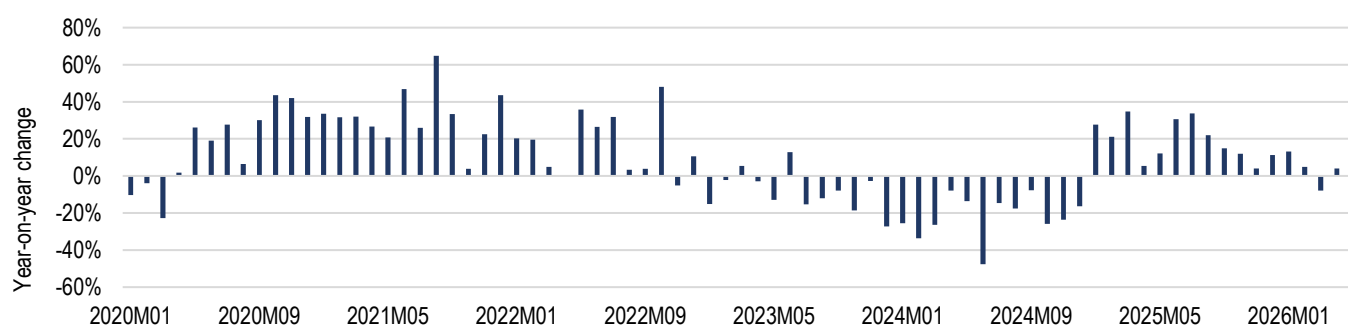


SA's tractor and combine harvester sales declined in May 2026

- After months of strong performance, South Africa's tractors and combine harvester sales fell in May 2026 due to a combination of factors, including uncertainty about the weather outlook heading into the 2026-27 season and elevated input costs driven by the war in the Middle East. The data released earlier by the South African Agricultural Machinery Association shows that tractor sales fell by 15% year-on-year in May 2026, with 542 units sold, and the combine harvester sales declined by 34%, with 27 units sold.
- This decline is unsurprising and may be a mark of a change in sales going forward. South Africa has had a good run, with strong tractor sales for much of 2025 and into the early months of 2026. There was always going to be some normalisation. The robust sales in recent months were driven by the ample harvest in the 2024-25 production season, particularly of grains and oilseeds, which supported farmers' incomes. The horticulture industry also performed well in that period, supporting farmers' incomes. The fact that the interest rates were also relatively low was another important boost to the sales.
- In the current 2025-26 production season, South Africa still has an ample harvest, with an expected record summer grain and oilseed harvest of 21.1 million tonnes, up 3% up year-on-year (y/y). This production figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. But this is unlikely to support future sales. The source of our concern is the ongoing war in the Middle East and the subsequent surge in fertiliser and fuel prices. These two inputs account for only about half of input costs in some field crops, and when prices surge, farmers feel financial strain. Moreover, forecasts of an El Niño in the season ahead will likely place additional strain on the farming sector, as farmers face lower commodity prices for harvested crops, specifically grains, oilseeds, and sugarcane.
- Overall, we worry about the path ahead for tractor and combine harvester sales. This year may mark a shift from the period of strong agricultural machinery sales we observed at the beginning of 2025.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research