Burma Gem Ban Lifted?
by Robert Genis

Seems like yesterday the Bush Administration passed the JADE Act of 2008, which banned the importation of ruby and jade from Burma. The purpose was to punish the Burmese military junta that ran the country. The JADE Act expired July, 2013 but the next month Obama signed an executive order extending the ruby and jade ban.

Was the legislation/executive order successful? Burma's military now controls only 25% of parliament but still runs the defense, interior, border and police ministries. On balance, Burma is dramatically more democratic than when the sanctions began.

On September 14, Suu Kyi, the de-facto leader of Burma, made a trip to Washington to meet with Obama. Obama announced he would lift the sanctions “soon.” What we do know is that Burma will be exempt from high import taxes and be given loans. However, this deal may have serious complications and delays. What we are not clear about is the ban on ruby and jade. Some of the gem trade press and trade organizations are stating the ban has been lifted but warn not to start importing ruby and jade yet. Other international press sources state there remains a blacklist of 100 people and companies with links to the military and trade in jade and ruby remains prohibited. How has the ruby and jade ban actually affected the gem market? If you look at ruby and jade prices since the ban, prices have gone straight up. Given economics, this is to be expected. Does that mean prices will crash if the Burma ban is lifted? Theoretically, yes, but please read the next article. There are so few top stones to trade, the market has now shifted to lower quality Burmese stones. So we are not so sure the lifting of the ban will bring a rush of new goods to the market at lower prices. Ruby and jade are different from Cuban cigars. The key component in any market is demand. Rubies rose in price not solely because of the sanctions, but the world’s insatiable demand for these stoplight red gems. The vast majority of the top goods are now owned by the Chinese.

Jade, for example, is going down in price right now due to increased production and weak Chinese demand. This has nothing to do with the sanctions. To sum, let’s see how the Burmese dealers with top large rubies treat their inventory if the ban is lifted. Prices should be going down because of the weak international markets, but dealers right now are holding strong.
Gem News
Low-Grade Gems in High Demand in Mogok
The Irrawaddy
June 22, 2016
by Kyaw Hsu Mon

The new Burma gem market? ED

The demand for large quantities of low-grade stones in Burma’s ruby rich Mogok has remained strong even as prices increase and the country enters the rainy season, gems traders said.

Mogok, also known as ‘Ruby Land’, is a lush valley known for its rubies, sapphires, moonstones and other gems located about 202 kilometers (126 miles) north of Mandalay city. The area is peppered with dozens of varieties of semi-precious stones, but miners have said the deposits are noticeably thinning.

While rubies and other semi-precious gemstones have become more difficult to find, low-grade gems are in demand for buyer’s who eye a bigger market share, Mogok gems traders said.

“Last year, the price for low-grade stones was about 100,000 kyats (about US$85) per stone, but this year some have fetched up to 3-5 million kyats as demand continues to increase, said Yu Yu Hlaing, a trader in Hta Pwe, Mogok’s gems market.

Hta Pwe, which translates to ‘a plate for showing,’ opens every day at noon when both local and foreign traders rush in.

“More traders are coming to Hta Pwe from all over the country,” she said.

Because the once-abundant quality stones are no longer so easily found, thousands of low-grade gem stones are passing hands alongside the slower market for rubies and other semi-precious stones.

Nge Nge, another gems trader, said some low-grade stones, especially one known by the local name ‘hot pink,’ are in particularly high demand.

These stones are not common in other areas of the country and are in high demand in Yangon, she added.

Locals have mined the area by hand since the British colonial era, setting up modest mining operations. Those small businesses began winding down around 1988, when the then-ruling military junta offered up large-scale mining concessions.

Winnipeg Free Press
Colored diamonds an investor's best friend
Ultra-rare, ultra-pricey gems can rise in value 10 to 15 per cent annually, but you'll need deep pockets
August 27, 2016
By: Jen Zoratti

Interesting, well written article. ED

In 2002, Ben Affleck made headlines when he gave Jennifer Lopez a 6.1-carat pink diamond engagement ring worth a reported US$1.2 million.

Now, US$1.2 million isn’t a small amount of money, but it practically sounds like Monopoly money when you hear what some colored diamonds are fetching at auction these days.

Like the "Oppenheimer Blue," a 14.62-carat fancy vivid blue diamond that sold for US$57.5 million at Christie’s Magnificent Jewels auction in May. Or the "Orange," a 14.82-carat fancy vivid orange diamond that sold for US$35.5 million in 2013, also at a Christie’s auction.

During the past few years, there have been many trend reports about colored diamonds as investment opportunities — if you can afford them.

Colored diamonds are attractive investments for a few reasons: they haven’t decreased in wholesale price since 1959, and they can increase in value 10 to 15 per cent each year.

They are also incredibly rare: only 0.001 per cent of diamonds mined each year qualify as "fancy," and fewer still earn the distinction of "vivid", which is a highly saturated color. (Fancy Vivid diamonds, such as the two that went for fortunes at Christie’s, are the rarest and most prized.)

Few mines on Earth produce colored diamonds. Only one fancy blue diamond is mined per year; only 20 to 30 fancy reds are known to exist.

So, in other words, in order for diamonds to be investment pieces, they have to be, by definition, exceptional. Unless they are flawless, white diamonds are not usually exceptional.

Grandmother’s heirloom white diamond wedding ring, while priceless in sentimental value, is not an investment.

These are all facts I learned Thursday night at the Art of Buying Colored Diamonds, a seminar
and auction presented by Ritchies auctioneers, a Toronto-based house, and Gurevich Fine Art. It was the first event of its kind in Winnipeg, designed to be a small sample auction — Ritchies auctions can have 200 to 300 people in attendance, as well as many telephone and absentee bidders — and informational evening. "We wanted to try something new," says Howard Gurevich, owner of the Exchange District gallery. I was curious about what kind of fancy people would attend a wine-and-chocolate fancy diamond auction in Winnipeg. Only 10 people or so were in attendance, not including the two police officers there to protect the jewel cases glittering with about $5 million worth of diamonds.

Jonty Friedman is a fine jewelry specialist at Ritchies. Colored diamonds are something of a sub-specialty for him. He says although colored diamonds are having a moment fashion-wise — especially in Asia — people are not buying these diamonds to be worn.

"A lot of these buyers are foreign buyers, investors. A colored diamond buyer is more of an investor than a jewelry buyer. It's funny, you'll see these pieces go into rings, but that's just a way of more or less storing it, rather than keeping a loose stone in a parcel or something." Part of what's driving demand for fancy colored diamonds is scarcity. The Argyle diamond mine, which is located in Australia and owned by Rio Tinto, produces 90 to 95 per cent of the world's fancy pink diamonds. The mine is set to close in 2020, and Friedman says the value of certified Argyle fancy pinks is expected to soar after it closes. A fancy vivid pink, for example, could be worth US$3 million per carat by 2020.

Red diamonds are the rarest while yellow is the most common, making it attractive to entry-level investors who don’t have $50 million sitting around.

Friedman displays a seven-carat pale yellow diamond that would trade for US$10,000. The more intense the color, the more money the diamond could fetch. He has another yellow diamond that is more saturated, but less sparkly (yes, these are technical terms). "You can see the inclusions, but it'll still command stupid money. People are buying for the color."

Diamonds, whether they are colored or white, leave a lot of room for subjectivity in general, which is why appraisal is often described as an art, not strictly a science. Diamonds are evaluated by the four Cs — carat, clarity, color and cut. With colored diamonds, there are other variables, such as the rarity of the color and the saturation of the hue. Determining market value is also a challenge. After all, with colored diamonds, it is possible to get a one-of-a-kind stone.

You don't need to be a billionaire to invest in colored diamonds, but you do need to know what you’re doing — and it probably helps if you’re at least a millionaire.

The value of a colored diamond bought for a few thousand dollars, such as the ones on display Thursday night, will rise at the same rate, says Kashif Khan, the director of Ritchies. The big diamonds are usually sold via auction, so, unlike other kinds of investments, there are taxes and commission fees to consider. Investment-grade diamonds must be certified by the Gemological Institute of America, which will encrypt a stone with a microscopic report number.

Because there were so few attendees Thursday, the seminar and auction didn’t happen as planned. A few serious buyers spoke to Khan, including a man with a rare jade ring that Khan estimates is worth $250,000. Apparently, this man is interested in going to the Ritchies office in Toronto to look at a red diamond.

Investing in colored diamonds is not a practical alternative to, say, an RRSP (Canadian savings account.ED) for most people. So Thursday night was mostly about looking at spectacular jewels and hearing the stories: such as a client of Khan’s who bought a red diamond in the 1970s for $50,000 and later sold it for $1.5 million. Or the Toronto businessman who bought a 10-carat fancy intense orange-pink diamond for $2.3 million. When Khan went to deliver his purchase — among the biggest in Canada — the businessman discovered he had a seven-carat blue diamond in his safe. Khan says the blue diamond was worth $28 million. (Imagine being that rich: "Oh, this old thing? It’s just a rare blue diamond I forgot I had!")
"One of my biggest mistakes actually got solved in Winnipeg," Khan says. About six years ago, a man in Brazil contacted Khan and said he had a bunch of green diamonds. There is no official colored diamond mine in Brazil, but Khan went to check it out. "We were literally in the jungle," he says. Khan was presented with three or four intensely colored green diamonds. That's rare; green diamonds occur because of radiation, which doesn't penetrate the carbon the same way as nitrogen, which results in yellow diamonds, or boron, which results in blue diamonds. Khan bought them on the spot. When he came back to Canada, he sent them to be cut — and found out they were white inside. Once cut, their value plummeted. "It was a $100,000 deal and they were maybe worth $10,000."

Khan’s story got out among industry insiders, and he received a call from a geologist in Winnipeg. The geologist didn’t care; he loved the idea of having an irradiated diamond that size. Khan ended up making money. Sometimes, value is in the eye of the beholder. "There isn’t another one," Khan says. "If you say, ‘I want a rough green diamond of this size,’ there isn’t another one."

Meet the New August Birthstone: Spinel
Forbes
August 3, 2016
by Roberta Naas

About time. A gem we have always loved. ED

This story may make you go from green to red. If you were born in the month of August, you are most likely a Leo or (for those born after August 23), a Virgo. You have also been long accustomed to your birthstone being the light green Peridot. However, the Jewelers of America and the American Gem Trade Association (AGTA) have just changed all that — announcing a newcomer birthstone for August: Spinel.

The two organizations have added spinel to the Official List of Birthstones that was first established by Jewelers of America in 1912. The spinel has not cast out Peridot altogether, it has just taken a top billing next to Peridot — leaving it to the consumer to choose. Spinel is most frequently found in a ruby red or dark pink color, although there are other hues that range from mauve to lavender, pink, orange and pale blue or gray to deeper shades. It is highly brilliant when polished and is a relatively affordable gemstone.

Generally found in Burma Sri Lanka, Brazil, Thailand, Tanzania and a few other locations, the spinel was believed in ancient times to protect people from harm and to soothe away sadness. Centuries ago, the spinel was sometimes erroneously said to ruby because of its likeness in color. Such is the case with the Black Prince Ruby that is on the British Imperial State Crown. Most recently a rare 50.13-carat rose-hued spinel, the Hope Spinel, sold at auction for $1.4 million.

Jewelers of America is running a national consumer marketing campaign this month to drive consumers to stores to check out the newest stone — which may just make Peridot green with envy.

'Safe' investment
Gold is not all that glisters — diamonds act as hedge for the rich
Saudi Gazette
Jul 22, 2016

We believe you should keep in your possession the precious gemstones and diamonds you buy. Better to buy a vault or bury in your own backyard. Too many variables with others involved. ED

In a packed Christie's auction room in Geneva, one could hear a pin drop as two anonymous bidders slugged it out in their quest to own the world's most exquisite blue diamond. The room in the Four Seasons Hotel des Bergues was filled with multimillionaire collectors and diamond dealers, listening intently as the bidders, each speaking by phone to a Christie's representative, took turns adding a few hundred thousand dollars in a tense struggle dragging on for more than half an hour. When the auctioneer's hammer came down, spontaneous applause broke out as the winner, who retained anonymity, bought the 14.62-carat Oppenheimer Blue for a world record $57.5 million for any jewel sold at auction. The sale
some weeks ago was the latest in a series of world record prices per carat paid at auction for extraordinarily magnificent and rare diamonds. With new fortunes being created around the world faster than at any time in history, more of this expanding elite of wealthy investors are looking at different ways of protecting cash that now earns close to zero percent interest in bank accounts, while asset market turbulence can wipe out millions in hours. Some are eyeing rare diamonds as a best friend, or long-term haven at least. And it's no longer just a top table of “super rich” billionaires who are gravitating to this arcane world. A second division of wealthy is emerging. They can't afford the Oppenheimer Blue, perhaps, but they can take a stake in rare diamonds via specialist investment funds. These gem specialists are keen to play up rare diamonds as “safety” investments, or at least a way to hedge against currency, stock and bond market volatility at a time of political and economic uncertainty. Britain’s shock vote last month to leave the European Union underlines their point. “The big players are looking at diamonds in a different way,” said Ehud Laniado, chief executive of Cora International, which sold the 12.03-carat Blue Moon diamond for $48.4 million at a Sotheby’s Geneva sale in November, a world record for any jewel sold at auction at the time. “They are not looking at them just as a jewel, but as an asset that has a resale value.” Citigroup said the outlook for gold remained uncertain partly due to concerns about a possible increase in US interest rates. In such a scenario, investors may look at a next-best alternative such as diamonds. However, the diamond investors’ club is shut to most ordinary savers due to its complicated, insider nature — characterized by poor liquidity, a lack of price transparency and high fees. While some are making efforts to create a liquid market, the process has been slow. Entry level for Sciens Coloured Diamond Fund II, one of the more established closed-end funds now shut to new investors, is $1 million. It invests in diamonds in rare colors such as red. The fund, which manages around $50 million, uses trading and buy-and-hold strategies for long-term appreciation. One of its strategies is to improve the value of stones by finding a rare matching pair in the same color, size and shape. They are eventually sold to buyers such as jewelers and collectors. Some funds also loan diamonds to jewelers who wish not to maintain a large inventory. If the jeweler decides to make a unique ring for a client, he can buy a diamond from the fund. The Sciens fund, launched in 2014, rose in value by about 5 percent in the second quarter of 2016, said Philip Baldwin, managing director of Sciens Diamond Management BV. He and Mahyar Makhzani run the fund, based on the Caribbean island of Curacao. “Color diamonds are considered a safe haven,” he said. “Color diamonds are a hedge against inflation, currency risk, market fluctuations and political uncertainty.” Solitaire Diamond Co, another diamond-backed fund now closed to new investors, is backed by an assortment of white diamonds of high-grade clarity and cut weighing under 5 carats, which are certified by international laboratories such as the Gemological Institute of America. Fred Sinclair-Brown, Solitaire fund manager, said it made a gross margin of 20 percent over the past 12 months, above expectations of 14 to 16 percent. He said he was planning another diamond fund for professional investors, this time possibly backed by colored gems. Prices of vivid and intense color diamonds have risen 10 to 12 percent a year on average since 1959, according to Baldwin. However, dealers said white diamond prices had not gained as quickly in recent years and were largely flat in 2016. The most prominent white diamond to come to auction recently, the 1,109-carat Lesedi la Rona, failed to sell at Sotheby’s in London last month, highlighting that diamond markets are not bulletproof. Diamond markets slowed in the second quarter as selective buyers pushed for deeper discounts. Polished inventory continued to rise and prices came under pressure, while rough trading remained resilient.
Despite a handful of diamond-backed initiatives, fund managers have struggled over the years to find the right investment vehicles for diamonds due to illiquidity, a lack of price transparency and high transaction fees. “I am very dubious about diamond-backed investment because the price of diamonds is not listed anywhere and the market is too illiquid,” said Edmund Shing, strategist at BNP Paribas and former global equity fund manager of BCS Asset Management.

Fund managers pointed to very separate markets for white diamonds. While white diamonds can be correlated to the commercial market for bridal jewelry, color gems are in a unique investment category. Part of the problem with diamond investing is that different categories make it difficult to compile generic prices.

A recent Citigroup poll found that about one-third of the respondents were willing to invest in a diamond product having homogeneity and liquidity.

Martin Rapaport, head of the Rapaport Group, which has its own polished diamond price list widely used by the trade, is trying to create a more liquid market for investment-grade diamonds by developing a transparent price structure. He hopes to launch a fund backed by diamonds within a couple of years. “Diamonds can be a good investment, but you have to be careful,” he said. “You need to know the bid/ask spread, the price you can sell diamonds back on the same day.”

Christie's François Curiel on the Market for Colored Diamonds and Other Precious Stones
Blouartinfo
July 19, 2016
By Sonia Kolesnikov-Jessop

Fascinating interview with Curiel. ED

We talked with François Curiel, chairman of Christie's Asia Pacific and China and a jewelry specialist, about the state of the market for colored diamonds and precious stones.

How is the market for colored diamonds?

Colored diamonds seem to be the name of the game, and while colorless diamond will sell for $200,000-300,000 per carat, when it's a color diamond, whether, red, green, blue, pink, we're talking in the millions. $3 million a carat now for blue diamonds, $2.5-3 million a carat for green diamonds seems to be the norm.

How does that compare with three years ago, for blue diamonds for example?
About 30 percent more.

Is there one colored diamond that has appreciated the most?
Green diamonds are in great demand at the moment because there are very few of those in the market, but pink and blue have all appreciated. It's just because there are very few of these stones in the market.

Are Asian collectors appreciating those more?
We had a 5-carat green diamond coming up for sale in February or March and where did we send it for sale? Hong Kong. Whether Hong Kong is the best place to sell it, we'll never known because the Asian buyer would have come to New York or Geneva if we had sold it there, the market is so global now.

Outside of diamonds, which other colored stones are performing well?
Rubies, when they are from Burma and unheated, $1 million per carat is now the norm. Emeralds are doing well, but they are not in the same league, it's more in the $200,000-300,000 per carat, and this is because there were some issues a few years ago with emeralds from Colombia which were being treated — that is over with, but still the market is recovering. Sapphires are also in great demand in particular Kashmir sapphires, we're talking about $150,000-250,000 per carat.

How much has the market for these precious stone increased over the last three years?
I would stay it has been a average of between five to 10 percent per annum, certainly not as fast as colored diamonds.
Burma
Traders Call on Govt to Support Jade Market
Irrawaddy
July 15, 2016
By Kyaw Hsu Mon

You know the Chinese economy is in trouble if they are not buying cherished jade from Burma.

ED

Jade traders in Mandalay have collected signatures to accompany a proposal requesting government support for a better jade market, they told The Irrawaddy.

As Burma’s jade market began to decline last year, traders called on the country’s leadership to address the market situation.

On July 12, traders in Mandalay initiated a signature campaign to collect and send their ideas on how to improve the market to government representatives ranging from State Counselor Aung San Suu Kyi to Union and regional ministers.

“We’re expecting to get more than 100,000 signatures to send our suggestions to seven parties, as we have seriously suffered the worse jade market situation [in years],” said Aung Win Oo, owner of the Diamond Gold Star jade trading company in Mandalay.

Mandalay jade traders aim to submit signatures and accompanying proposals to government members and political parties before end of July and to coincide with the start of the next session of Parliament.

Jade traders in both Mandalay and Rangoon have attributed the cooling of the jade market to uncertainty linked to the transition of political power from a military-backed to a civilian-led government in Burma earlier this year, as well as shifts in China’s economic policy under President Xi Jinping; merchants from Mainland China are some of the primary purchasers of Burmese jade.

“Many jade lots are going to China via the border area, so the market is bigger on the Chinese side, rather than here,” said Aung Win Oo. “[Here] there are many jade lots piling up and prices are going down—it’s no longer worth it for traders,” he said, adding that some figures indicate that they have a backup of 100,000 jade lots on the local market, which could be displayed and sold over the next three years.

“During that period, the government can take time to review the Gems Law, which could harm the local industry, and reconsider the limiting of jade operations,” Aung Win Oo said.

Kyaw Kyaw Oo, central executive committee member of the Myanmar Gems and Jewelry Entrepreneurs Association said he agreed that the jade market in Burma needs urgent support from the government.

“The main problem is that many jade lots are brought to the Chinese side [of the border] illegally, this is what the government should see and take action on,” Kyaw Kyaw Oo said, adding that the local market in Mandalay remains oversaturated with jade that will not sell.

Another concern among traders is that the government is now attempting to limit jade mining operations in Hpakant, Kachin State, reducing the amount of raw jade entering the market. The restrictions come after hasty jade extraction—aided by heavy machinery—caused multiple deadly landslides in the region, reportedly killing more than 150 people in total last year.

While civil society has urged increased regulation of the industry, traders are critical of the restrictive measures.

“If the government places limitations on the jade mines, less quantities of raw jade will be in the local market. How can we survive in this situation?” Aung Win Oo said.

One significant example of the changes taking place is the annual reduction in displays of raw jade lots at the annual Gems Emporium in Naypyidaw by the Myanmar Gems Enterprise. Six thousand lots of raw jade were laid out for purchase in the latest emporium—significantly lower than the 9,000 lots displayed in the previous emporium in December, according to an official at the event.

Some government figures indicate that the rate of jade sales has fallen significantly each year. The Myanmar Gems Enterprise reported that it earned around 600 million euros (US$668.3 million) in the latest emporium, less than December’s event, where sales generated around 900 million euros (more than $1 billion).
TV Diary quiz: Movies about diamonds
News-Sentinel.com
By Sheryl Krieg
August 23, 2016

1. Who wrote and directed "Snatch," a 2000 film in which gangsters of all sorts are trying to find a priceless diamond?

2. A fisherman, a smuggler and a syndicate of businessmen match wits over the possession of a priceless diamond in which 2006 film?

3. In which 1988 film did four people team up to commit a diamond heist, then try to doublecross each other for the loot?

4. What is the name of the diamond thief Inspector Clouseau tried to catch in "The Pink Panther" (1963)?

5. Which two muppets portrayed newspaper reporters who were sent to London to interview a fashion designer whose priceless diamond necklace was stolen in "The Great Muppet Caper" (1981)?

6. A group of inexperienced jewel thieves tried to steal a diamond from a museum in which 1972 film?

7. What was the name of the diamond in the 1946 Sherlock Holmes film, "Terror by Night"?

8. Martin Lawrence played a former convict posing as a cop to retrieve a diamond he stole years ago in which 1999 film?

9. Who played John Robbie, a reformed jewel thief suspected of returning to his former occupation, in Alfred Hitchcock 1955 film "To Catch a Thief"?

10. A graduate student is unwittingly caught in the middle of an international conspiracy involving stolen diamonds in which 1976 film?


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