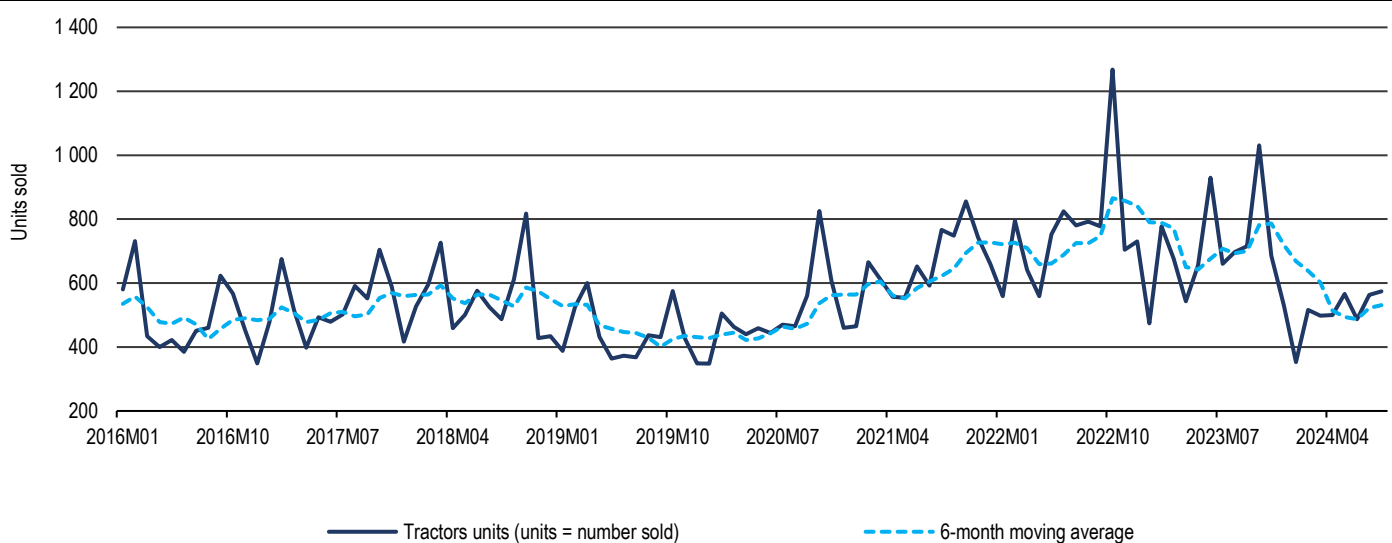


25 September 2024

SA's agricultural machinery sales remained weak in August 2024

- South Africa's tractor sales were down by 18% year-on-year in August 2024, with 574 units sold. The combine harvester sales are down by 79% year-on-year, with five units sold. These weak sales are unsurprising and in line with what we have been observing since the start of the year.
- We have long anticipated that there would be some correction after a long period of strong tractors and combine harvesters sales in South Africa. The replacement rate of new machinery was bound to slow. The sales of the past few years were a function of both years of ample grains and oilseed harvest, coinciding with high commodity prices and boosting farmers' incomes. For example, we have previously stated that South Africa's tractor sales for 2022 amounted to 9,181 units, up 17% year-on-year. This was the highest annual sales figure in the past 40 years. The combine harvesters also had an excellent performance of 373 units in 2022, up 38% year-on-year. This was the highest yearly sales figure since 1985. In 2023, the tractor sales were down marginally from the previous year, while the combine harvester sales held the prior year's momentum.
- This year, the correction in the market and weakened farmers' financial positions because of the poor crop impacted their machinery procurement decisions. South Africa's 2023/24 summer grains and oilseed harvest was hit by a harsh mid-summer drought, resulting in a 22% year-on-year decline to an expected harvest of 15,69 million tonnes. Furthermore, the higher interest rates have added pressure to farmers' finances.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research