Asda Income Tracker

Report: June 2026

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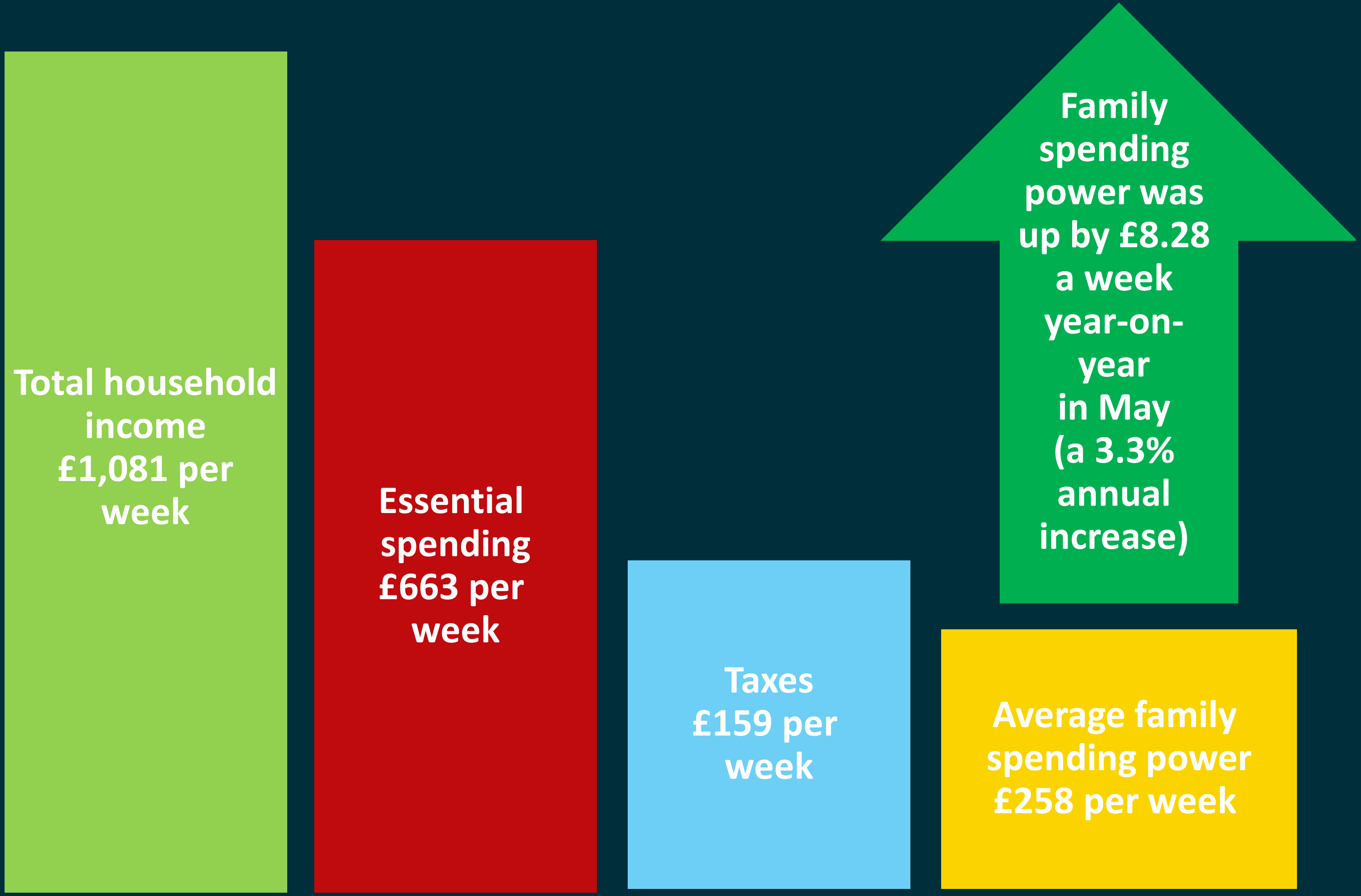
Making Business Sense

Asda Income Tracker – Key Figures

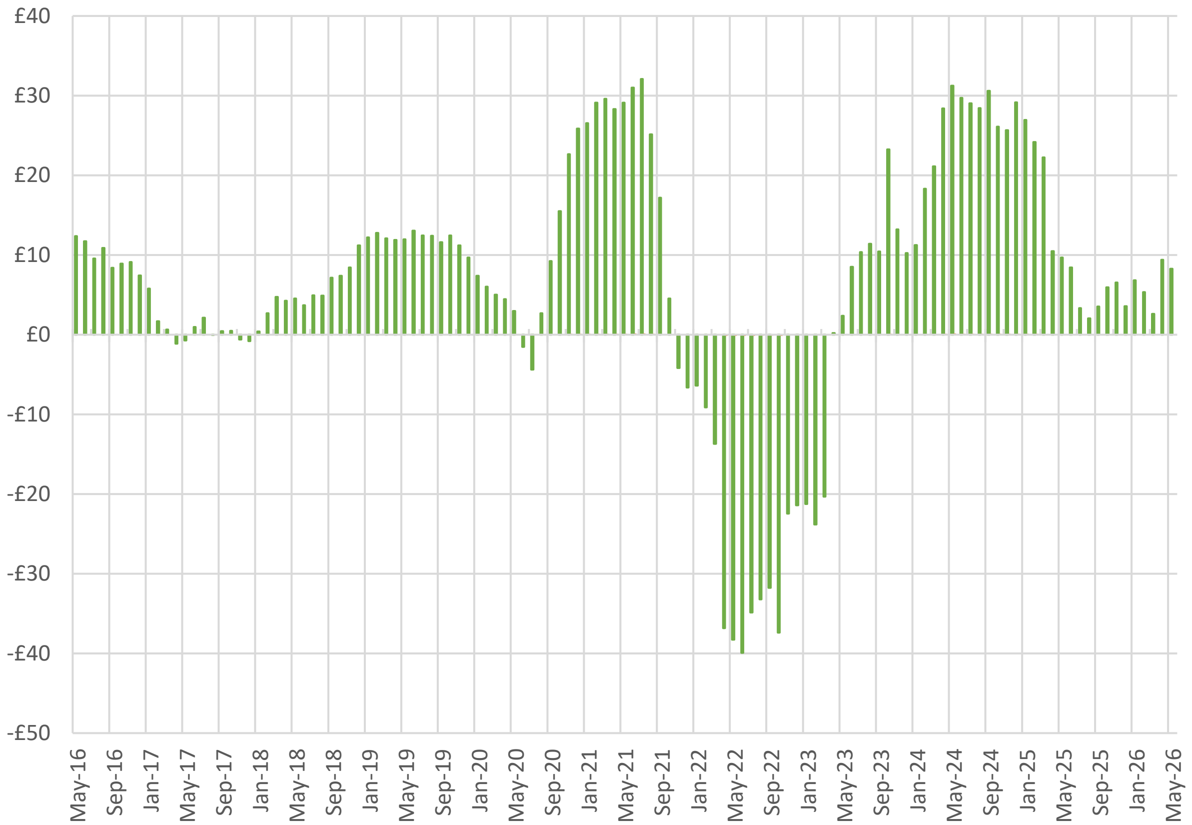


Annual growth in the Income Tracker slows in May

The Asda Income Tracker was £8.28 a week higher in May 2026 than in May 2025

- The Asda Income Tracker recorded annual growth of 3.3% in May, slowing by 0.5 percentage points from April.
- The Income Tracker has remained relatively flat over the past couple of months. Despite a modest 0.6% month-on-month uptick lifting the Income Tracker to £258 in May, discretionary incomes remain below levels seen at the start of the year.
- Headline CPI inflation held at 2.8% in May. Food and non-alcoholic beverages inflation eased for the second consecutive month, with the 12-month rate falling 0.8 percentage points to 2.2% in May 2026. A similar trend is evident with alcohol and tobacco inflation, where consecutive monthly decelerations have brought the rate down to 2.4% in May 2026 from 5.2% in December 2025.
- Despite recent geopolitical developments signalling an end to the Iran conflict may be on the horizon, the outlook for the Income Tracker remains uncertain. Persistent slowdowns in earnings growth, driven by weak labour demand and coupled with July's rise in the energy price cap, could squeeze household incomes over the second half of 2026. Furthermore, food inflation is very volatile and is likely to see significant pass-through effects from the conflict due to elevated fertiliser prices.

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

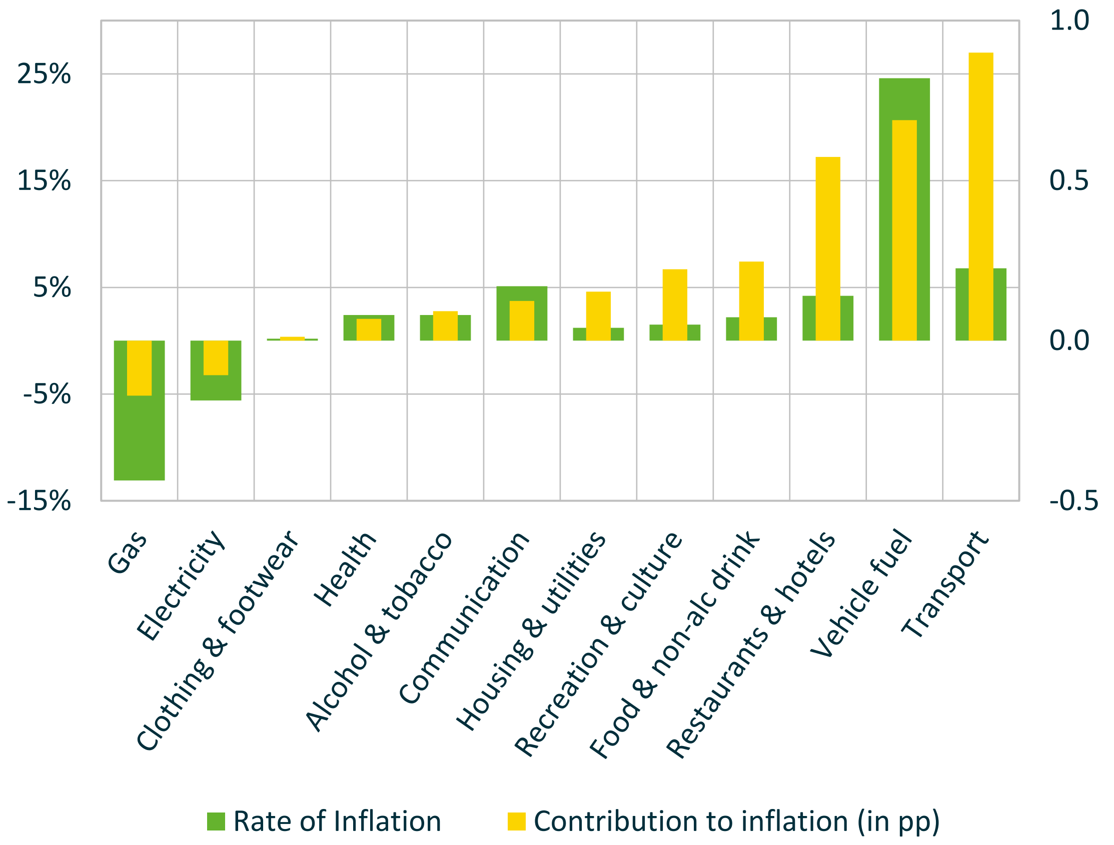


At 2.8%, inflation remains at its joint-lowest level since March 2025

The main factors affecting family costs in May were:

- Inflation, as measured by the Consumer Prices Index (CPI), held at 2.8% in May, its joint-lowest rate since March 2025.
- The most significant contributor to May's inflation rate was transport. Annual inflation accelerated to 6.8% in the year to May 2026, up from 4.5% in April. This was primarily driven by elevated vehicle fuel inflation, at 24.6% year-on-year, and a substantial acceleration in inflation of air and sea fares.
- Air and sea fare inflation both saw significant accelerations in May, primarily due to base effects. Schools' Easter holidays fell before the April 2026 measurement period, artificially depressing annual inflation in April and resulting in a significant acceleration in annual inflation in May as the shock was removed from the calculation.
- Vehicle fuel prices rose by 24.6% year-on-year in May, driven by supply chain disruption in the Middle East. This rate, however, remains well below those seen at the start of the Ukraine-Russia conflict in 2022.
- Inflation remains above the Bank of England's 2.0% target. Despite energy inflation remaining elevated, workers' have restricted wage bargaining power, mitigating the risk of wage-price spirals. Furthermore, oil prices have dropped sharply in expectation of a concrete resolution to the Iran war, potentially hinting at easing cost-push inflationary pressures in the longer term.

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

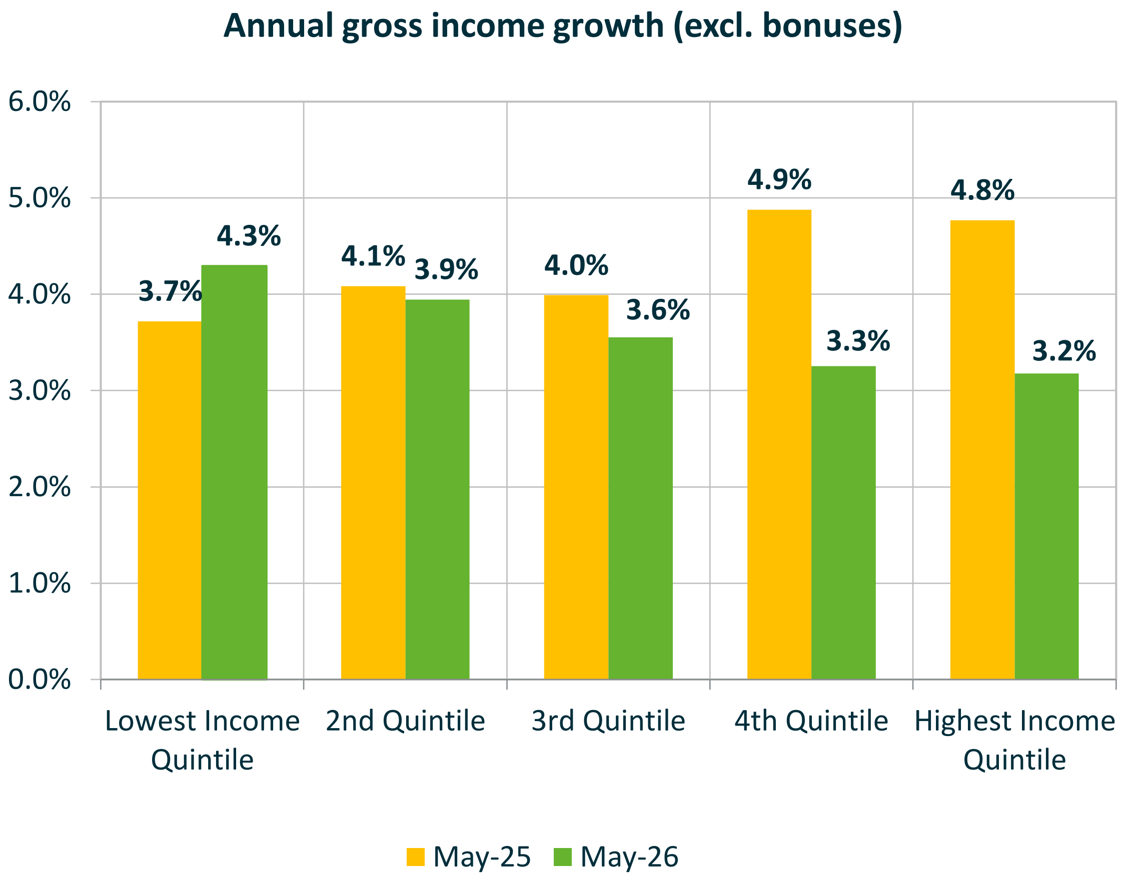


Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

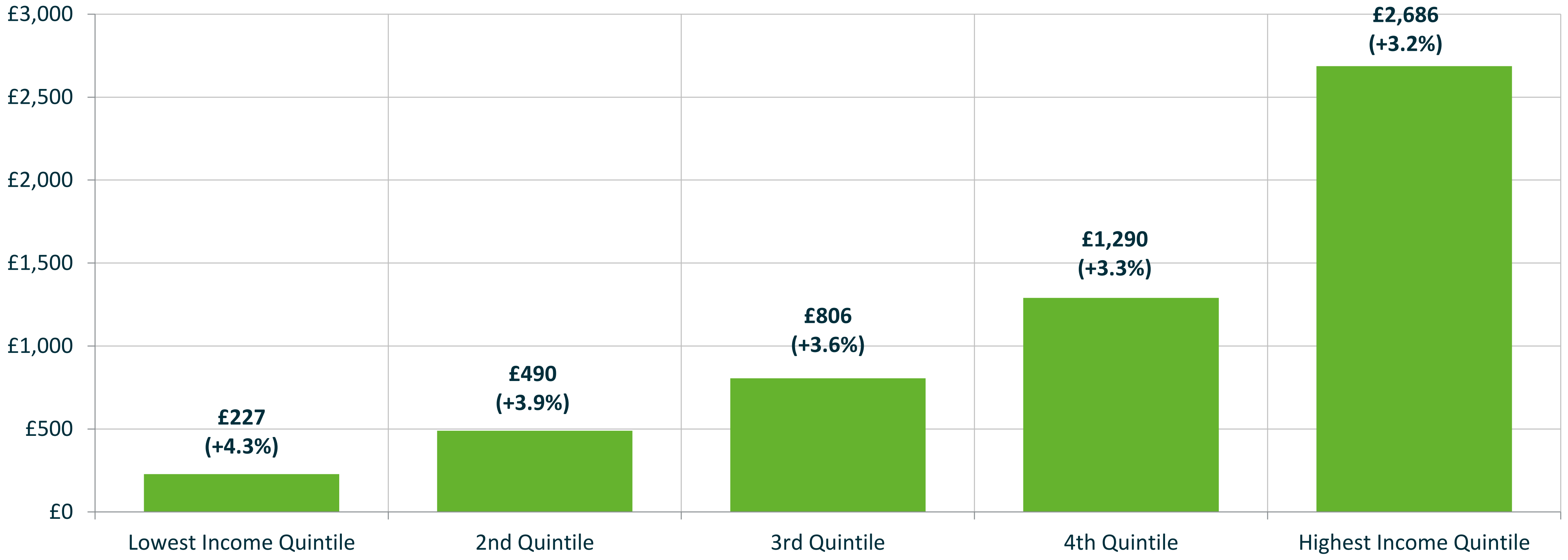
The lowest income quintile was the only one to experience an acceleration in gross income growth

Higher income quintiles saw the largest slowdown in yearly earnings growth.

- Annual gross income growth across groups in May 2026 displayed a similar trend to the previous month. Only the lowest quintile of earners saw an uptick in their annual gross income growth relative to a year prior.
- Higher-income groups experienced a notable slowdown. Gross income growth for the fourth income quintile slowed to 3.3% year-on-year from 4.9% in May 2025, while the highest income quintile saw a similar deceleration, slowing to its lowest rate in over 5 years at 3.2%, from 4.8% a year earlier. This reflects the UK's cooling labour market, with rising unemployment impacting wage bargaining power and pushing down on earnings growth, particularly in the private sector.
- The lowest income quintile experienced a 4.3% growth in gross incomes, up from 3.7% in May 2025. This reflects the continued protection of above-inflation National Minimum and Living Wage increases and rising state welfare benefits.
- Despite nominal gross income gaps narrowing, differential exposure to inflation, particularly in housing & utilities, means that discretionary incomes remain constrained for lower-income households.



Gross weekly income excluding bonuses by income quintile, May 2026, annual growth rates in brackets



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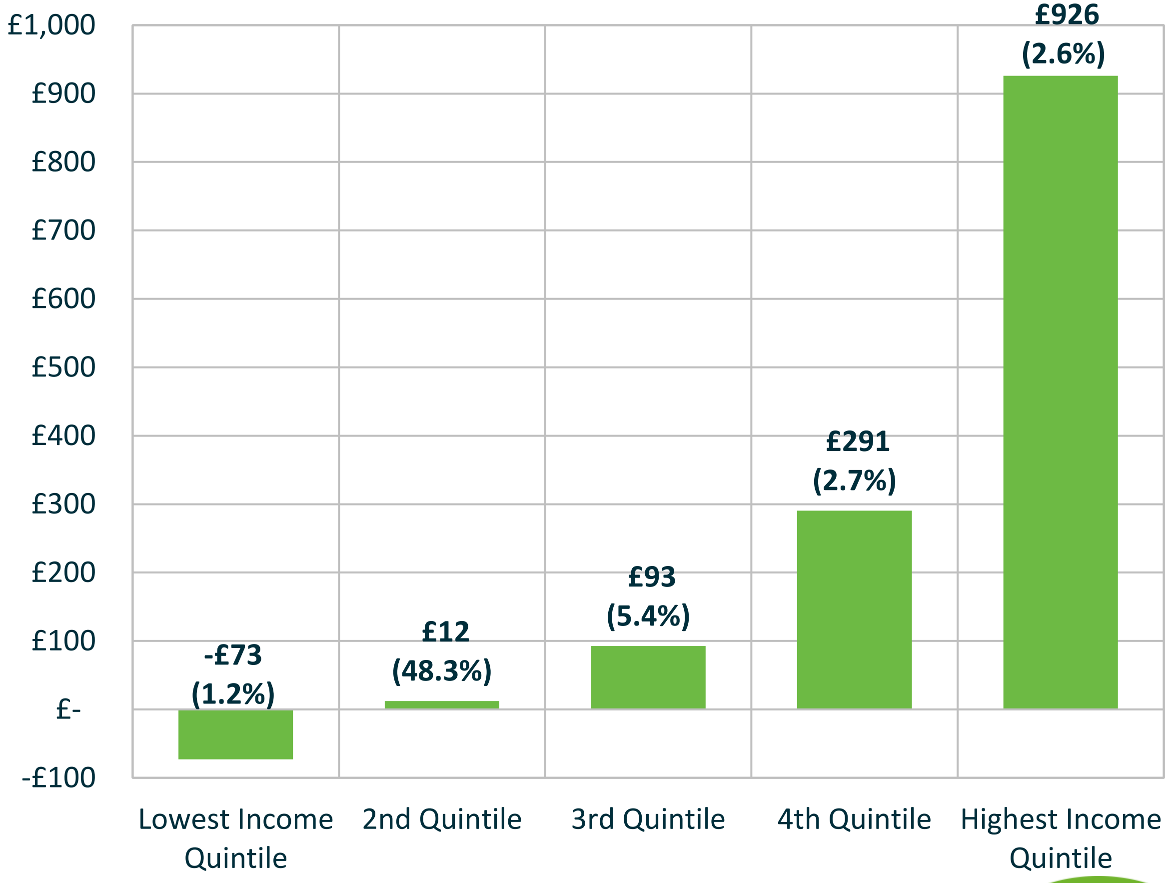
Discretionary income rises for all income groups

Modest but steady growth in weekly discretionary income was exhibited by the highest earners.

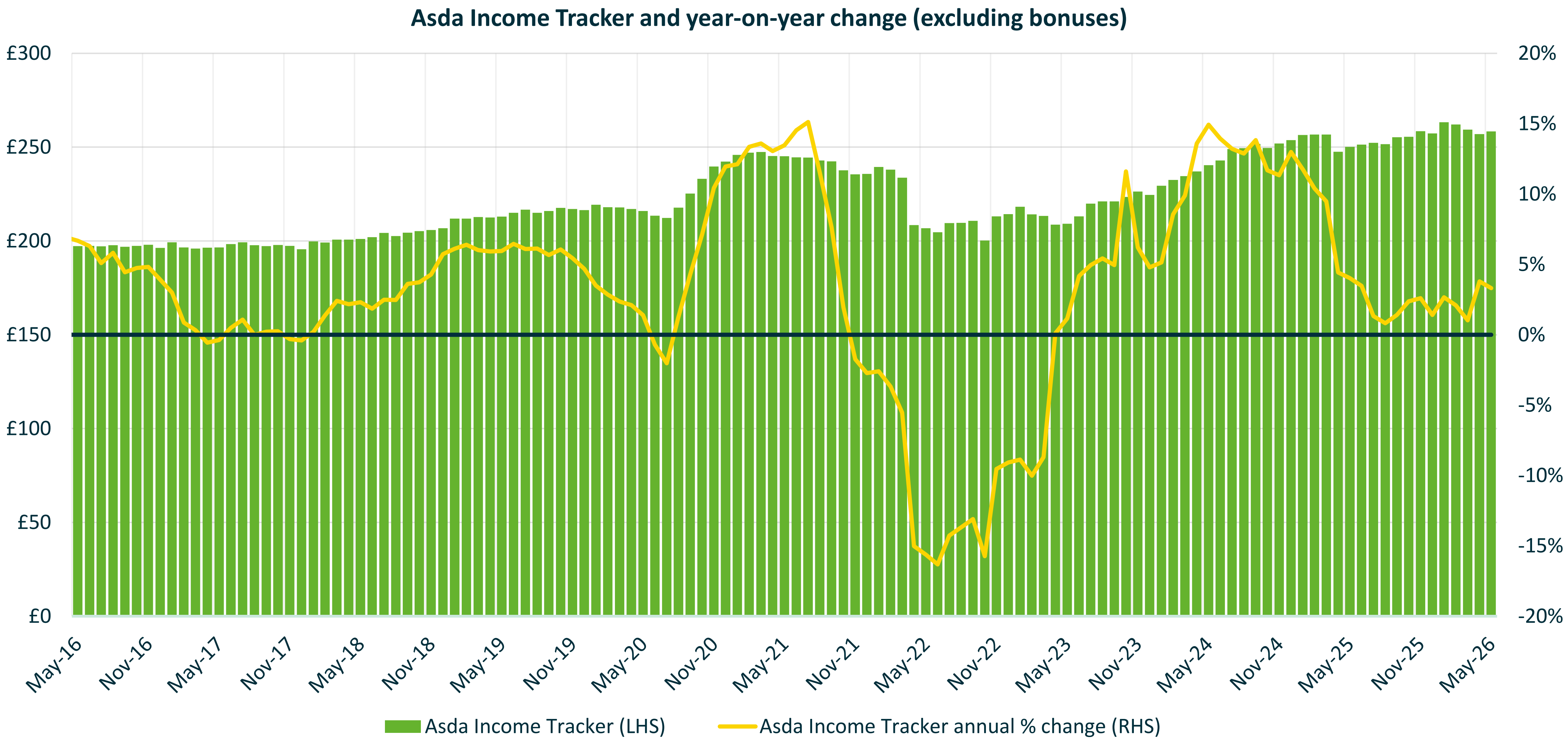
- Average weekly discretionary income in May shows a clear divergence across income groups. Despite a modest 1.2% increase in discretionary income, the lowest quintile's purchasing power remains firmly negative.
- Other income groups registered positive growth, continuing trends from previous months. Growth in absolute terms remains strongest amongst the highest earners, while the second and third income quintiles saw the strongest growth in percentage terms.
- While the highest-income households had the weakest gross income growth, they maintained discretionary income growth due to certain key categories like food taking up smaller proportions of their essential spend. Therefore, they are more insulated than lower income households when these categories experience inflation above the headline rate.
- In level terms, discretionary income conditions remain challenging for low earners, with the average household in the lowest income quintile forced to make cutbacks in certain essential spending categories. However, with warmer weather setting in, there may be more scope for households to substitute away from energy consumption towards other essential goods and services.

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



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	£239	January 2023	£218	January 2024	£229	January 2025	£256	January 2026	£263
February 2022	£238	February 2023	£214	February 2024	£232	February 2025	£257	February 2026	£262
March 2022	£234	March 2023	£213	March 2024	£234	March 2025	£257	March 2026	£259
April 2022	£208	April 2023	£209	April 2024	£237	April 2025	£247	April 2026	£257
May 2022	£207	May 2023	£209	May 2024	£240	May 2025	£250	May 2026	£258
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	£258		
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 continued to show weak momentum in May 2026. While annual growth came in at 3.3%, discretionary incomes grew by only 0.6% month-on-month, and remain below the levels seen in January of this year.

The balance of risks for the Income Tracker's outlook remain firmly on the downside. The most recent labour market data show labour demand continuing to unravel, putting downward pressure on earnings growth. Meanwhile, elevated inflation is expected to be exacerbated once household energy prices are recalibrated in July. The prospect of interest rate cuts, which could drive stronger economic activity, is thus expected to be delayed at least until next year. These headwinds are likely to drive contractions in discretionary incomes from Q3."

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£165	£230	£210	£213	£200	£282

London	South East	South West	Wales	Scotland	Northern Ireland
£336	£225	£202	£215	£270	£136

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, June 2026