



Commercial broodmares are likely to remain in big demand

HOW WILL THE GLOBAL FINANCIAL CRISIS AFFECT 2009 BREEDING SEASON?



RENEE GEELEN seeks expert opinions on how the 2009 breeding season might pan out, as industries factor the Global Financial Crisis into business models.

When the American sub-prime mortgage crisis hit the world in September 2008 with the merger and failure of some of the largest financial lending institutions, few pundits would have predicted the sheer depth and scope of its global impact.

First to go, as they usually are, are the global bourses, which continue to perform 'dead cat bounces' and don't yet appear to have hit the bottom. It is an important indicator, as the general economy tends to mirror the stock exchange, however with a delayed effect.

Now, half a year since alarm bells started ringing in the US, and with various government stimulus packages in place, the future appears no clearer for either kings or fools.

Racing is a luxury product, and traditionally it is this type of spending that suffers during times of economic crisis. Not everybody agrees, however, on what the likely impact to the breeding industry in Australia is likely to be.

Armed with both experience and access to raw data, Keeper of the Stud Book, Michael Ford, thinks the current economic climate

may result in a 15% drop in the number of mares covered in 2009, but he hopes he's wrong. The flow-on effects of this type of fall for the industry could be serious, however Ford does say that our industry is more resilient than the economy; and the optimism of industry participants should help in getting through this financial crisis without much harm being done.

Ford thinks that at this stage, his figure of 15% is just a guess, and there are so many unknowns. The biggest unknown is whether broodmare owners will mate their mares at all, or whether they will just go to a horse with a lower fee than they have previously paid. So, in effect, Ford is asking the questions: 'What will happen to service fees and which stallions will be most affected by the global financial crisis? Will it be the 200 stallions that cover more than 40 mares each per season, or will it be the 340 stallions that serve less than 10 mares each per season? Or perhaps a fall across the board?'

The industry is already suffering a downturn in 2008 foal numbers, following the EI problems in the 2007 season. The number of

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