

# Asda Income Tracker

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Making Business Sense

Centre for Economics and  
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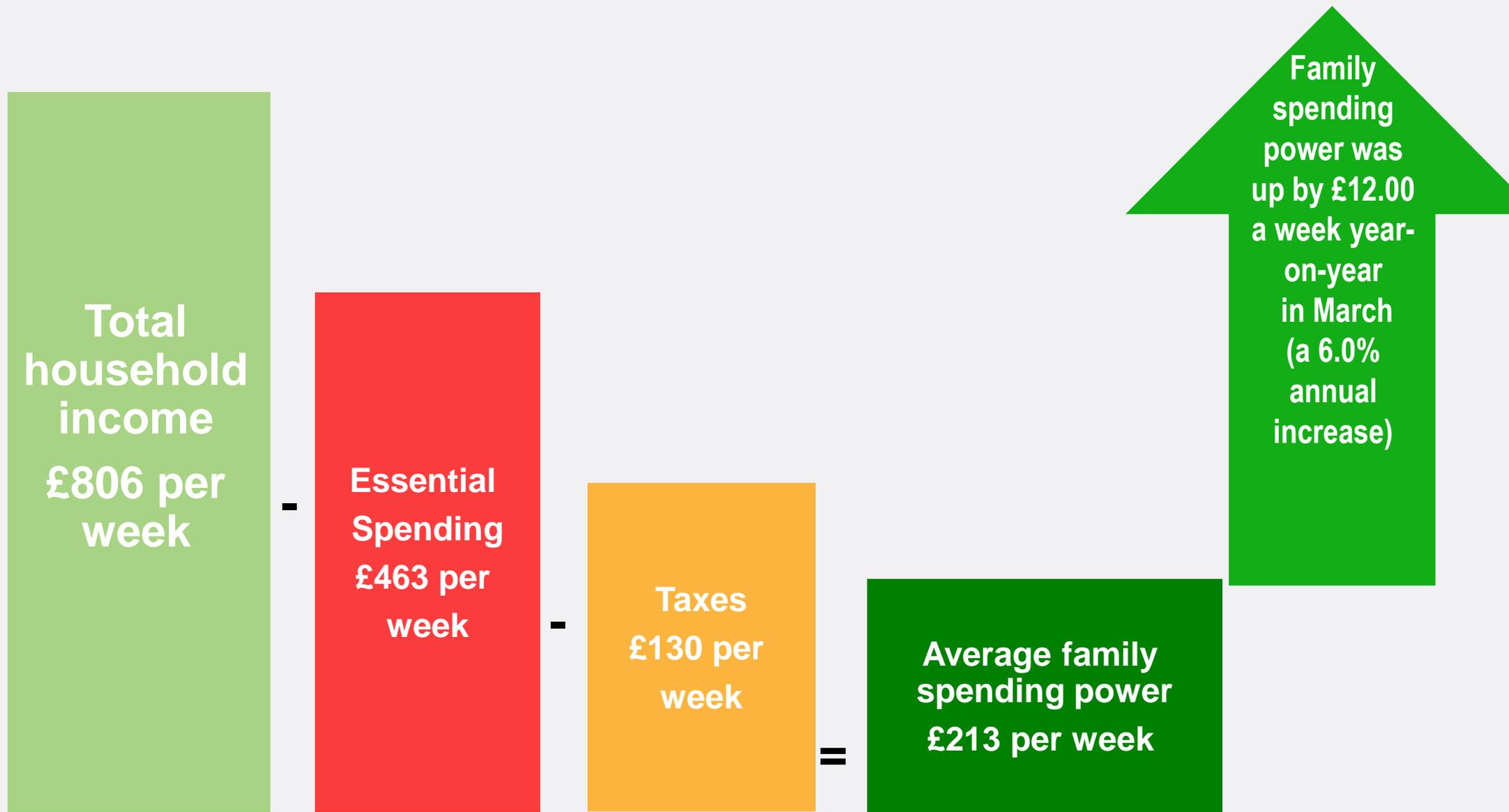
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# Asda Income Tracker – Key Figures

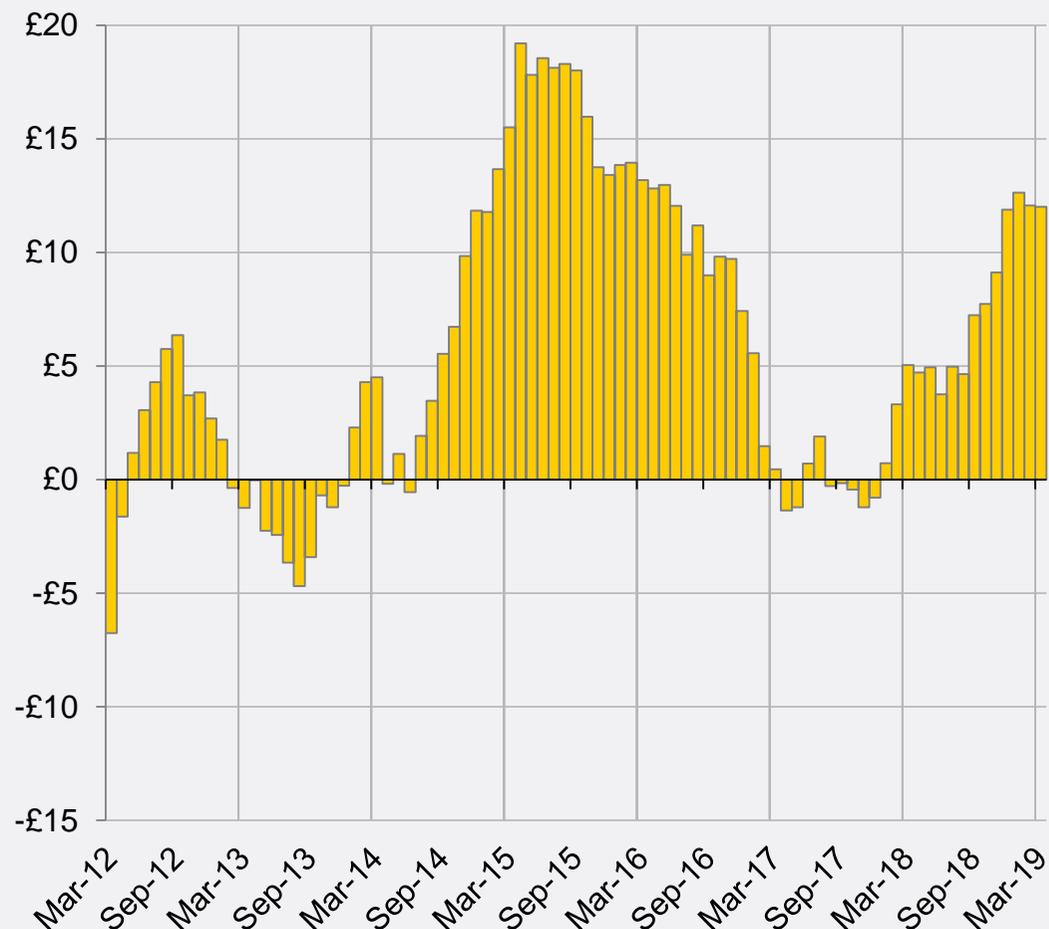


# Income Tracker records steady gains as unemployment and inflation remain unchanged

The Asda Income Tracker was £12.00 a week higher in March 2019 than a year before

- Family spending power increased by 6.0% compared to March 2018, in line with the growth rates seen in previous months. In pound terms, the Income Tracker rose by £12.00 year-on-year, just below the readings for the two preceding months.
- Household incomes continue to benefit from a strong labour market. The latest figures from the Office for National Statistics show that in the three months to February, unemployment remained unchanged at 3.9%, while the employment rate kept steady at 76.1%.
- However, survey data suggest that hiring intentions among employers are weakening and month-on-month earnings growth decelerated, meaning we could see a weakening in the labour market in the coming months.
- Meanwhile, the cost of essential spending was kept in check in March as inflation remained unchanged at 1.9%.

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

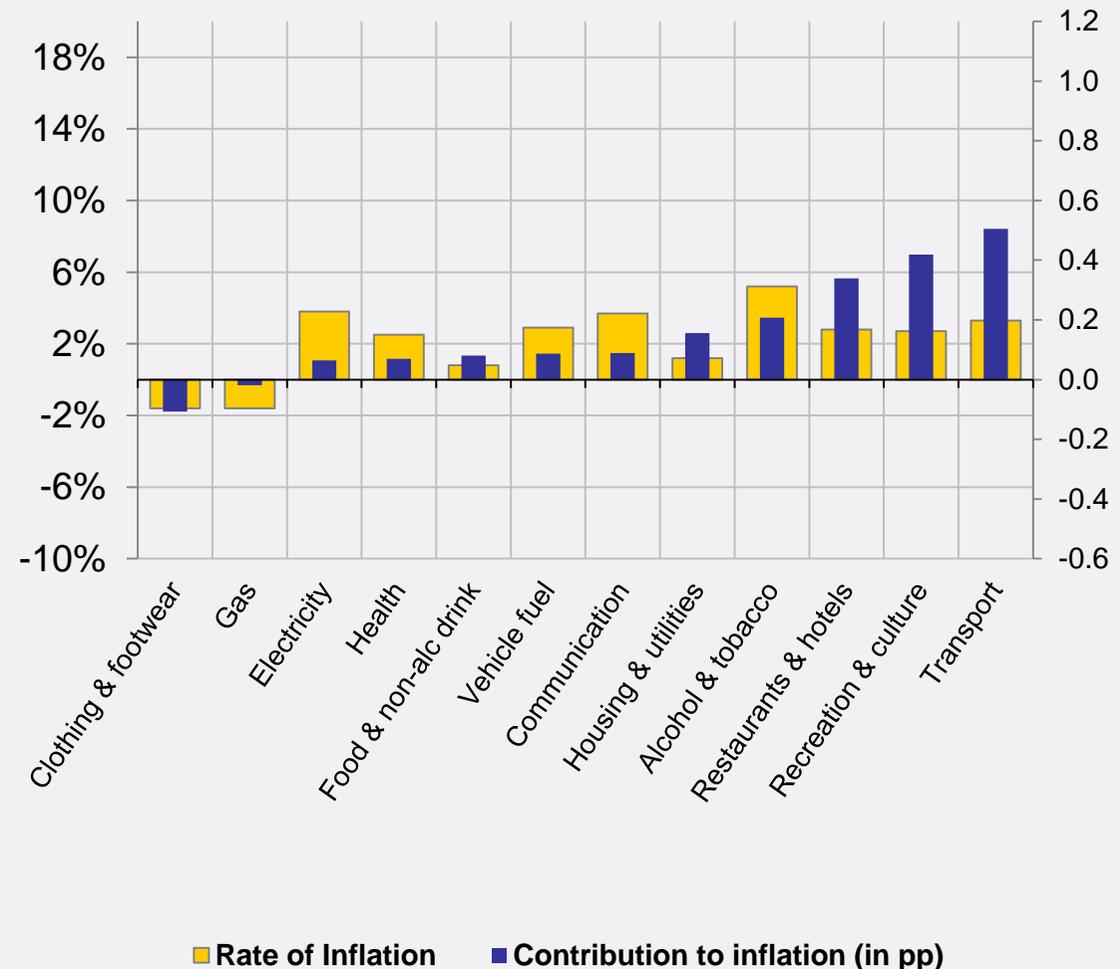


# Inflation remains unchanged in March despite higher fuel prices

The main factors affecting family costs in March were:

- Inflation, as measured by the Consumer Price Index, remained unchanged at 1.9% in March.
- Higher transport prices and in particular an increase in fuel price inflation exerted upward pressure on the headline inflation rate last month. These effects were offset by lower inflation for recreation and culture.
- Prices for clothing and footwear continued to fall in March albeit at a slower rate than in February.
- Meanwhile, annual inflation rates for gas and electricity remained unchanged from the previous month, which means households continue to benefit from falling gas prices and only modest increases in electricity prices.
- Looking ahead, a further increase in the oil price is on the cards which would exert some upward pressure on inflation and eat into households' budgets in the coming months.

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



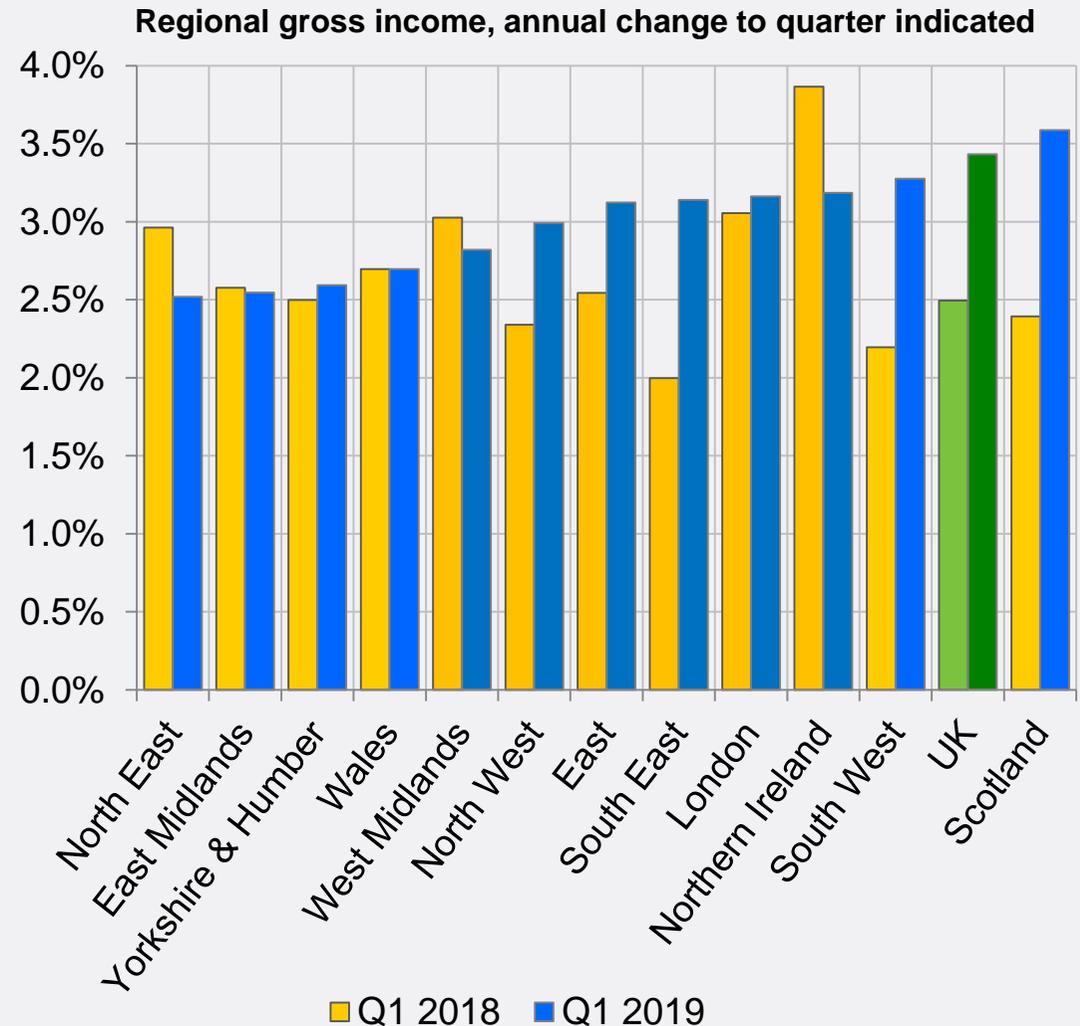
Vehicle fuel is a sub-category of Transport;  
Gas and electricity are sub-categories of Housing & utilities

■ Rate of Inflation    ■ Contribution to inflation (in pp)

# Low unemployment rates boost income growth for UK households

## Only four regions see income growth decelerate between Q1 2018 and Q1 2019

- UK-wide annual gross income growth has accelerated considerably over the past year, rising from 2.5% in Q1 2018 to 3.4% in Q1 2019.
- The UK's strong labour market, which has seen the employment rate rise to record levels and sustained low unemployment, has played a major part in boosting households incomes over this period.
- This positive trend is reflected in the performance of most regions. The largest increases in income growth between Q1 2018 and Q1 2019 have been recorded in Scotland (from 2.4% to 3.6%), the South East (from 2.0% to 3.1%) and the South West (from 2.2% to 3.3%).
- In some regions, however, income growth has decelerated. In Northern Ireland, increases in gross household income stood at 3.9% in Q1 2018, a pace that could not be sustained over the year. It now stands at a still respectable 3.2%. Furthermore, the North East, the East Midlands and the West Midlands have seen their income growth moderate in Q1 2019.

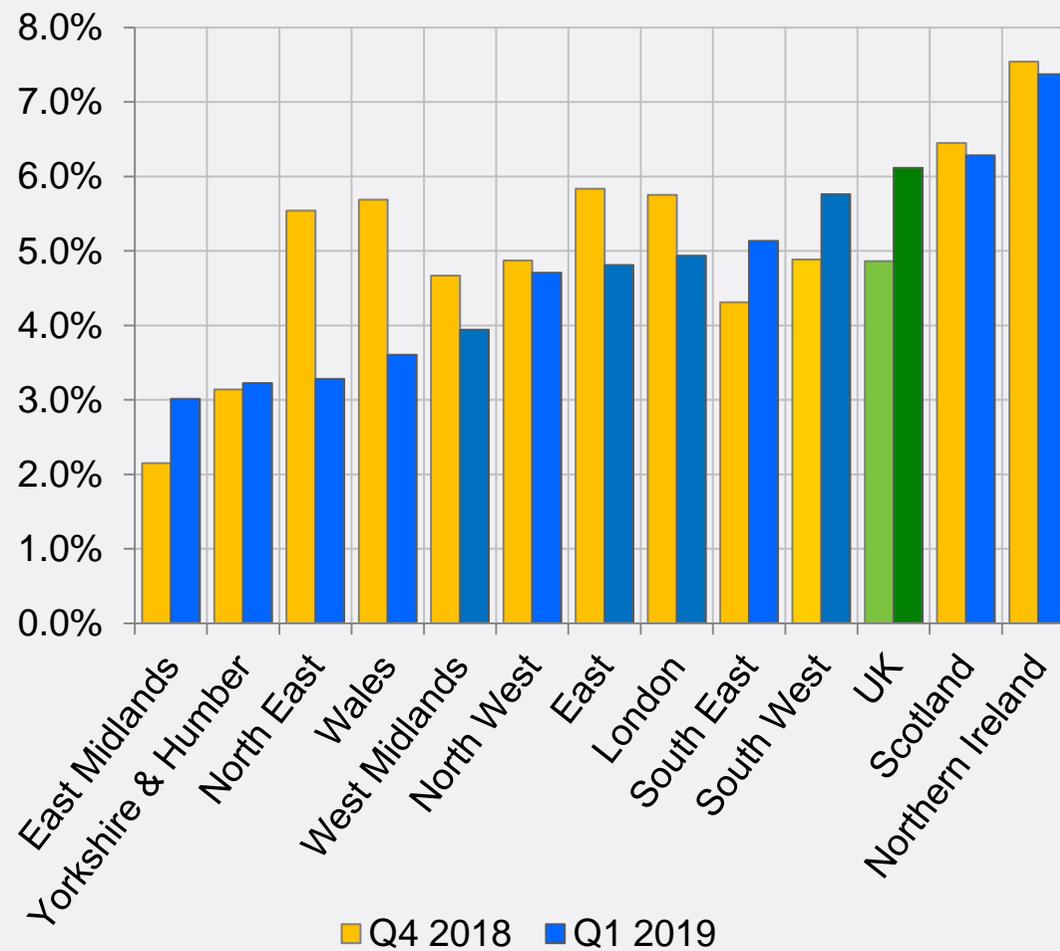


# Income Tracker growth remains healthy although several regions recorded a slowdown in Q1 2019

## Income Tracker growth supported by the East Midlands, Yorkshire & the Humber and the South

- Looking at the Income Tracker growth rates for the last quarter of 2018 and the first quarter of 2019 shows that family spending power growth may have passed its peak in late 2018.
- Although the national Income Tracker saw its growth rate accelerate from 4.9% to 6.1% in the latest quarter, a look at the regional picture shows that growth is stuttering in several parts of the country.
- In the North East and Wales, growth in the Income Tracker slowed noticeably to 3.3% and 3.6%, respectively. Households in Greater London and the East of England also experienced slower income growth in the first quarter of the year compared to Q4 2018.
- The East Midlands, Yorkshire & the Humber, the South East and the South West were the only regions to record an acceleration in the Income Tracker.

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

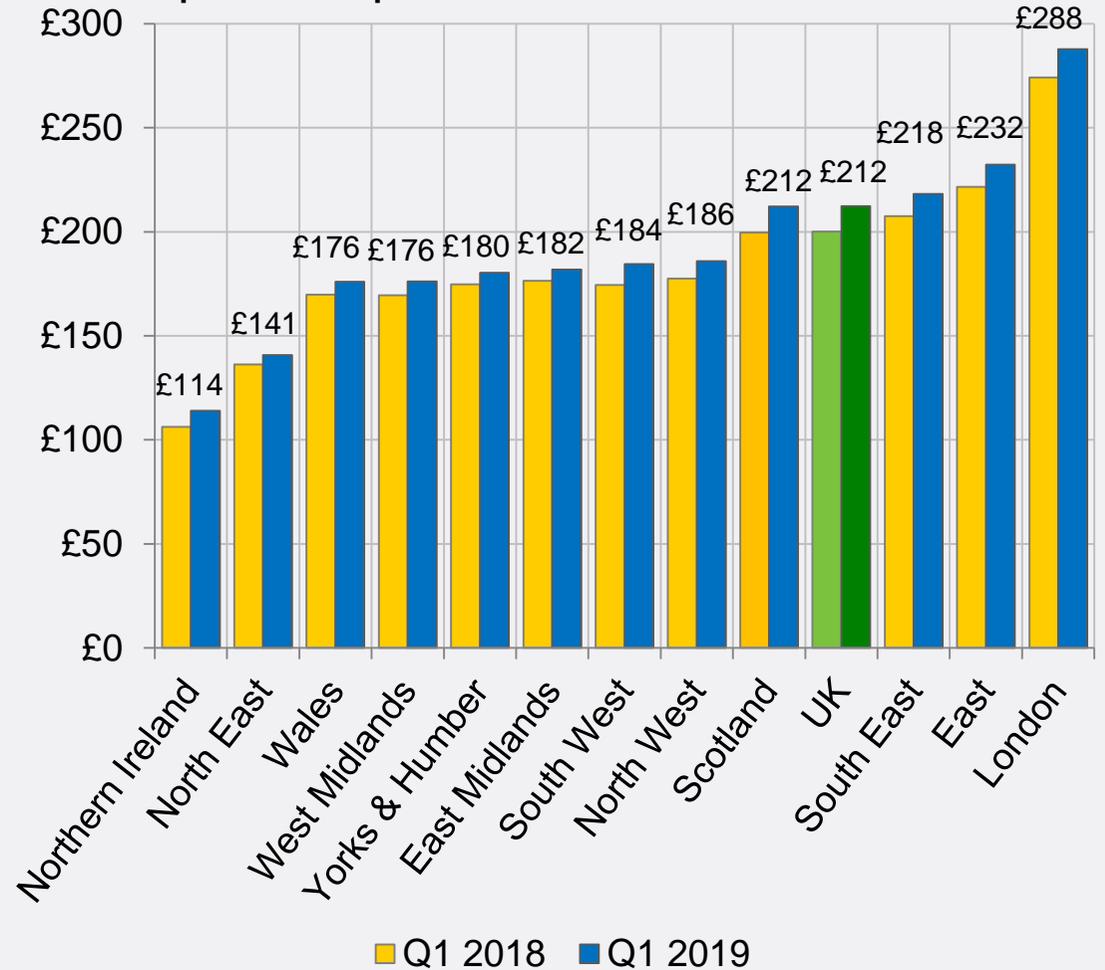


# Family spending power rises across all regions

UK-wide average family spending power rose to £212 in the first quarter of 2019

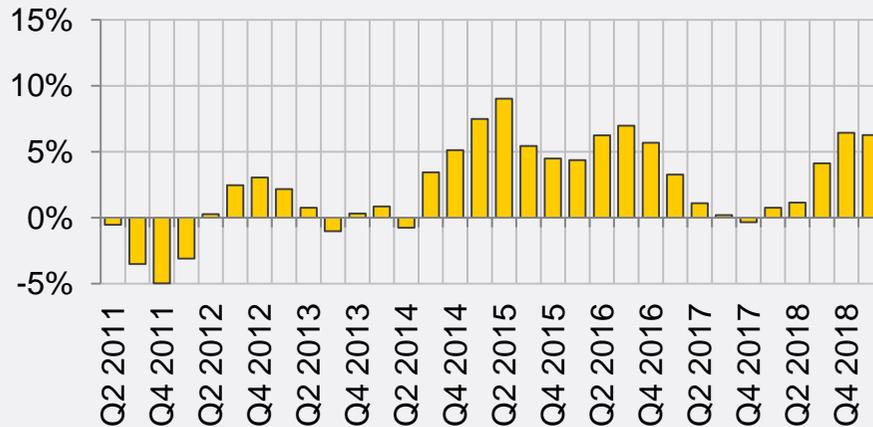
- All regions have seen an increase in the Income Tracker over the past year with the national headline figure rising to £212 in Q1 2019, up from £200 in the same quarter of the previous year.
- As seen above, Northern Ireland recorded the highest Income Tracker increase in Q1 2019. While the country remains at the bottom of the Income Tracker league table with an average family spending power of £114 per week, it continues to close the gap to the other regions. In Q1 2019, Northern Ireland's family spending power was £27 lower than that of the North East, down from a gap of £30 in Q1 2018.
- While households in the North East and Northern Ireland have doubtless benefitted from the tighter labour market in recent quarters, their employment rates, i.e. the share of people aged 16-64 in employment, continues to stand significantly below the national average. The gap in the employment rate between these two regions and the South West is currently 9 percentage points.

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



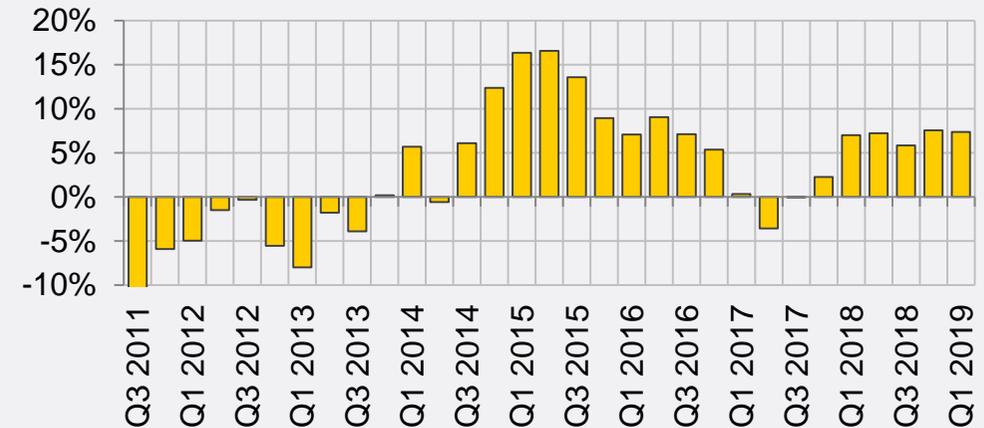
# Focus on Scotland and Northern Ireland

Annual % change in discretionary incomes, Scotland



- Income Tracker growth in Scotland continued at a healthy pace of 6.3% in Q1 2019. This is only marginally down from the 6.4% recorded in Q4 2018.
- The unemployment rate in Scotland continued to fall at the start of the year and currently stands at just 3.3%, well below the national average. This is the lowest rate since comparable record began in 1992.
- The scarcity of skilled workers means firms have to offer higher wages to attract recruits, boosting household incomes. Moreover, the important oil and gas sector in Scotland has benefitted from the rising world price of oil.

Annual % change in discretionary incomes, Northern Ireland



- In the first quarter of 2019, Northern Ireland continued its strong performance from 2018, recording Income Tracker growth of 7.4%, just below the 7.5% seen in Q4 2018.
- Unemployment remains exceptionally low in Northern Ireland at around 3%. Simultaneously, the tight labour market attracts increasing numbers of people who were previously classified as economically inactive, helping to increase the employment rate from its low base.
- While growth in the Northern Irish economy continues to lag behind the UK as a whole, households have benefitted from low rates of inflation and ample employment opportunities over the past quarters.

# 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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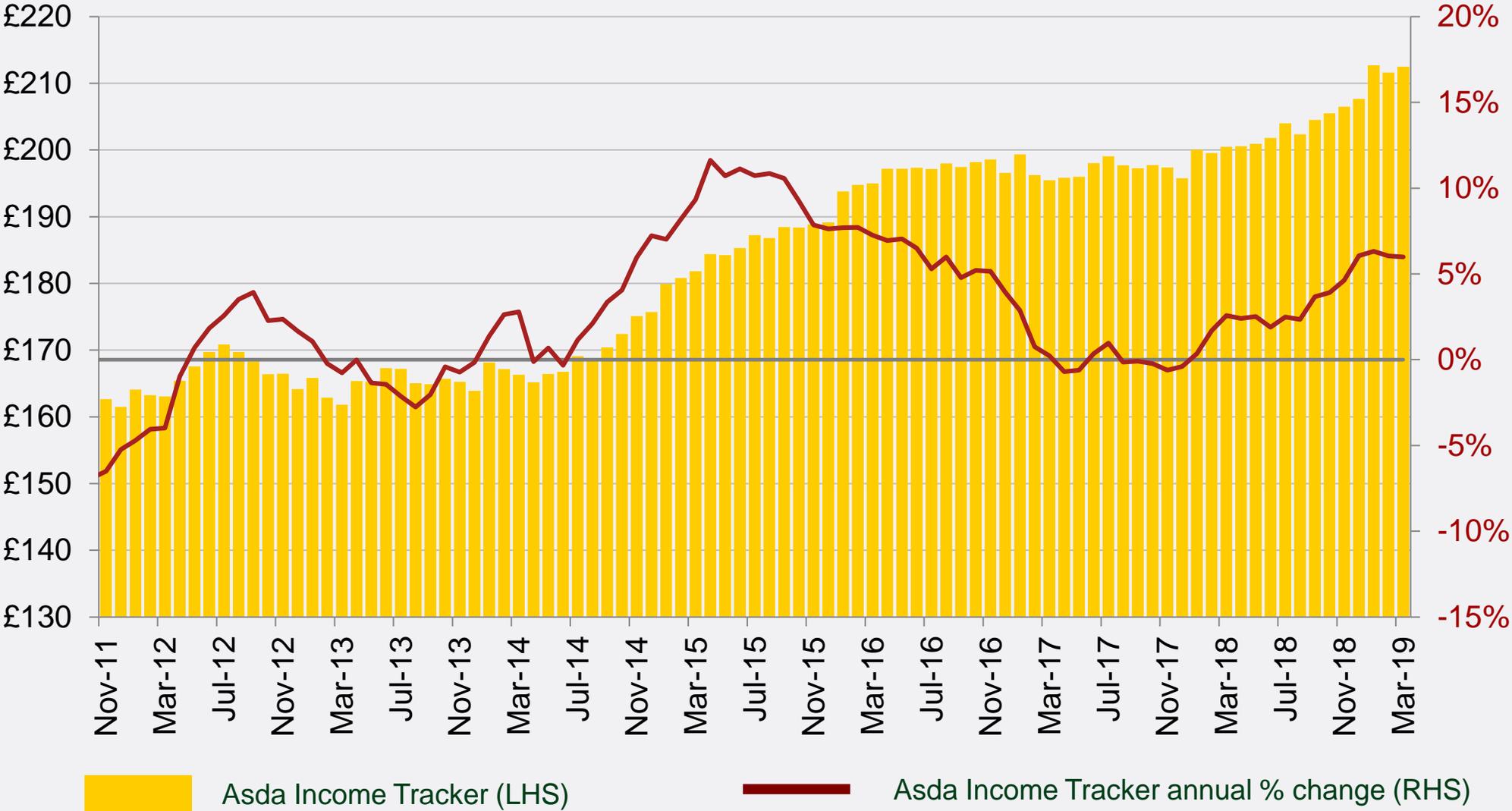
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# Appendix

# Monthly Asda Income Tracker

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



Asda Income Tracker (LHS)      Asda Income Tracker annual % change (RHS)



# Monthly Asda Income Tracker

**Table 1: Average UK household Income Tracker, £ per week, current prices, excluding bonuses**

Month	Income tracker	Month	Income tracker						
January 2015	£185	January 2016	£195	January 2017	£201	January 2018	£200	January 2019	£213
February 2015	£185	February 2016	£195	February 2017	£197	February 2018	£199	February 2019	£212
March 2015	£186	March 2016	£195	March 2017	£196	March 2018	£201	March 2019	£213
April 2015	£188	April 2016	£198	April 2017	£196	April 2018	£200		
May 2015	£188	May 2016	£198	May 2017	£196	May 2018	£201		
June 2015	£189	June 2016	£198	June 2017	£198	June 2018	£202		
July 2015	£191	July 2016	£198	July 2017	£199	July 2018	£204		
August 2015	£191	August 2016	£199	August 2017	£198	August 2018	£202		
September 2015	£192	September 2016	£199	September 2017	£197	September 2018	£204		
October 2015	£193	October 2016	£199	October 2017	£198	October 2018	£205		
November 2015	£193	November 2016	£200	November 2017	£197	November 2018	£206		
December 2015	£193	December 2016	£198	December 2017	£196	December 2018	£208		
<b>2015 Average</b>	<b>£190</b>	<b>2016 Average</b>	<b>£198</b>	<b>2017 Average</b>	<b>£197</b>	<b>2018 Average</b>	<b>£203</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 Nina Skero.**

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**London, April 2019**