

Looking at the bottom line



Teagasc equine specialist, **Wendy Conlon** is advising breeders to analyse public auction trade before making future breeding decisions

At this time of the year most breeders are weighing up stallion choices for the 2018 season, and looking forward to seeing new stock on the ground. The outcome of the 2017 sales season, accompanied by an honest appraisal of the quality of the stock previously produced by each individual mare, should ignite reflection and influence future breeding decisions.

In reflecting on public auction returns, it is important to bear in mind that a greater percentage of horses are sold privately and the figures from public auction returns represent approximately 25% of actual trade. It is nonetheless useful to analyse public auction trade, and since the introduction of the select elite sales there is now a truer picture of the values attainable across the spectrum.

ADDRESSING POOR RETURNS

Irrespective of breeding direction, you need to determine whether the mare meets basic standards of soundness,

conformation, athleticism and temperament, and you need an honest appraisal of the quality of the stock previously produced by each individual mare. If the mare has not already been inspected, perhaps an independent viewpoint on her strengths and weaknesses can assist with decisions around breeding goals.

If the mare meets the aforementioned basic standards and has been producing healthy foals, with good standards of production (husbandry and training), breeders then need to be highly critical of the mare line and the mare's own performance achievements before making the decision on whether to continue breeding. If continuing, consider how much to invest in stud fees and the method of breeding chosen.

Perhaps additional marketing, production, a different stallion choice or breeding goal could improve future progeny and return a higher dividend, but don't expect the stallion to compensate for too many deficits on the part of the mare. If the mare's performance heritage is not strong enough, expending large sums on expensive, high-performance stallions may have negligible likelihood of producing financial dividend.

If returns were poor, consider whether this is part of an ongoing trend, indicating that you are producing a product the market simply

ESTIMATED COST OF PRODUCING A FOAL VERSUS THREE-YEAR-OLD FOR AUCTION

For the purpose of this article, the focus is predominantly on the sale of foals and three-year-olds, as there are very few yearlings and two-year-olds going through the sales ring and the sale of older horses can be highly variable.

Based on minimal husbandry interventions (feed, bedding, veterinary etc.) and assuming reasonable mare fertility, Teagasc estimates the cost of producing a foal for auction to be in the region of €1,800-€1,900, depending on whether the foal is entered in a non-select versus select sale.

Teagasc estimates the cost of producing a three-year-old for auction to be in the region of €4,000-€4,600. Both estimations factor in the basic costs associated with managing the mare during her pregnancy and managing the foal/young horse (cost breakdowns will

COST OF PRODUCTION OF FOAL FOR PUBLIC AUCTION

	Non-select sale	Select sale
Total mare*	€1,425	€1,425
Total foal to weaning*	€306	€306
Sale entry fee	€75	€150
Total mare plus foal*	€1,806	€1,881

*Not including stud fee

COST OF PRODUCTION OF THREE-YEAR-OLD FOR PUBLIC AUCTION

	Non-select sale	Select sale
Cost of mare producing a foal		
Not including stud fee	€1,425	€1,425
Cost of production weaning to three years	€2,348	€2,348
Three-year-old sale entry fee; vetting; x-rays (select)	€210	€850
Total cost to sale time @ three years*	€3,983	€4,623

*Not including stud fee or professional training fees.

PRICE RANGE SUMMARY

	Price range (top 20 sold) including select sales	Price range (top 20 sold) Not including select sales
Foals	€9,200 - €35,000	€4,500 - €17,000
Three-year-olds	€16,000 - €36,000	€8,000 - €31,000

be available online), but do not take into account professional training fees or the stallion's stud fee, which can be highly variable (€200-€3,500). This should be added as per individual circumstances.

doesn't desire. Don't continue to repeat the same mistakes and yet expect a different outcome.

ASSESS PRODUCTION COSTS

It is also important for breeders and producers to note that an animal that appears on the face of it to have

attained a relatively low return at auction, may have reaped a better profitability than another with a perceived high return, dependant on the input costs prior to sale.

A key factor to bear in mind when reviewing sales returns is the cost of production, as this ultimately deter-

mines profitability, or otherwise.

This figure can be highly variable between enterprises, animals and breeding seasons due to variations in stud fees and additional costs, such as the need to acquire professional assistance in sales preparation, sales entry fees and veterinary costs, but should be factored into the cost of production.

FOAL SALE TRENDS

For most breeders the aim is to sell foals, however, it is evident from the public sales returns that to do so with financial reward demands a strong mare line, with plenty of performance heritage, as well as a reasonably correct and well-produced foal.

The top 20 priced foals of 2017 (including elite foal sales) were all bred with the show jumping market in mind; all by continental sires and all with imported semen, with the exception of one colt. The top end of the market saw a marked rise with a €1,075 rise in the average of the top 20% above 2016 figure, and a €225 improvement in the overall average on 2016 (see figure 1).

These trends may be useful to note, but ultimately breeders need to stand back and consider the breeding direction of their mares individually. Finding the right stallion for your mare starts with what you can afford, balanced against how much the mare warrants in stud fee investment. Having assessed the merits of your mare, you then need to research the stallion's talent and whether the pedigree suits your mare.

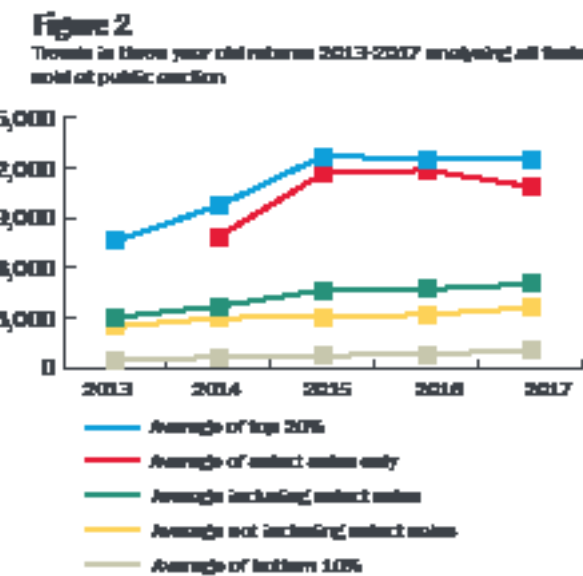
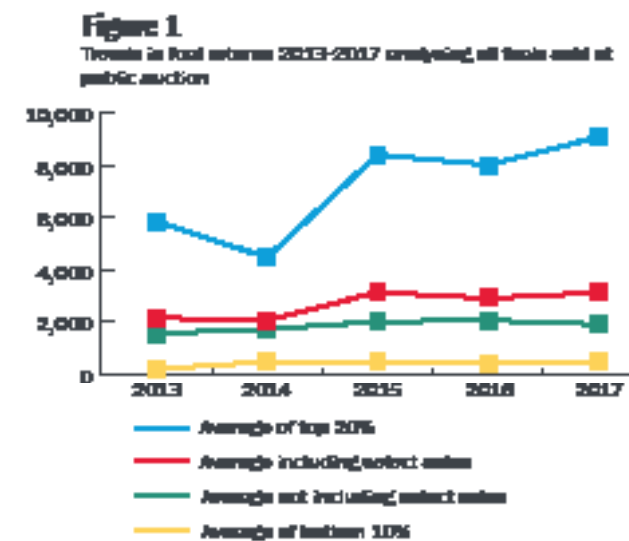
It is important to be critical of the mare line and performance achievements or athletic attributes of the mare, both in deciding how much to invest in stud fee and the method of breeding chosen.

THREE-YEAR-OLD SALE TRENDS

The three-year-old market demonstrated a €308 rise in the average return from 2016 prices, with an almost identical average for the top 20% and a €982 fall in the average of the select sales only (see figure 2).

Despite the absence of the Supreme Sale of Showjumpers from the 2017 sales calendar and the Brexit-weakened sterling rate, this age category showed some improvement in the middle market trade, with the top end of the market holding its own, providing decent margins.

Fifteen of the top 20 three-year-



olds were sold at select event sales and 10 of the top 20 had thoroughbred/Irish Draught/ISH damsires.

Breeders should attend the select sales, even if they are not themselves selling, to appraise the quality of stock on offer and see what they are aspiring to produce. Had there been a select sale for showjumpers in 2017 the outcome may have been different.

FOAL VERSUS THREE-YEAR-OLD

The select sales are performing very well. It is interesting to note that on an average basis the three-year-olds are failing to outperform the foals in the sales ring. The top 20% of stock generally are returning a better margin for producers when all sales are appraised, but when the select sales are isolated for comparison the foals are still winning (see table below).

CONCLUSION

The select sales continue to contrib-



A colt by Kannan out of MHS Pembroke Lady, by Guidam, sold for €17,000 at the 2017 Irish Breeders Classic Foal Sale. \ Laurence Dunne, Jumpinaction.net



CAFRE Quality Clover fetched €15,000 from Paul Caves, who bought the three-year-old OBOS Quality gelding at the 2017 Cavan Elite Sale. \ Cavan EC

ute significantly to public auction turnover across the age categories. The success of these sales lies in a combination of pre-selection and the focused marketing drive that accompanies them. The availability of online videos is an exceptionally beneficial marketing tool that those selling privately should note and mirror.

Those breeders who attained average, below average, or no return for their products, should consider this:

- Is the breeding goal (and choice of stallion) the correct one for the mare?
- If the mare has not already been inspected, perhaps an independent viewpoint on her strengths and weaknesses can assist with decisions around breeding goals.
- Can production costs be reduced, without impacting welfare? Whether a foal is produced using natural covering, artificial insemi-

nation, the nature of semen used, or embryo transfer can have a significant bearing on costs involved. Using an Irish-based stallion may be a more prudent, cost effective choice for some mares rather than importing semen.

- Can improvement be made to presentation at the time of sale – ie body condition, general turnout, condition of feet, handling, etc.
- Investment in professional production, or getting help, if the product has the required temperament, conformation and athleticism traits may need to be considered.
- Where the trend that progeny of a mare are repetitiously at the bottom end of trade, consider if it would be better not to breed the mare again? Perhaps she would be better utilised as a recipient mare in an embryo transfer programme, a companion for youngstock or sold for non-breeding purposes.



If the mare has not already been inspected, perhaps an independent viewpoint on her strengths and weaknesses can assist with decisions around breeding

2017 FOAL AND THREE-YEAR-OLD PROFITABILITY INDICATION ANALYSIS

Foals (295)	Ave. not incl. select sales	Ave. incl. select sales	Ave. of select sales	Ave. of top 20% not incl. select sales	Ave. of top 20% incl. select sales	Ave. of top 20% select sales only**
2017	€1,921	€3,143	€9,759	€4,340	€9,102	€20,478
Minus costs (not including stud fee)	-€1,800 + stud fee	-€1,850 + stud fee	-€1,900 + stud fee	-€1,800 + stud fee	-€1,850 + stud fee	-€1,900 + stud fee
Profitability Indication	€121 (-stud fee*)	€1,293 (-stud fee*)	€7,856 (-stud fee*)	€2,540 (-stud fee*)	€7,252 (-stud fee*)	€8,578 (-stud fee*)
Three year olds (495)	Ave. not incl. select sales	Ave. incl. select sales***	Ave. of select sales***	Ave. of top 20% not incl. select sales	Ave. of top 20% incl. select sales***	Ave. of top 20% select sales only***
2017	€3,600	€5,008	€10,860	€7,754	€12,531	€21,632
Minus costs (not incl. stud fee or training fees)	-€4,000	-€4,300	-€4,600	-€4,000	-€4,300	-€4,600
Profitability Indication	-€400 (-stud fee*)	€708 (-stud fee*)	€6,260 (-stud fee*)	€3,754 (-stud fee*)	€8,231 (-stud fee*)	€17,032 (-stud fee*)

*plus any additional costs that may have been incurred; Incl. = including; Ave = Average

** Select Sales at Cavan; Goresbridge; Barnadown and Millstreet (46 foals sold)

*** Select Sales took place at Goresbridge Go for Gold Event Sale; Monart Event Sale; Cavan Elite