

Paspaley upbeat on 2013 outlook

With the US economy showing signs of spring and the demand for fine-quality South Sea pearls continuously gaining strength in China and the rest of Asia, Paspaley, the leading producer of the finest South Sea pearls in the world, is anticipating an improvement in the global pearl market in 2013.

"2012 was certainly a very difficult year. The effects of the global financial crisis are continuing to be felt in the pearl market with demand from the US still considerably lower than pre-2009," said Peter Bracher, executive director of Paspaley Pearls. "In addition, important markets such as Italy and Spain are still struggling. However, there is light at the end of the tunnel. The US market is gradually improving and demand for fine-quality pearls in China and other parts of Asia continues to grow."

In a down economic cycle, Paspaley follows a simple strategy: It remains relentlessly focused and passionate about quality.

"Paspaley's strategy has been to significantly reduce production and concentrate on improving the quality of the pearls that we produce. [Our 2012] harvest was the best we have ever seen," said Bracher.

Although many find China's slower economic growth worrying, the Paspaley executive remains upbeat about his company's growth prospects in the mainland. He noted, however, that a weaker momentum in China has an adverse effect on a macro level since "it affects the sentiment in most of the world's economies."

"It is not a particular concern in terms of the direct South Sea pearl market because we



Australian South Sea pearls from Paspaley Pearling Company

have only scratched the surface in terms of the potential demand in China for the fine-quality Australian South Sea pearls that only Paspaley can produce," Bracher explained.

The lustre and quiet beauty of Australian South Sea pearls are increasingly gaining favour among Asia's rising middle class. The Middle East, which has a strong affinity to rare, gem-quality natural pearls, is also starting to appreciate cultured pearls.

According to Bracher, "Demand is definitely strongest in China followed by Southeast Asia. The US market continues to improve but still has a long way to go to reach pre-global financial crisis normality. The Middle East is becoming an increasingly important market as cultured pearls are increasingly accepted as a more affordable, beautiful and high-quality alternative to natural pearls. Europe is certainly the worst-performing market and we expect it to remain that way until its economic problems are resolved."

Each market has a unique set of preferences when it comes to pearls, he continued. "For example, baroque pearls are very popular in the

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The Kuri Strand by Paspaley. It took the pearling company 14 years to complete this strand, which is composed of 58 perfectly matched pearls assembled from 10 harvests

Major pearl auctions in 2013

Auction	Date	Venue	Organiser
Tahiti Pearl Private Auction	January*	Hong Kong	Yuen Hing Hong Pearl Ltd
The 40th Cooperated Auction	February 20	Ise Pearl Hall, Ise, Japan	Sanwa Pearl Co Ltd
GIE Poe Raua Nui Tahiti Pearl	February 28 to March 1	Eaton Hotel, Hong Kong	Tahiti Black Pearl Poe Raua Nui Ltd
56th Concorde South Sea Pearl Auction	February*	Kobe, Japan	Concorde Pearls & Gems (Far East) Ltd
Paspaley Pearl Auction/ Gerdau Pearl Auction	March*	Hong Kong Convention & Exhibition Centre	Australian Pearl Centre (HK) Ltd
57th Robert Wan Tahiti Perles Auction	March*	Hong Kong Convention & Exhibition Centre	Tahiti Perles SC
Tahiti Pearl Private Auction	March*	Hong Kong	Yuen Hing Hong Pearl Ltd
The 41st Cooperated Auction	April 2	Ise, Japan	Sanwa Pearl Co Ltd
The 42nd Cooperated Auction	May 27 to 29	Kobe Fashion Mart, Kobe, Japan	Sanwa Pearl Co Ltd
57th Concorde South Sea Pearl Auction	May*	Hong Kong	Concorde Pearls & Gems (Far East) Ltd
GIE Poe Raua Nui Tahiti Pearl Auction	June*	Eaton Hotel, Hong Kong	Tahiti Black Pearl Poe Raua Nui Ltd
Paspaley Pearl Auction/ Gerdau Pearl Auction	June*	Hong Kong Convention & Exhibition Centre	Australian Pearl Centre (HK) Ltd
58th Robert Wan Tahiti Perles Auction	June*	Hong Kong Convention & Exhibition Centre	Tahiti Perles SC
Tahiti Pearl Private Auction	June*	Hong Kong	Yuen Hing Hong Pearl Ltd
The 43rd Cooperated Auction	August 28	Tokyo Big Sight Exhibition Center, Tokyo, Japan	Sanwa Pearl Co Ltd
GIE Poe Raua Nui Tahiti Pearl Auction	September*	Eaton Hotel, Hong Kong	Tahiti Black Pearl Poe Raua Nui Ltd
Paspaley Pearl Auction	September*	Hong Kong Convention & Exhibition Centre	Australian Pearl Centre (HK) Ltd
59th Robert Wan Tahiti Perles Auction	September*	Hong Kong Convention & Exhibition Centre	Tahiti Perles SC
Tahiti Pearl Private Auction	September*	Hong Kong	Yuen Hing Hong Pearl Ltd
The 44th Cooperated Auction	October 28 to 30	Kobe Fashion Mart, Kobe, Japan	Sanwa Pearl Co Ltd
GIE Poe Raua Nui Tahiti Pearl Auction	November 21 to 22	Tahiti	Tahiti Black Pearl Poe Raua Nui Ltd
South Sea Pearl Auction	November*	Japan	Shima Shokai Co Ltd
Tahiti Pearl Private Auction	November*	Hong Kong	Yuen Hing Hong Pearl Ltd
The 45th Cooperated Auction	December 3	Ise Pearl Hall, Ise, Japan	Sanwa Pearl Co Ltd
GIE Poe Raua Nui Tahiti Pearl Auction	December*	Eaton Hotel, Hong Kong	Tahiti Black Pearl Poe Raua Nui Ltd

* Dates to be announced. Auction dates are correct as of December 10, 2012

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US, Germany and Italy. The Japanese market prefers smaller sizes such as 10mm to 12mm whereas the US, Russian and Chinese markets prefer larger sizes,” said Bracher. “However, clean round pearls with high lustre are popular in every market.”

In terms of pearl prices, he said, “It is misleading to discuss pearls in terms of average price because the prices of different qualities of pearl move completely independently of each other.”

“In 2012, there is no doubt that demand, and therefore prices, for lower-quality pearls with heavy spots fell due to decreased demand from markets such as Italy and Spain. The price for clean round pearls remained stable despite the slow US market due to increased demand

from China. Demand for the finest-quality merchandise continues to exceed supply resulting in prices moving higher,” Bracher continued.

The Paspaley executive said he expects pearl production from Australia “to remain at a significantly lower level than in the years immediately prior to the global financial crisis for the foreseeable future.”

Aware that education is vital to advancing and promoting the pearl trade, Paspaley is all set to launch an educational website about Australian South Sea pearls and the general pearl category in early 2013.

“We will also release point-of-sale marketing material in both English and Chinese that will be available to retailers who carry South Sea pearls,” Bracher added. **JNA**