

# Asda Income Tracker

Report : August 2024



Making Business Sense

Centre for Economics and  
Business Research Ltd

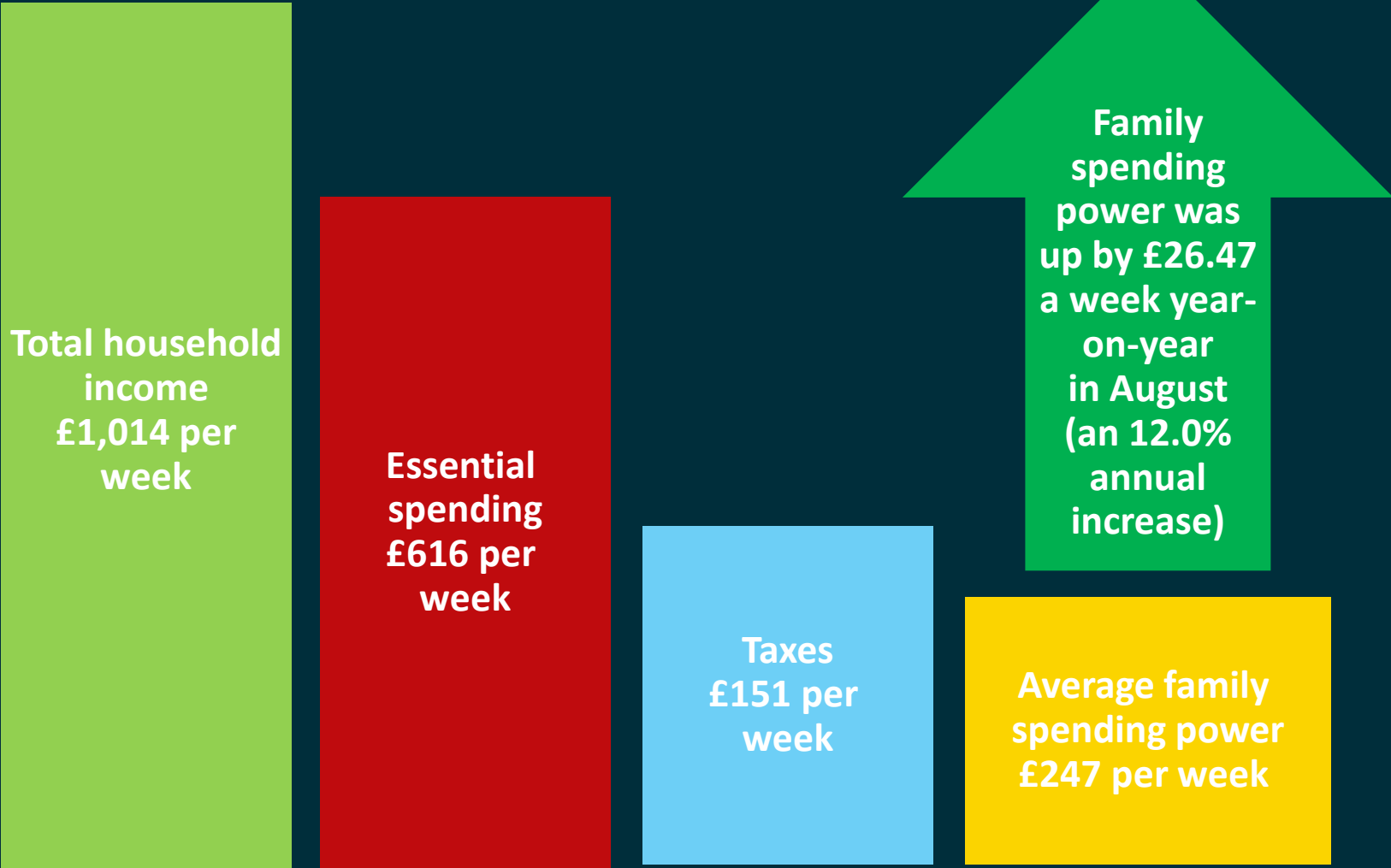
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# Asda Income Tracker – Key Figures

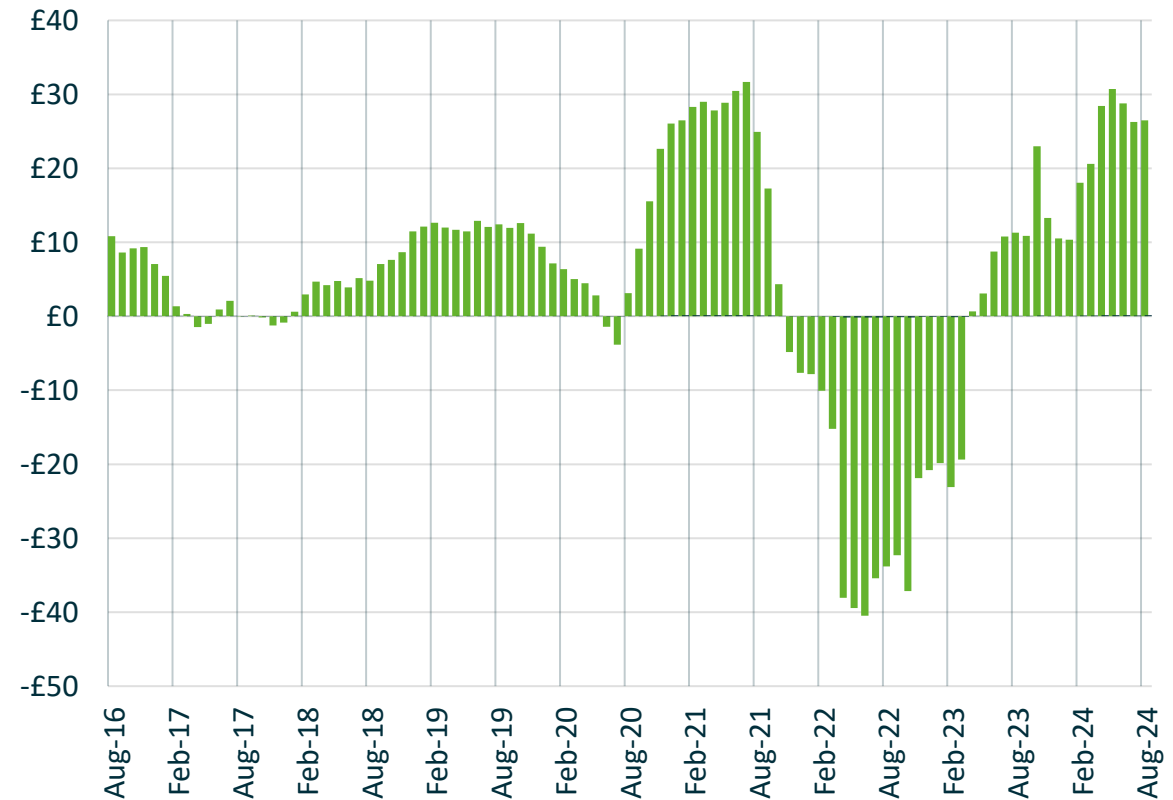


# Annual growth in Income Tracker remains unchanged in August

## The Asda Income Tracker was £26.47 a week higher in August 2024 than a year before

- The Asda Income Tracker recorded annual growth of 12.0% in August, remaining unchanged from July. The Income Tracker has recorded double-digit annual growth for five consecutive months.
- On a month-on-month basis, the Income Tracker increased by £1.00, bringing average household spending power to £247 per week in August. Spending power is now higher than the pre-crisis peak of £246 achieved in March 2021, although this represents only a marginal improvement.
- The stagnation in spending power growth is a combination of slower gross income growth and unchanged inflation rates for the month. Indeed, regular pay growth for the three months to July slowed to 5.1%, the weakest rate in over two years. Meanwhile, inflation remained steady at 2.2% in August.
- Looking ahead, although inflation is anticipated to stay slightly elevated above the 2.0% target and earnings growth is likely to ease further, growth in consumer prices is expected to stay below the pace of earnings growth for some time. Consequently, the Income Tracker is likely to see continued annual growth in the coming months, though at a potentially slower rate.

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

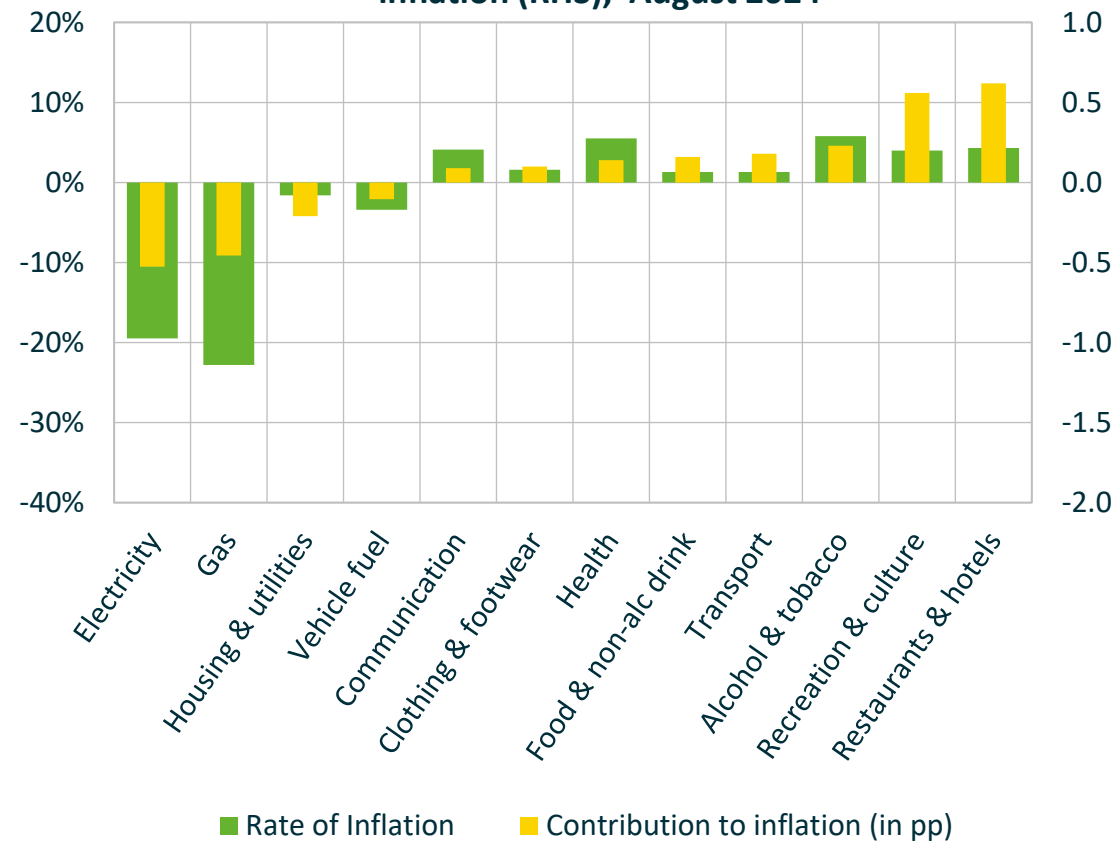


# Inflation stays 0.2 percentage points above BoE target for second consecutive month

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

- Annual inflation, as measured by the Consumer Prices Index (CPI), remained unchanged at 2.2% in August.
- The monthly acceleration was primarily driven by the transport category, with inflation in this category rising to 1.3%, from 0.2% in the previous month. This increase was largely due to higher airfares, which returned to price growth after five consecutive months of declines. These higher costs more than offset price decreases in petrol and diesel, which fell in response to concerns of a potential global economic slowdown.
- Despite overall inflation remaining unchanged, inflation on essential spending categories, eased on the month. Inflation in the food and non-alcoholic beverages category, slowed to 1.3% in August, after a 1.5% reading in each of the previous two months. The clothing and footwear category recorded a slowdown in price growth to 1.6%, from 2.1% last month.
- However, core and services inflation recorded month-on-month accelerations, standing at 3.6% and 5.6%, respectively. These figures indicate the presence of lingering price pressure within the domestic economy.
- Looking ahead, Cebr forecasts that inflation will remain slightly elevated above the 2.0% target over the rest of Q3, before some slight upward pressure in Q4, owing to base year effects.

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



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

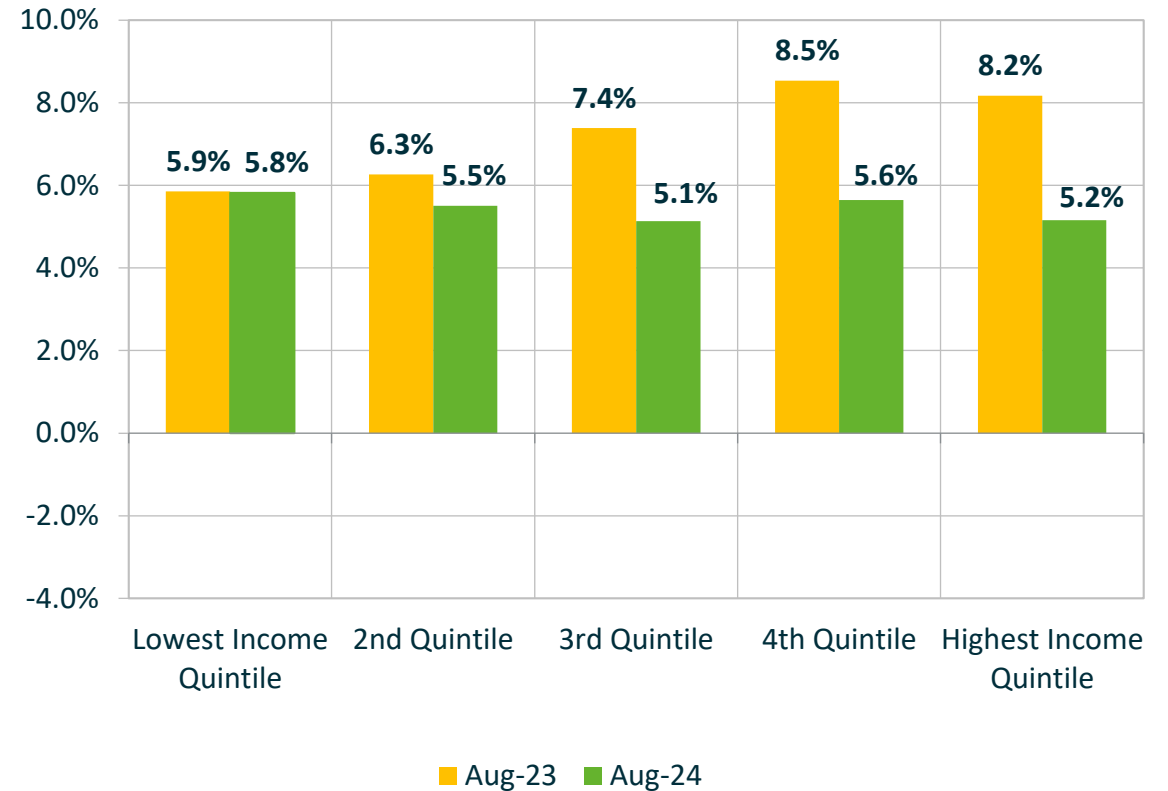


# All income quintiles record monthly slowdown in gross income growth

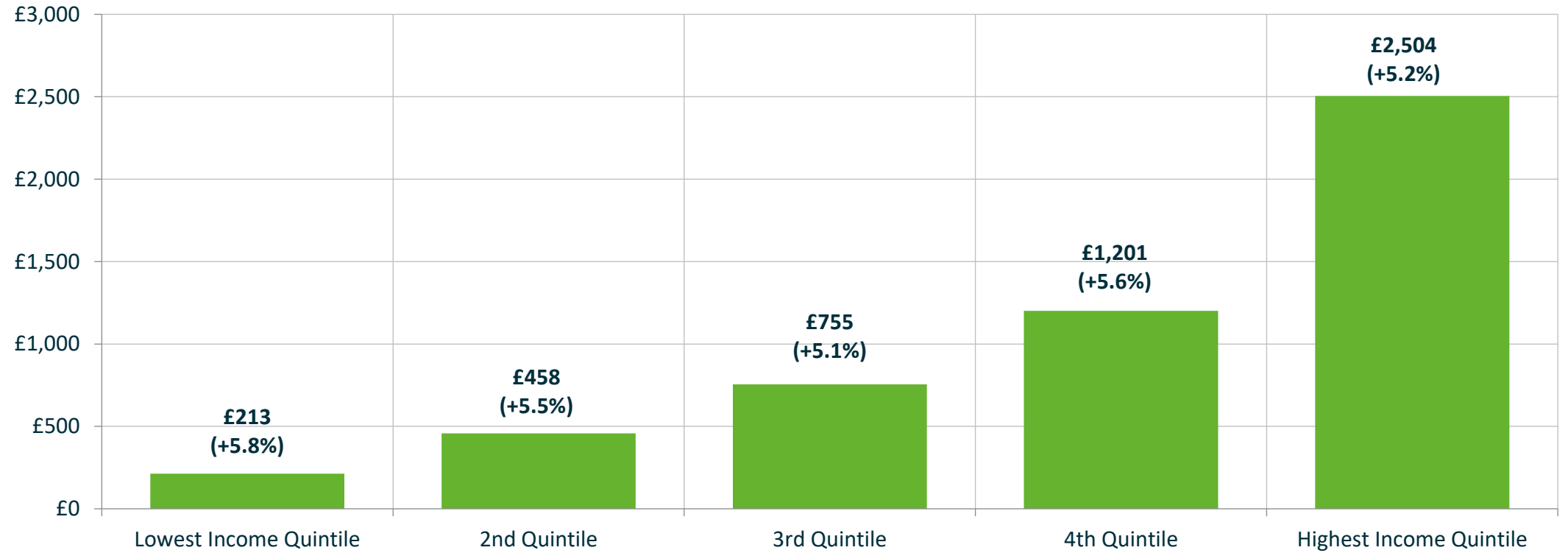
Compared to a year prior, all income quintiles saw a deceleration in annual income growth

- The slowdown in annual earnings growth is evident across all income quintiles, with both monthly and annual slowdowns observed in August.
- The most pronounced deceleration was recorded among higher income quintiles. Notably, the highest income quintile experienced the largest year-on-year decline in annual gross income growth, amounting to 3.0 percentage points.
- Across all quintiles, the lowest income quintile recorded the strongest annual growth in gross income in August, at 5.8%. In contrast, the middle-income group experienced the slowest growth rate this month, which is the weakest since February 2023 for this group.
- Despite improvements among the lower income groups, the absolute value of gross income for the highest quintile is more than ten times that of the lowest quintile, highlighting a stark disparity and underscoring the income inequality across the groups.

Annual gross income growth (excl. bonuses)



### Gross weekly income excluding bonuses by income quintile, August 2024, annual growth rates in brackets

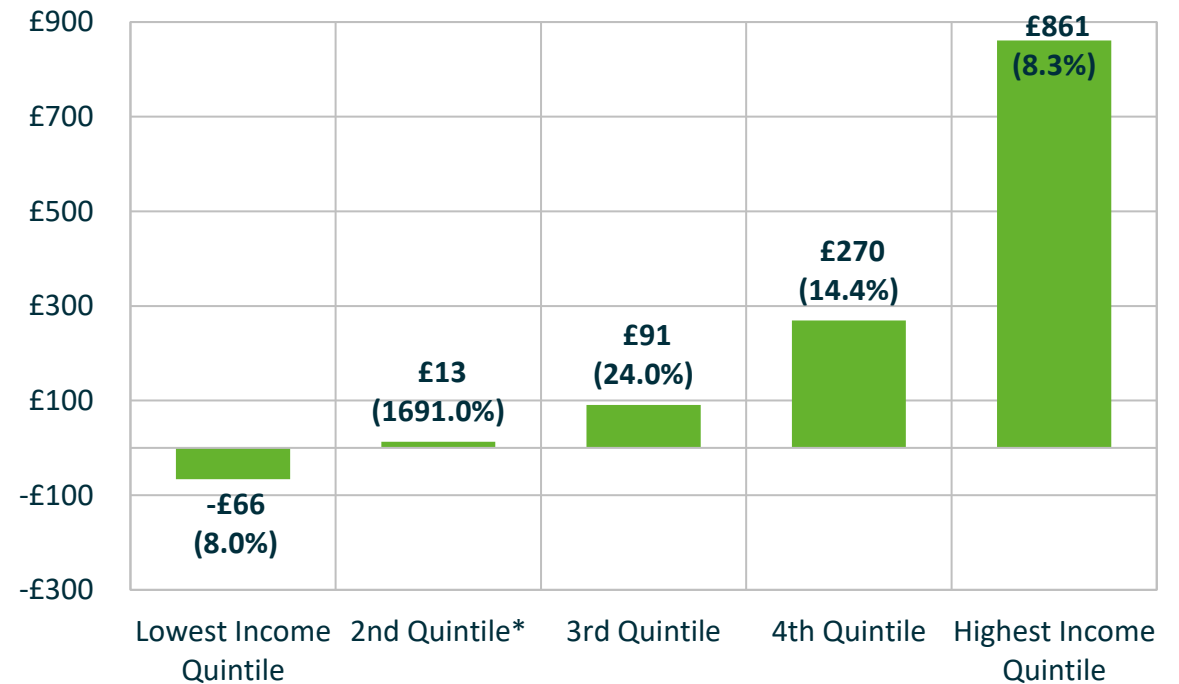


# Bottom three income quintiles record monthly improvement in annual growth in spending power

## Second income quintile has now recorded double digit spending power for the second consecutive month

- The bottom three income quintiles recorded monthly improvements in spending power, despite a slowdown in annual gross income growth.
- In contrast growth in spending power among the top two quintiles remained unchanged, likely due to the relatively stronger slowdown in gross income growth for these groups.
- Despite recording the highest annual growth in gross income across all income quintiles, the lowest income quintile exhibited the slowest increase in spending power. Their spending power remains in negative territory, indicating that, on average, their net income is insufficient to cover essential expenses.
- Among the quintiles, the third income group saw the strongest growth in spending power. However, their spending power still falls short of the pre-cost-of-living peak of £120 per week recorded in March 2021.
- Similarly, the second income quintile has spending power of £13 per week. However, this remains significantly below the pre-cost-of-living crisis peak of £55 per week recorded in March 2021.
- The upper two quintiles are the only groups to exceed their pre-cost-of-living peaks.

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



\*2nd Quintile saw discretionary income rise from -£0.8 to £13.2 over the past year, explaining the anomalous annual growth rate.



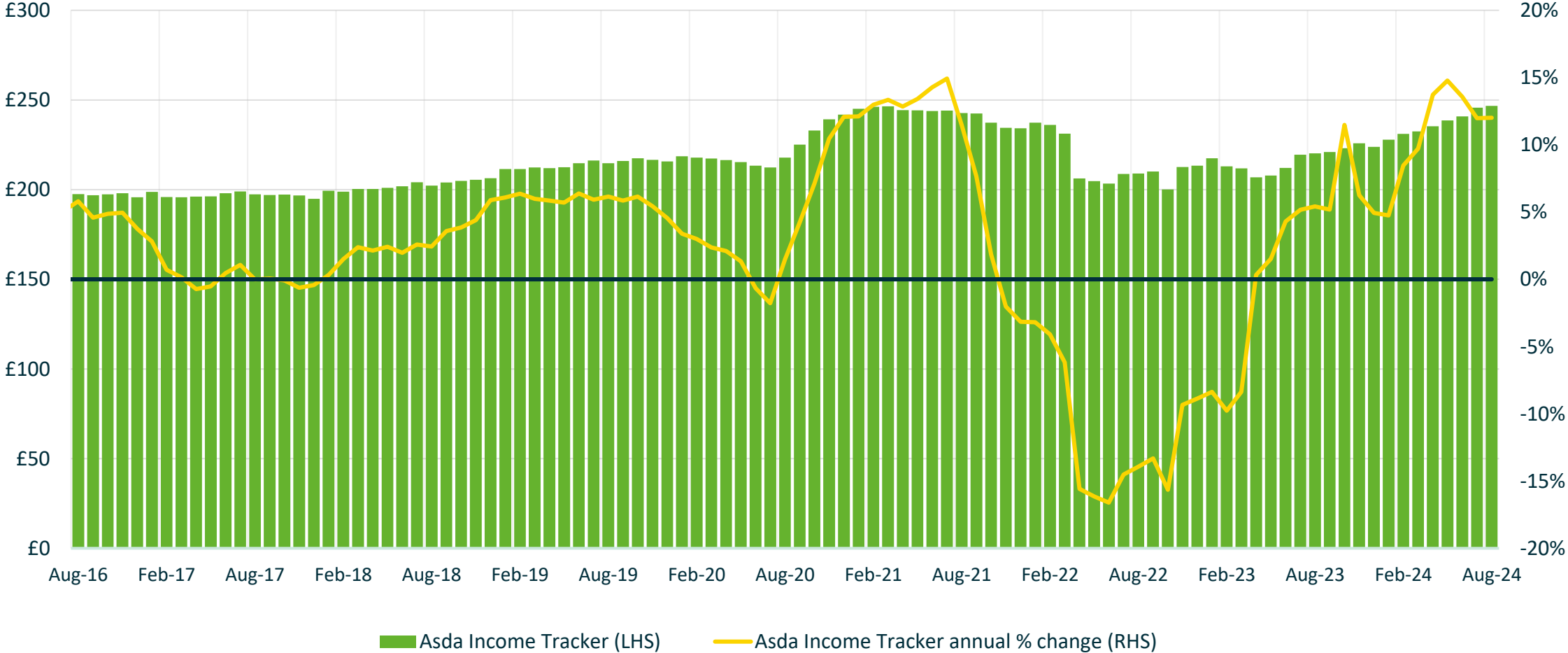
# Appendix





# 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	£246
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		
October 2020	£233	October 2021	£237	October 2022	£200	October 2023	£223		
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, Pushpin Singh, Senior Economist at Cebr, said:

*“Despite the recent slowdown in earnings growth, annual wage growth continues to outstrip annual growth in consumer prices. This continues to support household spending power, though growth in spending power is expected to slow as wage growth eases further and inflation remains sticky at a level above the 2.0% target for some time. Nonetheless, further increases in spending power are expected in the coming months.”*

## Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£150	£212	£211	£204	£196	£274

London	South East	South West	Wales	Scotland	Northern Ireland
£325	£222	£195	£199	£249	£123

# 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, September 2024

