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PRESS RELEASE

Polished Diamond Prices Firm in February One-Carat RAPI Rises for Fourth Consecutive Month

PRESS RELEASE, March 1, 2016, New York ... Polished diamond prices rose in February continuing the uptrend evident since November. Shortages continue to support the market while trading slowed during the month as dealers in China and Hong Kong took vacation during the Chinese New Year period.

The RapNet Diamond Index (RAPI™) for 1-carat, GIA-graded diamonds rose 0.3 percent in February. RAPI for 0.30-carat diamonds advanced 0.4 percent and RAPI for 0.50-carat diamonds grew 0.7 percent. RAPI for 3-carat diamonds fell 1.2 percent.

RAPI for 1-carat diamonds increased 1.3 percent during the first two months of the year but remains 7.8 percent below levels recorded one year ago.

RapNet Diamond Index (RAPI™)			
	February	YTD January 1 - March 1	Y2Y Changes at March 1
RAPI 0.30 ct.	0.4%	5.1%	-7.5%
RAPI 0.50 ct.	0.7%	5.3%	-8.7%
RAPI 1 ct.	0.3%	1.3%	-7.8%
RAPI 3 ct.	-1.2%	-1.7%	-15.7%

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The Rapaport Monthly Report demonstrates that polished prices remained firm ahead of the Hong Kong International Jewelry Show (March 1-7). Chinese buyers are expected to return to the market for the show but buying levels are uncertain due to the slowdown in China's economy and stock market devaluations in 2016. Initial reports indicate that the Chinese New Year retail season was weak with Chow Tai Fook reporting sales fell 29 percent.

The uptrend in polished prices is being driven by shortages rather than growth in demand. Manufacturers increased their rough purchases and polished production in 2016 in order to fill shortages in the polished market. However, scarcities remain in the short-term as it takes three-to-four months for new polished production to enter the market.

Rough trading remained solid in February with De Beers and ALROSA maintaining stable prices. Rough prices on the secondary market and at auctions were steady, increasing in some categories. De Beers rough sales rose significantly in the first two months of 2016 after sales slumped 54 percent to just \$1.4 billion during the second half of 2015.

There has been some restocking of inventory among manufacturers in January and February, but rough trading is expected to slow as new polished supply enters the market in the second quarter, while polished demand is expected to remain sluggish.

Martin Rapaport, Chairman of the Rapaport Group, issued a cautionary statement regarding the impact of increased supply on polished prices.

“The recent surge of rough diamond prices on the secondary market is dangerous and unsustainable. Current polished price levels reflect artificial shortages created by a 42 percent decline of rough supplies in the second half of 2015. Production is now normalizing which will soon significantly increase polished supply while overall demand remains weak,” Rapaport said.

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The Rapaport Monthly Report can be purchased at <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 has daily listings of over 1 million diamonds valued at approximately \$7.9 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 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.

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