



**competition commission**  
south africa

**Media Statement**

**For Immediate Release**

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**COMMISSION RELEASES LATEST ESSENTIAL FOOD PRICING MONITORING REPORT**

The latest edition of the Essential Food Pricing Monitoring (EFPM) Report released by the Competition Commission (Commission) today, 04 October 2024, continues tracking essential food prices throughout the value chains of selected essential food items. There are several positive signs of easing food cost pressures throughout the economy including the relaxation of loadshedding, the strengthening of the Rand against the US dollar, and decreasing fuel prices. These factors have been regularly cited as among the leading cost drivers that have kept food prices higher for longer. If these factors continue to ease, their importance on food prices should also subside, resulting in the reduction of food prices. However, the Commission has observed that prices remain high and are increasing at a rate that is unaffordable for low-income households.

In this context, the Commission's continued essential food price monitoring efforts support transparency regarding the margins earned by producers and retailers of products that include sunflower oil, brown bread, canned pilchards, and individually quick frozen (IQF) chicken. Our methodology is detailed in the report. This edition of the EFPM Report finds that easing cost pressures have been slow to translate into lower food prices in several essential food value chains:

- Despite lower farmgate prices for wheat, the producer price of brown bread increased over the period under review for this report.
- A steep decline in the average producer price of cooking oil has not translated into lower average retail prices for this essential food product. As a result, the producer-to-retail spread for cooking oil is now above the levels seen immediately before the onset of the war in Ukraine.
- The effects of the avian flu outbreak continue to be felt by consumers. The producer and retail prices for eggs remain considerably above pre-avian flu outbreak levels. However, retailers have not fully passed on the higher producer prices. This is likely because producers and not retailers carried the brunt cost of containing the outbreaks as well as any associated financial losses.

This report includes an analysis of financial market speculation, and the implications for prices in food markets. Financial market speculation is trading in financial instruments or derivatives for agricultural commodities in order to profit from a change in the value of the instrument instead of using that instrument to control for the risks of unfavourable price changes. In previous inflationary episodes, researchers associated with the United Nations and the International Food Policy Research Institute found that excessive financial market speculation led to increases in food commodity prices that did not reflect the supply and demand fundamentals in these markets. Recently, the United Nations Conference on Trade and Development (UNCTAD) observed that the largest global food commodity traders recorded large profit increases, possibly driven by their speculative activities and increasing integration throughout the food trade value chain.

The analysis in this edition of the EFPM Report assess whether the recent commodity prices levels and increases have been driven by an increase in speculation in the local market. The analysis does not find evidence that speculation drove up the prices of white maize, wheat, and sunflower seeds. Therefore, prices may be reflective of market fundamentals, rather than the effects of speculative trading. As an open economy, global prices are reflected in the local market. Accordingly, the tendency towards more speculative behaviour in global markets may filter into the local market. In light of the attention being paid to this topic by international actors, the Commission is looking to deepen its research and understanding of global commodity traders on global prices and their implications for the development of domestic and regional food markets particularly as trade expand their operations into other parts of the grain value chain.

The complete report can be accessed on the Commission's website at [https://www.compcom.co.za/wp-content/uploads/2024/10/EFPM-Report\\_Sept-2024.pdf](https://www.compcom.co.za/wp-content/uploads/2024/10/EFPM-Report_Sept-2024.pdf)

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**Issued by:**

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