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## **PRESS RELEASE**

### **Retail trade: 2006 Results and 2007 Outlook**

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**Montréal, February 14, 2007** – The Conseil québécois du commerce de détail (CQCD)/Retail Council of Quebec released earlier today the results of its annual report on the status of the retail industry and consumer spending in Quebec and Canada for the year 2006 and perspectives for retail sales for 2007. This study was conducted with the cooperation of Groupe Géocom.

#### ***Retail sales in 2006***

Retail sales in both Quebec and Canada showed growth in 2006 for the eleventh consecutive year.

In 2006, retail sales in Quebec increased by 3.7%, to \$86.3 billion.

In Canada, sales increased by 4.6%, to \$384.8 billion.

Low interest rates, relatively stable inflation and job creation kept consumers' confidence level positive. All these positive factors stimulated consumer spending throughout 2006. However, it should be noted that growth was less pronounced in 2006 than the previous year.

In Quebec, the sectors benefiting from above-average growth included pharmacies (15.3%), hardware stores (8.3%), service stations (6.6%) and furniture stores (6.3%).

On the other hand, the sectors experiencing negative growth included shoe stores (-3.4%) and computer and software stores (-6.7%). In both cases, this decline was associated mainly with the deflation of the prices of goods.

"The retail sector saw a solid increase in sales, both in Quebec and in Canada, although the growth of sales in Quebec was significantly lower (3.7%) in 2006 than the previous year (6.4%)," concluded Mr. Gaston Lafleur, President of the CQCD.

Quebec households saw their personal disposable income grow from \$22,454 in 2005 to \$23,388 in 2006. The disposable income of Canadian was \$25,540 in 2006. The gap in disposable income between Quebec and Canada was -8.4%.

#### ***Outlook for 2007***

The Canadian and Quebec economies will continue to grow in 2007. "The factors influencing consumer spending in Quebec in 2007 are pointing in the right direction," observes Mr. Lafleur.

Consumers should see an increase in their personal disposable income. Job creation is also expected to grow but at a slower rate, while a slight decline in the unemployment rate is anticipated. Inflation should remain stable. Interest rates could fall during the year, as the Bank of Canada will want to remain in line with its policy on the inflation-control target range (1 to 3%).

According to Mr. Lafleur, "The current economic situation remains positive and consumer spending should allow retail sales to grow in Quebec during 2007. While the CQCD does not expect this growth to be as strong as last year, it should be in the order of 3.5% in 2007."

*The CQCD is the largest association representing the retail trade in Quebec. Its membership encompasses all retail specialties and distribution channels, including department stores, major food distributors, specialized boutiques, pharmacies, hardware and home-renovation stores, franchise concepts, independent branch stores and retailers, as well as major commercial partners in the goods and services trade sector. The CQCD represents an industry comprising more than 54,000 commercial establishments, more than 420,000 jobs, or nearly one in five Quebec workers, and more than \$86 billion in retail sales in 2006.*

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Source: Conseil québécois du commerce de détail

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