



Chandu Siroya, Vice Chairman of Dubai Gold and Jewellery Group.

Volatility and fluctuation in gold price affect jewellery trade

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According to a survey conducted by the Dubai Gold & Jewellery Group among its members, volatility and fluctuation in gold rate is affecting consumer purchasing power.

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"On an average jewellers in Dubai depend on tourists for at least 50% of their sales and on resident customers for the rest. There is an overall decrease in the number of tourists visiting jewellery shops and there is also a decrease in the purchasing power of visitors, especially among the Western tourists whose buying power has declined by 50%-70%. The business is now being sustained by South Asian tourists and visitors from the African continent,"

said Chandu Siroya, Vice Chairman of Dubai Gold & Jewellery Group in his presentation on the Dubai gold and jewellery industry at the 7th Dubai City of Gold Conference.

Other challenges facing the jewellery traders include the lack of a strong governing body to stop business practices like year round 70%-80% discounts and sales of low quality jewellery which affects the reputation of the market. Increased rent and rise in operational costs are also leading to reduced profit margins.

Chandu Siroya said that though the annual jewellery sales in Dubai fell by 30% in 2009 compared to 2008, the jewellery sales in the first quarter of 2010 was up by 13% compared to the same period last year.

Presenting the overall position of the regional gold and jewellery trade, Siroya said, "The

global jewellery industry is valued at approximately \$146bn of which the GCC market represents around 10% with a value of \$14.5bn. Almost 8,000 GCC nationals are involved in the industry. Dubai's jewellery industry boasts of approximately 1,800 active jewellery trade licenses, a thousand of which represents retailers and the remaining wholesalers, distributors and manufacturing companies."

Dubai's total trade of diamond volumes reached 182 million carats for the twelve months ending December 31, 2009, an increase of 22% over 2008. A total of 80 million carats of polished diamonds were traded through the emirate in 2009 increasing by more than 150% from 2008 when 32 million carats were traded. Dubai's diamond trade was mainly driven by India, Belgium and Hong Kong, which were the top trade partners for Dubai with growing trade from new markets such as Angola, Switzerland and the USA.

As for pearl trade, Dubai recorded Dhs99.6m worth of pearl trade in 2009 from Dhs95m in 2008. Imports rose by 30%, contributing to trade value increase of 3.8%. Dubai Pearl Exchange's first ever Dubai Pearl tender generated sales of over Dhs3.5m in wholesale value. The tender also saw certain single pieces achieving sale prices over Dhs150,000. Trade of natural pearls in Dubai has witnessed a monetary growth of over ten times in recent years, driven by imports through Australia and India last year, in addition to re-exports to new markets including Bahrain, Hong Kong and Switzerland.

The cultured pearl trade in Dubai has been driven through imports from Australia, China and Hong Kong last year, along with re-exports to diverse markets such as Hong Kong, Australia, Japan, Lebanon and Switzerland.

Dubai Multi Commodities Centre Authority was the presenting sponsor of the 7th Dubai City of Gold Conference and World Gold Council, Standard Bank, Kaloti Jewellery and Al Ghaiith DMCC were the key supporters of the event. ScotiaMocatta was a support sponsor.