



The Blood-Horse

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MarketWatch

Yearling Sales Preview

By Matt O'Neil

**2. YEARLING
AUCTION REVIEW
BY SALE, '07-'09**

**4. LEADING
CONSIGNORS OF
YEARLINGS '07-'09**

**6. RACING STATS
FOR SUMMER
SIRES PROGENY**

**8. SELECT SUMMER
SALES SIRES 2012**

First-Crop Sires
Fasig-Tipton Kentucky
Fasig-Tipton Saratoga

**12. REGIONAL
MARKETS**
Yearling sales preview

**16. LEADING
YEARLING SALES
2007-09**

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The North American yearling market reached its recent zenith in 2006 when 10,142 yearlings sold for \$579,176,596, or an average of \$57,107. From that apex, gross receipts tumbled to just more than \$300,000,000 as 7,567 sold for an average of \$39,982 in 2010, a 13-year low. But there was finally some good news in 2011, and similar market conditions appear to be in place for 2012.

The painful cutbacks in production finally put supply and demand at the same intersection last year with fewer than 10,000 yearlings offered for the first time since 1995 and the reserve not attained (RNA) rate checking in at 24.4%, the co-lowest rate (tied with 2003) since 1999. Foal crops have continued to dwindle in North America, and the average stud fees put into the 2012 yearling crop are the lowest in more than a decade.

The Jockey Club projects the overall 2011 North American foal crop (including Canada and Puerto Rico) to be around 27,000, the first sub-30,000 crop in at least 20 years. The U.S.-only crop is projected to be just less than 25,000, a 10.4% decrease from 2010 and a 29% drop from 2005.

A market with fewer mares bred has put downward pressure on stud fees the past few years, and this year will be especially telling to determine if stallion prices have come down enough to put commercial breeders more consistently in the black. Rate of return (ROR) figures, as measured by *The Blood-Horse MarketWatch*, were encouraging in 2011, especially compared with 2010 figures. Last year, overall ROR checked in at -4.8%, with half of the stud fee levels tracked showing no change or increased ROR, this com-

pared with -17.3% ROR in 2010 and only one stud fee range showing a positive ROR that year.

There is reason to believe that ROR will continue to trend in favor of breeders, based on the fact that the 2010 average stud fee dipped below \$10,000 for the first time since at least 1999. These 2012 yearlings were bred on an average stud fee (for stallions standing at \$2,500 or higher) of \$9,671, according to figures published in the December 2009 issue of *MarketWatch*. That represented an 18% decrease in average fee from the 2009 breeding season, and the decline was spread across all stud fee strata.

Falling demand hit the new sires of 2010 especially hard. Only 35 stallions were reported entering stud duty in 2010, about half the number of the previous few years, and this group had the lowest average stud fee in quite a while too: \$6,400.

Zensational, a three-time grade I-winning sprinter, was the highest-priced first-year sire of 2010 at \$25,000, the paltriest top first-year fee since 1999. Santa Anita Derby (gr. I) winner Pioneerof the Nile wasn't far behind at \$20,000, but the other grade I winners of the 2010 bunch commanded no higher than \$15,000: Colonel John, Tale of Ekati, and Eclipse champion sprinter Kodiak Kowboy

at \$15,000; Tiago and Visionaire at \$7,500; and Monba, in Pennsylvania, at \$5,000.

Despite a smaller pool of candidates, the Fasig-Tipton July sale inaugurates the 2012 yearling sale season with a slightly larger catalog than in 2011 (338 versus 303, a 12% increase). While the sale no longer officially offers a "new sire showcase," this is the first opportunity for

North American Yearling Sales							
Year	Offered	Not Sold	%	Sold	Gross Revenue	Average Price	Median Price
2011	9,270	2,260	24.4%	7,010	\$337,275,263	\$48,113	\$15,000
2010	10,744	3,177	29.6%	7,567	\$302,542,657	\$39,982	\$10,000
2009	11,348	3,494	30.8%	7,854	\$316,569,851	\$40,307	\$10,000
2008	13,184	4,090	31.0%	9,094	\$468,283,587	\$51,494	\$12,500
2007	13,988	3,828	27.4%	10,160	\$561,846,659	\$55,300	\$15,000
2006	13,910	3,768	27.1%	10,142	\$579,176,596	\$57,107	\$14,000
2005	13,726	3,638	26.5%	10,088	\$553,928,546	\$54,910	\$13,500
2004	12,524	3,112	24.8%	9,412	\$497,153,983	\$52,821	\$13,200
2003	11,699	2,856	24.4%	8,843	\$425,251,514	\$48,889	\$12,000
2002	12,030	3,089	25.7%	8,941	\$390,714,442	\$43,699	\$11,000
2001	12,608	3,606	28.6%	9,002	\$473,044,553	\$52,549	\$9,000
2000	12,642	3,112	24.6%	9,530	\$519,443,808	\$54,506	\$11,500
1999	11,288	2,550	22.6%	8,738	\$440,078,922	\$50,364	\$12,000
1998	10,698	2,423	22.6%	8,275	\$354,058,332	\$42,787	\$11,500
1997	10,027	2,013	20.1%	8,014	\$307,607,857	\$38,384	\$11,500
1996	10,131	2,106	20.8%	8,025	\$277,224,816	\$34,545	\$9,500
1995	9,537	1,655	17.4%	7,882	\$242,778,829	\$30,801	\$10,000



BENOTT & ASSOCIATES

Zensational

Yearling Sales Preview

yearlings by the 2010 stallions to be, well, showcased. Fourteen sires with first yearlings have hips in this year's Fasig-Tipton July sale, and they are represented by 75 individual yearlings, or 22% of the catalog. It's interesting to note that of these 75 yearlings by new sires, 45 (60%) are by four Fappiano-line stallions: Dunkirk (20), Old Fashioned (12), Zensational (7), and Pioneerof the Nile (6). The first three are sons of Unbridled's Song, while the fourth young sire will be the first to attempt to further the enormous legacy of his exported sire Empire Maker.

Looking at the performances of the major North American yearling sales over the past three years, we note the Fasig-Tipton Saratoga selected yearling sale has been the most prolific source of stakes winners. Of 424 yearlings sold from 2007 to 2009, the average hip has brought \$305,923, and 7.1% of the sale's graduates have won stakes races—and more than half were group or graded winners. The average price (\$369,604) at the select portion of the

Keeneland September sale during those three years was about 21% higher but yielded a lower percentage of stakes winners, 6.4% to be exact. About 60% of those Keeneland select stakes winners won at the group or graded level, however. The average earnings index (AEI) of runners from these two premier sales has been about equal, 1.96 for Fasig-Tipton Saratoga and 1.95 for Keeneland September, but given the higher average price at Keeneland September's select sessions, Fasig-Tipton's event has been the better-value sale.

It could be argued that the Fasig-Tipton July yearling sale has offered the "best bang for the buck" among the major North American yearling sales. The average price from 2007 to 2009 was \$92,147 and the sale produced 6.1% stakes-winning graduates in that period. Only about 40% of those stakes winners won group or graded events, though. W

An earlier edition of the Racing Results chart on page 3 included percentage of Repeat Winners from all runners. This corrected version calculates Repeat Winners rate from only winners.

Sales Results at Major N. Am. Yearling Sales, 2007-2009

Sale	No. Off.	No. Sold (% Off.)	Total Price	Average Price	Total Earnings	Average Earnings	Earnings > Price (% Sold)	\$50k-\$100k Earnrs (% Sold)	\$100k+ Earnrs (% Sold)
ALBAUG	405	324 (80%)	\$2,950,151	\$9,105	\$4,943,131	\$15,257	141 (44%)	17 (5.2%)	6 (1.9%)
ARZNOV	550	273 (50%)	\$1,550,150	\$5,678	\$3,689,267	\$13,514	125 (46%)	22 (8.1%)	4 (1.5%)
BARJAN	380	273 (72%)	\$1,964,700	\$7,197	\$4,936,845	\$18,084	127 (47%)	21 (7.7%)	10 (3.7%)
BAROCT	685	484 (71%)	\$5,270,900	\$10,890	\$9,107,738	\$18,818	240 (50%)	31 (6.4%)	18 (3.7%)
BAROCY	282	169 (60%)	\$3,364,600	\$19,909	\$4,568,495	\$27,033	75 (44%)	12 (7.1%)	11 (6.5%)
BRCOCT	493	286 (58%)	\$3,026,224	\$10,581	\$6,373,115	\$22,284	141 (49%)	20 (7.0%)	16 (5.6%)
CANSEP	1,263	915 (72%)	\$19,058,094	\$20,829	\$42,098,731	\$46,010	485 (53%)	134 (15%)	141 (15%)
EASFEB	28	24 (86%)	\$120,100	\$5,004	\$252,763	\$10,532	10 (42%)	1 (4.2%)	0
EASOCT	2,051	1,444 (70%)	\$27,159,450	\$18,808	\$52,524,257	\$36,374	810 (56%)	225 (16%)	135 (9.3%)
FTKFEB	306	227 (74%)	\$2,339,300	\$10,305	\$4,606,495	\$20,293	103 (45%)	19 (8.4%)	8 (3.5%)
FTKJUL	1,443	927 (64%)	\$85,420,000	\$92,147	\$53,642,709	\$57,867	245 (26%)	197 (21%)	158 (17%)
FTKOCT	2,325	1,685 (72%)	\$25,963,000	\$15,408	\$48,926,470	\$29,036	855 (51%)	183 (11%)	98 (5.8%)
FTNOPN	187	103 (55%)	\$768,300	\$7,459	\$3,263,906	\$31,688	59 (57%)	15 (15%)	8 (7.8%)
FTSAUG	556	424 (76%)	\$129,711,500	\$305,923	\$24,710,656	\$58,280	25 (5.9%)	82 (19%)	81 (19%)
HERJUN	6	2 (33%)	\$15,800	\$7,900	\$9,135	\$4,568	0	0	0
IOWSEP	200	150 (75%)	\$617,150	\$4,114	\$2,062,513	\$13,750	63 (42%)	16 (11%)	2 (1.3%)
KEEJAN	2,139	1,549 (72%)	\$41,473,700	\$26,774	\$41,134,019	\$26,555	629 (41%)	176 (11%)	93 (6.0%)
KEESEP	14,056	10,563 (75%)	\$904,876,900	\$85,665	\$444,483,712	\$42,079	3,440 (33%)	1,557 (15%)	1,179 (11%)
KEESOP	12,819	9,704 (76%)	\$587,386,900	\$60,530	\$395,631,150	\$40,770	3,404 (35%)	1,426 (15%)	1,051 (11%)
KEESEL	1,237	859 (69%)	\$317,490,000	\$369,604	\$48,852,562	\$56,871	36 (4.2%)	131 (15%)	128 (15%)
LOUOCT	891	565 (63%)	\$5,330,800	\$9,435	\$14,027,876	\$24,828	304 (54%)	64 (11%)	28 (5.0%)
LSABDR	163	120 (74%)	\$618,300	\$5,153	\$3,098,715	\$25,823	60 (50%)	13 (11%)	7 (5.8%)
LTBAUG	289	243 (84%)	\$858,500	\$3,533	\$3,681,453	\$15,150	103 (42%)	12 (4.9%)	8 (3.3%)
MIXAUG	40	18 (45%)	\$31,550	\$1,753	\$390,402	\$21,689	9 (50%)	2 (11%)	1 (5.6%)
MNSAUG	193	107 (55%)	\$722,600	\$6,753	\$1,468,190	\$13,721	54 (50%)	5 (4.7%)	2 (1.9%)
NCASEP	580	368 (63%)	\$1,936,900	\$5,263	\$7,059,406	\$19,183	193 (52%)	23 (6.3%)	14 (3.8%)
NEWOCT	64	35 (55%)	\$178,200	\$5,091	\$342,900	\$9,797	10 (29%)	1 (2.9%)	1 (2.9%)
OBSAUG	3,463	2,337 (67%)	\$38,123,300	\$16,313	\$71,933,053	\$30,780	1,236 (53%)	321 (14%)	178 (7.6%)
OBSOPN	2,857	1,947 (68%)	\$19,178,300	\$9,850	\$52,800,650	\$27,119	1,093 (56%)	247 (13%)	117 (6.0%)
OBSSEL	606	390 (64%)	\$18,945,000	\$48,577	\$19,132,403	\$49,057	143 (37%)	74 (19%)	61 (16%)
OBSOCT	36	20 (56%)	\$64,700	\$3,235	\$674,947	\$33,747	13 (65%)	1 (5.0%)	1 (5.0%)
OBSWIN	1,091	646 (59%)	\$7,925,500	\$12,269	\$16,433,456	\$25,439	303 (47%)	71 (11%)	42 (6.5%)
OKLSUM	240	138 (58%)	\$1,083,500	\$7,851	\$2,245,794	\$16,274	70 (51%)	13 (9.4%)	2 (1.4%)
RUIYRL	750	528 (70%)	\$3,394,650	\$6,429	\$10,591,938	\$20,060	234 (44%)	31 (5.9%)	26 (4.9%)
SARAUG	581	320 (55%)	\$15,624,000	\$48,825	\$15,508,295	\$48,463	124 (39%)	71 (22%)	46 (14%)
TEXAUG	1,144	707 (62%)	\$8,542,300	\$12,082	\$19,232,819	\$27,203	367 (52%)	76 (11%)	45 (6.4%)
WASSEP	561	360 (64%)	\$4,334,000	\$12,039	\$9,477,201	\$26,326	206 (57%)	26 (7.2%)	17 (4.7%)