

**The Latest Market Trends in Impressionist & Modern Art
June 2016, London**

The June sales in London closed a complicated and long semester wherein the Impressionist & Modern Art market tried to find a new equilibrium in a more subdued environment, and on the eve of Britain's referendum no less, which, the day after Christie's sale would have them leaving the European Union. The sale results were mixed, to say the least, and reinforced that the market remains in a transitional phase. Impressive prices were achieved for two portraits at Sotheby's—Picasso's Cubist portrait of his muse Fernande Olivier and Modigliani's of his beloved Jeanne Hébuterne. With about half the sale volume of previous recent seasons, the auction houses attempted to tailor their sales to manageable goals, aiming for high percentages sold and hoping to restore some of the confidence of a year ago. Sotheby's managed this brilliantly while Christie's struggled, resulting in their lowest results in over a decade. Live and learn. Both sales provided insights into what works and what is now bound to fail.

AUCTION SUMMARY

Sotheby's, June 21, 2016:

Impressionist & Modern Art Evening Sale

- Sale total: **£103,280,000 (\$151,834,501)**
- % sold by lot: **89%** (24/27 lots)
- % sold lots sold at a **hammer price below the low estimate: 25%** (6/24)
- % sold lots sold at a **hammer price above the high estimate: 42%** (10/24)

Christie's, June 22, 2016:

Impressionist & Modern Art Evening Sale

- Sale total: **£25,612,500 (\$37,642,773)**
- % sold by lot: **64%** (21/33 lots)
- % sold lots sold at a **hammer price below the low estimate: 29%** (6/21)
- % sold lots sold at a **hammer price above the high estimate: 19%** (4/21)

Sotheby's, Impressionist & Modern Art Evening Sale:

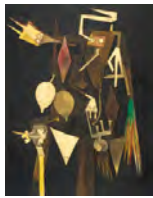
With only 27 lots, Sotheby's had the smaller sale, but managed to secure the best two works on offer this season: a superb **Modigliani**, which sold for **£38.5 million (\$56.6 million)**, a record for the subject, and a rare and iconic 1909 **Picasso** Cubist portrait of his lover Fernande, which sold for **£43.3 million (\$63.6 million)**, a record for a Cubist painting at auction. A deep pool of six bidders, primarily Asian and American, pursued the highly decorative Modigliani. Prior to the sale, Sotheby's secured an irrevocable bid from a clever third party, which assured others and stimulated the bidding frenzy. As expected, the depth of bidding was more subdued for the Cubist Picasso since the intellectual nature of Cubism has traditionally limited the pool of bidders, but it nevertheless led the sale. Two bidders on the phone exclusively carried the competition, while an American buyer was apparently represented in the room, but never got a chance to step in. The buyer is rumored to be a public institution, a perfect fit in our opinion for this historic piece.

Of the 25 remaining lots, only three went unsold. It was a very well managed effort considering that most of the works on offer were of average quality, and compared to Christie's sale the following evening. **Sotheby's biggest casualty was a large scale Rodin, *Eve in bronze*. The posthumous cast carried a hefty and unjustified estimate of £8-12 million and didn't raise a single bid.** For Rodin in particular the market remains discerning based on casting date and while the estimate would have been conservative for a lifetime cast, it was far too aggressive for a work cast after Rodin's death.



Rodin, *Eve*

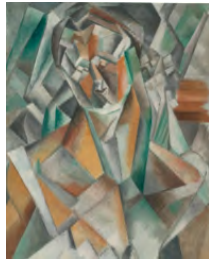
A rare **Munch lithograph of his famous *Scream*** sold for a staggering **£1.8 million (\$2.7 million)**, and though much of the sale sold within the estimates, 10 works, accounting for more than a third of the sale, went over their high estimates, demonstrating unexpected health in the middle market of works in the \$1-10 million range, as well as the importance of enticing estimates. Reserve prices were well adjusted prior to the sale producing convincing results overall.



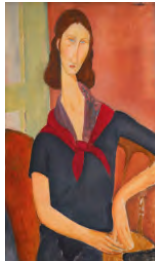
Lam, *Fruits tropicaux*

While the beginning of the sale contained many works that were fresh to the market, the sale's weak point was its tail, which had five average quality works reappearing at public auction within a decade of their prior appearance. One of these, **Wifredo Lam's *Fruits tropicaux* sold for £1.15 million (\$1.68 million)**, well above the €624,750 (\$827,154) it made at Sotheby's Paris in December 2010. Two paintings by Ernst and Miró sold for below their low estimates and two more by Masson and Picabia did not sell. Freshness remains important.

Top Lots, Sotheby's Impressionist & Modern Art Evening Sale:



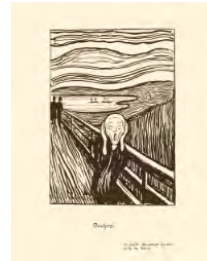
Picasso
Femme assise
Sold for:
£43,269,000
(\$63,605,430)
Est. on request
(£30m plus)



Modigliani
Jeanne Hébuterne
Sold for:
£38,509,000
(\$56,608,230)
Est. on request
(£28m plus)



Gauguin
Nature morte
Sold for:
£3,397,000
(\$4,995,628)
Est.: £2.2-2.8m



Munch
The Scream
Sold for:
£1,805,000
(\$2,654,433)
Est.: £800-1.2m



Léger
Peinture murale
Sold for:
£1,421,000
(\$2,089,723)
Est.: £1-1.5m

Christie's, Impressionist & Modern Art Evening Sale:

A sale to forget. Lacking any significant highlights, Christie's sale revealed the current market's weaknesses. Of the 36 works on offer, three were withdrawn prior to the auction (two Picasso still lives and a Magritte oil) probably for lack of interest and in attempt to improve the percentage sold.

The sale was led by Modigliani's somber and unconvincing *Madame Hanka Zborowska*, a portrait of his art dealer's wife, which was helped by the performance of the Jeanne Hébuterne portrait the previous evening. It ultimately exceeded its high estimate selling for a very strong **£8.3 million (\$12.1 million)**, probably to an Asian buyer. It was the only strong result of the evening.

A few lessons were learned. An interesting group of seven works by Klee and Kandinsky from a private Swiss collection provided some substance to the sale, but only five of them sold and only at or near the low estimate. The market was clearly unimpressed by these Bauhaus works, which were probably insufficiently decorative for today's taste.

A late and messy Picasso, *Mousquetaire et fillette* didn't garner a single bid and its plump estimate of £2.8-4.8 million (\$4-7 million), despite the lousy performance of similar works in May, certainly didn't help. With two Picassos withdrawn and two more unsold, the poor results for Picasso at Christie's showed that even the greatest of signatures is not enough in the current market. This was not the case a year ago.



Picasso, *Mousquetaire et fillette*



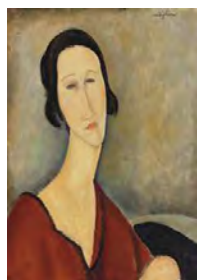
Monet, *L'Ancienne rue de la Chaussée*

An early landscape by **Monet, *L'Ancienne rue de la Chaussée, Argenteuil*, was the only guaranteed lot in the sale.** With its beautiful *plein air* light typical of 1872, this work would have done well 15 years ago. The market has since moved on, preferring post-1900 works and his more modernist compositions. At **£4.5-6.5 million (\$6.5-9.5 million)**, it failed to sell, becoming Christie's stock because of the house guarantee.

Overall, 12 of the 33 lots failed to sell, a telling sign begging Christie's to be even more selective or reduce its estimates further, especially for works of modest quality.

Lack of any significant estates, the pending Brexit vote, the increasing number of theme sales diluting the standard evening sales—all of these factors perhaps influenced Christie's results, but it is now certain that the market moves cautiously and with open eyes, identifying quality with greater objectivity and leaving the rest behind. The message couldn't be clearer.

Top Lots, Christie's Impressionist & Modern Art Evening Sale:



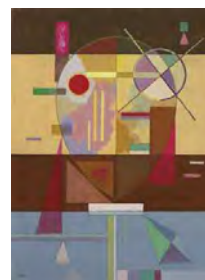
Modigliani
Hanka Zborowska
Sold for:
£8,258,737
(\$12,131,737)
Estimate: £5-7m



Kandinsky
Autour du cercle
Sold for:
£1,762,500
(\$2,589,113)
Estimate: £1.5-2.5m



Chagall
Le petit flûtiste
Sold for:
£1,426,500
(\$2,095,529)
Estimate: £700-1m



Kandinsky
Disintegrated Tension
Sold for:
£1,314,500
(\$1,931,001)
Estimate: £1-1.5m



Kandinsky
Veiled Glow
Sold for:
£1,258,500
(\$1,848,737)
Estimate: £1.2-1.8m

MARKET TRENDS

Brexit

While the uncertainty of the Brexit vote, held the day after the conclusion of Sotheby's and Christie's Impressionist & Modern Art evening sales, was blamed in part for Christie's poor results, it is unclear if this was the dominant factor. More likely, more decorative and commercial material paired with more disciplined estimates and aggressive selling would have improved Christie's results, as it did with Sotheby's. The solid Contemporary Art evening sales, held the week after Britain voted to leave the EU, demonstrated market resilience.

Modigliani

With both houses achieving strong prices for their respective evening sale Modigliani paintings, and all-time records set and broken in both 2014 and 2015, Modigliani appears to be having a sustained moment. With the limited supply on account of his short life, paired with the decorative appeal and instant recognizability of his works, this doesn't surprise us at all.

Bauhaus

Tepid results were achieved by both houses for this season's Bauhaus offerings of average quality Klee and Kandinsky. Perhaps the Guggenheim's current retrospective of Moholy-Nagy, another Bauhaus leader, will generate renewed interest in the movement, but otherwise it is a challenging time to sell such works with remotely high expectations.

German Art

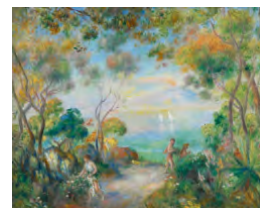
As with Bauhaus, B-quality German Expressionism, such as those by Kirchner, Beckmann, Scholz, Schmidt-Rottluff and Pechstein earned predictable results, selling where the estimates and reserves were disciplined, and failing where they were not. Encouraged by the all-time artist's record set last year, Sotheby's had high hopes for Georg Scholz's *Nightly Noise*, which ultimately sold for a hammer price of £370,000, below its estimate of £400-600,000.



Scholz, Nightly Noise

Renoir

Charming and colorful Renoir paintings estimated at and below the £1.5m mark and from multiple periods in the artist's oeuvre did well. Three of the four Renoir paintings on offer sold between or above their estimates. One late work, *Gabrielle reprisant*, failed to sell at Christie's, though it was back on the block less than a year after selling for \$1.9 million at a Japanese auction house.



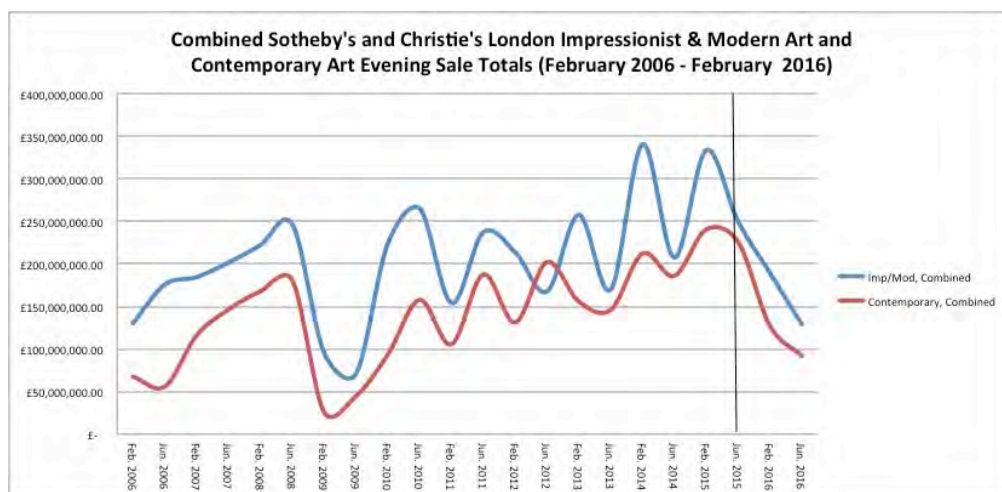
Renoir, *Un jardin à Sorrente*

PRIVATE SALES

The London Impressionist & Modern Art auctions may be down 30% from a year ago, but the private market would appear as strong or stronger, with sellers preferring the security of a private sale without the risk of public failure. In general, the pendulum has swung back in favor of the private market for Impressionist & Modern Art.

SALE CATEGORY COMPARISON

Overall, category value is similar to that of 2011 and lower than it has been at any point since. It's not all doom and gloom, however. Since November of last year, the auction houses have cut back significantly on guarantees, both in-house and third party, leading to more natural pricing and presumably healthier profit margins (though Christie's now owns the one lot they guaranteed and failed to sell). This season's sales were small, so despite solid sell-through rates and notable highlights in Sotheby's Impressionist & Modern and both houses' Contemporary sales, the totals are relatively low, but market morale is reasonably high.



Source: Seydoux & Associés, 2016

ARTICLES RELATED TO THE FEBRUARY 2016 IMPRESSIONIST & MODERN ART SALES:

<https://news.artnet.com/art-world/picasso-modigliani-lead-sothebys-151-million-impressionist-modern-sale-london-523805>

<http://www.artmarketmonitor.com/2016/06/22/sothebys-signals-strength-in-london-imp-mod-evening-sale/>

<http://www.bloomberg.com/news/articles/2016-06-23/christie-s-auction-in-london-sinks-on-eve-of-brex-it-referendum>

<http://www.wsj.com/articles/christies-sothebys-see-lean-art-sales-ahead-of-brex-it-vote-1466631935>

<https://www.antiquestradegazette.com/news/2016/modigliani-portrait-of-dealer-s-wife-is-top-lot-at-christie-s-as-market-looks-uncertain/>

<http://www.blouinartinfo.com/news/story/1435821/rough-going-at-christies-impressionist-modern-art-evening>

<http://uk.blouinartinfo.com/news/story/1437421/brex-it-the-art-market-responds>

<http://www.bloomberg.com/news/articles/2016-06-24/london-art-market-braces-for-toys-r-us-moment-after-brex-it>

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