

# Bulletin

February 2007 Retail Sales • Released April 20, 2007

## SOLID PERFORMANCE IN FEBRUARY

Retail sales have been solid in the month of February, fuelled by the strong economy: low unemployment rate, strong stock market, upward trend of the consumer confidence index, positive housing starts, and newly created job opportunities. All Stores gained 4.8% over 2006, just slightly off the year-to-date sales growth. All Stores Less Automotive, Food, Pharmacies grew by 5.3%, 1.2 points below the year-to-date growth number.

The Pharmacies and Personal Care Stores category was the stellar performer again this month, with sales growing by 11% year-over-year. To increase the revenue streams, pharmacy stores have introduced counselling services in their stores, e.g. clinics and health centres. This has become the new competitive front in drugstore retailing wars. At Rexall drugstores, a customer can see a nurse, podiatrist, chiropractor, and other health professional, or attend a health-related seminar. Shoppers Drug Mart recently launched what it called “breakthrough” patient care: an enhanced version of its HealthWatch medication tracking, ordering, and information service. Ageing baby boomers’ need for health and wellbeing products is another key driver for the category gains.

Clothing and Accessories Stores had another strong month after January thanks to the cold weather in February. Sales of Clothing Stores fared well, jumping 6.9% over 2006. Marked down items became popular this month.

Apparel retailers were happy to get rid of their excessive inventory and prepare for the new arrivals.

The long-awaited cold weather also benefited the sales in Sporting Goods, Hobby, Music, and Book Store sales. With a notable 6.8% increase over last year, this category was the only category whose February sales growth beat the year-to-date growth.

After several seasons of robust increases, the growth of the Building and Outdoor Home Supplies Stores has slowed to a moderate 6.8%. In the long run, we expect to see this category continue to perform well as a result of the healthy housing market in Canada.

The same growth story has been observed in the Furniture, Home Furnishing and Electronics Stores. Although the sales growth was not impressive compared to the previous month, the category delivered strong growth of 5.9% over last February.

Food and Beverage Stores were the laggards among all categories, growing moderately at 2.8% over 2006. Sales in this category have

been stolen by the General Merchandise Stores. It is also noted that Loblaws converted some of its stores to general merchandise stores. In addition, the opening of Wal-Mart Supercentres has lured customers away from traditional supermarkets. To this end, sales of General Merchandise Stores maintained an impressive 5.2% growth year-over-year.

Regionally, we see that Alberta’s growth eased to 8.5% this month compared to 2006. Everyone knew it would be difficult to match last year’s phenomenal pace of growth. British Columbia and Atlantic Canada tied for second place with sales growing by 5.4%, followed by Quebec and Ontario at 4.5% and 3.6%, respectively.

Buoyed by the positive economic indicators, J.C. Williams Group believes that March is going to be another strong month for retail.

## RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN

May 18, 2007

### 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 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.

## Retail Sales by Store Category

Sales for the Month of: February	2007	2006	2007/2006
<b>All Stores</b>	<b>26,545.2</b>	<b>25,333.7</b>	<b>4.8%</b>
Automotive	9,030.7	8,653.5	4.4%
<b>All Stores Less Automotive</b>	<b>17,514.5</b>	<b>16,680.1</b>	<b>5.0%</b>
Food and Beverage Stores	6,448.7	6,275.3	2.8%
Pharmacies and Personal Care Stores	2,145.6	1,932.8	11.0%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>8,920.1</b>	<b>8,472.0</b>	<b>5.3%</b>
<b>General Merchandise Stores</b>	<b>2,927.5</b>	<b>2,782.7</b>	<b>5.2%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>1,936.6</b>	<b>1,828.6</b>	<b>5.9%</b>
Furniture and Home Furnishings Stores	1,049.5	996.0	5.4%
Computer, Software, Home Electronics, and Appliance Stores	887.0	832.6	6.5%
<b>Clothing and Accessories Stores</b>	<b>1,321.1</b>	<b>1,244.5</b>	<b>6.2%</b>
Clothing Stores	995.0	930.4	6.9%
Shoes, Clothing Accessories, and Jewellery Stores	326.1	314.1	3.8%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>637.1</b>	<b>596.4</b>	<b>6.8%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>1,419.1</b>	<b>1,335.1</b>	<b>6.3%</b>
<b>Miscellaneous Store Retailers</b>	<b>678.8</b>	<b>684.8</b>	<b>-0.9%</b>

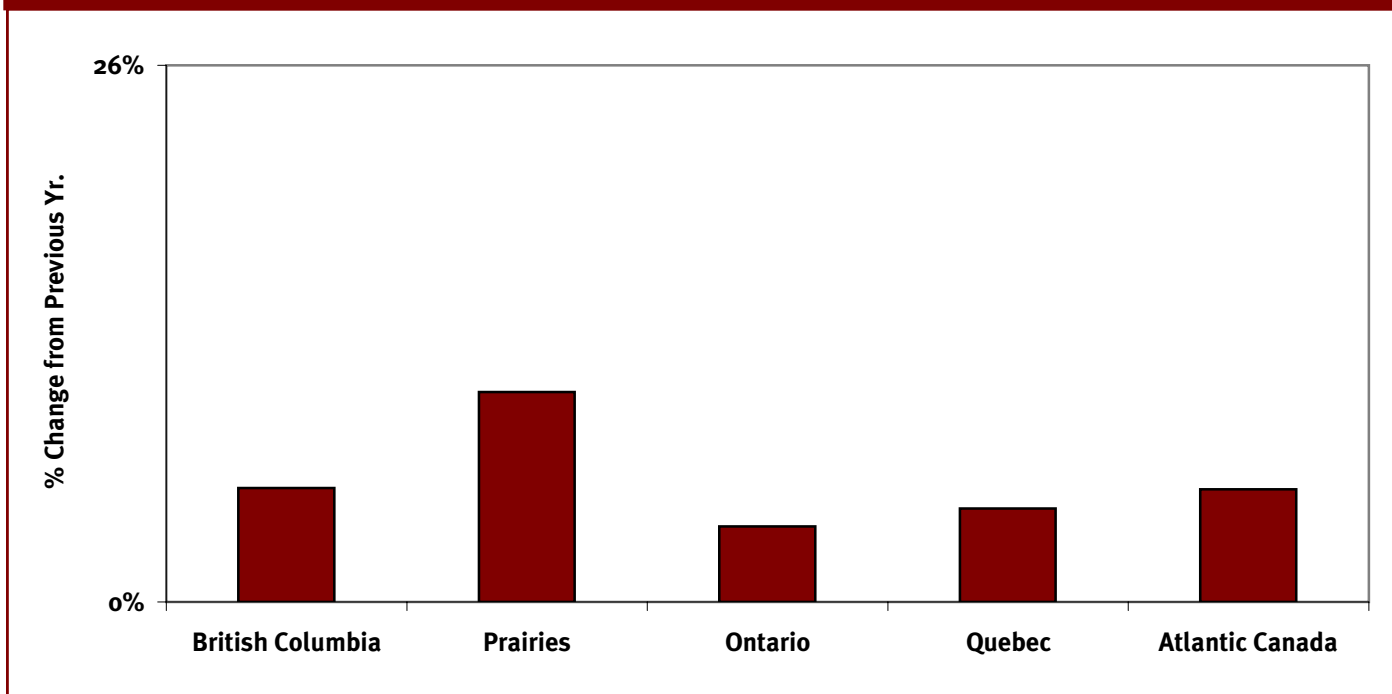
Year-to-date Sales	2007	2006	2007/2006
<b>All Stores</b>	<b>54,357.0</b>	<b>51,511.9</b>	<b>5.5%</b>
Automotive	18,208.3	17,397.2	4.7%
<b>All Stores Less Automotive</b>	<b>36,148.7</b>	<b>34,114.7</b>	<b>6.0%</b>
Food and Beverage Stores	13,040.4	12,627.4	3.3%
Pharmacies and Personal Care Stores	4,407.5	3,925.8	12.3%
<b>All Stores Less Automotive, Food, Pharmacies</b>	<b>18,700.8</b>	<b>17,561.5</b>	<b>6.5%</b>
<b>General Merchandise Stores</b>	<b>6,091.1</b>	<b>5,748.7</b>	<b>6.0%</b>
<b>Furniture, Home Furnishings and Electronics Stores</b>	<b>4,068.0</b>	<b>3,825.9</b>	<b>6.3%</b>
Furniture and Home Furnishings Stores	2,194.3	2,076.1	5.7%
Computer, Software, Home Electronics, and Appliance Stores	1,873.7	1,749.8	7.1%
<b>Clothing and Accessories Stores</b>	<b>2,764.7</b>	<b>2,541.9</b>	<b>8.8%</b>
Clothing Stores	2,114.5	1,933.5	9.4%
Shoes, Clothing Accessories, and Jewellery Stores	650.2	608.4	6.9%
<b>Sporting Goods, Hobby, Music, and Book Stores</b>	<b>1,414.3</b>	<b>1,354.2</b>	<b>4.4%</b>
<b>Building and Outdoor Home Supplies Stores</b>	<b>2,975.8</b>	<b>2,729.5</b>	<b>9.0%</b>
<b>Miscellaneous Store Retailers</b>	<b>1,386.9</b>	<b>1,361.3</b>	<b>1.9%</b>

ALL DOLLAR VALUES EXPRESSED IN MILLIONS OF CANADIAN DOLLARS; UNADJUSTED FIGURES; SOURCE: STATISTICS CANADA

## Retail Trade, Canada, All Stores, by Region

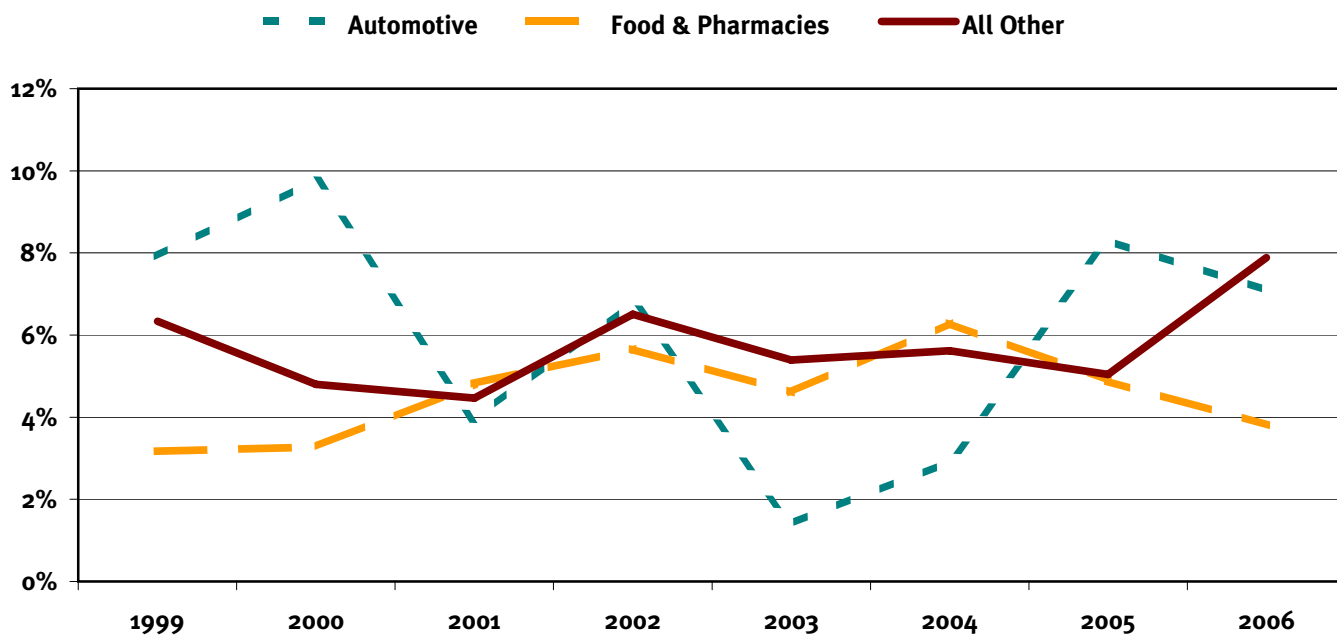
	Year-to-date 2007	Same Period 2006	Change 2007/2006
British Columbia	7,689.6	7,292.8	5.4%
Prairies	11,607.9	10,548.5	10.0%
Ontario	19,398.1	18,720.9	3.6%
Quebec	11,690.1	11,190.2	4.5%
Atlantic Canada	3,774.1	3,581.1	5.4%

### Percentage Change in Retail Trade, All Stores, By Region Year-to-date Compared to Same Period Last Year

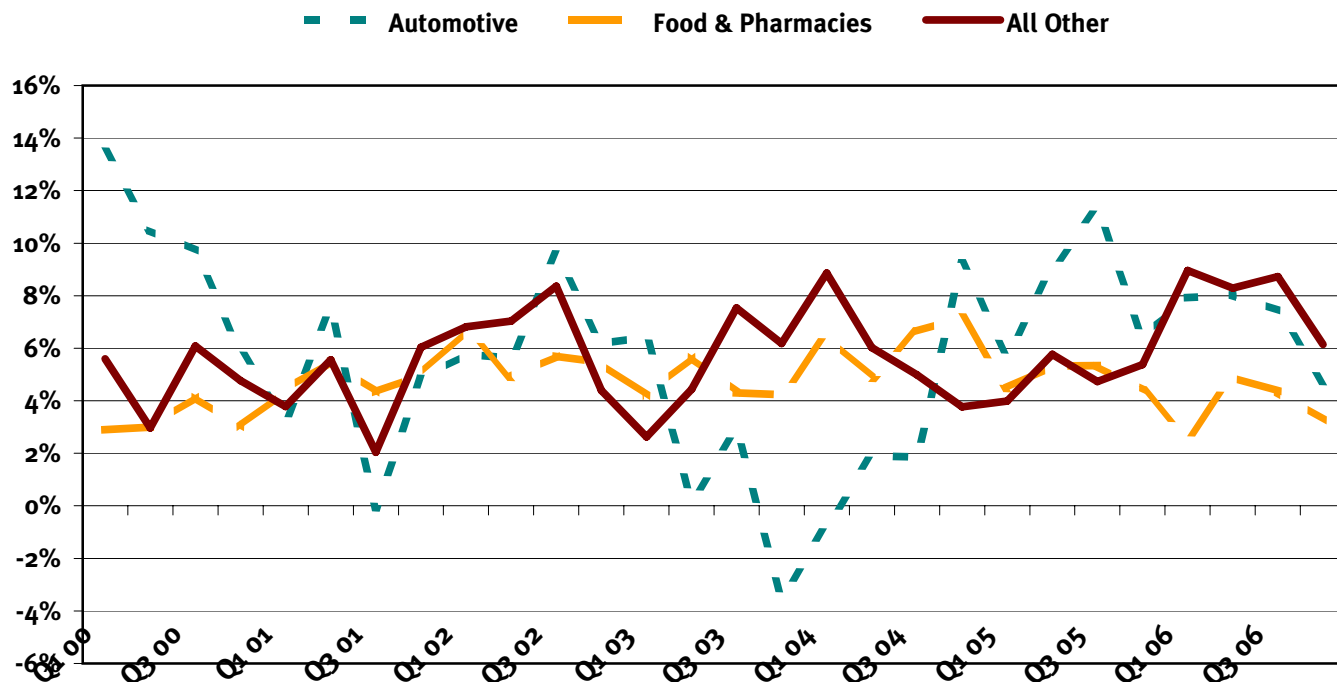


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2006)



Canadian Retail Sales by Major Product Category, From the Same Quarter a Year Earlier



Consumer Price Index

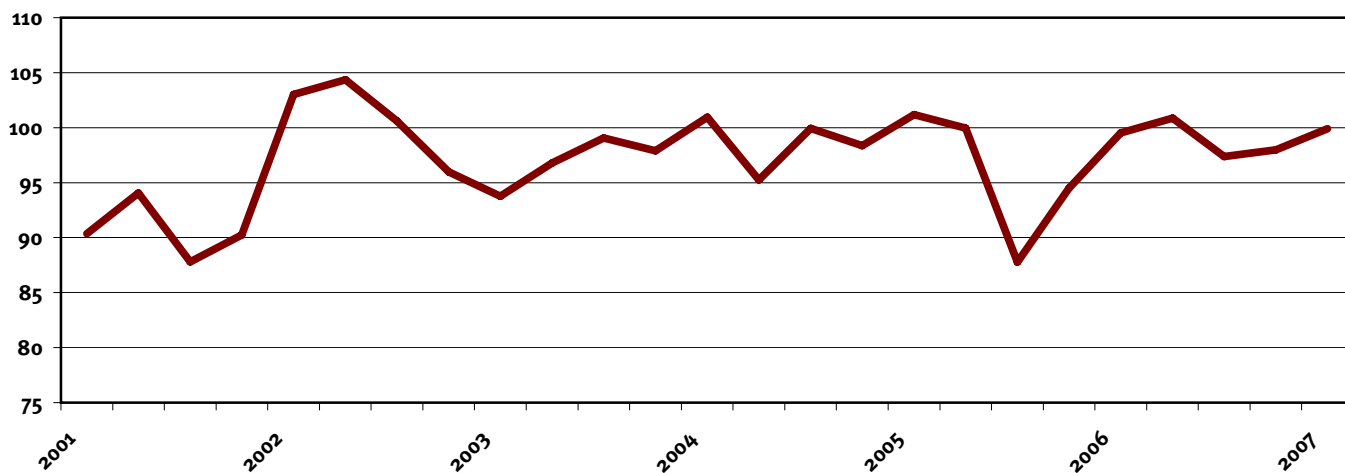
March 2007

vs.

March 2006

2.3%

Canadian Consumer Confidence Index 2001–2007



Source: Conference Board of Canada, 2002 = 100

Canadian Consumer Expenditures Index 1999–2006

