

Market abuse is increasing the cost of food - and putti...

Published: January 13, 2026, 12:33 pm

Markets can be of great benefit. That's true of futures markets as well as the more common and garden variety. Futures market can reduce risk in the production of essential commodities like foodstuffs and that can encourage supply. In a hungry world I welcome that.

But markets can also be abused. [As the FT reports:](#)

The world's top sugar traders have attacked "parasitic" computer traders, criticising the New York-based exchange that hosts the main sugar futures contract for failing to clamp down on their activities.

In a strongly worded letter to the ICE Futures US exchange, the chairman of the World Sugar Committee, the industry body that represents the big traders, said the presence of new high-frequency speculative funds "only serves to enrich themselves at the expense of the traditional market users".

The letter is likely to provide ammunition to politicians seeking to clamp down on speculative activity in commodities. President Nicolas Sarkozy has put agricultural commodities regulation at the centre of the [French presidency of the Group of 20](#).

The message is unambiguous: those who are undertaking these trades are abusing the market. They have no intention of taking supply of sugar, or onward supplying it. They are simply price arbitraging for speculative gain. And that is both undermining the real market and increasing prices due to the application of excess liquidity to this activity.

Yes, there can be excess liquidity. And free markets can result in abuse and inappropriate outcomes.

That's why regulation is such a good thing. It lets fair markets operate. And fair markets are what we need. Without them people will be priced out of food, and the consequences are all too obvious to require spelling out.