

Bulletin

U.S. Data

Advance August 2008 Retail Sales • Released September 12, 2008

SOFT BACK TO SCHOOL SALES TEACH RETAILERS THE IMPORTANCE OF VALUE

Consumer confidence rose for the second time in a row, from 51.9 in July, to 56.9 in the month of August. Despite lagging 48.7 points behind last August's figure, the 5 point jump may spark renewed optimism among retailers as they enter the crucial fourth quarter of 2008.

Although total retail sales were down -0.4% in August, All Stores excluding Automotive saw a 1.8% increase during that same period. As fuel costs continue to rise, shoppers are making fewer and fewer trips to the supermarket. The Food Marketing Institute reported that the percentage of consumers who shop for groceries only once every two weeks has jumped from 10% in 2005 to 18% this year.

Despite declining frequency, Grocery Stores saw sales rise 6.4% as food continues to face strong inflationary pressure. Supermarkets are attempting to respond by revamping their products to provide more value to customers. Upgrading its private label products, Safeway is hoping to see a 25% increase in sales of their O Organics brand. Safeway and Whole Foods are also attempting to cut costs and attract more consumers through eco-friendly stores.

Furniture, Home Furnishings, Electronics and Appliance stores saw a decrease in sales of -4.6% during August. Furniture and Home Furnishing Stores took the greatest hit with August sales falling behind last year by -8.3%. To offset sluggish sales in the U.S., many home furnishings retailers are looking to increase their presence abroad. Crate and Barrel will be undertaking its first international foray with a store opening in Toronto, Canada at the end of September.

While General Merchandisers were up 4.6%, Department Store sales were down -4.4%. Wal-Mart and Costco were successful in drawing back-to-school shoppers away from department stores as supercenters and wholesale clubs catered to consumers' growing appetite for value. Wal-Mart enjoyed same-store sales growth of 3% during August, outpacing its earlier forecast of 1%-2% growth.

Clothing and Accessories Store sales were sluggish during the back-to-school season as they rose only 0.6% during August. Retailers continue to pursue aggressive promotional

strategies in an attempt to capture share of wallet among increasingly frugal shoppers. Victoria's Secret's 'Pink University' line, Wal-Mart's 'Hannah Montana' line, and Kohl's 'Inspired by Artists' line are all looking for the 'it' factor that will resonate with fashion-conscious students.

Food Services and Drinking Places enjoyed 5.8% growth during August. These establishments continue to face rapid change as California reviews proposed legislation requiring chain restaurants to post calorie information, and continued health and wellness trends gain momentum among consumers.

To see if consumer confidence will rise for a third month in a row, and whether this optimism prompts shoppers to open their wallets, be sure to look towards our September bulletin.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN:**
October 15, 2008

Please note:

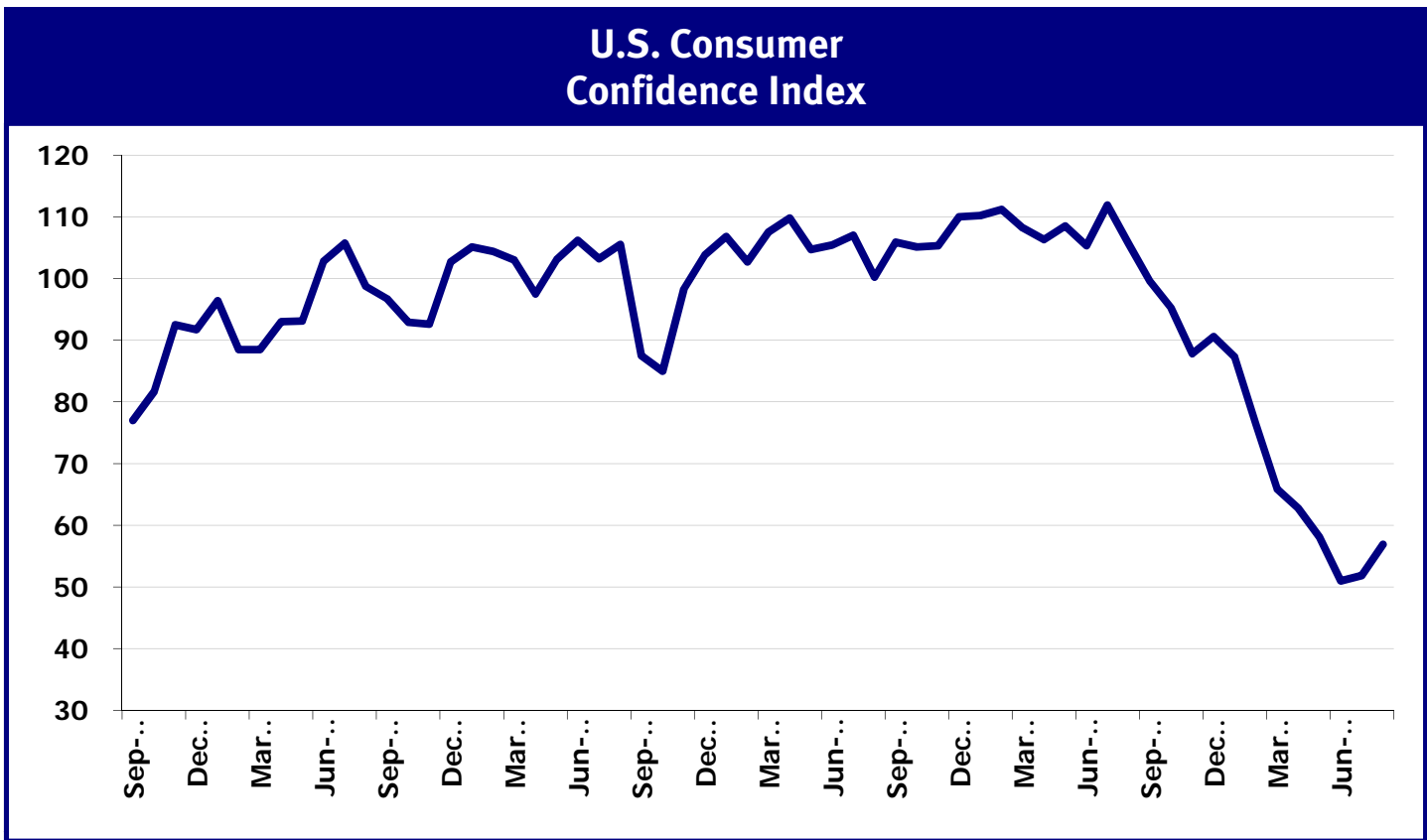
The J.C. Williams Group National Retail Bulletin compares the latest monthly release of "raw" (i.e., unadjusted for seasonality, holiday, and trading day) retail sales figures to those in the *same calendar month of the previous year*. The U.S. Census Bureau also reports seasonally adjusted sales that 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

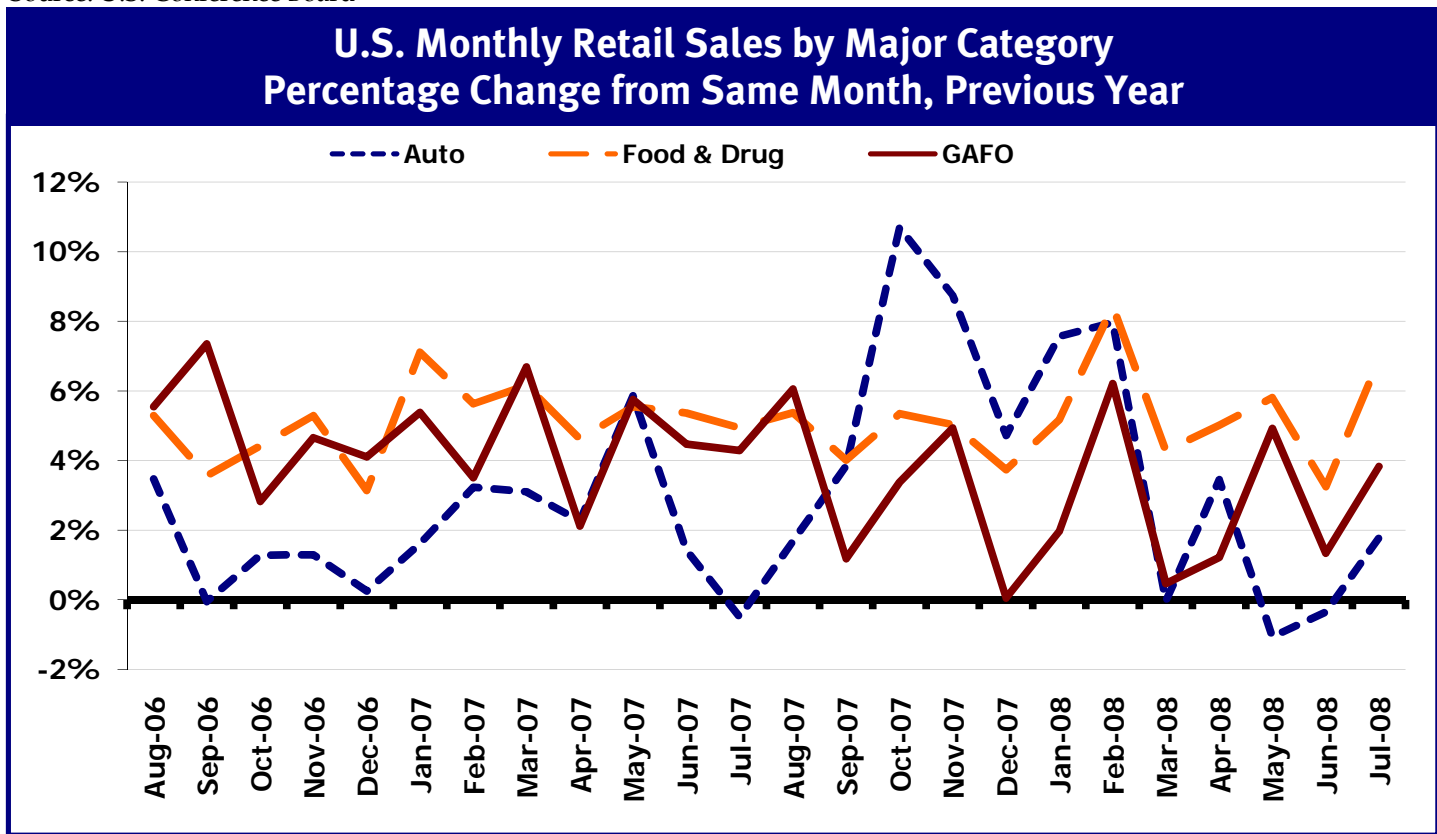
Sales for the Month of August	2008	2007	2008/2007
All Stores	390,393	392,108	-0.4%
Motor Vehicle and Parts Dealers	70,899	85,633	-17.2%
Gasoline Stations	48,061	39,799	20.8%
Food and Beverage Stores	50,939	47,856	6.4%
Grocery Stores	45,543	42,817	6.4%
Health and Personal Care Stores	20,279	20,127	0.8%
Building Material and Garden Equipment Stores	27,209	29,663	-8.3%
General Merchandise Stores	50,385	48,156	4.6%
Department Stores (excluding leased departments)	16,540	17,304	-4.4%
Clothing and Accessories Stores	19,213	19,091	0.6%
Furniture, Home Furnishings, Electronics and Appliance Stores	18,935	19,848	-4.6%
Furniture and Home Furnishing Stores	9,720	10,605	-8.3%
Electronics and Appliance Stores	9,215	9,243	-0.3%
Sporting Goods, Hobby, Book and Music Stores	8,588	8,323	3.2%
Miscellaneous Store Retailers	10,265	10,412	-1.4%
Nonstore Retailers	24,585	24,400	0.8%
Food Services and Drinking Places	41,035	38,800	5.8%

Year to Date Sales Ending August	2008	2007	2008/2007
All Stores	3,022,996	2,941,424	2.8%
Motor Vehicle and Parts Dealers	583,112	631,517	-7.7%
Gasoline Stations	353,303	291,860	21.1%
Food and Beverage Stores	390,208	367,537	6.2%
Grocery Stores	350,858	329,837	6.4%
Health and Personal Care Stores	162,830	157,061	3.7%
Building Material and Garden Equipment Stores	224,435	231,162	-2.9%
General Merchandise Stores	379,413	361,018	5.1%
Department Stores (excluding leased departments)	123,869	127,521	-2.9%
Clothing and Accessories Stores	139,771	137,599	1.6%
Furniture, Home Furnishings, Electronics and Appliance Stores	143,450	145,668	-1.5%
Furniture and Home Furnishing Stores	73,072	77,420	-5.6%
Electronics and Appliance Stores	70,378	68,248	3.1%
Sporting Goods, Hobby, Book and Music Stores	55,668	53,911	3.3%
Miscellaneous Store Retailers	78,234	77,358	1.1%
Nonstore Retailers	204,673	192,680	6.2%
Food Services and Drinking Places	307,899	294,053	4.7%

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



Source: U.S. Conference Board



Source: U.S. Census Bureau