

Coloured diamonds are investors' best friends

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SURAT: Fancy coloured diamonds are fast overtaking the colourless white gems as long-term safe investment option.

An Israel-based Fancy Color Research Foundation (FCRF) has observed in its latest research that fancy color diamonds including pink and blue diamonds have outperformed the white diamonds and their prices were stable in the fourth quarter of 2014 when the colourless white diamonds saw steep price decline of 5-6 per cent across the board during the same period.

These diamonds are not processed in Surat and other diamond cutting and polishing centres across Gujarat. The leading manufacturer of fancy colour diamonds is Israel. Unlike, colorless diamonds, fancy colour natural diamonds, which comes in different colours like blue, yellow, brown, orange, pink, red, etc. command higher prices in the international market.

Industry experts said there are two types of fancy colour diamonds - natural and colour enhanced diamonds using laboratory techniques like irradiation and High Pressure High Temperature (HPHT). While natural fancy colors are very expensive, color-enhanced diamonds have become a viable alternative for the consumers.

Based on FCRF data, between January 2008 and January 2010, pink and blue diamond prices appreciated by 18 per cent and 10 per cent, respectively.

The FCRF has monitored the behavior of fancy color diamonds over the past decade and observed some striking changes in their value. The data revealed correlations between investment patterns and national economies, all against the backdrop of a recovering global economy. It was even during the global economic crisis in 2008-09, the prices of color diamonds remained stable.

The pink and blue diamonds have outperformed practically all investment classes as consumers and investors continued to view them as a long-term safe investment option, an effective hedge against inflation and a unique opportunity to create value and upside gains in one's portfolio, said FCRF study.

Dinesh Navadia, president, Surat Diamond Association (SDA) said, "Colour-enhanced diamonds have an altogether a different consumer class that is investing in them due to high and stable prices. Recently at Sotheby's, an 8.41 carat vivid purple-pink diamond was sold for a record \$17.10 million."

Aniruddha Lidbide, a diamond analyst said, "Fancy colours are investment friendly compared to the colorless diamonds. In the auction houses like Sothbey's and others, only fancy colour diamonds command consumer attention and fetch highest prices."