

Bulletin

February 2002 Retail Sales • Released April 23, 2002

CONFIDENT CANADIANS

The Canadian Consumer Confidence Index skyrocketed to its highest level since 1988. The key consumer expenditure indicator jumped over 10 points from 114.9 to 125.0 as measured by the Conference Board of Canada.

Continued low interest rates, strong housing demand, and a reinvigorated economy, probably combined with warmer than average weather, helped Canadians to decide that this was a great time to purchase.

The proof is in the pudding. February, the shortest month and typically one of the lowest in retail sales, chalked up retail sales growth of 6.7% compared to last year at this time. The year-to-date total is an impressive 7.5% giving a strong indication that 2002 could be a great retail year.

Furniture, Appliance, Furnishings Stores (including Electronics) led the pack, gaining 10.5% over last year. Home electronic products including cell phones continue to help drive this store category. In addition, the stellar housing market in the first quarter of 2002 assisted and will continue to drive demand for months to follow. As a result of their success, more and more stores including grocery stores are trying to jump on the bandwagon by including home furnishings products in their category assortment.

Clothing and Shoe Stores continue to experience mixed results, growing by 4.8% in February. However, consumers are still cashing in on huge savings as the inflation rate for clothing fell 1.0% in February. Other Clothing Stores continue to lead the category overall by increasing 8.7%. The continued bad news at Men's Specialty

Clothing Stores hounds these retailers as they fall 2.1%. Women's Specialty Clothing Stores appear soft in February as sales increased marginally by 0.6%.

PRODUCT SHIFT

As mentioned earlier, there is a noticeable shift in the product assortment for most retailers. As an example, grocery stores stock everything from home furniture, cooking utensils, kids' toys, drug store items, and prepared foods to groceries. Club Monaco still carries some furniture lines as well as make up, along with clothing. This is just part of the continual blurring of retail categories.

The statistics released in this report highlight sales on a store category basis. As such all of Loblaw's sales would be registered in the Food and Drug Group regardless of what was sold. Statistics Canada also produces a report on a quarterly basis highlighting changes in Commodity Sales. In its 2001 annual report, health and personal care products grew by 9.0% in 2001 and home furnishings and electronics advanced 6.9% in 2001 compared to 2000. Clothing, footwear, and accessories

increased by only 2.9%. Other interesting highlights include the following:

- Drug stores captured 56% of the health and personal care market in 2001, down from 62% in 1997. Alternatively, the market share in this commodity category for food stores grew from 16% to 19% in the same time period.
- Sales of other home furnishings such as bedding, linens, floor coverings, draperies, lamps, and artwork increased 9.1% – sales of these products increased by 14.4% in specialty stores and only 1.4% in general merchandise stores.
- Clothing sales increased moderately at general merchandise stores (0.4%), 4.0% in specialty stores and 6.5% in sporting goods stores.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

May 22, 2002

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.

Retail Sales by Store Category

Sales for the Month of: February	2002	2001	2002 / 2001
All Stores	20,048.9	18,791.5	6.7%
Automotive Group	7,994.3	7,391.0	8.2%
All Stores Less Automotive	12,054.6	11,400.5	5.7%
Food and Drug Group	6,014.1	5,706.4	5.4%
All Stores Less Auto, Food and Drug	6,040.5	5,694.2	6.1%
General Merchandise Stores	2,029.5	1,936.7	4.8%
Department Stores (incl concessions)	1,201.6	1,103.5	8.9%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	1,136.5	1,028.9	10.5%
All Clothing and Shoe Stores	891.0	849.9	4.8%
Women's Clothing Stores	271.4	269.9	0.6%
Men's Clothing Stores	72.9	74.4	-2.1%
Other Clothing Stores	456.8	420.1	8.7%
Shoe Stores	90.0	85.5	5.3%
All Other Retail (except auto, food, drug)	1,983.5	1,878.6	5.6%
Year-to-date Sales	2002	2001	2002 / 2001
All Stores	41,586.3	38,695.1	7.5%
Automotive Group	16,649.5	15,370.5	8.3%
All Stores Less Automotive	24,936.8	23,324.6	6.9%
Food and Drug Group	12,457.6	11,619.9	7.2%
All Stores Less Auto, Food and Drug	12,479.3	11,704.7	6.6%
General Merchandise Stores	4,104.3	3,908.6	5.0%
Department Stores (incl concessions)	2,433.8	2,206.8	10.3%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	2,410.8	2,155.2	11.9%
All Clothing and Shoe Stores	1,890.0	1,811.6	4.3%
Women's Clothing Stores	556.4	559.5	-0.5%
Men's Clothing Stores	170.9	172.6	-1.0%
Other Clothing Stores	957.9	886.8	8.0%
Shoe Stores	204.8	192.8	6.2%
All Other Retail (except auto, food, drug)	4,074.2	3,829.2	6.4%

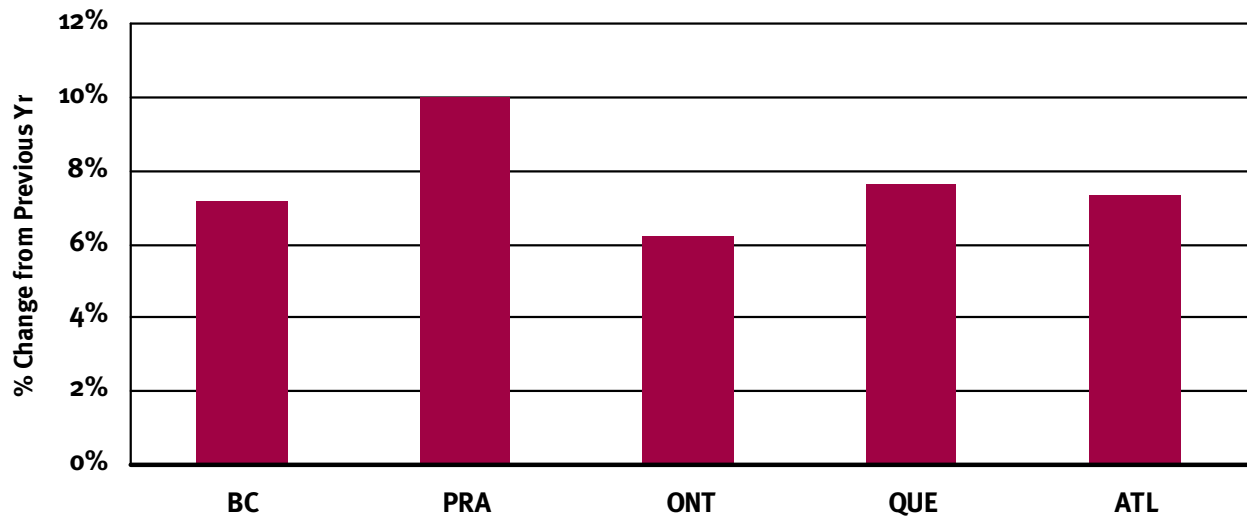
ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

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Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2002	Same Period 2001	Change 2002 / 2001
British Columbia	5,656.0	5,277.2	7.2%
Prairies	7,823.5	7,114.1	10.0%
Ontario	15,643.8	14,727.2	6.2%
Quebec	9,262.7	8,607.7	7.6%
Atlantic Canada	3,046.2	2,838.3	7.3%

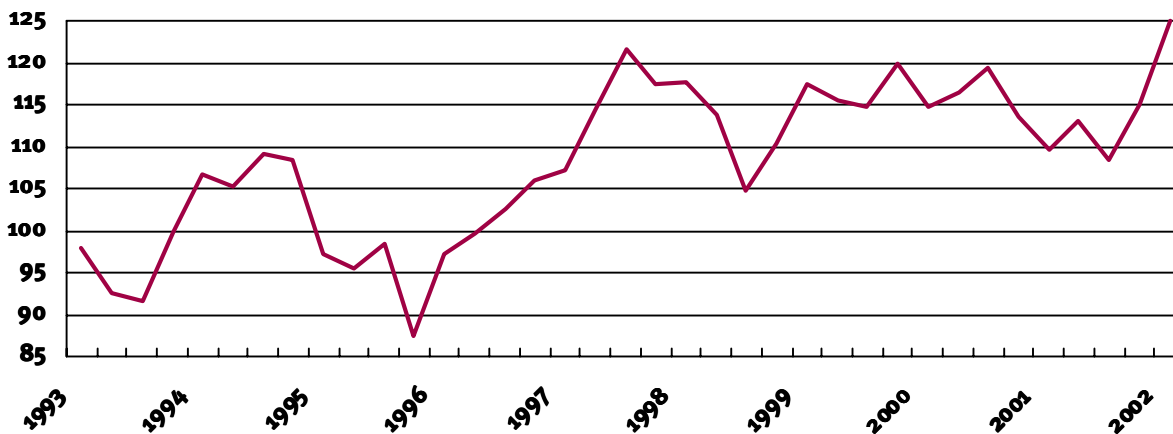
**Percentage Change in Retail Trade, All Stores, by Region
Year-to-Date Compared to Same Period Last Year**



Consumer Price Index

March 2002 vs. March 2001 1.8%

Canadian Consumer Confidence Index 1993-2002



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1992 - 2001

