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PRESS RELEASE

Polished Diamond Prices Soften in October

RapNet Diamond Index (RAPI™) for 1ct. GIA-Graded Diamonds -1.3%

PRESS RELEASE, November 3, 2015, New York ... Polished diamond prices fell in October despite rising expectations for the U.S. holiday season. Trading improved but turnover is well below last year's levels. Suppliers are holding large polished inventory, while dealers are trying to buy select goods at deep discounts.

The RapNet Diamond Index (RAPI™) for 1-carat, GIA-graded diamonds fell 1.3 percent in October. RAPI for 0.30-carat diamonds slipped 0.1 percent and RAPI for 0.50-carat diamonds declined 1 percent. RAPI for 3-carat diamonds slid 0.4 percent.

RapNet Diamond Index (RAPI™)			
	October	YTD January 1 - November 1	Y2Y Changes at November 1
RAPI 0.30 ct.	-0.1%	-20.0%	-26.1%
RAPI 0.50 ct.	-1.0%	-17.9%	-21.4%
RAPI 1 ct.	-1.3%	-7.8%	-11.7%
RAPI 3 ct.	-0.4%	-13.9%	-19.3%

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The Rapaport Monthly Report shows that steady U.S. demand is partly compensating for weakness in China. Jewelry sales were soft during the October 1 Golden Week with Hong Kong weaker than Mainland China. Far East dealers are careful about buying into a down-trending market. Trading center demand is geared toward filling orders for the U.S. holiday season with Israeli and U.S. dealers "cherry-picking" goods in India before the Diwali break (Nov. 7-13).

Rough markets are under pressure with over-priced rough not selling. Manufacturers have significantly reduced factory output by 30 percent to 50 percent and continue to reject De Beers and ALROSA supply. Trading on the secondary market is very quiet. Rough needs to decline by at least 20 percent to ensure reasonable profit margins in the middle market.

Rough producers are holding large rough inventory with De Beers and Rio Tinto adjusting their mine plans to reflect weak market conditions. ALROSA continues to build inventory, holding an estimated 24 million carats (~\$2.8 billion at \$115/ct.) of unsold rough.

Sentiment is weak with ongoing consolidation in the midstream and deep concerns about stagnant demand. All eyes on the U.S. retail sector as the industry has increased its marketing efforts with Signet Jewelers' two-stone ring and De Beers 'A Diamond is Forever' re-launch expected to boost consumer spending. The mining and manufacturing sectors require better-than-forecast retail sales to stimulate stronger trading and deplete inventory for next year. The market continues to be challenging in 2015.

Purchase the Rapaport Monthly Report at www.diamonds.net/report or email: specialreports@diamonds.net.

Rapaport Media Contacts: media@diamonds.net
U.S.: Sherri Hendricks +1-702-893-9400;
International: Gabriella Laster +1-718-521-4976;
Mumbai: Manisha Mehta +91-97699-30065

About the Rapaport RapNet Diamond Index (RAPI™): The RAPI is based on the average asking price in hundred \$/ct. of the 10 best priced diamonds, for the top 25 quality round diamonds (D-H, IF-VS2, RapSpec-A3 and better) offered for sale on RapNet – Rapaport Diamond Trading Network. The RAPI is provided for various sizes. www.RapNet.com has daily listings of over 1.4 million diamonds valued at more than \$8.65 billion.

About the Rapaport Group: The Rapaport Group is an international network of companies providing added value services that support the development of fair, transparent, competitive and efficient diamond and jewelry markets. Established in 1978, the Rapaport Price List is the primary source of diamond price and market information. Group activities include Rapaport Information Services, Rapaport Magazine, and Diamonds.net, 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 220 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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