The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Supermarkets Defy Gloomy Corporate Outlook

Chains are stepping up their deliveries and calling in staff from holiday as Russians start to batten down for the coronavirus.

March 18, 2020



Russia's supermarkets are boosting supplies of essential goods. **Denis Voronin / Moskva News Agency**

Supermarkets in Russia have stepped up their deliveries of essential goods as analysts say food retailers could be one of the few winners in the economic chaos being wrought by the coronavirus.

X5 Retail Group, which runs the Pyaterochka and Perekrestok supermarket chains, said it is increasing its delivery of "socially important goods" from its warehouses by up to fourfold and has introduced new systems to redirect stock to stores where items are running low.

Another leading retail chain Magnit said Tuesday it is increasing deliveries to its stores across the whole country by 20%, and for essential goods, such as flour, sugar, oil and hygiene products by 30%.

Analysts say supermarkets and retail chains could benefit should Russia enforce the kind of mass quarantine measures which have been seen in Europe. Moscow officials Tuesday denied reports they were preparing for a city-wide lockdown which could have seen the city's metro network suspended, while President Vladimir Putin was shown a new coronavirus command centre Tuesday, including camera feeds of supermarket shelves to check stock levels.

Related article: Coronavirus in Russia: The Latest News | March 18

"Among the companies that can benefit from the current state of affairs, we see food retailers, in particular Magnit and Lenta, which will show growth in traffic and higher average transactions, against the background of quarantine," analyst Dmitri Donetskiy of investment group Solid told Russian news site RBC. Online sales could jump threefold for Russia's supermarket chains, Dmitri Gelemurzin, director of agricultural holding group Goldman estimated.

Photos and videos of depleted supermarket shelves have spread across Russian social media, but reports of panic-buying remain sporadic. Both Magnit and X5 Retail Group said they had plenty of essential supplies across their network.

"We emphasize that there are enough supplies in our warehouses, prices are stable and increased deliveries will continue," a representative of X5 said. It asked shoppers to take a "balanced approach" not to deplete stocks, adding that if any item is in shortage in a particular store, it would be replenished within 24 hours.

X5 has also moved to increase staffing levels to deal with higher demand, including cancelling staff holidays.

In response to the potential jump in sales, shares in Russian supermarket chains defied a wider downturn Wednesday, with X5 adding almost 4% and Magnit 2% while the wider Russian MOEX Index was down 4%.

Original url:
https://www.themoscowtimes.com/2020/03/18/russias-supermarkets-defy-coronavirus-economic-cost-a69669