

Asda Income Tracker

Report : June 2025



Making Business Sense

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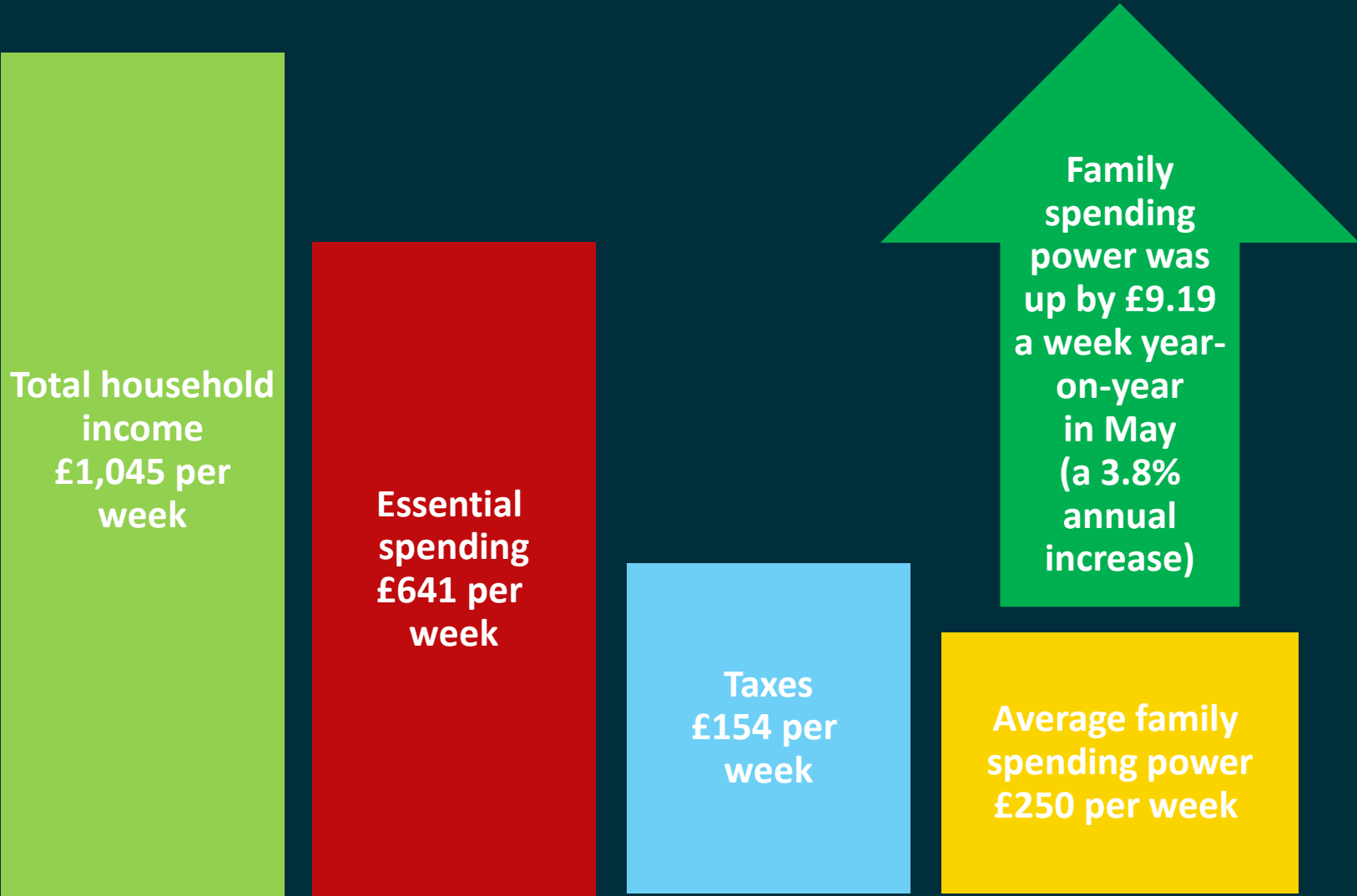
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Asda Income Tracker – Key Figures

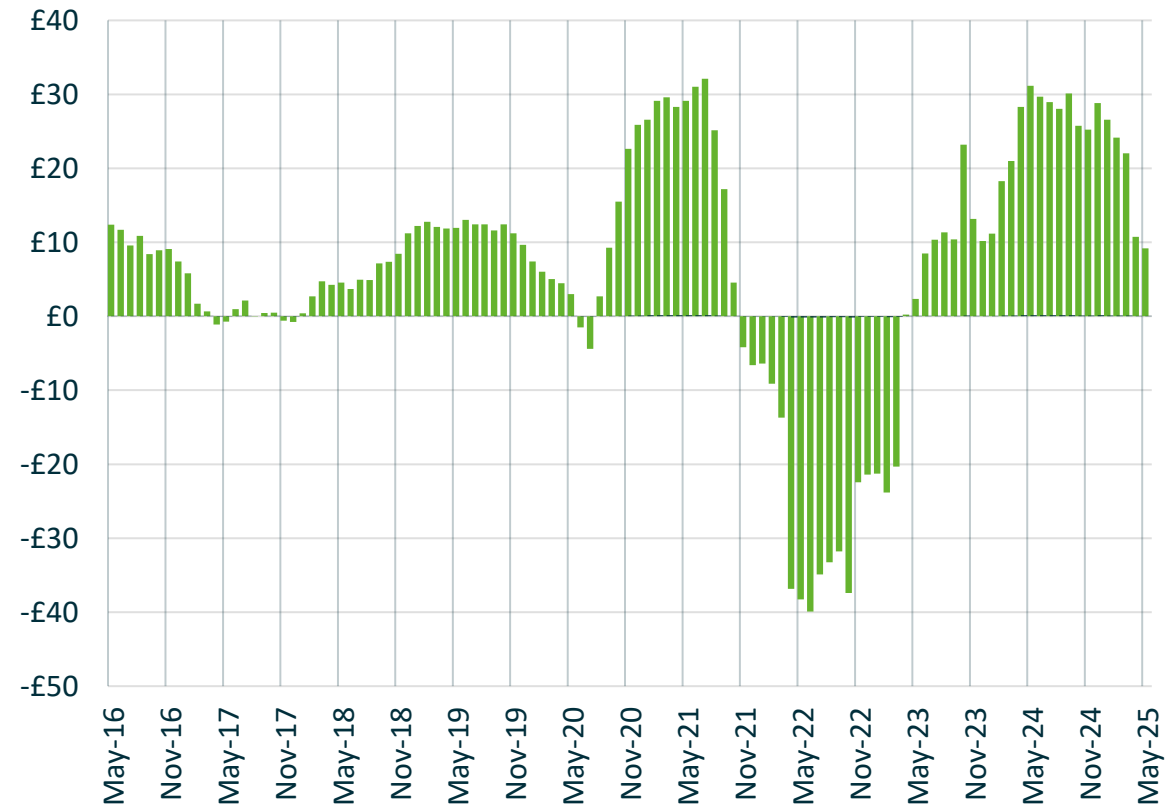


Income Tracker growth slows for fifth consecutive month in May

The Asda Income Tracker was £9.19 a week higher in May 2025 than a year before

- The Asda Income Tracker recorded annual growth of 3.8% in May, down from 4.5% in April. This marks the fifth consecutive month of slowing growth and the third consecutive month where the Tracker no longer records double-digit annual increases.
- On a month-on-month basis, the Income Tracker rose by £1.82, bringing average household spending power to £250 per week in May.
- The increase in spending power was driven by gross income growth outpacing the growth in deductions, consisting of taxes and essential spending.
- Inflation in May was lower than the April reading, contributing to a slowdown in the annual growth of essential spending, which fell to 4.7% from 5.1%.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target, primarily due to elevated energy prices, which will limit growth in spending power. In addition, a softening in labour market conditions is expected to weigh on income growth over the coming months.
- Nonetheless, earnings are still projected to rise at a faster rate than inflation. Consequently, the Income Tracker is likely to continue registering year-on-year growth, though at a more moderate rate.

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

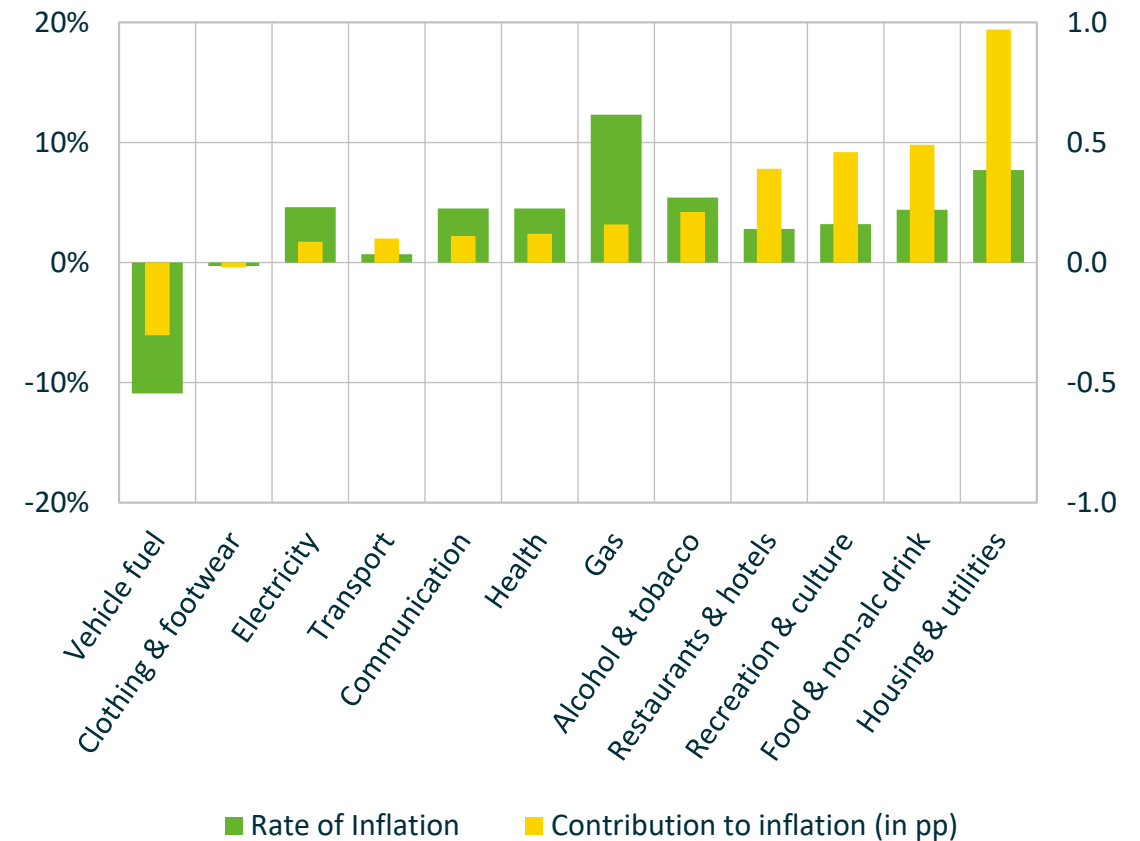


Inflation eases slightly in May, but underlying pressures persist

The main factors affecting family costs in May were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), was 3.4% in May, down from 3.5% in April.
- After the publication of the data, the Office for National Statistics (ONS) revealed that the figures were subject to a calculation error, resulting in an overstating of inflation in April.
- The transport category made the largest negative contribution to the change in the inflation rate, as price growth slowed to 0.7% in May from 3.3% in April. This was partly offset by upward contributions from food, and from furniture and household goods.
- Food and non-alcoholic beverages, in particular, saw a notable rise in prices, at 4.4% on the year. This was the second consecutive monthly increase in the rate of inflation. Such price rises may reflect businesses passing on recent cost pressures, such as higher employer National Insurance contributions and the increase in the National Living Wage, both of which came into effect in April.
- Other categories, including recreation and culture, as well as restaurants and hotels, also saw an acceleration in price growth in May.
- Looking ahead, inflation is projected to remain above the Bank of England's 2.0% target, with elevated energy costs and rising labour expenses continuing to exert upward pressure.

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



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

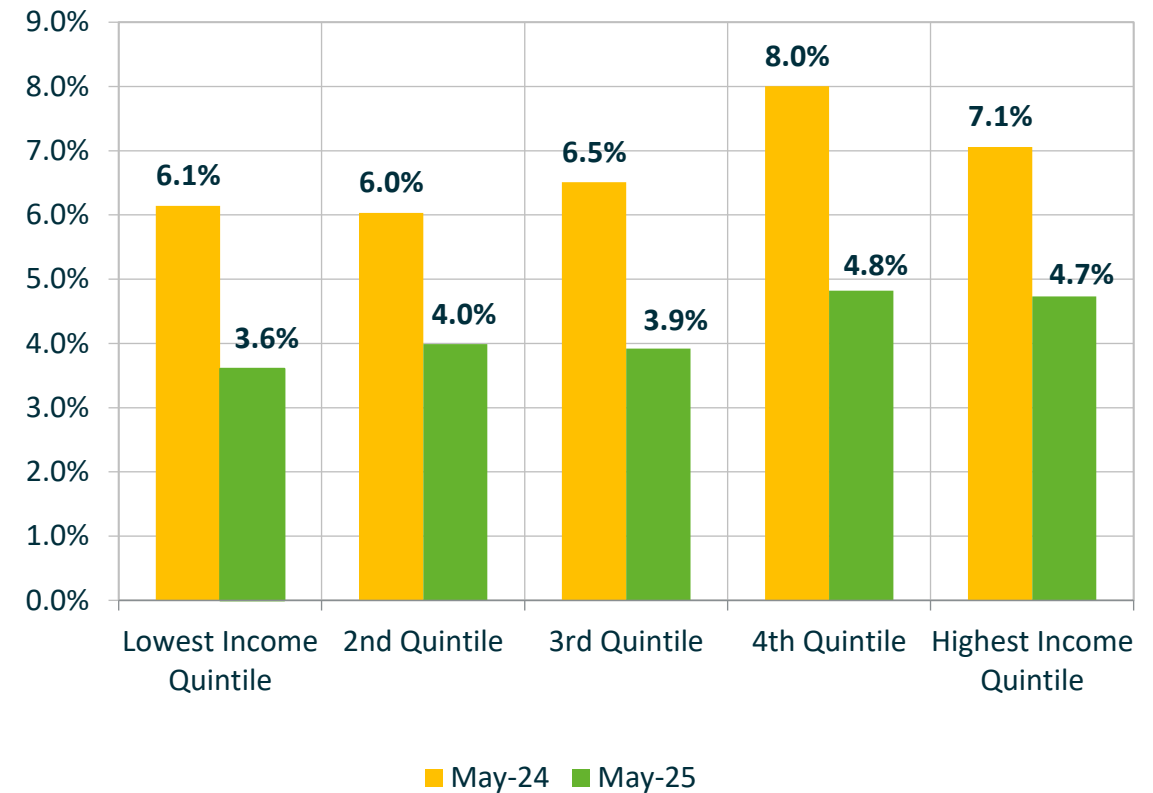


Widespread slowdown in annual income growth observed across income groups

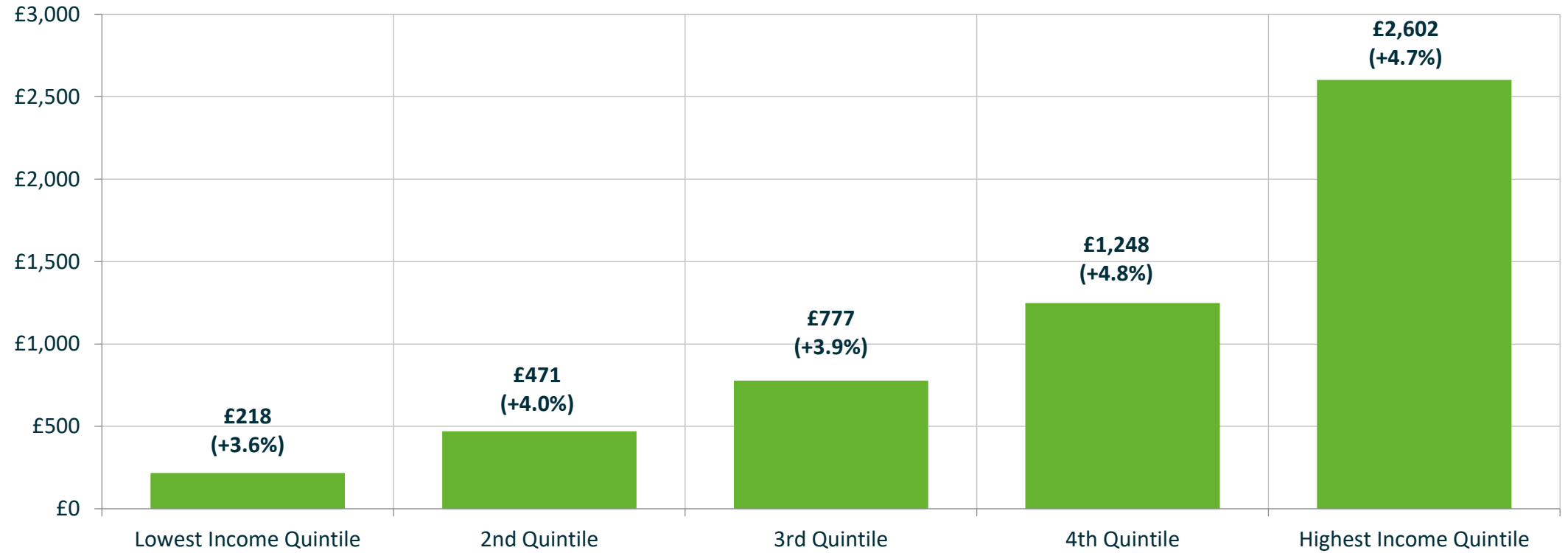
All income quintiles record slowdown in gross income growth compared to the same period last year

- Gross income growth has slowed across all income quintiles compared to the same period last year.
- The fourth income quintile experienced the largest slowdown in annual income growth, dropping by 3.2 percentage points compared to the same period last year. The third quintile also saw a significant decline, with growth slowing by 2.6 percentage points. For both groups, this month recorded the slowest gross income growth in over two years.
- Monthly, gross income growth has remained resilient despite indications of a cooling labour market. The lowest income quintile experienced an acceleration in growth, likely driven by gains from recent increases in the National Minimum and Living Wage, from which they benefit the most. However, this group remains particularly vulnerable to reductions in social security income due to ongoing welfare cuts.
- The fifth income quintile also saw an acceleration in gross income growth compared to the previous month, while the second, third, and fourth quintiles experienced unchanged growth over the same period.

Annual gross income growth (excl. bonuses)



Gross weekly income excluding bonuses by income quintile, May 2025, annual growth rates in brackets

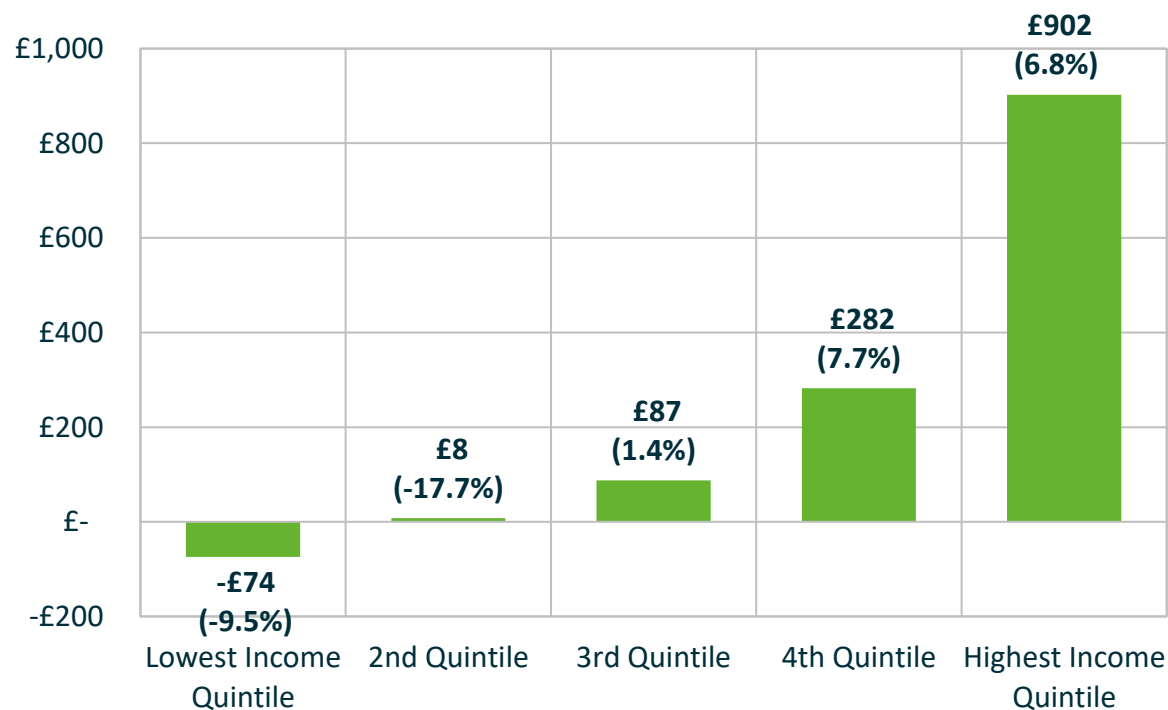


Discretionary income falls for low earners, rises for higher quintiles

Fourth quintile leads annual spending power growth, just ahead of top earners

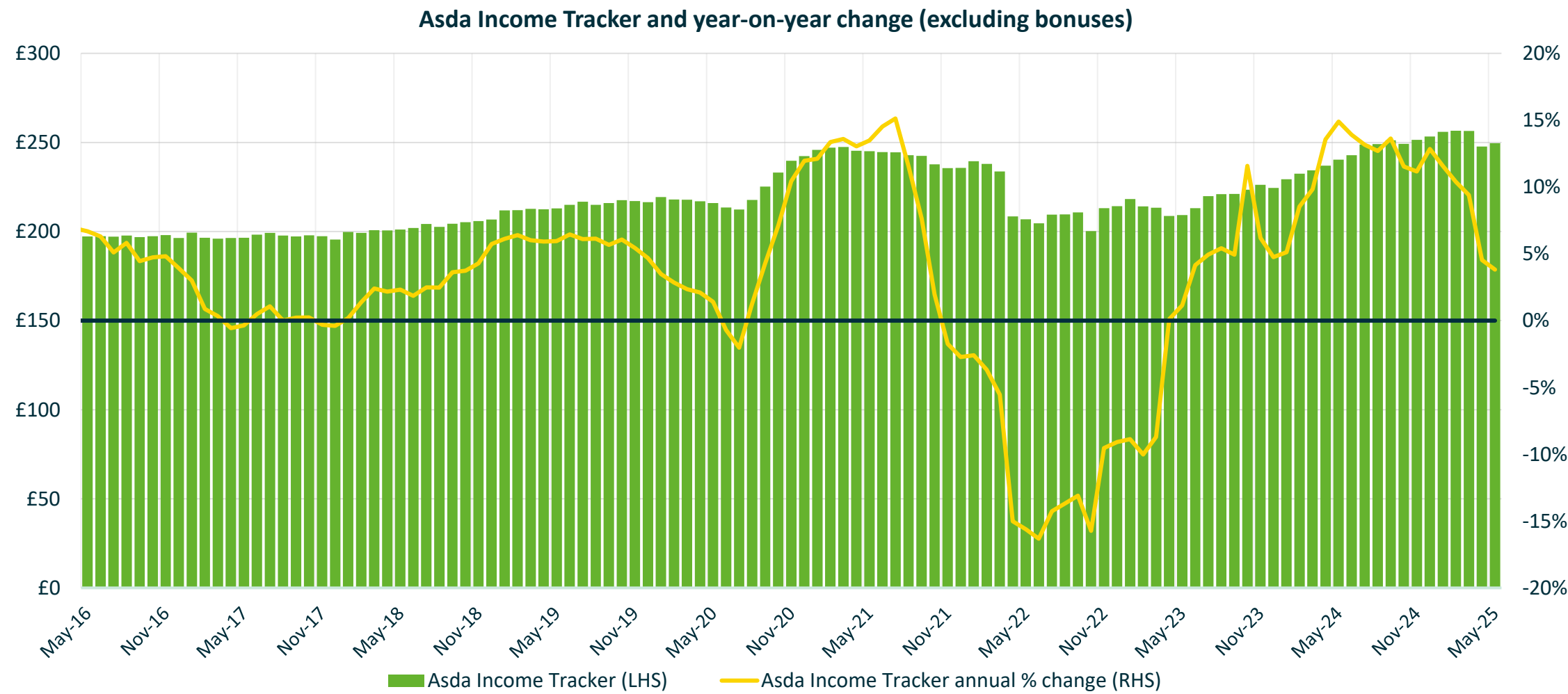
- Spending power for the lowest income quintile remained unchanged from the previous month, holding at its lowest level since June 2023. In contrast, all other income groups recorded monthly increases. The sharpest monthly gain was in the highest quintile, where discretionary income rose by £4.80, from £897 to £902.
- Although spending power was higher month-on-month for most groups, year-on-year growth has slowed across the board. The first and second income quintiles posted negative annual growth, though the rate of decline eased relative to April.
- The second income quintile experienced the steepest annual decline, with spending power falling by 17.7% compared to the same period last year. Their discretionary income remains well below 2021 levels, when the cost-of-living crisis first began to take hold.
- In contrast, the fourth quintile recorded the strongest annual growth, with a 7.7% increase, followed closely by the highest income group. Both now have discretionary income levels above those seen in 2021.
- These trends underscore a growing divergence across income levels. Higher-income households appear more insulated from the effects of a softening labour market, as reflected in their continued gains. As a result, the gap in spending power is widening.

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



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	£256
April 2021	£245	April 2022	£208	April 2023	£209	April 2024	£237	April 2025	£248
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		
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:

“There were marginal improvements in the Income Tracker in May, but households remain worse off than earlier in the year. Their spending power is being eaten up by elevated energy bills and rising food price inflation. These effects are particularly stark amongst low earners.

Looking ahead, inflation is expected to remain elevated for some time, presenting a continued risk to the spending power outlook. Nevertheless, continually robust earnings growth will continue to support households.”

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£161	£221	£208	£213	£192	£269

London	South East	South West	Wales	Scotland	Northern Ireland
£328	£215	£199	£206	£261	£134

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, June 2025

