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OCT 19

Taking Charge: GJEPC and the Indian Diamond Industry

Interview by Yaron Barzilay



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DANIELLE MAX

Hello Again!

Yup. You're not seeing things. That's me in the photo. A slightly younger and a very much less tired me (because...kids), but it's me writing this alright.

It's been quite a while since I last wrote on these pages. Looking back to when I used to write here regularly, the main subjects I tended to cover or, in fact, obsess over were (and this is in no particular order) marketing, Millennials and lab-grown diamonds.

Three or so years later, so much has changed in the industry and the world – yet so much hasn't.



EDITOR'S NOTE

There are countless new ways of doing business that didn't exist just a few years ago. For example, if anyone wants to hit me up about chatbots, drop me a line – it's my new passion. Millennials are quickly being caught up by Gen Z – who have a totally different way of interacting with brands and businesses than anyone before them, which means the industry once again has to figure out how to bring its enduring product to another generation.

As for lab-grown diamonds... It seems that not much has really changed. They are still front and center, but mostly from a "how to detect 'em" perspective rather than "they're here, so how can we make the best of it?"

I know what my opinion is – and it hasn't changed in the past few years. There's a clear space for lab-grown diamonds as long as consumers are fully informed about what they are buying and are not misled or misinformed in any way.

I also know there's a lot of arguments to be made about prices, environmental impact (on both sides), business, natural versus not, storytelling and foreverness.

I'm sure I'll be getting into these points down the line, but not right now.

Right now, I'm dreaming about pink diamonds. I have been dreaming about them ever since I was first privileged to experience the Argyle Pink Diamond Tender in London in 2006.

The reality is that with Rio Tinto's Argyle diamond mine in Western Australia due to stop production next year, there's going to be a lot of demand for pink diamonds and almost no supply.

Back in 2006, I wrote that, "in a few years, the high prices commanded by pink diamonds today may seem a real bargain." How prescient of me, and oh how I wish I had had extra funds back then.

While buying an Argyle pink was never in my budget, these days? Fuggedaboutit. So, a 1-carat pink diamond from a source such as Lightbox Jewelry seems like a great option. I'd particularly like a pair of the \$1,000 solitaire studs (my birthday is in May, in case you're already struggling with what to buy me!).

Joking aside, I know that talking about lab-grown diamonds, marketing, generic promotions and a host of other topics that we wish would just go away isn't easy. But we have to keep talking about these things. We have to keep having discussion and debate to move forward, and I look forward to using this space to do just that.

But this shouldn't be a one-sided conversation. I'd love for people to set me straight about what I've missed and what I must know. I've changed a lot in the past three years, and I hope to discover ways the industry has done the same.

Let me know what I should be covering, let me know how priorities have changed and what I should be focusing on. Let's start talking.

I'll leave off by saying it's great to be back.

Please reach out to me to connect or reconnect. I can't wait to hear from you.

GET IN TOUCH





RETHINK THE WAY YOU SHIP

Photo by Matthew Henry. From Burst.

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HIGHLIGHTS OF THE 2019 RIO TINTO
ARGYLE PINK DIAMONDS TENDER



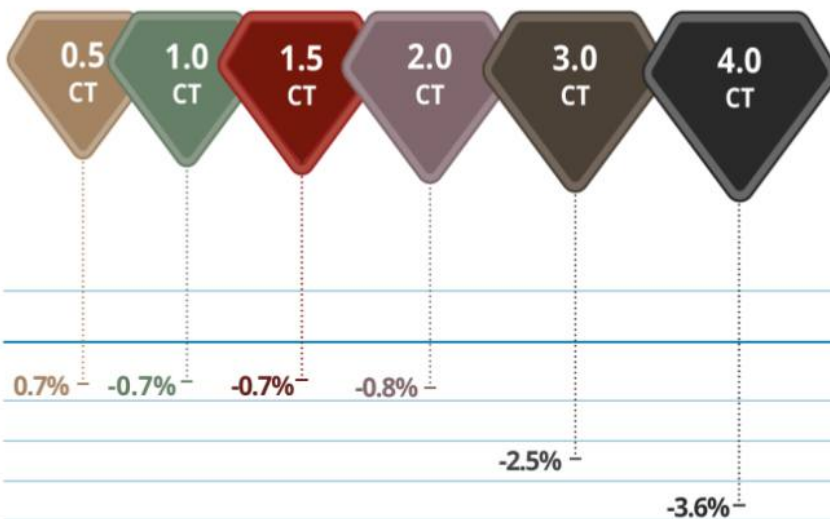
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MARKET SNAPSHOT



POLISHED DIAMONDS

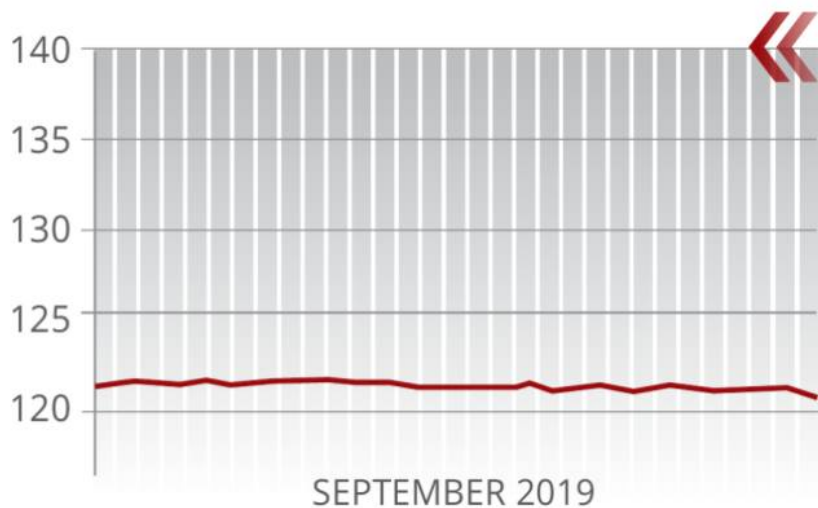
Polished diamond prices showed a slight decline in September, continuing a trend seen since the beginning of the year. On an annual basis, the decline is more noticeable with September prices trending 3.7 percent below September 2018 prices.



On a month-over-month basis, prices fell 0.7 percent. The 3- and 4-carat categories were the hardest hit with other sizes seeing declines in line with the average.

POLISHED DIAMONDS DAILY INDEX

The IDEX Polished Diamond Price Index showed little movement in September. The Index began the month at **121.00** and ended it at **120.35**.



METAL PRICES IN SEPTEMBER \$/PER OUNCE

*Prices as of 4/9/19
Source: dailymetalprice.com



Palladium \$1,666
Platinum \$890
Gold \$1,509.50
Silver \$17.605

ROUGH DIAMONDS

The fundamental problem facing the industry at the moment is low levels of trading and profitability. The leading mining companies have devised ways to help their clients. De Beers is offering a buyback and defer option. This allows customers to sell back part of their parcel, which lowers the price of the rest of the goods. Alrosa has a slightly different approach and is giving clients the option to select just 55 percent of their allocated goods. What both companies are doing is reducing prices without making it "official." Doing so could cause a polished price meltdown, which nobody wants.

Rough diamond information courtesy of bluedax.com



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(figures in carats)

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ROUNDS | OCTOBER 2019

PRICE REPORT

Overall, prices in September were fairly stable. In rounds, the important 1.00-1.25 carat group saw a few changes but was mostly unchanged with prices falling for F-G / IF and rising for D-E / SI2. Likewise, the 2.00-2.99-carat category saw a few changes, which were mostly positive. The biggest movement came in the 3.00-3.99 category, which saw falling prices for the better colors and middle qualities and an across the board price increase of 2-6% for F-N colors in the lower qualities.

ROUNDS 1.00-1.24 01-OCT-19

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	204	162	143	115	107	82	70	60	49	32	18
E	158	140	116	105	93	79	65	56	46	28	16
F	123	118	108	101	87	76	62	55	43	27	16
G	104	99	92	88	80	73	59	52	40	27	16
H	84	83	82	78	73	66	56	50	37	24	15
I	69	68	65	64	61	58	50	45	36	21	15
J	58	57	56	53	52	49	45	40	31	16	14
K	50	48	46	45	43	40	38	33	28	16	14
L	45	44	43	41	39	35	33	30	26	16	13
M	41	39	37	34	31	28	27	26	24	16	12
N	39	38	36	33	26	24	23	19	16	15	12

ROUNDS 1.00-1.24 CARATS



D-E / SI2 **UP 3%**



IF / F-G **DOWN 3%**

ROUNDS 2.00-2.99 01-OCT-19

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	487	374	310	265	201	159	124	90	73	43	21
E	321	283	259	237	182	150	113	86	62	36	18
F	278	262	222	208	173	138	108	82	58	35	16
G	224	211	185	168	150	129	98	79	56	29	16
H	175	161	152	146	131	114	96	76	56	27	16
I	130	129	120	114	107	97	84	70	53	26	15
J	109	101	93	89	88	84	74	63	50	24	15
K	88	82	80	74	73	67	58	53	46	16	15
L	82	74	70	62	59	53	50	44	34	16	14
M	68	66	63	58	50	48	42	37	29	16	14
N	61	60	58	57	47	42	36	30	27	16	13

ROUNDS • 2.00-2.99 CARATS



G / IF-VVS1 **UP 3%**

F-H / VS1 **UP 3%**

ROUNDS 3.00-3.99 01-OCT-19

	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3
D	882	602	536	438	318	234	168	99	81	48	23
E	572	502	428	362	298	213	161	98	80	45	20
F	501	436	354	308	280	187	145	94	76	40	20
G	378	332	309	271	226	178	128	92	71	37	19
H	263	243	233	216	189	142	123	88	70	36	19
I	207	197	181	168	156	122	108	81	61	34	19
J	166	152	150	137	125	113	98	70	56	29	18
K	138	133	123	114	103	89	79	66	54	23	17
L	108	103	102	89	84	70	67	58	48	22	17
M	86	84	83	81	70	64	56	46	38	22	16
N	71	68	63	59	48	46	45	41	33	21	16

ROUNDS • 3.00-3.99 CARATS



H / VVS1-VVS2 **UP 2-6%**



E-I / VVS2-VS2 **DOWN 2-3%**





FANCIES | OCTOBER 2019

PRICEREPORT

Fancy stones between 0.30 to 0.39 carats saw some increases in the higher colors. Prices were shifting for the 0.70-0.79-carat category, with both gains and losses. In the 1.00-1.24 category, there were increases in the J-K, SI2 and better ranges. Larger goods, especially those in the 2.00-3.99-carat categories saw some price drops with both increases and declines in the 5.00-5.99 range.

FANCIES 0.80-0.89												01-OCT-19		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	84.0	66.0	58.0	53.0	49.5	49.0	40.5	37.0	33.0	23.5	13.0			
E	66.0	57.5	53.5	51.0	48.0	45.0	38.5	32.0	30.5	21.5	12.0			
F	61.5	55.0	52.5	48.0	47.5	41.5	34.0	30.5	28.0	20.0	11.0			
G	54.0	50.0	48.0	43.5	43.0	40.0	32.5	29.5	26.0	17.5	11.0			
H	50.0	46.5	43.5	39.5	39.0	34.0	29.5	26.0	24.5	16.0	9.5			
I	43.5	39.5	36.5	34.0	33.0	31.5	27.0	22.5	20.5	13.5	8.0			
J	35.5	31.0	30.0	26.5	26.0	25.0	22.5	16.5	14.5	8.0	6.0			
K	26.0	24.0	22.0	21.5	20.5	20.0	18.5	15.5	11.0	7.0	5.0			
L	22.5	18.5	17.0	16.5	15.5	15.0	14.5	13.5	10.5	6.5	4.5			
M	21.0	17.5	16.5	15.5	13.0	12.0	11.5	10.5	8.0	5.5	4.5			
N	19.0	14.5	13.5	11.5	10.5	9.5	8.5	7.5	6.5	5.0	4.0			

FANCIES 0.80-0.89 CARATS

-  IG / IF-VVS1-VS2 **UP 1-4%**
-  I / VVS1-VS1 **DOWN 1-3%**

FANCIES 1.00-1.24												01-OCT-19		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	164	143	113	94	81	72	60	47	37	25	15			
E	135	119	100	85	79	71	59	44	35	23	14			
F	113	97	85	84	75	68	58	43	34	22	12			
G	86	82	77	73	70	66	54	42	31	22	11			
H	77	68	65	62	61	56	51	37	29	20	10			
I	61	59	53	52	51	50	45	34	28	16	10			
J	53	49	47	45	44	42	37	31	25	13	10			
K	43	41	37	36	35	32	31	27	21	13	9			
L	33	32	30	28	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

-  I / IF-VVS1 **DOWN 3-4%**
-  J-K / VVS2-SI2 **UP 2-3%**
-  F-H / SI2 **UP 4%**

FANCIES 2.00-2.99												01-OCT-19		
	IF	VVS1	VVS2	VS1	VS2	SI1	SI2	SI3	I1	I2	I3			
D	352	281	246	214	178	145	109	77	60	34	19			
E	281	232	213	182	160	136	107	72	54	29	15			
F	228	201	188	162	152	130	106	69	44	25	12			
G	182	164	161	141	137	119	100	66	44	24	11			
H	146	127	121	113	110	99	86	60	44	23	11			
I	122	110	98	94	90	89	83	57	41	22	11			
J	90	84	78	77	76	73	66	52	35	21	10			
K	64	63	62	61	60	59	55	42	29	16	10			
L	54	53	52	49	48	46	38	31	23	15	10			
M	49	48	47	42	41	37	29	24	20	14	10			
N	43	41	38	36	30	28	26	22	19	13	9			

FANCIES 2.00-2.99 CARATS

-  F / IF **DOWN 6%**
-  D, H-I / VVS2 **DOWN 2-3%**





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Taking Charge: GJEPC and the Indian Diamond Industry



Yaron Barzilay

Yaron Barzilay, Managing Director IDEX India, sat down with Sabyasachi Ray, executive director GJEPC, during IIJS to hear his views on banking, India's role as an industry leader and the work of the GJEPC, India's industry umbrella organization.

Written with the help of Vismay Bhanaria | The interview has been edited for length and clarity.



Yaron Barzilay: The subject everyone is concerned about at the moment is banking. What are GJEPC's views on the current situation?

Sabyasachi Ray: In India, there are Indian banks, international financing and two types of financing – nationalized banking and private banking. If you look at what is happening now, the main trouble is in international finance. At least \$3-\$5 billion has been moved out from the financing of the diamond sector. At the same time, Indian banks ramped up to \$6-\$7 billion in financing from 2008 to 2018.

The issue we face now is that the international banks are not financing this sector anymore. There is no bank to take up that void. Indian banks have taken up [some of the slack], but they cannot go in further.

YB: Some banks, like ABN Amro, say they have lost faith in the industry. What is your reaction to this?

SB: As I already told you, the problem is with the international banks. Indian banks are working with risk management measures, so it has nothing to do with losing faith. It is hyped up in the newspapers. But this is happening in every sector, not just ours. Ultimately, the Indian nationalized banks will recover.

At the GJEPC, we are trying to ramp up the small-scale sector. We are working with the private banks and have met with them individually. We are also talking to the government.

As a council, we are looking to make sure the right people get the right finance, which includes the right amount finance to the right people. We are working with the government to give cheaper credit to the small-scale guys, which is very important.

YB: I know this may be a sensitive subject, but do all the challenges we hear about with customs in India reflect government attitude, a loss of trust in the government or something else entirely?

SB: One thing I can tell you is that this thing is not a new phenomenon. Whatever you are hearing with customs, we have been hearing for the last 20 to 40 years. The issue is one of ease of doing business – for the right people.

We are not saying that there should be ease of doing business for the wrong people. There are reports that have come up about rotten apples [who have tried to circumvent the customs process]. Based on that, they have clamped down on the entire sector.

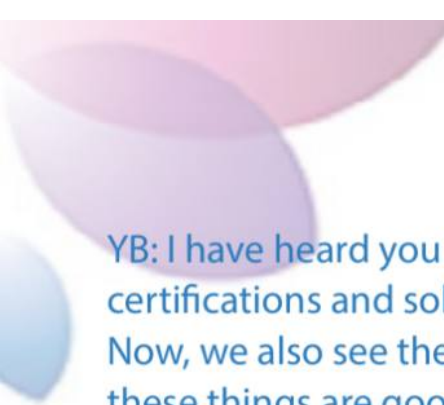
We are working to try to ease the process and, in the last three to four months, we have come up with important notifications that have already helped the sector. We are trying to work out standard operating procedures for customs that people will have to follow.



And more clarity in the procedure?

SB: Yes. It will be clearer what customs wants from our people, and our people will know that these are the steps you have go through. There are some issues of misunderstanding with regards to nomenclature, for example, which we are working with customs to solve based on international practice, which is a continuous process. We have solved some things and still need to solve others further.

"At the GJEPC, we are trying to ramp up the small-scale sector. We are working with the private banks and have met them individually, and we are also talking to the government."



YB: I have heard you speak quite a lot about standardization of certifications and solving the issue of confidence in diamonds. Now, we also see the concept of origin of diamonds. While these things are good business for labs, they could be harmful to those who manufacture diamonds who are already working with non-existent margins. My question then is does GJEPC have any ideas about how to lower the cost of certification?

SB: This is a very big question; I will tell you how standardization will help this issue. Let's take water, for example. Companies like Bisleri, Aquafina and Kinley all used to say they were the best water available. Other companies were furious. The government got involved and made the ISI mark. Without this mark, you cannot sell water. Now, people look for the mark rather than the brand. The standardization stabilized the market, and prices also dropped.

Standardization of labs could have a similar effect. Once everyone is operating to the same standards and the output of certification is the same, people will be confident they can go to wherever there is a standard mark and get a report. [The difference would be] which is the cheapest and best option for you. In our opinion, this will solve the issue.

YB: This could be within India, but what about elsewhere?

SB: Within India, I have some control, elsewhere I cannot control. Elsewhere, what I can do is sit down with people, but it is a very complicated question. It is true that the profitability of our trade has eroded.

Compliance is one thing, and it is required and must be compulsory, but the cost of compliance is another thing the industry needs to look at. In India, at least, we are very sensitive to the cost of compliance... Compliance costs are increasing, but the value of the finished product is not increasing. There is so much squeeze, and bank interest is growing.



"Standardization of labs can have a similar effect. Once everyone is operating to the same standards and the output of certification is the same, then you can be confident you can go to wherever there is a standard mark and get a report."

YB: Some promotions were done in certain countries to differentiate between natural and lab-grown diamonds. Some argue that this is not a good thing as it is creating negativity towards diamonds. Does GJEPC have something to say about general promotion?

SB: Do you remember at the end of 2012 and the beginning of 2013 when undisclosed mixing was first detected? This was the first time people understood this situation was the new norm.

At GJEPC, we were the ones who jumped up and said this is the biggest challenge we are facing. We were shouting from the rooftops,

making committees, spending money to understand [detection] machines.

Since then, we have maintained that laboratory-grown and natural diamonds are two different products. Let us not confuse the two.

We are not very concerned. Of course, if lab-grown diamonds are a viable product, they will find their market, and we will not be able to stop it. But sometimes when you fight something aggressively, you give it recognition. At the end of the day, it is better to accept it.



I think with GJEPC's efforts, the industry has understood that you should not jump up and down too much.

Since the beginning, we were concerned with how this new phenomenon would affect the natural diamond business.

What we are saying is to keep both products separate. Let both co-exist in their own way, in their own space. The faster we accept this, the better we will all be.

YB: Moving on, everybody says this industry is lacking in leadership. I believe the one place this leadership should be is in India, which means we are talking about the GJEPC. Do you see this happening?

SB: We are already giving leadership. Every two years, our chairperson is changing. At the end of the day, we will give this leadership wherever required. And our industry has the capability, and the Council will be in the forefront of that because that is what the Council does. It is a resilient body, so when anything happens, the first thing it does is go back to the trade that it represents. The Council listens to the trade and then finds out the policy because they understand that these are the problems, and these are the voices of the trade.



"If you are happy, you buy jewelry. Currently, the market sentiment for buying jewelry is not there. This is not a specific kind of problem like lab-grown diamonds or banking issues. This is an issue the industry faces continually."

YB: So, do you see a bigger role for GJEPC and a bigger role for India in the world trade?

SB: As an association, we are the only ones that have put money down for the generic promotion of diamonds. We are the only ones that have come up with an international diamond monitoring committee, and we are the only ones that stated that detection [of lab-grown diamonds] is the key. Now, you see so many machines everywhere. Everywhere, we have given leadership to diamonds... and GJEPC will continue doing so. For us, [the diamond industry] is a very important thing that gives livelihood to a million people.

I do not want to talk or criticize any other country. [But take Israel as an example.] Maybe 10 years back, their people were in leading positions at all major associations in the world. Today, I do not know what has happened to the trade in that country. We all understand, and it has nothing to do with who and what we are doing. I am very sorry because in diamonds they had a very strong position. Currently, I do not know, but I feel the void.

YB: Finally, what is your forecast for 2020?

SB: It all depends on the economy. Like we saw in 2008, the problem is market sentiment. People buy jewelry because it is a happy product. If you are happy, you buy jewelry. Currently, the market sentiment for buying jewelry is not there. This is not a specific kind of problem like lab-grown diamonds or banking issues. This is an issue the industry faces continually.

We hope that this sentiment will return in 2020. If it comes back, everything will be normal. In 2008, everyone was predicting doomsday, but in the last decade, the business doubled. At the end of the day, if market sentiment returns, the diamond market will come back too.

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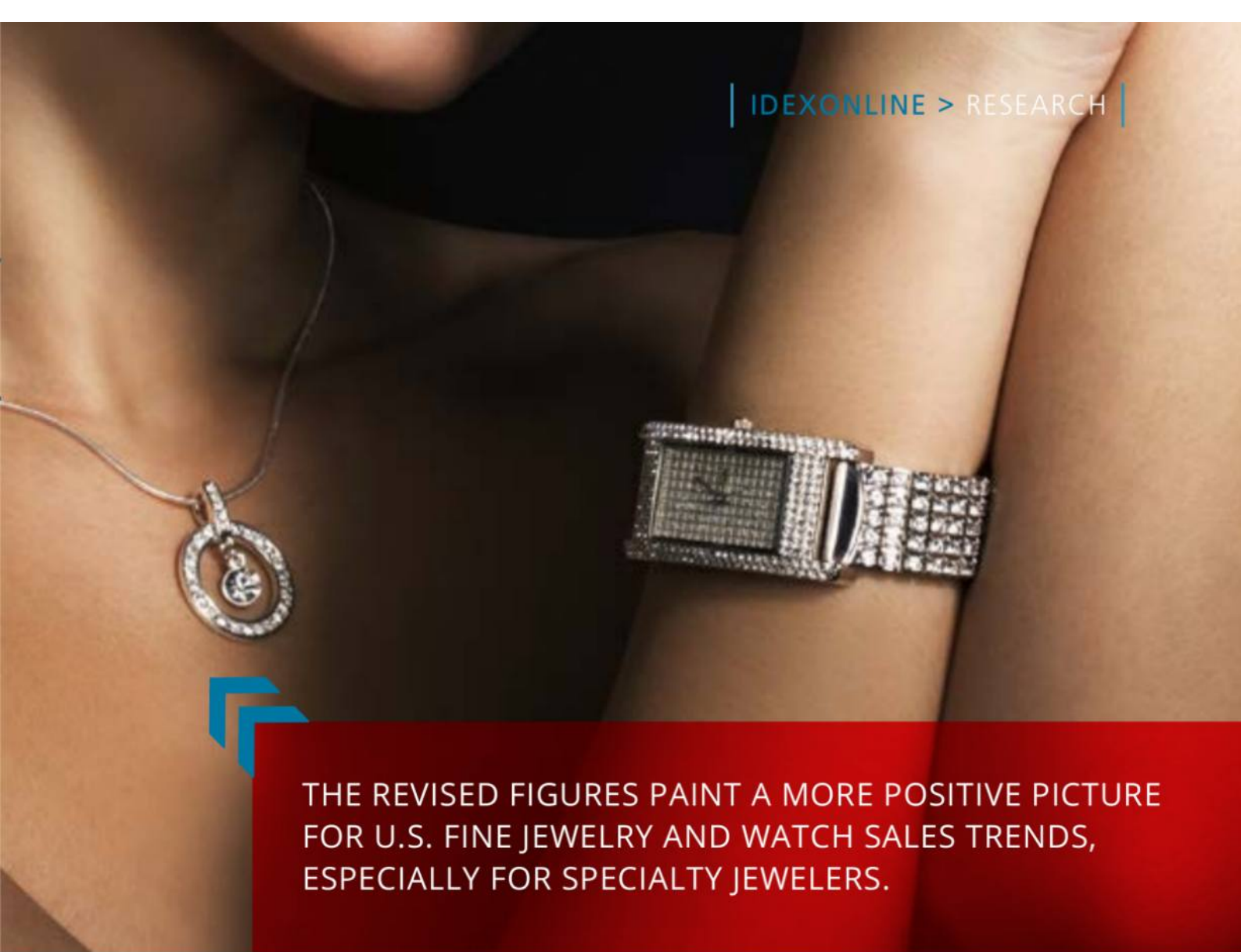
US
JEWELRY
SALES



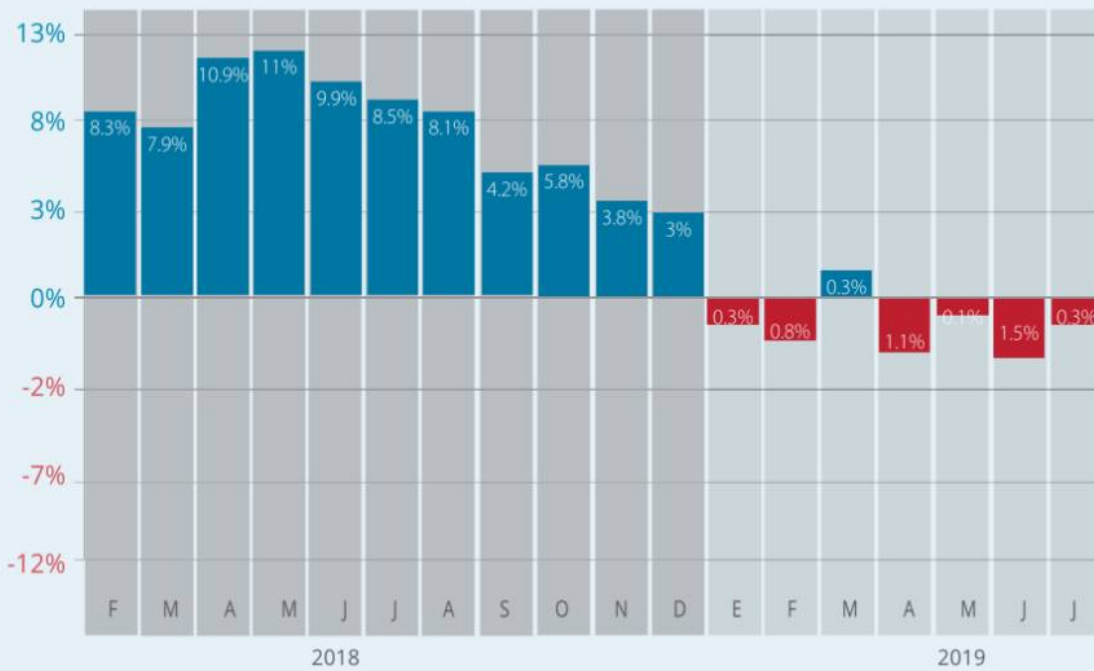
U.S. Jewelry Sales Fall Slightly in July

Sales of fine jewelry and fine watches [declined by 0.8 percent](#) in the U.S. market in July compared to the same month a year ago, as seen in the graph.

While sales have been dropping since the start of the year, when readjusted against a periodic revision in the numbers from the Department of Commerce, the declines are smaller than previously thought.



THE REVISED FIGURES PAINT A MORE POSITIVE PICTURE FOR U.S. FINE JEWELRY AND WATCH SALES TRENDS, ESPECIALLY FOR SPECIALTY JEWELERS.



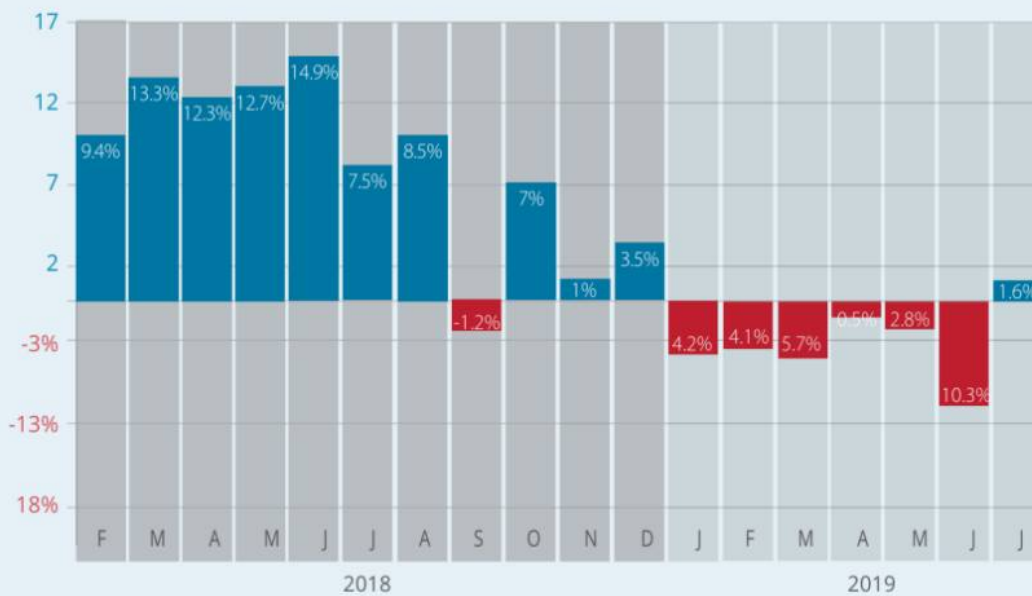
US TOTAL JEWELRY & WATCH SALES TRENDS
2017 - 2019
% change year-over-year

Source: U.S Dept. of Commerce



SPECIALTY MARKET SHOWS SMALL GROWTH

Based on the new figures, specialty jewelers in the American market posted a welcome 1.6 percent sales rise in July from the same month the year before. This might only be a relatively small bump in sales, but with the current trading environment, it's good news for specialty jewelers.



US SPECIALTY JEWELERS SALES TRENDS 2018 - 2019

% change year-over-year

Source: US Dept. of Commerce

OUTLOOK

It's hard to say what sort of year 2019 will be. One of the factors that could negatively affect jewelry sales is the new sales tariffs on goods from China that came into effect at the beginning of September.

"It is too early to assess the impact of the new tariffs that took effect at the beginning of this month, but they do present downside risks to household spending," said Jack Kleinhenz, NRF chief economist.

Diamonds, gems and jewelry imports were included in the September 1 tariffs, with a 10-percent tariff affecting some \$13 billion worth of goods. It's not good news as the industry heads into the all-important holiday buying season, but how this new legislation will affect retail jewelry sales remains to be seen.



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TIFFANY FOCUSING ON CHINA AS TOURIST SPENDING FALLS

Tiffany & Co. is combating the effect of falling Chinese tourism by opening up more mainland China stores. Chinese spending abroad has declined because of the yuan depreciating and uncertainty over U.S.-Chinese trade.

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PLUMB CLUB MAKES RJC AFFILIATION MEMBERSHIP REQUIREMENT

The Plumb Club has become the first industry organization requiring its members to become certified members of the Responsible Jewellery Council (RJC). The Plumb Club is a current RJC association member.

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ED BRIDGE TO RECEIVE GEM AWARD FOR LIFETIME ACHIEVEMENT

Ed Bridge, chairman emeritus of Ben Bridge Jeweler, is the 2020 recipient of the GEM Award for Lifetime Achievement. The award has been made in honor of his dedication to Ben Bridge and the jewelry industry throughout his career.



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JFC KICKS OFF 2019 HOPE FOR THE HOLIDAY PROGRAM

Industry charity Jewelers for Children (JFC) has unveiled its 2019 Hope for the Holidays program. The program includes holiday greeting cards made from designs created by children representing St. Jude Children's Research Hospital. For the third year, Hallmark has donated all the printing for the cards.

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U.S. RETAIL SALES UP IN AUGUST, BUT SLOWED SLIGHTLY OVER JULY

August U.S. retail sales grew 4.6 percent year-over-year. According to the National Retail Federation (NRF), sales also increased 0.4 percent over July. The numbers exclude automobile dealers, gasoline stations and restaurants.

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SAKS DEBUTS THE VAULT AT NY FLAGSHIP STORE

Saks Fifth Avenue has opened The Vault, a new floor dedicated to fine jewelry and watches at its flagship Fifth Avenue store. The new department offers 20 new brands, limited edition pieces and the largest selection of watches Saks has ever offered.

The luxury store says the 12,000-square foot floor, which more than doubles its dedicated fine jewelry and watches space, is part of its focus on individuality, personalization and ease.

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POLISHED NEWS



SARINE SIGNS STRATEGIC FRAMEWORK WITH CHINESE LAB NGTC

Sarine Technologies Ltd has signed a strategic framework with Chinese gemological lab the National Gemstone Testing Center (NGTC). The two sides said they aim to implement artificial intelligence-(AI) based 4Cs and light performance grading, diamond traceability and fingerprinting and other digital solutions for the retail trade in China.

[READ MORE >>](#)

GEMFIND LAUNCHES DIAMONDLINK APP E-COMMERCE EDITION

GemFind has announced the launch of an e-commerce version of DiamondLink. DiamondLink allows retailers to curate a list of diamonds suppliers on their website. The new iteration enables jewelers to sell diamonds from their vendors directly on their website.

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ALROSA CONSIDERS KRISTALL PURCHASE; LOOKS TO DEVELOP NEW SALES CHANNELS

The diamond industry continues to reshape itself with the announcement that Alrosa is considering buying state-owned Kristall from the Russian Federation. The production corporation has been valued at RUB 1.886 billion (\$29 million).

Kristall processes over 200,000 carats of rough diamonds a year, of which 90 percent is supplied by Alrosa.

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HINI STAR LAUNCHES THE OPTICA SERIES

Hini Star has launched a new optical-patterned diamond collection called The OPTICA Series. According to Hini Star, the collection features patented symmetrical optical patterns that are the result of over 30 years of research development and innovation.

The OpticaStelo features 91 facets that align to form a star. The OpticaRoza has 56 facets that form a rose shape, while the OpticaFloro has 77 facets.

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SURAT: 250 DIAMOND UNITS SHUTTERED AND 40,000 JOBS CUT IN LAST YEAR

The news out of Surat, India's "Diamond City," is troubling, with reports of 250 diamond units there and across Gujarat having shut down in the past year. According to the *Times of India*, up to 40,000 workers have lost their jobs.

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GOLD COULD HIT RECORD \$2,000 HIGH

The price of gold could reach \$2,000 within the next two years - a record high - according to New York-based Citigroup. The surge is due to fading US economic growth, interest rates cuts, uncertainty about the upcoming presidential elections and a weakening economy. According to the World Gold Council, strong central bank buying is also boosting gold prices.

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BY DANIELLE MAX

Highlights of the 2019 Rio Tinto Argyle Pink Diamonds Tender



This year's Rio Tinto Argyle Pink Diamonds Tender is made up of 64 diamonds and weighs a total of 56.28 carats. But what these diamonds lack in size, they make up for in beauty.

The collection, which is titled "The Quest for the Absolute," includes six outstanding or hero





THE HERO STONES ARE:

Lot 1 Argyle Enigma — a 1.75-carat modified radiant Fancy Red diamond, which is one of just three red diamonds in the collection.

Lot 2 Argyle Amari — a 1.48-carat heart-shaped Fancy Vivid Purplish Pink diamond

Lot 3 Argyle Elysian — a 1.20-carat modified cushion-shaped Fancy Vivid Pink diamond

Lot 4 Argyle Verity — a 1.37-carat oval-shaped Fancy Vivid Purplish Pink diamond

Lot 5 Argyle Opus — a 2.01-carat round-shaped Fancy Intense Pink diamond

Lot 6 Argyle Avenoir — a 1.07-carat oval-shaped Fancy Red diamond

Rio Tinto says it expects demand for the 64 diamonds — especially for the three red stones — to elicit especially strong interest from Asian buyers. The color red is symbolic across much of Asia.

The Argyle diamond mine is located in the far north of Western Australia. It produces virtually the entire world supply of pink, red and violet diamonds. The mine will close in 2020 after almost four decades of production.



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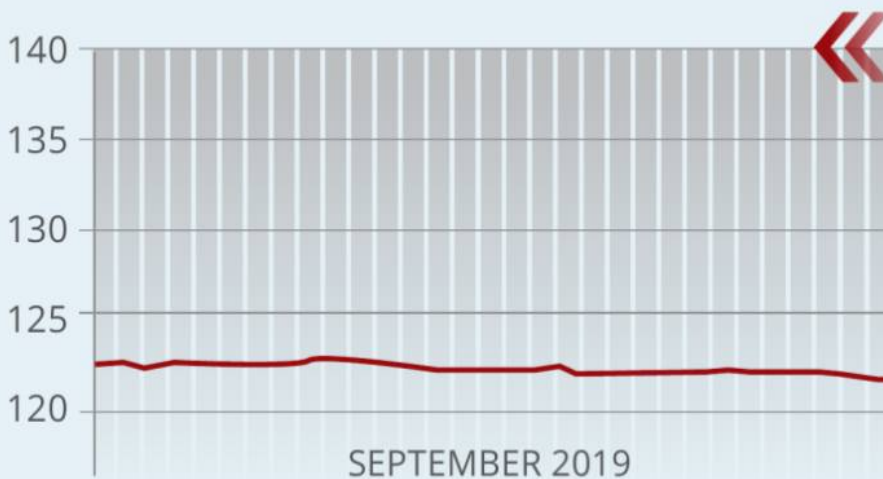
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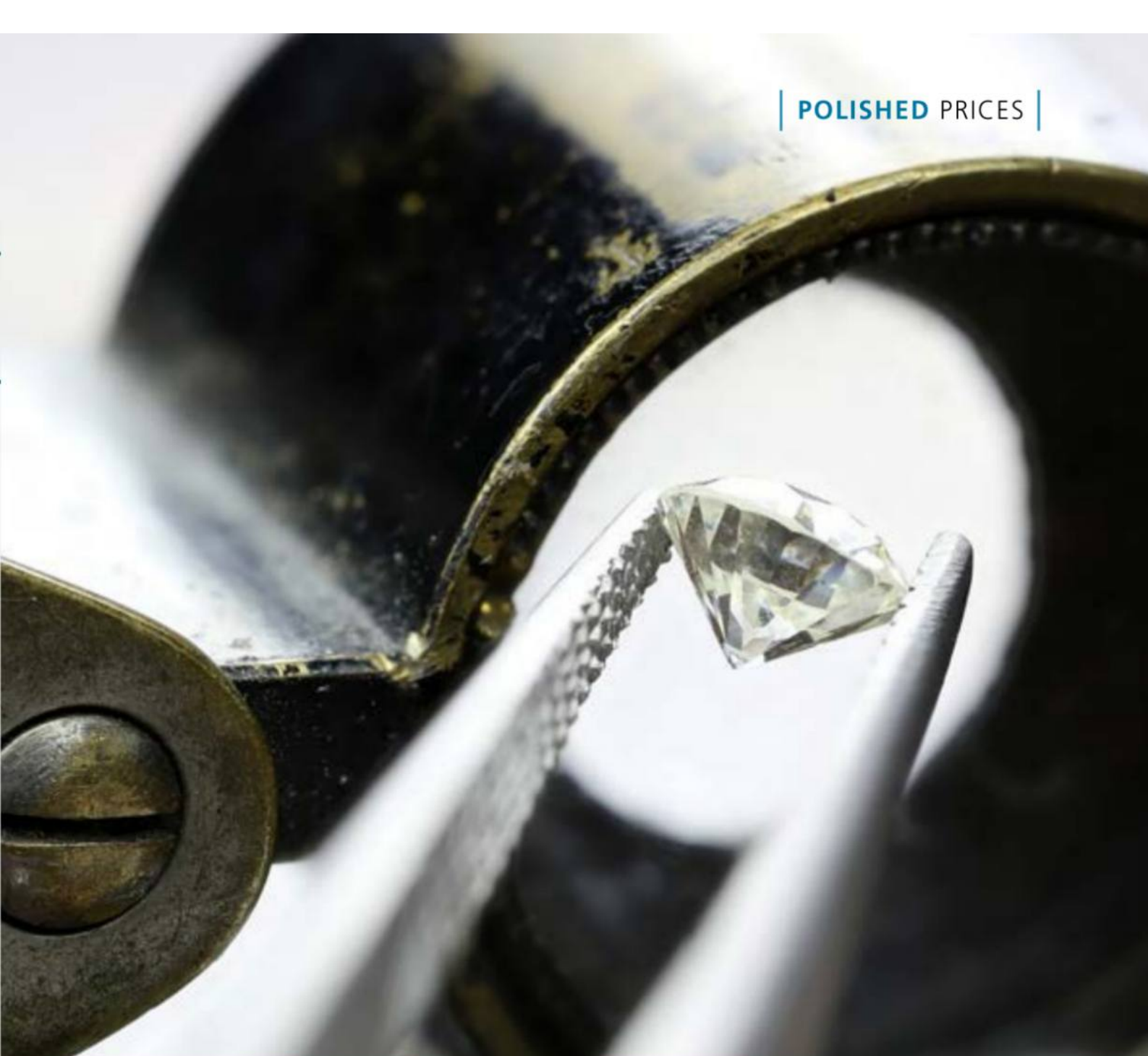
The IDEX Polished Diamond Price Index - September 2019

The IDEX Polished Diamond Price Index showed little movement in September, with prices declining only slightly during the month.



DAILY IDEX POLISHED DIAMOND PRICE INDEX

The Index began the month at **121.00** and ended at **120.35**.

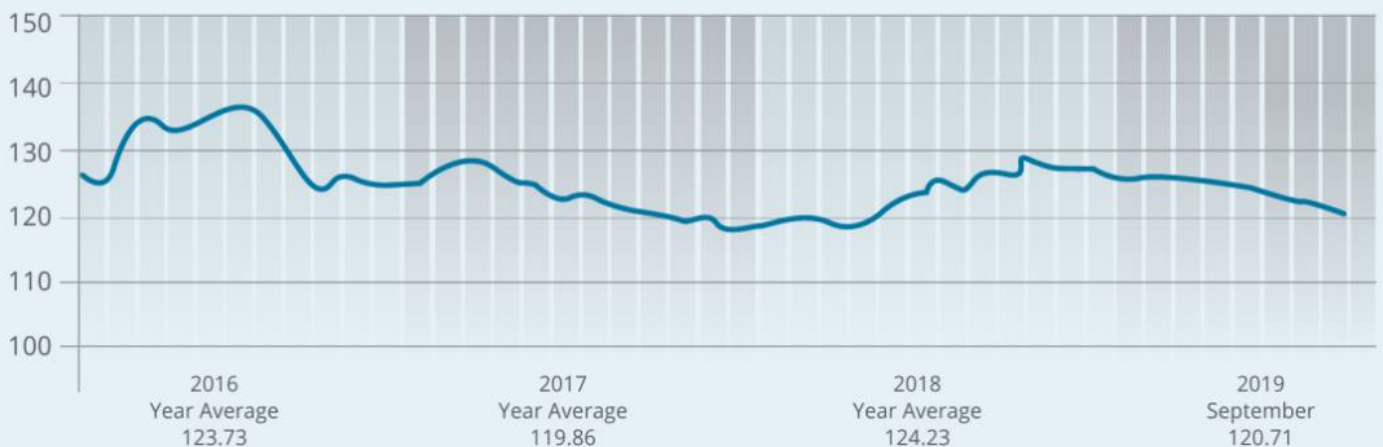


4 CARAT STONES HAVE BEEN ON A **DOWNWARD TRAJECTORY SINCE 2015**. OTHER SIZES HAVE HAD MUCH MORE STABILITY, WITH PRICES RISING AND FALLING MORE GENTLY.



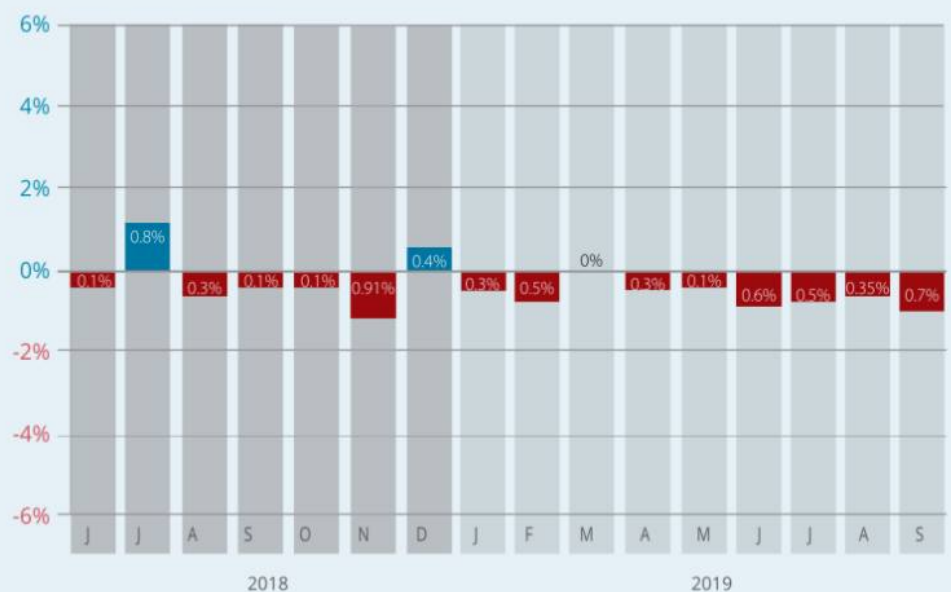
DIAMOND PRICES SHOW DOWNWARD TREND IN 2019

Following declines in 2017, prices rose in 2018. Entering the fourth quarter of 2019, it is clear that prices are declining once again with September's prices floating just above 2017's **average of 119.86**. Heading into Q4, the Index stands at **120.71**, as the graph below shows.

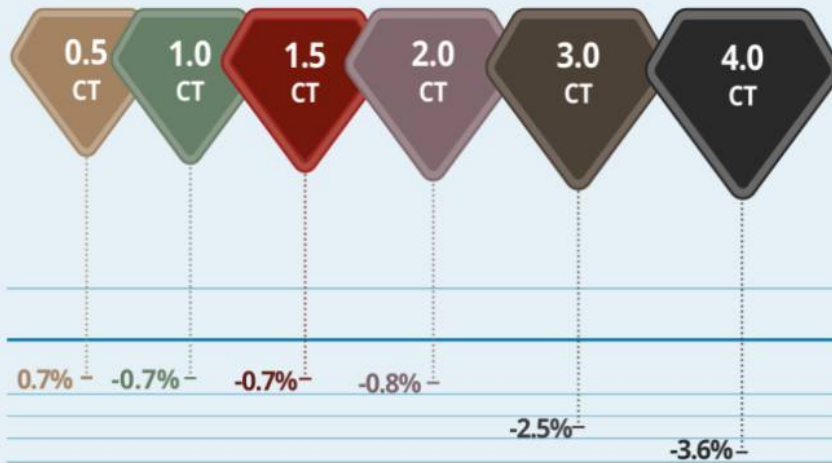


POLISHED DIAMOND PRICE TRENDS

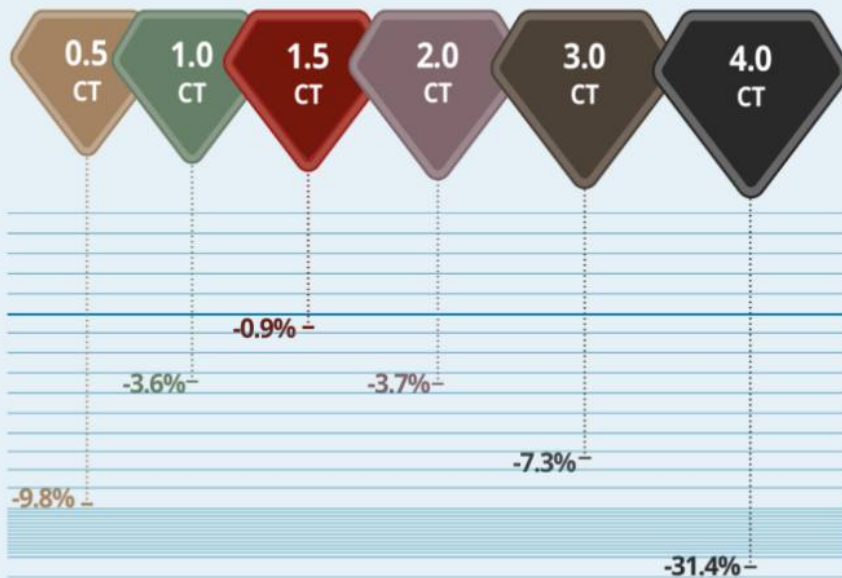
On a month-over-month basis, global polished diamond prices in September showed a **decline of 0.7** percent from August.



On a month-over-month basis - September 2019 versus August 2019 - prices **fell 0.7 percent.** The 3- and 4-carat categories were hardest hit while other key sizes saw average losses.



On an annual basis, the story was very different with 0.5-carat stones nearing a **10-percent decline** since September 2018 and 4-carat diamonds seeing a massive



OUTLOOK

The September edition of the Hong Kong Jewellery and Gem Fair saw weaker-than-usual turnout. Sales were lower than hoped for, which could have a knock-on effect as the holiday sales period kicks off.

The next edition of the Bharat Diamond Week will be held from October 14-16.

With the show falling just before the Diwali festival and shutdown, buyers should find competitive pricing from manufacturers who want to head into the festive season strongly.

Overall, October will be a clearer indication of where things are heading for this holiday period. Normally, prices firm up as the season gets closer. This year, we'll have to wait and see.

DIAMCOR RECORDS IMPROVED ROUGH SALES, BUT LOWER PRICES

Junior miner Diamcor Mining Inc. has reported an improvement in the total number of rough diamonds it has tendered, sold and delivered. The miner has sold 3,759.62 carats this quarter, with another 4,825 to be tendered in Antwerp in the coming weeks. Sales during the quarter totaled \$569,000, yielding a lower-than-average price of \$151 per carat.

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LUCARA RECOVERS 123-CARAT STONE FROM KAROWE

Lucara Diamond Corp. has recovered a 123-carat, gem-quality top white Type II diamond from the Karowe Diamond Mine in Botswana. So far this year, Karowe has yielded 22 diamonds larger than 100 carats, with six stones exceeding 200 carats. The mine also yielded the 1,758-carat Sewelô diamond, the largest diamond ever recovered in Botswana.



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WGC LAUNCHES RESPONSIBLE GOLD MINING PRINCIPLES

The World Gold Council (WGC), the market development organisation for the gold industry, has launched its Responsible Gold Mining Principles. The organisation says these principles address key environmental, social and governance issues for the gold mining sector and act as a framework that sets out clear expectations for consumers, investors and the downstream gold supply chain about what constitutes responsible gold mining.



PETRA DIAMONDS REPORTS 6% DROP IN FY REVENUE

Petra Diamonds announced a 6-percent drop in its full year revenue to \$463.6 million (FY 2018: \$495.3 million). Diamond prices also dropped 5 percent. The company reported a net after-tax loss of \$258.1 million compared to a net loss of \$203.1 million in 2018. Production was up marginally over 2018 at 3.87 Mcts, compared to 3.84 Mcts. Petra reported production of 705 Kcts for July and August.

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NAMDEB SELLS ELIZABETH BAY MINE

Namdeb Holdings, a joint venture of the government of the Republic of Namibia and De Beers, has sold its Elizabeth Bay Mine and associated marine assets to a member of the Lewcor Group. Namdeb shuttered the mine in September 2018.

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BOTSWANA DIAMONDS MOVES CLOSER TO MINING PERMIT FOR MARSFONTEIN STOCKPILES

Botswana Diamonds (BOD) has announced that its associate Vutomi, in which it holds a 40-percent interest, has been granted environmental authorization over a substantial portion of diamond-bearing gravels at the high-grade Marsfontein mine.

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