



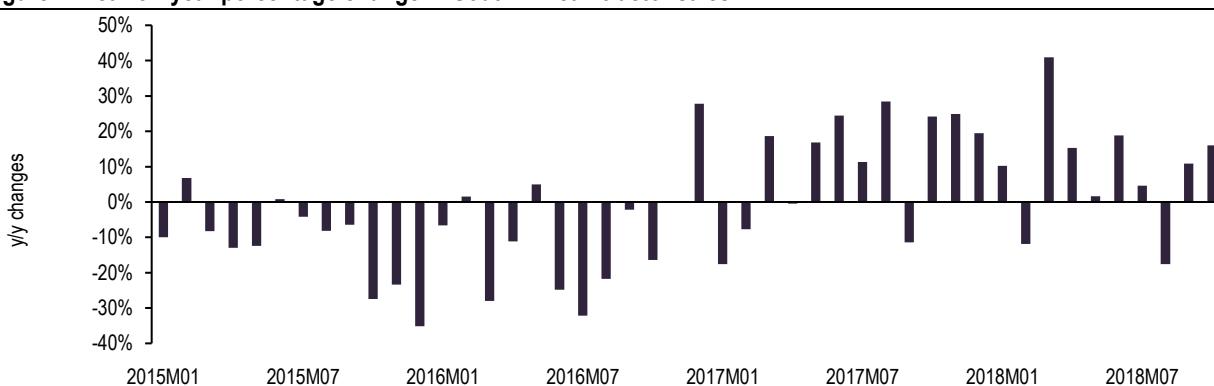
SA tractor sales reach highest level since October 2014

October is traditionally a good month for South African tractor sales as summer grain and oilseed farmers are typically preparing for the planting process. This year did not disappoint, the sales reached 817 units, which is highest levels since October 2014. South Africa's tractor sales for the first 10 months of this year amounted to 5 818 units, which is 9% higher than the corresponding period last year. The combine harvester sales also rebounded to 29 units in October 2018, which is double the previous month's sales. This was mainly underpinned by the ongoing winter crop harvest process.

- October 2018 tractor sales of 817 units (+16% y/y) far exceeded our expectations of 721 units, which would have been a 2% y/y increase (figure 1). Aside from the fact that October is at the start of the summer crop planting period with generally higher demand from farmers as they prepare for the new season, the fairly large machinery stock in the market might have also contributed to the increase in sales. Moreover, the tractor sales data support the recent farmer's planting intentions' figures, which showed that South African farmers intend to increase the area planting for summer grain and oilseed by 5% from 2017/18 season to 4.03 million hectares.
- The combine harvester sales more than doubled the previous month's volume and 45% higher than October 2017, with about 29 units sold. This was driven by the winter crop harvest process which is currently underway in barley, wheat and canola producing regions of the Western Cape. The combine harvester sales will most likely remain solid in the coming month as the winter crop harvest process is yet to start in other provinces.
- Overall, we are generally optimistic about the South African agricultural machinery sales performance in the near-to-medium term. But tractor sales could slow in the coming months as a large share of the purchases have already been made and planting activity will be completed by end of the year in most regions.

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Figure 1: Year-on-year percentage change in South African tractor sales



Source: SAAMA, Agbiz Research

Disclaimer: Everything has been done to ensure the accuracy of this information, however, AGBIZ takes no responsibility for any loss or damage incurred due to the usage of this information.