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SA's combine harvester sales at highest level since February 2015

South African farmers are gearing up for a big crop. This is reflected in the combine harvester sales, which reached 30 units in April 2017 - the highest monthly sales since February 2015. This uptick is on the back of an expected increase in activity during harvesting period and, to some extent, also a sign of improved financial conditions. Also worth noting is that the sales have been on the upward trend since the beginning of the year.

- Figures released this morning showed that South Africa's combine harvester sales were up 30% from the previous month and 43% from the corresponding period last year — with 30 units sold. This sales uptick mirrors the positive prospects of summer crop production. The overall summer crop production is estimated at 16.9 million tonnes, which is an 80% annual increase¹. The most notable increases are in maize and soybeans. Total maize production is estimated at 14.5 million tonnes, which is the second-biggest crop on record after 1980/81 season. Soybeans are set to be the biggest on record, estimated at 1.2 million tonnes.
- Meanwhile, the tractor sales declined by 23% from the previous months, with 398 units sold (see **Chart 1**). Moreover, this is 1% lower than the corresponding period last year, with winter crop planting season currently underway in the Western Cape province.
- Looking ahead, the volatile Rand against the US dollar, as well as high cost of servicing the farm debt remain key risks that could negatively affect the agricultural machinery purchases in the foreseeable future². The prospects of another El Niño weather event later this year also presents some risks to production.

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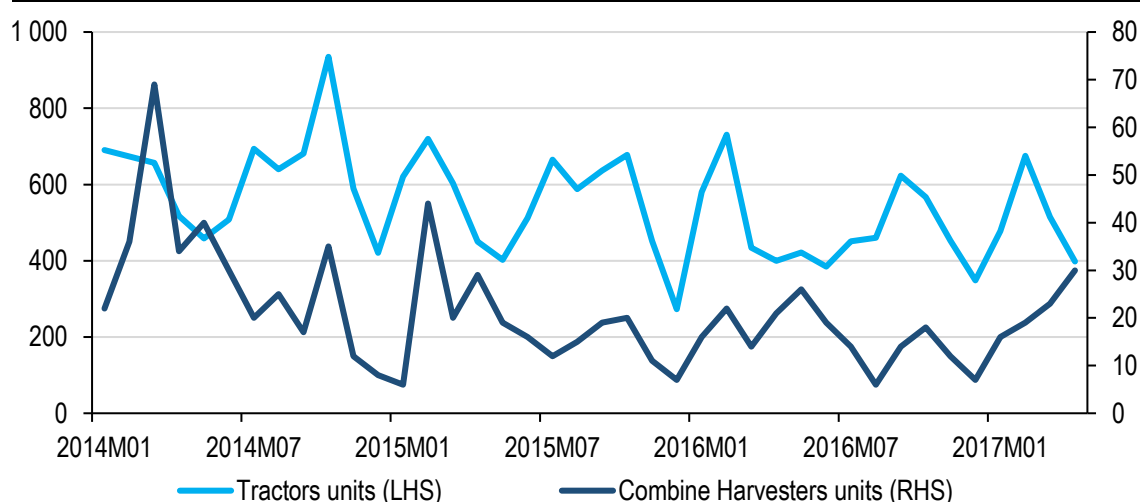


Chart 1: South African Agricultural Machinery sales

Source: SAAMA, Agbiz Research

Disclaimer:

Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information

¹ Summer crops represents maize, sunflower seed, soybean, groundnuts, sorghum and dry beans.

² In 2015 the total real farm debt was at R142 billion, which is a record level in a database starting from 1980.

