

Bulletin

June 2007 Retail Sales • Released August 21, 2007

RETAIL RESULTS RESILIENT AS CONSUMER SPENDING CALMS AMIDST ECONOMIC UNCERTAINTY

June proved a formidable follow-up to May's impressive sales growth as All Stores rose 6.9% and All Stores Less Automotive jumped 7.1%. Inflation remained stable as the consumer price index's growth was on par with May at 2.2%. Early rumblings of the impending economic uncertainty south of the border likely underpinned the drop in consumer confidence which settled at 98.1.

Despite paling in comparison to the previous month's double digit sales increase, June continued to outpace year-to-date growth, which rests at 6.8%. With the CMHC reporting a fall in housing starts (-3.8%) in the first half of 2007, many foresee a measured cooling of Canada's heated real estate market. Regardless, Building and Outdoor Home Supplies Stores saw sales increase 7.0% while Furniture and Home Furnishings stores enjoyed a 7.9% bump.

Sporting Goods, Hobby, Music, and Book Stores rose 9.3%, 1.9 percentage points ahead of year-to-date performance. As summer's sun stimulated strong sporting goods sales, U.S. outdoor retailer Cabela's acquired Winnipeg's S.I.R. Warehouse Sports Store. This move paves the way for their catalogue to conquer the Canadian market in conjunction with the

anticipated opening of their first international store in Montréal.

Pharmacies and Personal Care Stores tapered their exceptional year-to-date growth of 10.7% thanks to a more modest 6.9% rise in sales during June. Food and Beverage Stores were quick to offset the latter's languid performance as their sales rose 7.4%, a 2.4 percentage point increase over year-to-date growth of 5.0%.

The rise of niche grocery formats such as Fresh & Wild and Whole Foods has reinvigorated the nation's supermarket sector and prompted long-time leviathans such as Loblaws, Sobeys, and A&P to adopt new strategies in leveraging continued growth. Amidst increased scrutiny over agricultural sustainability, Loblaws has recently launched dedicated produce displays touting locally grown items that are "Picked at their Peak".

General Merchandise Stores outperformed their 5.0% year-to-date

growth and saw sales surge 6.6% in June. This is an encouraging harbinger for the back to school season that lies ahead. Clothing and Accessories Stores also fashioned favourable sales growth as June's 6.8% sustained the 6.9% figure seen year-to-date.

Computer, Software, Home Electronics, and Appliance Stores enjoyed an 8.6% jump in sales as these merchants prepare for the back to school season as well. The flurry of mobile phone and laptop sales fuelled by first-year students will hopefully ring up robust revenue as these retailers wrap up the third quarter.

Turn towards next month's bulletin for a forward look at back to school and the implications of the current credit crunch on consumer spending.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN
September 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.

J.C. WILLIAMS GROUP

Retail Sales by Store Category

Sales for the Month of: June	2007	2006	2007/2006
All Stores	37,484.1	35,073.7	6.9%
Automotive	13,636.2	12,808.5	6.5%
All Stores Less Automotive	23,847.9	22,265.3	7.1%
Food and Beverage Stores	8,243.0	7,676.9	7.4%
Pharmacies and Personal Care Stores	2,353.1	2,201.2	6.9%
All Stores Less Automotive, Food, Pharmacies	13,251.8	12,387.2	7.0%
General Merchandise Stores	4,268.7	4,003.9	6.6%
Furniture, Home Furnishings and Electronics Stores	2,388.3	2,207.6	8.2%
Furniture and Home Furnishings Stores	1,351.8	1,253.1	7.9%
Computer, Software, Home Electronics, and Appliance Stores	1,036.6	954.5	8.6%
Clothing and Accessories Stores	1,990.0	1,863.3	6.8%
Clothing Stores	1,534.9	1,421.1	8.0%
Shoes, Clothing Accessories, and Jewellery Stores	455.1	442.2	2.9%
Sporting Goods, Hobby, Music, and Book Stores	841.4	770.1	9.3%
Building and Outdoor Home Supplies Stores	2,797.8	2,614.9	7.0%
Miscellaneous Store Retailers	965.5	927.4	4.1%

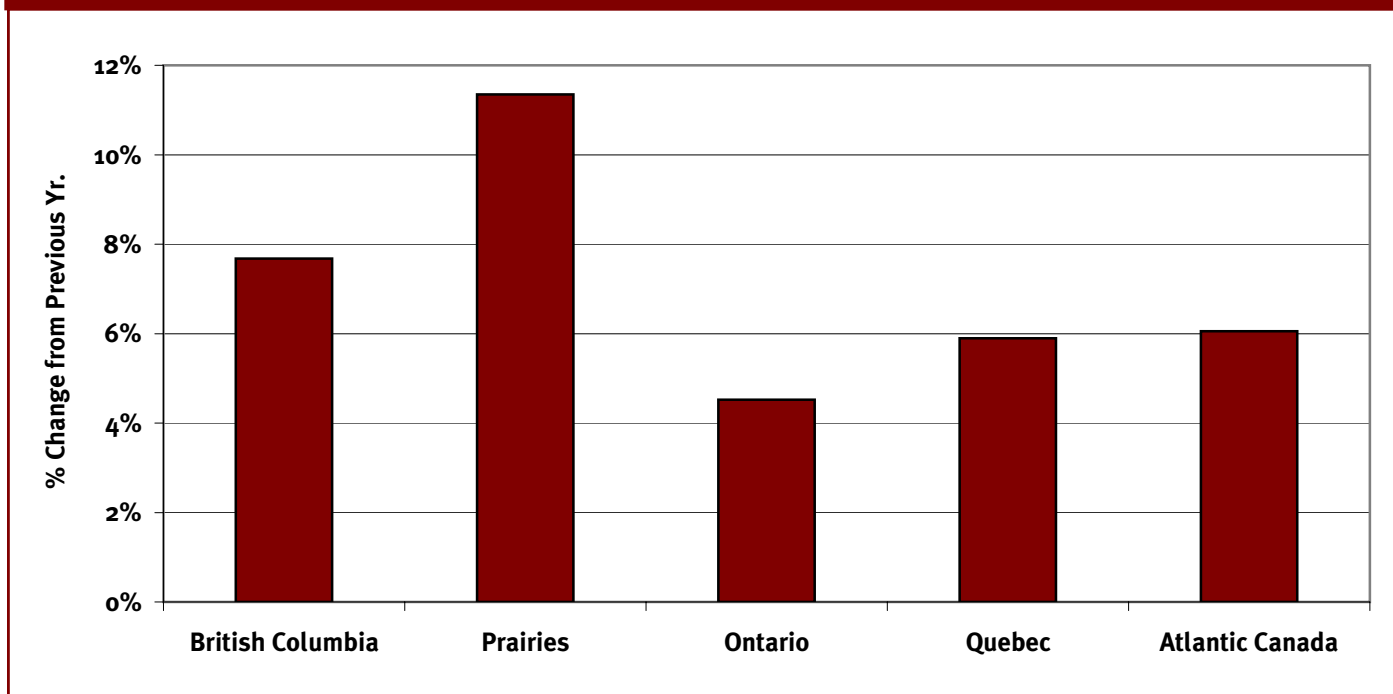
Year-to-date Sales	2007	2006	2007/2006
All Stores	196,666.3	184,169.5	6.8%
Automotive	71,162.2	66,333.2	7.3%
All Stores Less Automotive	125,504.0	117,836.3	6.5%
Food and Beverage Stores	43,961.7	41,872.4	5.0%
Pharmacies and Personal Care Stores	13,746.0	12,420.2	10.7%
All Stores Less Automotive, Food, Pharmacies	67,796.3	63,543.6	6.7%
General Merchandise Stores	21,821.2	20,790.9	5.0%
Furniture, Home Furnishings and Electronics Stores	13,343.3	12,242.0	9.0%
Furniture and Home Furnishings Stores	7,434.4	6,816.6	9.1%
Computer, Software, Home Electronics, and Appliance Stores	5,908.9	5,425.4	8.9%
Clothing and Accessories Stores	10,341.3	9,676.2	6.9%
Clothing Stores	7,967.1	7,410.1	7.5%
Shoes, Clothing Accessories, and Jewellery Stores	2,374.2	2,266.1	4.8%
Sporting Goods, Hobby, Music, and Book Stores	4,664.3	4,341.1	7.4%
Building and Outdoor Home Supplies Stores	12,628.3	11,651.1	8.4%
Miscellaneous Store Retailers	4,998.0	4,842.3	3.2%

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

Retail Trade, Canada, All Stores, by Region

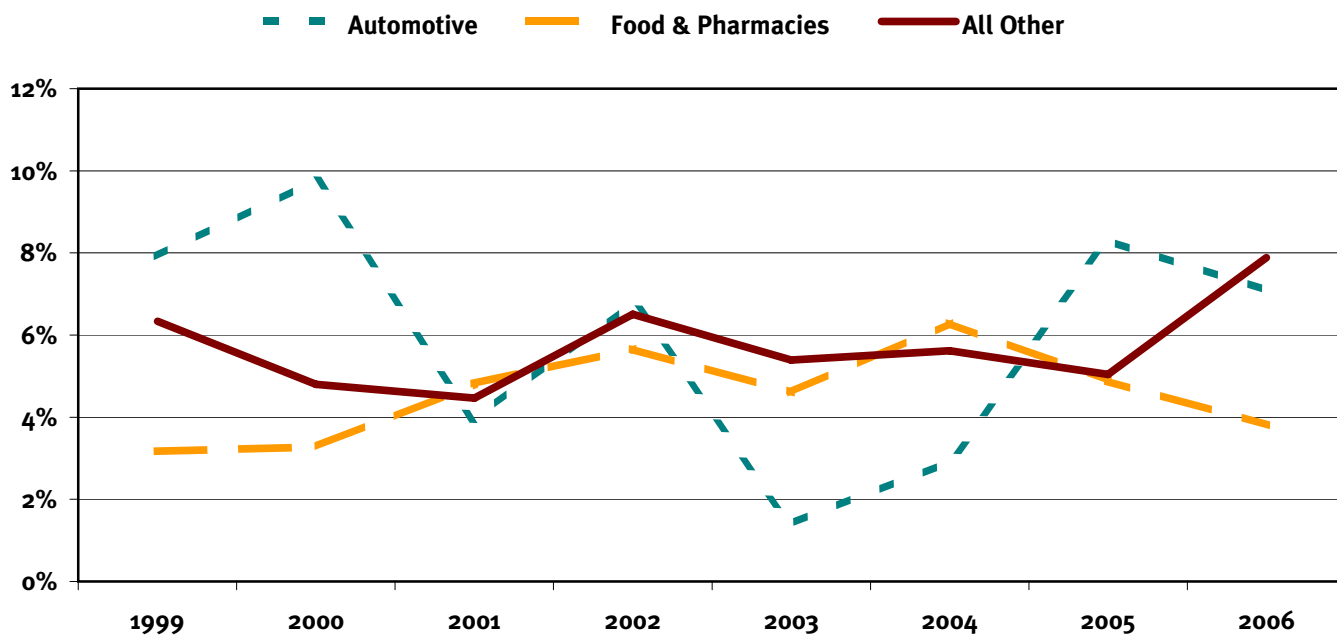
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	26,795.7	24,884.4	7.7%
Prairies	41,901.7	37,630.4	11.4%
Ontario	69,572.5	66,562.7	4.5%
Quebec	44,029.1	41,577.5	5.9%
Atlantic Canada	13,672.3	12,891.9	6.1%

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

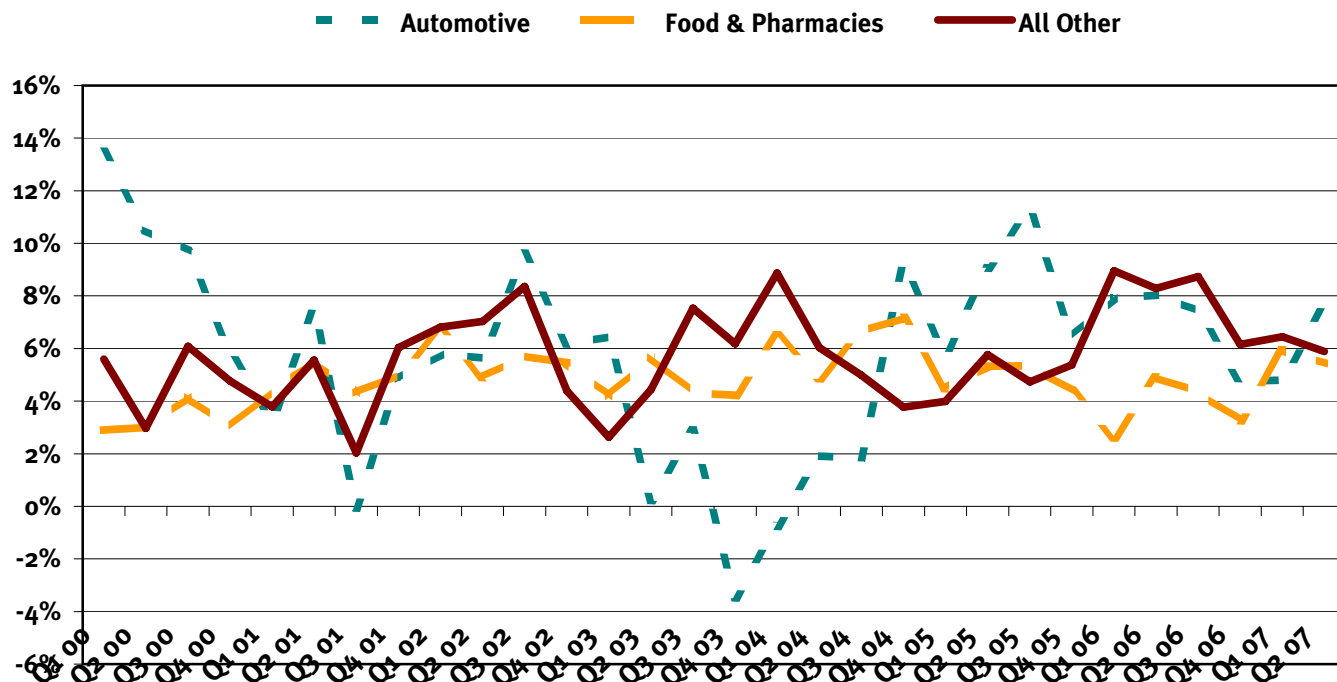


For more detailed information on retail sales, please contact J.C. Williams Group

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

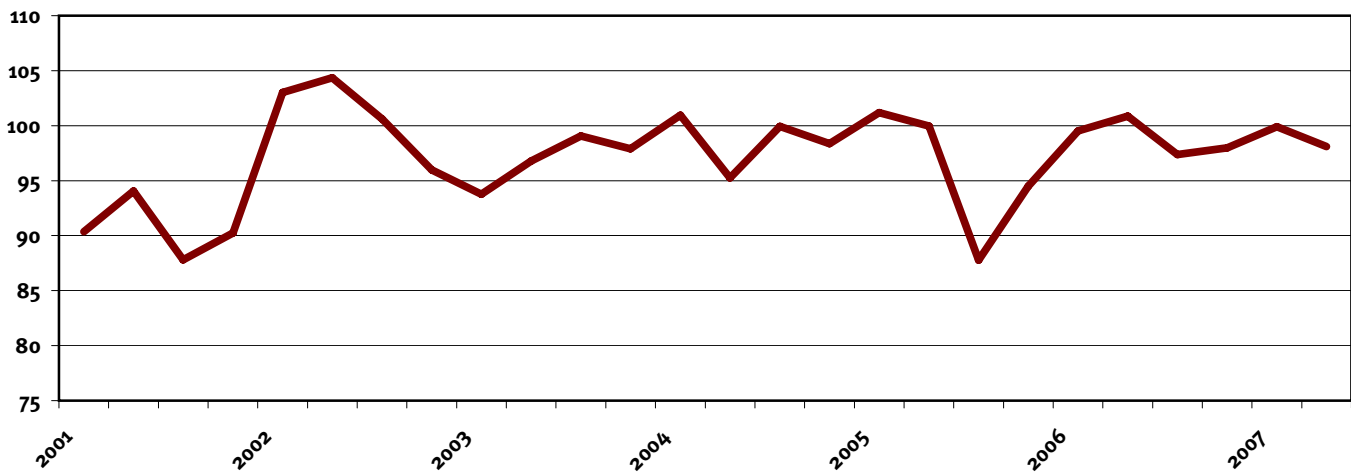
June 2007

vs.

June 2006

2.2%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2007

