

# Asda Income Tracker

Report : October 2024



Making Business Sense

Centre for Economics and  
Business Research Ltd

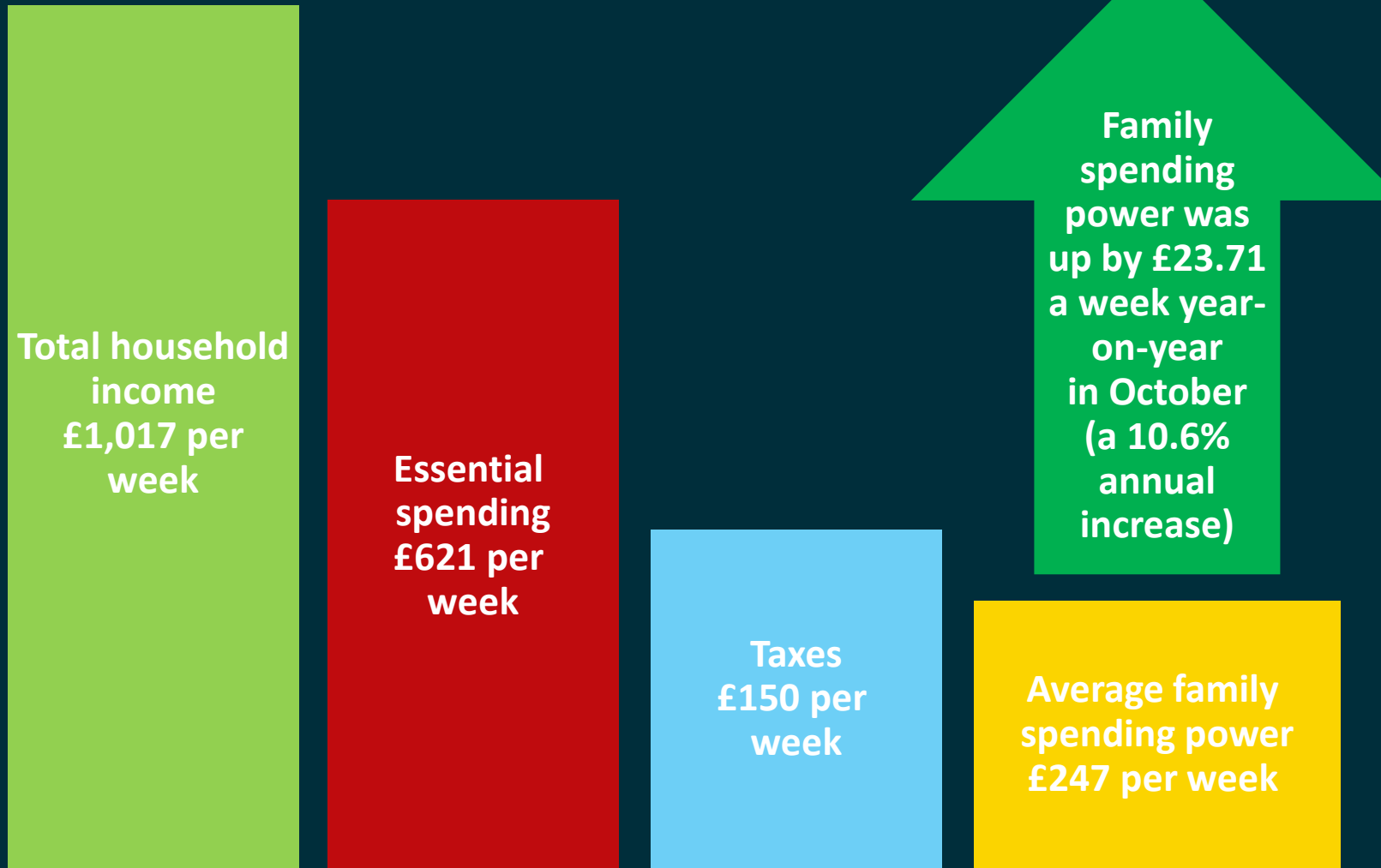
Unit 1, 4 Bath Street, London  
EC1V 9DX

t 020 7324 2850

w [www.cebr.com](http://www.cebr.com)



# Asda Income Tracker – Key Figures

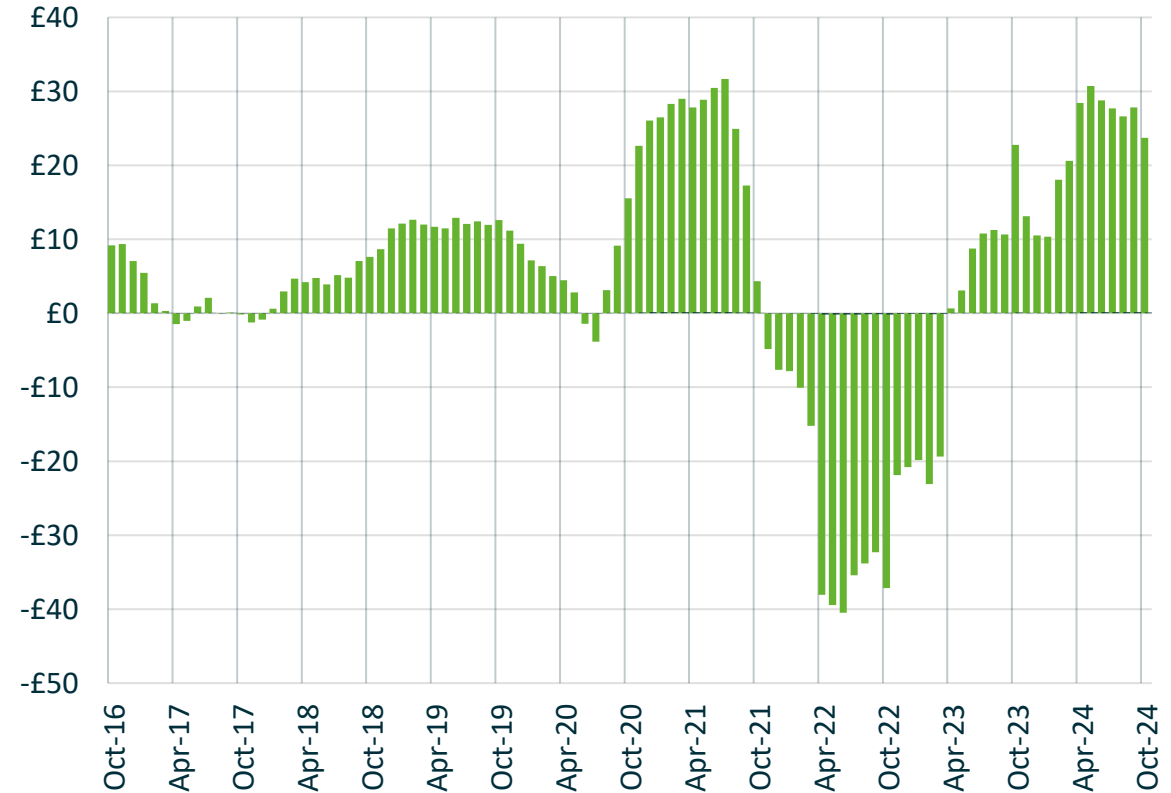


# Discretionary income fell on the month due to higher energy prices

## The Asda Income Tracker was £23.71 a week higher in October 2024 than a year before

- The Asda Income Tracker recorded annual growth of 10.6% in October, down from 12.6% in September. Despite the slowdown, the Income Tracker is still recording double-digit annual growth.
- The slowdown in spending power growth was primarily driven by an acceleration in inflation, which reached 2.3% in October due to higher energy prices. This contributed to household essential spending rising by 3.6% on the year, compared to 2.9% in the previous month.
- On a month-on-month basis, the Income Tracker decreased by £1.98, bringing average household spending power to £247 per week. Spending power remains above the pre-cost-of-living crisis peak in nominal terms, despite this fall.
- Looking ahead, inflation is expected to remain above target until the end of the year but below the rate of earnings growth. As a result, the Income Tracker is likely to continue showing annual growth over the coming months, although at a slower pace.
- Entering the new year, earnings growth is expected to accelerate, providing households with some additional relief.

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

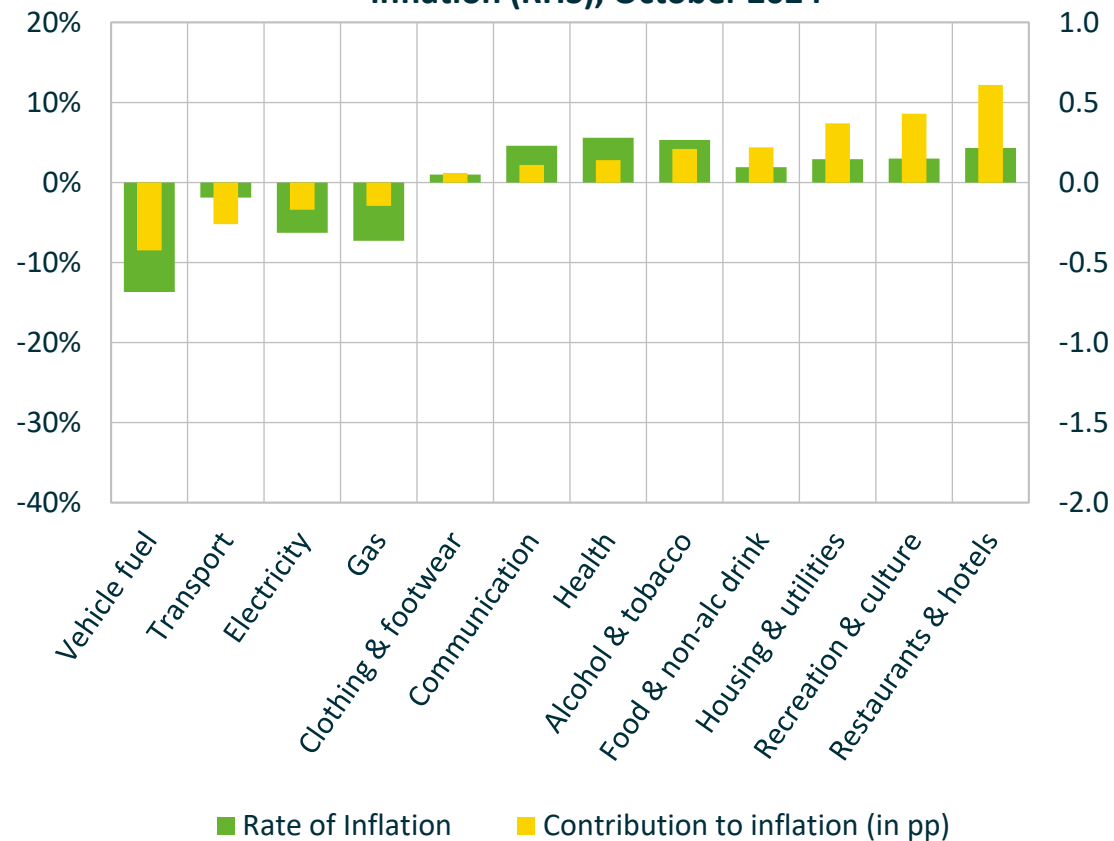


# Inflation surpasses the 2.0% target after falling below it last month, driven by a rise in energy prices

## The main factors affecting family costs in October were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), increased to 2.3% in October, after falling below the Bank of England's (BoE) 2.0% target in September.
- The monthly acceleration was primarily driven by higher energy prices, reflecting the rise in the Ofgem price cap that took place at the start of the month. The price cap was raised by approximately 10%, causing inflation in the housing, water, electricity, and gas category to return to positive territory, after recording price declines over the past year.
- Nevertheless, prices for energy and gas continue to fall overall, albeit at a much slower pace. October recorded single-digit price reductions, notably slower than the double-digit decreases in the past year. This will have impacts on household finances, as energy costs constitute a significant proportion of essential household spending.
- Amongst other essential categories, inflation for food and non-alcoholic beverages remained steady at 1.9%, the same as last month. The rate of deflation in the transport category eased from 2.2% in September to 1.9% in October.
- Looking ahead, Cebr forecasts that inflation will remain above the target level until the end of the year, with energy prices expected to sustain this elevated rate.

Inflation of selected goods, annual rate (LHS) and contribution to headline inflation (RHS), October 2024



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

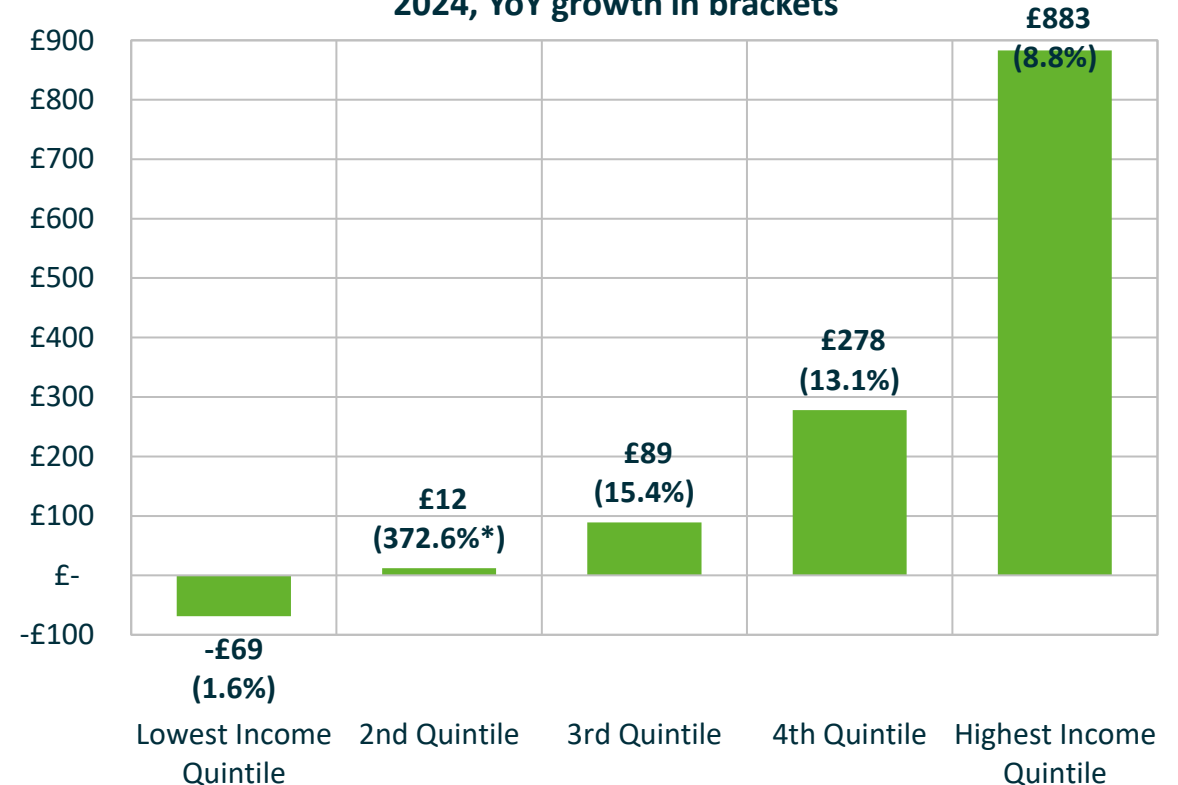


# All but the highest quintile recorded monthly slowdowns in spending power growth

## The lowest income quintile recorded its slowest growth in spending power since January

- All income quintiles, except the highest, experienced a monthly slowdown in spending power growth. This was most significant amongst the third income quintile, amounting to 9.7 percentage points. Despite this, the third quintile still demonstrates the strongest growth in spending power among all groups.\*
- When examining the growth in the cost of essential spending across quintiles, lower-income households faced the strongest monthly rise. The lowest income quintile recorded a 1.3 percentage point increase in the rate of price growth compared to the previous month, while the highest income quintile saw a smaller increase of 0.4 percentage points.
- This is particularly concerning for those on lower incomes, as they have less income to manage these rising costs and allocate a larger proportion of their budget to essential spending.
- Additionally, the bottom three income quintiles saw a slowdown in gross income growth during the month, whereas gross income for those in the top two quintiles remained unchanged or accelerated. Nevertheless, the announcements in the recent Budget to increase the National Living Wage (NLW) are likely to provide some relief to lower-income households in the coming months.

Average weekly discretionary income by household income group, October 2024, YoY growth in brackets



\*2nd Quintile saw discretionary income rise from £3 to £12 over the past year, explaining the anomalous annual growth rate.

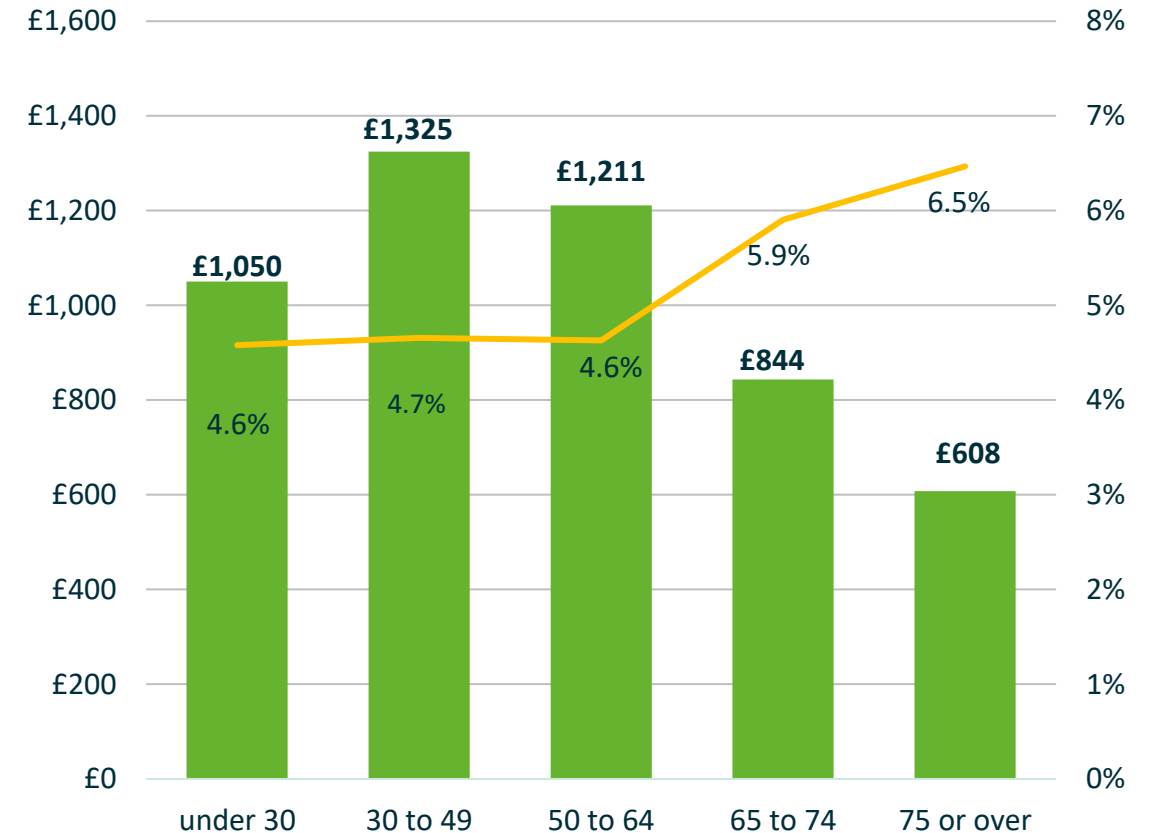


# Households above 65 record monthly slowdown in gross income growth

## Working-age households record marginal improvements in gross income growth

- Annual growth in gross income was observed across all age groups in October.
- Working-age households saw marginal improvements in gross income growth, with those under 50 experiencing a 0.1 percentage point increase compared to the previous month. However, this remains lower compared to the same period last year.
- Despite the modest improvement, the youngest group recorded the joint lowest growth in gross income, alongside those aged 50 to 64, at 4.6%.
- For those aged 50 to 64, this was the joint-weakest growth rate since September 2022, highlighting the adverse impact of the overall slowdown in the labour market on these households.
- Households aged 65 and above experienced a slowdown in gross income growth in October. Lower earnings growth for these groups is likely to be a theme over the next year, as the state pension will be uplifted at a lower rate in 2025, increasing by 4.1%, compared to 8.5% earlier this year.

Average weekly gross income by age group, October 2024 (LHS), YoY growth in % (RHS)

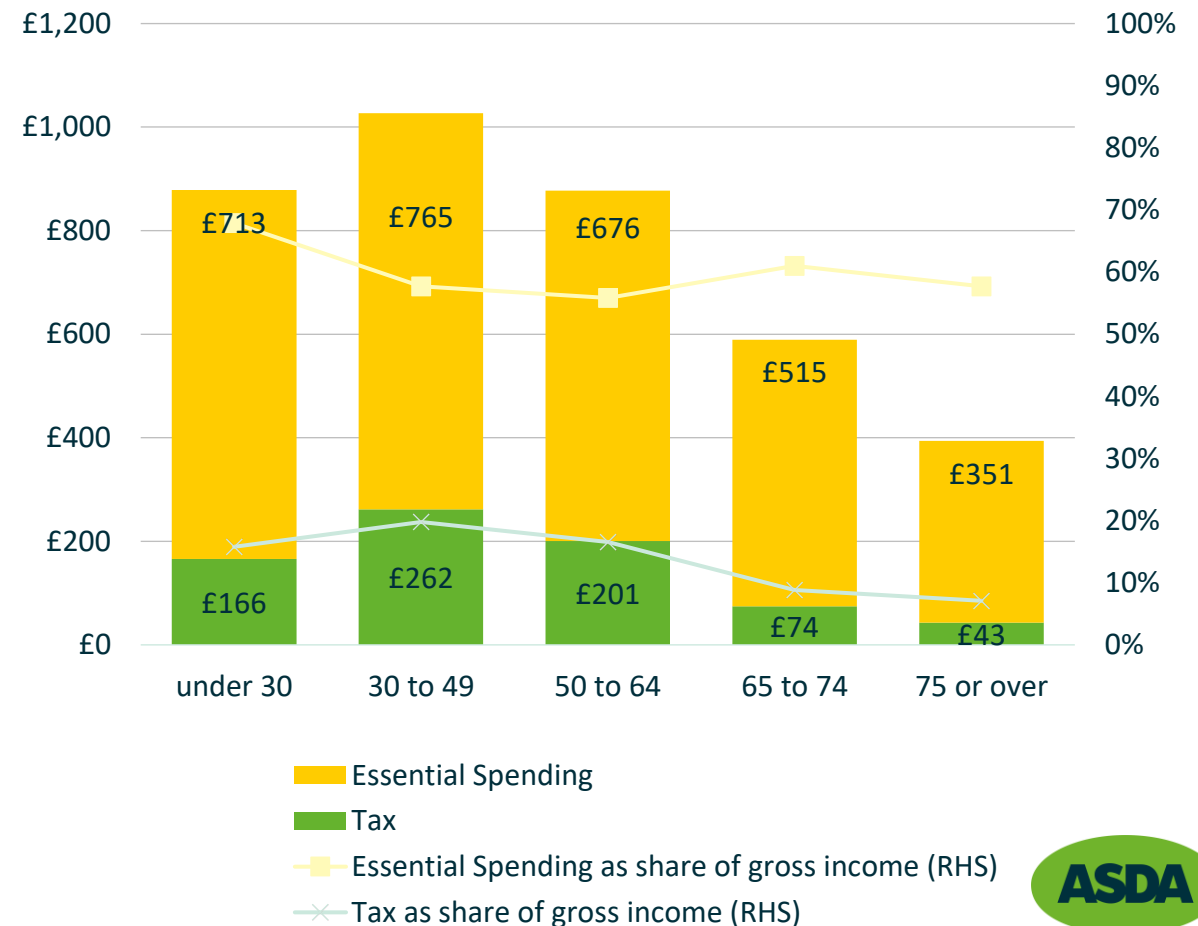


# All age groups record monthly uptick in growth of essential spending costs

## Households under 30 recorded the largest monthly increase in cost of essential spending across all age groups

- The cost of the essential basket of goods and services monitored by the Income Tracker was up by 3.6% on the year in October.
- Across all age groups, those aged 30 to 49 experienced the fastest annual rise in the cost of essential spending, which increased by 3.8% in October. This group, often made up of younger families with children, faces significant essential expenses, including childcare costs. The higher essential spending for this group is reflected in the absolute value of their expenditures, which is the highest among all age groups.
- Those aged 65 to 74 saw the weakest annual increase in spending costs, with a rise of 2.4% in October.
- Households under 30 recorded the largest monthly uptick in essential spending growth, rising by 1.2 percentage points, bringing the cost of essential spending for this group to 3.6%, the highest since March.
- The inflation rate is expected to remain above target for the rest of the year. However, these rates are still lower than the same time last year. Further easing of inflation in the previous months has helped the BoE implement two interest rate cuts, which should ease burdens on households.

Average weekly tax burden and essential spending as a share of gross income by age group, October 2024

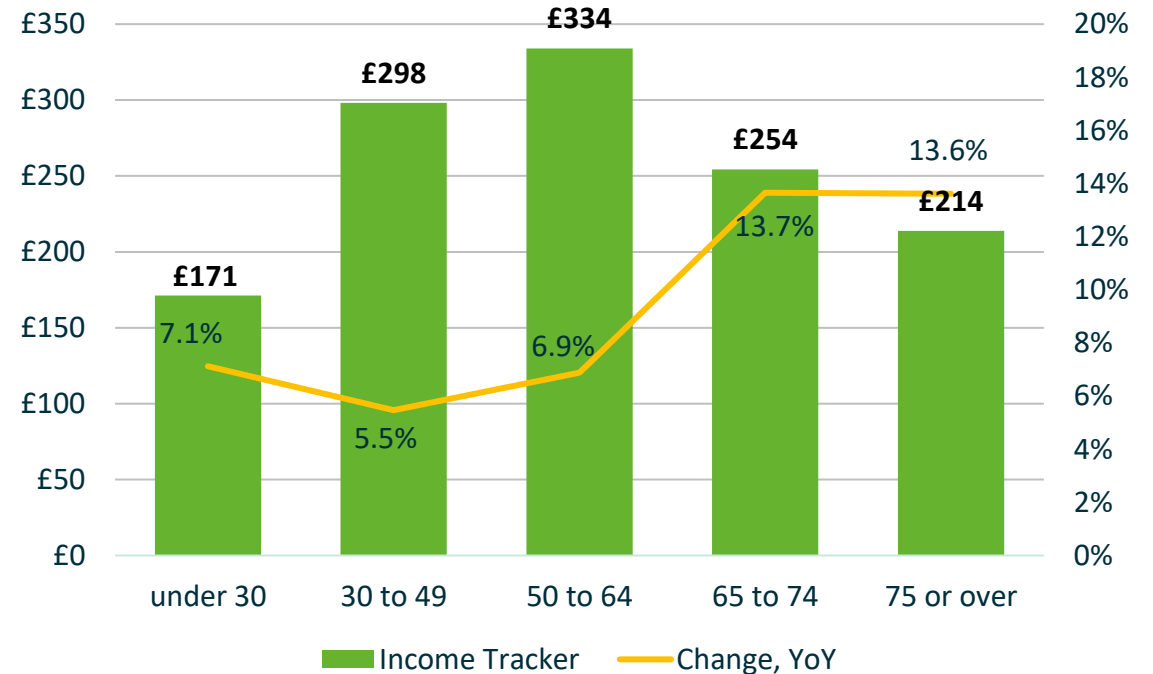


# Annual growth in spending power slows down on the month across all groups

## Households above 65 record strongest growth in discretionary income

- All age groups recorded annual discretionary income growth in October.
- Working-age households saw slower growth in discretionary income, with those aged 30 to 49 experiencing the weakest increase at 5.5%. This is consistent with this group experiencing the highest rise in essential spending costs, and it marks the lowest growth for this group since January.
- Households aged 50 to 64 recorded the next slowest growth, with a 6.9% annual increase in discretionary income. Despite this slower rate, this group has the highest absolute spending power across all age groups, reaching £334 per week in October.
- Older age groups recorded the strongest growth in discretionary income in October. However, the growth rates were the slowest observed in at least a year. Those aged 75 and over saw a 13.6% increase in spending power, the lowest growth since September 2023. Similarly, those aged 65 to 74 experienced a 13.7% rise, marking the joint-slowest growth rate since September 2023.
- Looking ahead, income growth is expected to outpace inflation. However, the impact on different groups may vary. Pensioners, whose state pensions will be uplifted at a lower rate, may experience further slowing in income growth. Meanwhile, those under 30, who are more likely to be the recipients of the NLW, are likely to benefit from the announced increases.

Average weekly discretionary income by age group (LHS),  
October 2024, YoY growth in % (RHS)



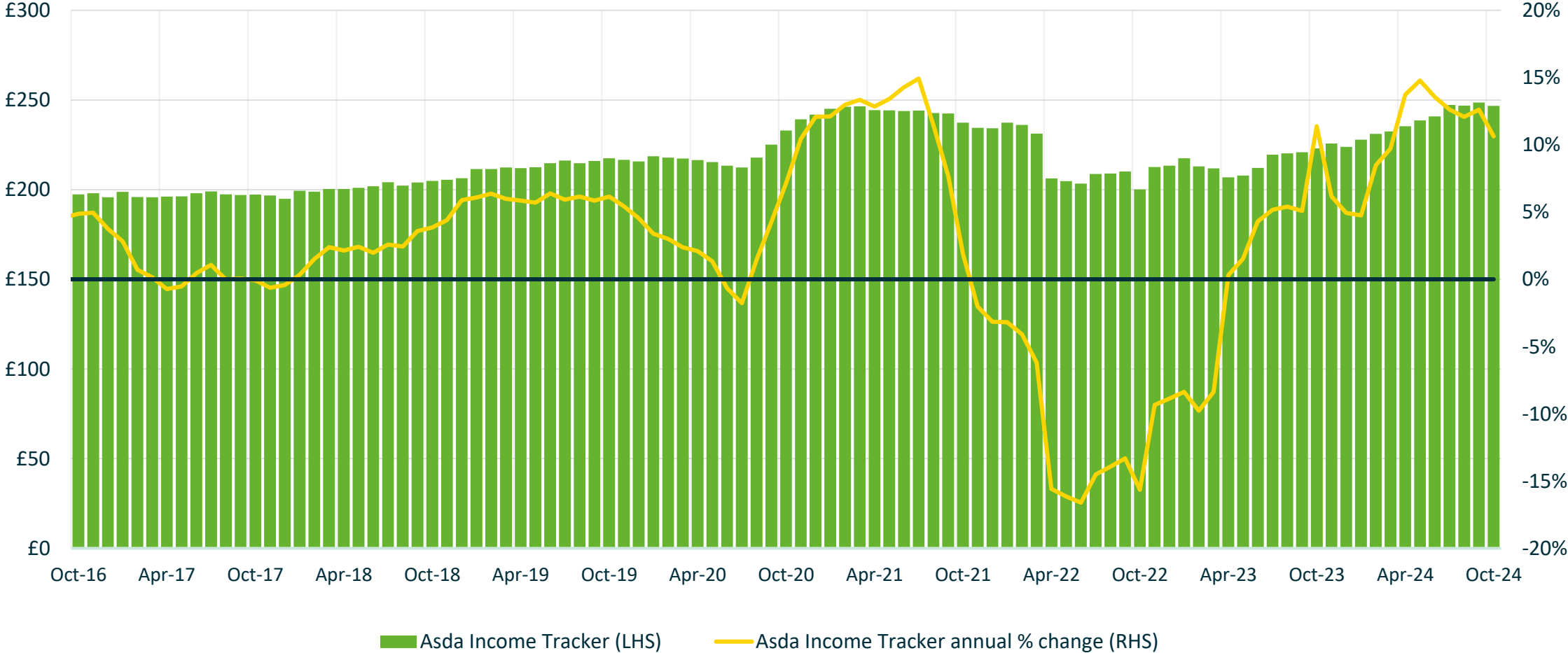


# Appendix



# Monthly Asda Income Tracker

Asda Income Tracker and year-on-year change (excluding bonuses)



# 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 2020	£219	January 2021	£245	January 2022	£237	January 2023	£217	January 2024	£228
February 2020	£218	February 2021	£246	February 2022	£236	February 2023	£213	February 2024	£231
March 2020	£217	March 2021	£246	March 2022	£231	March 2023	£212	March 2024	£232
April 2020	£216	April 2021	£244	April 2022	£206	April 2023	£207	April 2024	£235
May 2020	£215	May 2021	£244	May 2022	£205	May 2023	£208	May 2024	£239
June 2020	£213	June 2021	£244	June 2022	£203	June 2023	£212	June 2024	£241
July 2020	£212	July 2021	£244	July 2022	£209	July 2023	£220	July 2024	£247
August 2020	£218	August 2021	£243	August 2022	£209	August 2023	£220	August 2024	£247
September 2020	£225	September 2021	£242	September 2022	£210	September 2023	£221	September 2024	£249
October 2020	£233	October 2021	£237	October 2022	£200	October 2023	£223	October 2024	£247
November 2020	£239	November 2021	£234	November 2022	£213	November 2023	£226		
December 2020	£242	December 2021	£234	December 2022	£213	December 2023	£224		
<b>2020 Average</b>	<b>£222</b>	<b>2021 Average</b>	<b>£242</b>	<b>2022 Average</b>	<b>£214</b>	<b>2023 Average</b>	<b>£217</b>		

# Economist's view

Reacting to this month's Income Tracker, Sam Miley, Managing Economist and Forecasting Lead at Cebr, said:

*“October's reading was only the second time this year that the Income Tracker reading has fallen on the month. This was largely expected, given the increase in the Ofgem price cap that took place at the start of the month, bringing higher energy bills. These increased energy prices will persist over the rest of Q4, leading to slightly dampened spending power over the festive period.*

## Regional Income Tracker estimates

Average household Income Tracker, £ per week, current prices, excluding bonuses, by region, October 2024

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£158	£215	£207	£213	£203	£267

London	South East	South West	Wales	Scotland	Northern Ireland
£317	£220	£199	£192	£260	£126

# 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.



# Contact

For press enquiries, please contact:

Elliott Lancaster, Senior Press Officer

[Elliott.Lancaster@Asda.co.uk](mailto:Elliott.Lancaster@Asda.co.uk); 07779 700 385

For data enquiries, please contact:

**Sam Miley**, Managing Economist and Forecasting Lead

[SMiley@Cebr.com](mailto:SMiley@Cebr.com); 020 7324 2874

**Hafsa Haniffa**, Economist

[HHaniffa@Cebr.com](mailto:HHaniffa@Cebr.com); 020 7324 2859

## 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, August 2024

