

Bulletin

U.S. Data

Advance May 2004 Retail Sales • Released June 14, 2004

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An Even Keel

Retail sales stabilized to a moderate pace in May, balancing the previous months' exceptional growth rates. All Stores advanced 6.1% bringing year-to-date growth to 8.4%.

Retailers appear to be holding the course by keeping their well-tuned engines running at a good clip. Better management is paying off for stores that keep their inventories in ship-shape condition.

The question on most people's minds is whether the surge in gas prices will take the steam out of the other retailers' sails? Most accounts this past month indicate that consumer purchasing behavior has not been affected to a large degree by higher prices at the pumps. No doubt it is a cause of concern. Deducting Gasoline Stations from All Stores reduces May's growth by one point – down to 5.1%.

As stated, sales are very good but not as robust as they have been previously this year. Overall, they reflect a return to stable, more normal growth rates. The pent up demand for growth drivers has diminished leaving more realistic expansion rates. Furniture, Home Furnishings, and Appliance Stores is one such category that benefited from the pent up demand earlier this year. While the category is still performing well, growth is at a slower rate. Higher gas prices and the abuses at Abu Ghraib prison may have affected consumer sentiment, but overall consumer confidence has remained relatively stable

since November 2003.

Building Material and Garden Equipment Stores provided a healthy boost to the retail economy. Sales for this category grew by 11.5%. A good indicator of a healthy retail economy is demonstrated in the fact that one of retail's most seasonal-based categories is still performing well.

Other good news is that major retailers are holding to their sales forecasts and that there is continued growth of highly discretionary purchases and luxury retailers.

Keeping Vigil

For retailers to remain on a steady and even keel, the coming months may prove difficult waters to navigate. Some brewing storms include:

- Carrying the momentum from the beginning of the year into summer and fall
- Anticipating consumer sentiment in the face of gas price hikes
- Interest rate hikes

- The end of the tax rebates
- The Presidential campaign and election
- The situation in Iraq.

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Release Date of the Next National Retail Bulletin:

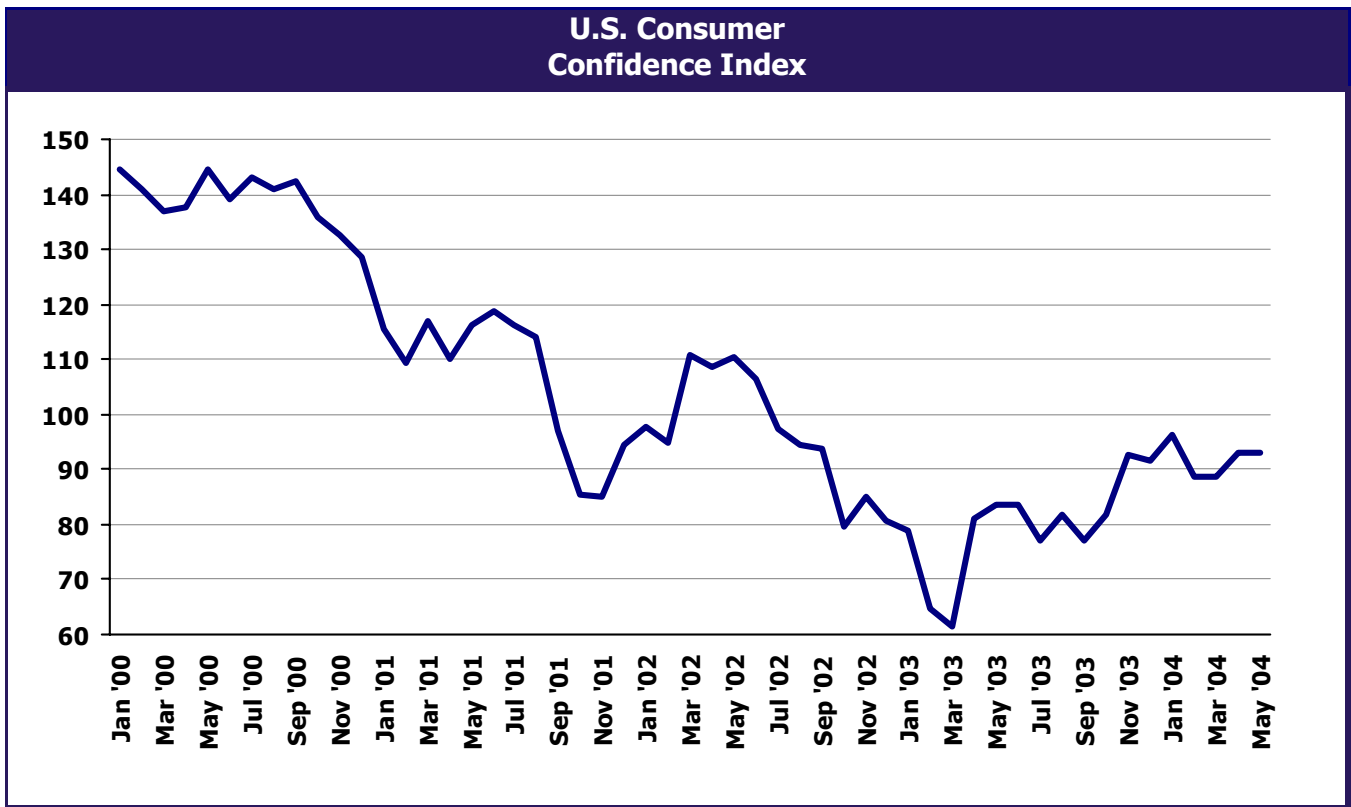
July 14, 2004

Please note:

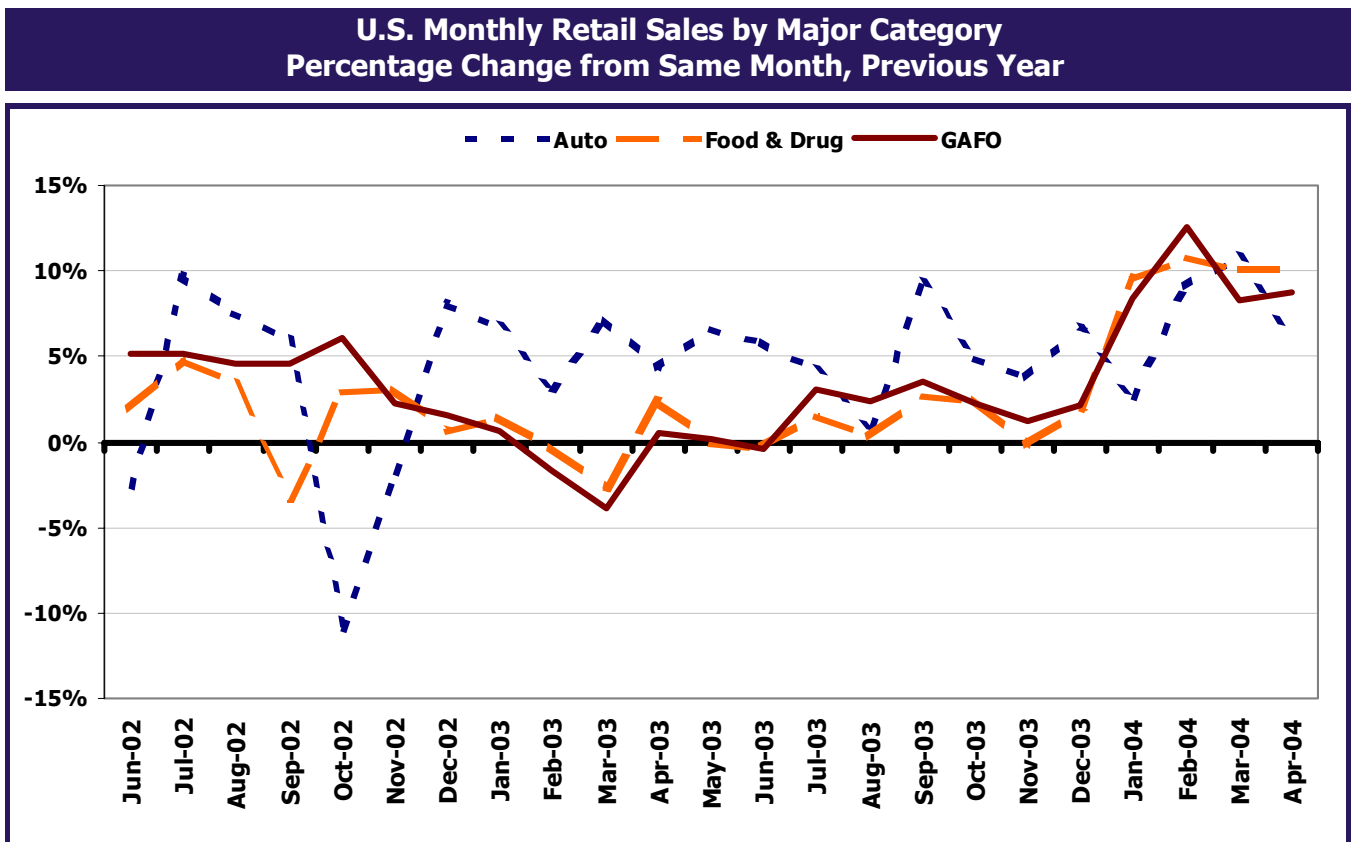
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that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

Advance Sales for the Month of May	2004	2003	% Change
All Stores	344,399	324,452	6.1%
Motor Vehicle and Parts Dealers	83,224	81,264	2.4%
Gasoline Stations	27,212	22,749	19.6%
Food and Beverage Stores	45,220	43,692	3.5%
Grocery Stores	40,591	39,365	3.1%
Health and Personal Care Stores	17,046	16,088	6.0%
Building Material and Garden Equipment Stores	34,512	30,960	11.5%
General Merchandise Stores	42,043	39,009	7.8%
Department Stores (excluding leased departments)	17,442	17,567	-0.7%
Clothing and Accessories Stores	15,205	14,701	3.4%
Furniture, Home Furnishings, Electronics and Appliance Stores	16,186	15,315	5.7%
Furniture and Home Furnishing Stores	8,472	8,188	3.5%
Electronics and Appliance Stores	7,714	7,127	8.2%
Sporting Goods, Hobby, Book and Music Stores	5,838	5,830	0.1%
Miscellaneous Store Retailers	9,421	9,202	2.4%
Nonstore Retailers	15,180	14,203	6.9%
Food Services and Drinking Places	33,312	31,439	6.0%
Year-to-Date Sales Ending May	2004	2003	% Change
All Stores	1,603,421	1,479,161	8.4%
Motor Vehicle and Parts Dealers	384,152	363,281	5.7%
Gasoline Stations	121,233	109,387	10.8%
Food and Beverage Stores	213,594	204,368	4.5%
Grocery Stores	192,847	185,541	3.9%
Health and Personal Care Stores	83,773	77,761	7.7%
Building Material and Garden Equipment Stores	144,960	124,422	16.5%
General Merchandise Stores	191,306	175,797	8.8%
Department Stores (excluding leased departments)	79,511	78,720	1.0%
Clothing and Accessories Stores	70,115	64,222	9.2%
Furniture, Home Furnishings, Electronics and Appliance Stores	79,241	71,590	10.7%
Furniture and Home Furnishing Stores	40,880	37,339	9.5%
Electronics and Appliance Stores	38,361	34,251	12.0%
Sporting Goods, Hobby, Book and Music Stores	29,718	28,633	3.8%
Miscellaneous Store Retailers	43,623	41,376	5.4%
Nonstore Retailers	84,133	76,342	10.2%
Food Services and Drinking Places	157,573	141,982	11.0%

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