

RAPAPORT

PRESS RELEASE

Polished Diamond Prices Decline in January

PRESS RELEASE, February 3, 2015, New York ... Polished diamond demand improved in January but prices remained under pressure. Jewelers are resisting buying large quantities of diamonds as inventory levels remain higher than usual for this time of year. Expectations are relatively low for jewelry sales during the Chinese New Year after a disappointing Christmas shopping season. Dealers are waiting to see if the upcoming Chinese New Year Golden Week will help spur demand and prices after a slow start to the year.

The RapNet Diamond Index (RAPI™) for 1-carat laboratory-graded diamonds fell 0.4 percent in January. RAPI for 0.30-carat diamonds dropped by 0.9 percent, while RAPI for 0.50-carat diamonds declined 1 percent. RAPI for 3-carat diamonds was flat during the month.

The declines in January extended the downtrend that started in April 2014. Polished diamond prices remain significantly below levels recorded one year ago with RAPI for 1-carat diamonds down 10.2 percent year to year.

RapNet Diamond Index (RAPI™)		
	January	Y2Y Changes at Feb. 1
RAPI 0.30 ct.	-0.9%	-8.8%
RAPI 0.50 ct.	-1.0%	-3.1%
RAPI 1 ct.	-0.4%	-10.2%
RAPI 3 ct.	0.0%	-6.7%

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According to the Rapaport Monthly Report – February 2015, “A Slow Start,” sentiment is weak in the diamond trading centers. Dealers are lacking in confidence and suppliers are anxious to diminish inventory levels. India-based diamond manufacturers have reduced their polished production by an estimated 20 percent to 30 percent since returning from the Diwali break in November.

Rough demand remains weak even though De Beers reduced its rough prices by an average 4 percent at January’s estimated \$450 million sight. Sightholders deferred 25 percent of their purchases and are anticipated to continue to reject goods in February as De Beers price cuts were not sufficient.

De Beers is expected to maintain fairly stable rough prices in the coming months putting pressure on sightholders who will be required to purchase their deferred supply in March, which is the final sight of the current De Beers contract. This will place further pressure on market liquidity and profit margins given relatively weak polished demand.

“Rough prices must come down to the extent that diamond manufacturing is once again a profitable activity. Diamond prices can only be sustained and increased by raising demand, rather than limiting supply,” said Martin Rapaport, chairman of the Rapaport Group.

U.S. jewelry sales fell by 1.5 percent year on year in December and full-year sales were about flat at \$69.19 billion, according to U.S government data. Far East diamond buying is conservative ahead of the Chinese New Year Golden Week in mid-February after China’s economy grew 7.4 percent in the fourth quarter of 2014 – its slowest pace in 24 years. China’s money transfer controls and limitations on luxury purchases are further fueling caution in the high-end jewelry market.

The diamond market is therefore looking to the U.S. for support but hoping that trading will pick up after Golden Week, following a slow start to 2015.

Read the attached Rapaport Monthly Report, "A Slow Start," 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 1.57 million diamonds valued over \$8.25 billion and 14,025 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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