

Petra Diamonds Notes Shaky Demand



Petra Diamonds has extended its latest sale after experiencing “unusual market conditions” in certain rough categories, the miner said Tuesday in a trading update.

The company noted “some buildup in inventory [in the industry] pre-Diwali.” This prompted it to delay the closing of the tender for some of its gem- and near-gem-quality goods, especially in the 1- to 5-carat ranges, management explained. Prices in other sizes were in line with expectations, the company added.

The miner is monitoring the “macroeconomic uncertainties,” the impact of sanctions on Russian producers, and the continued effects of Covid-19 in China, it said.

The sale of rough from the Williamson mine in Tanzania took place in Antwerp from October 16 to 21. Production from the company’s South African deposits was available from October 10 to 20 in Johannesburg. Petra will confirm the sales results in mid-November.

In the first fiscal quarter ending September 30, revenue dropped 9% year on year to \$104.3 million, while sales volume slipped 10% to 520,011 carats. Production declined 13% to 763,220 carats, reflecting lower grades at the Cullinan and Finsch mines in South Africa.

“The backdrop of structural changes to the supply-and-demand fundamentals in the diamond market remains unchanged, and we anticipate it [will] remain supportive going forward, although we expect some short-term volatility driven largely by the ongoing lockdowns in China,” the miner said.

Petra maintained its production guidance of 3.3 million to 3.6 million carats for the current fiscal year, which runs through June 30, 2022. However, it said output was likely to be at the lower end of this range.

Image: The Cullinan mine. (Petra Diamonds)