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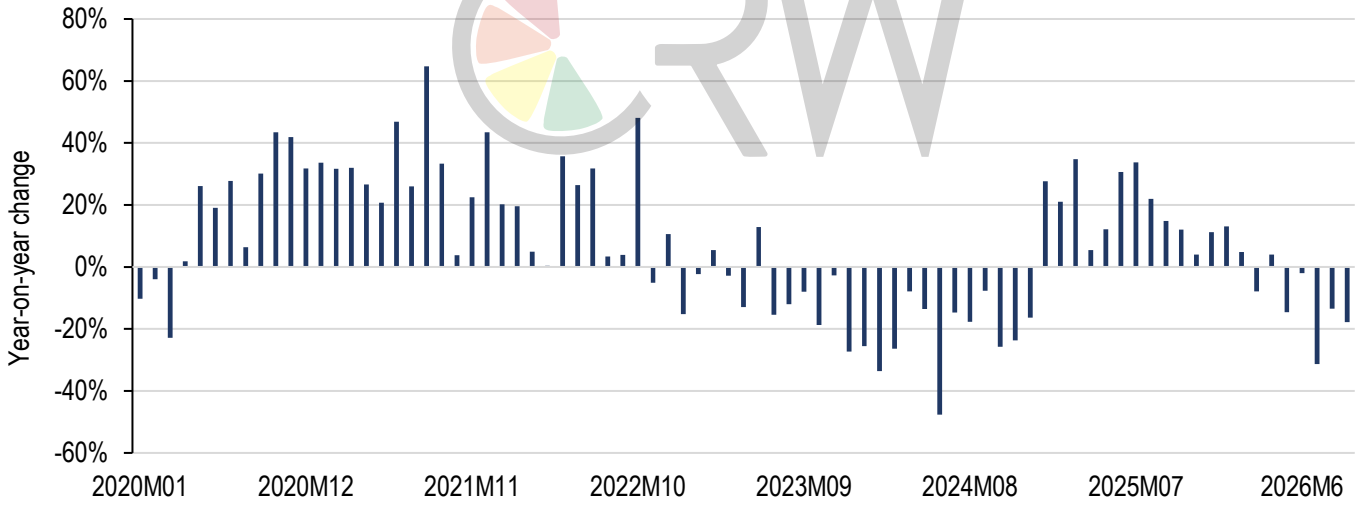
SA tractor sales remained sluggish in September 2026

- Like the previous months, we continue to observe some cooling in South African tractor sales. On an annual basis, tractor sales declined for the fifth consecutive month to 623 units in September 2026, down 18% from a year ago, according to recent data from the South African Agricultural Machinery Association. Higher input costs, driven by the U.S.-Iran war and the expected El Niño drought as we start the 2026-27 agricultural production season, continue to drive the sales decline. At its core, this moment came after a long period of strong sales, so a cooling period was expected, with the tractor replacement rate slowing, but not at the current rate. Positively, after a long period of weak sales, combine harvester sales nudged up in September 2026 to 12 units, a 50% increase from a year ago.

- For the season we are leaving behind, we were in a period of abundance, which some may have expected would continue to boost tractor sales. In fact, the Crop Estimates Committee now forecasts the 2025-26 summer grain and oilseed harvest at 21.7 million tonnes, up 6% y/y. This ample harvest is supported by expanded cultivated area and high yields from favourable La Niña summer rains. We see strong harvests also in fruits. Still, the challenges we have outlined above, and the likely drought, are the dominant factors as farmers start the 2026-27 summer crop season.

- In essence, 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. High fertiliser and fuel prices, driven by Middle East instability, further add pressure.

Exhibit 1: South Africa's tractor sales



Source: South African Agricultural Machinery Association and Agbiz Research

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