



PRESS RELEASE

Polished Diamond Prices Fall in October Liquidity Remains a Challenge for Mid-Stream Diamond Market

PRESS RELEASE, November 4, 2014, New York ... Polished diamond prices continued to decline in October as suppliers sought to increase turnover and raise liquidity levels. Trading slowed during the Jewish holiday and subsequent Diwali festival period in India, while global demand remains weak. Buyers avoided making large-scale purchases in a downward trending market as they expected prices to soften further.

The RapNet Diamond Index (RAPI™) for 1-carat laboratory-graded diamonds declined by 2.2 percent in October. RAPI for 0.30-carat diamonds fell 3.7 percent and RAPI for 0.50-carat diamonds dropped 2.1 percent. RAPI for 3-carat diamonds decreased by 1.5 percent during the month.

RapNet Diamond Index (RAPI™)			
	October 2014	YTD (Jan. 1, 2014 - Nov. 1, 2014)	Y2Y (Changes at Nov. 1)
RAPI 0.30 ct.	-3.7%	-0.8%	3.3%
RAPI 0.50 ct.	-2.1%	3.7%	5.1%
RAPI 1 ct.	-2.2%	-6.1%	-5.9%
RAPI 3 ct.	-1.5%	-3.0%	-4.0%

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According to the Rapaport Monthly Report – November 2014 “Weak Markets,” liquidity among manufacturers and dealers is being affected by weak polished demand, reduced bank credit and increased supply. Polished inventory levels rose during the lull in trading experienced during the third quarter and due to improved turnover at the laboratories. Manufacturers also raised their factory output before the Diwali break.

Rough trading slowed in October as manufacturers now have sufficient inventory for the fourth quarter holiday season. Rough prices softened on the secondary market and trading is expected to remain subdued for the rest of the year. De Beers prices remained basically stable, but weak rough demand should influence further softening of market prices in the coming months. Manufacturers are hoping that polished prices will firm during the holiday season to enable improved profit margins and liquidity levels.

Diamond demand was cautious during China’s October 1 National Day Golden Week and India’s Diwali season, while U.S. demand is stable. Therefore, expectations for the holiday season are mixed as the focus of the trade has shifted from the Far East to the U.S.

General U.S. retail sales were sluggish in October, although consumer confidence rose. Jewelry sales are projected to rise by low single-digit margins compared to the 2013 holiday season.

It is unclear whether modest holiday season sales growth will be enough to alleviate liquidity concerns among manufacturers and dealers going into 2015.

Read the attached Rapaport Monthly Report, "Weak Markets," 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 1.39 million diamonds valued over \$7.95 billion and 13,736 members in 85 countries.

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