

Bulletin

U.S. Data

Advance November 2006 Retail Sales • Released December 13, 2006

BLACK FRIDAY FADES TO GREY

Following red hot coverage in the press, many retailers felt blue after their Black Friday sales fell short of expectations. Although this made some retailers yellow with anxiety, All Stores sales proved strong as they rose 6.0% in November.

During this crucial period for retailers, many found other channels green with envy as online promotions took centre stage. Wal-Mart received so much traffic to its site that they were forced to shut down for several hours. Non-store sales saw robust double digit growth, rising 10.1% ahead of the previous year. It's expected that December may shine even brighter as shoppers take advantage of merchants offering guaranteed Christmas delivery well into the month.

Electronics and Appliance Stores sales jumped 9.0%, three percentage points ahead of year-to-date growth. LCD television sales are anything but flat as they prove to be among the year's hottest gifts. Consumers have been clamoring for the latest gaming consoles as well. It seems few are able to resist the lure of the parking lot campgrounds and in-store riots that come free with the purchase of every PlayStation 3 or Nintendo Wii.

October saw existing home prices tumble 3.5%, the largest year over year drop on record. As housing prices face the wrecking ball, Building Material and Garden Equipment Stores sales

grew a mere 4.5%, less than one-half the 10.1% increase seen year-to-date. Furniture and Home Furnishing Stores sales rose 4.2% but paled in comparison to the 8.3% growth seen year-to-date.

Although consumers face the prospect of slipping housing prices, many found solace in earnings growth. The average hourly income climbed 4.5% in November, the most significant jump since March 2001. Amidst looming economic turmoil, shoppers sought out feel good products as a result of their new found wealth. This helped boost apparel sales 8.0%, a full percentage point ahead of year-to-date growth. Health and Personal Care Stores also saw sales rise 8.8% in November. Nordstrom's and Tiffany & Co. clearly expect to leverage this rosy attitude amongst consumers as both increased their full-year forecasts as a result of the holiday demand.

Even amidst eggnog and mistletoe, one mustn't forget the New Year ahead. Will 2007 sales be the toast of the town or fall like the ball in New York's Times Square? As the Champagne fades and Christmas lights burn out, retailers will find themselves amidst falling home prices and an uncertain outlook in Iraq. Building Material and Garden Equipment Stores will surely have trouble maintaining their growth but non-store retail will likely buoy sales as more shoppers go online. Overall, we expect retail sales to grow between 4%–5% in 2007.

In the mean time, all that is left to say is *Merry Christmas to all, and may your sales take flight!*

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:
January 12, 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.

Retail Sales by Store Category

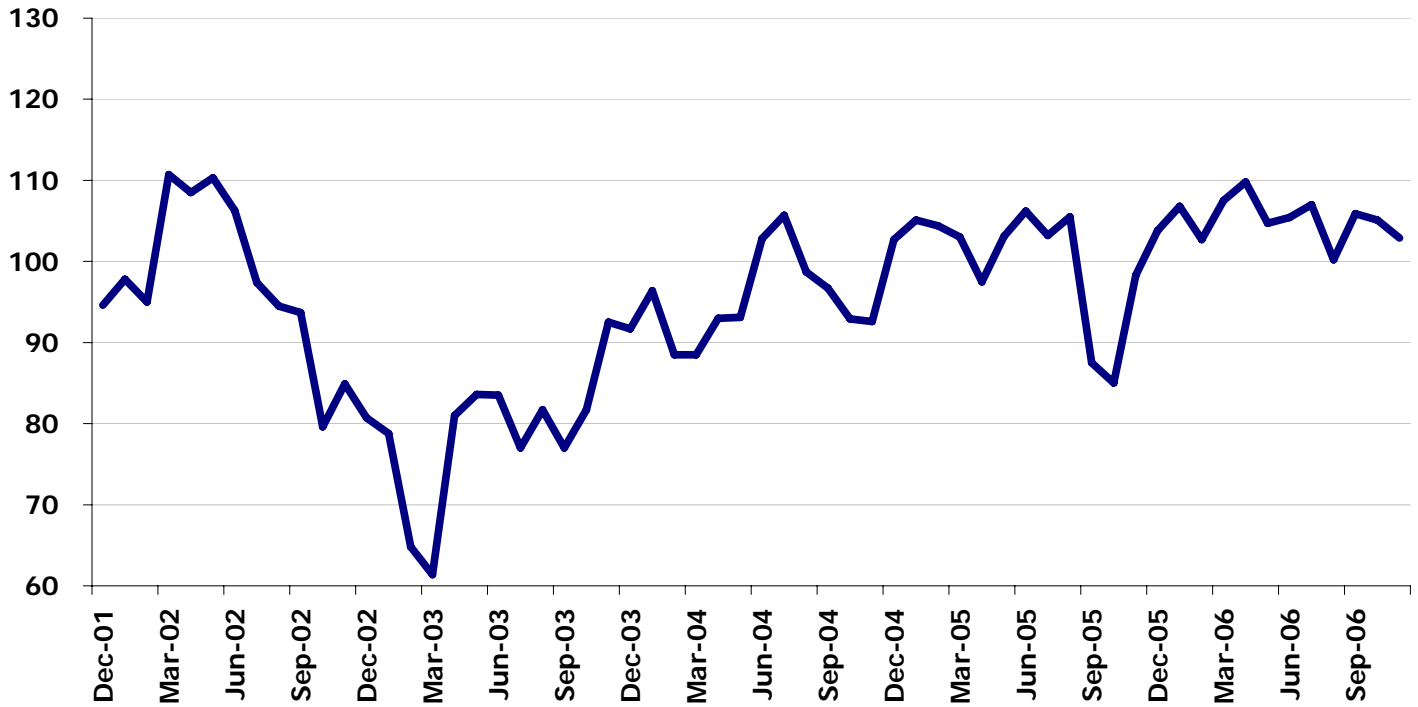
Sales for the Month of November	2006	2005	2006/2005
All Stores	367,812	346,993	6.0%
Motor Vehicle and Parts Dealers	69,728	65,360	6.7%
Gasoline Stations	31,409	32,054	-2.0%
Food and Beverage Stores	46,885	43,776	7.1%
Grocery Stores	41,390	38,940	6.3%
Health and Personal Care Stores	18,931	17,396	8.8%
Building Material and Garden Equipment Stores	28,814	27,583	4.5%
General Merchandise Stores	51,962	49,509	5.0%
Department Stores (excluding leased departments)	21,245	21,103	0.7%
Clothing and Accessories Stores	19,955	18,479	8.0%
Furniture, Home Furnishings, Electronics and Appliance Stores	21,334	20,034	6.5%
Furniture and Home Furnishing Stores	10,947	10,506	4.2%
Electronics and Appliance Stores	10,387	9,528	9.0%
Sporting Goods, Hobby, Book and Music Stores	7,772	7,390	5.2%
Miscellaneous Store Retailers	10,218	9,585	6.6%
Nonstore Retailers	25,986	23,607	10.1%
Food Services and Drinking Places	34,788	32,220	8.0%

Year to Date Sales Ending November	2006	2005	2006/2005
All Stores	3,945,238	3,706,752	6.4%
Motor Vehicle and Parts Dealers	839,552	824,133	1.9%
Gasoline Stations	392,192	356,283	10.1%
Food and Beverage Stores	493,393	469,989	5.0%
Grocery Stores	439,153	421,517	4.2%
Health and Personal Care Stores	202,409	188,227	7.5%
Building Material and Garden Equipment Stores	331,840	301,494	10.1%
General Merchandise Stores	483,500	458,744	5.4%
Department Stores (excluding leased departments)	182,274	183,693	-0.8%
Clothing and Accessories Stores	183,306	171,242	7.0%
Furniture, Home Furnishings, Electronics and Appliance Stores	199,827	186,344	7.2%
Furniture and Home Furnishing Stores	108,030	99,710	8.3%
Electronics and Appliance Stores	91,807	86,634	6.0%
Sporting Goods, Hobby, Book and Music Stores	74,274	69,509	6.9%
Miscellaneous Store Retailers	107,154	99,269	7.9%
Nonstore Retailers	247,004	220,066	12.2%
Food Services and Drinking Places	390,757	361,452	8.1%

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

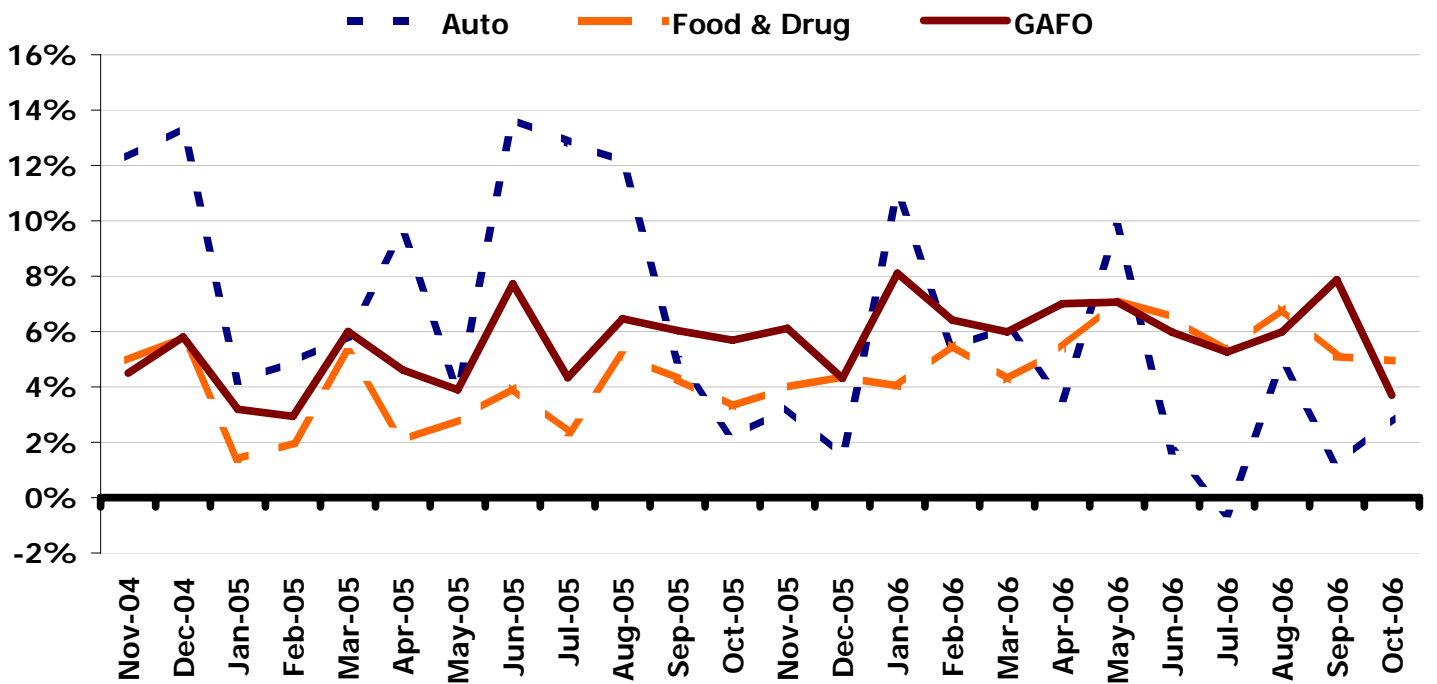
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U.S. Consumer Confidence Index



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