

Bulletin

U.S. Data

Advance May 2003 Retail Sales • Released June 12, 2003

PRESSURE BUILDING FOR THE RETAIL BAROMETER

Confidence is on the upswing, consumers are in a better mood, and retail sales are showing signs that things are about to heat up. As remarked last month, there was a noticeable positive shift between the first quarter and the start of the second quarter. May's retail sales growth figures outperformed their year-to-date average. All Stores advanced 5.1% in May resulting in a year-to-date growth of 4.5%.

RETAIL SALES BEING POWERED ON LESS GAS

May's 5.1% gain was the result of mainstream retailers racking up higher sales. For much of the year the overall growth was primarily due to higher gasoline prices. Gasoline Stations sales advanced only 4.5% in May, much less than the usual +20% gains in previous months.

Surprisingly, Motor Vehicle and Parts Dealers witnessed a healthy increase in growth almost breaking the double-digit level.

Clothing and Accessories Stores strutted their stuff by gaining 3.1% in May. This is particularly good news for many apparel merchandisers who have struggled the past few years. On a year-to-date basis, Clothing and Accessories Stores have only been able to sustain sales growth of 1.3%. Gap and Ann Taylor performed well with the caveat that many retailers are comparing their growth to soft numbers in 2002.

Department Store sales have been falling precipitously. For the year so far, sales have fallen by 5.5%. However, in May, sales didn't fall so hard, Department Stores only fell 4.7%. However, there is a long road back to higher retail sales volumes.

While it appears that the home buying frenzy reached a peak in many cities as witnessed by the slower growth at Building Material and Garden Equipment Stores; Furniture, Home Furnishings, Electronics, and Appliance Stores performed relatively well. Building Stores advanced 1.7% and Home Furnishings advanced 4.5% for May. The electronics sector performed well given the stronger results by Best Buy and the digital cameras people bought for their mothers on Mother's Day.

IN OR OUT

Overall, retail sales in May were good but not great. The recent boost in the Confidence Index was the result of a lower Current Situation and a very strong Future

Expectation Index. Consumers were feeling very bullish about the prospects for buying in the next coming months. This will be buoyed by the eminent tax cut coming in the summer.

It will be important to see if this upswing in confidence can be sustained into the Christmas holiday season. It will be a gamble on how to parlay May's good results for the rest of year. Those retailers that take the chance that retail is on the upswing and stock accordingly for the holiday season should reap huge rewards if they are right. Otherwise we can expect huge discounts once again if they are wrong. Those retailers who remain cautious may be stuck out of stock should consumer spending take off. The choice is to be "in" stock or "out" of stock.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

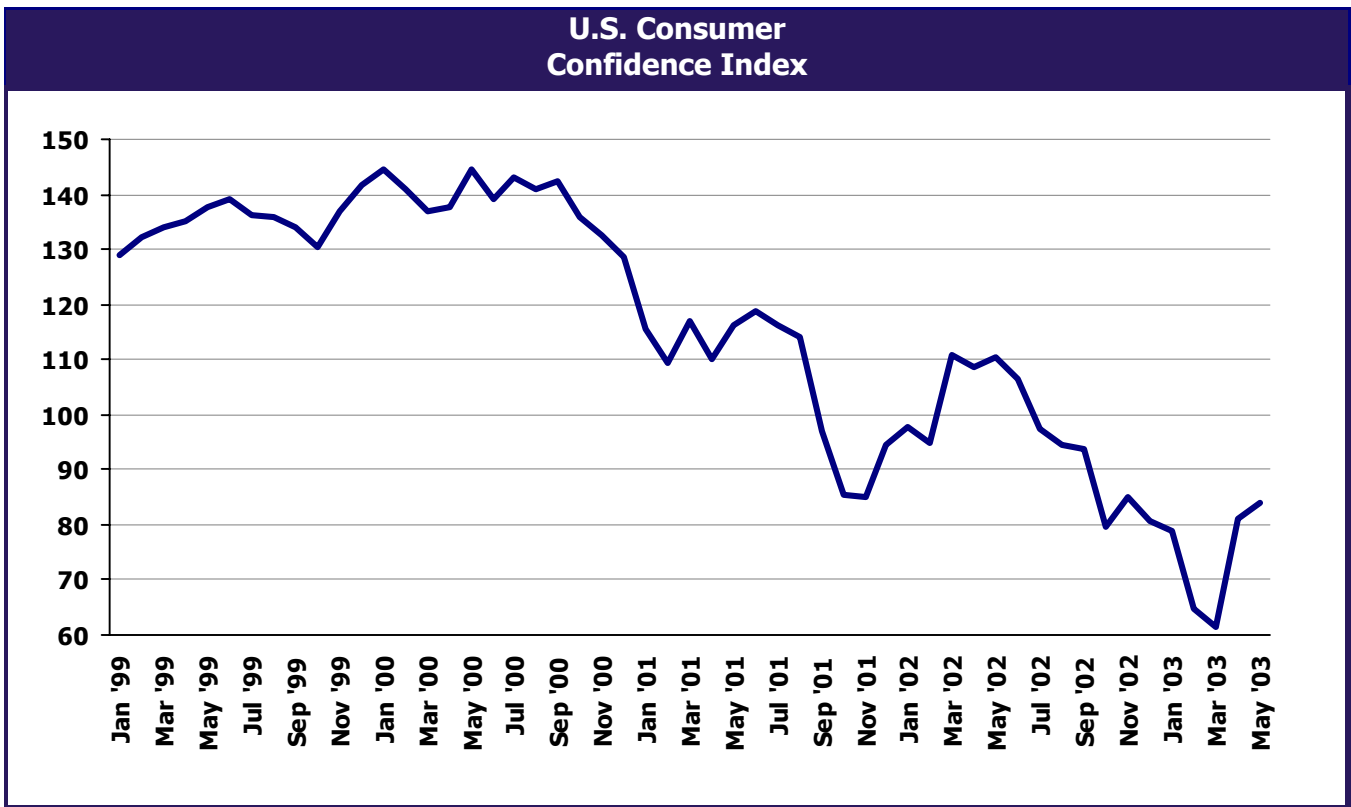
July 15, 2003

Please note:

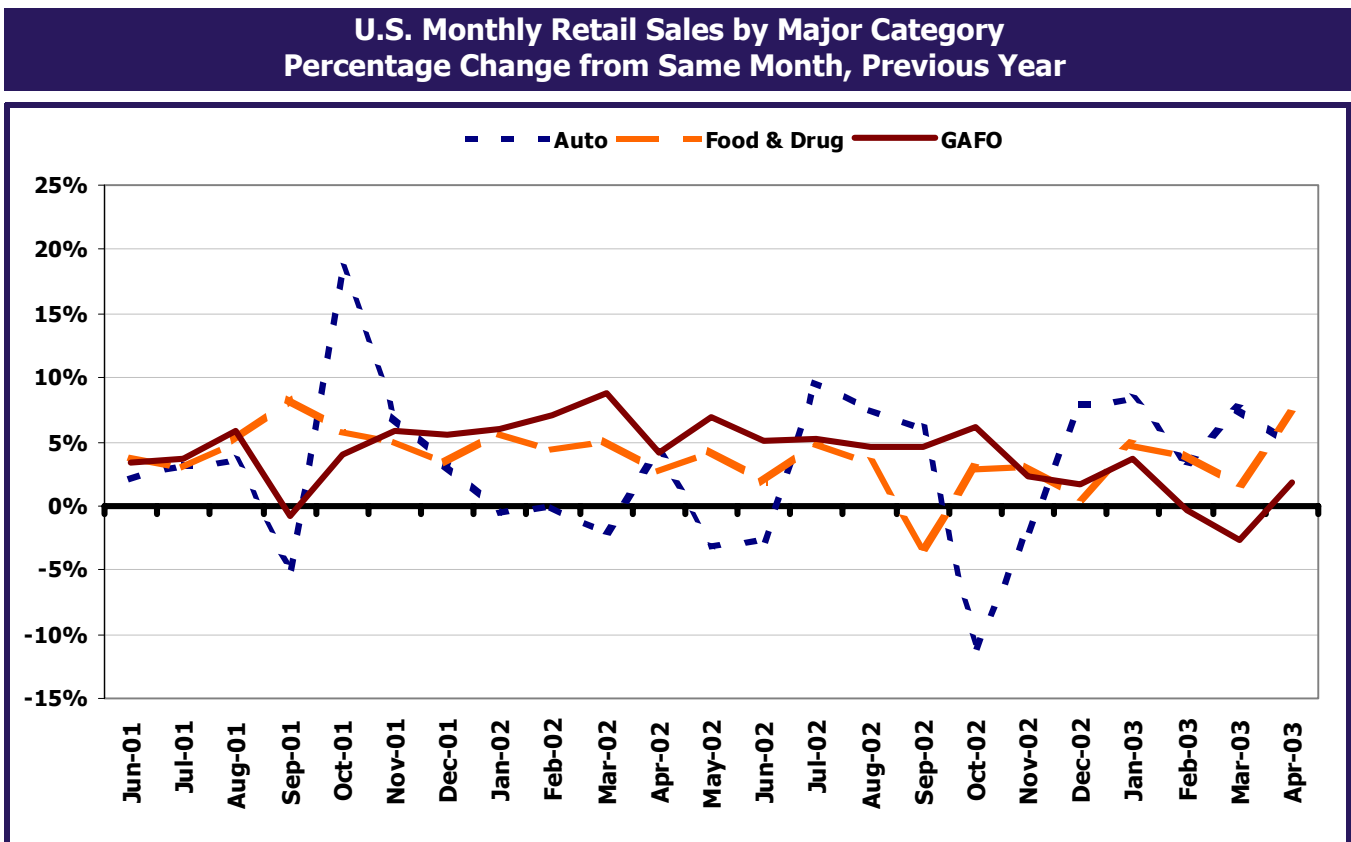
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that 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 May	2003	2002	% Change
All Stores	326,596	310,806	5.1%
Motor Vehicle and Parts Dealers	82,103	74,725	9.9%
Gasoline Stations	22,474	21,440	4.8%
Food and Beverage Stores	43,736	42,554	2.8%
Grocery Stores	39,537	38,419	2.9%
Health and Personal Care Stores	16,165	15,448	4.6%
Building Material and Garden Equipment Stores	31,133	30,609	1.7%
General Merchandise Stores	39,394	38,080	3.5%
Department Stores (excluding leased departments)	17,874	18,764	-4.7%
Clothing and Accessories Stores	14,599	14,156	3.1%
Furniture, Home Furnishings, Electronics and Appliance Stores	15,651	14,983	4.5%
Furniture and Home Furnishing Stores	8,351	8,030	4.0%
Electronics and Appliance Stores	7,300	6,953	5.0%
Sporting Goods, Hobby, Book and Music Stores	6,117	6,168	-0.8%
Miscellaneous Store Retailers	9,216	9,107	1.2%
Nonstore Retailers	14,522	14,429	0.6%
Food Services and Drinking Places	31,486	29,107	8.2%
Year-to-Date Sales Ending May	2003	2002	% Change
All Stores	1,488,557	1,423,909	4.5%
Motor Vehicle and Parts Dealers	366,888	347,742	5.5%
Gasoline Stations	107,652	94,190	14.3%
Food and Beverage Stores	205,093	199,163	3.0%
Grocery Stores	186,325	180,929	3.0%
Health and Personal Care Stores	77,520	73,946	4.8%
Building Material and Garden Equipment Stores	125,173	122,065	2.5%
General Merchandise Stores	177,710	171,549	3.6%
Department Stores (excluding leased departments)	80,112	84,799	-5.5%
Clothing and Accessories Stores	64,241	63,404	1.3%
Furniture, Home Furnishings, Electronics and Appliance Stores	72,741	71,845	1.2%
Furniture and Home Furnishing Stores	38,137	37,523	1.6%
Electronics and Appliance Stores	34,604	34,322	0.8%
Sporting Goods, Hobby, Book and Music Stores	29,518	29,924	-1.4%
Miscellaneous Store Retailers	41,392	41,516	-0.3%
Nonstore Retailers	78,157	72,961	7.1%
Food Services and Drinking Places	142,472	135,604	5.1%

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