

Bulletin

July 2007 Retail Sales • Released September 21, 2007

GROCCERS EAT SALES LOSSES WHILE HOME RELATED RETAIL BUILDS ON PAST SUCCESS

Total Canadian retail sales rose 3.8% in July as Food and Beverage Stores took a bite out of their growth during the first half of 2007. All Stores Less Automotive, Food, and Pharmacies climbed 5.3% in July and 6.5% year-to-date. The consumer price index ticked upward to hit 2.5%.

Despite the appearance of Harry Potter on bookstore shelves, July spelled lacklustre sales for Sporting Goods, Hobby, Music and Book Stores. Their 3.0% growth paled in comparison to 6.4% year-to-date as music store sales continued to slip.

Clothing and Accessories Stores followed suit with a 4.3% increase in sales, 2.2 percentage points behind their year-to-date figure. Given sluggish sales in July, many wonder if August's rising temperatures will be able to buoy back-to-school sales among these retailers. General Merchandise Stores will also look longingly towards the back-to-school season as July's 1.9% growth fails to impress when compared to the category's 4.5% figure year-to-date.

The advance of supercentre growth across the Canadian landscape has prompted general merchandisers to acquire an increasing share of grocery expenditure. Food and Beverage Stores saw flat sales in July with

Supermarkets falling -1.1%. Grocers are also pointing towards large format pharmacies that have entered the arena and are stealing a growing proportion of convenience and prepared food sales.

Furniture, Home Furnishings and Electronics Stores roared ahead thanks to 9.5% growth in July. With the recent announcement of the Bombay Company's receivership it is clear that big box players, such as Home Sense and Linens 'n Things, are driving sales at the expense of struggling specialty store formats.

The only other category whose July sales bested their year-to-date figures was Building and Outdoor Home Supplies Stores. These mammoth merchants saw July figures tower 8.7% over last year as the Canadian housing market remained robust.

New home prices rose 7.7% in July while Saskatchewan boasted an unrivalled year-over-year price increase

of 51.4%. Such prosperity played a central role in the Prairies' 11.1% jump in retail sales during July. Such robust results underline the eagerness of many merchants to move westward.

Lowe's has announced the opening of its first three Canadian stores in early December with imminent plans to move to Western Canada in its quest to blanket the market with 100 locations. Rona has also shown an interest in the region with its acquisition of British Columbia's Dick's Lumber.

Looking forward, August's results will reveal the early rumblings of sales during the back-to-school season while also signalling the Canadian consumer's sensitivity to the sub-prime tensions taking place south of the border.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN**
October 23, 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: July	2007	2006	2007/2006
All Stores	35,652.1	34,353.1	3.8%
Automotive	13,048.8	12,549.4	4.0%
All Stores Less Automotive	22,603.3	21,803.7	3.7%
Food and Beverage Stores	7,799.3	7,798.3	0.0%
Pharmacies and Personal Care Stores	2,277.6	2,104.7	8.2%
All Stores Less Automotive, Food, Pharmacies	12,526.4	11,900.6	5.3%
General Merchandise Stores	3,990.5	3,916.5	1.9%
Furniture, Home Furnishings and Electronics Stores	2,445.8	2,233.0	9.5%
Furniture and Home Furnishings Stores	1,388.8	1,266.2	9.7%
Computer, Software, Home Electronics, and Appliance Stores	1,057.0	966.7	9.3%
Clothing and Accessories Stores	1,796.8	1,723.2	4.3%
Clothing Stores	1,374.5	1,315.1	4.5%
Shoes, Clothing Accessories, and Jewellery Stores	422.3	408.1	3.5%
Sporting Goods, Hobby, Music, and Book Stores	805.4	781.9	3.0%
Building and Outdoor Home Supplies Stores	2,593.3	2,385.9	8.7%
Miscellaneous Store Retailers	894.6	860.1	4.0%

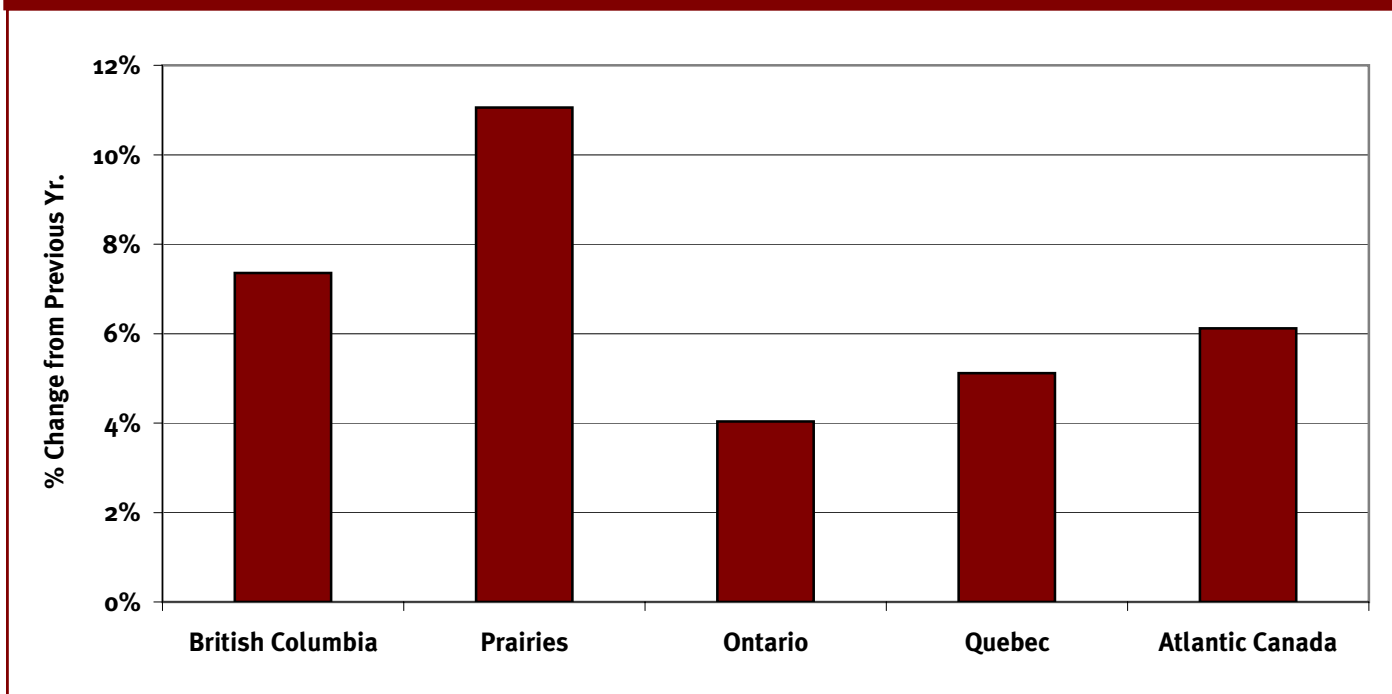
Year-to-date Sales	2007	2006	2007/2006
All Stores	232,374.9	218,522.6	6.3%
Automotive	84,267.7	78,882.7	6.8%
All Stores Less Automotive	148,107.2	139,639.9	6.1%
Food and Beverage Stores	51,762.9	49,670.8	4.2%
Pharmacies and Personal Care Stores	16,000.7	14,524.9	10.2%
All Stores Less Automotive, Food, Pharmacies	80,343.6	75,444.3	6.5%
General Merchandise Stores	25,807.6	24,707.4	4.5%
Furniture, Home Furnishings and Electronics Stores	15,794.5	14,474.9	9.1%
Furniture and Home Furnishings Stores	8,820.9	8,082.8	9.1%
Computer, Software, Home Electronics, and Appliance Stores	6,973.6	6,392.1	9.1%
Clothing and Accessories Stores	12,147.5	11,399.4	6.6%
Clothing Stores	9,345.5	8,725.2	7.1%
Shoes, Clothing Accessories, and Jewellery Stores	2,802.0	2,674.2	4.8%
Sporting Goods, Hobby, Music, and Book Stores	5,451.9	5,123.1	6.4%
Building and Outdoor Home Supplies Stores	15,249.8	14,037.0	8.6%
Miscellaneous Store Retailers	5,892.3	5,702.4	3.3%

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

Retail Trade, Canada, All Stores, by Region

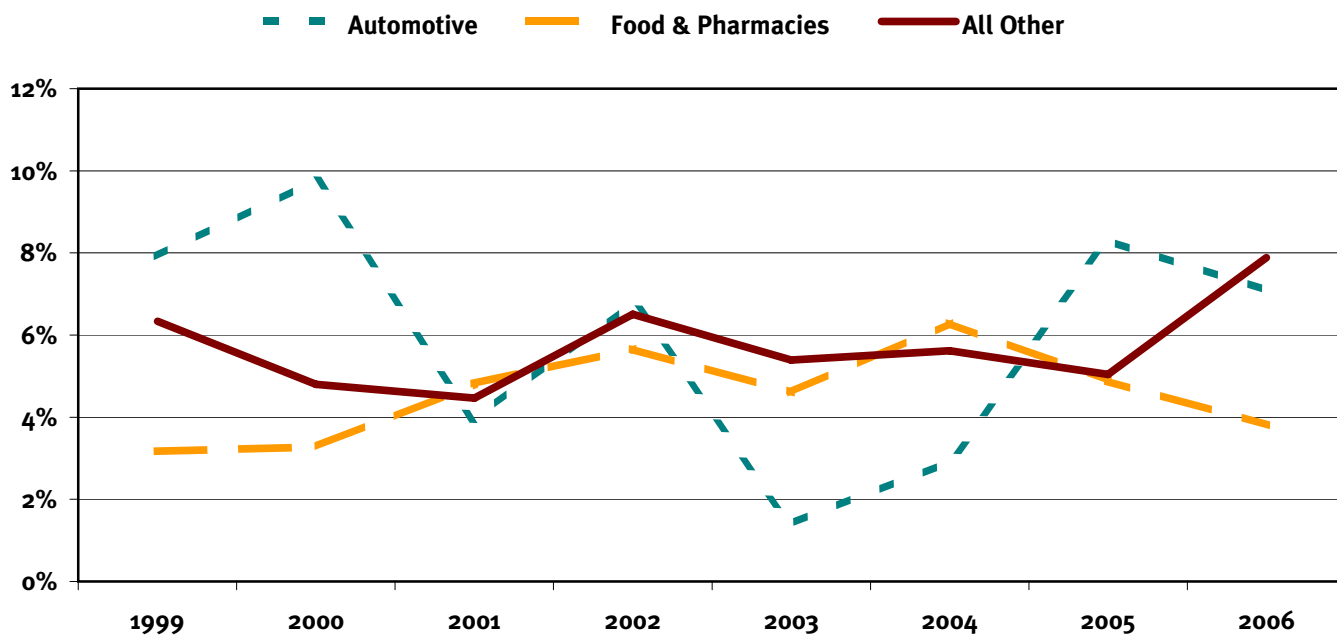
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	31,742.3	29,567.9	7.4%
Prairies	49,742.0	44,789.5	11.1%
Ontario	81,944.3	78,763.6	4.0%
Quebec	51,830.6	49,307.3	5.1%
Atlantic Canada	16,289.3	15,350.3	6.1%

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

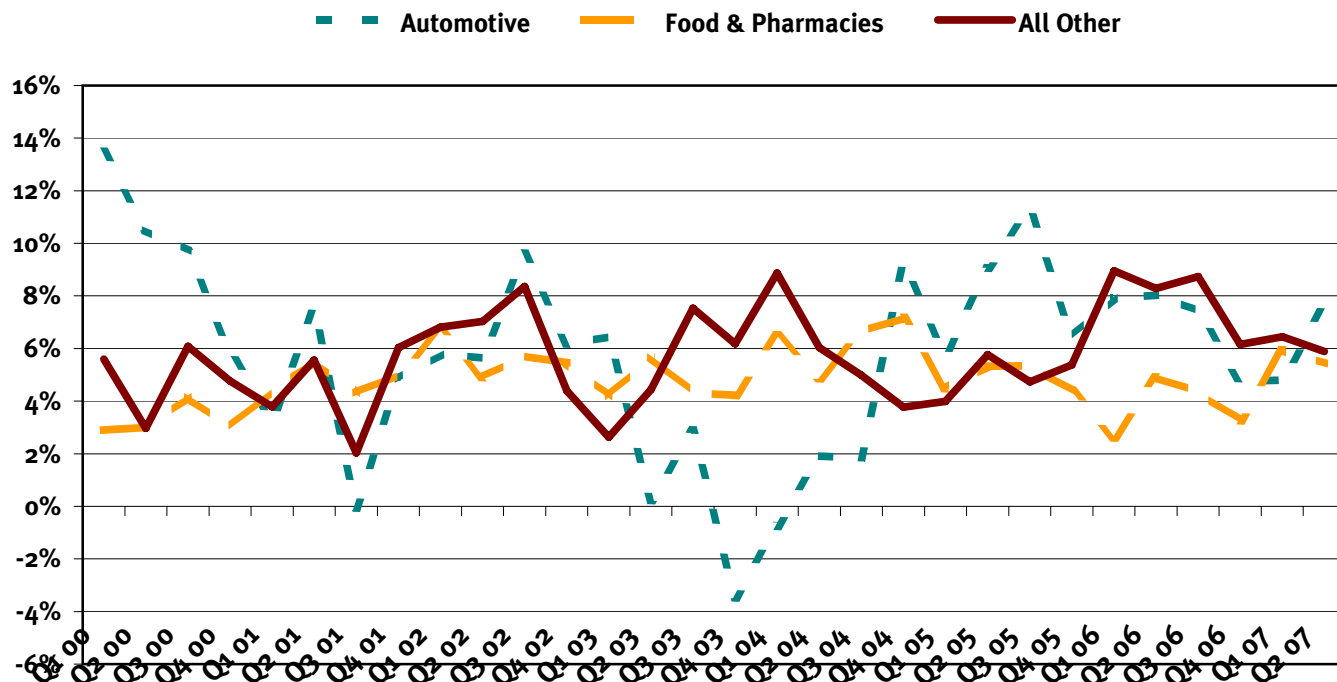


For more detailed information on retail sales, please contact J.C. Williams Group

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

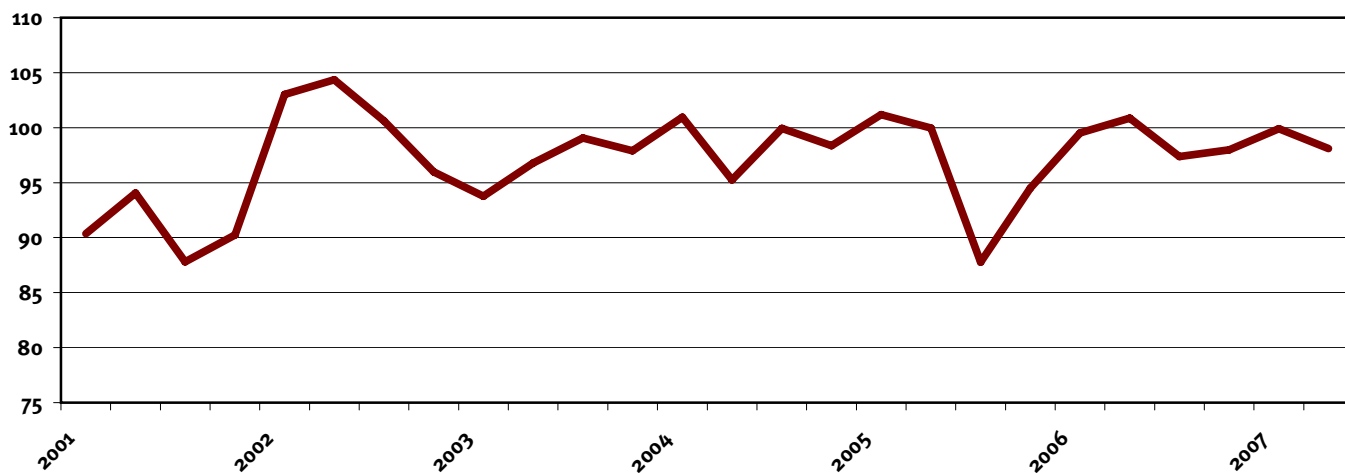
July 2007

vs.

July 2006

2.5%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2007

