

Bulletin

July 2006 Retail Sales • Released September 21, 2006

GST CUT A BENEFIT TO BIG TICKET ITEMS?

The one percent cut in the GST in July may have resulted in a boost in sales for big ticket items; however, many of these categories have been performing relatively well, so their boost is difficult to pinpoint.

All Stores gained 5.4% in July to bring year-to-date sales up 6.7%.

Big ticket items, such as Furniture and Home Furnishings and Building and Outdoor Home Supplies Stores, experienced relatively healthy sales gains. These are also categories that are closely tied with the housing market, which was still experiencing a positive economic impact.

Furniture and Home Furnishings Stores maintained their top tier leadership status. Sales gains of 8.1% kept these businesses humming. Computer, Software, Home Electronics, and Appliance Stores witnessed a positive growth spurt of 9.2%. This was above their year-to-date growth of 8.5%.

Building and Outdoor Home Supplies Stores were slightly off year-to-date growth but well above many other categories. These retailers gained 10.7% in sales growth compared to last July.

Worries of a housing shut down in the U.S. pushing their economy into a tailspin are not as evident here. Indicators are pointed to a softer landing for the

Canadian housing market and economy. Unemployment is still low, interest rates are relatively low and not projected to increase dramatically, and the Consumer Confidence Index is still relatively high.

While Food and Beverage Stores had an off month (-1.8%), Pharmacies and Personal Care Stores were the star of the retail economy. Sales propelled 13.2% over last year at this time.

While Alberta remains the leader of the pack, along with other Western provinces, Ontario is still trying to find a solid footing. Sales are being affected by the slower manufacturing sector.

Clothing and Accessories Store sales were off their year-to-date growth. Sales advanced a modest 3.9% compared to year-to-date growth of 6.3%. The GST cut did not help these retailers as consumers took a small break in their apparel spending.

There are continued expansion plans on the horizon for many retailers. Lowe's is set to make to expansion plans known, and Rona has announced plans to continue its acquisitions. Both Canadian Tire and Shoppers Drug Mart have ambitious plans for larger format stores and expansion. These retailers are feeling rather bullish in retail prospects.

One of the big questions out there is that if high gas prices were a sales deterrent in the past, will the projected decline of gas prices at the pumps be a retail stimulant?

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

October 23, 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.

Retail Sales by Store Category

Sales for the Month of: July	2006	2005	2006/2005
All Stores	34,610.8	32,838.9	5.4%
Automotive	12,709.4	11,846.4	7.3%
All Stores Less Automotive	21,901.4	20,992.5	4.3%
Food and Beverage Stores	7,787.4	7,933.3	-1.8%
Pharmacies and Personal Care Stores	2,173.4	1,919.7	13.2%
All Stores Less Automotive, Food, Pharmacies	11,940.6	11,139.6	7.2%
General Merchandise Stores	3,932.0	3,704.0	6.2%
Furniture, Home Furnishings and Electronics Stores	2,250.2	2,072.5	8.6%
Furniture and Home Furnishings Stores	1,266.8	1,172.0	8.1%
Computer, Software, Home Electronics, and Appliance Stores	983.4	900.5	9.2%
Clothing and Accessories Stores	1,718.4	1,654.2	3.9%
Clothing Stores	1,309.9	1,261.1	3.9%
Shoes, Clothing Accessories, and Jewellery Stores	408.4	393.2	3.9%
Sporting Goods, Hobby, Music, and Book Stores	798.8	759.3	5.2%
Building and Outdoor Home Supplies Stores	2,404.4	2,172.1	10.7%
Miscellaneous Store Retailers	836.9	777.5	7.6%

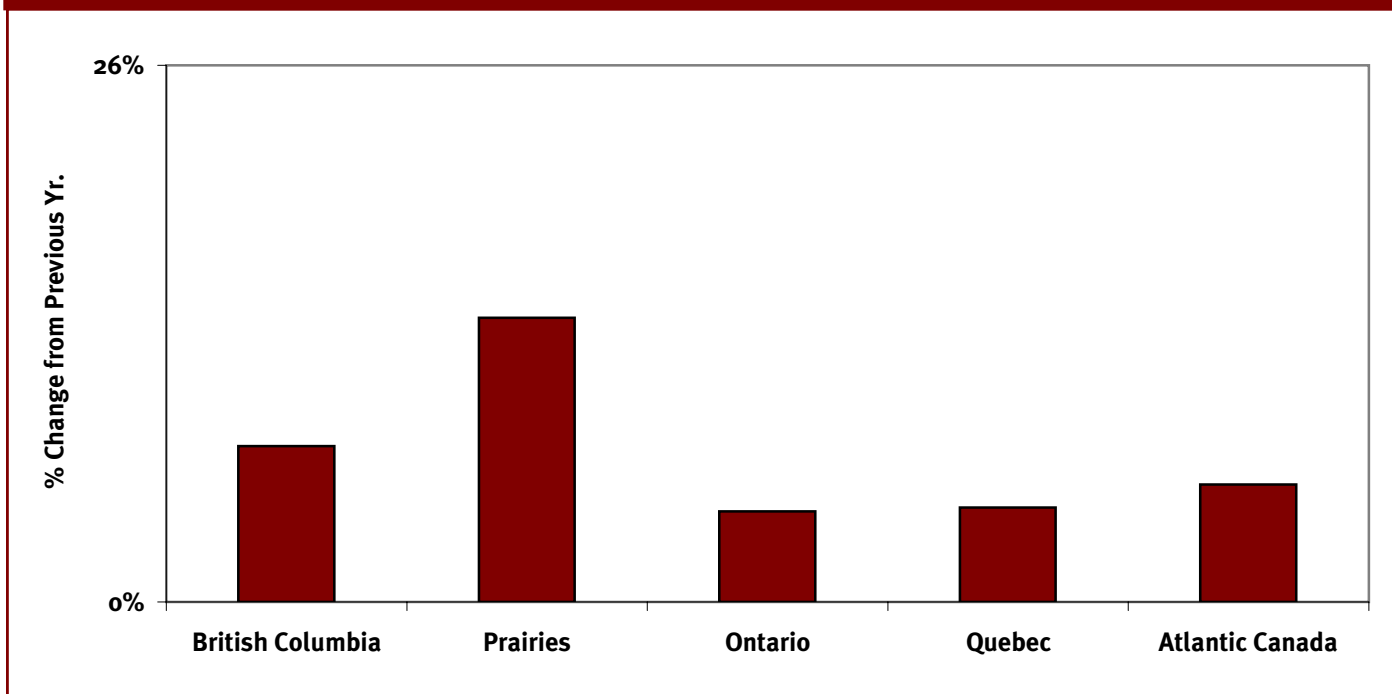
Year-to-date Sales	2006	2005	2006/2005
All Stores	220,013.7	206,242.1	6.7%
Automotive	79,669.4	73,852.8	7.9%
All Stores Less Automotive	140,344.3	132,389.3	6.0%
Food and Beverage Stores	49,731.5	49,092.1	1.3%
Pharmacies and Personal Care Stores	14,845.4	13,372.6	11.0%
All Stores Less Automotive, Food, Pharmacies	75,767.5	69,924.6	8.4%
General Merchandise Stores	24,814.0	23,098.0	7.4%
Furniture, Home Furnishings and Electronics Stores	14,589.7	13,289.0	9.8%
Furniture and Home Furnishings Stores	8,140.9	7,344.4	10.8%
Computer, Software, Home Electronics, and Appliance Stores	6,448.8	5,944.5	8.5%
Clothing and Accessories Stores	11,399.3	10,724.6	6.3%
Clothing Stores	8,732.1	8,240.8	6.0%
Shoes, Clothing Accessories, and Jewellery Stores	2,667.1	2,483.8	7.4%
Sporting Goods, Hobby, Music, and Book Stores	5,186.7	4,821.9	7.6%
Building and Outdoor Home Supplies Stores	14,265.0	12,805.6	11.4%
Miscellaneous Store Retailers	5,512.8	5,185.6	6.3%

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

Retail Trade, Canada, All Stores, by Region

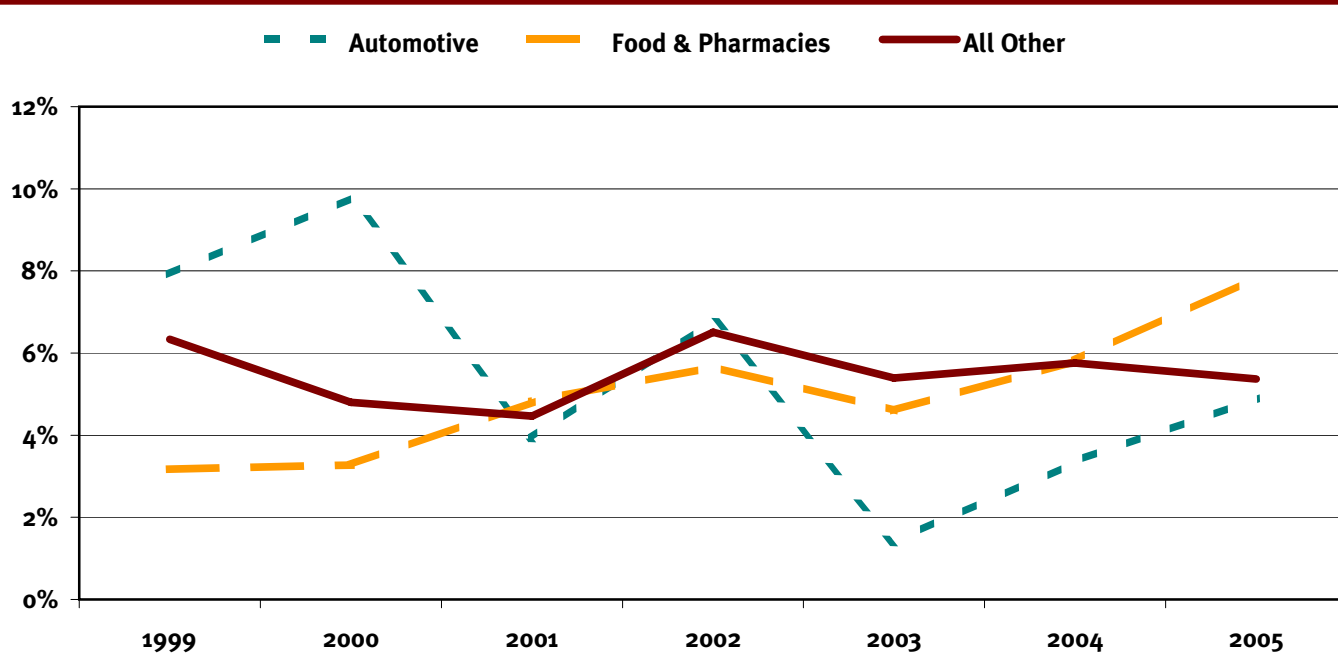
	Year-to-date 2006	Same Period 2005	Change 2006/2005
British Columbia	29,918.5	27,845.2	7.4%
Prairies	45,518.8	40,076.4	13.6%
Ontario	78,722.9	75,454.4	4.3%
Quebec	49,628.1	47,482.7	4.5%
Atlantic Canada	15,475.6	14,653.2	5.6%

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

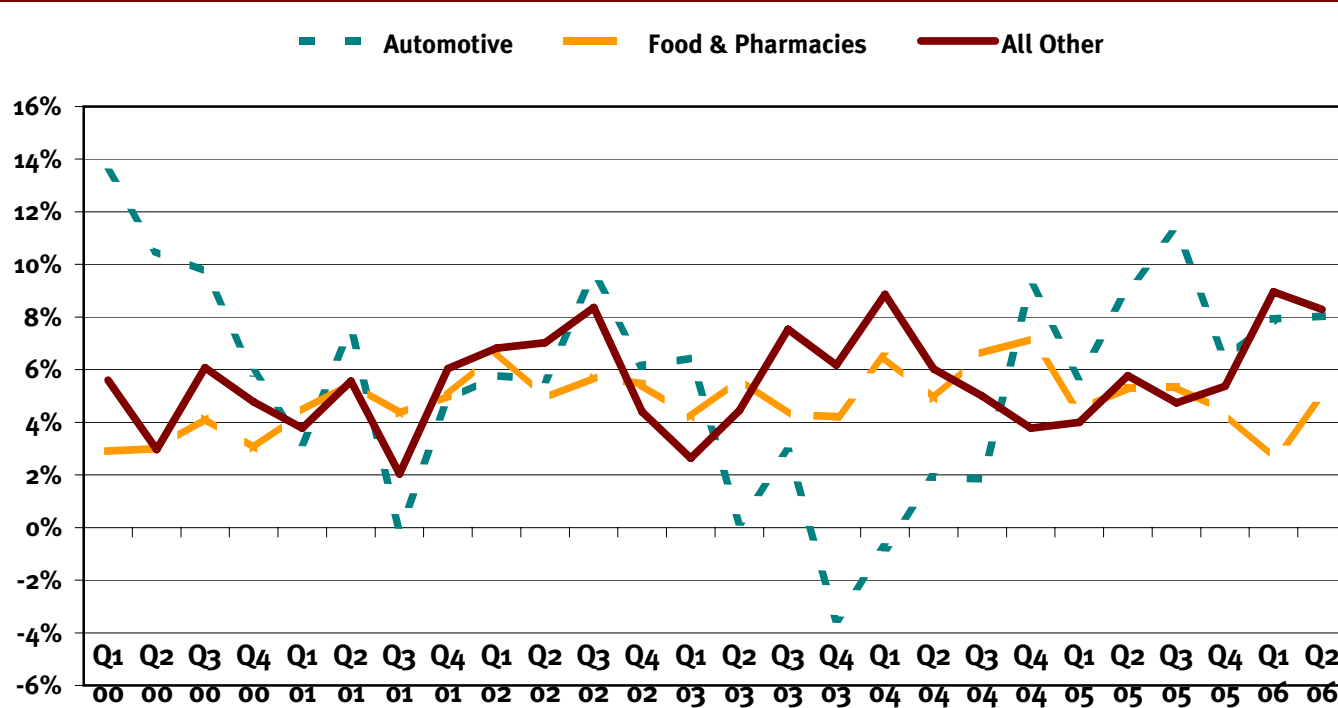


For more detailed information on retail sales, please contact J.C. Williams Group

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

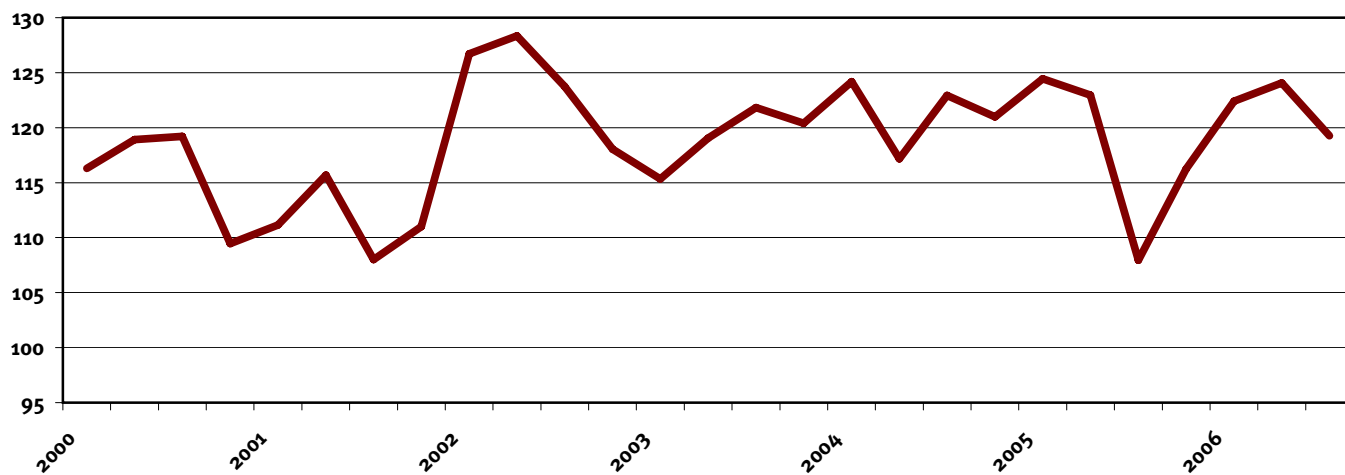
August 2006

vs.

August 2005

2.1%

Canadian Consumer Confidence Index 1999–2006



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2006

