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2006 Stud Fees

By Eric Mitchell

GHOSTZAPPER'S FEE MORE THAN EGO

Sticker shock stung more than a few Thoroughbred breeders and bloodstock agents in September when Adena Springs Kentucky announced a \$200,000 first-year stud fee for **Ghostzapper**. The fee is believed to be a North American record for an entering stallion.

Surely, some remarked, this fee is more about Frank Stronach's ego than genuine market value. Stronach, who is chairman of auto parts manufacturing giant Magna International, bred and raced Ghostzapper and now co-owns the five-year-old horse with Jess Jackson, owner of Kendall-Jackson vineyards. Some ego may have influenced the fee, but the more breeders and consultants looked at what Ghostzapper had to offer, the more they saw value in the stallion—even at \$200,000.

"I was one of those who thought the fee was too high," said Headley Bell, owner of Nicoma Bloodstock. "I didn't think I would be booking a mare to him. But when you start breaking it all out, when you weigh it all with other horses in that category, you realize he has a great pedigree blend that really suits a lot of our inbred mares. I've already sent three mares to him, and I'm not done. He was a racehorse with impact. As a stallion, this horse could do anything."

The farm has sold several seasons at \$200,000, according to Dan Hall, bloodstock adviser to Adena Springs and the farm's former general manager.

"Frank simply believes he's special," Hall said. "There has not been a horse like him to retire in awhile. He's got the pedigree, but I'm mainly speaking about his ability as a racehorse. He won grade Is in both sprints and at the classic distance." Ghostzapper won his first grade I stakes in 2003 when he beat Aggadan and Posse in the Vosburgh Stakes at Belmont Park. In 2004 he strung together

four consecutive victories from seven furlongs to 1 1/4 miles in the Tom Fool Handicap (gr. II), Philip H. Iselin Breeders' Cup Handicap (gr. III), Woodward Stakes (gr. I), and the Breeders' Cup Classic Powered by Dodge (gr. I). In the Classic, Ghostzapper set a Lone Star Park track record of 1:59.02 for 1 1/4 miles. In his final race the son of

Awesome Again ran the Metropolitan Handicap (gr. I) in 1:33.29, just 1.05 seconds off the North American record for a mile co-owned by Najran (1:32.24 at Belmont Park in 2003) and Dr. Fager (1:32 1/5 at Arlington Park in 1968).

Adena Springs has been somewhat flexible on Ghostzapper's stud fee by offering a discount to the owners of qualified mares. Hall said an exact definition of a "qualified mare" isn't written down anywhere, but she needs to be at minimum a young graded-stakes winner or stakes producer to be considered. For mares that qualify, the stud fee

has been dropped in some cases to \$150,000. Hall said he doesn't expect the fee to go any lower.

But is there real value for the breeder, even at \$200,000? Bell said he thinks so.

"Awesome Again seemed extreme at \$50,000 and [Stronach] supported him," Bell said. "He's done an incredible job of making his stallions. For Stronach, if someone is willing to pay \$200,000, then more power to him. For the breeder, there is value because the fee will keep many people out so there is more exclusivity in the market."

Stronach is stepping out in another direction in 2006 with a second entering sire—**North Light**, who raced exclusively in Europe and will stand at Adena Springs Kentucky for \$50,000. The son of Danehill won the 2004 Vodafone Epsom Derby (Eng-I), the Totesport Dante Stakes (Eng-II), and finished a half length behind (Continued on page 2)



Amie M. Eberhardt/Photo

Ghostzapper

TBH MarketWatch is published

by Blood-Horse Publications,

3101 Beaumont Centre Circle,

P.O. Box 919003,

Lexington, KY 40591-9003.

Telephone: 859 278-2361

E-mail: marketwatch@bloodhorse.com

(Continued from page 1) multiple group-I winner Grey Swallow in the Budweiser Irish Derby (Ire-I).

European horses with their turf race records are generally not considered desirable commercial stallions in North America. Not in Stronach's world, however. In Stronach's world a talented racehorse by one of the world's top sires, turf runner or not, is worth supporting. Stronach took the same chance in 1993 as the managing partner of Irish-bred **El Prado**, who also raced only in Europe. El Prado became the leading North American sire in 2002, ranked second on the general sire list in 2003 and 2004, and is currently ranked fifth. El Prado has been among the top 25 North American sires since 1999.

"Sure we are taking a risk, but we will be sure he gets the mares," Hall said. "He's an interesting horse and a great-looking horse. Plus, if we bring in a son of Danehill and he hits, then what is the potential there? It's huge. Frank always goes to the beat of his own drum, but particularly with stallions and mating prospects."

Bell said Stronach's success with El Prado is a good reason for North American breeders to look closely at North Light. "[Stronach] is an independent thinker who really supports



Anne M. Eberhardt/Photo

North Light

what he believes," Bell said. "You can find the proof with Awesome Again, Alphabet Soup, and El Prado. He is not worried about the commercial market, but he has the runners on the track. [North Light] was a successful racehorse, and Stronach believes he will be a good influence in our speed-oriented market."

North Light has been syndicated, according to Hall. Adena Springs, however, is selling only a limited number of shares, most particularly to people who breed their horses to race.

The only other stallion with an entering fee in the ballpark of Adena Springs' pair is **Saint Liam**, who won five graded-stakes races, of which four were grade I. Lane's End Farm's son of Saint Ballado ended his career by winning handily this year's Breeders' Cup Classic. He will also stand for \$50,000. It is possible the difference between Ghostzapper's and Saint Liam's fees could be perceived by some as a reflection in quality, but Bell said anyone who

thinks so is mistaken. "I think people are surprised at the gap between the two stallions, but I think it makes Saint Liam look like a better value and makes him a high-demand horse," he said.

2006 Fees: Breeding and Sales Norms

Category	No. Sires	2006 Fee	2005 Fee	% Change	Avg. MB 2004	Avg. 05 Fls (% Live Fl.)	Avg. MB 2005	Wnlg. Avg. (No. Sold)	Yrlg. Avg. (No. Sold)	Yrlg. XSF*	2yo Avg. (No. Sold)	Covering Sire Avg. (No. Sold)
\$100,000+	14	\$187,500	\$170,357	10.1%	119	94 (79%)	121	\$326,500 (56)	\$415,724 (470)	2.22	\$195,788 (106)	\$684,919 (124)
\$50,000-\$99,999	9	\$58,333	\$57,778	1%	117	89 (76%)	116	\$122,189 (74)	\$127,104 (374)	2.18	\$201,332 (92)	\$184,254 (71)
\$25,000-\$49,999	24	\$30,625	\$31,146	-1.7%	104	76 (74%)	107	\$66,044 (137)	\$87,409 (881)	2.85	\$125,898 (255)	\$108,962 (221)
\$15,000-\$24,999	21	\$17,024	\$17,697	-3.8%	92	66 (71%)	79	\$30,230 (81)	\$40,629 (594)	2.39	\$69,258 (165)	\$54,123 (140)
\$10,000-\$14,999	33	\$10,758	\$12,121	-11.3%	86	64 (75%)	78	\$21,791 (93)	\$27,452 (781)	2.55	\$55,061 (230)	\$33,303 (122)
\$5,000-\$9,999	91	\$5,835	\$6,060	-3.7%	56	36 (65%)	48	\$12,864 (106)	\$15,376 (1186)	2.64	\$45,027 (473)	\$9,676 (164)
\$2,500-\$4,999	177	\$3,018	\$3,148	-4.1%	29	18 (61%)	25	\$5,326 (67)	\$8,877 (914)	2.94	\$26,897 (380)	\$7,052 (143)
UNPROVEN STALLIONS												
First Fls. of 2003	65	\$7,838	\$6,854	14.4%	55	50 (68%)	53	\$40,729 (156)	\$47,378 (966)	6.04	\$71,970 (479)	\$36,097 (204)
First Fls. of 2004	59	\$7,373	\$7,492	-1.6%	71	49 (68%)	59	\$38,815 (229)	\$49,683 (1256)	6.74		\$40,797 (239)
First Fls. of 2005	76	\$9,401	\$9,579	-1.9%	74	37 (68%)	67	\$49,004 (335)				\$83,370 (258)
First Fls. of 2006	93	\$8,935	\$8,876	0.7%			73					\$83,210 (424)
First Fls. of 2007	74	\$11,682										
Unproven Stallions	367	\$9,140	\$8,331	9.7%								
All Sires	736	\$12,225	\$12,039	1.5%								

*Yrlg XSF is the average yearling price divided by the average 2006 stud fee. See a detailed explanation of headings on page five.

2006 Fees: Racing Norms

Stud Fee Range	Foals	Rnrs (% Fls)	Wnrs (% Fls)	2yo Wnrs (% Fls)	3yo Wnrs (% Fls)	4yo+ Wnrs (% Fls)	SW (% Fls)	GSW (% Fls)	GISW (% Fls)	Turf Wnrs (% Turf Rnrs)
\$100,000+	7,214	5,365 (74%)	3,666 (51%)	1,204 (17%)	2,499 (35%)	1,806 (25%)	684 (9.5%)	359 (5%)	128 (1.8%)	843 (33%)
\$50,000-\$99,999	4,199	3,139 (75%)	2,179 (52%)	667 (16%)	1,456 (35%)	1,127 (27%)	317 (7.5%)	141 (3.4%)	33 (0.8%)	452 (30%)
\$25,000-\$49,999	9,544	7,267 (76%)	5,034 (53%)	1,501 (16%)	3,460 (36%)	2,608 (27%)	652 (6.8%)	260 (2.7%)	75 (0.8%)	973 (30%)
\$15,000-\$24,999	8,374	6,463 (77%)	4,426 (53%)	1,455 (17%)	2,995 (36%)	2,134 (25%)	512 (6.1%)	191 (2.3%)	47 (0.6%)	755 (27%)
\$10,000-\$14,999	10,925	8,140 (75%)	5,715 (52%)	1,712 (16%)	3,976 (36%)	3,035 (28%)	542 (5%)	151 (1.4%)	44 (0.4%)	966 (25%)
\$5,000-\$9,999	22,882	16,687 (73%)	11,497 (50%)	3,612 (16%)	8,061 (35%)	5,934 (26%)	963 (4.2%)	211 (0.9%)	51 (0.2%)	1,559 (22%)
\$2,500-\$4,999	26,301	18,777 (71%)	12,915 (49%)	3,913 (15%)	9,057 (34%)	6,671 (25%)	882 (3.4%)	130 (0.5%)	32 (0.1%)	1,481 (21%)
All Sires	89,439	65,838 (74%)	45,432 (51%)	14,064 (16%)	31,504 (35%)	23,315 (26%)	4,552 (5.1%)	1,443 (1.6%)	410 (0.5%)	7,029 (25%)

Stud Fee Growth Supported by Sales

Significant growth in stud fees for 2006 has occurred in only two stud fee categories used by *The Blood-Horse MarketWatch* to monitor trends in the stallion market. Overall, the fees of 736 North American sires with fees no lower than \$2,500 will rise about 1.5% for the 2006 breeding season. Fees have collectively fallen in five out of seven stud fee categories.

The two categories with significant increases are this year's freshmen sires, whose first crop is now two years old, and stallions with fees that are \$100,000 or more. The average fee of 65 freshmen sires of 2005 will increase 14.4% to \$7,838 from \$6,854 this year. **Songandaprayer**, the leading freshman sire by number of stakes winners

through Dec. 5, is the single biggest contributor to the rising average fee in his category. Walmac Farm increased the fee for this son of Unbridled's Song 250% to \$35,000 from \$10,000. The higher fee is more than justified by a \$158,000 two-year-old average for 29 horses sold and a 2005 yearling average of \$77,500 for 30 horses sold. As icing on the cake, one of Songandaprayer's two-year-olds, a colt out of What a Knight, sold for \$1.9 million at the Barretts select two-year-olds in training sale in March. Lakland North's **Freud** is the second-leading freshman sire by percent increase in stud fee. The New York-based son of Storm Cat had his fee jump 100% to \$10,000 from \$5,000. Again, Freud's progeny were well received at auction as shown by an \$113,750 average for 12 two-year-olds sold and a yearling average of \$25,000 for 22 sold. **Broken Vow**, **El Corredor**, and **Five Star Day** are other freshmen sires whose commercial appeal allowed a 50% increase in their fees. Broken Vow and Five Star Day have fees of \$15,000, up from \$10,000, and El Corredor's fee is up to \$30,000 from \$20,000. Two-time Breeders' Cup Classic winner **Tiznow's** 2006 fee is \$40,000, up 33% from \$30,000 this year.

The second-largest overall increase in average stud fee has occurred in the category of stallions with fees of \$100,000 or more, which excludes sires whose first crops are two year olds or younger. The 14 sires in this category have an average 2006 fee of \$187,500, which is 10% higher than the 2005 average fee of \$170,357 for these same horses. Three of the stallions in this category crossed into the six-figure stud fee range for the first time. They are **Distorted Humor** (\$150,000, up from \$60,000),

Dynaformer (\$100,000, up from \$75,000), and **Forestry** (\$100,000, up from \$75,000). Other horses with significant increases include **Giant's Causeway**, up 50% to \$300,000, and **Unbridled's Song**, up 20% to \$150,000. Only **Fusaichi Pegasus** and **Gone West** had declines for 2006, with both having their fees lowered 17% to \$125,000 from \$150,000.

A 10% increase at the top of the market is substantial, but it is supported by the strong commercial value of these sires' progeny. The 2005 weanling average for this category is

\$326,500, the yearling average is \$415,724, and the covering sire average is \$684,919. Only the average price of two-year-olds (\$195,788) does not dominate the sales averages of the other stud fee categories. The lead-

ing two-year-old average belongs to the nine stallions in the \$50,000-\$99,999 fee category whose juveniles averaged \$201,332 this year.

Stallions in the \$100,000-plus category also hold their value because they are the leading producers of stakes winners (9.5%), graded stakes winners (5%), and grade I stakes winners (1.8%) among all the other stud fee categories. The average percentages

in these performance categories for the progeny of all 736 stallions in this study are 5.1% stakes winners, 1.6% graded stakes winners, and 0.5% grade I stakes winners.

"There is nothing alarming about this increase in fees," Bell said. "The stallions whose fees have increased are all valid and justified by their value."

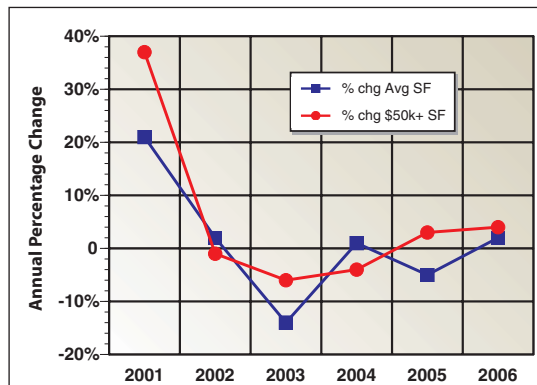
Changes are flat for average stud fees in the \$50,000-\$99,999 and \$25,000-\$49,999 but the market is still robust [see the chart on page two]. The average fee for stallions in the \$50,000-\$99,999 category is up a mere 1%, but the average

number of mares bred remains steady at around 116. In the \$25,000-\$49,999 category, the average stud fee slipped a slight 1.7%, but the average number of mares bred rose to 107 in 2005 from 104 in 2004. The news is not as good for stallions with fees at \$10,000 or below, which have experienced declines in both average fee and mares bred. Stallions in the \$10,000-\$14,999 have had their average fee drop 11.3% to \$10,758, and the average number of mares bred fall 9.3% to 78. Sires in the \$5,000-\$9,999 category have had their average fee fall 3.7%, and the average number of mares bred is down 14.3% to 48. Stallions in the \$2,500-\$4,999 range have had their fees fall 4.1%, and the average number of mares bred is down 13.8% to 25. ^M

First-Year Stallions, 2000-2006

Year	Top-priced Sire(s)	First Season Stud Fee	2006 Stud Fee	No. w/ Fees \$50,000+	No. w/ Fees \$20,000+	No. w/ Fees \$10,000+	Avg. Fee
2006	Ghostzapper	\$200,000		3	9	22	\$11,387
2005	Smarty Jones	\$100,000	\$100,000	1	7	7	\$8,431
2004	Empire Maker	\$100,000	\$100,000	3	5	15	\$9,253
	Mineshaft	\$100,000	\$100,000				
2003	Came Home	\$40,000	\$40,000	0	5	12	\$7,347
2002	Point Given	\$125,000	\$50,000	1	6	17	\$7,915
2001	Fusaichi Pegasus	\$150,000	\$125,000	3	11	19	\$14,904
2000	Forestry	\$50,000	\$100,000	1	2	10	\$7,151

Stud Fee Trends, 2001-2006



The chart above compares the annual percentage change in average stud fee of all commercial sires with the percentage change in average for sires with fees of \$50,000 or higher.