

FEATURE: Eden Rachminov on fancy colour diamonds

Eden Rachminov of the Fancy Color Research Foundation.

Formally established in 2014, the Fancy Color Research Foundation aims to bring transparency to the coloured diamond trade with its fancy color diamond index —a first-of-its-kind tracker designed to monitor changes in pink, yellow and blue fancy diamonds. Here, Eden Rachminov, one of the founders of the foundation, explains his motives and aims to Professional Jeweller.

Professional Jeweller first reported on the Fancy Color Research Foundation in November 2014, but really the non-profit organisation has been in existence since 2005 when it started collating fancy coloured diamond data.



Now, its aim is to use this information to create a “composite representation of changes in price points” in pink, yellow and blue fancy diamonds, presenting it in the form of its Fancy Color Diamond Index. In a bid to quell potential concerns from the wider diamond community, The FCRF has clarified its efforts to provide a research-based model of collating data rather than describing itself as a service for promoting or setting the monetary value of fancy coloured diamonds.

Founder Eden Rachminov told *Professional Jeweller*: “The diamond community, along with the wider jewellery and gemstone industries, have welcomed the Foundation and praised our efforts to bring transparency and clarity in pricing terms. We hope that through our ongoing research, we will be able to disseminate a wealth of knowledge about fancy colour diamonds, which provides valuable industry intelligence in a robust format.”

In the following passage, Rachminov explains his experiences and findings in his own words, highlighting the changes in value he has witnessed over the last ten years...

"A glance back over the last decade reveals there has been a striking increase in the demand for an exceptionally rare category of gemstone: the fancy colour diamond.

As the global economy has started to recover from the financial crisis and the emerging economies of Asia have begun to flourish on the international stage, this alternative asset class has exhibited strong growth.

Between 2005 and 2014, pink, yellow and blue diamonds have increased in value by a startling 167% on average, a statistic which reveals not just an increased awareness of the strong investment potential that these stones possess, but a new appetite for fancy colour diamonds in jewellery.

As with any other commodity, demand is the factor which governs the prices of fancy colour diamonds, meaning that their value is subject to change over time as fashions change.

Indeed, it was the recession itself which truly brought to light the stark differences between fancy colour diamond categories, and highlighted where the demand for them really lay. For example, yellow diamonds suffered a 45% decline in value between January 2008 and January 2009 as most retail consumers lowered their spending and demand dropped, while supply remained steady.

The following year, yellow diamonds increased 52% in value, and continued to increase in value - to fully recover their pre-recession value - by Jan 2012.

On the other hand, pink and blue diamonds, with a more limited supply and held mostly by investors with longer horizons, were not put up for sale throughout the recession and hence held steady in value.

Pink diamonds are particularly popular today by collectors from the Far East, as the colour symbolises vitality, happiness and celebration. The emergences of cultural tropes like this have helped to bolster the demand for, and consequently the trading of, fancy colour diamonds in the Asian market.

Prior to 2009, the wholesale market was made up of only a handful of companies that exclusively traded in fancy colour stones. This grew almost overnight to encompass more than 15 companies exclusively trading fancy colour diamonds, and more than 50 companies trying to capitalise on their higher margins by adding the diamonds to their product portfolio.

As these new dealers invested with the expectation of capturing higher margins on fancy colour diamonds, they opted to hold product for longer periods of time. This meant that the already limited supply of the stones contracted further as product remained off the market until prices appreciated significantly.

This trend continues and can be observed in the overall 108% price hike measured since June 2009. During this period the strongest growing category, fancy pink diamonds, increased in value by 209%, while the slowest growing category, fancy vivid blue diamonds, only increased in value by 53%.

At the Fancy Color Research Foundation, we have undertaken to analyse changes and fluctuations across the fancy colour industry. I initiated the foundation in 2014 to promote and enhance consumer and retail confidence and to encourage greater understanding of fancy colour diamonds, through the publication of facts and the dissemination of information. The Foundation's activities trace back to 2005, when transactional fancy colour diamond data was first systematically captured; and we have been recording and analysing ever since.

It is a fascinating industry and the data we have captured over the years is a wonder to behold; one is able to perceive changes in investment patterns and national economies, cultural shifts and changes in jewellery fashions; all against the backdrop of a recovering global economy."

This feature originally appeared in the March 2015 issue of *Professional Jeweller*. [Read it here.](#)