



Majestic



H. H. Jewellery



Majestic

gold prices and the weakening of the rupee compared with the dollar in the second half of the year. The demand in China, the world's second largest consumer of gold (769.8 tons), increased this year by 20%. In the second half of 2011, China became the largest jewelry market in the world.

It might have been thought that the rising gold and diamond prices would deter many potential buyers from purchasing gold and diamond jewelry, but in practice the season of holidays, weddings and festivals brought increasing demand and a large volume of sales of luxury jewelry.

## Channels of Investment

Gold plays a critical role in many industries - computers, communications, nanotechnology, dentistry, electronics, and many more - and, of course, in the jewelry industry. However, its high price is also associated with the growing demand for gold as an investment.

Gold has been and remains a particularly attractive investment. What's more, in periods of uncertainty in the international markets, gold serves as a safe choice for investors seeking stability and security due to concerns about future bouts of inflation and fluctuations in world currency exchange rates. These fears, and the loss of confidence in "paper money" attract many consumers to invest in gold, which is considered a solid long-term investment, because it keeps its price and value. Sharp price increases encourage newcomers to purchase gold, as do decreases in dollar prices and intensified global instability.

These economic fluctuations cause many more investors to buy gold and earn greater profits in a short time. In the first half of 2011, diamond prices increased five times more than

gold prices did; as a result, there is now a growing trend of investing not only in gold, but in diamonds, as well (see Avner Sofiov's article, "Are Diamonds and Precious Stones an Investment?" in this issue).

## Shipping Costs

Another factor that affects the price of gold used to create jewelry is the price of shipping. The rise in fuel prices has led to a major increase in the cost of transporting gold to factories and ports and from the ports to the buyers and jewelry stores. All these lead to a significant increase in the price of gold, as consumers do not pay for the gold alone, but also for the expenses related to the purchase.

## Design

The increase in the prices of gold and other materials, such as diamonds and copper, have affected the sales of diamond jewelry in all the leading jewelry stores and chains the world over. The increasing cost of buying this jewelry has led to growth of the sector of jewelry made of less expensive materials, including white gold and gold-filled, an alloy of gold with brass or copper, coated in 10- to 14-karat gold. The rising price of diamonds has led to creative solutions and designs including widespread use of small diamonds set in 14-karat gold.

In order to reduce the expensive gold content, jewelry has become thinner and more delicate, lightweight, with hollow and open areas integrated in the designs. This has generated an increase in the sale of gold jewelry and helped maintain its preference over silver and fashion jewelry, which are considered less exclusive.