



ESSENTIAL FOOD PRICE MONITORING REPORT

MARCH 2025



Introduction

1. The previous edition of the essential food price monitoring (EFPM) report pointed to several encouraging signs of easing cost pressures that would have restrained food price increases going forward. In this edition of the EFPM report, we observe that some of the prices of the foods we track have started falling, albeit modestly. This is a positive sign that, for some foods, production costs continue to ease, and producers and retailers are starting to adjust prices accordingly.
2. However, 2024 was a difficult year for South African maize farmers who had to contend with dry conditions at a crucial point in the growing season. The upward pricing pressure from the concomitant supply challenges has started to filter into maize meal producer and retail prices. Events such as droughts are regional and have cascading effects across value chain actors and export markets. This, in turn, means that their ultimate impact on prices is influenced by local conditions and those in our export partners.
3. The deep dive for this edition of the EFPM report explores supply and demand dynamics in the market for South African white maize in the 2024/25 maize marketing season. Our analysis suggests that demand factors, through higher exports and higher local processing, have been a neglected element in explaining the increase in white maize prices observed from the middle of 2024 until the end of January 2025.





Recent developments in essential food prices

4. The Commission has continued to monitor the price of essential food items identified by the public. These food items are sunflower oil, brown bread, eggs, IQF chicken and maize meal. We use the methodology summarised in Table 1 below and detailed in the previous editions of the EFPM Report.¹

¹ Essential food price monitoring September 2023

Disclaimer: The essential food price monitoring reports are research outputs prepared by the Commission. They are not intended to make inferences or accusations about violations of the provisions of the Competition Act by any firms or group of firms.

Table 1: Methodology for calculating farm values of selected essential foods.

PRODUCT		FARM VALUE CALCULATION
	White bread ¹	$(\text{SAFEX Wheat Price} / 80\% \text{ Extraction Rate}) / (\text{Loaves baked from 1 ton of wheat} = 1996)$
	Brown bread ¹	$(\text{SAFEX Wheat Price} / 87\% \text{ Extraction Rate}) / (\text{Loaves baked from 1 ton of wheat} = 2095)$
	Sunflower oil ²	$(\text{SAFEX Sunflower Seed Price} / 40\% \text{ Extraction Rate}) / \text{Liters of oil per ton of seeds} = 1087) \times (\text{Producer Quantity} = 20)$
	Maize meal ¹	$(\text{SAFEX White Maize Price} / 62.5\% \text{ Extraction Rate}) / (2.5 \text{ kg bags per ton of maize} = 400)$

Sources: 1) National Agricultural Marketing Council, Farm-to-retail-price-spread definitions, and methodology; 2) Bureau for Agricultural Policy, Sunflower Quality Report, 2020.

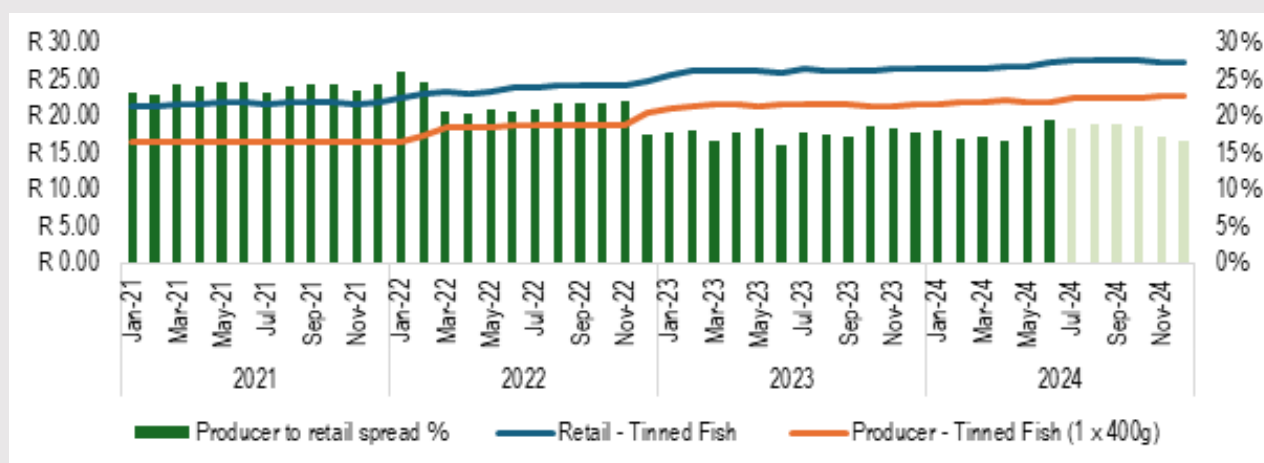
5. At the retail level, we analysed the aggregate spread between retail and producer prices. For our analysis, the spread is the percentage difference between the producer price of goods and the retail price.

$$\text{Retail spread} = \frac{(\text{Retail price} - \text{Producer price})}{\text{Retail price}}$$

6. The analysis of spreads is not intended to make inferences on anticompetitive conduct by individual firms whether acting alone or with competitors. Rather it is used to assess price

transmission through the value chain and show where spreads are expanding and falling. Spreads are influenced by the full range of actors and costs in the value chain and are not only reflective of firm behaviour. However, expanding margins can reflect opportunistic ‘rocket and feather’ pricing behaviour by processors and retailers taking advantage of movements in the cost of commodities and processed products respectively. We once again apply the Consumer’s International Early-Warning System detailed in the previous edition of the EFPM Report.²

Figure 1: Producer-to-retail spread of canned pilchards.



Source: Commission’s own using StatsSA

² The Early-Warning System analyses the monthly spread between prices is compared each month to the six-month average for the previous 6 months. If the spread is within a typical range (which we define as one standard deviation) we assign them a green indicator. However, where spreads rise by more than 1 standard deviation, we assign an orange indicator and for 2 or more standard deviations we assign a red indicator.

Canned pilchards

7. In the last 6 months, the producer-to-retail spread of canned pilchards has been on a downward trend going from 19% to 17%. This continues the trend of low and falling spreads for this important product. The decrease is the result of a decrease in retail prices from R 27.81 to R 27.46 from August to December 2024 along with an increase in producer prices from R 22.54 to R 22.84 during the same period. We highlighted the restraint shown by producers and retailers in their pricing behavior for this product in previous editions of the EFPM report. It is encouraging that it has continued.

Eggs

8. The prices of eggs remain appreciably higher than the long-term average. As previously discussed, the egg value chain was severely affected by the highly pathogenic avian-flu outbreak that occurred towards the end of 2023. A year later, prices have been slow to normalize. At the time of the outbreak, industry players predicted that flocks would normalize 17 months following the outbreak, which

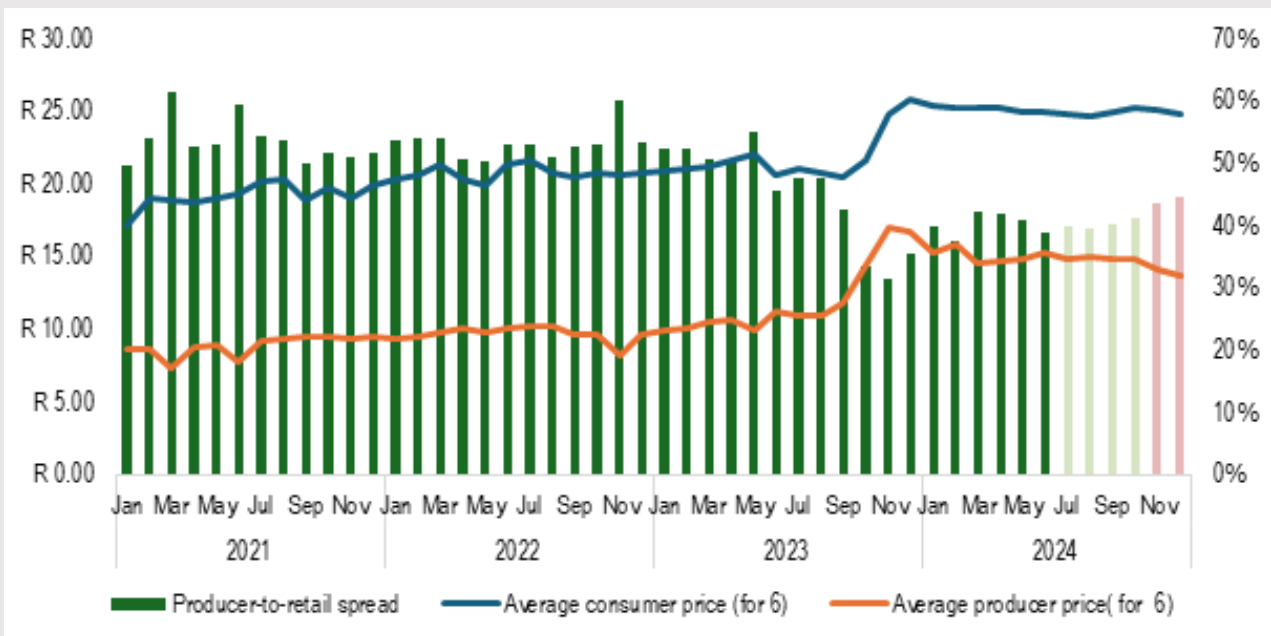
would be May 2025.³ The signs of the recovery are evident in the fact that egg producer prices are currently cheaper than they were in November 2023. This recovery was enabled by various private and public measures including biosecurity protocols and monitoring programs, imports of fertilized eggs, and tariff rebates.⁴

9. However, the producer-to-retail spread has widened recently, but remains below the levels from before the outbreak. This suggests that retailers have started trying to claw back their margins on eggs, which seems premature given that producer prices have not recovered fully.

IQF Chicken

10. The price of IQF chicken continues to be fairly restrained with modest increases coming through at the producer and retail level. Despite an orange indicator for the November and December 2024, the producer to retail spread remains less than 38% - suggesting that there has not been a material change in the pricing behavior of retailers and producers.

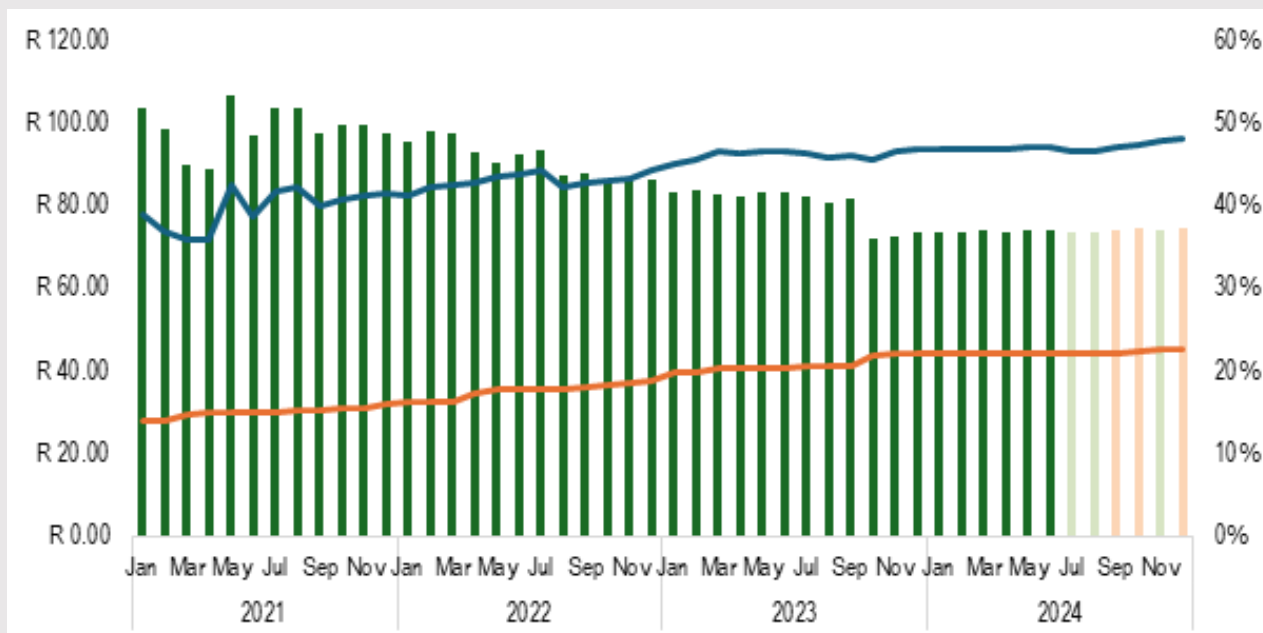
Figure 2: Producer to retail spread for eggs.



Source: Commission’s own using StatsSA

3 Linden, J. 2024. South Africa reports progress on recovery after avian flu outbreaks. Available online: <https://www.wattagnet.com/poultry-meat/diseases-health/avian-influenza/article/15705665/south-africa-report-progress-on-recovery-after-avian-flu-outbreaks#:~:text=At%20the%20peak%20of%20the,May%20of%202025%2C%20he%20said.>
 4 South African Reserve Bank. 2024. Quarterly Bulletin. Available online: <https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/boxes/2024/Box%201.pdf>

Figure 3: Producer-to-retail spread of IQF



Source: Commission's own using StatsSA

11. Major players in the poultry industry have experienced improvements in operations and profitability which were supported by favorable commodity and feed prices, easing loadshedding, and lower avian-flu related costs.⁵

Brown bread

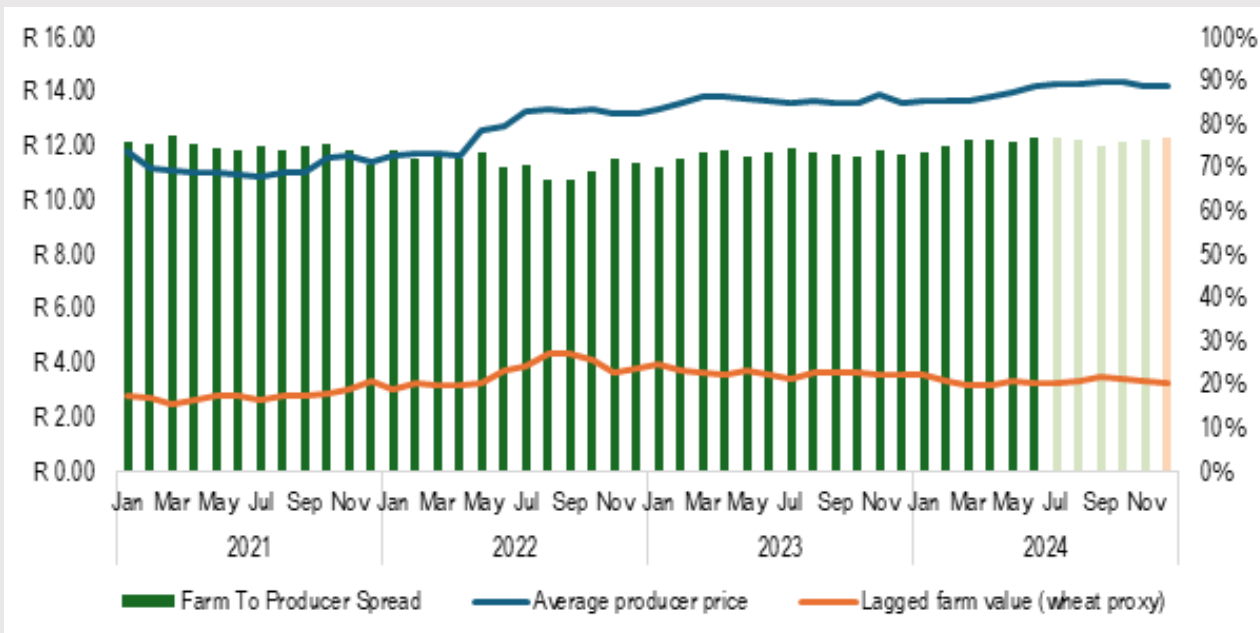
12. The farm to producer spread for brown bread increased from 75% to 77% from August 2024 to December 2024. This expansion comes as lower wheat prices did not translate to lower bread producer prices. The Commission has previously noted that the spread at this level of the value chain has expanded over time and is largely driven by higher producer prices that are slow to respond to changes in input costs. This may warrant proactive engagements (including analysis of the financial results of major players) to understand dynamics at this level.

13. By contrast to the producer level, spreads at the retail level show indications of long-term decrease. In the recent months, the spread has remained between 17 - 18% compared to early 2024 when it was closer to 20%. The decrease in the spread is largely due to lower average retail prices for brown bread.



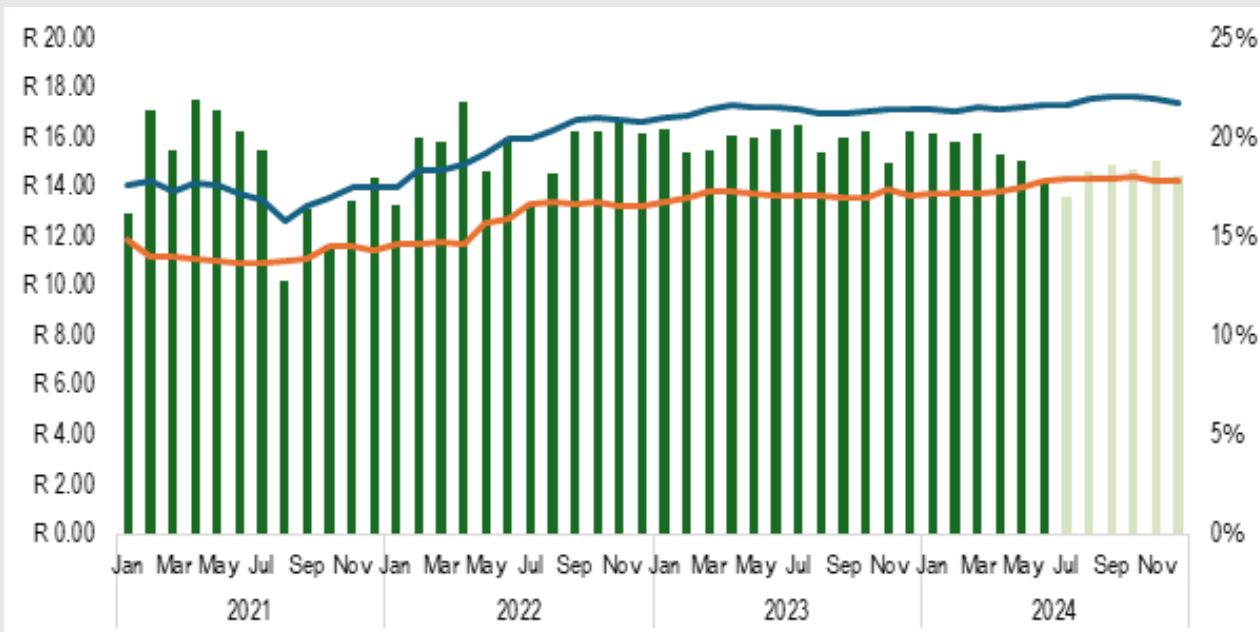
5 Neethling, B. 2025. Rainbow Chicken's cracking results. Available online: <https://dailyinvestor.com/business/76019/rainbow-chickens-cracking-results/>

Figure 4: Farm value-to-producer spread of brown bread.



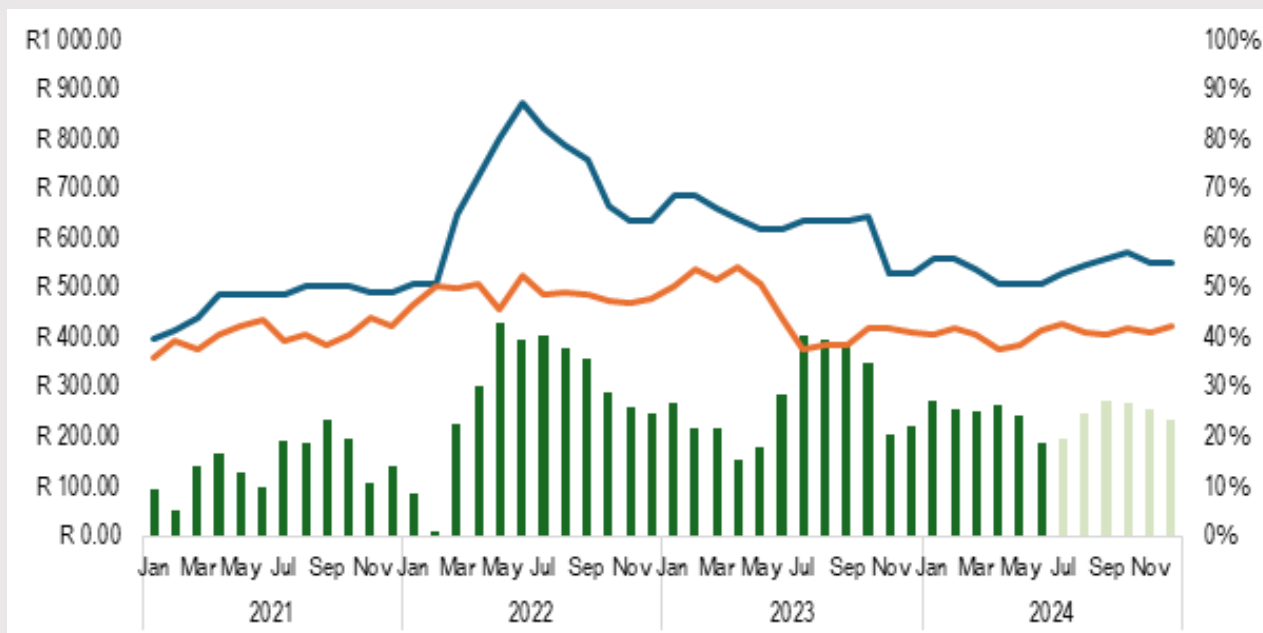
Source: Commission's own using StatsSA

Figure 5: Producer-to-retail spread of brown bread.



Source: Commission's own using StatsSA

Figure 6: Farm value to producer spread of cooking oil.



Source: Commission's own using StatsSA

Sunflower oil

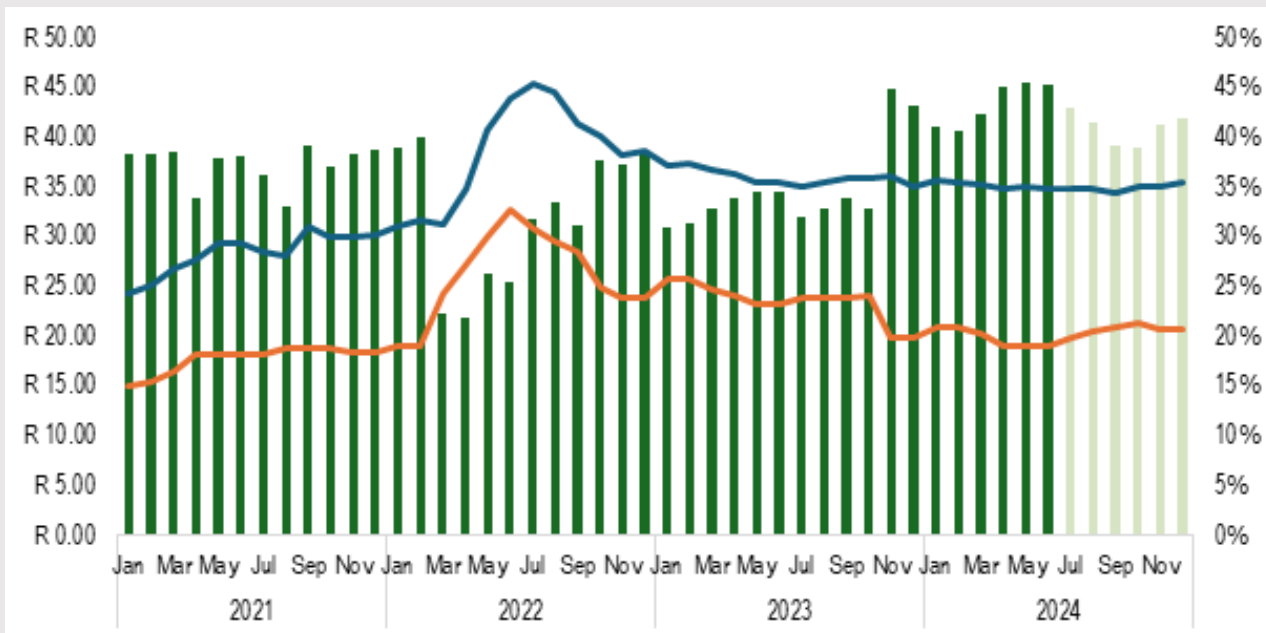
14. The farm value-to-producer spread of cooking oil fell from 27% to 23% from September to December 2024. This welcome change was caused by lower producer prices towards the end of 2024. Prior to these price reductions, the producer prices increased despite stable seed prices leading to higher spreads. In general, spreads look better at this level of the value chain for 2024 than they did in 2023 indicating better and more responsive price transmission.
15. The producer to retail spread of sunflower oil remains at its highest level since 2021. The average retail price for this important product is not responsive to lower average producer prices, which calls into question the behaviour of retailers with regards to sunflower oil. For example, a steep drop in producer prices in September 2023 did not translate into lower average retail prices in the following months resulting in a wider spreads above 39% where they have remained since. Recent producer price drops, albeit smaller, have similarly not resulted in lower retail prices. This may be suggestive of higher margins at the retail level.

Maize meal

16. The maize meal value chain has been under immense pressure flowing from the midsummer dryness experienced in February 2024. As we will detail in this edition's deep dive, this has had a disruptive effect on maize supplies in the country. From a pricing perspective, the upward trend that began in March 2024 continued for the rest of the year. However, higher white maize prices have not been fully transmitted to producer prices. Consequently, the farm value to producer price spread has narrowed to 20%, the lowest since November 2022.
17. So far, the higher white maize and maize meal producer prices have not translated into higher retail maize meal prices.⁶ The more stable average retail prices have resulted in the spread falling from 33% in September 2024 to 26% in December 2024. As we will discuss further in the next section, we are not out of the woods yet regarding white maize prices. The Commission will continue to monitor these prices in the coming months.

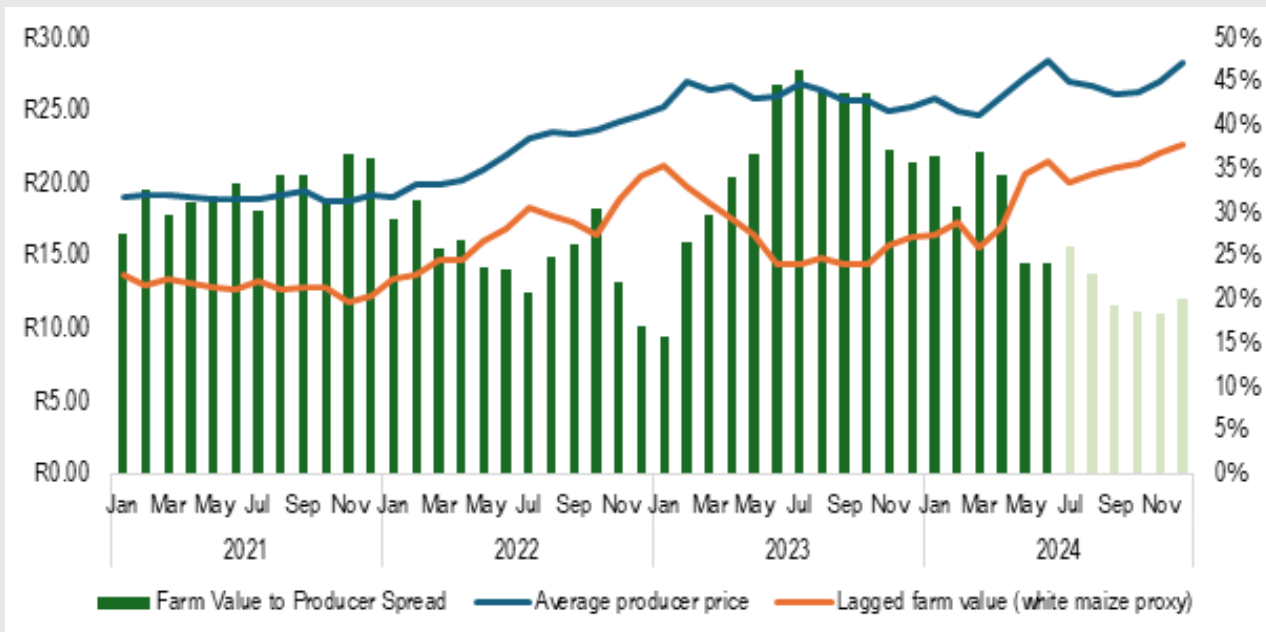
⁶ This is despite the assumption of a two-month lag in our methodology.

Figure 7: Producer-to-retail spread of cooking oil.



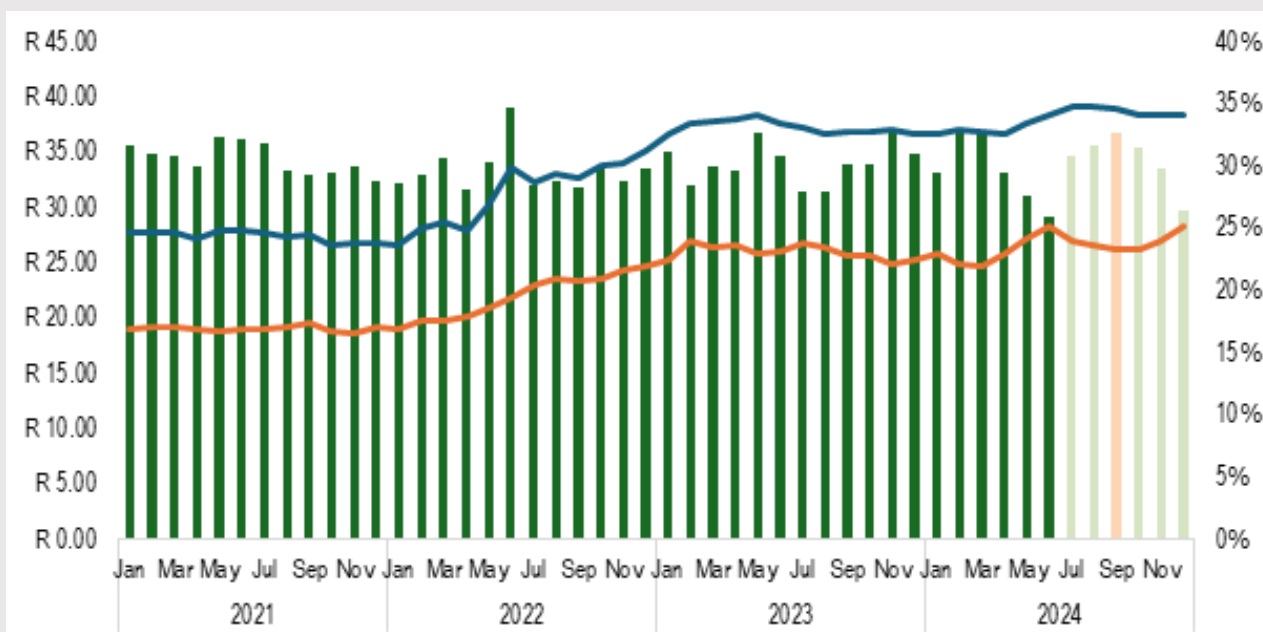
Source: Commission's own using StatsSA

Figure 8: Farm value to producer spread of maize meal.



Source: Commission's own using StatsSA

Figure 9: Producer to retail spread of maize meal.



Source: Commission's own using StatsSA

A dry white season.

18. In the previous edition of the EFPM report, the Commission indicated its desire to deepen its understanding of the global food commodity trade. We are particularly concerned with the market power of traders and other intermediaries and whether it could be used to drive prices away from the supply and demand fundamentals through speculative trading or market manipulation.

19. The 2024/25 maize marketing season has been particularly challenging for Southern Africa because of the midsummer dryness experienced in February - March 2024, a valuable time for the development of the next season's crops. The consequence has been white maize prices trading above import parity prices, compared to good seasons when prices are often at export parity levels.

19.1. The export parity price (EPP) is equivalent to the international market price *less* the transport costs required to get the product to the market. Export parity acts as the lower bound for price movements. In net exporting countries or periods of surplus production, prices fall to

this level as this is the point at which prices are globally competitive.⁷

19.2. The import parity price (IPP) is equivalent to the international market prices *plus* the other costs required to get the product into the local market. Import parity prices are the upper bound for price movements. In net importing countries or periods of production deficits, local prices will rise to this level. Beyond this point, it is cheaper for processors to import products rather than purchase them locally.⁸

20. In competitive commodity markets, which are free of trade barriers, manipulation or the exploitation of market power, commodity prices oscillate between export parity and import parity. As of the 2024/25 marketing season⁹ South African white maize prices have breached the import parity price and have remained above that level for several months. Based on the economic intuition described above, this should not be the case as South Africa is still in a surplus position for white maize, albeit a constrained one. There are no indications that this will change for the current season.

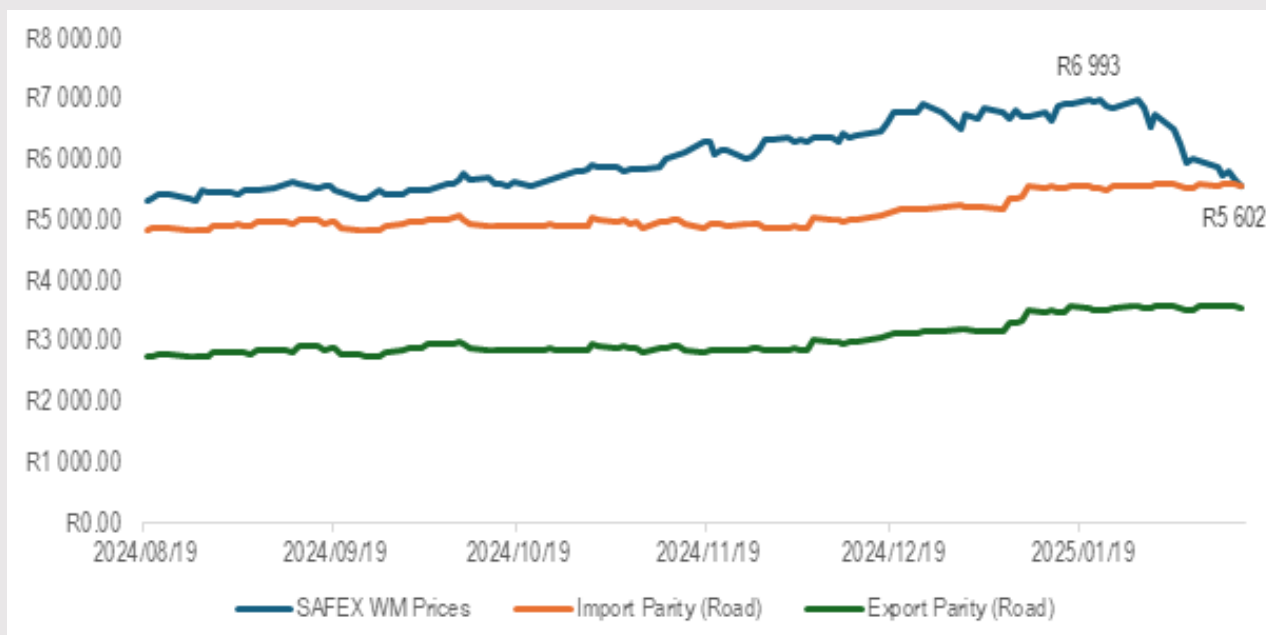
7 Maluleke, I. 2021. How the maize market function. Available online : <https://www.grainsa.co.za/how-the-maize-market-functions>

8 Maluleke, I. 2021. How the maize market function. Available online: <https://www.grainsa.co.za/how-the-maize-market-functions>

9 The marketing season runs from 1 May to 30 April in the following year.



Figure 10: SAFEX white maize and parity prices.



Source: Commission's own using GrainSA

21. Despite being an exceptional occurrence, prices that breach import parity are not inherently problematic. It is nonetheless important to have a proper understanding of the conditions that lead to those price levels. Various market features and failures could also contribute to prices shooting above import parity despite surplus production conditions. For a competition regulator, it is important to know whether the abuse of market power or collusive activity may have driven prices to those levels, or whether markets are inefficient including whether speculative trading moves the prices away from supply and demand fundamentals.

21.1. Market manipulation at the trading level could keep prices above the competitive level if traders collude to create an artificial shortage.¹⁰

21.2. As traversed in the previous edition of the EFPM report, speculative activity causing a spike in prices beyond fundamentals was alleged to be

the case during the food inflation episode in 2002. The JSE responded by instituting position limits on speculative trading to prevent activity of this kind.

21.3. Uncompetitive or inefficient transport markets could also raise the gap between export and import parity prices since they would inflate the cost of getting products in and out of the country.¹¹ South Africa's challenges with port inefficiency, road conditions and fuel costs are well documented and are also long-standing features of the market, which unfortunately pre-date the current season.

21.4. Trade restrictions and domestic policies also impede the functioning of cross-border markets in numerous ways depending on the nature of these measures.¹² South Africa's maize market is open, and the only restrictions would be those imposed by trading partners as part of their trade policy.

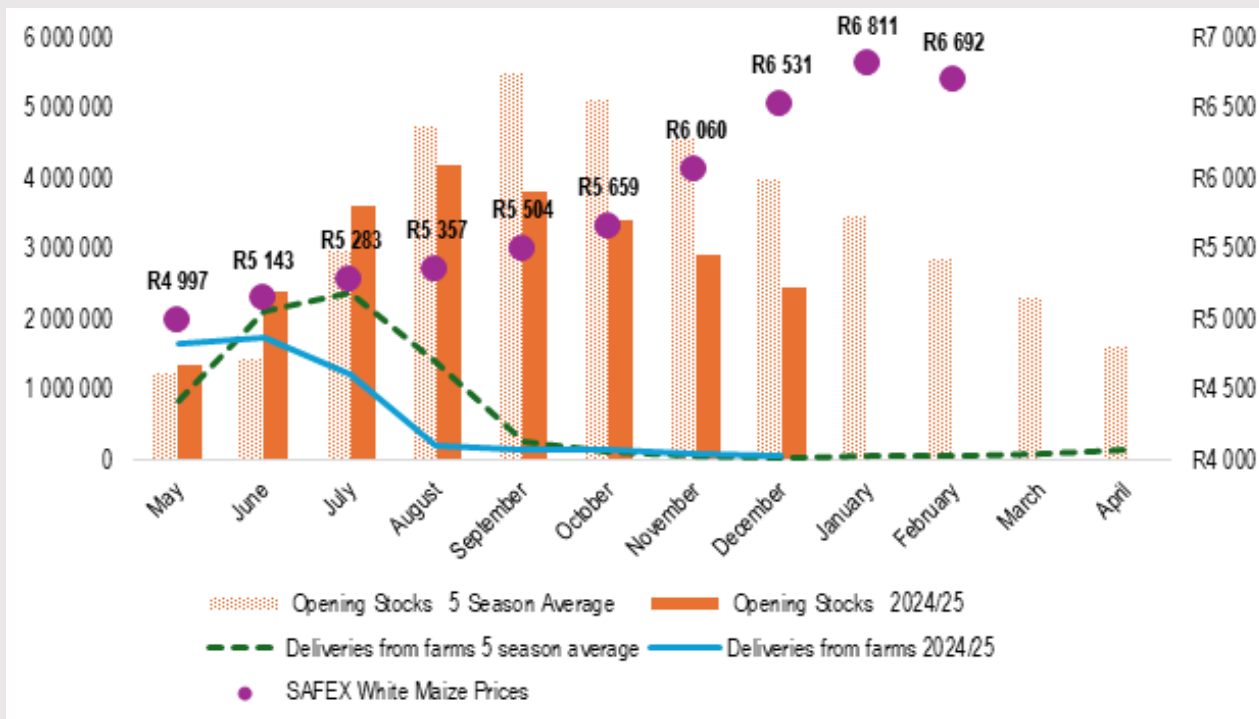
10 Nsomba, G. et al. 2022. Assessing agriculture & food markets in Eastern and Southern Africa: An agenda for regional competition enforcement. Available online: <https://ryan-hawthorne.squarespace.com/s/WP-Assessing-agriculture-food-markets-in-Eastern-and-Southern-Africa-an-agenda-for-regional-competit-fjwa.pdf>

11 Nsomba, G. et al. 2022. Assessing agriculture & food markets in Eastern and Southern Africa: An agenda for regional competition enforcement. Available online: <https://ryan-hawthorne.squarespace.com/s/WP-Assessing-agriculture-food-markets-in-Eastern-and-Southern-Africa-an-agenda-for-regional-competit-fjwa.pdf>

12 Nsomba, G. et al. 2022. Assessing agriculture & food markets in Eastern and Southern Africa: An agenda for regional competition enforcement. Available online: <https://ryan-hawthorne.squarespace.com/s/WP-Assessing-agriculture-food-markets-in-Eastern-and-Southern-Africa-an-agenda-for-regional-competit-fjwa.pdf>

- 21.5. South African maize processors have few outside options for white maize, since only Mexico cultivates this variety of maize. The United States is not a major exporter. The same, therefore, applies to South Africa's major maize trading partners, which must rely on the same small set of countries to meet their maize import needs, including relying on South Africa. Sudden changes in supply and demand, regionally, may cause higher prices.
22. Among South Africa's advantages in the agriculture sector is a well-developed data ecosystem. The South African Grain Information System (SAGIS) was established in 1997 following the deregulation of marketing and control boards to supply and demand the grain and oilseeds industry with important market information. This data allows market participants and consumers to track the supply of important grains as the season progresses. Market participants such as storers, processors, importers and exporters of grains and oilseeds are compelled by the Marketing Act of Agricultural Products (No. 47 of 1996) to register with SAGIS and to submit information. In this edition of the EFPM report, we use this information to understand the stock and trade dynamics that have played out in the white maize market as the 2024/25 season has progressed.
23. The Commission has always noted that food markets are highly dynamic and prone to severe supply shocks that may lead to supply constraints and higher prices. The extent of the price increase will depend on a range of factors, including whether processors and retailers choose price competition that benefit consumers. This EFPM deep dive answers the following questions for consumers of this staple food item:
- 23.1. How did the drought affect supply?
- 23.2. How did the drought affect our exports?
- 23.3. How did the drought affect maize meal production and pricing?
- 23.4. How will the drought affect maize prices in the future?
- How did the drought affect supply?**
24. At the beginning of each marketing season, there is already an amount of maize in storage that was not withdrawn before the end of the preceding season. The size of these opening stocks can act as a buffer against the effects of adverse conditions that could affect the next season's harvest – leftover stocks could help increase supply availability during a drought therefore supporting security of supply and constraining price increases.
25. In the opening months of the marketing season, the stock grows as farmers harvest and deliver their crops at silos throughout the country. Farmers prefer to harvest and deliver the crop as soon as possible to manage and transfer the risk of adverse events quickly. Further, the land needs to recover and be prepared for the next farming season. Therefore, most of the white maize harvested in South Africa is delivered to storage from May to August of each year, with little delivery taking place thereafter.
26. The first three months of the 2024/25 marketing season started off with a strong position in terms of opening stocks – in June, opening stocks were 66% higher than the average of the preceding five marketing seasons. However, this quickly changed as the impact of deliveries and withdrawals became evident:
- 26.1. Deliveries from farms in May 2024 were nearly double the average of the preceding five seasons, however, the trend quickly flipped in June with an 18% deficit that deepened to 49% and 84% in July and August.
- 26.2. From October to November, deliveries from farms were above average, but insufficient to change the overall deficit over the entire season, which set the stage for a surge in white maize prices.
27. The impact of the drought is clearly demonstrated by when stocks reach their highest level:
- 27.1. Stocks peaked in August 2024 as opposed to September 2024, which is when they typically are at their highest.
- 27.2. Furthermore, the August peak was 4.2 million tons compared to the five-season average of 5.5 million tons.
28. The relationship between stock levels, deliveries, and prices raises questions about the assimilation of information into prices. In the season's opening months, it was clear that there would be less white maize available to the market than usual. Yet, it was only between November and December when white maize surged above R 6000 per ton

Figure 11: Monthly opening stocks and deliveries for white maize.



Source: Commission’s own using South African Grain Information Service

where they have remained until the middle of February 2025. It is therefore doubtful that prices were the sole result of supply constraints. The role of demand – domestic and export – also needs to be accounted for.

average of 129 053 tons of white maize have been exported over the first 9 months of the marketing year. This highlights the depth of the drought and its impact on South Africa’s export partners in Southern Africa:

How did the drought affect our exports?

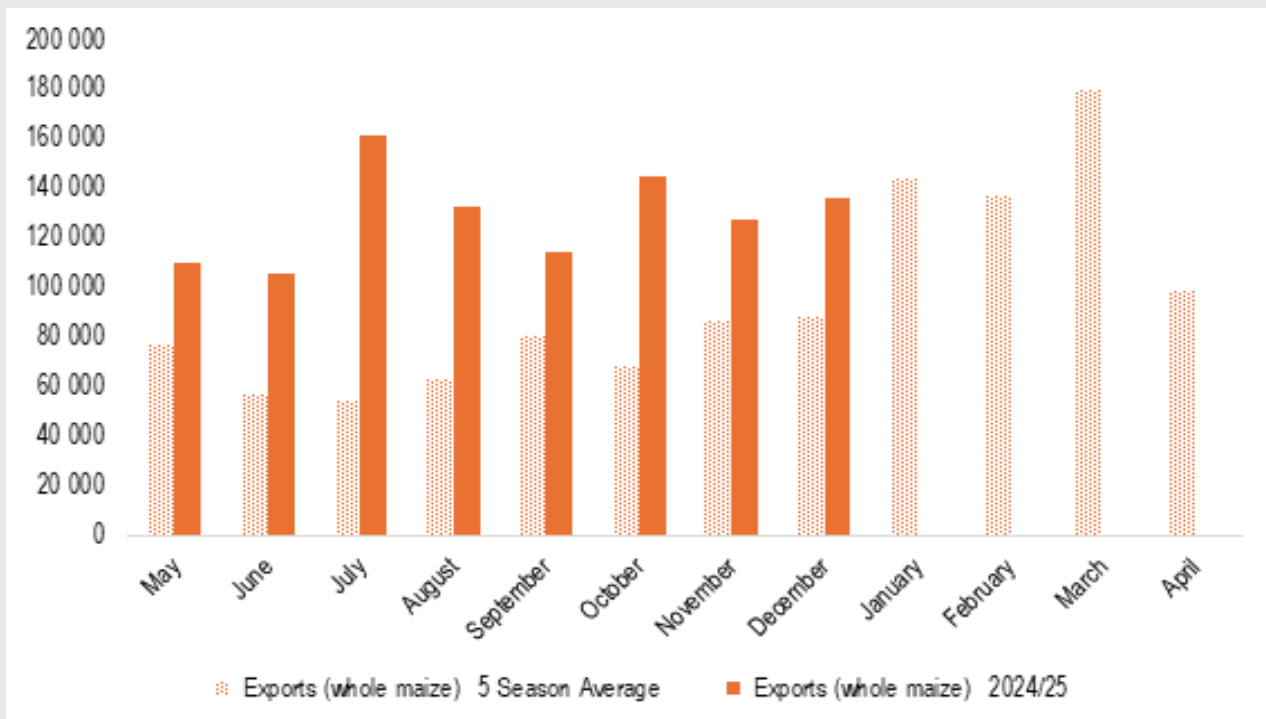
29. South Africa is a net exporter of white maize, which means that our production is more than our requirements, i.e., we produce more than we consume. Most of the exported maize is destined for our neighboring countries in Southern Africa. The mid-summer drought affected all of Southern Africa. For example, the Zambian white maize crop fell by nearly 50%.¹³ Zimbabwean white maize crop was 72% lower than the previous season.¹⁴ Other affected countries in the region included Malawi, Mozambique and our immediate neighbors Botswana, Lesotho, and Eswatini.

- 29.1.1. Most of South Africa’s maize exports are destined for Mozambique, which typically receives 40% of exported South African maize.
- 29.1.2. Eswatini also receives a constant amount of South African maize and there has not been a material increase in exports to Eswatini in the 2024/25 marketing year.
- 29.1.3. The profound impact of the drought on Zimbabwe can be seen by their increasing share of South African exports in the 2024/25 marketing year. Maize exports to Zimbabwe increased from 4 047 tons in May 2024, when the marketing year began to 14 431 tons in November 2024, the most maize Zimbabwe has imported since February 2021.

29.1. On average, South Africa has exported 94 397 tons of white maize for the last five marketing years. In the 2024/25 marketing season, an

13 Reuters, 2024. Zambia plans to import 650 000 tons white maize from Tanzania. Available online: https://www.timeslive.co.za/news/south-africa/2024-06-19-zambia-plans-to-import-650000-tons-white-maize-from-tanzania/#google_vignette
 14 Chingono, N. 2024. Zimbabwe’s maize output plunges 72%. Available online: <https://www.businesslive.co.za/bd/world/africa/2024-05-08-zimbabwes-maize-output-plunges-72/>

Figure 12: South African white maize exports.



Source: Commission's own using South African Grain Information Service

30. In the current 2024/25 season, exports started off considerably above average - suggesting that buyers in our export partners were prepared for the impacts of the drought - where they have remained for much of the marketing year. Notably, white maize exports rise as the marketing year progresses.
31. Typically, exports start off low and increase with the progression of the marketing season. This pattern suggests that exporting typically occurs after domestic demand is satisfied or when the relative supply situations between South Africa and its export partners has become clearer.
32. The expectation of even higher exports may have served as the blue touch paper that resulted in the dramatic increase in white maize prices from October onwards. This is when maize exports typically take off and yet they were already above average in the current season. As such, concerns about the ability to meet higher export demands during the peak export period may explain the higher white maize prices seen from October to date.

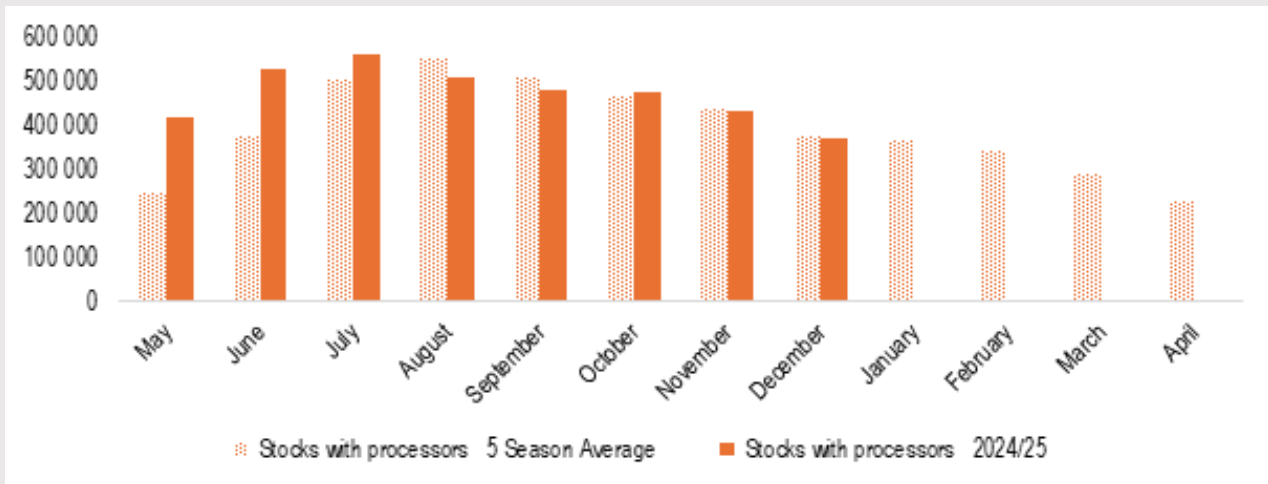
33. The drought, in addition to depressing supply throughout Southern Africa, has stimulated demand for South Africa's white maize crop. This export demand has occurred while domestic demand, as shown below, has remained strong and potentially higher than average. The analysis confirms the regionalised impacts of climate change and extreme weather events. Because of this regional impact, regional market power and market failures could exacerbate the impacts of climate change related events on food prices throughout the value chain both locally and in our export markets.

How did the drought affect maize meal production and pricing in South Africa?

34. Stock levels held by processors have implications for consumers. If pricing is based on actually incurred production costs rather than some other methodology - the prevailing maize meal prices in the 2024 marketing season should have been based on the prices of white maize purchases at the end of the 2023/24 and not those incurred during the 2024/25 season.



Figure 13: White maize stocks held by processors.



Source: Commission's own using South African Grain Information Service

35. One of the distinguishing production-related features of the current season from the preceding ones is the suspension of loadshedding, a development that may have spurred higher manufacturing activity and lower production stocks. The higher opening stocks held by processors at the beginning of the 2024/25 season may have also stimulated higher processing to process the maize before it is unfit for processing.

36. Overall, we observe that higher white maize costs in the context of the drought have not altered maize demand by processors and therefore have not affected the consumer market for maize meal in South Africa.

36.1. As Figure 14 shows, super maize meal production has outstripped the five season average by a considerable margin in the 2024/25 season – production has, on average, been 11% higher than the average of the preceding five seasons.

36.2. It is also evident that production levels or supply into the retail market may be the dominant force that determines prices further down the value chain with input costs playing a secondary role; in the months where super maize meal production was the highest prices were lower and falling despite rising white maize prices.

36.3. This observation calls into question the completeness of the reasons that are often

given to inquisitive consumers, activists, and regulators for higher food prices. Focusing only on input costs as a price driver is clearly insufficient for developing a complete understanding of prices in downstream markets.

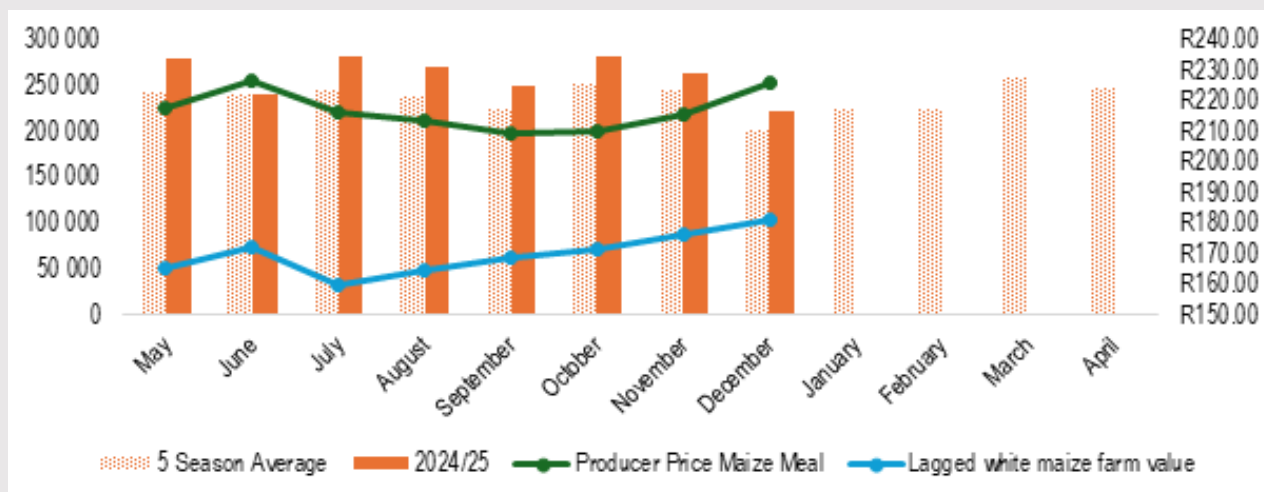
What does the future hold for maize prices?

37. Maize meal is a staple product and many consumers do not consider other grains or starch products as viable alternatives. Therefore, they are unlikely to shift their consumption to other products, even when prices are rising. This feature of maize meal consumption is an additional source of market power for maize processors that is enforced by the structural features of the market such as high barriers to entry and economies of scale. Future pricing developments will have a significant impact on South African households.

38. As February has progressed, white maize prices have fallen dramatically from close to R6 998 per ton (28 January 2025) to R 5 660 per ton (19 February 2025) – only marginally above import parity. Market sentiment about white maize seems to have changed dramatically. The answer to what has driven this change is not immediately obvious:

38.1. The supply and demand estimates for the current season still show that supply is constrained with the National Agricultural Marketing Council (NAMC) estimating that closing stocks will be 324 284 tons at the end of the 2024/25

Figure 14: Super maize meal production and producer prices.



Source: Commission's own using South African Grain Information Service

marketing season.¹⁵ The previous season closed at 1 346 876. The crop estimates released by the Crop Estimates Committee changed by a modest 0.8% between the November and February meetings, the picture of the future has not changed.¹⁶ It is therefore unlikely that the reversal comes from greater confidence about local market fundamentals for the current season.

38.2. Perhaps prices in February 2025 have become forward-looking, shifting their orientation to the coming season. The preliminary area planted for white maize has increased by 2.89% compared to the previous production season.¹⁷ However, there is still uncertainty about variations in crop quality, the impact of drier conditions early in the season, and outlook for crops planted later in the season.¹⁸

39. While SAFEX prices are showing encouraging signs, it is important to note that farmers have different marketing channels available to them, which muddy the picture slightly in terms of how producer and retail prices may develop going forward:

39.1. SAFEX reflects prices that form through instruments traded on a formal exchange and therefore transparently affect supply and demand and price levels.

39.2. OTC trades are concluded between parties and are not facilitated by formal exchange. Rather, these trades flow through dealer networks.

39.3. Some millers may prefer to enter into long-term contract farming agreements with farmers, particularly if they have extremely specific and tailored requirements.

40. In the 2024 Trade and Development Report, the United Nations Conference on Trade and Development noted that (UNCTAD) noted that OTC trades conferred an unfair competitive advantage to large traders as, unlike trading on exchanges, there is a trade data reporting delay. This delay "not only impedes price discovery but makes it harder for exporters and importers to manage price risks and investment."¹⁹ Locally, industry commentators have also called for

15 National Agricultural Marketing Council. 2025. South African Supply and Demand Estimates | January 2025. Available online: <https://www.namc.co.za/wp-content/uploads/2025/01/Final-January-2025-SASDE-report.-31-Jan-2025-002.pdf>

16 Crop Estimate Committee. 2025. FINAL AREA PLANTED AND CROP PRODUCTION FIGURES OF COMMERCIAL MAIZE, SUNFLOWER SEED, SOYBEANS, GROUNDNUTS AND SORGHUM FOR 2024. Available online: <https://www.sagis.org.za/CEC-Feb-2025a.doc>

17 Crop Estimates Committee. 2025. SUMMER CROPS - PRELIMINARY AREA PLANTED ESTIMATE: 2025. Available online: <https://www.sagis.org.za/CEC-Jan-2025.doc>

18 ABSA. 2025. Agri Trends: Grains and Oilseed Report. Available online:

19 UNCTAD. 2023. Chapter III: Food Commodities, Corporate Profiteering and Crises: Revisiting the International Regulatory Agenda. Available online : https://unctad.org/system/files/official-document/tdr2023ch3_en.pdf

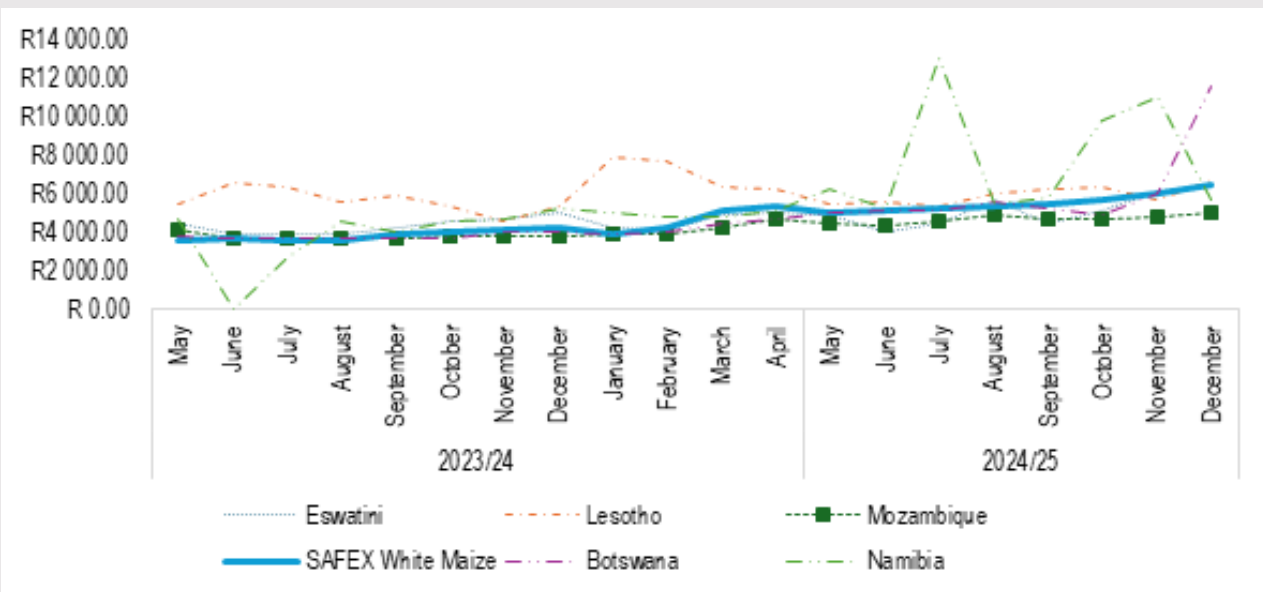
market participants to report their activity quickly so that it can be reflected in market prices.²⁰

- 41. Understanding the role of OTC markets / trades in the domestic sector is an important line of inquiry for future research, especially since it has been hypothesized that SAFEX prices may not be accurate owing to direct contracts between farmers and processors.²¹ The price differences that these contracts could lead to are evidenced in the figure below.
- 42. It is interesting to note that export prices for maize to Southern Africa’s export partners are considerably different from the local white maize price. Comparing the SAFEX white maize to our major exports shows the differing price levels that alternative marketing methods such as forward contracting or contract buying may cause. For example, export prices to Mozambique are lower

than SAFEX prices while those to Lesotho have been higher. Not only are they priced at materially distinct levels, but they also appear to be more volatile. For example, white maize export prices to Namibia increased from R5 295 in June 2024 to R 13 051 in July and then fell to R 5 456 in August 2024.²²

- 43. We note that these differences do not necessarily imply that there has been unfair, exploitative, or manipulative conduct in the export markets. However, it may not always be appropriate to use SAFEX prices as pricing benchmarks between farmers, traders, and processors. As such, it is important for more research to be conducted on the use of alternative marketing channels for food commodities within South Africa to understand the ultimate impact on food prices and food security.

Figure 15: Export prices to South Africa’s major maize export markets compared to SAFEX white maize



Source: Commission’s own using South African Revenue Service. Notes: We used trade data for tariff line 1005.90.10 (Dried kernels or grains fit for human consumption, not further prepared, or processed and not packaged as seeds (excluding popcorn (*Zea mays everta*))). To aid in comparability with the SAFEX price, we have only included export shipments greater than or equal to one hundred tons, which is the quantity specified for the white maize contract.

20 Sihlobo, W. 2024. South African white maize prices may remain high for some time. Here is why and the implications for consumers. Available online: <https://wandilesihlobo.com/2025/01/04/south-african-white-maize-prices-may-remain-high-for-some-time-here-is-why-and-the-implications-for-consumers/>

21 National Agricultural Marketing Council. 2009. The functioning of the agricultural futures market for grains and oilseeds in the light of concerns expressed by GrainSA. Available online : <https://www.namc.co.za/wp-content/uploads/2017/09/Functioning-of-the-Agricultural-Futures-Market-in-South-Africa.pdf>

22 These are product prices that do not account for tariffs and transportation costs.

Conclusion

45. Our EFPM monitoring indicates that consumers are slowly feeling the benefits of easing cost pressures throughout the economy. Nevertheless, monitoring remains necessary to ensure that as costs decline upstream, those are passed through quickly and proportionately to retailers and subsequently consumers. This transparency is necessary to deter profiteering which is typically enabled by a lack of information. Naturally, new risks emerge that may reverse cost reductions such as the recent African armyworm infestation in Gauteng, Mpumalanga and Limpopo and potential avian flu contagion from the Northern Hemisphere.²³
46. The summer of 2024 was notable as being the hottest on record.²⁴ Prior to that, the hottest summer on record was 2023.²⁵ The world experienced record temperatures in January 2025 despite being in La Nina.²⁶ As climate change continues to be a serious threat to food security throughout the world, the functioning of regional food markets is becoming increasingly important.
47. Climate change has changed the context in which prices are formed in the market. Whereas seasons of plenty were punctuated by periodic seasons of lack, we now must contend with fewer seasons of plenty and more seasons of lack. Under these conditions, accurate and timeous information has become more valuable than before. Timeous transmission of information can ensure markets work better and minimise disruptive events in food value chains. On the other hand, information could be hoarded by large market players to their advantage while harming the rest of society through higher commodity market prices that diverge from market fundamentals. Ensuring OTC trades are reported timeously to the benefit of price discovery on commodity markets is therefore essential.
48. The Commission is committed to continuing its monitoring and research agenda in understanding the functioning of food and agriculture markets and advocating for pro-competitive measures that enhance their resilience to support food security.

23 Kreil, G. 2025. Vaccination urgently needed to avert bird flu crisis. Available online : <https://www.farmersweekly.co.za/agri-news/south-africa/vaccination-urgently-needed-to-avert-bird-flu-crisis/> ; Mncwango, S. 2025. African armyworm detected on farms in three provinces. Available online: <https://www.farmersweekly.co.za/agri-news/south-africa/african-armyworm-detected-on-farms-in-three-provinces/>

24 National Centres for Environmental Information. 2025. 2024 was warmest year in the modern record for the globe. Available online: [https://www.climate.gov/news-features/featured-images/2024-was-warmest-year-modern-record-globe#:~:text=In%202024%2C%20global%20surface%20temperature,F%20\(0.10%C2%B0C\).](https://www.climate.gov/news-features/featured-images/2024-was-warmest-year-modern-record-globe#:~:text=In%202024%2C%20global%20surface%20temperature,F%20(0.10%C2%B0C).)

25 National Centres for Environmental Information. 2025. 2024 was warmest year in the modern record for the globe. Available online: [https://www.climate.gov/news-features/featured-images/2024-was-warmest-year-modern-record-globe#:~:text=In%202024%2C%20global%20surface%20temperature,F%20\(0.10%C2%B0C\).](https://www.climate.gov/news-features/featured-images/2024-was-warmest-year-modern-record-globe#:~:text=In%202024%2C%20global%20surface%20temperature,F%20(0.10%C2%B0C).)

26 World Meteorological Institute. 2025. January 2025 sees record global temperatures despite La Niña. Available online: <https://wmo.int/media/news/january-2025-sees-record-global-temperatures-despite-la-nina#:~:text=The%20world%20just%20had%20its,National%20Oceanic%20and%20Atmospheric%20Administration.>

