J.C. Williams Group
NATIONAL RETAIL

Bulletin

November 2003 Retail Sales • Released January 27, 2004

Can the Automotive Group Put the Zip and Muscle Back Into Retail Sales?

The Automotive Group's 5.9% decline in sales for November contributed significantly to the All Stores 0.7% decline. Perhaps the new hybrid cars will give the Automotive Group a bolt of electricity to help boost sales. Despite very attractive financing options, the sustained growth of the Automotive Group appears unattainable. Over the long term, automotive sales are higher, but it appears as though the industry has gone past its peak performance. At the recent auto shows the North American car manufacturers believe that muscle cars will make a come back this year; let's hope they can muscle up some sales growth too.

Admittedly, it has been a tough year for Canadians. Yet, 3.1% growth for All Stores Less Auto Food and Drug was reasonable for November. Perhaps our expectations were a bit out of whack. The retail turn-around south of the border makes our retail sales growth look like small potatoes. This is harder to swallow given the fact that we have created more jobs than they have and our consumer confidence levels remain at consistently high levels.

So, it is hard to explain the frugal Canadian consumer. As stated, job growth has been strong especially in the last four months, the updated Canadian Consumer Confidence Index still stands near 120 points, housing growth continues, and interest rates remain low yet, the results do not necessarily show on the retailers' cash register roll.

No doubt, the warm weather in central and eastern Canada affected All Clothing and Shoe Stores. Shoe Stores witnessed negative growth of 5.7% and Men's Clothing Stores fell by 6.0%. However, it is a rare occurrence to observe a sales increase in the latter category.

The one remaining strong category is Furniture, Appliance, and Furnishings Stores. A gain of 5.8% in November is inline with their year-to-date sales growth (6.0%).

Discount stores, such as Wal-Mart, have continued to perform well. A gain of 2.2% in the Department Stores is a mixed bag of lower sales at traditional department stores and larger gains at stores such as Wal-Mart.

Completing the Picture

Although this has been stated before, it is worth repeating. Current Statistics Canada categories do not include a host of retail formats where consumers shop. The biggest omission are those retailers still deemed wholesales such as Staples, Costco, Home Depot, Rona, among others. Consumers do exceptional sales at these stores in a broad category range. It is anticipated that in 2004 the retail sales data will incorporate these changes. So be on the watch for upcoming changes to sales reporting in the new year.

Release Date of The Next National Retail Bulletin

February 26, 2004

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 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.

J.C. Williams Group

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Retail Sales by Store Category

Sales for the Month of: November	2003	2002	2003 / 2002
All Stores	**26,084.2**	**26,274.2**	**-0.7%**
Automotive Group	9,178.3	9,757.2	-5.9%
All Stores Less Automotive	16,906.0	16,516.9	2.4%
Food and Drug Group	7,093.8	6,996.3	1.4%
All Stores Less Auto, Food and Drug	**9,812.1**	**9,520.6**	**3.1%**
General Merchandise Stores	**3,547.7**	**3,399.8**	**4.4%**
Department Stores (incl concessions)	2,249.8	2,195.1	2.5%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**1,837.1**	**1,736.4**	**5.8%**
All Clothing and Shoe Stores	**1,586.7**	**1,567.8**	**1.2%**
Women's Clothing Stores	439.6	429.2	2.4%
Men's Clothing Stores	125.7	133.7	-6.0%
Other Clothing Stores	854.8	828.3	3.2%
Shoe Stores	166.5	176.6	-5.7%
All Other Retail (except auto, food, drug)	**2,840.6**	**2,816.6**	**0.9%**

Year-to-date Sales	2003	2002	2003/2002
All Stores	**285,008.5**	**276,390.4**	**3.1%**
Automotive Group	115,894.2	113,891.8	1.8%
All Stores Less Automotive	169,114.3	162,498.6	4.1%
Food and Drug Group	78,485.0	74,755.6	5.0%
All Stores Less Auto, Food and Drug	**90,629.3**	**87,743.0**	**3.3%**
General Merchandise Stores	**30,267.8**	**29,248.8**	**3.5%**
Department Stores (incl concessions)	18,491.5	17,879.3	3.4%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	**16,920.6**	**15,965.6**	**6.0%**
All Clothing and Shoe Stores	**14,267.5**	**14,031.1**	**1.7%**
Women's Clothing Stores	4,185.2	4,175.4	0.2%
Men's Clothing Stores	1,088.2	1,162.0	-6.3%
Other Clothing Stores	7,381.3	7,057.8	4.6%
Shoe Stores	1,612.8	1,635.9	-1.4%
All Other Retail (except auto, food, drug)	**29,173.4**	**28,497.4**	**2.4%**

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

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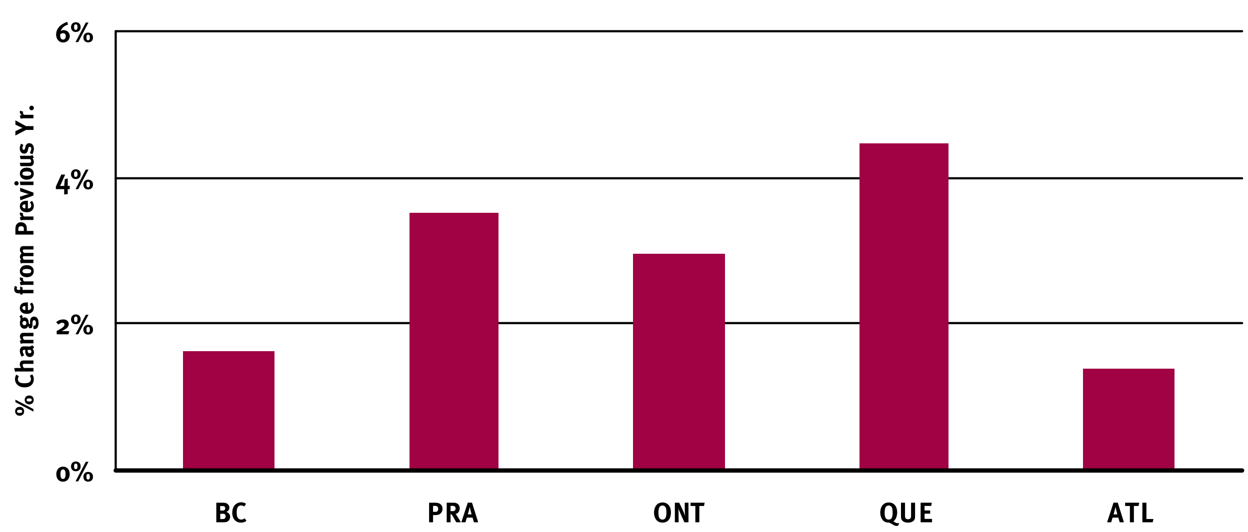
Release Date: 27/01/04

Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2003	Same Period 2002	Change 2003 / 2002
British Columbia	36,840.5	36,254.5	1.6%
Prairies	53,239.7	51,435.8	3.5%
Ontario	106,619.9	103,552.2	3.0%
Quebec	66,344.7	63,506.9	4.5%
Atlantic Canada	20,918.1	20,634.3	1.4%

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



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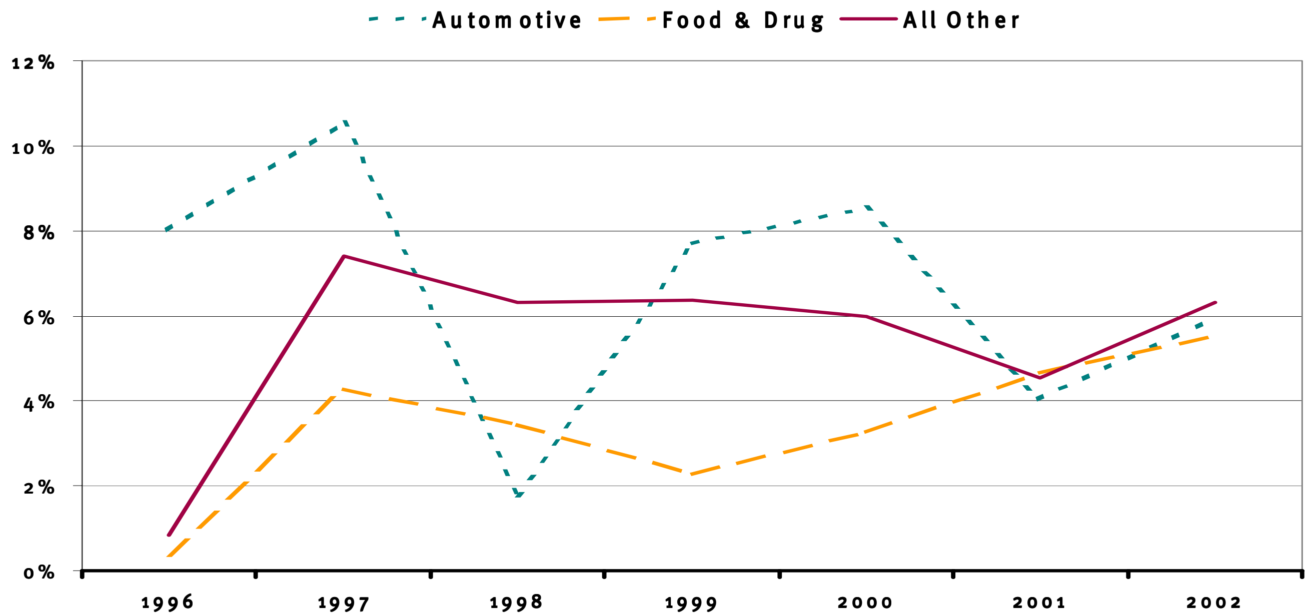
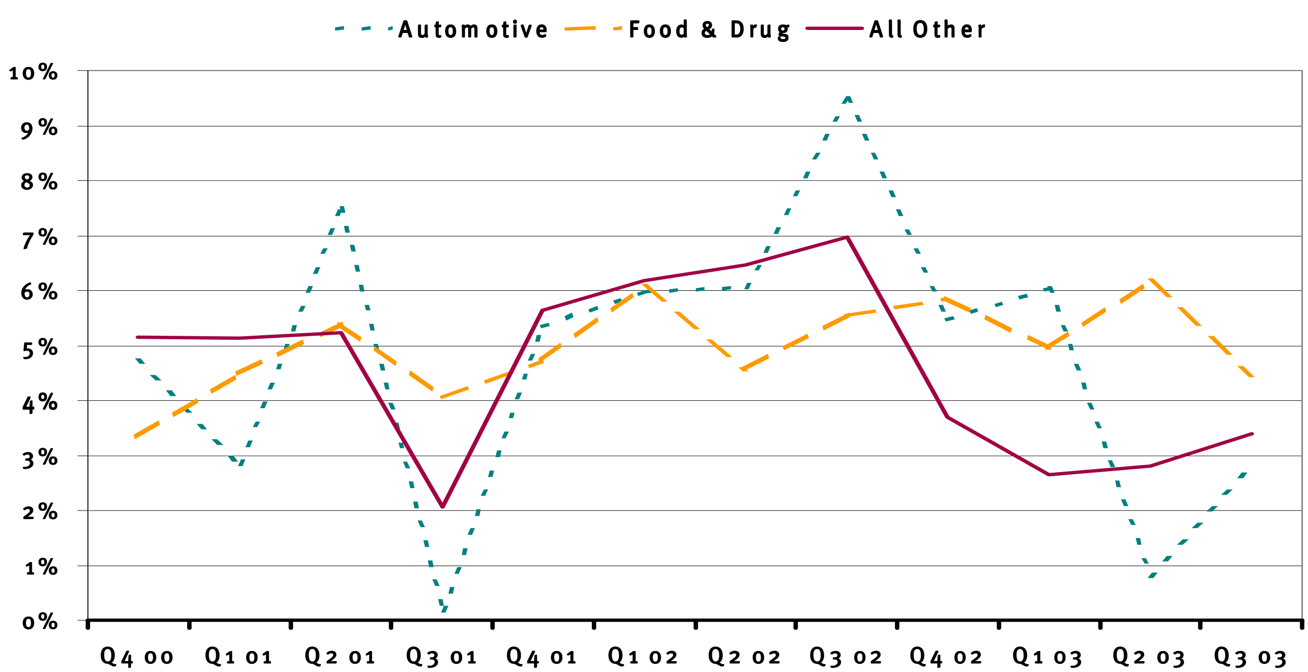
Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2002)



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



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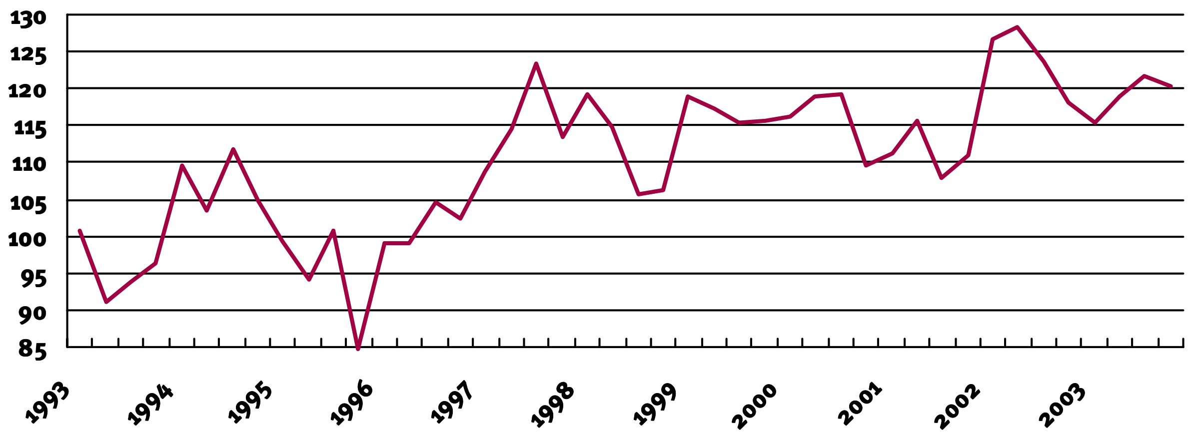
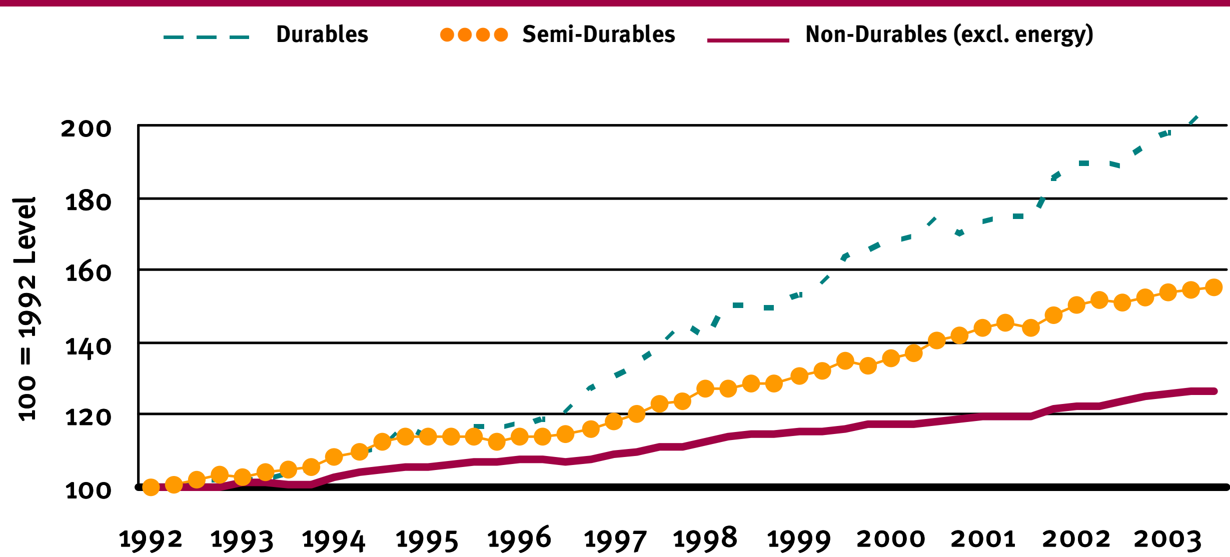
Consumer Price Index	December 2003	vs.	December 2002	2.0%

Canadian Consumer Confidence Index 1993-2003



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2003



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