



STATE OF THE INDUSTRY

REPORT

THE LATEST DEVELOPMENTS IN THE LAB-GROWN SECTOR, FROM POPULARITY TO PRICING

EDUCATION

SCHOLARSHIPS AND GRANTS CAN MAKE YOUR GEMOLOGY CAREER MORE ACCESSIBLE

DESIGNER

MEET MALYIA MCNAUGHTON, A RISING STAR DEBUTING HER DAZZLING DIAMOND LOOKS AT JCK

ESTATE

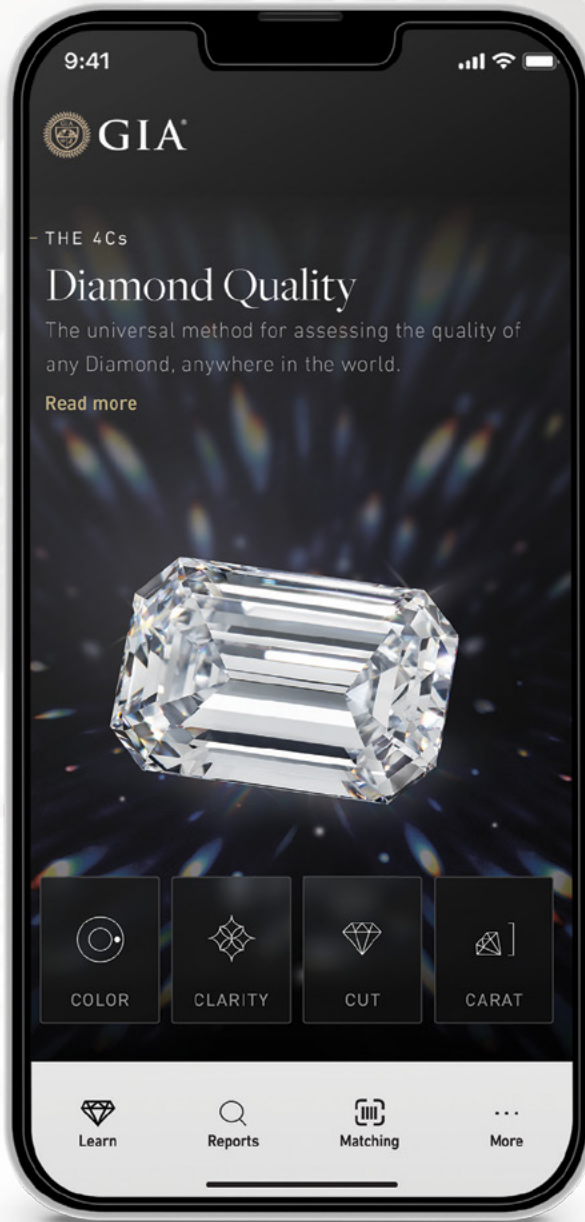
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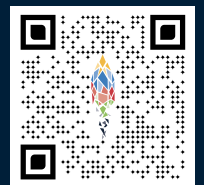
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RAPAPORT DIAMOND REPORT (USPS 0712-350; ISSN: 0746-9829)
IS PUBLISHED MONTHLY BY RAPAPORT USA, INC.
133 EAST WARM SPRINGS, LAS VEGAS, NEVADA 89119.



SUBSCRIPTIONS: US \$180 PER YEAR, OVERSEAS \$280 TO RAPAPORT DIAMOND REPORT, 133 EAST WARM SPRINGS, LAS VEGAS, NEVADA 89119. PERIODICAL POSTAGE PAID AT LAS VEGAS, NV, AND ADDITIONAL MAILING OFFICES.
POSTMASTER: SEND ADDRESS CHANGES TO RAPAPORT DIAMOND REPORT, 133 EAST WARM SPRINGS, LAS VEGAS, NEVADA 89119. COPYRIGHT © 2022 BY RAPAPORT USA, INC. ALL RIGHTS RESERVED. REPRODUCTION IN ANY FORM IS STRICTLY PROHIBITED. RAPAPORT DIAMOND REPORT®, RAPAPORT® MAGAZINE, INDEX®, INDEX - THE INTERNET DIAMOND EXCHANGE®, JEWELRY CONNOISSEUR®, RAPNET®, RAPAPORT®, AND DIAMONDS.NET® ARE TRADEMARKS OF RAPAPORT USA, INC.

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EDITOR'S LETTER



EDITOR'S PICK

The latest Muzo x Argyle collaboration, Majestique, is a dazzlingly luxurious collection. In my dream jewelry box: these Ivy earrings in 18-karat gold with octagonal step-cut, no-oil emeralds of 1.50 and 1.25 carats, 3.99 carats of white diamonds, and 0.32 carats of intense-pink diamonds.



KEEPING UP WITH LAB-GROWN

Trust Kim Kardashian to create a buzz — and a controversy — at a highly publicized event. Wearing the dress in which Marilyn Monroe famously sang “Happy Birthday” to President John F. Kennedy in 1962 was a move guaranteed to grab headlines. Surely the iconic gown belongs more to a museum than the Met Gala.

But it was her partner Pete Davidson’s choice of jewelry that I found more interesting. His custom-made pieces came from Antwerp-based Or & Elle, a fourth-generation family business that has embraced lab-grown diamonds. With a few man-made creations popping up at recent red-carpet events, it seems that synthetics have made it. Celebs are investing in lab-grown ventures, and stylists are adorning their clients with jewels branded as sustainable.

Our editorial team has put together a special report on this segment of the market (starting on Page 20), from how the lab-grown narrative has evolved to why some heritage houses are moving on from natural stones. The report also addresses the burning issue of pricing, as well as the role Lightbox has played in the way we view synthetics. I hope you’ll take the time to read it and let us know your thoughts.

And if you’re seeing this in Las Vegas, I wish you a successful and fun time at the shows!

Sonia Esther Soltani

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NOTE FROM THE PUBLISHER

SHOWTIME

Welcome to the important June show issue of *Rapaport Magazine*.

Our “State of the Diamond Industry” cover story highlights three vital areas of concern that are impacting our industry. The Russian invasion and resulting sanctions, economic transformation with surging inflation and higher interest rates, and the growing need for socially responsible ethical diamonds. It’s a must-read. These issues will also be presented at the Rapaport Breakfast and available online.

Synthetic man-made, lab-grown diamonds are also featured prominently in this issue. My own thoughts are that the big diamond brands will have to go with lab-grown melee now that Russian goods are off-limits. Regarding the bigger stones, at some stage, unlimited production and competition are going to drive their prices down even further. Jewelers are going to get caught with their pants down. Anyone want to buy back that \$5,000 lab-grown diamond engagement ring?

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Diamond trade gets to the source

With the Russia-Ukraine war continuing, source verification moved up the industry's agenda as companies worked to comply with both sanctions and consumer preferences.

"There has been huge interest from all the different players in the industry over the last month or two, since the conflict broke out, with regards to traceability," Sarine Technologies CEO David Block told *Rapaport Magazine* in mid-May. "What used to be regarded as something that's nice to have and maybe will happen in the future, people now understand this is something that is needed."

De Beers unveiled an expanded version of blockchain platform Tracr during May, noting that the geopolitical situation had accelerated its plans. The company can now trace all of its diamonds to the jewelry retailer; the platform stores each stone's specifications and gives it an identification number. Another traceability service that moved from its pilot phase to a full launch during the month was Belgium-based company iTraceiT. And earlier this year, the Gemological Institute of America (GIA) said it was developing a consumer-facing provenance program.

Meanwhile, the Rapaport Group banned Russian diamonds from its RapNet trading platform, regardless of where they were manufactured.

RETAIL FEELS THE PINCH

Brilliant Earth lowered its revenue guidance for 2022 as geopolitical and economic concerns weighed on retail demand. The online-focused jeweler expects sales of \$450 million to \$470 million, versus an earlier outlook of \$485 million to \$500 million.



BLUE RIBBON

The much-hyped De Beers Cullinan Blue sold for HKD 450.9 million (\$57.5 million) at a special Sotheby's auction in Hong Kong.



ROCKING THE SHOW

This pear-shaped, 228.31-carat, G-color, VS1-clarity stone made history as the largest white diamond ever to sell at auction. Named The Rock, it fetched \$21.9 million at Christie's Magnificent Jewels in Geneva on May 11.

BRILLIANT EARTH UNDER FIRE

Brilliant Earth removed a promotion from its advertising material after competitor Blue Nile lodged a complaint with a regulatory body. The ad for "free diamond earrings" was misleading because it failed to disclose that the complimentary jewelry contained lab-grown stones, Blue Nile argued. Blue Nile brought the matter to the National Advertising Division (NAD), part of industry self-regulator BBB National Programs.

MOVERS & SHAKERS



The London Diamond Bourse (LDB) has elected DAVID TROOSTWYK as vice president. Troostwyk, director of polished-diamond company Salotro, is already a member of

the UK exchange's board and works closely with the Young Diamantaires group. The election took place on May 12 at the bourse's first in-person annual general meeting since 2019. Alan Cohen will remain as president.



MOSHE SALEM will serve another term as president of the Diamond Club West Coast (DCWC). Salem is president of MS Diamonds and Jewelry and has been part

of the DCWC since 1988. The vote that reaffirmed his appointment also saw Kalpesh Jhaveri and Antranig (Tony) Ayzavian reelected as co-vice presidents. Founded in 1946, the Los Angeles-based DCWC has about 275 members.



The American Gem Society (AGS) has named LISA BRIDGE as president of its board of directors. The CEO of US retailer Ben Bridge Jeweler will serve a one-year term,

taking over from Michael Richards of Underwood Jewelers. The AGS made the announcement at its annual Conclave in Oklahoma City, Oklahoma, in April. Alexis Padis, president of Padis Jewelry, will become the group's president-elect.

49%

Jewelry sales at Richemont grew 49% to EUR 11.08 billion (\$11.7 billion) for the fiscal year that ended March 31, amid a global market recovery. The US and Europe put in strong performances, said the company, which owns Cartier and Van Cleef & Arpels.

INDIA SEEKS LARGER SHARE OF LAB-GROWN MARKET

India's Gem & Jewellery Export Promotion Council (GJEPC) has asked the government for help promoting the country's lab-grown diamond industry. Among the group's proposals is to include synthetics in the production-linked incentives (PLI) scheme, which encourages manufacturing by offering benefits to businesses. The sector has the potential to contribute 150 million carats of polished stones a year and employ one million workers, the council estimated.

RESTORING THE LAND

Nongovernmental organization Resolve has launched a project to rehabilitate land affected by artisanal and small-scale diamond mining in Africa. Starting in Sierra Leone, the Peace Diamonds Restoration Initiative will combat problems such as the loss of farming land. Many pits fill up with water and become safety hazards when miners leave, Resolve explained.

ALROSA MIGHT SELL ROUGH TO GOKHRAN

Russia's state gem depository could buy diamonds from Alrosa this year, the country's finance minister reportedly said. The potential move comes amid Western sanctions against Russia and Alrosa that have threatened the company's ability to sell rough. "We do not rule out the possibility of Gokhran purchasing diamonds produced by Alrosa," Reuters quoted Anton Siluanov as saying in late April. "The amount will be determined later."

END IN SITE?

Petra Diamonds announced it was "exploring a responsible exit" from its Koffiefontein mine in South Africa. It may be possible for another owner to extend the site's life span beyond its current scheduled closure date of 2025, management noted. The company has begun a "right-sizing" operation at the mine and expects to reduce worker numbers.



Miners at work at the Koffiefontein site.

IMAGES: SOTHEBY'S, CHRISTIE'S, PETRA DIAMONDS, RZF IMAGES

FAIR VALUE

Sarine Technologies has begun pricing certain diamond scans according to stones' value rather than purely by weight. This enables clients to put large but cheap rough through Galaxy planning machines at a lower cost, the company said. Scanning these items had been uneconomical when it was weight determining the prices.

IN MEMORIAM



FAWAZ GRUOSI has departed his position as creative consultant to the jewelry house that bears his name. Gruosi failed to reach a licensing deal with holding company Creative Luxury Holding (CLH) for his name and the brand following lengthy negotiations, *Rapaport Magazine* understands. Gruosi is also the founder of De Grisogono, a Swiss luxury jeweler that he left three years ago.



SANJAY SHAH, a partner at Indian diamond manufacturer KBS Group, has died. Shah was a convener of the diamond panel committee at the country's Gem & Jewellery Export Promotion Council (GJEPC), and was an active member of the trade group's committee of administration. He was a board member for the World Diamond Council (WDC) and the International Diamond Manufacturers Association (IDMA).



STEVEN KAISER, longtime Swiss watch specialist and CEO of Kennedy North America, died suddenly on May 20 at the age of 68. During his time in the industry, Kaiser served on the board of directors of various industry organizations, including the Jewelers' Security Alliance (JSA), where he had been chair since 2019. He is survived by his wife of 39 years, Vivian, and his two children, Jeff and Emily.

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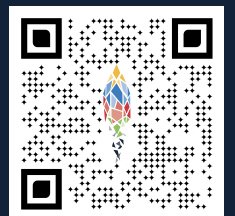


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SEPARATED AT EARTH

Miners are turning to X-ray transmission (XRT) sorting to help them single out exceptional stones in bigger sizes. BY SARAH JORDAN

Sorting is an important part of the diamond recovery process, and how that sorting is done can make all the difference in finding headline-worthy, multi-million-dollar stones amid the smaller and less remarkable ones. The conventional method is dense media separation (DMS), which uses gravity to sort the stones through a solution of water and mineral powder. However, in recent years, X-ray transmission (XRT) technology has started becoming the industry's preferred option, both as a standalone choice and as a complement to DMS. XRT has proven itself to be cost-, waste- and energy-efficient for miners, helping them recover greater quantities of intact large stones.

XRT technology is analogous to an airport baggage scanner. It detects carbon at an atomic level, then ejects any carbon-based material via air jets over a splitter plate and into a concentration chute. It does this at high speeds, moving ore at approximately 3 meters per second and scanning 10,000 particles per second, according to Geoffrey Madderson, CEO and cofounder of

engineering-solutions company Stark Resources, which helps clients optimize their processes. Along with speed, XRT has a high degree of accuracy and relatively low operating costs per ton, allowing miners not only to recover exceptional stones of over 20 millimeters (about 40 to 60 carats), but to do so economically.

"X-ray technology has been around for many years," notes Anthon Voight, post-design engineering manager at De Beers Group Ignite. XRT can simplify the entire diamond recovery process, make plants more efficient, and improve diamond recovery rates, he continues, "resulting in smaller footprints, lower environmental impact and reduced operational costs, with greater return on investment."

THE MANY VS. THE FEW

Prior to 2015 — when early adopters like Lucara Diamond Corp. were beginning to use XRT for primary diamond recovery — exceptionally large diamonds were typically hand-picked, like the 3,106.75-carat Cullinan and 21.25-carat Eureka rough stones

from South Africa. Sorting methods at the time couldn't economically prioritize retrieving these rare goods while remaining efficient. Since each ore body has a different distribution of diamond sizes within it, miners would calibrate the sorting process to find the sizes most likely to occur at a given mine

"[THIS METHOD RESULTS] IN SMALLER FOOTPRINTS, LOWER ENVIRONMENTAL IMPACT AND REDUCED OPERATIONAL COSTS"

site. In other words, the system was optimized to find the many, not the few. And because methods like DMS involve crushing the ore first, there is a greater chance of breakage, and therefore a lower chance of retrieving large stones.

However, XRT has changed this landscape, allowing for more accurate sorting across many different size ranges. "XRT offers a cost-effective mechanism for recovering large diamonds that other technologies do not provide," Madderson states. For sizes of 25 to 30 millimeters (90 to 200 carats) or more, "DMS becomes extremely expensive to operate ▶



COM Tertiary XRT sorter at Lucara Diamond Corp.'s mine in Botswana.



From top: Containerized COM XRT 2.0 sorter at the Letšeng mine in Lesotho; the 813-carat Constellation diamond from Lucara Diamond Corp.

“THE TECHNICAL CHALLENGE REMAINS IN THE FINER SIZES FOR HIGH-CAPACITY MACHINES... THIS IS AN AREA OF ONGOING, FOCUSED R&D”

relative to the number of diamonds recovered. XRT solutions also have a power consumption that is up to a factor of 10 less than what DMS would be.”

Lucara uses XRT for size ranges of 4 to 100 millimeters — anywhere from 0.40 to 7,500 carats — though larger is possible, says John Armstrong, the company’s vice president of technical services. “At our Karowe mine, we have recovered three diamonds greater than 1,000 carats since 2015, all using XRT bulk sorting.” These stones include the 1,758-carat Sewelô diamond and the 1,109-carat Lesedi La Rona.

Stones greater than 10.8 carats account for some 60% to 70% of Lucara’s revenue from Karowe. The high proportion of big diamonds in the ore body makes it worthwhile for the company to use XRT over other methods.

“The strategic location of the XRT machines allows Lucara to benefit by recovering large high-value goods as soon as possible after [their removal from the ground,] decreasing the potential for value loss through damage or breakage,” Armstrong says.

THE RACE TO EFFICIENCY

The leading makers of XRT diamond-sorting systems are Germany-based Tomra — which has the lion’s share of the market and is Lucara’s provider of choice — and Steinert, although some miners use proprietary in-house technologies.

“Tomra XRT technology is advancing at a rapid pace” and can now guarantee its customers more than 98% recovery, says Ryan Szabo, the company’s sales project manager for diamonds.



The real race for XRT purveyors, though, is to find faster and more accurate ways to recover smaller stones.

“The technical challenge for XRT remains in the finer sizes for high-capacity machines as direct alternatives to conventional diamond recovery plant technologies,” says Voight. “This is an area of ongoing, focused R&D.”

It’s also been the main focus of XRT companies’ marketing. Tomra boasts that it can sort goods as small as 2 millimeters (about 0.05 carats). For Madderson, however, it’s the broader potential of improved diamond recovery that’s of greater interest to the supply chain. “It is not about pushing as much as possible through an ore sorter. Clients want effective ways of recovering all diamond types and increasing their overall recovery performance.”

Fewer broken diamonds means the miner gets more value from the ore deposit, he explains. And “the higher the revenue of the mining company, the more taxes they pay, and the more the country can reinvest into its people and infrastructure.”

As such, XRT technology is not just changing the landscape of diamond recovery, but rippling outward to add value to the entire supply chain. ■

PAYING YOUR WAY

Want to study gems and jewelry but can't afford it? The industry has a wealth of scholarships that can help.

BY ADRIANNE SANOGO

The conundrum: You're short on cash but long on ambition. How do you pay for the courses and training you need to succeed in the gem, jewelry and watch industry? My own journey started with the Gemological Institute of America's (GIA) online distance learning program. The challenge: I didn't have enough funds. That's where scholarships and grants can make a difference. At the time of my enrollment, three of the scholarships I received were conveniently listed on the GIA website. Now you can visit each website directly (see box). Because I'm forever grateful for those opportunities, I'm dropping tips and other gems to help with your scholarship search.

AID FROM THE GIA

Both new and current GIA students are eligible for GIA scholarships, says Wendy Wang, the institute's director of financial aid. "There are scholarships for in-person and remote learning, depending on which GIA school and programs the student is interested in. There are two application cycles each year — one in the spring, and the other in the fall," with specific dates available on the GIA website.

When applying, it pays to be thorough, she advises. "The number of scholarships ...and the amount of each award will vary by campus location, so it is important to submit a strong application with all the necessary documents and required supporting material. If there is anything that is optional on the application, I always encourage applicants to include it. Sometimes that bit of information can really make the difference."

SEND IN THE MARINES

Even though I did not receive a full scholarship from the GIA, I found a

useful item on its website: the Marine Corps Scholarship Foundation (MCSF). Discovering I was eligible for a scholarship based on my father's service in Vietnam as a US marine after 50-plus years was gold.

The foundation has two scholarship applications, according to Claire Niemann, its communications manager: Undergraduate and Associate Degree, which is for students entering a bachelor's or associate's program, and Career and Technical Education, which is for those "pursuing a non-degree certificate program [of] less than 12 months."

Unlike in the more competitive GIA aid programs, "all eligible applicants who submit a completed application by the deadline will receive a scholarship award," Niemann says. To get details on eligibility, visit the MCSF's website.

GIRLS JUST WANT TO HAVE FUNDS

The Women's Jewelry Association (WJA) Foundation is another resource. I received its Cindy Edelstein scholarship, which

helped me get the lab equipment and remaining courses I needed to complete the GIA's graduate gemologist program.

Currently, the foundation offers nine different types of grants and scholarships to WJA members and non-members alike. "If you're a student, membership is free with proof of enrollment in a part-time or full-time jewelry-related educational program," says Rachel Jurisz, the group's membership and operations manager. The foundation's partnership with insurer Jewelers Mutual Group offers a merit-based \$5,000 grant for US military veterans' professional growth within the jewelry and/or watch industries. The aim is to lend support to women veterans who continue to serve their communities through their work in jewelry. Application will be open from September 1 to October 31 this year.

Then there are the WJA Diversity Scholarships for GIA Education. This partnership between the foundation and the GIA offers scholarships for the institute's courses — both online and in person — to students who want to advance their careers in jewelry essentials, jewelry design, diamonds, and colored stones. The scholarship is open to Black, Indigenous and people of color (BIPOC) and LGBTQIA+ applicants.

The WJA foundation also has the Radiant Mind Technology Scholarship, which it launched last month with the Black in Jewelry Coalition (BIJC) and Gem+Jewel, a Jewelers Mutual Group company. "This new scholarship is open to women of color who are interested in serving in organizational roles in the jewelry industry that require technological skill sets related to front- and back-end development, user experience design, and coding," explains Jurisz. The deadline for application is June 30.

If none of these options is right for you, contact your human resources department, trade associations, learning institutions, or places of worship — and don't forget to review your military benefits. Good luck! ■

WHERE TO LOOK

THE GEMOLOGICAL INSTITUTE OF AMERICA (GIA) FINANCIAL ASSISTANCE PAGE:
gia.edu/gem-education-financial-aid

GIA SCHOLARSHIP INSTRUCTIONS:
gia.edu/gem-education-scholarship-instruction-information

THE MARINE CORPS SCHOLARSHIP FOUNDATION (MCSF):
mcsf.org

WOMEN'S JEWELRY ASSOCIATION (WJA) FOUNDATION SCHOLARSHIPS:
womensjewelryassociation.com/grantscholarships

ON THE THRESHOLD OF RADICAL CHANGE

New supply chains and technology are the drivers for this transformation in the diamond industry.

On the supply side, 15 countries on the African continent now provide 50% of global diamonds. The five largest African mining countries (Angola, Botswana, Namibia, South Africa and Zimbabwe) recover over 35 million carats of diamonds from their mines.

Nevertheless, most of the rough diamonds from African mines are either sold in auctions or through supply contracts with miners. Until now almost 90% of the rough stones traded are cut and polished in Surat, India. The finished gems pass through traders in Antwerp, Belgium or in Dubai who supply them to the retail market. Thus, the average gem travels around the globe before it reaches the customer.

This inefficient distribution system is about to change. In a bid to increase their share of the value chain, African mining countries have placed restrictions on the export of large carat stones. They are also investing in diamond polishing facilities to export gems instead of stones.

The major challenge facing these countries is that the traditional way of cutting and polishing diamonds requires specific manual skills.

In a conventional process, there are five steps for finishing a diamond: sorting the rough, planning for manufacturing, sawing the rough into a preliminary shape, shaping the girdle and polishing the facets. Each step is carried out in a separate production facility. It takes an average of a fortnight to convert a stone into a polished gem, but with all the middlemen, transport and customs, the entire process can take up to 6 months.

Once the rounded shape of the rough is formed (bruting), the most difficult operation is to form the facets of the diamond. The polisher places the rough on a rotating arm called tang and uses a spinning wheel to create reflective facets on the diamond. In the first operation, the polisher cuts eighteen facets. In the second operation, the remaining facets are added, bringing the total to 57 facets. The brilliance of the diamond is determined at this stage.

A well-cut diamond reflects and refracts light. These optics are due to careful polishing. The symmetry and proportions must be right to direct the maximum amount of light. The beauty of modern diamonds is thanks to the perfection of the diamond polisher's art.

To replace the need for such polishing skills, mining countries are relying on technology. The new generation machines use

lasers and 5-axis-CNC technology to replace the skilled labour needed for cutting and polishing diamond stones.

The only fully automated laser solution is Synova's DaVinci Diamond Factory®. This laser machine combines three operations: cutting, bruting and faceting.

For the first operation of cutting the stone (sawing), the DaVinci machine saws the stone along a marking to provide a flat table surface for the shaping operation.

In the next operation, the stone is glued on a specific patented holder (with the help of a setting station that is part of the



DaVinci system). The system is equipped to import third party software used for scanning the stone and planning for optimized use. After carrying out an optical alignment to establish a centre point in the cut stone, it first shapes the facets on the pavilion. This is where the laser beam can cut off large diamond chips that can be used for

smaller gems, a huge advantage of laser shaping compared to mechanical shaping. Thereafter, it cuts the upper girdle facets and all crown facets. A round diamond has 57 facets.

Finally, the spindle rotates ninety degrees so that the laser beam does the girdle bruting. Unlike in the manual procedure, bruting (girdle cutting) can be performed as last operation.

A short manual polishing operation is needed to remove the



carbon layer, generated by the laser ablation, as well as to smoothen the surface of the facets.

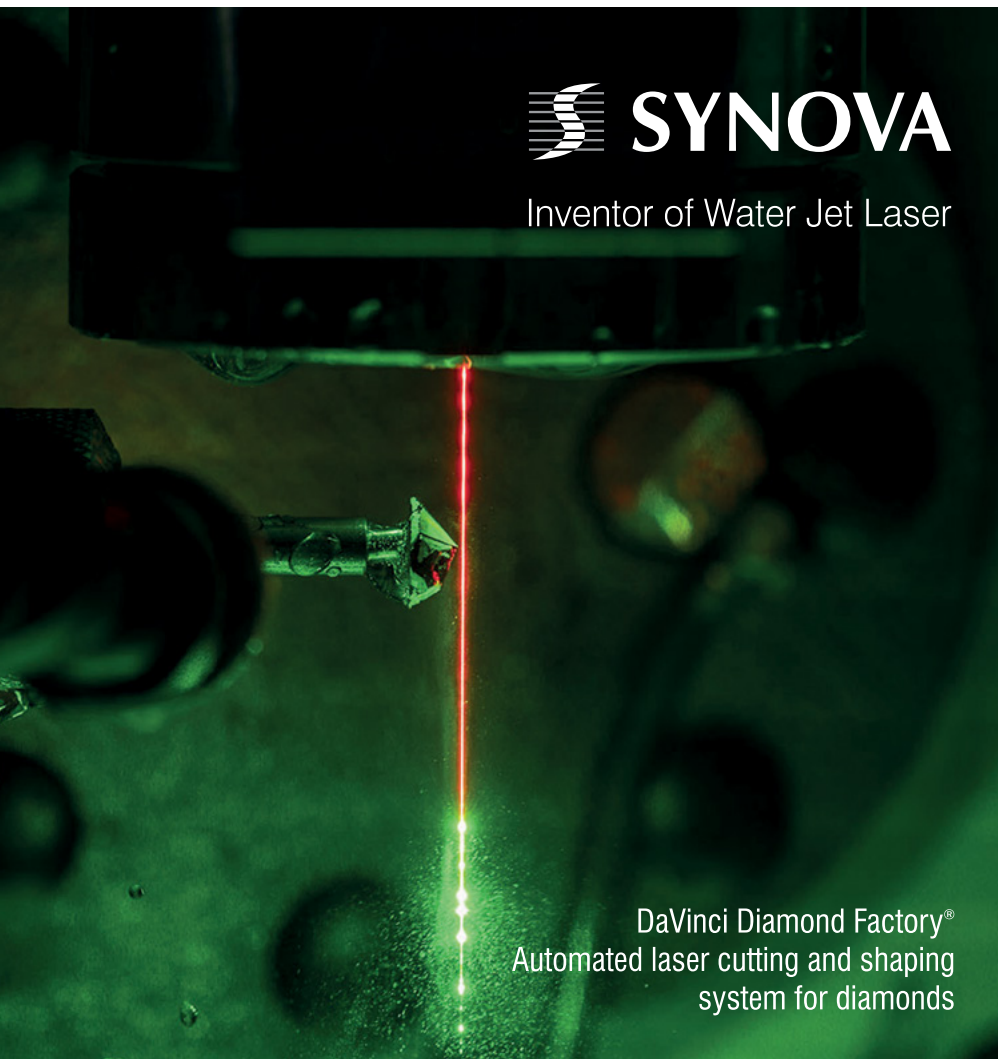
The mere concept of converting a raw diamond into a finished gem in a matter of hours, instead of weeks, is mind boggling. The Synova DaVinci Diamond Factory system, installed in factories in South-Africa and soon in Botswana, offers two key major advantages. For one, there is no need for manual polishing skills on a larger scale. For another, by combining several workflows in one machine, the production time is strongly reduced.

Furthermore, by linking the system to planning hardware, it is possible to convert a raw stone into a polished gem in a single production process. In such a scenario, the raw diamond will be mapped, planned and polished in a production line with a throughput time of a few hours.

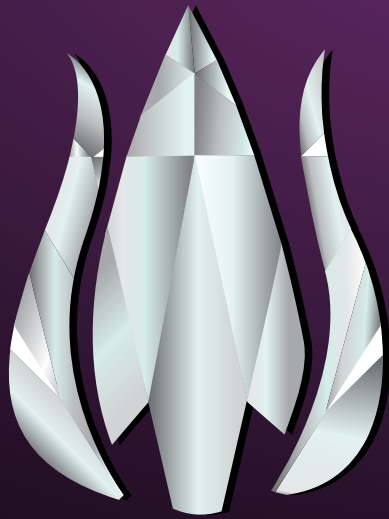
There can be further automation. In the inspection phase, artificial Intelligence can be used to assist inspectors for diamond grading.

This new technology has immense potential. It will change the way that diamonds are ordered and distributed. It will be possible to manufacture individual gems according to on-line customer orders.

Digitalization and artificial intelligence are changing the economics of the diamond industry. Those who are slow to adapt to these new technology disrupters risk missing out on the next economic boom.



“Destination To Satisfy Any Sourcing Needs”



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ADDED VALUES

Sustainability, tolerance and fairness are paramount for the owners of Robert Goodman Jewelers, who see these principles as crossing partisan lines.

BY SONIA ESTHER SOLTANI

A quick look at the exterior of Robert Goodman Jewelers in Zionsville, Indiana, instantly reveals the proprietors' position on social justice and peaceful coexistence. A rainbow flag and banners that read "Black Lives Matter" and "Hate Has No Home Here" by the entrance are clear signals. The owners, third-generation jeweler Bob Goodman and his wife Rose-Marie, opened the store in 2000, making it into a warm and welcoming community hub. Guns are banned, and a lending library and multi-faith event celebrations foster education and tolerance. Some of the jewelers' core values include working with designers as partners, reducing the environmental impact of their business, and making sure their gems are responsibly sourced. "We believe that jewelry can make a positive difference" is one of the retailer's mission statements.

Goodman is convinced his positions reach beyond political partisanship. "We have a very, very conservative industry. But I don't think that being conservative or liberal has anything to do with this conversation," he insists. "It's the conversation of right and wrong."

REACTING TO RACISM

The couple took a strong stand for fair representation following the May 2020 murder of George Floyd at the hands of a police officer in Minneapolis, Minnesota. Goodman points out the "inexcusable" treatment of Black, Indigenous and people of color (BIPOC), stating that "the lack of fair and equal opportunities that we have seen historically in our industry is an abomination, and it's something that we, as generational jewelers, should be embarrassed about."

Another watershed moment for the retailer was the Russian invasion of Ukraine, which sparked conversations — some uneasy — with suppliers of melee diamonds, the category that the store's featured designers use most. "Our challenge has not been purchasing loose [stones] in terms of melee, it's been communicating [our position] since February 24," Goodman says. "I feel guilty saying since February 24, because there were obviously issues that, personally and as an industry, we should have been more connected to — since 2014, when the eastern part of Ukraine and Crimea were taken over by the Russian Federation and President [Vladimir] Putin.... I feel guilty that we didn't

react to it, in the same way I feel guilty that we didn't react to the systemic racism in our society and in our industry specifically."

The Goodmans discussed sourcing with their suppliers in New York to make sure no stone from the Russian Federation, including miner Alrosa's African production, would be part of their parcels from now on. They also don't see Kimberley Process (KP)-certified goods as a guarantee anymore.

"The KP was a response to the outrage of blood diamonds... but what's happening on the ground is much broader, and the human rights violations are much broader than what it addressed originally. It's obsolete and needs to change," Goodman declares.



Bob and Rose-Marie Goodman.
robertgoodmanjewelers.com

BEYOND SOURCING

The jeweler looks to recycled and artisanally mined goods as an alternative. Eight years ago, Goodman and his wife started buying creations by designer Jennifer Dawes, an early proponent of ethical and sustainable sourcing.

"Rose-Marie and I made the decision that responsible jewelry was going to be the heart and soul of what we carried," Goodman says.

They worked with consultant Christina Miller to set up a checklist explaining their sourcing process for their designers. The jeweler encourages the brands he carries to source stones from responsibly mined and traceable suppliers such as Anza, Nineteen48 and Capricorn Gems, and mark them up.

"They will make a profit, so I'm not trying to cut the designer's profit out of this by buying

directly and then supplying this stone to them, because that's treating them as a partner," explains Goodman.

The same ethos guides his purchasing strategy; he takes almost no goods on memo. "I think it is unconscionable for retailers to buy three pieces and then ask for 15 on consignment. They're essentially telling small designers, "Be my bank, finance me."" As a result, Goodman continues, designers go direct to consumers. "Retailers can complain about it, but we have made designers come up with a new model so they can survive."

Goodman and his wife are happy to help other small retailers embrace a social responsibility strategy, he says. "We want to share with them to not be worried about losing value, about customers not coming in or trashing you on social media because of the position you're taking. Take a position." ■

A SECURE WAY TO BUY AND SELL LABORATORY-GROWN DIAMONDS

By the Gemological Institute of America (GIA)

LGDR GIA

LABORATORY-GROWN DIAMOND REPORT

February 16, 2021
 GIA Report Number: 6214478949
 Identification: Laboratory-Grown
 Shape and Cutting Style: Round Modified Brilliant
 Measurements: 9.65 - 9.72 x 6.34 mm

LABORATORY-GROWN DIAMOND SPECIFICATIONS

Carat Weight: 2.60 carat
 Color: D
 Clarity: SI1

ADDITIONAL INFORMATION

Polish: Excellent
 Symmetry: Excellent
 Fluorescence: Medium Blue
 Inscription: GIA 6214478949, LABORATORY-GROWN
 Comments: This is a man-made diamond produced by CVD (Chemical Vapor Deposition) growth process and has evidence of post-growth treatments to change the color.

PROPORTIONS

medium
 slightly in2x (tablecut)
 none
 Profile not to actual proportions

CLARITY CHARACTERISTICS

KEY TO SYMBOLS
 Feather, Inherited Crystal Surface, Growth Remnant, Crystallite Surface, Growth Remnant, Growth Remnant

GIA COLOR SCALE

GIA CLARITY SCALE

LABORATORY-GROWN DIAMOND SPECIFICATIONS

Shape and Cutting Style: Round Modified Brilliant
 Measurements: 9.65 - 9.72 x 6.34 mm
 Carat Weight: 2.60 carat
 Color: D
 Clarity: SI1

PROPORTIONS

Depth: 65.5%
 Table: 58%
 Girdle: Medium to Slightly Thick, Faceted
 Culet: None

*This GIA Laboratory-Grown Diamond Report describes color and clarity specific diamonds grown in the laboratory. The specifications do not compare to natural diamonds. For more information on laboratory-grown diamonds, including how to identify them from natural diamonds, visit the GIA website at www.gia.edu/LGDR.

This report is not a guarantee or warranty. For additional information and important limitations and conditions, please see Backmatter on page 2 (GIA 6214478949 - 1/24/21/2021). ©2021 Gemological Institute of America, Inc.

Laboratory-grown diamonds are increasingly available in greater quantities, higher quality and new colors at price points that many find attractive. It is no wonder, then, that laboratory-grown diamonds are a growing presence in the marketplace.

Laboratory-grown diamonds are appealing options for consumers looking for affordable, attractive alternatives to natural diamonds. They make it easier for consumers to size up or go higher in 4Cs quality. They also come in vibrant colors such as pink, blue, or green that are incredibly rare in natural diamonds. Finally, they are often the go-to for consumers who are looking for diamonds that are ethically sourced or created in an environmentally-friendly way.

WHY ARE GIA LABORATORY-GROWN DIAMOND REPORTS IMPORTANT?

Are you and your staff prepared to identify or to recognize the quality of laboratory-grown diamonds that you come across? Virtually impossible to separate from natural diamonds with the unaided eye, laboratory-grown diamonds require testing to determine their identity. We at GIA want to ensure that both you and your clients always know the identity and quality of what's being purchased. That is why we updated our reports for laboratory-grown diamonds in 2020. The GIA Laboratory-Grown Diamond Report (LGDR) makes it easier than ever before for consumers to know the identity of their diamonds as well as fully understand their quality.

KEY FEATURES OF THE UPDATED LGDR

When a laboratory-grown diamond is submitted to our laboratory, it is first examined to determine if it is natural or laboratory-grown. Then, GIA graders evaluate it using the 4Cs, a standard of evaluation created by GIA and implemented all over the world. Our graders evaluate each laboratory-grown diamond with the

same meticulous care as natural diamonds. The GIA Laboratory-Grown Diamond Report provides detailed color and clarity specifications, honing in with greater insight than ever before and allowing consumers to make crystal-clear decisions. The report also includes a plot of the stone's clarity characteristics.

Using spectroscopy and other advanced testing methods, GIA graders can determine how a diamond was grown – through the high-pressure, high-temperature (HPHT) method or the chemical vapor deposition (CVD) method. This information is then included in the report. In addition to

OUR NEW REPORT SERVES UP THE BRILLIANCE YOU EXPECT FROM THE INSTITUTE YOU TRUST

stating a diamond's growth method, the Laboratory-Grown Diamond Report also states whether any post-growth treatments were detected. Diamonds, whether laboratory-grown or natural, can be treated using the HPHT method to acquire a fancy color, such as pink, blue, green or yellow, or to improve the color of a D-to-Z diamond. GIA's LGDR lets consumers know whether their diamonds have been treated in this way to enhance their color.

A DIGITAL REPORT

Our updated Laboratory-Grown Diamond Report is entirely digital. Through the GIA Report Check service on GIA.edu, diamond information can be viewed anytime, anywhere

at consumers' convenience in a secure way. Digital reports improve sustainability and security by storing data securely and reducing the paper and energy needed to produce and transport reports each year. As we continue to advance in technology and consumer protection, we promise that no matter the medium – paper or digital – we will continue to deliver vital gem data and knowledge to the clients that need them.

WHY GIA?

Determining diamond identity, growth method and treatment require scientific expertise. At GIA, we are uniquely positioned to provide this information due to our over 60 years of diamond research, the knowledge we have gained from grading millions of diamonds every year, and the information we collect from growing CVD diamonds in-house for research purposes. Grown by science, laboratory-grown diamonds deserve the expertise of scientists. Our new Laboratory-Grown Diamond Report serves up the brilliance you expect from the institute you trust. Knowing the identity and quality of the diamonds that you purchase and sell can help you confidently add laboratory-grown diamond inventory to your store and help add sparkle to your clients' shopping bags. gia.edu ■



STATE OF THE DIAMOND INDUSTRY - 2022

BY MARTIN RAPAPORT



The diamond industry is undergoing fundamental disruption as political, economic and social forces break the supply chain, reduce demand, and shift consumer attitudes. We are heading into a perfect storm with new realities, challenges, and opportunities.

Much of the change is external, beyond our control, sudden and shocking. Other changes have been building for a long time and are now activated due to the Russian invasion and sanctions.

So much is happening at once that it is difficult to process the consequences. The situation is confusing and creating great uncertainty about the future. What will happen? What should you do?

“MONEY IS BEING WEAPONIZED”

RUSSIAN INVASION

The Russian invasion of Ukraine is a global game changer. We are witnessing the start of an economic world war pitting the US and EU (West) against Russia and probably China (East). Sanctions are forcing countries and companies to cease economic activity with each other. International banks are refusing transactions with Russia out of fear they may be sanctioned and excluded from the global dollar-denominated financial system. Money is being weaponized.

The era of East/West free trade is ending. Globalization is bifurcating as national security interests define economic friends and foes. Getting the best products at the best prices is no longer the first rule of business. Who you do business with is more important. Compliance dominates decision making. Politics is more important than prices.

The war and resultant sanctions are intensifying shortages. Supply chains already under pressure due to Covid are now further disrupted if not entirely closed. Critical commodities are under increasing pressure. Since the invasion, oil and wheat prices are up 21% and 26% respectively as of May 22, and US inflation is up 8.26% as of April. A primary economic impact of the invasion is global inflation.

Sanctions will have a dramatic effect on the diamond trade. In 2021, Russia’s Alrosa produced 32.4 million carats ▶

EXECUTIVE SUMMARY: ISSUES AND OUTCOMES

1. RUSSIAN INVASION

- A.** Bifurcation of supply chain and marketing channels: “Russian Source” and unknown-source diamonds vs. “Ethical Source” documented diamonds from known suppliers. Ethical diamonds will cost more and trade at higher prices than Russian or unknown-source diamonds.
- B.** Russian Source goods will go to Chinese and international buyers, reducing demand for non-Russian diamonds.
- C.** Shortages of “Ethical Source” diamonds may develop based on US demand.
- D.** Higher-level compliance requirements requiring beneficial ownership documentation.
- E.** Increased Inflation with higher energy and food prices.

2. ECONOMIC TRANSFORMATION

- A.** Significant reduction in US disposable income will reduce overall diamond demand.
- B.** Stimulus finished. Inflation surging. Higher interest rates. Higher mortgage rates.
- C.** Reduced wealth effect. Stock market decline, lower real estate values.
- D.** Wage cycle inflation.
- E.** Reduced demand from China due to Covid.

3. SOCIAL RESPONSIBILITY

- A.** Western buyer demand for supply chain monitoring increases as Russian sanctions sensitize consumers.
- B.** Increasing demand from socially responsible millennials.
- C.** Trade organizations unable to provide and enforce socially responsible ethical standards. Continued greenwashing of human rights violations by Kimberley Process.
- D.** Private sector takes responsibility for ethical diamonds with independent standards.
- E.** Brands move to synthetics for fine-quality melee.

ANALYSIS

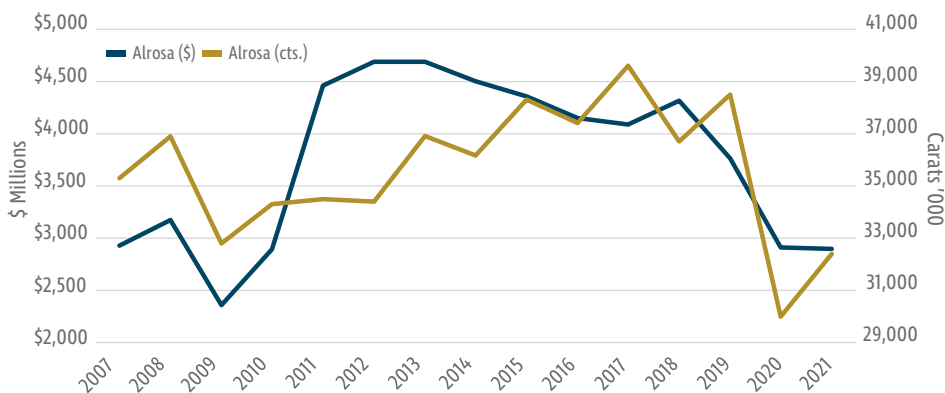
There are three primary forces impacting the diamond industry.

1. Russian Invasion
2. Economic Transformation
3. Social Responsibility

It is useful to consider three perspectives: political, economic and social.

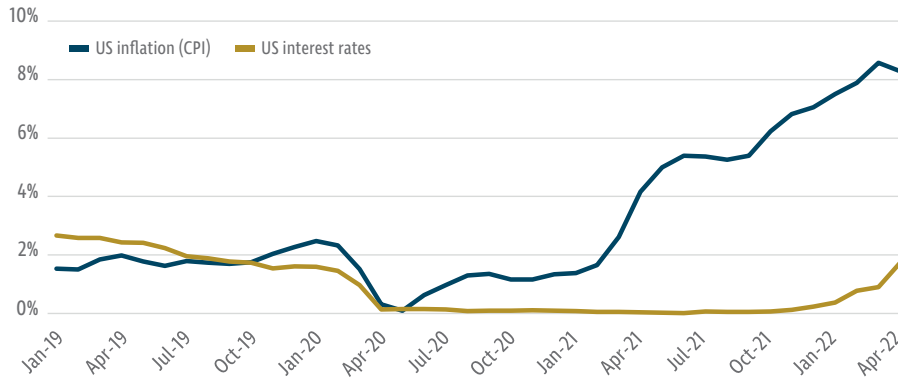
We should also consider how forces interact to intensify their impact. For example, the Russian invasion significantly increases inflation, as do Covid’s supply chain disruption and US excess money supply.

ALROSA ANNUAL ROUGH PRODUCTION



Based on company results, Kimberley Process data and Rapaport estimates. 2021 total based on previous years.

US INFLATION & INTEREST RATES



Based on US Bureau of Labor Statistics and Federal Reserve Economic Data.

of rough diamonds valued at \$2.898 billion. That's 25.5% of global carats and 23.97% of the value of total global rough production. India, the manufacturer of about 93% of the world's diamonds, is trying to maintain a neutral position regarding the sanctions. But so far international banks are not willing to handle payments to Alrosa, nor are shipping and insurance companies willing to move the diamonds out of Russia to any destination. For now, there is no way to pay for or move Russian diamonds.

The powerful short-term effect of sanctions is mitigated by extensive polished inventory, India's vacation season, and a slowdown in Chinese polished demand due to Covid. Indian manufacturers are also shifting production to synthetic man-made diamonds. Over the medium to long term, it is likely that payment and shipping solutions will be found, allowing the Russian goods to reenter the diamond markets.

A legal loophole in the regulations limits US sanctions to "Russian Origin" diamonds, which are rough diamonds mined or polished diamonds manufactured in Russia. If diamonds are cut outside of Russia from Russian rough, they are deemed to have been "substantially transformed" and therefore are no longer "Russian Origin" and not subject to sanctions. For example: If an Indian manufacturer buys US-sanctioned

Russian rough diamonds and cuts them in India, such polished diamonds are not subject to any sanctions and can be legally imported into the US with no restrictions. We call these polished diamonds cut outside Russia "Russian Source" diamonds.

Another important factor is the role of China and the development of alternative non-dollar payment systems. China can purchase Russian rough that will then be cut in China or India. We expect Russian diamonds to find their way into the market and sell to buyers from China and other neutral countries not sanctioning Russia. Legally the US sanctions on Alrosa are ineffective due to the "Russian Origin" limitation.

The primary effect of the Russian sanctions will be the bifurcation of

markets: separate markets for Russian diamonds and non-Russian diamonds. The issue of shortages will depend on the level of US/Western demand for "Russian Source" diamonds cut outside of Russia. If buyers don't care and Russian rough diamonds become available through China or otherwise, then shortages will not be an issue.

On the other hand, if jewelry brands and other socially sensitive buyers demand "Ethical Diamonds" — which exclude Russian Source diamonds no matter where they are cut — then there will be shortages and higher prices for documented "Ethical Diamonds" from known legitimate sources outside of Russia. These diamonds may be in short supply and fetch higher prices.

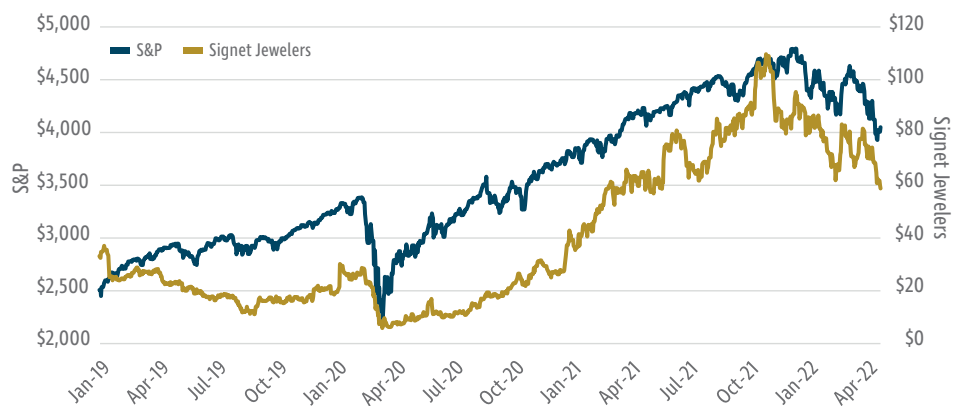
ETHICAL CHALLENGE

The fact that the US has not closed the "Russian Origin" loophole is creating ethical challenges for the US diamond industry. Consumers are horrified by the images coming from Ukraine. They read about the sanctions on Russia's state-owned Alrosa and they don't want to buy Russian diamonds. Yet it's perfectly legal to sell the "Russian Source" diamonds cut outside of Russia, even though the money from these diamonds goes to the Russian government and supports the war.

And so, the legal vs. ethical question arises. Should the diamond trade sell "Russian Source" diamonds that fund the war, or should the diamond trade take an ethical position and refuse to trade in "Russian Source" diamonds even though it is legal to do so? How ethical should our

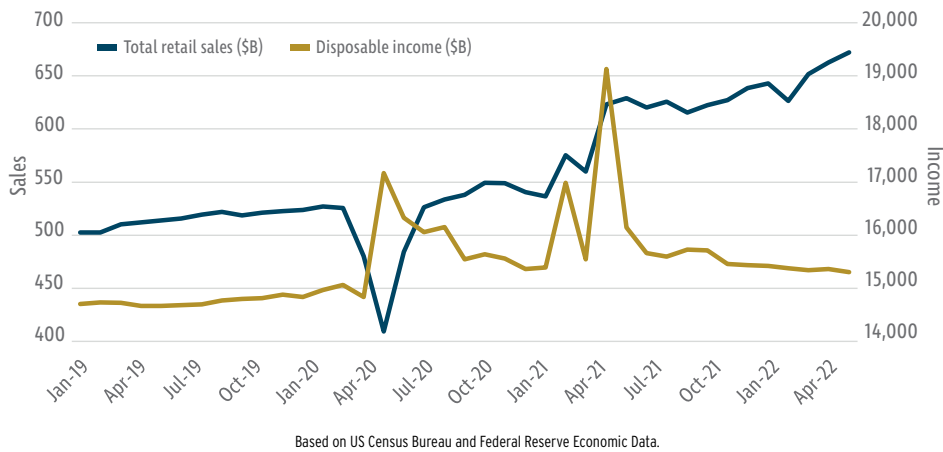
"WE NEED TO DIFFERENTIATE OUR DIAMONDS"

S&P 500 - SIGNET JEWELERS SHARE PRICES



Based on data from Yahoo! Finance.

TOTAL US RETAIL SALES VS. DISPOSABLE INCOME



diamond industry be? Should we do more than what is legally required?

The ethical questions get more interesting when we consider the money factor. “Russian Source” legal diamonds will compete with higher-cost “Ethical Diamonds” that require supply chain monitoring. Since we cannot force everyone to be ethical, we will see separate markets and competition between legal and ethical diamonds.

A good way to think about this is that ethical diamonds are an added-value proposition. We can create value by creating a supply of ethical diamonds based on honest standards and capture that value by marketing them as better diamonds for higher prices. The value of a diamond is not limited by its 4Cs. A diamond is worth more if it has a transparent, ethical supply chain. The challenge for the diamond trade is to add value to diamonds, not just find ways to sell them at cheaper prices.

The lesson for the diamond trade from the Russian invasion is that we need to differentiate our diamonds and add value for ethical diamonds through marketing.

For a greater understanding of ethical diamonds, please review the bibliography at the end of this article.

ECONOMIC TRANSFORMATION

The recent changes in the US and global economy are not short-term fluctuations. They are fundamental, structural, and transformative. Powerful inflationary pressure has been building for over a decade due to artificially low interest rates, then over \$5 trillion in stimulus

payments, followed by Covid supply-chain shortages, and now Russia’s war and its shocking impact on energy and food prices. The strong jewelry demand we have witnessed since Covid has been the result of aggressive government monetary policy that overstimulated the economy. Lots of easy money provided lots of jewelry demand.

The situation is now reversing. Money is getting tight. We are coming off a period of strong demand driven by excess liquidity. The recent surge in inflation to 8.26% this April is the tip of the iceberg. It will set off a series of reactions that will decrease disposable income and reduce overall diamond demand.

Higher prices for basic necessities like fuel and food obviously leave less money available for luxury products. As prices go up, so do wages, which drives even higher prices. It’s a vicious cycle. Inflation must be stopped. The way you stop inflation is by raising interest rates. Money then gets even tighter. Think about what higher interest rates do to mortgage payments. So disposable income for most Americans is coming down.

But that’s not all. Higher interest rates increase mortgage rates, making it harder to buy real estate, so real estate prices will come down. Stock market prices based on high levels of consumer purchases will also come down. For many consumers, the reduction in wealth will make luxury purchases less desirable.

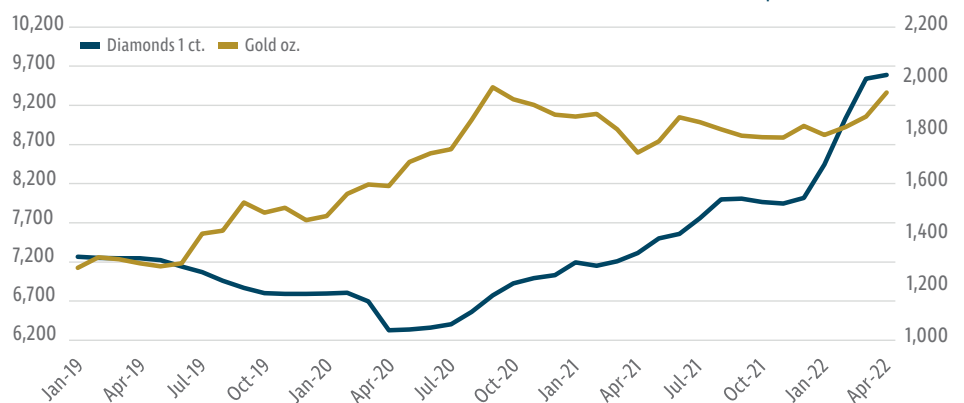
The go-go growth economy is shifting to a more conservative, realistic, value-based economy. This is certainly true of

“ETHICAL DIAMONDS ARE AN ADDED-VALUE PROPOSITION”

the stock market, but it is also true in how people think about risk, their jobs and their financial security. It’s a bit like what happened after the internet boom-bust cycle in 2000. The economy and the people in it grew more conservative

and cautious with money. There will be a sea change in how people will think about luxury. They will take their buying more seriously. Many will focus on buying fewer and better products, focusing on quality instead of quantity. ►

GOLD AND DIAMOND PRICES IN \$



So, what's a jeweler to do? Be more meaningful. Recognize the emotional value of what you are selling. Create emotional value. It's not what you sell that matters; it's the symbolic value and the idea behind the physical product.

Society is changing, and the need for meaningful relationships is increasing. The isolation created by Covid followed by economic turmoil will bring people together. Millennials are getting older and maturing to the point where individuals are trending toward creating families and having children. The challenge for jewelers is to position jewelry in these relationships.

It's worth noting that many rich people will enjoy greater income as interest rates rise. Retirees will benefit from higher interest rates on their savings. This is significant given the number of baby boomers reaching retirement age. We should also consider that millennials are due to inherit about \$30 trillion from baby boomers over the next few decades. They will be more mature and will have much more money to buy jewelry.

The impact of economic change on diamond demand will be significant. It will affect prices and profitability. The challenge for the trade is to adapt to the new environment and focus on marketing the emotional benefits of buying and gifting diamonds. This includes adding value by creating and marketing ethical diamonds. It is important to focus on selling the idea behind the diamond and not just the sale of the physical product.

SOCIAL RESPONSIBILITY

Once upon a time, you could just buy and sell a diamond. Not anymore. Now, our customers want us to provide ethical transparency. What should we do?

Unfortunately, our industry has been relying on trade organizations that are incapable of setting honest, enforceable ethical standards. The Responsible Jewellery Coalition (RJC), World Federation of Diamond Bourses (WFDB), and International Diamond Manufacturers Association (IDMA) all point to World Diamond Council (WDC) guidelines that in turn point to high-level guidelines from the Organisation for Economic Co-operation and Development (OECD) and the UN that are not

enforceable standards. Furthermore, these organizations all support the Kimberley Process (KP) which certifies blood diamonds. The organizations publish complex guidelines that are largely incomprehensible to members of the trade. I challenge you to read through all their gobbledygook and answer the following questions:

Can members of the WFDB, IDMA, RJC, or WDC buy Marange diamonds? Can they buy "Russian Source" diamonds cut outside Russia from Alrosa rough? What happens if they do?

The leaders of these organizations, mostly the same group of a few nice people, are trying to do a good job protecting the industry. But it's time to face the fact that they and their trade organizations are not capable of setting honest, enforceable ethical standards.

"SUPPLY CHAIN SOURCE CERTIFICATION MUST BE PRODUCT-BASED"

In October 2010, we published an interview with one of the world's leading ethicists, Peter Singer of Princeton University. Here is what he had to say on this issue.

Rapaport: "Should trade organizations be responsible for eliminating human rights abuses?"

Singer: "No, I think you have to start with individuals. You can't rely on a trade association to set standards, because they represent the business interests of the trade. It very often takes individuals to stir things up and get things moving. So I think there's a responsibility on individuals, if they have those avenues open to them, to try to change the situation."

The Rapaport Group will be taking proactive measures to do what we can to help create ethical markets for the diamond and jewelry trade.

The guidelines created by the RJC are useful and important, but they are not sufficient. Of particular concern is

their inability to enforce their guidelines. Furthermore, the RJC's association and cross-directorships with the WDC and KP are unacceptable. They have serious governance problems.

There is a need to white-list companies that meet legal compliance requirements and — with their permission — share the necessary legal documentation. However, beyond legal requirements, there is a need to establish practical ethical standards on the product level. We must be able to trace the supply chain for specific products that have specific levels of social responsibility.

We should recognize that while all products produced by a company must be legal, they may not necessarily be ethical or at the same level of ethics. Therefore, supply chain source certification must be product-based.

As explained earlier in this article, there is demand for legitimate ethical diamonds. To meet this demand, product-based ethical certification is required. Such certification requires three critical elements:

1. Clear written standards that are transparent and auditable.
2. Reliable ongoing auditing of the product production cycle.
3. Rejection of diamonds and expulsion of members who fail to meet the standards.

CONCLUSION

The diamond industry is facing greater challenges and opportunities than ever before. It is important to recognize that we will be facing fundamental exponential change that will require us to proactively reinvent our business and our added-value propositions.

The future is not just about adapting technology and internet marketing anymore. The required changes are more fundamental and product-specific. How we source, create and merchandise what we sell — and to whom we sell — will determine our future. It's not going to be easy, but it is going to be good. ■

An in-person and online "State of the Diamond Industry" presentation will take place at JCK Las Vegas on Sunday, June 12, 8 to 10 a.m. PDT. Registration at rapaport.com/jck22. Please review "What Should We Do About Blood Diamonds" article and bibliography at sr.rapaport.com/State-of-the-Diamond-Industry-Bibliography

Social Responsibility in the Jewelry Industry



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MADE to go MAINSTREAM

Once considered the greatest threat to mined diamonds, laboratory-grown goods are increasingly gaining acceptance — but the road hasn't been easy.

BY AVI KRAWITZ

When it comes to synthetics, the diamond industry has — to borrow a term from management consultant Geoffrey Moore — crossed the chasm.

Crossing the Chasm is the 1991 book in which

Moore discusses how to sell innovative high-tech products to mainstream customers. The titular chasm refers to the enormous gap between the “early adopters” and “early majority” stages of a new product’s acceptance in the market (see graph). It is the phase when a product is highly disruptive and requires behavioral changes, and it’s a point that most hyped-up technologies struggle to pass.

While the lab-grown market underwent a drawn-out phase of innovation — starting when General Electric announced the first proven synthetic diamond in the early 1950s, and then its first gem-quality stone nearly 20 years later — the sector only started to make inroads in the mainstream market during the past decade. It is now arguably in the early-majority phase as more jewelry retailers, wholesalers, and diamond manufacturers enter the space.

But it hasn't been a smooth ride toward acceptance. Many in the wider jewelry industry — the “laggards,” as the graph would call them — continue to view lab-grown as a pariah. Still, attitudes have changed toward the product, which the trade considered its biggest threat not so long ago.

PREPARING FOR BATTLE

In May 2012, the diamond industry got its first real lab-grown scare: The International Gemological Institute (IGI) found hundreds of undisclosed synthetic diamonds that had been

submitted to its Antwerp and Mumbai grading labs as natural specimens.

The shock stemmed not only from the revelation of the biggest fraud to date relating to undisclosed lab-grown, nor just from the IGI's warning that a large volume of these stones might already have entered the market. The discovery also signaled that the synthetics sector was starting to make waves, that production was rising, and that the natural market might not be prepared for the fight.

Indeed, a battle ensued in those early days. There was a clear division within the market between lab-grown companies and natural-diamond ones, with very little overlap.

The major diamond centers, including India, Israel and Belgium, banned synthetics from their trading floors — and in some cases, their bourses' entire premises. The wider trade focused on detection, with De Beers and the Gemological Institute of America (GIA) leading the race to stay ahead of the fraudsters and take a share of the budding detection-equipment market.

NATURAL PREDATOR?

Meanwhile, the lab-grown companies went on the offensive in their marketing, adopting the message that their product was a greener, more environmentally friendly alternative to mined diamonds.

And the natural industry took the bait. Synthetics were the implied target when the Diamond Producers Association (DPA) launched in 2015 with its “Real Is Rare. Real Is a Diamond” campaign slogan.

However, the barriers gradually started to crumble as jewelers came to view synthetics as simply another jewelry category, even if it was positioned as an alternative to natural diamonds. Louisiana-based Stuller Inc., one of the largest jewelry wholesalers in the US, was the first major company to make the move toward synthetics, adding them to its product list in early 2016.

At the time, analysts at Morgan Stanley suggested that the biggest threat from lab-grown lay in the melee market. The firm predicted that synthetics would take 15% of the small-stone segment, which would have a negative impact on prices. So far, the melee sector has stood up to the perceived threat, with prices jumping 50% in some categories last year (see graph, Page 32).

But that trend may not continue in today's reality. With Russian diamonds off the market due to sanctions over the war in Ukraine, jewelers may yet turn to lab-grown to fill the expected supply gaps. Notably, Morgan Stanley observed even back then that the growth of synthetics was a greater threat

to Alrosa than to De Beers, since the former had a higher proportion of melee in its total production.

TURNING POINT

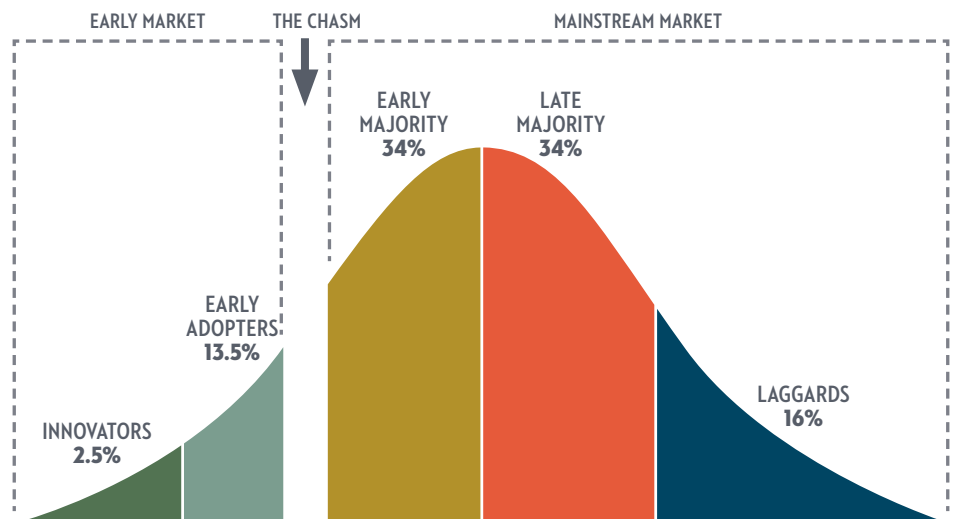
The industry's watershed moment came in mid-2018, when De Beers unveiled its Lightbox brand, marking the company's entry into the lab-grown market, and the Federal Trade Commission (FTC) expanded its definition of “diamond” to include those created in a laboratory. Lab-grown required a descriptor for marketing purposes — though that term should not be “synthetics,” the FTC specified.

These developments gave the sector two stamps of approval: one from a regulatory body, and one from the world's biggest diamond brand — even if De Beers' purported goal was to keep lab-grown contained. By setting its price at a standard \$800 per carat, De Beers positioned the product as a fun, low-cost fashion-jewelry item — i.e., not suitable for bridal.

For the rest of the industry, those two events changed the debate surrounding synthetics. More companies began including them in their inventory. The conversation shifted from the macro question of lab-grown's legitimacy to micro issues surrounding its appearance on the market. Five main themes shaped the discussion: nomenclature; disclosure of post-growth treatments; grading and quality control; pricing; and marketing.

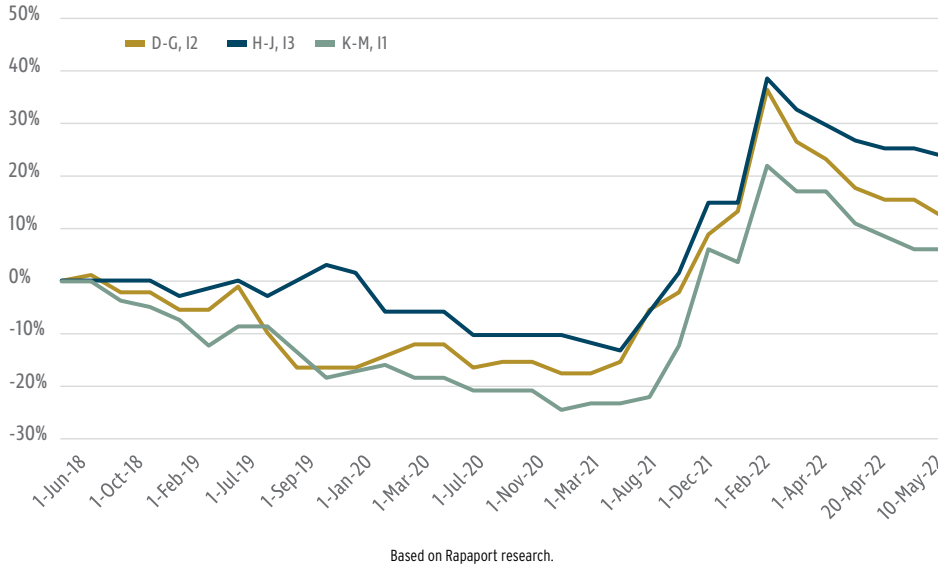
1. Nomenclature

The World Jewellery Confederation (CIBJO) took issue with the FTC's ruling on lab-grown terminology. The trade group — which sets policy for the jewelry industry with the aim of protecting consumer confidence — classified a diamond as a material formed by natural means, without human intervention. CIBJO argued that lab-grown was an artificial product — even if it had essentially the same chemical composition as a diamond — and therefore should not be included in the definition of the term “diamond.” Furthermore, CIBJO permitted the use of “synthetics” as a descriptor for the product. ▶



Everett Rogers's innovation adoption life-cycle bell curve, as cited in Geoffrey Moore's book *Crossing the Chasm*.

PRICE TRENDS FOR 0.20 CT. PARCEL GOODS



renamed Lab-Grown Diamond Report. Most significantly, the GIA started giving specific color and clarity grades for man-made diamonds, rather than a range as it had previously done. This move aligned its lab-grown reports with its natural ones and with the FTC’s concept of a diamond, de facto distancing itself from CIBJO’s idea that a grading report implies rarity.

4. Pricing

The widespread grading of lab-grown diamonds encouraged companies to continue selling them based on natural prices — that is, at a discount to the Rapaport Price List. However, De Beers took a different approach. Since the product didn’t have the same rarity as natural, the

company maintained, it required a more standardized pricing mechanism. It costs the same to produce a D-color, VVS1-clarity stone as it does a G, SI2 stone; therefore, their pricing should be consistent. This was De Beers’ rationale for its \$800-per-carat price tag.

Besides, pegging lab-grown prices to natural-diamond ones will inevitably lead to a decline in the former as supply increases. India’s manufacturing sector — which accounts for about 15% of global polished lab-grown output, according to the Gem & Jewellery Export Promotion Council (GJEPC) — is seeing massive gains in the synthetics segment.

The country’s net exports of lab-created polished more than doubled in 2021 to \$1.11 billion, continuing the momentum in

2. Disclosure of post-growth treatments

CIBJO also recommended full disclosure of any treatments the stone underwent in the growth process. While the GIA includes treatments in its lab-grown reports, De Beers initially argued that post-growth treatments were part of the process and were therefore unnecessary to disclose. When growers used the chemical vapor deposition (CVD) method to produce the stone and subsequently enhanced it with High Pressure-High Temperature (HPHT) treatment, both of these were steps in the stone’s creation, De Beers reasoned.

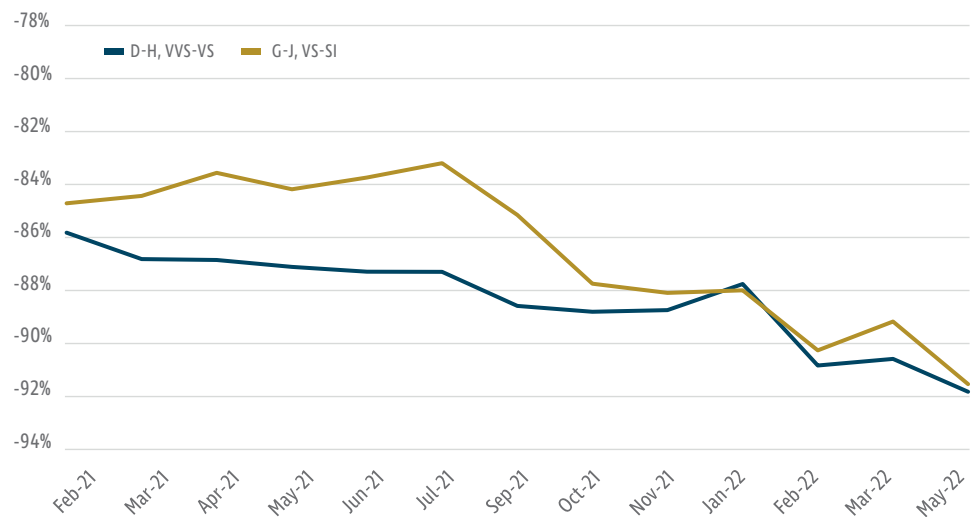
While the company has since started to disclose post-growth treatments, the message behind its initial stance signaled an important difference within the market — one that still exists today. For De Beers, man-made diamonds are not a precious luxury item like natural ones; they are simply another jewelry product.

3. Grading and quality control

In keeping with that view, De Beers believes lab-grown requires quality control, not a grading report. After all, a grading report implies that the product has a degree of rarity, which lab-grown doesn’t, according to CIBJO. As such, CIBJO proposed the name “Laboratory-Grown Diamond Product Specification” for the document detailing synthetics’ qualities. It also suggested placing a notification of “LG” next to the color and clarity descriptions.

The GIA dismissed the CIBJO directive, going all in with its

AVERAGE DISCOUNT FOR 1 TO 1.20 CT. LAB-GROWN



Based on wholesale lab-grown prices obtained by Rapaport. Average discount refers to the average percentage below the Rapaport Price List for the equivalent natural diamonds.

77%

INDIA'S NET EXPORTS OF LAB-GROWN POLISHED, WHICH MORE THAN DOUBLED IN 2021, SAW A 77% YEAR-ON-YEAR JUMP IN THE FIRST QUARTER OF 2022 TO \$362.7 MILLION

2022's first quarter with a 77% year-on-year jump to \$362.7 million. The council has appealed to the government to invest in the sector — both to capitalize on its growth potential and to make up for the dwindling availability of natural stones.

As the supply of synthetics increased during the last year,

wholesale prices declined. In May, 1- to 1.20-carat, D to H, VVS to VS lab-grown goods were trading at average discounts of about 92% to the Rapaport Price List, compared to around 86% at the beginning of 2021 (see graph opposite). Retailers continue to see strong profit margins of about 47% for the same size and quality categories, based on prices at jeweler Brilliant Earth. The same has been true for other sizes.

5. Marketing

The solid margins suggest that jewelers are selling lab-grown as an alternative to natural diamonds. Anecdotal reports corroborate this theory, be it in fashion jewelry or higher-priced bridal. Yet both products have become less combative in their marketing in recent years.

Lab-grown companies recognize that if they want to provide a responsibly sourced product, they need to meet the environmental, social and governance (ESG) standards expected of the natural-diamond industry. Perhaps their attitude changed when the FTC called out marketers of synthetics for making false claims about natural diamonds' impact on the environment.

Meanwhile, the natural diamond industry has recognized that it has virtues of its own to champion and doesn't need to be reactive to the synthetics market. This has been evident in the rebranding of the DPA to the Natural Diamond Council (NDC), and its subsequent campaigns.

The result is that both segments had a stellar year in 2021. Projections show the lab-grown market continuing to expand at an impressive pace, particularly considering that it's still in the early stages of the innovation adoption cycle. Man-made diamond production reached 6 million to 7 million carats in 2020, according to Bain & Company's Global Diamond Report for the period. By comparison, 2020's natural rough output came to 107.8 million carats, per Kimberley Process data.

COMPETITION OR COMPLEMENT?

There are still more retailers waiting to jump in and offer synthetics to consumers who are unaware of the option or of what the difference is between the two products. That's where the next challenge for the industry lies, and where the debate about lab-grown has arrived in 2022.

With lab-grown currently expanding through the majority phase of the adoption life cycle, will it compete with or complement the natural-diamond market? Much depends on supply and its relationship to price. As technology improves, synthetics production will rise. And as supply increases, prices will naturally come under pressure.

Definitions aside, the two products do have different value propositions. Lab-grown diamonds will not hold their value over time in the same way natural diamonds do; they will lose it, because they are producible in unlimited quantities. That is the final disclosure that retailers need to make to consumers.

Indeed, promoting the sale of synthetic diamonds without conveying their inability to store value is threatening the integrity of the natural diamond industry, Rapaport Group Chairman Martin Rapaport contended in his "Synthetic Ethics" article from the June 2019 edition of *Rapaport Magazine*.

"Consumers are being misled about the medium- and long-term value of their synthetic diamonds," he stated. "Absent full and fair disclosure, it is likely that once consumers find out about the value retention problem, they will no longer be interested in buying any diamonds, including natural diamonds."

That's an outcome neither segment wants. Amid the hype of rapid expansion, sellers of lab-grown have the power to shape the future of both markets. As such, being transparent about the qualities and value of lab-created goods is in everyone's best interest. ■

OUT IN THE OPEN

RAPAPORT'S RECOMMENDATIONS FOR THE DISCLOSURE OF SYNTHETICS

1. The following statement should be required on all marketing material, grading reports and invoices for man-made diamonds: "Man-made diamonds do not appreciate in value like natural diamonds, because they can be created in unlimited quantities and are not subject to the same supply limitations as natural diamonds."
2. All treatments of lab-grown diamonds to enhance color, clarity or other characteristics should be subject to the same disclosure requirements as natural diamonds.
3. Lab-created diamonds should be subject to the same anti-money laundering (AML) and counter-terrorist financing (CTF) compliance requirements as natural diamonds.
4. The World Diamond Council (WDC) System of Warranties should apply to man-made diamonds and should appear on all invoices for these stones, just as they do for natural diamonds.

Lightbox lab-grown
pendant and studs.



DISRUPTOR'S DILEMMA

De Beers may have meant to put synthetics in their place when it launched its fashion-focused Lightbox brand, but some say the move lent these stones a luxury-level legitimacy instead. BY LEAH MEIROVICH

When De Beers first introduced its Lightbox lab-grown jewelry brand in 2018, the diamond world sat up and took notice. The mining giant had long been outspoken about its belief that synthetic stones were neither special nor unique. And despite having entered the field itself, the company still holds by that sentiment. Since first making waves throughout the trade, it has done its utmost to create a clear distinction between the two types of stones, touting natural diamonds as a higher-value, engagement-worthy offering, and positioning Lightbox's products in what brand CEO Steve Coe delineates as "the accessibly priced fashion-jewelry space."

But a look at the market four years on suggests that this message may have been lost in translation.

THE OPENING GAMBIT

After the initial shock of the Lightbox announcement wore off, the general theory in the natural-diamond industry was that the brand was De Beers' strategy for negating the perceived threat of lab-grown. Understood but unspoken in its marketing was that Lightbox aimed to create an alternative stream for synthetics — one that wasn't bridal and wasn't in that price range.

"I think there was a great opportunity for lab-grown diamonds that De Beers didn't want to pass up," says Dick Garard, president of the International Grown Diamond Association (IGDA). "They thought they had a marketing strategy there.... They came out with a pricing structure, and the intent was to drive the pricing down to that point. I think their overall intent was to help augment their mined-diamond business."

Jewelry consultant Pam Danziger also took Lightbox's debut as a warning shot to synthetics — a way of reframing them as a lesser alternative to natural stones, not as a luxury product.

"De Beers tried to tell the consumer what lab-grown diamonds were for," she says. "They said it's for fashion, not for anything serious. It was like they were trying to exert market control and keep lab-grown in a separate lane."

Of course, a company as big and well-known as De Beers can't rock the boat without creating some far-reaching ripples, and it did — just not necessarily the ones it may have been expecting.

STAMP OF APPROVAL?

If De Beers' subliminal strategy was to create an invisible barrier around the space where lab-grown was supposed to reside, the plan did not unfold as it was meant to. Rather than decreasing interest in synthetic diamonds as a viable alternative to natural, the company's move into the space solidified lab-grown's legitimacy among trade members and consumers alike.

"[De Beers] kind of heightened the awareness and desire

for lab-grown diamonds," explains Adrienne Fay, vice president of Warren Buffett-owned jeweler Borsheims. "Maybe it was an unintended consequence, rather than a misstep, that by trying to point out that this is a product inferior to mined diamonds, it sort of highlighted the fact that it's actually a product very similar to mined diamonds, and that there is a demand for it."

The De Beers name on lab-grown jewelry became the ultimate stamp of approval for customers, agrees Eileen Hopman, owner of Hopman Jewelers in Elkhart, Indiana. Whenever she saw doubt from shoppers about the validity of synthetics, she says, she would whisper the magic words: "Even De Beers is selling lab-grown." From there, the purchase was usually a *fait accompli*.

Traders, too, have taken the De Beers move as an endorsement, reports Mark Clodius, owner of Clodius & Co. Jewelers in Rockford, Illinois.

"It certainly prompted overall approval throughout the industry, and quite dramatically," ►



"What De Beers has...been successful at is having price consistency among diamond growers."

ADRIENNE FAY
VICE PRESIDENT,
BORSHEIMS



he says. “It achieved so much publicity that it was hard for jewelers to ignore it.”

THE BRIDAL BOOM

Fay, Hopman and Clodius are among the jewelers that were already carrying lab-grown diamonds before the launch of Lightbox. From the brand’s debut in 2018 until a year later, the retailers saw a big jump in growth, with sales doubling or better every year after that.

Consumer surveys appear to support this trend. The number of bridal shoppers who feel a natural diamond is important has gone down, according to a 2021 survey from wedding website The Knot. Nearly one quarter of all engagement ring purchases last year featured a man-made center stone, it found — an increase of 11% over two years. Another study, this one by jewelry insurance business Brite & Co., confirms that lab-grown is gaining on natural when it comes to bridal appeal: The market share of synthetic-diamond engagement rings grew to more than 28% in 2021 from 19% the year before, while average spending rose 9%, not far behind the 12% increase that mined stones enjoyed.

Despite the data, however, De Beers insists it will not hop on the lab-grown engagement train and says it still sees synthetics functioning most promisingly in fashion. The lower price point of that segment “opens up a very exciting opportunity for a much higher level of repeat purchases,” says Coe. “There are some retailers out there that are pushing the [engagement] avenue very strongly...but we see the big opportunity for lab-grown elsewhere.”

Still, by setting a bar and sticking to it, Lightbox might be missing out. The bulk of lab-grown sales at Borsheims are for bridal, and synthetics make up approximately 60% of engagement ring purchases at Clodius. Hopman, who first began carrying them as an alternative to natural stones, says they’ve become her bread and butter, making up 90% of all engagement center stones she sells. The lab-created gems have become so popular with her buyers that she has stopped carrying natural diamonds unless they’re preset in a piece she really likes.

“Like De Beers, we were initially promoting them more for fashion jewelry



“There are some retailers out there that are pushing the [engagement] avenue very strongly... but we see the big opportunity elsewhere.”

STEVE COE
CEO, LIGHTBOX



versus engagement rings,” she explains. “But more people came in and wanted bigger diamonds, and as the prices for mined diamonds began to increase, they were stuck settling for either a smaller diamond or a lesser-quality stone. And we began showing them the lab-grown. Once we let them know the Federal Trade Commission (FTC) had sanctioned them as real diamonds, they took off.”

THE PRICE IS RIGHT

One thing De Beers has managed to do, Fay believes, is contain the price of lab-grown, though not at the \$800-per-carat level that Lightbox charges. Not even

at the \$1,500-per-carat price tag of its Finest line, which includes synthetic stones with a higher color range of D to F.

“De Beers, because they’re such a behemoth, they’re going to have an impact,” asserts Fay. “I think what De Beers has managed to disrupt, and been successful at, is having price consistency among lab-grown diamond growers.”

The figures seem to prove her right. Within six months of Lightbox’s arrival on the scene, the average discount for a 1-carat lab-grown diamond grew to 42% of the equivalent natural stone — up from 29% in January 2018, just before the De Beers brand launched, according to data that Reuters cited from industry analyst Paul Zimmisky. Meanwhile, wholesale prices for synthetics fell 13.3% from 2019 to 2020, according to online marketplace Virtual Diamond Boutique.

Clodius and Hopman are currently selling lab-grown engagement rings at approximately 50% to 70% of their natural counterparts’ prices, depending on the cut and carat weight of the stone, and the price they pay their lab-grown suppliers has dropped since 2018. However, they’re a bit more hesitant to attribute the latter development to Lightbox. So is Zimmisky.

“I believe it’s the overall fundamentals of the market that are pressuring lab-grown diamond prices — particularly the supply side of the equation — not Lightbox per se,” Zimmisky says. “Perhaps the Lightbox launch a few years back has accelerated this trend, but when you really look at the supply fundamentals of the space, how many new producers have entered the space in the recent past, I think it’s more production growth and production improvements that have accelerated supply [and] most heavily weighed on prices.”

DOWN THE LINE

What does the future hold for lab-grown, and will De Beers play a role in how it gets there? The answer depends on whom you ask.

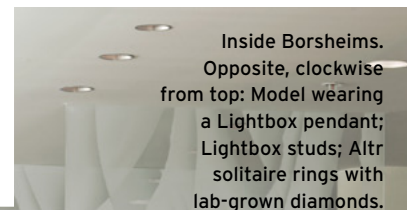
“Will lab-grown diamonds fall into fashion? Yes,” says the IGDA’s Garard. “But will they also still fall into bridal and high-end? Absolutely. And supply is too tight to meet demand currently, so to have a carat sell for \$800? I think that’s a bit low.”

Zimmisky disagrees: “Ultimately, I think the Lightbox price point is the right level for the lab-grown diamond product in general. Sometimes I think it’s too low, and sometimes I feel that it’s too high, so that’s probably a sign that it’s just about right — for now, at least. However...in five years’ time, this price point will probably seem too high. I think we’ll see \$500 per carat or less in 10 years’ time. Longer-term, I think the price point is what will ultimately relegate the product to more ‘fashion’-oriented — more so than marketing efforts.” ■



“It was like [De Beers was] trying to exert market control and keep lab-grown in a separate lane.”

PAM DANZIGER
JEWELRY CONSULTANT



Inside Borsheims. Opposite, clockwise from top: Model wearing a Lightbox pendant; Lightbox studs; Altr solitaire rings with lab-grown diamonds.



The ECONOMICS of LAB-GROWN

Prices for man-made diamonds are starting to stabilize after a period of precipitous drops. What are the market forces behind this change? And where do they lead from here?

BY JOSHUA FREEDMAN

On the surface, the price of lab-grown has fallen sharply in recent years. In 2021, the average retail price of a polished synthetic diamond was only 30% of the equivalent natural stone, down from 35% in 2020, according to Bain & Company's latest annual report on the diamond sector. At the wholesale

level, prices have slid to 14% of their natural counterparts, compared with 20% in 2020, the consulting firm estimates.

Jeweler Zulu Ghevriya confirms that today's prices are lower than they were two years ago. The cofounder of New York-based brand Smiling Rocks, which specializes in synthetic-diamond jewelry, says he buys lab-grown at about an 85% to 90% discount to the Rapaport Price List for natural diamonds.

But while some lab-grown categories have plummeted in value, others are more stable or even increasing. Those with downward trends are seeing the declines flatten, and the prices that consumers pay are, by and large, holding up.

"The lab-grown diamond industry is performing at its own pace," says Ghevriya. "I think [as] the industry [becomes more] mature, the prices are [stabilizing] in every sector, from small to big sizes."

Generally speaking, the market is splitting into high-quality and lower-end goods. And these two distinct markets have very different selling structures that affect the way their pricing works.

THE UPPER CRUST

The higher-quality goods come from the more technologically advanced producers around the world. Prices in this sector are relatively stable, as production has not increased at the rate many expected, says Marty Hurwitz, CEO of consultancy MVI Marketing and a board member at WD Lab Grown Diamonds.

The Covid-19 pandemic is partly responsible for the lag, as it caused a shortage of the necessary components for growing the rough, Hurwitz explains. But the main factor has been a shortage of scientists with enough knowledge and experience in the field, he says. “It’s actually really hard to grow these things consistently. This is not a race to capital; this is a race to [see] who can lock [in] the existing experienced human scientists on their team.”

Retail forces are also in play. Store chains are looking for consistent supply so they can meet consumer demand, and jewelry manufacturers want to offer repeat-supply contracts to their retail clients. To achieve this, both types of businesses are signing long-term deals with the more competent diamond growers and paying premiums to clinch the better goods, Hurwitz says. This, in turn, pushes up prices further down the pipeline.

At its current growth capacity, says Hurwitz, the synthetics sector “will not be able to meet the consumer and retail demand for the products...at scalable quantities” come the end of 2022, particularly in larger and better-quality goods.

HOW LOW CAN THEY GO?

Meanwhile, in the Indian spot market — where sales are on demand rather than via recurring contracts — suppliers are offloading large volumes of lower-end chemical vapor deposition (CVD) inventory at discounts of up to 97% off the Rapaport Price List, traders say.

The Indian market needs cash flow, Hurwitz explains. Many of the CVD growers want to satisfy investors who have poured money into the segment. However, the midstream players that buy these goods — many of them traditional Indian dealers with decades of natural-diamond experience — are offering aggressively low prices to keep revenue coming in.

“Those wholesalers are shooting lists of that product every day all around the world at significant discount pricing,” Hurwitz says. “They’re trying to generate cash flow both [for] themselves and for the growers now. Sooner or later, the investors in those growers are going to become frustrated with that pricing. And I understand some of them are frustrated already because they’re not really getting the return on investment that they could be getting for their product.”

But prices are tailing off as producers get closer to cost levels; if they reduce rates any further, they’ll be selling at a loss, says one CVD grower on condition of anonymity. “The trend has pretty much been a decrease since...2016. But what we have noticed is that the level of decrease is starting to stabilize.”

MELEE MANIA

Of course, comparing lab-grown prices with the Rapaport list — and therefore with the natural market — can be misleading. The factors influencing supply and demand are different for each

category. Mined diamonds get rarer as the carat sizes go up, while the synthetics sector has idiosyncrasies that result in a less linear picture.

Prices for lab-created melee, for example, have ballooned in the past four months because retailers need lots of small stones to accompany center stones. People who buy synthetics often don’t want any naturals in their jewelry at all, explains Ben Hakman, a consultant on lab-grown at New York-based Diamond DNA Solutions. This is not necessarily a bad thing for the traditional industry, as these people were not major jewelry buyers before, he stresses.

“There’s a new consumer, and when they buy lab-grown, they want the entire thing to be lab-grown.”

Demand for lab-grown semi-mounts — finished engagement rings minus the center stone — has “gone up through the roof, because there’s a consumer that really wants the entire concept of lab-grown,” continues Hakman, who is also managing director of synthetics brand Fire Diamonds.

Alongside this demand trend is a shortage of the right rough. Most man-made melee is High Pressure-High Temperature (HPHT), as peculiarities in the CVD process make it hard to create small stones on a commercial scale.

But there’s a problem: Most HPHT is from China. Since the Russia-Ukraine war began, luxury brands have become more sensitive to geopolitical considerations and are introducing nonnegotiable sourcing requirements, according to the anonymous grower.

“The major buyers of HPHT are now understanding that buying from China may end up being a disadvantage at a certain point in time,” he says. “A lot of [luxury brands] are ▶



IN 2021, THE AVERAGE RETAIL PRICE OF A POLISHED SYNTHETIC DIAMOND WAS ONLY 30% OF THE EQUIVALENT NATURAL, ACCORDING TO BAIN & COMPANY

“IT’S ACTUALLY REALLY HARD TO GROW THESE THINGS CONSISTENTLY. THIS IS NOT A RACE TO CAPITAL; THIS IS A RACE TO [SEE] WHO CAN LOCK [IN] THE EXISTING EXPERIENCED HUMAN SCIENTISTS ON THEIR TEAM”

become easier to grow, making supply more readily available. At the same time, demand has stagnated because consumers realize they can get an even larger stone for a lot less than the equivalent natural, explains Leon Peres, CEO of Florida-based CVD producer Green Rocks.

“If [consumers] go in the lab-grown direction, they want to feel like they got great value, and that today means getting the bigger diamond that they always wanted,” he observes. As a result, prices of 1-caraters have fallen at a faster pace than 2-carat goods.

Other factors are relevant as well. Stones with transparent and sustainable origins command premiums, MVI’s Hurwitz points out. So do those with no evidence of color treatments — a category some in the trade call “as-grown.” These are difficult to produce consistently, he says.

A related issue is the extra price for goods carrying a grading report from the Gemological Institute of America (GIA), partly because the laboratory provides information on whether post-growth treatments took place, notes Peres.

WHO GAINS?

Even in the lab-grown ranges with falling prices, consumers are not getting the discounts. Retailers have continued to sell at the same rates, enabling them to expand their profit margins, Hurwitz says.

Lab-grown retail margins are around 70%, compared with 35% to 50% for natural goods, according to Ghevriya at Smiling Rocks.

Of course, not all retailers are created equal in this respect. The majors are charging higher prices, while independents are generally listing their wares more cheaply and seeing more modest margins, reports Hurwitz.

“The big players, like Signet [Jewelers] and online retailers, are selling, and they’re selling expensive,” Hakman concurs. “Their pricing has not changed. What has changed is the profit margins. It’s just growing and growing and growing, because they can get the goods cheaper.” ■

not willing to buy [goods] grown [in] China or Russia. They don’t want to touch that.”

This situation highlights how quirks in the supply chain can impact pricing.

“Some CVD players can do some [melee],” the grower says. “We have a little bit. I think we might end up selling [synthetic] melee diamonds [that are] more expensive than their mined counterparts.”

VALUE JUDGEMENTS

The 1-carat category has seen the opposite trend. It’s

THE NOW FACTOR

Why do consumers buy lab-grown diamonds over mined ones? Sometimes they think they’re more sustainable, though it’s unclear if they are. Sometimes it’s because the goods are more traceable, though the natural industry would dispute this, too. But the main driver is economics: You can buy a bigger stone for less money.

Two recent anecdotes underscore this. The first is a revelation that Helzberg Diamonds CEO Beryl Raff made at the Dubai Diamond Conference in February: The US retailer sold 50 times more 2-carat lab-grown diamonds than naturals of the same size in 2021, she told the audience.

Marty Hurwitz of MVI Marketing has another example: Companies that make engagement-ring settings are producing larger items on average than before.

“WHEN CONSUMERS ARE OPTING TO GO FOR LAB-GROWN, THEY ARE NOT NECESSARILY THINKING ABOUT FUTURE VALUE”

“They’ve seen a dramatic shift from the traditional 1-carat standard head to a 1.25-carat standard head,” he says. “They believe, and I think this is accurate, that this is completely driven by the lab-grown space.”

This points to a potentially worrying trend in consumer demand:

Shoppers are willing to splurge on a bigger product now, despite the likelihood that it will lose its value over time as technology improves and lab-grown production increases.

The value depreciation is hardly news. It’s why retailers like Brilliant Earth and many Signet Jewelers brands explicitly exclude lab-grown from their trade-in guarantees. But that may not matter to the jewelry-buying public.

“When consumers are opting to go for lab-grown, they are not necessarily thinking about future value,” acknowledges Leon Peres of Green Rocks. “They want to spend less now, especially as inflation is rocketing.”

As a purchasing factor, he believes, “value retention is off the table.”

Retailers do inform customers that lab-grown pieces might not hold their value, says Ben Hakman of Diamond DNA Solutions. “But you know what? The consumer doesn’t care. They care about now.”

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Very Good	2.329	58.13
Very Good	2.078	69.13
Excellent	1.115	44.48



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ROCKING THE FOUNDATIONS

As lab-created diamonds reach high-end quality, upscale brands with links to old houses are using them in new haute collections. BY RACHAEL TAYLOR

The explosion of lab-grown diamonds has happened apart from the Fifth Avenues and Place Vendômes of the world. It has largely separated the established heritage jewelers residing in these opulent enclaves — which have yet to embrace man-made gems — from the upstarts focused on fashion and newness. Yet a clutch of emerging brands, each trading on old-world luxury names, is now breaking this unspoken rule.

“This is a once-in-a-century paradigm shift for our industry,” says Los Angeles-based designer Jean Dousset, an industry veteran with a 28-year career in the business. Much of that career has centered on creating engagement rings with mined diamonds for a starry clientele including actresses Amy Adams, Eva Longoria and Janel Parrish. But Dousset is also the great-great-grandson of famed jeweler Louis Cartier. As such, he has a deep respect for the traditions of the trade and understands top-tier luxury. Yet when he launched *Oui* by Jean Dousset — a new

line of engagement rings designed to reach a wider audience at lower price points — he did so exclusively with lab-grown diamonds.

Rather than seeing this as a departure from his jewelry pedigree, he feels it is in line with what his forebears did. After all, the Cartiers were provocateurs in their time. The iconic jewelry house pioneered the use of platinum, for instance, at a time when it was considered an industrial metal rather than a precious one.

“My heritage goes hand in hand with the spirit of innovation that is the driving force behind my brand,” says Dousset. “The definition of luxury may evolve, but heritage and craftsmanship are what remain. That’s actually the very reason I am so enthusiastic about lab-grown diamonds, as they represent a bold and innovative vision for our industry that’s been set in its ways forever.”

REGENERATING THE CLASSICS

In France, two more jewelry houses with links to prestige names are following suit. *Luximpact*, cofounded by former Harry Winston chief executive Frédéric de Narp, is revitalizing two heritage names that might be less familiar than Cartier but still have long histories: Oscar Massin and Vever. And like Dousset, it’s using lab-created diamonds to do so.

“There hasn’t been much of a market for luxury jewelry set with lab-grown diamonds to date, [but] we seek to change this,” says de Narp. “By showing designers and consumers the beautiful pieces a heritage house can create with grown diamonds, we hope for other brands to adopt similar sustainable and ethical practices, in turn expanding the market.” ▶



Oscar Massin was a 19th-century French jeweler believed to have pioneered diamond settings such as illusionary, tremblant and pampille. Fellow Luximpact cofounder Coralie de Fontenay describes Massin, whose company shut down in 1891, as “one of the most famous jewelers you have never heard of.” The new Oscar Massin seeks to pick up on elements of haute couture, incorporating lace-like flowers, beading, and delicate filigree work into wearable, stackable contemporary designs.

“The entire brand — both in business and design — is built on considerations around our impact on the planet, and Oscar Massin was a

pioneer and a diamond reformer in the 19th century,” says de Fontenay. “In relaunching this prestigious name in the luxury jewelry industry and preserving its DNA, it only seemed natural for us to honor his legacy of innovation and disruption by embracing the best lab-grown diamonds, a fruit of human genius.”

Vever’s revival, meanwhile, is occurring in partnership with seventh-generation members of the original family, brother and sister Camille and Damien Vever. The French jeweler, known for its Belle Époque style, stopped trading in 1982 but had been creatively dormant since the 1930s. Creative director Sandrine de Laage — who used to work for Harry Winston and Cartier and is also heading up design at Oscar Massin — is faithfully recreating the signature flourishes of Vever’s Art Nouveau glory days: bejeweled nymphs, flowers in bloom, butterflies with translucent enamel wings.

“There are long-standing biases about lab-grown diamonds, but we are confident that we can change the industry standard, because the stones are of the highest quality that can be found,” says de Laage, adding that Luximpact is working with US supplier Latitude Diamonds. “There was no doubt in our minds that we could create with these diamonds and present collections that are in line with our expectations and experiences.”

A HIGHER CALIBER

Dousset, who also sources from an American supplier, agrees that quality is a factor when it comes to accepting lab-grown in luxury jewelry. “I felt the time was right to begin working with lab-grown diamonds because the quality had so vastly improved; the stones were now up to our strict diamond standards. I had watched the industry with interest for years, but couldn’t get on board until the quality was there with the polishing, cut and make of the diamonds.”

Today, he asserts, lab-created diamonds “have matured to meet their natural counterparts in every way. The most respected gemological laboratories have concluded this, and so have I. Working with lab-grown diamonds has been completely liberating and has given us the opportunity to deliver the quality of diamonds we



strive for, without compromising any of the 4Cs, at a new, irresistible price.”

That pricing structure has allowed Dousset to cater to a new customer. Entry-level prices for engagement rings in the Oui collection, which he sells online and at the Jean Dousset showroom in West Hollywood, California, are now below \$5,000. “A 1-carat lab-diamond Oui engagement ring starts at \$3,700, whereas a comparable Jean Dousset design with a 1-carat natural-diamond center stone would start at \$6,800,” he says.

‘JEWELRY THAT SPEAKS TO PEOPLE’S VALUES’

Luximpact’s goal is less about lowering prices, as the quality of the stones it uses makes for little difference in pricing compared to natural, the

Below: Model wearing Jean Dousset bridal jewelry; Jean Dousset lab-grown rings.

Opposite: Oscar Massin jewelry on model; Oscar Massin beaded ring in recycled gold with a lab-grown diamond.

company says; rather, the point is to tap into a new consumer mind-set. Oscar Massin has just signed a deal to have Saks Fifth Avenue stock its products in New York and Los Angeles, making it the department store’s first lab-grown diamond brand.

“Saks understood that there was a hunger to consume in a way that has minimal impact on the planet,” says De Narp.

De Fontenay affirms this, adding that “younger audiences are open to new ideas, and we anticipate that they will be attentive to a product and model that we put forth as a solution to the industry’s effects on the environment.”

For Dousset, combining stories of heritage, luxury craftsmanship and lab-grown diamonds is about creating “jewelry that speaks to the time period we’re living in — jewelry that speaks to people’s values and needs and isn’t hidden away in exclusive salons.”

While he comes from “the most traditional jewelry world in Paris,” he continues, “I believe in Jean Dousset being the jewelry brand of the future, and part of that is offering people more affordably priced luxury diamond jewelry. For me, lab-grown diamonds are the future.” ■



“THEY REPRESENT A BOLD AND INNOVATIVE VISION FOR OUR INDUSTRY THAT’S BEEN SET IN ITS WAYS FOREVER”

GUIDE TO THE RAPAPORT® PRICE LISTS

The Rapaport Price List is commonly used by dealers as a guideline for evaluating natural diamond prices. Readers should understand the List's standards for describing diamonds, as well as its limitations and how it can be used to aid buyers and sellers.

The Round and Pear Shape Price Lists are published online every month.

HIGH ASKING PRICES

The Price List quotes Rapaport opinion of high cash asking prices for Rapaport Diamond Specification A3 and better natural diamonds. These prices may be substantially higher than actual transaction prices. It is most common for the diamond trade to transact at discounts to the List. However, select quantities that are in short supply or subject to speculative demand may trade at significant premiums to the List.

Detailed information about discounts is provided online in real time via our RapNet® and RapX® diamond trading networks. They are also included in the Trade Sheets published in this magazine.

The level of discount or premium is influenced by many factors, including diamond quality and cut, credit/memo terms, the location and type of market, the liquidity level of particular size-quality combinations, and the associated risk of ownership. The easier it is to sell a diamond, the lower its discount to the List. Hard-to-sell diamonds often trade at large discounts. Very in-demand, scarce diamonds may trade at premiums.

DIAMOND SPECIFICATIONS

The Price List relates to Rapaport Diamond Specification A3 or better natural diamonds that are graded based on Gemological Institute of America (GIA) standards (except for SI-3, an additional intermediate non-GIA grade).

CAUTION: Grading laboratories use subjective methods of analysis. The same diamond may be evaluated differently by different labs or even each time it is submitted to the same lab.

Grading reports and our Price List do not replace the human factor in evaluating diamond quality or price determination.

The Rapaport Price List does not provide transaction prices, but price indications that serve only as guidelines – a starting point for negotiations and a basis for estimating value. Buyers and sellers are advised to consult with experts before trading diamonds.

RAPAPORT DIAMOND SPECIFICATION A3 THE RAPAPORT PRICE LIST IS BASED ON THE FOLLOWING SPECIFICATIONS:

RAPAPORT	RAPAPORT DIAMOND SPECIFICATION A3
Grading report	GIA
Shape	Round brilliant
Cut	Excellent
Polish	Excellent
Symmetry	Excellent
Culet	None
Depth %	58.5%-63.5%
Table %	55%-62%
Girdle	No extremely thin, extremely thick or very thick
Fluorescence	None
Weight	No .00 sizes for 1.00 and larger
GIA comments	No GIA color comment
GIA comments	No knot or cavity
GIA comments	For SI1 or lower, no "Clarity based on cloud"
Seller requirement	No green tint
Seller requirement	No Marange diamonds

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CUT SPECIFICATION

The Price List relates to fine-cut Rapaport Specification A3 or better diamonds. Additional Rapaport specifications are available at [diamonds.net/rapspec](https://www.diamonds.net/rapspec). These specifications are subject to change without prior notice.

PRICE INDICATIONS FOR 6- TO 9-CARAT DIAMONDS

Approximate percentage increases from 5-carat prices for larger sizes*

These indications should only be used as guidelines. Large stones are very thinly traded, and prices may vary significantly from dealer to dealer and stone to stone. Availability of large, better-quality stones may be limited, and buyers may find that asking prices and/or transaction prices may be significantly higher or lower than these price indications. This price information should only be used as a general indication of the current market.

* Asking price indications are based on Rapaport Cut Specification A3 or better.

APPROXIMATE % INCREASE OVER 5-CARAT PRICES						
6 CARAT RAPAPORT		IF-VVS	VS	SI	II	I2-I3
	D-F	0%	0%	7%	5%	5%
	G-H	5	5	3	3	3
	I-K	5	5	3	3	3
	L-M	5	5	3	2	2
		IF-VVS	VS	SI	II	I2-I3
7 CARAT RAPAPORT	D-F	15%	12%	12%	7%	7%
	G-H	15	15	12	7	7
	I-K	15	15	12	5	5
	L-M	15	15	12	5	5
		IF-VVS	VS	SI	II	I2-I3
	8 CARAT RAPAPORT	D-F	25%	23%	20%	15%
G-H		20	20	20	15	15
I-K		20	20	20	10	10
L-M		20	20	20	10	10
		IF-VVS	VS	SI	II	I2-I3
9 CARAT RAPAPORT		D-F	30%	25%	25%	20%
	G-H	30	25	25	20	20
	I-K	30	25	25	15	15
	L-M	25	25	25	15	15
		IF-VVS	VS	SI	II	I2-I3
		D-F	30%	25%	25%	20%
	G-H	30	25	25	20	20
	I-K	30	25	25	15	15
	L-M	25	25	25	15	15

PRICE INDICATIONS FOR BLUE FLUORESCENT DIAMONDS

The impact of fluorescence on price depends on its noticeability. In some cases, fluorescence gives the stone a milky-white appearance, which greatly lowers value. In some instances, the fluorescence is hardly noticeable and has minimal impact on the stone's brilliance. Blue fluorescence gives lower-color stones a whiter, brighter face-up appearance. Yellow or white fluorescence is problematic and may require an additional 5% to 10% discount. Generally, the higher the quality and price per carat, the more fluorescence lowers value.

In the table below, we present our estimation of the price gap between nonfluorescent polished round diamonds, and polished round diamonds that show varying degrees of fluorescence. The percentages represent the average price difference for each of the size, color and clarity categories indicated. ■

APPROXIMATE % CHANGES FROM NONFLUORESCENT						
As of January 5, 2022						
		FAINT	MEDIUM	STRONG		
0.30 - 0.49 CT.	D-F	IF-VVS2	-0.08	-0.12	-0.15	
		VSI-VS2	-0.06	-0.09	-0.12	
		SII-SI2	-0.04	-0.06	-0.08	
	G-H	IF-VVS2	-0.06	-0.08	-0.11	
		VSI-VS2	-0.04	-0.07	-0.09	
		SII-SI2	-0.03	-0.05	-0.07	
	I-K	IF-VVS2	-0.03	-0.05	-0.07	
		VSI-VS2	-0.03	-0.04	-0.06	
		SII-SI2	-0.02	-0.03	-0.05	
	0.50 - 0.99 CT.	D-F	IF-VVS2	-10%	-15%	-18%
			VSI-VS2	-8%	-12%	-15%
			SII-SI2	-5%	-8%	-10%
G-H		IF-VVS2	-8%	-11%	-14%	
		VSI-VS2	-6%	-9%	-12%	
		SII-SI2	-4%	-7%	-9%	
I-K		IF-VVS2	-5%	-8%	-10%	
		VSI-VS2	-4%	-6%	-8%	
		SII-SI2	-3%	-5%	-7%	
1.00 - 2.99 CT.		D-F	IF-VVS2	-0.14	-0.19	-0.24
			VSI-VS2	-0.11	-0.15	-0.21
			SII-SI2	-0.08	-0.11	-0.16
	G-H	IF-VVS2	-0.1	-0.13	-0.17	
		VSI-VS2	-0.08	-0.11	-0.15	
		SII-SI2	-0.06	-0.09	-0.12	
	I-K	IF-VVS2	-0.06	-0.09	-0.13	
		VSI-VS2	-0.05	-0.08	-0.11	
		SII-SI2	-0.04	-0.07	-0.09	

THE RAPAPORT PRICE LIST IS ALSO AVAILABLE ONLINE. YOU CAN SUBSCRIBE AT [DIAMONDS.NET/SUBSCRIBE](https://www.diamonds.net/subscribe) OR CONTACT US AT SERVICE@DIAMONDS.NET



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UNITED STATES

MARCH

POLISHED IMPORTS:

▲ 31%, \$2.3 BILLION
VOLUME:
▼ -3%, 913,670 CARATS

POLISHED EXPORTS:

▲ 31%, \$1.6 BILLION
VOLUME:
▼ -9%, 758,690 CARATS

ROUGH IMPORTS:

▲ 42%, \$21 MILLION
VOLUME:
▼ -37%, 73,040 CARATS

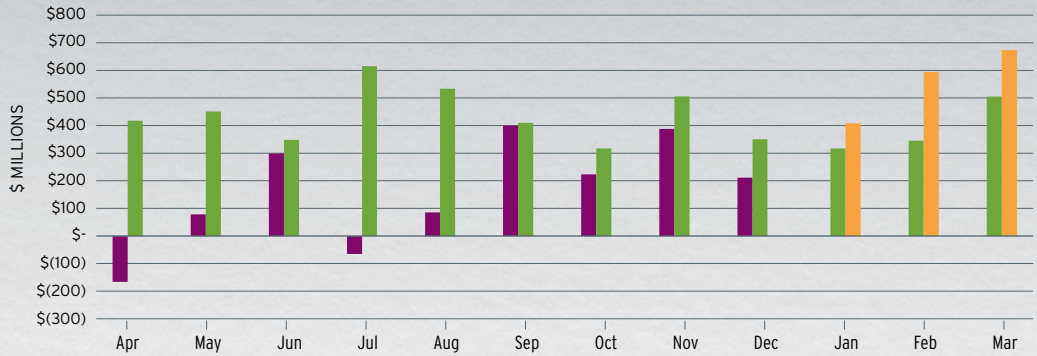
ROUGH EXPORTS:

▼ -12%, \$15 MILLION
VOLUME:
▲ 330%, 132,430 CARATS

NET DIAMOND ACCOUNT

US NET DIAMOND ACCOUNT = TOTAL IMPORTS - TOTAL EXPORTS

● 2020 | ● 2021 | ● 2022



\$ MILLIONS	TOTAL DIAMOND IMPORTS (ROUGH + POLISHED)				TOTAL DIAMOND EXPORTS (ROUGH + POLISHED)			
	2019	2020	2021	2022	2019	2020	2021	2022
JANUARY	\$1,864	\$1,446	\$1,436	\$1,830	\$1,618	\$1,293	\$1,119	\$1,423
FEBRUARY	\$1,486	\$1,469	\$1,384	\$2,272	\$1,811	\$1,405	\$1,039	\$1,679
MARCH	\$2,273	\$874	\$1,750	\$2,292	\$1,732	\$838	\$1,246	\$1,620
APRIL	\$1,524	\$28	\$1,618		\$1,509	\$193	\$1,201	
MAY	\$2,709	\$343	\$1,591		\$1,780	\$265	\$1,140	
JUNE	\$1,294	\$832	\$1,635		\$1,899	\$534	\$1,288	
JULY	\$1,630	\$814	\$1,837		\$1,170	\$878	\$1,223	
AUGUST	\$1,353	\$841	\$1,819		\$1,214	\$756	\$1,287	
SEPTEMBER	\$1,497	\$1,348	\$1,521		\$1,451	\$949	\$1,112	
OCTOBER	\$1,475	\$1,371	\$2,017		\$1,076	\$1,147	\$1,700	
NOVEMBER	\$1,402	\$1,426	\$1,724		\$1,385	\$1,038	\$1,220	
DECEMBER	\$1,306	\$1,282	\$1,531		\$1,058	\$1,071	\$1,180	
TOTAL	\$19,814	\$12,075	\$19,864	\$6,395	\$17,702	\$10,367	\$14,755	\$4,722
YEAR TO DATE	\$5,623	\$3,789	\$4,570	\$6,395	\$5,161	\$3,536	\$3,404	\$4,722
% CHANGE	2%	-33%	21%	40%	-1%	-31%	-4%	39%



HONG KONG

FOURTH QUARTER

POLISHED IMPORTS:

▼ -1%, \$3.5 BILLION
VOLUME:
▲ 5%, 4.3 MILLION CARATS

POLISHED EXPORTS:

■ 0%, \$3.3 BILLION
VOLUME:
▲ 16%, 3.7 MILLION CARATS

ROUGH IMPORTS:

▼ -12%, \$215 MILLION
VOLUME:
▼ -52%, 1 MILLION CARATS

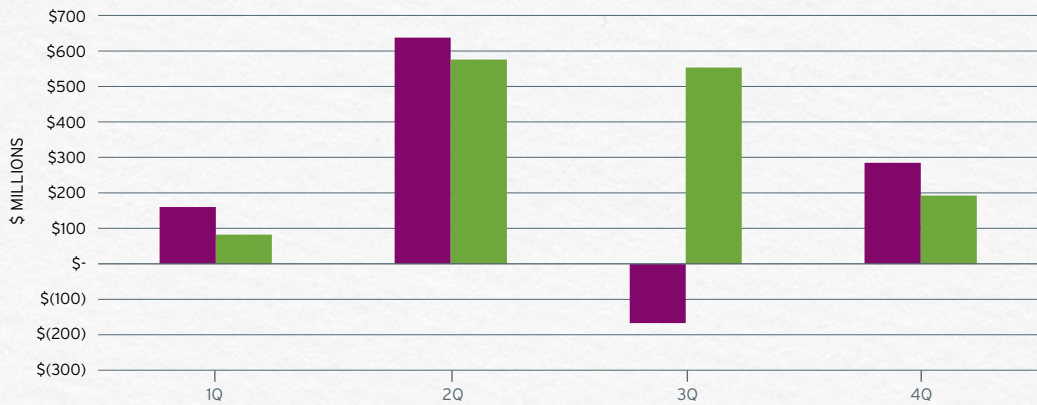
ROUGH EXPORTS:

▲ 7%, \$278 MILLION
VOLUME:
▼ -6%, 1.6 MILLION CARATS

NET DIAMOND ACCOUNT

HONG KONG NET DIAMOND ACCOUNT = TOTAL IMPORTS - TOTAL EXPORTS

● 2020 | ● 2021



\$ MILLIONS	TOTAL DIAMOND IMPORTS (ROUGH + POLISHED)				TOTAL DIAMOND EXPORTS (ROUGH + POLISHED)			
	2018	2019	2020	2021	2018	2019	2020	2021
1Q	\$5,708	\$5,418	\$2,480	\$3,635	\$4,437	\$4,269	\$2,320	\$3,553
2Q	\$5,054	\$4,532	\$2,310	\$4,004	\$3,775	\$3,419	\$1,674	\$3,430
3Q	\$5,628	\$4,222	\$2,795	\$3,999	\$4,377	\$3,171	\$2,960	\$3,447
4Q	\$4,575	\$3,644	\$3,791	\$3,720	\$3,713	\$3,189	\$3,506	\$3,528
TOTAL	\$20,965	\$17,817	\$11,375	\$15,359	\$16,302	\$14,049	\$10,461	\$13,958
YEAR TO DATE	\$20,965	\$17,817	\$11,375	\$15,359	\$16,302	\$14,049	\$10,461	\$13,958
% CHANGE	2%	-15%	-36%	35%	-5%	-14%	-26%	33%



INDIA

APRIL

POLISHED IMPORTS:

▼ -19%, \$112 MILLION
VOLUME:
▼ -33%, 217,000 CARATS

POLISHED EXPORTS:

▼ -3%, \$2.2 BILLION
VOLUME:
▼ -15%, 2.2 MILLION CARATS

ROUGH IMPORTS:

▼ -21%, \$1.3 BILLION
VOLUME:
▼ -63%, 6 MILLION CARATS

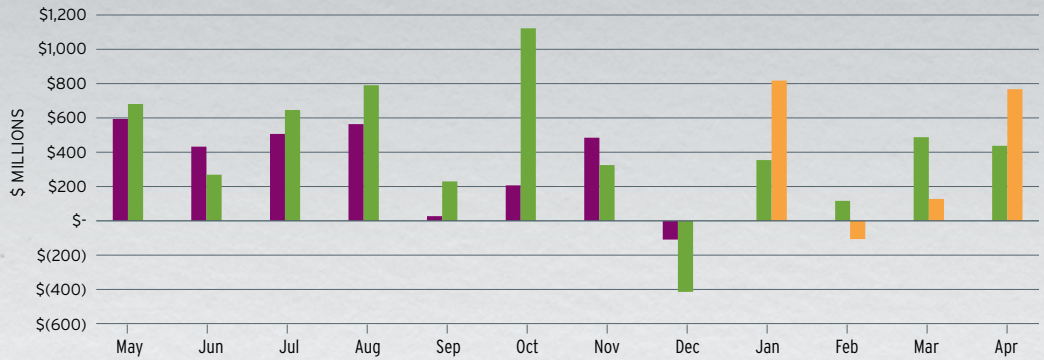
ROUGH EXPORTS:

▼ -44%, \$28 MILLION
VOLUME:
▼ -19%, 1.6 MILLION CARATS

NET DIAMOND ACCOUNT

INDIA NET DIAMOND ACCOUNT = TOTAL EXPORTS - TOTAL IMPORTS

● 2020 | ● 2021 | ● 2022



\$ MILLIONS	TOTAL DIAMOND IMPORTS (ROUGH + POLISHED)				TOTAL DIAMOND EXPORTS (ROUGH + POLISHED)			
	2019	2020	2021	2022	2019	2020	2021	2022
JANUARY	\$944	\$923	\$1,464	\$1,301	\$1,850	\$1,724	\$1,818	\$2,117
FEBRUARY	\$1,474	\$1,717	\$1,690	\$2,176	\$2,466	\$1,460	\$1,807	\$2,071
MARCH	\$1,524	\$532	\$1,736	\$2,206	\$2,063	\$1,033	\$2,223	\$2,333
APRIL	\$1,521	\$4	\$1,836	\$1,422	\$1,779	\$35	\$2,273	\$2,188
MAY	\$1,086	\$284	\$1,389		\$1,972	\$878	\$2,069	
JUNE	\$1,084	\$497	\$1,788		\$1,804	\$929	\$2,057	
JULY	\$1,209	\$431	\$1,662		\$1,595	\$938	\$2,307	
AUGUST	\$974	\$677	\$1,328		\$1,758	\$1,239	\$2,117	
SEPTEMBER	\$1,282	\$1,614	\$1,801		\$1,997	\$1,642	\$2,031	
OCTOBER	\$961	\$1,611	\$1,505		\$2,051	\$1,818	\$2,625	
NOVEMBER	\$1,349	\$1,208	\$1,055		\$1,264	\$1,692	\$1,380	
DECEMBER	\$1,757	\$1,880	\$2,246		\$1,327	\$1,771	\$1,834	
TOTAL	\$15,164	\$11,379	\$19,501	\$7,106	\$21,926	\$15,160	\$24,541	\$8,710
YEAR TO DATE	\$5,463	\$3,176	\$6,726	\$7,106	\$8,157	\$4,252	\$8,121	\$8,710
% CHANGE	-21%	-42%	112%	6%	-9%	-48%	91%	7%



BELGIUM

JANUARY

POLISHED IMPORTS:

▲ 51%, \$862 MILLION
VOLUME:
▲ 21%, 505,427 CARATS

POLISHED EXPORTS:

▲ 21%, \$660 MILLION
VOLUME:
▼ -6%, 268,705 CARATS

ROUGH IMPORTS:

▲ 42%, \$889 MILLION
VOLUME:
▲ 20%, 6.9 MILLION CARATS

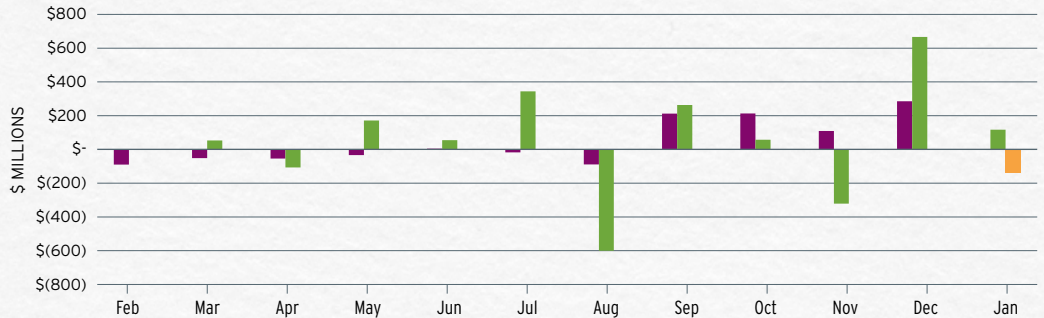
ROUGH EXPORTS:

▲ 24%, \$954 MILLION
VOLUME:
▼ -14%, 6.6 MILLION CARATS

NET DIAMOND ACCOUNT

BELGIUM NET DIAMOND ACCOUNT = TOTAL EXPORTS - TOTAL IMPORTS

● 2020 | ● 2021 | ● 2022



\$ MILLIONS	TOTAL DIAMOND IMPORTS (ROUGH + POLISHED)				TOTAL DIAMOND EXPORTS (ROUGH + POLISHED)			
	2019	2020	2021	2022	2019	2020	2021	2022
JANUARY	\$1,670	\$1,581	\$1,198	\$1,751	\$1,522	\$1,296	\$1,315	\$1,614
FEBRUARY	\$1,391	\$1,368	\$1,390		\$2,093	\$1,278	\$1,390	
MARCH	\$2,257	\$1,012	\$1,618		\$1,969	\$961	\$1,671	
APRIL	\$1,700	\$220	\$1,501		\$1,747	\$167	\$1,395	
MAY	\$1,814	\$368	\$1,267		\$1,922	\$335	\$1,438	
JUNE	\$1,702	\$702	\$1,779		\$1,642	\$707	\$1,834	
JULY	\$1,189	\$899	\$1,498		\$1,638	\$882	\$1,842	
AUGUST	\$1,036	\$831	\$1,651		\$646	\$742	\$1,052	
SEPTEMBER	\$1,468	\$1,395	\$1,487		\$1,624	\$1,606	\$1,749	
OCTOBER	\$1,215	\$1,373	\$1,692		\$1,217	\$1,585	\$1,749	
NOVEMBER	\$1,389	\$1,228	\$1,873		\$1,522	\$1,337	\$1,552	
DECEMBER	\$1,186	\$1,393	\$1,310		\$1,560	\$1,679	\$1,975	
TOTAL	\$18,017	\$12,370	\$18,264	\$1,751	\$19,099	\$12,573	\$18,962	\$1,614
YEAR TO DATE	\$1,670	\$1,581	\$1,198	\$1,751	\$1,522	\$1,296	\$1,315	\$1,614
% CHANGE	-18%	-5%	-24%	46%	-17%	-15%	1%	23%

RAPAPORT MARKET COMMENT

MAY 25, 2022

NEWS:

Polished trading sluggish. Suppliers to large jewelry retail brands doing well. Expectations rising for June 8-13 Las Vegas shows; dealers relying on US market to stimulate growth. Chinese buyers cautious amid slow retail sales. High inflation, Russia supply constraints and Chinese Covid-19 restrictions fueling uncertainty. Melee hot as lack of Alrosa supply creates shortages. India April polished exports -3% to \$2.2B, rough imports -23% to \$1.3B. Richemont FY jewelry and watch revenue +49% to \$11.7B, operating profit +65% to \$4B. Christie's HK sells \$56.3M (86% by lot), with rectangular, 3.06 ct., fancy vivid blue, IF Moussaieff diamond ring going for \$4.9M (\$1.6M/ct.).

FANCIES:

Market slowing. Supply shortages supporting prices. 1.20 to 3.99 ct., F-J, VS-SI is hottest category. Oval is leading shape, followed by Emerald, Pear, Cushion and Marquise. Retailers offering broader product ranges as consumers seek alternative cuts. Growing interest in fancy-shape engagement rings. Oversizes trading at higher prices than usual. Excellent shapes commanding premiums. Chinese demand helping the market. Off-make, poorly cut fancies illiquid and difficult to sell.



UNITED STATES:

Trading seasonally slow as dealers prepare for Vegas shows. Difficult to fill orders for fine-quality melee due to shortages and high prices. Stable memo demand for 1 to 2 ct., G-J, VS-SI items; manufacturing sector offering deeper discounts as more goods become available. Retail sentiment mixed amid positive sales momentum, but concerns rising over impact of inflation. Bridal segment driving activity.



BELGIUM:

Large traders busy and focused on filling US orders. Medium to smaller players hoping JCK Las Vegas show will boost activity. Single-stone buyers cautious due to market slowdown. Not enough rough available, leading to scarcities in lower sizes. Rough demand strong on secondary market in absence of Russian production.



ISRAEL:

Market mood varied. Caution stemming from uncertainty over Russian supply, US economy, and Chinese slowdown. Large suppliers to US and European retail brands doing well. Difficult to find top-quality diamonds; lots of less desirable stones available and out on memo. Single-stone buyers looking for goods but lacking urgency and hesitant to pay current prices.



INDIA:

Seasonal lull in trading and manufacturing as workers gradually return from vacation. Rough scarcities causing shortage of small polished. Some cutters shifting to lab-grown to fill supply gaps and keep workers busy. Demand for dossiers sluggish. 1 to 2 ct., D-J, VS-SI, 3X stable. Weak rupee fueling uncertainty but helping exporters.



HONG KONG:

Business improving as coronavirus spread recedes. Steady local demand for 0.30 to 0.80 ct., D-I, VVS-SI2 and 1 ct., D-H, VS-SI2 diamonds. Jewelry retail picking up, but consumers focusing on lower price points. Retail inventory low; supply tight. Mainland China cautious following recent lockdowns. Pandemic continuing to influence consumer sentiment. ■

MARKET FACING ROUGH TIMES

As Western governments and numerous consumers boycott Russian goods, scarcities look inevitable. By Joshua Freedman

The diamond industry showed mixed signs in May. US retail demand was relatively strong, despite concerns about inflation. Shortages supported the trade as Russian goods became hard — or sometimes impossible — to obtain and sell. However, coronavirus-related disruptions in China and the continued uncertainty arising from the Ukraine war kept sentiment in check.

Smaller and low-quality diamonds were in especially tight supply, since many of those items usually come from Alrosa. Western sanctions on Russia have limited the miner's ability to sell in its normal way. Sightholders clamored for inventory at De Beers' May contract sale, market insiders said.

The RapNet Diamond Index (RAPI™) for 0.30-carat stones rose 0.5% between May 1 and 24, but larger sizes dropped. The RAPI for 0.50-carat diamonds fell 0.2% during the period, and the 1-carat index went down 0.5%. Prices for 3-carat goods declined 0.7%.

INDIA DECLINE

India's summer slowdown was more intense than usual, as it was hard to fill factories with raw material.

"Rough-diamond demand in the coming cycle will be affected as usual by the closure of many diamond-polishing factories in India for the traditional May holidays," De Beers CEO Bruce Cleaver said, referring to the upcoming June sight. "Meanwhile, diamond businesses are also continuing to closely monitor the

effects of Covid-19-related lockdowns in China, and the war in Ukraine and associated sanctions."

Sarine Technologies, which supplies rough-mapping and cutting equipment to manufacturers, predicted a drop in polished production, especially in the smaller sizes. While the market was normal in April, the geopolitical pressures started taking effect in May, particularly for customers that buy from Russian sources, Sarine CEO David Block reported.

"I'm not sure [I] can say there is a significant slowdown, but there is a slowdown — part of it probably because of the vacation, part of it because of Russian goods," Block told *Rapaport Magazine* in mid-May, citing data from the company's stone-scanning systems. "I would probably expect to see more of a slowdown going forward as inventories of rough that were in the safes...start to peter out."

US VS. CHINA

The US trade was focused on the upcoming Las Vegas shows, with enthusiasm levels high following two years of limits on exhibitions. Record inflation dented sentiment somewhat, but jewelry was still outperforming other sectors. However, measures to curb the spread of Covid-19 in Shanghai and other Chinese cities undermined consumer spending in that region.

"Even if the worst of Covid-19 is hopefully behind us, we face a global environment which is the most unsettled we have experienced for a number of years," said Johann Rupert, chairman of Cartier owner Richemont, in the luxury group's annual sales report.

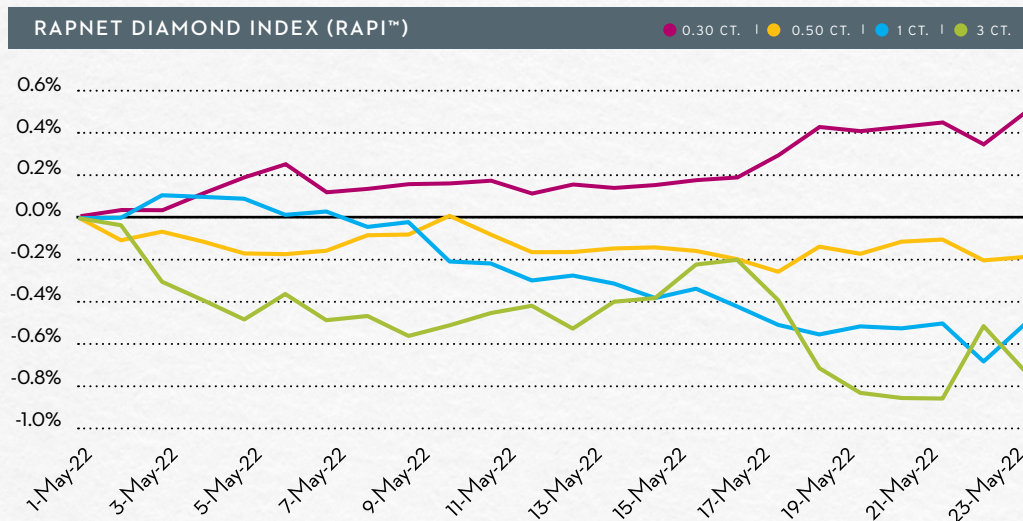
SOURCE OF UNCERTAINTY

Traders are unsure what will happen with the approximately one-third of global rough production that comes from Russia, much of which is unsellable due to either sanctions or consumer preferences. Alrosa has suspended publication of financial data, so little information is available on its sales.

Gokhran, Russia's state gem depository, has not ruled out the possibility of buying Alrosa diamonds this year, according to Reuters.

"With the ongoing situation in Ukraine, the effects of economic sanctions, and the impact of import [and] export bans on Russian goods, there is an acknowledgement that a reduction in rough availability is inevitable," tender house Trans Atlantic Gem Sales (TAGS) said following its recent rough sale, which took place in Dubai.

Will the boycott of Russian goods end? Will lab-grown diamonds fill the supply gap? These are questions to which the trade still has few answers. ■



The RapNet Diamond Index (RAPI™) is the average asking price in hundred \$/ct. of the 10% best-priced diamonds, for each of the top 25 quality round diamonds (D-H, IF-VS2, GIA-graded, RapSpec-A3 and better) offered for sale on RapNet®.



PRICES KEEP CLIMBING UPWARD

Demand for diamonds remains solid even as the rising cost of buying them continues to dominate the market dynamic. By Joyce Kauf

Facing a pandemic and a war, wholesalers have become accustomed to adapting to market challenges. Yet finding goods at the right price ranks as their number-one concern.

NEW YORK: PRODUCT SHORTAGE

“Strong sales from 2021 have carried over to this year,” said Michael Moskovitz, a principal at New York-based wholesaler Robert Moskovitz Co. “Even with a quieter time at tax season and [the Jewish festival of] Passover, business has remained good.”

Moskovitz cited the scarcity of goods and the high prices of securing inventory as continual challenges. The company specializes in round and fancy promotional goods from 0.50 to 5 carats, both certified and non-certified. The recent production slowdown in India has affected the business, resulting in higher prices, he said.

“It used to be that people in the industry didn’t have the money to buy,” said Moskovitz, noting that the pandemic had changed the financial dynamics. “Dealers have a lot of money to spend now — that’s a good problem — but they’re not finding the goods, and if they do, they’re too expensive. And because everything sells right away, the process must be repeated, except the prices have increased again.”

The end customer has been willing to absorb these higher prices because they understand that this is occurring across the board in the economy. “Almost 90% of the goods we send out on call are sold,” reported Moskovitz, contrasting the situation with pre-pandemic days, when most were returned.

ATLANTA: SPECIAL STONES MOVING WELL

For Ronnie Agami, “2021 was fireworks over the Hudson on July 4. We thought it would be very challenging to match those sales in 2022. But month over month, we’re still above last year.”

Agami co-owns Universal Diamonds in Atlanta, Georgia, with his father and brother, Amos and Jonathan. The business has both wholesale and retail operations. In the former category, Agami has seen “a little pullback,” which he attributes to the fact that people are traveling again and that the high prices of diamonds are “a lot for people in our industry to swallow.”

Strong sellers include diamond tennis necklaces and diamond bracelets in oval, marquise and emerald cuts that he “can’t keep in stock.” The bread-and-butter bridal category of 2 carats and under is experiencing a softening in demand. However, Agami was impressed with the strong demand for special stones — diamonds above 5 carats — especially in well-made and fancy shapes, which are the company’s specialty.

Given the “practically nonexistent” supply of these stones, Agami said his company was “working harder than ever to source merchandise to keep up with what the market is lacking. Having that inventory is an enabler; it pushes us ahead of other people.”

He has also observed that retailers are now buying for stock, a trend that began at the end of 2021. “It is harder for them to get the stone they want on memo, and then they lose the sale.”

The end of the year will continue to be strong, Agami predicted, “as long as the industry isn’t hit with a glut of inventory.”

LOS ANGELES: STRATEGIC PURCHASES

“The industry is facing challenging times,” said Arch Kitsinian, president of manufacturer S.A. Kitsinian and Vanna K jewelry in Lake Balboa, California. “Ever since the pandemic, we take our time to study the market before we make our decisions.”

Bridal is selling well in both natural and lab-grown diamonds. “People are still gravitating toward faith and not fear,” said Kitsinian, pointing to the use of religious symbols in jewelry, often with diamond charms or accents. He has also observed layered gold necklaces, chokers and chains trending.

But the “scarcity of diamonds and the cost of materials hitting our bottom line” define the new reality. “We’ve seen a 20% rise in the price of diamonds along with the skyrocketing increases in precious metals,” Kitsinian reported.

Furthermore, the war in Ukraine has made it “a lot more complicated to get goods now,” he said. “We’re more cautious in examining the supply chain to avoid goods from Russia.” He believes the industry needs to be more transparent about the sources of its merchandise, including lab-grown stones.

At JCK Las Vegas this year, the focus for Kitsinian — who remembers the first JCK fair’s ribbon-cutting ceremony “right in front of our booth” in 1992 — will be on trying to find lower prices, he said. The same goes for the other international shows he plans to attend with members of his company.

“The industry will see a good year,” he said, but given the expense of running a company and coming up with new designs, he forecast that there would be fewer players. ■



JEWELERS NOT SOLD ON VEGAS

Reporting robust revenue despite high inflation and supply-chain issues, some retailers are skipping JCK, preferring to stock up elsewhere. By Lara Ewen

Although the Las Vegas show season was back in its regular time slot, some store owners decided now was not the time to travel or shop. Retailers gave various reasons for staying away this year, but said they felt good about their current inventory levels — especially in lab-grown stones — and expected the strong sales they'd seen in the first half of 2022 to continue through the rest of the year.

STAYING AWAY

Some store owners simply didn't feel the need to attend the Las Vegas shows this time around.

"We aren't going this year, but we do plan to go next year," said Amanda B. Coleman-Phelps, owner and president of Nelson Coleman Jewelers, which has one location in Maryland and another in Virginia. "We haven't gone in the past eight years because of how successful our buying groups, the Retail Jewelers Organization (RJO) and Leading Jewelers Guild (LJG), have been for our purchasing, but we feel we are maybe missing out and plan to go every other year starting in 2023."

In other cases, the Las Vegas shows don't fit into retailers' buying strategies. Scott Stambaugh, owner of Stambaugh Jewelers in Defiance, Ohio, explained that he was able to get what he needed elsewhere.

"I have only attended [JCK] once in the past," he said. "I attend the Independent Jewelers Organization (IJO) shows, and I like the feel of the smaller show much better, and the vendors that I need are there."

Going to Las Vegas is also expensive and time-consuming, remarked Eric Swanson, sales manager at Neustaedter's Fine Jewelers in St. Louis, Missouri. He said his team used to go but would not be doing so this year.

"We don't feel like we have any holes in the inventory. And [we have] a smaller store. We basically have to close the store for a week to go," he explained. "I love walking around the shows and talking to people and getting new ideas. I'm a gem nerd. But it's a matter of what we can afford."

BY THE NUMBERS

- US retail sales for April grew 0.9% from the previous month, compared with March's 1.4% increase from February. Year on year, April sales were up 6%.
- Ahead of Mother's Day, US consumers were set to spend a record amount on jewelry for the holiday. Some 41% of shoppers planned to gift jewelry this year, up from 34% in 2021, for a total of \$7 billion.
- Swiss watch exports rose strongly in March, passing the CHF 2 billion (\$2.09 billion) mark earlier in the year than ever before. Global shipments increased 12% year on year to CHF 2.09 billion (\$2.19 billion) for the month, while supply to the US jumped 32% to CHF 337.6 million (\$352.5 million).
- US jewelry sales climbed 33% year on year during April, up from March's 12% increase. The April jewelry figures were 52% higher than in the same period of 2019.

Sources: US Census Bureau, National Retail Federation (NRF), Federation of the Swiss Watch Industry, Mastercard SpendingPulse

GROWN GOODS GOING STRONG

All three retailers were seeing strong sales of lab-grown stones. For Coleman-Phelps, lab-created rounds in the 1.50- to 2-carat range were especially hot. But she was still cautious about investing in too much inventory.

"We plan to restock our fast sellers, but we are [otherwise] lying low with what we have as we continue to gauge the market and adjust our margins accordingly," she remarked.

At Swanson's store, "the percentage we sell of lab-grown diamonds to mined diamonds is probably 80/20," he said. "Probably 40% of the under-40 crowd that walks through the door looking at engagement rings says they're specifically interested in lab-grown diamonds. And we're very actively promoting that on our website, and I've done a couple of local St. Louis news programs."

CONFIDENT DESPITE THE CHALLENGES

Coleman-Phelps ran into some staffing challenges in 2021, when her store switched to managing its business using the Entrepreneurial Operating System (EOS), but she was able to find new salespeople using a recruiter. She has also been looking to expand, and said revenue was strong.

"So far, we're up for the year about 10% at our Towson, Maryland, location and almost 75% in our Woodbridge, Virginia, location," she reported. "We feel that bridal will be a bigger part of our business this year than it was last year, and we are focusing on events, since our clients want to get out more."

Staffing was also a hurdle for Stambaugh. "We just lost a salesperson, and we are once again in the search mode for another staff member," he said.

Financially, though, his business has kept seeing growth. "[It's] not quite as much of an increase from [2021], but considering last year was such a good year, to still be growing is a great sign. Hopefully, [despite] the continued discussion of inflation and prices of things going up, we can continue to grow, but we are being cautious."

Swanson attributed his good sales in part to some mom-and-pop stores near him having shut down; his store was able to accommodate their customers. Despite some annoying supply-chain issues, he was feeling confident.

"Even with the economy and the worldwide uncertainty, I don't see that currently affecting our business," he commented. "If the stock market crashes, or if there's another real estate crash like 2008, then things will be different. But even with gas and food prices where they are right now, people are still spending money on the emotional connection that jewelry provides." ■





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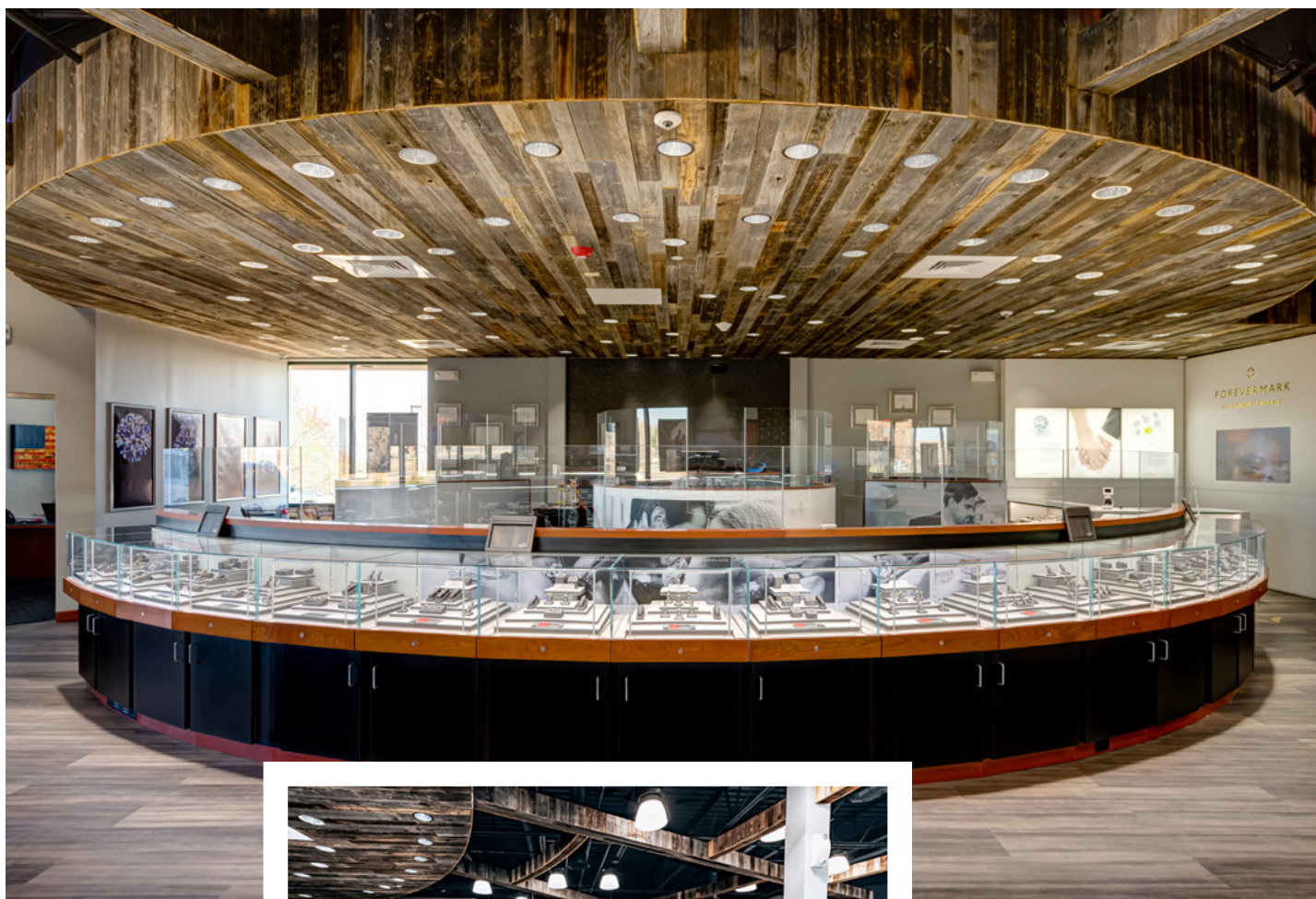
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Clockwise from top: Diamond jewelry displays at Thollot & Co.; Troy and Joy Thollot; store interior. Opposite: One of the store's various bars.



MOUNTAIN AIR

The founders of Thollot & Co. turned their repair business into a comfortable jewelry store in Thornton, Colorado, thanks to help from trade groups.

BY JOYCE KAUF

Sometimes a learning curve means recognizing that you don't even know what you need to know about running a business. To this day, Joy Thollot remains grateful to the mentors who helped fill in those gaps, enabling Thollot & Co. to grow and thrive.

Retail was not the first venture for her and her husband Troy, who met while working at a jewelry store in Rockford, Illinois, and later earned graduate gemologist degrees from the Gemological Institute of America (GIA). In 1993, after subsequent moves to other cities, they set up a trade shop in Golden, Colorado, doing repair work for local jewelers.

Having developed their own client base, the couple decided to open a retail store in April 2000. Thollot recalls thinking "jewelry sales would be cream on the top, given that we had our repair work."

However, what began as a "sweet start" changed at the five-year mark. "Experience took us only so far. Honestly, we were stuck and couldn't break through the million-dollar sales tipping point."

An invitation to join the Independent Jewelers Organization (IJO) provided an opportunity to attend classes and interact with vendors and other retailers. The couple was also invited to join Continental Buying Group (CBG), "even though we were just shy of entry-level volume," Thollot recalls, specifically citing CBG president Andie Weinman and owner Joe Murphy for "recognizing our potential."

A key factor in the learning process is being "receptive to listening to experts and adapting their advice to your situation," Thollot acknowledges. "The CBG vendors' program enabled us to hit the big mark magically fast, and we have continued to grow since then." In 2013, the couple purchased a bank building in Thornton, outside of Denver, and transformed it into a store.

OF STONES AND WOOD

Thollot's introduction to lab-grown diamonds was in a GIA class in 1989, before they were gem-quality. "When lab-grown became a reality, we embraced them as another option," she says, noting that her company may have been the first in the Denver area to offer those stones.

Today, the store is almost equally divided between bridal and fashion, which

includes core goods and colored-stone jewelry. Thollot points to the business's stellar Google reviews as the "number-one reason people drive to our store, followed by our reputation for having jewelry that you won't find anywhere else."

Custom work accounts for about a quarter to a third of business. "We've done custom forever, before it was really a thing." Still, she plays it "pretty safe" with designs for stock, even if they're "a little more on the unique side [in a way] that captures the Colorado vibe."

The décor reflects the Colorado mountain theme as well. Before renovating the store in 2019, Troy did his

BAR HOPPING

The Thollot & Co. tagline – "Raising the Bar for the Colorado Jewelry Experience" – doesn't just refer to its exceptional jewelry; the store features a lot of actual bars. There's a bridal bar with individual booths to allow for privacy, and a custom-design bar. There's a bar that offers liquor, including three custom-brewed private-label beers – clearly a customer favorite. But the bar that elicits the most "oohs" and "ahhs" is the "Pour Your Heart into It" custom-casting bar.

The idea came to Joy and Troy Thollot when one of their friends wanted to design a ring for his wife, and they encouraged him to cast it himself in the store. "The casting stage was a key element in our renovation; we built the entire store around it. People who aren't aware of it ask about the centrifugal 'cotton candy machine,'" says Thollot, referring to the apparatus they use for the process.

The casting takes place on Saturday mornings. The couples who come get mimosas and screen-printed smocks, and under the watchful eye of a master jeweler, one person casts the gold while the other videos the process.

"They watch with wonder as the water bubbles up and they remove their creation. It's a very special moment that they get to share together, knowing they made it on their own," says Thollot. "People love it. If I am competing with someone, and all I have to offer is that custom experience, nine times out of 10, it sends them to my store." thollotjewelers.com

research at places where people hung out — bars, breweries and restaurants — rather than at other jewelry stores, in an effort to replicate that comfortable environment. The setting also pays homage to Colorado's past. The bar and high-topped tables are made of salvaged wood from Pullman cars, and the ceiling accents are wood from a local gold mine. The store also boasts a mural on one wall depicting the mine's history.

PEOPLE FIRST

The staff is "our magic sauce," says Thollot, describing the store as a "huge learning facility." She encourages her employees to take the GIA's applied jewelry professional (AJP) courses, for which she assumes the total cost, and she helps them secure GIA scholarships for the higher-level courses. The Thollots absorb one-half of any remaining fees for those, provided the staffer signs a contract to continue working for at least two years. Recently, the Thollots have begun paying for jewelers and computer-aided design (CAD) specialists to get continuing education at the New Approach School for Jewelers in Tennessee.

"Everything works together to build trust," says Thollot. Each staff member gets a chance to take charge of display, inventory, training new associates, and other elements of the store on a rotating basis as an "area of pride." They also know they can count on Thollot's support in resolving customer service issues.

But even the majestic mountains of Colorado are no barrier to current events. After Russia's invasion of Ukraine in February, the Thollots worked with CBG's owners to have their suppliers sign a legally binding agreement not to purchase any Russian-mined diamonds. The move addresses the loophole in the current US sanctions that permits buying Russian-mined goods cut in other countries, notes a statement on the jeweler's website.

"You cannot grow a business in one generation, as we did, without support," says Thollot. "Ours is a storybook story with pages full of people who have invested so much in us and had faith in our success. Our staff and our customers are important chapters in that book. I often want to pinch myself, because we're super blessed." ■





Clockwise from top left: JCK 2022 will take place at the Venetian expo in Las Vegas; Laura Gallon Mon Amour Blue earrings in 18-karat gold with blue sapphires; exhibitor and buyer at JCK; Brenda Smith cable chain bracelet in 14-karat gold with 8.07 carats of multicolor faceted gemstones; Terzhian Kameleona ring in 18-karat gold with a green amethyst, green and yellow sapphires, and white diamonds.

LOOKS TO LOVE IN LAS VEGAS

Some like it loud, others opt for understated. Here, we take a peek at the trends we can expect from two of the major categories at the JCK show.

BY RACHAEL TAYLOR

FINE JEWELRY: FROM COLORFUL TO CONSERVATIVE

Some fine-jewelry sections of JCK Las Vegas have sold out months before the event — a clear indicator that jewelers are primed and ready to showcase newness after a difficult couple of years for trade fairs. Along with many of the well-known names that frequent the show, there are some new brands exhibiting for the first time.

One such vendor is Laura Gallon, who will travel from France to participate, taking with her a colorful selection of jewels.

“I think the biggest trend in fine jewelry at the moment is electric, vibrant colors,” she says. “Jewelry has always been an emotional purchase, but I feel like now more than ever, getting out of the pandemic and the isolation that came with it, people are craving jewelry that communicates who they are or how they feel.”

To deliver her own version of “jewelry therapy” through color, Gallon will present her new Alice collection. She based the Art Deco-inspired, fan-shaped, diamond- and gem-studded jewels on a pair of earrings her great-grandfather created for his wife in the 1920s.

Fellow first-time exhibitor Terzihan will also be exploring the rainbow with the brand’s one-of-a-kind Kameleona rings, featuring gemstones such as apatite, coral and green amethyst. “We expect to see more maximalistic and colorful jewelry this year,” says cofounder and creative director Cem Terzihan.

Italian jeweler Picchiotti, too, will be bringing pieces that “fall into this light-hearted trend,” updating its popular Xpandable collection of stretchable diamond jewels with strips of colored gems, and playing swathes of hardstones off of diamond pavé in its yin-yang-style Perfect Harmony cocktail rings.

Adventurous retail buyers will find more experimental fine jewels in the halls of JCK as well. New York brand Studio Baharra is focusing on “out-of-the-box” bridal designs and men’s fine jewelry. “It’s a bit niche, but I feel there is huge potential for this,” says company designer Baha Alphan.

Of course, not everything will be big, bold and daring. A key focus for Gallon — and for many of the brands exhibiting at JCK — is designing for a younger clientele. To that end, Gallon has created a line of “dainty and minimalistic” jewels in 14-karat gold that are ideal for layering.

Exhibitor Brenda Smith, a metalsmith from Atlanta, Georgia, agrees that more muted collections will be crucial to retailers’ inventories. “Because of the current economic situation, I predict that clients will continue to prefer minimalist looks for the younger generation,” she says. Her new Simply line answers this demand.

It also lets her be agile on pricing, a sensitive topic that will likely be at the forefront of jewelry buyers’ minds. Her collection uses less gold and substitutes colored gemstones for diamonds in many cases. She’s also noted a rise in demand for lab-grown diamonds, which are less expensive.

Other brands are tackling the pricing issue in different ways. In addition to focusing on safe havens like tennis bracelets and chains, and introducing lower-price-point lines that incorporate leather, New York designer Alp Sagnak has gotten smart with his supply chain. “We made a conscious decision to produce more than we used to, to bring the prices down,” he says.

BRIDAL: SINGLE-STONE ELEGANCE

While show attendees can expect an exuberant atmosphere as JCK rips up the budget to celebrate its 30th anniversary in lavish style, one jewelry segment that’s taking a pass on excess is bridal.

“Everything is simple right now — solitaires all the way,” says Paula Kogan, senior bridal and fine-jewelry buyer at Watches of Switzerland, which owns US retail chains Mayors and Betteridge. Core styles with round brilliant and princess-cut diamonds — particularly in platinum — are selling well at Watches of Switzerland Group stores.

With this in mind, Kogan plans to use JCK to source classic bridal jewelry, as well as other evergreen categories such as diamond tennis bracelets, rivière necklaces, and diamond stud earrings. Since her focus is on single-stone rings, she’s experimenting with different cuts.

“Ovals launched two years ago and are seeing a lot of success, and now we are moving into other shapes such as emeralds and marquise, and are getting a lot of inquiries from clients for these,” she says. “Cushions are popular again. I think this is likely the result of celebrity trends trickling down.” ▶



Clockwise from top left: JCK hosts panel discussions on a wide range of topics; Rahaminov pink diamond and diamond earrings; Picchiotti bracelet in gold with black ceramic and blue, pink and yellow sapphires.



One style she won't be seeking out, however, is halo engagement rings — the seemingly bulletproof offering of the past decade. "Sales are declining," she explains.

Some JCK exhibitors are prepared for this shift. "I've been getting a lot more requests for single-stone engagement rings lately," says Chris Ploof, a Massachusetts jeweler who sells to more than 50 retail stores across the US. "I think we will be seeing a trend away from the halo style back to solitaires."

That's not to say consumers will be spending less. While the number of diamonds per design might be decreasing, the quality and carat count are likely going up, believes Ploof. "Our bridal is trending [upward,] with finer materials and higher prices. We

have several new bridal offerings combining our Damascus steel with precious metals and diamonds."

The trend is also feeding into men's wedding rings, he adds: "We are finally seeing men's precious ring sales start to gain importance again. For quite a while, it was titanium this and tungsten that, but I think customers are finally realizing there is little to no craft or soul in rings like that, and that there is really no value to it at all."

With the diamond industry in flux due to the Ukraine war, the resulting scarcities could have an impact on buying at JCK. Though the price of diamonds is rising, retailers with pockets deep enough to compete are expected to do so vigorously.

"Due to inflation, stores will be buying larger diamonds and fancy colors, as we're already feeling the shortage in supply of more exceptional and rare diamonds," says Melanie Goldfiner Goldberg, director of business development at Los Angeles-based diamond brand Rahaminov. As for how designers are planning to present those big stones, her money is on yellow gold. It has been in demand for Rahaminov's popular line of engagement rings with moval-cut diamonds in simple bezel settings, she reports.

This collection is perhaps a good overview of what we can expect in the bridal halls of JCK this year: simple designs, luxuriously executed. ■



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RIGHT ON THE MARQUISE

Named for the lips of a king's mistress, this tapered cut adds a sensual edge to stylized jewels.

BY RACHAEL TAYLOR

Marquise diamonds have always been provocative. Considering they were named for French King Louis XV's mistress, the Marchioness Madame de Pompadour, in honor of her sultry lips, could they have been anything but?

While it may not be scandal and adultery that attract designers to this elongated cut today, the shape does lend an edge to their work. As Maria Carola Picchiotti of Italian jewelry house Picchiotti puts it: "If a piece of jewelry is attractive with a twist of originality, then a marquise diamond can be the perfect stone." Using one in place of a round diamond on an engagement ring is indeed a striking swap

— and one that is kind to fingers, as it makes them appear longer. These stones also add interest to classic diamond designs such as eternity rings, line bracelets and ear studs, particularly when claw settings are sharpened to continue the tapered effect.

Marquise cuts are evocative in their sensuality, making them an excellent choice for evil eyes, flower petals, and the bodies of butterflies. Indeed, they can inspire the entire silhouette of a jewel. And for those who want to craft a celebration of mixed cuts — an increasingly popular theme — no piece would be complete without a marquise or two. The marchioness would be proud. ■





5

1. RACHEL BOSTON

Engagement ring with a marquise diamond in 18-karat yellow gold.

rachelboston.co.uk

2. ZOE CHICCO

Aura cuff with diamonds in 14-karat gold.

zoechicco.com

3. JADE TRAU

Poppy open band ring with marquise and pear-shaped diamonds in 18-karat gold.

jadetrau.com

4. GRACE LEE

Helix ring with marquise diamonds in yellow gold. gracelee.com

5. HALLEH

Echo Wave necklace with diamonds and enamel in 18-karat gold. halleh.com

6. ELLIS MHAIRI CAMERON

LX engagement ring with a 0.45-carat chocolate diamond. ellismhairicameron.com

7. ILARIA LANZONI

The Look of Love diamond stud earring in 18-karat gold. ilarialanzoni.com

8. ANITA KO

Diamond eternity band in 18-karat gold. anitako.com

9. ALMASIKA

Harmony ring with diamond in 18-karat gold. almasika.com



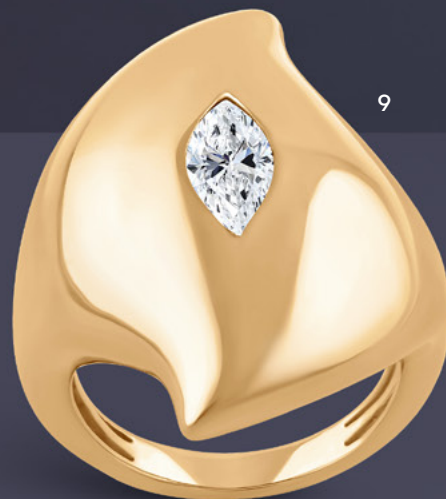
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PUT ON A HAPPY FACE

With the effervescent Smiley emoji turning 50 this year, jewelers are still using it and other Pop Art icons to brighten up their collections.

BY FRANCESCA FEARON



This year, Smiley will celebrate its 50th birthday. The mischievous Pop Art emoji was originally the creation of French columnist Franklin Loufrani, who designed it to highlight upbeat articles in the *France Soir* newspaper during the 1970s. After the acid house scene coopted it in the 1980s, Smiley went digital at the turn of the millennium, appeared as multiple giant inflatables at the London Olympics in 2012, and became a favorite motif among jewelers during the pandemic as a message of good cheer.

BOOM! POW! OMG!

The symbol's appearance came on the coattails of the Pop Art movement, which emerged in the mid-20th century when artists, using attention-grabbing colors, incorporated comic strips, celebrities, and commonplace objects like soup

"Everyone wants to smile and feel joy. Looking at positive, pretty things with a sense of humor helps us to do that" ✓✓

cans and Coca Cola bottles into their works. In 1957, artist Richard Hamilton described the style as "popular, transient, expendable, low-cost, mass-produced, young, witty, sexy, gimmicky, glamorous and big business."

Its use of pulsating color, symbols, and playful messaging have made it popular in jewelry — initially in the fashion segment, and later in fine and even high jewelry. Designer Suzanne Syz, for instance, who recently shuttered her business, used Pop Art inspiration in her witty gem-set titanium and aluminum jewels.

This daring genre is the antithesis of heirloom jewelry's serious character. A noted example of its irreverence is Solange Azagury-Partridge's Hotlips by Solange collection of rings in the shape of colorful, pouting lips. The design, which she pioneered in 1995, has since gained iconic status in the modern jewelry world for its use of shiny, wet-look enamels on silver, and for its references to both Salvador Dalí's and Andy Warhol's

From top: Sydney Evan Robot Friendship charm necklace in 14-karat gold with enamel and diamonds; Alison Lou Peace Sign bracelet in 14-karat gold with enamel and diamonds; Brent Neale Magic Mushroom pendant in 18-karat gold with carved chalcedony, amethyst, and sapphires. Opposite: Messika Smiley Lucky Move XXL necklace in 18-karat gold with diamonds.



obsession with lips. One of the recent additions to the collection even features a Smiley pattern.

Comic-book creativity has been another source of inspiration for both Azagury-Partridge — with her new neon-colored, gem-set Scribbles collection — and Diane Kordas, whose Pop Art collection of necklaces sparkles with diamonds and sapphires spelling out words like "BOOM," "OMG" and "WTF."

"I love Pop Art being one of the first manifestations of postmodernism," explains Kordas. "Its colorful, witty, youthful and glamorous vibe is the perfect way of joining modern acronyms with the existing ones of POW! and BOOM!"

Using gems like emeralds, diamonds and hot-pink sapphires helps elevate the iconography into something precious, differentiating it from fashion jewelry, she says. "Pop Art artists like Roy Lichtenstein, Andy Warhol, David ▶



Diane Kordas Boom ring in 18-karat rose gold with 0.42 carats of pink sapphires and 0.39 carats of white diamonds.

Hockney, Keith Haring and so forth are repeatedly celebrated. Therefore, the Pop Art collection will have lasting appeal.”

CHEERFUL EXPRESSION

Among those marking Smiley’s 50th is Messika, one of the officially chosen collaborators of Loufrani’s son Nicolas, who developed the emoji’s desktop language. The Paris-based jewelry house is celebrating with a cute Lucky Move pendant in yellow diamonds, and a My Move novelty bracelet assortment featuring Smiley prints on the interchangeable straps.

Smiley also appears in charms from the collections of Alex Woo and Heather B. Moore, and beams joyfully from the signet rings that husband-and-wife team Atsushi and Hwayoung Koizumi designed for their Japanese brand, Komi. In 2020, Komi launched happy-face gold rings with precious stones — which buyers can customize with birthstones — having originally introduced its Emotion series

in 2016 to reflect different emoji-style facial expressions.

“To incorporate the motifs into the jewelry designs, we try to simplify or exaggerate the form in the way of drawing an illustration or manga,” says Atsushi Koizumi. “We believe that our whimsical jewelry, with its minimalistic design, gives this wearable art a casual feeling.” The collection is highly popular in Japan and will be available this summer through Kolekto gallery in San Francisco.

Also using the famous smiling face is Rosanne Karmes, founder of Sydney Evan, who has designed diamond necklaces and multicolored gem-set bracelets featuring the cheerful motif. Her jewelry vocabulary includes other graphic symbols of the era as well, such as flower power and peace signs.

“I’m a ’70s gal — it’s my favorite fashion era,” confesses Karmes. “Most of my icons are the doodles I would draw as a kid and the stickers and patches that were on my notebooks and jeans. They are happy and

playful, and I feel like they reflect my personality.”

These designs have been in her collection from the beginning. Still, she says, “I do update them with different-color stones, and I have expanded to creating collections based on these symbols, including making them in various sizes and combining them with other symbols.”

PICTURE PERFECT

Emoji and emoticons have emerged as the digital generation’s new way of communicating. Surfacing in Japan in the 1990s, emoji were inspired by the graphics in manga comics. Many people credit graphic artist Shigetaka Kunita with transforming them into a digital language.

Alison Chemla, who studied cybergraphics in college, launched Alison Lou in 2012, with offerings including a core fine-jewelry line that featured cheeky, expressive faces and other emoji. She has since expanded her repertoire of symbols in her Groovy collection, reflecting the psychedelic vibe of the 1960s and ’70s with her Trippy tie-dye enamel pieces, Magic Shroom mushroom motifs, and peace signs. She’s also added pearls and opals, which she hadn’t used before.

Brent Neale Winston is another designer tripping out on mushroom and snail motifs in her Brent Neale brand, setting gems into carved hardstones to embellish these whimsical shapes.

“This goes back to a core belief that jewelry should be fun and wearable every day,” says Winston. “The snail was really a nod to the fact that our jewelry is made slowly, and good things take time. And that, I think, applies to so many things in life. Just a message to me (or any wearer) that it’s okay to take your time.”

The popularity of these Pop Art pieces is hard to deny. “We have clients that have bought them as singles and in multiples,” says Winston, who advocates a layered look. “One lovely husband commissioned four for his wife for this past Christmas because she loves them so much.”

They appeal to everyone, agrees Karmes — “young to older, men, women.... Everyone wants to smile and feel joy. Looking at positive, pretty things with a sense of humor helps us to do that.” ■

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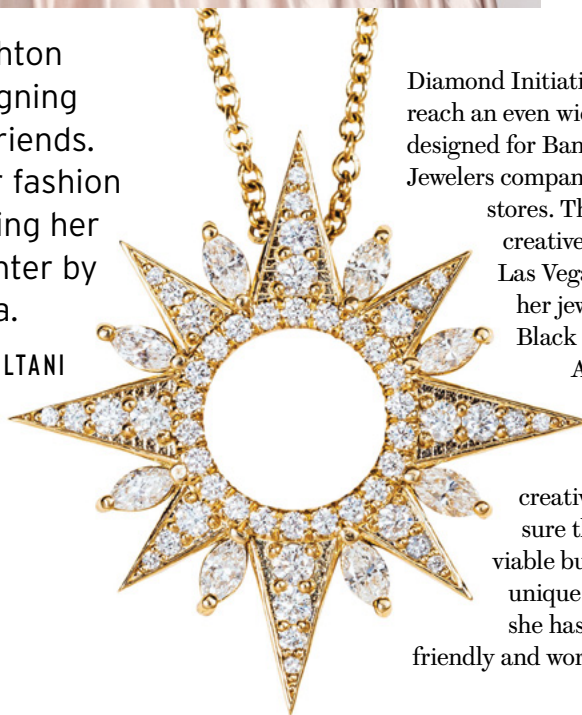
RISING STAR

From top: Designer Malyia McNaughton; Soleil pendant with 1.25 carats of diamonds.



Malyia McNaughton started off designing pieces for her friends. Now the former fashion buyer is launching her own line for Banter by Piercing Pagoda.

BY SONIA ESTHER SOLTANI



If a jewel can tell its creator's story, Malyia McNaughton's Progression Hoop Revolution earrings are the pieces that best encapsulate her stellar trajectory. The bold geometric design, which the Made by Malyia founder initially launched in 14-karat gold vermeil and sterling silver, is now available in 14-karat gold with diamonds. Inspired by the moon and "signifying the process of gradually moving forward toward a more progressive capacity," she says, the earrings powerfully celebrate the Bronx-born, self-taught designer's achievements.

Eight years ago, friends admired a body chain she'd made to wear to a music festival when she couldn't find anything she liked in stores. Their requests for similar jewels prompted the then-fashion buyer to start a small operation in her spare time, working with semiprecious metals and selling a few pieces on Etsy.

REACHING OUT

Since then, her fine-jewelry creations have shone bright, starring in a Natural Diamond Council (NDC) campaign as part of the NDC x Lorraine Schwartz 2021 Emerging Designer

Diamond Initiative. Next month, her work is set to reach an even wider audience as the collection she designed for Banter by Piercing Pagoda, a Signet Jewelers company, launches online and in over 300 stores. The Made by Malyia CEO and creative director is also attending the JCK Las Vegas show for the first time, debuting her jewels at the Design Collective of the Black in Jewelry Coalition (BIJC) booth.

A savvy entrepreneur and fashion-conscious designer, McNaughton aims to balance financial sustainability and creative vision. "I always try to make sure that my pieces are commercially viable but also stay authentic to my more unique design styles," she says. For JCK, she has picked pieces that are retail friendly and work as a collection. Nature, aquatic

themes and movement inform her sensual, resolutely modern aesthetic. Her jewelry is still divided between fine and demi-fine lines, and she has it manufactured in New York and India based on her sketches.

ALWAYS RESOURCEFUL

McNaughton studied fashion at Florida State University. During her career in the fashion industry, she says, she was always drawn to the accessories closet, so she sees her move into jewelry-making as inevitable. Since her early attempts used semiprecious materials, she had the freedom to make mistakes, allowing herself to tap into her imagination. “When I started sketching, that’s when the whole floodgates opened, and I realized I really had a knack for designing. I enjoyed it, and it reminded me that I always had it in me.”

The daughter of Jamaican immigrants, she came to the industry without an investor or a family legacy, so she had to be inventive. “I didn’t have the ability to pull from resources. But I’ve been very scrappy and creative in how I am able to work with what I have, and do it in a way that’s still elegant and aesthetically pleasing.”

She has been benefiting from the guidance of two mentors. One is gemologist Adrienne Sanogo, whom she met through the BIJC in June 2020 and who has provided advice on gemstones via weekly Zoom calls. The other is designer Sheryl Jones, who has shared pointers on sourcing, the supply chain, and pricing her pieces.

THE NEXT STEP

The NDC opportunity gave McNaughton access to a diamond supplier who entrusted her with stones that had once seemed out of reach. She took De Beers’ “Introduction to Diamonds” course to gain



confidence in communicating her needs clearly to the diamond dealer. The 11-piece collection that featured in the NDC campaign starring actress Ana de Armas comprises diamond-set statement hoops, necklaces and rings, playing on negative spaces and glamorous lines.

Her Brooklyn studio doesn’t have a storefront yet, but she hopes it will be the next stage for her brand.

Her creations have sold on 1stDibs and Moda Operandi and are now available at Greenwich St. Jewelers in New York. As someone who believes in setting goals, she’s planning on studying at the Gemological Institute of America (GIA) to enter the engagement-ring segment.

“I will come out as a better designer,” she says. “I really want to explore the bridal market, and I know that I want to make sure I have the education...because a lot of times it’s the customer starting with the stone. I want to make sure that I have all the information to provide them with the best possible stone.”

madebymalyia.com ■

From top right: Progression Diamond Constellation hoop earrings with 1.14 carats of diamonds on model; model wearing Dancing Wave Twist hoops with 8.33 carats of diamonds, and Two Finger Wave ring with 1.36 carats of diamonds; Plunging Ocean Wave hoops with 0.89 carats of diamonds.

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- 2. POMELLATO Nudo rivière necklace with sky and London blue topaz;
- 3. KARINA BREZ Rose ring with diamonds;
- 4. LYDIA COURTEILLE Lune earrings with moonstone and diamonds;
- 5. MELISSA KAYE Kira ring with diamonds and neon-green enamel;
- 6. EMILY P. WHEELER Bernadette bridge bracelet with turquoise. ▶



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12

- 7. RENNA Dream Shell rainbow snail earrings with colored gems;
- 8. ANAKATARINA Pierce Your Heart pendant with diamond and sapphires;
- 9. COLETTE Penacho earrings with lapis lazuli, turquoise and diamonds;
- 10. ROBINSON PELHAM stacked Love Is All Around rings with diamonds;
- 11. ARMAN SARKISYAN pendant with opal and diamonds;
- 12. NEVERNOT Let's Play Chess ring with enamel and pink topaz.

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OLD FRIENDS

Dealers are looking forward to attending the Las Vegas Antique Jewelry & Watch Show in person this year. BY PHYLLIS SCHILLER

Doing business during the Covid-19 years has meant there “was such a long drought of not seeing people you’re used to seeing,” says Pat Saling, president of the Pat Saling Jewel Collection in New York. This year, however, it’s back to live events, and she’s taking full advantage: She has so far exhibited at the Original Miami Beach Antique Show, the Palm Beach Antique Show, and GemGenève, and she’s heading to the Las Vegas Antique Jewelry & Watch Show this month.

“I would go to Europe five times a year, and I haven’t been there for over two years now,” she relates. “So it was very nice seeing the people who did come to Miami that I haven’t seen for a while.” While there were fewer participants than usual at that Florida event, she deemed it a good show. “I bought a few things and sold a lot of things.”


Steven Fearnley, too, is happy to step back from the virtual world and attend in-person gatherings. “I like seeing and talking to people,” says the owner of JS Fearnley in Atlanta, Georgia. “I am looking forward to going to Vegas and working my best deal there.”

GREAT EXPECTATIONS

Fearnley, who says he “does shows and dealer-to-dealer business,” went from “doing about 15 shows a year to just a few, because of the nature of the beast with Covid-19.” The events he has attended this year — Miami and Palm Beach — he rates highly. “Both were a little lighter on foot traffic than usual, but those who came were there to buy, so both shows were very good for me.” He has positive hopes for an equally good experience in Vegas.

Vintage- and antique-jewelry dealer Kurt Rothner has attended four live events since the onset of the pandemic. The founder of the Los Angeles-based Excalibur Jewelry says he is “really excited about the upcoming Las Vegas show” and is “hopeful international dealers are slated to join.”

Rothner exhibited at the Las Vegas show in 2021 and at both Miami Beach and the Atlanta Jewelry Show this year. The



“I’M SURE THERE ARE TRENDS OUT THERE, BUT I WATCH FOR BEAUTIFUL JEWELRY. THAT’S WHAT SELLS”

PAT SALING

“A LOT OF MY ACQUAINTANCES WITH QUALITY RETAIL SHOPS AND QUALITY CLIENTELE ARE HAVING THE BEST YEARS THEY HAVE EVER HAD”

STEVEN FEARNLEY





“YELLOW GOLD WILL BE AS CONSISTENTLY STRONG AS EVER, WITH HIGH DEMAND AS USUAL FOR DIAMONDS, ESPECIALLY BRIDAL”

KURT ROTHNER



Clockwise from top left: French fringe gold earrings from Pat Saling; vintage diamond ring from Excalibur Jewelry; Bulgari *toi et moi* ring with a fancy-vivid-yellowish-orange diamond and diamonds from JS Fearnley.

results exceeded his expectations; Miami, in fact, “was double the best show Excalibur has had in over 40 years,” he reports. While he was originally optimistic that Las Vegas would be just as phenomenal, the Russia-Ukraine war and rising inflation have tempered his outlook somewhat. “I feel it will not quite live up to post-Miami expectations, but I still believe we will have a solid show.”

WHAT CATCHES THE EYE

Rather than a specific category, Saling prioritizes what she classifies as “beautiful jewelry. I’ve spent the first 20 years of my life running Fred Leighton, and then 20 years ago, I went out on my own, so I’ve seen a lot of great jewelry and handled and sold a lot of great jewelry. I’m sure there are trends out there, but I watch for beautiful jewelry. That’s what sells.”

One thing that’s always in demand, she adds, is signed jewelry. “It’s unfortunate that that’s become the first question everybody

asks now. When I started in the business, people responded to the beauty of the piece, and then somewhere down the line, you would tell them it was signed.”

Fearnley will be “bringing signed color” to the show, among other offerings. In terms of era, he has found the 1950s, ’60s and ’70s to be popular, “and even the 1940s Retro style. Signed iconic looks such as Cartier and Van Cleef & Arpels are in demand. But the reality is, they are so sought-after that it’s just very hard to buy.”

Rothner expects the strong show trends to include gold and diamonds. “Yellow gold will be as consistently strong as ever, with high demand as usual for diamonds, especially bridal, and with very strong interest in high-end fine color. Our mix is largely dependent on what is purchased from estates, so that determines what we will be bringing.”

LOW SUPPLY, HIGH PRICES

The shortage of “diamond, manufactured, and fine estate” goods is a hot industry topic, according to Rothner, who also believes the current high gold prices “could become problematic.”

Saling hasn’t seen a lot of quality merchandise around and notes “strong pricing for anything good.” Her inventory, she says, “is fairly specific — 19th- and 20th-century jewelry, a lot of it signed, Boivin and Belperron and makers like Cartier, Van Cleef, and Lacloche — and that makes it even more difficult. The sense I get from anybody I talk to is that it’s just hard to find goods. And the prices at auction houses have become almost impossible for the trade to touch for certain genres.”

While Fearnley feels auctions are a source that “has virtually dried up in the US,” he considers trade shows like the Vegas one a “viable source” for merchandise. “I think we’re going to see a certain sector of dealers willing to pay more than they’ve ever paid for certain things because they can’t get it at any of the other avenues they’ve been used to using.”

The scarcity of goods and the steep pricing are “ongoing complaints among dealers,” he adds, “and no one is happy about it. But the flipside is that a lot of my acquaintances with quality retail shops and quality clientele are having the best years they have ever had. It’s always this case in our business. When it’s hard to buy, it’s easier to sell, and when it’s hard to sell, it’s easier to buy.” ■

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SERPENTS WITH A SMILE

The historic symbolism of snake jewelry continues to have modern appeal, says estate dealer Beverley Forward.

BY PHYLLIS SCHILLER

WHAT IS THE DRAW OF ANTIQUE SNAKE JEWELRY FOR MODERN COLLECTORS?

Antique snake jewelry can be found in both the Georgian and Edwardian periods. It was in the Victorian period, however, after Prince Albert proposed to the future Queen Victoria with a serpent engagement ring, that it became particularly popular. When the newly crowned Victoria opened her first session of the English Parliament, she wore a snake bracelet, reinforcing the idea of wearing serpent-themed jewelry in all its different forms. Each of the periods is very collectible, as most antique serpent jewelry was handmade, and each piece has its own uniqueness.

WHAT ARE THE MOST WIDESPREAD INTERPRETATIONS OF THE MOTIF?

Unlike many other animal shapes, the flexibility and flowing movement of a snake could be made into many different designs, encompassing all the different jewelry forms from bracelets to rings, necklaces and pendants, earrings and brooches. Most snake jewelry had the tail of the snake attaching to the head in a circular loop, signifying continuity, timelessness and eternity, with no beginning or end. It was considered a very romantic piece of jewelry to give someone — the equivalent today of giving someone a piece of heart jewelry. Serpent jewelry was also worn as protection from disease. In addition, the serpent was seen as symbolic of fertility.

WHICH MATERIALS AND GEMS WERE PARTICULARLY POPULAR?

Snake jewelry, especially rings, was mainly made of high-karat gold, with some pieces done in sterling silver for more limited budgets. If it was for general wear, many different gemstones and enamel colorings were used. But if given as an engagement ring, then it was mainly one gemstone or a combination of the four most precious gemstones, all of which had their own symbolism.



WHO IS

BEVERLEY FORWARD?

Beverley Forward and her husband Stephen own Beverley R Jewelry in Chicago, Illinois, where they offer fine antique and period jewelry from the early 1800s through the 1950s. In the business for over 30 years, she is an expert in jewelry periods and settings, and he is a gemologist who passed the Gemmological Association of Great Britain (Gem-A) exams for diamonds and colored gems. beverleyr.com

Many believe Prince Albert chose emerald for Victoria's ring because it was symbolic of infinite patience, integrity and loyalty — the gemstone meant to keep partnerships in balance — [and that he paired] it with diamonds [to symbolize] purity, innocence, love and fidelity. Also popular choices in serpent engagement rings were sapphires, symbolic of wisdom, learning, integrity and the preserver of chastity, and rubies, which Albert chose for the eyes of the snake in Victoria's ring, symbolizing purity and passion.

WHAT IS THE AVAILABILITY OF ANTIQUE SNAKE JEWELRY?

It is still possible to find, but it is becoming harder and harder. Of all the animal jewelry made in the 1800s and early 1900s, there was more snake jewelry produced, which gives people more of a selection. In choosing pieces, the first thing to check is condition: Is there any damage? Are there repairs? Is there any wear on the piece? This is especially important with earlier pieces. Expect to see some wear on a piece over 100 years old; otherwise, there is a strong possibility it is a reproduction. But the piece should not be too fragile to wear. If customers intend to wear the jewelry, it needs to be tried on to see how it lies, especially the length of a necklace or the width of a bracelet, as many of the earlier pieces can be on the shorter side. ■



From top: Blister pearl brooch in 18-karat gold with diamonds and a demantoid garnet head, c. 1900; opal and diamond necklace in 18-karat gold, c. 1890.



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HARVESTING BEAUTY

Cultured pearls are reaching new heights of quality and answering the call for sustainably sourced jewels, specialists say. BY DIANA JARRETT



Gregore & Jennifer-Rabe earrings in 18-karat gold with South Sea pearls, amethysts and ebony wood.

IMAGE: GREGORE & JENNIFER-RABE

For centuries, natural pearls were cherished baubles for the highborn few, but the process of pearl cultivation — perfected over a century ago — expanded their affordability and gave dedicated pearl farmers a say in producing certain shapes and colors. Today, the classic, demure strand of creamy-colored orbs is taking a back seat to more extraordinary shades and shapes in the hands of jewelry artists.

Cultured-pearl strands, especially the sumptuous South Sea variety or the winsomely shaped freshwater types, are still highly collectible, and their impressive features add panache to any ensemble. But experimental jewelers are not relying solely on strands today; they also focus on attractive single pearls. ▶



“YOU CAN’T RUSH A GOOD THING. SOUTH SEA FARMED PEARLS NEED A MINIMUM OF 16 TO 18 MONTHS’ IMMERSION TIME TO GET A GOOD LAYER OF NACRE”

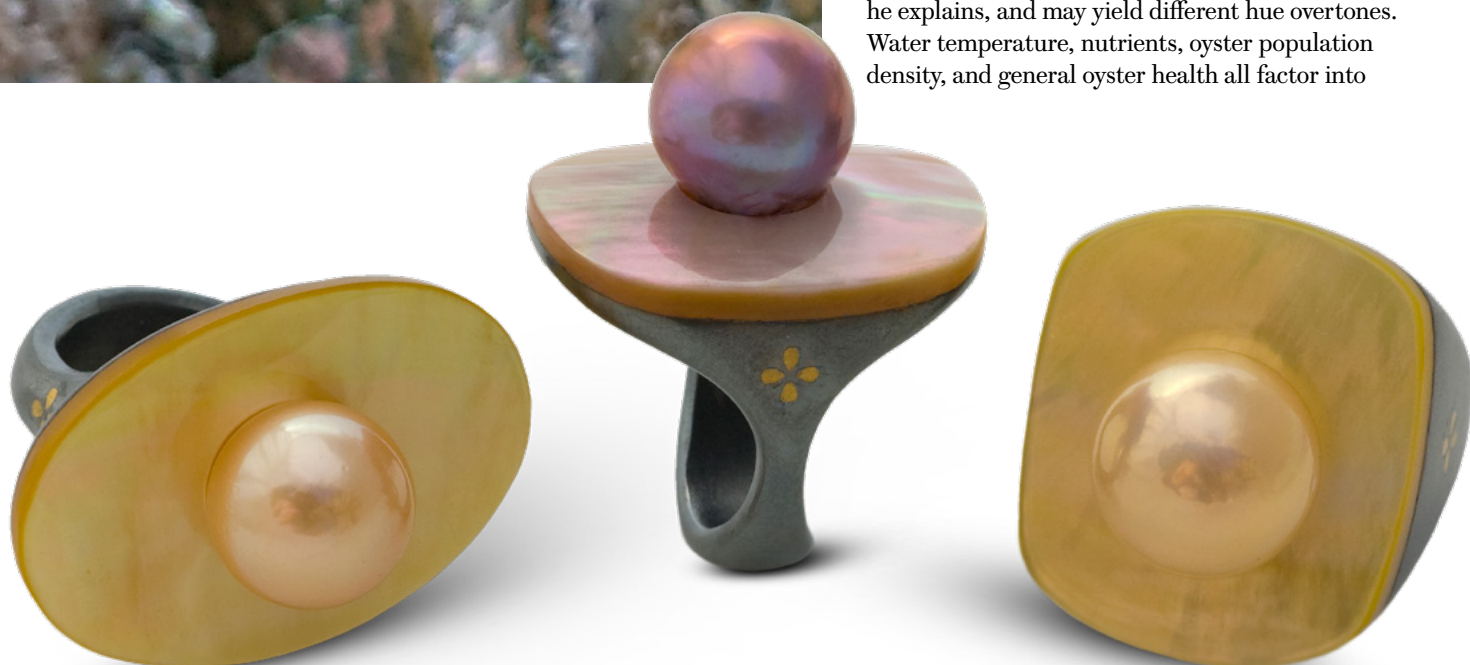
For specimens that have imperfections in their nacre, Fred Sague — CEO and owner of Black Market Pearls, Tahiti — offers an imaginative solution: the company’s Diamond Pearls line. “The idea is that some beautiful pearls with marks are unsuitable for high-end jewelry. So we set diamonds in those spots, creating added value.”

Pearls can communicate with jewelry clients. “When we use cultured pearls in unusual ways, our customers always take notice, and if a piece speaks to them, it usually finds a new forever home,” says designer Gregore Morin of Gregore & Jennifer-Rabe. While some of Morin’s customers are knowledgeable about the intricacies of the pearl industry, he finds that “most just enjoy them.”

Farmer’s market

High demand has pushed farmers to up their game and produce superior pearls for a discerning clientele. “Regarding Tahitian and South Sea pearls, farming techniques and the farmers themselves are getting better at delivering pearls of higher quality,” says Sague.

Each of a farm’s lagoons has its own ecosystem, he explains, and may yield different hue overtones. Water temperature, nutrients, oyster population density, and general oyster health all factor into





Yoko London Twilight ring in 18-karat white gold with a Tahitian pearl and diamonds. Opposite, from top: Pendant by Black Market Pearls, Tahiti, featuring an 18.5-millimeter baroque Tahitian pearl with cognac and white diamonds; Gregore & Jennifer-Rabe Lollipop rings featuring pink, black and yellow shell, fresh and saltwater pearls, and blackened sterling silver with 24-karat gold inlay.

better pearl production. “But you can’t rush a good thing,” he emphasizes. “South Sea farmed pearls need a minimum of 16 to 18 months’ immersion time to get a good layer of nacre.”

Treatments are routine in cultured-pearl production, especially at large factories in Japan and China that process great quantities. The goal is to provide a uniform appearance for matched pearl strands, and as long as there’s appropriate disclosure, these procedures are industry-accepted and have no negative effect on the pearls’ value. Pre-treatment washing is standard, as are the bleaching, dyeing and light polishing that often follow. Some pearl types also undergo luster enhancement, which tightens the nacre layers.

Who’s buying

While Western consumers have long been keen on cultured pearls, there’s another important market to watch, according to Betty Sue King, owner of pearl wholesaler King’s Ransom. “The rise of China’s domestic buying power has changed the distribution and pricing of pearls. Chinese cultured pearls are in great demand, being sold domestically through retail and online with great profit margins. Quality South Sea, Tahitian, [and] Japanese Akoya — [as well as the lower qualities that make

THE LOWDOWN ON RISING PRICES

Pearl prices are climbing in all categories, especially finer cultured pearls, and production shortages are spurring these upticks. While fine qualities are still available, prepare to dig deeper into your pockets for them.

The Gemological Institute of America (GIA) has several quality grades for pearls. AAA is the highest: the top 10% of the harvest, sporting an 80%-flawless surface. AA is for commercial-grade goods: the bulk of the harvest, with a 40%-flawless surface.

On the Tahitian market, designers report wholesale prices of \$260 to \$360 for a single round, 12-millimeter grey pearl — a more desirable color than the usual white or cream — of AAA to AA quality. Fancy colors cost more.

“Prices began to firm up during the past 10 years,” says Betty Sue King of King’s Ransom. “The best-quality freshwater cultured pearls exhibiting exotic colors, finish and size continue to command top dollar.”

Good-quality strands with 11.8- to 14-millimeter round Edison specimens — freshwater cultured pearls that were bead-nucleated, meaning a small bead was inserted into the oyster to begin the process — start at \$1,200 wholesale and have soared in the last two years. Prices increase depending on luster, color and other qualities. Among dyed pearls, 8-millimeter rounds of good quality, previously \$200-plus, are now easily \$300 a strand. Better and fine-quality dyed goods have become less available in general.

up] the bulk of pearl cultivation — are eventually exported to China, which is the biggest market for all pearls.”

A large portion of this trade has traditionally gone through Hong Kong, but with the bad press the municipality has had lately and its difficulties with Chinese rule, Sague believes the market may switch back to the birthplace of the cultured pearl: Japan. “The Japanese have a more traditional and refined approach to the pearl and jewelry trade, and this will keep prices at a good level.”

Meanwhile, the call for sustainably sourced and organic products is growing among eco-conscious consumers, he notes. “Tahitian pearls fit right into this market sector. I don’t see the prices of higher-grade pearls going down.”

A good strand is hard to find

Demand for quality cultured specimens has made acquisitions tough on high-end jewelers, according to Michael Hakimian, CEO of jeweler Yoko London. Still, he affirms, “we rise to the challenge and never compromise on quality.” The company’s nearly 50 years in the pearl industry have helped it establish close working relationships with farmers.

As with other industries reliant on global trade, Covid-19 has had a profound effect on pearl cultivation worldwide, King reports. “Wholesale dealers in Hong Kong have had difficulty obtaining [goods due to] Covid-19 restrictions. Travel lockdowns, both domestic and international, have hindered production. Consequently, it has limited current and future production, since pearls take two to four years to cultivate. [This] is universally the case for China, Australia, Indonesia, the Philippines, Japan and Tahiti.”

When the pandemic hobbled walk-in traffic, Yoko London pivoted to acquire an in-house photographer and videographer. The high-quality imagery let shoppers see product images across multiple channels, including Instagram, the company’s website and those of retail partners.

“Since the pandemic, we’ve experienced a huge demand for easy-to-wear, fashion-forward, everyday pieces like our Trend and Sleek collections, [which feature] lustrous freshwater and Akoya pearls in smaller sizes [that are] lightweight and comfortable to wear from day to night. Our Blush versions of key pieces feature natural-color pink freshwater pearls,” says Hakimian.

For Morin, an appreciation of nature is the driving force behind his work with these nacreous gems. “And just when I think I have a clever idea, I remind myself that nature created it all before, and I am just rediscovering it.” ■

THE RAPAPORT DIRECTORY

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CALENDAR

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JUNE

- 2-4 Jubinale Summer**
Krakow, Poland
jubinale.com
- 8-13 Luxury by JCK**
Las Vegas, NV
luxuryjckonline.com
- 9-11 Palakiss Spring**
Vicenza, Italy
palakiss.com
- 9-12 Couture**
Las Vegas, NV
thecoutureshow.com
- 9-12 Las Vegas Antique Jewelry & Watch Show**
Las Vegas, NV
lasvegasantiquejewelryandwatchshow.com
- 9-13 AGTA GemFair**
Las Vegas, NV
agta.org
- 10-12 Hyderabad Jewellery, Pearl & Gem Fair**
Hyderabad, India
hyderabad.jewelleryfair.in
- 10-13 JCK Las Vegas**
Las Vegas, NV
lasvegas.jckonline.com
- 13-14 International Watch & Jewelry Guild (IWJG)**
Las Vegas, NV
iwjg.com
- 16-19 Jewellery & Gem Asia**
Hong Kong
exhibitions.jewellerynet.com
- 23-26 Jewelry Shanghai**
Shanghai, China
chinajewelryshow.com

JULY

- 1 GIA Career Fair**
London, UK
gia.edu/career-fair
- 11-14 Pawn Expo**
Las Vegas, NV
pawnextpo.com
- 14-17 Singapore International Jewellery Expo (SIJE)**
Marina Bay Sands, Singapore
sije.com.sg
- 23-26 IJO Washington, DC**
Washington, DC
ijo.com
- 29-AUG 2 Hong Kong International Diamond, Gem & Pearl Show**
Hong Kong
event.hktdc.com
- 29-AUG 2 Hong Kong International Jewellery Show**
Hong Kong
event.hktdc.com

AUGUST

- 4-8 IIJS Premiere**
Mumbai, India
gjepc.org
- 14-16 JA New York**
New York, NY
ja-newyork.com
- 15-17 Melee the Show**
New York, NY
meleetheshow.com
- 18-21 Jakarta International Jewellery Fair**
Jakarta, Indonesia
indonesijewelleryfair.com
- 25-28 Shanghai World Jewelry Expo**
Shanghai, China
jewelleryshanghai.com
- 27-29 International Jewellery Fair**
Sydney, Australia, jewelleryfair.com.au



SEPTEMBER

- 1-3 Amberif**
Gdansk, Poland, amberif.pl
- 2-5 Bijorhca**
Paris, France, whosnext.com
- 3-5 Midora Leipzig**
Leipzig, Germany, midora.de
- 4-7 Autumn Fair**
Birmingham, UK, autumnfair.com
- 5-6 Jewellery Show**
London, UK, thejewelleryshow.co.uk
- 7-11 Bangkok Gems & Jewelry Fair**
Bangkok, Thailand, bkkgems.com
- 8-10 Watches & Jewels**
Prague, Czech Republic
hodinyaklenoty.cz
- 8-11 HardRock Summit**
Denver, CO, hardrocksummit.com
- 9-13 Palakiss Summer**
Vicenza, Italy, palakiss.com
- 9-13 Vicenzaoro**
Vicenza, Italy, vicenzaoro.com
- 10-12 Delhi Jewellery & Gem Fair**
New Delhi, India
delhi.jewelleryfair.in
- 11-12 Select Jewelry Show**
Dallas, TX
selectjewelryshow.com
- 15-18 Madridjoya**
Madrid, Spain, ifema.es/madrid-joya
- 17-19 Couture India Show**
New Delhi, India, coutureindia.show
- 18-19 Select Jewelry Show**
Mohegan Sun, CT
selectjewelryshow.com
- 18-19 Jewelers International Showcase (JIS) Delivery**
San Diego, CA, jisshow.com
- 22-25 Portojoia**
Matosinhos, Portugal
portojoia.exponor.pt

- 23-25 Unique Gems & Jewellery International Show**
Pune, India
ugjis.com
- 27-30 Jewellery & Gem World**
Singapore
jewellery.jewellerynet.com
- 28-OCT 2 Junwex Moscow**
Moscow, Russia
junwex-msk.ru
- 30 GIA Career Fair**
Carlsbad, CA
gia.edu/career-fair
- 30-OCT 2 Gemworld**
Munich, Germany
munichshow.de
- 30-OCT 3 Jewelers International Showcase (JIS)**
Miami Beach, FL, jisshow.com



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OCTOBER

- 6-9 Istanbul Jewelry Show**
Istanbul, Turkey
istanbuljewelryshow.com
- 6-9 Shanghai World Jewelry Expo**
Shanghai, China
jewelleryshanghai.com
- 23-25 JA New York**
New York, NY
ja-newyork.com
- 26-28 International Jewellery Tokyo Autumn**
Tokyo, Japan
ijt-aki.jp
- 27-30 NYC Jewelry & Watch Show**
New York, NY, nycjaws.com

NOVEMBER

- 1-5 Unique Jewellery Salon**
Riyadh, Saudi Arabia
jewellerysalon.com
- 2-5 Jewellery & Gem Asean Bangkok**
Bangkok, Thailand
aseanbangkok.exhibitions.jewellerynet.com
- 4-6 Palakiss Fall**
Vicenza, Italy
palakiss.com
- 8-9 Jubinale Christmas**
Krakow, Poland
jubinale.com
- 9-13 Jewellery & Watch Show**
Abu Dhabi, UAE
jws.ae
- 11-14 Malaysia International Jewellery Fair**
Kuala Lumpur, Malaysia
mijf.com.my
- 22-26 Jewellery Arabia**
Sanabis, Bahrain
jewelleryarabia.com
- 24-27 JMA Hong Kong**
Hong Kong
jewelryshows.org

MAKING A DIFFERENCE

Rapaport Magazine asks: What would you like to change in the industry?

BY LEAH MEIROVICH

1. VIPUL SUTARIYA, DIRECTOR OF SALES AND MARKETING, DHARMANANDAN DIAMONDS

I want people to think about long-term rather than short-term opportunities.

2. SATTA MATTURI, DESIGNER, MATTURI FINE JEWELLERY

To keep the jewelry sector fresh and relevant for consumers, we need to see more differentiation and design-led creations.

3. EIRA THOMAS, CEO, LUCARA DIAMOND CORP.

Real transparency and modernization in the supply chain. Not just a narrative one.

4. MOLEFI LETSIKI, CHAIRMAN, DIAMOND DEALERS CLUB OF SOUTH AFRICA; DIRECTOR, MOLEFI LETSIKI DIAMONDS

To simply tell the story of the positive impact ethically sourced and manufactured diamonds have on individuals, manufacturers, and communities where they are produced.

5. STEPHEN WETHERALL, MANAGING DIRECTOR, LUCAPA DIAMOND COMPANY

Optimizing the diamond pipeline to properly reward each participant in the value chain in line with the risks taken or investment made.

6. VALERY DEMURE, JEWELRY CONSULTANT, OBJET D'EMOTION

I would like retailers to consign much less, to be more discerning and invest in true design and craft. To educate and inspire us again.

7. SHAILESH JAVERI, CHAIRMAN, STARGEMS GROUP

I would like the industry to band together to protect the intrinsic value of natural diamonds via an intensive marketing campaign. This can be achieved if the Natural Diamond Council (NDC) advises all clients to voluntarily contribute a small amount of every purchase of rough diamonds made from primary sources.

8. STEWART YOUNG, DIRECTOR OF JEWELRY AND HEAD OF JEWELRY FOR ASIA, BONHAMS

I'm an advocate of the fact that jewelry can be more fashionable than we think.

9. ARI EPSTEIN, CEO, ANTWERP WORLD DIAMOND CENTRE (AWDC)

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