

COMMENTS ON THE ART MARKET

VOLUME 188

Rehs Galleries, Inc.
Rehs Contemporary Galleries, Inc.
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August Hours

Just a reminder that during the month of August, the gallery's hours are Tuesday through Thursday from 10 am – 5 pm and all other times are by appointment -- please feel free to make an appointment.

Upcoming Exhibitions

This year we have added another show to our schedule ... during the month of August, we will be exhibiting at The Nantucket Summer Antiques Show and the Baltimore Art, Antique & Jewelry Show. For complete details about these shows, please visit our Upcoming Exhibitions page on the website.

One Year Anniversary – Mark Daly

August marks the one-year anniversary of our collaboration with Mark Daly ... and it has been a very enjoyable experience. Since last summer, the gallery has placed 23 works into private collections ... 3 of which happened in July! We are looking forward to another successful year and presenting some incredible works ... a couple of which are featured in this newsletter.

Stocks

By: Howard

I want to start off by saying that in general, this short stock market article should never be taken too seriously. Last month some people were upset by my comments on the Brexit matter ... they were to be taken with a dose of laughter. Even many of our comments on the Art Market are done in a lighter manner ... this is all in fun. Ok, some of my comments on the Art Market should be taken seriously ... but you need to figure out which ones they are!!! Oh, just laugh ... it is good for your health.

After watching all of last month's financial gyrations, I decided not to look until the end of the month and from the closing numbers, on the 30th, I figured things would be pretty good (all except the oil stocks). The Euro closed at \$1.12, the Pound is still in the \$1.32 range, Crude had a rough month ... starting at \$49.02 and closing at \$41.38 (according to the press, July was one of the worst months) and gold was doing well at about \$1,350 (we started the year off at the \$1,060 level).

The DOW opened at 17,924, hit a high of 18,595 on the 20th and backed off a little to close out the month at 18,432 ... not too bad! With a 500 point gain, I figured I would be seeing all green in my portfolio ... then I remembered my oil stocks: JP Morgan (\$63.97 – up 2.94%), Exxon (\$87.61 – down 5.11%), GE (\$31.14 – down 1.08%), AT&T (\$43.29 – up 0.19%), Verizon (\$54.97 – down 0.77%), Wal-Mart (\$72.97 – down 0.07%), Coke (\$43.63 – down 3.75%), DuPont (\$69.17 – up 6.74%), Merck (\$58.66 – up 1.82%), Disney (\$95.95 – down 1.91%), Intel (\$34.86 – up 6.28%) and Apple (\$104.21 – up 9.01% - nice gain). Hopefully, the upward momentum will continue.

Really!

By: Amy

Hope everyone is enjoying these long, hot, days of summer ... even the collectibles market is as hot as ever! Really! The first collectible is a toy figurine inspired from the very 'hot' Star Wars movie. A rare Star Wars Boba Fett from the 1970s, part of a private collection that was accumulated over 40 years, set an auction record when it sold for \$34,000 (est. in excess of \$6,000) ...the whole collection (700 pieces) brought in a smashing \$654,000! The figure was still sealed in its original box and in excellent condition, so if you were a big Star Wars fan, I bet you're kicking yourself for opening the package and playing with those toys mom bought you!

This past month the two hottest tickets to get were for the RNC and DNC conventions...not really! But I bet either convention would have been happy to display an incredibly rare Abraham Lincoln parade flag that dates back to his presidential campaign of 1860. According to the auction room "Abraham Lincoln parade flags consistently rank among the most coveted items by political memorabilia collectors, and an example like the Lincoln/Hamlin flag would be considered a milestone acquisition for even the most advanced collection." The flag features an unusual pattern of stars and more interestingly is the misspelling of Lincoln's name.... *Abram Lincoln*...really??? Guess there was no spell check back then! It was remarkably well preserved and sold for \$31,625, well within the estimate of \$20-35,000.

Most of us have heard about John F. Kennedy's 'hot' love life; well a love letter written by the President to a woman he was believed to be having an affair with sold for a steamy \$72,629 (est. \$30,000)! The letter written on White House stationery was allegedly intended for Mary Pinchot Meyer, an artist and friend he had first met in high school. Kennedy writes:

Why don't you leave suburbia for once—come and see me—either here—or at the Cape next week or in Boston the 19th.

"I know it is unwise, irrational, and that you may hate it—on the other hand you may not—and I will love it. You say that it is good for me not to get what I want.

"After all of these years—you should give me a more loving answer than that. Why don't you just say yes."

The letter is believed to have been written one month before Kennedy's assassination, it was never sent...maybe his Presidential duties got in the way. Furthermore, mystery surrounds the murder of Pinchot Meyer which occurred in 1964 - the crime remains unsolved, I smell conspiracy. Oh what a really tangled love life that President had!

Tales from the Dark Side

By: Alyssa

New York art dealer Larry Gagosian will pay \$4.3 million in back taxes, interest and penalties after investigators found him using Pre-War Art Inc., an affiliate gallery located in Beverly Hills, to avoid charging New York State sales taxes. According to the Wall Street Journal, the gallery sold and shipped

around \$40 million worth of art to New York buyers between 2005 and 2015 without charging state and local taxes. According to NY law, any work sold to an out of state buyer must be shipped via a common-carrier in order to avoid the state sales tax. As part of the settlement agreement, Gagosian agreed to set up its own company, GG Shipping, which will allow them to make arrangements with external shipping firms and offer more detailed documentations on what they sell in New York. In addition, authorities will have access to Pre-War's books for the next 6 years.

Leslie and Leigh Keno, experts in Americana and vintage cars and well known for their appearances on "Antiques Roadshow", seem to have racked up a great deal of debt and legal actions from two auction rooms. According to The New York Times, the brothers were found bidding against each other at New Orleans Auction Galleries on a number of items, including a Turkish Angora carpet estimated at \$800 which realized \$14,500, an Italian painting, with an estimate of \$400, that the brothers drove up to \$7,250, and a Louis XVI-style bed estimated at \$300 finished at \$1,600. In all, the brothers bought 244 lots in the April auction totaling \$400,000 and never paid the bill. On top of that, in May the brothers purchased 89 lots at Kamelot Auction, PA, totaling almost \$200,000. That debt was also unpaid as the brothers claimed 'cash flow' issues. By the time the article appeared, \$70,000 of the \$400,000 has been paid and they settled the Kamelot case.

The Art Market

By: Howard & Lance

Another month and more sales. I have been saying this for many years: the market needs a break. There is far too much material being offered and unless they are top notch, the works are going to struggle ... as you will shortly see, this is exactly what happened.

I have beat this topic to death and still nothing has changed. So once more, here it is: STOP offering so much material, especially in the summer. Curate the sales. Make them slimmer and trimmer. 300 plus lot sales in the summer is a disaster waiting to happen. Stop offering mediocre works with estimates that should be reserved for better examples. STOP offering large numbers of paintings by a single artist. If you plan on selling 12 or 15 paintings by an artist, spread them out over a series of sales.

All the salerooms seem to be doing is throwing everything at the wall to see what sticks ... and the owners of the unsold works are taking it on the chin.

Anyway, on to the action ... and there was a lot (far too much)!

Post-War & Contemporary

By: Lance

Let's start off this report by bringing you back to the 28th – 30th of June with a couple of additional post-Brexit auctions in London. As you may recall, it seemed like the sky was falling in the U.K. just a few weeks ago... the Pound bottomed out, Cameron resigned, their sovereign debt rating was cut, and Brits were still trying to figure out what the EU was... In a week filled with a bit of madness and a lot of confusion, Sotheby's and Christie's offered up their Post-War & Contemporary selection in London and the results showed some shocking resilience to the then current market conditions.

Sotheby's had the stage first offering 46 works; none of which were expected to exceed £5 (that should keep our expectations in check). As expected, much of the buying came from outside of the UK with 4 of the top 10 works headed to Asia, 2 going to U.S. collectors and just one within Europe. Though Sigmar Polke's *Roter Fisch (Red Fish)* was projected to be the top lot of the evening with a £3.5-4.5M estimate, Jenny Saville's *Shift* shocked the room as it tripled the £1.5-2M estimate, selling for £6.8M (\$9M) and setting a new auction record for the artist. The ultimate buyer, The Long Museum in Shanghai, and Larry Gagosian battled it out for the large multi-figure nude; the work will likely be included in the Long Museum's upcoming exhibition devoted to female artists of the West. Taking second was *The Last*

Rainforest by Keith Haring at £4.1M (\$5.5M - Est. £2-3M), which was good for a new auction record for the artist, followed by Dubuffet's *Barbe de Lumiere des Aveugles* at £3.1M (\$4.2M – Est. £1.2-1.8M). Other notable lots included Warhol's *Four Marilyns (Reversal Series)* which found a buyer at £2.8M – the work last sold in 1999 for just \$299K, and Yayoi Kusama's *Infinity Nets* which sold for £677K after being acquired for just £63K back in 2010. The major difference between this year's sale and last (aside from the roughly £80M) was the level of work offered; last year, Warhol, Bacon, Richter, Basquiat and many others had top level works featured in the sale with the top lot by Warhol breaking the £20M mark! Of the 46 works offered, just 6 failed to sell (87% sold), 60% of the sold works surpassed the high end of their estimate, while the sale as a whole topped its £35.5-50.2M estimate at £52.1M (\$69.3M).

Christie's had a good showing as well with just 39 lots being offered in their evening sale. Two of the top three lots were by Basquiat and came from Johnny Depp's private collection; he was unloading a total of 8 Basquiat paintings between the evening and day sales. The top piece, *Pork*, an acrylic and oilstick on glass and wood with fabric and metal attachments... a.k.a. painted on a door... easily topped its £2.5-3.5M estimate as it found a buyer at £5.1M (\$6.8M). Warhol's *Two Dollar Bills (Fronts) [40 two dollar bills in red]*, executed in 1962, was good for second at £4.4M (\$5.9M – Est. £4-6M), followed by another of Depp's Basquiats, *Self Portrait*, at £3.5M (\$4.7M – Est. £1-1.5M). In the end, just three lots failed to sell yielding a 92% sell-through rate with a total of £39.5M (\$52.8M).

Impressively, the Post-War & Contemporary sales showed strength in a time of uncertainty. Jenny Saville stood out from the crowd with an average price of over £2.5M while Warhol had over £12M worth of art sold, the most by any artist in this week's Post-War & Contemporary sales. Sotheby's and Christie's Day Sales combined to add a few hundred more works to the mix and an additional £28.6M to the pot. With solid prices throughout, it is no surprise many found relief in the numbers though the totals were down significantly from last year; a factor which can easily be attributed to the stellar works offered in 2015 (Sotheby's 2015 Evening sale - £130M/Christie's 2015 Evening sale - £95.6M).

Old Masters

By: Howard

At the beginning of July, the salerooms presented their Old Master works and I am only going to give a real brief summary of the events. Sotheby's evening sale offered up 43 works, of which 28 sold (65.1%), top lot was Jean Liotard's *A Dutch Girl at Breakfast* that sold for £4.4M (\$5.7M – est. £4-6M) and the total take was £16.5M (\$21.3M).

Christie's also offered up their Old Masters and the overall result was much stronger. Of the 43 works offered here, 33 sold (77%), top lot was a Rubens at £44.9M (\$58.2M – est. on request) and the total take was £65.4M (\$84.7M). Like I always say, what a difference a painting can make!

With the addition of the day sales, there were hundreds of works offered and about £90M worth of art sold. It is interesting to note that the Rubens accounted for close to 50% of the week's total.

19th Century European

By: Howard

On the 12th of July Christie's presented their sale of European art and to be completely honest, when the catalog arrived I knew this was going to be a rough one. Of course, there are always those works that will do well; but, as you will soon see, they just were not enough to make up the difference.

Taking the top slot was Courbet's *Le Parc de Rochemont* which carried a £250-350K estimate and sold for £230K hammer (£279K/\$364K with the buyer's premium). In second was Corot's *Étretat - un moulin à vent* that sold for £200K on a £200-300K estimate (£243K/\$317K with the premium) and in third was de Nittis's *The Victoria Embankment* at £180K – est. £180-220 (£219/\$286K with the premium).

When the sale was over, the results were even less than lackluster ... 78 works were offered, 40 sold (51.3%) and 38 were returned to their owners. The low end of the presale estimate was £3.02M and the

sale only generated £2.46M ... so even with the buyer's premium, they fell way short. Even more telling about the quality of this sale is that the top 5 lots totaled £1.15M or 46% of the sale's total and the top 10 lots generated £1.78M (72%) of the sale's total.

19th Century Victorian, Pre-Raphaelite & British Impressionist

By: Howard

On the 13th the same saleroom offered more works and the results were a little better. Top lot here was Rossetti's *A Woman Combing Her Hair* at £450K (£543K/\$720K with premium – est. £500-800K); second was nabbed by Harold Knight's *Portrait of Florence* which crushed its £100-150K estimate when it sold for £380K (459K/\$609K with premium) and in third was Draper's *A Deep Sea Idyll* at 200K (£243K/\$322K with premium – est. £250-350K). Rounding out the top five as a Godward at 231K (\$306K – est. £250-350K) and a Grimshaw at £219K (\$290K – est. £180-220K).

Of the 120 works offered, 77 sold (64.2%) and 43 (35.8%) were returned to their owners. The sale totaled £4.5M (\$5.98M) and the low end of the estimate range was £5.37M – so again, they fell short. The top 5 lots here made £1.69M (37.6%) and the top ten brought in £2.5M (55.5%) ... so this was a slightly stronger sale; but the unsold rates are still pretty high.

The next day, Sotheby's offered up their selection of works from these periods and their smaller/tighter sale produced much stronger results.

The top lot in this sale was Burne-Jones's *If Hope Were Not...* that made £329K (\$435K), premium included, on a £100-150K estimate. In second was Rossetti's *Study of Marie Stillman...* at £185K (\$245K) – est. £80-120K and in third was a study by Munning's titled *After the Steeplechase at Newbury* that brought £233K (\$308K) – est. £200-300K.

This sale featured just 53 lots, 42 (79.3%) of which found buyers, 11 were returned to their owners and the total take was £2.77M (\$3.6M) --- beating the £2.66M low end of their presale estimate. The top 5 works generated 1.21M (43.8%).

Now you might be saying: between those 3 sales only 252 works were offered and that does not seem like a lot. Well, there was another sale the week before that included works for these periods and that one offered 333 works ... of which 212 (63.6%) sold – so in all, close to 600 19th century works hit the market. And then there were all the Old Master works. There was just too much art to be absorbed during this time of the year. And keep in mind, we only cover some of the sales that take place ... it is a big world out there.

The Rehs Family

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Gallery Updates: The gallery is open Tuesday – Thursday during August. In addition, we will be exhibiting at The Nantucket Summer Antique Show (August 12nd – 15th) and the Baltimore Art, Jewelry & Antiques Show (August 25th – 28th).

Web Site Updates: During the past month works by Mount, Cortes, Berthelsen, Daly, Casey and Salaz found new homes. In addition, we have added some real interesting works to our Available Inventory ... below is a small selection and many will be on view in Nantucket:

TRADITIONAL



Daniel Ridgway Knight
By the Water's Edge



Edouard Leon Cortes
Porte St. Martin



Emilio Sanchez-Perrier
La Riviere des Juifs, Tanger

CONTEMPORARY



Tony South
Britannia Revisited



Julie Bell
Flamingo Sunrise



David Palumbo
Portrait of Shoshi in a White Shirt



Timothy Jahn
Vintage Shave



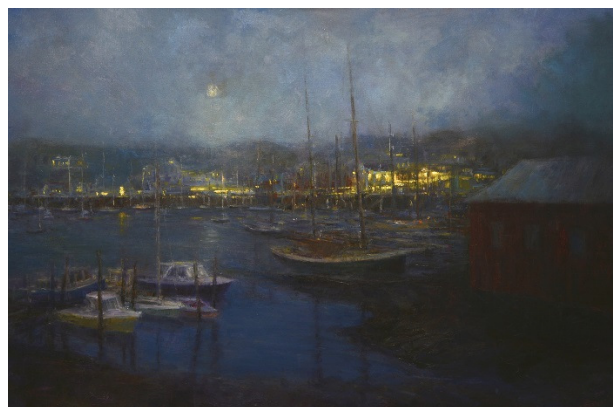
Todd Casey
Cape Codder



John Stobart
Nantucket Arrival – “Shenandoah” off Brant Point



Ken Salaz
Clear Morning Passage...



Mark Daly
Harbor Lights (Camden Maine)

Next Month: I hope there is little to report ... we need a break!