

# Bulletin

U.S. Data

Advance September 2006 Retail Sales • Released October 13, 2006

## RETAILERS BUILD ON BACK-TO-SCHOOL SHOPPING AS HOUSING MARKET GETS A FAILING GRADE

Students procrastinated with more than their homework this season as September saw retail sales buoyed by last minute back-to-school shopping.

Despite falling 1.6 percentage points behind year to date growth, All Stores gained 5.1% in September. Many saw this as a positive sign after August's 1.7% year over year drop in housing prices, the first in 11 years.

The impact of slower housing construction was seen as Building Material and Garden Equipment Stores fell 5.9 percentage points behind year to date figures, growing just 6.0%. Despite such results, Home Depot recently announced a \$350 million investment in their stores as they strive to lure more customers through the door.

Furniture and Home Furnishings Stores also came under pressure as their 4.8% growth paled in comparison to the 8.6% seen year to date. This category enjoyed a softer dip than Building Material and Garden Equipment Stores as delayed purchases offset the current housing climate.

Gasoline Stations saw their growth run out of gas as falling oil prices

pushed sales down -5.5%, 19.9 percentage points behind the 14.4% growth seen year to date.

Savings at the pumps drove shoppers into stores and fuelled their optimism as consumer confidence jumped 4.3 points and hit 104.5 in September. Food Services and Drinking Places took advantage of such good spirits as they enjoyed 9.1% growth, 0.9 percentage points ahead of year to date.

Non-store retailers continued to leverage increased online shopping and saw a 10.4% growth in sales. Despite falling short of their 12.8% year to date growth, this category outpaced all but Clothing and Accessories Stores.

As kids studied the latest trends in the playground, retailers saw last minute back-to-school shopping add up. Sporting Goods, Hobby, Book,

and Music Stores rose 9.1% while Clothing and Accessories Stores jumped 11.9%.

Retailers like JCPenney did their homework early and earned top marks for their back-to-school campaigns. Department Stores showed unusually strong results as sales grew 2.6%, 3.1 percentage points ahead of their year to date numbers.

With cooler temperatures comes the question of whether sales will heat up for the holiday season. As interest rates remain stable, retailers are waiting to see if lower gas prices can pump up sales amidst the current housing market.

**RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:**  
November 14, 2006

### 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](http://www.census.gov).

## Retail Sales by Store Category

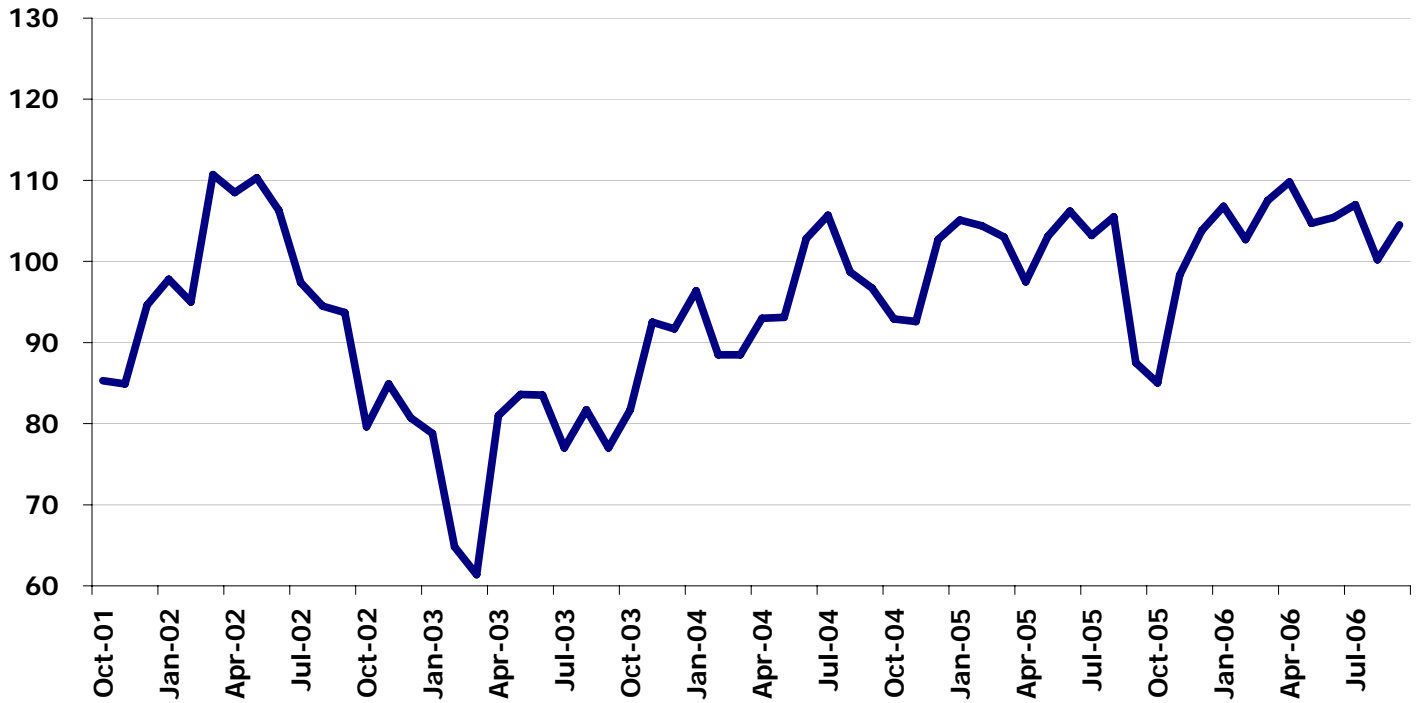
Sales for the Month of September	2006	2005	2006/2005
<b>All Stores</b>	<b>353,750</b>	<b>336,696</b>	<b>5.1%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>72,946</b>	<b>70,038</b>	<b>4.2%</b>
<b>Gasoline Stations</b>	<b>35,283</b>	<b>37,330</b>	<b>-5.5%</b>
<b>Food and Beverage Stores</b>	<b>45,065</b>	<b>43,050</b>	<b>4.7%</b>
Grocery Stores	40,021	38,498	4.0%
<b>Health and Personal Care Stores</b>	<b>18,161</b>	<b>16,971</b>	<b>7.0%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>29,883</b>	<b>28,193</b>	<b>6.0%</b>
<b>General Merchandise Stores</b>	<b>42,681</b>	<b>40,059</b>	<b>6.5%</b>
Department Stores (excluding leased departments)	15,858	15,460	2.6%
<b>Clothing and Accessories Stores</b>	<b>16,809</b>	<b>15,015</b>	<b>11.9%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>18,047</b>	<b>17,253</b>	<b>4.6%</b>
Furniture and Home Furnishing Stores	9,895	9,446	4.8%
Electronics and Appliance Stores	8,152	7,807	4.4%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>6,888</b>	<b>6,314</b>	<b>9.1%</b>
<b>Miscellaneous Store Retailers</b>	<b>9,692</b>	<b>9,272</b>	<b>4.5%</b>
<b>Nonstore Retailers</b>	<b>22,369</b>	<b>20,266</b>	<b>10.4%</b>
<b>Food Services and Drinking Places</b>	<b>35,926</b>	<b>32,935</b>	<b>9.1%</b>

Year to Date Sales Ending September	2006	2005	2006/2005
<b>All Stores</b>	<b>3,222,864</b>	<b>3,019,933</b>	<b>6.7%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>697,650</b>	<b>694,570</b>	<b>0.4%</b>
<b>Gasoline Stations</b>	<b>327,797</b>	<b>286,635</b>	<b>14.4%</b>
<b>Food and Beverage Stores</b>	<b>401,658</b>	<b>382,705</b>	<b>5.0%</b>
Grocery Stores	358,014	343,672	4.2%
<b>Health and Personal Care Stores</b>	<b>164,665</b>	<b>153,550</b>	<b>7.2%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>274,373</b>	<b>245,254</b>	<b>11.9%</b>
<b>General Merchandise Stores</b>	<b>386,968</b>	<b>365,329</b>	<b>5.9%</b>
Department Stores (excluding leased departments)	144,445	145,184	-0.5%
<b>Clothing and Accessories Stores</b>	<b>145,878</b>	<b>136,184</b>	<b>7.1%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>160,198</b>	<b>149,174</b>	<b>7.4%</b>
Furniture and Home Furnishing Stores	86,748	79,849	8.6%
Electronics and Appliance Stores	73,450	69,325	6.0%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>59,972</b>	<b>56,042</b>	<b>7.0%</b>
<b>Miscellaneous Store Retailers</b>	<b>86,817</b>	<b>80,334</b>	<b>8.1%</b>
<b>Nonstore Retailers</b>	<b>197,424</b>	<b>174,949</b>	<b>12.8%</b>
<b>Food Services and Drinking Places</b>	<b>319,464</b>	<b>295,207</b>	<b>8.2%</b>

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

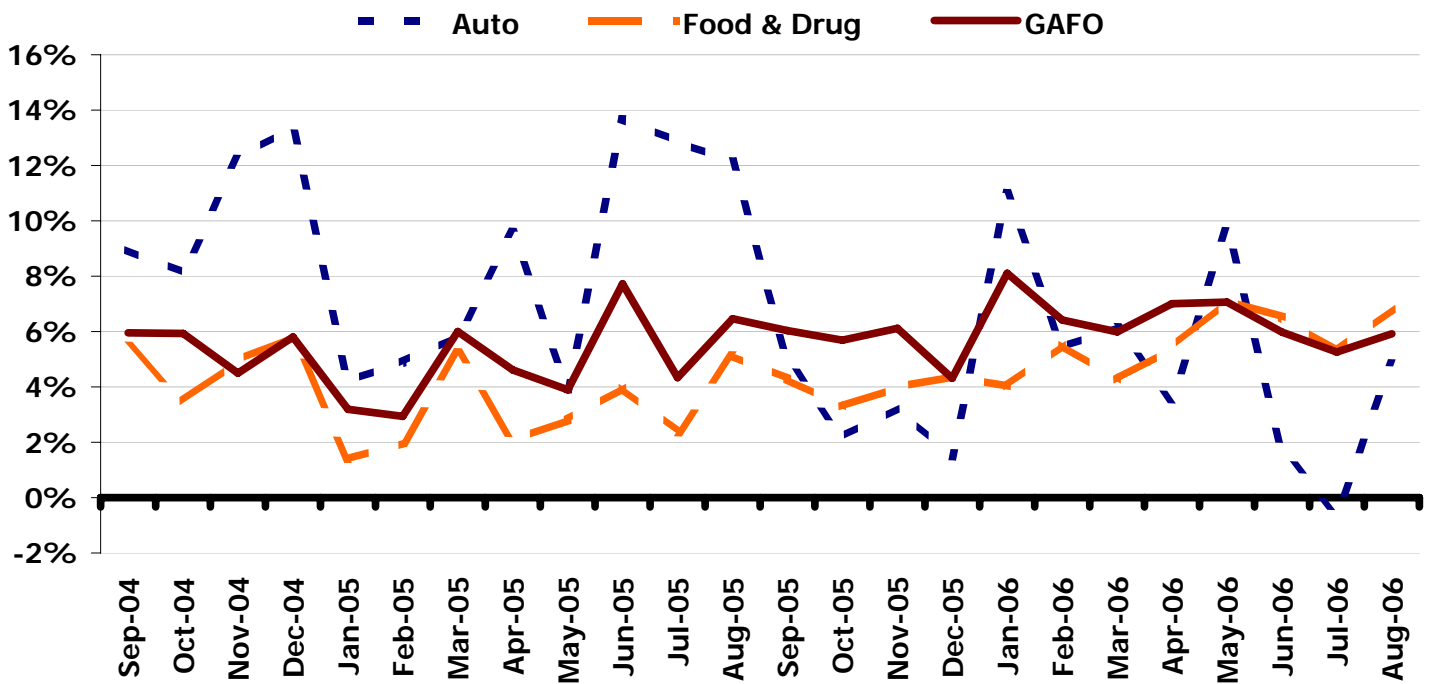
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### U.S. Consumer Confidence Index



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