

# Asda Income Tracker

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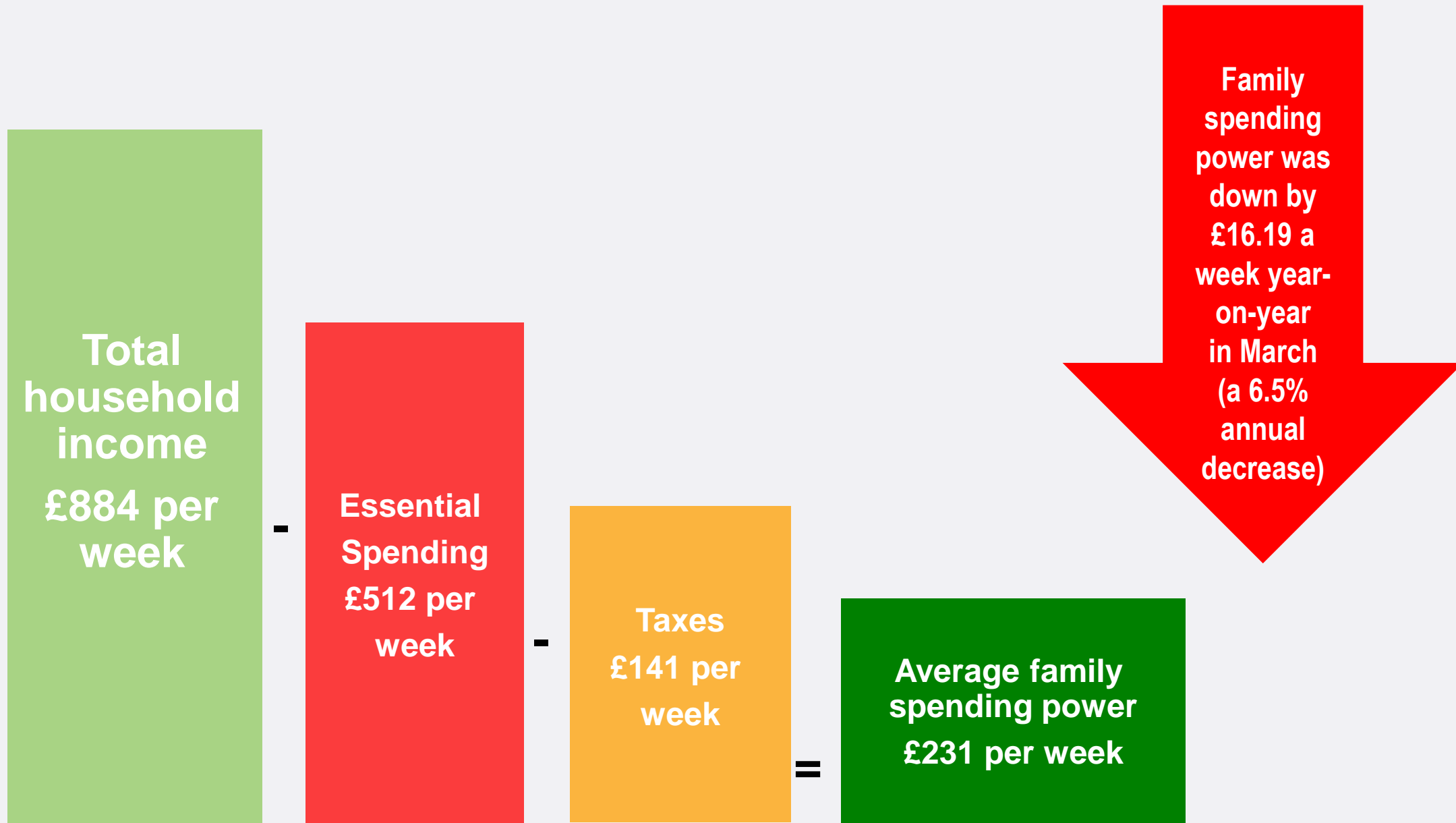
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# Asda Income Tracker – Key Figures

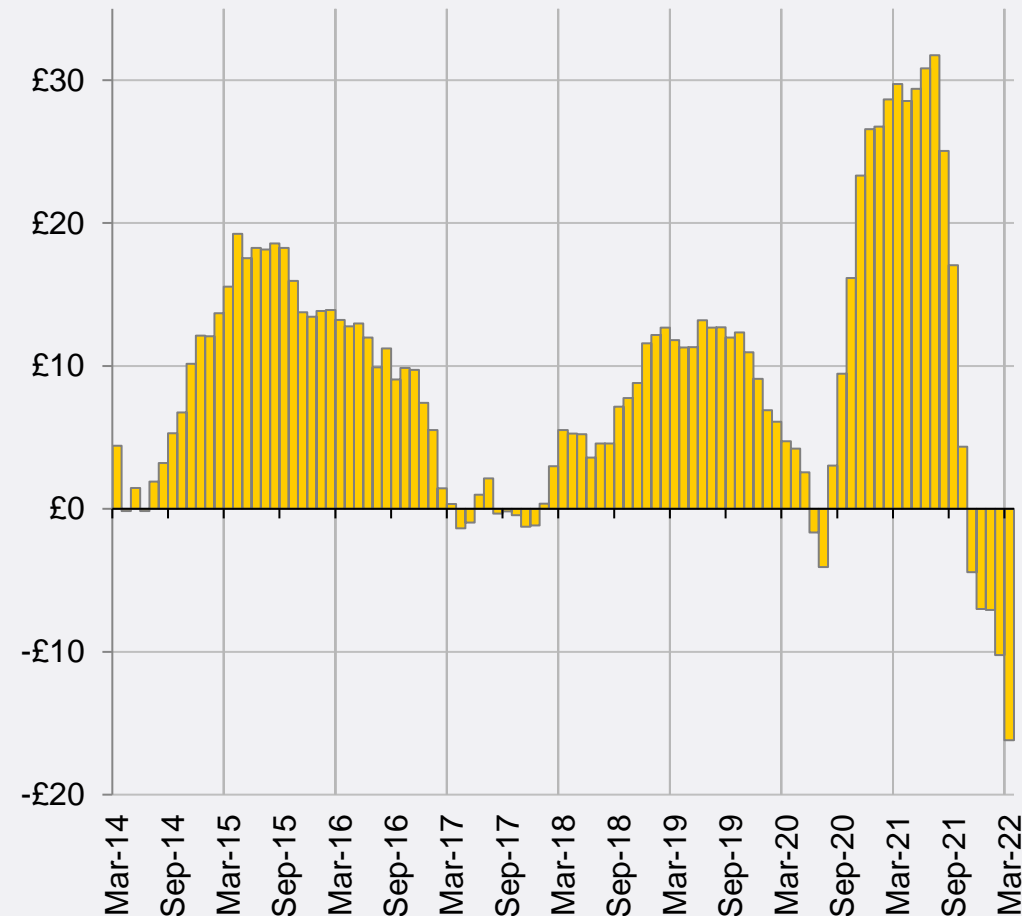


# Income Tracker witnesses largest ever annual contraction

The Asda Income Tracker was £16.19 a week lower in March 2022 than a year before.

- The Asda Income Tracker saw an annual contraction of 6.5% in March. This marks the third-largest percentage fall in the Income Tracker's history and the largest percentage drop since October 2011, when discretionary incomes were down by 7.2% year-on-year.
- In monetary terms, weekly discretionary incomes were £16.19 lower per week in March 2022 than in March 2021. A larger absolute fall has never been seen in the history of the Income Tracker.
- The Income Tracker has now exhibited a year-on-year fall for five consecutive months. This trend reflects the mounting price pressure in the UK economy, which is putting downward pressure on household spending power and shows little sign of slowing.
- Weaker wage growth and policy changes are also exacerbating the impact on households' bottom lines. As such, real wages, which are adjusted for inflation, have now fallen for four consecutive months when looking at regular pay.

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

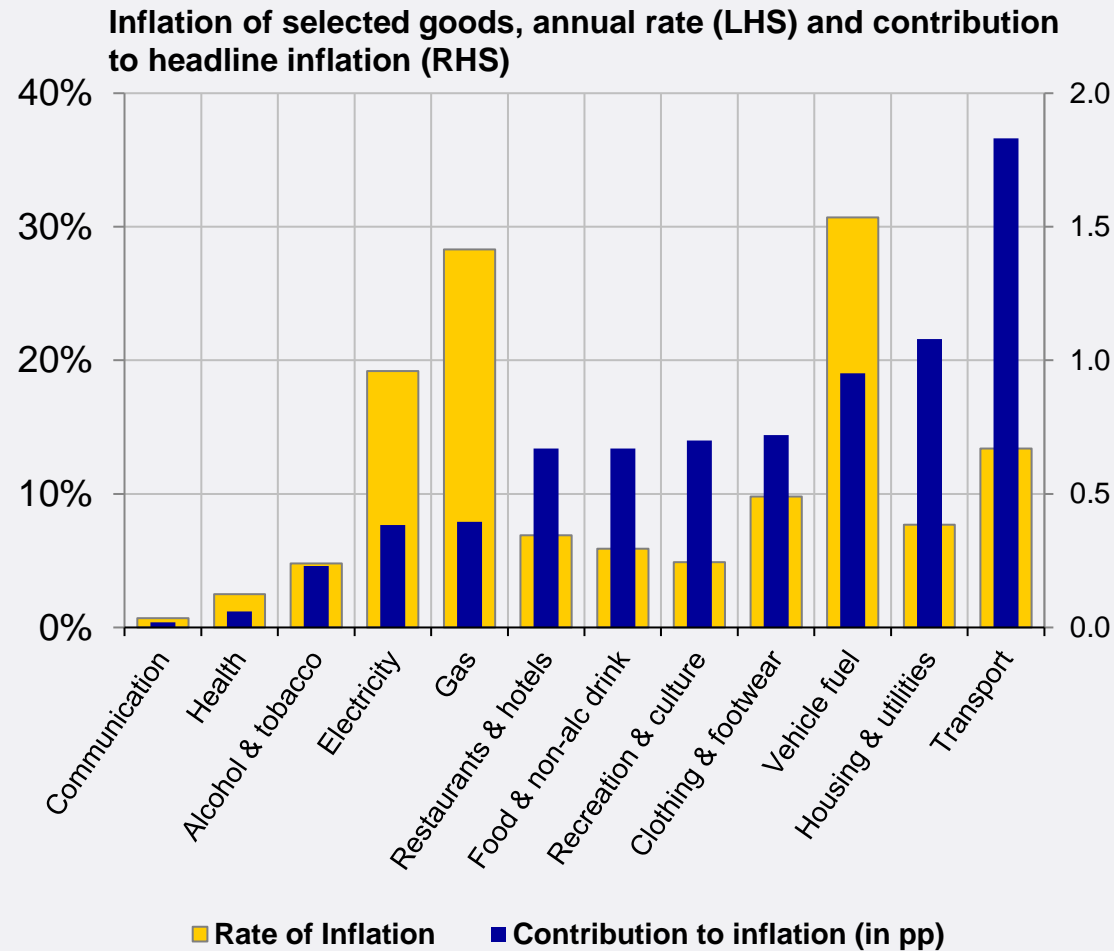


# CPI inflation reached 7.0% in March as transport and energy prices soar

Cost of living

The main factors affecting family costs in March were:

- Annual inflation, as measured by the Consumer Price Index (CPI), ticked up further in March, reaching 7.0%. This marked the fastest rate of CPI inflation in 30 years.
- Transport was once more the most significant contributor to inflation in March. Prices in the category picked up by 13.4% on the year.
- Within the transport category, particularly fast growth was seen for vehicle fuel prices. This subcategory saw annual price inflation of 30.7% in March, an acceleration on February's value of 22.3%.
- Housing & utilities was the second largest contributor to inflation in March. Prices in the category picked up by 7.7% annually. Within the category, particularly fast rates of price growth were seen for gas, with annual inflation of 28.3%. Price inflation in this category is expected to accelerate further in April, given the 54% increase to the Ofgem price cap that took place during the month.
- Cebr expects CPI inflation to accelerate further in the coming months, averaging 8.7% across Q2 2022.



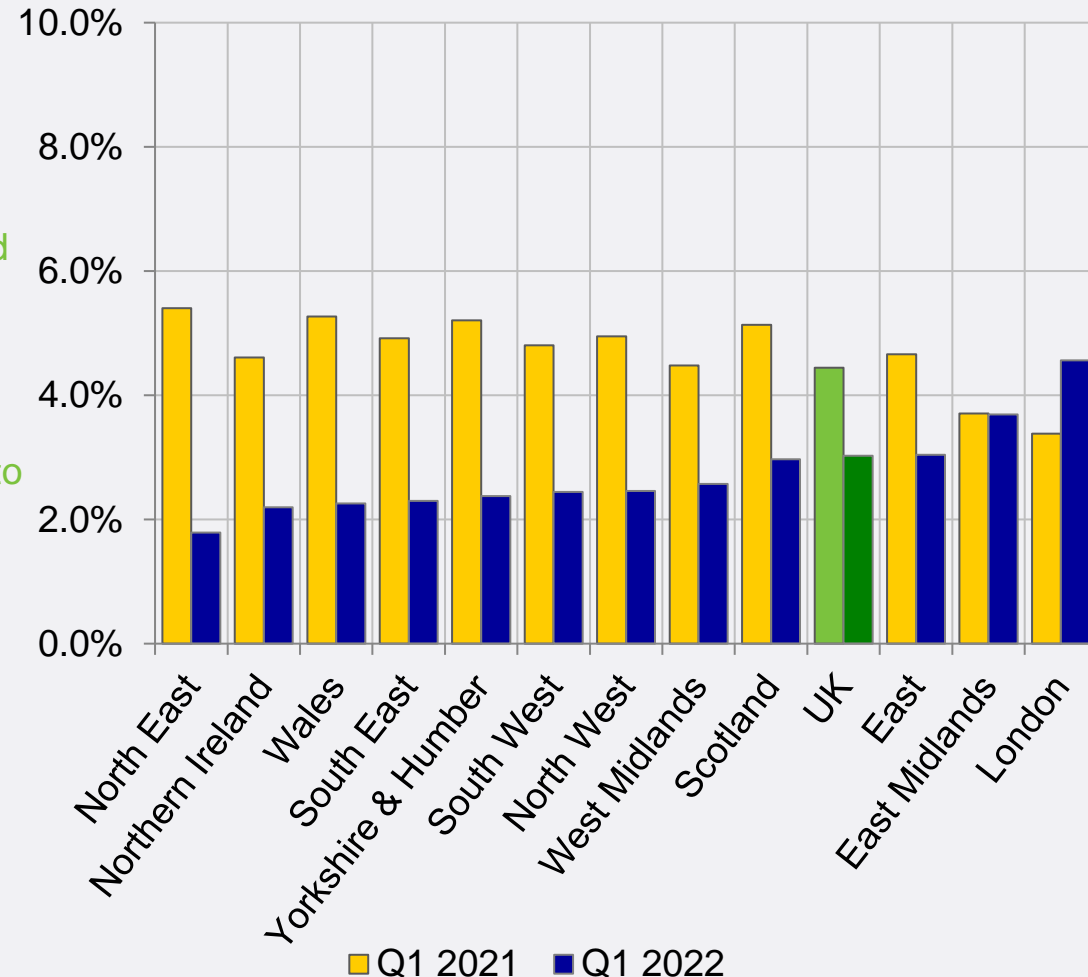
Vehicle fuel is a sub-category of Transport;  
Gas and electricity are sub-categories of Housing & utilities

# Slowdown in gross income growth seen in majority of regions

UK-wide annual gross income growth stood at 3.0% in Q1 2022

- Annual UK-wide growth in gross incomes slowed for a third consecutive quarter in Q1 2022, reaching 3.0%. This is down on the near-term high of 6.0% seen in Q2 2021 and marks the slowest rate of gross income growth since Q3 2020.
- The continued slowdown means gross income growth has dipped slightly below historic trends. For comparison, gross income growth averaged 3.1% across 2018 and 2019.
- With the exceptions of the East Midlands and London, all regions saw the rate of gross income growth in Q1 2022 slow compared to a year earlier.
- There are several factors behind this near-unanimous slowdown in gross incomes. For instance, wage growth falls firmly beneath the peaks witnessed in 2021. Meanwhile, policy measures such as the withdrawal of the Universal Credit uplift are also having an impact.
- This latter trend is highlighted by the fact that the North East, where UC claimants make up a disproportionately large share of the population, has seen the starkest slowdown in gross income growth.

Regional gross income, annual change to quarter indicated

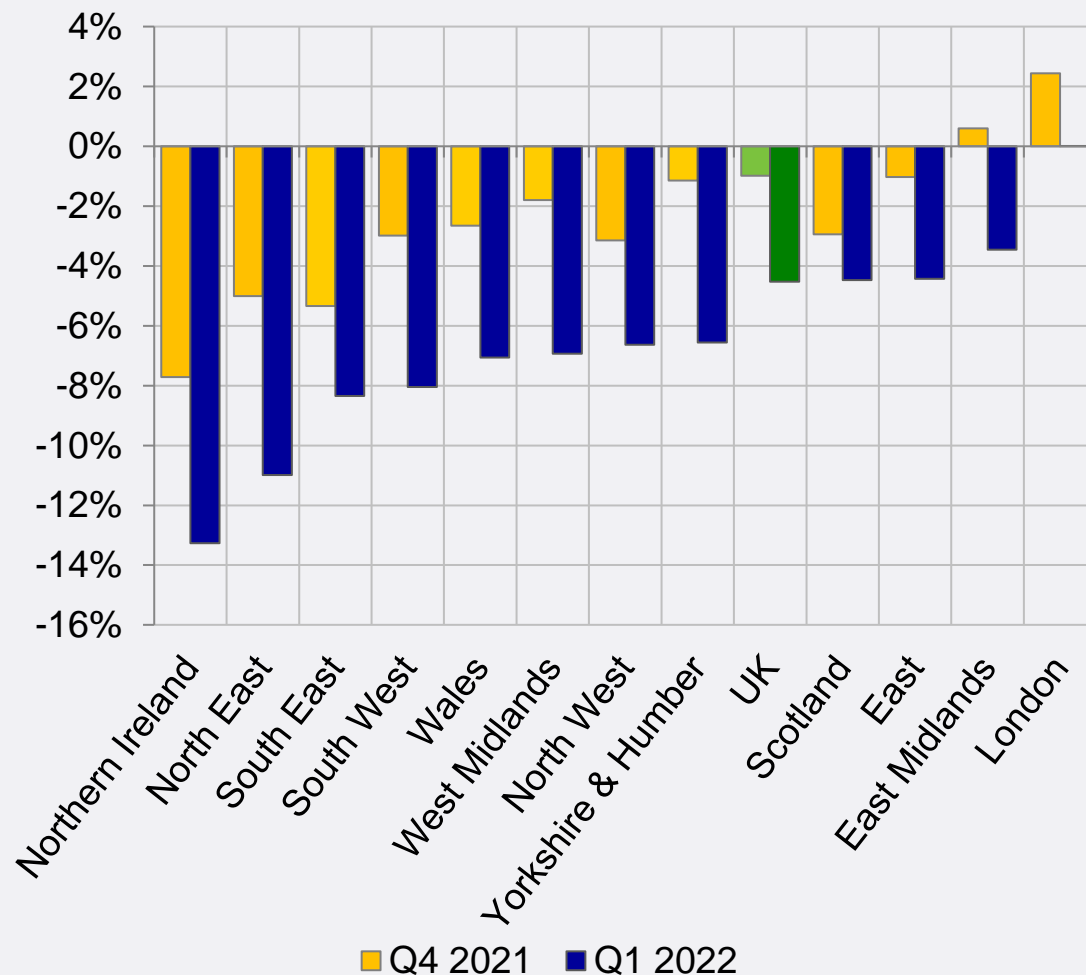


# All regions except London saw an annual contraction in Income Tracker in Q1

UK-wide Income Tracker exhibited a contraction of 4.5% in Q4 2021

- The quarterly Asda Income Tracker saw a second consecutive quarterly contraction in Q1 2022. The contraction of 4.5% marks the largest since Q4 2011.
- Eleven of the UK's twelve regions saw annual falls in discretionary income in Q1. The only exception was London, where discretionary incomes were stagnant year-on-year.
- One factor behind London's relatively greater resilience is its labour market position. The capital's economy is characterised by a large service sector and a particularly large cluster of financial and insurance businesses. Wage growth in these sectors has been higher than the labour market average in recent months.
- At the other end of the scale, Northern Ireland saw the largest relative fall in discretionary income, amounting to a drop of 13.3%. This can also be explained by labour market composition, with Northern Ireland seeing a larger share of public sector workers, where wage growth has been lagging. The withdrawal of the UC uplift will have also been a factor, given that Northern Ireland has a high rate of claimants.

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

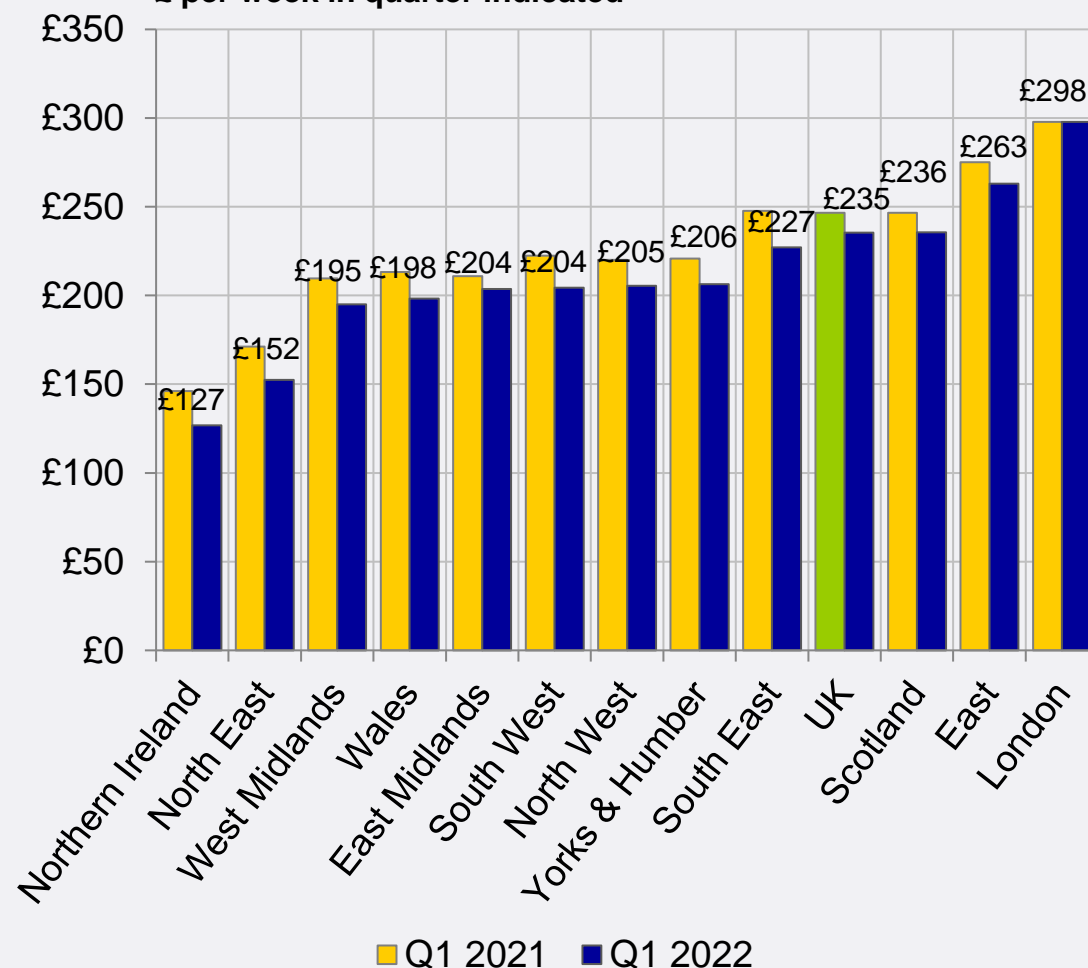


# Significant weakening of household spending power seen in most regions

UK-wide family spending power averaged £235 in the first quarter of 2022

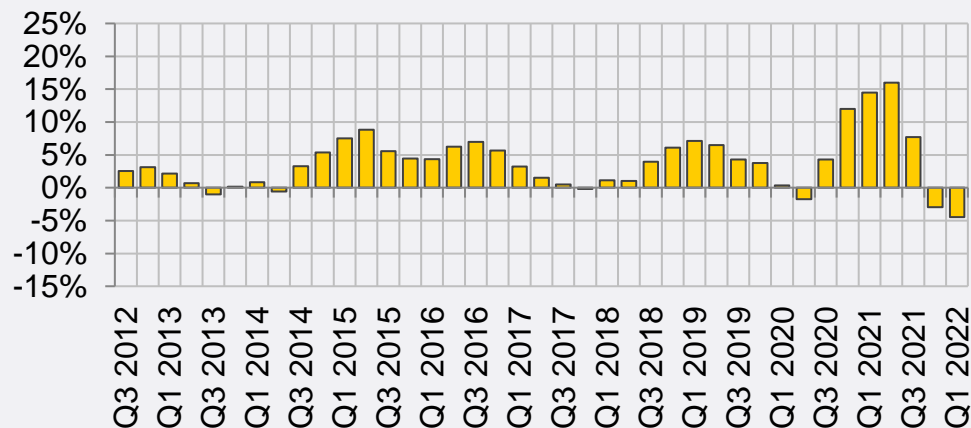
- The spending power of the average UK household fell by £11.16 per week in Q1 2022, compared to the same quarter of 2021.
- In absolute terms, the annual fall was largest in the South East, amounting to a drop of £20.69 per week.
- This fall was followed by that of Northern Ireland, where the average household saw weekly discretionary incomes fall by £19.39 per week. Northern Ireland falls firmly at the bottom of the scale when considering discretionary incomes, with weekly spending power for the average household amounting to just £127. Household living standards in Northern Ireland are therefore under the most pressure as a result of the ongoing cost-of-living crisis.
- Discretionary incomes in London were stagnant year-on-year. The average household in the capital saw weekly discretionary income of £298 in Q1 2022, the largest amount of any region.

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



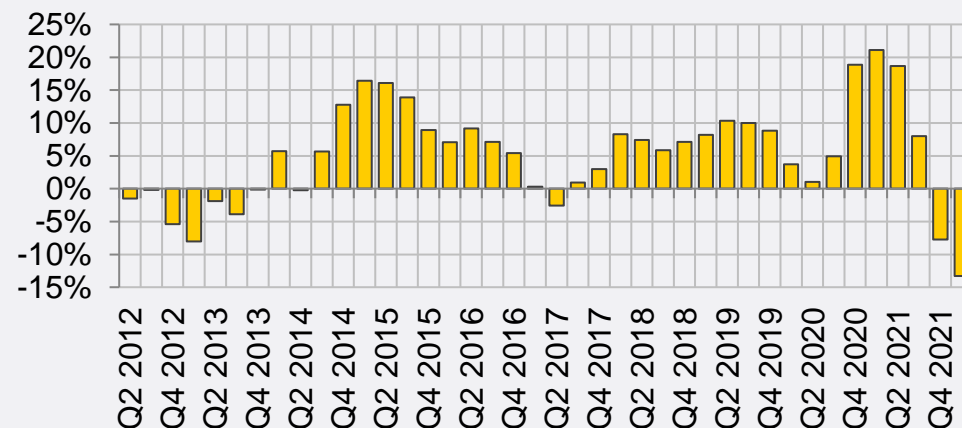
# Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



- The Income Tracker for Scotland witnessed an annual contraction of 4.5% in Q1. This marked the largest fall in discretionary incomes in Scotland since Q4 2011, when household spending power was down by 5.1% annually.
- As with the rest of the country, Scotland's contraction has been driven by rising inflation and slowing gross income growth.
- Scotland's position in Q1 largely mirrored UK-wide averages. The percentage fall in discretionary income across the UK as a whole also amounted to 4.5%. Meanwhile, the average household in Scotland saw discretionary income of £236 per week in Q1, with the UK-wide average falling just short at £235.

Annual % change in discretionary incomes, Northern Ireland



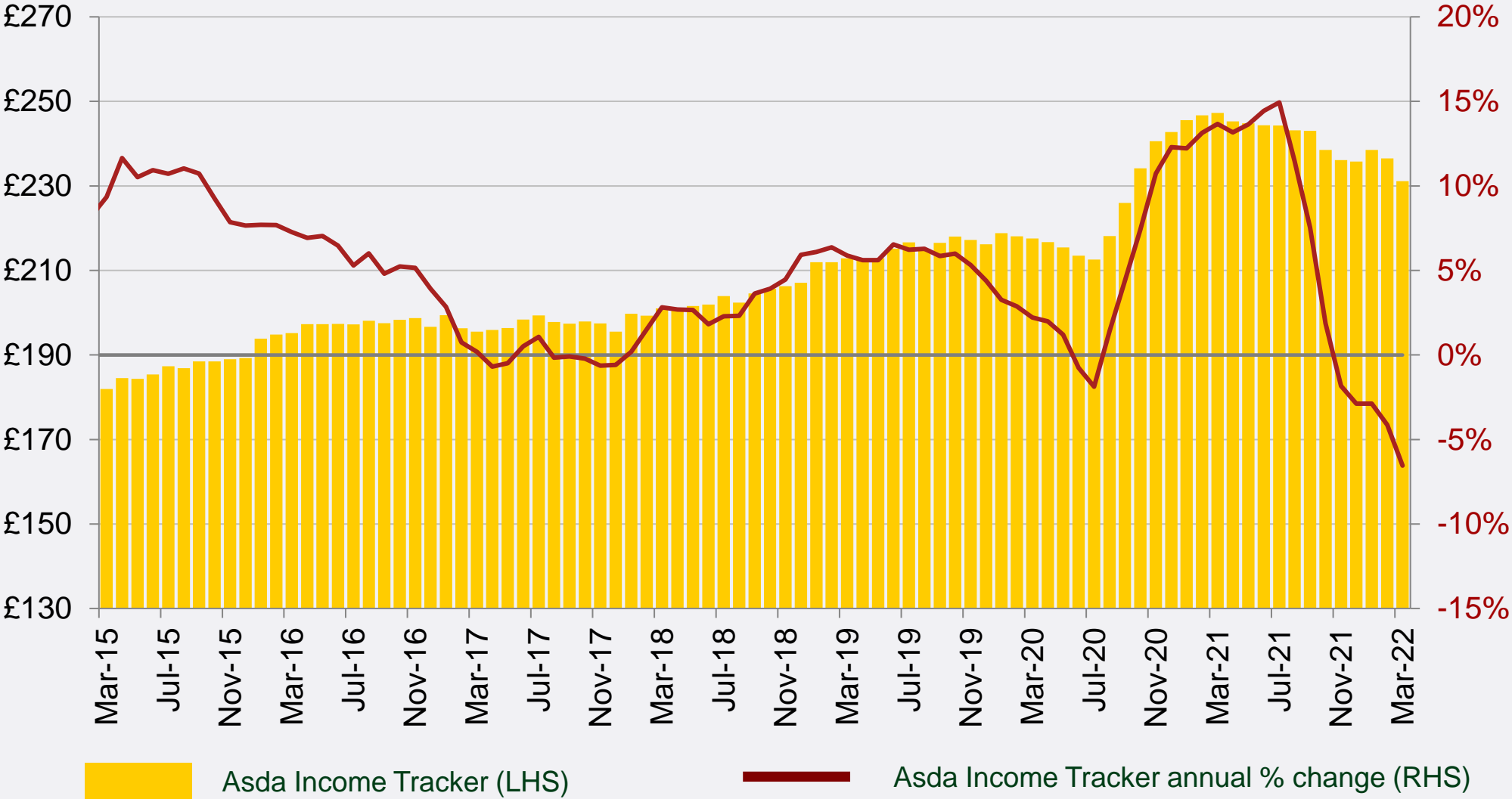
- The Income Tracker for Northern Ireland witnessed an annual contraction of 13.3% in Q1. This was the largest contraction of any region, as was also the case in Q4 2021.
- The withdrawal of the Universal Credit has been a key factor behind the contraction in discretionary incomes in Northern Ireland. Low-income households, of which there are relatively more in Northern Ireland, were being supported by this measure this time a year ago.
- Meanwhile, wage trends have also adversely impacted incomes in Northern Ireland. The country's labour market is characterised by a large share of public sector workers, where wage growth has been particularly slow in recent months.



# Appendix

# Monthly Asda Income Tracker

Figure 1: Asda Income Tracker and year-on-year change (excluding bonuses)



# Monthly Asda Income Tracker

**Table 1: 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 2018	£200	January 2019	£212	January 2020	£219	January 2021	£246	January 2022	£239
February 2018	£200	February 2019	£212	February 2020	£218	February 2021	£247	February 2022	£236
March 2018	£201	March 2019	£212	March 2020	£218	March 2021	£247	March 2022	£231
April 2018	£201	April 2019	£212	April 2020	£217	April 2021	£245		
May 2018	£201	May 2019	£213	May 2020	£216	May 2021	£245		
June 2018	£202	June 2019	£215	June 2020	£214	June 2021	£244		
July 2018	£204	July 2019	£217	July 2020	£213	July 2021	£244		
August 2018	£202	August 2019	£215	August 2020	£219	August 2021	£243		
September 2018	£204	September 2019	£216	September 2020	£227	September 2021	£243		
October 2018	£205	October 2019	£218	October 2020	£235	October 2021	£238		
November 2018	£206	November 2019	£218	November 2020	£241	November 2021	£236		
December 2018	£207	December 2019	£217	December 2020	£243	December 2021	£236		
<b>2018 Average</b>	<b>£203</b>	<b>2019 Average</b>	<b>£215</b>	<b>2020 Average</b>	<b>£223</b>	<b>2021 Average</b>	<b>£243</b>	<b>2022 Average</b>	

NB: In June 2017, the ONS published revisions to the time series of its average weekly earnings data, one of the inputs of the ASDA Income Tracker. The values for the Income Tracker have been adjusted accordingly.

# 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.

# Method notes

**These 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 recreation goods and services.

# 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 Kay Neufeld and Sam Miley.**

**Whilst every effort has been made to ensure the accuracy of the material in this report, the authors and Cebr will not be liable for any loss or damages incurred through the use of this report.**

**London, April 2022**

# Contact

Please find attached method notes and the tabulated data. Asda produces a monthly Income Tracker report with a more comprehensive report every quarter.

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