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Fuel Snapshot

February 2026

Overview

The Ministry of Industries, Mines and Energy has announced that Namibian fuel pump prices **will decrease for February 2026, effective from 04 February 2026. Petrol prices will decrease by N$1.00 (100 cents), while both diesel variants will decrease by N$0.50 (50 cents).** This adjustment follows a period of recorded over -recoveries across all fuel variants.

GLOBAL OIL MARKET DYNAMICS

Brent spot prices rose sharply in January 2026 before reversing at the start of February, demonstrating how geopolitical risk temporarily dominated underlying market fundamentals. Prices opened the year around **USD 60.7 per barrel** and traded in a narrow range of **USD 60–63** in early January, reflecting weak seasonal demand and expectations of ample supply later in the year.

From mid-January, prices trended upward as U.S. rhetoric toward Iran intensified. Heightened threats of military action and tighter enforcement of sanctions raised the geopolitical risk premium, pushing Brent above **USD 65 per barrel** by mid-month and nearing **USD 70 per barrel** on 29–30 January. This rally occurred despite a **fundamentally bearish market**, as global oil supply increased while demand remained subdued, highlighting that risk sentiment, rather than physical market tightness, drove spot prices.

Overall, January's movements illustrate a market in which geopolitical developments temporarily overshadowed a surplus-driven outlook. As tensions eased, Brent prices adjusted lower, returning focus to global supply and weak demand, reinforcing expectations of downward pressure toward the end of 2026.

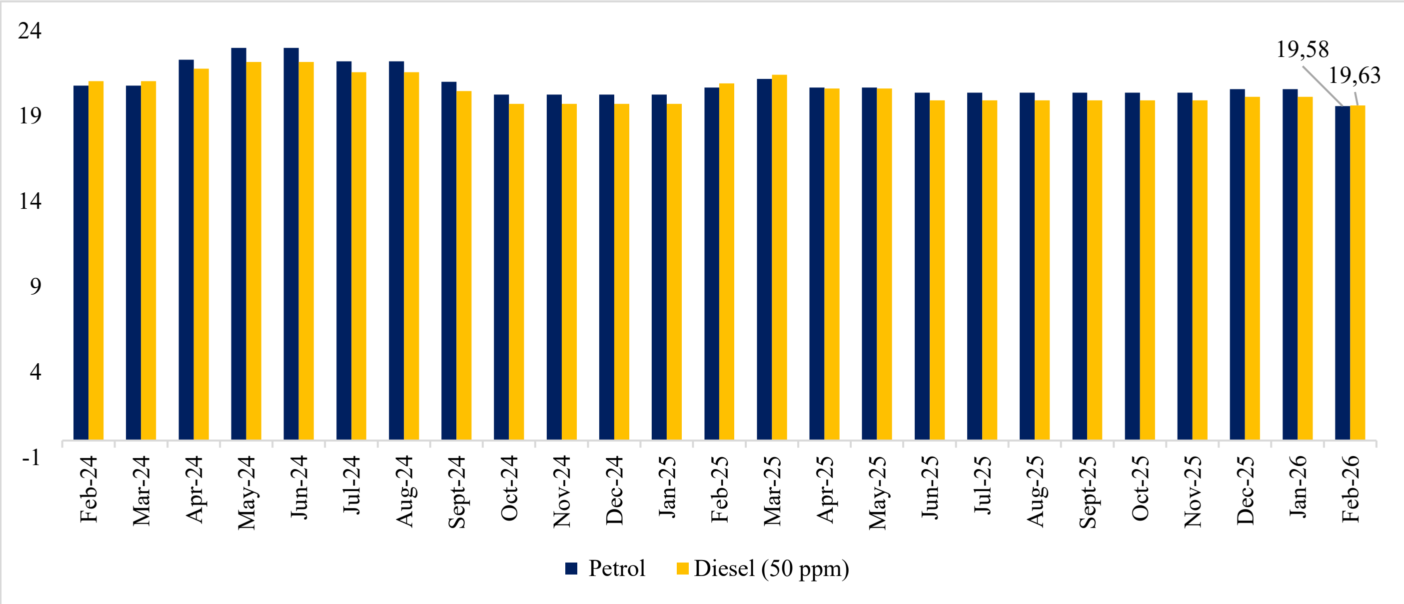
MINISTRY PRICING MODEL DATA

During the period under review, the Ministry's pricing model recorded **over-recoveries** across all fuel variants: 127.48 cents per litre for Petrol 95, 80.17 cents for Diesel 50ppm, and 89.77 cents for Diesel 10ppm. These over-recoveries indicate that the regulated pump prices exceeded the actual import parity costs.

Main Determinants:

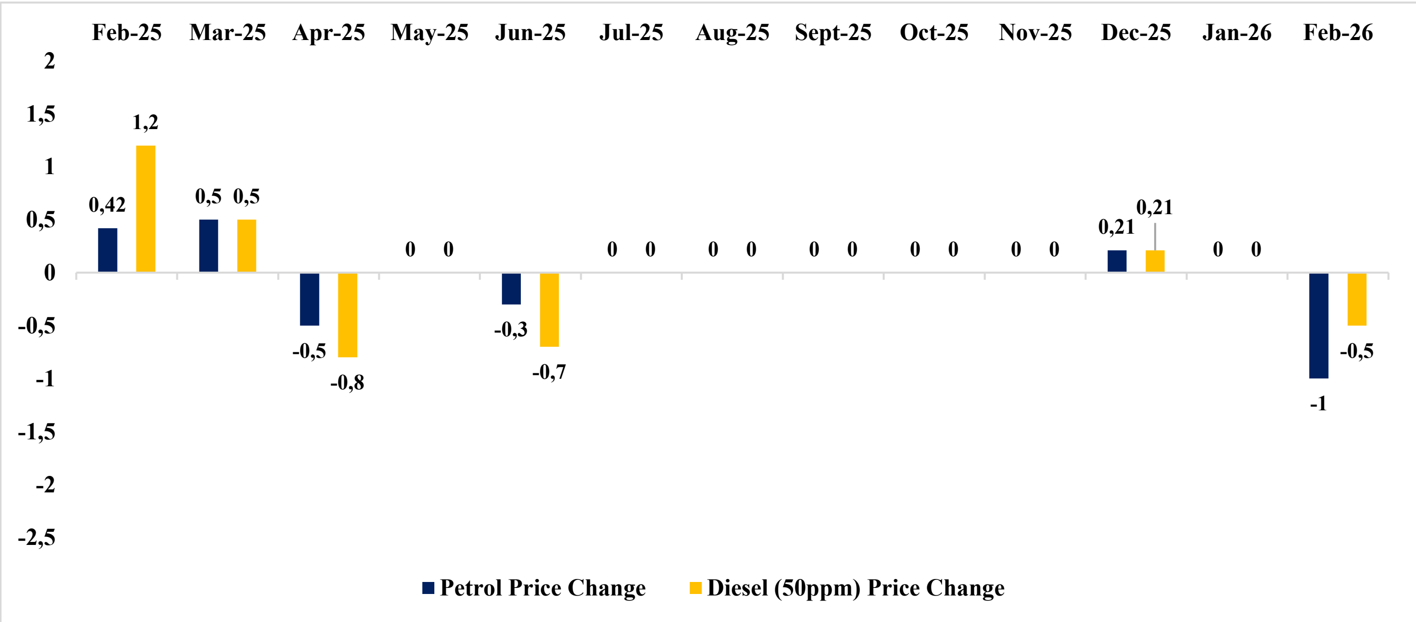
- **Decline in Average Fuel Prices Compared to December 2025:**
  - Petrol: -4.12%
  - Diesel 50ppm: -2.48%
  - Diesel 10ppm: -2.47%
- **Strengthening of the Namibian Dollar:**
  - The NAD averaged N$16.41 during the period, a 2.43% appreciation compared to December 2025, which helped reduce import costs in local currency terms.

Figure 1: Walvis Bay Fuel Price, February 2024 – February 2026



Source: MIME & NAMCOR

Figure 2: Monthly Fuel Price Changes, February 2025 – February 2026



Source: MIME & NAMCOR

Outlook

Short-term fuel price dynamics remain finely balanced. Easing geopolitical tensions surrounding Iran have reduced the crude oil risk premium, contributing to a relatively subdued external price environment. This moderation has provided short-term relief to oil-importing economies, including Namibia, as fears of supply disruptions in the Middle East have temporarily receded.

However, this easing has been partially offset by renewed strength in the U.S. dollar during early February 2026. A stronger dollar increases the local currency cost of fuel imports, even when crude oil prices remain stable. As Namibia is a net fuel importer, exchange rate movements continue to play a critical role in determining import parity prices, with dollar appreciation exerting upward pressure on domestic fuel costs.

In addition, the absence of anticipated increases in global oil production has constrained market flexibility. Limited spare capacity and cautious output strategies by major producers have reduced the market's ability to absorb shocks, increasing sensitivity to shifts in global demand, exchange rate movements, and geopolitical developments. As a result, domestic fuel price margins remain vulnerable despite the current period of relative calm in oil markets.

Overall, while the recent easing in geopolitical tensions provides short-term relief to domestic fuel price pressures, Namibia's current over-recovery margins remain fragile. Continued strength of the US dollar and structurally tight global supply conditions imply that any renewed tightening in international oil markets or continued dollar strength could erode these margins and reintroduce upward pressure on domestic pump prices.