

Crunching the numbers: 2019 performance sales analysis

Teagasc equine specialist Wendy Conlon analyses the figures from the 2019 performance sales

Public auction results for foals and three year olds at Goresbridge (including Supreme Foal and Go For Gold sales), Cavan, Mullingar, Millstreet, Tattersalls Select Event Sale and The Monart Select Event Sale were analysed. It must continue to be acknowledged that the majority of trade remains in the private domain and public auction trade can only provide at best limited insight into the overall trends.

A key factor to bear in mind when reviewing sales returns is the cost of production as this is the benchmark for profitability, or otherwise. Costs of production are highly variable between enterprises, animals, breeding seasons and breeding methods used. Varying stud fees; the need to acquire professional assistance in sales preparation or not; perhaps even land, building or machinery rental fees or loans may impact some enterprises and not others but should be factored into the cost of production.

Mare depreciation, sales entry fees, commission and veterinary costs are also highly variable. Whether a foal is produced using natural covering, artificial insemination, the nature of semen used, or embryo transfer or other more sophisticated repro technologies can have a hugely significant bearing on the costs involved.

Including what are considered as minimal husbandry interventions (feeding, bedding, farrier; veterinary; dosing) and assuming reasonable fertility we estimate the cost of production for the foal for auction to be in the region of €1,900.

NOT INCLUDED

This figure does not include stud fee, sales commission, repayments/rental on fixed assets; mare depreciation, labour/professional fees. Also, the veterinary fees included do not account for breeding with frozen semen or embryo transfer. Barren years should be considered in the cost of production over the life of the mare as costs are still expended.

Costs of production are highly variable, it must be emphasised. Breeders should keep account of individual costs of production with a view to reviewing profitability at time of sale and potentially influencing decision making regarding individual mares.

Numbers sold

The number of foals sold in 2019 was up marginally by almost 30 foals on 2018 figures. The number of three year olds sold saw a remarkable recovery on 2018 figures, increasing by just over 200, almost on a par with 2016.

Foal trade

The foal trade figures for the average price of all foals sold showed improvement on the previous four years as did the average price of the non-select foals sold.

When the ‘outliers’ (prices which significantly deviated from the average) are removed there isn’t much of a difference to note in the average price attained when all foals sold are reviewed as a group together. However, when isolating the historically compared select sales (and excluding the top four prices of €18,000, €18,000, €22,000 and



€23,000) a negative gap of €2,185 is apparent between the most recent highs in 2016 (€9,010) and last year (€6,825), indicating a negative trend which is worrying for these particular sales.

The profitability outcome must be answered on an individual basis relative to input costs but it is reasonable to suggest that many continue to be challenged in this endeavour.

Three-year-old trade

On a positive note, in addition to the increased volume of three year olds sold, averages held their own reasonably well overall in this age category with a marginal reduction of €174 in the average over 2018 for all three year olds. When the outliers were removed from the analysis for all years 2019 figures demonstrated a significant increase in the average, with returns increasing year on year over the period of the last five years from €4,270 to €5,700.

For those trading through the select auctions with three year olds the average returns improved by almost €2,000 over the previous year, and were at their most buoyant of the last five year period. Removing the outliers from the equation in this age category the average returns of these auctions demonstrate an even stronger improvement of almost €2,700 since 2018, a particularly positive result for the vendors involved. If only it were replicated in the foal trade.

A first glance at the top 20% of all three year olds sold in 2019 saw a reduction of €724 in the average return. However, when outliers are removed from the equation a steady improvement year on year is evident with average returns in the region of €14,850 at this end of the market in 2019.

MBF Ramiro, a three-year-old gelding by Ramiro B, at the sales in Goresbridge earlier this year.

Conclusions

Despite continued Brexit uncertainty, and sterling devaluation, trade for three year olds was most encouraging. There are some concerning downward trends in the returns for foals sold through the vehicle of select sales. For breeders selling at or below average trade prices, profitability is an issue for most.

The advice of previous years is repeated: those breeders who failed to break even must rethink their approach.

- 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?
- Is the use of expensive reproductive technologies/ semen warranted with individual mares?
- Can improvement be made to presentation at the time of sale – i.e. body condition, general turnout; condition of feet; handling?

- Investment in professional production, or just getting some help, if the product has the required temperament, conformation and athleticism traits may need to be considered.
- Consider if you are selling at the correct time – for example foals intended for the eventing market may be better sold at three years of age (or older) if land base, facilities, skills are conducive to selling later.
- Where progeny of a given mare are at the bottom end of trade consider if it would be better not to breed the mare again. Perhaps she would be more productively utilised as a recipient mare in an embryo transfer programme, as a companion for youngstock or used for non-breeding purposes.

There remains so much unknown in relation to the long term impact of Brexit and COVID-19. Breeders can only stack the odds in their favour by continuing to remain critical of mares and their progeny, and culling where necessary, while choosing stallions that complement mare’s weaknesses and remaining realistic about breeding goals.

