



## Pastor Geneve October 08 Newsletter



### **Pastor Genève News**

As the global financial markets grind to a halt, a flight to quality has led to an increase in the purchase of gold as well as strong activity in the diamond market. Global investors have recognized that they have kept too much of their funds in paper assets without diversifying their portfolios into tangible assets.

This is evidenced by the strong results of the Damien Hurst auction in London in September, which recorded the single highest sales figures for a single artist in History at over 110 million pounds, confirming that wealthy investors are shunning the global financial markets and concentrating a higher percentage of their wealth in rare works of beauty.

The fall auctions are expected to show solid results in a number of categories of the market. The first major auction is in Hong Kong in October and the schedule will run right through until December. The last time the world experienced this type of financial volatility, back in 2001 after the internet bubble burst and then the tragedy of September 11th, the fall auction season of 2001 set new record prices in a number of key areas.

## **Diamond News**

### **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 during, the six months, "only marginally behind 2007 in spite of energy challenges in southern Africa," 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.

### **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.

### **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 "The odd shapes and unusual colors also attract consumers who, when they find out that the stone is a diamond, become that much more excited," says Jones.

### **Buying Rare Colored Diamonds**

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

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.

## **Diamond Mining**

### **Rockwell Diamonds**

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. Mining diamonds in the area were transported there by water from eroded kimberlites, the source of which is thought to be pipes in Lesotho, some 1,000 km away. Travelling such a long distance often results in the elimination of poor quality stones, those with fractures or inclusions, because they get shattered along the way. That helps explain why Rockwell has such success finding large, high-quality stones.

"That's where we have an advantage," says Bristow. "This area is known for large, quality gemstones, and our ability to recover those large stones on a regular basis is where we will find success."

## **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.

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."

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.

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