



Gems and Jewelry News from India... and around the World

August 13 – August 20

DIAMOND NEWS

DTC, De Beer's marketing arm, announced that the average cumulative increase in DTC rough prices since the beginning of 2008 has been 16%. DTC looks at global polished demand forecasts while arriving at its rough pricing decisions. The greatest price increases were for rough that produces highly sought after SI+ and +1ct stones when polished.

Local beneficiation has hit Botswana's rough exports in the second quarter of 2008. Botswana's second-quarter diamond exports fell by 21% to \$766 million (5.107 billion pula) from \$970 million (6.46 billion pula) in the previous quarter. The decline was mainly because of direct sales to Diamond Trading Company Botswana (DTCB).

Dubai witnessed a stunning 36% growth in total trade of rough diamonds in the first six months of 2008, according to the Dubai Diamond Exchange (DDE), a subsidiary of the state-owned Dubai Multi Commodities Centre (DMCC). Imports from Angola and China grew by 78% and 138% respectively.

METAL NEWS

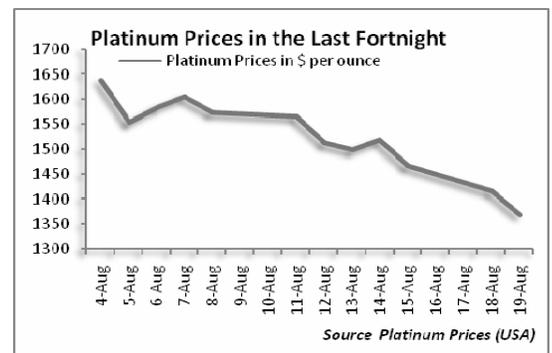
GOLD NEWS

Gold continued to remain bearish this week as crude oil prices steadied just above US\$110. Gold analyst, Koh of Phillip Futures expects gold to touch a near-term low of US\$770. According to other analysts, gold could also touch US\$750 per ounce in the near term.



PLATINUM NEWS

Precious metal platinum witnessed a 5% decline on Tuesday as demand from European manufacturers cut sales forecasts. According to Kazuhiko Saito of Interest Capital Management in Tokyo, platinum could touch US\$1200 per ounce in this bearish stage.



INDUSTRY NEWS

BHP Billiton's underlying earnings from its Diamonds and Specialty Products division (which includes titanium minerals) fell by 4.1% to \$189 million for the year ended June 30, compared with \$197 million in the previous year.

US retailers witnessed a 4.7% growth in sales excluding automobiles, gas stations and restaurants, according to the National Retail Federation.

Panna Diamond Mines of Madhya Pradesh have received clearance from the Supreme Court to resume mining activities after remaining inactive for two years for pending forest clearances. State run National Mineral Development Corporation (NMDC) has obtained reconnaissance permits for diamond exploration in an area of 2,300 sq km in the Anantapur district and for 2,010 sq km at the Panna/Satna areas of Madhya Pradesh.



GOLD DIPS BELOW \$800 AGAIN, PLATINUM FALLS 5 PCT 19/08/08

By Lewa Pardomuan

SINGAPORE (Reuters) - Platinum slipped more than 5 percent on Tuesday to its lowest since mid-September last year, on waning demand from automakers and general weakness in precious metals that saw gold dip back below \$800.

Gold's fall after rising more than 1 percent in New York shows the metal remains vulnerable to gains in the dollar. Silver also dropped and palladium struck its lowest level since mid-June 2006.

Spot platinum dropped to \$1,315.50/1,335.50 an ounce from 1,386/1,406 an ounce late in New York, with falls in Japanese futures adding to selling pressure. It fell as low as \$1,310 at one point.

"EU automobile production decreases. Both gold and platinum continue to be bearish. Platinum may be below \$1, 200," said Kazuhiko Saito of Interes Capital Management in Tokyo.

Platinum powered to a record high of \$2,290 an ounce in March after a power shortage in main producer South Africa disrupted mining and triggered supply worries.

It rallied as much as 50 percent in 2008, but has dropped more than 40 percent since hitting the record peak due to profit taking, and a slowing U.S. economy that has raised fears of falling demand for auto catalysts, the major use for the metal.

"From the charts, platinum seemed to have returned the premiums from the earlier South Africa crisis and in fact we are almost at one-year lows. I am looking at the \$1,200-\$1,250 region for support now," said Adrian Koh, analyst at Phillip Futures.

"Looks like a bad week for precious metals," he said.

Gold fell to \$791.50/793.50 an ounce from \$799.65/801.05 late in New York on Monday, when it briefly regained \$800 in a technical rebound, after falling to its lowest level in nine months around \$773 an ounce last week.

Gold was well below a lifetime high of \$1,030.80 hit in March.

"General sentiment for gold remains weak and I guess we are likely to see more selling on strength. For near-term support, I am currently looking at the \$770 region," said Koh of Phillip Futures.

"If we move below that, then the \$750's will be a very important level to look at," he said.

The dollar barely budged against a basket of currencies on Tuesday, taking a break from its sharp two-week surge as investors kept an eye on commodity prices for any further drop that could boost the greenback.

Gold futures for December delivery on the COMEX division of the New York Mercantile Exchange fell \$9.1 an ounce to \$796.60.

Spot palladium fell to \$274.00/279.00 an ounce from \$283.00/291.00 an ounce. Silver edged down to \$12.88/12.98 an ounce from \$13.07/13.13 an ounce.



DTC SAYS CUMULATIVE INCREASE IN PRICES FOR 2008 WAS 16% 19/08/08

(Polished Prices) De Beers' rough diamond distribution arm DTC announced today that the average cumulative increase in DTC rough prices since the beginning of 2008 has been 16%.

This includes the August Sight, it said.

"Some boxes have been affected more than others, and the strongest increases this year have been predominantly in rough that produces highly sought after SI+ and +1ct polished," it said.

"The DTC takes a long term, sustainable view on its pricing and decisions are influenced first and foremost by demand for polished", said Mahiar Borhanjoo, DTC's new Executive Director of Sales and Client Services. "So far during 2008 DTC has seen strong and continuing consumer demand for most categories of polished diamonds, especially in the larger goods," he said.

In a statement, DTC said it will provide information about its price adjustments at three points during the year - ahead of annual results and in advance of the two major trade shows in Las Vegas and Hong Kong.

BHP'S DIAMOND EARNINGS -4% TO \$189 MN IN 2007-08 18/08/08

(Polished Prices) BHP Billiton, which owns 80% of the Ekati diamond mine in Canada, said the underlying earnings of its Diamonds and Specialty Products division (which includes titanium minerals) fell by 4.1% to \$189 million for the year ended June 30, compared with \$197 million last year.

The diversified miner's annual revenue from diamonds rose by 8.5% to \$969 million, from \$893 million a year ago due to rising diamond prices. "Strong operating earnings at Ekati resulted from higher realized diamond prices and lower unit costs mainly due to higher value per carat and higher grade underground production, tight cost control and improved plant recoveries," the company said in a statement.

BHP said the higher earnings were offset, in part, by rising costs for diamond exploration in Angola, and the strengthening of the Canadian dollar against the US dollar.

BENEFICIATION HITS BOTSWANA DIAMOND EXPORTS 18/08/08

(Polished Prices) Botswana's second-quarter diamond exports fell by 21% to \$766 million (5.107 billion pula) from \$970 million (6.46 billion pula) in the preceding three months, mainly as the Diamond Trading Company Botswana (DTCB) started direct sales of rough diamonds to local cutting and polishing firms, the central bank said.

Diamond exports in the first six months of the year, however, climbed 17% to 11.5 billion (\$1.73 billion), according to a Bank of Botswana's financial statistics report for June.

The report said the bank would soon review its data gathering systems in order to factor in the exports of polished diamonds as well.



DUBAI H1 ROUGH DIAMOND TRADE +36% TO \$3.03 BILLION 18/08/08

(GJEPC) Dubai's total trade of rough diamonds increased by 36% to reach \$3.03 billion at the end of the first six months of 2008, according to the Dubai Diamond Exchange (DDE), a subsidiary of the state-owned Dubai Multi Commodities Centre (DMCC).

In the first half, rough diamond imports to the emirate grew by 23% to \$1.15 billion from \$937 million, during the same period in 2007. This was mainly driven by high volumes imported from Angola (75%), and a 138% rise in imports from China.

Exports in the first half of 2008 rose by 44% to reach \$1.88 billion from \$1.3 billion, during the same period in 2007. Over 87% of Dubai's rough diamond exports were to the countries of the European Commission (EC) and India, while Dubai's exports to China increased by 950%. Angola, India, EC and China were the top diamond trade partners for Dubai, and jointly accounted for around 85% of total trade volumes.

"The continued surge in diamond trade is testament to Dubai's success in attracting traders from around the world. We have witnessed healthy growth in bilateral trade with various countries, reflecting the growing confidence in the trading infrastructure and opportunities offered by Dubai," said Ahmed Bin Sulayem, DMCC executive chairman and DDE deputy chairman.

"While exports in terms of carats grew marginally in the first half of 2008, the price of diamond rose by 10 per cent and helped push the overall trade to high levels. We have also been witnessing a sharp increase in rough diamond inventories held in Dubai," added DDE chief executive Yuri Steverlync.

ALROSA H1 REVENUE DOWN 7% TO \$1.3 BN 18/08/08

(GJEPC) Alrosa, the world's second-biggest diamond producer, said its first-half revenues fell by 7% to 31.5 billion rubles (\$1.3 billion) when calculated according to Russian Accounting Standards, reports RIA Novosti. The miner's gross profit fell by 17% to 14.8 billion rubles (\$609.3 million) in the January to June period compared with a year earlier.

Previous media reports suggested a 40% drop in Alrosa's first-half net profit to 3.4 billion rubles (\$141 million) versus 5.8 billion rubles (\$238.8 million) in the same period last year.

In a separate statement, Alrosa said all prospective clients would now have to comply with new anti-money laundering regulation which comes into effect on October 1, 2008.

US RETAIL SALES RISE 4.7% IN JULY: NRF 18/08/08

(GJEPC) American retail industry sales for July, which exclude automobiles, gas stations, and restaurants, rose by 4.7% unadjusted over last year and increased 0.3% seasonally adjusted month-to-month, according to the National Retail Federation.

July retail sales released by the US Commerce Department show total retail sales, which include categories such as autos, gasoline stations and restaurants, decreased 0.1% seasonally adjusted from the previous month but increased 4.5% unadjusted year-over-year.



“While discounters were the biggest beneficiaries of rebate checks, consumers were still spreading the wealth among other retailers,” said NRF chief economist Rosalind Wells. “Because most of the rebate checks have already been distributed, retailers will face increased challenges generating sales in the months ahead,” she added.

Most retail categories enjoyed strong gains in July. General merchandise retailers, including discounters, were clearly big winners for the month, as sales in these stores rose a spectacular 6.4% over July 2007. Electronics and appliance stores also saw solid growth with sales increasing 5.9% unadjusted over the same period a year ago and 0.8% seasonally adjusted from June.

INDIA'S PANNA DIAMOND MINES TO REOPEN AFTER TWO YEARS 14/08/08

(GJEPC) India's Supreme Court has granted permission to the state-run National Mineral Development Corporation (NMDC) to reopen the Panna diamond mines in Madhya Pradesh after it obtained all statutory clearances, reports the Business Standard newspaper.

Diamond output at the mines declined from 78,209 carats in 2004-05 to 48,874 carats in 2005-06 before halting completely in the last two years after the Supreme Court issued an order banning mining activity in forest areas.

The recent court order allows the NMDC to precede with its mining operations under the strict watch of a five-member monitoring committee, which includes environmentalist Belinda Wright, the founder of the Wildlife Protection Society of India.

The NMDC said that it had obtained reconnaissance permits for diamond exploration in an area of 2,300 sq km in the Anantapur district and for 2,010 sq km at the Panna/Satna areas of Madhya Pradesh.

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