J.C. WILLIAMS GROUP
NATIONAL RETAIL
Bulletin
September 2003 Retail Sales • Released November 24, 2003

GETTING INTO THE HOLIDAY SPIRIT

In the big lead up for the retail-important holiday season, Canadian retail sales are tracking towards J.C. Williams Group's expected growth of 4% to 5%. For September, All Stores gained 4.1% in September compared to last September and All Stores Less Auto, Food, and Drug experienced 4.4% growth. Overall, retail sales were relatively good, but not great.

In a year fraught with many ups and downs, one thing is for certain; intense competition is leading the way. This is most evident in two of the largest retailers: Wal-Mart and Loblaws. Loblaws is rolling out even larger superstores giving a new definition to the term 'product blurring'. Wal-Mart continues to thrive in the competitive marketplace building new stores and expanding Sam's Clubs. It is important to note that sales at stores such as Costco and Sam's Club are excluded from the monthly retail trade sales figures because of an older classification system that deemed them to be Wholesale Stores. Statistics Canada will change its classification system in the new year and will include previously excluded stores such as those mentioned, as well as Staples, etc.

Even on the apparel front, Canadians are awaiting the discount contemporary retailer H&M to make its debut, which is sure to cause a stir in the already much bruised apparel category. September was a good month in the All Clothing and Shoe Stores category. Sales were up 3.6%, which is over twice the year-to-date growth for this category. While Men's Clothing Stores only lost 2.8%, Women's Clothing Stores and Other Clothing Stores gained 4.7% and 4.5% respectfully. There are a number of factors affecting this category which need to be considered in any analysis. Discounting continues to play an important role as clothing prices fell by 2.1% in September compared to last September. In addition, as mentioned, the traditional store category analysis doesn't necessarily capture consumer spending on any particular commodity. People buy furniture from grocery stores, make up from apparel stores, and food from wholesalers. Even within the apparel category, consumer change is hard to keep up with when trying to track sales growth. The ubiquitous adoption of casual attire has gone from suits, to khakis, to sports gear. The amount of work-out/sports gear seen on the street continues to grow each year. Sporting goods stores sales are measured in All Other Retail. Similar in the past to Other Clothing, Sporting Goods may soon require its own category level. New entrants, such as Lululemon and Puma, are making it difficult to determine if they are sporting goods, women's clothing, unisex clothing stores, shoe stores or something entirely different.

Other changes include inventory and price optimization, which are extremely important as retailers are getting hammered on both sides resulting in squeezed profits.

Finally, for the holiday season, the biggest news heading our way will be the impact of gift cards. A proliferation of advertising is encouraging gift cards from individual stores this holiday season. The result will be a stronger uptick in January sales growth, as gift card recipients will begin to redeem the cards in the new year. Experts believe that a $100 card is worth $200 in sales the day after Christmas when heavy promotional activity kicks in. Other benefits include the fact that an estimated 12% of gift card recipients will not redeem their cards.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

December 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.

J.C. WILLIAMS GROUP

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Release Date: 24/11/03

Retail Sales by Store Category

Sales for the Month of: September	2003	2002	2003 / 2002
All Stores	**25,938.7**	**24,924.7**	**4.1%**
Automotive Group	10,567.2	10,226.6	3.3%
All Stores Less Automotive	15,371.5	14,698.1	4.6%
Food and Drug Group	6,923.8	6,605.1	4.8%
All Stores Less Auto, Food and Drug	**8,447.7**	**8,093.0**	**4.4%**
General Merchandise Stores	**2,696.3**	**2,595.3**	**3.9%**
Department Stores (incl concessions)	1,638.6	1,551.3	5.6%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**1,655.3**	**1,526.1**	**8.5%**
All Clothing and Shoe Stores	**1,377.8**	**1,329.8**	**3.6%**
Women's Clothing Stores	409.6	391.1	4.7%
Men's Clothing Stores	96.0	98.7	-2.8%
Other Clothing Stores	721.6	690.5	4.5%
Shoe Stores	150.6	149.5	0.7%
All Other Retail (except auto, food, drug)	**2,718.3**	**2,641.8**	**2.9%**

Year-to-date Sales	2003	2002	2003/2002
All Stores	**232,271.2**	**224,201.8**	**3.6%**
Automotive Group	96,505.0	93,808.2	2.9%
All Stores Less Automotive	135,766.1	130,393.6	4.1%
Food and Drug Group	63,969.3	60,777.8	5.3%
All Stores Less Auto, Food and Drug	**71,796.8**	**69,615.8**	**3.1%**
General Merchandise Stores	**23,657.1**	**22,906.7**	**3.3%**
Department Stores (incl concessions)	14,335.4	13,854.1	3.5%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**13,414.9**	**12,669.7**	**5.9%**
All Clothing and Shoe Stores	**11,166.8**	**10,982.4**	**1.7%**
Women's Clothing Stores	3,325.4	3,328.9	-0.1%
Men's Clothing Stores	851.0	911.2	-6.6%
Other Clothing Stores	5,716.5	5,457.5	4.7%
Shoe Stores	1,273.9	1,284.9	-0.9%
All Other Retail (except auto, food, drug)	**23,558.0**	**23,057.0**	**2.2%**

ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

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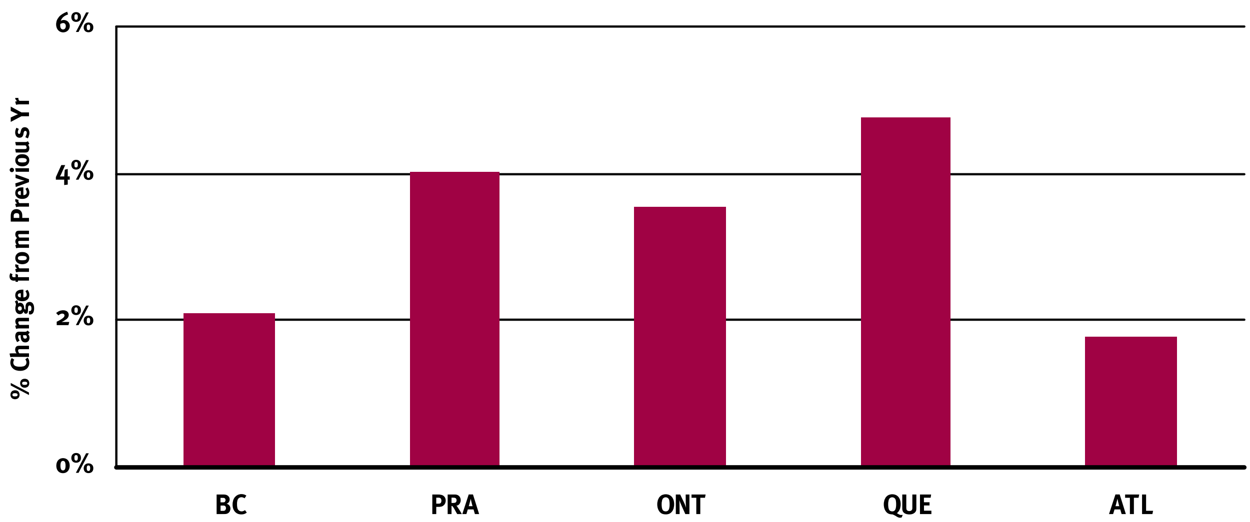
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	30,142.8	29,526.2	2.1%
Prairies	43,310.2	41,638.8	4.0%
Ontario	86,697.4	83,721.7	3.6%
Quebec	54,190.6	51,723.2	4.8%
Atlantic Canada	17,066.0	16,769.1	1.8%

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



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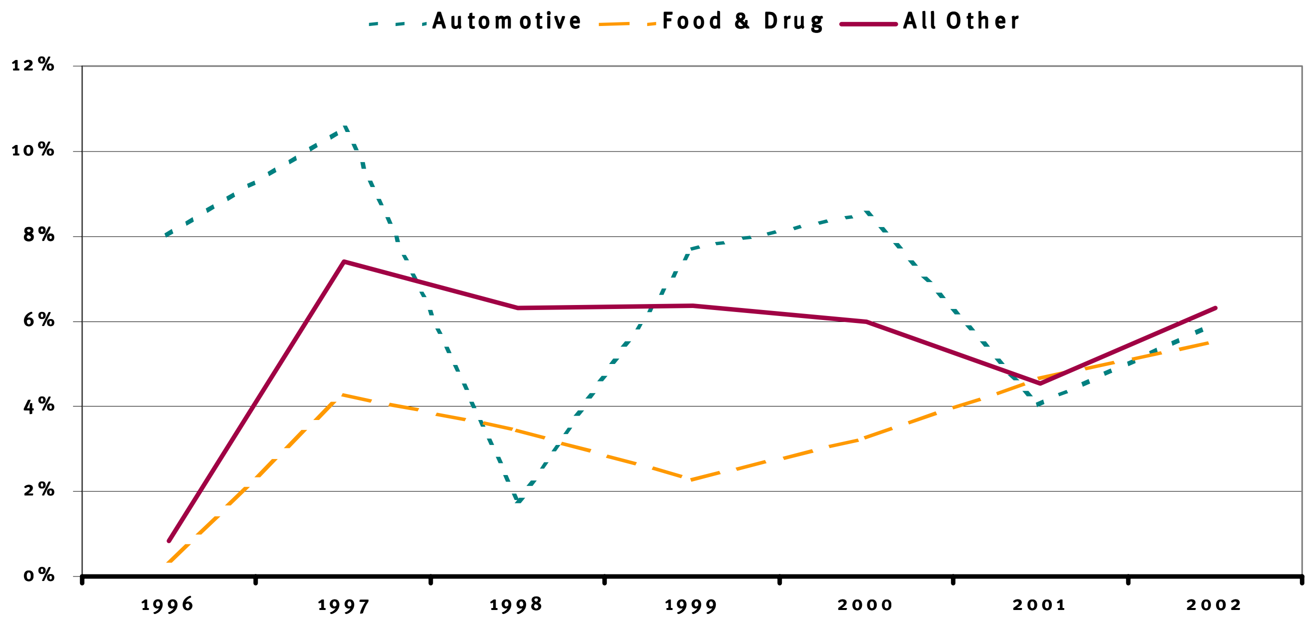
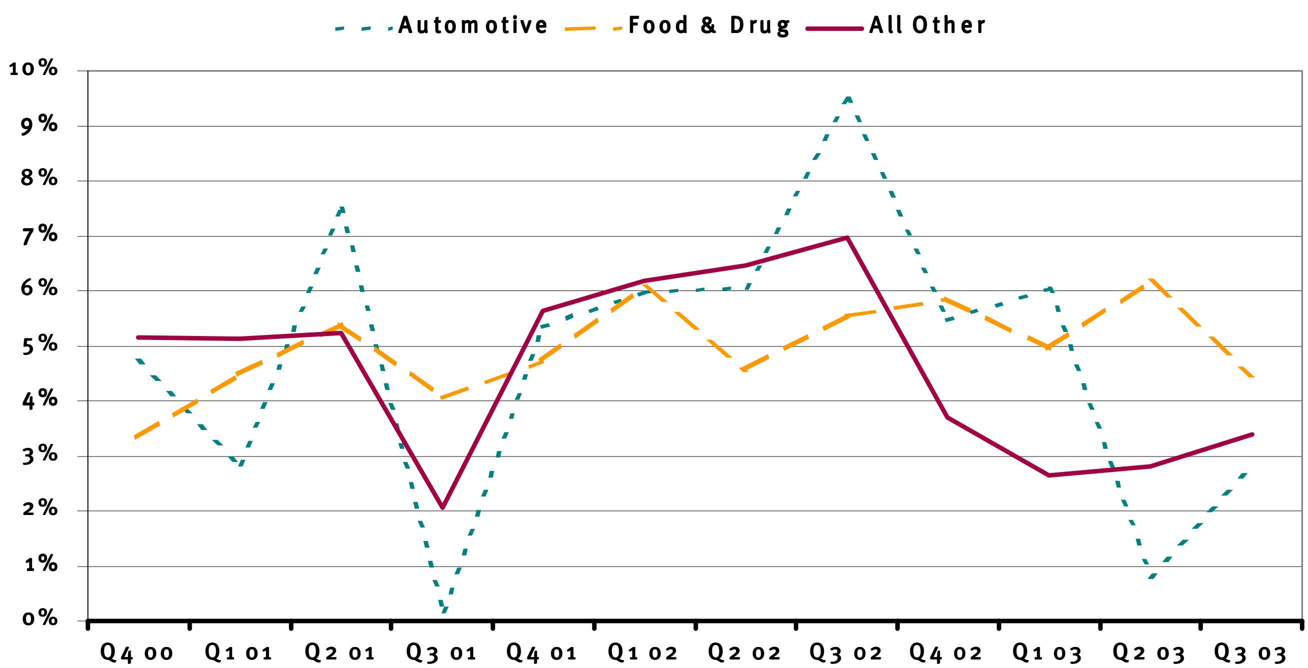
Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2002)



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



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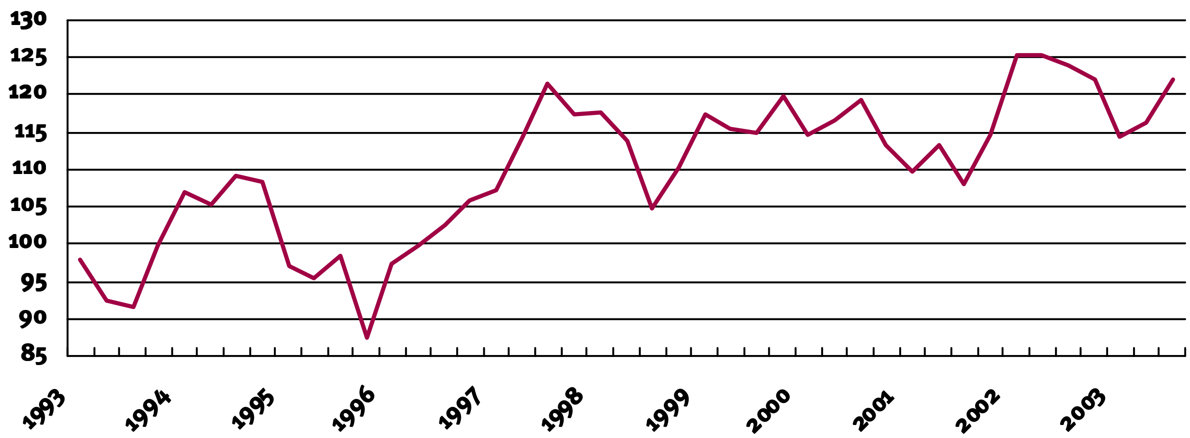
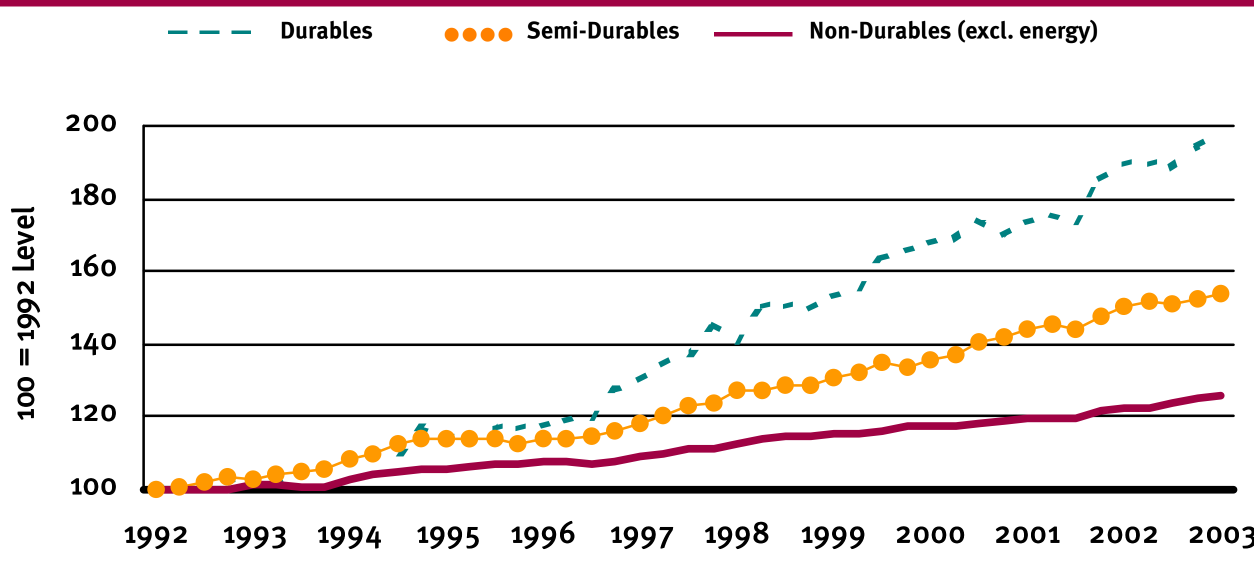
Consumer Price Index	October 2003	vs.	October 2002	1.6%

Canadian Consumer Confidence Index 1993-2003



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003



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