

# DIAMOND INSIGHT

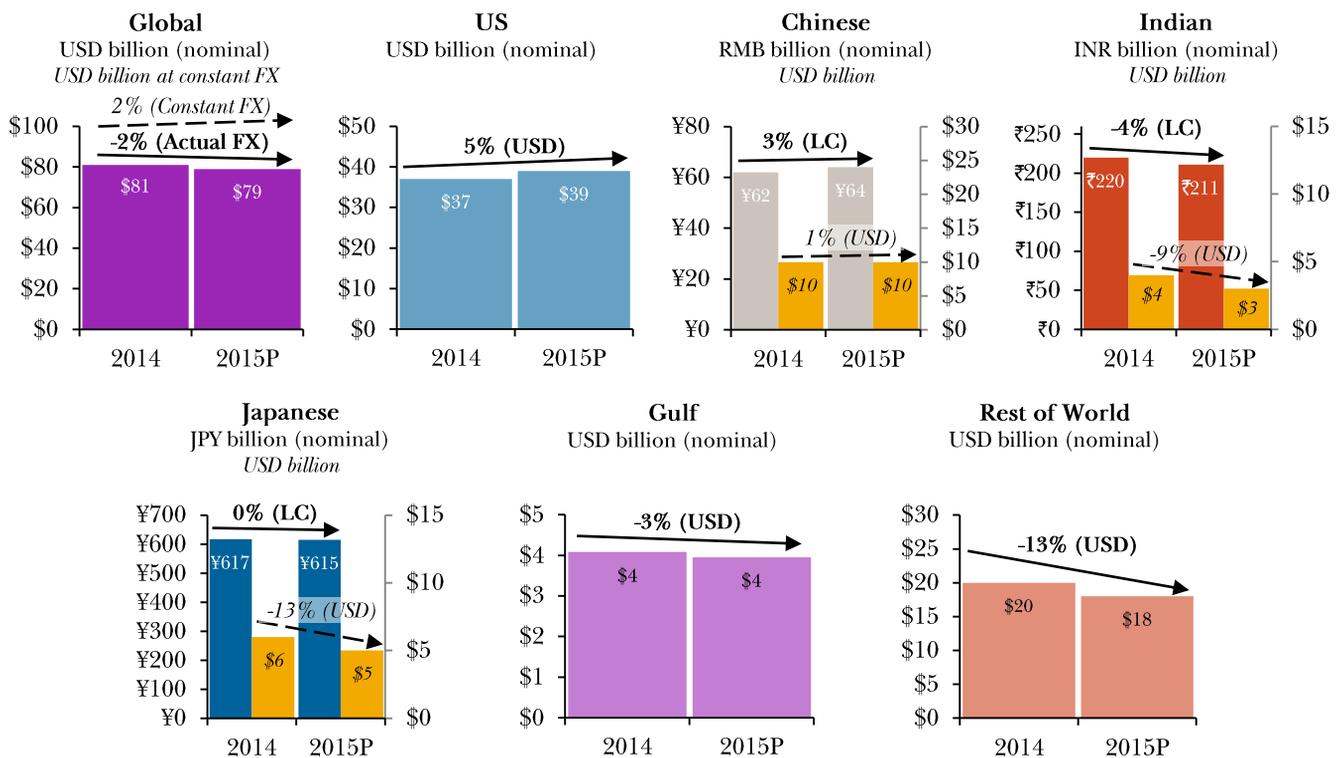
## 2015 DIAMOND JEWELLERY DEMAND AND OUTLOOK FOR 2016

### 2015 HIGHLIGHTS

Strong growth in demand from US consumers was the main driver for global sales of diamond jewellery in 2015. Consumer demand for diamond jewellery in the US – still comfortably the world's largest market – hit a new record of \$39bn in 2015. Chinese consumers also continued to increase their overall spend on diamond jewellery in 2015, both domestically and when purchasing overseas. The Japanese, Indian and Gulf consumer markets saw some declines in local currency terms, with the strength of the US dollar further impacting growth rates in US dollar terms.

At constant currency, global consumer demand for diamond jewellery grew by two per cent. However, the strength of the US dollar during the year negatively impacted growth at actual exchange rates, with global consumer demand for diamond jewellery in US dollar terms reaching US\$79 billion in 2015 – a two per cent decline on the record US\$81 billion seen in 2014.

### DIAMOND JEWELLERY VALUE BY MARKET\* (PRELIMINARY)



The US, which is the largest and most mature consumer market for diamond jewellery sales, saw the fastest growth in 2015 at around five per cent, driven by sustained economic recovery, higher level of job creation and wage growth.



Chinese demand growth was positive in 2015. Including acquisitions by Chinese abroad, the overall growth rate was three per cent in RMB.



Despite positive general macroeconomics in India, consumer demand for diamond jewellery dropped four per cent in 2015, as it was negatively affected by a number of factors, impacting overall consumer spending, including structural labour market issues and restricted consumer credit.



Japanese consumer demand was broadly flat in 2015 in local currency. However, the Yen depreciation led to a double-digit decline (down 13 per cent) in US dollar terms. The jewellery retail trade benefitted from Chinese tourism spend, with Chinese visitor numbers doubling in 2015 compared with 2014.



In the Gulf region, unfavourable macroeconomics continued throughout 2015, with oil price weakness, geopolitical instability in the Middle East, and lower visitor numbers from Russia and China affecting the UAE, in particular.



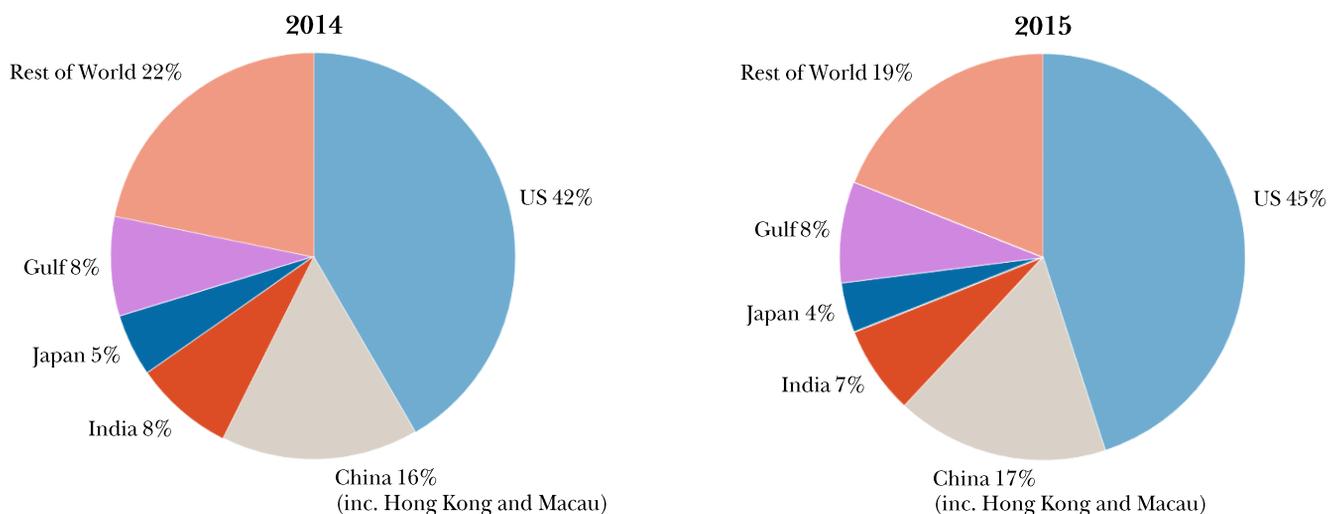
Demand for diamond jewellery in the Rest of the World in 2015 declined by 13 per cent as a result of macroeconomic weakness in the emerging markets, particularly Russia and Brazil, and the strength of the US dollar which negatively affected growth in the Eurozone markets.

Note: LC = Local currency  
 USD = US dollar  
 FX = Foreign exchange rate to the US dollar  
 \* = Purchases by residents of the respective countries at home and abroad

The analysis of the polished diamond content (the value of diamonds measured in Polished Wholesale Prices in US dollars) in diamond jewellery consumed around the world shows that the US market, as the fastest growing in 2015, has gained share (from 42 per cent in 2014 to 45 per cent in 2015).

## GLOBAL POLISHED DIAMOND DEMAND SHARE BY MARKET

USD at Polished Wholesale Prices



## 2016 OUTLOOK

- The outlook for 2016 is driven by expectations of positive but subdued global economic growth, with a weakening of growth in emerging markets and a fragile recovery in the advanced economies. Downside risks are expected to prevail.
- Among the top five consumer diamond markets in the world, the US is expected to continue to be the main driver of demand growth in 2016, sustained through moderately positive economic momentum and cautious consumer optimism.

## 2015 MIDSTREAM OVERVIEW AND 2016 OUTLOOK

Slightly weaker than expected sales over the 2014 holiday season in the United States and a slowdown in growth in China led to reduced purchases by retailers and hence left the midstream holding higher levels of inventory.

This led to a significant decline in rough diamond demand in the second half of 2015 as the midstream sought to rebalance the polished/rough inventory situation.

With a positive holiday selling season in the United States in 2015, the beginning of 2016 has seen an improvement in rough diamond demand. However, we continue to take a cautious approach in light of the fragile macroeconomic environment.

This hand-out is for information purposes only. De Beers Group does not offer any representation or warranty to the accuracy or completeness of the hand-out and no reliance should be placed on the information disclosed for any purpose. Nothing in this hand-out should be interpreted to mean that De Beers or the diamond industry (as the case may be) will necessarily perform in accordance with the analysis or data contained in this hand-out. All statements other than statements of historical facts included in this hand-out, including, without limitation, those regarding De Beers' future expectations and/or future expectations in respect of the diamond industry, are forward-looking statements. By their nature, such forward-looking statements are based on numerous assumptions, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of diamond markets, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should, therefore, be construed in light of such factors and undue reliance should not be placed on forward-looking statements. De Beers expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in De Beers' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Source: De Beers Group, April 2016



For more information, go online  
[www.debeersgroup.com/insight](http://www.debeersgroup.com/insight)

DE BEERS  
 GROUP OF COMPANIES