

The Golan Diamond Market Report

Q4 2019



EdahnGolan.com

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The year that started out with a general understanding that it would be challenging, and turned out to be even worse than feared, ended with a quiet sigh of relief from those who survived it. The Q4 2019 issue of the Golan Diamond Market Report reviews transaction polished diamond prices, changes in midstream inventory & demand, takes an in-depth dive in to the activity of the main diamond centers, with updates on prices and demand in the growing LGD market. All that, plus an exploration into consumer attitudes towards diamond jewelry and engagement rings, checking who is interested in LGD around the world.

SUMMARY

- Total US jewelry sales rose to an estimated \$12 billion in December, rising 4.5% in the fourth quarter.
- US jewelry sales are estimated to have grown by at least 1.3% year over year in 2019.
- The average polished wholesale price of 1-carat round diamonds declined 0.8% MoM in December.
- The wholesale price of 0.30 carats rose 4.1%.
- Diamond wholesalers' inventories were slashed a low double-digit percentage point in Q4 vs. Q3 2019.
- Demand for polished diamonds remained soft, mainly in 0.29 carats and below.
- Demand improved for 0.90 carats and larger, primarily in SI goods.
- US gross polished diamond imports are down 12.7% year to date.
- India's polished diamond exports fell 15.6% year over year in Q4.
- In 2019, India's rough diamond imports dropped 18.2% year over year.
- Belgium's trade in rough diamonds declined 16.4% in Q4.
- In Hong Kong, Chow Tai Fook reported a 35% drop in same-store sales. Sales by number of units dropped 47% year over year.
- Israel's net polished and rough diamond trade dropped 30% to an estimated \$8.7 billion in 2019.
- Merging Israeli banks Union and Mizrahi ordered to sell the diamond credit activity of one of the two banks to a third party.
- Bank financing to the global diamond industry declined an estimated 9% in 2019.



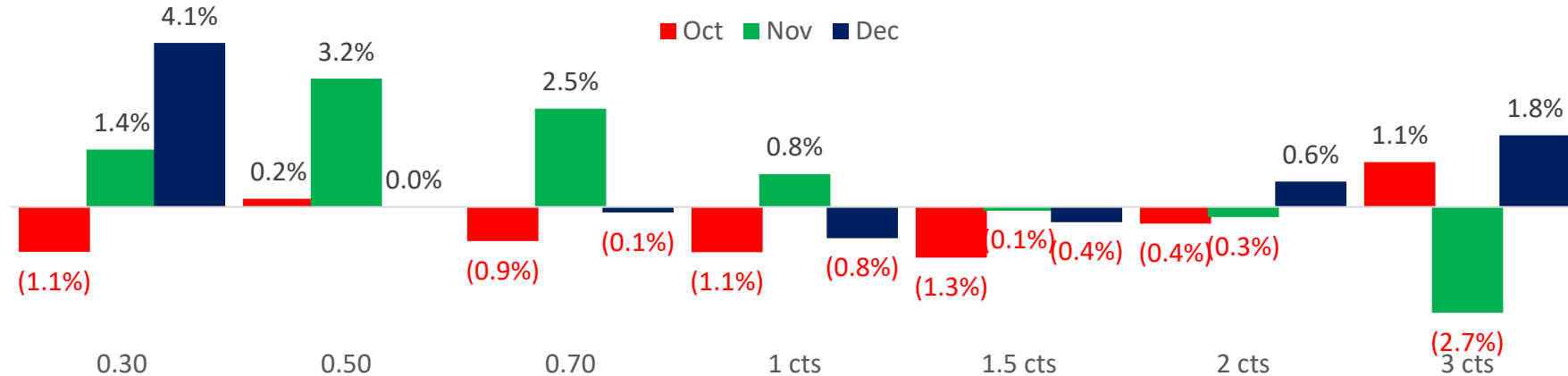
- De Beers and ALROSA had to bite the bullet in 2019, and it served the rest of the diamond pipeline well.
- Rio Tinto's Q4 production declined 2%.
- Wholesale transaction prices of LGD rose across the board in Q4. The strongest demand was focused on lower clarity 1.00-1.99-carat rounds.
- Average prices of 1-carat round LGDs +28% in Q4, 0.30-carat LGDs +3.7% YoY, 2-carat LGDs in rising popularity, but still down 3.3% year over year.
- LGD-set jewelry retail sales increased more than 50% in the quarter.
- Consumer demand is still under 2% in the US and near nil globally.
- In 2019, India exported an estimated \$440 million worth of polished LGD, +69.7% YoY.
- Consumer interest in LGD is rising in English-speaking countries.

POLISHED PRICES

Month over month, the average polished wholesale price of 1-carat round diamonds declined 0.8% in December 2019. This price data is based on transaction prices shared by diamond manufacturers in all main diamond centers. Over the past year, prices of one-carat rounds are estimated to have declined by 6%. The figures cover transaction prices of round D-M color, IF-SI2 clarity goods.

During the fourth quarter, the general wholesale price trend headed downward with two notable exceptions. The one item that exhibited a resurgence during the holiday season was 0.30 carats, rising 1.4% in November and 4.1% in December. The other item that strengthened was 3 carats, up 1.8%, boosted by bridal demand, which also helped 2-carat goods bob in the turbulent waters of 2019.

Round Polished Diamond Prices MoM % Change
December 2019

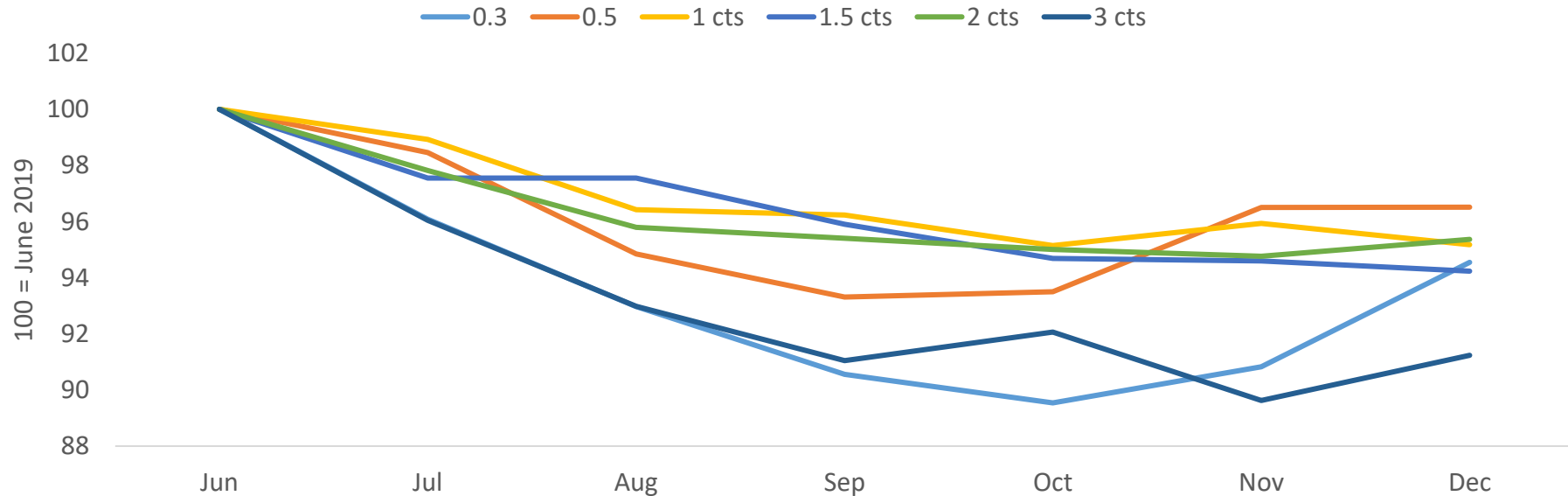


Source: Wholesale transaction prices shared by diamond manufacturers in all main diamond centers
D-M color, IF-SI2 clarity rounds

During the past year, polished wholesale prices were especially impacted during the third quarter of 2019, falling a mid-single digit after a relatively stable period earlier in the year.

Polished Wholesale Diamond Prices

Prices declined during H2 2019 and then moderated in Q4



Based on wholesale transaction prices shared by diamond manufacturers in all main diamond centers
D-M color, IF-SI2 clarity rounds

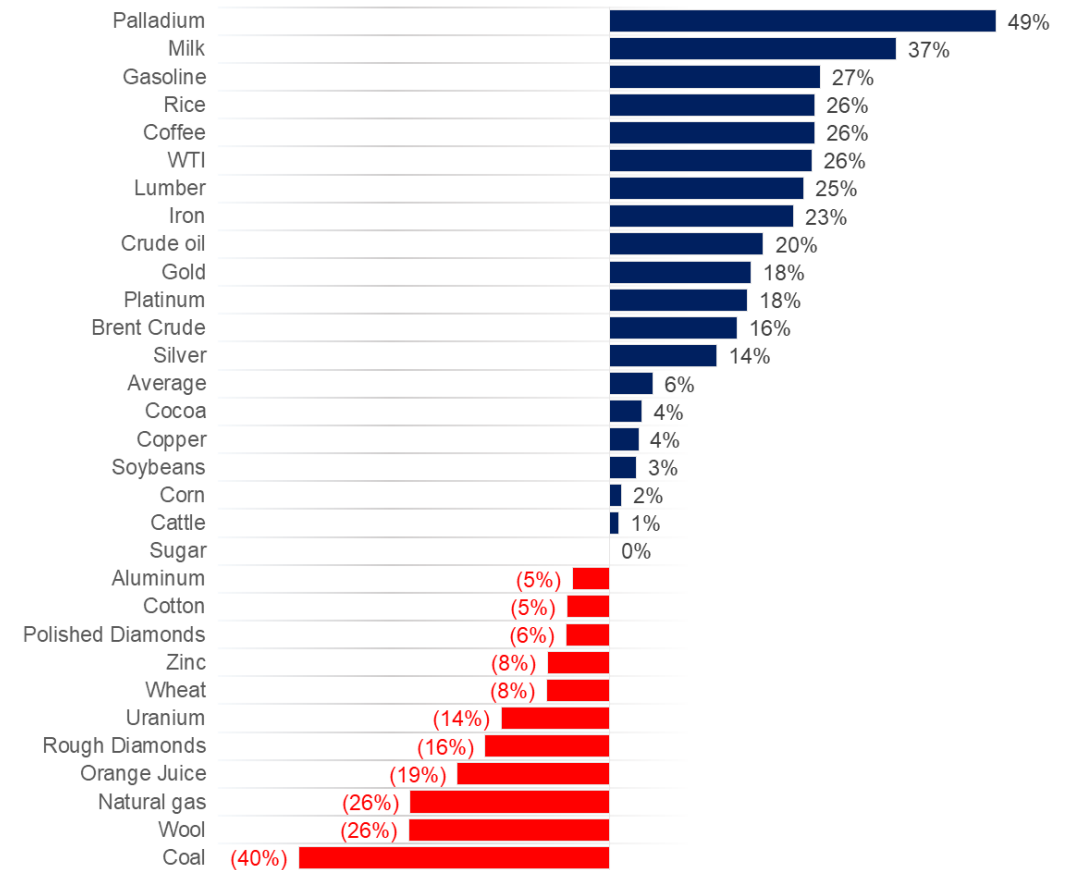
In a year of exceptionally high equity values and record-breaking stock market indices, are declining diamond prices an outlier reflecting localized weakness? Or do they reflect a wider economic issue? The simple answer is that, sadly, diamond prices were a bad performer compared to most commodities.

From live stock's 2% price rise, through gold's 18% increase to palladium's 49% price jump, commodity prices largely rose in 2019. Conversely, the price of sugar was flat, wheat was down 8%, and coal dropped 40%. Collectively, on average, commodity prices were up 6%.

Considering the mixed performance of energy (natural gas - 26%, gasoline +20%), agriculture (orange juice -19%, coffee +26%), and metals (zinc -8%, silver +14%), it may seem that price direction was haphazard. But that is far from the truth. Without diving into the forces that impacted the price performance of each commodity, there is clearly an issue that is mainly relevant to the diamond industry – the declining relevancy of diamonds as a sought-after item.

As [noted in the past](#), consumers, especially in the US, are less focused on the diamonds and more on the design. If a diamond works well with the design, that's great. If it does not, then the consumers' attitude is "so be it." Having a diamond is less of a "make it or break it" proposition. There are no pretty words to dress this up; it is a failure of the diamond industry, which did not address marketing the category properly for many years, and was less than focused in the past three to four years.

Commodity Price Performance in 2019



Sources: Bloomberg, Kitco, Oil Price, MarketsInsider, Ycharts, RoughPrices, Edahn Golan Diamond Research

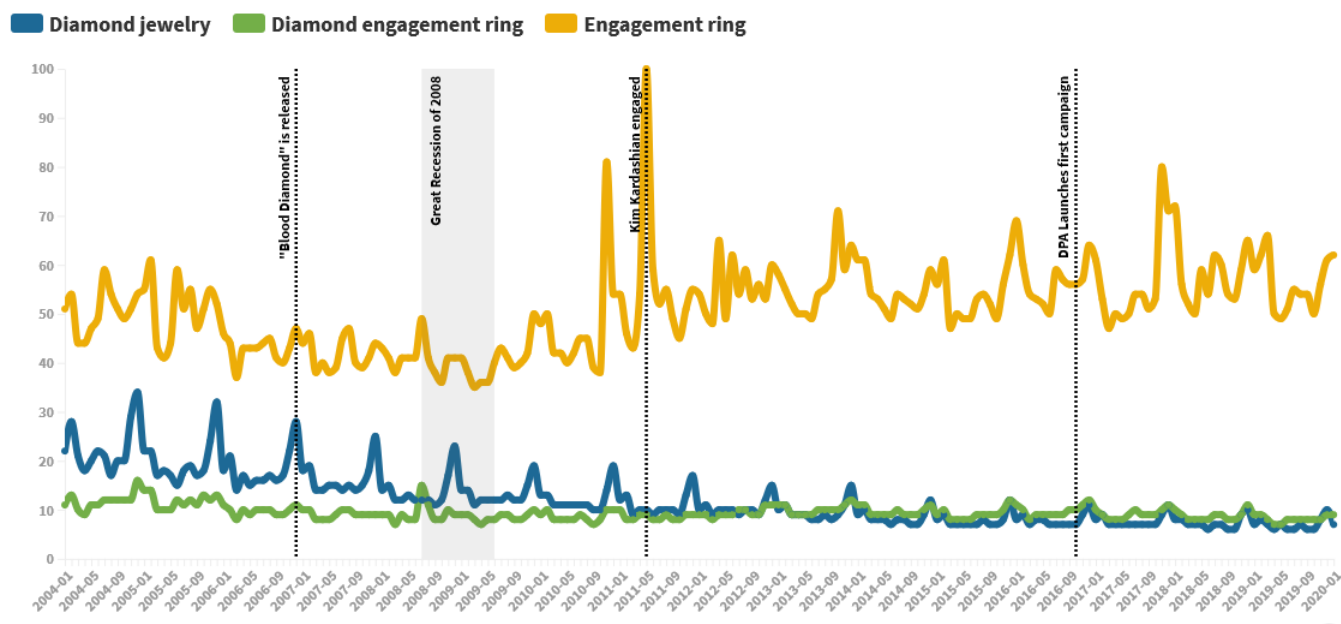
To demonstrate this, look at interest in the term “diamond jewelry” over the last 16 years. Worldwide searches for this term on Google have been declining continuously since 2004. This indicates a steady and ongoing decay in consumer interest in the product. Interest in the term “diamond engagement ring” (DER) has fluctuated over the years, and declined as well.

Comparing January 2004 to January 2020, interest in diamond jewelry fell 68%, and interest in diamond engagement rings declined 18%. But from peak interest in December 2004 to date, interest nosedived 79% and 44%, respectively. This is a major erosion in interest in diamond jewelry.

If you think that searches are just getting more specific, then consider the following: interest in “engagement rings” is on the rise. While interest in diamond engagement rings peaked in July 2008 just prior to the Great Recession, searches for “engagement rings” peaked in November 2011 and then hit a record high in May 2011. Consumers’ interest in engagement rings didn’t decline – it only grew! In other words, those who in the past would look for diamond engagement rings simply dropped the diamond and stuck with engagement rings.

Diamond Jewelry, Diamond Engagement Rings, and Engagement Rings

Less interest in diamonds and fluctuating interest in DERs despite rising interest in engagement rings



Source: Google Trends

Between January 2004 and January 2020, searches for “engagement rings” rose 22%. From December 2004 to 2019, the rise was 13%. So why drop “diamond” when searching for an engagement ring? **Because it is of less interest.** Play with the interactive visual above to compare the different terms.

In case you are wondering why searches for engagement rings hit the ceiling in May 2011, be sure it had little to do with Mother’s Day. Kim Kardashian got engaged with a 20.5-carat diamond engagement ring from NBA star Kris Humphries. Yes, even then, with all the attention the ring got, it didn’t move the needle for “diamond engagement ring”. People still searched for “engagement ring” without diamond. [Paul McCartney also got engaged](#) as well as a few more celebrities, but let’s not fool ourselves about who generated the most buzz.

MIDSTREAM

Inventories

In the fourth quarter, wholesalers' inventories were slashed a low double-digit percentage point compared to the third quarter of 2019. Large inventories uncorrelated to demand are the financial equivalent of concrete boots in deep water. No one in their right mind puts them on willingly, and freeing yourself from them as fast as possible is an absolute necessity. The diamond industry midstream, through a series of actions, did just that.

The important action was curtailing rough diamond purchasing by turning down a growing amount of supply from the main diamond miners. Manufacturing was siphoned down to a bare minimum, meaning polishing only what they must – goods surely in demand and whatever was needed to keep workers on staff – and casting aside impervious polishing. And thanks to a certain improvement in demand that subtracted from wholesalers' stocks, the midstream succeeded in reducing inventories and the massive financial burden that came with it.

The quarter-over-quarter decline in inventories was sharpest in pointers, down a deep double digit. Declines in larger goods was in the mid-single digits. In a very few and localized areas, inventory grew quarter over quarter.

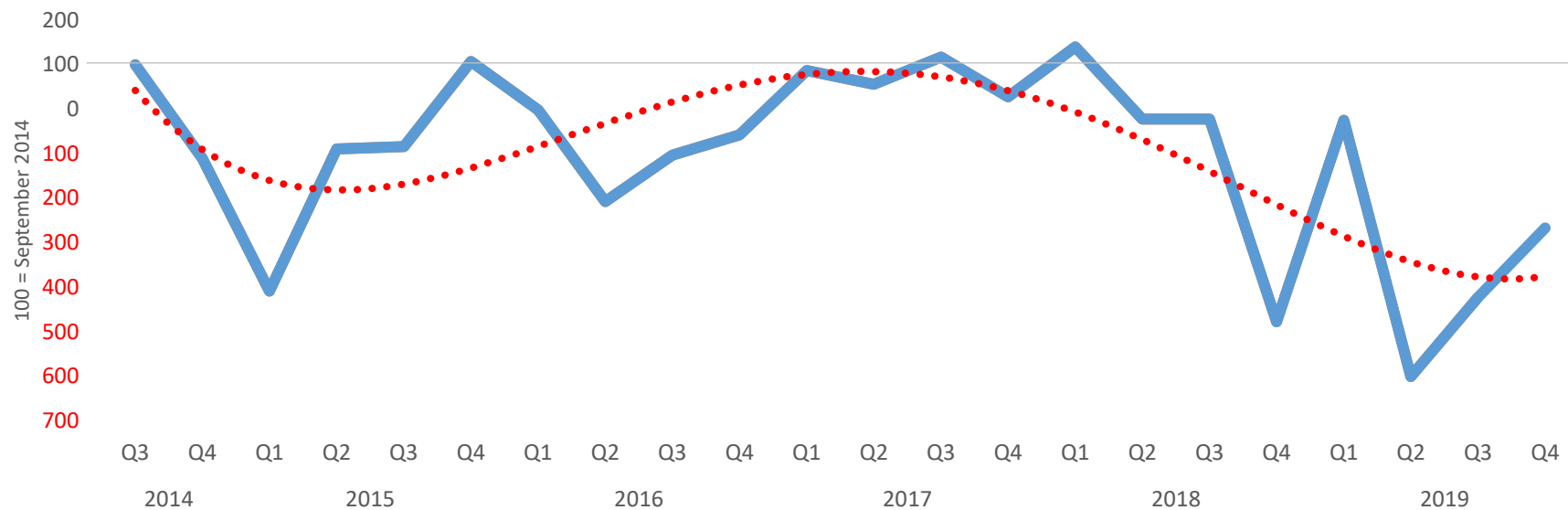
Demand

Not surprising, demand for polished diamonds in the trading centers improved in the fourth quarter, continuing the cautious upward momentum of the third quarter. As in the third quarter of 2019, demand for polished diamonds remained soft in many round diamond categories, most notably in the smaller sizes – 0.29 and below. Demand improved for 0.90 carats and above, primarily in SI goods, though larger VS in top colors were in better demand as well.

The changes in demand tell several stories. Demand for the smaller goods declined because these stones usually head to jewelry manufactures and not straight to retailers. In the fourth quarter, jewelry for the holiday season was largely already delivered, hence, the decline in demand for those goods. This also explains some of the buildup in inventories in the very small goods.

The improved demand was in goods heading mainly to the US for in-store setting. That makes sense too, but begs the question: why was demand focused on such a limited range of colors and clarities? The answer is that American retailers were themselves sitting on larger inventories than they felt comfortable with. Naturally, retailers' aging inventory is of goods that don't move as quickly. Turn of diamonds at retail is notoriously slow and for items in lesser demand, turn is painfully slow.

Quarterly Changes in Wholesale Polished Diamond Demand



Source: Edahn Golan Diamond Research & Data Ltd



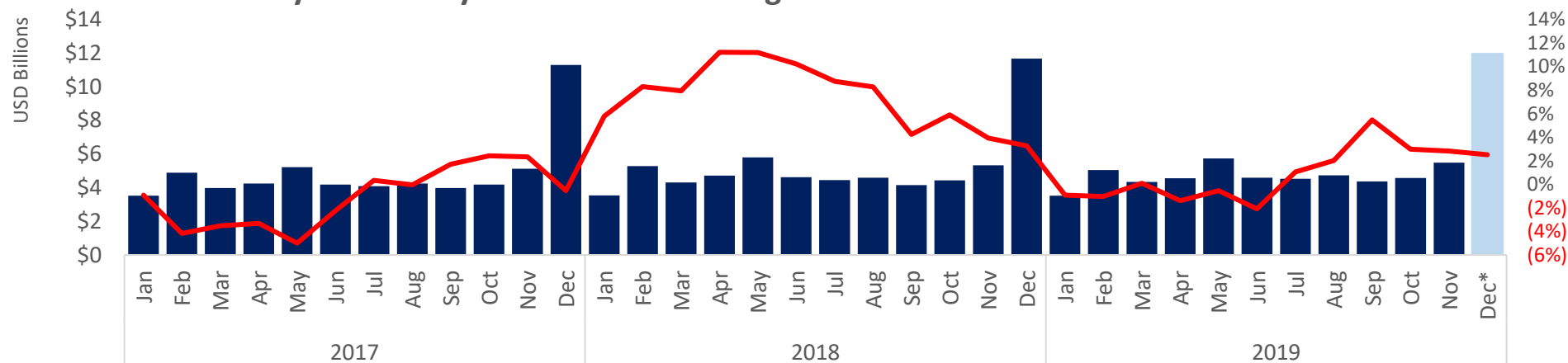
The rise in demand is of course positive and necessary; however, the market still has a long way to go before demand is restored to its levels of just a couple of years ago, let alone those seen in 2012 to mid-2014.

US

Jewelry retail sales slowly improved in the fourth quarter of 2019. Total US jewelry sales are estimated to have grown 4.5% in the quarter and by at least 1.3% for the year, according to the latest available US government data. Based on our early estimates, total jewelry sales by all retail channels was \$12 billion in December. This brings Q4 jewelry sales to an estimated \$22 billion, or 2.7% year over year.

Annual US jewelry sales are estimated at \$64 billion, a modest 1.1% year-over-year increase. This is a meager increase that falls far below the historic 6.5% sales increase and does not even beat the US inflation rate of 2.3%. Again, this is not a macro but a micro issue; US consumer expenditures rose an estimated 3.8% in 2019. Jewelry sales lost market share. Again. In the past decade, US jewelry sales increased on average 2.3%, while at the same time, American consumers increased their expenditures 3.8%.

Estimated Monthly US Jewelry Sales & YoY % Change



* Estimated
Source: US Dept. of Commerce



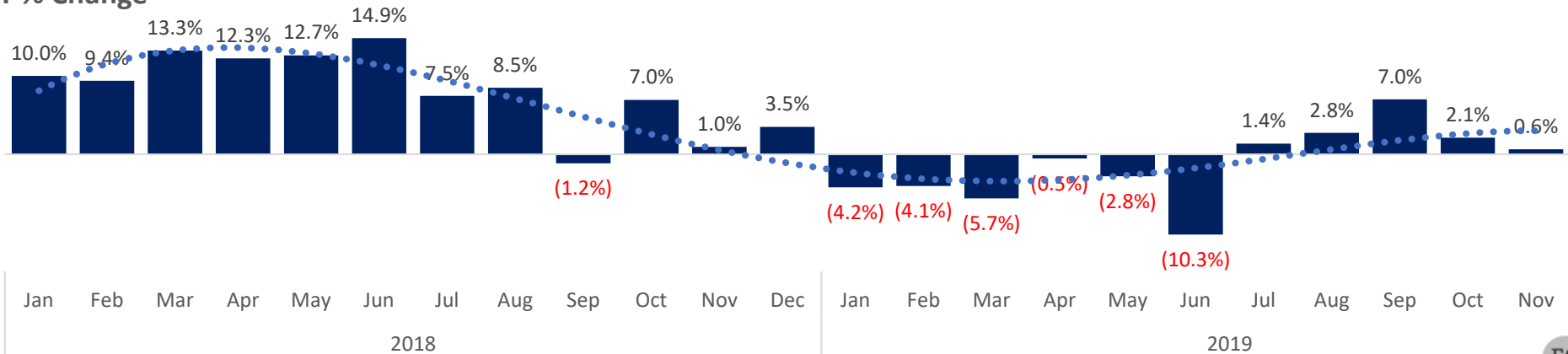
Specialty jewelry retailers are generally reporting [a strong holiday season](#), clearly [better than expected](#).

Their low expectations were fueled by a deep slump in sales in the first half of the year, falling 4.6% year over year. To end the year with growth requires an exceptionally strong December. Was it there? Specialty retailers continued to see a rise in activity during the fourth quarter; however, preliminary figures show that despite improved sales in the second half of the year, in 2019, their sales decreased. In November, specialty jewelry retailers' sales were \$2.88 billion, up just 0.6% year over year. This is a very poor increase in sales, far below the 2.6% 10-year average.

Part of the decrease in sales should be attributed to the decline in the number of specialty jewelry retailers. According to the latest **JBT** figures, the number of jewelry stores in North America declined **1.6% to 19,578** in 2019, many in the fourth quarter.

Monthly Sales by US Specialty Jewelers

YoY % Change



Source: Dept. of Comm



Consumer demand for diamonds and jewelry in the US sector is going through a major transformation. Consumers are turning away from big and expensive jewelry items, preferring smaller and more detailed items, and jewelry retailers are having difficulties managing

consumer expectations. Potential customers are hearing about issues related to sourcing and are puzzled over the “need” for a traditional engagement ring with a large diamond. The bridal category, the bedrock of diamond jewelry sales, is shaky, and the reverberations are being felt all the way up the pipeline to the mining sector.

One outcome is the continued drive on the part of jewelry retailers to push wholesalers to finance their inventory. While they are willing to buy and hold lower cost jewelry, there is continued pressure on them to provide the pricier items on memo. Diamond dealers specializing in memo are worried about how this will develop.

Although in retrospect the sentiment was positive among jewelry retailers, during the holiday season, they felt under pressure to the point where several are warning of a wave of bankruptcies. As the JBT figures show, their worries, and those of memo wholesalers, were justified.

One way of preparing for the season was the willingness to offer jewelry set with lab-grown diamonds (LGDs). The hope was that having LGD items on hand would increase traffic. A good number of jewelry retailers stated that the only profitable business was in watches. Our data indicates that diamond, gold, and LGD-set jewelry are profitable too, but you can’t argue with sentiment. It has an impact on attitude.

Gross polished diamond imports are down 12.7% year to date, with November figures down 13.8% year over year to \$1.53 billion. While imports declined, exports, essentially returns, increased 22.1% year to date. This dragged down net polished diamond imports to just \$4.7 billion.

These figures bode well with reports by wholesalers that demand for polished diamonds from the wholesale sector in the US dropped in December. Retailers’ interest was focused on 0.90-1.50-carat rounds in SI clarity and lower. Goods in VVS-VS clarities, typical bridal items, were in lower demand as well.

US Gross Polished Diamond Imports 2019



Source: US ITC



[Tiffany reported](#) a 2-4% rise in sales during the holiday season. This is good, but not exceptionally strong. Pandora is [forecasting a 4% drop in sales](#). Signet's holiday season same-store sales were up 2%. While Signet's holiday sales were driven by improved sales at Zales, the results are interesting for the 26.9% pop in sales at its online operation James Allen. Jewelry sales always lagged behind most other retail categories online. So, is this now changing? Only time will tell.

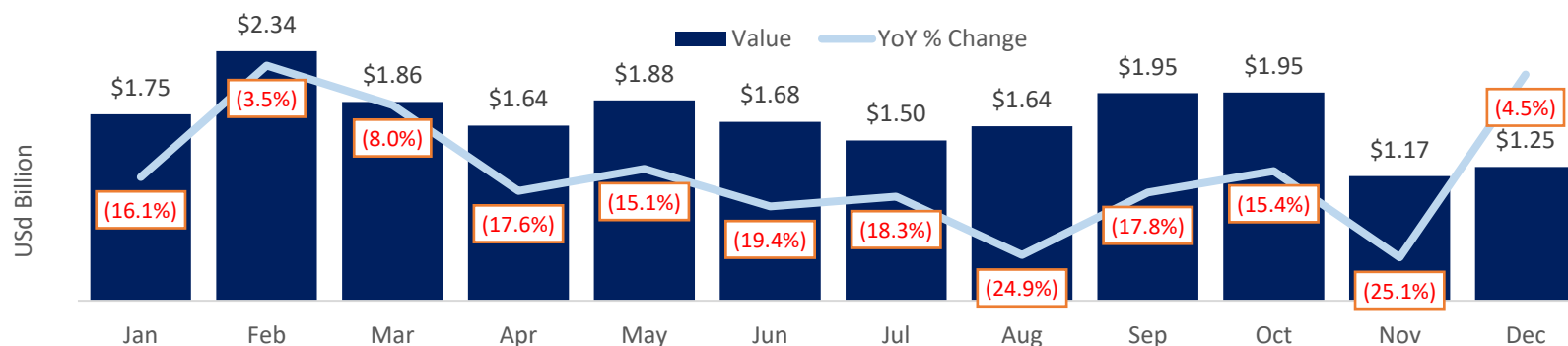
It's worthwhile to note that same-store sales at Jared, positioned as Signet's higher-end store chain, suffered a 3.5% year-over-year decline.

India

The fourth quarter of 2019 was characterized by a decline in manufacturing activities. This held prices stable and prevented a price drop that would have otherwise taken place in a market suffering from oversupply. Traders in the Indian market are expecting price corrections once fresh goods start entering the market.

After a push to supply stores for the holiday season, Indian traders reported a drop in activity in December. From the last week onwards, demand has slowed as the holiday season approaches. This was a widely held sentiment in the market, and usually what happens in December. However, the figures published by the [Gem & Jewelry Export Promotion Council](#) show an increase in polished diamond exports in December compared to November.

India's Polished Diamond Exports - 2019



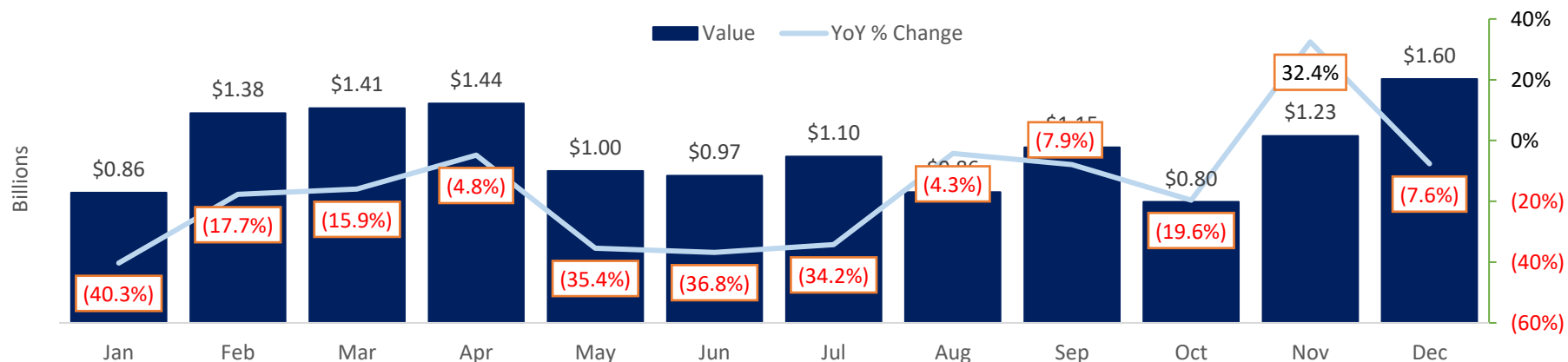
Source: GJEPC

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These export increases aside, India has clearly suffered from a major drop in activity in Q4 as well as throughout the year. In the quarter, polished diamond exports fell 15.6% year over year. Rough diamond imports were surprisingly down just 0.7% as the volume of rough diamond imports rose a small 0.2%.

For the year, the diamond center's trade figures were weak as well. Polished exports were down 15.5%, and rough diamond imports dropped 18.2% year over year.

India's Rough Diamond Imports – 2019



Source: GJEPC, Edahn Golan Diamond Research & Data



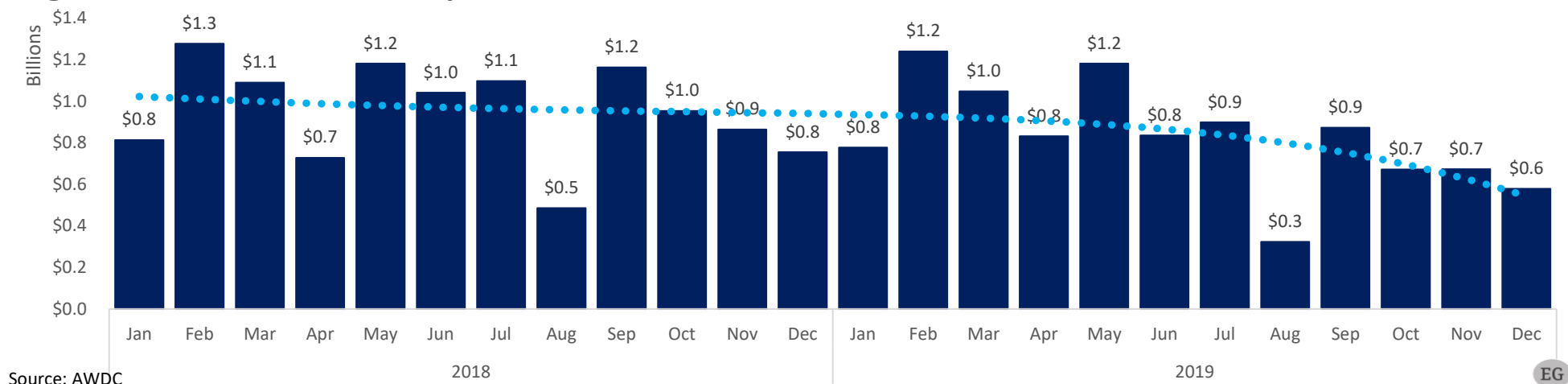
Demand for polished in the wholesale diamond market in India rebounded 30 and 40 points for VS-SI and declined nearly across the board for 1-carat rounds. Larger goods had mixed activity, with traders neutral about most everything else.

As with retail in the US, the protracted issues in the diamond market are pushing Indian retailers into LGDs' arms. Lab-grown is now a fully legitimate area of activity with most market players entering the space.

Belgium

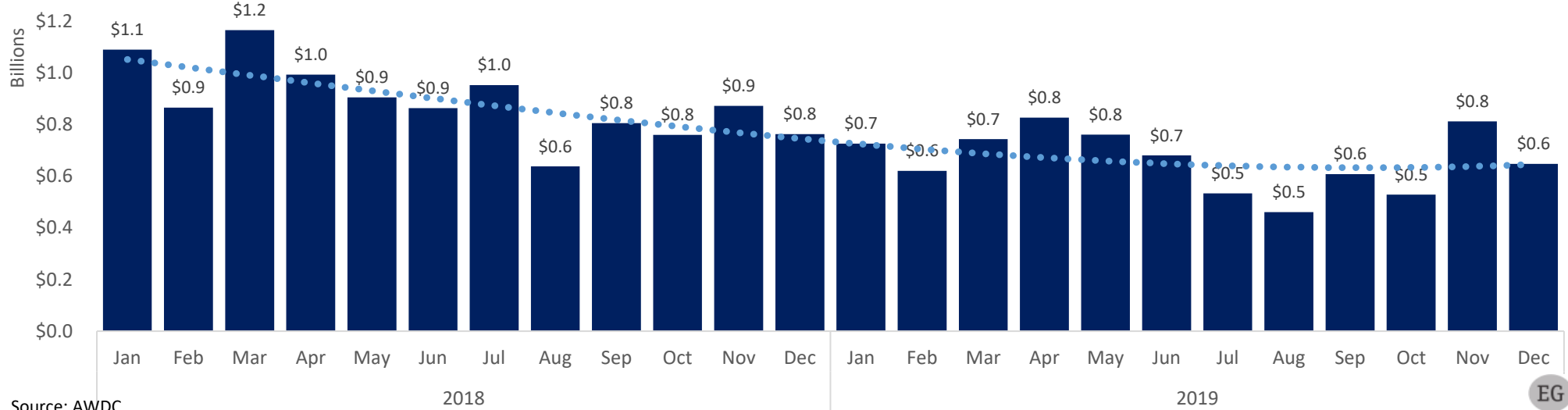
The value of Antwerp's polished and rough diamond trade sank in the fourth quarter, as well as for the entire year. In Q4, polished trade fell 20.2% by value and 13.1% by volume, according to figures published by the [Antwerp World Diamond Council](#).

Belgium's Polished Diamond Exports



Trade in rough diamonds fell 16.4% in Q4 although the volume of trade decreased just 6.7%. The drop in average price per carat of rough diamonds moving through the Antwerp diamond center clearly eased in the quarter, down 10.4% compared to a 33.7% drop in Q3. The 13% decline in polished diamond trade and the 26% decline in the year-over-year value of rough diamonds traded in 2019 are the deepest since 2009 – testament to the depth of the current problems affecting the entire diamond industry.

Belgium's Rough Diamond Imports



Hong Kong

The fourth quarter hit Hong Kong hard. Strongly relying on tourist traffic for its retail activity, the number of visitors from Mainland China and from abroad fell sharply, and with it retail activity. As one local diamond trader described the period, there was “no spending mood.” The issue is not just of incoming traffic. Although the protests that rocked the island have somewhat subsided, locals prefer traveling abroad and do their luxury shopping there. Without this spending in Hong Kong, the retail situation is aggravated even further.

As far as the diamond and jewelry sectors are concerned, the current situation spells a protracted slowdown with market recovery out of sight. Traders reported that demand in the fourth quarter was flat, with the very limited rise in demand focused on lower FGH color, VS-SI clarity goods in sizes 0.70-1.49 carats. A shortage was reported for 2-carat ovals in FG colors, VS clarities.

Chow Tai Fook reported a 35% drop in same-store sales in Hong Kong and Macau, and a negative total sales growth of -38%. Sales by number of units sold dropped 47% year over year. Especially hurt were sales of gem-set jewelry, primarily set with diamonds, diving 53%.

In mainland China, the retailer's same-store sales were up 2% and gem-set jewelry was up 1%, proving that Chinese buyers are still interested in the category, but just don't find shopping in Hong Kong as attractive as in the past.

Israel

The Israeli diamond market is capping a very difficult year. According to the Census Bureau, net polished and rough diamond trade plunged 30% in 2019, plummeting to an estimated \$8.7 billion from \$12.4 billion in 2018, another year of deep trade declines. To put this in perspective, in 2009, a year of deep economic crisis, net rough and polished diamond trade totaled \$10.8 billion. The decline in business in the Israeli center is a disaster.

With [shrinking financing](#), a small polishing sector, and very limited marketing, the Israeli diamond center is on a decade-long downward spiraling path, losing out to other centers providing luring incentives for doing business, and no change appears to be in sight.

And yet, local traders described the Israeli diamond center as a buyers' market in the quarter. The decline in global manufacturing resulted in shortages in items that were in demand, against an inventory overhang for goods in low to no demand. Israeli traders reported declining prices in smaller goods led by Indian traders, and a large difficulty in competing against them for sales. The result is that Israeli traders are willing to offer goods on memo, something that used to be the domain of Indian traders vying for market share.

Israeli traders reported good demand for 0.30 carats in VS-I clarities, with a small rise in prices including for goods with brown tints. Practically all rounds in 0.08-0.22 carats experienced a decline in demand during the quarter. In 0.23-0.29-carat sizes, demand was down for the smaller goods in this range, and prices headed down. The larger goods in the range were in better demand, and prices are stable.

One-carat goods were reported to be in limited demand, with a pickup in demand for goods destined for the US market starting at 1.25 carats and up to 2 carats doing well, Traders reported a shortage in well-shaped goods.

Demand for ovals remained good against shortages. Well-shaped pears, emeralds, and radiants did well too.

BANKING

The supply of bank financing to the global diamond industry declined an estimated 9% in 2019, continuing a long-term trend of fleeting financing from the industry. A decline in available bank financing in Israel and India in the fourth quarter had different motivations.

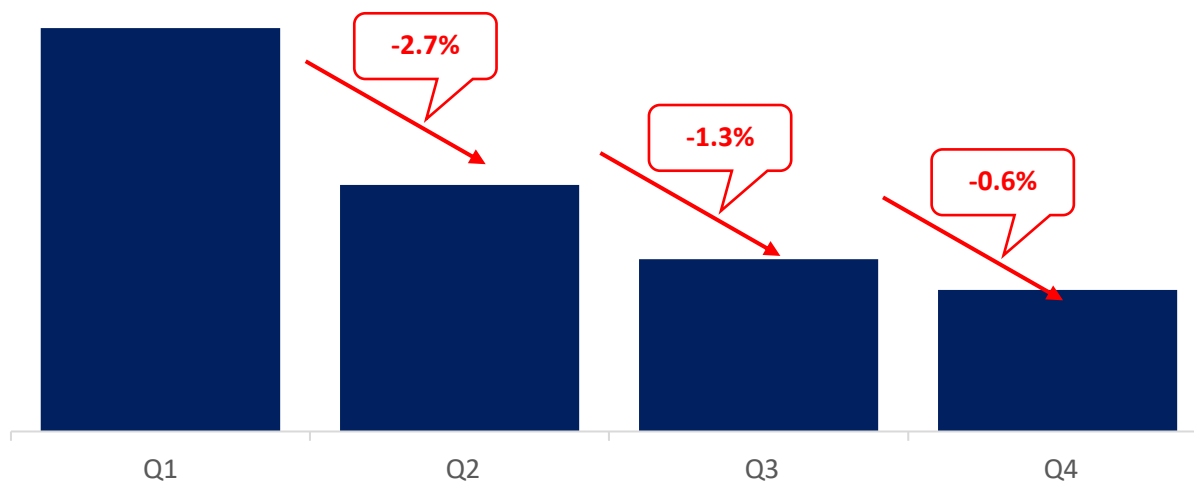
In Israel, the industry is shrinking not only in the volume of business, but also in the number of active companies, leading to a declining need for financing.

It also exasperates the concerns Israeli banks supplying financing have for the credit worthiness of those local diamond companies that keep operating.

One issue rocking the Israeli sector was the merger approval granted to Mizrahi Bank and Union Bank. The two provide financing to the Israeli diamond sector and together would have a large market share. This has raised worries that the merger will lead to higher interest rates and a decrease in financing as a result of the smaller competition between banks.

In late November, Israel's Competition Commissioner ordered the sale of the diamond industry credit activity of one of the two banks to a third party not currently active in the industry. The decision follows a court ruling on the issue and a requirement to improve capital adequacy. The banks' merger is on hold until the sale of the diamond credit activity is completed.

Estimated Diamond Industry Financing



Sources: Markets, Edahn Golan Diamond Research

Unlike these two banks, which have developed a deep specialization in diamond industry financing, many of the banks in India that provide financing to the local diamond industry lack a deep understanding of diamond trading. This allowed several unscrupulous Indian traders to get away with less than exemplary financial and legal performance. Actions that would raise a red flag in experienced diamond financing departments went unnoticed in Mumbai and sent banks recoiling away from the industry.

Of course, the broader issues mentioned in [previous reports](#) continue to impact the global diamond midstream.

MINERS

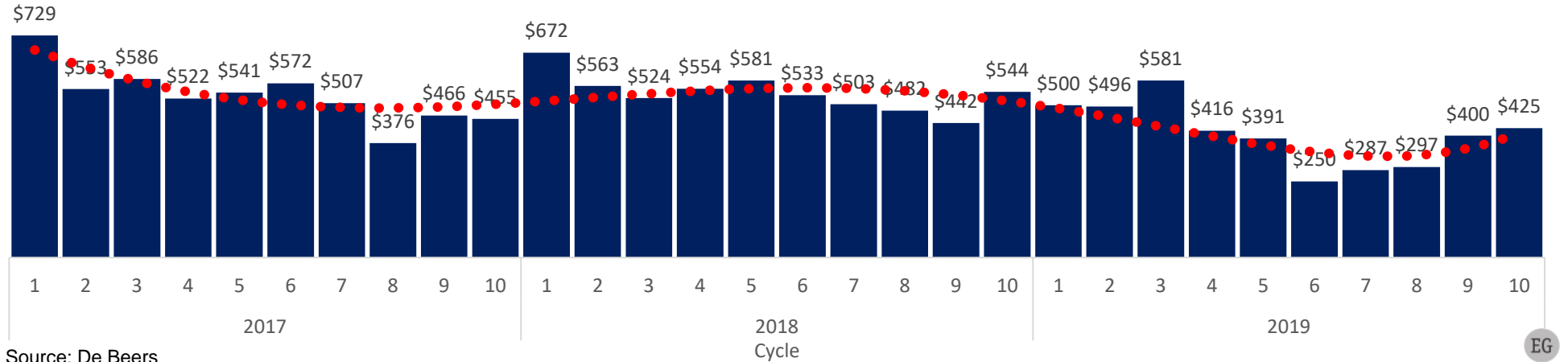
The decline in financing contributed to the decline in rough diamond prices and the pains experienced by the diamond mining sector in 2019. De Beers' sales for the year were \$4.04 billion, down 25% year over year. ALROSA suffered from a 26% drop in sales, down to \$3.27 billion.

However, the gloomy year was capped with improved sales in the fourth quarter, as manufacturers and wholesalers dried up inventories and a clearer picture of retail demand emerged. Since the \$250-million low De Beers sold to clients in July during the 6th cycle of the year, sales slowly increased every Sight, with a large 35% jump in sales in November. By December, sales had reached \$425 million.

Early reports from the first Sight of 2019 indicate that the good demand for rough is continuing into January.

De Beers' Rough Diamond Sales

in USD Millions



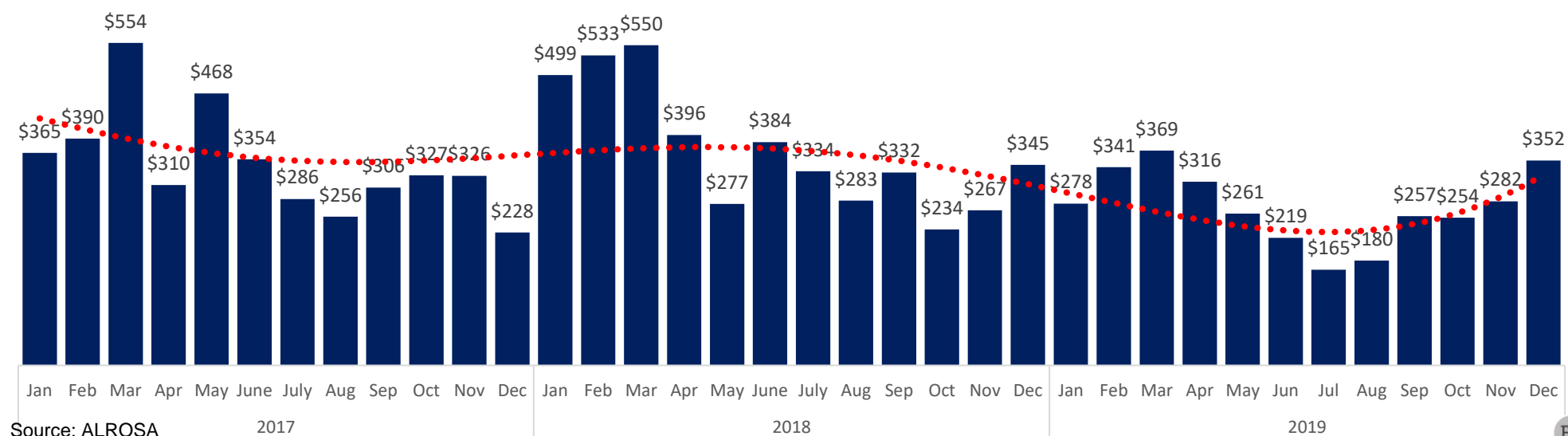
Source: De Beers

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At ALROSA, as at De Beers, a pick-up in sales started in August and continued almost uninterrupted to December when sales more than doubled the July low. Compared to the level of sales in the third quarter, Q4 sales leaped 48%. The drivers for these sales were the same as those at De Beers – lower midstream inventories and retail demand, plus lower prices. ALROSA resisted lowering prices until it felt it had no choice.

Adjusting prices, being flexible with policies, and willing to sit on a growing inventory provided the necessary backing the fragile midstream needed. In other words, De Beers and ALROSA had to bite the bullet.

ALROSA's Rough Diamond Sales in USD Millions



Rio Tinto's fourth quarter production was down 2%, as production at Diavik [link] in Canada suffered from a 22% decline related to its underground operations. For the year, production was 8% due to lower recovered grades at Argyle [link] and Diavik. In total, Rio Tinto recovered 17.03 million carats in 2019.

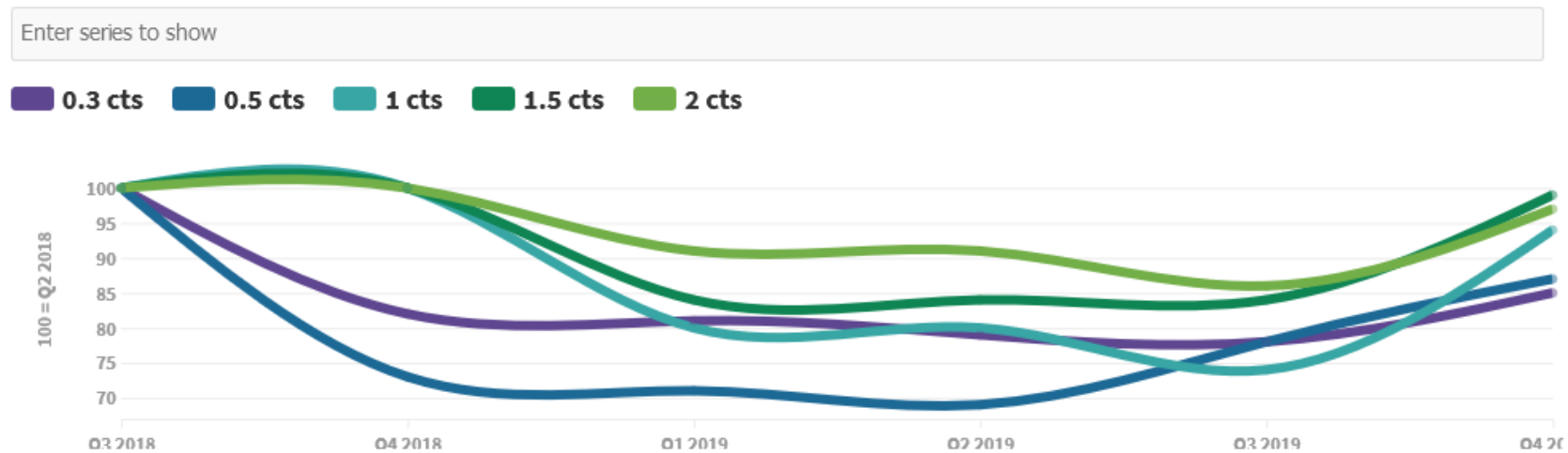
The company lowered its production guidance for 2020 to 12-14 million carats, and is planning to close Argyle in the fourth quarter of 2020, while expecting lower grades at Diavik.

LGD

A year of declining LGD prices has ended with wholesale prices of loose goods rising in the fourth quarter. The price increases and market for LGD-set jewelry is almost everything the diamond industry feared: rising prices of +1-carat goods, rising demand for bridal jewelry, and a feeling among most mid- and downstream players that they need to be in the game.

Among loose diamonds, the strongest demand was focused on lower clarity 1.00-1.99-carat rounds. Demand was driven by large US retailers catering to price-point conscious consumers. Placed against shortages drove up prices of these items, at times doubling in Q4 vs. Q3.

Polished LGD Wholesale Price Index Following a Year of Declines, LGD Prices Rebounded in Q4 2019 Based on wholesale transaction prices



Source: Edahn Golan Diamond Research & Data Ltd • ©2020 All rights reserved



Wholesale prices of the very top larger rounds, such as D color VVS1, actually declined, emphasizing that interest is focused on price and not necessarily quality, which raises questions about product positioning. It is possible that while consumer interest in larger LGD goods is rising, the major push by retailers is developing towards a lower cost niche. This would fulfill the diamond industry's hopes of segregating LGD as a low-cost item. At this point, however, it is too early to assess, especially since LGD is truly a small fraction of retail sales – well below 2%.

Average wholesale transaction prices of 1-carat round LGDs increased some 28% in the fourth quarter, yet were still down 7.3% year over year. Third-carat LGDs were up 6.8% compared to Q3, rising 3.7% year over year. Two-carat rounds, rising in popularity, were up more than 16% quarter over quarter, but still down 3.3% year over year.

[Please contact us if interested in our polished wholesale LGD price list, based on wholesalers' transaction prices.](#)

LGD-set jewelry retail sales increased upwards of 50% in the quarter compared to the fourth quarter of 2018 in terms of total items sold. So while remaining a small fraction of total sales, they represent a continuously growing category. At the same time, average retail prices declined year over year. This was expected considering that the LGDs set in these jewelry items were bought by jewelry manufacturers during Q2 and Q3 when prices were lower.

As with natural diamonds, retailers are selling bridal items at much higher prices than fashion, with the average price differences being in the high double-digit percent points. Accordingly, while bridal jewelry represented less than half of all LGD items sold, it accounted for the majority of revenue generated from LGD-set jewelry sales.

India's LGD market

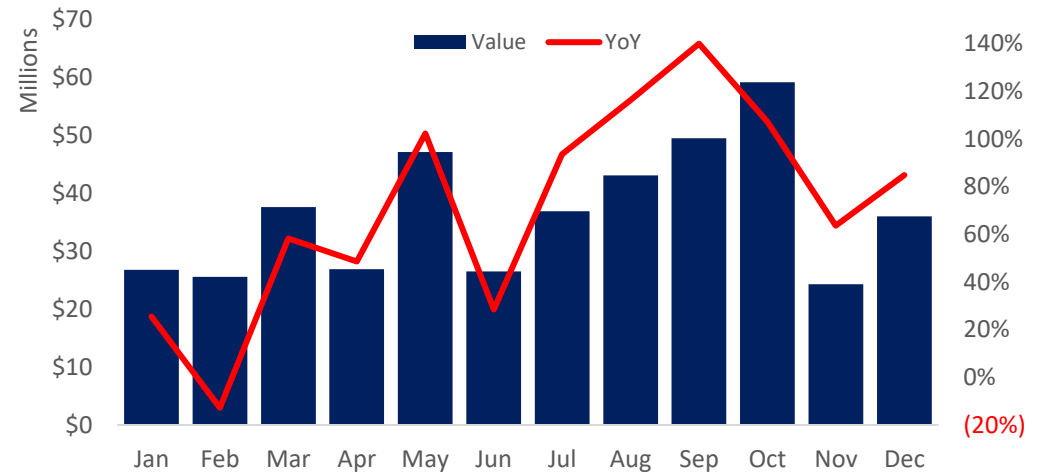
How deep in the game are Indian diamond traders? As one Mumbai trader put it recently, "CVD is now in full flow in the market with most players entering the space." The natural diamond market performed so poorly in recent years that these traders seeking an additional revenue source was only natural, and now most everyone is either in, entering, or considering their entry strategy.

In 2019, India exported an estimated \$440 million worth of polished LGDs, up 69.7% compared to exports in 2018. This is a large increase, the kind typical of a new attention-catching product category. Yet, it is still a small part of the business. Compared to the \$20 billion in India’s exports of natural diamonds, LGD exports are just 2.1%.

This is not to marginalize LGDs. They are a game changer. The current small market size is just an outcome of infancy, not lack of interest by anyone in the LGD value chain – growers, polishers, jewelry makers, retailers, or consumers. With the right nurturing, this small business will turn into a good size industry.

Consumer interest is clearly brewing. Evidence for this can be found, once again, in search trends. In the past five years, interest in the term “lab grown diamond” peaked in the first week of December 2019. Compared to December 2015, interest soared 2,000% worldwide.

India's Estimated Polished LGD Exports in 2019



Source: India Dept. of Comm, GJEPC, Edahn Golan

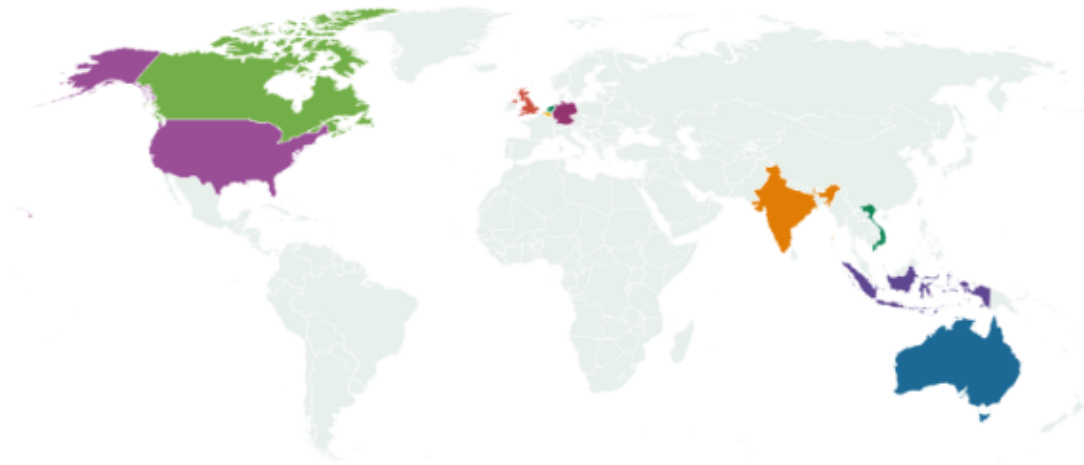
But does every consumer market, society, and culture find interest in LGD-set jewelry? The majority of searches are surprisingly in Singapore. This is maybe less of a consumer search and more business related – one of the largest growers is based in the tiny country. Close behind is the US, followed by Hong Kong, Canada, and Australia. The last two are consumer markets, and LGD jewelry is being offered at a growing number of retailers in those countries. Interest in Hong Kong, as well as in Belgium and India, is probably more closely related to trading. Based on the search trends, the UK may be the next consumer market to open to LGD.

Rising search trends related to “lab grown jewelry” include “lab grown necklace” and “1.5 carat lab grown diamond.” Not surprising, LGD necklaces and pendants are among the top selling items; the 1.50-carat size range is the second top-selling loose LGD at US specialty retailers and recently took a major jump in price.

Global Interest in Lab-Grown Diamond by Region

Limited and production focused

42 20 54 4 70 18 7 5 100 28 94



Source: Google Trends



ABOUT

Edahn Golan Diamond Research & Data Ltd provides research analysis and consultancy services for and about the global diamond industry. Our sphere of activities ranges from diamond mining and rough diamond trading, through wholesale and retail markets, to consumer demand. Our in-depth data analysis is based on our own detailed data collected from ongoing primary research in every sector of the diamond pipeline.

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