Asda Income Tracker – Key Figures

Total household income £905 per week
- Essential Spending £548 per week
- Taxes £150 per week
= Average family spending power £208 per week

Family spending power was down by £35.44 a week year-on-year in September (a 14.6% annual decrease)
Income Tracker falls on monthly basis for first time since June

The Asda Income Tracker was £35.44 a week lower in September 2022 than a year before.

- The Asda Income Tracker saw an annual contraction of 14.6% in September. This is the largest annual contraction since June, having fallen by 14.3% and 13.5% in July and August, respectively.

- On a monthly basis, the Income Tracker fell by £2.66, reaching £208 per week last month.

- September’s fall came as inflation returned to double-digit figures, reaching 10.1% in September on the Consumer Price Index measure, up from 9.9% in August.

- The Income Tracker is set to fall further in October, when Cebr expects inflation to accelerate once more. The energy price cap for the average household increased at the beginning of this month, contributing to an expected spike in price growth.

- In the longer term, the outlook for the Income Tracker will be highly dependent on the Government’s response to energy prices. It was announced this week that the Energy Price Guarantee, which had previously been committed to for two years, would instead be reviewed from April 2023.
The main factors affecting family costs in September were:

- Annual inflation, as measured by the Consumer Price Index (CPI), accelerated to 10.1% in September. This followed price growth of 9.9% in September, a month which saw the first deceleration of inflation in over a year.

- Housing and utilities was again the most significant contributor to inflation in September. Prices in this category picked up by 20.2% year-on-year. Energy prices remain key drivers, with gas prices up 95.7% annually and electricity prices up by 54.0%.

- Food and non-alcoholic drinks are now the second largest contributor to inflation. Prices in this category picked up by 14.5% annually in September, a monthly increase of 1.4 percentage points. This, alongside the acceleration in inflation for restaurants and hotels to 9.7%, provides evidence of the increasingly broad-based nature of inflation.

- Cebr expects inflation to peak in October, when the energy price cap set to increase by 26.8%. It will remain at this level for several months as a result of the Government’s Energy Price Guarantee. It was announced this week that this would be reviewed from April 2023, however, which could have implications for inflation.
Gross income growth accelerates for average UK household on quarterly basis

UK-wide annual gross income growth stood at 3.8% in Q3 2022

- UK-wide gross income growth picked up in Q3, reaching 3.8%. This put an end to four consecutive quarters of slowdown.

- Income growth was down on an annual basis, however, having stood at 5.8% in Q3 2021.

- The annual fall was observed across most regions. Scotland and London were the only regions to see an acceleration in gross income growth relative to Q3 2021. These were also the two regions witnessing the fastest gross income growth in Q3 2022.

- London has seen the strongest gross income growth of all regions, amounting to 5.7% annually in Q3. The capital last saw faster gross income growth in Q2 2021.

- London’s strong income growth can be explained by its labour market composition. The capital has a large finance and insurance sector, as well as a large retail and hospitality sector. Wage growth has been above average in these industries recently, driven by staff shortages.
Contraction in discretionary income remains near record levels in Q3

UK-wide Income Tracker exhibited a contraction of 14.1% in Q3 2022

- The quarterly Asda Income Tracker saw a fourth consecutive annual contraction in Q3 2022, which amounted to a 14.1% fall for the UK as a whole. Though this is an improvement on the 16.1% fall seen in Q2, this still amounts to the second-largest annual drop on record.

- A unanimous fall in discretionary income was seen across the UK’s regions and nations. This has now been the case for two consecutive quarters.

- In relative terms, the falls were largest in Northern Ireland and the North East, amounting to annual contractions of 28.7% and 22.6%, respectively.

- These regions are more likely to be impacted by the effect of the Universal Credit withdrawal, due to having a disproportionate number of social security claimants. Having been withdrawn from October 2021, this factor will fall out of the base calculation in the next edition of this report. Northern Ireland and the North East also have higher shares of lower paid jobs.
Income Tracker improves on a quarterly basis, but annual shortfall still evident

UK-wide weekly family spending power averaged £209 in Q3 2022

- The spending power of the average UK household fell by £34.39 per week in Q3 2022, compared to the same quarter of 2021.

- There was an uptick on a quarterly basis, however. Discretionary income in Q3 averaged £209 per week, up from £205 in Q2.

- This quarterly improvement can be explained by two main factors: faster income growth and changing tax policies. On the latter point, National Insurance changes from July meant that households took home a greater proportion of their pay.

- In absolute terms, households in the South East saw the largest annual fall in the Income Tracker, seeing discretionary income down by more than £53 per week annually. This region is currently suffering from below average wage growth.

- The East Midlands showed the most resilience, though these households still saw an annual fall of £29 per week.
Focus on Scotland and Northern Ireland

The Income Tracker for Scotland witnessed an annual contraction of 13.3% in Q3. This followed a fall of 13.5% in Q2, the largest drop for Scottish households since the inception of the Income Tracker.

Scotland’s position has largely mirrored UK-wide averages, seeing a smaller fall in Q3 than in Q2. Scotland was slightly more resilient than the UK-wide average, however, with discretionary incomes across the country as a whole falling by 14.1% in the third quarter.

Scotland’s outlook is set to weaken in 2023, however. At the aggregate level, Cebr expects Scottish output to grow by just 0.1% next year. This will come as a result of falling discretionary incomes, which are weakening spending power, and are expected to reduce consumer activity in Scotland.

The Income Tracker for Northern Ireland witnessed an annual contraction of 28.7% in Q3. This is the largest annual fall of any region in the history of the Income Tracker.

Following a fall of 28.5% in Q2, Northern Ireland was one of only two regions to witness a larger annual drop in Q3 than in Q2, alongside the West Midlands.

Northern Ireland has been particularly exposed to energy price pressures in recent months, as the Ofgem energy price cap does not apply there.
Focus on Wales

The Income Tracker for Wales fell by 18.7% annually in Q3. This followed a drop of 20.7% in Q2, the largest for Wales since the inception of the Income Tracker.

Wales’ drop in discretionary income was worse than the UK-wide average. One factor behind this was weak gross income growth, which was the slowest of any region in Q3, amounting to just 2.4% annually.

Weak gross income growth in Wales can be partially explained by its labour market composition. One of Wales’ main industries is manufacturing, which has seen the slowest wage growth of all major sectors in recent months.

For instance, in the three months to August, manufacturing incomes picked up by just 4.4% annually. This compares to wage growth of 6.0% for the labour market as a whole.
Contact

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

For press enquiries please contact:  
Alicia Clow, News Manager, Media Relations  
Alicia.Clow@Asda.co.uk ; 07808 269 731

For data enquiries please contact:  
Sam Miley, Senior Economist  
SMiley@Cebr.com ; 020 7324 2874
Appendix
Monthly Asda Income Tracker

Figure 1: Asda Income Tracker and year-on-year change (excluding bonuses)
### Table 1: Average UK household Income Tracker, £ per week, current prices, excluding bonuses

<table>
<thead>
<tr>
<th>Month</th>
<th>Income tracker</th>
<th>Month</th>
<th>Income tracker</th>
<th>Month</th>
<th>Income tracker</th>
<th>Month</th>
<th>Income tracker</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2018</td>
<td>£200</td>
<td>February 2019</td>
<td>£212</td>
<td>February 2020</td>
<td>£218</td>
<td>February 2021</td>
<td>£247</td>
</tr>
<tr>
<td>March 2018</td>
<td>£201</td>
<td>March 2019</td>
<td>£212</td>
<td>March 2020</td>
<td>£218</td>
<td>March 2021</td>
<td>£247</td>
</tr>
<tr>
<td>April 2018</td>
<td>£201</td>
<td>April 2019</td>
<td>£212</td>
<td>April 2020</td>
<td>£217</td>
<td>April 2021</td>
<td>£245</td>
</tr>
<tr>
<td>May 2018</td>
<td>£201</td>
<td>May 2019</td>
<td>£213</td>
<td>May 2020</td>
<td>£216</td>
<td>May 2021</td>
<td>£245</td>
</tr>
<tr>
<td>June 2018</td>
<td>£202</td>
<td>June 2019</td>
<td>£215</td>
<td>June 2020</td>
<td>£214</td>
<td>June 2021</td>
<td>£244</td>
</tr>
<tr>
<td>July 2018</td>
<td>£204</td>
<td>July 2019</td>
<td>£217</td>
<td>July 2020</td>
<td>£213</td>
<td>July 2021</td>
<td>£244</td>
</tr>
<tr>
<td>September 2018</td>
<td>£204</td>
<td>September 2019</td>
<td>£216</td>
<td>September 2020</td>
<td>£227</td>
<td>September 2021</td>
<td>£243</td>
</tr>
<tr>
<td>October 2018</td>
<td>£205</td>
<td>October 2019</td>
<td>£218</td>
<td>October 2020</td>
<td>£235</td>
<td>October 2021</td>
<td>£238</td>
</tr>
<tr>
<td>November 2018</td>
<td>£206</td>
<td>November 2019</td>
<td>£218</td>
<td>November 2020</td>
<td>£241</td>
<td>November 2021</td>
<td>£236</td>
</tr>
<tr>
<td>December 2018</td>
<td>£207</td>
<td>December 2019</td>
<td>£217</td>
<td>December 2020</td>
<td>£243</td>
<td>December 2021</td>
<td>£236</td>
</tr>
<tr>
<td>2018 Average</td>
<td>£203</td>
<td>2019 Average</td>
<td>£215</td>
<td>2020 Average</td>
<td>£223</td>
<td>2021 Average</td>
<td>£243</td>
</tr>
</tbody>
</table>

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, October 2022