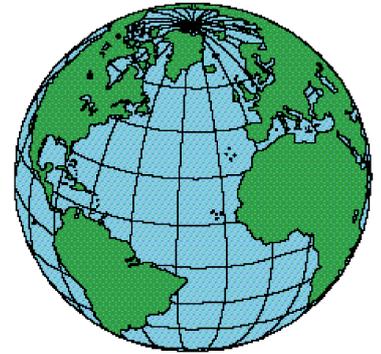


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**Are Gems in a Bubble?**  
**My Trip to the Land of the Burma Ruby**  
**by Clayton Chang**  
**Victoria's Secret Fantasy Treasure Bra**  
**New Gem Movie**  
**Burma News Updates**  
**International Gemstone News**

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**Are Gems in a Bubble?**  
**by Robert Genis**

We should all know the story of tulipmania, the first recorded bubble event. It was analyzed in the famous 1841 book, *Extraordinary Popular Delusions and the Madness of Crowds*. The story is about the insane rise in tulip prices. Yes, the flower tulip that was brought from Turkey to Europe.

In 1637 the prices of tulips started skyrocketing. Some prices reached 20x what they were previously. The rare Semper Augustus tulip sold for about 1,000 guilders and eventually rose to 5,500 guilders. To put it in perspective, that was the price of a luxury home in Amsterdam. Suddenly, prices collapsed and most were left bankrupt. This is a classic case in which market irrationality or a bubble mentality took over.

Tulipmania reflects the general cycle of a bubble: investors lose track of rational expectations, psychological biases lead to a massive upswing in the price of an asset or sector, a positive-feedback cycle continues to inflate prices, investors realize that they are merely holding a tulip that they borrowed money or sold their houses for, eventually prices collapse due to a massive sell off and many go bankrupt. Surely, we remember the dotcom and real estate bubbles? These were recent bubbles we all lived through in real time. The next article GFN is reprinting from Reuters, "As market bubbles form, investors may want to take cover." The main theory of the article is the world is sloshing around with trillions of US dollars. This is creating small pockets of bubbles in different markets.

Are the colored diamond and precious gemstones markets in a bubble?

A key component to a bubble is leverage. It's the borrowing of money that allows these markets to temporarily skyrocket. The colored diamond market may seem like a bubble because prices keep escalating at auction. New auction records are being set in the midst of weak worldwide economic times. How does this make sense? The ultra wealthy keep making money and appear recession proof. They do not feel the economy like the average person.

Without a doubt, the strong collector base has also created stability in the gem marketplaces. As a general rule, high end gems and colored diamonds are a cash and carry business. Most of the players have substantial financial assets. They pay for these goods with ready cash. High end firms do not offer financing and most do not recommend borrowing money to buy gems.

This is coupled with the fact many collectors refuse to sell their goods at any price. The supply of top collector gems are limited and this market reality helps limit downside movement in high end gemstone prices. Further, most collectors are long-term oriented and are not "forced sellers." In a weird way, the lack of instant liquidity, actually helps the high end markets from being susceptible to crashing prices. All the collectors are unlikely to wake up one day and scream at their dealers, "Sell all my pink diamonds today at any price." When collectors need cash, gems are usually the last asset they want to sell.

High end gemstones tend to rise slowly over time. When you see big spikes like diamonds in 1980, watch out. In 1979, D- IF diamonds flew from \$20,000 per carat to over \$60,000 per carat before crashing. It would be easy to make a case the US stock markets are in a bubble with margin debt, hedge fund leverage, investment banker debt, leveraged mutual funds, EFT's plus derivatives. The stock market is debt driven. Can we say the same about colored gemstones and colored diamonds? Probably not.

## **As market bubbles form, investors may want to take cover**

**FirstPost Investing**

**Reuters**

**November 23, 2013**

Five years of rapid-fire money printing at the US Federal Reserve and easy money policies at other central banks have left trillions of dollars sloshing around the world financial system, and some of it is ending up in some rather odd places.

The froth can be seen in everything from Pakistan's stock market to thoroughbred racehorses, rare paintings and gemstones, taxi licenses and the digital currency Bitcoin.

"When it gets like this, just pick your asset - a painting, a bottle of wine, whatever. It's almost always a sign that there's too much money floating around," said Howard Simons, a strategist at Bianco Research in Chicago.

Certainly, the risks don't look as great as they did in 2005-2007, when real estate prices in the US and other countries skyrocketed, then collapsed, triggering the financial crisis. The most inflated prices are in smaller pockets of the markets than they were back then, so there is less systemic risk.

But if a series of smaller financial market bubbles deflate or even burst there will still be a lot of agony, investment strategists warn.

When the Fed does pull back from stimulating the economy by cutting back its quantitative easing program of bond buying - which is expected in the first half of 2014 - there could be some shocks for markets to withstand, said Win Thin, an emerging market strategist at Brown Brothers Harriman. "That could lead to some painful adjustments."

One toxic corner of the markets can infect stronger assets as investors seek to raise cash to cope with a plunge. "What I learned in the last two bear markets is that it doesn't matter if you own the crappy asset," said Simons. "If someone else does and starts panic selling, it takes your good stuff down too."

And a further bond market selloff, following the reversal this summer, could not only hurt investors but threaten a downturn - as mortgage rates and other borrowing costs climb.

### **Eternal Bulls**

There is evidence of possible excess in many areas.

Getting into a taxi cab these days may no longer come with a menu of can't-miss stock tips from the driver but the cab's owner probably paid a steep price for the right to the license. At a New York auction last week, taxi medallions sold for more than \$1 million, about double the prices paid five years ago.

As for U.S. stocks, it's hard to find many bearish investors despite - or because of - the 26 percent gain in the S&P 500 index this year and the 166 percent

rise since 2009.

In Europe, it often feels as if the continent-wide debt crisis that threatened the euro never happened. Price-to-earnings ratios have soared to 2007 levels even as earnings momentum has sputtered. Over the last month, short-selling has dropped to a seven-year low and top performers in the STOXX Europe 600 index .STOXX are shares that were once heavily shorted.

As hedge fund manager David Einhorn put it in a letter to investors in October: "When 'high short interest' becomes a viable stock-picking strategy and conventional valuation methods no longer apply for many stocks, we can't help but feel a sense of déjà vu," he said in reference to the dotcom stocks bubble and bust in 1998-2001.

### **IPO Fever at Companies**

That particular bubble turned investors, especially retail investors, into addicts for the latest stock offerings. And things are looking a bit frothy again. So far, 199 U.S. companies have gone public this year, the highest number since 2007, and some of the first-day gains have been huge.

Such a race to list is a sign that things are nearing a top, says Peter Atwater, president of Financial Insights, an investment advisory firm in Mendenhall, Pennsylvania.

While the broader U.S. market does not look particularly pricey - the S&P's forward P/E ratio of 15 is about bang in line with the long-run average - individual stocks certainly do.

Look no further than some of the biggest names coming to market in recent years, such as the social media star Twitter or electric car maker Tesla Motors. At current market prices, after almost doubling on its first day of trading, the micro-blogging site is valued at almost \$24 billion despite being unprofitable. Tesla is trading at a P/E ratio of around 80 based on expected 2014 earnings.

Stephen Massocca, managing director at Wedbush Equity Management, said, "nobody in their right mind would make an all cash offer at current levels for a lot of these companies."

### **And On the Football Field**

Even professional athletes are getting in on the action. Arian Foster, a National Football League player with the Houston Texans, was the asset for a planned IPO based on 20 percent of his future earnings, which he had sold to San Francisco-based Fantex. The firm would then sell stocks based on Foster's economic performance.

"I thought it was a joke," said Daniel Morgan, senior portfolio manager at Synovus Trust Co. "They're not robots, they wear down. What's the life of an average guy in the NFL, four years?" Fantex, though, had to postpone the Foster IPO after the running back suffered a season-ending injury, underlining just how risky an investment it would have been.

## **It's the Bond Market, Stupid**

By suppressing interest rates, central banks have yield-starved investors falling over themselves to lend money to companies with less-than-stellar credit records, as well as looking for some of those exotic investments.

Quite a few investors, frightened that super-low interest rates will start rising next year, have bought up floating-rate loans. The only problem: many have no covenants, which usually limit the amount of debt a borrower can take on and let lenders have a say in the business if things start to go sour.

"People don't realize they're taking a lot of credit risk," said AllianceBernstein portfolio manager Gershon Distenfeld.

Meanwhile, high-yield bond issuers - companies with weak balance sheets and sub-investment grade ratings - are paying on average 5.8 percent to borrow, near record lows.

Default rates at around 2.5 percent are well below historical averages but Martin Fridson, head of FridsonVision, said recently he expects those default rates to spike to 8.4 percent between 2016-2020, which could cause a lot of forced selling.

## **Pocket Money**

Perhaps one of the best ways to measure froth is to watch what the super-rich do with their pocket change. Lately, they seem to have developed an insatiable taste for fine art - a painting by Francis Bacon set a new high water mark when it fetched more than \$142 million last week in New York. In Geneva, "Pink Star," a flawless pink diamond the size of a plum, sold for a cool \$83 million, a record for a gemstone.

Even the market for thoroughbred racehorses is roaring away. In Europe, a one-year-old horse that had never been raced sold this year for 5 million pounds, a record price.

"Most of the people involved in it are extremely rich, and lately they've had the money to spend," said Alastair Donald, a horse-buying expert at UK racehorse agent SackvilleDonald.

"There are ways of making money with racehorses, but mostly, it's a luxury, it's fun. It's about buying a dream."

## **Currency For Criminals?**

Association with drugs, money laundering and other illegal activities has not tarnished the virtual shine of Bitcoin, the digital currency not backed by any government or central bank.

The currency, whose supply has been carefully controlled, on Monday soared above \$600 from below \$80 in early July. Societe Generale strategist Sebastien Galy said Bitcoin is an example of "how far and aggressively greed can push a deeply inelastic market."

And the casino approach isn't restricted to developed markets by any means. Pakistan is nobody's idea of a

safe and predictable investment destination but one wouldn't know it from the nation's stock market. Pakistani stocks KSE have nearly doubled since the start of 2012 and are well above their levels even before the financial crisis.

It's another instance of the reach for yield driving political risk considerations out the window, says GFT Forex managing partner Boris Schlossberg. "The Fed's QE," he said, "is having a spillover effect all over the world."

Consequences of the likely withdrawal of that support is the biggest issue for 2014. The risk is that even investors who have identified bubbles will wait too long to exit.

## **My Trip to the Land of the (Myanmar) Burma Ruby** by Clayton Chang

**Clayton is a long term client of the firm. He is a world wide traveler and gem collector. Here is his first hand report of his trip to Burma as a tourist. He brings an interesting perspective to Burma.**

My brother and I arrived on September 12, 2013. We had just left Hong Kong to attend my cousin's wedding. We met with our national guide Frankie (Nyi Nyi) at the Yangon airport. He welcomed us to his city and his country. He later explained he had a US Visa and has taken a tour or two of the USA. He loves Hawaii, my home state. He stated that the tour he took to the US was with many well to do businessmen and gem dealers.

Yangon (Rangoon) is part of the current economic boom. A lot of foreign investment but no US multinationals. There is a Vietnamese investment company building a hotel /shopping mall in the heart of the city. It's large by anyone's standards. If you are a local resident of Yangon and own your own property, you are lucky because prices have skyrocketed. Only big companies can afford to buy land in Yangon today.

The company we were with is Overseas Adventure travel. We learned that if we applied for our Burmese Visa and stated we belong or were connected with any media, our Visa would be rejected. We applied as tourists and had to attach a letter to the Embassy of what travel company was taking us around Burma.

Burma is a beautiful country but undergoing a lot of change. Their young people love Michael Jackson, Lady Ga Ga and Justin Bieber. I immediately noticed a dramatic difference between Thailand and Burma. Throughout Burma, many small shops and a few family businesses sold rubies as a sideline. In Thailand, only established businesses sold gems.

As a gem investor with my limited gem grading knowledge, I first noticed the rubies sold by street peddlers and small shops were mine cut or crudely cut.

They were usually square or ovals. They seem to have a sandy finish or they are coated with a fine white powder. (Possibly Clayton was seeing silk reflections ED.) They didn't POP at you like the rubies in Thailand. They were plain red or flat red. I also noticed the Burmese rubies were red with little or no toning issues. The gems in Thailand had low brilliancy and many were red/black.

I understand the Chinese were buying 90% or more of all the Burmese gems and especially jade. Jade is loaded into freight cars and sent to China for cutting. Burma does have an annual Gem show, but it is dominated by the Chinese.

Our Tour Guide had some knowledge of the ruby trade, when I mentioned I own a few Mogok Pigeon blood rubies as well as some Mong Hsu ruby he was surprised. He is working class and never met a foreigner who owned a true pigeon blood before.

Throughout the sixteen days my brother and I were in Burma, many small peddlers each had about a dozen or so rubies to sell. It was mind blowing to know if I was knowledgeable, I could have made some great buys. I understand plastic or fake gems are not sold in Burma. (Generally true but not 100% accurate ED.). It's all about quality and price. I just wasn't confident enough to make a gemstone purchase.

The tour highlight was the Inlei Lake. We spent four nights in the lake area. These are not boat people that live on boats, but people that build homes on the edge of the lake. We used boats to go everywhere, Imagine if you wanted to go to seven-eleven to pick up coffee or a snack. You hop on a boat and go! We also toured the area and visited the tradesmen. We met the goldsmith, the silversmith, the bell shop, many Pagoda's and the tobacco shop. They sell cigarettes for 70 cents that taste like cow manure.

We realized we flew five times to five cities as the roads are so bad in Burma. An airplane trip of 30 minutes would have taken days by car. The tour ended when we flew out of the lake area to Yangon and then to Bangkok. We purchased a few gifts but no gems. It was a great learning experience. Next time, I will take my master stones to compare. However, may I never see a Pagoda again.

## **Victoria's Secret's Fantasy "Royal Fantasy Bra"**

The \$10 million red colored Fantasy Treasure bra was worn by supermodel Candice Swanepoel. It was designed for Victoria's Secret by world-renowned jeweler Mouawad. The lingerie features 4,200 rubies, blue, yellow sapphires and diamonds handset in 18-karat gold. The main gem is the bra's 52-carat pear ruby drop centerpiece. Although it's hard to judge gemstones based upon photography, the ruby looks included and dull. However, 52 carat is gigantic!

This is the first time a Fantasy bra has ever been replicated and sold. Royal Fantasy Bra replica cost \$295 and a matching thong retails for \$58. Only 1,000 of these replicas were produced.

The price of these bras has steadily declined over the past few years until recently. The most expensive bra was \$15 million in 2000. In 2005, the price was \$12.5 million. For the past few years the prices have declined. The price tag last year was the first increase in many years from \$2.0 million to \$2.5 million. For the first time ever, someone bought last year's bra. The jump from \$2.5 to \$10 million is pretty significant, but we wonder if the previous buyer is a collector or wants two?

On the net at:

<http://www.youtube.com/watch?v=4kC-7NFPc-0>

## **New Gem Movie**

Danny Boyle is set to take on the heist genre as he agrees to direct a movie adaptation of the documentary, *Smash & Grab*. The movie is about the Pink Panthers – the name Interpol gave the emphatic group of criminals who were renown for their diamond robberies. In a timeframe of six years, the gang robbed 120 stores in 20 different countries, from Dubai to Geneva; from Japan to Paris.

Most recently, the Cannes jewelry heist hit the news, and the gang are suspected to have been involved. \$136 million worth of diamonds, gems and jewelry were stolen from the Carlton Hotel during the famous film festival. Their meticulous attention to detail was the reason they were so successful. For example, they would paint a bench opposite a store they were hitting to ensure no one sat on it and saw them.

## **Burma News Updates**

**Myanmar's military-built, vast but mostly empty capital: viable city or white elephant? The Province**

**By Denis D. Gray, The Associated Press  
December 16, 2013**

**Although not specifically about gems, this article is a fascinating analysis of Burmese politics and life. ED.**

Watched around the clock, bathed twice a day and otherwise pampered, five white elephants are munching on choice greenery in Myanmar's vast, remote and surreal capital. Above them soars a shimmering, gold-plated pagoda.

From ancient times, Myanmar's rulers regarded these rare albino animals as sacred accessories of kingly capitals, symbols of power and prestige. But in this grandiose city built from scratch in secrecy, at great cost and in a seemingly unsuitable location by the

country's former military dictators, some find it fitting that "white elephant" is also a term for a troublesome possession too expensive to maintain.

Eight years after Naypyitaw — "Abode of the King" — was proclaimed the new government seat, it has become something more than a "ghost capital hacked out of the jungle," as it was once described.

Private enterprise is staking some ground. More shops and restaurants have opened and 79 hotels are operating or under construction. Some foreign companies, notably the Japanese, have set up small branch offices.

A dozen impressive stadiums, meeting halls and hundreds of villas for visiting VIPs have been built here for the Southeast Asian Games, an 11-nation event that began Wednesday. Naypyitaw (nay-pee-thaw) will be in the spotlight again next year when Myanmar chairs the 10-member Association of Southeast Asian Nations.

But the capital remains far from meeting the grand expectations that built it. It's 40 times the area of Washington, D.C., dotted with enormous public buildings that seem incongruous in one of the world's poorest countries. The U.S. Capitol is positively puny compared with the equivalent here. The main conference centre dwarfs the United Nations building in New York, and the airport, home to just two international airlines, is designed to handle up to 10.5 million passengers a year.

Vast empty spaces dominate. Many government workers live alone because their families don't want to move here.

The political opposition and diplomats are among those who hope the capital one day reverts to Yangon, the country's heartbeat in almost every way, as democracy truly takes root and the military's power wanes. Myanmar has a rich history of moving capitals — more than 30 shifts since the 9th century, the shortest lasting barely a year.

The current leadership says Naypyitaw is here to stay, and the city has other boosters, including executives of two international-brand hotels nearing completion.

"As the capital of one of Asia's fastest-emerging economies, Naypyitaw has a huge amount of potential," says Glenn de Souza, the regional vice-president for U.S.-based Best Western International. "Initially you might call it a 'curiosity factor,' but as time goes on it could become a serious option for more leisure travellers."

A senior vice-president of the French-owned Accor Group, Patrick Basset, predicts Naypyitaw will become one of the most-visited cities in Myanmar, also known as Burma.

Some residents say the airy capital is more livable than Yangon, a city of seething tenements, traffic-jammed roads and about 5 million people. Naypyitaw's water supply is better, and its virtually uninterrupted

electricity contrasts with Yangon's daily power cuts.

"It's a spacious, green city, so it's a healthier city. I feel suffocated when I go back home," says Ko Pyone, a Yangon native who manages a branch of the Cherry Oo watch chain.

Foreign embassies are steadfastly holding on in Yangon, 320 kilometres (200 miles) south of Naypyitaw and a five-hour drive away. Diplomats are looking toward the 2015 election, expected to pit military-backed parties against opposition led by pro-democracy leader Aung San Suu Kyi.

"I strongly believe that the capital will one day move back to Yangon," said the spokesman for Suu Kyi's National League for Democracy, Nyan Win.

Although no public poll has been taken, one joke circulating says that any politician who promises to restore Yangon as the capital will be guaranteed election.

Naypyitaw has some amenities, including a state-of-the-art movie theatre, a safari park and a modern mall. But except for one bustling market, it lacks the colour, crowds and friendly chaos of other Myanmar towns and cities. The sprawling city lacks public transport, so people must rely on expensive taxis, private cars and motorcycles.

"There is no nightlife here. There is nobody walking in the streets after 9 o'clock. So you stay at home and watch TV," says Zeyar Oo, owner of a mini-mart chain.

Several officials said moving the capital back to Yangon is not an option. Like most in the government, they spoke on condition of anonymity.

Reflecting the secrecy still ingrained in a country under iron-fisted military rule for nearly half a century, officials refused to provide such basic information as the city's population. Various sources, citing official statistics, have said it was 925,000 in 2009, though many visitors have found that figure hard to accept.

The government has never even clearly stated why the capital was relocated in the first place.

Theories include its more central, strategic position, allowing better control of the country, and its isolation from a Yangon population that periodically rose up in bloody protests against the regime.

Many Burmese believe former junta leader Gen. Than Shwe, the capital's prime architect, followed the examples of ancient kings who believed changing capitals was auspicious and consulted astrologers before giving the command.

Than Shwe, still believed to wield considerable power behind the scenes, lives in a secluded Naypyitaw compound with other top military leaders. A restricted military zone is said to contain bunkers and tunnels.

Construction of the city began in the early 2000s in an area inhabited by largely dirt-poor farmers. Much of the city consists of long stretches of multi-lane highways flanked by scrubland, forest and fields where water buffaloes graze. Set within the greenery are hundreds

of orderly apartment blocks housing civil servants, assigned according to rank. The roofs are colour-coded: green for employees of the Agriculture Ministry.

To attract — some say force — usage, the government has relocated everything from the equivalent of Myanmar's Academy Awards to most animals in the Yangon Zoo to the annual gems emporium.

Diplomats have been more difficult to attract. Only Bangladesh and Malaysia are known to have paid the government's \$1.5 million price for an embassy plot, and neither has begun construction.

But Thant Myint-U, a prominent historian and government adviser, says returning the capital to Yangon would be very expensive, and the government will have other priorities.

"Nothing is irreversible, but as the years go by, I think it will increasingly difficult, even if there was the political desire," he says. "Having an administrative centre that's different than the biggest city is not in itself a bad thing."

Than Shwe stamped a traditional seal on Naypyitaw as a centre of power by erecting an almost exact replica of Yangon's incomparable Shwedagon Pagoda here. He made it 30 centimetres shorter out of respect for that holiest of shrines.

And the white elephants were given their deluxe lodgings. Life here is "lonely, boring" for Forestry Department veterinarian Tin Ko Lat, whose wife and two children live far away. But he loves his work.

"The rulers believe that keeping the white elephants here will bring prosperity," he says.

## **International Gemstone News**

### **Colombia Moves to Head Off Renewal of "Emerald Wars"**

**Latin America Herald Tribune  
December 16, 2013**

Colombia President Juan Manuel Santos on Monday ordered his government to prevent violence among emerald businessmen in the north-central province of Boyaca, site of most of the Andean nation's emerald production.

"We cannot allow, for any reason, violence (to resume) in this province, which should be a haven of peace," said the president at an event in the Boyaca town of Sogamoso, nine days after an attack on emerald trader Pedro Nel Rincon Castillo.

Santos said that Colombia, one of the world's largest producers of emeralds, cannot again go through the "green war" of the 1970s and '80s, when conflict between rival groups in the gem business left some 6,000 dead.

Peace was established by a 1990 accord that left fewer than a dozen powerful clans in control of 80 percent of Colombian emerald exports.

The fear of a new war among gem producers began after the death in April of "emerald czar" Victor Carranza, widely seen as the prime force behind the 1990 pact.

Though Carranza died of natural causes, over the past year several murders and attacks linked with the gem business have occurred both in the mining region and in Bogota. The most recent was the Nov. 9 bombing in Boyaca that targeted Rincon Castillo. The gem trader escaped with only minor injuries, but four people died in the blast.

### **Green with envy: Why emeralds make some of us mad with desire**

**By Joanna Hardy, Special to CNN  
December 4, 2013**

**We decided to publish this article despite its massive emerald price appreciation errors. High quality emeralds have NOT risen by a factor of 10 since 2009. Further, the price of emeralds has NOT increased six fold in the past four years. Despite these glaring misrepresentations, a great deal of the information in the article is interesting and valid. ED**

Emeralds have adorned wrists and necks of the rich and the famous for thousands of years, from Cleopatra to modern-day royalty and stars of the big screen. Recently, their value has started to balloon, reaching many times their estimates at auctions.

Last month some of the world's wealthiest jewelry collectors gathered at the Four Seasons Hotel in Geneva for an auction of rare gems. They had green in their eyes. "Here we have showing on the left the stunning 'Patino' emerald and diamond Cartier necklace," the Christie's auctioneer said. "We shall start the bidding at five million Swiss francs."

Attendees raised their hands - and the stakes. When the auctioneer slammed down his gavel, the winning bidder had committed to paying 9,125,000 Swiss francs, or roughly \$10 million. That made it the second highest price ever paid at auction for an emerald and diamond necklace.

It was just the most recent in a series of auctions where emeralds have reached many times their estimate.

The price for high-quality emeralds has increased by a factor of 10 since 2009, and the price of Colombian emeralds is set to increase by at least 25% this year alone.

Gemfields, the world's largest producer of the green stones, has seen the price of its emeralds soar sixfold in the past four years. Meanwhile the International Diamond Manufacturers Association has warned that, following current growth rates, emeralds could slash the diamond market share by 20% in the next two decades.

Given the growing popularity of emeralds, maybe diamonds aren't forever.

Why is this happening? The lofty prices are simply further proof of our enduring fascination with these

alluring, mysteriously enigmatic stones. From Cleopatra to Catherine the Great to the Maharajahs of India, the world's most powerful men and women have always coveted them -- and inspired the masses to do the same. The value of emeralds stems from their scarcity: they are considerably rarer than diamonds.

The value of emeralds stems, in part, from their scarcity: they are over 20 times rarer than diamonds -- a consequence of the extraordinary conditions required to create them. Beginning 500 million years ago, magma and hydrothermal fluids—rich in aluminum, beryllium, silicon and vanadium—cooled amid a delicate balance of heat and pressure, forming the precious gems.

Today most emeralds are mined in Colombia, Brazil and Zambia, and then sent to Jaipur, the emerald capital of the world, where artisans cut and polish them. Long before you encounter an emerald, it has been on a long and magnificent journey.

Much of the wonder and awe relates to the gem's color. In normal lighting conditions, the human eye responds most strongly to yellowish-green light. Natural light, including sunlight and candlelight, also happens to be at its most intense at this point of the visible spectrum.

This coincidence of physics and human physiology explains why emeralds can appear so wonderfully, almost supernaturally vivid, as when you look at a field of lush green grass on a sunny day.

Historically jewelers have added to the emerald's luster by setting it in yellow gold, which was thought the purest form of metal -- and the closest thing to Godliness. People are subconsciously drawn to this warmth. Owing to chromium in its chemical make-up, the emerald doesn't just reflect light, but also gives it off. It's no exaggeration to describe it as radiant.

### **Queens and Maharajahs**

Across cultures and across time, ancient peoples came to view the stone as having unusual powers. The Romans believed it could revitalize the soul of whoever wore it, and Pliny the Elder wrote that staring into the stone could soothe the weary eyes of jewel-cutters.

In several Middle Eastern cultures people wore emeralds thinking they would discourage snakes from biting them. This didn't work for Cleopatra. But these perceived powers raised the profile of the gem, nourishing a desire that continues today.

The global emerald trade picked up during the 16th century after the Spanish Conquistadors captured the Inca Empire.

They exported Colombian emeralds to Europe and the Philippines. Soon even more people praised the emerald for its purported medicinal qualities, perhaps spurred on by the legend and myth surrounding the gem.

In 1609 Anselmus de Boodt, a Belgian mineralogist and physician, suggested that the green stones could cure dysentery, fever, panic attacks and epilepsy. One wonders if he had shares in an emerald mine.

Emeralds from Colombia also made their way to India. Mughal Emperors carved verses of the Koran into the gemstones, creating a strong link between emeralds and divinity. Shah Jahan, the ruler who built the Taj Mahal, loved emeralds so much that he had them inscribed with sacred text and wore them as talismans. Some of these sacred stones, called Mogul emeralds, can still be seen in museums and collections today.

Enlightenment thinking worked against the purported magic of the stones, but European high society helped stoke demand for emeralds anyway. They became status symbols associated with the aristocracy. In 1806, Napoleon Bonaparte gifted the Beauharnais Emeralds, a stunning emerald and diamond parure, to his step-daughter to celebrate her marriage and Napoleon III made green the imperial color, creating a spike in interest in the gem during the last two decades of his reign.

In 1922 England's Princess Mary appeared in public wearing an emerald engagement ring. Suddenly women around the country wanted the green gem.

The emerald has captured plenty of men, too. In 1928 the Maharajah of Patiala came to Place Vendome in Paris with his entourage. He stayed at the Ritz and brought with him 15 of his wives, 50 aides, cooks and chambermaids, and seven trunks filled to the brim with emeralds and diamonds. He went to French jewelry house Boucheron and asked that artisans set the stones.

Boucheron obliged, dreaming up some fabulous emerald pieces 'that were the size of apricots'. Most of the jewelry was for himself and not for his wives.

### **Enduring desire**

Paris, the center of some of Europe's most highly skilled goldsmiths, is a living jewel box. Its artisans have handled millions of dollars' worth of rare emeralds, helping jewelry houses such as Boucheron, Chaumet, Van Cleef & Arples and Cartier create some of the most iconic pieces of the 20th century.

Some have been lost forever. Others are hiding deep inside a bank vault waiting to be rediscovered.

I had a brush with one of these masterpieces in 2011, when Christie's auctioned an emerald pendant brooch made by Bulgari. Richard Burton originally purchased the brooch as part of a set for Elizabeth Taylor, while they were filming Cleopatra in the 1960s. I tried it on at a pre-auction event and still remember its vibrancy. The stones looked like the iridescent wings of an Egyptian scarab beetle, and shrouded me in a wonderful green glow. It later sold for \$6.5 million, smashing the original estimate of \$500,000 to \$700,000.

The ever-higher prices that are being achieved in the international market place demonstrate that the desire to find and own an emerald has never wavered. Long may it last.

## **Devoted collector unearths hidden gems**

**Vietnam.net**

**October 19, 2013**

Nguyen Van My, the chairman of the Viet Nam Gemstone Association, claims to have a spiritual bond with each of his gemstones, which number over 1,000. He claims that the stones bring good fortune to their owner.

My's house is located on a big alley on Vinh Ho Street in Ha Noi. His name is known to most of the households, due to his reputation of 70 years collecting gemstones in collectors' circles.

Truly, this man lives up to his fame. Visitors to My's house are invited to a colourful feast of various kinds of gemstone. From the gate to the front yard, many gemstones are displayed in an airy space. Inside, the gentle aroma of jasmine tea is enchanting enough to keep heart of any lost soul. "The quintessence of the Creator assembled into the gemstone is truly the reason for human beings and heaven and earth to collide. If gold represents wealth, gemstones are a symbol of good fortune and good luck. When you get close to gemstones, a magical remedy is found to enable you to reach the eternity of mother Nature, so that you are set free in your spirit," says My as he pours another drink of jasmine tea for us. Finishing our tea, he treats us to a walk around his "mini" gemstone museum. Over 500 varieties of stone are placed in order, spreading across five floors from top to bottom. Amid all of these, stands out numerous blue stones, naturally shaped into images suggesting Ha Long Bay, the Hoa Lu ancient capital and the One-Pillar Pagoda. My says the most impressive part of his stone treasure is his collection of pebbles showing the 12 animals of the Chinese horoscope which he spent 23 years traveling to find in streams from Ha Giang to southern Phu Yen Province.

"In my collection, there are gemstones which are shaped

like human beings. At first glance, I thought they were created by human's hands. However, amazingly they are all products of nature," My adds.

The 84-years-old stresses that alongside the devotion and love for stones, collectors must have a fate with them. "For me, I began traveling with my parents North and South when I was early teen, and an invisible love for precious and semi-precious stones had grown up inside me," he adds. As a long-term member of three international gemstone organisations – the Asian Bonsai Suseki-Pacific, the European Gemstone and international gemstone hunting group – My has had many chances to carry out research and learn about gemstone in many countries around the world. In his lifetime of collecting gemstones, it took My everything that a collector needs to satisfy his habit: money, energy and a lifetime of dedication. Another precious gemstone that My treasures most is the 100kg Ky Son Thach (Amazing Gemstone) that is loved in domestic and international collectors. "I fell in love with it at first sight, and insisted the owner sell it to me at any cost. However, he only asked me for 20kg of rice to have it. It was one of the most memorable moments in my life, when I finally got to own for myself a magnificent masterpieces of nature. This stone has many sides. Every side has a differently image, like a swan soaring on its wings, or flying dragons. Many times people tried to persuade me to sell it, but I turn them down," My says. Indeed, the collector looks younger and healthier than his age. Perhaps the love for stones and a spiritual bond that was formed between him and these natural objects has kept him so young and strong in life.

"I collect stones not for sale. To me, it has become an indispensable part of life that I cannot live without," My says.

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