

GLOBAL CONSUMER DEMAND

2013 SNAPSHOT

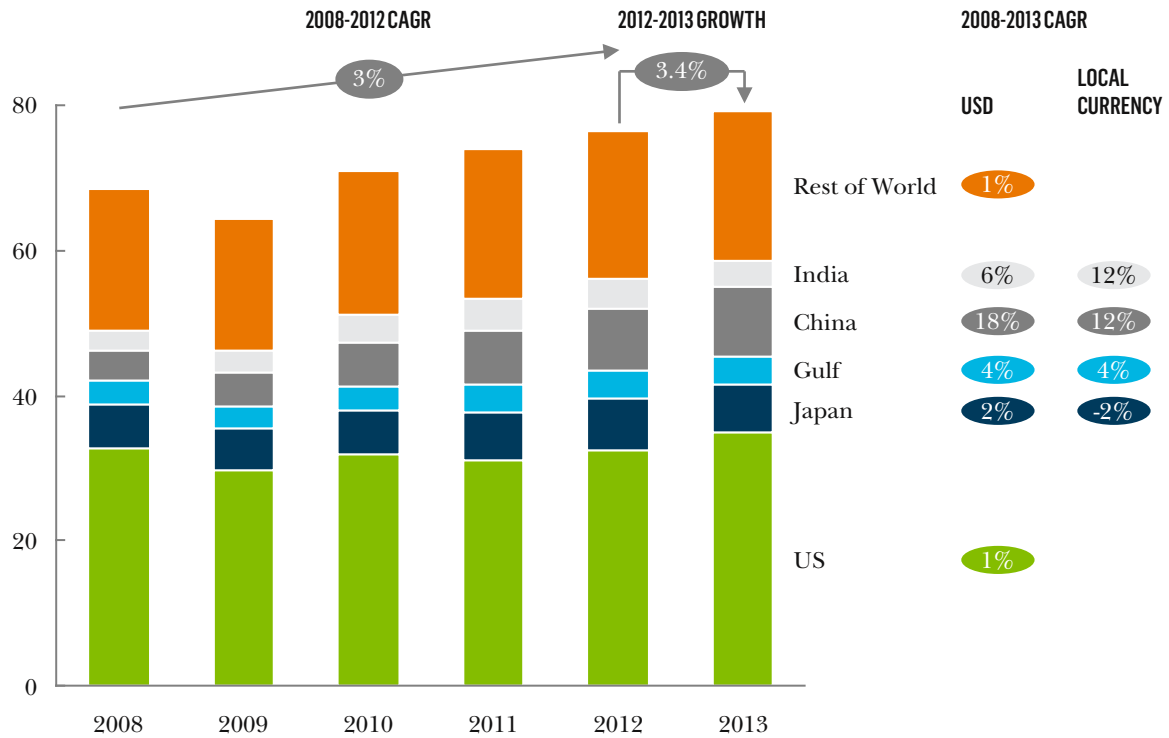
Global diamond jewellery sales were an estimated US\$79 billion in 2013, growing at over three per cent in nominal value in 2013 in USD terms vs 2012, ahead of the compounded annual rate of growth experienced between 2008 and 2012 (see Fig. 5). China continues to be the main growth engine of diamond jewellery demand, but the US also performed particularly well in 2013.

In terms of polished diamonds contained in diamond jewellery at cutting centre wholesale value (so called 'PWP' or 'polished wholesale price'), demand increased by over three per cent from 2012 to 2013, to reach approximately US\$25 billion (see Fig. 6). The two biggest markets, the US and China, both grew by more than the global average, with sales of polished diamonds increasing seven per cent in the US and 14 per cent in China, measured in USD terms. In contrast, both India and Japan saw sales fall (by six per cent in Japan and 10 per cent in India, measured in USD terms).



FIG. 5: DIAMOND JEWELLERY VALUE, GROWTH BY GEOGRAPHY

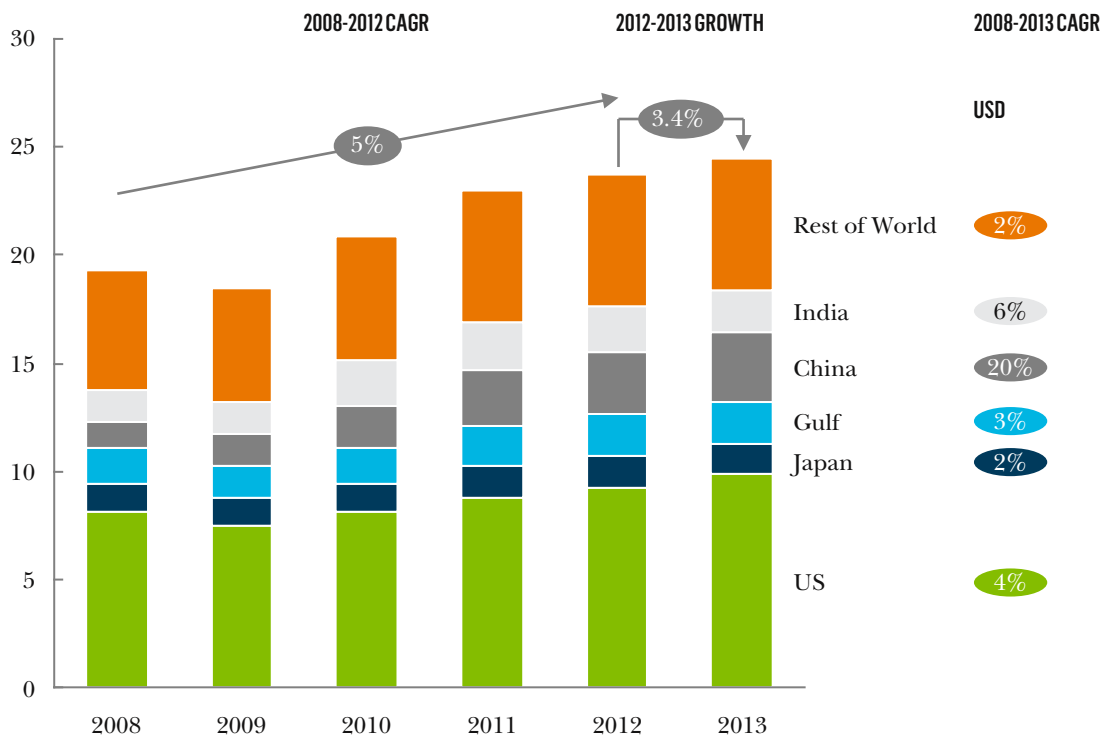
USD billion (nominal)



Note: Gulf includes Saudi Arabia, UAE, Qatar, Kuwait, Oman and Bahrain
 Source: De Beers

FIG. 6: POLISHED DIAMOND VALUE, GROWTH BY GEOGRAPHY

USD billion (nominal)



Note: Gulf includes Saudi Arabia, UAE, Qatar, Kuwait, Oman and Bahrain
 Source: De Beers

US consumers account for the largest share of global polished demand (ie polished diamond content) in USD terms at approximately 40 per cent, followed by China/Hong Kong/Macau (approximately 15 per cent), India (approximately eight per cent), the Gulf Region³ (approximately eight per cent) and Japan (approximately six per cent). Consumers in these top five markets accounted for approximately 77 per cent of total demand for polished diamonds in USD terms in 2013.

All main geographic markets consume all types of polished diamonds. However, with the exception of the US, which has a more evenly distributed consumption across all types of polished diamonds, other markets have particular focus areas of polished diamonds (see Fig. 7). For example, India consumes mainly stones under 0.08 carats of all clarities, while China consumes mainly stones between 0.18 carats and 0.99 carats of medium and high clarity. In recent years, there has been growing demand for larger and higher clarity diamonds in both the US and China. This will probably mean increased competition to secure supply of the best jewels and, potentially, an increasing shift in value towards those types of diamonds.

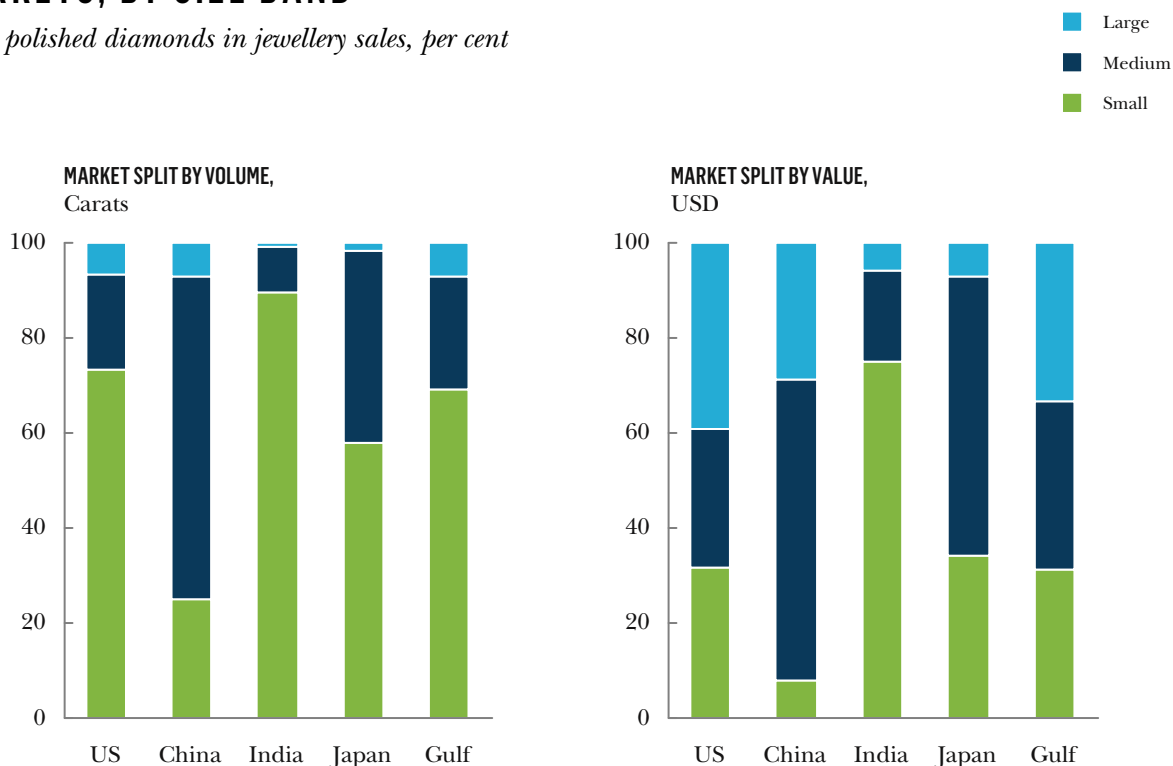
Another characteristic of the diamond jewellery segment is the seasonality of demand. Different geographic markets have different shopping seasons, but Q4 tends to be the main sales season globally, followed by Q1. Fig. 8 illustrates the main periods of diamond jewellery acquisition by consumers for the three largest diamond consumer markets. Of note is the pronounced seasonality of the US in which a high proportion of pieces are acquired by consumers between Thanksgiving and Christmas. Other markets have slightly less pronounced seasonal patterns.

LOOKING AHEAD

A detailed view of future consumer trends for the diamond industry's most important markets, the US and China, is provided in the 'In Focus' section of this report: see 'Changing consumer preferences and the growth of brands in the United States and China'.

FIG. 7: TYPE OF POLISHED DIAMOND SOLD IN MAIN DIAMOND JEWELLERY MARKETS, BY SIZE BAND

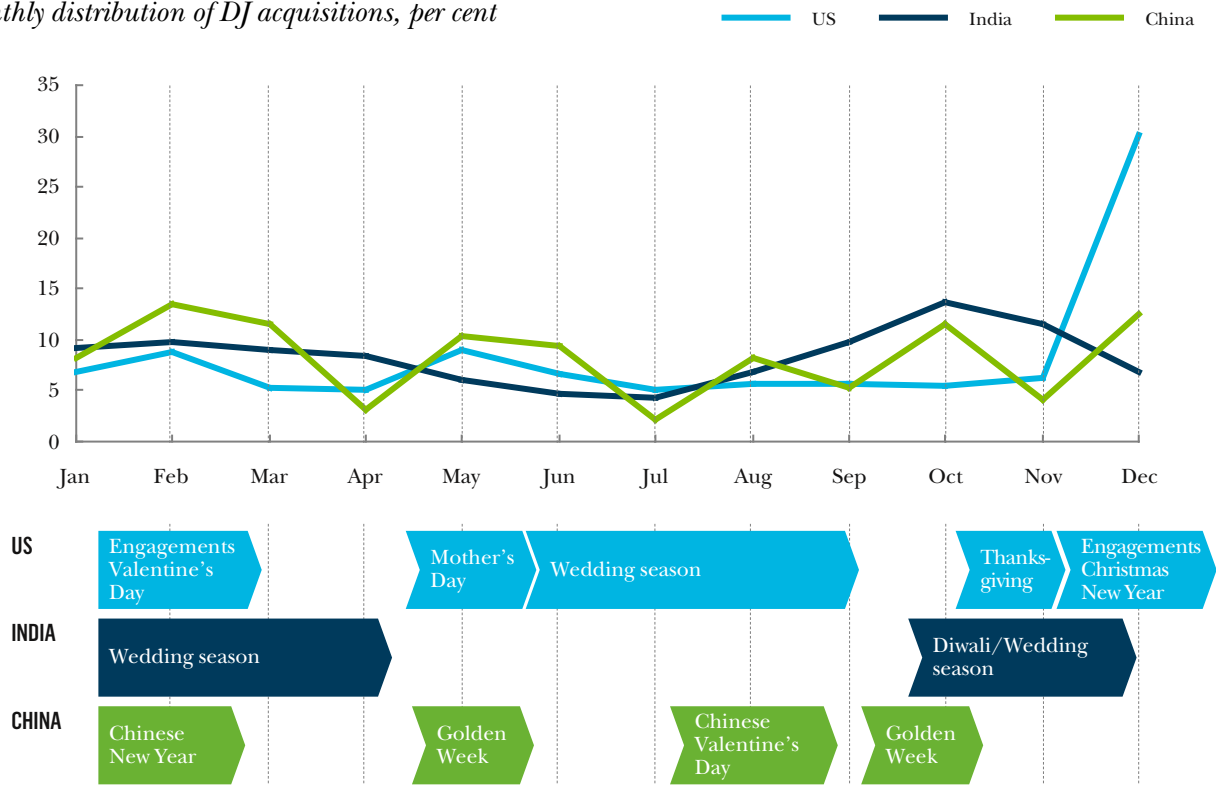
2013 polished diamonds in jewellery sales, per cent



Note: Large = 1+ carat, Medium = 0.18-0.99 carat, Small = <0.18 carat
Source: De Beers

FIG. 8: SEASONALITY OF CONSUMER DIAMOND JEWELLERY (DJ) ACQUISITIONS BY MAIN MARKET

Monthly distribution of DJ acquisitions, per cent



Source: De Beers