

Bulletin

October 2005 Retail Sales • Released December 21, 2005

INDIAN SUMMER PROLONGED

While most Canadians enjoyed the extended warm weather, retailers did not. The warm weather kept consumers outdoors and winter apparel, such as clothing and footwear, fully in-stock in stores. Aside from the weather, inflated gas prices at the pump and rising interest rates also help slow down retail sales.

Total retail sales for the month of October lacked lustre at 3.5%; however, year-to-date sales are a promising 6.0%.

All retail categories did rise over last year, ranging from the weakest growth of 0.4% for Food and Beverage Stores to a strong 8% for Sporting Goods, Hobby, Music, and Book Stores (this is also the only category to surpass the year-to-date sales growth).

In the past, Halloween candy sales traditionally boosted the Food and Beverage category; however, more and more competition shifted sales to non-traditional retailers like Costco and dollar stores.

Department Stores rose a dismal 1.1%, whereas Clothing Stores and Accessory Stores fared slightly better at 2.6%. We anticipate these numbers to bounce back as soon as winter weather settles in.

The most surprising news for this month was Jerry Zucker's announcement to purchase the remaining Hbc shares. Hbc on the other hand announced its plan to cut 825 management and administrative jobs to reduce costs and boost share value.

Building and Outdoor Home Supplies Stores continued to perform above the All Stores figures at 5.8%. Building permits were issued in record numbers, especially in Alberta and British Columbia.

November retail sales figures are sure to bounce back. The onset of crisp, winter weather and the commencement of the holiday shopping season send consumers out shopping. Early indications of rebound figures were seen in the November issue of *Retail Essentials*.

For up-to-date retail sales figures, subscribe to our *Retail Essentials* monthly report. For more information, go to www.retail essentials.ca.

The Consumer Price Index fell to 2% in November, down from 2.6% in October. The decrease in gasoline prices was the main factor for the decline; other factors include the rise in hourly wages of between 3.5%–4% and increasing interest rates.

As for the upcoming holiday season, we anticipate overall retail sales to remain robust at 5%–6%, which is in line with the year-to-date sales.

Happy Holidays!

RELEASE DATE OF THE NEXT NATIONAL RETAIL BULLETIN
January 23, 2006

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.

J.C. WILLIAMS GROUP

Retail Sales by Store Category

Sales for the Month of: October	2005	2004	2005/2004
All Stores	30,500.5	29,463.8	3.5%
Automotive	10,034.9	9,618.5	4.3%
All Stores Less Automotive	20,465.6	19,845.3	3.1%
Food and Beverage Stores	7,092.4	7,067.1	0.4%
Pharmacies and Personal Care Stores	2,067.4	1,932.4	7.0%
All Stores Less Automotive, Food, Pharmacies	11,305.8	10,845.7	4.2%
General Merchandise Stores	3,742.1	3,638.7	2.8%
Department Stores	1,981.3	1,958.8	1.1%
Other General Merchandise Stores	1,760.8	1,679.9	4.8%
Furniture, Home Furnishings and Electronics Stores	2,188.4	2,068.2	5.8%
Furniture and Home Furnishings Stores	1,239.9	1,170.0	6.0%
Computer, Software, Home Electronics, and Appliance Stores	948.5	898.2	5.6%
Clothing and Accessories Stores	1,810.3	1,764.6	2.6%
Clothing Stores	1,417.5	1,378.3	2.8%
Shoes, Clothing Accessories, and Jewellery Stores	392.8	386.3	1.7%
Sporting Goods, Hobby, Music, and Book Stores	724.4	671.1	8.0%
Building and Outdoor Home Supplies Stores	2,045.7	1,914.6	6.8%
Miscellaneous Store Retailers	794.9	788.5	0.8%

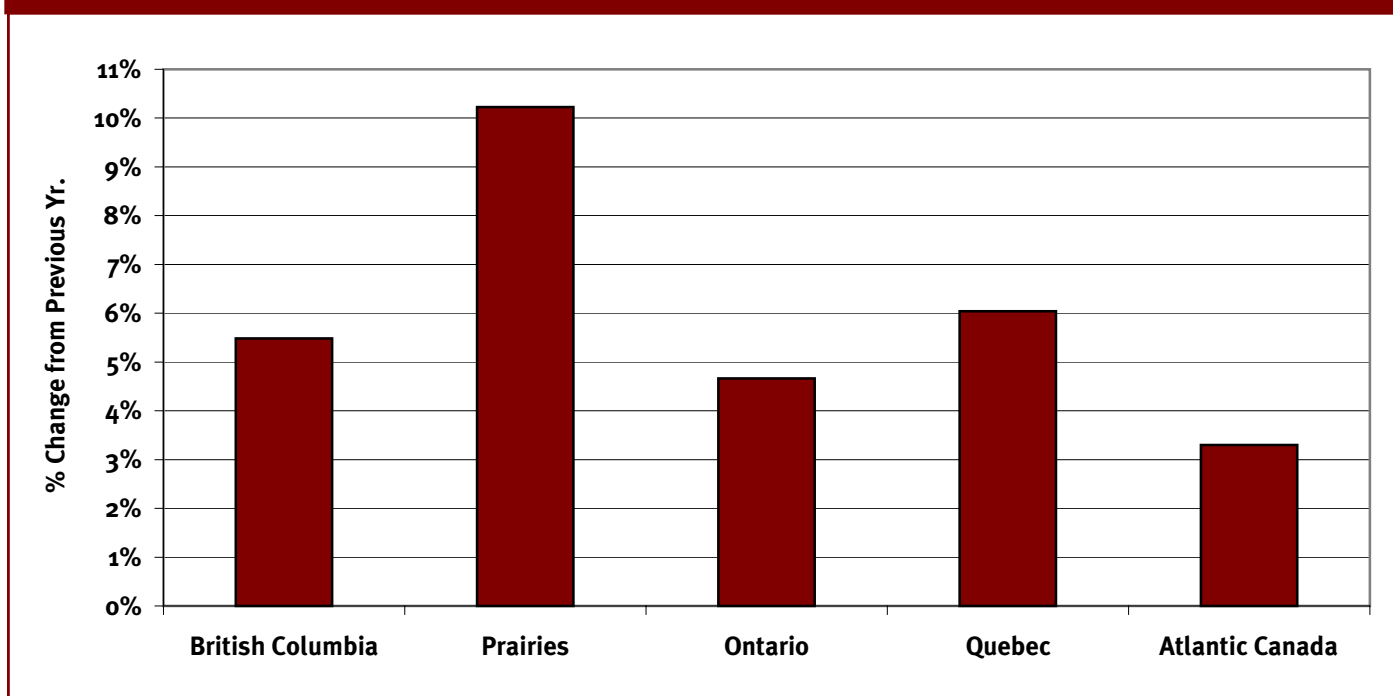
Year-to-date Sales	2005	2004	2005/2004
All Stores	300,023.1	282,909.3	6.0%
Automotive	106,266.9	97,988.9	8.4%
All Stores Less Automotive	193,756.2	184,920.4	4.8%
Food and Beverage Stores	70,712.8	67,580.3	4.6%
Pharmacies and Personal Care Stores	19,451.8	18,517.6	5.0%
All Stores Less Automotive, Food, Pharmacies	123,043.3	117,340.1	4.9%
General Merchandise Stores	33,787.1	32,652.3	3.5%
Department Stores	16,927.4	16,540.2	2.3%
Other General Merchandise Stores	16,859.8	16,112.1	4.6%
Furniture, Home Furnishings and Electronics Stores	19,855.9	18,659.6	6.4%
Furniture and Home Furnishings Stores	10,979.0	10,393.7	5.6%
Computer, Software, Home Electronics, and Appliance Stores	8,876.9	8,266.0	7.4%
Clothing and Accessories Stores	16,050.7	15,439.7	4.0%
Clothing Stores	12,352.8	11,749.3	5.1%
Shoes, Clothing Accessories, and Jewellery Stores	3,697.9	3,690.4	0.2%
Sporting Goods, Hobby, Music, and Book Stores	7,152.1	6,692.4	6.9%
Building and Outdoor Home Supplies Stores	19,138.1	17,673.9	8.3%
Miscellaneous Store Retailers	7,607.6	7,704.6	-1.3%

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

Retail Trade, Canada, All Stores, by Region

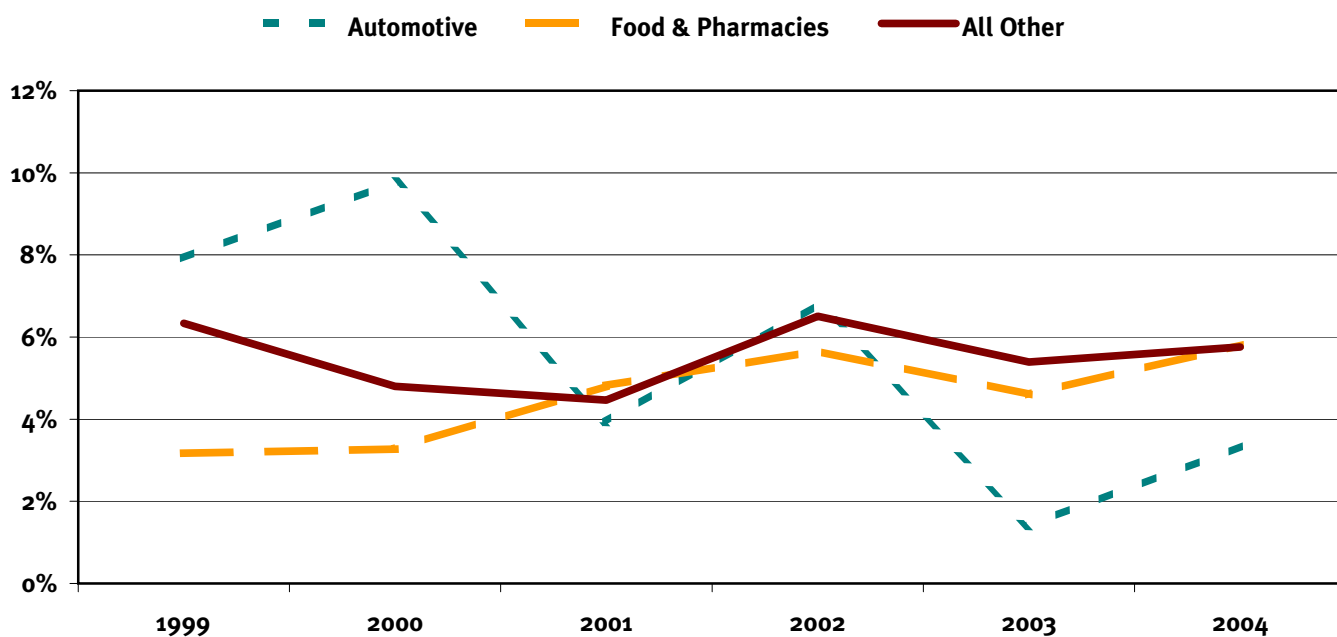
	Year-to-date 2005	Same Period 2004	Change 2005/2004
British Columbia	40,678.2	38,563.8	5.5%
Prairies	58,651.3	53,208.7	10.2%
Ontario	109,692.8	104,807.8	4.7%
Quebec	68,567.9	64,662.2	6.0%
Atlantic Canada	21,378.8	20,696.1	3.3%

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

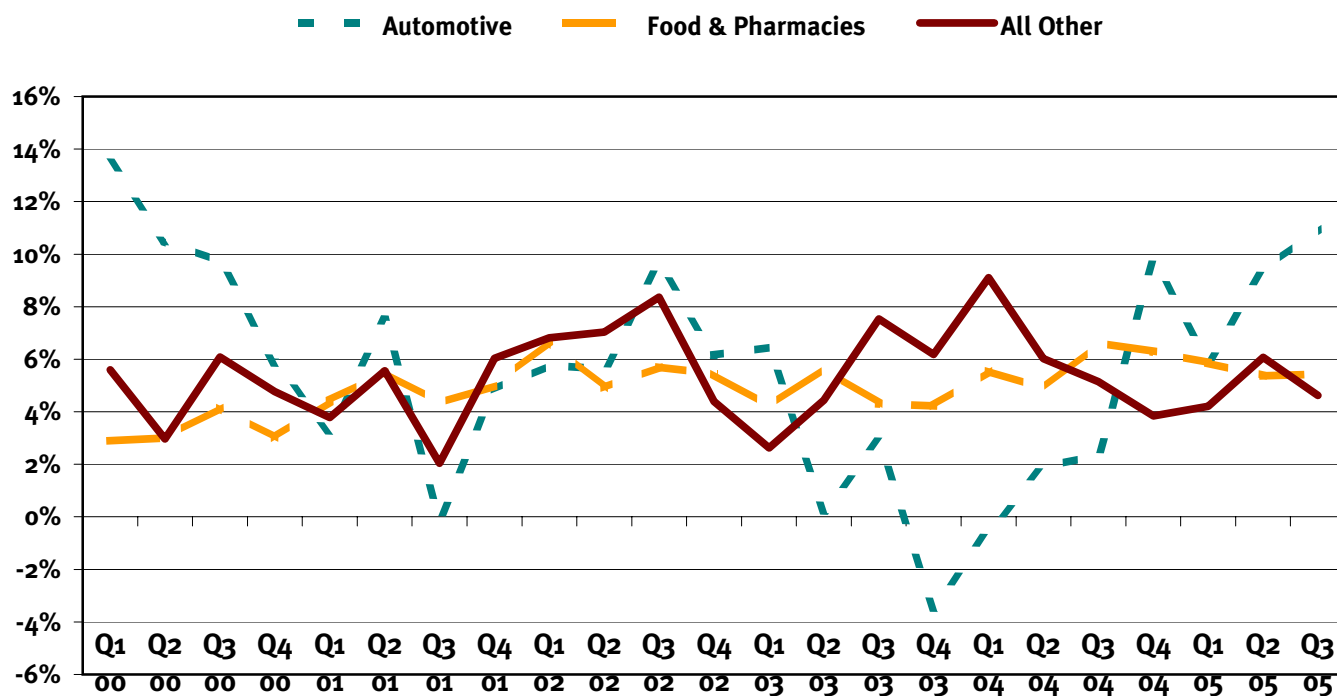


For more detailed information on retail sales, please contact J.C. Williams Group

Canadian Retail Sales by Major Product Category, Year Over Year (1999–2004)



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



Consumer Price Index

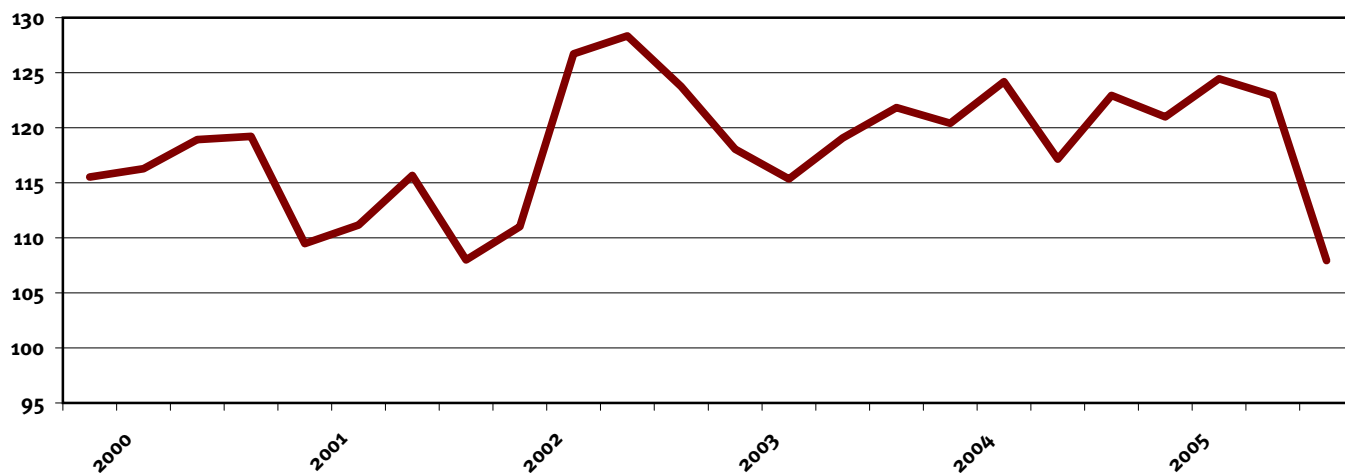
November 2005

vs.

November 2004

2.0%

Canadian Consumer Confidence Index 1999–2005



Source: Conference Board of Canada

Canadian Consumer Expenditures Index 1999–2005

