

## Diwali Generates Only Moderate Demand Increase

Despite predictions of a good Diwali festival sales season, the Mumbai diamond market has seen only a moderate lift in activity in the run-up to the festival. “It is as though the festival doesn’t exist this year,” one trader said. Normally, the weeks prior to the festival – which falls on October 17<sup>th</sup> this year – are characterized by hectic manufacturing and trading activity in the diamond market, often running literally up to the day before the festival. This year, the already sharply reduced manufacturing and trading activity hasn’t shown the slightest uptick at all.

While industry watchers still say they expect retail jewellery sales to be good this Diwali, the diamond market has a more cautious view of the situation.

A strengthening rupee – it has appreciated between 4- and 5 per cent against the dollar – has slowed domestic sales of certified stones as the appreciation has eroded the dollar value paid by manufacturers for rough and consequently makes it difficult for them to go through with transactions in these conditions.

The liquidity crunch in the diamond market continues unchanged and more companies are struggling to keep operations going as a result.

### Market data as of 10/10/09

SIZE / CTS. (SIEVE )	Current Demand	Demand In 2 Weeks	Current Availability	Availability In 2 Weeks	Price Change In 2 Weeks	Comments
-0.01 (-2 )	GOOD	↓	SHORTAGE	↔	↔	Good demand for +\$200 whites. Good demand for \$250-\$350 OWLC/OWLB Fair demand for below \$200 whites.
-0.02 (+2-6.5)	GOOD	↓	SHORTAGE	↔	↔	Good demand for + \$250-\$450 whites & \$250-\$350 OWLC/OWLB. Fair demand for below \$200 whites.
0.03-0.07 (+6.5-11)	VERYGOOD	↓	SHORTAGE	↔	↔	Very good demand for +\$200 whites. Good demand for \$300\$400 OWLC/OWLB. Good demand for below \$200 whites Most required sieve is +8.
0.08-0.14 (+11-14)	VERYGOOD	↓	SHORTAGE	↔	↔	Very good demand for + \$300 whites. Good demand for below \$250 whites. Shortages for +0.10cts.
0.15-0.17 (+14-15.5)	GOOD	↓	SHORTAGE	↔	↔	Good demand for + \$350 whites. Shortages for VS+/H+.
0.18-0.22	FAIR	↓	FAIR	↔	↔	Fair demand for + \$650 whites. Shortages for VS+/H+.
0.23-0.29	FAIR	↓	FAIR	↔	↔	Fair demand for +\$750 whites. Shortages for VS+/H+.
0.30	FAIR	↓	SHORTAGE	↔	↔	Good demand for + 0.40cts.VS+/H+. Fair demand for I2/I3.

0.50	VERYGOOD	↓	SHORTAGE	↔	↔	Very good demand for VS+/I+. Good demand for SI & below/I+. Shortages for G-H-I Col.
0.75	GOOD	↓	SHORTAGE	↔	↔	Good demand for I2-I3 / I+. Fair demand for VS1-SI1/I+.. Shortages for G-H-I Col.
1.00	VERYGOOD	↓	SHORTAGE	↔	↔	Very good demand for VS+ / J+. Good demand for SI1-I3/I+. Shortages for G-H-I Col.
2.00	GOOD	↓	SHORTAGE	↔	↔	Good demand for VS2+ / J+. Shortages for +2.50cts.
+3.00	FAIR	↓	FAIR	↔	↔	Fair demand for 3.00cts VS2+ / J+. +4.00cts slow.

Key: ↑ ↔ ↓ Indicates change in status (increase, no change, decrease). Colored arrows indicate whether the change (or none) means goods will be easily **Available**, in **Fair** availability, or in **Shortage**.