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SHOW  
COMMITMENT TO  
DOING THE RIGHT  
THING*

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DIAMOND PRICES  
SEE SMALL  
RISE*

*U.S. JEWELRY SALES  
UP IN SEPTEMBER,  
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JEWELERS ENJOY  
RISE*

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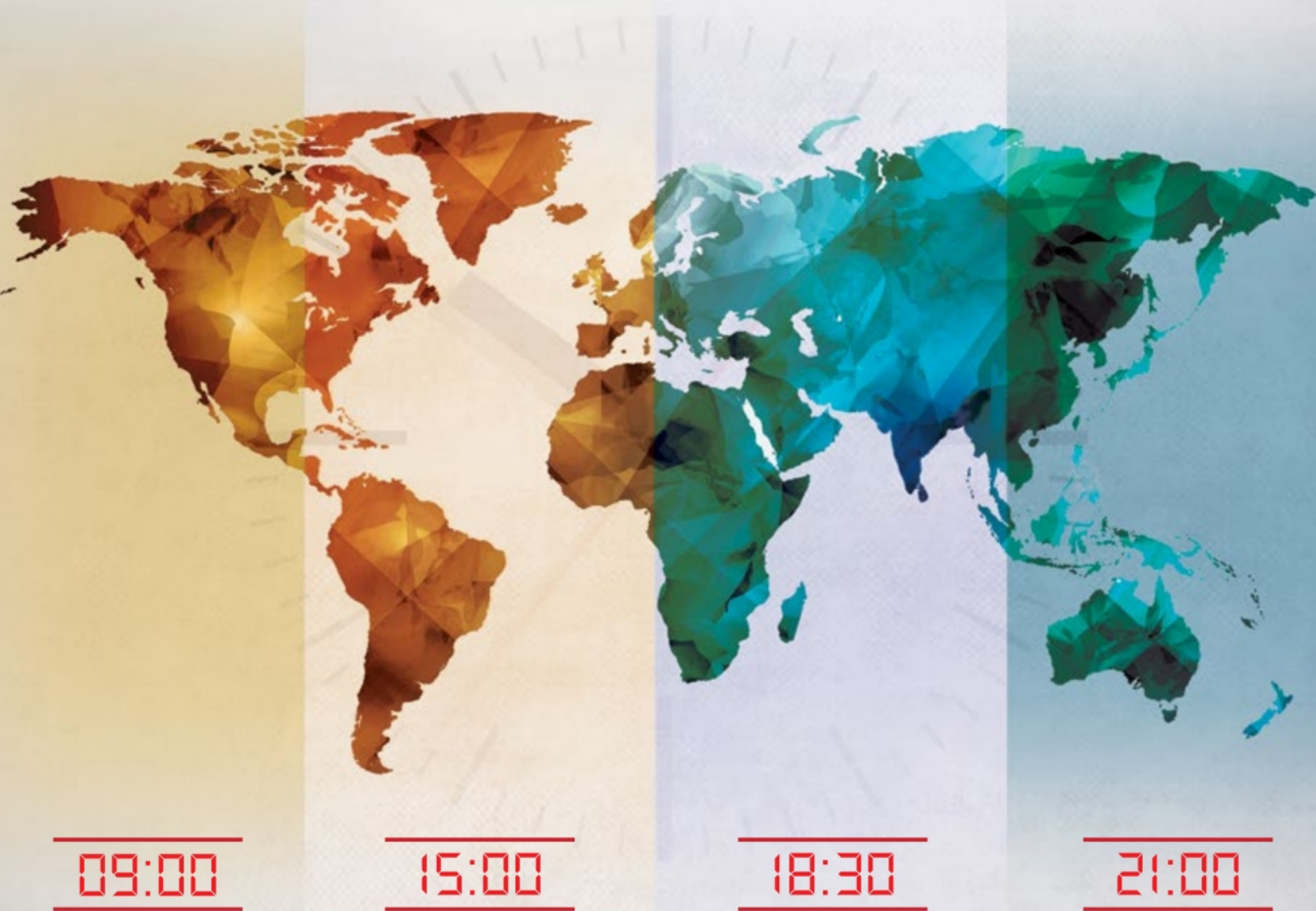
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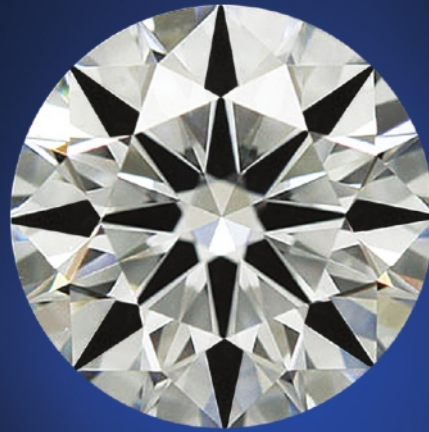
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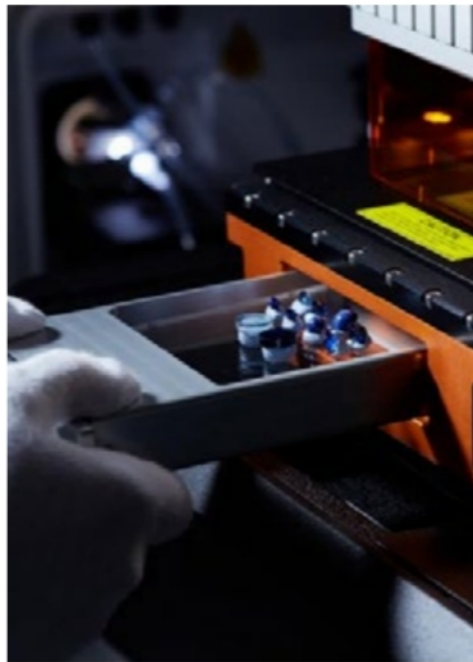
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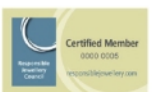
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BY ALBERT ROBINSON

## EDITOR'S NOTE

KP attendees  
show devotion to  
doing the right  
thing



Attending the Plenary meeting of the Kimberley Process (KP) for the first time last month, I was once again struck by the deep commitment and sense of doing the right thing that diamond industry and other representatives bring to these gatherings. It also reminded me of an article I wrote for IDEX several years ago where I spoke of the feeling, among many diamantaires, that these international meetings were a pleasant experience for those attending, and possibly little more than that.

"Who wouldn't like to be a top official at one of the diamond industry's international organizations," I wrote. "Flying first class, nice hotels, fancy dinners, meeting ministers and presidents, giving speeches and receiving or giving awards. All dutifully reported by the diamond industry trade press.

"Well, the international meetings create awareness throughout the diamond industry and in the wider global press that members of the trade care about how and with whom they do business," I answered the question.

"Closing our eyes to the horrors that can surround the diamond industry is impossible, and showing consumers that we care has been critical. The international meetings provide a wider perspective, enabling the diamond industry to reflect on its actions and to show end consumers that it cares about how it is perceived.

"And that, ultimately, is also vital for small and medium-size diamond businesses [who constitute the bulk of the trade] because the effect on consumers who buy because they see that we care eventually filters down to them as well."

The Plenary meeting in Dubai showed the lengths people go to attend the meeting and provide a wide range of comments and input. Flying in from all across the world, diamond industry members were joined by representatives from the OECD and the European Union representing the 28 countries in that trading block as well as other organizations.

Of course, many of these people are employed to attend such meetings, but many others were taking vital time away from their businesses to show their devotion to advancing the work and operations of the diamond trade.

More than that was the incredible attention to detail as the many representatives, some 300, according to the organizers, hammered out the meeting's final communiqué on the last day. Clause by clause and sentence by sentence, all attendees were allowed to propose their changes. And, this being the Kimberley Process, they all had to be the subject of a consensus agreement.

It is a shame that diamond jewelry consumers cannot see at least part of these proceedings, perhaps that would put the nail into the coffin of detractors, who claim that our business is somehow dirty and unethical.

Arranging such international conferences, open to the media for the most part, and providing an insight into how deeply they care about the industry and ensuring that the end-buyer knows this is a vital part of the relationship the trade must create and develop with consumers.

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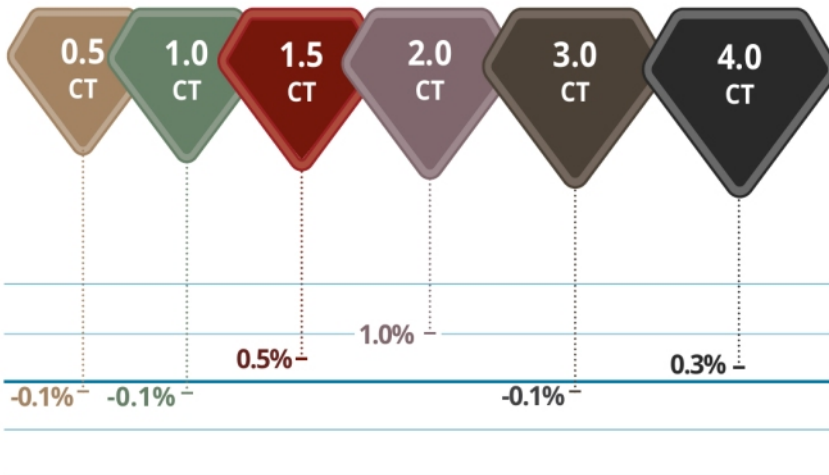
# MARKET SNAPSHOT



PRICES UP  
0.4% IN  
NOVEMBER

## POLISHED DIAMONDS

IN NOVEMBER, POLISHED PRICES ROSE SLIGHTLY. ON A MONTH-TO-MONTH BASIS, NOVEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW **A RISE OF 0.4-PERCENT** OVER OCTOBER.

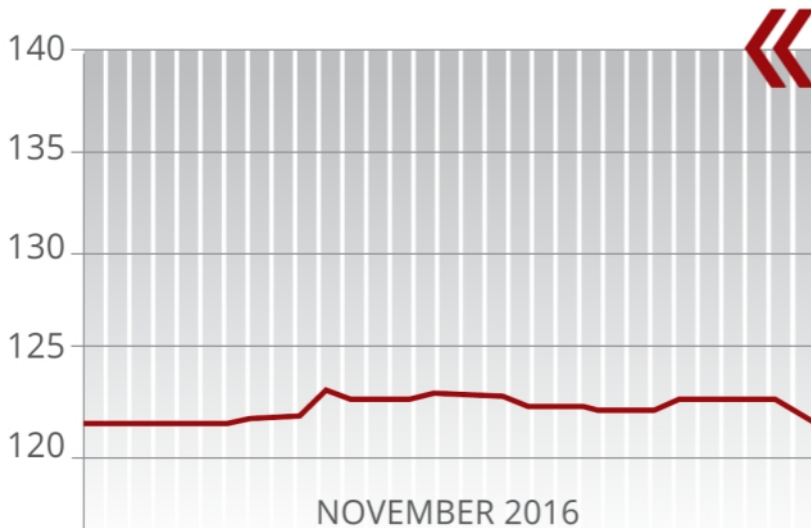


ON A MONTH-TO-MONTH BASIS, THERE WAS **AN EQUAL NUMBER OF RISERS AND DECLINERS.**



## POLISHED DIAMONDS DAILY INDEX

THE INDEX BEGAN THE MONTH **AT 121.8** AND ENDED AT **122.8**.



## METAL PRICES IN NOVEMBER US\$ PER OUNCE

\*Prices as of 30.11.16  
Source: Amark.com



Palladium 763.3 (+15.7%)  
Platinum 909.0 (-6.9%)  
Gold 1188 (-7.1%)  
Silver 13.71 (-3.2%)

## ROUGH DIAMONDS

DE BEERS POSTED ITS LOWEST SALES CYCLE AMOUNT OF THE YEAR IN NOVEMBER AT **\$470 MILLION**, WITH THE MARKET BEING QUIET FOLLOWING THE DIWALI HOLIDAY AND TRADING IN THE UNITED STATES BEING SLOWER SINCE THE LARGER HOLIDAY ORDERS HAVE ALREADY BEEN COMPLETED. ALROSA REPORTED SALES OF **\$430.8 MILLION** FOR OCTOBER.

## US JEWELRY SALES

FINE JEWELRY SALES **ROSE BY AN ESTIMATED 6.7 PERCENT** IN SEPTEMBER, AS DID FINE WATCH SALES. SALES OF FINE JEWELRY AND FINE WATCHES IN SEPTEMBER WERE AN ESTIMATED **\$5.4 BILLION**. SPECIALTY JEWELERS POSTED A SALES **INCREASE OF 6.2 PERCENT** IN SEPTEMBER.

# MEMO

## Will Trump Presidency Put Some Sparkle Into the American Economy?

It seemed pretty clear to me as I put fingers to keyboard two days after the US presidential election that I should probably talk about the impact of the forthcoming Trump presidency on the world's biggest economy and largest diamond jewelry market. Stock exchanges and some currencies were volatile the day after as the world woke up to reality, if you'll pardon the pun so early on.

But the markets calmed, likely helped by Trump sounding like a responsible statesman for the first time since he launched his bid for the White House too many months ago. And two days





after the election, many markets bounced back. Some people believe that President Trump is going to be just great for the US economy and, therefore, jewelry sales. Others believe that the apocalypse is just around the corner.

As for the result itself, in the words of the mythical, fictional British Prime Minister Francis Urquhart: "I couldn't possibly comment." Not because I don't want to; it's just that nobody really knows what the effect will be on business looking ahead. In our world of the 24/7 news cycle where talking heads must fill in hours of airtime going

over the same themes endlessly, this might sound a little odd, but wouldn't it be better to wait and see what actually happens? How useful are the numerous predictions about what is likely to happen?

President-elect Trump says he has an economic plan. He clearly didn't want to confuse voters by actually giving them, and the rest of the world – which actually has quite a large interest in what he may be planning – even the tiniest peek at it during the campaign.

With the Senate and House of Representatives in the hands of the Republicans as well, clearly President-





elect Trump will have an easier time pushing through his eventual economic program. A wild guess comes up with the likelihood of tax cuts for many people who earn enough not to really have to worry about earning more, a reduction in corporate tax levels and a loosening of the regulatory framework for a range of sectors.

Maybe I, like many of you, am a little too long in the tooth to fall for politicians' flamboyant promises, and I don't want to be cynical because, after all, we gotta give the guy a chance, but I don't see how those policies are going to help raise the salaries and standard of living of the many blue-collar workers who voted for Mr Trump. Bringing back jobs and giving American workers hope is what he promised.

Trump appears to be against globalization, and he doesn't like trade agreements because they ship jobs abroad, he says. Somewhat ironic from a diamond and jewelry industry perspective. Imagine if the diamond industry were to say the same thing: polishing would not have moved to India and China and elsewhere in the Far East. And those countries, whose populations have seen a tremendous amount of the world's wealth move

to them due to the establishment of huge manufacturing sectors, would not have the financial means to buy diamond jewelry, meaning lower sales for diamond manufacturers and traders based in Israel, Belgium, New York and elsewhere in the West.

And can we imagine supporting a relaxation of regulation? The diamond industry is arguably the best example of one which self-polices itself. Stamping out conflict diamonds and money laundering, and working to create a more transparent business have been, and remain, at the top of the sector's agenda.

Is globalization good or bad? I think it's pretty clear that it is both. But the question is irrelevant because it is here and it affects just about everything we do and buy. Are polishing jobs going to return to Ramat Gan, Antwerp and New York? Obviously not. Do business sectors and economies have to adapt to change and create new niches? Yup. I'm sorry to end with a cliché, but it's a sad reality, you can't turn the clock back.

*Needless to say, I'd be delighted to hear your views, and we will aim to publish them in IDEX Magazine.*

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# IDEX

IDEX MAGAZINE | DECEMBER 2016  
VOL. 30 NO. 320

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ROUNDS | DECEMBER 2016

# PRICEREPORT

Price movements were recorded in almost every category of round goods up to 4.00 carats in November, while 4.0 carat goods saw fewer changes and 5.0 caraters hardly any at all. There was more upward movement overall than in October. There was a noticeable rise of 3% in 0.50-0.69 carat goods in the D-H, IF-VVS1 categories.



**ROUNDS 0.50-0.69** 01-DEC-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	83.0	64.5	49.5	45.5	42.5	34.0	28.0	27.0	22.0	20.5	13.0
E	63.5	54.5	43.0	41.5	37.0	31.5	24.5	24.0	20.5	19.0	12.0
F	54.5	49.5	42.0	38.5	35.5	30.5	24.0	21.5	19.5	18.0	12.0
G	47.5	44.0	39.0	36.5	33.0	30.0	23.5	21.0	19.0	16.5	11.0
H	43.5	37.0	34.5	32.5	31.0	27.0	22.0	20.5	18.0	15.0	10.5
I	37.0	31.0	28.0	26.5	26.0	23.5	20.5	19.0	16.5	13.5	8.0
J	30.0	25.5	24.0	23.5	22.0	21.0	19.5	18.0	14.0	10.0	8.0
K	25.0	23.5	22.5	20.0	19.0	18.5	17.0	15.0	13.0	8.0	8.0
L	21.0	19.5	19.0	18.5	17.0	16.5	15.5	13.5	11.0	8.0	6.5
M	20.0	19.0	18.5	18.0	16.5	14.5	13.0	11.5	8.5	8.0	6.5
N	19.5	18.5	18.0	17.5	16.0	14.0	12.5	10.0	8.0	8.0	6.5

**ROUNDS 0.50-0.69 CARATS**  
 **D-H / IF-VVS1 UP 3%**  
 **M-N / SI3 DOWN 4%**



**ROUNDS 0.90-0.99** 01-DEC-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	141	112	92	80	74	64	55	48	38	25	16
E	109	102	82	72	67	58	51	45	36	24	16
F	100	92	78	70	64	56	49	42	35	22	15
G	83	75	67	65	59	54	44	38	30	20	15
H	73	71	61	56	55	48	41	36	29	19	14
I	62	58	54	49	48	45	38	32	24	16	12
J	55	47	46	40	39	35	32	29	22	15	11
K	37	34	33	32	30	29	28	26	16	14	10
L	31	30	29	28	26	24	23	21	16	12	10
M	29	28	26	24	23	22	18	17	16	12	10
N	28	24	21	20	19	18	17	16	14	11	9

**ROUNDS 0.90-0.99 CARATS**  
 **H / IF-VVS1 UP 2%**  
 **K / VS2-SI1 DOWN 3%**

**ROUNDS 2.00-2.99** 01-DEC-16

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	487	374	310	273	201	158	124	90	73	43	21
E	321	292	259	244	182	150	113	86	62	36	18
F	276	262	222	202	178	138	108	82	58	35	16
G	217	205	185	163	150	129	98	79	58	29	16
H	175	161	148	146	131	114	96	76	56	27	16
I	130	125	120	114	107	97	84	70	53	26	15
J	109	101	93	89	85	84	74	63	49	24	15
K	88	82	80	72	71	65	58	53	45	16	15
L	80	72	70	62	59	51	50	44	33	16	14
M	68	66	63	58	50	48	42	37	28	16	14
N	61	60	59	55	47	42	36	30	26	16	13

**ROUNDS 2.00-2.99 CARATS**  
 **E / SI1-SI2 UP 2%**  
 **K-L / SI1 DOWN 2%**







# FANCIES | DECEMBER 2016

## PRICEREPORT

Meanwhile, fancy goods prices saw less movement but the same sort of mixed trends as round goods. There was a notable trend in the 0.90-0.99 category which showed an upward trend of up to 4 percent in the D-H, VS1-SI1 category.

FANCIES 0.90-0.99												01-DEC-16		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	114	90	78	71	66	59	49	46	36	25	13			
E	103	81	72	67	63	57	47	43	34	23	12			
F	78	72	69	63	62	55	46	42	32	22	11			
G	71	63	61	60	58	52	44	41	30	21	11			
H	60	59	55	54	53	48	41	36	29	16	10			
I	56	55	49	46	45	44	38	32	28	15	9			
J	43	37	36	32	31	30	29	27	24	13	8			
K	35	28	27	26	25	24	23	21	16	10	8			
L	30	23	21	20	19	16	15	14	13	9	6			
M	22	20	19	16	14	13	12	11	10	8	6			
N	20	15	14	12	11	10	9	8	8	5	4			

**FANCIES 0.90-0.99 CARATS**  
 D-h \ H / VS1-SI1 **UP 1-3%**  
 M / VVS11 **DOWN 4%**

FANCIES 1.00-1.24												01-DEC-16		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	174	143	113	91	81	70	62	47	37	25	15			
E	131	119	103	84	79	69	61	44	35	23	14			
F	117	100	86	81	75	68	58	43	34	22	12			
G	89	84	77	71	70	64	54	42	31	21	11			
H	77	67	65	62	61	56	51	37	30	19	10			
I	61	59	55	54	51	50	45	34	29	16	10			
J	51	49	47	45	43	41	37	31	26	13	10			
K	42	41	37	36	35	32	30	27	21	13	9			
L	33	32	30	29	27	26	25	22	16	13	9			
M	23	22	21	20	19	18	15	14	14	11	8			
N	21	20	19	18	17	15	14	11	10	9	8			

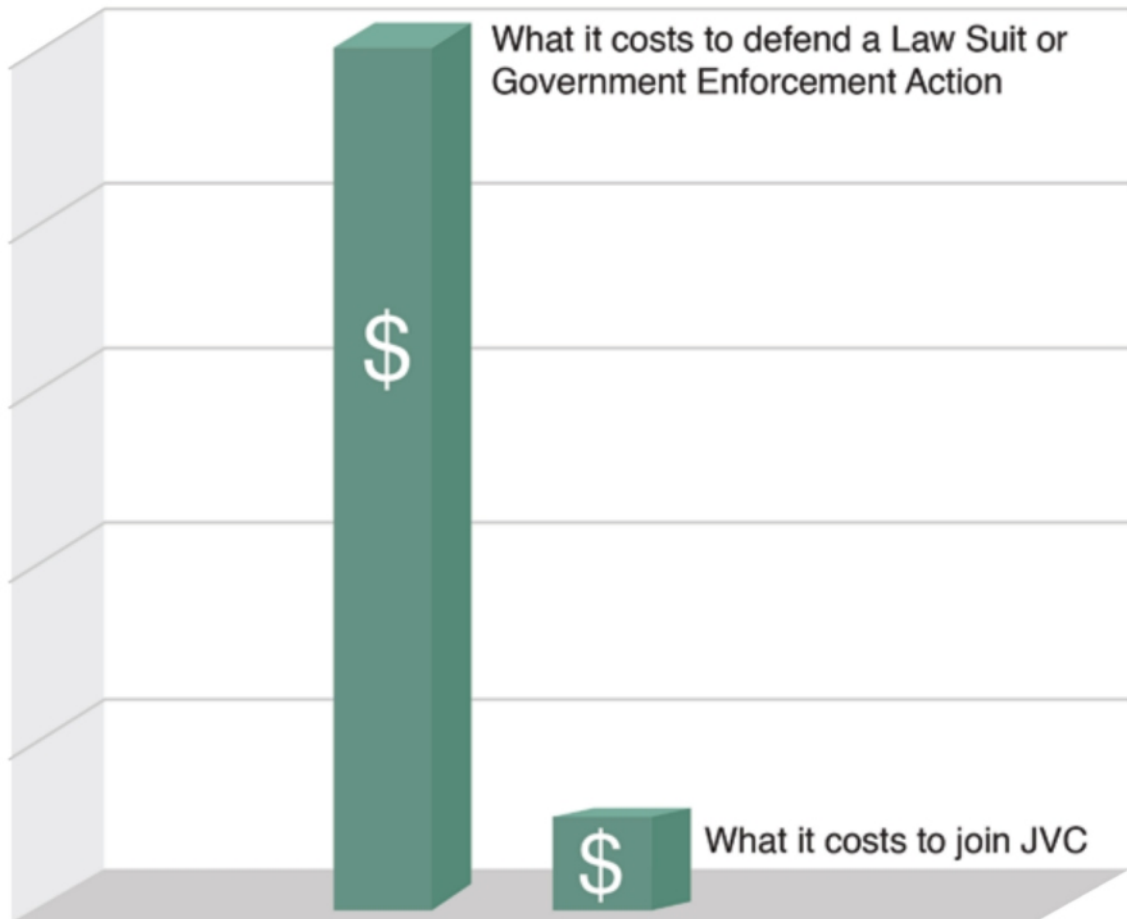
**FANCIES 1.00-1.24 CARATS**  
 H-J / I1 **UP 3-4%**  
 I / IF **DOWN 6%**

FANCIES 2.00-2.99												01-DEC-16		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	352	281	246	208	178	141	109	77	60	34	19			
E	281	232	213	182	160	132	107	70	54	29	15			
F	242	201	188	162	152	130	106	69	44	25	12			
G	179	170	161	141	133	115	97	66	44	24	11			
H	146	127	121	113	107	99	86	60	44	23	11			
I	122	110	98	94	90	86	81	57	41	22	11			
J	90	84	78	77	76	73	64	52	35	21	10			
K	64	63	62	61	60	59	55	42	29	16	10			
L	54	53	52	49	48	45	38	31	23	15	10			
M	49	48	47	42	41	37	30	24	20	14	10			
N	43	41	38	36	30	28	26	22	19	13	9			

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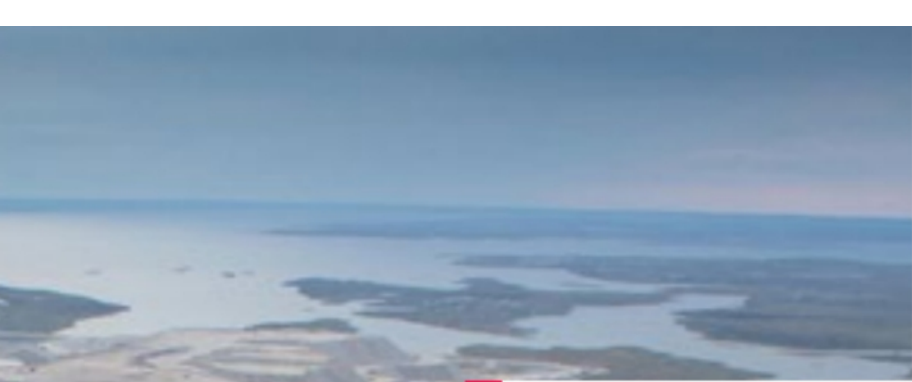
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*By Albert Robinson*







**CANADA  
CONSOLIDATES  
WORLD'S  
NO. 3 ROUGH  
DIAMOND  
PRODUCER  
POSITION IN  
LESS THAN  
TWO DECADES**





*“Until less than two decades ago, diamond mining in Canada had been, for all intents and purposes, virtually non-existent. Once diamonds were discovered, however, within about a decade, major diamond mining projects were unearthed and active mining began.”*







As is well known in the diamond industry, it takes a long time to develop a diamond mine. The figure usually given is about 15 years, give or take a year or so.

Ironically, that is also about the length of time it has taken for Canada to become one of the world's main diamond producers. The main diamond-producing countries, notably South Africa, Russia and Botswana, have been in the game for much longer. In South Africa's case, more than a century and in the case of the other two states, much more than half a century.

In Canada's case, areas rich in diamonds weren't found until about 20 years ago. Until then, diamond mining in Canada had been, for all intents and purposes, virtually non-existent. Once diamonds were discovered, however, within about a decade, major diamond mining projects were unearthed and active mining began. Extraordinarily, Canada is now the third-largest diamond producing country in the world.

And while other mines around the world – especially the largest and

most veteran – are starting to deplete and no large new operations are unearthed, Canada continues to solidify its position as the world's third-largest producer via new mines which are likely to make up some of the projected shortfall in supply in the coming decade or so.

Canada owes its number three ranking to just one region of the Northwest Territories, Lac de Gras, which is the location of three large diamond-producing mines, Ekati, Diavik and Snap Lake. The latter has been shuttered, but there is now a replacement – Gahcho Kué – a joint venture between De Beers Canada and Mountain Province Diamonds.

Of the three Lac de Gras mines, Dominion Diamond's majority-held Ekati has about several years left of life expectancy, although development of the Jay deposit could potentially add another 11 years. Ekati was the first major discovery in Canada and has so far produced in excess of 40 million carats.

Two geologists, Chuck Fipke and Stewart Blusson, are credited with the discovery of the first diamond mines found in Canada in the mid-1980s. Although the first diamond-



rich area they discovered was in Point Lake, it was quickly determined to be an uneconomical piece of land, but it resulted in the largest diamond staking rushes in the history of mining. This massive search resulted in the discovery of the Ekati operation which hosts 156 kimberlite pipes. The discovery and later success of this diamond mine caught the attention of other major mining operations, and more massive mines were opened and fully operational within 10 years.

One of these is the Diavik mine, located nearly 200 miles north of Yellowknife, way up in the Arctic Circle. It is one of the largest open pit diamond mines in the world in terms of volume and produces about eight million carats per year. Operations have shifted to underground mining from open pit, and the life span of the mine is forecast at 16 to 22 years since its opening in 2003.

It is jointly owned by Rio Tinto, with 60%, and Dominion Diamond Corp which owns the rest. The two joint-venture participants retain the right to market, independently, their respective share of the diamonds produced from Diavik.







*“Extraordinarily,  
Canada is  
now the third-  
largest diamond  
producing  
country in the  
world.”*







*“Canada continues to solidify its position as the world’s third-largest producer via new mines which are likely to make up some of the projected shortfall in supply in the coming decade or so.”*



The fly in the ointment is De Beers' Snap Lake which has been essentially closed down though it could last to 2028. Snap Lake was De Beers' first mine outside of Africa. It is also unique in that it is Canada's first completely underground mine. De Beers spent nearly \$900 million with local contractors and suppliers building the mine. Snap Lake was expected to produce 1.4 million carats annually and have an approximate life span of 20 years from its opening in 2008.

However, a fourth Lac de Gras operation commenced production in the second half of 2016. Mountain Province Diamonds (49 percent) and joint venture partner De Beers (51 percent) expect Gahcho Kué to produce an annual average 4.5 million carats over about 12 years. That would make it one of the top 10 diamond mines by volume.

Ramp-up production at Gahcho Kué started on August 1, 2016, six weeks ahead of schedule, and the mine officially opened in September. Total output in August and September stood at 198,000 carats, of which about 97,000 carats belongs to Mountain Province.

Canada's position as a big player in the global diamond industry was further crystallized with the formal opening of Gahcho Kué. It is the sixth diamond mine opened in Canada in the 18 years that the country has mined diamonds.

"It will be a very significant contributor to the NWT economy," said Kim Truter, CEO of De Beers Canada, adding that the operation will provide \$6.7 billion to the Canadian economy over its estimated life span of 12 years and has generated \$440 million to the territory's economy so far.

"It's really, really important that these mining operations are competitive," Truter said. "The problem with Snap Lake was it struggled to be competitive from day one."

Truter said the company has been working to share the benefits of Gahcho Kué with local First Nations and Metis, with impact benefit agreements signed with six groups in the area.

De Beers is also working to extend the life of its Victor mine in Ontario, but work on a potential expansion can't move forward until it reaches an agreement with the Attawapiskat First Nation and other communities in the area. While



expansion work has been delayed for months, Truter said progress is being made. "We're working very closely with the local communities to get their support, and I think we are making positive progress," he told the Canadian media.

Among the country's other mining firms are Kennady Diamonds Inc. which controls 100 percent of the Kennady North diamond project located in the Northwest Territories. Kennady North is immediately to the north and west of the Gahcho Kué Diamond Mine.

Kennady Diamonds aims to identify a resource along the Kelvin – Faraday kimberlite corridor of between 12 and 15 million tonnes at a grade of between 2 and 2.5 carats per tonne and also to identify new kimberlites outside of the corridor. The Kelvin – Faraday corridor is a target for further exploration. The tonnage estimate is based on the drilling completed to date. The potential quantity is conceptual in nature as there has been insufficient drilling to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

The firm is currently reviewing an initial

draft of the Kelvin diamond valuation report from WWW International Diamonds (WWW), Kennady Diamonds said in a release in November.

As part of the company's economic assessment of the Kelvin kimberlite, a second, independent market valuation is now underway in Antwerp. The second exercise is designed to obtain the market valuation for a combined parcel of diamonds from both the 2015 and 2016 bulk sampling exercises at Kelvin.

President and CEO of Kennady Diamonds, Dr. Rory Moore commented: "We are pleased to have an initial draft report from WWW, which we are presently reviewing. We also look forward to completing our second valuation of all the Kelvin diamonds as their combined weight of over 2,000 carats provides a more robust parcel size for real-time market valuation."

Meanwhile, Arctic Star Exploration has announced plans to explore its 54,000-hectare T-Rex property in Lac de Gras. Previous exploration has found over a dozen kimberlites, most of them diamondiferous, the company says.







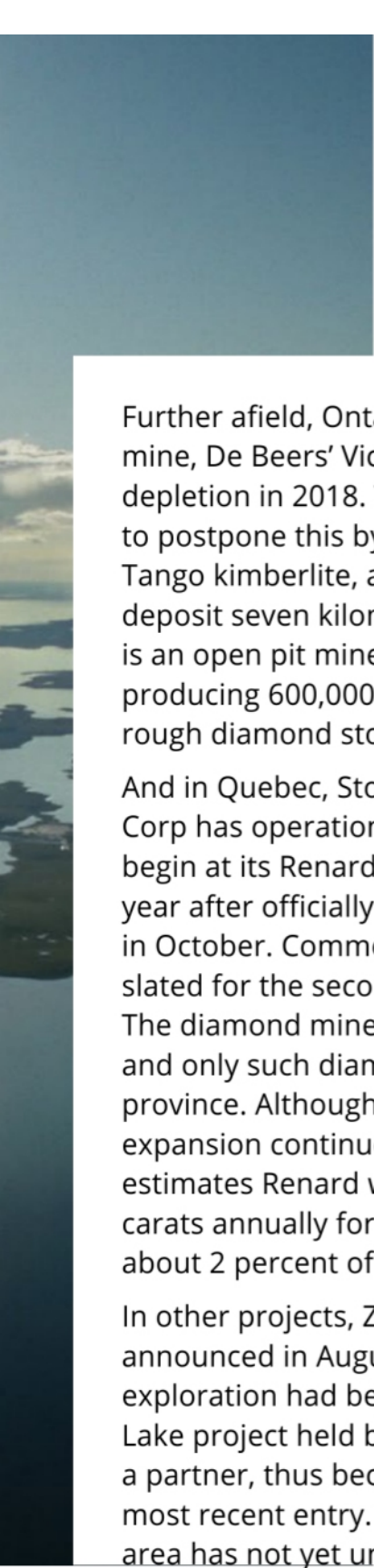
*Canada owes its number three ranking to just one region of the Northwest Territories, Lac de Gras, which is the location of three large diamond-producing mines, Ekati, Diavik and Gahcho Kué.*





*“The fly in the ointment is De Beers’ Snap Lake which has been essentially closed down though it could last to 2028. Snap Lake was De Beers’ first mine outside of Africa.”*





Further afield, Ontario's only diamond mine, De Beers' Victor operation, faces depletion in 2018. The company hopes to postpone this by developing the Tango kimberlite, a smaller, lower-grade deposit seven kilometers northwest. is an open pit mine and is currently producing 600,000 carats per year of rough diamond stones.

And in Quebec, Stornoway Diamond Corp has operations scheduled to begin at its Renard operation late this year after officially opening the mine in October. Commercial production is slated for the second quarter of 2017. The diamond mine would be the first and only such diamond project in the province. Although potential resource expansion continues, the company estimates Renard will supply 1.6 million carats annually for 11 years, providing about 2 percent of global supply.

In other projects, Zimtu Capital announced in August 2015 that exploration had begun on the Munn Lake project held by the company and a partner, thus becoming the area's most recent entry. The 14,000-hectare area has not yet undergone modern

exploration despite about \$5.7 million of work being carried between 1996 and 2007 that found two diamondiferous kimberlites. Zimtu now has a crew sampling kimberlites to validate previous sampling and to provide additional insight into the diamondiferous potential of each area, the company said.

Meanwhile, Canterra Minerals is a Canadian resource company specializing in diamond exploration in the Northwest Territories, strategically located between the Snap Lake Diamond Mine and the Gahcho Kué Diamond Project. The company also maintains a 33% interest in the Buffalo Hills Diamond Project in Alberta and has recently acquired an option to earn 70% in the West Carswell property in Saskatchewan. The Canterra team has been involved in the discovery of two of Canada's four diamond mines, Snap Lake and Ekati. It reported in June that it has identified several areas that "warrant further detailed exploration, including drilling," along with other areas that could undergo till sampling and geophysics.

And Margaret Lake Diamonds has announced an agreement to acquire the remaining 40 percent interest in



the Margaret Lake property, giving the company sole ownership. The 19,716-hectare property lies contiguous to the north and west of Kennady Diamonds' Kennady North project.

In Saskatchewan's Fort à la Corne region, Shore Gold's majority-held Star-Orion South underwent a spring drill program to update the Orion South kimberlite's resource. Although the project reached feasibility in 2011 and has passed a federal environmental review, Shore now plans a revised feasibility to reduce capital expenditure.

In addition to regions around existing and future mines, Nunavut and Saskatchewan's Pikoo region are also drawing significant diamond exploration.

The Canadian diamond industry has placed a great deal of emphasis on its diamonds not having any association whatsoever with conflict diamonds from Africa. Indeed, Canada was careful to become one of the main supporters of the Kimberly Process. All diamonds mined and cut in the Northwest Territories are laser inscribed with a unique identification number so that retailers can assure they are conflict-free stones.

In addition, all Canadian diamond mines are overseen by the Canada Mining Regulations for the Northwest Territories. This program ensures the preservation of surrounding land and aquatic habitats.

With diamond mines running down in the rest of the world, Canada appears to be strongly placed to continue to consolidate its position as the world's third-largest diamond producer.







*“Stornoway diamond mine would be the first and only such diamond project in the province. Although potential resource expansion continues, the company estimates Renard will supply 1.6 million carats annually for 11 years, providing about 2 percent of global supply.”*



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# JEWELS OF THE TRADE

**EPHRAIM ZION** of Dehres Limited handles more diamonds in a day than most people see in a lifetime. Here he discusses the power of reputation, global diamond investment and why a GIA report is vital to any business built on integrity.

**What's something most people don't know about your job?** It's the only business in the world conducted on trust. You sell 1 to 5 million dollars just on the telephone, without even a signature.

**A diamond dealer's most valuable asset?** Reputation. Yes, you need a sense of artistic value and a knack for design, but the most essential part is integrity. You can't survive without it.

**What has doing business in Hong Kong taught you about the Asian market?** It's one of the strongest in the world. Every day, there are new millionaires and new businesses. Asians are very investment-conscious. Diamonds are safer and more profitable than money in a bank.

**All-time favorite purchase?** Most recently, a 100+ ct. D FL. Incredible brilliance and scintillation. Such a beauty. People fell down when they saw it.

**Did it arrive with a grading report?** Ha, ha. GIA, of course. What responsible businessman, with a good reputation and name, would sell a diamond without a GIA report?

**Why is a GIA evaluation so important to one's reputation?** It's the most reliable, authentic, dependable gem institute in the world. People know that, especially in the Far East. Remember what I said about reputation? A GIA report is crucial.

**Business words to the wise?** Selling is an idea game. The more knowledge you have, the more confidence you feel.

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# RETAILRENDEZVOUS



## STULLER JEWELRY COMBINING CLASSIC STYLES WITH NEW TRENDS

Stuller Jewelry says it has created jewelry pieces that represent both a classic style and a new trend. This includes rings with a play on the stackable trend. And keeping up with fast-changing trends, the firm produced a beautiful pave pendant, which has been huge this year.



[VIEW MORE](#)

## COLORED GEMSTONES BRING SPECIAL COLOR TO JEWELRY ITEMS

The New York City-based mother-daughter duo, Eva and Liz Shaw, has created a wide range of feminine to edgy styles that it says can work for a variety of features.

"We see our brand as a way to help others express their individuality, to boost their confidence and help their inner beauty sparkle. We want our customers to feel confident and beautiful when they wear our jewelry."



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BY KEN GASSMAN

# IDEXOnline Research



## Total U.S. Jewelry Sales Up in September, Specialty Jewelers Enjoy Rise

TOTAL SALES OF FINE JEWELRY AND FINE WATCHES IN THE U.S. MARKET **ROSE BY 6.7%** ON THE YEAR IN SEPTEMBER 2016.

SPECIALTY JEWELERS, WHO GENERATE A MAJORITY OF THEIR BUSINESS FROM JEWELRY SALES, POSTED AN **INCREASE IN SALES OF 6.2%**, FOLLOWING TWO CONSECUTIVE MONTHLY DECLINES.

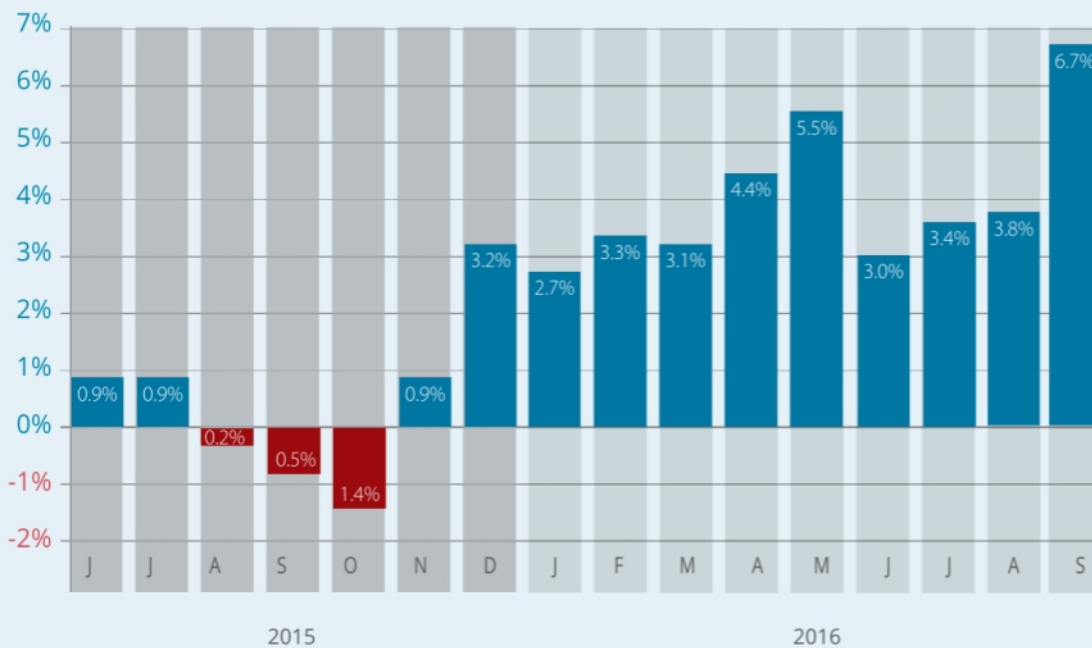
OTHER RETAILERS WHO SELL JEWELRY – MOSTLY MULTI-LINE MERCHANTS SUCH AS WAL-MART, J.C. PENNEY AND OTHERS – POSTED A **7.0% GAIN** IN SALES DURING SEPTEMBER.

TOTAL U.S. JEWELRY SALES **ROSE BY 6.7%** IN SEPTEMBER AS DID TOTAL SALES OF FINE JEWELRY AND FINE WATCHES ON THE YEAR IN SEPTEMBER TO **\$5.4 BILLION**.



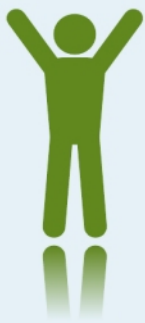
## FINE JEWELRY SALES

FINE JEWELRY SALES (APPROXIMATELY 88 PERCENT OF THE MARKET) **ROSE BY AN ESTIMATED 6.7% IN SEPTEMBER**, WHILE FINE WATCH SALES (APPROXIMATELY 12 PERCENT OF THE MARKET) **INCREASED BY 6.4 PERCENT.**



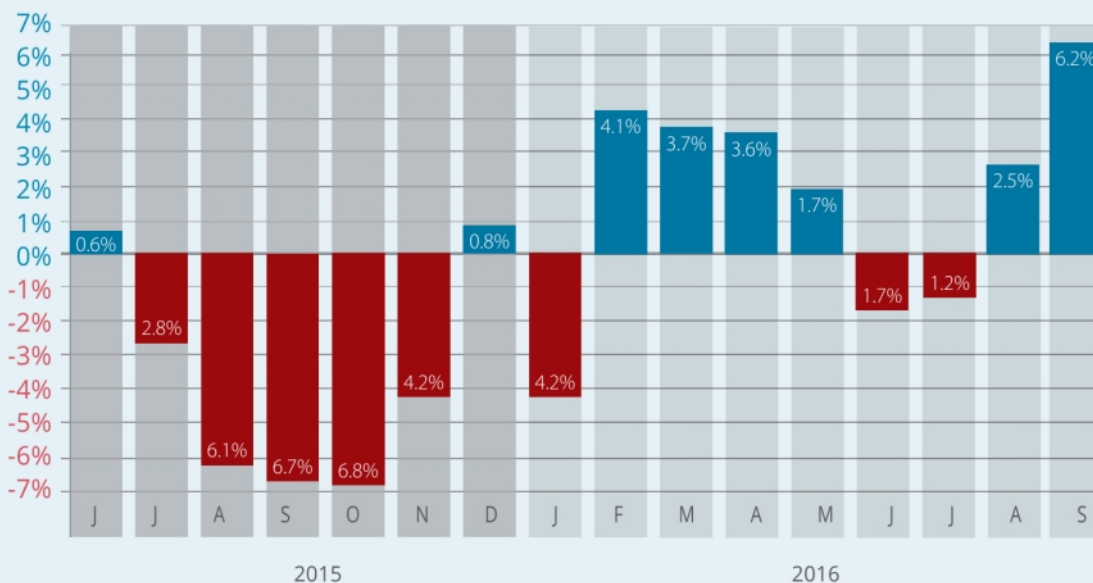
US TOTAL JEWELRY & WATCH SALES TRENDS 2015 - 2016  
% Change Y/Y

Source: US Dept. of Commerce



## SPECIALTY JEWELERS' SALES RISE IN SEPTEMBER

SPECIALTY JEWELERS' SALES DURING SEPTEMBER WERE AN ESTIMATED \$2.1 BILLION, A 6.2% RISE FROM SEPTEMBER 2015. THIS MONTHLY SALES INCREASE WAS ONLY SLIGHTLY BELOW THE OVERALL JEWELRY INDUSTRY AVERAGE (ALL U.S. RETAILERS WHO SELL JEWELRY) SALES GAIN OF 6.7% FOR SEPTEMBER.



US SPECIALTY JEWELERS SALES TRENDS 2015-2016 % Change Y/Y

Source: US Dept. of Commerce

## JEWELRY'S SHARE OF WALLET WAS UP SHARPLY IN SEPTEMBER

TOTAL U.S. JEWELRY SALES ROSE BY 6.7 PERCENT IN SEPTEMBER. THIS IS SIGNIFICANT BECAUSE AVERAGE RETAIL SALES (ALL RETAIL CATEGORIES) POSTED BY ALL U.S. RETAIL MERCHANTS WERE UP JUST 0.6%. AS A RESULT, THE U.S. JEWELRY INDUSTRY TOOK SHARE OF WALLET FROM OTHER RETAIL MERCHANTS.

### OUTLOOK - WE REMAIN OPTIMISTIC

THE SALES FIGURES FOR SEPTEMBER ARE LIKELY TO BE REVISED DOWN SOMEWHAT IN THE COMING MONTHS, BUT NONETHELESS BODE WELL FOR THE ALL-IMPORTANT UPCOMING HOLIDAY SELLING SEASON THAT STARTS AT THE END OF NOVEMBER.



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# ▶ RETAILNEWS

## FOREVERMARK LAUNCHES HOLIDAY ADVERTISING CAMPAIGN

Forevermark announced its holiday strategy featuring the brand's 'Ever Us' two stone, 'Black Label,' and 'Seize the Day' campaigns working together to drive diamond demand for the holiday season. The 'Ever Us' two stone program, launched with Signet last year, includes a new Forevermark 'Ever Us' two-stone jewelry commercial.

[READ MORE >>](#)



FOREVERMARK TWO-STONE RING

## ACTOR/ DIRECTOR NICK CANNON INTERVIEWS COUPLES IN NEW DPA MOVIE

The Diamond Producers Association (DPA) partnered with actor/producer Nick Cannon, to ask 'What makes finding the real thing so rare among couples in contemporary culture' in a short docu-film that explores how and when couples realize their connection has become a commitment. The aim of the DPA is to promote diamond jewelry sales.

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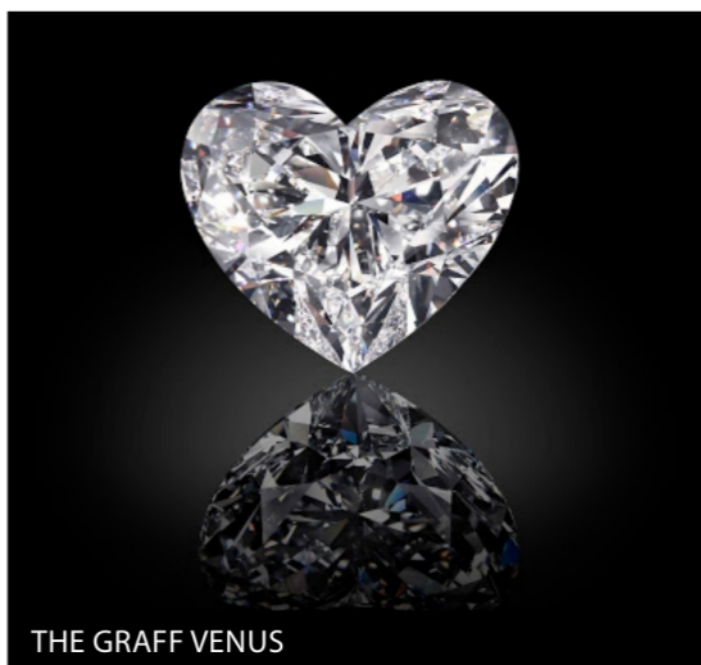
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RETAIL > NEWS

## GRAFF DIAMONDS REVEALS 118.78-CARAT 'GRAFF VENUS'

Graff Diamonds has revealed what it says is the largest heart-shape, D-flawless diamond in the world, weighing 118.78 carats. The company took 18 months to cut and polish the type Ila diamond, which it has named the Graff Venus, from a 357-carat rough stone recovered from the Letseng mine in Lesotho in 2015 that was sold by Gem Diamonds for \$19.3 million.

[READ MORE >>](#)



THE GRAFF VENUS



## PANDORA OPENS NEW PRODUCTION FACILITY IN THAILAND

Jewelry company PANDORA has opened its new crafting facility in Lamphun close to Chiang Mai in Northern Thailand a year after starting work on the new facility. It was opened on October 1, and is being prepared for commercial production at the start of next year.

[READ MORE >>](#)



## DEMONETISATION HITS INDIAN JEWELRY MARKET HARD AS SALES DROP

India's withdrawal of its 500 and 1,000 rupee notes led people to buy jewelry in order to use them up. But now the change has gone through there is a drop in sales of jewelry.

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# POLISHED NEWS



CLARITY GRADING MACHINE

## SARINE ANNOUNCES AUTOMATED, OBJECTIVE CLARITY GRADING & SORTING TECHNOLOGY

Sarine Technologies Ltd has developed new technology that it says will provide automated, objective and consistent clarity measurement and grading which would be a first for the diamond industry. The company is carrying out advanced large-scale testing in India based on computerized methodology for grading a polished diamond's clarity.

[READ MORE >>](#)

## IMAGEM LAUNCHES 3DPRO FEATURING INTERACTIVE VIDEOS AND VISUALS

ImaGem has launched 3DPro for interactive visuals to facilitate the buying and selling of diamonds, the firm said in a statement. The firm said that the 3DPro expands the diamond experience from a static image to a dynamic 3D experience.



A DIAMOND ON IMAGEM 3DPRO

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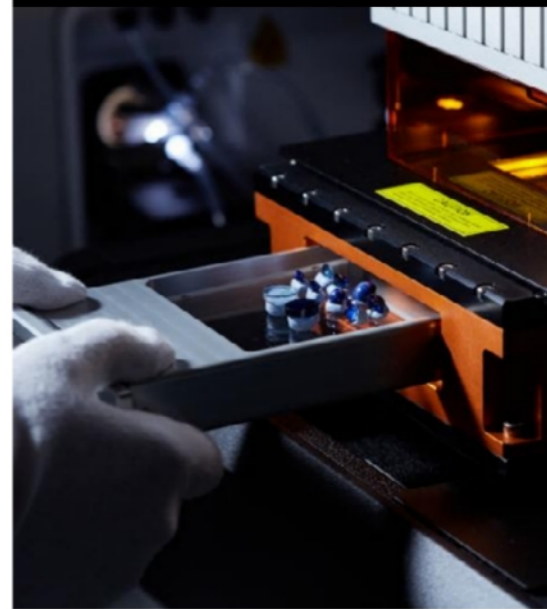


THE MIROIR DE L'AMOUR, ONE OF THE JEWELRY ITEMS

## SSEF FIRST LAB TO INTRODUCE GEMTOF CHEMICAL ANALYSIS SYSTEM

The Swiss Gemmological Institute SSEF has become the first gem laboratory worldwide to introduce into its facility the ground-breaking GemTOF instrument.

THE GEMTOF INSTRUMENT



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## RDH DIAMONDS SUPPLIES STONES FOR BOEHMER ET BASSENGE JEWELS

RDH Diamonds supplied the diamonds which Boehmer et Bassenge jewels used in its jewelry items which were sold at Christie's Magnificent Jewels auction in Geneva in November. Boehmer et Bassenge launched its new Maison de Haute Joaillerie based in Paris, by introducing two outstanding pieces of jewelry from their first collection.

READ MORE >>



## ITALIAN REGULATOR INVESTIGATES BANK BRANCHES DIAMOND SALES

An Italian regulator is investigating the sale of diamonds through bank branches across the country after a TV report alleged the stones were mis-sold to the public. Several Italian banks distributed diamonds for diamond brokers, an unusual partnership that generated around 300 million euros (\$333 million) in sales for the brokers last year.

[READ MORE >>>](#)



## DEMAND FOR NATURAL BLUE DIAMONDS DRIVES COLOR STONE PRICE RISES IN Q3

The Fancy Color Research Foundation (FCRF) reports that fancy color diamond prices continued to climb moderately during Q3 2016, at a rate similar to the previous quarter. For over a year, transactional data testifies to two opposite pricing trends in fancy color diamonds: consistent demand-driven price increases for pink and more notably blue diamonds, partially offset by continued price declines in lower-cost, commercial yellow diamonds.

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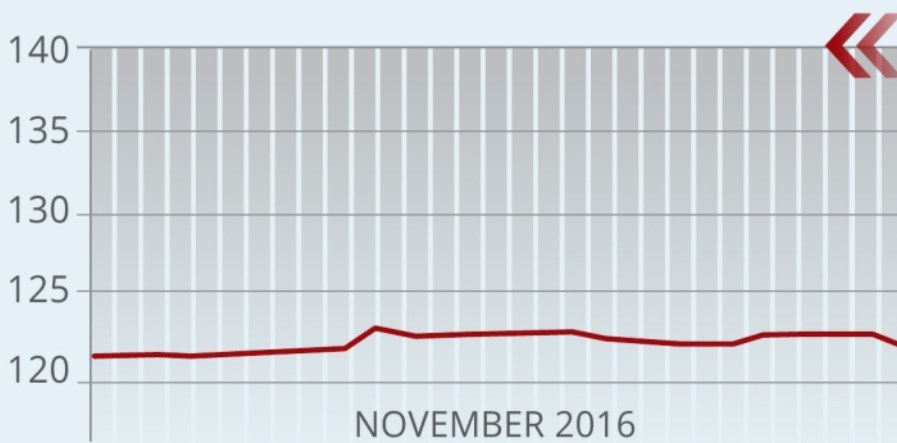
BY ALBERT ROBINSON

# POLISHED PRICES



## Polished Diamond Prices Up Slightly In November

IN NOVEMBER, THE POLISHED PRICES INDEX SHOWED A SLIGHT INCREASE. THE INDEX BEGAN THE MONTH AT **121.8** AND ENDED AT **122.2**.



### DAILY IDEX POLISHED DIAMOND PRICE INDEX

AVERAGE POLISHED PRICES WERE **UP 0.4%** LAST MONTH ON OCTOBER



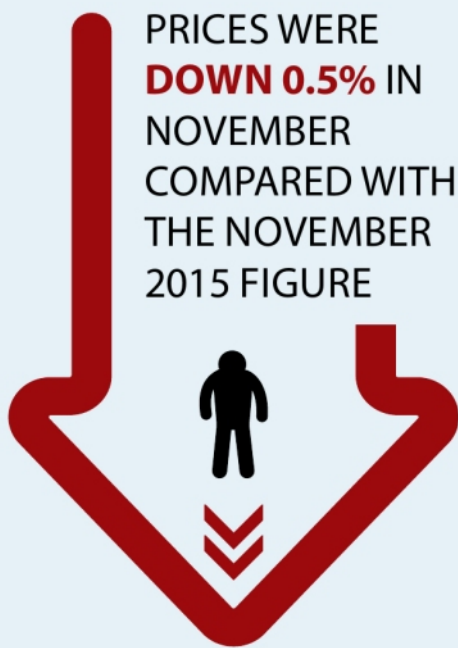
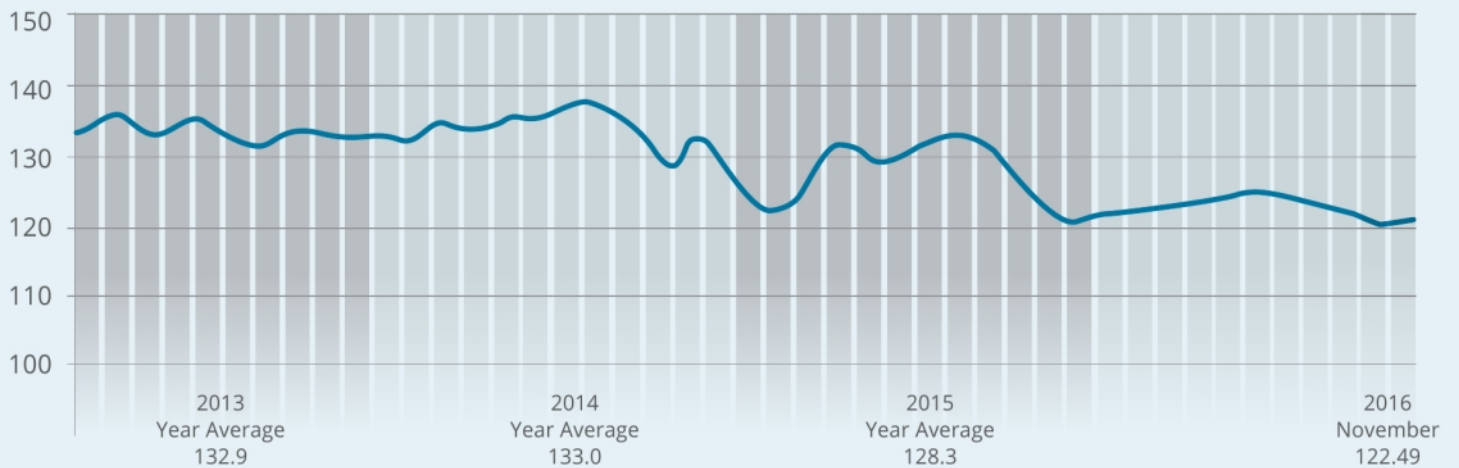
THE **SLIGHT RISE** IN NOVEMBER FOLLOWED A SMALL DECLINE IN OCTOBER AFTER TWO CONSECUTIVE MONTHS OF LARGELY UNCHANGED DIAMOND PRICES.

ON A YEAR-OVER-YEAR BASIS, NOVEMBER'S AVERAGE PRICE SHOWED A **0.5-PERCENT DECREASE**.

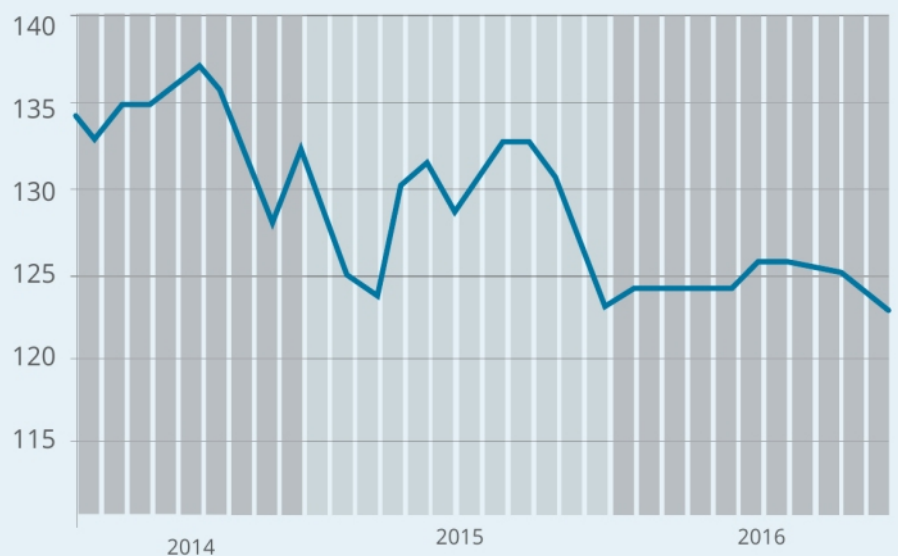
ON A MONTH-TO-MONTH BASIS, NOVEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW A **RISE OF 0.4-PERCENT** OVER OCTOBER.

INDEX ONLINE POLISHED DIAMOND PRICE INDEX:

POLISHED DIAMOND PRICES HAVE SHOWN STABILITY AND ONLY MINIMAL FLUCTUATIONS SINCE NOVEMBER, WITH A SLIGHT INCREASE RECORDED BETWEEN MAY AND JUNE.

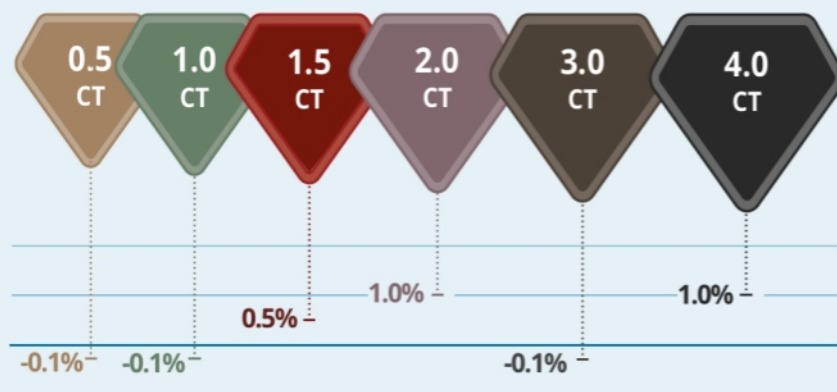


IDEX DIAMOND POLISHED PRICE INDEX

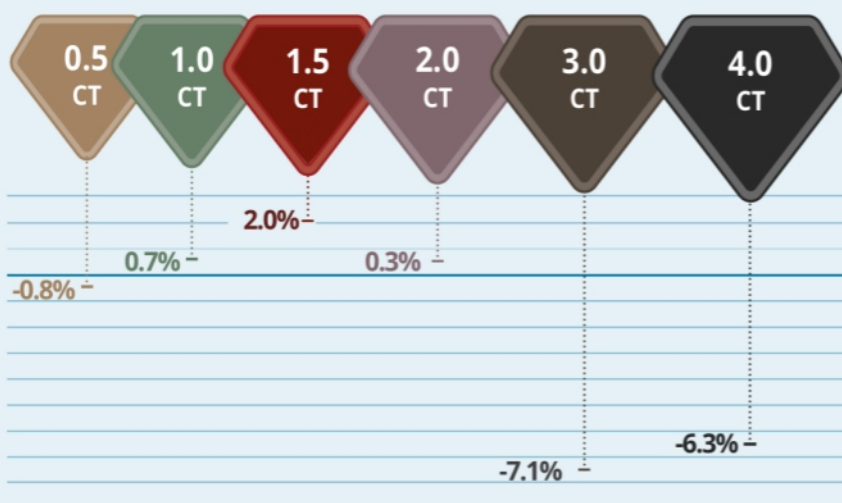




ON A MONTH-TO-MONTH BASIS, NOVEMBER'S GLOBAL POLISHED DIAMOND PRICES SAW A **RISE OF 0.4-PERCENT** OVER OCTOBER.



**THERE WAS AN EQUAL NUMBER OF RISERS AND DECLINERS** ACROSS ALL SIZES OF DIAMONDS ON A YEAR-OVER-YEAR BASIS.



## OUTLOOK

With the holiday season in full swing, it seems unlikely that jewelry sales will bring about an ongoing increase in diamond trading with the vast majority of sales of polished already done. It seems that polished prices will stay more or less subdued in the coming weeks as 2016 comes to an end. That should cause rough prices to soften in the long term.

There appear to be sufficient stocks on hand among members of the midstream due to the overhang of stocks from the past few years.

In addition, polished is likely to feel the effect of the demonetization program in India where the government has withdrawn 500 and 1,000 rupee notes which it is believed will have an effect on the country's diamond trade since most transactions are cash based.

BY GEMEWIZARD

# GEMEWIZARD

'Mind the Gap'  
analyzing the gaps in  
fancy color grades



Colored diamonds are color graded according to the overall intensity and depth of the hue displayed by the stone. Diamonds containing a combination of lighter tone and paler saturation are graded using the D to Z color ruler, with D representing the colorless color grade all the way down to Z as the color intensifies. Some practices use the grades Faint, Very Light and Light to divide the color grades between K to Z to sub-ranges.

Fancy colored diamonds, however, display color intensities and depth beyond the Z color and they are graded using the Fancy Color ruler, consisting of the following six grades: Fancy Light, Fancy, Fancy Intense, Fancy Vivid, Fancy Deep and Fancy Dark.

It has been a while since we looked at the relationship between the various color grades in terms of price and we intend to do just that in this article. We will present the relative price variations between the main fancy color grades as they currently appear in our extensive database, which includes about \$350 million worth of GIA-certified fancy colored diamonds currently being offered for sale on the Internet by leading traders. We selected the

1.00-carat pure yellow colored diamond (without secondary moderators) as our candidate for the comparison.

We began by scanning our database several times, searching for 1.00-carat straight yellow colored diamond prices, each according to a different fancy grade, from Fancy Light to Fancy Dark. Marking the Fancy Yellow average price as our reference point (100%), we then compared the average price obtained for each grade within it.

**The results are displayed in Chart 1, and they indicate the following:**

Fancy Light, the lowest fancy grade, is approximately 30-40% below the average Fancy Yellow price.

Fancy Intense Yellow is 65% above the average Fancy Yellow price.

Fancy Vivid is 228% above the average.

Fancy Yellow price and almost twice the average Fancy Intense price.

**The darker yellow colors showed a similar tendency.**

Fancy Deep was 32% above the average Fancy Yellow price, although it must be noted that some high color quality diamonds of this grade may fetch prices that exceed those of the Fancy Intense grade.



Fancy Dark prices ranged from 10 to 15% lower to 15% higher than Fancy. This indicates that Fancy Dark Yellow is considered by the market to be fairly equal in price to Fancy Yellow, although in practice it is a much less popular grade than the straight Fancy Yellow. In general, Fancy Dark Yellow diamonds appear with secondary brown, green and/or gray moderators.

As demonstrated in the analysis above, most gaps between the grades are quite high (30% and much higher). This brings us back to the days when we first launched the fancy colored diamonds pricing capability in GemePrice™, Gemewizard®'s pricing system for diamond, fancy colored diamonds, gemstones and jewelry, at end of 2011. We received feedback from our peers in the industry, among them several leading gemologists and diamond dealers, commenting precisely on the seemingly large gaps between the fancy color grades as were apparent in the system. Although we displayed the six standard fancy color grades, they expressed the need to differentiate between the qualities within each color grade.

With the intent of balancing between the need for more information versus keeping the pricing system simple and

easy to use, we could not deny the merit in the comments we received, and therefore after much deliberations and consultations with numerous experts, we decided to add additional sub-grades to each main fancy color grade (with the exception of Fancy Deep and Fancy Dark). Thus, we distinguish between Regular, Fine and Extra-Fine color qualities within each main color grade.

The gaps seen in our analysis of the main color grades, truly merit dividing them into sub-grades and support the adding of the three grade qualities, Regular, Fine and Extra Fine, for each fancy color grade. They greatly enhance the color and pricing resolution, thus assisting the user in better locating the desired color and improving the accuracy of the pricing data provided.

**About Gemewizard®:** Gemewizard® is a pioneer in the development of digital color-based systems, which provide solutions for professionals involved in the fancy color diamond, colored gemstone and jewelry industries, enabling the analysis, description, communication, pricing and trading of color in gems. The suite of products developed by Gemewizard® is based on the company's groundbreaking color communication technology called GemeSquare™, which has been endorsed by GIA, and since 2006, has been incorporated into the GIA® curriculum.

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# MINING NEWS

## ALROSA POSTS SURGING REVENUE, PROFIT IN THIRD QUARTER

Russian diamond mining giant ALROSA reported a 48% jump on the year in growth in revenue for the third quarter of 2016. Revenue came to \$393 million, while net income increased threefold on the year to \$178 million.

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ALROSA MIRNY MINE



## WFDB REITERATES POSITION ON SYNTHETICS, SUPPORT FOR ARTISANAL MINERS AT KP PLENARY

World Federation of Diamond Bourses (WFDB) President Ernie Blom reiterated the organization's position on the issue of synthetic diamonds, while also emphasizing the importance of ensuring that artisanal miners are better rewarded. Blom was speaking at panel discussions as part of the Plenary meeting of the Kimberley Process in Dubai in November.

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## DE BEERS REPORTS SALES OF \$470 MILLION AT NOVEMBER SIGHT

De Beers announced the value of rough diamond sales (Global Sightholder Sales and Auction Sales) for the ninth sales cycle of 2016. The diamond miner reported a provisional sales figure of \$470 million.

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## WDC STARTS SEARCH FOR NEW EXECUTIVE DIRECTOR

The World Diamond Council has initiated an international search for a new Executive Director to replace the current role-holder, Patricia Syvrud, in 2017.

PATRICIA SYVRUD



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