



## Randwick Bloodstock's Fillies and Mares For Sale

### Contact details

Dear

Our last newsletter received quite a bit of exposure and comment, as in it I had called for stallion masters to consider reducing their 2009 stallion service fees by 40-50%. I think that everyone accepts that in some individual cases this level of reduction may not be warranted, however, as a generalisation I feel that this is what will be needed in order to keep a large number of breeders financially viable over the next 12-24 months. If ever a stallion master required evidence as to how their clients are faring at present, they only need to take a look at the results from last week's Inglis Melbourne Premier Yearling Sale.

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714 yearlings made it to the sales ring and after 4 days of selling, 527 of them found "new" homes. I have "new" in inverted commas, as I wonder just how many vendors had to keep shares in their horses to help get them sold? In other words, how much of the \$25 million in sales receipts will actually end up as cash in vendor's pockets? I bet not as much as they'd like! And how many of the yearlings that actually "sold" made a profit for their vendors? I haven't done an in depth analysis to find the answer, but I would suggest the percentage of profitable yearlings would have been very small, maybe as low as 10-20% and that doesn't include the 187 passed in lots, where the vendors have no positive cash flow to show at this time.

There's no doubting that the market is awfully tough at present. I genuinely feel sorry for yearling vendors that bring a high class product to a sale, only to watch it sell for a break even or slightly profitable return, when in my opinion they deserve a much better result. These breeders have done every thing right, in that 3 years previous they bred to a stallion that's presently in demand (not necessarily an easy thing to always get right), they produced a great type and then reared, prepared and marketed the horse well. Usually you might say that there are not enough buyers around to soak up all the yearlings on offer. Right now, there are not even enough buyers to soak up just the good ones!

That aside, I do feel many vendors set themselves up to lose money even before the resulting yearling is conceived. Some of the ways these breeders can contribute to their financial downfall include owning inferior mares, putting too big a service fee into these mares, choosing a stallion that will most likely have very little or zero commercial appeal at the yearling sales in 3 years time and choosing a stallion that might be physically, temperamentally and/or aptitudinally incompatible for their mare. Profitable breeders will make some of these mistakes too - they just make more right decisions than wrong.

The profitable or "smart" breeders refuse to own mares that produce inferior types, plus another important reason for their success is that they put a lot of thought into their matings each year. They know and understand their mare's strengths and weaknesses. When they pick a stallion for her, they have a clear understanding of how that horse will complement their mare, most importantly physically, but also aptitudinally and temperament wise. Some of these "smart" breeders also give thought to matching their mare's pedigree with the stallion's pedigree, however, if you asked them their thoughts on how important pedigree matching was, I'm suggesting the answer would be "well down the priority list."

The "smart" breeders have an excellent understanding of the yearling market and what the buyer wants. Another familiar trap for unsuccessful commercial breeders is for them to focus on their personal wants and what's important to them, rather than what is going to be important to the buying bench. These breeders may choose a particular stallion for their mare because they won some money on it once or twice, or they thought the horse was a really good racehorse, or they think that the horse has a fantastic pedigree, or that stallion will give them a 4 x 4 cross to such and such, or the service fee is cheap or free, or the stallion is just up the road. All these things may mean absolutely nothing to a yearling buyer. The "smart" breeders know what makes a yearling buyer's mind tick and to them, that's all that matters. That's one of the major reasons why they can turn a profit. They produce something that they know the market will want.

For producers, feedback from a marketplace is vital in any industry. It is absolutely pointless producing a product, if there was never going to be a market for it. It is imperative that breeders have a good grasp of what yearling buyers really want. In Australia and NZ yearling buyers are predominately trainers. Trainers should be a great source of feedback for breeders. Take them out to dinner or next time you're at the sales or the races buy them a beer and get that feedback. Ask them questions such as what they like or dislike in a horse and/or a pedigree and/or certain sires. What new sires they fancy and why they like those particular horses? A breeder's relationship with a trainer should be symbiotic, ie, beneficial to both. If a breeder can produce a product that the trainers really want to buy, guess what, the trainers are much happier. By the same token, the end result for the breeder will be more demand for their product from the buying bench. This usually means more profit!

Through experience, good and bad, the "smart" breeders also usually have more success when it comes to picking the stallions that will appeal to the market in 3 years time. As mentioned earlier, this is not always an easy thing to do. Colonial versus Shuttle Stallions? The risk/reward scenarios for using 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> season stallions. Is the service fee overpriced? Is it underpriced (haven't seen much of this lately)? Will the stallion be well marketed? These are just a few of the questions breeders need to have the right answers to. Get one of them wrong and it could lead to a costly mistake.

Of course the smartest breeders in the world never get it right 100% of the time, as there is one factor that they cannot control and that's mother nature. What I am suggesting in this newsletter is that there are a lot of things commercial breeders can control in order to improve their chances of success in the sales ring. I've only mentioned a couple of things today that breeders could consider next time they are focused on their thoroughbred breeding empire.

A few nice new listings this week including the 4yo stakes placed TALE OF THE CAT mare MINI TALES. RBA purchased this mare in the USA last week and is happy to on sell her for a price that in my opinion leaves something in it for the next person. Two other new listings that I believe are both realistically priced are both in foal to the hugely successful GENERAL NEDIYM. WITH LOVE (a close relation to promising NZ 3yo CELERIS) and MISS KEATON (a sister to super sprinter RUBITANO) are both priced at \$100,000+GST each.

One more thing that I'd like to make mention of this week is that RBA has now launched itself as an auction consigner. We believe that this new service will complement our successful existing private sales service. We are presently accepting entries for the **Magic Millions National Broodmare Sale** in June (only have a few days left). For more information on our auction consignment service, please [click here](#).

Until next time,

Best Regards,

Brett Howard