

IDENTIFYING AND VALUING OLD EUROPEAN CUT DIAMONDS

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Identifying an old European cut diamond may seem simple but there is a set of GIA standards that determine from their perspective whether it is or is not. This set of standards is not widely accepted by vintage jewelry dealers that struggle with some of the non-calls. For the past several years, prices have risen significantly, sometimes even above the price of a modern brilliant when hard to find and in demand. While that is true in some sizes and qualities, the market is softening in other.

During the past decade, the GemGuide has featured several articles on old European cut diamonds. The first article of the same title as this feature here, appeared in the November 2010 issue (Volume 29, Issue 6). In September 2011 (Volume 30, Issue 5) another feature article appeared discussing the ongoing dilemma over old European cut diamonds, specifically nomenclature on grading reports and the history of cutting styles and cut grading. Today, we continue to debate nomenclature.

In November 2012 (Volume 31, Issue 6), we published a market trends article showing how the price of these diamonds has continued to rise over the years in comparison to round brilliant cuts. In popular sizes and qualities, this is still true today. Prices are softening overall in the diamond market but there continues to be strength in old European cuts when compared to the modern brilliants. It is possible that as the markets cool, prices could also soften for some old cuts.

IDENTIFICATION OF OLD EUROPEAN CUTS

The GIA introduced cut grading of round brilliant diamonds in 2006. Prior to that, all diamonds sent to the laboratory would be graded for color and clarity, given a polish and symmetry grade, but like all diamonds then, no cut grade assigned. Many old European cut diamonds, due to their age, possible wear, and earlier cutting technology would get lower polish and/or symmetry grades, often *fair* or sometimes even *poor*, but this was easy to understand and explain due to the age and style. However, when the new cut grade system was introduced, this changed everything for old European cuts (and old mine cuts). Now, an old European cut diamond, due to its proportions that did not fit into the modern brilliant expectations, would likely get a cut grade that was not so flattering. While a low polish and symmetry grade could easily be explained to a consumer, now we had diamonds with a low cut grade as well and salability would be difficult. It is hard to explain to a customer why their \$10,000 diamond has a 'poor' cut grade. As author, I am speculating that the GIA developed old European cut and circular brilliant cut criteria as a solution to this problem. Now, when a diamond fits the criteria to be called old European or circular cut instead of round brilliant, there

will be no cut grade assigned. A polish and symmetry grade will still appear.

In our article in 2010, we published the criteria used by the GIA to determine if a diamond was to be called old European cut. They look at four parameters only and today, they still consider only those four. Figure 1. The parameters are as follows.

- Table size: less than or equal to 53%
- Crown angle: greater than or equal to 40 degrees
- Lower half facet length: less than or equal to 60%
- Culet size: slightly large or larger



FIGURE 1. This center diamond was classified as an old European cut by the GIA. Courtesy of Lang Antique & Estate Jewelry.

To be called old European cut, three of the four criteria above must be met. Other common attributes such as the girdle thickness, often very thin or knife edge, is not one of the characteristics. No cut grade is assigned when the diamond is designated as old European cut on the report.

To address some diamonds that maybe did not quite fit these parameters but were clearly not cut to modern brilliant proportions, GIA introduced the circular brilliant category for diamonds. Figure 2. For these the following criteria applies.



FIGURE 2. This center diamond was classified as a circular brilliant cut by the GIA. Courtesy of Lang Antique & Estate Jewelry.

Lower half length: less than or equal to 65%
 Star length: less than or equal to 50%
 Culet size: medium or larger

To be classified as a circular brilliant, all three must apply. Any deviation now pushes the diamond into the round brilliant category and is then cut graded with current proportion standards. So, any diamond that just misses on the above categories is likely to get a report with a cut grade of fair or poor and classified as round brilliant.

The book *American Cut: The First 100 Years*, by Al Gilbertson (a GIA publication) discusses the evolution of the American cut diamond from 1860 to 1960, and is recommended for those looking to learn more about the history of all cuts including old European. The old European cuts were noted as about late 1800s to 1940. Note that today there are also new manufactured diamonds cut intentionally to the proportions of old European cut diamonds. Since the GIA nomenclature for these is based solely on proportions and not age of the diamond, the report will state old European cut if it meets the criteria. If the shape is cushion cut with the same three of four criteria, then it will be labeled as old mine cut. Figure 3. For an excellent recap on round diamond cut parameters, there is a link on the GIA website.

<https://www.gia.edu/gia-news-research-round-brilliant-cut-diamond-pay>

CONFUSION IN THE MARKET

In 2010 we reported on the challenges for appraisers, sellers and consumers and the confusion surrounding these diamonds due to nomenclature. Our subsequent articles confirmed that over the years, nothing had changed. Now, in 2019, we are still at the same place with these diamonds.

In a previous interview for a past article, Michael Goldstein, Michael Goldstein Ltd., New York, antique and old cut diamond dealer and GemGuide advisor, alluded to the confusion that this nomenclature had been causing. This was mostly among consumers but was also of concern among fellow dealers. At the time, Michael had predicted that this would cause great ongoing problems for the industry. He had hoped for a change in standards by the GIA for classifying old cuts. Figure 4.

I recently interviewed him at the Las Vegas Antique Jewelry Show. He said that although there is still some confusion in the marketplace and he still hopes for change by the GIA, the effects have not been nearly as significant as he thought they would be several years earlier when we did the first story. He feels that it has been this way for so long now that dealers just understand the market and are not as concerned with the GIA classification parameters. He still hopes for change but it is not as critical as he once thought. And then it happened...

Once back from the show, Michael contacted me to add to his comments due to a new episode. He had just been contacted by a retail jeweler for an old European cut diamond over 2 ct. He happened to have one in inventory that fit the call but it has a GIA report stating circular brilliant, not old European cut. The jeweler passed saying it must be 'old European cut.' Michael knows this is an old stone and would definitely call it an old European cut. But the sale will not be made.

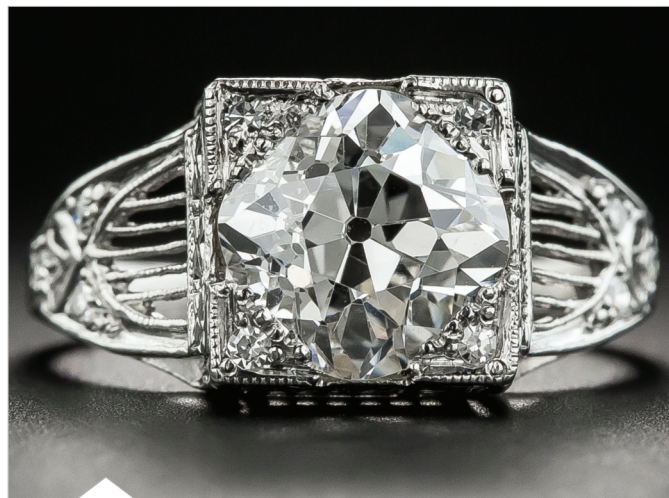


FIGURE 3. This diamond is cushion shape and satisfies the requirements to be classified as a mine cut by the GIA. Courtesy of Lang Antique & Estate Jewelry.

Goldstein also discussed how the classification system is causing an absurdity to take place. Some dealers have actually taken old stones that did not get classified as European cut and had them "recut" to get the missing angle or two and get the proper call on the report. This makes no sense to him and he has not personally done this but knows of some that have.

European cuts are a specific look from antiquity. As Suzanne Martinez, owner of Lang Antiques, a vintage jewelry retailer in San Francisco stated, “We specialize in old cut diamonds. We call round full cut diamonds with short lower halves European cuts. The short pavilion bezel facets affect the shape of the pavilion mains and in conjunction with a small table, give the diamonds a particular appearance that is easily recognizable as a European cut. The small table also creates a restricted view of the pavilion mains so we see the blocky reflected pattern again creating a unique look. It also shows a different pattern in the bezel facets, especially since the bezels are more pronounced due to the short star facets. Customers can see this visually between a round brilliant cut and either the circular and European cuts much like how one can see the difference between the European and mine cuts; they are uniquely different reflection patterns.”

The emphasis here is on the visual appearances. Suzanne and gemological staff do not measure lower half facet length. They look at the overall cut with a loupe or naked eye. She further states that, “There is a much wider variation in percentages of table facet, crown angles and culet than GIA acknowledges. We consider most diamonds with a circular brilliant report as European cuts. I think that the circular brilliant is a good start but generally speaking, they are European or transitional European cut. We have our own comparison chart to help the customer see the transition from mine to European to modern round brilliant. We will note what GIA calls the diamond and what we call the diamond.”

One more concern of Goldstein right now is that many older cut diamonds have small chips and abrasions that are unavoidable. If the decision is made not to recut or repolish out these imperfections, then some insurance companies are refusing to insure, classifying as already damaged. But that is another story for another day...

CURRENT MARKET TRENDS

Old cut diamonds are popular and as such, pushing up prices. One area of increased use is among designers. Designers are always looking for new ideas and the use of old diamonds in a new design is an interesting use of materials. Their interest is not diminished with the nomenclature problem mostly because they are already creating a new modern design and the need to call it old European is not so critical. As Goldstein pointed out, designers are becoming good customers to him and they have not had issue with whether the diamond is called old European cut, circular brilliant, or round brilliant. They are going for a look and when they see it, they buy it. The report is secondary.

In the vintage jewelry market, retailers enjoy the selling of these items, in part because markups are better. When an old jewelry item is sold, it may have some historical value or uniqueness. It is not easy to just replace an item as it may not exist, so replacement is usually with a similar item only. You cannot just shop around for a low-price European cut, especially when a specific jewelry mount accompanied it.

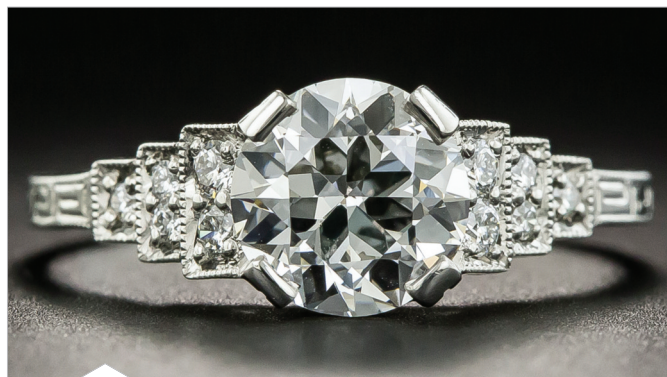


FIGURE 4. This diamond received a round brilliant classification, causing confusion as it is an older cut. Courtesy of Lang Antique & Estate Jewelry.

PRICING UPDATE

Old European cut diamonds are rarer than modern brilliant cut diamonds. As such, many dealers will charge the same price as a modern brilliant. And since popularity of these has risen, supply is tight. As prices rose, there was a general disconnect in logic as the diamonds started approaching the price of round brilliants, especially in larger diamonds and hard to find categories. Appraisers were often undervaluing these diamonds thinking immediately to just discount from the price of a round brilliant.

In the very early days, we were taught that to find the value of an old European cut diamond, you estimated the recut weight first and then valued it based on the theoretical new weight. This was relatively easy to do. Since the diamonds typically have high crowns and deep pavilions, simply take the diameter, use an estimated 60% for the depth if recut, and do the standard formula to estimate the weight. This method is completely unacceptable today for multiple reasons. First, this would be a hypothetical value as you truly do not know what the recut would yield. Second, appraising for insurance is based on replacement of a similar item, meaning another old European cut diamond of the same weight, color, and clarity. The acceptable methodology is to consider comparable pricing for the same or similar diamond.

Still, logic would tell us that the price should be lower and perhaps significantly lower than a modern round brilliant. GemGuide pricing is based on a diamond with excellent proportions as graded by the GIA. When proportions are less than this, we suggest a range of discounts, some significant, as much as 40% for poorly cut diamonds.

Again, I stress that we are not considering the proportions as compared to a round brilliant but rather as compared only to an old European cut. So, what is the pricing today? In the GemGuide we do list some old European cut prices and it often surprises appraisers when they see that prices in some categories are the same or even slightly higher than the prices of the round brilliants. Take the following assignment for example.

The assignment is to value an old European cut diamond of one carat, J color, VS2 clarity. The GemGuide lists the price to be \$4,400 per carat. For a round brilliant cut diamond in this category, the GemGuide price is \$4,320 per carat—yes, slightly lower than the old European cut but about the same price. Initial thoughts would be that this is somehow wrong. However, there is high demand with low supply for the old European cut in these grades.

A search of the RapNet trading platform resulted in the following. For the old European cut of these exact grades, GIA reports, 1.00-1.19 ct range, there were only 27 diamonds available. The modal price happened to be the highest price at \$4,560 per carat and the average price was \$4,377 per carat. Searching on the round brilliant diamonds with same specs and ranges but selecting only excellent cut and no fluorescence, GIA reports, there were 682 diamonds listed with no perfect mode but an average price of \$4,322. The average price for the old European cut was nearly the same as for the round brilliant with excellent cut grade.

In 2012, we published a chart comparing the prices of some one carat old European cuts to round brilliant cuts over time. The diamonds chosen for the study were I, J, K, and L colors and a VS1 and SI1, eight categories in all. The same diamond grades were looked at for round brilliant pricing as well and then compared to see what the approximate discounts were for old European cut vs. round brilliant. Dates chosen were 2000, 2006, and 2012. I have now updated to include 2019 and the summary of these price differences are shown here. Over each half dozen years or so, prices of the old European kept getting closer to the RBC and this year, some prices are even slightly higher in some categories. This is not true for all sizes and grades but in these popular grades of old European diamonds, this has been the trend.

The chart shows that in 2000 there was a discount in all categories below the round brilliant pricing ranging from 15% to 26% lower. In 2006 the price gap narrowed and again in 2012.

	2000	2006	2012	2019
Comparison of OE to RBC, range	-15% to -26%	-8% to -18%	-3% to -17%	+5% to -6%

Now, seven years later, the old European cuts in these sizes, colors, and clarities, have caught up to round brilliants, even selling in some cases for a slight premium.

A RECENT RECUT

This story highlights the frustration that dealers may have with some older cuts and why pricing can be so challenging. One of our subscribers had an old European cut diamond with a slight chip under the girdle. Since old European cuts often have thin to knife-edge girdles, they are susceptible to damage around the girdle. The diamond weighed 1.17 ct.

The dealer then decided to touch up the diamond, removing the chip, fixing the girdle a bit to protect the diamond, and slightly closing the culet. The cutter knew it could remain over 1 ct, also important to value. He was unaware that this could potentially change the GIA report definition of cutting style. The diamond now weighed 1.05 ct. Other than the now smaller culet, the overall appearance was still that of an old European cut. Purists might remove this from the old European category, selling it perhaps as an earlier cut with repairs, noting it was touched up to remove a chip and this would not normally be an issue—until it went back to the GIA for a report.

Upon regrading, the diamond was no longer old European cut and did not make the circular brilliant category either. It was now classified as a round brilliant cut and since it was, the cut grade was included on the report and the grade it received was 'poor.' The new description was an unintended consequence of trying to improve the diamond's clarity and appearance. This is the frustration that the trade has. What is it sold as now? What is it valued at now? Using round brilliant and poor grade would result in a price that is too low and the diamond could not be replaced for that amount. It is now somewhere in the transitional cut area and that will have a low market value.

CONCLUDING THOUGHTS

As Stuart Robertson and I pointed out in our 2010 article, we see the parameters as both a positive and a negative. Having parameters is essential to creating guidelines necessary for a consistently repeatable system. However, in the case of old cut diamonds, as in the scenario above, many dealers would argue that the GIA parameters are too stringent and exclude a sizeable population of diamonds that visually (not to mention chronologically) have historically been trades as old European cut. The problem here is that the old cutting styles were not based on exact standards. There were no published guidelines circulated globally for all cutter to follow. This was not the age of communication and standards. So, how can we place modern theory on old cuts? The standards used are too strict and punish otherwise salable old cut diamonds.

As for pricing, remember that an old European cut is its own unique diamond and pricing is not based on round brilliants. The harder to find diamonds, especially in larger sizes, will be more

expensive. The historical price charts illustrate the rise in price over the years so be cognizant of this when researching and pricing these cuts. Those that are graded as round brilliant with fair or poor cuts may be discounted some (and unfairly) in the market, but nowhere close to the discounts we show for these cut grades in a true modern round brilliant cut.

When researching old European cut diamonds, remember this. The idea that a much harder to find product sells for a substantial discount to a much more common product is likely not going to be supported by actual market comps. ♦

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