

Diamond demand growth may 'slow' – James Allan

By: **Creamer Media Reporter**

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PERTH (miningweekly.com) – Global diamond demand growth might “slow” to by 2% to 3% a year in a year in which prices had risen by at least 10%, Allan Hochreiter MD **James Allan** said on Monday.

Allan told the 2008 Paydirt World Diamond Conference in Perth that rough diamond prices had climbed by anywhere between 5% and 25% through calendar year 2008.

This has been driven by supply shortfalls as output at Australia’s Argyle diamond mine had eased by six-million carats this year compared to last year.

Canada’s production was down two-million carats, and Russia and Botswana’s output had eased one million carats each, Allan said.

The total supply of diamonds worldwide for calendar year 2008 was expected to be around 138 million carats, off the 148-million carats supply of 2007, he added.

However, in terms of supply growth in dollar values, the application of an average 13% price increase was boosting diamond supply value from \$12,6-billion to \$14,3-billion in 2008.

This was being supported by diamond jewellery sales in the US in particular, which accounted for one half the world’s diamond jewellery sales.

“But, understandably, there is some nervousness about the key buying period coming up between Thanksgiving and Christmas,” Allan said.

Gradual increases in supply over the next four years might see some price decline from next year, ranging from 10% to 20% in 2009, as production levels rise and market demand remains low at around current growth rates, compared to 8,5% in recent years.

About \$76-billion worth of diamonds were sold at the retail level each year, Allan reported.

Edited by: **Creamer Media Reporter**