



Diamonds Found and Made

March 30, 2023

You probably know that diamonds are created when buried pieces of organic material (carbon) are subjected to tremendous pressures and heat deep underground for long periods of time, fusing the atoms together into a bright, clear (or mostly-clear) crystalline form. If you want an absolutely pure diamond, you would pay top dollar for it. Or you would have someone manufacture it for you.



The controlled laboratory processes that produce synthetic diamonds are now surpassing the real thing in terms of clarity and purity, but most of the demand is still coming from the industry. Synthetic diamonds are produced at roughly \$800-\$1,000 per carat, which is dirt cheap considering the price of perfectly pure natural diamonds sold at auction at Sotheby's and other houses, or sometimes worn on royal crowns at certain state coronations. Yet despite their purity, synthetic stones make up less than 1% of the global demand for diamond jewelry, compared with an estimated \$14 billion market by various industries that need access to the hardest material known to science.

Synthetic diamonds are used in the manufacturing of computer chips and electronics; CVD diamonds are a component of high-performance loudspeakers, and research centers use synthetic diamonds in their detectors of high-energy particles. Diamonds are used in abrasion and polishing, stone cutting, surgery, astronomy, and electric insulation, and most drilling equipment uses the world's hardest substance to slice through layers of rock. Ironically, synthetic diamonds are also used in gem exploration drilling equipment.

All of this is relevant because of sales pitches from unscrupulous investment brokers who are touting diamonds as the ultimate store of wealth. These pitches ignore other facts as well: the fact that diamonds are actually the least rare gemstone in the world in terms of inventory, but a cartel (the De Beer organization) controls sales and therefore prices, and there is really no liquid market for diamonds like there is for, say, stocks or bonds.

As synthetic diamonds take over the industrial marketplace, global demand is comparably reduced. And as people begin to realize that synthetic diamonds are actually real stones, but are more reliably pure and dramatically cheaper than what comes out of the ground after millions of years of random processes, the jewelry market could shift as well.

Diamonds are still forever. But today's prices may not be.

Sources:

<https://www.globenewswire.com/news-release/2023/01/20/2592341/28124/en/Synthetic-Diamonds-Global-Market-Report-2022-Increasing-Use-of-Super-Abrasives-Drives-Sector.html>

<https://www.afashionblog.com/why-diamonds-are-worthless/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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