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The Pipe – Diamond Intel | Europe

May - Destocking Deepens, Market Balance Improves

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Midstream destocking has accelerated, despite signs of improving end-market demand and a recovery in small-diamond prices. Rough demand remains subdued, but growing supply discipline could support market stability. LGD market shares remain stable amid similar destocking trends.

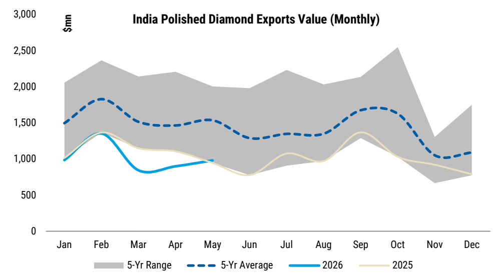
Midstream: destocking accelerates amid geopolitical disruptions. According to the latest Indian trade data, rough-diamond import volumes fell 26% YoY and 25% MoM, while values fell 42% YoY and 27% MoM. Polished-diamond export volumes rose 12% YoY and remained flat MoM, while export values increased by 4% YoY and 9% MoM, pointing to accelerated inventory destocking across the midstream. Against this backdrop, India's diamond manufacturing industry continues to face pressure from geopolitical disruptions, rising logistics costs and weak demand. Simultaneously, Russia is reportedly considering duties on diamond exports to support its own diamond manufacturing.

End markets: signs of life. US retail demand remains healthy, particularly for 2 ct. and larger diamonds, with industry participants reflecting positively on the Las Vegas shows as high-end jewellers placed orders and demand for larger stones remained robust according to Rapaport. Small diamonds saw a price recovery in May (+2.1% MoM) following inventory depletion and increased purchasing by brands seeking to capitalize on historically low pricing. In Asia, Chow Tai Fook reported FY revenue growth of 5% to US$12bn and net profit growth of 52% to US$1.2bn, supported by margin expansion and operating leverage reinforcing signs of improving demand trends in China and Hong Kong.

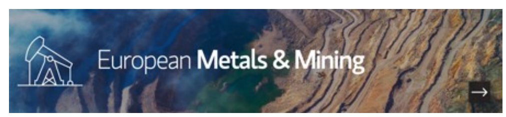
Rough markets: supply discipline. Rough trading remained relatively quiet during the period with stable pricing but reportedly modest sales at De Beers' May sight. However, supply discipline across the industry continues to strengthen. Petra suspended production at its Finsch mine, while Angola announced measures to reduce the supply of smaller diamonds. Encouragingly, Alrosa reported record demand at its May sales event, led by stones above 10.8 carats and fancy-colour goods, highlighting continued resilience in select categories. While overall rough demand has been subdued over the last months, supply curtailments could help support market stability and lay the groundwork for a gradual recovery.

Lab-grown diamonds: inventory destocking, stable market share. The MoM export value of lab-grown diamonds rose by ~9% in February, while the import value fell by around 22%, pointing to inventory destocking as observed with natural stones. Export values increased broadly in line with natural stones, suggesting stable market shares. Signet's acquisition of natural-diamond jeweller The Clear Cut reinforces the industry's increasing focus on natural diamonds. Meanwhile, De Beers'

Exhibit 1 : India polished diamond export volumes were at the bottom of the 5-year range in May



excluded from 5-year average/range due to impact of Covid.



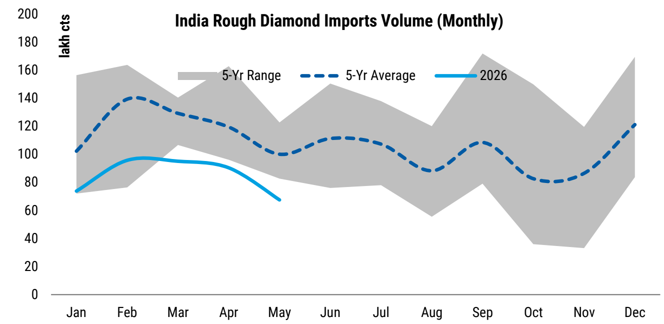
latest consumer survey showed rising spending and larger average sizes for natural diamonds, while continued price declines are weighing on the value proposition of lab-grown stones.

Why are India trade data important? *India is a key hub in the diamond value chain, with manufacturers in the country cutting and polishing 9 out of every 10 stones. Our monthly look at the trade data aims to provide an insight into the underlying trends within the industry.*

Key Charts

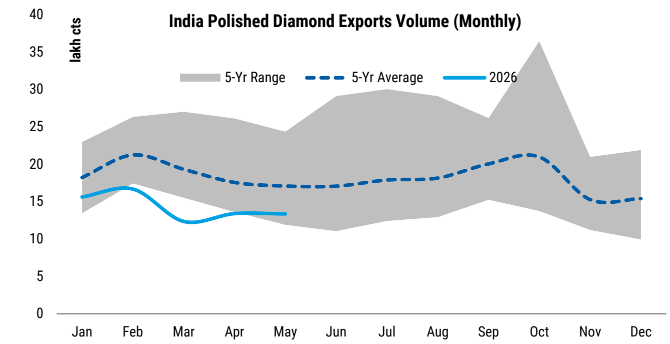
India Trade Data

Exhibit 2: India rough diamond imports volume (monthly)



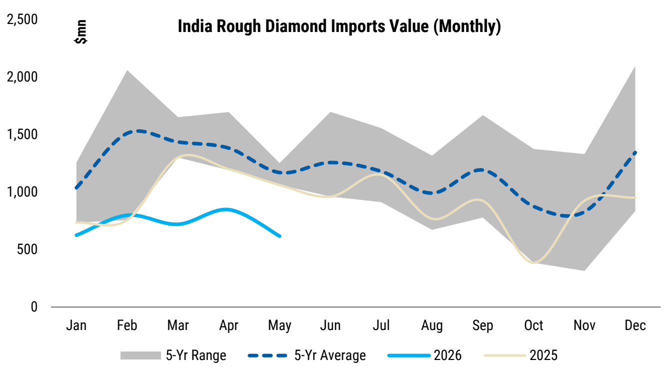
range due to impact of Covid.

Exhibit 3: India polished diamond exports volume (monthly)



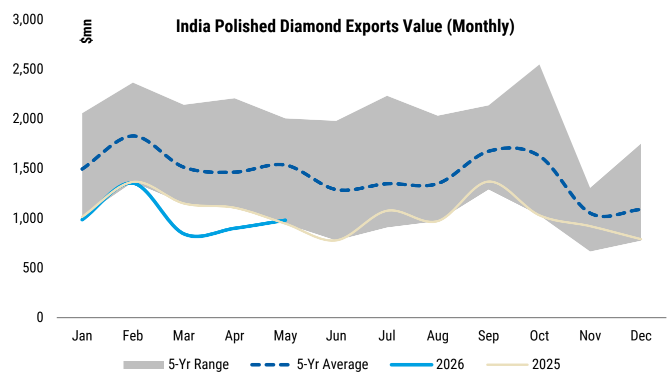
range due to impact of Covid.

Exhibit 4: India rough diamond imports value (monthly)



range due to impact of Covid.

Exhibit 5: India polished diamond exports value (monthly)



range due to impact of Covid.

Exhibit 6: Rough diamond import implied prices (monthly)

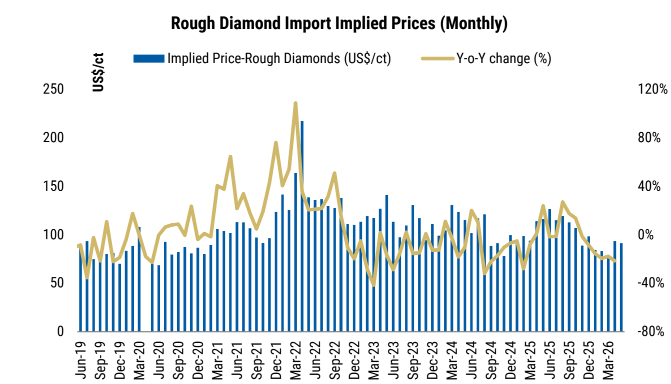


Exhibit 7: Polished diamond export implied prices (monthly)

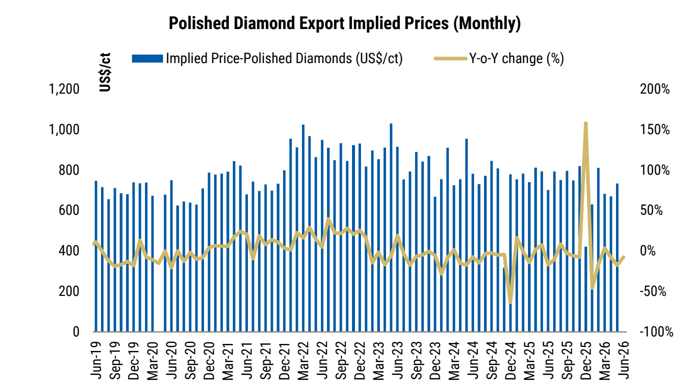
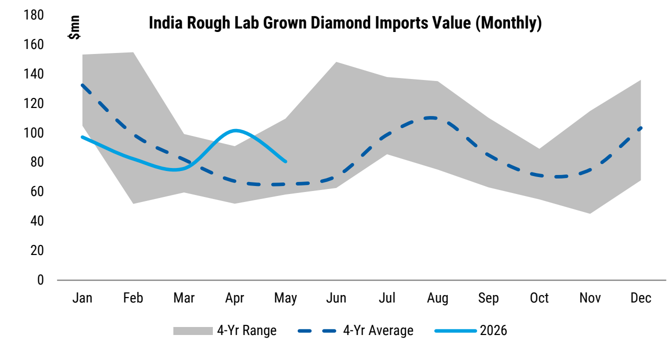
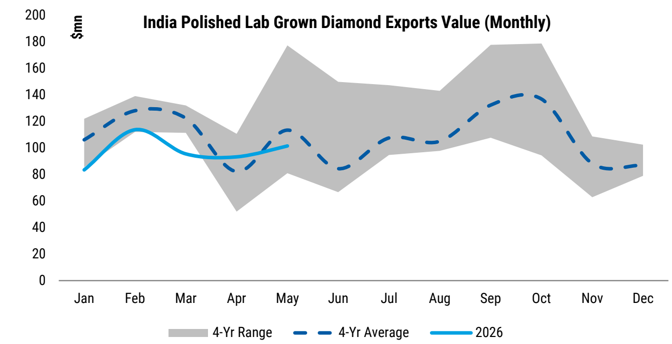


Exhibit 8: Rough lab-grown diamond import value



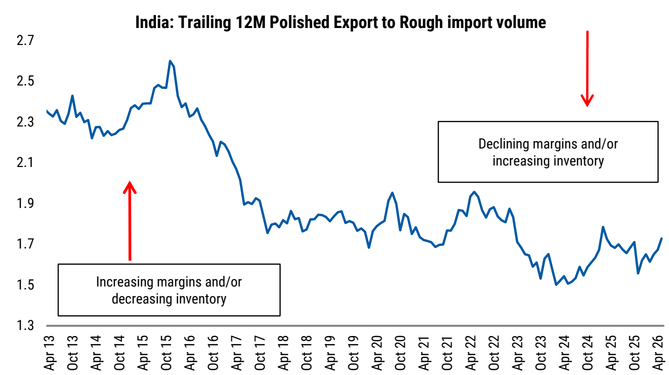
range due to impact of Covid.

Exhibit 9: Polished lab-grown diamond export value



range due to impact of Covid.

Exhibit 10: The volume of polished exports relative to the volume of rough imports



Antwerp Trade Data

Exhibit 11: Antwerp rough diamond imports volume

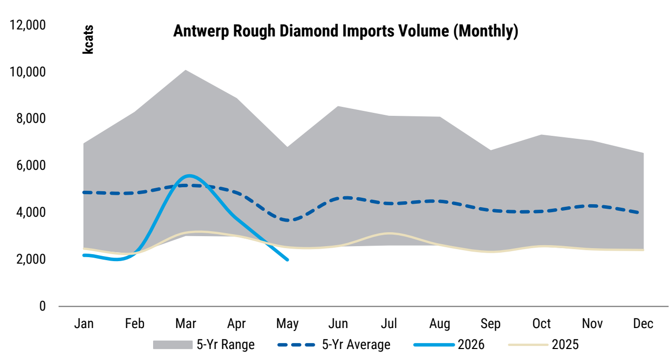


Exhibit 12: Antwerp rough diamond exports volume

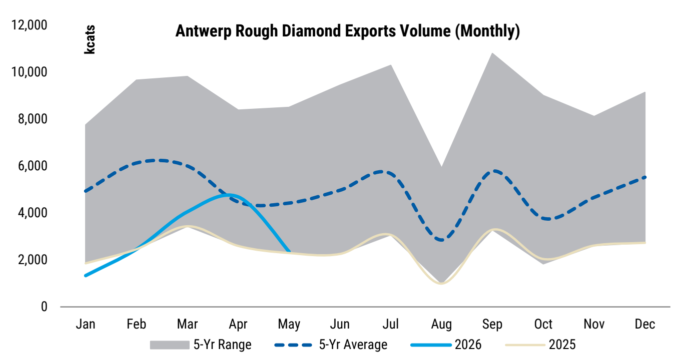


Exhibit 13: Antwerp rough diamond exports value

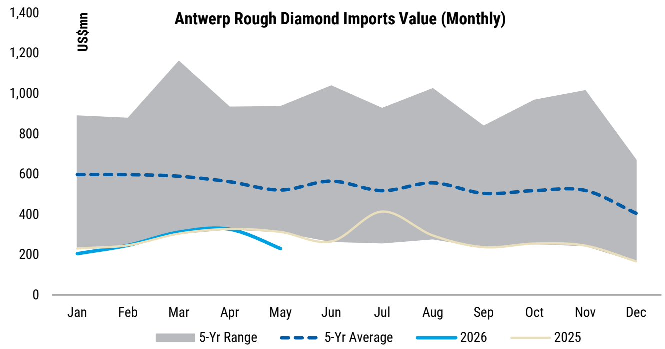
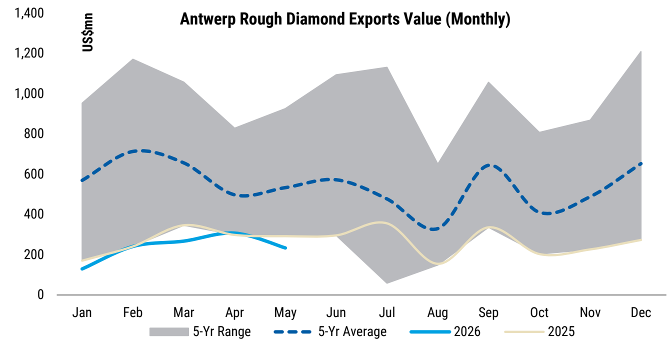


Exhibit 14: Antwerp rough diamonds import value



Pricing & Soft Indicators

Exhibit 15: Consensus turns increasingly positive on comparable YoY sales ...

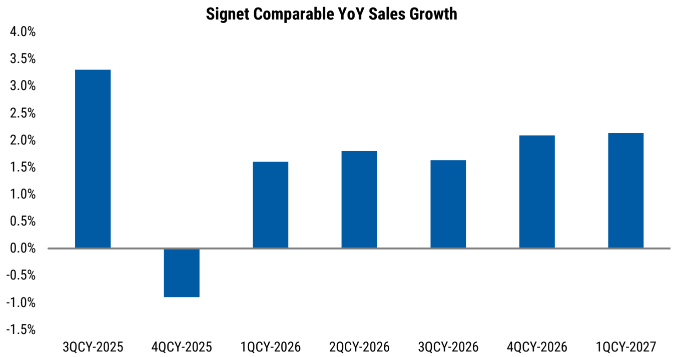


Exhibit 16: ... in key distribution channels in China and the United States

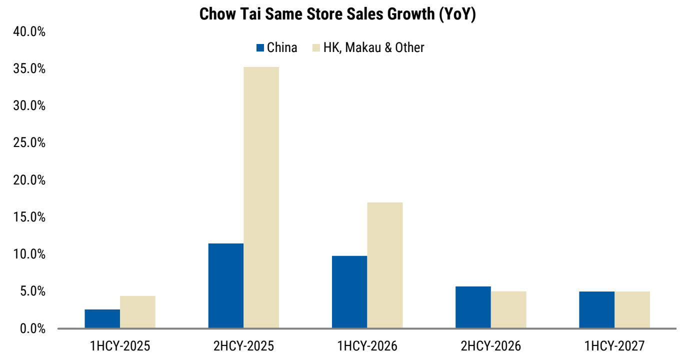


Exhibit 17: Polished diamond prices as reported by Rapaport

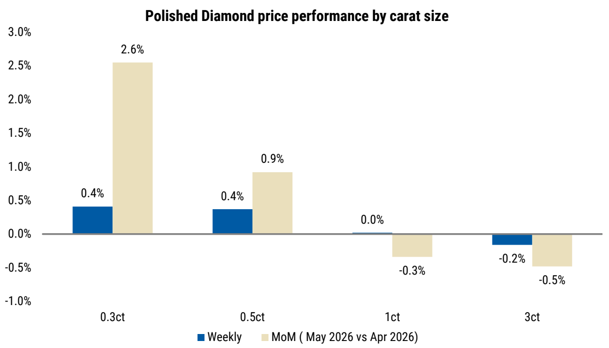


Exhibit 18: Retail sales saw an increase in the US, the largest market for diamonds

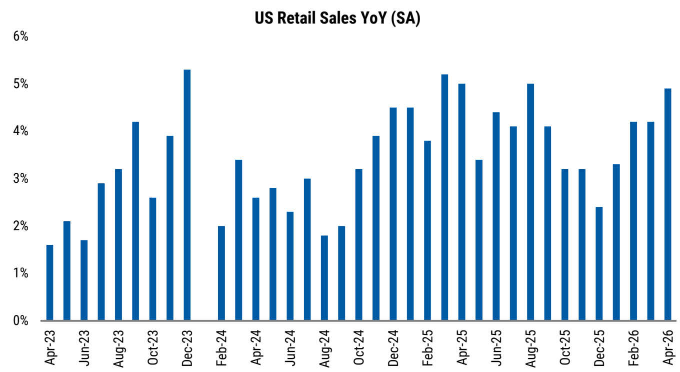


Exhibit 19: Google Search Index for diamond jewelry in the US

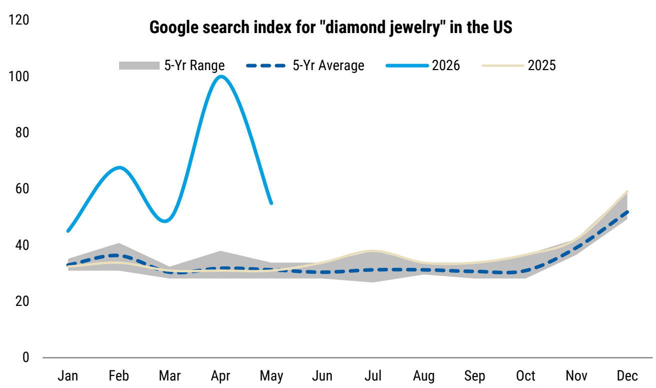
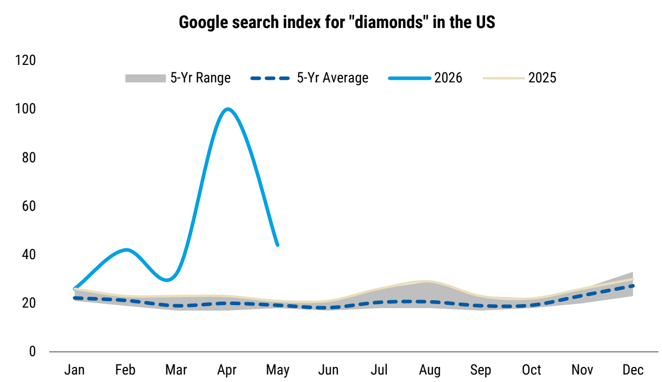


Exhibit 20: Google Search Index for diamonds in the US



Diamond Supply/Demand

Exhibit 21: Diamond: supply/demand model

Diamond Supply	unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026e
Rough Diamond Production													
Russian Federation	mcts	41.9	40.3	42.6	43.2	45.3	31.2	39.1	41.9	37.3	37.3	35.4	31.7
Botswana	mcts	20.8	20.5	23.0	24.4	23.7	16.9	22.9	24.5	25.1	18.1	15.5	13.7
Canada	mcts	11.7	13.0	23.2	23.2	18.6	13.1	17.6	16.2	16.0	13.3	14.7	13.9
Democratic Republic of Congo	mcts	16.0	23.2	18.9	16.4	14.2	12.7	14.1	9.9	8.3	9.8	9.8	9.8
South Africa	mcts	7.2	8.3	9.7	9.9	7.2	8.5	9.7	9.7	5.9	5.3	5.2	5.5
Australia	mcts	13.6	14.0	17.1	14.1	13.0	10.9	0.0	0.0	0.0			
Rest of World	mcts	16.2	14.7	16.4	17.3	16.3	13.7	16.6	17.7	18.9	24.0	24.0	23.8
Global Rough Diamond Production	**mcts**	**127**	**134**	**151**	**148**	**138**	**107**	**120**	**120**	**112**	**108**	**105**	**98**
YoY change	*%*	*2.1%*	*5.2%*	*12.6%*	*-1.7%*	*-6.9%*	*-22.5%*	*12.1%*	*-0.1%*	*-7.0%*	*-3.2%*	*-3.0%*	*-6.0%*
Rough Diamond Producers													
ALROSA	mcts	38.3	37.4	39.6	36.8	38.5	30.0	32.4	35.5	34.6	33.0	29.0	29.0
De Beers	mcts	28.7	27.3	33.5	35.3	30.8	25.1	32.3	34.6	31.9	24.7	21.7	20.1
Rio Tinto	mcts	20.0	20.6	24.6	21.3	19.7	17.2	5.8	4.7	3.3	2.8	4.4	3.5
Petra Diamonds	mcts	3.4	3.9	4.3	4.4	3.9	3.3	3.3	3.0	2.9	3.2	2.6	2.6
Other Suppliers	mcts	37.0	44.9	49.0	50.6	45.3	31.6	46.2	42.2	38.8	44.3	47.0	43.2
Global Rough Diamond Producers	**mcts**	**127**	**134**	**151**	**148**	**138**	**107**	**120**	**120**	**112**	**108**	**105**	**98**
Global Lab-Grown Diamond Supply													
China	mcts						3.8	5.3	7.2	9.3	12.7	16.0	18.3
India	mcts						1.5	1.7	2.0	2.4	2.9	3.6	4.2
Global Lab-Grown Diamond Supply	**mcts**						**8.0**	**10.3**	**13.0**	**16.0**	**20.5**	**25.9**	**29.5**
YoY change	*%*							*30.1%*	*26.0%*	*23.0%*	*27.5%*	*26.7%*	*14.0%*
Total Rough Diamond Supply by value	**US$mn**	**13,882**	**12,401**	**14,124**	**14,466**	**13,574**	**9,235**	**13,989**	**16,116**	**12,706**	**12,377**	**12,637**	**12,931**
YoY change	*%*	*-4.2%*	*-10.7%*	*13.9%*	*2.4%*	*-6.2%*	*-32.0%*	*51.5%*	*15.2%*	*-21.2%*	*-2.6%*	*2.1%*	*2.3%*

Diamond Demand	unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Global Rough Diamond Sales	**mcts**	**127**	**133**	**154**	**147**	**135**	**108**	**173**	**173**	**140**	**144**	**147**	**151**
YoY change	*%*	*1.6%*	*4.7%*	*15.8%*	*-4.5%*	*-8.2%*	*-20.0%*	*60.0%*	*0.4%*	*-19.0%*	*2.3%*	*2.5%*	*2.3%*
Diamond Jewellery Sales													
United States of America	US$mn	39,000	41,000	35,000	36,000	38,000	35,000	46,900	47,700	44,123	43,240	43,472	44,484
China	US$mn	10,000	10,000	10,000	10,000	10,000	7,000	9,900	8,800	8,140	7,705	8,020	8,207
India	US$mn	3,000	3,000	3,000	3,000	5,000	4,000	4,600	5,000	4,625	4,378	4,557	4,663
Japan	US$mn	5,000	6,000	5,000	5,000	6,000	5,000	5,200	4,700	4,348	4,115	4,283	4,383
Gulf	US$mn	4,000	4,000	3,000	3,000	3,000	2,000	3,000	3,100	2,868	2,714	2,825	2,891
Rest of World	US$mn	18,000	17,000	18,000	18,000	17,000	15,000	17,100	17,200	15,910	15,060	15,676	16,040
Global Diamond Jewellery Sales	**US$mn**	**79,000**	**81,000**	**74,000**	**75,000**	**79,000**	**68,000**	**86,700**	**86,500**	**80,013**	**77,212**	**78,834**	**80,668**
YoY change	*%*	*-2.5%*	*2.5%*	*-8.6%*	*1.4%*	*5.3%*	*-13.9%*	*27.5%*	*-0.2%*	*-7.5%*	*-3.5%*	*2.1%*	*2.3%*
Polished Diamond Sales													
United States of America	US$mn	11,115	11,797	11,788	12,319	13,000	11,000	14,500	14,600	14,627	14,967	15,337	15,694
China	US$mn	3,458	4,016	3,313	3,469	3,000	3,000	3,400	3,100	3,106	3,178	3,256	3,332
India	US$mn	1,729	1,506	1,464	1,335	3,000	2,000	2,400	2,700	2,705	2,768	2,836	2,902
Japan	US$mn	988	1,255	1,136	1,159	1,000	1,000	800	800	801	820	840	860
Gulf	US$mn	1,976	1,757	1,655	1,530	1,000	1,000	1,500	1,500	1,503	1,538	1,576	1,612
Rest of World	US$mn	5,434	4,769	5,456	5,475	5,000	5,000	5,200	5,200	5,210	5,331	5,462	5,589
Polished Diamond Sales	**US$mn**	**24,700**	**25,100**	**24,812**	**25,287**	**26,000**	**23,000**	**27,800**	**27,900**	**27,952**	**28,602**	**29,308**	**29,990**
YoY change	*%*		*1.6%*	*-1.1%*	*1.9%*	*2.8%*	*-11.5%*	*20.9%*	*0.4%*	*0.2%*	*2.3%*	*2.5%*	*2.3%*
Average Rough Diamond Price	US$/ct	109	92	94	97	98	86	117	134	114	115	121	132
YoY change	*%*	*-6.2%*	*-15.1%*	*1.2%*	*4.1%*	*0.8%*	*-12.2%*	*35.1%*	*15.3%*	*-15.2%*	*0.7%*	*5.3%*	*8.9%*
Rough production as % of diamond jewellery sales		18%	15%	19%	19%	17%	14%	16%	19%	16%	16%	16%	16%

to Anglo American Plc ("Anglo American") to combine with Teck Resources Limited ("Teck"), in an at market merger of equals (the "Merger") to form Anglo Teck group ("Anglo Teck") as announced on 9th September 2025. Anglo American has agreed to

of the report.

to Anglo American PLC ("Anglo American") in relation to strategic reviews of certain assets as announced on 14 May 2024. Anglo American has agreed to pay fees to

report.

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