J.C. WILLIAMS GROUP
NATIONAL RETAIL
Bulletin
May 2003 Retail Sales • Released July 21, 2003

A-MAY-ZING

After some very retail-unfriendly months, retail sales growth picked up in May beating their year-to-date growth. All Stores pulled ahead 4.2% compared to last May. The return to higher sales growth and more positive numbers was a welcome sight for sore eyes, especially in Ontario and Alberta, the provinces most affected by SARS and Mad Cow Disease.

All Clothing and Shoe Stores proved to be May's darlings gaining 6.7% compared to last year. Other Clothing Stores tracked double-digit growth of 10.3%. Shoe Stores gained 5.1% and Women's Specialty Clothing Stores advanced 4.7% to round out the winners in the apparel category.

Department Stores performed well as an overall group, but slow sales were reported at The Bay and Sears, showing once again that Wal-Mart is a very strong dominating factor in the retail economy.

While the month looks good on paper it is important to look at some underlying issues that will affect future sales growth potential. The continued deflation experienced in the clothing sector overall, combined with the recent response to lower prices to restart the economy due to the effect of SARS and Mad Cow Disease is troubling news for retailers' gross margin. Added to deep discounts, the weather has not been kind this spring and summer for typical seasonal purchases.

That being said, J.C. Williams Group wanted to pinpoint some of the key positive and negative influencers affecting our retail economy at the present time.

Positive	Negative
• Higher employment • Increased housing prices • Lower interest rates • Levelling off of consumer confidence • B.C. Olympic win	• Loss of high paying manufacturing jobs • SARS • Mad Cow Disease • West Nile Virus • Cold, damp weather • Higher Canadian Dollar

The trend is difficult to ascertain, however sustaining this momentum will be difficult, as it appears that May's growth is due more to pent up demand than sustained retail growth.

J.C. WILLIAMS GROUP AND IBM

For the next six months IBM will be sponsoring the J.C. Williams Group National Retail Bulletin, as well as providing valuable content for each of these issues. We hope you find this information useful.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

August 21, 2003

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 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.

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Release Date: 21/07/03

Retail Sales by Store Category

Sales for the Month of: May	2003	2002	2003 / 2002
All Stores	**28,990.0**	**27,813.4**	**4.2%**
Automotive Group	12,474.9	12,213.5	2.1%
All Stores Less Automotive	16,515.1	15,599.8	5.9%
Food and Drug Group	7,633.1	7,155.9	6.7%
All Stores Less Auto, Food and Drug	**8,882.0**	**8,443.9**	**5.2%**
General Merchandise Stores	**2,938.8**	**2,779.8**	**5.7%**
Department Stores (incl concessions)	1,807.9	1,685.6	7.3%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**1,543.8**	**1,449.8**	**6.5%**
All Clothing and Shoe Stores	**1,439.4**	**1,348.4**	**6.7%**
Women's Clothing Stores	452.3	431.9	4.7%
Men's Clothing Stores	115.0	117.6	-2.2%
Other Clothing Stores	689.3	625.1	10.3%
Shoe Stores	182.8	173.9	5.1%
All Other Retail (except auto, food, drug)	**2,960.0**	**2,865.9**	**3.3%**

Year-to-date Sales	2003	2002	2003/2002
All Stores	**123,310.2**	**118,619.1**	**4.0%**
Automotive Group	51,581.4	50,007.6	3.1%
All Stores Less Automotive	71,728.8	68,611.5	4.5%
Food and Drug Group	34,857.0	32,779.9	6.3%
All Stores Less Auto, Food and Drug	**36,871.8**	**35,831.6**	**2.9%**
General Merchandise Stores	**12,319.8**	**11,922.7**	**3.3%**
Department Stores (incl concessions)	7,449.8	7,200.0	3.5%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**6,870.7**	**6,597.1**	**4.1%**
All Clothing and Shoe Stores	**5,784.1**	**5,655.9**	**2.3%**
Women's Clothing Stores	1,723.0	1,747.2	-1.4%
Men's Clothing Stores	452.6	485.3	-6.7%
Other Clothing Stores	2,945.5	2,762.2	6.6%
Shoe Stores	663.0	661.3	0.3%
All Other Retail (except auto, food, drug)	**11,897.3**	**11,655.9**	**2.1%**

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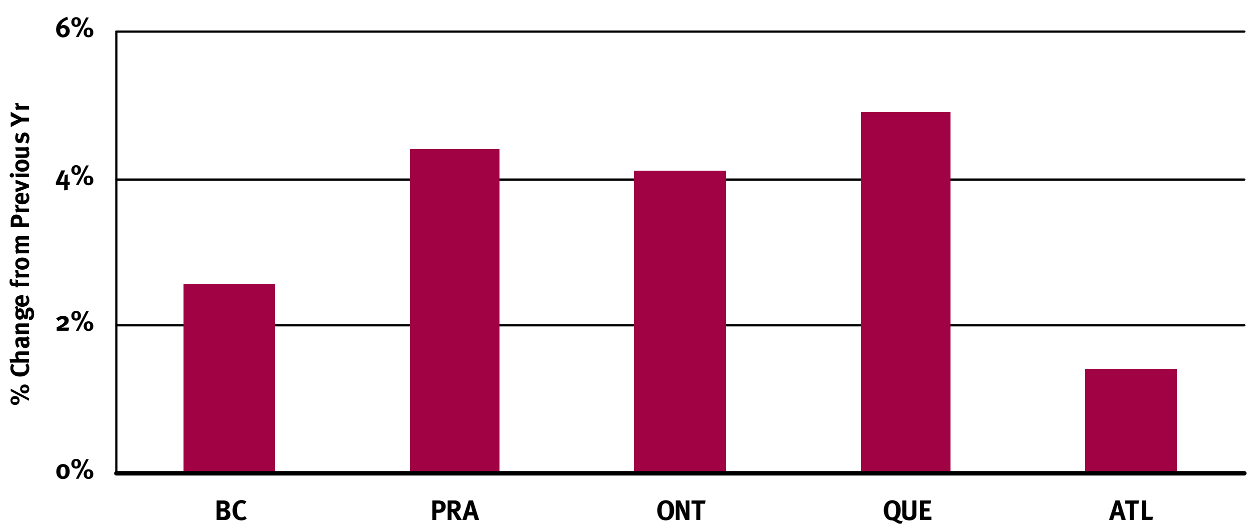
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	16,084.9	15,682.3	2.6%
Prairies	23,038.4	22,067.6	4.4%
Ontario	46,022.5	44,206.6	4.1%
Quebec	28,834.2	27,483.8	4.9%
Atlantic Canada	8,874.8	8,751.3	1.4%

Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year



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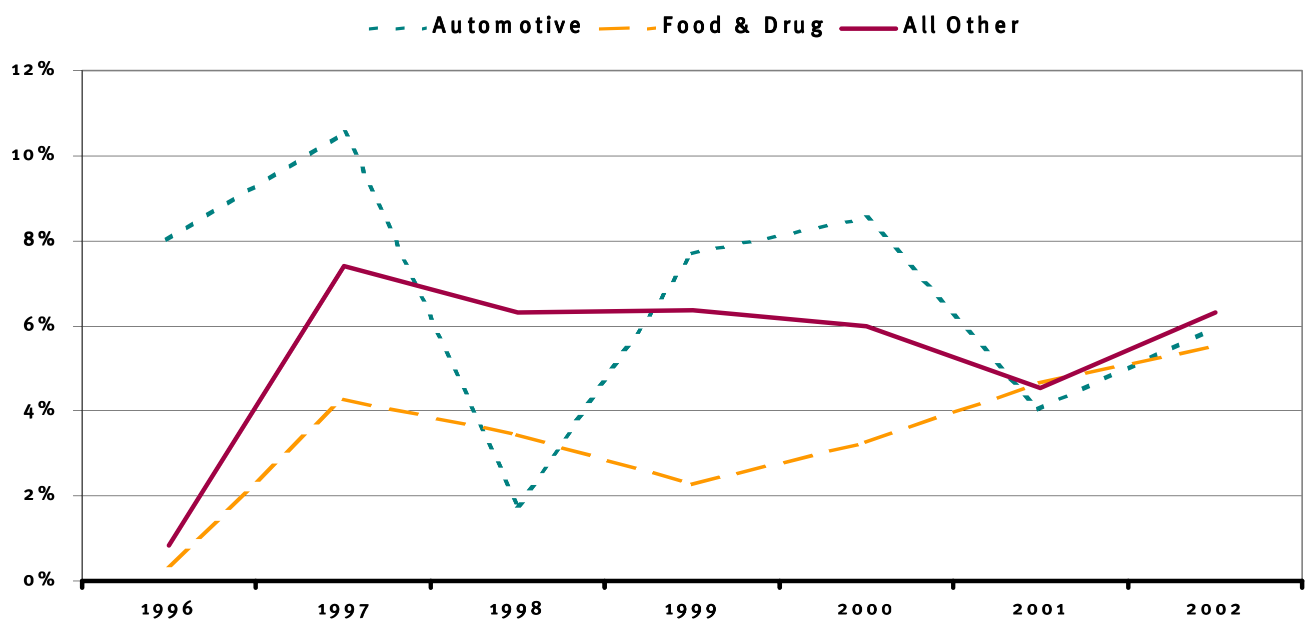
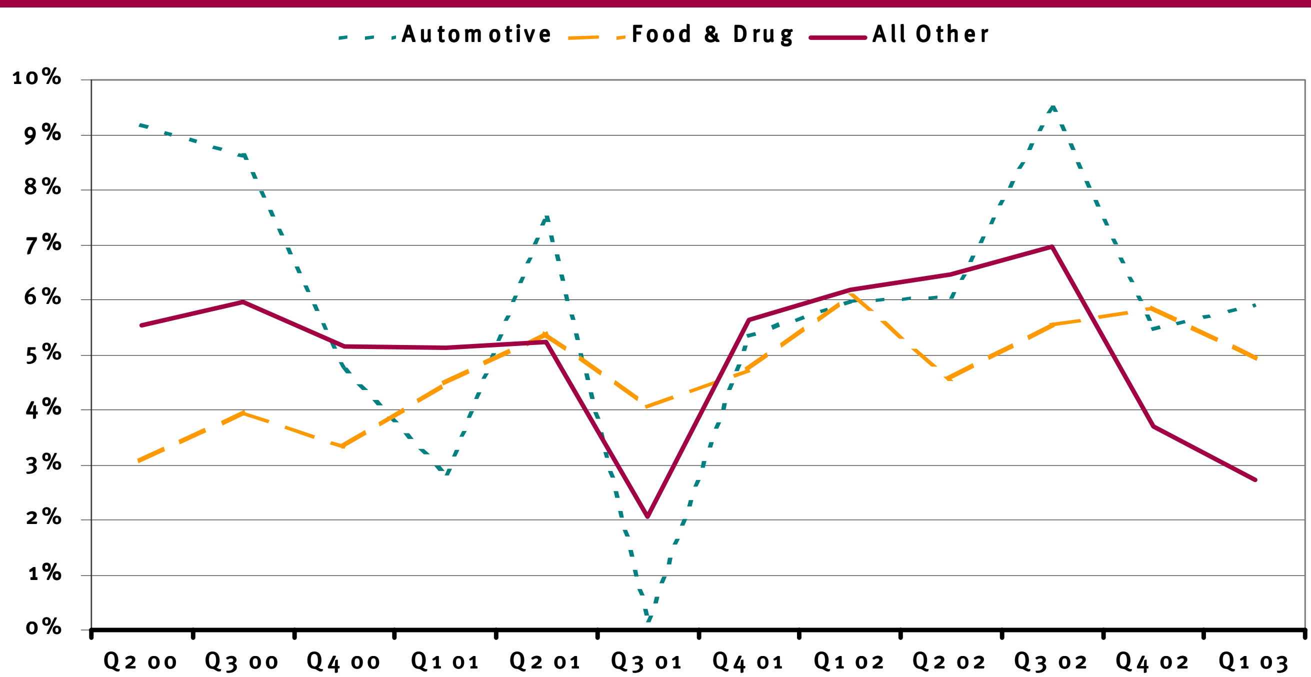
Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2001)



Canadian Retail Sales by Major Product Categories From the Same Quarter A Year Earlier



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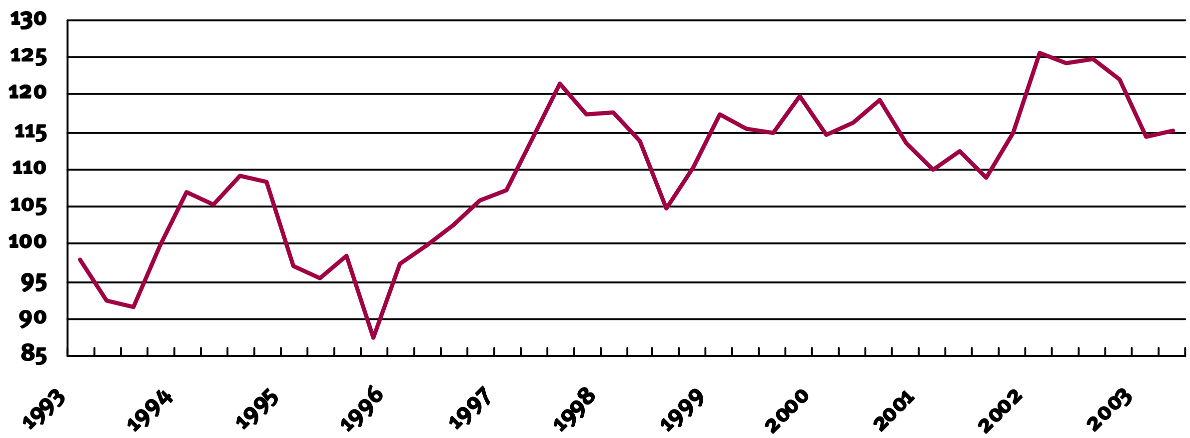
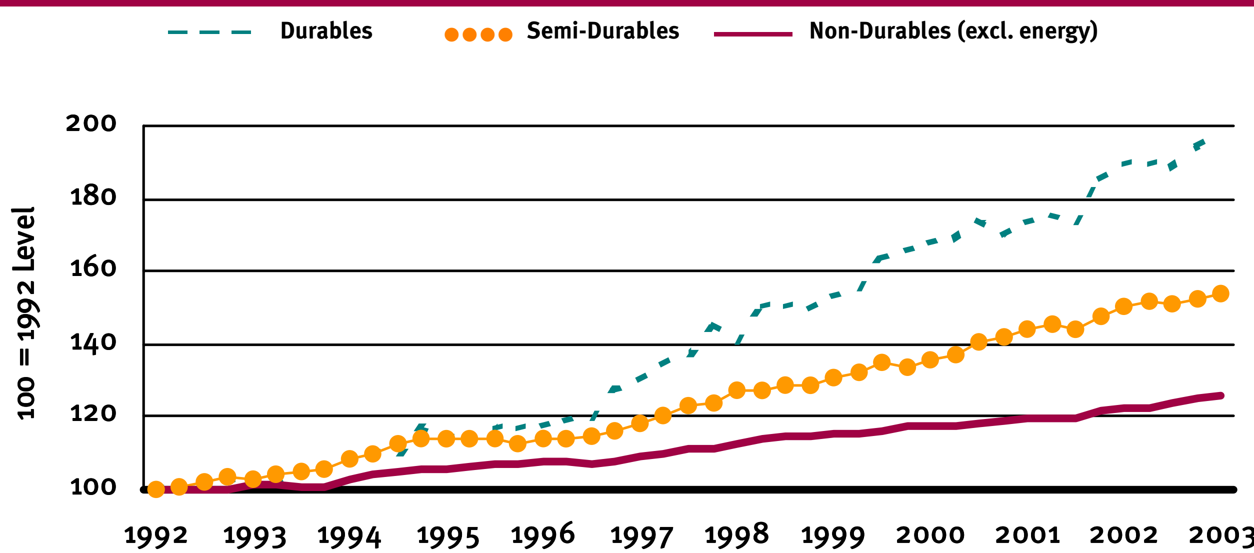
Consumer Price Index	May 2003	vs.	May 2002	2.9%

Canadian Consumer Confidence Index 1993-2002



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003



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