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“America's Century-Old Love Affair with Diamonds Keeps \$400 Billion Industry Shining Bright”

----Billion-people markets of India and China fast embracing diamonds but remain far behind----

Docklands – August 6, 2014 -- Many luxury goods companies have turned their attention to emerging markets for growth opportunities. The Asia-Pacific region now shapes the trends and consumption patterns for many categories of luxury goods - a transformation that has occurred in just five years.

However, for diamonds, the traditional heavy weight market of USA is still top dog by a considerable distance.

Global sales of diamond jewelry reached \$73.8 billion in 2013. Best performing market in 2013 was USA, which added \$2.5 billion in sales to reach \$32.7 billion, an increase of 8.3 percent from 2012.

Mainland China experienced the greatest percentage rise in sales, up 19 percent to reach \$6 billion in 2013. The EU area was the only region to experience negative growth in sales, down 0.11 percent to reach \$5.2 billion in 2013.

USA remains the world's strongest consumer market for diamonds, with 44.3 percent market share in 2013. According to diamond industry analysts at Equity Communications, America is the most resilient market for diamonds because of its healthy population regeneration and rooted diamond culture.

On balance, consumers in America are buying fewer diamonds mainly because of economic stress at the lower end of the market. Nonetheless, the higher end of the market still leads the world in the consumption of large-size diamonds, which are more expensive. For instance, the average price of an engagement ring in USA is in the \$3,500 range while it is in the \$800 range in China.

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Unlike in Japan where retailers have changed the product mix to sustain sales, the US market does not reduce or lower the quality of diamonds sold. American consumers have accepted high quality 0.5-1 carat diamonds as the standard for engagement rings and they are reluctant to trade down to smaller and poorer quality diamonds.

However, since diamonds for engagement rings have experienced significant price inflation, a growing number of consumers require financial assistance for sustainable purchases. For instance, up to 70 percent of Sterling Jewelers' sales in the bridal category utilize the company's in-house customer finance program. Sterling Jewelers is the largest specialty jewelry company in the United States by sales and number of stores.

Turning attention to 2014, global sales of diamond jewelry could reach \$78.9 billion, benefitting from good tourist sales and continued recovery in US bridal demand.

Historically, the marriage rate of Americans drops whenever consumers have to navigate economic uncertainty. Thus, an improving economy gives young adults the confidence to go ahead with planned engagements and weddings.

85 percent of diamonds and diamond jewelry purchases in America are wedding related - diamond engagement rings, diamond wedding bands, and wedding day jewelry for the bride and bridesmaids. Furthermore, bridal events also trigger purchases of anniversary jewelry and special event jewelry such as for Mother's Day.

Indeed, consumption of diamonds for love events is the major driver of diamond jewelry sales worldwide.

From an economic viewpoint, markets that generate increases in disposable incomes and domestic consumer spending can expect to see growth in diamond jewelry consumption.

Nonetheless, the idea of diamond as a gift for the loved one is still the leading driver of the diamond jewelry business.

Essentially, most people buy diamonds not for fashion but rather as symbols of love. In all key markets for diamonds, the gems are strongly associated with love and marriage.

For this reason, the long-term strength of the global diamond jewelry business strongly depends on the number of marriages that occur annually, especially in markets that adopt 'diamond culture'.

Moreover, women generally do not buy diamond jewelry for themselves. They overwhelmingly prefer to receive diamond jewelry as gifts from men. A 2012 survey by Bain and Co in key markets such as USA, China and India confirms that women receive 60 to 80 percent of their diamonds as gifts.

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The strong link between diamonds and marriage makes industry stakeholders salivate over the prospects for diamonds in billion-people markets of China and India.

You can often take what works in one place and apply it to another. Diamonds as a gift of love was successfully introduced in Japan after America. Industry stakeholders are now trying to reproduce the same success in India and China. Incidentally, efforts in Europe were much less successful.

If diamond engagement ring culture takes root in India and China, it will be massive for consumption of diamonds. For one thing, the number of weddings that occur annually in USA - the largest diamond market - is less than twenty percent the number of weddings that occur in each of India and China.

Can the diamond industry be successful?

The jury is still out. However, diamond industry analysts at Equity Communications believes success is possible even though penetration rates similar to those in Japan and USA are probably more than a decade away.

For one thing, diamonds have to first displace the legendary appeal of gold in India, China and other emerging diamond markets. Gold dominates precious jewelry sales in what are known as adornment+investment markets for precious jewelry.

In such markets, precious jewelry is commoditized since consumers buy jewelry for both adornment and investment purposes. Consequently, consumers typically monitor carefully movements in the price of precious metals in financial markets when making purchases.

However, diamonds have no uniform pricing standard and that reduces appeal. Ultimately, consumption of diamond jewelry in most markets has to fit into local preferences and perceptions about jewelry.

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Please Note: This press release covers global consumption of diamonds. Visit www.diamondshades.com/diamondreport for the full research findings covering 2014 State of Diamond Supply, 2014 State of Diamond Trade and 2014 State of Diamond Consumption.

About Diamond Shades

Diamond Shades is the online vault or research center for research by the Diamond Industry Research Team at Equity Communications. Diamond Shades provides research material, analysis and commentary on the diamond industry value chain, global precious jewelry markets and the general luxury economy. For more information visit: www.diamondshades.com/

About Equity Communications

Established in 2004, Equity Communications is an investor communications company and premium business information provider traditionally specializing on Southern Africa industries that have global significance such as tobacco, platinum and diamonds.

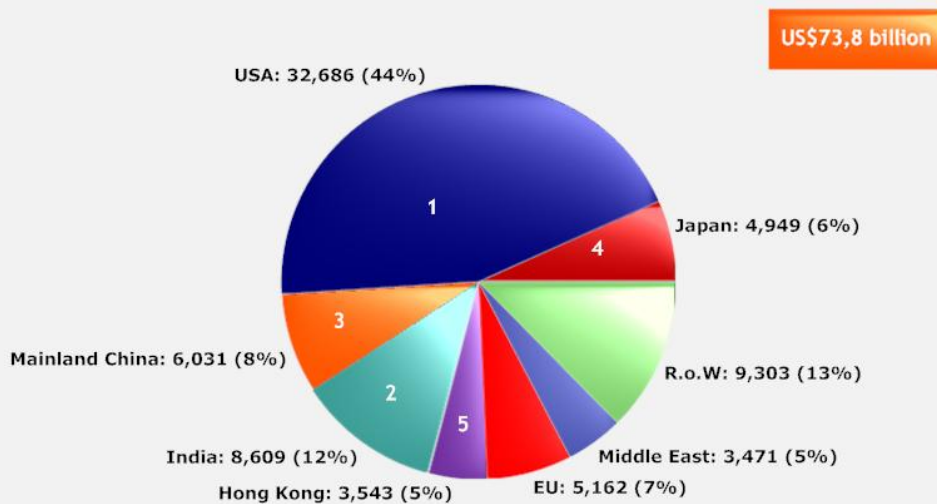


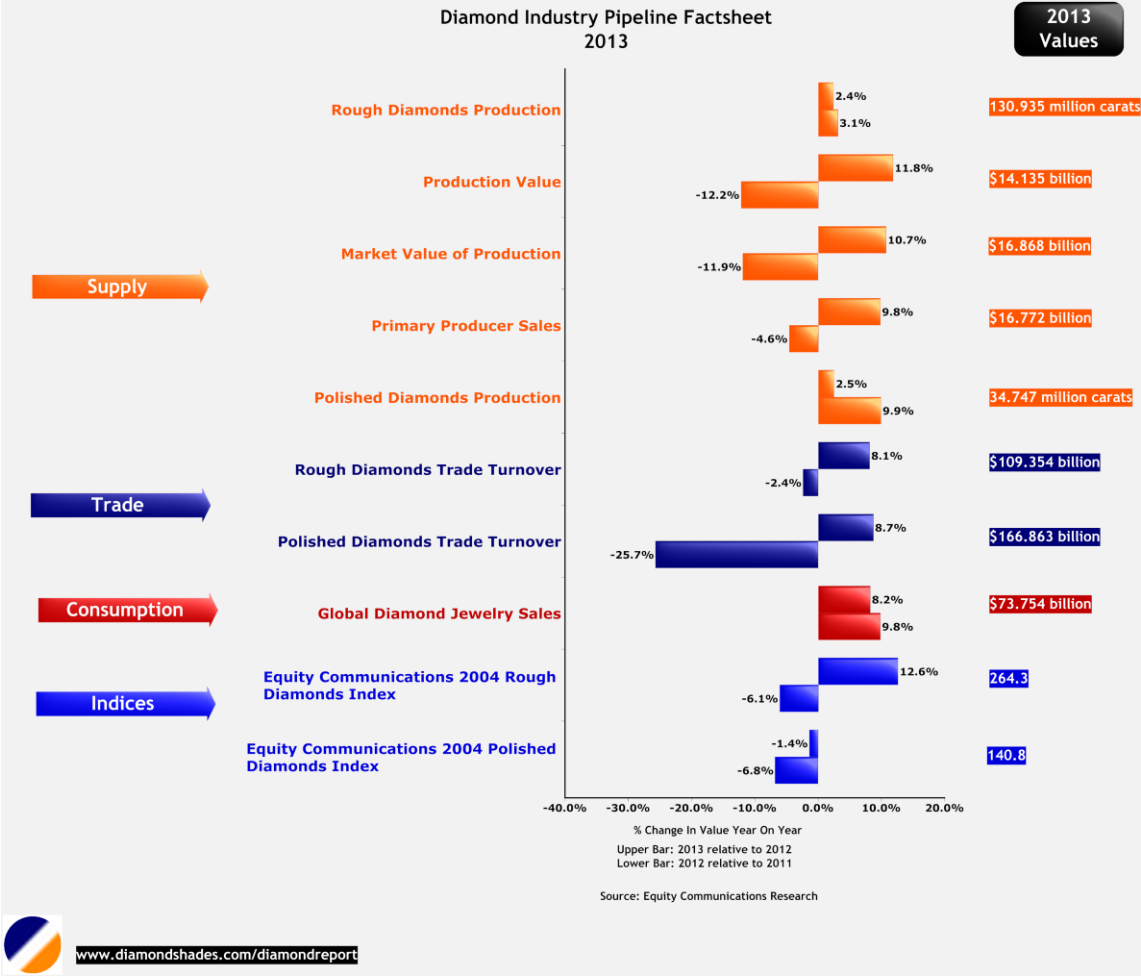
Supplementary Data and Charts

Retail Sales of Diamond Jewelry						
	US\$ Millions	US\$ Millions	Value Growth	Change	CAGR	
	2012	2013	US\$	%	2003-2013	2009-2013
Japan	4,840	4,949	109	2.26%	-3.55%	-0.42%
USA	30,182	32,686	2,504	8.30%	1.07%	5.79%
China	5,068	6,031	963	19.00%	33.12%	34.22%
India	7,756	8,609	853	11.00%	30.54%	42.57%
Hong Kong	3,030	3,543	513	16.92%	11.98%	20.27%
EU	5,168	5,162	-6	-0.11%	1.69%	2.31%
Middle East	3,410	3,471	60	1.77%	15.41%	5.36%
R.o.W	8,724	9,303	579	6.64%	4.07%	9.35%
Total	68,179	73,754	5,575	8.18%	3.99%	9.84%

R.o.W = Switzerland, Canada, Mexico, Singapore, Taiwan, Turkey, Australia, Malaysia and Other

2013 Retail Sales of Diamond Jewelry US\$ millions





The Diamond Industry Pipeline Factsheet can be downloaded here:

http://www.diamondshades.com/index.php/download_file/316/



2013 Diamond Industry Pipeline Factsheet

	2013 Values	
Rough Diamonds Production	130.935 million carats	↑
Production Values	\$14.135 billion	↑
Market Value of Production	\$16.868 billion	↑
Primary Producer Sales	\$16.772 billion	↑
Polished Diamonds Production	34.747 million carats	↑
Rough Diamonds Trade Turnover	\$109.354 billion	↑
Polished Diamonds Trade Turnover	\$166.863 billion	↑
Global Diamond Jewelry Sales	\$73.754 billion	↑
Equity Communications 2004 Rough Diamonds Index	264.3	↑
Equity Communications 2004 Polished Diamonds Index	140.8	↓

Source: Equity Communications