Wandile Sihlobo | Chief Economist | Tel: +27 12 807 6686 | Email: wandile@agbiz.co.za
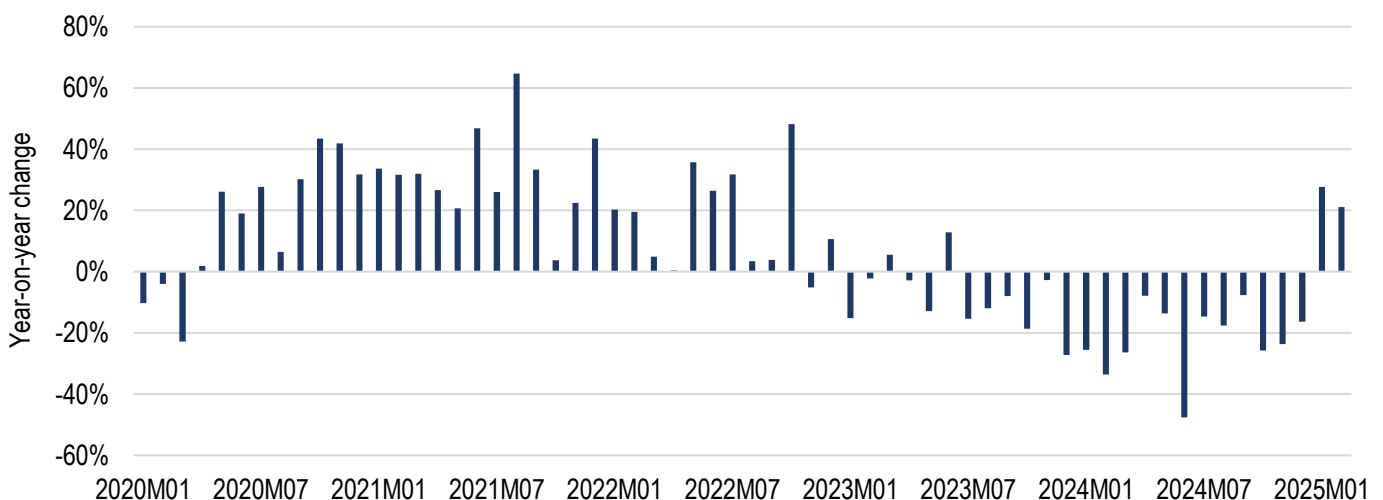
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SA agricultural machinery sales show signs of recovery

- South Africa's agricultural machinery sales are showing signs of recovery. For example, tractor sales increased for the second consecutive month, up 21% year-on-year in February 2025, with 638 units sold. This follows a 28% sales jump in January 2025. The combine harvesters' sales were up 6% year-on-year in February, with 19 units sold. The increase in sales reflects the positive sentiment in the sector about the harvest based on favourable weather conditions and the base effects.

- The weak performance in agricultural machinery sales in 2024 resulted from various factors. First, South Africa's agricultural sector had higher machinery sales between 2020 and 2023. Improved farmers' incomes supported higher sales due to ample harvest and higher commodity prices. Thus, there was bound to be some correction, leading to a moderation in sales in 2024.

- Second, after a few good agricultural years, we struggled with a mid-summer drought in the 2023-24 season, weighing on farmers' fortunes and worsening sales performance. Farmers were under financial pressure because of the crop losses. For example, the 2023-24 mid-summer drought has led to a 23% decline in South Africa's summer grains and oilseed production to 15,53 million tonnes. Lastly, the relatively higher interest rates for much of 2024 added to the financial pressures in the sector.

- In 2025, the interest rates have eased somewhat from last year's levels. The agricultural production conditions are favourable, pointing to a rebound in the field crop harvest and other subsectors. These dynamics will likely continue to support the tractors and combine harvesters' sales in 2025, especially if we consider that some farmers may again possibly start with machinery replacement.

Exhibit 1: South Africa's tractor sales

Source: South African Agricultural Machinery Association and Agbiz Research