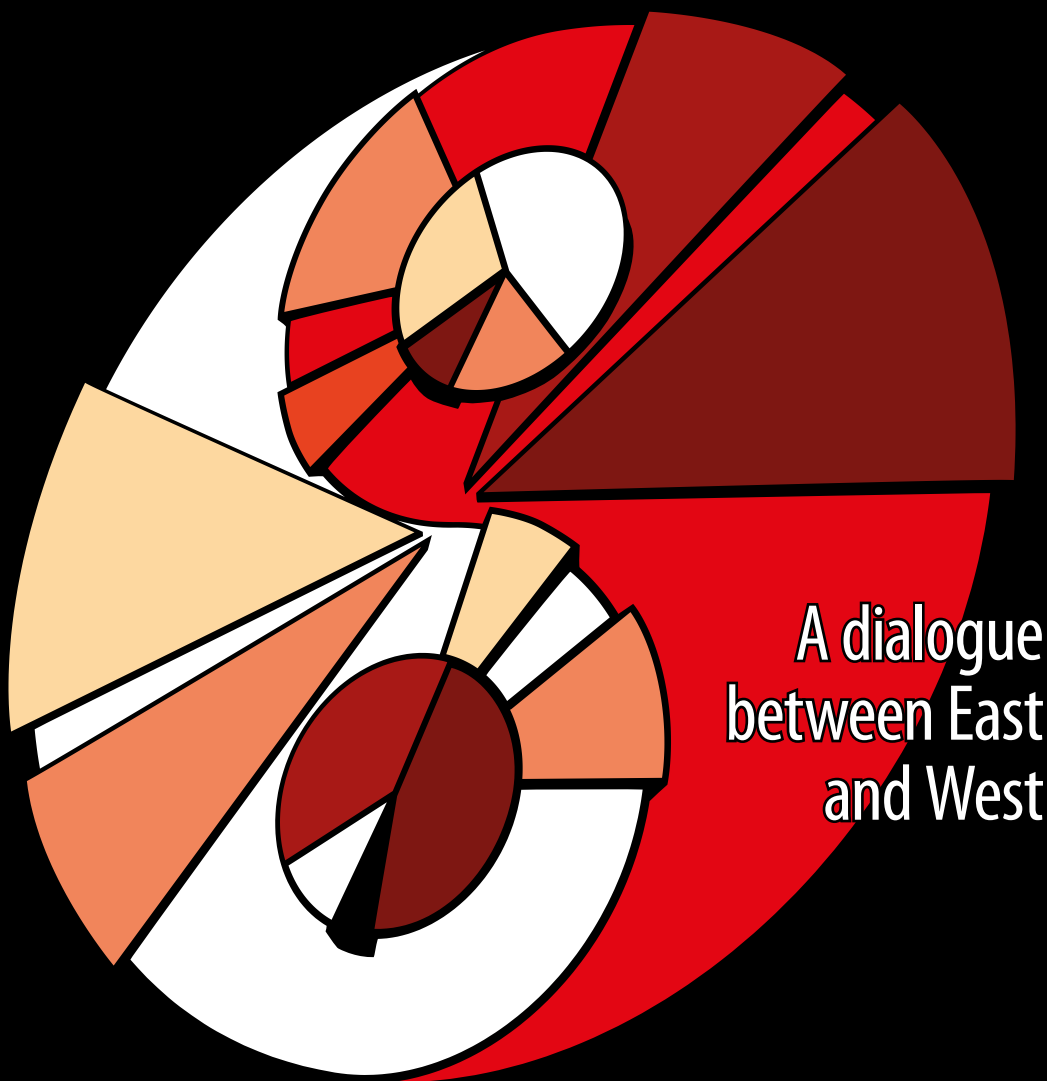


THE ART MARKET IN 2012



SOMMAIRE

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Editorial

For this study of the global art market in 2012, Artprice has formed an alliance with Artron, the leading information service on the art market in China within the Greater Asia region, in order to provide the best possible overview of the art auction market.

For years, Artprice has taken the utmost interest in collecting the data of the Asian art market and more especially the Chinese market. However, Artprice was missing a key element: the cultural and sociologic analysis that key actor Art Market Monitor of Artron (AMMA) only could provide. With the art market now bipolar, entering into a dialogue between East and West has enabled us to come to an unprecedented cross-cultural analysis of the market. In comparison with 2011 figures, released by Artprice in its annual report, those of 2012, co-released by Artprice and Artron, show an increase by 6.1%.

In fact, we are analysing a bipolar art market that has grown in China and the West and at different speeds in different cultural terrains and according to different standards.

There has of course been a globalisation effect due to the dematerialisation of the art market and the nomadic nature of collectors. And of course it is clear that bridges have been built between East and West and that the creation, supply and demand of art sometimes overlap at certain points. But we cannot say that art has become totally homogeneous. On the contrary, the art market exacerbates cultural differences by reflecting the gamut of artistic choices. Chinese collectors are not inclined to buy a Western piece of art that they find is too far removed from their cultural parameters. Instead, they prefer traditional styles, ancient calligraphy and, more recently, contemporary “experimental” ink art. Likewise, Western collectors mainly buy the works of artists who speak their language, including some Asian artists who have assimilated Western art history.

So the idea of a globalised art market should be taken with a pinch of salt. In any case, it is a little premature for Western and Chinese readers to be finding their bearings in an analysis of the global art market that is bent on combining information from East and West at all costs. In order to provide a clear and transparent analysis for our entire global readership, this year our report is made up of an introduction that covers the results of art sales around the world in 2012, followed by two distinct chapters. The first of these concentrates exclusively on the art market in the West and Artprice data, while the second focuses on art in China and Artron data. This fertile relationship between Artprice and Artron has led us both to examine our areas of overlap and divergence and to look at the way a new geopolitics is evolving in the art market of the 21st century.

NB: all given prices refer to hammer prices before fees; all references to the dollar (\$) relate to the US dollar; all sales of art works mentioned in this report relate only to Fine Art sales, i.e. paintings, sculptures, installations, drawings, photographs, prints, watercolours and exclude antiques, anonymous cultural goods and furniture.



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Introduction

The new geography of the art market that began in 2005 with the creation of Beijing Poly International Auction Co. has been defining its contours since 2010, when China for the first time established itself as the most powerful marketplace in the world for Fine Art auction sales. Indeed, China has now been the leading global market for three years in a row, achieving 41.3% of worldwide sales in 2012 compared to 41.5% in the previous year. In comparison with 2011 figures, released by Artprice in its annual report, those of 2012, co-released by Artprice and Artron, show an increase by 6.1%.

Sales of fine art in China have generated \$5.068 billion, a massive result when we compare it to the main art marketplaces in the rest of the world. This figure represents ten years of sales in France and is \$1.723 billion higher than the USA (in second place, with 27% of global art sales) and \$2.9 billion ahead of the UK (in third place, with 18% of global art sales).

In 2012, global art auctions generated \$12.269 billion¹, of which \$5.068 billion was generated in China and \$7.2 billion in the rest of the world. At the heart of this now bipolar market, the combined forces of New York (which represents 95% of the US market), Europe and certain other larger centres such as Australia, Sweden, Austria and Canada generated \$2.131 billion more sales revenue than China. The longevity of the Western market, sustained by an age-old culture of art collecting, has allowed it to maintain its position of economic leader and to achieve sales that are 17.37% higher than those of China.

This year, East and West have found themselves swapping roles. While sales in the Western art market have increased by 5.5% since 2011 and new world records have been set at auctions, China registers its worst unsold rate for 5 years (53.9% in China compared to 37% in the West).

1. *Fine art* sales refer to paintings, sculptures, installations-volumes, drawings, photographs, prints and watercolours recorded by artprice.com, excluding antiques and furniture.

Understanding this period of transition

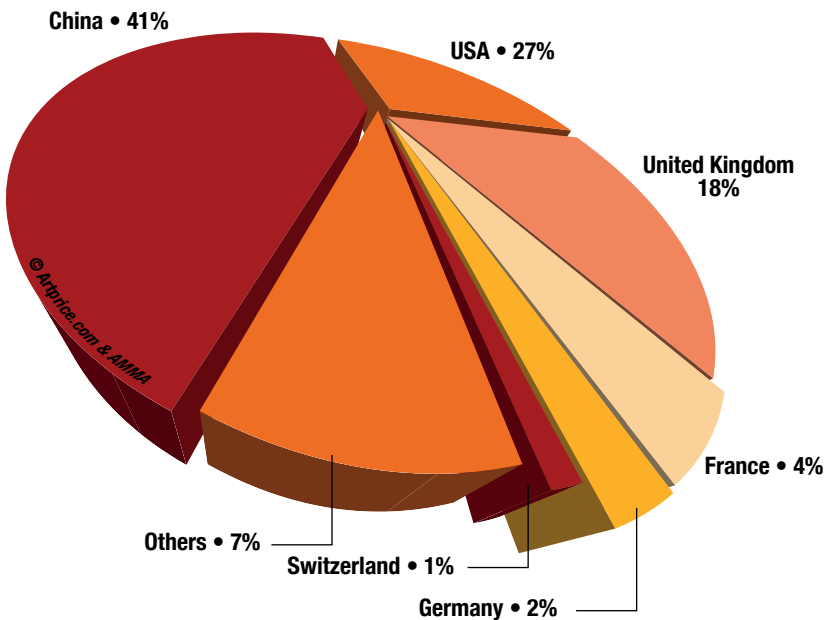
There are various structural and economic factors that explain the rise of one market and the fall of the other. Let's first of all remember that these two poles of the art market have a very different chronology.

The first pole, a centuries-old market, is sustained by the two great multinationals, Christie's and Sotheby's. They have been auction specialists since the 18th century and have grown and developed over the course of many years. But they are not content to rest on their laurels and are always adapting to meet the changing needs of the market. Their combined annual turnover amounts to \$5.233 billion for sales of art works outside of Hong Kong and they alone account for 42.65% of the global market (excluding Hong Kong), compared to a market share of 41.3% in China, including Hong Kong sales.

The second pole, the Chinese market, has rapidly emerged to shake the foundations of the West's dominance of the art market thanks to China's explosive economic growth. This new market is dominated by Poly International. Despite its youth (it celebrated its 7th anniversary in 2012), the growth of this auction house has far outstripped that of all others in China. The second-largest Chinese auction house is China Guardian Auctions, which was established in 1993. These two market leaders recorded total revenues of \$1.052 billion for art works sold in 2012, representing 20.76% of the Chinese market.

2012 Fine Art Auction Turnover

Breakdown by country



Over recent years, China has taken the auction market by storm thanks to its booming economy and a keen desire to invest on the part of the Chinese people. Buying art as an investment is more prevalent here than anywhere else in the world, and China has rapidly become the main marketplace for high-end art.

The effect of this has been to increase the price of many works that are considered immature in terms of art history and criticism. The West has also succumbed to the speculative temptations of the art market, particularly in the elevated spheres of contemporary art, though such speculation is less predominant than pure collecting. Around 80% of works sold in the West change hands for less than \$5,000, demonstrating a pronounced taste for traditional collecting for its own sake rather than as an investment. Twice as many art works are sold in the West as in China¹.

The very thing that has been the strength of the Chinese art market over recent years has now to some extent turned against it. We are at a time of growing awareness. Awareness of the market's precarious equilibrium in light of the slowdown in the Chinese economy, the significant drop in investment funds, the excesses of the past and the recent lack of confidence on the part of art owners who are generally wary of sending major pieces to the sales rooms in uncertain times. This year, the auction houses in China have witnessed the end of their golden age due to the erosion of the high-end art market, a significant drop in the number of sales and the downward revision of estimates. Beijing, capital of the Chinese art market, has even seen its sales drop back to their 2009 level.

The drop in revenue from Chinese sales inevitably reminds us of what happened 4 years ago after a period of buying frenzy in the West. At the beginning of 2008 there was a drop in global prices (- 7.5%) when the speculative bubble burst². Prices in the West were severely hit, with the US market most badly affected by the crisis and falling by \$1 billion compared to 2007, and some prestigious sales recorded unsold rates well in excess of 40%. Worse still, revenues from US auctions plunged by 65.9% between 2007 and 2009³. After some readjustments and overhauls by the auction houses, the US market grew by 149% between this trough and the end of 2012.

In view of the speedy recovery that occurred in the West, this period of readjustment in the Chinese art market should be viewed as an opportunity rather than as a setback. This is especially so because China is aware of its strengths and weaknesses and is moving towards a general stabilisation, particularly when faced with the artificially inflated prices of recent years. In 2012 the Chinese government and auction houses have taken a series of drastic steps to regulate the art market and ensure it will grow in the long term.

Let us now discover more about this Janus of the art market in 2012, a year that has been full of new twists and turns.

1. Of the 449,500 lots sold around the world in 2012, 32.19% were sold in China and 67.81% in the rest of the world.

2. Cf. 2008 Trends: "The first signs of a drop at global level appeared as a fall of 7.5% in art prices for the first quarter compared to the level of prices recorded during the 4th quarter of 2007".

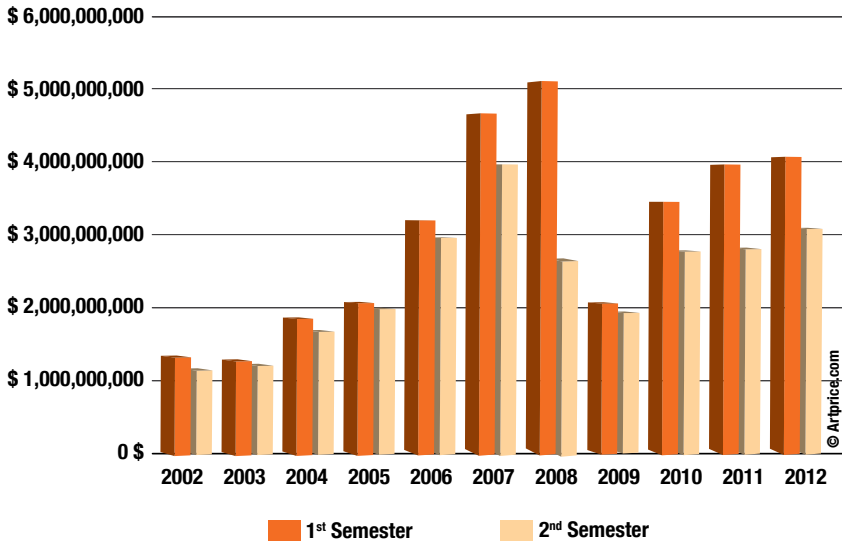
3. Sales revenue in the USA in 2007: \$3.942 m compared to \$1.342 million in 2009.

Chapter I – The Art Market in the West by Artprice.com

With the best auction in the history of Sotheby's, the best Post-war and Contemporary art auction ever posted in Europe thanks to Christie's, an absolute record for a Western work of art with Edvard Munch's *The Scream*, which sold for over \$100 million, an unprecedented number of bids of over \$10 million (fifty-one in 2012), new records for Surrealism and American Abstract Expressionism, and for living artists now commanding multi-million-dollar bids, 2012 turned out to be a vintage year: the West's third best in the history of auction.

2012 Fine Art Global Auction Turnover

Breakdown by Semester



A look back at the 2012 auctions in Western countries demonstrates the extent to which buying works of art has become a habit for investors, while attracting new enthusiasts year after year. The number of buyers is constantly growing and diversifying, taking annual revenues for Fine Art¹ sales to \$7.2 billion: a 5.5% rise in value compared to the 2011 performances. Over three hundred fifteen thousand works of art were sold in this sector, i.e. a hundred thousand more than in 2007, the richest year in auction history in terms of revenues (a total of \$8.71 billion²). To fully appreciate this result of \$7.2 billion, we should note that the art market has rocketed during the past decade, and that the turnover for the sale of art works at auctions rose by 186% between 2002 and 2012, with 58% more works sold.

1. Fine Art covers paintings, sculptures, drawings, photographs, engravings, watercolours, installations-volumes, registered by artprice.com, excluding antiques and furniture.

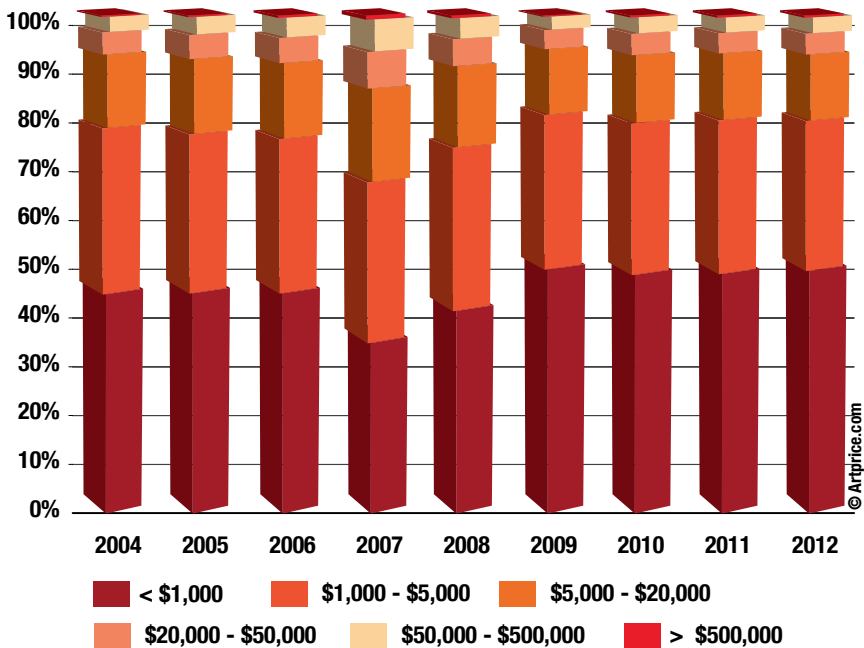
2. Excluding China.

Selling at what price?

Half the market consists of a few prestige sales - Half these annual revenues are due to extremely high-end sales, meaning works sold for over \$1 million. It's true that the most expensive works represent a tiny drop in the ocean of works inundating the auction rooms each year – 0.23% of the year's transactions (seven hundred and seven lots out of over three hundred fifteen thousand sold in 2012). However, they constitute the sinews of war for the top auction houses, which registered \$3.6 billion in 2012 through prestige works alone. Competition is unrelenting in this segment, where a genuine price escalation is taking place with the top works, chiefly Impressionist, Modern and Post-war, but also for a number of iconic Old Masters and Contemporary art pieces. In ten years, this high-end segment has risen by 305% in terms of revenue, and by 144% in the number of lots sold.

Lots sold (excluding China)

Breakdown by Prices



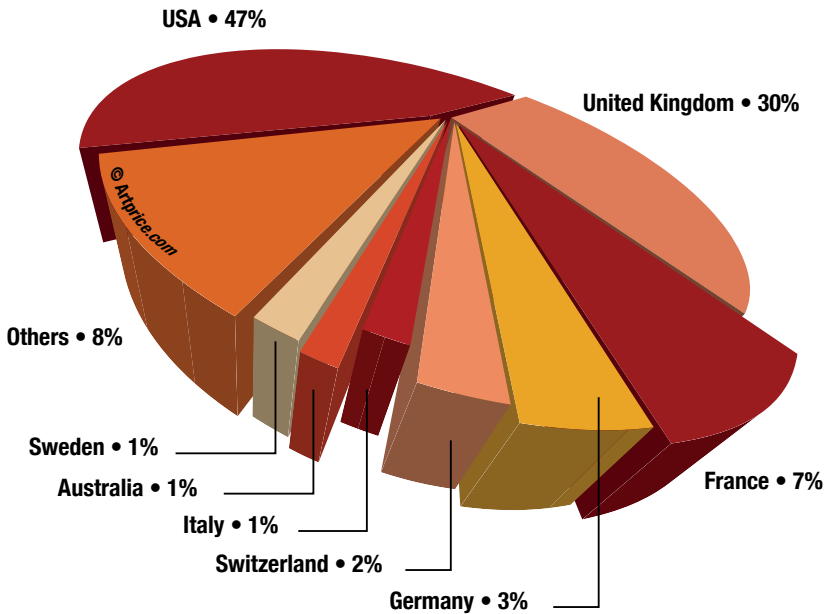
An increasing number of sales at less than \$5,000 - While the \$1-million segment is the steadiest, highest-yield and most profitable in investment terms, the densest segment concerns the more affordable pieces: works sold for less than \$1,000 in the sales room represent 51% of the market. Auctions in 2012 listed nearly 255,000 works that changed hands at a rate of two hundred and fifty-five thousand hammers before reaching the \$5,000 mark. These reasonably-priced works of under \$5,000 represent 80% of the offer at public auction, and a little less than 5% of annual revenues. Demand is growing undeniably, and the number of sales rose by 60% over the decade: a hundred thousand more works are now sold in this price segment compared to ten years ago.

Marketplaces

The pulse of the Western art market beats strongly, as witness the year's performances in America, with revenues up by 21% in relation to 2012 (\$587 million more than in 2011), and rising price levels (4.8% fewer lots sold compared to 2011). With New York the main contributor, the American marketplace practically doubled its total sale results of 2004¹ and now represents 46.4% of the market (excluding China). New York was largely ahead of the UK, the second best-performing marketplace with 30% of revenues, which showed a slight dip of 2.9% in 2012 but rose by 125% compared to 2004 for only 9% more lots sold. As in New York, the trend in London is for rising prices.

Auction Turnover in 2012 (excluding China)

Breakdown by Country



The third Western marketplace, France, represented 7% of the art market excluding China with \$505 million in total results for the year. Its revenues were down by 3.4%, but up by nearly 90% compared to results in 2004. France remained the richest marketplace in the West in terms of offer, selling nearly 59,000 works in 2012, compared to a little over 49,300 in the US and 36,500 in the UK. The fourth market rallying point was Germany, with a total of \$188.2 million (13% down on 2011), followed by Switzerland with \$129.6 million (18% less than 2011), and a visibly struggling Italy. With a sales total of \$105.75 million in 2012, Italy continued to slow down, posting a 23.8% drop in revenue compared to the year before. Its low results are disquieting, because they seem to have become established over the long-term (revenues 22.3% lower in 2012 than in 2004). Europe,

1. \$1.678 billion in 2004 compared with \$3.345 billion in 2012.

drastically affected by a deep downturn, would have been a shadow of its former self without Britain's performances. Countering the trend in Italy, a new impetus was noteworthy on the other side of the world, in Australia, which has made a little more progress each year. For the moment, its annual revenues are not very high – \$82 million in 2012, a rise of 10% on 2011 – but importantly, it has shown excellent growth in the medium-term (143% since 2004) and is increasingly making the headlines with a number of specialised art events (including Anish Kapoor's exhibition at the Museum of Contemporary Art in 2012, to be followed by an exhibition on Jeff Wall, another major Contemporary artist, in 2013). Furthermore, its geographical situation so close to Asia bodes well.

NEW YORK - the heart of the Western market

New York has been the capital for art and the art market since the middle of the 20th century. It still attracts both artists and gallery owners – who, incidentally, are not liable for VAT on imports. In fact, two major gallery owners have announced that they will shortly be opening galleries in New York: David Zwirner (his second gallery in the city) and Emmanuel Perrotin.

From the strict point of view of auctions, the Big Apple has shown extraordinary vigour, alone representing nearly 95% of the American market in terms of value. Of the overall revenues of \$7.2 billion registered in 2012 (excluding China), the US accounted for the lion's share (\$3.345 billion: 46.4% of the market), particularly New York, which generated \$3.1 billion, i.e. \$1 billion more than the performance by London, the Western market's number two. The vitality of the New York market can be summed up in three names: Sotheby's (revenues of \$1.488 billion in New York in 2012), Christie's (\$1.443 billion) and Phillips de Pury & Company NY (\$197 million). These heavyweights represented 93.5% of the American market and nearly 99% of the New York market.

The strike power of prestige sales is impressive in New York. The three top Western hammer prices of the year were naturally obtained there, including the new highest record ever posted, the \$107 million fetched by Edvard Munch's *The Scream* (2 May, Sotheby's). Never exhibited in public, it had remained for 70 years in the same family: that of a Norwegian businessman, Petter Olsen, the son of Munch's friend, boss and neighbour, Thomas Olsen. Apart from this outstanding piece, crucially important in the history of Western art, auction houses focused on key American artists, who crossed the \$10 million threshold more easily than the Europeans. 60% of the Top 20 American bids (all obtained in New York) went to compatriots, including Mark Rothko, Andy Warhol and Jackson Pollock, on several occasions with prices lying between \$20.5 million and \$77.5 million.

LONDON - capital of the European market

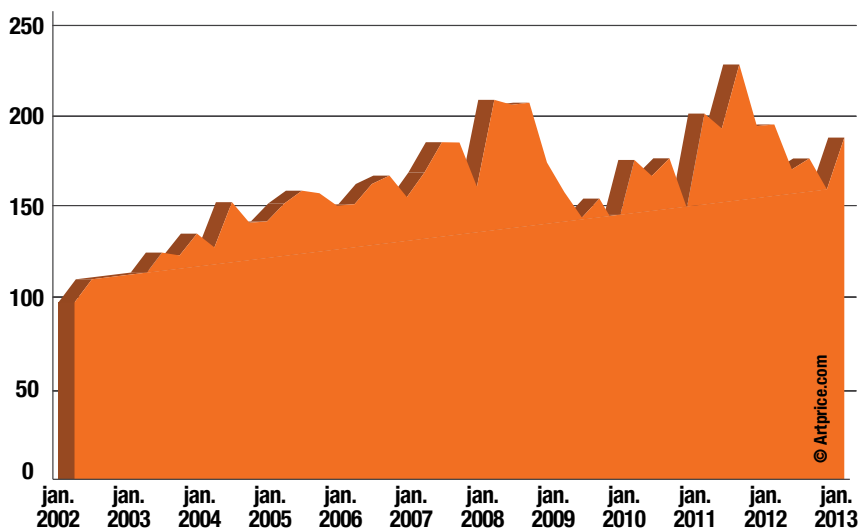
Lying proudly in second place in Europe and third place on the global market for the sale of art works at auctions, the UK represented 30% of global revenues excluding China and 18% of the global market with \$2.167 billion, 99% of which registered in London. This historic market place is buoyed up by Christie's, Sotheby's, Bonham's and Phillips de Pury & Company, which offer the highest-end range of works in the whole of Europe.

As readers may know, the celebrated auction house Christie's was founded in 1766, and soon began to specialise in sales of 18th and 19th century works of art. It participated with Sotheby's in making London the leading market place in Eu-

rope, far ahead of France. Sotheby's is even older than its rival. Founded in 1744, it is now the only auction house listed on the New York stock exchange. It set up in London in the mid-19th century, and played an active role in reviving interest in Impressionist and Modern art. The youngest auction house, Phillip's de Pury & Company, was the first to broaden its sales to various nationalities, and this model now benefits other European artists as well as the British.

Art prices index

Base 100 in 2002



In contrast with its position in New York, Christie's called the tune in London, accounting for 52% of revenues there (\$1.129 billion) compared to 39% for Sotheby's, 3.5% for Phillips de Pury & Company, 2.8% for Bonhams and 1.1% for MacDougall's. Christie's owed its success to the solidity of its prestige sales in London, which enabled it to generate fifteen bids of over \$10.5 million in 2012 compared to the four of its great rival, Sotheby's. Its most glittering success of the year was the sale of a major work by Yves Klein for \$32.6 million (£21 million, *Le Rose du bleu* (RE 22), 27 June 2012), a new world record for the French artist. Another cause for pride was Christie's record bids for several iconic British artists, including John Constable (*The Lock*, £20 million/\$31.3 million, 3 July) and Henry Moore (*Reclining Figure: Festival*, £17 million/\$26.8 million – against a high estimate of £5.5 million – 7 February).

Sotheby's, meanwhile, had the merit of achieving a new record for the Italian Renaissance master, Raphael (1483-1520), in London. The drawing sold was the *Head of a Young Apostle* of exceptional quality, and one of the best three drawings by the artist to appear at auctions over the past twenty years. This study in black chalk for *The Transfiguration* (1518-1520), which came from the collection of the Dukes of Devonshire, was estimated by Sotheby's at between £10 million and £15 million. The hammer finally came down on £26.5 million (\$42.67 million). This was a new record in sterling for the artist; the previous peak dated from 2009 (*Head of a muse*, £26 million, Christie's, London, 8 December 2009). It will probably be many years before another piece of this quality topples *Head of a Young Apostle*. Its high figure (equivalent to \$42.67 million)

was the top hammer price of the year obtained by Sotheby's in London, and the company's third highest after its New York sales of Munch and Rothko¹.

Another of London's strong points is that this marketplace readily innovates and breaks new ground, particularly in the realm of Contemporary art (catalogues are full of works from Colombia, India, South Africa, Brazil, to name but a few) and it successfully defends and promotes its artists, unlike other European marketplaces. The names of Banksy and Damien Hirst have travelled around the world, like those of Chinese artist Ai Wei Wei, Japanese artist Takashi Murakami and American artist Jeff Koons. Although some sceptics predicted a fall in the London market after artists' resale rights became law in Britain on 1 January 2012, Contemporary art has proved impervious to both the downturn and fiscal policies.

PARIS – in remission?

The French marketplace was a paradox: in a relatively sluggish context with an economic slowdown and budgetary restrictions, it remained in the picture thanks to dynamic art fairs like the FIAC, Art Paris, Paris-Photo and numerous fringes, and even attracted illustrious gallery owners like Larry Gagosian, from America and Thaddaeus Ropac, from Austria, who opened new exhibition areas in the Paris suburbs.

France was a positive granary of affordable works (85% of lots sold for less than \$5,000), but struggled to establish itself in the fight for records between the top world marketplaces. In addition, it sees most of its masterpieces selling in New York and London, where price levels are higher than in Paris. Nevertheless, the two multinationals of art, Christie's and Sotheby's, enabled Paris to maintain second place in Europe. With revenues of \$505 billion (down by 3.4%) and nearly 59,000 works (up by 6%) sold in 2012, France may have been a long way behind the USA where Christie's and Sotheby's total more auction revenues in two days than Paris in one year (\$546.75 billion for Contemporary art sales in New York on 13 and 14 November 2012). It is also behind the UK and its \$ 2.167 billion, but it was some way ahead of Germany, number three in Europe and five on the global market with revenues of \$188 million for the year.

The top three, Christie's, Sotheby's and Artcurial, accounted for 52.5% of the market, with a turnover of \$265.3 million at auctions, and had a truly international client portfolio, with over two-thirds from outside France. Sotheby's was the leading voluntary auction house in France, with a turnover of \$114.17 million in 2012, ahead of Christie's (\$92.4 million), Artcurial (\$58.6 million), Cornette de Saint Cyr (\$19.95 million) and Millon & Associés (\$19.46 million).

The most popular works in the French market were mainly Modern works (\$256 million, i.e. half the year's total revenues), particularly Surrealist pieces, which shot sky-high with bids of over \$1 million. 30% of the Top 20 sale prices in France consisted of Surrealist artists, with works by Salvador Dalí, Wifredo Lam, Man Ray, Yves Tanguy and René Magritte. Magritte also set his French record, \$5.859 million in 2012 (*La grande table*, €4.5 million, 24 October, Sotheby's Paris) and, incidentally, the second best bid of the year in France, after Picasso's of \$7 million for *Tête de femme (Dora Maar)* – €5.6 million (30 May, Sotheby's Paris).

The Paris market place was able not only to generate bids of over \$1 million, but also to set new records in the high-end market, like those for Ben Nicholson

1. Edvard Munch, *The Scream* (1895), \$107 million on 2 May, and Mark Rothko, *No. 1 (Royal Red And Blue)*, \$67 million on 13 November.

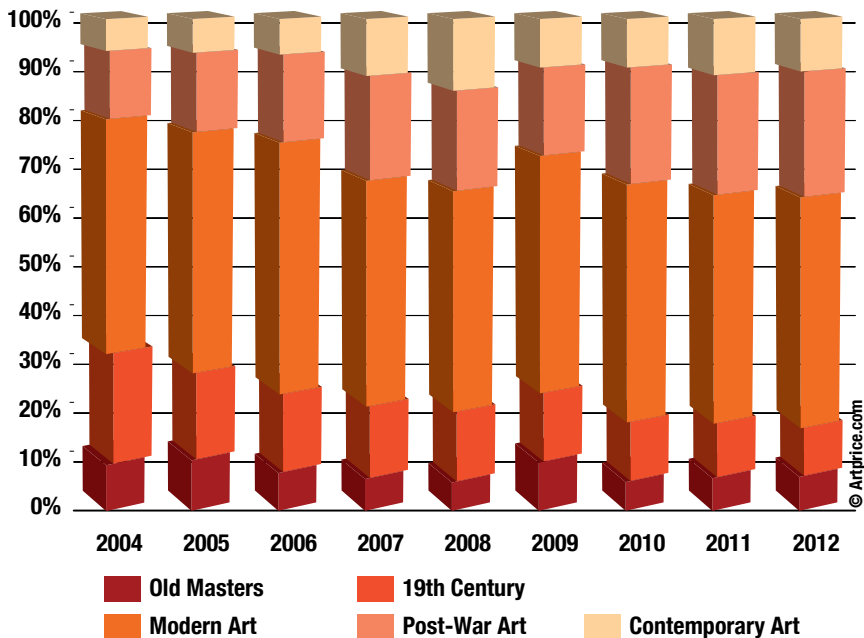
(1894-1982), ten times higher than expected (*Fiddle and Spanish Guitar*, €2.9 million/\$3.7 million, 29 September, Christie's), Edmé Bouchardon (*Charles Frédéric de la Tour du Pin, Marquis du Gouvernet. Buste*, €2,399,500/\$3 million, 11 June, Claude Aguttes) and Jean-Paul Riopelle (*Composition (1951-1952)*, €1.6 million/\$1.99 million, 31 May, Christie's).

The most profitable segments

In line with the leading marketplaces, the artists with the highest ratings were generally American and British. And for a lucky few, prices went from strength to strength, with million-plus bids dethroning prices already over the million-mark to set new records after previous ones achieved only a few months previously. In 2012, some 12,588 new records for artists shored up sales with results that were sometimes as spectacular as they were unexpected: Franz Kline added \$30.3 million to his previous record, a figure that more or less equalled Turkey's entire 2012 sales (with one thousand four hundred-odd lots sold)! Jackson Pollock beat his previous record by \$25.6 million; Joan Miro his by \$17.7 million; Mark Rothko his by \$12.5 million, and Yves Klein his by over \$11 million. And even the ratings of living artists rose to an unprecedented degree: Gerhard Richter revised his record by nearly \$12 million, Jeff Koons by over \$7 million, Glenn Brown by \$5.2 million and Christopher Wool by over \$2.4 million.

Auction Turnover (excluding China)

Breakdown by Period



Not only Modern, but also Post-war and Contemporary artists, were undoubtedly the most speculative and the most profitable. Witness the wide jumps in price for Jean-Michel Basquiat, whose new record in June was already obsolete in No-

vember. The American artist's performance reached not two but three new high points in 2012 alone. The first record, \$14.5, was obtained on 10 May 2012 for a magnificent mixed media measuring nearly two metres (*Untitled*, Phillips de Pury & Company New York). A month later, he posted a second record of just under \$18 million: a performance all the more impressive given that the same work was worth \$5 million less in 2007 in New York¹. But the year was not yet over for the high-flying Basquiat: on 14 November 2012 at Christie's New York, the hammer finally came down on another untitled work from 1981, at \$23.5 million.

Post-war and Contemporary works

The increasing rarity of Modern masterpieces, the dubbing of top Contemporary works as major classics and speculation partly explained the reversal of power between the Modern and Contemporary segments. For at the traditional Christie's and Sotheby's prestige sales held in New York in November, sales of Contemporary art handsomely doubled the revenues for Modern art.

Thanks to Contemporary art, Sotheby's registered the best price ever recorded in its history. The sale of 13 November 2012 was the record for any sale since the company was founded in 1744 (a sale total of \$260.45 million excluding buyers' premiums, in New York). The next day, Christie's announced its finest sale in Contemporary art and Post-war art with \$286.3 million excluding buyers' premiums. The absolute record for businessman François Pinault's company is still held by an Impressionist and Modern art sale in 2006 (\$437 million).

While Modern art represented the main stakes for auction houses, with revenues of \$3.442 billion for the year (i.e. nearly 48% of auction house revenues excluding China), Post-war and Contemporary art sales produced \$2.453 billion, i.e. 34% of the auction market (excluding China), with 7.5% of the market held by Old Masters, and 10.5% by 19th century artists. While the share of Old Masters declined, that of Contemporary artists became established.

Abstract Expressionism at a peak

The most expensive painting in 2012 was by Mark Rothko, now a regular in the top price bracket. In 2007, his *White Center* (1950) had already become the most expensive Post-war painting in the auction market, achieving the highest sale price of that year with \$65 million (15 May, Sotheby's). This record was broken twice in 2012, once in May with *Orange, Red, Yellow*, sold for \$77.5 million (8 May 2012, Christie's New York): the finest hammer price ever obtained in the West for a Post-war work.

Three other iconic figures in the movement stood out strongly: Franz Kline, with three new million-plus records for his paintings at the New York November sales²; Jackson Pollock, who reached his highest point in the auction market since 2004³ with \$10.4 million and effortlessly obtained \$36 million with *Number 4* (1951, 13 November 2012, Sotheby's New York), and Barnett Newman, who landed \$20 million (*Onement V*, 8 May, Christie's), compared to a previous record

1. *Untitled*, 1981, 199.5 cm x 182.9 cm sold for the equivalent of \$13 million on 15 May 2007 at Sotheby's New York, then for \$17,906 million (£11.5 million) on 27 June 2012 at Christie's London.

2. Franz Kline now has a top price of \$36 million with *Untitled*, 1957 (14 November, Christie's), compared with a record bid at auction of \$57 million in 2005 with *Crow Dancer*, 1958 (11 May 2005, Christie's New York).

3. Jackson Pollock, *Number 12*, 1949, 11 May, Christie's New York.

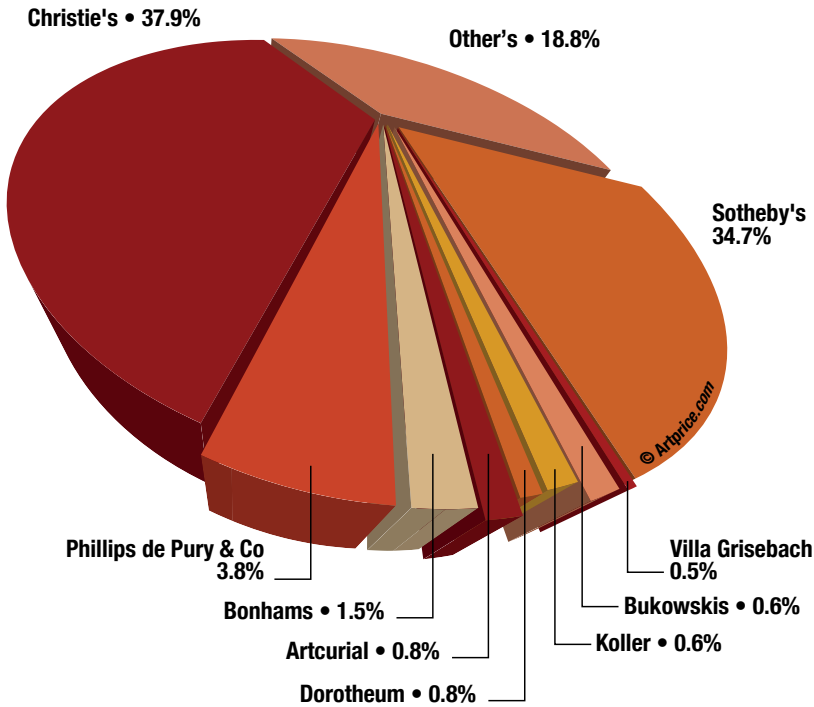
of \$4.6 million dating from 2008 (*Untitled*, 1969, 13 May 2008, Christie's). Prices for the top American artists, who have confirmed the US's supremacy domination in the middle of the 20th century, are continuing to rise. Nowadays, Abstract Expressionists and Pop art's major artists sometimes perform better than Picasso.

London and New York: Highlights of the year

With auction houses, the first half of the year is usually better for business than the second. The principle held good once again this year: the difference between performances in the first half (\$4.09 billion) and in the second (\$3.1 billion) was around \$1 billion.

Auction Turnover in 2012 (excluding China)

Breakdown by Auction Houses



At auctions, the art market is seasonal. It starts warming up at the end of January with the major Old Master sales in New York (Christie's and Sotheby's), and continues in London with keenly awaited sales of Impressionist, Modern and Surrealist art (with the Surrealist works in a stand-alone sale and a separate catalogue). Why are these sales so eagerly awaited? Because they tend to produce the most dazzling hammer prices, and this market contains more "safe investment" key pieces than with the Old Masters, which are fewer on the ground. Impressionist and Modern art make up the core of the art market in Europe, and auction houses

play for high stakes in this segment, which represents nearly half their overall annual revenues at auctions (47.8%, to be exact). They form a prologue to the prestige Contemporary sales generally staged a week later.

Impressionist and Modern art / February 2012 in London

The fine performance of these classic sales is a good indicator of the market trend, and partly determines the state of mind of the players in the art market. February 2012 proved a particularly fine year for Impressionist and Modern sales in London, maintaining the exceptional results registered during 2011 (\$11.57 billion in total sales, i.e. \$2 billion more than in 2010). This was because Christie's (on 7 February: ninety lots presented, 13% unsold) and Sotheby's (on 8 February: fifty-three lots presented, 22.6% unsold) posted a combined result of \$296.1 million posted on 7 and 8 February 2012, i.e. an increase of 36% compared to the same sales in 2011.

7 & 8 February: selection of the top results at Christie's and Sotheby's

Henry Moore - \$26.8 million: Moore set a spectacular new record with the magnificent bronze *Reclining Figure: Festival*, knocked down for \$26.8 million (£17 million), merrily tripling its high estimate (Christie's).

Joan Miró - \$23.68 million: a hammer price of £15 million, i.e. \$23.68 million, went to a very rare poem-painting with a Surrealist title (*Le corps de ma brune puisque je l'aime comme ma chatte habillée en vert salade comme de la grêle c'est pareil*). This was the 20th best bid in 2012 in the West for a painting ("Art of the Surreal" sale, Christie's). It remained Miró's record price until June, when he achieved a new peak.

Claude Monet - \$11.5 million: Monet's *L'Entrée de Giverny en Hiver* (1885) sold for \$11.5 million (£7.3 million) at Sotheby's in 2012. It handsomely doubled its acquisition price in 2009 (£3.4 million on 24 June 2009 at Sotheby's).

Juan Gris - \$14.5 million: *Le Livre* (1915), a Cubist painting by Gris knocked down for £9.3 million, (\$14.5 million), became the fourth best bid on the artist (Christie's).

Vincent Van Gogh - \$14.2 million: a very rare painting by Van Gogh, *Vue de l'asile et de la Chapelle de Saint Rémy*, from the Elizabeth Taylor collection, sold for £2 million more than expected. Its final result was equivalent to \$14.2 million (£9 million, Christie's).

Ernst Ludwig Kirchner - \$10.2 million: Kirchner's *Das Boskett: Albertplatz in Dresden* (*The Bosquet: Albertplatz in Dresden*) (1911) became one of the artist's top three successes with a result equivalent to \$10.2 million (£6.5 million). The picture's rating had risen by 436% since its sale in 1991 for the equivalent of \$1.9 million, on 21 June 1991 at Kornfeld, in Switzerland.

Robert Delaunay - \$5.2 million: Delaunay posted a new record with the finest *Tour Eiffel* (1926) by the artist ever to appear in the sales room: a painting of simultaneous contrasts, sold for \$5.2 million (£3.3 million: £800,000 over its high estimate; Christie's).

Post-war and Contemporary art / February 2012 in London

After combined revenues of £22.3 million in February 2009, the London sales of Post-war and Contemporary art at Christie's and Sotheby's generated £79.5 million in February 2010, £83.2 million in February 2011 and £113.9 million in February 2012, achieving a splendid performance in this market. The particularly low unsold rates for these sales (12% at Christie's and 14% at Sotheby's) and the number of million-plus bids (16 at Christie's and 9 at Sotheby's) once again proved the market's solidity in this segment. Gerhard Richter established himself as the most sought-after artist in these sales, landing six bids of over £1 million.

14 & 16 February: selection of the top results at Christie's and Sotheby's

Francis Bacon - \$29.99 million: Bacon's *Portrait of Henrietta Moraes* (1963) sold for the equivalent of \$29.99 million. This was the 14th best bid in 2012 for a painting (£19 million, Christie's).

Gerhard Richter - \$13.8 million: the best sale for Richter, at the start of the year, was the equivalent of \$13.8 million for an abstract of 1994 (*Abstraktes Bild*, £8.8 million, Christie's). He was to beat this figure six times during the next few months.

Christopher Wool - \$6.8 million: Wool garnered a record \$6.8 million for *Untitled*, one of his word painting series, representing the word *Fool* in black lettering on a white background (£4.35 million, Christie's). This same *Fool*, which fetched \$6.8 million excluding the buyer's premium in 2012, went for \$380,000 in 1999 (*Untitled (Fool)* – 19 May 1999, Christie's, New York).

Jean-Michel Basquiat - \$5.65 million: the most impressive gain in value in these London sales was achieved by Basquiat's *Orange Sport Figure* (1982). Knocked down for the equivalent of \$5.65 million (£3.6 million, Sotheby's), this had been bought in 1992 for \$60,000. It thus multiplied its price by 94 in twenty years.

Impressionist and Modern art / May 2012 in New York

After the fine performance of the February sales, those of May started out under the best possible auspices, especially since the confidence of American buyers, measured by the Michigan-Reuters index, was set fair at 77.8: its highest level since January 2008, just like the Artprice AMCI (the Art Market Confidence Index posted a confidence level of 27.5 in May, its highest score for the year).

1 & 2 May: selection of the top results at Christie's and Sotheby's

Edvard Munch - \$107 million - World record for a Western work: *The Scream* by Norwegian Expressionist Edvard Munch, one of the best-known works in the world after Leonardo da Vinci's *Mona Lisa* and the *Venus de Milo*, went up for sale at auction. This was one of the four versions of the work, the only one still in private hands, which Sotheby's subjected to the glare of the auction room on 2 May. Defying Western logic, according to which the hierarchy of genres rates painting and sculpture higher than drawing, this version in pastel of *The Scream* obtained a new world record at \$107 million (\$119.9 including the buyer's premium). Despite its small size (79 cm x 59 cm), the work's symbolic and universal value carried its economic value beyond that of Picasso, the regular in the world's top prices, who had dominated the market till then with the \$95 million (excluding buyer's premium) fetched by *Nude, Green Leaves and Bust* (1932), an oil on canvas of

162 cm x 130 cm sold in May 2010 at Christie's.

Post-war and Contemporary art / May 2012 in New York

Christie's and Sotheby's together generated total sales of \$578.3 million in 102 hammer blows: a new summit in the history of their Contemporary art sales. The previous peak dated back to November 2007 with a total result of \$565 million for their evening sales of Post-war and Contemporary art. It was a historic moment for Christie's, which achieved its best result ever for a Post-war and Contemporary art sale (a turnover of \$343.29 million excluding buyers' premiums in 56 hammer strokes, with only three unsold) and twelve new records for artists. The auction house garnered \$118 million thanks to three works by American Abstract Expressionist masters: Mark Rothko, Jackson Pollock and Barnett Newman. Sotheby's sold 46 of the 57 works on offer, posting six world records and a turnover of \$235 million (31% due to Pop Art works: Roy Lichtenstein's *Sleeping Girl* and Andy Warhol's *Double Elvis*).

8 & 9 May: selection of the top results at Christie's and Sotheby's

Mark Rothko - \$77.5 million - the most expensive Post-war artist: after an intense battle lasting seven minutes between four telephone bidders, *Orange, Red and Yellow* (1961) by Rothko set a new record: \$77.5 million (Christie's). With this peak, Rothko took American Abstract Expressionism to the same top price levels as the best European Impressionist and Modern art. The same day at Christie's, the results obtained by Barnett Newman (*Onement V*, \$20 million) and Jackson Pollock (*Number 28*, \$20.5 million) also confirmed the fine performance of American Abstract Expressionists. In 2012, Rothko lay in fourth place in terms of turnover, after Warhol, Picasso and Richter.

Roy Lichtenstein - \$40 million: *Sleeping Girl* (1964) from the sexy comic book series, was courted from all over the world, with bidders telephoning from China, the US, Latin America and Europe, who battled it out up to \$40 million (Sotheby's). This was a new auction record for Lichtenstein, beating the previous one of \$38.5 million set six months earlier by *I Can See the Whole Room!...* and *There's Nobody in it* (Christie's New York). With its \$40 million, *Sleeping Girl* was the third most expensive painting in 2012 after two by Mark Rothko, sharing this position with Francis Bacon.

Francis Bacon - \$40 million: *Figure writing reflected in mirror* (1976) reached its high estimate, garnering \$40 million: on a par with Roy Lichtenstein's *Sleeping Girl* (Sotheby's).

Andy Warhol - \$33 million: *Double Elvis* stages two icons, that of Pop Art with Warhol and that of *Rock with Elvis Presley*. As icons of art and pop culture both now command several tens of millions, Sotheby's posted a particularly wide range of estimates, between \$30 million and \$50 million. *Double Elvis* finished up at \$33 million, largely doubling its price range of 2007. At the time, Christie's sold a similar painting, *Elvis 2 Times* (1963), for \$14 million (13 November 2007). For the second year running, Warhol was the best-selling Western artist (number one in the Top 10 artists with total sales of \$329.5 million in 2012).

Yves Klein - \$32.5 million: with a sale of \$32.5 million, the French New Realist Yves Klein beat his previous record by over \$11 million. *Entitled FCI (Fou-Couleur I)*, this piece executed a few years before the artist died in 1962 is considered one of his ultimate masterpieces, summarising all his major artistic techniques. The three-metre fresco features anthropometry (silhouettes of women covered

with paint and water, whose imprints are fixed by a flame thrower), and his iconic colours: IKB (International Klein Blue), pink and a golden surface applied with fire (Christie's).

Impressionist and Modern art / June 2012 in London

As we remember, the June sales in 2012 brought in more than \$182.3 million and testified to the keen demand for the best works in the Surrealist movement.

19 & 20 June 2012: selection of the top results at Christie's and Sotheby's

Joan Miró – \$32.9 million: Miró's *Peinture (Etoile bleue)*, a 1927 work estimated at between £15 million and £20 million, finally went for £21 million, nearly \$33 million (Sotheby's). It set a new record in the auction room for a Surrealist work, dethroning the previous one of \$23.6 million (£15 million) already achieved by Miró's *Painting Poem (Le corps de ma brune puisque je l'aime comme ma chatte habillée en vert salade comme de la grêle c'est pareil)* at Christie's London on 7 February 2012). To date, *Blue Star* is the only work sold at Sotheby's for over \$10 million. It was the eleventh best sale for a painting in 2012.

René Magritte – \$10 million: The last bid over \$10 million for a work by Belgian Surrealist René Magritte (1898-1967) goes back ten years. With the sale of a 1928 painting entitled *Les jours gigantesques*, Christie's once more achieved this level (£6.4 million, i.e. \$10 million), multiplying the low estimate by ten.

Post-war and Contemporary art / June 2012 in London

Christie's registered only 13% unsold lots and above all realised a record turnover for a Post-war and Contemporary art sale in Europe. Sotheby's shot Glenn Brown into the stratosphere – one of the few living European artists to cross the \$5 million threshold – and noted an increasingly international demand for Contemporary art, with buyers from fifteen different countries.

26 & 27 June: selection of the top results at Christie's and Sotheby's

Yves Klein - \$32.7 million: *Le Rose du bleu (RE 22)* by French New Realist Yves Klein, achieved a new record for blue-chip Modern art, like Joan Miró and the leading American artists (remember that Andy Warhol did not exceed \$33 million this year with his *Double Elvis* sold at Sotheby's New York on 9 May 2012). At £21 million (\$32.7 million), Yves Klein beat his own record, achieved a few weeks earlier with *FC1 (Five Color I)*, which sold for \$32.5 million on 8 May (Christie's New York) and became the most expensive French artist in the Post-war and Contemporary art category.

Glenn Brown – \$7.16 million: the reference to Surrealist Salvador Dalí brought good luck to the British artist Glenn Brown (b. 1966): in 2010, *Dali-Christ* sold for £1.25 million, (\$1.8 million), at Christie's (30 June, London) and in 2012, *The Tragic Conversion of Salvador Dalí (After John Martin)* (1998), fired at least four bidders trying to acquire the work discreetly by telephone. Estimated at between £2.2 million and £2.8 million, the work finally went for £4.6 million, (\$7.16 million).

Post-war and Contemporary art / October 2012 in London

On the evening of 12 October, Sotheby's posted a turnover of over £44.1 million including buyers' premiums. Without being exceptional, this result almost doubled the one achieved by Christie's Post-war and Contemporary art sale the day before. Sotheby's success was due to the sale of Gerhard Richter's *Abstraktes Bild* (809-4), which accounted for over half the revenues of this prestigious sale.

11 & 12 October: selection of the top results at Christie's and Sotheby's

Gerhard Richter - \$30 million: *Abstraktes Bild* (809-4) smashed its low estimate by £10 million, soaring to £19 million (over \$30 million) excluding the buyer's premium. Apart from the artistic and economic limelight that did so much for Richter in 2012, the work's dizzying price was also due to its pedigree – because *Abstraktes Bild* (809-4) has a legend attached to it, having been bought in 2001 by the famous British guitarist Eric Clapton, who also made a splendid profit on this work, as he had bought it for a tenth of its 2012 hammer price.

Impressionist and Modern art / November 2012 in New York

The November Impressionist and Modern art sales may not have been the most glittering in auction history, but they were nonetheless decent. Christie's, for example, achieved a final result far below its expectations (\$179.8 million compared with the \$250 million it had hoped for), but this was respectable compared to the 2010 sale (\$180.4 million) and made the fiasco of 2009 (\$56.8 million) nothing more than a bad memory. Of the nine Picassos on offer at this sale, five went for over a million, three were among the Top 10 of the sale, and three remained unsold. It was significant that a third of the Picasso's proposed at a major New York sale failed to find any buyers, showing that purchasers are selective, informed and not willing to buy at any cost.

7 & 8 November: selection of the top results at Christie's and Sotheby's

Claude Monet – \$39 million: Impressionist Claude Monet obtained the best result in the Christie's sale with *Nymphéas* (1905), knocked down for \$39 million.

Pablo Picasso – \$37 million: *Nature morte aux tulipes*, the jewel of the Sotheby's sale, garnered \$37 million after estimates between \$35 million and \$50 million. Picasso's signature brought Sotheby's \$71.9 million that day, in only five hammer blows. The day before, its rival Christie's sold the paintings *Buste de femme* for \$11.6 million and *La Femme au chien* for \$5.6 million. A sign of the times, the Top 10 for the Christie's Impressionist and Modern sale of 7 November revealed that the two most expensive Picassos went to Asian buyers.

Wassily Kandinsky - \$20.5 million: Kandinsky set a new world record at \$20.5 million, accounting for 11% of the Christie's Impressionist and Modern sale. *Studie für Improvisation 8* was just above its low estimate, but beat a 12-year old record: the \$19 million registered on 17 May 1990 at Sotheby's New York. Kandinsky is the highest-rating historical Abstract artist; the top Contemporary Abstract artist is Gerhard Richter.

Post-war and Contemporary art / November 2012 in New York

In November, during the traditional Christie's and Sotheby's prestige sales in New York, Contemporary art sales largely doubled the revenues for Modern art. The Impressionist and Modern art sales on 7 and 8 November generated \$322.4 million and those of Post-war and Contemporary art registered \$695 million the following week.

With their Contemporary sales, Sotheby's and Christie's each wrote a new page in the history of their companies. For Sotheby's, the sale of 13 November 2012 was the record sale since the auction house was founded in 1744; for Christie's, 14 November marked its finest Contemporary and Post-war sale, its absolute record being held by the Impressionist and Modern art sale in 2006 (\$437 million). In garnering nearly \$700 million with a hundred-odd hammer blows, the two auction houses made the most of a Contemporary and Post-war market that is still growing strongly. Christie's registered an unsold rate of only 8% and 56 million-plus bids, ten of them above \$10 million, while Sotheby's posted an unsold rate of 16% and forty-two million-plus bids, seven over \$10 million. Each auction house registered eight new records for artists.

13 & 14 November: selection of the top results at Christie's and Sotheby's

Jackson Pollock - \$36 million: among the new records, Pollock's was due to *Number 4*, a relatively small work (76.5 cm x 63.5 cm) which found a buyer at \$36 million, topping his previous record by \$15 million (*Number 28*, 76.5 cm x 137.4 cm, sold for \$15.7 million at Christie's New York on 8 May 2012).

Franz Kline - \$36 million: the sale of *Untitled*, a large oil on canvas (200.7 cm x 280.4 cm), for \$36 million placed Franz Kline on an equal footing with the new Pollock record, also \$36 million. With this extraordinary sale, Kline beat his previous record by \$26.2 million.

Jean-Michel Basquiat - \$23.5 million: a new world record for the artist (the third of the year) was registered at Christie's. This went to a highly colourful mixed media of 1981, which emerged from the shadows with a promising record estimate of around \$20 million. With its final price of \$23.5 million, the work overtook Basquiat's previous record, freshly achieved in June 2012, by \$5.6 million.

Top 10 Western artists in 2012

Chinese artists have become so prominent in terms of auction results that we have now decided to draw up a Top 10 devoted exclusively to Western artists, to identify the stakes in the art market as accurately as possible in Western countries. This has produced a winning team identical to last year's, with Andy Warhol, Pablo Picasso and Gerhard Richter once more in the top three places in the Western ranking, thanks to annual revenues of between \$262,7 million and \$329.5 million excluding buyer's premiums.

Proof of a highly active market and soaring prices for the art world's major safe investments, the entrance ticket for the Top 10 is now \$120.6 million in terms of annual takings, almost quadruple that of 2005. The income for the champion of that time (Pablo Picasso, with revenues of \$153 million in 2005) corresponds today to the fifth best-ranking artist in the West, in this case Francis Bacon. New collectors battle for the icons of Modern and Post-war art, with prices counted in millions of dollars. The figures posted are thus increasingly high, witness Joan Miro's *Peinture (Etoile Bleue)*, whose price rose by \$19.5 million between 2007 and 2012.

1 - Andy Warhol (1928-1987) - \$329.5 million

With Dali and Picasso, Andy Warhol is one of the artists who give the lie to the principle that the rarity of a work increases its value. We should not forget that he came from the advertising world with its strategy of "repetition, repetition, repetition", which he applied to excellent effect, producing some four hundred thousand works: around ten times more than Picasso.

The dazzling bids of the king of Pop Art far exceed the records of other artists in the movement. He peaked with a record \$64 million, obtained in May 2007 for *Green Car Crash (Green Burning Car I)* at Christie's New York. The artist landed no fewer than forty-three million-plus bids in 2006, sixty-eight in 2007 (a particularly frenzied and speculative year), and forty-one in 2012, another good year. For the third year in a row, his turnover in the sales room crossed the \$300 million mark – a boon for auction houses. For the third year running, too, he outclassed Picasso, a legend for the market insiders and players.

This was because at the end of 2012, Warhol accounted for \$329.5 million at auctions excluding buyer's premiums (\$4 million more than in 2011) and walked off with seven of the ten highest bids for the Pop Art movement, which he embodied to perfection. His best bid of the year went to *Statue of Liberty* (1962) which now reigns in third place among Warhol's achievements, thanks to a sale price that defied all predictions, \$39 million (Christie's, 14 November 2012). One of the artist's cult works, this also stands out as an experiment with the future 3D technique, which can be viewed in volume with special glasses.

While 2012 produced no new records for Warhol, the market was inundated by the Andy Warhol Foundation for the Visual Arts, which has decided to go through Christie's to offload two thousand-odd works from its stock over the next few years, and thus swell its coffers. In 2012, this manna with its impeccable provenance increased the offer by 23% compared to the previous year. On 12 November, the first chapter of the partnership between Christie's and the Warhol Foundation sent 364 lots beneath the hammer, with prices ranging from \$2,000 to \$1.5 million. The top price was not achieved however, for want of nearly \$500,000 (*Endangered Species: San Francisco Silverspot* sold for \$1.05 million excluding the buyer's premium). No purchases at all costs, nor any speculative bursts of enthusiasm with

this sale, then, but proof for Christie's that demand will be constant at the next session of these dedicated sales, because the Pinault auction house sold 91% of the works on offer on 12 November: a real achievement even for Andy Warhol, whose average unsold rate during 2012 was 20%.

2 - Pablo Picasso (1881-1973) - \$286.1 million

Each year, enthusiasts have plenty of opportunities to acquire works by Picasso at auctions. In 2012¹, as with the year before, over three thousand lots were sold at auctions. Obviously, prints are flooding the market (62% of transactions) with a very wide price range, from several hundreds of dollars for silk-screen prints to \$4.5 million (the record for an etching of *La femme qui pleure, I*, 1938, 1 November 2011, Christie's New York). Meanwhile, paintings represent around 2% of the Picasso market, and 76% of his takings in the sales room. This year, six of the master's works crossed the \$10 m threshold: a fine score enabling him to retain second place in the Western ranking behind Andy Warhol. Picasso has always been highly sought-after in the West, but now he is really beginning to be appreciated in Asia. Christie's provided further proof of this in November 2012, after the sale of two iconic works to Asian buyers: *Buste de femme* at \$11.6 million and *Femme au chien* at \$5.6 million (sale of 7 November, New York). Of the nine Picassos offered at this sale, five obtained million-plus bids and three remained unsold. It was significant that a third of the Picassos proposed at a major New York sale failed to find any buyers – proof positive that purchasers are selective, informed and not willing to buy at any cost. They notably rejected a bronze sculpture of a young rooster (*Cog*) estimated at between \$10 million and 15 million. In auction history to date, only two sculptures by Picasso, larger and rarer than the rooster, have reached \$10 million. In three dimensions, his annual record did not exceed \$150,000, with *Tête de femme*, 1906-1907, sold on 2 May 2012 at Christie's New York, compared to an absolute record of \$26 million with *Tête de Femme, Dora Maar* (1941), sold on 7 November 2007 at Sotheby's New York. In the realm of painting, Picasso peaked in 2012 at \$37 million (*Nature Morte Aux Tulipes*, 1932, 8 November 2012, Sotheby's New York) compared with a personal record of \$95 million (*Nude, Green Leaves and Bust*, 1932, 4 May 2010, Christie's New York).

3 - Gerhard Richter (b. 1932) - \$262,7 million

Gerhard Richter is the only living artist with such a high rating. An unclassifiable painter with a highly varied artistic career behind him, he was the eighth best-selling artist in the world in 2011, then third in the West in 2012, thanks to thirty-six million-plus bids over the year. In only twelve months, the German artist beat his previous record several times (the equivalent of \$14 million, set in 2008). This explosion of prices arose out of a specific context, because auction houses strategically took advantage of the large-scale tribute paid to him all over Europe to celebrate his 80th anniversary. Between October 2011 and September 2012, his major retrospective, *Panorama*, travelled to the Tate Modern in London, the Centre Pompidou in Paris and the Neue Nationalgalerie in Berlin. Even the Musée du Louvre in Paris contributed to the Richter effect by staging *Dessins et travaux sur papier de 1957 à 2005*, an exhibition dedicated to the artist's drawings and works on paper (June- September). This massive exposure to the limelight galvanised bidding as never before. He obtained his first record of 2011 in London, in fact, a

¹ More than 3,600 lots sold in 2012.

week after the opening of Panorama at the Tate Modern with *Kerze (Candle)*, sold for £9.3 million/\$10.6 million (14 October 2011 at Christie's). Richter's reaction to the announcement of this record? As he put it: "It's impossible to understand. It's as absurd as the banking crisis" – and yet this new record was to be broken several times over the next few months.

On 12 October 2012, his painting *Abstraktes Bild* (809-4) provided no less than half the revenue from a prestige Sotheby's sale, when the work soared up to £19 million (\$30.4 million), smashing its low estimate by £10 million. The German octogenarian, nicknamed the "Picasso of the 21st century", thus became the world's most expensive living artist. To give an idea of what this means, Picasso (the real one) posted six bids of over \$10 million in 2012 compared with the nine registered by Gerhard Richter during the same period. Richter thus established himself that year as the world's most profitable German artist ever (irrespective of period), with an income of over \$262 million in the auction rooms. The full extent of this incredible performance becomes clear when you realise that the sale of his works generated more money than one year's auction sales in the whole of Germany! Richtermania can also be measured by a rating that has risen by over 250% since 2006.

4 - Mark Rothko (1903-1970) – \$166.7 million

One of the most sought-after artists in major prestige sales, Mark Rothko is one of those least often found at auctions. Only ten lots were sold in 2012, but they were enough to generate some \$166.7 million in revenues, excluding buyer's premiums. We should mention that this key figure in American Abstract Expressionism beat his own auction record twice, obtaining \$144.5 million in only two strokes of the hammer.

In May 2012, Christie's struck a historic blow, toppling his auction record in New York with *Orange, Red, Yellow*, a major work and one of the artist's absolute masterpieces. Since 1967, it had been a part of David Pincus's art collection, who died a few months earlier.

The work sold for \$77.5 million, beating the previous record of \$65 million registered by Sotheby's in May 2007 with *White Center*. Not only did this painting mark a new record in Rothko's career, it also set a new world record in the "Modern and Post-war" category, beating a previous record of \$77 million, dating from 2008, for Francis Bacon's *Triptych* (1976).

The second dazzling bid for Rothko in 2012 was the \$67 million fetched by *No. 1 (Royal Red and Blue)* on 13 November. The painting had been in the same collection for 30 years before going on the market, once again in New York, where Rothko has achieved his greatest sales

5 - Francis Bacon (1909-1992) – \$153 million

Francis Bacon's sale of the year was for *Figure Writing Reflected In Mirror* (1976), a painting that went for its high estimate of \$40 million on 9 May at Sotheby's New York. The assets of this work – lying fifth in the list of Bacon's records – are not only its rarity and impeccable provenance (it featured in the artist's 1977 exhibition at the Claude Bernard gallery in Paris, and had been kept by its owners ever since) but also its subject, as it represents George Dyer, the artist's lover and iconic model. No painting by Bacon had achieved such heights since 2007-2008: fat years for the entire market for top-end art, which largely increased Bacon's stand-

ing, then positioned as the third and then the second highest-rating artist in the world. At the end of 2012, a year marked by ten million-plus sales, Bacon's market rose in value by \$4 million on 2011. His position has strengthened year after year, establishing the artist as one of the safest investments in the Western market.

Bacon's finest works are rarely seen at auctions, but demand is so fierce that even small paintings of around 30 cm change hands at between \$3 million and \$9 million for the most accomplished portraits.

The works in the Pope series are also highly sought-after. Sotheby's sold one on 13 November in New York : inspired by the portrait of Pope Innocent X painted by Velazquez in 1649, this version of 1954 resurfaced after forty years in a private collection. The work fetched \$26.5 million, making it the most expensive in the series, and confirmed the constant rise in prices for the best Bacon subjects. Seven paintings on the theme of *Pope Innocent X* had already been auctioned before then, selling for between \$4 million and \$9 million. Their prices could rocket if they reappeared at public auction. Even prints go for small fortunes: avid for papal representations, collectors were ready to shell out over \$30,000 for a *Study for a Portrait of Pope Innocent X* (Whyte's Dublin, Ireland, 21 May 2012), a drawing worth around \$5,000 in the mid-1990s.

6 - Jean-Michel Basquiat (1960-1988) – \$141.2 million

Jean-Michel Basquiat has quite simply doubled his annual turnover, going from \$67.2 million to \$141.2 million thanks to the sale of 86 works in 2012, three of which set new world records for the artist.

Jean-Michel Basquiat's record increased by an impressive \$13.5 million compared to his previous peak in 2007. The dance of the millions began with the major New York sales of May 2012, when Phillips de Pury & Company sold a superb 1981 mixed media for \$14.5 million, after a high estimate of \$12 million (*Untitled*, 10 May). A month later, a second record was set at \$17.9 million, a performance all the more remarkable in that the same work was worth \$4.9 million less in 2007 in New York (*Untitled* first sold for \$13 million on 15 May 2007 at Sotheby's and then for £11.5 million/\$17.9 million on 17 June 2012 at Christie's London). Finally, during the major autumn sales, Christie's sold a third painting from 1981 at the record price of \$23.5 million.

Further proof of an exceptional year: of the nine paintings selling for more than \$10 million in the history of Basquiat's auction performance, four went under the hammer in 2012, and were created in 1981 and 1982, a transitional period in art and the artist's career.

His rating has not risen gradually: it has exploded, with a price index that has soared by over 335% over ten years. The record of \$23.5 million he garnered in 2012 was not far off the entire turnover he earned in 2004 with 50 works (total excluding buyer's premiums for 2005: \$25 million, nearly six times less than in 2012).

7 - Joan Miro (1893-1983) – \$134.8 million

The most expensive Surrealist work in the world is not by Salvador Dali, who liked to describe himself as "the Surrealist of Surrealists", but by the Spanish-born artist Joan Miro, who achieved the movement's highest price at auctions with *Peinture (Etoile Bleue)*, sold on the evening of 19 June at Sotheby's London. Estimated between £15 million and £20 million and finally going for £21 million, (nearly

\$33 million), the work had formed part of the celebrated André Lefèvre collection since December 2007. At that time, the French auction house Claude Aguttes sold it for \$13,4 million (€9.35 million, 21 December 2012, Paris), a record for the period. The price for *Peinture (Etoile Bleue)*, a 1927 masterpiece, thus rose by more than doubled in barely five years, and the value in 2012 of this unique work more or less matches the annual revenues generated by the sale of 699 works by Miro in the sales room (around 90% of 699 lots sold were engravings; Miro's 2005 turnover was \$32.7 million).

Legendary works of Modern art give rise to fierce competitiveness among buyers of every nationality, increasingly seeking safe investments. But very few works possess quite so many assets: this was considered by Miro himself as a key work in his career, described by the famous art critic Rosalind Krauss as a total synthesis of his work, because "within it we find, exceptionally, the representation of human figures and cosmic signs reunited in one solitary image". *Peinture (Etoile Bleue)* is to Miro what *The Scream* is to Edvard Munch: the very essence of a work, for which the world's wealthiest buyers are unlikely to quibble over the odd million dollars.

8 - Alexander Calder (1898-1976) – \$128.5 million

Alexander Calder's presence in this Top 10 is one of the most welcome surprises of 2012, when he not only posted his first bid of over \$10 million that year, but also added three new records to his list of achievements.

With \$16.5 million, a 233 cm-high mobile, *Lily of Force*, now proudly occupies first place in the top results obtained by the artist. *Lily of force* fetched \$4.5 million over its high estimate on 8 May at Christie's New York. During the same sale, Christie's also knocked down the mobile *Snow Flurry* for \$9.2 million: double its estimate. No fewer than thirty-five million-plus bids went to Calder in 2012, alone accounting for over \$109 million, a record turnover for the artist. His price index is constantly on the up, and Calder collectors who bought works at the start of the millennium made an excellent investment, because his prices have increased by 120% over the decade.

9 - Edvard Munch (1863-1944) – \$120.8 million

The presence of Edvard Munch in this 2012 ranking was due to an epiphenomenon: the appearance of a drawing in the action room, and a legend: *The Scream*. Sometimes the legend precedes the work. This is the case with the *Venus de Milo*, Leonardo da Vinci's *Mona Lisa* and Edvard Munch's *The Scream*. Absolute masterpieces, the ones that are so well-known and so imbued with history that they are now part of the collective unconscious, have the world at their feet, and inevitably unleash the dance of the millions when they go to auction. This was the case in 2002 with *The Massacre of the Innocents* by Rubens, estimated at \$4 million to \$6 million by Sotheby's and sold for \$45 million on 10 July. It was the case in 2009 with the face of a muse delicately delineated in black chalk by Raphael, estimated between £12 million and £16 million by Christie's and finally knocked down for £26 million, i.e. \$42.7 million (*Head of a Muse*, 8 December 2009). And it was certainly the case on 2 May 2012 with the presentation of the third version of Munch's *The Scream*, which posted a new world record for a work of art sold at auctions. Knocked down for \$107 million (\$119.9 million with the buyer's premium), the work dethroned Picasso, who had previously held the title with *Nude, Green leaves and Bust* (\$95 million on 4 May 2010, Christie's New York). This version of

The Scream, in pastel, is the only version it has ever been possible to bid on, as the other three are safely stowed away in museums. Never exhibited in public, it had remained for 70 years in the same family: that of a Norwegian businessman, Peter Olsen, the son of Munch's friend, boss and neighbour, Thomas Olsen.

10 - Claude Monet (1840-1926) – \$120.6 million

The leading light of Impressionism still features in the hit parade of the most popular artists, and is a long-standing regular in the annual Top 10. At the end of 2007, sales of his works at auctions totalled \$165 million, partly thanks to the dispersion of museum-quality works like *Waterloo Bridge, temps couvert* (1904) for £16 million (\$31.6 million), £10 million over the low estimate, and a *Nymphéas* knocked down for £16.5 million (\$32.7 million) at Sotheby's. In 2008, his paintings accounted for over \$175 million in the sales room: \$10 million more than the previous year. His market had run out of steam between 2009 and 2011, but recovered in 2012, achieving a total result for the year of over \$100 million.

His return to these heights owed much to the sale of a *Nymphéas* painting estimated between \$30 million and \$50 million (88.3 cm x 99.5 cm) that sold for \$39 million (7 November 2012, Christie's New York). Painted in 1905, this particular *Nymphéas* left its former owner after a long relationship lasting 33 years. As we know, water lilies were Monet's iconic subject (and we could almost say Impressionism's in general, by extension) that rates highest at auctions. *Le Bassin aux nymphéas*, sold in June 2008 for nearly \$72 million, still holds the artist's absolute record. Furthermore, nearly half his auction sales of over \$10 million come from this aquatic, floral theme (16 of Monet's eight-figure results are for paintings of water lilies).

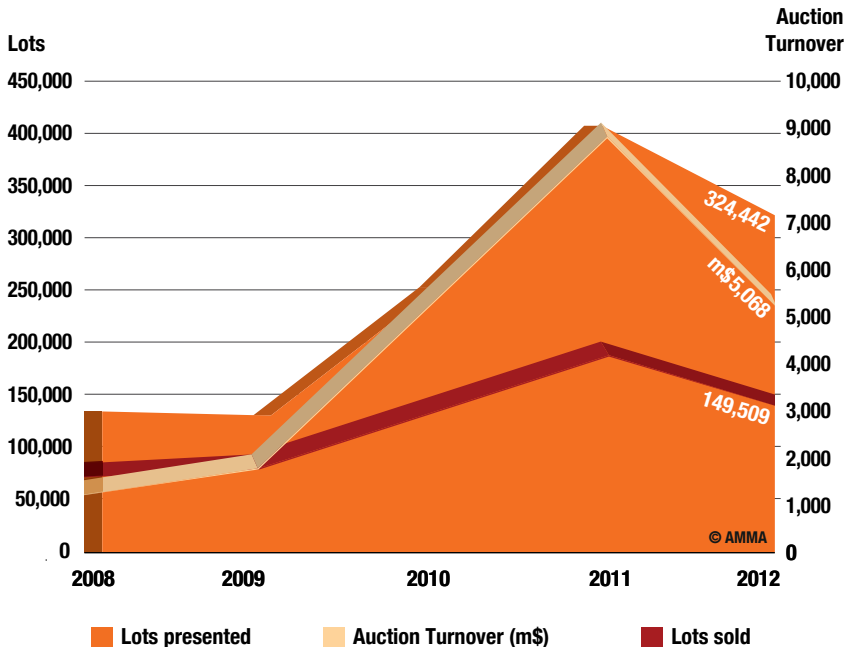
Chapter II - The Art Market in China¹ by Art Market Monitor of Artron (AMMA)

Scale: first signs of abatement following a three-year boom, and a rational restructuring of sales patterns

With a 2012 reduction in liquidity, and market confidence lacking, the Chinese art auction market saw the end of the 3 year continual boom which had begun in 2008, and total sales falling substantially. According to preliminary hammer price statistics by Art Market Monitor of Artron (AMMA), the 2012 Chinese art auction total sales figure was \$8.458 billion, down 37.14% on 2011. Chinese Fine Art (a category which includes only Fine Chinese painting and calligraphy, oil painting and Contemporary art) accounted for 59.93% of this figure, or \$5.068 billion - a 44.24% decline on 2011; fine Chinese ceramics and works of art, the other major Chinese art auction category, had total sales of \$3.255 billion this year, with market share reaching 38.49%, a 7.30% increase on the previous year. In addition, the market share of other categories of luxury items was 1.58%, a 0.33% rise on the year before. The main reason behind the Fine Art market share falling to make way for

Auction Turnover, Lots Presented, Lots Sold in China

(Fine Art Only)



1. The benchmark exchange rate used in calculations is the annual average foreign exchange rate. Although the data may contain a degree of inaccuracy, this does not affect the market and trend analysis. Source of data used for the Art Market Monitor of Artron (AMMA) statistics: data collected between 1 January 2012 and 31 December 2012.

fine Chinese ceramics and works of art was a general reluctance to sell among art collectors, greatly reducing the volume of artwork for sale. This in turn meant that in order to maintain business volumes, auction houses decided to turn towards new, up-and-coming varieties for expansion, among which luxury items.

In this type of market pattern, the year's volumes of art up for auction and sold had nevertheless receded by 20.39% and 24.88% respectively. Contrasting data from the first and second half of 2012 reveals that the autumn quarter saw the end of two consecutive quarters' decline in total business volume, the market finally picking up overall by the end of the year, closing out at \$2.7 billion in total sales for the second half, a 13% increase on the previous half year. According to the market predictions and expectations of many art professionals, the market would bottom out at \$5 billion, which would also be one of the 2012 sales benchmarks.

Art Market Benchmark in China

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Lots presented | 135,502 | 130,557 | 253,124 | 407,560 | 324,442 |
| Lots sold | 73,130 | 82,408 | 141,151 | 199,033 | 149,509 |
| Lots Sold Rate | 54.00% | 63.10% | 55.80% | 48.80% | 46.10% |
| Average Price | 20.09 | 22.12 | 37.40 | 45.67 | 33.90 |
| Auction Turnover (m\$) | 1,469.44 | 1,823.12 | 5,279.28 | 9,090.54 | 5,068.82 |

© AMMA

One key feature of the 2012 Chinese art auction market was monotony and a lack of highlights. This was in some respects undoubtedly the markets' response to concerns and questions surrounding the 2011 annual auction sales total of \$13.46 billion. The astronomical prices which had previously dominated headlines were already ceasing to appear. One positive consequence was a reduction in earlier seen bogus transactions, delayed payments and payment refusals, which had led to reluctance among many collectors to sell, making market prospecting difficult and quality lots hard to obtain.

Lots sold by price range

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------------|-----------|------------|------------|-------------|------------|
| > \$10 million | 0 | 7 | 18 | 22 | 6 |
| Between \$5 & \$10 million | 8 | 14 | 62 | 70 | 20 |
| Between \$1 & \$5 million | 95 | 130 | 577 | 1013 | 490 |

© AMMA

These phenomena very clearly reveal a sharp decline in high-end auction items, and a convergence towards the mid- to low-end market in art prices. In 2012, only did six lots sell for over \$10 million a piece, fourteen lots fewer than the previous year. At Poly International's 3 June sale, Li Keran's 1964 *Mountains in Red* fetched around \$40.40 million, ranking as highest grossing piece of artwork. In contrast to the previous years' market performance, high-end quality items nearly bade farewell to the so-called "10 million dollar-period" (with individual hammer prices exceeding CNY100 million, i.e. approximately \$16 million), with reason returning once more. Beyond artwork worth north of \$10 million, a general decline on the same period of the previous year was observed. This year there were only 20 items auctioned for \$5 million to \$10 million, almost 70% fewer than in 2011, and

the number of items auctioned for between \$1 million and \$5 million had half dried up in comparison to the same period of the year before. This was different to previous pinch points and polarisation phenomena. Scarcity of quality goods and sky-high prices rarely being seen is typical market adjustment behaviour, and is certainly also linked to auction houses and art brokers striving to achieve rational valuation during said adjustment period.

The number of quality items clearly fell in each segment. In 2010, AMMA had already highlighted that the painting and calligraphy market had entered a “price plateau”. As quality art items and spectacular displays of high prices grew scarce, mid- to low-end auction items propped up the painting and calligraphy market. The few available items did not sell at the predicted price, and sales were average. Of the six pieces at above \$10 million, apart from Li Keran’s *Mountains in Red* at more than \$40 million, the other 5 lots’ average hammer price was under \$20 million. Six painting and calligraphy items crossed this threshold, thirteen fewer than the previous year and only zero canvas reached this high in the oil painting and Contemporary art category, two fewer than the year before. However, as the amount of quality items fell, collectors’ focus and bidding enthusiasm in mid- to low-end auctions rose. According to a study AMMA carried out in autumn 2012, out of twenty-one artworks that could sell for five times their high estimate, 67% were worth less than \$2 million in 2012, compared to 24% in 2011. This points to a significant drop in prices on this highly speculative segment. This newfound phenomenon was somewhat due to auction houses’ valuation tactics (low opening bids being more likely to fetch higher hammer prices), but also reflected collectors’ focus on the mid- to low-end market.

Another manifestation of the single lot average hammer price downturn in the 2012 auction market: this year’s Fine Art category average hammer price was \$33,900/item, a 25.77% fall in value on 2011, and 9.35% lower than the \$37,000/item in 2010.

Apart from this, the ebbing tide of artwork capital was also a contributing factor to the market’s sluggishness. Art investment funds, trusts and credit institutions etc. had homed in on the market over the past two years, causing the art market to suddenly soar. More than anything, excessive same day fluctuations in the painting and calligraphy masterpieces segment essentially eclipsed the scope for prices to rise in subsequent years. Last year, because of many funds started undergoing a period of adjustment and cashing out, capital free for investment was significantly down on 2011, making it difficult to replicate the flourishing auction scene of the previous two years.

Categories: China’s specific collection culture - experimentally seeking new growth areas

Given the scale on which the 2012 Chinese Fine Art auction market was shrinking, every auction house strove to maintain transaction size by gradually expanding towards newcomers and new styles of artwork, luxury items and emerging varieties. Yet due to a large miscellany of categories, standards became blurred, and it was very difficult to establish a proper scale. Consequently, it was not possible to make up for discrepancy caused by contracting traditional art category sales.

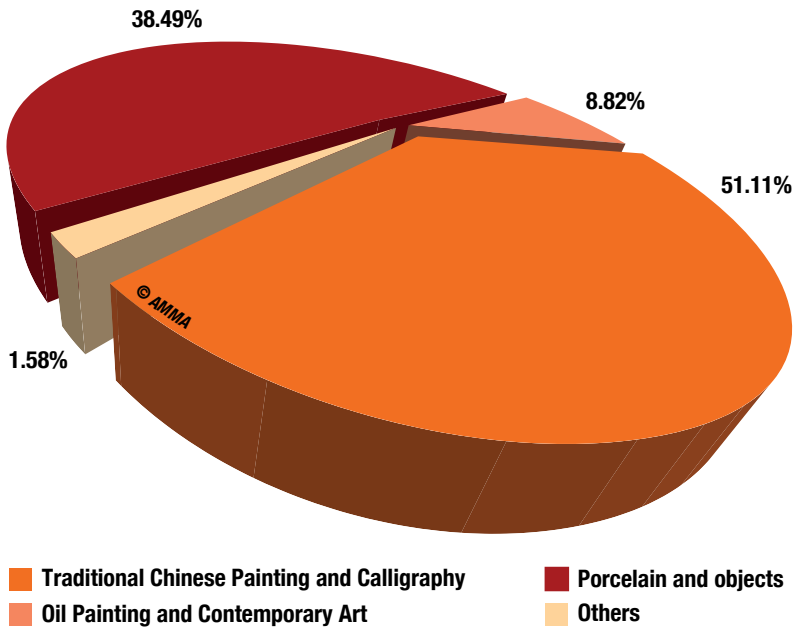
Chinese Fine Art and other Chinese specialities essentially split into two categories: Fine Chinese painting and calligraphy (traditional, Modern and Contemporary painting and calligraphy), and oil painting and Contemporary art (oil painting, sculpture, prints, installations and other foreign creative art forms), represent

the two separate and mutually independent traditional and Modern aesthetic standards. They do however have a large degree of overlap in time: the creative practices in Modern painting and calligraphy, oil painting and Contemporary art fundamentally share many parallels; but the buying crowd's aesthetic appreciation and tastes, and even their social backgrounds, are all poles apart.

In 2012, the size of the Chinese Fine Art market was down \$4.021 billion on 2011, to \$5.068 billion, accounting for 59.93% of the 2012 Chinese art sales volume. Yet, although Chinese Fine Art still had absolute dominance over the auction market with its 60% share, due to market liquidity gradually drying up, auction houses have had no choice but to seek out new capital in order to maintain auction market volumes, causing this market share to slowly contract in recent years.

The Art Market in China in 2012

Breakdown by category

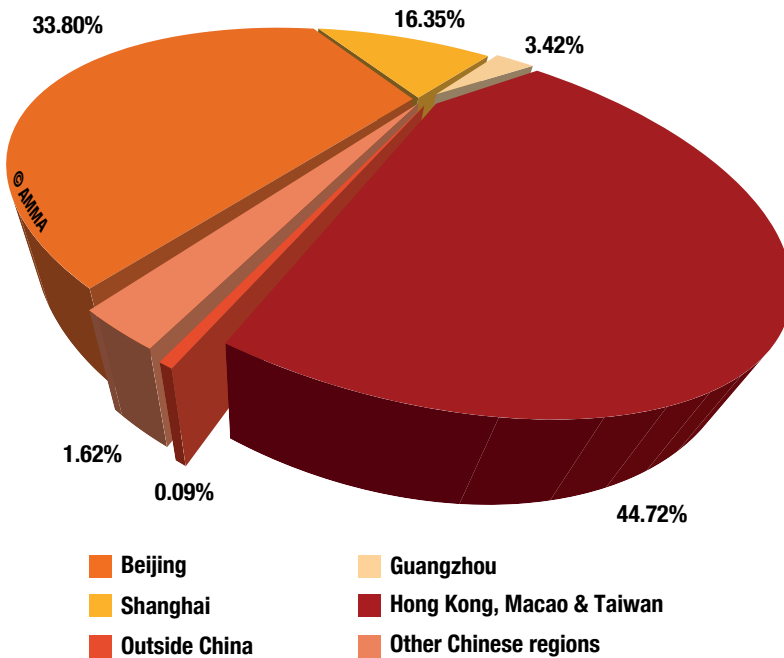


This year, fine Chinese painting and calligraphy total sales were \$4.323 billion, i.e. 51.11% of the year's Chinese art auction total sales. Although it still had the highest market share of all auction categories, the sector was down 8.47% on 2011. Difficulty in recruiting outstanding works was also an important factor in Chinese calligraphy and painting's shrinking market share, and this quarter encountered various issues such as the disappearance of the Shiqu Baoji¹ catalogue auction; buyers became increasingly rational and cautious, with less tendency to shoot for the moon.

1. The Shiqu Baoji catalog presents the complete art collection of Emperor Qianlong of the Qing Dynasty. The catalog includes a total of 44 volumes.

The oil painting and Contemporary art segment market share was 8.47%, 0.84% higher than in 2011. Compared to last year, apart from Beijing, Tianjin and overseas sales, this segment's market share showed varying degrees of improvement, of which Hong Kong, Macao and Taiwan oil painting and Contemporary art total sales of \$334 million, which as the highest market share accounted for 44.72% of total segment sales. Hong Kong is the trading centre for Asian Art, with in addition to geographical, economic and tax advantages, the support of large groups of international buyers. Oil painting and Contemporary art, which speaks the international language, is gradually becoming this region's dominant auction category.

Chinese Contemporary Art Auction Turnover by region in 2012



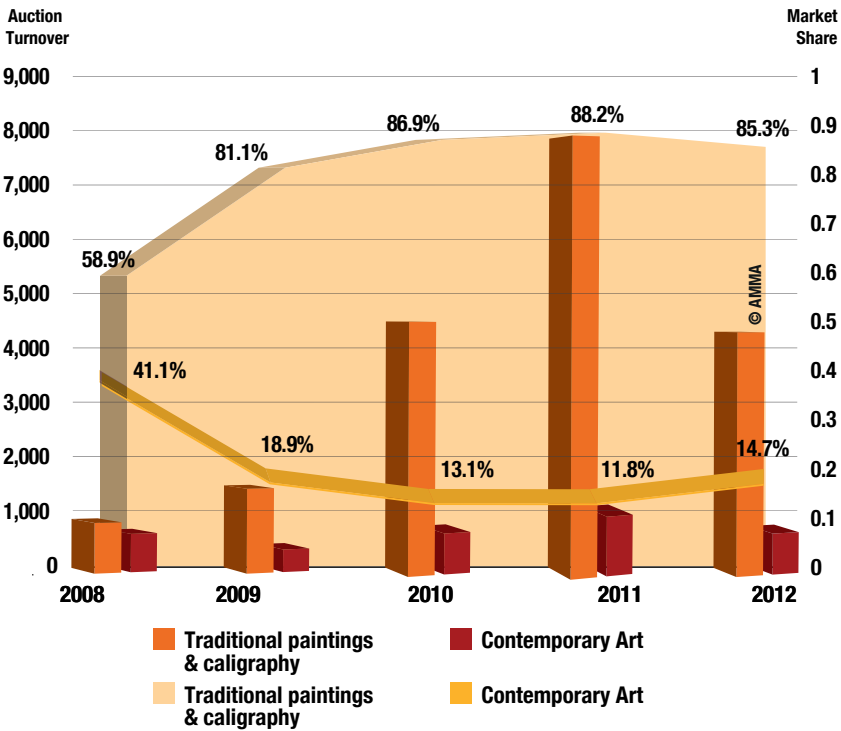
Painting and calligraphy: traditional painting and calligraphy prices stabilise while the Modern paintings and calligraphy bubble begins to burst

Since China reinstated the auction system in 1992, the Fine Art market has been a distinct embodiment of Chinese collectors' tendencies towards traditional aesthetic tastes. Fine Chinese calligraphy and painting is a uniquely Chinese category, combining inner meanings and aesthetic standards specific to traditional Chinese culture in a single work of art. It is inextricably linked with Chinese social shifts and cultural development. At the same time each sub-category and school is characteristically distinct. Its scope for survival and market circulation potential is abundant, and it has been the main object of Chinese collectors' investments since the emergence of new Chinese wealth. Looking back over the past 20

years of Chinese art auction history, the Chinese calligraphy and painting market experienced successive climaxes in 1995-1996, then a secondary peak from the second half of 2003 to 2005, declined from 2006 to 2008, and by 2009 began to completely dominate the Chinese art auction market with its leading advantage. In the Chinese Fine Art sphere, the advantages of fine Chinese calligraphy and painting are more prominent. In 2011, a brilliant year for this genre, its market share rose to 88.19%. In the 2012 market decline, the painting and calligraphy segment share fell by 3% only. The market's warm enthusiasm for new generation artists and experimental ink and wash, indicate that 2012 may be the beginning of a new momentum for progression, development and adjustment in aesthetic tastes within this segment.

Contemporary Art Vs Traditional Paintings

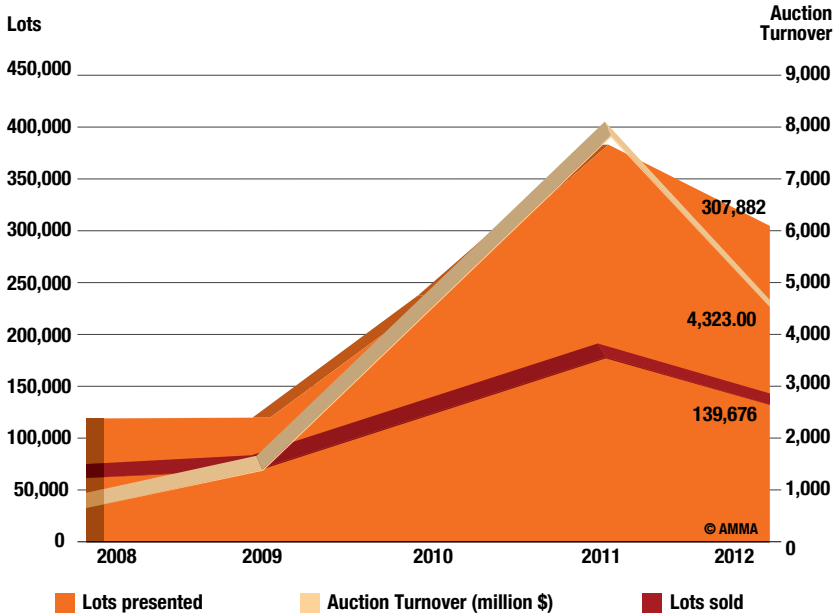
Auction Turnover



Compared to 2011, the scale of the fine Chinese painting and calligraphy market was reduced in 2012. In this year, total sales in fine Chinese painting and calligraphy were \$4.323 billion, down 46.07% on 2011; 307,882 lots were up for auction, 81,860 fewer than the previous year, a decline of 21%; 139,676 lots were sold, a decrease of 25.59% year-on-year. The sales ratio was also down on the previous year from 48.16%, to 45.37% in 2012. (Table B-1) Furthermore, the “Chinese Painting 400 Index” published by AMMA also showed a downward trend, with 2012 closing at 5,219 points, down 37.07% on the same period of the previous

year. Nevertheless, relative to other segments, it maintained its market dominant position. The painting and calligraphy market showed a relatively conservative trend in the adjustment period, and greater demand for and reliance on quality items.

Traditional Paintings Auction Turnover, Lots Sold & Lots Presented in China



Chinese traditional painting and calligraphy, which acts as a pricing benchmark structuring the painting and calligraphy category, is known as “safe havens” in the art market, because of its scarcity and artistic value. Of the 76 painting and calligraphy canvasses which made it into the 2012 Chinese Fine Art category, there were thirty-two traditional pieces, with a total auction sales value of \$162 million.

Benchmark by Period

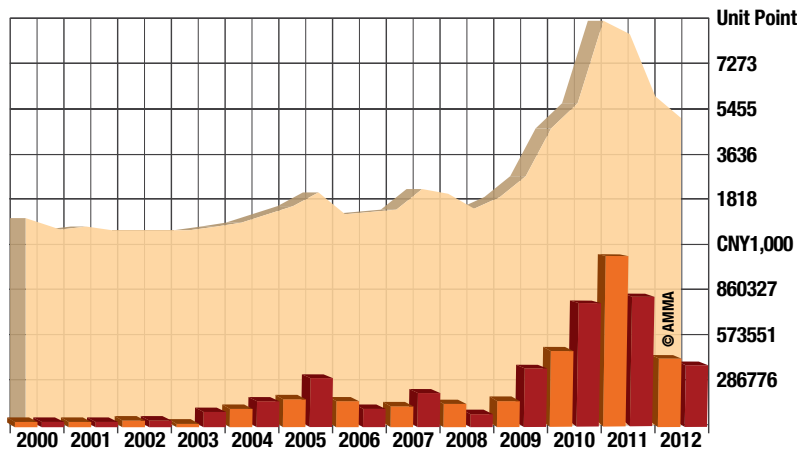
| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------|--------|---------|---------|---------|---------|
| Chinese Traditional Painting | | | | | |
| Lots sold | 62,666 | 75,735 | 131,681 | 187,711 | 139,676 |
| Auction Turnover (million \$) | \$865 | \$1,478 | \$4,586 | \$8,017 | \$4,323 |
| Average Price (x\$1,000) | \$1.38 | \$1.95 | \$3.48 | \$4.27 | \$3.10 |
| Market Share | 58.90% | 81.10% | 86.90% | 88.20% | 85.30% |
| Chinese contemporary art | | | | | |
| Lots sold | 10,464 | 6,673 | 9,470 | 11,322 | 9,833 |
| Auction Turnover (million \$) | \$604 | \$345 | \$693 | \$1,073 | \$746 |
| Average Price (x\$1,000) | \$5.78 | \$5.17 | \$7.32 | \$9.48 | \$7.58 |
| Market Share | 41.10% | 18.90% | 13.10% | 11.80% | 14.70% |

© AMMA

Two works had hammer prices above \$10 million: Poly International's highest ranking sale on 4 December, of Yuan Dynasty artist Wang Zhenpeng's *Landscape* for \$13.94 million, was this year's leading example of traditional ancient painting and calligraphy at auctions. DuoYunXuan's hammer price of approximately \$10.3 million for Wen Zhengming's *Landscape* handscrolls broke Wen Zhengming's historical record. Traditional painting and calligraphy proved the strength of its market demand and market prices amid the 2012 autumn quarter auction market downturn.

Low Index for Traditional Chinese Paintings in 2012

CNY1,000



Although in 2012, traditional painting and calligraphy demonstrated relatively strong resilience and stability, especially in the second half, the rate of unsold items rose, and the previously unstoppable flow of Shiqu Baoji catalogue traditional paintings showed signs of staleness from having been overrated. For example, out of Dong Bangda's *Landscape* (hanging scroll), Emperor Qianlong's album *Painting and Calligraphy*, Yuan Dynasty Fang Songyi's *Landscape*, Aixinjueluo Hongwu's handscrolls *Cuiping Cloud* and other 4 Shiqu Baoji items, only did Fang Congyi's *Landscape* sell for nearly \$2,373,000. At China Guardian's spring auction, where 5 Shiqu Baoji items were on offer – Yun Shouping's handscrolls *Ferrying a crane*, two *Album after song masters* by Jiang Tingxi (lot n° ,1685 and 1686), Chen Chun's handscrolls *Narcissus and rock*, and Wen Zhengming's *Double trees* and *Pine in Spring* – only did Jiang Tingxi's works sell. As can be seen, what is different between this year and the year before is that this season's buyers are not merely concerned with the quality and origin of auction items, they are also cautious towards unusually high valuations or items which have frequently changed hands, which further reflects buyers' growing demand for value for money at auctions.

At the same time, the traditional calligraphy segment is gradually shaking off the traditional preconception that "calligraphy cannot outsell drawing". Work by calligraphy masters handed down through generations is becoming a focal point for collectors. 2012 initial statistics by Art Market Monitor of Artron (AMMA) reveal a total of eight traditional calligraphy works entered the Chinese Fine Art Auction Top 100, including Dong Qichang's handscrolls *Fuchun mountain after Huang*

Gongwang, Shen Zhou's *Calligraphy* and Gong Xian's 2-piece, with 2 items setting new records.

As a mainstay of the Fine Chinese painting and calligraphy market, Modern painting and calligraphy has greater potential for survival than traditional painting and calligraphy. It has high liquidity and market recognition, in recent years becoming a target of hot pursuit on the market. Although it is generally felt that Modern painting and calligraphy has entered a price plateau due to high price competition, in the foreseeable future, it will remain the dominant segment in the Chinese Fine Art market in China, the only change being that different genres and different artists will in turn set new sales records.

This year, Chinese Modern painting exhibited a feast and famine phenomenon, with the segment's high prices doubling in the first half, then demonstrating a fall in market prices in the second. In Chinese Modern painting and calligraphy, a total of forty-four items entered the Chinese Fine Art Top 100 list, nineteen of which in the first half of 2012 with total sales of \$143 million, 22.54% higher than the \$111 million brought in by the second half's twenty-five pieces. Of the four works auctioned over \$10 million, three were sold in the first half of the year, at Poly International's 3 June sale topped by Li Keran's *Mountains in Red*. If we are to examine the cause, we can mainly see that the downturn in the market led to a significant reduction in high quality Modern painting and calligraphy output, which combined with prior overstretching of prices, kept enthusiasm relatively low for this segment. Yet with a huge number of collectors and prospective buyers, it is still the mainstream segment of the auction market.

The Chinese Contemporary painting and calligraphy segment has always been considered an excessively speculative market, although there is no way it can be compared to traditional and Modern painting and calligraphy - this year it had no works entering the 2012 Chinese Fine Art Top 100 list. However the rapidly developing market for works by artists such as Fan Zeng, He Jiaying and Cui Ruzhuo set off waves in this segment. This year, the three Contemporary painters and calligraphers respectively fetched \$58.22 million, \$46.74 million and \$20.63 million at auctions, ranking 12th, 15th and 40th in the Chinese Top 500 Fine Art artists at auctions.

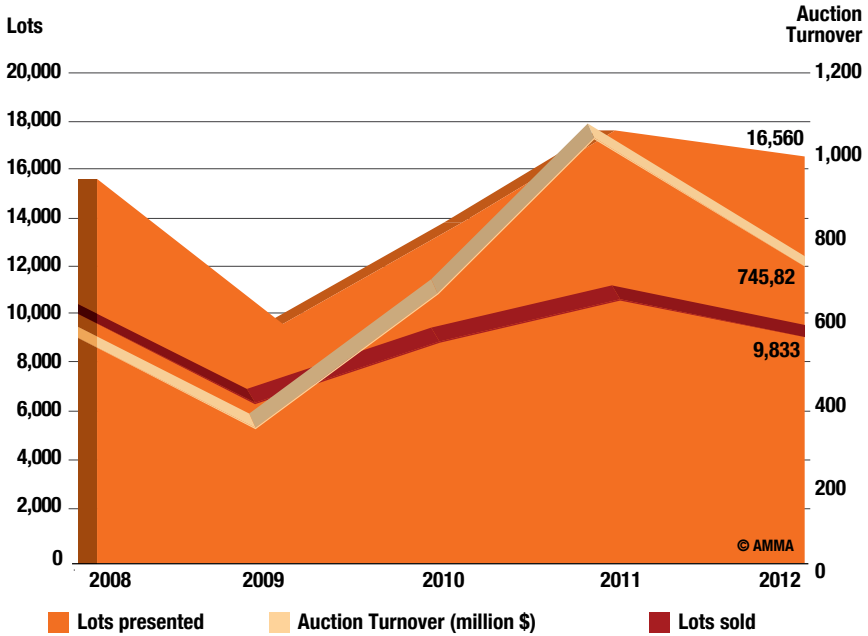
In addition, the new and rapidly emerging Contemporary ink and wash also became a 2012 market hot spot. Auction houses like China Guardian, Poly International and Beijing Council actively introduced special sessions of its artists' works. But with the academic positioning of Contemporary ink and wash still controversial, collectors and enthusiasts failed to establish steady base of followers. Furthermore, the quantity of artworks is not enough to sustain a pattern similar to the Modern painting and calligraphy market. The Contemporary ink and wash segment has yet to rise, which requires an academic positioning and a market structure to develop simultaneously. Only through this lengthy process will quick returns based on sensationalism be phased out, as excessive hype and artificial market support can only offer short-term flash-in-the-pan results.

Beyond tradition: early oil painting shows strength and the Chinese Contemporary gold rush comes to an end

Chinese oil painting and Contemporary art present a pattern opposite to that of Fine Chinese painting and calligraphy. This segment's market share for 2012 as compared to 2011 showed an increase of 3%, rising to 14.71%. But the overall market size was smaller than last year: annual auction sales totaled \$746 million, a 31% decrease on the previous year; there were 16,560 lots up for auction, 1,258 less than the previous year; 9,796 lots were sold, 13.5% fewer than in the previous year. The Oil Painting 100 Index and Contemporary 18 Top Index by Art Market Monitor of Artron (AMMA) were at 11,531 points and 17,544 points respectively, with varying degrees of decline on the same period of the previous year.

Evolution of Sales Volume, Hammer Prices and Turnover for Oil Painting and Contemporary Art

Auction Turnover (million \$)

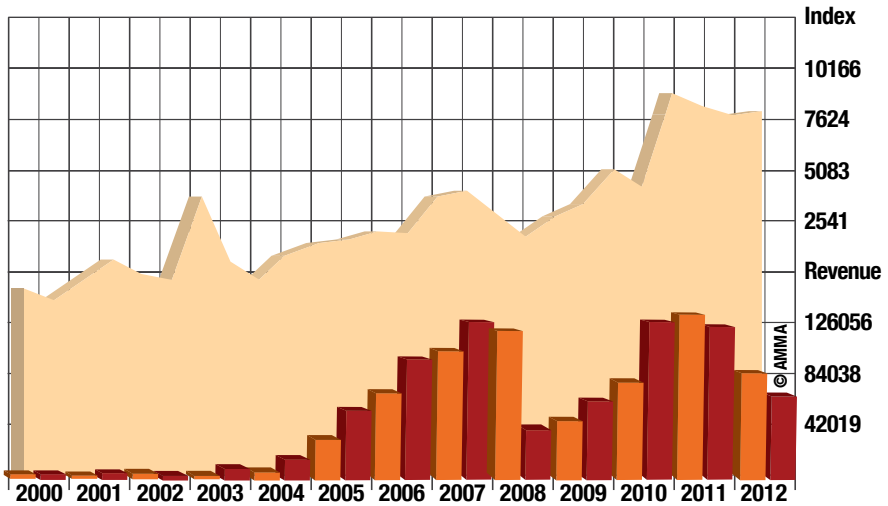


In relation to traditional Fine Chinese painting and calligraphy, the oil painting and Contemporary art segment in China represents a relatively avant-garde aesthetic and westernised taste in artwork. In China, this category emerged in the early 20th century, originating with a group of Chinese artists returning from overseas, among which Xu Beihong, Wu Guanzhong and San Yu, with various schools of Realism and Modernism brought into China, giving birth to the current market definition of early oil painting. Then in the wake of the 1980s open door policy, a series of innovative creative tools including Post-Modernism, avant-garde pioneering thought, performance art and installation art entered China, paving the way for a red hot Chinese Contemporary art scene at the start of the

21st century. Between the two concepts there is a form of realist oil painting unique to the Chinese art market: by placing importance on sketching and basic painting skills, the Chinese Academy of Fine Arts has cultivated a series of artists who work in a traditional realist school style. Each of these three sub-categories' 2012 performance had its own merits.

Oil Painting Index in 2012

base 100 in 2000



A total of twenty-four pieces in the quarter entered the 2012 Chinese Fine Art auction Top 100, of which twelve were early oil painting masterpieces. San Yu, Zao Wou-ki and Zhu Dequn were among the international master favourites. Zhu Dequn's 1987 creation *Second White Forest* came 16th in the 2012 Chinese Fine Art Auction Top 100. In addition, Zhu Dequn ranked as 14th highest grossing artist on the year's Top 500 list in the Chinese Fine Art category with total annual sales of \$49.5 million. Zao Wou-ki then reached 11th with total auction sales of \$60.33 million. Because of its academic and market value, in recent years many auction houses have tried to engage the wider community in the period and promote deeper recognition of its value, illustrated for example by the China Guardian's and Poly International's specialised sales.

Unlike early oil paintings, in 2012 the Contemporary segment faced the dual challenge of overrated prices and changing tastes. The Contemporary market having been excessively mined and over-hyped, with prices reaching serious levels and a shortage of quality works of art available, a price drop was inevitable. With the international market's keen excitement for Chinese Contemporary art waning, the majority of Contemporary art was already flowing back to Hong Kong and China, this posing as a barrier to the segment's potential for growth. Yet since the previous autumn's auctions had begun, Contemporary art had undergone significant changes in aesthetic tastes, with a cultural slant replacing a political one. The market began to be biased in favour of painted works. In order to adapt

to this change, all auction houses made the appropriate adjustments in the quarter as Zhou Chunya, Zeng Fanzhi, Liu Xiaodong, Luo Zhongli and Liu Wei became the target of each auction house's sights, and more political works by artists like Wang Guangyi, Fang Lijun and Yue Minjun lost momentum. In 2012, there were a hundred and twenty-three Wang Guangyi works up for auction, forty-eight fewer than the previous year, with only 66 sold and total sales of \$2.72 million, a decrease of 73.63% on the previous year. The total sales from works by Fang Lijun and Yue Minjun also decreased by 60.23% and 76.21%. Yet as the highlight of the 2012 oil painting and Contemporary art market, Zhou Chunya's total sales of \$32.54 million revealed an increase of \$4.512 million, or 16.1%, on 2011 and his artwork price index rose to 228,455 points. His triptych sold at Beijing Council's auction for a mouth-watering \$4,118,800. Liu Wei's artwork price index increased by 92% on the previous quarter, making him the artist with the highest growth rate in this sample. Future auctions of Contemporary art will clarify changing trends in taste, and this three-player game of artists, auction houses and buyers is one to watch.

Realist painting is a category based on purely Western technique, yet depicting themes of a very oriental nature, and has a relatively stable and extensive collectors' base in China. In 2012, the market segment was relatively stable. Chen Yifei, Yang Feiyun and Ai Xuan were the mainstays of the segment. This year, Chen Yifei had forty-six pieces up for auction, of which 40 were sold, achieving total sales of \$25,23 million (with him ranking 32 in the 2012 Top 500 list of highest grossing artists in the Chinese Fine Art category). Yang Feiyun ranked 49th with \$18.93 million in sales, with Poly International launching a Yang Feiyun retrospective session covering over two decades of important works, which sold a total of ten lots altogether fetching \$6.07 million. In this segment, because highly prized items had already changed hands in the previous few years of collecting, it was not easy to release new items: in general with realist works of art, if value for money is not high, experienced collectors will not be interested. For example, neither of Chen Yifei's *Suzhou landscape no.1* and *Jiangnan Landscape* sold, both being of a commercial nature and with relatively high estimates.

Fertile period for experimentation: experimental ink and wash develops in a transition period

Market adjustment also brings new exploration and experimentation, and one of the two major highlights of 2012 in the category was the systematic introduction of the concept of Contemporary experimental ink and wash. Through several consecutive years of accumulation, Contemporary ink and wash has already formed a niche of artists, who carry out various kinds of core fusion and exploration into painting technique and creative philosophy, still using traditional Chinese ink on rice paper as the basic medium, but offering many different current manifestations. First, there were early master class Contemporary ink and wash artists paving the way for Contemporary ink and wash, then there were core artists constantly expanding, of which include many expatriate artists using the ink and wash style in a Contemporary context to obtain recognition overseas.

In the 2012 auction market many auctioneers ingeniously promoted "Contemporary experimental ink and wash". For example, China Guardian's choosing ink and wash as the auction focus, including numerous significant ink and wash artists, Chinese Modern art master Zao Wou-ki and Contemporary artists Fang Lijun and Yue Minjun. The *New World of Ink and Wash* session yielded total sales

of over \$2.2 million and a session sale ratio reaching 92.45%. The Contemporary Chinese painting and calligraphy share of the total turnover was \$13.55 million, and the session sale ratio also reached 88.17%. Of these, Huang Yongyu's works were especially noteworthy, with the 1988 *Lotus* going up for a reserve price of \$115,000 and after several rounds of bidding finally selling for \$772,000, temporarily listing in the individual artist artwork sales Top 5. Wang Mingming's *Birds and tress* selling for \$956,000 easily came up trumps, taking the lead and setting him a personal record. Immediately afterwards at Poly International's first Contemporary Chinese ink and wash session, Wang Mingming's *Master Songling* took \$2.21 million at auction, once again breaking a personal sales record.

Young artists: new areas for market discovery and growth

In 2012, along with changes in new and old styles and aesthetic preferences and the expansion and development of the young artists market, many young artists' work has become the object of a new round of investment/collection interest. This year, all the auction houses in an attempt to strengthen the foundations of the traditional auction segment, expanded into new auction categories, seeking new generations of artistic styles and painters. This arose from two different aims, one was to remove the difficulty of finding premium works by star artists and price dependence on stagflation, and find stock with potential; the second was that everyone unanimously recognized the necessity for generational change and style transformation. However, demand was powerful and products hard to find.

In 2012, the young artists segment (artists born after 1970) became a mine each auction house was eager to tap. In the autumn, China Guardian held an oil painting and sculpture session, and of the a hundred and twenty-six works on auction, twenty-one were by young artists, fifteen of which were sold. Among these Wu Chengwei's 2012 creation *Miss* went for CNY2.185 million, ranking top in the segment. Beijing ChengXuan put fifteen works by artists Li Qing, Wei Jia, Wang Daishan, Ou Yangchun and Liang Xinran up for auction, accounting for 15.46% of lots on auction. Beijing Huachen Auctions specifically organised the "New Horizons – cutting-edge young artists" session. Of fifty-one works by young artists, twenty-six were sold, with total revenues of CNY2.23 million. What is of note is that the various auction houses launched their own selection of young artist painting and sculpture items, but not many made the selection more than once, indicating that the market has not yet formed a consensus on the so-called style of tomorrow and yet-to-be discovered rising stars.

In the young artists market this year, no one was more in the limelight than Jia Aili, whose two paintings auctioned in autumn 2012 sold without a hitch, and whose 2007 triptych went at Sotheby's Hong Kong in April for around \$710,000, as the top sale among this niche of artists. Up until now, although Jia Aili had only had 4 works put up for auction, it only took one year for his works to enter the secondary market, and they had already gone into 7 figures. A prominent representative of the new generation of Realism, Wang Xiaobo's 2010 creation, *Inverted woman* sold on 15 May 2012 at the China Guardian for \$443,600, breaking the artist's individual record.

At present, although each auction house has increased its efforts to promote the young artists market, the market for artists born after 1985 is still in its infancy, and it will still take time to gradually establish aesthetic standards with liquidity market consensus on related works.

Income: the cultural attitude behind long-term painting and calligraphy and short-term oil painting

The 2012 art market indisputably entered a period of adjustment, with total art auction market sales falling sharply, and a serious decline in the quality of auction items. However, in this inhospitable environment, there are still quite a few cases of Chinese drawing and painting artwork rising in price. Below is an inventory of the 2012 autumn quarter drawing and painting category artwork investment yield.

$$R = \sqrt[n]{\frac{P_T * (1 - f)}{P_t}} - 1$$

To calculate yield, we adopt an annual compound rate of return formula, i.e. we apply annual compound interest to calculate the rate of return. This calculation formula, which includes the following parameters: R annual compound rate of return; the transaction price at time of sale; P_t the transaction price at time of offer P_T and f the average auction commission, $P_T * (1 - f)$ expresses investors' gain upon sale of artwork.

Given that Chinese auction house commission rates range from 10% to 15% and that a certain discount for highly priced items may apply, we therefore take 12% as the assumed average commission at domestic Chinese art auctions. Since yield calculations are derived from public auction data, the results of this calculation should be used for reference purposes only, as we cannot obtain accurate evidence as to whether transactions are genuine. Users share our research and data at their own risk.

Fine Chinese painting and calligraphy: clear return benefits for long-term investments

Until now, there had been a relatively high proportion of works in the fine Chinese painting and calligraphy auction market on repeat auction, especially in Modern painting and calligraphy. Of the three hundred and fourteen works selling for more than CNY500 million in autumn 2012, forty-eight went under the hammer twice.

Rate of return for Chinese traditional paintings

Transaction average of 12%

| | Net margin (compound interest) | Maximum level of net margin | minimum level of net margin | Average level of net margin |
|-------------------------------------------------------------|-----------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Average sample of investors | 21% | 161% | - 51% | 25% |
| Sample of Investors with Art funds for over 5 years | 27% | 58% | - 13% | 31% |
| Sample of Investors with Art funds for under 5 years | 19% | 161% | - 51% | 18% |

© AMMA

If we take an assumed average transaction cost for each work of 12%, by calculation we obtain a 2012 autumn auction Fine Chinese painting and calligraphy average annual compound rate of return of 21%. Among the forty-eight work of our sample, the highest rate of return is 161%, and the lowest -51%, with a median yield of 25%. This is very consistent with the generally held figure of approximately 20% to be expected as an investment yield for painting and calligraphy.

In this sample of recorded repeat sales, the works of Qi Baishi and Li Keran are most common, twelve Qi Baishi works, with an average annual compound yield of

32%; and eight Li Keran works with an average annual compound yield of 36%. This year, the domestic painting with the highest yield was Li Keran's *Landscape*, which changed hands at Beijing Tranthy's sale for CNY34.5 million, +161% on its 2011 hammer price of CNY11.05 million; ranking second were handscrolls that sold at China Guardian Auctions for CNY7.25 million, +131% on its 2011 autumn price of CNY2.88 million.

Of course, the market does not lack examples of devaluation, such as Wu Guan-zhong's 1978 creation *Households and rock pillars*, which compared to the previous year, had an average annual depreciation rate of around 51% or such as Xie Zhiliu's 1956 *Spring Journey to Xihu* that suffered an average annual depreciation of 44%.

In sub-samples, we find the investment yield on painting and calligraphy works to show direct proportionality to the length of time held. Fourteen samples held for a period of over five years had an average annual compounded rate of 27%, with a median yield of 31%; and in the sample held for less than five years, the average annual compound rate of return was 19%, and median yield 18%. Visibly, fine Chinese painting and calligraphy is more suitable for long-term investment.

Rate of return for oil et Contemporary art paintings in fall 2012

| | Net margin (compound interest) | Maximum level of net margin | Minimum level of net margin | Average level of net margin |
|--------------------------------------------------------|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Not including buyer's premiums | 19% | 80% | - 48% | 17% |
| Including buyer's premiums (with average rate: 12%) | 13% | 59% | - 60% | 13% |

© AMMA

Oil painting market: average annual income of 13%, mainly for short-term transactions

In autumn 2012, three hundred and ninety-five Chinese oil paintings sold for over CNY1 million. Fifty-one of these were auctioned twice or more. If one does not take buyer's premiums into consideration, the average annual investment average yield on 2012 autumn auction oil paintings was 19%, which more or less tallies with the generally expected market rate of return for art investments (20% annual rate of return). However, due to the existence of buyer's premiums, the actual rate of return is severely brought down, and the average annual income for Chinese oil paintings is only 13%. Moreover, investment in Chinese oil paintings is mostly a short-term operation. Of these fifty-one works, only eighteen works sold twice at an interval of over five years, equivalent to roughly only one in three and fifteen with less than two years between transactions. Excluding buyer's premiums, the former category's average annual compound rate of return is 17%, and the latter's is 22%. After deducting costs, for works traded at an interval of over five year, the average annual compound rate of return is 15%, while for those resold within less than two years, this rate is only 8%.

Among oil painters, Zhou Chunya has the most repeat sales, with thirteen works which have two or more recorded transactions, with 25.49% of his fifty-one lots auctioned at the autumn sales showed an average holding period of 4.5 years. The average annual compound rate of return for these works is 18%.

Because buyer's premiums are affected by time, the longer the investment period, the lower the annual apportionment of buyer's premiums, and the lower its impact on average annual yield. Clearly, where buyer's premiums are high, oil painting artwork should be a long-term investment product.

Markets: new parries to compete for market authority during the adjustment period – Setting standards in response to international concerns

Although the extent of auction house sales continuing to shrink was becoming an indisputable fact, all auction houses still did their best in terms of business strategy to develop their collections, hold auctions, market themselves, expand, engage in M&A etc. in order to gain the upper hand amid changes in the market, and achieve a better environment for survival and development.

The Top 10 auction house sales averages showed varying degrees of decline in comparison to 2011, with Beijing Hanhai, Sungari, China Guardian and Beijing Council displaying the sharpest drops of respectively 75.89%, 57.11%, 53.15% and 51.89%.

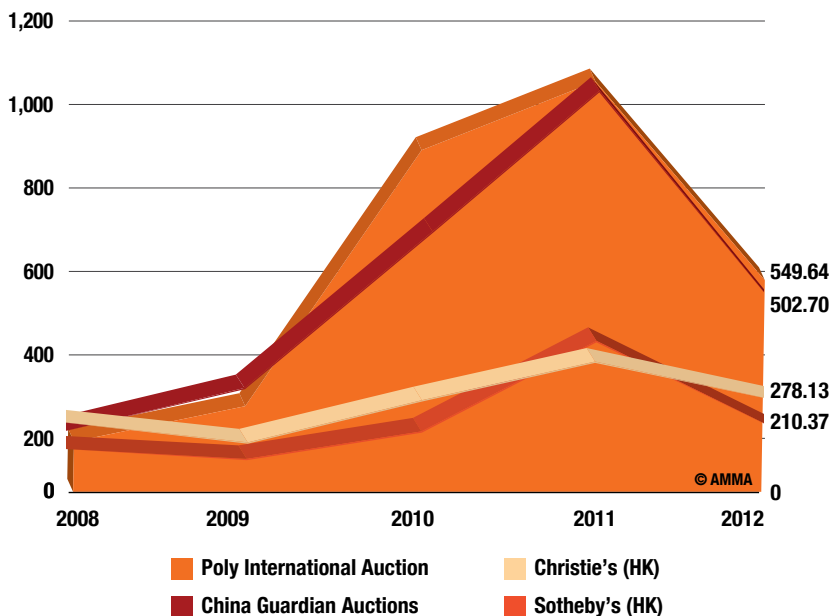
The top echelons of Poly International, China Guardian, Christie's Hong Kong and Sotheby's Hong Kong, as the bellwethers, play a pivotal role in the Chinese auction market's prosperity and development. Influenced by wider economic and market factors in 2012, the Big Four's Fine Art auction sales were down 47.23% on the previous year, to only \$1.541 billion.

Top 10 Chinese auction houses' turnover in 2011 and 2012 (Fine Arts)

| Rank | Auction house | Turnover (million \$) | Compared to 2011 |
|------|---------------------------------------------|-----------------------|------------------|
| 1 | Poly International Auction Co, Ltd, Beijing | 549.64 | ↓ 48.39 % |
| 2 | China Guardian Auctions Co, Ltd, Beijing | 502.70 | ↓ 53.15 % |
| 3 | Christie's, Hong Kong | 278.13 | ↓ 24.14 % |
| 4 | Sotheby's, Hong Kong | 210.37 | ↓ 49.38 % |
| 5 | Council International Auctions, Beijing | 205.71 | ↓ 51.89 % |
| 6 | DuoYunXuan auction, Shanghai | 150.87 | ↓ 7.95 % |
| 7 | Hanhai Art Auction Co, Ltd, Beijing | 121.05 | ↓ 75.89 % |
| 8 | Xiling Yinshe Auction | 119.98 | ↓ 48.82 % |
| 9 | Rongbaozhai (Shanghai) Auction | 102.55 | ↓ 11.93 % |
| 10 | Sungari International Auction Co, Ltd | 89.08 | ↓ 57.11 % |

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Auction turnover (Fine Art) by Auction Houses



In the second bracket, Shanghai DuoYunXuan was one of the few Fine Art auctioneers in 2012 with only a small decline of 7.95% on 2011 and total sales of \$150 million, moving up from last year's ninth to sixth position. DuoYunXuan, which was selected as a company with leading standards, enjoys a good reputation and credibility within the market. The "2012 status report on Chinese antique art auction market standardisation" jointly published by the CAA (China Association of Auctioneers) and AMMA shows that in the 2011 listing of Top Art sales, DuoYunXuan ranked seventh, and fifth in the antique art auction records of the highest business taxes filed. In 2012 DuoYunXuan celebrated its 20th anniversary, and in an effort to increase collections and auction sales, it put a total of 5,474 works of Fine Art up for auction, selling 4,696 pieces, with a sale ratio of 85.79% (down 3.48% on 2011).

Apart from DuoYunXuan, Beijing Council led the second tier with its strong cultural marketing capabilities and capacity to collect painting and calligraphy works. In 2012, Beijing Council organised the "Art Collection Discover geography" programme¹, auction commentary, research of the Liang Qichao archives² and other promotional activities and raised its market profile to remarkable effect, ranking fifth with total sales of \$205 million. In addition, the Beijing Council and Shanghai Hengli merger will accelerate the pace of Beijing Council's entry into market bellwether ranks.

Various other auction houses were not content in 2012. In September, Sotheby's together with the Beijing Gehua Group establish the Sotheby's Beijing Ltd. joint venture, which held its first auction on 27 September, marking seventeen years since Sotheby's officially took up residence in Beijing. Due to the Chinese art mar-

1. Programme designed to help discover art collections city by city.

2. The written works of Chinese intellectual Liang Qichao (1873-1929) were auctioned CNY67,09 million on 6 December 2012 at Beijing Council's.

ket high tax rate and foreign companies not being legally permitted to auction items of cultural and artistic heritage in the country, Sotheby's and other auctioneers had once been barred from the mainland, but the establishment of the Tianzhu Cultural Free Trade Zone, has given Sotheby's a good opportunity to set up.

Yet China Guardian and Poly advanced on Hong Kong, mainly focusing on the Hong Kong region's developed art market and favourable tax policy, as buyers in these auctions can circumvent the 35% rate of tax on art prices. The two Chinese mainland auction houses held their first Hong Kong auctions one after the other in autumn 2012, and achieved promising performances: China Guardian Hong Kong's 2012 autumn auction session *Chinese paintings and calligraphy from the four seas* sold two hundred and sixty-nine of the three hundred and nineteen pieces on auction, with total sales of approximately \$58 million. Among these, Qi Baishi's album *Landscape* sold for \$5,160,000, taking first place at this event. Poly Hong Kong's four auctions made a total of \$66.92 million, 65.42% of which yielded by Chinese Fine Art, for approximately \$43.78 million.

On 24 August 2012, Poly International launched a "VIP section", mainland China's first private sales agency. Sotheby's Hong Kong's *Portraits of Valour: Imperial Bannermen Portraits* session (17 lots gathered from a European collection), originally scheduled to take place on 9 October, was entirely held through private sales. Private sales in the international auction market have already become a regular feature of business.

In recent years, the private sales business has become more prominent for major international auction houses such as Sotheby's and Christie's. In mainland China, under the restrictions of auction laws, private sales are not permitted. For this reason, although many mainland auction market players have private trading activities, the majority are carried out confidentially. With the establishment of Poly VIP, private sales have for the first time been included in the scope of business, breaking the silence, but consequently arousing much suspicion. Poly VIP and Poly International run parallel rather than as an affiliation. Poly VIP is part of the Poly Art Center, and can directly hold art sales there. Working together as part of the Poly Culture Group, together they have a relationship of mutual promotion: Poly VIP relies on Poly International's vast information resources and social influence in the art sphere, and provides collectors with a private sales service; VIP can also recommend works to the auction side, as were many Li Keran works. The development of the private sales business meets high-end clients' demand for tailored and differentiated services, changing bidding battles into negotiated price deals and thereby reducing price uncertainty, and satisfying both buyers and sellers cash needs and buying requirements at any time. It also which offers reduced buyer's premiums (in comparison to auctions), avoids transaction risk, and supplements the auction format all round. Its developing trends are becoming clearer.

In addition to auction houses pulling out all the stops to expand the market, win market authority and promote the development of China's art auction market, in September 2011, the China Auctioneers Association published its first "Standard for auction of cultural relics and art works market standardisation assessment" based on the publicised implementation of the auction market norm "Standard for auction of cultural relics and art works" (SB / T 10538-2009). Using a hundred and sixteen selection criteria on the management of auctions, warehouse facilities, and more, and through site inspections and comprehensive analysis, seventy-four heritage art auction houses were assessed and forty-four were awarded the market standard. In this process, heritage art auction house systems are individually scrutinised to examine the level of regulation in their service processes; at the same time, those both within and outside the market also have an opportunity

to fully and objectively evaluate the Chinese Art auction market current level of development. As the first international market enterprise standard, it promotes the standardisation and regulation of the Chinese auction market, and has taken an important step in the development of this century old Chinese auction market.

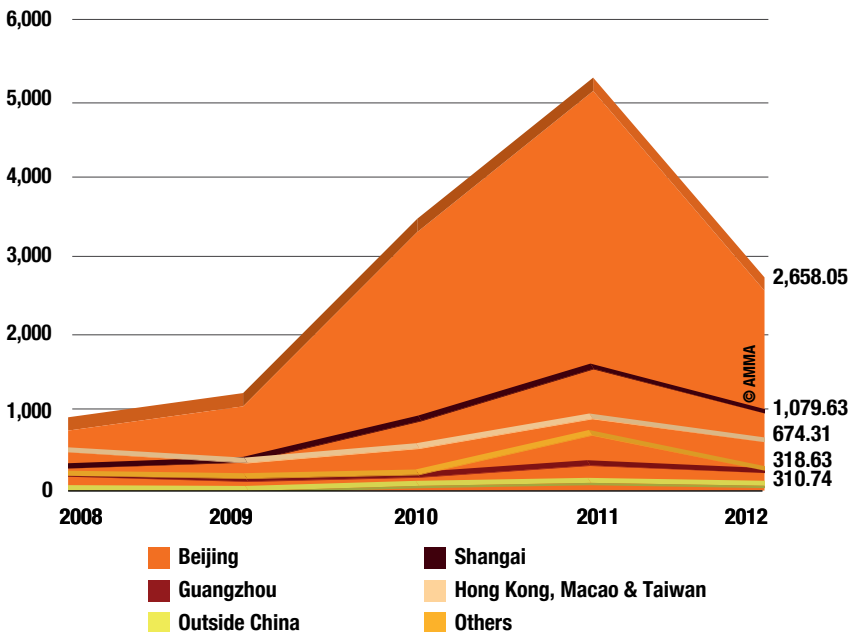
Geography: Yangtze River and Pearl River Deltas rise while Beijing-Tianjin region falls sharply

In 2012, the Chinese Fine Art auction total turnover showed varying degrees of decline, particularly Beijing and Tianjin.

Contrary to the Beijing and Tianjin region, the Yangtze River Delta¹ and Pearl River Delta² regions auction market share rose in 2012 against the trend, both improving on the year before. In recent years, the Pearl River Delta and Yangtze River Delta regions have exploited their advantages, with Shanghai and Hangzhou gradually forming as the core of the Yangtze River Delta region and Guangdong as the centre of the Pearl River Delta auction region. This year, these two regions' market share has increased rapidly: the Yangtze River Delta region market share rose to 21.30% from 18.35% in 2011, with an auction total of \$1.08 billion.

Traditional Chinese Paintings Auction Turnover by region in 2012

(millions \$)



1. Covers the area around the rivers Yangtze's mouth – Shanghai, the South of the Jiangsu region, the North of Zhejiang region – one of today's major economic hub in China.

2. China's most dynamic area in terms of business, it includes Hong Kong, Shenzhen, Guangdong and Macao.

Yet the Beijing-Tianjin-Tanggu region market share dropped from 58.90% in the previous year to 52.44%, with total auction sales \$2.658 billion, a 50.36% fall on 2011. Apart from wider economic and market environment factors, quality of artwork and market confidence also played an important part in this sales devastation. With collection resources scarce, there were much more mid- to low-end items on auction. Furthermore, the absence of many art funds and other institutions was also a major cause behind the shrinking auction market share. In addition, the diversion of the market had an important impact on this region's auction business. China Guardian and Poly successively holding their first Hong Kong auctions also reduced the Beijing auction share to a certain extent. Also, international auctioneer Sotheby's took the initiative to settle in Beijing, thereby launching a contest with other mainland auction houses.

The Hong Kong, Macao and Taiwan region's autumn auction total increase to \$674 million (13.30% of the total market sales as against 3.07% in 2011) was also directly due to China Guardian's and Poly's arrival. Moreover, support for this region's Chinese oil painting and Contemporary art market was relatively strong: the 3,346 pieces on auction in the region this year accounted for 20.21% of this year's oil painting and Contemporary art up for sale. With 2,394 pieces sold and a total turnover of \$746 million, the region was responsible for 44.72% of the segment's total turnover. It appears clearly that Hong Kong, Macao and Taiwan still have the edge in Chinese oil painting and Contemporary art. Hong Kong is China's art auction city: its strategic location as the Asian art market hub, advantageous tax policy and selection of world-class international auction houses attracting buyers from around the world, are all important factors rivalling the mainland.

Market forecast: after the market bottoming out and then realigning, 2013-H2 shows promises of recovery

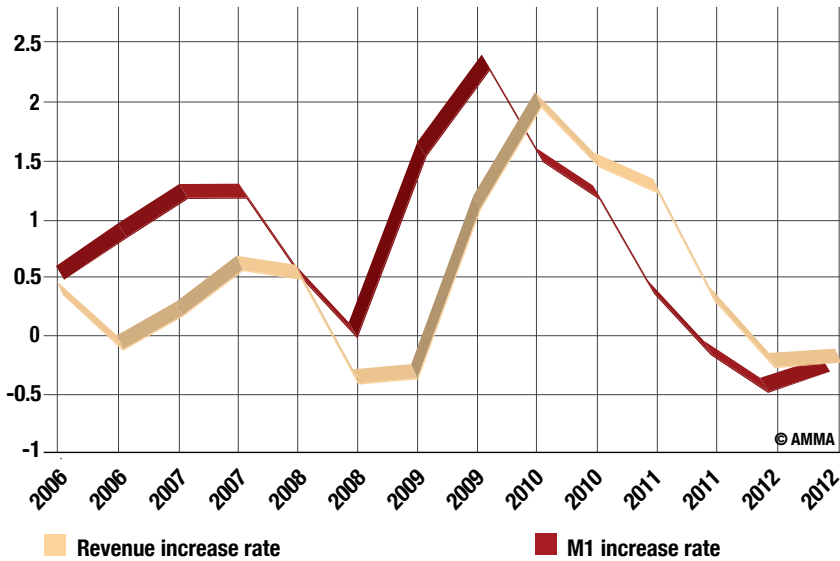
Under the influence of external economic factors and ongoing tight liquidity, art auction market size in 2012 was down 44.24% on the previous year. Based on continual observations by Art Market Monitor of Artron (AMMA), the rate of change in the Chinese art auction market total sales volume and narrow domestic money supply (M1) remaining almost constant for six years in a row both conspired to create a half year time lag. Badly affected by a lack of market liquidity, investment funds made a substantial retreat, with high-end buyers' purchasing power being clearly insufficient in the autumn of 2012, and the "ten million-dollar" Belle Epoque difficult to replicate.

This phenomenon is expected to improve in 2013. Currently, the seven consecutive quarter slump in the Chinese economy is gradually showing signs of recovery, which will undoubtedly be favourable to the 2013 art market. The latest economic data shows that at the end of 2012, the broad money (M2) balance was \$15.43 trillion (CNY97.42 trillion, a year-on-year increase of 13.8%), and money supply already approaching the \$100 trillion threshold; the narrow money (M1) balance was \$4.89 trillion (CNY30.87 trillion, a year-on-year growth of 6.5%), 1.8 percentage points higher than the year-on-year growth rate in the second quarter of 2012, indicating that real economic funds are picking up. The momentum behind a revitalisation of the Chinese economy is still from continued growth of domestic demand and domestic investment. In 2012, domestic demand became the main driving force in China's economic growth. From January to November, the total retail sales of consumer goods effectively increased by 12%. This trend is expected to continue in 2013. The increase in general consumer spending capability is undoubtedly good news for the long-term

art market high-end niche market. Meanwhile, with urbanisation spreading, the pull of investment on GDP in 2013 will be magnified, better liquidity due to the expanding scale of investment will have a favourable impact on art market capital conditions.

Looking at the international economic situation, the European debt crisis is being relieved through internal measures adopted in each country and international assistance, resolution of America's "financial cliff" is increasing the likelihood of a US economic recovery, yet economic issues have not yet been fundamentally solved. Western countries can only achieve economic growth stimulation by loosening fiscal austerity monetary policy. Alongside this, the United States and the Japanese governments have pursued their "quantitative easing" policies, and it is foreseeable that in 2013 global inflationary pressures will increase. When the time comes, Chinese domestic monetary policy will be forced to relax.

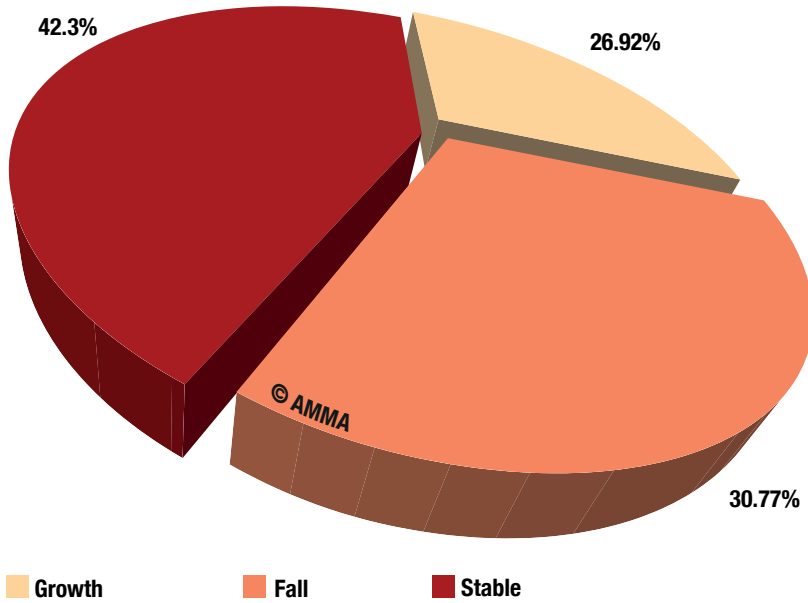
The art market decreasing in H2 and M1 picking up in 2012



However, whether due to the real economy picking up or to the relaxation of a tight monetary environment, there will be a definite lag period before a substantive impact on the art market can be felt. Combined with the current difficulties faced by the significant numbers of art investment funds and institutional investors, we expect the art market to continue in an adjustment trend the first half of 2013. The art auction market's ability to pick up will depend more on the auction houses' ability to source artwork and tap into market demand. Undoubtedly, the art market will also benefit from the price adjustment period transitioning into a structural adjustment phase.

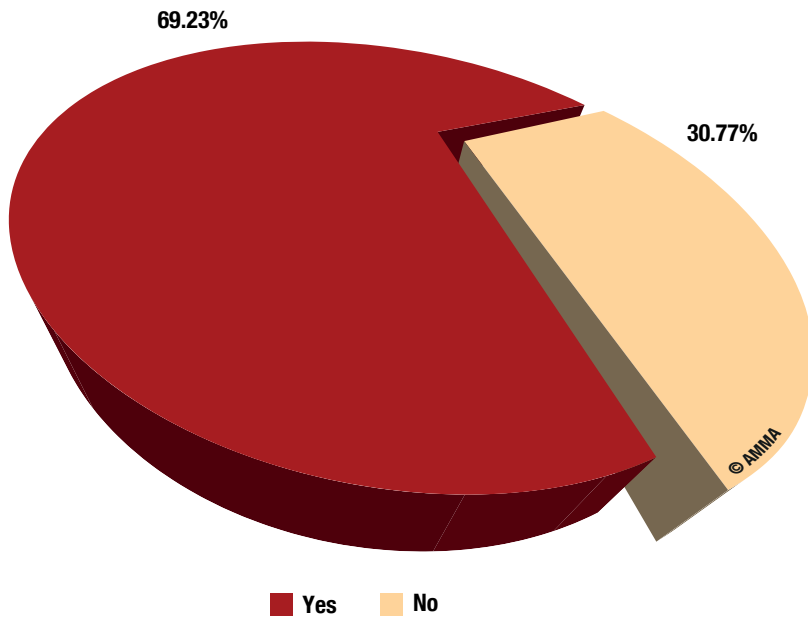
Prospective 2013 Revenue in China

2013 first season



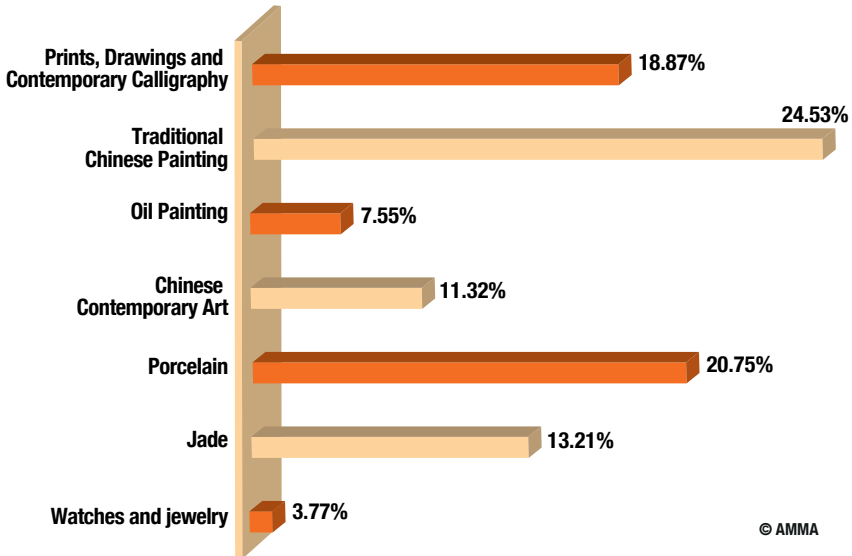
Prospective 2013 Revenue in China

2013 first season



An art market confidence survey carried out by Art Market Monitor of Artron (AMMA) showed a 10% quarter-on-quarter increase in the Chinese art market confidence index in the first quarter of 2013. But people are mostly pessimistic towards future price movements, with still over 30% of those polled responding that art prices will decline in the next three months, only 26.92% believing they will rise. With the drop in the enthusiasm that had sustained capital investment and auction prices readjusting, collectors and connoisseurs are attentive, 69.23% of respondents believing that the future is the right time to buy art. Purchasing power stability will contribute towards sound market development in future.

Prospective Sales in China in 2013



In 2012, the dominance of the fine Chinese painting and calligraphy market was still prevailing, with traditional painting and calligraphy setting a market price benchmark for the fine Chinese calligraphy and painting category. In a context of market adjustment, the advantages of its resilience and stability were once again manifest. Of the survey participants, 24.53% were most interested in traditional painting and calligraphy, and 18.87% with Modern painting and calligraphy. Despite the year's painting and calligraphy market share decline, it was still the category with the broadest collector and investor base. Interest in fine ceramics (20.75%) remains behind traditional painting and calligraphy. In recent years, changes in the domestic ceramics auction market share have been comparatively stable, due to the complex fakes environment and legal constraints slightly restricting its development. However, ceramics collections attract a wide range of audiences. The category enjoys a high degree of internationalisation, and it has a relatively stable price system. Interest in Chinese Contemporary art (11.32%) is still weak in comparison to traditional categories. This year, individual prices of art work by a few leading figures in Contemporary art who were relatively strong concealed the overall market weakness. A pick-up in the Contemporary art mar-

ket will still require winning greater market recognition.

2013 will be a year of steady development, with a gradual pick-up in the macro-economy effectively bolstering the social atmosphere and capital requirements needed by the art market. Looking back, although the art market peaked in 2010 and 2011, it was a bubble period where although sales volumes were large and many works sold at sky-high prices, there were many invalid and bogus transactions. Based on the statistical data, the 2012 sales volume drop of 33%, in terms of effective transactions, is only a slight fall in comparison to the previous two years. From this perspective, the 2012 turnover was more realistic and robust, and showed a considerable improvement on turnover on years before 2010. This is a stage which has been reached after nearly a decade of rapid art market expansion, and will form a basis for sustained development in years to come.

Top 10 Chinese painters in 2012

Chinese paintings (including Chinese traditional painting, calligraphy and contemporary art) have always been a major category of China's art market, recording a total turnover of \$5.068 billion in 2012, taking up 59.93% of the market. In this ranking of the top ten Chinese painters in terms of sales of their works in 2012 (exclusive of buyer's premiums), nine are masters in China's modern art history, with the sales of the top three – Zhang Daqian, Qi Baishi and Xu Beihong – ranging between \$175.8 million and \$287.2 million.

The following ten painters, whose combined sales in 2012 amounted to \$1.492 billion or 29.44% of the pure art market (including Chinese traditional painting, calligraphy, oil painting and contemporary art only), represent the cream of China's high-end art market.

1 - Zhang Daqian (1898-1983) – \$287.2 million

Zhang Daqian, as a hugely influential master of traditional Chinese painting, continued to lead the Top 10 Chinese painters in 2012 with \$287.2 million in sales, though down 60% from 2011.

In the 2012 autumn sale, Zhang Daqian's landscape masterpiece *Mountains and Peaks by Foggy River* was hammered at \$7,848,750 (including buyer's premiums) at Shanghai Duoyunxuan Auction Co., Ltd., the highest price the artist fetched in 2012. The highest record of Zhang Daqian was set by his *Lotus and Mandarin Ducks* at Sotheby's Hong Kong spring and autumn sales in 2011, at \$24,570,000 (including buyer's premiums).

2 - Qi Baishi (1864-1957) – \$270.2 million

Qi Baishi is the most important artist in China's modern fine art history. Although the annual sales of his works have fallen by a small margin behind Zhang Daqian, his No. 1 position in the academic circle and in the market is unshakable.

His 1954 work *Ode to the Mother Country* was auctioned at \$12,420,000 in 2012, the highest price of his works in the year. The work was hammered at \$463.4 million in 2006, meaning that its value increased by nearly \$12 million in six years, or a compound annual return of up to 58% after the buyer's premium is deducted.

3 - Xu Beihong (1895-1953) – \$175.8 million

Xu Beihong, known in the world as “father of Modern Chinese painting”, led the revolution of Modern Chinese painting. In the 2011 Autumn Sale, his *Cultivation on the Peaceful Land* was auctioned at \$40.02 million, a record high for his works. There was a sharp decrease of Xu Beihong's top works in the market in 2012, *Seven Magpies* selling for \$4.83 million at Poly Auction, making it the most expensive of his works auctioned in the year. With the consolidation of the market, collectors of Xu Beihong's works are generally reluctant to sell their collectables.

4 - Li Keran (1907-1989) – \$166.8 million

Li Keran without doubt was the most shining star in China's art auction market in 2012, with popularity not losing to even Qi Baishi and Zhang Daqian. In Poly Auction's Modern Painting & Calligraphy Spring Sale in 2012, Li Keran's

Mountains in Red was hammered at \$43,987,500, breaking the auction record of his works, and making the work the most expensive artwork in China's art market in 2012.

The works of Li Keran saw a breakthrough in price in 2012. According to the calculation of AMMA, the average price of Li Keran's works was \$364,200 per sq. ft. in 2012, up 77.29% from 2011.

5 - Fu Baoshi (1904-1965) – \$152.1 million

In 2012, Fu Baoshi's *Landscapes Inspired by Du Fu's Poetic Sensibilities* was auctioned at \$13,800,000 at Poly Auction, which was the highest price of his works in the year and the second highest to date. Fu Baoshi's works have remained firm in price, but the sales of his works in 2012 fell by 45% from last year to \$152,100,000, ranking in the fifth place and being surpassed by Li Keran for the first time.

The demand for Fu Baoshi's works has been very stable in recent years. According to the statistics of AMMA, the demand for his works in China's art market has stayed at between 100 to 150 pieces, with the transaction rate having stayed at more than 80% since 2009.

6 - Lu Yanshao (1909-1993) – \$112.1 million

Lu Yanshao, often mentioned with Li Keran as "Li in the North and Lu in the South", was a rare master of landscape painting in China's modern history, though his works were a far cry from Li Keran's in terms of auction price. His work *100 Installations of the Poetic Essence of Du Fu* was hammered at \$8,369,600 at Beijing Hanhai Spring Auction in 2004, a record high for his works which has never been topped in the last nine years.

The performance of Lu Yanshao's works remained lackluster in 2012. His *Jing-gang Mountains*, which sold for \$3,475,900 at Shanghai Chongyuan's autumn auction, was his most expensive in 2012.

7 - Huang Zhou (1925-1997) – \$105.7 million

Huang Zhou was a representative figure of the Chang'an Painting School. His top works met their Waterloo in China's art market in 2012. None of his works sold above \$1.5 million in any auction at China's top ten auction houses. His work *Yutian Song and Dance* hammered at \$1,259,250 at Poly Auction was the most expensive of his works auctioned in 2012. Few of his top works are available in the market, and his works as a whole performed unimpressively.

8 - Huang Binhong (1865-1955) – \$83.0087 million

Huang Binhong was another artist in China's modern fine art history, with reputation as high as Qi Baishi's. However, due to the small amount of his top works in China's art market, his works are priced relatively low. His work *Mind Travelling Among Mountains*, which sold for \$7,935,000 at China Guardian's auctions in 2011, is his most expensive work ever, having reached a price that is far lower than that of works by other artists of the same class.

His work *Pine Shadows at Tiandu Peak*, which sold at \$2,156,250 at China Guardian, fetched his highest price in 2012.

9 - Wu Changshuo (1844-1927) – \$77.1035 million

Wu Changshuo was a key figure in the transitional period of China's Modern calligraphy and painting. However, his works are not much sought after. The record price of his works was set by *Twelve-section Folding Screen* at \$5,544,000 at Poly Auction in 2010. Even in 2011 when China's art market was extremely active, his top works were still steady in price, with the highest price being only \$4,312,500. The most expensive of his works in 2012 was *Album of Flowers*, sold at \$3,018,750.

10 - Wu Guanzhong (1919—2010) – \$62.1897 million

Wu Guanzhong was the only contemporary artist in this ranking who died after 2000. He ranked tenth with \$62,189,700 in 2012. The market value of his works reached the peak in 2011 after his death, when two of his works were auctioned at a price above CNY100 million. His top works were conspicuously absent in the market in 2012, with rare high-price transactions. The highest price of his works was set by *Central Hong Kong*, sold at \$2.76 million at Beijing Tranthy, a price not comparable to that achieved when the market was at its peak.

Between cultural particularism and hybridisation

What sells in China?

Above all, Chinese collectors are lovers of traditional painting and ink on paper. This is demonstrated by the auction record for the year set by the great master of traditional Chinese landscape painting, Li Keran. This new record was achieved on 3 June 2012, bringing in over \$40 m for an ink on paper entitled *Mountains in Red* (131 cm x 84 cm), part of a series of seven works inspired by Mao Zedong's poem *Qin-Yuan-Chun*. With this record, Li Keran is flirting with the world's best prices for drawings. This sale is comparable with one of the top records of the last ten years: the *Head of a Young Apostle* by great Italian Renaissance painter Raphael (sold for \$42.675 m on 5 December 2012 at Sotheby's London). In this same medium, drawings by the great figures of Chinese Modern art are now fetching the same prices as those achieved in the West by the works of the Western Old Masters.

For its part, the contemporary Chinese art scene is highlighting several distinct markets. Consensual hyper-realist painting has many supporters in mainland China willing to pay millions, as does the new experimental ink art. Some of China's top-selling artists (in terms of artists who are confined to the Chinese market) are Yang Feiyun (traditional painting), Wang Yidong (traditional painting), Luo Zhongli (traditional painting), He Jiaying (ink) and Ai Xuan (traditional painting).

A third – international – niche for contemporary Chinese art has developed in the sales rooms of Hong Kong and Taipei. Zeng Fanzhi, Zhang Xiaogang, Fang Lijun and Liu Wei are just some of the artists who are being bid on over by both Chinese and Western buyers.

China and the West have built up a certain interdependence in this contemporary market. It all began at the end of the 1990s when Western auction houses came to China to draw on the country's new artistic talent. Then, while earning their stripes in the auction sales of London (from 1998 onwards) and New York (from 2002), these artists – Zeng Fanzhi, Zhang Xiaogang, Fang Lijun and Liu Wei – ended up seeing their prices explode in China at the first sales in Hong Kong held by Sotheby's and Christie's. It was in the contemporary art market that China first astounded the art world with its power and its hunger to buy. The top Western marketplaces suddenly found themselves struggling to keep up. In France, the top-selling contemporary artist¹, Robert Combas, was 55 years of age when he first broke through the \$100,000 barrier, whereas the Chinese Zeng Fanzhi made his first million-dollar sale when he was just 43. Despite his career being ten years' shorter, the Chinese artist's work sold for ten times that of the French artist, and let's not forget that France was the world's top auction centre until the 1950s. Today, auction houses are in a new and experimental phase as they once again try to stir up demand. They are looking to create new synergies.

Creating new synergies at auctions

Sotheby's drew its Hong Kong sales year to a close with a hybridisation of genres at its sale *Boundless: Contemporary Art* held on 3 December 2012. The auction house's idea was to mix Asian and Western artists within a broad estimate range (from \$4,000 to \$600,000 on average) in order to test the reaction of the Hong Kong market.

1. Refers to artists born after 1945.

Works by artists such as Chu Teh Chun, Zao Wou-Ki (8 prints and a drawing), Walasse Ting, Guo Wei, Jia Aili, Yayoi Kusama and Yoshitomo Nara nestled cheek-by-jowl with those of Francis Bacon, Fernando Botero, Henri Matisse and Roy Lichtenstein.

It is interesting to compare Sotheby's selection with that of the collectors at this test sale of Western artists in Hong Kong.

For example, the collectors voted for an abstract composition by Chu Teh Chun (achieving the sale's record price of HK\$4 million/\$516,000, for his Composition No. 170 dated 1964). They also bought the print Mao by Roy Lichtenstein (\$23,220) but passed on a more American subject by the same artist, the print, *Modern Room (Study)*. They snapped up Andy Warhol's six "Dollar Sign" prints that sold for between \$38,700 and \$41,280. This makes sense, as the \$ sign applies equally to the US dollar and the Hong Kong dollar.

In a rare move at an Asian auction, Sotheby's offered for sale two French contemporary artists: Yves Klein and Claude Lorraine, with works that serve as "sculptural furniture", the kind of luxury that is appreciated by the people of Hong Kong. The immaterial art of Yves Klein was reduced to one Table d'or, which has been the subject of numerous copies. This famous low table bursting with gold leaf, a symbol of success and prosperity in China, sold for the equivalent of \$23,000, the best price achieved by this piece over the last decade. As for Claude Lorraine's sculptural table Ginkgo Biloba, this sold for the equivalent of \$116,000 (HK\$900,000, ed. 3/8). With this work, Sotheby's offered its buyers a motif and a symbol, as in Chinese tradition ginkgo biloba is known as the tree of a thousand crowns.

However, Sotheby's sale was not successful across the board. The homage to Asia by photographer Thomas *Truth Today: Ji Interior, Nara* (1999) failed to sell despite a low estimate equivalent to \$97,000, whereas this same print sold for over \$100,000 in both London¹ and New York².

Hong Kong – New York

In this way, Sotheby's focused on Western works that are in tune with Chinese culture and on the idea of a work of art as a luxury item. This commercial strategy is a first step by both Sotheby's and Christie's in their aim of working hard on the ground to initiate amateur collectors into the history of Western art. As with any learning process, the path is a long one. The recent establishment of Western galleries, both large and small, in Hong Kong (such as Emmanuel Perrotin, Larry Gagosian, White Cube, Ben Brown and Édouard Malingue) is another factor in the transformation of Hong Kong into a real cultural capital.

Outside of Hong Kong, Chinese collectors have few possibilities to discover or buy Western art because state protectionism restricts the establishment of foreign auction houses on mainland China. However, the joint venture between Sotheby's and Beijing Gehua is a sign that things are changing. In parallel, China Guardian and Poly International are no longer limiting themselves to mainland China but set their sights on a more international public by holding their first sale in Hong Kong in 2012. Hong Kong is a staging post for these auction houses in their quest to conquer the international art world. Their next step could be to open in New York.

Western auction houses cannot allow themselves to ignore the Chinese art market while Chinese auction houses are studying how to win new Western markets. It remains to be seen how the strategies of these auction houses will affect the collections and the bipolarity of the art market in the future.

1 A copy of the same work was sold at \$110,000 on 13 February 2012, Sotheby's London (sold £70,000)

2 A copy was already sold \$92,500 on May 2004, Sotheby's New York

A dialogue between East and West

Art Market Monitor of Artron (AMMA) interviews Artprice

AMMA: What has driven the remarkable 186% growth of the Western art market over the past decade, and what context has allowed this expansion?

Artprice: Several factors have underpinned the expansion of the Western art market: the explosion of demand is one, and it is really a global phenomenon. Apart from anything else, between the late 1980s and 2008, the number of billionaires in the world has risen eightfold and these new fortunes have fuelled demand at the market's high end.

The recognised masterpieces of Western art have attracted interest from investors all over the world – particularly Japanese in the 1980s, then Russian and Chinese in the 2000s. The dematerialization of the market (i.e. the growth of online auctions in addition to physical auctions, and telephone bidding) has significantly contributed to the globalisation of demand. The technical efficiency of art sales and auctions combined with commercial and marketing prowess of the major auction houses has stimulated aggregate demand in a market where the supply is naturally limited.

AMMA: What factors have driven the prosperity of the Contemporary art market? Do you think this prosperity is specific to the Contemporary segment?

Artprice: The emergence of new outlets for the sale and promotion of art and the proliferation of art fairs has opened up new art scenes around the world and triggered the growth of new marketplaces. The Arab Emirates, Africa, Brazil, Australia, and Turkey are just a few examples. In effect, the Contemporary art market has been constantly stimulated by new works and events in recent years.

At the same time, we have seen a significant reduction in the average age of collectors. Buyers are starting their collections at around thirty, whereas collecting art was traditionally an activity reserved for seniors. These new collectors buy works that reflect their epoch, providing an additional stimulus for the Contemporary art market.

AMMA: How does the Western art market view the development of Contemporary Chinese works in ink and wash?

Artprice: Westerners like collecting art, art collection is part of their culture. Some collectors are also brilliant talent scouts, which is why the West is home to some rich and highly representative collections of Contemporary Chinese art. It is difficult to know exactly how Western collectors view Contemporary Chinese works in ink and wash because we lack perspective. Westerners are definitely in a period of observation and are waiting for the emergence of a truly qualitative offer. This offer will have to be something they can get a handle on... something that allows Westerners to enter into into a dialogue with the work, that transcends Asian cultural codes,

and that tends towards a “universal” language. The Contemporary ink and wash segment is new and thus naturally volatile, like all new markets. Western buyers will prefer a cautious approach rather than rushing to purchase this emerging segment whose speculative appeal may be substantial, but which is also relatively risky.

AMMA: According to our observations, in recent years the aesthetic tastes of foreign markets (outside China) have changed. Which categories of art are young artists mainly focusing on, and how do representative artists enter the market? Apart from auction sales of Chinese art, what kind of art is particularly active abroad?

Artprice: Western Contemporary artists who receive the best echo from the market are often those that give preference to the painting medium. Paintings account for 70% of auction turnover in the West (and 43.7% of the total number of transactions). However, since the late 1990s, photography has become one of the most dynamic markets. France and the United States both have such strong histories with the birth of photography that pertinent collections were quickly established. However, photography has suffered from a lack of recognition for many years. Art critics and art market participants have taken a long time to stop seeing photography as a “minor” genre compared to painting. Things have really changed since 1997, when the first exhibition devoted exclusively to photography was launched in Paris (Paris Photo). Since the late 1990s, the market for photography has rocketed, driven by buyers who are both passionate and demanding. Photography is the latest favourite medium for Western collectors. It is in tune with their epoch and with our image-dominated culture. It also offers a number of benefits to bulimic buyers (it is easy to store) and its price range – from a few dollars to more than \$3 million – appeals to a particularly wide public. This is clearly a growing market that has a bright future ahead of it.

AMMA: What artistic currents are most represented in the steadily growing less-than-5,000 dollars price range?

Artprice: The market for affordable works consists mainly of multiples, i.e. limited editions (photographs, prints, etc.) which do not have the aura of a unique artwork and are therefore, a priori, less expensive. In the West, the culture of the print is age-old. Moreover, as art prices are rising for the most sought-after signatures, some buyers are re-focusing their purchase intentions onto drawings and prints that are more affordable than paintings. Today prints account for 3.1% of the Western art auction market by value; but by volume they accounted for 21.5% of the lots sold in 2012. In effect, despite the large quantity of prints on the market, demand is constantly rising: prints sales have climbed 66% since 2004, gaining 109% in value (in 2012, total Western auction turnover from prints amounted to \$224.53 million versus \$107.33 million in 2004).

At the same time, the Old Masters segment is full of purchase opportunities at under \$5,000. One can acquire “pieces of Western history” for only several hundred or several thousand dollars at auctions. In reality, the art market is not “one” market but rather a whole panoply of different niche markets, with a broad range of different prices. In the West, collecting art is primarily a cultural and passion-motivated activity. That is why its demand and supply are so diverse and so rich.

AMMA: What attracts new art buyers to collecting art? What drives

the increase and diversification of buyers?

Artprice: André Malraux, an important figure in French culture, apparently said (although the exact term used is the subject of controversy) “The twenty-first century will be spiritual (or metaphysical) or will not be at all”. Collecting art is a quest, a personal exploration by the collector who, by his choice, demonstrates his willingness to better know himself and better understand the world. Many Western collectors are driven by a combination of emotional, spiritual and level-headed motives that constitute the best foundation for art collection.

At the same time, many art buyers purchase with their “ears” rather than with their “eyes”. The risk here is of succumbing to fads, which are in essence ephemeral and stimulate very rapid price increases on works by certain Contemporary artists, and thereby contribute to price volatility.

The third major and recent phenomenon contributing to the diversification and increase in the number of buyers has been the financial gains that can be derived from the purchase and resale of artworks in recent years. Investors, hedge funds, dealers... many rushed towards the art market thinking they had found a hen that lays golden eggs. Many bought art to diversify their portfolios. Some have acquired recognised masterpieces with reliable values by Old Masters or Modern artists, minimizing their risk; others oriented their acquisitive power towards Contemporary art on “emerging markets”, particularly at the beginning of the millennium, taking greater risks (lack of market perspective on these highly volatile segments).

AMMA: What is the Chinese market’s best asset? What is the best way to attract international buyers?

Artprice: Today it seems that China can re-capture the interest of Western collectors by organising high quality Contemporary art fairs, creating up-to-date cultural centres, hosting well selected exhibitions and pursuing ambitious museum projects.

From a market perspective, buying art can be motivated by a number of factors: investment, asset diversification, safeguarding of assets, social achievement, etc... Buying art always flatters the buyer and often makes him richer too. But we should not forget art’s primary qualities: its intellectual and emotional content which are intimately related with our cultural vision and our spiritual development.

These less-material motivations are vital considerations if art buyers are to become real experts who will contribute to the development of the art market effectively over the long term. The auction market should then confirm the quality and relevance of works instead of over-inflating prices which subsequently drop like a soufflé removed from the oven. When it has matured, China’s art market will inevitably attract the interest and trust of more and more Western buyers.

Artprice interviews Art Market Monitor of Artron (AMMA)

Artprice: Can you help Westerners better understand how and artwork and its financial value are related in China?

AMMA: Artworks have not yet attained the status of “financial asset” that they deserve in China. This is primarily attributed to the uncontrolled counterfeiting environment of China’s art market and the lack of authoritative, independent and widely recognized art appraisal and authentication agencies. As access to prices is not publicly recognized, it is difficult to have a trustworthy appraisals. Consequently, artworks are not always accepted by Chinese financial institutions for mortgage purposes, nor can they be fairly covered by a family or company asset insurance policy, nor can they be included in a company’s balance sheet as an asset item.

At present, China’s art market and Chinese officials have gained a deeper understanding of the asset and financial dimensions of artworks. Zhu Xiangyuan, former Standing Committee Member of the National People’s Congress, has said on several occasions: “We need to understand the asset and financial dimensions of artworks, which may serve as a new financial instrument, a new form of capital, and a new factor of production and take part in the process of production and circulation of the market in order to achieve the optimum allocation of art resources.” The asset categories of China’s art market mainly include Chinese paintings & calligraphy, oil painting & Contemporary art, ceramics and porcelains, luxury items, and others. Unlike the Western market which is dominated by oil paintings, the China market is dominated by Chinese painting and porcelain artworks. According to the latest statistics from AMMA, the total sales of China’s art auction market in 2012 stood at \$8.458 billion, of which the sales of “pure art” categories (including Chinese calligraphy, Chinese traditional painting, oil painting, and Contemporary art only) accounted for 59.93%, or \$5.068 billion; the category of porcelains accounted for 38.49%, or \$3.255 billion; and luxury items and the rest accounted for 1.58%.

Artprice: What are the main drawbacks of the art market in China, which is still young?

AMMA: After nearly 20 years of rapid development, China’s art market has reached a bottleneck phase. As far as the art auction segment is concerned, the main obstacles of development at present include the following:

First, as more and more high-end artworks go to the hands of long-term collectors, art auction resources become gradually depleted and it is increasingly difficult to solicit artworks for auction. To solicit high-end artworks, leading Chinese auction houses have launched large-scale overseas solicitation activities in recent years. Poly Auction, for example, has made a plan to solicit artworks in 16 countries.

Secondly, most artworks are overpriced, which almost exhausts their potential for value growth in many years to come and as a result dampens the enthusiasm of buyers, leading to a low market turnover. According to the latest AMMA statistics, the overall transaction rate of China’s art market in 2012 was only 43%, recording a quarterly transaction rate of less than 50% for four consecutive quarters.

Thirdly, China’s art market does not have a comprehensive regulatory system. The two laws that govern China’s art market are the Auction Law of the People’s

Republic of China and the Law of the People's Republic of China on Protection of Cultural Relics. The existing laws and regulations are not effective in curbing and sanctioning market malpractices such as false auction, auction of fake artworks, hyped up marketing and covert deals.

Fourthly, the market is plagued by fakes and a low level of trust as auction houses' illegal practices such as false auction and auction of fake artworks become widely known by the public and undermine the appeal of the market to potential buyers. In order to better understand the current situation of the Chinese Art market, the (AMMA), the Ministry of Commerce of the People's Republic of China and the Chinese Association of Auction houses (CAA) cooperate and gather statistics upon the respect of charges to the auction houses, providing the art market players information as concrete as possible. These studies point the fact that, among the artworks sold for more than RMB10 million (\$1.6m) in 2011, only 45% of the sales were really achieved and 14.8% were partially paid up.

Fifthly, the operating model of art auction houses faces an increasing challenge. Most Chinese art auction houses, with the exception of China Guardian Auctions, follow a personal workshop-like operating model, where the company's resources are concentrated in the hands of its founder. With the transformation of the market, this flawed workshop-like operating model has gradually constrained business growth.

The main obstacles faced by China's art gallery industry include:

First, the art gallery industry does not have a favourable tax policy in China, where the existing tax system imposes a high tax rate on the art gallery industry and is not beneficial to the growth of enterprises following the art gallery operating model. According to Guo Haoman, Chairman of Yunfeng Art Gallery, "Due to the fact that galleries buy artworks from artists who however are unable to issue invoices accepted by the tax authority, the tax payable by art galleries is based on their total sales. In contrast, the tax payable by art auction houses is based on the total buyer's premiums they receive. As a result, art galleries face a tax rate several times higher than that faced by auction houses." At present, the value-added tax rate for art galleries in China is 17%, which is a great burden to their operation.

Secondly, the robust growth of China's art auction industry has eroded the space of the art gallery industry for whom it is difficult to remain competitive. According to a survey by Beijing Art Gallery Association, Beijing has 742 art galleries, versus the national total of 1,560, and the art gallery industry experienced a serious decline in 2012 compared to 2011 or 2006 and 2007. In the view of Chen Xindong, president of Beijing Art Gallery Association and an international exhibition curator, perhaps only less than 7% of Chinese art galleries are making a profit. "The proper relationship between art galleries as the primary market and art auction houses as the secondary market is for auction houses to get artworks from art galleries and collectors, but this is not the case with the Chinese art market, where auction houses are very powerful, with many people skipping art galleries to face the auction market directly with an eye to get quick fame and favourable prices. Many art students send their works directly to auction houses in the hope of getting their talent's worth and becoming known to the public through the market. This reflects the whole society's obsession with quick success." What makes the things even worse is the rampancy of private transactions. According to partial statistics, private transactions account for 60% to 70% of China's art market. AMMA surveyed over 1,300 collectors and found that private transaction is the most widely used method by Chinese collectors, with over 70% using the method.

Thirdly, there is an inadequate demand for China's Contemporary artworks, which restricts the development of the art gallery industry. The buyers of Chinese

artworks are generally highly investment-oriented, with little interest in the works per se, and on the other hand, the artwork resources that can be provided by art galleries for investment purposes are relatively few. This has to a considerable extent constrained the development of the art gallery operating model.

Fourthly, art galleries are generally less than professional. Unlike many Western family-run art galleries, there is a lack of truly professional art gallery managers in China. Many art gallery owners are also engaged in other industries such as real estate development and financial investment. Art investment is only one of the many fields of their portfolio. Art galleries have much room for improvement in terms of professionalism.

Artprice: Westerners keep a close eye on the Contemporary Indian market, as they do on the Chinese one. It is not the case yet with Indonesian, Filipino or Australian artists. Do Chinese buyers collect Contemporary or Modern Indian, Indonesian, Filipino or Australian artists?

AMMA: Chinese collectors are rather nationality-conscious, which has to do with the educational level and growth environment of China's affluent population. In China, artworks are bought for more varied purposes, such as gift-giving and bribery, rather than just for personal enjoyment and appreciation. This makes China's collection market very different from the Western market. In this backdrop, the artworks bought by Chinese collectors are more geographically clustered. For example, paintings of the Chang'an School are mostly bought by Shaanxi collectors while the works by Dong Shouping, a Shanxi native, are very popular among Shanxi collectors.

The appeal of Western arts and Southeast Asian Modern and Contemporary artworks is very limited in China. Chinese auction houses are beginning to auction some Southeast Asian Modern and Contemporary artworks. Singaporean artist Tan Swie Hian's work, *When the Moon Is Orbed*, for example, was auctioned by Poly Auction for up to CNY 18,975,000.

With the financial strength of overseas educated young and middle-aged Chinese becoming increasingly strong, the interest in artworks per se will be greater and Chinese collectors will grow less nationality-conscious. It is expected that international Modern and Contemporary artworks that appeal to Oriental aesthetics will receive more attention in China.

Artprice: Are these many nationalities presented at auctions in Mainland China?

AMMA: At present, China has not completely opened its art auction market to the world. According to the Law of the People's Republic of China on Protection of Cultural Relics, "The establishment of cultural relics stores or auction companies engaged in auction of cultural relics in the form of Chinese-foreign equity joint venture, Chinese-foreign contractual joint venture or wholly foreign-owned venture is prohibited." The prohibition for foreign auction houses to engage in art auction activities in China has seriously restricted their presence in mainland China. Even so, Western auction houses still attach a great importance to China's art market and have entered mainland China through various ways. The examples include:

The establishment of Beijing Tianzhu Free Trade Zone in 2012 created an excel-

lent opportunity for Sotheby's to enter China. In September, Sotheby's (Beijing) Auction Co., Ltd., a joint venture company between Sotheby's and Beijing Gehua Cultural Development Group, was set up. The company launched its first auction on 27 September, marking the formal establishing of Sotheby's in Beijing, for which the international auction house had waited as long as 17 years.

Another international leading auction house, Christie's, has also entered mainland China market by conducting art auctions in the name of Forever International Auction Company Limited ("Forever"), which is authorized to use its registered trademarks in mainland China. Meanwhile, Sotheby's, Christie's, Bonhams, and Nagel have established their offices in mainland China, engaging in such activities as artwork solicitation and auction exhibition.

Artprice: Do Chinese auction houses have a strategy to sell more Chinese Art in the West?

AMMA: Chinese art galleries, art agents and art fairs do various efforts, such as exhibitions, art events, and cooperation with international art institutions and websites, to promote Chinese Contemporary artworks worldwide. Among them, Chinese auction houses primarily play the role of bringing traditional Chinese artworks in the overseas back to China.

China is now in a special historical period. Due to the invasion of China by Western powers in modern history, and due to art masterpieces being exported for foreign exchange earnings in China's financially difficult period, many Chinese artworks, many of them top-notch, are widely dispersed in the Western world. With the scarcity of art auction resources in mainland China, Chinese art auction houses have tried to solicit artworks from Western countries. Therefore, many Chinese artworks in the West are on their way back to China. The major responsibility of Chinese auction houses in this regard is to bring excellent Chinese artworks that are scattered around the world back to China and sell them to Chinese collectors.

Western collectors are the first to tap the value of Chinese Contemporary oil paintings, which triggered the boom of the Chinese Contemporary art market. The majority of excellent Chinese Contemporary oil paintings are still in the hands of Western collectors, such as the Swiss Uli Sigg, the Bulgarian couple Baron Guy Ullens & Myriam Ullens, the American couple Kent & Vicki Logan, the Swiss Pierre Huber, and the French couple DSL.

Artprice: In Paris, London and New York, auction houses regularly organize auctions entirely dedicated to photography. Do specialised sales exist for the photography market in China?

AMMA: Beijing Huachen Auctions conducted the first exclusive auction for photos and videos in China in Beijing in the autumn of 2006, followed by China Guardian Auctions and Beijing Chengxuan. Due to the relatively small size of the domestic photo & video auction market, China Guardian Auctions and Beijing Chengxuan later withdrew from the market. But Beijing Huachen Auctions has remained committed to fostering the market, reporting CNY12.13 million in sales from photo & video auctions in 2012. The photo and video auction market has maintained steady growth on a year-on-year basis and attracted increasing attention from collectors.

About Artprice.com

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Since 1987, Artprice.com has compiled the most comprehensive art database in the world, with more than 27 million detailed auction results, price levels and indices, upcoming and past auction information from 4,500 auction houses. Dedicated to market transparency for all, our Art Specialists, Art Historians and Art Economists have collected, processed and analyzed comprehensive data and information from the 17th Century to the present day covering more than 500,000 artists.

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About AMMA

As the “World’s Leading Data Service of Chinese Art Market”, AMMA (Art Market Monitor of ARTRON, a subsidiary of ARTRON GROUP) is a research center committed to Chinese art market monitoring and analysis. Our research and consulting services are on the basis of the China’s first and most comprehensive database, Artron Chinese Artworks Database, recording over 3,200,000 Chinese artworks auction results from over 13,000 sales, with high-definition images and complete illustrative information from over 600 auction houses since the first art auction hammer was knocked in China in 1993, as well as Chinese artworks sold overseas. Based on such valuable data resources focused on Chinese art, AMMA has developed successful data products such as AMI (Artron Market Index), Chinese Art Auction Market Annual/Season Report, and Chinese Artwork Valuation Service, etc.

We believe: “Data alone does not equal the totality of truth, but it does provide a more objective and trend-driven approach, of which the value depends on how we use and appropriate, how we incorporate the expertise on art history and art evaluation, and how we choose to abide by the our integrity to always be independent, rigorous, and conscientious.” By means of statistical and econometrical methodology, AMMA observes the pricing trend of Chinese art market as well as the market movements of a specialized category or an artist. We also serve our clients with data-processing, art appraisal and pricing consulting. We provide customized art market seminars to individual and institutional clients, and help them to navigate the Chinese art market through the intelligence of our valuable data resources.

AMMA’s parent company Artron.net, founded in October of 2000, is a dynamic and interactive online community devoted to Chinese art works. As one of the top providers of information in the art world, Artron.net is an indispensable tool for investors and collectors alike. With more than 1,000,000 registered users and 8,000,000 page views per day. Artron.net consists of integrated information channels, speciality channels, and market service channels, but also includes regional subnets, an interactive online community. Artron.net employs a comprehensive development philosophy when it comes to content, and engages to be an artwork organization with a “Holistic Approach to the Collection of All Things Art.”

Top 100 auctions performances in 2012

| Artist | Hammer Price (\$) | Artwork | Auction |
|-------------------------|-------------------|--------------------------------------------------------------|-------------------------------------------|
| 1 MUNCH Edvard | 107,000,000 | <i>The scream</i> (1895) | 02 May 2012 (Sotheby's NY) |
| 2 ROTHKO Mark | 77,500,000 | <i>Orange, Red, Yellow</i> (1961) | 08 May 2012 (Christie's NY) |
| 3 ROTHKO Mark | 67,000,000 | <i>No. 1 (Royal Red And Blue)</i> | 13 Nov. 2012 (Sotheby's NY) |
| 4 RAPHAEL | 42,675,600 | <i>Head of a Young Apostle</i> | 05 Dec. 2012 (Sotheby's LONDON) |
| 5 LI Keran | 40,396,040 | <i>Mountains in red</i> (1964) | 03 June 2012 (Poly International BEIJING) |
| 6 BACON Francis | 40,000,000 | <i>Figure Writing Reflected In Mirror</i> (1976) | 09 May 2012 (Sotheby's NY) |
| 7 LICHTENSTEIN Roy | 40,000,000 | <i>Sleeping Girl</i> (1964) | 09 May 2012 (Sotheby's NY) |
| 8 MONET Claude | 39,000,000 | <i>Nymphéas</i> (1905) | 07 Nov. 2012 (Christie's NY) |
| 9 WARHOL Andy | 39,000,000 | <i>Statue of Liberty</i> (1962) | 14 Nov. 2012 (Christie's NY) |
| 10 PICASSO Pablo | 37,000,000 | <i>Nature Morte Aux Tulipes</i> (1932) | 8 Nov. 2012 (Sotheby's NY) |
| 11 KLINE Franz | 36,000,000 | <i>Untitled</i> (1957) | 14 Nov. 2012 (Christie's NY) |
| 12 POLLOCK Jackson | 36,000,000 | <i>Number 4</i> (1951) | 13 Nov. 2012 (Sotheby's NY) |
| 13 WARHOL Andy | 33,000,000 | <i>Double Elvis [Ferus Type]</i> (1963) | 09 May 2012 (Sotheby's NY) |
| 14 MIRO Joan | 32,938,500 | <i>Peinture (Etoile Bleue)</i> (1927) | 19 June 2012 (Sotheby's LONDON) |
| 15 KLEIN Yves | 32,699,100 | <i>Le Rose du bleu (RE 22)</i> (1960) | 27 June 2012 (Christie's LONDON) |
| 16 KLEIN Yves | 32,500,000 | <i>FC1 (Fire Color 1)</i> (1962) | 08 May 2012 (Christie's NY) |
| 17 CONSTABLE John | 31,356,000 | <i>The Lock</i> | 03 Jul. 2012 (Christie's LONDON) |
| 18 RICHTER Gerhard | 30,445,600 | <i>Abstraktes Bild</i> | 12 Oct. 2012 (Sotheby's LONDON) |
| 19 KOONS Jeff | 30,000,000 | <i>Tulips</i> (1995-2004) | 14 Nov. 2012 (Christie's NY) |
| 20 BACON Francis | 29,999,100 | <i>Portrait of Henrietta Moraes</i> (1963) | 14 Feb. 2012 (Christie's LONDON) |
| 21 BACON Francis | 29,896,320 | <i>Study for Self-Portrait</i> (1964) | 27 June 2012 (Christie's LONDON) |
| 22 MOORE Henry | 26,841,300 | <i>Reclining Figure : Festival</i> (1951) | 07 Feb. 2012 (Christie's LONDON) |
| 23 BACON Francis | 26,500,000 | <i>Untitled (Pope)</i> (c.1954) | 13 Nov. 2012 (Sotheby's NY) |
| 24 PICASSO Pablo | 26,000,000 | <i>Femme assise dans un fauteuil</i> (1941) | 02 May 2012 (Sotheby's NY) |
| 25 LICHTENSTEIN Roy | 25,000,000 | <i>Nude with Red Shirt</i> (1995) | 14 Nov. 2012 (Christie's NY) |
| 26 MIRO Joan | 23,683,500 | <i>Painting Poem (Le corps de ma brune [...])</i> (1925) | 07 Feb. 2012 (Christie's LONDON) |
| 27 BASQUIAT Jean-Michel | 23,500,000 | <i>Untitled</i> (1981) | 14 Nov. 2012 (Christie's NY) |
| 28 WARHOL Andy | 21,100,000 | <i>Marlon</i> (1966) | 14 Nov. 2012 (Christie's NY) |
| 29 KANDINSKY Wassily | 20,500,000 | <i>Studie für Improvisation 8</i> (1909) | 07 Nov. 2012 (Christie's NY) |
| 30 POLLOCK Jackson | 20,500,000 | <i>Number 28</i> (1951) | 08 May 2012 (Christie's NY) |
| 31 NEWMAN Barnett | 20,000,000 | <i>Onement V</i> (1952) | 08 May 2012 (Christie's NY) |
| 32 RICHTER Gerhard | 19,400,000 | <i>Abstraktes Bild (798-3)</i> (1993) | 08 May 2012 (Christie's NY) |
| 33 ROTHKO Mark | 19,000,000 | <i>Black Stripe (Orange, Gold and Black)</i> (1957) | 14 Nov. 2012 (Christie's NY) |
| 34 BASQUIAT Jean-Michel | 17,906,650 | <i>Untitled</i> (1981) | 27 June 2012 (Christie's LONDON) |
| 35 RICHTER Gerhard | 17,595,230 | <i>Struktur (2)</i> (1989) | 27 June 2012 (Christie's LONDON) |
| 36 KOONING de Willem | 17,500,000 | <i>Abstraction</i> (c.1949) | 13 Nov. 2012 (Sotheby's NY) |
| 37 RICHTER Gerhard | 17,200,000 | <i>Seestüeck (Leicht bewöelkt)</i> (1969) | 08 May 2012 (Christie's NY) |
| 38 LI Keran | 17,200,000 | <i>Seestüeck (Leicht bewöelkt)</i> (1969) | 08 May 2012 (Christie's NY) |
| 39 CÉZANNE Paul | 17,000,000 | <i>Joueur de cartes</i> (1892/96) | 01 May 2012 (Christie's NY) |
| 40 MATISSE Henri | 17,000,000 | <i>Les pivoines</i> (1907) | 01 May 2012 (Christie's NY) |
| 41 CALDER Alexander | 16,500,000 | <i>Lily of Force</i> (1945) | 08 May 2012 (Christie's NY) |
| 42 RICHTER Gerhard | 15,500,000 | <i>Abstraktes Bild</i> | 13 Nov. 2012 (Sotheby's NY) |
| 43 TWOMBLY Cy | 15,500,000 | <i>Untitled (New York City)</i> (1970) | 09 May 2012 (Sotheby's NY) |
| 44 PICASSO Pablo | 15,300,000 | <i>Femme à la Fenêtre (Marie-Thérèse)</i> (1936) | 08 Nov. 2012 (Sotheby's NY) |
| 45 RICHTER Gerhard | 15,000,000 | <i>Abstraktes Bild</i> (1992) | 09 May 2012 (Sotheby's NY) |
| 46 GRIS Juan | 14,525,880 | <i>Le livre</i> (1915) | 07 Feb. 2012 (Christie's LONDON) |
| 47 BASQUIAT Jean-Michel | 14,500,000 | <i>Untitled</i> (1981) | 10 May 2012 (Phillips de Pury & Co NY) |
| 48 DALI Salvador | 14,500,000 | <i>Printemps nécropophile</i> (1936) | 02 May 2012 (Sotheby's NY) |
| 49 WARHOL Andy | 14,500,000 | <i>Suicide</i> | 13 Nov. 2012 (Sotheby's NY) |
| 50 GOGH van Vincent | 14,210,100 | <i>Vue de l'asile et de la Chapelle de Saint Rémy</i> (1889) | 07 Feb. 2012 (Christie's LONDON) |

| Artist | Hammer Price (\$) | Artwork | Auction |
|--------------------------|-------------------|---------------------------------------------------------|---------------------------------------------|
| 51 WANG Zhenpeng | 13,940,594 | <i>Landscape</i> (1323) | 04 Dec. 2012 (Poly International BEIJING) |
| 52 RICHTER Gerhard | 13,894,320 | <i>Abstraktes Bild</i> (1994) | 14 Feb. 2012 (Christie's LONDON) |
| 53 RICHTER Gerhard | 13,600,000 | <i>Abstraktes Bild (779-2)</i> (1992) | 14 Nov. 2012 (Christie's NY) |
| 54 WARHOL Andy | 13,500,000 | <i>Green Disaster (Green Disaster Twice)</i> (1963) | 13 Nov. 2012 (Sotheby's NY) |
| 55 MIRO Joan | 13,200,000 | <i>Tête humaine</i> (1931) | 02 May 2012 (Sotheby's NY) |
| 56 FU Baoshi | 12,673,267 | <i>Composition of dufu's poem</i> (1944) | 03 June 2012 (Poly International BEIJING) |
| 57 KOONING de Willem | 12,500,000 | <i>Untitled I</i> (1980) | 08 May 2012 (Christie's NY) |
| 58 SIGNAC Paul | 12,315,420 | <i>La Corne d'Or, Constantinople</i> (1907) | 07 Feb. 2012 (Christie's LONDON) |
| 59 MIRO Joan | 12,200,000 | <i>Peinture (Femme, Journal, Chien)</i> (1925) | 07 Nov. 2012 (Christie's NY) |
| 60 DIEBENKORN Richard | 12,000,000 | <i>Ocean Park # 48</i> (1971) | 14 Nov. 2012 (Christie's NY) |
| 61 PICASSO Pablo | 12,000,000 | <i>Le Viol</i> (1940) | 08 Nov. 2012 (Sotheby's NY) |
| 62 WARHOL Andy | 12,000,000 | <i>Mao</i> (1973) | 15 Nov. 2012 (Phillips de Pury & Co NY) |
| 63 PICASSO Pablo | 11,927,440 | <i>Femme assise</i> (1949) | 20 June 2012 (Christie's LONDON) |
| 64 REMBRANDT VAN RIJN | 11,758,500 | <i>A man in a gorget and cap</i> | 03 Jul. 2012 (Christie's LONDON) |
| 65 PICASSO Pablo | 11,600,000 | <i>Buste de femme</i> (1937) | 07 Nov. 2012 (Christie's NY) |
| 66 MONET Claude | 11,557,360 | <i>L'Entrée de Giverny en Hiver</i> (1885) | 08 Feb. 2012 (Sotheby's LONDON) |
| 67 QI Baishi | 11,405,941 | <i>Ode of Motherland</i> | 03 Dec. 2012 (Poly International BEIJING) |
| 68 BASQUIAT Jean-Michel | 11,315,080 | <i>Irony of Negro Policeman</i> (1981) | 28 June 2012 (Phillips de Pury & Co LONDON) |
| 69 BRANCUSI Constantin | 11,250,000 | <i>Prométhée</i> (1911) | 02 May 2012 (Sotheby's NY) |
| 70 BRANCUSI Constantin | 11,000,000 | <i>Une muse</i> (1912) | 07 Nov. 2012 (Christie's NY) |
| 71 KOONING de Willem | 11,000,000 | <i>Untitled VI</i> (1975) | 10 May 2012 (Phillips de Pury & Co NY) |
| 72 RICHTER Gerhard | 11,000,000 | <i>Kegel (Cone)</i> (1985) | 15 Nov. 2012 (Phillips de Pury & Co NY) |
| 73 WARHOL Andy | 11,000,000 | <i>Nine Jackie's</i> (1964) | 15 Nov. 2012 (Phillips de Pury & Co NY) |
| 74 MONET Claude | 10,750,000 | <i>Champ de Blé</i> (1881) | 08 Nov. 2012 (Sotheby's NY) |
| 75 KLEIN Yves | 10,588,280 | <i>Rélief éponge bleu (RE 51)</i> (1959) | 27 June 2012 (Christie's LONDON) |
| 76 LICHTENSTEIN Roy | 10,500,000 | <i>Sailboats III</i> (1974) | 09 May 2012 (Sotheby's NY) |
| 77 WEN Zhengming | 10,297,030 | <i>Landscape</i> (1531) | 28 Dec. 2012 (DuoYunXuan SHANGHAI) |
| 78 KIRCHNER Ernst Ludwig | 10,290,800 | <i>Das Boskett: Albertplatz in Dresden [...]</i> (1911) | 08 Feb. 2012 (Sotheby's LONDON) |
| 79 MAGRITTE René | 10,044,160 | <i>Les jours gigantesques</i> (1928) | 20 June 2012 (Christie's LONDON) |
| 80 GIACOMETTI Alberto | 10,000,000 | <i>La Jambe</i> (1947) | 07 Nov. 2012 (Christie's NY) |
| 81 KLINE Franz | 9,800,000 | <i>De Medici</i> (1956) | 14 Nov. 2012 (Christie's NY) |
| 82 PICASSO Pablo | 9,730,280 | <i>Femme au chien</i> (1962) | 20 June 2012 (Christie's LONDON) |
| 83 WARHOL Andy | 9,500,000 | <i>Ten-Foot Flowers</i> (1967/68) | 09 May 2012 (Sotheby's NY) |
| 84 LI Keran | 9,425,743 | <i>Shaoshan</i> | 07 Jan. 2012 (Jingdian Auctions NANJING) |
| 85 WARHOL & BASQUIAT | 9,364,200 | <i>Olympics</i> (1984) | 28 June 2012 (Phillips de Pury & Co LONDON) |
| 86 CALDER Alexander | 9,200,000 | <i>Snow Flurry</i> (c.1948) | 08 May 2012 (Christie's NY) |
| 87 HOPPER Edward | 9,200,000 | <i>Bridle Path</i> (1939) | 17 May 2012 (Sotheby's NY) |
| 88 WARHOL Andy | 9,200,000 | <i>Mao</i> (1973) | 10 May 2012 (Phillips de Pury & Co NY) |
| 89 BASQUIAT Jean-Michel | 9,000,000 | <i>Humidity</i> (1982) | 15 Nov. 2012 (Phillips de Pury & Co NY) |
| 90 JUDD Donald | 9,000,000 | <i>Untitled, 1989 (Bernstein 89-24)</i> (1989) | 14 Nov. 2012 (Christie's NY) |
| 91 PICASSO Pablo | 8,750,000 | <i>Le repos (Marie-Thérèse Walter)</i> (1932) | 01 May 2012 (Christie's NY) |
| 92 STILL Clyfford E. | 8,750,000 | <i>1948-H</i> | 13 Nov. 2012 (Sotheby's NY) |
| 93 FU Baoshi | 8,712,871 | <i>Landscape</i> | 02 June 2012 (Googut Auctions BEIJING) |
| 94 DONG Qichang | 8,633,663 | <i>Landscape after huang gongwang</i> | 28 Oct. 2012 (China Guardian BEIJING) |
| 95 SIGNAC Paul | 8,631,700 | <i>La Corne d'Or, les minarets</i> (1907) | 20 June 2012 (Christie's LONDON) |
| 96 PICASSO Pablo | 8,626,750 | <i>Homme assis</i> (1972) | 19 June 2012 (Sotheby's LONDON) |
| 97 CALDER Alexander | 8,564,050 | <i>Rouge triomphant (Triumphant Red)</i> | 27 June 2012 (Christie's LONDON) |
| 98 HOPPER Edward | 8,500,000 | <i>October on Cape Cod</i> (1946) | 28 Nov. 2012 (Christie's NY) |
| 99 MONET Claude | 8,500,000 | <i>Les demoiselles de Giverny</i> (1894) | 01 May 2012 (Christie's NY) |
| 100 SOUTINE Chaïm | 8,300,000 | <i>Le chasseur de chez Maxim's</i> (1925) | 02 May 2012 (Sotheby's NY) |

Top 500 artists by auction revenue in 2012

| Rank | Artist | Auction Turnover |
|------|----------------------------------|------------------|
| 1 | WARHOL Andy (1928-1987) | \$329,963,430 |
| 2 | ZHANG Daqian (1899-1983) | \$287,223,639 |
| 3 | PICASSO Pablo (1881-1973) | \$286,145,305 |
| 4 | QI Baishi (1864-1957) | \$270,195,309 |
| 5 | RICHTER Gerhard (1932) | \$262,806,424 |
| 6 | XU Beihong (1895-1953) | \$175,786,482 |
| 7 | LI Keran (1907-1989) | \$166,791,556 |
| 8 | ROTHKO Mark (1903-1970) | \$166,783,649 |
| 9 | BACON Francis (1909-1992) | \$153,089,002 |
| 10 | FU Baoshi (1904-1965) | \$152,071,133 |
| 11 | BASQUIAT Jean-Michel (1960-1988) | \$141,276,790 |
| 12 | MIRO Joan (1893-1983) | \$134,875,177 |
| 13 | CALDER Alexander (1898-1976) | \$128,551,918 |
| 14 | MUNCH Edvard (1863-1944) | \$120,850,295 |
| 15 | MONET Claude (1840-1926) | \$120,624,873 |
| 16 | LU Yanshao (1909-1993) | \$112,070,166 |
| 17 | LICHTENSTEIN Roy (1923-1997) | \$111,614,299 |
| 18 | KLEIN Yves (1928-1962) | \$109,833,734 |
| 19 | HUANG Zhou (1925-1997) | \$105,741,059 |
| 20 | HUANG Binhong (1865-1955) | \$83,008,711 |
| 21 | MOORE Henry (1898-1986) | \$79,696,580 |
| 22 | WU Changshuo (1844-1927) | \$77,103,453 |
| 23 | ZAO Wou-ki (1921) | \$69,430,555 |
| 24 | KOONING de Willem (1904-1997) | \$65,309,906 |
| 25 | FONTANA Lucio (1899-1968) | \$63,847,513 |
| 26 | WU Guanzhong (1919-2010) | \$62,189,654 |
| 27 | KLINE Franz (1910-1962) | \$61,758,588 |
| 28 | CHU Teh-Chun (1920) | \$60,061,037 |
| 29 | CHAGALL Marc (1887-1985) | \$59,656,189 |
| 30 | FAN Zeng (1938) | \$58,215,448 |
| 31 | TWOMBLY Cy (1928-2011) | \$58,185,689 |
| 32 | LIN Fengmian (1900-1991) | \$57,918,961 |
| 33 | POLLOCK Jackson (1912-1956) | \$56,613,343 |
| 34 | MAGRITTE René (1898-1967) | \$55,669,871 |
| 35 | HE Jiaying (1957) | \$46,739,267 |
| 36 | XIE Zhiliu (1910-1997) | \$43,410,056 |
| 37 | PAN Tianshou (1897-1971) | \$42,677,792 |
| 38 | RAPHAEL (1483-1520) | \$42,675,600 |
| 39 | KANDINSKY Wassily (1866-1944) | \$41,932,360 |
| 40 | QI Gong (1912-2005) | \$41,867,353 |
| 41 | ZHU Da (1626-1705) | \$40,933,543 |
| 42 | QIAN Songyan (1899-1985) | \$38,951,414 |
| 43 | KOONS Jeff (1955) | \$38,758,052 |
| 44 | DALI Salvador (1904-1989) | \$38,750,328 |
| 45 | GIACOMETTI Alberto (1901-1966) | \$38,624,791 |
| 46 | SIGNAC Paul (1863-1935) | \$38,536,057 |
| 47 | WU Hufan (1894-1968) | \$36,807,925 |
| 48 | MATISSE Henri (1869-1954) | \$36,718,121 |
| 49 | RENOIR Auguste (1841-1919) | \$35,821,154 |
| 50 | PU Ru (1896-1963) | \$34,138,338 |

| Rank | Artist | Auction Turnover |
|------|-------------------------------------|------------------|
| 51 | CHENG Shifa (1921-2007) | \$33,965,862 |
| 52 | ZHOU Chunya (1955) | \$32,539,689 |
| 53 | DONG Qichang (1555-1636) | \$32,463,001 |
| 54 | CONSTABLE John (1776-1837) | \$32,188,970 |
| 55 | LÉGER Fernand (1881-1955) | \$31,909,187 |
| 56 | ZENG Fanzhi (1964) | \$31,348,298 |
| 57 | MITCHELL Joan (1926-1992) | \$29,848,170 |
| 58 | CÉZANNE Paul (1839-1906) | \$29,076,646 |
| 59 | WANG Hui (1632-1717) | \$28,968,337 |
| 60 | LI Xiongcai (1910-2001) | \$28,510,254 |
| 61 | LI Kuchan (1899-1983) | \$28,363,476 |
| 62 | WEN Zhengming (1470-1559) | \$27,417,555 |
| 63 | ERNST Max (1891-1976) | \$27,286,364 |
| 64 | DEGAS Edgar (1834-1917) | \$27,081,589 |
| 65 | WOOL Christopher (1955) | \$26,303,275 |
| 66 | SUN Qifeng (1920) | \$25,571,445 |
| 67 | SAN Yu (1901-1966) | \$25,350,483 |
| 68 | CHEN Yifei (1946-2005) | \$25,230,203 |
| 69 | BRUEGHEL Pieter II (c.1564-1637/38) | \$24,474,967 |
| 70 | CHOU Ying (c.1498-c.1552) | \$23,859,863 |
| 71 | NEWMAN Barnett (1905-1970) | \$23,656,000 |
| 72 | HIRST Damien (1965) | \$23,249,353 |
| 73 | DIEBENKORN Richard (1922-1993) | \$23,137,339 |
| 74 | PISSARRO Camille (1830-1903) | \$22,876,532 |
| 75 | BRANCUSI Constantin (1876-1957) | \$22,808,193 |
| 76 | DONGEN van Kees (1877-1968) | \$22,752,795 |
| 77 | HUIZONG EMPEROR (1082-1135) | \$22,208,517 |
| 78 | LIN Sanzhi (1898-1989) | \$21,974,047 |
| 79 | DUBUFFET Jean (1901-1985) | \$21,845,093 |
| 80 | GUAN Shanyue (1912-2000) | \$21,775,462 |
| 81 | DONG Shouping (1904-1997) | \$21,624,057 |
| 82 | REN Yi (1840-1896) | \$20,983,853 |
| 83 | MANZONI Piero (1933-1963) | \$20,759,609 |
| 84 | HUANG Yongyu (1924) | \$20,633,612 |
| 85 | CUI Ruzhuo (1944) | \$20,629,808 |
| 86 | GRIS Juan (1887-1927) | \$20,503,809 |
| 87 | KUSAMA Yayoi (1929) | \$20,383,210 |
| 88 | TANG Yun (1910-1993) | \$20,206,316 |
| 89 | LIU Haisu (1896-1994) | \$20,117,026 |
| 90 | HUANG Junbi (1898-1991) | \$20,082,875 |
| 91 | BONNARD Pierre (1867-1947) | \$19,978,966 |
| 92 | WANG Xuetao (1903-1982) | \$19,937,952 |
| 93 | ZHANG Xiaogang (1958) | \$19,923,592 |
| 94 | HOPPER Edward (1882-1967) | \$19,818,226 |
| 95 | FREUD Lucian (1922-2011) | \$19,801,616 |
| 96 | NOLDE Emil (1867-1956) | \$19,772,386 |
| 97 | WANG Duo (1592-1652) | \$19,756,540 |
| 98 | SONG Wenzhi (1919-1999) | \$19,641,701 |
| 99 | SHEN Zhou (1427-1509) | \$19,397,102 |
| 100 | WANG Mingming (1952) | \$18,996,346 |

Top 500 artists by auction revenue in 2012

| Rank | Artist | Auction Turnover |
|------|---------------------------------------------|------------------|
| 101 | GOGH van Vincent (1853-1890) | \$18,941,314 |
| 102 | LALANNE François-Xavier (1927-2008) | \$18,941,198 |
| 103 | YANG Feiyun (1954) | \$18,931,683 |
| 104 | BRAQUE Georges (1882-1963) | \$18,356,489 |
| 105 | HE Haixia (1908-1998) | \$18,136,863 |
| 106 | JAWLENSKY von Alexej (1864-1941) | \$18,075,030 |
| 107 | DELVAUX Paul (1897-1994) | \$18,051,434 |
| 108 | HOFMANN Hans (1880-1966) | \$18,003,315 |
| 109 | ANKER Albert (1831-1910) | \$17,952,237 |
| 110 | WANG Yuanqi (1642-1715) | \$17,929,411 |
| 111 | ZHAO Shao'Ang (1905-1998) | \$17,801,950 |
| 112 | KIRCHNER Ernst Ludwig (1880-1938) | \$17,738,063 |
| 113 | RODIN Auguste (1840-1917) | \$17,673,311 |
| 114 | SISLEY Alfred (1839-1899) | \$17,405,607 |
| 115 | JUDD Donald (1928-1994) | \$17,188,980 |
| 116 | BOURGEOIS Louise (1911-2010) | \$16,800,333 |
| 117 | BOTERO Fernando (1932) | \$16,634,306 |
| 118 | STILL Clyfford E. (1904-1980) | \$16,350,000 |
| 119 | REMBRANDT VAN RIJN (1606-1669) | \$16,227,719 |
| 120 | LUO Zhongli (1948) | \$16,188,919 |
| 121 | GAUGUIN Paul (1848-1903) | \$16,100,391 |
| 122 | VELDE van de Willem II (1633-1707) | \$16,013,290 |
| 123 | YU Youren (1879-1964) | \$15,935,717 |
| 124 | CHIRICO de Giorgio (1888-1978) | \$15,688,643 |
| 125 | WANG Ziwu (1936) | \$15,632,815 |
| 126 | HONG Yi (1880-1942) | \$15,563,691 |
| 127 | WESSELMANN Tom (1931-2004) | \$15,185,533 |
| 128 | KIEFER Anselm (1945) | \$14,997,043 |
| 129 | LIU Dawei (1945) | \$14,850,762 |
| 130 | SOUTINE Chaïm (1894-1943) | \$14,840,077 |
| 131 | JOHNS Jasper (1930) | \$14,794,254 |
| 132 | ZHU Ming (1938) | \$14,770,417 |
| 133 | SHI Guoliang (1956) | \$14,690,008 |
| 134 | PRINCE Richard (1949) | \$14,227,873 |
| 135 | AIVAZOVSKY Ivan Constantinovich (1817-1900) | \$14,211,101 |
| 136 | WANG Zhenpeng (XIV) | \$14,018,400 |
| 137 | LIU Wenxi (1933) | \$14,007,642 |
| 138 | THIEBAUD Morton Wayne (1920) | \$13,866,851 |
| 139 | ZHOU Sicong (1939-1996) | \$13,524,739 |
| 140 | INDIANA Robert (1928) | \$13,511,347 |
| 141 | MATTA Roberto (1911-2002) | \$13,203,876 |
| 142 | WEI Zixi (1915-2002) | \$13,151,814 |
| 143 | SHERMAN Cindy (1954) | \$13,101,627 |
| 144 | JIA Youfu (1942) | \$12,965,568 |
| 145 | WARHOL & BASQUIAT Andy & Jean-Michel (XX) | \$12,839,880 |
| 146 | FOUJITA Tsuguharu (1886-1968) | \$12,831,384 |
| 147 | BOUGUEREAU William Adolphe (1825-1905) | \$12,782,306 |
| 148 | FAN Yang (1955) | \$12,773,516 |
| 149 | STAËL de Nicolas (1914-1955) | \$12,714,745 |
| 150 | LEMPICKA de Tamara (1898-1980) | \$12,593,752 |

| Rank | Artist | Auction Turnover |
|------|-----------------------------------------|------------------|
| 151 | MURAKAMI Takashi (1962) | \$12,397,637 |
| 152 | FRANCIS Sam (1923-1994) | \$12,142,784 |
| 153 | XU Lele (1955) | \$12,132,382 |
| 154 | CHEN Dayu (1912-2001) | \$12,033,156 |
| 155 | YU Fei'an (1888-1959) | \$12,028,417 |
| 156 | CRANACH Lucas I (1472-1553) | \$11,940,888 |
| 157 | ZHENG Banqiao (1693-1765) | \$11,830,384 |
| 158 | POLKE Sigmar (1941-2010) | \$11,772,508 |
| 159 | BAI Xueshi (1915-2011) | \$11,745,617 |
| 160 | SHI Lu (1919-1982) | \$11,732,340 |
| 161 | KAPOOR Anish (1954) | \$11,558,816 |
| 162 | WANG Xijing (1946) | \$11,552,855 |
| 163 | FANG Lijun (1963) | \$11,527,687 |
| 164 | SHI Tao (1642-1707) | \$11,444,686 |
| 165 | TIAN Liming (1955) | \$11,364,312 |
| 166 | ROCKWELL Norman Perceval (1894-1978) | \$11,349,390 |
| 167 | BROWN Glenn (1966) | \$11,287,576 |
| 168 | PICABIA Francis (1879-1953) | \$11,264,970 |
| 169 | MARTIN Henri Jean Guillaume (1860-1943) | \$11,250,075 |
| 170 | WANG Yidong (1955) | \$11,134,131 |
| 171 | XUE Liang (1956) | \$10,998,021 |
| 172 | O'KEEFFE Georgia (1887-1986) | \$10,850,065 |
| 173 | HOCKNEY David (1937) | \$10,839,738 |
| 174 | AI Xuan (1947) | \$10,836,731 |
| 175 | ALBERS Josef (1888-1976) | \$10,777,930 |
| 176 | LAM Wifredo (1902-1982) | \$10,686,490 |
| 177 | SCHIELE Egon (1890-1918) | \$10,641,851 |
| 178 | CHEN Peiqiu (1922/23) | \$10,586,679 |
| 179 | JIN Nong (1687-1763) | \$10,581,986 |
| 180 | FANG Chuxiong (1950) | \$10,544,758 |
| 181 | VLAMINCK de Maurice (1876-1958) | \$10,494,167 |
| 182 | GURSKY Andreas (1955) | \$10,425,261 |
| 183 | CHILLIDA Eduardo (1924-2002) | \$10,413,928 |
| 184 | BUFFET Bernard (1928-1999) | \$10,402,763 |
| 185 | GROTJAHN Mark (1968) | \$10,400,759 |
| 186 | MORANDI Giorgio (1890-1964) | \$10,373,245 |
| 187 | LIU Wei (1965) | \$10,340,432 |
| 188 | LEE Ufan (1936) | \$10,017,415 |
| 189 | ARP Hans (1886-1966) | \$9,840,487 |
| 190 | LEE Man Fong (1913-1988) | \$9,708,160 |
| 191 | AFFANDI (1907-1990) | \$9,673,065 |
| 192 | LAN Ying (1585-c.1664) | \$9,636,946 |
| 193 | YANG Shanshen (1913-2004) | \$9,636,290 |
| 194 | GUAN Liang (1900-1986) | \$9,626,752 |
| 195 | CHEN Rong (1803) | \$9,512,871 |
| 196 | GORKY Arshile (1904-1948) | \$9,380,500 |
| 197 | STERN Irma (1894-1966) | \$9,323,167 |
| 198 | YA Ming (1924-2002) | \$9,148,915 |
| 199 | ZHANG Zhao (1691-1745) | \$9,021,052 |
| 200 | HARING Keith (1958-1990) | \$8,971,545 |

Top 500 artists by auction revenue in 2012

| Rank | Artist | Auction Turnover |
|------|------------------------------------------|------------------|
| 201 | CANALETTO Antonio Canal (1697-1768) | \$8,956,739 |
| 202 | MAN RAY (1890-1976) | \$8,830,101 |
| 203 | WANG Shimin (1592-1680) | \$8,813,455 |
| 204 | JIANG Tingxi (1669-1732) | \$8,805,591 |
| 205 | YANG Zhiguang (1930) | \$8,712,320 |
| 206 | SOULAGES Pierre (1919) | \$8,637,403 |
| 207 | KANG Youwei (1858-1927) | \$8,614,773 |
| 208 | WANG Jian (1598-1677) | \$8,585,374 |
| 209 | KIPPENBERGER Martin (1953-1997) | \$8,543,491 |
| 210 | LAI Shaoqi (1915-2000) | \$8,531,985 |
| 211 | MOTHERWELL Robert (1915-1991) | \$8,481,983 |
| 212 | BARCELO Miquel (1957) | \$8,406,092 |
| 213 | KELLY Eilsworth (1923) | \$8,361,545 |
| 214 | BURRI Alberto (1915-1995) | \$8,348,282 |
| 215 | LIN Yong (1942) | \$8,332,778 |
| 216 | BASELITZ Georg (1938) | \$8,164,289 |
| 217 | QIAN Weicheng (1720-1772) | \$8,160,860 |
| 218 | DIX Otto (1891-1969) | \$8,086,025 |
| 219 | CHU Ch'i-Chan (1892-1996) | \$8,061,196 |
| 220 | STEEN Jan Havicksz. (1625/26-1679) | \$8,056,750 |
| 221 | AUERBACH Frank (1931) | \$8,007,139 |
| 222 | LIU Ye (1964) | \$7,940,977 |
| 223 | COORTE Adriaen (act.c.1685-1720) | \$7,917,390 |
| 224 | GOTTLIEB Adolph (1903-1974) | \$7,910,717 |
| 225 | RUSCHA Edward Joseph (1937) | \$7,799,109 |
| 226 | SOROLLA Y BASTIDA Joaquín (1863-1923) | \$7,752,655 |
| 227 | ZHANG Jizhi (1186-1266) | \$7,730,693 |
| 228 | WU Zuoren (1908-1997) | \$7,650,266 |
| 229 | TANGUY Yves (1900-1955) | \$7,603,724 |
| 230 | LIU Danzhai (1931-2011) | \$7,569,108 |
| 231 | SONG Yugui (1940) | \$7,546,681 |
| 232 | YUAN Wu (1959) | \$7,541,278 |
| 233 | CONDO George (1957) | \$7,488,156 |
| 234 | DUFY Raoul (1877-1953) | \$7,407,737 |
| 235 | TERPNING Howard A. (1927) | \$7,377,350 |
| 236 | GUO Moruo (1892-1978) | \$7,321,136 |
| 237 | WTEWAEL Joachim Antonisz (c.1566-c.1638) | \$7,294,222 |
| 238 | CURRIN John (1962) | \$7,286,189 |
| 239 | VUILLARD Édouard (1868-1940) | \$7,278,366 |
| 240 | SMITH David (1906-1965) | \$7,237,000 |
| 241 | ZHAO Puchu (1907-2000) | \$7,225,970 |
| 242 | ZHAO Zhiqian (1829-1884) | \$7,182,277 |
| 243 | HAMMERSHÖI Vilhelm (1864-1916) | \$7,174,227 |
| 244 | GUO Runwen (1955) | \$7,171,427 |
| 245 | CHEN Shaomei (1909-1954) | \$7,118,028 |
| 246 | ZHOU Yansheng (1942) | \$7,097,365 |
| 247 | FU Shan (1607-1684) | \$7,083,342 |
| 248 | QIAN LONG Emperor (1711-1799) | \$7,060,107 |
| 249 | LORENZETTI Pietro (XIV) | \$7,055,100 |
| 250 | LOWRY Laurence Stephen (1887-1976) | \$7,007,325 |

| Rank | Artist | Auction Turnover |
|------|------------------------------------------|------------------|
| 251 | JIANG Zhaohe (1904-1986) | \$7,006,572 |
| 252 | CAILLETOTTE Gustave (1848-1894) | \$6,996,195 |
| 253 | BOETTI Alighiero (1940-1994) | \$6,964,369 |
| 254 | DOW Gerrit (1613-1675) | \$6,935,485 |
| 255 | KUSTODIEV Boris Mikhailovich (1878-1927) | \$6,923,972 |
| 256 | JIANG Hanting (c.1903-1963) | \$6,910,782 |
| 257 | KIM Whan Ki (1913-1974) | \$6,899,440 |
| 258 | HODLER Ferdinand (1853-1918) | \$6,857,493 |
| 259 | DING Yunpeng (1547-c.1628) | \$6,854,593 |
| 260 | STELLA Frank (1936) | \$6,853,302 |
| 261 | OEHLEN Albert (1954) | \$6,849,791 |
| 262 | NARA Yoshitomo (1959) | \$6,829,555 |
| 263 | MARTIN Agnes Bernice (1912-2004) | \$6,812,701 |
| 264 | YU Jigao (1932) | \$6,811,478 |
| 265 | WEN Jia (1501-1583) | \$6,779,533 |
| 266 | STINGEL Rudolf (1956) | \$6,723,638 |
| 267 | GIACOMETTI Diego (1902-1985) | \$6,620,595 |
| 268 | HE Duoling (1948) | \$6,584,341 |
| 269 | FENG Zikai (1898-1975) | \$6,575,446 |
| 270 | BELLOWS George Wesley (1882-1925) | \$6,493,842 |
| 271 | FENG Yuan (1952) | \$6,410,706 |
| 272 | GUARDI Francesco (1712-1793) | \$6,376,727 |
| 273 | BOYD Arthur (1920-1999) | \$6,366,294 |
| 274 | SHEN Peng (1931) | \$6,357,459 |
| 275 | AST van der Balthasar (1593/94-1657) | \$6,325,980 |
| 276 | HUO Chunyang (1946) | \$6,303,724 |
| 277 | SCULLY Sean (1946) | \$6,282,291 |
| 278 | POLIAKOFF Serge (1900-1969) | \$6,232,384 |
| 279 | SOTO Jesús Rafael (1923-2005) | \$6,227,917 |
| 280 | ZHAO Wangyun (1906-1977) | \$6,179,994 |
| 281 | ZHAO Xucheng (1943) | \$6,167,400 |
| 282 | YU Xining (1913-2007) | \$6,117,435 |
| 283 | SAENREDAM Pieter Jansz. (1597-1665) | \$6,114,896 |
| 284 | GONG Xian (1618-1689) | \$6,065,364 |
| 285 | TIEPOLO Giovanni Battista (1696-1770) | \$6,036,544 |
| 286 | ZHANG Zongcang (1686-1756) | \$6,031,446 |
| 287 | CHEN Hongshou (1598-1652) | \$6,024,789 |
| 288 | SCHWITTERS Kurt (1887-1948) | \$6,011,217 |
| 289 | TANG Yongli (1951) | \$5,993,019 |
| 290 | SHEN Yinmo (1883-1971) | \$5,983,184 |
| 291 | TIAN Shiguang (1916-1999) | \$5,979,995 |
| 292 | PARK Soo-Gun (1914-1965) | \$5,970,000 |
| 293 | AMIET Cuno (1868-1961) | \$5,959,538 |
| 294 | LANG Shih-Ning (1688-1766) | \$5,950,419 |
| 295 | VASARELY Victor (1906-1997) | \$5,886,600 |
| 296 | WHITELEY Brett (1939-1992) | \$5,886,289 |
| 297 | ZHAO Mengfu (1254-1322) | \$5,881,486 |
| 298 | WANG Zhen (c.1867-1938) | \$5,875,977 |
| 299 | MILHAZES Beatriz (1960) | \$5,813,765 |
| 300 | DELAUNAY Robert (1885-1941) | \$5,776,921 |

Top 500 artists by auction revenue in 2012

| Rank | Artist | Auction Turnover |
|------|----------------------------------------------|------------------|
| 301 | CÉSAR (1921-1998) | \$5,764,847 |
| 302 | SEROV Valentin A. (1865-1911) | \$5,738,400 |
| 303 | SHA Menghai (1900-1992) | \$5,696,018 |
| 304 | REN Zhong (1976) | \$5,673,589 |
| 305 | ZHA Shibiao (1615-1698) | \$5,665,646 |
| 306 | CHEN Danqing (1953) | \$5,642,876 |
| 307 | SHEN Yaoyi (1943) | \$5,553,802 |
| 308 | HUANG Jin (1277-1357) | \$5,544,554 |
| 309 | HASSAM Childe (1859-1935) | \$5,536,147 |
| 310 | REMINGTON Frederic Sackrider (1861-1909) | \$5,533,438 |
| 311 | EGGLESTON William (1939) | \$5,520,671 |
| 312 | HEEM de Jan Davidsz (1606-1683/84) | \$5,501,553 |
| 313 | EMPEROR KANGXI (1654-1722) | \$5,500,870 |
| 314 | FENG Chaoran (1882-1954) | \$5,497,841 |
| 315 | NICHOLSON Ben (1894-1982) | \$5,490,168 |
| 316 | YUN Shouping (1633-1690) | \$5,454,206 |
| 317 | KUPKA Frantisek (1871-1957) | \$5,450,472 |
| 318 | HUSAIN Maqbool Fida (1915-2011) | \$5,428,343 |
| 319 | RUBENS Peter Paul (1577-1640) | \$5,420,596 |
| 320 | JIANG Hongwei (1957) | \$5,418,743 |
| 321 | TAPIES Antoni (1923-2012) | \$5,397,052 |
| 322 | ZOU Yigui (1686-1772) | \$5,371,853 |
| 323 | SAVERY Roelant (1576/78-1639) | \$5,264,512 |
| 324 | MODIGLIANI Amedeo (1884-1920) | \$5,254,988 |
| 325 | MARINI Marino (1901-1980) | \$5,250,036 |
| 326 | HE Shaoji (1799-1873) | \$5,237,073 |
| 327 | CHRISTO (1935) | \$5,197,665 |
| 328 | ZHANG Ding (1917-2010) | \$5,194,180 |
| 329 | UECKER Günther (1930) | \$5,183,369 |
| 330 | ZHANG Ruitu (1570-1641) | \$5,180,378 |
| 331 | LIU Kuiling (1885-1967) | \$5,143,663 |
| 332 | APPEL Karel (1921-2006) | \$5,124,586 |
| 333 | ARMAN Fernandez (1928-2005) | \$5,109,845 |
| 334 | LE MAYEUR DE MERPRES Adrien Jean (1880-1958) | \$5,103,636 |
| 335 | FANG Jizhong (1923-1987) | \$5,059,812 |
| 336 | RIOPELLE Jean-Paul (1923-2002) | \$5,038,214 |
| 337 | CUI Zhenkuan (1935) | \$4,968,076 |
| 338 | KISLING Moïse (1891-1953) | \$4,941,608 |
| 339 | CARR Emily M. (1871-1945) | \$4,923,906 |
| 340 | MELLENDEZ Luis (1716-1780) | \$4,922,800 |
| 341 | RAZA Sayed Haider (1922) | \$4,919,343 |
| 342 | CHEN Banding (1876-1970) | \$4,911,657 |
| 343 | JIN Shangyi (1934) | \$4,906,819 |
| 344 | WALL Jeff (1946) | \$4,895,778 |
| 345 | JAO Tsung-I (1917) | \$4,893,748 |
| 346 | WANG Yong (1948) | \$4,882,782 |
| 347 | MEHTA Tyeb (1925-2009) | \$4,871,073 |
| 348 | SHANG Yang (1942) | \$4,852,468 |
| 349 | CRUZ-DIEZ Carlos (1923) | \$4,787,817 |
| 350 | GONTCHAROVA Nathalie (1881-1962) | \$4,754,663 |

| Rank | Artist | Auction Turnover |
|------|--------------------------------------|------------------|
| 351 | RUSSELL Charles Marion (1864-1926) | \$4,738,800 |
| 352 | ZHANG Shanzi (1882-1940) | \$4,713,207 |
| 353 | BORGIANNI Orazio (1578-1616) | \$4,707,840 |
| 354 | TAMAYO Rufino (1899-1991) | \$4,706,210 |
| 355 | BELLOTTO Bernardo (1721-1780) | \$4,702,072 |
| 356 | GODWARD John William (1861-1922) | \$4,683,748 |
| 357 | FESHIN Nikolay (1881-1955) | \$4,653,553 |
| 358 | GUYTON Wade (1972) | \$4,590,555 |
| 359 | TANG Yin (1470-1523) | \$4,583,499 |
| 360 | RAUSCHENBERG Robert (1925-2008) | \$4,565,919 |
| 361 | SHI Qi (1939) | \$4,559,545 |
| 362 | HUA Yan (1682-1756) | \$4,540,707 |
| 363 | HUANG Daozhou (1585-1646) | \$4,505,574 |
| 364 | LIEBERMANN Max (1847-1935) | \$4,461,510 |
| 365 | HEPWORTH Barbara (1903-1975) | \$4,448,580 |
| 366 | AVERY Milton Clark (1885-1965) | \$4,445,712 |
| 367 | JIA Guangjian (1964) | \$4,416,995 |
| 368 | KLEE Paul (1879-1940) | \$4,409,867 |
| 369 | HONG Ren (1610-1663) | \$4,404,638 |
| 370 | CATTELAN Maurizio (1960) | \$4,384,700 |
| 371 | BOSSCHAERT Ambrosius I (1573-1621) | \$4,336,662 |
| 372 | DELLA PORTA Bartolomeo (1472-1517) | \$4,300,000 |
| 373 | STREETON Arthur Ernest (1867-1943) | \$4,260,560 |
| 374 | FRANKENTHALER Helen (1928-2011) | \$4,240,614 |
| 375 | UTRILLO Maurice (1883-1955) | \$4,184,656 |
| 376 | NOLAN Sidney Robert (1917-1992) | \$4,159,787 |
| 377 | YE Qianyu (1907-1995) | \$4,147,862 |
| 378 | JIANG Baolin (1942) | \$4,144,073 |
| 379 | ZHU Yunming (1460-1526) | \$4,117,649 |
| 380 | XU Yisheng (1943) | \$4,101,419 |
| 381 | LIU Xiaodong (1963) | \$4,097,446 |
| 382 | SAINT-PHALLE de Niki (1930-2002) | \$4,056,663 |
| 383 | ROUAULT Georges (1871-1958) | \$4,041,970 |
| 384 | BRAVO Claudio (1936-2011) | \$4,015,498 |
| 385 | BOTTICELLI Sandro (c.1445-1510) | \$4,001,749 |
| 386 | ROMANINO Girolamo (1484/87-1562) | \$4,000,000 |
| 387 | HARRIS Lawren Stewart H. (1885-1970) | \$3,997,394 |
| 388 | XU Linlu (1916-2011) | \$3,983,820 |
| 389 | CASTELLANI Enrico (1930) | \$3,981,140 |
| 390 | SERRA Richard (1939) | \$3,978,631 |
| 391 | LIU Yi (1957) | \$3,965,038 |
| 392 | DARDEL von Nils (1888-1943) | \$3,956,968 |
| 393 | MATHIEU Georges (1921-2012) | \$3,937,448 |
| 394 | YU Zhizhen (1915-1995) | \$3,933,090 |
| 395 | GUSTON Philip (1913-1980) | \$3,922,650 |
| 396 | MAILLOL Aristide (1861-1944) | \$3,900,112 |
| 397 | PENN Irving (1917-2009) | \$3,879,874 |
| 398 | ZHU Meicun (1911-1993) | \$3,878,117 |
| 399 | WOLS Otto (1913-1951) | \$3,864,268 |
| 400 | MÜNTER Gabriele (1877-1962) | \$3,824,249 |

Top 500 artists by auction revenue in 2012

| Rank | Artist | Auction Turnover |
|------|------------------------------------------|------------------|
| 401 | ROSSETTI Dante Gabriel (1828-1882) | \$3,806,707 |
| 402 | LU Yushun (1962) | \$3,803,475 |
| 403 | ZHAO Bandi (1966) | \$3,801,980 |
| 404 | WU Qingxia (1910-2008) | \$3,787,510 |
| 405 | YANG Xiaoyang (1958) | \$3,782,076 |
| 406 | VERESCAGIN Vasilij Vasilevic (1842-1904) | \$3,771,762 |
| 407 | TURNER Joseph Mallord Willia (1775-1851) | \$3,764,802 |
| 408 | ZURBARAN de Juan (1620-1649) | \$3,762,720 |
| 409 | CADELL Francis Campbell Boil (1883-1937) | \$3,737,782 |
| 410 | MA Jin (1900-1970) | \$3,729,344 |
| 411 | AVERCAMP Hendrick (1585-1634) | \$3,727,746 |
| 412 | VALTAT Louis (1869-1952) | \$3,706,850 |
| 413 | ARTAUD Antonin (1896-1948) | \$3,702,456 |
| 414 | BAI Gengyan (1940-2007) | \$3,698,868 |
| 415 | CASSATT Mary (1844-1926) | \$3,697,356 |
| 416 | NAN Haiyan (1962) | \$3,677,295 |
| 417 | MASSON André (1896-1987) | \$3,672,425 |
| 418 | LU Yifei (1908-1997) | \$3,659,657 |
| 419 | CHADWICK Lynn Russell (1914-2003) | \$3,658,069 |
| 420 | GILBERT & GEORGE (XX-XXI) | \$3,633,178 |
| 421 | SMART Frank Jeffrey Edson (1921) | \$3,629,551 |
| 422 | LENG Jun (1963) | \$3,615,627 |
| 423 | JORDAENS Jacob (1593-1678) | \$3,600,037 |
| 424 | MARTINI Simone (c.1284-1344) | \$3,600,000 |
| 425 | GIACOMETTI Giovanni (1868-1933) | \$3,596,163 |
| 426 | CHEN Yanning (1945) | \$3,591,276 |
| 427 | LONG Liyou (1958) | \$3,581,941 |
| 428 | LI Shan (1686-1762) | \$3,568,137 |
| 429 | FRAGONARD Jean-Honoré (1732-1806) | \$3,556,553 |
| 430 | HERGÉ (1907-1983) | \$3,554,611 |
| 431 | HERBIN Auguste (1882-1960) | \$3,547,606 |
| 432 | VIEIRA DA SILVA Maria Elena (1908-1992) | \$3,545,018 |
| 433 | LIU Jiyou (1918-1983) | \$3,513,144 |
| 434 | PECHSTEIN Hermann Max (1881-1955) | \$3,508,542 |
| 435 | WYETH Andrew (1917-2009) | \$3,504,905 |
| 436 | CHAMBERLAIN John Angus (1927-2011) | \$3,480,344 |
| 437 | GOYEN van Jan Jozefsz. (1596-1656) | \$3,471,806 |
| 438 | RUBIN Reuven (1893-1974) | \$3,467,695 |
| 439 | SU Tianci (1922-2006) | \$3,466,635 |
| 440 | QUINN Marc (1964) | \$3,448,387 |
| 441 | WU Dayu (1903-1988) | \$3,442,323 |
| 442 | GUNAWAN Hendra (1918-1983) | \$3,438,954 |
| 443 | WU Li (1632-1718) | \$3,419,834 |
| 444 | GONZALEZ Julio (1876-1942) | \$3,417,920 |
| 445 | BEUYS Joseph (1921-1986) | \$3,409,233 |
| 446 | SCHMIDT-ROTTLUFF Karl (1884-1976) | \$3,405,270 |
| 447 | LOU Shibai (1918-2010) | \$3,404,645 |
| 448 | XIANG Shengmo (1597-1658) | \$3,393,737 |
| 449 | FISCHER Urs (1973) | \$3,384,067 |
| 450 | POMODORO Arnaldo (1926) | \$3,368,995 |

| Rank | Artist | Auction Turnover |
|------|---------------------------------------------|------------------|
| 451 | PISTOLETTO Michelangelo (1933) | \$3,365,074 |
| 452 | COYPEL Charles-Antoine (1694-1752) | \$3,356,723 |
| 453 | BRACK John Cecil (1920-1999) | \$3,354,033 |
| 454 | MUNIZ Vik (1961) | \$3,347,876 |
| 455 | DINET Etienne Alphonse (1861-1929) | \$3,334,447 |
| 456 | BRUEGHEL Jan II (1601-1678) | \$3,325,208 |
| 457 | PORTINARI Cándido (1903-1962) | \$3,323,821 |
| 458 | DUCHAMP Marcel (1887-1968) | \$3,320,936 |
| 459 | LEMIEUX Jean-Paul (1904-1990) | \$3,316,261 |
| 460 | HUANG Shen (1687-c.1773) | \$3,315,121 |
| 461 | SEURAT Georges Pierre (1859-1891) | \$3,311,682 |
| 462 | FENG Dazhong (1949) | \$3,311,563 |
| 463 | ZORN Anders Leonard (1860-1920) | \$3,292,341 |
| 464 | ROBERT Hubert (1733-1808) | \$3,278,020 |
| 465 | SUGIMOTO Hiroshi (1948) | \$3,259,671 |
| 466 | RUYSDAEL van Salomon (c.1602-1670) | \$3,257,062 |
| 467 | LAURENS Henri (1885-1954) | \$3,248,498 |
| 468 | BOUDIN Eugène (1824-1898) | \$3,240,745 |
| 469 | CHEN Zizhuang (1913-1976) | \$3,220,705 |
| 470 | HOOCH de Pieter (1629-1684) | \$3,200,000 |
| 471 | ALMA-TADEMA Lawrence (1836-1912) | \$3,196,796 |
| 472 | HECKEL Erich (1883-1970) | \$3,173,804 |
| 473 | CHIPARUS Dimitri (1886-1947) | \$3,159,878 |
| 474 | MOHOLY-NAGY László (1895-1946) | \$3,158,337 |
| 475 | CHEN Chun (1483-1544) | \$3,154,640 |
| 476 | LIN Fengsu (1939) | \$3,153,313 |
| 477 | ENSOR James (1860-1949) | \$3,120,486 |
| 478 | PETROV-VODKIN Kuzma Sergievitch (1878-1939) | \$3,106,812 |
| 479 | RYMAN Robert (1930) | \$3,086,728 |
| 480 | BOUCHARDON Edmé (1698-1762) | \$3,079,892 |
| 481 | XIE Shichen (1487-c.1567) | \$3,075,297 |
| 482 | COROT Camille Jean-Baptiste (1796-1875) | \$3,068,927 |
| 483 | HARTUNG Hans (1904-1989) | \$3,067,246 |
| 484 | TOULOUSE-LAUTREC de Henri (1864-1901) | \$3,043,670 |
| 485 | TAO Lengyue (1895-1985) | \$3,038,362 |
| 486 | PEPLOE Samuel John (1871-1935) | \$3,031,390 |
| 487 | YAN Wenliang (1893-1988) | \$3,022,858 |
| 488 | ZHENG Naiguang (1912-2005) | \$3,021,190 |
| 489 | YI Bingshou (1754-1815) | \$3,001,541 |
| 490 | PIERNEEF Jacob Hendrik (1886-1957) | \$2,998,277 |
| 491 | YUAN Jiang (1662-1735) | \$2,993,600 |
| 492 | YUE Minjun (1962) | \$2,987,163 |
| 493 | OSTADE van Adriaen Jansz & Isack (XVII) | \$2,981,480 |
| 494 | LIANG Qichao (1873-1929) | \$2,976,674 |
| 495 | MUNNINGS Alfred James (1878-1959) | \$2,972,993 |
| 496 | FU Xiaoshi (1932) | \$2,957,895 |
| 497 | JIANG Meiyan (1956) | \$2,939,248 |
| 498 | FILLA Emil (1882-1953) | \$2,935,481 |
| 499 | BALTHUS (1908-2001) | \$2,932,086 |
| 500 | HILL Carl Fredrik (1849-1911) | \$2,928,542 |

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Founded on 9 December 1999 by the conceptual act of artist thierry Ehrmann, "the Abode of Chaos" dicit The New York Times is an "oeuvre au noir" inspired by the alchemical chaos of the 21st Century, whose tragic and yet sumptuous embers were ignited on 9/11. After just 14 years – and more than 1,800 press and TV articles in 72 countries around the world – the international art community today recognises the Abode of Chaos as a unique and "sacred" artistic factory. This free open-air museum with more than 4,509 works attracts more than 120,000 visitors each year. Its is the headquarters of Server Group and Artprice.

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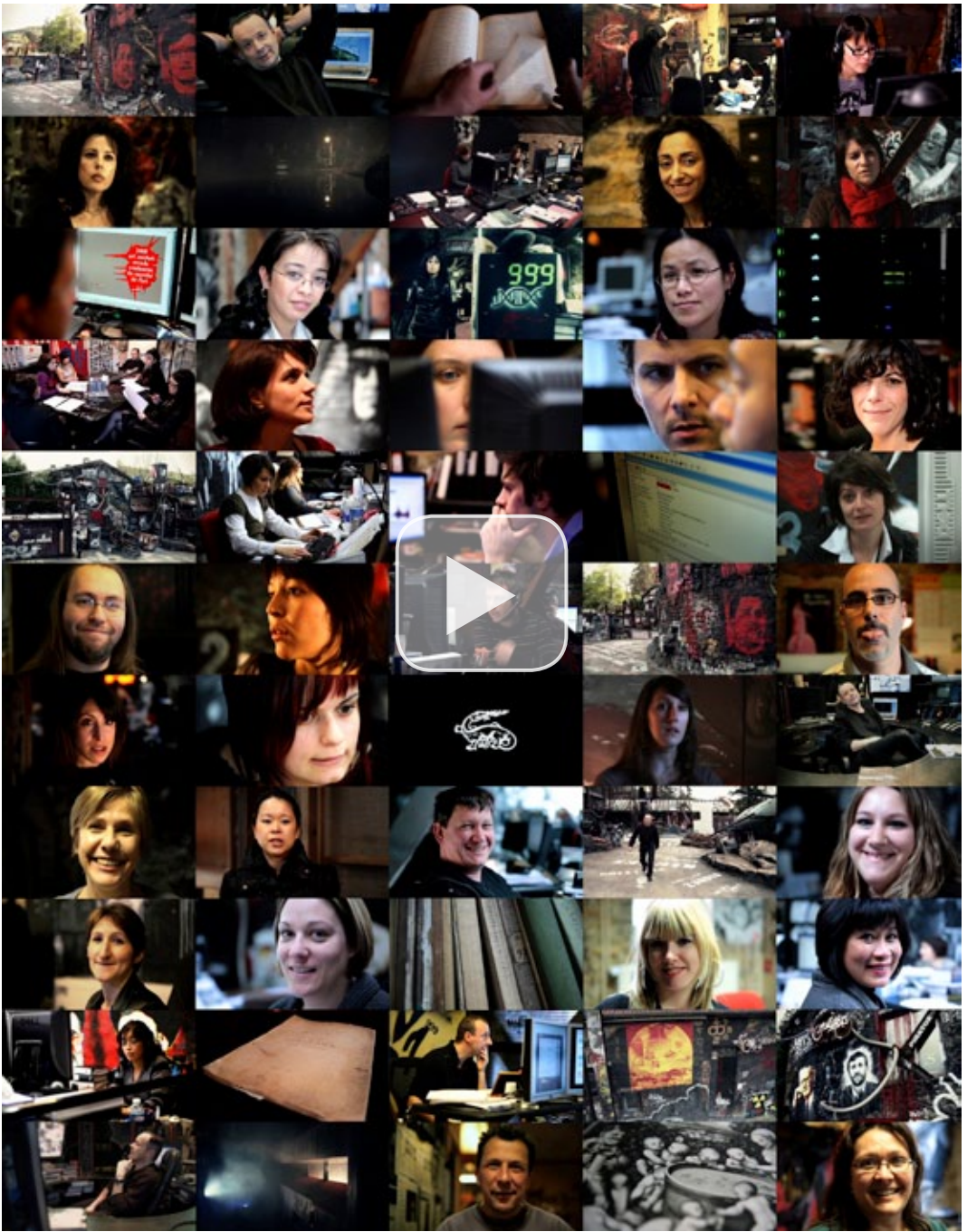
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