

RAPAPORT

PRESS RELEASE

Polished Diamond Prices Fall in March Rough Diamond Buyer Resistance Healthy for Diamond Market

PRESS RELEASE, April 1, 2015, New York ... Polished diamond prices softened in March as trading volumes were restricted by weak demand. Diamond market sentiment was weak throughout the first quarter. Jewelry retailers avoided large inventory purchases and buying was focused on satisfying specific demand to fill existing orders.

The RapNet Diamond Index (RAPI™) for 1-carat laboratory-graded diamonds fell 2.5 percent in March. RAPI for 0.30-carat diamonds declined 2.4 percent, while RAPI for 0.50-carat diamonds dropped 2 percent. RAPI for 3-carat diamonds fell 1.5 percent during the month.

During the first quarter of 2015, RAPI for 1-carat diamonds was flat but remained 14.4 percent below levels recorded one year ago as prices have been on a steady decline since the second quarter of 2014.

RapNet Diamond Index (RAPI™)			
	March	1Q 2015	Y2Y Changes at April 1
RAPI 0.30 ct.	-2.4%	-4.0%	-19.8%
RAPI 0.50 ct.	-2.0%	-3.2%	-8.0%
RAPI 1 ct.	-2.5%	0.0%	-14.4%
RAPI 3 ct.	-1.5%	-2.4%	-14.7%

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According to the Rapaport Monthly Report – April 2015, “Reducing Inventory,” polished prices declined as retailers were largely absent from the market during the first quarter of 2015. Polished dealers were focused on buying polished rather than on manufacturing rough as they sought to deplete their polished inventory.

Manufacturers have lowered their polished diamond production by approximately 30 percent by volume and 50 percent in value terms since the Diwali holiday in October 2014. Turnaround times at the Gemological Institute of America (GIA) have subsequently improved from three months to within two weeks as a lower volume of goods is being sent for grading.

Rough demand further deteriorated in March. Sightholders refused approximately 30 percent of their allocated supply at the De Beers March sight, which closed with an estimated value of \$500 million after refusals. De Beers prices were largely unchanged. ALROSA also reduced its supply and maintained stable prices at its March contract sale. Trading on the secondary market

is weak as profit margins from rough are slim.

Jewelry retailers have refrained from their usual first quarter buying despite initial positive reports about gem-set jewelry sales during the Chinese New Year Spring Festival. As wholesale polished diamond demand is expected to remain weak during the second quarter, manufacturers are hesitant to ramp up production. Reduced supply is expected to stabilize the market and create shortages which will help future demand.

"Rough buyer price resistance is rational and healthy for the market as it protects cutter liquidity and profitability while reducing oversupply of diamonds during a period of relatively weak polished demand. Sightholders have done the right thing by refusing to overpay for rough to keep future allocations of rough diamonds. Mining companies are encouraged to lower rough prices to levels that ensure reasonable manufacturer profitability and a sustainable diamond trade," said Martin Rapaport, Chairman of the Rapaport Group.

Read the attached Rapaport Monthly Report, "Reducing Inventory," 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. of the 10 best diamonds, for the top 25 quality 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 1.36 million diamonds valued over \$8.22 billion and 14,266 members in 89 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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