

**The Latest Market Trends in Impressionist & Modern Art
May 2016, New York**

The May 2016 auctions of Impressionist, Modern and Contemporary Art, which were for the first time packed entirely into one week of sales rather than spread over two, may have shrunk in value and quality from a year ago, but brought a logical market with more judicious use of in-house and third-party price guarantees. That said, the Impressionist & Modern Art offerings were relatively weak this season such that we were surprised to see so many of the lots sell considering the lack of desirability paired at times with strong estimates. Moreover, the market has evolved. All but gone are the wild card buyers who pushed A-quality works to record highs in the past several seasons. Many of these buyers had emerged from China and the Middle East to pursue the great works flushed out by outstanding prices achieved in the seasons just prior and secured with enticing guarantees. However, shifts in the oil economy and elsewhere, plus the auction houses' need to limit the guarantees which ate into their profits, has led to a new moment in the auction cycle. This season, gone were the once-in-a-lifetime opportunities to acquire certain works and gone were the mind-blowing prices (though a few records were still set, including all-time highs for Rodin and Basquiat). What remained was a sophisticated market, where A-quality works sold for good prices (albeit in some cases less than they might have achieved in a private sale) and lesser works with ambitious estimates, fared poorly or scraped by. Forthwith, our summary of the Spring 2016 auctions.

AUCTION SUMMARY

Sotheby's, May 9, 2016:

Impressionist & Modern Art Evening Sale

- Sale total: **\$144,546,000**
- % sold by lot: 68% (42/62 lots)
- % sold lots sold at a **hammer price below the low estimate: 55%** (23/42)

Christie's, May 12, 2016:

Impressionist & Modern Art Evening Sale

- Sale total: **\$141,532,000**
- % sold by lot: 86% (44/51 lots)
- % sold lots sold at a **hammer price below the low estimate: 43%** (19/44)

Christie's *Bound To Fail* Sale

Christie's began the week of sales on Sunday, May 8 with a curated sale of Contemporary Art titled *Bound to Fail* after a Bruce Nauman work of the same name. With a **sale total of \$78.1 million and 97% of the lots sold**, needless to say, it was not a failure. Ten of the 39 lots offered were guaranteed with the help of third parties.

Top Lots, Christie's *Bound To Fail* Sale



Cattelan
Him
Sold for:
\$17,189,000
Estimate: \$10-15m



Koons
One Ball
Sold for:
\$15,285,000
Estimate on request



Nauman
Bound to Fail
Sold for:
\$6,997,000
Estimate: \$6-8m



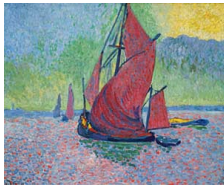
Prince
Drink Canada Dry
Sold for:
\$3,637,000
Estimate: \$3-4m



Prince
Anyone Can Find Me
Sold for:
\$2,741,000
Estimate: \$2.2-2.8m

Sotheby's Impressionist & Modern Art Evening Sale

Sotheby's Monday night evening sale of Impressionist & Modern Art was tough but not entirely surprising with bright, colorful pictures, as those by Monet, Vlaminck, Signac, Léger and Bonnard continuing to do well, and darker more subdued pictures lacking decorative appeal, such as Munch, Picasso and B-quality Magritte, being left behind. Of the 62 lots offered, 20 failed to sell for a low sell-through rate of 68% by lot. Of the 42 lots sold, **23 lots sold below the low estimate to a shallow pool of one or two bidders.**



Derain, *Les voiles rouges*

The evening's top lot was a marble version of Rodin's *L'Eternel Printemps*, carved in the artist's lifetime, though not by the artist himself, which set a **new record for Rodin at \$20.4 million**. The September 2015 issue of *Vanity Fair's* French edition reported that Dmitry Rybolovlev purchased this work privately for £30 million in 2011. The biggest disappointment for Sotheby's was a large and rare 1906 Fauve Derain, *Les voiles rouges*, which failed to sell at an estimated \$15-20 million. The rarity of the work by an artist whose quality declined precipitously after 1904-07 made it difficult to price for auction and the large sail in the foreground failed to seduce anyone. The specificity of subject, and forced comparison to the more recognizably blue-chip Fauve Vlaminck, would have made the Derain a good candidate for a more targeted private sale, or at least a third party guarantee.



Renoir, *Glaïeuls dans un vase*

Only two works in the sale were guaranteed—Renoir, *Glaïeuls dans un vase* and Magritte, *Le message à la terre*—both by third parties and both selling at hammer prices below their low estimates, almost certainly to the guarantors. Their prices including the buyer's premium were \$4.3 million and \$2.3 million respectively.



Magritte, *Le message à la terre*

13 of the 62 lots had sold previously at auction in the past 10 years and, of these, six sold at or below the low estimate and three did not sell. Only one recently sold work, Degas, *Grande Arabasque, troisième temps* sold above its high estimate for **\$1.5 million**, more than doubling the price it achieved at Christie's New York in 2009.

Degas, *Grande Arabasque, troisième temps*

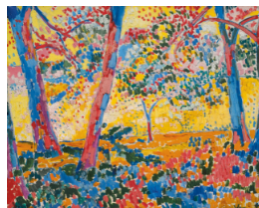


Sotheby's made a good effort in adjusting their sale for the new season and the market's more sober mood with a fairly tight selection and some good highlights with potential in the marketable price range of \$8-20 million. Buyers applauded the effort, but remained very selective. Going forward, estimates must be lowered for less decorative pictures, or sales must be even tighter, but with an already modest sale total, it's hard to imagine where they might whittle.

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



Rodin
L'Eternel printemps
Sold for:
\$20,410,000
Estimate: \$8-12m



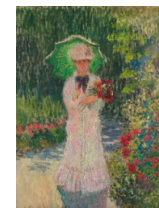
Vlaminck
Sous-bois
Sold for:
\$16,378,000
Estimate: \$12-18m



Signac
Saint-Tropez
Sold for:
\$10,666,000
Estimate: \$8-12m



Monet
Marée basses
Sold for:
\$9,882,000
Estimate: \$3-5m

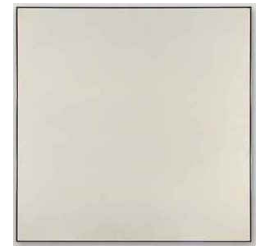


Monet
Camille à l'ombre
Sold for:
\$9,434,000
Estimate: \$9-12m

Christie's, Post-War & Contemporary Art Evening Sale

Christie's evening sale of Post-War & Contemporary Art brought a solid total of **\$318.9 million and 87% sell-through rate**. Reportedly 25% of this sale value was purchased by a previously unknown single buyer, Tokyo-based retail entrepreneur, Yusaku Maezawa, who took home works by Basquiat, Prince, Koons and others in other sales, apparently spending nearly \$100 million in the week of sales. Five of Christie's lots were guaranteed by third parties and three by the house itself. Christie's lost on a Gobeil which they'd guaranteed and estimated at \$2-3 million, but which sold for \$1.1 million.

Top Lots, Christie's, Post-War & Contemporary Art Evening Sale



Basquiat
Untitled

Sold for:
\$57,285,000

Estimate on request

Rothko
No. 17

Sold for:
\$32,645,000

Estimate: \$30-40m

Still
PH-234

Sold for:
\$28,165,000

Estimate: \$25-35m

Wool
And If You

Sold for:
\$13,605,000

Estimate: \$12-18m

Martin
Orange Grove

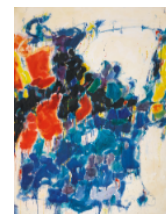
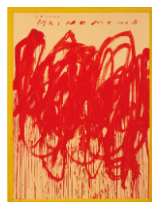
Sold for:
\$10,693,000

Estimate: \$6.5-8.5m

Sotheby's, Contemporary Art Evening Sale

Sotheby's Contemporary Art evening sale was energetic totaling **\$242 million with 95.4% sold** by lot. There was strong depth of bidding on several works particularly a **Calder stabile**, being sold from the heirs of former MoMA Director Alfred H. Barr, which sold for **\$8.3 million**, and a **Chamberlain** sculpture which sold for **\$1.6 million**, both more than double their high estimates. Nine of the 44 lots offered were guaranteed and only one of these by a third party. A weak point for Sotheby's was **Twombly**, *Untitled (Bacchus 1st Version V)*, which sold for **\$15.3 million**, but was reportedly guaranteed by the auction house for \$20 million. **Nonetheless, it was a very strong and well-managed sale.**

Top Lots, Sotheby's, Contemporary Art Evening Sale



Twombly
Untitled (NYC)

Sold for:
\$36,650,000

Estimate on request

Bacon
Self-Portrait

Sold for:
\$34,970,000

Estimate: \$22-30m

Twombly
Untitled (Bacchus)

Sold for:
\$15,370,000

Estimate on request

Wool
Untitled

Sold for:
\$13,914,000

Estimate: \$14-18m

Francis
Summer #1

Sold for:
\$11,842,000

Estimate: \$8-12m

Christie's, Impressionist & Modern Art Evening Sale

Christie's Impressionist & Modern Art sales suffered from the absence of great works available this season. Adjusting reserves throughout the week, **Christie's managed to sell \$141.5 million and 86% by lot**, but hurt from buyers' cautious and selective approach. A year ago, Picasso, Monet and Magritte could do no wrong; their blue-chip signatures were worth more than ever regardless of subject matter, date, or condition. Today, the name alone is far from enough. Many mediocre works by these artists brought at best a single bid, and rightly so. The sale's top lot, a late Monet, *Bassin aux nymphéas* sold to a single bidder, but the painting was originally twice the size and was cut in half before 1944. The other half is currently at the Tel Aviv Museum and one can certainly understand how potential bidders felt this work was only half the experience Monet intended.

Subject matter is now buyers' leading criteria. Bright, strong decorative pictures, such as the Braque, are favored over rural environments (Sisley), gray skies (Monet), awkward subjects (Magritte) and sloppiness (late Picasso). On the other hand, the market showed it still had deep pockets for great quality as seen in the **Hepworth, which sold for \$5.4 million**.

Hepworth, *Sculpture with colour* (EOS)



Matisse, *Allan Stein*

Christie's offered four works which had sold previously in the past 10 years. Matisse's Fauve portrait of *Allan Stein* sold for **\$1.75 million**, more than the \$650,000 it achieved in 2008 and Maillol, *Baigneuse allongée* sold for **\$1.45 million**, more than the \$912,000 it reached in 2006. However, Cézanne, *Village derrière des arbres, île de France* sold for **\$3.4 million**, below the £2.3 million (\$4.5 million) it reached in 2007.



Cézanne, *Village derrière des arbres, île de France*

Going forward, the sales will need to be further curated, a difficult task for the specialists stuck between thin supply, budget targets, and fewer funds to provide seductive guarantees, an important booster of sale volume in 2015. Only one lot was guaranteed by a third party in the sale. If the current climate continues, vendors will need to accept lower estimates for secondary works, though it understandably takes them a few seasons to adjust to lower price levels, generally preferring to wait for the next boom, if there is one.

The Impressionist & Modern Art market is not helped by the Contemporary Art market, which continued to show confidence this week, despite significantly smaller sales than in recent seasons. The two fields are no longer correlated. One wonders if having sales of both categories the same week helped either; the proximity certainly underlined their differences.

In essence, the market still has a vast amount of money to spend, but the maturity of the Impressionist & Modern Art category means fewer great works are available. It is simply in a very different place than its contemporary sibling.

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



Monet
Bassin aux nymphéas
Sold for:
\$27,045,000
Estimate: \$25-35m



Modigliani
Jeune femme à la rose
Sold for:
\$12,765,000
Estimate: \$12-18m



Monet
Au Petit-Gennevilliers
Sold for:
\$11,365,000
Estimate: \$12-18m



Braque
Mandoline
Sold for:
\$10,245,000
Estimate: \$7-9m



Kahlo
Dos desnudos
Sold for:
\$8,005,000
Estimate: \$8-12m

MARKET TRENDS

- Monet

The Monets that achieved the strongest prices this week were weak examples of what would logically be desirable subjects, such as water lilies, seascapes and sailing scenes, but the auctioneers managed to sell these in each case to single bidders against the reserve and below their low estimates. These are certainly not paintings we would have recommended at these prices. Interestingly, however, a very attractive lesser subject by Monet, *Marée basse aux petites-dalles* deservedly performed extremely well at Sotheby's selling for **\$9.9 million**, a surprisingly strong price that unlikely would have been surpassed at any other point in the last two years. Notably, this work had a low estimate of \$3-5 million and strong light and bright decorative appeal, which the others on offer did not.

- Picasso

There seems to be a cold wind blowing through the late Picasso market, which has been illogically overheated in the last few years. This season's selection of late Picasso was particularly weak and it is likely that better quality works from the same period would have been more successful. Of the five late Picassos offered at Sotheby's three failed to find buyers and two sold below the low estimate. Two of three offered at Christie's squeaked by below the low and the third did a bit better.



Picasso, *Mousquetaire*, unsold, Sotheby's (estimate: \$5-7 million)



Picasso, *Femme dans un fauteuil*, unsold, Sotheby's (estimate: \$5-7 million)

- Quality

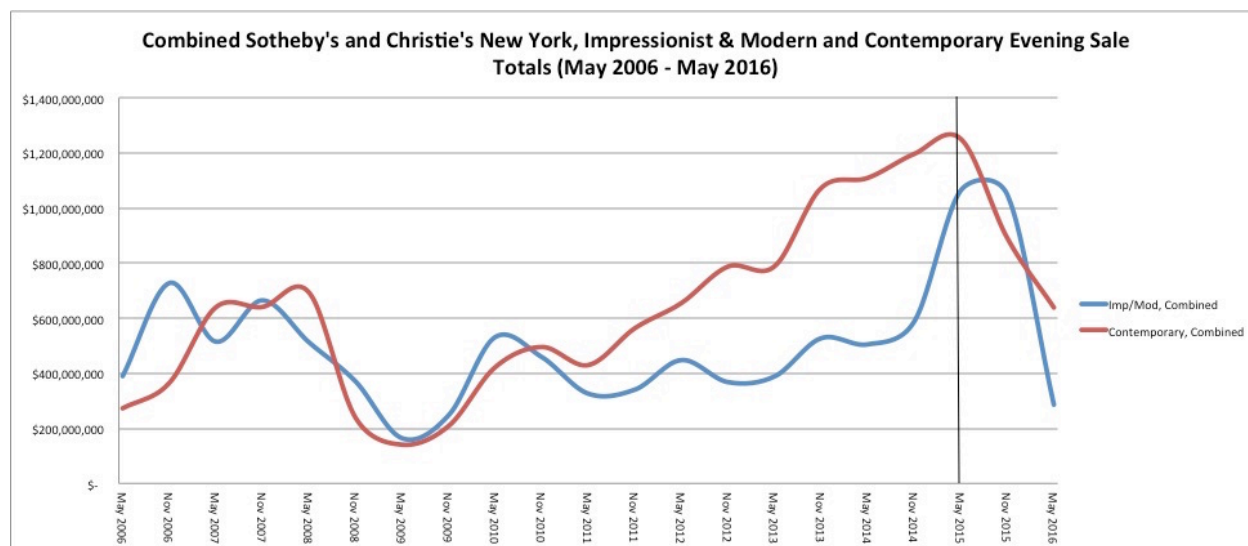
Exceptional works such as the Rodin and Vlaminck at Sotheby's and Hepworth at Christie's continued to perform extremely well, further underlining our belief that works of the finest quality are often immune from the whims of the rest of the marketplace.

PRIVATE SALES

As a consequence of the uncertain auction environment and lack of irrevocable bids or third party guarantees—for the Impressionist & Modern Art sales there were only two at Sotheby's and one at Christie's—private sales outside of the auction houses have picked up and in this present environment we recommend it as a strong alternative to auction, which can result in higher prices and lower risk of failure to sell publically. The Derain, for instance, a very fine painting that failed to sell at Sotheby's with an estimate of \$15-20 million, would have been a strong candidate for a private sale to the small contingent of connoisseurs who appreciate both the rarity of a Fauve Derain and the nautical theme. Furthermore, auctioning the Fauve Derain next to the better Fauve Vlaminck, not only distracted from the Derain but likely failed to maximize the price of the Vlaminck as well. Up until the last sale cycle, for the past year and a half, we have advocated selling top quality works at auction with the protection of a guarantee, but now we believe the pendulum has swung back to favor the private sale market as the place for sellers to achieve the healthiest prices at minimum risk and for buyers to find the best quality works at justifiable prices.

SALE CATEGORY COMPARISON

Compared to the high point achieved in the auction market one year ago in May 2015, the combined evening sale totals for Impressionist & Modern Art and Post-War & Contemporary categories have returned to the approximate levels of 4-5 years ago. Without the cache of Impressionist & Modern works from the Taubman Collection sold at Sotheby's in November along with several \$50 million plus Impressionist & Modern lots sold by both Sotheby's and Christie's last November, Contemporary Art is once again the leading category with more twice the value sold as compared to Impressionist & Modern Art over the week's evening sales.



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

<http://theartnewspaper.com/market/auctions/disappointing-sotheby-s-sale-signals-top-end-market-in-correction-/>

<http://www.artmarketmonitor.com/2016/05/10/buyers-balk-at-sellers-expectations-at-sothebys-imp-mod-evening-sale/>

<http://www.wsj.com/articles/sothebys-swings-to-loss-1462794925?tesla=y>

<http://www.bloomberg.com/news/articles/2016-05-10/sotheby-s-new-york-sale-tanks-as-art-market-heads-for-correction>

<http://www.blouinartinfo.com/news/story/1399890/sothebys-soothing-contemporary-evening-sale>

<http://www.bbc.com/news/world-asia-36273197>

<http://www.artmarketmonitor.com/2016/05/12/sothebys-staff-rejoices-in-strong-contemporary-sale/>

<http://www.nytimes.com/2016/05/13/arts/design/impressionist-and-modern-works-at-christies-stir-little-excitement.html?ref=topics>

<http://www.artmarketmonitor.com/2016/05/13/gigaweek-closes-as-christies-imp-mod-is-managed-to-a-soft-landing/>

<http://www.ft.com/intl/cms/s/0/49b054c8-15ff-11e6-b197-a4af20d5575e.html>

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