

Newmarket auction gallops to record

The Flat's annual event has lured more buyers keen to pick winners and cash in on stud fees

JOHN MURRAY BROWN

Flat racing's richest investors spent almost £90m this week snapping up the UK and Ireland's best young horses, praying they might be picking a future champion, even though none of the animals had yet been saddled, let alone ridden in a race.

Turnover at the Newmarket sales, the big annual European event for yearlings, hit a record for a European bloodstock auction. Nine horses topped the million-guineas mark (at £1.05 to the guinea) and two went for 2.6m guineas, although the average price was slightly down on last year.

The bidding action in the famous Tattersalls auction ring was dominated, as in previous years, by Arab buyers. But John Magnier's Coolmore racing stables in Ireland were also an active buyer in partnership with others such as the South African Markus Jooste, chief executive of Steinhoff International, the retailer.

Seven of the last 16 Derby winners have been horses sold at Tattersalls' October sale. The sale is a key benchmark for the health of the wider UK horseracing industry, which supports 85,000 jobs and is worth an estimated £3.45bn to the economy.

Buyers go on two clues: bloodlines and look. Weatherbys, the leading pedigree expert, produces a sort of Debrett's of UK and Irish pedigrees for owners and would-be owners.

In the weeks before the sale, breeders hand over the horses to special agents, or consignors, whose job is to prepare horses for the ring. "It is a bit like a horse in training but rather than building up their lung capacity, we build them into a nice shape. It is like working with a Ferrari but without the tyres," said Liam Norris, a Sussex-based consignor, who achieved the joint top price this week.

But as any owner will tell you, the big



Frankel with Tom Queally wins at Ascot in 2011. Below, a yearling by Frankel at the sale this month

Charlie Crowhurst/EPA



returns in racing are not made on the track. Indeed, prize money in the UK is actually lower than in most other countries so it is unlikely any owner will recover millions of pounds in winnings, however successful.

The real bonanza will arrive if a racehorse produces winners when it retires

to stud and its offspring go for seven-figure sums at auctions like Tattersalls. The other way is through the "nomination fees" the owners of stallion earn for mating with, or covering, broodmares — traditionally on a "no foal, no fee" basis. The retired racehorse Dubawi, which stands at stud in Newmarket, is one of the most valuable stallions with nomination fees set at £225,000 per covering.

Frankel, an unrivalled record breaker on the track, costs £125,000. And he only retired in 2013, so no one has yet seen what a Frankel-sired three-year-old can do. Even so, his "second crop" of yearlings were selling strongly this week.

The world's most valuable stallion is 18-year-old Galileo, who retired from racing in 2001. His price is available on request but several bloodstock agents say it is €500,000 per covering — and Gallileo can do 150 a year. As if to underline the strength of his pedigree ahead of this week's sale, in last weekend's Prix de

£500,000

Price per covering commanded by world's most valuable stallion, Galileo

£3.45bn

Amount the horseracing industry is worth to the UK economy

l'Arc de Triomphe in France, offspring of Galileo achieved an unheard of 1-2-3.

"These are horses of a calibre that are rarely seen," said Jimmy George, Tattersalls marketing manager. "Most stallions used to be concentrated in Kentucky in the US. But there has been a shift in the balance of power in the last 20 years or so, at least for those who want to race on turf."

"We are incredibly lucky in Britain to have some of the best racing in the world and a lot of people want to be part of that," said Simon Marsh, who runs the Watership Down stud for the music impresario Sir Andrew Lloyd Webber.

But David Cox, manager of the Baroda Stud in Ireland, believes the industry must be wary of producing too many horses. "The worry is overproduction, yet again. Some stallions are covering up to 250 mares a year. So when it comes to selling their stock we are losing rarity value. It's an issue for us all to address."

Reprivatisation

Chancellor scraps sale of Lloyds shares to public

EMMA DUNKLEY

The chancellor has ditched plans to offer cut-price shares in Lloyds Banking Group to the public and is pushing ahead with an alternative scheme to sell the taxpayers' remaining £3.6bn stake within a year.

Philip Hammond announced he was dropping his predecessor's plan during a Washington trip to meet senior bankers and reassure them after the Brexit vote.

Mr Hammond blamed "ongoing market volatility" for the decision.

It is the first step by the chancellor to return the state-backed bank to private ownership, some eight years after it received a £20.3bn injection from taxpayers during the financial crisis.

The previous chancellor, George Osborne, had promised to sell part of the taxpayers' remaining 9 per cent stake to retail investors at a discounted price.

Chris Philp, a Conservative MP, told the FT: "Scrapping the retail share sale is understandably disappointing for retail investors, but the government does have a duty to achieve best value for general taxpayers."

Instead of selling shares to the public, the government said it would dispose of the stake through a "trading plan". This involves gradually selling shares into the market, as long as they are above a certain undisclosed price.

The government launched a trading plan for Lloyds shares in 2014 as a way to speed up reprivatisation. Then, shares were sold if they were trading above 73.6p — the price paid by the government to bail out the bank during the financial crisis. The process stopped this year after shares fell below 73.6p.

One person briefed on the latest plan said the price threshold was lower. Shares in the bank are currently trading below 55p.

The trading plan, which will be run by Morgan Stanley, will end within a year, the government said.