

# Bulletin

## U.S. Data

Advance August 2005 Retail Sales • Released September 14, 2005

### BACK-TO-SCHOOL STRONG BUT HOW WILL IT HOLD UP

With the exception of Motor Vehicles and Parts Dealers and Department Stores, All Stores grew at a faster rate than their year-to-date averages. Sales at Gasoline Stations grew by 31.3% in August and are expected to go through the roof in September as the impact of Katrina takes full effect. Building Material and Garden Equipment Stores (11.4%) and Health and Personal Care Stores (10.7%) enjoyed double-digit growth. Also, Furniture, Home Furnishings, Electronics, and Appliance Stores experienced a strong sales month. Overall, the Back-to-School period has been relatively good for retailers.

### KATRINA EFFECT

For the month of August, the Katrina Effect on the national retail economy was too small to cause any major disruptions to sales growth. Going forward into fall and the rest of the year, the effect will be difficult to predict. According to the Census Bureau, the affected regions along the Gulf Coast of Hurricane Katrina contribute only 1.21% to the national retail economy (retail and food service). This is a relatively small percentage. The affected region will likely cause a relatively small drop in

retail sales in the nation. However, the bigger question is how will economy respond to the rebuilding of New Orleans and what will it do to consumer confidence?

The rebuilding of approximately 200,000 homes is expected to cause demand and supply issues in the building industry. The price of home building products will likely increase. However, the economy has been relatively strong in job creation. J.C. Williams Group anticipates that employment will benefit from the rebuilding and the \$50 billion the government has earmarked, as well as the massive amount of aid collected to support the relief/rebuilding efforts. Undoubtedly, job creation is a huge stimulus for retail sales growth. Increased job creation will have a positive impact on sales.

While nationally we expect to see continued retail sales increases, this will be tempered with fluctuations and changes at the regional level. While consumer confidence is strong nationally, regionally it will be a roller coaster ride as different communities adjust to the Katrina refugee impact as well as the impact of the on-going war casualties. While the past retail success will not necessarily be indicative of future success, there has been a fundamental change in the way people are thinking. This has been a time for consumers to pause and reconsider future directions.

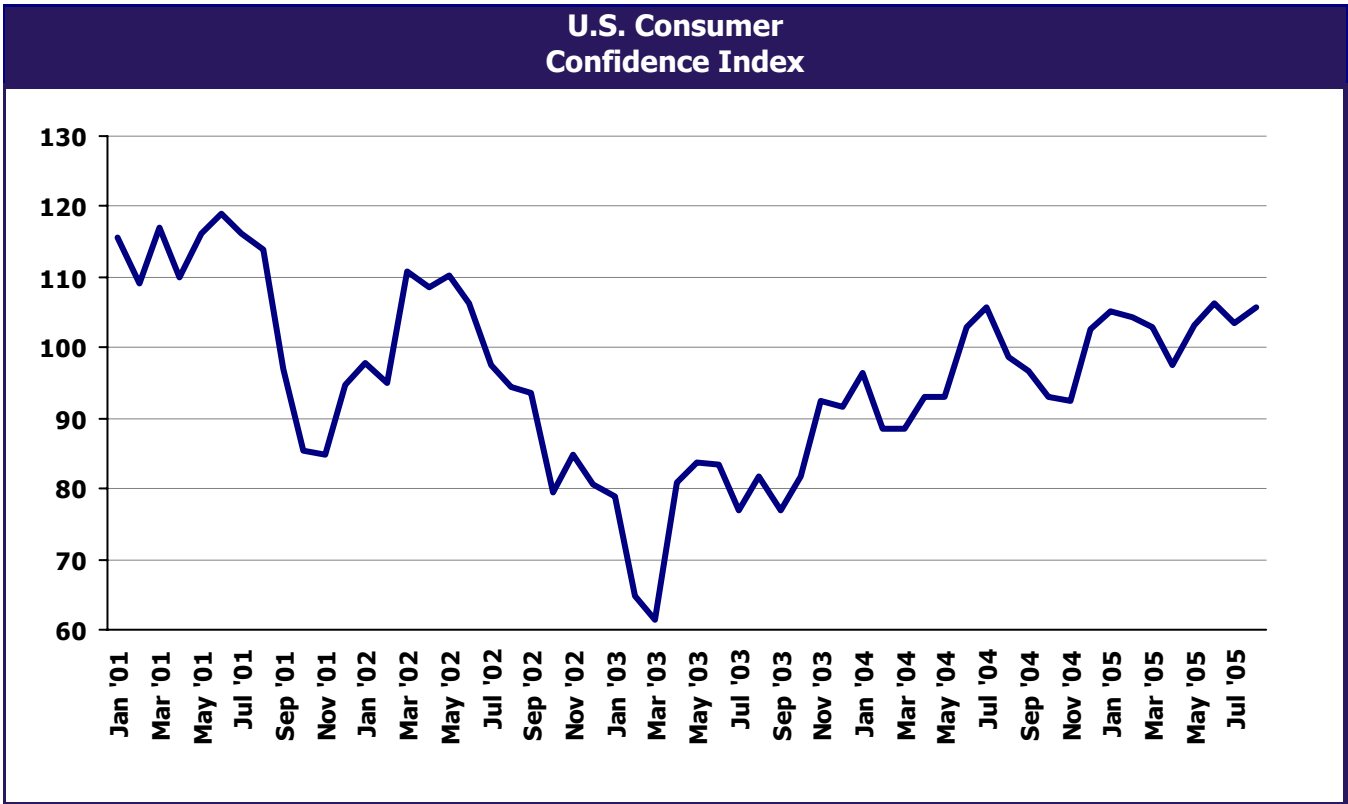
**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:**  
October 14, 2005

#### Please note:

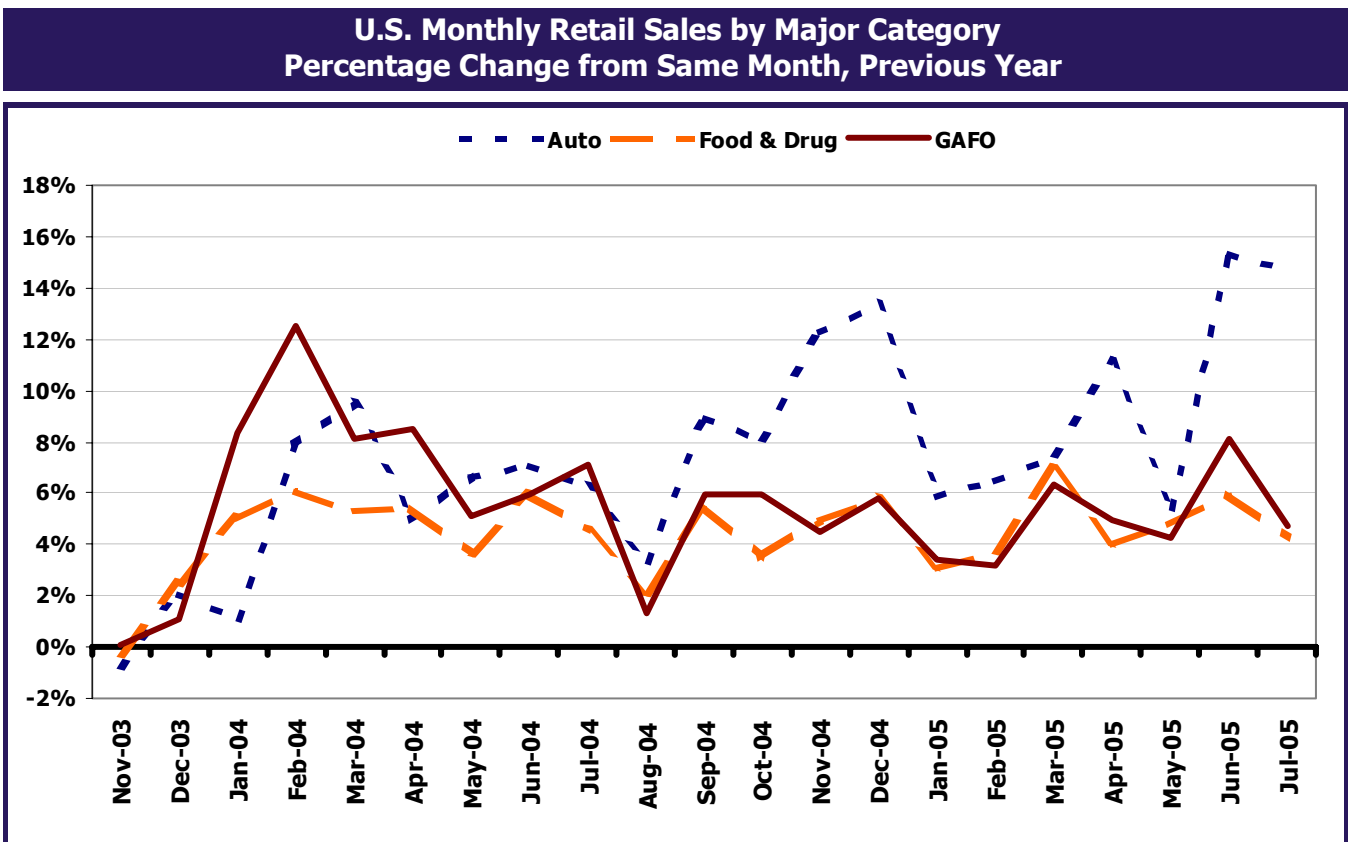
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that 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. Definitions can be found on the U.S. Census Website: [www.census.gov](http://www.census.gov).

<b>Advance Sales for the Month of August</b>	<b>2005</b>	<b>2004</b>	<b>% Change</b>
All Stores	363,263	331,754	9.5%
Motor Vehicle and Parts Dealers	82,348	77,938	5.7%
Gasoline Stations	37,260	28,370	31.3%
Food and Beverage Stores	44,160	41,350	6.8%
Grocery Stores	39,614	37,232	6.4%
Health and Personal Care Stores	18,750	16,933	10.7%
Building Material and Garden Equipment Stores	29,559	26,545	11.4%
General Merchandise Stores	43,453	40,727	6.7%
Department Stores (excluding leased departments)	17,134	17,203	-0.4%
Clothing and Accessories Stores	16,604	15,556	6.7%
Furniture, Home Furnishings, Electronics and Appliance Stores	17,918	16,660	7.6%
Furniture and Home Furnishing Stores	9,558	8,855	7.9%
Electronics and Appliance Stores	8,360	7,805	7.1%
Sporting Goods, Hobby, Book and Music Stores	7,460	7,181	3.9%
Miscellaneous Store Retailers	9,983	9,126	9.4%
Nonstore Retailers	20,691	18,516	11.7%
Food Services and Drinking Places	35,077	32,852	6.8%
<b>Year-to-Date Sales Ending August</b>	<b>2005</b>	<b>2004</b>	<b>% Change</b>
All Stores	2,726,448	2,533,167	7.6%
Motor Vehicle and Parts Dealers	636,801	595,613	6.9%
Gasoline Stations	249,009	209,190	19.0%
Food and Beverage Stores	341,903	326,740	4.6%
Grocery Stores	307,414	294,819	4.3%
Health and Personal Care Stores	143,454	135,043	6.2%
Building Material and Garden Equipment Stores	220,701	202,587	8.9%
General Merchandise Stores	329,955	310,718	6.2%
Department Stores (excluding leased departments)	129,704	129,850	-0.1%
Clothing and Accessories Stores	120,965	114,629	5.5%
Furniture, Home Furnishings, Electronics and Appliance Stores	130,350	124,367	4.8%
Furniture and Home Furnishing Stores	68,969	66,287	4.0%
Electronics and Appliance Stores	61,381	58,080	5.7%
Sporting Goods, Hobby, Book and Music Stores	49,439	48,533	1.9%
Miscellaneous Store Retailers	73,387	69,114	6.2%
Nonstore Retailers	161,507	144,650	11.7%
Food Services and Drinking Places	268,977	251,983	6.7%

Source: US Census Bureau. All values are expressed in millions of US dollars and are not seasonally adjusted.



Source: U.S. Conference Board



Source: U.S. Census Bureau