



PRESS RELEASE

Polished Diamond Prices Decline in February

PRESS RELEASE, March 4, 2015, New York ... Polished diamond prices remained under pressure in February. Sentiment improved ahead of the Hong Kong International Diamond, Gem and Pearl Show taking place from March 2 to 6 but trading volume was low and liquidity tight in the manufacturing centers. Buyers lacked confidence to make large inventory purchases and limited their buying to fill existing orders.

The RapNet Diamond Index (RAPI™) for 1-carat laboratory-graded diamonds rose 1 percent in February. RAPI for 0.30-carat diamonds declined 1.3 percent, while RAPI for 0.50-carat diamonds fell 1.4 percent. RAPI for 3-carat diamonds dropped by 0.5 percent during the month.

RapNet Diamond Index (RAPI™)			
	February	YTD January 1 - March 1	Y2Y Changes at March 1
RAPI 0.30 ct.	-1.3%	-2.2%	-12.7%
RAPI 0.50 ct.	-1.4%	-2.4%	-6.5%
RAPI 1 ct.	1.0%	0.6%	-9.6%
RAPI 3 ct.	-0.5%	-0.5%	-7.8%

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According to the Rapaport Monthly Report – March 2015, “Struggling to Profit,” polished prices softened and there was uncertainty amid concern that the market had not yet bottomed out.

Geopolitical developments added to the uncertainty. Russian and Middle East demand slumped along with the ruble and oil prices. Chinese demand for large diamonds also weakened due to the government’s campaign against corruption and conspicuous consumption. Diamantaires looked to the U.S. for support where there was good demand for SI-I2 clarity diamonds.

Jewelry sales during the Chinese New Year Spring Festival were mixed with soft demand for high-end products and steady sales of commercial-quality diamond jewelry. Chow Tai Fook reported that its same-store sales of gem-set jewelry in Mainland China rose 62 percent during the season. Hong Kong and Macau sales were very weak with same-store gem-set jewelry sales declining 17%.

The continued growth of China’s middle income population is supporting demand for under the carat, G-J, SI diamonds at the Hong Kong show, while large diamonds above 3 carats are not liquid at current price levels.

Rough trading improved slightly but overall rough demand is cautious as manufacturers struggle to profit. De Beers dropped rough prices by about 2 percent – not enough to restore reasonable profitability. Manufacturers have reduced polished production by approximately 30 percent in volume and 50 percent in value, tightening the supply of laboratory-graded diamonds. Traders hope that shortages will stabilize the market.

“Indian diamond manufacturers are under unacceptable stress as high rough prices and weak polished demand have destroyed their liquidity and profitability. Cutters are running out of money. Dealer trading volume is plummeting. If traders can’t sell, they can’t buy,” said Martin Rapaport, Chairman of the Rapaport Group.

Read the attached Rapaport Monthly Report, "Struggling to Profit," 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 1.585 million diamonds valued over \$9.345 billion and 14,150 members in 88 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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