

# Livingstone

## Investing In Colored Diamonds

ISSUE 23 WINTER 1 2016



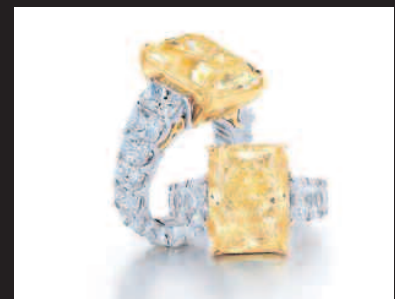
**THE PINK  
DIAMOND  
SHORTAGE**

**PAGE 3**



**HOW TO TELL  
IF YOUR  
DIAMOND IS  
REAL**

**PAGE 2**



**THE BENEFIT  
OF WEARABLE  
INVESTMENTS**

**PAGE 4**

**VISIT OUR WEBSITE : [WWW.LIVINGSONEDIAMOND.COM](http://WWW.LIVINGSONEDIAMOND.COM) or contact us by telephone: 855-240-4043.**

# How to Tell If Your Diamond is the Real Deal

Sept. 10, 2015

Whether you own a diamond that's sitting pretty on your left ring finger, nestled in a tennis bracelet or pronged on a pair of earrings, you want to know it's good quality. But it's hard to be sure. And sometimes that's because what sets it apart can't even be seen with the naked eye — and customers can easily be tricked.

Just recently, Costco was caught selling counterfeit Tiffany diamond engagement rings, using the jeweler's name without permission. A federal judge ruled that Costco was infringing on Tiffany & Co's trademarks, writing that "no rational finder of fact could conclude that Costco acted in good faith in adopting the Tiffany mark."

Marketing ploys aside, it is incredibly difficult to know what you're getting when buying a diamond ring, especially as the naked eye can't tell the difference between what makes one ring more expensive than another.

Russel Shor, a senior industry analyst for the Gemological Institute of America (GIA), says that the institute's 4 Cs—color, clarity, cut and carat—should be judged in a lab by experts. Any diamond you buy should come with a report from that lab that shows exactly how it ranks in each category. Heirloom diamonds you may not be sure about can be sent to the GIA, which will get the same report from its labs, though you'll have to remove them from their setting first.

"A human eye generally can't tell the difference" between color grades and "if you get a 1.02 carat and a .95 carat, the price difference is going to be 30 percent higher for the 1.02, but you won't see the difference," Shor says.

is selling the diamond or how much it sells for. So when there's a trade-off between size and clarity, here's what to look—and more importantly, ask—for.



Carat weight is pretty straightforward. Diamonds are weighed in metric carats, with two carats weighing about the same as a small paper clip, according to the GIA. Ask your jeweler for a Diamond Grading Report and you'll see exactly how much it weighs.

grade. Of course, the fancier colored diamonds—like the recent popularity in yellow diamonds—is an entirely different ball game. Those grades relate to color intensity.

All this information is available in a diamond report, created by a third-party with zero interest in what company. The GIA says nearly all diamonds contain unique internal characteristics called "inclusions" and external characteristics called "blemishes," or what most would call flaws. These are so tiny, only a trained gemologist can see them.

"If it's flawless, it means using 10-power magnification, you cannot see anything in the stone other than the diamond," Shor says. The clarity scale includes 11 specific grades running from FL, meaning Flawless, to I1, I2 and I3, meaning Included. On the grading report, you can see where yours falls, even if you won't be able to tell yourself.

The cut of your diamond can be graded on a scale ranging from excellent to poor. "The cut is really the indicator of whether you have a beautiful diamond or not, because that's what makes the sparkle," Shor says. "Diamonds that are poorly cut will be lifeless."

So, if you go for something with more flaws but an excellent quality cut, it will still look perfect to you, even if not to a gemologist under the magnification of a microscope.

Reprinted from Time Magazine

## Fancy Colored Diamonds Continue To Soar

Courtesy of Forbes Magazine

The Fancy Color Research Foundation (FCRF) has said that fancy color diamond prices held steady during the third quarter of 2015, in marked contrast to the declines seen in the price of colorless stones. According to the Fancy Color Diamond Index, the best performing fancy color diamonds were Vivid blues, which showed price increases of up to 6 percent over the previous quarter.

From July to September, the Index was practically unchanged, despite lower transaction volumes.

Yellow diamond prices, especially in the Fancy category, were soft and declined by up to 2 percent.

Blue diamonds showed average price rises of up to 2 percent, driven by the Vivid category, with certain sizes (1.5 carat, 2 carats and 5 carat) increasing by as much as 5-6 percent over the previous quarter. According to the FCRF, this is the most significant quarterly price increase for blue diamonds in the last 12 months.

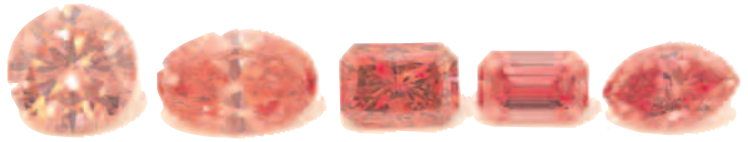
Prices for pink diamonds were on average unchanged.

Compared to Q3 2014, blue diamonds have been the strongest performer among all color categories with a 3-4 percent price appreciation.

The highest single-category year-on-year price increase was for 5-carat Vivid blue diamonds, which soared 11 percent.

"Demand for blue diamonds may have been magnified by the excitement being generated by the upcoming Sotheby's auction headlined by the "Blue Moon," one of the world's important fancy Vivid blue diamonds," said FCRF Advisory Board chair Eden Rachminov.

"This has caused increased demand against a shortage of fancy blue diamonds."



## The Shortage of Pink Stones

Diamonds might be a girl's best friend but from next year they could also be an investor's best friend thanks to a global decline in the production of quality gems from mines in Russia and Canada, and rising demand, particularly in China. Between mid-2013 and early 2015 industry indices which track the value of the highest quality diamonds rose by 70%, but crashed by around 30% last year as fear faded.

### Declining Production

The latest assessment of the diamond market, according to an analysis by Citigroup C Markets, is that improving economic conditions, structural social trends in China and a decline in the rate of newly-mined gem quality diamonds is setting the "Diamond prices are weaker than they were two years ago and demand does not yet appear to be strong enough for the limited mine supply to create a significant shortage," Citigroup said in report titled Diamond Price Outlook which was circulated to clients this week.

### Shortage Emerging

"It is therefore likely that prices will stabilize at the lower levels through 2014 and 2015, but that the mine supply trend, the structural shift in China, and a slowly recovering global economy should see diamond shortages making their mark on prices in unacceptable trade practices.

couples. In the mining world, despite a worldwide search, there has been a very low rate of kimberlite discovery with mine production of diamonds peaking in 2016 at an annual rate of 175 million carats.

From Index Online News



## “Moving and booming.”

Reprinted from the Robb Report

That is how Rahul Kadakia, international head of jewelry at Christie’s, describes the sale of jewelry at auction, with individual pieces routinely crossing the eight-digit barrier. “A decade ago, you’d only hear these numbers in pictures sales; a Picasso sold for \$10 million, a Van Gogh for \$20 million,” he says. Robb Report sits down with Kadakia to break down the trends. (christies.com)

Robb Report: What have been the past year’s most significant jewelry sales?

Rahul Kadakia: Last November in Geneva, we sold the Blue Belle of Asia Sapphire, a 392-carat sapphire that sits in the palm of your hand and fills almost all of it. It made \$17.5 million, a world auction record for a sapphire. In the May 2014 sale in Geneva, we had a super belle epoque corsage brooch by Cartier that made almost \$17.9 million. This past spring, we sold a ruby necklace at Christie’s in Hong Kong for \$13 million. We’re talking big money.

RR: Is interest in color fueling the market?

RK: Yes. It used to be that \$100,000 a carat for a white diamond and \$1 million a carat for a colored diamond were big deals. Now, over \$2 million a carat for a colored diamond is normal.

RR: Is this largely due to investment-minded buyers? How has the global economy impacted auction sales?

RK: Stocks are good when they’re good, but when they’re no good. You can’t do much with pieces of paper—whereas with your diamond, you feel it, you hold it, it’s worth what it’s worth. That’s one very important reason why people are diversifying into important stones—because they’re portable, very secure stores of RR: As periods

go, is art deco still the era to beat?

RK: Deco will continue to reign. It’s really a great period of jewelry manufacturing because the supply of stones was so abundant. But you also find very nice retro jewelry, where people were using pink and yellow gold. Belle epoque is a fabulous era right before deco. Art nouveau is a more targeted market; but when it comes to fine workmanship using plique-à-jour enamel, it’s fetching top dollar.

RR: What distinguishes collectors regionally?

RK: Predominantly, the most powerful jadeite collectors are all Asians. Natural Oriental pearls are also doing well because there’s renewed confidence among buyers from the Middle East, Asia, and India, where pearls are part of the culture. Americans go for American jewelers like David Webb, Seaman Schepps. Europeans—in particular, English clients—prefer the look of antique jewelry. In Geneva we sell not just pearls but a lot of the larger suites of jewelry.

RR: Do you expect the jewelry market to continue to rise in the coming years?

RK: For the things you cannot find, the market will continue to go up: rare pearls, fine Kashmir sapphires, fine jewels from the art deco and belle epoque eras. There are always going to be corrections in the market at every stage of its progression for more modestly priced items, and that’s normal. Collectors continue to educate themselves because they want to buy as best they can.

Reprinted from the robb report

Livingstone Diamond Corp  
Toronto & New York  
Since 1977



## It’s Time For Investments You Can Show Off.



## At Livingstone Diamond Corporation, we sell exquisite diamonds for investment purposes and we always offer new and beautiful ways to show off their brilliance.