

**If you had buried \$100,000 in your backyard in 1972 and retrieved those funds in 20**

Written by Sarah Love

Tuesday, 30 August 2011 08:56 - Last Updated Tuesday, 06 September 2011 09:52

---

EXTRA EXTRA!

AZ Foothills talked to Alfredo J. Molina, Chairman & CEO of Molina Fine Jewelers:

I am sure that you have watched with interest the volatility that is unfolding as a result of various monetary events worldwide.

As investors flight to quality results in world record prices in the jewelry industry, I felt it would be of interest to you if I communicated the historical financial perspective of diamonds.

Diamonds have a long history of financial stability and historically Monarchies were financed by their crown jewels. The currencies of that time were made out of precious metals and when paper money was created, it could be converted to gold or silver up to August 15, 1972. At that time, President Nixon took the U.S. dollar off the gold standard by contacting the Central Banks and informing them that the U.S. Government would no longer convert their paper money into gold.

In 1972 a 1.00 carat, D color, internally flawless diamond sold for US \$2,000 per carat. In 1995 that same diamond sold for \$13,500 per carat, an increase of 675%. Today, the price is \$29,000 per carat, which represents an increase in value of 1,350%. In 1972 a 5.00 carat, D color, internally flawless diamond cost \$6,500 and in 1995 it sold for \$50,000 per carat, an increase of 769%. Today it is being sold at \$156,000 per carat, an increase of 2300%.

If you had buried \$100,000 in your backyard in 1972 and retrieved those funds in 2010, its current buying power was a fraction of what it was in 1972. What cost you \$100,000 then, now costs you \$650,000. \*Currency is a depreciating asset.

On the other hand, if you had purchased fifty, 1.00 carat round, D color, internally flawless diamonds with that same \$100,000 they would presently have a value of \$1,450,000.

I am including a link to a recent CNBC television interview "Diamonds the New Gold". In foreign countries it is not uncommon for investors to place anywhere from 7% to 25% of their net worth in fine gemstones. <http://video.cnbc.com/gallery/?video=3000039916>