

Asda Income Tracker

Report: August 2025



Making Business Sense

Centre for Economics and
Business Research Ltd

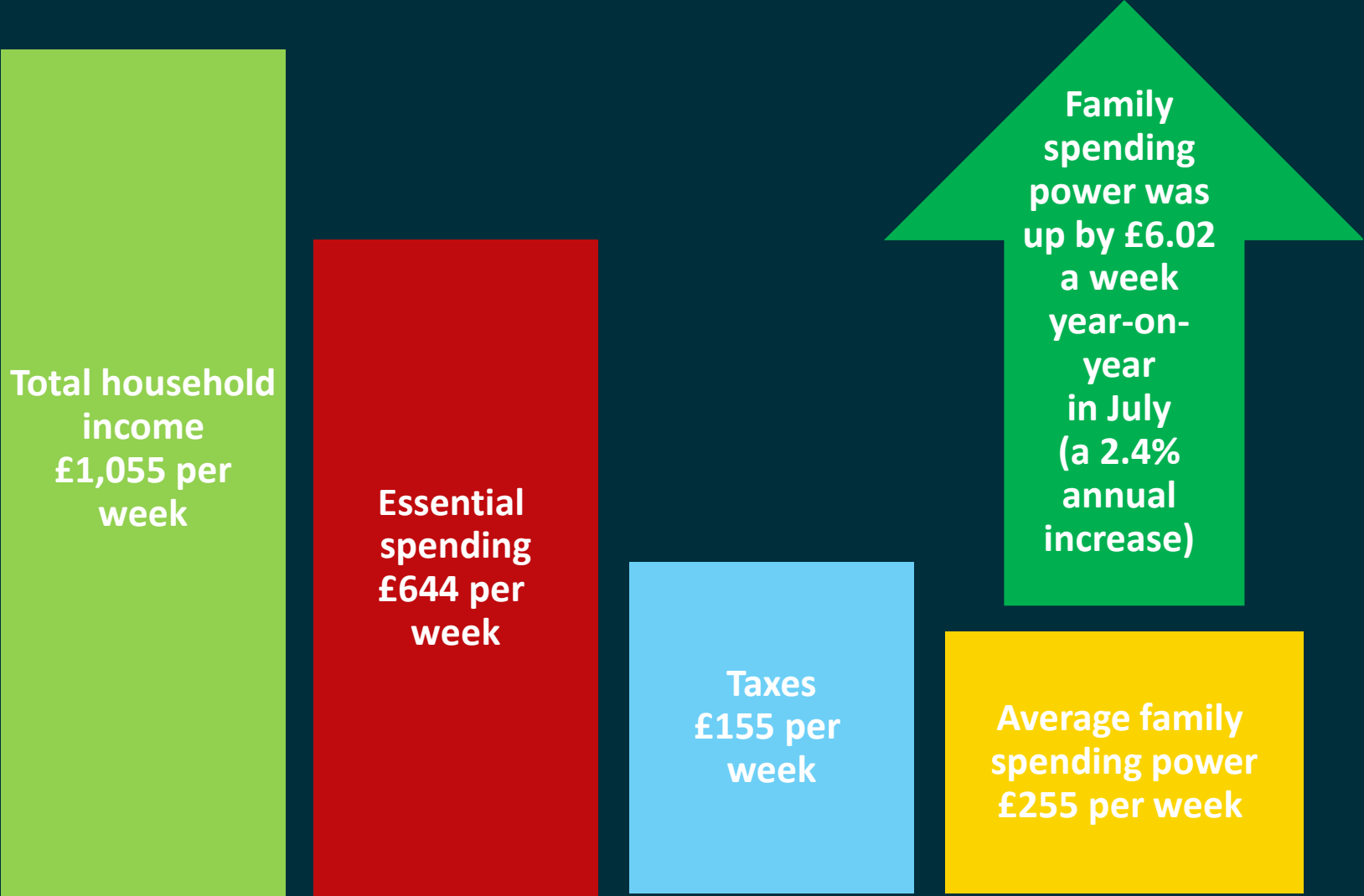
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Asda Income Tracker – Key Figures

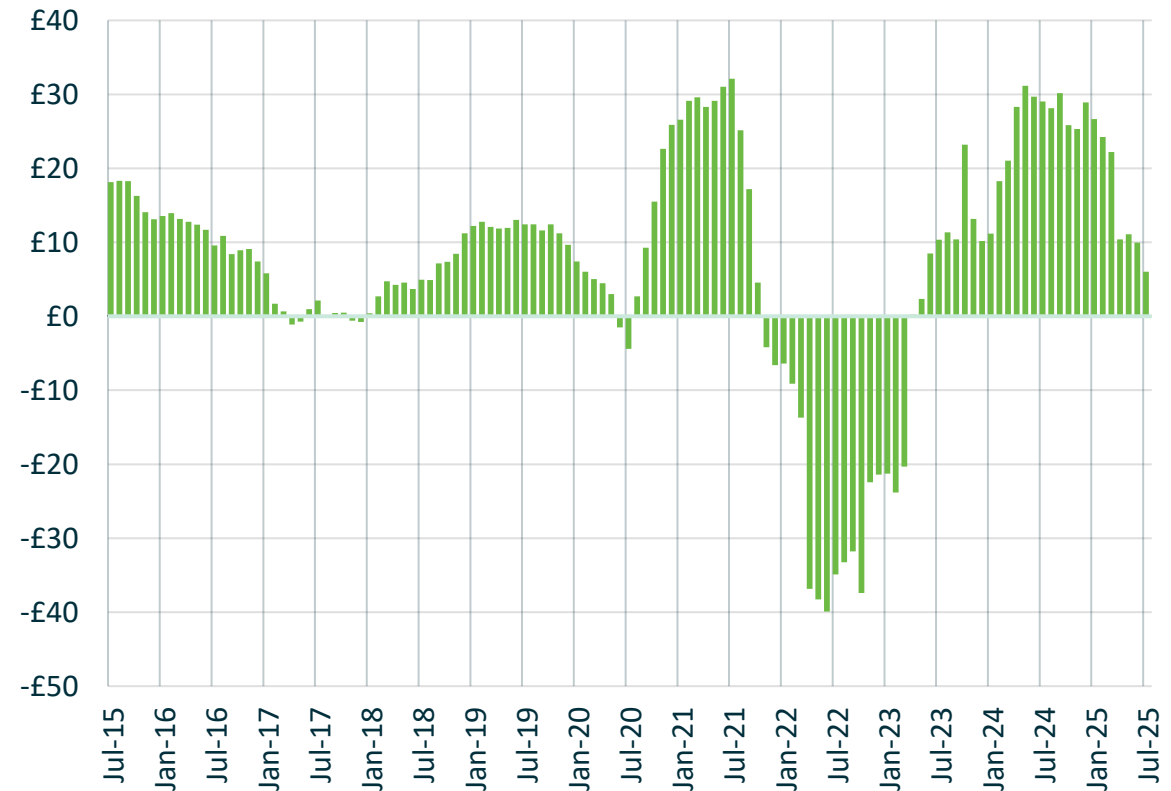


Another month of slower annual growth in the Income Tracker

The Asda Income Tracker was £6.02 a week higher in July 2025 than a year before

- The Asda Income Tracker recorded annual growth of 2.4% in July, marking the second consecutive month of deceleration and the fifth straight month of single-digit growth.
- On a month-on-month basis, the Tracker rose by £2.13, bringing average weekly household spending power to £255 in July.
- The slowdown in purchasing power growth was largely the result of accelerated annual inflation, which reached 3.8% in July, its highest level to date this year. Rising costs for essentials, such as food, non-alcoholic drinks, and transport, are weighing on household budgets.
- Gross income growth continues to exceed that of deductions, but the gap is narrowing, as both tax contributions and essential costs rise. Essential spending growth accelerated for a second consecutive month, to 5.1% in July, while tax deductions are also accelerating. At the same time, gross income growth slowed, but still remains high by historical standards.
- Looking ahead, inflation is expected to remain above the Bank of England's 2% target throughout 2025, while earnings growth moderates. Despite this, real wages are projected to continue rising, likely supporting annual growth in the Income Tracker, albeit at a slower pace.

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

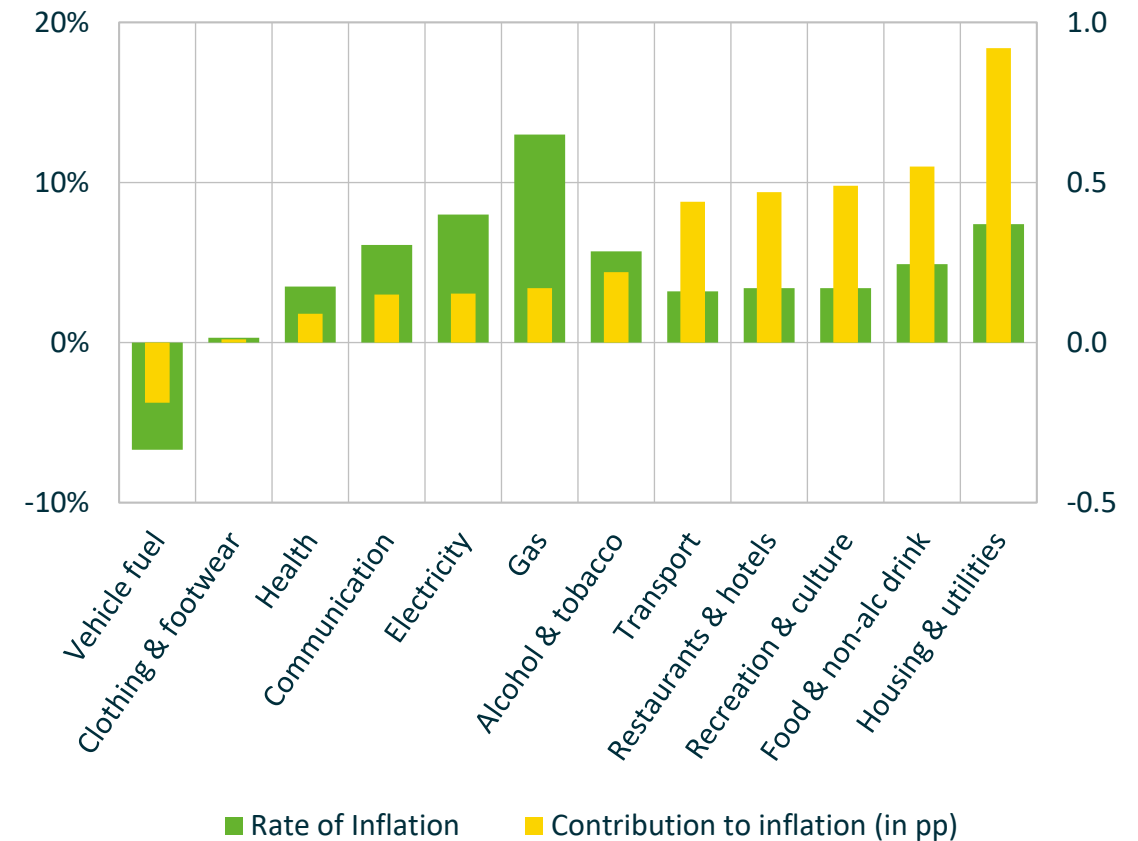


Inflation moves further above the Bank of England's target

The main factors affecting family costs in July were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), rose to 3.8% in July, up from 3.6% in June, the highest rate since January 2024.
- The most significant upward contributions to the change in the annual rate came from transport and from hospitality. Food and non-alcoholic beverages also made a strong positive contribution.
- Within the transport category, motor fuels were a major contributor to the rise in the CPI. This was due to a narrowing rate of deflation, which amounted to 6.7% in July, following the 9.0% drop recorded in June. Airfares were another key driver, likely reflecting the timing of the school summer holidays.
- Meanwhile, food and non-alcoholic beverages prices rose by 4.9% in July, the fourth consecutive monthly acceleration. Although this marks the highest rate since February 2024, it remains well below the peaks observed in 2023.
- July's inflation pushes the headline rate further above the Bank of England's 2.0% target. Cebr forecasts inflation to remain above 3% through the rest of 2025 and into 2026.

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



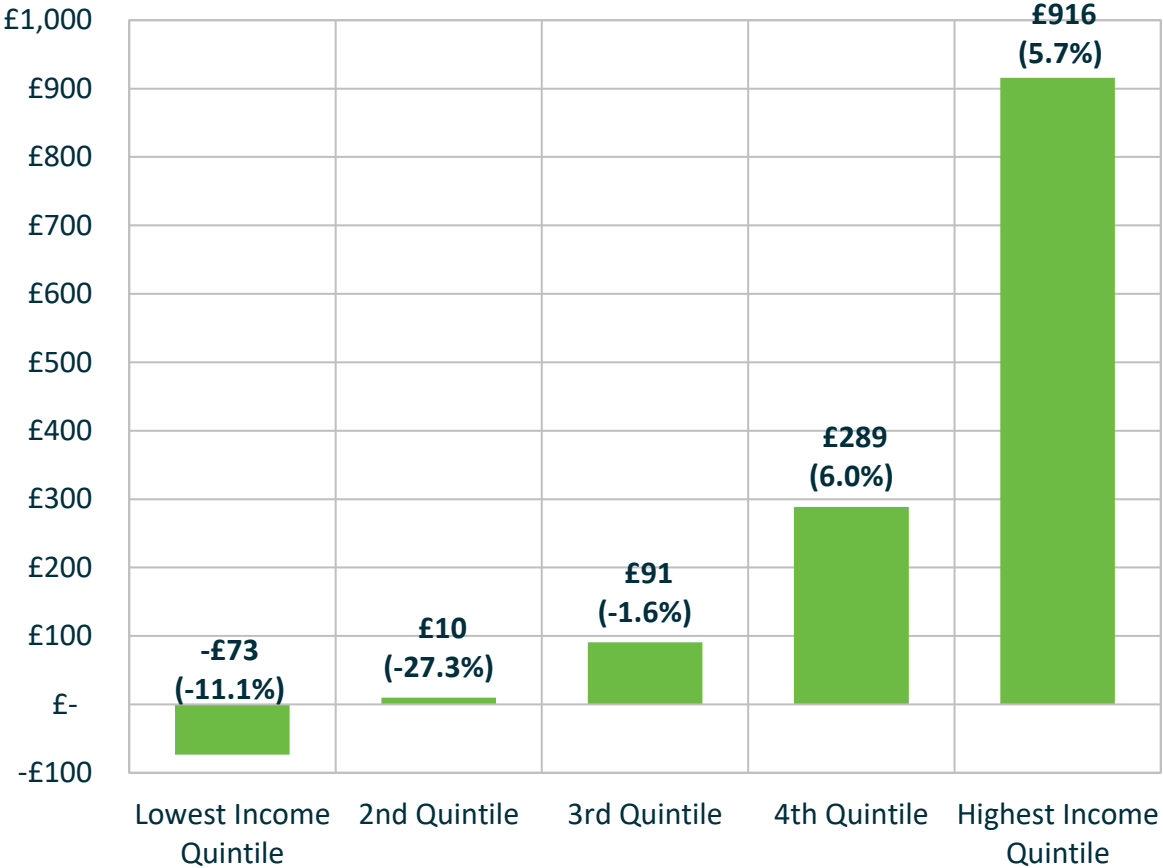
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

Lower- and middle-income households face falling spending power

The top two income quintiles continue to see positive spending power growth

- In July, the lowest three quintiles all saw their spending power contract, by 11.1%, 27.3%, and 1.6%, respectively. This is the first time since September 2023 that the third quintile has experienced a contraction.
- For these households, post-tax income growth has lagged behind essential spending, largely due to rising costs of necessities, a trend that has persisted since the start of the year and has intensified recently.
- In July 2024, annual growth in essential spending was 2.3% for the two lowest quintiles and 3.3% for the third. By July 2025, these rates had risen to above 5.0% for all these groups, highlighting the ongoing pressure of the cost-of-living crisis.
- Accelerating inflation in transport, food, and non-alcoholic beverages is driving higher essential spending. While lower-income households have traditionally been most affected, the third quintile, at the middle of the income distribution, is now also feeling the impact.
- In contrast, the top two quintiles maintained positive spending power growth in July. Although income growth has moderated, it still outpaces essential spending increases, shielding these households from the pressures affecting lower- and middle-income groups.

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

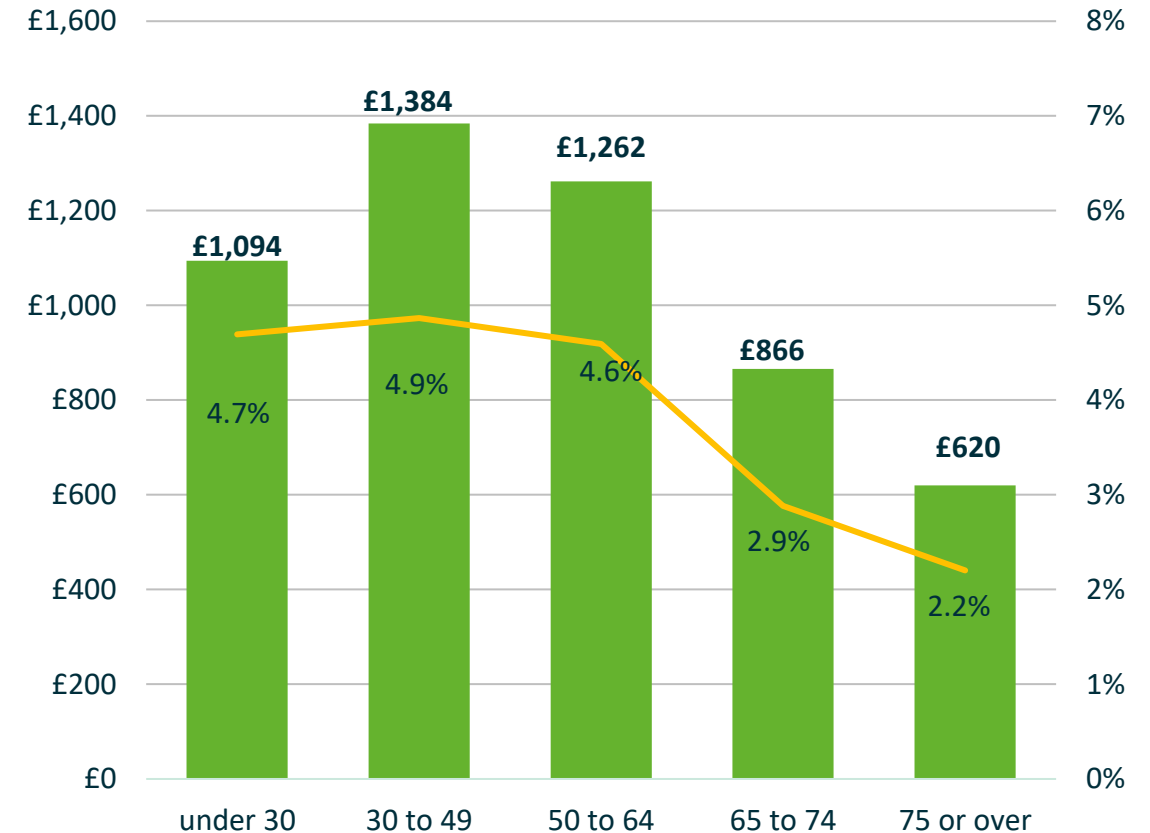


Gross income rises for all age groups, but pensioners see weakest growth

Households aged 30 to 49 saw the fastest growth in gross income

- Gross incomes in July were higher across all age groups compared to a year ago, though the pace of growth has slowed across the board.
- In absolute terms, households aged 30 to 49 had the highest gross income, amounting to £1,384 per week in July.
- Gross income growth was also highest among this group, at 4.9%. Households under 30 saw growth of 4.7%, while those aged 50 to 64 recorded a 4.6% increase.
- Pension-age households saw the weakest gross income growth since October 2022, with those aged 65 to 74 recording income rises of 2.9% and those 75 and over rising 2.2%.
- Although the Triple Lock continues to uprate pensions, slower earnings growth relative to last year and persistently high inflation have constrained real income growth for these households.

Average weekly gross income by age group, July 2025
(LHS), YoY growth in % (RHS)



Essential spending costs rise across all age groups in July

Working households aged 30 to 49 have the highest essential spending in absolute terms

- In July, the essential basket of goods and services tracked by the Income Tracker rose 5.1% year-on-year, reflecting continued pressures on household budgets.
- All age groups saw the second consecutive month of accelerating essential spending costs, highlighting the resurgence of the cost-of-living crisis.
- Households under 30 experienced the largest increase, at 5.6%, driven mainly by higher spending on transport and other categories facing faster inflation. This poses a particular challenge for this group, as they devote the largest share of their gross income to essential expenses.
- Those aged 30 to 49 recorded the next fastest rate of essential spending growth, at 5.0%.
- Looking ahead, inflation is expected to remain high for the remainder of the year, while moderate wage growth may continue to erode household purchasing power, keeping essential spending as a share of income elevated.

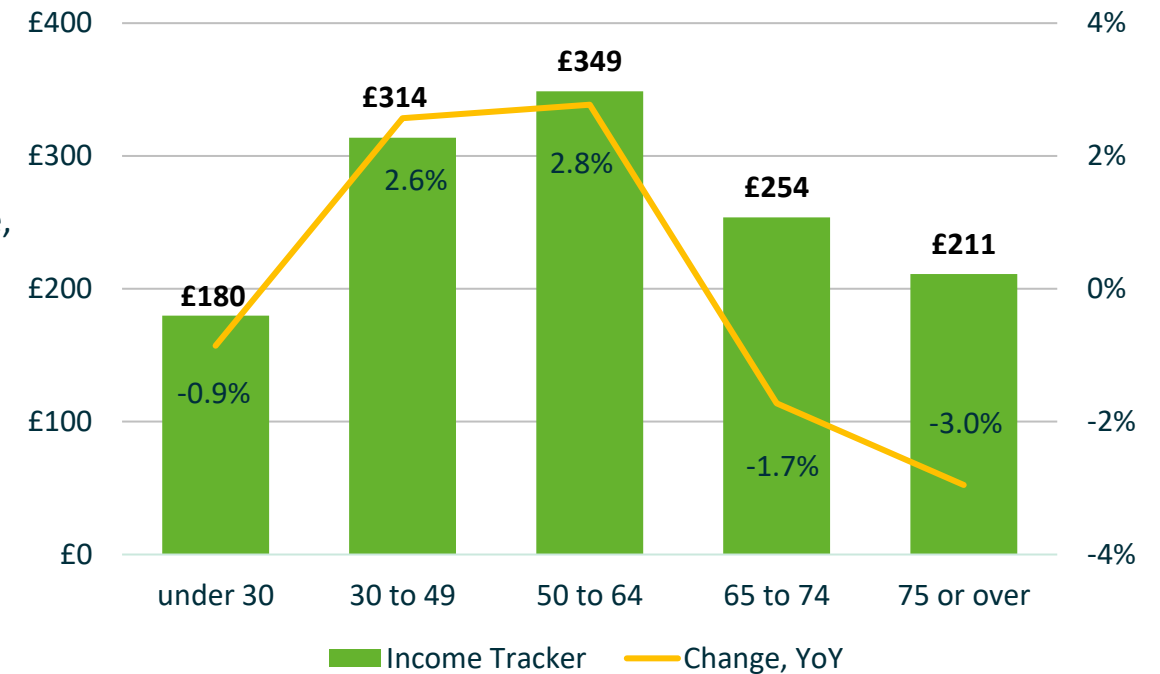


Discretionary income contracts for pensioners and young adults, while middle-aged households see slower growth

Households under 30 experience first contraction in discretionary income in two years

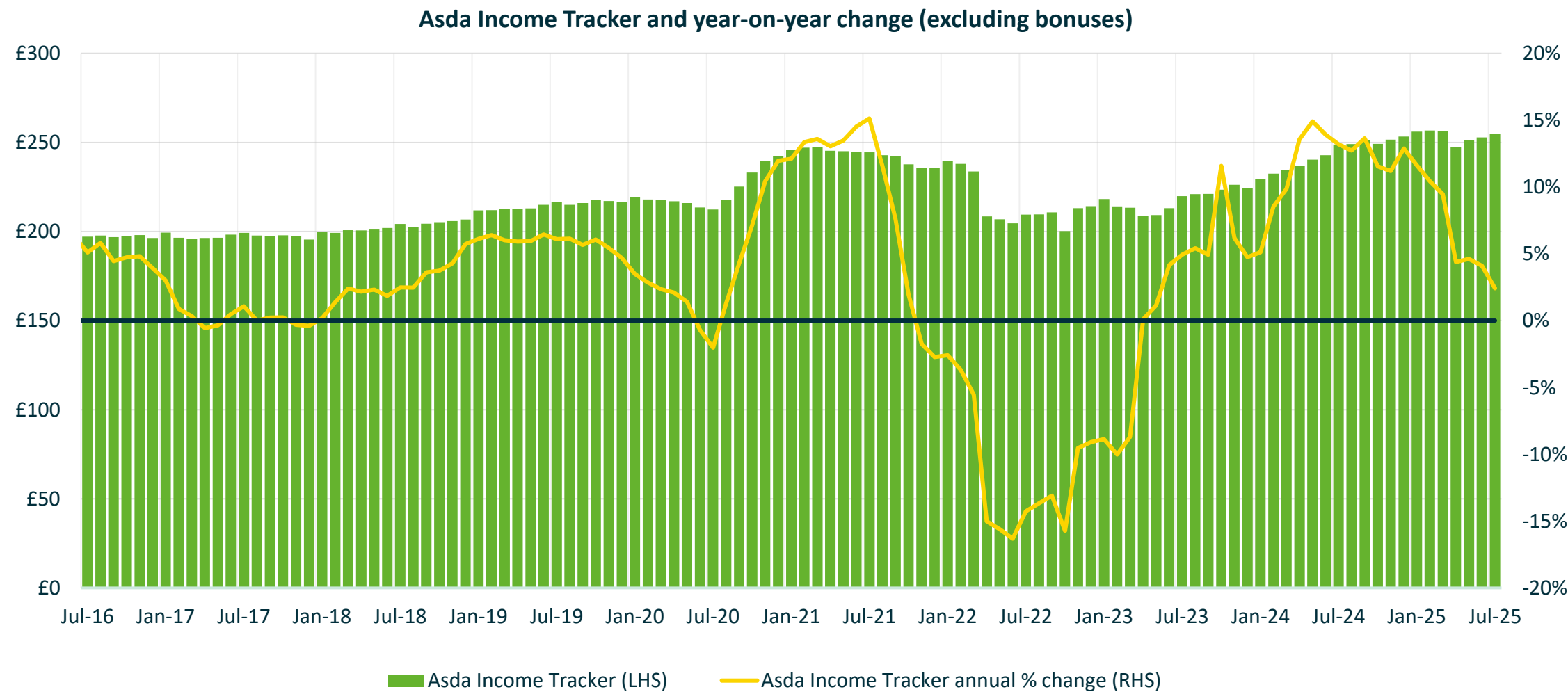
- In July, pension-age households and those under 30 experienced a year-on-year contraction in discretionary income.
- For pensioners, this marks the fourth consecutive month of annual declines in discretionary income. For households under 30, it is the first contraction since June 2023.
- Households aged 30 to 49 and 50 to 64 recorded growth in discretionary income, but at a slower pace. Growth was 2.6% for those aged 30 to 49 and 2.8% for those 50 to 64, the slowest increase in over two years.
- Looking ahead, earnings growth is expected to outpace inflation, supporting further increases in spending power across households. However, the benefits will vary, with working-age households likely to see stronger improvements than pension-age households.
- Overall, spending power growth is expected to be muted across all groups in the near term.

Average weekly discretionary income by age group (LHS),
July 2025, YoY growth in % (RHS)



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	£246	January 2022	£239	January 2023	£218	January 2024	£229	January 2025	£256
February 2021	£247	February 2022	£238	February 2023	£214	February 2024	£232	February 2025	£257
March 2021	£247	March 2022	£234	March 2023	£213	March 2024	£234	March 2025	£257
April 2021	£245	April 2022	£208	April 2023	£209	April 2024	£237	April 2025	£247
May 2021	£245	May 2022	£207	May 2023	£209	May 2024	£240	May 2025	£251
June 2021	£245	June 2022	£205	June 2023	£213	June 2024	£243	June 2025	£253
July 2021	£244	July 2022	£210	July 2023	£220	July 2024	£249	July 2025	£255
August 2021	£243	August 2022	£210	August 2023	£221	August 2024	£249		
September 2021	£242	September 2022	£211	September 2023	£221	September 2024	£251		
October 2021	£238	October 2022	£200	October 2023	£223	October 2024	£249		
November 2021	£236	November 2022	£213	November 2023	£226	November 2024	£252		
December 2021	£236	December 2022	£214	December 2023	£224	December 2024	£253		
2021 Average	\$243	2022 Average	\$216	2023 Average	\$218	2024 Average	\$243		



Economist's view

Reacting to this month's Income Tracker, Sam Miley, Head of Forecasting and Thought Leadership at Cebr, said:

“Inflation accelerated to 3.8% in July, the highest rate since January last year. The rise was driven primarily by sharp price increases in essentials, such as food and non-alcoholic beverages.

This has been reflected in the Income Tracker, which showed only modest growth of 2.4% in the year to July. While wages are expected to rise over the remainder of the year, persistently high inflation will put continued pressure on purchasing power, weighing on further gains in the Tracker.”

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£164	£223	£210	£214	£191	£271

London	South East	South West	Wales	Scotland	Northern Ireland
£334	£219	£201	£208	£264	£130

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 Sara Pineros.

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London, August 2025

