

Bulletin

July 2005 Retail Sales • Released September 21, 2005

CANADIAN RETAIL SALES AT A STAND STILL IN JULY

Retail sales hit a holding pattern in July as sales advanced modestly for most categories.

All Stores gained 6.5% compared to last July but All Stores less Automotive, Food, and Pharmacies grew at approximately half that rate (3.3%).

Clearly, the biggest winners in July were the Automotive Dealers and the Gasoline Stations. New Car Dealers were up 9.8% and Gasoline Stations forged ahead by 15.3%. The highly effective employee pricing promotions continued to fuel demand for cars and trucks despite the ever-creeping gas prices.

For some retailers, it was a hit or miss month. Forzani announced relatively good sales, which combined with the sales of Harry Potter at Book Stores led to a 5.9% increase in sales for Sporting Goods, Hobby, Music, and Book Stores. This is on par with their year-to-date growth rate (6.0%).

The Home Electronics and Appliance Store category gained 10.8%. The deflationary aspect of the Computer and Software Stores sales shrunk sales to 8.6%.

The sustained heat during June and July took some of the breath out of Clothing Stores. The category advanced 2.0% in July (typically a slower retail month). Many retailers found themselves low on inventory of popular-sized items and no one was remotely considering fall purchases with temperatures hovering well above the 30 degree mark.

Even the air conditioned Department Stores were off their year-to-date growth rate. Department Stores gained 1.4% in July compared to 2.7% for the year-to-date.

Building and Outdoor Home Supplies Stores were off their year-to-date growth rate. These retailers gained 4.9% in sales compared to 8.6% for the year-to-date. The housing market remains extremely strong across the country with housing starts only slightly off.

Regionally, it is Ontario that retailers will have to watch. Retail sales have been gaining in this province throughout the year despite being affected by a high Canadian dollar. While the western provinces continue to enjoy robust sales growth brought on by high demand for Canadian resources, the future of the retail growth will be most severely impacted by the recent August events. The future of the Ontario economy will swing what happens for the total retail industry.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN
October 21, 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.

Retail Sales by Store Category

| Sales for the Month of: July | 2005 | 2004 | 2005/2004 |
|--|-----------------|-----------------|--------------|
| All Stores | 32,944.4 | 30,936.5 | 6.5% |
| Automotive | 11,890.6 | 10,659.1 | 11.6% |
| All Stores Less Automotive | 21,053.8 | 20,277.4 | 3.8% |
| Food and Beverage Stores | 7,968.3 | 7,632.6 | 4.4% |
| Pharmacies and Personal Care Stores | 1,939.5 | 1,857.9 | 4.4% |
| All Stores Less Automotive, Food, Pharmacies | 11,146.0 | 10,787.0 | 3.3% |
| General Merchandise Stores | 3,703.9 | 3,610.4 | 2.6% |
| Department Stores | 1,786.8 | 1,762.7 | 1.4% |
| Other General Merchandise Stores | 1,917.1 | 1,847.7 | 3.8% |
| Furniture, Home Furnishings and Electronics Stores | 2,089.2 | 1,972.3 | 5.9% |
| Furniture and Home Furnishings Stores | 1,174.3 | 1,130.1 | 3.9% |
| Computer, Software, Home Electronics, and Appliance Stores | 914.9 | 842.2 | 8.6% |
| Clothing and Accessories Stores | 1,643.7 | 1,616.8 | 1.7% |
| Clothing Stores | 1,250.2 | 1,226.3 | 2.0% |
| Shoes, Clothing Accessories, and Jewellery Stores | 393.5 | 390.5 | 0.8% |
| Sporting Goods, Hobby, Music, and Book Stores | 751.3 | 709.4 | 5.9% |
| Building and Outdoor Home Supplies Stores | 2,185.8 | 2,083.7 | 4.9% |
| Miscellaneous Store Retailers | 772.1 | 794.4 | -2.8% |

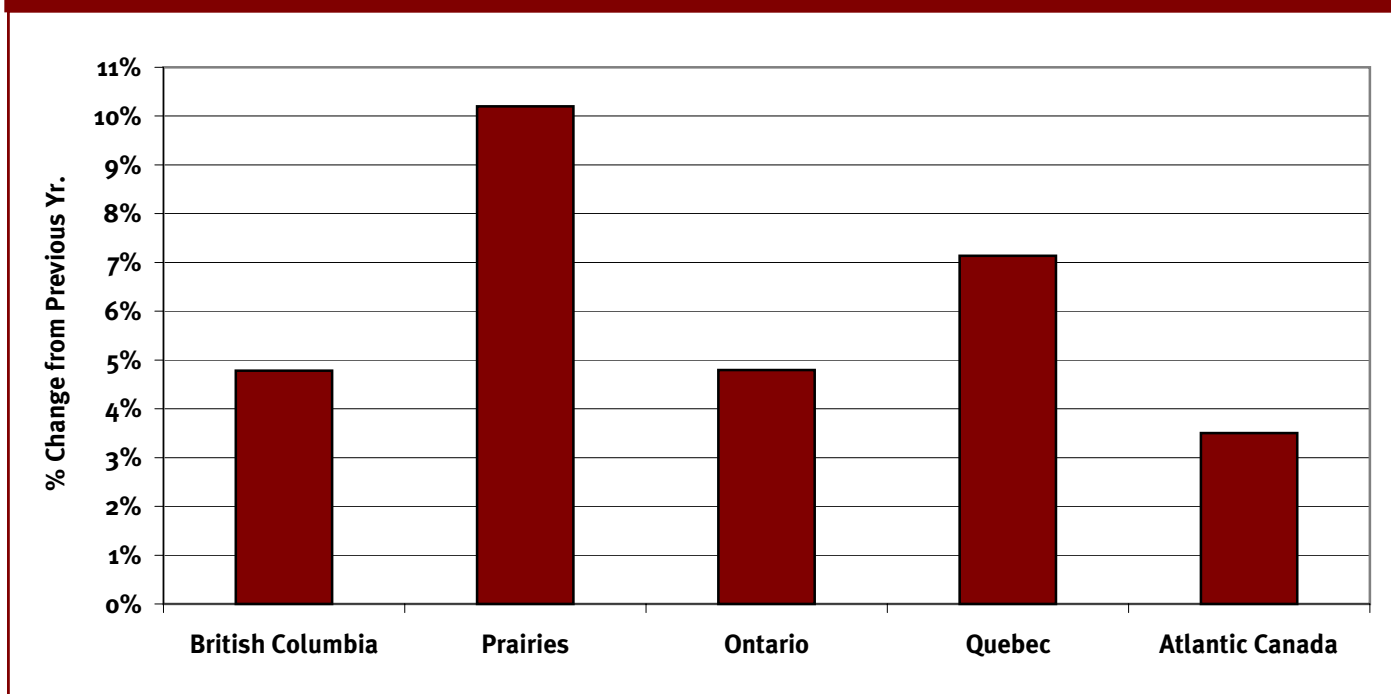
| Year-to-date Sales | 2005 | 2004 | 2005/2004 |
|--|------------------|------------------|--------------|
| All Stores | 206,885.5 | 194,696.3 | 6.3% |
| Automotive | 74,112.5 | 68,282.2 | 8.5% |
| All Stores Less Automotive | 132,772.9 | 126,414.1 | 5.0% |
| Food and Beverage Stores | 49,174.2 | 46,787.9 | 5.1% |
| Pharmacies and Personal Care Stores | 13,466.3 | 12,848.3 | 4.8% |
| All Stores Less Automotive, Food, Pharmacies | 83,598.8 | 79,626.2 | 5.0% |
| General Merchandise Stores | 23,097.8 | 22,320.3 | 3.5% |
| Department Stores | 11,436.3 | 11,137.9 | 2.7% |
| Other General Merchandise Stores | 11,661.6 | 11,182.4 | 5.6% |
| Furniture, Home Furnishings and Electronics Stores | 13,422.2 | 12,512.0 | 7.3% |
| Furniture and Home Furnishings Stores | 7,365.6 | 6,977.6 | 5.6% |
| Computer, Software, Home Electronics, and Appliance Stores | 6,056.6 | 5,534.5 | 9.4% |
| Clothing and Accessories Stores | 10,725.8 | 10,298.8 | 4.1% |
| Clothing Stores | 8,254.2 | 7,777.1 | 6.1% |
| Shoes, Clothing Accessories, and Jewellery Stores | 2,471.5 | 2,521.7 | -2.0% |
| Sporting Goods, Hobby, Music, and Book Stores | 4,794.1 | 4,524.7 | 6.0% |
| Building and Outdoor Home Supplies Stores | 12,877.2 | 11,855.5 | 8.6% |
| Miscellaneous Store Retailers | 5,215.4 | 5,266.5 | -1.0% |

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

Retail Trade, Canada, All Stores, by Region

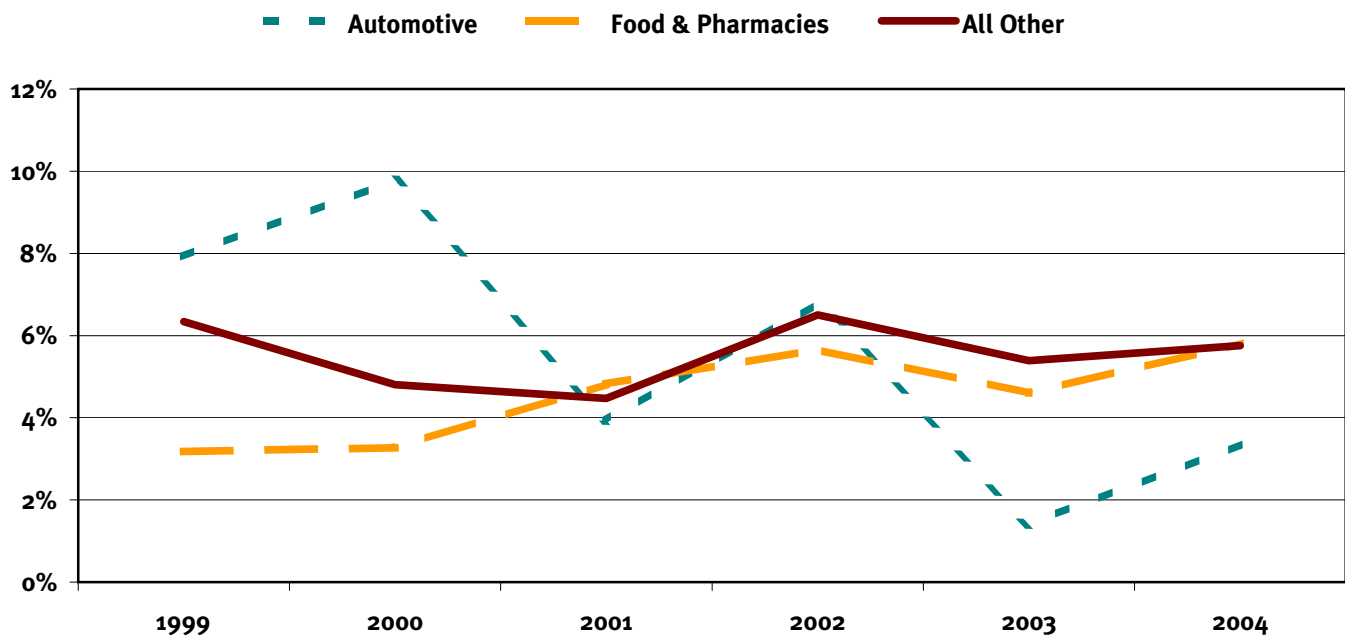
| | Year-to-date 2005 | Same Period 2004 | Change 2005/2004 |
|------------------|----------------------|---------------------|---------------------|
| British Columbia | 27,916.9 | 26,643.1 | 4.8% |
| Prairies | 40,286.6 | 36,558.0 | 10.2% |
| Ontario | 75,557.6 | 72,101.3 | 4.8% |
| Quebec | 47,693.1 | 44,517.2 | 7.1% |
| Atlantic Canada | 14,703.3 | 14,206.2 | 3.5% |

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

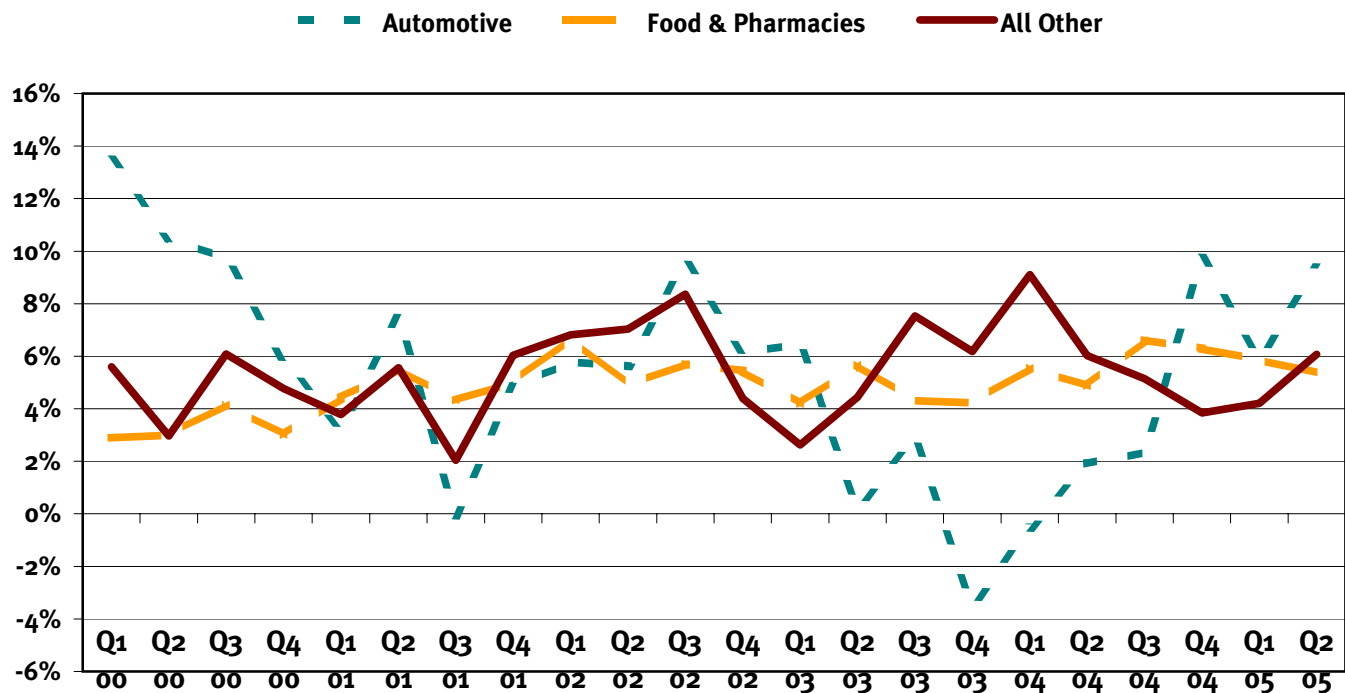


For more detailed information on retail sales, please contact J.C. Williams Group

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

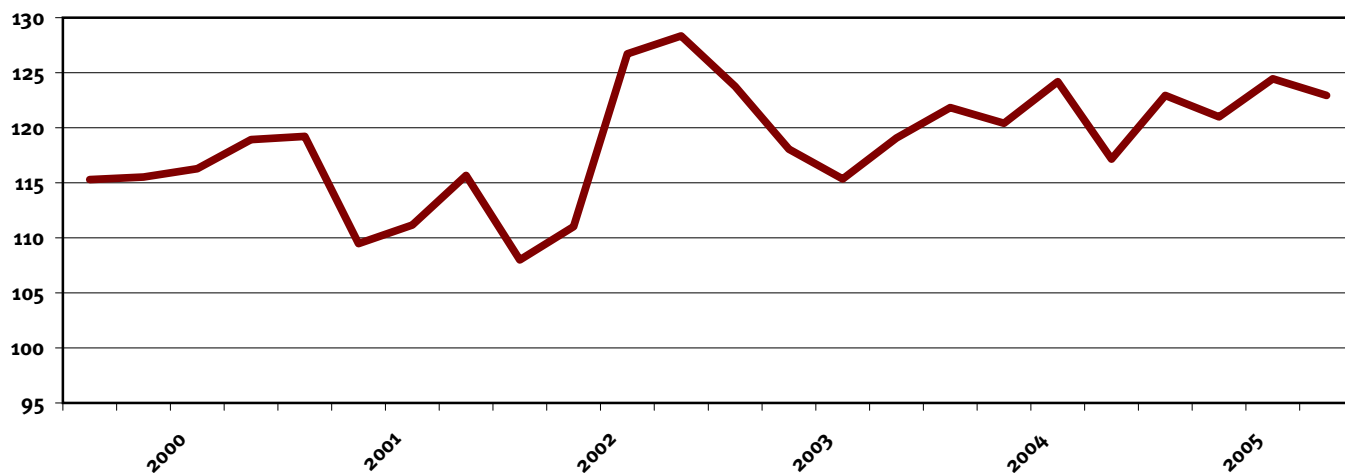
July 2005

vs.

July 2004

2.0%

Canadian Consumer Confidence Index 1999–2005



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2005

