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Russia's Alrosa May Again Cut Diamond Prices as Orders Fall Short

By The Moscow Times

September 02, 2015



An Alrosa worker at a company facility in Moscow earlier this month sorting rough diamonds prior to processing.

Russian diamond miner Alrosa said clients cancelled half of the orders placed during trading sessions in July, and it was considering a second price cut of the year because of slack demand.

The state monopoly's Chief Financial Officer Igor Kulichik said on Tuesday that Alrosa was stockpiling an increased quantity of the gems rather than curbing production.

"Cutting production leads to a (relative) rise in costs, so we better grow the stock," Kulichik told a conference call, saying that higher than usual cancellations reflected a wider trend of falling diamond sales also affecting other producers.

Alrosa's diamond stock had grown to 17 million carats, he said, from 14 million at the start of the year.

Kulichik added that the company, the world's top producer by output in carats, may cut prices again in the second half of the year after already lowering them by 6 percent earlier in 2015.

Original url:
https://www.themoscowtimes.com/2015/09/02/russias-alrosa-may-again-cut-diamond-prices-as-orders-fall-short-a49292