

Demand for gems is on the way down

Demand growth for diamonds might slow this year from 3 percent to 2 percent as the global credit crisis, higher oil prices and inflation squeezed consumers in the US, corporate advisory firm Allan Hochreiter said yesterday.

US jewellery sales might fall as much as 5 percent, compared with an estimated 15 percent increase in the Asia Pacific, India and the Middle East, said James Allan, a founder of Allan Hochreiter. World retail sales rose by about 5 percent last year.

De Beers said it was "more cautious" about second-half sales, as a slowdown in the US economy damps demand.

Diamond output might shrink by 6.8 percent to 138 million carats this year.