



## Randwick Bloodstock's Fillies and Mares

Dear Melissa,

Happy New Year!

For most Australasian thoroughbred breeders 2010 has started out on a happy note (sigh of relief).

Prior to the Magic Millions Premier Yearling Sale, the prediction amongst most industry people I had spoken to was a 10% decline. These were also my thoughts. At the end of Sessions 1-4, a drop of just over 1% in the average price and an increase of 3% in the clearance rate came in above most people's expectations. A pleasant surprise for many.

I would go as far to say that the sale was perhaps even better than these figures suggest, as many of the yearlings on offer were conceived in the "EI season". At that time a lot of breeders could not use their planned stallions of choice and as such had to compromise both on the quality of stallion that their mare visited and/or on the compatibility (physical and genetic). As you might expect, the quality (on paper and physically) of the end product was perhaps not exactly what the doctor ordered, hence, it might be expected that the market would pay less for these horses. This doesn't appear to have been the case.

With sales in Sydney (Inglis Classic), Perth (Magic Millions) and Auckland (NZ Bloodstock's Premier, Select and Festival) scheduled for the next few weeks, further evidence will be generated as to how our breeding industry is placed at present. My gut feel is that we are traveling OK relative to the rest of the World. You could say that this is pretty much in line with our overall domestic economy.

I expect that a number of breeders will "get the stitch" this year and disperse of their broodmares, however, a greater proportion will be doing their best to hang in there and will be looking to fine tune numbers, making sure they can at worst get through the next several years with mares they believe are worth persevering with.

If you have some cash I think you'll be very well placed to pick up some value. With our stronger currency and the weaker bloodstock values in the USA and Europe, I am still a firm believer that these markets are throwing up some tremendous value. The proof is in the pudding, as why else would have Australasian breeders forked out a combined \$20 million on breeding stock at sales in Lexington, Newmarket and Deauville in the last two months of 2009.

Not only are imported mares good value for money at present, but they are getting results both on the racetrack (WHOBEGOTYOU, THESEO, GALLICA, MALDIVIAN, NORTHERN METEOR, IRISH LIGHTS, etc, etc) and in the sales ring (2010 Magic Millions sales topper - \$925,000 - was from an American mare sourced by Randwick Bloodstock in the late 1990's).

New post 2009 season listings are starting to build momentum. We are fortunate to already have a nice selection of mares in foal to hot stallions such as FASTNET ROCK, DANE SHADOW, LONHRO and STARCRAFT. Some economists have predicted a very strong year for the Australian economy. Should this occur, then I will be expecting bloodstock values to follow suit. It may not be on your agenda to start looking for opportunities right now, but an early strike might in time prove to be a fortuitous decision. As mentioned earlier \$20 million was invested by Australasian breeders in overseas mares in November and December. Trade's quiet at present, but as the 2010 breeding begins to draw closer, expect capital inflow to liven up trade and most likely values. It is a well worn cliché, but I do believe it always pays to be one step ahead of the market.

Until next time,

Best Regards

Brett Howard

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