

Bulletin

U.S. Data

Advance March 2007 Retail Sales • Released April 16, 2007

MIDLING MARCH REVIVED BY AN EARLY EASTER

Total retail sales rose 3.8% in March with All Stores, less Motor Vehicle and Parts Dealers and Gasoline Stations climbing 4.1%. These figures are consistent with the first quarter's 3.9% growth.

Easter's early arrival whetted appetites nationwide as Food and Beverage Store sales jumped 6.8%. Food Services and Drinking Places grew at an equal rate as they took a bite out of consumers' holiday hunger.

Unfortunately, economic uncertainty weighed heavy on consumer confidence as it dipped four points to settle at 107.2. The crux of this crumbling confidence lies in a lagging housing market. Hesitant to sell amidst such sluggish conditions, homeowners sought new ways to update their residences and incited a 4.2% rise in Furniture and Home Furnishings sales. Sagging housing starts offered a bleaker outlook for Building Material and Garden Equipment Stores whose unprecedented growth in 2006 exacerbated March's -5.7% decline.

Undeterred by such setbacks, Home Depot has sought to diversify its offering by integrating convenience stores into some of its locations. Their efforts are paralleled by Menards' foray in general merchandise. The latter's new 200,000 square foot prototype includes six aisles of grocery and pet

supplies, as well as books, magazines, and office supplies.

General merchandisers are also looking to undertake a broader array of activities as they seek to perpetuate the 6.6% growth seen in March. Wal-Mart recently announced plans to expand their in-store clinic program to encompass 6,600 stores within the next five years. This move underlines their efforts to leverage the purchasing power of the nation's growing number of ageing baby boomers.

Another group of retailers poised to profit from the expanding health care market are Health and Personal Care Stores. This category grew 4.6% in March and has enjoyed a 6.8% increase since the beginning of the year. Such stores are expected to continue to outperform others amidst stagnant consumer confidence as shoppers seek to indulge in small luxuries while refraining from larger extravagances.

Consumers also relaxed their purse strings in the apparel category. March was the second warmest on record and as turtlenecks were traded in for t-shirts, Clothing and Accessories Stores saw spring fashions spur on a 10.7% increase in sales. Limited Brands and Abercrombie & Fitch enjoyed comparable store sales growth of 7% and 8%, respectively while the Gap saw its first increase in the past year. Up-market retailers emerged at the head of the pack as Neiman Marcus' sales rose 10% and Nordstrom's climbed 15%.

With warmer days ahead many are waiting to see if rising temperatures heat up the season's retail performance. Look towards the next bulletin to find out whether April's sunny skies allowed retailers to blossom or left them feeling burned.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN:**
May 11, 2007

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.

Retail Sales by Store Category

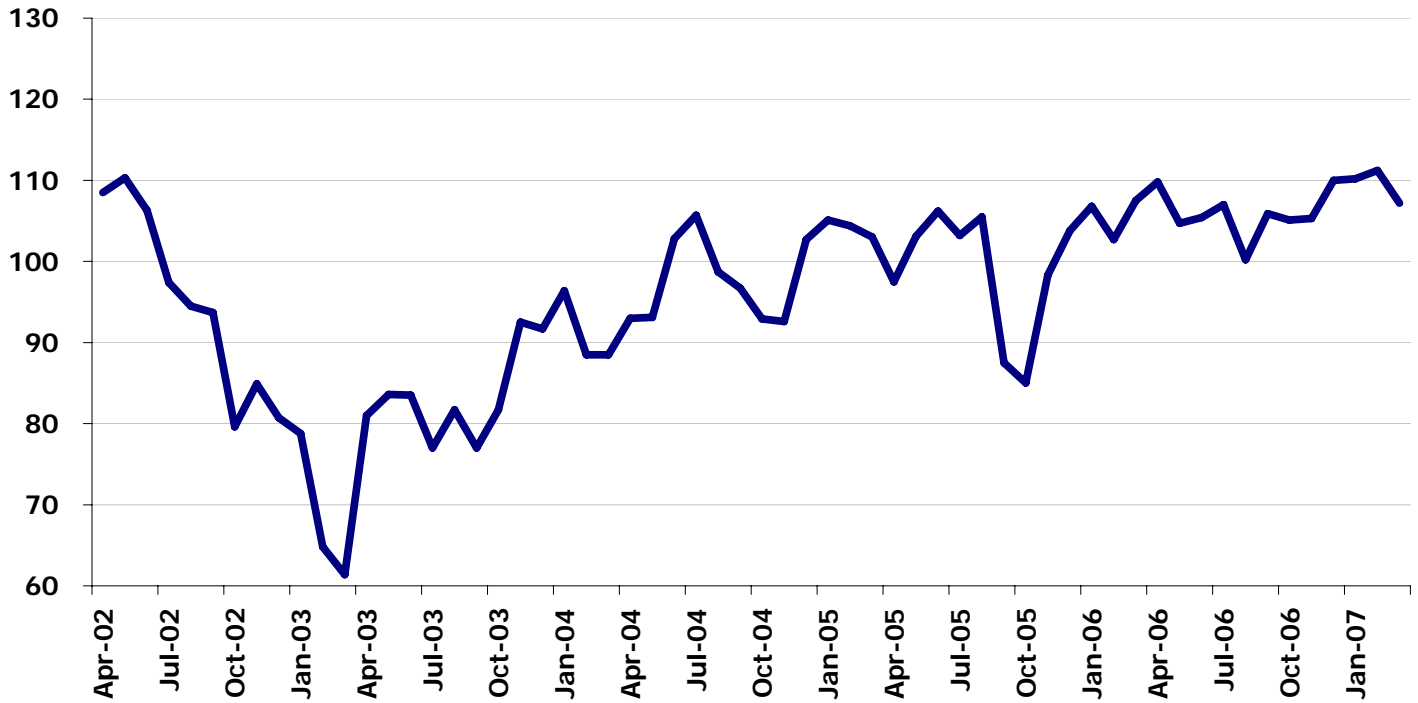
Sales for the Month of March	2007	2006	2007/2006
All Stores	378,163	364,206	3.8%
Motor Vehicle and Parts Dealers	84,965	82,715	2.7%
Gasoline Stations	34,276	32,690	4.9%
Food and Beverage Stores	47,001	44,026	6.8%
Grocery Stores	42,095	39,604	6.3%
Health and Personal Care Stores	19,965	19,089	4.6%
Building Material and Garden Equipment Stores	29,678	31,481	-5.7%
General Merchandise Stores	45,891	43,066	6.6%
Department Stores (excluding leased departments)	16,075	16,399	-2.0%
Clothing and Accessories Stores	18,261	16,493	10.7%
Furniture, Home Furnishings, Electronics and Appliance Stores	18,896	18,468	2.3%
Furniture and Home Furnishing Stores	10,419	9,995	4.2%
Electronics and Appliance Stores	8,477	8,473	0.0%
Sporting Goods, Hobby, Book and Music Stores	6,687	6,678	0.1%
Miscellaneous Store Retailers	9,519	9,524	-0.1%
Nonstore Retailers	24,546	23,932	2.6%
Food Services and Drinking Places	38,478	36,044	6.8%

Year to Date Sales Ending March	2007	2006	2007/2006
All Stores	1,038,439	999,587	3.9%
Motor Vehicle and Parts Dealers	222,350	215,862	3.0%
Gasoline Stations	91,982	90,853	1.2%
Food and Beverage Stores	134,548	126,437	6.4%
Grocery Stores	121,037	113,931	6.2%
Health and Personal Care Stores	57,947	54,238	6.8%
Building Material and Garden Equipment Stores	76,319	79,978	-4.6%
General Merchandise Stores	127,532	120,851	5.5%
Department Stores (excluding leased departments)	44,579	45,072	-1.1%
Clothing and Accessories Stores	47,725	44,034	8.4%
Furniture, Home Furnishings, Electronics and Appliance Stores	55,060	53,093	3.7%
Furniture and Home Furnishing Stores	29,377	27,990	5.0%
Electronics and Appliance Stores	25,683	25,103	2.3%
Sporting Goods, Hobby, Book and Music Stores	19,182	19,426	-1.3%
Miscellaneous Store Retailers	27,491	27,487	0.0%
Nonstore Retailers	72,700	67,070	8.4%
Food Services and Drinking Places	105,603	100,258	5.3%

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

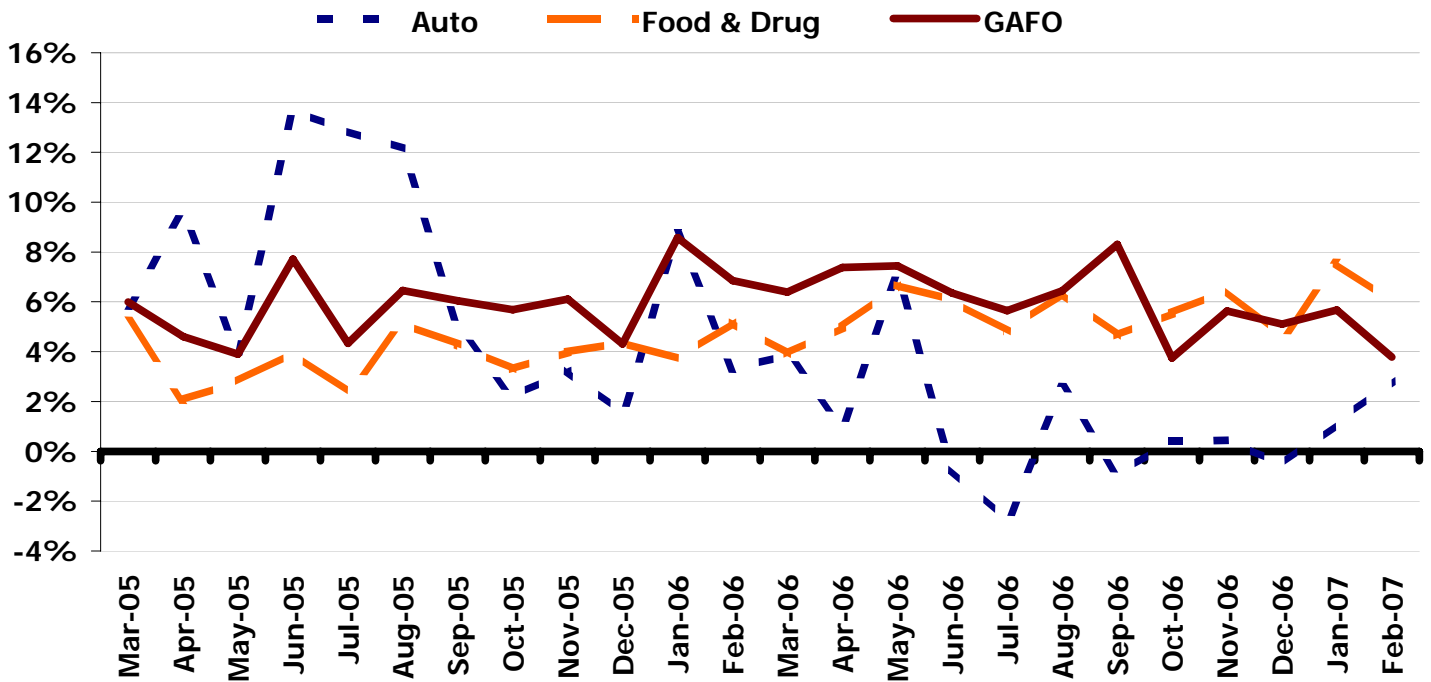
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U.S. Consumer Confidence Index



Source: U.S. Conference Board

U.S. Monthly Retail Sales by Major Category Percentage Change from Same Month, Previous Year



Source: U.S. Census Bureau