

# Australia in Depth (Articles #105/106)

## Interpreting Catalogue Values

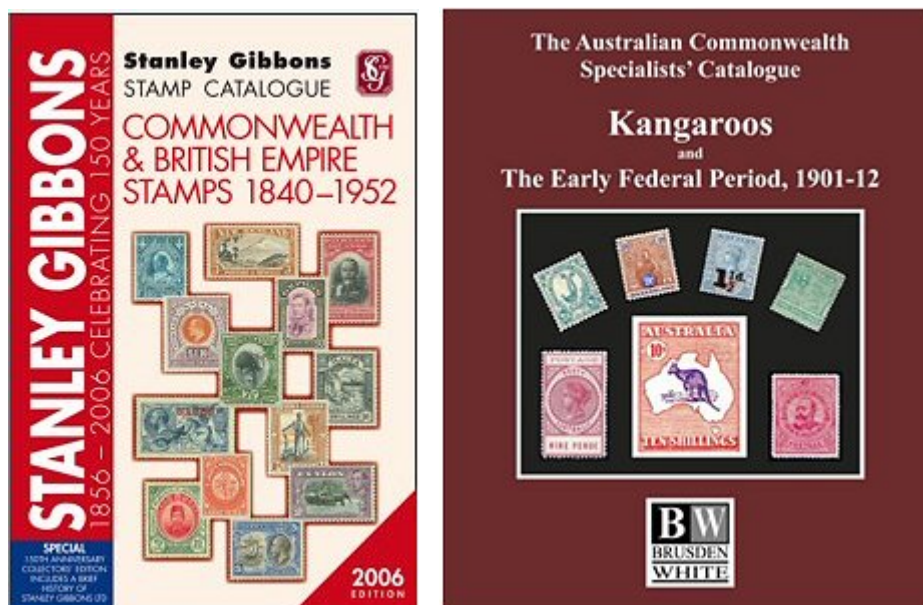
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### Introduction

I have sometimes been asked questions like 'if a stamp does not sell for catalogue value, what then is the point of having a catalogue?' It is very true that stamps sell for below, at or even above catalogue value, so why this happens is worthy of consideration.

Catalogues listing a variety of postage stamps and normally listing prices for them as well have been around since the early days of serious philately. The first **Stanley Gibbons (SG)** catalogue was published in 1865, and as I write this, the 2006 edition of the **Commonwealth and Empire 1840-1952 Part 1** has recently been published. This catalogue has become the *philatelic bible* for many, so what is it that makes such catalogues so important and how should they be interpreted?



Whilst catalogues are not deemed by some to be a significant part of the *specialist* philatelic literature, there are exceptions. The **Australian Commonwealth Specialists' Catalogue (ACSC)** goes into considerable detail, and Australian philately is very fortunate to have this catalogue at its finger tips. However, at the other end, even the most simplified of catalogues play a role in the identification and pricing of stamps, and they are very widely used for these purposes by collectors from the beginner to the specialist.

Everyone wants to know or at least have some idea of what their stamps are worth and a catalogue relevant to the area of their collection should be a useful starting point. I would go as far to say that no collector's philatelic library is complete without at least one, and more likely a number of catalogues that are relevant to their collection.

The purpose of this paper is to explore some of the issues involved in how catalogue prices are determined, how they *should* be interpreted and what they should mean in the philatelic market place. To some questions there is no clear or definitive answer, even amongst experts. However, if certain guidelines are followed, most catalogues can be used to advantage rather than feared or admonished as some have been prone to do at times.

There are a number of significant misconceptions in regard to these areas and hopefully they will be covered as some important points are made. The examples given will generally relate to the stamps of the *Australian Colonies* or *Australian Commonwealth* with prices quoted in \$AU unless otherwise mentioned.

### Setting prices

In theory, or perhaps somewhat idealistically, catalogue prices should be *exactly* what stamps sell for. However, this is often far from the case, particularly as few markets are perfect and the prices that similar or even identical items achieve in the market place can vary for a variety of reasons.

Prices given in catalogues will often be set from a number of factors including the following:

- (1) Current catalogue list prices will normally be the first starting point
- (2) Recently advertised prices in magazines and retail price lists are an important consideration
- (3) Auction realisations are increasingly important, particularly for the rarer items
- (4) The opinions or recommendations of recognised experts, including dealers in fields relevant to the catalogue listings are paramount
- (5) Dare I say it; sometimes it might just be a *gut feeling* on an item that has not been recently, if ever tested in the market place

If there are no recent realisations to go by, sometimes those of *similar* items can be used as a useful reference point. Naturally, this situation is normally restricted to the rarer or more esoteric items. However, with such items, as we will see, the catalogue prices are generally intended as a *relative* guide rather than fact.

It is also important to recognise that sometimes realisations in the market place do not adequately or realistically reflect the true value of an item. It can be argued that something is only worth what someone paid for it *on the day*. This is true to some extent; however, it is also often misleading, as few if any markets are perfect. If certain key buyers did not see the catalogue or missed the sale; if it was misidentified or misdescribed; if two potential buyers went crazy and the winner of the lot wished he or she hadn't all being cases in point. Sometimes there can be more than the usual supply of an item in the market for a short or even an extended period of time. For the recent Australian market, aberrations in price have generally tended to be on the high side of expectations; however, the opposite has also occurred, and I would suggest more frequently than might commonly be imagined.

How should a realisation be viewed if two bidders fought hammer and tongs, doubling the price at which the third highest bidder dropped out? That new price might become a benchmark, which future buyers use as a guide, *if* they have the information. Having said that, one role of a good auction describer is to draw the attention of potential buyers towards what this particular item or a similar item has previously sold for. More often than not, the successful bidder is out of the market for that item the next time one is offered, and if there are no new participants, the price may actually drop. As noted in the report on the sale of the *Baillie* Australian Commonwealth collection, this situation saw the price of the second watermark 5/- grey and yellow with partial double print virtually halve.

On the other hand, if an item is a true 'one-off' then there might not be another means of comparison. A loss through fire, flooding or theft can reduce the available supply to collectors, whilst a new discovery has the opposite effect. Issues such as these are important to be aware of, however, in many cases there is no clear cut answer. The only concrete indication will be what the item sells for when next offered in the market.

When it comes to the more *standard* items, such as a 5/- Bridge or a pre decimal Navigator set, the market is generally pretty stable and everyone has a pretty good idea of what they sell for.

These are just some of the issues for catalogue publishers, editors and pricing consultants to consider as a new catalogue is prepared for publication.

## **Myth 'Catalogue value is always a good indicator of market value'**

### **Price relativities**

As noted above, catalogue prices may be too high or too low. Some items may be under catalogued in comparison to others. I like to define something as scarce or even rare, by considering the following: 'when you have searched for an item through the right channels, with cheque book in hand and you have difficulty getting it - then you know that it is scarce'. If you have real difficulty getting it, or you can't get it, then you know it is indeed rare. The price of an item will normally be a reflection of the balance between the supply and demand for it, and the aim of the catalogue editor should be to reflect this. However, as noted above, this is not always an easy task.

In the early 1980's the KGV 1d red Die 2 in *single line perforation* was catalogued at \$100 and typically sold at auction for around \$50 in fine used condition, and had done so for many years. In 1987 I was at an auction, where I purchased an exceptionally fine example for more than four times the 'current retail' at \$220, and it sold above that straight away. Immediately, a new price of around \$250 to \$300 became the norm for a reasonable example, and this has since risen to around \$2,000 and even more for a superb one. This stamp is genuinely rare and was simply under rated for many years. That is no longer the case. The 'current' ACSC catalogue value for this stamp is \$750. However, the KGV volume was last updated in early 2001, so it is now over *five* years old. With this in mind, many of the rarer items are now selling for between three and five times the 2001 value, although some are indeed higher. On the other hand, the cheaper and more standard items have not moved much in price, so their catalogue values are still relevant or close to the mark.

Similarly, the KGV ½d green single watermark with the famous '*thin fraction*' variety in mint condition was catalogued at \$800 in the **1988 Australian Commonwealth Specialists Catalogue (ACSC)** which had not been revised for some time. At an auction in 1991, I purchased a stunning marginal example, still believed to be the best of the now five recorded in private hands, for a healthy \$2,600 at the time – or more than three times what was considered to be the catalogue value. I was pleasantly surprised by how many collectors approached me within the first week wanting to buy it, including some that had even attended the auction. It is listed at \$5,000 in the 'current' ACSC as above, and at £11,000 in the 2006 edition of the **Stanley Gibbons (SG) Commonwealth and Empire** catalogue (up from £9,000 in 2005). Until the *Baillie* sale in July this year, no other mint example had appeared on the market. The latter example, in a block of six fetched \$13,800 despite being creased. Had it not been for the creasing, I estimate that it would have fetched very close to full catalogue value. That is rarity, and with demand to match, a very significant price for a plate variety!

Alternatively, some items are simply catalogued too high or too low for whatever reason. I have put considerable time in over many years with a number of catalogue editors to contribute towards improving the price relativities of such items. Experience and study will help you to make your own judgments on matters such as this and if in doubt, find someone who knows the market. Don't be shy in seeking another opinion. Having said that, it is also no surprise that opinions may differ in such instances.

### Percentage of catalogue value?

Many collectors have traditionally thought in terms of a *fixed percentage* of catalogue value, whether it be the old 'quarter catalogue', 'half catalogue' or simply 'a dollar for each pound'. However, for that to be logical, it assumes that both the price levels and relativities in the catalogue are accurate and that the catalogue is always up to date with market developments. Unfortunately, in many cases these simply have not always been true, although both aspects are generally much better now than they used to be for many catalogues.

In 1989, the **Scott** catalogues published in America were issued with a new pricing policy, intended to reflect *retail* prices rather than some *inflated and unobtainable catalogue value* as was quoted at the time. However, in many cases they went too far, too soon, reducing prices *below* the current retail of the day, and many people in the industry completely rejected that policy at the time. One well known overseas auctioneer was quoted at the time as having put his 1989 Scott catalogue into the back of his safe with a note saying 'never to be touched!' Despite this, I believe that the underlying concept was actually correct, and hope that over time it will be more widely accepted, so that the *guess work* element between catalogue value and real value for a given item can be *reduced*. For that to occur there is a huge responsibility on the part of the catalogue editors and publishers to work diligently on making the prices as accurate as possible. There is no doubt that this will always be an ongoing, difficult and very time consuming process.

### Quantity verses quality

When compared to catalogue value, an accumulation of cheaper items will cost less than a small number of more expensive items. If you look at the current **SG Part 1**, the Australian KGV 2d No watermark variety (SG 99ab) is now listed at £900 in mint condition. The current retail price for a fine lightly hinged example already exceeds the full SG catalogue value. The block of four illustrated here, with two units unmounted, two lightly mounted and some very slight wrinkling recently sold for \$13,398 (plus GST if the buyer happened to be Australian). If you could put together ten nice examples, or any items of equivalent value, the total catalogue value of £9,000 would equate to that of 90,000 stamps catalogued at 10p each – such as many of the low denomination definitives. There are no points for guessing which I would rather have!



The rare KGV 2d No watermark



The more plentiful 7/6d Cook

The 10p price represents a minimum handling charge for such stamps, rather than a real measure of any true value for the item itself. Anyone could easily go to an auction and buy a carton or two containing tens of thousands, even hundreds of thousands of low value stamps for not much more than a night at a nice hotel or tickets for two to the theatre. The same could not be said of the first option above! So be careful when making comparisons based on catalogue value.

The situation changes a little, however still not as much as some might think even with stamps such as the 7/6d Cook. This stamp, currently catalogued at £19 in the most recent update of the QEII section, is often seen in quantity at less than \$10 per stamp, or less than twenty percent of catalogue value. This stamp had a very short life, with a significant portion of the issue being purchased in sheets by the philatelic community. As I have noted in the past, and Rod Perry will happily attest to, try finding a genuine postally used example or an example on a correct commercial cover. There is no doubt that a postally used example *should* be worth several times the mint price and a cover multiples of that again – if you can find one.

The bottom line is that as a *general rule*, for Australian Commonwealth and *Australian Colonies* stamps, and probably for those of most countries, the higher the catalogue value, the higher the *percentage* of catalogue value the stamp will fetch. I say a general rule as there are exceptions, where for whatever reason, some items are clearly over catalogued compared to others, or where the market might have changed and the catalogue has not yet caught up.

#### Straight material often overpriced

It was also noticeable during the 'boom' days of the late 1970's, that many 'investors', often without knowledge, mostly confined themselves to the kind of material that was then and remains relatively plentiful – *straight* material, such as plentiful high value definitives and commemorative sets, both of which traditionally seem to have been over catalogued, and often still are, rather than the more unusual or scarcer material, that to this day often remains under catalogued. Following the boom there was some reluctance and it took considerable time for some catalogue editors to reduce the catalogue prices for overpriced straight material, and even today, some of the prices are still too high.

#### Catalogue prices as a guide for rarer items

As was noted in my comments on catalogue values and prices in the *Baillie* sale report, it is generally recognised and accepted that for the rarer, and if they are listed, the more esoteric items, that the catalogue values should be seen as being a general guide as to their relative rarity and the demand for them. With the higher priced items in particular, more often than not, these prices represent a *starting point* rather than a *finishing point* for the more serious buyers, who often seem to be more concerned with the acquisition of the item than with the price itself. A nice position to be in, however, it is often the reality of the situation at the top end of the market.

The same is not true of lesser material that is somewhat more freely available to the philatelic community. There is no doubt that the importance of the rarity factor in determining prices has increased in recent years. This is particularly the case as the market has matured generally. More specifically, it is the case since the modern ACSC volumes list the numbers recorded for the majority of the rarer items. This information has improved market knowledge and given more potential buyers access to such information and the confidence to 'go harder' on the key items when they appear on the market. In the past, it were the select few who had done their research over an extended period, or had a suitable advisor that had a well earned advantage in this regard.

## Condition

Catalogue editors will usually have comments in the introductory section relating to the condition for which the prices quoted are relevant. These can relate to the overall condition of the stamp including characteristics such as margins, gum, postmarks, centring and other factors. In the **SG 'Part 1'** for 2006, the comment is made about prices that 'They are unless it is specifically stated otherwise, for examples in fine condition *for the issue concerned* (my italics). Superb examples are worth more, those of a lower quality considerably less' (page xiv).

The words 'for the issue concerned' can be very important. For example, the Victorian half lengths are particularly difficult to obtain in very fine to superb condition; even fine condition can prove a considerable challenge with some of the issues. The generally soft paper is prone to thinning and creasing, and also has more than its fair share of natural 'air-holes', whilst in the first issues, good margins are more difficult than for most issues due to the very close setting of the stamps. What is considered very fine, or even fine for these is often less than would be expected for other issues. In Western Australia, good margins are far more difficult on the 1857 Lithograph issues than they are on the issues before or after. Such factors need to be taken into account in how catalogue prices are looked at.

Examples of very fine stamps selling for well over catalogue value recently reported in this column include the Western Australia 1854 4d rouletted unused at the *Baillie* sale \$6,990 (Cat £1,300) and the in the *Prestige* 2005 Rarity auction a very fine used example of the 1857 6d Golden-bronze \$7,919 (Cat £1,600). Such realisations are not uncommon for stamps in superior condition for the issue, whereas stamps in lesser condition will fetch a low percentage of catalogue value. I believe that this factor will be even more evident in the future than it is now.

Unless otherwise mentioned, the catalogue prices relate to stamps that are *fault free*. For mint stamps they should be reasonably centred and either lightly hinged or with only modest hinge remnants. If there is only one mint price, they will normally specify a point where they are required to be unmounted mint rather than mounted for the catalogue price to be relevant. For example, in **SG**, for Australia this is the beginning of the *KGVI* period. Therefore it is quite misleading to quote a catalogue value for a stamp or a collection in the *KGVI* or *QEII* periods where there is hinging, without making some reference to that fact that the catalogue value is for unmounted mint stamps. Something like 'catalogued at £1,200 if unmounted' would be acceptable, rather than merely saying cat £1,200. On the other hand, the earlier stamps are worth more, and often considerably more in unmounted mint condition.

For used stamps, they should also be fault free and with a light to modest circular date stamp postmark. If the condition is less desirable than that, then the catalogue value generally does not apply. Often the discounts for heavy postmarks are considerable, to the point where such stamps are difficult to sell for even *ten percent* of catalogue! Stamps like the less rare Great Britain high values, such as many of the 'Seahorses' can be in this category.

There are exceptions with different rules used, and most catalogues will have notes indicating such points where appropriate.

## The price of covers

Fellow columnist Rod Perry is far more equipped to comment on the prices of covers than I will ever be, so I will make just a few brief observations here. If a used stamp catalogues \$50 and the price on cover is listed at approximately ten times the stamp price for a basic commercial cover (non philatelic), then it is no secret that the theoretical cover price is \$500. If the cover also happens to bear a stamp catalogued at \$25 that is also listed at ten times on cover, then in theory only \$25 is added as the more expensive stamp takes precedence, to which the other stamp prices if any are added. It may well be that the cheaper stamp is much rarer on cover, so that value can play a more prominent role in pricing the cover. Bear in mind that this applies to what might be termed 'base cover prices' whereby it relates to a basic cover with no other factors that might increase the value. However, it might not be that simple as certain denominations or issues together can make an unusual rate which might change the value of the cover substantially. In short, care is needed in valuing covers and as every cover is unique, there will not always be a simple answer.

## GST considerations

It is also worth noting that the prices in the **ACSC** specifically do *not* include GST. This means that if an item catalogues \$1,000 then an Australian buyer is really not paying full catalogue value until the price reaches \$1,100. I am not aware of other catalogues mentioning such a tax as being included or otherwise in the listed prices.

## Unpriced items

Be careful in particular of items that are not priced used. They may not be known, or may be extremely rare, and any

stamp offered as used may have a fake or posthumous postmark. This can also apply to stamps priced more used than mint, and also to stamps that were largely used for fiscal purposes, subsequently being cleaned and having a fake postmark added. Many of the high value Victorian issues fall into the latter category.

If there is a significant premium for a used stamp, then it is reasonable to assume that the majority of examples offered will not have genuine contemporary postmarks. Examples of this include the Western Australian 1860 4d blue where it is known that very few if any were issued over the Post Office counter during the normal intended period of issue for the stamp. In unused condition this stamp is reasonably plentiful as they were sold as remainders to collectors at a later date. Only about one dozen genuine used examples are recorded, including a pair in the **Royal** collection. In Australian Commonwealth, the high value Postage Dues in particular have their fair share of *postally* used rarities, including the 1902-04 10/- and 20/- values, the 1908-09 2/-, 10/- and 20/- with stroke, and the 1912-23 Thin paper 10/- and £1. Every one of these items is in the super rare category. The 10/- and 20/- with stroke have been the recipients of considerable press this year. The thin paper 10/- is unpriced used in SG, and I do not recall having seen an example that I am satisfied with as having been postally used. At the same time, I can only recall seeing one postally used example of the thin paper £1 from the same series on the market in recent years, as illustrated below.



## A radical thought?

Whilst it might not at first seem to be connected to the current topic of catalogue values, the letter to the editor of *Stamp News* about certificates by Neil M. Russell, *FRPSL* in the December edition deserves mention. Regular readers of *Stamp News* might remember my three part series titled '**Aspects of Philatelic Expertising**'. These were published in the October, November and December 2003 editions and include sections that relate to Neil's letter. If you do not have them handy, slightly updated versions to those published are available [here](#).

In this series I highlighted the need for certificates on rare overprints amongst other items, and gave a specific list of those I believed should only ever be purchased or sold with a certificate from an *independent expertising body*. I agree with most of Neil's comments and have observed that such items sold with a certificate generally fetch greater prices than an equivalent one without a certificate. Whilst an *extension* to obtain a certificate after an auction or sale of a different type should always be an option, it is an inconvenience that really is best avoided in such instances. It can delay the buyer's satisfaction or otherwise and also the payment to the vendor by the auction house. If it comes back negative, it only results in frustration all round! If the highest price is the goal, then I firmly believe that it does make better sense for a thoughtful seller, vendor or auction house to obtain a certificate *before* the sale of such an item.

May I go one step further and perhaps suggest that for items of particular concern where fakes are *often* seen, that the catalogue price should *only* be for an example *with* a suitably recognised certificate. At first glance this may seem a radical thought; however, I believe that such a concept has considerable merit and would only assist in weeding out more fakes from the market over time.

It is actually true in today's market that more and more of these items, such as the Kingsford Smith 'OS' overprints, £1 Robes 'Specimen' and the £2 Arms with the rare 3mm 'Specimen' overprint in mint or unmounted mint condition are being sold with certificates than in the past. The examples illustrated below each carry such recognised certificates. In Richard Juzwin's retail price list the point is made that such items are only supplied with recognised certificates, and that these are *included* in the price. As I pointed out at the time, this was a somewhat innovative idea and a very positive move.



Kingsford Smith OS overprints



Rare 3mm SPECIMEN

This being the case, is it also not then true that many of the prices in the market place for these and other items which catalogue editors use in their pricing considerations have a certificate already built into the equation? The opposite should also be true, that such an item *without* a certificate should *at best* be priced at the former price, *less* the cost of obtaining a recognised certificate.

The same comment could be made of retail prices on these items, whereby a dealer such as Richard offering such items with a certificate has either acquired the item with a certificate in hand or paid and sometimes waited months for one before offering it for sale. This has also been my preferred option with such items for a considerable time. Most auction houses are more 'certificate conscious' now than ten years ago, and I know that you would have to go a long way back to find Robin Linke offering a £1 Robes 'Specimen' overprint without a certificate. He has sold these with certificates for as long as anyone that I know. The Kingsford Smith 'OS' overprints generally cost about \$75 to get expertised, so a dealer selling a set without a certificate would have to be *at least* \$75 cheaper for the buyer to be as well off if a proper price comparison were to be made. I say at least because in many instances they may not be genuine, resulting in the buyer being *far* worse off! If I was offered one of these without a certificate, the first question I would ask is 'why not?' What do the readers of Stamp News think?

## Final thoughts

In summary, quite a few of the ideas floating around in philatelic circles make questionable sense. If you have a strong interest in the value side of collecting, rather than purely the collecting side, and you act on doubtful here say, without any knowledge, you may well be setting yourself up for future disappointment.

As with most past times, it is important to be prepared to put in the time to explore issues such as those raised in this paper, to read and to ask questions if you are uncertain of anything. In the long run, there is no substitute for a combination of undertaking careful research and seeking reliable advice. The acquisition of suitable reference material to accompany your catalogues is also a very wise investment in this regard. Otherwise you could make poor decisions and any gains that you make might be more through a stroke of luck than by design.

