

RAPAPORT

PRESS RELEASE

Polished Diamond Suppliers Reduce Prices in November RapNet Diamond Index (RAPI™) for 1ct. -1.7%

PRESS RELEASE, December 3, 2014, New York ... Polished diamond prices fell again in November as suppliers lowered prices in an effort to raise cash flow. Tight liquidity remains the biggest challenge facing diamond dealers and manufacturers. Demand is selective with low trading levels, while the focus of the industry has shifted to consumer demand during the retail shopping season.

The RapNet Diamond Index (RAPI™) for 1-carat laboratory-graded diamonds declined by 1.7 percent in November. RAPI for 0.30-carat diamonds fell 2.2 percent and RAPI for 0.50-carat diamonds dropped 1.6 percent. RAPI for 3-carat diamonds decreased by 1.8 percent during the month.

RapNet Diamond Index (RAPI™)			
	November 2014	YTD (Jan. 1, 2014 - Dec. 1, 2014)	Y2Y (Changes at Dec. 1)
RAPI 0.30 ct.	-2.2%	-3.0%	-0.4%
RAPI 0.50 ct.	-1.6%	2.0%	3.2%
RAPI 1 ct.	-1.7%	-7.7%	-7.5%
RAPI 3 ct.	-1.8%	-4.7%	-5.5%

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According to the Rapaport Monthly Report – December 2014 “Lower Prices,” sentiment among dealers and manufacturers is weak. U.S. demand is stable but Far East markets are quiet due to economic and political uncertainties. Polished inventory levels are high across the pipeline. Profit margins are being squeezed as polished prices have declined since April, while rough prices have been relatively steady.

Rough trading is sluggish with De Beers boxes selling at low premiums considering the long credit terms being offered on the secondary market. De Beers made minor adjustments to its prices at the November sight, while ALROSA reported that market prices rose 3 percent in the third quarter.

While manufacturers reduced their rough buying in the past two months, current purchases are geared to maintain factory operations. Cutters are also buying rough in anticipation of improved polished demand as they expect retailers will need to replenish inventory from sales made during the Christmas and Chinese New Year shopping seasons. That may not be guaranteed as polished inventory levels are already high going into the season.

The holiday shopping season started on a disappointing note with declining general retail sales on Thanksgiving weekend accompanied by important shifts in consumer behavior. More U.S. consumers are avoiding the rushed shopping days. Consumers are also increasingly using the Internet as a tool to research their purchases and make actual purchases online.

Recent data for the third quarter and October signaled some caution in the jewelry retail sector in the U.S. and Hong Kong/China. Dealers and manufacturers are hoping that improved U.S. Christmas shopping in December and the subsequent Chinese New Year season will help lift sentiment and provide some promise for improved trading and liquidity levels in 2015.

Read the attached Rapaport Monthly Report, "Lower Prices," at www.diamonds.net/report or email: specialreports@diamonds.net.

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About the Rapaport RapNet Diamond Index (RAPI™): The RAPI is based on the average asking price in hundred \$/ct. for the top 25 quality 1 ct. round diamonds (D-H, IF-VS2, RapSpec-2 and better) with GIA grading reports offered for sale on RapNet – Rapaport Diamond Trading Network. The RAPI is provided for various sizes. www.RAPNET.com has daily listings of over 1.51 million diamonds valued over \$8.32 billion and 13,933 members in 87 countries.

About the Rapaport Group: The Rapaport Group is an international network of companies providing added value services that support the development of fair, transparent, efficient, and competitive diamond and jewelry markets. Established in 1978, the Rapaport Magazine is the primary source of diamond price and market information. Group activities include Rapaport Information Services providing research, analysis and news; RapNet – the world's largest diamond trading network; Rapaport Laboratory Services provides GIA gemological services in India, Belgium and Israel; and Rapaport Trading and Auction Services specializing in recycled diamonds and jewelry. The Group supports over 20,000 clients in 118 countries and employs 200 people with offices in New York, Las Vegas, Antwerp, Ramat Gan, Mumbai, Surat, Dubai and Hong Kong. Additional information is available at www.Diamonds.net.

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