

# Bulletin

U.S. Data

Advance October 2006 Retail Sales • Released November 14, 2006

## RETAIL SALES GROWTH FREEZES UP AS WINTER APPROACHES

As consumer confidence dipped to 105.4, October retail sales growth slowed to 4.3% compared to 2005. This is 2.1 percentage points behind year-to-date growth, and a sobering harbinger for the holiday season.

General Merchandise Stores saw a disappointing 1.7% growth in October, down from 5.4% year-to-date. Department Stores proved particularly vulnerable as their sales dropped -4.3% over 2005. With Health and Personal Care Stores enjoying strong 9.0% growth, it is likely that their broadened assortment has stolen market share from General Merchandise Stores.

Even discounters like Wal-Mart showed their exposure to slowed spending as they announced 1.5% comp sales growth and pledged price cuts in order to stimulate holiday sales.

With electronics a likely target for such price reductions, Electronics and Appliance Stores will be subject to increasing pressure in defending their share of the marketplace. These retailers are already facing the challenge of a depressed housing market, and experienced 2.9% growth in October, falling 2.7 percentage points behind year-to-date.

Following up on September's new home prices experiencing their sharpest decline since 1970, October hammered sales growth amongst Building Material and Garden Equipment Stores, which saw an increase of 3.9% over 2005. This figure pales in comparison to the 10.6% growth seen by these retailers year-to-date. Home Depot recently announced that its third quarter profit would be the lowest it's seen since 2003.

Non-store Retailers showed great resilience as sales grew 10.5%. With Fuel Dealers suffering from falling oil prices, this category's momentum is largely thanks to consistently strong Electronic Shopping and Mail-Order House performance. With 13.6% growth in the first nine months of 2006, it's clear that more shoppers are choosing their mouse over the mall.

With holiday windows lining the streets, many wonder about the outlook for this season's retail sales. Projections cover a wide range, from 2.5% to 7.5%, with most analysts expecting 5.0% growth.

### AN ODE TO HOLIDAY SHOPPING

*As stockings hang by the checkout,  
stores simply must wait,  
to see what's ahead,  
for their sales growth rate.*

*Can we expect a season that's grim,  
thanks to the housing price pinch,  
which hoards shopper spending,  
like a thieving green Grinch?*

*Or will the holidays be saved,  
if gas reaches new lows,  
and leads shoppers to the mall,  
like Rudolph's shiny red nose?*

**RELEASE DATE OF THE NEXT  
NATIONAL RETAIL BULLETIN:**  
December 13, 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 October	2006	2005	2006/2005
<b>All Stores</b>	<b>354,525</b>	<b>339,826</b>	<b>4.3%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>70,963</b>	<b>64,203</b>	<b>10.5%</b>
<b>Gasoline Stations</b>	<b>32,862</b>	<b>37,594</b>	<b>-12.6%</b>
<b>Food and Beverage Stores</b>	<b>44,859</b>	<b>43,508</b>	<b>3.1%</b>
Grocery Stores	39,838	38,905	2.4%
<b>Health and Personal Care Stores</b>	<b>18,838</b>	<b>17,281</b>	<b>9.0%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>29,767</b>	<b>28,657</b>	<b>3.9%</b>
<b>General Merchandise Stores</b>	<b>44,653</b>	<b>43,906</b>	<b>1.7%</b>
Department Stores (excluding leased departments)	16,653	17,406	-4.3%
<b>Clothing and Accessories Stores</b>	<b>17,685</b>	<b>16,579</b>	<b>6.7%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>17,774</b>	<b>17,136</b>	<b>3.7%</b>
Furniture and Home Furnishing Stores	9,766	9,355	4.4%
Electronics and Appliance Stores	8,008	7,781	2.9%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>6,426</b>	<b>6,077</b>	<b>5.7%</b>
<b>Miscellaneous Store Retailers</b>	<b>10,310</b>	<b>9,350</b>	<b>10.3%</b>
<b>Nonstore Retailers</b>	<b>23,988</b>	<b>21,510</b>	<b>11.5%</b>
<b>Food Services and Drinking Places</b>	<b>36,400</b>	<b>34,025</b>	<b>7.0%</b>

Year to Date Sales Ending October	2006	2005	2006/2005
<b>All Stores</b>	<b>3,576,173</b>	<b>3,359,759</b>	<b>6.4%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>769,500</b>	<b>758,773</b>	<b>1.4%</b>
<b>Gasoline Stations</b>	<b>359,939</b>	<b>324,229</b>	<b>11.0%</b>
<b>Food and Beverage Stores</b>	<b>446,442</b>	<b>426,213</b>	<b>4.7%</b>
Grocery Stores	397,748	382,577	4.0%
<b>Health and Personal Care Stores</b>	<b>183,396</b>	<b>170,831</b>	<b>7.4%</b>
<b>Building Material and Garden Equipment Stores</b>	<b>302,817</b>	<b>273,911</b>	<b>10.6%</b>
<b>General Merchandise Stores</b>	<b>431,528</b>	<b>409,235</b>	<b>5.4%</b>
Department Stores (excluding leased departments)	161,013	162,590	-1.0%
<b>Clothing and Accessories Stores</b>	<b>163,497</b>	<b>152,763</b>	<b>7.0%</b>
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>178,127</b>	<b>166,310</b>	<b>7.1%</b>
Furniture and Home Furnishing Stores	96,669	89,204	8.4%
Electronics and Appliance Stores	81,458	77,106	5.6%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>66,671</b>	<b>62,119</b>	<b>7.3%</b>
<b>Miscellaneous Store Retailers</b>	<b>97,199</b>	<b>89,684</b>	<b>8.4%</b>
<b>Nonstore Retailers</b>	<b>221,063</b>	<b>196,459</b>	<b>12.5%</b>
<b>Food Services and Drinking Places</b>	<b>355,994</b>	<b>329,232</b>	<b>8.1%</b>

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

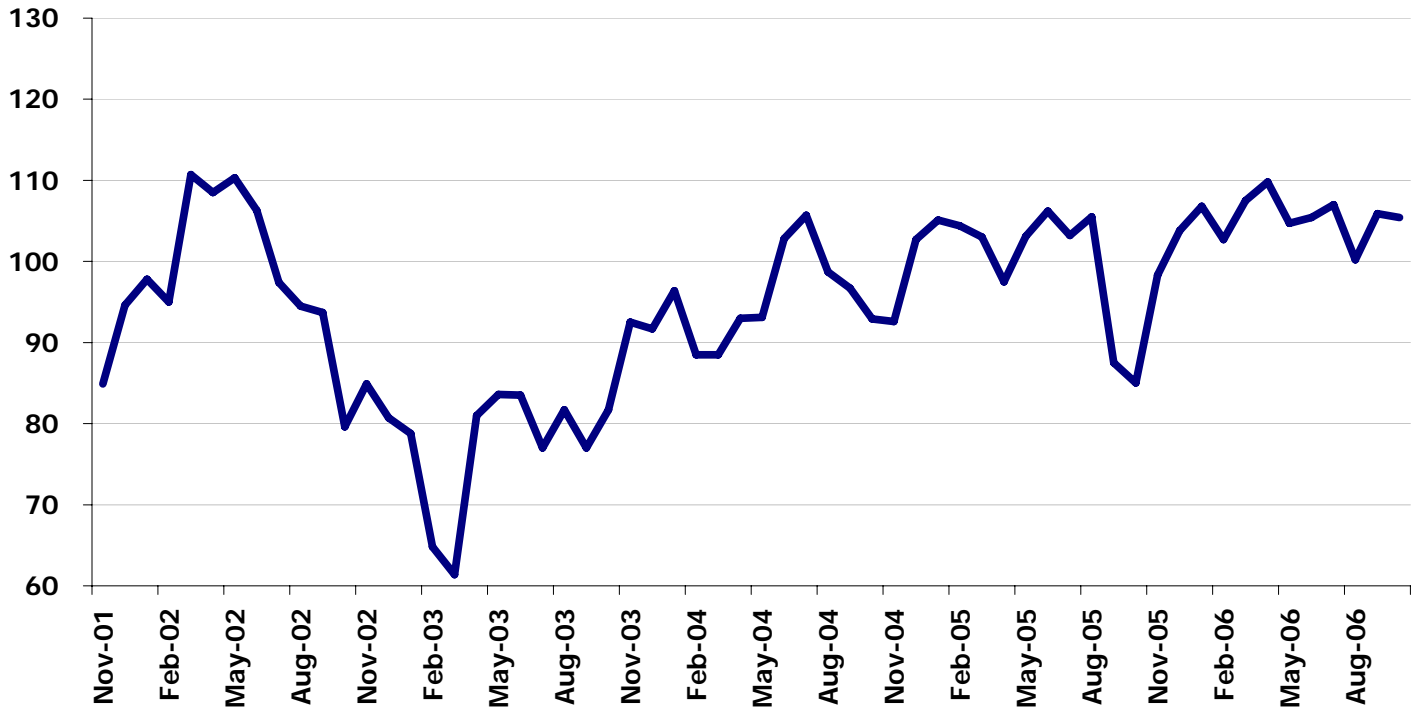
350 West Hubbard St. Ste 240, Chicago, IL 60610 Tel: (312) 673-1254 Fax: (312) 822-9162 Website: www.jcwg.com  
 For more info, please contact Jim Okamura at (312) 673-1254, John Archer at (416) 921-4181, or e-mail info@jcwg.com

## Retail Sales by Store Category

Revised Year to Date Sales Ending September	2006	2005	2006/2005
<b>All Stores</b>	<b>3,221,648</b>	<b>3,019,933</b>	<b>6.7%</b>
<b>Motor Vehicle and Parts Dealers</b>	<b>698,537</b>	<b>694,570</b>	<b>0.6%</b>
<b>Gasoline Stations</b>	<b>327,077</b>	<b>286,635</b>	<b>14.1%</b>
<b>Food and Beverage Stores</b>	<b>401,583</b>	<b>382,705</b>	<b>4.9%</b>
Grocery Stores	357,910	343,672	4.1%
Beer, Wine and Liquor Stores	27,341	24,594	11.2%
<b>Health and Personal Care Stores</b>	<b>164,558</b>	<b>153,550</b>	<b>7.2%</b>
Pharmacies and Drug Stores	137,732	128,609	7.1%
<b>Building Material and Garden Equipment Stores</b>	<b>273,050</b>	<b>245,254</b>	<b>11.3%</b>
Building Material and Supplies Stores	239,146	215,101	11.2%
Hardware Stores	14,598	13,994	4.3%
<b>GAFO (general merchandise, apparel, furniture, and other)</b>	<b>783,834</b>	<b>735,481</b>	<b>6.6%</b>
<b>General Merchandise Stores</b>	<b>386,875</b>	<b>365,329</b>	<b>5.9%</b>
Department Stores (excluding leased departments)	144,360	145,184	-0.6%
<i>Discount Department Stores (excluding leased departments)</i>	90,369	89,615	0.8%
<i>Conventional and National Dept. Stores (ex. Leased depts.)</i>	53,991	55,569	-2.8%
Warehouse Clubs and Superstores	213,398	192,164	11.0%
All Other General Merchandise Stores	29,117	27,981	4.1%
<b>Clothing and Accessories Stores</b>	<b>145,812</b>	<b>136,184</b>	<b>7.1%</b>
Men's Clothing Stores	6,419	6,426	-0.1%
Women's Clothing Stores	27,505	25,564	7.6%
Family Clothing Stores	55,575	51,746	7.4%
Shoe Stores	18,854	17,638	6.9%
Jewellery Stores	18,756	17,233	8.8%
<b>Furniture, Home Furnishings, Electronics and Appliance Stores</b>	<b>160,353</b>	<b>149,174</b>	<b>7.5%</b>
Furniture Stores	45,768	43,069	6.3%
Home Furnishing Stores	41,135	36,780	11.8%
Household Appliance Stores	13,538	12,529	8.1%
Radio, TV and Other Electronics Stores	43,883	40,227	9.1%
Computer and Software Stores	13,500	14,131	-4.5%
<b>Sporting Goods, Hobby, Book and Music Stores</b>	<b>60,245</b>	<b>56,042</b>	<b>7.5%</b>
Sporting Goods Stores	25,109	21,994	14.2%
Book Stores	12,075	12,276	-1.6%
<b>Miscellaneous Store Retailers</b>	<b>86,889</b>	<b>80,334</b>	<b>8.2%</b>
<b>Nonstore Retailers</b>	<b>197,075</b>	<b>174,949</b>	<b>12.6%</b>
Electronic Shopping and Mail-Order Houses	128,542	113,135	13.6%
Fuel Dealers	28,363	26,761	6.0%
<b>Food Services and Drinking Places</b>	<b>319,594</b>	<b>295,207</b>	<b>8.3%</b>

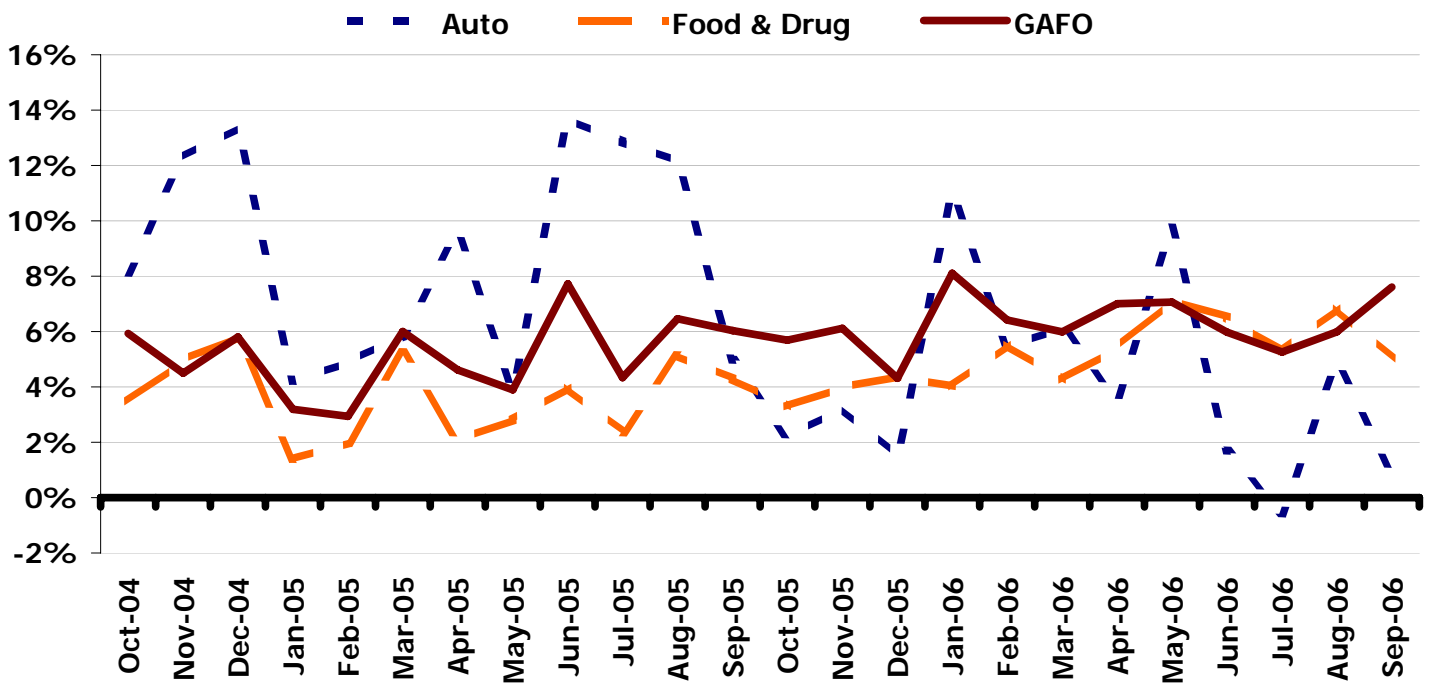
Source: US Census Bureau. All Values are expressed in millions of US dollars and are not seasonally adjusted

### 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