

Asda Income Tracker

Report: October 2025



Making Business Sense

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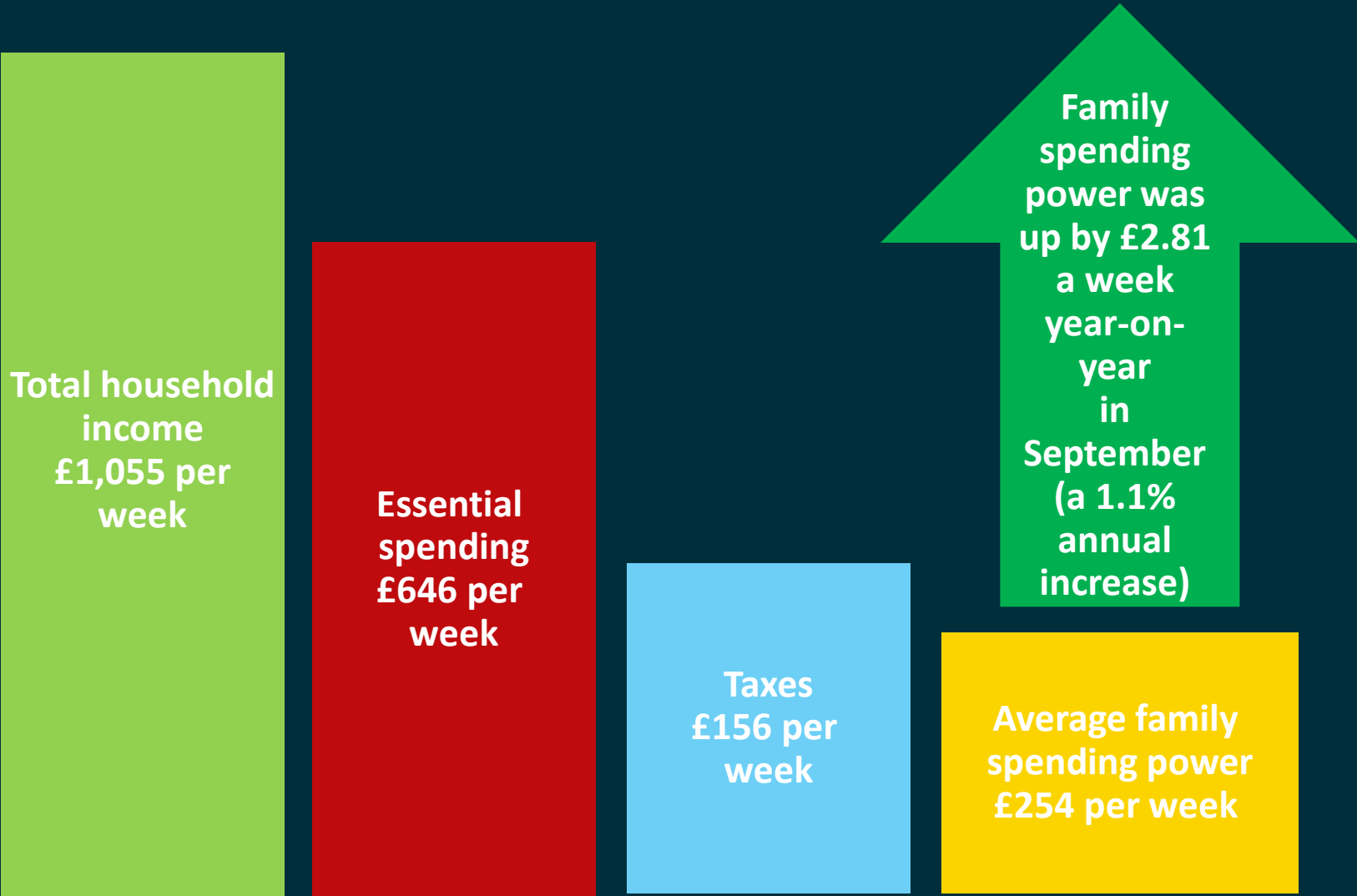
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Asda Income Tracker – Key Figures

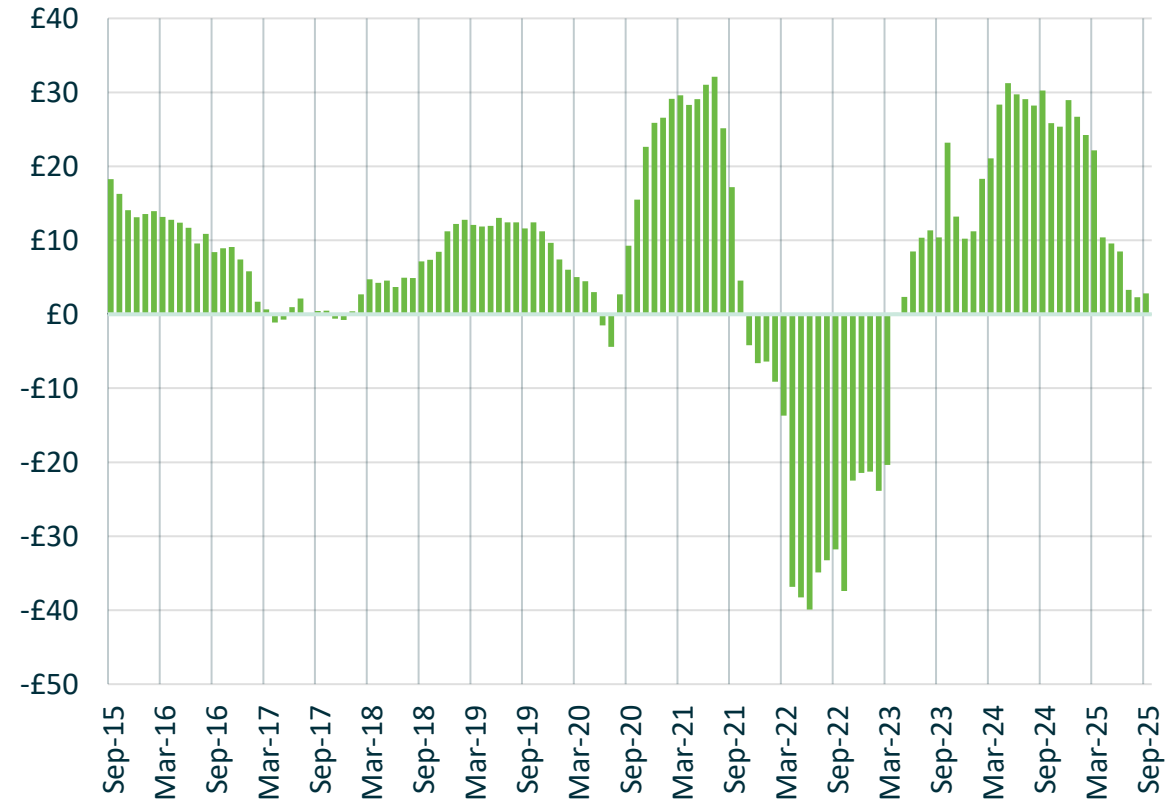


Income Tracker breaks eight-month growth slowdown

The Asda Income Tracker was £2.81 a week higher in September 2025 than a year before

- The Asda Income Tracker recorded annual growth of 1.1% in September, accelerating from 0.9% in August. This modest acceleration was the first since December 2024.
- On a monthly basis, the tracker rose by £2.63, a 1.0% rise from August. Average household purchasing power now stands at £254.
- The increase in purchasing power comes despite elevated inflation of 3.8% in September. Prices for food and non-alcoholic drinks slowed from 5.1% to 4.5%, offsetting weaker vehicle fuel deflation. Gas and electricity inflation was unchanged at 8.0% and 13.0% respectively in September, a sign of stubborn cost pressures from household energy bills.
- Gross income grew by 3.7% in September, a slight uptick on August's growth of 3.6%. Stable inflation in September helped to end the extended run of decelerating growth in the Income Tracker.
- Looking ahead, inflation is expected to remain above the Bank of England's 2% target throughout the remainder of 2025, while real household income is expected to decelerate further over the rest of the year. Despite the recent uptick in the Income Tracker, the risk of a contraction in the coming months remains.

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

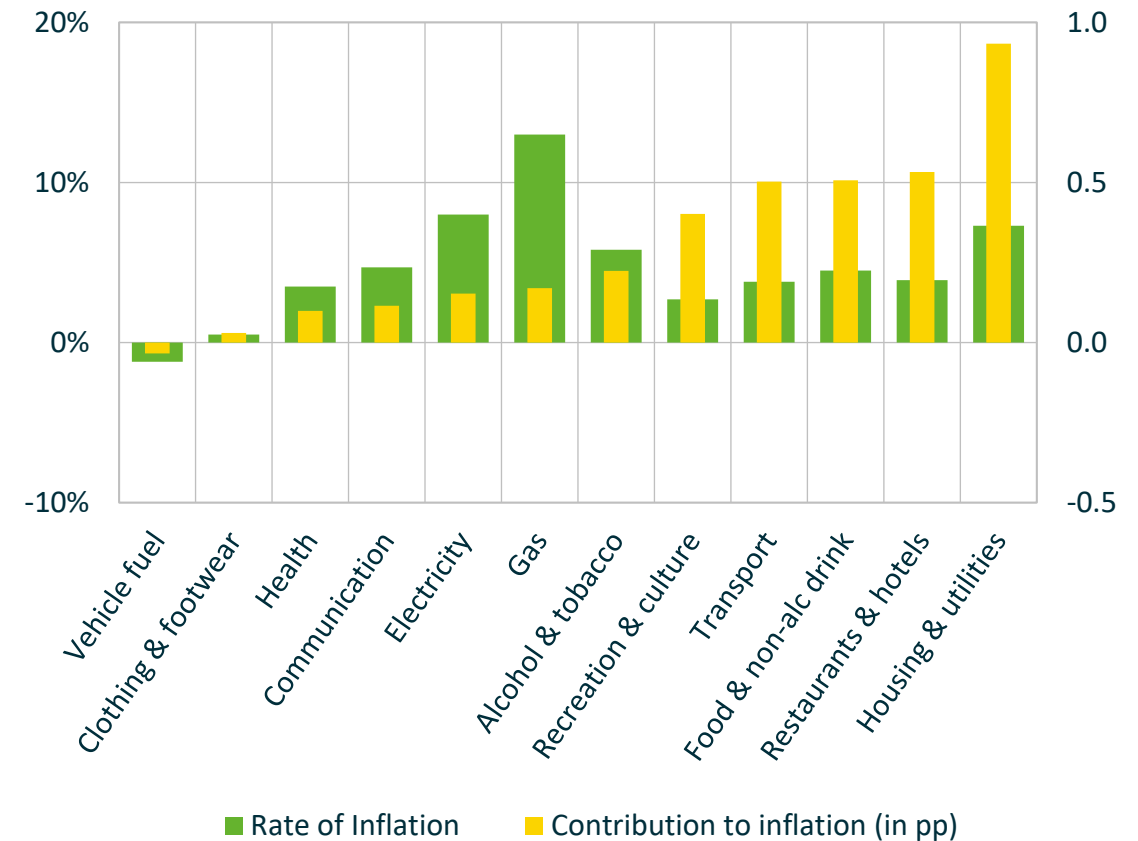


September inflation holds, but remains well above target

The main factors affecting family costs in September were:

- In September, inflation, as measured by the Consumer Prices Index (CPI), was unchanged at 3.8%, the joint-highest level since January 2024.
- The most significant contributions to September's inflation rate came from housing and utilities, with restaurants and hotels taking second place from food and non-alcoholic drinks. The hospitality sector is navigating high energy and labour costs amidst subdued demand, creating upward price pressure as firms try to recoup profits.
- Food and non-alcoholic beverage inflation decelerated from 5.1% to 4.5% in September following five consecutive months of acceleration. Recreation and culture and communication also decelerated, down from 6.1% and 3.2% to 4.7% and 2.7%, respectively.
- Motor fuel deflation eased markedly, shifting from -4.9% in August to -1.2% in September. This slowdown contributed to a pickup in transport inflation, which rose from 2.4% to 3.8%.
- Despite no change between July and September, inflation remains well 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), September 2025



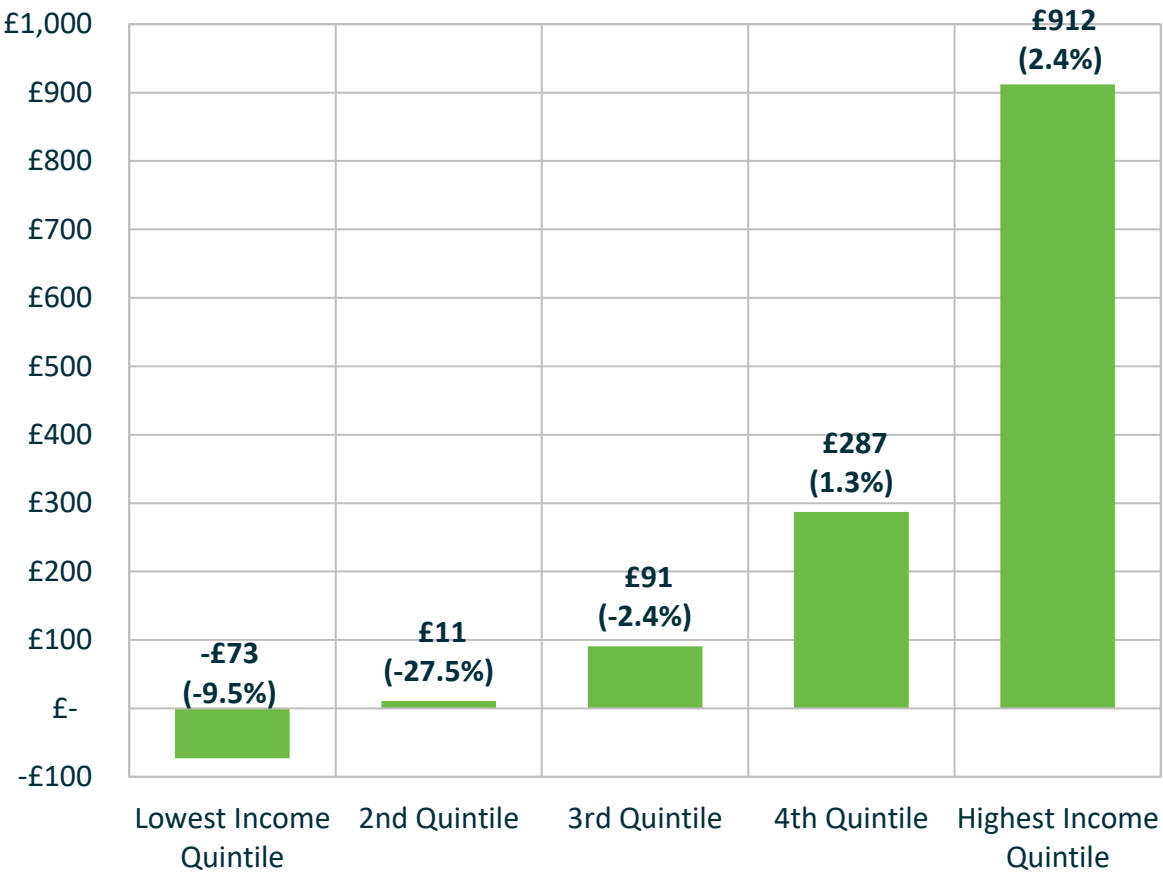
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

Falling spending power for lower- and middle-income households continues

The top two income quintiles still record spending power gains, albeit at a slower rate

- In September, the lowest three income quintiles all saw spending power eroded. That said, contractions for all three quintiles slowed year-on-year compared to August.
- For these households, post-tax income growth has lagged behind essential spending growth due to the rising cost of necessities.
- Annual growth in essential spending across the lowest three quintiles rose from an average of 2.2% in September 2024 to 5.0% in September 2025.
- With high energy bills no longer offset by fuel deflation, lower income households are confronting inflationary pressure on their essential spending.
- In contrast, the top two quintiles maintained positive spending power growth in September. Income growth was weaker than in August, nevertheless these households are more insulated from such pressures compared to their lower- and middle-income counterparts.

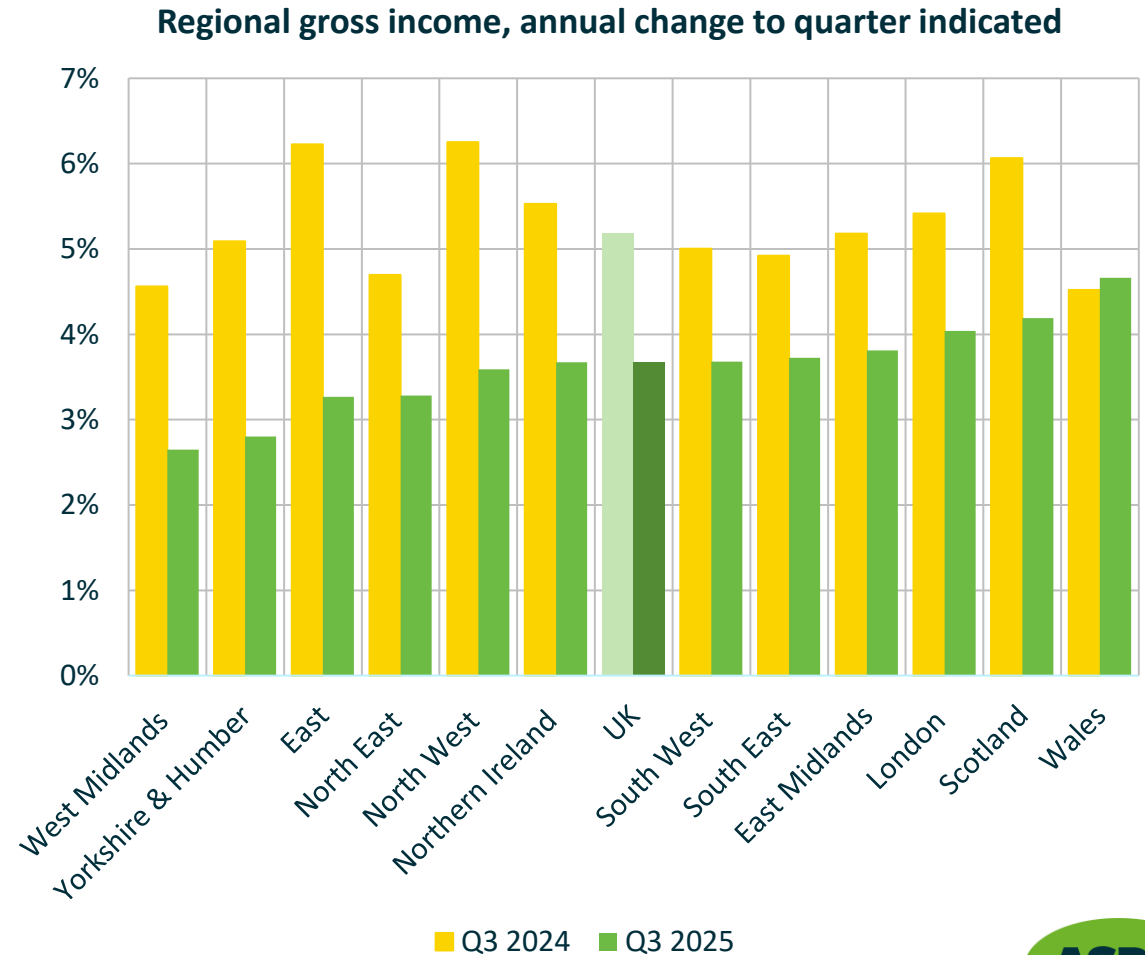
Average weekly discretionary income by household income group, September 2025, YoY growth in brackets



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

UK-wide annual gross income growth fell to 3.7% in Q3 2025

- Annual gross income growth slowed across most UK regions in Q3 2025 when compared with the same period a year ago. A notable exception was Wales, region which grew at 4.7%, making it the only region or nation to post higher growth than in Q3 2024.
- This broad-based deceleration reflects the impact of a loosening labour market. The latest data show that earnings growth slowed to 4.7% in the three months to August 2025, down from 4.9% during the same period last year.
- The West Midlands, Yorkshire and the Humber, the East of England and the North West, as traditional hubs for UK manufacturing, were the most exposed to tariffs on exports to the US. Announced in Q2, the effects of tariffs were slow to fully materialise, hence the significant year-on-year drops in earnings growth in Q3.
- On a quarterly basis, all regions except London and Wales saw gross income slow between Q2 and Q3, as a hopeful start to 2025 for the British economy was dampened by a weakening labour market and external pressures.

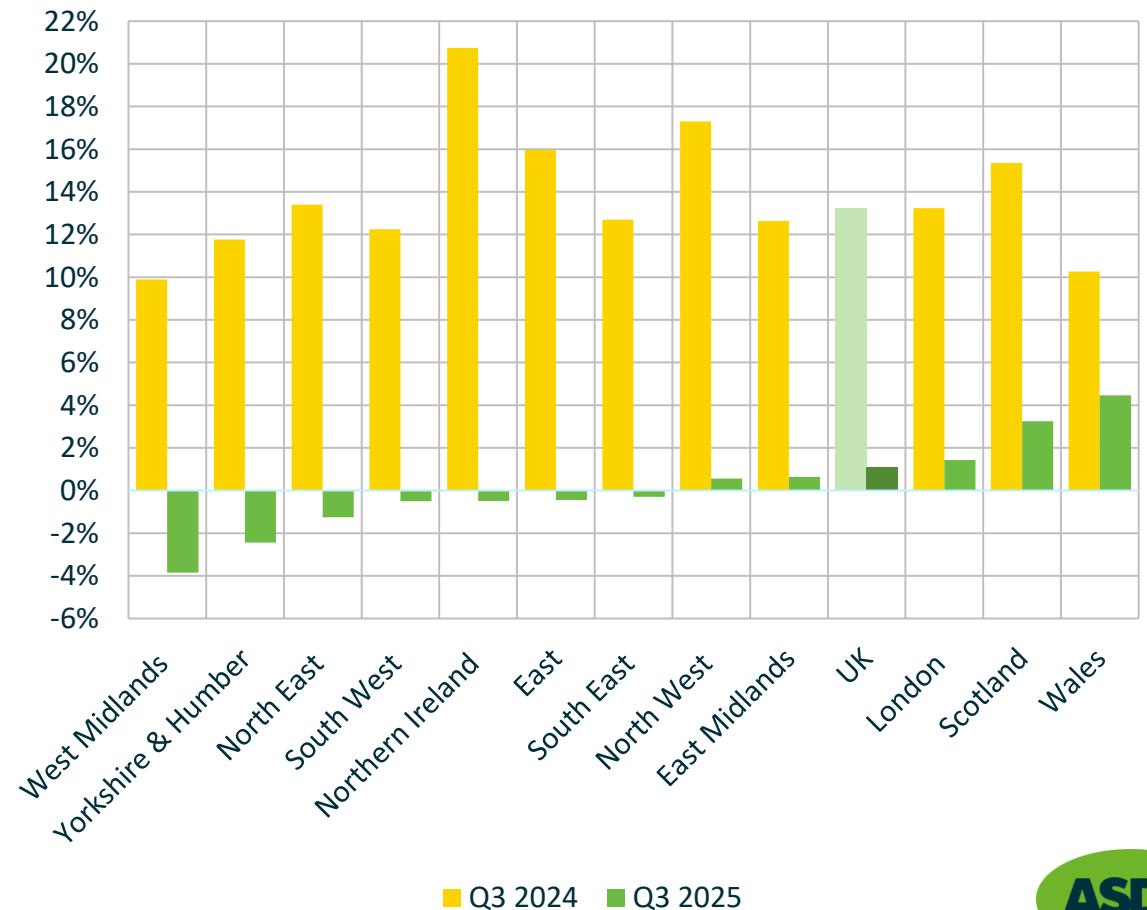


Spending power growth slows significantly for all UK regions compared to Q3 2024

The UK-wide Asda Income Tracker grew by 1.1% year-on-year in Q3 2025

- Elevated inflation combined with weak earnings growth saw spending power growth slow across all UK regions in Q3 2025. Seven out of the twelve regions saw the Income Tracker contract in Q3, despite the uptick in September.
- The sharpest slowdowns in Income Tracker growth compared to a year ago occurred in Northern Ireland, the North West, and the East of England. All three regions saw a year-on-year slowdown of over 15%.
- Q3 marked a tough period for spending power in the UK. The UK-wide Asda Income Tracker growth fell to the lowest level since Q1 2023, at the height of the cost-of-living crisis. On a quarterly level, only Wales experienced accelerated year-on-year growth compared to Q2.
- Spending power in Wales was the fastest growing in Q3, at 4.5%. It also recorded the smallest slowdown since Q3 2024, at 5.8 percentage points. The worst-performing region was the West Midlands, posting an annual contraction of 3.8%.
- London, traditionally a services hub, is relatively insulated from US tariffs, and was the fastest growing region in England despite Q3 being its third successive quarter of single digit growth.

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

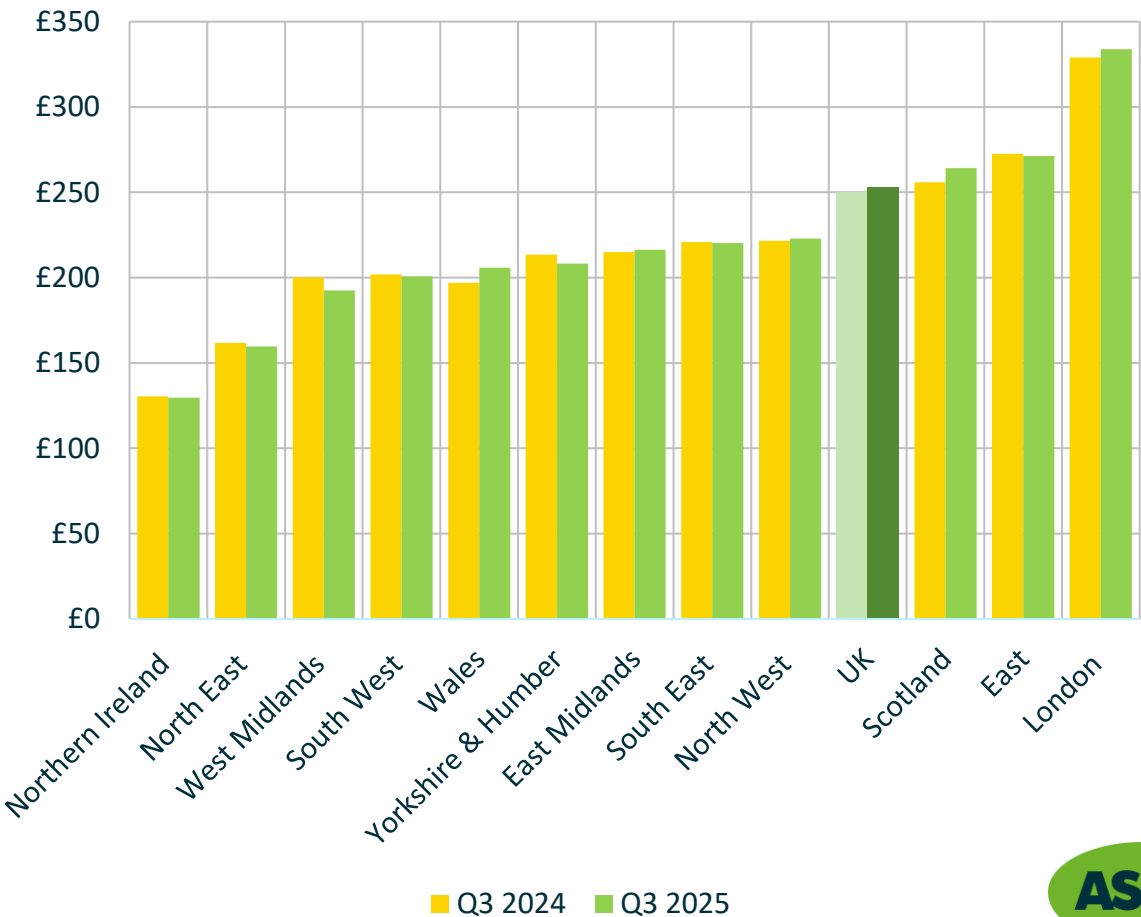


London, Scotland, and the East of England recorded spending power levels above the UK-wide average

UK-wide Asda Income Tracker averaged £253 in Q3 2025

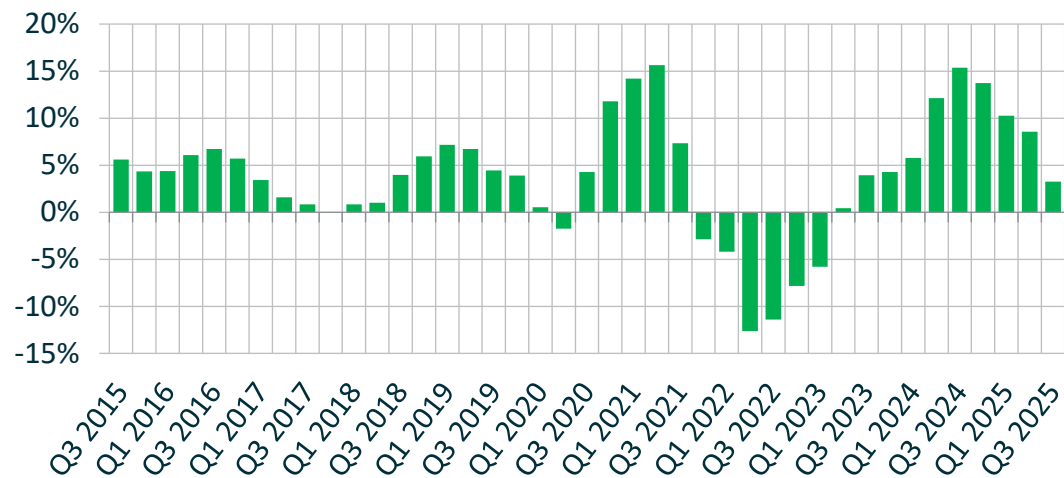
- The average UK household had £253 in weekly discretionary income in the third quarter of 2025.
- London recorded the highest regional spending power at £334 per week.
- At the other end of the spectrum, the lowest regional spending power was recorded by Northern Ireland, at £130.
- Seven of the twelve regions saw spending power fall in Q3 2025 compared to a year ago, with the West Midlands experiencing the sharpest drop of £7.70 per week. The strongest growth was experienced by Scotland and Wales, up £8.29 and £8.79 per week year-on-year, respectively.
- Alongside London, both Scotland and the East of England recorded spending power levels above the UK-wide average in Q3 2025, at £256 and £273, respectively.

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



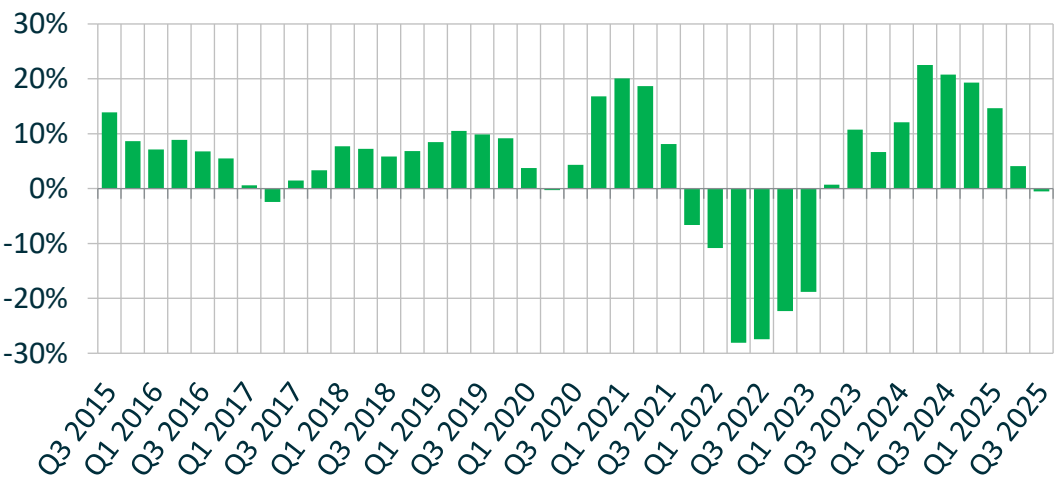
Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



- In Q3 2025, Scotland’s weekly discretionary income rose by 3.2% year-on-year. This marks the second consecutive quarter of single-digit growth for the nation.
- On a quarter-on-quarter basis, the Income Tracker increased by £3.11, bringing average household spending power in Scotland to £264 per week.
- Scotland is feeling the effects of a cooling labour market and lingering inflationary pressure, albeit to a lesser extent than English regions. This is reflected in Q3 being the fourth consecutive quarter of decelerating growth in the Income Tracker.
- Despite this, Scotland's discretionary income is higher, and is growing faster, than the UK average. This reflects Scotland’s more robust labour market, with unemployment at 3.5% in the three months to July 2025, compared to the UK-wide rate of 4.7%.

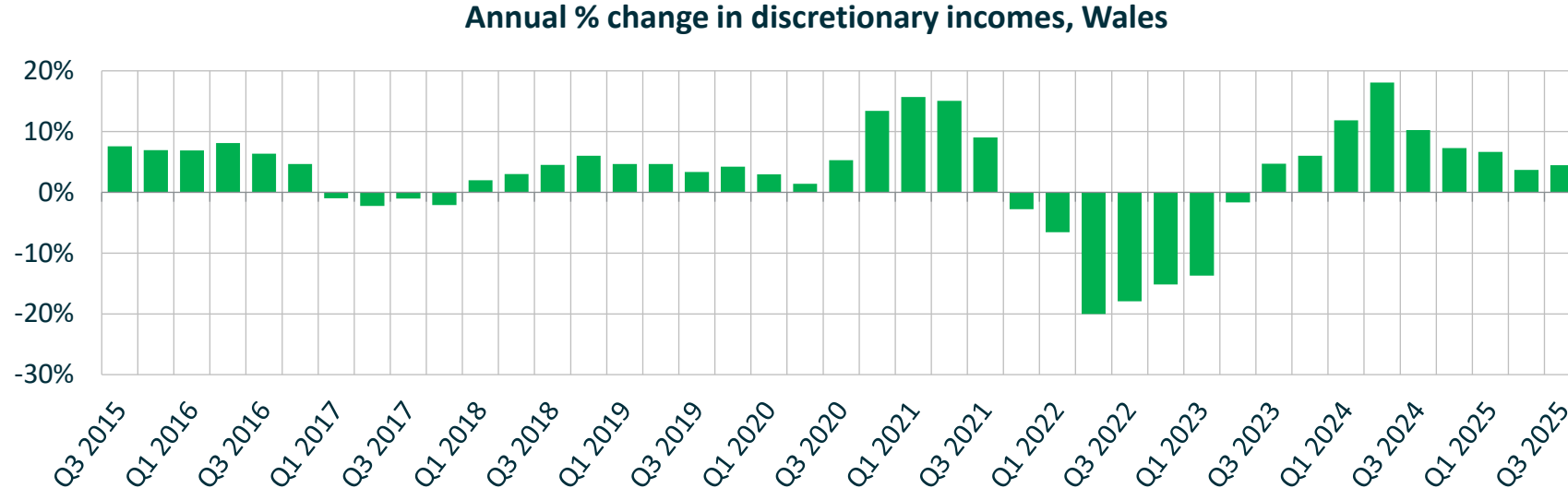
Annual % change in discretionary incomes, Northern Ireland



- The Income Tracker shows that weekly discretionary income in Northern Ireland fell by 0.5% year-on-year in Q3 2025.
- Average household spending power for Northern Ireland amounted to £130 per week in Q3 2025, the lowest level amongst the UK’s regions and nations.
- Northern Ireland has historically exhibited one of the highest incidences of low-paid, low-productivity jobs in the UK. This is reflected in its gross income, which averaged £897 per week in Q3 2025, compared to which only Wales and the North East are lower.



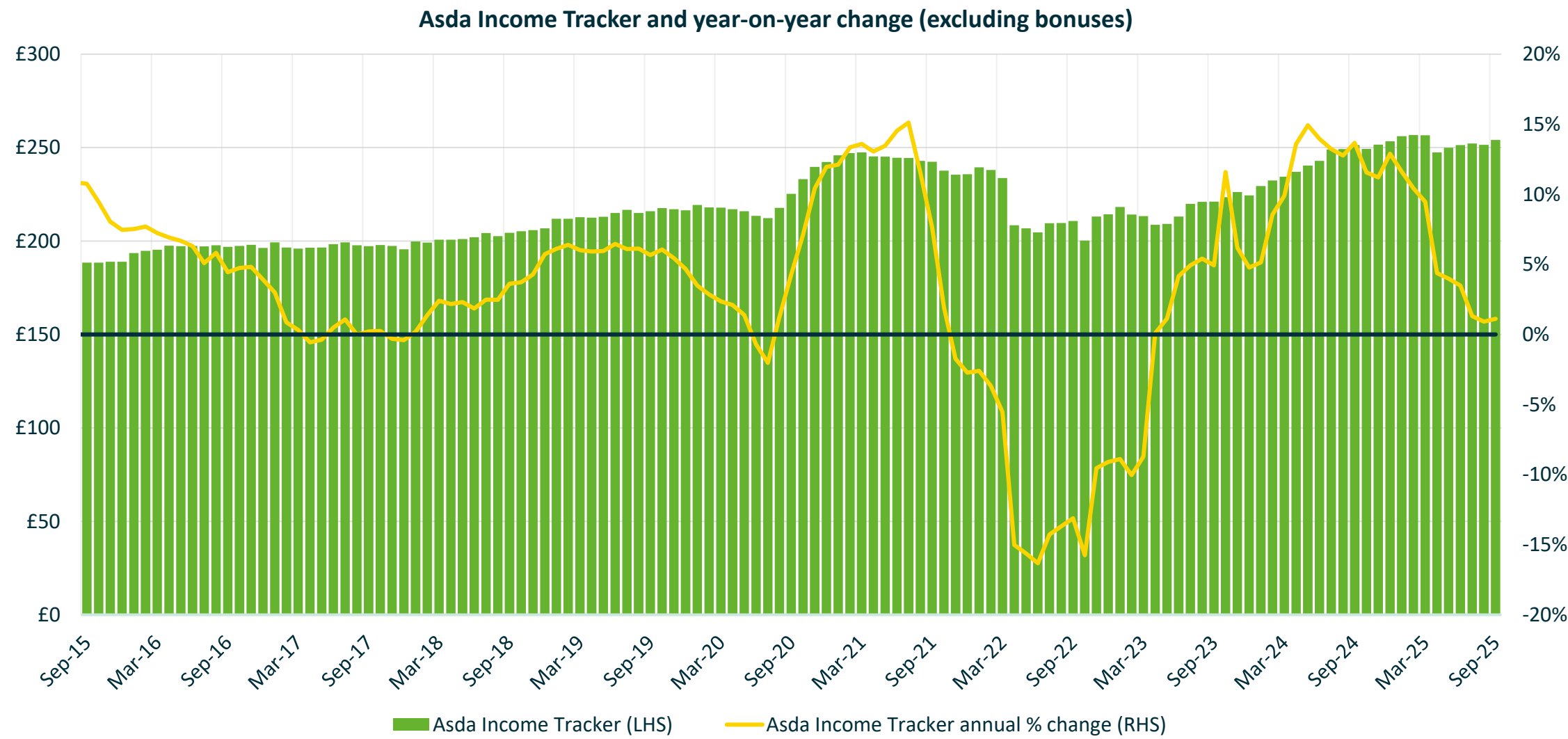
Focus on Wales



- The Income Tracker shows that weekly discretionary income in Wales rose by 4.5% year-on-year in Q3 2025, significantly above the UK average of 1.1%. Alongside London, Wales was also one of the only regions to record a quarterly increase in gross income growth.
- Wales was one of the few success stories in the Income Tracker in Q3 2025, with weekly spending power increasing by £1.78 compared to Q2, bringing household discretionary income to £206 per week.
- The nation has a relatively higher proportion of public sector workers and lower-income workers compared to the rest of the UK. April's increase to the National Living Wage, alongside public sector pay rises, has thus benefited household spending power in Wales disproportionately.

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	£251
July 2021	£244	July 2022	£210	July 2023	£220	July 2024	£249	July 2025	£252
August 2021	£243	August 2022	£210	August 2023	£221	August 2024	£249	August 2025	£251
September 2021	£242	September 2022	£211	September 2023	£221	September 2024	£251	September 2025	£254
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:

“September's slight pickup in Income Tracker growth is encouraging. While inflation has held at nearly twice the Bank of England's target, certain essential spending categories such as food are starting to see a slowdown in price rises, which will be welcomed by consumers. The upcoming November Budget has also hinted at further support for household energy bills, which could be an additional cause for optimism heading into the fourth quarter of 2025. That said, with the UK labour market cooling, the risk of a contraction heading into the new year cannot be ignored.”

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£161	£225	£210	£218	£193	£273

London	South East	South West	Wales	Scotland	Northern Ireland
£336	£222	£203	£208	£266	£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 Dan Smith.

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London, September 2025

