

## Diamond Trade Slow as Vegas Shows Close to Mixed Reviews



The Las Vegas shows ended Monday with vendors somewhat satisfied by the activity of the past week, even if buyers were cautious.

Diamond suppliers had low expectations going into the show. In that context, “the show was not great, but it wasn’t horrible either,” observed Michael Indelicato, CEO of RDI Diamonds, a supplier of polished from 0.50 to 10 carats.

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The shows did not boost the market as many hoped it would. Polished prices declined in May, with the [RapNet Diamond Index \(RAPI™\)](#) down 1.2% during the month. The index continued to downtrend during the show, slipping 0.4% in the first week of June. There

were similar trends in other size categories monitored by *Rapaport News*.

“Buyers were focused on finding what they needed to fill specific orders, especially in fancy shape diamonds where inventory is limited, and they are limiting their inventory purchases,” explained Akshay Shah, director of sales for the solitaire division of Dharmanandan Diamonds, an India-based manufacturer.

Visitor traffic was strong on Friday, the opening day of the JCK show, but slowed over the weekend. Vendors reported they had fewer appointments than previous years, but buyers did come and placed orders for goods they needed to fill their immediate needs. Finished jewelry was stronger than loose diamonds and gemstones, as buyers sought out new collections for the end of year holiday season.

### **It's the economy**

Most explained the slowdown was impacted by the prevailing economic uncertainty, while rising competition from lab-grown has also impacted the market.

There was good demand for larger stones above 3 carats, reflecting the robust high-end luxury consumer who is not affected by fluctuating economic conditions.

“The higher end retailer and brands are not feeling the pinch of the economy,” explained Moshe Klein, president of Grandview Klein, a New York-based manufacturer and supplier of high-end goods. Others agreed, noting steady demand for larger stones.

Consequently, JCK Luxury – where Grandview Klein exhibited – and Couture were more upbeat than JCK Las Vegas, as those shows cater for brands and the luxury market.

In addition, the high-end customer is not interested in lab-grown, so this segment of the

market is not as affected by competition from synthetics as are commercial goods, Indelicato said.

The 1- to 3-carat category remains under pressure, dealers who spoke with *Rapaport News* agreed. That segment caters to middle America, which is feeling the effects of inflation and higher interest rates. With less money in their pockets, the average household is not prioritizing jewelry purchases. They're also shifting to lower price points, including to lab-grown diamond jewelry, which is selling at significant discounts to natural diamonds.

While demand has declined for 1- to 3-carat goods, supply continues to rise, Indelicato stressed. "The number of customers has peaked but we keep adding goods – both natural and lab-grown which are serving this same customer for now," he added.

Manufacturers have reduced their production and rough demand has slumped in recent months as they try to diminish their high polished inventory levels.

Meanwhile, lab-grown diamonds are cannibalizing the I1- to I3-clarity segment, as consumers can upgrade to cleaner synthetic stones where they can see the inclusions on those lower-quality naturals, several dealers observed.

But there was a notable disillusionment within the wholesale market about lab-grown as prices have declined dramatically over the past year. Many who jumped into synthetics during the growth spurt of the past two-to-three years have lost money and are exiting, noted one Israel-based supplier.

Meanwhile, there was stable demand for smaller stones, particularly the better-quality goods which are also supported by the high-end where these goods are used in design for fine jewelry.

"High-quality smalls are in demand and prices are stable," said Avraham Fluk, president

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of YDI, a supplier of better-quality small stones. “If you have good makes and good assortments, there are buyers.” Fancy shapes were another strong segment at the show, and it is difficult to find fine-quality fancies, several attendees reported.

## **Managing expectations**

Overall, sentiment was relatively positive at the shows considering the market situation. Attendees recognized the networking opportunities the Las Vegas events presented. It was the first show since the pandemic that you really felt things had returned to normal, noted one visitor who requested anonymity.

It’s not just about making those sales, it’s about nurturing relationships, and there is no better trade show that gives you that opportunity than JCK Las Vegas, she stressed.

Indelicato agreed, adding that the shows did not signal the market would suddenly boom in the second half of the year. However, there is still opportunity to capitalize on the show in the coming months, he stressed.

“Las Vegas this year was more about developing future business than closing immediate orders,” he said. “People are watching what they’re buying and so we expect more of the same in the second half. There’ll be a spike for the season, maybe a lower spike than usual, but America is working and there is business being done.”

*Image: Long lines reflect strong visitor traffic on the first day of the show, but activity slowed over the weekend. (Rapaport News)*