

RAPAPORT

PRESS RELEASE

Polished Diamond Prices Rise in November

Scarcities, Holidays and Chinese Demand Supporting Prices with 0.30ct. RAPI +3%

PRESS RELEASE, December 8, 2015, New York ... Polished diamond prices firmed in November supported by shortages of select categories and seasonal holiday demand. Trading improved with dealers focused on filling U.S. holiday orders but old challenges remain: Manufacturing is unprofitable at current rough price levels and the diamond distribution chain is overstocked, despite some scarcities.

The RapNet Diamond Index (RAPI™) for 1-carat, GIA-graded diamonds rose 0.7 percent in November, its first increase in six months. RAPI for 0.30-carat diamonds advanced 3.3 percent and RAPI for 0.50-carat diamonds grew 1.1 percent. RAPI for 3-carat diamonds fell 0.6 percent. RAPI for 1-carat diamonds remains down 7.1 percent since the beginning of the year.

RapNet Diamond Index (RAPI™)			
	November	YTD Jan. 1 - Dec. 1	Y2Y Changes at Dec. 1
RAPI 0.3 ct.	3.3%	-17.3%	-20.8%
RAPI 0.5 ct.	1.1%	-17.0%	-19.0%
RAPI 1.0 ct.	0.7%	-7.1%	-9.3%
RAPI 3.0 ct.	-0.6%	-14.4%	-17.1%

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“This is the first time in six months that there has been an increase in the benchmark 1-carat RAPI index and 17 months since the last increase in 30 pointers. The worst may be over for declining polished prices, however, polished shortages are reducing sales volume and trade profitability,” said Martin Rapaport, Chairman of the Rapaport Group.

The Rapaport Monthly Report notes that U.S. buyers became more aggressive during November as there were fewer goods available to fill orders for the holiday season. Retailers offered heavy discounts for the Thanksgiving weekend, particularly online as consumers change their buying habits. However, the diamond market has realistic expectations about the challenging supply side situation and the limited impact that holiday sales will have on the market.

Market sentiment is weak despite the November uptrend. Inventory levels have come down but remain higher than usual for this time of the year. There are very few fresh goods coming into the market as manufacturers maintained reduced polished production with factories in India closed for three-to-four weeks during Diwali.

Rough demand slumped to record lows with the De Beers November sight valued at an estimated \$70 million and projections for another very small December sight due to De

Beers high rough price policy. Rough auction sales and prices have firmed as manufacturers are looking for supply outside the De Beers and Russian sight contract system. However, secondary market trading is quiet as cutting center profitability is tight at current rough price levels.

Rapaport called on De Beers to lower rough prices by 30-50 percent in order to inject liquidity and restore profitability to the diamond trade (see article: '[Rough Bubble Bust](#)').

“The rough diamond distribution system is collapsing as De Beers and other mining companies attempt to force unsustainable artificially high rough diamond prices on the diamond trade. Rough prices are higher than polished prices, which have come down to realistic levels due to the downturn in the global economy. The mining company’s refusal to lower rough prices is destroying the diamond trade, creating severe financial losses, illiquidity, supply shortages, and the loss of tens of thousands of jobs. De Beers must immediately inject liquidity into the diamond trade by reducing rough diamond prices 30-50 percent. There is no justification for rough prices higher than polished diamond prices. Without a viable, profitable and sustainable diamond trade distributing their diamonds, De Beers diamond mines are worthless,” Martin Rapaport said.

The Rapaport Monthly Report can be purchased at www.diamonds.net/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 1.1 million diamonds valued at about \$8 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.