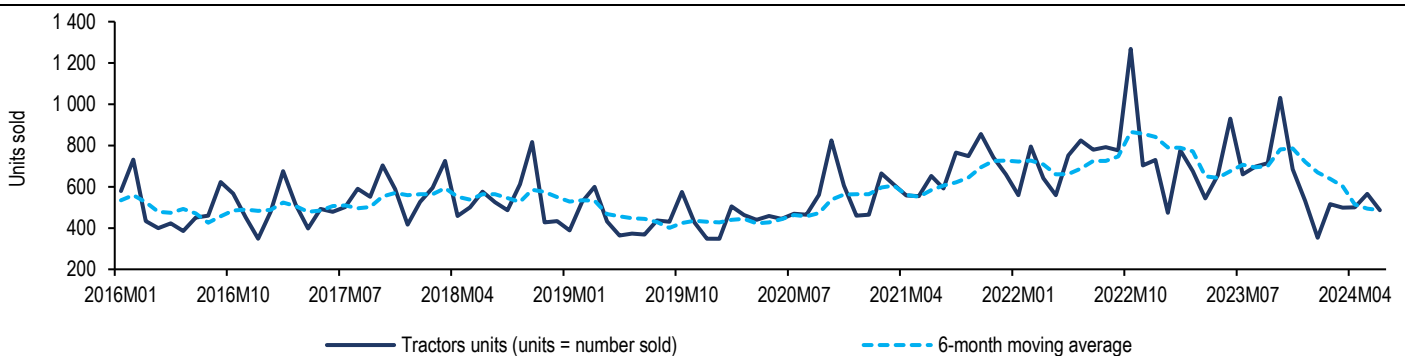


## South Africa's agricultural machinery sales were down in June 2024

- After a slight monthly uptick in May following the NAMPO harvest sales induced optimism, South Africa's agricultural machinery sales slowed notably in June 2024. Tractor sales are down 48% year-on-year, with 487 units. The combine harvester sales are down 67% year-on-year, with 21 units. Admittedly, this is unsurprising, and in line with muted sales we have observed since the start of the year, except for May's slight monthly uptick.
- As we have stated previously, the persistent decline in sales since the start of the year reflects the normalization of sales after a few years of robust activity. For example, 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. These past few years, solid machinery sales have been primarily supported by ample grain and oilseed harvests, when the prices of these commodities have also been favourable.
- But this year, the impact of the mid-summer drought on summer grain and oilseed has been severe, further weakening the farmers' financial position to procure machinery. South Africa's 2023/24 summer grains and oilseed harvest is estimated at 16,0 million tonnes, down 20% year-on-year.
- Beyond the historic strong sales and poor grain and oilseed harvest, the higher interest rates have added pressure to farmers' finances. Moreover, although various input costs, such as fertilizer and agrochemicals, have softened since 2023, the prices remain generally well above pre-COVID levels, further straining farmers' budgets.

### Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research