

Skate's Art Market Research

155 East 56th Street, 4th floor, New York, NY 10022 USA /phone: +1.212.514.6010

Skate's Art Investment Review

Monthly Art Investment Ideas from Skate's Art Market Research February 2012

In this Issue:

Introduction	2
January Entries to Skate's Top 5000	2
Investment Forecast for February Auction Sales.....	3
Sotheby's February 8, 2012: Impressionist & Modern Art Evening Sale	4
Sotheby's February 15, 2012: Contemporary Art Evening Auction.....	4
Christie's February 7, 2012: Impressionist and Modern Evening Sale	5
Christie's February 7, 2012: The Art of the Surreal Evening Sale	5
Christie's February 9, 2012: Living with Art – A Private European Collection, Evening Sale	6
Christie's February 14, 2012: Post-War and Contemporary Art Evening Auction.....	6
Top 5 Art Investment Ideas for February 2012.....	7
Alexej von Jawlensky	8
Wassily Kandinsky	10
Juan Gris.....	12
Emil Nolde.....	14
Edouard Vuillard	16
Skate's Art Stocks Index.....	18
About this Newsletter and Data Used	20

Introduction

Inspired by the robust performance of the art market in 2011, our first issue of Skate's Art Investment Review in 2012 is specifically dedicated to the investment returns that works of art bring as a result of repeat public sales. In particular, we will look at the upcoming February sales and discuss the investment potential of the paintings to be traded at auction. The forecasted investment returns (annualized effective rates of return, or ERRs) for the top lots illustrate the auction houses' expectations for this upcoming year and the pricing strategy they have chosen. Focusing on the two major auction houses, Sotheby's and Christie's, we have picked five of their February sessions: two *Impressionist & Modern Art* evening sales at both auction houses, two Christie's sales entitled *The Art of the Surreal* and *Living with Art – A Private European Collection*, and, finally, two sales of *Post-War and Contemporary Art* at both auction houses.

Apart from our investment-related expectations of the February auctions, we have chosen the top five lots from the sales. These are works by artists whose current presence in Skate's Top 5000 is minimal and who are only starting to provide the rating with market records above the threshold price that currently stands at \$2,143,990. The lots we analyze are: *Thema: Spitz* by Wassily Kandinsky, *Girl with red ribbon* by Alexej von Jawlensky, *La table devant le bâtiment* by Juan Gris, *Drei Russen (III)* by Emil Nolde and *Les Couturieres* by Edouard Vuillard.

Before our analysis, however, we present the artworks that entered Skate's Top 5000 as a result of January's sales of Old Masters that took place at Christie's and Sotheby's in New York.

January Entries to Skate's Top 5000

Artist	Title	Medium	Size, cm.	Auction House	Estimate, USD	Purchase Price, USD
Giovanni Battista Tiepolo	The arrival of Henry III at the Villa Contarini	Oil on canvas	71.7 x 106.7	Christie's	4,000,000-6,000,000	5,906,500
Canaletto	Venice, a view of the churches of the Redentore and San Giacomo, with a moored man-of-war, gondolas and barges	Oil on canvas	60 x 94.5	Sotheby's	5,000,000-7,000,000	5,682,500
Lucas Cranach (the Elder)	Lucretia	Oil on panel	60.3 x 48.9	Sotheby's	4,000,000-6,000,000	5,122,500
Fra Bartolommeo	Saint Jerome in the wilderness	Oil on panel	45.1 x 27.9	Sotheby's	1,500,000-2,000,000	4,898,500
Sandro Botticelli	Madonna and Child with the young Baptist, Saint Francis receiving the stigmata in the distance (collab. w/studio)	Tempera on panel	121 x 121	Sotheby's	1,000,000-1,500,000	4,562,500
Simone Martini	The Virgin Annunciate	Tempera on panel	29.2 x 20.6	Sotheby's	3,000,000-4,000,000	4,114,500
Jean Honoré Fragonard	Le jour (Day) (+ La nuit (Night); pair)	Oil on canvas	81 x 148.5	Christie's	2,000,000-3,000,000	3,666,500
Peter de Hooch	Interior with a child feeding a parrot	Oil on canvas	79.5 x 66	Sotheby's	1,500,000-2,000,000	3,666,500
Charles-Antoine Coypel	Roland and the marriage of Angelique 1733	Oil on canvas	131 x 195.5	Sotheby's	700,000-900,000	3,554,500
Gerrit Dou	A young lady playing a clavichord	Oil on panel	39 x 32	Christie's	1,000,000-2,000,000	3,330,500
Sir Peter Paul Rubens	The Adoration of the Magi	Oil on panel	50.5 x 64.8	Sotheby's	2,000,000-3,000,000	2,994,500
Ambrosius (the Elder) Bosschaert	A still life of flowers in a glass beaker set in a marble niche	Oil on copper	35.3 x 23.3	Sotheby's	1,000,000-1,500,000	2,882,500
Sir Peter Paul Rubens	The Assumption of the Virgin	Oil on panel	44.4 x 29	Christie's	2,000,000-3,000,000	2,434,500

Repeat Sales in January

Artist	Title	Medium	Size, cm.	Auction House	Estimate, USD	Purchase Price, USD	ERR, %	Initial Purchase Price, USD	Initial Purchase Date
Sir Anthony van Dyck	A rearing stallion	Oil on canvas	109 x 115.6	Christie's	2,500,000-3,500,000	2,546,500	-25.13	6,054,788	08-Jul-08

Investment Forecast for February Auction Sales

Among the great variety of works to be presented at the February auction sales, there are 39 lots that will become repeat sales in Skate's Top 5000 if sold at pre-auction estimates. Achieving the expected prices at mid-point, they would yield an average ERR of 6.3%, exceeding the current weighted average ERR of 4.72% in Skate's Top 5000.

The highest investment returns of 24% are expected on two lots: *Girl with red ribbon* by Alexej von Jawlensky and *Orange Sports Figure* by Jean-Michel Basquiat. The lowest return of -13.58% could potentially be realized by Ed Ruscha's *Ship Talk*. Pre-auction estimates reflect the ongoing optimistic market trend that was particularly notable in 2011: 30 repeat sales are expected to produce positive returns, with only nine sales likely to bring negative returns. Furthermore, the sales of the presented artworks at the mid-point of their estimate ranges would bring 24 new entries to Skate's Top 5000.

Apart from paintings by blue-chip artists that bring modest but stable returns every year, in February we will see repeat sales of works by artists whose markets are still immature. Strong performance is expected from the top lot at Sotheby's by Joan Miro; at mid-estimate, *Pienture* would bring an ERR of 14.57%. A slightly lower ERR would be brought by a potential repeat sale of a Miro work at Christie's: *Painting-Poem...* could achieve an ERR of 9.93% if sold at mid-estimate. Overall, the artist has a very healthy investment record; of the 58 works that have entered Skate's rating, 10 are repeat sales with a weighted average return of 8.45%.

Several record-breaking results could potentially be brought by Salvador Dali, who last year had one of the key auction sessions. In February 2011, the artist

saw two personal records: *Le miel est plus doux que le sang (etude)* sold for \$6.5 mln, and on the following day *Portrait de Paul éluard* brought \$21.7 mln at Sotheby's. Dali is also characterized by stable investment returns; currently his weighted average return on six repeat sales in Skate's Top 5000 is 7.95%. Two potential repeat sales in the upcoming February sales, *Oasis* and *Le triomphe de nautilus*, would bring ERRs of 19.63% and 22.79%, respectively, if sold at mid-estimate.

Other positive results are expected from Pablo Picasso, Claude Monet and Kees Van Dongen.

Interestingly, the upcoming February sales will include a number of artists who have yet to demonstrate their investment potential, which is particularly important to address given the current market conditions. One of these artists is Giorgio de Chirico, who has 10 works in Skate's Top 5000, although none of these have ever been repeat sales. Nevertheless, Sotheby's pre-auction estimate of *Ettore e Andromaca* suggests that the painting would bring an ERR of 21.97% after a three-year holding period. Another artist who will potentially bring a high return of 13.16% for his *Katezale (Enchained)* is Eduardo Chillida, who has only four works in Skate's rating. One of them—*Peine del viento II*—yielded an ERR of 12.24% last year.

It is also worth mentioning several negative returns that could be seen during the February sales. French artist Paul Signac, whose average ERR is 9.02%, does not promise impressive performance this time. His *Pont des arts (Paris)* will produce an ERR of -8.55% if sold at mid-estimate. A slightly better result of 0.24% might be achieved by *La Corne d'Or, Constantinople*, which will be auctioned at Christie's. Lucio Fontana's *Concetto spaziale, Attese* is also expected to decrease the artist's high average return of 14.22% achieved on

seven repeat sales in Skate's rating, bringing -9.41% after a four-year holding period.

The investment forecast for the key artworks from February sales is presented in the tables below.

Sotheby's February 8, 2012: Impressionist & Modern Art Evening Sale

Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On Expected Repeat Sale											
Joan Miro	Pinture	1933	Oil on canvas	146.5 x 115	10,746,085-15,346,839	1,332,500	1-May-96	13.16	15.76	14.57	16
Salvador Dali	Oasis	1946	Oil on canvas	36 x 59	6,140,620-9,210,930	753,168	1-Dec-99	17.43	21.45	19.63	13
Edouard Vuillard	Les Couturieres	1890	Oil on canvas	47.5 x 57.5	4,604,052-7,673,419	7,252,468	4-Feb-09	-18.09	-2.71	-9.74	3
Alexej von Jawlensky	Girl with red ribbon	1911	Oil on board	71.5 x 50	4,604,052-7,673,419	2,776,455	4-Feb-09	12.67	33.83	24.16	3
Paul Signac	Pont des arts (Paris)	1925	Oil on canvas	89.3 x 116.5	4,297,774-5,373,043	5,984,574	4-Feb-08	-11.25	-6.08	-8.55	4
Giorgio de Chirico	Ettore e Andromaca	1925-30	Oil on canvas	90.4 x 60.3	4,298,434-6,140,620	2,882,500	4-Nov-09	11.77	31.19	21.97	3
Kees Van Dongen	Deux Nus Aux Ballons	c. 1905	Oil on canvas	212.6 x 100.8	3,836,710-5,371,393	493,614	27-Jun-88	8.37	9.96	9.23	24
Yves Tanguy	Deux Fois Du Noir	1941	Oil on canvas	53.5 x 74	3,069,385-4,604,758	3,368,720	19-Jun-07	-5.22	3.64	-0.43	5
Henry Moore	Three pieces reclining figure No.2: bridge prop	1963	Bronze	251.5	2,302,026-3,836,710	1,210,000	10-May-88	2.03	4.31	3.32	24
Claude Monet	Printemps a vetheuil	1881	Oil on canvas	60 x 80.5	1,918,649-2,686,109	1,314,500	3-Nov-08	6.50	18.52	12.88	3

Sotheby's February 15, 2012: Contemporary Art Evening Auction

Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On expected repeat sale											
Jean-Michel Basquiat	Orange Sports Figure	1982	Acrylic, oil stick and spray paint on canvas	152.4 x 121.9	4,687,500-6,250,000	66,000	7-May-92	23.13	24.96	24.10	20
Francois-Xavier Lalanne	La Sauterelle (The Grasshopper)	1970	White Sevre porcelain, steel and brass	185 x 85 x 75	938,526-1,251,369	756,611	27-May-09	0.57	11.91	6.44	3
Lucio Fontana	Concetto spaziale, Attese	1965	Waterpaint on canvas	73 x 61	703,564-1,016,260	1,006,875	1-Jul-08	-14.29	-5.12	-9.41	4
Yves Klein	Ant	1960	Pigment in synthetic resin on paper laid down on canvas	76 x 40.3	703,564-1,016,260	751,314	25-Jun-09	-9.59	3.94	-2.44	3

Christie's February 7, 2012: Impressionist and Modern Evening Sale

Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On Expected Repeat Sale											
Paul Signac	La Corne d'Or, Constantinople	1907	Oil on canvas	89.2 x 116.3	6,168,000 - 9,252,000	6,649,000	6-May-09	-5.61	5.26	0.24	4
Henry Moore	Reclining Figure: Festival	1951	Bronze with dark brown patina	244.5	5,397,000 - 8,481,000	2,037,500	11-May-94	4.79	7.52	6.30	18
Wassily Kandinsky	Thema: Spitz	1927	Oil on canvas in the artist's original frame	80 x 57	3,855,000 - 5,397,000	908,000	9-May-01	12.80	16.45	14.77	11
Alexej Von Jawlensky	Bauer	1912	Oil on board	53.8 x 49.3	3,084,000 - 4,626,000	956,311	24-Jun-97	7.19	10.27	8.87	15
Fernand Léger	Composition aux deux papillons (La femme aux papillons)	1943	Oil on canvas	73 x 91.4	2,158,800 - 2,775,600	1,976,000	7-Nov-06	-1.49	3.51	1.14	5
Vincent van Gogh	Pollard Willow	1882	Watercolour, gouache and pen and ink on paper	37.7 x 56.2	1,850,400 - 2,467,200	1,608,000	9-May-07	-0.71	5.75	2.71	5
Emil Nolde	Drei Russen (III)	1915	Oil on canvas	73.3 x 100.3	1,542,000 - 2,313,000	1,367,496	5-Feb-08	-1.57	9.42	4.36	4
Kees van Dongen	Buste de femme nue	1913	Oil on canvas	65.2 x 54	1,079,400 - 1,542,000	232,854	21-Jun-93	7.42	9.59	8.58	19

Christie's February 7, 2012: The Art of the Surreal Evening Sale

Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On Expected Repeat Sale											
Joan Miro	Painting-Poem...	1925	Oil on canvas	130.2 x 96.5	9,324,000 - 13,986,000	847,000	12-Nov-85	8.99	10.7	9.93	27
Paul Delvaux	Le nu et le mannequin (Le nu au mannequin)	1947	Oil on canvas	155 x 225	3,108,000 - 4,662,000	3,064,000	8-May-07	-2.92	5.92	1.86	5
René Magritte	La parade	1940	Oil on canvas	65.5 x 50	1,087,800 - 1,554,000	925,127	5-Feb-08	-0.94	8.73	4.15	4
Salvador Dalí	Le triomphe de nautilus	1941	Oil on canvas	30.5 x 35.5	932,400 - 1,398,600	175,500	5-Nov-03	19.51	25.69	22.79	9
Man Ray	Aline et valcours	1950	Oil on canvas	76 x 96.5	932,400 - 1,243,200	1,256,911	5-Feb-08	-11.7	-5.06	-8.23	4
Andre Masson	Don Quichotte et les enchanteurs	1935	Oil on canvas	99 x 126.5	777,000 - 1,243,200	402,298	21-Jun-05	7.14	15.06	11.47	7

Giorgio de Chirico	Tempio Greco	1928	Oil on canvas	116.9 x 90.1	777,000 - 1,243,200	441,134	4-Feb-02	3.72	8.74	6.48	10
Francis Picabia	Catax	1929	Oil, gouache, watercolour and pencil on card laid down on board	106 x 76.5	621,600 - 1,087,800	132,978	23-Jun-93	7.46	10.74	9.32	19

Christie's February 9, 2012: Living with Art – A Private European Collection, Evening Sale

Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On Expected Repeat Sale											
Pablo Picasso	Femme au fauteuil	1949	Oil on canvas	61 x 50.2	6,216,000 - 9,324,000	1,483,402	25-Jun-90	6.15	8.18	7.26	22
Juan Gris	La table devant le bâtiment	1919	Oil on canvas	60 x 81	2,331,000 - 3,108,000	987,398	10-Dec-98	5.14	7.81	6.70	14
Eduardo Chillida	Katezale (Enchained)	1956	Iron	33.2 x 109 x 38	1,554,000 - 2,331,000	250,125	5-Dec-96	11.43	14.58	13.16	16
Pieter Brueghel II	The Wedding Dance	-	Oil on panel	40.6 x 55.8	777,000 - 1,243,200	387,500	15-Jan-93	2.63	5.21	4.05	19
Joan Miró	Peinture	1926	Oil on canvas	21.9 x 15.8	543,900 - 777,000	114,815	1-Jul-99	11.32	14.53	13.05	13

Christie's February 14, 2012: Post-War and Contemporary Art Evening Auction


Artist	Title	Year of Creation	Medium	Size, cm	Estimate, USD	Previous Purchase Price, USD	Previous Purchase Date	Min ERR, %	Max ERR, %	Average ERR, %	Holding Period, Years
On Expected Repeat Sale											
Francis Bacon	Studies of Isabel Rawsthorne	1983	Oil on canvas, in two parts	35.5 x 30.5	2,797,200 - 3,885,000	3,694,238	12-Oct-07	-9.56	-2.27	-5.68	5
Lucian Freud	Small Figure	1983-1984	Oil on canvas	22.5 x 33	2,331,000 - 3,108,000	188,577	26-Jun-96	15.95	18.43	17.40	16
Ed Ruscha	Ship Talk	1988	Acrylic on canvas	142.3 x 340.5	1,010,100 - 1,320,900	1,777,000	13-Nov-07	-16.44	-10.86	-13.58	5
Jean Dubuffet	Le soleil les décolore (The Sun Discolours Them)	1947	Oil on canvasboard	130 x 97.2	621,600 - 932,400	1,183,500	11-Nov-03	-9.72	-5.17	-7.24	9

Top 5 Art Investment Ideas for February 2012

Alexej von Jawlensky	Wassily Kandinsky	Juan Gris	Emil Nolde	Edouard Vuillard
<i>Girl with red ribbon</i>	<i>Thema: Spitz</i>	<i>La table devant le bâtiment</i>	<i>Drei Russen (III)</i>	<i>Les Couturieres</i>
				

Artist	Title	Medium	Size, cm	Year of Creation	Estimate, USD	Sale Details	Repeat Sale	Artist's Rank in Skate's Top 5000
Alexej von Jawlensky	Girl with red ribbon	Oil on board	71.5 x 50	1911	4,604,052-7,673,419	Sotheby's 8-Feb-12	Yes	65
Wassily Kandinsky	Thema: Spitz	Oil on canvas in the artist's original frame	80 x 57	1927	3,855,000 - 5,397,000	Christie's 7-Feb-12	Yes	32
Juan Gris	La table devant le bâtiment	Oil on canvas	60 x 81	1919	2,331,000 - 3,108,000	Christie's 9-Feb-12	Yes	40
Emil Nolde	Drei Russen (III)	Oil on canvas	73.3 x 100.3	1915	1,567,000 - 2,350,500	Christie's 7-Feb-12	Yes	150
Edouard Vuillard	Les Couturieres	Oil on canvas	47.5 x 57.5	1890	4,604,052-7,673,419	Sotheby's 8-Feb-12	Yes	83

Alexej von Jawlensky


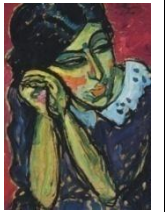



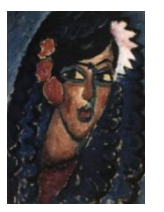

Painting Description		
Artist	Alexej von Jawlensky	
Title	Mädchen mit roter Schleife (Girl with red ribbon)	
Year of Creation	1911	
Medium	Oil on board	
Size, cm	71.5 x 50	
Auction House	Sotheby's	
Auction Date	8-Feb-12	
Estimate, USD	4,604,052-7,673,419	
Number of Repeat Sales (before this auction)	1	
Initial Purchase price, USD	2,776,455	
Previous Purchase Date	4-Feb-09	
ERR (on expected repeat sale at midpoint), %	24.16	
Holding Period on Expected Repeat Sale, Years	3	

The inconsistent sales results of Alexej von Jawlensky are a perfect example of the volatility that characterizes the art market in general. For instance, one of his paintings, *Schokko (Schokko mit Tellerhut)*, which was initially purchased at Sotheby's in 2003 for \$8.3 mln, was consigned to the same auction five years later where it sold for \$18.8 mln. Another artwork, *Hélène*, has appeared at Christie's three times. In 2008 it was sold for \$3.1 mln, in 2009 for \$2.8 mln, and once again in 2011 for \$4.2 mln. The painting to be presented at Sotheby's February auction has suffered from a similarly hectic past. Initially purchased in 2008 for \$5.8 mln, it returned to Christie's only one year later and found a buyer for only \$2.8 mln. This time, the work returns to auction with the sellers intending to achieve the value it held before the unfortunate sale in 2009.




According to the peer group presented below, however, the painting's estimate suggests aggressive pricing, including a 200% irrational premium.

Recently, von Jawlensky lost three paintings from Skate's Top 5000. All of them were repeat sales with positive double-digit returns. With the exception of *Kopf einer Italienerin mit schwarzem Haar von vorne*, high ERRs were achieved as a result of a substantial holding period and low initial purchase price. According to the auction estimates, *Mädchen mit roter Schleife* is expected to bring an ERR of 24.16% if sold at the mid-point of its estimate range. That said, the February sale will serve as a test case for von Jawlensky's market and its ability to show rapid appreciation.


Skate's Peer Group for *Mädchen mit roter Schleife*

							
Title	Dunkle Augen	Mädchen mit zopf	Frauenbildnis	Sitzende Frau	Frau mit Kopfbinde	Prinzessin mit weißer Blume	Kind mit gefalteten Händen
Year of Creation	1912	Circa 1909	Oil on board laid on panel	1909	1909	1913	Circa 1909
Medium	Oil on board	Oil on paper laid on board	Circa 1912-1913	Oil on board	Oil on Board	Oil on Board	Oil on canvas laid on board
Size, cm	68 x 50	69.4 x 49.5	53.3 x 49.5	69.5 x 49	77 x 73	68 x 49	40.6 x 32.8
Auction House	Christie's	Christie's	Christie's	Christie's	Sotheby's	Sotheby's	Christie's
Auction Date	6-Feb-06	6-Nov-07	8-Nov-06	2-Feb-10	24-Feb-02	27-Jun-95	5-Feb-08
Premium Price, USD	5,594,306	5,193,00	2,144,000	1,137,559	1,079,667	873,700	593,404

Skate's ERR Results—Alexej von Jawlensky

						
Title	Mädchen mit roter Schleife	Hélène	Schokko (Schokko mit Tellerhut)			
Year of Creation	1911	1911	1910			
Medium	Oil on canvas	Oil on board	Oil on cardboard			
Size, cm	71.5 x 50	71.4 x 50	75 x 65.1			
Auction House	Christie's	Christie's	Sotheby's			
Auction Date	3-Feb-09	21-Jun-11	4-Feb-08			
Premium Price, USD	2,776,455	4,232,093	18,586,402			
ERR, %	-59	5	17			
Holding Period, Years	1	3	4			
Initial Purchase Price, USD	5,764,415	3,122,514	8,296,000			

Wassily Kandinsky








Painting Description		
Artist	Wassily Kandinsky	
Title	Thema: Spitz	
Year of Creation	1927	
Medium	Oil on canvas in the artist's original frame	
Size, cm	80 x 57	
Auction House	Christie's	
Auction Date	7-Feb-12	
Estimate, USD	3,855,000 - 5,397,000	
Number of Repeat Sale (before this auction)	1	
Initial Purchase Price, USD	908,000	
Previous Purchase Date	9-May-01	
ERR (on expected repeat sale at midpoint), %	14.77	
Holding Period on Expected Repeat Sale, Years	11	

In 2011, Skate's Top 5000 saw three new entries by the Russian-born artist Wassily Kandinsky. *Scharf-ruhig*, *Bayerisches Dorf mit Feld* and *Weisser Klang* (*White Sound*) were successfully sold at the middle or above their pre-auction estimates, and the last painting, which was a repeat sale, resulted in an ERR of 8% after a four-year holding period. Kandinsky's market once again showed stable performance combined with modest positive returns for his paintings. Of the 25 works that appear in the rating, five are repeat sales, which have a weighted average ERR of 7.52%.




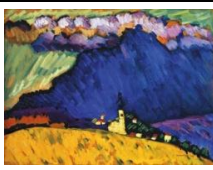
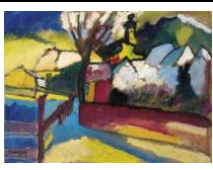
This year, the first Kandinsky work to be sold at Christie's after a holding period of 11 years is also a

repeat sale and, according to the pre-auction estimate, it is expected to realize an ERR of 14.77%. *Thema: Spitz* was created during Kandinsky's time in Germany while he was teaching Bauhaus students. The peer group for this period of his artistic career, which lasted from 1922 to 1933, implies that the pre-auction estimate includes an irrational premium of 92%. Given the artist's recent performance, the work is expected to find a buyer at such a price level. Any buyer looking to resell this work, however, should be prepared to wait, as further appreciation will likely be achieved only after a substantial holding period.


Skate's Peer Group for Thema: Spitz

							
Title	Pfeile (Arrows)	Vom Halbkreis Hinauf	Winkelschwung	Colant	Violett-grün (Violet-green)	Diagonale	Zeichen mit Begleitung
Year of Creation	1927	1931	1929	1931	1926	1930	1927
Medium	Oil on canvas	Oil and tempera on panel	Oil on board	Oil and mixed media on canvas	Oil on board	Oil on cardboard	Oil on Canvas
Size, cm	88 x 77	74.9 x 45	48.5 x 70.1	70.1 x 59.9	64 x 53.6	49 x 70.1	81 x 52
Auction House	Christie's	Claude Aguttes	Christie's	Claude Aguttes	Sotheby's	Christie's	Christie's
Auction Date	1-May-06	30-Oct-07	2-Nov-09	25-Jun-06	2-Nov-08	5-Feb-07	28-Nov-88
Premium Price, USD	3,880,000	2,678,717	2,658,500	2,484,230	2,322,500	2,017,244	769,797

Skate's ERR Results—Wassily Kandinsky

					
Title	Weisser Klang (White Sound)	Park von St. Cloud, mit Reiter	Murnau - Landschaft mit kirche I	Dünaberg	Herbstlandschaft mit Baum
Year of Creation	1908	1906	1909	1909	1910
Medium	Oil on board laid on panel	Oil on board	Oil on board	Oil on board	Oil on canvas
Size, cm	70 x 70	33 x 23.6	68.3 x 95.2	33 x 45	32.9 x 44.2
Auction House	Sotheby's	Sotheby's	Christie's	Christie's	Christie's
Auction Date	2-Nov-11	24-Jun-08	1-Nov-93	21-Jun-04	3-Feb-08
Premium Price, USD	8,930,500	2,284,063	2,752,500	5,547,061	5,764,415
ERR,	8	29	0	9	10
Holding Period, Years	4	6	5	7	20
Initial Purchase Price, USD	5,416,000	378,606	2,420,000	2,740,624	770,000

Juan Gris

Painting Description		
Artist	Juan Gris	
Title	La table devant le bâtiment	
Year of Creation	1919	
Medium	Oil on canvas	
Size, cm	60 x 81	
Auction House	Christie's	
Auction Date	9-Feb-12	
Estimate, USD	2,331,000 - 3,108,000	
Number of Repeat Sale (before this auction)	1	
Initial Purchase Price, USD	987,398	
Previous Purchase Date	10-Dec-98	
ERR (on expected repeat sale at midpoint), %	6.70	
Holding Period on Expected Repeat Sale, Years	14	








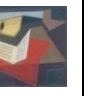


As with Alexej von Jawlensky, Spanish-born artist Juan Gris' works are not widely represented in Skate's Top 5000. Throughout his relatively short forty-year life Gris focused primarily on the Cubism movement, rarely experimenting with new techniques. Since 2010, when Gris' painting *Violon et guitare* set a price record for the artist of \$28.6 mln, there have been no entries of his works into Skate's Top 5000.

In February Christie's will auction *La table devant le bâtiment*, a painting from the latter period of the artist's career. According to the peer group presented below, the paintings from this period have generally achieved lower prices than those from his earlier artistic career. The peer group shows that the pre-auction estimate of *La table devant le bâtiment* contains a significant irrational premium,


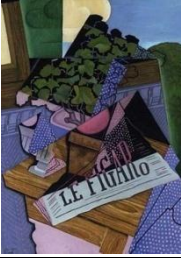


although further analysis of prices realized suggests that this tendency is gradually shifting and that latter paintings are gaining market appreciation. Given a substantial holding period, the irrational premium could be justified in the case of *La table devant le bâtiment*.

This artwork is also a repeat sale that could potentially result in a positive 6.70% return to the owner if sold at the mid-point of the estimate range. The artist's ERR record shows the ability of his paintings to bring high investment returns even after short periods, as was the case with *Le pot de geranium*. *La table devant le bâtiment* has been in private hands for 14 years, a substantial period that will likely be a positive influence in terms of the work's final price and the average return for Gris paintings (currently equal to 11.46%).

Skate's Peer Group for *La table devant le bâtiment*

										
Title	Livre, pipe et verres	Le pot de geranium	Le violon	Nature morte	La nappe blanche	Le guéridon	La casserole	Guitare et papier à musique	LA FENETRE OUVERTE	Le moulin à café
Year of Creation	1915	1915	1913	1916	1916	1922	1919	1926-1927	1921	1920
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on panel	Oil on panel	Oil on canvas	Oil on Canvas	Oil on Canvas	Oil on Canvas	Oil on Canvas
Size, cm	73 x 91.5	81.3 x 60.5	58.4 x 71.7	64 x 80.5	50 x 61	91.7 x 72.9	65 x 81	65.1 x 80.6	66 x 100.7	60 x 81
Auction House	Christie's	Christie's	Christie's	Sotheby's	Christie's	Christie's	Christie's	Sotheby's	Galerie Kornfeld	Sotheby's
Auction Date	6-Nov-08	9-May-07	23-Feb-09	15-Nov-89	20-Jun-06	22-Jun-10	9-May-00	10-Nov-99	21-Jun-91	24-Jun-96
Premium Price, USD	20,802,500	18,520,000	4,953,952	2,640,000	2,296,296	2,378,311	1,326,000	1,020,000	896,401	719,877

Skate's ERR Results—Juan Gris

				
Title	Verre et carte à jouer	Le pot de geranium	Violon et journal	Guitare
Year of Creation	1915	1915	1917	1913
Medium	Oil and sand on canvas	Oil on canvas	Pastel on paper laid on card	Oil on canvas
Size, cm	46 x 33	81.3 x 60.5	92.3 x 60.3	73 x 60.5
Auction House	Sotheby's	Christie's	Christie's	Sotheby's
Auction Date	4-May-10	8-May-07	3-Feb-08	2-Nov-08
Premium Price, USD	4,842,500	18,520,000	7,745,841	6,578,500
ERR, %	12	14	13	4
Holding Period, Years	4	5	13	11
Initial Purchase Price, USD	2,480,000	8,479,500	1,322,500	3,500,000

Emil Nolde

Painting Description	
Artist	Emil Nolde
Title	Drei Russen (III)
Year of Creation	1915
Medium	Oil on canvas
Size, cm	73.3 x 100.3
Auction House	Christie's
Auction Date	7-Feb-12
Estimate, USD	1,567,000 - 2,350,500
Number of Repeat Sale (before this auction)	0
Initial Purchase Price, USD	1,367,496
Previous Purchase Date	5-Feb-08
ERR (on expected repeat sale at midpoint), %	4.36
Holding Period on Expected Repeat Sale, Years	4










Artworks by the German painter Emil Nolde have only recently started to enter Skate's Top 5000, with the first record achieved by the colorful flower work *Blumengarten* in 2002 at Christie's when it sold for \$3.2 mln. Since then 16 additional works have entered the rating, but due to its continuously rising threshold price, only nine of Nolde works are currently represented.

Little has changed in terms of his signature subjects: the artist's most sought-after pieces are primarily devoted to female portraits, flowers and landscapes. His most valuable work ever sold publically appeared at Christie's in 1919 where *Rotblondes Mädchen* achieved a price of \$3.8 mln. In general, Nolde's paintings often generate active bidding and result in prices that meet or exceed their pre-auction estimates. The most recent example was *Friesenhäuser II*, which appeared on the market last year and entered Skate's Top 5000, selling for \$2.6 mln. In February we will see another such painting; *Blumengarten, ohne figure*, to be auctioned by Sotheby's, is expected to supplement the artist's presence in the list of most valuable works sold at auction.


This report, however, focuses on another work by the artist to be auctioned by Christie's. *Drei Russen (III)* depicts a very rare subject for Nolde—the male portrait. Save for those works created by Vincent van Gogh or Lucien Freud, paintings dedicated to male portraiture have generally been less popular on the market. This tendency is proven by yet another work by Alexej von Jawlensky to be presented in February; his *Bauer* is expected to bring a price nearly half that of *Girl with red ribbon*. Nolde's market has very few works of male portraiture, and only one of these has been present in Skate's Top 5000—*Die Philister*—which achieved a price of \$1.8 mln (initially bought 17 years ago for \$1.1 mln).

Early in its formation, Nolde's market does not yet have any repeat sales in Skate's Top 5000. *Drei Russen (III)* is expected to become the first, achieving an ERR 4.3% after a four-year holding period if sold at the mid-point of its pre-auction estimate range. Given the immaturity of Nolde's market, Skate's recommended bidding strategy would be to aim at the lower point of the estimate range in order to minimize further risks.

Skate's Peer Group for <i>Drei Russen (III)</i>			Previous Sales Examples	
				
Title	Die Philister	Die Heiligen drei Könige (Typen)	Drei Russen III – Three Russians III	Die Philister
Year of Creation	1915	1912	1915	1915
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas
Size, cm	85.1 x 115.1	51.5 x 42.5	73 x 100	85.1 x 115.1
Auction House	Villa Grisebach Auktionen	Sotheby's	Sotheby's	Christie's
Auction Date	2-Jun-05	2-Nov-10	5-Feb-08	28-Nov-88
Premium Price, USD	1,837,403	842,500	1,367,496	1,104,972

Top 3 Most Valuable Paintings by Emil Nolde			
			
Title	Rotblondes Mädchen	Sonnenuntergang	Blumengarten: Stiefmütterchen (Flower garden: Pansies)
Year of Creation	1919	1909	1908
Medium	Oil on board	Oil on canvas	Oil on canvas
Size, cm	46 x 49.5	73 x 88.2	73.5 x 89.5
Auction House	Christie's	Christie's	Sotheby's
Auction Date	19-Jun-06	19-Jun-06	6-Feb-06
Estimate, USD	1,851,851 - 2,777,777	1,851,851 - 2,777,777	1,779,359 - 2,669,039
Premium Price, USD	3,836,976	3,527,067	3,358,811





Edouard Vuillard

Painting Description		
Artist	Edouard Vuillard	
Title	Les Couturieres	
Year of Creation	1890	
Medium	Oil on canvas	
Size, cm	47.5 x 57.5	
Auction House	Sotheby's	
Auction Date	8-Feb-12	
Estimate, USD	4,604,052-7,673,419	
Number of Repeat Sale (before this auction)	0	
Initial Purchase Price, USD	7,252,468	
Previous Purchase Date	4-Feb-09	
ERR (on expected repeat sale at midpoint), %	-9.74	
Holding Period on Expected Repeat Sale, Years	3	

French painter Edouard Vuillard is one of the main representatives of the Nabi art movement that began in 1889 and included such artists as Pierre Bonnard, Paul Serusier and later Henri Matisse. Few paintings presenting this style in its pure symbolic form have come to market, however. In 2008 Christie's introduced one of them, *Fillette se promenant*, which sold for nearly \$8 mln, becoming Vuillard's second most expensive artwork ever sold on the public auction market. A year later, another important painting by Vuillard came to auction, *Les Couturieres*, which possibly depicted his mother and sister. Back then, it generated fierce bidding that brought a final price of \$7.3 mln, exceeding the pre-auction estimate.

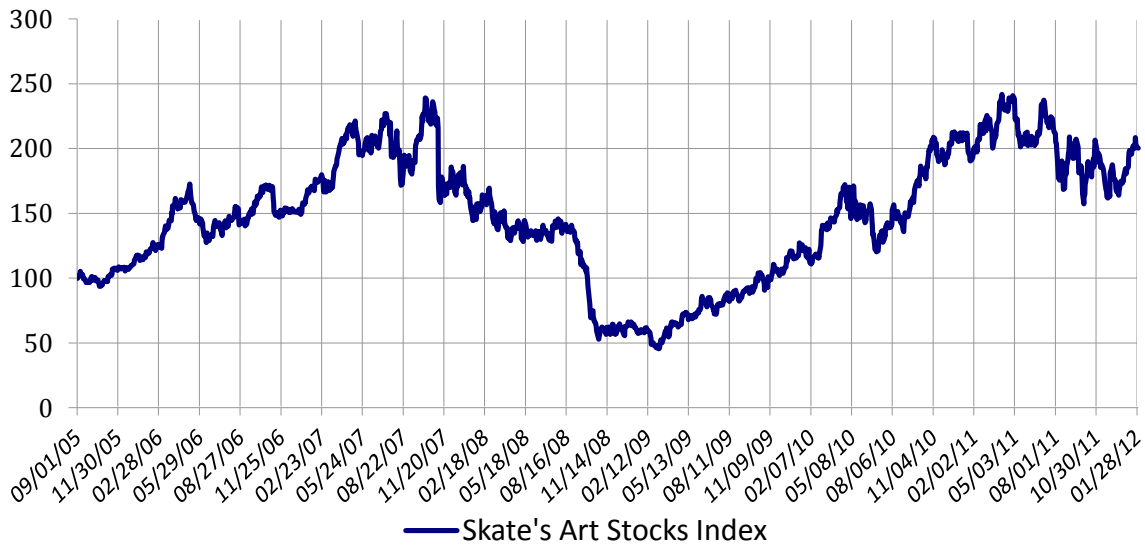
These cases are exceptions in what is otherwise an immature market for the artist; prices for his works rarely have rarely risen above \$3 mln. This history is one of the possible reasons behind the new estimate set for *Les Couturieres*, which three years later is again being presented to the market by Sotheby's. The sale of this work at mid-estimate would bring the owner a return of -9.74%. Such pessimistic expectations could be the strategy needed to generate bidding on the piece, however. Considering the favorable market conditions and one public repeat sale of *Le Pot de Grès* that brought \$7.5 mln and an ERR of 4%, the work has every chance of finding a buyer in such a price range.

Skate's Peer Group for *Les Couturieres*

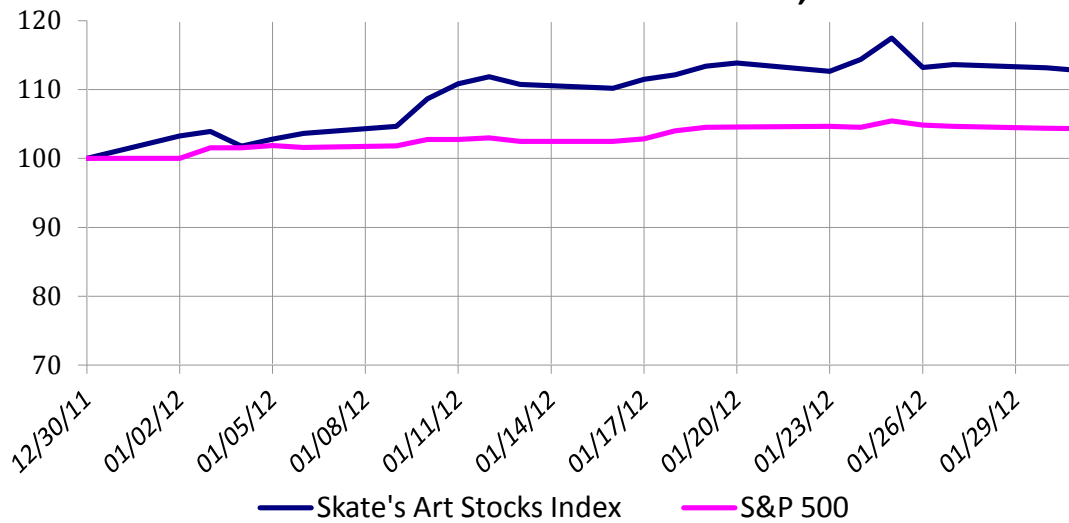
				
Title	Fillettes se promenant	Marie rêveuse et sa mère	La partie de plaisir	Jeu de cartes (Les freres Natanson, Misia et Leon Blum)
Year of Creation	1891	1891-92	1898-99	1898
Medium	Oil on canvas	Oil on canvas	Gouache and distemper on board	Oil on board
Size, cm	80 x 64	64 x 48	73.6 x 76.8	43.2 x 51.1
Auction House	Christie's	Christie's	Sotheby's	Christie's
Auction Date	6-May-08	23-25-Feb-09	3-May-11	9-May-89
Premium Price, USD	7,993,000	1,455,422	3,666,500	1,815,000

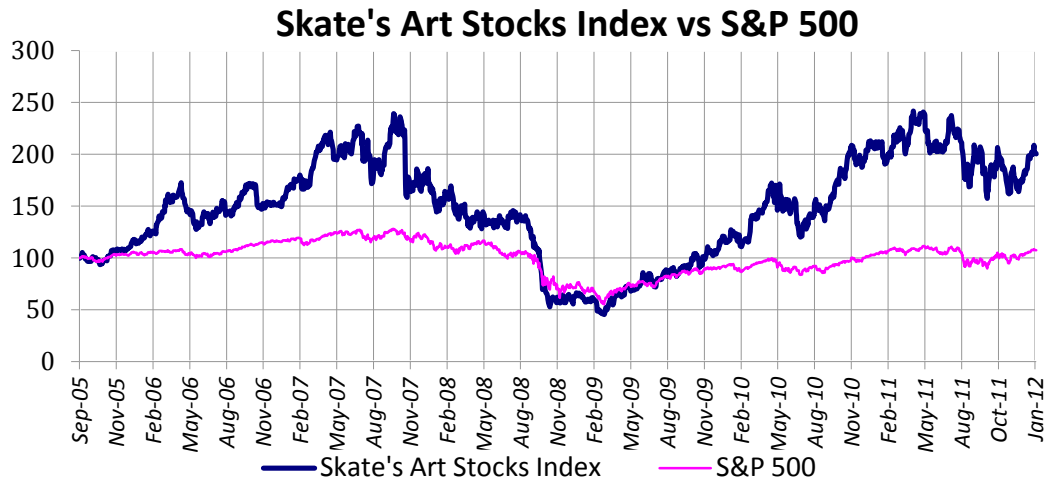
Skate's Art Stocks Index

Skate's Art Stocks Index, Sep 2005 - Jan 2012



Skate's Art Stocks Index vs S&P 500, 2012





Skate's Art Stocks

All Values are in USD

Name	Listing/ Currency	January 2012 Performance	YTD 2012 Performance	Price as of January 31 2012, \$	Market Cap as of January 31 2012, USD mln	52-wk High, \$	52-wk Low, \$
Sotheby's	NYSE/ USD	17.5%	17.5%	33.53	2,265.05	55.67	25.00
Artprice	Paris/ EUR	3.3%	3.3%	68.40	437.80	85.29	10.46
Artnet	Frankfurt/ EUR	-5.2%	-5.2%	5.00	28.14	11.50	4.15
Collectors' Universe	NASDAQ/ USD	5.7%	5.7%	15.40	124.52	18.80	11.59
Mallett	London/ GBP	3.1%	3.1%	1.15	15.92	1.24	1.00
Art Vivant	Tokyo/ JPY	6.7%	6.7%	2.45	37.88	3.22	2.28
Seoul Auctions	Seoul/ WON	4.4%	4.4%	2.56	43.27	4.05	2.23
Shinwa Art Auction	Tokyo/ JPY	0.9%	0.9%	404.14	23.44	1 028.46	358.94
Stanley Gibbons	London/ GBP	11.0%	11.0%	2.82	71.18	3.28	2.36
MCH Group	Zurich/ CHF	6.3%	6.3%	43.10	223.16	55.12	38.11
Abbey House	Warsaw/ PLN	-10.4%	-10.4%	4.31	43.75	7.40	1.31
Noble Investments	London/ GBP	15.2%	15.2%	2.95	45.94	2.96	2.36
Fotoeffect	Moscow/ RUB	7.4%	7.4%	17 325.0	487.34	18,531.0	15,850.8
Weng Fine Art	Frankfurt/ EUR	83.9%	83.9%	38.14	19.07	38.79	20.74
Skate's Art Stocks Index		12.8%	12.8%	200.3	3,866.48	241.8	157.4
Skate's Investable Art Stocks Index		13.6%	13.6%	91.89	3,121.72	100	68.2

Source: www.skatepress.com

For continued updates on Skate's Art Stock Index and its constituent companies please visit
<http://www.skatepress.com/index.php?cat=2>

About this Newsletter and Data Used

Welcome to the February issue of *Skate's Art Investment Review*. As always, our coverage is focused on the universe of 665 global artists whose artworks are represented in Skate's Top 5000 database, which is comprised of the world's most valuable art according to auction prices. To learn more about Skate's Top 5000 and the artworks and artists represented, go to www.skatepress.com.

In this issue of *Skate's Art Investment Review* we focus on the most important January results as well as on major upcoming February auctions at Sotheby's and Christie's. Our top five investment picks for the upcoming auctions are listed above; they have been chosen based on the following criteria:

- The artist is classified by Skate's as a "blue-chip" artist, which means that they have both outstanding liquidity (i.e. more than 20 works included in Skate's Top 5000, and significant market capitalization in Skate's Top 5000 (a combined market value of more than \$100 million for works included in Skate's Top5000)
- An investment rating of the art object equal to or greater than BB- (for detailed investment reports on any of the artworks covered in this newsletter please order Skate's Artwork Background Report by calling +1.212.514.6010)
- Favorable price and liquidity trends in the market today, including a steady demand for the artist's works over the last 24 months
- A track record of positive investment returns based on repeat sales of an artist's higher value works
- The auction house's estimate for the artwork does not significantly exceed the peer group valuation range based on auction price records for comparable artworks.

When looking for art investment recommendations, we also exclude all artworks priced over \$20 million, as statistically they have virtually no chance to yield a positive investment returns for a buyers who go above the price threshold. Skate's also excludes all artworks priced below \$100,000, as investable art requires significant due diligence and ownership expenses, and it is not economically feasible to conduct relatively expensive research and administration for lower value works. Our recommendations are focused on pieces of art that have a strong chance of yielding annual returns (after auction commissions are accounted for, but before ownership costs and taxes) in excess of the threshold weighted average effective rate of return (ERR), which is calculated from sampling Skate's Top 5000 repeat sales (for details of this sampling go to www.skatepress.com). As of July, the Skate's Top 5000 Weighted Average ERR benchmark stands at **4.72%** per annum (in USD terms).
