

Bulletin

U.S. Data

Advance May 2005 Retail Sales • Released June 14, 2005

MAY BLOOMS

Despite coolish weather in the Northeast, retail sales bloomed in May. All Stores grew by 6.4%, which was only slightly off their year-to-date growth rate of 6.5%. However, subtracting automotive, food, and drug sales revealed that growth for May was 7.2%, which was better than anticipated.

In general, May is typically a high-volume sales month and retailers are less likely to discount on their merchandise. With confidence levels up and a recent report indicating that incomes having been gaining, the combined effect bodes well for retail sales growth for the rest of the year.

Consumers found it hard to resist buying at Building Material and Garden Equipment Stores in May. Sales increased by 11.0%, which was above their year-to-date growth of 9.1%. A combination of spring planting and a greater emphasis on the female shopper have helped sales growth. Consumers are shifting their buying from traditional Mother's Day gifts of flowers to include more home and garden items. New lines of tools geared for women are creating a specialty niche for these stores.

Non-store retailers, which predominantly include home delivery retailers such as fuel dealers and Internet and mail-order businesses, performed well. The higher gas and oil prices are partially responsible but a

growing comfort with Internet retailing has bolstered business.

Furniture and Home Furnishings Stores turned in stronger than expected sale growth in May. Sales increased 6.7% compared to year-to-date growth of 3.7%. Solid housing data in April may have helped boost sales for an industry that has not witnessed robust growth for a number of months.

Surprisingly, Sporting Goods, Hobby, Book, and Music Stores defeated expectations and posted a 4.0% growth in May. This was above their year-to-date growth of 1.5%. Generally, Book Stores have been pulling down this category. Perhaps Book Stores received a sales rush due to advance purchases of the new Harry Potter book.

Clothing and Accessories Stores were slightly off their year-to-date growth. Sales increased 4.2% in May, just under their year-to-date growth of 4.6%. While stores such as Talbots continued

to experience strong sales growth, stores such as Limited Brands witnessed sales growth overall but a decrease in same-store sales. Generally, within the Clothing and Accessories Store category, men's and family clothing stores have performed well but shoe stores have experienced slow sales.

Excluding Department Stores, General Merchandise Stores gained 8.5% in May compared to last May. The superstore expansion has driven growth as the discount department stores continue to switch over to the larger formats. Nordstrom and Neiman Marcus, luxury brand stores, stated very good sales growth and same store sales.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

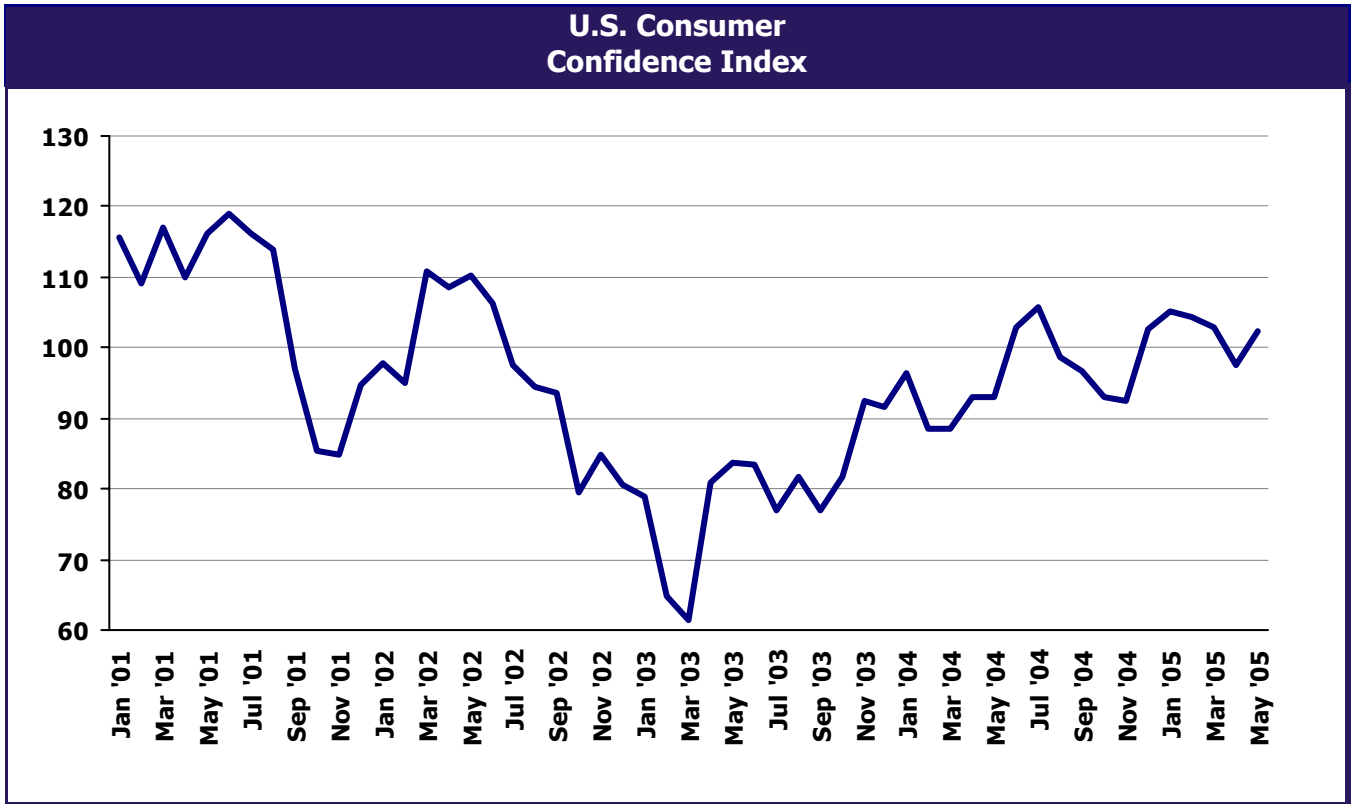
July 14, 2005

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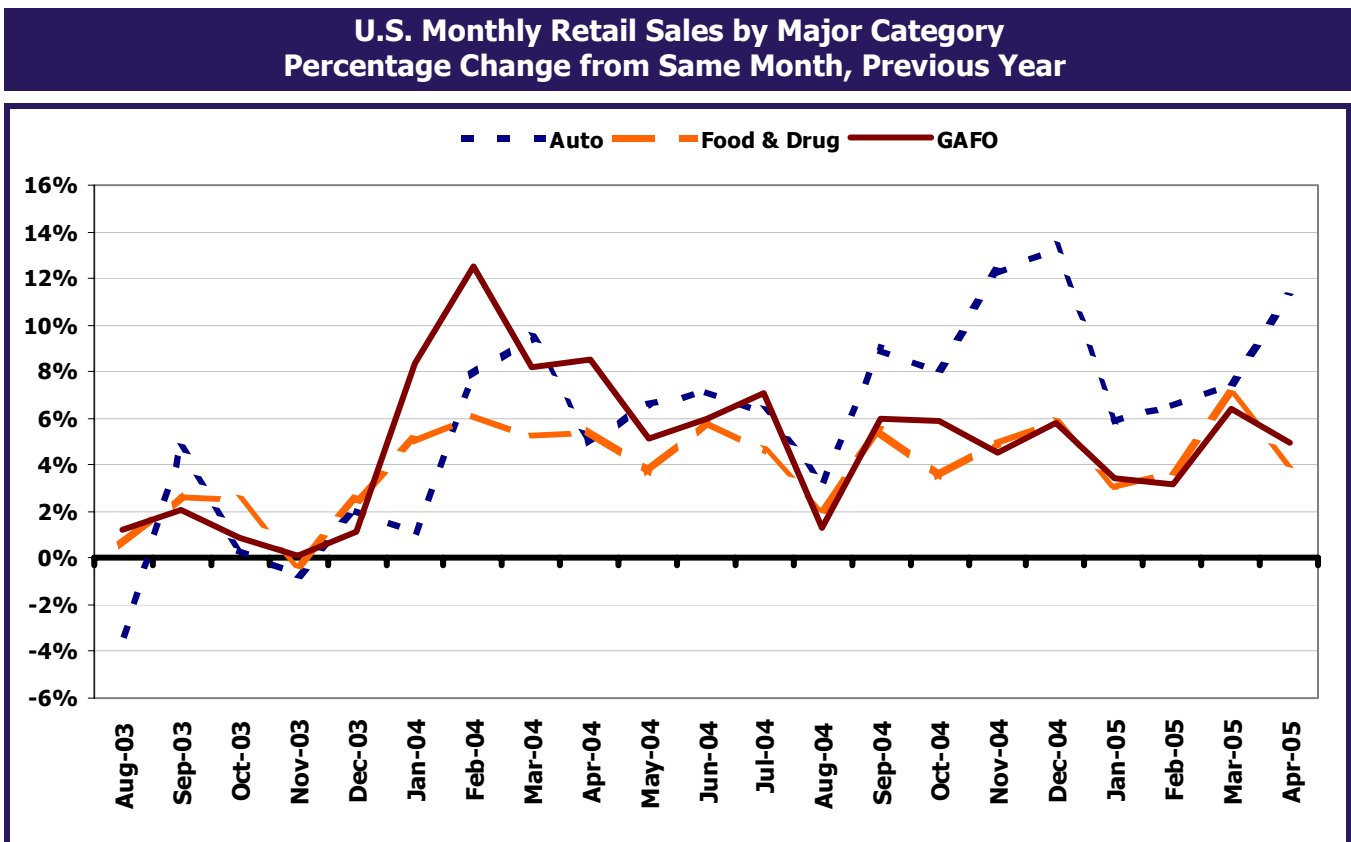
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that 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.

Advance Sales for the Month of May	2005	2004	% Change
All Stores	353,688	332,446	6.4%
Motor Vehicle and Parts Dealers	81,800	78,742	3.9%
Gasoline Stations	31,761	28,143	12.9%
Food and Beverage Stores	43,889	42,544	3.2%
Grocery Stores	39,334	38,272	2.8%
Health and Personal Care Stores	18,276	17,025	7.3%
Building Material and Garden Equipment Stores	32,161	28,965	11.0%
General Merchandise Stores	43,256	41,780	3.5%
Department Stores (excluding leased departments)	16,895	17,482	-3.4%
Clothing and Accessories Stores	15,997	15,357	4.2%
Furniture, Home Furnishings, Electronics and Appliance Stores	16,280	15,289	6.5%
Furniture and Home Furnishing Stores	8,684	8,140	6.7%
Electronics and Appliance Stores	7,596	7,149	6.3%
Sporting Goods, Hobby, Book and Music Stores	5,968	5,736	4.0%
Miscellaneous Store Retailers	10,027	9,333	7.4%
Nonstore Retailers	19,521	16,853	15.8%
Food Services and Drinking Places	34,752	32,679	6.3%
Year-to-Date Sales Ending May	2005	2004	% Change
All Stores	1,643,508	1,542,809	6.5%
Motor Vehicle and Parts Dealers	377,069	360,718	4.5%
Gasoline Stations	144,080	124,000	16.2%
Food and Beverage Stores	209,057	201,057	4.0%
Grocery Stores	188,546	181,870	3.7%
Health and Personal Care Stores	89,053	84,349	5.6%
Building Material and Garden Equipment Stores	130,631	119,772	9.1%
General Merchandise Stores	200,399	190,487	5.2%
Department Stores (excluding leased departments)	79,173	79,921	-0.9%
Clothing and Accessories Stores	73,463	70,223	4.6%
Furniture, Home Furnishings, Electronics and Appliance Stores	79,108	75,506	4.8%
Furniture and Home Furnishing Stores	41,584	40,096	3.7%
Electronics and Appliance Stores	37,524	35,410	6.0%
Sporting Goods, Hobby, Book and Music Stores	29,544	29,115	1.5%
Miscellaneous Store Retailers	44,662	42,404	5.3%
Nonstore Retailers	102,995	91,773	12.2%
Food Services and Drinking Places	163,447	153,405	6.5%

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