

## De Beers Lowers Prices as Weak Demand Continues



De Beers has reduced prices of larger rough diamonds at this week's sight and has offered increased flexibility as the slow market continues to affect manufacturers.

The miner decreased prices for many 2-carat categories and larger, as well as for some 1- to 1.5-carat items, sight holders told *Rapaport News* on Monday. The declines ranged from 5% to 10% and focused on the lower-quality items that have suffered most in the recent downturn.

The company also extended its buyback terms for three categories of 2-carat-plus, low-color rough, insiders explained. Clients may sell up to 30% of their purchases back to De Beers across 11 specific boxes, compared with eight at the previous two sights. All other items maintain the default buyback allowance of 10%.

De Beers was unavailable for comment.

The adjustments follow months of low polished demand amid sluggish retail sales in the US and China. Trading at the JCK Las Vegas show, which ends Monday, has been [better than expected](#) but still weaker than in the past two years, industry members reported.

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THE LARGER, LOWER-QUALITY STONES HAVE SEEN THE BIGGEST HIT AS SPENDING HAS DROPPED IN THE US'S LOW- AND MID-INCOME GROUPS DUE TO INFLATION AND ECONOMIC UNCERTAINTY. LAB-GROWN DIAMONDS HAVE ALSO TAKEN MARKET SHARE IN THE CHEAPER CATEGORIES AS SHOPPERS MANAGE TIGHTER BUDGETS. SMALLER, HIGHER-QUALITY DIAMONDS HAVE BEEN THE POCKET OF STRENGTH AMID STEADY DEMAND FROM LUXURY BRANDS.

&LDQUO;FOR US, THE VEGAS SHOW WAS DECENT, BUT GENERALLY THE MARKET IS NOT NICE RIGHT NOW,&RDQUO; A MANUFACTURING EXECUTIVE SAID ON CONDITION OF ANONYMITY. &LDQUO;CHINA HAS NOT PICKED UP. PEOPLE WERE THINKING IT WAS OPENING UP A FEW MONTHS AGO, BUT STILL DEMAND IS VERY TOUGH.&RDQUO;

SIGHTHOLDERS HAD BEEN PRESSURING DE BEERS TO REDUCE PRICES, BUT

THE MINER WAS WAITING UNTIL THIS WEEK TO ASSESS THE STATE OF THE MARKET BEFORE MAKING A DECISION, SOURCES NOTED. ALTERNATIVE OPTIONS WOULD HAVE BEEN WITHDRAWING GOODS OR ALLOWING CUSTOMERS TO DEFER MORE PURCHASES THAN NORMAL, THEY SAID.

[HTTPS://YOUTU.BE/KGJYFWVELU0](https://youtu.be/kgjyfwvelu0)

DE BEERS'S PROCEEDS FROM THE CURRENT SALES CYCLE, ITS FIFTH OF THE YEAR, WILL LIKELY BE UNDER \$300 MILLION, ROUGH-MARKET PARTICIPANTS ESTIMATED. THAT REFLECTS THE WEAKER DEMAND AND PRICES AT THE SIGHT — WHICH RUNS FROM MONDAY TO FRIDAY IN GABORONE, BOTSWANA — AS WELL AS THE CANCELLATION OF THE LATEST AUCTION.

MANUFACTURERS'S MARGINS ARE SO THIN THAT MANY WILL CONTINUE TO BE IN DEFICIT EVEN WITH THE ROUGH-PRICE DECREASE, ONE OF THE SIGHTHOLDERS CAUTIONED.

'THERE ARE ITEMS WHERE [CUTTERS] WILL NEED TO LOSE MAYBE UP TO 20% AFTER POLISHING IT,' HE SAID. 'SO THIS IS A HALFWAY JOB.'

IMAGE: AN EMPLOYEE HOLDING A ROUGH DIAMOND AT DE BEERS'S PREMISES IN KIMBERLEY, SOUTH AFRICA. (BEN PERRY/ARMOURY FILMS/DE BEERS)