

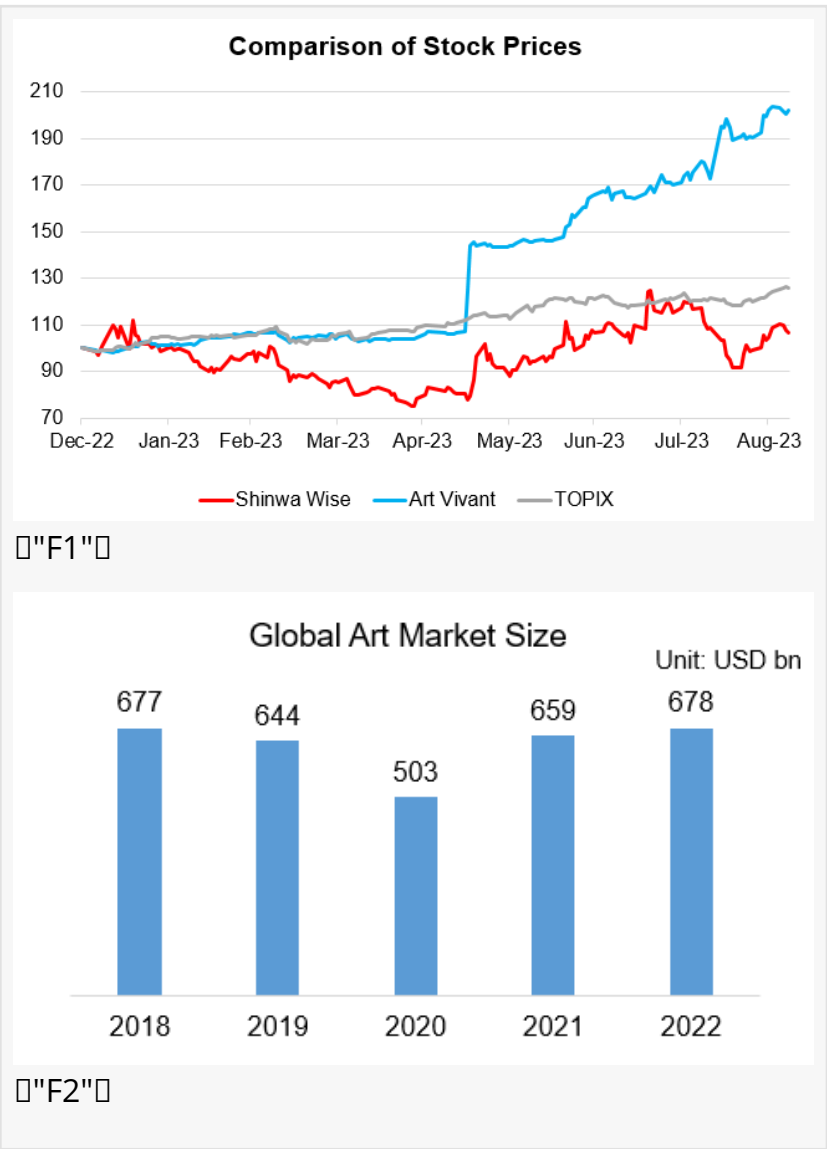
Diamonds and Fine Art Attracting Attention as Inflation Hedges

Sales of fine art, jewelry, and precious metals have increased robustly as inflation hedges.

TOKYO, JAPAN, October 11, 2023 /EINPresswire.com/ -- There is currently an inflation wave is sweeping over Japan and much of the rest of the world. Amid this situation, jewelry and fine art are experiencing lively sales. Investment money aimed at hedging against inflation is also flowing into these high-end goods.

Looking at the sales mix of department stores nationwide in July, the Japan Department Stores Association reported that sales of "fine art, jewelry, and precious metals" had increased for the 30th consecutive month, up 2% YoY. Although sales of confectioneries, delicatessen food, and sundries also exceeded the previous year's level, they fell short of the record for consecutive upward movement in sales that characterized the aforementioned items.

Isetan Mitsukoshi Holdings (3099) announced that domestic department store sales in July were up 14% YoY (fixed figures). Sales of fine art, jewelry, and precious metals were up 11%, and for Ginza Mitsukoshi, the same figure was up 43%. This pace did not slow in August. As one example, there have been numerous inquiries about jewelry, according to Isetan Mitsukoshi Holdings.



Fine art auctioneer Shinwa Wise Holdings (Shinwa Wise, 2437, Standard) also sells diamonds and has seen a rapid increase in sales. Sales for the fiscal year ending May 2023 were up 55% from the previous fiscal year due to increasing demand to protect assets from inflation. The diamond market is denominated in dollars worldwide. According to Shinwa Wise, diamond prices have steadily moved upward over the past 30 years.

Fine art auctions, Shinwa Wise's core business, have also seen strongly positive outcomes. Consolidated sales for the last fiscal year were up 39%. A growing number of art buyers means that there has been boost in transaction volume, and increased handling of high-value goods have also contributed to the strong performance. The company expects to maintain sales growth this fiscal year, although the growth rate is predicted to decline to 14% YoY.

On the other hand, the company's stock price has been weak since the beginning of the year, underperforming the TOPIX. Factors such as capital reduction announced in late July have weighed heavily on the stock price. Art Vivant (7523, Standard), which is in the same industry, has seen its stock price nearly double since the beginning of the year. However, its performance in the current fiscal year has been lackluster.

□"F1"□

Other players involved in fine art auctions include SBI Art Auction, a subsidiary of SBI Holdings (8473), and Mainichi Auction, a group company of the major job placement information company Mynavi Corporation. Department stores are also significant in sales of works of art.

According to a report compiled by Art Basel and UBS, global art sales in 2022 were estimated at USD67.8 bn, up 3% from the previous year. This upward movement was driven by sales to people and entities in the U.S., the U.K., and China. Sales in the U.S., the world's largest market, reached a record high of USD30.2 bn. The auction market declined 2% from the previous year to USD30.6 bn, but it remained at a high level*.

*Compiled based on data in "The Art Market 2023" issued by Art Basel and UBS

□"F2"□

In 2021, the size of the Japanese market was calculated to be in the JPY200 bn range, which is still small compared with the figures for overseas markets. However, given Japan's aging population, the number of works to be auctioned may increase due to inheritance. There are also expectations that high-value-added works will come to the market. In addition to seeing demand as a way to hedge against inflation, the jewelry and fine art market is likely to experience a tailwind due to Japan's unique environment.

(Reported on September 8)

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