

Forward glance

Rapaport Magazine asks top industry figures: **What are your predictions for 2018?**



Leibish Polnauer
President,
Leibish & Co.

Diamonds are one of the most undervalued goods in any industry. They are not appreciated yet, but this will be changing. Diamonds have more value than what they are sold for. Prices will go up, and there will be a bigger desire to own them — not just from baby boomers, but from millennials, too. Diamonds are going to come back as a fashionable item. As a result, manufacturers will be able to raise the prices, because the consumers will see them as very desirable items.

The internet is not just a forum, but part of the industry. If somebody's not completely internet-savvy, he'll go out of business. The consumer wants to be connected. Millennials breathe, live and shop through the internet. Diamonds will get more powerful exposure.

The Indians will overcome the crisis [caused by the goods and services tax (GST) and demonetization] relatively fast, and the industry will get more lean. It won't damage the industry, which will go forward from this.

It's a powerful industry, with a strong place in the luxury sector, so 2018 will be a powerful year.



Rajesh Shah,
Partner,
Venus Jewel

There are two scenarios to consider for 2018. First, if there is a successful response to the 2017 generic-marketing season, then rough prices may steadily increase; polished prices as an index may move up, but not to the levels of rough; and the volume of sales may increase. The second scenario is that if the generic marketing does not get the expected response, rough prices may flatten out and then come down; polished prices may decrease; and volume of sales may shrink. Today, more than anything, we need stability in rough and polished markets.



Ernie Blom
President,
World Federation of Diamond
Bourses (WFDB)

I believe we will see a further expansion of the budget of the DPA. This will allow it to expand its operations, and that is something which is very much needed. I see the major mining firms, which are the DPA members, agreeing to put more money into the DPA's globally expanding operations. I think other organizations will also step up to the plate, as we saw this year with India's GJEPC contributing \$1 million for generic diamond marketing. I think the changing dynamics of the industry will see the trading and retail sectors coming together more as they consolidate and provide a stable basis. I expect expanding margins for manufacturers who have suffered from thin profits. In the finance sector, I expect the diamond industry and the financial institutions to come closer together, providing much-needed credit for the midstream sector of the pipeline.



William Lamb
President and CEO,
Lucara Diamond Corp.

As three new mines were brought on stream and ramped up to full production during 2017, rough prices remained stable, indicating that the increased volume of rough produced was easily absorbed into the market. Liquidity issues and financing in the middle market remained a concern through 2017 and will in all likelihood continue to do so through 2018, as we have seen in the past. The demand for rough, however, remains high, as evidenced by the attendance at the Lucara tenders and for other producers. The lack of movement in the polished-diamond index, together with increasing polished inventory, will dampen any positive movement in rough-diamond prices in 2018. We expect rough-diamond prices to remain static through 2018, with demand being driven primarily by seasonal demand.

