

Bulletin

December 2002 Retail Sales • Released February 20, 2003

A DUD IN DECEMBER CAN'T DIMINISH 2002

December proved to be a squeaker of a month with sales growth keeping afloat at 2.7%. All Stores Less Auto Food and Drug did not perform well, gaining a paltry 0.8% for the month. The only store category to break the mould was Gas Stations (included in the Automotive Group). This sector experienced sales growth of a price-gouging 26% in December. Food and Drug Stores performed moderately okay in December, gaining 2.9% compared to last December, and Furniture, Appliance, Furnishings Stores were able to push sales up 8.4%, but well below their year-to-date average.

However, it was not a merry Christmas for most retailers. November was disappointing and December proved equally frustrating for stores trying to increase revenues. Some stores changed their strategy by focusing more on the profit line, however it is apparent that many stores were caught with insufficient inventories to generate sales.

All Clothing and Shoe Stores provides one of the largest shockers for December. Total sales for the month fell by 4.6% propelled by declines in all categories. Despite the colder weather, Shoe Stores fell 12.5%, Men's Clothing Stores plummeted 11.5%, Women's Clothing Stores sank 6.0%, and Other Clothing Stores tumbled 1.0%. Even Department Stores, which includes Wal-Mart, broke even compared to last December. Part of the fall is attributable to a 1.4% decline in the Clothing and Footwear subsection of the Consumer Price Index.

While December was depressing, 2002 proved to be a banner year. All Stores gained 6.0% on last year and All Stores Less Auto Food and Drug witnessed 5.4% growth leaving most retailers in good spirits despite the weak ending to the year. There was broad, cross-category growth throughout the year. The phenomenal housing industry helped to maintain Furniture, Appliance, Furnishings Stores double-digit growth of 11.4%. Higher gas prices combined with attractive incentive programs helped the Automotive Group gain 6.7% overall. Department Stores, primarily due to Wal-Mart squeezed out a further 6.0% sales growth primarily due to new store openings. The Food and Drug Group experienced 5.5% growth on the year.

All Clothing and Shoe Stores, have had a bumpy ride in the past few years. Total sales were up 2.1% for the year primarily due to Other Clothing Stores (4.5%).

While Quebec experienced strong retail sales growth throughout the year, Ontario, while gaining, did not perform as well (which had a dampening effect nationally). The Prairie provinces,

experiencing a warmer than average winter, showed tremendous growth. The combined retail sales of the three provinces were up 7.6% with Alberta leading the way. With continued higher energy prices on the horizon, J.C. Williams Group does not expect this trend to reverse itself.

WHAT THE FUTURE HOLDS

It is hard to write about the economy in 2003 without talking about the "imminent" war. Things will remain fuzzy and unclear with a lot of speculation until the war issues are resolved. This could be decided quickly or linger until into Spring. Regardless of the war, Canadian retailers should expect to continue to perform better than their American counterparts as consumer confidence still remains very high. While sales appear to be down in January due to low inventories, J.C. Williams Group expects 2003 to have a soft start and finish on a stronger note.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

March 24, 2003

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 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.

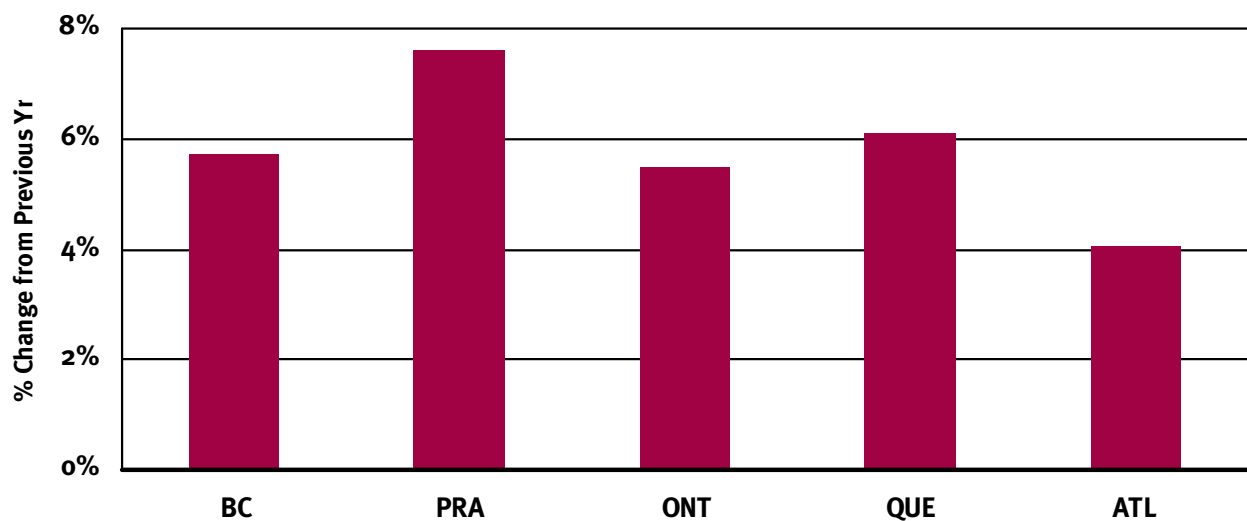
Retail Sales by Store Category

Sales for the Month of: December	2002	2001	2002 / 2001
All Stores	30,210.2	29,410.3	2.7%
Automotive Group	9,462.5	8,983.6	5.3%
All Stores Less Automotive	20,747.7	20,426.7	1.6%
Food and Drug Group	7,614.9	7,402.2	2.9%
All Stores Less Auto, Food and Drug	13,132.7	13,024.5	0.8%
General Merchandise Stores	4,589.8	4,567.2	0.5%
Department Stores (incl concessions)	3,080.5	3,079.4	0.0%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	2,325.3	2,145.1	8.4%
All Clothing and Shoe Stores	2,138.0	2,240.1	-4.6%
Women's Clothing Stores	596.7	634.5	-6.0%
Men's Clothing Stores	202.3	228.6	-11.5%
Other Clothing Stores	1,156.7	1,168.7	-1.0%
Shoe Stores	182.3	208.3	-12.5%
All Other Retail (except auto, food, drug)	4,079.7	4,072.2	0.2%
Year-to-date Sales	2002	2001	2002 / 2001
All Stores	306,365.6	289,130.0	6.0%
Automotive Group	123,317.5	115,523.8	6.7%
All Stores Less Automotive	183,048.2	173,606.2	5.4%
Food and Drug Group	82,384.1	78,067.5	5.5%
All Stores Less Auto, Food and Drug	100,664.1	95,538.7	5.4%
General Merchandise Stores	33,771.1	32,293.9	4.6%
Department Stores (incl concessions)	20,959.9	19,765.4	6.0%
Furniture, Appliance, Furnishings Stores (incl. Electronics)	18,229.0	16,364.4	11.4%
All Clothing and Shoe Stores	16,196.8	15,868.0	2.1%
Women's Clothing Stores	4,774.2	4,773.9	0.0%
Men's Clothing Stores	1,368.4	1,421.3	-3.7%
Other Clothing Stores	8,259.7	7,900.7	4.5%
Shoe Stores	1,794.6	1,772.1	1.3%
All Other Retail (except auto, food, drug)	32,467.2	31,012.3	4.7%

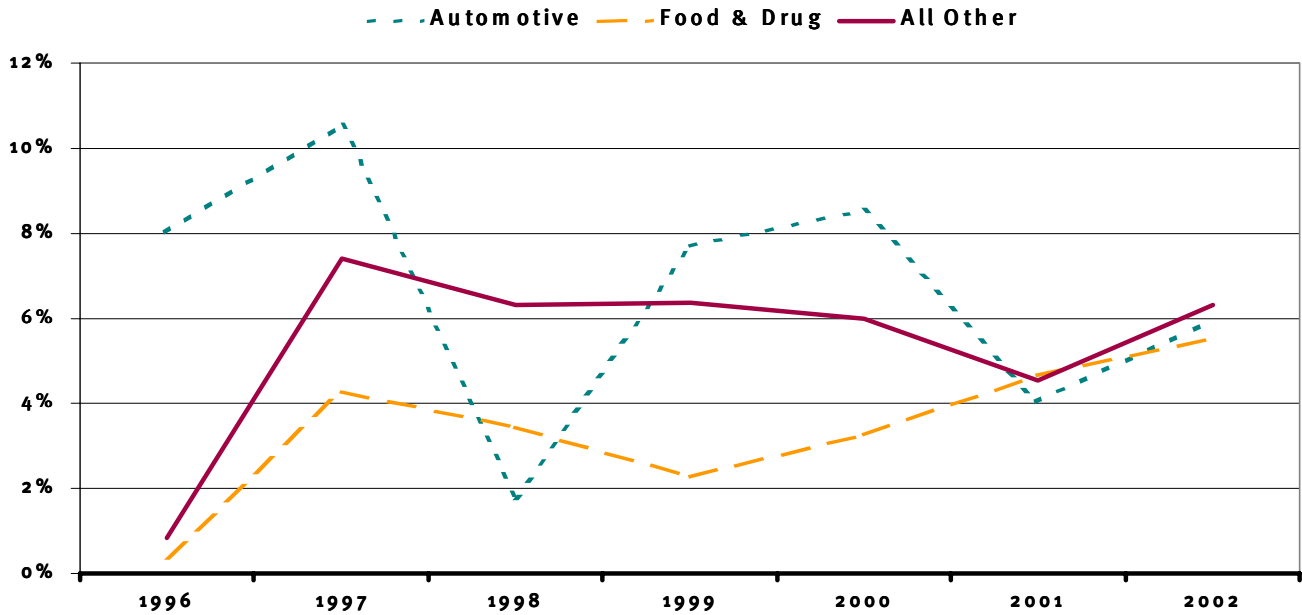
Retail Trade, Canada, All Stores, By Major Region

	Year-to-Date 2002	Same Period 2001	Change 2002 / 2001
British Columbia	40,154.4	37,979.1	5.7%
Prairies	56,964.9	52,933.2	7.6%
Ontario	115,169.4	109,193.8	5.5%
Quebec	70,069.9	66,036.4	6.1%
Atlantic Canada	22,894.7	21,997.6	4.1%

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



Canadian Retail Sales by Major Product Categories Year Over Year (1994 -2001)



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

