

Asda Income Tracker

Report: July 2025



Making Business Sense

Centre for Economics and
Business Research Ltd

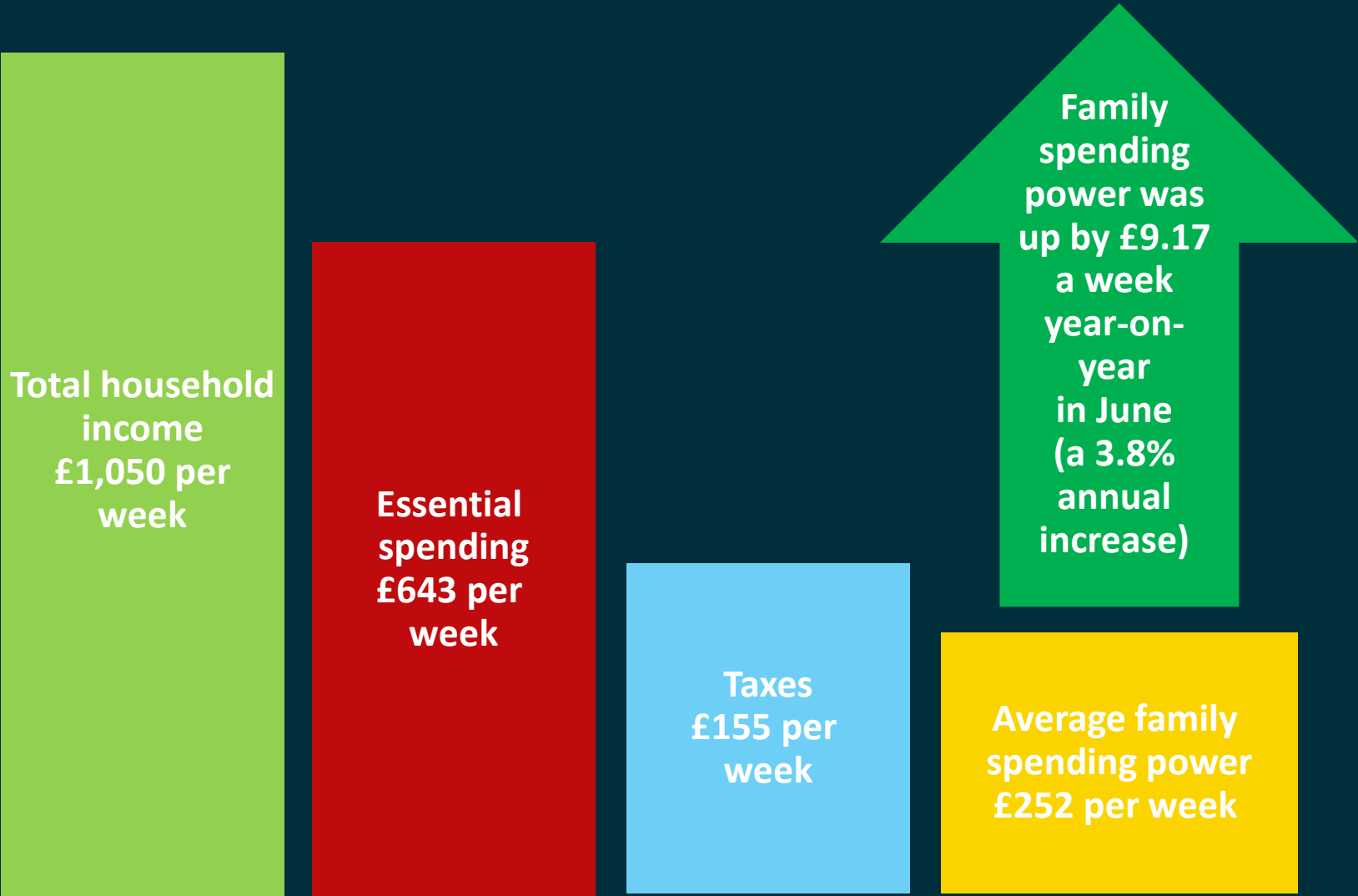
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Asda Income Tracker – Key Figures

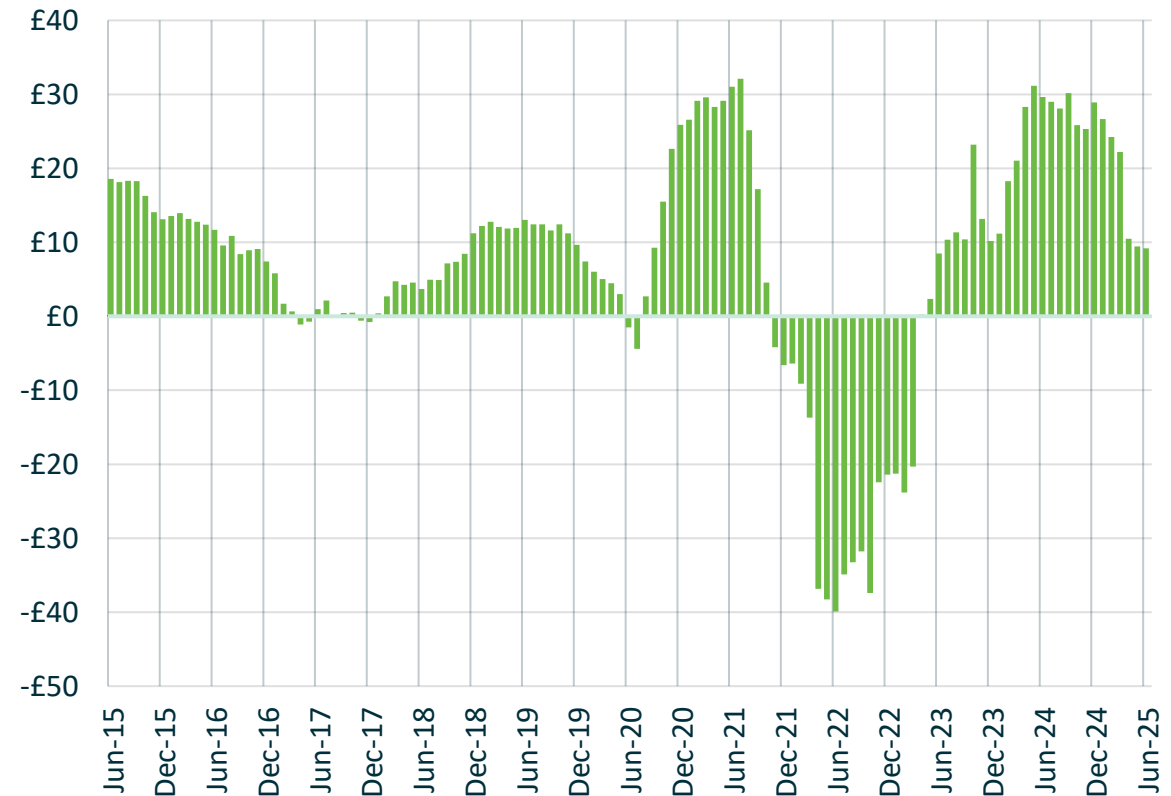


Annual growth in Income Tracker continues to slow down

The Asda Income Tracker was £9.17 a week higher in June 2025 than a year before

- The Asda Income Tracker recorded annual growth of 3.8% in June, marking the sixth consecutive month of deceleration and the fourth straight month of single-digit growth.
- On a month-on-month basis, the Tracker rose by £2.15, bringing average weekly household spending power to £252 in June.
- The deceleration in spending power growth was primarily driven by an acceleration in the annual inflation rate, which rose to 3.6% in June, its highest level so far this year. Increasing prices for essential items, including food, non-alcoholic beverages, and transportation, are placing pressure on household budgets.
- Wage growth slowed to 5.0% in the three months to May 2025, though it remains elevated by historical standards. While gross income still outpaces deductions, covering rising taxes and essential spending costs, the gap is narrowing.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target throughout 2025, while earnings growth is projected to moderate further. Nevertheless, real wages are still expected to rise, with earnings continuing to outpace inflation. As a result, the Income Tracker is likely to show ongoing annual growth, albeit at a slower pace in the months ahead.

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

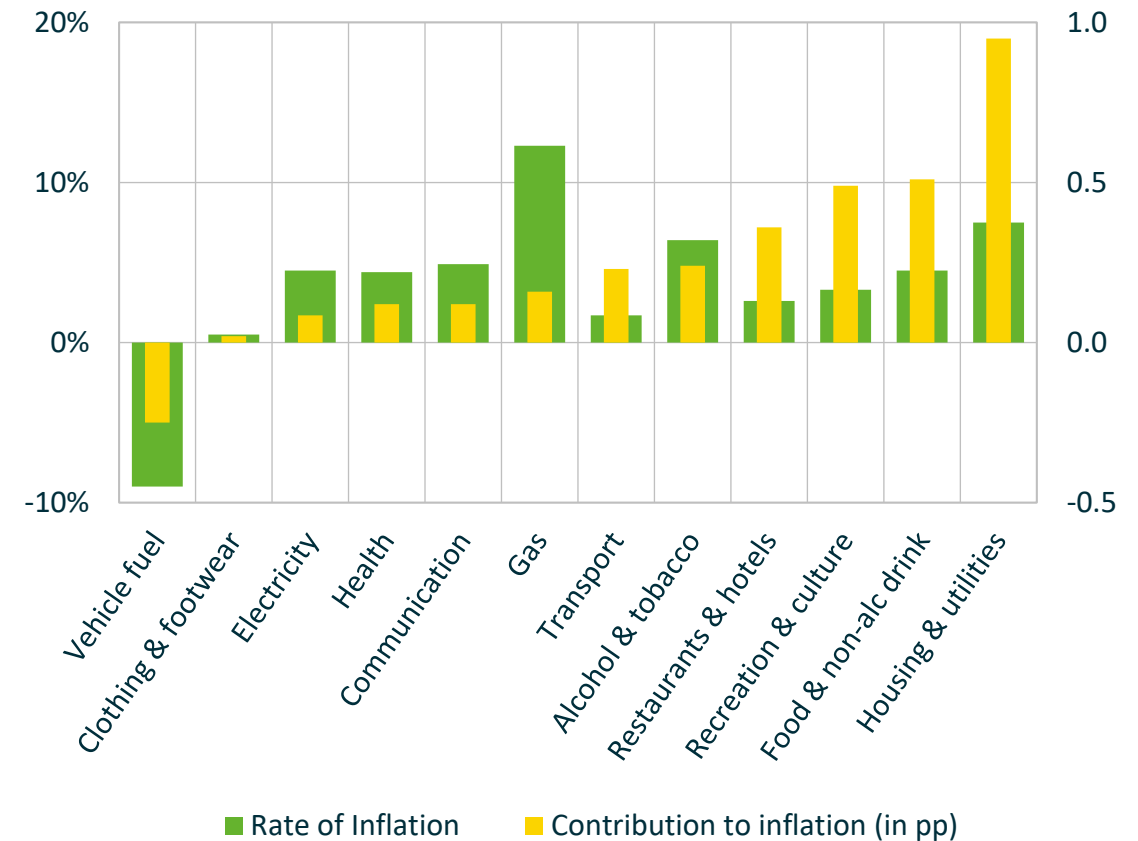


Inflation accelerates in June, moving further above Bank of England's target

The main factors affecting family costs in June were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), rose to 3.6% in June, up from 3.4% in May, the highest rate since January 2024.
- The most significant upward contributions to the change in the annual rate came from transport, primarily motor fuels, clothing and footwear, and recreation and culture. Food and non-alcoholic beverages also made a positive contribution.
- Motor fuel prices were the main driver of the upward shift in CPI within the transport category. Petrol and diesel prices fell only slightly in June 2025, compared to much larger declines a year earlier. Petrol fell by 0.5 pence per litre, versus 3.0 pence in June 2024, while diesel dropped by 0.6 pence, compared to 4.8 pence last year.
- Clothing and footwear prices rose by 0.5% in June, following a 0.3% decline in May. Price growth for recreation and culture continued to accelerate, for a third consecutive month.
- Meanwhile, food and non-alcoholic beverages prices rose by 4.5% in June, the third consecutive monthly acceleration. Although this marks the highest rate since February 2024, it remains well below the peaks observed in 2023.
- The acceleration in June inflation pushes the headline rate further above the Bank of England's 2.0% target, where it is forecasted to remain for the rest of 2025.

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



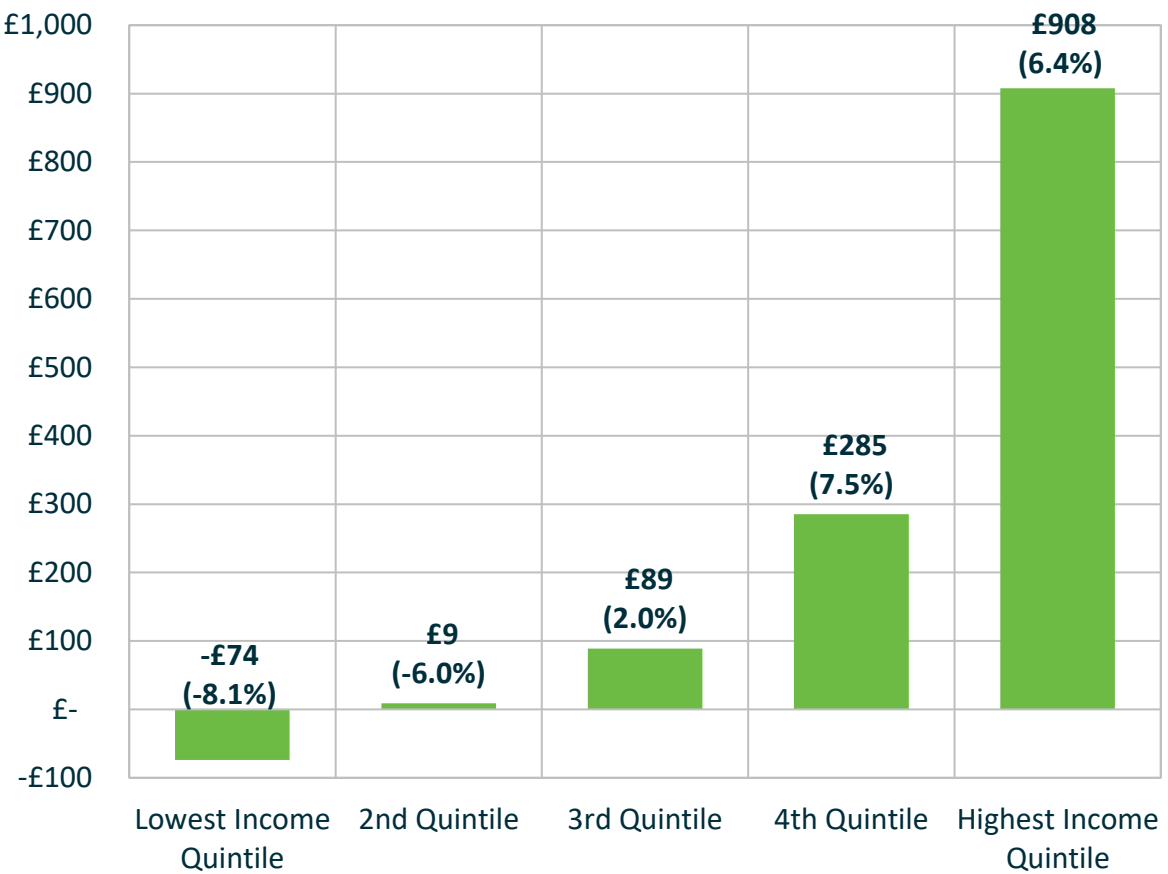
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

Spending power declines for lowest-income households amid rising essentials costs

Third, fourth, and highest income quintile continue to record growth in spending power

- The two lowest income quintiles experienced negative annual growth in spending power in June, at -8.1% for the lowest quintile and -6.0% for the second-lowest quintile.
- For these households, post-tax income growth has failed to keep pace with essential spending, driven largely by rising costs of necessities.
- In June 2024, the annual growth in essential spending was 1.4% for the lowest quintile and 1.5% for the second lowest. By June 2025, these rates had risen to 5.3% and 4.9%, respectively, underscoring the persistence of the cost-of-living crisis.
- The increase in essential spending is driven by faster inflation in categories such as transport, food, and non-alcoholic beverages. Lower-income households are particularly vulnerable to such increases, as they dedicate a larger share of their income to these essentials and have limited financial flexibility to absorb price shocks.
- In contrast, households in the higher income quintiles continued to see positive growth in spending power in June. Although income growth has moderated compared to historical levels, it still outpaces the rise in essential spending for these groups.

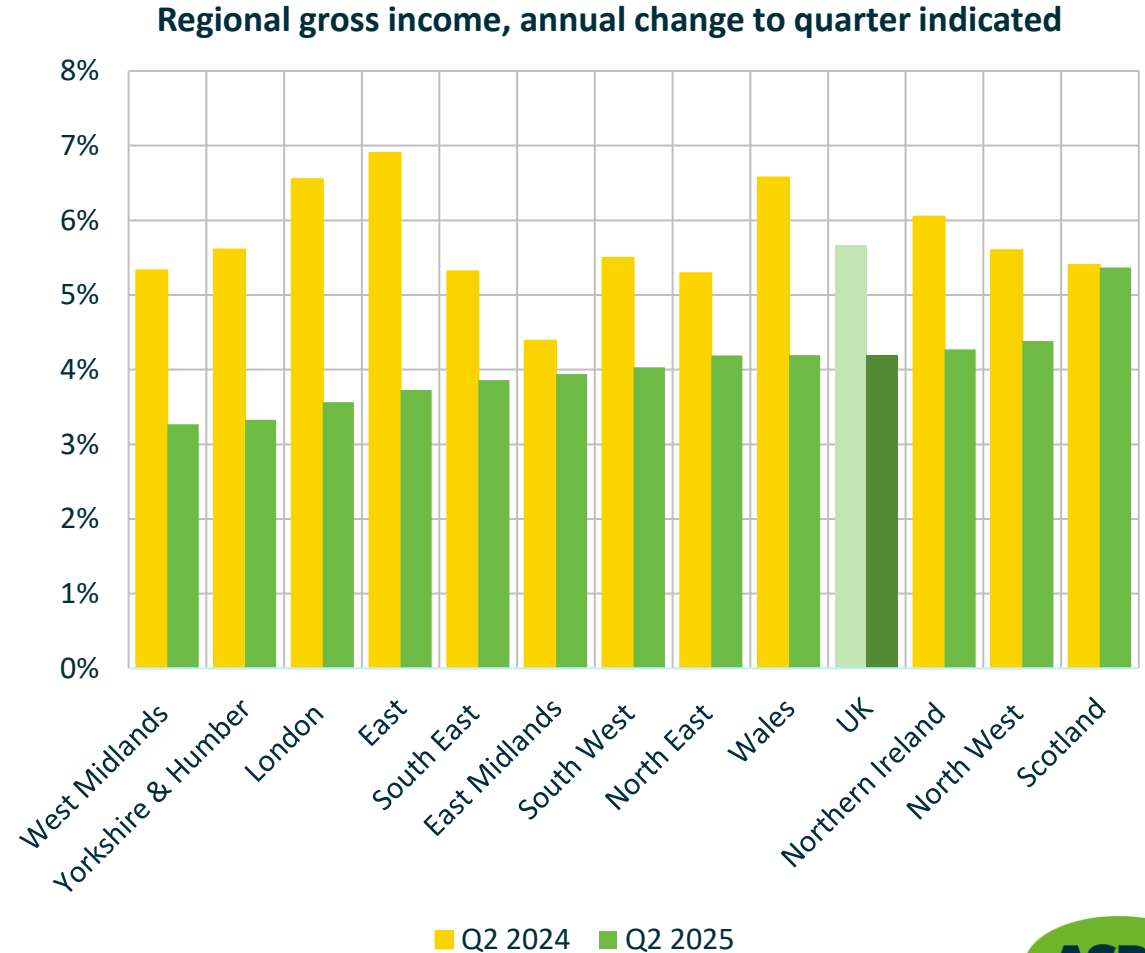
Average weekly discretionary income by household income group, June 2025, YoY growth in brackets



All regions recorded a slowdown in annual income growth compared to a year ago

UK-wide annual gross income growth stood at 4.2% in Q2 2025

- Annual gross income growth slowed across all UK regions in Q2 2025 when compared with the same period a year ago. However, Scotland's growth was almost flat.
- This broad-based deceleration reflects the impact of a cooling labour market. The latest data show that earnings growth slowed to 5.0% in the three months to May 2025, down from 5.8% during the same period last year.
- The East of England, London, and Wales experienced the top three largest year-on-year drops in gross income growth. Gross income growth in the capital fell to 3.6% in Q2 2025, down from 6.5% a year earlier.
- Scotland recorded the fastest growth rate in Q2 2025, with gross income rising by 5.4%.
- On a quarterly basis, all regions except the North East, Wales, and Scotland, experienced a slowdown in gross income growth, further underscoring the widespread effects of softening labour market conditions.

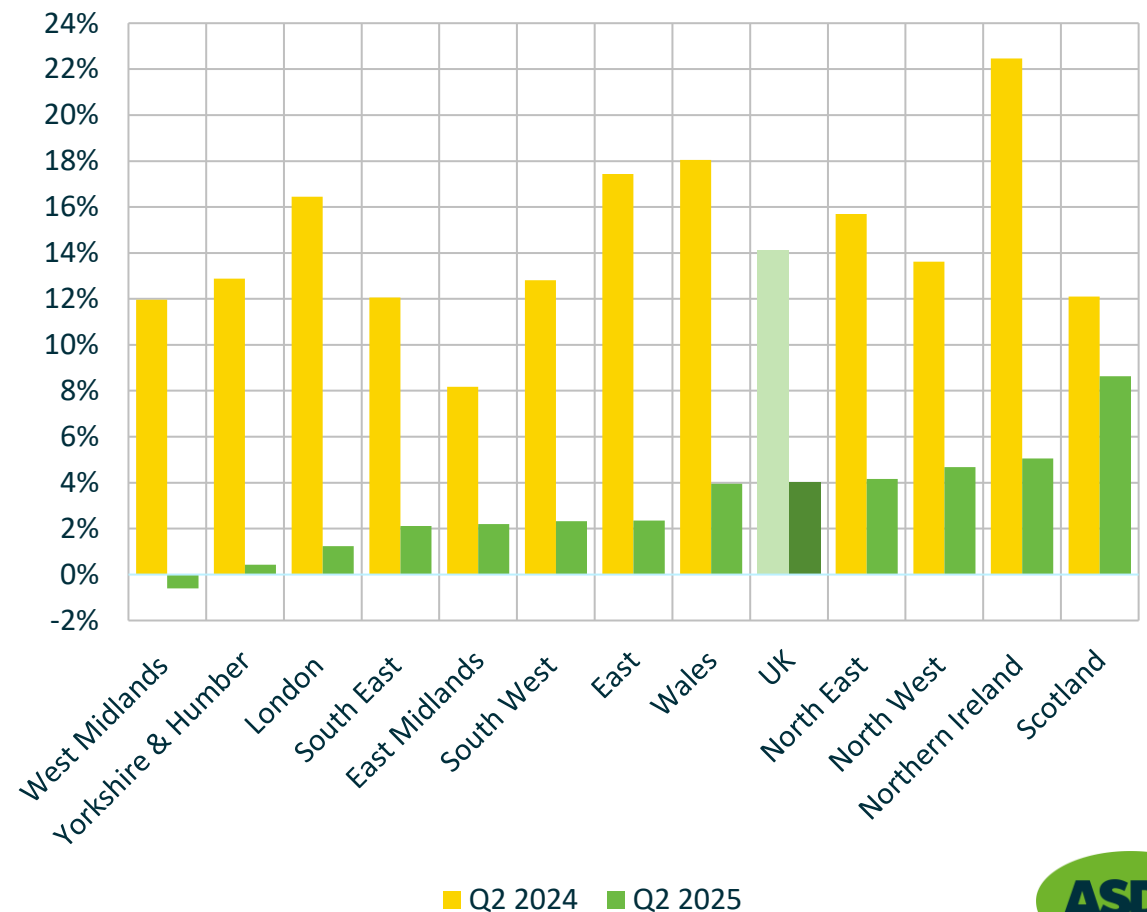


Spending power growth slows for all UK regions compared to the same time last year

UK-wide Income Tracker grew by 4.0% on the year in Q2 2025

- Spending power growth weakened across all UK regions in Q2 2025, with the West Midlands even entering negative territory. This broad-based slowdown was primarily driven by higher inflation compared to the same period in the previous year.
- The West Midlands, Yorkshire and the Humber, and London recorded the sharpest year-on-year slowdowns in spending power growth and were also the regions with the lowest gross income growth over the same period.
- At the national level, the UK-wide Asda Income Tracker showed a further deceleration, with annual growth slowing to 4.0% in Q2. On a quarterly basis, all regions experienced a slowdown in the growth of spending power.
- Scotland posted the most substantial annual growth in Q2 2025 at 8.6%, though this represented a notable slowdown from 12.1% in Q2 2024. By contrast, the West Midlands saw the weakest performance, with spending power contracting by 0.6%, compared to 12.0% growth in the same quarter last year.
- In London, spending power rose by 1.2% in Q2 2025, its lowest rate since Q1 2023. This also marked the second consecutive quarter of single-digit growth, following five straight quarters of double-digit increases.

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

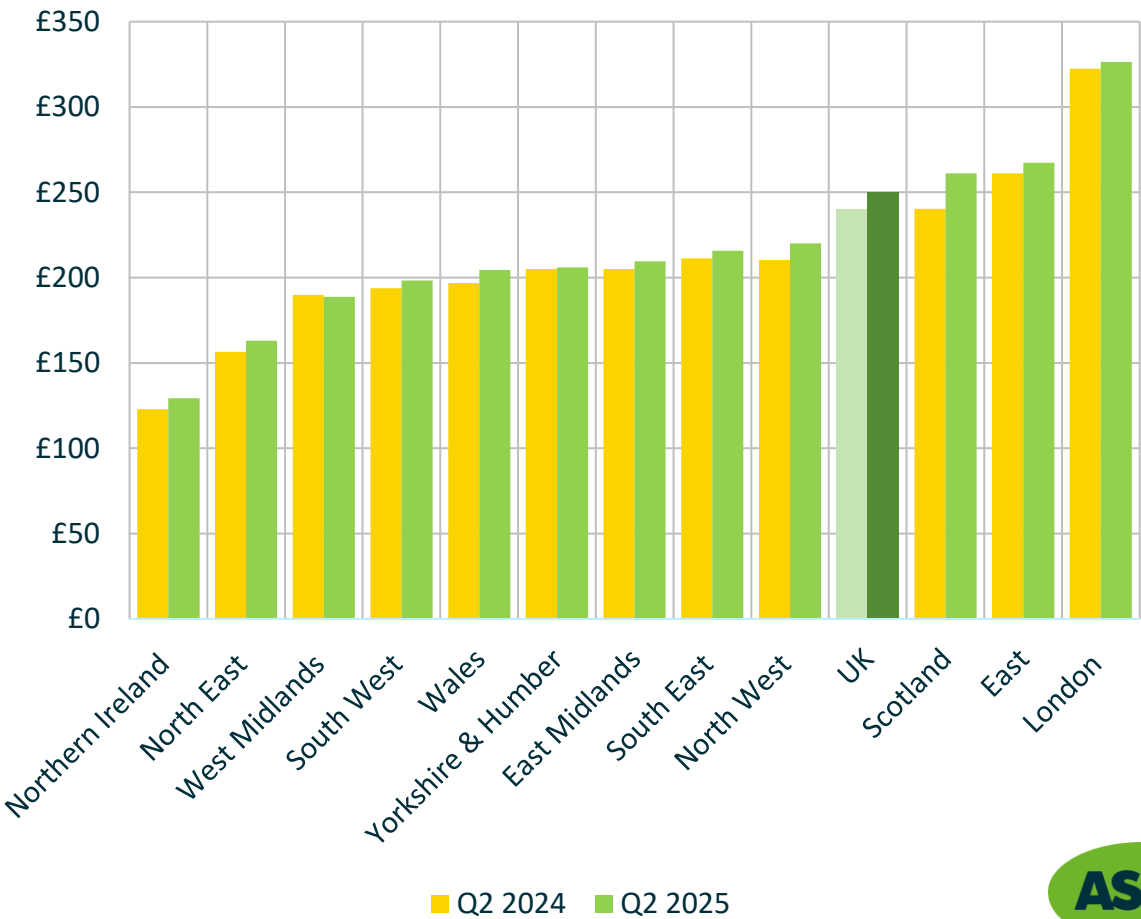


London, Scotland, and the East of England recorded spending power levels above the UK-wide average

UK-wide weekly family spending power averaged £250 in Q2 2025

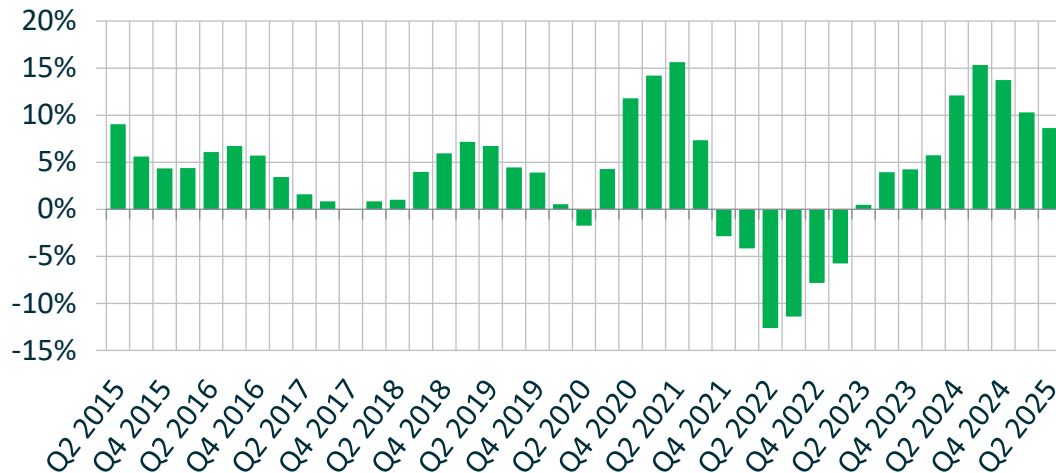
- The average UK household had £250 in weekly spending power in the second quarter of 2025.
- London recorded the highest regional spending power at £326 per week, although it saw one of the smallest annual increases, just £4 higher than the same period last year.
- At the other end of the spectrum, Northern Ireland reported the lowest spending power, at £129 per week in Q2 2025.
- Scotland saw the most substantial annual improvement, with weekly spending power rising by £21 compared to Q2 2024. The North West recorded the second-largest gain, with spending power reaching £220, up £10 year-on-year.
- Alongside London, both Scotland (£261) and the East of England (£267) recorded spending power levels above the UK-wide average in Q2 2025.

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

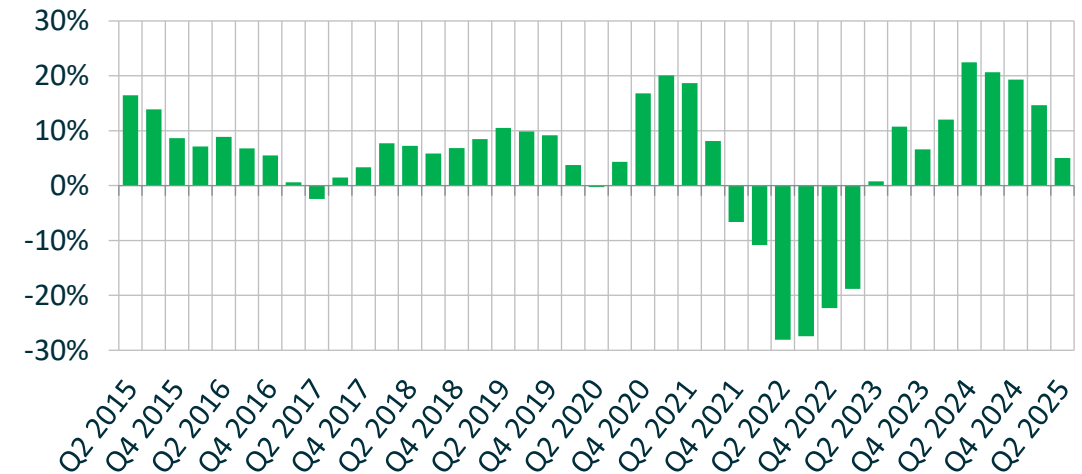


Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



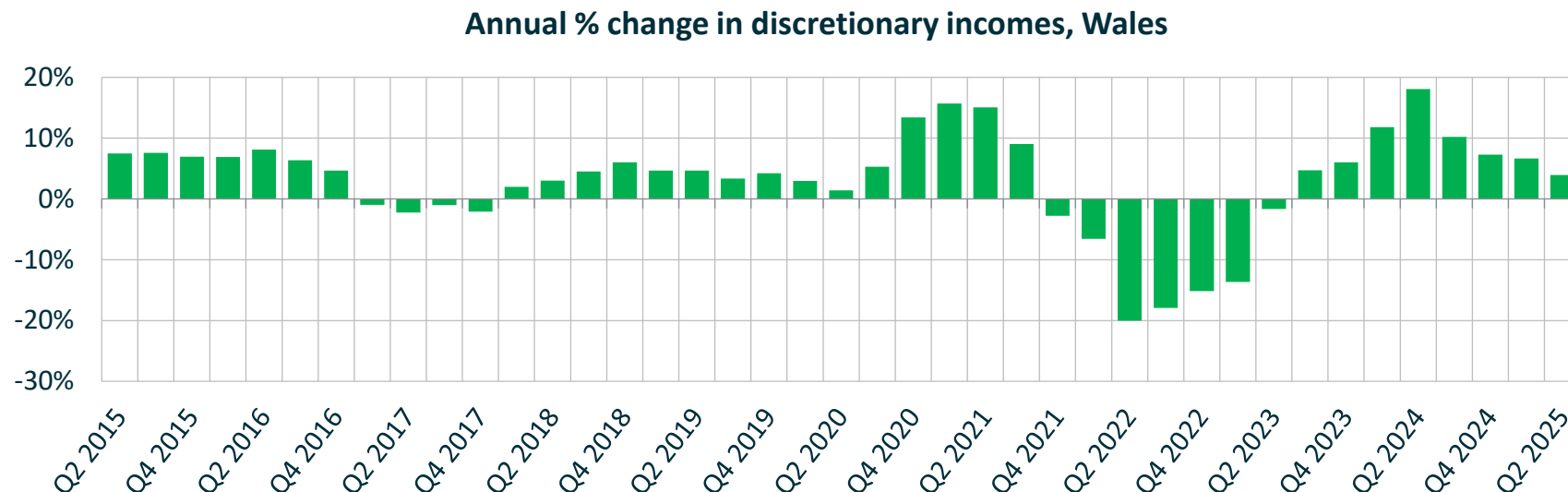
Annual % change in discretionary incomes, Northern Ireland



- In Q2 2025, Scotland's weekly discretionary income rose by 8.6% year-on-year. This marks the first quarter of single-digit growth in household spending power since Q1 2024.
- On a quarter-on-quarter basis, the Income Tracker increased by £1.32, bringing average household spending power in Scotland to £261 per week.
- However, spending power growth has now slowed for three consecutive quarters, reflecting signs of a cooling labour market and accelerating inflationary pressure.
- 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.

- The Income Tracker shows that weekly discretionary income in Northern Ireland was up by 5.1% on the year in Q2 2025.
- Average household spending power for Northern Ireland amounted to £129 per week in Q2 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 £890 per week in Q2 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.

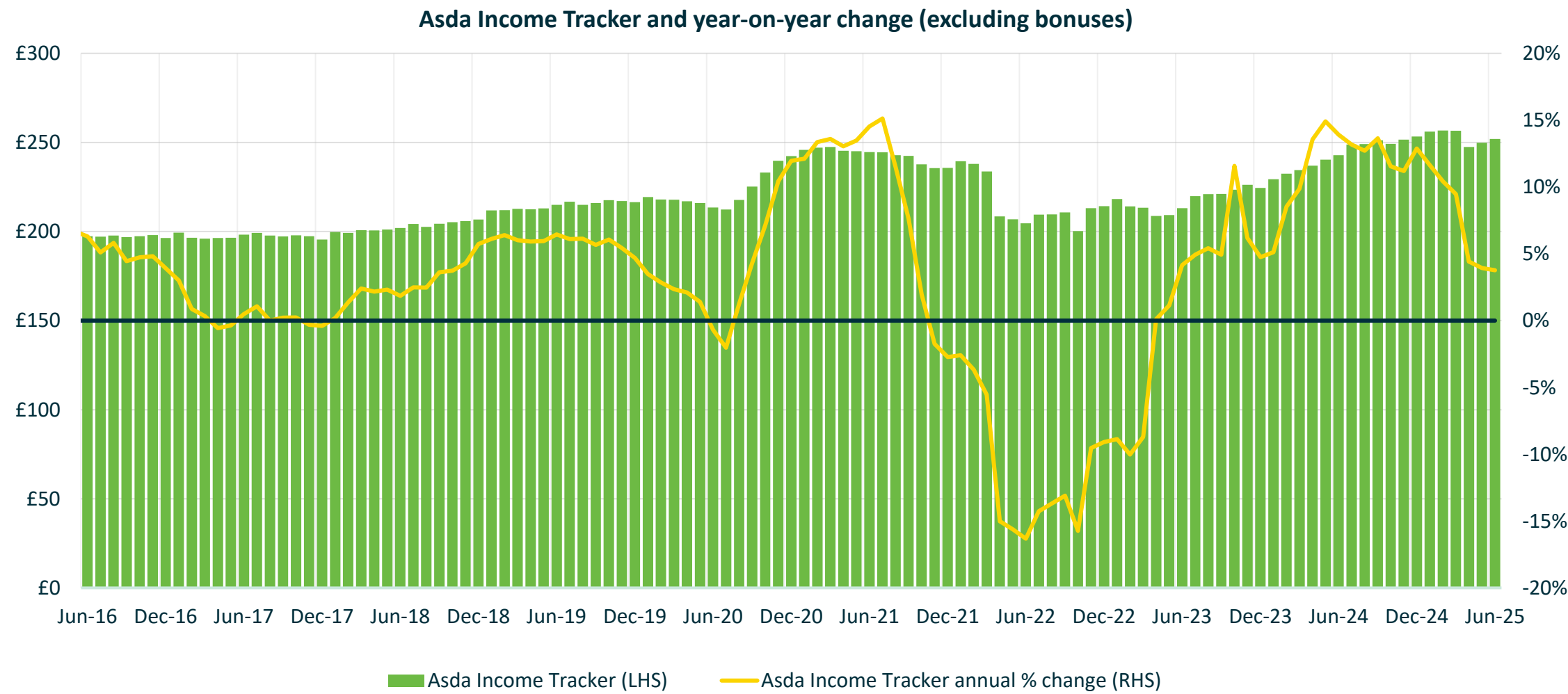
Focus on Wales



- The Income Tracker shows that weekly discretionary income in Wales rose by 4.0% year-on-year in Q2 2025, in line with the UK average. Wales was also one of three regions to record a quarterly increase in gross income growth.
- Despite the Tracker falling by £0.76 from Q1 2025, bringing average household discretionary income to £205 per week, spending power remains above levels seen for much of the period post-2021. This resilience is likely supported by stronger growth in public sector earnings this year, with Wales benefiting from a relatively high concentration of public sector employment.
- In addition, the increase in the National Living Wage, introduced in April 2025, is expected to disproportionately benefit households in Wales, as a larger share of the population is at the lower end of the income distribution, further enhancing household 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	£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	£250
June 2021	£245	June 2022	£205	June 2023	£213	June 2024	£243	June 2025	£252
July 2021	£244	July 2022	£210	July 2023	£220	July 2024	£249		
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 surprised to the upside in June, putting further downward pressure on the rate of growth in the Income Tracker. The concentration of inflation in essential categories, including food, transport, and utilities, is placing households under particular strain. Nevertheless, earnings growth remains robust and is offsetting price pressures for now.”

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£165	£222	£208	£212	£191	£270

London	South East	South West	Wales	Scotland	Northern Ireland
£329	£218	£200	£206	£263	£131



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, July 2025

