

”ONE HAS TO LIVE  
WITH LOWER MARGINS”

The Corona crisis acts on the diamond market like a fire accelerator for developments that were already foreseeable, as Eitan Gul, owner of the Pforzheim-based company of the same name, reports.



Stable demand for polished diamonds currently meets tight supply

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“WITHOUT AN  
ENGAGEMENT RING,  
NO MAN DARES TO MAKE  
A MARRIAGE PROPOSAL“

Eitan Gul, CEO

What are you currently seeing on the supply side?

Eitan Gul:  
We are currently seeing price increases due to shortages. Especially large stones in good qualities and fancy diamonds have increased significantly in price. India has been in a shutdown since April. Capacity utilization at the cutting factories is only 20 to 30 percent of pre-crisis levels. It is foreseeable that this will not change until February. Most of the stocks of polished diamonds have now been reduced. Delivery times are accordingly long. We had stocked up sufficiently in the spring and are therefore able to deliver immediately.

And what is the situation on the demand side?

Demand on the German market is good. Large, internally flawless stones are particularly in demand, as they are also valued as a safe investment. Jewelry manufacturers have been working without interruption since the end of the

shutdown in April. Consumers are increasingly turning inward during the crisis, as long-distance travel or cruises are cancelled for the time being. After renovating and refurbishing their homes, people are now treating themselves to jewelry again. Although wedding ring sales are down, diamond jewelry - especially solitaires - is doing well. The American tradition of engagement rings arrived in Germany, and hardly any man dares to propose marriage without a diamond ring. And when it comes to wedding rings, postponed is not abandoned. This segment will pick up strongly in the coming year.

Will the supply return to normal?

Once the situation has calmed down again, mining groups such as De Beers and Alrosa will bring fresh rough material onto the market that they have not been able to sell in the past. In addition, there is a growing share

of recycled stones. Therefore, the supply side will relax a little. Only for the natural colored diamonds do I see bottlenecks. The Australian Argyle mine, for example, recently ceased operations because it is exhausted. That was the most important source of pink diamonds. The Argyle diamonds that are on the market are currently experiencing a price explosion.

How do you assess the further prospects?

Demand will remain high. The companies in the diamond business that have positioned themselves correctly and managed to build up a B-to-B online sector and thus offer their customers a digital connection have a future. This also applies to e-commerce expansion in the B-to-C area in the specialized retail sector. However, in the future, service retailers and jewelers will have to get by with lower margins in order to remain competitive.



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