

Petra's Rough Prices Sink Amid Softening Demand



Petra Diamonds' rough prices decreased at its latest tender, with the market weakening amid high inventory levels and manufacturing shutdowns.

The May trading session brought in \$42.1 million from the sale of 468,817 carats, while like-for-like prices fell 13% versus March, the miner reported Friday. Of the total, \$5.6 million came from the sale of a 354.04-carat stone from the Cullinan mine in South Africa.

"Petra's fifth tender...in line with others in the market, saw a softening in demand," said Petra CEO Richard Duffy. "The softer demand is attributed to inventory levels in the midstream and extended shutdowns by certain manufacturers following the recent India holidays."

The sales value was down 42% from March's \$72.1 million and was 51% less than the equivalent tender a year earlier, which occurred in May 2022. Sales volume dropped 7%

from March and 26% year on year, while the average price fell to \$90 per carat, compared to \$143 per carat at the previous tender.

Like-for-like prices of rough diamonds under 2 carats declined by double-digit figures relative to March, Petra added. Stones between 2 carats and 10.8 carats were down between 3% and 5%.

The miner withheld diamond parcels containing 75,880 carats of gem and near-gem quality rough in all size ranges due to the lower prices, it explained. The company expects demand to return in the next few weeks as the Indian holiday period comes to an end.

“With the extended holidays set to end in the coming weeks, demand is expected to improve, and the withdrawn parcels will be offered for sale at Petra’s Antwerp facilities during May and June 2023,” Duffy said. “This approach reflects Petra’s strategy of maintaining flexibility at its tenders to optimize pricing. We continue to see a supportive diamond market in the medium to longer term as a result of the structural supply deficit, despite the volatility seen in this current sale.”

Image: Ore processing at the Cullinan mine. (Petra Diamonds)