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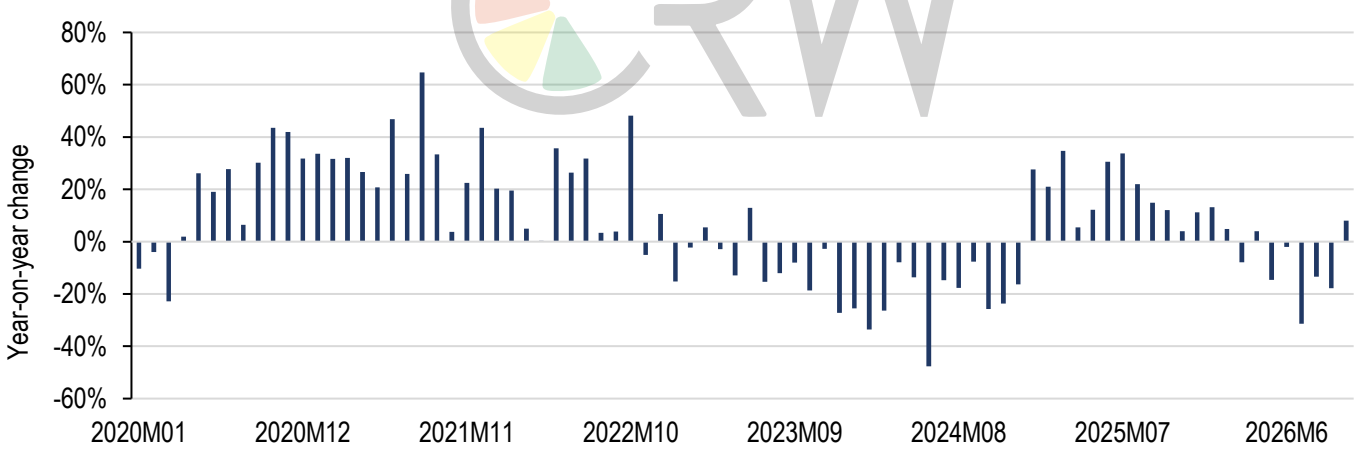
SA tractor and combine harvester sales ticked up in October 2026, but the increase may not last long

- After a few months of declining tractor sales, we are starting to see a slight pick-up. The data released this morning by the South African Agricultural Machinery Association shows that in October 2026, tractor sales were up 8% from a year ago, with 926 units sold. In the same month, the combine harvesters' sales were up 12% from October 2025, with 19 units sold. We aren't optimistic we can maintain these improvements. Specials from various machinery suppliers may have boosted some October 2026 sales. But the general agricultural environment remains quite challenging. The rise in farm input costs due to the ongoing U.S.-Iran war and the El Niño drought are the major challenges farmers and agribusinesses currently face. Thus, we view the uptick in October 2026 sales as an exception compared with what we could observe going into 2027.

- Still, our downbeat view is based on what we expect in the 2026-27 season, not the reflection of the season we are leaving behind. For the 2025-26 season that we are concluding, we were certainly 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 21.8 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.

- In essence, we think the October 2026 sales jump doesn't mirror what we could see in the months ahead. The El Niño 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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