

Ruble Chaos Forces Retailers to Suspend Sales in Russia

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An employee of a local company, producing equipment for electrical meters, counts Russian ruble banknotes in Stavropol, southern Russia.

Massive fluctuations in the value of the ruble currency on Tuesday have prompted retailers to make emergency price revisions or even suspend sales and deliveries in Russia until the crisis cools.

The ruble's year-long slide this week tipped into full-scale currency rout, with the Russian currency at one point on Tuesday plunging 20 percent in a few hours of trading. The ruble's gyrations make a mockery of retailers' attempts to price their products, and hit foreign firms with costs in euros or dollars particularly hard.

Late on Tuesday, U.S. tech giant Apple said it had been forced to halt online sales of iPhones, iPads and computers in Russia.

“Due to extreme fluctuations in the value of the ruble, our online store in Russia is currently unavailable while we review pricing,” the company said in a statement to the Financial Times.

Major Auto, one of Russia’s biggest car dealerships, which sells 35 auto brands, on Monday temporarily halted sales due to “the highly volatile ruble exchange rate,” sources in the company told the TASS news agency.

British automobile manufacturer Jaguar Land Rover will impose a temporarily freeze on car shipments to Russia from Dec. 19, the Vedomosti newspaper reported Wednesday citing three car dealerships. The company said the move would allow it to adjust prices.

Other car dealers told the paper that German car maker BMW this week requested dealers to pay for reserved automobiles within the next two days.

Some food distributors have also halted deliveries as the ruble's wild fluctuations make it impossible to set prices guaranteed to be profitable weeks down the line, when retailers typically pay up, Vedomosti reported.

Sady Pridonya, Russia's largest juice producer, has stopped all deliveries at its old wholesale price, the company said in a statement.

Alcohol distributor Simple has taken a “two-day pause,” CEO Maxim Kashirin told Vedomosti, adding that the company will likely be forced to accept only upfront payments.

Some fish, coffee and tea producers were also reported to have stopped deliveries.

The ruble has lost over half its value against the U.S. dollar this year. The currency's fall accelerated in July when Western countries tightened sanctions on Russia over Ukraine and the price of oil, Russia's major export, began to plummet.

This provoked a consumer boom as Russians rushed to convert depreciating ruble paper into durable goods and take advantage of bargains from retailers slow to react to exchange rate changes.

Not all retailers were taking emergency measures this week.

A new Porsche Carrera still costs the 6.5 million rubles that it cost in November, despite the ruble losing one-quarter of its value so far this month. A salesperson at the car salon told the Moscow Times that prices were not raised in December and there are no plans to revise them in the near future because of the falling ruble.

Mercedes, another German luxury car producer, said its prices were currently fixed until the end of the year but a 10 percent increase is under way beginning from Jan. 2015.

A salesperson at a Conquest shop, which sells luxury watches like Montblanc, Tissot and Longiness, said boutiques in central Moscow are open to customers and the prices have not been revised.

“But prices are likely to skyrocket within the next few days,” the salesman said in a phone interview Wednesday.

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