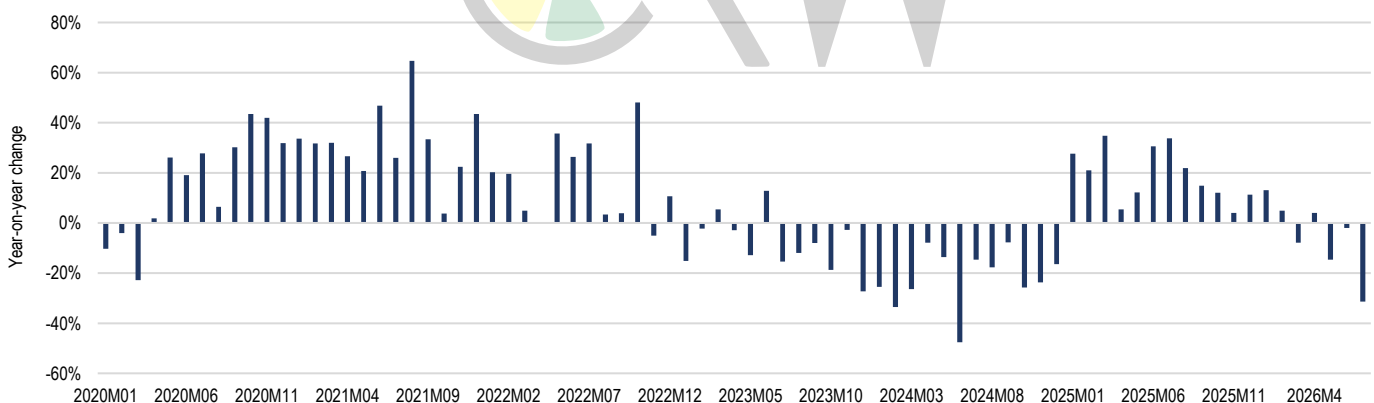


SA tractor sales continued to slow in July 2026, and the path ahead remains challenging

- The South African farming sector has slowed its tractor purchases. For a third consecutive month, tractor sales have continued to fall. The latest data from the South African Agricultural Machinery Association shows that tractor sales fell by 31% year-on-year (y/y) in July 2026, with 517 units sold. Higher input costs, driven by the U.S.-Iran war and the expected El Niño drought heading into the 2026-27 agricultural production season, are among the factors that have added to the decline in sales and the general pessimism in the sector. But at the core, this moment was going to happen following a long period of strong sales. There was going to be a cooling period where the rate of tractor replacement was going to slow. We think this coincides with the above factors that have dampened machinery sales.
- Indeed, for the near term, the agricultural conditions are favourable for the 2025-26 season. In fact, the Crop Estimates Committee forecasts the 2025-26 summer grain and oilseed harvest at 21.5 million tonnes, up 4% y/y. This ample harvest is on the back of the expansion of the area under cultivation and the high yields from favourable La Niña summer rains. For this reason, combine harvester sales have remained strong, up 83% y/y, with 11 units sold in July 2026. We also see generally good production of various fruits and vegetables for the current year.
- Ultimately, we think this year's tractor sales will remain decent, as the first part of the year was relatively strong. The challenge started closer to mid-year, when we saw some cooling. For the rest of the year and going into 2027, the expected drought will weigh on farmers' finances and ultimately the machinery sales. The fact that fertiliser and fuel prices are also high because of the Middle East instabilities also adds to the challenging sales prospects for the coming year and going into 2027.

Exhibit I: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research