

Bulletin

U.S. Data

Advance July 2009 Retail Sales • Released August 13, 2009

JULY STUMBLER

In July, consumer confidence took a hit and most retailer categories either maintained their position or lost ground compared to their year-to-date growth statistics. The notable exception was Motor Vehicle and Parts Dealers.

Total sales were down by -7.9% in July buoyed by an improving Motor Vehicle and Parts Dealers category. The sharp contrast of this month's -7.2% drop for the category compared to the -18.9% plunge year-to-date was welcome news for retailers and the industry overall that has been looking to get back on stable ground. A driving force has been the Cash-for-Clunkers program that has had a positive effect on retail sales growth.

A few other categories performed better than average. Health and Personal Care Stores sales shot up a further 4.7% compared to last July.

Within the Nonstore Retailers' category, the Electronic Shopping and Mail-Order Houses were primarily responsible for the diminishing negative growth. Sales fell -3.3% in July compared to the year-to-date growth of -5.0%, as the pure-play retailers in this category moved into positive growth territory in June.

Finally, while still in the double-digit negative growth range, Furniture and Home Furnishings Stores witnessed a -11.9% decline compared to -13.6% year-to-date.

A number of retailer categories maintained the same level of growth or decline and were effectively no better or worse compared to the year so far. These categories include Food and Beverage Stores, Gasoline Stations, Clothing and Accessories Stores, and Food Services and Drinking Places.

Unfortunately, a number of retailer categories stumbled in July. Building Material and Garden Equipment Stores sales fell -15.0% in July compared to -11.8% year-to-date causing concern.

General Merchandise Stores were down -3.4% in July and Department Stores approached double-digit declines. While many retailers have been moderately successful at affecting their profit levels through deep cost cutting, perhaps these measures have been taking a more noticeable toll on sales results. Macy's reported -10.7% decline in July and -9.7% for the second quarter. Walmart reported that they experienced relatively flat sales growth.

Electronics and Appliance Stores could not entice consumers into their stores with much ease as sales fell -14.3%. In addition, the

same could be said for Sporting Goods, Hobby, Book and Music Stores. Sales declined -5.4% which was surprising as the category had been performing better than most others.

As consumer confidence slips below 50 once again, retailers are nervous and cautious about the second half of the year. The positive step forward for Motor Vehicles and Parts Dealers shows consumers are opening their wallets wider for the first time in several months.

As children, teenagers, and young adults have either already returned or are about to go back to school, J.C. Williams Group thought that it was timely to provide a supplement on Back-to-School retail trends and statistics. Enjoy.

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN:
September 15, 2009

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.

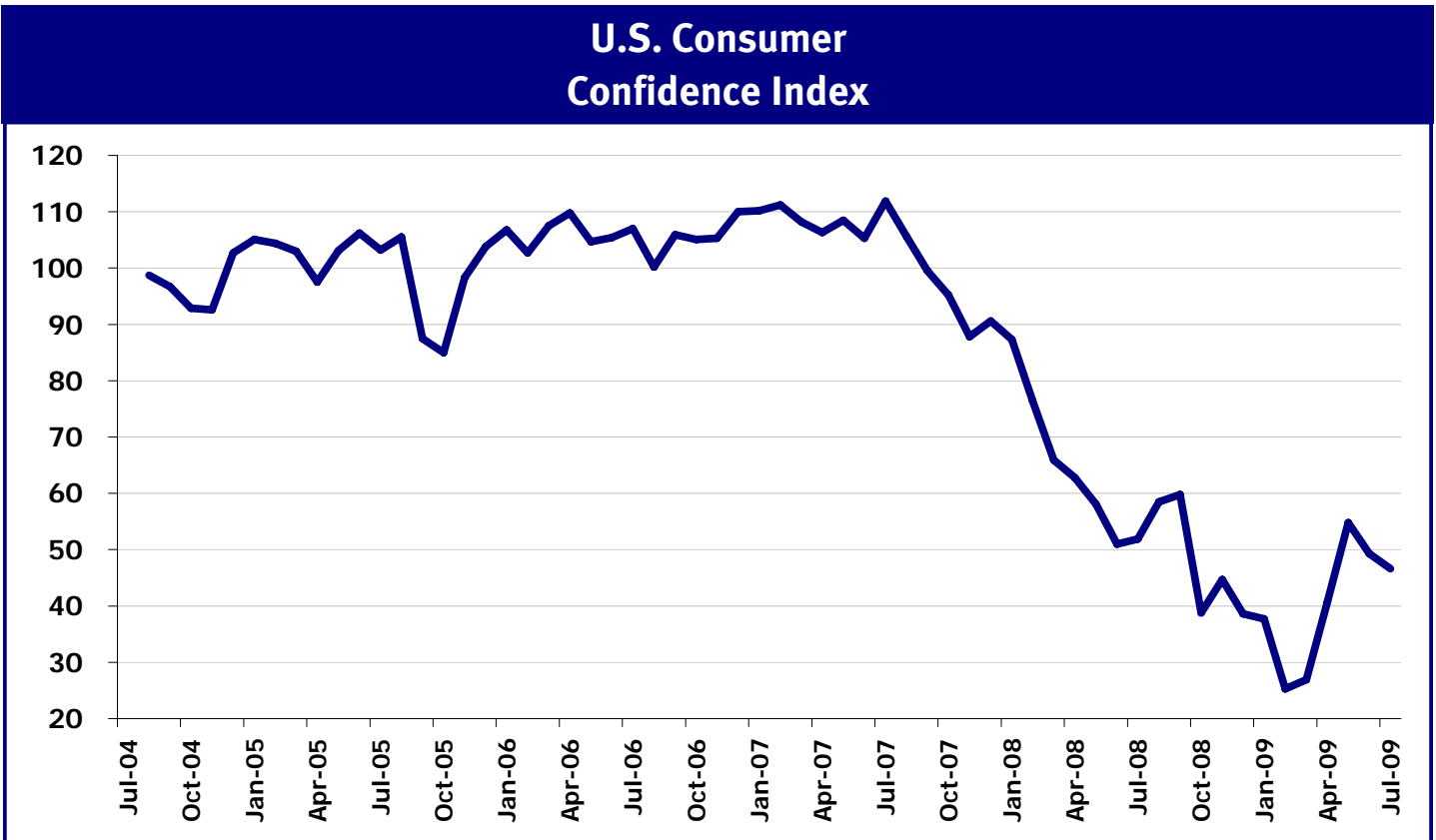
Retail Sales by Store Category

Sales for the Month of July	2009	2008	2009/2008
All Stores	355,243	385,909	-7.9%
Motor Vehicle and Parts Dealers	65,292	70,384	-7.2%
Gasoline Stations	33,836	49,280	-31.3%
Food and Beverage Stores	50,886	50,934	-0.1%
Grocery Stores	45,359	45,536	-0.4%
Health and Personal Care Stores	21,273	20,312	4.7%
Building Material and Garden Equipment Stores	26,122	30,743	-15.0%
General Merchandise Stores	46,964	48,611	-3.4%
Department Stores (excluding leased departments)	13,986	15,478	-9.6%
Clothing and Accessories Stores	16,129	17,377	-7.2%
Furniture, Home Furnishings, Electronics and Appliance Stores	15,737	18,105	-13.1%
Furniture and Home Furnishing Stores	8,036	9,122	-11.9%
Electronics and Appliance Stores	7,701	8,983	-14.3%
Sporting Goods, Hobby, Book and Music Stores	6,578	6,950	-5.4%
Miscellaneous Store Retailers	9,583	10,315	-7.1%
Nonstore Retailers	22,719	23,505	-3.3%
Food Services and Drinking Places	40,124	39,393	1.9%

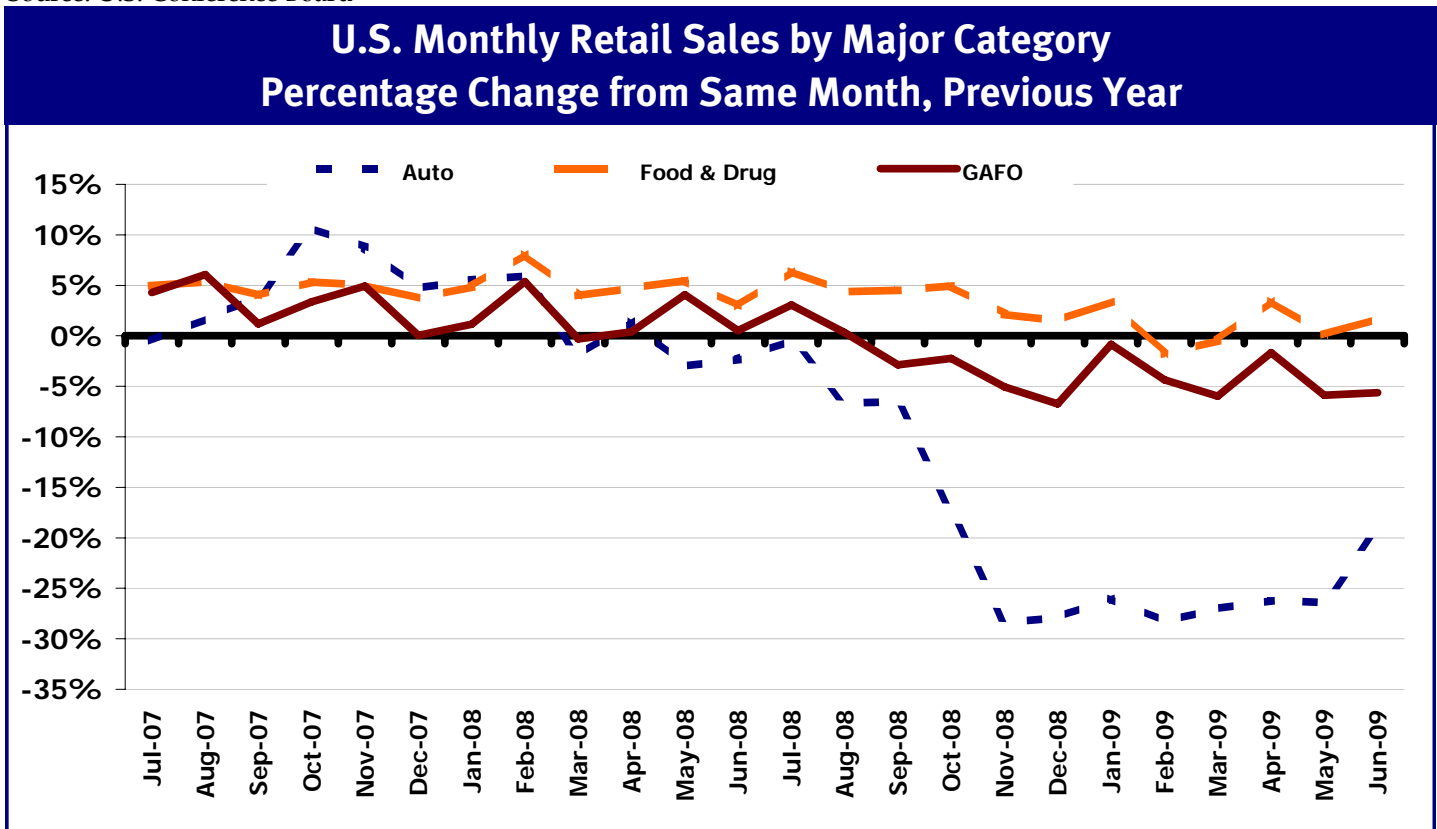
Year to Date Sales Ending July	2009	2008	2009/2008
All Stores	2,349,224	2,596,303	-9.5%
Motor Vehicle and Parts Dealers	407,722	502,783	-18.9%
Gasoline Stations	199,515	298,545	-33.2%
Food and Beverage Stores	338,918	338,298	0.2%
Grocery Stores	303,894	304,685	-0.3%
Health and Personal Care Stores	146,633	141,963	3.3%
Building Material and Garden Equipment Stores	173,038	196,180	-11.8%
General Merchandise Stores	325,520	329,329	-1.2%
Department Stores (excluding leased departments)	98,572	107,064	-7.9%
Clothing and Accessories Stores	110,291	118,403	-6.9%
Furniture, Home Furnishings, Electronics and Appliance Stores	108,474	122,814	-11.7%
Furniture and Home Furnishing Stores	53,030	61,384	-13.6%
Electronics and Appliance Stores	55,444	61,430	-9.7%
Sporting Goods, Hobby, Book and Music Stores	45,605	46,913	-2.8%
Miscellaneous Store Retailers	64,643	67,941	-4.9%
Nonstore Retailers	161,313	169,795	-5.0%
Food Services and Drinking Places	267,552	263,339	1.6%

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

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Source: U.S. Conference Board



Source: U.S. Census Bureau

Back to School Data

August 2008 Expenditure (only outdone by December/January sales at):

Family Clothing Stores	\$7.6 billion
Book Stores	\$2.4 billion

Projected Enrollment Fall 2009

of Students

Projected enrollment for: K–12 grades (Fall 2009)	56 million
Projected enrollment for: colleges and university (Fall 2009)	19 million

Diversity, Activity

School going children, 5–17 who speak a language other than English at home	10.9 million
% of above who speak Spanish at home	72%
% of minorities in grades 1–12	42%
% of children 6–11 who participated in lessons, sports, clubs (2006)	12%
% of college students 35+ (October 2007)	15%
% of children 6–17 who often like school (per the parents)	67%

Lunch

Average number of children participating each month in the national school lunch program in 2008	31 million
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Teachers

# of teachers in the United States in 2008	7.2 million
Teachers at the elementary and middle school level	40%

Computers

# of computers per student	1/4
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Source: US Census Bureau Facts for Features June 15, 2009

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