

**The Latest Market Trends in Impressionist & Modern Art
May 2015, New York**

The past two weeks have proven that today's auction market is extremely international with increasing activity from China. All-time auction records were shattered by Impressionist & Modern works of both painting and sculpture, and significant activity from Asian bidders propelled large, colorful canvases by modern masters, even those of just ordinary quality, to new heights. Christie's experimented with their sale categories by placing certain Impressionist & Modern and Post-War & Contemporary highlights into a special 35-lot evening sale called, *Looking Forward to the Past*, and by shifting their Impressionist & Modern Art sale from the traditional first week in May to the end of the second week in May, following their Post-War & Contemporary sales. Now that the Spring 2015 Impressionist & Modern Art auction season has ended, please find below our summary of the auctions, their highlights, and our takeaways.

MARKET TRENDS

- China:
An increasingly deep field of Chinese buyers are now a driving force in the market and remain focused on **vibrantly colored canvases of imposing scale**, such as those by Monet, Picasso, van Gogh and likely a great Matisse. Sotheby's Impressionist & Modern Art evening sale had eight Chinese bidders, who acquired three of the top five lots and aggressively pursued others.
- Global Participation:
While the impact of new Asian buyers was certainly felt, there was also substantial activity from the United States, Europe and Russia. In fact, after being relatively absent from the auctions for the past two years, the **Russians were very much a presence** again this season. The current strength of the dollar against the euro didn't at all affect the results, which is **good news for Europeans selling in dollars**.
- Quality:
The present market is discerning with an increasing gap between the prices and excitement generated by top quality versus second-tier works. A and B works by A artists, such as van Gogh and Monet, did well, but C works, even by A artists, found a much smaller audience. **Great prices for great works did not raise the prices of the lesser works** in the same sales.
- Van Gogh:
At Sotheby's, four Chinese bidders, among others, announced their interest in **van Gogh** by chasing the relatively ordinary, but large and colorful, *L'Allée des Alyscamps* from 1888 to a final price of **\$66.3 million, the third highest price for a van Gogh at auction** and well beyond the established value level for a work of this quality. The excitement was a contrast to the 2003 sale of the same work, which sold then with very little interest and against the reserve to an American buyer for \$11.8 million. In the present market, selling such works at auction, where they receive global exposure, is an intelligent option.
- Monet:
Monet paintings of varying quality did extremely well. Sotheby's 1905 Monet, *Nymphéas* sold for just over **\$54 million, the second highest price ever paid for a Monet** at auction. It was bought by an American collector and underbid by a Chinese collector, who also underbid the 1906 *Nymphéas* sold at Sotheby's London in June 2014 for £31.7 million (\$54 million). Lesser works by the artist also did well despite strong estimates, such as Monet, *Bassin aux nymphéas, les rosiers*, a work of mediocre quality, sold by Sotheby's to a Chinese buyer for **\$20.4 million**. Christie's results for Monet were more subdued with *Les Meules à Giverny*, a very commercial view of haystacks and poplars, and a significantly better picture than *Les rosiers* at Sotheby's, fetching **\$16.5 million**. At Christie's *Looking Forward to the Past* sale, the best Monet of the week, *Le Parlement, soleil couchant*, made an anticlimactic price of **\$40.5 million**, probably due to significant previous market exposure and the dark atmospheric palate, which did not appeal to Asian buyers, now clearly an important driving force in that market.

- Picasso:

The star Picasso of the season was *Les femmes d'Alger* from 1955, which sold at Christie's *Looking Forward to the Past* sale for a record smashing **\$179.4 million**. It was purchased by the Middle Eastern seller at the Victor and Sally Ganz sale in 1997 for \$31 million, and was then the second highest value Picasso of that sale, the first being Picasso's *Le Rêve*, which sold in 1997 for \$48.4 million and was purchased privately by Steve Cohen from Steve Wynn in 2013, reputedly for \$155 million. At Sotheby's, a 1948 Picasso portrait of Françoise Gilot, *Femme au chignon dans un fauteuil*, said to be her favorite of his portraits of her, was acquired for an enormous price of **\$29.9 million** by Chinese film producer, Wang Zhongjun.

- Sculpture:

Once again, sculpture proved to be a strong market this season, with a perhaps once-in-a-lifetime opportunity to purchase Giacometti's *L'homme au doigt*, which sold at Christie's *Looking forward to the Past* sale for **\$141.3 million, a new record at auction for any sculpture**. While Giacometti sculptures have thrice surpassed the \$100 million barrier in the past five years, it remains a thin market of American and European buyers at that level. At Sotheby's, relatively lower priced sculptures such as Giacometti's *Buste de Diego (Aménophis)* and *Femme de Venise VI* as well as Maillol's *Nu debout se coiffant* and *Vénus sans bras* all did well, selling over their high estimates.



Maillol, *Nu debout se coiffant*

AUCTION SUMMARY

Christie's, May 11, 2015:

Looking Forward to the Past

Sale total: \$705,858,000 (\$492,870,000 for 14 Impressionist & Modern Art lots)
 % sold by lot: 97% (34/35 lots)

Sotheby's, May 5, 2015:

Impressionist & Modern Art Evening Sale

Sale total: \$368,344,000
 % sold by lot: 78% (50/64 lots)

Christie's, May 14, 2015:

Impressionist & Modern Art Evening Sale

Sale total: \$202,608,000
 % sold by lot: 93% (40/43 lots)

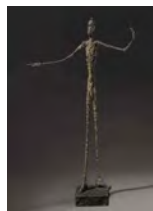
Christie's, *Looking Forward to the Past* Evening Sale:

Top Lots:



Picasso
Les femmes d'Alger
Sold for:
\$179,365,000

Anonymous Buyer



Giacometti
L'homme au doigt
Sold for:
\$141,285,000

Anonymous Buyer



Picasso
Buste de femme
Sold for:
\$67,365,000

Anonymous Buyer



Monet
Le Parlement
Sold for:
\$40,485,000

Anonymous Buyer



Soutine
Le Boeuf
Sold for:
\$28,165,000

Anonymous Buyer

On Monday, May 11, Christie's commenced their sale week with a 35-lot evening sale called, *Looking Forward to the Past*. The sale was composed of works ranging from twentieth century Impressionist & Modern masterpieces to works created as recently as 2011. Much of the sale was pre-sold through third-party guarantees, such that it was like a private sale brought to auction. Presumably the aim was to bring Christie's growing base of insatiable Post-War & Contemporary Art collectors into the generally higher value Impressionist & Modern Art market. The resulting prices were staggering with the sale total coming to **\$705.9 million**.

The top highlight of the sale was Picasso, *Les femmes d'Alger (Version 'O')*, the culminating and most important work of Picasso's 1954-55 15-painting series, however, within Picasso's massive oeuvre, we would not rate this work higher than an 8/10. After an opening bid of \$125 million, the price elevated, chased by three bidders, up to a mystifying price with buyer's premium of **\$179.4 million, a new record for any work sold at auction**. Later in the sale, Steve Wynn's Picasso, *Buste de femme (femme à la résille)*, a much smaller, but finer quality work than *Les femmes d'Alger*, reached an ultimately more logical price of **\$67.4 million**. Soutine's *Le Boeuf* achieved an outstanding price of **\$28.2 million** for a work that we would rate a 5/10 as far as Soutine's carcass series goes; there are much better examples of the subject. Giacometti's seminal sculpture *L'homme au doigt*, the only known hand-painted cast, was bought at **\$141.3 million** against the reserve on a single bid (much like Giacometti's *Chariot*, which sold in November 2014 for \$101 million). The buyer is purportedly a collector from the Midwest. Two Magritte gouaches also sold very well at **\$4.7 million** and **\$2.6 million**, continuing the trend seen at the London sales earlier this year.



Magritte, *L'Empire des lumières*

The 14 Impressionist & Modern lots accounted for well under half of the 35 lots in the sale, but well over half of the sale's value, bringing in \$492.9 million of the \$705.9 million total. Seven of these 14 lots were essentially pre-sold with third-party guarantees, three were guaranteed in-house by Christie's, including Picasso, *Les femmes d'Alger* and Monet, *Le Parlement, soleil couchant*. With the exception of *Les femmes d'Alger*, works carrying third-party guarantees sold better than those without guarantees or with in-house guarantees. The idea that an independent party was happy to own a work at a strong price seemed to imbue other bidders with the confidence to pursue it as well. We suspect that had the Giacometti carried a third-party guarantee rather than none at all, the result may have been yet more successful. Thus, our recommendation in selling a work of the highest quality at auction today is to obtain a third-party guarantee. The question remains though, is this sustainable? Throughout 2008 Christie's and Sotheby's were similarly enthused about in-house guarantees, which ultimately brought substantial losses to both houses when the market suddenly contracted in the fall of 2008, after guarantees were in place for the November 2008 sales.

Sotheby's, Impressionist & Modern Art Evening Sale:

Top Lots:



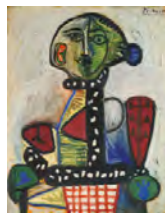
Van Gogh
L'Allée des Alyscamps
Sold for:
\$66,330,000

Asian Buyer



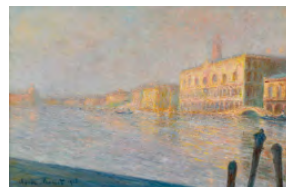
Monet
Nymphéas
Sold for:
\$54,010,000

American Buyer



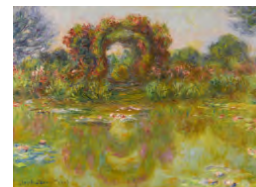
Picasso
Femme au chignon
Sold for:
\$29,930,000

Wang Zhongjun



Monet
Le palais ducal
Sold for:
\$23,098,000

European Buyer



Monet
Bassin aux nymphéas, les rosiers
Sold for:
\$20,410,000

Wanda Group, China

Sotheby's Impressionist & Modern Art evening sale on May 5 began the spring auction season over a week before Christie's sale of the same category. Sotheby's, however, did not suffer for being the only evening sale of the week, ending with a sale total of **\$368.3 million**. The depth of bidding on the top lots was extraordinary, with eight bidders, four of whom were Chinese, chasing van Gogh's *L'Allée des Alyscamps* to **\$66.3 million**. Similarly, seven bidders pursued Giacometti, *Buste de Diego (Aménophis)* to **\$12.8 million**, well over the high estimate of \$8 million, and significantly more than the \$5.6 million paid for another cast in 2009. There remained several active bidders when the 1948 Picasso, *Femme au chignon dans un fauteuil* from the Samuel Goldwyn Collection reached its high estimate of \$18 million, before eventually going to Chinese film producer Wang Zhongjun for **\$29.9 million**.



Giacometti, *Buste de Diego (Aménophis)*

While the highlights generated much excitement, the sale was heavily front-loaded, with the best works placed early, a customary strategy for the auction houses. Consequently, sellers should press to have their evening sale consignments placed early in the lot order. After five works were withdrawn, **78%** of the lots offered found buyers. Those that did not were aggressively estimated works of lower quality. Klee, Kandinsky, Surrealism and works on paper did not fare especially well. Of the five Monet paintings offered, the only that did not sell was an unadventurous view of cliffs estimated at \$3-4 million. Five years ago, it would have likely carried an estimate of \$1-1.5 million.

Sotheby's continued its aggressive guarantee strategy of the past few seasons, with the sellers of 14 lots guaranteed to receive a minimum price. Two of the guaranteed lots also carried irrevocable bids from third parties.

Notably, Sotheby's and Christie's currently have different buyer's premiums on works purchased at auction. Presently when buying from Sotheby's, in addition to the hammer price, the buyer pays 25% of the hammer up to and including \$200,000, 20% of the hammer on any amount in excess of \$200,000 up to and including \$3,000,000, and 12% on any amount in excess of \$3,000,000. Christie's buyer's premium remains lower for the moment at 25% of the hammer up to and including \$100,000, 20% of the hammer over \$100,000 and up to and including \$2,000,000, and 12% of the hammer over \$2,000,000. The difference in buyer's premiums seems to have had minimal impact on buyer enthusiasm this season, but certainly affects the houses' profits.

Christie's, Impressionist & Modern Art Evening Sale:

Top Lots:



Mondrian
Composition No. III
Sold for:
\$50,565,000

American Buyer



Léger
Le corsage rouge
Sold for:
\$16,965,000

Anonymous Buyer



Monet
Les meules à Giverny
Sold for:
\$16,405,000

American Buyer



Modigliani
Beatrice Hastings
Sold for:
\$16,069,000

Anonymous Buyer



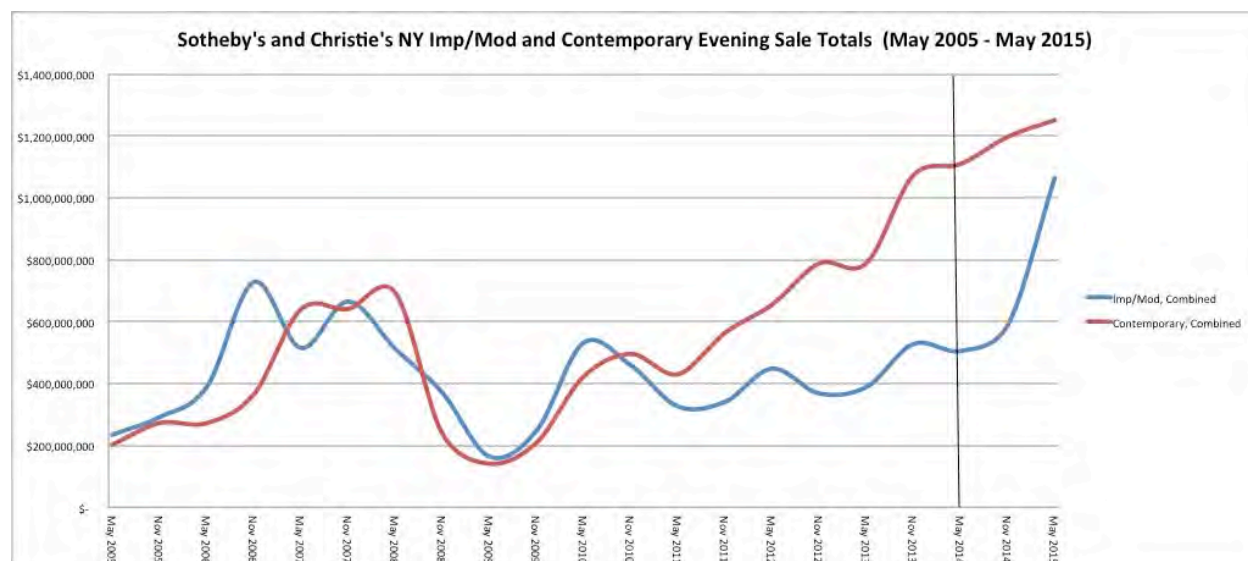
Soutine
La Communiant
Sold for:
\$15,621,000

European Buyer

For the first time, Christie's moved their Impressionist & Modern Art evening sale to directly follow their Post-War & Contemporary Art evening sale, and while generally the Impressionist & Modern Art evening sale was very successful with a **sale total of \$202.6 million and 93% of the lots sold**, the quality of the works in the sale and prices achieved showed some fatigue. The major exception to this was Mondrian, *Composition No. III, with Red, Blue, Yellow, and Black* from 1929, which sold for double its high estimate at **\$50.6 million, a new record for the artist at auction**. The conservatively estimated Soutine, *La Communiant* also did better than expected, selling for **\$15.6 million**, three times its high estimate. Christie's guaranteed four of the lots themselves and found third party guarantors for two other lots in the 43-lot sale.

SALE CATEGORY COMPARISON

Boosted by the extraordinary prices achieved by modern masters in Christie's *Looking Forward to the Past* sale, the Impressionist & Modern Art evening sale category exceeded the \$1 billion dollar mark for the first time and regained some of the ground lost to the Post-War & Contemporary Art category, which has consistently had larger New York sale seasons since November 2010.



Source: Connery Pissarro Seydoux, 2015

PRIVATE SALES

In selling truly stellar Impressionist & Modern Art works, today's prices achieved at auction are largely unsurpassed in the private market. Our recommendation for selling such works is to consider selling at auction with a third-party guarantee. On the flip side, purchasing opportunities are currently stronger in the private sale market, though quality is becoming harder to come by. Average to fair quality paintings are not currently doing well at auction.

ARTICLES RELATED TO THE FALL IMPRESSIONIST & MODERN ART SALES:

<http://www.nytimes.com/2015/05/06/arts/design/van-gogh-painting-is-star-during-socketbys-auction.html?ref=arts&r=0>

<https://news.artnet.com/market/led-66m-van-gogh-socketbys-impresionist-modern-sale-robustly-kicks-off-season-294831>

<http://www.wsj.com/articles/spring-sale-2-3-billion-of-art-1430868996>

<http://www.blouinartinfo.com/news/story/1148855/socketbys-kicks-off-new-yorks-auction-season-with-a-bang>

<http://www.nytimes.com/2015/05/15/arts/design/christies-and-phillips-have-auctions-with-differing-results.html?ref=arts>

<http://www.wsj.com/articles/art-market-sees-new-auction-highs-new-rules-1431653315>

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