

# COMMENTS ON THE ART MARKET

## VOLUME 113

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### Ugo Giannini Exhibition

Just a quick reminder that *Omaha – An Artist's Journey; Memories of D-Day* begins on the evening of May 6<sup>th</sup> (we will be open until 8:30 pm that day). We do hope that many of our readers and fans will stop by to see these moving and sometimes graphic depictions of World War II. This exhibition continues through June 7<sup>th</sup>.

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### The Stock Market

Well, I think we can all agree that the stock market has shown some pretty impressive returns during the month of April. As of the day I wrote this article the market was over 11,100 – on par with Gold – and oil was hovering at the \$83 mark. I did break down one morning (I was in California and still living on East Coast time) and tuned into one of the stock market channels ... but since I was working on my computer it was only background noise!

Now I am sure you are all wondering how my portfolios are doing ... wonderfully well! Overall I am up 8% and many of my favorite stocks are putting a smile on my face – Citi was at \$4.87 and I am in the BLACK; BofA is over \$18.5; Altria over \$21; Oracle is above \$26; McD is over \$71 and GE is close to \$19. The only stock I am not too happy about is Pfizer ... it is now in the RED. As they say, you cannot win them all.

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### The Art Market

Spring is in the air and you know what that means ... more art will be hitting the market. From recent reports it appears that more people are looking to art and antiques as a safe place to park some of their assets. On April 8<sup>th</sup>, an article concerning this current trend appeared on the BBC's web site ... and I quote: *Traditional art is proving popular for high-end buyers as prices in the UK arts and antiques market continue to rise, a survey has found. Oil and watercolours have performed well with works priced at more than £50,000 rising in value, surveyors say. But the survey by the Royal Institution of Chartered Surveyors found that the rise was driven by traditional, rather than contemporary, art. I like that!*

### Hong Kong

Between April 3<sup>rd</sup> and 8<sup>th</sup> Sotheby's held a series of sales in which more than 2400 items were offered (do not worry, not all of them were paintings). Before I get too far I will disclose that I did not see these sales, which spanned

Contemporary Art to Wine, since they were out of my field of expertise (though I do enjoy a nice glass of wine) ... and I really had no interest in flying to Hong Kong. However, what the overall results tell us is that the Chinese market is as hot as freshly steamed rice ... and in my opinion, if it continues at this pace; these markets might be in store of a rude awakening.

Anyway, on to some highlights: The first items offered were a collection of wines from what they classified as: "A Great American Collector (Part V)" – this must be one big collection of vino! The saleroom had expected a total range of HK\$27-43M and the sale brought in HK\$49.3m (\$6.3M) with a sell-through rate of 100%. Now what is even more interesting is that this was the 5<sup>th</sup> sale from this collection: Part I took place in New York during March 2009 and totaled \$2.2M; in addition, it was not a sell-out. Part II took place in April 2009 and was held in Hong Kong – this sale garnered \$6.4M and was 100% sold. So you know what, Parts III, IV and V took place in Hong Kong ... and all posted 100% sell-through rates; guess the Chinese really like their wine. In all, the 5 sales brought in HK\$208.2M or \$26.7M. And in case you are wondering what some of these bottles sold for -- 12 bottles of Château Pétrus – HK\$387,200 (\$49,641); 12 bottles of Château Latour 1982 HK\$338,800 (\$43,435) and 12 bottles of Château Pétrus 1998 HK\$290,400 (\$37,230) – and I thought \$500 for a case of wine was expensive!

In addition, there were a number of art sales; these included Modern and Contemporary Southeast Asian Paintings - during which Lee Man Fong's *Bali Life*, from the 1960s, sold for HK\$25.2M (\$3.24M); 20<sup>th</sup> Century Chinese Art - where Zao Wou-Ki's *4.4.1959* sold for HK\$20.8M (\$2.67M); Fine Chinese Painting – where Fu Baoshi's *Chess Playing* (1943) sold for HK\$38.74M (\$4.96M); as well as sales of Contemporary Asian art, watches, jewelry, jewels, jadeite and ceramics. When the buffet was over more than HK\$1.99B (\$256M) worth of items were sold. I am only sorry that I do not have the sell-through rates from these sales.

Now you might be wondering: where are the results from their competitor? Well thankfully, their set of sales will take place at the end of May ... giving that market a chance to recover from all the material that was just sold.

I do want to add that while I know there are 1.3 billion people in China, at some point the amount of product being placed on the market will outstrip the number of buyers ... so please do not forget our recent history

lesson: too much product will over saturate the market and then comes the correction ... and that is never pretty!

### The 19<sup>th</sup> Century

April has always been 19<sup>th</sup> century month in NYC and now that Christie's merged its departments we only have one major saleroom offering a strictly 19<sup>th</sup> century painting sale ... which may be better for the market since it will keep the number of works being offered at public sale in check.

Before I get started with the Sotheby's sale I will discuss the Bonham's sale of Old Master and 19<sup>th</sup> century paintings. In the past these sales took place in California; but since Christie's abandoned the independent 19<sup>th</sup> century market, Bonham's is trying to fill the void – the key word here is 'trying'. The majority of the paintings offered fell into the middle and lower ranges; 180 of the works were estimated in the \$2K - \$10K range and 87 in the \$10K - \$30K range ... so of the 294 lots offered, 267 (91%) were mid to lower range works. In addition, the only painting carrying an estimate in excess of \$100,000 was a very grey Boudin (\$100K - \$150K) ... makes it hard to compete with Sotheby's whose top lot, a Bouguereau, carried a \$1.8M - \$2.2M estimate. However, it was nice to see that the general offerings in this sale were a definite improvement over their last sale – TO READ MY COMMENTS ON THE BONHAM'S SALE, PLEASE VISIT OUR WEB SITE.

When the Sotheby's catalog arrived the first thing that struck me was the fact that there were only 116 lots (lean and somewhat mean); and of those, 21 (18%) were Orientalist (7 paintings and 14 sculptures). In addition, there were a number of familiar works (recently on the market – some at smaller sales and other with dealers) and a cross section of mid-range to higher-range paintings (no lower end works ... those priced under \$10K) . When compared to the Bonham's sale, most of the offerings fell into the 'Choice' and "Prime' cuts of beef (good meat) – making it much easier for them to hopefully report higher dollar figures.

Among the more impressive works, at least from the catalog illustrations, were paintings by Vibert, Ernst, Lewis, Bouguereau, Munier, Boldini, Godward, Corot, Beraud, Kaufmann, de Dreux, Munnings and Dawson; but the first test was going to be how the paintings looked in person. Additionally, there were a few works by Knight and Dupré in the sale, but I had already seen them and knew what to expect.

After viewing the sale I can report that some of the 'star' lots held up to their images ... among those were the Vibert, Ernst, Lewis, Munier, Courbet, Bouguereau, Boldini, Godward, Kaufmann, de Dreux and Munnings. I was a bit disappointed with the Corots (just too dark or condition problems), Beraud (areas of pigment separation) and Courbet (rather disappointing). As for the Dupré and Knight paintings, the main themes here were condition and/or quality.

Then came the real test, sale day; and as one would expect, the cream rose to the top. Taking top honors was

Mr. Bouguereau whose *L'Amour et Psychè* was estimated at \$1.8M - \$2.2M and brought \$2.2M (about equal to what all 188 sold lots brought at the Bonham's sale); in a close second was J.F. Lewis's *A Frank Encampment in the Desert of Mount Sinai* at \$1.87M (est. \$1M - \$1.5M); in a distant third was another Bouguereau – *Amour à l'affût* – at \$794,500 (\$600 - \$800,000 est.); while fourth and fifth places were taken by Godward's *Dolce far Niente* (\$745,500 with a \$500 - \$700,000 est.) and Courbet's *Femme Endormie* (\$710,000 with a \$700 - \$900,000 est.).

Among my other favorites were the Vibert (\$68,500); Ernst (\$482,500); Elizabeth Bouguereau (\$494,500); Boldini (\$482,500); Kaufmann (\$278,500); de Dreux (\$602,500) and Munnings (\$578,500). I was not surprised that the Beraud, large Corot and Knights did not find buyers; while I was shocked that the Raffaëlli, Dupré and smaller Corots found takers.

In the end, of the 115 works offered (1 was withdrawn), 73 sold and 42 were bought-in for a sell-through rate of 63.5% (close to Bonham's) and a total take of \$13.3M (more than 5 ½ times Bonham's total) . It is also interesting to note that the low end of their estimate range was about \$12.9M ... so it took the addition of the buyer's premium to top that.

The 2010 results were much stronger than the corresponding 2009 sale in which 116 works were also offered, the sell-through rate was a dismal 42%, and the total take only reached \$10.8M (low end of the estimate range was in excess of \$14M). Better times are ahead!

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### Tales from the Dark Side

I have received many comments on this topic in the past so I thought I would add a few more new and updated stories about those in the art world that chose the 'dark side'.

**Larry Salander** – we covered this dealer's fall from grace in Volume 101 of our newsletter, but in the May issue of MAD, David Hewitt added some interesting info. On March 18 Larry Salander pleaded guilty to 29 criminal counts in a plea bargain that will see him facing a six- to 18 year prison sentence. ... The Salander-O'Reilly Claims Registry, as of March 12, 2010, reveals that a total of \$317,535,653.86 (yes, that is over \$317.5 million) in losses have been registered by the 423 claims filed so far.

PLEASE VISIT OUR WEB SITE TO READ THE REST OF THIS STORY.

Howard L. Rehs  
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**Gallery Updates:** We will be participating in The Merchandise Mart International Antiques Fair, Chicago, IL from April 30 – May 3. In addition, the gallery is now representing the wildlife sculptures of Bart Walter.

**Web Site Updates:** Works by the following artists made their way through the gallery: Girardet, Laloue, Blanchard, Swatland, Harris and Banks.

**Next Month:** A lot more market coverage.