

### Polished Diamond Prices Rise in January

Shortages Spur Increases in RAPI for 0.30-0.50ct. Diamonds

PRESS RELEASE, February 2, 2016, New York ... Polished diamond prices rose in January as shortages continue to support the market. U.S. demand is steady after a reasonably good holiday season, while China's wholesale market slowed as the focus shifted to retail for the Chinese New Year Spring Festival starting on February 8.

The RapNet Diamond Index (RAPI™) for 1-carat, GIA-graded diamonds rose 0.9 percent in January. RAPI for 0.30-carat diamonds advanced 4.7 percent and RAPI for 0.50-carat diamonds grew 4.5 percent. RAPI for 3-carat diamonds fell 0.5 percent.

RAPI for 1-carat diamonds fell 4.4 percent from a year ago as manufacturers sought to reduce excess inventory in 2015.

RapNet Diamond Index (RAPI™)		
	January	Y2Y Changes at Feb. 1
RAPI 0.30 ct.	4.7%	-7.7%
RAPI 0.50 ct.	4.5%	-8.6%
<b>RAPI 1 ct.</b>	<b>0.9%</b>	<b>-4.4%</b>
RAPI 3 ct.	-0.5%	-13.6%

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The Rapaport Monthly Report demonstrates that polished prices rose in January due to shortages rather than increasing diamond demand. Polished trading was driven by U.S. jewelers replenishing stock sold during the holiday season as well as some inventory purchases. However, uncertainty remains as consumer demand is sluggish in emerging markets. The stronger U.S. dollar is negatively impacting tourist spending in the U.S. and domestic dealer demand in India and China.

Expectations for the Spring Festival are muted as China's economic growth slowed to 6.9% in 2015, its weakest growth rate in 25 years, and the Shanghai Stock Exchange (SSE) Composite Index slumped 23% in January. A global stock market correction in 2016 may impact discretionary spending due to a negative wealth effect.

Diamond market sentiment improved during January and dealers feel that the worst may be over. Prospects for manufacturers' profitability improved as De Beers reduced rough diamond prices by an estimated 7 to 10 percent at the January sight. The company's sales surged 118 percent to \$540 million during January, compared with \$248 million in December. Rough demand increased as manufacturers started to raise polished production to fill gaps in supply.

Shortages are expected to support diamond prices throughout the first quarter, as rough bought in January will take a few months to pass through the manufacturing process. That, together with the De Beers rough price correction, should help restore some profitability and confidence in the manufacturing sector.

“In the event that De Beers continues on a responsible path, we expect a healthy diamond market to emerge. Polished prices will adjust to the realities of polished demand. There may be some short-term corrections as a return to normal supply levels confronts relatively weak global demand, but we expect the markets to settle down quickly as long as the supply side of the equation remains consistent and profitable. China and the rest of the world will improve and enter new periods of growth and development. As long as the diamond dream is kept alive demographics will support consistent demand. In our view the mid to long term growth outlook for the global economy is positive and the same is true for diamond prices and markets,” said Martin Rapaport, Chairman of the Rapaport Group, in his January 28 statement [‘The Right Way Forward’](#).

The Rapaport Monthly Report can be purchased at [store.rapaport.com/monthly-report](http://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](http://www.RapNet.com) has daily listings of over 1 million diamonds valued at approximately \$7.8 billion. Additional information is available at [www.Diamonds.net](http://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 121 countries and has offices in New York, Las Vegas, Antwerp, Ramat Gan, Mumbai, Surat, Dubai and Hong Kong. Additional information is available at [www.Diamonds.net](http://www.Diamonds.net).

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