

# ASDA INCOME TRACKER

## REPORT : MARCH 2025



Making Business Sense

Centre for Economics and  
Business Research Ltd

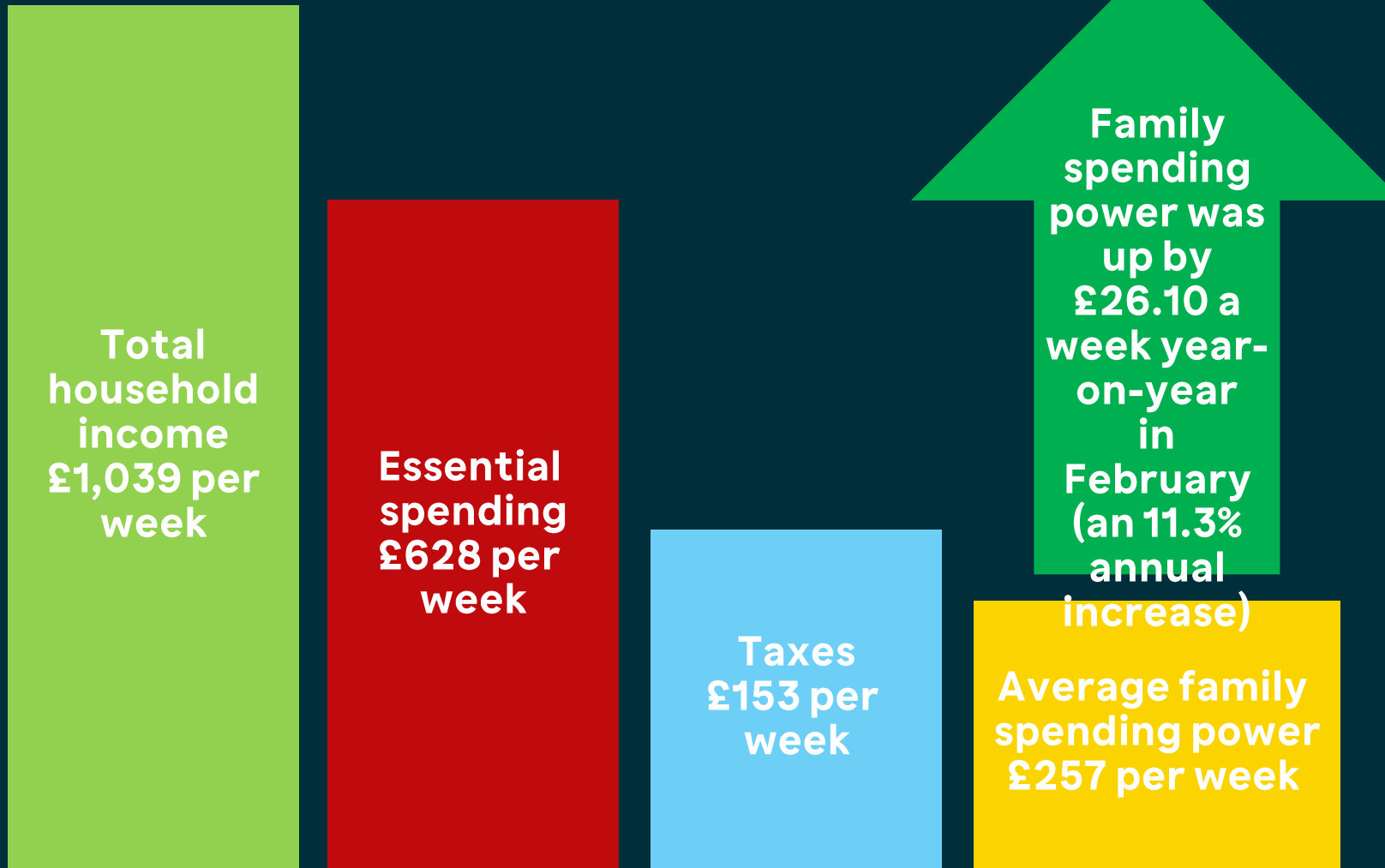
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# ASDA INCOME TRACKER – KEY FIGURES

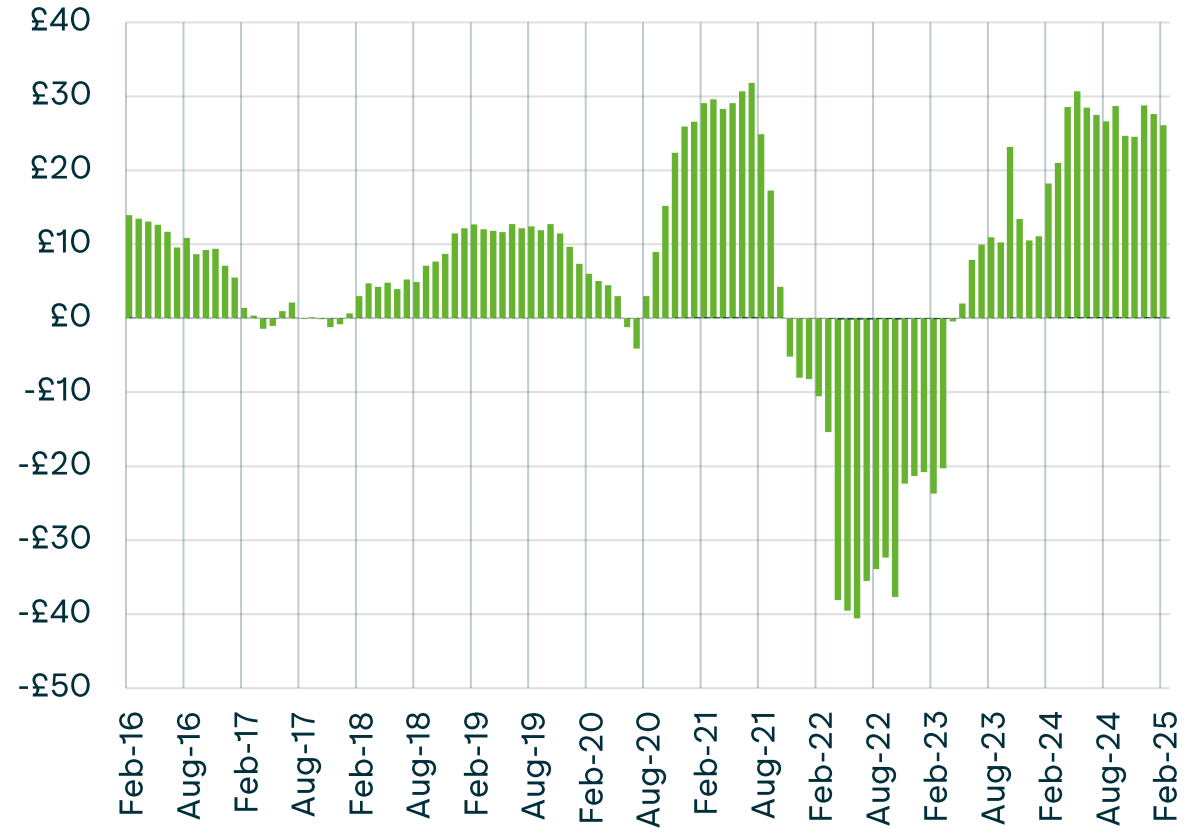


# ANNUAL GROWTH IN INCOME TRACKER SLOWS DOWN IN FEBRUARY

The Asda Income Tracker was £26.10 a week higher in February 2025 than a year before

- The Asda Income Tracker recorded annual growth of 11.3% in February, down from 12.1% in January. This marks the second consecutive month of slowing growth.
- Nevertheless, the Income Tracker increased by £1.57 compared to last month, bringing average household spending power to £257 per week in February.
- The slowdown in spending power growth was driven by a combination of slower gross income growth and faster growth in taxes.
- Meanwhile, inflation decelerated on the month, bringing the growth in the cost of essential spending to 4.0% in February compared to 4.2% in January.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target, mainly driven by higher energy prices, holding back spending power growth. Spending power is also likely to be impacted by cooling labour market conditions, which will lead to slower income growth in the coming months.
- However, earnings are still expected to outpace inflation. As a result, the Income Tracker is likely to continue showing annual growth in the coming months, albeit at a slower pace.

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

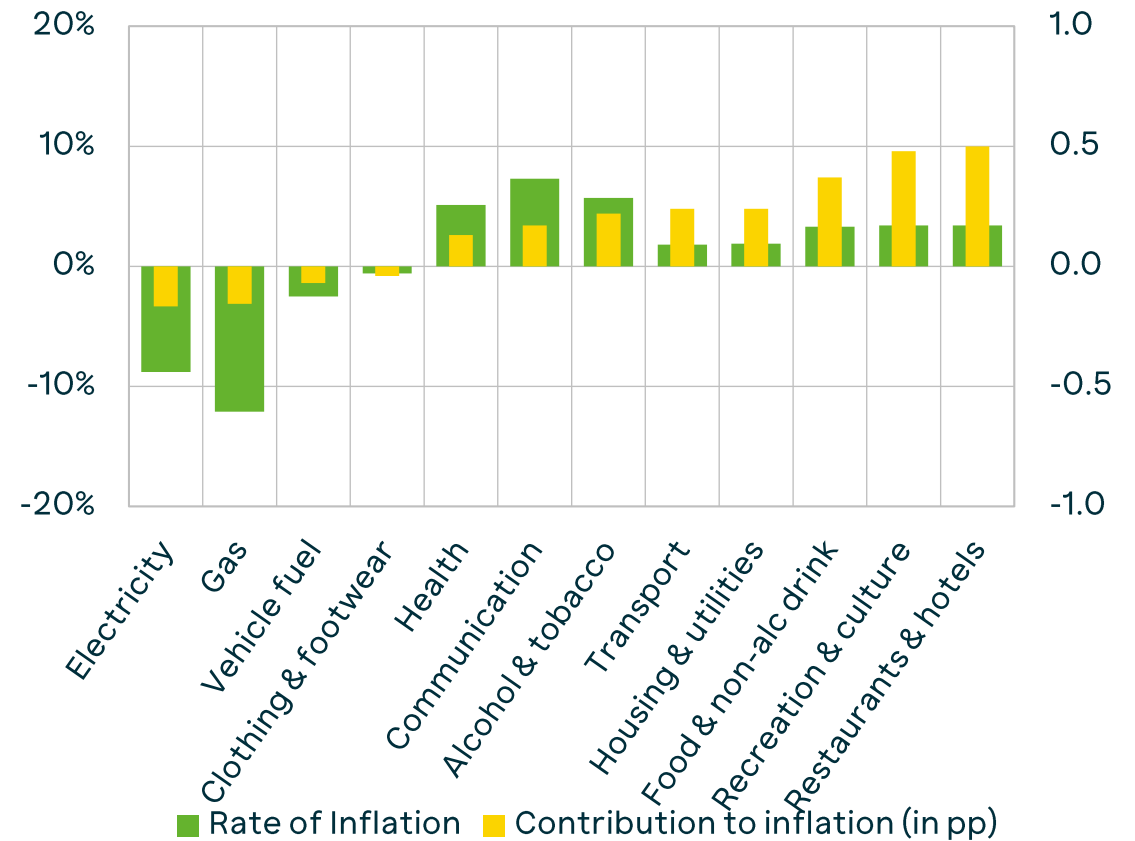


# INFLATION DROPS TO 2.8% IN FEBRUARY

## The main factors affecting family costs in February were:

- Annual inflation, as measured by the Consumer Prices Index (CPI), decelerated to 2.8% in February from 3.0% in January.
- The slowdown in price growth was primarily driven by clothing and footwear prices, which fell by 0.6%. This marks the first price drop in this category since October 2021.
- Vehicle fuel prices also declined at a faster rate than in the previous month, contributing further to the easing of inflation in February.
- However, categories such as alcoholic beverages, tobacco, and communication saw an uptick in price growth in February.
- There remain price pressures despite February's easing of inflation. The upcoming energy price increases and rise in costs for employers are expected to cause an acceleration in inflation in the coming months.
- Additionally, services inflation remained steady at 5.0% in February and core inflation remains firmly above target, reflecting underlying price pressures.
- Looking ahead, inflation is expected to remain above the Bank of England's 2.0% target.

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



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

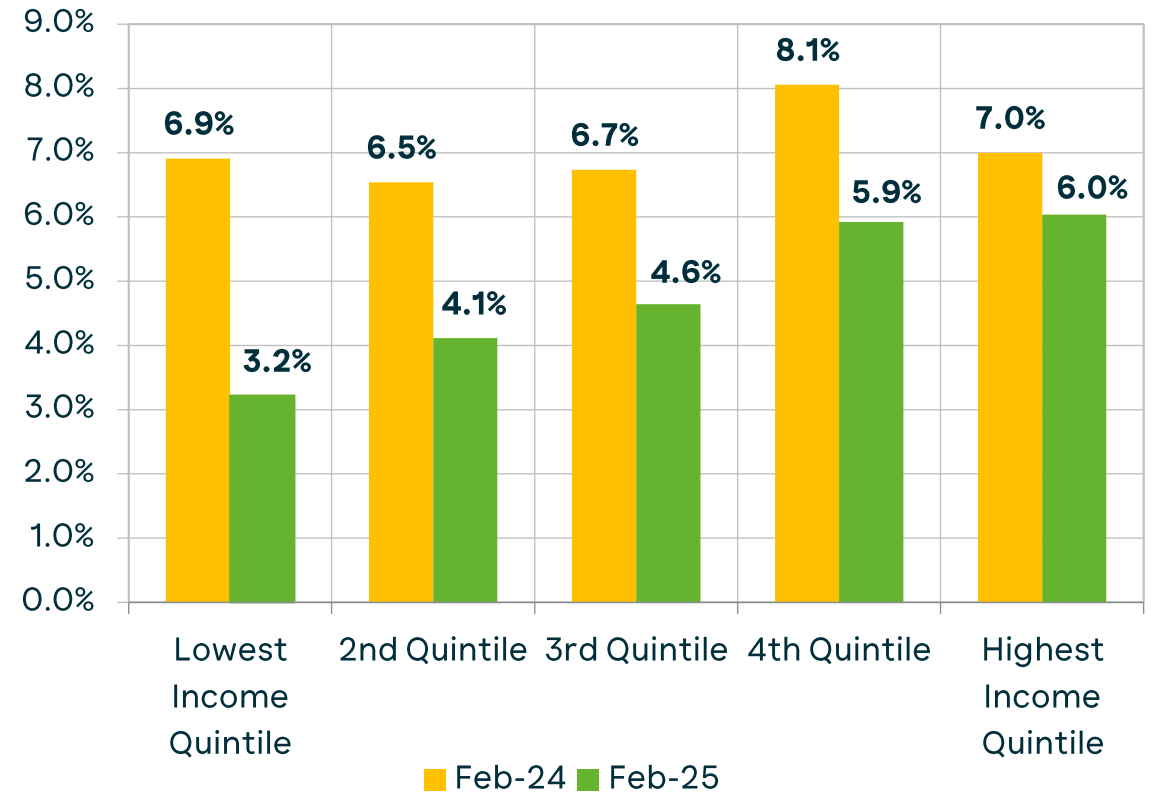


# ALL INCOME QUINTILES WITNESS SLOWDOWN IN GROSS INCOME GROWTH COMPARED TO LAST YEAR

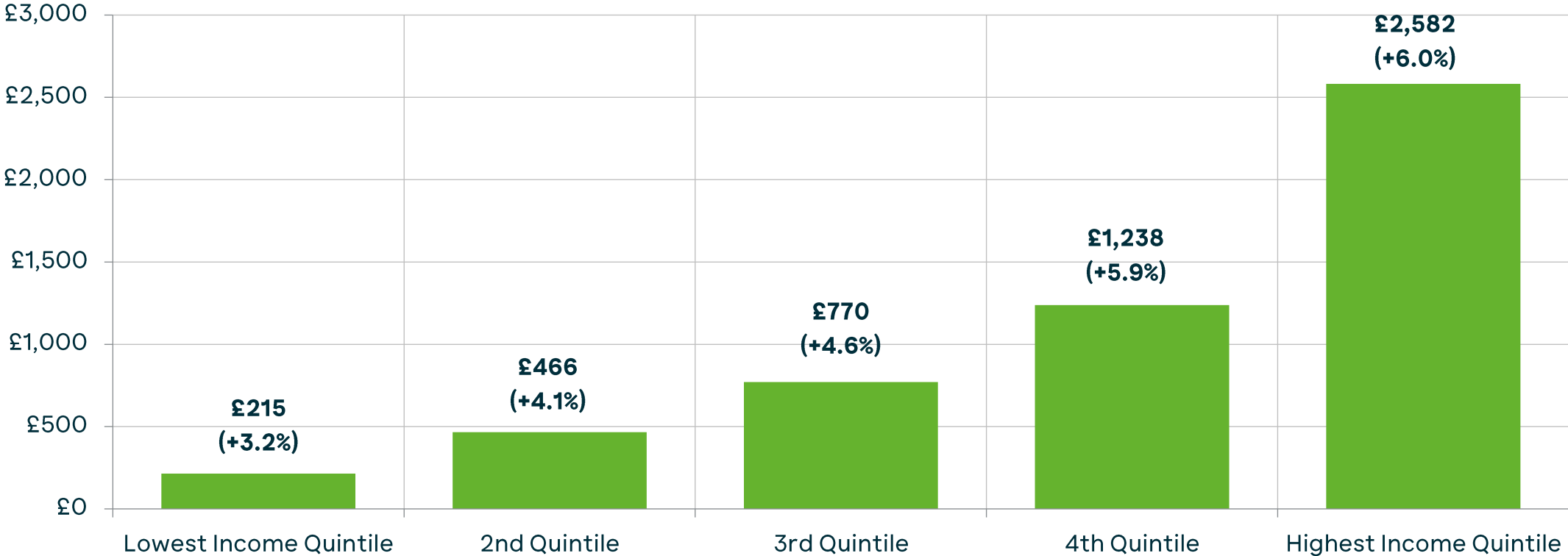
## All income quintiles also record slowdown in gross income growth on a monthly basis

- The cooling labour market conditions are evident across income groups, with each showing a slowdown in gross income growth on both an annual and monthly basis.
- The most pronounced deceleration was recorded among the lowest income quintile, where income growth fell by 3.7 percentage points compared to the same time last year. The second income quintile recorded a decline in gross income growth of 2.4 percentage points compared to the previous year. For both of these groups, gross income growth was the slowest since March 2023.
- These groups are likely to see a degree of improvement in the coming months, as they are most likely to be the beneficiaries of the upcoming increase in the National Living Wage (NLW). However, they are also most at risk of falling social security income due to welfare cuts.
- Higher income quintiles also experienced a slowdown in annual gross income growth, but to a less significant extent than the lower income groups.

Annual gross income growth (excl. bonuses)



Gross weekly income excluding bonuses by income quintile, February 2025, annual growth rates in brackets

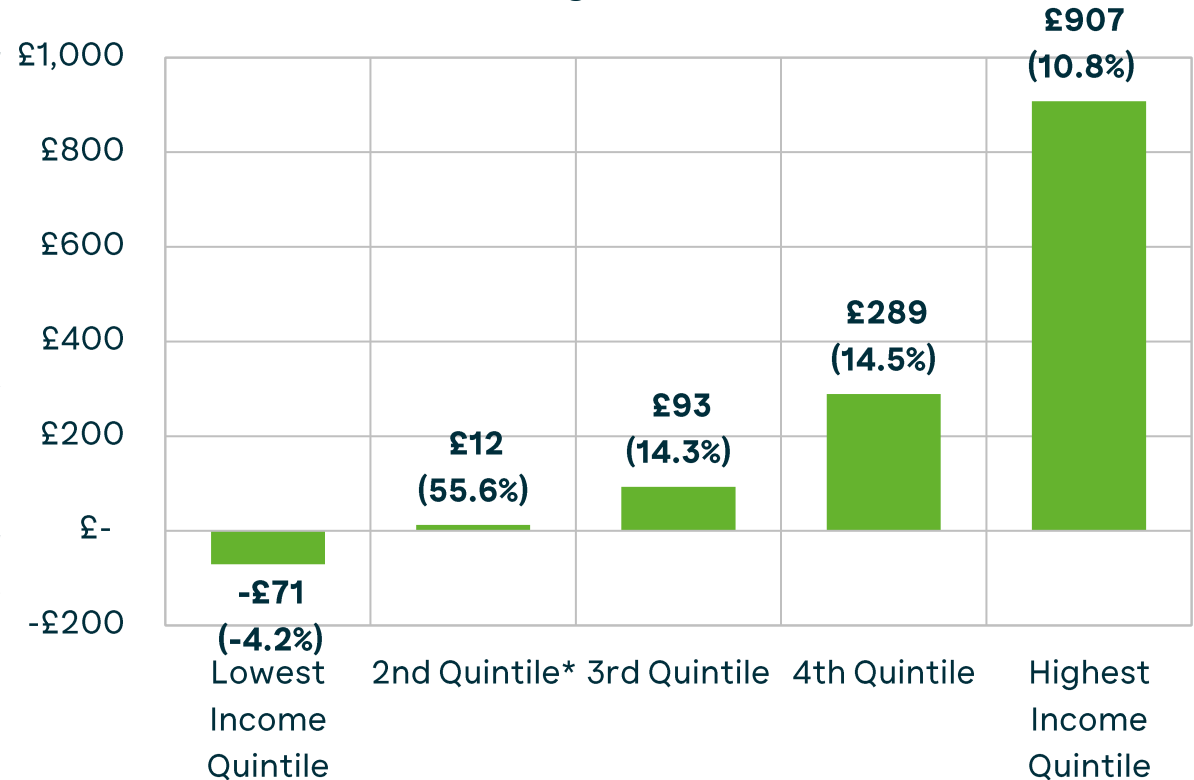


# LOWEST INCOME QUINTILE RECORDS FALL IN SPENDING POWER FOR THE FIRST TIME IN A YEAR

The highest income quintile is the only group to record higher spending power growth compared to last year

- The first, second, and third income quintiles experienced a slowdown in spending power growth on a monthly basis. These groups also recorded a fall in the level of spending power in February compared to the previous month, reflecting the impact of cooling labour market conditions on these groups.
- The fourth income quintile saw no change in discretionary income growth compared to the previous month, while the fifth income quintile recorded a marginal increase in spending power growth over this period.
- Excluding the fifth income quintile, all other income groups recorded slower growth in spending power compared to last year.
- The lowest income quintile recorded a 4.2% decline in spending power in February compared to last year, breaking the trend of spending power growth recorded over the past year. This pushes spending power for this group further into negative territory.
- The highest income quintiles appear to have more protection from the cooling labour market conditions, as evidenced by their spending power growth. This only serves to widen the gap in spending power between income groups. In fact, the spending power of the highest income quintile is nearly ten times greater than that of the middle income group.

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



\*2nd Quintile saw discretionary income rise from £7.9 to £12.3 over the past year, explaining the anomalous annual growth rate.



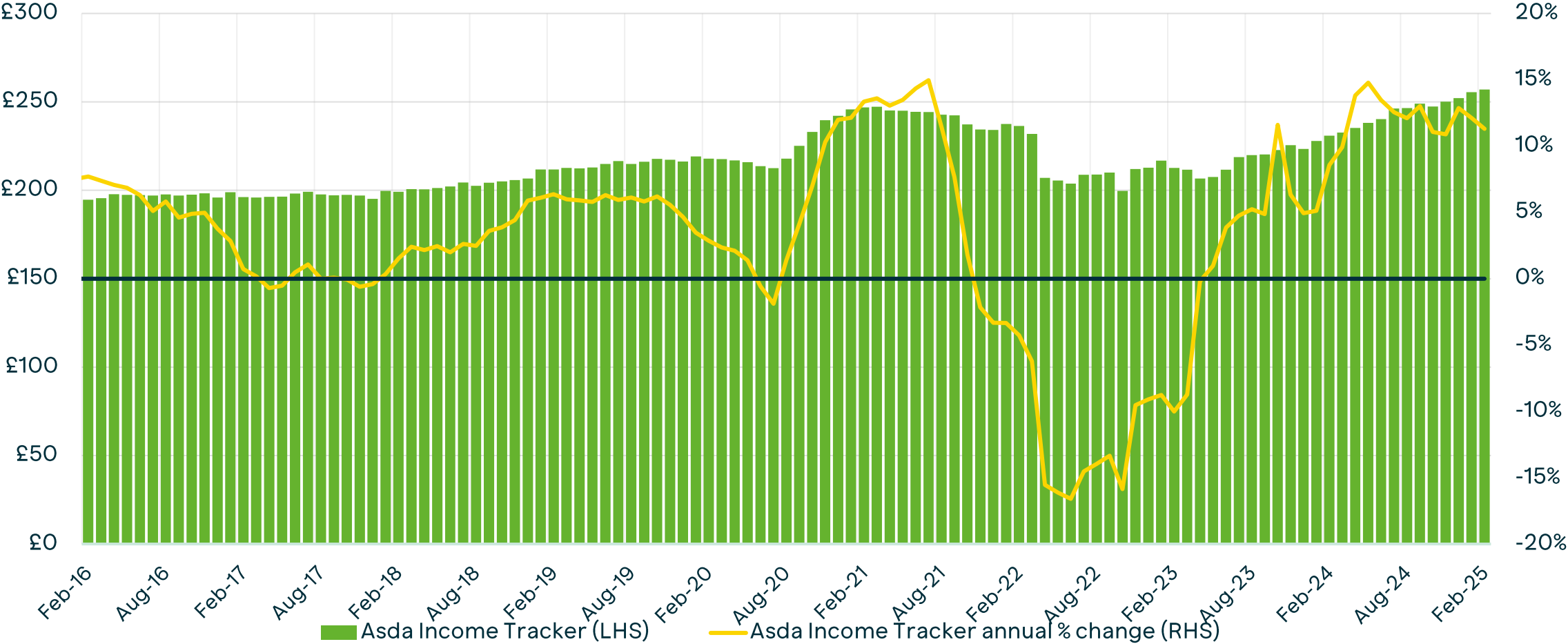
# APPENDIX





# 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 2021	£245	January 2022	£237	January 2023	£217	January 2024	£228	January 2025	£255
February 2021	£246	February 2022	£236	February 2023	£213	February 2024	£231	February 2025	£257
March 2021	£246	March 2022	£231	March 2023	£212	March 2024	£233		
April 2021	£244	April 2022	£206	April 2023	£207	April 2024	£235		
May 2021	£244	May 2022	£205	May 2023	£208	May 2024	£238		
June 2021	£244	June 2022	£203	June 2023	£212	June 2024	£240		
July 2021	£244	July 2022	£209	July 2023	£220	July 2024	£246		
August 2021	£243	August 2022	£209	August 2023	£220	August 2024	£246		
September 2021	£242	September 2022	£210	September 2023	£221	September 2024	£249		
October 2021	£237	October 2022	£200	October 2023	£223	October 2024	£247		
November 2021	£234	November 2022	£213	November 2023	£226	November 2024	£250		
December 2021	£234	December 2022	£213	December 2023	£224	December 2024	£252		
<b>2021 Average</b>	<b>£242</b>	<b>2022 Average</b>	<b>£214</b>	<b>2023 Average</b>	<b>£217</b>	<b>2024 Average</b>	<b>£241</b>		

# ECONOMIST'S VIEW

Reacting to this month's Income Tracker, Sam Miley, Managing Economist and Forecasting Lead at Cebr, said:

*“Spending power is likely to face further pressure in the coming months as a number of policy changes come into play. Increased energy and water bills, higher council tax, and rising employer costs are all expected to impact consumers, particularly those on lower incomes.”*

## REGIONAL INCOME TRACKER ESTIMATES

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

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£164	£225	£212	£214	£199	£269

London	South East	South West	Wales	Scotland	Northern Ireland
£330	£218	£203	£202	£261	£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 Hafsa Haniffa.

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London, March 2025

