

Bulletin

U.S. Data

Advance February 2003 Retail Sales • Released March 13, 2003

U.S. RETAILERS CAN'T SEEM TO DIG THEMSELVES OUT

The huge rain/snow storm that swept through the U.S. in early February left an indelible mark on the retail scene. The huge floods and snow that enveloped a significant amount of the nation, compounded an already frustrated retail economy that can't win over consumers to start spending again. The rain and snow only made the slippery slope of falling consumer confidence and massive job losses (over 300,000) even slicker.

Retail sales gained 2.6% in February only as a result of gains at the pumps and warehouse clubs. If Gasoline Stations are removed from the equation, sales advanced 1.2% for the month. February's results echo January's retail sales growth scenario leaving retailers with little to write home about.

Necessity and discount retail spending advanced marginally in February. Health and Personal Care Stores advanced 4.7%, Food Services and Drinking Places gained 3.5% compared to last year, Food and Beverage Stores increased 1.9%, and General Merchandise (only as a result of Warehouse Clubs and Superstores) was able to pack on an additional 4.7% in retail sales. In addition, the catalog and e-commerce portion of Non-store Retailers appears to be performing well. Last month catalogers and e-commerce retailers grew by 4%.

Losers for the month include Building Material and Garden Equipment Stores. The category fell by 2.8%. This could be due to duct tape returns. Given the huge snowfall one might expect snow shovels to do well – but given the type of weather experienced throughout the whole winter, most consumers have probably

already made that purchase. Clothing and Accessories Stores lost 2.1% in sales compared to last February. However, it is important to remember that many hard and soft goods are experiencing deflation. In January, the consumer price index (CPI) for apparel experienced the following results:

Category	CPI Jan 03/Jan 02
Apparel	-1.9%
Men's and Boy's	-3.9%
Women's and Girl's	-1.9%
Infant's and Children's	-3.1%
Footwear	2.2%

Source: Bureau of Labor Statistics

In addition, Furniture, Home Furnishings, Electronics and Appliance Stores lost ground in February falling 1.7%. While the CPI for household furnishings fell 1.0%, which helps explain some of the difference, it is a big change from the previous years, whereby consumers could not seem to buy enough home furnishings.

2002 – THE YEAR THAT WAS

As promised, albeit late, attached are the 2002 year-to-date sales growth figures for the complete range of retail goods. Despite the negative commentary throughout the year, 2002 performed reasonably well. GAFO gained 5.0% for the year, bolstered by Warehouse Clubs and Superstores (16.7%), Radio, TV, and Other Electronic Stores (7.9%), and Sporting Goods Stores (5.7%). However, there was ample disappointment from many retailers. Conventional and Discount Department Stores did not do well in terms of being able to increase revenue (many did better in terms of better profit margins) and have continued to be unable to impress consumers to increase their spending.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

April 11, 2003

Please note:

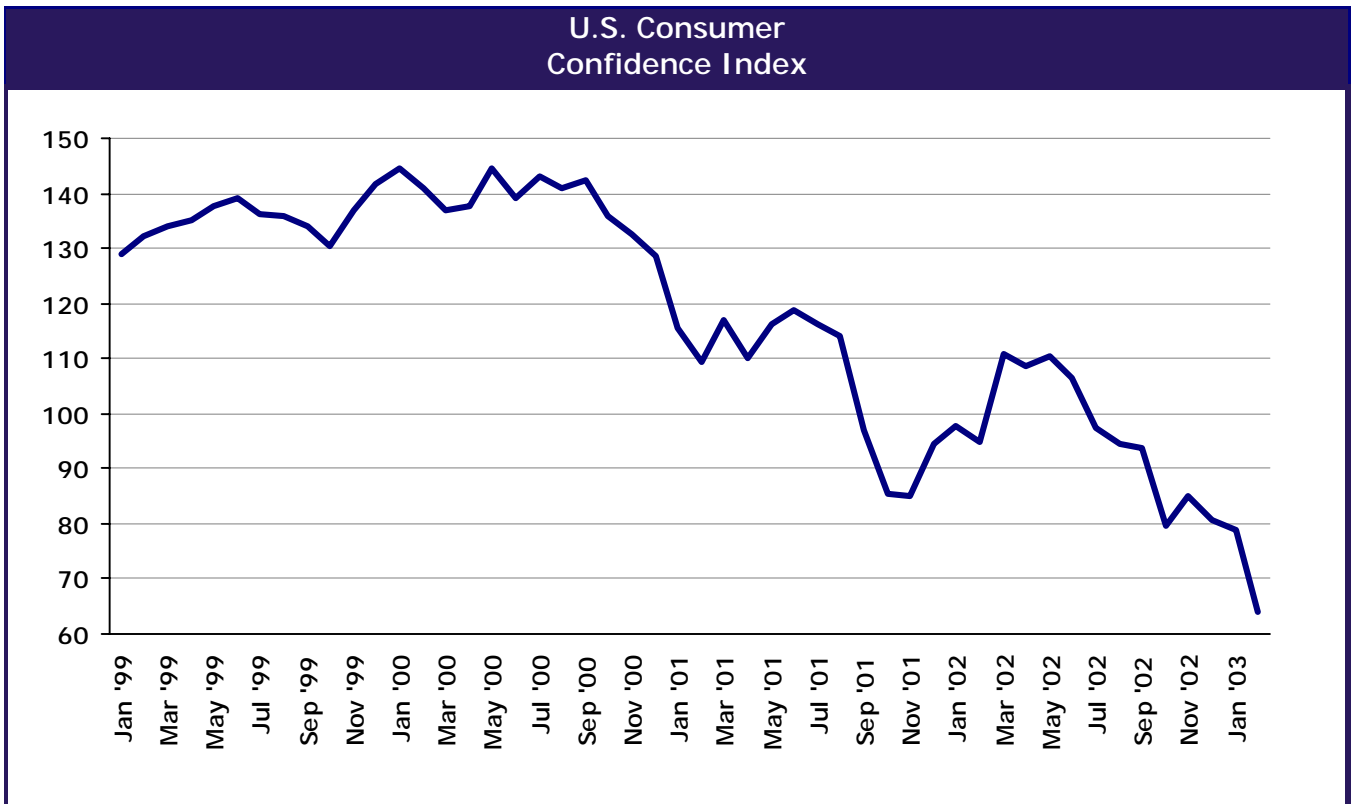
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that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

Advance Sales for the Month of February	2003	2002	% Change
All Stores	269,378	262,575	2.6%
Motor Vehicle and Parts Dealers	65,829	66,600	-1.2%
Gasoline Stations	19,298	15,576	23.9%
Food and Beverage Stores	36,911	36,216	1.9%
Grocery Stores	33,367	32,768	1.8%
Health and Personal Care Stores	14,976	14,300	4.7%
Building Material and Garden Equipment Stores	19,584	20,152	-2.8%
General Merchandise Stores	32,908	31,444	4.7%
Department Stores (excluding leased departments)	14,662	15,408	-4.8%
Clothing and Accessories Stores	11,642	11,887	-2.1%
Furniture, Home Furnishings, Electronics and Appliance Stores	13,832	14,068	-1.7%
Furniture and Home Furnishing Stores	7,000	7,126	-1.8%
Electronics and Appliance Stores	6,832	6,942	-1.6%
Sporting Goods, Hobby, Book and Music Stores	5,762	5,813	-0.9%
Miscellaneous Store Retailers	8,434	8,727	-3.4%
Nonstore Retailers	13,871	12,343	12.4%
Food Services and Drinking Places	26,331	25,449	3.5%
Year-to-Date Sales Ending February	2003	2002	% Change
All Stores	549,858	527,497	4.2%
Motor Vehicle and Parts Dealers	133,342	130,733	2.0%
Gasoline Stations	38,950	31,934	22.0%
Food and Beverage Stores	77,129	74,867	3.0%
Grocery Stores	69,994	68,038	2.9%
Health and Personal Care Stores	30,707	29,143	5.4%
Building Material and Garden Equipment Stores	41,510	40,939	1.4%
General Merchandise Stores	65,029	61,994	4.9%
Department Stores (excluding leased departments)	28,905	30,197	-4.3%
Clothing and Accessories Stores	22,618	22,381	1.1%
Furniture, Home Furnishings, Electronics and Appliance Stores	28,557	28,588	-0.1%
Furniture and Home Furnishing Stores	14,361	14,296	0.5%
Electronics and Appliance Stores	14,196	14,292	-0.7%
Sporting Goods, Hobby, Book and Music Stores	12,706	12,669	0.3%
Miscellaneous Store Retailers	17,070	17,307	-1.4%
Nonstore Retailers	29,013	26,094	11.2%
Food Services and Drinking Places	53,227	50,848	4.7%

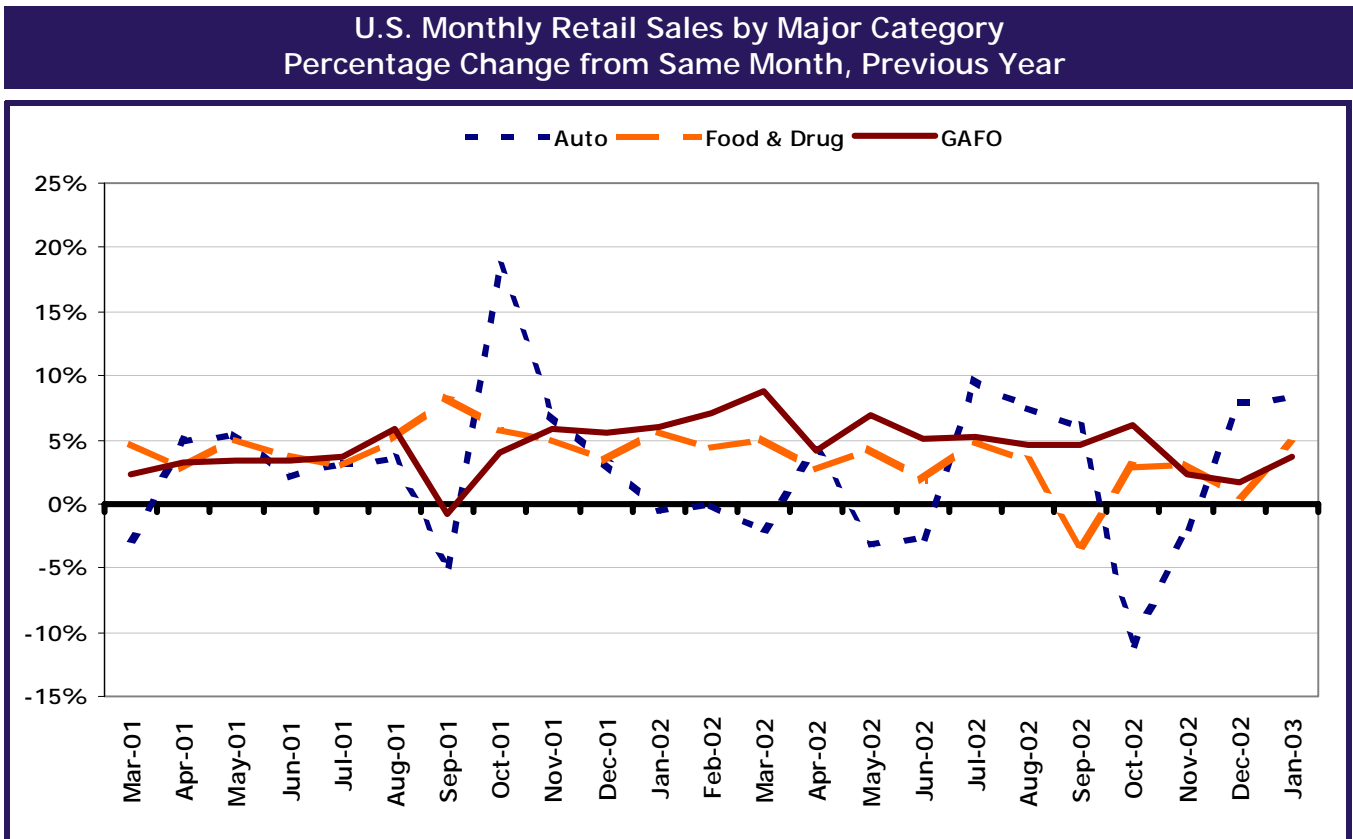
Source: US Census Bureau. All values are expressed in millions of US dollars and are not seasonally adjusted.

Revised Year-to-Date Sales Ending December	2002	2001	% Change
All Stores	3,604,743	3,488,552	3.3%
Motor Vehicle and Parts Dealers	873,449	857,550	1.9%
Gasoline Stations	232,865	237,654	-2.0%
Food and Beverage Stores	481,008	472,573	1.8%
Grocery Stores	431,886	425,389	1.5%
Beer, Wine and Liquor Stores	31,667	30,626	3.4%
Health and Personal Care Stores	183,713	170,291	7.9%
Pharmacies and Drug Stores	155,064	143,048	8.4%
Building Material and Garden Equipment Stores	313,965	297,725	5.5%
Building Material and Supplies Stores	271,690	256,426	6.0%
Hardware Stores	16,822	16,494	2.0%
GAFO (general merchandise, apparel, furniture, and other)	952,504	907,527	5.0%
General Merchandise Stores	456,199	430,458	6.0%
Department Stores (excluding leased departments)	225,866	230,101	-1.8%
<i>Discount Department Stores (excluding leased departments)</i>	<i>136,795</i>	<i>137,789</i>	<i>-0.7%</i>
<i>Conventional and National Dept. Stores (ex. leased depts.)</i>	<i>89,071</i>	<i>92,312</i>	<i>-3.5%</i>
Warehouse Clubs and Superstores	192,080	164,541	16.7%
All Other General Merchandise Stores	38,251	35,816	6.8%
Clothing and Accessories Stores	174,372	169,127	3.1%
Men's Clothing Stores	10,303	10,648	-3.2%
Women's Clothing Stores	34,044	32,835	3.7%
Family Clothing Stores	60,074	57,308	4.8%
Shoe Stores	21,627	21,652	-0.1%
Jewelry Stores	25,988	24,773	4.9%
Furniture, Home Furnishings, Electronics and Appliance Stores	188,318	179,241	5.1%
Furniture Stores	52,370	50,352	4.0%
Home Furnishing Stores	42,837	41,163	4.1%
Household Appliance Stores	12,613	12,349	2.1%
Radio, TV and Other Electronics Stores	50,410	46,707	7.9%
Computer and Software Stores	26,523	25,394	4.4%
Sporting Goods, Hobby, Book and Music Stores	88,856	84,797	4.8%
Sporting Goods Stores	29,464	27,877	5.7%
Book Stores	17,006	16,747	1.5%
Miscellaneous Store Retailers	112,787	112,017	0.7%
Nonstore Retailers	160,413	156,409	2.6%
Electronic Shopping and Mail-Order Houses	111,783	106,532	4.9%
Fuel Dealers	24,058	25,958	-7.3%
Food Services and Drinking Places	338,798	320,710	5.6%

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