

## How Diamond Prices Are Determined

Pricing most products is quite easy. Determine how much it costs to make the item, how much it costs to market that item, and then mark it up by 15 - 30% or more. Simple, right? Well, pricing diamonds isn't quite that simple. There are many factors that are considered when diamonds are priced.

Diamond prices are determined first by adding the cost of the rough diamond, the cost of cutting the diamond, and all other costs necessary to turn the rough diamond into a marketable diamond. Depending on the importance of the diamond, an independent company may be called in to certify the grade of the diamond based on color, cut, clarity, and weight.

At this point, the diamond becomes more expensive each time it changes hands, until it finally reaches a retailer, where the price is raised a bit more. Before reaching the retailer, however, the diamond must travel from the mine, to the cutter and polisher, to the independent grading company, and then to the Primary market. Once it has reached the primary market, it will be purchased by diamond dealers and wholesalers, and from there it will be sold to retailers.

As you can see, the earlier you can purchase a diamond in the process, the lower the cost of the diamond will be - but not the value. The value is based on what the diamond will sell for in the market place - through a retailer.

If you own a diamond, and you have no idea how much it is worth, you can have it appraised, but the appraisal may not be

accurate. You will be better off obtaining a certificate through GIA - Gemological Institute of America. With the information on this certificate, you can use a cutter's guide to accurately determine what your diamond is worth.

There are also many diamond price calculators available. These can be found on the Internet, and many diamond dealers use these as well. You must realize, however, that before you can accurately price a diamond, without a Diamond Grade Report, you need to know quite a bit about diamonds, such as different cuts, clarity, color, and weight - and how each of those aspects adds to the value of a diamond, or decreases the value of the diamond as the case may be.

Again, you will be better off if you get a Diamond Grading Report on the diamond, and use that information to look up the price in one of the guides that the diamond cutting industry uses. This will give you the most accurate value of the diamond in your possession, or of the diamond you are considering purchasing.

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