

Gemstone Forecaster

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Tucson Gem Shows 2020

by Robert Genis

Due to the coronavirus scare, the Tucson Gem Shows were not as packed as usual. Face masks were seen at the show, and reportedly were prevalent on the airplanes to and from the shows as well.

I'll admit I was a little concerned, and was happy when my 14 day semi-self quarantine had passed. After all, people from all over the world descend on these gem shows. The Pima County Health Department and the shows did an excellent job of having hand sanitizing stations everywhere. The bathrooms in the main hall were immaculate. Absent were many dealers from the Far East, as travel restrictions didn't allow many to come. However, it must be remembered the wild days of Chinese buying have been over for a while. Chinese currency controls and a bad economy can do this to the world gem market. Everyone knew the Hong Kong gem shows had been canceled. Perhaps this caused some buying that otherwise might have waited until March.

Many dealers were in positive moods. Some complained business was terrible, but we believe they would say this no matter what the outcome of the show.

We saw a lot of social media posting and selfie taking during the show but didn't really see a large millennial presence. As usual, traffic at the shows started strong and declined thereafter. The remaining buyers wait to the end of the show and make low offers.

Price Take Away

We continue to be shocked at the high ask prices of top gems at these shows. Of course, it's normal to negotiate prices but sometimes it's difficult to resell with prices moving relentlessly higher. Maybe it takes a while to grasp the new realities of constant price increases? Many say it's the good economy and people continue to buy.

Of course, all this was before the recent stock market crash and coronavirus panic. We have not noticed any panic selling in the gem markets. Many gemstone collectors have serious assets in other places. This probably bodes well for top quality gemstones and colored diamonds. Both are seen as classic hedge vehicles in tough times, almost a crisis insurance vehicle. Can't hurt having gems in self-quarantine at your disposal. Just in case, it's always good to have a few gems to barter with.

Hot Stones

The hot stone this year seemed to be Australian opal. Small crystal sizes or anything from Lightning Ridge. This stone has not been popular for decades. We still are not comfortable with collectors buying this stone due to fragility issues.

Others say Aquamarine was another hot stone. Some large stones were displayed and other *supposedly* not heated blue blue stones were evidenced. If you buy these, get them treatment graded.

Ruby

Large quantities of Madagascar ruby were available at the show. Burma gems were still sparse. If you want a Madagascar ruby, you have a tremendous supply to choose from. Just beware some certs say these gems are pigeon blood, but that doesn't mean they are. If you are looking for Classic unheated Mogok, your job is considerably more difficult. Once you find these stones, the next hurdle is price. It would be logical to assume prices are down or at least more affordable because the Southeast Asian market is weak. But that would be an incorrect assumption. Prices remain high for the unheated Mogok material. In Burma, large gem dealers would rather have Burmese gems than Burmese kyat, Chinese yuan, Euros or Dollars. Heck they probably would rather have Ruby over gold or bitcoin! Even though the Chinese no longer come to Burma to buy rubies, sapphires and spinels, the prices are not lower. They believe if they hold long enough, they will get their prices. Unlike many major gem cities, it's really inexpensive to live in Mogok. There's no true real free market in Burmese gems.

Sapphire

We always spend time studying the sapphire market. It's similar to the Burma ruby market. No problem finding Madagascar sapphires. Most are heated. Sri Lankan sapphires are available to a lesser extent. The collectors continue to search for Burmese or Kashmir sapphires. This is an extremely difficult chore. It's really hard to find true gem quality gems. Plus, prices are strong and rising.

The latest trend in Burma sapphires are the blue/green colors. These lighter colors are an inexpensive alternative compared to straight blue Burma sapphires. The other in demand sapphire color is hot pink. Collectors want these as inexpensive alternative to gem red Burma rubies.

Padparascha Sapphire

We looked at a great deal of Sri Lankan and Madagascar pads. We actually saw a beautiful collection of unheated Sri Lankan pads but the entire group was sold on the last day.

As a general rule, the Sri Lankan Classic pads have an ideal combination of pink/orange or



Classic Sri Lankan Padparascha Sapphire

orange/pink with light tones. We call the color soft salmon. The Madagascar pads tend to have a more saturated look. This is probably caused by low heat, although some lab reports don't mention this. Many of these heated stones have almost vivid colors with a darker tone and often brownish color. Dealers and some gem labs are really pushing the limit of how to define these stones. Do not buy a stone with brown even if it has a lab report as padparascha classification.

One final note about padparascha gemstones. Yellow and orange sapphires are generally "fade tested" by top labs to make sure they don't change to light yellow or light orange color. Now it appears new production padparascha also need to be tested because many padparaschas colors can fade to pink sapphire. They might fade even if heated. Beware.

Spinel

We saw a large blue spinel for over \$1.2 million. Presently, the blue spinel market is going insane. Probably wiser to let these animal spirits calm down before entering this market. As always, the Burma spinel market is flying high like the Burmese ruby and sapphires market. The gem red, day glow or "Jedi" pinks and flame orange spinels are hard to find and extremely expensive. For example, we saw a 10 carat gem red spinel for \$16,000 per carat. Didn't feel much better when the 8 carats were up to \$13,000 per carat. Any gem red Burma spinel over two carats is considered rare these days.

Had dinner with a Burmese gem dealer who had never been to the Tucson Gem Shows. He told me a story how many years ago he bought an equal amount of spinels and blue sapphires as an insurance policy. Stones just to hide in case of an emergency. His son is now in a top college

program in the United States. We know the rates for an American education are outrageous these days. He decided he needed to tap this fund for his son's education. He brought out his old stones and put them on the market. Guess which stone he got more for per carat? To his surprise, he got more for the spinels than the blue sapphires! He now regrets not buying more spinel. It was not what he anticipated at all and is still mad at himself. You never know.

Paraiba Tourmaline

Brazilian Paraiba is now rivaling unheated Burma ruby as the most expensive gemstone in the world. See image below left? It's not even pure blue, but rather greenish blue. This three carat and change Brazilian Paraiba was over \$60,000 per carat.

We only saw one 5 carat blue blue stone. It sold fast for over \$150,000 per carat. Of course, the only way to buy these stones is from other collectors, just like Kashmir sapphire. Prices relentlessly move upward. Every year, we see fewer and fewer of these stones, even the goods from Africa.

Many gem speculators are trying to buy the bluest Mozambique gems, hoping the long term profit potential will be as great as the Brazilian Paraiba was in the early days of the find. They contend it's mathematically advantageous to start with a lower per carat price and then hopefully sell down the road for a higher percentage profit. For example, it's easier to get faster appreciation with a \$10,000 per carat stone than a \$60,000 per carat stone. Interesting speculation. The same theory is often used by stock investors. Regarding color, some of the Mozambique material is very nice. See the Paraiba on the lower right? It's Mozambique, but would be considered an ideal blue in Brazilian Paraiba. It will be interesting to watch this unfold.



Namibian Mandarin Orange Garnets

The son of Alan Roup did not display at the show this year. We are unsure what this means for production, but it cannot be a good sign.

AGL Seminar

Chris Smith conducted a seminar at the Gem Show regarding Color Codex. This grading tool was originally announced at the AGTA GemFair in 2017. These color scales are very similar to AGL's old color scan cards. They work the same way. At the seminar, AGL gemologists discussed how they were using the color codes with spectroscopic data for country of origin confirmations. Many gem dealers, appraisers, trade and educational organizations and the gem labs are now using this new system. We just hope Chris Smith starts to integrate this system with the new grading reports. Perhaps a gem's color could be integrated into the grading report? Simply use the color swatch on the report. Food for thought. You can buy the \$2000 system on-line at <https://www.color-codex.com/>

Emerald

Emeralds from all parts of the world are never in short supply in Tucson. The issue is can you find clean, untreated, gem emeralds? As a general rule, the lighter untreated emeralds have the best clarity or are known as "Top Crystals" in the trade. They have a more jazzy look than the dark stones.

Summary and GFN Price Charts

What is the bottom line with prices at the shows? (See GFN page 7). Again, we are increasing prices for everything Burma. That includes no heat, no clarity enhancement Burma ruby, Burma sapphire, and Burma spinel. As mentioned earlier, Brazilian Paraiba continues to rise. What these four stones have in common is they are very rare and not readily available. Collectors crave difficult to find gemstones. The same is true for Kashmir sapphires. It's been another down year for white diamonds with the new synthetic diamonds now hurting the natural market. Colored diamonds generally are slightly down because of yellows. Pink colors are stable. Colombian emeralds reversed their 2018 drop and remain stable.

Quotable Quote

“Invest in untreated sapphires of high quality and of Kashmir or Burmese origin, where most the world’s most beautiful and highly valued sapphires were mined,” says Vickie Sek, chairman, Jewellery Asia, Christie’s auction house.

South China Morning Post, December 30, 2019

Latest Gem News**Spinel: ‘The Great Impostor’ No More**

New York Times

By Kathleen Beckett

February 11, 2020

Excellent article. Our only criticism is the auction market section at the end. The Times research department didn't find the 50.13 Hope spinel, n which sold for \$29,000 per carat at Bonham's in 2015. Would prove their point better. ED

Pity the poor spinel.

The gemstone that many people have never heard of has been saddled for centuries with the name “the great impostor,” Alessandro Borruso said as he sipped a morning espresso in the cafe of Sotheby’s London offices, where he is head of sales for Europe.

The spinel acquired that pejorative name for good reason. For hundreds of years it was believed that spinels and rubies were the same stone. Indeed, a spinel can be every bit as beautiful as a ruby, Mr. Borruso said, with a rich color that he called “stoplight red.”

And, according to Courtney Stewart, a senior research assistant in the Department of Islamic Art at the Metropolitan Museum of Art, “rubies and spinels are known to be found in the same mines, which would have further confused these two very similar looking stones.”

No wonder no one suspected there was a difference until 1783, when the French mineralogist Jean-Baptiste Louis Romé de l’Isle developed a test that showed a spinel was not a ruby, said Claibourne Poindexter, an associate jewelry specialist at Christie’s New York. And there was still more bad news.

“In 1812,” Ms. Stewart wrote in an email, “Friedrich Mohs published the scale which is still used today to define the relative hardness of gemstones. At that time, ruby (corundum) was identified as a 9, while spinel was realized to be a 7.5 to 8.

“In Europe the hardness associated with gemstones like diamond and corundum contributed to an increase in perceived value for these stones,” she added.

Spinel continued to be used in jewelry throughout the 1800s and early 1900s, but “when people realized it wasn’t really a ruby, it became a Class B gem,” Mr. Borruso said.

Everyone had been fooled. Even royals. “One of the best-known examples lies in the Tower of London,” said Daniela Mascetti, the European chairwoman of Sotheby’s Jewelry Division. It is “an uncut red spinel called the Black Prince’s Ruby which is set on the front of the Imperial State Crown, one of the British crown jewels.”

No doubt about it, the spinel has had a checkered past. But anyone who visited the exhibitions of the Al-Thani jewelry collection at the Victoria and Albert Museum in London, the Grand Palais in Paris or the Met can appreciate how India’s maharajahs prized the gems. “Spinel has been popular in the Mughal Empire due to the proximity of the source,” Ms. Stewart wrote.

Added Ms. Mascetti: “The earliest spinels are thought to have come from Northern India, and actually in early references, spinels were often known as ‘Balas ruby,’ a name most probably derived from the North Indian region of Balaschia (or Badakshan.)”

In his office in Paris, Pierre Raniero, Cartier’s director of image, heritage and style, talked about the spinel’s rise and fall. “Cartier has always used spinels,” he said, but less frequently after World War II, when precious stones like diamonds and emeralds were favored.

Then came the big, bold, bling-filled ’80s and “color and big stones became popular again,” he said, and the spinel started making a comeback.

“The period when people thought of spinel as a second choice is finished, totally,” he said. “People concentrate on the intrinsic beauty of them. There is no longer any prejudice.”

Rich Shades

Color is really what spinels are all about. Many jewelry makers have used their vibrant, shimmering range of shades to enrich designs.

The London-based jewelry maker Pippa Small, for example, wrote in an email about Sanjay Kasliwal, the late owner of the Gem Palace, “tipping a packet of brilliant pinks and flashing oranges, warm heathers and plum-colored gems on to the table in front of me and being captivated. They were so beautiful. Each stone was hand cut and uneven and in such a rainbow of colors.

“In recent years I’m using spinels even more than before,” Ms. Small continued. “The finest spinels display a bright, vitreous luster. We only use spinels that display a specific shade of red — those that exhibit a strong, even, perfectly saturated hue. When expertly cut, they exhibit a captivating brilliance and exceptional clarity.”

Albert Boghossian, chief executive of the Geneva-based jewelry company that bears his family name, said he was similarly struck by the spinel’s surprising range of colors, writing in an email that it is “a magical stone with its numerous hues and tonalities.”

“We were fortunate enough,” he added, “to own one of the rarest hues ever found in spinel, a cobalt blue Vietnam natural spinel which we subsequently designed into an exquisite ‘Kissing Ring’ and sold it to a gem collector who recognized instantly the extreme rarity and value of this unique spinel.”

Mr. Poindexter of Christie’s said the color is natural: “Their high refractive index gives spinels lots of fire.”

And, Mr. Borruso of Sotheby’s noted that the lack of manipulation is a plus for the gem. “Ninety-eight percent of rubies and sapphires are treated, often heated to change the colors and dissolve some inclusions,” he said. “People have

a craving for things that are real. As with food, people want to know where things are coming from, and that they are natural.”

Another reason spinels are enjoying a comeback: There are simply more of them available. “Recently we have noticed a renewed interest in this stone,” Ms. Mascetti of Sotheby’s said, “perhaps sparkled by the discovery of spinel mines in Tanzania and by the continuous quest of jewelry houses to offer something different.”

And as the major source of pink diamonds, the Argyle mine in Western Australia, is scheduled to close at the end of the year, spinels are being considered as an alternative. Mr. Borruso, finished with his coffee, opened a vitrine and pulled out a pair of earrings featuring both pink diamonds and spinels. “You can’t really tell which is which,” he said.

Price also is an advantage. “They are not as expensive as rubies and sapphires but still have similar beautiful colors,” Ms. Small wrote. While a ruby might go for \$40,000 a carat, a spinel of the same size and quality would garner only \$1,000 to \$7,000 a carat, Mr. Borruso said — which would be appealing for many in the jewelry industry looking for ways to attract younger, and potentially less affluent, buyers.

But the price of spinels has been increasing. “They’re unusual to find at auction, so when they do, people pay attention,” Mr. Poindexter said. Bidders certainly did at Sotheby’s Magnificent Jewels and Nobel Jewels auction in November in Geneva: A Cartier spinel, emerald and diamond ring, expected to sell for 100,000 to 150,000 Swiss francs, sold for 325,000 francs (\$334,500). And Christie’s had an even bigger score at its Maharajas and Mughal Magnificence sale in June in New York when an imperial necklace of pearls, emeralds and spinel, estimated to sell for \$1 million to \$2 million, sold for \$3,015,000. No wonder Mr. Poindexter called the spinel “the collector’s gemstone” while Mr. Borruso labeled it “a connoisseur’s stone.” Either way, the spinel’s days of being called the “great impostor” are over.

Up to Mogok, Valley of Rubies
Myanmar Times
by Bertie Alexander Lawson
March 13, 2020

An interesting article by Bertie Alexander Lawson, a travel agent. This article gives a totally different perspective than a seasoned gem dealer. Although we wouldn't recommend anyone travel to Mogok to buy gems without Burmese Government connections and extensive gem knowledge, it still remains a magical place. ED

The winding mountain road that leads from Mandalay up into the mountains of Mogok is known colloquially as “the road of 999 bends” and roughly follows the track that traders would have used when coming down from the Shan Hills to the settlement of Yadanarbon and Amarapura.

This was our road.

Breakfast at the red canal meant that we were late leaving Mandalay but this did not deter our driver from insisting we stop for a tea-break at the mountain village of Shwe Nyaung Bin. Here I opted for a white grapefruit juice and with our guide wandered along the stalls selling coffee beans and macadamia nuts from Mogok.

Here, under the shade of a great banyan tree, my education begun.

Tunneling for gems in Mogok began in the 6th Century and mining commenced in earnest in the late 16th Century when the Bamar King Nuha-Thura Mara Dhama-Yaza annexed the settlement. In 1886, Mogok came under control of the British “Burma Ruby Mines Ltd”. In the 1960s General Ne Win revoked all foreign licenses and for a modest fee locals were free to mine.

90% of the world's rubies come from Mogok including the much-coveted “pigeon blood” ruby. Royal blue sapphire is probably the second most famed stone from the Mogok Hills, but as well as these two in the markets of Mogok can be found moonstone, amethyst, garnet, and hibernite. In fact, except for emerald, almost all gemstones can be found in Mogok.

But rubies is what Mogok does best. In 2015 a 25-carat stone from Mogok was sold for \$30 million in Switzerland. In fact, the top ten most valuable rubies have all come from Mogok.

Those familiar with the jade mines of Hpakant in Kachin may expect Mogok to be a similar version of “Myanmar's Modor”. As you arrive in the town such fears are dispelled. From the “Eastern View Point” you can look over the town cradled in the hills where the green ponds interspersed through the town show the locations of disused mines and the communities that have built up around them.

The lake in the middle is the site of the original Mogok settlement. The village was evacuated and the site excavated when the British discovered that this was the location of Mogok's richest gemstone deposits. A flood in the 1820s created the lake you now see.

Artificial banks and a boardwalk have been constructed rendering the lake enjoyable to circumnavigate when rosy-fingered dusk colors the hills and young sweethearts come out to whisper sweet nothing on the benches. The night market is nearby and here on our first evening we hopped from stall to stall – Mogok mee shay! tufu nway!! steam mustard leaf!!! – ending with freshly squeezed soya milk.

Day Two

The mist that envelopes the basin of Mogok in the morning is enchanting and best viewed from atop the summit of “Spider Mountain” – a climb we managed in 45 minutes.

At 8.30 it was still too cold for most townsfolk to leave the comfort of their homes. We had the teashop to ourselves and tucked into fried tofu and Shan noodles before driving up into the hills to visit our first mine.

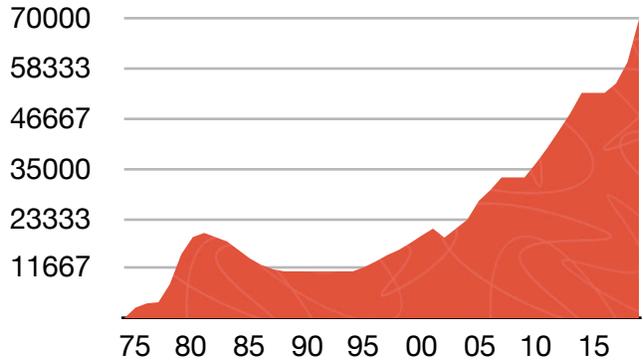
Mining in Mogok normally takes the form of quarrying in primary host rock and what is called “open cast” mining of secondary deposits, both by artisanal miners and semi-mechanized operations. Like scars on the hillside, these mines are not pretty.

Though it is often read that the mining at Mogok is mainly done by hand, mechanization is in the

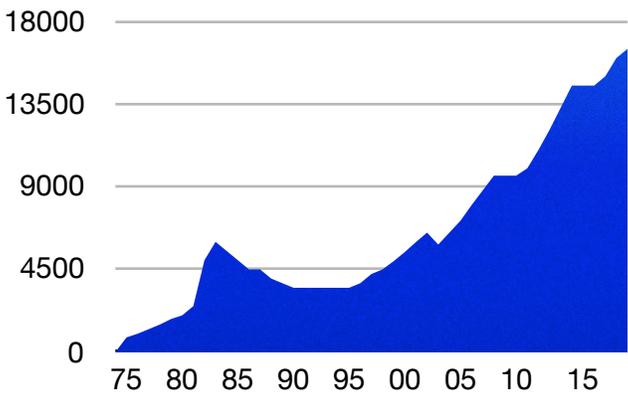
Retail Gemstone Prices (1975-2019)

These charts are prices per carat for GIA graded diamonds and AGL colored gems only. Prices represent retail prices encountered in the US markets. The only true price is what a knowledgeable buyer and seller agree to as a transaction price. No guarantees are made and no liabilities are assumed as to the accuracy or validity of these prices. Copyright 2020 by NGC. Reproduction is strictly forbidden.

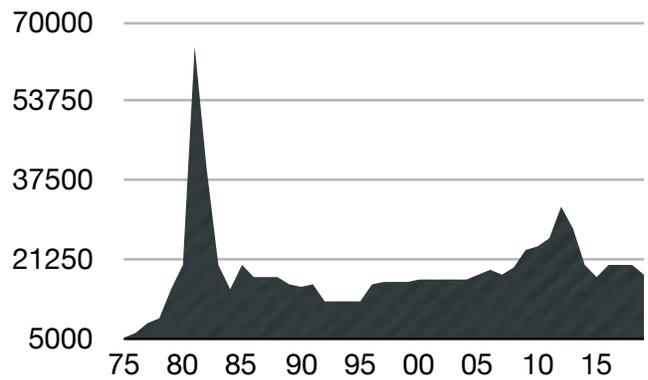
■ Mogok Burma Ruby, 1ct., 2.5/75, LI, No Heat



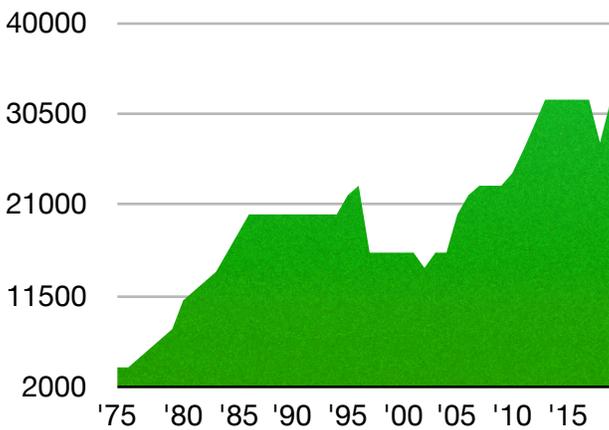
■ Burma Blue Sapp, 1ct, 2.5.75, LI, no heat



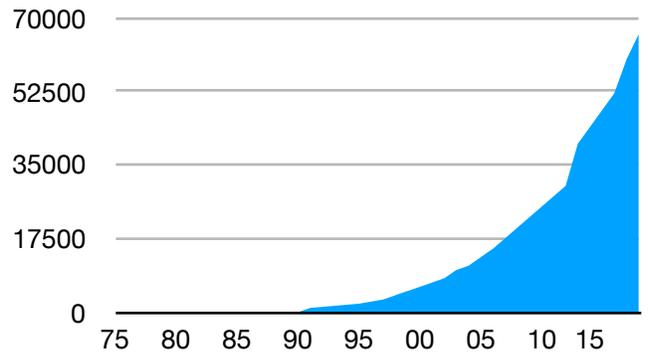
■ Diamond, 1ct., D-FL, Round



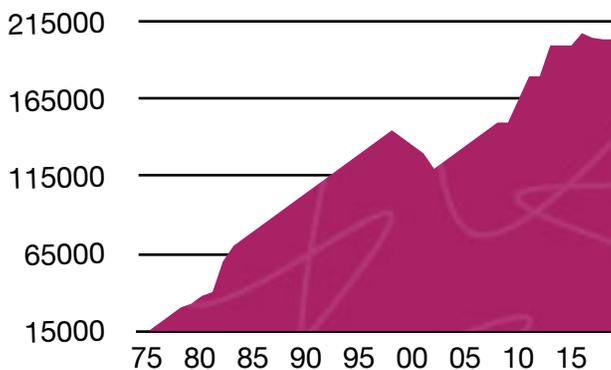
■ Colombian Emer, 1ct, 3.5/75, LI, no treat



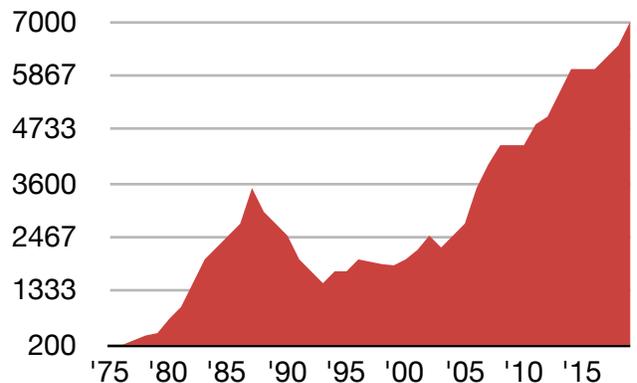
■ Brazil Paraiba, 1ct., Blue, LI, Low Heat



■ Fancy Intense Pink. 1ct., VS, Round



■ Burma Spinel, 1ct., Red 3.5/75, LI



ascendancy. However what is still evident in Mogok is the policy of “kanase”, whereby individuals – mainly women – are permitted to seek for gems that have escaped detection in the sorting process.

The ban imposed by the US on Burmese jade and ruby in 2008 is largely considered to have missed its target – ie. the military, their cronies, the horror of Hpakant ... – and instead affected small holders in places such as Mogok. The ban was lifted in 2016 but large industry players are still squeezing out the minnows.

At Mogok’s Morning Market precious stones are cast over the small tables that acted as stalls and I was allowed to prod and poke to my heart’s content while my guide – finally coming into her own – kept up a furtive, whispered, commentary in my year: “... lapis lazuli ... peridot ... amethyst ... painite, only semi-precious ...” and then at a particular favorite of mine in a gleaming blue: “synthetic.”

Day Three

At “Bernard’s Village”, just outside of Mogok, there is a small British cemetery. Mainly of the Devonshire Regiment, these young men died in the closing the years of the 1800s, some from fighting insurgents but most from malaria.

Crumblind and overgrown, places such as Bernard’s Village – like Loimwe “Hill of Mists” or even the abandoned hill station of Maing Thauk at Inle – remind travelers just how far the British Empire stretched and how long the fraught relationship between Britain and Burma is.

Before it was time to return to Mandalay we made our way to the King Chaung Waterfall where local day-trippers fan themselves in the crooks of trees and local lads do backflips into the plunge pool. King Chaung is on the road to Pyin Oo Lwinm, a road off-limits to foreigners, and as we returned to Mogok we were pulled over by an elderly guard to make enquiries.

This encounter was genial but that evening, asleep on the bus, I was roused to stand before a red-faced and indignant immigration officer bellowing because the bus company had not informed him I was on my way through.

My papers were in order and our guide had accompanied us all the way to the checkpoint. We had acted correctly and were allowed to proceed. It would seem that despite the rise in foreign footfall to Mogok, it is still off-piste enough to raise the blood temperature of some.

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