

Asda Income Tracker

Report: February 2026



Making Business Sense

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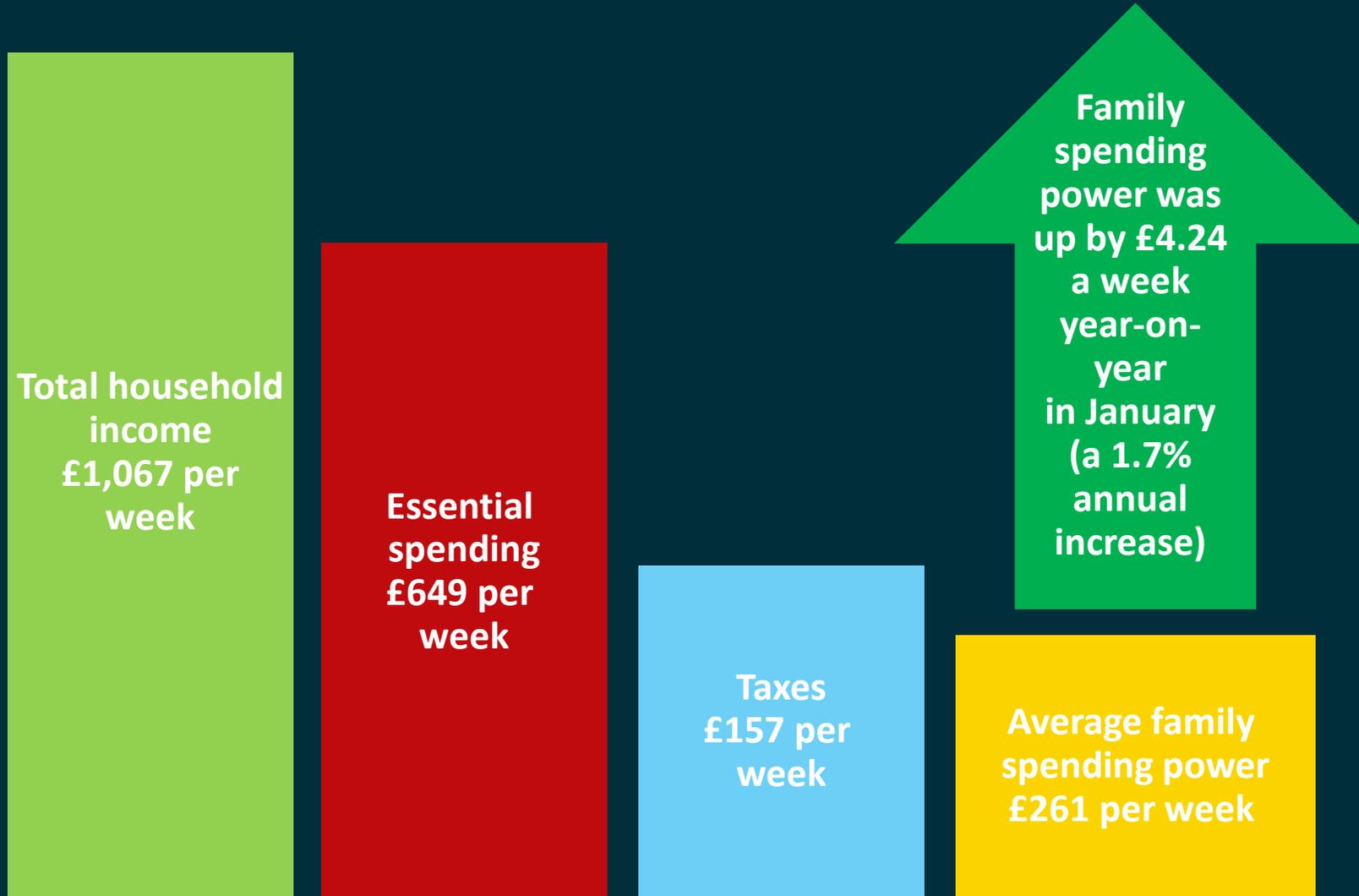
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The ASDA logo is the word "ASDA" in a bold, white, sans-serif font, centered within a dark blue oval shape.

ASDA

Asda Income Tracker – Key Figures

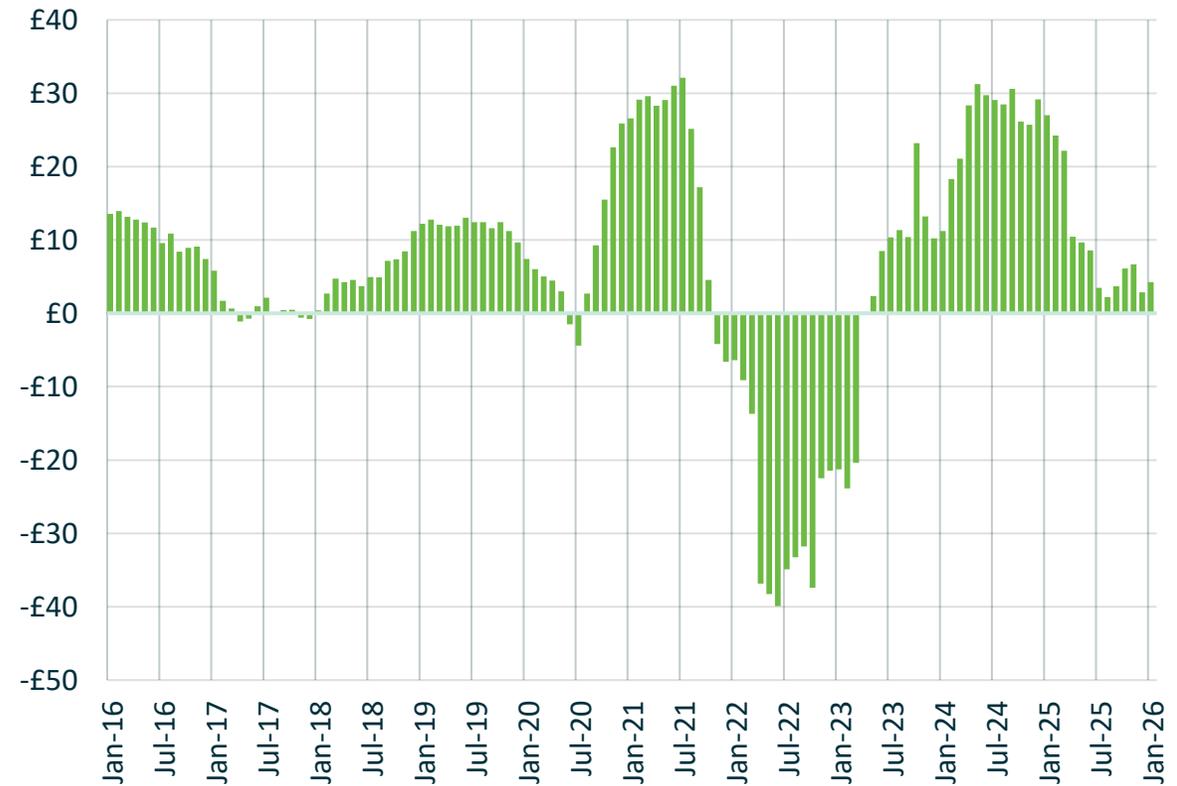


Income Tracker growth rebounds amid slowing inflation

The Asda Income Tracker was £4.24 a week higher in January 2026 than in January 2025

- The Asda Income Tracker grew by 1.7% year-on-year in January, accelerating from 1.1% in December to partially restore some of the lost momentum at the end of 2025.
- Monthly household purchasing power rose by £4.13 in January compared to December. Average household discretionary income is now estimated to stand at £261 per week.
- Price growth continued to moderate in January following a brief pick up in December, with headline inflation falling 0.4 percentage points to 3.0%. Food inflation was a key downward contributor this month, with annual price growth slowing by 0.9 percentage points to 3.5%.
- Softening labour market conditions continued to eat into gross income growth in January. The average household saw nominal gross income grow by an estimated 3.1% year-on-year, a 0.3 percentage point deceleration from December.
- Inflation is slowing, largely as anticipated, and is expected to be close to the Bank of England's 2.0% target by the second half of 2026. This will put upward pressure on discretionary income growth though these gains will be offset if earnings growth continues to ease at its current rate.

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

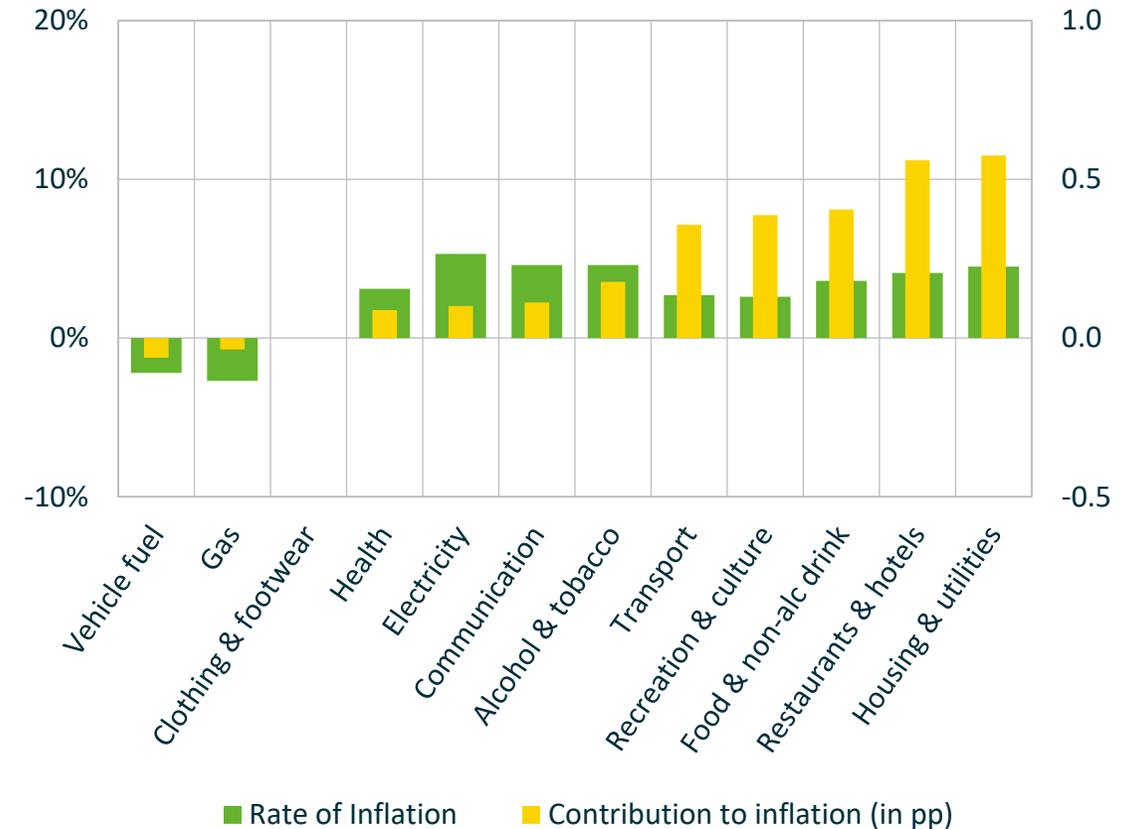


Inflation falls to 10-month low of 3.0% in January

The main factors affecting family costs in January were:

- Inflation, as measured by the Consumer Price Index (CPI), slowed to 3.0% in January, its lowest rate since March 2025. It continues a disinflationary trend that started in October. Core inflation, excluding volatile food and energy prices, also slowed to 3.1%.
- Housing and utilities inflation remained the most significant contributor to January's headline figure. Prices were 4.5% higher in January 2026 compared to January 2025, although this figure slowed by 0.4 percentage points compared to December, driven by gas prices falling 2.7% year-on-year.
- Food and non-alcoholic beverage inflation slowed to 3.6% from December's 4.5%, driven by significant easing in price growth for breads and cereals and meat. On a monthly basis, food prices fell by 0.1% compared to December, a welcome change for struggling UK households.
- Vehicle fuels were another category to experience deflation in January, falling by 2.2% year-on-year. Alongside a significant slowdown in air fare inflation, this drove transport inflation down by 1.3 percentage points to 2.7%.
- Easing inflation is expected to continue over the first half of 2026, moving towards the Bank of England's target rate of 2.0%

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



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

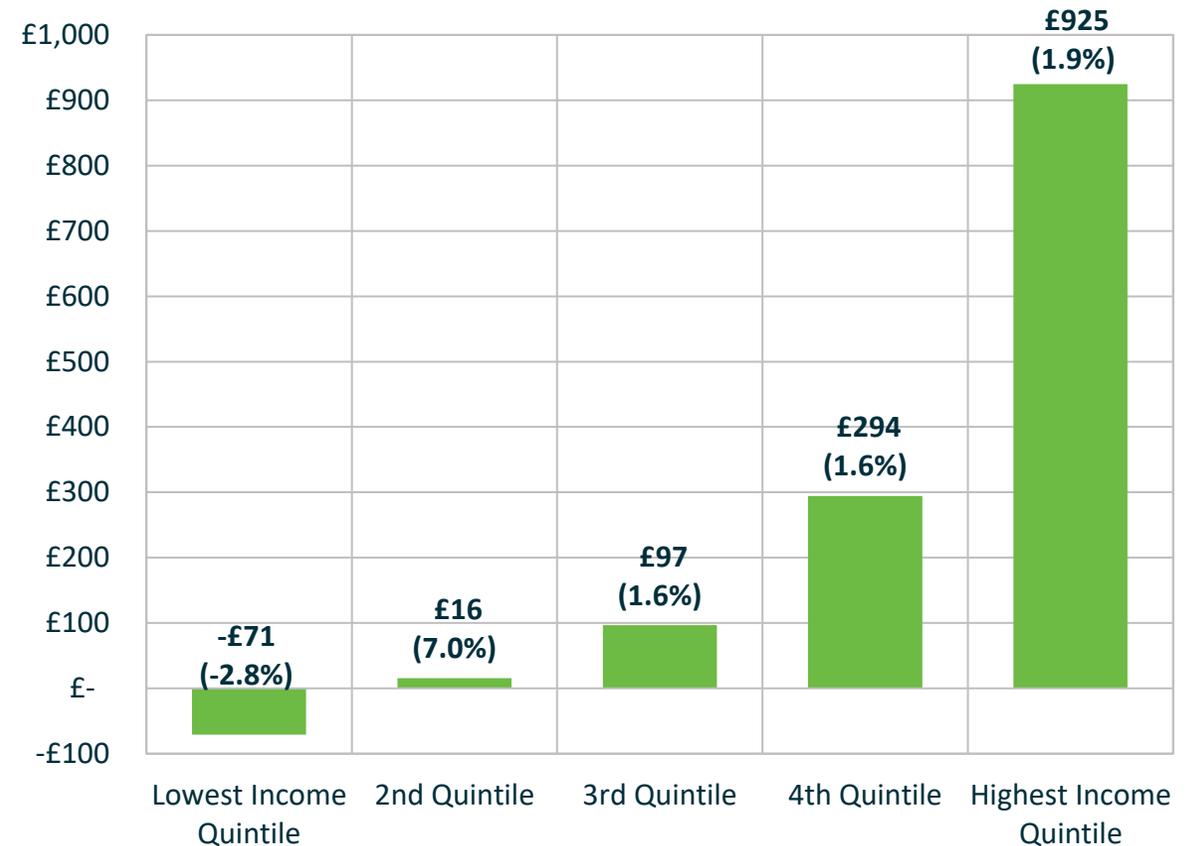


Purchasing power growth picks up for all income quintiles in January

All except the bottom quintile saw discretionary incomes rise

- All income quintiles saw growth in purchasing power improve in January following weak performance in December. It means that all but the poorest 20% of households were better off in January 2026 compared to January 2025.
- That said, January 2026 marked a year since the lowest 20% of earners last saw their discretionary incomes rise annually. This quintile was disproportionately exposed to elevated inflation over 2025, particularly in key categories such as food and utilities which make up a far higher proportion of their income. As such, they are estimated to be £1.91 per week worse off compared to January 2025.
- The top income quintile saw the strongest annual growth in January of 1.9%. The gap in average purchasing power between the top and bottom income quintiles is estimated to have risen by £18.89 per week year-on-year in January 2026.
- While all quintiles benefitted from slower price growth in January, weakening gross income growth has constrained the rise in purchasing power.

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

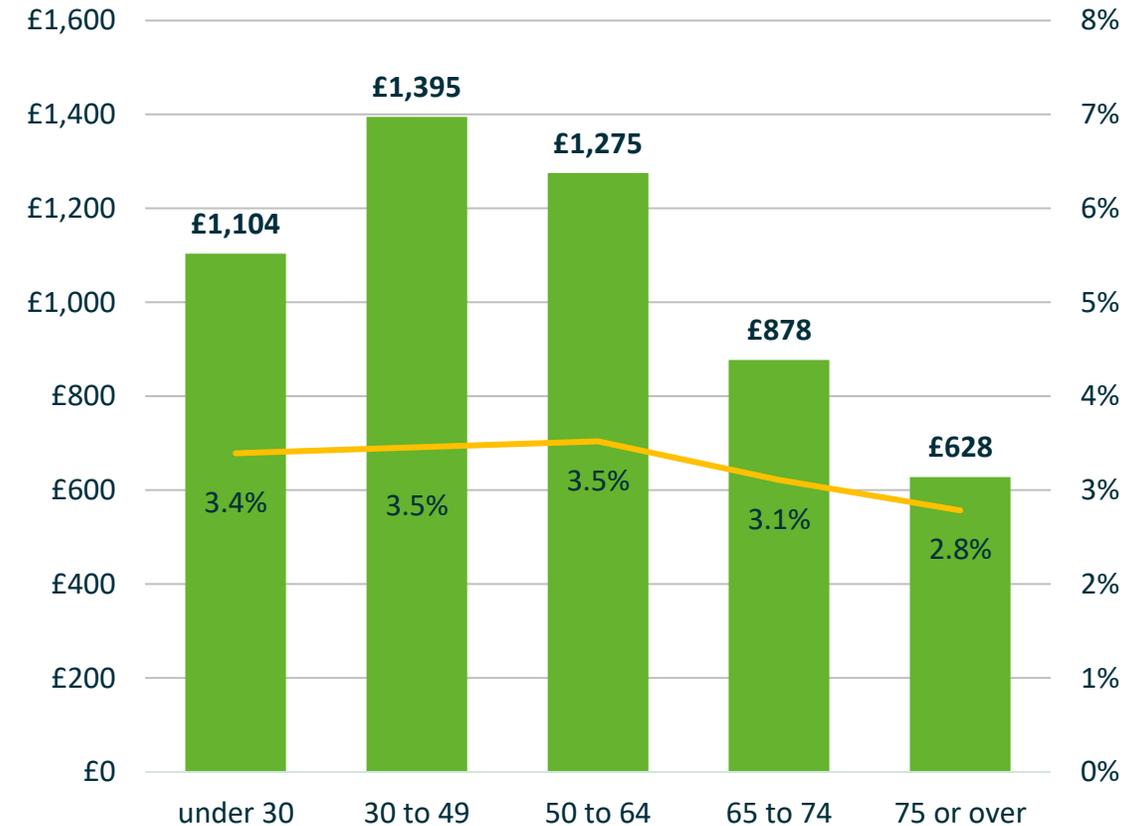


Gross income growth decelerates for all age groups in January

Easing wage growth has primarily affected working-age households

- Gross incomes were higher for all age groups in January 2026 compared to a year ago, but the rate of growth slowed compared to December.
- In absolute terms, those aged 30 to 49 remained the highest earners, with gross income amounting to £1,395 per week in January.
- The highest growth rates in gross incomes were seen amongst those aged 30 to 49 and 50 to 64 at 3.5%, although both saw growth decelerate compared to December. Under 30s, an age group disproportionately affected by muted labour market conditions, saw the weakest gross income growth amongst working-age households.
- Income growth amongst pension-age households remains weaker than those under 65. Those aged 75 or over saw growth of 2.8% year-on-year in January, while gross incomes for those aged between 65 and 74 grew by 3.1%
- Pension-age households also tend to have lower gross incomes in absolute terms. In January, the average 30- to 49-year-old out-earned those aged 75 or over, the lowest earning age group, by £769 per week.

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



Essential spending makes up the highest proportion of gross income for young people

Spending on essentials and tax significantly lower among those aged 65 years or older.

- The essential basket of goods and services tracked by the Asda Income Tracker rose by 3.7% year-on-year in January for the average UK household, decelerating by 0.6 percentage points compared to December. This marks the lowest growth in essential spending since October 2024.
- Despite this, growth in essential spending remains elevated. Even while headline CPI moves closer to the Bank of England's 2.0% target, categories such as food and non-alcoholic beverages and housing and utilities remained stubbornly elevated, above the headline average of 3.0% in January.
- Households under 30 allocated the largest proportion of their gross income to essential spending, at 67.8%. Far less likely to be homeowners than older age groups, young people have been more exposed to rent costs that have risen significantly over recent years. That said, rent growth appears to have been moderating, coming in at 3.1% year-on-year in January.
- In absolute terms, those aged 30 to 49 had the highest essential spend per week, at £799, and paid the most tax, at £286, out of all the age groups, while spending among those aged 75 or over was the lowest. The average over-75-year-old spent £366 per week on average on essentials, and £47 per week on tax.

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

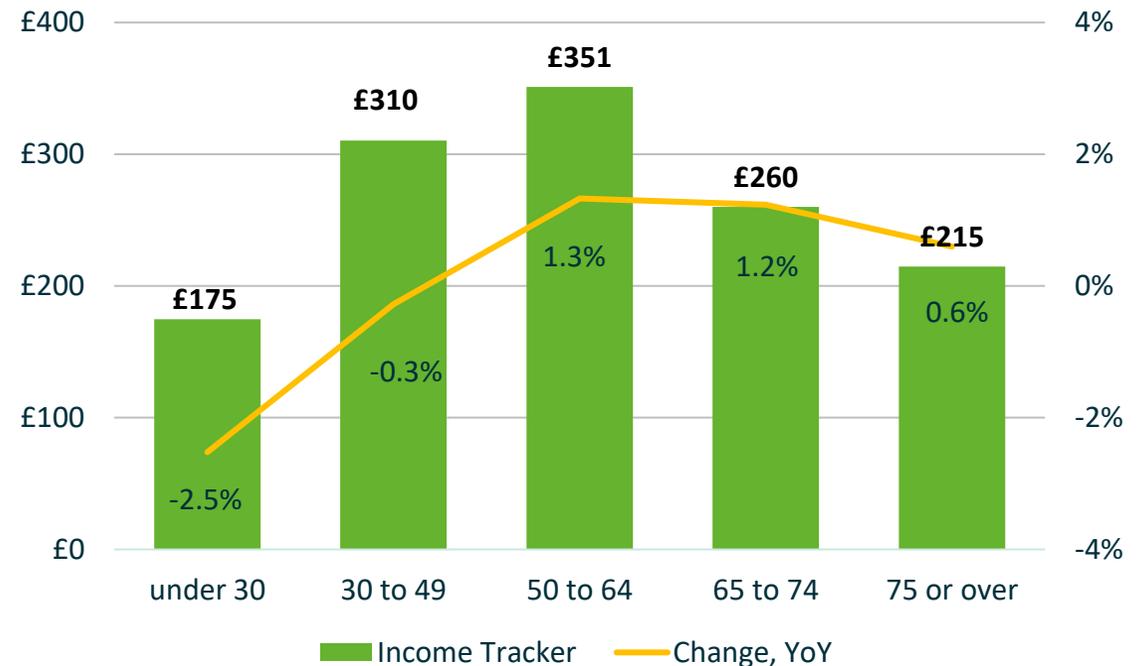


Under-50s see purchasing power contract year-on-year in January

All age groups see a slight improvement in discretionary income growth compared to December

- In January, those under 30 and those aged between 30 and 49 experienced an annual contraction in the Income Tracker, indicating that they were able to spend more on non-essentials in January 2025 than in January 2026.
- Those aged 65 to 74 and over 75 experienced growth in discretionary incomes for the fourth and third consecutive month, respectively, with both groups seeing growth accelerate compared to December.
- On a monthly basis, all households were better off in January than in December. The strongest monthly growth was amongst under-30s, at 1.91%, likely attributable to the continued moderation of rent costs.
- In absolute terms, those aged 50 to 64 were the best-off age group in January, with an average discretionary income of £351 per week. Under 30s have the least income to spare after taxes and essential spending, at £175 per week, less than half of the top-earning age group.
- Growth in the Income Tracker across all age groups has primarily been driven by easing cost pressures in January, a trend which is expected to continue over the year. Weak gross income growth is expected to continue, however with inflation falling, scope for interest rate cuts, which may improve hiring activity, will rise.

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

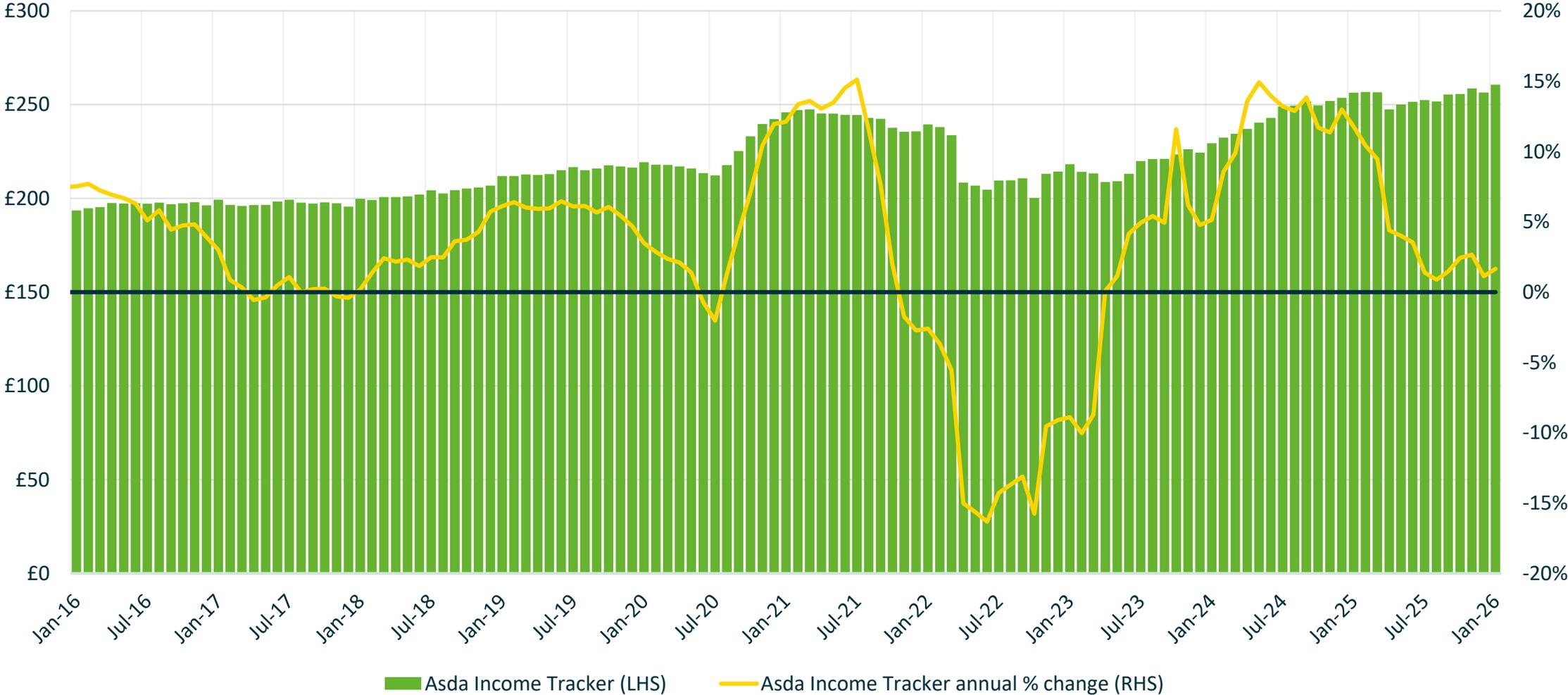


Appendix



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						
January 2022	£239	January 2023	£218	January 2024	£229	January 2025	£256	January 2026	£261
February 2022	£238	February 2023	£214	February 2024	£232	February 2025	£257		
March 2022	£234	March 2023	£213	March 2024	£234	March 2025	£257		
April 2022	£208	April 2023	£209	April 2024	£237	April 2025	£247		
May 2022	£207	May 2023	£209	May 2024	£240	May 2025	£250		
June 2022	£205	June 2023	£213	June 2024	£243	June 2025	£251		
July 2022	£210	July 2023	£220	July 2024	£249	July 2025	£252		
August 2022	£210	August 2023	£221	August 2024	£249	August 2025	£252		
September 2022	£211	September 2023	£221	September 2024	£251	September 2025	£255		
October 2022	£200	October 2023	£223	October 2024	£249	October 2025	£256		
November 2022	£213	November 2023	£226	November 2024	£252	November 2025	£259		
December 2022	£214	December 2023	£224	December 2024	£253	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:

“The Asda Income Tracker looks to have started 2026 in a similar fashion to how it ended 2025. Nominal discretionary incomes have seen modest year-on-year growth, driven primarily by slowing inflation, as gross income growth has continued to slow. Considerable scarring remains from the double-digit inflation of the cost-of-living crisis, particularly for those on the lower end of the income distribution, for whom purchasing power is yet to fully recover..

With the UK economy expected to continue its current trend of earnings growth surpassing inflation, the near-term outlook for the Income Tracker is one of growth, albeit slowly. However, current economic conditions, combined with the high-interest rate environment, leave scope for monetary easing, which could provide a much-needed boost to earnings growth and employment, pushing discretionary incomes to new highs over the year.”

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£162	£233	£215	£215	£200	£284

London	South East	South West	Wales	Scotland	Northern Ireland
£331	£230	£212	£218	£276	£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, February 2026

