

COMMENTS ON THE ART MARKET

VOLUME 115

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The Stock Market

Well, this past month I put in a \$3.65 buy order for more shares of Citi ... as you can guess, since that time it never went below \$3.68 ... so I have yet to increase my holdings - or should I say, dollar average my way into bigger profits! However, I am still “somewhat” young and patient.

The best part of the past month was the 10 days I spent in Europe -- paying no attention to the stock market ... but I was watching the currency exchanges! As for my general holdings, the day I went to press (28th) the Dow closed at 10,138 and as for my favorite stocks, some were up: Citi hit \$4; Oracle was \$22.47; McD hit \$67.33 and Altria was \$20.34 - others were down: BofA - \$15.24; Pfizer - \$14.54 and GE - \$15 - and one seems to have crashed: RIMM - \$52.95 ... what happened!? The good news is that I am still in the black for the year ... though my gains are less than 1%.

I am beginning to believe that picking the 6 winning Lotto numbers may be easier than picking a winning stock.

Europe

The month of June found me walking the streets of London and Paris ... and I really need to know how anyone can live in those cities? Now do not get me wrong, they are both wonderful, old world, places ... and the art and architecture are amazing ... but prices are over-the-top --- even with the current strength of the dollar. I could just imagine what it was like for an American in Europe when the exchange rates were 25-35% higher!

Now I am sure you are all wondering if I enjoyed my trip ... yeah right! So I will not bore you with the daily routine, but I will give you a few tips/highlights:

1. While in London, if you plan on visiting the Royal Academy's Summer Exhibition make sure you go to Paris and visit the Louvre; you are going to need to see some real art after visiting the R.A. exhibit!
2. If you own a portable navigation device I would leave it home. I tried to use one to navigate the streets of London, but found it much easier to use an A-Z Map. Did not even bother trying it in Paris.
3. Bring your own drinks to Paris ... a coke was 9 Euros and an Iced Tea cost me 14 Euros! No joke. Lunch for 4 at a sidewalk café ... 52 Euros and all we ate were cheese sandwiches and cokes! In addition, I met Nicole Verdier at the Café de la Paix for a drink – an appropriate place – well, that cost 38 Euros for two drinks (about \$47.50)! And I thought New York was an expensive place to eat and drink!
4. Be careful where you change your money ... while some of the shops had great exchange rates, you really need to read the fine print for the commission charges ... one shop wanted an additional 12% fee. So shop around and ask the tellers not only what the rate is, but what their commissions are.
5. The British were very friendly and happy to help – as I remembered. I am sorry to report that I cannot say the same for the Parisians – many acted as though they were doing me a favor. Though I was told by someone in Paris that once you leave the city, people are very different; never had a chance to check that out – perhaps on my next trip.

6. Cabbies in London were amazing ... not only were they friendly and loved to give you a tour along the way, but when it came time to pay most tried to return the tip. As for the French ... well, I could never figure out what the 'real' charges were – sometimes there was an extra Euro per person, sometimes it was 2 Euros and all of them spent their time on the phone.
7. While in Paris, do not expect anything to be done in quickly ... it usually took three or four requests to get something.
8. The Musee d'Orsay is a must see ... they have a great collection of Barbizon, Realist and Academic works. In addition, five of their Bouguereaus are prominently displayed in a room on the main floor.
9. I tried to visit all of the main monuments/attractions in Paris --- I did my own 'Cortes/Blanchard Tour'. If you plan on doing that, you will need more than 4 days – just too many impressive things to see. I need to go back in order to finish.
10. And the best part of my trip was meeting an individual who is related to Julien Dupré. Turns out the family have a treasure trove of information and they are sending me copies of all the letters and documents – this will help fill in many of the gaps that still exist in our research.

Overall, the experience was great and I would recommend it to anyone.

The Art Market

I must tell you that I long for the days when summer arrived and the art market really slowed down. It gave people a chance to recharge their batteries and ready themselves for the fall ... when things picked up again. Today the art market seems to be in a never ending cycle. Sales are continuously taking place and catalogs arrive at the gallery daily – and they continue to arrive! I guess this is just the world we live in today ... 24/7/365.

The month of June saw action across the globe. New York, Amsterdam, Toronto, Zurich, Milan, Paris and London all had their share ... far too many sales for me to even dream of covering; so I will limit myself to the periods that mean the most to me – Impressionist and 19th century.

London

The action started in London with Sotheby's sale of 19th century paintings and the results were rather pleasant. Taking top honors in this session was a wonderful Jean B.C. Corot titled *Jeune femme à la fontaine* which sold to the Musée d'Art et d'Histoire in Geneva for £1,609,250 (\$2.35M); coming in second was Joaquín Sorolla's *El Bautizo (The Christening)* at £825,250 (\$1.2M) and in third was Jean-Léon Gérôme's small (16 x 13 inch) *Femmes au bain* at £668,450 (\$975K). Rounding out the top five were another Gérôme – *Le Muezzin* – at £421,250 (\$614,326) and L. Laserstein's *Evening over Potsdam* at £421,250 (\$614,326) - an auction record for the artist.

Overall the sale offered a nice cross-section of works and the final results were very respectable, for a 19th century sale. Of the 237 works offered, 169 found buyers and 68 failed to sell ... for a sell-through rate of 71.3% and a total take of £10.85M (\$15.8M). These numbers are fairly close to last year's offerings when 178 works were offered, 130 sold (73% sell-through rate) and the total take was £8.38M (\$13.9M) – so we seem to be holding steady here. Next stop:

New York

The following day the action started up in New York when Sotheby's offered a morning Old Master sale ... which brought in \$4.26M – top lot was a Francesco Alboto of Venice that made \$638,500 (est. \$200-\$300K). In addition, there was an afternoon sale of Old Master and 19th century works that did not even break the \$1M mark. In the latter sale, the top lot was a work by Oreste Cortazzo which made \$80,500 on a \$20-\$30K estimate; coming in second was a work by John Wootton (\$46,875) and third place saw a Circle of Fragonard (\$43,750) – shows you how weak the offerings were here.

When all was said and done, of the 141 lots in the afternoon sale, 60 failed to find buyers giving them a sell-through rate of about 57% and a total take of \$991,502. I am surprised that they even bother having that kind of sale.

Paris

That same day Sotheby's had a sale in Paris featuring Impressionist and Modern art and there were some pretty hot results. Taking the top three slots here were: a 9 x 11 inch Picasso ink and wash on paper that sold for €3.76M (\$4.6M) – est. € 400-€600,000, a Chaim Soutine that made €1.96M (\$2.4M) and a Jean Metzinger at €912,750 (\$1.1M).

Of the 113 works offered, 91 sold, 20 were bought-in and 2 were withdrawn ... giving a sell-through rate 82% and a total take of €17.5M (\$21.5M) – very strong numbers. It is also interesting to note that the top 5 lots brought in almost 50% (€8M) of the total sale.

New York

The following week we were back in NY for Christie's Old Master/19th century sale ... their big sale of the season – I am still NOT a fan. Now this was a two part sale and the morning session included the better works. The first 103 were almost all Old Master pieces and for the most part they left me unimpressed. Of those, 58 sold and 45 were returned to their owners for a sell-through rate of 56%. The top lot was a Pieter Brueghel the Younger at \$866,500.

By the time we hit lot 104, we had emerged into the 19th century (though there were certain lots that years ago would have been sold in the Old Master sales). Of the 76 lots offered in this part, 50 sold and 29 failed ... creating a sell-through rate of 61.8% and the top lot here was William Bouguereau's *Pieta* that brought \$2.77M.

When combining the morning and afternoon sales, the latter featuring a lot of material from the Salander-O'Reilly Galleries, the total take was \$11.7M from the 184 sold lots (309 offered) with a sell-through rate of 59.5%. Overall, this sale was disappointing in terms of the quality and breadth one would expect for 'THE' sale of the season. It is very obvious that this saleroom is having a very difficult time sourcing material for a good 19th century sale ... just look at the numbers – by my calculations about \$4.6M of the total was made up by the 19th C. paintings and of those, the Bouguereau accounted for more than half the total. I will continue to say that merging the Old Masters and 19th Century departments was, and is, a mistake ... go back to the way it was. We want our 19th century BACK!

From here, we jumped back to:

Paris

On the 14th there was a sale of Impressionist works ... a typical sale of mid level paintings. Among the lots was one 'rare' sculpture by Modigliani that carried an estimate of €4M-€6M. When the lot appeared, a bidding war ensued and at the end, the buyer paid €43.2M (\$52.6M). Now to put that in perspective, the entire sale brought in €48.8M (\$59.5M) ... another example of what a difference one work can make! In case you are wondering, the sale had an 82% sell-through rate with a majority of the works selling for less than €40,000 – a very good sign.

And then we took The Chunnel back to:

London

The week of June 21-25 was billed to be an action packed one with the Impressionist and Modern sales. Some very interesting works were going to be sold ... the only question was --- would the sales live up to the hype?

The first test came on the evening of the 22nd at Sotheby's and while I did not get to see all of the works being offered, I did see many of them – some of which were nice and others left me scratching my head. Top honors from this sale went to the Self-Portrait by Manet that made £22.4M (\$33.1M) – and personally, I was not very impressed by the work. Coming in second was a fabulous Andre Derain Fauve landscape from the Vollard collection that made £16.28M (\$24M) and taking third was Matisse's *Odalisque* at £11.8M (\$17.4M).

In all, this sale brought in £112.1M (\$165.3M) with 35 of the 51 works offered finding homes (sell-through rate of 68.6%). Now you might think that this was not a great percentage ... and you are correct, but one also needs to look at all of the works offered – a number of which, in my humble opinion, were not very commercial.

The next morning they followed up with the Day Sale and while the quality of the works varied widely, the results were fairly good. Among the best performers were Egon Schiele's *Portrait of the Artist Silvia Koller* at £690,850 (\$1.02M); Theo van Rysselberghe's *Cap Layet* at £623,650 (\$925K) and Renoir's *Paysage a Cagnes* at £577,250 (\$857K).

When the sale ended, of the 217 lots offered, 172 found buyers for a sell-through rate of 79.3% and a total take of £19.1M (\$28.3M). Not too bad! When combined, the two sales brought in £131.3M (\$193.6m) from 207 sold works (268 offered) – a sell-through rate of 77.2%.

That same evening, Christie's offered its sale of Important works and as we saw the night before, some had a tough time finding buyers. Taking the top slot here was Picasso's 1903 *Portrait d'Angel Fernández de Soto* that made £34.76M (\$51.2M) – I do want to note that there were 18 pages devoted to this work in the catalog. Does a painting this important really need 18 pages to find a buyer? Seems like a big waste of paper. Coming in second was Gustav Klimt's *Portrait of Ria Munk III* at £18.8M (\$27.7M) – an interesting work, but too much of it was unfinished for my taste and only 12 pages of text for this one. And taking third was our old friend Picasso – his *Le Baiser* made £12.4M (\$17.9M) – and just 6 pages for this one! Rounding out the top five were a rather dull Van Gogh at £9M (\$13.3M) and a Matisse Nude at £6.65M (\$9.8M) – 8 and 6 pages respectively. Humm ... maybe there is something to the number of pages and the prices realized?

Among the big disappointments was Claude Monet's *Nymphéas*, owned by Steven Cohen and estimated to sell for £30-£40M. There were also works by Picasso, Dix, Bugatti, Chagall, Giacometti, etc. that found no takers.

When the sale was over, 47 of the 63 lots offered were sold (a sell-through rate of 74.6%) for a total take of £152.6M (\$226.5M) -- slightly better numbers than the competition's sale the night before.

The next morning their day sale began and the results here were pretty comparable to the other day sale. Top honors here went to Egon Schiele as well when his *Landschaft*, est. £200-300K, made £1.13M (\$1.66M) and two Picasso's rounded out the top three – one at £959,650 (\$1.4M) and the other at £914,850 (\$1.35m).

When the sale was over, the results were almost identical to Sotheby's. Of the 246 works offered, 194 found buyers for a sell-through rate of 78.8% and a total take of £19.6M (\$29.1M).

By the time the week was over, the two salerooms offered 577 works of art and sold 448 for a grand total of £303M (\$450M) and a sell-through rate of 77.6% ... not bad!

Now here is what I want to know ... does it really take hundreds of pages to sell 50 or 60 works of art? The Christie's evening sale was 263 pages while the Sotheby's sale consisted of 224 (their sale had two catalogs). The Manet had 40 pages in a separate catalog along with 8 in the regular catalog and it sold, while the Monet only had 19 pages and failed to sell ... maybe another 20 pages of text would have helped!? And in case you are wondering, the catalogs weighed in at just over 13 lbs.

In the end the results, once again, proved that, for the most part, buyers are looking for great quality works of art ... and they will pay strong prices to get them.

Howard L. Rehs

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Gallery Updates: Our July hours are Monday – Thursday 10 am – 5:30 pm and all other times by appointment.

Web Site Updates: Works by the following artists made their way through the gallery: Rico y Ortega, Ronner-Knip, Cortes, Blanchard, Harris, Swatland. And we have added, or will be adding, new works by Ridgway Knight, Aston Knight, Dupré and Parker to the site; below are two of the works:

Daniel Ridgway Knight
Cutting Roses
45 ¾ x 35 ¼ inches



Bart Walter
Omni (Rhino)
20 x 7 x 10 ½ inches



Next Month: More market coverage – it just never ends!