

De Beers Expects Slowdown After Solid Quarter



De Beers said diamond demand was likely to slow in the coming months amid difficult market conditions, even as sales rose in the third quarter.

The miner's sales volume increased 17% year on year to 9.1 million carats in the three months ending September 30, parent company Anglo American reported Thursday. Three sights took place during the period, compared with two a year earlier.

“Demand for rough diamonds remained steady,” De Beers commented. “While consumer demand for natural diamonds continues to be robust, a deterioration of global economic conditions, reduced consumer spending and continued Chinese Covid-19 lockdowns have the potential to impact demand for diamond jewelry.”

The outlook mirrors De Beers' market analysis in its 2022 Diamond Insight Report, which the company released Thursday. Growth for the second half of the year is likely to show a slowdown in countries with higher inflation, though “more affluent millennials” will continue to drive sales, it said.

Meanwhile, closures of diamond-cutting factories for Indian religious holidays — including Diwali — will dampen the company's fourth-quarter sales, management cautioned. Earlier this month, De Beers told sightholders it would offer sweetened terms for purchases of some rough categories at the next trading session, which begins October 31.

De Beers' production rose 4% year on year to 9.6 million carats in the third quarter amid higher ore grades at the Orapa mine in Botswana and the Venetia deposit in South Africa, as well as solid output from the new Benguela Gem vessel, which extracts diamonds off the Namibian coast.

Overall production in Botswana rose 4% to 6.6 million carats as the improvement at Orapa outweighed lower grades at the Jwaneng mine. Diamond recoveries in Namibia jumped 33% to 531,000 carats, with South African production rising 5% to 1.7 million carats. In Canada, output slipped 7% to 741,000 carats, reflecting lower grades and the impact of workforce issues.

De Beers maintained its production forecast of 32 million to 34 million carats for 2022, subject to trading conditions and further Covid-19 disruptions, it said.

Image: A haul truck dropping kimberlite at the Jwaneng mine in Botswana. (Ben Perry/Armoury Films/De Beers)