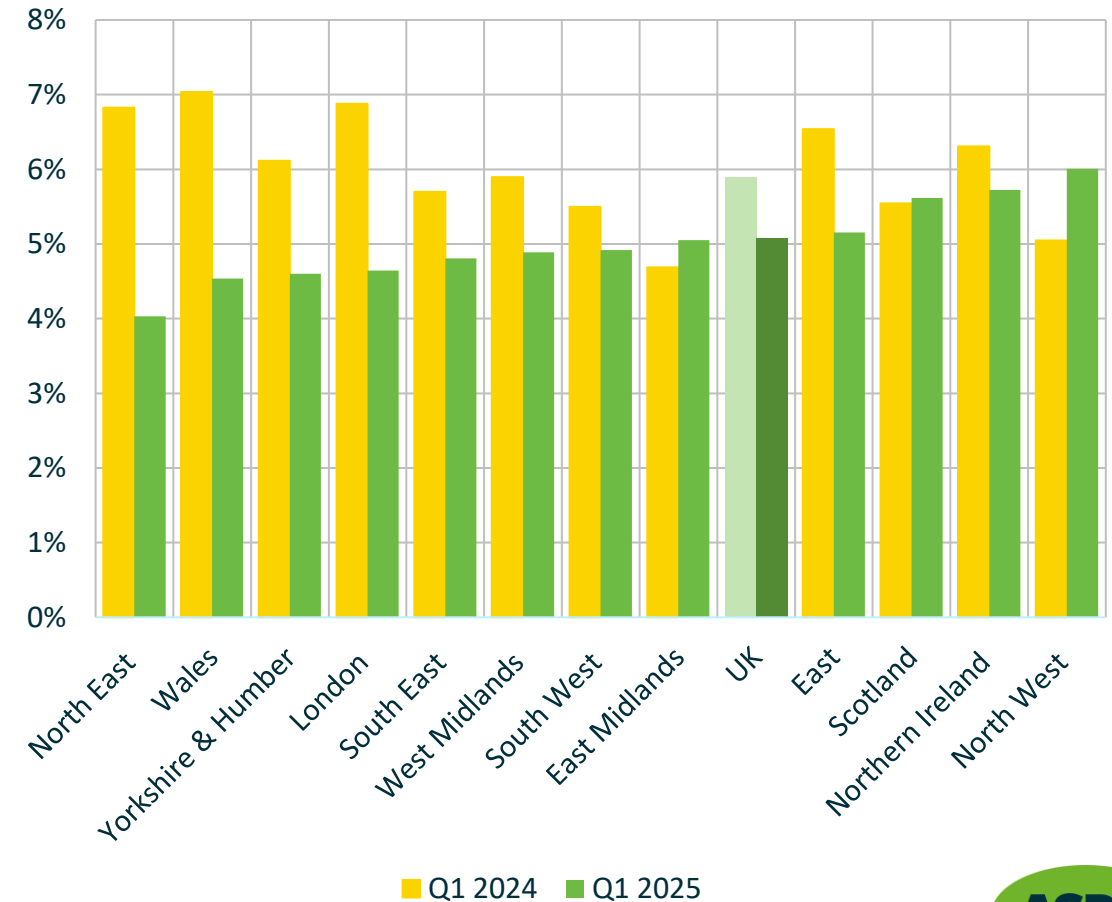


All but three regions recorded an easing in gross income growth compared to a year ago

UK-wide annual gross income growth stood at 5.1% in Q1 2025

- Annual gross income growth slowed across nearly all UK regions in Q1 2025 when compared with the same period a year ago. The exceptions were the East Midlands, Scotland and the North West.
- This broad-based deceleration reflects the impact of a cooling labour market. The latest data show that earnings growth slowed to 5.6% in the three months to February 2025, down slightly from 5.7% during the same period last year.
- The North East, Wales and London experienced the top three largest year-on-year declines in gross income growth. Gross income growth in the capital fell to 4.6% in Q1 2025, down from 6.9% a year earlier.
- The North West recorded the fastest growth rate in Q1 2025, with gross income rising by 6.0%.
- On a quarterly basis, all regions except West Midlands and Wales experienced a slowdown in gross income growth, further underscoring the widespread effects of softening labour market conditions.

Regional gross income, annual change to quarter indicated

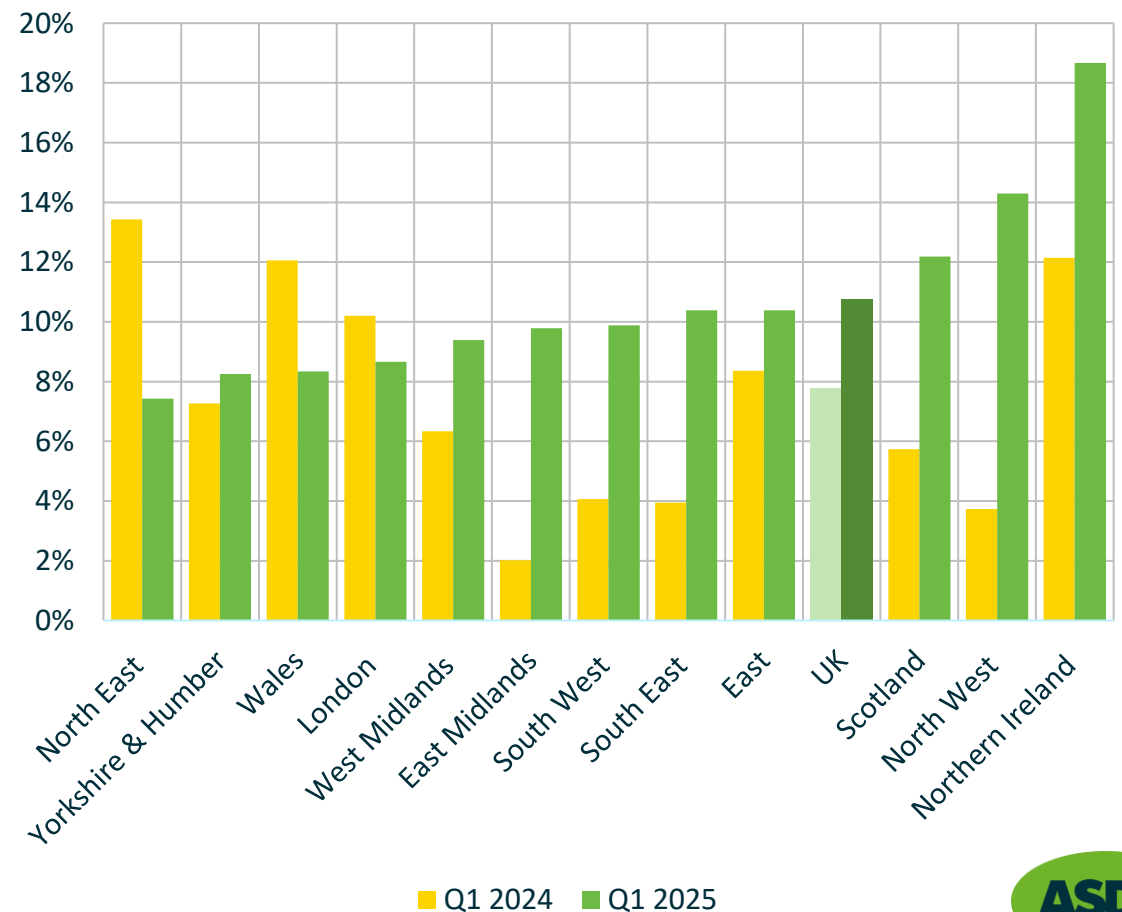


Spending power growth improves for all but three regions compared to the same time last year

UK-wide Income Tracker grew by 10.8% on the year in Q1 2025

- Despite a slowdown in annual gross income growth, spending power growth improved across most UK regions in Q1 2025. This was largely due to lower inflation compared to the same period last year, which helped decelerate the growth in essential spending to 3.5% in Q1 2025, down from 4.7% in Q1 2024.
- North East, Wales and London were the regions that recorded lower spending power growth compared to a year earlier. These were also the same regions that recorded the largest year-on-year declines in gross income growth.
- At the national level, the UK-wide Income Tracker showed a quarterly slowdown in growth during Q1. On a quarterly basis, all regions but Wales recorded a deceleration in spending power growth.
- Northern Ireland recorded the strongest annual growth in spending power at 18.7% in Q1 2025. However, this marked a slowdown from the 22.1% growth observed in Q4 2024. The North East registered the slowest spending power growth at 7.4%, a slowdown from 11.3% observed in the previous quarter.
- London recorded spending power growth of 8.7% in Q1 2025, its lowest since Q3 2023. This marked a return to single-digit quarterly growth after five consecutive quarters of double-digit increases.

Asda Income Trackers by region, annual % change to quarter indicated

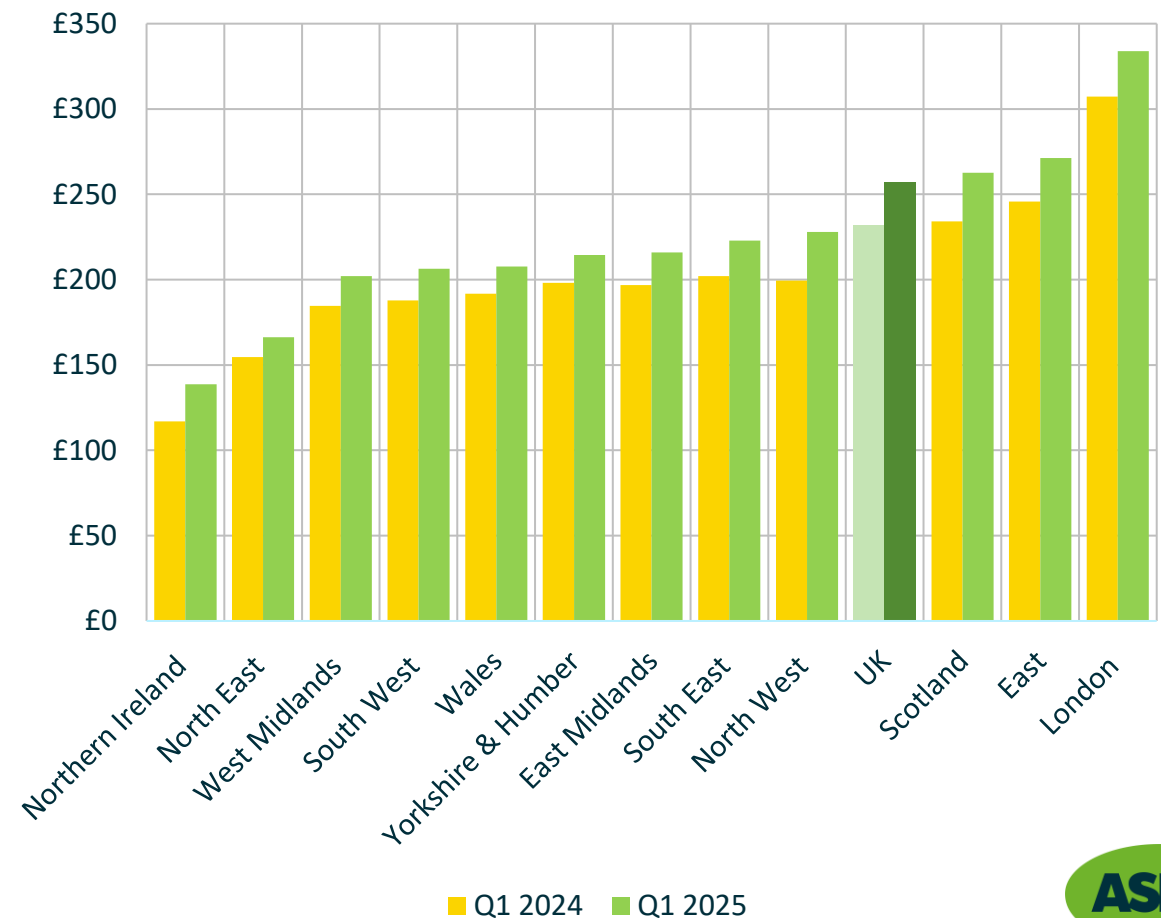


All regions record higher spending power compared to a year ago

UK-wide weekly family spending power averaged £257 in Q1 2025

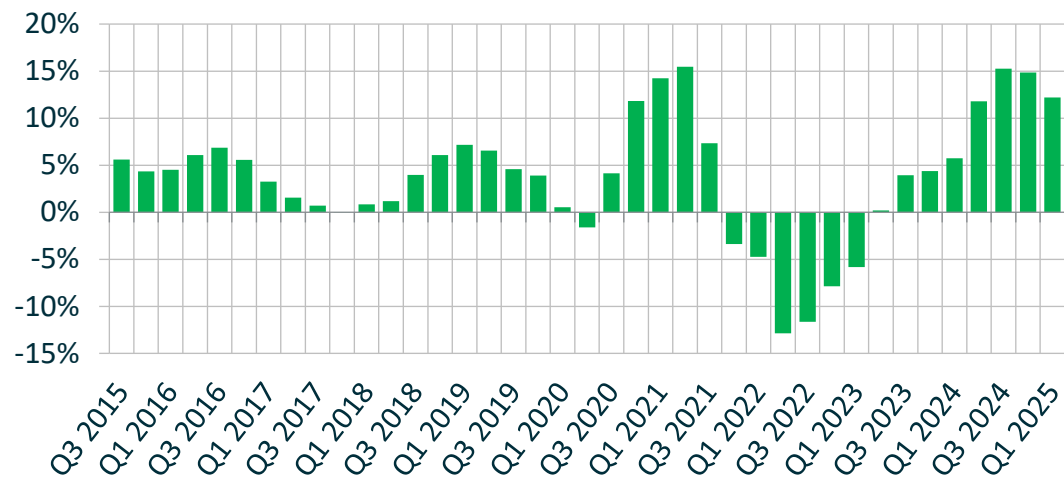
- The quarterly spending power for the average UK household is now at a £257 per week.
- London records the highest spending power amounting to £334 per week across Q1 2025. London also recorded the third strongest improvement, where spending power was £27 higher than it was a year ago.
- Northern Ireland records lowest spending power with £139 per week across Q1 2025.
- London is no longer the only region with spending power above its pre-crisis peak. The East Midlands, Scotland and North West have also joined this group, with spending power exceeding their respective pre-crisis peaks by 1.8%, 6.4% and 3.6%.
- In addition to London, both Scotland and the East of England recorded spending power values above the UK-wide average in Q1 at £263 and £271 per week, respectively.

Average household discretionary income by region,
£ per week in quarter indicated



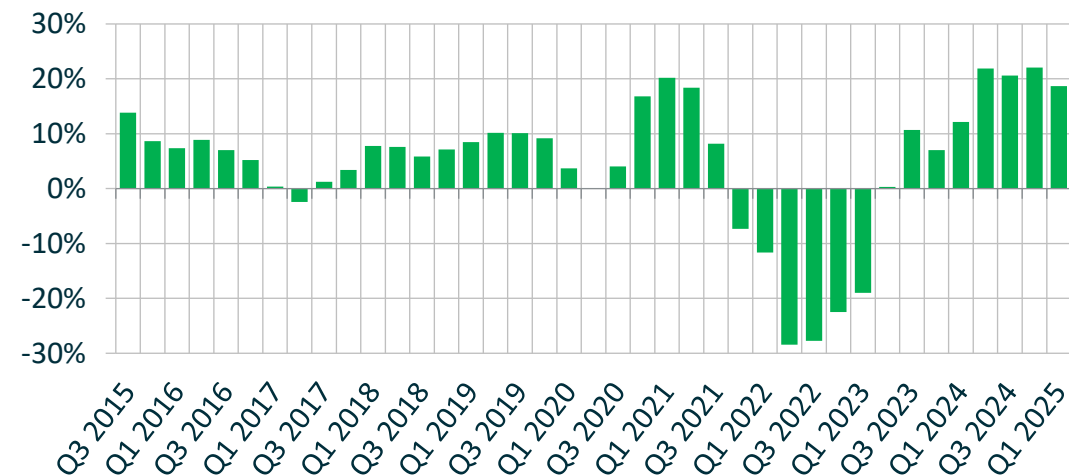
Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



- In Q1 2025, Scotland’s weekly discretionary income rose by 12.2% year-on-year, according to the Income Tracker. This marks the fourth consecutive quarter of double-digit growth in household spending power.
- On a quarter-on-quarter basis, the Income Tracker increased by £3.68 per week, bringing average household spending power in Scotland to £263 per week.
- However, spending power growth has now slowed for two consecutive quarters, reflecting signs of a cooling labour market.
- Despite this, Scotland's discretionary income remains higher and is growing faster than the UK average. This reflects broader labour market trends, with Scotland benefiting from relatively low unemployment and robust income growth.

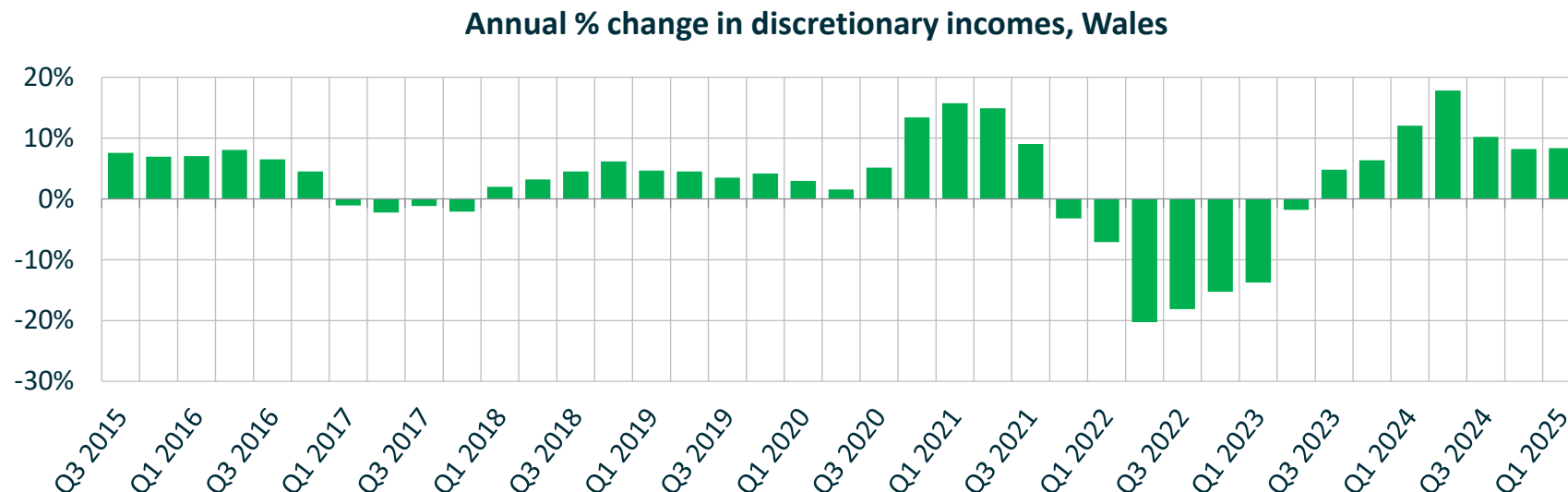
Annual % change in discretionary incomes, Northern Ireland



- The Income Tracker shows that weekly discretionary income in Northern Ireland was up by 18.7% on the year in Q1 2025. This was the strongest growth across all regions.
- Average household spending power for Northern Ireland amounted to £139 per week in Q1 2025. This remains the lowest level amongst the UK’s regions and nations.
- Northern Ireland has historically had one of the highest incidences of low-paid jobs in the UK. This is reflected in its gross income, which averaged £886 per week in Q1 2025, the third lowest of all regions and nations, ahead of only the North East and Wales. This lower earning capacity partly explains the lower spending power.



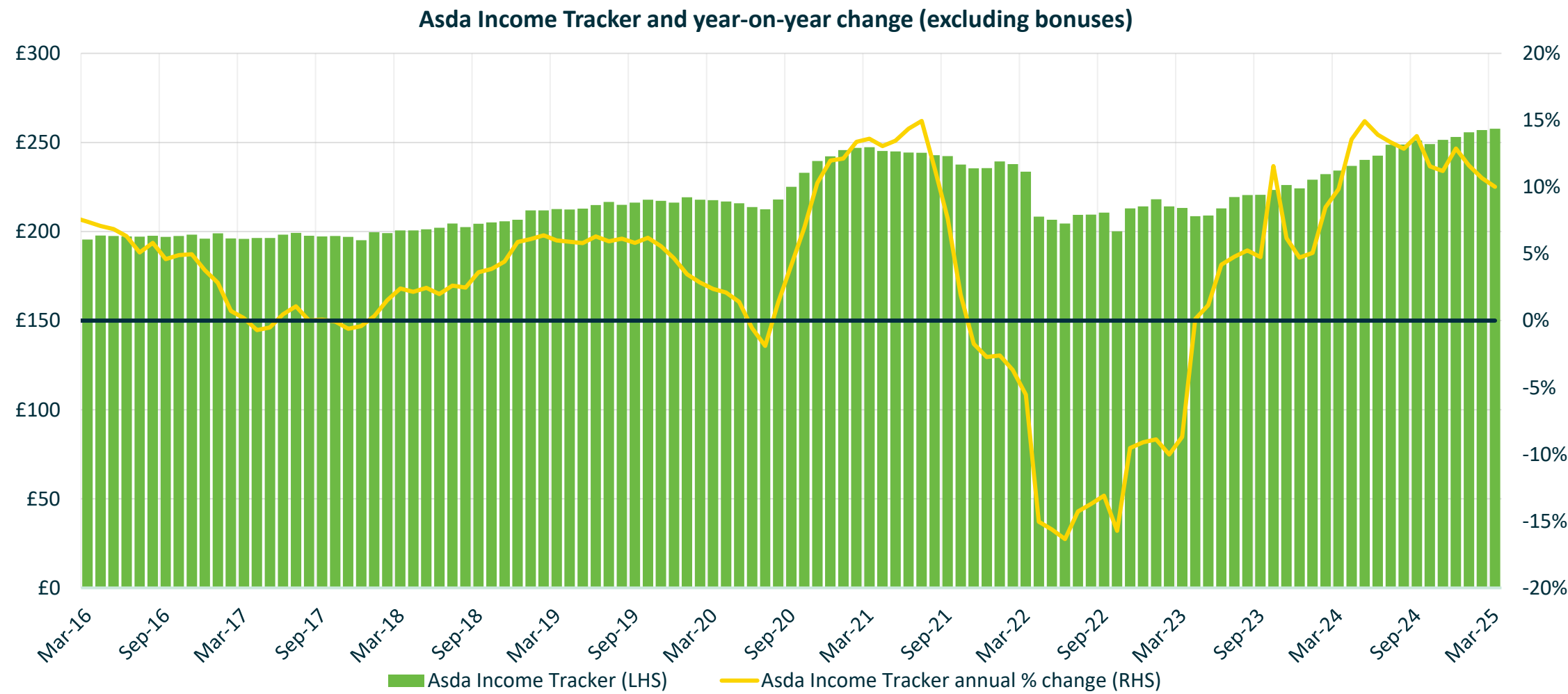
Focus on Wales



- The Income Tracker shows that weekly discretionary income in Wales rose by 8.3% year-on-year in Q1 2025.
- Wales was also one of the two regions to post a quarterly rise in gross income growth. The Income Tracker also rose by £11.25 from Q4 2024, bringing average household discretionary income to £208 per week. This improvement has likely been supported by strong growth in public sector earnings in recent months, with Wales benefiting from a relatively high concentration of public sector employment.
- Furthermore, households in Wales are expected to benefit disproportionately from the scheduled increase in the National Living Wage later in 2025, as a larger share of the population is at the lower end of the income distribution. This is anticipated to further support spending power in the region.

Appendix

Monthly Asda Income Tracker



Monthly Asda Income Tracker

Average UK household Income Tracker, £ per week, current prices, excluding bonuses

Month	Income tracker	Month	Income tracker	Month	Income tracker	Month	Income tracker	Month	Income tracker
January 2021	£245	January 2022	£237	January 2023	£217	January 2024	£229	January 2025	£256
February 2021	£246	February 2022	£236	February 2023	£213	February 2024	£232	February 2025	£257
March 2021	£246	March 2022	£231	March 2023	£212	March 2024	£234	March 2025	£258
April 2021	£244	April 2022	£206	April 2023	£207	April 2024	£237		
May 2021	£244	May 2022	£205	May 2023	£208	May 2024	£240		
June 2021	£244	June 2022	£203	June 2023	£212	June 2024	£243		
July 2021	£244	July 2022	£209	July 2023	£220	July 2024	£249		
August 2021	£243	August 2022	£209	August 2023	£220	August 2024	£249		
September 2021	£242	September 2022	£210	September 2023	£221	September 2024	£251		
October 2021	£237	October 2022	£200	October 2023	£223	October 2024	£249		
November 2021	£234	November 2022	£213	November 2023	£226	November 2024	£251		
December 2021	£234	December 2022	£213	December 2023	£224	December 2024	£253		
2021 Average	£242	2022 Average	£214	2023 Average	£217	2024 Average	£243		



Economist's view

Reacting to this month's Income Tracker, Charlie Cornes, Senior Economist at Cebr, said:

“The Income Tracker grew in the first quarter of the year, though at a slower pace than the previous quarter. In the months ahead, spending power may come under pressure due to a range of policy changes. Higher utility bills, cuts to welfare spending, and rising employer costs are all likely to impact consumers. However, these impacts are expected to be partially offset by continued income growth, as wages are projected to rise faster than headline inflation for the remainder of the year.”

Regional Income Tracker estimates

Average household Income Tracker, £ per week, current prices, excluding bonuses, by region, March 2025

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£167	£229	£214	£217	£201	£273

London	South East	South West	Wales	Scotland	Northern Ireland
£333	£222	£204	£209	£265	£140

Method notes

The Asda Income Tracker is calculated from the following equations:

- Total household income minus taxes equals net income
- Net income minus basic spend equals Asda Income Tracker

Total household income for the United Kingdom is derived from the Living Costs and Food Survey 2012 (released December 2013). This is updated on a monthly basis using official statistics on average earnings, unemployment, social security payments, interest rates and pension income. Earnings data from the Office for National Statistics that is released in the month of the report refers to the previous month. We forecast earnings data for the month of the report.

Taxes are subtracted from total household income to estimate the actual amount that can be spent on goods and services, i.e. net income or disposable income. The average amount of tax paid is calculated using the latest version of the Living Costs and Food Survey. This is updated on a monthly basis using Office for National Statistics data and Cebr modelling.

The following components are based on official statistics and Cebr calculations.

- Net income is calculated by deducting our tax estimate from our total household income estimate.
- Basic spend (cost of living) figures are updated using monthly consumer price data and the trend growth rate in the volume of essential goods and services purchased over the most recent ten-year period. A full list of items constituting basic (or 'essential') spending was created in collaboration between Asda and Cebr when the Income Tracker concept was originally formed in 2008. This list is available on request.
- The Asda Income Tracker is a measure of 'discretionary income', reflecting the amount remaining after the average UK household has had taxes subtracted from their income and bought essential items such as: groceries, electricity, gas, transport costs and mortgage interest payments or rent. The Income Tracker measures the amount left over to spend on discretionary purchases such as leisure and recreational goods and services.



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Disclaimer

This report was produced by the Centre for Economics and Business Research (Cebr), an independent economics and business research consultancy established in 1993 providing forecasts and advice to City institutions, government departments, local authorities and numerous blue-chip companies throughout Europe. The main contributors to this report are Cebr economists Sam Miley and Hafsa Haniffa.

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London, April 2025

