



Mondays with DAVID ALLAN



VENDORS had a tough time at the CTS April Sale. Buyers had a ball.

It shouldn't have been in April... but what next?

DON'T blame the current CTS executive and management who played no part in deciding the date of last week's sale. They arrived after it was determined and inherited a situation that was the only element of failure in our long mediation process last year conducted of course well before the Mayfair situation arose.

Just as the logistical management of Cape Premier was extremely good in spite of the Mayfair impact, so did CTS make as good a fist of CTS April as possible under the predicted circumstances.

In the end game of our mediation in August last year, CTS had by then cancelled three sales for one reason or another, vacating Johannesburg completely in the process. BSA's Ready to Run had gone before we started and the remaining target was to "sort out" a single sale in the Cape placed between CPYS and NYS.

It wasn't sorted out. Mistico was not withdrawn although withdrawal was debated. CTS's sale would

replace Emperors as an enhanced version of CTS March. Diplomacy aimed at keeping it in March, not door-stepping the Nationals on dates, was ultimately unsuccessful (with Mistico remaining). Our blueprint for a joint sale, to achieve one single sale only, was perhaps ahead of its time and remains on the table.

Aside from the programme, cooperative protocols were tabled and both sides acted materially up to a point with regard to the high costs of selling in South Africa.

Having never embraced sales races *compulsorily* funded by vendors and buyers, it was **(to page 2)**

DAVID ALLAN (fm page 1)

with pleasure that we noted the R160,000 sale of a horse in "Session 3" at CTS April last week which had a median of R25,000 and qualified for nothing. Other session medians were R42,500 and R105,000.

Much of the breeding industry cannot continue for long producing racehorses for sale at current levels. Breeders are already dropping out.

An expert buyer told me that he was steamed up about Bloodstock South Africa's R100,000 minimum bid for their Session 1 at NYS. "Don't they know that it is the market that will determine how much a horse is worth?" he asked.

In pure economic terms, he is absolutely right, interpreting the situation as potentially preventing him from buying a nice horse out of Session 1 for less than R100,000.

But one would hope that Session 1 entries were not made for yearlings unlikely to make R100,000? And that the sales company has not approved anything that might make less? So do we think that all 231 Session 1 lots will make at least R100,000? Or is my buyer friend right that R100,000 is too high (because there won't be enough bids to go round)?

Of course sales companies need to act strategically to improve their figures, and to dress up a "select" part of a sale as something different.

BSA's elimination of Not Solds and Vendor Buybacks from their stats is right and proper. It follows that if the minimum bid is increased, either everything will actually make more than the minimum or those that fail to do so will not count negatively in the calculation of averages and medians.

The median for the whole NYS last year was R175,000, and for CPYS this year R300,000. Will BSA's first sector achieve that? Here's hoping...

Buyers can get used to buying nice horses for small money but ultimately it is a self-defeating exercise.

Most breeders have a ball-park figure of R130-160,000 for the production of a yearling on the basis of non-farm owning breeders paying keep etc. Farms will vary as to their figures but will be in the same general area. This excludes stallion fees, as well as any amortisation of the original cost of the mare and may exclude optional insurance.

Therefore selling a yearling by a 6-figure sire for (say) R300,000 might be a case of getting a chunk of money back, not of turning a useful profit.

Regionally, BSA Mistico's median of R50,000 was



TBA Sales Complex.. next focus

less distressed by levies than CTS April Session 2's R42,500 therefore worth even more to the vendor. But half the lots at each sale will have fallen below the median. Unless bailed out by the occasional "big one" – and it would have to be big – the equation is impossible.

Last week around 80 out of 288 offered were "Not Sold" which mostly meant No Bid. About another 30 were declared vendor buybacks which may have meant No Bid or being bid up to a level. As anywhere, there would also have been undeclared buybacks.

The list of sires of yearlings receiving no bid or otherwise having a poor time of it is very long.

All bad sires? Of course not. All bad individuals? Absolutely not – some weren't great but they had been inspected. Mostly fillies? Not a major factor.

It was a matter of the fundamental demand for racehorses and the number and power of the buyers who actually attended or were represented.

An experienced friend said to me the other day "I can syndicate a R400,000 horse in minutes, but I can't get people into a R50,000 horse". This would apply mostly to racing regulars: people of means who are comfortable having several minority shares,

Bloodstock Expertise - at home & abroad -

SA +27(0)21 828 9288 | SA mobile +27(0)72 740 9061
UK +44(0)1252 646611 | UK mobile +44(0)7774 697640
davidallan@allanbloodlines.com | www.allanbloodlines.com





Yearlings on parade in the stabling area at Gosforth Park.

DAVID ALLAN (...cont)

spreading their involvement in that way and believing that a somewhat higher price is more likely to define a somewhat better horse. (Not necessarily true but it's how many people think).

In contrast, in any economy it is the smaller spenders who tighten their belts first thus making lower cost syndications difficult.

Perhaps the drive – such as it is – to make racing affordable is actually self-defeating. It *is* an elite activity. It is a no jeans or shorts in the parade ring occasion. Betting for some, yes of course, but for many it is the social day out or the thrill of watching from afar with or without a flutter.

A marketing guru would surely say "Target people who can afford it. There are fewer of them – thus more easily identifiable - but still thousands if only they knew how much they would enjoy racing".

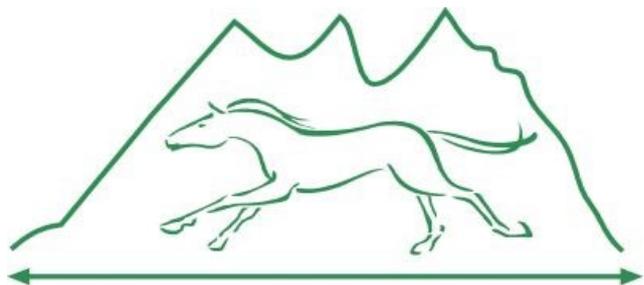
In the absence of a raft of bloodstock agents combing for clients, and of any socially driven outreach by the industry to those "who can afford it" – also with limited governing body intervention - it is only the sales companies that are equipped to bring more buyers in numbers. Their relative positioning will be clearer next year when perhaps we can see improved sustainability.—*tt.*

FOLLOW DAVID ALLAN ON TWITTER
[@AllanBloodlines](https://twitter.com/AllanBloodlines)

AN IMPORTANT NOTICE FROM BLOODSTOCK SA

A ruling in the Consumer Protection Act requires every person applying for a buyers card, whether a first time buyer or platinum card holder, to submit a copy of their ID, together with their proof of residence.

In order to smooth the process and to avoid delays in issuing buyers cards for the Emperors Palace National Yearling Sale in April, kindly send us the requisite documentation as soon as possible.



**HEMEL 'N AARDE
STUD**

13 YEARLINGS ON OFFER AT THE BSA NATIONAL SALE.

DAVID-HEPBURN BROWN IS ALREADY IN ATTENDANCE AT THE TBA SALES COMPLEX, PLEASE POP AROUND!

Phone David 082 898 1231