Asda Income Tracker

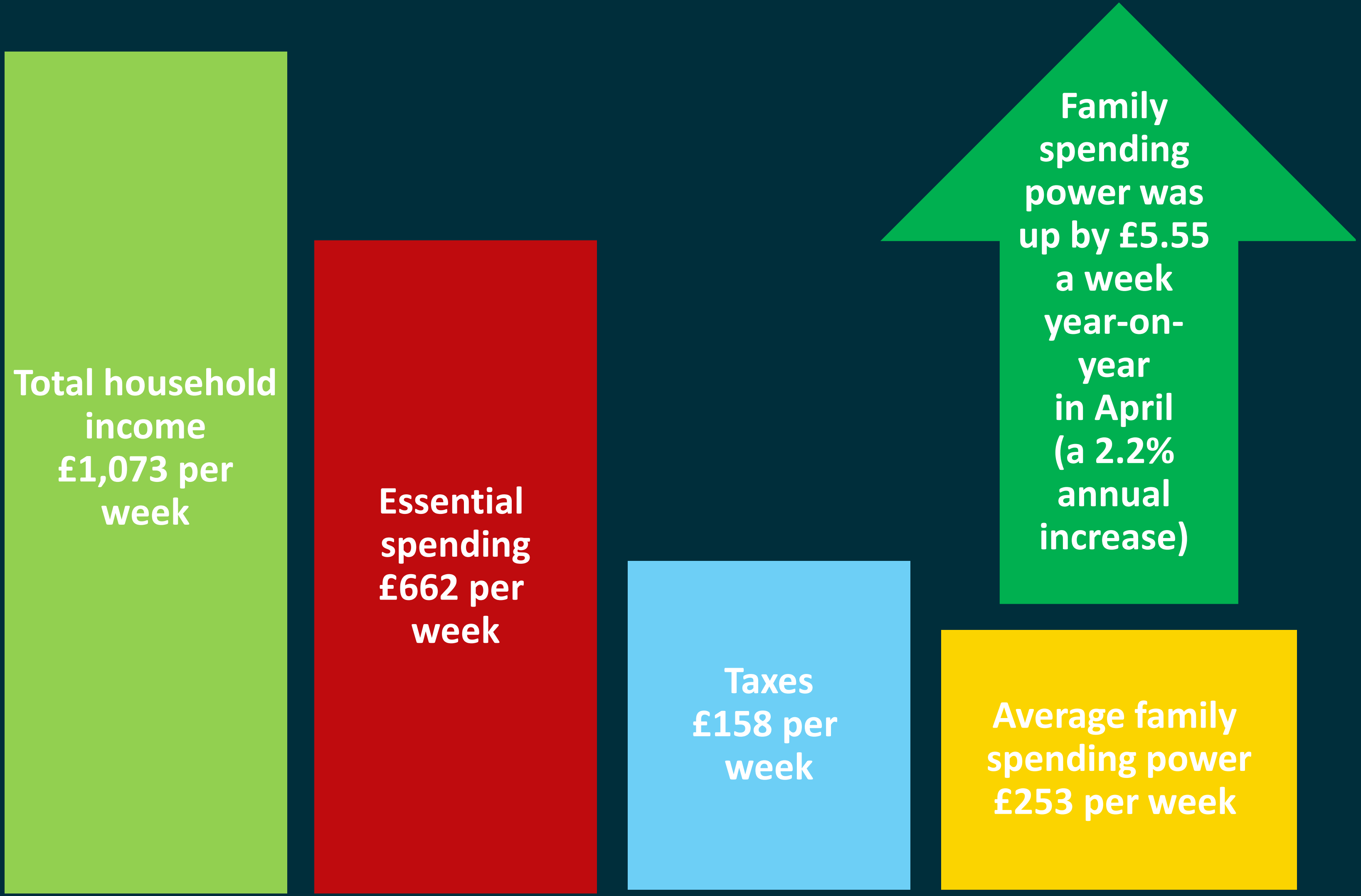
Report: May 2026

Centre for Economics and Business Research ltd

Unit 1, 4 Bath Street, London
EC1V 9DX
t 020 7324 2850
w www.cebr.com

Making Business Sense

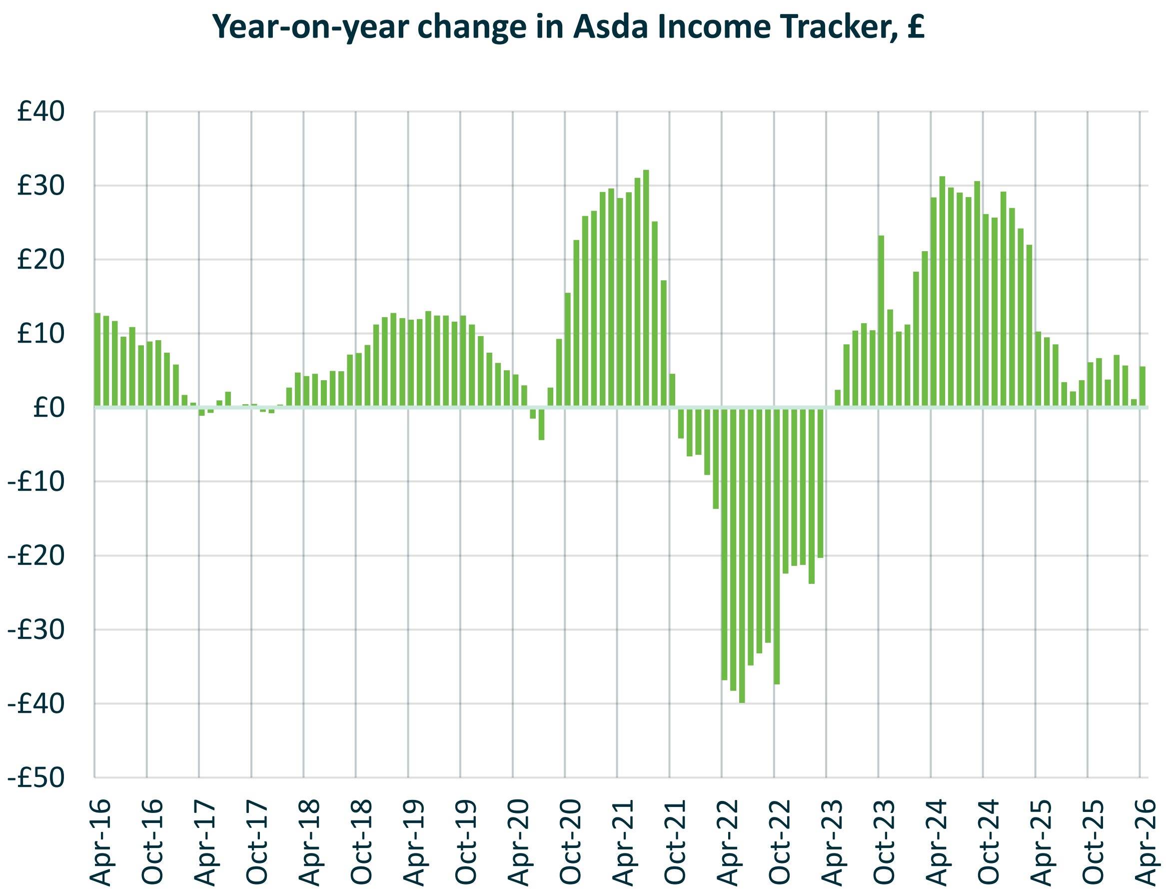
Asda Income Tracker – Key Figures



Slowing inflation drives up annual Income Tracker growth

The Asda Income Tracker was £5.55 a week higher in April 2026 than in April 2025

- The Asda Income Tracker grew by 2.2% year-on-year in April, a significant acceleration from 0.4% in March. This reflects a combination of falling administered prices and growing labour market slack weighing on annual inflation.
- Much of the year-on-year growth is attributable to base effects, however. On a monthly basis, household discretionary incomes have been falling since February. The average UK household is estimated to earn £253 per week after taxes and essential spending, the lowest level since September 2025.
- The introduction of the new lower Ofgem price cap for Q2 put significant downward pressure on inflation in April, causing headline inflation to fall to 2.8% despite ongoing supply-side pressures from the war in Iran.
- Elsewhere, the UK's softening labour market drove another month of weak gross income growth. This ticked up from 3.0% in March to 3.1% in April but remains depressed. Excluding March 2026, gross income growth in April was at its lowest rate since May 2022.
- Falling energy prices have provided an important cushion for consumers over Q2, however the full effects of the price shock from the war in Iran are expected to be felt from July. It is anticipated that purchasing power will see a significant negative shock thereafter.

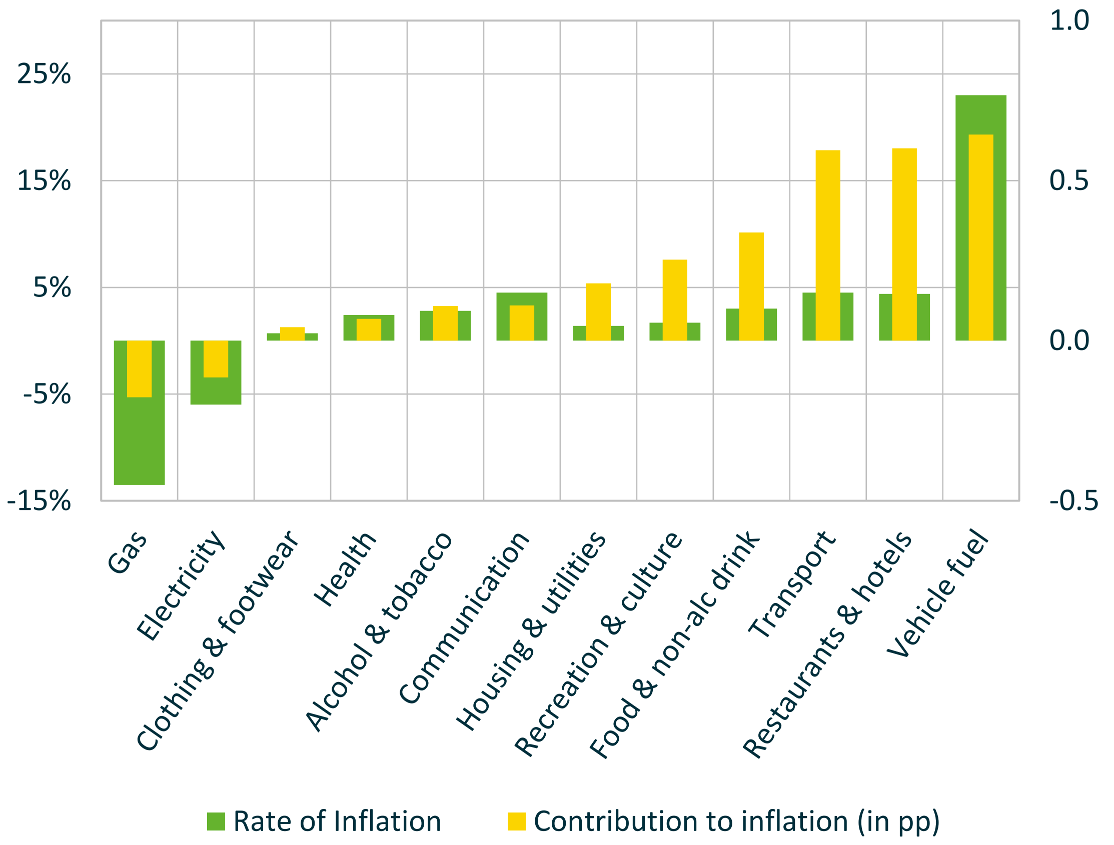


Inflation falls to its lowest rate since March 2025

The main factors affecting family costs in April were:

- Inflation, as measured by the Consumer Price Index (CPI) slowed to 2.8% in April, a 13-month low. At its core was the planned adjustment to the Ofgem price cap, which saw gas and electricity prices experiencing significant annual deflation of 13.5% and 6.0%, respectively.
- Other categories showed a return to the disinflationary trajectory seen earlier in the year, with core inflation slowing from 3.1% in March to 2.5%. This is despite ongoing supply-side pressures from conflict in the Middle East.
- Services inflation was another category to experience significant disinflation, falling from 4.5% to 3.2%. This in part reflects weakening wage growth, but is also attributable to base effects, as the significant jump caused by the hike to employer National Insurance contributions in April 2025 drops out of the calculation.
- That said, inflationary pressures from the Iran conflict remain. Vehicle fuel inflation accelerated significantly from 4.9% in March to 23.0% in April, while heating oil prices were 129.6% higher compared to April 2025.
- The Ofgem price cap has shielded UK households from a significant energy price shock in Q2, however inflation remains significantly elevated compared to expectations before the outbreak of war in the Middle East. Businesses that are seeing input costs rise stubbornly are likely to pass these through to consumers over Q2 by raising prices, with energy price recalibrations expected to affect purchasing power from July.

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



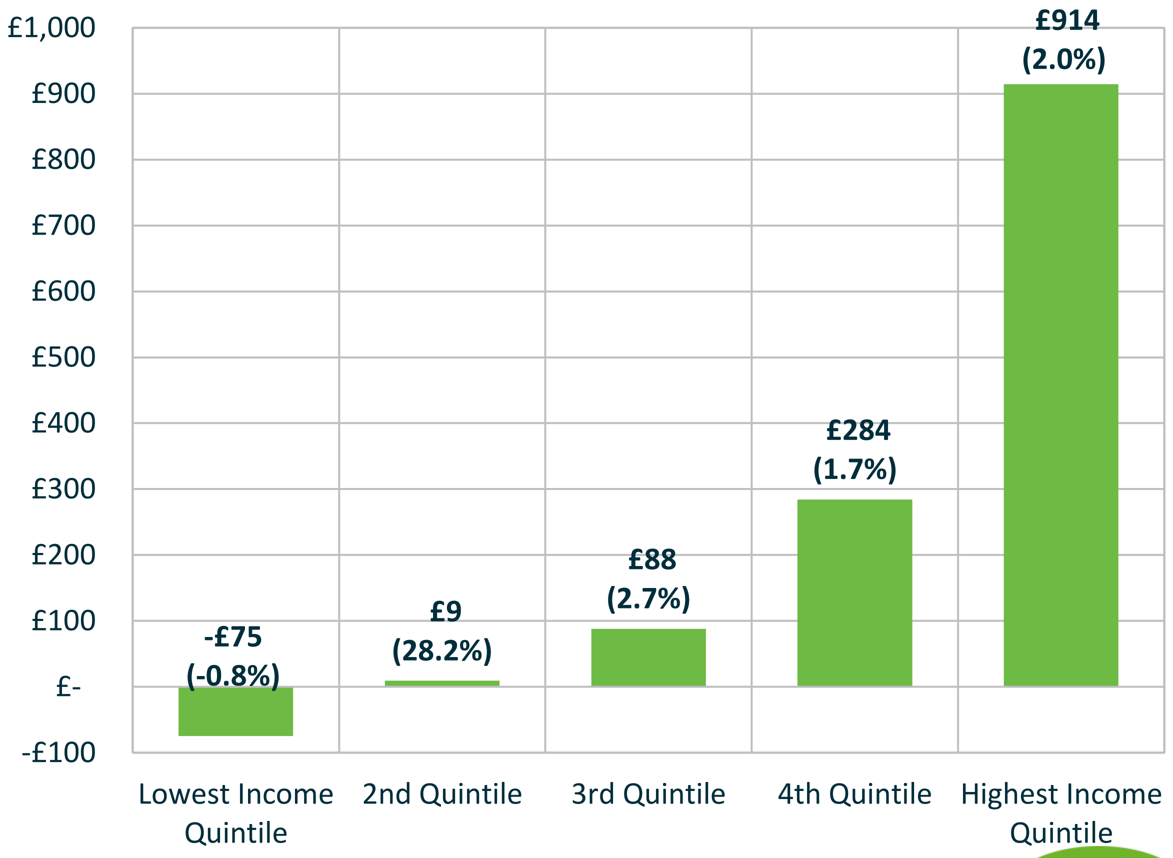
Vehicle fuel is a sub-category of Transport
Gas and electricity are sub-categories of Housing & utilities

Discretionary income growth improves across all income quintiles in April

All except the bottom quintile saw purchasing power rise annually

- Year-on-year growth in the Income Tracker improved in April across all income quintiles, following a weak performance in March. Only the lowest income quintile, which has not seen growth since January 2025, experienced a year-on-year contraction in purchasing power.
- However, in absolute terms, all quintiles remained worse off in April than they were in January of this year. Monthly growth in prices has outpaced earnings growth for all earners for a third consecutive month. Given that price growth is expected to pick up significantly later this year, purchasing power is likely to come under further pressure.
- The most notable growth was seen in the second income quintile, at 28.2%. However, the strong growth largely reflected its low initial base, meaning the absolute change remained relatively modest, rather than pointing to rising momentum for lower-middle income households.
- Inflation is known to be regressive, meaning it impacts lower earners more than it does higher earners, as lower earners dedicate a larger proportion of their incomes to essential spending. Elevated inflation over the year to April 2026 has thus continued to widen the gap in purchasing power between high and low earners, estimated to have risen by £18.75 since April 2025.
- While all quintiles benefitted from slower price growth in April, weakening gross income growth has constrained the rise in purchasing power.

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

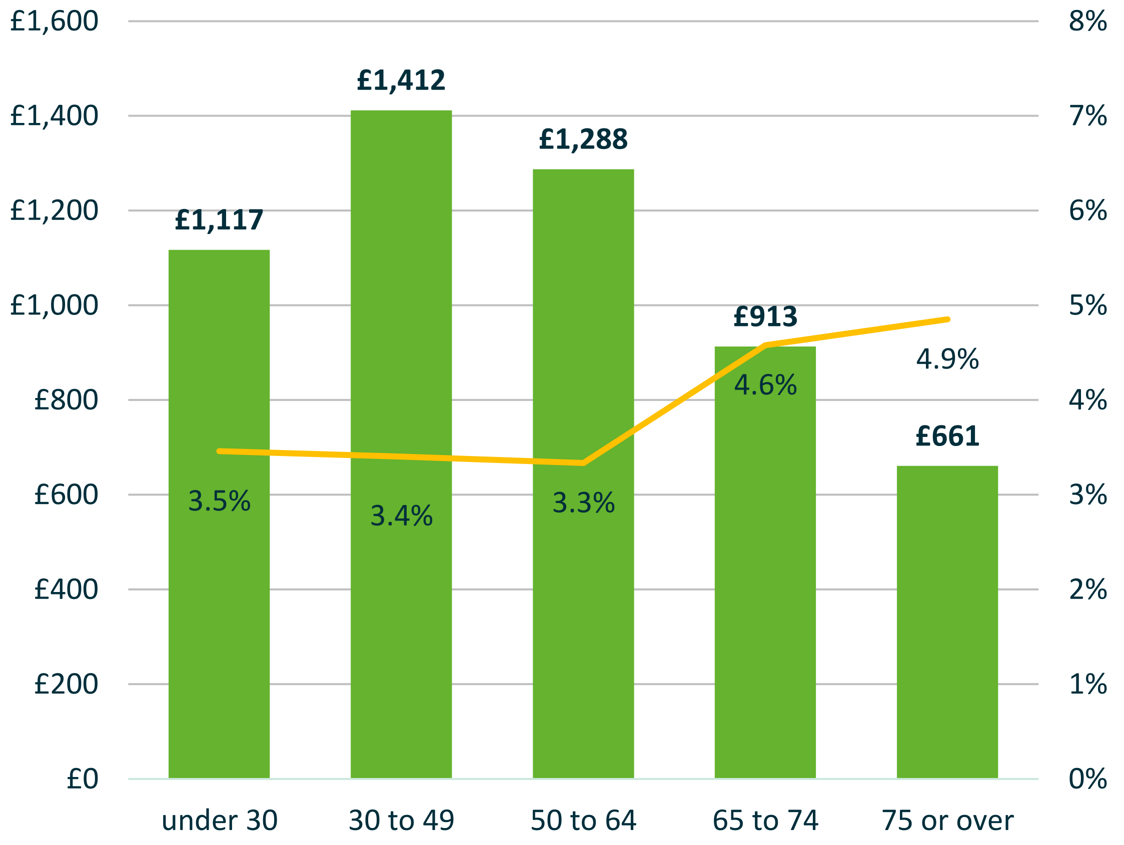


Triple lock accelerates gross income growth for pension-age households

Easing wage growth continues to impact working-age households

- Gross incomes were higher in April 2026 for all age groups, but the rate of growth continued to slow for working age households.
- Those aged 30 to 49 remain the as the highest gross earners, with incomes before taxes and essential spending amounting to £1,412 in April. By contrast, the lowest earners were those aged 75 or over, with an average weekly gross income of £661, a difference of £751 per week.
- Growth in gross incomes was concentrated amongst pension-age households, driven by the routine uprating of the state pension in line with the triple lock. This amounted to 4.8% in April, a larger hike than the 4.1% received in April 2025, reflecting elevated inflation over the past year.
- Amongst working-age households, gross income growth was most concentrated amongst those under 30, at 3.5%, though this fell significantly from 4.0% in March. Amidst loosening labour market conditions and weakening nominal earnings growth, under 30s were likely to be slightly better insulated in April as a larger proportion of this age group receive the National Minimum and Living Wages.
- These wage floors received a real terms hike in April, likely driving the pick-up in gross income growth for under-30s. However, this rise in labour costs may result in businesses looking for savings by reducing headcounts. The employment effects of this measure may be yet to kick in as businesses take time to adjust.

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



Pension-age households remain the lowest spenders out of all age groups

Those aged 30 to 49 incur the highest essential spending and tax bills

- The essential basket of goods and services tracked by the Asda Income Tracker rose by 3.4% year-on-year in April for the average UK household, decelerating by 0.7 percentage points compared to March. This marks the slowest growth in essential spending since September 2024.
- Despite this, growth in categories considered as essential spending remains stubbornly elevated, remaining considerable higher than the headline CPI average of 2.8%. Vehicle fuels in particular were a key contributor in April, rising by 23.0% on the year.
- Households under 30 continue to allocate the largest proportion of their gross income to essential spending, at 68.2% in April. This age group is far more exposed than others to rent costs, which accelerated to 3.5% in April from 3.1% in March.
- In absolute terms, those aged 30 to 49 had the highest essential spend at £817 per week. They also paid the most tax, at £291 per week. By contrast, the average over-75-year-old spent £373 per week on average on essentials, and £48 per week on tax.

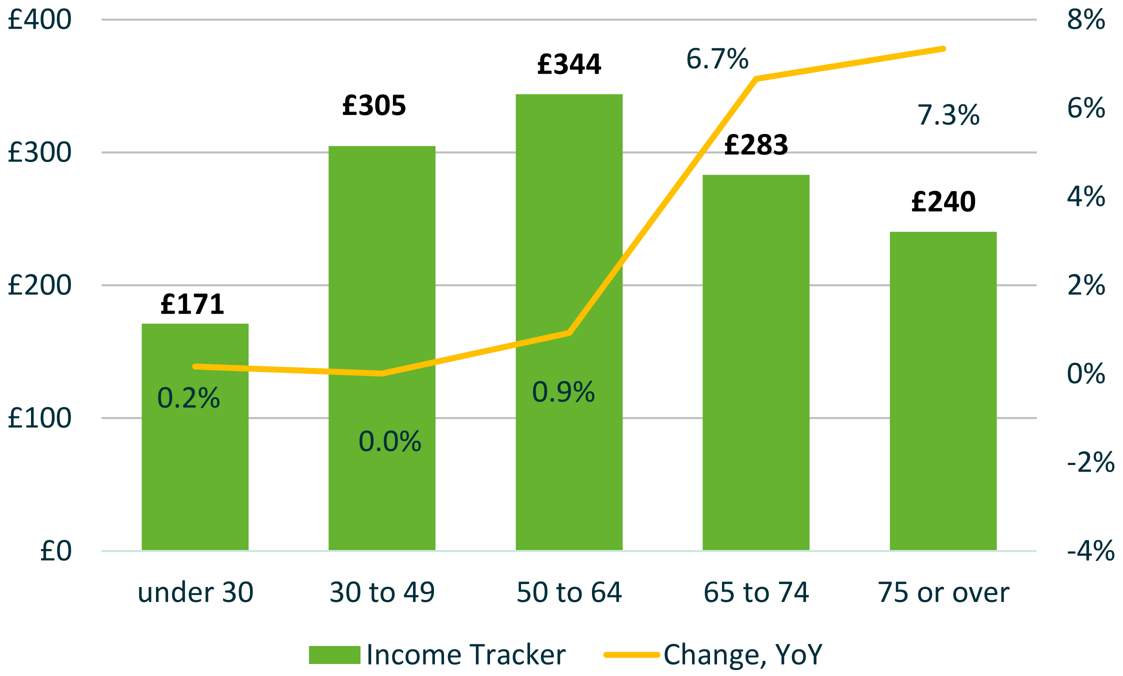
Average weekly tax burden and essential spending as a share of gross income by age group, April 2026

Working-age households see discretionary income growth below 1.0%

Pension-age households saw significant year-on-year growth in purchasing power

- The Asda Income Tracker grew for all age groups in April, but this was distributed in a highly uneven manner. Working-age households saw growth below 1.0%, while pension-age households grew at 6.7% for those aged 65 to 74, and 7.3% for those over 75, respectively
- Growth for those over 65 was driven by the uprating of state pensions. A 4.8% increase in weekly pension income, combined with far lower essential spending, as earners tend to support fewer dependents, was a key driver of the divergence in Income Tracker growth between pension-age and working-age households.
- By contrast, working age households continue to grapple with dwindling earnings growth and above-target inflation in essential spending categories. Without the guarantee of the triple lock, these households have seen annual growth in gross incomes fall close to the rate of growth in essential spending.
- In absolute terms, those aged 50 to 64 remained the best-off age group in April, with an average discretionary income of £344 per week. Under 30s have the least income to spare after taxes and essential spending, at £171 per week, less than half of the top-earning age group.
- On a monthly basis, working age groups were all worse off in April than they were in March.

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



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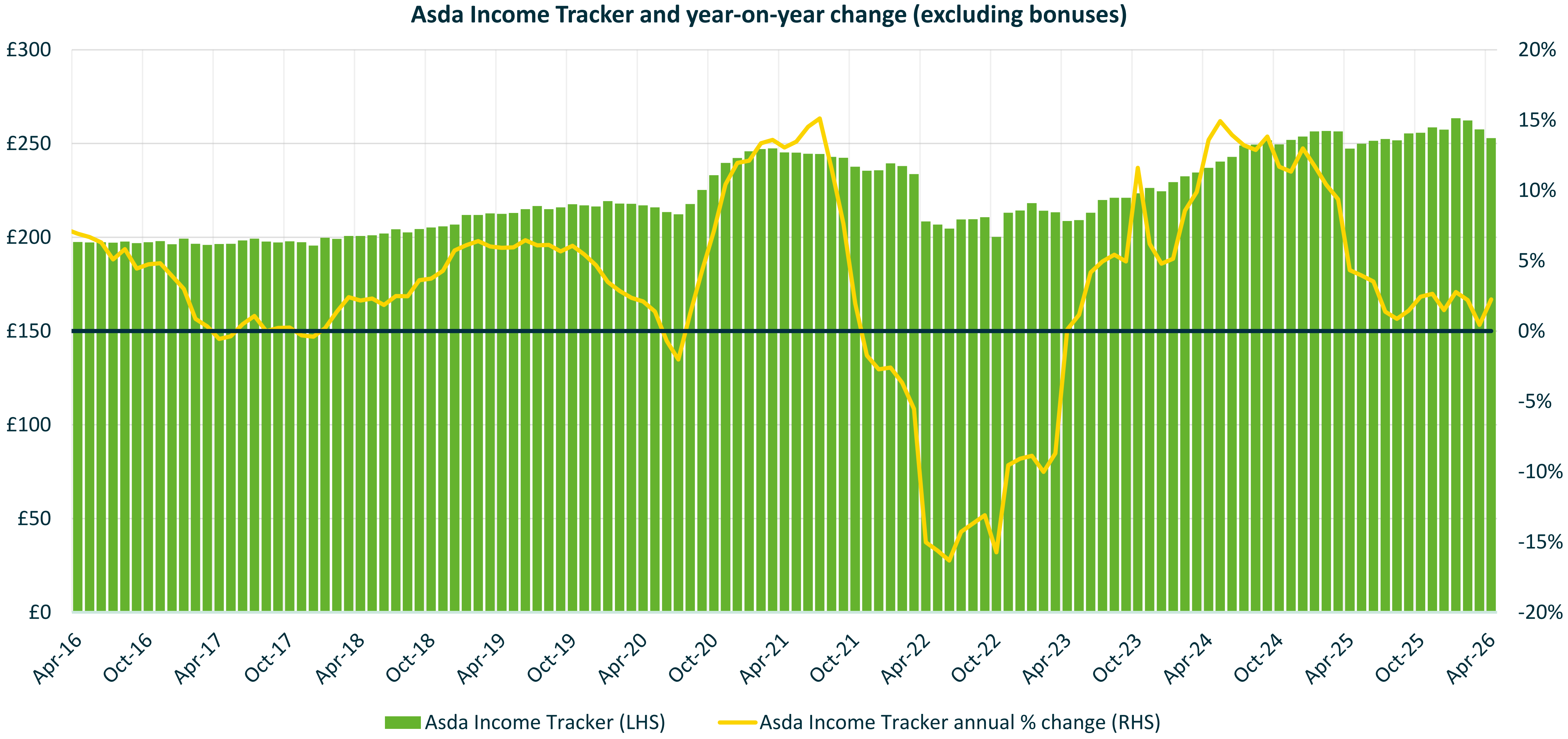
Appendix

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	£264
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	£256	March 2026	£258
April 2022	£208	April 2023	£209	April 2024	£237	April 2025	£247	April 2026	£253
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:

"Following the initial impacts of the war in Iran being felt in March, the Asda Income Tracker experienced a recovery in April. With the most recent labour market data showing persistent slack, growth was driven by cooling inflation. Consumers will have welcomed the lower Ofgem price cap for Q2, freeing up discretionary income by reducing energy bills. However, inflationary pressures from the ongoing energy crisis remain, particularly when household energy prices are recalibrated in July.

Additionally, in the highly uncertain environment, the expected trajectory for interest rates has changed significantly. The prospect of rate cuts has been sidelined until at least the end of the year, with high borrowing costs weighing on hiring and exacerbating labour market loosening."

Regional Income Tracker estimates

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£161	£226	£206	£209	£195	£277

London	South East	South West	Wales	Scotland	Northern Ireland
£324	£220	£197	£212	£264	£130

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.

Contact

For press enquiries, please contact:

Elliott Lancaster, Senior Press Officer

Elliott.Lancaster@Asda.co.uk ; **07779 700 385**

For data enquiries, please contact:

Sam Miley, Head of Forecasting and Thought Leadership

SMiley@Cebr.com **; 020 7324 2874**

Dan Smith, Economist

DSmith@Cebr.com **; 020 7324 2841**

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, May 2026