Asda Income Tracker

Report: August 2026

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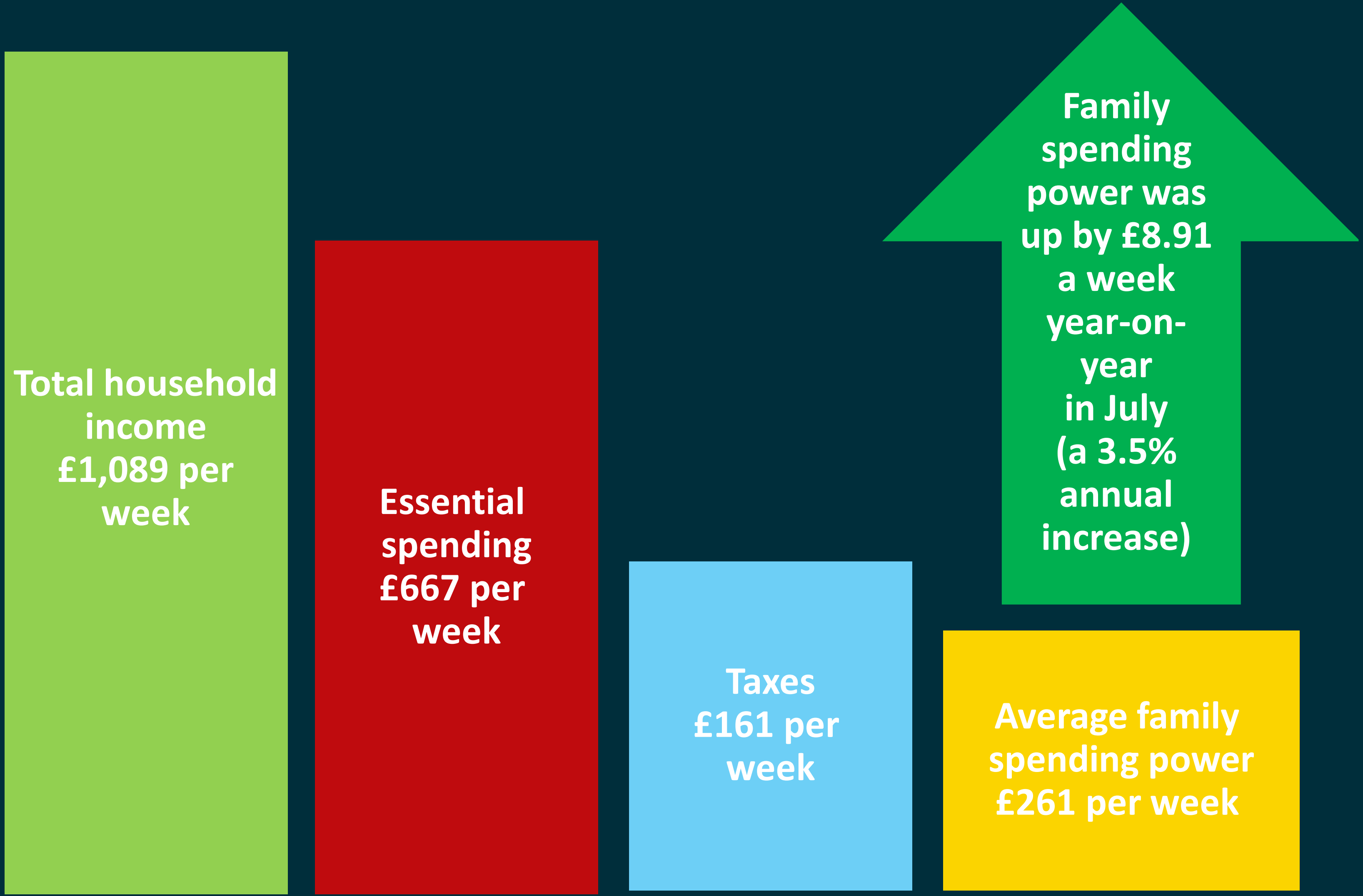
Making Business Sense

Asda Income Tracker – Key Figures

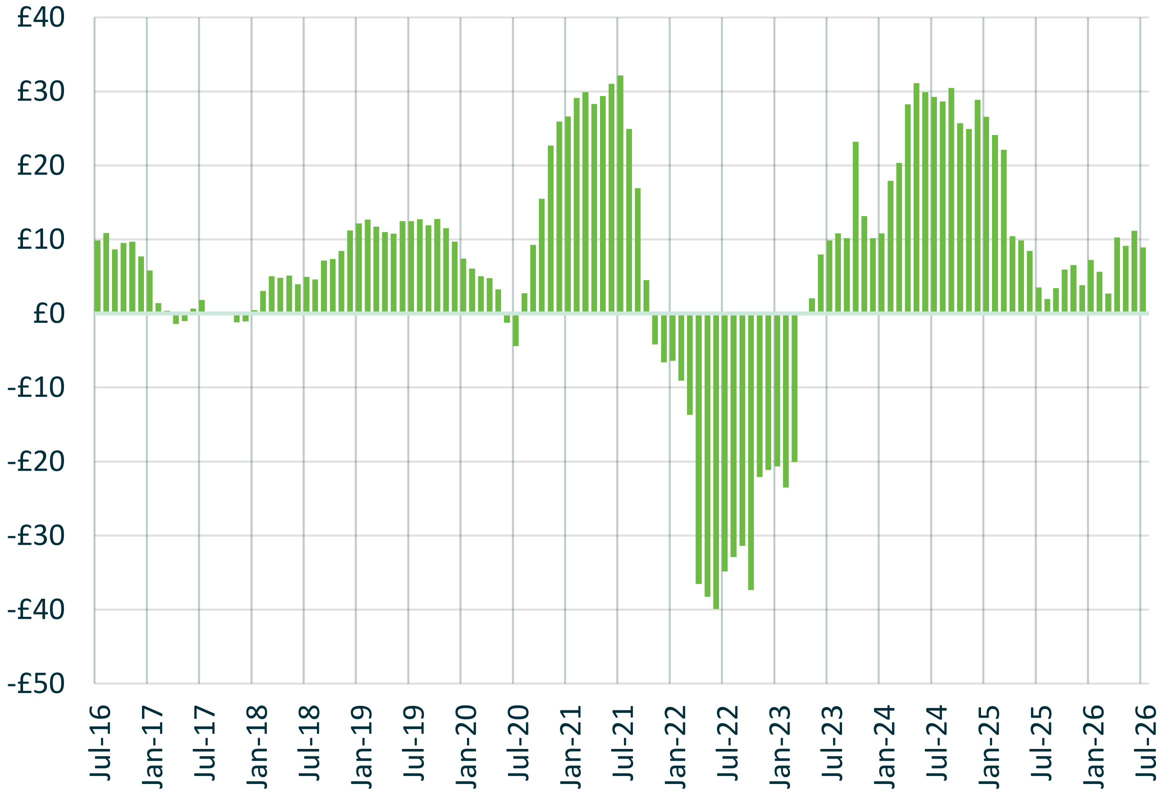


Higher energy bills slow the recovery in spending power

The Asda Income Tracker was £8.91 a week higher in July 2026 than in July 2025

- The Asda Income Tracker grew 3.5% year-on-year in July, down from 4.5% in June. Households remain better off than a year ago, but the rate of improvement was slower than in recent months.
- July was the month that the Ofgem price cap reset, with household energy bills adjusted to reflect recent volatility in wholesale markets. This affected the rate of inflation, which accelerated to 2.9%, from 2.6% the previous month.
- Essential costs picked up as a result, growing 3.6% year-on-year against 3.1% in June. Gross income growth was steady at 3.6%, so the whole of the slowdown came from the expenditure side.
- Households were slightly worse off in July than in June, with discretionary income easing £1 over the month to £261 a week.
- Households will remain exposed to elevated energy prices for the rest of Q3. The price cap will then reset again from October, while the recently announced removal of Value Added Tax (VAT) on bills will offer further respite.

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

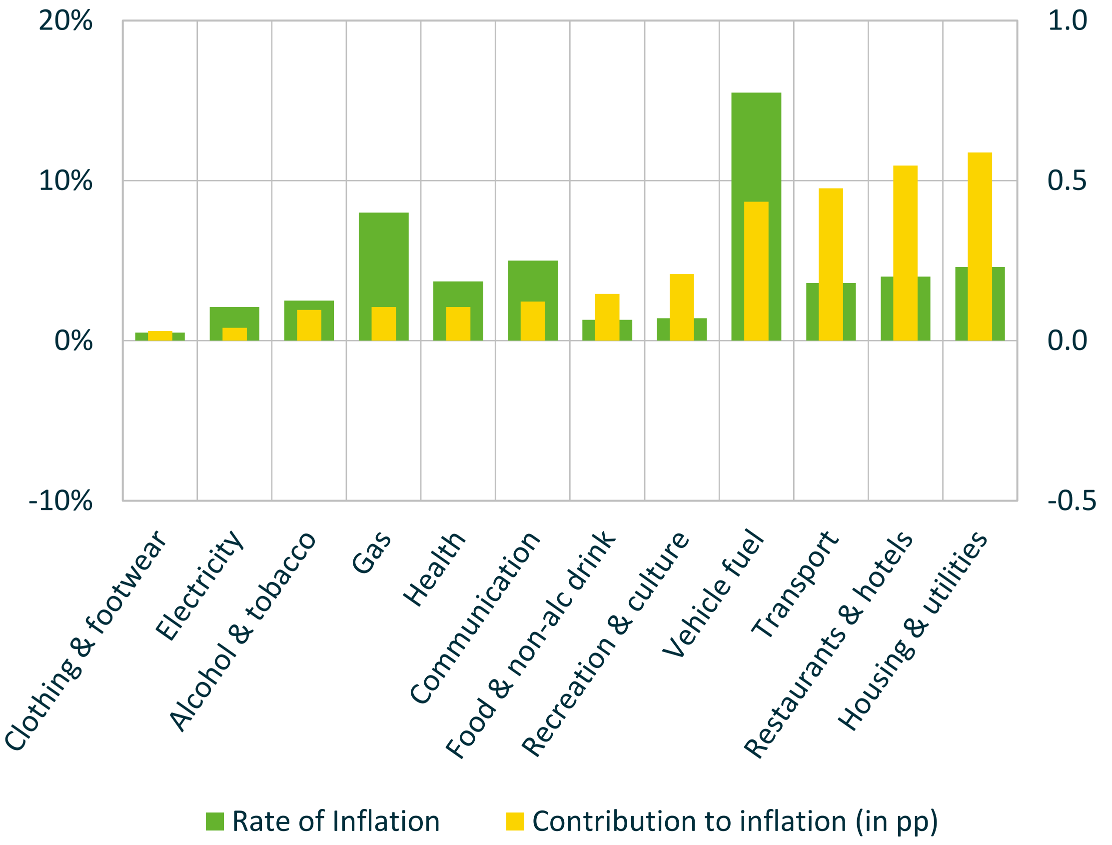


Inflation rises to 2.9% as the energy price cap resets

The main factors affecting family costs in July were:

- Inflation, as measured by the Consumer Prices Index (CPI), rose to 2.9% in July from 2.6% in June. Core inflation, which strips out energy, food, alcohol and tobacco, was unchanged at 2.6%.
- The increase in the headline rate was overwhelmingly driven by the increase in household energy bills. Housing and utilities inflation jumped to 4.6%, from 1.2% the month before. Gas prices swung from 12.6% deflation in June, to 8.0% inflation in July. A similar, albeit less wide-ranging, swing was observed for electricity prices, from 5.2% deflation to 2.1% inflation.
- Transport pulled hard the other way, taking 0.3 percentage points off the annual rate of headline inflation. Vehicle fuel inflation eased to 15.5% from 21.3%, reflecting recent decline in global oil prices. However, it should be noted that both global oil and domestic pump prices are much higher than they were a year ago.
- Food and non-alcoholic beverage inflation slowed again, to 1.3% from 1.7%. Food prices were rising at 4.5% as recently as December, so this is a substantial easing in one of the categories that households notice most.
- Looking ahead, inflation will remain elevated throughout Q3. However, easing is expected from October when the price cap resets again and the policy of removing VAT from energy bills comes into place.

Inflation of selected goods, annual rate (LHS) and contribution to headline inflation (RHS), July 2026



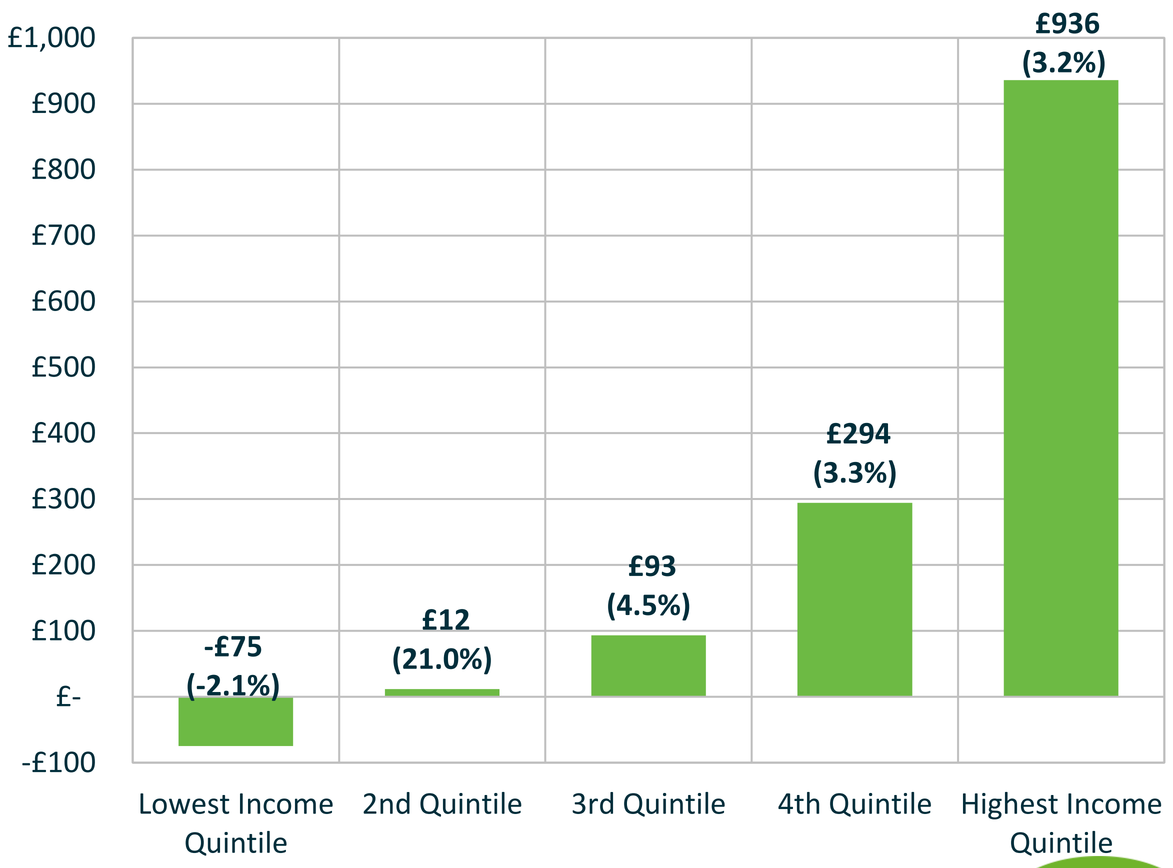
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

The poorest fifth slip back into annual decline

The gap between the top and bottom quintiles widened by £30 a week

- The lowest income quintile was £2 a week worse off than a year earlier, having briefly returned to growth in Q2. It is currently the only quintile going backwards in terms of spending power.
- Growth elsewhere was positive, ranging from 3.2% for the top fifth to 21.0% for the second quintile. Note that the second quintile's growth rate is distorted by the fact that the absolute level of their spending power, at approximately £12 per week in July, is low.
- Exploring the diverging near-term movements, July's energy price change is again a key explanatory factor. Energy is a far larger share of spending at the bottom of the distribution, so the cap increase takes proportionately more from the poorest households than from others.
- In cash terms, the divergence between groups is widening. The top fifth gained £29 a week over the year to July, while the bottom fifth lost ground. The discretionary income gap between the richest and poorest is now £30 wider than a year ago.

Average weekly discretionary income by household income group, July 2026, YoY growth in brackets

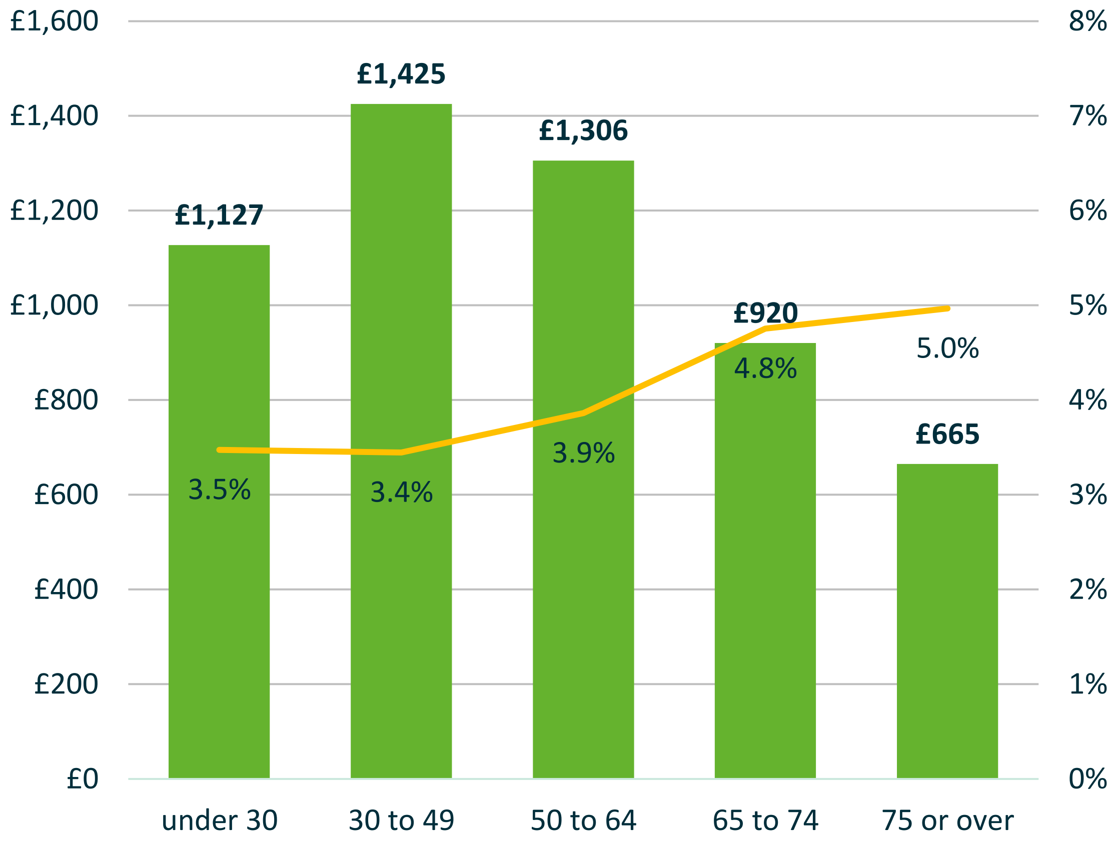


Pensioner incomes keep growing well ahead of working-age pay

April’s uprating is still lifting pension-age incomes

- Gross incomes grew 4.8% and 5.0%, respectively, for the 65 to 74 and 75 or over groups. These rates outweighed those of all working-age groups.
- April's uprating to the state pension is the driver. This will stay in the calculation until the start of the next financial year. At that point, a weaker uprating is expected, given the mechanics of the triple lock system and current forecasts for inflation and earnings growth.
- Working-age pay growth, by contrast, is easing relative to a year ago. This largely reflects the weakening labour market, which translates to slower earnings growth as workers’ bargaining power decreases.
- The weaker labour market is evidenced by several other metrics. For instance, according to data from the Office for National Statistics (ONS) and His Majesty’s Revenue and Customs (HMRC), the number of payrolled employees was 94,000 lower in July than a year earlier.
- Meanwhile, there were 707,000 vacancies in the three months to July, below pre-pandemic levels. The unemployment rate is also elevated, at 4.9% in Q2, relative to 4.7% in the same period of 2025.
- In absolute terms, those aged 30 to 49 remain the highest earners, with gross income reaching £1,425 in July.

Average weekly gross income by age group, July 2026 (LHS), YoY growth in % (RHS)



Essential spending growth accelerates as energy bills rise

Under 30s still commit the largest share of gross income to essentials

- The essential basket tracked by the Asda Income Tracker rose 3.6% year-on-year in July, up from 3.1% in June, the first acceleration since March. Growth in essential costs was similar across the age groups, between 3.3% and 4.0%.
- Looking at essential spending by age group, under 30s commit the largest share of their gross income to essentials, at 68.2%. Members of this group are more likely to be renters, adding to housing costs. They are also in early career jobs, receiving lower pay. Moreover, with youth unemployment rising, they are also more likely to be out of work entirely.
- This compares against those aged 50 to 64, the group with the lowest share of gross income going on essentials. Nevertheless, this still amounts to a majority share (55.6%).
- Food and fuel inflation are both falling, which should put downward pressure on the rate of growth for the cost of essentials. However, the energy step change will remain in the comparison for Q3, keeping inflation well above target for the foreseeable.

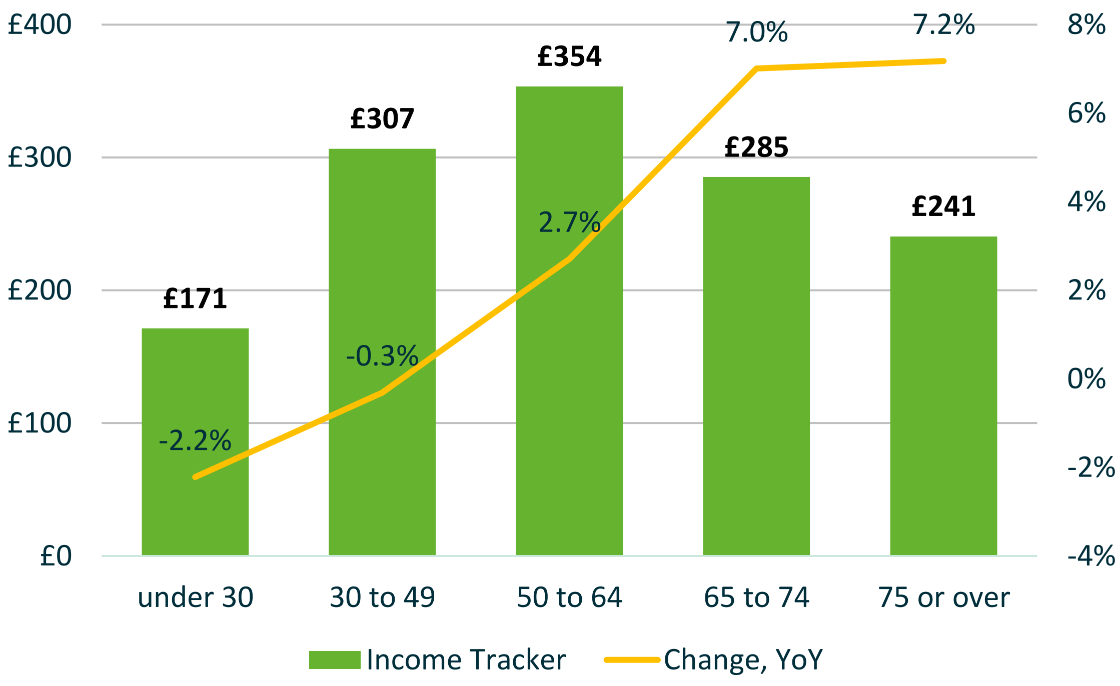
Average weekly tax burden and essential spending as a share of gross income by age group, July 2026

Under 50s are now worse off than they were a year ago

Every age group lost spending power over the month

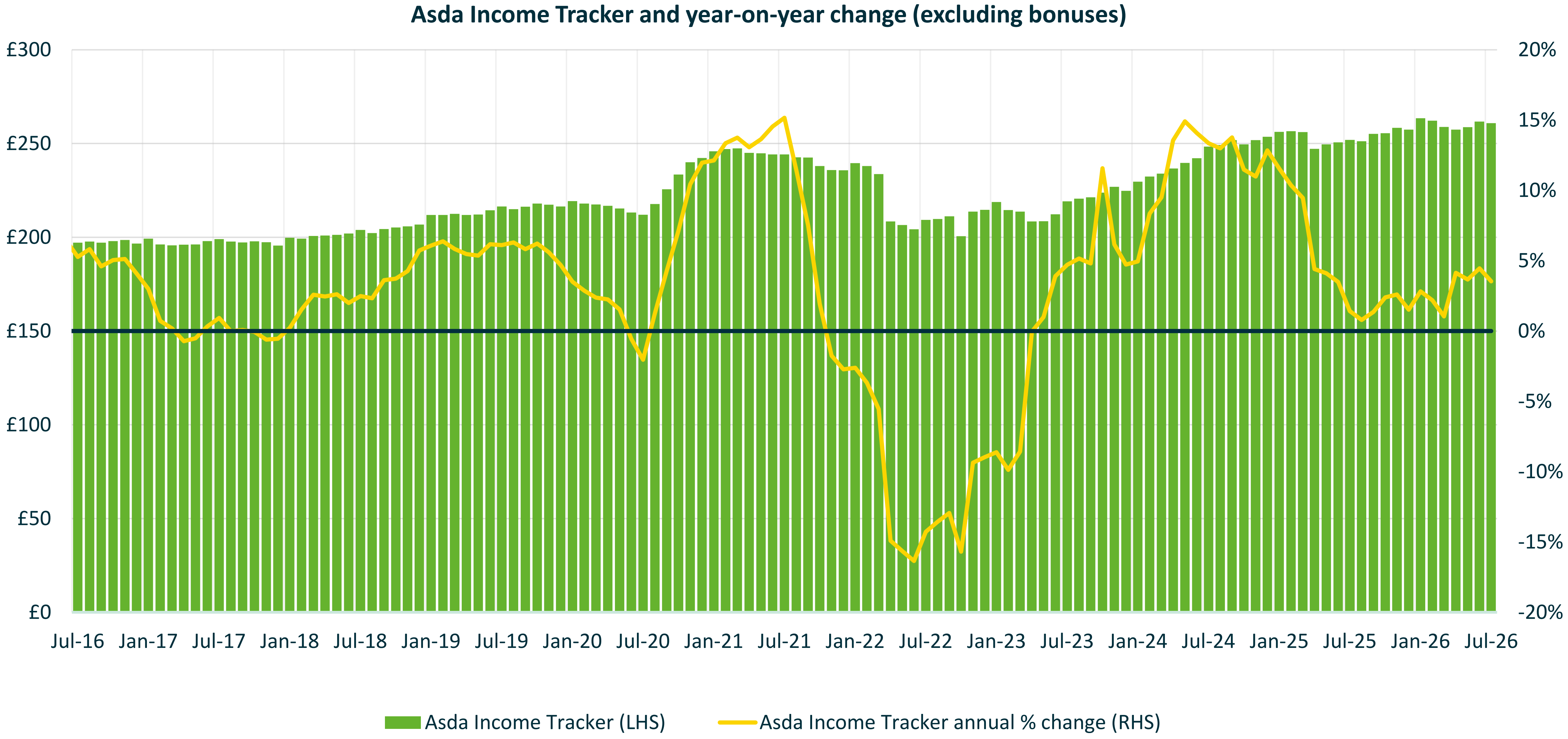
- Looking at spending power by age group, there was a clear divide. Under 30s and those aged 30 to 49 both saw annual contraction in July, at rates of 2.2% and 0.3%, respectively. This is a stark contrast to last month, when both, and indeed all other age groups, were still growing.
- Pension-age households remain far ahead in terms of growth, with spending power up 7.2% for the over 75s and 7.0% for those aged 65 to 74 on the year.
- On a month-on-month basis, every age group lost ground. This again reflects the energy cap reset, an essential spending category that affects all age groups to at least some degree.
- In terms of absolute level, under 30s have the least room to absorb the energy price change. Their discretionary income came to £171 a week on average in July, down from £174 in June. By contrast, the best-off group, those aged 50 to 64, saw spending power of £354.
- The working-age squeeze is the most interesting story from these dynamics. Spending power amongst this group is clearly showing the effects of trends in the labour market, which has been weakening for roughly two years.

Average weekly discretionary income by age group (LHS), July 2026, 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 2022	£240	January 2023	£219	January 2024	£230	January 2025	£256	January 2026	£263
February 2022	£238	February 2023	£215	February 2024	£232	February 2025	£257	February 2026	£262
March 2022	£234	March 2023	£214	March 2024	£234	March 2025	£256	March 2026	£259
April 2022	£209	April 2023	£208	April 2024	£237	April 2025	£247	April 2026	£257
May 2022	£207	May 2023	£209	May 2024	£240	May 2025	£250	May 2026	£259
June 2022	£204	June 2023	£212	June 2024	£242	June 2025	£251	June 2026	£262
July 2022	£209	July 2023	£219	July 2024	£248	July 2025	£252	July 2026	£261
August 2022	£210	August 2023	£221	August 2024	£249	August 2025	£251		
September 2022	£211	September 2023	£221	September 2024	£252	September 2025	£255		
October 2022	£201	October 2023	£224	October 2024	£250	October 2025	£255		
November 2022	£214	November 2023	£227	November 2024	£252	November 2025	£258		
December 2022	£215	December 2023	£225	December 2024	£254	December 2025	£257		
2022 Average	£216	2023 Average	£218	2024 Average	£243	2025 Average	£254		

Economist's view

Reacting to this month's Income Tracker, Sam Miley, Head of Forecasting and Thought Leadership at Cebr, said:

"July was always going to be a difficult month. The Ofgem price cap was reset to reflect price changes in global energy markets, which have been massively disrupted by the conflict in the Middle East. Though the warmer weather may have encouraged less energy consumption, households still faced a significant increase in costs on a per unit basis. This will keep impacting consumers for the rest of Q3.

Beyond this, there are some more encouraging developments. The price cap will again be reset from Q4, which will coincide with the recently-announced tax cut on bills, providing respite for households. Meanwhile, non-energy price growth largely slowed in July, including for several essential categories such as food and transport. The extent to which this continues will be key to the outlook for the Income Tracker.

Regional Income Tracker estimates

Average household Income Tracker, £ per week, current prices, excluding bonuses, by region, July 2026

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£167	£232	£213	£217	£200	£290

London	South East	South West	Wales	Scotland	Northern Ireland
£338	£225	£205	£212	£267	£137

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, August 2026