GEMPORTS Press Release, June 2026: In Q1 2026, the global sapphire market entered a period of accelerated contraction across most segments, extending the correction that began in Q3 2025. The Gemports Sapphire Transaction Index (GTI) for Q1 2026 registered meaningful quarter-on-quarter (QoQ) declines across the majority of origin-treatment-size segments, driven by the compounding effects of geopolitical disruption stemming from the US–Iran conflict, persistent macroeconomic uncertainty, and weakening demand across virtually all size categories. The sapphire market faces a demand-side challenge: physical supply of large-carat material (10 ct and above) remains available in the market, but buyer conviction and transaction velocity have deteriorated significantly. The flat QoQ readings observed in the 5 ct+ natural unheated tier reflect a standoff between sellers unwilling to discount and buyers unwilling to commit at current levels amid geopolitical uncertainty — a demand freeze rather than a supply-driven price hold.

Sapphire Investment Outlook

The investment case for elite sapphires — defined as natural, unheated stones of 5+ carats with vivid or intense blue color ("Royal Blue" or "Cornflower Blue"), eye-clean clarity, and excellent cut — faced its most significant test in Q1 2026. The sapphire market operates under a supply dynamic distinct from other colored gemstones: physical supply of large-carat unheated sapphires (10 ct and above) remains present in the market. The challenge in Q1 2026 was therefore not supply availability; it was demand. Buyer conviction deteriorated sharply under geopolitical uncertainty, and the flat QoQ readings in the large-carat tier reflect a temporary demand freeze rather than a scarcity-driven price hold. Sapphire's investment case rests on quality-and-certification selectivity and long-term demand recovery, not on supply exhaustion.

Q1 2026 exhibited three defining investment-relevant dynamics:

- Geopolitical Risk as a Demand Suppressor: The US–Iran conflict disruption materially reduced buyer confidence in executing large-value international transactions. Cross-border gemstone trade through Middle Eastern corridors and European auction houses slowed, insurance premiums for high-value shipments rose, and wealth managers deferred acquisition decisions pending geopolitical clarity. Supply remained available but buyers stepped back across all tiers, with the large-carat segment showing the starkest drop in executed trades.
- Commercial-Grade Capitulation Deepens: Heated sapphires in the sub-3 ct range, particularly from Africa & Other Sources, experienced the sharpest declines on record for this index cycle — with 1-1.99 ct heated African sapphires falling −16.0% QoQ, now registering YoY losses of −18.2% to −21.3%. This segment is structurally oversupplied relative to weak retail demand, with excess inventory from Q3 2025 restocking cycles still weighing on prices. Recovery requires demand improvement, not supply reduction.
- Large-Carat Tier: Price Stability Under Demand Pressure, Not Supply Scarcity: Sri Lanka Natural 5-9.99 ct, 10-19.99 ct, and 20 ct all recorded 0.0% QoQ change. This stability should be interpreted carefully: it does not signal the same supply-driven resilience seen in investment-grade rubies. Rather, it reflects that sellers of certified large-carat unheated sapphires declined to lower asking prices even as buyer activity thinned. Whether this price floor holds through Q2 2026 depends primarily on demand recovery — if buyers remain absent, price concessions may follow. YoY readings of +2.0% to +7.0% confirm prices have not declined year-on-year, but the demand picture remains fragile.

GEMPORTS SAPPHIRE TRANSACTION INDEX (GTI)

	Index	26Q1	Year to Date (YTD) Jan. 1, 2026, to Mar. 31, 2026	Year on Year (YOY) Mar. 31, 2025, to Mar. 31, 2026	Past 5 Years Jan. 1, 2021, to Mar. 31, 2026
Sri Lanka • Nature					
GTI 1-1.99 ct.	154.4	-7.4%	-7.4%	3.7%	54.4%
GTI 2-2.99 ct.	162.7	-7.6%	-7.6%	6.2%	62.7%
GTI 3-4.99 ct.	161.5	-7.5%	-7.5%	3.6%	58.6%
GTI 5-9.99 ct.	170.9	0.0%	0.0%	7.0%	67.0%
GTI 10-19.99 ct.	168.3	0.0%	0.0%	2.6%	65.0%
GTI 20 ct.	169.7	0.0%	0.0%	2.0%	66.1%
Sri Lanka • Heated					
GTI 1-1.99 ct.	125.6	-16.0%	-16.0%	-6.3%	25.6%
GTI 2-2.99 ct.	131.2	-15.6%	-15.6%	-9.5%	24.6%
GTI 3-4.99 ct.	153.0	-8.5%	-8.5%	1.2%	53.0%
GTI 5-9.99 ct.	154.9	-3.9%	-3.9%	-1.9%	49.9%
GTI 10-19.99 ct.	152.0	-3.7%	-3.7%	-3.2%	49.1%
GTI 20 ct.	161.5	0.0%	0.0%	3.3%	57.8%
Africa & Other Sources • Nature					
GTI 1-1.99 ct.	131.5	-7.6%	-7.6%	-11.4%	22.3%
GTI 2-2.99 ct.	132.0	-7.4%	-7.4%	-13.6%	30.1%
GTI 3-4.99 ct.	139.4	-7.4%	-7.4%	-9.8%	36.7%
GTI 5-9.99 ct.	149.3	0.0%	0.0%	-6.4%	46.1%
GTI 10-19.99 ct.	159.0	0.0%	0.0%	-2.4%	55.7%
GTI 20 ct.	167.6	0.0%	0.0%	1.6%	64.1%
Africa & Other Sources • Heated					
GTI 1-1.99 ct.	102.8	-16.0%	-16.0%	-18.2%	2.8%
GTI 2-2.99 ct.	111.3	-16.0%	-16.0%	-21.3%	5.3%
GTI 3-4.99 ct.	125.9	-8.6%	-8.6%	-15.4%	24.1%
GTI 5-9.99 ct.	139.2	-3.9%	-3.9%	-10.9%	34.9%
GTI 10-19.99 ct.	138.7	-3.8%	-3.8%	-12.0%	36.5%
GTI 20 ct.	152.6	0.0%	0.0%	-3.4%	49.3%

Source: Based on TGJTA, GJPCT, GAC and NGTC data.

Gemports TRANSACTION INDEX (GTI)

Q1 2026 Sapphire GTI Highlights

Nature Sapphire
- Sri Lanka: −6.1% QoQ (prev. +0.6%) | -17.5% YoY (prev. -9.1%)
- Africa & Other Sources: −6.1% QoQ (prev. −0.5%) | −29.9% YoY (prev. -23.0%)

Heated Sapphire
- Sri Lanka: −11.8% QoQ (prev. +0.6%) | -22.5% YoY (prev. -12.5%)
- Africa & Other Sources: −12.0% QoQ (prev. −0.4%) | −33.1% YoY (prev. -24.7%)

Q1 2026 Market Overview

Geopolitical Disruption Meets Demand Withdrawal

Q1 2026 represented the sharpest single-quarter contraction in the Sapphire GTI since the index's inception in 2019, driven primarily by demand-side deterioration across virtually all segments. The sapphire market's flat readings in large-carat tiers cannot be attributed to unavailability of material — supply of large-carat unheated sapphires (particularly 10 ct and above) remained present throughout Q1. What dried up was buyer activity. The US–Iran geopolitical conflict introduced a risk premium that made buyers hesitant to commit capital to large-value, illiquid assets, compressing transaction velocity and contributing to the broad GTI decline.

Commercial-Grade Capitulation: A Second Wave of Correction

Following the partial stabilization observed in Q4 2025 — where the GTI recorded near-flat QoQ readings across all segments — Q1 2026 brought a renewed and sharper decline in commercial-grade sapphires. Heated sub-3 ct material from both Sri Lanka and Africa & Other Sources experienced QoQ declines of −15% to −16%, accelerating beyond even the Q3 2025 correction levels for the smallest size categories. Three structural factors drove this renewed pressure:

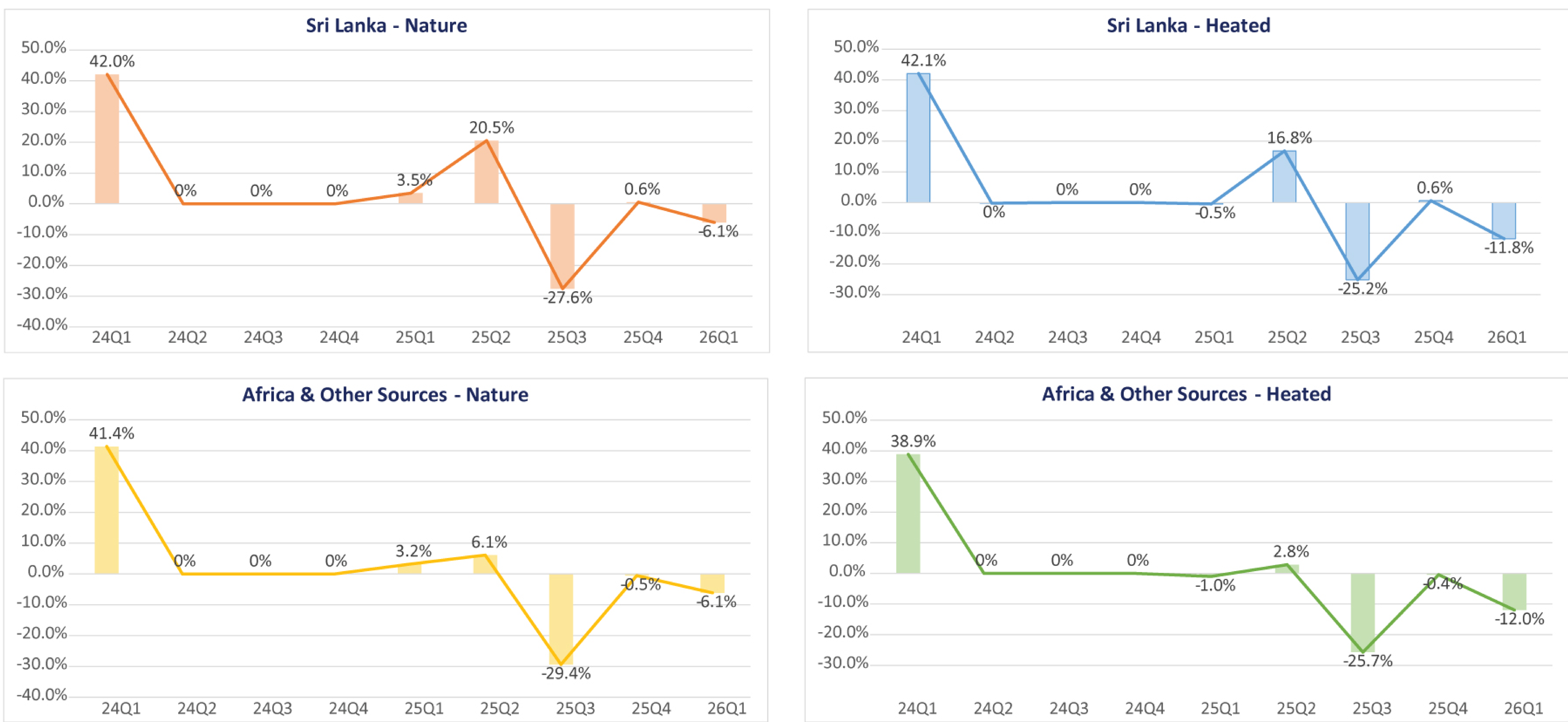
- Retail demand contraction: Consumer discretionary spending on jewelry softened across key Asian markets (China, India, Southeast Asia) as financial market volatility and currency weakness — driven by geopolitical risk premiums — reduced purchase confidence.
- Inventory liquidation: Mid-tier dealers carrying sub-3 ct heated material from Q3 2025 restocking cycles found limited buy-side interest, forcing further price concessions to clear inventory and preserve cash flow.

Large-Carat Natural Sapphires: Price Stability Under Demand Freeze

Sri Lanka Natural sapphires 5+ ct recorded 0.0% QoQ change across all size categories (5-9.99 ct, 10-19.99 ct, and 20+ ct). This reading requires careful interpretation. In the sapphire market, 10+ ct natural unheated material is available; what is absent is strong buyer demand. The 0.0% outcome reflects two intersecting forces:

- Seller price discipline: Holders of certified large-carat unheated sapphires chose not to lower asking prices in a weak-demand environment. Sellers held firm, waiting for buyer sentiment to recover. If demand remains subdued through Q2 2026, price concessions cannot be ruled out.
- Buyer paralysis: Geopolitical uncertainty caused high-net-worth collectors and private wealth managers to defer acquisition decisions rather than actively bid. Sapphire demand at the top tier has weakened — it has not disappeared, but it is not strong enough to drive price appreciation at current levels.

GEMPORTS SAPPHIRE TRANSACTION INDEX (GTI)
PERCENT CHANGE QUATER-TO-QUATER



Source: Based on TGJTA, GJPCT, GAC, and NGTC data.

Q2 2026 Market Outlook

Three key themes will define the sapphire market in Q2 2026:

1. Large-Carat Unheated Sri Lankan Sapphires: Demand Recovery Is the Key Variable

The sapphire market's trajectory for large-carat unheated material depends critically on demand recovery. Supply of 10 ct+ natural unheated sapphires is not critically constrained; what is missing is buyer conviction. As geopolitical uncertainty stabilizes following the US–Iran conflict escalation, the most important signal to watch is the return of high-net-worth collector and wealth management activity at the top tier. Auction results in mid-2026 will be the first meaningful test: strong hammer prices for Royal Blue and Cornflower Blue Sri Lankan stones in the 5–10 ct range would signal demand recovery and likely trigger broader market re-engagement. If auction results disappoint, however, seller price discipline may erode and index readings could move negative in subsequent quarters. Demand recovery — not supply constraint — is the single most important variable for the sapphire investment case in 2026.

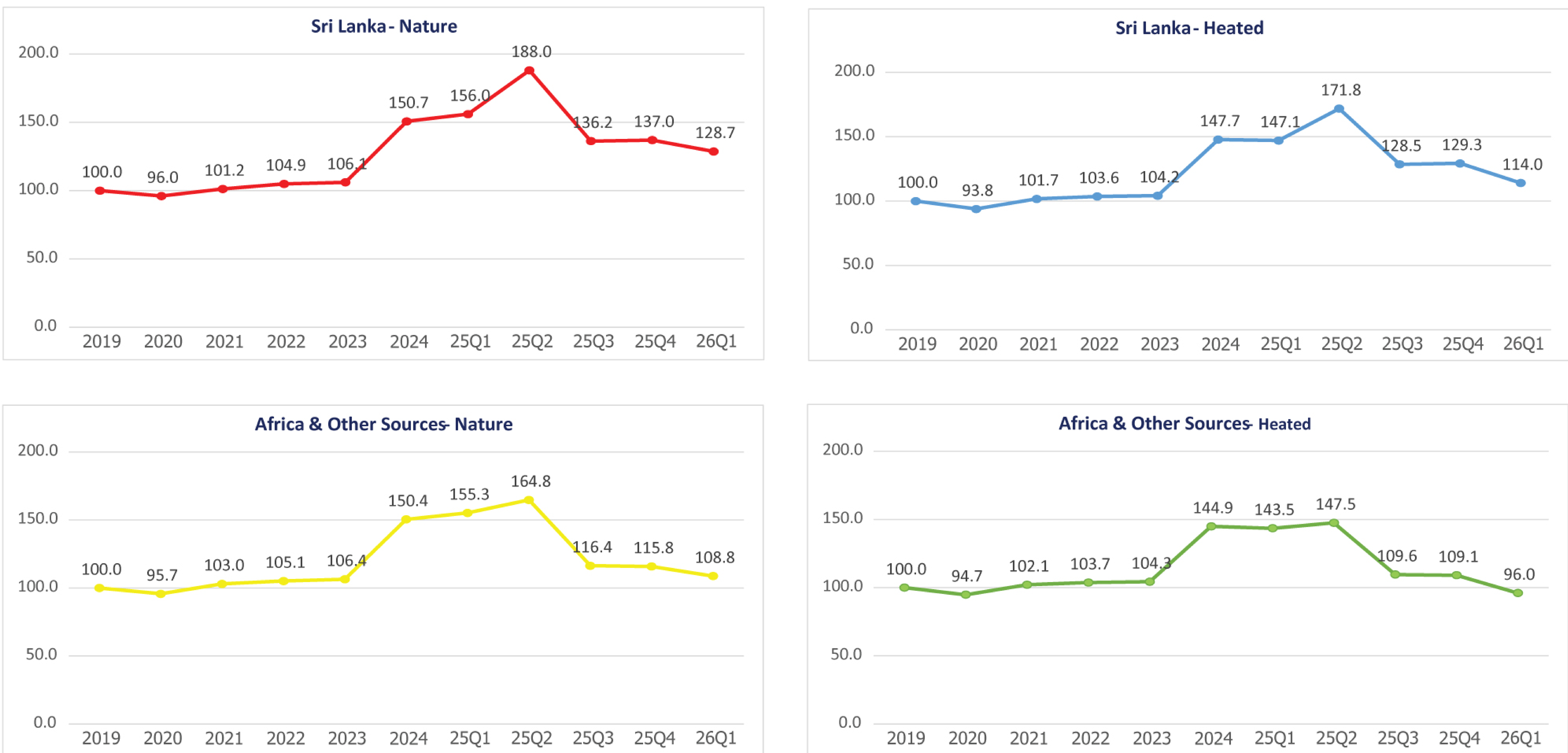
2. Commercial Quality: Extended Correction Through Mid-Year

The sub-3 ct heated sapphire market — particularly from African sources — faces a prolonged recovery horizon. The 5-year performance for Africa Heated 1-2.99 ct has now effectively returned to its 2021 baseline (just +2.8% to +5.3% cumulative), erasing years of prior gains. Recovery in this segment will require a meaningful improvement in retail demand conditions, a reduction in inventory overhang, and stabilization of consumer sentiment in key Asian markets. None of these conditions appear imminent in Q2 2026. Price stabilization — rather than recovery — is the realistic base case for commercial-grade material through mid-year.

3. Geopolitical Watch: Safe-Haven Demand Possible, With Important Caveats

The US–Iran situation introduces a potential safe-haven demand scenario for certified colored gemstones. For this to translate into sapphire price appreciation, the following conditions need to align: (a) meaningful geopolitical escalation drawing capital away from financial assets, (b) sufficient buyer appetite specifically for certified blue sapphires as a tangible store of value, and (c) concentration of that demand in the Royal Blue / Cornflower Blue certified Sri Lankan tier. Critically, because large-carat sapphire supply is not critically constrained, any safe-haven demand surge would need to be sufficiently sustained to absorb available supply at current price levels before triggering meaningful price movement. This scenario is possible but conditional — market participants should monitor auction house activity and private sale velocity as the leading indicators.

GEMPORTS SAPPHIRE TRANSACTION INDEX (GTI)
2019 - 2025 | 2019 = 100



Source: Based on TGJTA, GJPCT, GAC and NGTC data.

About the Gemports Transaction Index (GTI): The Gemports Transaction Index (GTI) serves as the benchmark for the colored gemstone market, specifically tracking Ruby and Sapphire activity. Far beyond a simple price tracker, its methodology deeply integrates market transaction data by rigorously factoring in price movement and trade volume across key characteristics like size, quality, treatment and origin. This makes the GTI an essential and powerful tool for industry stakeholders, providing a holistic outlook on market trends, liquidity, and stone availability for planning and investment.

About the Gemports: The Gemports is an international gemstone trade network offering value-added services that make gemstone transaction more transparent, easier, and safer across B2B, B2C, and C2C markets. Convened in 2019, Gemports was launched by GAC, NGTC, TGJTA, and GJPCT as a collaborative initiative. Gemports activities include Gemports Information Services, providing Gemports Price Report for gemstones, as well as research, analysis and news; GemportsEdu, the world's first-class gemstone trade education and membership services; and Gemports Trading and Auction Services. Additional information is available at www.gemports.com.