

SA agricultural machinery sales increased in 2018, but 2019 might show a decline

- South Africa's tractor sales were up by 4% y/y in December 2018, with 434 units sold. This came as a surprise for two reasons. First, a large part of the summer grain and oilseed-growing areas experienced dryness in the months leading to December which led to a delay in planting in the western areas of South Africa. Second, December 2018 had the highest sales figure for this particular month in a dataset starting from 2014, despite the fact that there were already robust sales in the preceding months, totalling 6 246 units, 4% higher than the first 11 months of 2017.**
- Total tractor sales for 2018 amounted to 6 680 units, up by 4% from the previous year. Although the annual uptick in tractor sales would typically signal the potential for an increase in production in the sector, the drier weather conditions in the past couple of months in the western Free State and North West have stalled the planting process, and that will potentially result in a decline in the intended area for 2018/19 production season, particularly maize (for more information on this, see [SA Agricultural Market Viewpoint](#), 14 January 2019).
- In terms of combine harvesters' sales, the year 2018 presented good performance. About 200 units were sold, up by 2% from 2017. This is partly on the back of a recovery in winter crops production. The most recent data from the Crop Estimate Committee suggest that South Africa's 2018/19 winter wheat production could reach 1.83 million tonnes, up by 19% from the previous season. In the same season, barley and canola production could amount to 401 840 tonnes and 103 950 tonnes, up by 31% and 11% from the 2017/18 production season.
- Overall, these figures signal that there was some optimism amongst farmers to invest in agricultural machinery in 2018, but that might not translate into an increase in grain and oilseed production, and therefore economic growth of the agricultural sector in the near term due to constraints posed by erratic weather conditions. Looking ahead, in the earlier part of 2019, we do not expect robust sales due to both generally reduced planting activity at this period of the year, as well as the fact that farmers' finances could be constrained in the drought-affected areas of the country.

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

