



September 2008 Newsletter

Pastor Genève News

As the summer comes to an end, we would like to send our thoughts to the victims of Hurricane Gustav in New Orleans and we hope all of our correspondents will do everything they can to support this troubled community in need of our help.

We have seen several trade articles on the growth of colored diamonds as an “alternative investment” in periodicals in Israel and Hong Kong. As the US mortgage crisis unfolds, more buyers are looking for tangible wealth protection as well as a position in international asset classes in order to take advantage of the growth of international markets. Pastor Genève is well positioned in Europe, with increasing ties in Asia and the Middle East, to capitalize on the growth of emerging markets.

We will be sending out a number of new publications in the fall, including a comprehensive publication on the growth of the art market and how art buyers may continue to gravitate towards colored diamonds.

Diamond News

Christie's International Jewelry Sales Soar in First Half

Strong jewelry sales helped spur Christie's International performance in the first half of 2008, as total company sales rose 10 percent to \$3.6 billion. Jewelry, jadeite and watch sales rose 34 percent to \$280 million, with Asian art, the largest growth area, up 63 percent to \$477 million.

Among the jewelry highlights during the half-year were the June sale in London, which generated \$30 million, a record for a U.K. jewelry auction. Similarly, its New York sale in April, the most valuable jewelry auction ever held in the Americas, was valued at \$50 million. Both of these were topped by the Hong Kong sale, which was Christie's most valuable jewelry sale ever, with a total of \$60.1 million sold. First-half sales in the U.S. fell 1 percent to \$1.2 billion, while sales in Europe were up 6 percent to \$1.7 billion.

Rockwell Diamonds In Canada

Rockwell is mining diamonds in South Africa by sifting through about 550,000 tonnes of wet gravel a month. Most of the gems Rockwell finds are small, but sometimes — when the company gets lucky — it finds some rare, large diamonds that are sought by the world's finest diamantaires and fetch princely sums.

Quite a stir was created last fall when an extremely rare 212-carat stone was recovered from a Rockwell alluvial mining operation. It was later cut and polished into a 102-carat stone that made a brief appearance at the RBC Diamond Conference in early March. Rockwell averaged a whopping US\$1,656 per carat in 2007, and that's largely because of the big stones in the mix. A 7.28-carat, flawless pink octahedral diamond recently fetched US\$1.054 million — US\$145,000 per carat.



U.S. Jewelry Prices Grow 9 Percent

The price of jewelry in the U.S. for the month of May rose 9.4 percent compared to one year ago, according to statistics provided by the Bureau of Labor Statistics (BLS) When combining both the watch and jewelry categories, the year-to-year difference was an increase of 8 percent. The U.S. jewelry index stood at 152.41 points in May down three points from last month. From January to May, the index grew to 151.2, compared to 140.6 points for the same period one year prior. January registered 145.6 points, the lowest level so far this year, while April yielded the highest index at 155.2.

De Beers Posts Solid First Half Results

De Beers' production fell 4 percent to 24.2 million carats, the six months, the company stated. During the period, De Beers started production at its Snap Lake Mine in Canada's Northwest Territories and recovered its first diamond from the Voorspoed mine in South Africa. Snap Lake official opened on July 25 and Victor diamond mine, in northeastern Ontario, opened the next day.

Sales of rough diamonds, including those made through joint ventures, rose 10 percent to \$3.3 billion. The company stated that demand from its clients enabled the Diamond Trading Company (DTC) to steadily increase prices during the period.



De Beers saw its biggest sales growth in its jewelry retail division, De Beers Diamond Jewellers (DBDJ). Although it failed to disclose full figures for DBDJ, the company said sales grew "in the high double digits, driven by the bridal and high-end diamond categories." DBDJ had expanded to 32 stores worldwide by the end of the reporting period. De Beers also announced plans

Rapaport August 2008 – A Diamond Doesn't Have to Be Perfect To Be Pretty

There has been a growing movement among jewelry designers to use alternative diamonds — rough, opaque, off-color, slices in their creations.

Initially, designers began adding one or two of these pieces to their collections and many admitted that there was more interest from the press and other industry pros than there was from the consumer. But that is changing as shifts in the market demand new creative product.

One of the first major shifts is the customer and what that customer wants. There will always be demand for polished white diamonds and the love and glamour that those diamonds epitomize. However, a new consumer is on the shopping horizon. These shoppers are inspired by a renewed social awareness in the world.



Sheryl Jones, managing director of Ozuro Fine Jewelry, which has a booth in an exchange on New York's Fifth Avenue, finds that the customer for rough or off-color diamond jewelry is a younger consumer. "It's attracting people who shy away from traditional diamonds or jewelry," says Jones, whose designs are influenced by the unusual shapes, colors and textures of rough diamonds. "The customers who stop by to check out the funky diamonds are more fashion forward. It's a younger consumer who is not afraid to be different; it's someone who wants uniqueness."

The designers all agree that the organic feeling of the rough or opaque diamonds has an appeal for today's more socially conscious customer, who is looking for ways to save the environment, do good in the world and who also has a unique personal style. Since no two rough diamonds or other funky diamonds are ever exactly alike, it automatically makes each piece of jewelry is a diamond, become that much more excited, says Jones.

"The odd shapes and unusual colors also attract consumers who, when they find out that the stone is a diamond."

Colored Diamond Introduction

Colored diamonds have always been the diamond trade's little secret. There have always been colored diamonds especially on the wholesale market, but now they are becoming more and more popular with the retail jewelry market. The reason that many people have never heard of colored diamonds is the fact that they are rarer than clear diamonds and

come in an irregular supply. Most people do not want to promote colored diamonds because of the possibility of a higher demand and no supply. But since the word is spreading about colored diamonds, they are becoming more available for the jewelry market than ever before.

There is a whole spectrum of colors that can be available in colored diamonds. You can get colors such as a light, lavender pink, to a yellow, coffee brown or orange brown. Some are even a very smoky gray blue. These are some of the most common colors. There are also available rarer colors such as deep pink and green. Most wholesalers will have to source these upon request. This can cost you quite a bit more money, but you will get the exact diamond that you are looking for.



The most common, however, is the yellow diamond. Yellow diamonds are available through many different diamond wholesalers and jewelry stores. Price will depend on the color that you choose and also the grade of intensity of the color. The color intensity is rated by faint, very light, light, fancy light, fancy intense, fancy dark, fancy deep, and fancy vivid. Fancy vivid is absolutely the most intense color that you can purchase in a colored diamond. Fancy and vivid are common terms in grading diamonds. If those words are present, then you know that you will be getting a higher grade of diamond.

The price of a colored diamond is also dependent upon the evenness of the distribution, saturation, and tone. Not all diamond sellers will have the exact same grading system, but if you are shown examples of their grading system you will be able to tell which ones are of better quality. The higher the quality, the more that you will want to make sure that you get the diamond insured. A colored diamond is a serious investment, just like regular diamonds. You will want to think carefully about it before you make your purchase.

You can check for the availability of colored diamonds from any diamond wholesaler. If you are thinking about buying colored diamonds for jewelry, you will want to make sure that you are getting a high quality setting in order to properly display your new colored diamond. While they do tend to be more expensive than the more common clear diamond, a colored diamond is truly an investment in beauty. You will be able to enjoy this diamond throughout the years and be able to tell all of your friends how rare it is. A woman who receives a colored diamond will truly feel like royalty because of the rare quality of these diamonds.

Tiffany Profit Rises More Than Estimates on Sales

By Cotten Timberlake

Aug. 28 (Bloomberg) -- Tiffany & Co., the world's second-largest luxury-jewelry retailer, posted profit and sales gains that exceeded analysts' estimates, helped by strength in Europe, and forecast higher annual earnings.

Tiffany rose 10 percent in New York trading.

Net income increased to \$80.8 million, or 63 cents a share, in the second quarter from \$40.5 million, or 29 cents, a year earlier, when it had a charge of \$23.6 million for the sale of its Little Switzerland chain, New York-based Tiffany said today in a statement. Eleven analysts surveyed by Bloomberg estimated average profit of 55 cents.



Total sales were "strong" in Europe and Asia-Pacific, where they jumped 35 percent and 17 percent, respectively. Revenue declined 4 percent at its U.S. stores open at least a year. Overall, luxury spending is withstanding the consumer spending slowdown, analyst David Schick said.

"Tiffany did a lot better than investors feared," Schick, an analyst with Stifel Nicolaus & Co., said in a telephone interview. "Luxury isn't getting a ton better, but it is hanging in there. People are going to remain concerned about what happens next, given the state of the global economy and the global equity markets."

Schick, based in Baltimore, recommends investors hold the shares.

Revenue for the three months through July 31 climbed 11 percent to \$732.4 million, Tiffany said. Eight analysts projected quarterly sales of \$729.4 million.

Full-year profit will be \$2.82 to \$2.92, higher than its May 30 projection of \$2.80 to \$2.90 a share, Tiffany said. Sixteen analysts surveyed by Bloomberg predicted average full-year profit of \$2.83. Eleven estimated sales of \$3.25 billion.

Tiffany advanced \$4.10 to \$43.71 at 9:37 a.m. in New York Stock Exchange composite trading. Through yesterday, the shares fell 14 percent this year.

"In a really tough economic environment, the company continuously manages to beat expectations," Stacey Widlitz, an analyst with Pali Capital Inc. in New York, said in a

Bloomberg Radio interview. ``Tiffany has become more of a global brand and its strength in Europe and Asia is really offsetting the U.S. weakness." ,

Tiffany has accelerated its international expansion, planning to increase worldwide locations by 13 percent through early 2009. It had 196 stores and boutiques, including 72 in the U.S., 95 in Asia Pacific and 19 in Europe, as of July 31.

Auction Schedule

Sotheby's

Important Jewels, September 28, 08 New York
Magnificent Jewels & Jadeite, October 7, 08 Hong Kong
Fine Jewels, November 6, 08, London
Magnificent Jewels, November 19, 08, Geneva



Christie's

Fine Jewels, September 3, 08, London
Jewels at South Kensington, 7 October, 08, London
Jewels New York Sale, 15 October, 08, New York
The Dubai Sale, 29 October, 08, Dubai
Magnificent Jewels, 20 November, 08, Geneva
Fine Jewels From Private Collection, 20 November, 08, Geneva
Jewels: Hong Kong Sale, 2 December, 08, Hong Kong
New York Jewels, 11 December, 08, New York
Magnificent Tiffany's, 16 December, 08, New York

The information in this newsletter is for entertainment purposes only. The information contained in these quotes is believed to be from reliable sources. Pastor-Genève cannot be held liable for any misrepresentations on behalf of the sources we use. The quotes used only represent part of the article. For full viewing of any article, please contact your advisor. Prices paid by the client will likely be higher than those paid at the dealer to dealer level. Pastor-Genève has the right to accept or refuse purchase or sale instructions from its clients at any time whenever Pastor-Genève at its sole discretion, deems it necessary for its own protection. Colored Diamonds are a long-term investment and are subject to price fluctuations. Pastor-Genève cannot guarantee that past performance of colored diamonds will continue in the future and that a colored diamond purchased from Pastor-Genève will provide a net gain. They are not as liquid as traditional investments. They are not necessarily appropriate for every individual. Pastor-Genève is not an investment advisor nor are they licensed to give investment advice.