

Bulletin

December 2006 Retail Sales • Released February 21, 2007

2006 WAS STELLAR

December retail results sustained a positive year-end result. All Stores gained 4.9% and All Stores Less Automotive, Food, and Pharmacies gained 6.3% in December. However, year-end results showed that 2006 was a stellar year. All Stores gained 6.4% and All Stores Less Automotive, Food, and Pharmacies gained 7.9% for the year.

While December was relatively softer for most categories, Clothing and Accessories Stores bettered their year-end results. Retail sales gained 8.7% for December, which was ahead of year-end results of 7.5%. Both Clothing Stores (8.2%) and Shoes, Clothing Accessories, and Jewellery Stores (10.2%) performed well for the month. These retailers have hit a strong chord with consumers this year leaving many to wonder if fashion is back with a vengeance.

Most other categories are one to two points off their year-end results. Pharmacies and Personal Care Stores still managed to rack up impressive growth. December retail sales gained 9.3% and year-end results pushed them ahead 10.9%.

Not far behind and a perennial darling is the Building and Outdoor Home Supplies Stores category. Despite a slow down south of the border for this category, retail sales growth has managed a very healthy 8.3% gain. The category should become more interesting as Lowe's plans its Canadian expansion.

Furniture, Home Furnishings, and Electronics Stores fared relatively well in December. The category gained 6.0% buoyed by very strong

Home Furnishings Stores (8.4%). However, the year-end sales growth of 8.8% should not leave too many retailers complaining.

Food and Beverage Stores have been experiencing weaker sales growth in 2006. Sales gained 0.5% in December and year-end results were 1.9%. Loblaw's supply chain issues may be one factor. However, with the storms that hit the west coast of North America, consumers can anticipate higher prices for numerous commodities.

The strong year-end results mean that retailers had less inventory to clear out at the beginning of 2007. This is a very good starting position for the year.

There are still positive economic indicators that bode well for 2007. Inflation remains relatively low. In January it fell to 1.2%. Employment is still relatively strong. The economy added a further 88,900 jobs in January and the Canadian Consumer Confidence Index is holding well. While the CN strike is currently disrupting shipments and delaying deliveries, overall, there appear to be no major storm clouds brewing. The strike

should be resolved quickly. J.C. Williams Group anticipates a strong retail growth year.

The Ontario retail economy will continue to pick up steam. However, the high growth rates experienced in the past few years in the Prairies and B.C., and in particular Alberta, will be difficult to sustain in 2007. J.C. Williams Group anticipates that All Stores Less Automotive, Food, and Pharmacies will grow by at least 5% in 2007.

**RELEASE DATE OF THE NEXT
NATIONAL RETAIL BULLETIN**
March 21, 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: December	2006	2005	2006/2005
All Stores	38,604.9	36,813.6	4.9%
Automotive	9,885.3	9,387.0	5.3%
All Stores Less Automotive	28,719.6	27,426.7	4.7%
Food and Beverage Stores	8,810.1	8,766.6	0.5%
Pharmacies and Personal Care Stores	2,685.4	2,457.3	9.3%
All Stores Less Automotive, Food, Pharmacies	17,224.1	16,202.8	6.3%
General Merchandise Stores	6,046.2	5,727.7	5.6%
Furniture, Home Furnishings and Electronics Stores	3,541.2	3,339.5	6.0%
Furniture and Home Furnishings Stores	1,554.4	1,470.7	5.7%
Computer, Software, Home Electronics, and Appliance Stores	1,986.7	1,868.8	6.3%
Clothing and Accessories Stores	3,347.7	3,079.7	8.7%
Clothing Stores	2,446.8	2,262.3	8.2%
Shoes, Clothing Accessories, and Jewellery Stores	900.9	817.4	10.2%
Sporting Goods, Hobby, Music, and Book Stores	1,520.5	1,448.4	5.0%
Building and Outdoor Home Supplies Stores	1,751.0	1,616.8	8.3%
Miscellaneous Store Retailers	1,017.4	990.8	2.7%

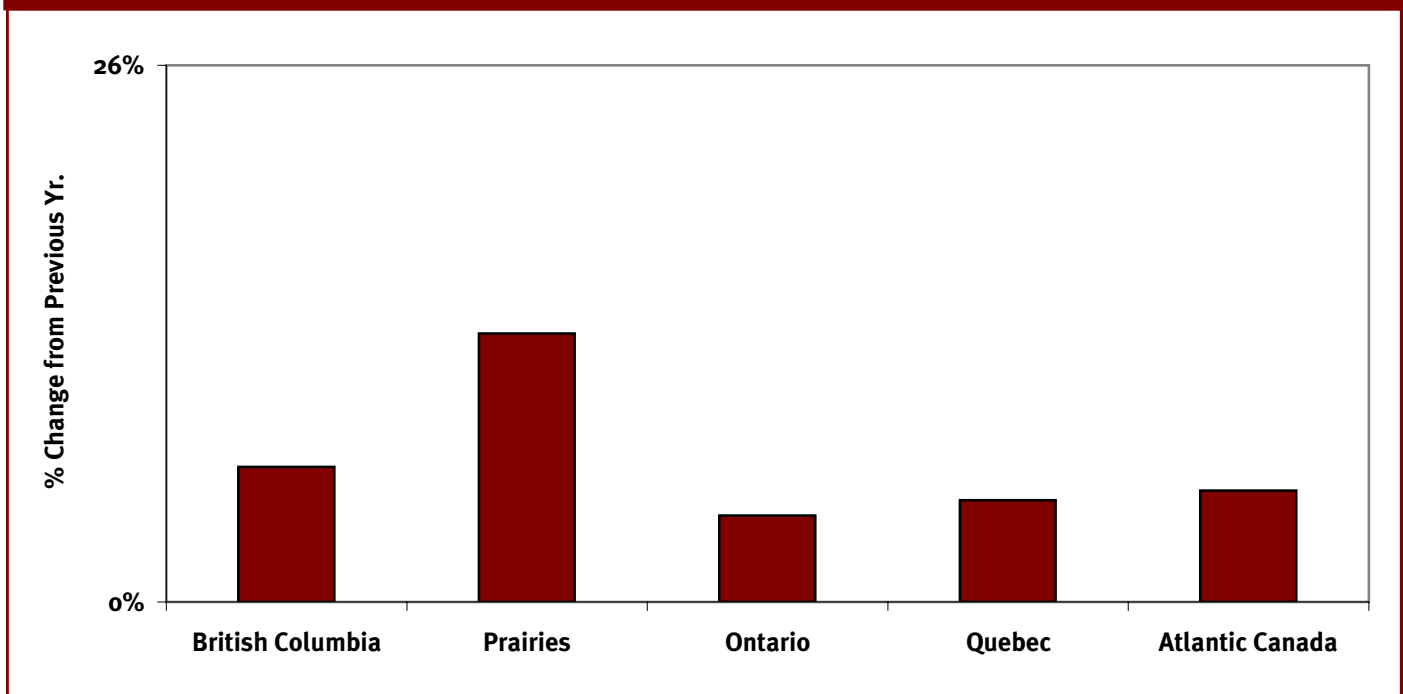
Year-to-date Sales	2006	2005	2006/2005
All Stores	391,388.8	367,828.5	6.4%
Automotive	134,606.1	125,706.4	7.1%
All Stores Less Automotive	256,782.7	242,122.1	6.1%
Food and Beverage Stores	87,910.3	86,313.0	1.9%
Pharmacies and Personal Care Stores	26,558.9	23,951.1	10.9%
All Stores Less Automotive, Food, Pharmacies	142,313.5	131,858.0	7.9%
General Merchandise Stores	46,729.4	43,686.1	7.0%
Furniture, Home Furnishings and Electronics Stores	27,769.4	25,524.4	8.8%
Furniture and Home Furnishings Stores	15,001.5	13,720.8	9.3%
Computer, Software, Home Electronics, and Appliance Stores	12,768.0	11,803.5	8.2%
Clothing and Accessories Stores	22,660.8	21,079.2	7.5%
Clothing Stores	17,286.7	16,115.7	7.3%
Shoes, Clothing Accessories, and Jewellery Stores	5,374.1	4,963.5	8.3%
Sporting Goods, Hobby, Music, and Book Stores	10,131.7	9,463.7	7.1%
Building and Outdoor Home Supplies Stores	25,115.1	22,706.2	10.6%
Miscellaneous Store Retailers	9,907.0	9,398.4	5.4%

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

Retail Trade, Canada, All Stores, by Region

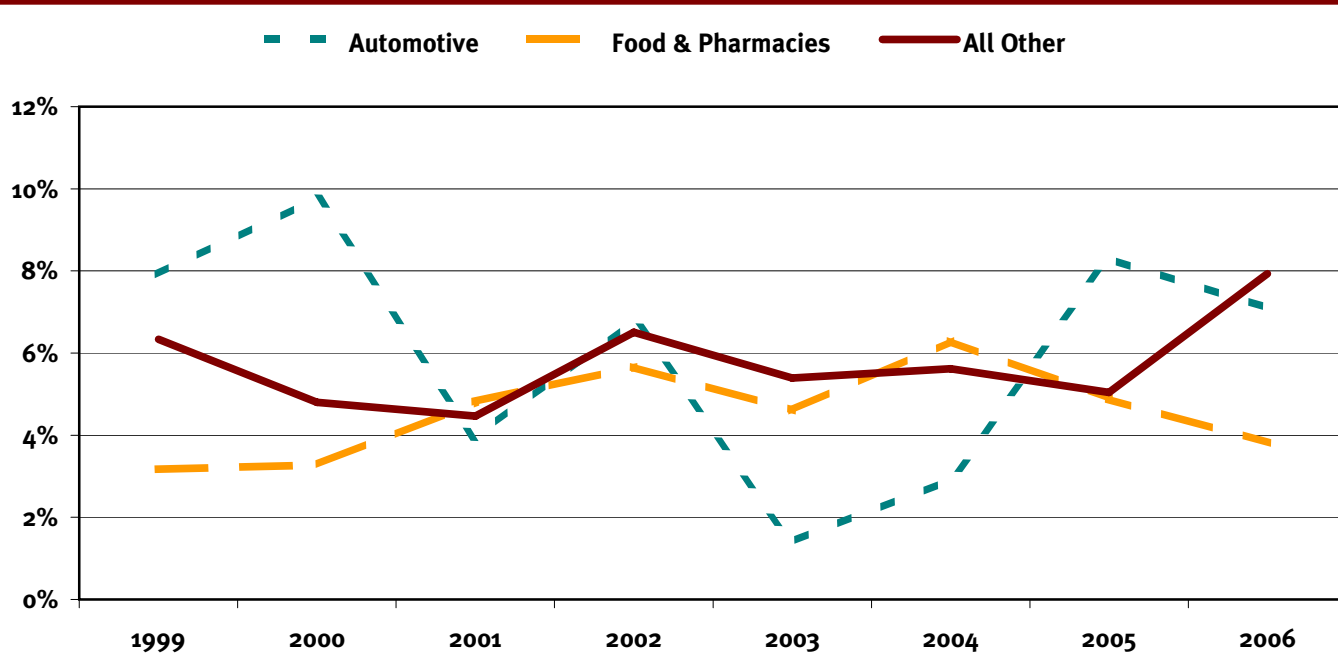
	Year-to-date 2006	Same Period 2005	Change 2006/2005
British Columbia	53,135.7	49,914.5	6.5%
Prairies	81,367.3	72,106.6	12.8%
Ontario	140,749.0	135,164.4	4.1%
Quebec	87,118.3	83,074.3	4.9%
Atlantic Canada	27,698.1	26,296.8	5.3%

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

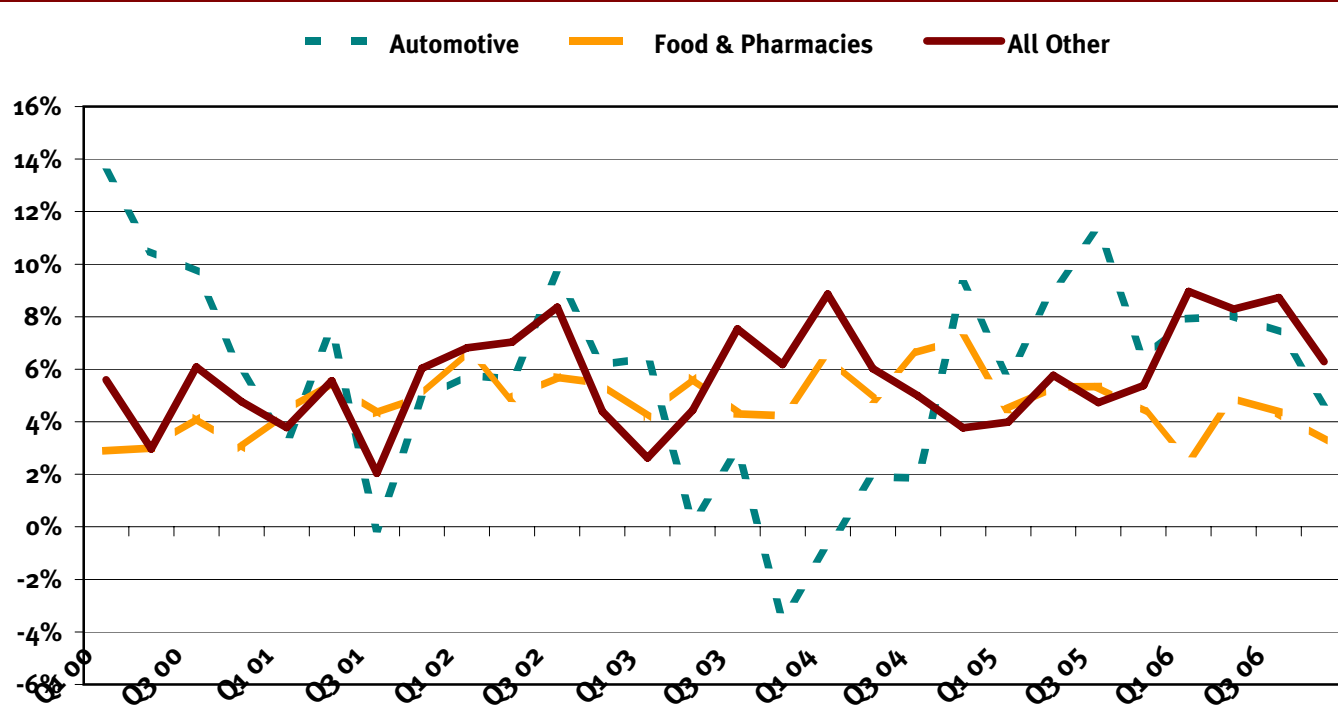


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2005)



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



Consumer Price Index

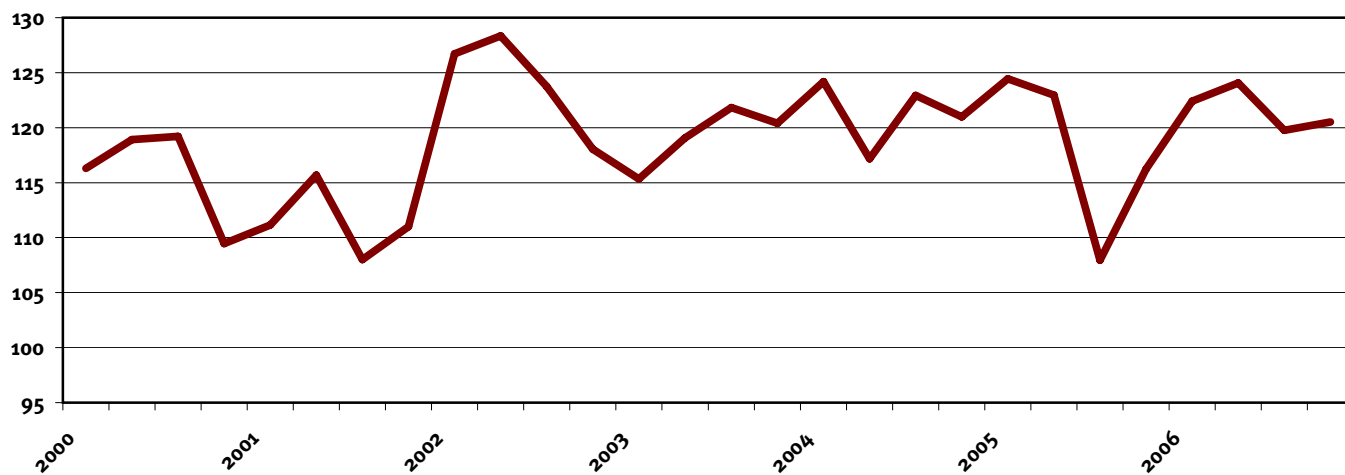
January 2007

vs.

January 2006

1.2%

Canadian Consumer Confidence Index 1999–2006



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2006

