



Mondays with DAVID ALLAN



Goffs offers a vibrant foal market as well.

How are things going to look down the line?

I can't help thinking that what is going on now will bring about change in the way yearlings are consigned in South Africa in the coming years. And not only yearlings. This is a mish mash of thoughts that, along with many others, would need a conference to kick into shape but here goes.

Certain stud farms have recently announced keep increases. In mid breeding season, 8%, 9% or more. If we look from the farms' perspective, this may make perfect sense and may in no way be an action to criticise. Costs are costs and if they rise – e.g. feed – the small margins to be earned in a daily keep rate are insufficient to absorb the rises in feed and other direct costs.

It may also be a matter of a managed overhead – especially in the breeding season – and having fewer paying customers to cover it. Stories abound of breeders giving up, or not covering this season, or "walking away". The farm is on a hiding to nothing.

So much so that several farms to our knowledge have refused boarders from people whom they don't know because they "might" not pay.

From the boarding breeder's point of view, many – not all but way more than "enough" – have suffered poor sales returns, earning unanticipated loose change in relation to production and selling costs, the latter, as we have pointed out a number of times, being relatively high compared to elsewhere, adjusted in relation to values.

To be faced very soon afterwards with thumping big increases in keep costs engenders **(to page 2)**



Mares and foals on rich pasture - Hemel 'n Aarde Stud.

DAVID ALLAN (cont...)

feelings such as "what's the point?", "are you kidding me?", or the John McEnroe-ism "You cannot be serious!".

But if that's the cost, that's the cost. It may look off-putting to overseas players, used to negligible annual increases since 2008, but it is reality in South Africa's inflationary condition.

Either breeding is unaffordable due to results, compared to many years of self-financing, or maybe that mare should not be in production – if so, a cost increase would be irrelevant, and the farm would adjust to its reduced population, which one would project to be insufficient to satisfy demand in 2021.

It's the same in other countries, where a general lack of cost increases (e.g. in Ireland where less supplementary feed needs to be bought in) thus fuelling over-production. Mind you, in Australia, weaker pedigrees in lesser sales still attract competitive bidding and buying.

The Australia equation is successful if a little confusing. The bare facts are that many of the second largest number of produced thoroughbreds in the world are bought enthusiastically for domestic competition in a country of which the entire population is only 25 million.

Go to UK, Ireland and France where vendors are having a tough time recovering so-high stallion fees other than at the upper end. Count the people. UK and France each have more than two and half times Australia's population.

Ireland is special. A little fewer than 5 million and most of them want a horse – perhaps excluding the influx of EU nationals. "Will you hef Guinness?" asks the EU bar server in the Connell Street pub. Not quite the experience anticipated by a visiting sample of 40 million "Irish Americans" but charming nonetheless.

If around 35-50% of yearlings in UK/Ireland are consigned by foal pinhookers, and 35-40% of year-

lings are consigned by consignment companies of which there are many, that doesn't leave so many being consigned by boarding/breeding farms. Consignment companies charge 3.5% commission on the sale (not more) and do an enormous amount of heavily focussed work.

Boarding studs may also charge 3.5%, but some charge zero commission to year round boarders. On the other hand, some studs have turned themselves into consignment companies, their own products being a small minority. They may prep the stock themselves or sometimes "meet" them at the sales.

A client for whom we manage did poorly with a foal a couple of years ago, buying her back in disappointment. The Irish farm's reaction? Five months free keep to help get through to the yearling sales. "Why would they do that?" asked our delighted client. "Because we and you are with them for the long term and we share responsibility for the disappointment".

But let's step away from "what they do overseas". After all, an experienced Cape breeder sitting next to me at an event early this year – when the subject of the International Stud Book Committee scrutinising (benevolently) the SA Stud Book came up (not brought up by me!) – said "These foreigners need to be told to let us get on with doing it the South African way".

Yeeeeesss. Well that could have been the Sauvignon Blanc, we all do that sometimes, but this is a (fabulous) risky global business. Let's check out *all* its variations, and then by all means pick and choose.

I have unashamedly campaigned for proper foal sales (weanlings) for years. Of course, the buying base is not there at the moment. It *would* consist of pinhooking companies, domestic and international, run by experts, gathering numbers of foals; and of racehorse owners seeking to by-pass the yearling sales and get in early.

Sales companies frequently finance foal pinhookers by not requiring payment, or sometimes 50%, at



Yearling in the lunging ring.

DAVID ALLAN (cont..)

the time (while paying out the vendors in full) then getting paid 10 months later when the yearling sells.

Given the impracticality right now, the only pertinent point is that the reasons for a significant number of mares being "not covered" in 2018 include – yes – immediate costs with minimal recent income, but in addition the yawning, costly gap between now and 2021 yearling sales with negligible opportunity for selling in between.

An Alberta coal mining company would much rather sell the coal at the bottom of the mineshaft, or at the end of the mining strip than move it onto trains, rail it through the Rockies to the BC seaport, defreeze it, pay for it to be tipped onto conveyors and loaded and trimmed on a 150,000 tonner to carry it

15 days across the Pacific to Japan, Korea or China.

Selling a thoroughbred as a foal (not a chuck out but a fully prepped foal who thus benefits from knowing how to walk, stand and behave at the sales when next in the ring as a yearling) at least cuts 10 months of costs and if that ever becomes a developed market in SA, can be just as good as or better than selling as a yearling. Many stallions' yearling averages are similar to their foal averages.

With the modern demands on boarding farms to report, communicate, provide regular photographs, recommendation and valuations, not to mention monitoring the yearlings microscopically by eye, on the lunge and so on, the burden might be eased by someone else doing the huge job of sales prep and consignment, and even more, by selling them closer to the bottom of the mineshaft. - **tt.**



**...will be your own
syndicate manager
in UK or South Africa**

davidallan@allanbloodlines.com
Mobile: +27 (0)72 740 9061
Whatsapp: +44 (0)7774 697640

raysharman@allanbloodlines.com
Whatsapp: +44 (0)7970 675326

symvanniekerk@allanbloodlines.com
Landline: +27 (0)21 828 9288

**ideal for novices or experienced racers
in either country or both!**

