

Bulletin

June 2008 Retail Sales • Released August 20, 2008

FOOD AND BEVERAGE STORES STUMBLE AS SHOPPERS HAVE A GROWING APPETITE FOR VALUE

Canadian retail sales lagged during June as consumer confidence tumbled from 74.2 to 65.4. All Store sales rose a meagre 0.2% during the month while year-to-date sales have climbed 4.5%. This lacklustre performance suggests that Canadian retailers may only just now be facing the same challenges as their U.S. counterparts.

Food and Beverage stores were among the hardest hit as their sales slipped -4.6% during June. This comes as Loblaw slashes prices in an attempt to regain ground from Wal-Mart's Supercentres. The latter has played a central role in the relatively robust 3.5% growth seen among General Merchandise Stores during June. This category continues to gain its momentum from supercentres and warehouse clubs as price sensitive shoppers shy away from traditional department stores.

Furniture and Home Furnishings Stores boasted surprising strength during June as they enjoyed a 2.7% bump in sales. This is in stark contrast to the -0.2% drop in Building and Outdoor Home Supplies store sales that was prompted by the softening housing market. Even as Rona reported strong Q2 profit, year-over-year same-store sales fell 4.4%.

This underlines the challenges ahead for the Canadian home improvement sector.

While many may be hesitant to renovate their homes amidst the shaky property market, Canadians continue to make the most of summer as sunny weather sent Sporting Goods, Hobby, Music, and Book Stores sales up 4.4%. This outpaces the category's 3.9% year-to-date growth.

As shoppers lap up the lingering days of summer, retailers eagerly await September's return to school. We expect that consumers will continue to spend on back-to-school essentials while shifting their purchases from traditional specialty stores to discounters, supercentres, and warehouse clubs.

Clothing and Accessories stores will see little relief from the -0.6% drop in sales they experienced during June as

Wal-Mart continues to aggressively promote its back-to-school fashions. H&M will see continued growth as shoppers seek to balance value and style while Joe Fresh is poised to make inroads among penny-pinching parents.

Building upon 7.7% year-to-date growth, Computer, Software, Home Electronics, and Appliance stores are also expected to outperform this fall as laptops, iPods, and mobile phones have become as ubiquitous as arithmetic and rulers in the today's classrooms. Be sure to look towards next month's bulletin to see if retail sales measure up to expectations.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN**
September 22, 2008

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 June	2008	2007	2008/2007
All Stores	37,603,565	37,511,228	0.2%
Automotive	13,850,648	13,635,672	1.6%
All Stores Less Automotive	23,752,917	23,875,556	-0.5%
Food and Beverage Stores	7,911,583	8,289,452	-4.6%
Pharmacies and Personal Care Stores	2,347,594	2,330,616	0.7%
All Stores Less Automotive, Food, Pharmacies	13,493,740	13,255,488	1.8%
General Merchandise Stores	4,411,703	4,261,009	3.5%
Furniture, Home Furnishings and Electronics Stores	2,464,229	2,389,785	3.1%
Furniture and Home Furnishings Stores	1,382,133	1,346,383	2.7%
Computer, Software, Home Electronics, and Appliance Stores	1,082,096	1,043,402	3.7%
Clothing and Accessories Stores	1,995,774	2,008,342	-0.6%
Clothing Stores	1,527,593	1,542,602	-1.0%
Shoes, Clothing Accessories, and Jewellery Stores	468,181	465,740	0.5%
Sporting Goods, Hobby, Music, and Book Stores	855,565	819,557	4.4%
Building and Outdoor Home Supplies Stores	2,805,755	2,811,619	-0.2%
Miscellaneous Store Retailers	960,713	965,175	-0.5%

Year to Date Sales Ending June	2008	2007	2008/2007
All Stores	205,460,420	196,587,135	4.5%
Automotive	75,269,314	71,207,012	5.7%
All Stores Less Automotive	130,191,106	125,380,123	3.8%
Food and Beverage Stores	45,484,051	44,144,290	3.0%
Pharmacies and Personal Care Stores	14,166,754	13,638,382	3.9%
All Stores Less Automotive, Food, Pharmacies	70,540,301	67,597,451	4.4%
General Merchandise Stores	23,086,604	21,806,613	5.9%
Furniture, Home Furnishings and Electronics Stores	14,018,404	13,289,404	5.5%
Furniture and Home Furnishings Stores	7,669,334	7,391,617	3.8%
Computer, Software, Home Electronics, and Appliance Stores	6,349,070	5,897,787	7.7%
Clothing and Accessories Stores	10,594,571	10,368,541	2.2%
Clothing Stores	8,170,924	7,970,359	2.5%
Shoes, Clothing Accessories, and Jewellery Stores	2,423,647	2,398,182	1.1%
Sporting Goods, Hobby, Music, and Book Stores	4,803,795	4,622,272	3.9%
Building and Outdoor Home Supplies Stores	12,872,411	12,527,463	2.8%
Miscellaneous Store Retailers	5,164,515	4,983,159	3.6%

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

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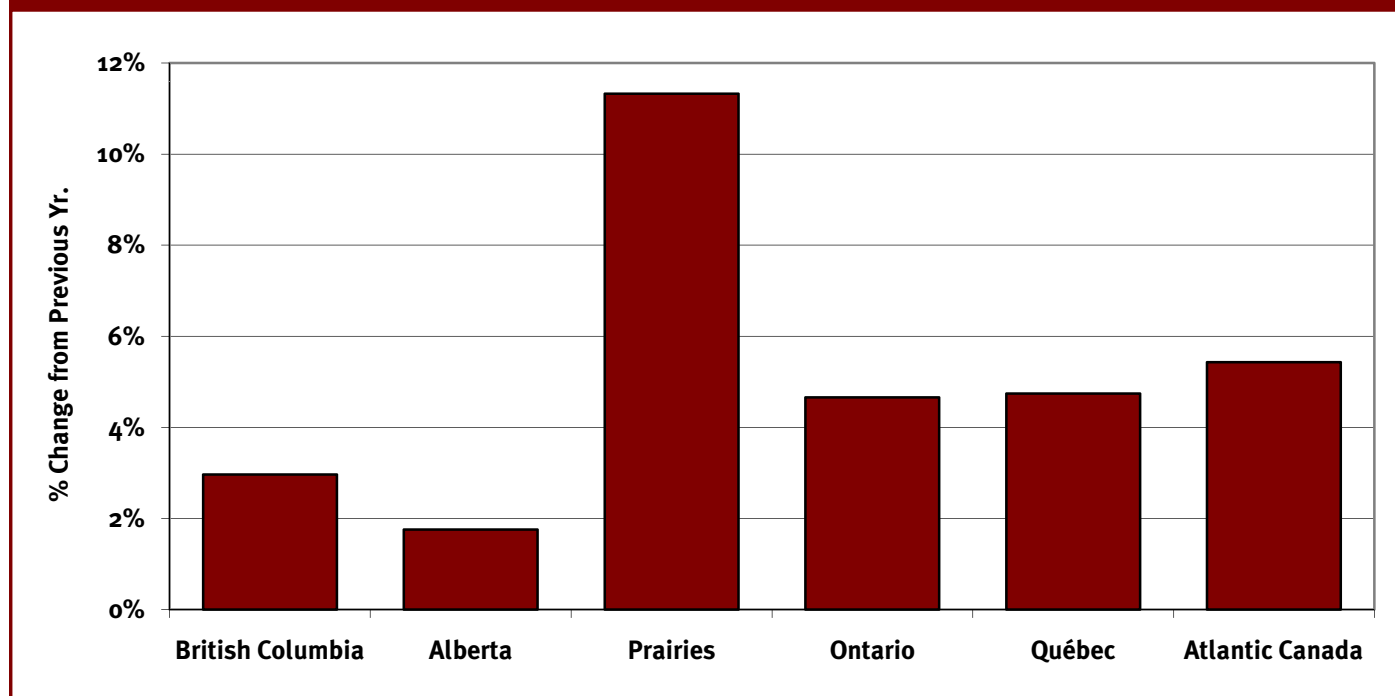
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Retail Trade, Canada, All Stores, by Region

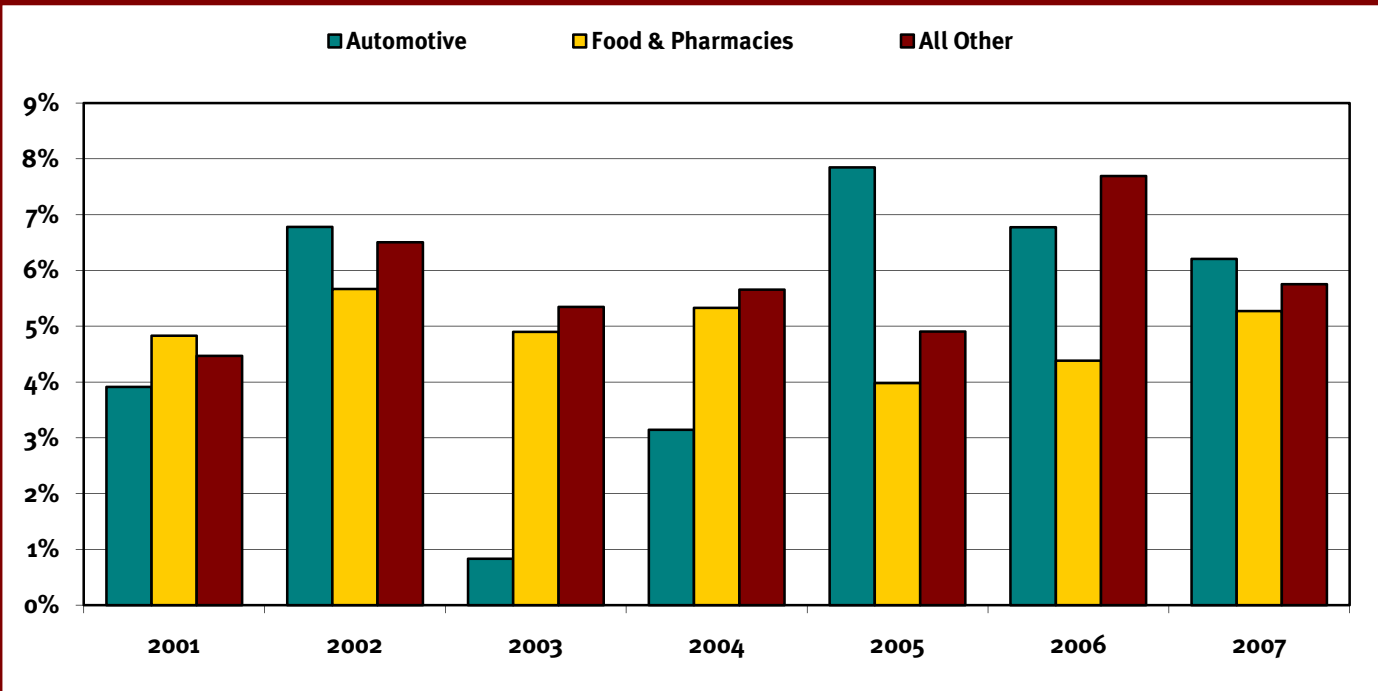
	Year-to-date 2008	Same period 2007	Change 2008/2007
British Columbia	27,568,786	26,774,443	3.0%
Alberta	29,838,543	29,323,528	1.8%
Prairies	14,056,994	12,627,048	11.3%
Ontario	72,714,049	69,480,020	4.7%
Québec	46,116,639	44,028,440	4.7%
Atlantic Canada	14,406,033	13,664,242	5.4%

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

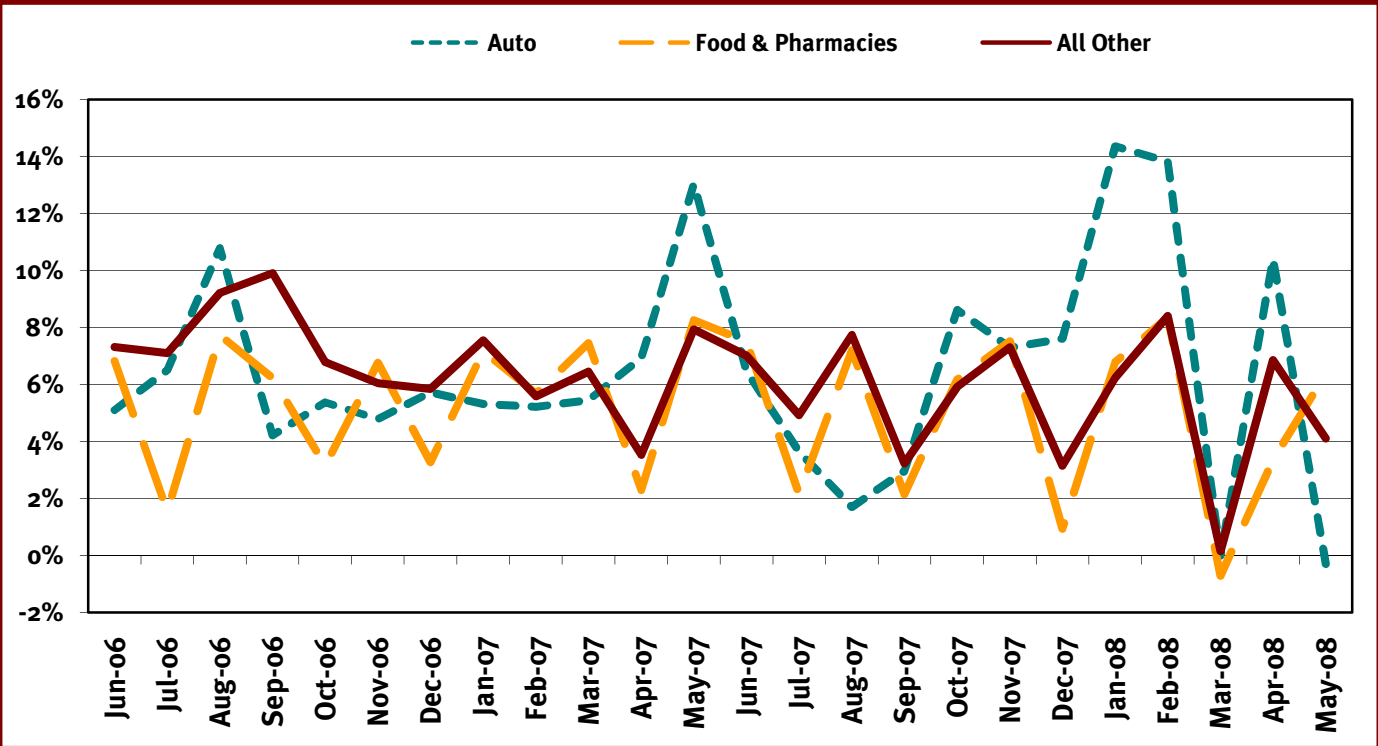


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year



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



Consumer Price Index

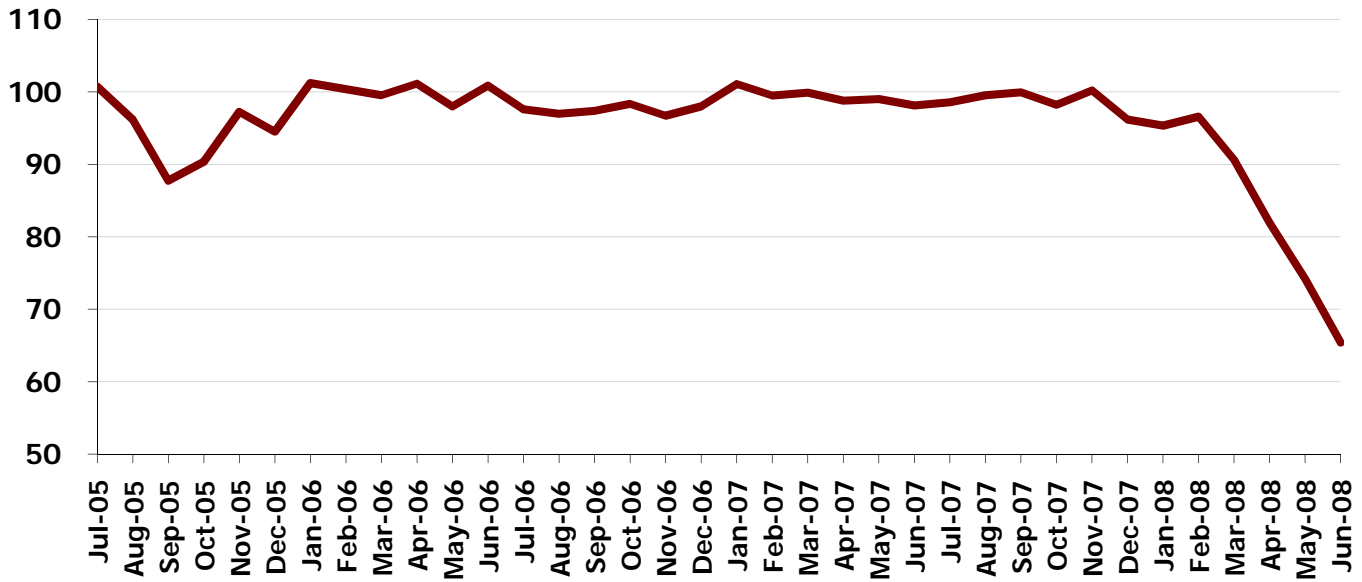
June 2008

vs.

June 2007

3.1%

Canadian Consumer Confidence Index (1985 = 100)



Canadian Consumer Expenditures Index (Q1 2003 = 100)

