

# Bulletin

May 2007 Retail Sales • Released July 24, 2007

## STRONG SALES MAY TRIGGER FURTHER FOREIGN EXPANSION

All Stores reported a 10.1% increase in sales during the month of May. This growth bolstered year-to-date figures that rose to 6.8%. May's double-digit jump is particularly impressive as it compounds a 9.6% increase at this time last year.

With consumer confidence continuing to grow, the nation's strong economy, booming housing market and robust dollar fuelled increased spending. General Merchandise stores rose 6.5% as Wal-Mart continued to blanket Ontario with its new Supercentres. Despite the looming threat of these sprawling stores, Food and Beverage retailers continued to grow as sales increased 7.6% in May.

Pharmacies and Personal Care Stores enjoyed 10.0% growth as leaders such as Shoppers Drug Mart proved undaunted by Bill 102 and generic drug interchangeability. The chain's continued renovation of existing stores and construction of new format locations has also driven front-shop sales through an aggressively expanded assortment of cosmetics, fragrance, and convenience goods.

Sporting Goods, Hobby, Music and Book Stores rose 9.2% as shoppers prepared themselves for the summer months ahead. Amidst this category's shining results, music stores continue

to suffer from stagnant sales. The impending launch of the Apple iPhone and recent closure of Sam the Record Man's Yonge Street flagship are harbingers of this sector's grim outlook.

Meanwhile, Computer Software, Home Electronics, and Appliance Stores rekindled storekeepers' spirits with figures that climbed 8.0% in May, and helped Furniture, Home Furnishings, and Electronics stores jump 8.8%.

Building and Outdoor Home Supplies Stores also joined the roster of categories enjoying double-digit growth as sales climbed 11.4%. Excitement is building as Lowe's Canadian expansion will seek to tap into this burgeoning market.

May's strong 9.4% growth among Clothing Stores also underpins another American merchant's market entry as Forever 21 opened in Toronto. They

join Abercrombie & Fitch and Mango in the recent onslaught of foreign clothiers setting up shop in Canada.

As May's sales growth outpaced the U.S. by 4.7 percentage points, it is expected that Canada will become an increasingly attractive destination for international retailers seeking expansion opportunities. Limited Brand's acquisition of La Senza is but one example of the continued infiltration of global retailers into the Canadian marketplace. As these merchants introduce innovative best practices and new product assortments into the market, Canadian companies will have to prove increasingly savvy in order to remain competitive.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN**  
August 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: May	2007	2006	2007/2006
<b>All Stores</b>	<b>38,489.9</b>	<b>34,955.2</b>	<b>10.1%</b>
Automotive	14,683.9	12,962.3	13.3%
<b>All Stores Less Automotive</b>	<b>23,805.9</b>	<b>21,992.9</b>	<b>8.2%</b>
Food and Beverage Stores	7,950.2	7,392.1	7.6%
Pharmacies and Personal Care Stores	2,416.1	2,196.5	10.0%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>13,439.7</b>	<b>12,404.4</b>	<b>8.3%</b>
<b>General Merchandise Stores</b>	<b>4,283.0</b>	<b>4,021.4</b>	<b>6.5%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>2,311.2</b>	<b>2,123.4</b>	<b>8.8%</b>
Furniture and Home Furnishings Stores	1,326.9	1,212.4	9.4%
Computer, Software, Home Electronics, and Appliance Stores	984.3	911.0	8.0%
<b>Clothing and Accessories Stores</b>	<b>2,042.6</b>	<b>1,883.2</b>	<b>8.5%</b>
Clothing Stores	1,570.1	1,435.6	9.4%
Shoes, Clothing Accessories, and Jewellery Stores	472.6	447.6	5.6%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>842.5</b>	<b>771.5</b>	<b>9.2%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>2,990.8</b>	<b>2,684.9</b>	<b>11.4%</b>
<b>Miscellaneous Store Retailers</b>	<b>969.6</b>	<b>920.0</b>	<b>5.4%</b>

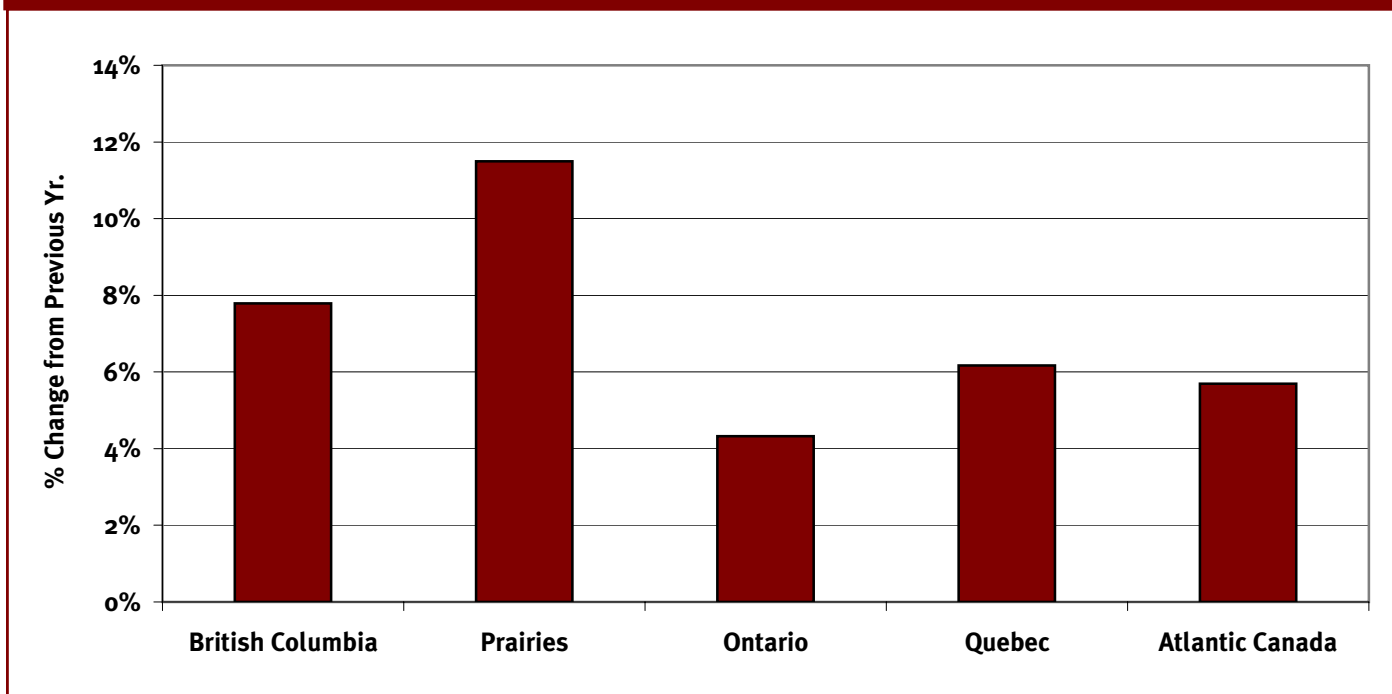
Year-to-date Sales	2007	2006	2007/2006
<b>All Stores</b>	<b>159,228.7</b>	<b>149,095.7</b>	<b>6.8%</b>
Automotive	57,560.4	53,524.8	7.5%
<b>All Stores Less Automotive</b>	<b>101,668.2</b>	<b>95,571.0</b>	<b>6.4%</b>
Food and Beverage Stores	35,718.1	34,195.6	4.5%
Pharmacies and Personal Care Stores	11,398.8	10,219.0	11.5%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>54,551.3</b>	<b>51,156.4</b>	<b>6.6%</b>
<b>General Merchandise Stores</b>	<b>17,551.3</b>	<b>16,787.0</b>	<b>4.6%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>10,945.0</b>	<b>10,034.4</b>	<b>9.1%</b>
Furniture and Home Furnishings Stores	6,080.3	5,563.5	9.3%
Computer, Software, Home Electronics, and Appliance Stores	4,864.7	4,470.9	8.8%
<b>Clothing and Accessories Stores</b>	<b>8,356.0</b>	<b>7,812.9</b>	<b>7.0%</b>
Clothing Stores	6,439.7	5,989.0	7.5%
Shoes, Clothing Accessories, and Jewellery Stores	1,916.3	1,823.9	5.1%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>3,822.5</b>	<b>3,571.0</b>	<b>7.0%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>9,835.9</b>	<b>9,036.1</b>	<b>8.9%</b>
<b>Miscellaneous Store Retailers</b>	<b>4,040.6</b>	<b>3,915.0</b>	<b>3.2%</b>

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

## Retail Trade, Canada, All Stores, by Region

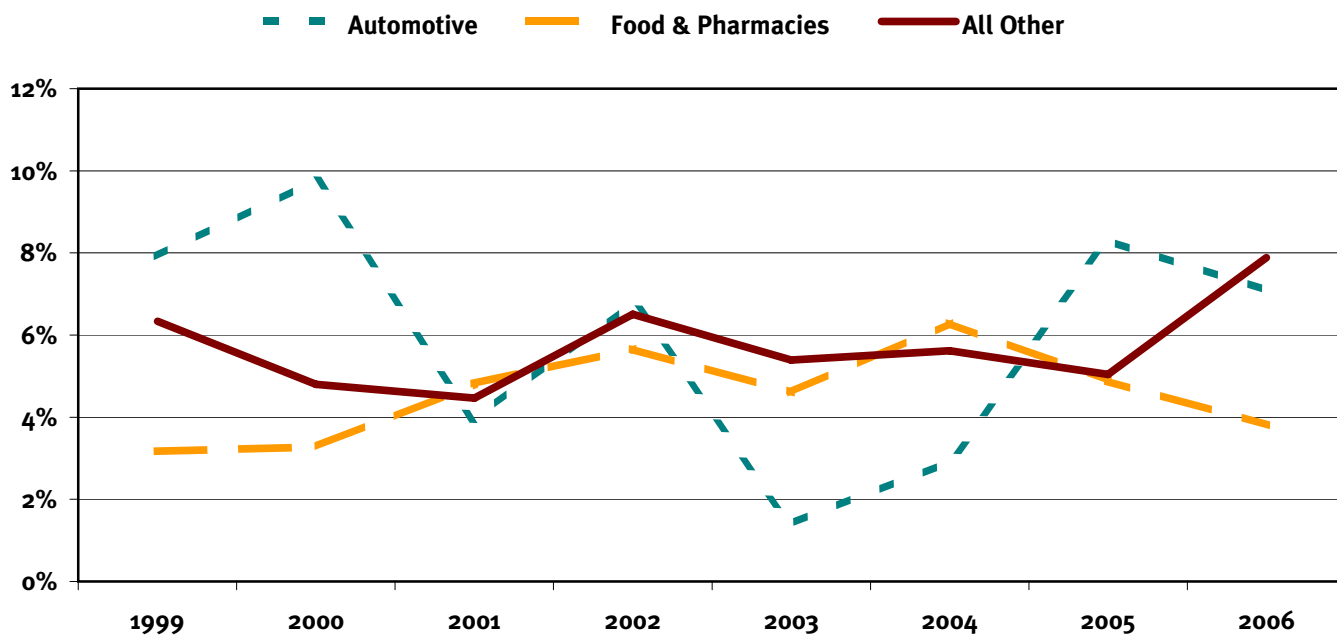
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	21,792.8	20,218.5	7.8%
Prairies	33,906.6	30,411.7	11.5%
Ontario	56,275.0	53,940.5	4.3%
Quebec	35,712.3	33,636.2	6.2%
Atlantic Canada	10,977.8	10,386.5	5.7%

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

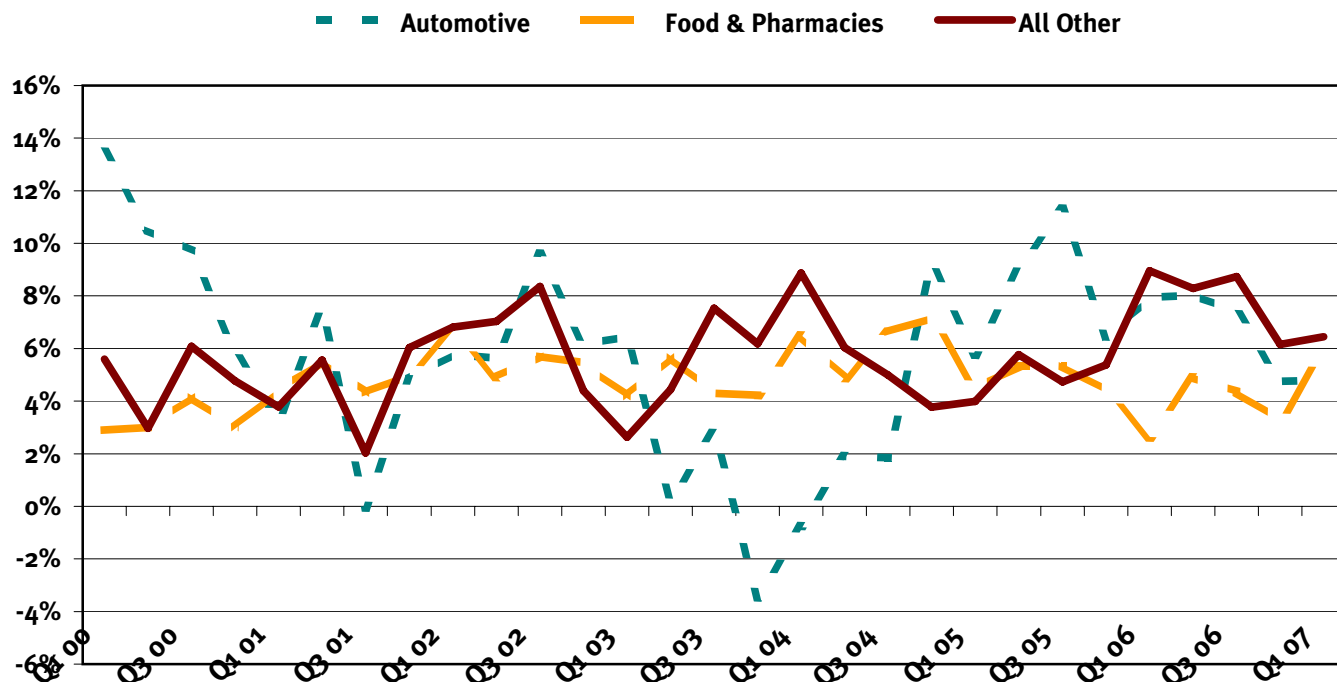


For more detailed information on retail sales, please contact J.C. Williams Group

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

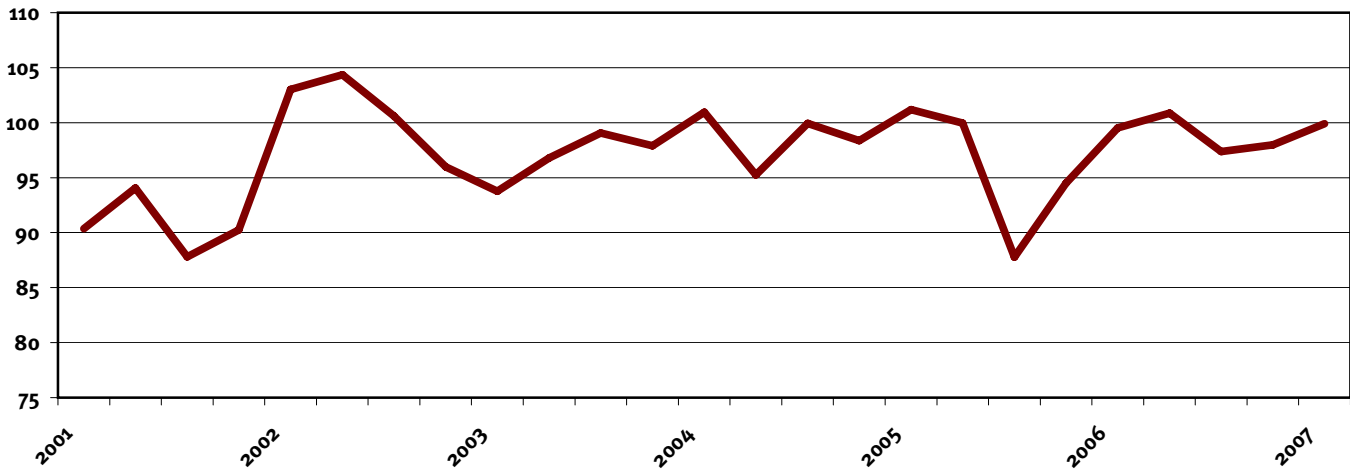
May 2007

vs.

May 2006

2.2%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2007

