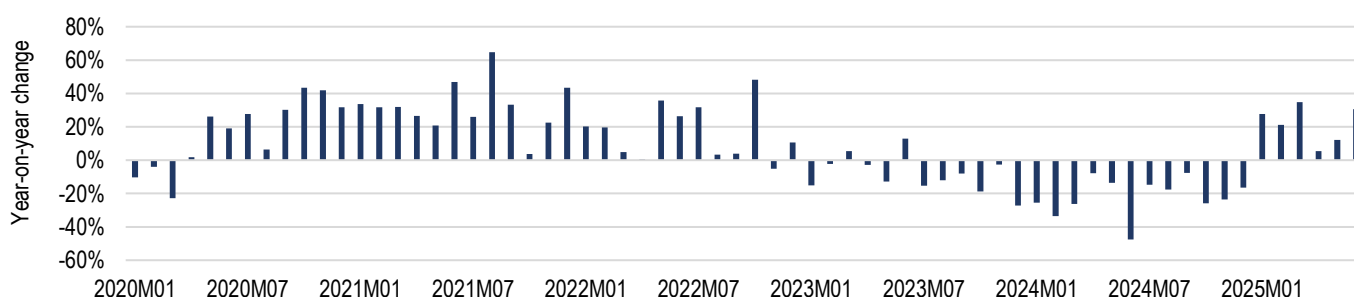


South African tractor sales remained solid in the first half of 2025

- We now have a complete picture of the first half of 2025, and tractor sales were robust throughout, reflecting the better agricultural conditions. The latest sales figures for June continued the positive trend that began at the start of the year. For example, tractor sales increased by 31% year-over-year in June 2025, with 636 units sold.¹ As with the previous months, the increase in tractor sales primarily reflects the positive sentiment in the sector regarding the 2024-25 crop and horticulture harvest, driven by favourable weather conditions and base effects following weak sales in 2024. Moreover, the summer crop is also recovering, with the Crop Estimates Committee forecasting South Africa's 2024-25 summer grain and oilseeds production at 18.43 million tonnes, 19% higher than the 2023-24 production season.
- If we reflect briefly on the past few years' performance, it is fair to say that the poor agricultural machinery sales performance in 2024 was primarily due to three major factors. First, South Africa's agricultural sector had higher machinery sales between 2020 and 2023. Improved farmers' incomes led to higher sales, driven by an ample harvest and rising commodity prices. Thus, there was bound to be some correction, leading to a moderation in sales in 2024. Second, we struggled with a mid-summer drought in the 2023-24 season, which impacted farmers' fortunes and negatively affected sales performance. Lastly, the relatively higher interest rates for much of 2024 added to the economic pressures on the sector, leading to poor sales.
- This year, however, things are different, as evidenced by the sales for the first half of the year. Interest rates have eased somewhat from last year's levels, although uncertainty remains about the path ahead, given the renewed risks to the global economy. Also, agricultural production conditions are favourable across most commodities. Also worth noting is that some farmers may start with machinery replacement in the coming months. All this will support the sales of tractors and combine harvesters.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research

¹ Disappointingly, after solid performance these past few months, the sales of combine harvesters fell by 38% year-over-year in June, with 13 units sold.