

DIAMONDS

Diamond prices may touch record highs in coming months

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Diamond prices are expected to hit “new highs” over the next 12 months, as the divide between supply and demand widens.

Prices would increase by up to 10% over the next year, as the industry attempted to “balance the market”, said respected international diamond expert, South African-based James Allan, of Allan Hochreiter finance group.

At current production prices, that would equate to a rise of about \$9 to about \$99 a carat.

“If you are actively involved in the production and sales of diamonds, the future looks extremely bright,” said Allan, who was the opening speaker on Tuesday at the 2007 Paydirt World Diamond Conference in Perth.

“Global diamond sales reached \$72 billion in 2006 – an increase of six percent,” he said.

“That is being driven by the US, which accounts for about 43% of sales, but there are some new trends appearing.

“In China about 40% of Chinese women are now getting married with diamond rings, and that trend is expected to increase significantly over the coming years.

“India is a rapidly strengthening sector with a growth rate of 26 per cent last year – and that will continue.

“Further, with the weakening US dollar diamond demand tends to pick up in other countries.

“So as demand increases and supply decreases, the market will balance itself by sharp increases in the price of diamonds from next year through to 2015.”

Allan predicted the supply decline in many of the world’s major diamond producing countries would continue, with Botswana production expected to lose about \$460m in production; Russia \$260 million and South Africa \$160 million between 2005-2015. - *Kevin Skinner*