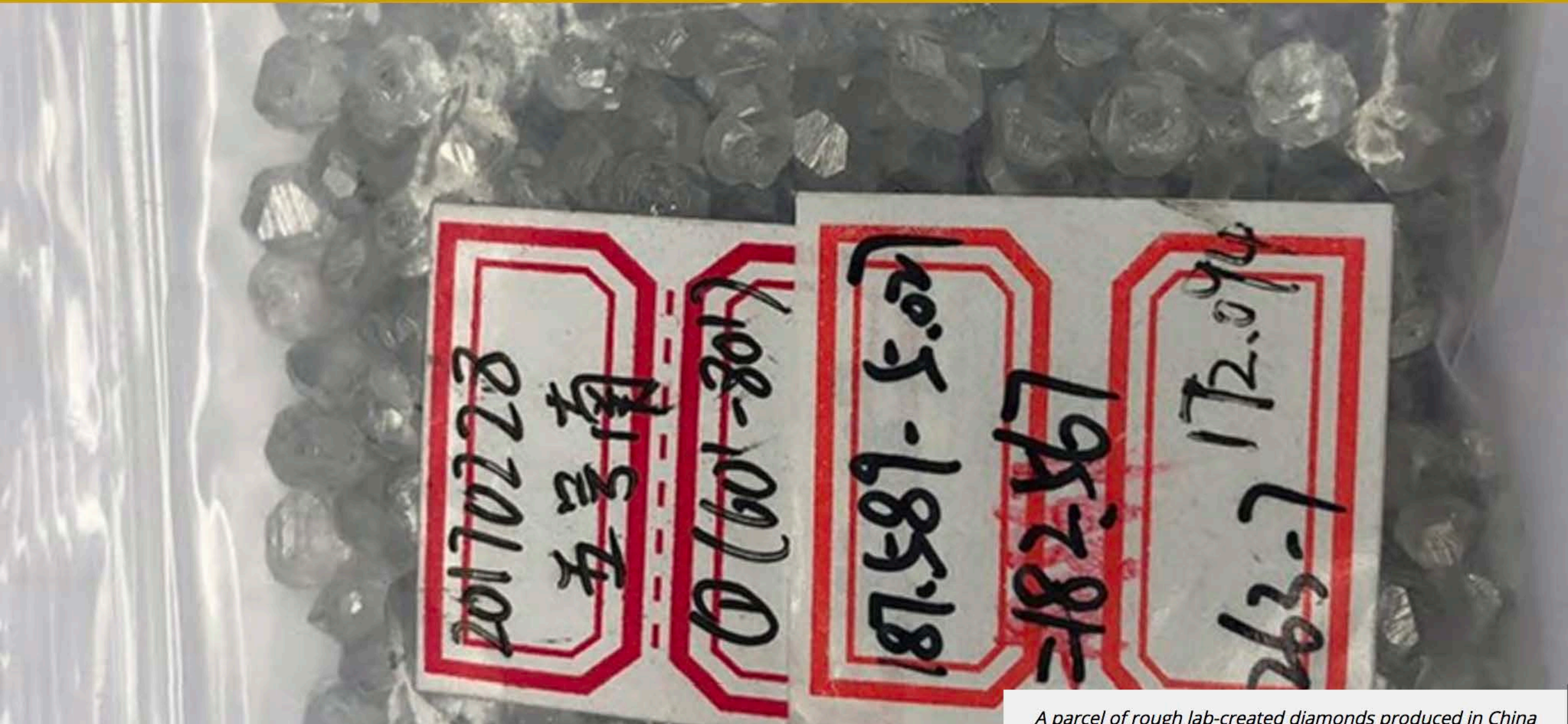


Lab-grown diamonds to hit US\$15B by 2035

Natural diamonds currently represent more than 95% of the diamond jewellery market (comprising jewellery selling for more than US\$250 an item), but the annual supply of natural diamonds is forecast to decline over the next four years.



A parcel of rough lab-created diamonds produced in China

Commodities > Precious-stones

Natural diamonds currently represent more than 95% of the diamond jewellery market (comprising jewellery selling for more than US\$250 apiece), but the annual supply of natural diamonds is forecast to decline over the next four years.

30 August 2018

Comments

Coupled to the gradual improvement in quality and a decline in manufacturing costs, laboratory-grown diamonds are positioned to fill the pending supply gap of natural diamonds and there is reason to believe that the trend will not significantly reverse course over the longer-term, independent New York-based diamond analyst Paul Zimnisky says in his latest report.

Share

Henry Lazenby

He argues natural diamonds are losing market share owing to fundamental headwinds, such as depleting global diamond deposits, and few undiscovered highly-economic deposits likely to exist.

At an estimated US\$1.9 billion dollars today, the lab-grown diamond jewellery market is forecasted to grow at 22% annually to \$5.2 billion by 2023, and to \$14.9 billion by 2035, equal to a longer-term growth rate of about 9%.

"While higher natural diamond prices could make currently uneconomic diamond deposits production worthy, thus filling the supply gap in terms of carat volume, most remaining undeveloped resources host smaller, lower-quality diamonds relative to historical standards - the category of diamonds most-likely to directly compete with lab-created diamonds given the lower price-point," the analyst states.

Conversely, higher-quality natural diamonds, which arguably fall into a completely different product category than lab-created diamonds, could perform well as new supply becomes ever rarer and China and India, the industry's fastest growing end-consumer markets, do not perceive lab-created diamonds as a substitute to natural.

However, Zimnisky points out, the longer-term overall health of the natural diamond industry, especially with regard to US consumers - the industry's largest market - will ultimately depend on the success of marketing efforts to instil the intangible value and tradition associated with natural diamonds, while also reminding consumers of the value inherent in the rarity of its non-renewable resource, a characteristic that differentiates its product from the lab-created counterpart.

Efforts are currently being led by the Diamond Producers Association, an organisation financed by the industry's largest miners aimed at returning generic marketing to diamonds in the post-'A diamond is Forever' era.

Zimnisky warns that while higher-quality lab-created diamond production is still in its early stages, significant investment is being made in improving the quality of output and the economics of laboratory production.

"Given the scale of production capability, it is reasonable to assume that longer-term, the supply of lab-created diamonds is boundless and the price of generic goods will be set by the lowest-cost producer, ideally fit for the fashion jewellery (lower than US\$250 per item) market. The higher-price-point lab-created diamonds most likely to compete with the natural diamond jewellery industry will be those built around successful brands or unique jewellery designs," Zimnisky forecasts.

Time is right for Heron to take flight

HERON RESOURCES

SPONSORED



Most read Commodities

- Weak rand helps under-performing Petra**
PRECIOUS STONES
- Lab-grown diamonds to hit US\$15B by 2035**
PRECIOUS STONES
- BlueRock optimises Kareevlei crushing circuit**
PRECIOUS STONES
- Rio opens fourth Diavik pipe**
PRECIOUS STONES
- Lucara collaborates with diamond tech innovator**
PRECIOUS STONES

Topics

- Paul zimnisky
- Synthetic diamonds
- Diamond producers association
- Diamonds
- United states
- India
- China

COMMENTS

Add a comment as 100310498

Newest Oldest Popular

RELATED ARTICLES

Mountain Province unveils largest diamond from Gahcho Kué
JV partner launches synthetic diamond jewellery business
PRECIOUS STONES 31 MAY 2018

The future for lab-created diamonds
PRECIOUS STONES 08 SEP 2017

Stornoway rises on outlook
PROFIT & LOSS 09 JUL 2018

Lucara updates Karowe resource
RESOURCE DEFINITION 27 JUN 2018

KEM JV looks to retrench 300 mineworkers
POLITICS 29 AUG 2018

Aspermont Online Publications



Aspermont Events

