

Bulletin

September 2007 Retail Sales • Released November 21, 2007

SPENDING SPREE SLOWS AS SUMMER SPRAWLS INTO SEPTEMBER

The Canadian retail marketplace stalled as total sales growth slowed to 2.8% in September. Retailers nationwide felt the pressure of tighter purse strings as consumers curbed their expenditure from coast to coast. Even the prosperous prairies came to terms with daunting comparable numbers. Alberta's 10.0% year-to-date growth is a stark contrast to the more modest 4.4% increase seen during September.

Retail sales continued to throw their fate into the wind as atypical weather prompted consumers to postpone their apparel purchases during September. With warmer temperatures across the country, shoppers lapped up summer's fleeting moments while Clothing and Accessories Stores felt their inventory mounting. Sales among Clothing Stores slipped -0.5% while Shoes, Clothing Accessories, and Jewellery Stores dropped -1.5%.

In contrast, Sporting Goods, Hobby, Music, and Book Stores warmed to the idea of an extended summer season as the continued decline in book and CD sales was likely offset by growth among athletic goods. Overall, the category rose 4.9% in September and 6.4% year-to-date.

With balmy breezes blowing through to the fall, heated housing starts also persisted as September boasted a 19.6% jump in the Canadian Mortgage and

Housing Corporation's seasonally adjusted annual figures. Furniture, Home Furnishings and Electronics Stores remained buoyant with 4.9% growth, although such figures failed to impress in light of the 8.8% increase in year-to-date sales. Building and Outdoor Home Supplies Stores also sunk below their 8.0% year-to-date growth as they climbed 4.4% during September.

Grocers grew anxious of escalating pressure on prices while Loblaws announced eroding margins amidst their continued attempts at reinvention. Food and Beverage Stores saw stunted sales rise 1.0% in September, down 3.1 percentage points from year-to-date growth.

Price sensitivity spread outside supermarkets as the rising value of the Canadian dollar made consumers anxious about parity with the U.S. The number of overnight car trips from Canada to the U.S. reached 930,000 in September, the highest level since December 1993 when the Canadian dollar bought only three American quarters. The blow to retailers

was doubly detrimental as same-day car trips from Canada to the U.S. rose 4.0% in tandem with such travel from the U.S. to Canada falling -2.3%.

Canadian consumers also participated in a virtual exodus as Canada Post reported that a spike in package shipments has left their clearing facilities with significant backlogs. It remains to be seen whether such shipping delays will push last-minute shoppers into the malls.

As Black Friday prepares to signal the beginning of the holiday spending spree south of the border, Canadian retailers are left wondering whether September is a harbinger of languid holiday sales and meagre margins. Many expect falling temperatures and the spread of U.S. pricing parity will be the season's saviours, but only time shall tell if shoppers will scrimp like Scrooge or splurge like Santa.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN**
December 21, 2007

Please note:

The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality) retail sales figures to those in the *same calendar month of the previous year*. Statistics Canada also reports seasonally adjusted sales that are compared to the *previous month within the current calendar year* to measure change in Gross Domestic Product (GDP). Although other sources use seasonally adjusted figures, J.C. Williams Group believes that using raw figures and making comparisons to the previous year's performance more accurately reflects the seasonality of the retail industry and, therefore, are more useful in analysis.

Retail Sales by Store Category

Sales for the Month of: September	2007	2006	2007/2006
All Stores	33,914.5	32,987.3	2.8%
Automotive	11,359.1	10,989.8	3.4%
All Stores Less Automotive	22,555.3	21,997.5	2.5%
Food and Beverage Stores	7,667.5	7,588.8	1.0%
Pharmacies and Personal Care Stores	2,310.3	2,192.9	5.4%
All Stores Less Automotive, Food, Pharmacies	12,577.6	12,215.9	3.0%
General Merchandise Stores	3,833.1	3,731.0	2.7%
Furniture, Home Furnishings and Electronics Stores	2,521.7	2,404.6	4.9%
Furniture and Home Furnishings Stores	1,387.7	1,301.4	6.6%
Computer, Software, Home Electronics, and Appliance Stores	1,134.1	1,103.2	2.8%
Clothing and Accessories Stores	2,026.8	2,041.9	-0.7%
Clothing Stores	1,577.7	1,585.8	-0.5%
Shoes, Clothing Accessories, and Jewellery Stores	449.1	456.0	-1.5%
Sporting Goods, Hobby, Music, and Book Stores	905.0	862.5	4.9%
Building and Outdoor Home Supplies Stores	2,379.0	2,278.9	4.4%
Miscellaneous Store Retailers	912.0	897.1	1.7%

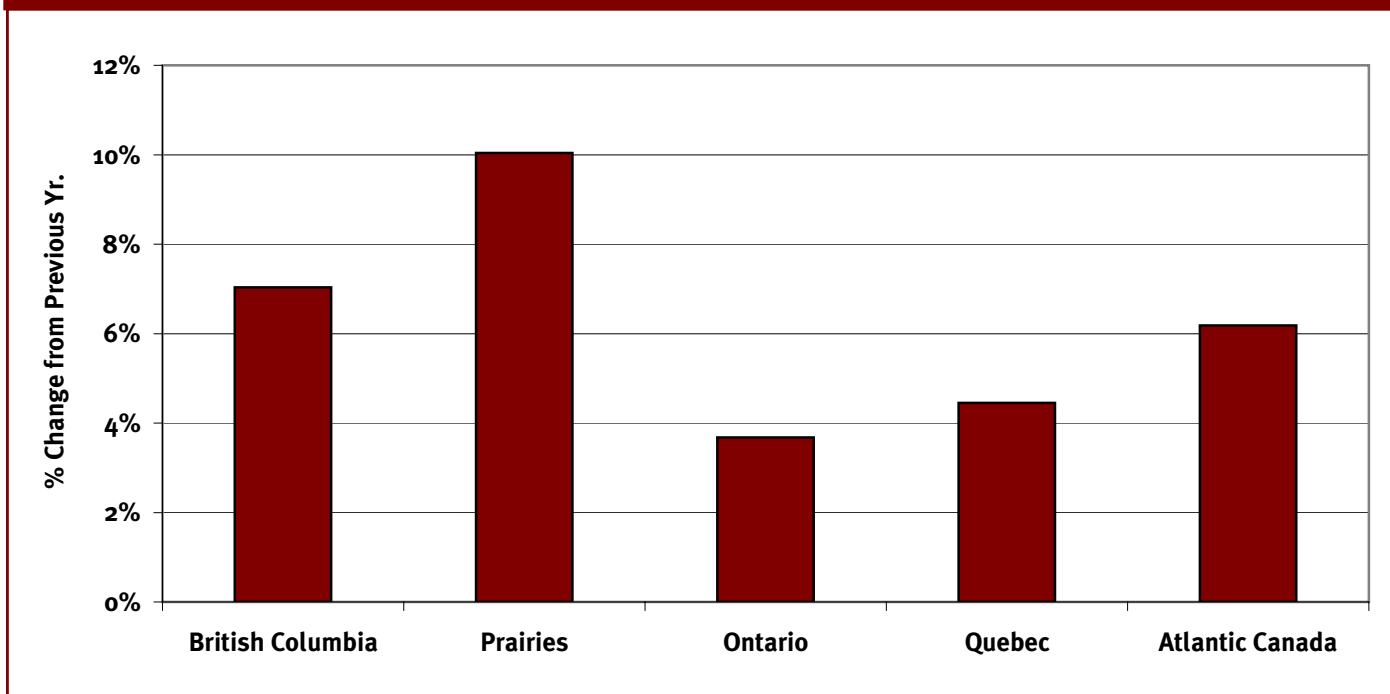
Year-to-date Sales	2007	2006	2007/2006
All Stores	303,180.3	286,508.3	5.8%
Automotive	108,807.4	102,813.6	5.8%
All Stores Less Automotive	194,373.0	183,694.7	5.8%
Food and Beverage Stores	67,574.3	64,933.8	4.1%
Pharmacies and Personal Care Stores	20,701.6	18,901.3	9.5%
All Stores Less Automotive, Food, Pharmacies	106,097.1	99,859.5	6.2%
General Merchandise Stores	33,685.0	32,284.4	4.3%
Furniture, Home Furnishings and Electronics Stores	20,927.5	19,243.3	8.8%
Furniture and Home Furnishings Stores	11,639.4	10,692.6	8.9%
Computer, Software, Home Electronics, and Appliance Stores	9,288.0	8,550.7	8.6%
Clothing and Accessories Stores	16,263.5	15,301.3	6.3%
Clothing Stores	12,501.8	11,709.8	6.8%
Shoes, Clothing Accessories, and Jewellery Stores	3,761.7	3,591.4	4.7%
Sporting Goods, Hobby, Music, and Book Stores	7,267.1	6,829.5	6.4%
Building and Outdoor Home Supplies Stores	20,201.4	18,704.6	8.0%
Miscellaneous Store Retailers	7,752.7	7,496.4	3.4%

ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

Retail Trade, Canada, All Stores, by Region

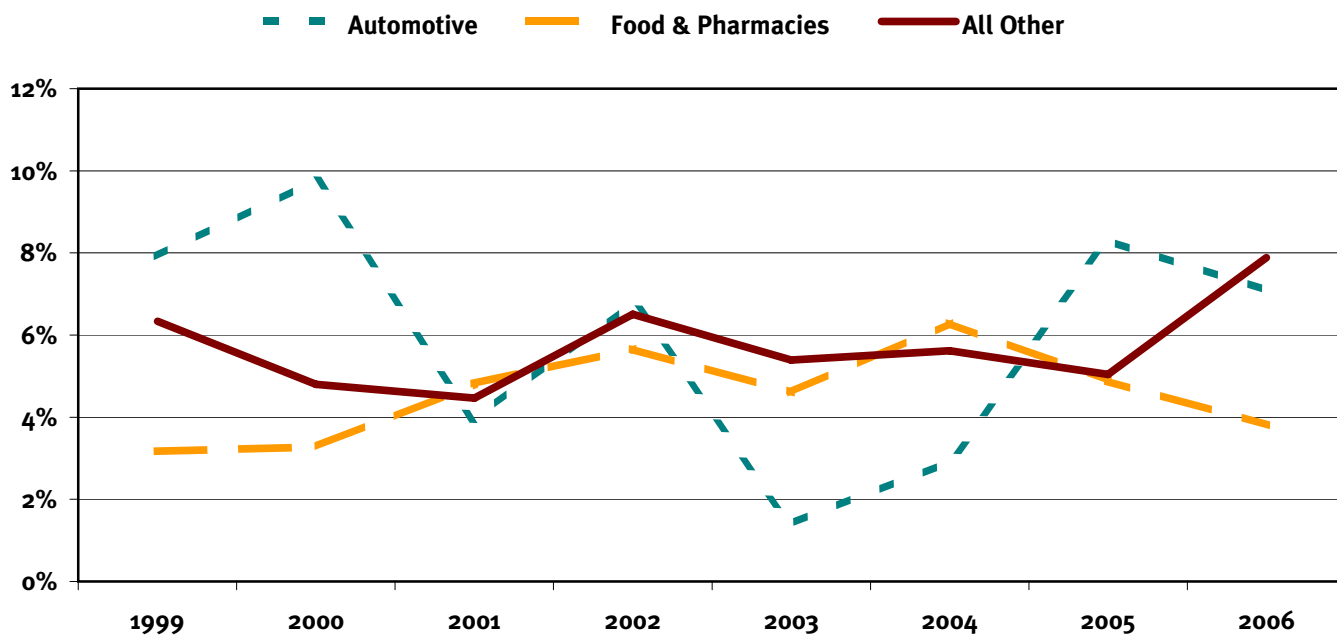
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	41,522.9	38,793.4	7.0%
Prairies	64,985.2	59,055.1	10.0%
Ontario	106,884.8	103,093.5	3.7%
Quebec	67,306.4	64,436.4	4.5%
Atlantic Canada	21,398.1	20,151.5	6.2%

Percentage Change in Retail Trade, All Stores, By Region Year-to-date Compared to Same Period Last Year

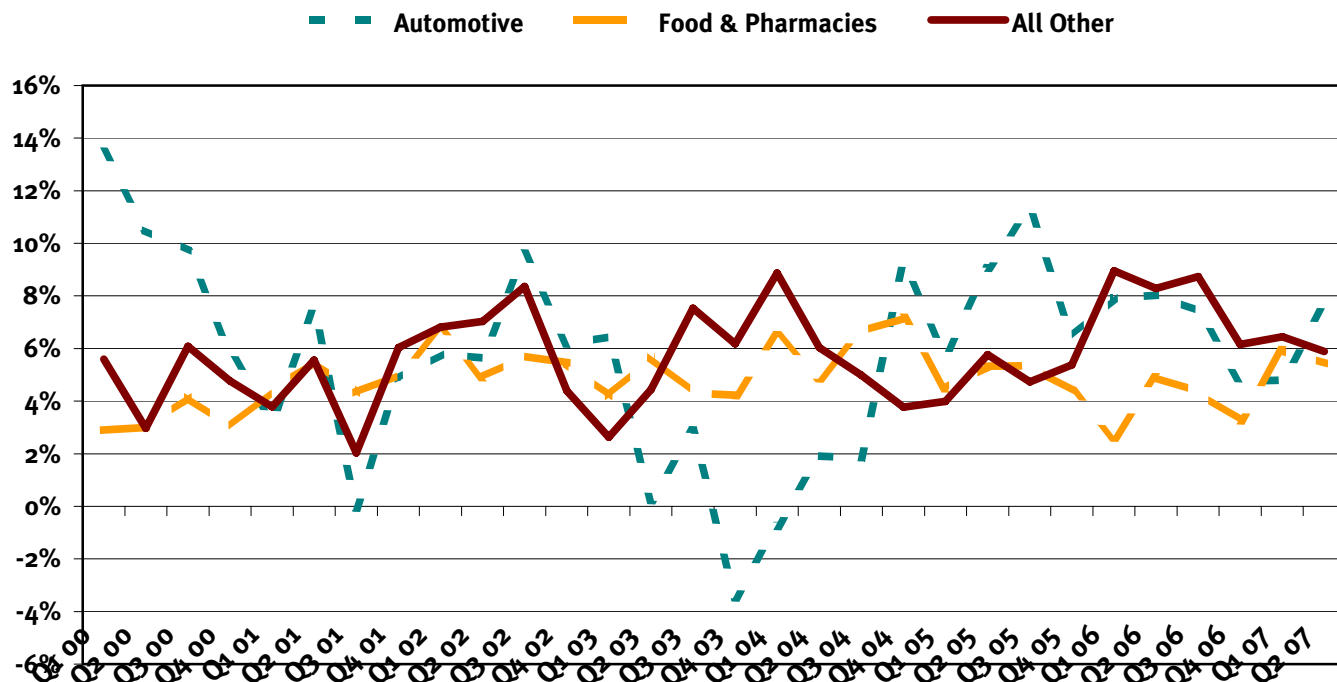


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2006)



Canadian Retail Sales by Major Product Category, From the Same Quarter a Year Earlier



Consumer Price Index

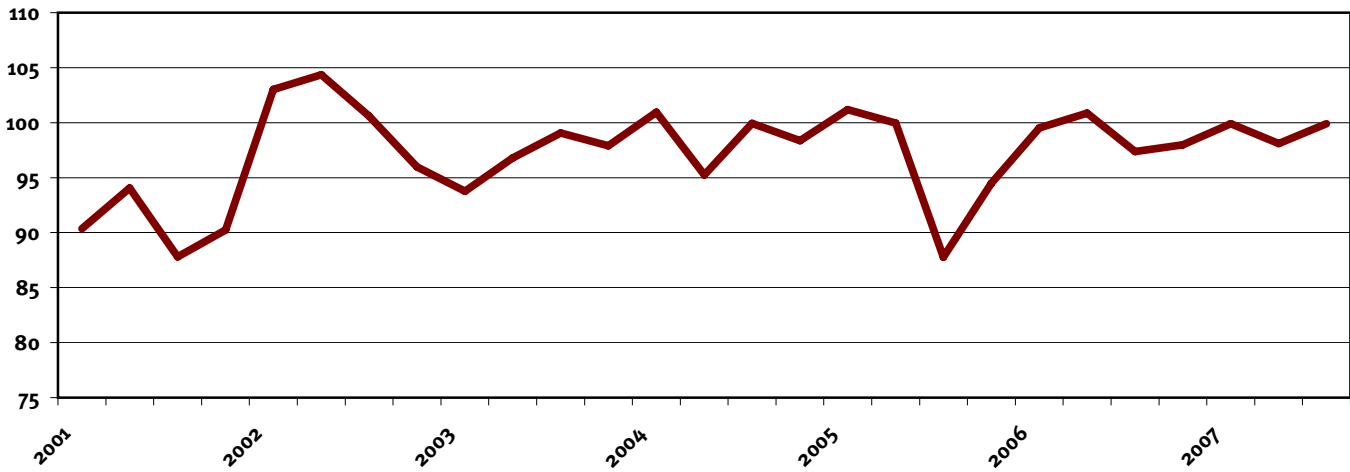
September 2007

vs.

September 2006

2.5%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2007

