

JEWELRY

Jewelry industry poised to benefit from Trump administration: Rapaport

November 15, 2016



Elle Fanning in Tiffany's Legendary Style campaign

By SARAH JONES

With the United States election over, President-elect Donald Trump and the Republican-led Congress are seen as a potential boon to the jewelry business.

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The Rapaport Group, a collection of companies focused on diamond and jewelry trade, noted that this time of uncertainty may drive an increase in consumers looking to invest their wealth in precious stones. This, coupled with policies that could leave consumers with more disposable income, are giving some in the jewelry sector an optimistic outlook for a Trump administration.

"We are witnessing a perfect storm of unprecedented uncertainty. Markets will play an increasingly important role valuating greater risk and adapting to change," said Martin Rapaport, chairman of the Rapaport Group. "While the new order may not guarantee equal prosperity it does guarantee a fundamental change in direction and priorities for the U.S. and the world. For many, it offers hope for a better future.

"The diamond and jewelry trade will benefit from the new regime," he said. "Increases in disposable income and new businesses will create a more prosperous middle class and greater numbers of wealthy consumers. Global uncertainty will also increase demand for investment diamonds as a store of wealth.

"President-elect Trump's victory, is bold, dangerous and positive as it sets the stage for a new order of growth and development. We expect changes that will have long term impact on the future of America and the world."

Spending power

According to Euromonitor, 66 percent of those aged 15-64 were employed in 2015, marking a rise from 64 percent just five years before. Over the same period, disposable income per capita grew 19 percent, with an additional 2 percent growth expected for 2016.

In a statement issued Nov. 9, Rapaport said that Mr. Trump's proposed tax breaks and his desire to eliminate the Affordable Care Act along with his promise of job creation, could leave Americans with more discretionary income. The businessman-turned-politician made jobs a primary point in his campaign, promising to increase jobs by 25

million over the next 10 years.

While the middle class is expected to grow if Mr. Trump's job plan comes to fruition, those at the upper end of the market may see their numbers grow less rapidly.



Image courtesy of Refinery29 and Cartier

Even with his proposed tax cuts for the wealthiest, the predicted economic downturn may negatively impact the affluent the most. Stock market drops and other declines in economic activities mean that the population of those with disposable incomes of at least \$50,000 and total assets of at least \$200,000 will grow more slowly than it would have otherwise.

Compared to a non-Trump economy, in which 42.4 million adults are expected to reach this level of affluence by 2020, a Trump presidency may mean that only 38.5 million will make this benchmark in the same time period ([see story](#)).

Even among the affluent, income matters.

High-income Americans are generally more active purchasers of luxury goods than their counterparts with high net worth, according to a report from Shullman Research Center.

Sixty-nine percent of those with a household income of \$500,000 or more bought at least one luxury product within the past 12 months, with only 49 percent of those with a net worth of at least \$1 million able to say the same ([see story](#)).

Investment item

Gold is often used as a guard against uncertainty in the markets, leading to peaked demand surrounding a presidential election, regardless of the outcome.

HSBC's chief precious metals analyst James Steel predicted that the price of gold would rise considerably regardless of who won. The researcher projected the metal would rise to \$1,500 an ounce if Mr. Trump won, ending the year at the same level.

According to [CNBC](#), gold rose 5 percent to a six-week high of \$1,337 an ounce immediately after the election, and then dipped slightly to \$1,300 as the dollar recovered.



Image courtesy of David Yurman

According to the World Gold Council, the U.S. is the third largest market for gold jewelry, following China and India.

Along with Mr. Trump's focus on jobs, he ran a campaign that centered on protectionist values. This will have an impact on trade, as well as the desire for tourists to visit the United States ([see story](#)).

Euromonitor notes that while the jewelry sector is seeing growth in sales from local clientele, it is already being hit by reduced tourism from China, as the Asian nation faces economic challenges.

Along with economic policies, a Trump administration combined with a Republican controlled House of Representatives and Senate may mean changes to business practices. The Jewelers of America said one issue is the last-in, first-out accounting method, which is facing pressure of a repeal.

The organization is also watching sales tax fairness legislation, which would remove a benefit that online retailers have over bricks-and-mortar stores. This measure has had bipartisan support in the senate, but has faced trouble passing in the House.

"With the election results in, Jewelers of America will continue to closely monitor the key issues affecting the jewelry industry and work hard to ensure that our industry challenges are being addressed by leaders both new and existing from all political parties across government," said David J. Bonaparte, Jewelers of America president & CEO, in a statement.

1 thought on "Jewelry industry poised to benefit from Trump administration: Rapaport"

1. **Maria Todd** says:

November 15, 2016 at 6:08 am

>>>>>"In a statement issued Nov. 9, Rapaport said that Mr. Trump's proposed tax breaks and his desire to eliminate the Affordable Care Act along with his promise of job creation, could leave Americans with more discretionary income. "

So what I read here is that you hypothesize that the ACA repealed will leave them with more disposable income to buy jewelry and diamonds? and they will pay their out of pocket healthcare and copayments with gemstones and jewelry?

That's just daft.

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