

RAPAPORT

PRESS RELEASE

Polished Diamond Prices Increase in December

Shortages Supporting the Market as RAPI for 1ct. Rises 1.5%

PRESS RELEASE, January 5, 2015, New York ... Polished diamond market sentiment improved in December as shortages supported prices and dealers filled last-minute holiday orders. Initial reports about U.S. holiday season jewelry sales are positive. General retail sales were up about 8 percent with online mobile sales up 50 to 60 percent. However, there is still very limited dealer and retailer diamond inventory buying due to uncertainty about U.S. post-holiday demand and the Chinese New Year.

The RapNet Diamond Index (RAPI™) for 1-carat, GIA-graded diamonds rose 1.5 percent in December. RAPI for 0.30-carat diamonds advanced 4.7 percent and RAPI for 0.50-carat diamonds grew 3 percent. RAPI for 3-carat diamonds fell 0.1 percent.

For the full year 2015, RAPI for 1-carat diamonds declined 5.8 percent. RAPI for 0.30-carat diamonds dropped 13.4 percent, while RAPI for 0.50-carat diamonds slumped 14.5 percent. RAPI for 3-carat diamonds fell 14.5 percent in 2015.

RapNet Diamond Index (RAPI™)			
	December	4Q 2015	2015
RAPI 0.3 ct.	4.7%	8.1%	-13.4%
RAPI 0.5 ct.	3.0%	3.0%	-14.5%
RAPI 1.0 ct.	1.5%	0.9%	-5.8%
RAPI 3.0 ct.	-0.1%	-1.1%	-14.5%

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The Rapaport Monthly Report notes that there is a shortage of select diamonds as suppliers gradually sold off better-quality inventory and manufacturers limited polished production due to high rough prices.

Manufacturers in India kept their factories operating at about 30 percent below capacity after they returned from the November Diwali break. De Beers and ALROSA kept rough prices stable throughout the fourth quarter but both companies reported that rough prices dropped 15 percent during the full year. Rapaport estimates that De Beers rough sales fell 45 percent to approximately \$3.6 billion in 2015, with a 70% decline in the second half.

Sightholders expect De Beers to reduce prices by 5 to 7 percent at the next sight (Jan. 18-22). Rough demand is anticipated to increase as manufacturers raise polished production to fill the shortages in the market. However, rough buying is expected to remain below levels seen in previous years.

Dealers are uncertain whether the polished market will continue to be supported by supply shortages or if trading will become demand-driven as retailers refill inventory sold

during the holiday season. Furthermore, while Far East demand improved ahead of the Chinese New Year (Feb. 8), sentiment remains cautious due to slower economic growth and the Chinese government's anti-corruption campaign. The 7 percent slump in stocks on the Shanghai Stock Exchange on Jan. 4 fueled further caution.

The industry ended a tough 2015 on a positive note. To maintain the momentum, the trade will need to ensure profitability with lower rough prices while polished prices must be supported by stronger consumer demand.

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The Rapaport Monthly Report can be purchased store.rapaport.com/monthly-report

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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 million diamonds valued at about \$7.4 billion. Additional information is available at www.Diamonds.net.

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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