

Asda Income Tracker

Report: March 2026



Making Business Sense

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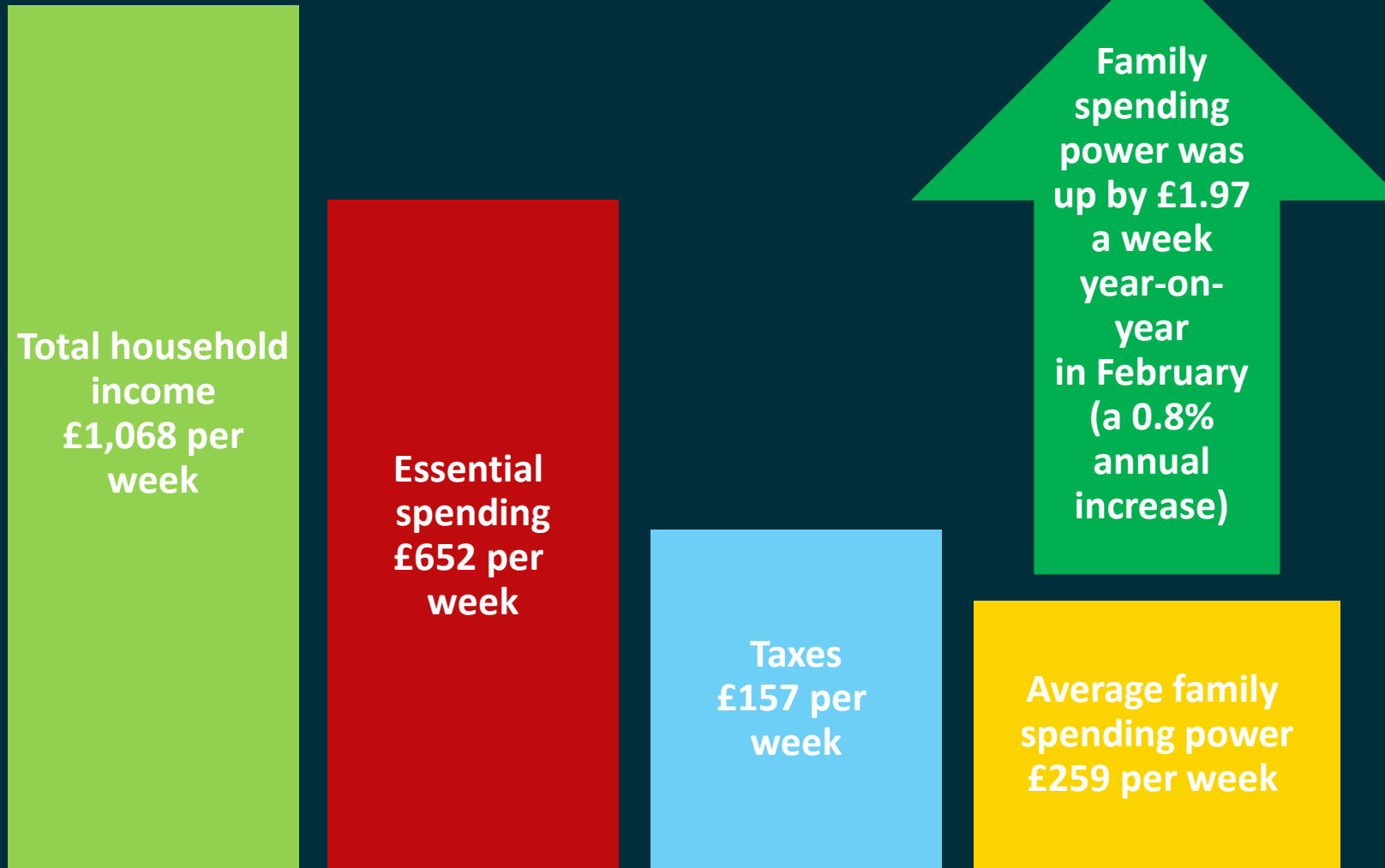
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The ASDA logo is the word "ASDA" in a bold, white, sans-serif font, centered within a dark blue oval shape.

ASDA

Asda Income Tracker – Key Figures

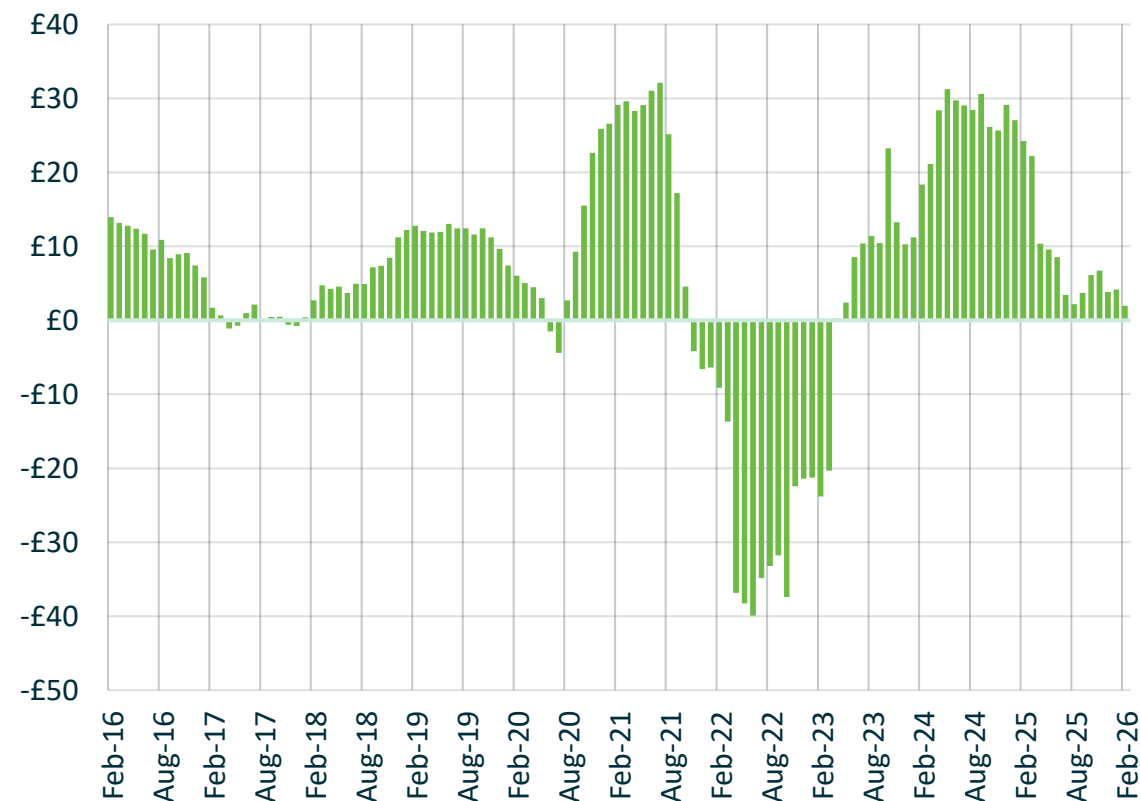


Annual growth in the Income Tracker slows in February

The Asda Income Tracker was £1.97 a week higher in February 2026 than in February 2025

- The Asda Income Tracker recorded annual growth of 0.8% in February, slowing down by 0.8 percentage points from January.
- February's slowdown in the income tracker partly offset modest month-on-month gains in discretionary incomes recorded in January. Average household purchasing power is now estimated to stand at £259 per week.
- Headline CPI inflation maintained at 3.0% in February. Alcoholic beverages and tobacco inflation in particular fell by 1.0 percentage points to 3.6%, alongside a slowdown in food and non-alcoholic beverages price growth from 3.6% in January to 3.3% in February.
- Looking ahead, the outlook for the Income Tracker has been severely complicated by the outbreak of war in Iran. While the full effects on household energy bills have been limited by the energy price cap for Q2 already being set, the conflict is expected to significantly raise costs for businesses and could result in broad-based price readjustment. This elevates the risk of contractions in the Income Tracker over the coming months, particularly given the current weakness of the UK's labour market.

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

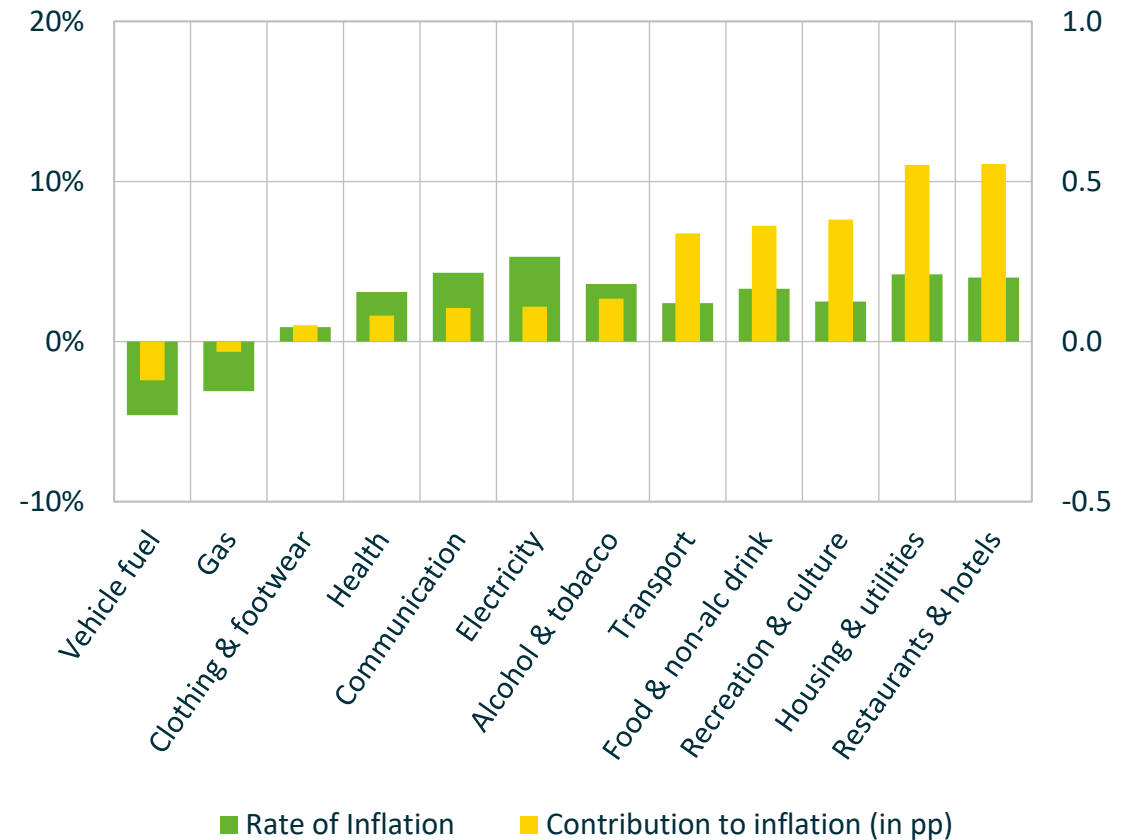


At 3.0%, inflation remains at its joint-lowest level since March 2025

The main factors affecting family costs in February were:

- Inflation, as measured by the Consumer Prices Index (CPI), held at 3.0% in February, its joint-lowest rate since March 2025.
- The most significant contributor to February’s inflation rate was restaurants & hotels, likely driven by stubbornly high labour costs, with this industry typically relying more on minimum-wage workers.
- Housing and utilities inflation remained a significant contributor to February’s headline figures, with prices in February 2026 4.2% higher than February 2025.
- Vehicle fuel prices fell by 4.6% year-on-year, contributing to a further slowdown in transport inflation by 0.3 percentage points to 2.4% in February.
- Inflation remains above the Bank of England’s 2.0% target, and the ongoing war puts the balance of inflationary risk firmly on the upside. While the high levels of spare capacity in the UK’s labour market reduce the risk of a wage-price spiral, inflation is likely to remain well above target in the coming months.

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



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

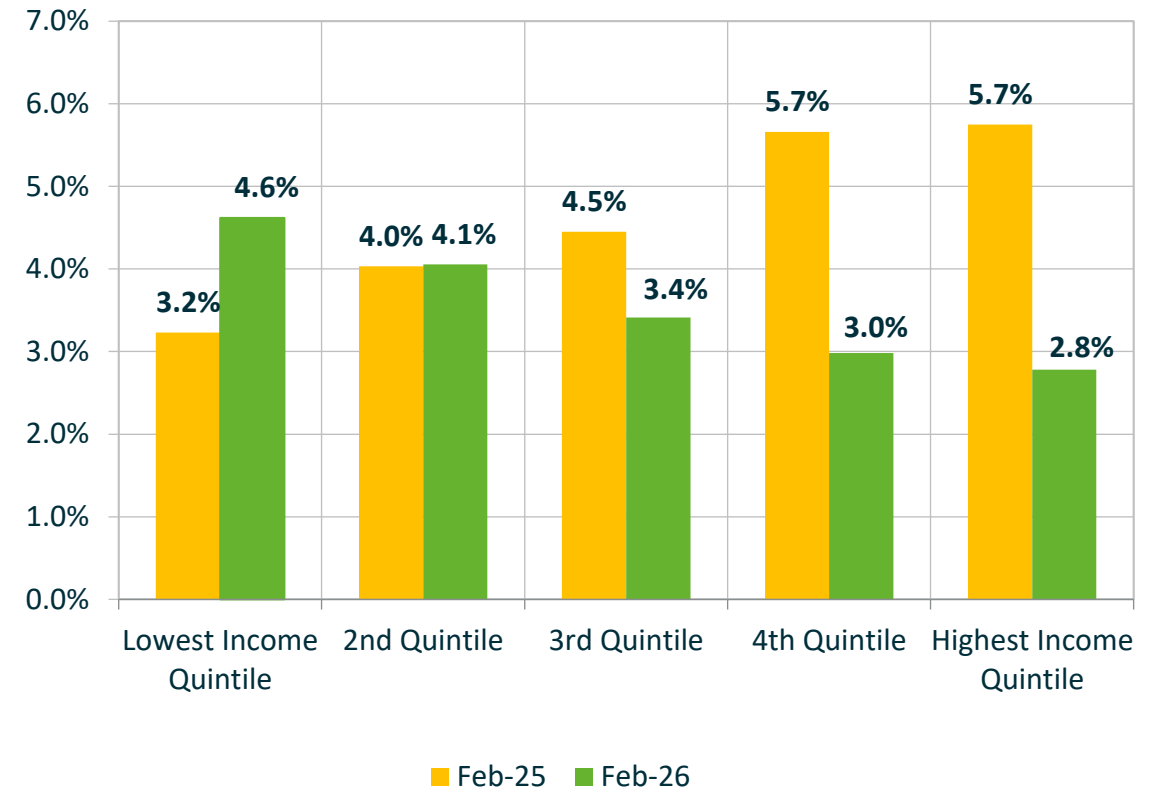


Lower-income quintiles witness an uptick in gross income growth compared to a year ago

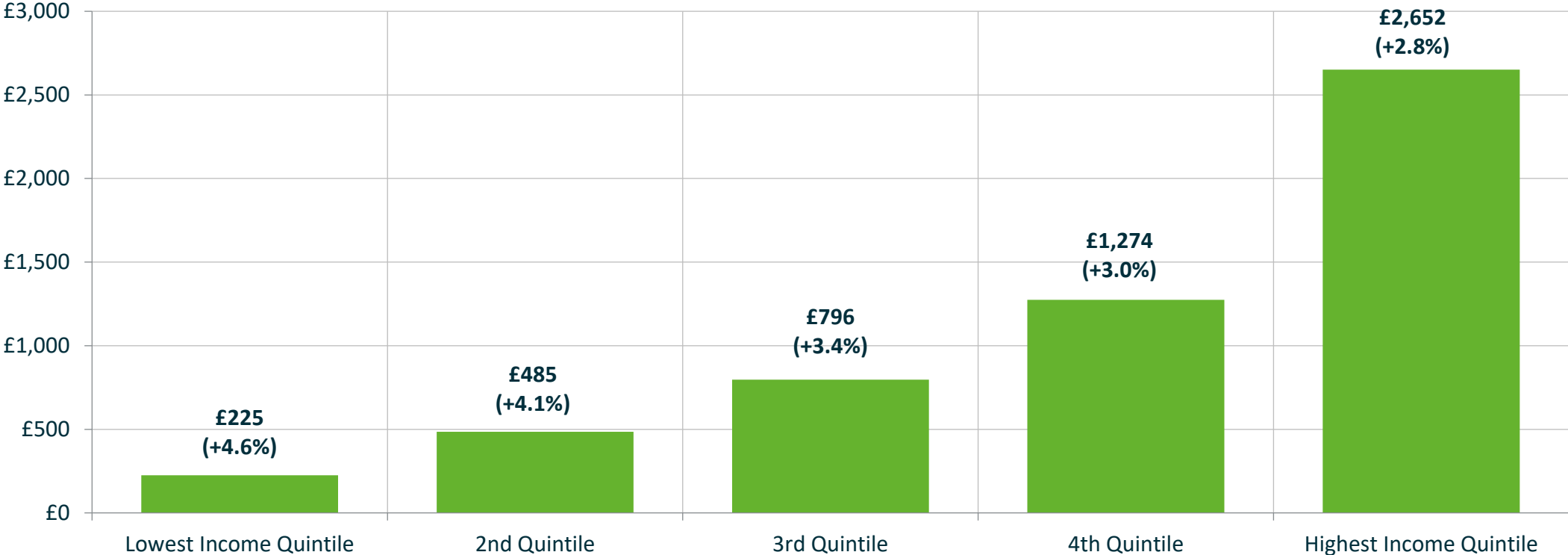
However, higher-income quintiles saw a pronounced deceleration

- Annual gross income growth in February 2026 showed a shift in momentum across income groups in year-to-year terms, with lower-income households experiencing an uptick in annual growth while higher-income groups saw a marked deceleration.
- Higher-income groups experienced a notable slowdown. Growth in the third and fourth quintiles declined to 3.4% and 3.0% year-on-year, respectively, while the highest income quintile saw the sharpest deceleration, falling to 2.8%, its lowest rate in over 5 years. This reflects the UK's cooling labour market, with rising unemployment impacting wage bargaining power and pushing down on earnings growth in the private sector.
- The lowest income quintile experienced a 4.6% growth in gross incomes, up from 3.2% in February 2025. The second quintile also saw a modest improvement to around 4.1%, reflecting lower earners' greater insulation from poor earnings growth through policy measures such as the hikes to the National Minimum and Living Wages.
- Despite nominal income growth gaps narrowing, differential exposure to inflation, particularly in housing & utilities, means that discretionary incomes remain constrained for lower-income households.

Annual gross income growth (excl. bonuses)



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

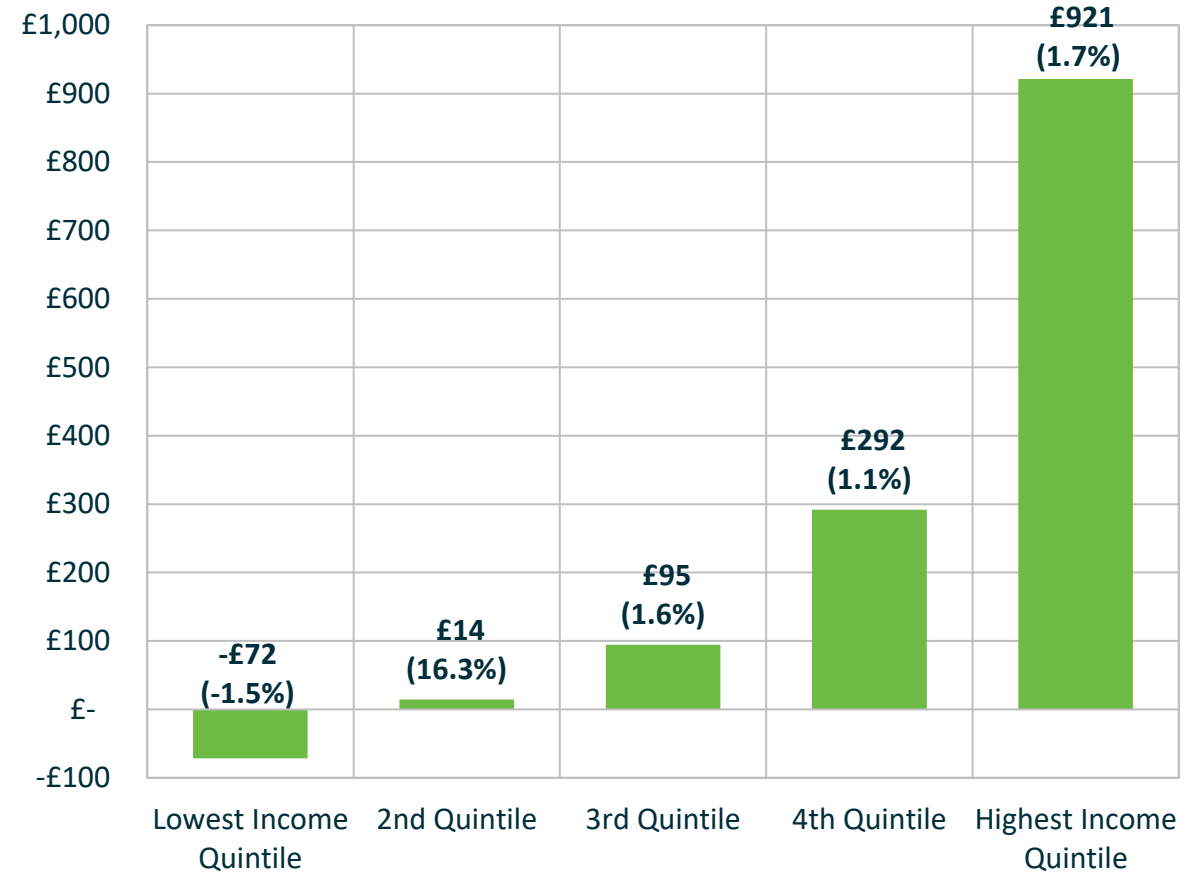


Discretionary income rises for all except the lowest-income group

The second quintile registered an acceleration in purchasing power growth

- Average weekly discretionary income in February shows a clear divergence across income groups. The lowest-income households saw a further erosion of purchasing power, with a decline of 1.5%.
- In contrast, other income groups registered positive growth, continuing trends from previous months. The second income quintile saw the highest growth at 16.3%, equating to a £2.02 per week rise in purchasing power.
- 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 facing a £72 per-week shortfall, forcing them to make sacrifices in essential spending.

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

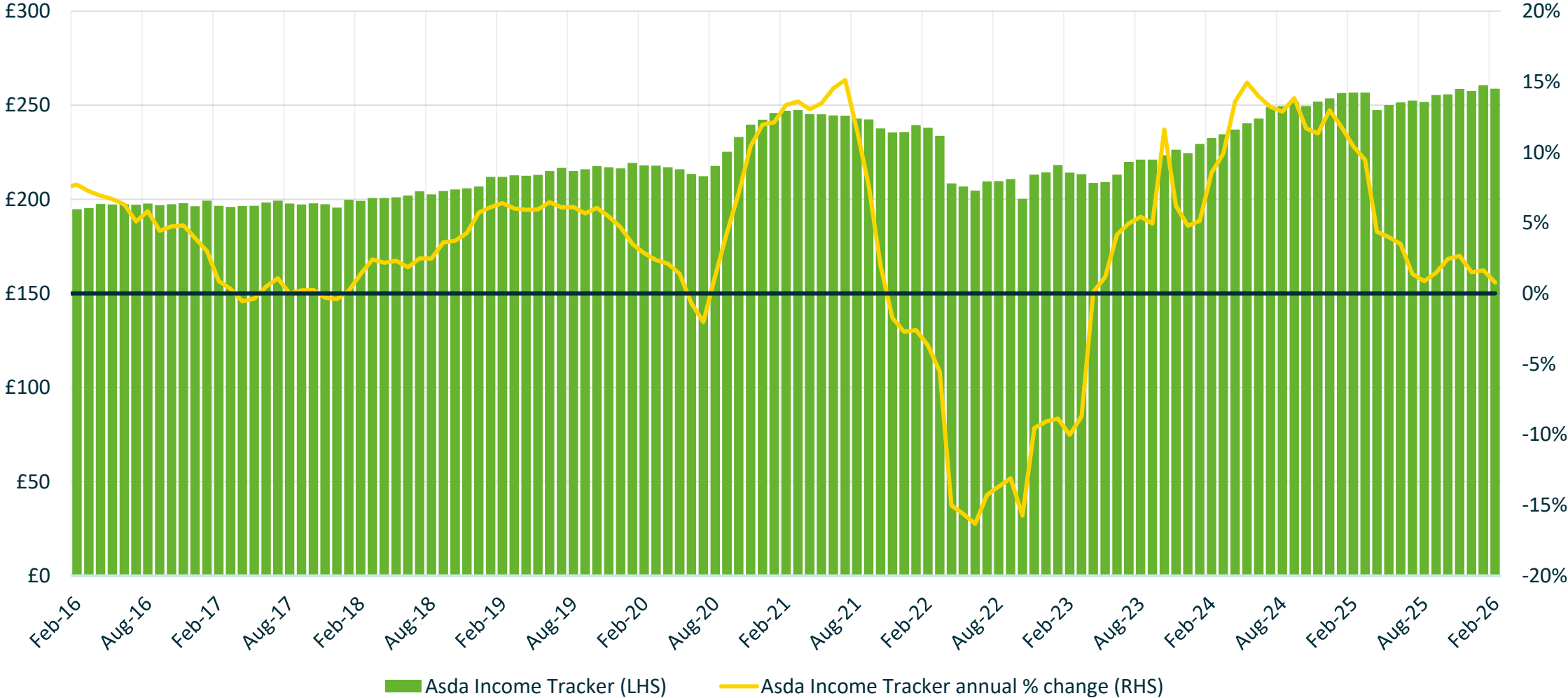


Appendix



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 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	February 2026	£259
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:

"February 2026 saw annual growth in the Asda Income Tracker dip below 1.0% once again, driven primarily by another month of elevated unemployment and slowing earnings growth.

Slowing real earnings growth would have been expected to support easing inflation, however recent developments in the Middle East significantly complicate that outlook. Disruptions to energy infrastructure and shipping capacity in the region have driven up commodity prices substantially, which would be expected to filter through to UK consumers from March onward. This shock has substantially elevated the risk of a decline in the Income Tracker in the coming months."

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£159	£234	£211	£216	£198	£284

London	South East	South West	Wales	Scotland	Northern Ireland
£326	£227	£208	£221	£273	£135



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, March 2026

