

# Bulletin

May 2005 Retail Sales • Released July 22, 2005

## RETAIL CHILL

For those of you who have endured the last two months of excessive heat in central Canada, it may be difficult to remember what May 2005 was like. May's weather was quite cool, and the cool conditions put a slight chill on retail sales growth as most store categories experienced growth at below their year-to-date averages.

All Stores' growth in May was 5.7%, which was slightly off year-to-date growth of 5.9%. Discounting for Automotive, Food, and Pharmacies, growth in May was 4.6%.

Overall, the above represented very respectable growth rates. However, the cool weather's greatest victim was the spring and summer merchandise left hanging on the racks. Clothing and Accessories Stores and General Merchandise Stores took the biggest hit. Department Stores sales fell by 1.8%. Sears just reported that same store sales fell by 2.5%, and other department stores were faced with mounting unsold inventory. Clothing Stores managed a 2.1% gain in May but Shoes, Clothing Accessories, and Jewellery Stores fell by 0.9%. Generally, luxury items such as jewellery have been performing well leaving the specialty shoe stores to bear the brunt of slower sales growth.

The retail industry has witnessed a deceleration in Home Furniture sales. However, healthy home sales continued to defy experts. In the category, Home Furniture stores gained 1.7% compared to Home Furnishings stores, which gained a notable 7.2%.

The Computer, Software, Home Electronics, and Appliance Stores gained 8.3% compared to last year primarily as a result of sales growth and store expansion at Best Buy and Future Shop.

The top dog in the retail world in terms of growth continued to be Building and Outdoor Home Supplies Stores. A gain of 13.8%, despite the weather, was surprisingly good. As stated, continued housing starts, robust housing sales, and home equity investment were contributing factors for these gains.

Sporting Goods, Hobby, Music, and Book Stores was another category to defy the dampening trend in May. These stores gained 7.0% compared to year-to-date growth of 5.6%. The other category that performed well was Pharmacies and Personal Care Stores. A gain of 6.5% was well above year-to-date growth of 4.9%. Shoppers Drug Mart recently stated sales increased 8.7% for the second quarter.

Clearly, the lower-than-average retail sales growth in May was merely a blip. The retail economy is very strong. By all accounts, June's retail sales will be stellar. Unemployment is the lowest since the 1970s, and there is serious talk of raising interest rates. However, J.C. Williams Group expects that July will be a little softer than June.

**RELEASE DATE OF THE NEXT  
NATIONAL RETAIL BULLETIN**  
August 22, 2005

### 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: May	2005	2004	2005/2004
<b>All Stores</b>	<b>32,269.7</b>	<b>30,518.3</b>	<b>5.7%</b>
Automotive	11,783.8	10,870.6	8.4%
<b>All Stores Less Automotive</b>	<b>20,485.8</b>	<b>19,647.7</b>	<b>4.3%</b>
Food and Beverage Stores	7,192.4	6,969.5	3.2%
Pharmacies and Personal Care Stores	1,978.6	1,858.6	6.5%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>11,314.9</b>	<b>10,819.6</b>	<b>4.6%</b>
<b>General Merchandise Stores</b>	<b>3,630.1</b>	<b>3,613.1</b>	<b>0.5%</b>
Department Stores	1,752.7	1,784.6	-1.8%
Other General Merchandise Stores	1,877.4	1,828.5	2.7%
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>1,949.2</b>	<b>1,846.8</b>	<b>5.5%</b>
Furniture and Home Furnishings Stores	1,094.1	1,056.9	3.5%
Computer, Software, Home Electronics, and Appliance Stores	855.1	789.8	8.3%
<b>Clothing and Accessories Stores</b>	<b>1,723.9</b>	<b>1,701.5</b>	<b>1.3%</b>
Clothing Stores	1,305.1	1,278.8	2.1%
Shoes, Clothing Accessories, and Jewellery Stores	418.8	422.8	-0.9%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>704.9</b>	<b>658.5</b>	<b>7.0%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>2,480.9</b>	<b>2,179.8</b>	<b>13.8%</b>
<b>Miscellaneous Store Retailers</b>	<b>825.9</b>	<b>820.0</b>	<b>0.7%</b>

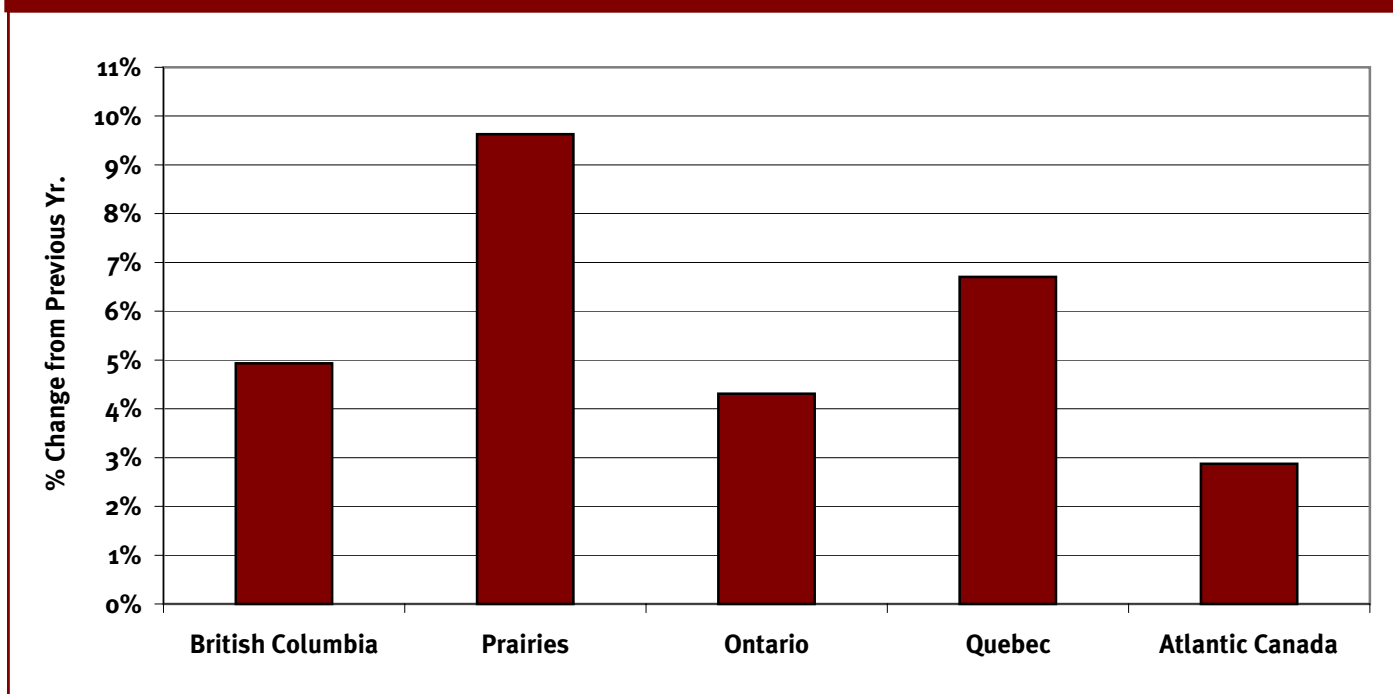
Year-to-date Sales	2005	2004	2005/2004
<b>All Stores</b>	<b>140,816.0</b>	<b>133,029.5</b>	<b>5.9%</b>
Automotive	50,038.9	46,486.3	7.6%
<b>All Stores Less Automotive</b>	<b>90,777.1</b>	<b>86,543.2</b>	<b>4.9%</b>
Food and Beverage Stores	33,824.2	32,283.3	4.8%
Pharmacies and Personal Care Stores	9,548.1	9,105.5	4.9%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>56,952.9</b>	<b>54,259.9</b>	<b>5.0%</b>
<b>General Merchandise Stores</b>	<b>15,564.5</b>	<b>15,105.5</b>	<b>3.0%</b>
Department Stores	7,792.7	7,618.7	2.3%
Other General Merchandise Stores	7,771.8	7,486.9	6.2%
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>9,308.0</b>	<b>8,657.4</b>	<b>7.5%</b>
Furniture and Home Furnishings Stores	5,061.0	4,766.7	6.2%
Computer, Software, Home Electronics, and Appliance Stores	4,247.0	3,890.7	9.2%
<b>Clothing and Accessories Stores</b>	<b>7,336.4</b>	<b>7,068.5</b>	<b>3.8%</b>
Clothing Stores	5,660.7	5,335.8	6.1%
Shoes, Clothing Accessories, and Jewellery Stores	1,675.8	1,732.8	-3.3%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>3,308.4</b>	<b>3,132.7</b>	<b>5.6%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>8,288.7</b>	<b>7,538.4</b>	<b>10.0%</b>
<b>Miscellaneous Store Retailers</b>	<b>3,598.8</b>	<b>3,651.8</b>	<b>-1.5%</b>

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

## Retail Trade, Canada, All Stores, by Region

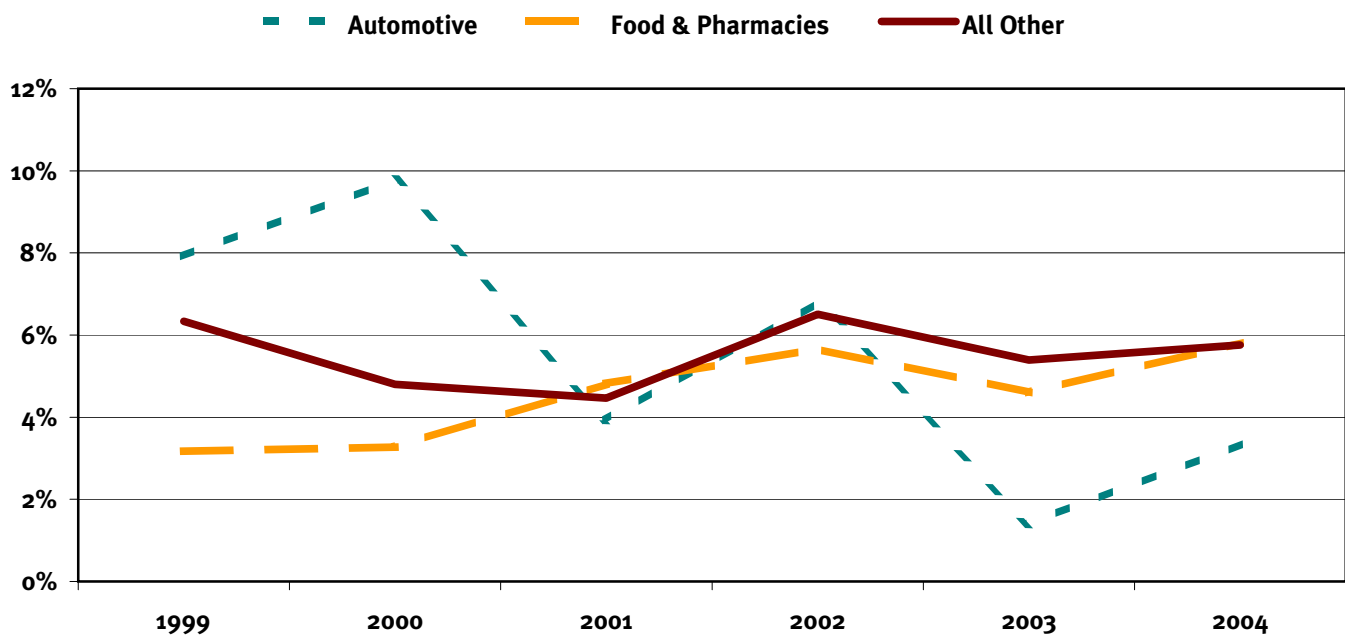
	Year-to-date 2005	Same Period 2004	Change 2005/2004
British Columbia	19,117.0	18,218.8	4.9%
Prairies	27,393.6	24,987.8	9.6%
Ontario	51,519.8	49,391.4	4.3%
Quebec	32,445.8	30,407.5	6.7%
Atlantic Canada	9,845.0	9,570.2	2.9%

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

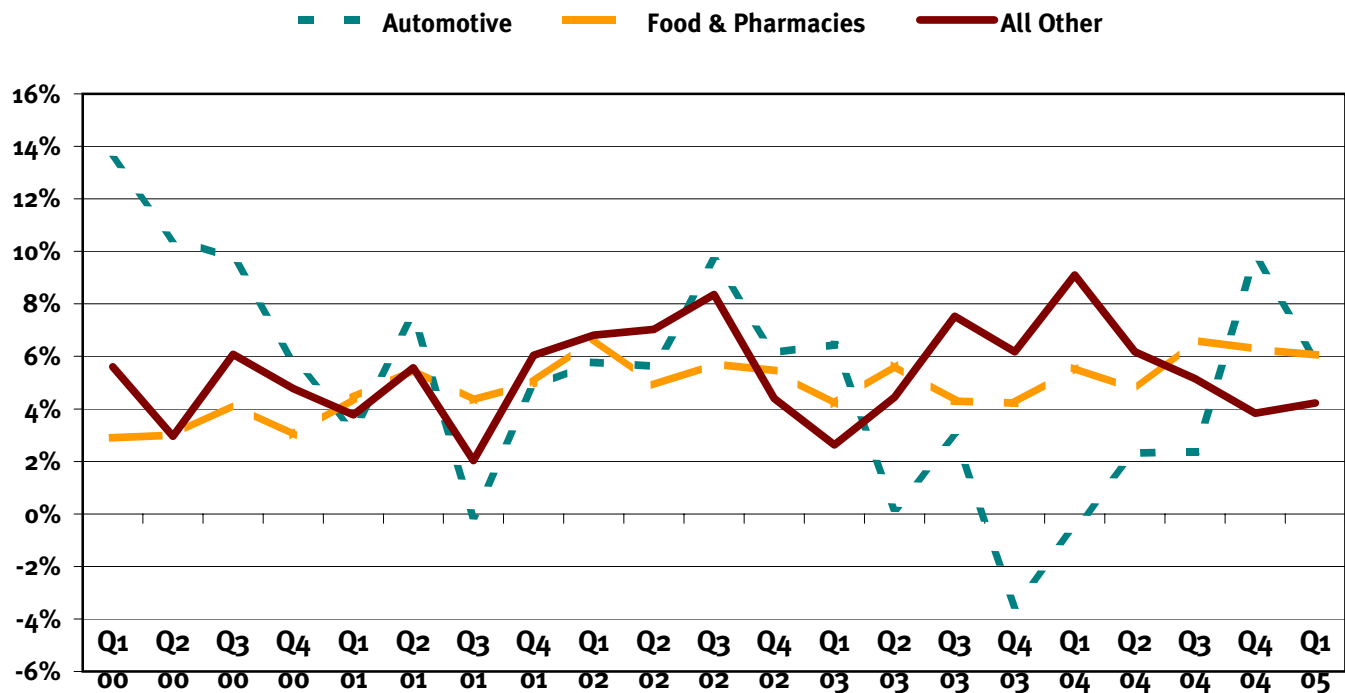


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2004)



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



Consumer Price Index

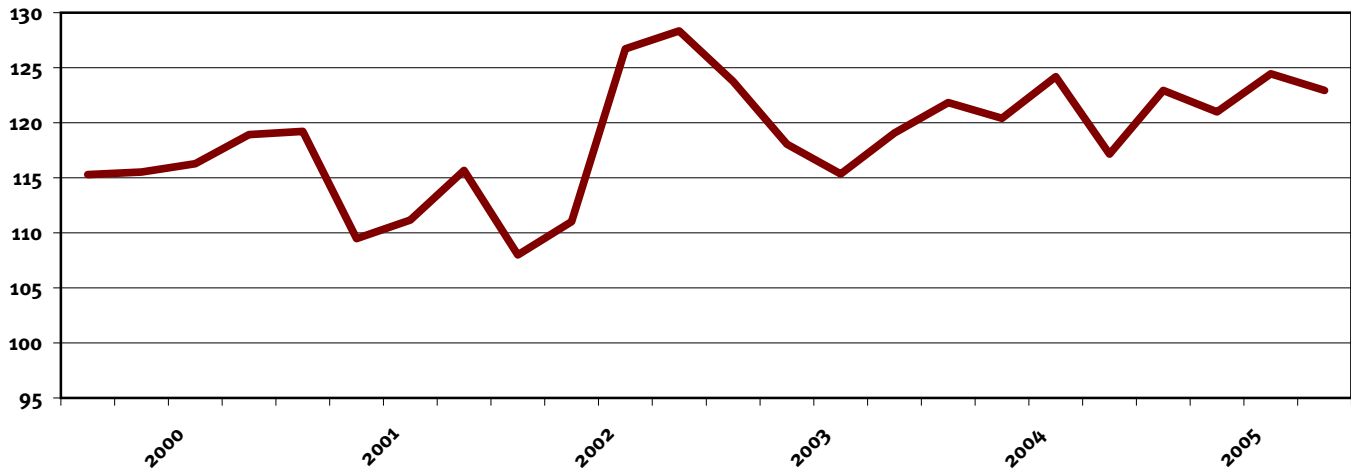
June 2005

vs.

June 2004

1.7%

Canadian Consumer Confidence Index 1999–2005



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2005

