

Bulletin

July 2003 Retail Sales • Released September 22, 2003

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BIG TICKET BONUS

The retail sector showed some signs of life in July after a disappointing June. Growth was chiefly concentrated around big-ticket items like auto and home furnishings – with some strength from the food and drug group. The apparel sector showed further signs of weakness during July.

All Stores grew 5.0% in July. For the first six months of the year, sales advanced by 3.8% overall. Fears of SARS in Ontario began to dissipate in July. This, combined with the warm temperatures throughout the country, led to some favourable conditions for growth. However, this enthusiasm in the retail sector was somewhat offset by the beef industry's continued punishment as a result of the Mad Cow scare and the sustained strength of the Canadian dollar.

The Automotive Group's Jekyll and Hyde performance continued in July. After a weak June, the sector showed growth of 4.6% in July. Some of this growth is due to the price of gasoline rising at the pumps after a few months of easing, but most was due to strong sales by the dealers. Their strong incentive programs seemed to re-capture the consumer's attention in July and get them back into the buying mood.

Furniture, Appliance, and Furnishings Stores pushed even further ahead in July (8.3% increase) after a very good June (4.9% increase). This is the industry that has been most consistent throughout the year. Housing starts and low interest rates throughout Canada result in many people moving into new homes. This, in turn leads to a need to buy big-ticket items, such as furniture, appliances, and furnishings.

The other darling of the retail sector this year has been food and drug. This sector showed continued growth with food ahead 6.8% from July 2002 and drug ahead 5.8% over the same period. At least some of this growth is a result of grocery and drug stores selling non-traditional merchandise (items other than food and drug) on their shelves.

All Clothing and Shoe Stores continue to hang on by a thread. The warm weather did help things out a little in this sector with 2.0% growth over July of last year. However, much of this growth came from sales of deeply discounted merchandise, as retailers tried to unload their summer goods after a disastrous May and June. Men's Clothing Stores continued to be the big loser, down 6.8% in the month compared to last July, while Shoe Store sales fell 0.9%. Women's clothing was up 1.2% and Other Clothing Stores was a big winner with a 4.6% gain. Department stores continue to struggle due to their heavy focus on apparel and the continued growth of Wal-Mart throughout the country.

La Belle Provence continues to lead the way in Canada's retail sector with a year-to-date growth rate of 5.0%. The Prairies have picked up some ground on the rest of the country with a 4.2% increase, while the nation's largest economy, Ontario, has shown a 3.8% increase. Atlantic Canada (2.5% growth) and B.C. (2.1% growth) continue to be the laggards. The consumer confidence index showed a slight move to the positive after three consecutive months of decline. Retailers throughout the country have their fingers crossed that they can parlay this confidence into a strong back-to-school shopping season.

IBM/NRF STORE OF THE FUTURE SURVEY: DISCOVER THE HOT INVESTMENT TRENDS

In this survey, leading retailers were asked what steps they were taking to build their "stores of the future." See how you compare. Click on the link to receive your copy.

[STORE OF THE FUTURE SURVEY](#)

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

October 22, 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.

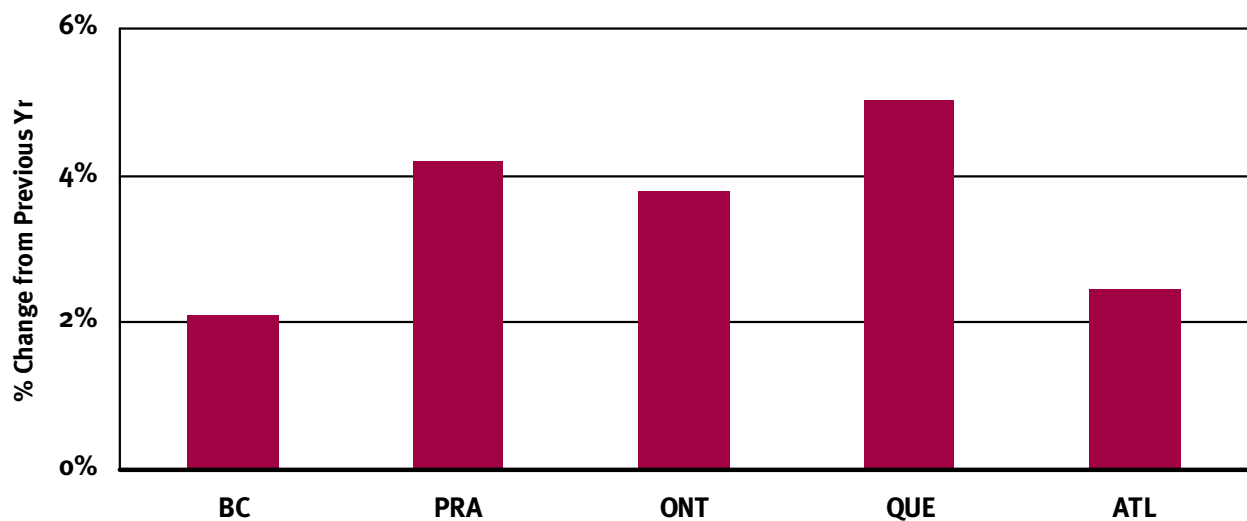
Retail Sales by Store Category

Sales for the Month of: July	2003	2002	2003 / 2002
All Stores	27,933.8	26,601.1	5.0%
Automotive Group	11,784.9	11,269.5	4.6%
All Stores Less Automotive	16,148.9	15,331.6	5.3%
Food and Drug Group	7,489.7	7,024.7	6.6%
All Stores Less Auto, Food and Drug	8,659.2	8,306.9	4.2%
General Merchandise Stores	2,815.0	2,711.3	3.8%
Department Stores (incl concessions)	1,677.8	1,627.5	3.1%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	1,615.8	1,491.9	8.3%
All Clothing and Shoe Stores	1,246.0	1,221.4	2.0%
Women's Clothing Stores	381.9	377.2	1.2%
Men's Clothing Stores	92.3	99.1	-6.8%
Other Clothing Stores	628.8	600.9	4.6%
Shoe Stores	143.0	144.3	-0.9%
All Other Retail (except auto, food, drug)	2,982.4	2,882.2	3.5%
Year-to-date Sales	2003	2002	2003/2002
All Stores	178,797.0	172,196.9	3.8%
Automotive Group	75,046.1	72,743.2	3.2%
All Stores Less Automotive	103,750.8	99,453.7	4.3%
Food and Drug Group	49,486.5	46,770.8	5.8%
All Stores Less Auto, Food and Drug	54,264.3	52,682.9	3.0%
General Merchandise Stores	18,033.7	17,497.2	3.1%
Department Stores (incl concessions)	10,891.5	10,572.6	3.0%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	10,048.9	9,567.7	5.0%
All Clothing and Shoe Stores	8,396.4	8,233.3	2.0%
Women's Clothing Stores	2,521.1	2,543.2	-0.9%
Men's Clothing Stores	660.9	709.1	-6.8%
Other Clothing Stores	4,244.1	4,005.7	6.0%
Shoe Stores	970.3	975.3	-0.5%
All Other Retail (except auto, food, drug)	17,785.3	17,384.7	2.3%

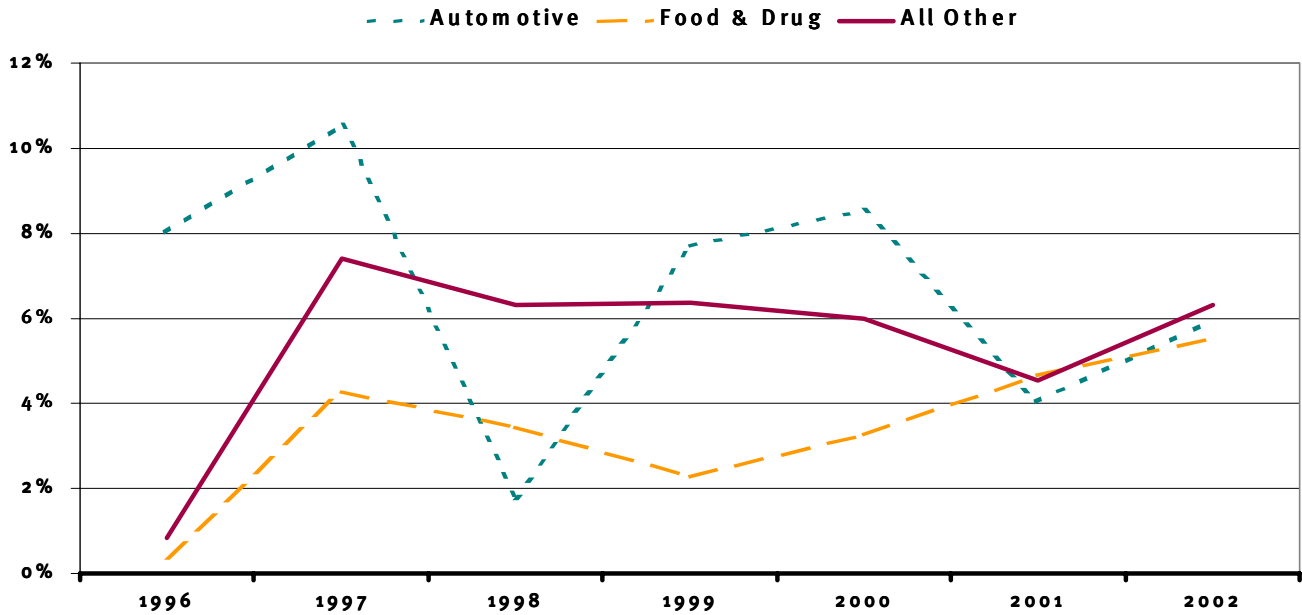
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	23,199.2	22,722.6	2.1%
Prairies	33,312.5	31,967.2	4.2%
Ontario	66,671.3	64,241.8	3.8%
Quebec	41,818.2	39,819.2	5.0%
Atlantic Canada	13,132.3	12,817.5	2.5%

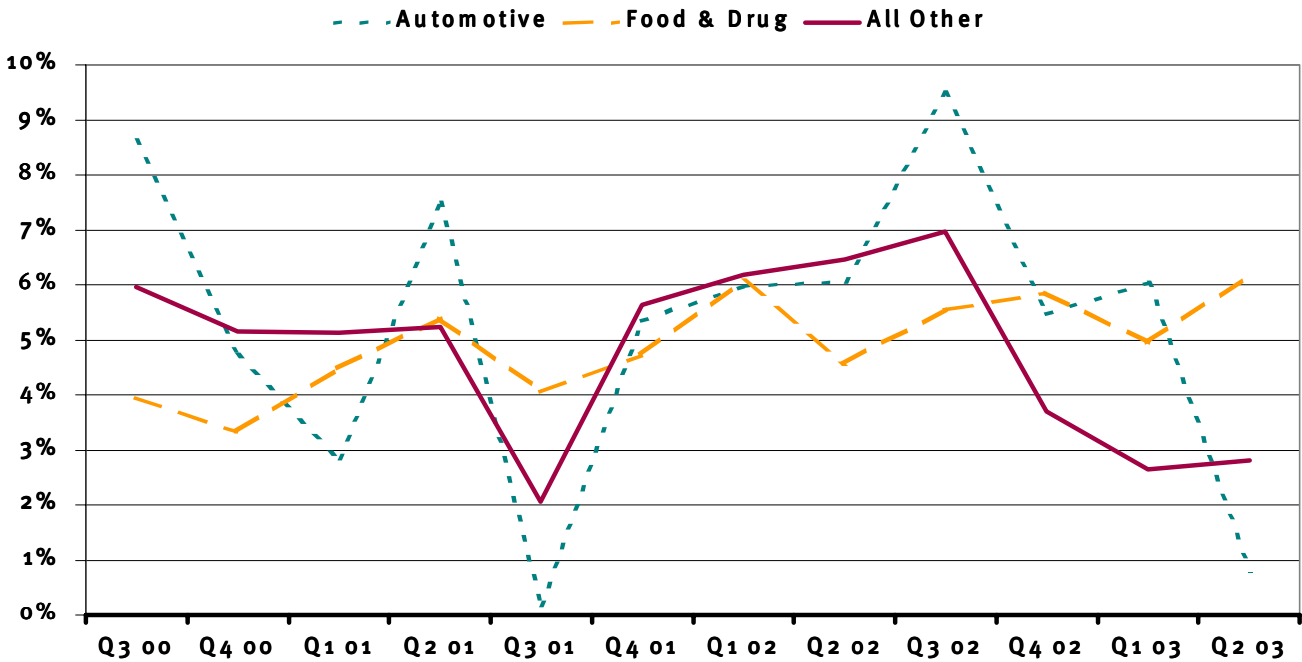
**Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year**



Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2002)



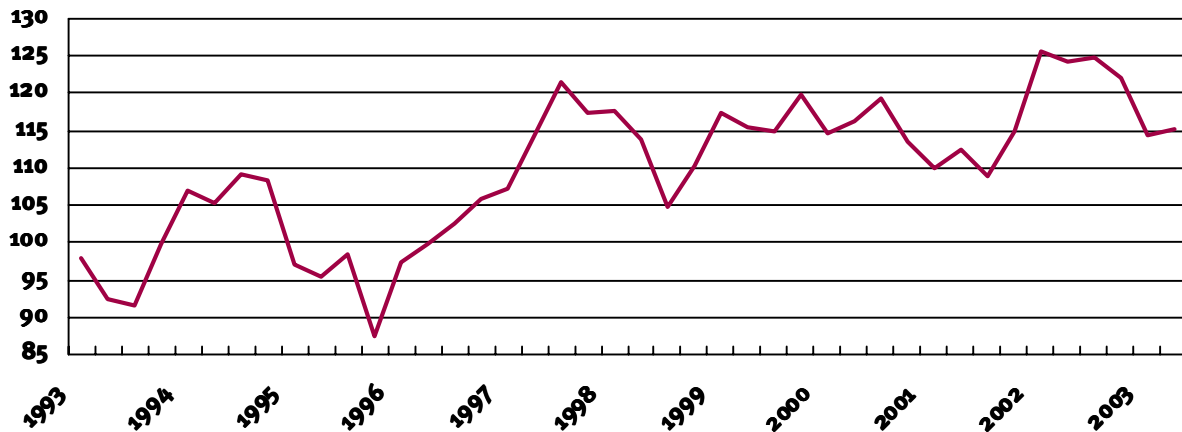
Canadian Retail Sales by Major Product Categories From the Same Quarter A Year Earlier



Consumer Price Index

July 2003 vs. July 2002 2.2%

Canadian Consumer Confidence Index 1993-2003



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003

