

Depressed Horse Market Reasoning Cited; Further Declines Forecast

The horse market is down.

Anybody who's been to a local horse sale or read local horse auction results is aware of that fact.

Bad news for horse breeders and marketers that, according to insiders, is likely to get worse before it improves.

However, despite lower horse prices on the local level, some national sales have had record results this fall. It's apparently the low-end and average quality, non-proven, non-performing horses that are taking the biggest hit at the present.

Equation for the down horse prices is complicated and involves many factors, several of which have never been considered by horse owners.

First logic of those searching for an excuse for the down horse market includes "high fuel prices," the "economy in general," and "poor marketing." Quoted less frequently but also noted by some: "Everybody's raising colts."

"There's even more to the downtrend in prices," according to Juli S. Thorson, Moscow, Idaho, lifelong horse owner and horse journalist who has done considerable research on the subject.

"It's not any one thing, but a compilation of many factors that have evolved over the years," continued Thorson.

A massive demographic change has been caused by the Baby Boomer genera-

tion, those born in the two decades after World War II. "These are the people who initiated the recreation horse market," Thorson theorized.

Baby Boomers are now 45 years and older. "Many of them are cycling out of horses because of health problems or taking up pursuits that don't require as much time, money and effort," Thorson contended.

The next generation is only half that size. "So your replacement group of buyers is beginning to affect the horse market," Thorson pointed out.

American Horse Council numbers indicate that there are 9.3 million horses in this country. "That's an increase of 2.3 million horses in the past decade, while records show that the number of horse owners has only increased by 100,000," quoted Thorson.

"There is an abundance of horses being bred into an industry that lacks a market to purchase them," Thorson emphasized.

Tax laws have favored

horse production. "Money that is spent for breeding is rewarded back at a much higher percentage than that spent for buying and training," Thorson calculated.

High land prices and high feed costs are entering the equation too. "It's hard to find a place to keep a horse in certain locales, and if you can, the cost of feed is skyrocketing," Thorson admitted.

Slaughter has always been a part of the horse industry, even though many owners chose to overlook it. "At the start of the 1990s, over 315,000 horses were annually going to slaughter in the United States, which once had as many as 34 horse slaughter plants," Thorson stated. "Last year, about 91,000 horses were processed in the three slaughterhouses that remain."

As most of society has become less connected to the family farm and rural

attitudes, more and more people see horses as pets instead of livestock. "Many people now find horse slaughter to be unacceptable," Thorson evaluated.

Legislation is continually being proposed to ban slaughter of horses completely in the United States. "Closing of the remaining plants has been avoided up to this point. However, with movie stars and large money groups continually working against horse slaughter, it's possible that all horse packing plants could be closed in the United States," critiqued Thorson.

While horse slaughter might continue across Canadian borders and in other countries, shipment for such purpose would also be illegal, she related.

Wild horse numbers have continued to expand as well. "The government is realistically in competition with the breeder," Thorson evaluated. "It is costing the Bureau of Land Management several thousand dollars to raise a mustang, and then they offer it to the public for adoption at \$200 or less."

Technological changes come into the picture. "Cooled transported semen, frozen semen, embryo transfers and cloning are also affecting the market," Thorson admitted. "Realistically, it's only on the top tier of prices though, because the majority of horse owners don't yet use those

tools and are not in that buyer category."

Internet and databases are changing the horse market. "There are many people who buy horses off the computer. It's bringing prices down, just like eBay brought down prices on collectibles and such. It's a buyer's market," Thorson explained.

Overabundance of horses has led to the low prices and some horses are even being offered for free. "You see facilities that are becoming like Goodwill stores for horses," Thorson described. "This is where people and families can go to get their very first horse or just to have a horse as a pet for free or very cheap."

These may just be tremors; the price of horses can get worse. "I don't think we're at the bottom out point yet," Thorson predicted. "I think we're just at the tip of the iceberg."

"This is not to say the horse market is going to go away, but it is going to change. I don't intend to scare people out of the horse business, but rather give them some forecasting

to make necessary adjustments to their programs without being naive.

"It's not a matter of whether the glass is half-empty or half-full anymore. It's a matter of realizing that there is a completely different glass, and we all need to adapt our programs to match," she analyzed.

How long it will take for a turnaround in horse prices "is the \$64,000 question," Thorson said.

Horse populations must be brought in line with demand. Color breeds, such as Paints and Appaloosas, and other lower-number breeds such as Morgans, have had reduced registration numbers in the past couple of years, but the leading breed, Quarter Horses, has continued to expand.

"I think with the first of the Boomers turning 60 this year, the market will continue to worsen, but I expect it to bottom out within the next 10 years," Thorson concluded.

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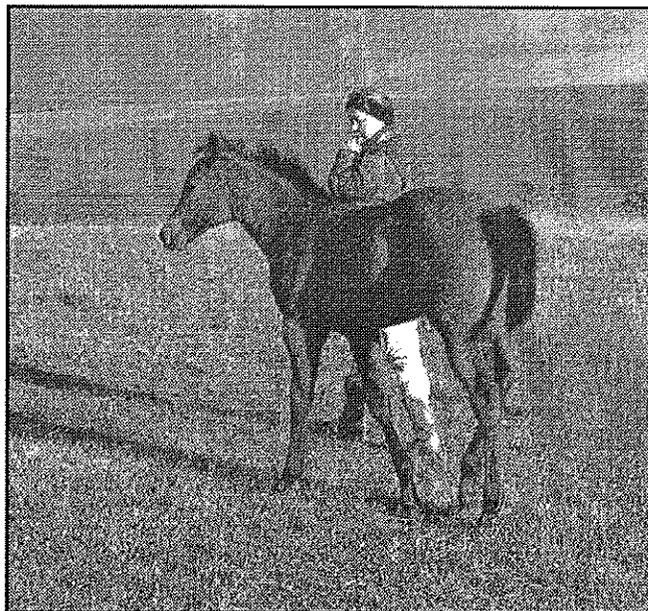
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Julie S. Thorson

Many factors have evolved over the years bringing the depressed market for horses, according to Julie S. Thorson, Moscow, Idaho, lifelong horse enthusiast and journalist who has done in-depth research on the subject. A recreational rider who typically also raises a foal each year, Thorson predicts prices will drop lower before moving upward.