

IDEX Online Research: Uncertain Consumer Demand Leads to Drop in Polished Prices

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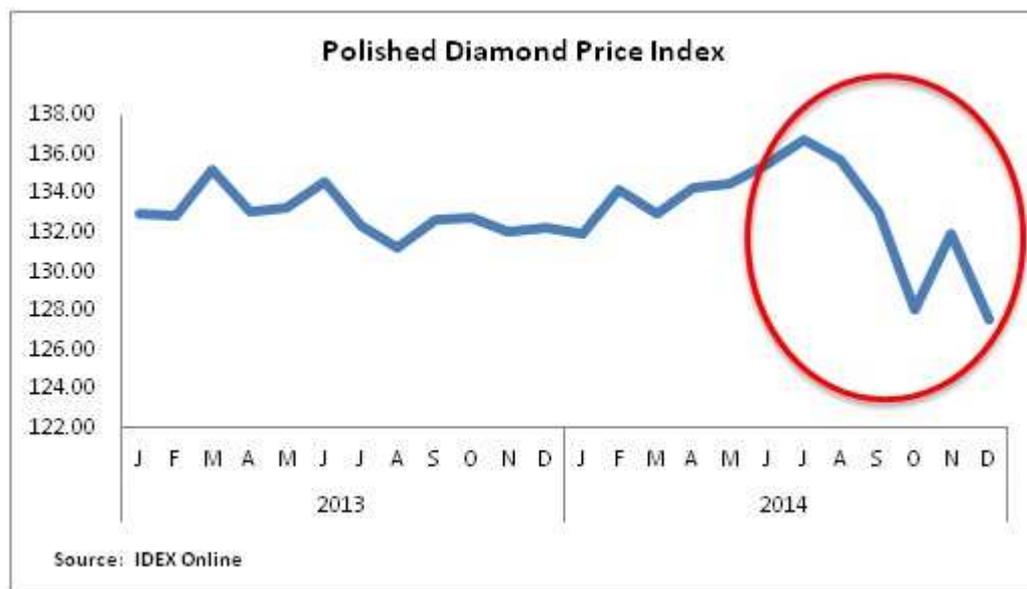
Global polished diamond prices fell in December, both on a month-to-month and year-to-year comparison, according to the IDEX Polished Diamond Price Index.

Global polished diamond prices dropped by 3.3 percent in December compared to November 2014, while prices were 3.5 percent lower in December 2014, when compared to December 2013.

With consumer demand uncertain in both developing and mature markets, diamond prices are likely to languish near term.

Diamond Prices Fall From July Peak

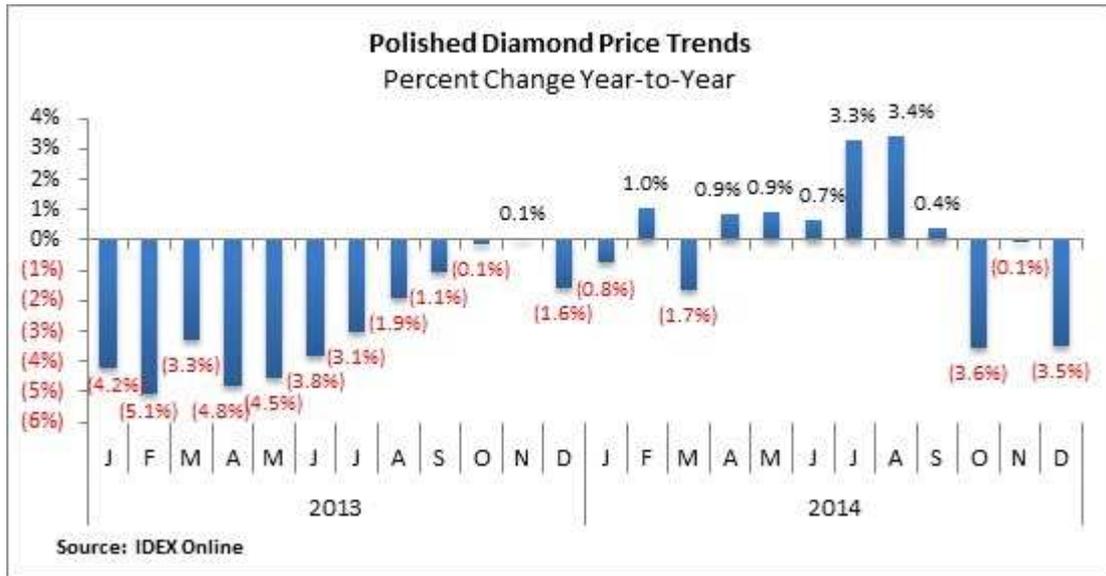
After peaking in July last year, polished diamond prices have seen some ups and downs, falling sharply for three months, then rising in November, followed by a sharp fall in December, as the graph below illustrates (red circle).



Monthly & Annual Comparisons Show Price Volatility

On a year-to-year comparison, global polished diamond prices have been bouncing around for the past several months. In October, they fell by 3.6 percent, the largest year-to-year decline since mid-2013. In November, they were flat, when compared to November 2013. However, in December, polished diamond prices dropped by 3.5 percent when compared to the same month

a year ago, as the graph below illustrates.



On a month-to-month comparison – December 2014 versus November 2014 – polished diamond prices dropped by 3.3 percent. Monthly price changes have followed the same volatility that has characterized year-to-year price changes for polished diamonds. The graph below summarizes month-to-month price changes for polished diamonds for the past 24 months.



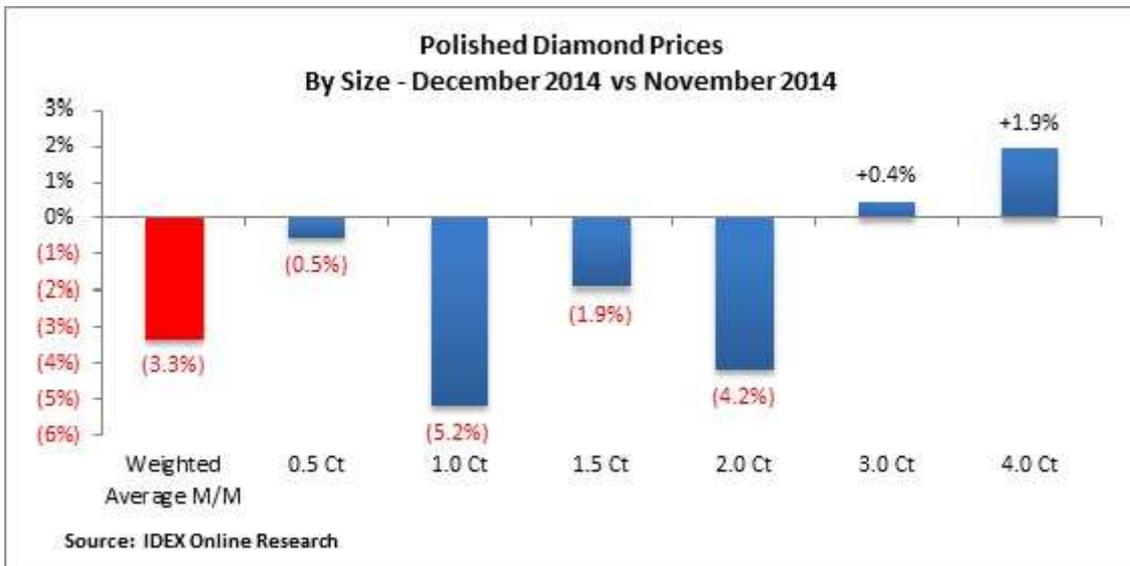
Daily Prices Slip in December

December was only two days old when diamond prices dropped sharply, followed by a slow downward slide through the end of the month. At the end of December, the IDEX Index stood at 125.6, down abruptly from 132.2 at the beginning of the month. The graph below summarizes daily price trends for global polished diamonds during December 2014.



One-Carat and 2-Carat Diamond Prices Fall Most

While overall polished diamond prices fell more than 3 percent in December on a month-to-month basis, 1-carat diamond prices fell by a meaningful 5.2 percent. Closely following this price slide, 2-carat diamond prices fell by 4.2 percent. Interestingly, prices of most other sizes – below 1 carat and larger than 2 carats – were relatively stable, with 4-carat diamond prices posting nearly a 2-percent rise in December, as the graph below illustrates.



On a year-to-year comparison, diamond sizes of 1-, 1.5- and 2 carats posted a decline while other sizes above and below these key sizes were higher in December 2014 versus December 2013, as the graph below illustrates.



Outlook: Too Much Uncertainty

With diamond demand soft in both mature and developing markets, there is nothing to fuel higher prices. Jewelry sales in the US market, which is by far the world’s largest consumer of polished diamonds, have bounced around significantly since mid-year, and are growing much more slowly than other retail product categories. Other global markets are also showing similar trends.