

**The Latest Market Trends in Impressionist & Modern Art
June 2019, London**

Drahi Buys Sotheby's

The talk in London focused almost exclusively on Sotheby's private purchase for \$3.7 billion by Patrick Drahi, who will take the company private. Like Pinault's purchase of Christie's 20 years ago, the move is widely perceived as a trophy acquisition aimed to elevate Mr. Drahi's personal profile. As of June 17, he is one of the most powerful people in the art world and has a seat at the small table of the art billionaires. Having witnessed Mr. Drahi's shrewd business practices in the telecom industry, it is hard to imagine he will enjoy Sotheby's as it stands and not move quickly to make it more profitable (improving margins in the auction business is the ultimate tycoon challenge). We shall see, but with neither auction house listed on the stock market, Sotheby's and Christie's will compete on more equal ground, likely intensifying their rivalry and probably making it more difficult to differentiate between them. Although the purchase has been viewed as generally positive, one wonders how long the financial battle between the two auction houses can be sustained. Maybe it's an opportunity to change the system entirely?

Regardless of the mixed results of this late and tired June season—full story below—the auction houses will continue to actively harvest consignments with enhanced hammer deals and guarantees. Yes, auction houses could proceed as they have been and hope for a brighter future (which no one seems convinced of). Or, they could change the game and decide to auction differently for the sake of the collectors, market, art, and specialists. For example, no more guarantees, fewer travelling exhibitions, slimmer catalogs, fixed commissions, lower buyer's premium, but no enhanced hammer. Whatever it may be, whichever house takes the lead might do well to publish their strategy in the press and hope the other house is smart enough to see the opportunity for change. Just raising the buyer's premium every year seems a riskier proposition. The show goes on. Or does it, Mr. Drahi?

AUCTION SUMMARY

<u>Christie's</u>	<u>Sotheby's</u>
<p><u>Christie's, June 18, 2019:</u></p> <p><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: £36,413,750 (\$46,245,463) - % sold by lot: 77% (24/31 lots) - % sold at a hammer price above the high estimate: 13% (4/31) - % sold at a hammer price within the estimates: 39% (12/31) - % sold at a hammer price below the low estimate: 26% (8/31) 	<p><u>Sotheby's, June 19, 2019:</u></p> <p><u>Impressionist & Modern Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: £98,875,924 (\$124,247,486) - % sold by lot: 92% (23/25 lots) - % sold at a hammer price above the high estimate: 16% (4/25) - % sold at a hammer price within the estimates: 40% (10/25) - % sold at a hammer price below the low estimate: 36% (9/25)
<p><u>Christie's, June 25, 2019:</u></p> <p><u>Post-War & Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: £45,179,450 (\$57,048,092) - % sold by lot: 94% (32/34 lots) - % sold at a hammer price above the high estimate: 21% (7/34) - % sold at a hammer price within the estimates: 53% (18/34) - % sold at a hammer price below the low estimate: 21% (7/34) 	<p><u>Sotheby's, June 26, 2019:</u></p> <p><u>Contemporary Art Evening Sale</u></p> <ul style="list-style-type: none"> - Sale total: £69,720,050 (\$88,035,507) - % sold by lot: 90% (38/42 lots) - % sold at a hammer price above the high estimate: 24% (10/42) - % sold at a hammer price within the estimates: 38% (16/42) - % sold at a hammer price below the low estimate: 29% (12/42)

Christie's, Impressionist & Modern Art Evening Sale

Buyers fatigue?



Léger, *Femme dans un fauteuil*

Christie's opened the London sale season with a tight 34-lot Impressionist & Modern Art evening sale. They anticipated a more subdued market after a busy spring beginning with the February auctions in London, followed by the May auctions in New York, then Art Basel, the Venice Biennale, and the June auctions in London (with plenty of smaller fairs in between). Nevertheless, the presence of several Picasso works on paper and Surrealist works of secondary importance suggested they had difficulty convincing owners to consign significant works, perhaps intensified by Brexit concerns, or the perception that art is a better asset than cash at the moment. The pre-sale highlights were a lovely and typical 1937 Matisse painting, *Le collier d'ambre*, estimated at £5-8 million, though notably it had condition issues from an older restoration, and a Cubist Léger from 1913, titled *Femme dans un fauteuil* with the estimate available on request (£25 million). These "contraste de formes" paintings are uber-rare, but it was difficult to identify the subject matter and was never going to attract a large audience, especially after recent market exposure. Both Matisse and Léger have recently obtained record prices upwards of \$70 million, but this June, the market was shallower and both lots, boldly unguaranteed, went unsold.



Matisse, *Le collier d'ambre*

Ultimately, seven out of 31 lots offered (after three were withdrawn) failed to sell, and several others sold only due to their owner's last-minute willingness to lower the reserve price. Not a great evening for Christie's.

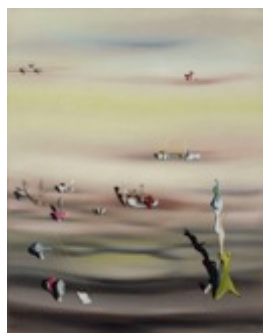
Difficulties aside, a pretty 1909 Schiele watercolor, *Liegender Mädchenakt* sold for £1.3 million with buyer's premium, or a hammer of £1.1 million, more than triple its estimate of £200-300,000. A beautiful Tanguy, *L'Extinction des espèces II*, sold for £3.1 million at an estimate of £2.5-4 million. Works by Picasso did what they almost always do, sell and save the day. The top lot was a large moss-hued composition by the Spaniard, titled *Homme et femme nus* and estimated at £10-15 million. It was the evening's only guaranteed lot, backed by Christie's themselves, and sold for £12.4 million with buyer's premium.

Once again, the market showed vanishingly little demand for works of secondary quality or less. This reflects the key role that guarantees, especially third-party, played for lots valued at upwards of \$5 million up until now. They've provided market stability through precious bids that encouraged others to participate and assured star lots of selling. The downside remains that they often obscure the realities of depth of interest, and therefore the state of the market.

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



Picasso
Homme et femme nus
Sold for:
£12,464,250
(\$15,829,598)
Estimate: £10-15m



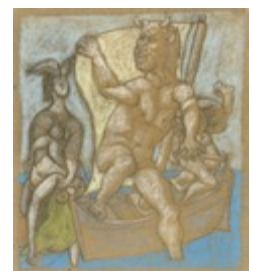
Tanguy
L'extinction des espèces II
Sold for:
£3,131,250
(\$3,976,688)
Estimate: £2.5-4m



Signac
Venise. Le Rédempteur
Sold for:
£2,291,250
(\$2,909,888)
Estimate: £2.2-4m



Picasso
Le Peintre
Sold for:
£2,111,250
(\$2,681,288)
Estimate: £1.5-2m



Picasso
Femme et minotaure
Sold for:
£1,931,250
(\$2,452,688)
Estimate: £1.5-2.5m

Sotheby's, Impressionist & Modern Art Evening Sale

25 lots to get it right!

The day after Christie's difficult 34-lot sale, the press underlined a shorter business-getting season (one week less) and the success of works by Henry Moore and Barbara Hepworth sold in Christie's June 17 Modern British Art evening sale, instead of the traditional Impressionist & Modern Art evening sale. This may be true but stated more bluntly: the June auction are perhaps the Impressionist & Modern Art sales the market no longer needs. Estates aside, it is undoubtedly increasingly difficult to convince healthy owners to consign good evening sale pictures. Even with appealing financial incentives, most owners prefer to wait for a more convincing market, especially as today's estimates must be lower, for the most part, than those proposed a few years ago in 2015-16. So, with just 25 lots, Sotheby's presented their smallest Impressionist & Modern Art evening sale in recent memory. On the back of Christie's difficulties, one can imagine the number of last-minute calls Sotheby's specialists must have made to consignors to lower reserve prices and secure last-minute irrevocable bids. But it worked! Sotheby's sale was more successful and better managed than Christie's with four of the top six lots guaranteed by third parties (seven guarantees in total, all third-party irrevocable bids). Only two lots failed to sell for a strong 92% sold rate and the sale total was £99 million, nearly three times Christie's.

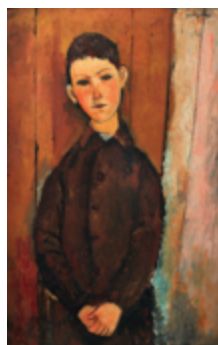
The top lot, Monet *Nymphéas* came from a private collection in Argentina and had not been on the market since 1936 (over 60% of lots in the sale were appearing at the auction for the first time). It had an ambitious estimate of £25-35 million. The consignment was likely stimulated by the \$110.7 million record for Monet's *Meules*, a double haystack painting, set by Sotheby's last month. This *Nymphéas* was a bit pale and the hammer fell short of the low estimate at £21 million, probably to the third-party guarantor. Nonetheless, it was the highest Impressionist & Modern Art lot of the week and helped to preserve the appearance of a healthy market.

From another family in Argentina, Modigliani, *Jeune homme assis, les mains croisées sur les genoux*, a work with significant condition issues, was chased by three bidders and hammered at its low estimate of £16-24 million, £18.4 million with buyer's premium, probably to an Asian collector.

An attractive Miró composition, *Peinture (L'Air)*, that fetched £10.3 million in 2010, sold for £100,000 more this time around, also going to its third-party guarantor at £10.4 million.

The market was charmed by a pretty Pissarro Paris street scene, *Le Boulevard Montmartre, fin de journée*. Similar works were highly sought after five years ago, often estimated above \$10 million, and fetching up to \$32 million, the current record for the artist. *Le Boulevard Montmartre, fin de journée* was presented with a conservative estimate of £3.5 million or \$4-6 million dollars, probably helped by the fact the picture was being sold pursuant to a recent restitution settlement, and expectations didn't need to be high. It sold for a solid £7.1 million. The market appreciates low estimates, which continue to work best, especially in this price range.

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



Monet
Nymphéas
Sold for:
£23,731,624
(\$29,821,159)
Estimate: £25-35m

Modigliani
Jeune homme assis
Sold for:
£18,422,000
(\$23,149,085)
Estimate: £16-24m

Miró
Peinture (l'air)
Sold for:
£12,000,000
(\$15,079,200)
Estimate: £10-15m

Picasso
Homme à la pipe
Sold for:
£7,601,500
(\$9,552,045)
Estimate: £5.5-7.5m

Pissarro
Le boulevard
Sold for:
£7,145,900
(\$8,979,538)
Estimate: £3.5-5m

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

Christie's Post-War & Contemporary Art evening sale was led by a colorful 1961 Dubuffet, *Cérémonie* from the artist's "Paris Circus" period, which sold for £8.7 million with premium. A last-minute third-party guarantee appeared to propel interest in the work, which was chased by three bidders. All told, the sale brought £45.2 million and was 94% sold by lot with just two works unsold. Records were set for Derek Bacon, *Man Versus Look, Versus Life, Versus Time, Versus Man About*, sold for £237,500; Jonas Burgert, *Suchtpuls (Addicted to Pulse)*, sold for £419,250; Tschabalala Self, *Out of Body*, sold for £371,250; and Kara Walker, *Four Idioms on Negro Art #4 Primitivism*, sold for £395,250.

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



Dubuffet
Cérémonie
Sold for:
£8,718,750
(\$11,009,166)
Estimate: £7-10m

Basquiat
Sabado por la Noche
Sold for:
£8,378,250
(\$10,579,216)
Estimate: £7.5-11m

Bacon
Man at a Washbasin
Sold for:
£5,109,450
(\$6,451,703)
Estimate: £5-7m

Condo
Diagonal Portrait
Sold for:
£1,991,250
(\$2,514,351)
Estimate: £1.5-2m

KAWS
NYT
Sold for:
£1,811,250
(\$2,287,065)
Estimate: £1.2-1.8m

Sotheby's, Contemporary Art Evening Sale

Sotheby's delivered a successful evening sale of Contemporary Art. Ultimately, 18 lots were third-party guaranteed of the 42 lots offered, after one by Kippenberger was withdrawn. Six of these sold at or below their low estimate suggesting they went to their guarantors. Not bad. As we're seeing frequently, especially among reasonably estimated work, the irrevocable bid serves as a sign of confidence to the market, encouraging other bidders. Records were set for Oehlen's *Self-Portrait with Empty Hands* sold for £6.2 million and Wols, *Green Stripe Black Red* sold for £5.2 million.

Top Lots, Sotheby's, Contemporary Art Evening Sale:



Bacon
Self-Portrait
Sold for:
£16,542,650
(\$20,969,463)
Estimate: £15-20m

Oehlen
Self-Portrait
Sold for:
£6,234,700
(\$7,903,106)
Estimate: £4-6m

Wols
Green Stripe Black Red
Sold for:
£4,526,200
(\$5,737,411)
Est.: £400-600,000

Wool
Untitled
Sold for:
£4,184,500
(\$5,304,272)
Estimate: £3-5m

Saville
Shadow Head
Sold for:
£4,184,500
(\$5,304,272)
Estimate: £3-5m

Caravaggio

On June 27, a painting recently discovered in an attic and attributed by some to Caravaggio was to be auctioned at a small auction house in Toulouse, France with an estimate of €100-150 million. Since the discovery in 2014, the attribution has been heavily debated with some respected scholars, notably Italian art historian Mina Gregory, believing the painting was done by a pupil rather than the master himself. This sale and the surrounding debate about attribution echoes that of the infamous *Salvator Mundi* attributed by many, but not all, to Leonardo, which sold at Christie's for a record price of \$450 million in 2017.

Most thought the Caravaggio would go unsold, after all, who would spend that kind of money for a work with uncertain attribution? In an unexpected twist, the Toulouse auctioneer announced days before the scheduled sale that the painting had been sold privately for an undisclosed sum and to an unidentified private collector. The purchaser apparently plans to exhibit the painting in a major international museum. With this, it's possible their identity will become known.

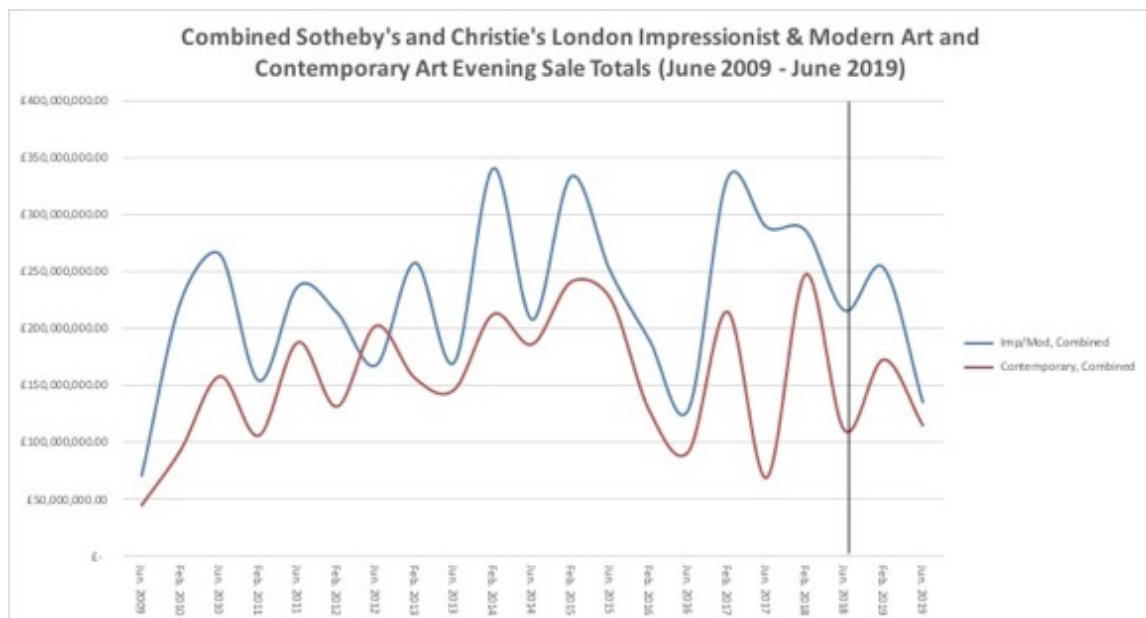
Why take such a huge gamble? What is the buyer's reasoning? No one knows for now, but we hope the buyer knows something we don't. That large sums of money are invested in art is great news, but that large sums are spent on uncertain attributions could have disastrous repercussions for the market and its credibility.

PRIVATE SALES

Halfway through 2019, we observe much contemplation among collectors and varied views on how to proceed in the current market, with many sellers choosing to wait and hold works for a more opportune moment, buyers making single offers and turning away if these are not promptly accepted, and others contemplating important shifts in their collecting. Given recent hesitance at auction, albeit reasonably well-managed by the auction houses through effective lowering of reserve prices and the use of guarantees, we anticipate that more of the market may move to the side of private sales versus public auctions in the coming seasons.

SALE CATEGORY COMPARISON

Seen in the chart below, the Impressionist & Modern Art and Contemporary Art categories posted similar totals for works sold in this season's evening sales at Sotheby's and Christie's. Impressionist & Modern Art is similar to one year ago, where Contemporary Art has fallen somewhat. Surprising, as this is the first time in three years that Christie's has held a June London Contemporary sale. We don't know what compelled them to bring it back but wouldn't be shocked if the auction houses considered dismantling their June sales entirely in the not-too-distant future.



Source: Seydoux & Associates, 2019

ARTICLES RELATED TO THE JUNE 2019 IMPRESSIONIST & MODERN ART SALES:

<https://www.wsj.com/articles/sotheby-s-to-be-acquired-for-57-a-share-11560777058>

<https://news.artnet.com/market/impressionist-and-modern-sale-christies-london-june-2019-1578052>

<https://news.artnet.com/market/sothebys-124-million-impressionist-and-modern-sale-is-led-by-a-serene-monet-and-several-restituted-treasures-1579294>

<https://news.artnet.com/market/auction-long-lost-caravaggio-cancelled-lieu-mysterious-private-sale-1584565>

<https://www.theguardian.com/artanddesign/2019/jun/25/caravaggio-painting-sale-mystery-sold-before-auction-france>

<http://artdaily.com/news/114703/Christie-s-Post-War-and-Contemporary-Art-Evening-Auction-Achieves--57-558-619#.XROatZNKi8U>

<https://www.wsj.com/articles/art-collectors-get-picky-at-london-auctions-11561294800>

<https://www.bloomberg.com/news/articles/2019-06-23/debt-king-drahi-s-bid-for-sotheby-s-puts-the-art-world-in-play>

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