

Bulletin

U.S. Data

Advance June 2008 Retail Sales • Released July 15, 2008

SHOPPERS SPEND MORE AT THE PUMPS THAN THE SUPERMARKET

Consumer confidence continued to fall in June as it dropped 7.7 points to 50.4. Retail sales responded by rising a modest 1.0%, lagging behind the 3.1% growth experienced year-to-date.

Most categories continued to feel the implications of the sub-prime mortgage meltdown. Building Material and Garden Equipment Stores saw sales drop -2.0% in June. Furniture and Home Furnishings Stores felt the impact of slowing home sales as their figures fell -8.5%.

In contrast, Electronics and Appliance Store sales remained robust as they posted a 3.7% gain in June. In an attempt to spur on future growth amidst a challenging economic climate, Best Buy recently announced that they will be expanding their assortment of musical instruments and digital services.

Family Dollar has also signaled a diversification of its product offering as it installs refrigerated cases to complement its existing food assortment. As grocery and fuel prices continue to rise, more consumers are turning towards discounters for their staple foodstuffs. Amidst continued inflationary pressures, Grocery Store sales rose a modest 3.4% during June.

General Merchandise Stores saw sales climb 4.8% as discounters and warehouse clubs offset the -2.0% drop in sales among Department Stores.

Health and Personal Care Store sales rose 2.7% as growth tapered off slightly from the 3.9% increase seen on a year-to-date basis. In light of slowing sales growth, Walgreens recently announced that it would be scaling back its expansion plans by \$500 million in 2010 and 2011.

In an attempt to drive continued growth among its Bath and Body Works chain, Limited Brands announced that it would open six Canadian stores by the end of 2008. As domestic growth continues to slow, many retailers are looking toward international endeavors as a means of sustaining sales.

Sears recently signaled a shift in its approach to clothing and accessories as it appointed Craig Israel as Senior Vice President of Apparel. This comes as Clothing and Accessories Store sales

remained stagnant in June. Steve and Barry's, the once renowned discount clothier, fell victim to slowing apparel sales and filed for Chapter 11 protection in early July.

While many had hoped that May's tax refund checks would bolster consumer confidence and spark increased spending, June's sluggish sales suggest such effects were temporary. As consumers are now spending more at Gasoline Stations than at Food and Beverage Stores, one has to wonder what lies ahead for the retail landscape as fuel prices continue to rise.

Look towards next month's bulletin for a detailed review of the year's second quarter and all of the latest insight into the nation's retail outlook.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:
August 13, 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.

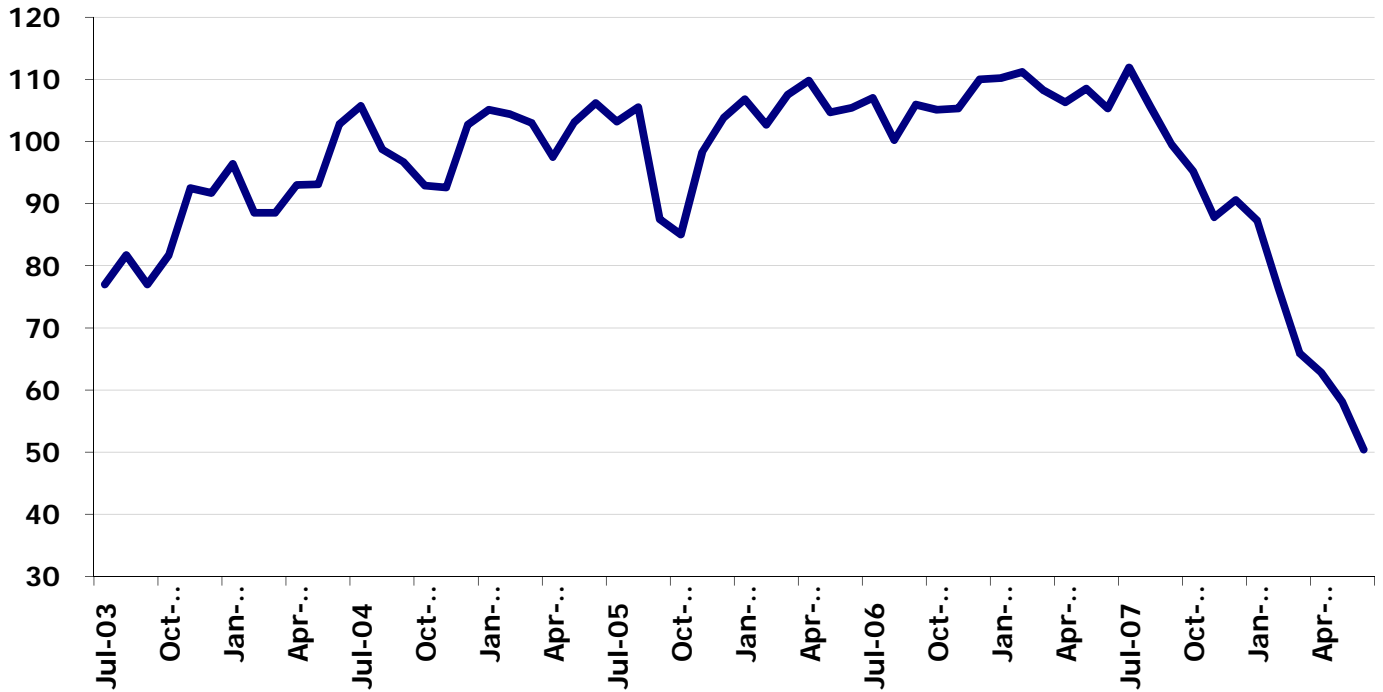
Retail Sales by Store Category

Sales for the Month of June	2008	2007	2008/2007
All Stores	384,310	380,587	1.0%
Motor Vehicle and Parts Dealers	70,604	80,756	-12.6%
Gasoline Stations	49,281	39,974	23.3%
Food and Beverage Stores	48,724	47,254	3.1%
Grocery Stores	43,577	42,131	3.4%
Health and Personal Care Stores	20,051	19,526	2.7%
Building Material and Garden Equipment Stores	31,141	31,779	-2.0%
General Merchandise Stores	49,144	46,908	4.8%
Department Stores (excluding leased departments)	15,994	16,325	-2.0%
Clothing and Accessories Stores	17,555	17,550	0.0%
Furniture, Home Furnishings, Electronics and Appliance Stores	17,736	18,260	-2.9%
Furniture and Home Furnishing Stores	8,957	9,792	-8.5%
Electronics and Appliance Stores	8,779	8,468	3.7%
Sporting Goods, Hobby, Book and Music Stores	6,964	7,044	-1.1%
Miscellaneous Store Retailers	10,029	10,475	-4.3%
Nonstore Retailers	24,350	22,759	7.0%
Food Services and Drinking Places	38,731	38,302	1.1%

Year to Date Sales Ending June	2008	2007	2008/2007
All Stores	2,239,718	2,172,997	3.1%
Motor Vehicle and Parts Dealers	439,386	465,865	-5.7%
Gasoline Stations	255,333	211,894	20.5%
Food and Beverage Stores	288,014	272,145	5.8%
Grocery Stores	259,521	244,541	6.1%
Health and Personal Care Stores	122,116	117,516	3.9%
Building Material and Garden Equipment Stores	165,928	171,551	-3.3%
General Merchandise Stores	280,334	267,226	4.9%
Department Stores (excluding leased departments)	91,791	94,546	-2.9%
Clothing and Accessories Stores	103,045	101,385	1.6%
Furniture, Home Furnishings, Electronics and Appliance Stores	106,277	107,480	-1.1%
Furniture and Home Furnishing Stores	54,053	56,976	-5.1%
Electronics and Appliance Stores	52,224	50,504	3.4%
Sporting Goods, Hobby, Book and Music Stores	40,094	38,730	3.5%
Miscellaneous Store Retailers	57,500	57,141	0.6%
Nonstore Retailers	155,081	145,261	6.8%
Food Services and Drinking Places	226,610	216,803	4.5%

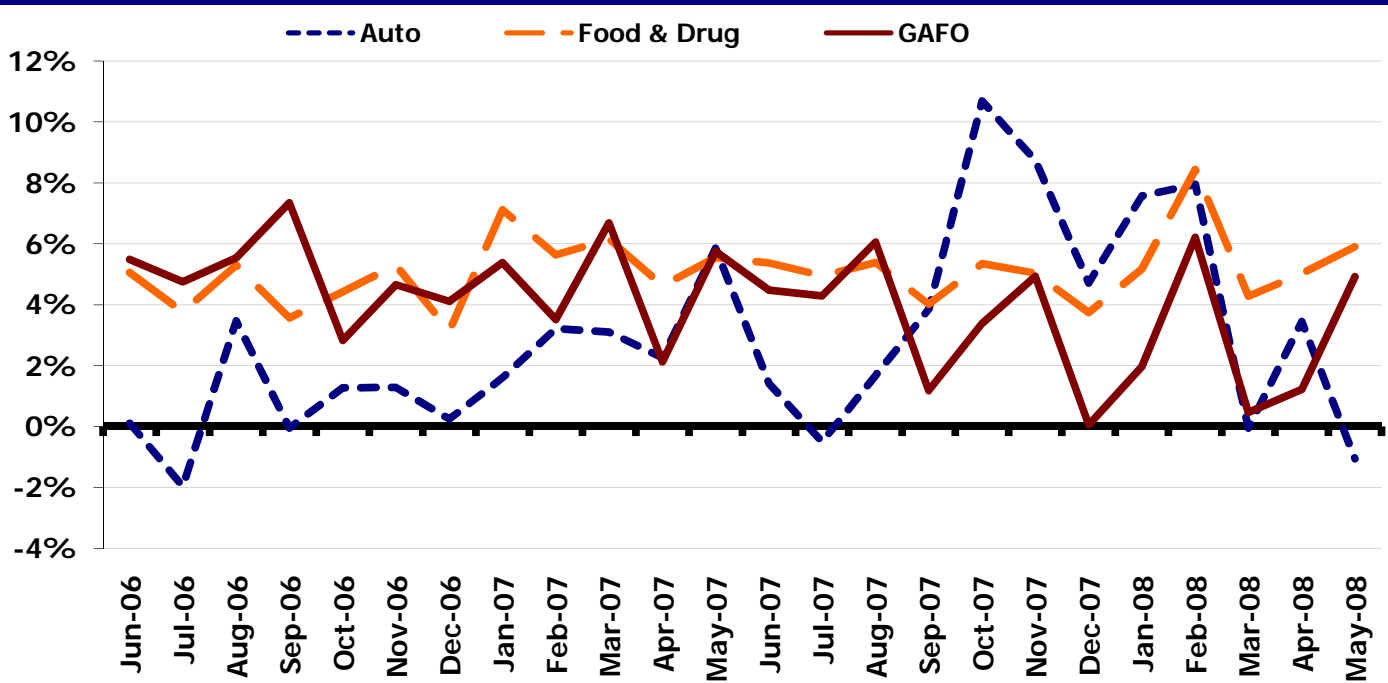
Source: US Census Bureau. All Values are expressed in millions of US dollars and are not seasonally adjusted

U.S. Consumer Confidence Index



Source: U.S. Conference Board

U.S. Monthly Retail Sales by Major Category Percentage Change from Same Month, Previous Year



Source: U.S. Census Bureau