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Ruble Collapse Wrecks Fashion Plans

By The Moscow Times

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Russian clothing and shoes stores are caught between a rock and a hard place, with the rapid devaluation of the ruble wrecking their business plans while falling demand makes it impossible to raise prices, business daily Vedomosti reported Friday.

Major sellers halted new orders this week as the ruble crashed 20 percent on Tuesday, its largest one-day slide since the financial crisis of 1998. The currency recouped its losses to stand at about 59 rubles to the U.S. dollar and 73 to the euro on Friday — 1.5 percent down on the week — but is still over 40 percent weaker than at the year's start.

BNS Group — which manages Calvin Klein, Armani Jeans, Michael Kors and TopShop in Russia, among others — has halted new orders for several of its brands, CEO Denis Bogatyryov told Vedomosti. So has market leader Inditex, a company employee told the paper. Inditex declined official comment.

All in all, about 10 percent of deliveries on the fashion market have been frozen in monetary terms, Darya Yadernaya, managing director of fashion consultancy Esper Group, told

Vedomosti.

Meanwhile, clothing and shoe stores are negotiating with landlords, cutting special holiday deals and halting payment to suppliers in a desperate effort to cut costs, market players told the newspaper.

The one thing they can't do is raise prices. Demand has been stagnating since early December, and when budget retailers tried to raise prices amid ruble fluctuations in November, sales plummeted, executives from Russian shoe retailer Zenden told the paper.

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