

Asda Income Tracker

Report : May 2025



Making Business Sense

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Business Research Ltd

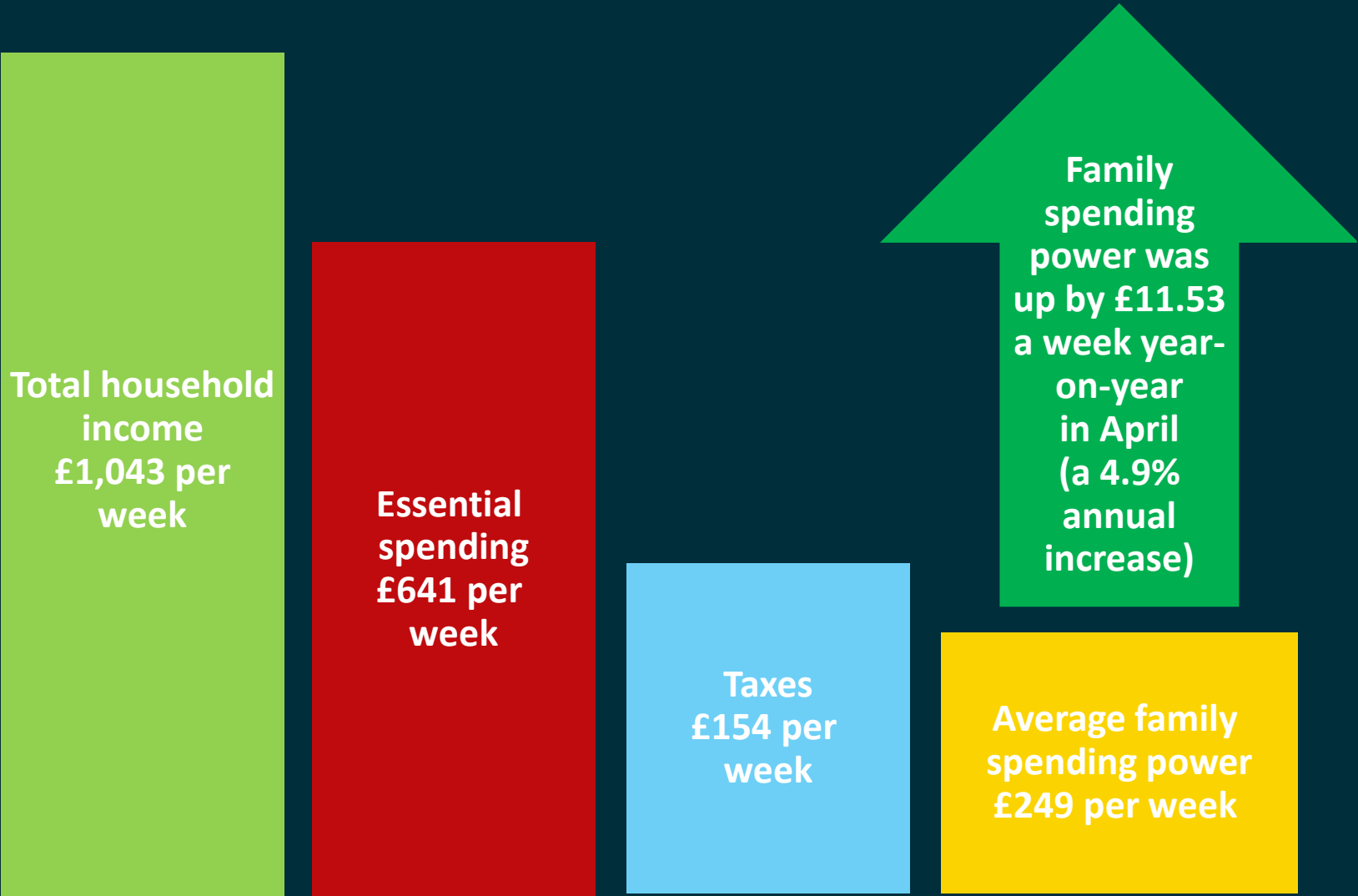
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Asda Income Tracker – Key Figures

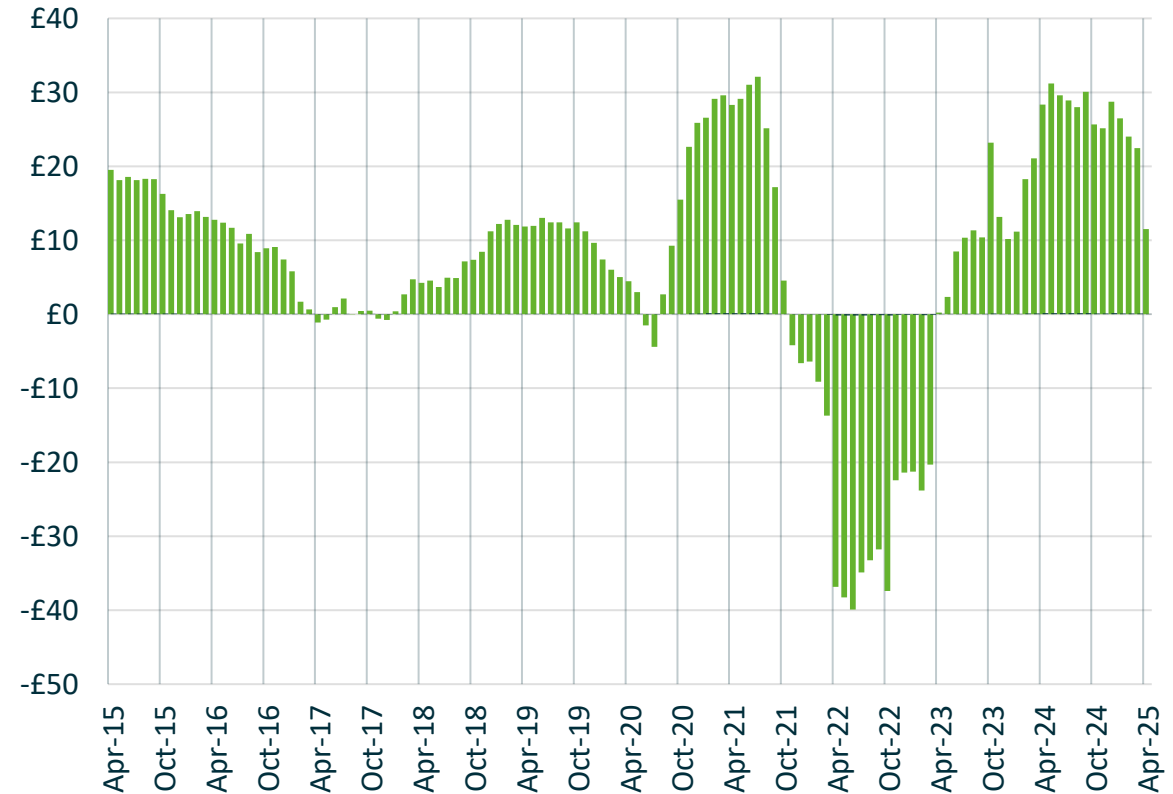


Spending power growth eases this month as inflation ticks up

The Asda Income Tracker was £11.53 a week higher in April 2025 than a year before

- The Asda Income Tracker recorded annual growth of 4.9% in April, down from 9.6% in March.
- The slowdown in spending power growth was primarily driven by an acceleration in inflation, which jumped to 3.5% in the year to April, its highest level since January last year.
- Gross income growth slowed slightly to 4.5%, from 4.8% in April. However, gross income growth remains elevated by historical standards.
- On a month-on-month basis, the Income Tracker decreased by £8.35, bringing average household spending power to £249 per week.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target throughout 2025, while earnings growth is projected to slow down.
- However, earnings are still expected to outpace inflation. As a result, the Income Tracker is likely to continue showing annual growth in the coming months, albeit at a slower pace.

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

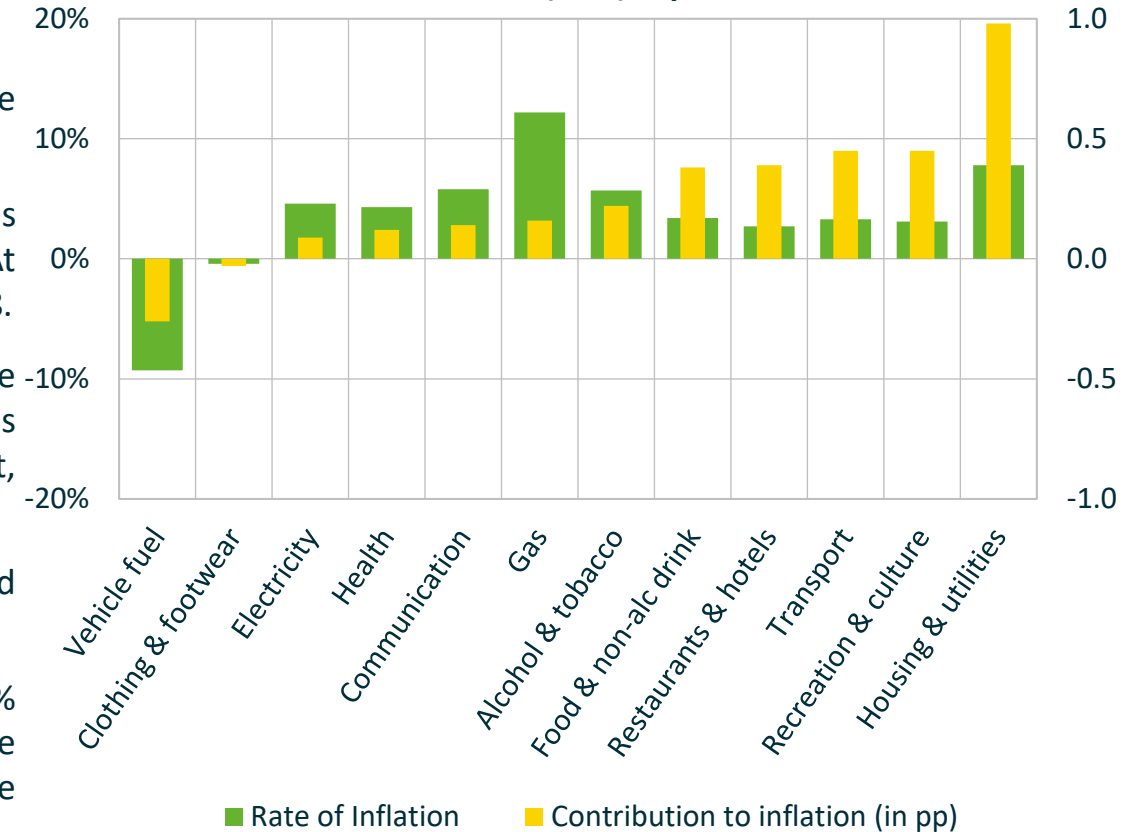


Inflation jumped to 3.5%, its highest level since January last year

The main factors affecting family costs in April were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), increased to 3.5% in April.
- The monthly acceleration was primarily driven by faster price growth in the housing and household services, transport, and recreation and culture categories.
- Housing and household services prices faced significant upward pressure from gas and electricity, driven by last month's increase in the Ofgem energy price cap. At the same time, water and sewerage prices saw their largest rise since at least 1988.
- Within the transport category, price growth was driven by a rise in Vehicle Excise Duty, which both old and new electric cars are liable for as of April. Airfare prices also rose, reflecting increased demand during the Easter holidays. In contrast, motor fuel prices declined on an annual basis.
- A major contributor to the rise in the annual inflation rate for recreation and culture was higher foreign holiday prices.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target, supported by upward pressures from higher employer National Insurance contributions, the increase in the National Living Wage, and the recent hike in the Ofgem energy price cap.

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

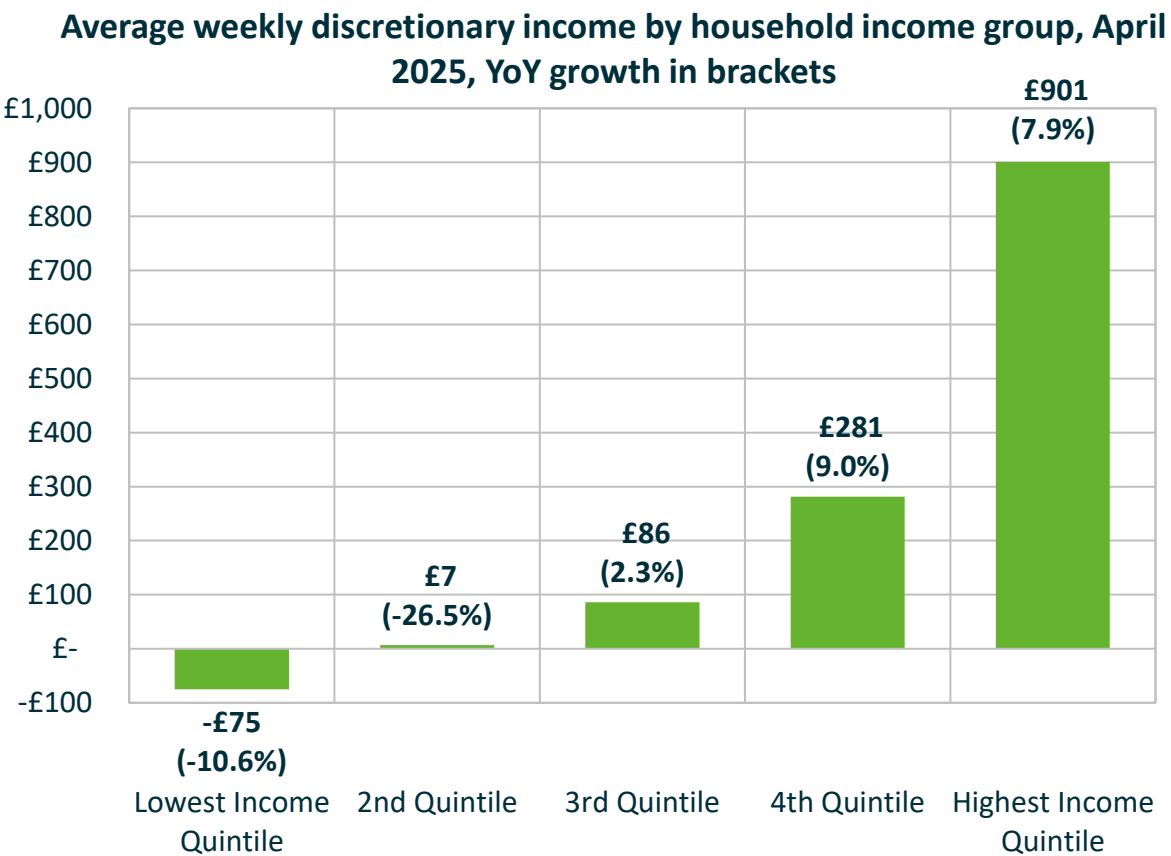


Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

Spending power growth slowed across all income quintiles, despite a rise in gross income

The lowest income quintile recorded annual fall in spending power

- All income quintiles experienced a monthly slowdown in spending power growth. Spending power fell annually for the bottom two groups.
- Despite an increase in gross income across all quintiles, the cost of essential spending grew faster in April, driving a decrease in spending power.
- Spending power in the lowest income quintile fell by 10.6% in April 2025 year-on-year. This decline was largely driven by an acceleration in inflation in the housing and household services categories, more specifically energy and water prices. Lower-income households are especially vulnerable to these price increases, as they spend a larger share of their income on essentials and have less financial flexibility to absorb rising costs.
- However, the increase in the National Living Wage (NLW), which came into effect last month is expected to offer some relief to lower-income households in the coming months.

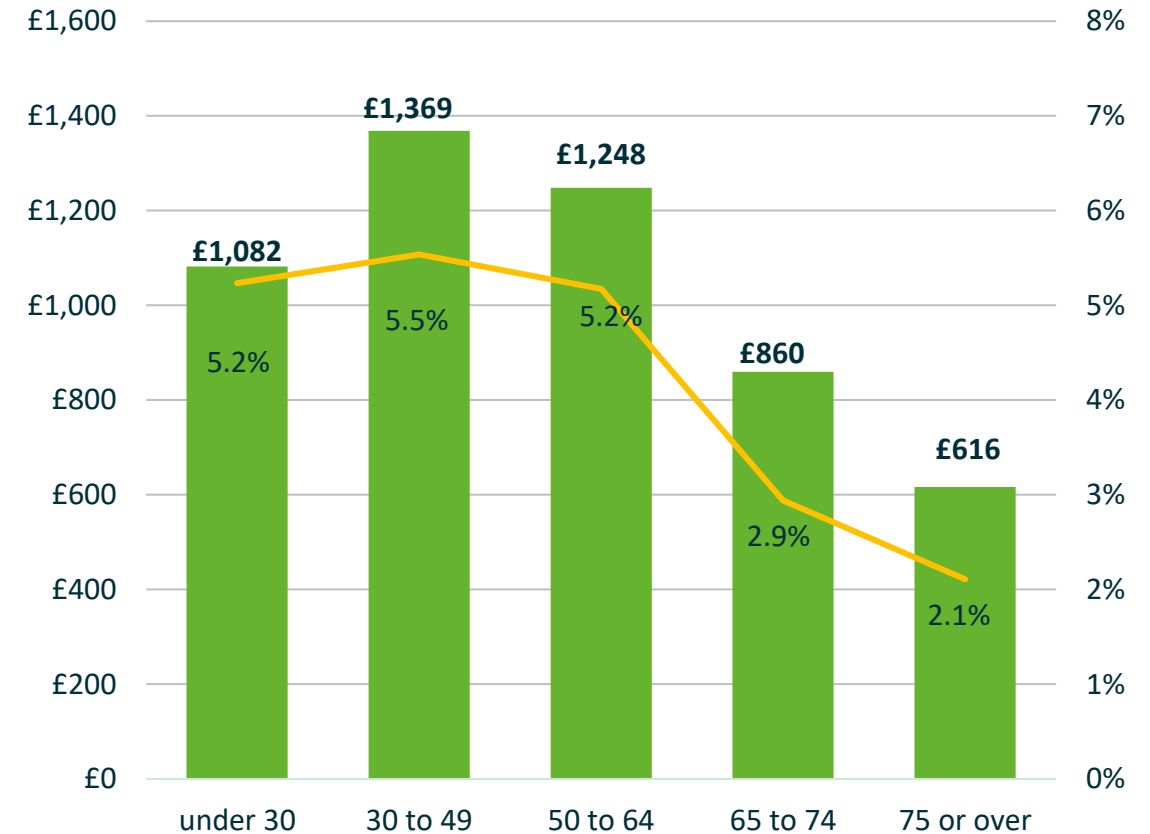


Pension-age households experience slower income growth as working-age households see gains

Households aged 30 to 49 recorded the strongest growth in gross income across all age groups

- In April, gross income increased across all age groups. However, growth was stronger than last month for households under 65 and weaker for those aged 65 and over.
- For households under 65, gross income growth remains above historical averages.
- Pension-age households saw the weakest gross income growth in the past two years, with those aged 65 to 74 recording a modest 2.9% increase, and those 75 and older a 2.1% rise. The slowdown reflects the Triple Lock scheme, with pensions being uprated at a slower rate in this financial year relative to the last one. As a result, the earnings used to calculate state pensions are lower, weighing on gross income growth for these age groups.
- For working-age households, gross income growth was 5.2% for those under 30, 5.5% for those aged 30 to 49, and 5.2% for those aged 50 to 64.
- In absolute terms, households aged 30 to 49 had the highest gross income, amounting to £1,369 per week in April.

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



Essential spending costs rise across all age groups in April

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

- The cost of the essential basket of goods and services monitored by the Income Tracker was up by 5.1% on the year in April. This marks the fastest rise in the cost of essentials since January 2024.
- All age groups saw the cost of essentials rise at a faster pace compared to March.
- Those under 30 saw the sharpest annual rise in essential spending costs, at 5.6% in April. This age group is more likely to spend on categories facing higher inflation, such as transport.

Average weekly tax burden and essential spending as a share of gross income by age group, April 2025

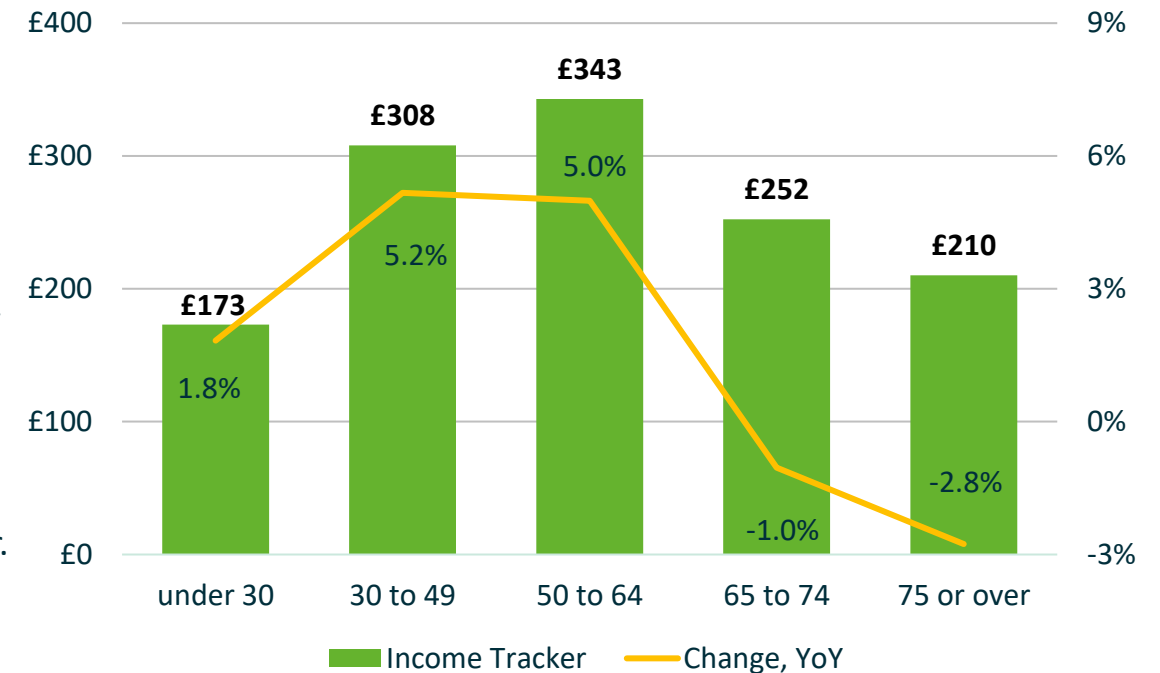


Annual growth in spending power slows down on the month across all groups

Pension-age groups see first contraction in discretionary income in two years

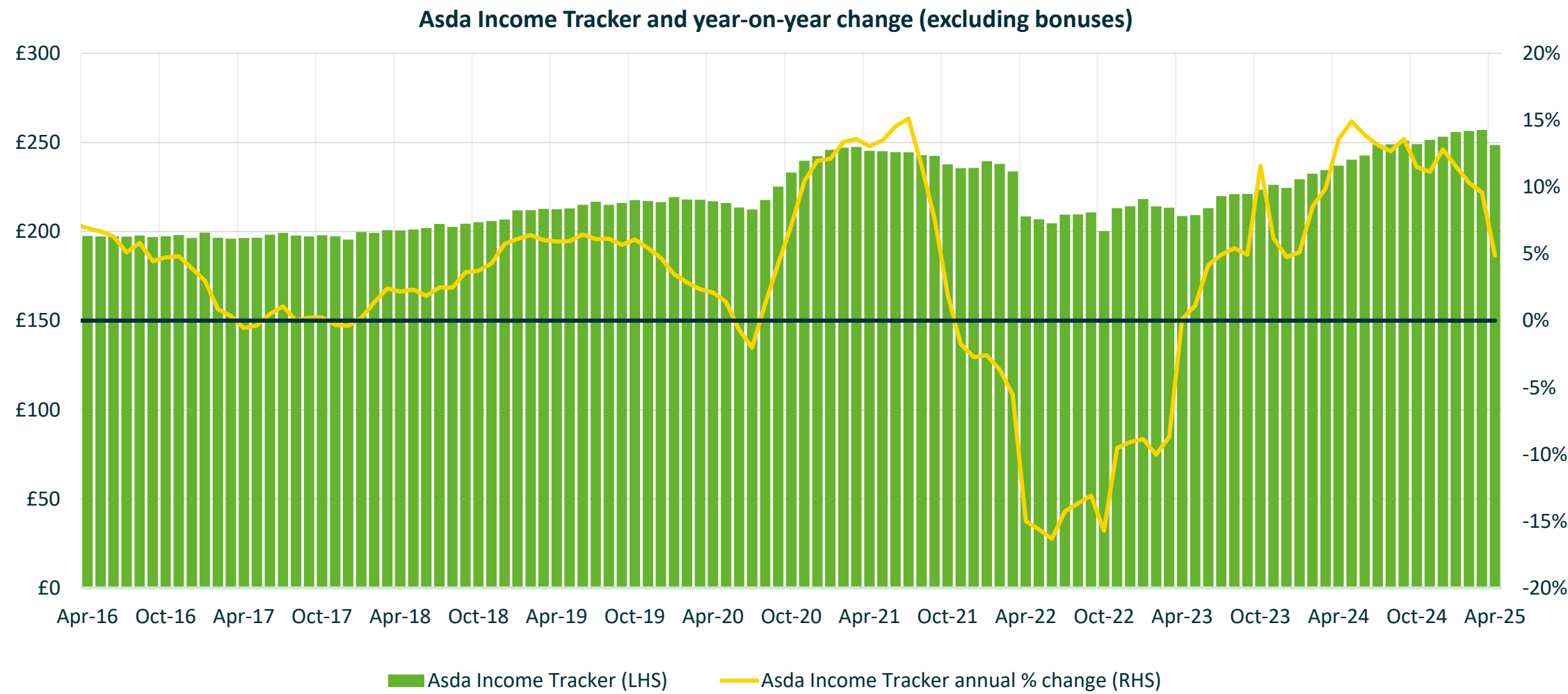
- In April, pension-age groups recorded a year-on-year decline in discretionary income. This marks the first contraction in discretionary income for these groups since March 2023.
- Among working-age households, spending power growth slowed on a monthly basis, as the gap between gross income growth and inflation narrowed.
- Among working-age households, those under 30 saw the weakest discretionary income growth at just 1.8% annually. Households aged 30 to 49 experienced slower growth relative to recent months, at 5.2%, while those aged 50 to 64 saw growth slightly weakening to 5.0%. Despite this, these groups continue to hold the highest absolute spending power across all age groups.
- Looking ahead, earnings growth is expected to outpace inflation, meaning spending power growth can be expected across households throughout the year. However, the impact on different groups will vary, with working-age households likely to see stronger improvements than pension-age households.

Average weekly discretionary income by age group (LHS),
April 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 | £256 |
| 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 | £249 |
| May 2021 | £245 | May 2022 | £207 | May 2023 | £209 | May 2024 | £240 | | |
| 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 | £251 | | |
| 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 jumped to 3.5% in April, its highest level since January last year. Given that the change in the rate of price growth was particularly stark across essential spending categories, such as energy and transport, households are experiencing growing pressure on their costs since the start of the year.

The Income Tracker weakened as a result. Thought this will be a blow to households, we expect there to be some improvement for much of the rest of the year, with earnings growth expected to outpace inflation."

Regional Income Tracker estimates

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

| North East | North West | Yorkshire & Humber | East Midlands | West Midlands | East |
|------------|------------|--------------------|---------------|---------------|------|
| £159 | £223 | £205 | £212 | £194 | £268 |

| London | South East | South West | Wales | Scotland | Northern Ireland |
|--------|------------|------------|-------|----------|------------------|
| £328 | £214 | £197 | £202 | £259 | £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 Hafsa Haniffa.

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London, May 2025

