A Brief Analysis of the General Situation and Price Influencing Factors of Pink and Blue Diamonds in Auction Market

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Background

In recent years, pink and blue diamonds have become the hot spot of jewelry auction market with a prominent performance in the auction of diamonds, which can be proved by the fact that an apparently increasing number of pink and blue diamonds, representatives of colored diamonds, have been auctioned with the price setting records over the past years. Since pink diamond or blue diamond always occupy the top of global diamond auction price list of the year from 2017 to 2018, they can represent colored diamonds in the auction markets when taking their number and quality of auction into comprehensive consideration.

Data and Analysis

1. Auction trend of pink and blue diamonds

Colored diamonds have a tendency to occupy more markets both in the auction market and retail market. From 2008 to 2018, a total of 449 pieces of jewelry with pink diamond being the main stone have been auctioned, and a total of 144 pieces of jewelry with blue diamond being the main stone have been done. Overall, the number of auctioned pink diamonds is much higher than the number of auctioned blue diamonds, but both of the numbers show the same trend in different years.

The four main locations for the Pink Diamond and Blue Diamond auctions are as follows: Hong Kong, New York, Geneva and Beijing. Among them, Geneva auctioned high-quality pink and blue diamonds. Marland China auctioned high-quality pink diamonds mainly in Beijing and Shanghai, accounting for 13.2%, of the total, which, to a certain extent, shows that the auction industry in China has just been developing for a short time but rapidly. Comparing with Sotheby’s and Christie’s by whom the world’s pink and blue diamonds are mainly auctioned, Chinese auction companies are quite young, and the auction industry is just getting started.

Table 1. Statistics of high-quality pink diamond and blue diamond auctioned at different auction sites (data provided by www.jeweley.com)

2. Analyze of factors impacting the auction price

1) Impact of modifying colors on the price

Modifying color’s impacts on the auction price of pink and blue diamonds, both negatively and positively, tend to be declining, which suggests the enhancement of overall value of these two kinds of diamonds. However, a few modifying color’s impacts on price have changed a lot. For example, the average impact of blue diamond with greenish color has decline from 128.7% to minus 24.9%, while that of pink diamond with orangish color has done from minus 54% to 15.1%, which are opposed to the previous statistical results and imply the changes in people’s aesthetic standard to a degree.

Table 3. Impact of modifying colors on the value of pink and blue diamonds from 2008 to 2017

Note: Average impact = (Final price of diamonds with modifying color / Final price of diamonds without modifying color–1) × 100%

3) Impact of cutting style on the value

As the statistics show, the rough influence ranking of cutting styles is as follows: round cut > oval cut > marquise cut > pear cut > trillion cut > square cut. Due to the instability of the auction price, the contrast between the cutting style and the value has just is a rough estimate, which means it is impossible to accurately indicate which cutting style is more valuable than the other one, or find their concrete value-added or value-reduced coefficient.

Results & Discussion

Pink diamonds and blue diamonds have received more and more attention in the auction market when color diamond auction market in China has developed rapidly and well. Based on the analysis of auction’s sites, quantity, and quality, it can be concluded that Hong Kong and Geneva are the two auction sites that deserve the most attention in the jewelry auction, so it is recommended that collectors from all over the world should pay close attention to the jewelry auctions in these two sites for more information and incidences of quality auction.

The price of pink diamond and blue diamond is relatively stable in the auction market and invariable to the impact of macro economic environment. Meanwhile, the colors, including the color grade and the modifying colors, has the biggest influence on the price of colored diamonds, which means other factors, such as clarity grade, cut, and cutting style, are less influential.

References
