

Asda Income Tracker

Report: January 2026



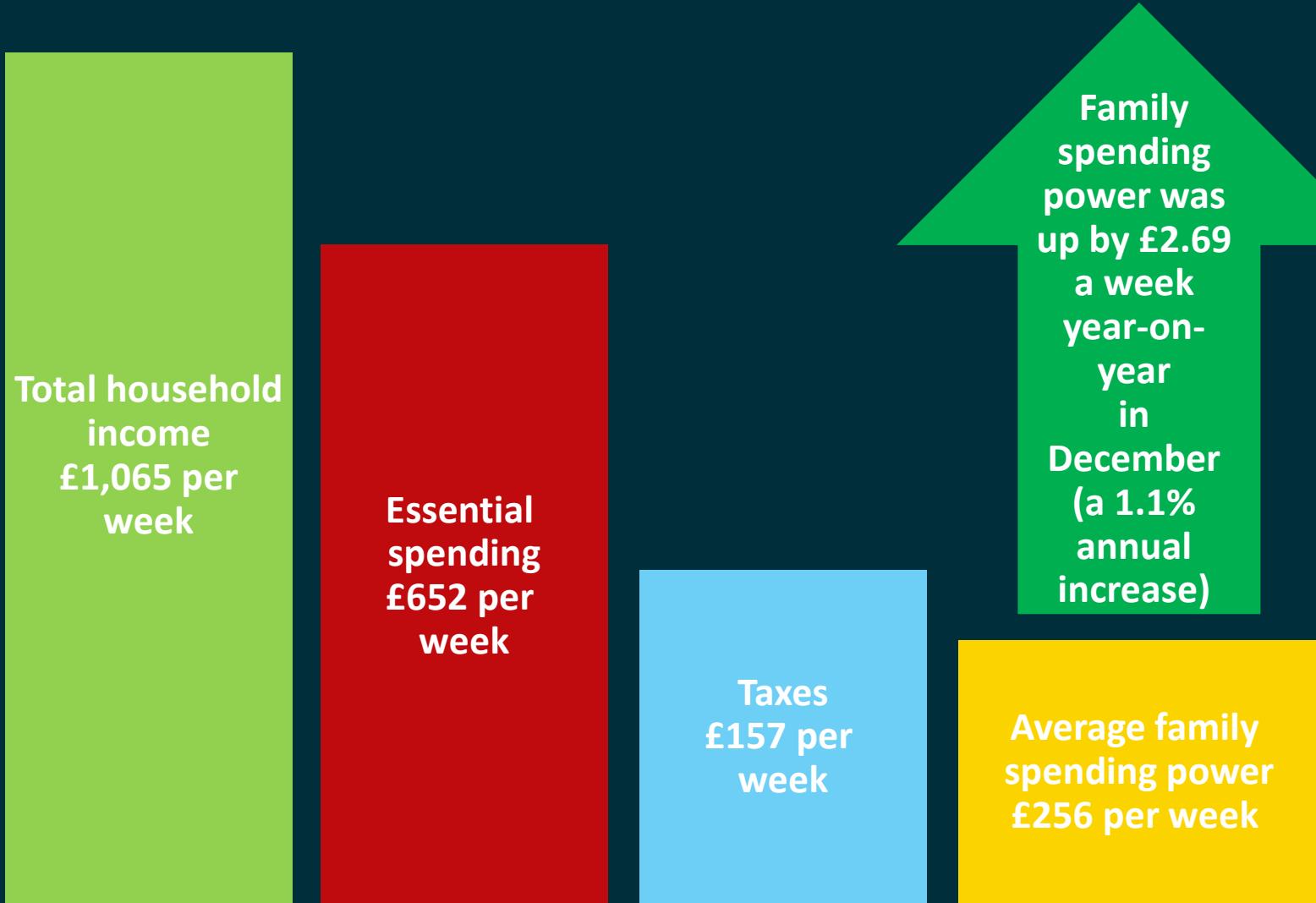
Making Business Sense

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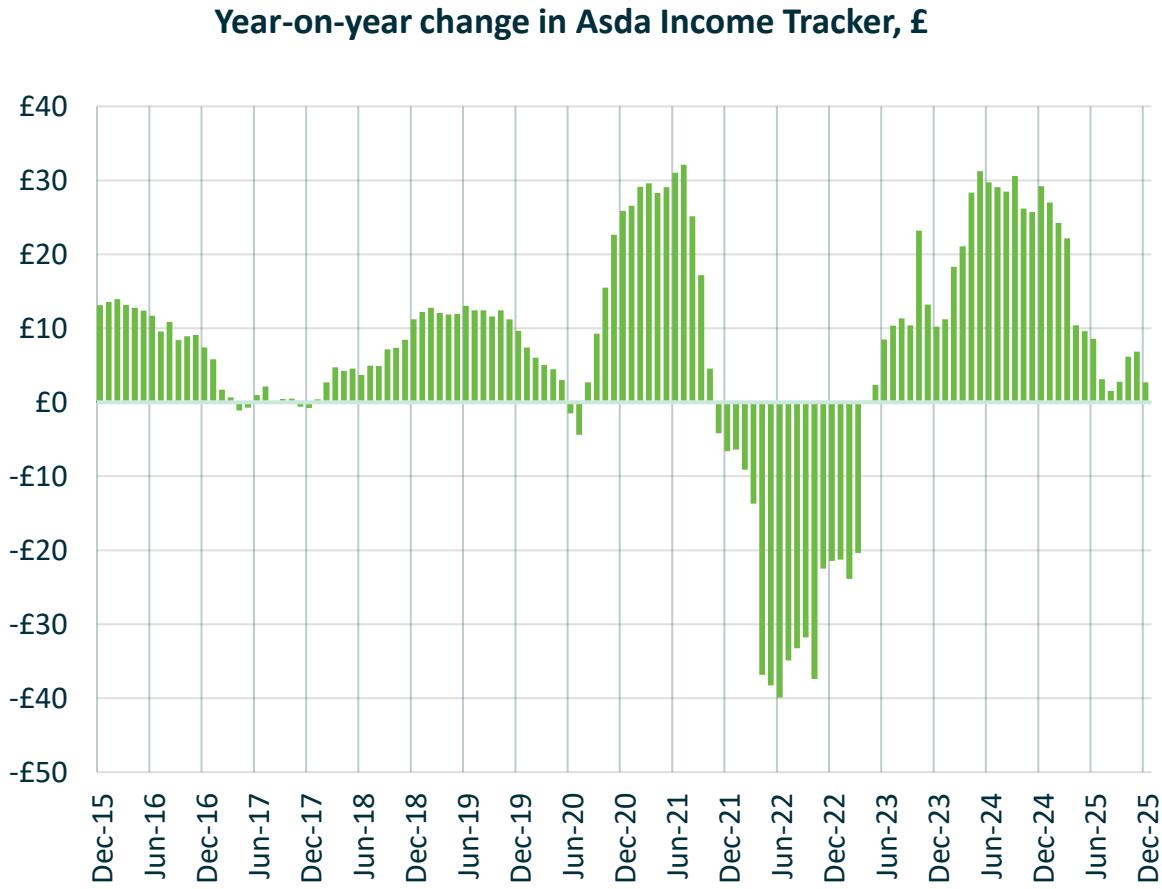
Asda Income Tracker – Key Figures



Uptick in inflation stalls annual growth in the Income Tracker

The Asda Income Tracker was £2.69 a week higher in December 2025 than in December 2024

- Annual growth in the Asda Income Tracker decelerated in December to 1.1%, in a blow to the momentum picked up in the three months to November.
- On a monthly basis, December saw household purchasing power contract by £2.46 per week compared to November. Average household discretionary income is now estimated to stand at £256 per week.
- Headline CPI inflation picked up in December, rising to 3.4% from 3.2% in November. However, core inflation, which excludes food, alcohol and tobacco, was unchanged at 3.2%, indicating that underlying price pressures remained stable over the month.
- Gross income growth decelerated by 0.4 percentage points to 3.4% year-on-year, reflecting slowing earnings growth figures from the ONS this month. With labour costs weighing heavily on businesses, weaker wage growth will be welcomed by employers and will help to further slow price growth in 2026.
- Looking ahead, inflation is expected to continue to move closer to the Bank of England's target throughout the first half of 2026. While this is positive for household spending power, growth in the Income Tracker may be offset by an expected deceleration in earnings growth over the same period.

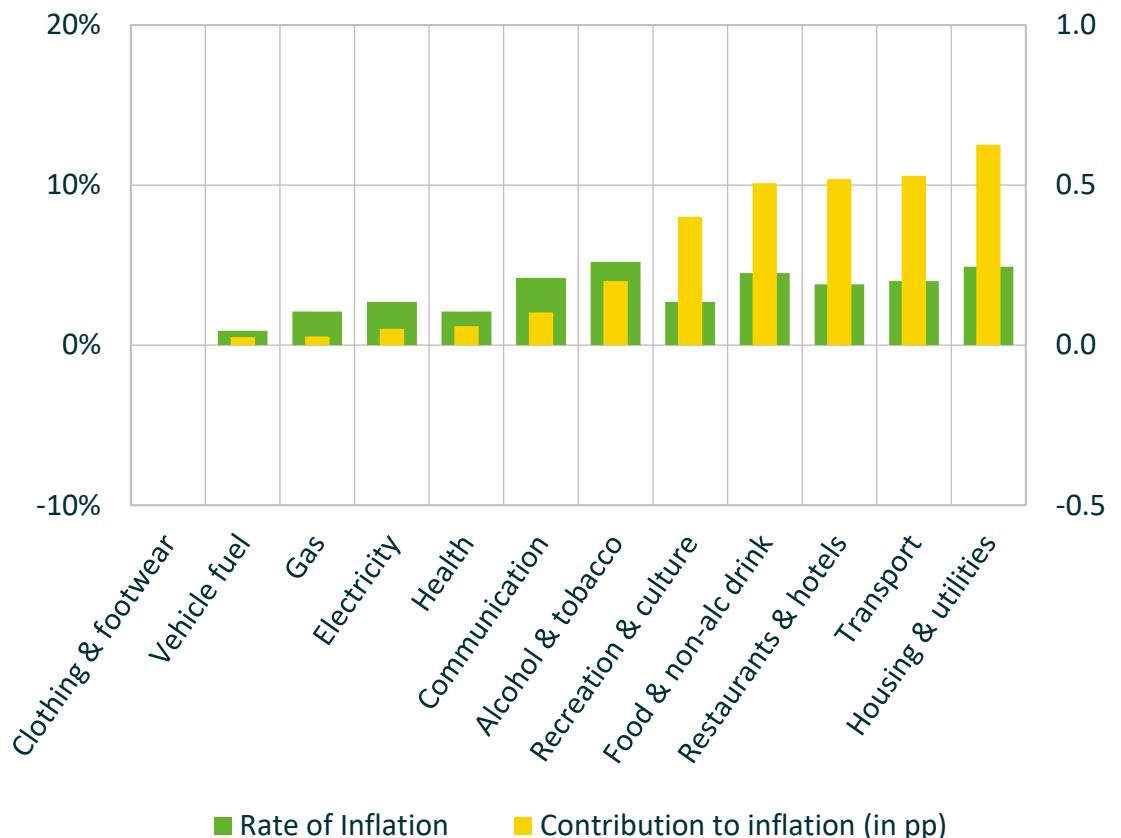


Regulated prices push inflation up to 3.4% in December

The main factors affecting family costs in December were:

- Inflation, as measured by the Consumer Prices Index (CPI), accelerated to 3.4% in December, putting the brakes on disinflation which seemed to be gaining momentum. That said, core inflation, excluding energy, food, alcohol, and tobacco, remained steady at 3.2%.
- Despite a 0.2 percentage point deceleration, housing and utilities saw prices rise by 4.9% year-on-year in December, making them the most significant contributor to CPI for another month.
- Typically volatile food and non-alcoholic beverage inflation rose by 0.3 percentage points to 4.5%, largely driven by an uptick in inflation for bread and cereals. A hike to tobacco duties, announced in the November Budget, accounts for a sharp acceleration in alcohol and tobacco inflation, up to 5.2% from 4.0% in November.
- Transport inflation also accelerated in December to 4.0%, driven primarily by air fares. Vehicle fuels had a negligible effect, with annual inflation decelerating to 0.9% from 1.0% in November.
- While December saw disinflationary momentum stall, evidence that core inflation remained steady at 3.2% supports Cebr's forecast that inflation will move substantially closer to the Bank of England's 2.0% target over 2026.

Inflation of selected goods, annual rate (LHS) and contribution to headline inflation (RHS), December 2025



Vehicle fuel is a sub-category of Transport

Gas and electricity are sub-categories of Housing & utilities

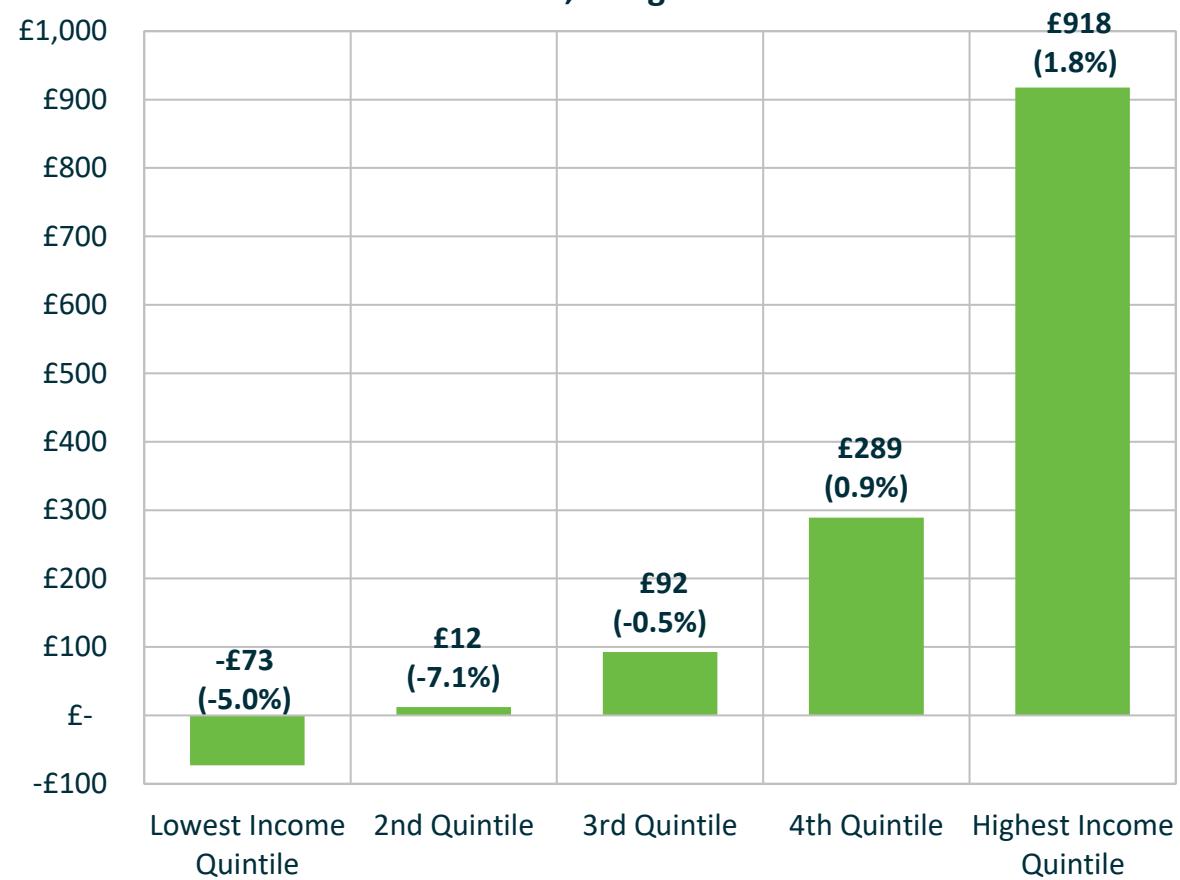


Income Tracker growth slows markedly for all income quintiles in December

Discretionary incomes shrank year-on-year for the second and third quintiles after they rose in November.

- Annual growth in discretionary incomes worsened in December for all income quintiles. The second and third income quintiles, which saw positive annual growth in November, were both lower compared to December 2024, by £0.93 and £0.42, respectively.
- The Income Tracker contracted annually again for the lowest income quintile, this time by 5.0%. The lowest 20% of earners are estimated to be £3.44 worse off in December 2025 compared to December 2024.
- The top two income quintiles were the only ones to show growth in purchasing power. However, both quintiles saw this growth decelerate significantly in December.
- The more pessimistic outlook across the board reflects the interaction of weakening earnings growth with a pause in disinflation. As a result, approximately 60% of households would be expected to feel that their weekly pay was going further a year ago compared to now.

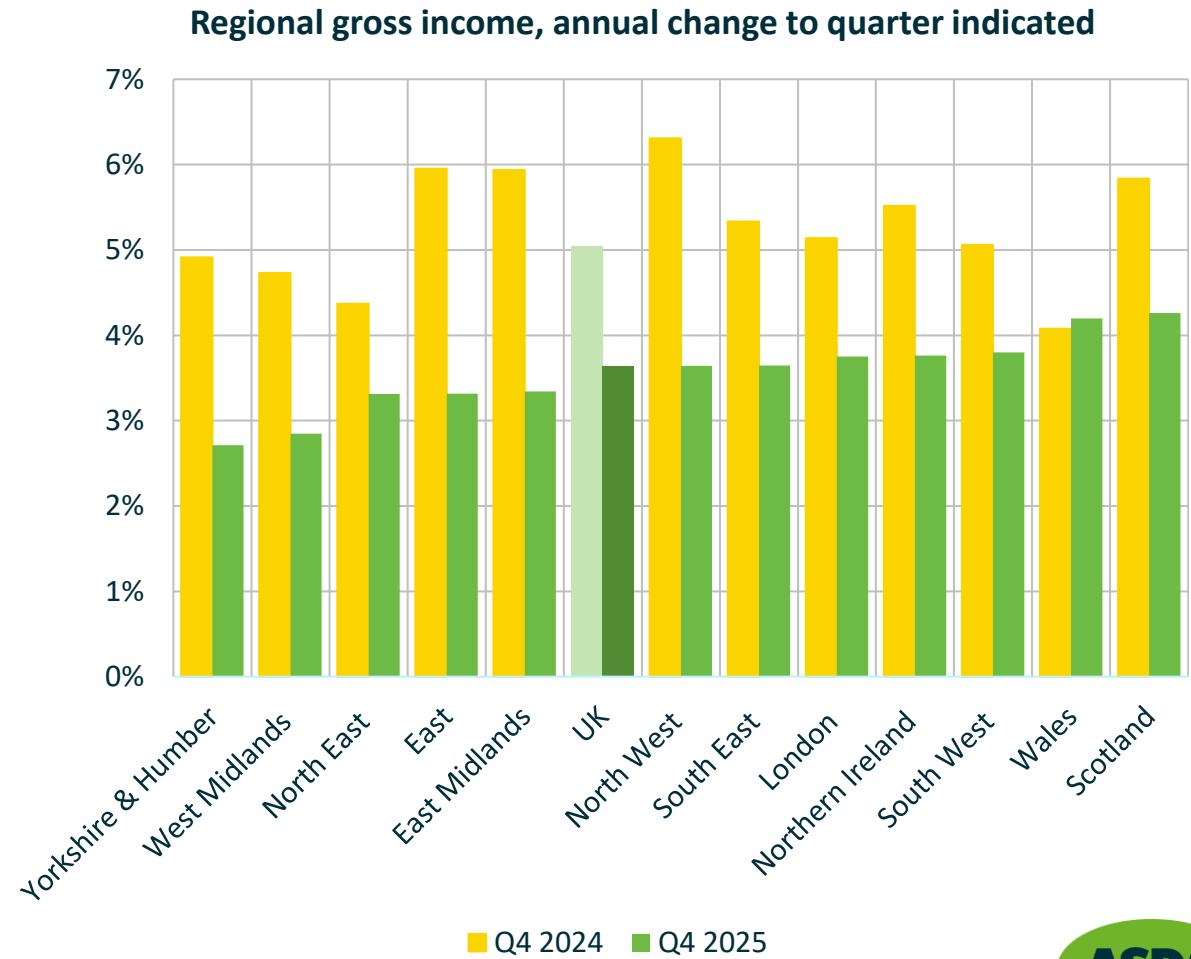
Average weekly discretionary income by household income group, December 2025, YoY growth in brackets



Wales was the only region to see annual gross income growth accelerate compared to Q4 2024

UK-wide annual gross income growth fell to 3.6% in Q4 2025

- Annual gross income growth slowed across almost all UK regions in Q4 2025, compared with the same period a year ago. The only exception was Wales, which saw growth tick up 0.1 percentage points to 4.2% in the year to Q4 2025. Wales was one of the top performing regions for gross income growth this quarter, a stark contrast to the picture a year ago, when its gross income growth was the weakest of all the UK regions and devolved nations.
- The broad-based deceleration reflects increasing slack in the UK's labour market, with the most recent labour market figures showing unemployment holding at 5.1% in the three months to November 2025, and early estimates from PAYE data for December indicating that payrolled employment fell compared to November.
- The West Midlands and Yorkshire and the Humber saw the lowest annual gross income growth, at 2.7% and 2.8%, respectively. The West Midlands continues to experience the reverberations of a large-scale cyberattack on its manufacturing sector, with consequences transmitted up the supply chain that are likely to have affected employment and earnings. The lasting effects of tariffs on exports to the US for both regions remain present, contributing to the large deceleration in growth compared to Q4 2024. Recent geopolitical tensions have also raised the threat of further pain for UK exporters, which could materially worsen the outlook over the coming year.
- On a quarterly basis, all regions except London and Wales, who both saw growth pick up by 0.1 percentage points, saw gross income growth decelerate between Q3 and Q4.

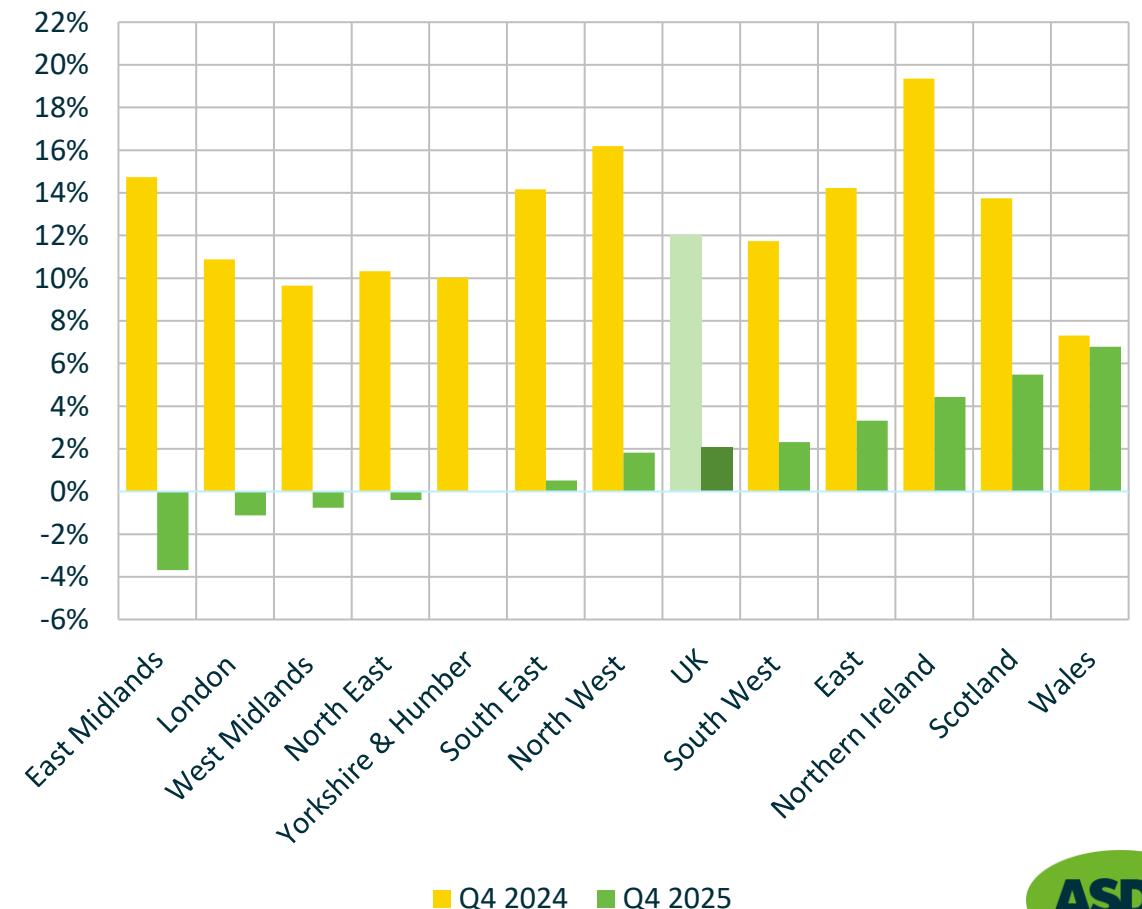


Discretionary income growth slows significantly for all UK regions compared to Q4 2024

The UK-wide Asda Income Tracker grew by 2.1% year-on-year in Q4 2025

- Q4 2025 marked another quarter of slower annual growth in the Income Tracker compared to a year earlier. Of the twelve UK regions, four saw discretionary incomes contract in Q4, a slight improvement over the seven that saw contractions in an especially weak Q3.
- The East Midlands showed the sharpest slowdown compared to a year ago, with growth dropping by 18.4 percentage points from 14.7% to -3.7%. It was also the worst performing UK region this quarter. By contrast, the Income Tracker for Wales saw annual growth of 6.8% this quarter as the country's fastest-growing region.
- The picture for London changed drastically in Q4. After being the fastest growing region in England in Q3, growth has given way to a 1.1% contraction in Q4, making it the second-worst performing UK region. This may have been driven by uncertainty in the capital in the period leading up to the November Budget announcement. Expectations of tax rises may have depressed activity and earnings growth in Q4, especially against the capital's high cost of living.
- It is important to note that the sharp slowdown in growth rates relative to Q4 2024 largely reflects base effects, following exceptionally strong growth in that quarter as discretionary incomes recovered from high inflation in Q4 2023. While the picture for annual Income Tracker growth in Q4 may not be positive, the comparison to Q4 2024 may overstate the size of the downturn.
- On a quarterly basis, the UK-wide Income Tracker showed some signs of recovery in Q4 from an extremely tough Q3. Annual growth accelerated from 1.0% up to 2.1% from quarter to quarter, driven largely by easing inflation. Should inflationary pressures continue to ease as expected, scope for further monetary policy loosening will increase, helping to spur economic activity and income growth.

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

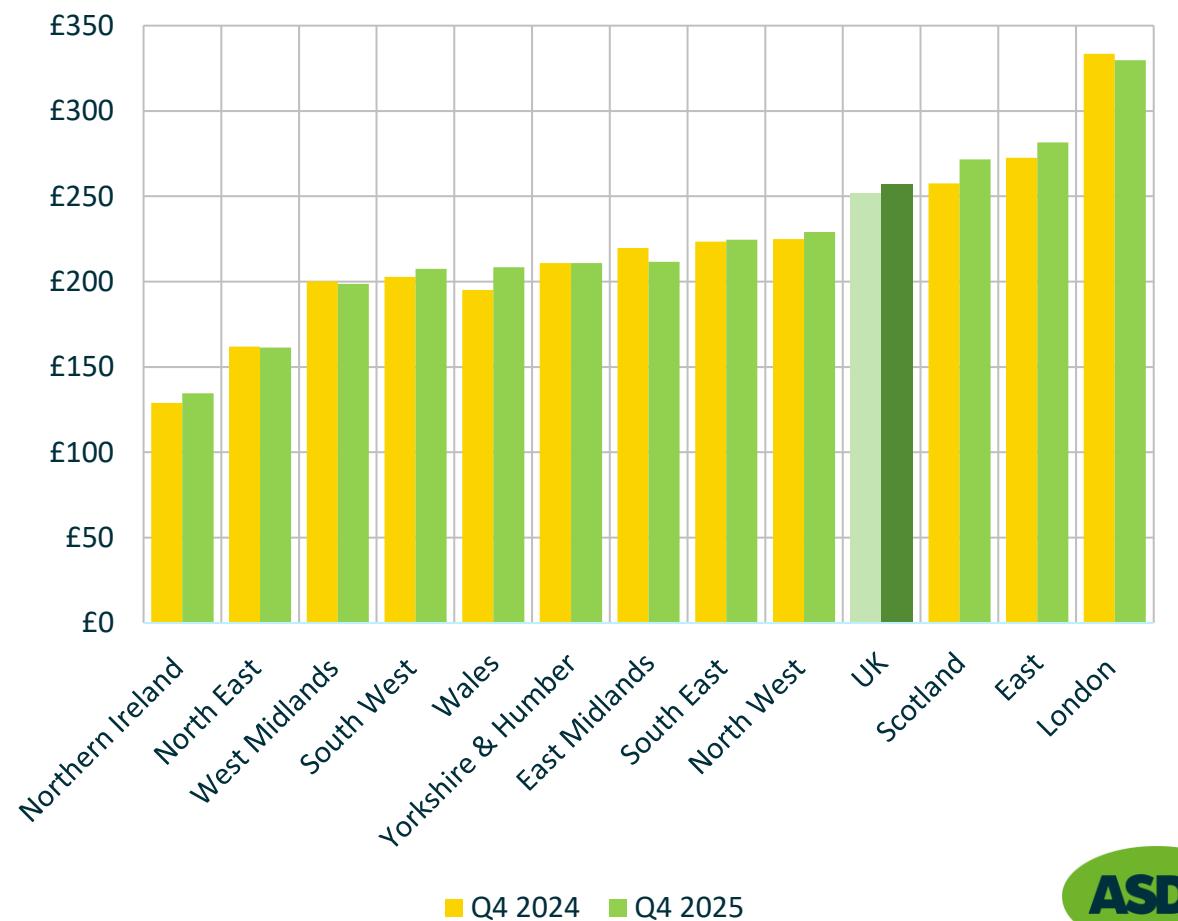


Purchasing power in London, Scotland, and the East of England remains above the UK average in Q4.

UK-wide Asda Income Tracker averaged £257 in Q4 2025

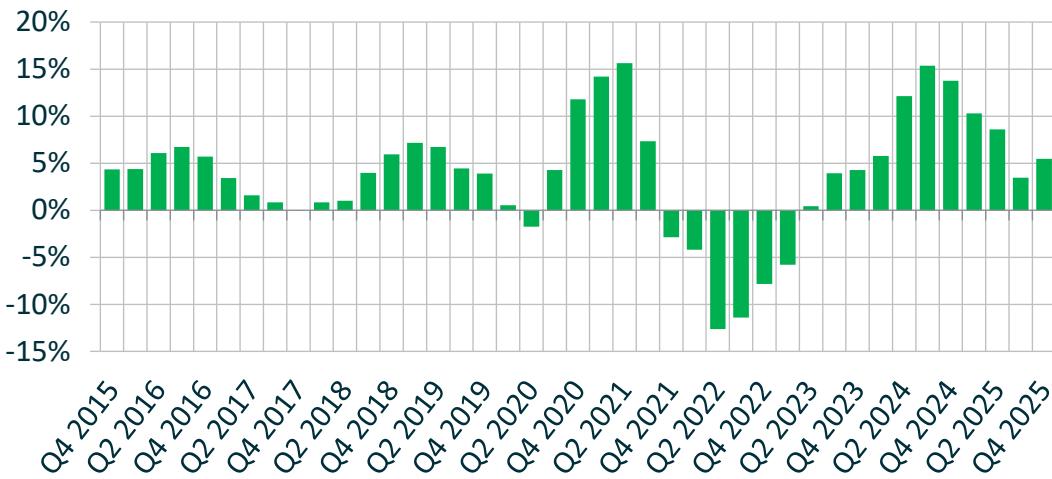
- The average UK household had £257 in weekly discretionary income in the fourth quarter of 2025.
- Discretionary incomes were highest in London, despite a small annual contraction in Q4. The Income Tracker for the average Londoner came in at £330 per week, a quarter-on-quarter reduction of 0.3% from Q3.
- Northern Ireland continued to be the region with the lowest spending power. Discretionary incomes rose from £129 to £135 from Q4 2024 to Q4 2025 but remain £26.70 per week lower than the next lowest region.
- Five of the twelve regions saw spending power fall in Q4 compared to last year. The East Midlands was the worst affected region – the average household is £8.08 poorer per week than they were this time last year.
- Alongside London, both Scotland and the East of England recorded spending power levels above the UK-wide average in Q4 2025, with Income Tracker values of £272 and £282, respectively.

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

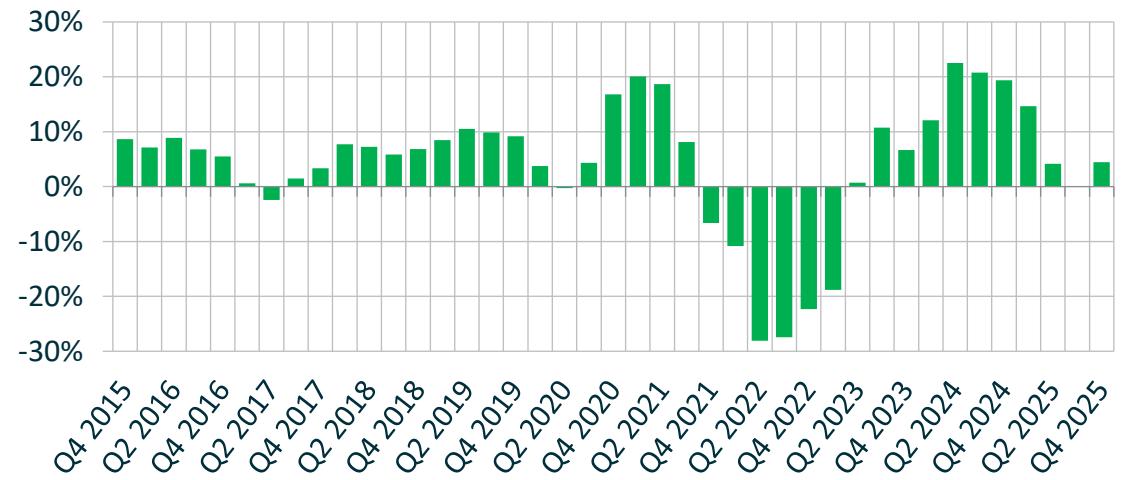


Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



Annual % change in discretionary incomes, Northern Ireland

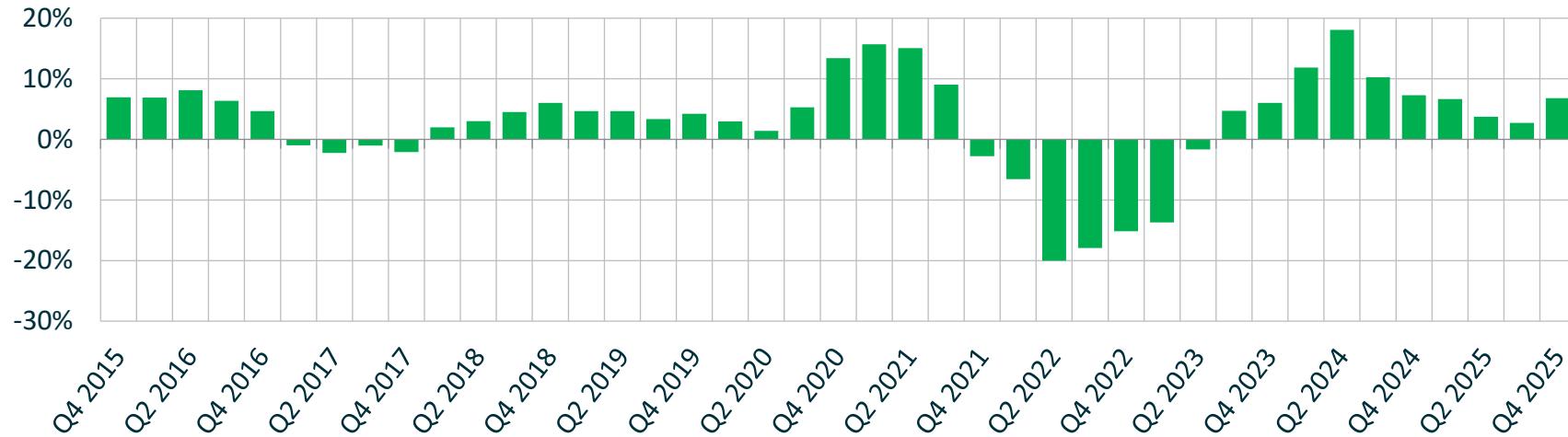


- The Asda Income Tracker for Scotland rose by 5.5% year-on-year in Q4 2025, accelerating by 2.0 percentage points from the previous quarter.
- On a quarter-on-quarter basis, purchasing power rose by £6.95 per week compared to Q3, bringing the average discretionary income in Scotland up to £272 per week.
- Like the rest of the UK, discretionary incomes in Scotland benefitted greatly from a slowdown in inflationary pressures over Q4.
- Scotland remains the region with the highest gross income growth in the UK, with wages being driven up by its comparatively tighter labour market. Unemployment in Scotland was estimated at 3.7% in the three months to November 2025, compared to the UK-wide figure of 5.1%.

- After a quarter of year-on-year stagnation in discretionary incomes in Northern Ireland, the Income Tracker increased by 4.4% annually in Q4 2025. However, purchasing power in Northern Ireland remains the lowest out of all UK regions, at £135 per week.
- Northern Ireland has historically exhibited one of the highest incidences of low-paid, low-productivity jobs in the UK, with the economy more heavily reliant on slower-growing industries such as agriculture and public administration.
- That said, gross income growth in Northern Ireland was above the UK average in Q4, largely driven by public sector pay increases. Gross income averaged £905 per week in Q4, up by £9.87 per week compared to Q3.

Focus on Wales

Annual % change in discretionary incomes, Wales

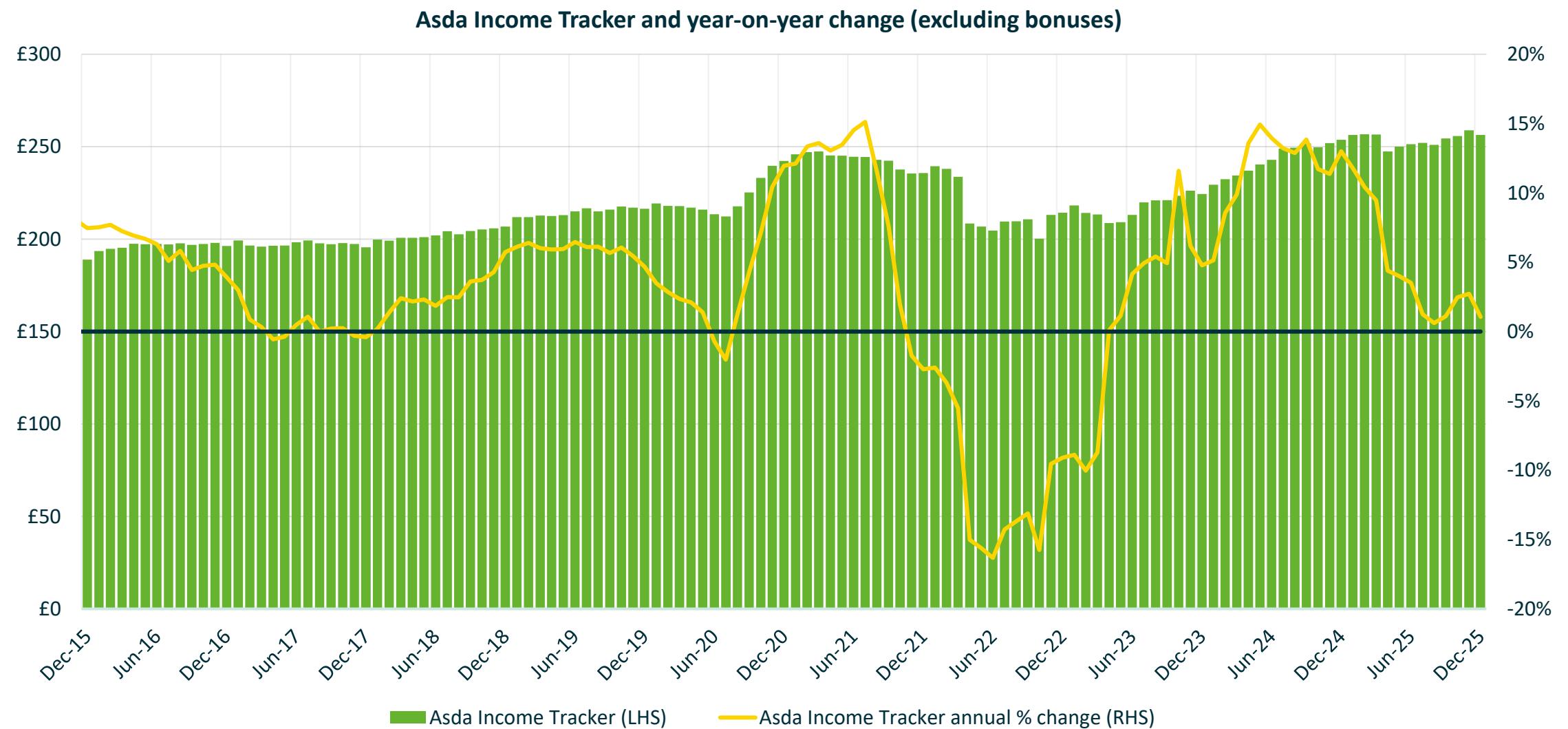


- The Income Tracker for Wales rose by 6.8% year-on-year in Q4 2025, significantly above the UK average of 2.1%. Growth in purchasing power was the highest out of all the UK regions this quarter.
- On a quarterly basis, average household discretionary incomes in Wales rose by £6.03 compared to Q3, bringing the Income Tracker reading for the region to £208 per week.
- Recent estimates state that Wales has the second highest public sector employment as a percentage of total employment in the UK, second only to Northern Ireland. The most recent earnings data for the ONS shows public sector pay rises drastically outpacing the private sector, which has likely influenced comparisons between Wales and other UK regions that have a higher proportion of private sector workers. Annual average regular earnings growth was 7.9% for the public sector compared to 3.6% for the private sector, though this was influenced by base effects, as some public sector pay rises were given earlier in 2025 compared to 2024.

Appendix



Monthly Asda Income Tracker



Monthly Asda Income Tracker

Average UK household Income Tracker, £ per week, current prices, excluding bonuses

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	October 2025	£254
November 2021	£236	November 2022	£213	November 2023	£226	November 2024	£252	November 2025	£259
December 2021	£236	December 2022	£214	December 2023	£224	December 2024	£253	December 2025	£256
2021 Average	£243	2022 Average	£216	2023 Average	£218	2024 Average	£243	2025 Average	£257



Economist's view

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

"Overall, 2025 has been a mixed year for the Income Tracker. Low inflation and strong earnings growth saw nominal discretionary incomes rise to record highs at the start of the year, before increases to employment taxes and wage floors in April increased cost pressure on businesses. This caused stronger inflation and weaker labour market conditions, prompting growth in the Income Tracker to stagnate."

"While Q4 has shown signs of recovery for household purchasing power, this has largely been down to a slowdown in underlying price pressures, rather than an acceleration in earnings growth. Looking ahead, despite an uptick in inflation in December, Cebr expects this trend to continue over the first half of 2026. Easing price pressures and weakening earnings growth are competing influences on the Income Tracker, creating substantial uncertainty for future performance."

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£161	£229	£210	£210	£197	£281

London	South East	South West	Wales	Scotland	Northern Ireland
£329	£224	£207	£208	£272	£132



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, January 2026

