

Bulletin

U.S. Data

Advance November 2007 Retail Sales • Released December 13, 2007

SPENDING SURGES DESPITE WANING CONFIDENCE

Even as consumer confidence dropped to a two-year low of 87.3, shoppers inundated stores and spending surged in November. Total retail sales climbed 6.9%, as Gasoline Stations fuelled more than their share with a 25.4% jump during that period. Regardless, All Stores less Automotive and Gasoline showed an encouraging 6.0% increase in sales.

Clothing and Accessories Stores rejoiced in the arrival of lower temperatures as consumers warmed to winter fashions and drove sales up 8.2%. Unfortunately, mounting fall inventory prompted many apparel retailers to sacrifice margins through aggressive discounting as the holiday season approaches. It remains to be seen whether November's sales boost will offset previous poor performance.

Sporting Goods, Hobby, Book and Music Stores also turned a new page on stumbling sales as November's 11.3% growth outpaced the year-to-date figure of 3.6%. They were joined by Nonstore Retailers whose 12.2% sales growth in November suggests that more of Santa's Elves are embracing e-commerce during the holiday season.

With online merchants promising an escape from the season's stress-filled shopping malls, retailers are going to great lengths to entice shoppers into their stores. Two years after having

abandoned "Merry Christmas" promotions in favor of politically correct "Happy Holidays" messaging, Wal-Mart has returned to the man in red as more than 3,000 locations will welcome Santa in a move to lure families in-store.

Building Material and Garden Equipment Stores have opted to offer tree-trimming accessories and workshops as their sales stagnated with 0.7% growth in November. Furniture and Home Furnishing Stores also continued to feel the squeeze of sub-prime instability with sales rising a modest 2.5%. In response, stores such as Pottery Barn are providing in-store classes on festive decorating.

Department Stores saw sales slip -0.2% in November. As these retailers continued to see consumers shift their spending elsewhere, they also strove to spark shopper interest during the holidays. That has meant a renewed interest in charitable ventures with Nordstrom's, Saks, and Kohl's, each publishing festive children's books whose proceeds assist a variety of non-profit entities.

Barney's has taken a different tact in tugging at shoppers' social awareness by positioning themselves as the premier destination for green gift giving. Comprised of reused soda cans, the department store's Rudolph the Recycled Reindeer window displays are a focal point of their environmental efforts. Additionally, with recent research showing that green product purchasers are 40% more likely to shop online, this promotional push has been paired with a coordinated online effort that encompasses e-mail marketing as well.

With this festive season's outcome continuing to be a contentious topic, many eagerly await to see retailers' fate as they greet 2008.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:

January 15, 2008

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.

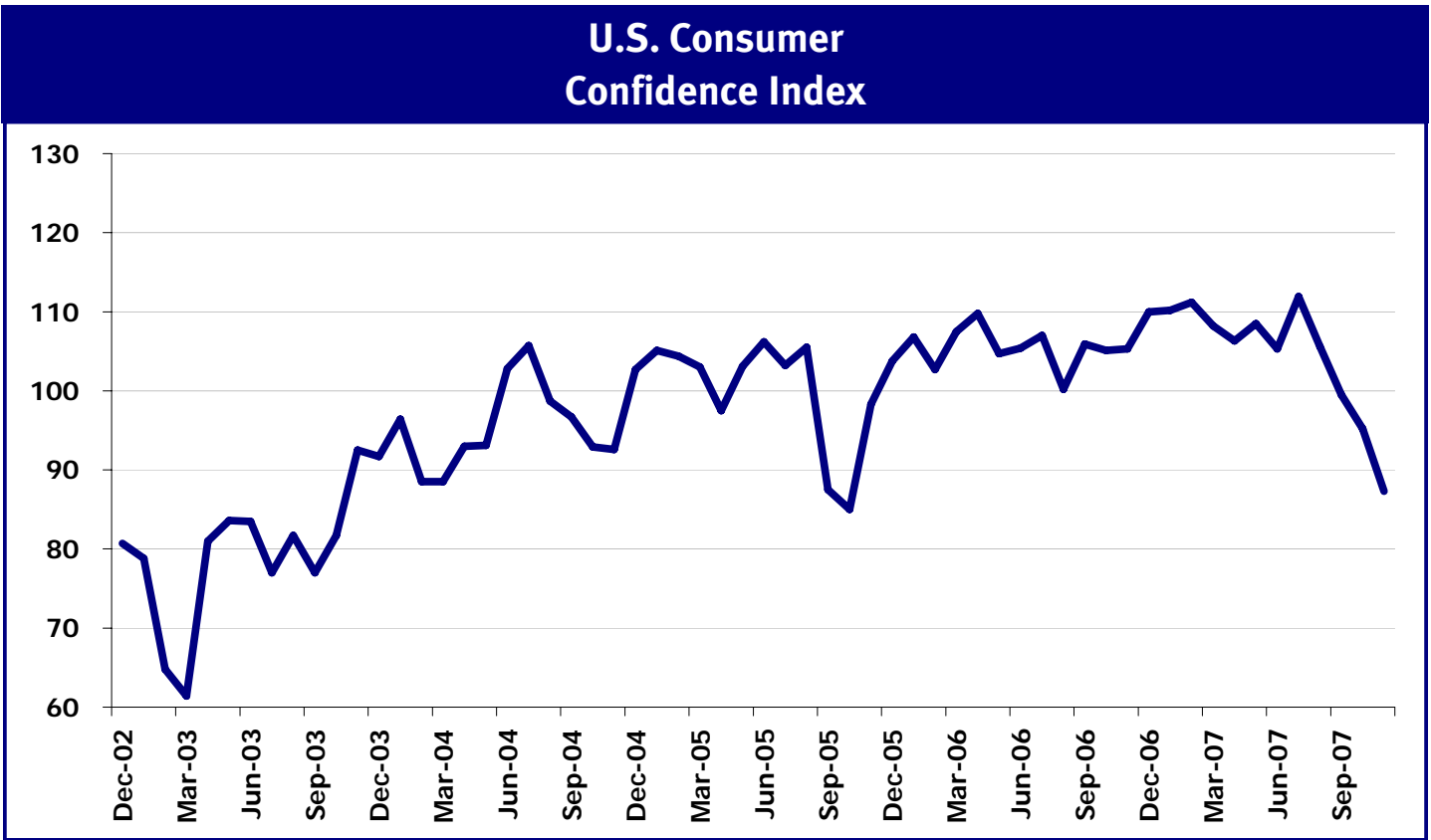
Retail Sales by Store Category

Sales for the Month of November	2007	2006	2007/2006
All Stores	385,489	360,754	6.9%
Motor Vehicle and Parts Dealers	69,008	67,830	1.7%
Gasoline Stations	37,624	30,015	25.4%
Food and Beverage Stores	49,265	46,177	6.7%
Grocery Stores	43,634	41,008	6.4%
Health and Personal Care Stores	19,759	18,954	4.2%
Building Material and Garden Equipment Stores	28,234	28,026	0.7%
General Merchandise Stores	54,309	51,758	4.9%
Department Stores (excluding leased departments)	21,141	21,179	-0.2%
Clothing and Accessories Stores	21,194	19,580	8.2%
Furniture, Home Furnishings, Electronics and Appliance Stores	22,432	21,515	4.3%
Furniture and Home Furnishing Stores	11,341	11,063	2.5%
Electronics and Appliance Stores	11,091	10,452	6.1%
Sporting Goods, Hobby, Book and Music Stores	8,495	7,631	11.3%
Miscellaneous Store Retailers	10,518	10,182	3.3%
Nonstore Retailers	28,022	24,966	12.2%
Food Services and Drinking Places	36,629	34,120	7.4%

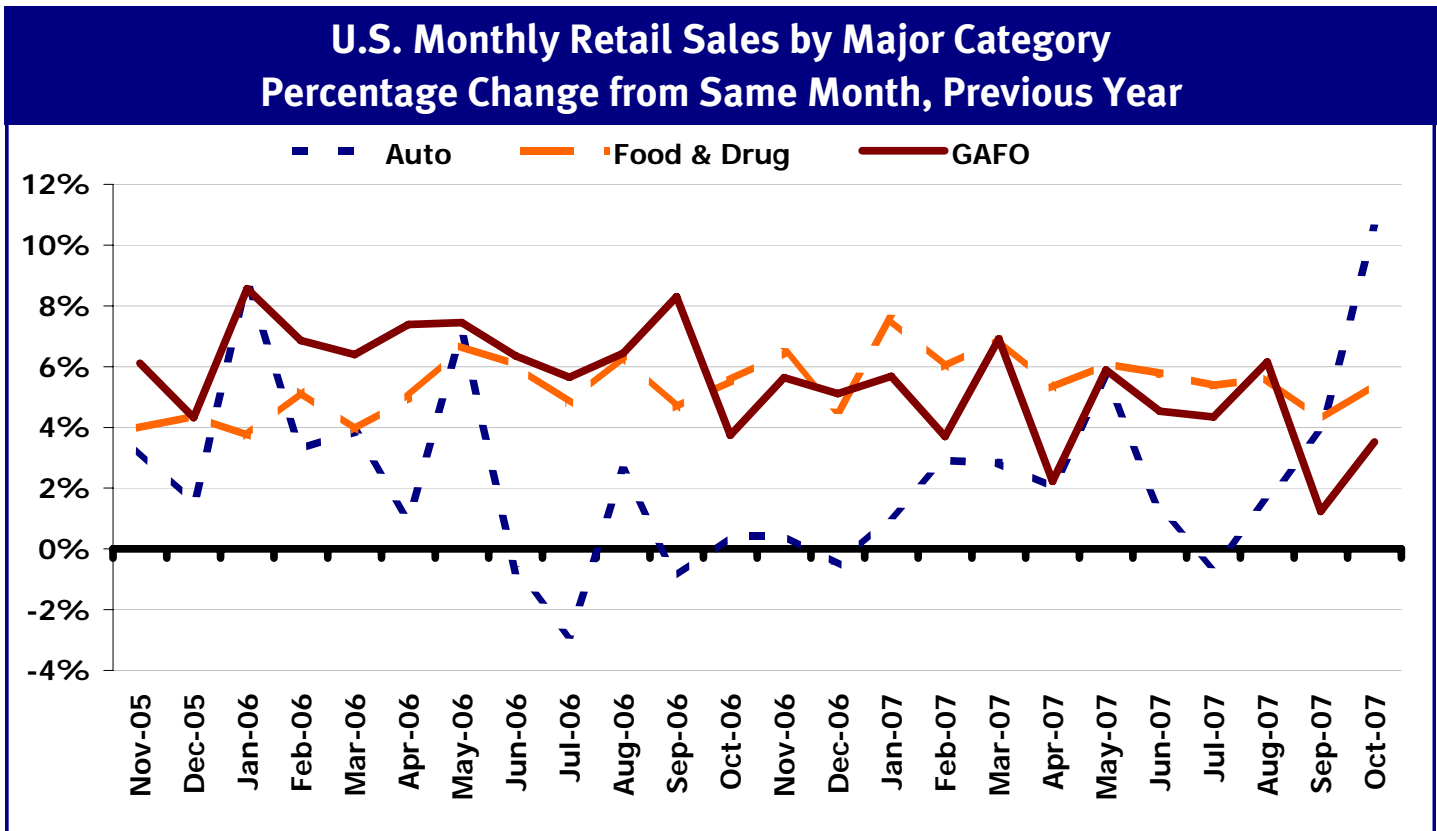
Year to Date Sales Ending November	2007	2006	2007/2006
All Stores	4,077,509	3,908,116	4.3%
Motor Vehicle and Parts Dealers	853,497	829,607	2.9%
Gasoline Stations	392,007	373,437	5.0%
Food and Beverage Stores	518,722	490,418	5.8%
Grocery Stores	463,125	438,748	5.6%
Health and Personal Care Stores	214,946	202,813	6.0%
Building Material and Garden Equipment Stores	328,779	333,052	-1.3%
General Merchandise Stores	505,546	482,292	4.8%
Department Stores (excluding leased departments)	179,851	181,613	-1.0%
Clothing and Accessories Stores	193,758	183,077	5.8%
Furniture, Home Furnishings, Electronics and Appliance Stores	208,274	202,665	2.8%
Furniture and Home Furnishing Stores	111,636	109,194	2.2%
Electronics and Appliance Stores	96,638	93,471	3.4%
Sporting Goods, Hobby, Book and Music Stores	77,264	74,600	3.6%
Miscellaneous Store Retailers	110,779	106,921	3.6%
Nonstore Retailers	263,613	241,205	9.3%
Food Services and Drinking Places	410,324	388,029	5.7%

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

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Source: U.S. Conference Board



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