

The first sale of 2011, the Keeneland January Horses of All Ages Sale, is now in the books, and yesterday the *TDN's* Lucas Marquardt sat down with Keeneland's Associate Director of Sales Tom Thornbury to get his thoughts about the state of the breeding industry, the transfer of talented horseflesh overseas, and his upcoming travel plans.

What changes in the market, either from November or last year's January Sale, have you seen?

Well, I think first and foremost you have to realize that this is the January Sale, which can go up and down like a basketball because the quality can vary so greatly. Last year, our Monday was comparable to our Tuesday this year, and our Tuesday this year was better than our Monday last year. It just depends on the quality of our stock.

I think we had some glimmers of hope from November. The market was strong on the upper end, and there were a lot of international buyers who fought it out over the top-end stock. That fostered some encouragement for this sale, and carried over to this sale.

Overall, the numbers are up a little bit, and there's some feeling that maybe we've hit the bottom of the trough, and we're elevating just a little bit. That's the hope, and I think it's generally the hope throughout the American economy. Preliminary indications are just that.

You hear from breeders that the margin for profitability keeps getting narrower. What's your take on the current state of the breeding industry?

It has to be profitable, whether we're talking here at Keeneland or the Big Board on Wall Street. For years, we saw sustained high costs prior to the drop in the market, which created a real desperate situation for a number of breeders, who were really on the short end of the stick. They've suffered through almost three years, and sometimes were forced to sell their premier [breeding] stock just to maintain operating costs. But production costs now have come down, and I think we're seeing that expressed in the market. And I think we'll see that at September and in subsequent years. Stud fees have now come down to the level where there's a serious prospect for profitability.

At the same time, we're diverting a lot of stock to other countries, and a lot of that is our better stock. But the larger number is our lesser stock. So we're reducing the size of our herd.

We're doing a good job of tightening things up. Racing is contracting in this country, and racing around the world is contracting. Those prospects bode well for the average breeder, who is positioned now to cover his operating costs and make a little profit.

Do you have any idea how many commercial breeders were forced out of the business by the market crash?

Candidly, no. I still see many of the same faces around, but I know there are a large number of farms on the market, and a large number of farms that have exchanged hands. It's a good opportunity for someone coming into the business to get a good start and have good prospects for the future. But if you're selling out right now, you're selling out on the low end. It isn't necessarily a fire sale, but it sure isn't ideal.

*To read Thornbury's account of his trip to South Africa, which appeared in *Parade* magazine in South Africa, as well as on Sid Fernando's blog and on *The Paulick Report*, click [here](#).*

It seems the Japanese in particular have been very active at the top of market in the last year or two, purchasing highly sought-after prospects. Is the American breeding industry being weakened by this transfer?

I think the majority of what we're seeing is the sale of proven racing stock. And a lot of it is lesser-bred stock, whose value is based on performance, not pedigree. The American breeder is still breeding

good-performing horses, and it's obvious that a Grade I filly off the racetrack still brings premium dollar. That's true anywhere in the world. In my opinion, the depletion of quality breeding stock has been ongoing for years. With the advent of foreign investment in this country--Sheikh Mohammed and his brother Sheikh Hamdan, Prince Khalid Abudulla, etc.--they bought their select mares from this market, and now those mares are almost in trophy rooms, of sorts. Those mares are collector's items. That's been ongoing for years. Now the shift has been for fillies coming off the racetrack. Pedigrees enhance the value, but those top racemares are highly prized, and we're still producing them every year. And the American horse, still to this day, wherever it goes in the world, is still sought after.

In the past year, you've traveled to South America to assist in yearling selection for the Copa Bullrich Sale, and to South Africa for the inaugural Cape Premier Sale, which will be held in Cape Town, Jan. 27-28. Will you keep on racking up the frequent flier miles in 2011?

In February, I'll be in Argentina for a few weeks, looking at yearlings for the Copa Bullrich sale. Last year was the first time I ever did that. There are a lot more breeders who are interested [in participating in the sale], and so now there are a lot more horses to look at. I'll be in Argentina for two weeks this year, rather than a week like last year. And then I'll be in Brazil for a week.



Tom Thornbury
Lucas Marquardt

It's something that really works out well for everyone. I use my vacation time here at Keeneland, and have their blessing, and the sales companies just pay my airfare and hotel. The breeders there wind up feeling more comfortable coming here and buying breeding stock, because I've met them and spent time with them and now they have a friend here. It's been a great experience.



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