

Bulletin

September 2006 Retail Sales • Released November 21, 2006

AS LEAVES FALL, SALES RISE

The approach of autumn has cooler weather heating up retail sales. All Stores Less Automotive grew a noteworthy 7.8% in September with All Stores Less Automotive, Food, and Pharmacies climbing 9.7%. All Stores Less Automotive outpaced year-to-date growth of 6.5% by 1.3 percentage points.

Sales in the Prairies were anything but flat as they continued their double-digit growth. Year-to-date growth of 13.9% placed them in the lead with British Columbia following at 7.5%. Quebec and Ontario also proved robust as they grew 5.1% and 4.5%, respectively.

Given the strong sales Building and Outdoor Home Supplies Stores have hammered out over the past year, it is hardly surprising that growth has fallen slightly to 7.5%, down 3.5 percentage points from year-to-date. This modest drop likely hinged on a softer housing market that also saw Furniture and Home Furnishings Stores' growth ratcheted down to 7.7%.

Pharmacies and Personal Care Stores grew 10.3% in September as new formats proved a prescription for success. This category has shown great strength in defending itself against grocers whose in-store pharmacies have threatened to steal market share.

Back to school shopping continued into September and allowed General Merchandise Stores to earn top marks as sales rose 9.9% – 2.0 percentage points ahead of year-to-date. Even amidst such impressive growth, Clothing and Accessories Stores outshone all others as they sat at the top of the class. September saw Clothing Stores report a 14.1% increase in sales, 6.9 percentage points ahead of year-to-date growth.

CLOTHING STORES DRESSED FOR SUCCESS

Despite low inflation in the clothing category, strong sales in 2005 are being followed by an unprecedented encore in 2006. Canadians have had their appetite for apparel whetted by both new entrants and the revitalization of existing players.

As H&M, Zara, and Abercrombie & Fitch enter the Great White North, Canadians are finding themselves tired

of their turtle necks and sick of sweatpants. Fashion forward designs have shoppers filling stores in an attempt to find this fall's freshest look.

Established apparel retailers have realised it's time for a makeover and are revitalizing their store concepts while pursuing aggressive advertising agendas. In men's apparel, a particularly strong segment, Harry Rosen plans to expand its stores while Mark's Work Wearhouse reported an 18.4% increase in third quarter sales.

Is double-digit growth the new black for Canadian clothiers? Has haute couture replaced hooded sweatshirts? Is disposable chic bound for the trash? Surely the holiday season ahead will show whether Canadians prefer to keep an eye on the runway or their budgets.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN**
December 21, 2006

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: September	2006	2005	2006/2005
All Stores	33,109.6	31,071.7	6.6%
Automotive	11,056.3	10,612.2	4.2%
All Stores Less Automotive	22,053.3	20,459.5	7.8%
Food and Beverage Stores	7,579.3	7,277.3	4.1%
Pharmacies and Personal Care Stores	2,237.7	2,028.2	10.3%
All Stores Less Automotive, Food, Pharmacies	12,236.3	11,154.1	9.7%
General Merchandise Stores	3,741.7	3,403.5	9.9%
Furniture, Home Furnishings and Electronics Stores	2,410.1	2,202.7	9.4%
Furniture and Home Furnishings Stores	1,290.0	1,198.2	7.7%
Computer, Software, Home Electronics, and Appliance Stores	1,120.1	1,004.4	11.5%
Clothing and Accessories Stores	2,035.9	1,788.6	13.8%
Clothing Stores	1,582.1	1,386.1	14.1%
Shoes, Clothing Accessories, and Jewellery Stores	453.9	402.5	12.8%
Sporting Goods, Hobby, Music, and Book Stores	891.7	809.4	10.2%
Building and Outdoor Home Supplies Stores	2,294.3	2,134.5	7.5%
Miscellaneous Store Retailers	862.6	815.5	5.8%

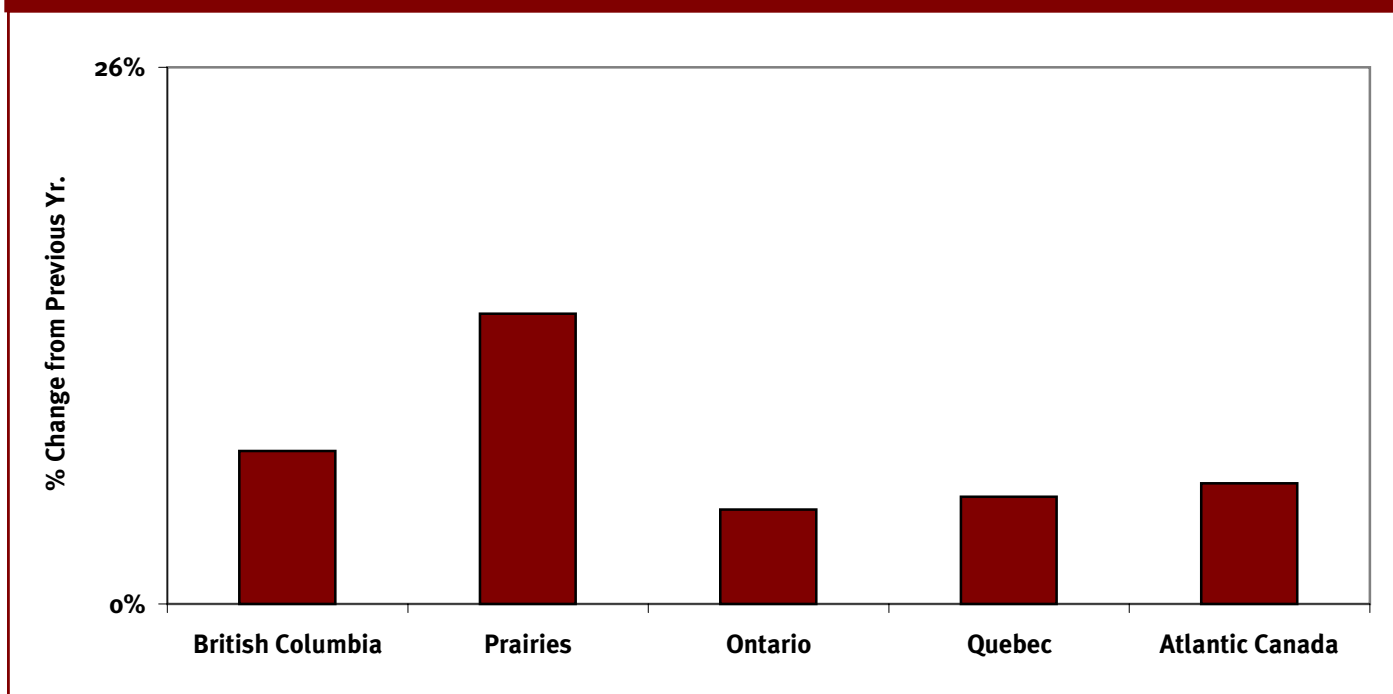
Year-to-date Sales	2006	2005	2006/2005
All Stores	288,248.2	269,522.6	6.9%
Automotive	103,740.0	96,232.0	7.8%
All Stores Less Automotive	184,508.2	173,290.5	6.5%
Food and Beverage Stores	64,932.2	63,620.5	2.1%
Pharmacies and Personal Care Stores	19,329.2	17,384.4	11.2%
All Stores Less Automotive, Food, Pharmacies	100,246.9	92,285.7	8.6%
General Merchandise Stores	32,414.6	30,045.0	7.9%
Furniture, Home Furnishings and Electronics Stores	19,378.8	17,667.5	9.7%
Furniture and Home Furnishings Stores	10,741.1	9,739.1	10.3%
Computer, Software, Home Electronics, and Appliance Stores	8,637.7	7,928.4	8.9%
Clothing and Accessories Stores	15,297.3	14,240.4	7.4%
Clothing Stores	11,723.4	10,935.4	7.2%
Shoes, Clothing Accessories, and Jewellery Stores	3,573.8	3,305.1	8.1%
Sporting Goods, Hobby, Music, and Book Stores	6,945.3	6,427.6	8.1%
Building and Outdoor Home Supplies Stores	18,980.5	17,092.4	11.0%
Miscellaneous Store Retailers	7,230.4	6,812.7	6.1%

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

Retail Trade, Canada, All Stores, by Region

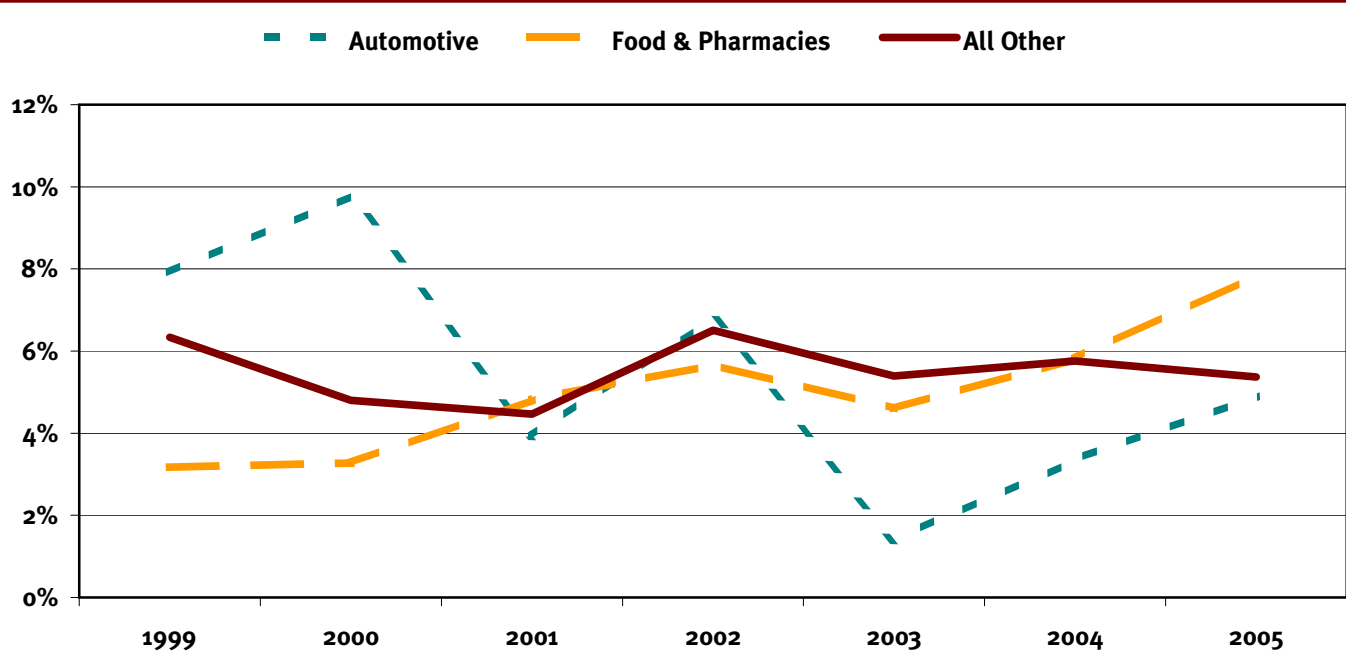
	Year-to-date 2006	Same Period 2005	Change 2006/2005
British Columbia	39,220.9	36,548.0	7.3%
Prairies	59,934.9	52,631.6	13.9%
Ontario	102,973.2	98,528.8	4.5%
Quebec	64,802.0	61,638.6	5.1%
Atlantic Canada	20,332.1	19,224.4	5.8%

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

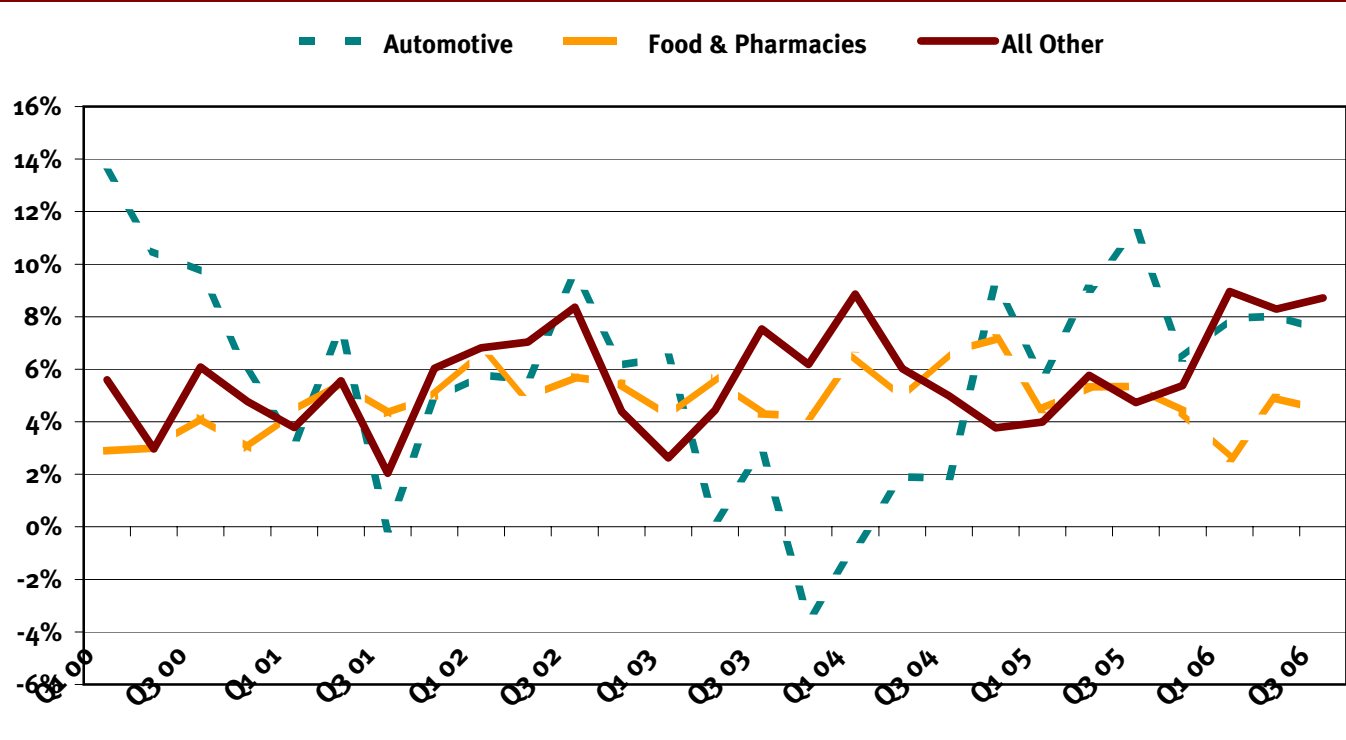


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2005)



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



Consumer Price Index

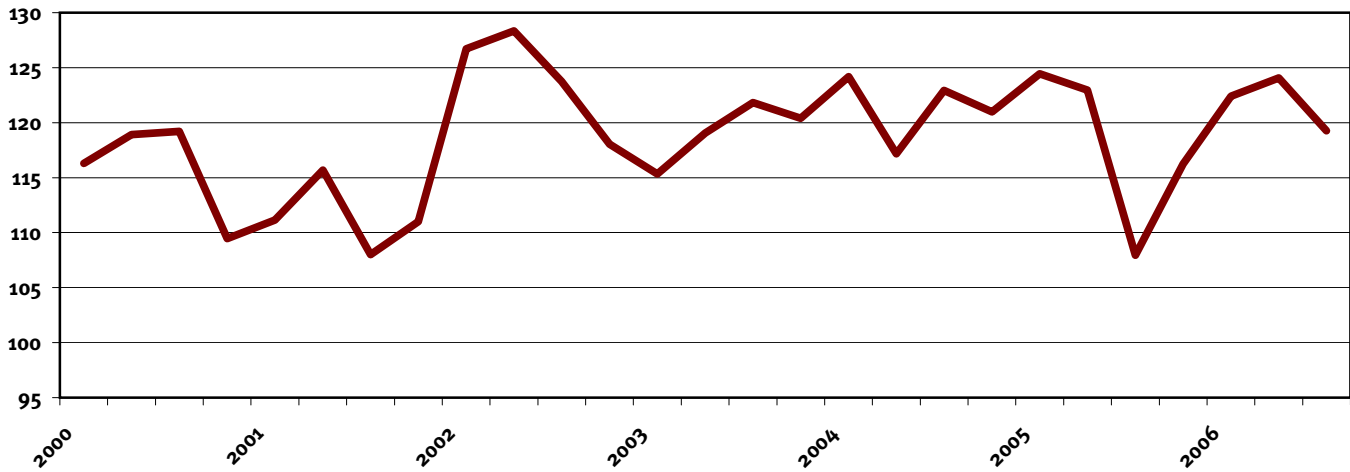
September 2006

vs.

September 2005

0.7%

Canadian Consumer Confidence Index 1999–2006



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2006

