

# InColor

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All About Colored Gemstones



Sapphires from  
Bemainty and Beyond  
*New Sources and New  
Challenges*

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**Emerald**

- The emerald market continues to attract attention and is generating more interest than ever. Prices for fine quality goods have tripled since 2005, and rose again in 2016.

- Emeralds increased in value about 200% over the last decade.

- While this trend is seen in all categories of emeralds, including ornamental stones, price increases have been most apparent for emeralds larger than 10 carats.

- New production (in particular, Gemfields' Zambian emeralds) along with improved marketing should push prices for fine material up—even though already high—over the next few years.



The 34.4-ct Statesbury emerald, of Colombian origin, sold in 2017 at a Sotheby's auction for \$996,500.

**Historical values: Emerald**

Relative index, Jul 2005 = 100.00



The evolution of the market price of emeralds from 2005 through August 2016. They are based on the values of 26 treated or untreated specimens of all qualities from 0.25-ct to 1.5-cts used in jewelry. (Source: Gemval.com)

**Historical values: Emerald**

Relative index, Jul 2005 = 100.00



The one-year evolution of the market price of emeralds from September 15 through August 2016. They are based on the values of 26 treated or untreated specimens of all qualities from 0.25-ct to 1.5-cts used in jewelry. (Source: Gemval.com)

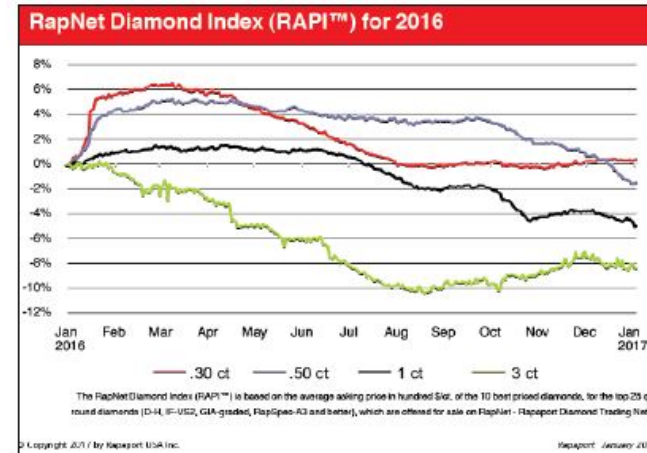
**Colorless Diamonds**

- In many respects, 2016 will probably be remembered as a year of stabilization in the diamond market.

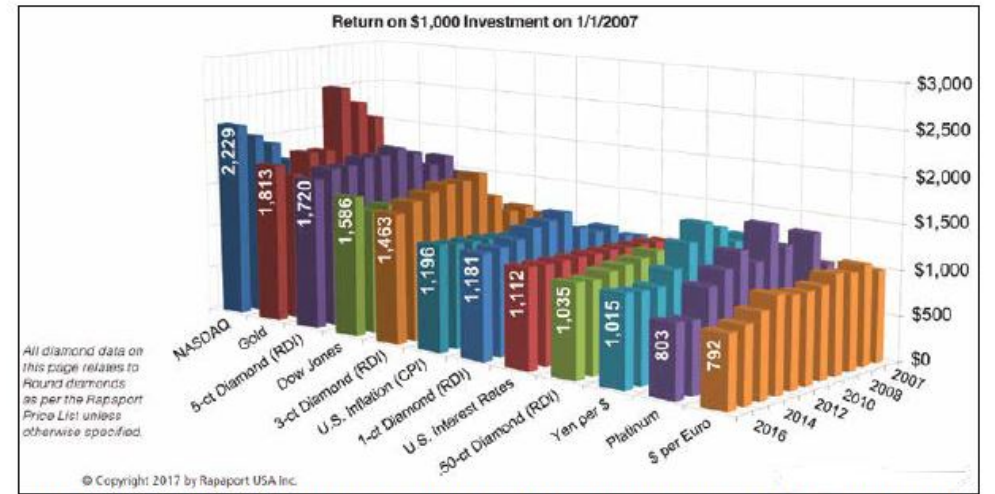
- Miners and manufacturers displayed greater discipline in order to prevent a new oversupply of polished diamonds and an inflation of rough prices.

- Despite this more responsible approach, polished diamond prices fell in the majority of categories for the fifth consecutive year.

- The key to reversing the downward trend in diamond sales is to stimulate consumer demand, rather than just influencing better internal trading conditions.



Diamond price statistics for 2016, showing prices for 0.30-ct, 0.50-ct, 1-ct and 3-ct stones. (Source: Rapaport)



A comparative look at the return on an investment of \$1000 made in 2007 to 2016 for various types of vehicles. (Source: Rapaport)



The double-page spread in the *Le Matin* newspaper featuring "Diamonds Sparkle in Geneva," 20 May 2016, pp. 4-5, describing the city's recent high-profile gem and jewelry auctions.

**Fancy Color Diamonds**

- The auction houses of Sotheby's and Christie's have had considerable success selling colored diamonds at their sales over the past few years.
- Sales of many colored diamonds have even set new world records, with particular demand for pink and blue varieties, although other colors are also popular. This has creating new interest in natural fancy color diamonds as an investment asset class.



A new world auction record for any diamond or jewel was set in 2017 when the *Pink Star*, a 59.60-carat oval mixed-cut Fancy Vivid Pink Internally Flawless diamond, sold for \$71.2 million. (Photo: Sotheby's)



The 14.62-ct *Oppenheimer Blue* Fancy Vivid Blue diamond made history in 2016 when it sold for \$57.5 million. (Photo: Christie's)



The 5.03-carat *Aurora Green* diamond set an auction record for a green diamond in 2016 when it sold for \$16.8 million. (Photo: Christie's)

**2017 Outlook**

Taking into account the rarity of these gemstones along with their current and past price trends, the following gemstones have the greatest potential for further increases in value, in the opinion of Berr & Partners SA.

• **Burmese Ruby**

The lifting of the ban on Burmese rubies and jadeite, instituted in 2008 by the United States and Europe, will lead to a short to medium-term rise in demand and thus an increase in price of unheated and untreated gems on the American and world markets.

• **Kashmir, Burmese and Ceylon Sapphire**

Since the historic Kashmir mines producing the world's most beautiful sapphires have been depleted since 1975, stones from Kashmir, which display a unique vivid velvety blue hue, are becoming increasingly harder to find in the market. Since rarity helps establish prices, the value of Kashmir sapphires are expected to grow at an exponential rate.

A similar situation is expected for Burmese sapphires, whose production has been declining year after year. According to Gemguide, there is "no meaningful production from any of the key Burmese sources anymore. The decline and eventual demise of production in Burma has been predicted by experts for years. [...] Some now believe that the active life of the Mogok deposit is between 10 and 30 years." (The Mogok Stone Tract contains the most famous workable sapphire and ruby mines in the world.

Because production of fine quality untreated Ceylon sapphires is declining, and some have made a name for themselves at auction, demand for these stones is also expected to rise, although not as rapid as for Kashmir and Burmese material.

• **Colombian emeralds**

Industry watchers expect a substantial increase in demand for high quality emeralds from Asia and Europe within the next few months. Colombian emeralds with no or minor clarity enhancements are those most likely to see increases in value.



**Fine Gems as an Investment Asset Class**

For the abovementioned reasons, investment grade gemstones—one of the oldest forms of investment and the most compact form of wealth—represent a real and viable option for portfolio diversification.

Investment-grade gems offer a true store of value, a tangible and sustainable property, which has seen its price steadily increase without great volatility. And, because of their intrinsic nature, these exceptional gems maintain their value worldwide.

Because of the vast market in gemstones, their types and qualities, the expertise of an experienced and knowledgeable professional is strongly advised when making purchases of investment-grade gems. They can help establish and manage a responsible and sustainable portfolio of exceptional stones.



Berr Partners, founded in 1986 by Thomas and Elke Berr (shown above), specializes in rare gemstones and fine jewelry. The company is often asked to consult with banks and investment companies to provide information on high-quality gems as a tangible asset class for their clients looking for portfolio diversification.